



Ghazi Fabrics International Limited
Signature of Quality



1st Quarterly Report

September 30, 2013

UN-AUDITED



GHAZI FABRICS INTERNATIONAL LIMITED COMPANY PROFILE

BOARD OF DIRECTORS

CHAIRMAN/CHIEF EXECUTIVE Mr. Mohammad Arshad Chaudhry

DIRECTORS

Mr. Kamran Arshad
Mr. Mohammad Tariq
Mr. Rizwan Arshad
Mrs. Azra Yasmin
Miss Fareeha Arshad
Miss Wajeeha Arshad

COMPANY SECRETARY Mr. Nauman Iqbal, ACA

AUDIT COMMITTEE

Mr. Mohammad Tariq Chairman

Mr. Kamran Arshad Member

Miss Fareeha Arshad Member

HR & REMUNERATION COMMITTEE Mrs. Azra Yasmin Chairman

Mr. Mohammad Arshad Chaudhry Member

Miss Wajeeha Arshad Member

CHIEF FINANCIAL OFFICER Mr. Abid Rafi

INTERNAL AUDITOR Rao Sadat Ali

AUDITORS M/s. Qadeer & Co.,
Chartered Accountants
Lahore

SHARE REGISTRARS M/s. Corplink (Pvt.) Ltd.

LEGAL ADVISOR M/s. Raja Muhammad Akram & Co.,
Advocates & Legal Consultants

BANKERS United Bank Limited
Habib Bank Limited

REGISTERED OFFICER 8-C, Block E-III,
Gulberg - III, Lahore - 54660
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GHAZI FABRICS INTERNATIONAL LIMITED DIRECTOR'S REVIEW

We are pleased to present the financial statements for the quarter ended September, 30th 2013.

Operating results

During the period under review the Company's sales were Rs. 1,419 million and the profit after tax of Rs. 23.45 million for the quarter ended September 30, 2013 as compared to a profit of Rs. 5.02 million in the corresponding period. Earning per share is Rs.0.72 (corresponding period:Rs.0.15)

Financial highlights

	September	
	2013	2012
	R u p e e s	
Sales	1,419,255,731	1,272,972,190
Operating profit	59,743,124	41,480,967
Profit/ (loss) after tax	23,450,493	5,025,625
Earning per share (EPS) Rs.	0.72	0.15

Future prospects

The revival of domestic textile industry is largely dependent on continuous availability of power and gas in the country. The size of cotton crop is reportedly short of demand resultantly price of the lint cotton is on the higher side. On the other hand yarn market seems a little bit under pressure, which may impact the future profitability of the Company. The company is trying its best to meet these challenges through improvement in product development, marketing efforts and working on energy efficiency measures. What also remains in question is whether gas will be available to Punjab based mills going forward in the winter months of December 2013 to March 2014 or not.

Acknowledgement

The directors record their appreciation to the management and employees of the Company and also express their gratitude to our shareholder, bankers, suppliers and valued customers who cooperated with us throughout the period.

For and on behalf of the board

Lahore

October 31, 2013

(Mohammad Arshad Chaudhry)

Chief Executive Officer



GHAZI FABRICS INTERNATIONAL LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT SEPTEMBER 30, 2013

	Note	September 30, 2013 (Unaudited)	June 30, 2013 (Audited)
Rupees			
SHARE CAPITAL AND RESERVES			
Authorised share capital		400,000,000	400,000,000
Issued, subscribed and paidup capital		326,356,000	326,356,000
Accumulated (loss)		(270,007,313)	(296,540,396)
		56,348,687	29,815,604
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
		112,436,226	115,518,816
NON CURRENT LIABILITIES			
Long term financing	4	188,867,907	222,921,739
Sponsors' loan		1,032,743,251	1,032,743,251
Deferred liabilities		87,249,074	87,324,894
		1,308,860,231	1,342,989,884
CURRENT LIABILITIES			
Trade and other payables		269,749,001	281,758,547
Markup/ interest payables		19,964,231	20,344,962
Short term bank borrowings		1,045,178,725	975,905,895
Current portion of long term financing		142,372,706	136,218,860
Provision for taxation		58,109,917	43,796,620
		1,535,374,581	1,458,024,884
CONTINGENCIES AND COMMITMENTS			
	5	3,013,019,725	2,946,349,188
TOTAL EQUITY AND LIABILITIES			
		3,013,019,725	2,946,349,188
ASSETS			
NON CURRENT ASSETS			
Operating fixed assets	6	1,327,858,695	1,348,336,428
Capital work in progress		1,648,583	17,725,735
Long term deposits		12,952,014	12,952,014
		1,342,459,292	1,379,014,177
CURRENT ASSETS			
Stores, spares and loose tools		69,635,486	84,351,158
Stock in trade		1,042,250,755	1,037,516,231
Trade debts		383,050,909	332,915,827
Loans and advances		120,395,500	76,214,491
Trade deposits and short term prepayments		808,540	1,078,053
Sales tax refundable		42,982,252	33,642,462
Cash and bank balances		11,436,991	1,616,790
		1,670,560,433	1,567,335,011
TOTAL ASSETS			
		3,013,019,725	2,946,349,188

The annexed notes form an integral part of these condensed interim financial statements

Chief Executive

Director

GHAZI FABRICS INTERNATIONAL LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013 (unaudited)

	Note	Quarter Ended	
		September 30, 2013	September 30, 2012
Rupees			
Sales - net		1,419,255,731	1,272,972,190
Cost of goods sold	7	<u>1,268,155,599</u>	<u>1,164,284,303</u>
Gross profit		151,100,132	108,687,887
Operating expenses:			
Selling and distribution expenses		58,379,252	41,234,829
Administrative expenses		26,761,534	19,542,218
Other operating expenses		6,216,223	6,429,872
		91,357,008	67,206,919
Operating profit		<u>59,743,124</u>	<u>41,480,967</u>
Finance cost		34,053,328	28,444,672
Other operating income		12,073,994	4,900,816
Profit before taxation		<u>37,763,790</u>	<u>17,937,112</u>
Provision for taxation		14,313,297	12,911,487
Profit after taxation		<u><u>23,450,493</u></u>	<u><u>5,025,625</u></u>
Earnings per share - basic		<u><u>0.72</u></u>	<u><u>0.15</u></u>

The annexed notes form an integral part of these condensed interim financial statements



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013 (UNAUDITED)**

	Quarter Ended	
	September 30, 2013	September 30, 2012
Profit for the period	23,450,493	5,025,625
Other comprehensive income	-	-
Total comprehensive income for the period	<u>23,450,493</u>	<u>5,025,625</u>

The annexed notes form an integral part of these condensed financial statements.

GHAZI FABRICS INTERNATIONAL LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013 (UNAUDITED)

	Quarter Ended	
	September 30, 2013	September 30, 2012
	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	37,763,790	17,937,112
Adjustments for non-cash charges and other items:		
- Depreciation	31,599,935	25,262,564
- Loss / (Profit) on disposal of property, plant and equipment	6,216,223	(338,778)
- Provision for gratuity	3,457,988	3,173,288
- Finance cost	34,053,328	28,444,672
	75,327,474	56,541,746
Operating profit before working capital changes	113,091,264	74,478,858
(Increase) / decrease in current assets:		
- Stores, spares and loose tools	14,715,672	(23,746,054)
- Stock in trade	(4,734,524)	(230,734,606)
- Trade debts	(50,135,082)	(196,208,133)
- Loans and advances	(30,212,839)	25,894,144
- Trade deposits and short term prepayments	269,513	(2,156,107)
- Sales tax refundable	(9,339,790)	177,524
Increase / (decrease) in current liabilities:		
- Trade and other payables	(12,009,546)	102,912,477
	(91,446,596)	(323,860,755)
Cash generated from / (used in) operations	21,644,668	(249,381,897)
Gratuity paid	(3,533,808)	(2,236,351)
Tax paid	(13,968,170)	(8,964,260)
Finance cost paid	(34,434,059)	(27,816,215)
Net cash used in operating activities	(30,291,369)	(288,398,723)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	(20,671,545)	(1,220,483)
Proceeds from disposal of property, plant and equipment	3,333,120	549,999
Capital work in progress	16,077,152	(149,785)
Net cash used in investing activities	(1,261,273)	(820,269)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	(27,899,986)	(23,644,975)
Loan from directors and others - net	-	129,562,000
Short term borrowings	69,272,830	177,372,724
Net cash generated from financing activities	41,372,844	283,289,749
Net increase / (decrease) in cash and cash equivalents	9,820,202	(5,929,243)
Cash and cash equivalents at the beginning of the period	1,616,790	15,060,091
Cash and cash equivalents at the end of the period	11,436,992	9,130,848

The annexed notes form an integral part of these condensed interim financial statements

Chief Executive

Director



**GHAZI FABRICS INTERNATIONAL LIMITED
CONDENSED INTERIM STATEMENT
OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013 (UNAUDITED)**

	Issued, Subscribed and Paid-up Share Capital	Accumulated loss	Total
	R	U	P E E S
Balance as at June 30, 2012	326,356,000	(372,901,774)	(46,545,774)
Profit for the period	-	5,025,625	5,025,625
Surplus on revaluation of fixed assets transferred to retained earnings during the period			
- relating to incremental depreciation	-	3,517,362	3,517,362
Balance as at September 30, 2012	326,356,000	(364,358,786)	(38,002,786)
Total comprehensive income for the period	-	50,655,125	50,655,125
Surplus on revaluation of fixed assets transferred to retained earnings during the period			
- relating to incremental depreciation	-	9,361,790	9,361,790
- relating to disposal of revalued asset	-	7,801,476	7,801,476
Balance as at June 30, 2013	326,356,000	(296,540,396)	29,815,604
Profit for the period	-	23,450,493	23,450,493
Surplus on revaluation of fixed assets transferred to retained earnings during the period			
- relating to incremental depreciation	-	3,082,590	3,082,590
Balance as at September 30, 2013	326,356,000	(270,007,313)	56,348,687

The annexed notes form an integral part of these condensed interim financial statements

**GHAZI FABRICS INTERNATIONAL LIMITED
SELECTED NOTES TO THE CONDENSED
INTERIM FINANCIAL STATEMENT
FOR THE QUARTER ENDED SEPTEMBER 30, 2013 (unaudited)**

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 financial statements are unaudited and are being submitted to share holders as required u/s 245 of Companies Ordinance, 1984. These have been prepared in accordance with the International Accounting Standard no. 34 "Interim Financial Reporting" as applicable in Pakistan and notified by Securities and Exchanges Commission of Pakistan (SECP) and shall be read in conjunction with the published audited financial statements for the year ended June 30, 2013.

3 ACCOUNTING POLICIES AND COMPUTATION METHODS

The accounting policies and methods of computations adopted for the preparation of these financial statements are the same as applied in the preparation of the preceding annual published financial statements of the Company for the year ended June 30, 2013.

	September 30, 2013	June 30, 2013
	Rupees	
4 LONG TERM FINANCING - Secured		
Opening balance	359,140,599	323,774,647
Add: Acquired during the period / year	-	176,860,761
	359,140,599	500,635,408
Less: Repayment during the period / year	(27,899,986)	(141,494,809)
	331,240,613	359,140,599
Less: Current portion	(142,372,706)	(136,218,860)
	188,867,907	222,921,739

5 CONTINGENCIES AND COMMITMENTS

- 5.1 The Company has provided bank guarantee in favour of Sui Northern Gas Pipeline Limited amounting to Rs. 53.130 million (June 30, 2013 : Rs. 53.130 million) on account of security deposits against the consumption of natural gas.
- 5.2 Post dated cheques issued in the favour of Collector of Custom against import Rs. 17.390- million. (June 30, 2013 : Rs 36.031 million)
- 5.3 Commitments against irrevocable letters of credit outstanding Rs. 555.972 million (June 30, 2013 : 16.492 million)

		September 30, 2013	June 30, 2013
	Note	Rupees	
6 PROPERTY, PLANT AND EQUIPMENT			
Opening written down value		1,348,336,428	1,313,227,010
Addition during the period / year			
Building on freehold land		-	439,930
Plant and machinery		16,958,691	146,001,026
Furniture and fittings		306,484	111,150
Vehicles		2,775,768	32,140,247
Equipment		630,602	2,561,394
Electric installation		-	582,870
		20,671,545	181,836,617
Book value of assets disposed off during the period / year	6.1	(9,549,343)	(23,784,032)
Depreciation for the period / year		(31,599,935)	(122,943,167)
		1,327,858,695	1,348,336,428
6.1 Book value of assets disposed off			
Plant and machinery		9,549,343	23,569,229
Vehicles		-	214,803
		9,549,343	23,784,032



		Quarter Ended	
		September 30, 2012	September 30, 2012
Rupees			
7 COST OF GOODS SOLD			
Raw materials and other direct materials consumed	7.1	897,708,010	856,122,816
Fabric conversion, dyeing and bleaching		19,561,597	39,481,687
Salaries, wages and benefits		82,676,317	70,710,112
Fuel and power		152,913,924	112,843,731
Packing material consumed		19,121,972	14,313,955
Sizing material consumed		11,117,528	16,182,926
Store and spares consumed		30,680,595	37,886,526
Insurance		1,136,348	645,578
Depreciation		29,220,418	24,504,687
Others		3,245,840	3,013,748
		1,247,382,549	1,175,705,766
Adjustment of work in process			
Opening		67,893,318	68,108,189
Closing		(75,493,401)	(68,134,941)
		(7,600,083)	(26,752)
Cost of goods manufactured		1,239,782,466	1,175,679,014
Adjustment of finished goods			
Opening		380,671,586	394,971,418
Closing		(352,298,453)	(406,366,129)
		28,373,133	(11,394,711)
		1,268,155,599	1,164,284,303
7.1 Raw material consumed			
Opening stock		577,754,390	296,283,056
Purchases		923,117,365	1,087,960,072
		1,500,871,755	1,384,243,128
Closing stock		(603,163,745)	(528,120,312)
		897,708,010	856,122,816

8 INFORMATION ABOUT REPORTING SEGMENT

The following table presents revenue and profit information regarding the Company's operating segments for the period ended September 30, 2013 and September 30, 2012 respectively.

	Spinning	Weaving	Inter Segment Transactions	Consolidated
	Rs.	Rs.	Rs.	Rs.
Quarter ended September 30, 2013				
Sales	1,013,457,963	750,942,818	(345,145,050)	1,419,255,731
Cost of Sales:	(876,532,445)	(736,768,205)	345,145,050	(1,268,155,599)
Gross profit	136,925,518	14,174,614	-	151,100,132
Selling and distribution costs	(21,861,367)	(36,517,885)	-	(58,379,252)
Administrative and general expenses	(14,767,054)	(11,994,480)	-	(26,761,534)
Profit before taxation and un allocated expenses	100,297,098	(34,337,751)	-	65,959,347
Un-allocated expenses:				
Other operating expenses				(6,216,223)
Other operating income				12,073,994
Finance cost				(34,053,328)
Loss before taxation				37,763,790
Taxation				(14,313,297)
Net profit for the year				23,450,492
Quarter ended September 30, 2012				
Sales	777,566,225	883,833,265	(388,427,300)	1,272,972,190
Cost of Sales:	(758,253,005)	(794,458,598)	388,427,300	(1,164,284,303)
Gross profit	19,313,220	89,374,668	-	108,687,887
Selling and distribution costs	(3,772,614)	(37,462,215)	-	(41,234,829)
Administrative and general expenses	(11,198,030)	(8,344,188)	-	(19,542,218)
Profit before taxation and un allocated expenses	4,342,575	43,568,265	-	47,910,840
Un-allocated expenses:				
Other operating expenses				(6,429,872)
Other operating income				4,900,816
Finance cost				(28,444,672)
Loss before taxation				17,937,112
Taxation				(12,911,487)
Net profit for the year				5,025,626

9 TRANSACTIONS WITH RELATED PARTIES

No transaction has been carried out with any related party during the period

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

10 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved by the Board of Directors and authorised for issue on October 31, 2013.

11 CORRESPONDING FIGURES

Corresponding figures of these condensed interim financial statements have been re-arranged wherever necessary for the purpose of comparison

12 GENERAL

Figures have been rounded off to the nearest of rupees.

Chief Executive

Director

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