



Ghazi Fabrics International Limited
Signature of Quality



Half Yearly Report

December 31, 2010

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, 2010 duly reviewed by the auditors.

Operating results

During the period under review the Company's sales were Rs. 3.204 Billion and the profit after tax of Rs. 123.936 million as compared to a profit of Rs. 2.451 million in the corresponding period ended December 31, 2011. Earning per share is Rs. 3.81 (corresponding period: Rs. (0.08)).

Financial highlights

	Half Year ended December 31	
	2010	2009
	R u p e e s	
Sales	3,203,999,496	1,727,572,701
Gross profit	322,878,198	136,467,561
Pre-tax profit	165,871,933	3,776,111
After-tax profit	123,936,554	2,451,980
Gross profit (%)	10.08	7.90
After tax profit (%)	3.87	0.15
Earning per share (EPS)Rs.	3.80	0.08

Future prospects

Our industry is facing multiple challenges both internally and globally i.e. shortage of cotton in the local market, increasing production cost and a note of caution is with respect to high energy cost along with shortage of gas, electricity and general inflationary trend.

Acknowledgement

We are grateful to the management and employees of the Company for their hardwork 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

Kamran Arshad

February 26, 2011

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, 2010 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, 2010 and 2009 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2010.

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, 2010 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

LAHORE

Dated: February 26, 2011

QADEER & COMPANY
CHARTERED ACCOUNTANTS
NAWAZ KHAN, FCA



GHAZI FABRICS INTERNATIONAL LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2010

	Notes	Unaudited December 31, 2010 Rupees	Audited June 30, 2010 Rupees
EQUITY AND LIABILITIES			
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		(333,256,177)	(460,503,108)
		(6,900,177)	(134,147,108)
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
		195,724,090	203,776,515
NON CURRENT LIABILITIES			
Long term financing	6	978,298,612	1,001,682,731
Deferred liabilities		169,372,157	112,712,553
		1,147,670,769	1,114,395,284
CURRENT LIABILITIES			
Trade and other payables		354,046,962	197,481,836
Markup/ interest payables		24,416,338	26,970,103
Short term bank borrowings		1,255,595,739	912,209,911
Current portion of long term financing		122,818,903	122,818,866
Provision for taxation		32,309,534	38,294,764
		1,789,187,476	1,297,775,480
CONTINGENCIES AND COMMITMENTS			
	7	-	-
		3,125,682,158	2,481,800,171
NON CURRENT ASSETS			
Operating fixed assets	8	1,344,186,593	1,406,573,950
Capital work in progress		305,900	157,700
		1,344,492,493	1,406,731,650
LONG TERM DEPOSIT			
		5,697,180	5,697,180
		1,350,189,673	1,412,428,830
CURRENT ASSETS			
Stores, spares and loose tools		75,245,256	68,589,843
Stock in trade		1,284,777,707	732,389,073
Trade debts		328,075,952	189,740,745
Loans and advances		46,660,877	36,684,890
Trade deposits and short term prepayments		2,831,736	924,340
Other receivables		9,512,927	1,378,113
Sales tax refundable		15,142,565	20,292,976
Cash and bank balances		13,245,465	19,371,361
		1,775,492,485	1,069,371,341
		3,125,682,158	2,481,800,171

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

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 Companies under Section 241(2) of the Companies Ordinance, 1984.

Director

Director

GAZI FABRICS INTERNATIONAL LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2010

	Notes	HalfYear Ended		Quarter Ended	
		December 31,	December 31,	December 31,	December 31,
		2010	2009	2010	2009
		Rupees		Rupees	
SALES - Net		3,203,999,496	1,727,572,701	1,496,308,312	954,703,755
COST OF SALES	9	2,881,121,298	1,591,105,140	1,340,441,510	871,309,451
GROSS PROFIT		322,878,198	136,467,561	155,866,802	83,394,304
SELLING AND DISTRIBUTION EXPENSES		44,235,274	21,002,287	9,370,823	11,805,027
ADMINISTRATIVE EXPENSES		32,326,998	26,835,506	17,720,068	13,096,225
		76,562,272	47,837,793	27,090,891	24,901,252
OPERATING PROFIT		246,315,926	88,629,768	128,775,911	58,493,052
OTHER INCOME		4,015,720	1,872,305	3,017,513	726,928
		250,331,647	90,502,073	131,793,425	59,219,980
FINANCE COST		72,366,601	80,107,422	22,864,448	43,726,155
OTHER CHARGES		3,194,861	6,618,540	1,298,831	1,114,493
		75,561,462	86,725,961	24,163,279	44,840,648
		174,770,185	3,776,112	107,630,146	14,379,332
WORKERS' PROFIT PARTICIPATION FUND		8,898,252	-	-	-
PROFIT BEFORE TAXATION		165,871,933	3,776,112	107,630,146	14,379,332
PROVISION FORTAXATION		41,935,379	1,324,131	24,858,467	1,273,860
PROFIT AFTER TAXATION		123,936,554	2,451,980	82,771,679	13,105,473
Earnings per share - Basic		3.80	0.08	2.54	0.40

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Director

Director



CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2010

Notes	Half Year Ended		Quarter Ended	
	December 31,	December 31,	December 31,	December 31,
	2010	2009	2010	2009
	Rupees		Rupees	
Profit after taxation for the period	123,936,554	2,451,980	82,771,679	13,105,473
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>123,936,554</u>	<u>2,451,980</u>	<u>82,771,679</u>	<u>13,105,473</u>

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

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Director

Director

GHAZI FABRICS INTERNATIONAL LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2010

	December 31, 2010	December 31, 2009
Note	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	165,871,933	3,776,111
Adjustment for:		
Depreciation	62,983,508	69,058,077
Staff retirement benefits	5,265,700	4,065,306
Finance cost	72,366,601	80,107,422
	140,615,808	153,230,805
Cash flows before working capital changes	306,487,741	157,006,916
(Increase)/decrease in current assets		
Stores, spares and loose tools	(6,655,413)	(5,293,116)
Stock in trade	(552,388,634)	(307,427,918)
Trade debts	(138,335,207)	(5,836,816)
Loans and advances	(7,230,960)	(7,192,260)
Trade deposits and prepayments	(1,907,396)	852,541
Other receivable	(8,134,814)	(912,121)
Sales tax refundable	5,150,411	(3,310,509)
Increase/(decrease) in current liabilities		
Trade and other payables	156,565,126	20,064,674
	(552,936,887)	(309,055,525)
Cash Inflows/(Outflows) from operations	(246,449,145)	(152,048,609)
Finance cost paid	(74,920,369)	(85,032,179)
Staff retirement benefits	(5,063,437)	(3,368,390)
Income Tax paid	(21,898,974)	(10,813,888)
Dividend Paid	(4,742,046)	-
Net cash used in operating activities	(353,073,971)	(251,263,066)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(596,151)	(235,014)
Capital Work in Progress	(148,200)	(3,286,618)
Net cash used in investing activities	(744,351)	(3,521,632)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term loans	(23,384,081)	(192,946,580)
Due to related parties	27,690,679	13,761,586
Short term borrowings- net	343,385,828	440,765,797
Net cash generated from financing activities	347,692,426	261,580,803
NET INCREASE IN CASH AND CASH EQUIVALENTS	(6,125,896)	6,796,105
CASH AND CASH EQUIVALENTS		
AT THE BEGINNING OF THE PERIOD	19,371,361	3,543,689
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	13,245,465	10,339,794

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

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 Companies under Section 241(2) of the Companies Ordinance, 1984.

Director

Director



GHAZI FABRICS INTERNATIONAL LIMITED
CONDENSED INTERIM STATEMENT
OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2010

	Issued, subscribed and paid-up	Accumulated loss	Total
	R	U P E E S	
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	<u>326,356,000</u>	<u>(579,229,338)</u>	<u>(252,873,338)</u>
Total comprehensive income for the period		109,755,846	109,755,846
Surplus on revaluation of fixed assets transferred to retained earnings during the period			
- relating to incremental depreciation	-	8,970,384	8,970,384
Balance as at June 30, 2010	<u>326,356,000</u>	<u>(460,503,108)</u>	<u>(134,147,108)</u>
Final dividend for the year ended			
June 30, 2010 @ Rs. 1 per share	-	(4,742,046)	(4,742,046)
Total comprehensive income for the period		123,936,554	123,936,554
Surplus on revaluation of fixed assets transferred to retained earnings during the period			
- relating to incremental depreciation	-	8,052,423	8,052,423
Balance as at December 31, 2010	<u>326,356,000</u>	<u>(333,256,177)</u>	<u>(6,900,177)</u>

The annexed notes form an integral part of these 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, 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 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, 2010.

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 is the same as those applied in preparation of the financial statements for the year ended June 30, 2010.

	Note	December 31, 2010 Rupees	June 30, 2010 Rupees
5 SHARE CAPITAL			
5.01 Authorised capital			
40,000,000 (June 30, 2010: 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, 2010: 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		370,213,030	499,881,332
Add: Acquired during the period/ year		-	-
Less: Repayment during the period/year		(61,409,450)	(129,668,302)
		308,803,580	370,213,030
Loan from sponsors		792,313,936	754,288,567
Less: Current portion		(122,818,904)	(122,818,866)
		978,298,612	1,001,682,731
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, 2010.		
7.02	Commitments against irrevocable letters of credit outstanding as at balance sheet date amounts to Rs.129.918 Million: (June 30, 2010 Rs. 147.702 Million).		



		December 31, 2010 Rupees	June 30, 2010 Rupees
8 PROPERTY, PLANT AND EQUIPMENT			
Opening written down value		1,406,573,950	1,530,187,688
Addition during the period/year			
Building on freehold land		-	-
Plant and machinery		-	12,322,472
Grid station and generator		-	985,000
Furniture and fittings		31,265	47,000
Vehicles		-	-
Tools and equipment		564,886	1,041,214
Electric installation		-	259,973
		596,151	14,655,659
Book value of assets disposed off during the period/ year	8.01	-	(11,259)
Depreciation for the period/ year		(62,983,508)	(138,258,138)
		<u>1,344,186,593</u>	<u>1,406,573,950</u>
8.01 Book value of assets disposed off			
Plant and machinery		-	2,262
Vehicles		-	8,997
		<u>-</u>	<u>11,259</u>

		Half Year Ended		Quarter Ended	
		December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
9 COST OF SALES	Note	Rupees	Rupees	Rupees	Rupees
Raw materials and other direct materials consumed	-	2,377,356,545	1,143,068,893	1,117,501,317	607,788,332
Salaries, wages and benefits		121,408,729	105,002,504	65,510,509	53,106,763
Fuel and power		169,302,835	110,493,067	84,380,175	51,337,711
Packing material consumed		21,119,130	18,867,238	11,821,986	9,469,538
Sizing material consumed		27,194,560	24,726,941	13,064,876	14,967,069
Store and spares consumed		62,876,606	44,288,119	36,622,790	23,480,343
Insurance		2,648,773	1,129,126	2,033,305	566,510
Depreciation		61,515,314	67,481,842	30,757,758	33,741,275
Others		5,278,242	4,590,513	2,667,831	2,694,670
		<u>2,848,700,734</u>	<u>1,519,648,242</u>	<u>1,364,360,547</u>	<u>797,152,210</u>
Adjustment of work in process		(15,310,895)	(5,921,313)	(3,724,841)	1,599,370
Cost of goods manufactured		<u>2,833,389,839</u>	<u>1,513,726,929</u>	<u>1,360,635,706</u>	<u>798,751,581</u>
Adjustment of finished goods		<u>47,731,459</u>	<u>77,378,211</u>	<u>(20,194,196)</u>	<u>72,557,871</u>
		<u>2,881,121,298</u>	<u>1,591,105,140</u>	<u>1,340,441,510</u>	<u>871,309,451</u>

		Half year ended	
		December 31, 2010	December 31, 2009
10 TRANSACTION WITH RELATED PARTIES			
Payment of deferred liabilities		-	24,500,000
Loan from Sponsors		38,025,368	-
Purchases		96,902,267	-

11 AUTHORIZATION FOR ISSUE

This condensed interim financial information was approved by the Board of Directors and authorised for issue on February 26, 2011.

12 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.

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Director

Director

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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

Website: www.ghazifabrics.com

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