



Fazal Textile Mills Limited

QUARTERLY
REPORT
SEPTEMBER 30,
2010



CONTENTS

Corporate Information	02
Directors' Report	03
Balance Sheet.....	04
Profit and Loss Account.....	05
Cash Flow Statement	06
Statement of Changes in Equity.....	07
Notes to the Account.....	08-12

Quarterly Report 2010



Fazal Textile Mills Limited

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. M. Yunus A. Aziz (Chairman)
Mr. Sohail M. Yunus (Chief Executive)
Mr. Muhammad Ali A. Razzak
Mr. Imran M. Yunus
Mr. Javed M. Yunus
Miss Mariam Razzak
Mr. Ilyas Ismail
Mrs. Raheela Aleem
Mr. Abdul Rahman Yaqoob

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Toufique Yusuf
FCA FICS

AUDIT COMMITTEE

Mr. Sohail M. Yunus Chairman
Mr. Muhammad Ali A. Razzak Member
Mr. Imran M. Yunus Member

AUDITORS

Hyder Bhimji & Co.
Chartered Accountants

LEGAL ADVISOR

Mr. Mohammad Aleem
(Advocate)

BANKERS

Bank Al-Habib Limited
Bank Al-Falah Limited (Islamic Division)
Habib Bank Limited
Habib Metropolitan Bank Limited
Meezan Bank Limited

REGISTERED OFFICE AND MILLS

LA-2/B Block # 21,
Rashid Minhas Road,
Federal 'B' Area, Karachi - 75950.
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E-mail : finance@fazaltextile.com
Website : www.fazaltextile.com



DIRECTORS REPORT TO THE MEMBERS

We feel pleasure in submitting herewith the un-audited first quarter accounts for the period ended September 30, 2010.

FINANCIAL RESULTS

	Rs in "000"	
	Quarter ended Sept. 2010	Quarter ended Sept. 2009
Sales	1,078,438	900,893
Gross Profit	836,981	96,798
Profit before tax	208,422	71,235
Profit after tax	193,843	59,911

Your Company earned pre-tax profit of Rs 208.422 million as compared to Rs 71,325 million for the corresponding period. During the period under review the sales increased to Rs 1,078.438 million from Rs 900,893 due to increase in prices and increase in sales of knitted fabrics which resulted increase in gross profit margin to 22.39% from 10.74%. Due to discounting of foreign bills, availing of export refinance facilities the financial charges for the period under review decreased to Rs 4.639 million from Rs 9.171 million resulting increase in profit after tax to Rs 193.843 million from Rs 59.911 million for the corresponding period.

FUTURE OUTLOOK:

The devastation caused by one of the worst floods in the country, the crop for the coming season was estimated to be around 14.00 million bales, has been revised at less than 10 million bales which has resulted prices of lint cotton soared to Rs 8,500 per mds. The situation has further worsened due to higher global prices; consequently the prices of cotton are soaring day by day. Given the short supply against the demand, the spinners will not have easy time finding lint at a reasonable price without compromising quality. The energy crisis, inflation, erosion of value of Pak rupee etc could affect the profitability of coming periods. Notwithstanding the foregoing constraints, your director would like to assure you that every endeavour will be made to achieve better results in the coming year.

The Board also wishes to place in record the appreciation to all banks for continued support to the company with zeal and dedications. The management is quite confident that these relation and cooperation will continue in the years to come.

On behalf of the Board

Chairman

Karachi: October 25, 2009



Fazal Textile Mills Limited

BALANCE SHEET
AS AT SEPTEMBER 30, 2010

	Note	Sept. 2010	June 2010
Rupees in "000"			
ASSETS			
NON-CURRENT ASSETS			
Property, Plant and equipment			629,583
Operating fixed assets	4	615,033	1,685,793
Capital work in progress		1,737,175	2,315,376
		2,352,208	
LONG TERM LOANS AND ADVANCES		9,625	9,456
LONG TERM DEPOSITS - Security deposits		532	532
		2,362,365	2,325,364
CURRENT ASSETS			
Stores, spares and loose tools		58,626	50,677
Stock in trade		191,634	408,158
Trade debts		251,659	458,638
Loans & advances		72,874	102,111
Deposits, prepayments and other receivables		57,087	28,111
Taxation- Net		-	7,563
Cash and bank balances		126,785	299,135
		758,665	1,354,393
TOTAL ASSETS		<u>3,121,030</u>	<u>3,679,757</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Capital		150,000	150,000
Issued, subscribed and paid-up capital		61,875	61,875
Reserves		1,483,230	1,289,387
		1,545,105	1,351,262
NON-CURRENT LIABILITIES			
Deferred gratuity		40,888	40,802
Deferred taxation		63,030	62,633
		103,918	103,435
CURRENT LIABILITIES			
Current maturity of loang term loan		-	1,000,000
Trade and other payables		870,587	622,182
Accrued markup		22,834	38,114
Short term finances		578,586	564,764
		1,472,007	2,225,060
Contingencies and Commitment	5	-	-
TOTAL EQUITY AND LIABILITIES		<u>3,121,030</u>	<u>3,679,757</u>

The annexed notes from 1 to 13 forms an integral part of these financial statements

Karachi : October 25, 2010


Chairman


Director



PROFIT AND LOSS ACCOUNT FOR THE QUARTER ENDED SEPTEMBER 30, 2010 (UNAUDITED)

	Note	Sept 2010	Sept 2009
Rupees in "000"			
Sales - net	6	1,078,438	900,893
Cost of sales	7	836,981	804,095
Gross profit		241,457	96,798
Selling & distribution expenses		2,678	2,856
General & administrative expenses		16,396	10,640
Other operating expenses		10,970	5,280
		30,044	18,776
		211,413	78,022
Other operating income		1,648	2,384
Operating profit		213,061	80,406
Finance cost		4,639	9,171
Profit before taxation		208,422	71,235
Taxation :			
Current		14,182	10,060
Deferred		397	1,264
		14,579	11,324
Profit after taxation		193,843	59,911
Add Other Comprehensive Income for the period.		-	-
Total Comprehensive Income for the period.		193,843	59,911
Earning per share-basic and diluted (Rupees)		31.33	9.68

The annexed notes from 1 to 13 forms an integral part of these financial statements

Karachi : October 25, 2010


Chairman


Director



Fazal Textile Mills Limited

CASH FLOW STATEMENT FOR THE QUATER ENDED SEPTEMBER 30, 2010 (UNAUDITED)

	Note	Sept 2010	Sept 2009
Rupees in "000"			
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operation	8	898,170	29,744
Gratuity paid		(2,636)	(430)
Finance Cost paid		(19,919)	(5,911)
Taxes paid		(11,378)	(11,162)
Net cash In/(Outflow) from operating activities		<u>864,237</u>	<u>12,241</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(238)	(63)
Capital Work in progress		(51,382)	(71,472)
Sale proceeds from fixed assets		1,215	404
Repayment of long term loan		(1,000,000)	-
Net cash In/(Outflow) from investing activities		<u>(1,050,405)</u>	<u>(71,131)</u>
CASH FLOW FROM FINANCIAL ACTIVITIES			
Payment of dividend		<u>(4)</u>	<u>(12)</u>
Net cash In/(Outflow) from financial activities		<u>(4)</u>	<u>(12)</u>
Net increase(decrease) in cash and cash equivalents		(186,172)	(58,902)
Cash and cash equivalents at the beginning of the year		(265,629)	(353,143)
Cash and cash equivalents at the end of the year	9	<u>(451,801)</u>	<u>(412,045)</u>

The annexed notes from 1 to 13 forms an integral part of these financial statements.

Karachi : October 25, 2010


Chairman


Director



STATEMENT OF CHANGES IN EQUITY
FOR THE QUATER ENDED SEPTEMBER 30, 2010 (UNAUDITED)

Rupees in thousand

Description	Paidup Capital	Capital Reserve	Revenue Reserve	Unappro- priated Profit	Total
Balance as on July 01, 2009	61,875	34,416	610,584	29,085	735,960
Final Dividend for the year ended June 30, 2009	-	-	-	(9,281)	(9,281)
Transfer to/(from) profit and loss account	-	-	15,000	(15,000)	-
Profit after tax for the year ended June 30, 2010	-	-	-	624,583	624,583
Balance as on June 30, 2010	61,875	34,416	625,584	629,387	1,351,262
Profit after tax for the quarter ended Sept. 30, 2010	-	-	-	193,843	193,843
Balance as on September 30, 2010	61,875	34,416	625,584	823,230	1,545,105

The annexed notes from 1 to 13 forms an integral part of these financial statements

Karachi : October 25, 2010


Chairman


Director



NOTES TO THE FINANCIAL STATEMENTS FOR THE QUATER ENDED SEPTEMBER 30, 2010 (UNAUDITED)

1 THE COMPANY AND ITS OPERATION

The Company was incorporated on July 6, 1963 as a Private Limited Company under the Companies Act 1913, (Companies Ordinance 1984) and was converted into a Public Limited Company on May 4, 1966. The Company is quoted on Stock Exchanges in Pakistan since 1971. The Company is engaged in manufacturing, selling, buying and dealing in all types of yarn and knitted fabrics.

2 BASIS OF PREPARATION

The financial statements are un-audited and are being submitted to the shareholders as required under section 245 of the Companies Ordinance 1984 and have been prepared in accordance with the requirements of the International Accounting Standards 34 "Interim Financial Reporting" as applicable in Pakistan.

3 ACCOUNTING POLICIES

The accounting policies and methods of computation followed in the preparation of these financial statements are the same those of the published annual financial statements for the year ended June 30, 2010.

Fazal Textile Mills Limited



4 OPERATING FIXED ASSETS - TANGIBLE

(Rs in 000)

Particulars	Cost as on 01-07-2010	Additions (Deletions)	Cost as on 30-09-2010	Accumulated depreciation 30-09-2010	Written down book value 30-09-2010	Depreciation for the period	Rate %
Land (lease hold)	6,591	-	6,591	-	6,591	-	-
Main factory building (on lease hold land)	31,250	-	31,250	27,530	3,720	95	10
Other factory building (on lease hold land)	171,389	-	171,389	72,340	99,049	1,254	5
Plant & machinery	1,376,723	-	1,376,723	886,624	490,099	12,567	10
Testing equipment, scales and weighments	7,488	-	7,488	6,442	1,046	27	10
Office equipments	5,172	13	5,185	3,507	1,678	43	10
Furniture & fixtures	2,158	-	2,158	1,887	271	7	10
Vehicles	27,586	(1,024)	26,562	15,148	11,414	600	20
Computer equipments	8,418	225	8,643	7,478	1,165	99	33
Total Sept. 2010	1,636,775	238 (1,024)	1,635,989	1,020,956	615,033	14,692	
Total June 2010	1,625,504	14,268 (2,997)	1,636,775	1,007,191	629,584	63,947	

4-A Depreciation has been apportioned as follows :

	Sept. 2010	Sept. 2009
	Rupees in "000"	
Cost of sales	13,943	15,199
Administrative, selling and general expenses	749	607
	14,692	15,806

5 CONTINGENCIES AND COMMITMENTS

5-A Guarantees and counter guarantees	52,446	44,946
5-B Letter of credits	4,145	80,052
	56,591	124,998

5-C The Company has made a reference in the Honourable High Court of Sindh at Karachi u/s 133(i) of the Income Tax Ordinance, 2001 against rejection of loss of Rs 1,461,000 by the Appellate Tribunal vide M.A (Rect) No 402/KB/2005 dated January 25, 2006 for the assessment year 2002-03. The case is pending before Court for adjudication.



Fazal Textile Mills Limited

	Sept 2010	Sept 2009
	Rupees in "000"	
6 SALES - Net		
Export	669,449	692,953
Local	447,019	247,635
Export rebate	148	176
Research & Development Support	-	6
Gross sales	1,116,616	940,770
Less : Export freight	29,241	27,961
Export duty and surcharge	1,576	570
Commission	7,361	11,346
	38,178	39,877
	<u>1,078,438</u>	<u>900,893</u>
7 COST OF SALES		
Raw material consumed		
Opening inventory	220,462	362,207
Purchases	384,457	382,792
Available for consumption	<u>604,919</u>	<u>744,999</u>
Closing inventory	(68,321)	(171,074)
Raw material consumed	536,598	573,925
Manufacturing expenses		
Stores, spares and packing	35,862	31,014
Salaries, wages & other benefits Note 23-A	58,888	54,445
Power and electricity	83,991	77,121
Knitting, dyeing and printing expenses	34,269	24,727
Insurance	612	612
Repair and maintenance	6,625	3,690
Labour welfare	1,283	898
Depreciation	13,943	15,199
Other manufacturing expenses	529	523
	<u>236,002</u>	<u>208,229</u>
	<u>772,600</u>	<u>782,154</u>
Work in process - opening inventory	10,090	5,354
Work in process - closing inventory	(17,326)	(5,575)
	<u>(7,236)</u>	<u>(221)</u>
Cost of goods sold	765,364	781,933
Finished goods - opening inventory	177,605	133,519
Available for sales	<u>942,969</u>	<u>915,452</u>
Finished goods - closing inventory	(105,988)	(111,357)
	<u>836,981</u>	<u>804,095</u>

Fazal Textile Mills Limited



Sept
2010 Sept
2009
Rupees in "000"

8 CASH GENERATED FROM OPERATION		
Profit before taxation	208,422	71,235
Adjustment for non cash charges :		
Depreciation	14,692	15,807
(Profit)/loss on sale of fixed assets	(1,119)	(367)
Provision for gratuity	2,722	4,280
	16,295	19,720
Finance cost	4,639	9,171
Long term loan & advances	(169)	1,517
Changes in working capital - Note 8-A	668,983	(71,899)
	<u>898,170</u>	<u>29,744</u>
8-A Changes in working capital		
(Increase)/Decrease in current assets		
Stores, spares and loose tools	(7,949)	(3,139)
Stock in trade	216,524	213,074
Trade debts	206,979	(303,352)
Loans & advances considered good	33,996	55,386
Trade deposits & short term prepayments	(28,976)	(22,010)
	<u>420,574</u>	<u>(60,041)</u>
Increase/(Decrease) in current liabilities		
Trade and other payables	248,409	(11,858)
	<u>668,983</u>	<u>(71,899)</u>
9 CASH AND CASH EQUIVALENTS		
Cash & cash equivalent comprise the following items as included in the balance sheet		
Cash and bank balances	126,785	1,783
Short term borrowing	(578,586)	(413,828)
	<u>(451,801)</u>	<u>(412,045)</u>
10 TRANSACTION WITH ASSOCIATED UNDERTAKINGS		
Sales	202,938	74,246
Purchases	154,249	167,968

All material transactions with associated undertaking are at arm's length.

The maximum amount due to associated undertaking at the end of any month during the year was Rs 230.307 million (2009 : Rs 151.863 million)



Fazal Textile Mills Limited

Rupees in "000"

Sept 2010 Sept 2009

11 EARNING PER SHARE

There is no dilutive effect on the basic earnings per shares of the Company which is based on :-

Profit after taxation (Rs in "000")	<u>193,843</u>	<u>59,911</u>
Weighted average number of ordinary shares	<u>6,187,503</u>	<u>6,187,503</u>
Earning per share (Rs)	<u>31.33</u>	<u>9.68</u>

12 DATE OF AUTHORIZATION FOR ISSUE

The financial statement were authorized for issue by the Board of Directors on October 25,2010.

13 GENERAL

13.1 Provisions wherever made are estimated and are subject to final adjustment in the annual audited accounts.

13.2 Figures have been rounded off to the nearest thousand rupees.

Karachi : October 25, 2010


Chairman


Director

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