



FEROZE1888 MILLS LIMITED

**Financial Statements
For The Nine Months Ended
March 31, 2013**



Feroze1888 Mills Limited

Company Information

Board of Directors	: Anas Rahman - Chief Executive Jawed Yunus Tabba Jonathan R.Simon Khaleequr Rahman - Chairman Pervez Saeed Perwez Ahmed Shabbir Ahmed Sheikh Zafar Ahmed
Audit Committee	: Jawed Yunus Tabba - Member Pervez Saeed - Chairman Perwez Ahmed - Member
Human Resourece & Remuneration Commttee	: Anas Rahman Jawed Yunus Tabba Khaleequr Rahman Shabbir Ahmed
Company Secretary	: Abdul Aleem, FCA
Bankers	: Askari Bank Limited Bank Al Habib 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	: M. Adam Patel & Co.
Share Registrar	: FAMCO Associates (Pvt.) Ltd. First Floor, State Life Building No. 1-A Off I.I. Chundrigar Road, Karachi
Registered Office	: H-23/4-A, Scheme # 3, Landhi Industrial Area, Karachi.
Website	: www.feroze1888.com



Feroze 1888 Mills Limited

Directors' Report

Your directors are pleased to present the un-audited financial statements for the nine months ended on March 31, 2013.

Operating and Financial Performance

The Company has earned post tax profit of Rs. 895.563 million during the nine months period whereas Rs. 457.196 million has been earned only during the quarter January to March 2013. The post tax earnings during the six months period July to December, 2012 was Rs. 438.367 which means, by the grace of Almighty Allah, the earning during the three months is almost the same as was earned during the six months period. The results when compared with the corresponding nine months of 2012 shows a major improvement which is mainly on account of better selling prices, reduction in finance cost and weakening of Pak Rupee.

Like the entire industry and specially the Textile Sector the company during the period continues to face the threats like gas shortage, lawlessness, impact of fiscal imbalances and inflation. However, unlike previous years, frequency of gas low pressures and outage has increased; besides, the government also changed the mechanism of fixing fuel prices which coupled with weakening rupee resulted in more frequent fuel price increases. Both the factors resulted in extra energy generation cost and reduced the profitability. The prices of raw material during the procurement period were not volatile and the company successfully manages to procure the same at good prices. The prices of yarn, however, were higher for the reason that customers, who were historically sourcing out of China, have started looking at other Asian Countries mainly because of change in production pattern by Chinese manufactures.

A comparison of the operational and financial performance is as under:

	March 31		Percentage Change
	2013	2012	
Towel Production (Kgs.)	19,656,951	18,754,725	+ 4.81%
Towel Export Sales (Kgs.)	19,114,924	18,322,443	+ 4.33%
Sales Value – Net (Rs. '000)	10,015,239	9,828,485	+ 1.90%
Gross Profit (Rs. '000)	1,899,544	1,345,006	+ 41.23%
Profit before tax (Rs. '000)	999,482	422,913	+ 136.3%
Profit after tax (Rs. '000)	895,563	319,495	+ 180.31%
Profit before tax as percentage of sales (%)	9.98%	4.30%	+ 132.09%

Future Prospects

Your Board is optimistic as to the operational and financial performance during the remaining three months of the current financial year and do not foresee any threat which may affect the levels so far achieved in view of the fact the cotton procurement is already completed for the rest of the period and quantum & prices with customers are substantially been aligned. However, shortage of gas, which was not experienced during April to June in prior years due to scheduled and unscheduled load shedding, is being faced now, the increasing cost of alternate fuels, the law and order situation and imbalance trade volume may dent the productivity and profitability of your Company.

Acknowledgement

The Board is pleased to place on record its appreciation for the contributions made by the employees of the Company and also acknowledges 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: April 26, 2013



Feroze 1888 Mills Limited

Condensed Interim Balance Sheet As at March 31, 2013

	Unaudited March 31, 2013	Audited June 30, 2012
Rupees in thousand.....	
Share Capital and Reserves		
Authorized capital		
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 (376,800,968 ordinary shares of Rs. 10 each)	3,768,009	3,768,009
Reserves	758,663	758,663
Accumulated profit	<u>901,322</u>	<u>194,552</u>
	5,427,994	4,721,224
Surplus on revaluation of property, plant and equipment	1,080,663	1,080,663
Long term finance from banks	629,034	795,827
Current Liabilities:		
Trade & other payables	1,567,389	1,659,933
Accrued markup	64,364	63,763
Short term borrowings	2,951,968	1,698,041
Current portion of long term finance	185,126	171,049
	<u>4,768,847</u>	<u>3,592,786</u>
	<u>11,906,538</u>	<u>10,190,500</u>
Non Current Assets:		
Property, plant and equipment	4,577,134	4,705,279
Intangible assets	16,711	20,692
Long term investment	10	10
Long term deposit	5,300	5,260
	<u>4,599,155</u>	<u>4,731,241</u>
Current Assets:		
Stores and spares	344,940	334,355
Stock-in-trade	3,485,765	2,769,521
Trade debts - considered good	2,262,214	1,776,672
Advances, prepayments and other receivables	1,165,141	450,261
Taxation - net	25,976	22,908
Cash and bank balances	23,347	105,542
	<u>7,307,383</u>	<u>5,459,259</u>
	<u>11,906,538</u>	<u>10,190,500</u>

The annexed notes 1 to 6 form an integral part of these condensed interim financial information.

Anas Rahman
Chief Executive

Sheikh Zafar Ahmed
Director



Feroze 1888 Mills Limited
**Condensed Interim Profit and
Loss Account (Unaudited)**
For the Nine Months Ended March 31, 2013

	Nine Months		Three months	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
..... Rupees in thousand				
Sales	10,015,239	9,828,485	3,488,257	2,684,163
Cost of sales	(8,115,695)	(8,483,479)	(2,688,902)	(2,411,724)
Gross profit	1,899,544	1,345,006	799,355	272,439
Administrative cost	(354,940)	(327,884)	(122,034)	(106,772)
Distribution cost	(295,590)	(262,566)	(83,907)	(62,953)
	(650,530)	(590,450)	(205,941)	(169,725)
Operating profit / (loss)	1,249,014	754,556	593,414	102,714
Other (charge)/income	2,710	412	2,216	(131)
Finance cost	(190,917)	(298,984)	(70,463)	(142,592)
Workers' funds	(61,326)	(33,071)	(29,322)	(1,137)
	(249,533)	(331,643)	(97,569)	(143,860)
Profit / (loss) before taxation	999,481	422,913	495,845	(41,146)
Provision for taxation	(103,918)	(103,418)	(38,649)	(28,585)
Profit / (loss) after taxation	895,563	319,495	457,196	(69,731)
Earning / (loss) per share basic and diluted	2.38	0.85	1.21	(0.19)

The annexed notes 1 to 6 form an integral part of these condensed interim financial information.

Anas Rahman
Chief Executive

Sheikh Zafar Ahmed
Director



Feroze1888 Mills Limited

Condensed Interim Statement of Other Comprehensive Income (Unaudited) For the Nine Months Ended March 31, 2013

	Nine Months		Three months	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Rupees in thousand.....			
Profit / (loss) for the period	895,563	319,495	457,196	(69,731)
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss) for the nine months ended				
March 31, 2013	<u>895,563</u>	<u>319,495</u>	<u>457,196</u>	<u>(69,731)</u>

The annexed notes 1 to 6 form an integral part of these condensed interim financial information.

Anas Rahman
Chief Executive

Sheikh Zafar Ahmed
Director



Feroze 1888 Mills Limited

Condensed Interim Cash Flow Statement (Unaudited) For the Nine Months Ended March 31, 2013

July 01, 2012 to July 01, 2011 to
March 31, 2013 March 31, 2012

.....Rupees in thousand.....

Cash flow from operating activities:		
Profit before tax for the period	999,481	422,913
Adjustment for non cash items:		
Depreciation & Amortization	266,827	273,951
Trade debts written off	-	16,284
Finance cost	190,917	298,984
(Gain) on disposal of property, plant and equipment	(3,030)	(1,690)
	454,714	587,529
Operating profit before working capital changes	1,454,195	1,010,442
Working Capital Changes		
(Increase) in current assets:		
Stores and spares	(10,585)	(135,092)
Stock-in-trade	(716,244)	(621,924)
Trade debtors	(485,542)	(262,451)
Advances, prepayments and other receivables	(714,880)	(402,981)
(Decrease)/increase in current liabilities:		
Trade and other payables	(92,544)	1,214,722
	(2,019,795)	(207,726)
Cash generated from operating activities	(565,600)	802,716
Finance cost paid	(190,315)	(324,971)
Income tax deducted	(103,918)	(89,882)
	(294,233)	(414,853)
Net cash (used in) / generated from operating activities	(859,833)	387,863
Cash flow from investing activities:		
Acquisition of property plant, and equipment	(146,130)	(73,128)
Sale proceeds on disposal of property, plant and equipment	11,391	3,536
Long term deposits	(40)	-
Net Cash (used in) investing activities	(134,779)	(69,592)
Cash flow from financing activities:		
Dividend paid	(188,794)	(524)
Repayment of long term finance	(152,716)	(123,612)
Net Cash (used in) financing activities	(341,510)	(124,136)
Net (decrease)/ Increase in cash and cash equivalent	(1,336,122)	194,135
Cash and cash equivalent at the beginning	(1,592,499)	(3,863,966)
Cash and cash equivalent at the end	(2,928,621)	(3,669,831)
Cash and Cash equivalents:		
Cash and bank balance	23,347	264,622
Short term borrowing	(2,951,968)	(3,934,453)
	(2,928,621)	(3,669,831)

The annexed notes 1 to 6 form an integral part of these condensed interim financial information.

Anas Rahman
Chief Executive

Sheikh Zafar Ahmed
Director



Feroze1888 Mills Limited

Condensed Interim Changes in Equity (Unaudited) For the Nine Months Ended March 31, 2013

	Share Capital	Reserves	Accumulated Loss / Profit	Total
	----- Rupees in thousand -----			
Balance as at June 30, 2011 (Audited)	1,175,876	215,250	(340,066)	1,051,060
Issuance of Share Capital	2,592,133	-	-	2,592,133
Capital Reserve	-	543,413	-	543,413
Total comprehensive income for the nine months ended March 31, 2012	-	-	319,495	319,495
Final Cash Dividend at Rs. 2 per share for the year ended June 30, 2011	-	-	(524)	(524)
Balance as at March 31, 2012 (Unaudited)	<u>3,768,009</u>	<u>758,663</u>	<u>(21,095)</u>	<u>4,505,577</u>
Total comprehensive income for the quarter ended June 30, 2012	-	-	215,647	215,647
Balance as at June 30, 2012 (Audited)	<u>3,768,009</u>	<u>758,663</u>	<u>194,552</u>	<u>4,721,224</u>
Total comprehensive income for the nine months ended March 31, 2013	-	-	895,564	895,564
Final Cash Dividend at Rs. 2 per share for the year ended June 30, 2012	-	-	(188,794)	(188,794)
Balance as at March 31, 2013 (Unaudited)	<u>3,768,009</u>	<u>758,663</u>	<u>901,322</u>	<u>5,427,994</u>

The annexed notes 1 to 6 form an integral part of these condensed interim financial information.

Anas Rahman
Chief Executive

Sheikh Zafar Ahmed
Director



Feroze1888 Mills Limited

Selected Notes To The Condensed Interim Financial Information (Unaudited) For The Nine Months Ended March 31, 2013

- 1 The condensed interim financial information has been presented in condensed form in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting and is being submitted to shareholders in accordance with the requirements of section 245 of the Companies Ordinance, 1984. This condensed interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended June 30, 2012.
- 2 The accounting policies and methods of computation adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the preceding year ended June 30, 2012.
- 3 Corresponding figures of condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity together with the notes forming part thereof have been restated and include amounts pertaining to Feroze Textile Industries (Private) Limited pursuant to its amalgamation with Feroze1888 Mills Limited which was effective from July 01, 2011 as disclosed in financial statement of June 30, 2012.

4 Transactions with related parties

Related parties comprise associated companies, directors and key management personnel. The 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	July 01, 2012 to March 31, 2013	July 01, 2011 to March 31, 2012
----- Rupees in thousand -----			
Sale of goods	Associate	1,045,463	1,275,353
Purchases	Associate	194,957	297,645
Manufacturing and other charges	Associate	522,915	429,172

Balances with related parties at the end of the period are as follows:

Balance payable	20,460	51,921
Balance receivable	4,385	67,235

5 Authorization for Issue

The condensed interim financial information have been authorized for issue on April 26, 2013 by the Board of Directors of the Company.

- 6 Figures have been rounded to the nearest thousand rupees.

Anas Rahman
Chief Executive

Sheikh Zafar Ahmed
Director

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