



Ghazi Fabrics International Limited
Signature of Quality



3rd Quarterly Report

March 31, 2011

UN-AUDITED



GHAZI FABRICS INTERNATIONAL LIMITED
COMPANY PROFILE

BOARD OF DIRECTORS

CHAIRMAN/ CHIEF EXECUTIVE

Mr. M ohammad Arshad Chaudhry

Mrs. Azra Yasmin

Mr. Muhammad Tariq

Mr. Kamran Arshad

Mr. Rizwan Arshad

Miss Fareeha Arshad

Miss Wajeeha Arshad

SECRETARY

Mr. Nauman Iqbal, ACA

AUDIT COMMITTEE

Mr. Mohammad Tariq

Chairman

Mr. Kamran Arshad

Member

Miss Fareeha Arshad

Member

CHIEF FINANCIAL OFFICER

Mr. Abid Rafi

INTERNAL AUDITOR

Mr. Rao. Saadat Ali

AUDITORS

M/s. Qadeer & Company,

Chartered Accountants,

Lahore.

LEGAL ADVISOR

M/s. Zafar Iqbal & Raja

Advocates & Legal Consultants.

BANKERS

Habib Bank Limited

United Bank Limited

REGISTERED OFFICE

8-C, Block E-III, Gulberg III, Lahore -54660.

Phone : 042-35764026-8

Fax : 042-35764032

Email : info@ghazifabrics.com

Website : www.ghazifabrics.com

MILLS

46- K.M. Multan Road, Bhaipheru,

Distt. Kasur.

GHAZI FABRICS INTERNATIONAL LIMITED DIRECTOR'S REVIEW

We are pleased to present the financial statements for the 3rd quarter's condensed interim financial information of the Company.

Operating results

During the period under review the Company's sales were Rs. 5.012 Billion and the profit after tax of Rs. 240.888 million as compared to sales of Rs. 2.641 Billion a profit of Rs. 12.092 million in the corresponding period ended March 31, 2011. Earning per share is Rs. 7.38 (corresponding period: Rs. (0.37)).

Financial highlights

	Nine Months Ended	
	March 31, 2011	March 31, 2010
	R u p e e s	
Sales	5,012,627,964	2,641,796,234
Gross profit	583,692,348	222,839,725
Operating profit	467,503,649	145,215,871
Profit after tax	240,888,441	12,092,903
Gross profit (%)	11.64	8.44
After tax profit(%)	4.81	0.46
Earning per share (EPS) Rs.	7.38	0.37

Future prospects

Our industry is facing multiple challenges both internally and globally ie increasing production cost and a note of caution is with respect to high energy cost along with shortage of gas, electricity and general inflationary trend.

Acknowledgement

We are grateful to the management and employees of the Company for their hardwork 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 29, 2011

(Mohammad Arshad Chaudhry)
Chief Executive Officer



GHAZI FABRICS INTERNATIONAL LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2011

	Notes	Unaudited March 31, 2011 Rupees	Audited June 30, 2010 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		(212,471,570)	(460,503,108)
		113,884,430	(134,147,108)
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
		191,891,371	203,776,515
NON CURRENT LIABILITIES			
Long term financing	6	203,818,908	247,394,164
Director's loan		767,872,519	754,288,567
Deferred liabilities		190,851,469	112,712,553
		1,162,542,896	1,114,395,284
CURRENT LIABILITIES			
Trade and other payables		246,629,667	197,481,836
Markup/ interest payables		32,133,158	26,970,103
Short term bank borrowings		1,311,051,776	912,209,911
Current portion of long term financing		153,625,697	122,818,866
Provision for taxation		50,619,703	38,294,764
		1,794,060,001	1,297,775,480
CONTINGENCIES AND COMMITMENTS			
	7	-	-
		3,262,378,698	2,481,800,171
NON CURRENT ASSETS			
Operating fixed assets	8	1,315,074,075	1,406,573,950
Capital work in progress		9,940,018	157,700
		1,325,014,093	1,406,731,650
LONG TERM DEPOSIT			
		5,697,180	5,697,180
		1,330,711,273	1,412,428,830
CURRENT ASSETS			
Stores, spares and loose tools		87,242,414	68,589,843
Stock in trade		1,390,983,309	732,389,073
Trade debts		324,877,746	189,740,745
Loans and advances		69,736,356	36,684,890
Trade deposits and short term prepayments		3,146,916	924,340
Other receivables		31,107,047	1,378,113
Sales tax refundable		13,560,166	20,292,976
Cash and bank balances		11,013,471	19,371,361
		1,931,667,425	1,069,371,341
		3,262,378,698	2,481,800,171

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

Chief Executive

Director

GHAZI FABRICS INTERNATIONAL LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE THIRD QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2011

	Notes	Nine Months Ended		Quarter Ended	
		March 31,	March 31,	March 31,	March 31,
		2011	2010	2011	2010
		Rupees		Rupees	
SALES - Net		5,012,627,964	2,641,796,234	1,808,628,468	914,223,533
COST OF SALES	9	4,428,935,616	2,418,956,509	1,547,814,318	827,851,369
GROSS PROFIT		583,692,348	222,839,725	260,814,150	86,372,164
SELLING AND DISTRIBUTION EXPENSES		67,695,825	36,440,129	23,460,551	15,437,842
ADMINISTRATIVE EXPENSES		48,492,874	41,183,725	16,165,877	14,348,219
		116,188,699	77,623,854	39,626,428	29,786,061
OPERATING PROFIT		467,503,649	145,215,871	221,187,723	56,586,103
OTHER INCOME		5,494,398	2,660,260	1,478,677	787,955
		472,998,047	147,876,131	222,666,400	57,374,058
FINANCE COST		132,587,964	129,553,870	60,221,363	45,422,034
OTHER CHARGES		18,042,756	3,753,051	14,847,895	1,158,925
		150,630,720	133,306,921	75,069,258	46,580,959
PROFIT BEFORE TAXATION		322,367,327	14,569,210	147,597,142	10,793,099
PROVISION FOR TAXATION		81,478,886	2,476,308	44,339,733	1,152,176
PROFIT AFTER TAXATION		240,888,441	12,092,902	103,257,409	9,640,923
Earnings per share - Basic		7.38	0.37	3.16	0.30

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



CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THIRD QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2011

Notes	Nine Months Ended		Quarter Ended	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
	Rupees		Rupees	
Profit after taxation for the period	240,888,441	12,092,902	103,257,409	9,640,923
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>240,888,441</u>	<u>12,092,902</u>	<u>103,257,409</u>	<u>9,640,923</u>

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

Chief Executive

Director

GAZI FABRICS INTERNATIONAL LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE THIRD QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2011

	March 31, 2011	March 31, 2010
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	322,367,327	14,569,211
Adjustment for:		
Depreciation	92,790,309	103,594,987
Staff retirement benefits	7,898,549	6,125,089
Finance cost	132,587,964	129,553,870
	233,276,822	239,273,946
Cash flows before working capital changes	555,644,149	253,843,157
 (Increase)/decrease in current assets		
Stores, spares and loose tools	(18,652,571)	(5,385,593)
Stock in trade	(658,594,236)	(123,815,955)
Trade debts	(135,137,001)	(16,436,059)
Loans and advances	(13,591,711)	(3,216,510)
Trade deposits and prepayments	(2,222,576)	1,163,151
Other receivable	(29,728,934)	(548,906)
Sales tax refundable	6,732,810	(10,191,611)
Increase/(decrease) in current liabilities		
Trade and other payables	49,147,831	33,850,671
	(802,046,388)	(124,580,812)
Cash Inflows/(Outflows) from operations	(246,402,239)	129,262,345
Finance cost paid	(127,424,912)	(128,316,629)
Staff retirement benefits	(5,898,046)	(4,365,137)
Income Tax paid	(38,613,700)	(15,654,790)
Dividend Paid	(4,742,046)	-
Net cash used in operating activities	(423,080,942)	(19,074,211)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(1,290,434)	(892,892)
Capital Work in Progress	(9,782,318)	(3,312,698)
Net cash used in investing activities	(11,072,752)	(4,205,590)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term loans	(75,768,425)	(218,138,888)
Due to related parties	102,722,364	36,112,392
Short term borrowings- net	398,841,865	208,282,028
Net cash generated from financing activities	425,795,804	26,255,532
NET INCREASE IN CASH AND CASH EQUIVALENTS	(8,357,890)	2,975,732
CASH AND CASH EQUIVALENTS		
AT THE BEGINNING OF THE PERIOD	19,371,361	3,543,689
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	11,013,471	6,519,421

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 PERIOD ENDED MARCH 31, 2011

	Issued, subscribed and paid-up	Accumulated loss	Total
	R	U	P E E S
Balance as at July 01, 2009	326,356,000	(590,572,916)	(264,216,916)
Total comprehensive income for the period	-	12,092,903	12,092,903
Surplus on revaluation of fixed assets transferred to retained earnings during the period			
- relating to incremental depreciation	-	13,337,397	13,337,397
Balance as at March 31, 2010	<u>326,356,000</u>	<u>(565,142,616)</u>	<u>(238,786,616)</u>
Balance as at July 01, 2010	326,356,000	(460,503,108)	(134,147,108)
Final dividend for the year ended June 30, 2010 @ Rs. 1 per share	-	(4,742,046)	(4,742,046)
Total comprehensive income for the period		240,888,441	240,888,441
Surplus on revaluation of fixed assets transferred to retained earnings during the period			
- relating to incremental depreciation	-	11,885,143	11,885,143
Balance as at March 31, 2011	<u>326,356,000</u>	<u>(212,471,570)</u>	<u>113,884,430</u>

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

Chief Executive

Director

**GHAZI FABRICS INTERNATIONAL LIMITED
SELECTED NOTES TO THE CONDENSED
INTERIM FINANCIAL STATEMENT**

FOR THE THIRD QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2011

1 STATUS AND ACTIVITIES

The Company was incorporated in Pakistan on April 30, 1989 as Private Limited and converted into public limited on January 07, 1990. Its shares are quoted at Karachi and Lahore Stock Exchanges. The Company is a spinning and weaving unit engaged in the manufacturing of yarn and grey cloth. The registered office of the Company is situated at 8-C, E-III, Gulberg III, Lahore.

2 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, 2010.

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 is the same as those applied in preparation of the financial statements for the year ended June 30,2010.

	Note	March 31, 2011 Rupees	June 30, 2010 Rupees
5 SHARE CAPITAL			
5.01	Authorised capital		
	40,000,000 (June 30, 2010: 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, 2010: 32,635,600) ordinary shares of Rs. 10/- each paid in cash	326,356,000	326,356,000
6 LONG TERM FINANCING - Secured			
	Opening balance	370,213,030	499,881,332
	Add: Acquired during the period/ year	-	-
	Less: Repayment during the period/year	(75,768,425)	(129,668,302)
		294,444,605	370,213,030
	Others	63,000,000	63,000,000
	Less: Current portion	(153,625,697)	(122,818,866)
		<u>203,818,908</u>	<u>310,394,164</u>
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, 2010.		
7.02	Commitments against irrevocable letters of credit outstanding as at balance sheet date amounts to Rs.171.764 Million : (June 30, 2010 Rs. 147.702 Million).		



	Note	March 31, 2011 Rupees	June 30, 2010 Rupees
8 PROPERTY, PLANT AND EQUIPMENT			
Opening written down value		1,406,573,950	1,530,187,688
Addition during the period/year			
Building on freehold land		-	-
Plant and machinery		-	12,322,472
Grid station and generator		-	985,000
Furniture and fittings		93,480	47,000
Vehicles		592,883	-
Tools and equipment		592,786	1,041,214
Electric installation		11,285	259,973
		1,290,434	14,655,659
Book value of assets disposed off during the period/ year	8.01	-	(11,259)
Depreciation for the period/ year		(92,790,309)	(138,258,138)
		<u>1,315,074,075</u>	<u>1,406,573,950</u>
8.01 Book value of assets disposed off			
Plant and machinery		-	2,262
Vehicles		-	8,997
		<u>-</u>	<u>11,259</u>

	Note	Nine Months Ended		Quarter Ended	
		March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
		Rupees	Rupees	Rupees	Rupees
9 COST OF SALES					
Raw materials and other direct materials consumed		3,711,546,895	1,143,068,893	1,334,190,349	607,788,332
Salaries, wages and benefits		187,879,230	105,002,504	66,470,502	53,106,763
Fuel and power		275,810,810	110,493,067	106,507,975	51,337,711
Packing material consumed		33,163,232	18,867,238	12,044,102	9,469,538
Sizing material consumed		43,541,139	24,726,941	16,346,579	14,967,069
Store and spares consumed		87,272,055	44,288,119	24,395,449	23,480,343
Insurance		3,057,834	1,129,126	409,061	566,510
Depreciation		90,641,625	67,481,842	29,126,311	33,741,275
Others		7,368,933	4,590,513	2,090,691	2,694,670
		<u>4,440,281,753</u>	<u>1,519,648,242</u>	<u>1,591,581,019</u>	<u>797,152,210</u>
Adjustment of work in process		(22,209,529)	(5,921,313)	(6,898,634)	1,599,370
Cost of goods manufactured		<u>4,418,072,224</u>	<u>1,513,726,929</u>	<u>1,584,682,385</u>	<u>798,751,581</u>
Adjustment of finished goods		10,863,392	77,378,211	(36,868,067)	72,557,871
		<u>4,428,935,616</u>	<u>1,591,105,140</u>	<u>1,547,814,318</u>	<u>871,309,451</u>

	Nine Months Ended	
	March 31, 2011	March 31, 2010
10 TRANSACTION WITH RELATED PARTIES		
Payment of deferred liabilities	13,000,000	34,500,000
Loan from Sponsors-net	76,583,952	-
Purchases	43,209	3,235,110

11 AUTHORIZATION FOR ISSUE

This condensed interim financial information was approved by the Board of Directors and authorised for issue on April 29, 2011.

12 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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Ghazi Fabrics International Ltd.

8-C, E-III, GULBERG - III, LAHORE 546660-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.