



ISLAND TEXTILE MILLS LIMITED

**Financial Statements
(Unaudited)
For The 1st Quarter Ended September 30, 2014**

ISLAND TEXTILE MILLS LIMITED

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ISLAND TEXTILE MILLS LIMITED

01

COMPANY INFORMATION

BOARD OF DIRECTORS

| | |
|------------------|--|
| CHAIRMAN: | Mr. Anwar Ahmed Tata |
| CHIEF EXECUTIVE: | Mr. Shahid Anwar Tata |
| DIRECTORS: | Mr. Adeel Shahid Anwar Mr. Aijaz Ahmed Tariq Mr. Bilal Shahid Anwar Mr. Muhammad Naseem Sheikh Kausar Ejaz |

AUDIT COMMITTEE CHAIRMAN:

Mr. Muhammad Naseem

MEMBERS:

Mr. Bilal Shahid Anwar
Sheikh Kausar Ejaz

SECRETARY

Mr. Owais Ahmed Abbasi

HUMAN RESOURCE & REMUNERATION COMMITTEE

CHAIRMAN:

Mr. Muhammad Naseem

MEMBERS:

Mr. Shahid Anwar Tata
Mr. Bilal Shahid Anwar

SECRETARY

Mr. Umar Khawajah

COMPANY SECRETARY & CHIEF FINANCIAL OFFICER:

Mr. Farooq Advani

BANKERS:

Faysal Bank Limited
Bank Alfalah Limited
Meezan Bank Limited
The Bank of Punjab
MCB Bank Limited
National Bank of Pakistan
Soneri Bank Limited
Allied Bank Limited
JS Bank Limited
Askari Bank Limited
NIB Bank Limited

AUDITORS:

M/s. M. Yousuf Adil Saleem & Co.
Chartered Accountants

LEGAL ADVISOR:

Ameen Bandukda & Co. Advocates

SHARE REGISTRAR:

Central Depository Company of Pakistan Limited
CDC House, 99 - B, Block 'B',
S.M.C.H.S., Main Shahra-e-Faisal
Tel# (Toll Free) 0800-CDCPL (23275)
Fax: (92-21) 34326053

REGISTERED OFFICE:

6th Floor Textile Plaza,
M.A Jinnah Road Karachi.
Tel# 32412955-3 Lines 32426761-2-4
Fax# 32417710

WEB SITE ADDRESS:

www.tatatex.com

E- MAIL ADDRESS:

itm.corporate@tatatex.com

MILLS:

A/12, S.I.T.E. Kotri District Jamshoro (Sindh)

DIRECTORS' REPORT

Assalam-o-Alaikum,

The Financial Statements (unaudited) of the Company for the 1st Quarter ended on September 30, 2014 is being presented to you.

The Financial Results for the 1st Quarter of the company are not encouraging. During the quarter under review the Company incurred a pre-tax loss of Rs.17.619 million as compared to a pre-tax profit of Rs.67.374 million during the corresponding period of last year. This quarter we faced difficult times, but going forward, we are optimistic for a positive output in the next quarters.

We have faced loss in this quarter mainly owing to the following factor.

Cotton Prices

The major reason for loss was due to the revaluation of Rupee, as due to quality consideration we usually purchase cotton for this quarter, which we thought we had purchased at a good price, at the time when the average US\$ - Rupee parity was Rs.106/- but then there was a sudden and abrupt revaluation of rupee, bringing the dollar - rupee rate to Rs.97-98, so basically the loss was due to the Rupee revaluation which put us in a difficult position.

FIBRE:

We are still forced to import fibre as we feel that the local fibre producers indulge in pricing fixing resulting in substantial price differential between imported and local prices.

Wage Increase

The Government has increased the wages which is a good move for the benefit of the employees but this is going to have a strong impact on our overheads and costs and will put extra financial burden on the company.

Global Textile Competition

India has made lots of investments in technologies in all the sectors of Textile chain and we are facing tough competition as they have already overtaken Pakistan as major yarn supplier and are geared up for exports and have even penetrated into the Chinese market as well as other markets with every low prices. The Indian Government is supporting the Indian textile Industries by offering lots of subsidies and incentives, whereas, the share of Pakistan, in all sectors of Textile has continued to decline.

Acknowledgement

In the end, it is of utmost important to mention the untiring endeavors of our team members engaged in upholding their commitment for the company's success and growth. We also thank our bankers, vendors agents and clients for their consistent trust and support.

On behalf of the Board of Directors



Shahid Anwar Tata
Chief Executive

Karachi:

Dated: October 30, 2014

ISLAND TEXTILE MILLS LIMITED**03****CONDENSED INTERIM BALANCE SHEET
AS AT SEPTEMBER 30, 2014****Un-Audited
Sept 30, 2014 Audited
June 30, 2014****ASSETS****Notes Rupees in 000****NON-CURRENT ASSETS**

Property, plant and equipment
Intangible assets
Long-term investments
Long term deposits

3

967,693
3,153
294,022
1,001
1,265,869

895,592
3,433
302,018
1,001
1,202,044

CURRENT ASSETS

Stores, spares and
loose tools
Stock-in-trade
Trade debts
Loans and advances
Short-term prepayments
Other receivables
Other financial assets
Sales tax refundable
Cash and bank balances

23,817
371,007
242,893
108,539
4,768
586
160,968
14,709
24,261
951,548

17,871
563,588
159,227
101,474
467
5,068
25,600
9,529
64,323
947,147

TOTAL ASSETS**2,217,417****2,149,191****EQUITY AND LIABILITIES****EQUITY**

Authorised
1,000,000 Ordinary shares of Rs.10 each

10,000**10,000**

Share capital

5,000**5,000**

Reserves

900,591**899,920**

Unappropriated profit

383,463**395,958****1,289,054****1,300,878****SURPLUS ON REVALUATION OF
PROPERTY, PLANT AND EQUIPMENT -
net of tax****449,860****453,126****NON-CURRENT LIABILITIES**

Deferred liabilities

112,553**115,907****CURRENT LIABILITIES**

Trade and other payables
Accrued interest /
mark-up on borrowings
Short-term borrowings
Taxation - income tax

219,218
580
110,518
35,634
365,950

247,657
470
-
31,152
279,280

CONTINGENCIES AND COMMITMENTS

2

TOTAL EQUITY AND LIABILITIES**2,217,417****2,149,191**

The annexed notes form an integral part of these financial statements


SHAHID ANWAR TATA
Chief Executive


ADEEL SHAHID ANWAR
Director

**CONDENSED INTERIM PROFIT & LOSS ACCOUNT (UN-AUDITED)
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2014**

| | Notes | Sept 30, 2014 | Sept 30, 2013 |
|--|-------|--------------------------|------------------|
| | |Rupees in 000 | |
| Sales | | 617,453 | 458,795 |
| Cost of goods sold | 4 | (598,099) | (361,550) |
| Gross profit | | 19,354 | 97,245 |
| Distribution cost | | (15,187) | (19,508) |
| Administrative expenses | | (11,907) | (12,960) |
| Other operating expenses | | (238) | (4,266) |
| Finance cost | | (2,758) | (7,525) |
| | | (30,090) | (44,259) |
| Share of (Loss) / profit from associate - net of tax | | (8,006) | 12,240 |
| Other income | | 1,123 | 2,148 |
| | | (6,883) | 14,388 |
| (Loss) / Profit before taxation | | (17,619) | 67,374 |
| Taxation | | (402) | (8,169) |
| (Loss) / Profit for the period | | (18,021) | 59,205 |
| Other comprehensive income | | | |
| Unrealised gain on remeasurement of investment | | | |
| - available-for-sale | | | |
| - Held by the Company | | 2,001 | 5,795 |
| -Share held by associate | | 9 | (1) |
| Other comprehensive income - net of tax | | 2,010 | 5,794 |
| Total comprehensive (loss) / income for the period | | (16,011) | 64,999 |
| Earnings per share - basic and diluted | | (36.04) | 118.41 |

The annexed notes form an integral part of these financial statements.



SHAHID ANWAR TATA
Chief Executive



ADEEL SHAHID ANWAR
Director

ISLAND TEXTILE MILLS LIMITED**05****CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2014**

| | Sept 30, 2014 | Sept 30, 2013 |
|--|--------------------------|---------------|
| |Rupees in 000 | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| (Loss) / Profit before taxation | (17,619) | 67,374 |
| Adjustments for : | | |
| Depreciation of property, plant and equipment | 10,363 | 10,099 |
| Amortization of intangible assets | 280 | 133 |
| Provision for staff gratuity | 2,838 | 1,963 |
| Provision for compensated absences | 1,032 | 24 |
| Finance cost | 2,758 | 7,525 |
| Gain on sale of property, plant and equipment | (636) | - |
| Share of loss / (profit) from an associate | 8,006 | (12,240) |
| Unrealized Loss on forward contracts | 84 | - |
| Operating cash flows before movement in working capital | 7,106 | 74,878 |
| (Increase) / decrease in current assets | | |
| Stores, spares and loose tools | (5,946) | (2,204) |
| Stock-in-trade | 192,581 | (189,284) |
| Trade debts | (83,666) | 27,699 |
| Loans and advances | 527 | (12,578) |
| Short term prepayments | (4,301) | (1,744) |
| Other receivables | 4,482 | 294 |
| Sales tax refundable | (5,180) | (3,427) |
| (Decrease) / Increase in current liabilities | | |
| Trade and other payables | (28,523) | 17,911 |
| Cash generated from / (used in) operations | 77,080 | (88,455) |
| Finance cost paid | (2,648) | (5,278) |
| Staff gratuity paid | (1,458) | (1,350) |
| Compensated absences paid | (765) | - |
| Income taxes paid | (7,592) | (5,444) |
| Net cash generated from / (used in) operating activities | 64,617 | (100,527) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of plant and equipment | (82,603) | (3,507) |
| Purchase of other financial assets | (133,367) | (134,600) |
| Proceeds from disposal of plant and equipment | 775 | - |
| Net cash used in investing activities | (215,195) | (138,107) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Dividend paid | (1) | - |
| Short term borrowings obtained - import / export | 40,967 | 60,010 |
| Net cash generated from financing activities | 40,966 | 60,010 |
| Net decrease in cash and cash equivalents | (109,613) | (178,624) |
| Cash and cash equivalents at July 01 | 64,323 | 85,227 |
| Cash and cash equivalents at September 30 | (45,290) | (93,397) |
| CASH AND CASH EQUIVALENTS | | |
| Cash and bank balances | 24,261 | 70,180 |
| Short - term running finance | (69,551) | (163,577) |
| | (45,290) | (93,397) |

The annexed notes form an integral part of these financial statements.


SHAHID ANWAR TATA
Chief Executive

ADEEL SHAHID ANWAR
Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2014**

| | RESERVE | | | | | | Total |
|--|--|--------------------|--|------------------|---|--------------------------|-----------|
| | CAPITAL | | | REVENUE | | | |
| | Associate's share of | | | | | | |
| | Issued subscribed and paidup share Capital | General Reserve | Unrealized (loss) / gain in value of investment available for sale | Other Reserve | Company's share in other comprehensive income of associates | Unappropriated profit | |
| Rupees in '000' | | | | | | | |
| Balance at July 01, 2013 | 5,000 | 900,000 | 15,548 | 591 | (637) | 279,566 | 1,200,068 |
| Comprehensive income | | | | | | | |
| Profit after taxation for the quarter | - | - | - | - | - | 59,205 | 159,205 |
| Other comprehensive income / (loss) -net of tax | - | - | 5,795 | - | (1) | - | 5,794 |
| | - | - | 5,795 | - | (1) | 59,205 | 64,999 |
| Transfer from surplus on revaluation of property, plant and equipment on account of : | | | | | | | |
| -incremental depreciation - net of deferred tax | - | - | - | - | - | 3,534 | 3,534 |
| Associate's share of surplus on revaluation of property, plant and equipment on account of: | | | | | | | |
| -incremental depreciation | - | - | - | - | - | 902 | 902 |
| - net of deferred tax and disposal | - | - | - | - | - | 902 | 902 |
| Balance as at September 30, 2013 | 5,000 | 900,000 | 21,343 | 591 | (638) | 3,43,207 | 1,269,503 |
| Balance at July 01, 2014 | 5,000 | 900,000 | 298 | 591 | (969) | 395,958 | 1,300,878 |
| Comprehensive income | | | | | | | |
| Loss after taxation for the quarter | - | - | - | - | - | (18,021) | (18,021) |
| Other comprehensive income-net of tax | - | - | 2,001 | - | 9 | - | 2,010 |
| | - | - | 2,001 | - | 9 | (18,021) | (16,011) |
| Transfer from surplus on revaluation of property, plant and equipment on account of : | | | | | | | |
| -incremental depreciation | - | - | - | - | - | 3,217 | 3,217 |
| - net of deferred tax | - | - | - | - | - | 3,217 | 3,217 |
| Share of associate's transfer from surplus on revaluation of property, plant and equipment on account of | | | | | | | |
| -incremental depreciation - net of deferred tax and disposal | - | - | - | - | - | 970 | 970 |
| Balance as at September 30, 2014 | 5,000 | 900,000 | 2,299 | 591 | (960) | 382,124 | 1,289,054 |

The annexed notes form an integral part of these financial statements



SHAHID ANWAR TATA
Chief Executive



ADEEL SHAHID ANWAR
Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED)
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2013**

1. SELECTED EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

- 1.1 Island Textile Mills Limited (the company) was incorporated in Pakistan on May 20, 1970 as a public limited company under the Companies Ordinance, 1984 and is listed on Karachi stock exchange. The registered office of the company is situated at 6th floor Textile Plaza, M.A. Jinnah Road, Karachi. The principal activity of the company is manufacturing and sale of yarn. The Company's manufacturing facilities are located at Kotri Industrial Estate in the province of Sindh.
- 1.2 These condensed interim financial statements have been prepared under 'historical cost convention' modified by:
- revaluation of certain property, plant and equipment
 - recognition of certain employee retirement benefits at present value
 - investment in associate under equity method
- 1.3 These condensed interim financial statements have been prepared in accordance with the International Financial Reporting Standards, International Accounting Standard (IAS) 34: Interim Financial Reporting and in compliance with the requirement of section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Karachi Stock Exchange.
- 1.4 The accounting policies and methods of computation followed in the preparation of the 1st Quarterly financial statements are the same as those of the published annual financial statements for the period ended June 30, 2014.

Sept 30, June 30,
2014 2014
—Rupees in 000—

2. CONTINGENCIES & COMMITMENTS

2.1 Contingencies

There is no change in contingencies disclosed in Note 20 of the annual audited financial statements for the year ended June 30, 2014

2.2 Commitments

| | | |
|-----------------------------|------------------|-----------|
| Letter of credit | | |
| - Raw Material | 38,249 | 24,853 |
| - Spares & Machinery | 2,019,284 | 2,010,739 |
| Bank guarantees | 53,752 | 53,453 |
| Bill Discounted | 55,581 | 31,423 |
| Outstanding Sales Contracts | 31,605 | 52,821 |
| Forward Contracts | 1,834,068 | 206,520 |

**3. ACQUISITIONS TRANSFER AND DISPOSALS OF
PROPERTY, PLANT AND EQUIPMENT**

| | For the 1st Quarter Ended September 30, 2014 | | |
|---------------------------|--|---------------------|-------------------|
| | Acquisitions/ transfers from | Disposal (W.D.V) | Sale Proceeds |
| | CWIP | | |
| | —Rupees in 000— | | |
| Factory Building | 6,780 | - | - |
| Non Factory Building | 16,544 | - | - |
| Plant & Machinery | 12,686 | - | - |
| Factory Equipment | 1,526 | - | - |
| Vehicles | - | 139 | 775 |
| September 30, 2014 | <u><u>37,536</u></u> | <u><u>139</u></u> | <u><u>775</u></u> |

| | Notes | Sept 30, 2014 —Rupees in 000— | Sept 30, 2013 |
|--|---|-------------------------------------|------------------|
| 4. COST OF GOODS SOLD | | | |
| Cost of goods manufactured | (4.2) | 459,212 | 465,934 |
| Finished goods | (4.1) | | |
| Opening stock | | 257,985 | 47,594 |
| Closing stock | | (163,298) | (151,978) |
| | | 94,687 | (104,384) |
| Cos of Raw Material Sold | | 44,200 | - |
| Cost of goods sold | | 598,099 | 361,550 |
| 4.1 | Finished goods stock also includes waste stock carried at net realizable value. | | |
| 4.2 Cost of goods manufactured | | | |
| Raw material consumed | (4.2.1) | 332,756 | 357,614 |
| Stores and spares consumed | | 12,774 | 7,777 |
| Packing material consumed | | 6,695 | 6,468 |
| Fuel and power | | 63,932 | 47,288 |
| Salaries, wages and benefits | | 34,160 | 30,651 |
| Depreciation | | 9,105 | 8,589 |
| Insurance | | 1,158 | 1,589 |
| Repairs and maintenance | | 1,533 | 1,007 |
| Other overheads | | 2,288 | 1,673 |
| | | 464,401 | 462,656 |
| Work-in-process | | | |
| Opening stock | | 12,260 | 16,060 |
| Closing stock | | (17,449) | (12,782) |
| | | (5,189) | 3,278 |
| | | 459,212 | 465,934 |
| 4.2.1 Raw material consumed | | | |
| Opening stock | | 293,342 | 286,721 |
| Purchases - net | | 229,673 | 445,790 |
| | | 523,015 | 732,511 |
| Closing stock | | (190,259) | (374,897) |
| | | 332,756 | 357,614 |
| 5. TRANSACTIONS WITH RELATED PARTIES | | | |
| 5.1 Associates | | | |
| Purchase of electricity | | 56,932 | 44,699 |
| Share of expense received | | 969 | 851 |
| Share of expense paid | | 1,195 | 1,852 |
| Sale of Raw Material | | 41,272 | - |
| 5.2 Transactions with key management personnel | | | |
| Short-term benefits | | 6,214 | 5,788 |
| Rent | | 866 | 866 |
| 6. APPROVAL OF FINANCIAL STATEMENTS | | | |
| The financial statements were authorized for issue on October 30, 2014 by the Board of Directors of the Company. | | | |
| 7. | Figures have been rounded off to nearest thousand rupee. | | |



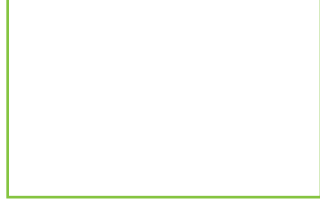
SHAHID ANWAR TATA
Chief Executive



ADEEL SHAHID ANWAR
Director

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