

3RD
QUARTERLY
REPORT

ISHAQ
TEXTILE MILLS LIMITED

MARCH 31, 2016
(UN-AUDITED)

COMPANY INFORMATION

Board of Directors	Mrs. Nazma Amer	Chairman
	Mr. Aized Amer	Chief Executive Officer
	Mrs. Zareen Akhtar	Director
	Mr. Anns Amer	Director
	Mrs. Hajra Raza	Director
	Mr. Muhammad Raza	Director
	Mr. Abdul Rauf	Director
Audit Committee	Mr. Abdul Rauf	Chairman
	Mr. Aized Amer	Member
	Mr. Anns Amer	Member
HR and Remuneration Committee	Mrs. Zareen Akhtar	Chairman
	Mr. Abdul Rauf	Member
	Mr. Anns Amer	Member
Chief Financial Officer	Mr. S. Muhammad Abbas Rizvi	
Company Secretary	Mr. Tahir Shahzad	
Auditors	Riaz Ahmad and Company Chartered Accountants 560-F, Raja Road, Gulistan Colony, Faisalabad	
Bankers	Habib Bank Limited Bank Al Habib Limited Habib Metropolitan Bank Limited Al-Barka Bank (Pakistan) Limited National Bank of Pakistan	
Share Registrar	Corplink (Private) Limited Wings Arcade, 1-K, Commercial, Model Town, Lahore	
Registered Office	405-405, 4 th Floor, Business Center Mumtaz Hassan Road, Karachi	
Mills	35 Kilometer, Sheikhpura Road, 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 nine months ended March 31, 2016.

Nine months ended	
31 March 2016	31 March 2015
----- (RUPEES IN THOUSAND) -----	

Continuing Operations:

Sales	1,143,981	1,069,645
Cost of sales	(1,142,851)	(1,045,340)
Gross profit	1,130	15,305
Operating cost	(48,797)	(34,161)
Other income	-	1,049
Finance cost	(24,230)	(17,304)
Loss before taxation	(71,897)	(35,111)
Taxation	2,020	16,787
Loss after taxation from continuing operations	<u>(69,877)</u>	<u>(18,324)</u>
Discontinued Operation:		
Profit / (loss) after taxation from discontinued Operations	<u>7,889</u>	<u>(39,688)</u>
Loss after taxation	<u>(61,988)</u>	<u>(58,012)</u>

During the period under review sales were Rupees 1,143.981 million as compared to Rupees 1,069.645 million of corresponding period. Cost of sales was Rupees 1,142.851 million as compared to Rupees 1,054.340 million of corresponding period. However the Company incurred loss after taxation of Rupees 61.988 million from both continuing and discontinuing operations as compared to loss after taxation of Rupees 58.012 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 GIDC 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 nine months ended to the Company.

FUTURE OUTLOOK

Power shortage has impacted on the production of the Company which may continue in current financial year. However, the Company has started to purchase electricity from another source which is relatively cheaper. This will impact the cost of sales in the remaining financial period. The management believes that reduction in the cost of fuel and power will ultimately affect the results of the Company in better way. Moreover, the management has decided to enhance the production capacity of spinning segment through installation of new machinery. The management has fully focused 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: April 29, 2016

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)
FOR THE NINE MONTHS ENDED 31 MARCH 2016

NOTE	Nine months ended		Quarter ended	
	31 March	31 March	31 March	31 March
	2016	2015	2016	2015
------(RUPEES IN THOUSAND)-----				

CONTINUING OPERATIONS:

SALES	1,143,981	1,069,645	416,114	367,172	
COST OF SALES	(1,142,851)	(1,054,340)	(415,989)	(354,609)	
GROSS PROFIT	1,130	15,305	125	12,563	
DISTRIBUTION COST	(7,216)	(4,111)	(2,684)	(1,349)	
ADMINISTRATIVE EXPENSES	(41,581)	(29,847)	(12,597)	(9,973)	
OTHER EXPENSES	-	(203)	-	(203)	
	<u>(48,797)</u>	<u>(34,161)</u>	<u>(15,281)</u>	<u>(11,525)</u>	
	(47,667)	(18,856)	(15,156)	1,038	
OTHER INCOME	-	1,049	-	99	
(LOSS) / PROFIT FROM OPERATIONS	<u>(47,667)</u>	<u>(17,807)</u>	<u>(15,156)</u>	<u>1,137</u>	
FINANCE COST	(24,230)	(17,304)	(10,424)	(2,684)	
LOSS BEFORE TAXATION	<u>(71,897)</u>	<u>(35,111)</u>	<u>(25,580)</u>	<u>(1,547)</u>	
TAXATION	2,020	16,787	878	(4,822)	
LOSS AFTER TAXATION FROM CONTINUING OPERATIONS	<u>(69,877)</u>	<u>(18,324)</u>	<u>(24,702)</u>	<u>(6,369)</u>	
DISCONTINUED OPERATION:					
PROFIT / (LOSS) AFTER TAXATION FROM DISCONTINUED OPERATIONS	8	7,889	(39,688)	(4,356)	(27,258)
LOSS AFTER TAXATION	<u>(61,988)</u>	<u>(58,012)</u>	<u>(29,058)</u>	<u>(33,627)</u>	
LOSS PER SHARE - BASIC AND DILUTED FROM CONTINUING OPERATIONS (RUPEES)	<u>(7.23)</u>	<u>(1.90)</u>	<u>(2.56)</u>	<u>(0.66)</u>	
EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED FROM DISCONTINUED OPERATION (RUPEES)	<u>0.82</u>	<u>(4.11)</u>	<u>(0.45)</u>	<u>(2.82)</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 2016**

	Nine months ended		Quarter ended	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	----- (RUPEES IN THOUSAND) -----			
LOSS AFTER TAXATION	(61,988)	(58,012)	(29,058)	(33,627)
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>(61,988)</u>	<u>(58,012)</u>	<u>(29,058)</u>	<u>(33,627)</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 CASH FLOW STATEMENT (Un-audited)
FOR THE NINE MONTHS ENDED 31 MARCH 2016**

	NOTE	Nine months ended	
		31 March 2016	31 March 2015
(RUPEES IN THOUSAND)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	9	23,633	600,417
Finance cost paid		(22,721)	(62,659)
Income tax paid		(5,764)	(11,208)
Staff retirement gratuity paid		-	(2,579)
Net decrease in long term deposits and prepayments		66	20
Net decrease in long term loans		-	37
Net cash (utilized in) / generated from operating activities		(4,786)	524,028
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		461	4,580
Proceeds from sale of non-current assets held for sale		37,595	-
Capital expenditure on property, plant and equipment		(68,603)	(44,182)
Profit on long term investments received		1,132	-
Net cash used in investing activities		(29,415)	(39,602)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		-	168,718
Repayment of long term financing		(1,198)	(213,186)
Short term borrowings - net		54,133	(425,915)
Net cash from / (used in) financing activities		52,935	(470,383)
NET INCREASE IN CASH AND CASH EQUIVALENTS		18,734	14,043
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		2,765	9,991
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		21,499	24,034

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 2016

SHARE CAPITAL	RESERVES				TOTAL	TOTAL EQUITY	
	CAPITAL RESERVE			REVENUE RESERVE			
	Share premium	Equity portion of Shareholder's loan	Sub total	Unappropriated profit			
----- (RUPEES IN THOUSAND) -----							
Balance as at 30 June 2014 - (Audited)	96,600	17,250	-	17,250	458,984	476,234	572,834
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	-	-	2,199	2,199	2,199
Loss for the nine months ended 31 March 2015	-	-	-	-	(58,012)	(58,012)	(58,012)
Other comprehensive income for the nine months ended 31 March 2015	-	-	-	-	-	-	-
Total comprehensive loss for the nine months ended 31 March 2015	-	-	-	-	(58,012)	(58,012)	(58,012)
Balance as at 31 March 2015 - (Un-audited)	96,600	17,250	-	17,250	403,171	420,421	517,021
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	-	-	1,564	1,564	1,564
Loss for the quarter ended 30 June 2015	-	-	-	-	(215,448)	(215,448)	(215,448)
Other comprehensive income for the quarter ended 30 June 2015	-	-	-	-	-	-	-
Total comprehensive loss for the quarter ended 30 June 2015	-	-	-	-	(215,448)	(215,448)	(215,448)
Transaction with owners: Equity portion of shareholder's loan	-	-	23,416	23,416	-	23,416	23,416
Balance as at 30 June 2016 - (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)
Transaction with owners: Equity portion of shareholder's loan	-	-	23,416	23,416	-	23,416	23,416
Transferred to shareholder's loan	-	-	(6,382)	(6,382)	-	(6,382)	(6,382)
Balance as at 31 March 2016 - (Un-audited)	96,600	17,250	40,450	57,700	132,044	189,744	286,344

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 2016**

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 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 un-audited 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 nine months ended 31 March 2016 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 have been followed. This condensed interim financial information should be read in conjunction with the audited annual published financial statements of the Company 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 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 2015.

Un-audited	Audited
31 March 2016	30 June 2015

(RUPEES IN THOUSAND)

5. LONG TERM FINANCING

Opening balance	91,695	261,814
Add :		
Obtained during the period / year	-	126,500
Transferred from short term borrowings	100,000	-
Transferred from equity portion of shareholder's loan	6,382	-
	<u>198,077</u>	<u>388,314</u>
Less:		
Repaid during the period / year	1,198	273,203
Equity portion of shareholder's loan	23,416	23,416
	24,614	296,619
	<u>173,463</u>	<u>91,695</u>

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 Excise and Taxation on account of import duty.

ii) Guarantees of Rupees 34.442 million (30 June 2015: 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.

b) Commitments

i) Letters of credit for capital expenditure are of Rupees Nil (30 June 2015: Rupees 36.968 million).

ii) There was no letter of credit or contract other than for capital expenditure (30 June 2015: Rupees Nil)

Un-Audited	Audited
31 March	30 June
2016	2015
(RUPEES IN THOUSAND)	

7. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets (Note 7.1)	816,711	780,713
Capital work-in-progress	925	2,740
	<u>817,636</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)	70,418	68,172
	<u>851,131</u>	<u>983,932</u>

Less:

Book value of deletions during the period / year (Note 7.1.2)	236	19,698
Book value of assets transferred to non-current assets held for sale	-	133,978
	<u>236</u>	<u>153,676</u>

	850,895	830,256
Depreciation charged during the period / year	34,184	49,543
	<u>816,711</u>	<u>780,713</u>

7.1.1 Cost of additions during the period / year

Buildings on freehold land - mills	2,923	289
Building on freehold land - other	-	6,200
Plant and machinery	63,129	40,268
Electric installations / appliances	468	2,139
Generators	-	1,170
Furniture, fixtures	150	913
Office equipment	-	236
Computers	7	120
Vehicles	3,741	16,837
	<u>70,418</u>	<u>68,172</u>

7.1.2 Book value of deletions during the period / year

Plant and machinery	-	17,072
Vehicles	236	2,626
	<u>236</u>	<u>19,698</u>

Un-Audited	Audited
31 March 2016	30 June 2015

(RUPEES IN THOUSAND)

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>82,498</u>	<u>102,294</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 segment of the Company. 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	102,294	133,978
Less: Book value of assets disposed of during the period / year	19,796	31,684
Carrying value of non-current assets held for sale as at 31 March / 30 June	<u>82,498</u>	<u>102,294</u>

Some of the non-current assets held for sale were disposed of during the period / year against sale consideration of Rupees 37.595 million (30 June 2015: Rupees 8.750 million)

Un-Audited	
31 March 2016	31 March 2015

(RUPEES IN THOUSAND)

8.2 Analysis of results of discontinued operations

SALES	-	211,082
COST OF SALES	-	<u>(206,312)</u>
GROSS PROFIT	-	4,770
DISTRIBUTION COST	-	(2,313)
ADMINISTRATIVE EXPENSES	(1,770)	(13,050)
OTHER EXPENSES	(10,506)	-
	<u>(12,276)</u>	<u>(15,363)</u>
OTHER INCOME	21,734	2,682
PROFIT / (LOSS) FROM DISCONTINUED OPERATION	<u>9,458</u>	<u>(7,911)</u>
FINANCE COST	(1,213)	(30,074)
PROFIT / (LOSS) BEFORE TAXATION FROM DISCONTINUED OPERATION	<u>8,245</u>	<u>(37,985)</u>
TAXATION	(356)	(1,703)
PROFIT / (LOSS) AFTER TAXATION FROM DISCONTINUED OPERATION	<u>7,889</u>	<u>(39,688)</u>

8.3 Analysis of the cash flows of discontinued operation

Operating cash flows	(38,466)	571,508
Investing cash flows	39,188	8,399
Financing cash flows	-	(579,231)
	<u>722</u>	<u>676</u>

Un-audited	
3rd Quarter ended	
31 March 2016	31 March 2015

(RUPEES IN THOUSAND)

9. CASH GENERATED FROM OPERATIONS

Loss before taxation	(63,652)	(35,111)
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Adjustments for non-cash charges and other items:

Depreciation	34,184	43,192
Transfer of staff retirement gratuity to Employees' Provident Fund Trust	-	566
Gain on sale of non-current assets held for sale	(17,799)	-
Gain on sale of property, plant and equipment	(224)	(1,310)
Debit balances written off	-	203
Credit balances written back	(1,706)	-
Provision for staff retirement gratuity	5,409	-
Profit on long term investments	(301)	(398)
Finance cost	25,443	17,304
Working capital changes (Note 9.1)	42,279	575,971
	<u>23,633</u>	<u>600,417</u>

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

Stores, spare parts and loose tools	(485)	10,691
Stock in trade	(37,288)	37,959
Trade debts	38,175	468,954
Loans and advances	(978)	(11,524)
Short term deposits and prepayments	(923)	(2,812)
Other receivables	(2,997)	19,722
	(4,496)	522,990
Increase in trade and other payables	46,775	52,981
	<u>42,279</u>	<u>575,971</u>

10. SEGMENT INFORMATION

10.1 Reconciliation of reportable segment assets and liabilities:

	Spinning		Weaving		Total - Company	
	(Un-audited) 31 March 2016	Audited 30 June 2015	(Un-audited) 31 March 2016	Audited 30 June 2015	(Un-audited) 31 March 2016	Audited 30 June 2015
	(RUPEES IN THOUSAND)					
Total assets for reportable segments	1,169,101	1,067,995	298,145	356,768	1,467,246	1,424,763
Total liabilities for reportable segments	885,652	660,830	38,697	174,418	924,349	835,248
Unallocated liabilities:						
Deferred income tax liability					15,753	17,986
Provision for taxation					11,796	11,227
Total liabilities as per balance sheet					951,898	864,461

10.2 Segments results are not given for the current period because the Company has discontinued the operation of Weaving segment during the year ended 30 June 2015. Analysis of results of discontinued operation has been given in Note 8 of this condensed interim financial information. Meanwhile whole of the results of the Company relates to the Spinning segment.

11. 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 2016	31 March 2015	31 March 2016	31 March 2015
------(RUPEES IN THOUSAND)-----			

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

Purchase of goods and services	-	761	-	-
Fuel and power purchased	2,410	1,643	693	-
Purchase of operating fixed assets	-	1,125	-	-
Sale of goods	572	155,143	-	-
Sale of spare parts, chemicals etc.	-	1,060	-	-
Sale of operating fixed assets	-	2,355	-	900

Other related parties:

Remuneration paid to Chief Executive Officer, Directors and Executives	8,076	8,382	2,180	3,110
Loan obtained from directors	93,240	364,672	700	5,300
Loan repaid to directors	56,665	134,975	20,815	18,793
Company's contribution to Employees' Provident Fund Trust	-	3,569	-	1,270

Un-Audited	Audited
31 March 2016	30 June 2015
(RUPEES IN THOUSAND)	

ii) Period end balances

Long term financing	200,000	100,000
Trade and other payables	5,599	4,380
Short term borrowings	132,028	195,453
Trade debts	6,626	8,294

12. 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.

13. DATE OF AUTHORIZATION

This condensed interim financial information was approved by the Board of Directors and authorized for issue on 29 April 2016.

14. 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.

15. 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

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