

ISHAQ

TEXTILE MILLS LIMITED

**1st Quarterly
Accounts**

**September 30, 2015
(UN-AUDITED)**

COMPANY INFORMATION

CHAIRMAN	: Mrs. Nazma Amer
Chief Executive	: Mr. Aizad Amer
Directors	: Mrs. Zareen Akhter : Mr. Anns Amer : Mrs. Hajra Raza : Mr. Muhammad Raza : Mr. Abdul Rauf
Audit Committee	: Mr. Abdul Rauf : Mr. Aizad Amer : Mr. Anns Amer
HR & Remuneration Committee	: Mrs. Zareen Akhter : Mr. Abdul Rauf : Mr. Anns Amer
Chief Financial Officer	: Mr. S. Muhammad Abbas Rizvi
Company Secretary	: Mr. Tahir Shahzad
Auditors	: Riaz Ahmad & Company Chartered Accountants.
Bankers	: Habib Bank Limited : Bank Al Habib Limited : Habib Metropolitan Bank Limited : Al Baraka Bank (Pakistan) Limited
Registered Office	: 404-405, 4 th Floor, Business Centre : Mumtaz Hassan Road : Karachi, PH: 02132412814
Share Registrar	: Consulting One (Pvt) Limited : 478=D, Peoples Colony. No. 1 : Faisalabad
Factory	: Sheikhpura Road : Tehsil Jaranwal : District Faisalabad

DIRECTORS' REVIEW TO THE SHAREHOLDERS

The Directors of your Company feel pleasure to submit un-audited condensed interim financial information of your Company for the period ended 30th September 2015.

FIANCIAL RESULTS	1 st Quarter ended September 30,2015	1 st Quarter ended September 30,2014
(Rupees in million)		
Continuing Operations:		
Sales	325.723	484.292
Cost of sales	(340.139)	(503.261)
Gross loss	(14.416)	(18.969)
Operating & financial expenses	(22.595)	(36.755)
Loss from continuing operations	(37,011)	(55.724)
Discontinuing Operations:		
Loss from Discontinuing Operations	(3,709)	-
Loss after taxation	(40,720)	(55.724)
Loss per share -basic and diluted from continuing operations (Rupees)	(3.83)	(5.77)
Loss per share -basic and diluted from Discontinuing Operations(Rupees)	(0.38)	-

During the period under review sales were Rupees 325.723 million as compared to Rupees 484.292 million of corresponding period. Cost of sales was Rupees 340.139 million as compared to Rupees 503.261 million of corresponding period. However the Company incurred loss after taxation of Rupees 40.720 million from both continuing and discontinuing operations as compared to loss after taxation of Rupees 55.724 million of the corresponding period.

REVIEW OF OPERATING RESULTS

Erratic trends in the prices of raw material and disproportionate selling prices of yarn, adverse economic situation, increase in minimum wages, load shedding of power and gas sector, imposing GDC over gas billing, free import of cotton / yarn, short production of cotton and uncertainty in the economic policies of the Govt. have resulted in loss for the quarter to the Company.

FUTURE OUTLOOK

Power shortage has impacted on the production of the Company which may continue in next financial year. However the management has decided to enhance the production capacity of spinning segment through installation of new machinery. Although there is an abnormal increase in electricity / gas rates, the management has fully focus on quality management to fetch attractive prices in local market as well as in international market.

ACKNOWLEDGEMENT

The Board places on record its appreciation for the cooperation, commitment, and hard work extended to the Company by the customers, suppliers, bankers, and all the employees of the company.

On behalf of the Board


(Aized Amer)

Chief Executive Officer

FAISALABAD
Dated: October 30, 2015

CONDENSED INTERIM BALANCE SHEET AS AT 30 SEPTEMBER 2015

	NOTE	UN-AUDITED 30 SEP 2015 (Rupees in thousand)	AUDITED 30 June 2015 (Rupees in thousand)	NOTE	UN-AUDITED 30 SEP 2015 (Rupees in thousand)	AUDITED 30 June 2015 (Rupees in thousand)
EQUITY AND LIABILITIES						
SHARE CAPITAL AND RESERVES						
Authorized share capital 10 000 000 (2015: 10 000 000) ordinary shares of Rupees 10 each		100,000	100,000		772,983	783,453
Issued, subscribed & paid up share capital		96,600	96,600	7	6,854	1,266
Reserves		188,507	229,953		3,221	3,787
Total equity		285,107	326,553		783,538	788,506
Surplus on revaluation of property, plant and equipment - net of deferred income tax		232,753	233,749			
LIABILITIES						
NON-CURRENT LIABILITIES						
Long term financing	5	93,417	91,695		36,621	38,572
Deferred income tax liability		16,917	17,986		132,467	248,513
Staff retirement gratuity		-	1,174		147,346	168,910
		110,334	110,855		78,757	34,597
CURRENT LIABILITIES						
Trade and other payables		139,380	128,661		-	2,765
Accrued mark-up		8,990	8,005		6,901	2,765
Short term borrowings		545,607	605,713		447,546	533,963
Provision for taxation		11,227	11,227		102,294	102,294
TOTAL LIABILITIES		705,204	753,606	8	549,840	636,257
		815,538	664,461			
CONTINGENCIES AND COMMITMENTS						
TOTAL EQUITY AND LIABILITIES	6	1,333,398	1,424,763		1,333,398	1,424,763

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



KH. AIZAD AMER
Chief Executive Officer



KH. AANS AMER
Director

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

	NOTE	QUARTER ENDED	
		30-Sep-15	30-Sep-14
(Rupees in Thousand)			
CONTINUING OPERATIONS:			
Sales		325,723	484,292
Cost of sales	9	(340,139)	(503,261)
Gross loss		(14,416)	(18,969)
Distribution cost		(1,477)	(846)
Administrative expenses		(16,846)	(14,259)
		(18,323)	(15,105)
Other income		317	1,223
Loss from operations		(32,422)	(32,851)
Finance cost		(5,658)	(18,030)
Loss before taxation		(38,080)	(50,881)
Taxation		1,069	(4,843)
LOSS AFTER TAXATION FROM CONTINUING OPERATIONS		(37,011)	(55,724)
DISCONTINUED OPERATION:			
LOSS AFTER TAXATION FROM DISCONTINUED OPERATION		(3,709)	-
LOSS AFTER TAXATION		(40,720)	(55,724)
LOSS PER SHARE - BASIC AND DILUTED FROM CONTINUING OPERATIONS (RUPEES)		(3.83)	(5.77)
LOSS PER SHARE - BASIC AND DILUTED FROM DISCONTINUED OPERATION (RUPEES)		(0.38)	-

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KH. AIZAD AMER
Chief Executive Officer



KH. AANS AMER
Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2015**

	1st Quarter ended	
	30 Sep 2015	30 Sep 2014
	(Rupees in thousand)	
Loss after taxation	(40,720)	(55,724)
Other comprehensive income		
Items that will not be reclassified susequently to profit or loss	-	-
Items that may be reclassified susequently to profit or loss	-	-
	-	-
Total comprehensive loss for the period	(40,720)	(55,724)

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KH. AIZAD AMER
Chief Executive Officer



KH. AANS AMER
Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE 1ST QUARTER ENDED 30 SEPTEMBER 2015

	NOTE	1st Quarter ended	
		30 Sep 2015	30 Sep 2014
Rupees in thousand			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	10	70,730	635,481
Finance cost paid		(4,673)	(26,575)
Income tax paid		(2,446)	(6,515)
Staff retirement gratuity paid		-	(6,624)
Net decrease / (increase) in long term deposits		66	(164)
Net decrease in long term loans		-	37
NET CASH GENERATED FROM OPERATING ACTIVITIES		63,677	595,640
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant & equipment		2,072	1,669
Proceeds from maturity of long term investment		1,034	-
Purchase of property, plant & equipment		(2,541)	(10,524)
NET CASH FROM / (USED IN) INVESTING ACTIVITIES		565	(8,855)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		-	37,105
Repayment of long term financing		-	(158,511)
Short term borrowings - net		(60,106)	(455,219)
NET CASH USED IN FINANCING ACTIVITIES		(60,106)	(576,625)
NET INCREASE IN CASH AND CASH EQUIVALENTS		4,136	10,160
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		2,765	9,991
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		6,901	20,151

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KH. AIZAD AMER
Chief Executive Officer



KH. AANS AMER
Director

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

	RESERVES					TOTAL	TOTAL EQUITY
	CAPITAL RESERVES			REVENUE RESERVES	TOTAL		
	Share premium	Equity portion of shareholder's loan	Sub total	Unappropriated Profit			
----- (Rupees in thousand) -----							
Balance as at 01 July 2014 (audited)	96,600	17,250	-	17,250	458,804	476,214	572,034
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	-	-	672	672	672
Loss after taxation for the period	-	-	-	-	(55,724)	(55,724)	(55,724)
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	(55,724)	(55,724)	(55,724)
Balance as at 30 September 2014 (un-audited)	96,600	17,250	-	17,250	403,082	421,182	517,782
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	-	-	3,091	3,091	3,091
Loss after taxation for the period	-	-	-	-	(217,736)	(217,736)	(217,736)
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	(217,736)	(217,736)	(217,736)
Transaction with owners - Equity portion of shareholder's loan	-	-	23,416	23,416	-	23,416	23,416
Balance as at 30 June 2015 (Audited)	96,600	17,250	23,416	40,666	189,287	229,953	326,553
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	-	-	996	996	996
Loss after taxation for the period	-	-	-	-	(40,720)	(40,720)	(40,720)
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	(40,720)	(40,720)	(40,720)
Fair value adjustment on shareholders' loan	-	-	(1,722)	(1,722)	-	(1,722)	(1,722)
Balance as at 30 September 2015 (un-audited)	96,600	17,250	21,694	38,944	149,563	188,907	285,107

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



KH. AIZAD AMER
Chief Executive Officer



KH. AANS AMER
Director

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

1. THE COMPANY AND ITS OPERATIONS

Ishaq Textile Mills Limited (the Company) is a public limited company incorporated in Pakistan under the Companies Act, 1913 (Now Companies Ordinance, 1984) and listed on Karachi and Lahore Stock Exchanges in Pakistan. Its registered office is situated at Room No. 404-405, 4th Floor, Business Centre, Mumtaz Hassan Road, Karachi. The mills premises are located at Tehsil Jaranwala, District Faisalabad, in the Province of Punjab. The principal activity of the Company is manufacturing, sale and trading of yarn and cloth.

2. BASIS OF PREPARATION

This condensed interim financial information is unaudited and is being submitted to shareholders as required by section 245 of the Companies Ordinance, 1984. This condensed interim financial information of the Company for the three months period ended 30 September 2015 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984 as applicable in Pakistan and notified by the Securities and Exchange Commission of Pakistan (SECP). In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information should be read in conjunction with the audited annual published financial statements for the year ended 30 June 2015.

3. ACCOUNTING POLICIES AND COMPUTATION METHODS

The accounting policies and methods of computations adopted for the preparation of this condensed interim financial information are the same as applied in the preparation of the preceding audited annual published financial statements of the company for the year ended 30 June 2015.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2015.

5. LONG TERM FINANCING

	Un-audited 30 Sep 2015	Audited 30 June 2015
	Rupees in thousand	
Opening balance	91,695	261,814
Add:		
Obtained during the period / year	-	126,500
Fair value adjustment on shareholders' loan	1,722	-
	1,722	126,500
Less:		
Repaid during the period / year	-	(273,203)
Equity portion of shareholders' loan	-	(23,416)
	-	(296,619)
Closing balance	93,417	91,695

6. CONTINGENCIES AND COMMITMENTS

a) Contingencies

- i) The Company is contingently liable for Rupees 2,400 million (30 June 2015: Rupees 2,400 million) to Director Exdse and Taxation on account of import duty.
- ii) Guarantees of Rupees 34,442 million (30 June 2015: Rupees 36,841 million) are given by the banks of the Company to Sul Northern Gas Pipelines Limited (SNGPL) against gas connections and Faisalabad Electric Supply Company (FESCO) against electricity connection.

b) Commitments

- i) Letters of credit for capital expenditure are of Rupees 36,968 (30 June 2015: Rupees 36,968 million).

	Un-Audited 30 Sep 2015	Audited 30 June 2015
Rupees in thousand		
7. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (Note 7.1)	772,983	780,713
Capital work-in-progress (Note 7.2)	-	2,740
	<u>772,983</u>	<u>783,453</u>
7.1 Operating Fixed Assets:		
Opening book value	780,713	915,760
Add: Cost of additions during the period/year (Note 7.1.1)	5,281	68,172
Less:		
Book value of deletions during the period/year (Note 7.1.2)	(1,853)	(19,698)
Transferred to non-current assets held for sale		(133,978)
Depreciation charged for the period/year	(11,158)	(49,543)
	<u>772,983</u>	<u>780,713</u>
7.1.1 Cost of additions during the period / year		
Buildings on freehold land - Mills	-	6,200
Buildings on freehold land - Other	-	289
Plant and machinery	3,281	40,268
Electric installations / appliances:	-	2,139
Factory equipment	352	-
Generators	-	1,170
Furniture, fixtures	-	913
Office equipment	-	236
Computers	7	120
Vehicles	1,641	16,837
	<u>5,281</u>	<u>68,172</u>
7.1.2 Book value of deletions during the period / year		
Plant and machinery	(1,853)	(17,072)
Vehicles	-	(2,626)
	<u>(1,853)</u>	<u>(19,698)</u>
8. NON-CURRENT ASSETS HELD FOR SALE		
The non-current assets classified as held for sale under IFRS 5 'Non-Current Assets Held for Sale and Discontinued Operations' are summarized hereunder:		
	Un-audited 30 Sep 2015	Audited 30 June 2015
Rupees in thousand		
8.1 Non-current assets classified as held for sale		
Property, plant and equipment - Weaving segment (Note 8.1.1)	<u>102,294</u>	<u>102,294</u>
Certain items of property, plant and equipment related to Weaving Unit has been presented as held for sale following the approval of the Board of Directors and shareholders of the Company in Annual General Meeting held on 31 October 2014 regarding the disposal of certain items of plant and machinery of Weaving segment of the Company. The Company is in process to take all necessary steps including negotiation and signing of documents, deeds, papers, agreements and all other documents as may be necessary for the completion of the transactions. The management is hopeful of completing the sale transactions during the current financial year.		
8.1.1 Book value of assets transferred from property, plant and equipment:		
Plant and machinery	102,294	133,978
Less: Book value of assets disposed of during the year	-	31,684
Carrying value of non-current assets held for sale as at 30 September / 30 June	<u>102,294</u>	<u>102,294</u>

8.2 Analysis of results of discontinued operation

ADMINISTRATIVE EXPENSES	(3,709)	-
LOSS BEFORE TAXATION FROM DISCONTINUED OPERATION	(3,709)	-
TAXATION	-	-
LOSS AFTER TAXATION FROM DISCONTINUED OPERATION	(3,709)	-

8.3 Analysis of the cash flows of discontinued operation

There was no net cash flows from the discontinued operation of Weaving Unit during the period ended 30 September 2015.

9. COST OF SALES

Raw material consumed (Note 9.1)	245,476	225,824
Sizing and beam filling	-	2,842
Loading and unloading	749	1,313
Salaries, wages and other benefits	28,902	36,461
Staff retirement benefits	791	1,129
Stores, spares and loose tools	6,361	9,135
Packing material	5,890	4,600
Repairs and maintenance	121	814
Fuel and power	36,620	65,382
Insurance	573	1,107
Other factory overheads	52	336
Depreciation	6,770	13,447
	332,505	362,390
Work in process		
Opening stock	8,245	10,428
Closing stock	(7,586)	(10,031)
	659	397
Cost of goods manufactured	333,164	362,787
	Un-audited	Audited
	30 Sep	30 June
	2015	2015
	Rupees in thousand	
Finished goods		
Opening stock	64,320	368,956
Closing stock	(57,345)	(228,482)
	6,975	140,474
	340,139	503,261
9.1 Raw material consumed		
Opening stock	175,948	124,127
Add: Purchases during the period	137,064	190,522
	313,012	314,649
Less: Closing stock	(67,536)	(88,825)
	245,476	225,824

10. CASH GENERATED FROM OPERATIONS

Loss before taxation	(41,789)	(50,881)
Adjustments for non-cash charges and other items:		
Depreciation	11,158	14,282
Gain on sale of property, plant and equipment	(219)	(1,223)
Provision for staff retirement gratuity	-	3,498
Finance cost	5,658	18,030
Interest / profit on long term investment	(96)	(135)
Working capital changes (10.1)	96,020	651,910
	70,730	635,481

10.1 Working capital changes

Decrease / (increase) in current assets:

Stores, spare parts and loose tools	1,951	10,853
Stock in trade	116,046	176,174
Trade debts	21,564	391,065
Loans and advances	(40,538)	(7,991)
Short term deposits and prepayments	(2,654)	(4,968)
Other receivables	(8,718)	14,519
	87,651	579,652
Increase in trade and other payables	8,369	72,258
	96,020	651,910

11. SEGMENT INFORMATION

	Spinning		Weaving *		Elimination of Inter-segment transactions		Total - Company	
	Quarter ended (Un-audited)		Quarter ended (Un-audited)		Quarter ended (Un-audited)		Quarter ended (Un-audited)	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
	----- (Rupees in thousand) -----							
Sales	325,723	315,098	-	169,195	-	(21,966)	325,723	462,327
Cost of sales	(340,139)	(313,207)	-	(190,055)	-	21,966	(340,139)	(481,296)
Gross loss	(14,416)	1,891	-	(20,860)	-	-	(14,416)	(18,969)
Distribution cost	(1,477)	(819)	-	(27)	-	-	(1,477)	(846)
Administrative expenses	(14,846)	(9,195)	-	(9,064)	-	-	(14,846)	(14,399)
	(18,323)	(10,014)	-	(5,091)	-	-	(18,323)	(15,105)
	(32,739)	(8,123)	-	(25,951)	-	-	(32,739)	(24,074)
Other income	317	924	-	299	-	-	317	1,223
Finance cost	(5,658)	(2,255)	-	(15,775)	-	-	(5,658)	(18,030)
Loss before taxation	(38,080)	(9,454)	-	(41,427)	-	-	(38,080)	(50,881)
Taxation							1,069	(4,843)
Loss after taxation							(37,011)	(55,724)

11.1 Reconciliation of reportable segment assets and liabilities:

	Spinning		Weaving		Total - Company	
	Quarter ended (Un-audited)		Quarter ended (Un-audited)		Quarter ended (Un-audited)	
	September 30, 2015	June 30, 2015	September 30, 2015	June 30, 2015	September 30, 2015	June 30, 2015
	----- (Rupees in thousand) -----					
Total assets for reportable segments	981,960	1,067,998	351,438	356,765	1,333,398	1,424,763
Total liabilities for reportable segments	650,817	673,630	147,804	172,815	798,621	846,475
Unallocated liabilities:						
Deferred income tax liability					16,917	17,986
Total liabilities as per balance sheet					815,538	864,461

* The Company has discontinued the operations of Weaving segment during the year. Analysis of results of discontinued operations has been given in Note 8 to these financial statements.

12. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties are as follows:

(Un-Audited)	
QUARTER ENDED	
30 Sep 2015	30 June 2015

---- Rupees in thousand ----

Associated companies / undertakings:

Purchase of goods	-	761
Fuel and power purchased	855	3,074
Purchase of operating fixed assets	-	1,125
Sale of goods	560	60,096
Sale of operating fixed assets	-	1,487

Other related parties

Loans obtained from director	65,100	126,500
Loan repaid to directors	7,600	143,500
Company's contribution to Employees' Provident Fund Trust	-	3,600

13. FINANCIAL RISK MANAGEMENT

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

14. DATE OF AUTHORIZATION

This condensed interim financial information was approved by the Board of Directors and authorised for issue on 30 October 2015.

15. CORRESPONDING FIGURES

Corresponding figures have been rearranged / reclassified wherever necessary for the purpose of comparison. However, no significant reclassifications / rearrangements have been made.

16. GENERAL

Figures have been rounded off to the nearest thousand Rupees.



KH. AIZAD AMER
Chief Executive Officer



KH. AANS AMER
Director