



Condensed Interim Financial Information
For the Nine Months Ended March 31, 2019

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COMPANY INFORMATION

Board of Directors

Mr. Jonathan R. Simon
Mr. Khaleequr Rahman
Mr. Shabbir Ahmed
Mr. Perwez Ahmed
Mr. Nasim Hyder
Ms. Huma Pasha
Mr. Asim Shabbir Patka
Mr. Usama Rehman
Mr. Rehan Rahman

Director/Chairman
Director
Director
Director
Director
Director
Director
Director
Chief Executive

Board Audit Committee

Mr. Nasim Hyder
Mr. Khaleequr Rehman
Mr. Perwez Ahmed
Ms. Huma Pasha

Chairman
Member
Member
Member

Board HR & Remuneration Committee

Ms. Huma Pasha
Mr. Shabbir Ahmed
Mr. Nasim Hyder

Chairperson
Member
Member

Chief Financial Officer

Mr. Muhammad Faheem

Company Secretary

Mr. Muhammad Usama Siddiqui

Bankers

Bank Al Habib Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Ltd
Meezan Bank Limited
Standard Chartered Bank (Pakistan) Ltd
Bank Al Falah Ltd

Auditors

E Y Ford Rhodes,
Chartered Accountants
Progressive Plaza,
Beaumont Road,
Karachi

Legal Advisor

Mohsin Tayebaly & Co
1st Floor, Dime centre
BC-4, Block-9, Kehkashan, Clifton
Karachi

Registered Office

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

Office Building

K&N Centre, 160 Banglore Town, Shara-e-Faisal, Karachi

Factory

Sindh

Plot # H-23/4-A & H-23-/4-B, Scheme # 3.
Landhi Industrial Area, Landhi, Karachi
B-4/A, SITE, 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
Plot # 342/A, Haroonabad, SITE, Karachi
Survey # 81, 242, 72 to 75, 165, 166, 171, 172, 176 to 181,
186 to 190, N.C # 92, 156, 210, 211, 243,
Deh Moachko, Tapo Gabopat, Keamari Town, Karachi

Balochistan

Plot# D-12 to D-17, K-1 to K-3, M-34,
HITE, all in Mauza Pathra, Tehsil Hub,
District 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

The Directors of Feroze1888 Mills Limited ('the Company) are pleased to present the Condensed Interim Financial Statements for the Quarter and Nine Months period ended 31 March 2019 along with their review of the affairs of the Company. These Condensed Interim Financial Statements have been prepared in compliance with the requirements of International Accounting Standard (IAS) 34, "Interim Financial Reporting".

PAKISTAN'S ECONOMIC OUTLOOK

The economy has started exhibiting certain signs of sustainability, with the current account deficit narrowed to USD 8.8 Billion in Jul–Feb compared to a deficit of USD 11.4 Billion during the same period last year. This reduction in the external balance was mainly driven by a 29.7 percent decline in the trade deficit in goods and services as well as a strong growth in remittances. Exports in dollar value during this period remained flat, however in terms of quantum there has been some improvement. Though still posing a significant challenge in term of its financing, the narrowing of the current account deficit has translated into some stability in the foreign exchange market. These developments on the external front have improved stability in the financial markets and reduced uncertainty. Nonetheless, despite narrowing, the current account deficit remains high, fiscal consolidation is slower than anticipated, and core inflation continues to rise.

Core inflation maintained its 13-month upward trajectory accelerating to 8.8 percent in February 2019 from 5.2 percent a year earlier. Further, rising input costs on the back of higher energy prices and the lagged impact of exchange rate depreciation are likely to maintain upward pressure on inflation despite a moderation in aggregate demand due to a proactive monetary management. Amidst the efforts to curtail inflationary pressures and reduce the otherwise widening macroeconomic imbalances, domestic economic activity experienced the brunt of the stabilization measures implemented thus far. In particular, Large-scale Manufacturing (LSM) declined by 2.3 percent during Jul-Jan FY19 against 7.2 percent growth recorded in the same period last year. In this backdrop, the real GDP growth is projected to be around 3.5 percent in FY19.

Financial Highlights

A brief summary of the Company's operations during the nine months period ended 31 March 2019 is as follows:

Rs. In '000					
Profit and Loss Account for the Nine Months Period Ended, Statement of Financial Position As At,					
	March 2019	March 2018		March 2019	June 2018
Sales- net	21,481,499	16,316,013	Property, plant and equipment	12,978,200	10,846,978
Cost of sales	(15,765,745)	(12,905,913)	Stock in trade	6,378,458	3,892,270
Gross profit	5,715,754	3,410,100	Trade debts	7,320,426	5,191,492
Admin and distribution cost	(2,170,739)	(1,851,951)	Advances, deposits, prepayments and other receivables	2,522,505	2,143,315
Other income	646,455	290,205	Share capital	3,768,009	3,768,009
Finance cost	(114,354)	(70,235)	Accumulated profit	12,041,037	10,141,524
	(1,638,638)	(1,631,981)	Trade and other payables	4,637,627	3,701,919
Profit before taxation	4,077,116	1,778,119	Short term borrowings	6,490,000	2,550,000
Taxation	(124,038)	(30,982)			
Profit after taxation	3,953,078	1,747,137			
EPS	10.49	4.64			

March 2019 remained yet another successful period with regard to growth and productivity. Financial indicators remained remarkable as profit after tax closed at PKR 3.95 billion as compare to PKR 1.75 billion in the corresponding period last year. The key factors contributing to the higher profits are continuous investment in the balancing and modernization of production machinery, measures to control costs and better planning. Rupee major devaluation remained another factor for increased export proceeds. The Company managed to increase its sales level through innovation and creativity in line with the forecasted numbers despite numerous challenges. During the period under review, the management has been persistent to seek administrative effectiveness, operational efficiency and optimal level of performance by keeping its focus on cost optimized projects and lesser reliance on outsourcing.

Earnings per Share

The earning per share for the nine month period ended 31 March 2019 is PKR 10.49 as compared to PKR 4.64 in the corresponding period last year.

Looking Ahead

In Pakistan, textile sector contributes approximately one-fourth of industrial value-added and offers employment to about 40 percent of industrial labor force. Barring seasonal and cyclical fluctuations, textiles products have sustained an average share of about 57 percent in nationwide exports. Pakistani textile industry considered as the backbone of the export sector is facing new issues which should be dealt promptly. The textile industry crumbling under high energy prices, struck up refunds and tight monetary policy, is facing tough competition from India and Bangladesh. The textile industry, one of the major contributors' in LSM, needs to focus on value added products as there is potential in the international market. However, this would only be possible with the support of the Government with commitment to policy implementation, improved energy supply and helping exporters to build competitive cost advantage.

Acknowledgement & Appreciation

We acknowledge and appreciate the efforts of the employees and valuable support of our customers, financial institutions, shareholders and members of the Board of Directors.

For and on behalf of the Board

Rehan Rahman
Chief Executive

Asim Shabbir Patka
Director

Dated: 29 April 2019
Karachi



نظماء تجزیہ برائے حصص یافتگان

برائے اختتامی نوسہ ماہی ۳۱ مارچ ۲۰۱۹ء

کمپنی کے ناظمین، مورخہ ۳۱ مارچ ۲۰۱۹ء کو اختتام پذیر گزشتہ نوسہ ماہیوں کے غیر محاسبی مالیاتی نتائج پیش کرتے ہوئے نہایت مسرور ہیں۔ یہ تکثیفی عبوری مالیاتی گوشوارے انٹرنیشنل اکاؤنٹنگ اسٹنڈرڈ نمبر ۳۴ کے مطابق تیار کئے گئے ہیں۔

پاکستان معاشی نظر۔

جولائی سے فروری تک کرنٹ اکاؤنٹ کا خسارہ ۸.۸ بلین امریکی ڈالر ہوا جو کہ پچھلے سال اسی سال کی مدت میں ۱۱.۴ بلین امریکی ڈالر تھا جو کہ معیشت کی مضبوطی کی علامت ظاہر کرتا ہے۔ بیرونی توازن میں ۲۹.۷۰ فیصد کی بنیادی طور پر مضبوط ترسیلات اور اشیاء و خدمات نے تجارتی خسارہ میں کمی کی ہے۔ اس مدت کو دوران برآمدات ڈالر کے مطابق تقریباً ایک ہی رہی تاہم مقدار کے لحاظ سے بہتری نظر آئی۔ اگرچہ سرمایہ کاری ابھی بھی بہت بڑا چیلنج ہے۔ مگر کرنٹ اکاؤنٹ میں خسارہ کی وجہ سے فارن ایکسچینج مارکیٹ میں کچھ استحکام دیکھنے میں آیا ہے۔ بیرونی محاذ پر اس ارتقاء سے غیر یقینی صورت حال میں کمی اور مالیاتی مارکیٹ میں بہتری آئی ہے۔ موجودہ خسارہ کمی کے باوجود ابھی بھی زیادہ ہے مالی استحکام اُمیدوں سے کم ہے جبکہ بنیادی افراط زر بڑھ رہا ہے۔

بنیادی افراط زر ایک سال پہلے ۵.۲ فیصد سے اوپر کی طرف بڑھتا ہوا۔ فروری ۲۰۱۹ء میں ۸.۸ فیصد تک جا پہنچا ہے۔ مزید براں بڑھتی ہوئی توانائی کی لاگت اور بلند افراط زر کے باوجود متعدد مالیاتی انتظام کی وجہ سے ان سب پر قابو پانا ممکن ہوا۔ گھریلو اقتصادی سرگرمیوں کو مستحکم کرنے کیلئے ابھی تک کئے گئے اقدامات افراط زر کے دباؤ میں کمی اور پھلتے ہوئے غیر متوازن اقتصادی مسائل کی وجہ سے معدوم ہو گئے ہیں۔ بالخصوص جولائی تا جنوری ۲۰۱۹ء کے دوران لارج اسکیل مینوفیکچرنگ میں ۲.۳ فیصد کمی جبکہ پچھلے سال ۷.۲ فیصد اضافہ ہوا تھا۔ اس پس منظر میں ۲۰۱۹ء میں حقیقی جی ڈی پی تقریباً ۳.۵ فیصد متوقع ہے۔

مالیاتی جھلکیاں۔

رواں نوہینوں ۳۱ مارچ ۲۰۱۹ء کے اختتام پر کمپنی کے عملیات (Operations) کا خلاصہ درج ذیل ہے۔



Feroze1888 Mills Limited

Rs. In '000

Profit and Loss Account for the Nine Months Period Ended, Statement of Financial Position As At,

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Taxation	(124,038)	(30,982)			
Profit after taxation	3,953,078	1,747,137			
EPS	10.49	4.64			

مارچ ۲۰۱۹ء ترقی اور پیداوار کے لحاظ سے ایک اور کامیاب دورانیہ رہا۔ مالیاتی اشارے قابل ذکر ہیں۔ خالص منافع ۳.۹۵ بلین رہا جبکہ پچھلے سال اسی دورانیہ میں یہ ۱.۷۵ بلین تھا۔ بہتر منصوبہ بندی، لاگت کو کنٹرول کرنے کے اقدامات اور پیداواری مشینری کے توازن اور جدیدیت کیلئے مسلسل سرمایہ کاری جیسے عوامل نے منافع کو بڑھانے میں اہم کردار ادا کیا ہے۔ اسکے علاوہ روپے کی قدر میں گراؤٹ بھی ایک اہم وجہ تھی۔ متعدد چیلنجز کے باوجود کمپنی اپنی تخلیقی صلاحیتوں کو بروئے کار لاتے ہوئے فروخت کی سطح کو بجٹ نمبرز سے بھی زیادہ بڑھانے میں کامیاب رہی۔

زیر نظر دورانیہ میں انتظامیہ کی عملیاتی اور انتظامی استعداد متاثر کن رہی اور انتظامیہ کی توجہ کم سے کم لاگت اور بیرونی ذرائع پر کم سے کم انحصار پر مرکوز رہی۔

فی حصص آمدنی۔

۳۱ مارچ ۲۰۱۹ء کے اختتام پر کمپنی کی فی حصص آمدنی ۱۰.۴۹ پچھلے سال اسی مدت میں ۴.۶۴ کے مقابلے میں رہی۔



مستقبل کا جائزہ

پاکستان میں ٹیکسٹائل کا شعبہ تقریباً ایک چھوٹھائی صنعتی ویلیو ایڈ (Value add) کرتا ہے اور تقریباً ۴۰ فیصد صنعتی افرادی قوت کو روزگار فراہم کرتا ہے۔ موسمی اور سائیکلیکل اُتار چڑھاؤ کے باوجود ٹیکسٹائل کی مصنوعات ملک بھر کی برآمدات میں تقریباً ۵۷ فیصد حصہ برقرار رکھا ہے۔ پاکستان کی ٹیکسٹائل کی صنعت برآمد شعبے میں ریڑھ کی ہڈی کی حیثیت رکھتی ہے۔ اس شعبے کو نئے نئے مسائل کا سامنا ہے جن کا فوری سدباب ضروری ہے۔ توانائی کی بڑھتی ہوئی قیمتیں، پھنسی ہوئی رقوم، سخت مالیاتی پالیسی جیسے سنگین مسائل کے باوجود ٹیکسٹائل کی صنعت بھارت اور بنگلہ دیش سے سخت مسابقت کا سامنا کر رہی ہے۔ بحیثیت لارج اسکیل مینوفیکچرنگ کے اہم مددگار ٹیکسٹائل سیکڑ کو قدر اضافی مصنوعات (Value added products) پر توجہ مرکوز کرنے کی ضرورت ہے جیسا کہ بین الاقوامی مارکیٹ میں استعداد ہے۔ بحر حال یہ ممکن ہو سکتا ہے جب حکومت سنجیدگی سے پالیسیوں پر عمل درآمد، توانائی کی بہتر فراہمی اور برآمد کنندگان کو سابقتی لاگت کو فائدے کو فروغ دینے میں مدد فراہم کرے۔

اظہار تشکر

ناظمین، تمام ملازمین کی جانب سے کی گئی کوششوں کے لئے تہ دل سے مشکور ہیں، اس کے ساتھ ساتھ ناظمین اپنے تمام مالیاتی اداروں، صارفین، فروخت کنندگان اور کاروباری شراکت داروں کے مسلسل تعاون کو تسلیم کرتے ہیں اور آنے والے سالوں میں اسی طرح کے خوشگوار تعلقات کیلئے پُر امید ہیں۔

عاصم شبیر پاٹکا

ڈائریکٹر

ریحان رحمان

چیف ایگزیکٹو

کراچی: اپریل ۲۹، ۲۰۱۹

Condensed Interim Statement of Financial Position
As at March 31, 2019

		Un-audited	Audited
		March 31,	June 30,
		2019	2018
		----- (Rupees in '000) -----	
ASSETS			
Non-current assets			
Property, plant and equipment	5	12,978,200	10,846,978
Intangible assets		1,995	1,870
Long term deposits		14,801	8,333
		<u>12,994,996</u>	<u>10,857,181</u>
Current assets			
Store and spares		791,262	632,710
Stock in trade	6	6,378,458	3,892,270
Trade debt - considered goods	7	7,320,426	5,191,492
Advances, deposit, prepayments and other receivables	8	2,522,505	2,143,315
Taxation - net		478,828	431,649
Cash & bank balances		921,497	203,364
		<u>18,412,976</u>	<u>12,494,800</u>
		<u>31,407,972</u>	<u>23,351,981</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share 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
Capital reserves		758,663	758,663
Revaluation surplus on property, plant and equipment		1,499,008	1,499,008
Accumulated profit		<u>12,041,037</u>	<u>10,141,524</u>
		<u>18,066,717</u>	<u>16,167,204</u>
Liabilities			
Non-current liabilities			
Long term finances - secured		1,952,847	750,334
Current liabilities			
Trade & other payables	9	4,637,627	3,701,919
Short term borrowings - secured	10	6,490,000	2,550,000
Accrued mark-up		30,121	18,642
Current portion of long term finances		227,958	162,508
Unclaimed dividend		2,702	1,150
Unpaid dividend		-	224
		<u>11,388,408</u>	<u>6,434,443</u>
CONTINGENCIES AND COMMITMENTS			
	11		
		<u>31,407,972</u>	<u>23,351,981</u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements

**Condensed Interim Statement of Profit or Loss Account (Un-audited)
For the Nine Months Period and Quarter Ended March 31, 2019**

	Note	Nine month ended		Quarter ended	
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
----- (Rupees in '000) -----					
Sales - net		21,481,499	16,316,013	8,505,783	5,902,621
Cost of sales		(15,765,745)	(12,905,913)	(5,985,585)	(4,540,877)
Gross profit		5,715,754	3,410,100	2,520,198	1,361,744
Administrative cost		(764,581)	(699,555)	(245,265)	(228,441)
Distribution cost		(1,406,158)	(1,152,396)	(516,249)	(428,586)
Other income / (expenses) - net	12	646,455	290,205	12,287	190,880
		(1,524,284)	(1,561,746)	(749,227)	(466,147)
Operating profit		4,191,470	1,848,353	1,770,971	895,596
Finance cost		(114,354)	(70,235)	(45,256)	(30,110)
Profit before taxation		4,077,116	1,778,118	1,725,715	865,486
Taxation	13	(124,038)	(30,982)	(31,034)	(50,403)
Profit after taxation		3,953,078	1,747,136	1,694,681	815,083
Earning per share basic & diluted		10.49	4.64	4.50	2.16

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements

Muhammad Faheem
Chief Financial Officer

Rehan Rahman
Chief Executive

Asim Shabbir Patka
Director

Condensed Interim Statement of Comprehensive Income (Un-audited)
For the Nine Months Period and Quarter Ended March 31, 2019

	Nine month ended		Quarter ended	
	<u>March 31,</u> <u>2019</u>	March 31, 2018	<u>March 31,</u> <u>2019</u>	March 31, 2018
	----- (Rupees in '000) -----			
Profit for the period	3,953,078	1,747,136	1,694,681	815,083
Other comprehensive income			-	-
Total comprehensive income	<u>3,953,078</u>	<u>1,747,136</u>	<u>1,694,681</u>	<u>815,083</u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements

Muhammad Faheem
Chief Financial Officer

Rehan Rahman
Chief Executive

Asim Shabbir Patka
Director

**Condensed Interim Statement of Cash Flow (Un-audited)
For the Nine Months Period and Quarter Ended March 31, 2019**

	March 31, 2019	March 31, 2018
	------(Rupees in '000)-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	4,077,116	1,778,118
Adjustment for non cash charges and other items:		
Depreciation	596,466	493,337
Amortization	70,712	40,052
Finance cost	114,356	70,201
Loss on sales of fixed assets	2,950	38,502
	<u>784,484</u>	<u>642,092</u>
	4,861,600	2,420,210
(Increase) / decrease in current asset		
Stores and spares	(158,553)	(162,385)
Stock in trade	(2,486,188)	(748,253)
Trade debt	(2,128,933)	(1,305,323)
Advances, prepayments & other receivables	(379,191)	(707,957)
Increase in current liabilities		
Trade and other payables	935,706	137,795
	<u>(4,217,159)</u>	<u>(2,786,123)</u>
Cash generated from / (used in) operations	644,441	(365,913)
Finance cost paid	(102,877)	(53,943)
Income tax paid	(171,215)	(174,022)
Long term deposits	(6,467)	-
	<u>(280,559)</u>	<u>(227,965)</u>
Net cash generated from / (used in) operating activities	363,882	(593,878)
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(2,840,650)	(2,410,182)
Sales proceeds on disposal of property, plant and equipment	39,176	63,621
Net cash used in investing activities	(2,801,474)	(2,346,561)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(2,052,238)	(640,462)
Long term finance - net	1,267,963	267,713
Net cash used in financing activities	(784,275)	(372,749)
Net decrease in cash and cash equivalent	(3,221,867)	(3,313,188)
Net cash and cash equivalent at beginning	(2,346,636)	(407,069)
Cash and cash equivalent at end	(5,568,503)	(3,720,257)
Cash and cash equivalents:		
Cash & bank balances	921,497	379,743
Short term borrowings - secured	(6,490,000)	(4,100,000)
	<u>(5,568,503)</u>	<u>(3,720,257)</u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements

Muhammad Faheem
Chief Financial Officer

Rehan Rahman
Chief Executive

Asim Shabbir Patka
Director

**Condensed Interim Statement of Changes in Equity (Un-audited)
For the Nine Months Period and Quarter Ended March 31, 2019**

	Share Capital	Reserves	Revaluation surplus on property, plant and equipment (Rupees '000)	Accumulated Profit	Total
Balance as at July 01, 2017 (Audited)	3,768,009	758,663	1,499,008	8,482,149	14,507,829
Total comprehensive income for the period ended March 31, 2018	-	-	-	1,747,136	1,747,136
<i>Transactions with owners</i>					
Final cash dividend for the year ended - June 30, 2017 @ 17% (Rs. 1.70 per share)	-	-	-	(640,561)	(640,561)
Interim cash dividend for the year ended - June 30, 2018 @ 12% (Rs. 1.20 per share)	-	-	-	(452,161)	(452,161)
Balance as at March 31, 2018	3,768,009	758,663	1,499,008	9,136,563	15,162,243
Balance as at July 01, 2018 (Audited)	3,768,009	758,663	1,499,008	10,141,524	16,167,204
Total comprehensive income for the period ended March 31, 2019	-	-	-	3,953,078	3,953,078
<i>Transactions with owners</i>					
Final cash dividend for the year ended - June 30, 2018 @ 24.5% (Rs. 2.45 per share)	-	-	-	(923,162)	(923,162)
Interim cash dividend for the year ended - June 30, 2019 @ 30% (Rs. 3 per share)	-	-	-	(1,130,403)	(1,130,403)
Balance as at March 31, 2019	3,768,009	758,663	1,499,008	12,041,037	18,066,717

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements

Muhammad Faheem
Chief Financial Officer

Rehan Rahman
Chief Executive

Asim Shabbir Patka
Director

**Notes To The Condensed Interim Financial Information (Un-audited)
For the Nine Months Period and Quarter Ended March 31, 2019**

1 THE COMPANY AND ITS OPERATIONS

Feroze1888 Mills Limited (the company) was incorporated in Pakistan as a public limited company in October 1972 under the repealed Companies Ordinance 1984. The shares of the Company are quoted on Pakistan Stock Exchange Limited. The Company is principally engaged in the production and export of towels. The registered office of the company is situated at H-23/4-A Scheme # 3, Landhi Industrial Area, Karachi.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting which comprise of International Accounting Standard (IAS) 34 - 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirement if IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

This condensed interim financial information does not include all the information and disclosures as require in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2018.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of annual audited financial statements for the year ended June 30, 2018 and half year ended December 31, 2018.

4 ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial statements in conformity with approved accounting standards, as applicable in Pakistan requires the management to make estimates, assumptions and use judgments that affect the application of policies and the reported amount of assets and liabilities and income and expenses.

Judgments 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, 2018 and half year ended December 31, 2018.

	<i>Note</i>	March 31, 2019 (Unaudited)	June 30, 2018 (Audited)
5 PROPERTY, PLANT AND EQUIPMENT		----- Rupees in '000 -----	
Operating fixed assets		9,998,173	8,939,671
Capital work-in-progress	5.2	2,980,027	1,907,307
		<u>12,978,200</u>	<u>10,846,978</u>

5.1 Details of additions and disposals are as follows:

	Additions (cost)		Disposals (NBV)	
	March 31, 2019 (Unaudited)	June 30, 2018 (Audited)	March 31, 2019 (Unaudited)	June 30, 2018 (Audited)
	-----Rupees in '000-----		-----Rupees in '000-----	
Land - Leasehold	949	151,364	-	-
Building on leasehold land	231,957	451,436	-	-
Leasehold improvement	19,712	94,588	-	-
Plant and machinery	1,436,445	1,560,438	(20,323)	(98,448)
Electric fittings	35,574	22,098	-	-
Office equipments	14,196	7,190	(100)	-
Computers	6,168	25,010	(1)	-
Furniture and fixtures	1,896	12,503	(53)	-
Vehicles	20,474	59,460	(21,754)	(13,537)
	<u>1,767,372</u>	<u>2,384,087</u>	<u>(42,231)</u>	<u>(111,985)</u>

5.1.1 Depreciation on operating fixed assets for the period amounted to Rs. 569.47 million (March 31, 2018: Rs. 493.34 million)

	Opening balance	Additions	Transfers to	Closing Balance
			operating assets / adjustment	
	-----Rupees in '000-----			
Building on leasehold land	819,858	827,893	(231,957)	1,415,794
Leasehold improvements	-	19,712	(19,712)	-
Plant and machinery	888,253	1,593,083	(1,312,841)	1,168,495
Computer	-	334	(334)	-
Furniture and fixtures	458	3,691	(379)	3,770
Equipments	19,361	192,740	(18,130)	193,971
Advances against fixed assets	179,377	18,620	-	197,997
	<u>1,907,307</u>	<u>2,656,073</u>	<u>(1,583,353)</u>	<u>2,980,027</u>

6 STOCK-IN-TRADE

Represents raw material, work in process and finished goods amounting to Rs. 3,653.37 million, Rs. 1,634.25 million and Rs. 1,096.16 million (June 30, 2018: 1,575.53 million, 1,470.27 million and Rs. 846.47 million).

7 TRADE DEBT - CONSIDERED GOODS

It includes amount receivable against export debtor Rs. 7,298.86 million (June 30, 2018 Rs. 5,171.52 million).

8 ADVANCES, DEPOSIT, PREPAYMENTS AND OTHER RECEIVABLES

Includes advance to suppliers and deposits to related party amounting to Rs.697.12 million and Rs. 28.63 million, respectively (June 30, 2018: Rs.313.181 million and Rs.27.587 million, respectively).

9 TRADE AND OTHER PAYABLES

Includes Gas Infrastructure Development Cess and due to related party amounting to Rs.1,189 million and Rs.59.22 million (June 30, 2018 Rs.1,005.6 million and Rs. 106.37 million).

10 SHORT TERM BORROWING

It represents the utilized portion of export finance amounting to Rs.6,490 million (June 30, 2018 Rs.2,550 million). These carry mark-up at the rates ranging from SBP Export refinance rate plus 0.25% to 0.5% per annum and these are secured against first pari passu charge over stock-in-trade, receivables and other current assets of the Company.

11 CONTINGENCIES AND COMMITMENTS
11.1 Contingencies

No contingencies existed as at the reporting date.

11.2 Commitments

Outstanding letter of credit
Outstanding letter of guarantee
Capital commitments

March 31, 2019 June 30, 2018
(Unaudited) (Audited)
----- Rupees in '000 -----

655,114	334,944
<u>918,734</u>	<u>652,453</u>
<u>1,041,108</u>	<u>615,950</u>

March 31, 2019 March 31, 2018
(Unaudited)
----- Rupees in '000 -----

12 OTHER INCOME / (EXPENSES) – NET
Income from financial assets

Profit on bank deposit

12.1 **10,128** -

Income from non-financial assets / (expenses)

Exchange differences on realization of export proceeds
Loss on disposal of fixed assets
Workers' profit participation fund expenses
Workers' welfare fund expenses
Auditors' remuneration
Donation

871,519	441,475
(2,950)	(38,502)
(198,512)	(94,243)
(17,185)	(12,488)
(4,970)	(1,590)
(11,575)	(4,447)
<u>636,327</u>	<u>290,205</u>
<u>646,455</u>	<u>290,205</u>

12.1 This represent markup income on bank deposits which carries markup at the rate of 8% to 9.9% per annum (2018: Nil).

12.2 Donations include the following in which a director or their spouse was interested:

----- Rupees in '000 -----

Name of Directors	Name / Address of Donee	Interest in Donee		
Mr. Khaleequr Rahman	Indus Hospital, Plot C-76, Sector 31/5,	Director	(7,246)	(1,622)
Mr. Nasim Hyder	Korangi Crossing, Karachi			
Mr. Khaleequr Rahman	Citizens Police Liasion Committee Central Reporting Cell - Sindh Governor's Secretariat Karachi		(914)	(800)

Donation to other organisations:

Bahar Education Foundation	(2,000)	-
Karachi Down Syndrome Program	(700)	-
Dam Fund	(535)	-
Patients Welfare Association Civil Hospital (Regd)	-	(1,000)
The Huner Foundation	-	(500)
Cumulative donation to other organizations (less than 0.5 million)	(181)	(525)
	<u>(11,575)</u>	<u>(4,447)</u>

	Nine month ended		Quarter ended	
	March 31, 2019 (Unaudited)	March 31, 2018 (Unaudited)	March 31, 2019 (Unaudited)	March 31, 2018 (Unaudited)
	-----Rupees in '000-----		-----Rupees in '000-----	
13 TAXATION				
Current	(126,814)	(324,201)	(31,034)	(78,270)
Prior year	2,776	293,219	-	27,867
	<u>(124,038)</u>	<u>(30,982)</u>	<u>(31,034)</u>	<u>(50,403)</u>

14 FINANCIAL RISK MANAGEMENT AND 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, 2018. These have been no change in any risk management policies since the year end.

15 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise associated companies, directors, major shareholders of the company, key management personnel and staff provident fund. 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	March 31, 2019	March 31, 2018
		----- Rupees in '000 -----	
Sales	Associated	1,233,349	816,964
Purchases	Associated	3,175	5,544
Manufacturing and other expenses	Associated	947,809	846,547
Donation	Associated	7,246	1,622
Remuneration to key management personnel		36,455	41,556
Fees to directors		4,190	4,900
Contribution to Staff Provident Fund		79,616	67,191
		March 31, 2019	June 30, 2018
		----- Rupees in '000 -----	
Balances with related parties at the end of the period were as follows:			
Net payable	Associated	<u>30,596</u>	<u>69,035</u>
Payable to Staff Provident Fund		<u>18,947</u>	<u>16,118</u>

16 Date of authorization

This condensed interim financial information was authorized for issue in the Board of Directors meeting held on April 29, 2019.

17 General

17.1 For better presentation, certain prior year figures have been reclassified consequent to certain changes in current year presentation

17.2 Figures have been rounded-off to the nearest thousand rupees, unless otherwise stated

Muhammad Fahcem
Chief Financial Officer

Rehan Rahman
Chief Executive

Asim Shabbir Patka
Director