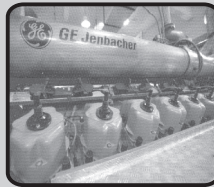




Ghazi Fabrics International Limited
Signature of Quality



1st Quarterly Report

September 30, 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 quarter ended 30th September, 2015.

Operating results

During the period under review the Company's sales were Rs. 1,107 million and the loss after tax of Rs. 81.01 million for the quarter ended September 30, 2015 as compared to a profit of Rs. 1.34 million in the corresponding period. Earning per share is Rs. (2.48) (corresponding period: Rs. 0.04)

Financial highlights

	September 2015	September 2014
	R u p e e s	
Sales	1,107,956,854	1,221,027,662
Operating (loss)/profit	(39,228,456)	52,158,271
(Loss)/ profit after tax	(81,012,753)	1,337,701
Earning per share (EPS) Rs.	(2.48)	0.04

Above mentioned loss of Rs. 81.01 million as compared to a profit of Rs. 1.34 million for the last quarter is due to depressed cotton yarn demand. The import of Indian yarns continues to disturb pricing levels. We are hopeful that the government will take cognizance of dumping of these yarns in the Pakistani markets and the negative impact it is having on spinning mills across the country.

Future prospects

The revival of domestic textile industry is largely dependent on continuous availability of power and gas in the country. Yarn market seems 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 28, 2015

(Mohammad Arshad Chaudhry)
Chief Executive Officer

GHAZI FABRICS INTERNATIONAL LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT SEPTEMBER 30, 2015

	Note	September 30, 2015 (Unaudited)	June 30, 2015 (Audited)
Rupees			
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)		(562,518,310)	(481,505,557)
		(236,162,310)	(155,149,557)
NON CURRENT LIABILITIES			
Long term financing	4	356,057,720	387,307,720
Sponsors' loan		1,227,727,835	1,177,727,835
Deferred liabilities		74,540,805	68,944,910
		1,658,326,360	1,633,980,465
CURRENT LIABILITIES			
Trade and other payables		403,566,513	392,199,200
Markup/ interest payables		18,505,348	11,500,140
Short term bank borrowings		884,148,122	1,020,173,051
Current portion of long term financing		190,072,729	224,125,561
Provision for taxation		29,620,376	15,770,915
		1,525,913,088	1,663,768,867
CONTINGENCIES AND COMMITMENTS	5		
TOTAL EQUITY AND LIABILITIES		2,948,077,138	3,142,599,775
ASSETS			
NON CURRENT ASSETS			
Operating fixed assets	6	1,502,935,254	1,535,323,787
Capital work in progress		132,451,921	129,013,034
Long term deposits		13,011,744	13,011,744
		1,648,398,920	1,677,348,565
CURRENT ASSETS			
Stores, spares and loose tools		124,455,319	89,717,957
Stock in trade		682,850,146	804,904,645
Trade debts		172,566,728	261,062,462
Loans and advances		168,942,360	154,451,342
Trade deposits and short term prepayments		19,401,202	2,010,414
Refunds from Government agencies		127,928,447	128,097,838
Cash and bank balances		3,534,015	25,006,553
		1,299,678,219	1,465,251,210
TOTAL ASSETS		2,948,077,138	3,142,599,775

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

Chief Executive

Director

GHAZI FABRICS INTERNATIONAL LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2015 (unaudited)

Note	Quarter Ended	
	September 30, 2015	September 30, 2014
	Rupees	
Sales - net	1,107,956,854	1,221,027,662
Cost of goods sold	1,111,414,812	1,108,746,161
Gross (loss)/ profit	(3,457,957)	112,281,501
Operating expenses:		
Selling and distribution	8,875,996	33,506,017
Administrative expenses	26,723,475	26,065,973
Other operating expenses	171,027	551,240
	35,770,498	60,123,230
Operating (loss)/ profit	(39,228,456)	52,158,271
Finance cost	26,709,268	42,996,198
Other operating income	1,674,431	977,587
(Loss)/ profit before taxation	(64,263,292)	10,139,660
Provision for taxation	16,749,461	8,801,959
(Loss)/ profit after taxation	(81,012,753)	1,337,701
Earnings per share - basic	(2.48)	0.04

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

Chief Executive

Director

GHAZI FABRICS INTERNATIONAL LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2015 (unaudited)

	Re-stated	
	Quarter Ended	
	September 30, 2015	September 30, 2014
(Loss) / profit for the period	(81,012,753)	1,337,701
Other comprehensive income	-	-
Total comprehensive loss for the period	(81,012,753)	1,337,701

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, 2015 (unaudited)

	Re-stated	
	Quarter Ended	
	September 30,	September 30,
	2015	2014
	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/ profit before taxation	(64,263,292)	10,139,660
Adjustments for non-cash charges and other items:		
- Depreciation	33,115,590	34,364,151
- Gain on disposal of property, plant and equipment	(299,357)	-
- Provision for gratuity	5,012,595	3,675,688
- Finance cost	26,709,268	42,996,198
	64,538,096	81,036,037
Operating profit before working capital changes	274,803	91,175,697
(Increase) / decrease in current assets:		
- Stores, spares and loose tools	(34,737,362)	(7,944,984)
- Stock in trade	122,054,499	(35,108,976)
- Trade debts	88,495,734	(161,553,541)
- Loans and advances	(14,491,018)	(56,770,199)
- Trade deposits and short term prepayments	(17,390,788)	(2,156,106)
- Sales tax refundable	169,391	(22,124,083)
Increase / (decrease) in current liabilities:		
- Trade and other payables	11,367,313	46,187,056
	155,467,768	(239,470,833)
Cash generated from / (used in) operations	155,742,571	(148,295,137)
Gratuity paid	(2,316,701)	(1,850,941)
Tax paid	-	(9,841,591)
Finance cost paid	(19,704,059)	(58,593,726)
Net cash from operating activities	133,721,811	(218,581,395)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	(732,700)	(7,927,191)
Proceeds from disposal of property, plant and equipment	305,000	-
Capital work in progress	(3,438,887)	(112,866,002)
Net cash used in investing activities	(3,866,587)	(120,793,193)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayment)/ proceeds from long term financing - net	(65,302,832)	42,559,411
Loan from directors and others - net	50,000,000	(40,383,926)
Short term borrowings	(136,024,929)	337,349,469
Net cash generated from financing activities	(151,327,761)	339,524,954
Net increase / (decrease) in cash and cash equivalents	(21,472,537)	150,365
Cash and cash equivalents at the beginning of the period	25,006,553	4,451,555
Cash and cash equivalents at the end of the period	3,534,016	4,601,921

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, 2015 (unaudited)

	Issued, Subscribed and Paid-up Share Capital	Accumulated loss	Total
	R	U P E E S	
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
Balance as at June 30, 2015	326,356,000	(481,505,557)	(155,149,557)
Loss for the period	-	(81,012,753)	(81,012,753)
Balance as at September 30, 2015	326,356,000	(562,518,310)	(236,162,310)

**GHAZI FABRICS INTERNATIONAL LIMITED
SELECTED NOTES TO THE CONDENSED
INTERIM FINANCIAL INFORMATION
FOR THE QUARTER ENDED SEPTEMBER 30, 2015 (unaudited)**

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 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, 2015.

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, 2015.

4 SIGNIFICANT ACCOUNTING POLICIES

Consequent to the revision of IAS 19 "Employee Benefits" which is effective for annual periods beginning on or after January 01, 2013 the Company has changed its accounting policy wherein, the actuarial gains and losses (remeasurement gains/losses) on employees' retirement benefit plans are recognized immediately in other comprehensive income. Previously the actuarial gains/losses in excess of corridor limit were recognized in profit and loss account over remaining service life of employees. The change in accounting policy has been accounted for retrospectively and the comparative figures have thereby been restated.

	September 30, 2015	June 30, 2015
	Rupees	
4 LONG TERM FINANCING - Secured		
Opening balance	611,433,281	652,462,374
Add: Acquired during the period / year	-	76,613,243
	<u>611,433,281</u>	<u>729,075,617</u>
Less: Repayment during the period /year	<u>(65,302,832)</u>	<u>(117,642,336)</u>
	546,130,449	611,433,281
Less: Current portion	<u>(190,072,729)</u>	<u>(224,125,561)</u>
	<u><u>356,057,720</u></u>	<u><u>387,307,720</u></u>

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, 2015 : 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. 17.391 million. (June 30, 2014 : Rs. 58.091 million)
- 5.3** Commitments against irrevocable letters of credit outstanding Rs. Nil (June 30, 2014 : Rs. 1.351 million)



6 PROPERTY, PLANT AND EQUIPMENT

Opening written down value
 Addition during the period / year
 Land - freehold
 Building on freehold land
 Plant and machinery
 Furniture and fittings
 Vehicles
 Equipment
 Electric installation

 Book value of assets disposed off during the period / year
 Depreciation for the period / year

6.1 Book value of assets disposed off
 Plant and machinery
 Vehicles

	September 30, 2015	June 30, 2015
	Rupees	
	1,535,323,787	1,456,991,145
	697,500	7,875,021
		234,338,301
		851,331
		6,800,320
	35,200	616,369
		-
	732,700	250,481,342
	(5,643)	(18,993,193)
	(33,115,590)	(153,155,507)
	<u>1,502,935,254</u>	<u>1,535,323,787</u>
	-	18,947,943
	5,643	45,250
	<u>5,643</u>	<u>18,993,193</u>
	September 30, 2014	September 30, 2014
	Rupees	
		Re-stated
7.1	758,634,330	875,703,408
	9,465,692	5,257,997
	130,313,415	77,250,221
	138,495,287	114,067,244
	11,320,809	10,398,403
	7,559,364	6,671,343
	18,325,951	17,924,769
	674,733	900,151
	31,205,090	32,358,230
	533,903	1,334,185
	<u>1,106,528,573</u>	<u>1,141,865,951</u>
Adjustment of work in process		
Opening	68,118,895	75,160,935
Closing	(65,143,258)	(72,410,043)
	<u>2,975,637</u>	<u>2,750,892</u>
Cost of goods manufactured	1,109,504,210	1,144,616,843
Adjustment of finished goods		
Opening	451,338,089	442,468,889
Closing	(449,427,487)	(478,339,571)
	<u>1,910,602</u>	<u>(35,870,682)</u>
	<u>1,111,414,812</u>	<u>1,108,746,161</u>
7.1 Raw material consumed		
Opening stock	285,447,661	543,796,522
Purchases	641,466,070	877,583,618
	<u>926,913,731</u>	<u>1,421,380,140</u>
Closing stock	(168,279,401)	(545,676,732)
	<u>758,634,330</u>	<u>875,703,408</u>

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, 2015 and September 30, 2014 respectively.

	Spinning	Weaving	Inter Segment Transactions	Consolidated
	Rs.	Rs.	Rs.	Rs.
Quarter ended September 30, 2015				
Sales	539,804,255	568,152,599	(318,042,300)	1,107,956,854
Cost of Sales:	(644,620,591)	(466,794,221)	318,042,300	(1,111,414,812)
Gross profit	(104,816,336)	101,358,378	-	(3,457,957)
Selling and distribution costs	(7,270,186)	(2,267,314)	-	(8,875,996)
Administrative and general expenses	(18,567,791)	(7,003,337)	-	(26,723,475)
Profit before taxation and un allocated expenses	(130,654,313)	92,087,727	-	(39,057,429)
Un-allocated expenses:				
Other operating expenses				(171,027)
Other operating income				1,674,431
Finance cost				(26,709,268)
Profit before taxation				(64,263,292)
Taxation				(16,749,461)
Net profit for the year				<u>(81,012,753)</u>
Quarter ended September 30, 2014				
Sales	835,343,481	625,678,781	(239,994,600)	1,221,027,662
Cost of Sales:	(977,855,474)	(370,885,287)	239,994,600	(1,108,746,161)
Gross profit	(142,511,993)	254,793,494	-	112,281,501
Selling and distribution costs	(11,796,230)	(21,709,788)	-	(33,506,017)
Administrative and general expenses	(15,523,785)	(10,542,188)	-	(26,065,973)
Profit before taxation and un allocated expenses	(169,832,008)	222,541,518	-	52,709,511
Un-allocated expenses:				
Other operating expenses				(551,240)
Other operating income				977,587
Finance cost				(42,996,198)
Profit before taxation				10,139,660
Taxation				(8,801,959)
Net profit for the year				<u>1,337,701</u>

9 TRANSACTIONS WITH RELATED PARTIES

No transaction has been carried out with any related party 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 28, 2015.

11 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.

Chief Executive

Director

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