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Ghazi Fabrics International Limited
Signature of Quality



1st Quarter's Report

September 30, 2009

UN-AUDITED

GHAZI FABRICS INTERNATIONAL LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT SEPTEMBER 30, 2009

	Note	September 30, 2009 (Unaudited)	June 30, 2009 (Audited)
Rupees			
SHARE CAPITAL AND RESERVES			
Authorised share capital	4.1	400,000,000	400,000,000
Issued, subscribed and paidup capital	4.2	326,356,000	326,356,000
Accumulated loss		(596,780,609)	(590,572,916)
		(270,424,609)	(264,216,916)
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
		223,773,244	228,219,043
NON CURRENT LIABILITIES			
Long term financing	5	1,091,894,141	1,300,545,337
Deferred liabilities		121,724,568	101,958,638
		1,213,618,709	1,402,503,975
CURRENT LIABILITIES			
Trade and other payables		159,731,860	134,680,059
Markup/ interest payables		24,688,218	35,092,918
Short term bank borrowings		914,034,465	859,275,549
Current portion of long term financing		150,693,905	136,334,930
Provision for taxation		15,546,451	11,648,838
		1,264,694,899	1,177,032,294
CONTINGENCIES AND COMMITMENTS			
	6		
TOTAL EQUITY AND LIABILITIES			
		2,431,662,243	2,543,538,396
ASSETS			
NON CURRENT ASSETS			
Operating fixed assets	7	1,495,760,652	1,530,187,688
Long term deposits		5,697,180	5,697,180
		1,501,457,832	1,535,884,868
CURRENT ASSETS			
Stores, spares and loose tools		52,236,736	53,855,133
Stock in trade		642,095,343	733,462,685
Trade debts		178,765,478	175,771,419
Loans and advances		31,136,442	21,861,010
Trade deposits and short term prepayments		2,088,434	2,137,643
Other receivables		9,556,069	8,707,261
Sales tax refundable		9,613,681	8,314,688
Cash and bank balances		4,712,228	3,543,689
		930,204,411	1,007,653,528
TOTAL ASSETS			
		2,431,662,243	2,543,538,396

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, 2009

Note	Quarter Ended	
	September 30, 2009	September 30, 2008
Rupees		
Sales - net	772,868,946	980,362,414
Cost of goods sold	719,795,689	886,184,106
Gross profit	53,073,257	94,178,308
Operating expenses:		
Selling and distribution	9,197,260	27,516,528
Administrative expenses	13,739,281	12,950,879
Other operating expenses	5,504,047	31,536,323
	28,440,587	72,003,730
Operating profit	24,632,670	22,174,578
Finance cost	36,381,267	33,353,607
Other operating income	1,145,377	1,217,414
Loss before taxation	(10,603,220)	(9,961,615)
Provision for taxation	50,272	2,315,289
Loss after taxation	(10,653,492)	(12,276,904)
Earnings per share - basic	(0.33)	(0.38)

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

Chief Executive

Director

GHAZI FABRICS INTERNATIONAL LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
 FOR THE QUARTER ENDED SEPTEMBER 30, 2009

	Quarter Ended	
	September 30, 2009	September 30, 2008
	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) before taxation	(10,603,220)	(9,961,615)
Adjustments for non-cash charges and other items:		
- Depreciation	34,527,096	35,780,258
- Loss on disposal of property, plant and equipment	-	2,202,330
- Provision for gratuity	2,032,653	1,708,028
- Finance cost	36,381,267	33,353,607
	72,941,016	73,044,223
Operating profit before working capital changes	62,337,795	63,082,608
(Increase) / decrease in current assets:		
- Stores, spares and loose tools	1,618,397	(4,639,287)
- Stock in trade	91,367,342	181,414,511
- Trade debts	(2,994,059)	(58,281,129)
- Loans and advances	(4,211,416)	1,121,486
- Trade deposits and short term prepayments	49,209	(285,650)
Other receivables	(848,808)	81,454
- Sales tax refundable	(1,298,993)	2,244,679
Increase / (decrease) in current liabilities:		
- Trade and other payables	25,051,802	30,510,635
	108,733,474	152,166,699
Cash generated from operations	171,071,269	215,249,307
Income tax paid	(5,064,015)	(6,141,300)
Gratuity paid	(2,415,434)	(1,342,366)
Finance cost paid	(46,785,967)	(33,477,831)
Net cash from operating activities	116,805,853	174,287,810
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	(100,060)	(629,948)
Capital work in progress	-	(5,668,051)
Proceeds from disposal of property, plant and equipment	-	862,070
Long term deposits	-	(5,207,100)
Net cash used in investing activities	(100,060)	(10,643,029)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	(17,500,000)	(42,083,333)
Proceeds from long term financing	-	2,075,400
Loan from directors and others - net	(176,792,221)	-
Due to associated undertakings	23,996,052	(11,417,549)
Short term borrowings	54,758,916	(110,738,253)
Net cash used in financing activities	(115,537,253)	(162,163,735)
Net increase in cash and cash equivalents	1,168,540	1,481,046
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	4,712,228	4,382,710

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, 2009

	Issued, subscribed and paid-up	Accumulated loss	Total
	R	U	P E E S
Balance as at June 30, 2008	326,356,000	(459,178,897)	(132,822,897)
Loss for the period	-	(12,276,904)	(12,276,904)
Surplus on revaluation of fixed assets transferred to retained earnings during the period			
- relating to incremental depreciation	-	5,182,701	5,182,701
- relating to disposal of revalued asset	-	1,543,682	1,543,682
Balance as at September 30, 2008	326,356,000	(464,729,418)	(138,373,418)
Loss for the period	-	(141,689,717)	(141,689,717)
Surplus on revaluation of fixed assets transferred to retained earnings during the period			
- relating to incremental depreciation	-	14,856,953	14,856,953
- 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)
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
Balance as at September 30, 2009	326,356,000	(596,780,609)	(270,424,609)

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

Chief Executive

Director

GHAZI FABRICS INTERNATIONAL LIMITED
NOTES TO THE CONDENSED
INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2009

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).

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.

4 SHARE CAPITAL

	September 30, 2009	June 30, 2009
4.1 Authorised capital	Rupees	
40,000,000 (2009: 40,000,000) ordinary shares of Rs. 10/- each paid in cash.	400,000,000	400,000,000
4.2 Issued, subscribed and paid up capital:		
2009	2008	
32,635,600	32,635,600	Ordinary shares of Rs.10/- each fully paid in cash
326,356,000	326,356,000	

5 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	(17,500,000)	(194,463,400)
	482,381,332	499,881,332
Loan from sponsors	760,206,714	936,998,935
Less: Current portion	(150,693,905)	(136,334,930)
	1,091,894,141	1,300,545,337

6 CONTINGENCIES AND COMMITMENTS

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

6.2 Commitments against irrevocable letters of credit outstanding as at September 30, 2009 Rs. 125,310,729

	September 30, 2009	June 30, 2009
7 PROPERTY, PLANT AND EQUIPMENT	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	6,500	30,560
Vehicles	-	960,681
Equipment	92,000	129,200
Electric installation	1,560	720,250
	100,060	102,908,006
Book value of assets disposed off during the period/ year	-	(5,034,364)
Depreciation for the period/ year	(34,527,096)	(149,038,799)
	1,495,760,652	1,530,187,688

Note

7.1

7.1 Book value of assets disposed off

	September 30, 2009	June 30, 2009
	Rupees	
Plant and machinery	-	5,033,709
Vehicles	-	655
	-	5,034,364

8 COST OF GOODS SOLD

	September 30, 2009	September 30, 2008
	Rupees	
Raw materials and other direct materials consumed	535,280,561	675,752,817
Salaries, wages and benefits	51,895,741	42,865,099
Fuel and power	59,155,356	56,559,888
Packing material consumed	9,397,700	10,792,982
Sizing material consumed	9,759,872	13,168,457
Store and spares consumed	20,807,776	23,194,210
Insurance	562,616	562,937
Depreciation	33,740,567	34,914,228
Others	1,895,843	1,532,176
	722,496,032	859,342,794

Adjustment of work in process

Opening	32,844,792	33,289,465
Closing	(40,365,475)	(43,902,300)
	(7,520,683)	(10,612,835)

Cost of goods manufactured

	714,975,349	848,729,959
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Adjustment of finished goods

Opening	265,959,650	213,092,157
Closing	(261,139,310)	(175,638,010)
	4,820,340	37,454,147

	719,795,689	886,184,106
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8.1 Raw material consumed

Opening stock	41,555,627	330,819,122
Purchases	393,189,108	526,280,696
	804,744,735	857,099,818
Closing stock	(269,464,174)	(181,347,001)
	535,280,561	675,752,817

9 TRANSACTIONS WITH RELATED PARTIES

Associate:

Amount received during the period	28,000,000	-
Payment of deferred liabilities	4,000,000	11,307,508

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.

10 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved by the Board of Directors and authorised for issue on October 29, 2009

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