



ISLAND TEXTILE MILLS LIMITED

**Condensed Interim Financial Information
For The Half Year Ended December 31, 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 Half Year, ended December 31, 2015 is being presented to you.

The Financial Results for the 2nd Quarter of the company continues to be discouraging. During the quarter under review, the Company incurred a pre-tax loss of Rs.189.393 Million as compared to a pre-tax loss of Rs.17.334 million during the corresponding period of last year.

Textile Industry

During the quarter under review, the Textile Industry continues to confront a turbulent and unstable situation and this is only due to the indifferent attitude of the incumbent Government. The country's share in the global market continues to decline due to the mounting cost of doing business, non-release of multiple tax refunds, i.e. Sales Tax, Income Tax and Custom Rebate Claims and compounded with the heavy burden of withholding Tax, the Textile Sector has been badly affected. In addition to above, the exchange control policy adopted by the Government has seriously hurt the country's exports which have declined by 15% in Textile Industry and 40% in Yarn exports. During the last 5 years, our neighboring country and competitor has depreciated its currency by 55%, whereas, Pakistan has depreciated the Rupee by 24% only. Therefore, this big difference in the currency valuation cannot be covered by achieving any level of efficiency in production or cost.

The Textile Industry is a major sector of providing employment and earning of foreign exchange but the Government has completely failed to lift the country's export and especially the manufacturing sector is being neglected, as most of the promises for support made by the Government, remains unfulfilled.

Cotton Situation

The failure of Pakistani Cotton Crop has been most detrimental and there is a shortage of approximately five million cotton bales as compared to last year. According to the latest figure the output of cotton crop is estimated at approximately 9.7 to 9.8 million bales, which is a big disaster. It is most unfortunate that the Government has shown no concern for this disastrous output of cotton crop as no enquiry committee has been set up to analyze the reasons for the crop failure and no corrective measures or steps have been taken by the Government to avoid such adversity in future. The Textile sector is therefore compelled to import Cotton and in order to make the basic Textile Industry competitive, the levy of taxes and duties on import of Cotton must be withdrawn.

Power Issue

Energy shortages have continue this quarter as well and with the Government rising power tariffs has put extra financial burden on the Textile Industry. Moreover, the value of Fuel Adjustment Surcharges is above Rs.3.50 and the Prime Minister has announced Rs.3/= reduction in Power Tariff, which falls short of Fuel Adjustment surcharges, so actually speaking, in reality, there is no reduction in Power Tariff.

Acknowledgment

It is most important to mention the untiring endeavors of all our team members who are engaged in up-holding their commitment for the company's success and growth. We also thank our Bankers, Vendors and Clients for their consistent trust and support.

On behalf of the Board of Directors



SHAHID ANWAR TATA
Chief Executive

Karachi:
Date: Februar 27, 2016

Deloitte.

Deloitte Yousuf Adil
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Sharea Faisal,
Karachi-75350
Pakistan
Phone: +92 (0) 21 34546494-7
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AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION**Introduction**

We have reviewed the accompanying condensed interim balance sheet of **ISLAND TEXTILE MILLS LIMITED** (the Company) as at **December 31, 2015**, the related condensed interim profit and loss account, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the half year then ended (here-in-after referred to as "condensed interim financial information"). Management is responsible for the preparation and presentation of the condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2015 and 2014 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2015.

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 condensed interim financial information 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 condensed interim financial information as of and for the half year ended December 31, 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants

Engagement partner
Mushtaq Ali Hirani

Dated: February 27, 2016
Karachi

Member of
Deloitte Touche Tohmatsu Ltd.

ISLAND TEXTILE MILLS LIMITED

**CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2015**December 31,
2015June 30,
2015

ASSETS	Notes	(Un-audited)	(Audited)
	Rupees in '000'	
NON-CURRENT ASSETS			
Property, plant and equipment	5	4,003,010	3,719,483
Intangible assets		1,782	2,347
Long term investments		319,670	339,339
Long term deposits		1,001	1,001
Deferred tax asset		110,850	-
		4,436,313	4,062,170
CURRENT ASSETS			
Stores, spares and loose tools		30,944	22,940
Stock-in-trade		1,222,683	1,198,742
Trade debts		379,867	125,106
Loans and advances		309,948	148,217
Short term prepayments		3,733	902
Other receivables		401	401
Other financial assets		19,436	17,186
Sales tax refundable		197,813	162,980
Cash and bank balances		50,991	152,327
		2,215,816	1,828,801
TOTAL ASSETS		<u>6,652,129</u>	<u>5,890,971</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
	6	1,294,101	1,256,547
Surplus on revaluation of property, plant and equipment		465,573	474,181
NON-CURRENT LIABILITIES			
Deferred liabilities		36,791	140,803
Long term finances	7	2,934,342	2,636,568
		2,971,133	2,777,371
CURRENT LIABILITIES			
Trade and other payables		597,476	304,850
Short term borrowings		1,231,024	974,482
Mark-up accrued on borrowings		92,822	82,236
Provision for income tax		-	21,304
		1,921,322	1,382,872
CONTINGENCIES AND COMMITMENTS	8		
TOTAL EQUITY AND LIABILITIES		<u>6,652,129</u>	<u>5,890,971</u>

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.


SHAHID ANWAR TATA
Chief Executive

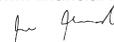

ANWAR AHMED TATA
Chairman/Director

ISLAND TEXTILE MILLS LIMITED
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**CONDENSED INTERIM PROFIT & LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED & QUARTER DECEMBER 31, 2015**

Notes	Half Year Ended		Quarter Ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
.....Rupees in '000'.....				
Sales - net	1,649,482	1,113,583	1,033,858	496,130
Cost of goods sold	9 (1,608,790)	(1,072,110)	(995,559)	(474,009)
Gross profit	40,692	41,473	38,299	22,121
Distribution cost	(41,704)	(29,450)	(23,232)	(14,263)
Administrative expenses	(26,035)	(23,817)	(14,032)	(11,910)
Other operating expenses	(11,823)	(471)	(6,266)	(233)
Finance cost	(132,099)	(6,081)	(82,616)	(3,323)
	(211,661)	(59,819)	(126,146)	(29,729)
Share of (loss) / profit from associates - net of tax	(19,242)	(6,064)	(13,475)	1,942
Other income	818	7,076	768	5,953
	(18,424)	1,012	(12,707)	7,895
(Loss) / profit before taxation	(189,393)	(17,334)	(100,554)	287
Provision for taxation	10 218,334	(4,559)	9,608	(4,157)
Profit / (loss) for the period	28,941	(21,893)	(90,946)	(3,870)
Other comprehensive income				
<i>Items that will be reclassified subsequently to profit or loss</i>				
<i>Unrealised gain / (loss) on remeasurement of investment</i>				
<i>- available-for-sale:</i>				
- Held by the Company	-	425	-	(1,576)
- Held by an associate - proportionate share of investment	6	3	(5)	(6)
Other comprehensive income - net of tax	6	428	(5)	(1,582)
Total comprehensive income for the period	28,947	(21,465)	(90,951)	(5,452)
Earnings per share - Basic and diluted (Rupees)	57.88	(43.79)	(181.89)	(7.74)

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.


SHAHID ANWAR TATA
 Chief Executive

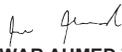

ANWAR AHMED TATA
 Chairman/Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

	December 31, 2015	December 31, 2014
Rupees in '000'.....	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) before taxation	(189,393)	(17,334)
Adjustments for:		
Depreciation	84,700	21,113
Amortization	564	560
Provision for staff gratuity and compensated absences	9,681	6,667
Finance cost	132,099	6,081
Gain on disposal of property, plant and equipment	-	(1,794)
Share of loss from associates - net of tax	19,242	6,064
Gain on disposal of financial assets	-	(4,086)
Operating cash flows before working capital changes	<u>56,893</u>	<u>17,271</u>
(Increase) / decrease in current assets		
Stores, spares and loose tools	(8,004)	(1,876)
Stock-in-trade	(23,941)	84,443
Trade debts	(254,761)	26,204
Loans and advances	(154,430)	(32,040)
Other receivables	-	4,659
Short-term prepayments	(2,831)	(2,326)
Sales tax refundable	(34,833)	(13,920)
Increase in current liabilities		
Trade and other payables	<u>292,626</u>	<u>14,237</u>
Net cash (used in) / generated from operations	(129,281)	96,652
Finance cost paid	(149,033)	(5,012)
Staff gratuity and compensated absences paid	(7,117)	(5,150)
Income taxes paid	(27,699)	(16,499)
Net cash (used in) / generated from operating activities	<u>(313,130)</u>	<u>69,991</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received	435	984
Purchase of other financial assets	(2,250)	(138,967)
Proceeds from disposal of other financial assets	-	135,000
Additions to property, plant and equipment	(340,708)	(228,939)
Proceeds from disposal of property, plant and equipment	-	2,403
Net cash used in investing activities	<u>(342,523)</u>	<u>(229,519)</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term finance obtained	297,774	-
Short term borrowings (repaid) / obtained	(82,741)	30,482
Dividend paid	-	(2,375)
Net cash generated from financing activities	<u>215,033</u>	<u>28,107</u>
Net decrease in cash and cash equivalents (A+B+C)	<u>(440,620)</u>	<u>(131,421)</u>
Cash and cash equivalents at beginning of the period	<u>(134,929)</u>	<u>64,323</u>
Cash and cash equivalents at end of the period	<u>(575,549)</u>	<u>(67,098)</u>
CASH AND CASH EQUIVALENTS		
Cash and bank balances	50,991	31,214
Short term running finance	(626,540)	(98,312)
	<u>(575,549)</u>	<u>(67,098)</u>

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.


SHAHID ANWAR TATA
Chief Executive


ANWAR AHMED TATA
Chairman/Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

ISLAND TEXTILE MILLS LIMITED

	Reserves						Total
	Issued, subscribed and paid up capital	General reserve	Other reserve	Unrealized (loss)/gain on value of investment available- for-sale	Company's share in other comprehensive income of associates	Unappropriated profit	
	-----Rupees in 000-----						
Balance at June 30, 2014	5,000	900,000	591	298	(969)	395,958	1,300,878
Comprehensive income for the half year ended							
December 31, 2014							
Loss after taxation	-	-	-	-	-	(21,893)	(21,893)
Other comprehensive income							
Unrealized gain on remeasurement of investment available-for-sale	-	-	-	425	-	-	425
Company's share in unrealised gain on remeasurement of associates' investments - net of deferred tax	-	-	-	-	3	-	3
Total comprehensive income for the period	-	-	-	425	3	(21,893)	428
	-	-	-	425	3	(21,893)	(21,465)
Transfer from surplus on revaluation of property, plant and equipment on account of: incremental depreciation - net of deferred tax							
- Own	-	-	-	-	-	6,435	6,435
- Company's share in associates	-	-	-	-	-	1,953	1,953
disposal - net of deferred tax							
- Company's share in associates	-	-	-	-	-	3	3
	-	-	-	-	-	8,391	8,391
Transaction with owners							
Final cash dividend for the year ended June 30, 2014 @ Rs. 5 per share	-	-	-	-	-	(2,500)	(2,500)
Balance at December 31, 2014	5,000	900,000	591	723	(966)	379,956	1,285,304
Comprehensive income for the half year ended June 30, 2015							
Loss after taxation	-	-	-	-	-	(35,424)	(35,424)

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

	Issued, subscribed and paid up capital	General reserve	Other reserve	Reserves		Unappropriated profit	Total
				Unrealized (loss)/gain on value of investment available-for-sale	Company's share in other comprehensive income of associates		
-----Rupees in '000'							
Other comprehensive income							
Transfer of unrealised loss on disposal of investment available-for-sale	-	-	-	(723)	-	-	(723)
Remeasurement loss of defined benefit plan	-	-	-	-	-	(767)	(767)
Company's share in unrealised loss on remeasurement of associates' investments - net of tax	-	-	-	-	(15)	-	(15)
Company's share in remeasurement gain on associates' defined benefit plan - net of tax	-	-	-	-	(32)	-	(32)
Total comprehensive income for the period	-	-	-	(723)	(47)	(767)	(1,537)
Transfer from surplus on revaluation of property, plant and equipment on account of: incremental depreciation - net of deferred tax							
- Own	-	-	-	-	-	6,090	6,090
- Company's share in associates disposal - net of deferred tax	-	-	-	-	-	1,420	1,420
- Company's share in associates	-	-	-	-	-	1,025	1,025
	-	-	-	-	-	8,535	8,535
Impact of change in deferred tax rate							
Balance at June 30, 2015	5,000	900,000	591	-	(1,013)	351,969	1,256,547
Comprehensive income for the half year ended December 31, 2015							
Profit after taxation	-	-	-	-	-	28,941	28,941
Other comprehensive income							
Company's share in unrealised gain on remeasurement of associates' investments - net of deferred tax	-	-	-	-	6	-	6
Total comprehensive income for the period	-	-	-	-	6	28,941	28,947
Transfer from surplus on revaluation of property, plant and equipment on account of: incremental depreciation - net of deferred tax							
- Own	-	-	-	-	-	5,948	5,948
- Company's share in associates	-	-	-	-	-	2,659	2,659
	-	-	-	-	-	8,607	8,607
Balance at December 31, 2015	5,000	900,000	591	-	(1,007)	389,517	1,294,101

The annexed notes from 1 to 13 form an integral part of this condensed interim financial information.


SHAHID ANWAR TATA
Chief Executive


ANWAR AHMED TATA
Chairman/Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015****1. LEGAL STATUS AND NATURE OF BUSINESS**

Island Textile Mills Limited (the Company) was incorporated in Pakistan on May 20, 1970 as a public limited company under the Companies Act, 1913 as repealed by the Companies Ordinance, 1984 and listed on Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited). The registered office of the Company is situated at 6th Floor, Textile Plaza, M.A. Jinnah Road, Karachi in the province of Sindh. 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.

2. BASIS OF PREPARATION

2.1 This condensed interim financial information of the Company for the half year ended December 31, 2015 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 shall prevail. This condensed interim financial information does not include all the information required for the full financial statements and these should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2015.

2.2 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; and
- recognition of certain staff retirement benefits at present value.

2.3 This condensed interim financial information is presented in Pak Rupees which is the Company's functional currency and figures presented in this condensed interim financial information have been rounded off to the nearest thousand rupee.

2.4 This condensed interim financial information is unaudited. However, a limited scope review of this condensed interim financial information has been performed by the external auditors of the Company in accordance with the requirements of clause 5.19.13(b) of Rule Book of Pakistan Stock Exchange Limited and they have issued their review report thereon. These condensed interim financial information is being submitted to shareholder as required by section 245 of Companies Ordinance, 1984.

2.5 The comparative balance sheet presented has been extracted from annual financial statements for the year ended June 30, 2015, whereas comparative condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity are stated from the unaudited condensed interim financial information for the half year ended December 31, 2014.

3. ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

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, 2015.

Certain new IFRSs and amendments to existing IFRSs are effective for period beginning on or after July 1, 2015, which do not have any impact on this condensed interim financial information except for IFRS 13 Fair Value Measurement.

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. However, it does not change the requirements regarding which items should be measured or disclosed at fair value. The scope of IFRS 13 is broad; it applies to both financial and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. The application of this standard does not have an impact on this condensed interim financial information.

4. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements for the year ended June 30, 2015.

	Note	December 31, 2015 (Un-audited)	June 30, 2015 (Audited)
.....Rupees in '000'.....			
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	3,933,767	782,879
Capital work-in-progress		69,243	2,936,604
		<u>4,003,010</u>	<u>3,719,483</u>

5.1 Following additions, transfers and disposals in operating fixed assets were made:

	Additions/ Transfer from CWIP	Disposal (W.D.V)	Sales Proceeds
.....Rupees in '000'.....			

During the period ended December 31, 2015 (Unaudited)

Building on leasehold land - Mills	627,601	-	-
Building on leasehold land - Other	195	-	-
Plant and machinery	2,451,253	-	-
Mills equipment	2,241	-	-
Computer equipment	3,412	-	-
Electric Installation	139,831	-	-
Furniture and fixtures	11,055	-	-
	<u>3,235,588</u>	<u>-</u>	<u>-</u>

During the year ended June 30, 2015 (Audited)

Building on leasehold land - Mills	6,857	-	-
Building on leasehold land - Other	16,544	-	-
Plant and machinery	14,286	-	-
Mills equipment	1,539	-	-
Computer equipment	745	3	2
Furniture and fixture	61	-	-
Vehicles	277	1,439	3,891
	<u>40,309</u>	<u>1,442</u>	<u>3,893</u>

5.2 Fair value of property, plant and equipment

The Company's free hold land, building and plant and machinery are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent depreciation and subsequent accumulated impairment losses, if any. The fair value measurements of the Company's free hold land, building and plant and machinery as at June 30, 2012 and electric installations as at September 30, 2003 were performed by an independent valuer Iqbal A.Nanjee & Company (Private) Limited.

Information about fair value hierarchy and assets classified under the hierarchy are as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

ISLAND TEXTILE MILLS LIMITED**11**

	Level 1	Level 2	Level 3	Total
Rupees in '000'.....			
As at December 31, 2015				
Free hold land	-	68,650	-	68,650
Building on leasehold land - Mill	-	731,509	-	731,509
Building on leasehold land - Other	-	71,475	-	71,475
Plant and machinery	-	2,868,801	-	2,868,801
Electric installations	-	140,672	-	140,672

	Level 1	Level 2	Level 3	Total
Rupees in '000'.....			
As at June 30, 2015				
Free hold land	-	68,650	-	68,650
Building on leasehold land - Mill	-	118,835	-	118,835
Building on leasehold land - Other	-	73,108	-	73,108
Plant and machinery	-	479,750	-	479,750
Electric installations	-	3,286	-	3,286

There were no transfers between levels of fair value hierarchy during the period / year.

6. SHARE CAPITAL AND RESERVES	Notes	December 31,	June 30,
		2015	2015
		(Un-audited)	(Audited)
	Rupees in '000'.....	
Authorised capital			
1,000,000 Ordinary shares of Rs. 10 each		<u>10,000</u>	<u>10,000</u>
Issued, subscribed and paid-up			
500,000 ordinary shares of Rs.10 each		<u>5,000</u>	<u>5,000</u>
Capital reserves			
-General reserve		<u>900,000</u>	<u>900,000</u>
-Other reserve		<u>591</u>	<u>591</u>
Revenue reserves			
-Company's share in other comprehensive income of associates		<u>(1,007)</u>	<u>(1,013)</u>
-Unappropriated profit		<u>389,517</u>	<u>351,969</u>
		<u><u>1,294,101</u></u>	<u><u>1,256,547</u></u>

7. LONG TERM FINANCES**From banking companies - secured**

Syndicate term finance	7.1	<u>2,306,354</u>	<u>2,124,874</u>
Syndicate long term finance	7.2	<u>627,988</u>	<u>511,694</u>
		<u><u>2,934,342</u></u>	<u><u>2,636,568</u></u>

It represents amount utilized out of a term finance facility of Rs. 3,000 million obtained from a syndicate of commercial banks. It is secured against first charge on entire fixed assets of the Company and is subject to mark-up at the rates of 6 month KIBOR plus 1.4% per annum. It is repayable in 6 and half years including one and half years of grace period for principal repayment. Mark up is payable semi annually in arrears and principal in equal semi annual installments from August 2017.

It represents the amount utilized against LTFF facility obtained from SBP under the sublimit of Rs. 760 million SBP-LTFF limit being sub-limit of Rs. 3,000 million Syndicate Term Finance facility as mentioned in note 7.1 above. It is secured against first charge on entire fixed assets of the Company and is subject to mark-up at SBP refinance rate of 4.5% per annum plus bank spread (i.e. 3%). Markup is payable in calendar quarters in arrears and principal is payable semi-annually starting from November 2017.

ISLAND TEXTILE MILLS LIMITED

	Note	December 31, 2015 (Un-audited)	June 30, 2015 (Audited)
.....Rupees in '000'			
8. CONTINGENCIES AND COMMITMENTS			
8.1 Contingencies			
Estimated financial impact of labour and workmen compensation cases in court of law		998,009	1,235,624
8.2 Commitments			
Letters of credit for			
-raw material		960,788	23,126
-spares and machinery		46,372	91,938
Bank guarantees	8.2.1	76,184	65,676
Bills discounted		407,756	39,028
Outstanding sales contracts		1,100	8,534

8.2.1 This includes bank guarantee related to infrastructure cess for an amount of Rs. 50.32 million (June 30, 2015: Rs. 49.63 million).

9. COST OF GOODS SOLD

Notes	Half Year Ended		Quarter Ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Un-audited.....Rupees in '000'			
Opening finished goods	148,123	257,986	357,119	163,298
Cost of goods manufactured 9.1	1,930,264	903,445	1,108,037	444,233
	2,078,387	1,161,431	1,465,156	607,531
Closing finished goods	(469,597)	(133,522)	(469,597)	(133,522)
Cost of manufactured goods sold	1,608,790	1,027,909	995,559	474,009
Cost of raw material sold	-	44,201	-	-
Cost of goods sold	1,608,790	1,072,110	995,559	474,009

9.1 Cost of goods manufactured

Raw material	9.1.1	1,417,853	631,213	826,757	298,457
Stores and spares		23,670	27,614	12,382	14,840
Packing material		37,067	13,967	21,320	7,272
Fuel and power		237,133	125,837	117,384	61,905
Salaries, wages and benefits		133,573	72,458	70,094	38,298
Depreciation		82,913	18,580	48,287	9,475
Insurance		5,941	2,033	2,719	875
Repairs and maintenance		7,329	3,499	4,490	1,966
Other overheads		8,574	4,482	4,052	2,194
		1,954,053	899,683	1,107,485	435,282

Work-in-process

Opening stock	10,802	12,260	35,143	17,449
Closing stock	(34,591)	(8,498)	(34,591)	(8,498)
	(23,789)	3,762	552	8,951
	1,930,264	903,445	1,108,037	444,233

9.1.1 Raw material consumed

	Half Year Ended		Quarter Ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Note	Un-audited..... Rupees in '000'.....			
Opening stock	1,039,817	293,342	666,157	190,259
Purchases - net	1,069,497	674,995	852,061	445,322
	<u>2,109,314</u>	<u>968,337</u>	<u>1,518,218</u>	<u>635,581</u>
Closing stock	9.2 (691,461)	(337,124)	(691,461)	(337,124)
	<u>1,417,853</u>	<u>631,213</u>	<u>826,757</u>	<u>298,457</u>

9.2 Net realisable value of finished goods was lower than its cost resulted in write down of 5.63 million (December 31, 2014: Rs. 3.34 million) charged to cost of goods sold.

10. TAXATION

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemption available, if any. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

11. 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:

Relationship with the party	Nature of transactions	Half year ended	
		December 31, 2015	December 31, 2014
		Rupees in '000'.....	
Associated undertakings	Share of expense received	1,645	1,367
	Share of expense paid	2,181	2,706
	Purchase of electricity	93,326	118,379
	Purchase of machinery	-	1,600
	Sale of cotton	-	41,272
	Purchase of cotton	221,477	-
	Dividend received	435	984
	Rent expense	300	-
Key management personnel	Short-term benefits	18,888	12,887
Directors	Short-term benefits	1,750	1,750
	Directors meeting fee	65	60
	Rent	1,732	1,732
	Dividend	-	1,629
		December 31, 2015	June 30, 2015
		Rupees in '000'.....	
Relationship with the party	Outstanding Amount		
Associated undertakings	Trade creditors	215,940	103,143

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

As at December 31, 2015 and June 30, 2015, there were no such financial instruments existed which need classification under fair value levels defined in IFRS-13 - Fair Value Measurement.

The Company has not disclosed the fair values of all other financial assets and liabilities as their carrying amounts are reasonable approximation of their fair values.

13. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on February 27, 2016 by the Board of Directors of the Company


SHAHID ANWAR TATA
Chief Executive


ANWAR AHMED TATA
Chairman/Director

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