



# **FEROZE1888 MILLS LIMITED**

**Financial Statements  
For The Three Months Ended  
September 30, 2013**



# Feroze1888 Mills Limited

## Company Information

<b>Board of Directors</b>	: Anas Rahman - Chief Executive Jawed Yunus Tabba Jonathan R.Simon Khaleequr Rahman - Chairman Pervez Saeed Perwez Ahmed Shabbir Ahmed Sheikh Zafar Ahmed
<b>Audit Committee</b>	: Jawed Yunus Tabba - Member Pervez Saeed - Chairman Perwez Ahmed - Member
<b>Human Resource &amp; Remuneration Committee</b>	: Anas Rahman Jawed Yunus Tabba Khaleequr Rahman Shabbir Ahmed
<b>Company Secretary</b>	: Abdul Aleem, FCA
<b>Bankers</b>	: Askari Bank Limited Bank Al Habib Limited Habib Bank Limited Habib Metropolitan Bank Limited Meezan Bank Limited Standard Chartered Bank (Pakistan) Limited
<b>Auditors</b>	: Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants 180-A, S.M.C.H.S. Karachi
<b>Legal Advisor</b>	: M. Adam Patel & Co.
<b>Share Registrar</b>	: FAMCO Associates (Pvt.) Ltd. 8-F, Next to Hotel Faran, Nursery, Block 6, PECHS, Shahra-e-Faisal, Karachi
<b>Registered Office</b>	: H-23/4-A, Scheme # 3, Landhi Industrial Area, Karachi
<b>Website</b>	: <a href="http://www.feroze1888.com">www.feroze1888.com</a>



# Feroze 1888 Mills Limited

## Directors' Report

Your directors are pleased to present the un-audited financial statements for the three months ended on September 30, 2013.

### Operational and Financial Performance

By the grace of Almighty Allah the financial year 2013-2014 had started with positive signs. The efficient utilization of machinery and resources coupled with control over cost yielded post tax earnings of Rs. 474.25 million in the quarter under review as compared to Rs. 218.12 million during the corresponding period of last year thus registering an increase of 117.43%. The entire production as well as a part of carried over stock was sold at substantially the same average prices as were during the last quarter of 2012-2013. During the quarter under review the Company had been benefited from cotton stock procured during last fiscal year, consistent selling prices, unchanged markup rate on export refinance and further devaluation of rupee etc.

We are able to sell 62.60 million pieces of towel as compared to 56.95 million pieces of towel during the corresponding three months period of last year. The variation in figures is on account of change in product mix caused by choices of customers as well as higher sales volume. Like prior year we did our best to rationalize and balance our capacities to reduced reliance on outside resources thus saving the premium paid and effectively enhancing the profit margin. Besides controlling operational cost the management also made focused efforts to keep administrative, distribution and financial cost under control and the enhanced profit resulted in improved per share earnings of Rs. 1.26 as compared to Rs. 0.58 during the respective quarter of previous financial year.

### Future Outlook

The ensuing quarter has been challenged upfront by reduced availability of local cotton, higher cotton prices and yarn, increased tariff for gas, gas load shedding and low pressure issues due to winter, continued changes in sales tax laws, expected increase in export refinance rates and higher inflation and these may substantially affect the profitability. It's also too unfortunate that Government is not giving any attention to the lowering demand for Pakistani value added products and increasing raw cotton export and ultimately the country has deprived and would further deprive of the net foreign exchange inflow and also reduced employment opportunities offered by value added Textile Sector. We as the major industrial sector as well as the major foreign currency source for the economy, do expect a concrete roadmap to address the continued and increasing threats specially the availability of energy as use of alternate energy means like furnace oil, diesel or coal due to worldwide increase in prices as well as rupee weakening has become totally uneconomical option. We also hope consistency in taxation measures as frequent changes do not let proper cost estimation.

### Acknowledgement

The Directors are pleased 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: October 28, 2013



# Feroze 1888 Mills Limited

## Condensed Interim Balance Sheet (Unaudited) As at September 30, 2013

	September 30, 2013	June 30, 2013
	----- (Rupees '000) -----	
<b>CAPITAL &amp; RESERVES</b>		
Authorized Capital (400,000,000 Ordinary Shares of Rs 10/- each)	4,000,000	4,000,000
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	1,612,293	1,138,038
	6,138,965	5,664,710
<b>SURPLUS ON REVALUATION OF PROPERTY</b>	1,080,662	1,080,662
<b>NON-CURRENT LIABILITIES</b>	545,757	606,252
<b>CURRENT LIABILITIES</b>		
Trade & Other Payables	1,899,047	1,802,672
Accrued Markup	34,779	61,846
Short Term Borrowings	2,619,786	2,071,710
Current Portion of Non-Current Liabilities	175,840	187,114
	4,729,452	4,123,342
	12,494,836	11,474,966
<b>NON-CURRENT ASSETS</b>		
<b>PROPERTY, PLANT AND EQUIPMENT</b> (at revalued amount less accumulated depreciation)	4,676,120	4,545,236
<b>INTANGIBLE ASSETS</b>	14,140	15,426
<b>LONG TERM INVESTMENT</b>	10	10
<b>LONG TERM DEPOSITS</b>	5,300	5,300
<b>CURRENT ASSETS</b>		
Store, Spares And Chemicals	404,977	373,799
Stock In Trade	3,753,739	3,464,152
Trade Debtors - Considered Goods	2,715,145	2,222,197
Advances, Prepayments And Other Receivables	754,535	772,681
Taxation	30,565	32,374
Cash & Bank Balances	140,305	43,791
	7,799,266	6,908,994
	12,494,836	11,474,966

The annexed notes 1 to 5 form an integral part of these condensed interim financial information.

**Anas Rahman**  
Chief Executive

**Khaleequr Rahman**  
Chairman



# Feroze1888 Mills Limited

## Condensed Interim Profit and Loss Account (Unaudited) For The Three Months Ended September 30, 2013

	September 30, 2013	September 30, 2012
	----- (Rupees '000) -----	
Sales	4,386,490	3,532,307
Cost of Sales	<u>(3,661,677)</u>	<u>(2,956,078)</u>
Gross Profit	724,813	576,229
Administrative Cost	<u>(127,126)</u>	<u>(107,622)</u>
Distribution Cost	<u>(110,618)</u>	<u>(109,607)</u>
Other Operating Cost	<u>(36,541)</u>	<u>(17,579)</u>
	<u>(274,285)</u>	<u>(234,808)</u>
	<u>450,528</u>	<u>341,421</u>
Finance Cost	<u>69,900</u>	<u>(84,371)</u>
Profit before Taxation	520,428	257,050
Taxation	<u>(46,173)</u>	<u>(38,931)</u>
Profit after Taxation	<u><u>474,255</u></u>	<u><u>218,119</u></u>
Earning Per Share Basic & Diluted	<u><u>1.26</u></u>	<u><u>0.58</u></u>

The annexed notes 1 to 5 form an integral part of these condensed interim financial information.

**Anas Rahman**  
Chief Executive

**Khaleequr Rahman**  
Chairman



# Feroze1888 Mills Limited

## Condensed Interim Statement of Other Comprehensive Income (Unaudited) For The Three Months Ended September 30, 2013

	September 30, 2013	September 30, 2012
	----- (Rupees '000) -----	
Profit for the Year	1,245,635	535,142
Other Comprehensive Income	—	—
<b>Total Comprehensive Income for the Year Ended June 30, 2013</b>	<u>1,245,635</u>	<u>535,142</u>
Profit for the Period	474,255	218,119
Other Comprehensive Income	—	—
<b>Total Comprehensive Income for the Three Months Ended September 30, 2013</b>	<u>474,255</u>	<u>218,119</u>

The annexed notes 1 to 5 form an integral part of these condensed interim financial information.

**Anas Rahman**  
Chief Executive

**Khaleequr Rahman**  
Chairman



# Feroze 1888 Mills Limited

## Condensed Interim Cash Flow Statement (Unaudited) For The Three Months Ended September 30, 2013

	September 30, 2013	September 30, 2012
	----- (Rupees '000) -----	
<b>Cash Flow from Operating Activities</b>		
Profit before Taxation	520,428	257,050
Adjustment for:		
Depreciation & Amortization	85,167	90,412
Financial Cost	(69,900)	84,371
Gain on Sales of Fixed Assets	(789)	—
	<u>14,478</u>	<u>174,783</u>
<b>Cash Flow from Operating Activities before Working Capital Changes</b>	534,906	431,833
<b>(Increase) / Decrease In Current Asset</b>		
Stores and Spares	(31,179)	(32,388)
Stock-in-Trade	(289,588)	421,520
Trade Debtors	(492,947)	(676,628)
Advances, prepayments & other receivables	18,146	(449,196)
<b>Increase in Current Liabilities</b>		
Trade and Other Payables	198,312	605,792
	<u>(597,256)</u>	<u>(130,900)</u>
<b>Cash (Used in) / generated from Operating Activities</b>	(62,350)	300,933
Financial Cost Paid	42,832	(125,025)
Income Tax Paid	(47,982)	(46,342)
	<u>(5,150)</u>	<u>(171,365)</u>
<b>Net Cash (Used in) / generated from Operating Activities</b>	(67,500)	129,568
<b>Cash Flow From Investing Activities</b>		
Fixed Capital Expenditure	(211,720)	(8,033)
Sales proceeds of Fixed Assets	1,362	—
Net Cash (used in) Investing Activities	<u>(210,358)</u>	<u>(8,033)</u>
<b>Cash Flow From Financing Activities</b>		
Repayment of Non-Current Liabilities	(173,703)	(41,085)
<b>Net Increase in Cash and Cash Equivalent</b>	(451,561)	80,450
Net Cash and Cash Equivalent at Beginning	(2,027,919)	(1,505,760)
Cash and Cash Equivalent at End	<u>(2,479,480)</u>	<u>(1,425,310)</u>
<b>Cash And Cash Equivalents:</b>		
Cash & Bank Balances	140,305	240,763
Short Term Borrowing	(2,619,785)	(1,666,073)
	<u>(2,479,480)</u>	<u>(1,425,310)</u>

The annexed notes 1 to 5 form an integral part of these condensed interim financial information.

**Anas Rahman**  
Chief Executive

**Khaleequr Rahman**  
Chairman



# Feroze1888 Mills Limited

## Condensed Interim Changes in Equity (Unaudited) For The Three Months Ended September 30, 2013

	Share Capital	Reserves	Accumulated Profit	Total
	----- (Rupees '000) -----			
Balance as at July 01, 2012	3,768,009	758,663	194,552	4,721,224
Profit for the Year	—	—	1,245,635	1,245,635
Final Cash Dividend	—	—	(302,149)	(302,149)
<b>Balance as at June 30, 2013</b>	<u>3,768,009</u>	<u>758,663</u>	<u>1,138,038</u>	<u>5,664,710</u>
Profit for the Three Months Ended			474,255	474,255
<b>Balance as at September 30, 2013</b>	<u>3,768,009</u>	<u>758,663</u>	<u>1,612,293</u>	<u>6,138,965</u>

The annexed notes 1 to 5 form an integral part of these condensed interim financial information.

**Anas Rahman**  
Chief Executive

**Khaleequr Rahman**  
Chairman





# Feroze 1888 Mills Limited

## Selected Notes To The Condensed Interim Financial Information (Unaudited) For The Three Months Ended September 30, 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, 2013.

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, 2013.

### 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	September 30, 2013	September 30, 2012
----- (Rupees '000) -----			
Sale of Goods	Associate	221,375	455,980
Purchases	Associate	47,460	33,537
Manufacturing expenses and other services	Associate	233,626	191,137
<b>Balances with related parties at the end of the period are as follows:</b>			
Balance payable	Associate	81,225	91,826
Balance receivable	Associate	25,230	4,066

### 4 Date of Authorization

This condensed interim financial information was authorized for issue in the Board of Directors meeting held on October 28, 2013.

### 5 General

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

**Anas Rahman**  
Chief Executive

**Khaleequr Rahman**  
Chairman

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**FEROZE1888 MILLS LIMITED**

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