

# FINANCIAL STATEMENTS

For the half year ended December 31, 2017



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## **COMPANY INFORMATION**

#### **Board of Directors**

Mr. Jonathan R. Simon Director/Chairman Mr. Anas Rahman Director/Vice Chairman Mr. Khaleegur Rahman Director Mr. Shabbir Ahmed Director Mr. Abdul Rehman Yaqub Director Mr. Perwez Ahmed Director Mr. Nasim Hyder Director Mr. Rehan Rahman Chief Executive

#### **Audit Committee**

Mr. Nasim Hyder Chairman Mr. Khaleequr Rehman Member Mr. Perwez Ahmed Member

#### **HR & Remuneration Committee**

Mr. Khaleequr Rahman Mr. Nasim Hyder Mr. Anas 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 Ltd Meezan Bank Limited Standard Chartered Bank (Pakistan) Ltd

#### **Auditors**

E Y Ford Rhodes Progressive Plaza, Beaumount Road, Karachi

#### **Legal Advisor**

Mohsin Tayebaly & Co

#### **Registered Office**

H-23/4A, Scheme # 3 Landhi Industrial Area Karachi.

#### **Head Office**

B-4/A, SITE, Karachi

#### **Factory**

#### Sindh

H-23/4A, Scheme # 3 Landhi Industrial Area Karachi. Survey # 81, 165, 166, 71 Deh Moachko, Tapo Gabopat Keamari Town, Karachi Plot # A-5, SITE, Karachi. Plot # C-3, SITE, Karachi. Plot # C-31 SITE, Karachi Plot # F-89, SITE, Karachi Plot # F-125, SITE, Karachi Plot # F-342, SITE, Karachi Plot # D-202, SITE, Karachi

#### **Balochistan**

D-14, HITE, Hub, Lasbela, Balochistan.

#### Share Registrar/Transfer Agent

FAMCO Associate (Pvt.) Ltd 8-F, Next to Hotel Faran Nursery, Block-6, PECHS, Shahrah-e-Faisal, Karachi.

#### Website

http://www.feroze1888.com



#### **DIRECTORS' REPORT**

Your directors are pleased to present the un-audited financial statements for the half year ended 31st December 2017, duly reviewed by the Auditors in compliance with requirements of the repealed Companies Ordinance, 1984.

#### **Operational and Financial Performance**

The first half of the current year under review showed a decline in profit as compared to the corresponding period of last year.

Although the sales volume grew by 9% profitability declined by 18% as compared to the corresponding period. There are various factors contributing to the decline of the profits including: increase in raw material prices, lower sales prices owing to continuous tough competitive global market conditions and higher financial costs due to increased borrowings to support working capital requirements.

The prices of main raw materials cotton and yarn have increased significantly during the period mainly impacted by the factors such as the gap between the demand and supply in the local market and rupee devaluation. The high raw material prices impacted our margins severely.

The management of the company is continuously working on various strategies for sustainable growth through increasing sales, improving capacity optimization, operational efficiency and minimizing wastages through the re-usage of wastages, cost optimization by process reengineering, product innovation, and taking advantage of technological development. We are confident that the highlighted strategies resulted in and will continue to result in improved recoveries in future.

#### **Earnings per Share**

The earnings per share for the half year ended December 31, 2017 was Rs. 2.47 as compared to Rs. 3.0 for previous year's corresponding period.

#### **Future Prospects**

Textile sector serves Pakistan by contributing major chunk of export of the country and providing employment opportunities. This industry has been facing tough time since long because of various political, social and financial challenges. High energy prices, interruptible gas supply, international competition and long outstanding refund from the government are the serious hazards for the textile industry.

The revised export package has been announced by the government allowing the exporter to claim 50% of the rate of DLTL without the condition of 10% or more increment in export sales as compared to preceding year. However, the remaining 50% that is dependent on an additional 10% growth in exports sales appears to be a challenging task considering

the overall global competitive environment. Furthermore, holding of the long outstanding refunds by the government is also a major problem and poses a serious threat to the industry to manage their working capital.

The management is considering different strategies to mitigate the challenges through capacity enhancement and market expansion for its towel manufacturing. Accordingly, the company has recently entered into the Memorandum of Understanding with Indus Dyeing and Manufacturing to explore the feasibility of potentially entering into an arrangement with one another.

## **Acknowledgement**

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 financial institutions, customers, suppliers and other stakeholders.

For and on behalf of the Board

**Khaleequr Rahman** Director

**Rehan Rahman** Chief Executive Officer

Karachi: February 26, 2018

# نظماء تجزيه برائحص يافتكان

آپ کے ناظمین اختا می ششمانی برائے اس دیمبر کا ۲۰ یک غیر محاسب شدہ مالیاتی گوشوارے، جن کا محاسب نے کمپنیز آرڈیٹینس مجریہ ۱۹۸۴ء کی روشنی میں تمام ضروریات کے مطابق جائزہ لیا ہے، پیش کرتے ہیں.

# عملی اور مالیاتی کار کردگی

زیرنظر پہلی ششاہی کے خالص منافع میں پچھلے سال کی پہلی ششاہی کے خالص منافع کے مقابلے میں کی نظر آئی ہے،
پچھلے سال کے مقابلے میں اس سال باوجودا سکے کہ فروخت میں ۹ فیصدا ضافہ ہوا ہے منافع میں ۱۸ فیصد کی آئی ہے، خام
مال کی قیمتوں میں اضافہ، فروخت کی قیمتوں میں کی ، شخت عالمی مسابقتی حالات اور مالیاتی اخراجات میں اضافے جیسے
متعدد مسائل اس منافع میں کی کی وجہ بینے میں ملکی مارکیٹ میں بالخصوص کیاس اور دھاگے کی قیمتوں میں ہوشر بااضافہ
مینی کے منافع پر بری طرح اثر انداز ہوئے ہیں، طلب اور رسد کے درمیان مناسب ربط نہ ہونا اور روپے کی قدر میں کی
غام مال کی قیمتوں میں اضافے کی وجہ ہیں۔ انظامیہ مشتقل طور منافع میں ٹہرا و اور اضافے کے لئے متعدد حکمت عملی پڑمل
پیراہے جس میں فروخت کو بڑھانے ، استعدادی صلاحیتوں میں اضافے مشتقی عمل سے بننے والے فاضل مادوں میں کی
اور ان فاضل مادوں کا دوبارہ سے استعمال، پیداوار کا لاگت میں کی ، ٹی ٹیکنالو جی کے ذریعے پیداوار میں جدت جیسے
معاملات اور عوامل شامل ہیں۔

# في صص آمدني

روال اختتا می ششها ہی ۳۱ دسمبر محا<mark>مع ب</mark>ین آمدنی فی حصص ۲ روپے ۵۷ پیسے جبکہ بچھلے سال کی ششها ہی میں ۳ روپے فی حصص تھی۔

# مستقبل كاجائزه

پاکستان کی برآ مدات کا ایک بہت بڑا حصہ ٹیکٹائل سیکٹر کے مرہون منت ہے، مزید برآں بیسیکٹر ملک میں بیروزگاری جیسے مسائل کوحل کرنے میں بھی کافی مددگار ہے لیکن اس صنعت کوسیاسی ،ساجی اور مالیاتی مسائل کا بہت عرصے سے سامنا کرنا پڑر ہا ہے، توانائی کی قیمتوں میں اضافہ، غیر مستقل گیس کی سپلائی ، عالمی مسابقت، اور طویل مدت سے حکومت

كى طرف چىنسى ہوئى رقوم، يەتمام تىگىين مسائل ٹىكىشائل سىكىشرى ترقى مىں ركاوٹيس ہيں۔

حکومت نے تجدید شدہ برآ مداتی پہنچ منظور کیا ہے جس کے تحت برآ مدکنندہ کوڑی ایل ٹی ایل کی ۵ فیصد شرح کا دعوی کرنے کی اجازت دیتا ہے جو کہ پچھلے سال کے مقابلے میں برآ مدکی فروخت میں ۱۰ فیصدیا اس سے زیادہ اضافے کی شرط کے بغیر ہے، جبکہ بقید ۵ فیصد کا دعوی پچھلے سال کے مقابلے میں برآ مدکی فروخت میں ۱۰ فیصدیا اس سے زیادہ اضافے کی شرط کے ساتھ ہے۔

عالمی مسابقتی حالات کو مدنظر رکھتے ہوئے بچھلے سال کے مقابلے میں ۱۰ فیصدیا اس سے زیادہ فروخت میں اضافہ کی شرط ایک دشوارگز ارامر ہے۔ مزید برآں حکومت کی جانب سے طویل عرصے سے پہنسی ہوئی رقوم کا واپس نہ ملنا ٹیکٹ اُکل سیکٹر کے رواں خرچوں کا انتظام کرنے میں تنگین مسئلہ ہے .

تمام مسائل سے نمٹنے کیلئے انتظامیر مختلف محمدے عملیوں پر خور کررہی ہے، جس میں پیداواری صلاحیتوں میں اضافہ اورنگ منڈیوں کی تلاش شامل ہے۔ اسی سلسلے میں کمپنی، انڈس ڈائینگ اینڈ مینوفینچرنگ سے ایک مفاہمتی یا داشت میں داخل ہوئی ہے تا کہ ایک دوسرے کی صلاحیتوں کو ہرؤے کارلاتے ہوئے زیادہ فائدہ اٹھا سکے۔

# اظهارتشكر

بورڈ کمپنی کے تمام ملاز مین کی جانب سے کی گئی کوششوں کے لئے تہددل سے مشکور ہے،اس کے ساتھ ساتھ بورڈ اپنے تمام مالیاتی اداروں،صارفین،فروخت کنندگان اور کاروباری شراکت داروں شے ملسل تعاون کوشلیم کرتے ہیں اورآنے والے سالوں میں اسی طرح کے خوشگوار تعلقات کیلئے یُر امید ہیں۔

منجانب بورد

خليق الرحمان

ڈائر یکٹر

ر يحان رحمان چيف ايگزيکڻو

> کراچی ۲۲ فروری <u>۲۰۱۸ء</u>

# 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 (the Company) as at 31 December 2017 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six-months period then ended (here-in-after referred to as "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

#### 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 consists 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 interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

The condensed interim financial information for the half year ended 31 December 2016 and the annual financial statements for the year ended 30 June 2017 were reviewed and audited by another firm of Chartered Accountants, whose review report dated 27 February 2017 and audit report dated 26 September 2017 expressed an unmodified conclusion and opinion thereon.

Chartered Accountants

**Review Engagement Partner: Khurram Jameel** 

Date: February 26, 2018

Place: Karachi

# **CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2017**

	Note	December 31, 2017 (Unaudited) (Rupees i	June 30, 2017 (Audited) n '000)
ASSETS		(	555,
NON-CURRENT ASSETS			
Property, plant and equipment Intangibles Long-term investments Long-term deposits	5	9,863,484 135 618 7,093 9,871,330	8,262,151 2,975 618 7,093 8,272,837
CURRENT ASSETS		9,071,330	0,272,037
Stores and spares Stock-in-trade Trade debts Advances, prepayments and other receivables Taxation - net Cash and bank balances	6	701,311 4,375,566 4,668,039 3,334,995 419,283 135,642	498,033 3,637,710 4,354,193 1,616,864 265,920 92,931
TOTAL ASSETS		13,634,836 23,506,166	10,465,651 18,738,488
EQUITY AND LIABLITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital		4,000,000	4,000,000
Issued, subscribed and paid-up capital		3,768,009	3,768,009
Capital reserve Unappropriated profit		758,663 8,773,640 13,300,312	758,663 8,482,149 13,008,821
Surplus on revaluation of property, plant and equipment		1,499,008	1,499,008
NON-CURRENT LIABILITIES Long-term financing		676,138	437,142
CURRENT LIABILITIES Trade and other payables Accrued mark-up Short-term borrowings Current portion of long term financing	7	3,415,695 22,952 4,471,053 121,008 8,030,708	3,178,367 5,142 500,000 110,008 3,793,517
CONTINGENCIES AND COMMITMENTS	8	0,030,700	3,/33,31/
TOTAL EQUITY AND LIABILITIES		23,506,166	18,738,488

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

**Imran Tola** Chief Financial Officer Rehan Rahman Chief Executive **Khaleequr Rahman**Director

# CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE HALF YEAR ENDED DECEMBER 31, 2017 (UNAUDITED)

		Half year ended		Quarter ended	
	Note	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
			······ (Rupees i	n '000) ·····	
Sales -net Cost of sales <b>Gross profit</b>	9	9,970,559 (8,179,965) 1,790,594	8,974,953 (7,198,369) 1,776,584	4,746,722 (3,864,684) 882,038	4,213,924 (3,402,759) 811,165
Administrative costs Distribution costs Other operating costs		(460,414) (280,977) (93,520)	(383,800) (236,854) (70,737)	(246,893) (137,286) (32,967)	(198,498) (115,335) (32,495)
Operating profit		(834,911) 955,683	(691,391) 1,085,193	(417,146) 464,892	(346,328) 464,837
Finance costs		(43,051)	(38,322)	(20,469)	(15,534)
Profit before taxation		912,632	1,046,871	444,423	449,303
Taxation	10	19,421	84,450	55,383	138,354
Net profit for the period		932,053	1,131,321	499,806	587,657
Earnings per share -basic and diluted		Rs. 2.47	Rs.3.00	Rs. 1.32	Rs.1.56

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

Imran TolaRehan RahmanKhaleequr RahmanChief Financial OfficerChief ExecutiveDirector



# CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED DECEMBER 31, 2017 (UNAUDITED)

	Half yea	r ended	Quarter	ended			
	<b>December 31,</b> December 31, <b>2017</b> December 31, <b>2016</b>		December 31, 2017	December 31, 2016			
	(Rupees in '000)						
Net profit for the period	932,053	1,131,321	499,806	587,657			
Other comprehensive income	-	-	-	-			
Total comprehensive income							
for the period	932,053	1,131,321	499,806	587,657			

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

**Imran Tola** Chief Financial Officer **Rehan Rahman** Chief Executive Khaleequr Rahman Director

# CONDENSED INTERIM CASH FLOW STATEMENT FOR THE HALF YEAR ENDED DECEMBER 31, 2017 (UNAUDITED)

(UNAUDITED)	December 31, 2017	December 31, 2016
	······ (Rupees ii	າ '000) ·····
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	912,632	1,046,871
Adjustments for: Depreciation Amortization Loss on disposal of property, plant, and equipment Finance costs	336,519 41 32,952 43,051 412,563	248,972 9,631 2,635 24,369 285,607
(Increase) / decrease in current assets Stores and spares Stock-in-trade Trade debts Advances, prepayments and other receivables	(203,278) (737,856) (313,846) (1,718,130) (2,973,110)	32,208 (1,007,418) (675,944) 515,961 (1,135,193)
<b>Increasein current liabilities</b> Trade and other payables	237,181	305,886
Finance costs paid Income taxes paid Long-term deposits Net cash (used in) / generated from operating activities	(25,242) (133,942) (1,569,918)	(22,477) (91,797) (707) 388,190
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure Proceeds from disposal of property, plant and equipment Net cash used in investing activities	(2,013,678) 45,671 (1,968,007)	(585,192) 11,473 (573,719)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid Long-term financing-net <b>Net cash used in financing activities</b>	(640,413) 249,996 (390,417)	(713,149) (713,149)
Net decrease in cash and cash equivalents Cash and cash equivalents at the beginning of the period Cash and cash equivalents at the end of the period	(3,928,342) (407,069) (4,335,411)	(898,678) 990,908 92,230
CASH AND CASH EQUIVALENTS Cash and bank balances Short term borrowings	135,642 (4,471,053) (4,335,411)	192,230 (100,000) 92,230

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

Imran Tola Chief Financial Officer Rehan Rahman Chief Executive Khaleequr Rahman Director

# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED DECEMBER 31, 2017 (UNAUDITED)

	Share Capital	Capital Reserve	Unappropriate Profit	d Total Equity
		- (Rupee:	s in '000) -	
Balance as on July 1, 2016	3,768,009	758,663	7,160,555	11,687,227
Net profit for the period	-	-	1,131,321	1,131,321
Other comprehensive income	-	-	'-'	· · ·
Total comprehensive income for the period	-	-	1,131,321	1,131,321
Final dividend for the year ended June 30,				
2016 @ Rs. 2.10per ordinary share	-	-	(791,282)	(791,282)
	3,768,009	758,663	7,500,594	12,027,266
Balance as on December 31, 2016	3,768,009	758,663	8,482,149	13,008,821
Balance as of July 1, 2017	3,700,009	730,003	0,702,173	13,000,021
Net profit for the period	-	-	932,053	932,053
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	932,053	932,053
Final dividend for the year ended June 30,				
2017 @ Rs. 1.70 per ordinary share.	-	-	(640,562)	(640,562)
Balance as on December 31, 2017	3,768,009	758,663	8,773,640	13,300,312
,				

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

Imran TolaRehan RahmanKhaleequr RahmanChief Financial OfficerChief ExecutiveDirector

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2017 (UNAUDITED)

#### 1. THE COMPANY AND ITS OPERATIONS

- Feroze1888 Mills Limited (the Company) was incorporated in Pakistan as a public limited company in October 1972. The shares of the Company are quoted on 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 Scheme # 3, Landhi Industrial Area, Karachi.
- 1.2 During the period, the Company has entered into a Memorandum of Understanding with Indus Dyeing and Manufacturing Company Limited on December 28, 2017 to explore the feasibility / viability of potential venture / arrangement with one another, subject to obtaining the necessary corporate and regulatory approvals.
- 1.3 These are separate financial statements of the Company in which investment in subsidiaries is accounted for on the basis of direct equity interest and is not consolidated.

#### 2. BASIS OF PREPARATION

- 2.1 The Securities and Exchange Commission of Pakistan vide its Circular 23/2017 dated October 4, 2017 has notified that companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with provisions of the repealed Companies Ordinance, 1984. Further, the Institute of Chartered Accountants of Pakistan through its Circular 17/2017 dated October 6, 2017 has clarified that companies shall prepare their interim financial statements in accordance with provisions of the repealed Companies Ordinance, 1984 for the period ending on or before December 31, 2017. Accordingly, these condensed interim financial statements of the Company for the half year ended December 31, 2017 have been prepared in accordance with the requirements of the International Accounting Standards (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions of or directives under the repealed Companies Ordinance, 1984 shall prevail.
- 2.2 These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2017. These condensed interim financial statements are unaudited, however, have been subjected to limited scope review by the auditors and are being submitted to the shareholders as required by the listing regulation of Pakistan Stock Exchange Limited and Section 237 of the Companies Act, 2017.
- 2.3 The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2017 and December 31, 2016 and notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the cumulative figures for the half years ended December 31, 2017 and December 31, 2016.

#### 3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the annual financial statements for the year ended June 30, 2017 except that the Company has adopted the following standards which became effective during the period:

- IAS 7 Statement of Cash flows: Disclosures Disclosure Initiative (Amendment)
  IAS 12 Income Taxes Recognition of Deferred Tax Assets for Unrealized losses
  (Amendments)
- IFRS12 Disclosure of interests in Other Entities: Clarification of the scope of disclosure requirements

The adoption of the above amendments and improvements did not have any material effect on these condensed in terim financial statements.

#### 4. ACCOUNTING ESTIMATES AND JUDGMENTS

Judgements and estimates made by the management in the preparation of these condensed interim financial statements are same as those applied in the Company's annual financial statements for the year ended June 30, 2017

#### 5. PROPERTY, PLANT AND EQUIPMENT

	Note	December 31, 2017 (Unaudited)	June 30, 2017 (Audited)
		(Rupees	(000
Operating fixed assets	5.1	8,598,647	7,318,053
Capital work-in-progress	5.2	1,162,189	849,492
Leasehold improvements		102,648	94,606
		9,863,484	8,262,151

#### **5.1** Details of additions and disposals are as follows:

	Additions	Additions (cost)		(NBV)
	December 31, 2017	June 30, 2017	December 31, 2017	June 30, 2017
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
		(Rupe	es '000)	
Leasehold land	_	24,747	-	-
Building on leasehold land	297,654	430,954	-	-
Plant and machinery	1,303,698	1,137,737	(72,741)	(85,153)
Electric fittings	17,004	11,119	-	(4,786)
Office equipment	4,975	12,934	-	(1,615)
Computers	13,276	21,332	-	(152)
Furniture and fixtures	545	6,692	-	(2,072)
Vehicles	33,896	63,034	(5,882)	(6,631)
Arms and ammunitions		3	-	(3)
	1,671,048	1,708,552	(78,623)	(100,412)

Depreciation on operating fixed assets and leasehold improvements for the period amounted to Rs 311.320 and Rs 25.199 million, respectively. (June 30, 2017:Rs. 547.927 and Rs. 25.738 million, respectively).

#### 5.2 Capital work in progress

	Opening balance	Additions	Transfers to operating assets / Adjustments	Closing Balance
-		(Rupe	es '000)	
Building on leasehold land	345,546	251,629	(297,654)	299,521
Plant and machinery	197,698	1,639,691	(1,256,134)	581,255
Computer	_	589	(589)	-
Furniture and fixtures	1,083	513	(46)	1,550
Equipments	7,468	23,929	(18,622)	12,775
Leasehold improvements	-	36,228	(36,228)	-
Advances to suppliers	297,697	-	(30,609)	267,088
	849,492	1,952,579	(1,639,882)	1,162,189

#### 6. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

Include advance to suppliers amounting to Rs. 1,691.787 million (June 30, 2017: Rs. 203.271 million).

#### 7. SHORT TERM BORROWINGS

Represents utilized portion of export finance and running finance facilities amounting to Rs4,000 million (June 30, 2017:Rs. 500 million) and Rs. 471 million (June 30, 2017: nil) respectively, repayable / renewable latest by April 1, 2018. These carry mark-up at the rates ranging from SBP Export refinance rate plus 0.25% to 0.5% per annum and 3 months KIBOR plus 0.25% to 1.50% per annum, respectively. These are secured against first paripassu charge over stock-in-trade, receivables and other current assets of the Company.

#### 8. CONTINGENCIES AND COMMITMENTS

#### i) Contingencies

No contingencies existed at the reporting date.

#### ií) Commitments

	December 31, 2017 (Unaudited)	June 30, 2017 (Audited)
	(Rupees	(000
Outstanding letters of credit	571,075	127,702
Outstanding letters of guarantee	534,231	420,740
Capital commitments	214,451	1,091,563

	Half year ended		Quarte	ended
	December 31,		December 31,	December 31,
	2017 (Unaudited)	2016 (Unaudited)	2017 (Unaudited)	2016 (Unaudited)
9. COST OF SALES	(	······ (Rupees		(0.12222)
3. COST OF SALES		(nupecs	iii 000)	
Opening stock	1,543,479	1,530,681	2,023,099	1,177,458
Purchases during the period	5,043,363	4,820,845	2,016,904	3,051,120
	6,586,842	6,351,526	4,040,003	,4,228,578
Closing Stock	(1,808,742)	(1,897,670)	(1,808,742)	(1,897,670)
Raw material consumed	4,778,100	4,453,856	2,231,261	2,330,908
Manufacturing Overheads				
Salaries, wages and benefits	1,394,663	1,142,791	725,315	569,784
Store and spares consumed	1,282,217	1,156,364	649,107	614,539
Fuel, power and water	726,339	691,064	336,464	335,781
Insurance	12,645	9,006	7,255	4,932
Repair and maintenance Depreciation and amortization	37,665 307,659	47,999 238,834	23,871 166,781	21,342 123,753
Other expenses	113,270	98,884	55,065	45,984
other expenses	8,652,558	7,838,798	4,195,119	4,047,023
Work-in-process	=,30=,000	.,-30,100	-,,	.,, , =
Opening stock	1,574,768	971,073	1,610,358	1,071,464
Closing stock	(1,648,669)	(1,305,610)	(1,648,669)	(1,305,610)
Cost of goods manufactured	8,578,657	7,504,261	4,156,808	3,812,877
Finished goods				
Opening stock	519,463	545,215	626,031	440,989
Closing stock	(918,155)	(851,107)	(918,155)	(851,107)
-	8,179,965	7,198,369	3,864,684	3,402,759

	Half year ended		Quarter ended		
	December 31, 2017 (Unaudited)	December 31, 2016 (Unaudited)	December 31, 2017 (Unaudited)	December 31, 2016 (Unaudited)	
10. TAXATION	(Rupees in '000)				
Current Charge for the period Tax credit 65B Prior year	(113,255) 119,139 5,884 13,537 19,421	(101,843) 188,912 87,069 (2,619) 84,450	(53,982) 95,828 41,846 13,537 55,383	(47,939) 188,912 140,973 (2,619) 138,354	

#### 11. TRANSACTION WITH RELATED PARTIES

Related parties comprise of associates, directors, key management personnel and retirement fund. Transactions with related parties other than these disclosed elsewhere in these condensed interim financial statements are as follows:

#### Transactions for the period

Nature of Transaction	Relationship	December 31, 2017	December 31, 2016
		······ (Rupees	in '000) ······
Sales Purchases Other services Remuneration to key management personnel Remuneration to Directors Contribution to provident fund	Associate Associate Associate	464,320 4,683 571,466 265,955 3,550 13,989	570,747 11,559 460,391 167,083 2,200 8,907
Balances as at period end		December 31, 2017 (Unaudited) (Rupees	2017 (Audited)
Trade and other payables - net	Associate	(106,579)	(122,850)

#### 12. FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

These condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2017. There have been no change in any risk management policies since the year end.

The carrying value of all financial and non-financial assets and liabilities measured at other than amortised cost in these condensed interim financial statements approximate their fair values.

#### 13. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on February 26, 2018 by the Board of Directors of the Company.

#### 14. General

Figures have been rounded off to the nearest thousand Rupee, unless otherwise stated.

Imran Tola	Rehan Rahman	Khaleequr Rahman
Chief Financial Officer	Chief Executive	Director

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