



Ghazi Fabrics International Limited
Signature of Quality



Half Yearly Report

December 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. Rao 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 : 042-35764026-8

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

We are pleased to present the financial statements for the half year ended at December 31, 2009 duly reviewed by the auditors.

Operating results

During the period under review the Company's sales were Rs. 1.727 Billion and the profit after tax of Rs. 2,452 million as compared to a loss of Rs. 67.554 million in the corresponding period ended December 31, 2008. Earning per share was Rs. 0.08 (corresponding period:Rs.(2.07)).

Future prospects

The present year has opened with brighter prospects for the textile industry with all sectors reporting better prices and firm demand and trend has become more vocal in the later part of the period under review. A note of caution is with respect to high energy cost along with shortage of gas and electricity and general inflationary trend.

Acknowledgment

We are grateful to the management and employees of the Company for their hard-work and dedication. We also express our gratitude to our shareholders, bankers, suppliers and valued customers who cooperated with us throughout the period.

For and on behalf of the board

Lahore

(Mohammad Arshad Chaudhry)

Chief Executive

February 26, 2010

REVIEW REPORT TO THE MEMBERS

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Ghazi Fabrics International Limited** as at December 31, 2009 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity, together with the notes forming part thereof (here-in-after referred to as "interim financial information") for the half year then ended. Management of the company is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as at and for the half year ended December 31, 2009 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

The figures for the quarter ended December 31, 2009 and 2008 in the condensed interim profit and loss account have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2009 and we do not express conclusion on them.

LAHORE
Dated: February 26, 2010

QADEER & COMPANY
CHARTERED ACCOUNTANTS
NAWAZ KHAN FCA



Ghazi Fabrics International Limited

CONDENSED INTERIM BALANCE SHEET

AS AT DECEMBER 31, 2009

	Notes	Un-audited December 31, 2009	Audited June 30, 2009
EQUITY AND LIABILITIES			
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		(579,229,338)	(590,572,916)
		(252,873,338)	(264,216,916)
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
		219,327,445	228,219,043
NON CURRENT LIABILITIES			
Long term financing	7	1,121,114,783	1,300,545,337
Deferred liabilities		109,055,291	101,958,638
		1,230,170,074	1,402,503,975
CURRENT LIABILITIES			
Trade and other payables		154,744,733	134,680,059
Markup/ interest payables		30,168,161	35,092,918
Short term bank borrowings		1,300,041,346	859,275,549
Current portion of long term financing		122,818,904	136,334,930
Provision for taxation		8,685,980	11,648,838
		1,616,459,124	1,177,032,294
CONTINGENCIES AND COMMITMENTS			
	8	-	-
TOTAL EQUITY AND LIABILITIES			
		2,813,083,306	2,543,538,396
ASSETS			
NON CURRENT ASSETS			
Operating fixed assets	9	1,461,364,625	1,530,187,688
Capital work in progress		3,286,618	-
		1,464,651,243	1,530,187,688
LONG TERM DEPOSIT			
		5,697,180	5,697,180
		1,470,348,423	1,535,884,868
CURRENT ASSETS			
Stores, spares and loose tools		59,148,249	53,855,133
Stock in trade		1,040,890,603	733,462,685
Trade debts		181,608,234	175,771,418
Loans and advances		28,218,321	21,861,010
Trade deposits and short term prepayments		1,285,102	2,137,643
Other receivables		9,619,382	8,707,261
Sales tax refundable		11,625,198	8,314,689
Cash and bank balances		10,339,794	3,543,689
		1,342,734,883	1,007,653,528
TOTAL ASSETS			
		2,813,083,306	2,543,538,396

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

Chief Executive

Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE 2nd QUARTER AND HALF YEAR ENDED DECEMBER 31, 2009

	Notes	Half Year Ended		Quarter Ended	
		December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
Rupees					
Sales - Net		1,727,572,701	1,737,730,726	954,703,755	757,368,312
Cost of sales	10	1,591,105,140	1,643,926,549	871,309,451	757,742,443
Gross profit/(loss)		136,467,561	93,804,177	83,394,304	(374,131)
Selling and distribution		21,002,287	48,886,256	11,805,027	21,369,728
Administrative expenses		26,835,506	24,801,433	13,096,225	11,850,554
		47,837,793	73,687,689	24,901,252	33,220,282
Operating profit/(loss)		88,629,768	20,116,488	58,493,052	(33,594,413)
Other income		1,872,305	1,958,293	726,928	10,805,792
		90,502,073	22,074,781	59,219,980	(22,788,621)
Finance cost		80,107,422	68,751,071	43,726,155	35,397,464
Other charges		6,618,540	21,471,410	1,114,493	-
		86,725,961	90,222,481	44,840,648	35,397,464
Profit /(loss) before taxation		3,776,111	(68,147,700)	14,379,332	(58,186,085)
Provision for taxation		1,324,131	(593,347)	1,273,859	(2,908,636)
Profit /(loss) after taxation		2,451,980	(67,554,353)	13,105,473	(55,277,449)
Earnings per share - basic		0.08	(2.07)	0.40	(1.69)

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

Chief Executive

Director



Ghazi Fabrics International Limited

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE 2nd QUARTER AND HALF YEAR ENDED DECEMBER 31, 2009

	Half Year Ended		Quarter Ended	
	December 31,	December 31,	December 31,	December 31,
	2009	2008	2009	2008
	Rupees			
Profit / (loss) after taxation	2,451,980	(67,554,353)	13,105,473	(55,277,449)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income /(loss) for the period	<u>2,451,980</u>	<u>(67,554,353)</u>	<u>13,105,473</u>	<u>(55,277,449)</u>

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

Chief Executive

Director



CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2009

	December 31, 2009	December 31, 2008
	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	3,776,111	(68,147,700)
Adjustment for:		
Depreciation	69,058,077	73,223,575
(Gain)/Loss on disposal of fixed assets	-	2,064,400
Staff retirement benefits	4,065,306	3,416,056
Finance cost	80,107,422	68,751,071
	153,230,805	147,455,102
Cash flows before working capital changes	157,006,916	79,307,402
(Increase)/decrease in current assets		
Stores, spares and loose tools	(5,293,116)	(43,758,655)
Stock in trade	(307,427,918)	(23,546,290)
Trade debts	(5,836,816)	(97,874,089)
Loans and advances	(7,192,260)	7,779,726
Trade deposits and prepayments	852,541	423,570
Other receivable	(912,121)	776,421
Sales tax refundable	(3,310,509)	(3,534,355)
Increase/(decrease) in current liabilities		
Trade and other payables	20,064,674	42,701,200
	(309,055,525)	(117,032,472)
Cash (Outflows)/Inflows from operations	(152,048,609)	(37,725,070)
Finance cost paid	(85,032,179)	(64,800,470)
Staff retirement benefits Paid	(3,368,390)	(2,133,017)
Income Tax paid	(10,813,888)	(10,573,549)
Net cash used in operating activities	(251,263,066)	(115,232,106)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(235,014)	(10,531,746)
Capital Work in Progress	(3,286,618)	-
Proceeds from disposal of fixed assets	-	862,070
Long term deposits	-	(5,207,100)
Net cash used in investing activities	(3,521,632)	(14,876,776)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long term financing	-	226,675,400
Repayment of long term loans	(192,946,580)	(124,733,168)
Due to related parties	13,761,586	12,533,231
Short term borrowings- net	440,765,797	17,673,805
Net cash generated from financing activities	261,580,803	132,149,268
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,796,105	2,040,386
CASH AND CASH EQUIVALENTS		
AT THE BEGINNING OF THE PERIOD	3,543,689	2,901,664
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>10,339,794</u>	<u>4,942,050</u>

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 HALF YEAR ENDED DECEMBER 31, 2009

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

Balance as at June 30, 2008	326,356,000	(459,178,896)	(132,822,896)
loss for the period	-	(67,554,353)	(67,554,353)
Surplus on revaluation of fixed assets transferred to retained earnings during the period			
- relating to incremental depreciation	-	10,352,538	10,352,538
- relating to disposal of revalued asset	-	1,543,682	1,543,682
Balance as at December 31, 2008	326,356,000	(514,837,029)	(188,481,029)
Loss for the period	-	(86,412,268)	(86,412,268)
Surplus on revaluation of fixed assets transferred to retained earnings during the period			
- relating to incremental depreciation	-	9,687,115	9,687,115
- relating to disposal of revalued asset	-	989,266	989,266
Balance as at June 30, 2009	326,356,000	(590,572,916)	(264,216,916)
Total comprehensive income for the period	-	2,451,980	2,451,980
Surplus on revaluation of fixed assets transferred to retained earnings during the period			
- relating to incremental depreciation	-	8,891,598	8,891,598
Balance as at December 31, 2009	326,356,000	(579,229,338)	(252,873,338)

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

Chief Executive

Director

**SELECTED NOTES TO THE CONDENSED
INTERIM FINANCIAL STATEMENT
FOR THE HALF YEAR ENDED DECEMBER 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 but subject to limited scope review by auditors 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, 2009. 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, 2009.

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, 2009.

	December 31, 2009	June 30, 2009
	Rupees	
6 SHARE CAPITAL		
6.1 Authorised capital 40,000,000 (June 30, 2009: 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: 32,635,600 (June 30, 2009: 32,635,600) ordinary shares of Rs. 10/- each paid in cash.	326,356,000	326,356,000
7 LONG TERM FINANCING - Secured		
Opening balance	499,881,332	512,269,332
Add: Acquired during the period/ year	-	182,075,400
Less: Repayment during the period/year	(25,653,195)	(194,463,400)
	474,228,137	499,881,332
Loan from sponsors	769,705,550	936,998,935
Less: Current portion	(122,818,904)	(136,334,930)
	1,121,114,783	1,300,545,337



Ghazi Fabrics International Limited

8 CONTINGENCIES AND COMMITMENTS

8.1 CONTINGENCIES

There is no material change in the status of the contingencies reported in the annual financial statements for the year ended June 30, 2009.

8.2 COMMITMENTS

The company has provided bank guarantee in favor of SNGPL amounting to Rs. 47.400 million (30 June 2009: Rs. 47.400 million)

Commitments against irrecoverable letters of credit outstanding as at balance sheet amount to Rs.121,025 million (30 June 2009: Rs.3.874 million).

9	PROPERTY, PLANT AND EQUIPMENT	Note	December 31, 2009	June 30, 2009
			Rupees	
	Opening written down value		1,530,187,688	1,581,352,845
	Addition during the period/year			
	Building on freehold land		-	365,433
	Plant and machinery		-	91,650,587
	Grid station and generator		-	9,051,295
	Furniture and fittings		47,000	30,560
	Vehicles		-	960,681
	Tools and equipment		150,454	129,200
	Electric installation		37,560	720,250
			235,014	102,908,006
	Book value of assets disposed off during the period/ year	9.1	-	(5,034,364)
	Depreciation for the period/ year		(69,058,077)	(149,038,799)
			<u>1,461,364,625</u>	<u>1,530,187,688</u>
9.1	Book value of assets disposed off			
	Plant and machinery		-	5,033,709
	Vehicles		-	655
			<u>-</u>	<u>5,034,364</u>

10	COST OF SALES	Half Year Ended		Quarter Ended	
		December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
		Rupees			
	Raw materials and other direct materials consumed	1,143,068,893	1,253,960,578	607,788,332	578,207,761
	Salaries, wages and benefits	105,002,504	95,359,258	53,106,763	52,494,159
	Fuel and power	110,493,067	119,561,021	51,337,711	63,001,133
	Packing material consumed	18,867,238	20,681,820	9,469,538	9,888,838
	Sizing material consumed	24,726,941	27,786,745	14,967,069	14,618,288
	Store and spares consumed	44,288,119	45,417,572	23,480,343	22,223,362
	Insurance	1,129,126	1,201,690	566,510	638,753
	Depreciation	67,481,842	71,458,818	33,741,275	36,544,590
	Others	4,590,513	4,121,494	2,694,670	2,589,318
		<u>1,519,648,242</u>	<u>1,639,548,996</u>	<u>797,152,210</u>	<u>780,206,202</u>
	Adjustment of work in process				
	Opening	32,844,792	33,289,465	40,365,475	43,902,300
	Closing	(38,766,105)	(41,797,353)	(38,766,105)	(41,797,353)
		<u>(5,921,313)</u>	<u>(8,507,888)</u>	<u>1,599,370</u>	<u>2,104,947</u>
	Cost of goods manufactured	<u>1,513,726,929</u>	<u>1,631,041,108</u>	<u>798,751,581</u>	<u>782,311,149</u>
	Adjustment of finished goods				
	Opening	265,959,650	213,092,157	261,139,310	175,638,010
	Closing	(188,581,439)	(200,206,716)	(188,581,439)	(200,206,716)
		<u>77,378,211</u>	<u>12,885,441</u>	<u>72,557,871</u>	<u>(24,568,706)</u>
		<u>1,591,105,140</u>	<u>1,643,926,549</u>	<u>871,309,451</u>	<u>757,742,443</u>



Ghazi Fabrics International Limited

December 31, 2009	December 31, 2008
----------------------	----------------------

Rupees

11 TRANSACTIONS WITH RELATED PARTIES

Associates:

Payment of deferred liabilities	24,500,000	12,533,331
---------------------------------	------------	------------

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 AUTHORISED FOR ISSUE

These financial statements were approved by the Board of Directors and authorised for issue on February 26, 2010.

13 CORRESPONDING FIGURES

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

BOOK POST
PRINTED MATTER
(Under Certificate of Posting)

If undelivered, Please return to:

Ghazi Fabrics International Ltd.

8-C, E-III, GULBERG - III, LAHORE 54660-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, Dist Kasur.