



FEROZE1888 MILLS LTD

Manufacturers and Exporters of Specialized Yarn & Textile Products

Weaving a Better World®

Strength in Diversity, Success in Resilience

**Condensed Interim Financial Statements for the Half Year Ended
December 31, 2023**



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Company Information

Board of Directors

Mr. Abdul Rehman Yaqub	Chairman
Mr. Shabbir Ahmed	Non-Executive Director
Mr. Khaleequr Rahman	Non-Executive Director
Mr. Perwez Ahmed	Non-Executive Director
Mr. Anas Rahman	Non-Executive Director
Mr. Temoor Ashraf Mukaty	Non-Executive Director
Mr. Zain Ashraf Mukaty	Non-Executive Director
Mr. Moin M. Fudda	Independent Director
Ms. Huma Pasha	Independent Director
Ms. Aminah Zahid Zaheer	Independent Director
Mr. Rehan Rahman	Chief Executive Officer

Board Audit Committee

Mr. Moin M. Fudda	Chairman
Mr. Khaleequr Rahman	Member
Mr. Temoor Ashraf Mukaty	Member
Ms. Aminah Zahid Zaheer	Member

Board HR & Remuneration Committee

Ms. Aminah Zahid Zaheer	Chairperson
Mr. Moin M. Fudda	Member
Mr. Zain Ashraf Mukaty	Member

Chief Financial Officer

Ms. Javeria Siddiqui

Company Secretary

Bankers

Bank Al Habib Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Meezan Bank Limited
Standard Chartered Bank
Bank Alfalah Limited
Allied Bank Limited
BankIslami Pakistan Limited

External Auditors

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

Internal Auditors

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

Registered Office

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

Office Building

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

Factory Addresses

Sindh:

- H-23/4-A, H-23/4-B, H-23/4-B1 and H-23/3-II, Scheme No. 3, Landhi Industrial Area, Karachi
- Plot # B-4A, SITE, Karachi.
- Plot # A-5/D and A-5/D1, 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 # PL-15, North Karachi Industrial Area, Karachi.
- Plot # ST-03, North Karachi Industrial Area, Karachi.
- Plot # 342/A, Haroonabad, SITE, Karachi.
- Survey # 81, 242, 72 to 75, 165, 166, 171, 172, 176 to 181, 186 to 190, 156, 210, 211, 243, Deh Moachko, Tapo Gabopat, Keamari Town, Karachi.

Baluchistan:

Plot# D-12 to D-20, K-1 to K-3, M-34, M-30
(Survey 564) and M34 (Survey # 564, 84/1, 85, 86 & 89/1)
HITE, Hub, Lasbela,

Legal Advisor

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

Share Registrar / Transfer Agent

FAMCO Associates (Pvt.) Ltd
8-F, Next to Hotel Faran Nursery, Block-6,
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 2023.

ECONOMIC OVERVIEW

The global economy seems to begin the final descend towards a soft landing, with inflation declining steadily and growth holding up. At the start of 2023, economists generally reckoned that a recession was due that year - instead, global GDP grew by about 3%. The early signs suggest progress is continuing at the same rate this year also. However, the outbreak of the conflict in Middle East would persistently impact geopolitics and geo-economics throughout 2024.

The year 2023 for Pakistan, was no different than previous years - economic and political crises stemming from long-standing failure to undertake meaningful structural reforms. The economy has consistently lagged behind on the global scale, with the previous year marking one of its worst performances. Finally, entered into a nine months Stand-by Arrangement (SBA) with the IMF worth US\$3 billion at the end of June 2023. Arrangements with IMF, typically come with conditions such as fiscal austerity measures, structural reforms, and monetary tightening - intended to restore macroeconomic stability. However, these measures often lead to short-term pain, including higher inflation and increased poverty due to reduced government spending and withdrawal of subsidies.

Going forward, according to the recent report titled "World Economic Situation and Prospects (WESP) 2024" by the United Nations (UN), Pakistan is projected to experience "moderate economic growth" of 2.0% in 2024. This growth is anticipated to accelerate to 2.4% by 2025. The report indicates that Pakistan's economy expanded by 1.7% in 2023 and in the future, the inflation rate in Pakistan is anticipated to decline.

Focus on rationality and the prioritization of addressing structural imbalances in the economy is the way forward in the face of formidable challenges posed by both local and global headwinds.

INDUSTRY OVERVIEW

Textile industry is the single largest contributor to Pakistan's foreign exchange earnings, accounting for over half of total exports and is perceived as the primary catalyst for the revitalization of the Country's economy, which is currently jolted by high cost of doing business – back-to-back unprecedented utility cost increases and ballooned financial charges. The situation is challenging and in case it persists it would exacerbate the Country's problems on the external account.

During this critical period, textile exports have not shown much improvement compared to the previous corresponding period. In fact, in dollar terms, they are down by 4.97% in Jul-Dec on year-on-year basis. During the period, Pakistan earned \$8.28 billion from textile and apparel exports, compared to exports of \$8.71 billion in July-December last year. Among textiles, cotton yarn exports increased by 54.25% to \$588.53 million as against exports of \$381.55 million during the corresponding period of 2022. Specifically, exports of towel went up by only 1.72% in dollar terms and were valued at \$500.13 million during the period under review.

REVIEW OF OPERATING RESULTS

A brief overview of performance of your Company for the six months ended 31st December 2023 is stated below:

Statement of Profit or Loss for the Half year ended:

	December 2023	December 2022
	----- (Rupees in '000) -----	
Sales- net	34,838,129	23,263,105
Gross profit	6,217,593	4,797,091
Profit before taxation	971,235	3,086,354
Profit after taxation	465,176	2,735,847
EPS (Rs/Share)	1.16	6.85

The Company's profit after tax for the half year has decreased by Rs. 2,270 million i.e. by 82% in comparison with the corresponding period of last year in spite of increase in the Company's net sales revenue. The decrease in post-tax profits can largely be attributed to elevated finance and energy cost, compounded by exchange loss in contrast of a gain in the corresponding period.

FUTURE OUTLOOK

Given the forecast of Pakistan's economy in 2024, it is imperative to place significant emphasis on economic reforms. It is crucial for the incoming administration, following the recent General Elections, to prioritize and execute strong economic policies by focusing on short and medium-term reforms.

FY2024 paints a complex picture for Pakistan, contrasting modest economic growth projections with a tapestry of challenges, including inflationary pressures, currency depreciation, and high levels of sovereign debt.

The situation is expected to remain challenging for the textile industry at large and for the Company as well. The focus is on high service delivery with maintaining close coordination with the customers along with efforts to remain cost competitive - to protect the current levels of business whilst to capitalize on the arising opportunities.

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 Rehman
Chief Executive Officer

Abdul Rehman Yaqub
Director

Karachi
Date: February 28, 2024

ڈائریکٹرز رپورٹ

۳۱ دسمبر ۲۰۲۳ء کو اختتام پذیر ششماہی سال کی کارکردگی کا جائزہ اور غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے ہم آزد مسرور ہیں۔

اقتصادی جائزہ

عالمی معیشت بظاہر بہتری کی طرف گامزن ہوئی ہے، مہنگائی میں بندرتیج کمی اور ترقی میں اضافہ ہوتا نظر آ رہا ہے۔ ۲۰۲۳ء کے شروع میں ماہر اقتصادیات کی جانب سے اس سال جی ڈی پی میں انحطاط متوقع تھی، لیکن اس کے برعکس عالمی جی ڈی پی تقریباً ۳ فیصد بڑھ گئی۔ عالمی علامات یہ ظاہر کرتی ہیں کہ اس سال بھی پیش رفت اسی رفتار سے جاری رہے گی۔

پاکستان کے لیے سال ۲۰۲۳ پچھلے سالوں سے مختلف نہیں تھا۔ وہی معاشی و سیاسی بحرانات جو بروقت اور مستحکم بنیادوں پر اصلاحات نہ ہونے کی بناء پر طویل عرصے سے درپیش ہیں۔ بالآخر، جون ۲۰۲۳ء کے اختتام پر آئی ایم ایف کے ساتھ نو ماہ کے اسٹینڈ بائے ارجمٹ (SBA) برائے ۳ بلین امریکی ڈالر کا معاہدہ تکمیل پایا۔ آئی ایم ایف کے معاہدات عموماً سخت مالی اور انتظامی اصلاحات کے ساتھ مشروط ہوتے ہیں، جن کا مقصد معیشت کو عمومی اور وسیع سطح پر مستحکم کرنا ہوتا ہے۔ تاہم ان شرائط کے نتیجے میں حکومت کی جانب سے اخراجات میں کمی اور سبسڈی کا اجراء نہ ہونے کے باعث مہنگائی اور غربت میں اضافہ ہوتا ہے، اور یوں یہ اقدامات کچھ عرصے کے لیے تکلیف اور پریشانی کا باعث بنتے ہیں۔

مزید برآں، اقوام متحدہ (UN) کی تازہ ترین رپورٹ بعنوان "عالمی اقتصادی صورتحال اور امکانات" (WESP) کے مطابق سال ۲۰۲۳ء میں پاکستان کی معیشت میں ۲ فیصد معتدل اقتصادی ترقی کا امکان ہے۔ سال ۲۰۲۵ء میں یہ امکان ۲.۴ فیصد ہے۔ رپورٹ میں بتایا گیا ہے کہ ۲۰۲۳ء میں پاکستان کی معیشت میں ۱.۷ فیصد کی رفتار سے اضافہ ہوا، اور مستقبل میں پاکستان میں افراط زر کی شرح میں کمی متوقع ہے۔

موجودہ حالات اور معیشت کو درپیش مسائل کو ترجیحی بنیادوں پر حل کرنا اور عملی اقدامات کا نفاذ، واحد راستہ ہے جو ملکی اور بین الاقوامی چیلنجز کا سامنا کرنے میں مددگار ہو سکتا ہے۔

صنعتی جائزہ

ٹیکسٹائل کی صنعت پاکستان میں زرمبادلہ کے حصول کا سب سے بڑا ذریعہ ہے، جو کل برآمدات میں نصف سے زیادہ حصہ رکھتی ہے اور جسے ملکی معیشت کی بحالی اور استحکام کے لئے سب سے اہم اور مؤثر ذریعہ سمجھا جاتا ہے۔ اس وقت یہی صنعت بڑھتی ہوئی کاروباری لاگت، توانائی کی قیمتوں میں مسلسل اضافے اور کثیر مالیاتی شرح کے باعث شدید متاثر ہے۔ یہ صورتحال انتہائی مشکل ہے اور اگر اسی طرح برقرار رہی تو بیرونی کھاتوں کے حوالے سے ملکی مسائل کو مزید بڑھا دے گی۔

اس نازک دور میں ٹیکسٹائل کی برآمدات میں گزشتہ سال کے اسی عرصے کے مقابلے میں زیادہ بہتری نہیں آئی۔ درحقیقت، ڈالر کے لحاظ سے، سال بہ سال کی بنیاد پر، جولائی-دسمبر میں ان میں ۴.۹ فیصد کمی واقع ہوئی ہے۔ اس عرصے کے دوران پاکستان نے ٹیکسٹائل اور ملبوسات کی برآمدات سے ۸.۲۸ بلین ڈالر کمائے، جب کہ گزشتہ سال جولائی تا دسمبر میں ۸.۷۱ بلین ڈالر کی برآمدات کی تھیں۔ ٹیکسٹائل میں سوتی دھاگے کی برآمدات ۵۴.۲۵ فیصد سے بڑھ کے ۵۸۸.۵۳ بلین ڈالر تک پہنچ گئیں جو کہ ۲۰۲۲ء کی اسی مدت کے دوران ۳۸۱.۵۵ بلین ڈالر تھیں۔ زیر جائزہ مدت میں خاص طور پر تیلے کی برآمدات میں ڈالر کے لحاظ سے صرف ۲.۷ فیصد اضافہ ہوا اور اس کی مالیت ۵۰۰.۱۳ بلین ڈالر رہی۔

کارکردگی کا جائزہ

۳۱ دسمبر ۲۰۲۳ء کو ختم ہونے والی ششماہی کی کارکردگی کا مختصر جائزہ درج ذیل ہے:

Statement of Profit or Loss for the Half year ended

	December 2023	December 2022
	------(Rupees in '000)-----	
Sales-Net	34,838,129	23,263,105
Gross profit	6,217,593	4,797,091
Profit before taxation	971,235	3,086,354
Profit after taxation	465,176	2,735,847
EPS (Rs/Share)	1.16	6.85

کمپنی کی خالص فروخت آمدنی میں اضافے کے باوجود موجودہ ششماہی میں بعد از ٹیکس منافع میں ۲۷۰ ملین روپے کی کمی ہوئی ہے، یعنی گزشتہ سال کی اسی مدت کے مقابلے میں ۸۲ فیصد کمی ہوئی ہے۔ بعد از ٹیکس منافع میں کمی کی وجہ بڑی حد تک مالیاتی شرح اور توانائی کی الاگت میں اضافہ ہے، جو کہ اسی مدت کے دوران زرمبادلہ کے خسارے کی وجہ سے اور بڑھ گیا ہے۔

مستقبل پر نظر

۲۰۲۳ میں پاکستانی معیشت کے آثار دیکھتے ہوئے معاشی اصلاحات پر خصوصی توجہ دینا ناگزیر ہے۔ حالیہ عام انتخابات کے بعد آنے والی انتظامیہ کے لیے مختصر اور درمیانی مدت کی اصلاحات پر توجہ مرکوز کرتے ہوئے مضبوط اقتصادی اصلاحات کا نفاذ اور ان پر عمل درآمد کرنا از حد ضروری ہے۔

مالی سال ۲۰۲۳ پاکستان کے لیے ایک پیچیدہ منظر نامہ پیش کرتا ہے، جس میں معتدل اقتصادی ترقی کے مقابلے میں مسائل کے انبار بشمول افراط زر کے دباؤ، روپے کی قدر میں کمی اور بیرونی قرضوں میں اضافہ شامل ہے۔

حالیہ صورتحال نیکسٹل کی صنعت اور خود کمپنی کے لیے بھی بے حد مشکل ہے۔ ہماری بھرپور توجہ اس امر پر مرکوز ہے کہ صارفین کے ساتھ تعاون اور ہم آہنگی، مسابقتی قیمت اور خدمات کی اعلیٰ ترین سطح کو برقرار رکھتے ہوئے، کاروباری سرگرمیوں کو جاری و ساری رکھنے کے لیے ہر ممکن موقع سے بھرپور فائدہ اٹھایا جاسکے۔

آظہار تشکر

ہم حصص یافتگان، صارفین اور کاروباری شراکت داروں کے انتہائی مشکور ہیں جن کے بھروسے اور مسلسل تعاون نے کمپنی کو مطلوبہ اور بہترین نتائج کے حصول کی کوششوں کو جاری رکھنے کا عزم دیا۔ ہم کمپنی کے تمام ملازمین کی بہترین اور بھرپور کوششوں کے لیے تہ دل سے مشکور ہیں۔

برائے اور محتاجانہ بورڈ آف ڈائریکٹرز

عبدالرحمن یعقوب
ڈائریکٹر

ریحان رحمن
چیف ایگزیکٹو آفیسر

کراچی

تاریخ ۲۸ فروری ۲۰۲۳



EY Ford Rhodes
Chartered Accountants
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P.O. Box 15541, Karachi 75530
Pakistan

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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 2023** 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 half year 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 quarter ended 31 December 2023 have not been reviewed, as we are required to review only the cumulative figures for the half year ended 31 December 2023.

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 Arslan Khalid.

Chartered Accountants

Place: Karachi

Date: 29 February 2024

UDIN Number: RR202310191Y2RGwX5It

Feroze1888 Mills Limited
Condensed Interim Statement of Financial Position (Un-audited)
As at December 31, 2023

		Un-audited December 31, 2023	Audited June 30, 2023
	Note	----- (Rupees in '000) -----	
ASSETS			
Non-current assets			
Property, plant and equipment	4	35,420,993	33,939,059
Intangible assets		69,816	11,533
Long term deposits		93,108	87,024
		<u>35,583,917</u>	<u>34,037,616</u>
Current assets			
Store and spares		2,887,695	1,789,066
Stock-in-trade	5	20,228,979	15,449,584
Trade debts	6	13,733,002	14,389,491
Advances, deposits, prepayments and other receivables		4,717,471	6,222,042
Taxation - net		335,521	455,780
Short-term investments	7	-	4,362,587
Cash and bank balances		468,286	1,336,630
		<u>42,370,954</u>	<u>44,005,180</u>
Total assets		<u><u>77,954,871</u></u>	<u><u>78,042,796</u></u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital		4,000,000	4,000,000
400,000,000 (June 30, 2023: 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		3,994,090	3,994,090
Capital reserves		2,115,146	2,115,146
Revaluation surplus on property, plant and equipment		3,010,172	3,010,172
Revenue reserve		24,484,898	27,566,474
		<u>33,604,306</u>	<u>36,685,882</u>
Liabilities			
Non-current liabilities			
Deferred liability - Staff Gratuity		1,532,305	1,427,225
Long term financing	8	7,177,529	7,839,253
Provision for Gas Infrastructure Development Cess		-	127,082
Lease liabilities		305,969	455,578
		<u>9,015,803</u>	<u>9,849,138</u>
Current liabilities			
Trade and other payables	9	13,232,976	13,201,039
Short term borrowings	10	19,274,425	15,900,000
Accrued mark-up		877,871	670,983
Current portion of lease liabilities		273,001	240,380
Current portion of long term financing		1,673,990	1,493,196
Unclaimed dividend		2,499	2,178
		<u>35,334,762</u>	<u>31,507,776</u>
CONTINGENCIES AND COMMITMENTS	11		
Total equity and liabilities		<u><u>77,954,871</u></u>	<u><u>78,042,796</u></u>

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

Chief Financial Officer

Chief Executive Officer

Director

Feroze1888 Mills Limited
Condensed Interim Statement of Profit or Loss (Un-audited)
For the half year ended December 31, 2023

	Note	Half year ended		Quarter ended	
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
		----- (Rupees in '000) -----			
Sales - net		34,838,129	23,263,105	17,139,170	14,249,355
Cost of sales	12	(28,620,536)	(18,466,014)	(14,626,303)	(11,458,050)
Gross profit		6,217,593	4,797,091	2,512,867	2,791,305
Administrative cost		(676,466)	(473,249)	(327,426)	(255,041)
Distribution cost		(2,448,382)	(1,794,393)	(1,155,839)	(1,027,897)
Other expenses	13	(523,396)	(215,101)	(379,838)	(109,729)
		(3,648,244)	(2,482,743)	(1,863,103)	(1,392,667)
		2,569,349	2,314,348	649,764	1,398,638
Other income	14	190,753	1,505,284	12,966	167,981
Operating profit		2,760,102	3,819,632	662,730	1,566,619
Finance cost		(1,788,867)	(733,278)	(974,082)	(442,600)
Profit / (loss) before taxation		971,235	3,086,354	(311,352)	1,124,019
Taxation		(506,059)	(350,507)	(229,382)	(154,378)
Profit / (loss) after taxation		465,176	2,735,847	(540,734)	969,641
Earning / (loss) per share basic and diluted (Rupees)		1.16	6.85	(1.36)	2.43

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

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Chief Financial Officer

Chief Executive Officer

Director

Feroze1888 Mills Limited
Condensed Interim Statement of Comprehensive Income (Un-audited)
For the half year ended December 31, 2023

	Half year ended		Quarter ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	----- (Rupees in '000) -----			
Profit / (loss) after taxation	465,176	2,735,847	(540,734)	969,641
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss) for the period	465,176	2,735,847	(540,734)	969,641

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

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Chief Financial Officer

Chief Executive Officer

Director

Feroze1888 Mills Limited
Condensed Interim Statement of Changes in Equity (Un-audited)
For the half year ended December 31, 2023

	Capital reserve		Revaluation surplus on property, plant and equipment	Revenue reserve	Total	
	Share capital	Amalgamation reserve		Share premium		Accumulated profit
	----- (Rupees '000) -----					
Balance as at June 30, 2022 (Audited)	3,994,090	543,413	1,571,733	3,010,172	20,813,916	29,933,324
Final cash dividend for the year ended June 30, 2022 @ Rs. 2.91 per share	-	-	-	-	(1,162,280)	(1,162,280)
Profit after taxation	-	-	-	-	2,735,847	2,735,847
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period ended December 31, 2022	-	-	-	-	2,735,847	2,735,847
Balance as at December 31, 2022	3,994,090	543,413	1,571,733	3,010,172	22,387,483	31,508,891
Balance as at June 30, 2023 (Audited)	3,994,090	543,413	1,571,733	3,010,172	27,566,474	36,685,882
Final cash dividend for the year ended June 30, 2023 @ Rs. 8.88 per share	-	-	-	-	(3,546,752)	(3,546,752)
Profit after taxation	-	-	-	-	465,176	465,176
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period ended December 31, 2023	-	-	-	-	465,176	465,176
Balance as at December 31, 2023	3,994,090	543,413	1,571,733	3,010,172	24,484,898	33,604,306

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

Chief Financial Officer

Chief Executive Officer

Director

Feroze1888 Mills Limited
Condensed Interim Statement of Cash Flows (Un-audited)
For the half year ended December 31, 2023

	December 31, 2023	December 31, 2022
CASH FLOW FROM OPERATING ACTIVITIES	----- (Rupees in '000) -----	
Profit before taxation	971,235	3,086,354
Adjustment for:		
Depreciation:		
- Operating fixed assets	1,301,828	1,057,082
- Right of use assets	123,996	110,955
Amortization	2,989	3,185
Write-off of property, plant and equipment	19,557	879
Finance cost	1,788,867	757,332
Provision for gratuity	193,267	121,026
Reversal of expected credit loss	(145)	24,644
Reversal of provision against doubtful advances	-	(1,461)
Provision for slow moving, obsolete stores and spares - net	11,146	17,347
Interest on bank deposit	(29,869)	(25,535)
Dividend income on open ended mutual fund units	(157,099)	(461,211)
Gain on disposal of property, plant and equipment - net	(3,640)	(3,734)
	3,250,897	1,600,509
(Increase) / decrease in current asset		
Stores and spares	(1,109,775)	(112,344)
Stock in trade	(4,779,395)	(7,604,666)
Trade debt	656,634	(2,354,738)
Advances, deposits, prepayments and other receivables	1,504,568	(4,140,106)
	(3,727,968)	(14,211,854)
(Increase) / decrease in current liability		
Trade and other payables	(97,026)	4,602,021
Net cash generated from / (used in) operations	397,138	(4,922,969)
Finance cost paid	(1,536,227)	(449,083)
Income tax paid	(385,800)	(430,753)
Gratuity paid	(34,614)	(50,988)
Long term deposits paid	(6,084)	(12,283)
Net cash used in operating activities	(1,565,587)	(5,866,076)
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(2,994,392)	(5,468,376)
Proceeds from disposal of operating fixed assets	9,445	9,272
Short-term investments redeemed	4,519,686	8,626,545
Interest income received	29,869	25,535
Net cash generated from investing activities	1,564,608	3,192,976
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(3,546,431)	(1,065,227)
Principal portion of lease liabilities paid	(162,740)	(213,917)
Short term borrowings obtained – net	3,374,425	1,985,955
Long term finance (paid) / obtained – net	(532,619)	1,066,343
Net cash (used in) / generated from financing activities	(867,365)	1,773,154
Net decrease in cash and cash equivalent	(868,344)	(899,946)
Cash and cash equivalent at beginning of the period	1,336,630	1,529,044
Cash and cash equivalent at end of the period	468,286	629,098

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

Chief Financial Officer

Chief Executive Officer

Director

Feroze1888 Mills Limited
Notes to the Condensed Interim Financial Statements (Un-audited)
For the half year ended December 31, 2023

1 THE COMPANY AND ITS OPERATIONS

Feroze1888 Mills Limited (the Company) was incorporated in Pakistan as a Public Limited Company in October 1972. The shares of the Company are quoted on Pakistan Stock Exchange Limited. The Company is principally engaged in the production and export of specialized yarn and textile products. 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. 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, 2023. 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 these condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended December 31, 2023 and December 31, 2022 and notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the cumulative figures for the half year ended December 31, 2023 and December 31, 2022.

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, 2023 except for the adoption of amendments to approved accounting standards which became effective for the current period as disclosed below:

2.3 Adoption of amendments to accounting standards effective during the period.

The Company has adopted the following amendments to International Financial Reporting Standards which became effective for the current period:

- IAS 8 - Definition of Accounting Estimates (Amendments)
- IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies (Amendments)
- IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)
- IAS 12 - International Tax Reform - Pillar Two Model Rules (Amendments)

The above amendments did not have a material impact on the Company's condensed interim financial statements.

3 ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these condensed interim financial statements is in conformity with the approved accounting standards as applicable in Pakistan which 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 income and expenses.

Estimates and judgments 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, 2023.

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.

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	Note	(Un-audited)	(Audited)
		December 31, 2023	June 30, 2023
----- Rupees in '000 -----			
4 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	26,639,901	26,468,501
Capital work-in-progress	4.2	8,303,495	6,868,965
Right of use asset		477,597	601,593
		<u>35,420,993</u>	<u>33,939,059</u>
4.1 Operating fixed assets			
Balance at the beginning of the period / year		26,468,501	19,830,208
Addition during the period / year	4.1.1	1,498,590	9,043,638
		<u>27,967,091</u>	<u>28,873,846</u>
Disposals / write-offs during the period / year - NBV	4.1.1	(25,362)	(16,116)
Depreciation charged during the period / year		(1,301,828)	(2,389,229)
		<u>(1,327,190)</u>	<u>(2,405,345)</u>
Balance at the end of the period / year		<u>26,639,901</u>	<u>26,468,501</u>

4.1.1 Details of addition and disposal are as follows:

	Additions (Cost)		Disposal / write-offs (NBV)	
	(Un-audited) December 31, 2023	(Audited) June 30, 2023	(Un-audited) December 31, 2023	(Audited) June 30, 2023
----- Rupees in '000 -----				
Land - Leasehold	2,610	34,564	-	-
Building on leasehold land	1,201,944	3,820,581	-	-
Lease hold Improvement	-	1,767	-	-
Plant and machinery	222,931	4,665,303	(20,719)	(7,239)
Electric fittings / equipments	6,961	344,735	(500)	(24)
Office equipments	25,362	70,366	(1,953)	(577)
Computers	13,311	35,561	(439)	(531)
Furniture and fixtures	14,129	37,578	(859)	(87)
Vehicles	11,342	33,183	(892)	(7,658)
	<u>1,498,590</u>	<u>9,043,638</u>	<u>(25,362)</u>	<u>(16,116)</u>

	(Un-audited)	(Audited)
	December 31, 2023	June 30, 2023
----- Rupees in '000 -----		
4.2 Capital work-in-progress		
Balance at the beginning of the period / year	6,800,169	7,366,331
Addition during the period / year	2,423,097	8,063,952
	<u>9,223,266</u>	<u>15,430,283</u>
Transferred to operating fixed assets / expenses	(1,322,087)	(8,630,114)
	<u>7,901,179</u>	<u>6,800,169</u>
Advance against fixed assets	357,693	44,867
Stand-by equipments	44,623	23,929
Balance at the end of the period / year	<u>8,303,495</u>	<u>6,868,965</u>



5	STOCK-IN-TRADE	Note	(Un-audited)	(Audited)
			December 31, 2023	June 30, 2023
			----- Rupees in '000 -----	
	Raw material in:			
	- hand	5.1	11,022,422	7,903,120
	- transit		<u>204,471</u>	<u>286,317</u>
			<u>11,226,893</u>	<u>8,189,437</u>
	Work-in-progress	5.2	5,495,278	4,172,233
	Finished goods	5.3	<u>3,506,808</u>	<u>3,087,914</u>
			<u>20,228,979</u>	<u>15,449,584</u>

5.1 Includes items costing Rs. 36.95 million (June 30, 2023: Rs. 24.86 million) which have been valued at their net realizable value of Rs. 15.32 million (June 30, 2023: Rs. 9.25 million).

5.2 Includes items costing Rs. 70.30 million (June 30, 2023: Rs. 31.51 million) held at WIP stores which have been valued at their net realizable value of Rs. 31.60 million (June 30, 2023: Rs. 13.64 million).

5.3 Includes items costing Rs. 1,563.74 million (June 30, 2023: Rs.1,236.26 million) which have been valued at their net realizable value of Rs.881.80 million (June 30, 2023: Rs. 859.14 million).

6	TRADE DEBTS	Note	(Un-audited)	(Audited)
			December 31, 2023	June 30, 2023
			----- Rupees in '000 -----	
	Exports			
	Considered good	6.1	13,562,668	14,289,516
	Considered doubtful		<u>69,145</u>	<u>69,289</u>
			<u>13,631,813</u>	<u>14,358,805</u>
	Allowance for expected credit loss		<u>(69,145)</u>	<u>(69,289)</u>
			<u>13,562,668</u>	<u>14,289,516</u>
	Local			
	Considered good		<u>170,334</u>	<u>99,975</u>
			<u>13,733,002</u>	<u>14,389,491</u>

6.1 This include an amount of Rs.1,328.70 million (June 30, 2023: Rs.1,122.35 million) due from 1888 Mills LLC (a related party).

7 SHORT TERM INVESTMENTS

The company held investments in Open Ended Shariah Compliant mutual funds which were fully redeemed during the period.

8	LONG TERM FINANCING	Note	(Un-audited)	(Audited)
			December 31, 2023	June 30, 2023
			----- Rupees in '000 -----	
	Long Term Finance Facility (LTFF)	8.1	3,218,122	3,742,255
	Temporary Economic Refinance Facility (TERF)	8.2	5,268,659	5,344,780
	Renewable Solar Financing Scheme	8.3	364,738	245,414
	Less: Current portion		<u>(1,673,990)</u>	<u>(1,493,196)</u>
			<u>7,177,529</u>	<u>7,839,253</u>

8.1 Represent financing facilities obtained from various conventional and Islamic banks for import of machinery under LTFF Scheme by State Bank of Pakistan (SBP) repayable in four, five, six and eight years through semi-annually and quarterly installments latest by October 2032. These carry mark-up at the SBP rate plus spread ranging from 0.45% to 1% (June 30, 2023: 0.45% to 1%) per annum. These facilities are secured against specific charge on plant and machinery of the Company.

8.2 Represent financing facilities obtained from various conventional and Islamic banks for import of machinery under TERF Scheme by SBP repayable in five, six and eight years through semi-annually and quarterly installments latest by September 2032 and has been recognized at present value discounted at the effective rate of interest. These carry mark-up at the SBP rate plus spread ranging from 0.75% to 1% (June 30, 2023: 0.75% to 1%) per annum. The differential markup has been recognized as government grant which will be amortized over the period of facility. These facilities are secured against specific charge on plant and machinery of the Company.

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- 8.3 Represent financing facilities obtained during the year from a conventional bank for SBP financing scheme for renewable energy (scheme) repayable in 16 equal half yearly installments and has been recognised at present value discounted at the effective rate of interest. These carry mark-up at the rate of SBP rate plus spread 0.50% per annum (June 30, 2023: 0.5%). These are secured against specific hypothecation charge over related plant and machinery of the Company. As of December 31, 2023, unutilized portion for this facility is Rs. 420 million (June 30, 2023: Rs. 540 million).

	Note	(Un-audited)	(Audited)
		December 31, 2023	June 30, 2023
----- Rupees in '000 -----			
9 TRADE AND OTHER PAYABLES			
Creditors		5,697,341	5,539,714
Accrued liabilities	9.1	5,639,264	5,499,435
Workers' Profits Participation Fund		24,637	450,751
Workers' Welfare Fund		74,076	46,540
Contract liabilities		75,147	92,481
Payable to provident fund		36,054	32,505
Current portion of Gas Infrastructure Development Cess		1,524,979	1,397,897
Current portion of government grant		114,632	112,751
Others		46,846	28,965
		<u>13,232,976</u>	<u>13,201,039</u>

- 9.1 This includes an amount of Rs. 539.78 million (June 30, 2023: Rs.539.78 million) in respect of Gas tariff provision and Rs.300.45 million (June 30, 2023: Rs.296.45 million) in respect of Re-Gasified Liquefied Natural Gas provision.

	Note	(Un-audited)	(Audited)
		December 31, 2023	June 30, 2023
----- Rupees in '000 -----			
10 SHORT TERM BORROWINGS			
Export re-finance			
Conventional	10.1	13,579,000	10,900,000
Islamic	10.2	5,150,000	5,000,000
Finance against Packing Credit (FAPC)	10.3	150,000	-
Running finance	10.4	395,425	-
		<u>19,274,425</u>	<u>15,900,000</u>

- 10.1 These carry mark-up at the rates ranging from SBP Export refinance rate plus 0.25% to 1% (June 30, 2023: 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. The total limit of the facility amounts to Rs. Rs. 13,671 million (June 30, 2023 Rs. 12,900 million).

- 10.2 These carry mark-up at SBP Export refinance rate plus 1% (June 30, 2023: SBP Export refinance rate plus 1%) per annum. These are secured against first pari passu charge over stock-in-trade, receivables and other current assets of the Company. The total limit of the facility amounts to Rs. Rs. 5,150 million (June 30, 2023 Rs. 6,300 million).

- 10.3 These carry mark-up at Kibor minus 1% per annum. These are secured against first pari passu charge over stock-in-trade, receivables and other current assets of the Company. The total limit of the facility amounts to Rs. Rs. 150 million (June 30, 2023 Rs. Nil).

- 10.4 These carry mark-up at Kibor plus 0.08% per annum. These are secured against first pari passu charge over stock-in-trade, receivables and other current assets of the Company. The total limit of the facility amounts to Rs. Rs. 1,980 million (June 30, 2023 Rs. 230 million).

11 CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

No contingencies exist as at 31 December 2023 and 30 June 2023.

	Note	(Un-audited)	(Audited)
		December 31, 2023	June 30, 2023
----- Rupees in '000 -----			
11.2 Commitments			
Outstanding letter of credit		1,684,541	2,552,186
Outstanding letter of guarantee		2,164,134	2,113,825
Capital expenditure & Stores and Spares		639,768	1,452,869
Post dated cheques	11.2.1	18,632,200	19,587,716

- 11.2.1 These represent the post dated cheques issued to Custom Authorities in respect of duties on imported items.

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Feroze1888 Mills Limited

		(Un-audited) Half year ended		(Un-audited) Quarter Ended	
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
		----- Rupees in '000 -----			
12	COST OF SALES				
	Opening stock of finished goods	3,087,914	2,744,841	2,670,603	2,924,588
	Add: Cost of goods manufactured	29,039,430	19,925,894	15,462,508	12,738,182
		<u>32,127,344</u>	<u>22,670,735</u>	<u>18,133,111</u>	<u>15,662,770</u>
	Less: Closing stock of finished goods	(3,506,808)	(4,204,720)	(3,506,808)	(4,204,720)
		<u>28,620,536</u>	<u>18,466,015</u>	<u>14,626,303</u>	<u>11,458,050</u>

		(Un-audited) Half year ended		(Un-audited) Quarter Ended	
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
		----- Rupees in '000 -----			
12.1	Cost of goods manufactured				
	Raw material consumed	16,926,598	12,872,750	8,516,466	8,548,338
	Stores and spares consumed	3,844,664	2,739,959	2,131,084	1,718,533
	Salaries, wages and other benefits	4,665,228	3,244,559	2,289,465	1,839,209
	Fuel, power and water	3,189,590	1,603,116	1,839,280	927,036
	Insurance expense	44,205	28,200	28,853	3,792
	Repair and maintenance	124,359	63,366	96,681	44,073
	Communication and transportation	110,044	75,161	63,841	46,736
	Rent, rates and taxes	6,759	7,372	1,963	6,947
	Depreciation	1,369,096	1,116,404	701,121	564,809
	Amortization	2,989	3,185	1,494	1,593
	Quality control and inspection	63,955	41,707	36,369	26,943
	Other manufacturing expenses	14,988	5,921	10,920	4,403
		<u>30,362,475</u>	<u>21,801,700</u>	<u>15,717,537</u>	<u>13,732,412</u>
	Opening work-in-process	4,172,233	2,511,302	5,240,249	3,392,878
	Closing work-in-process	(5,495,278)	(4,387,108)	(5,495,278)	(4,387,108)
		<u>29,039,430</u>	<u>19,925,894</u>	<u>15,462,508</u>	<u>12,738,182</u>

12.1.1	Raw material consumed				
	Opening stock	8,189,437	4,640,524	11,600,993	7,345,335
	Purchases during the period	19,964,053	17,141,731	8,142,365	10,112,508
		<u>28,153,490</u>	<u>21,782,255</u>	<u>19,743,358</u>	<u>17,457,843</u>
	Less: Closing stock	(11,226,893)	(8,909,505)	(11,226,893)	(8,909,505)
		<u>16,926,597</u>	<u>12,872,750</u>	<u>8,516,465</u>	<u>8,548,338</u>

12.1.2 This includes an amount of Rs. 70.60 million (December 31, 2022: Rs. 53.96 million) in respect of staff provident fund and Rs. 193.27 million in respect of staff gratuity fund (December 31, 2022: Rs.121.03 million).

		(Un-audited) Half year ended		(Un-audited) Quarter Ended	
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
		----- Rupees in '000 -----			
13	OTHER EXPENSES				
	Property, plant and equipment - write-off	19,557	879	19,557	879
	Workers' profit participation fund	24,637	137,711	(26,357)	48,991
	Workers' Welfare Fund	27,568	18,384	13,585	11,280
	Allowance for expected credit loss	-	24,644	-	21,137
	Donations	12,920	12,696	5,220	8,131
	Auditors' remuneration	3,452	3,440	1,832	1,964
	Exchange loss - net	424,126	-	354,855	-
	Provision for slow moving, obsolete stores and spares - net	11,146	17,347	11,146	17,347
		<u>523,396</u>	<u>215,101</u>	<u>379,838</u>	<u>109,729</u>

	(Un-audited)		(Un-audited)	
	Half year ended		Quarter Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
14 OTHER INCOME	----- Rupees in '000 -----			
Gain on disposal of operating fixed asset - net	3,640	3,734	(269)	4,278
Interest on bank deposit and Term Deposit Receipt	29,869	25,535	12,316	10,287
Dividend income on open ended mutual fund units	157,099	461,211	290	168,054
Exchange gain - net	-	1,013,343	-	(16,099)
Reversal of provision against doubtful advances	-	1,461	-	1,461
Reversal of expected credit loss	145	-	629	-
	190,753	1,505,284	12,966	167,981

15 TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise associated companies, directors, major shareholders of the Company, key management personnel and staff provident fund and gratuity fund. 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, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	----- Rupees in '000 -----			
Transactions with associated companies				
Sale of goods	3,443,166	1,380,819	1,917,257	692,950
Purchase of goods and services	9,977	2,787	9,177	2,711
Marketing fee	1,256,685	832,143	591,089	542,244
Lease rentals	124,457	189,114	63,193	75,155
Donation	3,000	1,500	-	1,500
Transaction with directors				
Meeting fee	12,842	5,140	4,405	2,000
Transaction with key management personnel				
Remuneration paid	61,881	41,686	36,707	19,783
Post-employment benefits	3,127	2,356	1,858	1,179
Transaction with other related party				
Contribution to staff provident fund	96,096	76,027	50,606	37,812
Contribution to staff gratuity fund	193,267	121,026	96,633	58,673

16 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, 2023. There have been no change in any risk management policies since June 30, 2023.

17 FAIR VALUE OF ASSETS AND LIABILITIES

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

18 OPERATING SEGMENTS

- These condensed interim financial statements have been prepared on the basis of a single reportable segment.
- Revenue from export sales represents 98% (December 31, 2022: 98%) of the total gross revenue of the Company.
- All non-current assets of the Company as at December 31, 2023 and December 31, 2022 are located in Pakistan.
- Sales made by the Company to its two major customers during the period constituted 50% (December 31, 2022: 56%) of total sales volume.

19 DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on February 28, 2024 by the Board of Directors of the Company.

20 GENERAL

20.1 Corresponding figures have been reclassified / rearranged wherever necessary for better presentation. However, there are no material reclassifications to report in these financial statements, except as disclosed below:

Description	Reclassified		Amount
	From	To	
Reclassification of trade payable balance of 1888 Mills, LLC previously netted off with trade debts	Trade debts	Trade and other payables	1,130,285
Reclassification of current portion of provision for Gas Infrastructure Development Cess	Provision for Gas Infrastructure Development Cess	Trade and other payables	1,397,897

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



Chief Financial Officer

Chief Executive Officer

Director