Half Yearly Report



CONDENSED INTERIM FINANCIAL INFORMATION

Half Yearly Report (UN-AUDITED) 31 December, 2020



COMPANY INFORMATION

CHAIRMAN:	MR. MUHAMMAD SAEED
CHIEF EXECUTIVE OFFICER:	MR. AMJAD SAEED
DIRECTORS:	MRS. RUBINA AMJAD
	MR. OMER SAEED
	MR. AHSAN SAEED
	MR.KHIZER SAEED
	MR.MUHAMMAD ASIF (INDEPENDENT)
	MR. MUHAMMAD AZHAR (INDEPENDENT)
AUDIT COMMITTEE:	This mornand remaining the end of the
CHAIRMAN	MR. MUHAMMAD AZHAR
MEMBER	MR. MUHAMMAD SAEED
MEMBER	MR. AHSAN SAEED
MEMBER	WIN. ANDARY SACED
H.R. & REMUNERATION COMMITTEE:	
CHAIRMAN	MR.MUHAMMAD AZHAR
MEMBER	MR. AHSAN SAEED
MEMBER	MRS. RUBINA AMJAD
NOMINATION COMMITTEE:	
CHAIRMAN	MR.OMER SAEED
MEMBER	MR. AHSAN SAEED
MEMBER	MR. KHIZER SAEED
RISK MANAGEMENT COMMITTEE:	
CHAIRMAN	MR. AHSAN SAEED
MEMBER	MR. OMER SAEED
MEMBER	MR. KHIZER SAEED
CHIEF FINANCIAL OFFICER:	MR.MUHAMMAD KASHIF ZAHUR
COMPANY SECRETARY:	MR. MUHAMMAD NADEEM
SHARE REGISTRAR:	F. D. Registrar Services (SMC-Pvt.) Limited
	$17^{\rm th}$ Floor, Saima Trade Tower-A, I. I. Chundrigar Road Karachi.
AUDITORS:	M/S RIAZ AHMAD & COMPANY.
	CHARTERED ACCOUNTANTS
BANKERS:	BANK AL-FALAH LIMITED
	BANK AL-HABIB LTD
	HABIB METROPOLITAN BANK
	THE BANK OF PUNJAB
	HABIB BANK LIMITED
REGISTERED OFFICE:	
	ROOM NO 404 & 405, 4TH FLOOR,
	BUSINESS CENTRE, MUMTAZ HASSAN ROAD,
	KARACHI.
	www.idealsm.com
FACTORY:	35-K.M SHEIKHUPURA ROAD,
a rection and a	TEHSIL JARANWALA,
	DISTT, FAISALABAD.

DIRECTORS' REVIEW REPORT TO THE SHAREHOLDERS.

Your Directors feel pleasure in submitting unaudited financial statements of your Company for the Half Year ended 31 December 2020

FINANCIAL RESULTS	31.12. 2020	31.12.2019
	(RUPEES IN TH	IOUSAND)
REVENUE	2,276,039	2,075,701
COST OF SALES	(1,946,215)	(1,797,068)
GROSS PROFIT	329,824	278,633
DISTRIBUTION COST	(62,958)	(40,691)
ADMINISTRATIVE EXPENSES	(112,004)	(99,773)
OTHER EXPENSES	(14,700)	(13,752)
OTHER INCOME	3,846	13,253
FINANCE COST	(46,411)	(60,817)
PROFIT BEFORE TAXATION	97,597	76,853
TAXATION	(31,184)	(22,747)
PROFIT AFTER TAXATION	66,413	54,106
EARNING PER SHARE-BASIC AND DILUTED (RUPEES)	6.69	5.45

By the Blessings of Almighty ALLAH your company achieved Revenue growth of 9.65%, resulting in to after Tax Profit of Rs.66.413 Million as compared to Rs.54.106 Million in comparative with corresponding period of last year.

BUSINESS OUTLOOK:

Management has proven its ability by procurement of raw material at attractive prices, efficient utilization of finance facilities, controlled administration cost and proven textile market conditions had made possible a healthier bottom line.

PERFORMANCE REVIEW:

With the Almighty ALLAH's blessings, financial performance of the company is promising. Earnings per share has increased to Rs.6.69 from Rs.5.45 per share as compared to last year. Company achieved gross profit of 14.49% as compared to 13.42%, 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 its socks machines and looms.

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 25, 2021 On behalf of the Board Amiad Saeed) Chief Executive Officer

حصدداران كيليحة ڈائر يكٹرز كى رپورٹ

	، 6 ماہ کے لئے آپ کی کھٹی کے غیر آڈٹ شدہ متا کج چیش کرتے	موے خوتی محسوں کرتے ہیں۔
اليتى تائخ	31-12-2019	31-12-2020
		(رقم بزارون مین)
ر پونیو	2,075,701	2,276,039
كاسئ آفسيل	(1,797,068)	(1,946,215)
گراس منافع	278,633	329,824
وسنرى بيوش اخراجات	(40,691)	(62,958)
انتظامی اخراجات	(99,773)	(112,004)
متفرق اخراجات	(13,752)	(14,700)
ونيرآ مدن	13,253	3,846
فنانشل اخراجات	(60,817)	(46,411)
فیکس کے بغیر منافع	76,853	97,597
فيكن	(<u>22,747</u>)	(31,184)
خالص منا فع ٹیکس کے بعد	54,106	66,413
منافع فى حصد بنيادى	5.45	6.69
المتال ال ب كمنز مربطا م بعد	A	1 A.E

يرنس آؤٺ لک:

ا تنظامیہ نے اپنی بہترین صلاحیتوں کو استعمال کرتے ہوئے فام مال بہت مناسب قیت پرخرید المالی ہولتوں کا بہترین استعمال انتظامی اخراجات پرکنٹرول اورا چھی ٹیکسٹاک مارکیٹ ہوزیش کی جدیسے اچھامنا فع حاصل ہوا۔

كاركردكى كاجائزه:

رب تعالی سے فضل کرم سے پیٹی کی مالی کارکردگی آتا بل تعریف ہے۔ آمدنی فی صد 5.45 روپ ہے ہیں جو کہ 6.69 روپ فی حد ہوئی ہے۔ کپٹی نے 14.49 فی صد خام منافع حاصل کیا ہے۔ جو کہ گزشتہ سال کے ای عرصہ میں 13.42 فی صد تھا۔ کپٹی کی آئے مشئل کارکردگی قابل تدر ہے اور بہترین معیار کے ساتھ پیداداری اہداف حاصل کیے ہیں۔ پر دیجکٹ میں اوستے۔

الله تعالى كففل وكرم سے انتظاميد كى جانب سے ويونگ بيل لومز اور سوكس بيل مشترى برھائے كامنسوبہ ہے۔

كاوشول كااعتراف

بورڈ آف ڈائر کیٹرزاپنے مصدداروں، بینکرز اور مالیاتی اداروں کے اعتا داور مسلسل سپورٹ کاشکر سیاد اکرتا ہے۔ بورڈ کپٹی کے شاف اور ورکرز کی انتقاب کوشش کا احتر اف کرتا ہے۔ من کا وجہ سے کمپٹی نے موجود دکا میابیاں حاصل کیں۔ بیمیں امید ہے کہ کا میابیوں کا میسلسلہ نے والے سالوں بین مجی جاری رہے گا۔

بورد آف ڈائر کیٹرزی جابے

Air ser Strip

چيف ايگزيکو آفيسر

فيصلآ باد

25 فروري 2021ء

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 2020 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 2020 and 31 December 2019 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 2020.

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.

Chartered Accountants

Faisa abad

Date: 25 February, 2021

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

EOUTTY AND LABILITIES	NOTE	Un-Audited Audited 31 December 30 June 2020 2020 (RUPEES IN THOUSAND)	Audited 30 June 2020 THOUSAND)	ASSETS	NOTE	Un-Audited Audited 31 December 30 June 2020 (RUPEES IN THOUSAND)	Audited 30 June 2020 HOUSAND)
SHARE CAPITAL AND RESERVES				NON-CURRENT ASSETS			
Authorized share capital 20 000 000 (30 June 2020: 20 000 000) ordinary shares of Rupees 10 each		200,000	200,000	Property, plant and equipment Intangible asset Long term loans	N	1,084,635 5,488 153	1,054,426 5,236 87
Issued, subscribed and paid up share capital 9 920 000 (30 June 2020; 9 920 000) ordinary shares of Rupees 10 each fully paid in cash		99,200	99,200	rong term deposits and prepayments		1,092,261	1,061,545
Sponsors' loans		241,800	241,800				
Capital reserves Equity portion of shareholders' loans Surplus on revaluation of freehold land		159,358	159,358				
Revenue reserve Unappropriated profit		142,871	89,354				
TOTAL EQUITY		743,806	690,289	CURRENT ASSETS			
LIABILITIES				Stores, spare parts and loose tools		67,985	47,724
NON-CURRENT LIABILITIES				Stock-in-trade		879,628	593,255
Long term financing Deferred labilities	6	216,400	229,682	Trade debts		200,032	160,284
CIDDENTINONITIES		324,294	324,541	Loans and advances		124,420	121,349
CORRENI LIABILITES				Short term deposits and prepayments		4,930	178
Trade and other payables Undaimed dividend		1,889	365,950	Other receivables		118,673	689'58
Short term borrowings		876,392	574,512	Cash and bank balances		73,919	44,336
Current portion of non-current liabilities Provision for taxation		31,184	93,743			1,478,587	1,052,815
		1,502,748	1,099,530				
TOTAL LIABILITIES		1,827,042	1,424,071				
CONTINGENCIES AND COMMITMENTS	4						
TOTAL EQUITY AND LIABILITIES		2,570,848	2,114,360	TOTAL ASSETS		2,570,848	2,114,360
The annexed notes form an integral part of these condensed interim financial statements.	terim financial s	tatements.					

MUHAMMAD KASHIF ZAHUR CHIEF FINANCIAL OFFICER

OMER SAEED DIRECTOR

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-audited) FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	NOTE	HALF YEA	R ENDED	QUARTE	R ENDED
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
			(RUPEES IN	THOUSAND)	
REVENUE		2,276,039	2,075,701	1,149,434	1,033,934
COST OF SALES	6	(1,946,215)	(1,797,068)	(984,195)	(878,670)
GROSS PROFIT		329,824	278,633	165,239	155,264
DISTRIBUTION COST		(62,958)	(40,691)	(36,678)	(19,622)
ADMINISTRATIVE EXPENSES		(112,004)	(99,773)	(56,940)	(55,287)
OTHER EXPENSES		(14,700)	(13,752)	(7,580)	(11,708)
OTHER INCOME		3,846	13,253	1,944	13,253
FINANCE COST		(46,411)	(60,817)	(27,036)	(32,745)
PROFIT BEFORE TAXATION		97,597	76,853	38,949	49,155
TAXATION		(31,184)	(22,747)	(16,222)	(9,057)
PROFIT AFTER TAXATION		66,413	54,106	22,727	40,098
EARNINGS PER SHARE - BASIC					
AND DILUTED (RUPEES)		6.69	5.45	2.29	4.04

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

AMJAD SAEED CHIEF EXECUTIVE OFFICER



CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited) FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	HALFYEA	R ENDED	QUARTE	R ENDED
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
		(RUPEES IN	THOUSAND)	
PROFIT AFTER TAXATION	66,413	54,106	22,727	40,098
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss	•	-	:	(7)
Items that may be reclassified subsequently to profit or loss	*	-	-	-
Other comprehensive income for the period	170	0.57		
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	66,413	54,106	22,727	40,098

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





TOTAL EQUITY

REVENUE RESERVE

RESERVES

CAPITAL RESERVES

SPONSORS' LOANS

SHARE

(ACCUMULATED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited) FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	CAPITAL	LOANS	of shareholders' loan	Surplus on revaluation of freehold land	Sub total	LOSS) / UNAPPROPRIATED PROFIT	TOTAL	EQUITY
				(RUPEES IN THOUSAND)	JSAND)			
Balance as at 30 June 2019 - (Audited)	99,200	241,800	121,209	100,577	221,786	(13,581)	208,205	549,205
Transaction with owners - Final cash dividend for the year ended 30 June 2019 at the rate of Rupees 1.20 per share		*	,	x		(11,904)	(11,904)	(11,904)
Profit for the period Other comprehensive income for the period		100				54,106	54,106	54,106
Total comprehensive income for the period		×	į	x	e	54,106	54,106	54,106
Balance as at 31 December 2019 - (Un-audited)	99,200	241,800	121,209	100,577	221,786	28,621	250,407	591,407
Profit for the period Other comprehensive income for the period	ā .					52,841 7,892	52,841 7,892	52,841 7,892
Total comprehensive income for the period		r				60,733	60,733	60,733
Equity portion of shareholder's loan	¥	×	38,149		38,149		38,149	38,149
Balance as at 30 June 2020 - (Audited)	99,200	241,800	159,358	100,577	259,935	89,354	349,289	690,289
Transaction with owners - Final cash dividend for the year ended 30 June 2020 at the rate of Rupees 1.30 per share		٠	,	٠		(12,896)	(12,896)	(12,896)
Profit for the period Other comprehensive income for the period		, 4				66,413	66,413	66,413
Total comprehensive income for the period	10		į.	1	10	66,413	66,413	66,413
Balance as at 31 December 2020 - (Un-audited)	99,200	241,800	159,358	100,577	259,935	142,871	402,806	743,806

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





HALF YEAR ENDED

CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited) FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	HALF YEA	IK ENDED
	31 December 2020	31 December 2019
	(RUPEES IN	THOUSAND)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash (used in) / generated from operations 7	(85,511)	123,555
Finance cost paid Income tax paid Net exchange difference on forward contracts (paid) / received	(36,946) (30,572) (4,821)	(53,413) (28,176) 7,899
Staff retirement gratuity paid	(8,005)	(6,939)
Net (increase) / decrease in long term deposits and prepayments	(189)	100
Net increase in long term loans	(66)	(48)
Net cash (used in) / generated from operating activities	(166,110)	42,978
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant, equipment and intangible asset	(77,354)	(26,545)
Net cash used in investing activities	(77,354)	(26,545)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	(42,961)	(48,669)
Proceeds from long term financing	26,399	-
Dividend paid	(12,271)	(11,786)
Short term borrowings - net	301,880	41,577
Net cash from / (used in) financing activities	273,047	(18,878)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	29,583	(2,445)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	44,336	38,014
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	73,919	35,569

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

AMJAD SAEED CHIEF EXECUTIVE OFFICER



Un-audited

31 December

2020

Audited

30 June

2020

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) FOR THE HALF YEAR ENDED 31 DECEMBER 2020

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, doth 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

3.

- 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 required for full financial statements and should be read in conjunction with the annual financial statements for the year ended 30 June 2020.

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 annual published financial statements of the Company for the year ended 30 June 2020.

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 direct the direct policies.

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 2020.

LONG TERM FINANCING	(RUPEES IN T	HOUSAND)
Opening balance Add:	323,425	373,398
Obtained during the period / year	26,399	52,719
Fair value adjustment	9,654	25,219
	359,478	451,336
Less:		
Repaid during the period / year	42,961	85,778
Deferred income - Government grant (Note 3.1)	1,748	3,984
Gain on recognition of shareholder's loan at fair value	-	38,149
	44,709	127,911
	314,769	323,425
Less: Current portion shown under current liabilities	98,369	93,743
	216,400	229,682

3.1 This represents deferred income on initial recognition of loans obtained under State Bank of Pakistan (SBP) refinance scheme for payment of wages and salaries to workers.

4. CONTINGENCIES AND COMMITMENTS

a) Contingencies

- Guarantees of Rupees 34.823 million (30 June 2020: Rupees 29.511 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 2020: 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, on the advice of legal counsel.
- iii) An appeal was filed in Lahore High Court, Lahore on 09 April 2018 against cost of supply of Re-Gasified Liquefied Natural Gas (RLNG) by SNGPL amounting to Rupees 4.953 million (30 June 2020: Rupees 4.953 million). This appeal was allowed by Lahore High Court, Lahore on 13 December 2019 by asking Oil and Gas Regulatory Authority (OGRA) to conduct a public hearing to determine the level of cost of supply of RLNG. Keeping in view the opinion of the legal counsel of the Company, the related provision is not made in these condensed interim financial statements as there are strong grounds that the decision of the proposed public hearing of OGRA will be decided in favour of the Company.
- iv) 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 9.211 million (30 June 2020: Rupees 9.211 million) along with the default surcharge under section 3 (1A) of the Sales Tax Act, 1990 on supplies made to unregistered persons during the period from 01 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, on the advice of legal counsel.
- v) 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 (30 June 2020: 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. Against the order, an appeal has been filled by the Company on 06 May 2020 before Commissioner Inland Revenue (Appeals) which is pending for decision. No provision has been made in these condensed interim financial statements as the management is hopeful for positive outcome, on the advice of the legal counsel.
- vi) The Company has challenged, before 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 the Lahore High Court, Lahore. Consequently, the Company has accounted for input sales tax amounting to Rupees 4.791 million (30 June 2020: Rupees 4.791 million) paid on such items as receivable balance. The Lahore High Court, Lahore through its order dated 25 June 2019 has dismissed the petition filed by the Company. Being aggrieved by the order, an Intra Court Appeal (ICA) No. 1247 of 2020 dated 14 January 2020 has been filed by the Company in Lahore High Court, Lahore. The Company is confident of positive outcome of the appeal, on the advice of legal counsel.

b) Commitments

- i) Letters of credit for capital expenditure are of Rupees 36.569 million (30 June 2020: Rupees 3.245 million).
- ii) Letters of credit other than for capital expenditure are of Rupees 219.408 million (30 June 2020: Rupees 33.559 million).
- iii) Outstanding foreign currency forward contracts are of Rupees Nil (30 June 2020: Rupees 152.329 million)

Un-audited	Audited
31 December	30 June
2020	2020
(RUPEES IN T	HOUSAND

5. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets (Note 5.1)
Capital work-in-progress (Note 5.2)

3,622
1,054,426

				Un-audited 31 December 2020	Audited 30 June 2020
				(RUPEES IN T	
5.1	Operating fixed assets				
	Opening net book value			1,050,804	1,089,101
	Add: Cost of additions during the period / year (Note !	5.1.1)		75,061	56,307
		701.000		1,125,865	1,145,408
	Less: Book value of deletions during the period / year	- Vehicles		-	28
	Least book raide of deletering and pariou / year	vernues		1,125,865	1,145,380
	Less: Depreciation charged during the period / year			46,256	94,576
	tess. Depreciation charged during the period / year				A LEAST LANCE
5.1.1	Cost of additions during the period / year			1,079,609	1,050,804
	Plant and machinery			42,084	25,066
	Stand-by equipment			5,300	-
	Electric installations			3,563	4,521
	Factory equipment			1,898	2,029
	Computers			627 910	2,582
	Electric appliances Vehicles			20,679	2,049 20,060
				75,061	56,307
5.2	Capital work-in-progress			73,001	30,307
	Buildings			2	422
	Advance against Enterprise Resource Planning (ERP)			5,026	3,200
				5,026	3,622
			(Un-au	udited)	
		Half yea	r ended	Quarter	
		31 December 2020	31 December 2019	31 December 3 2020	31 December 2019
020			(RUPEES IN	THOUSAND)	
6.	COST OF SALES				
	Raw materials consumed	1,140,808	1,169,758	576,230	588,165
	Cost of raw materials sold Stores, spare parts and loose tools consumed	9,018 140,986	22,655 73,192	8,928 91,678	9,138 48,173
	Salaries, wages and other benefits	240,556	218,052	118,445	112,914
	Fuel and power	221,623		254 152 252 252 252	97,504
			251,459	110,735	97,304
	Sizing materials consumed	17,099	251,459 17,206	110,735 8,692	8,024
	Outside processing / conversion and other charges	17,099 34,361	17,206 42,848	8,692 19,612	8,024 17,096
	Outside processing / conversion and other charges Packing materials consumed	17,099 34,361 61,314	17,206 42,848 49,822	8,692 19,612 31,765	8,024 17,096 22,679
	Outside processing / conversion and other charges Packing materials consumed Repair and maintenance	17,099 34,361 61,314 3,255	17,206 42,848 49,822 4,060	8,692 19,612 31,765 2,639	8,024 17,096 22,679 2,353
	Outside processing / conversion and other charges Packing materials consumed Repair and maintenance Insurance	17,099 34,361 61,314 3,255 4,243	17,206 42,848 49,822 4,060 2,655	8,692 19,612 31,765 2,639 2,272	8,024 17,096 22,679 2,353 1,272
	Outside processing / conversion and other charges Packing materials consumed Repair and maintenance Insurance Other factory overheads	17,099 34,361 61,314 3,255 4,243 2,001	17,206 42,848 49,822 4,060 2,655 920	8,692 19,612 31,765 2,639 2,272 684	8,024 17,096 22,679 2,353 1,272 651
	Outside processing / conversion and other charges Packing materials consumed Repair and maintenance Insurance	17,099 34,361 61,314 3,255 4,243 2,001 39,597	17,206 42,848 49,822 4,060 2,655 920 40,583	8,692 19,612 31,765 2,639 2,272 684 20,750	8,024 17,096 22,679 2,353 1,272 651 20,296
	Outside processing / conversion and other charges Packing materials consumed Repair and maintenance Insurance Other factory overheads	17,099 34,361 61,314 3,255 4,243 2,001	17,206 42,848 49,822 4,060 2,655 920	8,692 19,612 31,765 2,639 2,272 684	8,024 17,096 22,679 2,353 1,272 651 20,296
	Outside processing / conversion and other charges Packing materials consumed Repair and maintenance Insurance Other factory overheads Depreciation	17,099 34,361 61,314 3,255 4,243 2,001 39,597	17,206 42,848 49,822 4,060 2,655 920 40,583 1,893,210	8,692 19,612 31,765 2,639 2,272 684 20,750	8,024 17,096 22,679 2,353 1,272 651 20,296
	Outside processing / conversion and other charges Packing materials consumed Repair and maintenance Insurance Other factory overheads Depreciation Work-in-process	17,099 34,361 61,314 3,255 4,243 2,001 39,597 1,914,861 48,829 (56,692)	17,206 42,848 49,822 4,060 2,655 920 40,583 1,893,210 36,665 (38,648)	8,692 19,612 31,765 2,639 2,272 684 20,750 992,430 51,225 (56,692)	8,024 17,096 22,679 2,353 1,272 651 20,296 928,265 47,735 (38,648)
	Outside processing / conversion and other charges Packing materials consumed Repair and maintenance Insurance Other factory overheads Depredation Work-in-process Opening stock Closing stock	17,099 34,361 61,314 3,255 4,243 2,001 39,597 1,914,861 48,829 (56,692) (7,863)	17,206 42,848 49,822 4,060 2,655 920 40,583 1,893,210 36,665 (38,648) (1,983)	8,692 19,612 31,765 2,639 2,272 684 20,750 992,430 51,225 (56,692) (5,467)	8,024 17,096 22,679 2,353 1,272 651 20,296 928,265 47,735 (38,648) 9,087
	Outside processing / conversion and other charges Packing materials consumed Repair and maintenance Insurance Other factory overheads Depredation Work-in-process Opening stock Closing stock Cost of goods manufactured	17,099 34,361 61,314 3,255 4,243 2,001 39,597 1,914,861 48,829 (56,692)	17,206 42,848 49,822 4,060 2,655 920 40,583 1,893,210 36,665 (38,648)	8,692 19,612 31,765 2,639 2,272 684 20,750 992,430 51,225 (56,692)	8,024 17,096 22,679 2,353 1,272 651 20,296 928,265 47,735 (38,648) 9,087
	Outside processing / conversion and other charges Packing materials consumed Repair and maintenance Insurance Other factory overheads Depredation Work-in-process Opening stock Closing stock Cost of goods manufactured Finished goods	17,099 34,361 61,314 3,255 4,243 2,001 39,597 1,914,861 48,829 (56,692) (7,863) 1,906,998	17,206 42,848 49,822 4,060 2,655 920 40,583 1,893,210 36,665 (38,648) (1,983) 1,891,227	8,692 19,612 31,765 2,639 2,272 684 20,750 992,430 51,225 (56,692) (5,467) 986,963	8,024 17,096 22,679 2,353 1,272 651 20,296 928,265 47,735 (38,648) 9,087 937,352
	Outside processing / conversion and other charges Packing materials consumed Repair and maintenance Insurance Other factory overheads Depreciation Work-in-process Opening stock Closing stock Cost of goods manufactured Finished goods Opening stock	17,099 34,361 61,314 3,255 4,243 2,001 39,597 1,914,861 48,829 (56,692) (7,863) 1,906,998	17,206 42,848 49,822 4,060 2,655 920 40,583 1,893,210 36,665 (38,648) (1,983) 1,891,227	8,692 19,612 31,765 2,639 2,272 684 20,750 992,430 51,225 (56,692) (5,467) 986,963	8,024 17,096 22,679 2,353 1,272 651 20,296 928,265 47,735 (38,648) 9,087 937,352
	Outside processing / conversion and other charges Packing materials consumed Repair and maintenance Insurance Other factory overheads Depredation Work-in-process Opening stock Closing stock Cost of goods manufactured Finished goods	17,099 34,361 61,314 3,255 4,243 2,001 39,597 1,914,861 48,829 (56,692) (7,863) 1,906,998	17,206 42,848 49,822 4,060 2,655 920 40,583 1,893,210 35,665 (38,648) (1,983) 1,891,227	8,692 19,612 31,765 2,639 2,272 684 20,750 992,430 51,225 (56,692) (5,467) 986,963	8,024 17,096 22,679 2,353 1,272 651 20,296 928,265 47,735 (38,648) 9,087 937,352
	Outside processing / conversion and other charges Packing materials consumed Repair and maintenance Insurance Other factory overheads Depreciation Work-in-process Opening stock Closing stock Cost of goods manufactured Finished goods Opening stock	17,099 34,361 61,314 3,255 4,243 2,001 39,597 1,914,861 48,829 (56,692) (7,863) 1,906,998	17,206 42,848 49,822 4,060 2,655 920 40,583 1,893,210 36,665 (38,648) (1,983) 1,891,227	8,692 19,612 31,765 2,639 2,272 684 20,750 992,430 51,225 (56,692) (5,467) 986,963	8,024 17,096 22,679 2,353 1,272 651 20,296 928,265 47,735 (38,648) 9,087 937,352

(294,909)

(70,208)

(Un-audited)

		Half yea	ar ended
		2020	31 December 2019
7.	CASH (USED IN) / GENERATED FROM OPERATIONS	(RUPEES IN	THOUSAND)
/.	CASH (USED IN) / GENERATED FROM OPERATIONS		
	Profit before taxation	97,597	76,853
	Adjustments for non-cash charges and other items:		
	Amortization	637	99
	Depreciation	46,256	46,210
	Allowance for expected credit losses	526	5,759
	Provision for staff retirement gratuity	17,278	17,277
	Finance cost	46,411	60,817
	Amortization of deferred grant	(1,995)	
	Gain on remeasurement of deferred liabilities	(1,846)	-
	Net exchange loss / (gain)	4,534	(13,252)
	Working capital changes (Note 7.1)	(294,909)	(70,208)
		(85,511)	123,555
7.1	Working capital changes		
	Increase in current assets:		
	Stores, spare parts and loose tools	(20,261)	(2,051)
	Stock-in-trade	(286,373)	(217,540)
	Trade debts	(47,752)	2,828
	Loans and advances	(19,884)	(2,770)
	Short term deposits and prepayments	(4,752)	(3,107)
	Other receivables	(32,984)	(3,509)
		(412,006)	(226,149)
	Increase in trade and other payables	117,097	155,941

8.1	Spinning	guir	Weaving	- Eur	Socks	5	Elimination of Inter-segment	Inter-segment	Total - Company	Aueduc
	(Un-audited)	dited)	(Un-audited)	lited)	(Un-audited)	(jted)	(Un-audited)	dited)	(Un-audited)	(jted)
	Half year ended	rended	Half year ended	ended	Half year ended	ended .	Half year ended	r ended	Half year ended	ended
	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Revenue					(RUPEES IN THOUSAND)	HOUSAND)				-
External	1,180,205	1,216,464	531,699	379,873	564,135	479,364	(345, 140)	(214.924)	2,276,039	2,075,703
	1,525,354	1,431,388	531,699	379,873	564,135	479,364	(345,149)	(214,924)	2,276,039	2,075,701
Cost of spies Grass profit	172,331	167,970	42,639	41,052	114,854	69,753	345,149	214,924	329,824	278,633
Distribution cast	(4,539)	(5,266)	(7,074)	(2,643)	(51,345)	(32,782)	(4)		(62,958)	(40,691)
Administrative expenses	(53,322)	(47,690)	(18,357)	(17,304)	(40,325)	(34,779)	*	¥.	(112,004)	(99,773)
Utile income Finance cost	(34,069)	(45,913)	(4,131)	(4,383)	(8,211)	(10,521)			3,846 (46,411)	(50,817)
Profit / (loss) before taxation and unalibicated expenses	84,247	77,453	13,077	16,879	14,973	(3,727)			112,297	90,605
Unallocated expenses:									(14.200)	(32,25)
Taxation									(31,184)	(22,747)
Profit after taxation									66,413	54,106
	Colonina	line	Manier	lan.	Enelis		Total - Company	- Carrier		
	(Un-audited) 31 December 2020		(Un-audited) 31 December 2020	ecember 30 June 2020 31 December 30 June 2020	(page	3 6	(Un-audited) 31 December 2020	(Audited) 30 June 2020		
Total assets for reportable segments as per condensed interim statement of financial position	1,620,160	1,386,335	533,416	419,501	417,332	308,524	2,570,848	2,114,360		
Total liabilities for reportable segments	1,180,713	954,709	160,863	76,437	454,282	345,540	1,795,858	1,376,686		
Unallocated liabilities:										
Provision for taxation							31,184	47,385		
Total flabilities as per condensed interim statement of financial position 8.3 Geographical Information	financial position						1,827,042	1,424,071		
The Company's segment wise revenue from external customers as per geographical locations is detailed below:	as per geographical	locations is detaile	1321		The section		Casho	4	1	
			(Un-audited)	lited)	(Un-audited	lited)	(Un-audited)	dited)	(Un-audited)	dited)
			31 December 31 Dece	31 December 2019	31 December 31 December 2020 2019	31 December 2019 (RUPEES IN	April Apri	31 December 2019	31 December 2020	31 December 2019
Europe Asia and Australia					141,806	112,254	375,121	280,161	516,927	392,415
America America Pakistan			1,180,205	1,216,464	364,909	267,619	10,262	189,489	178,752	189,489
			1,180,205	1,216,464	531,699	379,873	564,135	479,364	2,276,039	2,075,701

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TRANSACTIONS WITH RELATED PARTIES

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

		(Un-audited)		
	Half yea	r ended	Quarte	r ended
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
		(RUPEES I	N THOUSAND)-	
i) Transactions				
Associated companies / undertakings				
uel purchased	1,966	1,945	1,034	1,001
ental expense	2,900	3,000	1,550	1,500
Asset purchased	5,300	-	-	******
Other related parties				
Dividend paid	9,744	8,994	9,744	8,994
ental expense	300	-	150	-
oans obtained from directors - net emuneration paid to Chief Executive	1,250	12,763	(25)	7,300
Officer, Director and Executives	22,219	15,723	15,876	7,861
			Un-audited	Audited
			31 December 2020	30 June 2020
i) Period end balances				THOUSAND)
Associated companies / undertakings				

Associated companies / undertakings		
Trade and other payables	16,485	19,820
Other related parties		

Sponsors' loans 241,800 241,800 173,075 165,416 Long term financing Short term borrowings 226,388 225,138 150 Long term loans Loans and advances 2.015 819

10. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or either pay or transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences may arise between the carrying value and the fair value estimates. The Company classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy is as follows:

Level 1: Quoted market price in an active market for an identical instrument.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: Valuation techniques using significant un-observable inputs.

Recurring fair value measurements	Level 1	Level 2	Level 3	Total
At 31 December 2020 (Un-audited)		RUPEES IN 1	THOUSAND	
Financial liabilities				
Derivative financial liabilities				
At 30 June 2020 (Audited)	-	8,996		8.99

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the period. Further there was no transfer out of level 3 measurements.

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

11. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and polices are consistent with those disclosed in the financial statements for the year ended 30 June 2020.

Un-audited	Audited
31 December	30 June
2020	2020

12. DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX

Loans / advances obtained as per Islamic mode

 Short term borrowings
 241,426
 235,205

 Advances from customers
 23,793
 28,567

Shariah compliant bank deposits / bank balances

Bank balances 16,978 11,238

(Un-au	udited)
Half yea	r ended
31 December 31 December	
2020	2019
/DUDEEC TH	THOUGAND)

(RUPEES IN THOUSAND)

Profit earned from shariah compliant bank deposits / bank balances

Profit on deposits with banks	5	1
Revenue earned from shariah compliant business	2,276,039	2,075,701

Exchange (loss) / gain (4,534) 13,252

Profits earned or interest paid on any conventional loan / advance

Mark-up on long term financing	7,319	12,954
Mark-up on short term borrowings	25,399	36,616

Relationship with shariah compliant banks

Name	Relationship
Habib Bank Limited	Bank balances
AlBaraka Bank (Pakistan) Limited	Bank balances
Meezan Bank Limited	Bank balances

There was no dividend on any investment. Moreover, there was an unavailed loan facility from Meezan Bank Limited.

13. DATE OF AUTHORIZATION

These condensed interim financial statements were approved by the Board of Directors of the Company and authorized for issue on February 25, 2021.

14. 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 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.

15. GENERAL

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

AMJAD SAEED
CHIEF EXECUTIVE OFFICER

OMER SAEED

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