



Ghazi Fabrics International Limited
Signature of Quality



1st Quarterly Report

SEPTEMBER 30, 2014

UN-AUDITED



GHAZI FABRICS INTERNATIONAL LIMITED COMPANY PROFILE

BOARD OF DIRECTORS

CHAIRMAN Mr. Mohammad Arshad Chaudhry

CHIEF EXECUTIVE Mr. Kamran Arshad

DIRECTORS Mr. Mohammad Tariq

Mr. Rizwan Arshad

Mrs. Azra Yasmin

Miss Fareeha Arshad

Mrs. Wajeeha Haaris

COMPANY SECRETARY Mr. Nauman Iqbal, FCA

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

Mrs. Wajeeha Haaris Member

CHIEF FINANCIAL OFFICER Mr. Abid Rafi

INTERNAL AUDITOR Nasir Imran Elahi, ACA

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
Fax: (042) 35764032
Email: info@ghazifabrics.com
Website: www.ghazifabrics.com

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

GHAZI FABRICS INTERNATIONAL LIMITED DIRECTOR'S REVIEW

We are pleased to present the financial statements for the quarter ended 30th September, 2014.

Operating results

During the period under review the Company's sales were Rs. 1,221 million and the profit after tax of Rs. 1.34 million for the quarter ended September 30, 2014 as compared to a profit of Rs.26.53 million in the corresponding period. Earning per share is Rs.0.04 (corresponding period:Rs.0.81)

	<i>September</i>	
	<i>2014</i>	<i>2013</i>
	<i>R u p e e s</i>	
Sales	1,221,027,662	1,419,255,731
Operating profit	52,158,271	62,825,714
Profit/ (loss) after tax	1,337,701	26,533,083
Earning per share (EPS) Rs.	0.04	0.81

Future prospects

The revival of domestic textile industry is largely dependent on continuous availability of power and gas in the country. 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 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 27, 2014

(Kamran Arshad)
Chief Executive Officer

**GHAZI FABRICS INTERNATIONAL LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT SEPTEMBER 30, 2014**

	Note	September 30, 2014 (Unaudited)	June 30, 2014 (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		(305,777,925)	(307,115,626)
		20,578,075	19,240,374
NON CURRENT LIABILITIES			
Long term financing	4	551,018,933	528,666,168
Sponsors' loan		1,050,621,479	1,091,005,405
Deferred liabilities		51,500,314	53,351,254
		1,653,140,726	1,673,022,827
CURRENT LIABILITIES			
Trade and other payables		368,753,420	322,566,364
Markup/ interest payables		27,986,908	43,584,436
Short term bank borrowings		1,388,009,323	1,050,659,855
Current portion of long term financing		144,002,852	123,796,206
Provision for taxation		46,974,731	38,172,773
		1,975,727,234	1,578,779,634
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES	5	3,649,446,035	3,271,042,835
ASSETS			
NON CURRENT ASSETS			
Operating fixed assets	6	1,430,554,185	1,456,991,145
Capital work in progress		226,246,722	113,380,720
Long term deposits		12,952,014	12,952,014
		1,669,752,921	1,583,323,879
CURRENT ASSETS			
Stores, spares and loose tools		86,888,948	78,943,964
Stock in trade		1,104,706,393	1,069,597,417
Trade debts		523,966,225	362,412,685
Loans and advances		179,311,826	116,375,724
Trade deposits and short term prepayments		2,456,107	300,000
Sales tax refundable		77,761,694	55,637,611
Cash and bank balances		4,601,919	4,451,555
		1,979,693,113	1,687,718,956
TOTAL ASSETS		3,649,446,035	3,271,042,835

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, 2014

Note	Re-stated	
	Quarter Ended	
	September 30, 2014	September 30, 2013
	Rupees	
Sales - net	1,221,027,662	1,419,255,731
Cost of goods sold	7 <u>1,108,746,161</u>	<u>1,265,073,009</u>
Gross profit	112,281,501	154,182,722
Operating expenses:		
Selling and distribution	33,506,017	58,379,252
Administrative expenses	26,065,973	26,761,534
Other operating expenses	551,240	6,216,223
	<u>60,123,230</u>	<u>91,357,008</u>
Operating profit	<u>52,158,271</u>	<u>62,825,714</u>
Finance cost	42,996,198	34,053,328
Other operating income	977,587	12,073,994
Profit before taxation	<u>10,139,660</u>	<u>40,846,380</u>
Provision for taxation	8,801,959	14,313,297
Profit after taxation	<u><u>1,337,701</u></u>	<u><u>26,533,083</u></u>
Earnings per share - basic	<u><u>0.04</u></u>	<u><u>0.81</u></u>

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

Chief Executive

Director



GHAZI FABRICS INTERNATIONAL LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014

	<u>Re-stated</u>	
	<u>Quarter Ended</u>	
	<u>September 30,</u>	<u>September 30,</u>
	<u>2014</u>	<u>2013</u>
Profit for the period	1,337,701	26,533,083
Other comprehensive income	-	-
Total comprehensive income for the period	<u>1,337,701</u>	<u>26,533,083</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, 2014

	Quarter Ended	
	September 30, 2014	Re-stated September 30, 2013
Rupees		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	10,139,660	40,846,380
Adjustments for non-cash charges and other items:		
- Depreciation	34,364,151	28,517,345
- Loss on disposal of property, plant and equipment	-	6,216,223
- Provision for gratuity	3,675,688	3,457,988
- Finance cost	42,996,198	34,053,328
	<u>81,036,037</u>	<u>72,244,884</u>
Operating profit before working capital changes	91,175,697	113,091,264
(Increase) / decrease in current assets:		
- Stores, spares and loose tools	(7,944,984)	14,715,672
- Stock in trade	(35,108,976)	(4,734,524)
- Trade debts	(161,553,541)	(50,135,082)
- Loans and advances	(56,770,199)	(30,212,839)
- Trade deposits and short term prepayments	(2,156,106)	269,513
- Sales tax refundable	(22,124,083)	(9,339,790)
Increase / (decrease) in current liabilities:		
- Trade and other payables	46,187,056	(12,009,546)
	<u>(239,470,833)</u>	<u>(91,446,596)</u>
Cash (used in) / generated from operations	(148,295,136)	21,644,668
Gratuity paid	(1,850,941)	(3,533,808)
Tax paid	(9,841,591)	(13,968,170)
Finance cost paid	<u>(58,593,726)</u>	<u>(34,434,059)</u>
Net cash used in operating activities	(218,581,395)	(30,291,369)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	(7,927,191)	(20,671,545)
Proceeds from disposal of property, plant and equipment	-	3,333,120
Capital work in progress	<u>(112,866,002)</u>	<u>16,077,152</u>
Net cash used in investing activities	(120,793,193)	(1,261,273)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long term financing - net	42,559,411	(27,899,986)
Loan from directors and others - net	(40,383,926)	-
Short term borrowings	<u>337,349,469</u>	<u>69,272,830</u>
Net cash generated from financing activities	<u>339,524,954</u>	<u>41,372,844</u>
Net increase in cash and cash equivalents	150,364	9,820,202
Cash and cash equivalents at the beginning of the period	4,451,555	1,616,790
Cash and cash equivalents at the end of the period	<u>4,601,919</u>	<u>11,436,992</u>

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, 2014**

	Issued, Subscribed and Paid-up Share Capital	Accumulated loss	Total
	R	U	P E E S
Balance as at June 30, 2013	326,356,000	(387,977,677)	(61,621,677)
Profit for the period	-	26,533,083	26,533,083
Balance as at September 30, 2013	326,356,000	(361,444,594)	(35,088,594)
Balance as at June 30, 2014	326,356,000	(307,115,626)	19,240,374
Profit for the period	-	1,337,701	1,337,701
Balance as at September 30, 2014	326,356,000	(305,777,925)	20,578,075

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

**GHAZI FABRICS INTERNATIONAL LIMITED
SELECTED NOTES TO THE CONDENSED
INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

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, 2014.

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, 2014.

	September 30, 2014	June 30, 2014
4 LONG TERM FINANCING - Secured		
	Rupees	
Opening balance	652,462,374	359,140,599
Add: Acquired during the period / year	76,613,243	423,386,757
	<u>729,075,617</u>	<u>782,527,356</u>
Less: Repayment during the period / year	(34,053,832)	(130,064,982)
	<u>695,021,785</u>	<u>652,462,374</u>
Less: Current portion	(144,002,852)	(123,796,206)
	<u>551,018,933</u>	<u>528,666,168</u>

5 CONTINGENCIES AND COMMITMENTS

- 5.1 The Company has provided bank guarantee in favour of Sui Northern Gas Pipeline Limited amounting to Rs. 53.191 million (June 30, 2014: Rs. 53.191 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. 58.091 million. (June 30, 2014 : Rs. 58.091 million)
- 5.3 Commitments against irrevocable letters of credit outstanding Rs. 1.351 million (June 30, 2014 : Rs. 109.027 million)

	Note	September 30, 2014	June 30, 2014
6 PROPERTY, PLANT AND EQUIPMENT			
		Rupees	
Opening written down value		1,456,991,145	1,177,668,777
Addition during the period / year			
Land - freehold		7,875,021	23,386,900
Building on freehold land			3,459,091
Plant and machinery			379,194,720
Furniture and fittings			1,202,028
Vehicles			3,491,178
Equipment		52,170	1,152,674
Electric installation			1,466,270
		<u>7,927,191</u>	<u>413,352,861</u>
Book value of assets disposed off during the period / year	6.1	-	(15,017,599)
Depreciation for the period / year		(34,364,151)	(119,012,894)
		<u>1,430,554,185</u>	<u>1,456,991,145</u>
6.1 Book value of assets disposed off			
Plant and machinery		-	15,014,082
Vehicles		-	3,517
		<u>-</u>	<u>15,017,599</u>



		Quarter Ended	
		September 30, 2014	September 30, 2013
		Rupees	
			Re-stated
7 COST OF GOODS SOLD			
Raw materials and other direct materials consumed	7.1	875,703,408	897,708,010
Fabric conversion, dyeing and bleaching		5,257,997	19,561,597
Salaries, wages and benefits		77,250,221	82,676,317
Fuel and power		114,067,244	152,913,924
Packing material consumed		10,398,403	19,121,972
Sizing material consumed		6,671,343	11,117,528
Store and spares consumed		17,924,769	30,680,595
Insurance		900,151	1,136,348
Depreciation		32,358,230	26,137,828
Others		1,334,185	3,245,840
		<u>1,141,865,951</u>	<u>1,244,299,959</u>
Adjustment of work in process			
Opening		75,160,935	67,893,318
Closing		<u>(72,410,043)</u>	<u>(75,493,401)</u>
		2,750,892	(7,600,083)
Cost of goods manufactured		1,144,616,843	1,236,699,876
Adjustment of finished goods			
Opening		442,468,889	380,671,586
Closing		<u>(478,339,571)</u>	<u>(352,298,453)</u>
		(35,870,682)	28,373,133
		<u>1,108,746,161</u>	<u>1,265,073,009</u>
7.1 Raw material consumed			
Opening stock		543,796,522	577,754,390
Purchases		877,583,618	923,117,365
		<u>1,421,380,140</u>	<u>1,500,871,755</u>
Closing stock		<u>(545,676,732)</u>	<u>(603,163,745)</u>
		<u>875,703,408</u>	<u>897,708,010</u>

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, 2014 and September 30, 2013 respectively.

	Spinning	Weaving	Inter Segment Transactions	Consolidated
	Rs.	Rs.	Rs.	Rs.
Quarter ended September 30, 2014				
Sales	835,343,481	625,678,781	(239,994,600)	1,221,027,662
Cost of Sales	(977,855,474)	(370,885,287)	239,994,600	(1,108,746,161)
Gross profit	(142,511,993)	254,793,494	-	112,281,501
Selling and distribution costs	(11,796,230)	(21,709,788)	-	(33,506,017)
Administrative and general expenses	(15,523,785)	(10,542,188)	-	(26,065,973)
Profit before taxation and un allocated expenses	(169,832,008)	222,541,518	-	52,709,511
Un-allocated expenses:				
Other operating expenses				(551,240)
Other operating income				977,587
Finance cost				(42,996,198)
Profit before taxation				10,139,660
Taxation				(8,801,959)
Net profit for the year				1,337,701
Quarter ended September 30, 2013				
Sales	1,013,457,963	750,942,818	(345,145,050)	1,419,255,731
Cost of Sales	(874,991,150)	(735,226,909)	345,145,050	(1,265,073,009)
Gross profit	138,466,813	15,715,909	-	154,182,722
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	101,838,393	(32,796,456)	-	69,041,937
Un-allocated expenses:				
Other operating expenses				(6,216,223)
Other operating income				12,073,994
Finance cost				(34,053,328)
Profit before taxation				40,846,380
Taxation				(14,313,297)
Net profit for the year				26,533,083

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 27, 2014.

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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Ghazi Fabrics International Ltd.

8-C, E-III, GULBERG - III, LAHORE 546660-PAKISTAN

Ph:(042) 35764026-28 Fax: (042) 35764032

E-Mail: info@ghazifabrics.com

Website: www.ghazifabrics.com

Mills: 46 K.M. Multan Road, Bhai Pheru, Disst Kasur.