

Half
Yearly
Report

IDEAL SPINNING MILLS LIMITED



IdealGroup

**CONDENSED INTERIM
FINANCIAL INFORMATION**

Half Yearly Report
(UN-AUDITED)
31 December, 2022



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:	
CHAIRMAN	MR. MUHAMMAD AZHAR
MEMBER	MR. MUHAMMAD SAEED
MEMBER	MR. AHSAN SAEED
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 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, 4 TH FLOOR, BUSINESS CENTRE, MUMTAZ HASSAN ROAD, KARACHI. www.idealsm.com
FACTORY:	35-K.M SHEIKHUPURA ROAD, TEHSIL JARANWALA, DISTT. FAISALABAD.

DIRECTORS' REVIEW REPORT TO THE SHAREHOLDERS

The Board of Directors of your Company are pleased to present the Un-audited Financial Statements of the Company for the Half Year ended 31st December, 2022.

INDUSTRY OVERVIEW:

The textile industry is a crucial contributor to the economy of Pakistan, and its significance is amplified by the country's reliance on foreign exchange. The recent devaluation of the Pakistani Rupee against the US dollar has given textile exporters a competitive edge in terms of pricing. However, in the long run, devaluation has become a growing concern for textile exporters as it raises input costs, making exports less competitive.

Apart from this, the shortage of cotton remains a major challenge for the country, especially with the growing demand for the textile industry. Cotton production has declined substantially in the last decade, primarily due to the fall in cultivation area followed by lower yield resulting from water scarcity and inconsistent rainfall/flood.

Looking towards the future, the economy is facing severe challenges, which have been further compounded by floods. These challenges will not only impede the already feeble economic growth, but they will also lead to spiraling prices of food items due to supply disruptions. As a result, inflation is likely to remain high throughout the year. The textile industry is expected to remain under stress due to sluggish product demand from both local and export customers, along with all-time high markup rates and increasing energy costs.

COMPANY'S PERFORMANCE

Half Year brief financial position of the Company is presented here under:

	31.12.2022	(RUPEES IN THOUSAND) 31.12.2021
REVENUE FROM CONTRACTS WITH CUSTOMERS	3,232,940	2,902,113
COST OF SALES	(3,158,717)	(2,323,796)
GROSS PROFIT / (LOSS)	74,223	578,317
DISTRIBUTION COST	(95,411)	(60,796)
ADMINISTRATIVE EXPENSES	(179,184)	(145,167)
OTHER EXPENSES	(1,310)	(20,723)
OTHER INCOME	928	20,425
FINANCE COST	(133,829)	(66,236)
(LOSS) / PROFIT BEFORE TAXATION	(334,583)	305,820
TAXATION	(27,510)	(81,909)
(LOSS) / PROFIT AFTER TAXATION	(362,093)	223,911
(LOSS) / EARNING PER SHARE-BASIC AND DILUTED (RUPEES)	(36.50)	22.57

We regret to inform you that our company's financial performance during the current period has been unsatisfactory. We have incurred a significant loss of Rs. 362.093 Million, a sharp decline compared to the after-tax profit of Rs. 223.911 Million reported last year. Several factors have adversely impacted our operations, including the high cost of cotton, rising interest rates, expensive energy costs, currency inflation, economic instability, and political uncertainty. These challenges have collectively contributed to the overall negative impact on our financial performance.

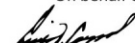
Despite macro-economic challenges, the Company's Q1 operational performance was good with an 11.40% revenue growth, mainly from a 12.45% increase in local sales. Export sales also rose by 8.88%. However, gross profit decreased due to high cotton prices, operating cost increased by 21.71%, and finance cost increased due to record-high borrowing rates.

We understand the importance of addressing these issues and have already taken steps to mitigate their impact on our business. Our management team is closely monitoring the situation and exploring various strategies to improve our financial performance in the future. We remain committed to delivering sustainable growth and value to our stakeholders and are confident that with the right measures in place, we can overcome these challenges and emerge stronger.


ACKNOWLEDGEMENT

The Board records its profound appreciation for all our colleagues, customers, banks, management and factory staff who are strongly committed to their work as the success of your Company is built around their efforts. The Company acknowledges and thanks all stakeholders for the confidence reposed in it.

On behalf of the Board


Anjad Saeed

Chief Executive Officer



Omer Saeed
Director

Faisalabad
February 28, 2023

حصہ داران کے لیے ڈائریکٹرز کی جائزہ رپورٹ

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز کو 31 دسمبر 2022 کو ختم ہونے والے ششماہی کے لیے کمپنی کے غیر آڈٹ شدہ مالیاتی بیانات پیش کرنے پر خوشی ہے۔

صنعت کا جائزہ

ٹیکسٹائل کی صنعت پاکستان کی معیشت میں ایک اہم شراکت دار ہے، اور اس کی اہمیت غیر ملکی زر مبادلہ پر ملک کے انحصار سے بڑھ گئی ہے۔ امریکی ڈالر کے مقابلے پاکستانی روپے کی حالیہ قدر میں کمی نے ٹیکسٹائل کے برآمد کنندگان کو قیمتوں کے حوالے سے ساقی برتری فراہم کی ہے۔ تاہم، طویل مدت میں، قدر میں کمی ٹیکسٹائل کے برآمد کنندگان کے لیے ایک بڑھتی ہوئی تشویش بن گئی ہے کیونکہ اس سے انہیں لاگت میں اضافہ ہوتا ہے، جس سے برآمدات کم ساقی ہوتی ہیں۔

اس کے علاوہ کپاس کی قلت ملک کے لیے ایک بڑا چیلنج بنی ہوئی ہے، خاص طور پر ٹیکسٹائل انڈسٹری کی بڑھتی ہوئی مانگ کے ساتھ پچھلی دوہائی میں کپاس کی پیداوار میں خاطر خواہ کمی آئی ہے، بنیادی طور پر کاشت کرتے رہنے میں کمی کے بعد پانی کی اور بارشوں / سیلاب کے نتیجے میں کم پیداواری ہوئی ہے

مستقبل کی طرف دیکھتے ہوئے، معیشت کو شدید چیلنجوں کا سامنا ہے، جنہیں سیلاب نے مزید پیچیدہ کر دیا ہے۔ یہ چیلنجوں سے کمزور معاشی نمو کو روکیں گے بلکہ سیلابی میں رکاوٹ کی وجہ سے ایشیائی خورد و خوراک کی قیمتوں میں اضافے کا باعث بھی بنیں گے۔ اس کے نتیجے میں مونپکائی سال بھر بلند رہنے کا امکان ہے۔ توقع ہے کہ ٹیکسٹائل کی صنعت مقامی اور برآمدی صارفین دونوں کی طرف سے سستی مصنوعات کی مانگ کے ساتھ ساتھ بہرہ وقت بلند مارک اپ کی شرحوں اور توانائی کے بڑھتے ہوئے اخراجات کی وجہ سے دباؤ میں رہے گی۔

کمپنی کی کارکردگی

کمپنی کی ششماہی مختصر مالی پوزیشن ذیل میں پیش کی گئی ہے

(روپے ہزار میں)

31.12.2021	31.12.2022
2,902,113	3,232,940
(2,323,796)	(3,158,717)
578,317	74,223
(60,796)	(95,411)
(145,167)	(179,184)
(20,723)	(1,310)
20,425	928
(66,236)	(133,829)
305,820	(334,583)
(81,909)	(27,510)
223,911	(362,093)
22.57	(36.50)

صارفین کے ساتھ معاہدوں سے حاصل ہونے والی آمدنی

فروخت کی قیمت

گراس منافع / (نقصان)

ڈسٹری بیوٹن اخراجات

انتظامی اخراجات

متفرق اخراجات

دیگر آمدن

فانسل اخراجات

ٹیکس کے بغیر (نقصان) / منافع

ٹیکس

خالص (نقصان) / منافع ٹیکس کے بعد

(نقصان) / منافع فی حصہ بنیادی (روپے)

ہمیں آپ کو بتاتے ہوئے افسوس ہے کہ موجودہ مدت کے دوران ہماری کمپنی کی مالی کارکردگی غیر تسلی بخش رہی ہے۔ ہمیں 362.093 ملین روپے کا نامیاں نقصان ہوا ہے۔ جو پچھلے سال کے بعد از ٹیکس منافع 223.911 ملین روپے کے مقابلے میں زبردست کمی ہے۔ کئی عوامل نے ہمارے کاموں کو بری طرح متاثر کیا ہے، بشمول کپاس کی بلند قیمت، بڑھتی ہوئی شرح سود، مہنگی توانائی کی قیمتیں، کرنسی کی افراط زر، معاشی عدم استحکام، اور سیاسی غیر یقینی صورتحال، ان ٹیکنیوں نے مجموعی طور پر ہماری مالی کارکردگی پر مجموعی طور پر منفی اثرات مرتب کیے ہیں۔

میکرو اکنامک چیلنجوں کے باوجود، کمپنی کی پمپلی رہی ہے۔ ہائی کی آپریٹنگ کارکردگی 11.40 فیصد آمدنی میں اضافے کے ساتھ اچھی رہی، خاص طور پر مقامی فروخت میں 12.45 فیصد اضافے سے برآمدات کی فروخت میں بھی 8.88 فیصد اضافہ ہوا۔ تاہم، کپاس کی اونچی قیمتوں کی وجہ سے مجموعی منافع میں کمی واقع ہوئی، آپریٹنگ لاگت میں 21.71 فیصد اضافہ ہوا، اور خرچے کی ریکارڈ بلندہ شرحوں کی وجہ سے مالیاتی لاگت میں اضافہ ہوا۔

ہم ان مسائل کو حل کرنے کی اہمیت کو سمجھتے ہیں اور اپنے کاروبار پر ان کے اثرات کو کم کرنے کے لیے پمپلی ہی اقدامات کر چکے ہیں۔ ہماری انتظامی ٹیم صورت حال پر گہری نظر رکھتے ہوئے ہے اور مستقبل میں ہماری مالی کارکردگی کو بہتر بنانے کے لیے مختلف حکمت عملیوں کو تلاش کر رہی ہے۔ ہم اپنے اسٹیک ہولڈرز کو پائیدار ترقی اور قدر فراہم کرنے کے لیے ہر عزم اور پر اعتماد ہیں کہ صحیح اقدامات کے ساتھ، ہم ان چیلنجوں پر قابو پائیں گے اور مضبوط ہو کر ابھر سکتے ہیں۔

اعتراف

یورڈین تمام سالیوں، صارفین، بینکوں، انتظامیہ اور منڈی کے عملے کے لیے اپنی گہری انیموں سے تعریف کرتا ہے جو اپنے کام کے لیے مضبوطی سے ہر عزم ہیں کیونکہ آپ کی کمپنی کی کامیابی ان کی کوششوں سے بنی ہے۔ کمپنی اپنے اہلکاروں کے لیے تمام اسٹیک ہولڈرز کو تسلیم کرتی ہے اور ان کا شکریہ ادا کرتی ہے۔

یورڈین کی جانب سے

عمر سعید

چیف ایگزیکٹو آفیسر

انجمن سعید

ڈائریکٹر

فیصل آباد

28 فروری 2023

INDEPENDENT AUDITOR'S REVIEW REPORT**To the members of 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 2022 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 2022 and 31 December 2021 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 2022.

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 28, 2023.

UDIN: RR202210158S9X6RYFJZ

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	NOTE	Un-audited 31 December 2022 (RUPEES IN THOUSAND)	Audited 30 June 2022 (RUPEES IN THOUSAND)	NOTE	Un-audited 31 December 2022 (RUPEES IN THOUSAND)	Audited 30 June 2022 (RUPEES IN THOUSAND)
EQUITY AND LIABILITIES						
SHARE CAPITAL AND RESERVES						
Authorized share capital						
20 000 000 (30 June 2022: 20 000 000) ordinary shares of Rupees 10 each		200,000	200,000			
Issued, subscribed and paid up share capital						
9 320 000 (30 June 2022: 9 320 000) ordinary shares of Rupees 10 each fully paid in cash		99,200	99,200			
Sponsors' loans						
		241,800	241,800			
Reserves						
Capital reserves						
Equity portion of shareholders' loans		183,291	183,291			
Surplus on revaluation of freehold land		235,857	235,857			
		419,148	419,148			
Revenue reserve - unappropriated profit						
		217,548	599,481			
Total reserves						
		636,696	1,018,629			
TOTAL EQUITY						
		977,696	1,359,629			
LIABILITIES						
NON-CURRENT LIABILITIES						
Long term financing	3	158,780	172,883	Stores, spare parts and loose tools		106,638
Deferred income tax liability		95,157	104,527	Stock-in-trade		1,497,735
Staff retirement gratuity		120,821	101,469	Trade debts		289,894
		374,758	378,879	Loans and advances		359,631
CURRENT LIABILITIES				Short term deposit and prepayments		33,038
Trade and other payables		664,800	582,554	Income tax		11,951
Unclaimed dividend		2,901	2,177	Other receivables		105,157
Accrued mark-up		61,749	16,646	Other receivables		282,803
Short term borrowings	4	2,097,735	729,360	Cash and bank balances		46,474
Current portion of long term financing		164,815	162,804			
Current portion of deferred liabilities		11,111	11,111			
Provision for taxation		79,609	122,012			
		3,071,609	1,637,064			
TOTAL LIABILITIES						
		3,446,367	2,015,943			
TOTAL CONTINGENCIES AND COMMITMENTS						
		4,424,063	3,375,572	TOTAL ASSETS		
TOTAL EQUITY AND LIABILITIES						
		4,424,063	3,375,572			


MUHAMMAD KASHIF ZAHUR
 CHIEF FINANCIAL OFFICER


OMER SAEED
 DIRECTOR


AHMAD SAEED
 CHIEF EXECUTIVE OFFICER

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2022**

	NOTE	HALF YEAR ENDED		QUARTER ENDED	
		31 December 2022	31 December 2021	31 December 2022	31 December 2021
------(RUPEES IN THOUSAND)-----					
REVENUE FROM CONTRACTS WITH CUSTOMERS		3,232,940	2,902,113	1,548,553	1,462,231
COST OF SALES	7	(3,158,717)	(2,323,796)	(1,593,257)	(1,178,925)
GROSS PROFIT / (LOSS)		74,223	578,317	(44,704)	283,306
DISTRIBUTION COST		(95,411)	(60,796)	(52,173)	(31,761)
ADMINISTRATIVE EXPENSES		(179,184)	(145,167)	(88,180)	(75,711)
OTHER EXPENSES		(1,310)	(20,723)	(1,310)	(7,641)
OTHER INCOME		928	20,425	15,862	8,772
FINANCE COST		(133,829)	(66,236)	(85,136)	(39,315)
(LOSS) / PROFIT BEFORE TAXATION		(334,583)	305,820	(255,641)	137,650
TAXATION		(27,510)	(81,909)	(7,948)	(29,401)
(LOSS) / PROFIT AFTER TAXATION		<u>(362,093)</u>	<u>223,911</u>	<u>(263,589)</u>	<u>108,249</u>
(LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)		<u>(36.50)</u>	<u>22.57</u>	<u>(26.57)</u>	<u>10.91</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 COMPREHENSIVE INCOME (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2022**

	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	----- (RUPEES IN THOUSAND) -----			
(LOSS) / PROFIT AFTER TAXATION	(362,093)	223,911	(263,589)	108,249
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Other comprehensive income for the period	-	-	-	-
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD	<u>(362,093)</u>	<u>223,911</u>	<u>(263,589)</u>	<u>108,249</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 2022

	SHARE CAPITAL	SPONSORS' LOANS	RESERVES				TOTAL EQUITY	
			CAPITAL RESERVES		REVENUE RESERVE			TOTAL
			Equity portion of shareholders' loan	Surplus on revaluation of freehold land	Sub total	UNAPPROPRIATED PROFIT		
----- (RUPEES IN THOUSAND) -----								
Balance as at 30 June 2021 - (Audited)	99,200	241,800	159,358	235,857	395,215	289,758	684,973	1,025,973
Transaction with owners - Final cash dividend for the year ended 30 June 2021 at the rate of Rupees 1.80 per share	-	-	-	-	-	(17,856)		(17,856)
Profit for the period	-	-	-	-	-	223,911		223,911
Other comprehensive income for the period	-	-	-	-	-	-		-
Total comprehensive income for the period	-	-	-	-	-	223,911		223,911
Balance as at 31 December 2021 - (Un-audited)	99,200	241,800	159,358	235,857	395,215	495,813	891,028	1,232,028
Profit for the period	-	-	-	-	-	99,122		99,122
Other comprehensive income for the period	-	-	-	-	-	4,546		4,546
Total comprehensive income for the period	-	-	-	-	-	103,668		103,668
Equity portion of shareholders' loan	-	-	23,933	-	23,933	-		23,933
Balance as at 30 June 2022 - (Audited)	99,200	241,800	183,291	235,857	419,148	599,481	1,018,629	1,359,629
Transaction with owners - Final cash dividend for the year ended 30 June 2022 at the rate of Rupees 2.00 per share	-	-	-	-	-	(19,840)		(19,840)
Loss for the period	-	-	-	-	-	(362,093)		(362,093)
Other comprehensive income for the period	-	-	-	-	-	-		-
Total comprehensive loss for the period	-	-	-	-	-	(362,093)		(362,093)
Balance as at 31 December 2022 - (Un-audited)	99,200	241,800	183,291	235,857	419,148	217,548	636,696	977,696

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


AMIRJAD SAEED
CHIEF EXECUTIVE OFFICER


OMAIR SAEED
DIRECTOR


MUHAMMAD KASHIF ZAHUR
CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2022**

HALF YEAR ENDED	
31 December 2022	31 December 2021

(RUPEES IN THOUSAND)

CASH FLOWS FROM OPERATING ACTIVITIES

Net cash used in operations	8	(1,160,901)	(319,544)
Finance cost paid		(81,026)	(43,041)
Income tax paid		(50,677)	(35,374)
Staff retirement gratuity paid		(7,925)	(16,888)
Net (increase) / decrease in long term deposits and prepayments		(61)	87
Net increase in long term loans		(54)	(232)
Net cash used in operating activities		(1,300,644)	(414,992)

CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditure on property, plant, equipment and intangible asset		(28,307)	(309,477)
Proceeds from disposal of property, plant and equipment		500	20,033
Net cash used in investing activities		(27,807)	(289,444)

CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of long term financing		(19,779)	(49,573)
Dividend paid		(19,116)	(17,140)
Short term borrowings - net		1,368,375	633,874
Net cash from financing activities		1,329,480	567,161

NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS 1,029 (137,275)

CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD 45,445 166,999

CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD 46,474 29,724

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 2022**

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 listed 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 as required for annual financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2022.
- iii) These condensed interim financial statements are un-audited, 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, computation methods and financial risk management

The accounting policies and methods of computations adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual financial statements of the Company for the year ended 30 June 2022. The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended 30 June 2022.

2.2 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these condensed interim financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and judgements that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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 annual financial statements of the Company for the year ended 30 June 2022.

Un-audited 31 December 2022	Audited 30 June 2022
(RUPEES IN THOUSAND)	

3. LONG TERM FINANCING

Opening balance	335,687	273,331
Add:		
Obtained during the period / year	-	140,000
Fair value adjustment	7,546	19,248
Amortized during the period / year	141	1,900
	343,374	434,479
Less:		
Repaid during the period / year	19,779	74,859
Gain on recognition of shareholder's loan at fair value	-	23,933
	19,779	98,792
Closing balance (Note 3.1)	323,595	335,687
Less: Current portion shown under current liabilities	164,815	162,804
	158,780	172,883

- 3.1 These represent Rupees 140 million (30 June 2022: Rupees 159.639 million) secured bank borrowings and Rupees 183.594 million (30 June 2022: Rupees 176.048 million) unsecured borrowing from sponsor director / shareholder.

	Un-audited 31 December 2022	Audited 30 June 2022
(RUPEES IN THOUSAND)		
4. SHORT TERM BORROWINGS		
From banking companies - secured		
Cash finances	788,160	-
Running finances	206,114	151,144
Other short term finances	759,023	352,278
	1,753,297	503,422
Others - unsecured		
Other related parties	344,438	225,938
	<u>2,097,735</u>	<u>729,360</u>
5. CONTINGENCIES AND COMMITMENTS		
a) Contingencies		
i) Guarantees of Rupees 54.695 million (2022: Rupees 56.012 million) are 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 connections.		
ii) There is no significant change in the status of other contingencies as reported in the annual financial statements of the Company for the year ended 30 June 2022.		
b) Commitments		
i) Commitments for capital expenditure are of Rupees Nil (30 June 2022: Rupees 4.207 million).		
ii) Letters of credit other than for capital expenditure are of Rupees 59.356 million (30 June 2022: Rupees 60.102 million).		
iii) Outstanding foreign currency forward contracts are of Rupees Nil (30 June 2022: Rupees 409.941 million).		
6. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (Note 6.1)	1,708,935	1,730,812
Capital work-in-progress (Note 6.2)	9,180	32,120
	<u>1,718,115</u>	<u>1,762,932</u>
6.1 Operating fixed assets		
Opening net book value	1,730,812	1,272,784
Add: Cost of additions during the period / year (Note 6.1.1)	51,247	589,185
	1,782,059	1,861,969
Less: Book value of deletions during the period / year (Note 6.1.2)	425	11,803
	1,781,634	1,850,166
Less: Depreciation charged during the period / year	72,699	119,354
	<u>1,708,935</u>	<u>1,730,812</u>
6.1.1 Cost of additions during the period / year		
Freehold land	-	6,472
Buildings	-	191,220
Plant and machinery	21,937	188,942
Stand-by equipment	-	119,381
Electric installations	418	5,580
Factory equipment	95	19,986
Office equipment	-	65
Computers	684	3,413
Electric appliances	1,189	3,765
Furniture and fixtures	-	1,465
Vehicles	26,924	48,896
	<u>51,247</u>	<u>589,185</u>
6.1.2 Book value of deletions during the period / year		
Plant and machinery	-	1,463
Stand-by equipment	-	224
Vehicles	425	10,116
	<u>425</u>	<u>11,803</u>
6.2 Capital work-in-progress		
Vehicles	3,523	26,473
Intangible assets	5,657	5,647
	<u>9,180</u>	<u>32,120</u>

(Un-audited)			
Half year ended		Quarter ended	
31 December 2022	31 December 2021	31 December 2022	31 December 2021

------(RUPEES IN THOUSAND)-----

7. COST OF SALES

Raw materials consumed	2,251,265	1,543,281	1,180,105	819,446
Cost of raw materials sold	-	375	-	375
Stores, spare parts and loose tools consumed	153,238	196,972	78,009	119,198
Salaries, wages and other benefits	307,143	284,902	150,651	139,337
Fuel and power	392,337	256,182	164,237	131,713
Sizing materials consumed	30,351	21,736	15,817	12,414
Outside processing / conversion and other charges	28,502	38,677	14,542	21,935
Packing materials consumed	95,046	79,200	57,811	43,979
Repair and maintenance	3,012	4,582	2,464	2,193
Insurance	7,670	5,943	4,114	3,064
Other factory overheads	1,359	2,295	666	1,635
Depreciation	53,972	43,238	27,350	23,238
	<u>3,323,895</u>	<u>2,477,383</u>	<u>1,695,766</u>	<u>1,318,527</u>
Work-in-process				
Opening stock	100,206	58,438	105,447	77,970
Closing stock	(83,884)	(85,176)	(83,884)	(85,176)
	<u>16,322</u>	<u>(26,738)</u>	<u>21,563</u>	<u>(7,206)</u>
Cost of goods manufactured	<u>3,340,217</u>	<u>2,450,645</u>	<u>1,717,329</u>	<u>1,311,321</u>
Finished goods				
Opening stock	436,972	204,703	494,400	199,156
Closing stock	(618,472)	(331,552)	(618,472)	(331,552)
	<u>(181,500)</u>	<u>(126,849)</u>	<u>(124,072)</u>	<u>(132,396)</u>
	<u>3,158,717</u>	<u>2,323,796</u>	<u>1,593,257</u>	<u>1,178,925</u>

(Un-audited)	
Half year ended	
31 December 2022	31 December 2021

(RUPEES IN THOUSAND)

8. NET CASH USED IN OPERATIONS

(Loss) / profit before taxation		(334,583)	305,820
Adjustments for non-cash charges and other items:			
Amortization		898	767
Depreciation		72,699	53,892
Gain on disposal of property, plant and equipment		(75)	(168)
Allowance for / (reversal of) expected credit losses - net		7	(474)
Provision for staff retirement gratuity		27,277	21,764
Finance cost		133,829	66,236
Amortization of deferred grant		(141)	(1,220)
Provision for doubtful loans and advances		27	430
Working capital changes (Note 8.1)		(1,060,839)	(766,591)
		<u>(1,160,901)</u>	<u>(319,544)</u>

8.1 Working capital changes

(Increase) / decrease in current assets

Stores, spare parts and loose tools	(4,288)	(5,850)
Stock-in-trade	(638,687)	(734,682)
Trade debts	78,744	(43,349)
Loans and advances	(326,620)	4,119
Short term deposit and prepayments	(11,290)	(8,989)
Other receivables	(219,561)	(95,726)
	<u>(1,121,702)</u>	<u>(884,477)</u>
Increase in trade and other payables	60,863	117,886
	<u>(1,060,839)</u>	<u>(766,591)</u>

9. SEGMENT INFORMATION

	Spinning		Weaving		Socks		Elimination of Inter-segment transactions		Total - Company	
	(Un-audited) Half year ended 31 December 2022	(Un-audited) Half year ended 31 December 2021	(Un-audited) Half year ended 31 December 2022	(Un-audited) Half year ended 31 December 2021	(Un-audited) Half year ended 31 December 2022	(Un-audited) Half year ended 31 December 2021	(Un-audited) Half year ended 31 December 2022	(Un-audited) Half year ended 31 December 2021	(Un-audited) Half year ended 31 December 2022	(Un-audited) Half year ended 31 December 2021
Revenue from contracts with customers	1,936,538	1,527,025	521,372	703,060	775,030	672,028	-	-	3,229,940	2,902,113
External Inter segment	526,207	580,037	-	-	-	940	(526,207)	(580,977)	-	-
Cost of sales	2,462,745	2,107,062	521,372	703,060	775,030	672,968	(526,207)	(580,977)	3,229,940	2,902,113
	(2,583,664)	(1,684,078)	(474,708)	(629,129)	(626,552)	(591,566)	526,207	580,977	(3,158,717)	(2,323,796)
Gross (loss) / profit	(120,919)	422,984	46,664	73,931	148,478	81,402	-	-	74,223	578,317
Distribution cost	(9,653)	(7,711)	(7,145)	(11,056)	(78,613)	(42,029)	-	-	(95,411)	(60,796)
Administrative expenses	(90,444)	(69,449)	(28,269)	(24,559)	(60,471)	(51,159)	-	-	(179,184)	(145,167)
Other income	928	1,648	-	3,846	-	14,931	-	-	928	20,425
(Loss) / profit, before taxation and unallocated expenses	(220,088)	347,472	11,250	42,162	9,394	3,145	-	-	(199,444)	392,779
Unallocated expenses:										
Other expenses									(1,310)	(20,723)
Finance cost									(133,829)	(66,236)
Taxation									(27,510)	(81,909)
(Loss) / profit after taxation									(362,093)	223,911

9.1 Reconciliation of reportable segment assets and liabilities

	Spinning		Weaving		Socks		Total - Company	
	(Un-audited) 31 December 2022	(Audited) 30 June 2022	(Un-audited) 31 December 2022	(Audited) 30 June 2022	(Un-audited) 31 December 2022	(Audited) 30 June 2022	(Un-audited) 31 December 2022	(Audited) 30 June 2022
Total assets for reportable segments as per condensed interim statement of financial position	2,935,972	1,972,520	799,978	703,665	688,113	699,387	4,424,063	3,375,572
Total liabilities for reportable segments	1,914,932	574,915	481,427	369,699	833,551	805,664	3,229,910	1,750,278
Unallocated liabilities							216,457	265,665
Total liabilities as per condensed interim statement of financial position							3,446,367	2,015,943

(RUPEES IN THOUSAND)

9.2 Geographical information

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

	Spinning (Un-audited)		Weaving (Un-audited)		Socks (Un-audited)		Total - Company (Un-audited)	
	Half year ended		Half year ended		Half year ended		Half year ended	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Europe	-	-	180,972	216,882	535,629	359,932	716,601	576,814
Asia	-	-	-	-	101,265	-	101,265	-
North America	-	-	-	-	111,301	276,562	111,301	276,562
Pakistan	1,936,538	1,527,025	340,400	486,178	26,835	35,534	2,303,773	2,048,737
	1,936,538	1,527,025	521,372	703,060	775,030	672,028	3,232,940	2,902,113

9.3 Disaggregation of revenue from contracts with customers by major products / service lines

Yarn / socks	1,928,724	1,522,571	-	-	748,195	662,364	2,676,919	2,184,935
Waste	7,814	4,454	-	-	8,432	9,289	16,246	13,743
Sizing income	-	-	-	2,960	-	-	-	2,960
Conversion and CMT income / doth sale	-	-	521,372	700,100	18,403	-	539,775	700,100
Raw materials	-	-	-	-	-	375	-	375
	1,936,538	1,527,025	521,372	703,060	775,030	672,028	3,232,940	2,902,113

10. TRANSACTIONS WITH RELATED PARTIES

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

(Un-audited)			
Half year ended		Quarter ended	
31 December 2022	31 December 2021	31 December 2022	31 December 2021

------(RUPEES IN THOUSAND)-----

i) Transactions

Associated undertakings

Fuel purchased	3,162	2,315	1,623	1,090
Rental expense	3,060	3,510	1,530	1,755

Other related parties

Dividend paid to directors / major shareholders	16,578	14,921	16,578	14,921
Loans obtained from directors	118,500	89,720	78,800	34,495
Remuneration and meeting fee paid to Chief Executive Officer, directors and executives	38,446	30,975	18,765	18,509

Un-audited	Audited
31 December 2022	30 June 2022

(RUPEES IN THOUSAND)

ii) Period end balances

Associated undertakings

Trade and other payables	12,030	10,460
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Other related parties

Sponsors' loans	241,800	241,800
Long term financing	183,594	176,048
Short term borrowings	344,438	225,938
Loans and advances	1,966	459

11. DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX

Description	(Un-audited)	
	31 December 2022	
	(RUPEES IN THOUSAND)	

Loans / advances obtained as per Islamic mode

Long term financing	140,000
Short term borrowings	23,450
Contract liabilities	38,130

Shariah compliant bank deposits / bank balances

Bank balances	19,854
---------------	--------

Description	(Un-audited)	
	Half year ended	
	31 December 2022	31 December 2021
	(RUPEES IN THOUSAND)	

Profit earned from shariah compliant bank deposits / bank balances

Profit on deposits with banks	21	8
-------------------------------	----	---

Description	(Un-audited)	
	Half year ended	
	31 December 2022	31 December 2021
	(RUPEES IN THOUSAND)	
Revenue earned from shariah compliant business	3,232,940	2,902,113
Exchange gain	-	18,555
Mark-up on Islamic mode of financing		
Mark-up on long term financing	12,386	-
Mark-up on short term borrowings	1,383	1,748
Interest on any conventional loans		
Mark-up on long term financing	233	3,032
Mark-up on short term borrowings	103,239	46,691
Relationship with shariah compliant banks		

Bank Name	Relationship
Habib Bank Limited	Bank balances
AlBaraka Bank (Pakistan) Limited	Bank balances
Meezan Bank Limited	Bank balances, long term financing and short term borrowings

Comparative figures of the statement of financial position are not given as the Company ceased to be listed on Islamic Index as at 30 June 2022.

12. DATE OF AUTHORIZATION

These condensed interim financial statements were approved and authorized for issue on February 28, 2023 by the Board of Directors of the Company.

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 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 re-arranged, wherever necessary, for the purpose of comparison. However, no significant re-arrangements have 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

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