



Ghazi Fabrics International Limited  
*Signature of Quality*



## *1st Quarterly Report*

*September 30, 2010*

**UN-AUDITED**

## GHAZI FABRICS INTERNATIONAL LIMITED

### COMPANY PROFILE

#### BOARD OF DIRECTORS

##### CHAIRMAN/ CHIEF EXECUTIVE

Mr. Mohammad 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. Rao. Saadat Ali

##### AUDITORS

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

##### LEGAL ADVISOR

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

##### SHARE REGISTRAR

M/s Corplink (Pvt.) Ltd.

##### BANKERS

Habib Bank Limited  
United Bank Limited

##### REGISTERED OFFICE

8-C, Block E-III, Gulberg III, Lahore -54660.  
Phone : 042-35764026-8  
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

#### **DIRECTORS' REVIEW**

The Board of directors is pleased in presenting the 1<sup>st</sup> quarter's condensed interim financial information of the Company. These financial statements are unaudited.

Following is the 1<sup>st</sup> quarter review of the company's operations with corresponding period of previous year:

#### **Financial highlights**

	<b>September 30, 2010</b>	<b>September 30, 2009</b>
Sales	1,707,691,184	772,868,946
Operating (loss)/ profit	115,643,986	24,632,670
Financial charges	49,502,153	36,381,267
Profit/(Loss) before tax	67,140,039	(10,603,220)
Profit/(Loss) after tax	50,063,127	(10,653,492)
EPS	<b>1.53</b>	<b>(0.33)</b>

Your Company has posted a after tax profit of Rs. 50.063 million as compared to a loss of Rs. 10.653 million last year for same period. Profitability was augmented because of low priced raw cotton purchased last year and timely procurement of raw material this year.

#### **Future prospects**

It is expected that cotton and polyester prices for the ensuing year will remain firm. Electricity and gas prices will continue to increase and escalate upwards. Constant electrical and gas shutdown is an other burning issue which is being faced by industry along with high interest rates.

Despite all the problems the management of your company is striving hard to make a quick turn around in the operational results by taking serious steps to optimize its processes and develop a stronger/ loyal customer base. This will yield positive results in the long run. We remain optimistic of positive results inspite of all the collective challenges being faced by both the industry and the nation as whole.

#### **Acknowledgement**

The board of directors is pleased to place thanks and appreciate the effort of management and staff

For and on behalf of the board

Lahore  
October 29, 2010

(Mohammad Arshad Chaudhry)  
Chief Executive

**GHAZI FABRICS INTERNATIONAL LIMITED**  
**CONDENSED INTERIM BALANCE SHEET**  
**AS AT SEPTEMBER 30, 2010**

AS AT SEPTEMBER 30, 2010	Note	September 30, 2010 (Unaudited)	June 30, 2010 (Audited)
		Rupees	
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital		400,000,000	400,000,000
Issued, subscribed and paidup capital		326,356,000	326,356,000
Accumulated loss		(405,357,022)	(460,503,108)
		(79,001,022)	(134,147,108)
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>		198,693,555	203,776,515
<b>NON CURRENT LIABILITIES</b>			
Long term financing	4	1,025,349,088	1,001,682,731
Deferred liabilities		96,987,795	112,712,553
		1,122,336,883	1,114,395,285
<b>CURRENT LIABILITIES</b>			
Trade and other payables		216,791,794	197,481,836
Markup/ interest payables		33,212,805	26,970,103
Short term bank borrowings		780,942,619	912,209,911
Current portion of long term financing		122,818,903	122,818,866
Provision for taxation		55,371,676	38,294,764
		1,209,137,797	1,297,775,480
<b>CONTINGENCIES AND COMMITMENTS</b>	5		
<b>TOTAL EQUITY AND LIABILITIES</b>		2,451,167,214	2,481,800,171
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Operating fixed assets	6	1,375,963,805	1,406,731,650
Long term deposits		5,697,180	5,697,180
		1,381,660,985	1,412,428,830
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		92,756,776	68,589,843
Stock in trade		575,424,339	732,389,073
Trade debts		295,337,482	189,740,745
Loans and advances		58,914,943	36,684,890
Trade deposits and short term prepayments		5,132,420	924,340
Other receivables		9,695,484	1,378,113
Sales tax refundable		22,299,025	20,292,976
Cash and bank balances		9,945,761	19,371,361
		1,069,506,229	1,069,371,341
<b>TOTAL ASSETS</b>		2,451,167,214	2,481,800,171

*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**  
**FOR THE QUARTER AND ENDED SEPTEMBER 30, 2010**

		Quarter Ended	
		September 30, 2010	September 30, 2009
	Note	Rupees	
Sales - net		1,707,691,184	772,868,946
Cost of goods sold	7	1,540,679,788	719,795,689
Gross profit		167,011,396	53,073,257
Operating expenses:			
Selling and distribution		34,864,451	9,197,260
Administrative expenses		14,606,930	13,739,281
Other operating expenses		1,896,030	5,504,047
		51,367,411	28,440,587
Operating profit		115,643,986	24,632,670
Finance cost		49,502,153	36,381,267
Other operating income		998,207	1,145,377
Profit / (Loss) before taxation		67,140,039	(10,603,220)
Provision for taxation		17,076,912	50,272
Profit / (Loss) after taxation		50,063,127	(10,653,492)
Earnings per share - basic		1.53	(0.33)

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

Chief Executive

Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE QUARTER AND ENDED SEPTEMBER 30, 2010**

	<b>Quarter Ended</b>	
	<b>September 30, 2010</b>	<b>September 30, 2009</b>
<b>Note</b>		
Profit and (loss) for the period	50,063,127	(10,653,492)
Other comprehensive income	-	-
Total comprehensive income for the period	<b><u>50,063,127</u></b>	<b><u>(10,653,492)</u></b>

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

**Chief Executive**

**Director**



**GHAZI FABRICS INTERNATIONAL LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE QUARTER AND ENDED SEPTEMBER 30, 2010**

	Quarter Ended	
	September 30, 2010	September 30, 2009
	Rupees	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before taxation	67,140,039	(10,603,220)
Adjustments for non-cash charges and other items:		
- Depreciation	31,477,726	34,527,096
- Exchange loss	-	-
- Loss on disposal of property, plant and equipment	-	2,032,653
- Provision for gratuity	49,502,153	36,381,267
- Finance cost	80,979,880	72,941,016
<b>Operating profit before working capital changes</b>	<b>148,119,919</b>	<b>62,337,795</b>
(Increase) / decrease in current assets:		
- Stores, spares and loose tools	(24,166,933)	16,353,107
- Stock in trade	156,964,734	90,293,730
- Trade debts	(105,596,737)	10,975,267
- Loans and advances	(22,230,052)	(4,211,416)
- Trade deposits and short term prepayments	(4,208,080)	(1,164,094)
- Other receivables	(8,317,371)	(8,177,956)
- Sales tax refundable	(2,006,049)	10,679,295
Increase / (decrease) in current liabilities:	19,309,958	25,051,802
- Trade and other payables	9,749,469	139,799,735
<b>Cash generated from operations</b>	<b>157,869,388</b>	<b>202,137,530</b>
Income tax paid	-	(5,064,015)
Gratuity paid	(15,724,758)	(2,415,434)
Finance cost paid	(43,259,451)	(38,663,152)
<b>Net cash from operating activities</b>	<b>98,885,179</b>	<b>155,994,929</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment purchased	(867,581)	(100,060)
Capital work in progress	157,700	-
Proceeds from disposal of property, plant and equipment	-	-
Long term deposits	-	-
<b>Net cash used in investing activities</b>	<b>(709,881)</b>	<b>(100,060)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long term financing	(14,358,975)	(17,500,000)
Proceeds from long term financing	-	-
Loan from directors and others - net	38,025,369	(176,792,221)
Due to associated undertakings	-	23,996,052
Short term borrowings	(131,267,292)	1,824,554
<b>Net cash used in financing activities</b>	<b>(107,600,898)</b>	<b>(168,471,615)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(9,425,599)</b>	<b>(12,576,746)</b>
Cash and cash equivalents at the beginning of the period	19,371,361	6,794,616
<b>Cash and cash equivalents at the end of the period</b>	<b>9,945,761</b>	<b>(19,371,362)</b>

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 AND ENDED SEPTEMBER 30, 2010**

	Issued, subscribed and paid-up	Accumulated loss	Total
	R	U P E E	S
<b>Balance as at June 30, 2009</b>	326,356,000	(590,572,916)	(264,216,916)
Loss for the period	-	(10,653,492)	(10,653,492)
Surplus on revaluation of fixed assets transferred to retained earnings during the period			
- relating to incremental depreciation	-	4,445,799	4,445,799
<b>Balance as at September 30, 2009</b>	<u>326,356,000</u>	<u>(596,780,609)</u>	<u>(270,424,609)</u>
Profit for the period	-	122,861,318	122,861,318
Surplus on revaluation of fixed assets transferred to retained earnings during the period			
- relating to incremental depreciation	-	13,416,183	13,416,183
- relating to disposal of revalued asset	-	-	-
<b>Balance as at June 30, 2010</b>	<u>326,356,000</u>	<u>(460,503,108)</u>	<u>(134,147,108)</u>
Profit for the period	-	50,063,127	50,063,127
Surplus on revaluation of fixed assets transferred to retained earnings during the period			
- relating to incremental depreciation	-	5,082,959	5,082,959
<b>Balance as at September 30, 2010</b>	<u>326,356,000</u>	<u>(405,357,022)</u>	<u>(79,001,022)</u>

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

Chief Executive

Director



**GHAZI FABRICS INTERNATIONAL LIMITED  
SELECTED NOTES TO THE CONDENSED  
INTERIM FINANCIAL STATEMENT  
FOR THE QUARTER AND ENDED SEPTEMBER 30, 2010**

**I 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, 2010.

**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, 2009.

	<b>September 30, 2009</b>	<b>June 30, 2009</b>
	<b>Rupees</b>	
<b>4 LONG TERM FINANCING - Secured</b>		
Opening balance	370,213,030	499,881,332
Add: Acquired during the period/ year	-	-
Less: Repayment during the period/year	<u>(14,358,975)</u>	<u>(129,668,302)</u>
	355,854,055	370,213,030
Loan from sponsors	792,313,936	754,288,567
Less: Current portion	<u>(122,818,903)</u>	<u>(122,818,866)</u>
	<u><u>1,025,349,088</u></u>	<u><u>1,001,682,731</u></u>

**5 CONTINGENCIES AND COMMITMENTS**

- 5.1** There is no material change in the status of the contingencies reported in the annual financial statements for the year ended June 30, 2010.
- 5.2** Commitments against irrevocable letters of credit outstanding as at September 30, 2010 Rs. Nil



**6 PROPERTY, PLANT AND EQUIPMENT**

**Note**

**September 30,  
2010**

**June 30,  
2010**

**Rupees**

Opening written down value	1,406,573,950	1,530,187,688
Addition during the period/year		
Building on freehold land	-	-
Plant and machinery	867,581	12,322,472
Grid station and generator	-	985,000
Furniture and fittings	-	47,000
Vehicles	-	-
Equipment	-	1,041,214
Electric installation	-	259,973
	867,581	14,655,659
Book value of assets disposed off during the period/ year	-	(11,259)
Depreciation for the period/ year	(31,477,726)	(138,258,138)
	<u>1,375,963,805</u>	<u>1,406,573,950</u>

**6.1 Book value of assets disposed off**

Vehicles	-	2,262
Equipment	-	8,997
	<u>-</u>	<u>11,259</u>

**Quarter Ended**

**September 30,  
2010**

**September 30,  
2009**

**Rupees**

**7 COST OF GOODS SOLD**

Raw materials and other direct materials consumed	7.1	1,240,342,696	535,280,561
Processing charges		19,512,532	-
Salaries, wages and benefits		55,898,220	51,895,741
Fuel and power		84,922,660	59,155,356
Packing material consumed		9,297,144	9,397,700
Sizing material consumed		14,129,684	9,759,872
Store and spares consumed		26,253,816	20,807,776
Insurance		615,468	562,616
Depreciation		30,757,556	33,740,567
Others		2,610,411	1,895,843
		<u>1,484,340,187</u>	<u>722,496,032</u>
Adjustment of work in process			
Opening		40,365,475	32,844,792
Closing		(59,401,211)	(40,365,475)
		<u>(19,035,736)</u>	<u>(7,520,683)</u>
Cost of goods manufactured		1,465,304,451	714,975,349
Adjustment of finished goods			
Opening		261,139,310	265,959,650
Closing		(185,763,973)	(261,139,310)
		<u>75,375,337</u>	<u>4,820,340</u>
		<u>1,540,679,788</u>	<u>719,795,689</u>



	Quarter Ended	
	September 30, 2010	September 30, 2009
	Rupees	
<b>7.1 Raw material consumed</b>		
Opening stock	269,464,174	411,555,627
Purchases	1,301,137,677	393,189,108
Sales	-	-
	1,570,601,851	804,744,735
Closing stock	(330,259,155)	(269,464,174)
	<u>1,240,342,696</u>	<u>535,280,561</u>

## 8 TRANSACTIONS WITH RELATED PARTIES

### Associate:

Amount received during the period	Nil	28,000,000
Payment of deferred liabilities	Nil	4,000,000

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.

## 9 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved by the Board of Directors and authorised for issue on October 29, 2010

## 10 CORRESPONDING FIGURES

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

## 11 GENERAL

Figures have been rounded off to the nearest of rupees.

Chief Executive

Director

**BOOK POST**  
**PRINTED MATTER**

(Under Certificate of Posting)

If undelivered, Please return to:

**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](mailto:info@ghazifabrics.com)

Website: [www.ghazifabrics.com](http://www.ghazifabrics.com)

Mills: 46 K.M. Multan Road, Bhair Pheru, Dist Kasur.