



FEROZE1888 MILLS LIMITED



**Condensed Interim Financial Information
for the Half Year Ended December 31, 2016**

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COMPANY INFORMATION

Board of Directors	:	Mr. Jonathan R. S Simon Mr. Anas Rahman Mr. Rehan Rahman Mr. Khaleequr Rahman Mr. Shabbir Ahmed Mr. Abdul Rehman Yaqub Mr. Perwez Ahmed Mr. Nasim Hyder	Director / Chairman Director / Vice Chairman Chief Executive Director Director Director Director Director
Audit Committee	:	Mr. Khaleequr Rahman Mr. Nasim Hyder Mr. Perwez Ahmed	Member Chairman Member
Human Resource & Remuneration Committee	:	Mr. Khaleequr Rahman Mr. Anas Rahman Mr. Rehan Rahman	
Chief Financial Officer	:	Mr. Imran Tola	
Company Secretary	:	Mr. 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	
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, 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 2016, duly reviewed by the Auditors in compliance with requirements of the Companies Ordinance, 1984.

OPERATIONAL AND FINANCIAL PERFORMANCE

The first six months of the current financial year concluded on December 31, 2016, recording a decline in profit as compared to the corresponding period in the previous year.

The basic raw material of towel is cotton to which the company adds value for export purposes. Due to a shortage in domestic supply, cotton as needed to be imported, and this issue was further compounded as a result of higher international prices. The increase in cost of raw material, coupled with lower revenue because of persistently weak global demand and competitive global market conditions are the few primary factors which led to a fall in profits.

The management continues to maintain a strong focus on improving capacity utilization, operational efficiency and minimizing wastages through the re-usage of wastages, boosting sustainability, dynamic cost reduction through process improvement, product innovation, and using new technology. These strategies will ultimately result in improved recoveries and more sustainability in the long term.

FUTURE PROSPECTS

Moving forward, the outlook for the business, especially the textile sector, there are many considerable macro-economic, political and social challenges. The country's exports have been continuously declining primarily due to a lack of support and interest from the government while the international scenario has further contributed to this, as evidenced by towel exports plummeting by 7.79 percent in this period as compared to the corresponding period.

Higher energy prices against international competitors along with a shortage in gas supply throughout the year is a serious issue; resulting in underutilization of capacity. The government has failed to address the concerns of the textile industry regarding long outstanding tax refunds. Consequently, there has been a blockage of the working capital and increased financial cost due to external borrowings. Recently, the government has announced an export package that does not match the incentives provided to textile exporters by other countries.

The company is focused on growth opportunities and is determined to significantly improve its operating results by increasing operational efficiencies, cost reductions and add value through introducing new products in its repertoire.

ACKNOWLEDGMENTS

The directors take great pride to place on record their appreciation for the contributions made by the employees of the company and would also like to acknowledge the support from all the banks, customers, suppliers and other stakeholders.

For and on behalf of the Board

Jonathan R. S Simon
Chairman

Karachi: February 27, 2017

نظماء تجزیہ برائے حصص یافتگان

آپ کے ناظمین اختتامی ششماہی ۳۱ دسمبر ۲۰۱۶ تک کے غیر محاسبی مالیاتی نتائج، جن کا جائزہ محاسب کی جانب سے کمپنیز آرڈیننس مجریہ ۱۹۸۴ کی روشنی میں لیا گیا ہے، پیش کرتے ہوئے نہایت مسرور ہیں۔

عملیاتی و مالیاتی کارکردگی

رواں مالی سال کے پہلے چھ مہینوں میں گزشتہ سال کے اسی مدت کے مقابلے میں کمپنی کو حاصل منافع میں کمی دیکھنے میں آئی ہے۔ تولیہ کیلئے بنیادی خام مال روئی ہے جسے کمپنی اپنی کاوشوں سے مزید بہتر بنا کر برآمداتی مقاصد کیلئے استعمال کرتی ہے۔

مقامی مارکیٹ میں روئی کی عدم دستیابی کی وجہ سے روئی درآمد کی گئی، مزید برآں عالمی مارکیٹ میں روئی کی زیادہ قیمت نے اس مسئلے کو اور گھمبیر کر دیا ہے۔ مجموعی طور پر خام مال کی قیمتوں میں اضافہ، عالمی سطح پر طلب میں کمی، اور عالمی مارکیٹ میں مسابقتی عوامل منافع میں کمی کا باعث ہیں۔

پیداواری صلاحیت میں اضافے، استعدادی صلاحیتوں اور عملیاتی کارکردگی میں بہتری، صنعتی فاضل مادے کے اخراج اور پیداوار میں ہر ممکن کمی اور اس سمت میں اس کا دوبارہ استعمال، پائیداری میں اضافہ اور مستقل ٹھہراؤ، متحرک طریقوں سے پیداواری لاگت میں کمی اور نئی ٹیکنالوجی کی مدد سے مصنوعات میں جدت لانے پر انتظامیہ مستقل اپنی بھرپور توجہ اور گہری نظر مرکوز کئے ہوئے ہے۔ انتظامیہ کی جانب سے یہ تمام حکمت عملی طویل المعیاد بنیادوں پر ادارے کو وصولی کے معاملات میں بہتری اور دیر پا استحکام کا باعث ثابت ہوں گی۔

مستقبل کا جائزہ

مستقبل میں کاروباری معاملات بالخصوص ٹیکسٹائل سیکٹر میں بڑے معاشی، سیاسی اور سماجی مسائل کا سامنا ہے۔ گورنمنٹ کی عدم توجہ اور غیر اعانت کی وجہ سے ملک کی برآمدات مسلسل گراؤ کا شکار ہے جس کا ساتھ ساتھ بین الاقوامی منظر نامے نے بھی اس صورتحال میں اہم کردار ادا کیا ہے، اس کا واضح ثبوت اور اندازہ پچھلے سال کی اسی مدت کے مقابلے میں اس سال تولیہ کی برآمدات میں ۷.۹۷ فیصد کمی سے لگایا جاسکتا ہے۔

پورے سال گیس سپلائی میں کمی اور بین الاقوامی حربوں کے مقابلے میں گیس کی زیادہ قیمتوں جیسے بنجیدہ مسائل کے نتیجے میں پیداواری صلاحیتوں کا مؤثر طور پر استعمال ناممکن ہے۔ گورنمنٹ ٹیکسٹائل سیکٹر کے مسائل بالخصوص طویل مدت سے زیر التواء رقوم کی واپسی جیسے مسائل کے حل میں ناکام رہی ہے، نتیجتاً سرمائے کی عدم دستیابی اور بیرونی قرضوں کے حصول کی وجہ سے مالیاتی لاگت میں اضافہ ہوا ہے۔ اگرچہ گورنمنٹ نے حالیہ برآمدی ٹیکس کا اعلان کیا ہے، لیکن یہ ٹیکسٹائل سیکٹر کو دوسروں ملکوں کی جانب سے دی گئی مراعات کے مقابلے میں بہت کم ہے۔

کمپنی کی تمام تر توجہ ترقی کے مواقعوں پر مرکوز ہے۔ اس ضمن میں عملی صلاحیتوں میں اضافہ اور نتائج میں بہتری، مصنوعاتی لاگت میں کمی، اور نئی مصنوعات کو متعارف کرانے میں کمپنی مصروف عمل ہے۔

اظہار تشکر

کمپنی کی ترقی میں حصہ لینے والے ملازمین اور ان کی بہترین کارکردگی پر ڈائریکٹرز انہیں خراج تحسین پیش کرتے ہیں۔ دریں اثناء اس ضمن میں تمام بینکوں، صارفین، سپلائرز اور دیگر حصے داروں کے تعاون اور کمپنی کی ترقی میں کردار ادا کرنے کے بھی معترف ہیں۔

منجانب:

چیئرمین

جائمن آرسائمن

کراچی: فروری ۲۰۱۷ء، ۲۰۱۷

**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, 2016 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 this 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, 2016 and 2015 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2016 and 2015.

Scope of Review

We conducted our review in accordance with International Standards 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, 2016 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
Engagement Partner: **Muhammad Waseem**

Karachi
Dated: February 27, 2017

**CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2016**

		(UN-AUDITED) December 31, 2016	(AUDITED) June 30, 2016
	Note		
NON-CURRENT ASSETS			
Property, plant and equipment	5	7,062,346	6,749,864
Long term investment		10	10
Long term deposits		7,093	6,387
		7,069,449	6,756,261
CURRENT ASSETS			
Stores and spares		535,215	567,422
Stock-in-trade		4,054,387	3,046,969
Trade debts - considered good		3,458,575	2,782,631
Advances, prepayments and other receivables		848,819	1,364,780
Taxation - net		171,288	-
Cash and bank balances		192,230	990,908
		9,260,514	8,752,710
		16,329,963	15,508,971
SHARE CAPITAL AND RESERVES			
Authorized 400,000,000 ordinary shares of Rs. 10/- each		4,000,000	4,000,000
Issued, subscribed and paid-up capital		3,768,009	3,768,009
Capital reserves		758,663	758,663
Accumulated profit		7,500,594	7,160,555
		12,027,266	11,687,227
Surplus on revaluation of land		1,080,662	1,080,662
NON-CURRENT LIABILITIES			
Long term finance - secured	6	379,146	434,150
CURRENT LIABILITIES			
Trade and other payables		2,678,461	2,294,441
Accrued mark-up		3,574	1,682
Short term borrowings - secured	7	100,000	-
Taxation - net		-	4,959
Current portion of long term finance - secured		60,854	5,850
		2,842,889	2,306,932
CONTINGENCIES AND COMMITMENTS	8	-	-
		16,329,963	15,508,971

The annexed notes 1 to 14 form an integral part of these condensed interim financial information.

Rehan Rahman
Chief Executive

Khaleequr Rahman
Director

**CONDENSED INTERIM PROFIT AND
LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

Note	Half Year Ended		Quarter Ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
 (Rupees in '000).....	 (Rupees in '000).....	
Sales	8,974,953	9,935,963	4,213,924	4,912,988
Cost of sales	9 (7,198,369)	(7,237,975)	(3,402,759)	(3,395,328)
Gross profit	1,776,584	2,697,988	811,165	1,517,660
Administrative costs	(383,800)	(333,486)	(198,498)	(169,608)
Distribution costs	(236,854)	(269,909)	(115,335)	(128,991)
Other operating cost	(70,737)	(117,579)	(32,495)	(64,402)
	(691,391)	(720,974)	(346,328)	(363,000)
Operating profit	1,085,193	1,977,014	464,837	1,154,659
Finance costs	(38,322)	(49,426)	(15,534)	(124,276)
Profit before taxation	1,046,871	1,927,588	449,303	1,030,383
Provision for taxation	84,450	(101,107)	138,354	(48,789)
Profit after taxation	1,131,321	1,826,481	587,657	981,594
Earning per share basic and diluted	3.00	4.85	1.56	2.61

The annexed notes 1 to 14 form an integral part of these condensed interim financial information.

Rehan Rahman
Chief Executive

Khaleequr Rahman
Director

**CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

	Half Year Ended		Quarter Ended	
	December	December	December	December
	31, 2016	31, 2015	31, 2016	31, 2015
 (Rupees in '000).....	 (Rupees in '000).....	
Profit after tax for the period	1,131,321	1,826,481	587,657	981,594
Other comprehensive income	-	-	-	-
Total comprehensive income				
for the period	1,131,321	1,826,481	587,657	981,594

The annexed notes 1 to 14 form an integral part of these condensed interim financial information.

Rehan Rahman
Chief Executive

Khaleequr Rahman
Director

**CONDENSED INTERIM CASH FLOW
STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

	July to December 31, 2016	July to December 31, 2015
 (Rupees in '000).....	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax for the period	1,046,871	1,927,588
Adjustments for non cash charges and other items		
Depreciation	258,603	220,690
Amortization of intangible assets	—	2,571
Expense accrued on workers' fund	62,656	109,819
Finance cost	24,369	35,023
Loss/(gain) on disposal of fixed assets	2,635	(1,922)
	<u>348,263</u>	<u>366,181</u>
Operating profit before working capital changes	<u>1,395,134</u>	<u>2,293,769</u>
Decrease/(increase) in current assets		
Stores and spares	32,208	(106,750)
Stock-in-trade	(1,007,418)	(1,213,810)
Trade debtors	(675,944)	331,036
Advances, prepayments and other receivables	515,961	(734,837)
Increase in current liabilities		
Trade and other payables	456,290	4,813
	<u>(678,903)</u>	<u>(1,719,548)</u>
	<u>716,231</u>	<u>574,221</u>
Finance cost paid	(22,477)	(43,914)
Income tax paid	(91,797)	(110,425)
Workers' fund paid	(213,060)	(133,769)
	<u>(327,334)</u>	<u>(288,108)</u>
Net cash generated from operating activities	<u>388,897</u>	<u>286,113</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(585,192)	(358,687)
Proceeds from sale of operating fixed assets	11,473	6,240
Long term deposits	(707)	—
Net cash used in investing activities	<u>(574,426)</u>	<u>(352,447)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(713,149)	(295,565)
Repayment of long-term loans	—	(432,467)
Export refinance obtained during the period	100,000	850,000
Net cash (used in)/generated from financing activities	<u>(613,149)</u>	<u>121,968</u>
Net (decrease)/increase in cash and cash equivalents	<u>(798,678)</u>	<u>55,634</u>
Cash and cash equivalents at the beginning of the period	<u>990,908</u>	<u>287,909</u>
Cash and cash equivalents at the end of the period	<u>192,230</u>	<u>343,543</u>
	December 31, 2016	December 31, 2015
CASH AND CASH EQUIVALENTS		
Cash and bank balances	192,230	443,955
Short term running finance	—	(100,412)
	<u>192,230</u>	<u>343,543</u>

The annexed notes 1 to 14 form an integral part of these condensed interim financial information.

Rehan Rahman
Chief Executive

Khaleequr Rahman
Director

**CONDENSED INTERIM STATEMENT OF CHANGES
IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

	Share capital	Capital reserve	Accumulated profit	Surplus on revaluation	Total
----- (Rupees in '000) -----					
Balance as at July 1, 2015	3,768,009	758,663	4,405,961	1,080,662	10,013,295
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)
	-	-	(301,886)	-	(301,886)
Balance as at December 31, 2015	<u>3,768,009</u>	<u>758,663</u>	<u>5,930,556</u>	<u>1,080,662</u>	<u>11,537,890</u>
Balance as at January 1, 2016	3,768,009	758,663	5,930,556	1,080,662	11,537,890
Total comprehensive income for the period	-	-	1,983,602	-	1,983,602
Interim cash dividend					
- Interim dividend 15% @ (i.e. Rs. 1.50 per shares) for all shareholders except directors, their relatives and associates	-	-	(565,202)	-	(565,202)
- Interim dividend 5% @ (i.e. Re. 0.50 per share) to directors, their relatives and associates	-	-	(188,401)	-	(188,401)
	-	-	(753,603)	-	(753,603)
Balance as at June 30, 2016	<u>3,768,009</u>	<u>758,663</u>	<u>7,160,555</u>	<u>1,080,662</u>	<u>12,767,889</u>
Balance as at July 1, 2016	3,768,009	758,663	7,160,555	1,080,662	12,767,889
Total comprehensive income for the period	-	-	1,131,321	-	1,131,321
Final cash dividend					
- Final dividend 21% @ (i.e. Rs. 2.10 per shares) for all shareholders	-	-	(791,282)	-	(791,282)
Balance as at December 31, 2016	<u>3,768,009</u>	<u>758,663</u>	<u>7,500,594</u>	<u>1,080,662</u>	<u>13,107,928</u>

The annexed notes 1 to 14 form an integral part of these condensed interim financial information.

Rehan Rahman
Chief Executive

Khaleequr Rahman
Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL
INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

1. LEGAL STATUS AND OPERATIONS

The Company was incorporated in Pakistan as a public limited Company. The shares of the Company are quoted on Pakistan Stock Exchange. 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, 2016 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, 2016 and 2015 have not been reviewed by the auditors of the Company as they have reviewed the cumulative figures for the half years ended December 31, 2016 and 2015. 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, 2016.

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, 2016.

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, 2016.

		December 31, 2016 (Un-audited)	June 30, 2016 (Audited)
	Note	----- (Rupees in '000) -----	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	6,373,194	5,837,009
Capital work in progress	5.2	617,526	854,663
Leasehold improvements		71,626	58,192
		<u>7,062,346</u>	<u>6,749,864</u>

5.1 Major additions and deletions are as follows:

	December 31, 2016		June 30, 2016	
	Additions/ Transfers	Disposals	Additions/ Transfers	Disposals
	---- (Rupees in '000) ----		---- (Rupees in '000) ----	
Land - Leasehold	23,380	—	3,068	—
Building on leasehold land	81,875	—	230,358	—
Building on freehold land	—	—	—	—
Plant and machinery	638,269	(45,157)	698,761	(47,587)
Electric fittings	8,076	—	28,486	—
Office equipments	5,749	—	23,830	(50)
Computers	13,086	—	13,906	—
Furniture and fixtures	1,087	—	4,257	—
Vehicles	27,735	(9,414)	76,642	(35,386)
	<u>799,257</u>	<u>(54,571)</u>	<u>1,079,308</u>	<u>(83,023)</u>

Depreciation of operating fixed assets for the half year ended December 31, 2016 amounted to Rs. 248.972 million (Dec 31, 2015: Rs. 206.456 million) and amortisation of leasehold improvements amounted to Rs. 9.631 million (Dec 31, 2015: Rs. 14.234 million). Written down value of the disposal is Rs. 14.107 million (June 30, 2016: Rs. 20.870 million).

	December 31, 2016 (Un-audited)	June 30, 2016 (Audited)
	----- (Rupees in '000) -----	

5.2 Capital work in progress

Opening balance at the beginning of the period **578,191** 511,856

Additions during the period:

Machines under installation	501,369	577,927
Building under construction	140,001	431,923
Others	23,791	28,814
	<u>665,161</u>	<u>1,038,664</u>

Transfers during the period:

Transferred to operating fixed assets	(707,905)	(881,162)
Transferred to leasehold improvement	(23,065)	(64,944)
Transferred / adjustment expense	(9,379)	(26,223)
	<u>(740,349)</u>	<u>(972,329)</u>

Advances - CWIP	503,003	578,191
	<u>114,523</u>	<u>276,472</u>
Closing balance at the end of the period	<u>617,526</u>	<u>854,663</u>

6. LONG TERM FINANCE

This represents balances of loans obtained for acquiring imported and local textile machinery. The rate of markup is 3%. These are secured against specific charge on machinery.

7. SHORT TERM BORROWING

Export refinance	100,000	—
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8. CONTINGENCIES AND COMMITMENTS**i) Contingencies**

No contingencies existed at the reporting date.

ii) Commitments

Guarantees issued by commercial banks to Sui Southern Gas Company Limited on behalf of the Company amounting to Rs.228.445 million (June-2015: Rs. 226.85 million).

Guarantees issued by commercial bank to supplier and Central Excise Department on behalf of the Company amounting to Rs. 4.431 million (June-2016: Rs. 3.63 million) and Rs. 88.522 million (June-2016: Rs. 75.85 million) respectively.

	December 31, 2016 (Un-audited)	June 30, 2016 (Audited)
	----- (Rupees in '000) -----	
- Letter of credit	241,623	34,880
- Capital expenditure	8,415	57,335

9. COST OF SALES**Raw materials consumed**

	For the half year ended December 31, 2016	December 31, 2015	For the quarter ended December 31, 2016	December 31, 2015
	----- (Rupees in '000) -----		----- (Rupees in '000) -----	
Opening stock	1,530,681	1,229,094	1,177,458	1,370,181
Purchases during the year	4,820,845	5,357,938	3,051,120	2,886,125
	6,351,526	6,587,032	4,228,578	4,256,306
Less : Closing stock	(1,897,670)	(2,151,033)	(1,897,670)	(2,151,033)
Raw materials consumed	4,453,856	4,435,999	2,330,908	2,105,273
Stores consumed	1,156,364	1,073,970	614,539	573,597
Salaries, wages and benefits	1,142,791	1,001,206	569,784	493,266
Fuel, power and water	691,064	638,591	335,781	323,748
Insurance	9,006	12,007	4,932	6,227
Repair and maintenance	47,999	36,682	21,342	24,355
Other manufacturing expenses	98,884	124,011	45,984	60,463
Depreciation and amortisation	238,834	207,379	123,753	107,948
Work-in-process opening	971,073	790,365	1,071,464	825,114
Work-in-process closing	(1,305,610)	(995,298)	(1,305,610)	(995,298)
Cost of goods manufactured	7,504,261	7,324,912	3,812,877	3,524,693
Add: Opening stock of finished goods	545,215	363,104	440,989	320,676
Less: Closing stock of finished goods	(851,107)	(450,041)	(851,107)	(450,041)
Cost of sales	7,198,369	7,237,975	3,402,759	3,395,328

Note	Half Year Ended		Quarter Ended	
	December	December	December	December
	31, 2016	31, 2015	31, 2016	31, 2015
 (Rupees in '000) (Rupees in '000)	

10. PROVISION FOR TAXATION

Current	(101,843)	(101,107)	(47,939)	(48,789)
Prior year	186,293	-	186,293	-
	84,450	(101,107)	138,354	(48,789)

This represents amount recorded during the period on account of income tax credit u/s 65B of the Income Tax Ordinance, 2001 claimed in the tax returns relating to the tax years 2014 to 2016. The company is subject to presumptive tax and it intends to claim refund of tax deducted at source to the extent of tax credits recorded.

11. 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:

		<u>For the half year ended</u>	
		July to	July to
		December	December
		2016	2015
		----- (Rupees in `000) -----	
Nature of transaction	Relationship		
Sales of goods	Associate	570,747	591,903
Purchases	Associate	11,559	99,990
Other services	Associate	460,391	526,216
		December	June
		31, 2016	30, 2016
		----- (Rupees in `000) -----	
Balances with related parties at the end of the period are as follows:			
Balances			
(Payable)	Associate	(23,090)	(40,006)

12. 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, 2016.

13. DATE OF AUTHORIZATION FOR ISSUE

The condensed interim financial information have been authorized for issue on February 27, 2017 by the Board of Directors of the Company.

14. 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.

Rehan Rahman
Chief Executive

Khaleequr Rahman
Director

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