



# **ISLAND TEXTILE MILLS LIMITED**

**Condensed Interim Financial Information  
(UNAUDITED)  
for the 1st Quarter ended September 30, 2015**

## **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 Tata 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  
Summit Bank Limited  
Askari Bank Limited  
Pak Oman Investment Company Limited  
NIB Bank Limited  
Dubai Islamic Bank Pakistan Limited  
Allied Bank Limited

#### AUDITORS:

M/s. Deloitte Yousuf Adil  
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 (un-audited) of the Company for the 1st Quarter ended on September 30, 2015 is being presented to you.

The Financial Results for the 1st Quarter of the company is not encouraging. During the quarter under review the Company incurred an after tax profit of Rs.119.887 million as compared to an after tax loss of Rs.18.021 million during the corresponding period of last year.

**Textile Industry**

During this quarter, the Textile Industry has confronted a tumultuous and most difficult situation. The cost of doing business in Pakistan has risen tremendously. The burden of Indirect taxes, sales tax withholding taxes have now become part of the cost for corporate sector and compounding with non-refund of advance income tax and sales tax, the situation has become unbearable.

As of 1st July 2014, the rate of US\$ was 99/- and since then there has been an increase of 30% in wage rate, multiple increase in Electricity tariffs, an increase in Gas Tariff, Surcharges and in infrastructure Cess, combined with the withholding taxes and service taxes imposed by the provincial government, the Industry is rendered totally uncompetitive. The Government's indifferent and non-serious attitude is leading to total collapse of the Textile Industry.

**Cotton Situation**

Over and above, there seems to be a cotton failure in Pakistan because of inferior cotton seeds and untimely rains and there are various estimates of Cotton crop ranging from 10 million to 12 million bales, which has also rendered the quality of Cotton to be poor and yet Cotton price are on a higher side, in comparison to Yarn prices, both locally and internationally.

**Power Issue**

Energy shortages have continued this quarter as well and with the Government rising power tariffs have put extra financial burden on the Textile Industry.

**Island Unit-II**

Alhamdulillah, Island Unit-2 has come into operation and producing the finest quality of yarn to cater the demand of local and international market.

**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, 2015

**ISLAND TEXTILE MILLS LIMITED****03****CONDENSED INTERIM BALANCE SHEET  
AS AT SEPTEMBER 30, 2015****Un-Audited  
Sept 30, 2015      Audited  
June 30, 2015****ASSETS****Note      .....Rupees in 000 .....****NON-CURRENT ASSETS**

Property, plant and equipment	3	3,878,641	3,719,482
Intangible assets		1,970	2,346
Long term investments		333,583	339,339
Long term deposits		1,000	-
Deferred tax		102,149	-
		<b>4,317,343</b>	<b>4,061,167</b>

**CURRENT ASSETS**

Stores, spares and loose tools		27,400	22,940
Stock-in-trade		1,058,420	1,198,742
Trade debts		308,299	125,106
Loans and advances		211,145	148,217
Short term prepayments		6,782	903
Other receivables		-	402
Other financial assets		17,936	17,186
Sales tax refundable		179,828	162,980
Cash and bank balances		57,585	152,327
		<b>1,867,395</b>	<b>1,828,803</b>
<b>TOTAL ASSETS</b>		<b>6,184,738</b>	<b>5,889,970</b>

**EQUITY AND LIABILITIES****EQUITY**

Share capital		5,000	5,000
Reserves		900,591	899,579
Unappropriated profit		475,133	351,968
		<b>1,380,724</b>	<b>1,256,547</b>
Surplus on revaluation of property, plant and equipment		<b>469,900</b>	<b>474,181</b>

**NON-CURRENT LIABILITIES**

Deferred liabilities		33,875	140,803
Long term finance		2,875,969	2,636,568
		<b>2,909,844</b>	<b>2,777,371</b>

**CURRENT LIABILITIES**

Trade and other payables		446,188	304,850
Short term borrowings		918,606	974,482
Interest / mark-up accrued on borrowings		38,172	82,236
Provision income tax		21,304	21,304
		<b>1,424,270</b>	<b>1,382,872</b>

**CONTINGENCIES AND COMMITMENTS**

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**TOTAL EQUITY AND LIABILITIES****6,184,738      5,890,971**

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

  
**SHAHID ANWAR TATA**  
 Chief Executive

  
**ANWAR AHMED TATA**  
 Chairman / Director

**CONDENSED INTERIM PROFIT & LOSS ACCOUNT (UN-AUDITED)  
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2015**

	Note	Sept 30, 2015	Sept 30, 2014
		.....Rupees in 000 .....	
Sales - net		615,624	617,453
Cost of goods sold	4	(613,231)	(598,099)
Gross profit		2,393	19,354
Distribution cost		(18,472)	(15,187)
Administrative expenses		(12,003)	(11,907)
Other operating expenses		(5,557)	(238)
Finance cost		(49,483)	(2,758)
		(85,515)	(30,090)
Share of Loss from associate - net of tax		(5,767)	(8,006)
Other income		50	1,123
		(5,717)	(6,883)
Loss before taxation		(88,839)	(17,619)
Taxation		208,726	(402)
Profit /(loss) for the period		119,887	(18,021)
<b>Other comprehensive income for the period:</b>			
<b>Item that will be reclassified subsequently through profit or loss</b>			
Unrealized gain on remeasurement of investment available for sale			
-Held by the company			2,001
-Share held by associate		11	9
Other comprehensive income-net of tax		11	2,010
<b>Total comprehensive income for the period</b>		<b>119,898</b>	<b>(16,011)</b>
<b>Earning per share - basic and diluted</b>		<b>239.77</b>	<b>(36.04)</b>

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



**SHAHID ANWAR TATA**  
Chief Executive



**ANWAR AHMED TATA**  
Chairman / Director

**ISLAND TEXTILE MILLS LIMITED****05****CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2015**

	Sept 30, 2015	Sept 30, 2014
	.....Rupees in 000 .....	.....Rupees in 000 .....
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(88,839)	(17,619)
Adjustments for :		
Depreciation on property, plant and equipment	35,546	10,363
Amortisation of intangibles	376	280
Provision for staff gratuity & compensated absences	4,005	3,870
Finance cost	49,483	2,758
Gain on sale of property, plant and equipment	-	(636)
Share of loss from an associate	5,767	8,006
Unrealized loss on forward contract	-	84
Operating cash flows before movement in working capital	6,338	7,106
(Increase) / decrease in current assets		
Stores, spares and loose tools	(4,460)	(5,946)
Stock-in-trade	140,322	192,581
Trade debts	(183,194)	(83,666)
Loans and advances	(50,517)	527
Short-term prepayments	(5,880)	(4,301)
Other receivables	402	4,482
Sales tax refundable	(16,848)	(5,180)
Increase in current liabilities		
Trade and other payables	141,338	(28,523)
Cash generated from operations	27,501	77,080
Finance cost paid	(121,068)	(2,648)
Staff gratuity paid & compensated absences paid	(4,357)	(2,223)
Income taxes paid	(12,409)	(7,592)
Net cash (used in) / generated from operating activities	(110,333)	64,617
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of other financial assets	(750)	(133,367)
Purchase of property, plant and equipment	(167,184)	(82,603)
Proceeds from disposal of property, plant and equipment	-	775
Net cash used in investing activities	(167,934)	(215,195)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long-term finance obtained	239,401	-
Dividend paid	-	(1)
Short term borrowings obtained - import / export	-	40,967
Repayment of short term borrowing	(320,397)	-
Net cash (used in) / generated from financing activities	(80,996)	40,966
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(359,263)</b>	<b>(109,613)</b>
<b>Cash and cash equivalents at July 01</b>	<b>(134,929)</b>	<b>64,323</b>
<b>Cash and cash equivalents at Sep 30</b>	<b>(494,192)</b>	<b>(45,290)</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	57,585	24,261
Short - term running finance	(551,777)	(69,551)
	(494,192)	(45,290)

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

  
**SHAHID ANWAR TATA**  
 Chief Executive

  
**ANWAR AHMED TATA**  
 Chairman / Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2015**

	RESERVE				REVENUE		
	Share Capital	General Reserve	Unrealized gain in value of investment available for sale	Other Reserve	Company's share in other comprehensive income of associates	Unappropriated profit	Total
	Rupees in '000'						
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
Transfer from surplus on revaluation of property, plant and equipment on account of : -incremental depreciation - net of deferred tax	-	-	2,001	-	9	(18,021)	(16,011)
Associate's share of 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
Balance at July 01, 2015	5,000	900,000	-	591	(1,013)	351,969	1,256,547
Comprehensive income							
Profit after taxation for the quarter	-	-	-	-	-	119,887	119,887
Other comprehensive income-net of tax	-	-	-	-	11	-	11
Transfer from surplus on revaluation of property, plant and equipment on account of : -incremental depreciation - net of deferred tax	-	-	-	-	11	119,887	119,898
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	-	-	-	-	-	1,306	1,306
Balance as at September 30, 2015	5,000	900,000	-	591	(1,002)	476,135	1,380,724

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

  
**SHAHID ANWAR TATA**  
Chief Executive

  
**ANWAR AHMED TATA**  
Chairman / Director



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT (UN-AUDITED)  
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2015**
**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, 2015.

**Sept 30,                  June 30,**  
**2015                      2015**  
**—Rupees in 000—**

**2. CONTINGENCIES & COMMITMENTS**
**2.1 Contingencies**

There is no change in contingencies outstanding against the Company at period end

**Commitments**

Letter of credit

- Raw Material	<b>40,573</b>	23,126
- Spares & Machinery	<b>100,456</b>	91,938
Bank guarantees	<b>73,183</b>	65,675
Bill Discounted	<b>117,185</b>	39,027
Outstanding Sales Contracts	<b>15,328</b>	8,534

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

	For the 1st Quarter Ended September 30, 2015		
	Acquisitions/ transfers from CWIP	Disposal (W.D.V)	Sale Proceeds
	—Rupees in 000—		
Factory Building	560,448	-	-
Plant & Machinery	2,399,694	-	-
Electric Installation	101,881	-	-
Furniture & Fixture	8,001	-	-
Computers	152	-	-
<b>September 30, 2015</b>	<u><b>3,070,176</b></u>	<u><b>-</b></u>	<u><b>-</b></u>

## ISLAND TEXTILE MILLS LIMITED

	Note	Sept 30, 2015	Sept 30, 2014
		Rupees in 000	
<b>4. COST OF GOODS SOLD</b>			
Cost of goods manufactured	4.2	822,227	459,212
Finished goods	4.1		
Opening stock		148,123	257,985
Closing stock		(357,119)	(163,298)
		(208,996)	94,687
Cos of Raw Material Sold		-	44,200
Cost of goods sold		613,231	598,099
<b>4.1</b>	Finished goods stock also includes waste stock carried at net realizable value.		
<b>4.2 Cost of goods manufactured</b>			
Raw material consumed	4.2.1	591,096	332,756
Stores and spares consumed		11,288	12,774
Packing material consumed		15,747	6,695
Fuel and power		119,749	63,932
Salaries, wages and benefits		63,479	34,160
Depreciation		34,626	9,105
Insurance		3,222	1,158
Repairs and maintenance		2,839	1,533
Other overheads		4,522	2,288
		846,568	464,401
Work-in-process			
Opening stock		10,802	12,260
Closing stock		(35,143)	(17,449)
		(24,341)	(5,189)
		822,227	459,212
<b>4.2.1 Raw material consumed</b>			
Opening stock		1,039,817	293,342
Purchases - net		217,436	229,673
		1,257,253	523,015
Closing stock		(666,157)	(190,259)
		591,096	332,756

**5. TRANSACTIONS WITH RELATED PARTIES****5.1 Associates**

Purchase of electricity	49,835	56,932
Share of expense received	460	969
Share of expense paid	1,370	1,195
Sale of Raw Material	-	41,272
Rent	150	-

**5.2 Transactions with key management personnel**

Short-term benefits	9,985	6,214
Rent	866	866

**6. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were authorized for issue on October 30, 2015 by the Board of Directors of the Company.

**7. Figures have been rounded off to nearest thousand rupee.**

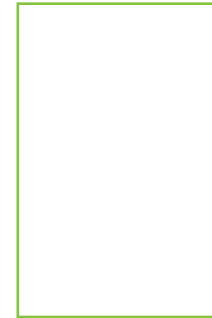

**SHAHID ANWAR TATA**  
Chief Executive



**ANWAR AHMED TATA**  
Chairman / Director

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