



Ghazi Fabrics International Limited  
*Signature of Quality*



## *3rd Quarterly Report*

*March 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

The Board of directors have pleasure in presenting the 3<sup>rd</sup> quarter's condensed interim financial information of the Company.

Following is the nine months review of the company's operations with corresponding period of previous year:

**Financial highlights**

	March 31, 2010	March 31, 2009
Sales	2,641,796,234	2,341,850,359
Operating profit	145,215,871	26,088,081
Financial charges	129,553,870	131,377,981
Profit/(Loss) before tax	14,569,211	(106,293,002)
Profit/(Loss) after tax	12,092,903	(111,835,616)
EPS	0.37	(3.43)

Your Company has posted a after tax profit of Rs. 12.092 million as compared to a loss of Rs. 111.835 million last year for same period. The bright change in operation shows our consistent devotions and dedication which will ultimately lead us to achieve our mission.

**Future prospects**

It is expected that cotton and polyester prices for the ensuing year will remain firm. Electricity and gas prices will continue to increase and escalate upwards.

Despite all the problems the management of your company is striving hard to make a quick turn around in the operational results by taking serious steps to optimize its processes and develop a stronger/ loyal customer base. This will yield positive results in the long run.

**Acknowledgement**

The board is pleased about the loyalty & effort of the management staff and workers.

For and on behalf of the board

Lahore

April 27, 2010

Kamran Arshad  
Director



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

	Notes	Un-audited March 31, 2010	Audited June 30, 2009
Rupees			
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
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		(565,142,617)	(590,572,916)
		(238,786,617)	(264,216,916)
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>		214,881,645	228,219,043
<b>NON CURRENT LIABILITIES</b>			
Long term financing	7	357,444,605	426,546,402
Loan from director - interest free		706,705,550	873,998,935
Deferred liabilities		129,014,622	101,958,638
		1,193,164,777	1,402,503,975
<b>CURRENT LIABILITIES</b>			
Trade and other payables		168,530,730	134,680,059
Markup/ interest payables		36,330,159	35,092,918
Short term bank borrowings		1,067,557,577	859,275,549
Current portion of long term financing		154,591,224	136,334,930
Provision for taxation		13,292,668	11,648,838
		1,440,302,358	1,177,032,294
<b>CONTINGENCIES AND COMMITMENTS</b>	8	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,609,562,164</b>	<b>2,543,538,396</b>
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Operating fixed assets	9	1,427,485,593	1,530,187,688
Capital work in progress		3,312,698	-
		1,430,798,291	1,530,187,688
<b>LONG TERM DEPOSIT</b>		<b>5,697,180</b>	<b>5,697,180</b>
		1,436,495,471	1,535,884,868
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		59,240,726	53,855,133
Stock in trade		857,278,640	733,462,685
Trade debts		192,207,477	175,771,418
Loans and advances		29,083,470	21,861,010
Trade deposits and short term prepayments		974,492	2,137,643
Other receivables		9,256,167	8,707,261
Sales tax refundable		18,506,300	8,314,689
Cash and bank balances		6,519,421	3,543,689
		1,173,066,693	1,007,653,528
<b>TOTAL ASSETS</b>		<b>2,609,562,164</b>	<b>2,543,538,396</b>

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

**Director**

**Director**



**GHAZI FABRICS INTERNATIONAL LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE 3<sup>rd</sup> QUARTER AND NINE MONTHS ENDED MARCH 31, 2010**

Notes	Nine Months Ended		Quarter Ended	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Rupees				
Sales - Net	2,641,796,234	2,341,850,359	914,223,533	604,119,634
Cost of sales	10 <u>2,418,956,509</u>	<u>2,219,707,198</u>	<u>827,851,369</u>	<u>575,780,649</u>
Gross profit	222,839,725	122,143,161	86,372,165	28,338,985
Selling and distribution	<u>36,440,129</u>	<u>58,788,445</u>	<u>15,437,842</u>	<u>9,902,189</u>
Administrative expenses	<u>41,183,725</u>	<u>37,266,635</u>	<u>14,348,219</u>	<u>12,465,202</u>
	<u>77,623,854</u>	<u>96,055,080</u>	<u>29,786,061</u>	<u>22,367,391</u>
Operating profit	145,215,871	26,088,081	56,586,103	5,971,594
Other income	<u>2,660,260</u>	<u>2,910,571</u>	<u>787,955</u>	<u>952,278</u>
	<u>147,876,131</u>	<u>28,998,652</u>	<u>57,374,058</u>	<u>6,923,872</u>
Finance cost	<u>129,553,870</u>	<u>131,377,981</u>	<u>45,422,034</u>	<u>43,357,831</u>
Other charges	<u>3,753,051</u>	<u>3,913,672</u>	<u>1,158,925</u>	<u>1,711,342</u>
	133,306,921	135,291,653	46,580,959	45,069,173
Profit/(loss) before taxation	14,569,211	(106,293,002)	10,793,099	(38,145,301)
Provision for taxation	2,476,308	5,542,614	1,152,176	6,135,961
Profit/(loss) after taxation	<u>12,092,903</u>	<u>(111,835,616)</u>	<u>9,640,923</u>	<u>(44,281,262)</u>
Earnings per share - Basic	<u>0.37</u>	<u>(3.43)</u>	<u>0.30</u>	<u>(1.36)</u>

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

Director

Director



CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE 3<sup>rd</sup> QUARTER AND NINE MONTHS ENDED MARCH 31, 2010

	Nine Months Ended		Quarter Ended	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
	Rupees			
Profit / (loss) after taxation	12,092,903	(111,835,616)	9,640,923	(44,281,262)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income /(loss) for the period	<u>12,092,903</u>	<u>(111,835,616)</u>	<u>9,640,923</u>	<u>(44,281,262)</u>

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

Director

Director



**GHAZI FABRICS INTERNATIONAL LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2010**

	March 31, 2010	March 31, 2009
	Rupees	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (loss) before taxation	14,569,211	(106,293,001)
Adjustment for:		
Depreciation	103,594,987	111,161,311
(Gain)/Loss on disposal of fixed assets	-	3,734,363
Staff retirement benefits	6,125,089	5,124,084
Finance cost	129,553,870	131,377,981
	239,273,946	251,397,739
Cash flows before working capital changes	253,843,157	145,104,738
(Increase)/decrease in current assets		
Stores, spares and loose tools	(5,385,593)	(43,740,743)
Stock in trade	(123,815,955)	(191,306,936)
Trade debts	(16,436,059)	(70,238,398)
Loans and advances	(3,216,510)	11,884,672
Trade deposits and prepayments	1,163,151	152,692
Other receivable	(548,906)	805,372
Sales tax refundable	(10,191,611)	(4,730,597)
Increase/(decrease) in current liabilities		
Trade and other payables	33,850,671	26,688,028
	(124,580,811)	(270,485,910)
Cash Inflows/(Outflows) from operations	129,262,345	(125,381,172)
Finance cost paid	(128,316,629)	(116,660,047)
Staff retirement benefits Paid	(4,365,137)	(3,625,555)
Income Tax paid	(15,654,790)	(14,515,636)
Net cash used in operating activities	(19,074,211)	(260,182,410)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(892,892)	(10,531,746)
Capital Work in Progress	(3,312,698)	-
Proceeds from disposal of fixed assets	-	1,300,001
Long term deposits	-	(5,207,100)
Net cash used in investing activities	(4,205,590)	(14,438,845)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment/proceeds from long term financing	(167,293,385)	287,488,829
Repayment of long term loans	(50,845,503)	(166,816,501)
Due to related parties	36,112,392	39,606,375
Short term borrowings- net	208,282,028	116,850,011
Net cash generated from financing activities	26,255,533	277,128,714
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	2,975,732	2,507,459
<b>CASH AND CASH EQUIVALENTS</b>		
AT THE BEGINNING OF THE PERIOD	3,543,689	2,901,664
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	6,519,421	5,409,123

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

**Director**

**Director**



**GAZI FABRICS INTERNATIONAL LIMITED  
CONDENSED INTERIM STATEMENT  
OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE NINE MONTHS ENDED MARCH 31, 2010**

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

Balance as at July 01, 2008	326,356,000	(459,178,896)	(132,822,896)
loss for the period	-	(111,835,615)	(111,835,615)
Surplus on revaluation of fixed assets transferred to retained earnings during the period			
- relating to incremental depreciation	-	15,580,083	15,580,083
- relating to disposal of revalued asset	-	2,532,948	2,532,948
Balance as at March 31, 2009	326,356,000	(552,901,480)	(226,545,480)
Loss for the period	-	(42,131,006)	(42,131,006)
Surplus on revaluation of fixed assets transferred to retained earnings during the period			
- relating to incremental depreciation	-	4,459,570	4,459,570
Balance as at June 30, 2009	326,356,000	(590,572,916)	(264,216,916)
Profit for the period	-	12,092,903	12,092,903
Surplus on revaluation of fixed assets transferred to retained earnings during the period			
- relating to incremental depreciation	-	13,337,397	13,337,397
Balance as at March 31, 2010	326,356,000	(565,142,617)	(238,786,617)

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

**Director**

**Director**



# GHAZI FABRICS INTERNATIONAL LIMITED SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT FOR THE NINE MONTHS ENDED MARCH 31, 2010

## 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, 2008. 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.

	March 31, 2010	June 30, 2009
	Rupees	
<b>6 SHARE CAPITAL</b>		
6.1 Authorized capital 40,000,000 (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
<b>7 LONG TERM FINANCING - Secured</b>		
Opening balance	499,881,332	512,269,332
Add: Acquired during the period/ year	-	182,075,400
Less: Repayment during the period/year	50,845,503	194,463,400
	449,035,829	499,881,332
Others	63,000,000	63,000,000
Less: Current portion	(154,591,224)	(136,334,930)
	357,444,605	426,546,402

## 8 CONTINGENCIES AND COMMITMENTS

- 8.1 There is no material change in the status of the contingencies reported in the annual financial statement for the year ended June 30, 2009.
- 8.2 Commitments against irrevocable letters of credit outstanding as at March 31, 2010 Rs. 17.023 million. ( June 30, 2009 Rs. 3.874 million)



		March 31, 2010	June 30, 2009
9 PROPERTY, PLANT AND EQUIPMENT	Note	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		518,500	91,650,587
Grid station and generator		-	9,051,295
Furniture and fittings		47,000	30,560
Vehicles		-	960,681
Tools and equipment		289,832	129,200
Electric installation		37,560	720,250
		892,892	102,908,006
		1,531,080,580	1,684,260,851
Book value of assets disposed off during the period/ year	9.1	-	(5,034,364)
		1,531,080,580	1,679,226,487
Depreciation for the period/ year		(103,594,987)	(149,038,799)
		1,427,485,593	1,530,187,688
9.1 Book value of assets disposed off			
Plant and machinery		-	5,033,709
Vehicles		-	655
		-	5,034,364

	Nine Months Ended		Quarter Ended	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Rupees				
10 COST OF SALES				
Raw materials and other direct materials consumed	1,752,984,540	1,695,881,336	609,915,647	441,920,757
Salaries, wages and benefits	157,102,437	147,421,104	52,099,933	52,061,846
Fuel and power	210,721,476	179,832,185	100,228,409	60,271,164
Packing material consumed	29,596,234	28,062,094	10,728,996	7,380,274
Sizing material consumed	38,418,870	40,788,641	13,691,929	13,001,896
Store and spares consumed	77,742,604	61,117,886	33,454,485	15,700,314
Insurance	2,711,194	2,214,458	1,582,068	1,012,768
Depreciation	101,227,189	108,484,527	33,745,347	37,025,710
Others	7,675,127	6,576,536	3,084,614	2,455,042
	2,378,179,671	2,270,378,767	858,531,428	630,829,771
Adjustment of work in process				
Opening	32,844,792	33,289,465	38,766,105	41,797,353
Closing	(46,940,064)	(34,535,324)	(46,940,064)	(34,535,324)
	(14,095,272)	(1,245,859)	(8,173,959)	7,262,029
Cost of goods manufactured	2,364,084,399	2,269,132,908	850,357,470	638,091,800
Adjustment of finished goods				
Opening	265,959,650	213,092,157	188,581,439	200,206,716
Closing	(211,087,540)	(262,517,867)	(211,087,540)	(262,517,867)
	54,872,110	(49,425,710)	(22,506,101)	(62,311,151)
	2,418,956,509	2,219,707,198	827,851,369	575,780,649



March 31, 2010	March 31, 2009
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Rupees

11 TRANSACTIONS WITH RELATED PARTIES

Associates:

Purchase of stores items	3,235,110	1,227,089
Payment of deferred liabilities	34,500,000	31,307,508

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.

12 AUTHORIZED FOR ISSUE

These financial statements were approved by the Board of Directors and authorized for issue on April 27, 2010

13 GENERAL

- 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 the nearest of rupee.
- 13.3 These condensed interim financial statements have authorised by two directors u/s 241 of the Companies Ordinance, 1984. As the chief executive of the company is out of country for the time being.

Director

Director

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Ph:(042) 35764026-28 Fax: (042) 35764032

E-Mail: [info@ghazifabrics.com](mailto:info@ghazifabrics.com)

Website: [www.ghazifabrics.com](http://www.ghazifabrics.com)

Mills: 46 K.M. Multan Road, Bhai Pheru, Distt Kasur.