



**FEROZE1888 MILLS LIMITED**



**Financial Statements  
For The Three Months Ended  
September 30, 2015**



# 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* (* As at September 30, 2015)
<b>Bankers</b>	: Bank Al Habib Limited Habib Bank Limited Habib Metropolitan Bank Limited Meezan Bank Limited Standard Chartered Bank (Pakistan) Limited United Bank 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, Shakra-e-Faisal, Karachi
<b>Registered Office</b>	: H-23/4A, Scheme # 3, Landhi Industrial Area, Landhi, 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, 2015

### Operational and Financial Performance

In the quarter under review your Company by the grace of Almighty Allah has performed well and results are far better than the corresponding quarter of last year. Raw material prices were generally stable in this period, lower mark-up rate and business environment generally remained stable except for a Rupee/US\$ parity volatility during the quarter. While considering the overall environment we had considered the continued energy crisis, law and order situation and political rifts as ground realities with which we are living for years now.

The government has to realize that the textile industry which is earning the major chunk of the foreign exchange survives on thin margin and exports contracts are entered into in advance for periods like 3 to 6 months and any change in forex rates in a short period does not only severally affects the export proceeds but also the raw material cost. The exchange rate which was though close to Rupees 101.75 to a US\$ and remained stable till July and in August the same was peaked and reached to Rs.104.10 and in September end Rs.104.45. The devaluation though benefits the Company in short term only, if the same continues till the realization of money but the same immediately pose challenges specially rise in raw material prices like cotton and yarn and tough bargain by customers.

The financial results had also reflected improvements both in figures and in ratios. Operational performance and higher production levels had helped the Company to attain better sales volume as compared to corresponding period of prior year. Besides operational cost we also made focused efforts to keep administrative, distribution and financial cost under control and the enhanced profit resulted in per share earnings.

### FUTURE PROSPECTS

The succeeding quarter has been defied by reduced availability including lower quality of cotton, higher cotton prices, increased tariff for gas, gas load shedding including low pressures, changes in sales tax laws both federal and provisional and these may adversely affect the Company's growth. Local cotton crop suffered a major setback due to heavy rain and floods in Sindh and Punjab resulting in a production decline and also quality issues have arisen. The production downfall in confluence with increasing demand has put an upward pressure on the price and cotton imports thus hitting the margins specifically considering the Rupee value depreciation.

Among the other major factors are serious liquidity crunch due to pending refunds, unprecedented burden in shape of electricity tariff, innovative taxes and levies, duties, surcharges and system inefficiencies on industry, besides the over-valued exchange rate of rupee.



## **Feroze1888 Mills Limited**

A well planned and focused approach is very much warranted to address the continued and increasing issues specially of accelerating energy shortfall by not only adding to national grid but also by substituting the traditional means with alternate energy and not only the availability of energy but also the prices at which it is provided. In spite of these challenges and threats the management is positive of achieving same operational and better financial results.

### **ACKNOWLEDGMENTS**

Like always, the Board is pleased to place on record its appreciation for the contributions made by the employees of the Company and look forward for same cordial relationship in coming years. In addition, Board also acknowledges the role of all banks, customers, suppliers and other stakeholders for their continued support.

For and on behalf of the Board

**Khaleequr Rahman**  
Chairman

Karachi: October 29, 2015



# Feroze 1888 Mills Limited

## Condensed Interim Balance Sheet (Unaudited) As at September 30, 2015

	September 30, 2015	June 30, 2015
	(Rupees '000)	
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	5,764,094	5,775,615
Intangible assets	3,855	5,141
Long term investment	10	10
Long term deposits	5,720	5,720
	<u>5,773,679</u>	<u>5,786,486</u>
<b>Current assets</b>		
Store and spares	500,333	445,146
Stock in trade	2,515,972	2,382,563
Trade debts - considered goods	3,409,295	2,823,046
Advances, prepayments and other receivables	888,778	979,600
Cash & bank balances	526,357	287,909
	<u>7,840,735</u>	<u>6,918,264</u>
	<u>13,614,414</u>	<u>12,704,750</u>
<b>SHARE CAPITAL &amp; RESERVES</b>		
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
Accumulated profit	5,250,848	4,405,961
	<u>9,777,520</u>	<u>8,932,633</u>
Surplus on revaluation	1,080,662	1,080,662
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Long term finances - secured	120,249	383,248
<b>Current liabilities</b>		
Trade & other payables	2,621,450	2,197,618
Accrued mark-up	6,239	14,575
Current portion of long term finances	6,451	96,014
Taxation	1,843	-
	<u>2,635,983</u>	<u>2,308,207</u>
	<u>13,614,414</u>	<u>12,704,750</u>

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

**Anas Rahman**  
Chief Executive

**Sheikh Zafar Ahmed**  
Director



# Feroze1888 Mills Limited

## Condensed Interim Profit and Loss Account (Unaudited) For The Three Months Ended September 30, 2015

	September 30, 2015	September 30, 2014
	(Rupees '000)	
Sales - net	5,022,975	4,513,788
Cost of sales	<u>(3,842,647)</u>	<u>(3,742,367)</u>
Gross profit	1,180,328	771,421
Administrative cost	<u>(163,878)</u>	<u>(127,858)</u>
Distribution cost	<u>(140,918)</u>	<u>(123,793)</u>
Other operating cost	<u>(53,177)</u>	<u>(37,222)</u>
	<u>(357,973)</u>	<u>(288,873)</u>
	822,355	482,548
Finance cost	<u>74,850</u>	<u>59,499</u>
Profit before taxation	897,205	542,047
Taxation	<u>(52,318)</u>	<u>(46,775)</u>
Profit after taxation	<u>844,887</u>	<u>495,272</u>
Earning per share basic & diluted	<u>2.24</u>	<u>1.31</u>

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

**Anas Rahman**  
Chief Executive

**Sheikh Zafar Ahmed**  
Director

## Condensed Interim Statement of Other Comprehensive Income (Unaudited) For The Three Months Ended September 30, 2015

	September 30, 2015	September 30, 2014
	(Rupees '000)	
Profit for the three months	844,887	495,272
Other comprehensive income	-	-
<b>Total comprehensive income for the three months</b>	<u>844,887</u>	<u>495,272</u>

The annexed notes 1 to 5 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 Three Months Ended September 30, 2015

	September 30, 2015	September 30, 2014
	(Rupees '000)	
<b>Cash flow from operating activities</b>		
Profit before taxation	897,205	542,047
<b>Adjustment for non cash charges and other items:</b>		
Depreciation & amortisation	110,402	91,304
Workers' Fund	51,451	32,330
Finance cost	20,124	41,432
Gain on sales of fixed assets	(925)	(783)
	<u>181,052</u>	<u>164,283</u>
<b>Cash flow from operating activities before working capital changes</b>	1,078,257	706,330
<b>(Increase) / decrease in current asset</b>		
Stores and spares	(55,187)	(32,700)
Stock in trade	(133,410)	(18,382)
Trade debts	(586,249)	(712,690)
Advances, prepayments & other receivables	77,688	(81,282)
<b>Increase in current liabilities</b>		
Trade and other payables	515,410	293,518
	<u>(181,748)</u>	<u>(551,536)</u>
<b>Cash generated from operating activities</b>	896,509	154,794
Finance cost paid	(28,461)	(47,168)
Workers' fund paid	(129,893)	(90,540)
Income tax paid	(52,318)	(42,974)
	<u>(210,672)</u>	<u>(180,682)</u>
<b>Net cash generated from / (used in) Operating Activities</b>	685,837	(25,888)
<b>Cash flow from investing activities</b>		
Fixed capital expenditure	(97,898)	(361,508)
Sales proceeds of fixed assets	3,071	1,242
Net cash used in investing activities	(94,827)	(360,266)
<b>Cash flow from financing activities</b>		
Repayment of long term finance	(352,562)	(50,648)
<b>Net increase / (decrease) in cash and cash equivalent</b>	238,448	(436,802)
Net cash and cash equivalent at beginning	287,909	(943,823)
Cash and cash equivalent at end	<u>526,357</u>	<u>(1,380,625)</u>
<b>Cash and cash equivalents:</b>		
Cash & bank balances	526,357	373,656
Short term borrowings - secured	-	(1,754,281)
	<u>526,357</u>	<u>(1,380,625)</u>

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

Anas Rahman  
Chief Executive

Sheikh Zafar Ahmed  
Director



# Feroze 1888 Mills Limited

## Condensed Interim Statement of Changes in Equity (Unaudited) For The Three Months Ended September 30, 2015

	Share capital	Capital reserves	Accumulated profit	Total
	(Rupees '000)			
Balance as at July 01, 2014	3,768,009	758,663	2,533,361	7,060,033
Total comprehensive income for the year ended June 30, 2015	-	-	2,325,626	2,325,626
<b>Transactions with owners</b>				
Final cash dividend for the year ended June 30, 2014				
- Final 20% @ (i.e. Rs. 2.00 per share) for all shareholders except directors, their relatives and associates.	-	-	(524)	(524)
- Final 5% @ (i.e. Rs. 0.50 per share) to directors, their relatives and associates.	-	-	(188,269)	(188,269)
Interim cash dividend for the year ended June 30, 2015				
- Interim 25% @ (i.e. Rs. 2.50 per share) for all shareholders except directors, their relatives and associates.	-	-	(656)	(656)
- Interim 7% @ (i.e. Rs. 0.70 per share) to directors, their relatives and associates.	-	-	(263,577)	(263,577)
	-	-	(453,026)	(453,026)
<b>Balance as at June 30, 2015</b>	<b>3,768,009</b>	<b>758,663</b>	<b>4,405,961</b>	<b>8,932,633</b>
Total comprehensive income for the three months ended September 30, 2015	-	-	844,887	844,887
<b>Balance as at September 30, 2015</b>	<b>3,768,009</b>	<b>758,663</b>	<b>5,250,848</b>	<b>9,777,520</b>

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

**Anas Rahman**  
Chief Executive

**Sheikh Zafar Ahmed**  
Director





# Feroze 1888 Mills Limited

## Selected Notes To The Condensed Interim Financial Information (Unaudited) For The Three Months Ended September 30, 2015

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	September 30,	September 30,
		2015	2014
(Rupees '000)			
Sales	Associate	278,681	354,019
Purchases	Associate	56,080	7,176
Manufacturing and other expenses	Associate	275,513	213,108

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

Net Receivables	Associate	20,806	94,076
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### 4 Date of Authorisation

This condensed interim financial information was authorized for issue in the Board of Directors meeting held on October 29, 2015.

### 5 General

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

**Anas Rahman**  
Chief Executive

**Sheikh Zafar Ahmed**  
Director

**BOOK POST**  
**UNDER POSTAL CERTIFICATE**

*If undelivered please return to:*

**FEROZE1888 MILLS LIMITED**

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