

COMPANY INFORMATION

Board of Directors	<p>Mrs. Nazma Amer Mr. Aized Amer Mrs. Zareen Akhtar Mr. Anns Amer Mrs. Hajra Raza Mrs. Yusra Amer Mr. Abdul Rauf</p>	<p>Chairperson Chief Executive Officer Director Director Director Director Director</p>
Audit Committee	<p>Mr. Abdul Rauf Mrs. Hajira Raza Mrs. Zareen Akhtar</p>	<p>Chairman Member Member</p>
HR and Remuneration Committee	<p>Mrs. Zareen Akhtar Mr. Abdul Rauf Mrs. Yusra Amer</p>	<p>Chairman Member Member</p>
Chief Financial Officer	<p>Mr. Muhammad Saqib Ehsan</p>	
Company Secretary	<p>Mr. Tahir Shahzad</p>	
Auditors	<p>Riaz Ahmad and Company Chartered Accountants 560-F, Raja Road, Gulistan Colony, Faisalabad</p>	
Bankers	<p>Habib Bank Limited Bank Al Habib Limited Habib Metropolitan Bank Limited Al-Barka Bank (Pakistan) Limited Meezan Bank Limited National Bank of Pakistan</p>	
Share Registrar	<p>Corplink (Private) Limited Wings Arcade, I-K, Commercial, Model Town, Lahore</p>	
Registered Office & Mills	<p>35 Kilometer, Sheikhpura Road, Tehsil Jaranwala, Faisalabad</p>	

DIRECTORS' REVIEW TO THE SHAREHOLDERS

The Directors of your Company are submitting un-audited condensed interim financial information of your Company for the nine months ended March 31, 2017.

	Nine months ended	
	31 March 2017	31 March 2016
	-- (RUPEES IN THOUSAND) --	
Continuing Operations:		
Sales	849,800	1,143,981
Cost of sales	(894,081)	(1,142,851)
Gross profit	(44,281)	1,130
Operating cost	(37,066)	(48,797)
Other income	2,071	-
Finance cost	(30,647)	(24,230)
Loss before taxation	(109,923)	(71,897)
Taxation	(8,355)	2,020
Loss after taxation from continuing operations	(118,278)	(69,877)
Discontinued Operation:		
Profit after taxation from discontinued Operations	209	7,889
Loss after taxation	(118,069)	(61,988)

During the period under review sales were Rupees 849.8 million as compared to Rupees 1,143.981 million of corresponding period. Cost of sales was Rupees 894.081 million as compared to Rupees 1,142.851 million of corresponding period. However the Company incurred loss after taxation of Rupees 118.069 million from both continuing and discontinuing operations as compared to loss after taxation of Rupees 61.988 million of the corresponding period.

REVIEW OF OPERATING RESULTS

The period under review has not been good for textile industry as a whole likewise financial year 2015-2016. Due to heavy increase in the prices of raw material and disproportionate selling prices of yarn, adverse economic policies for textile sector, levy of minimum taxation on companies having gross loss, short production of cotton and uncertainty in the economic policies of the Govt. have resulted in loss for the nine months to the company.

FUTURE OUTLOOK

In order to get rid of the present situation the management of the Company has increased its production capacity by adding new plant and machinery and shifted whole of the mills to fine count i-e 52 single which is relatively profitable count. The Company is also in process of installation of Compact Spinning System for the whole of its spindles which will increase production, improve quality, and reduce cost of production. In the view of the steps taken, the management is expecting better results in future.

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: April 29, 2017

AS AT 31 MARCH 2017

CONDENSED INTERIM BALANCE SHEET

	NOTE	Un-Audited 31 March 2017 (RUPEES IN THOUSAND)	Audited 30 June 2016 (RUPEES IN THOUSAND)
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 10 000 000 (30 June 2016: 10 000 000) ordinary shares of Rupees 10 each		100,000	100,000
Issued, subscribed and paid up share capital		96,600	96,600
Reserves		118,028	176,241
Total equity		214,628	272,841
Surplus on revaluation of property, plant and equipment - net of deferred income tax		258,537	273,904
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	340,531	176,736
Deferred income tax liability		8,120	8,262
Staff retirement gratuity		7,303	8,007
		355,954	193,005
CURRENT LIABILITIES			
Trade and other payables		180,327	155,124
Accrued mark-up		8,390	9,586
Short term borrowings		331,266	570,752
Current portion of long term financing		-	1,552
Provision for taxation		8498	356
TOTAL LIABILITIES		528,481	737,370
		884,435	930,375
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES	6	1,357,600	1,477,120

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

NOTE

Un-Audited
31 March
2017
(RUPEES IN THOUSAND)

Audited
30 June
2016
(RUPEES IN THOUSAND)

ASSETS**NON-CURRENT ASSETS**

Property, plant and equipment	7	869,240	886,546
Long term investments		7,430	7,149
Long term deposits and prepayments		4,117	3,851
		880,787	897,546

CURRENT ASSETS

Stores, spare parts and loose tools		40,676	37,621
Stock in trade		187,379	282,710
Trade debts		49,692	89,749
Loans and advances		62,967	49,571
Short term deposits and prepayments		3,081	2,438
Other receivables		32,563	33,382
Cash and bank balances		38,969	5,582
		415,327	501,053
Non-current assets held for sale	8	61,486	78,521
		476,813	579,574

TOTAL ASSETS

		1,357,600	1,477,120
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KH. AIZAD AMER
Chief Executive Officer



KH. AANS AMER
Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)
FOR THE NINE MONTHS ENDED 31 MARCH 2017**

NOTE	Nine months ended		Quarter ended	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016

-----RUPEES IN THOUSAND-----

CONTINUING OPERATIONS:

SALES	849,800	1,143,981	262,476	416,114
COST OF SALES	(894,081)	(1,142,851)	(253,215)	(415,989)
GROSS (LOSS) / PROFIT	<u>(44,281)</u>	<u>1,130</u>	<u>9,261</u>	<u>125</u>
DISTRIBUTION COST	(2,878)	(7,216)	(364)	(2,684)
ADMINISTRATIVE EXPENSES	(33,731)	(41,581)	(8,011)	(12,597)
OTHER EXPENSES	(457)	-	-	-
OTHER INCOME	2,071	-	1,439	-
FINANCE COST	(30,647)	(24,230)	(8,107)	(10,424)
(LOSS) BEFORE TAXATION	<u>(109,923)</u>	<u>(71,897)</u>	<u>(5,782)</u>	<u>(25,580)</u>
TAXATION	(8,355)	2,020	419	878
LOSS AFTER TAXATION FROM CONTINUING OPERATIONS	<u>(118,278)</u>	<u>(69,877)</u>	<u>(5,363)</u>	<u>(24,702)</u>

DISCONTINUED OPERATION:

PROFIT AFTER TAXATION FROM DISCONTINUED OPERATION	8	209	7,889	-	(4,356)
LOSS AFTER TAXATION		<u>(118,069)</u>	<u>(61,988)</u>	<u>(5,363)</u>	<u>(29,058)</u>
LOSS PER SHARE - BASIC AND DILUTED FROM CONTINUING OPERATIONS (RUPEES)		<u>(12.24)</u>	<u>(7.23)</u>	<u>(0.56)</u>	<u>(2.56)</u>
EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED FROM DISCONTINUED OPERATION (RUPEES)		<u>0.02</u>	<u>0.82</u>	<u>-</u>	<u>(0.45)</u>

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 STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR THE NINE MONTHS ENDED 31 MARCH 2017

	Nine months ended		Quarter ended	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	----- (RUPEES IN THOUSAND) -----			
LOSS AFTER TAXATION	(118,069)	(61,988)	(5,363)	(29,058)
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to subsequently profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>(118,069)</u>	<u>(61,988)</u>	<u>(5,363)</u>	<u>(29,058)</u>

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KH. AIZAD AMER
Chief Executive Officer



KH. AANS AMER
Director

**CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited)
FOR THE NINE MONTHS ENDED 31 MARCH 2017**

	NOTE	Nine months ended	
		31 March 2017	31 March 2016
(RUPEES IN THOUSAND)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	9	108,693	23,633
Finance cost paid		(22,449)	(22,721)
Income tax paid		(9,966)	(5,764)
Staff retirement gratuity paid		(5,860)	-
Net (increase) / decrease in long term deposits and prepayments		(266)	66
Net cash generated / (utilized in) from operating activities		70,152	(4,786)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		7,346	461
Proceeds from sale of non-current assets held for sale		17,545	37,595
Capital expenditure on property, plant and equipment		(19,623)	(68,603)
Profit on long term investments received		116	1,132
Net cash used in investing activities		5,384	(29,415)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		210,000	-
Repayment of long term financing		(12,663)	(1,198)
Short term borrowings - net		(239,486)	54,133
Net cash (used in) / from financing activities		(42,149)	52,935
NET INCREASE IN CASH AND CASH EQUIVALENTS		33,387	18,734
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		5,582	2,765
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		38,969	21,499

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 STATEMENT OF CHANGES IN EQUITY (Un-audited)
FOR THE NINE MONTHS ENDED 31 MARCH 2017

SHARE CAPITAL	RESERVES					TOTAL	TOTAL EQUITY
	CAPITAL RESERVE			REVENUE RESERVE	TOTAL		
	Share premium	Equity portion of Shareholder's loan	Sub total	Unappropriated profit			
------(RUPEES IN THOUSAND)-----							
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	-	-	-	-	4,745	4,745	4,745
Loss for the nine months ended 31 March 2016	-	-	-	-	(61,988)	(61,988)	(61,988)
Other comprehensive income for the nine months ended 31 March 2016	-	-	-	-	-	-	-
Total comprehensive loss for the nine months ended 31 March 2016	-	-	-	-	(61,988)	(61,988)	(61,988)
Balance as at 31 March 2016 - (Un-audited)	96,600	17,250	23,416	40,666	132,044	172,710	269,310
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	-	-	2,309	2,309	2,309
Loss for the quarter ended 30 June 2016	-	-	-	-	(20,140)	(20,140)	(20,140)
Other comprehensive income for the quarter ended 30 June 2016	-	-	-	-	-	-	-
Total comprehensive loss for the quarter ended 30 June 2016	-	-	-	-	(20,140)	(20,140)	(20,140)
Transaction with owners: Equity portion of shareholder's loan	-	-	21,362	21,362	-	21,362	21,362
Balance as at 30 June 2016- (Audited)	96,600	17,250	44,778	62,028	114,213	176,241	272,841
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation and sale of property, plant and equipment - net of deferred income tax	-	-	-	-	15,368	15,368	15,368
Loss for the nine months ended 31 March 2017	-	-	-	-	(118,069)	(118,069)	(118,069)
Other comprehensive income for the nine months ended 31 March 2017	-	-	-	-	-	-	-
Total comprehensive loss for the nine months ended 31 March 2017	-	-	-	-	(118,069)	(118,069)	(118,069)
Transaction with owners: Equity portion of shareholder's loan	-	-	44,488	44,488	-	44,488	44,488
Balance as at 31 March 2017 - (Un-audited)	96,600	17,250	89,266	106,516	11,512	118,028	214,628

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 NINE MONTHS ENDED 31 MARCH 2017**

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 is listed on Pakistan Stock Exchange Limited. Its registered office and mills premises are located at 35 Kilometers, Sheikhpura Road, Faisalabad. 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 un-audited 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 nine months ended 31 March 2017 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. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 shall prevail. This condensed interim financial information should be read in conjunction with the preceding audited annual published financial statements of the Company for the year ended 30 June 2016.

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 2016.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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 2016.

5. LONG TERM FINANCING

	Un-audited 31 March 2017	Audited 30 June 2016
(RUPEES IN THOUSAND)		
Opening balance	178,288	91,695
Add :		
Obtained during the period / year	210,000	100,000
Transferred from equity portion of shareholder's loan	9,394	10,402
	397,682	202,097
Less:		
Repaid during the period / year	12,663	2,447
Equity portion of shareholder's loan	44,488	21,362
	57,151	23,809
	340,531	178,288
Less: Current portion show under current liabilities	-	(1,552)
	340,531	176,736

6. CONTINGENCIES AND COMMITMENTS**a) Contingencies**

- i) The Company is contingently liable for Rupees 2.400 million (30 June 2016: Rupees 2.400 million) to Director Excise and Taxation on account of import duty.
- ii) Guarantees of Rupees 36.841 million (30 June 2016: Rupees 36.841 million) have been given by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connections and to Faisalabad Electric Supply Company Limited against electricity connection.
- iii) The Company has filed an appeal before Appellate Tribunal Inland Revenue against the order of the Commissioner Inland Revenue (Appeals) for Rupees 1.914 million (30 June 2016: Rupees 1.914 million) regarding certain additions in the declared income for the tax year 2007. The related provision is not made in this condensed interim financial information in view of favourable outcome of the appeal.
- iv) A liability of Rupees 21.666 million (30 June 2016: Rupees 21.666 million) was created by the Assistant Commissioner (Withholding Tax) for the tax year 2014. The Company has filed an appeal before Commissioner Inland Revenue (Appeals) against this liability. The related provision is not made in this condensed interim financial information in view of favourable outcome of the appeal.

b) Commitments

- i) Letter of credit for capital expenditure is of Rupees 52.137 million (30 June 2016: Rupees Nil).
- ii) Letters of credit or contracts other than for capital expenditure are of Rupees 6.765 million (30 June 2016: Rupees Nil)

Un-Audited	Audited
31 March	30 June
2017	2016

(RUPEES IN THOUSAND)

7. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets (Note 7.1)	867,186	883,546
Capital work-in-progress	2,054	3,000
	<u>869,240</u>	<u>886,546</u>

7.1 Operating fixed assets

Opening book value	883,546	780,713
Add: Cost of additions during the period / year (Note 7.1.1)	20,569	75,735
Effect of surplus on revaluation	-	68,457
	<u>904,115</u>	<u>924,905</u>

Less:

Book value of deletions during the period / year (Note 7.1.2)	5,882	237
	<u>898,233</u>	<u>924,668</u>
Depreciation charged during the period / year	31,047	41,122
	<u>867,186</u>	<u>883,546</u>

7.1.1 Cost of additions during the period / year

Buildings on freehold land - mills	4,156	2,923
Plant and machinery	15,634	67,384
Electric installations / appliances	24	605
Laboratory equipment	-	925
Furniture, fixtures	-	150
Generator	700	-
Office equipment	55	-
Computers	-	7
Vehicles	-	3,741
	<u>20,569</u>	<u>75,735</u>

Un-Audited	Audited
31 March	30 June
2017	2016

(RUPEES IN THOUSAND)

7.1.2 Book value of deletions during the period / year

Plant and machinery	5,741	-
Vehicles	141	-
	<u>5,882</u>	<u>-</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:

Property, plant and equipment - Weaving segment (Note 8.1)	<u>61,485</u>	<u>78,521</u>
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Certain items of property, plant and equipment related to Weaving Unit have 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 Unit of the Company. Some of the non-current assets held for sale were disposed of during the period against sale consideration of Rupees 17.545 million. Some assets have been sold during the period. Moreover the management is hopeful of completing the sale transactions of remaining assets during the current financial year.

8.1 Book value of assets transferred from property, plant and equipment:

Plant and machinery	78,521	102,294
Less: Book value of assets disposed of during the period / year	17,036	23,773
Carrying value of non-current assets held for sale	<u>61,485</u>	<u>78,521</u>

Un-Audited	
31 March	31 March
2017	2016

(RUPEES IN THOUSAND)

8.2 Analysis of results of discontinued operations

OTHER INCOME	509	21,734
ADMINISTRATIVE EXPENSES	(300)	(1,770)
OTHER EXPENSES	-	(10,506)
FINANCE COST	-	(1,213)
PROFIT FROM DISCONTINUED OPERATION	<u>209</u>	<u>8,245</u>
TAXATION	-	(356)
PROFIT AFTER TAXATION FROM DISCONTINUED OPERATION	<u>209</u>	<u>7,889</u>

8.3 Analysis of the cash flows of discontinued operation

Operating cash flows	-	(38,466)
Investing cash flows	17,545	(39,188)
Financing cash flows	-	-
	<u>17,545</u>	<u>(77,654)</u>

Un-audited	
Nine months ended	
31 March 2017	31 March 2016

(RUPEES IN THOUSAND)

9. CASH GENERATED FROM OPERATIONS

Loss before taxation	(109,923)	(76,152)
Adjustments for non-cash charges and other items:		
Depreciation	31,047	34,184
Gain on sale of non-current assets held for sale	(509)	(17,799)
Gain on sale of property, plant and equipment	(1,464)	(224)
Debit balances written off	(457)	-
Credit balances written back	(168)	(1,706)
Provision for staff retirement gratuity	5,156	5,409
Profit on long term investments	(396)	(301)
Finance cost	30,647	25,443
Working capital changes (Note 9.1)	154,760	54,779
	<u>108,693</u>	<u>23,633</u>

9.1 Working capital changes**(Increase) / decrease in current assets:**

Stores, spare parts and loose tools	(3,055)	(485)
Stock in trade	95,331	(24,788)
Trade debts	40,057	38,175
Loans and advances	(3,577)	(978)
Short term deposits and prepayments	(643)	(923)
Other receivables	1,276	(2,997)
	129,389	8,004
Increase in trade and other payables	25,371	46,775
	<u>154,760</u>	<u>54,779</u>

10. TRANSACTIONS WITH RELATED PARTIES

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

Un-audited			
Nine months ended		Quarter ended	
31 March 2017	31 March 2016	31 March 2017	31 March 2016

.....(RUPEES IN THOUSAND).....

i) Transactions**Associated companies / undertakings:**

Fuel and power purchased	1,495	2,410	214	693
Sale of goods	-	572	-	-

Other related parties:

Remuneration paid to Chief Executive Officer, Directors and Executives	4,607	8,076	1,365	2,180
Loan obtained from / (repaid to) directors- net	46,775	36,575	6,775	(20,115)

Un-Audited	Audited
31 March 2017	30 June 2016

(RUPEES IN THOUSAND)

ii) Period end balances

Long term financing	340,531	165,624
Trade and other payables	8,320	6,825
Short term borrowings	2,242	135,467

11. 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 2016.

12. DATE OF AUTHORIZATION

This condensed interim financial information was approved by the Board of Directors and authorized for issue on 29 April, 2017.

13. CORRESPONDING FIGURES

In order to comply with the requirements of IAS 34, the condensed interim balance sheet and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim profit and loss account, condensed interim statement of comprehensive income and condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures of profit and loss account and related notes have been re-arranged due to showing Weaving segment as discontinued operation. Apart from that, no significant re-arrangements have been made.

14. GENERAL

Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.



KH. AIZAD AMER
Chief Executive Officer



KH. AANS AMER
Director