



ISLAND TEXTILE MILLS LIMITED

**Condensed Interim Financial Information
For The Half Year Ended December 31, 2017**

CONTENTS

1. COMPANY INFORMATION	01
2. DIRECTORS' REPORT	02
3. AUDITORS' REPORT TO THE MEMBERS	03
4. CONDENSED INTERIM BALANCE SHEET	04
5. CONDENSED INTERIM PROFIT & LOSS ACCOUNT (UNAUDITED)	05
6. CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)	06
7. CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY	07
8. NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)	09

COMPANY INFORMATION**BOARD OF DIRECTORS****CHAIRMAN:** Mr. Anwar Ahmed Tata**CHIEF EXECUTIVE:** Mr. Shahid Anwar Tata**DIRECTORS:** Mr. Adeel Shahid Tata
Mr. Aijaz Ahmed Tariq
Mr. Bilal Shahid Tata
Mr. Muhammad Naseem
Mr. Sheikh Kausar Ejaz**AUDIT COMMITTEE****CHAIRMAN:** Mr. Muhammad Naseem**MEMBERS:** Mr. Adeel Shahid Tata
Mr. Sheikh Kausar Ejaz**SECRETARY:** Mr. Owais Ahmed Abbasi**HUMAN RESOURCE &****REMUNERATION COMMITTEE****CHAIRMAN:** Mr. Muhammad Naseem**MEMBERS:** Mr. Shahid Anwar Tata
Mr. Adeel Shahid Tata**SECRETARY:** Mr. Aadil Riaz**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
Dubai Islamic Bank Pakistan Limited
Allied Bank Limited
JS 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.tatapakistan.com**E- MAIL ADDRESS:** itm.corporate@tatapakistan.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, 2017 is being presented to you.

Alhamdulillah, the financial statement of the Company for the 2nd quarter ended December 31, 2017 is encouraging and has shown a good improvement. During the period under review, the Company incurred a pre-tax profit of Rs.103.253 million as compared to a pre-tax loss of Rs.19.625 million during the corresponding period of last year.

Textile Industry

Alhamdulillah, there has been some positive developments in the Textile Industry. The activities and exports of downstream Industries have picked up which have resulted in the increased demand of yarn as well. Another encouraging aspect is the Government's continuation of Export Rebate, though only 50%. The escalation in Cotton Prices and the devaluation of Rupee has also played a positive role in the Textile sector and improvement have been witnessed in the six segments of the Textile Industries, major being Yarn and Grey Fabric, Finished Fabric, Home Textile, Denim, Towel and Knitted Garments. Moreover, to a great extent the rise in Cotton Prices has been absorbed mainly due to two factors, depreciation of Rupee and growth in the demand of Yarn.

Cotton Crop

This has been the third consecutive year of Cotton Crop failure particularly in Punjab, whereas, the Crop in Sindh has improved resulting in high yield of cotton this year. The crop in Punjab has performed poorly both quality wise and quantity wise and I have never seen such inferior quality of Cotton in my 35 years in textile business. The Punjab Government seems clueless about its remedial measures or research for development. Agriculture being a subject of the Provisional Government, we feel Punjab Government needs to work on both quality and quantity as Cotton is our most important Cash Crop and the production of Cotton is integral to the economic development of the Country. At present, your Company has enough Cotton Stock to last till June 2018; though, critical would be the next Cotton year, whereby, we will have to wait and watch for the outcome of the future Cotton yield.

Future Outlook

Going forward, the Management is taking initiatives in every area to optimize and reduce Cost without compromising on the performance of the Mill and has made reduction in the areas of Stores and Spares, Repair & Maintenance, Other Overheads and Power.

To keep up with the market trend and demand, we are producing new value added Yarns like Tri Blends containing Fibers like Tencel, Modal, Micromodal, Viscose, in our current set up. We also have plans to produce Compact Blended Yarns, Compact SIRO / CHAIN Yarns, within the current year.

ACKNOWLEDGEMENT

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

On behalf of the Board of Directors

Dated: February 26, 2018
Karachi



Shahid Anwar Tata
Chief Executive

Deloitte.

Deloitte Yousuf Adil
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Sharea Faisal,
Karachi-75350
Pakistan
Phone: +92 (0) 21 3454 6494-7
Fax: +92 (0) 21- 3454 1314
Web: www.deloitte.com

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, 2017, 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 the 'condensed interim financial information'). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. 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 quarter ended December 31, 2017 and December 31, 2016 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2017.

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 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 interim financial information as of and for the half year ended December 31, 2017 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
Hena Sadiq

Dated: February 26, 2018
Karachi

Member of

Deloitte Touche Tohmatsu Limited

CONDENSED INTERIM BALANCE SHEET

AS AT DECEMBER 31, 2017

December 31,
2017
(Unaudited)June 30,
2017
(Audited)

Note Rupees in '000'

ASSETS

Non-current Assets

Property, plant and equipment	5	4,091,877	4,197,161
Intangible assets		76	113
Long term investments		312,531	309,978
Long term deposits		1,468	1,605
		4,405,952	4,508,857

Current Assets

Stores, spares and loose tools		28,922	30,547
Stock-in-trade		1,409,873	1,406,651
Trade debts		523,031	514,263
Loans and advances		372,282	219,033
Short-term prepayments		1,709	1,642
Other receivables		52,997	40,770
Other financial assets		26,036	25,900
Sales tax refundable		49,706	92,395
Cash and bank balances		66,193	37,317
		2,530,749	2,368,518

TOTAL ASSETS

6,936,701 6,877,375

EQUITY AND LIABILITIES

EQUITY

Share capital and reserves	6	1,157,877	1,090,601
Surplus on revaluation of property, plant and equipment		660,796	677,600

LIABILITIES

Non-current liabilities

Deferred liabilities		248,723	182,362
Long term finances	7	2,595,873	2,431,311
		2,844,596	2,613,673

Current liabilities

Trade and other payables		499,368	263,030
Current portion of long term finances	7	125,598	568,688
Short term borrowings		1,555,915	1,570,789
Accrued interest / mark-up on borrowings		92,551	92,994
		2,273,432	2,495,501

Contingencies and commitments

8

TOTAL EQUITY AND LIABILITIES

6,936,701 6,877,375

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


SHAHID ANWAR TATA
CHIEF EXECUTIVE

FAROOQ ADVANI
CHIEF FINANCIAL OFFICER


ANWAR AHMED TATA
CHAIRMAN/DIRECTOR


CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2017

	Half year ended		Quarter ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Note	----- Rupees in '000' -----			
Sales - net	3,045,376	2,640,971	1,668,260	1,517,972
Cost of goods sold	9 (2,699,557)	(2,432,812)	(1,457,408)	(1,418,961)
Gross profit	345,819	208,159	210,852	99,011
Distribution cost	(60,868)	(55,050)	(34,025)	(27,499)
Administrative expenses	(36,749)	(30,932)	(18,074)	(15,528)
Other operating expenses	(12,536)	(1,284)	(5,229)	(768)
Finance cost	(156,150)	(141,694)	(77,612)	(68,974)
	(266,303)	(228,960)	(134,940)	(112,769)
Share of profit / (loss) from associates - net of tax	2,555	(4,693)	2,282	(785)
Other income	21,181	5,869	9,483	4,705
	23,736	1,176	11,765	3,920
Profit / (loss) before taxation	103,253	(19,625)	87,678	(9,838)
Provision for taxation	10 (52,778)	(26,394)	(37,962)	(18,397)
Profit/ (loss) for the period	50,475	(46,019)	49,716	(28,235)
Other comprehensive income				
<i>Items that will be reclassified subsequently to profit or loss</i>				
Company's share in unrealised loss on remeasurement of associates' investments - net of deferred tax	(2)	(4)	(1)	(7)
Total comprehensive income/ (loss) for the period	50,473	(46,023)	49,715	(28,242)
Earnings per share - basic and diluted (Rupees)	100.95	(92.04)	99.43	(56.47)

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


SHAHID ANWAR TATA
CHIEF EXECUTIVE


FAROOQ ADVANI
CHIEF FINANCIAL OFFICER


ANWAR AHMED TATA
CHAIRMAN/DIRECTOR

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	HALF YEAR ENDED	
	December 31, 2017	December 31, 2016
	----- Rupees in '000' -----	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/ (loss) before taxation	103,253	(19,625)
Adjustments for:		
Depreciation	109,449	100,038
Amortization	39	564
Provision for staff gratuity	12,788	12,596
Provision for staff compensated absences	5,166	4,623
Finance cost	156,150	141,694
Loss on disposal of property, plant and equipment	3,623	39
Share of (profit) / loss from associates - net of deferred tax	(2,555)	4,693
Reversal / (Provision) for doubtful debts	(369)	115
Operating cash flows before working capital changes	387,544	244,737
Decrease / (increase) / in current assets		
Stores, spares and loose tools	1,625	3,965
Stock-in-trade	(3,222)	(611,649)
Trade debts	(8,399)	38,020
Loans and advances	(124,961)	50,691
Other receivables	(12,227)	(393)
Short-term prepayments	(67)	7,446
Sales tax refundable	42,689	129,718
Increase in current liabilities		
Trade and other payables	236,347	132,160
Net cash generated from / (used in) operations	519,329	(5,305)
Finance cost paid	(156,594)	(151,862)
Staff gratuity paid	(279)	(4,400)
Staff compensated absences paid	(4,092)	(3,919)
Income taxes paid	(28,288)	(24,033)
Net cash generated from / (used in) operating activities	330,076	(189,519)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(12,465)	(39,452)
Proceeds from disposal of property, plant and equipment	4,675	60
Additions to other financial assets	(136)	(2,824)
Long term deposits received/ (paid) - net	137	(454)
Net cash used in investing activities	(7,789)	(42,670)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term finance (repaid) / obtained - net	(278,528)	2,699
Dividend paid	(8)	-
Short-term borrowings repaid	(687,329)	(378,956)
Net cash used in financing activities	(965,866)	(376,257)
Net decrease in cash and cash equivalents (A+B+C)	(643,579)	(608,446)
Cash and cash equivalents at beginning of the period	(679,977)	(589,063)
Cash and cash equivalents at end of the period	(1,323,556)	(1,197,509)
CASH AND CASH EQUIVALENTS		
Cash and bank balances	66,193	20,281
Short-term running finances	(1,389,749)	(1,217,790)
	(1,323,556)	(1,197,509)

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


SHAHID ANWAR TATA
 CHIEF EXECUTIVE


FAROOQ ADVANI
 CHIEF FINANCIAL OFFICER


ANWAR AHMED TATA
 CHAIRMAN/DIRECTOR

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	Reserves				Total
	Issued, subscribed and paid up capital	General reserve	Other reserve	Company's share in other comprehensive income of associates	
	5,000	900,000	591	(1,660)	1,050,839
Balance at June 30, 2016 (Audited)					
Total comprehensive loss for the half year ended December 31, 2016	-	-	-	-	(46,019)
Loss for the period	-	-	-	-	(46,019)
Other comprehensive income					
Company's share in unrealised loss on remeasurement of associates' investments - net of tax	-	-	-	(4)	(4)
Total comprehensive loss for the period					
	-	-	-	(4)	(46,023)
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation and disposal - net of tax	-	-	-	-	5,607
Company's share in associates' surplus on revaluation of property plant and equipment on account of incremental depreciation and disposal - net of tax	-	-	-	-	2,784
Balance at December 31, 2016 (Unaudited)	5,000	900,000	591	(1,664)	1,013,207
Total comprehensive income for the half year ended June 30, 2017					
Profit for the period	-	-	-	-	58,534
Other comprehensive income					
Remeasurement gain of defined benefit - net of tax	-	-	-	-	676
Company's share in remeasurement gain on associates' defined benefit plan - net of tax	-	-	-	64	64
Total comprehensive income for the period					
	-	-	-	64	59,274

Rupees in '000'

	Reserves				Total
	Issued, subscribed and paid up capital	General reserve	Other reserve	Company's share in other comprehensive income of associates	
Transferred from surplus on revaluation of property plant and equipment on account of: incremental depreciation and disposal - net of tax	-	-	-	-	15,249
Company's share in associates' surplus on revaluation of property plant and equipment on account of: incremental depreciation and disposal - net of tax	-	-	-	-	2,872
Balance at June 30, 2017 (Audited)	5,000	900,000	591	(1,600)	1,090,602
Total comprehensive income for the half year ended December 31, 2017					
Profit for the period	-	-	-	-	50,475
Other comprehensive income					
Company's share in unrealised loss on remeasurement of associates' investments - net of tax	-	-	-	(2)	(2)
Total comprehensive income / Loss for the period					50,475
Transferred from surplus on revaluation of property, plant and equipment on account of: incremental depreciation and disposal - net of tax	-	-	-	-	16,199
Company's share in associates' surplus on revaluation of property plant and equipment on account of: incremental depreciation and disposal - net of tax	-	-	-	-	603
Balance at December 31, 2017 (Unaudited)	5,000	900,000	591	(1,602)	1,157,877

---Rupees in '000'

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



SHAHID ANWAR TATA
CHIEF EXECUTIVE



FAROOQ ADVANI
CHIEF FINANCIAL OFFICER



ANWAR AHMED TATA
CHAIRMAN/DIRECTOR

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2017**
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. 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, Kotri 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, 2017 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, 2017.

The Companies Act, 2017 has been promulgated in Pakistan on May, 30 2017 but this condensed interim financial information has been prepared in accordance with the provisions of repealed Companies Ordinance, 1984 as instructed by Securities and Exchange Commission of Pakistan under Circular no. 23 of 2017, dated October 04, 2017.

- 2.2 This condensed interim financial information has been prepared under historical cost convention modified for:

- certain items of property, plant and equipment which have been included at revalued amounts;
- long term investments 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 and presentation currency and figures presented in this condensed interim financial information have been rounded off to the nearest thousand rupee unless otherwise stated.

- 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 (26) of Listed Companies (Code of Corporate Governance) Regulations, 2017. This condensed interim financial information is being submitted to the shareholders as required by section 237 of the Companies Act 2017.

- 2.5 The comparative figures of condensed interim balance sheet have been extracted from annual financial statements for the year ended June 30, 2017, whereas comparatives of 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, 2016.

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 financial statements for the year ended June 30, 2017.

Certain amendments to existing International Financial Reporting Standards are effective for period beginning on or after July 1, 2017, which do not have any impact on this condensed interim financial information and are therefore not enumerated here.

4. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the published annual financial statements for the year ended June 30, 2017.

		December 31, 2017 (Unaudited)	June 30, 2017 (Audited)
	Note	----- Rupees in '000' -----	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	5.1	4,069,442	4,152,050
Capital work-in-progress		22,435	45,111
		4,091,877	4,197,161

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

	Additions / transfers from CWIP	Disposals (written down value)	Sale proceeds
	----- Rupees in '000' -----		
During the period ended December 31, 2017 (Unaudited)			
Plant and machinery	5,925	7,510	2,300
Factory and workshop equipment	1,353	-	-
Electric installation	25,946	-	-
Furniture and fixtures	854	-	-
Computer Equipment	1,063	10	10
Vehicles	-	779	2,365
	35,141	8,299	4,675

	Additions / transfers from CWIP	Disposals (written down value)	Sale proceeds
	----- Rupees in '000' -----		
During the year ended June 30, 2017 (Audited)			
Building on leasehold land - Mills	26,078	-	-
Building on leasehold land - Other	39,022	-	-
Office premises	2,365	-	-
Plant and machinery	80,557	11,842	2,927
Electric installations	361	-	-
Mills equipment	3,572	-	-
Computer equipment	3,793	-	-
Furniture and fixtures	3,763	-	-
Vehicles	93	23	13
	<u>159,604</u>	<u>11,865</u>	<u>2,940</u>
	Note	December 31, 2017 (Unaudited)	June 30, 2017 (Audited)
		----- Rupees in '000' -----	
6. SHARE CAPITAL AND RESERVES			
<i>Authorised capital</i>		10,000	10,000
1,000,000 ordinary shares of Rs. 10 each fully paid in cash			
<i>Issued, subscribed and paid-up capital</i>		5,000	5,000
500,000 ordinary shares of Rs. 10 each			
General reserve		900,000	900,000
Other reserve		591	591
Company's share in other comprehensive income of associates		(1,602)	(1,601)
Unappropriated profit		253,888	186,611
		<u>1,157,877</u>	<u>1,090,601</u>
7. LONG TERM FINANCES			
Banking companies - secured			
Syndicate term finance	7.1 & 7.4	2,046,242	2,273,601
Syndicate long term finance facility-1	7.2 & 7.4	576,820	627,988
Syndicate long term finance facility-2	7.3 & 7.4	98,410	98,410
		<u>2,721,471</u>	<u>2,999,999</u>
Less: Current portion shown under current liabilities			
Syndicate term finance		-	(454,719)
Syndicate long term finance facility-1		(125,598)	(113,968)
		<u>(125,598)</u>	<u>(568,688)</u>
		<u>2,595,873</u>	<u>2,431,311</u>
7.1			
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 pari passu charge on entire fixed assets of the Company and is subject to mark-up at the rates of 6 months KIBOR plus 1.4% per annum (June 30, 2017: 6 months KIBOR plus 1.4% per annum). It is repayable in eight years, including grace period of 36 monthly cumulative for principal repayment. Mark up is payable semi annually in arrears and principal in equal semi annual installments from August 2018.			
7.2			
It represents amount utilized against facility obtained from the agent of the syndicate under a sublimit of Rs. 760 million out of finance facility provided under term finance facility of Rs. 3,000 million as mentioned in note 7.1 above. It is secured against first pari passu charge on entire fixed assets of the Company and it is subject to markup at SBP refinance rate of 4.5% per annum plus bank spread i.e.1.4% (2017:4.5% per annum plus bank spread i.e. 1.4%) . The facility is repayable in 07 years. Mark up is payable quarterly payments in arrears and principal in equal semi annual installments from 28 November 2017.			
7.3			
It represents amount utilized against facility obtained from the agent of the syndicate under a sublimit of Rs. 760 million out of finance facility provided under term finance facility of Rs. 3,000 million as mentioned in note 7.1 above. It is secured against first pari passu charge on entire fixed assets of the Company and it is subject to markup at SBP refinance rate of 2.0% per annum plus Bank spread i.e.1.5%(2017: 2.0% per annum plus Bank spread i.e.1.5%) . The facility is repayable in 07 years. Mark up is payable quarterly payments in arrears and principal in equal semi annual installments from 19 April 2019.			
	Note	December 31, 2017 (Unaudited)	June 30, 2017 (Audited)
		----- Rupees in '000' -----	
7.4 LONG TERM FINANCING			
Balance as on July 01,		2,999,999	2,997,300
Additions		-	2,699
Repayment		(278,528)	-
Balance as on		<u>2,721,471</u>	<u>2,999,999</u>
Less: current portion of long-term financing		<u>(125,598)</u>	<u>(568,688)</u>
		<u>2,595,873</u>	<u>2,431,311</u>

		December 31, 2017 (Unaudited)	June 30, 2017 (Audited)
		----- Rupees in '000' -----	
8.	CONTINGENCIES AND COMMITMENTS		
	Note		
8.1	Contingencies		
	Estimated financial impact of labour and workmen compensation cases in courts of law	843	843
8.2	Commitments		
	Letters of credit for		
	- raw material	1,302,898	251,166
	- spares and machinery	20,361	13,819
	Bank guarantees issued on behalf of the Company	112,186	105,469
	Bills discounted with recourse	494,011	572,960
	Outstanding sales contracts	331,528	22,289
8.2.1	This includes bank guarantee related to Sindh Infrastructure Development Cess amounting to Rs. 92.55 million (June 30, 2017: Rs.85.1 million) for which provision amounting to Rs. 77.2 million (June 30, 2017: Rs.74.2 million) has been made in this condensed interim financial information.		
		Half year ended	Quarter ended
		December 31, 2017	December 31, 2016
		December 31, 2017	December 31, 2016
		----- (Unaudited) -----	
		----- Rupees in '000' -----	
9.	COST OF GOODS SOLD		
	Opening stock- finished goods	129,814	296,887
	Cost of goods manufactured	2,656,784	2,542,014
		2,786,598	2,838,901
	Cost of stock lost	-	(4,980)
	Closing stock- finished goods	(108,492)	(435,488)
	Cost of manufactured goods sold	2,678,106	2,398,433
	Cost of raw material sold	21,451	34,379
		2,699,557	2,432,812
		1,544,449	1,853,710
		1,435,957	1,418,961
		21,451	-
		1,457,408	1,418,961
9.1	Cost of goods manufactured		
	Raw material	2,079,484	1,944,712
	Stores and spares	41,827	39,777
	Packing material	38,668	37,266
	Fuel and power	213,570	250,849
	Salaries, wages and benefits	154,491	153,587
	Depreciation	107,658	98,330
	Insurance	5,554	7,334
	Repairs and maintenance	1,948	3,420
	Other overheads	5,235	8,549
		2,648,436	2,543,824
		1,043,305	1,028,003
		21,147	19,501
		19,357	18,911
		102,444	118,956
		70,934	74,400
		53,793	49,182
		2,754	3,705
		1,437	1,881
		2,490	3,937
		1,317,662	1,318,476
	Work-in-process		
	Opening stock	44,957	38,874
	Closing stock	(36,609)	(40,684)
		8,348	(1,810)
		1,323,611	1,314,522
9.1.1	Raw material consumed		
	Opening stock	1,231,880	684,917
	Purchases - net	2,112,376	2,415,950
		3,344,257	3,100,867
	Closing stock	(1,264,773)	(1,156,155)
		2,079,484	1,944,712
		851,162	283,482
		1,456,916	1,900,676
		2,308,078	2,184,158
		(1,264,773)	(1,156,155)
		1,043,305	1,028,003

- 9.2 Net realisable value of finished goods was lower than its cost, resulting in a write-down of Rs. 0.223 million (December 31, 2016: Rs. 7.96 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.

Deferred tax is provided using the balance sheet liability method for all temporary differences at the reporting date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes after taking into account, the effects on deferred taxation of the portion of income subject to final tax 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 and outstanding balances with related parties are as follows:

		Half year ended	
		December 31, 2017	December 31, 2016
		----- (Unaudited) -----	
		----- Rupees in '000' -----	
Relationship with the Company	Nature of transactions		
Associated undertakings	Share of expenses received	548	1,369
	Share of expense paid	2,215	6,123
	Purchase of electricity	145,904	141,266
	Sale of raw material	-	37,725
	Sale of fixed assets	-	60
	Purchase of fixed asset	5,000	-
	Rent	300	300
	Purchase of cotton	126,694	-
Key management personnel	Remuneration	15,632	23,385
Directors	Remuneration	2,225	1,500
	Meeting fee	95	60
	Rent	2,645	1,732
		December 31, 2017	June 30, 2017
		(Unaudited)	(Audited)
		----- Rupees in '000' -----	
Relationship with the party	Outstanding balance		
Associated undertakings	Trade creditors	30,720	30,030

12. FAIR VALUE HIERARCHY

The Company's free hold land, building, plant and machinery and electric installations are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent depreciation and subsequent impairment losses, if any. The fair value measurements of the Company's free hold land, building, plant and machinery and electric installations as at September 30, 2003, and June 30, 2012 were performed by an independent valuer Iqbal A. Nanjee & Company (Private) Limited and as at December 31, 2016 by MYK Associates (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).

	Level 1	Level 2	Level 3	Total
	----- Rupees '000' -----			
As at December 31, 2017 (Unaudited)				
Free hold land	-	123,570	-	123,570
Building on leasehold land - Mill	-	686,622	-	686,622
Building on leasehold land - Other	-	215,004	-	215,004
Plant and machinery	-	2,793,832	-	2,793,832
Electric installations	-	175,352	-	175,352
Long term investments in associates	56,470	-	-	56,470
Total	56,470	3,994,381	-	4,050,851
As at June 30, 2017 (Audited)				
Free hold land	-	123,570	-	123,570
Building on leasehold land - Mill	-	924,745	-	924,745
Plant and machinery	-	2,867,054	-	2,867,054
Electric installations	-	158,636	-	158,636
Long term investments in associates	59,746	-	-	59,746
Total	59,746	4,074,005	-	4,133,751

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

13. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information have been approved and authorized for issue on February 26, 2018 by the Board of Directors of the Company.

SHAHID ANWAR TATA
CHIEF EXECUTIVE

FAROOQ ADVANI
CHIEF FINANCIAL OFFICER

ANWAR AHMED TATA
CHAIRMAN/DIRECTOR

ڈائریکٹرز رپورٹ

السلام علیکم!

31 دسمبر 2017ء کو ختم ہونے والی ششماہی کیلئے کمپنی کے مالیاتی حسابات (غیر آڈٹ شدہ) آپ کیلئے پیش کیے جا رہے ہیں۔

الحمد للہ، 31 دسمبر 2017ء کو ختم ہونے والی دوسری سہ ماہی میں کمپنی کے مالیاتی حسابات میں واضح بہتری آئی ہے۔ زیر جائزہ مدت کے دوران کمپنی نے قبل از ٹیکس منافع مبلغ 103.253 ملین روپے حاصل کیا جس کا موازنہ گزشتہ سال اسی مدت کے قبل از ٹیکس خسارہ 19.625 ملین روپے سے کیا جاسکتا ہے۔

ٹیکسٹائل صنعت:

الحمد للہ، ٹیکسٹائل کی صنعت میں مثبت نتائج حاصل ہوئے ہیں۔ برآمدات کی سرگرمیوں میں اضافہ ہوا جس کے نتیجہ میں یارن کی طلب میں اضافہ ہوا ہے۔ ایک اور حوصلہ افزا امور جو حکومت کی جانب سے برآمدات پر چھوٹ سے متعلق ہے باوجود اس کے کہ وہ 50 فیصد تک محدود ہے۔ کپاس کی قیمتوں میں اضافہ اور روپے کی قیمت میں کمی نے بھی ٹیکسٹائل سیکٹر میں مثبت کردار ادا کیا ہے اور ٹیکسٹائل صنعت کے چھ ماہم شعبوں میں بہتری حاصل کی ہے جس میں اہم یارن اور گرنے فیکس، فیکس فیکس، ہوم ٹیکسٹائل، ڈینیم، تولیہ اور جینز کا منٹس شامل ہیں۔ مزید برآں کپاس کی قیمتوں میں اضافہ کو دو عوامل نے بڑی حد تک جذب کر لیا ہے جو کہ روپے کی قدر میں کمی اور یارن کی طلب میں اضافہ ہے۔

کپاس کی فصل:

مسلسل تین سال سے بالخصوص پنجاب میں کپاس کی فصل کو ناکامی کا سامنا ہے جبکہ اس سال سندھ میں اس کے بہتر نتائج حاصل ہوئے ہیں۔ فصل کے حوالے سے پنجاب میں بے حد خراب معیار کی کپاس اور کم مقدار میں حاصل ہوئی ہے۔ میں نے اپنے 35 سالہ تجربہ میں ٹیکسٹائل کے کاروبار میں کپاس کا ایسا معیار نہیں دیکھا۔ حکومت پنجاب اس کی بہتری کیلئے اقدامات یا تحقیق کے حوالے سے کوئی دلچسپی نہیں لے رہی۔ زراعت صوبائی حکومت کا شعبہ ہے۔ ہم محسوس کرتے ہیں کہ حکومت پنجاب کو کپاس کے معیار اور تعداد دونوں پر کام کرنے کی ضرورت ہے کیونکہ یہ فصل بے حد اہم ہے اور نقد معاشی و اقتصادی ترقی میں اس کا اہم کردار ہے، اس وقت آپ کی کمپنی کے پاس جون 2018ء تک کی کپاس کا ذخیرہ ہے جبکہ اگلے سال کپاس کے سلسلے میں ہمیں نئی فصل کا انتظار کرنا ہوگا جو کہ کپاس کی پیداوار کا تعین کرے گی۔

مشغلی نظر:

اس سلسلے میں انتظامیہ ہر شعبے میں مثبت اقدامات اٹھا رہی ہے تاکہ مل کی کارکردگی بغیر کسی سمجھوتے کے اخراجات میں کمی کر کے بہتر بنائی جاسکے۔ ہم نے اسٹورز اور اینپتیرز، مرمت اور مینٹیننس، دیگر امور اور بجلی کے اخراجات میں کمی کی ہے۔

مارکیٹ ٹریڈ اور طلب کو برقرار رکھنے کیلئے ہم نے نئے قسم کے یارن جیسا کہ ٹرائی بلینڈز جو کہ مشغلی ہے فائبر جیسا کہ ٹیکسل، موڈل، ہائیکر و موڈل، و سکوڑ جو کہ ہمارے موجودہ سیٹ اپ میں شامل ہیں۔ ہم نے نوکیلیٹ بلینڈز، یارن، کولپلیکٹ سیر/و جینن یارن بھی موجودہ سال میں متعارف کرنے کی حکمت عملی تیار کی ہے۔

اعتراف:

ہم اپنی ٹیم کی محنت اور کاوشوں کا اعتراف کرتے ہیں جنہوں نے کمپنی کی کامیابی اور ترقی میں مسلسل اپنا کردار ادا کیا۔ ہم اپنے بیگز، خریداران اور صارفین کا بھی مکمل تعاون پر شکر یہ ادا کرتے ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے



شاہد نورانا

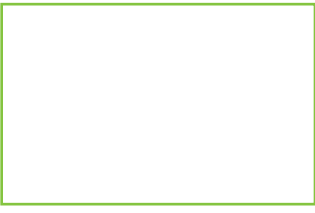
چیف ایگزیکٹو

کراچی:

تاریخ: فروری 2018ء

BOOK POST

Printed Matter



If Undelivered please return to :
ISLAND TEXTILE MILLS LIMITED
6th Floor, Textile Plaza,
M. A. Jinnah Road,
Karachi-74000