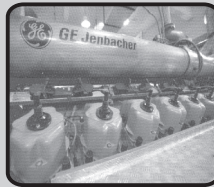




Ghazi Fabrics International Limited
Signature of Quality



3rd Quarterly Report

March 31, 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 nine month ended March 31, 2016.

Operating results

During the period under review the Company's gross profit were Rs. 103.650 million and the loss after tax of 199.158 million as compared to a loss of Rs.41.725 million in the corresponding period ended March 31, 2015. Loss per share is Rs. 6.10(corresponding period LPS:Rs. 1.28).

Financial highlights

| | September 2016 | September 2015 |
|-----------------------------|---------------------------|---------------------------|
| | R u p e e s | |
| Sales | 3,589,482,647 | 3,775,605,181 |
| Gross profit | 103,649,908 | 277,108,365 |
| Profit after tax | (199,158,233) | (41,725,522) |
| Gross profit (%) | 2.88 | 7.34 |
| Earning per share (EPS) Rs. | (6.10) | (1.28) |

Indicative from the figures above, total sales of the Company declined by nearly 5% compared to last year. Pakistan's textile exports were expected to rise after being awarded GSP Plus status by the European Union (EU); however the present condition is just on the contrary. This is mainly because of the decline in overall demand and fierce competition in international markets. Moreover, the diminishing economic growth of Europe and China in particular has affected the financial performance as they serve as major export markets for the Company.

Future prospects

Under the current economic scenario, factors such as fierce competition in international markets, availability of subsidized yarn both in local and international market, GIDC and other innovative taxes continue to pose a challenge for the Company. Bold steps, (including but not limited to) such as the formalization of textile policy, reduced tax rates for the industry, immediate measures for the availability of electricity and rationalization of its cost need to be taken by the Government; for they will provide the much needed support to the local industry.

Acknowledgement

We are grateful to the management and employees of the Company for their hard-work and dedication. We also express our gratitude to our shareholder, bankers, suppliers and valued customers who cooperated with us throughout the period.

For and on behalf of the board

Lahore
April 26, 2016

(Mohammad Arshad Chaudhry)
Chief Executive Officer

GHAZI FABRICS INTERNATIONAL LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT MARCH 31, 2016

| | Note | Unaudited December 31, 2015 Rupees | Audited June 30, 2015 Rupees |
|-------------------------------------------|------|---------------------------------------------|---------------------------------------|
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorized share capital | 5.01 | 400,000,000 | 400,000,000 |
| Issued, subscribed and paid-up capital | 5.02 | 326,356,000 | 326,356,000 |
| Accumulated loss | | (680,663,790) | (481,505,557) |
| | | (354,307,790) | (155,149,557) |
| NON CURRENT LIABILITIES | | | |
| Long term financing | 6 | 387,403,872 | 387,307,720 |
| Sponsors' loan | | 1,304,727,835 | 1,177,727,835 |
| Deferred liabilities | | 65,111,332 | 68,944,910 |
| | | 1,757,243,039 | 1,633,980,465 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 442,308,540 | 392,199,200 |
| Markup / interest payables | | 32,446,768 | 11,500,140 |
| Short term bank borrowings | | 993,152,351 | 1,020,173,051 |
| Current portion of long term financing | | 154,383,218 | 224,125,561 |
| Provision for taxation | | 24,427,939 | 15,770,915 |
| | | 1,646,718,817 | 1,663,768,867 |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 7 | - | - |
| | | 3,049,654,066 | 3,142,599,775 |
| ASSETS | | | |
| NON CURRENT ASSETS | | | |
| Operating fixed assets | 8 | 1,540,798,035 | 1,535,323,787 |
| Capital work in progress | | 102,101,752 | 129,013,034 |
| | | 1,642,899,787 | 1,664,336,821 |
| LONG TERM DEPOSIT | | | |
| | | 13,011,744 | 13,011,744 |
| | | 1,655,911,531 | 1,677,348,565 |
| CURRENT ASSETS | | | |
| Stores, spares and loose tools | | 134,051,920 | 89,717,957 |
| Stock in trade | | 641,999,112 | 804,904,645 |
| Trade debts | | 315,935,228 | 261,062,462 |
| Loans and advances | | 174,731,616 | 154,451,342 |
| Trade deposits and short term prepayments | | 901,875 | 2,010,414 |
| Other receivables | | 120,797,617 | 128,097,838 |
| Cash and bank balances | | 5,325,164 | 25,006,550 |
| | | 1,393,742,533 | 1,465,251,209 |
| | | 3,049,654,066 | 3,142,599,775 |

Chief Executive

Director

GHAZI FABRICS INTERNATIONAL LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2016

| | Note | Nine Months Ended | | Quarted Ended | |
|----------------------------------------|------|-------------------|---------------|---------------|---------------|
| | | March 31, | | March 31, | |
| | | 2016 | 2015 | 2016 | 2015 |
| | | Rupees | | Rupees | |
| SALES - Net | | 3,589,482,647 | 3,775,605,181 | 1,290,285,049 | 1,287,552,838 |
| COST OF SALES | | 3,485,832,739 | 3,498,496,816 | 1,235,511,434 | 1,196,930,182 |
| GROSS PROFIT | | 103,649,908 | 277,108,365 | 54,773,615 | 90,622,656 |
| SELLING AND DISTRIBUTION | | 60,165,971 | 107,888,677 | 7,588,954 | 42,327,993 |
| ADMINISTRATIVE EXPENSES | | 76,181,212 | 77,384,826 | 15,647,206 | 22,133,409 |
| OTHER CHARGES | | 4,947,983 | 13,375,229 | | 13,375,229 |
| | | 141,295,166 | 198,648,732 | 23,236,159 | 77,836,631 |
| OPERATING PROFIT | | (37,645,257) | 78,459,633 | 31,537,456 | 12,786,025 |
| OTHER INCOME | | 7,600,923 | 18,314,462 | 2,248,915 | 1,742,344 |
| | | (30,044,334) | 96,774,095 | 33,786,371 | 14,528,369 |
| FINANCE COST | | 129,741,708 | 133,812,124 | 68,079,969 | 48,284,726 |
| (LOSS) / PROFIT BEFORE TAXATION | | (159,786,042) | (37,038,029) | (34,293,598) | (33,756,357) |
| PROVISION FOR TAXATION | | 39,372,190 | 4,687,493 | (284,722) | 13,937,675 |
| (LOSS) / PROFIT AFTER TAXATION | | (199,158,233) | (41,725,522) | (34,008,876) | (47,694,032) |
| Earnings per share - Basic | | (6.10) | (1.28) | (1.04) | (1.46) |

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

Chief Executive

Director

GHAZI FABRICS INTERNATIONAL LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2016

| | Nine Months Ended | | Quarter Ended | |
|----------------------------------------------------|--------------------------|---------------------|----------------------|---------------------|
| | March 31, | | March 31, | |
| | 2016 | 2015 | 2016 | 2015 |
| | Rupees | | Rupees | |
| (Loss) / Profit after taxation | (199,158,233) | (41,725,522) | (34,008,876) | (47,694,032) |
| Other comprehensive income for the period | - | - | - | - |
| Total comprehensive (loss) / income for the period | <u>(199,158,233)</u> | <u>(41,725,522)</u> | <u>(34,008,876)</u> | <u>(47,694,032)</u> |

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

Chief Executive

Director

GHAZI FABRICS INTERNATIONAL LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2016

| | March 31, 2016 Rupees | March 31, 2015 Rupees |
|-----------------------------------------------------------|-----------------------------|-----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| (Loss)/Profit before taxation | (159,786,042) | (37,038,029) |
| Adjustment for: | | |
| Depreciation | 112,289,815 | 113,379,839 |
| (Gain) on disposal of fixed assets | (497,473) | (11,684,059) |
| Staff retirement benefits | 9,500,000 | 14,586,883 |
| Finance cost | 129,741,708 | 133,812,124 |
| | <u>251,034,050</u> | <u>250,094,786</u> |
| Cash flows before working capital changes | <u>91,248,008</u> | <u>213,056,757</u> |
| (Increase)/decrease in current assets | | |
| Stores, spares and loose tools | (44,333,963) | (3,466,678) |
| Stock in trade | 162,905,533 | (194,440,561) |
| Trade debts | (54,872,766) | (24,922,466) |
| Loans and advances | (20,280,274) | (129,785,364) |
| Trade deposits and prepayments | 1,108,539 | (1,710,414) |
| Other receivable | 7,300,221 | (12,346,958) |
| Increase/(decrease) in current liabilities | | |
| Trade and other payables | 50,109,340 | 21,454,475 |
| | <u>101,936,630</u> | <u>(345,217,966)</u> |
| Cash (Outflows)/Inflows from operations | <u>193,184,638</u> | <u>(132,161,209)</u> |
| Finance cost paid | (108,795,080) | (156,875,558) |
| Staff retirement benefits Paid | (13,333,579) | (8,216,369) |
| Income Tax paid | (30,715,166) | (9,679,775) |
| Net cash used in operating activities | <u>40,340,812</u> | <u>(306,932,910)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Property, plant and equipment purchased | (117,771,590) | (242,485,317) |
| Proceeds from disposal of property, plant and equipment | 505,000 | 30,632,002 |
| Capital Work in Progress | 26,911,282 | 109,603,840 |
| Long term deposits | - | (59,730) |
| Net cash used in investing activities | <u>(90,355,308)</u> | <u>(102,309,205)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Long term financing | (69,646,191) | (16,261,254) |
| Loan from directors and others-net | 127,000,000 | 86,722,430 |
| Short term borrowings- net | (27,020,700) | 336,672,440 |
| Net cash generated from financing activities | <u>30,333,109</u> | <u>407,133,616</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | <u>(19,681,387)</u> | <u>(2,108,499)</u> |
| CASH AND CASH EQUIVALENTS | | |
| AT THE BEGINNING OF THE PERIOD | <u>25,006,550</u> | <u>4,451,555</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | <u><u>5,325,163</u></u> | <u><u>2,343,056</u></u> |

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

Chief Executive

Director



GHAZI FABRICS INTERNATIONAL LIMITED
CONDENSED INTERIM STATEMENT
OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THIRD QUARTER AND NINE MONTHS ENDED MARCH 31, 2016

| | Issued, subscribed and paid-up capital | Accumulated losses | Total |
|-------------------------------------------|----------------------------------------------|-----------------------|----------------------|
| | R | U P E E S | |
| Balance as at July 01, 2014 | 326,356,000 | (307,115,636) | 19,240,364 |
| Total comprehensive income for the period | - | (41,725,522) | (41,725,522) |
| Balance as at March 31, 2015 | 326,356,000 | (348,841,158) | (22,485,158) |
| Balance as at July 01, 2015 | 326,356,000 | (481,505,557) | (155,149,557) |
| Total comprehensive income for the period | | (199,158,233) | (199,158,233) |
| Balance as at March 31, 2016 | 326,356,000 | (680,663,790) | (354,307,790) |

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

**GAZI FABRICS INTERNATIONAL LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED MARCH 31, 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 STATEMENT OF COMPLIANCE

This condensed interim financial information is un-audited but subject to limited scope review by auditors and have been prepared in accordance with the requirements of International Accounting Standard No. 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provision of or directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim financial information does not include all of the information required for full financial statements, and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2015.

3 BASIS OF MEASUREMENT

This condensed interim financial information has been prepared under the historical cost convention modified by adjustment of revaluation of certain assets. In this condensed interim financial information, except for the cash flow statement, all the transactions have been accounted for on accrual basis.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods for computation adopted for the preparation of this condensed interim financial information are the same as those applied in preparation of the financial statements for the year ended June 30, 2015.

| | March 31, 2016 Rupees | June 30, 2015 Rupees |
|----------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| 5 SHARE CAPITAL | | |
| 5.01 Authorised capital | | |
| 40,000,000 (June 30, 2015 : 40,000,000) ordinary shares of Rs. 10/- each paid in cash. | 400,000,000 | 400,000,000 |
| 5.02 Issued, subscribed and paid up capital: | | |
| 32,635,600 (June 30, 2015 : 32,635,600) ordinary shares of Rs. 10/- each paid in cash. | 326,356,000 | 326,356,000 |
| 6 LONGTERM FINANCING - Secured | | |
| Opening balance | 611,433,281 | 652,462,374 |
| Add: Acquired during the period/ year | 100,000,000 | 76,613,243 |
| Less: Repayment during the period/year | (169,646,191) | (117,642,336) |
| | 541,787,090 | 611,433,281 |
| Less: Current portion | (154,383,218) | (224,125,561) |
| | 387,403,872 | 387,307,720 |

7 CONTINGENCIES AND COMMITMENTS

- 7.01 There is no material change in the status of the contingencies reported in the annual financial statements for the year ended June 30, 2015.
- 7.02 Commitments against irrevocable letters of credit outstanding as at March 31, 2016 amounts to Rs. Nil : (June 30, 2015 Rs. 3.502 Million).

| | March 31, 2015 Rupees | June 30, 2015 Rupees |
|-------------------------------------------------------------------------|-----------------------------|----------------------------|
| 8 PROPERTY, PLANT AND EQUIPMENT | | |
| Opening written down value | 1,535,323,787 | 1,456,991,145 |
| Addition during the period / year | | |
| Land - freehold | - | - |
| Buildings on freehold land | - | 7,875,021 |
| Plant and machinery | 117,564,607 | 234,338,301 |
| Furniture and fittings | - | 851,331 |
| Vehicles | - | 6,800,320 |
| Tools and equipment | 167,300 | 616,369 |
| Electric installations | 39,683 | - |
| | 117,771,590 | 250,481,342 |
| Book value of plant and machinery disposed off during the period / year | (7,527) | (18,993,193) |
| Depreciation for the period / year | (112,289,815) | (153,155,507) |
| | <u>1,540,798,035</u> | <u>1,535,323,787</u> |

| | Unaudited Nine Months Ended | | Unaudited Quarter Ended | |
|---------------------------------------------------|--------------------------------|-----------------------------|-----------------------------|-----------------------------|
| | March 31, 2016 Rupees | March 31, 2015 Rupees | March 31, 2016 Rupees | March 31, 2015 Rupees |
| 9 COST OF SALES | | | | |
| Raw materials and other direct materials consumed | 2,462,285,461 | 2,381,844,765 | 896,974,022 | 749,585,503 |
| Salaries, wages and benefits | 290,939,329 | 269,958,579 | 84,781,747 | 100,345,925 |
| Fuel and power | 371,644,526 | 397,052,413 | 84,231,802 | 122,418,239 |
| Packing material consumed | 60,418,398 | 58,482,429 | 16,358,445 | 19,878,264 |
| Sizing material consumed | 26,919,101 | 26,404,614 | 6,537,530 | 9,427,709 |
| Store and spares consumed | 130,459,161 | 111,071,866 | 74,074,735 | 37,648,481 |
| Insurance | 2,588,114 | 8,689,560 | (341,817) | 2,289,612 |
| Depreciation | 106,308,068 | 107,349,024 | 31,481,859 | 37,493,845 |
| Others | 15,184,562 | 17,862,043 | 3,826,145 | 12,409,327 |
| | <u>3,466,746,719</u> | <u>3,378,715,293</u> | <u>1,197,924,467</u> | <u>1,091,496,905</u> |
| Adjustment of work in process | (15,271,790) | 4,299,672 | 11,772,372 | (61,684) |
| Cost of goods manufactured | <u>3,451,474,929</u> | <u>3,383,014,965</u> | <u>1,209,696,839</u> | <u>1,091,435,221</u> |
| Adjustment of finished goods | <u>34,357,810</u> | <u>115,481,850</u> | <u>25,814,594</u> | <u>105,494,961</u> |
| | <u>3,485,832,739</u> | <u>3,498,496,816</u> | <u>1,235,511,433</u> | <u>1,196,930,182</u> |

| | Nine Months Ended | |
|------------------------------------------------|-------------------|-------------------|
| | March 31, 2016 | March 31, 2015 |
| 10 TRANSACTION WITH RELATED PARTIES | | |
| Receipt / (Repayment) of Sponsors' loan - net | 127,000,000 | 86,722,430 |

11 INFORMATION ABOUT REPORTING SEGMENT

The following table presents revenue and profit information regarding the Company's operating segments for the nine months ended March 31, 2016 and March 31, 2015.

| | Spinning | Weaving | Inter - segment Transactions | Consolidated |
|--------------------------------------------------|-----------------|-----------------|------------------------------|----------------------|
| Amount (Rupees) | | | | |
| March 31, 2016 | | | | |
| Sales | 2,685,424,667 | 1,878,161,030 | (974,103,050) | 3,589,482,647 |
| Cost of Sales: | (2,614,374,554) | (1,845,561,235) | 974,103,050 | (3,485,832,739) |
| Gross profit | 71,050,113 | 32,599,795 | - | 103,649,908 |
| Selling and distribution costs | (12,740,311) | (37,978,784) | - | (60,165,971) |
| Administrative and general expenses | (15,818,789) | (2,376,907) | - | (76,181,212) |
| Profit before taxation and un allocated expenses | 42,491,013 | (7,755,895) | - | (32,697,274) |
| Un-allocated expenses: | | | | |
| Other operating expenses | | | | (4,947,983) |
| Other operating income | | | | 7,600,923 |
| Finance cost | | | | (129,741,708) |
| Profit before taxation | | | | (159,786,042) |
| Taxation | | | | (39,372,190) |
| Net (loss) for the period | | | | (199,158,233) |

| | | | | |
|--------------------------------------------------|-----------------|-----------------|---------------|---------------------|
| Amount (Rupees) | | | | |
| March 31, 2015 | | | | |
| Sales | 1,908,400,777 | 1,867,204,404 | (871,831,642) | 3,775,605,181 |
| Cost of Sales: | (1,854,203,312) | (1,644,293,504) | (871,831,642) | (3,498,496,816) |
| Gross profit | 54,197,465 | 222,910,900 | - | 277,108,365 |
| Selling and distribution costs | (46,392,131) | (61,496,546) | - | (107,888,677) |
| Administrative and general expenses | (41,013,958) | (36,370,868) | - | (77,384,826) |
| Profit before taxation and un allocated expenses | (33,208,625) | 125,043,486 | - | 91,834,861 |
| Un-allocated expenses: | | | | |
| Other operating income | | | | 18,314,462 |
| Finance cost | | | | (133,812,124) |
| Other charges | | | | (13,375,229) |
| Profit before taxation | | | | (37,038,029) |
| Taxation | | | | 4,687,493 |
| Net profit for the period | | | | (41,725,523) |

12 AUTHORIZATION FOR ISSUE

This condensed interim financial information was approved by the Board of Directors and authorised for issue on April 26, 2016.

13 CORRESPONDING FIGURES

12.1 Corresponding figures have been re-arranged, wherever necessary to the facilitation of comparison

12.2 Figures have been rounded off to nearest rupee.

Chief Executive

Director

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Website: www.ghazifabrics.com

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