



Ghazi Fabrics International Limited
Signature of Quality



Half Yearly Report

December 31, 2012

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. Raja Muhammad Akram & Company

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

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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, 2012 duly reviewed by the auditors.

Operating results

During the period under review the Company's gross profit were Rs. 191.849 million and the profit after tax of Rs. 7.223 million as compared to a loss of Rs. 81.984 million in the corresponding period ended December 31, 2012. Earning per share is Rs. 0.22 (corresponding period: Rs. (2.51).

Financial highlights

	<i>Half Year ended December 31</i>	
	<i>2012</i>	<i>2011</i>
	<i>R u p e e s</i>	
Sales	2,533,194,956	2,532,835,235
Gross profit	191,849,672	123,156,424
Pre-tax profit/ (loss)	18,436,235	(52,415,401)
After-tax profit/ (loss)	7,223,376	(81,984,941)
Gross profit (%)	7.57	4.86
Earning per share (EPS) Rs.	0.22	(2.51)

The period under review presented an impressive performance as compared with the same period last year due to favourable conditions in the market

Future prospects

We expect that the industry will do reasonably well during remaining part of the year. To achieve growth target , we are putting increased efforts to diversify our product range and customer base. The note of caution however, that world major economies will remain unsettled which is having a sizeable impact in our domestic market as well.

The Company continues to face severe energy shortages due to non-availability of gas both in winter and in summer. This shortage is putting a great strain on the company's financial viability but there appears to be no resolution at the very outset. However, we are using alternative sources of energy to get the manufacturing process in run.

We remain hopeful about the increase in textile business activity of the country and will strive towards achieving a more positive financial outlook.

Lahore

February 28, 2013

Kamran Arshad

Director



AUDITOR'S REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of GHAZI FABRICS INTERNATIONAL LIMITED as at December 31, 2012 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the interim financial information for the six months period then ended (here-in-after referred to as "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for quarters ended December 31, 2012 and 2011 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2012.

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 of and for the six months period ended December 31, 2012 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

LAHORE
Dated: February 28, 2013

QADEER & COMPANY
CHARTERED ACCOUNTANTS
NAWAZ KHAN, FCA

GHAZI FABRICS INTERNATIONAL LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2012

EQUITY AND LIABILITIES	Notes	Unaudited December 31, 2012 Rupees	Audited June 30, 2012 Rupees
SHARE CAPITAL AND RESERVES			
Authorized share capital	5.01	400,000,000	400,000,000
Issued, subscribed and paid-up capital	5.02	326,356,000	326,356,000
Accumulated loss		(359,158,177)	(372,901,774)
		(32,802,177)	(46,545,774)
SURPLUS ON REVALUATION OF			
PROPERTY, PLANT AND EQUIPMENT			
		134,380,413	140,900,635
NON CURRENT LIABILITIES			
Long term financing	6	232,626,626	182,279,839
Sponsors' loan		1,021,549,705	877,964,801
Deferred liabilities		112,732,640	121,439,191
		1,366,908,971	1,181,683,831
CURRENT LIABILITIES			
Trade and other payables		342,806,726	308,891,245
Markup / interest payables		19,699,312	18,065,503
Short term bank borrowings		1,104,286,593	765,262,914
Current portion of long term financing		110,081,912	141,494,808
Provision for taxation		68,854,855	48,460,770
		1,645,729,398	1,282,175,240
CONTINGENCIES AND COMMITMENTS			
	7	-	-
		3,114,216,605	2,558,213,932
ASSETS			
NON CURRENT ASSETS			
Operating fixed assets	8	1,267,134,124	1,313,227,010
Capital work in progress		28,419,553	-
		1,295,553,677	1,313,227,010
LONG TERM DEPOSIT			
		12,952,014	12,952,014
		1,308,505,691	1,326,179,024
CURRENT ASSETS			
Stores, spares and loose tools		123,969,564	82,589,730
Stock in trade		1,173,769,131	771,886,774
Trade debts		286,596,178	253,366,003
Loans and advances		168,091,311	82,687,317
Trade deposits and short term prepayments		1,617,079	282,264
Other receivables		45,510,507	26,162,728
Cash and bank balances		6,157,144	15,060,091
		1,805,710,914	1,232,034,908
		3,114,216,605	2,558,213,932

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

Presently the Chief Executive Officer of the company is out of country, due to the reason these financial statement have been signed by two directors of the Company under Section 241(2) of the Companies Ordinance, 1984.

Director

Director



GHAZI FABRICS INTERNATIONAL LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2012

	Notes	Half Year Ended		Quarter Ended	
		December 31,		December 31,	
		2012	2011	2012	2011
		Rupees		Rupees	
SALES - Net		2,533,194,956	2,532,835,235	1,255,660,728	1,104,271,210
COST OF SALES	9	2,341,345,283	2,409,678,811	1,177,060,980	1,059,802,218
GROSS PROFIT		191,849,672	123,156,424	78,599,747	44,468,992
SELLING AND DISTRIBUTION ADMINISTRATIVE EXPENSES		76,150,394 41,598,124	61,236,002 40,708,380	34,915,565 22,055,905	23,528,257 18,230,968
OPERATING PROFIT		117,748,518 74,101,155	101,944,382 21,212,042	56,971,470 21,628,277	41,759,225 2,709,766
OTHER INCOME		4,643,857 78,745,012	5,938,759 27,150,801	4,305,079 25,933,356	3,918,740 6,628,506
FINANCE COST		60,308,776	79,566,203	25,434,233	38,325,697
PROFIT / (LOSS) BEFORE TAXATION		18,436,235	(52,415,402)	499,123	(31,697,191)
PROVISION FORTAXATION		11,212,859	29,569,540	(1,698,627)	8,141,080
PROFIT / (LOSS) AFTERTAXATION		7,223,376	(81,984,941)	2,197,751	(39,838,271)
Earnings per share - Basic		0.22	(2.51)	0.07	(1.22)

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Presently the Chief Executive Officer of the company is out of country, due to the reason these financial statements have been signed by two directors of the Company under Section 241(2) of the Companies Ordinance, 1984.

Director

Director



CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2012

	<u>Half Year Ended</u>		<u>Quarter Ended</u>	
	<u>December 31,</u>		<u>December 31,</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	<u>Rupees</u>		<u>Rupees</u>	
Profit / (Loss) after taxation	7,223,376	(81,984,941)	2,197,751	(39,838,271)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income / (loss) for the period	<u>7,223,376</u>	<u>(81,984,941)</u>	<u>2,197,751</u>	<u>(39,838,271)</u>

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

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Director

Director



GAZI FABRICS INTERNATIONAL LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
 FOR THE HALF YEAR ENDED DECEMBER 31, 2012

	December 31, 2012 Rupees	December 31, 2011 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	18,436,235	(52,415,401)
Adjustment for:		
Depreciation	58,221,019	59,218,578
Loss/(Gain) on disposal of fixed assets	(338,778)	4,811,199
Staff retirement benefits	6,346,577	6,184,884
Finance cost	60,308,776	60,576,722
	124,537,594	130,791,382
Cash flows before working capital changes	142,973,829	78,375,981
(Increase) / decrease in current assets		
Stores, spares and loose tools	(41,379,834)	(7,958,352)
Stock in trade	(401,882,357)	(192,988,576)
Trade debts	(33,230,175)	(40,853,397)
Loans and advances	(60,453,686)	13,036,429
Trade deposits and prepayments	(1,334,815)	-
Other receivable	(19,347,779)	(7,003,374)
Increase / (decrease) in current liabilities		
Trade and other payables	33,915,481	82,646,905
	(523,713,165)	(153,120,364)
Cash Outflows from operations	(380,739,336)	(74,744,384)
Finance cost paid	(58,674,967)	(68,656,359)
Staff retirement benefits Paid	(5,871,901)	(6,597,046)
Income Tax paid	(24,950,308)	(52,272,421)
Dividend paid	-	(2,753,383)
Net cash used in operating activities	(470,236,512)	(205,023,592)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	(12,339,355)	(98,217,855)
Proceeds from disposal of property, plant and equipment	550,000	13,515,948
Capital Work in Progress	(28,419,554)	(4,480,620)
Long term deposits	-	(70,000)
Net cash used in investing activities	(40,208,909)	(89,252,527)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing	18,933,891	103,590,548
Loan from directors and others-net	143,584,904	27,895,195
Short term borrowings- net	339,023,679	168,678,707
Net cash generated from financing activities	501,542,474	300,164,450
NET DECREASE IN CASH AND CASH EQUIVALENTS	(8,902,947)	5,888,331
CASH AND CASH EQUIVALENTS		
AT THE BEGINNING OF THE PERIOD	15,060,091	5,273,265
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6,157,144	11,161,596

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

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Director

Director



GHAZI FABRICS INTERNATIONAL LIMITED
CONDENSED INTERIM STATEMENT
OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2012

	Share Capital	Accumulated loss	Total
	R	U P E E S	
Balance as at June 30, 2011	326,356,000	(233,145,345)	93,210,655
Final dividend for the year ended June 30, 2011	-	(4,560,541)	(4,560,541)
Loss for the period	-	(81,984,941)	(81,984,941)
Surplus on revaluation of fixed assets transferred to retained earnings during the period - relating to incremental depreciation	-	6,205,569	6,205,569
Surplus realized on disposal of property, plant and equipment	-	8,426,521	8,426,521
Balance as at December 31, 2011	326,356,000	(305,058,737)	21,297,263
Loss for the period	-	(79,475,479)	(79,475,479)
Surplus on revaluation of fixed assets transferred to retained earnings during the period - relating to incremental depreciation	-	8,344,616	8,344,616
Surplus realized on disposal of property, plant and equipment	-	3,287,826	3,287,826
Balance as at June 30, 2012	326,356,000	(372,901,774)	(46,545,774)
Profit / (Loss) for the period	-	7,223,376	7,223,376
Surplus on revaluation of fixed assets transferred to retained earnings during the period - relating to incremental depreciation	-	6,520,221	6,520,221
	326,356,000	(359,158,177)	(32,802,177)

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

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Director

Director



**GHAZI FABRICS INTERNATIONAL LIMITED
SELECTED NOTES TO THE CONDENSED
INTERIM FINANCIAL STATEMENT
FOR THE HALF YEAR ENDED DECEMBER 31, 2012**

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 STATEMENT OF COMPLIANCE

This condensed interim financial information is 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 " and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provision of or directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim financial information does 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, 2012.

3 BASIS OF MEASUREMENT

This condensed interim financial information has been prepared under the historical cost convention modified by adjustment of revaluation of certain assets. In this condensed interim financial information, except for the cash flow statement, all the transactions have been accounted for on accrual basis.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods for computation adopted for the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements for the year ended June 30, 2012.

	December 31, 2012	June 30, 2012
	Rupees	Rupees
5 SHARE CAPITAL		
5.01 Authorised capital		
40,000,000 (June 30, 2012 : 40,000,000) ordinary shares of Rs. 10/- each paid in cash.	400,000,000	400,000,000
5.02 Issued, subscribed and paid up capital:		
32,635,600 (June 30, 2012 : 32,635,600) ordinary shares of Rs. 10/- each paid in cash.	326,356,000	326,356,000
6 LONG TERM FINANCING - Secured		
Opening balance	323,774,647	247,394,166
Add: Acquired during the period/ year	96,860,760	199,199,387
Less: Repayment during the period/year	(77,926,869)	(122,818,906)
	342,708,538	323,774,647
Less: Current portion	(110,081,912)	(141,494,808)
	232,626,626	182,279,839

7 CONTINGENCIES AND COMMITMENTS

7.01 There is no material change in the status of the contingencies reported in the annual financial statements for the year ended June 30, 2012.

7.02 Commitments against irrevocable letters of credit outstanding as at December 31, 2012 amounts to Rs. 253.031 Million : (June 30, 2012 Rs. 149.009 Million).

8 PROPERTY, PLANT AND EQUIPMENT

Opening written down value	1,313,227,010	1,352,372,248
Addition during the period / year		
Plant and machinery	7,141,437	109,445,994
Furniture and fittings	622,870	582,421
Vehicles	3,706,096	1,205,312
Tools and equipment	868,952	788,472
	12,339,355	112,022,199
Book value of plant and machinery disposed off during the period / year	(211,222)	(25,566,611)
Depreciation for the period / year	(58,221,019)	(125,600,826)
	1,267,134,124	1,313,227,010

9 COST OF SALES	Unaudited Half Year Ended		Unaudited Quarter Ended	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
	Rupees	Rupees	Rupees	Rupees
Raw material consumed	1,677,826,841	1,896,378,605	821,704,025	852,275,012
Fabric conversion, dyeing and bleaching	68,111,817	56,751,700	28,630,130	19,573,463
Salaries, wages and benefits	157,820,010	127,295,726	87,109,898	61,520,200
Fuel and power	233,003,941	198,128,295	120,160,210	98,334,428
Packing material consumed	29,528,011	25,350,326	15,214,056	13,279,501
Sizing material consumed	28,046,033	33,072,304	11,863,107	13,880,272
Store and spares consumed	97,501,654	71,384,704	59,615,127	35,975,867
Insurance	796,420	1,556,927	150,842	982,576
Depreciation	57,202,548	57,514,797	32,697,861	28,559,574
Others	13,751,594	8,309,338	10,737,846	7,356,240
	<u>2,363,588,869</u>	<u>2,475,742,723</u>	<u>1,187,883,103</u>	<u>1,131,737,134</u>
Adjustment of work in process	2,279,555	21,116,487	2,306,307	20,617,447
Cost of goods manufactured	2,365,868,424	2,496,859,210	1,190,189,409	1,152,354,581
Adjustment of finished goods	(24,523,140)	(87,180,399)	(13,128,429)	(92,552,363)
	<u>2,341,345,283</u>	<u>2,409,678,811</u>	<u>1,177,060,980</u>	<u>1,059,802,218</u>

10 TRANSACTION WITH RELATED PARTIES	Half year ended	
	December 31, 2012	December 31, 2011
	Loan from Sponsors	143,584,904
Purchases of raw material and stores	440,097	131,965,821
Payment for raw material and stores	-	122,110,072

11 INFORMATION ABOUT REPORTING SEGMENT

The following table presents revenue and profit information regarding the Company's operating segments for the half year ended December 31, 2012 and December 31, 2011.

	Spinning	Weaving	Inter - segment Transactions	Consolidated
Amount (Rupees)				
December 31, 2012				
Sales	1,646,753,732	1,703,281,674	(816,840,450)	2,533,194,956
Cost of Sales:	(1,604,224,999)	(1,553,960,734)	816,840,450	(2,341,345,283)
Gross profit	42,528,732	149,320,940	-	191,849,672
Selling and distribution costs	(6,846,547)	(69,303,847)	-	(76,150,394)
Administrative and general expenses	(24,153,865)	(17,444,258)	-	(41,598,124)
Profit before taxation and un allocated expenses	11,528,320	62,572,835	-	74,101,155
Un-allocated expenses:				
Other operating income				4,643,857
Finance cost				(60,308,776)
Profit before taxation				18,436,235
Taxation				(11,212,859)
Net (loss) for the period				7,223,376
Amount (Rupees)				
December 31, 2011				
Sales	1,485,707,382	1,667,617,506	(620,489,653)	2,532,835,235
Cost of Sales:	(2,180,893,682)	(849,274,783)	620,489,653	(2,409,678,811)
Gross profit	(695,186,300)	818,342,724	-	123,156,424
Selling and distribution costs	(2,928,864)	(58,307,138)	-	(61,236,002)
Administrative and general expenses	(27,691,471)	(13,016,909)	-	(40,708,380)
Profit before taxation and un allocated expenses	(725,806,635)	747,018,677	-	21,212,042
Un-allocated expenses:				
Other operating income				5,938,759
Finance cost				(79,566,203)
Profit before taxation				(52,415,402)
Taxation				(29,569,540)
Net profit for the period				(81,984,941)

12 AUTHORIZATION FOR ISSUE

This condensed interim financial information was approved by the Board of Directors and authorised for issue on February 28, 2013.

13 CORRESPONDING FIGURES

- 12.1 Corresponding figures have been re-arranged, wherever necessary to the facilitation of comparison
 12.2 Figures have been rounded off to nearest rupee.

Presently the Chief Executive Officer of the company is out of country, due to the reason these financial statements have been signed by two directors of the Company under Section 241(2) of the Companies Ordinance, 1984.

Director

Director

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