

1st Quarterly Report





# GFD Ghazi Fabrics International Limited

### **GHAZI FABRICS INTERNATIONAL LIMITED** COMPANY PROFILE

### **BOARD OF DIRECTORS**

CHAIRMAN	Mr. Mohammad Arshad Chaudhry	
CHIEF EXECUTIVE	Mr. Kamran Arshad	
DIRECTORS	Mr. Mohammad Tariq	
	Mr. Rizwan Arshad	
	Mrs.Azra Yasmin	
	Miss Fareeha Arshad	
	Mrs.Wajeeha Haaris	
COMPANY SECRETARY	Mr. Nauman Iqbal, FCA	
AUDIT COMMITTEE	Mr. Mohammad Tariq	Chairman
	Mr. Kamran Arshad	Member
	Miss Fareeha Arshad	Member
HR & REMUNERATION COMMITTEE	Mrs. Azra Yasmin	Chairman
	Mr. Mohammad Arshad Chaudhry	Member
	Mrs. Wajeeha Haaris	Member
CHIEF FINANCIAL OFFICER	Mr. Abid Rafi	
INTERNAL AUDITOR	Nasir Imran Elahi, ACA	
AUDITORS	M/s. Qadeer & Co., Chartered Accountants Lahore	
SHARE REGISTRARS	M/s. Corplink (Pvt.) Ltd.	
LEGAL ADVISOR	M/s. Raja Muhammad Akram & Co., Advocates & Legal Consultants	
BANKERS	United Bank Limited Habib Bank Limited	
REGISTERED OFFICER	8-C, Block E-III, Gulberg - III, Lahore - 54660 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 quarter ended  $30^{\text{th}}$  September, 2014.

### **Operating results**

During the period under review the Company's sales were Rs. 1,221 million and the profit after tax of Rs. 1.34 million for the quarter ended September 30, 2014 as compared to a profit of Rs.26.53 million in the corresponding period. Earning per share is Rs.0.04 (corresponding period:Rs.0.81)

	September	
	2014	2013
	Rup	e e s
Sales	1,221,027,662	1,419,255,731
Operating profit	52,   58, 27	62,825,714
Profit/ (loss) after tax	1,337,701	26,533,083
Earning per share (EPS) Rs.	0.04	0.81

### Future prospects

The revival of domestic textile industry is largely dependent on continuous availability of power and gas in the country.Yarn market seems a little bit under pressure, which may impact the future profitability of the Company.The company is trying its best to meet these challenges through improvement in product development, marketing efforts and working on energy efficiency measures.What also remains in question is whether gas will be available to Punjab based mills going forward in the winter months or not.

### Acknowledgement

The directors record their appreciation to the management and employees of the Company and also express their gratitude to our shareholder, bankers, suppliers and valued customers who cooperated with us throughout the period.

For and on behalf of the board

Lahore October 27, 2014 (Kamran Arshad) Chief Executive Officer Ghazi Fabrics International Limited

### GHAZI FABRICS INTERNATIONAL LIMITED CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2014

	Note	September 30, 2014 (Unaudited)	June 30, 2014 (Audited)
		Rupe	es
SHARE CAPITAL AND RESERVES			
Authorised share capital		400,000,000	400,000,000
Issued, subscribed and paidup capital		326,356,000	326,356,000
Accumulated loss		(305,777,925)	(307,115,626)
		20,578,075	19,240,374
NON CURRENT LIABILITIES			
Long term financing	4	551,018,933	528,666,168
Sponsors' Ioan		1,050,621,479	1,091,005,405
Deferred liabilities		51,500,314	53,351,254
		1,653,140,726	1,673,022,827
Trade and other payables		368,753,420	322,566,364
Markup/ interest payables		27,986,908	43,584,436
Short term bank borrowings		1,388,009,323	1,050,659,855
Current portion of long term financing		144,002,852	123,796,206
Provision for taxation		46,974,731	38,172,773
	-	1,975,727,234	1,578,779,634
CONTINGENCIES AND COMMITMENTS TOTAL EQUITY AND LIABILITIES	5	3,649,446,035	3,271,042,835
ASSETS			
ASSETS NON CURRENT ASSETS			
Operating fixed assets	6	1,430,554,185	1,456,991,145
Capital work in progress	0	226,246,722	113.380.720
Long term deposits		12,952,014	12,952,014
Long term deposits		1,669,752,921	1,583,323,879
CURRENT ASSETS		1,007,752,721	1,303,323,077
Stores, spares and loose tools		86,888,948	78,943,964
Stock in trade		1,104,706,393	1,069,597,417
Trade debts		523,966,225	362,412,685
Loans and advances		179,311,826	116,375,724
Trade deposits and short term prepayments		2,456,107	300,000
Sales tax refundable		77,761,694	55,637,611
Cash and bank balances		4,601,919	4,451,555
		1,979,693,113	1,687,718,956
TOTAL ASSETS		3,649,446,035	3,271,042,835

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



### GHAZI FABRICS INTERNATIONAL LIMITED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2014

			Re-stated
	_	Quarter	r Ended
		September 30,	September 30,
	Note	2014	2013
		Rup	ees
Sales - net		1,221,027,662	1,419,255,731
Cost of goods sold	7	1,108,746,161	1,265,073,009
Gross profit		112,281,501	154,182,722
Operating expenses:			
Selling and distribution		33,506,017	58,379,252
Administrative expenses		26,065,973	26,761,534
Other operating expenses		551,240	6,216,223
	-	60,123,230	91,357,008
Operating profit		52,158,271	62,825,714
Finance cost		42,996,198	34,053,328
Other operating income	_	977,587	12,073,994
Profit before taxation		10,139,660	40,846,380
Provision for taxation		8,801,959	4,3 3,297
Profit after taxation	-	1,337,701	26,533,083
Earnings per share - basic	-	0.04	0.81

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



### GHAZI FABRICS INTERNATIONAL LIMITED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2014

	Quarter	Re-stated r Ended
	September 30, 2014	September 30, 2013
Profit for the period	1,337,701	26,533,083
Other comprehensice income	-	-
Total comprehensive income for the period	1,337,701	26,533,083

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



### GHAZI FABRICS INTERNATIONAL LIMITED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2014

Quarter Ended September 30, 2014         September 30, 2014         September 30, 2014           CASH FLOWS FROM OPERATING ACTIVITIES         Rurees           Profit before taxation         10,139,660         40,846,380           Adjustments for non-cash charges and other items: - Depreciation         34,3364,151         28,517,345           - Less on disposal of property, plant and equipment         34,3364,151         28,517,345           - Frovision for gratuity         34,364,151         28,517,345           - Frovision for gratuity         34,364,151         28,517,345           - Frovision for gratuity         34,364,151         28,517,345           - Stores, sparsa and loose tools         91,175,697         113,091,244           (Increase) / decrease in current assets:         35,003,766         (47,415,434)           - Stores, sparsa and advances         (21,516,160, 20,29,513)         (20,21,233)           - Trade debris         (21,200,834)         (21,200,834)         (21,200,846)           - Trade debris         (21,240,83)         (21,40,83)         (21,40,83)         (21,40,86)           - Trade debris         (14,8295,136)         (31,21,839)         (30,21,239)         (21,44,668           Gratuity paid         ratuity paid         (23,97,081)         (23,94,78)         (21,24,04,668			Re-stated
20142013RupeesCASH FLOWS FROM OPERATING ACTIVITIESProfit before taxationAdjustments for non-cash charges and other items: 		Quarter	Ended
Rupes           CASH FLOWS FROM OPERATING ACTIVITIES           Profit before taxation         Adjustments for non-cash charges and other items:           - Depreciation		September 30,	September 30,
CASH FLOWS FROM OPERATING ACTIVITIES         Profit before taxation       10,139,660       40,846,380         Adjustments for non-cash charges and other items:       34,364,151       28,517,345         - Depreciation       34,364,151       28,517,345         - Provision for gratuity       34,364,151       34,364,151         - Provision for gratuity       34,367,988       34,633,228         - Provision for gratuity       34,364,151       28,517,345         - Stores, sparse and loose tools       (14,715,677       113,091,244         (Increase) / decrease in current assets:       (2,174,083)       (2,124,083)         - Trade debts       (2,157,161)       (2,02,289)         - Trade deposits and short term prepayments       (2,157,169)       (2,20,97,190)         - Trade and other payables       (1,80,0541)       (3,33,800)         - Trade deposits and short term prepayments       (1,80,0541)       (3,33,30,00)         - Trade and other payables       (1,80,0541)       (3,33,3120)		2014	2013
Profit before taxation $10,139,660$ $40,846,380$ Adjustments for non-cash charges and other items: $34,364,151$ $28,517,345$ Loss on disposal of property, plant and equipment $34,364,151$ $28,517,345$ Provision for gratury $3,675,688$ $34,369,198$ $34,053,322$ Stores, spares and loose tools $81,036,037$ $72,244,884$ Operating profit before working capital changes $91,175,697$ $113,091,244$ (Increase) / decrease in current assets: $(7,944,984)$ $(4,745,567)$ Stock in trade $(7,944,984)$ $(4,745,567)$ Trade debts $(2,156,106)$ $(50,135,082)$ Lons and advances $(2,156,106)$ $(23,970,019)$ Increase / (decrease) in current labilities: $(2,124,083)$ $(9,339,790)$ Increase / (decrease) in current labilities: $(23,9470,833)$ $(91,446,596)$ Cash (used in) / generated from operations $(1,48,295,136)$ $(21,644,668)$ Gratuity paidTax paid $(1,850,81,95)$ $(30,21,369)$ CASH FLOWS FROM INVESTING ACTIVITIES $(120,793,193)$ $(1,261,273)$ Proceeds from disposal of porperty, plant and equipment $(23,973,193)$ $(1,261,273)$ CASH FLOWS FROM FINANCING ACTIVITIES $(23,7349,469)$ $(33,33,226)$ Proceeds from long term financing - net $(4,333,326)$ $(33,372,49,46)$ Loan from directors - net $(33,31,49,46)$ $(33,372,49,46)$ Short term borrowings $33,372,49,469$ $33,372,49,469$ Net cash generated from financing activities $150,364$ $9,820,20$		Rup	ees
Adjustments for non-cash charges and other items:34.364.15128.517.345- Depreciation3.4364.15128.517.345- Provision for gratuity3.457.6883.457.988- Finance cost91.175.697113.091.264(Increase) / decrease in current assets:91.175.697113.091.264(Increase) / decrease in current assets:7.244.884(61.553.541)- Stores, spares and loose tools(7.944.984)(4.745.521)- Trade debts(7.944.984)(4.745.521)- Loans and advances(7.944.984)(3.108.976)- Trade debts(2.156.106)(2.124.083)- Trade debts(2.156.106)(2.124.083)- Trade debts(2.156.106)(2.124.083)- Trade debts(1.85.93.741)(3.333.008)- Trade and other payables(1.82.95.136)(1.20.95.46)- Trade and other payables(1.85.93.726)(2.124.083)- Cash (used in) / generated from operations(1.48.295.136)21.644.668Gratuity paid(1.85.91.262)(3.02.291.369)CASH FLOWS FROM INVESTING ACTIVITIES(2.16.581.395)(30.291.369)Proceeds from disposal of property, plant and equipment(7.927.191)(2.0671.545)- Acash used in investing activities(120.793.193)(1.26.1273)CASH FLOWS FROM INVESTING ACTIVITIES(2.12.789.986)(3.27.249.262)Proceeds from disposal of property, plant and equipment(2.559.411)(2.7899.986)- Acash used in investing activities(120.793.193)(1.26.1273)CASH FLOWS FROM	CASH FLOWS FROM OPERATING ACTIVITIES		
- Depreciation       34,364,151       28,517,245         - Loss on disposal of property, plant and equipment       3,67,688       3,57,988         - Fronsion for gratuity       3,67,688       3,57,988         - Finance cost       91,175,697       113,091,264         Operating profit before working capital changes       91,175,697       113,091,264         (Increase) / decrease in current assets:       91,175,697       113,091,264         · Stores, spares and loose tools       51,069,776       (16,1553,310)         · Trade debts       (16,1553,510)       (20,12,1289)         · Loans and advances       (16,1553,510)       (20,12,1289)         · Trade deposits and short term prepayments       (21,56,106)       (23,120,897)         · Sales tax refundable       (21,24,083)       (21,200,546)         · Trade and other payables       (148,295,136)       21,644,668         Gratuity paid       (18,09,11)       (33,33,808)         Tax paid       (18,09,11)       (33,33,808)         Prosperty, plant and equipment purchased       (7,927,191)       (20,671,545)         Property, plant and equipment purchased       (7,927,191)       (20,671,545)         Proceeds from disposal of porperty, plant and equipment       (12,029,546)       (21,27,891)         · Loans	Profit before taxation	10,139,660	40,846,380
- Loss on disposal of property, plant and equipment6,16,223- Provision for gratuity3,675,688- Stores, spares and loose tools91,175,697- Stores, spares and loose tools(fincrease) / decrease in current assets:- Stores, spares and loose tools(fincrease) / decrease in current assets:- Stores, spares and loose tools(fincrease) / decrease in current assets:- Stores, spares and loose tools(fincrease) / decrease) / (fintrade deposits and short term prepayments- Loans and advances(fintrade deposits and short term prepayments- Trade deposits and short term prepayments(fintrade deposits and short term prepayments- Trade and other payables(fintrade, fintrade)Cash (used in) / generated from operations(fintrade, fintrade)Cash (used in) / generated from operations(fintrade, fintrade)Finance cost paid(fintrade, fintrade)Property, plant and equipment paid(fintrade, fintrade)Finance cost paid(fintrade, fintrade)Property, plant and equipment progress(fintrade, fintrade)Property, plant and equipment progress(fintrade, fintrade)Proceeds from disposal of porperty, plant and equipment(fintrade, fintrade)CASH FLOWS FROM FINANCING ACTIVITIES(fintrade, fintrade)Proceeds from disposal of porperty, plant and equipment(fintrade, fintrade)Proceeds from disposal of porperty, plant and equipment(fintrade, fintrade)Orabit work in progress(fintrade, fintrade)Net cash used in investing activities(fintrade, fintrade)Proce	Adjustments for non-cash charges and other items:		
• Provision for gratuity       3,675,688       3,457,988         • Finance cost       42,996,198       34,053,328         • Operating profit before working capital changes       91,175,697       113,091,244         • (Increase) / decrease in current assets:       91,175,697       113,091,244         • Stores, spares and loose tools       (3,510,8976)       (4,734,524)         • Trade debts       (6,153,537)       (50,135,062)         • Loans and advances       (6,153,5616)       (20,212,839)         • Trade debts       (2,156,106)       (23,9709)         • Trade debts       (2,156,106)       (2,39,730)         • Trade and other payables       (1,46,205,133)       (9,144,6596)         • Trade and other payables       (1,46,205,133)       (1,2009,546)         • Cash (used in / generated from operations       (1,48,205,136)       (3,533,808)         • Gratuity paid       (1,850,941)       (3,533,808)         Tax paid       (9,841,511)       (13,668,170)         Finance cost paid       (7,927,191)       (2,0671,545)         • Cash used in operating activities       (218,581,395)       (30,291,369)         • CASH FLOWS FROM INVESTING ACTIVITIES       (12,0793,193)       (1,261,273)         Proceeds from dingosal of porperty, plant and equipment	- Depreciation	34,364,151	
- Finance cost       42.996,198       34.053.328         - Finance cost       81.036.037       72.244.884         Operating profit before working capital changes       91,175,697       113.091,264         (Increase) / decrease in current assets:       5 stores, spares and loose tools       (35,108,976)       (4,734,524)         - Trade debts       (161,553,541)       (50,170,199)       (30,212,839)       (22,124,083)       (9,339,790)         Increase / decrease) in current liabilities:       - Trade deposits and other payables       (12,009,546)       (12,009,546)       (12,009,546)         - Trade deposits and other payables       (148,295,136)       21,644,668       (12,009,546)       (12,009,546)         - Trade and other payables       (148,295,136)       21,644,668       (12,009,546)       (13,508,170)         Cash (used in) / generated from operations       (148,295,136)       21,644,668       (12,009,546)       (23,470,833)       (9,1446,596)         Cash (used in operating activities       (218,581,395)       (30,291,369)       (30,291,369)       (30,291,369)         CASH FLOWS FROM INVESTING ACTIVITIES       Proceeds from disposal of porperty, plant and equipment       (12,866,002)       16,077,152         Proceeds from disposal of porperty, plant and equipment       (12,866,002)       16,077,152       (12,61,273)	<ul> <li>Loss on disposal of property, plant and equipment</li> </ul>		
81,036,037         72,244,884           Operating profit before working capital changes         91,175,697         113,091,264           (Increase) / decrease in current assets:         91,175,697         113,091,264           Stores, spares and loose tools         (7,944,984)         (4,734,524)           - Trade debts         (61,553,541)         (50,135,064)         (24,734,524)           - Trade debts         (21,24,083)         (24,516,106)         226,513           - Trade debts         (22,124,083)         (21,24,083)         (91,446,596)           (12,009,546)         (23,9470,833)         (91,446,596)         (12,009,546)           Cash (used in) / generated from operations         (148,295,136)         21,644,668           Gratuity paid         (1850,941)         (3,533,806)         (3,533,806)           Tax paid         (9,841,591)         (13,968,170)         (30,291,369)           Cash used in operating activities         (21,85,81,395)         (30,291,369)         (30,291,369)           CASH FLOWS FROM INVESTING ACTIVITIES         (12,0793,193)         (1,261,273)           Proceeds from disposal of porperty, plant and equipment         (12,073,193)         (1,261,273)           CASH FLOWS FROM FINANCING ACTIVITIES         (12,0,793,193)         (1,261,273)           Proceed			
Operating profit before working capital changes         91,175,697         113,091,264           (Increase) / decrease in current assets:         5 stock in trade         (3,108,976)         (4,734,524)           - Trade debts         (1,715,672)         (1,301,2839)         (3,012,839)         (3,012,839)           - Trade deposits and short term prepayments         (2,156,106)         (2,212,4083)         (9,339,750)           - Trade and other payables         (1,46,596)         (2,212,4083)         (9,144,596)         (1,2009,546)           Cash (used in) / generated from operations         (1,48,295,136)         21,644,658         (1,2009,546)         (2,39,770)         (3,633,808)           Gratuity paid         (1,850,941)         (3,533,808)         (3,434,059)         (3,443,059)           Net cash used in operating activities         (21,851,395)         (30,211,369)         (3,213,430,059)           CASH FLOWS FROM INVESTING ACTIVITIES         (1,12,866,002)         (1,60,71,152)         (1,20,71,512)           Proceeds from disposal of porperty, plant and equipment cash used in investing activities         (12,0793,193)         (1,26,1273)           CASH FLOWS FROM FINANCING ACTIVITIES         (12,0793,193)         (1,26,1273)         (1,26,1273)           Net cash used in investing activities         (12,0,793,193)         (1,26,1273)         (2,21,28	- Finance cost		
$ \begin{array}{llllllllllllllllllllllllllllllllllll$		81,036,037	72,244,884
- Stores, spares and loose tools       (7,944,984)       (14,715,672)         - Trade debts       (161,533,108,976)       (161,535,1168,976)         - Loans and advances       (161,535,1168,976)       (30,212,839)         - Trade debts       (2,156,106)       (2,2124,083)       (9,339,790)         Increase / (decrease) in current liabilities:       (161,853,514)       (50,135,082,790)       (12,009,546)         - Trade and other payables       (14,87,056)       (21,24,083)       (12,009,546)       (9,339,790)         Cash (used in) / generated from operations       (148,295,136)       21,644,6580       (12,009,546)       (9,339,790)         Gratuity paid       (18,50,941)       (3,533,808)       (9,1446,596)       (12,009,546)       (9,1446,596)         Cash (used in) / generated from operations       (148,295,136)       21,644,668       (12,09,546)       (9,1446,596)         Gratuity paid       (18,50,941)       (3,533,808)       (9,841,591)       (13,968,170)         Finance cost paid       (218,581,395)       (30,291,369)       (30,291,369)       (218,581,395)       (30,291,369)         CASH FLOWS FROM INVESTING ACTIVITIES       Proceeds from disposal of porperty, plant and equipment capital work in progress       (120,793,193)       (1,261,273)         Net cash used in investing activities       (120	Operating profit before working capital changes	91,175,697	113,091,264
- Stock in trade       (35,108,976)       (4,734,524)         - Trade debts       (16,1533,541)       (50,133,082)         - Trade deposits and short term prepayments       (2,156,106)       (2,2,124,083)         - Stales tax refundable       (2,2,124,083)       (12,009,546)         Increase / (derease) in current liabilities:       (148,295,136)       (2,124,083)         - Trade and other payables       (148,295,136)       (12,009,546)         Cash (used in) / generated from operations       (148,295,136)       21,644,668         Gratuity paid       (1,850,941)       (3,533,808)         Tax paid       (18,50,941)       (3,533,808)         Finance cost paid       (218,581,395)       (30,291,369)         CASH FLOWS FROM INVESTING ACTIVITIES       -       -         Property, plant and equipment purchased       (120,793,193)       (1,261,273)         CASH FLOWS FROM FINANCING ACTIVITIES       -       -       -         Proceeds from disposal of porperty, plant and equipment       -       -       -         Cash used in investing activities       (120,793,193)       (1,261,273)       -         CASH FLOWS FROM FINANCING ACTIVITIES       -       -       -       -       -       -       -       -       -       -       -			
- Trade debts(161,553,541) (56,770,199) (20,212,839) (20,212,839) (20,212,839) (20,212,839) (20,212,839) (20,212,839) (20,212,839) (20,212,839) (20,212,839) (20,212,839) (20,212,839) 			, ,
• Loars and advances       (30,212,839)         • Trade deposits and short term prepayments       (30,212,839)         • Sales tax refundable       (2,156,106)         Increase (decrease) in current liabilities:       (22,124,083)         • Trade and other payables       (12,009,546)         Cash (used in) / generated from operations       (148,295,136)       21,644,668         Gratuity paid       (1,850,941)       (3,533,808)       (9,841,591)       (13,968,170)         Tax paid       (9,841,591)       (13,968,170)       (34,434,059)         Net cash used in operating activities       (218,581,395)       (30,291,369)         CASH FLOWS FROM INVESTING ACTIVITIES       -       3,333,120         Proceeds from disposal of porperty, plant and equipment       -       3,333,120         Capital work in progress       (12,079,3,193)       (1,261,273)         CASH FLOWS FROM FINANCING ACTIVITIES       -       -         Proceeds from long term financing - net       (42,559,411)       (40,383,926)       -         Short term borrowings       -       -       -       -         Net cash generated from financing activities       -       -       -       -       -       -       -       -       -       -       -       -       -<		· · · · · · · · · · · · · · · · · · ·	· · ·
- Trade deposits and short term prepayments269,513- Sales tax refundable(2,156,106)Increase / (decrease) in current liabilities:(2,124,083)- Trade and other payables(2,124,083)(12,009,546)(239,470,833)(148,295,136)21,644,658Gratuity paid(1,850,941)Tax paid(9,841,591)Finance cost paid(1,850,941)Net cash used in operating activities(218,581,395)CASH FLOWS FROM INVESTING ACTIVITIESProperty, plant and equipment purchasedProceeds from disposal of porperty, plant and equipmentCapital work in progressNet cash used in investing activities(12,0793,193)(12,0793,193)(12,61,273)CASH FLOWS FROM FINANCING ACTIVITIESProceeds from long term financing - net(40,383,926)(37,349,469)(37,349,469)(37,349,469)(37,349,469)Net cash generated from financing activitiesIncrease in cash and cash equivalentsIso,3649,820,202Cash and cash equivalents at the beginning of the period4,451,5551,616,790		· · · · · · · · · · · · · · · · · · ·	· · · · · · · · · · · · · · · · · · ·
- Sales tax refundable(22,124,083)(9,339,790)Increase / (decrease) in current liabilities: - Trade and other payables(22,124,083)(9,339,790)(12,009,546)(239,470,833)(91,446,596)(239,470,833)(91,446,596)(239,470,833)(91,446,596)(148,295,136)21,644,668Gratuity paid Tax paid(1,850,941)(3,533,808) (9,841,591)Tax paid(1,850,941)(3,533,808) (9,841,591)Finance cost paid(218,581,395)(30,291,369)Net cash used in operating activities(218,581,395)(30,291,369)CASH FLOWS FROM INVESTING ACTIVITIES(120,793,193)(1,26,71,545) (3,333,120) (112,866,002)Property, plant and equipment purchased Proceeds from disposal of porperty, plant and equipment Capital work in progress(120,793,193)(1,26,1,273)Net cash used in investing activities(120,793,193)(1,26,1,273)(27,899,986) (40,383,926) (337,349,469)(27,899,986) (69,272,830)Proceeds from long term financing - net Loan from directors and others - net(40,383,926) (337,349,469)(69,272,830) (41,372,844)Net cash generated from financing activities150,3649,820,202Cash and cash equivalents150,3649,820,202Cash and cash equivalents at the beginning of the period4,451,5551,616,790		· · · · · · · · · · · · · · · · · · ·	· · · · · · · · · · · · · · · · · · ·
Increase / (decrease) in current liabilities:46,187,056(12,009,546)• Trade and other payables(148,295,136)(21,446,596)Cash (used in) / generated from operations(148,295,136)21,644,668Gratuity paid(1,850,941)(3,533,808)Tax paid(9,841,591)(13,968,170)Finance cost paid(218,581,395)(30,291,369)Net cash used in operating activities(218,581,395)(30,291,369)CASH FLOWS FROM INVESTING ACTIVITIES(120,793,193)(1,261,273)Property, plant and equipment purchased(7,927,191)(20,671,545)Proceeds from disposal of porperty, plant and equipment-(112,866,002)Cash used in investing activities(120,793,193)(1,261,273)CASH FLOWS FROM FINANCING ACTIVITIES(120,793,193)(1,261,273)Proceeds from long term financing - net(42,559,411)(27,899,986)Loan from directors and others - net(337,349,469)-Short term borrowings339,524,95441,372,844Net increase in cash and cash equivalents150,3649,820,202Cash and cash equivalents at the beginning of the period4,451,5551,616,790		· · · · /	
- Trade and other payables       46,187,056       (12,009,546)         Cash (used in) / generated from operations       (148,295,136)       21,644,658         Gratuity paid       (1,850,941)       (3,533,808)         Tax paid       (9,841,591)       (13,968,170)         Finance cost paid       (218,581,395)       (30,291,369)         Net cash used in operating activities       (218,581,395)       (30,291,369)         CASH FLOWS FROM INVESTING ACTIVITIES       -       -         Property, plant and equipment purchased       (7,927,191)       (20,671,545)         Proceeds from disposal of porperty, plant and equipment       -       -         Cash used in investing activities       (120,793,193)       (1,261,273)         CASH FLOWS FROM FINANCING ACTIVITIES       -       -         Proceeds from long term financing - net       42,559,411       (27,899,986)         Loan from directors and others - net       337,349,469       -         Short term borrowings       339,524,954       41,372,844         Net cash generated from financing activities       150,364       9,820,202         Cash and cash equivalents at the beginning of the period       4,451,555       1,616,790		(22,124,083)	(9,339,790)
Cash (used in) / generated from operations $(239,470,833)$ $(91,446,596)$ Cash (used in) / generated from operations $(148,295,136)$ $21,644,668$ Gratuity paid Tax paid $(1,850,941)$ $(3,533,808)$ $(9,841,591)$ $(13,968,170)$ $(13,968,170)$ Finance cost paid $(218,581,395)$ $(30,291,369)$ Net cash used in operating activities $(218,581,395)$ $(30,291,369)$ CASH FLOWS FROM INVESTING ACTIVITIES $(112,866,002)$ $(1,6077,152)$ Proceeds from disposal of porperty, plant and equipment Capital work in progress $(120,793,193)$ $(1,261,273)$ Net cash used in investing activities $(120,793,193)$ $(1,261,273)$ CASH FLOWS FROM FINANCING ACTIVITIES $(40,383,926)$ $337,349,469$ $(69,272,830)$ Proceeds from long term financing - net Loan from directors and others - net Short term borrowings $(27,899,986)$ $(40,383,926)$ $337,349,469$ $(27,899,986)$ $(-9,272,830)$ Net cash generated from financing activities $150,364$ $9,820,202$ Cash and cash equivalents $150,364$ $9,820,202$ Cash and cash equivalents at the beginning of the period $4,451,555$ $1,616,790$			(10,000,0,0)
Cash (used in) / generated from operations(148,295,136)21,644,668Gratuity paid Tax paid(1,850,941)(3,533,808) (9,841,591)(13,968,170) (13,968,170)Finance cost paid(218,581,395)(30,291,369)Net cash used in operating activities(218,581,395)(30,291,369)CASH FLOWS FROM INVESTING ACTIVITIES(112,866,002)(3,333,120) (112,866,002)Property, plant and equipment purchased Proceeds from disposal of porperty, plant and equipment Capital work in progress(7,927,191) (20,671,545) (3,333,120) (112,866,002)(20,671,545) (3,333,120) (1,6077,152)Net cash used in investing activities(120,793,193)(1,261,273)CASH FLOWS FROM FINANCING ACTIVITIES(27,899,986) (40,383,926)-Proceeds from long term financing - net Loan from directors and others - net Short term borrowings(27,899,986) (40,383,926)-Net cash generated from financing activities150,3649,820,202Cash and cash equivalents150,3649,820,202Cash and cash equivalents at the beginning of the period4,451,5551,616,790	- Irade and other payables		, ,
Gratuity paid Tax paid(1,850,941) (9,841,591)(1,3,533,808) (9,841,591)Finance cost paid(1,850,941) (9,841,591)(1,3,968,170) (13,968,170)Net cash used in operating activities(218,581,395)(30,291,369)CASH FLOWS FROM INVESTING ACTIVITIES(218,581,395)(30,291,369)Property, plant and equipment purchased Proceeds from disposal of porperty, plant and equipment Capital work in progress(7,927,191) (12,866,002)(20,671,545) (3,333,120) (16,077,152)Net cash used in investing activities(120,793,193)(1,261,273)CASH FLOWS FROM FINANCING ACTIVITIES(120,793,193)(1,261,273)Proceeds from long term financing - net Loan from directors and others - net Short term borrowings(42,559,411) (40,383,926) (337,349,469)(27,899,986) (- 69,272,830)Net cash generated from financing activities150,3649,820,202Cash and cash equivalents150,3649,820,202Cash and cash equivalents at the beginning of the period4,451,5551,616,790		(239,470,833)	(91,446,596)
Tax paid(9,841,591)(13,968,170)Finance cost paid(9,841,591)(13,968,170)Net cash used in operating activities(218,581,395)(30,291,369)CASH FLOWS FROM INVESTING ACTIVITIESProperty, plant and equipment purchased(7,927,191)(20,671,545)Proceeds from disposal of porperty, plant and equipment(112,866,002)(16,077,152)Net cash used in investing activities(120,793,193)(1,261,273)CASH FLOWS FROM FINANCING ACTIVITIES(120,793,193)(1,261,273)Proceeds from long term financing - net Loan from directors and others - net(40,383,926) (337,349,469)(27,899,986) (69,272,830)Short term borrowings(339,524,954)(41,372,844)Net increase in cash and cash equivalents150,3649,820,202Cash and cash equivalents at the beginning of the period4,451,5551,616,790	Cash (used in) / generated from operations	(148,295,136)	21,644,668
Finance cost paid(\$8,593,726)(34,434,059)Net cash used in operating activities(218,581,395)(30,291,369)CASH FLOWS FROM INVESTING ACTIVITIESProperty, plant and equipment purchased(7,927,191)(20,671,545)Proceeds from disposal of porperty, plant and equipment(112,866,002)(112,866,002)Capital work in progress(120,793,193)(1,261,273)Net cash used in investing activities(120,793,193)(1,261,273)CASH FLOWS FROM FINANCING ACTIVITIES(42,559,411)(27,899,986)Proceeds from long term financing - net(42,559,411)(27,899,986)Loan from directors and others - net(41,372,844)(41,372,844)Net cash generated from financing activities150,3649,820,202Cash and cash equivalents150,3649,820,202Cash and cash equivalents at the beginning of the period4,451,5551,616,790	Gratuity paid	(1,850,941)	(3,533,808)
Net cash used in operating activities       (218,581,395)       (30,291,369)         CASH FLOWS FROM INVESTING ACTIVITIES         Property, plant and equipment purchased       (7,927,191)       (20,671,545)         Proceeds from disposal of porperty, plant and equipment       (112,866,002)       (16,077,152)         Net cash used in investing activities       (120,793,193)       (1,261,273)         CASH FLOWS FROM FINANCING ACTIVITIES       (40,383,926)       -         Proceeds from long term financing - net       42,559,411       (27,899,986)         Loan from directors and others - net       337,349,469       -         Short term borrowings       339,524,954       41,372,844         Net cash generated from financing activities       150,364       9,820,202         Cash and cash equivalents at the beginning of the period       4,451,555       1,616,790	Tax paid	(9,841,591)	(13,968,170)
CASH FLOWS FROM INVESTING ACTIVITIES         Property, plant and equipment purchased         Proceeds from disposal of porperty, plant and equipment         Capital work in progress         Net cash used in investing activities         (112,866,002)         (120,793,193)         (12,61,273)         CASH FLOWS FROM FINANCING ACTIVITIES         Proceeds from long term financing - net         Loan from directors and others - net         Short term borrowings         Net cash generated from financing activities         Net increase in cash and cash equivalents         150,364       9,820,202         Cash and cash equivalents at the beginning of the period       4,451,555	Finance cost paid	(58,593,726)	(34,434,059)
Property, plant and equipment purchased       (7,927,191)       (20,671,545)         Proceeds from disposal of porperty, plant and equipment       (112,866,002)       (16,077,152)         Net cash used in investing activities       (120,793,193)       (1,261,273)         CASH FLOWS FROM FINANCING ACTIVITIES       (40,383,926)       -         Proceeds from long term financing - net       42,559,411       (27,899,986)         Loan from directors and others - net       337,349,469       69,272,830         Short term borrowings       339,524,954       41,372,844         Net cash generated from financing activities       150,364       9,820,202         Cash and cash equivalents at the beginning of the period       4,451,555       1,616,790	Net cash used in operating activities	(218,581,395)	(30,291,369)
Proceeds from disposal of porperty, plant and equipment       3,333,120         Capital work in progress       (112,866,002)         Net cash used in investing activities       (120,793,193)         CASH FLOWS FROM FINANCING ACTIVITIES         Proceeds from long term financing - net         Loan from directors and others - net         Short term borrowings         Net cash generated from financing activities         Net increase in cash and cash equivalents         150,364         9,820,202         Cash and cash equivalents at the beginning of the period	CASH FLOWS FROM INVESTING ACTIVITIES		
Capital work in progress(112,866,002)16,077,152Net cash used in investing activities(120,793,193)(1,261,273)CASH FLOWS FROM FINANCING ACTIVITIESProceeds from long term financing - net Loan from directors and others - net(40,383,926) (337,349,469)(27,899,986) (69,272,830)Short term borrowings337,349,469(41,372,844)Net cash generated from financing activities150,3649,820,202Cash and cash equivalents at the beginning of the period4,451,5551,616,790	Property, plant and equipment purchased	(7,927,191)	(20,671,545)
Net cash used in investing activities       (120,793,193)       (1,261,273)         CASH FLOWS FROM FINANCING ACTIVITIES         Proceeds from long term financing - net       42,559,411       (27,899,986)         Loan from directors and others - net       (40,383,926)       -         Short term borrowings       337,349,469       -         Net cash generated from financing activities       339,524,954       41,372,844         Net increase in cash and cash equivalents       150,364       9,820,202         Cash and cash equivalents at the beginning of the period       4,451,555       1,616,790	Proceeds from disposal of porperty, plant and equipment		3,333,120
CASH FLOWS FROM FINANCING ACTIVITIES         Proceeds from long term financing - net         Loan from directors and others - net         Short term borrowings         Net cash generated from financing activities         Net increase in cash and cash equivalents         150,364         9,820,202         Cash and cash equivalents at the beginning of the period         4,451,555         1,616,790	Capital work in progress	(112,866,002)	16,077,152
Proceeds from long term financing - net42,559,411(27,899,986)Loan from directors and others - net(40,383,926)-Short term borrowings337,349,46969,272,830Net cash generated from financing activities339,524,95441,372,844Net increase in cash and cash equivalents150,3649,820,202Cash and cash equivalents at the beginning of the period4,451,5551,616,790	Net cash used in investing activities	(120,793,193)	(1,261,273)
Loan from directors and others - net(40,383,926)Short term borrowings337,349,469Net cash generated from financing activities339,524,954Net increase in cash and cash equivalents150,3649,820,202Cash and cash equivalents at the beginning of the period4,451,5551,616,790	CASH FLOWS FROM FINANCING ACTIVITIES		
Short term borrowings337,349,46969,272,830Net cash generated from financing activities339,524,95441,372,844Net increase in cash and cash equivalents150,3649,820,202Cash and cash equivalents at the beginning of the period4,451,5551,616,790	Proceeds from long term financing - net	42,559,411	(27,899,986)
Net cash generated from financing activities       339,524,954       41,372,844         Net increase in cash and cash equivalents       150,364       9,820,202         Cash and cash equivalents at the beginning of the period       4,451,555       1,616,790	Loan from directors and others - net	(40,383,926)	-
Net increase in cash and cash equivalents       150,364       9,820,202         Cash and cash equivalents at the beginning of the period       4,451,555       1,616,790	Short term borrowings	337,349,469	69,272,830
Cash and cash equivalents at the beginning of the period 4,451,555 1,616,790	Net cash generated from financing activities	339,524,954	41,372,844
	Net increase in cash and cash equivalents	150,364	9,820,202
Cash and cash equivalents at the end of the period 4,601,919 11,436,992	Cash and cash equivalents at the beginning of the period	4,451,555	1,616,790
	Cash and cash equivalents at the end of the period	4,601,919	,436,992

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, 2014

	Issued, Subscribed and Paid-up Share Capital	Accumlated loss	Total
	R	UPEE	S
Balance as at June 30, 2013	326,356,000	(387,977,677)	(61,621,677)
Profit for the period	-	26,533,083	26,533,083
Balance as at September 30, 2013	326,356,000	(361,444,594)	(35,088,594)
Balance as at June 30, 2014	326,356,000	(307,115,626)	19,240,374
Profit for the period	-	1,337,701	1,337,701
Balance as at September 30, 2014	326,356,000	(305,777,925)	20,578,075

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



### GHAZI FABRICS INTERNATIONAL LIMITED SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2014

### 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 its ituated 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) and shall be read in conjunction with the published audited financial statements for the year ended June 30, 2014.

### 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 30,2014.

	September 30, 2014	June 30, 2014
1 FINANCING - Secured	Rupe	es
ng balance	652,462,374	359,140,599
cquired during the period / year	76,613,243	423,386,757
	729,075,617	782,527,356
epayment during the period /year	(34,053,832)	(130,064,982)
	695,021,785	652,462,374
Current portion	(144,002,852)	(123,796,206)
	551,018,933	528,666,168
	<b>1 FINANCING - Secured</b> ng balance .cquired during the period / year Aepayment during the period /year Current portion	2014           Rupe           ng balance         652,462,374           ,cquired during the period / year         76,613,243           729,075,617         729,075,617           tepayment during the period / year         (34,053,832)           695,021,785         695,021,785           Current portion         (144,002,852)

### 5 CONTINGENCIES AND COMMITMENTS

- 5.1 The Company has provided bank guarantee in favour of Sui Northern Gas Pipeline Limited amounting to Rs. 53.191 million (June 30,2014:Rs.53.191 million) on account of security deposits against the consumption of natural gas.
- 5.2 Post dated cheques issued in the favour of Collector of Custom against import Rs. 58.091 million. (June 30, 2014 : Rs. 58.091 million)
- 5.3 Commitments against irrevocable letters of credit outstanding Rs. 1.351 million (June 30, 2014 : Rs. 109.027 million)

			September 30, 2014	June 30, 2014
6	PROPERTY, PLANT AND EQUIPMENT	Note	Rupe	es
	Opening written down value		1,456,991,145	1,177,668,777
	Addition during the period / year			
	Land - freehold			23,386,900
	Building on freehold land		7,875,021	3,459,091
	Plant and machinery			379,194,720
	Furniture and fittings			1,202,028
	Vehicles			3,491,178
	Equipment		52,170	1,152,674
	Electric installation			1,466,270
			7,927,191	413,352,861
	Book value of assets disposed off during the period / year	6.1	-	(15,017,599)
	Depreciation for the period / year	•	(34,364,151)	(119,012,894)
			1,430,554,185	1,456,991,145
	6.1 Book value of assets disposed off			
	Plant and machinery		-	15,014,082
	Vehicles		-	3,517
				15,017,599
			·	13,017,377



## GPD Ghazi Fabrics International Limited

			Quarter Ended	
			September 30, 2014	September 30, 2013
7	COST OF GOODS SOLD		Rup	ees Re-stated
	Raw materials and other direct materials consumed	7.1	875,703,408	897,708,010
	Fabric coversion, dyeing and bleaching		5,257,997	19,561,597
	Salaries, wages and benefits		77,250,221	82,676,317
	Fuel and power		114,067,244	152,913,924
	Packing material consumed		10,398,403	19,121,972
	Sizing material consumed		6,671,343	11,117,528
	Store and spares consumed		17,924,769	30,680,595
	Insurance		900,151	1,136,348
	Depreciation		32,358,230	26,137,828
	Others		1,334,185	3,245,840
			1,141,865,951	1,244,299,959
	Adjustment of work in process			
	Opening		75,160,935	67,893,318
	Closing		(72,410,043)	(75,493,401)
	u u u u u u u u u u u u u u u u u u u		2,750,892	(7,600,083)
	Cost of goods manufactured		1,144,616,843	1,236,699,876
	Adjustment of finished goods			
	Opening		442,468,889	380,671,586
	Closing		(478,339,571)	(352,298,453)
	Ŭ		(35,870,682)	28,373,133
			1,108,746,161	1,265,073,009
	7.1 Raw material consumed			
	Opening stock		543,796,522	577,754,390
	Purchases		877,583,618	923,117,365
			1,421,380,140	1,500,871,755
	Closing stock		(545,676,732)	(603,163,745)
	-		875,703,408	897,708,010



### 8 INFORMATION ABOUT REPORTING SEGMENT

The following table presents revenue and profit information regarding the Company's operating segments for the period ended September 30, 2014 and September 30, 2013 respectively.

	Spinning	Weaving	Inter Segmant Transactions	Consolidated
	Rs.	Rs.	Rs.	Rs.
		Quarter ended Sept	ember 30, 2014	
Sales Cost of Sales Gross profit Selling and distribution costs Administrative and general expenses Profit before taxation and un allocated expenses Un-allocated expenses:	835,343,481 (977,855,474) (142,511,993) (11,796,230) (15,523,785) (169,832,008)	625,678,781 (370,885,287) 254,793,494 (21,709,788) (10,542,188) 222,541,518	(239,994,600) 239,994,600 - - - - -	1,221,027,662 (1,108,746,161) 112,281,501 (33,506,017) (26,065,973) 52,709,511
Other operating expenses Other operating income Finance cost Profit before taxation Taxation Net profit for the year				(551,240) 977,587 (42,996,198) 10,139,660 (8,801,959) 1,337,701
		Quarter ended Sept	ember 30, 2013	
Sales Cost of Sales Gross profit	1,013,457,963 (874,991,150) 138,466,813	750,942,818 (735,226,909) 15,715,909	(345,145,050) 345,145,050 -	1,419,255,731 (1,265,073,009) 154,182,722
Selling and distribution costs Administrative and general expenses	(21,861,367) (14,767,054)	(36,517,885) (11,994,480)	-	(58,379,252) (26,761,534)
Profit before taxation and un allocated expenses Un-allocated expenses: Other operating expenses Other operating income Finance cost Profit before taxation Taxation Net profit for the year	101,838,393	(32,796,456)		69,041,937 (6,216,223) 12,073,994 (34,053,328) 40,846,380 (14,313,297) 26,533,083

### 9 TRANSACTIONS WITH RELATED PARTIES

No transaction has been carried out with any related patry during the period

There were no transactions with key management personnel other than undertaken as per terms of their employment.

### 10 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved by the Board of Directors and authorised for issue on October 27, 2014.

### II 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.

# BOOK POST PRINTED MATTER

(Under Certificate of Posting)

If undelivered, Please return to:

# Ghazi Fabrics International Ltd.

8-C, E-III, GULBERG - III, LAHORE 54660-PAKISTAN Ph:(042) 35764026-28 Fax: (042) 35764032 E-Mail: info@ghazifabrics.com Website: www.ghazifabrics.com Mills: 46 K.M. Multan Road, Bhai Pheru, Disst Kasur.