DIRECTORS' REPORT

The directors of Ghazi Fabrics International Limited ("the Company") are pleased to present the financial statements for the three months ended September 30, 2026.

Economic/Industry Overview

Due to increase in cost of raw material and increase in utilities cost the production remained suspended.

In order to reduce the losses, the production of Spinning and Weaving Division was stopped. This resulted a suspension of sales but the management managed to reduce the losses with timely operating decisions.

The future outlook appears quite challenging. The textile industry is becoming increasingly competitive on a global scale and is experiencing significant commoditization. Additionally, our higher production costs compared to regional competitors are creating difficulties in staying competitive in the international market.

Operating Financial Results

During the period under review the Company's gross loss was Rs. (42.49) million (corresponding period loss: Rs (52.35 million) and the loss after tax of Rs. (63.49) million (corresponding period loss: Rs. (70.62) million). Loss per share is Rs. (1.95) (corresponding period loss per share: Rs. (2.16).

Financial highlights

	For The Three Months Ended September 30,	
	2026	***2025***
	Rupees	
Sales	-	1,069,640
Gross loss	(42,438,855)	(52,355,194)
loss after tax	(63,490,987)	(70,616,970)
Loss per share –EPS- Rs.	(1.95)	(2.16)

Given the figures above, sales have fallen to zero, and production has been halted, leading to a substantial reduction in losses. The gross loss has decreased by 18.94%, and the loss after tax has been reduced by 10.1% compared to the same period last year.

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 shareholders, bankers, suppliers and valued customers who cooperated with us throughout the period.

For and on behalf of the Board

Mohammad Arshad Chaudhry
Chief Executive Officer
Lahore
October 30, 2026

Kamran Arshad
Director

GHAZI FABRICS INTERNATIONAL LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT SEPTEMBER 30, 2026

	Note	September 30, 2026 (Unaudited)	June 30, 2026 (Audited)
		Rupees	
SHARE CAPITAL AND RESERVES			
Authorised share capital		400,000,000	400,000,000
Issued, subscribed and paid up share capital		326,356,000	326,356,000
Capital reserves - revaluation surplus on property, plant and equipment		2,278,632,017	2,278,632,017
Revenue reserves - accumulated loss		(3,020,279,611)	(2,956,788,625)
		(415,291,594)	(351,800,608)
Directors' loan - unsecured		3,941,672,809	4,099,370,783
Total equity		3,526,381,215	3,747,570,175
NON CURRENT LIABILITIES			
Deferred liabilities		13,034,724	11,541,461
		13,034,724	11,541,461
CURRENT LIABILITIES			
Trade and other payables		21,626,697	25,816,960
Unclaimed dividend		5,889,632	5,889,632
Provision for taxation - net		13,371	13,371
		27,529,700	31,719,963
CONTINGENCIES AND COMMITMENTS	4	-	-
TOTAL EQUITY AND LIABILITIES		3,566,945,639	3,790,831,599
ASSETS			
NON CURRENT ASSETS			
Operating fixed assets	5	2,240,808,084	2,264,568,365
Long term deposits		103,626,594	103,626,594
Deferred tax - net		37,065,191	37,065,191
		2,381,499,869	2,405,260,150
CURRENT ASSETS			
Stores, spare parts and loose tools		123,768,863	124,262,894
Stock in trade		60,546	60,546
Trade debts		7,296,500	8,366,500
Loans, advances, deposits and prepayments		3,901,104	2,209,089
Tax refunds/ rebate due from the Government		261,458,236	469,411,187
Cash and bank balances		12,691,472	4,992,185
		409,176,722	609,302,401
Assets classified as held for sale		776,269,048	776,269,048
TOTAL ASSETS		3,566,945,639	3,790,831,599

The annexed notes form 1 to 11 an integral part of these condensed interim financial statements

Chief Executive

Chief Financial Officer

Director

GHAZI FABRICS INTERNATIONAL LIMITED

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2026

	Note	Quarter Ended	
		September 30, 2026	September 30, 2025
		Rupees	
Sales - net		-	1,069,640
Cost of goods sold	6	42,438,855	53,424,834
Gross profit / (loss)		(42,438,855)	(52,355,194)
Operating expenses:			
Selling and distribution		-	334,950
Administrative expenses		16,702,669	16,438,799
Other operating expenses		5,986,286	722,125
		22,688,955	17,495,874
Operating loss		(65,127,810)	(69,851,068)
Finance cost		442,135	282,702
Other operating income		2,078,958	-
Loss before taxation		(63,490,987)	(70,133,770)
Provision for taxation		-	483,200
Loss after taxation		(63,490,987)	(70,616,970)
Earnings / (Loss) per share - basic		(1.95)	(2.16)

The annexed notes form 1 to 11 an integral part of these condensed interim financial statements

Chief Executive | Chief Financial Officer | Director

GHAZI FABRICS INTERNATIONAL LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2026

	Quarter Ended	
	September 30, 2026	**September 30, 2025**
Loss for the period	**(63,490,987)**	(70,616,970)
Other comprehensive income		-
Total comprehensive loss for the period	**(63,490,987)**	(70,616,970)

The annexed notes form 1 to 11 an integral part of these condensed interim financial statements

Chief Executive **Chief Financial Officer** **Director**

GHAZI FABRICS INTERNATIONAL LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2026

	Issued, Subscribed and Paid-up Share Capital	Capital reserves - revaluation surplus on property, plant and equipment	Revenue reserves - accumulated loss	Sub Total: Share capital and reserves	Directors' loan - unsecured	Total Equity
	RUPEES					
Balance as at June 30, 2024	326,356,000	2,979,034,752	(2,655,783,277)	649,607,475	3,835,736,878	4,485,344,353
Transaction with owners - loan from directors	-				390,500,000	390,500,000
Other comprehensive income for the year						
Total comprehensive loss for the period	-		(119,115,024)	(119,115,024)		(119,115,024)
Balance as at September 30, 2024	326,356,000	2,979,034,752	(2,774,898,301)	530,492,451	4,226,236,878	4,756,729,329
Balance as at June 30, 2025	326,356,000	2,979,034,752	(3,032,554,676)	272,836,076	4,317,736,878	4,863,409,030
Transaction with owners - loan from directors				-	32,000,000	32,000,000
Other comprehensive income for the year				-		-
Total comprehensive loss for the period			(70,616,970)	(70,616,970)	-	(141,233,940)
Balance as at September 30, 2025	326,356,000	2,979,034,752	(3,103,171,646)	202,219,106	4,349,736,878	4,754,175,090
Balance as at June 30, 2026	326,356,000	2,278,632,017	(2,956,788,625)	(351,800,608)	4,099,370,783	3,747,570,175
Transaction with owners - loan from directors				-	(157,697,974)	(157,697,974)
Other comprehensive income for the year				-		
Total comprehensive loss for the period			(63,490,987)	(63,490,987)	-	(63,490,987)
Balance as at September 30, 2026	326,356,000	2,278,632,017	(3,020,279,611)	(415,291,594)	3,941,672,809	3,526,381,215

The annexed notes form 1 to 11 an integral part of these condensed interim financial statements

Chief Executive

Chief Financial Officer

Director

GHAZI FABRICS INTERNATIONAL LIMITED

CONSDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2026

	Quarter Ended	
	September 30, 2026	September 30, 2025
	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	(63,490,987)	(70,133,770)
Adjustments for non-cash charges and other items:		
- Depreciation	9,456,712	22,718,145
- Provision for gratuity	2,094,135	1,623,822
- Disposal loss	5,214,586	-
- Finance cost	442,135	282,702
	17,207,568	24,624,669
Operating profit before working capital changes	(46,283,419)	(45,509,101)
(Increase) / decrease in current assets:		
- Stores, spares and loose tools	494,031	587,780
- Stock in trade	-	1,040,780
- Trade debts	1,070,000	13,872,695
- Loans and advances	(1,692,015)	(293,093)
- Refunds from Government agencies	207,952,951	(3,253,043)
Increase / (decrease) in current liabilities:		
- Trade and other payables	(4,190,263)	(1,046,057)
	203,634,703	10,909,062
Cash generated from / (used in) operations	157,351,284	(34,600,039)
Gratuity paid	(600,872)	(173,532)
Tax paid	-	(472,504)
Finance cost paid	(442,135)	(282,702)
Net cash from operating activities	156,308,278	(35,528,777)
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment purchased	-	-
Disposal proceeds	9,088,983	-
Net cash used in investing activities	9,088,983	-
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayment)/ proceeds from long term financing - net	-	-
Loan from directors and others - net	(157,697,974)	32,000,000
Net cash generated from financing activities	(157,697,974)	32,000,000
Net increase / (decrease) in cash and cash equivalents	7,699,286	(3,528,777)
Cash and cash equivalents at the beginning of the period	4,992,185	9,713,951
Cash and cash equivalents at the end of the period	12,691,472	6,185,175

The annexed notes form 1 to 11 an integral part of these condensed interim financial statements

Chief Executive | Chief Financial Officer | Director

NOTES TO THE CONDENSED INTERM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2026

1 STATUS AND ACTIVITIES

Ghazi Fabrics International Limited ("the Company") was incorporated in Pakistan on April 30, 1989 as a Private Limited Company under the Companies Ordinance 1984 (repealed with the enactment of the Companies Act 2017); and converted into Public Limited Company on January 07, 1990. Its shares are quoted on Pakistan Stock Exchange. The main activities of the Company are textile manufacturing, production of cotton and P.C. yarn and grey cloth that are marketed both within and outside Pakistan. The registered office of the Company is situated at 8-C, E-III, Gulberg III, Lahore and mill is located at 46-km, Multan Road, Bhaiphero, Kasur.

2 BASIS OF PREPARATION

This condensed interim financial information of the Company for the quarter ended September 30, 2025 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, Interim Financial Reporting and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.

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, 2025.

4 CONTINGENCIES AND COMMITMENTS

4.1 ICA No. 73521/2021 in W.P.No. 42176/2020- Sui Northern Gas Pipelines Limited & Another Vs. All Pakistan Textile Mills Association & Others- The subject matter ICA has been filed by the SNGPL before the Honorable Lahore High Court, Lahore, against the Judgment dated 27.09.2021 passed in WP No. 42176/2020. The writ petition was filed by APTMA challenging the levy and demand of GIDC prior to coming into force of GIDC Act, 2015 as well as levy and demand of GIDC at the tariff applicable to captive power consumers instead of industrial consumers. Ghazi Fabrics International Limited has been arrayed as Respondent No. 38 in the titled ICA.

4.2 ICA No. 2155/2022 in W.P. No. 27881/2021- Sui Northern Gas Pipelines Limited Vs. Ghazi Fabrics International Limited, etc. (Ghazi Fabrics International Limited has been arrayed as Respondent No.1) The above Intra-Court Appeal has been filed by SNGPL before the Honorable Lahore High Court, Lahore, challenging Judgment dated 22.11.2021. This appeal is regarding levy and demand of arrears of Difference of Gas Tariff between the industrial consumers and captive power consumers for the period from 23.08.2013 to 31.08.2015.

4.3 I.C.A. No. 80293/2022 in W.P. No. 67112/2021 - Sui Northern Gas Pipelines Limited Vs. Ghazi Fabrics International Limited & Others The above Intra-Court Appeal has been filed by Sui Northern Gas Pipelines Ld. (SNGPL) before the Honorable Lahore High Court, Lahore, against the Judgment dated 11.10.2022, passed in WP No. 67112/2021. Please note that WP No. 67112/2021 was filed by the Textile Mills Challenging impugned notices dated 15.10.2021 sent by Sui Northern Gas Pipelines Limited to APTMA Member textile mills demanding additional security/guarantee from them. Ghazi Fabrics International Limited has been arrayed as Respondent No. 1 in the titled Appeal.

4.4 W.P. No. 30844/2023 - Ghazi Fabrics International Limited & Others Vs. Federation Of Pakistan. The above writ petition has been filed before the Honorable Lahore High Court, Lahore, challenging impugned letter dated 03.05.2023 issued by Ministry of Energy (Power Division) and the impugned notices dated 29.04.2023 issued by the SNGPL, and declaring Petitioners to be entitled gas tariff of US$ 9/MMBTU at least till 30.06.2023.
Based on the facts of the aforementioned cases and legal advisor's advice, the Company is confident that the outcome of these cases would be in favor of the Company. Accordingly, no provision has been recognized in these financial statements.

4.5 The Company provided a bank guarantee in favor of Sui Northern Gas Pipeline Limited amounting to Rs. 90.614 million in 2024 on account of security deposits against the consumption of natural gas, which had been paid to SNGPL and is now appearing under the head of long-term deposits in the statement of financial position. The said security deposit is refundable.

4.6 Assessment Order No. 09/2026 dated 22.07.2026 – Deputy Commissioner Inland Revenue, LTO, Lahore Vs. Ghazi Fabrics International Limited

The above Order has been passed by the Deputy Commissioner Inland Revenue, LTO, Lahore, under Section 11E of the Sales Tax Act, 1990, for tax periods July 2020 to June 2021 (Tax Year 2021), whereby sales tax, further tax and penalty amounting to Rs. 36,112,470 in aggregate, along with default surcharge (to be calculated at the time of recovery), have been held recoverable from the Company, out of a total proposed demand of Rs. 691,243,853. Ghazi Fabrics International Limited intends to file an appeal against the said Order before the Commissioner Inland Revenue (Appeals) under Section 46 of the Sales Tax Act, 1990.

4.7 W.P. No. 51196/2025 titled Nishat Mills Limited, and others vs. Federation of Pakistan, and others, challenging the Notifications determining the RLNG tariff pertaining to the period of April 2015 - June 2022 and the bills issued pursuant thereto wherein the arrears were charged, were challenged. The honourable Lahore High Court, Lahore has been pleased to decide the instant petition in Company's favour.

4.8 W.P. No. 1458/2026 titled Ghazi Fabrics International Limited vs. Federation of Pakistan, and others, the Notifications determining the RLNG tariff pertaining to the period of April 2015 - June 2022 and the bills issued pursuant thereto wherein the arrears were charged, were challenged. The honourable Lahore High Court, Lahore has been pleased to grant interim relief which is still in field. However, the petition is still pending final adjudication before the honourable Lahore High Court, Lahore.

4.9 W.P. No. 54700/2025 titled Masood Textile Mills Limited, and others vs. Federation of Pakistan, and others, challenging Off the Grid (Captive Power Plants) Levy Act, 2025, Notification issued pursuant to the Act imposing levy for the month of April, and the Bill issued pursuant thereto, was challenged. The honourable Lahore High Court, Lahore has been pleased to strike down the Notification, deciding in Company's favour.

4.10 W.P. No. 59687/2025 titled Suraj Cotton Mills Limited, and others vs. Federation of Pakistan, and others. Off the Grid (Captive Power Plants) Levy Act, 2025, Notification issued pursuant to the Act imposing levy for the month of May, and the Bill issued pursuant thereto, was challenged. The honourable Lahore High Court, Lahore has been pleased to strike down the Notification, deciding in Company's favour.

4.11 W.P. No. 61334/2025 titled Ghazi Fabrics International Limited vs. Federation of Pakistan, and others, challenging Off the Grid (Captive Power Plants) Levy Act, 2025, Notification issued pursuant to the Act, imposing levy for the month of June, and the Bills issued pursuant thereto, was challenged. The honourable Lahore High Court, Lahore has been pleased to strike down the Notification, deciding in Company's favour.

4.12 W.P. No. 21208/2026 titled Ghazi Fabrics International Limited, and others vs. Federation of Pakistan, and others, the novel Notifications dated 17.02.2026 determining the RLNG tariff pertaining to the period of July 2022 - March 2024 and the bills issued pursuant thereto wherein the arrears were charged, were challenged. The honourable Lahore High Court, Lahore has been pleased to grant interim relief which is still in field. However, the petition is still pending final adjudication before the honourable Lahore High Court, Lahore.

4.13 W.P. No. 33626/2026 titled Ghazi Fabrics International Limited vs. Federation of Pakistan and others, wherein the Impugned Order dated 27.11.2025 passed by Sui Northern Gas Pipelines Limited has been challenged. The honourable Lahore High Court, Lahore has pleased to grant interim relief, which is still in field. The said petition is still pending adjudication before the honourable Lahore High Court, Lahore

4.14 F.C.P.L.A. No. 1126/2026 titled Federation of Pakistan vs. Ghazi Fabrics International Limited. This matter pertains to Captive Power Levy which was previously decided by the Lahore High Court in favour of the Company. The Federal Government subsequently filed a petition before the Federal Constitutional Court, Islamabad. The petition is presently pending. Based on the favourable Lahore High Court judgment and the merits of the case, we are of the view that the Company has a strong case and expect a favourable outcome.

Commitments

There are no major commitments as at reporting date. (2026: Rs. NIL).

		September 30, 2026	June 30, 2026
5 PROPERTY, PLANT AND EQUIPMENT	**Note**	**Rupees**	
Opening written down value		2,264,568,365	3,956,253,317
Addition during the period / year			
Land - freehold - Revaluation Surplus		-	-
Building on freehold land		-	-
Plant and machinery		-	-
Grid station and generators		-	-
Furniture and fittings		-	-
Vehicles		-	-
Equipment		-	86,004
Electric installation		-	-
		-	86,004
Book value of assets disposed off during the period / year	5.1	(14,303,569)	(781,469,514)
Book value of assets transferred to Held for Sale during the period / year		-	(833,283,601)
Depreciation for the period / year		(9,456,712)	(77,017,841)
		2,240,808,084	2,264,568,365
5.1 Book value of assets disposed off			
Vehicles		14,303,569	781,469,514
		14,303,569	781,469,514

		Quarter Ended	
		September 30, 2026	September 30, 2025
		Rupees	
6 COST OF GOODS SOLD			
Raw materials and other direct materials consumed	6.1	-	-
Raw material direct sale	6.1	-	1,029,052
Salaries, wages and benefits		14,568,784	16,083,315
Fuel and power		16,269,001	11,602,312
Store and spares consumed		768,904	627,364
Insurance		812,820	1,238,268
Depreciation		8,983,876	22,718,145
Repair and maintenance		1,035,470	114,650
		42,438,855	53,413,106
Adjustment of work in process			
Opening		-	-
Closing		-	-
		-	-
Cost of goods manufactured		42,438,855	53,413,106
Adjustment of finished goods			
Opening		58,641	70,369
Closing		(58,641)	(58,641)
		-	11,728
		42,438,855	53,424,834
6.1 Raw material consumed			
Opening stock		1,905	1,030,957
Purchases		-	-
		1,905	1,030,957
Raw material consumed		-	-
Raw material direct sale		-	(1,029,052)
Closing stock		1,905	1,905

7 INFORMATION ABOUT REPORTING SEGMENT

The following table presents revenue and profit information regarding the Company's operating segments for the period ended September 30, 2026 and September 30, 2025 respectively.

	Spinning	Weaving	Inter Segmant Transactions	Consolidated
	Rs.	Rs.	Rs.	Rs.
	Quarter ended September 30, 2026			
Sales	-	-	-	-
Cost of Sales:	(30,843,852)	(11,595,003)	-	(42,438,855)
Gross profit / (loss)	(30,843,852)	(11,595,003)	-	(42,438,855)
Selling and distribution costs	-	-		-
Administrative and general expenses	-	(16,702,669)		(16,702,669)
Loss before taxation and un allocated expenses	(30,843,852)	(28,297,672)		(59,141,524)
Un-allocated expenses:				
Other operating expenses				(5,986,286)
Other operating income				2,078,958
Finance cost				(442,135)
Loss before taxation				(63,490,987)
Taxation				-
Loss for the period				(63,490,987)
	Quarter ended September 30, 2025			
Sales	-	1,069,640	-	1,069,640
Cost of Sales:	(20,550,945)	(32,873,889)	-	(53,424,834)
Gross profit / (loss)	(20,550,945)	(31,804,249)	-	(52,355,194)
Selling and distribution costs	-	(334,950)	-	(334,950)
Administrative and general expenses	-	(16,438,799)	-	(16,438,799)
Profit / (loss) before taxation and un allocated expenses	(20,550,945)	(48,577,998)	-	(69,128,943)
Un-allocated expenses:				
Other operating expenses				(722,125)
Other operating income				-
Finance cost				(282,702)
Loss before taxation				(70,133,770)
Taxation				(483,200)
Loss for the period				(70,616,971)

8 TRANSACTIONS WITH RELATED PARTIES

	Quarter Ended	
	September 30, 2026	September 30, 2025
	Rupees	
Directors' loan	(157,697,974)	32,000,000

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

9 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved by the Board of Directors and authorised for issue on October 30, 2026.

10 CORRESPONDING FIGURES

Corresponding figures of these condensed interim financial statements have been re-arranged wherever necessary for the purpose of comparison

11 GENERAL

Figures have been rounded off to the nearest of rupees.

Chief Executive

Chief Financial Officer

Director