



FEROZE1888 MILLS LIMITED



**Condensed Interim Financial Information
for the Half Year Ended December 31, 2015**

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COMPANY INFORMATION

Board of Directors	:	Abdul Rehman Yaqub Anas Rahman - Faisal Shams Khan Jonathan R. Simon Khaleequr Rahman - Perwez Ahmed Shabbir Ahmed Sheikh Zafar Ahmed	Chief Executive Chairman
Audit Committee	:	Faisal Shams Khan Perwez Ahmed Shabbir Ahmed	Chairman Member Member
Human Resource & Remuneration Committee	:	Anas Rahman Khaleequr Rahman Shabbir Ahmed	
Company Secretary	:	Muhammad Faheem	
Bankers	:	Bank Al Habib Limited Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited Meezan Bank Limited Standard Chartered Bank (Pakistan) Limited United Bank Limited	
Auditors	:	Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants 180-A, S.M.C.H.S. Karachi	
Legal Advisor	:	Mohsin Tayebaly and Co.	
Share Registrar	:	FAMCO Associates (Pvt.) Ltd. 8-F, Next to Hotel Faran, Nursery, Block 6, PECHS, Shahra-e-Faisal, Karachi	
Registered Office	:	H-23/4A, Scheme # 3, Landhi Industrial Area, Landhi, Karachi.	
Website	:	www.feroze1888.com	

DIRECTORS' REPORT

Your directors are pleased to present the un-audited financial statements for the half year ended 31st December 2015, duly reviewed by the Auditors in compliance with requirements of the Companies Ordinance, 1984.

OPERATIONAL AND FINANCIAL PERFORMANCE

In the first six months under review your Company by the grace of Almighty Allah has performed exceptionally well and results are far much better than the corresponding period of last year. Raw material prices were generally stable in this period, lower mark-up rates, improved law and order situation and business environment generally remained stable except for a Rupee/US\$ parity volatility during the first quarter, while the same was stable in the second quarter of the period. While on the other side of the coin we had observed the continued energy crisis along with increased gas prices, deteriorating quality of Cotton crop as well as declining cotton crop production, increased Regulatory duty on Yarn imports, non-releasing of funds on account of rebates/claims from the government were the major challenges faced during the period.

The financial results had also reflected improvements both in figures and in ratios. Operational performance and higher production levels had helped the Company to attain better sales volume as compared to corresponding period of prior year. Besides operational cost we also made focused efforts to keep administrative, distribution and financial cost under control and the enhanced profit resulted in per share earnings. As a result of these efforts and better sales mix, resulting improved sales volume by 16.7% and effecting cost efficiencies.

FUTURE PROSPECTS

The overall economy is on growth path and the major macroeconomic indicators showing improved outlook in the first half of the current fiscal year. On the other hand the Textile sector continued to face challenges and the key concern has been the descending voyage of Textiles' throughout the previous two years. The Textile sector is contributing about 60% to the exports of our beloved country which had a considerable upper hand in cotton based Textile. The Textile Industry has been additionally been grumbling about refunds pending with the Federal Board of Revenue. The Industry clearly wants to see speedy leeway of all refunds in order to take of its liquidity issues.

Local cotton crop damaged due to bad weather, poor quality of seeds and drought in some areas has resulted in low cotton output of 10.85 million bales against the estimate of 15.49 million bales. The production downfall in confluence with increasing demand has put an upward pressure on the price and cotton imports thus hitting the margins specifically considering the Rupee value depreciation.

A well planned and focused approach and committed high performing management, the Company is well positioned to sustain, grow and meet their high set targets for their all stakeholders. The company is focused on growth opportunities and is determined to significantly improve its operating results by increasing the efficiencies, cost reductions and add value added products in their repertoire.

ACKNOWLEDGMENTS

The Directors take great pride to place on record their appreciation for the contributions made by the employees of the Company and also acknowledge the role of all the banks, customers, suppliers and other stakeholders for their continued support.

For and on behalf of the Board

Khaleequr Rahman
Chairman

Karachi: February 26, 2016

ڈائریکٹرز رپورٹ

مالیاتی اسٹیٹمنٹ برائے اختتامی ششماہی ۳۱ دسمبر ۲۰۱۵ء تک کی غیر آڈٹ شدہ مالیاتی اسٹیٹمنٹ پیش کرتے ہوئے آپ کے ڈائریکٹرز نہایت مسرور ہیں۔ جسے کمپنیز آرڈیننس مجریہ ۱۹۸۲ء کی روشنی میں آڈیٹرز نے تمام ضروری لوازمات کیساتھ از سر نو جائزہ لیا ہے۔

آپریٹیشنل و مالیاتی کارکردگی

اللہ تعالیٰ کے فضل و کرم سے آپ کی کمپنی نے حالیہ بہترین کارکردگی کی بدولت گذشتہ مالی سال کی پہلی ششماہی کے مقابلے میں رواں سال زیادہ بہتر اور امتیازی نتائج حاصل کیے۔ رواں سال کی پہلی سہ ماہی میں خام مال کی قیمتوں میں استحکام، کم تر شرح سود، امن و امان کی صورتحال میں بہتری رہی اور کاروباری ماحول متوازن رہا، جبکہ ڈالر اور روپے کی قدر میں اتار چڑھاؤ رہا۔ جبکہ دوسری سہ ماہی میں متوازن رہا۔ جبکہ دوسری جانب مستقل توانائی بحران، گیس کی بڑھتی ہوئی قیمت، کپاس کی پیداوار میں گراؤ، یارن (سوت) پر ریگولیٹری ڈیوٹی کا نفاذ اور مختلف مدوں میں کمپنی ہذا کے فنڈز کی بندش سمیت دیگر مسائل بھی ہمارے راستے میں رکاوٹ بنے رہے۔

مذکورہ مالیاتی نتائج اعداد و شمار اور تناسب دونوں میں بہتری اور ترقی کی عکاس ہیں۔ فعال کارکردگی اور پیداوار میں خاطر خواہ اضافے کی بدولت کمپنی نے گذشتہ مالی سال کی پہلی ششماہی کے مقابلے میں بہتر فروخت اور کاروبار حاصل کیا۔ پیداواری لاگت سے قطعہ نظر ہم نے انتظامی، تقسیم کاری اور مالیاتی اخراجات کو کنٹرول کر کے اپنا منافع بڑھایا جس کا نتیجہ فی حصص آمدنی میں اضافے کی صورت میں ہمارے سامنے ہے۔ ان کاوشوں کے نتیجے میں فروخت کے حجم میں ۱۶.۷ فیصد کا اضافہ ہوا۔ مضبوط سرمایہ کاری اور بہتر فروخت سے ملکر ہمارے حصص یافتگان کی دولت میں خاطر خواہ اضافہ کیا۔

مستقبل کا جائزہ

رواں مالی سال کی پہلی ششماہی کے دوران اہم میکرو اشاریے اور معاشی و اقتصادی حالات مجموعی طور پر بہتری کی جانب گامزن ہے۔ دوسری جانب ٹیکسٹائل سیکٹر کو مسلسل چیلنجز کا سامنا ہے جسکے باعث گزشتہ دو سال سے خدمت مسلسل رو بہ زوال ہے۔ تاہم ٹیکسٹائل سیکٹر کپاس کی ملکی پیداوار کا استعمال کر کے وطن عزیز کی مجموعی برآمدات میں اپنا ۶۰ فیصد حصہ ڈال رہی ہے۔ جبکہ ستم یہ ہے کہ فیڈرل بورڈ آف ریونیو کیساتھ (بعض طے شدہ مراعات) مختلف مدوں میں ریفرنڈ کے مسائل جنہیں جلد از جلد حل ہونا چاہیے۔ ٹیکسٹائل شعبہ جاری بحران سے نکلنے کیلئے تمام ریفرنڈز معاملات کے جلد حل کا خواہ ہے۔

Feroze1888 Mills Limited

سیلابی بارشوں کے باعث کپاس کی فصل کی تباہی، ناقص معیار کے بیجوں اور بعض علاقوں میں شدید خشک سالی کی وجہ سے کپاس کی پیداوار کا تخمینہ ہدف ۱۵۰۴۹ ملین کے بجائے حدف ۱۰۰۸۵ ملین گانٹھیں رہی۔ پیداوار میں کمی اور طلب میں اضافے نے قیمتوں اور برآمدات کو خاص طور پر متاثر کیا اس پر روپے کی قدر میں کمی نے بھی شعبہ ٹیکسٹائل کے نفع پر خراب اثر ڈالا۔

بہتر منصوبہ بندی، مثبت سوچ اور اعلیٰ انتظامی اقدامات کی بدولت کمپنی نے پیداوار میں اضافہ کر کے نہ صرف مارکیٹ میں اپنی پوزیشن برقرار رکھی بلکہ تمام مطلوبہ اہداف حاصل کر کے اپنے اسٹیک ہولڈرز کا اعتماد بھی قائم و دائم رکھا۔ اب کمپنی کی تمام تر توجہ اپنی پیداواری صلاحیت مزید بڑھانے، کارکردگی میں بہتری لانے، لاگت کم کرنے اور پیداوار کے تیار ذخیرے کا حجم بڑھانے پر مرکوز ہے۔

کمپنی کی ترقی میں حصہ لینے والے کارکنوں اور ان کی بہترین کارکردگی پر ڈائریکٹرز انہیں خراج تحسین پیش کرتے ہیں۔ دریں اثناء اس ضمن میں تمام بینکوں، صارفین، سپلائرز اور دیگر اسٹیک ہولڈرز کے تعاون اور کمپنی کی ترقی میں اٹنے کردار کی بھی معترف ہیں۔

منجانب :

خلیق الرحمان

چیرمین

کراچی: فروری ۲۶، ۲۰۱۶

**AUDITORS' REPORT TO THE MEMBERS
ON REVIEW OF CONDENSED INTERIM FINANCIAL
INFORMATION**

Introduction

We have reviewed the accompanying condensed interim balance sheet of Feroze1888 Mills Limited as at December 31, 2015 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "condensed interim financial information") for the half year then ended. Management is responsible for the preparation and presentation of the condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2015 and 2014 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2015 and 2014.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information Performed by the Independent Auditor of the Entity". A review of interim financial information consist of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended December 31, 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Chartered Accountants

Engagement Partner: Muhammad Waseem

Karachi

Dated: February 26, 2016

**CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2015**

	Note	(UN-AUDITED) December 31, 2015	(AUDITED) June 30, 2015
NON-CURRENT ASSETS			
	 (Rupees in '000)	
Property, plant and equipment	5	5,909,293	5,775,615
Intangible assets		2,569	5,141
Long term investment		10	10
Long term deposits		<u>5,720</u>	<u>5,720</u>
		5,917,592	5,786,486
CURRENT ASSETS			
Stores and spares		551,896	445,146
Stock-in-trade		3,596,373	2,382,563
Trade debts - considered good		2,492,010	2,823,046
Advances, prepayments and other receivables		1,714,437	979,600
Taxation - net		9,318	-
Cash and bank balances		<u>443,955</u>	<u>287,909</u>
		8,807,989	6,918,264
		<u>14,725,581</u>	<u>12,704,750</u>
SHARE CAPITAL AND RESERVES			
Authorized 400,000,000 ordinary shares of Rs. 10/- each		<u>4,000,000</u>	<u>4,000,000</u>
Issued, subscribed and paid-up capital		3,768,009	3,768,009
Capital reserves		758,663	758,663
Accumulated profit		<u>5,930,556</u>	<u>4,405,961</u>
		10,457,228	8,932,633
Surplus on revaluation of property, plant and equipment		1,080,662	1,080,662
NON-CURRENT LIABILITIES			
Long term finance - secured	6	46,795	383,248
CURRENT LIABILITIES			
Trade and other payables		2,184,799	2,197,618
Accrued mark-up		5,685	14,575
Short term borrowings - secured	7	950,412	-
Current portion of long term finance - secured		<u>-</u>	<u>96,014</u>
		3,140,896	2,308,207
CONTINGENCIES AND COMMITMENTS			
	8	<u>-</u>	<u>-</u>
		14,725,581	12,704,750

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

Anas Rahman
Chief Executive

Sheikh Zafar Ahmed
Director

**CONDENSED INTERIM PROFIT AND
LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

Note	Half Year Ended		Quarter Ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
 (Rupees in '000).....	 (Rupees in '000).....	
Sales	9,935,963	8,511,755	4,912,988	3,997,967
Cost of sales	9 (7,237,975)	(6,858,875)	(3,395,328)	(3,116,508)
Gross profit	<u>2,697,988</u>	<u>1,652,880</u>	<u>1,517,660</u>	<u>881,459</u>
Administrative costs	(333,486)	(262,327)	(169,608)	(147,157)
Distribution costs	(269,909)	(259,077)	(128,991)	(122,596)
Other operating cost	(117,579)	(69,457)	(64,402)	(32,236)
	(720,974)	(590,861)	(363,001)	(301,989)
Operating profit	<u>1,977,014</u>	<u>1,062,019</u>	<u>1,154,659</u>	<u>579,470</u>
Finance costs	(49,426)	(96,949)	(124,276)	(156,448)
Profit before taxation	<u>1,927,588</u>	<u>965,070</u>	<u>1,030,383</u>	<u>423,022</u>
Provision for taxation	(101,107)	(88,193)	(48,789)	(41,418)
Profit after taxation	<u>1,826,481</u>	<u>876,877</u>	<u>981,594</u>	<u>381,604</u>
Earning per share basic and diluted	<u>4.85</u>	<u>2.33</u>	<u>2.61</u>	<u>1.01</u>

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

Anas Rahman
Chief Executive

Sheikh Zafar Ahmed
Director

**CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

	<u>Half Year Ended</u>		<u>Quarter Ended</u>	
	<u>December 31, 2015</u>	<u>December 31, 2014</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
 (Rupees in '000).....	 (Rupees in '000).....	
Profit after tax for the period	1,826,481	876,877	981,594	381,604
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>1,826,481</u>	<u>876,877</u>	<u>981,594</u>	<u>381,604</u>

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

Anas Rahman
Chief Executive

Sheikh Zafar Ahmed
Director

**CONDENSED INTERIM CASH FLOW
STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

	July to December 31, 2015	July to December 31, 2014
..... (Rupees in '000).....		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax for the period	1,927,588	965,070
Adjustments for non cash charges and other items		
Depreciation	220,690	203,810
Amortisation of intangible assets	2,571	2,571
Expense accrued on workers' fund	109,819	57,961
Finance cost	35,023	110,692
Gain on disposal of fixed assets	(1,922)	(1,729)
	<u>366,181</u>	<u>373,305</u>
Operating profit before working capital changes	2,293,769	1,338,375
(Increase)/decrease in current assets		
Stores and spares	(106,750)	67,908
Stock-in-trade	(1,213,810)	(547,825)
Trade debtors	331,036	(247,224)
Advances, prepayments and other receivables	(734,837)	(35,455)
Increase in current liabilities		
Trade and other payables	4,813	253,896
	<u>(1,719,548)</u>	<u>(508,700)</u>
	574,221	829,675
Finance cost paid	(43,914)	(104,453)
Income tax paid	(110,425)	(86,148)
Workers' fund paid	(133,769)	(152,810)
	<u>(288,108)</u>	<u>(343,411)</u>
Net cash generated from operating activities	286,113	486,264
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(358,687)	(456,629)
Proceeds from sale of operating fixed assets	6,240	3,486
Net cash used in investing activities	(352,447)	(453,143)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(295,565)	(188,733)
Repayment of long-term loans	(432,467)	(168,447)
Export refinance obtained during the period	850,000	920,000
Payment of trade loan under FE-25	-	(317,484)
Net cash generated from financing activities	<u>121,968</u>	<u>245,336</u>
Net increase in cash and cash equivalents	55,634	278,457
Cash and cash equivalents at the beginning of the period	287,909	136,224
Cash and cash equivalents at the end of the period	<u>343,543</u>	<u>414,681</u>
	December 31, 2015	December 31, 2014
CASH AND CASH EQUIVALENTS		
Cash and bank balances	443,955	470,685
Short term running finance	(100,412)	(56,004)
	<u>343,543</u>	<u>414,681</u>

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

Anas Rahman
Chief Executive

Sheikh Zafar Ahmed
Director

**CONDENSED INTERIM STATEMENT OF CHANGES
IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

	Share capital	Capital reserve	Accumulated profit	Total
	----- (Rupees in '000) -----			
Balance as at July 1, 2014	3,768,009	758,663	2,533,361	7,060,033
Total comprehensive income for the period	-	-	876,877	876,877
Final cash dividend				
- Final dividend 20% @ (i.e. Rs. 2.00 per shares) for all shareholders except directors, their relatives and associates.	-	-	(524)	(524)
- Final dividend 5% @ (i.e. Re. 0.50 per share) to directors, their relatives and associates	-	-	(188,270)	(188,270)
Balance as at December 31, 2014	<u>3,768,009</u>	<u>758,663</u>	<u>3,221,444</u>	<u>7,748,116</u>
Balance as at January 1, 2015	3,768,009	758,663	3,221,444	7,748,116
Total comprehensive income for the period	-	-	1,448,750	1,448,750
Interim cash dividend				
- Interim dividend 25% @ (i.e. Rs. 2.50 per shares) for all shareholders except directors, their relatives and associates	-	-	(656)	(656)
- Interim dividend 7% @ (i.e. Re. 0.70 per share) to directors, their relatives and associates	-	-	(263,577)	(263,577)
Balance as at June 30, 2015	<u>3,768,009</u>	<u>758,663</u>	<u>4,405,961</u>	<u>8,932,633</u>
Balance as at July 1, 2015	3,768,009	758,663	4,405,961	8,932,633
Total comprehensive income for the period	-	-	1,826,481	1,826,481
Final cash dividend				
- Final dividend 25% @ (i.e. Rs. 2.50 per shares) for all shareholders except directors, their relatives and associates	-	-	(656)	(656)
- Final dividend 8% @ (i.e. Re. 0.80 per share) to directors, their relatives and associates	-	-	(301,230)	(301,230)
Balance as at December 31, 2015	<u>3,768,009</u>	<u>758,663</u>	<u>5,930,556</u>	<u>10,457,228</u>

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

Anas Rahman
Chief Executive

Sheikh Zafar Ahmed
Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL
INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

1. LEGAL STATUS AND OPERATIONS

The Company was incorporated in Pakistan as a public limited Company. The shares of the Company are quoted on Karachi Stock Exchange (With effect from January 01, 2016 it is Pakistan Stock Exchange Limited). The Company is principally engaged in production and export of towels. The registered office of the Company is situated at H-23/4-A Landhi, Karachi.

2. BASIS OF PREPARATION

2.1 These condensed interim financial information are un-audited but subject to limited scope review by the auditors of the Company. These condensed interim financial information of the Company for the six months period ended December 31, 2015 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 Ordinance, 1984. In case where the requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

2.2 The figures of the condensed interim profit and loss account for the quarters ended December 31, 2015 and 2014 have not been reviewed by the auditors of the Company as they have reviewed the cumulative figures for the half years ended December 31, 2015 and 2014. These condensed interim financial information do not include all the information and disclosures required in the annual financial information, and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2015.

3. SIGNIFICANT ACCOUNTING POLICIES

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

4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the condensed interim financial information in conformity with approved accounting standards require management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

In preparing the condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the preceding published annual financial statements of the Company as at and for the year ended June 30, 2015.

		December 31, 2015 (Un-audited)	June 30, 2015 (Audited)
	Note	----- (Rupees in '000) -----	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	5,171,235	5,214,541
Capital work in progress	5.2	723,824	535,596
Leasehold improvements		14,234	25,478
		<u>5,909,293</u>	<u>5,775,615</u>

5.1 Major additions and deletions are as follows:

	December 31, 2015		June 30, 2015	
	Additions/ Transfers	Disposals	Additions/ Transfers	Disposals
	---- (Rupees in '000) ----		---- (Rupees in '000) ----	
Land - Leasehold	2,846	-	-	-
Building on leasehold land	684	-	133,451	-
Building on freehold land	-	-	-	-
Plant and machinery	124,333	(24,734)	798,157	(35,294)
Electric fittings	1,855	-	22,987	-
Office equipments	1,100	(50)	12,981	-
Computers	6,073	-	14,947	-
Furniture and fixtures	94	-	2,971	-
Vehicles	30,484	(8,035)	42,902	(18,033)
Arms and ammunitions	-	-	-	-
	<u>167,469</u>	<u>(32,819)</u>	<u>1,028,396</u>	<u>(53,327)</u>

Depreciation of operating fixed assets for the half year ended December 31, 2015 amounted to Rs 206.456 million (Dec 31, 2014: Rs. 192.14 million) and amortisation of leasehold improvements amounted to Rs. 14.234 million (Dec 31, 2014: Rs. 11.669 million). Written down value of the disposal is Rs. 4.319 million (June 30, 2015: Rs 16.208 million).

	December 31, 2015 (Un-audited)	June 30, 2015 (Audited)
	----- (Rupees in '000) -----	
5.2 CAPITAL WORK IN PROGRESS		
Opening balance at the beginning of the year	535,596	582,312
Additions during the year:		
Machines under installation	138,295	668,984
Building under construction	137,943	226,841
Others	31,968	46,596
	308,206	942,421
Transferred to operating fixed assets	(113,444)	(962,149)
Transferred to leasehold improvement	(2,991)	(23,480)
Transferred / adjustment expense	(3,543)	(3,508)
	<u>723,824</u>	<u>535,596</u>
Closing balance at the end of the period	723,824	535,596

6. LONG TERM FINANCE

Long term finance obtained from Habib Metropolitan Bank Ltd is repayable in five years in 8 half yearly installments including 1 year grace period beginning from commencement of the loan term. Markup to be accrued on quarterly basis at SBP rate + 0.5% spread.

	December 31, 2015 (Un-audited)	June 30, 2015 (Audited)
----- (Rupees in '000) -----		
7. SHORT TERM BORROWING		
Export refinance	850,000	-
Short term running finance	100,412	-
	<u>950,412</u>	<u>-</u>

8. CONTINGENCIES AND COMMITMENTS

i) Contingencies

There were no contingencies existed at the balance sheet date.

ii) Commitments

Guarantees issued by commercial banks to Sui Southern Gas Company Limited on behalf of the Company amounting to Rs.213.58 million (June-2015: Rs. 206.02 million).

Guarantees issued by commercial bank to supplier and Central Excise Department on behalf of the Company amounting to Rs. 3.38 million (June-2015: Rs. 2.38 million) and Rs. 72.85 million (June-2015: Rs. 56.85 million) respectively.

Company has also enter into following commitments:

	December 31, 2015 (Un-audited)	June 30, 2015 (Audited)
----- (Rupees in '000) -----		
- Letter of credit	349,405	33,484
- Capital expenditure	36,400	106,490

	For the half year ended December 31,2015	December 31,2014	For the quarter ended December 31,2015	December 31,2014
----- (Rupees in '000) -----				

9. COST OF SALES

Raw materials consumed

Opening stock	1,229,094	1,428,292	1,370,181	1,832,939
Purchases during the year	5,357,938	4,692,113	2,886,125	2,259,247
	<u>6,587,032</u>	<u>6,120,405</u>	<u>4,256,306</u>	<u>4,092,186</u>
Less : Closing stock	(2,151,033)	(2,152,549)	(2,151,033)	(2,152,549)
Raw materials consumed	4,435,999	3,967,856	2,105,273	1,939,637
Stores consumed	1,073,970	967,215	573,597	509,874
Salaries, wages and benefits	1,001,206	864,121	493,266	413,972
Fuel, power and water	638,591	539,899	323,748	260,038
Insurance	12,007	14,903	6,227	7,216
Repair and maintenance	36,682	36,534	24,355	21,211
Other manufacturing expenses	124,011	99,482	60,463	66,622
Depreciation and amortisation	207,379	192,432	107,948	107,770
Work-in-process opening	790,365	1,064,591	825,114	918,445
Work-in-process closing	(995,298)	(1,041,089)	(995,298)	(1,041,089)
Cost of goods manufactured	<u>7,324,912</u>	<u>6,705,944</u>	<u>3,524,693</u>	<u>3,203,696</u>
Add: Opening stock of finished goods	363,104	640,578	320,676	400,458
Less: Closing stock of finished goods	(450,041)	(487,647)	(450,041)	(487,646)
Cost of sales	<u>7,237,975</u>	<u>6,858,875</u>	<u>3,395,328</u>	<u>3,116,508</u>

10. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, directors and key management personnel. Transactions with associated undertakings and related parties, other than remuneration and benefits to key management personnel under the terms of their employment, are as follows:

Nature of transaction	Relationship	For the half year ended	
		July to December 2015	July to December 2014
----- (Rupees in '000) -----			
Sales of goods	Associate	591,903	673,244
Purchases	Associate	99,990	28,557
Other services	Associate	526,216	444,455
		December 31, 2015	June 30, 2015
----- (Rupees in '000) -----			
Balances with related parties at the end of the period are as follows:			
Balances			
(Payable) / Receivable	Associate	<u>(51,291)</u>	<u>13,600</u>

11. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding annual published financial statements of the Company for the year ended June 30, 2015.

12. CORRESPONDING FIGURES

Reclassification made in the financial statements is as follows:

Reclassification from component	Reclassification from component	Rupees in '000
ADMINISTRATIVE COST	DISTRIBUTION COST	
Salaries, wages and benefits	Salaries, wages and benefits	<u>27,005</u>

13. NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors in meeting held on February 26, 2016 has approved an interim cash dividend @ 15% of Rs. 1.50 per share, amounting to Rs. 565,201,458. The effect of this interim dividend will be accounted for in the financial statement for nine month period ended March 31, 2016.

14. DATE OF AUTHORIZATION FOR ISSUE

The condensed interim financial information have been authorized for issue on February 26, 2016 by the Board of Directors of the Company.

15. GENERAL

Allocations for the workers' profit participation fund, workers' welfare fund and taxation are interim and final liability will be determined on the basis of annual results.

Figures have been rounded off to the nearest thousand rupee.

Anas Rahman
Chief Executive

Sheikh Zafar Ahmed
Director

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