



Feroze1888 Mills Limited

Manufacturers & Exporters of Specialized Yarn & Textile Terry Products



Condensed Interim Financial Information for the
Quarter ended September 30, 2019

UNLOCKING
— KEYS OF OUR —
POTENTIAL

CONTENTS

Company's information	3
Directors' Report (English & Urdu)	4 – 7
Condensed Interim Statement of Financial Position	8
Condensed Interim Statement of Profit or Loss Account	9
Condensed Interim Statement of Comprehensive Income	10
Condensed Interim Statement of Cash Flow	11
Condensed Interim Statement of Changes in Equity	12
Notes to the Condensed Interim Financial Information	13 - 19

COMPANY INFORMATION

Board of Directors

Mr. Jonathan R. Simon	Director/Chairman
Mr. Khaleequr Rahman	Director
Mr. Shabbir Ahmed	Director
Mr. Perwez Ahmed	Director
Mr. Nasim Hyder	Director
Ms. Huma Pasha	Director
Mr. Asim Shabbir Patka	Director
Mr. Usama Rehman	Director
Mr. Rehan Rahman	Chief Executive Officer

Board Audit Committee

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

Board HR & Remuneration Committee

Ms. Huma Pasha	Chairperson
Mr. Shabbir Ahmed	Member
Mr. Nasim Hyder	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 Limited
 Meezan Bank Limited
 Standard Chartered Bank (Pakistan) Limited
 Bank Alfalah Limited

Auditors

EY 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, Shahrah -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 Un-audited Condensed Interim Financial Statements for the quarter ended 30 September 2019.

PAKISTAN'S ECONOMIC OUTLOOK

It is acknowledged fact that the consumption-driven growth model that Pakistan has come to rely on to achieve high growth rate is non-sustainable any more. It is high time that Pakistan shifts towards exports as the key driver of growth. Government needs to implement necessary stabilisation measures aimed at containing consumption while, at the same time, providing incentives to export industries and improving productivity of the economy. As Paul Krugman — a Noble Laureate economist — puts it, "productivity isn't everything, but in the long run it is almost everything." Addressing critical infrastructure and diplomatic bottlenecks with the aim to develop trade linkages with regional Central and South Asian economies can go a long way in improving the productive potential of the economy.

Textile exports during 2MFY20 increased 2.3 percent year on year against a growth of 3 percent in total exports during the period. The textile group accounted for 61 percent of total exports during the first two months of FY20 as opposed to 62 percent during the same period last year.

FINANCIAL PERFORMANCE OVERVIEW

Net turnover for the quarter at PKR 7,650 million is 25% higher than the same period last year (SPLY) mainly due to impact of exchange rate differences year on year basis and slight increase in volumes. However on the other hand inflationary pressure on cost of sales and expenses offsets this increment up to major extent. As a result profit after tax for the quarter at PKR 744 million is slightly decreased by 0.4% due to increase in input cost, finance cost and taxation in comparison with the same period last year. Reduction of benefit under section 65B remains the major cause for increasing tax impact. Summary of the key financial indicators is presented below.

	Rs. In '000			Rs. In '000	
Profit and Loss Account for the Year Ended,			Statement of Financial Position As At,		
	Un-audited			Un-audited	Audited
	September 2019	September 2018		September 2019	June 2019
Sales- net	7,650,327	6,114,678	Property, plant and equipment	14,605,082	13,458,882
Gross profit	2,059,058	1,371,810	Long term investments	230,351	186,153
			Stock-in-trade	8,853,651	6,411,087
Admin and distribution cost	(813,991)	(646,895)	Trade debts	6,972,030	7,629,994
Other expenses	(423,390)	(46,794)			
Other income	72,259	145,360	Share capital	3,768,009	3,768,009
Finance cost	(58,998)	(28,215)	Reserves	17,079,356	16,335,440
			Long term financing	2,668,893	1,991,546
Profit before taxation	834,938	795,267	Short term borrowings	6,490,000	6,490,000
Profit after taxation	743,916	746,776			
EPS	1.97	1.98			

Economic uncertainties, coupled with a rising inflation, fluctuating exchange rates and higher interest rates, resulted in restrained business activity during the period under review. However, the textile industry built on its positive momentum from the last quarter with improved performance following various initiatives taken by the government to restore the industry's export competitiveness.

FUTURE OUTLOOK

Economic growth in FY 2020 is likely to remain weak as Pakistan's severe twin deficits require fiscal austerity. In addition, a tighter monetary stance and still-elevated inflation are expected to eat into household spending and investment. Deteriorating relations with India, and substantial financing needs, represent additional risks to the outlook. Average economic growth of 3.5% in FY 2020 and 4.0% in FY 2021 is anticipated.

The interbank foreign exchange market had adjusted relatively well to the introduction of the market-based exchange rate system. The initial volatility and associated uncertainty in the exchange market had subsided. Reflecting these improved sentiments and continued adjustment in the current account, the rupee had strengthened modestly against the US dollar since the last two months, unlike its previous trend. On the external front, the US Fed, as anticipated, reduced its policy rate by 25 basis points (bps), followed by policy rate cuts by other major central banks around the world. This would help in lowering pressures on emerging markets' currencies and potentially increase financial inflows.

ACKNOWLEDGEMENT AND APPRECIATION

The Company remains grateful to its shareholders, employees, suppliers, contractors and customers for their confidence in the Company and their tireless efforts in deriving the Company on the path of growth and prosperity.

Rehan Rehman
Chief Executive Officer

Asim Shabbir Patka
Director

Karachi
Date: 23 October 2019

ڈائریکٹر رپورٹ

آپ کے نامین ۳۰ ستمبر ۲۰۱۹ء تک کے غیر محاسب شدہ مالیاتی گوشوارے پیش کرتے ہوئے نہایت مسرور ہیں۔

پاکستان کا معاشی منظر نامہ

یہ ایک تسلیم شدہ حقیقت ہے کہ کھپت (Consumption) پر مبنی ترقیاتی نمونہ جس پر پاکستان انحصار کرتا ہے اب کسی طور پر پائیدار اعلیٰ نمو کا ضامن نہیں رہا۔ اب وقت آ گیا ہے کہ پاکستان ترقی کے کلیدی محرک برآمدات کی طرف رخ کرے۔ حکومت کو ایسے مستحکم اقدامات کرنے کے ضرورت ہے جس کا مقصد کھپت پر انحصار کم کرنے کے ساتھ ساتھ صنعتوں کو برآمدات کرنے کے لئے مراعات فراہم کرنا اور معیشت کی پیداواری صلاحیتوں کو بہتر بنانا بھی ہو۔ نوبل انعام یافتہ ماہر اقتصادیات پال کرگمین (Paul Krugman) کے مطابق پیداواری صلاحیت کل حاصل نہیں ہے لیکن طویل عرصے میں یہ تقریباً کل حاصل ہے۔ وسطی ایشیائی ممالک کے ساتھ تجارتی روابط کو بڑھانے میں اہم ڈھانچوں (Infrastructure) اور سفارتی تعلقات کا فروغ، معیشت کی پیداواری صلاحیتوں کو بہتر بنانے اور جاری و ساری رکھنے کا موجب بن سکتا ہے۔

مالی سال ۲۰۲۰ء کے لیے ۲ مہینوں کے دوران ٹیکسٹائل کی برآمدات میں ۲.۳ فیصد اضافہ ہوا جبکہ اسی مدت کے دوران کل برآمدات میں ۳ فیصد اضافہ ہوا۔ مالی سال ۲۰۲۰ء کے پہلے دو ماہ کے دوران ٹیکسٹائل گروپ کی کل برآمدات ۶۱ فیصد رہی جب کہ اس سے پچھلے سال اسی مدت کے دوران ۶۲ فیصد تھی۔

مالی کارکردگی کا جائزہ

زیر نظر سہ ماہی میں کاروبار ۶۵۰ ملین روپے رہا جو کہ پچھلے سال کی اسی سہ ماہی سے ۲۵ فیصد زیادہ ہے جس کی بنیادی وجہ سالانہ بنیادوں پر شرح تبادلہ کے فرق اور کاروباری حجم میں معمولی اضافہ ہے تاہم دوسری طرف فروخت، لاگت میں اضافہ اور افراط زر کے دباؤ نے اس اثر کو بڑی حد تک ذائل کر دیا۔

اس سہ ماہی کا خالص منافع ٹیکس منہا کرنے کے بعد ۴۴ ملین روپے ہے جو کہ پچھلے اسی سہ ماہی کے مقابلے میں 0.4 فیصد کم ہے۔ اس کمی کی وجہ پیداواری لاگت میں اضافہ، قرض پر سود میں اضافہ اور ٹیکس ہیں جبکہ سیکشن ۶۵ بی کے تحت حاصل ہونے والے فائدے میں کمی ٹیکس اثرات میں اضافے کی سب سے بڑی وجہ بنی ہوئی ہے۔ اہم مالیاتی اشاروں کا خلاصہ ذیل میں پیش کیا گیا ہے۔

	Rs. In '000			Rs. In '000	
	Profit and Loss Account for the Year Ended,			Statement of Financial Position As At,	
	Un-audited			Un-audited	Audited
	September 2019	September 2018		September 2019	June 2019
Sales- net	7,650,327	6,114,678	Property, plant and equipment	14,605,082	13,458,882
Gross profit	2,059,058	1,371,810	Long term investments	230,351	186,153
			Stock-in-trade	8,853,651	6,411,087
Admin and distribution cost	(813,991)	(646,895)	Trade debts	6,972,030	7,629,994
Other expenses	(423,390)	(46,794)	Share capital	3,768,009	3,768,009
Other income	72,259	145,360	Reserves	17,079,356	16,335,440
Finance cost	(58,998)	(28,215)	Long term financing	2,668,893	1,991,546
Profit before taxation	834,938	795,267	Short term borrowings	6,490,000	6,490,000
Profit after taxation	743,916	746,776			
EPS	1.97	1.98			

معاشی غیر یقینی صورتحال، بڑھتا ہوا افراط زر اور شرح سود میں اتار چڑھاؤ نے کاروباری سرگرمیوں کو محدود کر دیا ہے۔ تاہم ٹیکسٹائل کی صنعت گزشتہ سہ ماہی سے اپنی بہتر استعداد کار کی بدولت ترقی کی راہ پر گامزن ہے جس کی بنیادی وجہ حکومت کی جانب سے برآمدات کے فروغ کے لئے شروع کیے جانے والے کچھ مثبت اقدامات ہیں۔

مستقبل کا زاویہ نگاہ

مالی سال ۲۰۲۰ء میں معاشی نمو کم رہنے کا امکان ہے کیونکہ پاکستان سخت شدید ترین معاشی جڑواں خصارے (Twin Deficit) سے نبرد آزما ہے۔ مزید برآں سخت مالیاتی موقف اور بلند افراط زر سے گھریلو اخراجات اور سرمایہ کاری متاثر ہوگی ہندوستان کے ساتھ خراب ہوتے ہوئے سفارتی تعلقات اور مالی اعانت کی خاطر خواہ ضروریات زیادہ خطرات کی طرف دلالت کرتے ہیں۔ مالی سال ۲۰۲۰ء میں اوسطاً ۳.۵ فیصد معاشی نمو جبکہ مالی سال ۲۰۲۱ء میں ۲ فیصد متوقع ہے۔

انٹرنیٹک ایکسچینج مارکیٹ نے مارکیٹ پر مبنی ایکسچینج ریٹ متعارف ہونے کے بعد نسبتاً بہتر کارکردگی کا مظاہرہ کیا۔ ایکسچینج مارکیٹ میں ابتدائی اتار چڑھاؤ اور اس سے وابستہ غیر یقینی صورتحال کسی حد تک کم ہو گئی تھی انہی کاوشوں کے طفیل کرنٹ آکاؤنٹ میں بہتری دیکھنے میں آئی ہے جبکہ پچھلے دو ماہ سے روپیہ امریکی ڈالر کے مقابلے میں معمولی حد تک مضبوط ہوا تھا جو کہ پچھلے رجحان کے برعکس ہے۔ بیرونی سطح پر یو ایس فیڈ (US Fed) نے متوقع طور پر اپنی پالیسی کی شرح میں ۲۵ بیسک پوائنٹس (25 basic points) (BPS-) کی کمی کی ہے اس کے بعد دنیا بھر کے دوسرے بڑے مرکزی بینکوں کے پالیسی ریٹ میں کمی واقع ہو گئی۔ اس سے ابھرتی ہوئی مارکیٹوں کو کرنسیوں پر دباؤ کم کرنے میں مدد ملے گی اور ممکنہ طور پر مالیاتی آمد میں اضافہ ہوگا۔

اظہار تشکر و اعتراف

کمپنی اپنے تمام حصص یافتگان، ملازمین، سپلائی کنندگان، ٹھیکیداروں اور صارفین کی مشکور ہے جنہوں نے کمپنی پر اعتماد بحال رکھا اور انہی کی کاوشوں سے کمپنی ترقی و خوشحالی کی راہ پر گامزن ہے۔

برائے اور منجانب بورڈ آف ڈائریکٹرز

عاصم شبیر پالکا
ڈائریکٹر

ریحان رحمان
چیف ایگزیکٹو آفیسر

کراچی

تاریخ: ۲۳ اکتوبر ۲۰۱۹

Condensed Interim Statement of Financial Position As at September 30, 2019

		Un-audited September 30, 2019	Audited June 30, 2019
	Note	----- (Rupees in '000) -----	
ASSETS			
Non-current assets			
Property, plant and equipment	5	14,605,082	13,458,882
Intangible assets		26,216	1,852
Long term investments		230,351	186,153
Long term deposits		16,380	16,380
		14,878,029	13,663,267
Current assets			
Store and spares		1,077,963	908,514
Stock in trade	6	8,853,651	6,411,087
Trade debts - considered good		6,972,030	7,629,994
Advances, deposits, prepayments and other receivables	7	2,621,014	1,604,581
Taxation - net		492,273	482,195
Cash and bank balances		1,230,872	3,267,698
		21,247,803	20,304,069
Total assets		36,125,832	33,967,336
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital 400,000,000 (2018: 400,000,000) ordinary shares of Rs 10/-		4,000,000	4,000,000
Issued, subscribed and paid-up capital		3,768,009	3,768,009
Reserves		17,079,356	16,335,440
		20,847,365	20,103,449
Liabilities			
Non-current liabilities			
Deferred liability		171,414	143,494
Long term financing	8	2,668,893	1,991,546
		2,840,307	2,135,040
Current liabilities			
Trade and other payables	9	5,523,786	4,910,688
Short term borrowings		6,490,000	6,490,000
Accrued mark-up		38,157	50,898
Current portion of long term financing		384,408	275,388
Unclaimed dividend		1,809	1,873
		12,438,160	11,728,847
CONTINGENCIES AND COMMITMENTS			
	10		
Total equity and liabilities		36,125,832	33,967,336

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

Muhammad Faheem
Chief Financial Officer

Rehan Rahman
Chief Executive Officer

Asim Shabbir Patka
Director

Condensed Interim Statement of Profit or Loss Account

For the Quarter ended September 30, 2019

		Un-audited	
		Quarter Ended	
		September 30,	September 30,
		2019	2018
<i>Note</i>		----- (Rupees in '000) -----	
Sales - net		7,650,327	6,114,678
Cost of sales	11	(5,591,269)	(4,742,868)
Gross profit		2,059,058	1,371,810
Administrative cost		(294,607)	(258,427)
Distribution cost		(519,384)	(388,467)
Other expenses	12	(423,390)	(46,794)
		(1,237,381)	(693,688)
		821,677	678,122
Other income	13	72,259	145,360
Operating profit		893,936	823,482
Finance cost		(58,998)	(28,215)
Profit before taxation		834,938	795,267
Taxation		(91,022)	(48,491)
Profit after taxation		743,916	746,776
Earning per share basic & diluted (Rupees)		1.97	1.98

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

Muhammad Faheem
Chief Financial Officer

Rehan Rahman
Chief Executive Officer

Asim Shabbir Patka
Director

Condensed Interim Statement of Comprehensive Income

For the Quarter ended September 30, 2019

	Un-audited	
	Quarter Ended	
	September 30, 2019	September 30, 2018
	----- (Rupees in '000) -----	
Profit after taxation	743,916	746,776
Other comprehensive income	-	-
Total comprehensive income for the period	743,916	746,776

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

Muhammad Faheem
Chief Financial Officer

Rehan Rahman
Chief Executive Officer

Asim Shabbir Patka
Director

Condensed Interim Statement of Cash Flows

For the Quarter ended September 30, 2019

	Un-audited	
	September 30, 2019	September 30, 2018
	------(Rupees in '000)-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	834,938	795,267
Adjustment for:		
Depreciation	277,699	209,116
Amortization	136	118
Finance cost	58,998	28,215
Deferred liability	27,920	-
Profit on short term investment	(72,259)	-
Loss / (gain) on disposal of property, plant and equipment	270	(2,079)
	292,764	235,370
	1,127,702	1,030,637
(Increase) / decrease in current asset		
Stores and spares	(169,448)	(105,386)
Stock in trade	(2,442,564)	(2,115,581)
Trade debt	657,964	16,090
Advances, deposits, prepayments and other receivables	(1,052,951)	5,770
	(3,006,999)	(2,199,107)
Increase in current liabilities		
Trade and other payables	613,098	378,396
Net cash used in operations	(1,266,199)	(790,074)
Finance cost paid	(71,738)	(31,685)
Income tax paid	(101,102)	(68,325)
Net cash used in operating activities	(1,439,039)	(890,084)
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(1,466,757)	(509,709)
Proceeds from disposal of operating fixed assets	18,089	11,989
Profit received on short term investment	64,578	-
Net cash used in investing activities	(1,384,090)	(497,720)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(64)	(34)
Short term borrowings – net	-	1,468,596
Long term finance - net	786,367	146,517
Net cash generated from financing activities	786,303	1,615,079
Net (decrease) / increase in cash and cash equivalent	(2,036,826)	227,275
Net cash and cash equivalent at beginning of the period	3,267,698	203,364
Cash and cash equivalent at end of the period	1,230,872	430,639

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

Muhammad Faheem
Chief Financial Officer

Rehan Rahman
Chief Executive Officer

Asim Shabbir Patka
Director

Condensed Interim Statement of Changes in Equity

For the Quarter ended September 30, 2019

Share capital	Reserves					Total equity
	Capital			Revenue	Total	
	Merger reserve	Share premium	Revaluation surplus on property, plant and equipment	Accumulated profit		
----- (Rupees '000) -----						
3,768,009	543,413	215,250	1,499,008	10,141,524	12,399,195	16,167,204
-	-	-	-	746,776	746,776	746,776
3,768,009	543,413	215,250	1,499,008	10,888,300	13,145,971	16,913,980
-	-	-	-	(923,162)	(923,162)	(923,162)
-	-	-	-	(1,130,403)	(1,130,403)	(1,130,403)
-	-	-	-	5,243,034	5,243,034	5,243,034
3,768,009	543,413	215,250	1,499,008	14,077,769	16,335,440	20,103,449
-	-	-	-	743,916	743,916	743,916
3,768,009	543,413	215,250	1,499,008	14,821,685	17,079,356	20,847,365

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

Muhammad Faheem
Chief Financial Officer

Rehan Rahman
Chief Executive Officer

Asim Shabbir Patka
Director

Notes to the Condensed Interim Financial Information For the Quarter ended September 30, 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 (now Companies Act, 2017). 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

- #### 2.2
- 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, 2019.

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, 2019.

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

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, 2019.

		(Un-audited)	(Audited)
		September 30, 2019	June 30, 2019
5	PROPERTY, PLANT AND EQUIPMENT	----- Rupees in '000 -----	
	Operating fixed assets	12,749,622	11,388,151
	Capital work-in-progress	1,855,460	2,070,731
		<u>14,605,082</u>	<u>13,458,882</u>

	(Un-audited) September 30, 2019	(Audited) June 30, 2019
	----- Rupees in '000 -----	
5.1 Operating fixed assets		
Balance at the beginning of the period / year	11,388,151	8,939,671
Addition during the period / year	1,663,876	3,469,875
	13,052,027	12,409,546
Disposals during the period / year (NBV)	(24,706)	(88,300)
Depreciation charged during the period / year	(277,699)	(933,095)
	(302,405)	(1,021,395)
Balance at the end of the period / year	12,749,622	11,388,151

5.1.1 Details of addition and disposal are as follows:

	Additions (Cost)		Disposal (NBV)	
	(Un-audited) September 30, 2019	(Audited) June 30, 2019	(Un-audited) September 30, 2019	(Audited) June 30, 2019
	----- Rupees in '000 -----			
Land - Leasehold	-	949	-	-
Building on leasehold land	808,774	1,079,894	-	-
Leasehold improvement	-	9,011	-	-
Plant and machinery	847,341	2,166,202	(15,032)	(61,205)
Electric fittings / equipments	248	151,230	-	-
Office equipments	1,137	17,711	(723)	(109)
Computers	3,726	15,275	(881)	(1)
Furniture and fixtures	499	5,582	(588)	(53)
Vehicles	2,151	24,021	(7,482)	(26,932)
	1,663,876	3,469,875	(24,706)	(88,300)

5.1.2 Depreciation on operating fixed assets for the period amounted to Rs. 277.70 million (September 30, 2018: Rs. 209.12 million).

	(Un-audited) September 30, 2019	(Audited) June 30, 2019
	----- Rupees in '000 -----	
5.2 Capital work-in-progress		
Balance at the beginning of the period / year	1,776,058	1,727,930
Addition during the period / year	1,330,341	3,354,417
	3,106,399	5,082,347
Transferred to		
- Operating fixed assets	(1,650,702)	(3,224,237)
- Expenses / adjustment	-	(82,052)
	(1,650,702)	(3,306,289)
	1,455,697	1,776,058
Fixed assets in transit and stand-by equipment	399,763	294,673
Balance at the end of the period / year	1,855,460	2,070,731

6 STOCK-IN-TRADE

This represents raw material in hand, raw material in transit, work in process and finished goods amounting to Rs. 4,532.30 million, Rs. 427.66 million, Rs. 2,524.17 million and Rs. 1,369.52 million (June 30, 2019: Rs. 2,931.45 million, Rs. 51.10 million, Rs. 2,330.14 million and Rs. 1,098.39 million).

		(Un-audited) September 30, 2019	(Audited) June 30, 2019
		----- Rupees in '000 -----	
7 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES	<i>Note</i>		
Advances			
- suppliers		305,068	145,802
- employees		293	465
		305,361	146,267
Deposits	7.1	31,507	46,268
Prepayments	7.2	309,250	161,378
Other receivables			
Sales tax refundable		767,878	181,568
Export rebate / duty drawback		546,748	501,959
Due from Government		607,172	507,931
Others		53,098	59,210
		1,974,896	1,250,668
		2,621,014	1,604,581

7.1 This includes amount of Rs. 28.63 million (June 30, 2019: Rs. 28.63 million) paid to a related party .

7.2 This includes amount of Rs. 281.05 million (June 30, 2019 Rs. 156.10 million) outstanding with a related party .

		(Un-audited) September 30, 2019	(Audited) June 30, 2019
		----- Rupees in '000 -----	
8 LONG TERM FINANCING	<i>Note</i>		
Term loans	8.1	3,053,301	2,266,934
Current portion		(384,408)	(275,388)
		2,668,893	1,991,546

8.1 These represents long term finance facilities (LTFF) obtained from various commercial banks for import of machinery. These carry mark-up at the rates ranging from SBP LTFF rate plus 0.5% (June 30, 2019: 0.5%) per annum. These facilities are secured against specific charge on plant and machinery of the Company. The principal portion of the loan is repayable in five and six years through semi-annually and quarterly installments after grace period of one year. The unutilized portion of long term finance is Rs. 911 million (June 30, 2019: Rs. 1,571 million).

		(Un-audited) September 30, 2019	(Audited) June 30, 2019
		----- Rupees in '000 -----	
9 TRADE AND OTHER PAYABLES	<i>Note</i>		
Creditors	9.1	2,136,581	1,545,488
Accrued liabilities	9.2	3,222,249	2,966,013
Workers' profits participation fund		37,500	300,626
Workers' welfare fund		28,781	22,706
Advance from customers		24,662	10,625
Payable to provident fund		23,199	19,297
Others		50,814	45,933
		5,523,786	4,910,688

9.1 This includes amount of Rs.417.15 million (June 30, 2019: nil) due to a related party.

9.2 This includes amount of Rs.29.97 million (June 30, 2019: nil) due to a related party.

10 CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

No contingencies exist as at the reporting date.

10.2 Commitments

Outstanding letter of credit

Outstanding letter of guarantee

Capital expenditure

	(Un-audited)	(Audited)
	September 30, 2019	June 30, 2019
	----- Rupees in '000 -----	
	831,489	1,193,693
	1,044,084	975,308
	2,040,046	1,235,205

10.2.1 Post dated cheques of Rs.2,682 million (June 30, 2019: Rs.2,367 million) are issued to Custom Authorities in respect of duties on imported items.

11 COST OF SALES

Note

Opening stock of finished goods

Add: Cost of goods manufactured

Less: Closing stock of finished goods

	(Un-audited)	
	September 30, 2019	September 30, 2018
	----- Rupees in '000 -----	
	1,098,394	846,471
	5,862,398	4,799,760
	6,960,792	5,646,231
	(1,369,523)	(903,363)
	5,591,269	4,742,868

11.1 Cost of goods manufactured

Raw material consumed

Stores and spares consumed

Salaries, wages and other benefits

Fuel, power and water

Insurance expense

Repair and maintenance

Vehicle running expenses

Communication and transportation

Rent

Depreciation

Amortization

Entertainment

Other manufacturing expenses

11.1.1

11.1.2

	3,424,516	2,924,851
	779,164	619,884
	923,862	794,985
	582,969	448,323
	8,026	6,307
	14,834	12,050
	3,870	3,756
	20,926	14,070
	29,066	27,682
	257,543	188,127
	136	118
	810	567
	10,701	9,663
	6,056,423	5,050,382
	2,330,145	1,470,271
	(2,524,170)	(1,720,894)
	5,862,398	4,799,759

11.1.1 Raw material consumed

Opening stock

Purchases during the period

Less: closing stock

	2,931,448	1,575,528
	5,025,368	4,732,916
	7,956,816	6,308,444
	(4,532,300)	(3,383,593)
	3,424,516	2,924,851

- 11.1.2** This includes an amount of Rs. 20.14 million (September 30, 2018: Rs. 17.24 million) in respect of staff provident fund and Rs. 27.92 million in respect of staff gratuity expense (September 30, 2018: Rs.Nil).

		(Un-audited)	
		September 30, 2019	September 30, 2018
		Rupees in '000	
12	OTHER EXPENSES	<i>Note</i>	
	Loss / (gain) on disposal of operating fixed asset - net	270	(2,079)
	Workers' profit participation fund	37,500	42,136
	Workers' welfare fund	6,075	4,892
	Donations	500	1,282
	Auditors' remuneration	1,058	563
	Exchange differences on realization of export receivables	377,987	-
		423,390	46,794

- 12.1** Donations include the donation of Rs. Nil (September 30, 2018 Rs. 1.2 million) to Indus Hospital in which two directors have interest.

		(Un-audited)	
		September 30, 2019	September 30, 2018
		Rupees in '000	
13	OTHER INCOME	<i>Note</i>	
	Exchange differences on realization of export receivables	-	145,360
	Profit on short term investment	66,961	-
	Profit on long term investments	5,298	-
		72,259	145,360

- 13.1** This represents profit on short term investments ranging from 9.54% to 14.59% per annum (September 30, 2018: Nil).

14 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objective and policies are consistent with that as disclosed in the financial statements as at and for the year ended June 30, 2019.

15 TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise associates, directors, major shareholders of the Company, key management personnel and staff provident fund. Details of transactions with related parties during the quarter, other than those which have been disclosed elsewhere in these financial statements are as follows:

		(Un-audited)	
		September 30, 2019	September 30, 2018
		Rupees in '000	
Nature of transaction	<i>Note</i>		
Transaction with associates			
Sale of goods		296,199	387,403
Purchases		949	976
Marketing Fee		301,840	216,833
Disposal of fixed asset	15.2	6,383	-
Rent expense		29,966	28,539
Donation		-	1,207

	(Un-audited)	
	September 30, 2019	September 30, 2018
	----- Rupees in '000 -----	
Transaction with directors		
Meeting fee	4,200	910
Transaction with key management personnel		
Remuneration paid	14,046	15,754
Post-employment benefits	816	859
Transaction with other related party		
Contribution to staff provident fund	32,154	27,089
	(Un-audited)	(Audited)
	September 30, 2019	June 30, 2019
	----- Rupees in '000 -----	
Net payable to staff provident fund	23,199	19,927

- 15.1** Following are the related parties with whom the Company had entered into transactions or have arrangement / agreement in place

Particular	Relationship	Aggregate % of shareholding
1888 Mills LLC, USA	Common Directorship	5.0877%
The Indus Hospital	Common Directorship	-
Citizen Police Liaison Committee (CPLC)	Common Directorship	-
Friendship (Private) Limited	Common Directorship	-
UTI Industries (Private) Limited	Common Directorship	-
Feroze1888 Mills Limited - Provident Fund	Retirement benefit fund	-
Mr. Rehan Rehman	Chief Executive Officer / Director	2.2443%
Mr. Jonathan R. Simon	Director	-
Mr. Khaleequr Rehman	Director	3.1363%
Mr. Shabbir Ahmed	Director	19.8894%
Mr. Perwez Ahmed	Director	5.4624%
Mr. Nasim Hayder	Director	0.0001%
Ms. Huma Pasha	Director	0.0001%
Mr. Asim Shabbir Patka	Director	2.0114%
Mr. Usama Rehman	Director	2.0460%
Mr. Muhammad Faheem	Key Management Personnel	-
Mr. Muhammad Usama Siddiqui	Key Management Personnel	-

- 15.2** These fixed assets sold to a related party carried at NBV of Rs. 4.79 million.

16 Date of authorization

This condensed interim financial information was authorized for issue in the Board of Directors meeting held on October 23, 2019.

17 General

17.1 Corresponding figures have been reclassified / rearranged wherever necessary for better presentation.

17.2 All figures have been rounded-off to the nearest thousand rupees, unless otherwise stated.

Muhammad Faheem
Chief Financial Officer

Rehan Rahman
Chief Executive Officer

Asim Shabbir Patka
Director