



FEROZE1888 MILLS LIMITED



**Financial Statements
For The Three Months Ended
September 30, 2018**



Feroze1888 Mills Limited

Company Information

Board of Directors

Mr. Jonathan R. Simon	Director/Chairman
Mr. Anas Rahman	Director/Vice Chairman
Mr. Khaleequr Rahman	Director
Mr. Shabbir Ahmed	Director
Mr. Abdul Rehman Yaqub	Director
Mr. Perwez Ahmed	Director
Mr. Nasim Hyder	Director
Mr. Rehan Rahman	Chief Executive

Audit Committee

Mr. Nasim Hyder	Chairman
Mr. Khaleequr Rehman	Member
Mr. Perwez Ahmed	Member

HR & Remuneration Committee

Mr. Khaleequr Rahman	Member
Mr. Nasim Hyder	Chairman
Mr. Anas Rahman	Member

Company Secretary

Mr. Muhammad Faheem

Bankers

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

Auditors

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

Legal Advisor

Mohsin Tayebaly & Co
Block 6, PECHS, Shakra-e-Faisal,
Karachi

Registered Office

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

Office Building

160 Banglore Town, Shara-e-Faisal, Karachi

Factory

Sindh

Plot # H-23/4-A and 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,

Distict 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>



Feroze1888 Mills Limited

Directors' Report

Your directors are pleased to present the un-audited financial statements of the company for the first quarter ended on September 30, 2018.

Operational and Financial Performance

The first quarter year has completed on positive footings with good and improved performance both operationally as well as financially with the blessings of Almighty Allah. The results are the reflection of the efforts to attain optimum capacity utilization, improve efficiencies and reduce wastages, alignment and bridging the gap of capacity of inter-related processes ,controlling the costs and devaluation of Pak currency.

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.

Future Prospects

Currently Pakistani economy is going through rough patch. Most recent deteriorating crisis of Pakistan economy has surfaced since the devaluation of Pakistani rupee against US dollar and massive increase in energy prices, especially in regasified liquefied natural gas (RLNG) and CNG. This flagging situation will cause uproar within the industrial sector specifically and in the entire nation as well. The outcome of devaluation of rupee and increase in energy prices would cause an enormous increase in the manufacturing, administrative, distribution and other cost of business in rest of the period of current financial year.

The declining economic parameters of the country are worrisome such as slow economic growth, increasing fiscal imbalance, Pakistan stock exchange performances, weakening of currency, rising oil prices in global market and declining foreign exchange reserves.

The government firm commitment is needed to reduce the cost of doing business, strengthen local industry and improving country's ranking in the ease of doing business by extending maximum facilitation, simplification of procedures and provision of all support to the business community which will ultimately support the declining foreign exchange reserves and unemployment.

Your management will strive hard continuously as ever to survive and to create value through innovations, improvement in process and operations, investment and curtailing cost to achieve the company's short term and long term goals. The management is optimistic to counter all the challenges either internal or external; focused aggressively to grow the business; best return to the shareholders and to meet the expectation for all the stakeholders of the company.

Acknowledgement

The Board is pleased to place on record its sincere appreciation for the contributions made by the employees of the company. The Board also acknowledges the role of all financial institutions, customers, suppliers and other stakeholders for their continued support and looking forward for the same cordial relationship in coming years.

For and on behalf of the Board

Khaleequr Rahman
Director

Rehan Rahman
Chief Executive

Karachi: October 29, 2018



Feroze 1888 Mills Limited

نظماء تجزیہ برائے حصص یافتگان

آپ کے ناظمین ۳۰ ستمبر ۲۰۱۸ء تک کی سہ ماہی کے غیر محاسب شدہ مالیاتی گوشوارے پیش کرتے ہوئے نہایت مسرور ہیں۔

عملی امور اور مالیاتی کارکردگی

زیر نظر سال کی پہلی سہ ماہی کا اختتام بہتر اور مثبت عملیاتی و مالیاتی کارکردگی کے ساتھ ہوا۔ یہ نتائج اُن کوششوں کا نتیجہ ہیں جن میں وسائل کا زیادہ سے زیادہ استعمال، عملیاتی کارکردگی میں اضافہ، صنعتی عمل میں بننے والے فاضل مادوں کو کم کرنا اور دوبارہ استعمال کے قابل بنانا، مختلف پیداواری مراحل کے خلاء کو کم سے کم کر کے پیداواری سرگرمیوں کو مربوط کرنا، جبکہ اخراجات کو کم کر کے پاکستانی روپے کی قدر میں گراوٹ کے اثر کو کم کرنا شامل ہیں۔

اگرچہ پاکستانی روپے کی گراوٹ محدود مدت میں فائدہ مند ہوتی ہے اور رقم کی وصولی تک اپنا اثر رکھتی ہے مگر دوسری طرف پیداواری خام مال (کپاس اور دھاگے) کی قیمتوں میں فوری اضافہ اور گاہکوں کی طرف سے سخت سودے بازی نئے مسائل ہیں۔

ایک نظر مستقبل پر

پاکستانی معیشت سخت مشکلات کا شکار ہے۔ حالیہ بدترین مالیاتی بحران جو کہ ڈالر کے مقابلے میں روپے کی قدر میں پُر اثر گراوٹ اور توانائی کی قیمتوں میں ہوشربا اضافے خاص طور پر رجسٹرڈ مائع شدہ قدرتی گیس (RLNG) اور (CNG) میں اضافہ ہے۔ معاشی نامصائب حالات کا اثر ناصرف ٹیکسٹائل سیکٹر بلکہ پورے ملک پر ہوگا، موجودہ مالی سال کے باقی عرصے میں روپے کی قدر میں گراوٹ اور توانائی کی قیمتوں میں اضافے کا نتیجہ پیداواری، انتظامی، تقسیم اور دیگر کاروباری لاگت میں اضافے کا باعث ہوگا۔

گرتی ہوئی معیشت کے اشارے (Indicators) انتہائی تشویشناک ہیں جیسے سست اقتصادی ترقی، مالی عدم توازن میں اضافہ، پاکستان اسٹاک ایکسچینج میں شدید مندی کا رجحان، کرنسی کی قدر میں کمی، عالمی مارکیٹ میں تیل کی قیمتوں میں اضافہ اور غیر ملکی کرنسی کے ذخائر میں کمی شامل ہیں۔

حکومت کاروبار کی لاگت کو کم کرنے، مقامی صنعتوں کو پروان چڑھانے، کاروباری برادری کو سہولیات فراہم کرنے، کاروبار آسان بنانے اور کاروباری بنیاد پر ملک کی درجہ بندی کو بہتر کرنے کے لئے انتہائی پُر عزم ہے جس سے یقینی طور پر بے روزگاری و زرمبادلہ کے ذخائر پر مثبت اثرات مرتب ہو سکیں گے۔

آپ کی کمپنی کی مجلسِ نظماء نہایت تندہی کے ساتھ مصروف عمل ہے کہ پیداواری و انتظامی استعداد کار کو فروغ دیا جائے، نئی جدتوں کو پیداواری سرگرمیوں میں ہم آہنگ کیا جائے اور لاگت کو کم سے کم کیا جائے تاکہ مختصر و طویل المعیاد اہداف کا حصول ممکن ہو سکے۔ کمپنی داخلی و خارجی مشکلات کو قابو میں کرنے کے لئے پُر عزم ہے جبکہ کاروبار کو بڑھانے کے لئے بھرپور طور پر توجہ مرکوز کئے ہوئے ہے جو کہ کمپنی کے تمام شراکت داروں کو بہترین منافع اور ان کی مثبت توقعات کو پورا کرنے کا ذریعہ ہے۔

اتھارٹھ

مجلسِ کمپنی کے تمام ملازمین کی جانب سے کی گئی کوششوں کے لئے تہہ دل سے مشکور ہیں اس کے ساتھ ساتھ بورڈ 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 کے لئے پُر امید ہیں۔

منجانب مجلس

ریحان رحمان

چیف ایگزیکٹو

خلیق الرحمان

ڈائریکٹر

کراچی:

۲۹ اکتوبر ۲۰۱۸ء



Feroze 1888 Mills Limited

Condensed Interim Statement of Financial Position (Unaudited) As at September 30, 2018

	September 30, 2018	June 30, 2018
	----- (Rupees in '000) -----	
ASSETS		
Non-current assets		
Property, plant and equipment	11,137,662	10,846,978
Intangible assets	1,752	1,870
Long term deposits	8,333	8,333
	<u>11,147,747</u>	<u>10,857,181</u>
Current assets		
Store and spares	738,096	632,710
Stock in trade	6,007,850	3,892,270
Trade debt - considered goods	5,175,403	5,191,492
Advances, prepayments and other receivables	2,137,544	2,143,315
Taxation - net	451,485	431,649
Cash & bank balances	430,639	203,364
	<u>14,941,017</u>	<u>12,494,800</u>
	<u>26,088,764</u>	<u>23,351,981</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
Revaluation surplus on property, plant and equipment	1,499,008	1,499,008
Accumulated profit	<u>10,888,300</u>	<u>10,141,524</u>
	<u>16,913,980</u>	<u>16,167,204</u>
LIABILITIES		
Non-current liabilities		
Long term finances - secured	874,666	750,334
Current liabilities		
Trade & other payables	4,080,318	3,701,919
Short term borrowings - secured	4,018,596	2,550,000
Accrued mark-up	15,170	18,642
Current portion of long term finances	184,693	162,508
Unclaimed dividend	1,147	1,150
Unpaid dividend	194	224
	<u>8,300,118</u>	<u>6,434,443</u>
	<u>26,088,764</u>	<u>23,351,981</u>

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

Khaleequr Rahman
Director

Rehan Rahman
Chief Executive

Muhammad Faheem
Chief Financial Officer



Feroze 1888 Mills Limited

Condensed Interim Statement of Profit or Loss Account (Unaudited) For the three Months Ended September 30, 2018

	September 30, 2018	September 30, 2017
	----- (Rupees in '000) -----	
Sales - net	6,114,678	5,444,943
Cost of sales	(4,742,868)	(4,330,508)
Gross profit	1,371,810	1,114,435
Administrative cost	(263,840)	(213,521)
Distribution cost	(383,054)	(364,798)
Other income / (expenses) - net	98,566	(45,325)
	(548,328)	(623,644)
Operating profit	823,482	490,791
Finance cost	(28,215)	(22,582)
Profit before taxation	795,267	468,209
Taxation	(48,491)	(35,962)
Profit after taxation	746,776	432,247
Earning per share basic & diluted	1.98	1.15

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

Khaleequr Rahman
Director

Rehan Rahman
Chief Executive

Muhammad Faheem
Chief Financial Officer

Condensed Interim Statement of Other Comprehensive Income (Un-Audited) For the three months ended September 30, 2018

	September 30, 2018	September 30, 2017
	----- (Rupees in '000) -----	
Profit for the three months	746,776	432,247
Other comprehensive income	-	-
Total comprehensive income for the three months	746,776	432,247

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

Khaleequr Rahman
Director

Rehan Rahman
Chief Executive

Muhammad Faheem
Chief Financial Officer



Feroze 1888 Mills Limited

Condensed Interim Statement of Cash Flow (Un-Audited) For the three months ended September 30, 2018

	September 30, 2018	September 30, 2017
	----- (Rupees in '000) -----	
Cash flow from operating activities		
Profit before taxation	795,267	468,209
Adjustment for non cash charges and other items:		
Depreciation	187,818	144,282
Amortization	21,416	10,532
Workers' Fund	47,101	29,075
Finance cost	28,215	22,582
(Gain) / loss on Sales of Fixed Assets	(2,079)	28,697
	282,471	235,168
Cash flow from operating activities before working capital changes	1,077,738	703,377
(Increase) / decrease in current asset		
Stores and spares	(105,386)	(332,232)
Stock in trade	(2,115,581)	(621,777)
Trade debt	16,090	(470,947)
Advances, prepayments & other receivables	5,770	(316,229)
Increase in current liabilities		
Trade and other payables	468,010	500,056
	(1,731,097)	(1,241,129)
Cash used in operating activities	(653,359)	(537,752)
Finance cost paid	(31,685)	(18,842)
Workers' fund paid	(136,715)	(129,808)
Income tax paid	(68,325)	(56,158)
	(236,725)	(204,808)
Net Cash used in Operating Activities	(890,084)	(742,560)
Cash flow from investing activities		
Fixed capital expenditure	(509,709)	(842,556)
Sales proceeds of fixed assets	11,989	24,256
Net Cash used in investing activities	(497,720)	(818,300)
Cash flow from financing activities		
Dividend paid	(34)	(4)
Long term finance - net	146,517	91,217
Net decrease in cash and cash equivalent	(1,241,321)	(1,469,647)
Net cash and cash equivalent at beginning	(2,346,636)	(407,069)
Cash and cash equivalent at end	(3,587,957)	(1,876,716)
Cash and cash equivalents:		
Cash & bank balances	430,639	144,836
Short term borrowings - secured	(4,018,596)	(2,021,552)
	(3,587,957)	(1,876,716)

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

Khaleequr Rahman
Director

Rehan Rahman
Chief Executive

Muhammad Faheem
Chief Financial Officer



Feroze 1888 Mills Limited

Condensed Interim Statement of Changes in Equity (Un-Audited) For the three months ended September 30, 2018

	Capital reserve			Revaluation surplus on property, plant and equipment	Accumulated Profit	Total
	Share Capital	Reserve on Mergers	Others			
	(Rupees in thousand)					
Balance as at July 01, 2017	3,768,009	543,413	215,250	1,499,008	8,482,149	14,507,829
Total comprehensive income for the year ended June 30, 2018	-	-	-	-	2,752,097	2,752,097
Transactions with owners						
Final cash dividend for the year ended						
- June 30, 2017						
@ (Rs. 1.70 per share)	-	-	-	-	(640,561)	(640,561)
Interim cash dividend for the year ended						
- June 30, 2018						
@ (Rs. 1.20 per share)	-	-	-	-	(452,161)	(452,161)
	-	-	-	-	(1,092,722)	(1,092,722)
Balance as at June 30, 2018	3,768,009	543,413	215,250	1,499,008	10,141,524	16,167,204
Total comprehensive income for the three months ended September 30, 2018	-	-	-	-	746,776	746,776
Balance as at September 30, 2018	3,768,009	543,413	215,250	1,499,008	10,888,300	16,913,980

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

Khaleequr Rahman
Director

Rehan Rahman
Chief Executive

Muhammad Faheem
Chief Financial Officer



Feroze1888 Mills Limited

Selected Notes To The Condensed Interim Financial Information (Unaudited)

For the three months ended September 30, 2018

- 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 237 of the Companies Act, 2017. 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, 2018.
- 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, 2018.

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, 2018	September 30, 2017
----- (Rupees in thousand) -----			
Sales	Associate	387,403	205,059
Purchases	Associate	976	-
Manufacturing and other expenses	Associate	245,372	321,896
Key Management Personal			
Remuneration paid		15,754	15,311
Post-employment benefits		859	811
		September 30, 2018	June 30, 2018
----- (Rupees in thousand) -----			
Balances with related parties at the end of the period were as follows:			
Net receivable / (payable)	Associate	<u>2,935</u>	<u>(69,035)</u>

4 Date of Authorisation

This condensed interim financial information was authorized for issue in the Board of Directors meeting held on October 29, 2018.

5 General

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

Khaleequr Rahman
Director

Rehan Rahman
Chief Executive

Muhammad Faheem
Chief Financial Officer

BOOK POST

UNDER POSTAL CERTIFICATE

If undelivered please return to:

FEROZE1888 MILLS LIMITED

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