

## COMPANY INFORMATION

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

## DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors feel pleasure in submitting unaudited financial statements of your Company for the Quarter ended 30 September 2018.

**FINANCIAL RESULTS**

	<u>30.09.2018</u>	<u>30.09.2017</u>
	(RUPEES IN THOUSAND)	
Revenue	828,488	658,021
Cost of sales	(743,014)	(622,525)
Gross profit	<u>85,474</u>	<u>35,496</u>
Distribution cost	(13,403)	(6,226)
Administrative expenses	(35,163)	(24,404)
Other expenses	(1,646)	(72)
Other income	5,984	1,338
Finance cost	(19,340)	(15,826)
Profit/Loss before taxation	<u>21,907</u>	<u>(9,694)</u>
Taxation	(8,675)	(8,507)
Profit/(Loss) after taxation	<u>13,232</u>	<u>(18,201)</u>
Earning /Loss per share-basic and diluted (Rupees)	<u>1.33</u>	<u>(1.83)</u>

By the Blessings of Almighty ALLAH your company achieved Revenue growth of 25%, After Tax Profit of Rs.13.23 Million as compared to loss of Rs.18.2 Million from the comparable quarter last year. Your management is optimistic about further improved results in future, if other factors remain same.

**BUSINESS OUTLOOK:**

Factors limiting Textile Industry of Pakistan were further deteriorated because of sudden devaluation of Rupee which affected every aspect of business on the other hand exports increased but not as comparable ratio. Efforts remained afloat to find a way to reduce cost of doing business on the part of Government. Highest Cotton Prices ever, higher energy cost, non-release of Refunds continue to inflate cost of inputs.

**PERFORMANCE REVIEW:**

With the Almighty ALLAH's blessings, financial performance of the company is commendable. Earnings per share increased to Rs.1.33 from a loss of Rs.1.83 per share. Company achieved gross margin of 10.3% as compared to 5.39%, which is very good considering sharp rise of Dollar parity and increasing cotton prices, operating and finance cost. Operational performance of the company was admirable and achieved production targets with exceptional Quality.

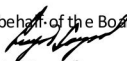
**FURTHER EXPANSION**

With Almighty ALLAH' blessings planed further expansion of installing 4000 new Spindles with modern Compact System and Auto Cone Machines, is under way, building for this project is complete and installation of Machinery will start shortly.

**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 for the company which led to achieve milestones for the company and hopes these will continue in the years to come.

Faisalabad  
October 25, 2018

On behalf of the Board  
  
(Amjad Saeed)  
Chief Executive Officer

## حصہ داران کیلئے ڈائریکٹر کی رپورٹ

آپ کے ڈائریکٹر کو 30 ستمبر 2018 کی غیر آڈٹ شدہ فنانشل اسٹینٹ پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔

30-09-2018	30-09-2017	مالیاتی نتائج
828,488	658,021	ریونیو
<u>(743,014)</u>	<u>(622,525)</u>	کاسٹ آف سیل
85,474	35,496	گراس منافع
(13,403)	(6,226)	ڈسٹری بیوٹن اخراجات
(35,163)	(24,404)	انتظامی اخراجات
(1,646)	(72)	متفرق اخراجات
5,984	1,338	دیگر آمدن
<u>(19,340)</u>	<u>(15,826)</u>	فنانشل اخراجات
21,907	(9,694)	ٹیکس کے بغیر (نقصان) منافع
<u>(8,675)</u>	<u>(8,507)</u>	ٹیکس
<u>13,232</u>	<u>(18,201)</u>	خالص نفع (نقصان) ٹیکس کے بعد
1.33	(1.83)	کمائی / نقصان فی حصص

اللہ تعالیٰ کی مہربانی سے آپ کی کمپنی کے محاصل میں 25% اضافہ ہوا۔ ٹیکس کے بعد 13.23 ملین روپے کا خالص منافع ہوا۔ جو کہ پچھلے سال کی اس نومبری میں 18.2 ملین کا خسارہ تھا۔ آپ کی کمپنی کی انتظامیہ مستقبل میں مزید بہتر نتائج کیلئے پُر امید ہے۔

### کارکردگی کا جائزہ:

رب تعالیٰ کی کرم سے آپ کی کمپنی نے قابل ستائش مالیاتی نتائج حاصل کیے ہیں۔ فی حصص منافع 1.33 روپے ہوا۔ جو کہ پہلے 1.83 روپے کا فی حصص نقصان تھا۔ کمپنی نے 10.3% خام منافع حاصل کیا ہے جو کہ پچھلے سال 5.39% تھا۔ جو کہ بہت خوش آئند ہے کیونکہ ڈالر کی قیمت میں اچانک بے پناہ اضافہ، کپاس اور دیگر اخراجات میں کافی اضافہ ہوا ہے۔

آپریٹیشنل کارکردگی بھی کافی اچھی رہی ہے اور کمپنی نے کوالٹی کو برقرار رکھتے ہوئے اپنے تمام پروڈکشن ٹارگٹس حاصل کیے۔

### پروجیکٹ میں توسیع۔

اللہ تعالیٰ کی برکتوں کے ساتھ جدید کمپیکٹ سسٹم اور آٹومیٹک مشینوں کے ساتھ 4000 نئے سپنڈلز کا منصوبہ لگایا۔ اور اس منصوبے کے لیے عمارت کی تعمیر تقریباً مکمل اور مشینری کی تنصیب کے لیے تیار ہے۔

### کاوشوں کا اعتراف

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

بورڈ آف ڈائریکٹرز کی جانب سے

محمد سعید

فیصل آباد 25 اکتوبر 2018

چیف ایگزیکٹو آفیسر

## CONDENSED INTERIM BALANCE SHEET AS AT 30 SEPTEMBER 2018

	NOTE	Un-Audited 30-Sep-18 Rupees	Audited 30-Jun-18 Rupees	NOTE	Un-Audited 30-Sep-18 Rupees	Audited 30-Jun-18 Rupees
<b>EQUITY AND LIABILITIES</b>						
<b>SHARE CAPITAL AND RESERVES</b>						
<b>Authorized share capital</b>		200,000	200,000			
20 000 000 (30 June 2018: 20 000 000) ordinary shares of Rupees 10 each						
Issued, subscribed and paid up share capital		99,200	99,200			
Sponsors' loans		241,800	241,800			
<b>Capital reserves</b>						
Equity portion of shareholder's loans		121,209	121,209			
Surplus on revaluation of freehold land		100,577	100,577			
(Accumulated loss) / unappropriated profit		(44,376)	(57,608)			
<b>TOTAL EQUITY</b>		<b>518,410</b>	<b>505,178</b>			

**LIABILITIES****NON-CURRENT LIABILITIES****ASSETS**

Long term financing		317,694	341,816			
Deferred income tax liability	5	3,278	3,278			
Staff retirement gratuity		65,948	62,187			
		386,920	407,281			
<b>TOTAL LIABILITIES</b>		<b>1,083,071</b>	<b>1,093,219</b>			

**ASSETS****NON-CURRENT ASSETS**

Property, plant and equipment	7	1,079,691	1,091,300			
Long term loans		97	97			
Long term deposits and prepayments		1,822	1,822			
		1,081,610	1,093,219			

**CURRENT ASSETS****LIABILITIES****NON-CURRENT LIABILITIES****ASSETS**

Stores, spare parts and loose tools		39,862	41,158			
Stock-in-trade		410,394	323,286			
Trade debts		107,059	110,003			
Loans and advances		124,420	83,971			
Short term deposits and prepayments		6,732	419			
Other receivables		148,131	142,049			
Cash and bank balances		70,193	6,383			
		906,791	707,269			

**CURRENT ASSETS****LIABILITIES****NON-CURRENT LIABILITIES****ASSETS**

Trade and other payables		274,327	224,691			
Undeclared dividend		464	464			
Accrued mark-up		13,742	13,561			
Short term borrowings		559,064	425,447			
Current portion of long term financing		209,462	208,769			
Provision for taxation		26,012	15,097			
		1,083,071	888,029			
		1,469,991	1,295,310			

**CURRENT ASSETS****LIABILITIES****NON-CURRENT LIABILITIES****ASSETS**

<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,988,401</b>	<b>1,800,488</b>			
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**CURRENT ASSETS****LIABILITIES****NON-CURRENT LIABILITIES****ASSETS**

<b>TOTAL ASSETS</b>		<b>1,988,401</b>	<b>1,800,488</b>			
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**CONTINGENCIES AND COMMITMENTS** 6**TOTAL EQUITY AND LIABILITIES****TOTAL ASSETS**

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

  
**AMJAD SAEED**  
 CHIEF EXECUTIVE OFFICER

  
**OMER SAEED**  
 DIRECTOR

  
**ADEEL AHMED SHAHID**  
 CHIEF FINANCIAL OFFICER  
 (ACTING)

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)  
FOR THE HALF YEAR ENDED 30 SEPTEMBER 2018**

	NOTE	QUARTER ENDED	
		30 September 2018	30 September 2017
		<b>(RUPEES IN THOUSAND)</b>	
REVENUE		828,488	658,021
COST OF SALES	8	(743,014)	(622,525)
GROSS PROFIT		<u>85,474</u>	<u>35,496</u>
DISTRIBUTION COST		(13,403)	(6,226)
ADMINISTRATIVE EXPENSES		(35,163)	(24,404)
OTHER EXPENSES		(1,645)	(72)
OTHER INCOME		5,984	1,338
FINANCE COST		(19,340)	(15,826)
PROFIT/ (LOSS) BEFORE TAXATION		<u>21,907</u>	<u>(9,694)</u>
TAXATION		(8,675)	(8,507)
PROFIT/ (LOSS) AFTER TAXATION		<u><u>13,232</u></u>	<u><u>(18,201)</u></u>
LOSS PER SHARE-BASIC AND DILUTED (RUPEES)		<u>1.33</u>	<u>(1.83)</u>

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

  
AMJAD SAEED  
CHIEF EXECUTIVE OFFICER

  
OMER SAEED  
DIRECTOR

  
ADEEL AHMED SHAHID  
CHIEF FINANCIAL OFFICER  
(ACTING)

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)  
FOR THE QUARTER ENDED 30 SEPTEMBER 2018**

	QUARTER ENDED	
	30 September 2018	30 September 2017
PROFIT / (LOSS) AFTER TAXATION	13,232	(18,201)
OTHER COMPREHENSIVE INCOME		
<b>Items that will not be reclassified subsequently to profit or loss</b>	-	-
<b>Items that may be reclassified subsequently to profit or loss</b>	-	-
	-	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	<u>13,232</u>	<u>(18,201)</u>

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

  
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CHIEF EXECUTIVE OFFICER

  
OMER SAEED  
DIRECTOR

  
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CHIEF FINANCIAL OFFICER  
(ACTING)

**CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited)  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018**

	NOTE	QUARTER ENDED	
		30 SEPTEMBER 2018	30 SEPTEMBER 2017
<b>(RUPEES IN THOUSAND)</b>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash utilized in operations</b>	9	(11,266)	110,888
Finance cost paid		(15,979)	(16,178)
Income tax paid		(2,768)	(1,317)
Staff retirement gratuity paid		(2,022)	(3,235)
Net increase in long term loans		-	23
<b>Net cash generated from operating activities</b>		<u>(32,035)</u>	<u>90,181</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		2	855
Capital expenditure on property, plant and equipment		(11,262)	(28,032)
<b>Net cash used in investing activities</b>		<u>(11,260)</u>	<u>(27,177)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long term financing		-	-
Sponsors' loan obtained		-	69,000
Repayment of long term financing		(26,972)	(10,819)
Short term borrowings - net		134,077	(119,803)
<b>Net cash used in financing activities</b>		<u>107,105</u>	<u>(61,622)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<u>63,810</u>	<u>1,382</u>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		6,383	8,666
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<u><u>70,193</u></u>	<u><u>10,048</u></u>

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

  
AMJAD SAEED  
CHIEF EXECUTIVE OFFICER

  
OMER SAEED  
DIRECTOR

  
ADEEL AHMED SHAHID  
CHIEF FINANCIAL OFFICER  
(ACTING)

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)  
FOR THE QUARTER ENDED 30 SEPTEMBER 2018

	SHARE CAPITAL	SPONSORS' LOANS	RESERVES				TOTAL RESERVES	TOTAL EQUITY
			EQUITY PORTION OF SHAREHOLDERS' LOAN	CAPITAL RESERVES		UNAPPROPRIATE D PROFIT/ (ACCUMULATED LOSS)		
				Surplus on revaluation of freehold land	Sub total			
----- (RUPEES IN THOUSAND) -----								
Balance as at 30 June 2017 restated- (Audited)	99,200	161,800	121,209	85,166	206,375	(61,147)	145,228	406,228
Loss for the quarter ended 30 Sep 2017	-	-	-	-	-	(18,201)	(18,201)	(18,201)
Other comprehensive income for the third quarter ended 30 September 2017	-	-	-	-	-	-	-	-
Total comprehensive loss for the third quarter ended 30 September 2017	-	-	-	-	-	(18,201)	(18,201)	(18,201)
Equity portion of shareholder's loan	-	-	-	-	-	-	-	-
Balance as at 30 Sep 2017 - (Un-audited)	99,200	161,800	121,209	85,166	206,375	(79,348)	127,027	388,027
Profit for the period ended 30 June 2018	-	-	-	-	-	23,420	23,420	23,420
Other comprehensive income / (loss) for the period ended 30 June 2018	-	-	-	15,411	15,411	(1,680)	13,731	13,731
Total comprehensive income / (loss) for the period ended 30 June 2018	-	-	-	15,411	15,411	21,740	37,151	37,151
Sponsors' loans received during the period	-	80,000	-	-	-	-	-	80,000
Equity portion of shareholder's loan	-	-	-	-	-	-	-	-
Balance as at 30 June 2018 - (Audited)	99,200	241,800	121,209	100,577	221,786	(57,608)	164,178	505,178
Profit for the third quarter ended 30 Sep 2018	-	-	-	-	-	13,232	13,232	13,232
Other comprehensive income / (loss) for the quarter ended 30 September 2018	-	-	-	-	-	-	-	-
Total comprehensive income / (loss) for the quarter ended 30 September 2018	-	-	-	-	-	13,232	13,232	13,232
Balance as at 30 September 2018 - (Un-audited)	99,200	241,800	121,209	100,577	221,786	(44,376)	76,833	518,410

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



AMJAD SAEED  
CHIEF EXECUTIVE OFFICER



OMER SAEED  
DIRECTOR



ADEEL AHMED SHAHID  
CHIEF FINANCIAL OFFICER  
(ACTING)



**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)  
FOR THE QUARTER ENDED 30 SEPTEMBER 2018**

**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 Pakistan Stock Exchange Limited. 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 but subject to limited scope review by the statutory auditors and is being submitted to shareholders as required by Section 237 of the Companies Act 2017. This condensed interim financial information of the Company for the Quarter ended 30 September 2018 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 Act 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act 2017 shall prevail. This condensed interim financial information should be read in conjunction with the preceding audited annual published financial statements of the Company for the year ended 30 June 2018.

**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 2018.

**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 2018.

**5. LONG TERM FINANCING**

**Secured**

From banking companies

270,500

297,471

**Unsecured**

From sponsors directors / shareholders

256,656

253,114

527,156

550,585

Less: Current portion shown under current liabilities

209,462

208,769

317,694

341,816

Un-audited 30 Sep 2018	Audited 30 June 2018
<b>(RUPEES IN THOUSAND)</b>	

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

i) Guarantees of Rupees 26.839 million (2017: Rupees 23.918 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 (2017: 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 financial statements in view of expected favourable outcome of the appeal.

iii) The Company is contingently liable for Rupees 4.953 million (2017: Rupees Nil) on account of appeal against cost of supply of Re-Gasified Liquefied Natural Gas by SNGPL on 09 April 2018. The related provision is not made in these financial statements in view of favourable outcome of the appeal.

iv) An appeal was filed by the Company on 29 December 2017 before Appellate Tribunal Inland Revenue against the order of Commissioner Inland Revenue (Appeal) for the sales tax demand of Rupees 1.768 million (2017: Rupees Nil). No provision has been made in these financial statements in view of favourable outcome of the appeal.

v) The Honorable Sindh High Court in the case of 'Kasim Textile' in its order of 07 May 2013 has held that benefit of carry forward of minimum tax under section 113 of the Income Tax Ordinance, 2001 is only available if tax payable in a tax year is less than minimum tax paid. If in a tax year, no tax is payable by a company due to assessed losses, the company forgoes the right to carry forward minimum tax paid in that year. In the light of this order, the Company is not entitled to carry forward minimum tax of Rupees 10 million. However, the management is of the view that the verdict has been challenged in the Honorable Supreme Court of Pakistan and that they are confident of favorable final outcome based on legal advice.

vi) The Company has not charged further tax under section 3 (1A) of the Sales Tax Act, 1990 on supplies made to unregistered persons amounting to Rupees 3.480 million. The Company filed a Writ Petition No. 81165/2017 dated 19 October 2017 before the Honorable Lahore High Court, Lahore against the recovery of further tax and it is expected to be decided in the favor of the Company.

vii) 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 Honorable Lahore High Court, Lahore. Consequently, the Company has accounted for input sales tax amounting to Rupees 4.791 million paid on such items as receivable balance. The Company is confident on positive outcome of the appeal, on the advice of legal counsel.

**b) Commitments**

- i) Letters of credit for capital expenditure are of Rupees 25.883 million (30 June 2018: Rupees 24.526).
- ii) Letters of credit other than for capital expenditure are of Rupees 6.97 million (30 June 2018: Rupees 29.355 million).

**7. PROPERTY, PLANT AND EQUIPMENT**

	<b>Un-audited 30 Sep 2018</b>	<b>Audited 30 June 2018</b>
Operating fixed assets (Note 7.1)	1,069,655	1,087,986
Capital work-in-progress (Note 7.2)	10,036	3,314
	<u>1,079,691</u>	<u>1,091,300</u>

**7.1 Operating fixed assets**

Opening book value	1,087,986	914,570
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**Add:**

Cost of additions during the period / year (Note 7.1.1)	4,540	257,854
Effect of surplus on revaluation	-	15,411
	4,540	273,265

Less:Book value of deletions during the period / year (Note 7.1.2)	2	8,202
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Less:Depreciation charged during the period / year	1,092,524	1,179,633
	22,869	91,647

	<u>1,069,655</u>	<u>1,087,986</u>
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<b>Un-audited 30 Sep 2018</b>	<b>Audited 30 June 2018</b>
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(RUPEES IN THOUSAND)

**7.1.1 Cost of additions during the period / year**

Buildings on freehold land	-	88,633
Plant and machinery	3,940	155,247
Electric installations	86	3,797
Factory Equipment	400	104
Computers	-	-
Electric appliances	-	626
Furniture and fixtures	-	23
Advance against vehicles	114	9,424
	<u>4,540</u>	<u>257,854</u>

**7.1.2 Book value of deletions during the period / year**

Plant and machinery	-	4,941
Vehicles	2	3,261
	<u>2</u>	<u>8,202</u>

**7.2 Capital work-in-progress**

Buildings on freehold land	9,614	422
Plant and machinery	422	2,828
Advance against plant & machinery	-	-
Advance against vehicles	-	64
	<u>10,036</u>	<u>3,314</u>

(Un-audited)	
Quarter ended	
30 Sep 2018	30 Sep 2017

(RUPEES IN THOUSAND)

**8. COST OF SALES**

Raw materials consumed	474,118	382,581
Cost of raw materials sold	-	-
Salaries, wages and other benefits	84,525	81,486
Stores, spare parts and loose consumed	20,493	19,286
Packing materials consumed	14,870	11,339
Sizing materials consumed	6,909	7,742
Outside processing/conversion charges	18,931	9,050
Repair and maintenance	218	76,694
Fuel and power	81,950	617
Insurance	862	1,107
Other factory overheads	744	1,431
Depreciation	21,443	19,176
	<u>725,063</u>	<u>610,509</u>
Work-in-process		
Opening stock	33,224	20,110
Closing stock	(26,794)	(23,309)
	<u>6,430</u>	<u>(3,199)</u>
Cost of goods manufactured	731,493	607,310
Finished goods		
Opening stock	109,463	105,293
Closing stock	(97,942)	(90,078)
	<u>11,521</u>	<u>15,215</u>
	<u>743,014</u>	<u>622,525</u>

(Un-audited)	
Quarter ended	
30 Sep 2017	30 Sep 2016

(RUPEES IN THOUSAND)

**9. CASH UTILIZED IN OPERATIONS**

Loss before taxation	21,907	(9,694)
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation	22,869	20,522
Gain on sale of property, plant and equipment	-	(53)
Provision for staff retirement gratuity	5,783	4,561
Finance cost	19,340	15,826
Working capital changes (Note 9.1)	(81,165)	79,726
	<u>(11,266)</u>	<u>110,888</u>

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

Stores, spare parts and loose tools	1,296	(3,458)
Stock-in-trade	(87,108)	99,999
Trade debts	2,944	(9,489)
Loans and advances	(35,538)	4,171
Short term deposits and prepayments	(6,313)	(3,693)
Other receivables	(6,082)	(3,183)
	<u>(130,801)</u>	<u>84,347</u>
Increase in trade and other payables	49,636	(4,621)
	<u>(81,165)</u>	<u>79,726</u>

## 10. SEGMENT INFORMATION

	Spinning		Weaving		Socks		Elimination of Inter-segment transactions		Total - Company	
	September 2018	2017	September 2018	2017	September 2018	2017	September 2018	2017	September 2018	2017
Revenue	500,529	428,410	149,742	166,712	114,352	62,899	764,623	658,021		
External	49,371	22,540	-	-	14,494	-	(63,865)	(22,540)		
Inter segment	549,900	450,950	149,742	166,712	128,846	62,899	764,623	658,021		
Cost of sales	(487,529)	(431,626)	(131,662)	(153,822)	(123,823)	(59,617)	(679,149)	(622,525)		
Gross profit / (loss)	62,371	19,324	18,080	12,890	5,023	3,282	85,474	35,496		
Distribution cost	(1,858)	(1,392)	(2,070)	(1,358)	(9,475)	(3,476)	(13,403)	(6,226)		
Administrative expenses	(18,345)	(14,911)	(8,646)	(5,577)	(8,185)	(3,916)	(35,176)	(24,404)		
Other income	(32)	52	960	-	5,346	1,286	5,984	1,338		
Finance cost	(15,365)	(13,603)	(2,152)	(1,144)	(1,823)	(1,079)	(19,340)	(15,826)		
Profit / (loss) before taxation and unallocated expenses	26,481	(10,530)	6,172	4,811	(9,114)	(3,903)	23,539	(9,622)		
<b>Unallocated expenses:</b>										
Other expenses							(1,632)	(72)		
Taxation							(8,675)	(8,507)		
Profit / (loss) after taxation							13,232	(18,201)		
<b>Reconciliation of reportable segment assets and liabilities</b>										
	Spinning		Weaving		Socks		Total - Company			
	September 2018	June 2018	September 2018	June 2018	September 2018	June 2018	September 2018	June 2018	September 2018	June 2018
	1,424,732	1,264,031	382,435	333,105	123,876	203,352	1,988,401	1,800,488		
<b>Total assets for reportable segments</b>	1,368,205	883,165	376,787	208,024	214,119	185,746	1,959,111	1,276,935		
	(RUPEES IN THOUSAND)									
	Spinning		Weaving		Socks		Total - Company			
	September 2018	June 2018	September 2018	June 2018	September 2018	June 2018	September 2018	June 2018	September 2018	June 2018
	1,424,732	1,264,031	382,435	333,105	123,876	203,352	1,988,401	1,800,488		
<b>Total liabilities for reportable segments</b>	1,368,205	883,165	376,787	208,024	214,119	185,746	1,959,111	1,276,935		
<b>Unallocated liabilities:</b>										
Deferred income tax liability							3,278	3,278		
Provision for taxation							26,012	15,097		
<b>Total liabilities as per statement of financial position</b>							1,988,401	1,295,310		

**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 with related parties, other than those which have been specifically disclosed elsewhere in these financial statements is as follows:

Name of company	Basis of relationship	Nature of transactions	2018	2017
			(RUPEES IN THOUSAND)	
<b>Associated companies / undertakings:</b>				
Blue Moon Filling Station	Director of the Company is the member of Board of Trustees	Fuel purchased	609	337
Ideal Socks	Directors of the Company are the members of Board of Trustees	Rental expense	450	300
<b>Other related parties</b>				
Directors and sponsors	Members of board of directors, key management personnel and	Loans obtained from directors / sponsor -	12,650	68,650
Remuneration paid to Chief Executive Officer, Director and Executives			4,580	3,695

**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 2018.

**13. DATE OF AUTHORIZATION**

This condensed interim financial information was approved by the Board of Directors of the Company and authorized for issue on 25 October 2018.

**14. CORRESPONDING FIGURES**

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

Corresponding figures 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



ADEEL AHMED SHAHID  
CHIEF FINANCIAL OFFICER  
(ACTING)