



Ghazi Fabrics International Limited
Signature of Quality



Half Yearly Report

December 31, 2015

UN-AUDITED



GHAZI FABRICS INTERNATIONAL LIMITED
COMPANY PROFILE

Board of directors

Mrs. Azra Yasmin

Chairperson

Mohammad Arshad Chaudhry
Chief Executive/ Director

Kamran Arshad

Rizwan Arshad

Fareeha Arshad

Wajeeha Haaris

Muhammad Imran Rasheed

Audit Committee

Muhammad Imran Rasheed
Chairman/ member

Rizwan Arshad
Member

Fareeha Arshad
Member

**Human Resource & Remuneration
Committee**

Mrs. Azra Yasmin
Chairperson/ member

Mohammad Arshad Chaudhry
Member

Wajeeha Haaris
Member

Company Secretary

Nauman Iqbal, FCA

Chief Financial Officer

Abid Rafi

Internal Auditor

Nasir Imran Elahi, ACA

Auditors

M/s. Qadeer & Company
Chartered Accountants
Lahore.

Share registrar

M/s. Corplink (Pvt.) Ltd.
Wings Arcade, I-K, Commercial, Model Town,
Lahore

Legal Advisor

Raja Muhammad Akram & Co.,
Corporate Legal Consultants & Advocates
33-C, Main Gulberg, Lahore

Bankers

United Bank Limited
Habib Bank Limited

Registered Office

8-C, E-III, Gulberg-III, Lahore – 54660
042-35764026-28, Fax: 042-35764032
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, 2015 duly reviewed by the auditors.

Operating results

During the period under review the Company's gross profit were Rs. 48,876 million and the loss after tax of 160,201 million as compared to a profit of Rs.5,968 million in the corresponding period ended December 31, 2014. Loss per share is Rs. 4.91 (corresponding period EPS: Rs. 0.22).

Financial highlights

	Half Year ended December 31	
	2015	2014
	R u p e e s	
Sales	2,299,197,598	2,488,052,343
Gross profit	48,876,293	186,485,709
Pre-tax profit/ (loss)	(160,201,373)	5,968,510
Gross profit (%)	2.12	7.5
Earning per share (EPS) Rs.	(4.91)	0.18

Indicative from the figures above, total sales of the Company declined by nearly 8% compared to last year. Pakistan's textile exports were expected to rise after being awarded GSP Plus status by the European Union (EU); however the present condition is just on the contrary. This is mainly because of the decline in overall demand and fierce competition in international markets. Moreover, the diminishing economic growth of Europe and China in particular has affected the financial performance as they serve as major export markets for the Company.

Future prospects

Under the current economic scenario, factors such as fierce competition in international markets, availability of subsidized yarn both in local and international market, GIDC and other innovative taxes continue to pose a challenge for the Company. Bold steps, (including but not limited to) such as the formalization of textile policy, reduced tax rates for the industry, immediate measures for the availability of electricity and rationalization of its cost need to be taken by the Government; for they will provide the much needed support to the local industry.

Acknowledgement

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

For and on behalf of the Board

Lahore

February 26, 2016

(Mohammad Arshad Chaudhry)
Chief Executive Officer



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, 2015 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 and condensed interim statement of comprehensive income for the quarters ended December 31, 2015 and 2014 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2015.

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, 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

LAHORE

Dated: February 26, 2016

QADEER & COMPANY
CHARTERED ACCOUNTANTS
NAWAZ KHAN, FCA

GHAZI FABRICS INTERNATIONAL LIMITED
CONDENSED INTERIM BALANCE SHEET
BALANCE SHEET AS AT DECEMBER 31, 2015

EQUITY AND LIABILITIES	Note	Unaudited December 31, 2015 Rupees	Audited June 30, 2015 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		(641,706,930)	(481,505,557)
		(315,350,930)	(155,149,557)
NON CURRENT LIABILITIES			
Long term financing	6	318,653,875	387,307,720
Sponsors' loan		1,319,727,835	1,177,727,835
Deferred liabilities		85,384,281	68,944,910
		1,723,765,991	1,633,980,465
CURRENT LIABILITIES			
Trade and other payables		501,934,514	392,199,200
Markup / interest payables		6,940,973	11,500,140
Short term bank borrowings		1,165,094,472	1,020,173,051
Current portion of long term financing		171,458,742	224,125,561
Provision for taxation		11,399,125	15,770,915
		1,856,827,826	1,663,768,867
CONTINGENCIES AND COMMITMENTS			
	7	-	-
		3,265,242,887	3,142,599,775
ASSETS			
NON CURRENT ASSETS			
Operating fixed assets	8	1,574,013,518	1,535,323,787
Capital work in progress		32,307,484	129,013,034
		1,606,321,002	1,664,336,821
LONG TERM DEPOSIT			
		13,011,744	13,011,744
		1,619,332,746	1,677,348,565
CURRENT ASSETS			
Stores, spares and loose tools		80,079,858	89,717,957
Stock in trade		915,588,775	804,904,645
Trade debts		331,196,609	261,062,462
Loans and advances		226,456,921	154,451,342
Trade deposits and short term prepayments		901,875	2,010,414
Other receivables		90,716,376	128,097,838
Cash and bank balances		969,727	25,006,550
		1,645,910,141	1,465,251,209
		3,265,242,887	3,142,599,775



GHAZI FABRICS INTERNATIONAL LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015

	Note	Half Year Ended		Quarted Ended	
		December 31,		December 31,	
		2015	2014	2015	2014
		Rupees		Rupees	
SALES - Net		2,299,197,598	2,488,052,343	1,191,240,744	1,365,527,606
COST OF SALES	9	2,250,321,305	2,301,566,634	1,138,906,493	1,276,345,207
GROSS PROFIT		48,876,293	186,485,709	52,334,251	89,182,399
SELLING AND DISTRIBUTION ADMINISTRATIVE EXPENSES		52,577,017	65,560,684	43,701,021	14,534,152
		60,534,006	55,251,417	33,639,504	26,122,434
		113,111,023	120,812,101	77,340,525	40,656,586
OPERATING PROFIT		(64,234,730)	65,673,607	(25,006,274)	48,525,813
OTHER INCOME		5,352,008	16,572,118	3,677,577	3,252,363
		(58,882,722)	82,245,725	(21,328,697)	51,778,176
FINANCE COST		61,661,739	85,527,398	34,952,471	38,975,848
(LOSS) / PROFIT BEFORE TAXATION		(120,544,461)	(3,281,672)	(56,281,168)	12,802,328
PROVISION FOR TAXATION		39,656,912	(9,250,182)	22,907,451	(1,632,655)
(LOSS) / PROFIT AFTERTAXATION		(160,201,373)	5,968,510	(79,188,619)	14,434,983
Earnings per share - Basic		(4.91)	1.16	(2.43)	0.44

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

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015

	Half Year Ended		Quarter Ended	
	December 31,		December 31,	
	2015	2014	2015	2014
	Rupees		Rupees	
(Loss) / Profit after taxation	(160,201,373)	5,968,510	(79,188,619)	14,434,983
Other comprehensive income for the period	-	-	-	-
Total comprehensive (loss) / income for the period	(160,201,373)	5,968,510	(79,188,619)	14,434,983

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

Chief Executive

Director



GHAZI FABRICS INTERNATIONAL LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015

	December 31, 2015 Rupees	December 31, 2014 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(120,544,461)	(3,281,672)
Adjustment for:		
Depreciation	79,036,533	73,871,376
(Gain) on disposal of fixed assets	(299,357)	(11,684,059)
Staff retirement benefits	11,680,402	9,724,589
Finance cost	61,661,739	85,527,398
	<u>152,079,318</u>	<u>157,439,304</u>
Cash flows before working capital changes	31,534,856	154,157,632
(Increase)/decrease in current assets		
Stores, spares and loose tools	9,638,099	(10,752,049)
Stock in trade	(110,684,130)	(125,744,460)
Trade debts	(70,134,147)	(46,610,207)
Loans and advances	(72,005,579)	(40,065)
Trade deposits and prepayments	1,108,539	(1,710,414)
Other receivable	37,381,462	(33,210,837)
Increase/(decrease) in current liabilities		
Trade and other payables	109,735,314	83,416,749
	<u>(94,960,442)</u>	<u>(134,651,283)</u>
Cash (Outflows)/Inflows from operations	(63,425,586)	19,506,349
Finance cost paid	(66,220,907)	(106,854,127)
Staff retirement benefits Paid	(8,554,567)	(5,858,279)
Income Tax paid	(30,715,167)	(9,679,775)
Net cash used in operating activities	(168,916,226)	(102,885,832)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	(117,731,907)	(239,587,092)
Proceeds from disposal of property, plant and equipment	305,000	30,632,002
Capital Work in Progress	96,705,550	31,943,633
Long term deposits	-	(59,730)
Net cash used in investing activities	(20,721,357)	(177,071,187)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing	(121,320,664)	17,791,578
Loan from directors and others-net	142,000,000	49,538,422
Short term borrowings- net	144,921,421	213,583,615
Net cash generated from financing activities	165,600,757	280,913,615
NET INCREASE IN CASH AND CASH EQUIVALENTS	(24,036,827)	956,596
CASH AND CASH EQUIVALENTS		
AT THE BEGINNING OF THE PERIOD	25,006,550	4,451,555
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	969,723	5,408,151

The annexed notes form an integral part of this condensed interim 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, 2015**

	Issued, subscribed and paid-up capital		Accumulated losses			Total
	R	U	P	E	E	S
Balance as at July 01, 2014	326,356,000		(307,115,636)			19,240,364
Total comprehensive income for the period	-		5,968,510			5,968,510
Balance as at December 31, 2014	326,356,000		(301,147,126)			25,208,874
Balance as at July 01, 2015	326,356,000		(481,505,557)			(155,149,557)
Total comprehensive income for the period			(160,201,373)			(160,201,373)
Balance as at December 31, 2015	326,356,000		(641,706,930)			(315,350,930)

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



**GHAZI FABRICS INTERNATIONAL LIMITED
SELECTED NOTES TO THE CONDENSED
INTERIM FINANCIAL STATEMENT
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

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, 2015.

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, 2015.

5 SHARE CAPITAL**5.01 Authorised capital**

40,000,000 (June 30, 2015 : 40,000,000) ordinary shares of Rs. 10/- each paid in cash.

December 31, 2015	June 30, 2015
Rupees	Rupees
400,000,000	400,000,000

5.02 Issued, subscribed and paid up capital:

32,635,600 (June 30, 2015 : 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

611,433,281

Add: Acquired during the period/ year

76,613,243

Less: Repayment during the period/year

(117,642,336)

490,112,617

611,433,281

Less: Current portion

(171,458,742)

318,653,875

387,307,720

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, 2015.

7.02 Commitments against irrevocable letters of credit outstanding as at December 31, 2015 amounts to Rs. Nil : (June 30, 2015 Rs. 3.502 Million).

8 PROPERTY, PLANT AND EQUIPMENT

Opening written down value

1,535,323,787

1,456,991,145

Addition during the period / year

Land - freehold

-

Buildings on freehold land

7,875,021

Plant and machinery

117,564,607

Furniture and fittings

-

Vehicles

-

Tools and equipment

167,300

Electric installations

-

117,731,907

250,481,342

Book value of plant and machinery disposed off during

the period / year

(5,643)

(18,993,193)

Depreciation for the period / year

(79,036,533)

(153,155,507)

1,574,013,518

1,535,323,787

	Unaudited Half Year Ended		Unaudited Quarter Ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	Rupees	Rupees	Rupees	Rupees
9 COST OF SALES				
Raw material consumed	1,547,456,585	1,602,426,483	671,753,177	726,723,075
Fabric conversion, dyeing and bleaching	17,854,854	29,832,779	12,596,857	24,574,782
Salaries, wages and benefits	206,157,582	169,612,654	128,907,361	92,362,433
Fuel and power	287,412,724	274,634,174	173,345,480	160,566,930
Packing material consumed	44,059,953	38,604,165	33,661,550	28,205,762
Sizing material consumed	20,381,571	16,976,905	13,710,228	10,305,562
Store and spares consumed	56,384,426	73,423,385	38,459,657	55,498,616
Insurance	2,929,931	6,399,948	2,029,780	5,499,797
Depreciation	74,826,209	69,855,179	42,467,979	37,496,949
Others	11,358,417	5,452,716	10,024,232	4,118,531
	<u>2,268,822,252</u>	<u>2,287,218,388</u>	<u>1,126,956,301</u>	<u>1,145,352,438</u>
Adjustment of work in process	(27,044,162)	4,361,356	(29,795,054)	1,610,464
Cost of goods manufactured	<u>2,241,778,089</u>	<u>2,291,579,745</u>	<u>1,097,161,247</u>	<u>1,146,962,902</u>
Adjustment of finished goods	8,543,216	9,986,889	44,413,898	45,857,571
	<u>2,250,321,305</u>	<u>2,301,566,634</u>	<u>1,141,575,144</u>	<u>1,192,820,473</u>

	Half year ended	
	December 31, 2015	December 31, 2014
	10 TRANSACTION WITH RELATED PARTIES	
Receipt / (Repayment) of Sponsors' loan - net	142,000,000	49,538,422

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, 2015 and December 31, 2014.

	Spinning	Weaving	Inter - segment Transactions	Consolidated
Amount (Rupees)				
December 31, 2015				
Sales	1,738,536,383	1,210,452,664	649,791,450	3,598,780,498
Cost of Sales:	<u>(1,014,725,339)</u>	<u>(1,885,387,416)</u>	<u>(649,791,450)</u>	<u>(3,549,904,205)</u>
Gross profit	723,811,044	(674,934,751)	-	48,876,293
Selling and distribution costs	(12,740,311)	(37,978,784)	-	(50,719,094)
Administrative and general expenses	<u>(15,818,789)</u>	<u>(2,376,907)</u>	<u>-</u>	<u>(18,195,696)</u>
Profit before taxation and un allocated expenses	695,251,945	(715,290,442)	-	(20,038,498)
Un-allocated expenses:				(44,196,233)
Other operating expenses				-
Other operating income				5,352,008
Finance cost				<u>(61,661,739)</u>
Profit before taxation				(120,544,461)
Taxation				<u>(39,656,912)</u>
Net (loss) for the period				<u>(160,201,373)</u>
Amount (Rupees)				
December 31, 2014				
Sales	1,777,154,017	1,269,796,068	(558,897,742)	2,488,052,343
Cost of Sales:	<u>(2,245,074,440)</u>	<u>(615,389,935)</u>	<u>558,897,742</u>	<u>(2,301,566,634)</u>
Gross profit	(467,920,423)	654,406,133	-	186,485,709
Selling and distribution costs	(18,153,453)	(47,407,231)	-	(65,560,684)
Administrative and general expenses	<u>(32,291,847)</u>	<u>(22,959,570)</u>	<u>-</u>	<u>(55,251,417)</u>
Profit before taxation and un allocated expenses	(518,365,723)	584,039,332	-	65,673,608
Un-allocated expenses:				16,572,118
Other operating income				(85,527,398)
Finance cost				<u>(3,281,672)</u>
Profit before taxation				9,250,182
Taxation				<u>5,968,510</u>
Net profit for the period				<u>5,968,510</u>

12 AUTHORIZATION FOR ISSUE

This condensed interim financial information was approved by the Board of Directors and authorised for issue on February 26, 2016.

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.

Chief Executive

Director

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