

COMPANY INFORMATION

CHAIRMAN:	MR. MOHAMMAD SAEED
CHIEF EXECUTIVE OFFICER:	MR. AMJAD SAEED
DIRECTORS:	MRS. ROBINA AMJAD MR. OMER SAEED MR. AHSAN SAEED MR. KHIZER SAEED MR. MUHAMMAD ASIF (NOMINEE NT)
AUDIT COMMITTEE:	
CHAIRMAN	MR. MUHAMMAD SAEED
MEMBER	MR. AHSAN SAEED
MEMBER	MR. MUHAMMAD ASIF
H.R. & REMUNERATION COMMITTEE:	
CHAIRMAN	MR. AHSAN SAEED
MEMBER	MR. MUHAMMAD SAEED
MEMBER	MR. KHIZER SAEED
CHIEF FINANCIAL OFFICER:	MR. M. PERVAIZ AKHTAR
COMPANY SECRETARY:	MR. MUHAMMAD NADEEM
SHARE REGISTRAR:	M/S CONSULTING ONE (PVT) LTD 478-D, PEOPLES COLONY NO:1, FAISALABAD
AUDITORS:	M/S RIAZ AHMAD & COMPANY, CHARTERED ACCOUNTANTS
BANKERS:	BANK AL-FALAH LIMITED ALBARAKA BANK (PAKISTAN) LTD BANK AL-HABIB LTD HABIB METROPOLITAN BANK THE BANK OF PUNJAB
REGISTERED OFFICE :	ROOM NO 404 & 405, 4 TH FLOOR, BUSINESS CENTRE, MUMTAZ HASSAN ROAD, KARACHI. www.idealism.com
FACTORY:	35-K.M SHEIKHUPURA ROAD, TEHSIL JARANWALA, DISTT. FAISALABAD.

DIRECTORS' REVIEW REPORT TO THE SHAREHOLDERS

The Directors of the Company have pleasure in submitting their report together with the Un-Audited financial statements of the Company for the period ended 30 September 2015.

HIGHLIGHTS	September 2015 (RUPEES IN THOUSAND)	September 2014 (RUPEES IN THOUSAND)
SALES	556,194	636,351
GROSS PROFIT	1,002	22,401
(LOSS)/PROFIT FROM OPERATIONS	(19,352)	763
(LOSS) / PROFIT BEFORE TAXATION	(29,115)	(8,084)
(LOSS) / PROFIT AFTER TAXATION	(33,819)	(14,445)
EARNING PER SHARE-BASIC & DILUTED(Rupees)	(3.41)	(1.46)

Textile Industry of Pakistan is passing through a critical phase of its history. The main reasons for deterioration of textile performance are factors like hike in electrical tariff, energy crisis, increasing cost of input, Instability in market prices, loss of export orders and import of yarn which have affected textile sector badly.

Due to all these factors earnings of the company goes to negative zone resultantly suffered after tax loss of rupees 33.819 Million as compared to loss of rupees 14.445 for the corresponding quarter of last year.

The Company will however take all efforts for improvement where ever possible.

FUTURE PROSPECTS

Economy of Pakistan will remain doldrums in current year due to depressed market condition , high inflation, hike in prices of all inputs, antidumping duty impose on polyester fiber, Critical gas and electric load shading, drop in the size of cotton crops due to pesticide attach.

Management of your company has an opinion that no sign of improvement is expected in near future. So, financial result of the remaining year may be the same as of the first quarter of the year.

The Directors wish to express their gratitude to our valued clients and bankers for the co-operation extended by them during the course of business activities. The Directors also wish to place on record their appreciation for the hard work and devoted services of the staff members and workers of the company.

Dated: October 26, 2015
Faisalabad .


AMJAD SAEED
Chief Executive Officer

CONDENSED INTERIM BALANCE SHEET AS AT 30 SEPTEMBER 2015

	NOTE	Un-Audited 30 SEP 2,015	Audited 30 June 2,015		NOTE	Un-Audited 30 SEP 2,015	Audited 30 June 2,015
		(Rupees in thousand)				(Rupees in thousand)	
EQUITY AND LIABILITIES				ASSETS			
SHARE CAPITAL AND RESERVES				NON-CURRENT ASSETS			
Authorized share capital				Property, plant and equipment	7	633,681	619,812
20 000 000 (30 June 2015: 20 000 000) ordinary shares				Long term loans		-	51
of Rupees 10 each.				Long term deposits and prepayments		6,201	2,626
		200,000	200,000			639,882	622,489
Issued, subscribed and paid up share capital		99,200	99,200				
Unappropriated profit		137,508	171,327	CURRENT ASSETS			
Total equity		236,708	270,527	Stores, spare parts and loose tools		23,150	29,226
				Stock-in-trade		287,059	229,141
LIABILITIES				Trade debts		120,521	117,215
NON-CURRENT LIABILITIES				Loans and advances		47,438	30,013
Long term financing	5	296,786	247,987	Short term prepayments		3,519	298
Deferred income tax liability		62,791	62,791	Other receivables		42,569	15,002
Staff retirement gratuity		29,090	27,126	Cash and bank balances		36,226	24,676
		388,667	337,904			560,482	445,661
CURRENT LIABILITIES							
Trade and other payables		172,339	144,198	TOTAL ASSETS		1,200,364	1,068,150
Accrued mark-up		10,795	9,469				
Short term borrowings		343,669	252,337				
Current portion of long term financing		29,342	39,576				
Provision for taxation		18,844	14,139				
		574,989	459,719				
TOTAL LIABILITIES		963,656	797,623				
CONTINGENCIES AND COMMITMENTS							
TOTAL EQUITY AND LIABILITIES	6	1,200,364	1,068,150				

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


AMJAD SAEED
 CHIEF EXECUTIVE OFFICER


OMER SAEED
 DIRECTOR

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)
FOR THE QUARTER ENDED 30 SEPTEMBER 2015

	NOTE	QUARTER ENDED	
		30 September 2015	30 September 2014
----- (Rupees in thousand) -----			
SALES		556,194	636,351
COST OF SALES	8	(555,192)	(613,950)
GROSS PROFIT		1,002	22,401
DISTRIBUTION COST		(3,611)	(4,243)
ADMINISTRATIVE EXPENSES		(16,749)	(18,860)
OTHER EXPENSES		-	-
		(20,360)	(23,103)
		(19,358)	(702)
OTHER INCOME		6	1,465
(LOSS) / PROFIT FROM OPERATIONS		(19,352)	763
FINANCE COST		(9,763)	(8,847)
(LOSS)/PROFIT BEFORE TAXATION		(29,115)	(8,084)
TAXATION		(4,704)	(6,361)
(LOSS) / PROFIT AFTER TAXATION		(33,819)	(14,445)
(LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)		(3.41)	(1.46)

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


AMJAD SAEED
CHIEF EXECUTIVE OFFICER


OMER SAEED
DIRECTOR

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR THE QUARTER ENDED 30 SEPTEMBER 2015**

	QUARTER ENDED	
	30 September 2015	30 September 2014
	----- (Rupees in thousand) -----	
(LOSS) / PROFIT AFTER TAXATION	(33,819)	(14,445)
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss:		
Recognition of actuarial loss on staff retirement gratuity	-	-
Items that may be reclassified subsequently to profit or loss	-	-
	-	-
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD	<u>(33,819)</u>	<u>(14,445)</u>

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


AMJAD SAEED
 CHIEF EXECUTIVE OFFICER


OMER SAEED
 DIRECTOR

CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited)
FOR THE QUARTER ENDED 30 SEPTEMBER 2015

NOTE	QUARTER ENDED	
	30 September 2015	30 September 2014
	(Rupees in thousand)	

CASH FLOWS FROM OPERATING ACTIVITIES

Cash utilized in operations	9	(75,427)	(11,474)
Finance cost paid		(8,438)	(9,292)
Income tax paid		-	-
Staff retirement gratuity paid		(1,575)	-
Net (increase) / decrease in long term deposits and prepayments		-	(1,531)
Net decrease in long term loans		-	-
Net cash utilized in operating activities		(85,440)	(22,297)

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sale of property, plant and equipment		-	1,600
Capital expenditure on property, plant and equipment		(29,389)	(6,421)
Decrease in long term loans		(3,524)	(40)
Net cash used in investing activities		(32,913)	(4,861)

CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of long term financing	(21,334)	(18,358)
Proceeds from long term financing	59,899	-
Profit on deposits with bank	6	-
Short term borrowings - net	91,332	30,502
Net cash from financing activities	129,903	12,144

NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	11,550	(15,014)
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**CASH AND CASH EQUIVALENTS AT THE
BEGINNING OF THE PERIOD**

24,676 32,206

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

36,226 17,192

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


AMJAD SAEED
CHIEF EXECUTIVE OFFICER


OMER SAEED
DIRECTOR

STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2015

	RESERVES				TOTAL	TOTAL EQUITY
	SHARE CAPITAL	CAPITAL	REVENUE	UNAPPROPRIATED PROFIT		
		EQUITY PORTION OF SHAREHOLDER'S LOAN				
-----RUPEES IN THOUSAND-----						
Balance as at 30 June 2014	99,200	-	159,607		159,607	258,807
Loss for the year	-	-	(35,087)		(35,087)	(35,087)
Other comprehensive loss for the year	-	-	-		-	-
Total comprehensive loss for the year	-	-	(35,087)		(35,087)	(35,087)
Transaction with owners:						
Equity portion of shareholder's loan	-	46,807	-		46,807	46,807
Balance as at 30 June 2015	99,200	46,807	124,520		171,327	270,527
Loss for the period	-	-	(33,819)		(33,819)	(33,819)
Other comprehensive loss for the period	-	-	-		-	-
Total comprehensive loss for the period	-	-	(33,819)		(33,819)	(33,819)
Transaction with owners:						
Equity portion of shareholder's loan	-	-	-		-	-
Balance as at 30 September 2015	99,200	46,807	90,701		137,508	236,708

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


AMJAD SAEED
CHIEF EXECUTIVE OFFICER

OMER SAEED
DIRECTOR

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2015**

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 and listed on Karachi and Lahore Stock Exchanges in Pakistan. Its registered office is situated at Room No. 404-405, 4th Floor, Business Centre, Mumtaz Hassan Road, Karachi. The factory is located at Tehsil Jaranwala, District Faisalabad in the Province of Punjab. The principal activity of the Company is manufacturing and sale of yarn and cloth.

2. BASIS OF PREPARATION

This condensed interim financial information is un-audited and is being submitted to shareholders as required by section 245 of the Companies Ordinance, 1984. This condensed interim financial information of the Company for the first quarter ended 30 September 2015 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information should be read in conjunction with the audited annual published financial statements of the Company for the year ended 30 June 2015.

3. ACCOUNTING POLICIES AND COMPUTATION METHODS

The accounting policies and methods of computation adopted for the preparation of this condensed interim financial information are same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2015.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. During preparation of this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2015.

30 September 2015	30 June 2015
(Rupees in thousand)	

5. LONG TERM FINANCING

Opening balance	287,563	199,644
Add: Obtained during the period / year	59,899	144,931
Less: Repaid during the period / year	21,334	57,012
	<u>326,128</u>	<u>287,563</u>
Less: Current portion shown under current liabilities	29,342	39,576
	<u>296,786</u>	<u>247,987</u>

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

- i) Guarantees of Rupees 18,605 million (30 June 2015: Rupees 18,605 million) have been given by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connections and to Faisalabad Electric Supply Company against electricity connection.
- ii) i) The Company is contingently liable for Rupees 1,126 million on account of Sindh infrastructure cess not acknowledged in view of pending appeal before appellate authorities. The related provision is not made in these financial statements in view of favourable outcome of the appeal.
- ii) Post dated cheques of Rupees 4,015 million (30 June 2015: Rupees 0 million) are issued to customs authorities in respect of duties on imported material availed on the basis of consumption. If documents are not provided on due dates, cheques issued as security shall be encashable.

b) Commitments

- i) Letters of credit for capital expenditure are amounting to Rupees 8,541 million (30 June 2015: Rupees 30,462 million).
- ii) Letter of credit other than for capital expenditure are of Rupees 17,974 million (30 June 2015: Rupees 39,691 million).

Un-audited 30 September 2015	Audited 30 June 2015
(Rupees in thousand)	

7. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets (Note 7.1)	609,831	565,771
Capital work-in-progress (Note 7.2)	23,850	54,041
	<u>633,681</u>	<u>619,812</u>

7.1 Operating fixed assets

Opening book value	565,771	524,105
Add:		
Cost of additions during the period / year (Note 7.1.1)	<u>59,580</u>	<u>104,822</u>
	625,351	628,927
Less:		
Book value of deletions during the period / year - Vehicles	<u>-</u>	<u>964</u>
Depreciation charged during the period / year	<u>15,520</u>	<u>62,192</u>
	15,520	63,156
	<u>609,831</u>	<u>565,771</u>

Un-audited	Audited
30 September 2015	30 June 2015

(Rupees in thousand)

7.1.1 Cost of additions during the period / year

Plant and machinery	57,615	92,250
Stand-by equipment	-	3,197
Electric installations	-	-
Factory equipment	-	-
Computers	-	-
Electric appliances	-	526
Furniture and fixtures	73	-
Vehicles	1,892	8,849
	<u>59,580</u>	<u>104,822</u>

7.2 Capital work-in-progress

Building	23850	17,712
Plant and machinery	-	36,329
	<u>23,850</u>	<u>54,041</u>

Quarter ended

30 September 2015	30 September 2014
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8. COST OF SALES

Raw materials consumed	392,142	398,370
Stores, spare parts and loose tools consumed	10,475	10,085
Salaries, wages and other benefits	56,368	43,852
Fuel and power	62,046	72,696
Sizing material consumed	10,139	7,620
Packing materials consumed	7,961	7,006
Repair and maintenance	422	842
Insurance	731	982
Other factory overheads	1,029	1,811
Depreciation	14,211	13,039
	<u>555,524</u>	<u>556,302</u>

Work-in-process:

Opening stock	18,174	16,547
Closing stock	(18,281)	(18,361)
	<u>(107)</u>	<u>(1,814)</u>

Cost of goods manufactured

	<u>555,417</u>	<u>554,488</u>
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Finished goods:

Opening stock	87,805	140,882
Closing stock	(124,559)	(81,420)
	<u>(36,754)</u>	<u>59,462</u>

Cost of sales - purchased for resale

	<u>36,529</u>	<u>-</u>
	<u>555,192</u>	<u>613,950</u>

Quarter ended	
30 September 2015	30 September 2014
(Rupees in thousand)	

9. CASH UTILIZED IN OPERATIONS

loss before taxation	(29,115)	(8,084)
Adjustments for non-cash charges and other items:		
Depreciation	15,520	14,374
Gain on sale of property, plant and equipment	-	(643)
Provision for staff retirement gratuity	3,540	2,622
Profit on deposits with bank	(6)	-
Finance cost	9,764	8,847
Working capital changes (Note 9.1)	(75,130)	(28,590)
	<u>(75,427)</u>	<u>(11,474)</u>

9.1 Working capital changes**Decrease / (increase) in current assets**

Stores, spare parts and loose tools	6,076	1,612
Stock-in-trade	(57,918)	(32,648)
Trade debts	(3,306)	(5,680)
Loans and advances	(17,425)	(6,904)
Short term prepayments	(3,221)	(4,596)
Other receivables	(27,477)	5,688
	<u>(103,271)</u>	<u>(42,528)</u>
Increase in trade and other payables	28,141	13,938
	<u>(75,130)</u>	<u>(28,590)</u>

10. SEGMENT INFORMATION**10.1**

	Spinning		Weaving		Elimination of inter-segment transactions		Total - Company	
	(Un-audited)		(Un-audited)		(Un-audited)		(Un-audited)	
	Quarter ended		Quarter ended		Quarter ended		Quarter ended	
	30 September 2015	30 September 2014	30 September 2015	30 September 2014	30 September 2015	30 September 2014	30 September 2015	30 September 2014
(Rupees in thousands)								
Sales	448,142	534,723	109,979	113,280	(1,927)	(1,652)	556,194	656,351
Cost of sales	(452,573)	(514,901)	(104,548)	(101,301)	1,927	1,652	(555,192)	(613,950)
Gross profit	(4,431)	10,222	5,431	12,179	-	-	1,002	22,401
Distribution cost	(2,749)	(3,118)	(862)	(1,123)	-	-	(3,611)	(4,241)
Administrative expenses	(12,780)	(14,329)	(3,959)	(4,521)	-	-	(16,739)	(18,850)
	(15,529)	(17,447)	(4,821)	(5,644)	-	-	(20,360)	(23,101)
	(19,967)	(7,295)	809	6,555	-	-	(19,158)	(102)
Other income	8	643	-	821	-	-	8	1,464
Finance cost	(8,152)	(7,861)	(800)	(1,183)	-	-	(8,952)	(9,045)
Loss/(profit) before taxation and unallocated expenses	(29,115)	(14,252)	3	6,163	-	-	(29,115)	(8,084)
Unallocated expenses:								
Other expenses	-	-	-	-	-	-	-	-
Taxation	-	-	-	-	-	-	(4,704)	(6,361)
Loss after taxation	-	-	-	-	-	-	(29,819)	(14,445)

10.2 Reconciliation of reportable segment assets and liabilities

	Spinning		Weaving		Total - Company	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	30 September 2015	30 June 2015	30 September 2015	30 June 2015	30 September 2015	30 June 2015
(Rupees in thousands)						
Total assets for reportable segments	896,658	730,309	203,714	317,962	1,200,364	1,098,150
Total liabilities for reportable segments	896,652	743,382	203,602	177,311	896,161	720,693
Unallocated liabilities:						
Income tax liability	-	-	-	-	4,704	14,138
Deferred income tax liability	-	-	-	-	62,791	62,791
Total liabilities as per balance sheet	896,652	743,382	203,602	177,311	963,656	797,622

11. TRANSACTIONS WITH RELATED PARTIES

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

Quarter ended	
30 September 2015	30 September 2014

i) Transactions**Associated companies / undertakings**

Purchase of services	16,349	-
Fuel and power purchased	229	610
Services and other expenses paid	182	14
		-

Directors' loan

Loan repaid	12,400	10,200
Loan acquired	41,400	-

Remuneration paid to Chief Executive Officer, Director and Executives	4,299	4,086
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12. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in preceding audited annual published financial statements of the Company for the year ended 30 June 2015.

13. DATE OF AUTHORIZATION

This condensed interim financial information was approved and authorized for issue on 26 October 2015 by the Board of Directors of the Company.

14. CORRESPONDING FIGURES

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

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison, however, no significant re-arrangements have 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
DIRECTOR