



FEROZE1888 MILLS LIMITED



**Financial Statements
For The Nine Months Ended
March 31, 2016**



Feroze1888 Mills Limited

Company Information

Board of Directors	: Abdul Rehman Yaqub Anas Rahman - Chief Executive Faisal Shams Khan Jonathan R.Simon Khaleequr Rahman - Chairman Perwez Ahmed Shabbir Ahmed Sheikh Zafar Ahmed
Audit Committee	: Faisal Shams Khan - Chairman Perwez Ahmed - Member Shabbir Ahmed - 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-23/4-A, Scheme # 3, Landhi Industrial Area, Landhi, 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 31st March 2016.

Operational and Financial Performance

With the blessings of Almighty Allah, the most beneficent the most merciful, the operational and financial performance of your Company both during the quarter under review (January to March 2016) and during the nine months period (July 2015 to March 2016) witnessing growth and were exceptional and far better when compared with corresponding period of last year and attained historically highest turnover and profit. The Company's continuous effort on the side of balancing and modernization of Spinning operations, enhancement in Weaving capacities to reduce the reliance on outside resources and saving the hard earned profits, balancing and optimum utilization of Power generation resources to attain the required energy on sustainable basis. The management efforts to attain optimum capacity utilization and effective alignment of process further helped in achieving better operation performance. Raw material prices were generally unwavering in this period and Company had been blessed to be benefited from well thought-out buying pattern, lesser 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 hand the sector has been facing chronic energy shortages along with increased gas tariff and 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 sales tax, rebates/claims, DTL from the government were the major challenges and apparently government has closed eyes towards the difficulties of Value added exporters.

The financial results had also mirrored remarkable improvements in Sales, Net Profits and also in financial ratios. Operational performance and higher production levels had helped the Company to attain better sales volume as compared to corresponding period of prior year. The drive to reduce imbalances, inefficiencies and rationalization of cost and focused efforts to keep cost of production, administrative, distribution and financial cost closely controlled and the enhanced profit resulted in per share earnings. As a result of these efforts and better sales mix, resulting improved sales volume by 13.5%.

Future Prospects

Pakistan's economy will continue to pick up in the current fiscal year as reforms and stabilization measures provide a lift, with higher foreign exchange reserves, and softer inflation and oil prices also supporting the overall macroeconomic outlook. On the other hand the Textile sector continued to face challenges and the key concern has been the plunging passage 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 additionally been grumbling about refunds pending with the Federal Board of Revenue.

We expect that the performance in terms of production and profitability will be encouraging with the focused and committed attitude; the Company is well placed to sustain, grow and meet their high set targets for their all stakeholders. The company is focused on growth opportunities and expands its footprint in international market and avenues to maximize the potential for its shareholders' and being optimistic for better results in terms of operations as well financials.

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: April 15, 2016



Feroze 1888 Mills Limited

ڈائریکٹرز رپورٹ

آپ کے ڈائریکٹرز نو ماہ کی اختتامی غیر آڈٹ شدہ رپورٹ جولائی ۲۰۱۵ء تا مارچ ۲۰۱۶ء پیش کرتے ہوئے نہایت بڑی مسرت ہیں

آپریٹیشنل و مالیاتی کارکردگی

اللہ عزوجل، جو کہ نہایت رحم والا ہے، کی رحمت کے طفیل زیر نگاہ سہ ماہی (جنوری تا مارچ ۲۰۱۶ء) اور نو ماہی دورانیہ (جولائی ۲۰۱۵ء تا مارچ ۲۰۱۶ء) دونوں میں کمپنی کے مالیاتی اور آپریٹیشنل کارکردگی میں غیر معمولی اضافہ جبکہ پچھلے سال اسی دورانیہ کے مقابلے میں کہیں زیادہ بلکہ تاریخ کا بلند ترین ٹرن اوور اور منافع دیکھنے میں آیا ہے۔ اسپننگ آپریشن کو متوازن اور جدید تر بنانے، بیرونی وسائل پر انحصار کم کرتے ہوئے دیونگی کی صلاحیتوں میں اضافہ اور توانائی کا مستقل بنیادوں پر فراہمی کے پیش نظر اس کا کفایتی استعمال، ان تمام کاوشوں کے نتیجے میں کمپنی نے سخت محنت سے منافع کمایا ہے۔ منجھٹ کی اسٹیک کویشوں اور مربوط طریقہ کی بدولت کمپنی کی کارکردگی کو مزید بہتر بنانے میں بھی مدد ملی ہے۔ خام مال کی قیمتوں میں استحکام، منظم خریداری، کم مارک اپ ریٹ، امن وامان کی صورت حال میں بہتری عمومی طور پر کمپنی کیلئے سود مند رہے ہیں۔ جبکہ روپے کی قدر میں پہلی سہ ماہی میں طیران پڑی جبکہ بعد میں استحکام نظر آیا ہے۔ دوسری جانب ٹیکسٹائل سیکٹر کو طویل بحالی بحران، گیس کی بڑھتی ہوئی قیمت، روٹی کی گرتی ہوئی خراب فصل، یارن کی درآمد پر بڑھتی ہوئی ریگولیشنری ڈیوٹی، حکومت کی جانب سے سبز ٹیکس، ریہٹ، کیچرز اور ڈی ایل ٹی ایل کے عدم اجراء جیسے گھمبیر مسائل کی طرف سے حکومت کی عدم دلچسپی کی وجہ سے برآمد کنندگان کی مشکلات میں مزید اضافہ ہوا ہے۔

کمپنی کے مالیاتی نتائج سبز میں کثیر اضافہ، خالص منافع میں اضافے اور مالیاتی تجربے اور تناسب کے عکاس ہیں۔ آپریٹیشنل کارکردگی اور زیادہ پیداواری حجم کے باعث کمپنی کی سبز گزشتہ مالی سال کے اسی عرصے کے مقابلے میں امتیازی حیثیت کی حامل رہیں۔ کمپنی کی جانب سے پیداواری، انتظامی، تقسیم کاری اور مالیاتی لاگوں پر منظم کنٹرول کی وجہ سے غیر متوازن اور غیر تسلی بخش کارکردگیوں میں کمی ہوئی ہے۔ ان کویشوں کے نتیجے میں سبز کے حجم میں نتیجہ خیز ۵۰-۱۳ فیصد اضافہ ہوا ہے۔

مستقبل کا جائزہ

اصلاحی اور استحکامی اقدامات، زرمبادلہ کے کثیر ذخائر، مہنگائی اور تیل کی قیمتوں میں کمی جیسے عناصر کی وجہ سے آنے والے مالیاتی سال میں پاکستان کی اکانومی میں ترقی جاری رہے گی۔ دوسری طرف پچھلے دو سالوں سے ٹیکسٹائل سیکٹر کو متعدد چیلنجز کا بھی سامنا رہا ہے۔ ٹیکسٹائل کی صنعت ملک کی برآمدات میں نہایت غور طلب ۶۰ فیصد حصہ ڈالتی ہے۔ تاہم ٹیکسٹائل شعبے کو فیڈرل ریونیو میں زیر التواء فنڈز کے مسائل کا سامنا ہے۔

ہم امید کرتے ہیں کہ تخلص رویہ پر مرکوز ہوتے ہوئے کمپنی کی پیداوار اور منافع میں اضافہ جاری رہے گا۔ مزید برآں، کمپنی اپنے حصص یافتگان اور اسٹیک ہولڈرز کے مفاد میں مطلوبہ نتائج حاصل کرے گی۔ بہترین مقام پر ہے۔ اسکے علاوہ ہماری نگاہیں عالمی مارکیٹ میں نئے مواقع ڈھونڈنے اور اپنی استعداد میں اضافہ کرنے پر مرکوز ہیں۔

تعمیراتی اعترافات

ڈائریکٹر تمام ملازمین کی خدمات کا اعتراف کرتے ہوئے انتہائی فخر محسوس کرتے ہیں اور ان تمام مینجمنٹ، کسٹمرز، سپلائرز اور اسٹیک ہولڈرز کے کردار کو سراہتے ہیں جنہوں نے کمپنی کی ترقی میں کردار ادا کیا ہے۔

مجاہد:

خلیق الرحمان

چیئرمین

کراچی: اپریل ۱۵، ۲۰۱۶



Feroze 1888 Mills Limited

Condensed Interim Balance Sheet

As at March 31, 2016

	Unaudited March 31, 2016	Audited June 30, 2015
 (Rupees in thousand)	
ASSETS		
Non-Current Assets		
Property, plant and equipment	6,034,183	5,775,615
Intangible assets	1,283	5,141
Long term investment	10	10
Long term deposit	5,720	5,720
	<u>6,041,196</u>	<u>5,786,486</u>
Current Assets		
Stores and spares	527,688	445,146
Stock-in-trade	3,864,148	2,382,563
Trade debts - considered good	2,758,043	2,823,046
Advances, prepayments and other receivables	1,342,038	979,600
Taxation – net	12,450	-
Cash and bank balances	390,594	287,909
	<u>8,894,961</u>	<u>6,918,264</u>
	<u>14,936,157</u>	<u>12,704,750</u>
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	3,768,009	3,768,009
Reserves	758,663	758,663
Accumulated profit	6,545,250	4,405,961
	<u>11,071,922</u>	<u>8,932,633</u>
Surplus on revaluation of property, plant and equipment	1,080,662	1,080,662
LIABILITIES		
Non-Current Liabilities		
Long term finance from - secured	46,795	383,248
Current Liabilities		
Trade & other payables	2,736,191	2,197,618
Accrued markup	587	14,575
Current portion of long term finance	-	96,014
	<u>2,736,778</u>	<u>2,308,207</u>
	<u>14,936,157</u>	<u>12,704,750</u>

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

Anas Rahman
Chief Executive

Perwez Ahmed
Director



Feroze 1888 Mills Limited
Condensed Interim Profit and Loss Account (Unaudited)
For the Nine Months Ended March 31, 2016

	Nine Months		Three months	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
..... (Rupees in thousand)				
Sales	14,599,579	12,863,758	4,663,616	4,352,003
Cost of sales	(10,280,550)	(10,212,501)	(3,042,575)	(3,353,626)
Gross profit	<u>4,319,029</u>	<u>2,651,257</u>	<u>1,621,041</u>	<u>998,377</u>
Administrative cost	(504,996)	(409,664)	(171,510)	(147,337)
Distribution cost	(390,265)	(416,696)	(120,356)	(157,619)
Other cost - net	(200,176)	(108,440)	(82,597)	(38,983)
	<u>(1,095,437)</u>	<u>(934,800)</u>	<u>(374,463)</u>	<u>(343,939)</u>
Operating profit	3,223,592	1,716,457	1,246,578	654,438
Finance cost	(68,719)	(86,629)	(19,293)	10,320
Profit before taxation	3,154,873	1,629,828	1,227,285	664,758
Provision for taxation	(148,496)	(134,429)	(47,389)	(46,236)
Profit after taxation	<u>3,006,377</u>	<u>1,495,399</u>	<u>1,179,896</u>	<u>618,522</u>
Earning per share basic and diluted	<u>7.98</u>	<u>3.97</u>	<u>3.13</u>	<u>1.64</u>

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

Anas Rahman
Chief Executive

Perwez Ahmed
Director

Condensed Interim Statement of Other Comprehensive Income (Unaudited)
For the Nine Months Ended March 31, 2016

	Nine Months		Three Months	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
..... (Rupees in thousand)				
Profit for the period	3,006,377	1,495,399	1,179,896	618,522
Other comprehensive income	-	-	-	-
Total comprehensive income for the nine months	<u>3,006,377</u>	<u>1,495,399</u>	<u>1,179,896</u>	<u>618,522</u>

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

Anas Rahman
Chief Executive

Perwez Ahmed
Director



Feroze 1888 Mills Limited

Condensed Interim Cash Flow Statement (Unaudited)

For the Nine Months Ended March 31, 2016

July 01, 2015 to July 01, 2014 to
March 31, 2016 March 31, 2015

.....(Rupees in thousand).....

Cash flow from operating activities		
Profit before tax for the period	3,154,873	1,629,828
Adjustment for non cash charges and other items :		
Depreciation	315,966	293,687
Amortization of intangible assets	40,074	21,896
Expense accrued on workers' fund	178,340	96,613
Finance cost	47,663	86,629
Gain on disposal of property, plant and equipment	(5,880)	(3,366)
	576,163	495,459
Operating profit before working capital changes	3,731,036	2,125,287
Working Capital Changes		
(Increase) / decrease in current assets		
Stores and spares	(82,542)	109,549
Stock-in-trade	(1,481,586)	275,022
Trade debtors	65,003	(621,398)
Advances, prepayments and other receivables	(362,436)	(151,461)
(Decrease) / in current liabilities		
Trade and other payables	(77,521)	(261,032)
	(1,939,082)	(649,320)
Cash generated from operating activities	1,791,954	1,475,967
Finance cost paid	(61,649)	(93,772)
Workers' fund paid	(133,769)	(4,308)
Income tax deducted	(160,946)	(125,348)
	(356,364)	(223,428)
Net cash generated from operating activities	1,435,590	1,252,539
Cash flow from investing activities		
Acquisition of property plant, and equipment	(621,850)	(598,411)
Sale proceeds on disposal of property, plant and equipment	16,979	7,300
Net Cash used in investing activities	(604,871)	(591,111)
Cash flow from financing activities		
Dividend paid	(295,566)	(188,737)
Repayment of long term finance	(432,467)	(195,383)
Net Cash used in financing activities	(728,033)	(384,120)
Net increase in cash and cash equivalent	102,686	277,308
Cash and cash equivalent at the beginning	287,908	(943,823)
Cash and cash equivalent at the end	390,594	(666,515)
Cash and Cash equivalents		
Cash and bank balances	390,594	178,482
Short term borrowings - secured	-	(844,997)
	390,594	(666,515)

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

Anas Rahman
Chief Executive

Perwez Ahmed
Director



Feroze 1888 Mills Limited

Condensed Interim Statement of Changes in Equity (Unaudited) For the Nine Months Ended March 31, 2016

	Share Capital	Reserves	Accumulated Profit	Total
(Rupees in thousand)			
Balance as at June 30, 2014 (Audited)	3,768,009	758,663	2,533,361	7,060,033
Total comprehensive income for the nine months ended March 31, 2015	-	-	1,495,399	1,495,399
Transactions with owners:				
- Final cash dividend for the year ended June 30, 2014				
- Final dividend 20% @ (i.e. Rs. 2.00 per share) for all shareholders except directors, their relative and associates	-	-	(524)	(524)
- Final dividend 5% @ (i.e. Re. 0.50 per share) to directors, their relative and associates	-	-	(188,269)	(188,269)
- Interim cash dividend				
- Interim dividend 25% @ (i.e. Rs. 2.50 per share) for all shareholders except directors, their relative and associates	-	-	(656)	(656)
- Interim dividend 7% @ (i.e. Re. 0.70 per share) to directors, their relative and associates	-	-	(263,577)	(263,577)
	-	-	(453,026)	(453,026)
Balance as at March 31, 2015 (Unaudited)	3,768,009	758,663	3,575,734	8,102,406
Total comprehensive income for the quarter ended June 30, 2015	-	-	830,227	830,227
Balance as at June 30, 2015 (Audited)	3,768,009	758,663	4,405,961	8,932,633
Total comprehensive income for the nine months ended March 31, 2016	-	-	3,006,377	3,006,377
Transactions with owners:				
- Final cash dividend for the year ended June 30, 2015				
- Final dividend 25% @ (i.e. Rs. 2.50 per share) 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)
- Interim cash dividend				
- Interim dividend 15% @ (i.e. Rs. 1.50 per share) for all shareholders	-	-	(565,202)	(565,202)
	-	-	(867,088)	(867,088)
Balance as at March 31, 2016 (Unaudited)	<u>3,768,009</u>	<u>758,663</u>	<u>6,545,250</u>	<u>11,071,922</u>

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

Anas Rahman
Chief Executive

Perwez Ahmed
Director



Feroze 1888 Mills Limited

Selected Notes To The Condensed Interim Financial Information (Unaudited) For The Nine Months Ended March 31, 2016

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, 2015.

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, 2015.

3 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, 2015 to March 31, 2016	July 01, 2014 to March 31, 2015
----- (Rupees in thousand) -----			
Sale of goods	Associate	776,024	1,060,719
Purchases	Associate	101,139	42,567
Marketing fee, rent etc.	Associate	778,228	694,201
Balances with related parties at the end of the period are as follows:		March 31, 2016	June 30, 2015
----- (Rupees in thousand) -----			
Balance (payable) / receivable		<u>(28,766)</u>	<u>13,600</u>

4 Date of Authorization for Issue

The condensed interim financial information have been authorized for issue on **April 15, 2016** by the Board of Directors of the Company.

5 General

Figures have been rounded to the nearest thousand rupees.

Anas Rahman
Chief Executive

Perwez Ahmed
Director

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UNDER POSTAL CERTIFICATE

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