



FEROZE1888 MILLS LTD

Manufacturers and Exporters of Specialized Yarn & Textile Terry Products

Weaving a Better World®

اجلڈیٹڈ انٹرمیڈیٹ چارٹ

Condensed Interim Financial Information for the Half Year Ended December 31, 2021

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Company Information

Board of Directors

Mr. Jonathan R. Simon	Director / Chairman
Mr. Nasim Hyder	Director / Vice Chairman
Mr. Khaleequr Rahman	Director
Mr. Shabbir Ahmed	Director
Mr. Abdul Rehman Yaqub	Director
Mr. Perwez Ahmed	Director
Mr. Anas Rahman	Director
Mr. Zain Ashraf Mukaty	Director
Ms. Huma Pasha	Director
Ms. Aminah Zahid Zaheer	Director
Mr. Rehan Rahman	Chief Executive

Board Audit Committee

Mr. Nasim Hyder	Chairman
Mr. Khaleequr Rehman	Member
Mr. Zain Ashraf Mukaty	Member
Ms. Aminah Zahid Zaheer	Member

Board HR & Remuneration Committee

Ms. Aminah Zahid Zaheer	Chairman
Mr. Zain Ashraf Mukaty	Member
Mr. Nasim Hyder	Member

Chief Financial Officer

Ms. Javeria Siddiqui

Company Secretary

Mr. Mudassir Moten

Bankers

Allied Bank Limited
Bank Al Habib Limited
Bank Alfalah Limited
BankIslami Pakistan Limited
Faysal Bank Limited
Habib Metropolitan Bank Limited
HBL Bank Limited
Meezan Bank Limited
Standard Chartered Bank (Pakistan) Ltd

External Auditors

EY Ford Rhodes Chartered Accountants
Progressive Plaza, Beaumont Road,
Karachi.

Registered Office

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

Office Building

K&N Centre, 2nd and 3rd Floor, 160 Banglore Town,
Shahrah -e-Faisal, Karachi

Factory Addresses

Sindh:

Plot # H-23/4-A, H-23-/4-B & H- 23/3-II, Scheme # 3, Landhi Industrial Area, Landhi, Karachi.
Plot # A-5, B-4/A, C-3, C-31, F-125, F-342 & F-89, SITE, Karachi.
Plot # 342/A, Haroonabad, SITE, Karachi
Plot # L-26, F.B. Industrial Area, Karachi
Plot # PL-15 & ST-03 North Karachi Industrial Area, Karachi.
Survey # 81, 72 to 75, 165, 166, 171, 172, 176 to 181, 186 to 190, 156, 210, 211, 242, 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 Associates (Pvt.) Ltd.
8-F, Next to Hotel Faran Nursery, Block-6, PECHS, Shahrah-e-Faisal, Karachi.

Legal Advisor

Mohsin Tayebaly & Co
1st Floor, Dime Centre Khayaban-e-Iqbal, Block-9, Clifton, Karachi

Internal Auditors

A.F. Ferguson & Co. Chartered Accountants
State Life Building No. 1-C, I.I. Chundrigar Road, City Railway Colony, Karachi.

Website

<http://www.feroze1888.com>

DIRECTORS' REPORT

We are pleased to present the performance review and the un-audited Financial Statements along with auditors' review report thereon for the half year ended 31 December 2021.

ECONOMIC OVERVIEW

Following a strong rebound in 2021, the global economy enters 2022 with a slowdown than the previous expectations. Rising commodity prices and supply chain disruptions have resulted in higher and more broad-based inflation with far reaching consequences. Resultantly, according to World Bank Global Economic Prospects report 2022, global growth is expected to decelerate markedly from 5.5% in 2021 to 4.1% in 2022 and 3.2% in 2023.

However, growth in Pakistan is surprisingly on the higher side, supported by improving domestic demand, high remittance inflows and a narrow targeting of lockdowns. The World Bank has kept Pakistan's economic growth forecast for the fiscal year 2021-22 unchanged at 3.4% and 4% next year.

The Country's economy being import oriented, data for the six-month period shows exports of goods and services at \$18.6 billion compared to \$41.6 billion imports. As a result, the trade deficit nearly doubled to \$23 billion from \$12.3 billion in the same period a year ago. This trade deficit was largely attributable to the rising import bill, which skyrocketed 53% to \$41.6 billion during the same period. Consequently, Country's current account deficit surpassed \$9.0 billion in the first half of the ongoing fiscal year, accounting for 5.7% of the GDP and is well ahead of the Government's revised target of 4.0% of GDP for the current fiscal year. This has put pressure on Pakistani rupee as well with PKR depreciating by more than 12.0% since June 30, 2021.

INDUSTRY OVERVIEW

The value of textile and garment exports from Pakistan increased by 26% in dollar terms in the first six months of 2021-22 as compared to corresponding period last year. During the period, Pakistan earned \$9.4 billion from textile and apparel exports, compared to exports of \$7.4 billion in July-December 2020. Among textiles, cotton yarn exports increased by 52.3% to \$610.4 million in July-December 2021, as against exports of \$400.7 million made during the corresponding period of 2020. Specifically, Exports of towel also rose by 17.5% and were valued at \$523.9 million during the period under review.

On the other hand, raw cotton imports went up by 54.3% year-on-year to \$821.2 million and synthetic fiber imports shot up by 43.2% year-on-year to \$404.5 million. Meanwhile, the value of textile machinery imports by Pakistan increased significantly by 88.2% year-on-year to \$434.7 million during the six-month period.

Although, owing to favorable seasonal conditions, over 7.3 million bales of cotton have arrived at various ginneries in Pakistan during this season till December 2021, up by 36.8% compared to arrival of 5.4 million bales in corresponding period of last season. However, the total consumption requirement exceeds the production which is evident from surge in import of cotton by 54.3%. Accordingly, soaring demand coupled with the price hike in the international cotton market has pushed the prices of cotton & yarn upward locally also - while, cotton exceeding Rs. 18,000/maund.

REVIEW OF OPERATING RESULTS

A brief overview of performance of your Company for the six months ended 31st December 2021 is stated below:

Statement of Profit or Loss for the Half year ended:

	December 2021	December 2020
----- (Rupees in '000) -----		
Sales- net	25,081,853	21,096,228
Gross profit	4,963,684	5,364,705
Profit before taxation	2,023,506	2,768,836
Profit after taxation	1,806,649	2,518,237
EPS (Rs/Share)	4.79	6.68

The Company's profit after tax for the half year has decreased by Rs.711.5 million i.e. by 28.2% in comparison with the corresponding period of last year in spite of increase in the Company's net sales revenue. The net sales during the period has increased by Rs.3,985 million i.e. by 18.9% in comparison with the corresponding period of the last year. The major reason causing decline in gross profit is the high cost of raw materials coupled with rise in other direct material prices also. Higher distribution cost owing to global supply chain challenges has just aggravated the situation.

FUTURE OUTLOOK

The textile exports continue to show robust growth. However, costs amplification especially on raw material is expected to continue with global supply challenges still loom large. The consequences of rise in inflation across the exports markets are unfolding and the impacts can be significant.

The volatility of Pak rupee to US dollar parity and delay in announcement of the new textile policy are other two major challenges faced by the industry during the current fiscal year.

The Company is vigilant and closely monitoring the global and local situation in order to act proactively in these changing circumstances.

ACKNOWLEDGEMENT

We would like to place on record our profound gratitude to the shareholders, customers and business partners, whose continued cooperation and support have enabled the Company to strive to do better each day. We also like to acknowledge and thank all the employees of the Company for their dedicated efforts and persistence.

For and on behalf of the Board of Directors

Rehan Rahman
Chief Executive Officer

Aminah Zahid Zaheer
Director

Karachi
Date: February 28, 2022

ڈائریکٹر رپورٹ

۳۱ دسمبر ۲۰۲۱ء کو اختتام پذیر ششماہی سال کی کارکردگی کا جائزہ، غیر اشتهال شدہ مالیاتی گوشوارے اور محاسبین کی جائزہ رپورٹ پیش خدمت ہے۔

اقتصادی جائزہ

عالمی معیشت ۲۰۲۱ میں مضبوط بحالی کے بعد بھی کچھلی توقعات سے زیادہ سست روی کے ساتھ ۲۰۲۲ء میں داخل ہو رہی ہے۔ اجناس کی بڑھتی ہوئی قیمتوں اور سپلائی چین میں رکاوٹوں کے نتیجے میں دور رس نتائج کے ساتھ زیادہ اور وسیع البنیاد انفراسٹرکچر پیدا ہوا ہے۔ نتیجے کے طور پر، ورلڈ بینک گلوبل اکنامک پراسپیکٹس رپورٹ ۲۰۲۲ء کے مطابق، عالمی نمو ۲۰۲۱ء میں ۵.۵ فیصد سے ۲۰۲۲ء میں ۴.۱ فیصد اور ۲۰۲۳ء میں ۳.۲ فیصد تک گرنے کی توقع ہے۔

تاہم، پاکستان میں حیران کن طور پر ترقی بلندی پر رہی، جس کی وجہ ملکی طلب میں اضافہ، ترسیلات زر کی زیادہ آمد اور محدود لاک ڈاؤن ہیں۔ عالمی بینک نے مالی سال ۲۰۲۱-۲۲ کے لیے پاکستان کی اقتصادی ترقی کی پیش گوئی کو ۴.۴ فیصد اور اگلے سال ۴ فیصد پر برقرار رکھا ہے۔

ملک کی معیشت درآمدات پر مبنی ہے، چھ ماہ کی مدت کے اعداد و شمار سے ظاہر ہوتا ہے کہ ۴۱.۶ بلین ڈالر کی درآمدات کے مقابلے میں اشیاء اور خدمات کی برآمدات ۸.۶ بلین ڈالر رہے۔ جس کے نتیجے میں، تجارتی خسارہ تقریباً دوگنا ہو کر ۲۳ بلین ڈالر ہو گیا جو ایک سال پہلے کی اسی مدت میں ۱۲.۳ بلین ڈالر تھا۔ یہ تجارتی خسارہ بڑی حد تک بڑھتے ہوئے درآمدی بل کی وجہ سے تھا، جو اسی مدت کے دوران ۵۳ فیصد سے ۴۱.۶ بلین ڈالر تک پہنچ گیا۔ نتیجتاً، ملک کا کرنٹ اکاؤنٹ خسارہ جاری مالی سال کی پہلی ششماہی میں ۹.۰ بلین ڈالر سے تجاوز کر گیا، جو کہ خام قومی پیداوار (GDP) کا ۵.۷ فیصد بنتا ہے اور رواں مالی سال کے لیے حکومت کے خام قومی پیداوار (GDP) کے ۴.۰ فیصد کے نظر ثانی شدہ ہدف سے کافی آگے ہے۔ ان حالات نے پاکستانی روپے پر کافی دباؤ ڈالا اور ۳۰ جون ۲۰۲۱ء تک روپے کی قدر میں ۱۲.۰ فیصد تک گراؤ ہوئی۔

صنعت کا جائزہ

پاکستانی ٹیکسٹائل اور ملبوسات کی برآمداتی مالیت میں پہلے چھ ماہ میں گزشتہ اسی عرصہ وقت کے مقابلے میں ۲۶ فیصد اضافہ ہوا۔ پاکستان نے ٹیکسٹائل کی برآمدات سے اسی عرصہ وقت میں ۹.۴ بلین ڈالر کمائے، جبکہ جولائی تا دسمبر ۲۰۲۰ء میں پاکستان کی اس مدت میں آمدن ۷.۴ بلین ڈالر تھی۔ جولائی سے دسمبر کے دوران ٹیکسٹائل کاٹن یارن کی برآمدات میں ۵۲.۳ فیصد اضافہ جبکہ فروخت ۶۱.۰ بلین ڈالر پر پہنچ گئی جبکہ اسی عرصہ وقت سال ۲۰۲۰ء میں فروخت کا حجم ۴۰۰ بلین ڈالر تھا زیر نظر عرصہ وقت میں خاص طور پر تولیہ کی برآمدات میں ۷.۵ فیصد اضافہ ہوا جس کی مالیت ۵۲۳.۹ بلین ڈالر ہے۔

دوسری طرف، خام کپاس کی درآمدات سال بہ سال ۵۴.۳ فیصد بڑھ کر ۸۲۱.۲ بلین ڈالر اور مصنوعی فائبر کی درآمدات سال بہ سال ۴۳.۲ فیصد بڑھ کر ۴۰۴.۵ بلین ڈالر تک پہنچ گئیں۔ دریں اثناء، پاکستان کی طرف سے ٹیکسٹائل مشینری کی درآمدات کی مالیت ۶ ماہ کی مدت کے دوران ۸۸.۲ فیصد سال بہ سال نمایاں طور پر بڑھ کر ۷.۳۴ بلین ڈالر تک پہنچ گئی۔

اگرچہ، سازگار موسمی حالات کی وجہ سے، اس موسم (Season) کے دوران دسمبر ۲۰۲۱ء تک پاکستان کے مختلف جہز (Ginners) کے پاس روئی کی ۷.۳ بلین گانٹھوں کی آمد ہوئی، جو گزشتہ سیزن کی اسی مدت میں ۵.۴ بلین گانٹھوں کی آمد کے مقابلے میں ۳۶.۸ فیصد زیادہ ہے۔ تاہم، کل کھپت کی ضرورت پیداوار سے زیادہ ہے جو کہ روئی کی درآمد میں ۵۴.۳ فیصد اضافے سے ظاہر ہے۔ اسی بناء پر، بین الاقوامی کپاس کی منڈی میں قیمتوں میں اضافے کے ساتھ بڑھتی ہوئی مانگ نے مقامی طور پر بھی کپاس اور دھاگے کی قیمتوں کو اوپر کی طرف دھکیل دیا ہے۔ جبکہ، روئی کی فی من قیمت ۱۸۰۰۰ روپے سے تجاوز کر گئی ہے۔

کارکردگی کے نتائج کا جائزہ

۳۱ دسمبر ۲۰۲۱ء کو ختم ہونے والے ششماہی کے لیے آپ کی کمپنی کی کارکردگی کا ایک مختصر جائزہ ذیل میں بیان کیا گیا ہے:

Statement of Profit or Loss for the Half year ended:

	December 2021	December 2020
	----- (Rupees in '000) -----	
Sales- net	25,081,853	21,096,228
Gross profit	4,963,684	5,364,705
Profit before taxation	2,023,506	2,768,836
Profit after taxation	1,806,649	2,518,237
EPS (Rs/Share)	4.79	6.68

کمپنی کی خالص فروخت آمدن میں اضافے کے باوجود زیر نظر ششماہی میں کمپنی کے بعد از ٹیکس منافع میں ۱۱.۵ ملین روپے کی کمی ہوئی ہے یعنی گزشتہ سال کی اسی مدت کے مقابلے میں ۲۸.۲ فیصد کمی ہوئی ہے۔ اس مدت کے دوران خالص فروخت میں ۳,۹۸۵ ملین روپے کا اضافہ ہوا ہے یعنی گزشتہ سال کی اسی مدت کے مقابلے میں ۱۸.۹ فیصد اضافہ ہوا ہے۔ مجموعی منافع میں کمی کی سب سے بڑی وجہ خام مال کی بلند قیمت اور دیگر براہ راست مواد کی قیمتوں میں بھی اضافہ ہے۔ عالمی سپلائی چین کے چیلنجوں کی وجہ سے بڑھتی ہوئی تقسیمی لاگت نے صورت حال کو مزید خراب کر دیا ہے۔

مستقبل پر نظر

ٹیکسٹائل کی برآمدات میں مسلسل اضافہ جاری ہے۔ تاہم، عالمی سطح پر سپلائی کے چیلنجوں کے ساتھ ساتھ قیمت اور خاص طور پر خام مال کی لاگت میں اضافہ کی توقع ہے۔ تمام برآمدی منڈیوں میں افراط زر میں اضافے کے نتائج سامنے آرہے ہیں اور اس کے اثرات نمایاں ہو سکتے ہیں۔

پاکستانی روپے اور امریکی ڈالر کی قدر میں اتار چڑھاؤ اور نئی ٹیکسٹائل پالیسی کے اعلان میں تاخیر رواں مالی سال کے دوران صنعت کو درپیش دو بڑے چیلنجز ہیں۔ کمپنی ان بدلتے ہوئے حالات میں فعال طور پر کام کرنے کے لیے عالمی اور مقامی صورت حال پر چوکس اور گہری نظر رکھے ہوئے ہے۔

اظہار تشکر

ہم اپنے حصص یافتگان، گاہکوں اور شرکت داروں کے انتہائی مشکور ہیں جن کے بھروسے اور مسلسل تعاون نے کمپنی کو بہتر اور مطلوبہ نتائج کے حصول کے لئے کوششوں کو جاری رکھنے کا عزم دیا۔ ہم کمپنی کے تمام ملازمین کو ان کی بہترین اور بھرپور کوششوں کے لئے تہہ دل سے شکر گزار ہیں۔

برائے اور منجانب بورڈ آف ڈائریکٹرز

آمنہ زاہد ظہیر
ڈائریکٹر

ریحان رحمان
چیف ایگزیکٹو آفیسر

کراچی: ۲۸ فروری ۲۰۲۲ء

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF FEROZE1888 MILLS LIMITED

REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Feroze1888 Mills Limited** (the Company) as at **31 December 2021** and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of condensed interim statement of profit or loss, condensed interim statement of comprehensive income and the notes forming part thereof for the three month period ended 31 December 2021 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended 31 December 2021.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is Mr. Shaikh Ahmed Salman.



Chartered Accountants

Place: Karachi

Date: 01 March 2022

UDIN Number: RR202110076DGsoT5H9I

Condensed Interim Statement of Financial Position
As at December 31, 2021

		Un-audited December 31, 2021	Audited June 30, 2021
	Note	----- (Rupees in '000) -----	
ASSETS			
Non-current assets			
Property, plant and equipment	4	23,606,981	20,308,105
Intangible assets		20,194	23,309
Long term deposits		66,322	62,970
		<u>23,693,497</u>	<u>20,394,384</u>
Current assets			
Store and spares		1,460,647	1,303,298
Stock-in-trade	5	13,074,395	8,437,202
Trade debts	6	11,432,462	10,115,920
Advances, deposits, prepayments and other receivables		5,188,487	4,108,247
Taxation - net		350,783	284,732
Short-term investments - At fair value through profit or loss	7	2,309,563	5,598,019
Cash and bank balances		1,508,716	1,625,126
		<u>35,325,053</u>	<u>31,472,544</u>
Total assets		<u><u>59,018,550</u></u>	<u><u>51,866,928</u></u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital 400,000,000 (June 30, 2021: 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		1,486,262	1,486,262
Advance against right issue	8	1,089,952	-
Revenue reserve		19,707,766	18,439,942
		<u>26,810,652</u>	<u>24,452,876</u>
Liabilities			
Non-current liabilities			
Deferred liability		614,513	451,864
Long term financing	9	6,396,614	5,409,360
Provision for GIDC		1,334,357	1,334,357
Lease liabilities		526,589	660,502
		<u>8,872,073</u>	<u>7,856,083</u>
Current liabilities			
Trade and other payables	10	6,951,462	5,958,050
Short term borrowings	11	14,400,000	11,750,000
Accrued mark-up		140,929	111,651
Current portion of lease liabilities		230,048	212,335
Current portion of long term financing	9	1,611,401	1,457,377
Unclaimed dividend		1,798	1,814
Unpaid dividend		187	66,742
		<u>23,335,825</u>	<u>19,557,969</u>
CONTINGENCIES AND COMMITMENTS	12		
Total equity and liabilities		<u><u>59,018,550</u></u>	<u><u>51,866,928</u></u>

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

Javeria Siddiqui
Chief Financial Officer

Rehan Rahman
Chief Executive Officer

Aminah Zahid Zaheer
Director

Condensed Interim Statement of Profit or Loss (Un-audited)
For the Half year ended December 31, 2021

	Note	Half year ended		Quarter ended	
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
		----- (Rupees in '000) -----			
Sales - net		25,081,853	21,096,228	13,725,751	11,034,704
Cost of sales	13	(20,118,169)	(15,731,523)	(10,607,343)	(8,409,338)
Gross profit		4,963,684	5,364,705	3,118,408	2,625,366
Administrative cost		(708,277)	(590,723)	(369,343)	(300,324)
Distribution cost		(2,080,982)	(1,557,825)	(1,194,593)	(861,289)
Other expenses	14	(154,241)	(379,747)	(115,796)	(357,293)
		(2,943,500)	(2,528,295)	(1,679,732)	(1,518,906)
		2,020,184	2,836,410	1,438,676	1,106,460
Other income	15	312,480	167,414	183,832	71,302
Operating profit		2,332,664	3,003,824	1,622,508	1,177,762
Finance cost		(309,158)	(234,988)	(162,171)	(127,755)
Profit before taxation		2,023,506	2,768,836	1,460,337	1,050,007
Taxation		(216,857)	(250,599)	(90,165)	(146,849)
Profit after taxation		1,806,649	2,518,237	1,370,172	903,158
Earning per share basic & diluted (Rupees)		4.79	6.68	3.64	2.40

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

Javeria Siddiqui
Chief Financial Officer

Rehan Rahman
Chief Executive Officer

Aminah Zahid Zaheer
Director

Condensed Interim Statement of Comprehensive Income (Un-audited)
For the Half year ended December 31, 2021

	Half year ended		Quarter ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	----- (Rupees in '000) -----			
Profit after taxation	1,806,649	2,518,237	1,370,172	903,158
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>1,806,649</u>	<u>2,518,237</u>	<u>1,370,172</u>	<u>903,158</u>

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

Javeria Siddiqui
Chief Financial Officer

Rehan Rahman
Chief Executive Officer

Aminah Zahid Zaheer
Director

Condensed Interim Statement of Changes in Equity (Un-audited)
For the Half year ended December 31, 2021

	Capital reserve		Revaluation surplus on property, plant and equipment	Revenue reserve	Total	
	Amalgamation reserve	Share premium		Accumulated profit		
----- (Rupees '000) -----						
Balance as at June 30, 2020 (Audited)	3,768,009	543,413	215,250	1,486,262	15,134,124	21,147,058
Final cash dividend for the year ended June 30, 2020 @ Re.0.59 per share	-	-	-	-	(222,312)	(222,312)
Net profit for the period	-	-	-	-	2,518,237	2,518,237
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period ended December 31, 2020	-	-	-	-	2,518,237	2,518,237
Balance as at December 31, 2020	3,768,009	543,413	215,250	1,486,262	17,430,049	23,442,983
Balance as at June 30, 2021 (Audited)	3,768,009	543,413	215,250	1,486,262	18,439,942	24,452,876
Final cash dividend for the year ended June 30, 2021 @ Re.1.43 per share	-	-	-	-	(538,825)	(538,825)
Net profit for the period	-	-	-	-	1,806,649	1,806,649
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period ended December 31, 2021	-	-	-	-	1,806,649	1,806,649
Balance as at December 31, 2021	3,768,009	543,413	215,250	1,486,262	19,707,766	25,720,700

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

Javeria Siddiqui
Chief Financial Officer

Rehan Rahman
Chief Executive Officer

Aminah Zahid Zaheer
Director

Condensed Interim Statement of Cash Flows (Un-audited)
For the Half year ended December 31, 2021

	December 31, 2021	December 31, 2020
	------(Rupees in '000)-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	2,023,506	2,768,836
<i>Adjustment for:</i>		
Depreciation on operating fixed assets	808,386	678,730
Depreciation on right-of-use assets	112,731	68,027
Amortization	3,116	3,116
Write-off of property, plant and equipment	317	-
Finance cost	309,158	234,988
Provision for gratuity	145,537	62,057
Allowance for expected credit loss	2,811	6,529
Reversal of provision against doubtful advances	(39,879)	(32,627)
Provision for slow moving, obsolete stores and spares - net	28,720	31,347
Interest on bank deposit	(27,841)	(37,187)
Dividend income on open ended mutual fund units	(131,228)	(97,600)
(Gain) / loss on disposal of property, plant and equipment - net	(787)	5,038
	1,211,041	922,418
Increase in current asset		
Stores and spares	(186,069)	(196,781)
Stock in trade	(4,637,193)	(952,487)
Trade debt	(1,319,353)	(5,142,912)
Advances, deposits, prepayments and other receivables	(1,040,670)	(308,585)
	(7,183,285)	(6,600,765)
Increase in current liability		
Trade and other payables	980,719	128,904
Net cash used in operations	(2,968,019)	(2,780,607)
Finance cost paid	(292,644)	(219,645)
Income tax paid	(282,909)	(11,350)
Gratuity paid	(61,218)	(3,447)
Long term deposit	(3,352)	-
Net cash used in operating activities	(3,608,142)	(3,015,050)
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(4,234,930)	(1,705,850)
Proceeds from disposal of operating fixed assets	15,406	17,559
Short-term investments encashed - net	3,419,684	2,214,607
Interest income received	28,150	44,263
Net cash (used in) / generated from investing activities	(771,690)	570,579
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(605,396)	(222,387)
Advance received against right issue	1,089,952	-
Principal portion of lease liabilities paid	(116,199)	(4,368)
Short term borrowings - net	2,650,000	200,000
Long term finance - net	1,245,065	1,358,917
Net cash generated from financing activities	4,263,422	1,332,162
Net decrease in cash and cash equivalent	(116,410)	(1,112,309)
Cash and cash equivalent at beginning of the period	1,625,126	2,247,990
Cash and cash equivalent at end of the period	1,508,716	1,135,681

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

Javeria Siddiqui
Chief Financial Officer

Rehan Rahman
Chief Executive Officer

Aminah Zahid Zaheer
Director

**Notes to the Condensed Interim Financial Statements (Un-audited)
For the Half year ended December 31, 2021**

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 Act, VII of 1913. 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 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting 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 followed.

These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended June 30, 2021. These condensed interim financial statements are unaudited, however have been subject to limited scope review by the auditors, and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Section 237 of the Companies Act, 2017.

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended December 31, 2021 and December 31, 2020 and notes forming part thereof have not been reviewed by the statutory auditors of the Company, as they have reviewed the cumulative figures for the half year ended December 31, 2021 and December 31, 2020

2.2 ACCOUNTING POLICIES

The accounting policies and the methods of computation used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the Company's annual audited financial statements for the year ended June 30, 2021.

2.3 Adoption of amendments to accounting standards and framework for financial reporting effective during the period.

The Company has adopted the following amendments of IFRSs and the framework for financial reporting which became effective for the current period:

- IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform - Phase 2 (Amendment)
- IFRS 16 - Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments)

The adoption of the above amendments to accounting standards and framework did not have any effect on these condensed interim financial statements.

3 ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial statements is in conformity with the approved accounting standards as applicable in Pakistan requires the management to make estimates, assumptions and use judgements that affect the application of policies and the reported amount of assets and liabilities and income and expenses.

Estimates and judgements made by management in the preparation of these condensed interim financial statements are the same as those that were applied to the annual financial statements of the Company for the year ended June 30, 2021.

The Company follows the practice to conduct actuarial valuation as at year end. Hence the impact of re-measurement of staff retirement benefit fund has not been incorporated in these condensed interim financial statements.

	Note	(Un-audited)	(Audited)
		December 31, 2021	June 30, 2021
		----- Rupees in '000 -----	
4	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	17,771,565	17,440,686
	Capital work-in-progress	5,225,894	2,145,165
	Right of use asset	609,522	722,254
		<u>23,606,981</u>	<u>20,308,105</u>
4.1	Operating fixed assets		
	Balance at the beginning of the period / year	17,440,686	14,072,097
	Addition during the period / year	1,154,202	4,930,076
		<u>18,594,888</u>	<u>19,002,173</u>
	Disposals during the period / year - net book value (NBV)	(14,937)	(82,432)
	Depreciation charged during the period / year	(808,386)	(1,479,055)
		<u>(823,323)</u>	<u>(1,561,487)</u>
	Balance at the end of the period / year	<u>17,771,565</u>	<u>17,440,686</u>

4.1.1 Details of addition and disposal are as follows:

	Additions (Cost)		Disposal (NBV)	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	December 31, 2021	June 30, 2021	December 31, 2021	June 30, 2021
----- Rupees in '000 -----				
Land - Leasehold	-	817,007	-	-
Building on leasehold land	500,703	587,659	-	-
Leasehold Improvements	-	3,586	-	-
Plant and machinery	582,316	3,217,294	(4,838)	(63,969)
Electric fittings / equipments	18,309	161,896	(196)	-
Office equipments	5,824	71,834	(215)	(388)
Computers	11,570	8,183	(1)	-
Furniture and fixtures	21,584	33,300	(22)	-
Vehicles	13,896	29,317	(9,665)	(18,075)
	<u>1,154,202</u>	<u>4,930,076</u>	<u>(14,937)</u>	<u>(82,432)</u>

4.1.2 Depreciation on operating fixed assets for the period amounted to Rs.808.39 million (December 31, 2020: Rs.678.73 million).

		<u>(Un-audited)</u>	<u>(Audited)</u>
		December 31, 2021	June 30, 2021
		----- Rupees in '000 -----	
4.2 Capital work-in-progress	Note		
Balance at the beginning of the period / year		1,950,177	1,999,112
Addition during the period / year		<u>2,861,007</u>	<u>3,811,462</u>
		4,811,184	5,810,574
Transferred to operating fixed assets / expenses		<u>(1,026,531)</u>	<u>(3,860,397)</u>
		3,784,653	1,950,177
Advance given against purchase of fixed assets		1,198,170	175,998
Stand-by equipments		243,071	18,990
Balance at the end of the period / year		<u><u>5,225,894</u></u>	<u><u>2,145,165</u></u>
5 STOCK-IN-TRADE			
Raw material in			
-hand	5.1	4,718,825	2,126,332
-transit		<u>1,390,834</u>	<u>631,090</u>
		6,109,659	2,757,422
Work-in-progress	5.2	3,910,803	3,136,835
Finished goods	5.3	<u>3,053,933</u>	<u>2,542,945</u>
		<u><u>13,074,395</u></u>	<u><u>8,437,202</u></u>
5.1	Includes items costing Rs.12.33 million (June 30, 2021: Rs.13.38 million) have been valued at their net realizable value of Rs.4.49 million (June 30, 2021: Rs.3.82 million).		
5.2	Includes items costing Rs.38.94 million (June 30, 2021: Rs.43.7 million) have been valued at their net realizable value of Rs.18.21 million (June 30, 2021: Rs.20.77 million).		
5.3	Includes items costing Rs.651.89 million (June 30, 2021: Rs.767.82 million) have been valued at their net realizable value of Rs.379.53 million (June 30, 2021: Rs.568.27 million).		
		<u>(Un-audited)</u>	<u>(Audited)</u>
		December 31, 2021	June 30, 2021
		----- Rupees in '000 -----	
6 TRADE DEBTS	Note		
Exports			
Considered good	6.1	11,380,914	10,103,623
Considered doubtful		<u>25,918</u>	<u>23,107</u>
		11,406,832	10,126,730
Allowance for expected credit loss	6.2	<u>(25,918)</u>	<u>(23,107)</u>
		11,380,914	10,103,623
Local			
Considered good		51,548	12,297
		<u>11,432,462</u>	<u>10,115,920</u>
6.1	This include an amount of Rs. 951.814 million (June 30, 2021: Rs. 349.57 million) due from 1888 Mills LLC.		
		<u>(Un-audited)</u>	<u>(Audited)</u>
		December 31, 2021	June 30, 2021
		----- Rupees in '000 -----	
6.2	Movement of allowance for expected credit loss is as follows:		
Balance at the beginning of the period / year		23,107	16,944
Charge for the period / year		<u>2,811</u>	<u>6,163</u>
Balance at the end of the period / year		<u><u>25,918</u></u>	<u><u>23,107</u></u>

7 SHORT TERM INVESTMENTS - AT FAIR VALUE THROUGH PROFIT OR LOSS

During the period, the Company disposed off 259.00 million units (June 30, 2021: Nil) and purchased 20.12 million units (June 30, 2021: 184.28 million units) of Open Ended Shariah Compliant mutual funds. As of reporting date, the Company holds 91.45 million units (June 30, 2021: 260.20 million units) of various Open Ended Shariah Compliant mutual funds.

8 ADVANCE AGAINST RIGHT ISSUE

The Board of Directors in its meeting held on October 29, 2021 approved further issue of 22,608,058 shares at a value of Rs.70 per share (premium of Rs. 60 per share) by way of right issue to its existing shareholders in the proportion of 6 right share for every 100 ordinary shares held aggregating to total issue of Rs.1,582,564,060. As of December 31, 2021, the Company received Rs.1,089,952 thousands from directors and sponsors.

Subsequent to the period end, the rights subscription process has been completed and the Company has received the subscription amount in full and issued the shares accordingly.

9 LONG TERM FINANCING

During the period, the Company made further drawdown on its existing Temporary Economic Refinance Facility (TERF) obtained from various commercial banks for import of plant and machinery. These carry mark-up at the rates ranging from SBP base rate plus 0.75% to 1% (June 30, 2021: 0.75% to 1%) 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, six and eight years through semi-annually and quarterly installments after grace period of one to two years. The unutilized portion of long term finance is Rs.4,171 million (June 30, 2021: Rs.5,015).

	<u>(Un-audited)</u>	<u>(Audited)</u>
	December 31, 2021	June 30, 2021
	----- Rupees in '000 -----	
10 TRADE AND OTHER PAYABLES		
Creditors	2,792,527	2,958,739
Accrued liabilities	3,034,128	2,338,025
Workers' profits participation fund	91,460	217,383
Workers' welfare fund	53,440	33,627
Contract liabilities	85,287	37,067
Payable to provident fund	23,961	25,343
Derivative financial instruments	612,006	105,613
Current portion of GIDC	190,622	190,622
Current portion of government grant	30,599	17,906
Others	37,432	33,725
	<u>6,951,462</u>	<u>5,958,050</u>

		<u>(Un-audited)</u>	<u>(Audited)</u>
		December 31, 2021	June 30, 2021
		----- Rupees in '000 -----	
11 SHORT TERM BORROWINGS	Note		
Export re-finance	11.1	<u>14,400,000</u>	<u>11,750,000</u>

11.1 These carry mark-up at the rates ranging from SBP Export refinance rate plus 0.25% to 1% (June 30, 2021: 0.25% to 1%) per annum. These are secured against first pari passu charge over stock-in-trade, receivables and other current assets of the Company.

12 CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

No contingencies exist as at the reporting date.

	Note	(Un-audited)	(Audited)
		December 31, 2021	June 30, 2021
		Rupees in '000	
12.2 Commitments			
Outstanding letter of credit		2,841,911	2,970,714
Outstanding letter of guarantee		1,660,119	1,433,589
Capital expenditure		4,031,948	5,044,343
Post dated cheques	12.2.1	4,228,472	4,328,717

12.2.1 These represent the postdated cheques issued to Custom Authorities in respect of duties on imported items.

	Note	(Un-audited)		(Un-audited)	
		Half year ended		Quarter Ended	
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
		Rupees in '000			
13 COST OF SALES					
Opening stock of finished goods		2,542,945	1,588,230	2,892,078	1,662,560
Add: Cost of goods manufactured	13.1	20,629,157	16,098,475	10,769,197	8,701,960
		23,172,102	17,686,705	13,661,275	10,364,520
Less: Closing stock of finished goods		(3,053,933)	(1,955,182)	(3,053,933)	(1,955,182)
		20,118,169	15,731,523	10,607,342	8,409,338

	Note	(Un-audited)		(Un-audited)	
		Half year ended		Quarter Ended	
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
		Rupees in '000			
13.1 Cost of goods manufactured					
Raw material consumed	13.1.1	13,543,342	9,864,650	6,766,399	5,340,444
Stores and spares consumed		2,465,864	2,122,869	1,451,305	1,207,362
Salaries, wages and other benefits	13.1.2	2,739,467	2,182,333	1,414,864	1,133,775
Fuel, power and water		1,540,382	1,340,206	817,253	650,458
Insurance expense		37,826	29,358	20,678	12,876
Repair and maintenance		64,127	169,443	47,453	38,690
Vehicle running expenses		11,953	7,378	6,250	3,865
Communication and transportation		66,185	49,126	39,246	30,775
Rent		14,203	-	11,019	-
Depreciation		872,780	696,359	444,660	356,541
Amortization		3,116	3,116	1,558	1,557
Quality control and inspection		27,014	29,605	10,900	15,282
Other manufacturing expenses		16,866	12,324	9,956	3,890
		21,403,125	16,506,767	11,041,541	8,795,515
Opening work-in-process		3,136,835	2,597,780	3,638,459	2,912,517
Closing work-in-process		(3,910,803)	(3,006,072)	(3,910,803)	(3,006,072)
		20,629,157	16,098,475	10,769,197	8,701,960
13.1.1 Raw material consumed					
Opening stock		2,757,422	4,083,618	5,595,235	2,888,789
Purchases during the period		16,895,579	10,041,526	7,280,823	6,712,149
		19,653,001	14,125,144	12,876,058	9,600,938
Less: closing stock		(6,109,659)	(4,260,494)	(6,109,659)	(4,260,494)
		13,543,342	9,864,650	6,766,399	5,340,444

13.1.2 This includes an amount of Rs.39.53 million (December 31, 2020: Rs.45.64 million) in respect of staff provident fund and Rs.145.54 million in respect of staff gratuity expense (December 31, 2020: Rs.62.06).

14	OTHER EXPENSES	(Un-audited)		(Un-audited)	
		Half year ended		Quarter Ended	
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
----- Rupees in '000 -----					
	Loss on disposal of operating fixed asset - net	-	5,038	-	177
	Property, plant and equipment - write-off	317	-	317	-
	Workers' profit participation fund	91,323	126,745	69,051	45,593
	Workers' welfare fund	19,813	16,665	10,840	8,702
	Allowance for expected credit loss	2,811	6,529	959	2,973
	Donations	8,132	3,700	4,132	3,700
	Auditors' remuneration	3,125	2,350	1,777	1,264
	Exchange differences on export receivables, trade payables and derivative financial instruments	-	187,373	-	263,537
	Provision for slow moving, obsolete stores and spares - net	28,720	31,347	28,720	31,347
		154,241	379,747	115,796	357,293

15	OTHER INCOME	(Un-audited)		(Un-audited)	
		Half year ended		Quarter Ended	
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
----- Rupees in '000 -----					
	Gain on disposal of operating fixed asset - net	787	-	3,354	-
	Interest on bank deposit and TDR	27,841	37,187	23,854	11,678
	Dividend income on open ended mutual fund units	131,228	97,600	40,356	37,282
	Exchange differences on export receivables, trade payables and derivative financial instruments	112,745	-	97,547	-
	Reversal of provision against doubtful advances	39,879	32,627	18,721	22,342
		312,480	167,414	183,832	71,302

16 TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise associates, directors, major shareholders of the Company, key management personnel and employee's retirement funds. Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these condensed interim financial statements are as follows:

Nature of transaction	(Un-audited)		(Un-audited)	
	Half year ended		Quarter Ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	----- Rupees in '000 -----			
<i>Transactions with associates</i>				
Sale of goods	2,857,686	789,016	2,058,174	568,755
Purchases	30,444	-	2,365	-
Marketing fee	867,361	904,049	458,354	493,020
Lease rental paid	119,687	-	49,167	-
Rent expense	6,257	-	3,082	-
Donation	985	-	985	-
<i>Transaction with directors</i>				
Meeting fee	7,520	6,510	2,920	2,610
<i>Transaction with key management personnel</i>				
Remuneration paid	33,646	27,905	17,519	14,737
Post-employment benefits	1,840	1,572	945	785
<i>Transaction with other related party</i>				
Contribution to staff provident fund	65,370	70,815	32,603	34,666
Contribution to staff gratuity fund	145,537	-	72,769	-

17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks. These condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2020. There have been no change in any risk management policies since June 30, 2021.

18 FAIR VALUE OF ASSETS AND LIABILITIES

There were no transfers amongst level of fair value analysis of financial assets and liabilities during the period.

19 OPERATING SEGMENTS

- These condensed interim financial statements have been prepared on the basis of a single reportable segment.

- Revenue from export sales represents 99% (December 31, 2020: 99%) of the total gross revenue of the Company.

- All non-current assets of the Company as at December 31, 2021 and 2020 are located in Pakistan.

- Sales made by the Company to its two major customers during the period constituted 51% (December 31, 2020: 61%) of total sales.

20 DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on February 28th, 2022 by the Board of Directors of the Company.

21 GENERAL

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

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

Javeria Siddiqui
Chief Financial Officer

Rehan Rahman
Chief Executive Officer

Aminah Zahid Zaheer
Director