

ISLAND TEXTILE MILLS LIMITED

Condensed Interim Financial Information (Unaudited)

For The Nine - Month Period Ended March 31, 2013

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COMPANY INFORMATION

BOARD OF DIRECTORS

CHAIRMAN:	Mr. Anwar Ahmed Tata
CHIEF EXECUTIVE :	Mr. Adeel Shahid Anwar
DIRECTORS:	Mr. Shahid Anwar Tata Mr. Ajaz Ahmed Tariq Mr. Bilal Shahid Anwar Mr. Farooq Advani Mr. Kausar Ejaz
AUDIT COMMITTEE **CHAIRMAN:**	Mr. Anwar Ahmed Tata
MEMBERS:	Mr. Aijaz Ahmed Tariq Mr. Kausar Ejaz
HUMAN RESOURCE & REMMUNERATION COMMITTEE **CHAIRMAN:**	Mr. Kausar Ejaz
MEMBERS:	Mr. Adeel Shahid Anwar Mr. Aijaz Ahmed Tariq
COMPANY SECRETARY & CHIEF FINANCIAL OFFICER:	Mr. Farooq Advani
BANKERS:	Faysal Bank Limited Bank Al-Falah Limited MCB Bank Limited National Bank of Pakistan Soneri Bank Limited JS Bank Limited The Bank of Punjab Meezan Bank Limited
AUDITORS:	M/s. M. Yousuf Adil Saleem & Co. Chartered Accountants
LEGAL ADVISOR:	Faisal Mehmood Ghani. Advocate.
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,

I feel pleasure in presenting to you the financial statements (un-audited) of the company for the 3rd Quarter ended on 31st March 2013.

Alhamdulillah, ALLAH has been very kind to us and despite the ongoing energy crisis, your company has performed well during the quarter under review and has made a pre-tax profit of Rs. 103.859 million in comparison to a pre-tax profit of Rs. 91.700 million during the corresponding period last year.

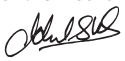
By the grace of ALLAH, our cotton purchases which began with the start of the cotton season have now been completed. Apparently, we have purchased good cotton at quite competitive rates which will enable us to get good profits.

Previously, there were no power shortages in Karachi but now gas shortages have also started affecting the industry here. Now, sometimes once in a week and sometimes twice a week, the gas is not available to the mills. As the only source of power for us is gas powered engines, so this put us in quite difficult situation. Government seriously needs to look upon this issue as only a long term solution to this mounting power crisis can rebuild investor's confidence in the industry.

Going forward, uncertain political environment in the country due to upcoming elections can affect the domestic industry which will avoid taking long term position on yarn, as a outcome of this, sales are likely to get slow down in the next quarter. Fiber prices have remained quite stable during the previous months, but have declined recently due to uncertainties existing in the global market. As a result of energy shortages in the upcountry, demand for synthetic yarn is expected to remain dull. However, because of the good coverage of cotton and specialization of our product line, we are very confident that the next quarter will also have similar results.

It is pertinent to acknowledge the role of our team members in the growth of this organization as we as an organization believe that a hard working and motivated team is a synonym to our success. The pivotal role played by our bankers, brokers, suppliers also needs a mention here. We would also like to thank our clients for their continued confidence in our products.

On behalf of the Board of Directors



ADEEL SHAHID ANWAR
Chief Executive

Karachi:
Date: April 27, 2013

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT MARCH 31, 2013

	Note	March 31, 2013 (Unaudited)	June 30, 2012 (Audited)
SHARE CAPITAL AND RESERVES		.....Rupees in '000'	
Authorised			
1,000,000 Ordinary shares of Rs. 10 each		**10,000**	10,000
Issued, subscribed and paid-up			
500,000 ordinary shares of Rs.10 each		**5,000**	5,000
Associate's share of capital reserve relating to			
Capital reserve		**591**	591
Unrealized gain in value of securities available for sale		**20,084**	213
Unappropriated profit		**1,049,121**	829,157
		1,074,796	834,961
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net of tax		**472,699**	489,100
NON-CURRENT LIABILITIES			
Deferred liabilities		**96,641**	91,814
Long term finance		**91,143**	-
CURRENT LIABILITIES			
Trade and other payables		**301,358**	216,422
Interest / mark-up accrued on loans		**5,501**	116
Short-term borrowings		**148,781**	16,584
Current portion of long- term finance		**13,020**	-
Taxation		**46,748**	22,711
		515,408	255,833
CONTINGENCIES AND COMMITMENTS	2		
		2,250,687	**1,671,708**
NON-CURRENT ASSETS			
Property, plant and equipment	3	**819,858**	715,945
Intangible assets		**4,246**	3,999
Long-term investment		**267,841**	243,363
Long-term deposits		**1,001**	325
CURRENT ASSETS			
Stores, spares and loose tools		**18,627**	23,775
Stock-in-trade		**444,848**	271,047
Trade debts		**223,611**	160,360
Loans and advances		**107,308**	55,965
Short-term prepayments		**2,782**	709
Other receivables		**1,343**	5,006
Other financial assets		**327,967**	158,318
Sales tax refundable		**7,640**	11,272
Cash and bank balances		**23,615**	21,624
		1,157,741	708,076
		2,250,687	1,671,708

The annexed notes form an integral part of this condensed interim financial information.

ADEEL SHAHID ANWAR
Chief Executive

ANWAR AHMED TATA
Chairman/Director

CONDENSED INTERIM PROFIT & LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE-MONTH PERIOD ENDED MARCH 31, 2013

	Note	Nine-month period ended		Three-month period ended	
		March 31, 2013	March 31, 2012	**March 31, 2013**	March 31, 2012
		.....Rupees in '000'.....			
Sales		**1,600,883**	1,622,786	**645,441**	611,722
Cost of goods sold	**4**	**(1,249,525)**	(1,442,263)	**(498,443)**	(489,482)
Gross profit		**351,358**	180,523	**146,998**	122,240
Distribution cost		**(54,719)**	(34,694)	**(23,854)**	(14,448)
Administrative expenses		**(38,413)**	(27,299)	**(13,823)**	(8,109)
Other operating expenses		**(20,312)**	(11,090)	**(5,157)**	(6,567)
Other operating income		**946**	6,889	**60**	1,010
Finance cost		**(28,017)**	(27,076)	**(10,463)**	(11,664)
Share of profit of associate - net of tax		**25,578**	120	**10,098**	9,238
Profit before taxation		**236,421**	87,373	**103,859**	91,700
Provision for taxation		**(27,859)**	(19,328)	**(10,670)**	(8,002)
Profit for the period		**208,562**	68,045	**93,189**	83,698
Other comprehensive Income					
Unrealised gain / (loss) on remeasurement of investment - available-for-sale					
- Held by Company		**19,871**	**-**	**6,064**	**-**
- Held by an associate					
- proportionate share of investment		**-**	(22)	**(11)**	28
Other comprehensive income - net of tax		**19,871**	**(22)**	**6,053**	**28**
Total comprehensive income for the period		**228,433**	68,023	**99,242**	83,726
Earning per share					
- Basic and diluted (Rupees)		**417.12**	136.09	**186.38**	167.40

The annexed notes form an integral part of this condensed interim financial information.

ADEEL SHAHID ANWAR
Chief Executive

ANWAR AHMED TATA
Chairman/Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE-MONTH PERIOD ENDED MARCH 31, 2013

	March 31, 2013	March 31, 2012
	.....Rupees in '000'.....	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**236,421**	87,373
Adjustments for:		
Depreciation of property, plant and equipment	**27,947**	19,797
Amortization of intangible assets	**753**	-
Provision for staff gratuity and compensated absences	**8,476**	7,754
Finance cost	**28,017**	27,076
Share of profit from an associate - net of tax	**(25,578)**	(120)
Gain on disposal of property, plant and equipment	**(92)**	(674)
Operating cash flows before working capital changes	**275,944**	141,206
(Increase) / decrease in current assets		
Stores, spares and loose tools	**5,148**	(1,259)
Stock-in-trade	**(173,801)**	(75,307)
Trade debts	**(63,251)**	(61,750)
Loans and advances	**(30,765)**	(7,647)
Short-term prepayments	**(2,073)**	(442)
Other receivables	**3,663**	(4,022)
Other financial assets	**(149,779)**	199,500
Sales tax refundable	**3,632**	(4,368)
Increase / (decrease) in current liabilities		
Trade and other payables	**84,808**	31,425
Net cash (used in) / generated from operations	**(46,474)**	217,336
Finance cost paid	**(22,632)**	(29,050)
Income tax paid	**(20,578)**	(17,699)
Employees' benefits paid	**(7,467)**	(4,934)
Long-term deposits	**(676)**	(250)
Net cash (used in) / generated from operating activities	**(97,827)**	165,403
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(142,360)**	(20,408)
Proceeds from disposal of property, plant and equipment	**10,591**	1,138
Purchase of intangible assets	**(1,000)**	-
Dividend received	**1,099**	1,099
Net cash used in investing activities	**(131,670)**	(18,171)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term finance received - net	**104,163**	-
Short term borrowings received - net	**66,406**	5,466
Dividend paid	**(4,872)**	(2,444)
Net cash generated from financing activities	**165,697**	3,022
Net (decrease)/Increase in cash and cash equivalents (A+B+C)	**(63,800)**	150,254
Cash and cash equivalents at July 01	**21,624**	(194,176)
Cash and cash equivalents at March 31	**(42,176)**	(43,922)
CASH AND CASH EQUIVALENT		
Cash and bank balances	**23,615**	16,251
Short term running finance	**(65,791)**	(60,173)
	(42,176)	(43,922)

The annexed notes form an integral part of this condensed interim financial information.

ADEEL SHAHID ANWAR
Chief Executive

ANWAR AHMED TATA
Chairman/Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE-MONTH PERIOD ENDED MARCH 31, 2013

		Reserve			
		Capital		Revenue	
	Issued, subscribed and Paid up Capital	Other Reserve	Unrealized Gain/(Loss) on Securities available for sale	Unappropriated Profit	Total
	.....Rupees in '000'.....				
Balance at July 01, 2011	5,000	591	(42)	641,545	**647,094**
Comprehensive income:					
Profit after taxation for the nine months ended March 31, 2012	-	-	-	68,045	**68,045**
Other comprehensive income - net of tax	-	-	22	-	**22**
	-	**-**	22	68,045	**68,067**
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	-	6,218	**6,218**
Share of surplus on revaluation of property, plant and equipment from associate on account of incremental depreciation - net of deferred tax	-	-	-	2,787	**2,787**
	-	-	-	9,005	**9,005**
Transactions with owners:					
Final cash dividend for the year ended June 30, 2011 - @ Rs 5 per share	-	-	-	(2,500)	**(2,500)**
Balance at March 31, 2012	**5,000**	**591**	**(20)**	**716,095**	**721,666**
Balance at July 01, 2012	5,000	591	213	829,157	**834,961**
Comprehensive Income:					
Profit after taxation for the nine months ended March 31, 2013	-	-	-	208,562	**208,562**
Other comprehensive income - net of tax	-	-	19,871	-	**19,871**
	-	**-**	19,871	208,562	**228,433**
Transfer from surplus on revaluation of property,plant and equipment on account of incremental depreciation - net of deferred tax	-	-	-	12,713	**12,713**
Share of surplus on revaluation of property, plant and equipment from associate on account of incremental depreciation - net of deferred tax	-	-	-	3,689	**3,689**
	-	**-**	**-**	16,402	**16,402**
Transactions with owners:					
Final cash dividend for the year ended June 30, 2012 - @ Rs 10 per share	-	-	-	(5,000)	**(5,000)**
Balance at March 31, 2013	**5,000**	**591**	**20,084**	**1,049,121**	**1,074,796**

The annexed notes form an integral part of this condensed interim financial information.

ADEEL SHAHID ANWAR
Chief Executive

ANWAR AHMED TATA
Chairman/Director

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE-MONTH PERIOD ENDED MARCH 31, 2013

1. STATUS AND NATURE OF BUSINESS

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 This condensed interim financial information has been prepared under 'historical cost convention' modified by:

- certain items of property, plant and equipment which have been included at revalued amounts
- investment in associate under equity method
- financial instruments at fair value.
- recognition of certain staff retirement benefits at present value

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, estimates, judgments and methods of computation followed in the preparation of this condensed interim financial information are the same as those applied in the preparation of the published annual audited financial statements for the year ended June 30, 2012.

	Note	**March 31, 2013 (Unaudited)**	June 30, 2012 (Audited)
		.....Rupees in 000	

2. CONTINGENCIES AND COMMITMENTS

2.1 Contingencies

There is no change in contingencies disclosed in Note 9 of the annual audited financial statements for the year ended June 30, 2012.

2.2 Commitments

Letters of credit for raw material purchase, spares and machinery		**245,332**	101,813
Bank guarantees	2.2.1	**38,171**	34,671
Export bills discounted		**77,895**	295,295
Outstanding sales contracts		**-**	45,724
Forward contracts		**64,976**	52,231

2.2.1 This includes bank guarantee related to infrastructure cess amounting to Rs. 29.329 million (June 30, 2012: Rs. 25.85 million).

3. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	3.1	**773,046**	693,588
Capital work-in-progress (CWIP)		**46,812**	22,357
		819,858	715,945

3.1 Following additions, transfers and disposals in operating fixed assets were made during the quarter ended March 31, 2013.

	Additions	Disposal (W.D.V)	Sale Proceed
	..... Rupees in '000'		
March 31, 2013 (Unaudited)			
Plant and machinery	67,284	8,409	8,661
Computer equipment	68	-	-
	67,352	8,409	8,661

4. COST OF GOODS SOLD

	Note	Nine-month period ended		Three-month period ended	
		March 31, 2013	March 31, 2012	**March 31, 2013**	March 31, 2012
		.....Unaudited.....			
		.....Rupees in '000'.....			
Opening finished goods		**24,195**	209,163	**110,074**	146,442
Cost of goods manufactured	4.2	**1,280,649**	1,289,503	**443,688**	399,605
		1,304,844	1,498,666	**553,762**	546,047
Closing finished goods		**(55,319)**	(56,565)	**(55,319)**	(56,565)
Cost of goods sold		**1,249,525**	1,442,101	**498,443**	489,482
Cost of raw material sold		**-**	162	-	-
		1,249,525	1,442,263	**498,443**	489,482

4.1 Finished goods stock also include waste stock carried at net realizable value.

4.2 Cost of goods manufactured

Raw material consumed	4.2.1	**992,984**	1,040,605	**340,695**	319,054
Packing material consumed		**18,657**	19,082	**6,565**	6,072
Stores and spares consumed		**26,393**	23,688	**10,996**	6,638
Salaries, wages and benefits		**87,547**	73,134	**30,282**	21,713
Fuel and Power		**120,212**	95,130	**42,405**	33,591
Insurance		**4,025**	2,706	**1,574**	919
Repairs and maintenance		**3,049**	1,871	**1,343**	773
Depreciation		**24,896**	19,039	**9,164**	6,366
Other overheads		**5,885**	3,787	**1,422**	1,739
		1,283,648	1,279,042	**444,446**	396,865
Work-in-process					
Opening stock		**10,484**	22,416	**12,725**	14,695
Stock destroy by fire		-	(4,022)	-	(4,022)
Closing stock		**(13,483)**	(7,933)	**(13,483)**	(7,933)
		(2,999)	10,461	**(758)**	2,740
		1,280,649	1,289,503	**443,688**	399,605

4.2.1 RAW MATERIAL CONSUMED

Opening stock	**209,367**	195,677	**376,540**	514,580
Purchases - net	**1,159,663**	1,239,254	**340,201**	198,800
	1,369,030	1,434,931	**716,741**	713,380
Closing stock	**(376,046)**	(394,326)	**(376,046)**	(394,326)
	992,984	1,040,605	**340,695**	319,054

5. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies / undertakings and key management personnel. The transactions between the Company and the related parties are carried out as per agreed terms. Significant transactions with related parties are as follows:

	Three-month period ended	
	March 31, 2013 (Unaudited)	March 31, 2012 (Unaudited)
	...Rupees in '000'...	
Transactions with associates during the period		
Share of expense received	**3**	594
Share of expense paid	**198**	220
Purchase of electricity	**38,466**	33,303
Transactions with key management personnel		
Short-term benefits paid	**5,608**	4,226
Directors meeting fee paid	**40**	10
Rent expense	**866**	150

6. APPROVAL OF CONDENSED INTERIM FINANCIAL INFORMATION

These condensed interim financial statements were authorized for issue on April 27, 2013 by the Board of Directors of the Company.

ADEEL SHAHID ANWAR
Chief Executive

ANWAR AHMED TATA
Chairman/Director

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Printed Matter

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