



FEROZE1888 MILLS LIMITED



**Financial Statements
For The Three Months Ended
September 30, 2016**



Feroze1888 Mills Limited

Company Information

Board of Directors	: Mr. Abdul Rehman Yaqub - Director Mr. Anas Rahman Director/Vice Chairman Mr. Jonathan R. Simon Director/Chairman Mr. Khaleequr Rahman - Director Mr. Nasim Hyder Director Mr. Perwez Ahmed Director Mr. Shabbir Ahmed Director Mr. Rehan Rahman Chief Executive
Audit Committee	: Mr. Khaleequr Rahman - Member Mr. Nasim Hyder - Chairman Mr. Perwez Ahmed - Member
Human Resource & Remuneration Committee	: Mr. Khaleequr Rahman Mr. Anas Rahman Mr. Rehan Rahman
Company Secretary	: Mr. 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
Auditors	: Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants 180-A, S.M.C.H.S. Karachi
Legal Advisor	: Mohsin Tayebaly & Co
Share Registrar	: FAMCO Associates (Pvt.) Ltd. 8-F, Next to Hotel Faran, Nursery, Block 6, PECHS, Shahra-e-Faisal, Karachi
Registered Office	: H-23/4A, Scheme # 3, Landhi Industrial Area, Karachi
Website	: www.feroze1888.com



Feroze1888 Mills Limited

Directors' Report

Your directors are pleased to present the un-audited financial statements for the three months ended on September 30, 2016.

OPERATIONAL AND FINANCIAL PERFORMANCE

In the quarter under review your Company has performed well and profitability ratios are satisfactory. Sales in current period are slightly lower than the corresponding period. Raw material prices have been fluctuating and higher during the period and despite of higher raw material prices, the sales prices were observed on the lower side because of economic slowdown and prevailing fierce competition in the market which causes the decline in the profit margin as compared to the corresponding period. Law and order situation is stable while in view of overall environment we had considered the continued energy crises, uncertain political situation and hurdles in releasing refunds as ground realities with which we are living for years now.

The determined and continuous efforts to have efficient capacity utilization, product improvement/innovation and cost rationalization contributed significantly towards not only maintaining the track record but achieving improvement therein. We had been benefited with the continuously investing in state of art technology in our operations. Management's persistent endeavors to minimize the cost and to enhance the profit has resulted the reduction in administrative, distribution and other operating cost in the under review period while comparing the same period of last year.

FUTURE OUTLOOK

In view of increasing trend in raw material cost, continuous rise in energy cost, increase in minimum wages and other production cost, it is very challenging to sustain the profitability with the same growth. The Government is at standstill in supporting the Textile sector and Pakistan is one of four major textile players in this region, but was perhaps the only country that has refrained from subsidizing its exports and finding very difficult to compete with the other exporting countries that subsidized their textile exports. The present regime announced textile policy 2014-19, but no notification in this regard has been issued. Currently it is reported that government is planning to provide relief by providing rebate on exports, but the impact and implementation will be seen in coming months.

Like past, we will remain committed and focused on improving efficiencies and productivity both within the existing resources as well as by modernization. Having faith in strong potential we expect utmost sustainable profit and excellent performance to continue through the rest of the year.

ACKNOWLEDGMENTS

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

For and on behalf of the Board

Jonathan R. Simon
Chairman

Karachi: October 29, 2016



Feroze 1888 Mills Limited

نظماء تجزیہ برائے حصص یافتگان کے لیئے

آپ کے ناظمین کی جانب سے ۳۰ ستمبر ۲۰۱۶ تک کی سہ ماہی کے غیر محاسب شدہ مالیاتی گوشوارے پیش خدمت ہیں۔

عملی امور اور مالیاتی کارکردگی

زیر جائزہ سہ ماہی کے دوران آپ کی کمپنی کی کارکردگی اور منافع کا تناسب تسلی بخش ہے۔ فروخت کا حجم گزشتہ سال کی اسی مدت کے مقابلے میں نسبتاً کم ہے۔ خام مال کی قیمتوں میں اتار چڑھاؤ کا سامنا رہا اور اس مدت کے دوران ان میں خاطر خواہ اضافہ ہوا۔ خام مال کی قیمتوں میں اضافے کے باوجود اشیائے فروخت کی قیمتوں میں کمی کا رجحان دیکھنے میں آیا جس کی بنیادی وجہ معاشی کمزوری اور مارکیٹ میں موجود شدید مقابلے بازی کی فضا ہے۔ اور ان ہی وجوہات کی بناء پر پچھلی مدت کی نسبت اس دفعہ شرح منافع میں کمی واقع ہوئی مجموعی طور پر امن و امان کی بہتر صورتحال کے باوجود توانائی کے مستقل بحران، غیر یقینی سیاسی صورتحال اور رقوم کی واپسی میں حائل رکاوٹوں جیسے مسائل مستقل درپیش رہے جن کے ساتھ ہم عرصہ دراز سے نبرد آزما ہیں۔

پیداواری صلاحیت کا موثر ترین استعمال مصنوعات میں بہتری / جدت طرازی اور معقول لاگت کے حصول کا عزم اور اس سمت میں کی جانے والی مسلسل کوششیں پچھلی کارکردگی کو برقرار رکھنے کے ساتھ ساتھ مزید بہتری لانے کا بھی بھرپور باعث ہیں۔ اس کے ساتھ ساتھ مسلسل سرمایہ کاری کے ذریعے ہم نے اپنے آپ کو جدید اور بہترین ٹیکنالوجی سے بھی فیضیاب کیا انتظامیہ کی جانب سے لاگت میں کمی اور منافع میں اضافہ کے حصول کے لئے کی جانے والی مسلسل کوششوں کی وجہ سے انتظامی امور، تقسیم کاری کے عمل اور دیگر عملی کارکردگی کے امور کی لاگت میں پچھلے سال کی اسی مدت کی نسبت خاطر خواہ کمی آئی ہے۔

ایک نظر مستقبل پر

خام مال، توانائی، کم از کم اجرت اور دیگر پیداواری لاگت میں مسلسل اضافے کے رجحان کے پیش نظر منافع میں استحکام اور ترقی کی رفتار کو برقرار رکھنا ایک انتہائی مشکل امر ہے۔

حکومت کا رویہ ٹیکسٹائل کی صنعت کے لئے قطعی طور پر حوصلہ افزا نہیں ہے۔ پاکستان اس خطے میں موجود چار اہم ترین ٹیکسٹائل برآمدکنندگان ممالک میں سے ایک ہے۔ اس کے باوجود ہم شاید وہ واحد ملک ہیں جہاں برآمدات کو فروغ دینے سے احتراز برتا جاتا ہے۔ جس کی وجہ سے ان ممالک سے مقابلہ کرنا انتہائی مشکل ہے جنہیں اپنی برآمدات کے فروغ کے لئے سہولتیں مہیا ہیں۔ موجودہ حکومت نے ٹیکسٹائل پالیسی ۲۰۱۹-۲۰۱۴ کا اعلان کیا ہے۔ لیکن اس سلسلے میں کوئی باضابطہ نوٹیفکیشن جاری نہیں کیا گیا۔ حالیہ اطلاع کے مطابق حکومت برآمدات پر چھوٹ دیتے ہوئے رعایت فراہم کرنے کی منصوبہ بندی کر رہی ہے۔ لیکن اس پر عمل درآمد اور اس کے اثرات کا اندازہ آنے والے مہینوں میں ہی کیا جاسکے گا۔

اپنی روایت کو برقرار رکھتے ہوئے ہم اپنے موجودہ وسائل کے ساتھ جدت طرازی کو اپنائے ہوئے اپنی استعداد کا اور پیداواری صلاحیت میں مزید بہتری کے لئے ہر دم کوشاں اور مصروف عمل رہیں گے۔ ہمیں یقین ہے کہ ہم اپنی بہترین صلاحیتوں کی بدولت منافع میں استحکام اور اپنی شاندار کارکردگی کو سال کے بقیہ عرصے میں بھی جاری و ساری رکھیں گے۔

اظہار تشکر

نظماء اورے کے تمام ملازمین کی جانب سے کی گئی تمام کوششوں کے لئے تہہ دل سے مشکور ہیں۔ اور امید کرتے ہیں کہ باہمی تعاون اور اعتماد کی فضا یونہی قائم رہے گی۔ اس کے ساتھ ساتھ انتظامیہ اپنے تمام صارفین، کاروباری شراکت دار، سپلائرز اور بینکوں کے مسلسل معاونت کے لئے بھی ان کے مشکور ہیں۔

برائے اور منجانب مجلس

جاتھن آرسائمن

چیئر مین فیروز ۱۸۸۸ ملز لمیٹڈ

کراچی

۲۰۱۶ ستمبر ۲۹



Feroze1888 Mills Limited

Condensed Interim Balance Sheet (Unaudited) As at September 30, 2016

	September 30, 2016	June 30, 2016
	(Rupees '000)	
ASSETS		
Non-current assets		
Property, plant and equipment	6,937,816	6,749,864
Long term investment	10	10
Long term deposits	6,387	6,387
	<u>6,944,213</u>	<u>6,756,261</u>
Current assets		
Store and spares	535,740	567,422
Stock in trade	2,689,910	3,046,969
Trade debt - considered goods	3,812,872	2,782,631
Advances, prepayments and other receivables	1,444,703	1,364,780
Cash & bank balances	725,308	990,908
	<u>9,208,533</u>	<u>8,752,710</u>
	<u>16,152,746</u>	<u>15,508,971</u>
SHARE CAPITAL & 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
Accumulated profit	<u>7,704,219</u>	<u>7,160,555</u>
	<u>12,230,891</u>	<u>11,687,227</u>
Surplus on revaluation	1,080,662	1,080,662
LIABILITIES		
Non-current liabilities		
Long term finances - secured	412,867	434,150
Current liabilities		
Trade & other payables	2,379,471	2,294,441
Accrued mark-up	3,320	1,682
Current portion of long term finances	27,133	5,850
Taxation	<u>18,402</u>	<u>4,959</u>
	<u>2,428,326</u>	<u>2,306,932</u>
	<u>16,152,746</u>	<u>15,508,971</u>

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

Rehan Rahman
Chief Executive

Khaleequr Rahman
Director



Feroze1888 Mills Limited

Condensed Interim Profit and Loss Account (Unaudited) For The Three Months Ended September 30, 2016

	September 30, 2016	September 30, 2015
	(Rupees '000)	
Sales - net	4,761,029	5,022,975
Cost of sales	(3,795,610)	(3,842,647)
Gross profit	965,419	1,180,328
Administrative cost	(185,302)	(163,878)
Distribution cost	(121,519)	(140,918)
Other operating cost	(38,242)	(53,177)
	(345,063)	(357,973)
	620,356	822,355
Finance cost	(22,788)	74,850
Profit before taxation	597,568	897,205
Taxation	(53,904)	(52,318)
Profit after taxation	543,664	844,887
Earning per share basic & diluted	1.44	2.24

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

Rehan Rahman
Chief Executive

Khaleequr Rahman
Director

Condensed Interim Statement of Other Comprehensive Income (Unaudited) For The Three Months Ended September 30, 2016

	September 30, 2016	September 30, 2015
	(Rupees '000)	
Profit for the three months	543,664	844,887
Other comprehensive income	—	—
Total comprehensive income for the three months	543,664	844,887

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

Rehan Rahman
Chief Executive

Khaleequr Rahman
Director



Feroze1888 Mills Limited

Condensed Interim Cash Flow Statement (Unaudited)

For The Three Months Ended September 30, 2016

	September 30, 2016	September 30, 2015
	(Rupees '000)	
Cash flow from operating activities		
Profit before taxation	597,568	897,205
Adjustment for non cash charges and other items:		
Depreciation & amortization	124,433	110,402
Workers' Fund	35,502	51,451
Finance cost	22,788	20,124
Gain on sales of fixed assets	(2,299)	(925)
	180,424	181,052
Cash flow from operating activities before working capital changes	777,992	1,078,257
(Increase) / decrease in current asset		
Stores and spares	31,682	(55,187)
Stock in trade	357,058	(133,410)
Trade debt	(1,030,241)	(586,249)
Advances, prepayments & other receivables	(79,923)	77,688
Increase in current liabilities		
Trade and other payables	262,616	515,410
	(458,808)	(181,748)
Cash generated from operating activities	319,184	896,509
Finance cost paid	(21,150)	(28,461)
Workers' fund paid	(213,085)	(129,893)
Income tax paid	(40,461)	(52,318)
	(274,696)	(210,672)
Net Cash generated from Operating Activities	44,488	685,837
Cash flow from investing activities		
Fixed capital expenditure	(314,622)	(97,898)
Sales proceeds of fixed assets	4,536	3,071
Net Cash used in investing activities	(310,086)	(94,827)
Cash flow from financing activities		
Dividend paid	(2)	—
Repayment of long term finance	—	(352,562)
Net increase / (decrease) in cash and cash equivalent	(265,600)	238,448
Net cash and cash equivalent at beginning	990,908	287,909
Cash and cash equivalent at end	725,308	526,357
Cash and cash equivalents:		
Cash & bank balances	725,308	526,357
	725,308	526,357

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

Rehan Rahman
Chief Executive

Khaleequr Rahman
Director



Feroze1888 Mills Limited

Condensed Interim Statement of Changes in Equity (Unaudited) For The Three Months Ended September 30, 2016

	Share capital	Capital reserves	Accumulated profit	Total
	(Rupees '000)			
Balance as at July 01, 2015	3,768,009	758,663	4,405,961	8,932,633
Total comprehensive income for the year ended June 30, 2016	—	—	3,810,083	3,810,083
Transactions with owners				
Final cash dividend for the year ended June 30, 2015				
- Final 25% @ (Rs. 2.50 per share) for all shareholders except directors, their relatives and associates.	—	—	(656)	(656)
- Final 8% @ (Rs. 0.80 per share) to directors, their relatives and associates.	—	—	(301,230)	(301,230)
Interim cash dividend for the year ended June 30, 2016				
- Interim 15% @ (Rs. 1.50 per share) for all shareholders	—	—	(565,202)	(565,202)
- Interim 5% @ (Rs. 0.50 per share) for all shareholders	—	—	(188,401)	(188,401)
	—	—	(1,055,489)	(1,055,489)
Balance as at June 30, 2016	3,768,009	758,663	7,160,555	11,687,227
Total comprehensive income for the three months ended September 30, 2016	—	—	543,664	543,664
Balance as at September 30, 2016	3,768,009	758,663	7,704,219	12,230,891

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

Rehan Rahman
Chief Executive

Khaleequr Rahman
Director



Feroze1888 Mills Limited

Selected Notes To The Condensed Interim Financial Information (Unaudited) For The Three Months Ended September 30, 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, 2016.
- 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, 2016.

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, 2016	September 30, 2015
		(Rupees '000)	
Sales	Associate	345,876	278,681
Purchases	Associate	2,349	56,080
Manufacturing and other expenses	Associate	236,439	275,513

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

Net Receivables / (payable)	Associate	<u>75,190</u>	<u>(40,006)</u>
-----------------------------	-----------	---------------	-----------------

4 Date of Authorisation

This condensed interim financial information was authorized for issue in the Board of Directors meeting held on October 29, 2016.

5 General

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

Rehan Rahman
Chief Executive

Khaleequr Rahman
Director

BOOK POST

UNDER POSTAL CERTIFICATE

If undelivered please return to:

FEROZE188 MILLS LIMITED

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