



# FEROZE1888 MILLS LTD

*Manufacturers and Exporters of Specialized Yarn & Textile Products*

*Weaving a Better World®*

Condensed Interim Financial Statements for the Half Year Ended December 31, 2022



VERILY, WITH EVERY  
**HARDSHIP**  
THERE IS  
**EASE**

Al Quran 94:6

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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	Chairperson
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  
Bank Islami 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.

### Corporate Office

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 # PL-15 & ST-03 North Karachi Industrial  
Area, 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.

#### 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 2022.

### **ECONOMIC OVERVIEW**

The year 2022 brought forth several unforeseen challenges for the global economy even as the World hoped to recover after two years of pandemic - growth lost momentum, high inflation broadened across countries, interest rate increases necessary to curb inflation and heightened financial vulnerabilities. Worsened - Pakistan's economic climate and in the midst of perhaps the most serious crisis in its history, jeopardizing livelihoods of millions.

The Country's economy has been faced with a number of challenges and compounded over the years, including import dependency, high inflation, large fiscal and current account deficits (CAD), and declining foreign exchange reserves. The current combination of various negative factors is likely to lead to an exponential jump in unemployment as well which may have adverse impacts for the society at large.

Being an agronomic Country, the damage to agriculture due to the floods is colossal. The cotton crop has been decimated by almost 40% and other agricultural output is down by 10% to 15%. This has also impacted other sectors via the supply shortages and fall in consumer demand due to the loss of incomes. On top of that, recent import restrictions have had pervasive impacts on although an import based industry however, a source of employment for millions.

The Central bank's foreign exchange reserves decreased to \$3 billion, barely enough to cover three weeks' of imports, while the Country faces its highest inflation levels since 1975. The International Monetary Fund (IMF) has revised upward the inflation rate for Pakistan, i.e. from 19.9% to 21% in 2023, attributing the increase to floods and exchange rate depreciation. The interest rates were raised up to 18% which theoretically could be a response to high inflation however, has yet to achieve the purpose.

Meanwhile, the Government in its bid to stabilize the current dire economic situation - increased fuel prices and removed the cap on the foreign exchange rate recently, leading to a drastic depreciation of the Pak Rupee's value against the US dollar and has plummeted in a few days by almost 20%.

### **INDUSTRY OVERVIEW**

Owing to flash floods in Pakistan, cotton crop for this year has clocked in at under 5 million bales, which is significantly lower than the volume the textile sector consumed last year i.e. 15 million bales. The decrease in an essential raw material for the textile sector is alarming for the cash-strapped economy which is already facing depleting foreign exchange reserves. Further, cotton prices again witnessed an increase to touch Rs. 22,000 per maund.

At the time when every dollar inflow matters, textile exports that comprise nearly 60% of Pakistan's exports - are falling. They are down by 7% to \$8.7 billion in Jul-Dec on year-on-year basis. During the period, Pakistan earned \$8.7 billion from textile and apparel exports, compared to exports of \$9.3 billion in July-December last year. Among textiles, cotton yarn exports decreased by 37.5% to \$381.5 million as against exports of \$610.4 million during the corresponding period of 2021. Specifically, exports of towel also went down by 6.2% and were valued at \$491.6 million during the period under review.

The situation is alarming and in case this downward trend persists it would aggravate the Country's problems on the external account. Some of the reasons cited for the decline are global, such as softened demand in the exporting countries - mainly in the US. There were inventories building up at the buyers' end and, consequently, new orders are dwindling. Further, the volatile political landscape and economic issues are coming into play and preventing the long view and questioning the image of the Country as a trusted supplier in future.

## REVIEW OF OPERATING RESULTS

A brief overview of performance of your Company for the six months ended 31st December 2022 is stated below:

### Statement of Profit or Loss for the Half year ended:

	December 2022	December 2021
	----- (Rupees in '000) -----	
Sales- net	23,263,105	25,081,853
Gross profit	4,797,091	4,663,601
Profit before taxation	3,086,354	2,023,506
Profit after taxation	2,735,847	1,806,649
EPS (Rs/Share)	6.85	4.79

The Company's profit after tax for the half year has increased by Rs.929.2 million i.e. by 51.4% in comparison with the corresponding period of last year in spite of decrease in the Company's net sales revenue the major reason for increase in profit after tax is attributable to exchange gain on realization of export proceeds.

## FUTURE OUTLOOK

As far as global economies are concerned, despite the headwinds outlook is less gloomy and could represent a turning point with growth bottoming out and inflation showing signs of improvement. Pakistan's situation is however, way too different. We have entered 2023 with multiple challenges, including rising debt and further low foreign exchange reserves in addition to the political chaos it went through in 2022.

The economic indicators exhibit a crises situation and Country's international stature has severely been impacted however, economic crisis can lead to transformation through a handful of policies, both short-term and long-term and it may be a blessing in disguise to force all of us to take, and accept, difficult decisions for the collective wellbeing of the Country.

## 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 27, 2023

## ڈائریکٹر رپورٹ

۳۱ دسمبر ۲۰۲۲ء کو اختتام پذیر ششماہی سال کی کارکردگی کا جائزہ، غیر اشتهال شدہ مالیاتی گوشوارے اور محاسبین کی جائزہ رپورٹ پیش خدمت ہے۔

## اقتصادی جائزہ

سال ۲۰۲۲ء عالمی معیشت کے لیے کئی غیر متوقع مسائل لے کر آیا۔ باوجود اس کے کہ دنیا میں دو سال کی وبائی بیماری کے بعد بحالی کی امید ظاہر ہوئی ہے، بڑھتی ہوئی مہنگائی، افراط زر، شرح سود میں اضافہ اور مالیاتی خطرات نے ترقی کو متاثر کیا ہے۔ پاکستان کا معاشی ماحول شاید تاریخ کے سنگین ترین بحران سے گزر رہا ہے جس نے لاکھوں لوگوں کی زندگی کو متاثر کیا ہے۔

ملکی معیشت کو گزشتہ کئی سالوں سے کئی مسائل کا سامنا رہا ہے اور اس میں اضافہ ہی ہوا ہے، جن میں درآمد پر انحصار، بلند افراط زر، بڑے مالیاتی اور کرنٹ اکاؤنٹ خسارے (CAD) اور زر مبادلہ کے کم ہوتے ذخائر شامل ہیں۔ مختلف منفی عوامل کے موجودہ امتزاج سے بے روزگاری میں تیزی سے اضافہ ہونے کا امکان ہے جس کے معاشرے پر بڑے منفی اثرات مرتب ہو سکتے ہیں۔

ایک زرعی ملک ہونے کی حیثیت سے سیلاب کی تباہ کاریوں نے زراعت کو بہت زیادہ نقصان پہنچایا ہے۔ کپاس کی فصل تقریباً ۴۰ فیصد تک تباہ ہو چکی ہے اور دیگر زرعی پیداوار میں ۱۰ فیصد سے ۱۵ فیصد تک کمی واقع ہوئی ہے۔ اس صورتحال نے رسد کی اور آمدنی میں کمی کی وجہ سے صارفین کی طلب میں کمی جیسے عوامل کے ذریعے دیگر شعبوں کو بھی متاثر کیا ہے۔ حالیہ درآمدی پابندیوں نے درآمد پر مبنی صنعت پر جو کہ لاکھوں لوگوں کے لیے روزگار کا ذریعہ ہے کافی منفی اثرات مرتب کئے ہیں۔

مرکزی بینک کے زر مبادلہ کے ذخائر کم ہو کر ۳ بلین ڈالر رہ گئے، جو کہ تین ہفتوں کی درآمدات کو پورا کرنے کے لیے بمشکل کافی ہیں، جب کہ ملک کو ۱۹۷۵ء کے بعد سے مہنگائی کی بلند ترین سطح کا سامنا ہے۔ بین الاقوامی مالیاتی فنڈ (IMF) نے ۲۰۲۳ء میں پاکستان میں مہنگائی کی شرح کو ۱۹.۹ فیصد سے بڑھا کر ۲۱ فیصد کر دیا، جس کی وجہ سے سیلاب اور زر مبادلہ کی شرح میں کمی ہے۔ شرح سود کو ۱۸ فیصد تک بڑھا دیا گیا ہے جسے افراط زر کے رد عمل کے طور پر دیکھا جاسکتا ہے، تاہم اب تک اس کے مقصد کا حصول باقی ہے۔

دریں اثناء، حکومت نے موجودہ سنگین معاشی صورتحال کو مستحکم کرنے کی کوشش میں ایندھن کی قیمتوں میں اضافے کے ساتھ ساتھ حال ہی میں شرح مبادلہ کی حد کو ختم کیا، جس کے نتیجے میں امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں زبردست گراوٹ ہوئی اور روپیہ چند ہی دنوں میں ۲۰ فیصد تک گر گیا۔

## صنعتی جائزہ

پاکستان میں سیلاب کی وجہ سے، اس سال کپاس کی فصل ۵۰ لاکھ گاٹھیں رہی ہے، جو کہ ٹیکسٹائل سیکٹر کی جانب سے پچھلے سال استعمال کیے گئے حجم یعنی ۱۵ بلین گاٹھوں سے کافی کم ہے۔ ٹیکسٹائل سیکٹر کے لیے ضروری خام مال کی کمی مالی مشکلات کی شکل معیشت کے لیے تشویشناک ہے جو پہلے ہی غیر ملکی زر مبادلہ کے ذخائر کی کمی کا سامنا کر رہی ہے۔ مزید برآں، روٹی کی قیمتوں میں ایک بار پھر اضافہ دیکھا گیا جس کی قیمت ۲۲،۰۰۰ روپے فی من تک پہنچ گئی ہے۔

اس صورتحال میں جب ڈالر کا ملک میں آنالک کے مفاد میں اہمیت رکھتا ہے ایسے میں ٹیکسٹائل کی برآمدات جو کہ پاکستان کی تقریباً ۶۰ فیصد برآمدات پر مشتمل ہیں مسلسل گراوٹ کا شکار ہیں۔ سال بہ سال کی بنیاد پر جولائی سے دسمبر میں ۷ فیصد کم ہو کر ۸.۷ بلین ڈالر رہ گئی ہیں۔ اس عرصے کے دوران، پاکستان نے ٹیکسٹائل اور ملبوسات کی برآمدات سے ۸.۷ بلین ڈالر کمائے، جبکہ گزشتہ سال جولائی تا دسمبر میں یہ ۹.۳ بلین ڈالر کی برآمدات تھیں۔ ٹیکسٹائل میں سوتی دھاگے کی برآمدات ۲۰۲۱ء کی اسی مدت کے دوران ۶۱۰.۴ بلین ڈالر کی برآمدات کے مقابلے میں ۷.۵ فیصد کم ہو کر ۳۸۱.۵ بلین ڈالر ہو گئیں۔ خاص طور پر تولیہ کی برآمدات میں بھی ۶.۲ فیصد کمی واقع ہوئی اور زیر جائزہ مدت کے دوران اس کی مالیت ۴۹۱.۶ بلین ڈالر تھی۔

یہ صورتحال تشویشناک ہے اور اگر گراوٹ کا رجحان برقرار رہا تو یہ بیرونی اکاؤنٹ پر ملکی مسائل میں اضافے کا باعث بنے گا۔ اس رجحان کی کچھ عالمی وجوہات بھی ہیں جیسے کہ برآمد کرنے والے ممالک کی جانب سے مانگ میں کمی؛ خصوصاً امریکہ میں خریداری کے رجحان میں کمی کی وجہ سے نئے آرڈرز کم ہو رہے ہیں جس کے نتیجے میں درآمدات متاثر ہوئی ہیں۔ مزید یہ کہ غیر مستحکم سیاسی منظر نامے اور معاشی مسائل دور رس معاملات پر اثر انداز ہو رہے ہیں اور اس تناظر میں ایک قابل اعتماد سپلائر کے طور پر ملکی ساکھ ایک سوالیہ نشان بن چکی ہے۔



## کارکردگی کے نتائج کا جائزہ

۳۱ دسمبر ۲۰۲۲ء کو ختم ہونے والی 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 2022	December 2021
	----- (Rupees in '000) -----	
Sales- net	23,263,105	25,081,853
Gross profit	4,797,091	4,666,601
Profit before taxation	3,086,354	2,023,506
Profit after taxation	2,735,847	1,806,649
EPS (Rs/Share)	6.85	4.79

کمپنی کے بعد از ٹیکس منافع میں ۹۲۹.۲ ملین روپے کا اضافہ ہوا ہے یعنی گزشتہ سال کی اسی مدت کے مقابلے میں ۵۱.۴ فیصد اضافہ ہوا ہے کمپنی کی خالص فروخت میں کمی کے باوجود ٹیکس کے بعد منافع میں اضافے کی بڑی وجہ زر مبادلہ کی شرح میں اضافے کے باعث ہونے والے منافع کو قرار دیا جاسکتا ہے۔

### مستقبل پر نظر

جہاں تک عالمی معیشت کا تعلق ہے، تمام تر منفی عناصر کے باوجود عالمی منظر نامے میں بہتری کے آثار ہیں اور امید کی جاسکتی ہے کہ شرح نمو میں اضافہ اور افراط زر میں کمی واقع ہو گی۔ پاکستان کی صورت حال بہر حال عالمی منظر نامے سے مختلف ہے۔ رواں سال ۲۰۲۳ء میں ہمیں مختلف مسائل کا سامنا ہے، جن میں بڑھتے ہوئے قرضے اور زر مبادلہ کے کم ہوتے ذخائر کے ساتھ ساتھ ۲۰۲۲ء سے جاری سیاسی عدم استحکام بھی شامل ہے۔

ملک کی معاشی صورت حال بحران کا اشارہ کر رہی ہے، اس کے ساتھ ساتھ عالمی سطح پر ملکی ساکھ شدید طور پر متاثر ہوئی ہے، تاہم قلیل اور طویل مدت کی پالیسیوں کو بروئے کار لاتے ہوئے معاشی صورت حال پر قابو پانا ممکن ہے۔ ملک کی فلاح و بہبود اور معاشی استحکام کے لیے مشکل فیصلوں کا نفاذ اور ان پر پابندی کے ساتھ عمل درآمد کو یقینی بنانے میں سب کا تعاون اور کوششیں وقت کی اشد ضرورت ہیں۔

### اظہار تشکر

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

برائے اور منجانب بورڈ آف ڈائریکٹرز

آمنہ زاہد ظہیر  
ڈائریکٹر

ریحان رحمان  
چیف ایگزیکٹو آفیسر

کراچی: ۲۷ فروری ۲۰۲۳ء

**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 2022** 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 2022 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended 31 December 2022.

**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 Shaikh Ahmed Salman.



**Chartered Accountants**

Place: Karachi

Date: 01 March 2023

UDIN Number: RR20221007697BlzxLju



**Condensed Interim Statement of Financial Position**  
**As at December 31, 2022**

		<b>Un-audited</b>	<b>Audited</b>
		<b>December 31,</b>	<b>June 30,</b>
		<b>2022</b>	<b>2022</b>
	<b>Note</b>	<b>———— (Rupees in '000) ————</b>	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	32,092,445	27,798,524
Intangible assets		14,538	17,722
Long term deposits		84,427	72,144
		<u>32,191,410</u>	<u>27,888,390</u>
<b>Current assets</b>			
Store and spares		1,951,129	1,856,132
Stock-in-trade	5	17,501,333	9,896,667
Trade debts	6	11,096,693	8,766,599
Advances, deposits, prepayments and other receivables		8,080,523	3,938,956
Taxation - net		330,443	250,197
Short-term investments	7	-	8,165,334
Cash and bank balances		629,098	1,529,044
		<u>39,589,219</u>	<u>34,402,929</u>
<b>Total assets</b>		<u><u>71,780,629</u></u>	<u><u>62,291,319</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised share capital			
400,000,000 (June 30, 2022: 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		<u>22,387,483</u>	<u>20,813,916</u>
		<u>31,506,891</u>	<u>29,933,324</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred liability		1,107,040	699,462
Long term financing	8	8,639,817	7,949,533
Provision for GIDC		1,334,357	1,334,357
Lease liabilities		244,198	417,640
		<u>11,325,412</u>	<u>10,400,992</u>
<b>Current liabilities</b>			
Trade and other payables	9	10,459,904	5,796,268
Short term borrowings	10	16,385,955	14,400,000
Accrued mark-up		432,972	148,777
Current portion of lease liabilities		255,565	271,986
Current portion of long term financing	8	1,314,881	1,337,976
Unclaimed dividend		2,106	1,996
Unpaid dividend		96,943	-
		<u>28,948,326</u>	<u>21,957,003</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	11		
<b>Total equity and liabilities</b>		<u><u>71,780,629</u></u>	<u><u>62,291,319</u></u>

The annexed notes 1 to 20 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, 2022**

	Note	Half year ended		Quarter ended	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
(Rupees in '000)					
Sales - net		23,263,105	25,081,853	14,249,355	13,725,751
Cost of sales	12	(18,466,014)	(20,418,252)	(11,458,050)	(10,772,576)
<b>Gross profit</b>		<b>4,797,091</b>	<b>4,663,601</b>	<b>2,791,305</b>	<b>2,953,175</b>
Administrative cost		(473,249)	(384,864)	(255,041)	(190,931)
Distribution cost		(1,794,393)	(2,104,311)	(1,027,897)	(1,207,769)
Other expenses	13	(215,101)	(153,924)	(109,729)	(115,799)
		(2,482,744)	(2,643,099)	(1,392,667)	(1,514,499)
		2,314,348	2,020,502	1,398,638	1,438,676
Other income	14	1,505,284	312,162	167,981	183,832
<b>Operating profit</b>		<b>3,819,632</b>	<b>2,332,664</b>	<b>1,566,619</b>	<b>1,622,508</b>
Finance cost		(733,278)	(309,158)	(442,600)	(162,171)
<b>Profit before taxation</b>		<b>3,086,354</b>	<b>2,023,506</b>	<b>1,124,019</b>	<b>1,460,337</b>
Taxation		(350,507)	(216,857)	(154,378)	(90,165)
<b>Profit after taxation</b>		<b>2,735,847</b>	<b>1,806,649</b>	<b>969,641</b>	<b>1,370,172</b>
<b>Earning per share basic &amp; diluted (Rupees)</b>		<b>6.85</b>	<b>4.79</b>	<b>2.43</b>	<b>3.64</b>

The annexed notes 1 to 20 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, 2022**

	Half year ended		Quarter ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	(Rupees in '000)			
<b>Profit after taxation</b>	<b>2,735,847</b>	<b>1,806,649</b>	<b>969,641</b>	<b>1,370,172</b>
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>2,735,847</b>	<b>1,806,649</b>	<b>969,641</b>	<b>1,370,172</b>

The annexed notes 1 to 20 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, 2022**

	Share capital	Capital reserve		Revaluation surplus on property, plant and equipment	Revenue reserve	Total
		Amalgamati on reserve	Share premium		Accumulated profit	
<b>(Rupees '000)</b>						
<b>Balance as at June 30, 2021 (Audited)</b>	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 @ Rs. 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
<b>Balance as at December 31, 2021</b>	<b>3,768,009</b>	<b>543,413</b>	<b>215,250</b>	<b>1,486,262</b>	<b>19,707,766</b>	<b>25,720,700</b>
<b>Balance as at June 30, 2022 (Audited)</b>	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)
Net profit for the period	-	-	-	-	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
<b>Balance as at December 31, 2022</b>	<b>3,994,090</b>	<b>543,413</b>	<b>1,571,733</b>	<b>3,010,172</b>	<b>22,387,483</b>	<b>31,506,891</b>

The annexed notes 1 to 20 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, 2022**

	December 31, 2022	December 31, 2021
----- (Rupees in '000) -----		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	3,086,354	2,023,506
<i>Adjustment for:</i>		
<i>Depreciation:</i>		
- Operating fixed assets	1,057,082	808,386
- Right of use assets	110,955	112,731
Amortization	3,185	3,116
Write-off of property, plant and equipment	879	317
<b>Finance cost:</b>		
- Lease liabilities	24,054	31,182
- Others	733,278	277,976
Provision for gratuity	121,026	145,537
Allowance for expected credit loss	24,644	2,811
Reversal of provision against doubtful advances	(1,461)	(39,879)
Provision for slow moving, obsolete stores and spares - net	17,347	28,720
Interest on bank deposit	(25,535)	(27,841)
Dividend income on open ended mutual fund units	(461,211)	(131,228)
Gain on disposal of property, plant and equipment - net	(3,734)	(787)
	<b>1,600,509</b>	<b>1,211,041</b>
<b>Increase in current asset</b>		
Stores and spares	(112,344)	(186,069)
Stock in trade	(7,604,666)	(4,637,193)
Trade debt	(2,354,738)	(1,319,353)
Advances, deposits, prepayments and other receivables	(4,140,106)	(1,040,670)
	<b>(14,211,854)</b>	<b>(7,183,285)</b>
<b>Increase in current liability</b>		
Trade and other payables	4,602,021	980,719
<b>Net cash used in operations</b>	<b>(4,922,969)</b>	<b>(2,968,019)</b>
Finance cost paid	(449,083)	(292,644)
Income tax paid	(430,753)	(282,909)
Gratuity paid	(50,988)	(61,218)
Long term deposit	(12,283)	(3,352)
<b>Net cash used in operating activities</b>	<b>(5,866,076)</b>	<b>(3,608,142)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(5,468,376)	(4,234,930)
Proceeds from disposal of operating fixed assets	9,272	15,406
Short-term investments	8,626,545	3,419,684
Interest income received	25,535	28,150
<b>Net cash generated from / (used in) investing activities</b>	<b>3,192,976</b>	<b>(771,690)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	(1,065,227)	(605,396)
Advance received against right issue	-	1,089,952
Principal portion of lease liabilities paid	(213,917)	(116,199)
Short term borrowings - net	1,985,955	2,650,000
Long term finance - net	1,066,343	1,245,065
<b>Net cash generated from financing activities</b>	<b>1,773,155</b>	<b>4,263,422</b>
<b>Net decrease in cash and cash equivalent</b>	<b>(899,946)</b>	<b>(116,410)</b>
Cash and cash equivalent at beginning of the period	1,529,044	1,625,126
<b>Cash and cash equivalent at end of the period</b>	<b>629,098</b>	<b>1,508,716</b>

The annexed notes 1 to 20 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, 2022**

**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 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, 2022. 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, 2022 and December 31, 2021 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, 2022 and December 31, 2021.

**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, 2022.

**2.3 Adoption of amendments to accounting standards and framework for financial reporting effective during the peri**

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

IFRS 3 Reference to the Conceptual Framework (Amendments)

IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (Amendments)

IAS 37 Onerous Contracts – Costs of Fulfilling a Contract (Amendments)

The above amendments are not expected to have any material impact on the Company's unconsolidated condensed interim financial statements in the period of initial application.

### 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 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

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

	Note	(Un-audited)	(Audited)
		December 31, 2022	June 30, 2022
		————— Rupees in '000 —————	
<b>4 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	4.1	20,403,647	19,830,208
Capital work-in-progress	4.2	11,302,961	7,471,524
Right of use asset		385,837	496,792
		<u>32,092,445</u>	<u>27,798,524</u>
<b>4.1 Operating fixed assets</b>			
Balance at the beginning of the period / year		19,830,208	17,440,686
Addition / Surplus on revaluation	4.1.1	1,636,938	4,958,153
		<u>21,467,146</u>	<u>22,398,839</u>
Disposals during the period / year - net book value (NBV)	4.1.1	(6,417)	(24,215)
Depreciation charged during the period / year		(1,057,082)	(2,544,416)
		<u>(1,063,499)</u>	<u>(2,568,631)</u>
Balance at the end of the period / year		<u>20,403,647</u>	<u>19,830,208</u>

#### 4.1.1 Details of addition and disposal are as follows:

	Additions		Disposal (NBV)	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	December 31, 2022	June 30, 2022	December 31, 2022	June 30, 2022
————— Rupees in '000 —————				
<b>Surplus on revaluation</b>				
Land - Freehold - Surplus on revaluation	-	65,321	-	-
Land - Leasehold - Surplus on revaluation	-	1,458,589	-	-
	-	<u>1,523,910</u>	-	-
<b>Cost</b>				
Land - Freehold	-	41,600	-	-
Building on leasehold land	1,071,826	549,284	-	-
Lease Hold Improvement	1,767	-	-	-
Plant and machinery	327,081	2,696,052	(1,047)	(9,423)
Electric fittings / equipments	104,983	26,433	-	(1,200)
Office equipments	47,507	32,968	(339)	(487)
Computers	22,983	19,875	(531)	(208)
Furniture and fixtures	35,141	40,538	(84)	(57)
Vehicles	25,650	27,493	(4,416)	(12,840)
	<u>1,636,938</u>	<u>3,434,243</u>	<u>(6,417)</u>	<u>(24,215)</u>
	<u>1,636,938</u>	<u>4,958,153</u>	<u>(6,417)</u>	<u>(24,215)</u>

4.1.2 Depreciation on operating fixed assets for the period amounted to Rs. 1,057.1 million (December 31, 2021: Rs. 808.39 million).

		(Un-audited)	(Audited)
		December 31, 2022	June 30, 2022
		————— Rupees in '000 —————	
<b>4.2</b>	<b>Capital work-in-progress</b>		
	Balance at the beginning of the period / year	7,366,331	1,950,177
	Addition during the period / year	5,216,333	8,571,359
		<u>12,582,664</u>	<u>10,521,536</u>
	Transferred to operating fixed assets / expenses	<u>(1,461,063)</u>	<u>(3,155,205)</u>
		11,121,601	7,366,331
	Advance against fixed assets	157,788	88,619
	Stand-by equipments	23,572	16,574
	Balance at the end of the period / year	<u>11,302,961</u>	<u>7,471,524</u>
		(Un-audited)	(Audited)
		December 31, 2022	June 30, 2022
		————— Rupees in '000 —————	
<b>5</b>	<b>STOCK-IN-TRADE</b>		
	Raw material in		
	-hand	7,424,418	4,461,886
	-transit	1,485,087	178,638
		<u>8,909,505</u>	<u>4,640,524</u>
	Work-in-progress	4,387,108	2,511,302
	Finished goods	4,204,720	2,744,841
		<u>17,501,333</u>	<u>9,896,667</u>
<b>5.1</b>	Includes items costing Rs. 22.05 million (June 30, 2022: Rs. 22.81 million) which have been valued at their net realizable value of Rs. 10.35 million (June 30, 2022: Rs. 8.86 million).		
<b>5.2</b>	Includes items costing Rs. 37.75 million (June 30, 2022: Rs. 24.52 million) held at WIP stores which have been valued at their net realizable value of Rs. 23.98 million (June 30, 2022: Rs. 10.75 million).		
<b>5.3</b>	Includes items costing Rs. 286.27 million (June 30, 2022: Rs. 1,042.79 million) which have been valued at their net realizable value of Rs. 125.01 million (June 30, 2022: Rs. 787.42 million).		
		(Un-audited)	(Audited)
		December 31, 2022	June 30, 2022
		————— Rupees in '000 —————	
<b>6</b>	<b>TRADE DEBTS</b>		
	<b>Exports</b>		
	Considered good	11,038,708	8,682,495
	Considered doubtful	54,735	30,092
		<u>11,093,443</u>	<u>8,712,587</u>
	Allowance for expected credit loss	<u>(54,736)</u>	<u>(30,092)</u>
		11,038,707	8,682,495
	<b>Local</b>		
	Considered good	57,986	84,104
		<u>11,096,693</u>	<u>8,766,599</u>
<b>6.1</b>	This include an amount of Rs. 758.23 million (June 30, 2022: Rs. 860.96 million) due from 1888 Mills LLC.		

	(Un-audited)	(Audited)
	December 31, 2022	June 30, 2022
	----- Rupees in '000 -----	
6.2 Movement of allowance for expected credit loss is as follows:		
Balance at the beginning of the period / year	30,092	23,107
Charge for the period / year	24,644	6,985
Balance at the end of the period / year	<u>54,736</u>	<u>30,092</u>

## 7 SHORT TERM INVESTMENTS

During the period, the Company disposed off 244 million units (June 30, 2022: 330 million Units) and purchased 24 million units (June 30, 2022: 241.88 million units) of Open Ended Shariah Compliant mutual funds. As of reporting date, the Company holds Nil units (June 30, 2022: 185.01 million units) of any Open Ended Shariah Compliant

		(Un-audited)	(Audited)
		December 31, 2022	June 30, 2022
		----- Rupees in '000 -----	
8 LONG TERM FINANCING			
Long Term Finance Facility (LTFF)	8.1	4,266,387	4,517,841
Temporary Economic Refinance Facility (TERF)	8.2	5,512,711	4,570,898
Renewable Solar Financing Scheme	8.3	175,600	-
Refinance Scheme for Payment of Wages and Salaries	8.4	-	198,770
Current portion		<u>(1,314,881)</u>	<u>(1,337,976)</u>
		<u>8,639,817</u>	<u>7,949,533</u>

8.1 Represent financing facilities obtained from various conventional and Islamic banks, Rs. 4,159 million and Rs. 107 million respectively for import of machinery under LTFF Scheme by State Bank of Pakistan (SBP) repayable ranging from four to eight years through semi-annually and quarterly installments. These carry mark-up at the SBP rate plus spread ranging from 0.45% to 1% (June 30, 2022: 0.45% to 1%) per annum. These facilities are secured against specific charge on plant and machinery of the Company. The unutilized portion of the facility is Rs 4,911 million (June 30, 2022: Rs. 5,210 million).

8.2 Represent financing facilities obtained from various conventional and Islamic banks, Rs. 4,476 million and Rs. 1,037 million respectively for import of machinery under TERF and ITERF Scheme by SBP repayable ranging from five to eight years through semi-annually and quarterly installments 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, 2022: 0.75% to 1%) per annum. The differential mark-up 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. The unutilized portion of the facility is Rs. Nil (June 30, 2022: Rs. 1,326 million).

8.3 Represent financing facilities obtained 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 carrying mark-up at the rate of SBP rate plus spread 0.50% per annum (June 30, 2022: Nil). These are secured against specific hypothecation charge over related plant and machinery of the Company.

8.4 Represents financing facilities obtained from conventional bank for the payment of wages and salaries under the Refinance Scheme by SBP. These carried mark-up at the rate of SBP rate plus spread 0.50% per annum (June 30, 2022: 0.50%) The differential mark-up has been recognised as government grant which has been amortised over the period of facility. The facility was secured against first pari-passu hypothecation charge over current assets. As of December 31, 2022, unutilized portion of the facility is nil (June 30, 2022: Nil).

		(Un-audited)	(Audited)
		December 31, 2022	June 30, 2022
		----- Rupees in '000 -----	
<b>9</b>	<b>TRADE AND OTHER PAYABLES</b>		
	Creditors	5,706,002	2,040,467
	Accrued liabilities	4,148,264	3,158,358
	Workers' profits participation fund	137,711	172,383
	Workers' welfare fund	61,090	42,710
	Contract liabilities	45,344	50,778
	Payable to provident fund	27,666	24,646
	Derivative financial instruments	-	39,755
	Current portion of Gas Infrastructure Development Cess	190,622	190,622
	Current portion of government grant	106,987	45,372
	Others	36,218	31,177
		<u>10,459,904</u>	<u>5,796,268</u>

**9.1** This includes an amount of Rs. 516.11 million (June 30, 2022: Rs. 516.11 million) in respect of Gas tariff provision and Rs. 351.15million (June 30, 2022: Rs. 321 million) in respect of RLNG provision.

		(Un-audited)	(Audited)
		December 31, 2022	June 30, 2022
		----- Rupees in '000 -----	
<b>10</b>	<b>SHORT TERM BORROWINGS</b>		
	Export re-finance	15,000,000	14,400,000
	FE Loan	669,884	-
	Term Finance	716,071	-
		<u>16,385,955</u>	<u>14,400,000</u>

**10.1** Represents utilized portion of export refinance facilities from various conventional and Islamic banks (Rs. 9,900 million and Rs. 5,100 million respectively), carrying mark-up at the rates ranging from, SBP Export refinance rate plus 0.25% to 1% (June 30, 2022: 0.25% to 1%) per annum and will expired by May 2023, FE-25 Import loan from conventional bank carrying mark-up at the rate of flat 3% (June30, 2022 : Nil) per annum and term finance from conventional bank carrying mark-up at 3M Kibor + 0.50% (June 30, 2022: Rs nil) per annum. These are secured against first pari passu charge over stock-in-trade, receivables and the assets of the Company.

## **11 CONTINGENCIES AND COMMITMENTS**

### **11.1 Contingencies**

No contingencies exist as at the reporting date.

		(Un-audited)	(Audited)
		December 31, 2022	June 30, 2022
		----- Rupees in '000 -----	
<b>11.2</b>	<b>Commitments</b>		
	Outstanding letter of credit	6,011,065	4,595,923
	Outstanding letter of guarantee	1,349,450	1,390,025
	Capital expenditure	734,245	4,184,280
	Post dated cheques	4,993,948	4,781,418

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



		(Un-audited)		(Un-audited)	
		Half year ended		Quarter Ended	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
<b>12 COST OF SALES</b>	<i>Note</i>	<b>Rupees in '000</b>			
Opening stock of finished goods		2,744,841	2,542,945	2,924,588	2,892,078
Add: Cost of goods manufactured	12.1	19,925,893	20,929,240	12,738,182	10,934,431
		<u>22,670,734</u>	<u>23,472,185</u>	<u>15,662,770</u>	<u>13,826,509</u>
Less: Closing stock of finished goods		(4,204,720)	(3,053,933)	(4,204,720)	(3,053,933)
		<u>18,466,014</u>	<u>20,418,252</u>	<u>11,458,050</u>	<u>10,772,576</u>

### 12.1 Cost of goods manufactured

Raw material consumed	12.1.1	12,872,750	13,543,343	8,548,338	6,766,400
Stores and spares consumed		2,739,959	2,465,864	1,718,533	1,451,304
Salaries, wages and other benefits	12.1.2	3,244,559	3,051,502	1,839,209	1,586,348
Fuel, power and water		1,603,116	1,540,382	927,036	817,253
Insurance expense		28,200	37,826	3,792	20,678
Repair and maintenance		63,366	64,127	44,073	47,453
Communication and transportation		75,161	66,185	46,736	39,246
Rent, rates and taxes		7,372	14,203	6,947	11,019
Depreciation		1,116,404	872,780	564,809	444,660
Amortization		3,185	3,116	1,593	1,558
Quality control and inspection		41,707	27,014	26,943	10,900
Other manufacturing expenses		5,921	16,866	4,403	9,956
		<u>21,801,699</u>	<u>21,703,208</u>	<u>13,732,412</u>	<u>11,206,775</u>
Opening work-in-process		2,511,302	3,136,835	3,392,878	3,638,459
Closing work-in-process		(4,387,108)	(3,910,803)	(4,387,108)	(3,910,803)
		<u>19,925,893</u>	<u>20,929,240</u>	<u>12,738,182</u>	<u>10,934,431</u>

### 12.1.1 Raw material consumed

Opening stock		4,640,524	2,757,422	7,345,335	5,595,235
Purchases during the period		17,141,731	16,895,579	10,112,508	7,280,823
		<u>21,782,255</u>	<u>19,653,001</u>	<u>17,457,843</u>	<u>12,876,058</u>
Less: closing stock		(8,909,505)	(6,109,658)	(8,909,505)	(6,109,658)
		<u>12,872,750</u>	<u>13,543,343</u>	<u>8,548,338</u>	<u>6,766,400</u>

12.1.2 This includes an amount of Rs. 53.96 million (December 31, 2021: Rs. 39.53 million) in respect of staff provident fund and Rs. 121.03 million in respect of staff gratuity fund (December 31, 2021: Rs. 145.54).

		(Un-audited)		(Un-audited)	
		Half year ended		Quarter Ended	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
<b>13 OTHER EXPENSES</b>		<b>Rupees in '000</b>			
Property, plant and equipment - write-off		879	-	879	317
Workers' profit participation fund		137,711	91,323	48,991	69,051
Workers' welfare fund		18,384	19,813	11,280	10,840
Allowance for expected credit loss		24,644	2,811	21,137	959
Donations		12,696	8,132	8,131	4,135
Auditors' remuneration		3,440	3,125	1,964	1,777
Provision for slow moving, obsolete stores and spares - net		17,347	28,720	17,347	28,720
		<u>215,101</u>	<u>153,924</u>	<u>109,729</u>	<u>115,799</u>

14 OTHER INCOME	(Un-audited)		(Un-audited)	
	Half year ended		Quarter Ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	----- Rupees in '000 -----			
Gain/(Loss) on disposal of operating fixed asset - net	3,734	469	4,278	3,354
Interest on bank deposit and TDR	25,535	27,841	10,287	23,854
Dividend income on open ended mutual fund units	461,211	131,228	168,054	40,356
Exchange gain / (loss)	1,013,343	112,745	(16,099)	97,547
Reversal of provision against doubtful advances	1,461	39,879	1,461	18,721
	<u>1,505,284</u>	<u>312,162</u>	<u>167,981</u>	<u>183,832</u>

#### 15 TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise associates, directors, major shareholders of the Company, key management personnel, staff provident fund and staff 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, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	----- Rupees in '000 -----			
<i>Transactions with associates</i>				
Sale of goods	<u>1,380,819</u>	<u>2,857,686</u>	<u>692,950</u>	<u>2,058,174</u>
Purchases	<u>2,787</u>	<u>30,444</u>	<u>2,711</u>	<u>2,365</u>
Marketing Fee	<u>832,143</u>	<u>867,361</u>	<u>542,244</u>	<u>458,354</u>
Lease rental paid	<u>187,839</u>	<u>119,687</u>	<u>74,517</u>	<u>49,167</u>
Rent expense	<u>1,275</u>	<u>6,257</u>	<u>638</u>	<u>3,082</u>
Donation	<u>1,500</u>	<u>985</u>	<u>1,500</u>	<u>985</u>
<i>Transaction with directors</i>				
Meeting fee	<u>5,140</u>	<u>7,520</u>	<u>2,000</u>	<u>2,920</u>
<i>Transaction with key management personnel</i>				
Remuneration paid	<u>41,686</u>	<u>33,646</u>	<u>19,783</u>	<u>17,519</u>
Post-employment benefits	<u>2,356</u>	<u>1,840</u>	<u>1,179</u>	<u>945</u>
<i>Transaction with other related party</i>				
Contribution to staff provident fund	<u>76,027</u>	<u>65,370</u>	<u>37,812</u>	<u>32,603</u>
Contribution to staff gratuity fund	<u>121,026</u>	<u>145,537</u>	<u>58,673</u>	<u>72,769</u>

## **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, 2022. There have been no change in any risk management policies since June 30, 2022.

## **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 99% (December 31, 2021: 99%) of the total gross revenue of the Company.
- All non-current assets of the Company as at December 31, 2022 and 2021 are located in Pakistan.
- Sales made by the Company to its two major customers during the period constituted 55% (December 31, 2021: 51%) of total quantity sold.

## **19 DATE OF AUTHORISATION**

These condensed interim financial statements were authorised for issue on February 27, 2023 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 reclassification / rearrangement to report.
- 20.2** 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