



# ISLAND TEXTILE MILLS LIMITED

**Condensed Interim Financial Statements  
For The Six Months Ended December 31, 2018**

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**COMPANY INFORMATION****BOARD OF DIRECTORS**

CHAIRMAN Mr. Anwar Ahmed Tata

CHIEF EXECUTIVE Mr. Shahid Anwar Tata

DIRECTORS Mr. Adeel Shahid Tata  
Mr. Bilal Shahid Tata  
Mr. Farooq Advani  
Mr. Muhammad Naseem  
Miss Samar Shahid**AUDIT COMMITTEE**

CHAIRMAN Mr. Muhammad Naseem

MEMBERS Mr. Adeel Shahid Tata  
Mr. Farooq Advani

SECRETARY Mr. Ghulam Raza Hemani

**HUMAN RESOURCE &  
REMUNERATION COMMITTEE**

CHAIRMAN Mr. Muhammad Naseem

MEMBERS Mr. Shahid Anwar Tata  
Mr. Adeel Shahid Tata  
Mr. Farooq Advani  
Miss Samar Shahid

SECRETARY Mr. Muhammed Ali Mirza

CHIEF FINANCIAL OFFICER Mr. Haseeb Hafeezuddeen

COMPANY SECRETARY Mr. Muhammad Hussain

**BANKERS**Faysal Bank Limited  
Dubai Islamic Bank Pakistan Limited  
Bank Alfalah Limited  
Meezan Bank Limited  
The Bank of Punjab  
MCB Bank Limited  
National Bank of Pakistan  
Soneri Bank Limited  
Allied Bank Limited  
JS Bank Limited  
Askari Bank Limited  
Pak Oman Investment Company Limited  
Summit Bank LimitedAUDITORS M/s. Deloitte Yousuf Adil  
Chartered Accountants

LEGAL ADVISOR Ameen Bandukda &amp; Co. Advocates

SHARE REGISTRAR Central Depository Company of Pakistan Limited  
CDC House, 99 – B, Block 'B',  
S.M.C.H.S., Main Shakra-e-Faisal  
Tel# (Toll Free) 0800-CDCPL (23275)  
Fax: (92-21) 34326053REGISTERED OFFICE 6th Floor Textile Plaza,  
M.A Jinnah Road Karachi.  
Tel#32412955-3 Lines 32426761-2-4  
Fax #32417710WEB SITE ADDRESS [www.tatapakistan.com](http://www.tatapakistan.com)E- MAIL ADDRESS [itm.corporate@tatapakistan.com](mailto: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, 2018 is being presented to you.

The Company has incurred a pre-tax profit of Rs.218.368 million for the Half Year Ended December 31, 2018 as compared to pre-tax profit of 103.253 million during the corresponding period of last year.

**Textile Industry**

After a wonderful year and a good first quarter, the second quarter has not been as profitable. One of the major reason for this is that Pakistan's yarn capacity is much higher than what is consumed domestically and the surplus yarn production of 30 to 40 thousand Tons has to be exported, primarily to China. So one of the reason for the loss is that China most of the time, during the quarter remained absent from the market, due to their ongoing trade conflict with America, as a result there was more pressure in the local market of yarn and consequently the Prices could not correspond with the Cost. However, the outlook remains a little positive as China has recently started lifting the quantity and the local market consumption is also showing some improvement.

**Cotton Crop**

Pakistan's export is primarily dependent on Cotton and its production. Unfortunately, this year, yet again, we had a third consecutive crop failure as the crop is much below the average and the targets. Poor quality cotton is another major concern, especially Punjab cotton, which lends itself only for production of average quality course counts.

There is an urgent need to improve both the cotton crop output and quality and for this the Pakistan Agriculture Department should endeavor to produce quality certified seeds, improve seed varieties and initiate awareness programs to train farmers on proper picking, storing and supply of cotton. Ginning should be modernized and upgraded to meet international standards.

**Power Cost**

We appreciate the Government's initiative for announcing subsidized gas supply at \$6.5 per MMBTU and electricity at 7.5 cents, effective from January 2019, with an aim to reduce cost of production, increase competitiveness and boost exports.

**Going Forward**

It is expected that after the Chinese new-year and favorable America/China trade talks will be positive for Pakistan Textile Spinning Industry, resulting in lifting of yarn by China, before end of third quarter.

Other sectors, like knitted Fabric, knitted Garments, Denim, Towel, Home Textile, Woven Garments and even Fabric, Dyed and Grey are all doing well. The only Sector under stress is Spinning Segment which presently has an overcapacity.

**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 offer thanks to our Bankers, Vendors and Customers for their consistent trust and support.

On behalf of the Board of Directors



Karachi

Dated: February 27, 2019

Shahid Anwar Tata  
Chief Executive

# Deloitte.

Deloitte Yousuf Adil  
Chartered Accountants  
Cavish Court, A-35, Block 7 & 8  
KCHSU, Sharea Faisal,  
Karachi-75350  
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## INDEPENDENT AUDITORS' REVIEW REPORT

To the Members of Island Textile Mills Limited

Report on review of Interim Financial Statements

### Introduction

We have reviewed the accompanying condensed interim statement of financial position of **ISLAND TEXTILE MILLS LIMITED** (the Company) as at December 31, 2018 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and notes to the financial statements for the half year then ended (here-in-after referred to as "interim financial statements"). Management is responsible for the preparation and presentation of these financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarter ended December 31, 2018 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2018.

### 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 statements 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 statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for the interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is Hena Sadiq.



Chartered Accountants

Dated: February 27, 2019  
Karachi

Member of  
Deloitte Touche Tohmatsu Limited

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

		December 31, 2018 (Unaudited)	June 30, 2018 (Audited)
	Note	..... Rupees in '000' .....	
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	5	3,889,551	3,985,927
Intangible assets		853	607
Long term investments		452,425	451,071
Long term deposits		1,407	1,292
		<b>4,344,236</b>	<b>4,438,897</b>
<b>Current Assets</b>			
Stores, spares and loose tools		34,569	38,002
Stock-in-trade		2,754,592	1,831,841
Trade debts		498,234	666,376
Loans and advances		359,640	323,012
Short-term prepayments		1,311	1,697
Other receivables		57,368	57,350
Other financial assets		26,136	26,068
Sales tax refundable		54,411	52,700
Cash and bank balances		25,264	18,425
		<b>3,811,525</b>	<b>3,015,471</b>
<b>TOTAL ASSETS</b>		<b>8,155,761</b>	<b>7,454,368</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		5,000	5,000
Reserves		899,273	899,270
Unappropriated profit		884,922	677,914
Surplus on revaluation of property, plant and equipment		813,463	829,009
		<b>2,602,658</b>	<b>2,411,193</b>
<b>Non-Current Liabilities</b>			
Deferred liabilities		90,026	80,407
Long term finances	6	1,997,331	2,297,331
		<b>2,087,357</b>	<b>2,377,738</b>
<b>Current Liabilities</b>			
Trade and other payables		518,529	303,319
Unclaimed dividend		1,135	1,048
Short term borrowings	7	2,200,643	1,902,984
Interest / mark-up accrued on borrowings		123,163	96,745
Current portion of long term finances	6	598,542	361,341
Provision for taxation		23,734	-
		<b>3,465,746</b>	<b>2,665,437</b>
<b>Contingencies and Commitments</b>	8		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8,155,761</b>	<b>7,454,368</b>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.


SHAHID ANWAR TATA  
CHIEF EXECUTIVE

HASEEB HAFEEZUDDIEN  
CHIEF FINANCIAL OFFICER

ANWAR AHMED TATA  
CHAIRMAN/DIRECTOR

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT  
AND OTHER COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

	Note	Half year ended		Quarter ended	
		December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Rupees in '000'					
Sales - net	9	3,027,517	3,045,376	1,581,492	1,668,260
Cost of goods sold	10	(2,501,089)	(2,699,557)	(1,346,076)	(1,457,408)
<b>Gross profit</b>		<b>526,428</b>	<b>345,819</b>	<b>235,416</b>	<b>210,852</b>
Distribution cost		(50,696)	(60,868)	(25,469)	(34,025)
Administrative expenses		(62,998)	(36,749)	(33,124)	(18,074)
Other operating expenses		(16,207)	(12,536)	(5,548)	(5,228)
Finance cost		(193,649)	(156,150)	(108,231)	(77,613)
		(323,550)	(266,303)	(172,372)	(134,940)
Share of profit / (loss) from associates - net of tax		2,518	2,555	(8,917)	2,282
Other income / (expense) - net		12,972	21,182	(864)	9,484
		15,490	23,737	(9,781)	11,766
<b>Profit before taxation</b>		<b>218,368</b>	<b>103,253</b>	<b>53,263</b>	<b>87,678</b>
Provision for taxation	11	(24,406)	(52,778)	(8,713)	(37,962)
<b>Profit for the period</b>		<b>193,962</b>	<b>50,475</b>	<b>44,550</b>	<b>49,716</b>
<b>Other comprehensive income</b>					
<i>Items that will be reclassified subsequently to profit or loss</i>					
Company's share in unrealised profit / (loss) on remeasurement of associates' investments - net of deferred tax		3	(2)	2	(1)
<b>Total comprehensive income for the period</b>		<b>193,965</b>	<b>50,473</b>	<b>44,552</b>	<b>49,715</b>
<b>Earnings per share - Basic and diluted (Rupees)</b>		<b>387.92</b>	<b>100.95</b>	<b>89.10</b>	<b>99.43</b>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

  
**SHAHID ANWAR TATA**  
CHIEF EXECUTIVE

  
**HASEEB HAFEEZUDEEN**  
CHIEF FINANCIAL OFFICER

  
**ANWAR AHMED TATA**  
CHAIRMAN/DIRECTOR

**CONDENSED INTERIM STATEMENT OF CASH FLOW (UNAUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

	December 31, 2018	December 31, 2017
	----- Rupees in '000' -----	
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	218,368	103,253
Adjustments for:		
Depreciation	103,606	109,449
Amortization	123	39
Provision for staff gratuity	15,791	12,788
Provision for staff compensated absences	5,492	5,166
Finance cost	193,649	156,150
(Gain) / loss on disposal of property, plant and equipment	(838)	3,623
Share of profit from associates - net of deferred tax	(2,518)	(2,555)
Provision / (reversal) for doubtful debts	2,018	(369)
Operating cash flows before working capital changes	535,691	387,544
<b>(Increase) / decrease in current assets</b>		
Stores, spares and loose tools	3,433	1,625
Stock-in-trade	(922,751)	(3,222)
Trade debts	166,124	(8,399)
Loans and advances	(5,952)	(124,961)
Other receivables	(18)	(12,227)
Short-term prepayments	386	(67)
Sales tax refundable	(1,711)	42,689
<b>Increase in current liabilities</b>		
Trade and other payables	215,210	236,347
Net cash (used in) / generated from operations	(9,588)	519,329
Finance cost paid	(167,232)	(156,594)
Staff gratuity paid	(7,341)	(279)
Staff compensated absences paid	(4,323)	(4,092)
Income taxes paid	(31,347)	(28,288)
<b>Net cash (used in) / generated from operating activities</b>	(219,831)	330,076
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(7,889)	(12,465)
Proceeds from disposal of property, plant and equipment	1,497	4,675
Additions to intangible assets	(369)	-
Additions to other financial assets	(68)	(136)
Long term deposits (paid) / received	(115)	137
Dividend received from associates	1,167	-
Net cash used in investing activities	(5,777)	(7,789)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long-term finance repaid	(62,798)	(278,529)
Dividend paid	(2,413)	(8)
Short-term borrowings increase / (decrease)	103,939	(687,329)
	38,728	(965,866)
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	(186,880)	(643,579)
<b>Cash and cash equivalents at beginning of the period</b>	(786,026)	(679,977)
<b>Cash and cash equivalents at end of the period</b>	(972,906)	(1,323,556)
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	25,264	66,193
Short-term running finances	(998,170)	(1,389,749)
	(972,906)	(1,323,556)

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

  
SHAHID ANWAR TATA  
CHIEF EXECUTIVE

  
HASEEB HAFEEZUDDDEEN  
CHIEF FINANCIAL OFFICER

  
ANWAR AHMED TATA  
CHAIRMAN/DIRECTOR

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

	Reserves			Capital reserve			
	Issued, subscribed and paid up capital	General reserve	Other reserve	Company's share in other comprehensive income of associates - Rupees in '000'	Unappropriated profit	Surplus on revaluation of property, plant and equipment	Total
<b>Balance at June 30, 2017 (Audited)</b>	5,000	900,000	591	(1,600)	186,611	677,600	1,768,202
<b>Total comprehensive income for the half year ended December 31, 2017</b>	-	-	-	-	50,475	-	50,475
<b>Other comprehensive income</b>	-	-	-	(2)	-	-	(2)
Company's share in unrealised loss on remeasurement of associates' investments - net of tax	-	-	-	(2)	50,475	-	50,473
<b>Total comprehensive income for the period</b>	-	-	-	-	-	-	-
Transferred from surplus on revaluation of property, plant and equipment on account of: Incremental depreciation and disposal - net of tax	-	-	-	-	16,199	(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	(603)	-
<b>Balance at December 31, 2017 (Unaudited)</b>	5,000	900,000	591	(1,602)	253,888	660,798	1,818,675
<b>Total comprehensive income for the year ended June 30, 2018</b>	-	-	-	-	409,599	-	409,599
<b>Other comprehensive income</b>	-	-	-	-	726	-	726
Remeasurement gain of defined benefit - net of tax	-	-	-	-	726	-	726
Company's share in associates on Gain on leasehold land, buildings on leasehold land and plant and machinery - net of tax	-	-	-	-	-	92,910	92,910
Company's share in unrealised loss on remeasurement of associates' investments - net of tax	-	-	-	6	-	-	6
Company's share in remeasurement gain on associates' defined benefit plan - net of tax	-	-	-	275	-	-	275
<b>Total comprehensive income for the year</b>	5,000	900,000	591	(1,321)	664,213	753,708	2,322,191

	Reserves			Capital reserve		Total
	Issued, subscribed and paid up capital	General reserve	Other reserve	Company's share in other comprehensive income of associates - Rupees in '000'	Unappropriated profit	
Transferred from surplus on revaluation of property, plant and equipment on account of: incremental depreciation and disposal - net of tax	-	-	-	-	8,820	80,532
Company's share in associates' surplus on revaluation of property plant and equipment on account of: incremental depreciation and disposal - net of tax	-	-	-	-	4,881	(5,231)
<b>Balance at June 30, 2018 (Audited)</b>	<b>5,000</b>	<b>900,000</b>	<b>591</b>	<b>(1,321)</b>	<b>677,914</b>	<b>2,411,193</b>
<b>Total comprehensive income for the half year ended December 31, 2018</b>						
Profit for the period	-	-	-	-	193,962	-
<b>Other comprehensive income</b>						
Company's share in unrealised loss on remeasurement of associates' investments - net of tax	-	-	-	3	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>193,962</b>	<b>-</b>
Transferred from surplus on revaluation of property, plant and equipment on account of: incremental depreciation and disposal - net of tax	-	-	-	-	12,623	(12,623)
Company's share in associates' surplus on revaluation of property plant and equipment on account of: incremental depreciation and disposal - net of tax	-	-	-	-	2,923	(2,923)
<b>Transactions with owners</b>						
Final cash dividend for the year ended June 30, 2018 @ Rs.5 per share	-	-	-	-	(2,500)	(2,500)
<b>Balance at December 31, 2018 (Unaudited)</b>	<b>5,000</b>	<b>900,000</b>	<b>591</b>	<b>(1,318)</b>	<b>884,922</b>	<b>2,602,658</b>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

  
 SHAHID ANWAR TATA  
 CHIEF EXECUTIVE

  
 HASEEB HAFEEZ UDDEEN  
 CHIEF FINANCIAL OFFICER

  
 ANWAR AHMED TATA  
 CHAIRMAN/DIRECTOR

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2018****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 (now Companies Act 2017) and is 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 Statement of compliance**

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- IAS 34 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements does not include all the information required for full financial statements and should be read in conjunction with the annual financial statements for the year ended June 30, 2018.

- 2.2** Securities and Exchange Commission of Pakistan (SECP), through SRO 1007(I)/2017, dated October 4, 2017, had notified IFRS 9 "Financial Instruments", replacing the International Accounting Standard (IAS) 39 "Financial Instruments: Recognition and Measurement" with effect from reporting periods starting July 1, 2018 which has further been deferred for the half year ended December 31, 2018, through SRO 229 (I)/2019 dated February 14, 2019. Accordingly the requirements of IFRS 9 have not been considered in the preparation of these condensed interim financial statements.
- 2.3** These condensed interim financial statements are presented in Pak Rupees which is the Company's functional and presentation currency and figures presented in this condensed interim financial statements have been rounded off to the nearest thousand rupee unless otherwise stated.
- 2.4** These condensed interim financial statements are unaudited. However, a limited scope review 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. These condensed interim financial statements are being submitted to the shareholders as required by section 237 of the Companies Act, 2017.
- 2.5** The comparative statement of financial position presented has been extracted from annual financial statements for the year ended June 30, 2018, whereas comparative condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flow are stated from unaudited condensed interim financial statements for the half year ended December 31, 2017.

**3. SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS**

- 3.1** The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual audited financial statements of the Company for the year ended June 30, 2018, except for IFRS -15 "Revenue from Contracts with Customers" disclosed in note 3.4.
- 3.2** The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing these condensed interim financial statements, significant judgments made by management in applying accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2018.
- 3.3** There are certain new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after July 01, 2018. The management is currently considering the effect of these on the Company's operations and therefore not detailed in these condensed interim financial statements.

### 3.4 IFRS 15 - Revenue From Contract With Customers

- a) IFRS 15 - Revenue from contracts with customers replaced IAS 18 - Revenue, IAS 11 - Construction contracts, IFRIC 13 - Customer Loyalty Programmes, IFRIC 15 - Agreements for the Construction of Real Estate, IFRIC 18 - Transfers of Assets from Customers and SIC 31 - Revenue - Barter Transactions Involving Advertising Services. IFRS 15 provides a single, principles-based approach to the recognition of revenue from all contracts with customers and focuses on the identification of performance obligations in a contract and requires revenue to be recognized when or as those performance obligations in a contract are satisfied. The changes laid down by this standard do not have any significant impact on these condensed interim financial statements of the Company.

### 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, 2018.

5. PROPERTY, PLANT AND EQUIPMENT	Note	December 31,	June 30,
		2018 (Unaudited)	2018 (Audited)
		----- Rupees in '000' -----	
Operating assets		3,882,465	3,973,057
Capital work-in-progress	5.2	7,086	12,870
		<b>3,889,551</b>	<b>3,985,927</b>

- 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' -----			
<b>During the period ended December 31, 2018 (Unaudited)</b>			
Building on leasehold land - Other	198	-	-
Plant and machinery	4,407	-	-
Computer Equipment	5,744	-	-
Furniture and fixtures	1,248	-	-
Vehicles	2,075	659	1,497
	<b>13,672</b>	<b>659</b>	<b>1,497</b>
<b>During the year ended June 30, 2018 (Audited)</b>			
Building on leasehold land - Mills	1,252	-	-
Plant and machinery	16,154	9,484	2,884
Electric installation	27,651	-	-
Mills equipment	1,837	-	-
Computer equipment	1,456	10	10
Furniture and fixtures	2,248	-	-
Vehicles	97	850	2,391
	<b>50,695</b>	<b>10,344</b>	<b>5,285</b>

- 5.2 During the period, addition in capital work in progress is amounting to Rs.7.9 million (June 30, 2018: Rs. 18.4 million)

6. LONG TERM FINANCES	Note	December 31,	June 30,
		2018 (Unaudited)	2018 (Audited)
		----- Rupees in '000' -----	
<b>Banking companies - secured</b>			
Syndicate term finance	6.1 & 6.5	2,046,242	2,046,242
Syndicate long term finance facility 1	6.2	451,221	409,355
Syndicate long term finance facility 1	6.3	83,831	104,665
Syndicate long term finance facility 2	6.4	14,579	98,410
		<b>2,595,873</b>	<b>2,658,672</b>
<b>Less: Current portion shown under current liabilities</b>			
Syndicate term finance		(454,720)	(227,360)
Syndicate long term finance facility 1		(125,598)	(125,598)
Syndicate long term finance facility 1		(16,766)	-
Syndicate long term finance facility 2		(1,458)	(8,383)
		<b>(598,542)</b>	<b>(361,341)</b>
		<b>1,997,331</b>	<b>2,297,331</b>

- 6.1 It represents amount utilised 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 it is subject to mark-up at the rates of 6 months' KIBOR plus 1.4 % per annum (June 30, 2018: 6 months' KIBOR plus 1.4 % per annum). It is repayable in 07 years. Mark-up is payable semi annually in arrears and principal in equal semi-annual instalments from August 2017.
- 6.2 It represents amount utilised 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 19.1 of annual financial statement of June 30,2018. 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%(June 30, 2018:4.5% per annum plus bank spread i.e. 1.4%) . The facility is repayable in 07 years.
- 6.3 It represents amount utilised 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 19.1 of annual financial statement of June 30,2018. 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 3% per annum plus Bank spread i.e.1.4%(June 30, 2018:3% per annum plus bank spread i.e. 1.4%) . The facility is repayable in 07 years.
- 6.4 It represents amount utilised 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 19.1 of annual financial statement of June 30,2018. 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% (June 30, 2018 :2% per annum plus bank spread i.e. 1.5%). The facility is repayable in 07 years.
- 6.5 In FY 2018, the Company has reschedule its syndicate term finance facility and extended its payment for the period of one year. The two payments which were due on February 02, 2018 and August 02, 2018 were reschedule and final payment would be payable in February 02, 2023.

## 7. SHORT TERM BORROWING

During the period, cash finance facility has been obtained from National Bank of Pakistan amounting to Rs. 131 million. Further they also increase their cash finance from Bank Alfalah amounting Rs 33.4 million.

Note	December 31, 2018 (Unaudited)	June 30, 2018 (Audited)
	----- Rupees in '000' -----	
<b>8. CONTINGENCIES AND COMMITMENTS</b>		
<b>8.1 Contingencies</b>		
Estimated financial impact of labour and workmen compensation cases in courts of law	465	465
<b>8.2 Commitments</b>		
Civil	601	120
Letters of credit for		
- raw material	279,314	74,869
- spares and machinery	6,711	2,336
Bank guarantees issued on behalf of the Company	125,634	125,566
8.2.1		
Bills discounted with recourse	517,645	402,648
Outstanding sales contracts	274,160	54,089

This includes bank guarantee related to Sindh Infrastructure Development Cess amounting to Rs. 101.8 million (June 30, 2018: Rs.101.80 million) refer note 20.2 of annual financial statement of 2018.

- 8.2.1 The Company's share in associates' contingencies and commitments is Rs. 204.98 million (June 30, 2018: 151.04 million). The extent to which an outflow of funds will be required is dependent on the future operations of the associates being more or less favourable than currently expected.

## 9. SALES - NET

Sales include sales made to local customers (including indirect exports) and direct exports amounting to Rs. 2,227 million (2017: 1,969 million) and Rs. 800 million (2017: 1,076 million) respectively. The export are made to Asia Pacific region and Europe amounting to Rs. 789 million (2017: 1,032 million) and Rs. 11.6 million (2017: 37.9 million)

Note	Half year ended		Quarter ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	(Unaudited)			
----- Rupees in '000' -----				
<b>10. COST OF GOODS SOLD</b>				
Opening stock- finished goods	190,883	129,814	584,395	220,838
Cost of goods manufactured	3,055,354	2,656,784	1,510,573	1,323,610
	<b>3,246,237</b>	<b>2,786,597</b>	<b>2,094,968</b>	<b>1,544,448</b>
Closing stock- finished goods	(748,892)	(108,492)	(748,892)	(108,492)
Cost of manufactured goods sold	2,497,345	2,678,106	1,346,076	1,435,957
Cost of raw material sold	3,744	21,451	-	21,451
	<b>2,501,089</b>	<b>2,699,557</b>	<b>1,346,076</b>	<b>1,457,408</b>
<b>10.1 Cost of goods manufactured</b>				
Raw material consumed	2,439,714	2,079,484	1,207,065	1,043,305
Stores and spares	52,468	41,827	30,081	21,147
Packing material	39,048	38,668	18,830	19,357
Fuel and power	243,013	213,570	120,398	102,444
Salaries, wages and benefits	167,186	154,491	80,983	70,934
Depreciation	101,948	107,658	51,040	53,793
Insurance	6,497	5,554	3,119	2,754
Repairs and maintenance	1,599	1,948	1,008	1,437
Other overheads	5,819	5,235	2,576	2,490
	<b>3,057,292</b>	<b>2,648,435</b>	<b>1,515,100</b>	<b>1,317,661</b>
<b>Work-in-process</b>				
Opening stock	48,217	44,957	45,628	42,558
Closing stock	(50,155)	(36,609)	(50,155)	(36,609)
	<b>(1,938)</b>	<b>8,348</b>	<b>(4,527)</b>	<b>5,949</b>
	<b>3,055,354</b>	<b>2,656,784</b>	<b>1,510,573</b>	<b>1,323,610</b>
<b>10.1.1 Raw material consumed</b>				
Opening stock	1,592,740	1,231,880	1,026,332	851,162
Purchases - net	2,802,519	2,112,376	2,136,278	1,456,916
	<b>4,395,259</b>	<b>3,344,256</b>	<b>3,162,610</b>	<b>2,308,078</b>
Closing stock	(1,955,545)	(1,264,772)	(1,955,545)	(1,264,773)
	<b>2,439,714</b>	<b>2,079,484</b>	<b>1,207,065</b>	<b>1,043,305</b>
<b>10.2</b>	Net realisable value of finished goods was lower than its cost, resulting in a write-down of Rs 0.496 million (December 31, 2017: Rs. 0.223 million) charged to cost of goods sold.			
<b>11. TAXATION</b>				
	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 considering, the effects on deferred taxation on the portion of income subject to final tax regime.			
<b>12. TRANSACTIONS WITH RELATED PARTIES</b>				
	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. Names of associated companies and undertaking are same as disclosed in annual audited financial statements of June 30, 2018. Significant transactions and outstanding balances with related parties are as follows:			

		Half year ended	
		December 31, 2018	December 31, 2017
		(Unaudited)	
		Rupees in '000'	
<b>Relationship with the party</b>	<b>Nature of transactions</b>		
Associated undertakings	Share of expense received	1,031	548
	Share of expense paid	1,649	2,215
	Purchase of electricity	215,684	145,904
	Purchase of cotton	-	126,694
	Purchases of fixed assets	-	5,000
	Dividend received	1,167	-
	Rent expense	300	300
Key management personnel	Remuneration	27,909	15,632
Directors	Remuneration	5,870	2,225
	Meeting fee	130	95
	Rent expense	2,645	2,645
	Dividend paid	1,627	-
<b>Relationship with the party</b>	<b>Outstanding balance</b>		
Associated undertakings			
Tata Energy Limited	Trade creditors	7,070	28,924

### 13. FAIR VALUE HIERARCHY

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 impairment losses, if any. The fair value measurements of the Company's free hold land, building and 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'			
<b>As at December 31, 2018 (Unaudited)</b>				
Leasehold land	-	123,570	-	123,570
Buildings on leasehold land	-	857,942	-	857,942
Plant and machinery	-	2,666,356	-	2,666,356
Electric installations	-	159,356	-	159,356
Long-term investment in associates	94,220	-	-	94,220
Total	94,220	3,807,224	-	3,901,444
<b>As at June 30, 2018 (Audited)</b>				
Leasehold land	-	123,570	-	123,570
Building on leasehold land - Mill	-	879,739	-	879,739
Plant and machinery	-	2,730,258	-	2,730,258
Electric installations	-	167,744	-	167,744
Long-term investment in associates	76,527	-	-	76,527
Total	76,527	3,901,311	-	3,977,838

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

As at December 31, 2018 and June 30, 2018, there were no other financial assets and liabilities that warranted classification under above levels.

The carrying value of all other financial assets and liabilities approximate their fair values.

### 14. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial statements have been approved and authorized for issue on February 27, 2019 by the Board of Directors of the Company.

  
 SHAHID ANWAR TATA  
 CHIEF EXECUTIVE

  
 HASEEB HAFEEZUDDIEN  
 CHIEF FINANCIAL OFFICER

  
 ANWAR AHMED TATA  
 CHAIRMAN/DIRECTOR

## ڈائریکٹرز رپورٹ

السلام و علیکم

31 دسمبر 2018ء کو ختم ہونے والی ششماہی کیلئے کہنی کے (غیر آڈٹ شدہ) اہلیاتی حسابات آپ کو پیش کئے جا رہے ہیں۔

کہنی کے 31 دسمبر 2018ء کو ختم ہونے والی ششماہی میں قبل از ٹیکس منافع مبلغ 218.368 ملین روپے حاصل کیا ہے جس کا موازنہ گزشتہ سال کی اسی مدت کے دوران قبل از ٹیکس منافع مبلغ 103.253 ملین روپے سے کیا جاسکتا ہے۔

### ٹیکسٹائل کی صنعت :

ایک بہترین سال اور ایک اچھی پہلی سہ ماہی کے بعد دوسری سہ ماہی منافع بخش نہیں رہی، اس کی اہم وجہ یہ ہے کہ پاکستان کے یارن کی پیداوار اس کی کھپت سے کہیں زیادہ ہے لہذا 30 سے 40 ہزار ٹن بنیادی طور پر چائنا کو برآمد کرنا ناگزیر ہے۔ نقصان کی ایک بنیادی وجہ چائنا اور امریکہ کے درمیان تنازعہ کی وجہ سے چائنا موجودہ ششماہی کے زیادہ تر وقت مارکیٹ سے غیر حاضر رہا۔ جس کے نتیجے میں یارن کی مقامی مارکیٹ میں کافی دباؤ تھا اور اس کے نتیجے میں قیمت کو لاگت سے مطابقت نہیں مل سکی۔ تاہم صورتحال تھوڑی مثبت رہی ہے کیونکہ چین نے حال ہی میں مال اٹھانا شروع کر دیا ہے اور مقامی مارکیٹ کی کھپت میں بھی کچھ بہتری دکھائی دے رہی ہے۔

### کپاس کی فصل:

پاکستان کی برآمدات کا دارومدار بنیادی طور پر کپاس اور اس کی پیداوار پر منحصر ہے۔ بد قسمتی سے اس سال ایک بار پھر یعنی تیسری بار میں فصل ناکامی ہوئی کیونکہ فصل اوسط اور ہدف سے زیادہ ہے۔ غیر معیاری کپاس بالخصوص پنجاب کی کپاس ایک اہم نشوونما ہے جو خود کو صرف اوسط معیاری یارن کی پیداوار تک محدود کرتا ہے۔

کپاس کی فصل کی پیداوار اور معیار کو بہتر بنانے کی اشد ضرورت ہے اور اس کے لئے پاکستان ایگریکلچرل پائمنٹ کونسل کو تصدیق شدہ معیاری بیج پیدا کرنے، بیجوں کی قسموں کو بہتر بنانے کی کوشش کرنی چاہئے اور کپاس کا مناسب انتخاب، ذخیرہ کرنے اور فراہم کرنے کیلئے کسانوں کو تربیت دینے کے سلسلے میں پروگرام شروع کرنے چاہئیں۔ جنگل کو جدید اور بین الاقوامی معیار کے مطابق اپگرڈ کیا جانا چاہئے۔

### بجلی کے اخراجات:

ہم حکومت کی جانب سے پیداوار کی لاگت کو کم کرنے، مسابقت بڑھانے اور برآمدات کو فروغ دینے کے مقصد کے ساتھ گیس کی سپلائی 6.5 ڈالرنی MMBTU اور بجلی پر 7.5 سینٹس سویڈ ائز ڈی کرنے کے اعلان کا خیر مقدم کرتے ہیں جو کہ جنوری 2019ء سے مؤثر ہوگا۔

### اگلا قدم :

امید ہے کہ چین کے نئے سال کے اختتام پر امریکہ/چائنا مثبت تجارتی مذاکرات پاکستان ٹیکسٹائل اسپننگ انڈسٹری کے لئے مثبت ثابت ہو گئے جس کے نتیجے میں تیسری سہ ماہی کے اختتام سے پہلے چین کی طرف سے یارن کی ترسیل شروع ہو جائے گی۔

دیگر شعبے جیسا کہ ہینڈ فیبرک، ہینڈ گارمنٹس، بیٹم، تولیہ، ہوم ٹیکسٹائل، ووڈ اینڈ گارمنٹس اور یہاں تک کہ فیبرک، ڈائری اور گے بہتر کام کر رہے ہیں۔ صرف اسپننگ کا شعبہ اضافی صلاحیت کی وجہ سے دباؤ کا شکار ہے۔

### اظہار تشکر:

ہم کہنی کے ہر ملازم کی شمولیت کا شکریہ ادا کرتے ہیں اس کے علاوہ ہمارے کسٹرز جو کہ ہماری پروڈکٹس پر اعتماد کرتے ہیں اور ہمارے بینکر جو کہ مستقل طور پر کہنی کو سپورٹ کر رہے ہیں ان کے بھی مشکور ہیں اس کے علاوہ ہماری انتظامیہ شیئرز بولڈرز کے مکمل اعتماد پر بھی مشکور ہیں۔

شاہد انور انان



چیف ایگزیکٹو

کراچی:

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