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GHAZI FABRICS INTERNATIONAL LIMITED



3rd QUARTER'S ACCOUNTS

**FOR THE PERIOD ENDED
MARCH 31, 2009**

UN-AUDITED



GHAZI FABRICS INTERNATIONAL LIMITED
COMPANY PROFILE

BOARD OF DIRECTORS

CHAIRMAN/ CHIEF EXECUTIVE Mr. M ohammad Arshad Chaudhry
Mrs. Azra Yasmin
Mr. Muhammad Tariq
Mr. Kamran Arshad
Mr. Rizwan Arshad
Miss Fareeha Arshad
Miss Wajeeha Arshad

SECRETARY

Mr. Nauman Iqbal, ACA

AUDIT COMMITTEE

Mr. Mohammad Tariq Chairman
Mr. Kamran Arshad Member
Miss Fareeha Arshad Member

CHIEF FINANCIAL OFFICER

Mr. Abid Rafi

INTERNAL AUDITOR

Mr. Saadat Ali

AUDITORS

M/s. Qadeer & Company,
Chartered Accountants,
Lahore.

LEGAL ADVISOR

M/s. Zafar Iqbal & Raja
Advocates & Legal Consultants.

BANKERS

Habib Bank Limited
United Bank Limited

REGISTERED OFFICE

8-C, Block E-III, Gulberg III, Lahore -54660.
Phone : 042-5764026-8
Fax : 042-5764032
Email : info@ghazifabrics.com
Website : www.ghazifabrics.com

MILLS

46- K.M. Multan Road, Bhaipheru,
Distt. Kasur.

GHAZI FABRICS INTERNATIONAL LIMITED
DIRECTOR'S REVIEW

The board of directors are pleased to present the un-audited condensed interim financial statements for the third quarter ended at March 31, 2009.

Your Company has posted an after tax loss of Rs. 111.835 million as compared to a loss of Rs. 149.363 million for the same corresponding period of last year.

Major reason for loss is due to high cotton/polyester prices, increase in borrowing cost, minimum wage and high energy cost besides curtailment in electricity and gas supply during the period under review.

During the period under review the gross profit margin have risen to 5.22 % as compared to 0.61 % last year. Financial cost has shown substantial rise of 70.29 %.

Under these adverse circumstances your management is making its best efforts for the profitability of the Company through exercising best control on input cost and improvement in operating efficiencies.

We would like to thanks our customers, suppliers and bankers for their continued support. We also take this opportunity to express our gratitude to the management and employees of the Company for their workaholic dedications.

For and on behalf of the board

Lahore

April 30, 2009

(Mohammad Arshad Chaudhry)
Chief Executive

GHAZI FABRICS INTERNATIONAL LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2009

EQUITY AND LIABILITIES	Notes	Unaudited	Audited
		March 31, 2009	June 30, 2008
Rupees			
SHARE CAPITAL AND RESERVES			
Authorized share capital	6.1	400,000,000	400,000,000
Issued, subscribed and paid-up capital	6.2	326,356,000	326,356,000
Accumulated loss		(552,901,481)	(459,178,896)
		(226,545,481)	(132,822,896)
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		232,678,613	250,791,644
NON CURRENT LIABILITIES			
Long term financing	7	1,400,566,502	1,115,586,952
Deferred liabilities		88,003,953	50,697,830
		1,488,570,455	1,166,284,782
CURRENT LIABILITIES			
Trade and other payables		141,534,559	114,846,531
Markup/ interest payables		37,516,501	22,798,567
Short term bank borrowings		874,642,574	757,792,563
Current portion of long term financing		85,159,074	249,466,296
Provision for taxation		23,856,669	14,612,235
		1,162,709,377	1,159,516,192
CONTINGENCIES AND COMMITMENTS	8	-	-
TOTAL EQUITY AND LIABILITIES		<u>2,657,412,965</u>	<u>2,443,769,722</u>
ASSETS			
NON CURRENT ASSETS			
Operating fixed assets	9	1,544,771,306	1,581,352,845
Capital work in progress		-	69,082,387
		1,544,771,306	1,650,435,232
LONG TERM DEPOSIT		5,697,180	490,080
		<u>1,550,468,486</u>	<u>1,650,925,312</u>
CURRENT ASSETS			
Stores, spares and loose tools		78,442,437	34,701,694
Stock in trade		773,608,758	582,301,822
Trade debts		189,905,133	119,666,735
Loans and advances		32,533,089	29,999,087
Trade deposits and short term prepayments		1,809,928	1,962,322
Other receivables		9,076,529	9,882,201
Sales tax refundable		16,159,482	11,428,885
Cash and bank balances		5,409,123	2,901,664
		1,106,944,480	792,844,410
TOTAL ASSETS		<u>2,657,412,965</u>	<u>2,443,769,722</u>

The annexed notes form an integral part of this interim condensed financial information.

Chief Executive

Director

GHAZI FABRICS INTERNATIONAL LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE 3rd QUARTER AND NINE MONTHS ENDED MARCH 31, 2009

SALES - Net	Notes	Nine Months Ended		Quarter Ended	
		March 31, 2009	March 31, 2008	March 31, 2009	March 31, 2008
Rupees					
SALES - Net		2,341,850,359	2,134,546,238	604,119,634	651,434,360
COST OF SALES	10	2,219,707,198	2,121,444,322	575,780,649	630,255,247
GROSS PROFIT		122,143,161	13,101,916	28,338,985	21,179,113
SELLING AND DISTRIBUTION ADMINISTRATIVE EXPENSES		58,788,445	50,318,922	9,902,189	18,338,046
		37,266,635	34,106,812	12,465,202	12,090,921
		96,055,080	84,425,734	22,367,391	30,428,967
OPERATING PROFIT/(LOSS)		26,088,081	(71,323,818)	5,971,594	(9,249,854)
OTHER INCOME		2,910,571	4,276,882	952,278	97,595
		28,998,652	(67,046,936)	6,923,872	(9,152,259)
FINANCE COST		131,377,981	77,145,702	43,357,831	30,833,892
OTHER CHARGES		3,913,672	3,361,909	1,711,342	-
		135,291,653	80,507,611	45,069,173	30,833,892
LOSS BEFORE TAXATION		(106,293,001)	(147,554,547)	(38,145,301)	(39,986,151)
PROVISION FOR TAXATION		5,542,614	1,808,479	6,135,961	735,025
LOSS AFTER TAXATION		<u>(111,835,615)</u>	<u>(149,363,026)</u>	<u>(44,281,262)</u>	<u>(40,721,176)</u>
Earnings per share - Basic and diluted		<u>(3.43)</u>	<u>(4.58)</u>	<u>(1.36)</u>	<u>(1.25)</u>

The annexed notes form an integral part of this interim condensed financial information.

Chief Executive

Director

GHAZI FABRICS INTERNATIONAL LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
 FOR THE NINE MONTHS ENDED MARCH 31, 2009

Note	March 31, 2009	March 31, 2008
	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	(106,293,001)	(147,554,547)
Adjustment for:		
Depreciation	111,161,311	117,118,839
(Gain)/Loss on disposal of fixed assets	3,734,363	3,361,909
Staff retirement benefits	5,124,084	6,761,994
Finance cost	131,377,981	77,145,702
	251,397,739	204,388,444
Cash flows before working capital changes	145,104,737	56,833,897
(Increase)/decrease in current assets		
Stores, spares and loose tools	(43,740,743)	(10,325,705)
Stock in trade	(191,306,936)	(439,028,530)
Trade debts	(70,238,398)	(13,212,076)
Loans and advances	11,884,672	(2,479,859)
Trade deposits and prepayments	152,394	1,089,772
Other receivable	805,672	242,136
Sales tax refundable	(4,730,597)	(2,351,003)
Increase/(decrease) in current liabilities		
Trade and other payables	26,688,028	18,315,519
	(270,485,908)	(447,749,746)
Cash Inflows/(Outflows) from operations	(125,381,171)	(390,915,849)
Finance cost paid	(116,660,047)	(68,138,440)
Staff retirement benefits Paid	(3,625,555)	(4,086,711)
Income Tax paid	(14,515,636)	(9,782,403)
Net cash used in operating activities	(260,182,409)	(472,923,403)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(10,531,746)	(17,331,338)
Proceeds from disposal of fixed assets	1,300,001	565,217
Long term deposits	(5,207,100)	-
Net cash used in investing activities	(14,438,845)	(16,766,121)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long term financing	287,488,829	260,000,000
Repayment of long term loans	(166,816,501)	(371,196,787)
Due to related parties	39,606,375	(12,822,304)
Short term borrowings- net	116,850,011	613,212,472
Net cash generated from financing activities	277,128,714	489,193,381
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,507,459	(496,143)
CASH AND CASH EQUIVALENTS		
AT THE BEGINNING OF THE PERIOD	2,901,664	3,877,814
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5,409,123	3,381,671

The annexed notes form an integral part of this interim condensed financial information.

Chief Executive

Director

GHAZI FABRICS INTERNATIONAL LIMITED
CONDENSED INTERIM STATEMENT
OF CHANGES IN EQUITY (UN-AUDITED)
 FOR THE NINE MONTHS ENDED MARCH 31, 2009

Issued, subscribed and paid-up	Accumulated loss	Total
R U P E E S		

Balance as at July 01, 2007	326,356,000	(300,170,416)	26,185,584
loss for the period	-	(149,363,026)	(149,363,026)
Surplus on revaluation of fixed assets transferred to retained earnings during the period			
- relating to incremental depreciation	-	17,286,097	17,286,097
- relating to disposal of revalued asset	-	2,020,938	2,020,938
Balance as at March 31, 2008	326,356,000	(430,226,407)	(103,870,407)
Loss for the period	-	(34,888,546)	(34,888,546)
Surplus on revaluation of fixed assets transferred to retained earnings during the period			
- relating to incremental depreciation	-	5,936,057	5,936,057
Balance as at June 30, 2008	326,356,000	(459,178,896)	(132,822,896)
Loss for the period	-	(111,835,615)	(111,835,615)
Surplus on revaluation of fixed assets transferred to retained earnings during the period			
- relating to incremental depreciation	-	15,580,083	15,580,083
- relating to disposal of revalued asset	-	2,532,948	2,532,948
Balance as at March 31, 2009	326,356,000	(552,901,481)	(226,545,481)

The annexed notes form an integral part of this interim condensed financial information.

Chief Executive

Director

GHAZI FABRICS INTERNATIONAL LIMITED
SELECTED NOTES TO THE CONDENSED
INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2009

1 STATUS AND ACTIVITIES

The Company was incorporated in Pakistan on April 30, 1989 as Private Limited and converted into public limited on January 07, 1990. Its shares are quoted at Karachi and Lahore Stock Exchanges. The Company is a spinning and weaving unit engaged in the manufacturing of yarn and grey cloth. The registered office of the Company is situated at 8-C, E-III, Gulberg III, Lahore.

2 BASIS OF PREPARATION

These condensed interim financial statements are un-audited and have been prepared in accordance with the requirements of International Accounting Standard No. 34 " Interim Financial Reporting " as applicable in Pakistan. These condensed interim financial statements do not include all of the information required for full financial statements, and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2008. Further these accounts are being circulated to the shareholders as required under clause (xx) of the Code of Corporate Governance and section 245 of the Companies Ordinance, 1984.

3 BASIS OF MEASUREMENT

These condensed interim financial statements have been prepared under the historical cost convention modified by adjustment of revaluation of certain assets. In these condensed interim financial statements, except for the cash flow statement, all the transactions have been accounted for on accrual basis.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements of the company for the year ended June 30, 2008.

5 ESTIMATES

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the company's accounting policies and the key sources of estimation were the same as those applied to the financial statements for the year ended June 30, 2008.

	Note	March 31, 2009 Rupees	June 30, 2008 Rupees
6 SHARE CAPITAL			
6.1 Authorized capital			
40,000,000 (2008: 40,000,000) ordinary shares of Rs. 10/- each paid in cash.		400,000,000	400,000,000
6.2 Issued, subscribed and paid up capital:			
2008			
2007			
32,635,600		326,356,000	326,356,000
Ordinary shares of Rs.10/- each fully paid in cash		326,356,000	326,356,000
7 LONG TERM FINANCING - Secured			
Opening balance		512,269,332	628,401,807
Add: Acquired during the period/ year		182,075,400	169,583,864
Less: Repayment during the period/year		166,816,501	285,716,339
		527,528,231	512,269,332
Loan from sponsors		958,197,345	852,783,916
Less: Current portion		(85,159,074)	(249,466,296)
		1,400,566,502	1,115,586,952

8 CONTINGENCIES AND COMMITMENTS

8.1 There is no material change in the status of the contingencies reported in the annual financial statement for the year ended June 30, 2008.

8.2 Commitments against irrevocable letters of credit outstanding as at March 31, 2009 Rs. 73.464 million. (June 30, 2008 Rs. 254.47 million)

	Note	March 31, 2009 Rupees	March 31, 2008 Rupees
9 PROPERTY, PLANT AND EQUIPMENT			
Opening written down value		1,581,352,845	1,683,149,661
Addition during the period/year			
Building on freehold land		316,293	2,777,961
Plant and machinery		68,876,366	53,195,188
Grid station and generator		9,051,295	1,300,000
Furniture and fittings		13,000	228,554
Vehicles		960,681	724,000
Tools and equipment		101,000	438,991
Electric installation		295,500	279,387
		79,614,135	58,944,081
		1,660,966,980	1,742,093,742
Book value of assets disposed off during the period/ year	9.1	(5,034,364)	(3,998,041)
		1,655,932,616	1,738,095,701
Depreciation for the period/ year		(111,161,310)	(156,742,856)
		1,544,771,306	1,581,352,845
9.1 Book value of assets disposed off			
Plant and machinery		5,033,709	3,912,824
Electric installations		-	11,862
Vehicles		655	73,355
		5,034,364	3,998,041

	Nine Months Ended		Quarter Ended	
	March 31, 2009	March 31, 2008	March 31, 2009	March 31, 2008
10 COST OF SALES				
Raw materials and other direct materials consumed	1,695,881,336	1,556,300,010	441,920,757	456,808,835
Salaries, wages and benefits	147,421,104	118,238,522	52,061,846	40,144,068
Fuel and power	179,832,185	103,131,425	60,271,164	30,422,498
Packing material consumed	28,062,094	26,548,221	7,380,274	7,321,975
Sizing material consumed	40,788,641	34,217,398	13,001,896	12,049,272
Store and spares consumed	61,117,886	85,429,281	15,700,314	26,845,583
Insurance	2,214,458	3,014,897	1,012,768	1,550,570
Depreciation	108,484,527	114,372,596	37,025,710	38,003,735
Others	6,576,536	6,648,934	2,455,042	2,112,331
	2,270,378,767	2,047,901,284	630,829,771	615,258,867
Adjustment of work in process				
Opening	33,289,465	35,259,100	41,797,353	37,596,977
Closing	(34,535,324)	(37,347,808)	(34,535,324)	(37,347,808)
	(1,245,859)	(2,088,708)	7,262,029	249,169
Cost of goods manufactured	2,269,132,908	2,045,812,576	638,091,800	615,508,036
Adjustment of finished goods				
Opening	213,092,157	231,506,137	200,206,716	170,621,602
Closing	(262,517,867)	(155,874,391)	(262,517,867)	(155,874,391)
	(49,425,710)	75,631,746	(62,311,151)	14,747,211
	2,219,707,198	2,121,444,322	575,780,649	630,255,247

	March 31, 2009	March 31, 2008
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Rupees

11 TRANSACTIONS WITH RELATED PARTIES

Associates:

Purchase of stores items	1,227,089	98,392,387
Payment of deferred liabilities	31,307,508	13,822,304

There were no transactions with key management personnel other than undertaken as per terms of their employment.

Sale and purchase transactions have been carried out on commercial terms and conditions under comparable uncontrolled price method.

12 AUTHORIZED FOR ISSUE

These financial statements were approved by the Board of Directors and authorized for issue on April 30, 2009

13 GENERAL

- 13.1 Corresponding figures of these financial statements have been re-arranged wherever necessary for the purpose of comparison
- 13.2 Figures have been rounded off to nearest rupee.

Chief Executive

Director