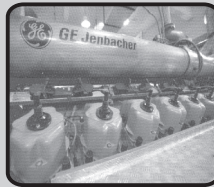




Ghazi Fabrics International Limited
Signature of Quality



1st Quarterly Report

September 30, 2016

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, 2016.

Operating results

During the period under review the Company's sales were Rs. 1,232 million and the loss after tax of Rs. 122.77 million for the quarter ended September 30, 2015 as compared to a loss of Rs. 81.01 million in the corresponding period. Earning per share is Rs. (3.76) (corresponding period:Rs. (2.48))

Financial highlights

	September 2016	September 2015
	R u p e e s	
Sales	1,232,249,374	1,107,956,854
Operating loss	(86,482,209)	(39,228,456)
Loss after tax	(122,777,803)	(81,012,753)
Earning per share (EPS) Rs.	(3.76)	(2.48)

Above mentioned loss of Rs. 122.77 million as compared to a loss of Rs.81.01 million last year 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, 2016

(Mohammad Arshad Chaudhry)
Chief Executive Officer



GHAZI FABRICS INTERNATIONAL LIMITED

ڈائریکٹرز رپورٹ

ہم 30th ستمبر 2016ء کو ختم ہونے والی سرمایہ کے لئے تفصیلات پیش کرتے ہیں۔

آپریٹنگ نتائج:

زیر جائزہ مدت کے دوران کمپنی کی فروخت 1,232 ملین ری اور بعد از ٹیکس نقصان 122.77 ملین رہا ہے اور پچھلے سال اسی مدت کے اعداد و شمار کے مطابق بعد از ٹیکس نقصان 81.01 ملین روپے رہا۔ فی شیئر آمدنی (3.76) ری۔ (2.48) (2015)

ستمبر 2015	ستمبر 2016	
روپے	روپے	
1,107,956,854	1,232,249,374	فروخت
(39,228,456)	(86,482,209)	آپریٹنگ منافع / نقصان
(81,012,753)	(122,777,803)	بعد از ٹیکس منافع / نقصان
(2.48)	(3.76)	فی شیئر آمدنی

مندرجہ بالا آخری سرمایہ کا نقصان دھاگے کی طلب میں کمی کی وجہ سے ہے۔ بھارتی دھاگے کی درآمدی قیمتوں کا تین گنے میں اہم رکاوٹ ہے۔ ہم امید کر رہے ہیں کہ حکومت اس دھاگے کی پاکستان میں کھپت اور مفتی اثر، جو پورے ملک کی سپلائینگ ملز پر پڑا ہے، کا ادراک کرے گی۔

مستقبل کے امکانات:

ٹیکسٹائل کی صنعت کی بحالی، ملک میں بجلی اور گیس کی مسلسل تہدیلی پر منحصر ہے۔ دھاگے کی مارکیٹ دباؤ میں دکھائی دیتی ہے۔ جو کمپنی کے مستقبل کے منافع پر اثر انداز ہو سکتی ہے۔ کمپنی مصنوعات کی ترقی، مارکیٹنگ کی کوششوں میں بہتری اور توانائی کی بچت کے اقدامات پر کام کر کے ان چیلنجوں کا سامنا کرنے کے لئے بہترین کوشش کر رہی ہے۔ یہ سوال ابھی بھی ہے کہ موسم سرما میں پنجاب کی ملوں کے لئے گیس دستیاب ہوگی کہ نہیں۔

اعتراف:

ڈائریکٹرز نے کمپنی کی انتظامیہ کی تعریف کرنے کے ساتھ ساتھ اپنے حصص یافتگان، بینکاروں، سپلائرز اور اپنے قابل قدر صارفین کا شکریہ ادا کیا جو اس مدت میں انہوں نے ہمارے ساتھ کیا۔

بورڈ آف ڈائریکٹرز کی جانب سے

لاہور

28 اکتوبر 2016ء

چوہدری محمد ارشد

چیف ایگزیکٹو



GHAZI FABRICS INTERNATIONAL LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT SEPTEMBER 30, 2016

	Note	September 30, 2016 (Unaudited)	June 30, 2016 (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
Directors' loan		1,335,727,835	1,255,727,835
Accumulated (loss)		(876,215,550)	(753,437,747)
		785,868,285	828,646,088
NON CURRENT LIABILITIES			
Long term financing	4	324,903,874	350,000,030
Deferred liabilities		60,847,570	60,906,493
		385,751,444	410,906,523
CURRENT LIABILITIES			
Trade and other payables		775,937,064	439,316,968
Markup/ interest payables		14,653,545	10,985,629
Short term bank borrowings		969,871,620	940,648,513
Current portion of long term financing		131,153,850	143,461,540
Provision for taxation		47,228,180	35,228,181
		1,938,844,259	1,569,640,831
CONTINGENCIES AND COMMITMENTS	5		
TOTAL EQUITY AND LIABILITIES		3,110,463,986	2,809,193,442
ASSETS			
NON CURRENT ASSETS			
Operating fixed assets	6	1,569,429,748	1,605,032,489
Capital work in progress		35,633,231	34,210,062
Long term deposits		13,011,744	13,011,744
		1,618,074,722	1,652,254,295
CURRENT ASSETS			
Stores, spares and loose tools		144,008,729	93,384,579
Stock in trade		731,433,802	626,433,802
Trade debts		240,157,483	128,667,713
Loans and advances		177,330,428	120,113,204
Trade deposits and short term prepayments		17,690,788	300,000
Refunds from Government agencies		175,790,738	183,884,120
Cash and bank balances		5,977,296	4,155,728
		1,492,389,264	1,156,939,145
TOTAL ASSETS		3,110,463,986	2,809,193,440

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, 2016

	Note	Re-stated	
		Quarter Ended	
		September 30, 2016	September 30, 2015
		Rupees	
Sales - net		1,232,249,374	1,107,956,854
Cost of goods sold	7	1,283,581,473	1,111,414,812
Gross (loss)/ profit		(51,332,099)	(3,457,957)
Operating expenses:			
Selling and distribution		9,063,190	8,875,996
Administrative expenses		25,802,617	26,723,475
Other operating expenses		284,304	171,027
		35,150,110	35,770,498
Operating (loss)/ profit		(86,482,209)	(39,228,456)
Finance cost		23,026,312	26,709,268
Other operating income		2,231,069	1,674,431
(Loss)/ profit before taxation		(107,277,453)	(64,263,292)
Provision for taxation		15,500,350	16,749,461
(Loss)/ profit after taxation		(122,777,803)	(81,012,753)
Earnings per share - basic		(3.76)	(2.48)

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, 2016

	Re-stated	
	Quarter Ended	
	September 30, 2016	September 30, 2015
(Loss) / profit for the period	(122,777,803)	(81,012,753)
Other comprehensive income	-	-
Total comprehensive loss for the period	<u>(122,777,803)</u>	<u>(81,012,753)</u>

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

Chief Executive

Director

GHAZI FABRICS INTERNATIONAL LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016

	Re-stated	
	Quarter Ended	
	September 30, 2016	September 30, 2015
	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/ profit before taxation	(107,277,453)	(107,277,453)
Adjustments for non-cash charges and other items:		
- Depreciation	36,007,690	33,115,590
- loss/ (gain) on disposal of property, plant and equipment	284,304	(299,357)
- Provision for gratuity		5,012,595
- Finance cost	23,026,312	26,709,268
	59,318,306	64,538,096
Operating profit before working capital changes	(47,959,146)	274,803
(Increase) / decrease in current assets:		
- Stores, spares and loose tools	(50,624,150)	(34,737,362)
- Stock in trade	(105,000,000)	122,054,499
- Trade debts	(111,489,770)	88,495,734
- Loans and advances	(57,217,224)	(14,491,018)
- Trade deposits and short term prepayments	(17,390,788)	(17,390,788)
- Sales tax refundable	8,093,382	169,391
Increase / (decrease) in current liabilities:		
- Trade and other payables	336,620,096	11,367,313
	2,991,545	155,467,769
Cash generated from / (used in) operations	(44,967,601)	155,742,572
Gratuity paid	(3,559,273)	(2,316,701)
Tax paid	-	-
Finance cost paid	(19,358,397)	(19,704,059)
Net cash from operating activities	(67,885,271)	133,721,812
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	(1,039,253)	(732,700)
Proceeds from disposal of property, plant and equipment	350,000	305,000
Capital work in progress	(1,423,169)	(3,438,887)
Net cash used in investing activities	(2,112,422)	(3,866,587)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayment)/ proceeds from long term financing - net	(37,403,846)	(65,302,832)
Loan from directors and others - net	80,000,000	50,000,000
Short term borrowings	29,223,107	(136,024,929)
Net cash generated from financing activities	71,819,261	(151,327,761)
Net increase / (decrease) in cash and cash equivalents	1,821,569	(21,472,536)
Cash and cash equivalents at the beginning of the period	4,155,728	25,006,553
Cash and cash equivalents at the end of the period	5,977,298	3,534,017

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, 2016

	Issued, Subscribed and Paid-up Share Capital	Accumulated loss	Total
	R	U	P E E S
Balance as at June 30, 2015	326,356,000	(481,505,557)	(155,149,557)
Profit for the period	-	(81,012,753)	(81,012,753)
Balance as at September 30, 2015	326,356,000	(562,518,310)	(236,162,310)
Balance as at June 30, 2016	326,356,000	(753,437,747)	(427,081,747)
Loss for the period	-	(122,777,803)	(122,777,803)
Balance as at September 30, 2016	326,356,000	(876,215,550)	(549,859,550)

Chief Executive

Director

**GHAZI FABRICS INTERNATIONAL LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016**

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, 2016.

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, 2016.

	September 30, 2016	June 30, 2016
	Rupees	
4 LONG TERM FINANCING - Secured		
Opening balance	493,461,570	611,433,281
Add: Acquired during the period / year	-	100,000,000
	493,461,570	711,433,281
Less: Repayment during the period / year	(37,403,846)	(217,971,711)
	456,057,724	493,461,570
Less: Current portion	(131,153,850)	(143,461,540)
	<u>324,903,874</u>	<u>350,000,030</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, 2016 : 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. 0 million (June 30, 2016 : Rs. 6.5 million)

		September 30, 2016	June 30, 2016
		Rupees	
6 PROPERTY, PLANT AND EQUIPMENT	Note		
Opening written down value		1,605,032,489	1,535,323,787
Addition during the period / year			
Land - freehold		-	-
Building on freehold land		-	-
Plant and machinery		-	697,500
Furniture and fittings		-	-
Vehicles		-	-
Equipment		1,039,253	35,200
Electric installation		-	-
		1,039,253	732,700
Book value of assets disposed off during the period / year	6.1	(634,304)	(5,643)
Depreciation for the period / year		(36,007,690)	(33,115,590)
		<u>1,569,429,748</u>	<u>1,502,935,254</u>
6.1 Book value of assets disposed off			
Plant and machinery		631,113	-
Vehicles		3,191	5,643
		<u>634,304</u>	<u>5,643</u>



		Quarter Ended	
		September 30, 2016	September 30, 2015
		Rupees	
7	COST OF GOODS SOLD	Re-stated	
	Raw materials and other direct materials consumed	7.1 962,366,135	758,634,330
	Fabric conversion, dyeing and bleaching	5,976,507	9,465,692
	Salaries, wages and benefits	135,136,793	130,313,415
	Fuel and power	135,005,232	138,495,287
	Packing material consumed	11,699,075	11,320,809
	Sizing material consumed	15,944,842	7,559,364
	Store and spares consumed	11,585,561	18,325,951
	Insurance	1,764,884	674,733
	Depreciation	32,406,921	31,205,090
	Others	1,695,522	533,903
		1,313,581,473	1,106,528,573
	Adjustment of work in process		
	Opening	70,423,471	68,118,895
	Closing	(75,423,471)	(65,143,258)
		(5,000,000)	2,975,637
	Cost of goods manufactured	1,308,581,473	1,109,504,210
	Adjustment of finished goods		
	Opening	399,925,652	451,338,089
	Closing	(424,925,652)	(449,427,487)
		(25,000,000)	1,910,602
		1,283,581,473	1,111,414,812
	7.1 Raw material consumed		
	Opening stock	156,084,679	285,447,661
	Purchases	1,037,366,135	641,466,070
		1,193,450,814	926,913,731
	Closing stock	(231,084,679)	(168,279,401)
		962,366,135	758,634,330

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, 2016 and September 30, 2015 respectively.

	Spinning	Weaving	Inter Segment Transactions	Consolidated
	Rs.	Rs.	Rs.	Rs.
Quarter ended September 30, 2016				
Sales	698,579,497	533,669,877	(258,470,724)	1,232,249,374
Cost of Sales:	(744,477,254)	(539,104,218)	(258,470,724)	(1,283,581,473)
Gross profit	(45,897,757)	(5,434,342)	-	(51,332,099)
Selling and distribution costs	(7,270,186)	(2,267,314)	-	(9,063,190)
Administrative and general expenses	(18,567,791)	(7,003,337)	-	(25,802,617)
Profit before taxation and un allocated expenses	(71,735,734)	(14,704,993)	-	(86,197,905)
Un-allocated expenses:				
Other operating expenses				(284,304)
Other operating income				2,231,069
Finance cost				(23,026,312)
Profit before taxation				(107,277,453)
Taxation				(15,500,350)
Net profit for the year				(122,777,803)



	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				(81,012,753)

9 TRANSACTIONS WITH RELATED PARTIES

Rs.

Rs.

Directors' loan	80,000,000	-
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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, 2016.

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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