

Half  
Yearly  
Report

# IDEAL SPINNING MILLS LIMITED



**IdealGroup**

## CONDENSED INTERIM FINANCIAL INFORMATION

Half Yearly Report  
(UN-AUDITED)  
31 December , 2019





## COMPANY INFORMATION

<b>CHAIRMAN:</b>	Mr. Mohammad Saeed
<b>CHIEF EXECUTIVE OFFICER:</b>	Mr. Amjad Saeed
<b>DIRECTORS:</b>	Mrs. Robina Amjad Mr. Omer Saeed Mr. Ahsan Saeed Mr. Khizer Saeed Mr. Muhammad Asif (Nominee NIT)
<b>AUDIT COMMITTEE:</b>	
<b>CHAIRMAN</b>	Mr. Ahsan Saeed
<b>MEMBER</b>	Mr. Muhammad Saeed
<b>MEMBER</b>	Mr. Muhammad Asif
<b>H.R. &amp; REMUNERATION COMMITTEE:</b>	
<b>CHAIRMAN</b>	Mr. Ahsan Saeed
<b>MEMBER</b>	Mr. Muhammad Saeed
<b>MEMBER</b>	Mr. Khizer Saeed
<b>CHIEF FINANCIAL OFFICER:</b>	Mr. Muhammad Kashif Zahur
<b>COMPANY SECRETARY:</b>	Mr. Muhammad Nadeem
<b>SHARE REGISTRAR:</b>	F. D. Registrar Services (SMC-Pvt.) Ltd. 17 <sup>th</sup> Floor, Saima Trade Tower-A, I.I.Chundrigar Road, Karachi.
<b>AUDITORS:</b>	M/s Riaz Ahmad & Company Chartered Accountants
<b>BANKERS:</b>	Bank Alfalah Limited Al-Baraka Bank (Pakistan) Ltd. Bank Al-Habib Ltd. Habib Metropolitan Bank Ltd. The Bank of Punjab
<b>REGISTERED OFFICE :</b>	Room No 404 & 405, 4 <sup>th</sup> Floor, Business Centre, Mumtaz Hassan Road, Karachi. <a href="http://www.idealsm.com">www.idealsm.com</a>
<b>FACTORY:</b>	35-K.M Sheikhupura Road, Tehsil Jaranwala, Distt. Faisalabad.



**DIRECTORS' REVIEW REPORT TO THE SHAREHOLDERS**

Your Directors feel pleasure in submitting unaudited financial statements of your Company for half year ended 31 December 2019.

<b>FINANCIAL RESULTS</b>	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>(RUPEES IN THOUSAND)</b>	
REVENUE	2,075,701	1,523,214
COST OF SALES	(1,797,068)	(1,358,703)
GROSS PROFIT	278,633	164,511
DISTRIBUTION COST	(40,691)	(27,265)
ADMINISTRATIVE EXPENSES	(99,773)	(68,085)
OTHER EXPENSES	(13,752)	(1,799)
OTHER INCOME	13,253	14,927
FINANCE COST	(60,817)	(50,489)
PROFIT BEFORE TAXATION	76,853	31,800
TAXATION	(22,747)	(535)
PROFIT AFTER TAXATION	54,106	31,265
EARNING PER SHARE-BASIC		
AND DILUTED (RUPEES)	5.45	3.15

By the Blessings of Almighty ALLAH your company achieved Revenue growth of 36.27%, resulting in to after Tax Profit of Rs.54.106 million as compared to Rs.31.265 Million in comparative with corresponding period of last year. Management is optimistic about further improvements in future.

**BUSINESS OUTLOOK:**

Textile industry is under pressure due to rising cost of raw material, energy costs, finance costs, minimum wage rates and high inflation rates

**PERFORMANCE REVIEW:**

With the Almighty ALLAH's blessings, financial performance of the company is promising. Earnings per share has increased to Rs.5.45 from Rs.3.15 per share as compared to last year. Company achieved gross profit of 13.42% as compared to 10.80%, which is very good considering the facts cited above. Operational performance of the company was admirable and achieved production targets with exceptional Quality.

**FURTHER EXPANSION**

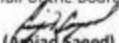
With Almighty ALLAH'S blessings management has planned to increase spindles in-sha-Allah.

**ACKNOWLEDGEMENT**

The Board offers thanks to our shareholders and bankers for their continued support and trust in the company. The Board acknowledges the efforts and devotion of staff and workers which led to achieve milestones and hope these will continue in upcoming years.

Faisalabad  
February 24, 2020

On behalf of the Board

  
(Amjad Saeed)  
Chief Executive Officer



## حصہ داران کیلئے ڈائریکٹرز کی رپورٹ

آپ کے ڈائریکٹر 31 دسمبر 2019 کو ختم ہونے والی 6 ماہ کے لئے آپ کی کمپنی کے غیر آڈٹ شدہ نتائج پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ مالیاتی نتائج

31-12-2019

31-12-2018

(رقم ہزاروں میں)

2,075,701	1,523,214
(1,797,068)	(1,358,703)
278,633	164,511
(40,691)	(27,265)
(99,773)	(68,085)
(13,752)	(1,799)
13,253	14,927
(60,817)	(50,489)
76,853	31,800
(22,747)	(535)
54,106	31,265
5.45	3.15

ریونیو

کاسٹ آف سیل

گراس منافع

ڈسٹری بیوٹن اخراجات

انتظامی اخراجات

متفرق اخراجات

دیگر آمدن

خارجہ اخراجات

ٹیکس کے بغیر منافع

ٹیکس

خالص منافع ٹیکس کے بعد

منافع فی حصہ بنیادی

اللہ تعالیٰ کی مہربانی سے آپ کی کمپنی کے حاصل میں 36.27% بڑھوتری ہوئی ٹیکس کی ادائیگی کے بعد 54.106 ملین روپے کا منافع ہوا۔ جبکہ گزشتہ سال کے اسی عرصہ کا منافع 31.265 ملین تھا مستقبل میں آپ کی انتظامیہ اس سے بھی بہتر نتائج حاصل کرنے کے لئے پُر امید ہے۔

بزنس آؤٹ لک:

کاروبار کرنے میں ٹیکسٹائل انڈسٹری بڑے پیمانے پر دشواریوں کا سامنا کر رہی ہے کیونکہ ان پٹ کی لاگت روزانہ بڑھ رہی ہے۔ گزشتہ سال کے مقابلے میں روٹی اور پولیسٹر فائبر کی قیمتیں بہت زیادہ ہیں KIBOR کی شرح بڑھنے کے باعث مالیاتی اخراجات میں اضافہ ہوا ہے۔ کم سے کم معاوضہ میں اضافہ، مافراط زر کی شرح میں اضافہ کمپنی کے منافع کو متاثر کر سکتا ہے۔

کارکردگی کا جائزہ:

رب تعالیٰ کے فضل و کرم سے کمپنی کی مالی کارکردگی قابل تعریف ہے۔ آمدنی فی حصہ 3.15 روپے سے بڑھ کر 5.45 روپے فی حصہ ہوئی ہے۔ اوپر بیان کیے گئے عوامل کے باوجود کمپنی نے 13.42 فی صد خام منافع حاصل کیا ہے۔ جو کہ گزشتہ سال کے اسی عرصہ میں 10.80 فی صد تھا۔ کمپنی کی آپریشنل کارکردگی قابل قدر ہے اور بہترین معیار کے ساتھ پیداواری اہداف حاصل کیے ہیں۔

پروجیکٹ میں توسیع:

اللہ تعالیٰ کے فضل و کرم سے انتظامیہ کی جانب سے سپنڈل بڑھانے کا منصوبہ زیر غور ہے۔

کادشوں کا اعتراف

یورڈ آف ڈائریکٹرز اپنے حصہ داروں، بنگلز اور مالیاتی اداروں کے اعتماد اور مسلسل سپورٹ کا شکریہ ادا کرتا ہے۔ بورڈ کمپنی کے سٹاف اور ورکرز کی انتھک کوشش کا اعتراف کرتا ہے جن کی وجہ سے کمپنی نے موجودہ کامیابیاں حاصل کیں۔ ہمیں امید ہے کہ کامیابیوں کا یہ سلسلہ آنے والے سالوں میں بھی جاری رہے گا۔

یورڈ آف ڈائریکٹرز کی جانب سے

محمد سعید

فیصل آباد

24 فروری 2020ء

چیف ایگزیکٹو آفیسر



**INDEPENDENT AUDITOR'S REVIEW REPORT****To the members of The Ideal Spinning Mills Limited****Report on review of Condensed Interim Financial Statements**Introduction

We have reviewed the accompanying condensed interim statement of financial position of IDEAL SPINNING MILLS LIMITED as at 31 December 2019 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to condensed interim financial statements for the half year then ended (here-in-after referred to as "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim 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 condensed interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended 31 December 2019 and 31 December 2018 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended 31 December 2019.

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

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



**RIAZ AHMAD & COMPANY**  
**Chartered Accountants**  
**Faisalabad**

**Date: February 24, 2020**



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

NOTE	Un-Audited 31 December 2019	Audited 30 June 2019
	(RUPEES IN THOUSAND)	

**EQUITY AND LIABILITIES**

**SHARE CAPITAL AND RESERVES**

**Authorized share capital**  
20 000 000 (30 June 2019: 20 000 000) ordinary shares  
of Rupees 10 each

**Issued, subscribed and paid up share capital**  
9 920 000 (30 June 2019: 9 920 000) ordinary  
shares of Rupees 10 each fully paid in cash

**Sponsors' loans**

**Capital reserves**

Equity portion of shareholders' loans

Surplus on revaluation of freehold land

**Unappropriated profit / (accumulated loss)**

**TOTAL EQUITY**

**LIABILITIES**

**NON-CURRENT LIABILITIES**

Long term financing

Deferred income tax liability

Staff retirement gratuity

**CURRENT LIABILITIES**

Trade and other payables

Unclaimed dividend

Accrued mark-up

Short term borrowings

Current portion of long term financing

Provision for taxation

**TOTAL LIABILITIES**

**CONTINGENCIES AND COMMITMENTS**

**TOTAL EQUITY AND LIABILITIES**

NOTE	Un-Audited 31 December 2019	Audited 30 June 2019
	(RUPEES IN THOUSAND)	

	200,000	200,000
--	---------	---------

	99,200	99,200
--	--------	--------

	241,800	241,800
--	---------	---------

	121,209	121,209
--	---------	---------

	100,577	100,577
--	---------	---------

	28,621	(13,581)
--	--------	----------

	591,407	549,205
--	---------	---------

	251,210	275,672
--	---------	---------

	-	5,375
--	---	-------

	90,147	79,809
--	--------	--------

	341,357	360,856
--	---------	---------

	439,679	283,738
--	---------	---------

	808	690
--	-----	-----

	26,911	26,058
--	--------	--------

	750,889	709,312
--	---------	---------

	80,070	97,726
--	--------	--------

	63,222	35,100
--	--------	--------

	1,361,579	1,152,624
--	-----------	-----------

	1,702,936	1,513,480
--	-----------	-----------

	2,294,343	2,062,685
--	-----------	-----------

NOTE	Un-Audited 31 December 2019	Audited 30 June 2019
	(RUPEES IN THOUSAND)	

**ASSETS**

**NON-CURRENT ASSETS**

Property, plant and equipment

Intangible asset

Long term loans

Long term deposits and prepayments

5	1,069,858	1,095,451
---	-----------	-----------

6	5,829	-
---	-------	---

	223	175
--	-----	-----

	1,816	1,916
--	-------	-------

	1,077,726	1,097,542
--	-----------	-----------

**CURRENT ASSETS**

Stores, spare parts and loose tools

Stock-in-trade

Trade debts

Loans and advances

Short term deposits and prepayments

Other receivables

Cash and bank balances

	54,081	52,030
--	--------	--------

	646,985	429,445
--	---------	---------

	175,752	178,986
--	---------	---------

	126,653	95,707
--	---------	--------

	3,772	665
--	-------	-----

	173,805	170,296
--	---------	---------

	35,569	38,014
--	--------	--------

	1,216,617	965,143
--	-----------	---------

**TOTAL ASSETS**

	2,294,343	2,062,685
--	-----------	-----------

  
AMIR SAEED  
CHIEF EXECUTIVE OFFICER

  
OMER SAEED  
DIRECTOR

  
MUHAMMAD KASHIF ZAHUR  
CHIEF FINANCIAL OFFICER



**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-audited)**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

NOTE	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	----- (RUPEES IN THOUSAND) -----			
6	2,075,701 (1,797,068)	1,523,214 (1,358,703)	1,033,934 (878,670)	705,875 (626,838)
	278,633	164,511	155,264	79,037
	(40,691)	(27,265)	(19,622)	(13,862)
	(99,773)	(68,085)	(55,287)	(32,922)
	(13,752)	(1,799)	(11,708)	(154)
	13,253	14,927	13,253	8,943
	(60,817)	(50,489)	(32,745)	(31,149)
	76,853	31,800	49,155	9,893
	(22,747)	(535)	(9,057)	8,140
	54,106	31,265	40,098	18,033
	5.45	3.15	4.04	1.82

The annexed notes form an integral part of these condensed interim financial statements.



AMIR SAEED  
CHIEF EXECUTIVE OFFICER



OMER SAEED  
DIRECTOR



MUHAMMAD KASHIF ZAHUR  
CHIEF FINANCIAL OFFICER



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
<b>----- (RUPEES IN THOUSAND) -----</b>				
PROFIT AFTER TAXATION	54,106	31,265	40,098	18,033
OTHER COMPREHENSIVE INCOME				
<b>Items that will not be reclassified subsequently to profit or loss</b>	-	-	-	-
<b>Items that may be reclassified subsequently to profit or loss</b>	-	-	-	-
Other comprehensive income for the period	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u>54,106</u>	<u>31,265</u>	<u>40,098</u>	<u>18,033</u>

The annexed notes form an integral part of these condensed interim financial statements.

  
AMJAD SAEED  
CHIEF EXECUTIVE OFFICER

  
OMER SAEED  
DIRECTOR

  
MUHAMMAD KASHIF ZAHUR  
CHIEF FINANCIAL OFFICER



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	SHARE CAPITAL	SPONSORS' LOANS	RESERVES			(ACCUMULATED LOSS) / UNAPPROPRIATED PROFIT	TOTAL EQUITY
			CAPITAL		Sub total		
			Equity portion of shareholders' loan	Surplus on revaluation of freehold land			
(RUPEES IN THOUSAND)							
Balance as at 30 June 2018 - (Audited)	99,200	241,800	121,209	100,577	221,786	(57,608)	505,178
Adjustment on adoption of IFRS 9	-	-	-	-	-	(14,706)	(14,706)
Adjusted total equity as at 01 July 2018	99,200	241,800	121,209	100,577	221,786	(72,314)	490,472
Transaction with owners - Final dividend for the year ended 30 June 2018 at the rate of Rupee 0.75 per share	-	-	-	-	-	(1,243)	(1,243)
Profit for the period	-	-	-	-	-	31,265	31,265
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	31,265	31,265
Balance as at 31 December 2018 - (Un-audited)	99,200	241,800	121,209	100,577	221,786	(42,292)	520,494
Profit for the period	-	-	-	-	-	27,850	27,850
Other comprehensive income for the period	-	-	-	-	-	861	861
Total comprehensive income for the period	-	-	-	-	-	28,711	28,711
Balance as at 30 June 2019 - (Audited)	99,200	241,800	121,209	100,577	221,786	(13,581)	540,205
Transaction with owners - Final dividend for the year ended 30 June 2019 at the rate of Rupees 1.20 per share	-	-	-	-	-	(11,904)	(11,904)
Profit for the period	-	-	-	-	-	54,106	54,106
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	54,106	54,106
Balance as at 31 December 2019 - (Un-audited)	99,200	241,800	121,209	100,577	221,786	28,621	591,407

The annexed notes form an integral part of these condensed interim financial statements.

  
AMIR SAEED  
CHIEF EXECUTIVE OFFICER

  
OMER SAEED  
DIRECTOR

  
MUHAMMAD KASHIF ZAHUR  
CHIEF FINANCIAL OFFICER



**CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

<b>HALF YEAR ENDED</b>	
<b>31 December 2019</b>	<b>31 December 2018</b>
<b>(RUPEES IN THOUSAND)</b>	

**CASH FLOWS FROM OPERATING ACTIVITIES**

<b>Cash generated from /(used in) operations</b>	8	131,454	(282,315)
Finance cost paid		(53,413)	(29,416)
Income tax paid		(28,176)	(11,747)
Staff retirement gratuity paid		(6,939)	(3,947)
Net decrease in long term deposits and prepayments		100	12
Net (increase) / decrease in long term loans		(48)	19
<b>Net cash generated from /(used in) operating activities</b>		<u>42,978</u>	<u>(327,394)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds from disposal of property, plant and equipment	-	70
Capital expenditure on property, plant, equipment and intangible asset	(26,545)	(92,562)
<b>Net cash used in investing activities</b>	(26,545)	(92,492)

**CASH FLOWS FROM FINANCING ACTIVITIES**

Repayment of long term financing	(48,669)	(53,941)
Dividend paid	(11,786)	(729)
Short term borrowings - net	41,577	488,378
<b>Net cash (used in) / from financing activities</b>	<u>(18,878)</u>	<u>433,708</u>

<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	(2,445)	13,822
---	---------	--------

**CASH AND CASH EQUIVALENTS AT THE  
BEGINNING OF THE PERIOD**

38,014      6,383

**CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD**

35,569      20,205

The annexed notes form an integral part of these condensed interim financial statements.

  
AMJAD SAEED

CHIEF EXECUTIVE OFFICER



OMER SAEED  
DIRECTOR



MUHAMMAD KASHIF ZAHUR  
CHIEF FINANCIAL OFFICER



**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

**1. THE COMPANY AND ITS OPERATIONS**

Ideal Spinning Mills Limited (the Company) is a public limited company incorporated in Pakistan on 08 June 1989 under the Companies Ordinance, 1984 (Now Companies Act, 2017) and its shares are quoted on Pakistan Stock Exchange Limited. The principal activity of the Company is manufacturing and sale of yarn, cloth and hosiery products. The Company's registered office is situated at Room No. 404-405, 4th Floor, Business Centre, Mumtaz Hassan Road, Karachi.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**2.1 BASIS OF PREPARATION**

**a) Statement of compliance**

- i) 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:

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

- 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.

- ii) These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended 30 June 2019. These condensed interim financial statements are un-audited, however, have been subjected to limited scope review by the auditors and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019 and section 237 of the Companies Act, 2017.

**b) Accounting policies and computation methods**

The accounting policies and methods of computations adopted for the preparation of these condensed interim financial statements 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 2019 except for the new accounting policy adopted as given in Note 2.3. The Company has adopted International Financial Reporting Standard (IFRS) 16 from 01 July 2019. The new standard eliminates the classification of leases as either operating leases or finance leases and instead introduces a single lessee accounting model. IFRS 16 is not applicable on short-term leases and leases of low-value assets. The Company has only short-term operating leases, hence, the adoption of IFRS 16 does not have any impact on the amounts recognised in prior period and is not expected to significantly affect the current or future periods.

**2.2 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of these condensed interim financial statements 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 these condensed interim financial statements, 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 2019.



**2.3 INTANGIBLE ASSET AND AMORTIZATION**

Intangible asset represents the cost of computer software acquired and is stated at cost less accumulated amortization and any identified impairment loss.

Amortization is charged to the statement of profit or loss on straight line basis so as to write off the cost of asset over its estimated useful life. Amortization is charged from the month in which the asset is acquired or capitalized while no amortization is charged for the month in which the asset is disposed of. Intangible asset is amortized over a period of 5 years.

The Company assesses at each reporting date that whether there is any indication that intangible asset may be impaired. If such indication exists, the carrying amount of such asset is reviewed to assess whether it is recorded in excess of its recoverable amount. When carrying value exceeds the respective recoverable amount, asset is written down to its recoverable amount and resulting impairment is recognized in the statement of profit or loss. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. When an impairment loss is recognized, the amortization charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Un-audited	Audited
31 December 2019	30 June 2019

(RUPEES IN THOUSAND)

**3. LONG TERM FINANCING**

Opening balance	373,398	550,585
Add: Fair value adjustment	6,551	20,232
	<hr/> 379,949	<hr/> 570,817
Less: Repaid during the period / year	48,669	197,419
	<hr/> 331,280	<hr/> 373,398
Less: Current portion shown under current liabilities	80,070	97,726
	<hr/> 251,210	<hr/> 275,672

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

- i) Guarantees of Rupees 26.839 million (30 June 2019: Rupees 26.839 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited (SNGPL) against gas connections and to Faisalabad Electric Supply Company Limited against electricity connection.
- ii) The Company is contingently liable for Rupees 2.812 million (30 June 2019: Rupees 2.812 million) on account of Sindh infrastructure cess not acknowledged in view of pending appeal before appellate authorities since 07 July 2014. The related provision is not made in these condensed interim financial statements in view of expected favourable outcome of the appeal.
- iii) The Company is contingently liable for Rupees 4.953 million (30 June 2019: Rupees 4.953 million) on account of appeal filed in Lahore High Court, Lahore dated 09 April 2018 against cost of supply of Re-Gasified Liquefied Natural Gas (RLNG) by SNGPL. The related provision is not made in these condensed interim financial statements in view of favourable outcome of the appeal.
- iv) The Company filed an appeal on 30 January 2019 before Commissioner Inland Revenue (Appeals) Faisalabad against order passed under section 221 (1) of the Income Tax Ordinance, 2001. Tax demand of Rupees 3.325 million (2019: Rupees 3.325 million) for the tax year 2014 is involved. No provision has been made in these condensed interim financial statements in view of favourable outcome of the appeal.
- v) The Company filed an appeal on 23 July 2019 before Commissioner Inland Revenue (Appeals) against the sales tax order in original No.33/2009 dated 15 May 2019 made by the Assistant Commissioner Inland Revenue to pay further tax amounting to Rupees 7.454 million under section 3 (1A) of the Sales Tax Act, 1990 on supplies made to unregistered persons during the period from 1 July 2017 to 30 June 2018. This appeal was rejected on 29 October 2019. Against this decision, the Company filed an appeal on 07 December 2019 before Appellate Tribunal Inland Revenue which is pending for decision. The management is hopeful of positive outcome of the appeal and therefore no provision has been made in these condensed interim financial statements.



- vi) The Company received show cause notice from Assistant Commissioner Inland Revenue dated 16 December 2019 for further tax not paid amounting to Rupees 11.957 million on sale to unregistered persons from 01 July 2018 to 30 June 2019 along with default surcharge and penalty under section 34(1) and section 33 of Sales Tax Act, 1990 respectively. No provision has been made in these condensed interim financial statements as the tax advisor of the Company foresees that this show cause notice will be withdrawn from the Assistant Commissioner Inland Revenue on the basis of legal grounds.
- vii) The Company has challenged, before Honorable Lahore High Court, Lahore, the provisions of SRO 491(1)/2016 dated 30 June 2016 issued under section 8(1)(b) of the Sales Tax Act, 1990 whereby through amendment in the earlier SRO 1125(1) / 2011 dated 31 December 2011, claim of input sales tax in respect of packing material has been disallowed. The Company filed a Writ Petition No. 96551/2017 dated 03 November 2017 before Lahore High Court, Lahore. Consequently, the Company has accounted for input sales tax amounting to Rupees 4.791 million (30 June 2019: Rupees 4.791 million) paid on such items as receivable balance. The Company is confident on positive outcome of the appeal, on the advice of legal counsel and therefore, no provision has been made in these condensed interim financial statements.

## b) Commitments

- i) Letters of credit for capital expenditure are of Rupees 2.121 million (30 June 2019: Rupees 2.344 million).
- ii) Letters of credit other than for capital expenditure are of Rupees 72.492 million (30 June 2019: Rupees 17.467 million).

Un-audited 31 December 2019	Audited 30 June 2019
(RUPEES IN THOUSAND)	

## 5. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets (Note 5.1)	1,066,236	1,089,101
Capital work-in-progress (Note 5.2)	3,622	6,350
	<u>1,069,858</u>	<u>1,095,451</u>
<b>5.1 Operating fixed assets</b>		
Opening net book value	1,089,101	1,087,986
Add: Cost of additions during the period / year (Note 5.1.1)	23,345	117,968
	<u>1,112,446</u>	<u>1,205,954</u>
Less: Book value of deletions during the period / year	-	20,368
	<u>1,112,446</u>	<u>1,185,586</u>
Less: Depreciation charged during the period / year	46,210	96,485
	<u>1,066,236</u>	<u>1,089,101</u>

### 5.1.1 Cost of additions during the period / year

Buildings on freehold land	-	20,133
Plant and machinery	3,611	83,169
Electric installations	4,521	5,258
Factory equipment	2,029	480
Office equipment	-	641
Computers	338	871
Electric appliances	189	664
Furniture and fixtures	-	23
Vehicles	12,657	6,729
	<u>23,345</u>	<u>117,968</u>



Un-audited 31 December 2019	Audited 30 June 2019
-----------------------------------	----------------------------

(RUPEES IN THOUSAND)

**5.2 Capital work-in-progress**

Buildings on freehold land	422	422
Advance against Enterprise Resource Planning (ERP)	3,200	5,928

3,622	6,350
-------	-------

Un-audited 31 December 2019	Audited 30 June 2019
-----------------------------------	----------------------------

(RUPEES IN THOUSAND)

**6. INTANGIBLE ASSET****Computer software**

Opening net book value

Amount capitalized during the period / year

Less: Amortization

Closing net book value

Amortization rate (per annum)

-	-
5,928	-
5,928	-
99	-
5,829	-
20%	-

(Un-audited)			
Half year ended		Quarter ended	
31 December 2019	31 December 2018	31 December 2019	31 December 2018

(RUPEES IN THOUSAND)

**7. COST OF SALES**

Raw materials consumed	1,169,758	858,274	477,820	384,156
Cost of raw material sold	22,655	-	9,138	-
Stores, spare parts and loose tools consumed	73,192	48,679	48,173	28,186
Salaries, wages and other benefits	218,052	171,061	112,914	86,536
Fuel and power	251,459	176,045	97,504	94,095
Sizing materials consumed	17,206	13,933	8,024	7,024
Outside processing / conversion and other charges	42,848	26,434	17,096	18,202
Packing materials consumed	49,822	32,677	22,679	17,807
Repair and maintenance	4,060	2,975	2,353	2,757
Insurance	2,655	2,134	1,272	1,272
Other factory overheads	920	417	651	123
Depreciation	40,583	43,534	20,296	22,091
	1,893,210	1,376,163	817,920	662,249

Work-in-process

Opening stock

Closing stock

Cost of goods manufactured

Finished goods

Opening stock

Closing stock

36,665	33,204	47,735	26,774
(38,648)	(38,403)	(38,648)	(38,403)
(1,983)	(5,199)	9,087	(11,629)
1,891,227	1,370,964	827,007	650,620
90,518	109,463	125,995	97,942
(184,677)	(121,724)	(184,677)	(121,724)
(94,159)	(12,261)	(58,682)	(23,782)
1,797,068	1,358,703	768,325	626,838



(Un-audited)	
Half year ended	
31 December 2019	31 December 2018

(RUPEES IN THOUSAND)

**8. CASH GENERATED FROM / (USED IN) OPERATIONS**

Profit before taxation	76,853	31,800
<b>Adjustments for non-cash charges and other items:</b>		
Amortization	99	-
Depreciation	46,210	46,465
Gain on disposal of property, plant and equipment	-	(3)
Allowance for expected credit losses	5,759	-
Provision for staff retirement gratuity	17,277	12,369
Finance cost	60,817	50,489
Credit balances written back	-	(520)
Working capital changes (Note 8.1)	(75,561)	(422,915)
	<u>131,454</u>	<u>(282,315)</u>

**8.1 Working capital changes****Increase in current assets:**

Stores, spare parts and loose tools	(2,051)	(38)
Stock-in-trade	(217,540)	(514,860)
Trade debts	(2,525)	(12,664)
Loans and advances	(2,770)	(4,633)
Short term deposits and prepayments	(3,107)	(2,163)
Other receivables	(3,509)	(16,864)
	(231,502)	(551,222)
Increase in trade and other payables	155,941	128,307
	<u>(75,561)</u>	<u>(422,915)</u>



## 9. SEGMENT INFORMATION

### 9.1

	Sprinting		Weaving		Socks		Elimination of Inter-segment transactions		Total - Company	
	(Un-audited)	Half year ended	(Un-audited)	Half year ended	(Un-audited)	Half year ended	(Un-audited)	Half year ended	(Un-audited)	
	31 December	2018	31 December	2018	31 December	2018	31 December	2018	31 December	2018
	2019		2019		2019		2019		2019	
(RUPEES IN THOUSAND)										
Revenue	1,216,464	960,643	379,873	285,507	479,364	272,664	-	-	2,075,701	1,523,214
External inter segment	214,924	136,147	-	-	479,364	272,664	(214,924)	(136,147)	2,075,701	1,523,214
Cost of sales	1,431,388	1,096,790	379,873	285,507	1,955,252	(238,512)	(214,924)	(136,147)	(1,252,088)	(1,358,202)
Gross profit	1,083,418	1,083,418	1,083,418	1,083,418	41,415	14,147	-	-	226,613	164,511
Distribution cost	(5,266)	(4,307)	(2,643)	(4,134)	(32,282)	(18,124)	-	-	(40,691)	(27,265)
Administrative expenses	(47,692)	(36,262)	(17,204)	(13,659)	(34,779)	(18,164)	-	-	(99,273)	(69,085)
Other income	8,352	(211)	157	2,178	4,744	12,860	-	-	13,253	14,927
Finance cost	(43,913)	(42,873)	(4,363)	(4,429)	(10,521)	(1,088)	-	-	(60,817)	(50,489)
Profit / (loss) before taxation and unallocated expenses	77,455	35,496	16,879	21,371	(3,227)	(13,859)	-	-	96,605	31,599
Unallocated expenses:										
Other expenses									(13,752)	(1,799)
Taxation									(22,747)	(535)
Profit after taxation									54,106	31,265

### 9.2 Reconciliation of reportable segment assets and liabilities

	Sprinting		Weaving		Socks		Total - Company	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	31 December	30 June	31 December	30 June	31 December	30 June	31 December	30 June
	2019	2019	2019	2019	2019	2019	2019	2019
(RUPEES IN THOUSAND)								
Total assets for reportable segments as per condensed interim statement of financial position	1,504,052	1,381,252	396,992	359,690	781,259	321,833	2,294,343	2,062,685
Total liabilities for reportable segments	1,071,145	1,023,845	385,692	142,612	383,077	206,548	1,639,714	1,472,005
Unallocated liabilities:								
Deferred income tax liability							63,222	5,375
Provision for taxation							(1,702,936)	(513,480)
Total liabilities as per condensed interim statement of financial position							53,286	(462,605)

### 9.3 Geographical Information

The Company's segment wise revenue from external customers as per geographical locations is detailed below:

	Sprinting		Weaving		Socks		Total - Company	
	2019	2018	2019	2018	2019	2018	2019	2018
(RUPEES IN THOUSAND)								
Europe	-	-	112,254	74,054	280,161	97,449	392,415	171,503
Asia and Australia	-	35,387	-	-	798	713	798	36,100
America	-	-	-	-	189,489	162,799	189,489	162,799
Pakistan	1,216,464	960,643	267,619	215,853	8,916	11,703	1,492,998	1,152,812
	1,216,464	960,643	379,873	289,907	479,364	272,664	2,075,701	1,523,214



**10. TRANSACTIONS WITH RELATED PARTIES**

Detail of transactions and balances with related parties are as follows:

(Un-audited)			
Half year ended		Quarter ended	
31 December 2019	31 December 2018	31 December 2019	31 December 2018

(RUPEES IN THOUSAND)

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

Fuel purchased	1,945	1,184	1,001	575
Rental expense	3,000	900	1,500	450

**Other related parties**

Dividend paid	8,994	-	8,994	-
Loans obtained from directors - net	12,763	19,950	8,188	7,300
Remuneration paid to Chief Executive Officer, Director and Executives	15,723	8,260	7,861	3,680

Un-audited  
31 December  
2019  
(RUPEES IN THOUSAND)

Audited  
30 June  
2019

**ii) Period end balances****Associated companies / undertakings**

Trade and other payables	20,565	16,220
--------------------------	--------	--------

**Other related parties**

Sponsors' loans	241,800	241,800
Long term financing	184,897	178,346
Short term borrowings	217,788	205,025

**11. FINANCIAL RISK MANAGEMENT**

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended 30 June 2019.

**12. DATE OF AUTHORIZATION**

These condensed interim financial statements were approved by the Board of Directors of the Company and authorized for issue on February 24, 2020.

**13. CORRESPONDING FIGURES**

In order to comply with the requirements of IAS 34, the condensed interim statement of financial position 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 statement of profit or loss, condensed interim statement of comprehensive income and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan. However, no significant reclassification has been made.

**14. GENERAL**

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

  
AMJAD SAEED

CHIEF EXECUTIVE OFFICER

  
OMER SAEED

DIRECTOR

  
MUHAMMAD KASHIF ZAHUR

CHIEF FINANCIAL OFFICER



***BOOK POST***

If undelivered please return to:

**IDEAL SPINNING MILLS LIMITED**

Room # 404 & 405, 4th Floor, Business Centre,  
Mumtaz Hassan Road, Karachi.