

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 (NIT)
AUDIT COMMITTEE:	
CHAIRMAN	MR. OMER SAEED
MEMBER	MR. AHSAN SAEED
MEMBER	MR. MUHAMMAD ASIF (NIT)
H.R. & REMUNERATION COMMITTEE:	
CHAIRMAN	MR. AHSAN SAEED
MEMBER	MR. OMER 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-KM 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 31 March 2015.

HIGHLIGHTS	March 2015 (RUPEES IN THOUSAND)	March 2014 (RUPEES IN THOUSAND)
SALES	1,774,192	1,710,507
GROSS PROFIT	88,871	101,669
PROFIT FROM OPERATIONS	15,990	37,094
(LOSS) / PROFIT BEFORE TAXATION	(17,411)	6,070
(LOSS) / PROFIT AFTER TAXATION	(32,978)	(20,607)
EARNING PER SHARE-BASIC & DILUTED	(3.32)	(2.08)

Sales during the period increased to Rs. 1,774.192 Million as compared to Rs.1,710.507 Million of the corresponding period of last year and Gross Profit decreased to 5.01 % from 5.94% during the period under review. This is the year of continued power outage, gas shortage and political sit-ins and un precedent act of terrorism, on the other hand low demand and depressed market conditions affect the earnings of the industry. Recessionary trend in prices of raw material witnessed from the beginning of the year. But sale prices are disproportionate with the downward trend of material cost and other inputs, resultantly Company suffered loss.

FUTURE PROSPECTS

Economy of Pakistan remain doldrums throughout the period under review and still facing the challenges of inadequate supply of gas and electricity, high inflation, disturbed law and order and un certain political situation . Economy need some drastic steps to mobilize the investors both of local and international origin, but government of Pakistan still run the economy by old fashioned growth strategy.

Management of your Company has an opinion that no sign of improvement is expected in near future. So, financial result of the last quarter may be the same as of the third 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: April 27, 2015
Faisalabad .


AMJAD SAEED
Chief Executive Officer

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


OMER SAEED
DIRECTOR

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)
FOR THE THIRD QUARTER ENDED 31 MARCH 2015**

	NOTE	THIRD QUARTER ENDED		QUARTER ENDED	
		31 March 2015	31 March 2014	31 March 2015	31 March 2014
<hr style="border-top: 1px dashed black;"/> <div style="text-align: center;">(Rupees in thousand)</div> <hr style="border-top: 1px dashed black;"/>					
SALES		1,774,192	1,710,507	516,948	583,466
COST OF SALES	8	(1,685,321)	(1,608,838)	(501,794)	(541,212)
GROSS PROFIT		88,871	101,669	15,154	42,254
DISTRIBUTION COST		(13,475)	(13,860)	(4,043)	(4,412)
ADMINISTRATIVE EXPENSES		(60,102)	(49,378)	(19,241)	(16,301)
OTHER EXPENSES		-	(1,475)	2,928	(1,039)
		<u>(73,577)</u>	<u>(64,713)</u>	<u>(20,356)</u>	<u>(21,752)</u>
		15,294	36,956	(5,202)	20,502
OTHER INCOME		696	138	(184)	121
PROFIT FROM OPERATIONS		<u>15,990</u>	<u>37,094</u>	<u>(5,386)</u>	<u>20,623</u>
FINANCE COST		(33,401)	(31,024)	(12,271)	(12,358)
PROFIT / (LOSS) BEFORE TAXATION		<u>(17,411)</u>	<u>6,070</u>	<u>(17,657)</u>	<u>8,265</u>
TAXATION		(15,567)	(26,677)	(11,749)	(10,777)
(LOSS) / PROFIT AFTER TAXATION		<u>(32,978)</u>	<u>(20,607)</u>	<u>(29,406)</u>	<u>(2,512)</u>
(LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)		<u>(3.32)</u>	<u>(2.08)</u>	<u>(2.96)</u>	<u>(0.25)</u>

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 THIRD QUARTER ENDED 31 MARCH 2015

	THIRD QUARTER ENDED		QUARTER ENDED	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	<hr/> (Rupees in thousand) <hr/>			
(LOSS) / PROFIT AFTER TAXATION	(32,978)	(20,607)	(29,406)	(2,512)
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	<hr/> (32,978) <hr/>	<hr/> (20,607) <hr/>	<hr/> (29,406) <hr/>	<hr/> (2,512) <hr/>

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 THIRD QUARTER ENDED 31 MARCH 2015

	NOTE	THIRD QUARTER ENDED	
		31 March 2015	31 March 2014
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash utilized in operations	9	23,467	(65,773)
Finance cost paid		(29,916)	(28,252)
Income tax paid		(13,183)	(15,818)
Staff retirement gratuity paid		(3,344)	(3,034)
Net (increase) / decrease in long term deposits and prepayments		(40)	655
Net decrease in long term loans		654	-
Net cash utilized in operating activities		(22,362)	(112,222)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		1,600	9,200
Capital expenditure on property, plant and equipment		(58,995)	(21,583)
Decrease in long term loans		-	-
Net cash used in investing activities		(57,395)	(12,383)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(43,391)	(20,750)
Proceeds from long term financing		45,019	29,663
Profit on deposits with bank		-	18
Short term borrowings - net		59,737	122,315
Net cash from financing activities		61,365	131,246
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(18,392)	6,641
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		32,206	51,693
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		13,814	58,334

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 CHANGES IN EQUITY (Un-audited)
FOR THE THIRD QUARTER ENDED 31 MARCH 2015

	Share Capital	Revenue Reserve Unappropriated profit	Total
----- (Rupees in thousand) -----			
Balance as at 30 June 2013 - Audited	99,200	157,922	257,122
Loss for the third Quarter ended 31 March 2014	-	(20,607)	(20,607)
Other comprehensive income for the third quarter ended 31 March 2014	-	-	-
Total comprehensive loss for the quarter ended 31 March 2014	-	(20,607)	(20,607)
Balance as at 31 March 2014 - Un-audited	99,200	137,315	236,515
Profit for the quarter ended 30 June 2014	-	24,789	24,789
Other comprehensive loss for the quarter ended 30 June 2014	-	(2,497)	(2,497)
Total comprehensive income for the quarter ended 30 June 2014	-	22,292	22,292
Balance as at 30 June 2014 - Audited	99,200	159,607	258,807
Loss for the quarter ended 31 March 2015	-	(32,978)	(32,978)
Other comprehensive income for the third Quarter ended 31 March 2015	-	-	-
Total comprehensive loss for the third quarter ended 31 March 2015	-	(32,978)	(32,978)
Balance as at 31 March 2015 - Un-audited	99,200	126,629	225,829

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


AMJAD SAEED
CHIEF EXECUTIVE OFFICER


OMER SAEED
DIRECTOR

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR THE THIRD QUARTER ENDED 31 MARCH 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 third quarter ended 31 March 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 2014.

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 2014.

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 2014.

Un-audited	Audited
31 March	30 June
2,015	2014
(Rupees in thousand)	

5. LONG TERM FINANCING

Opening balance	249,297	206,034
Add: Obtained during the period / year	45,019	69,773
Less: Repaid during the period / year	(43,391)	(26,510)
	<u>250,925</u>	<u>249,297</u>
Less: Current portion shown under current liabilities	20,778	49,653
	<u>230,147</u>	<u>199,644</u>

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

- i) Guarantees of Rupees 18.605 million (30 June 2014: 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) The Company is contingently liable for Rupees 1.05 million (30 June 2014: Rupees 2.246 million) on account of custom duty not acknowledged in view of pending appeal before appellate authorities.
- iii) Post dated cheques of Rupees 0 million (30 June 2014: Rupees 0.529 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 59.64 million (30 June 2014: Rupees 38.232 million).
- ii) Letter of credit other than for capital expenditure are of Rupees 19.97 million (30 June 2014: Rupees Nil).

Un-audited	Audited
31 March	30 June
2,015	2014
(Rupees in thousand)	

7. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets (Note 7.1)	568,564	524,105
Capital work-in-progress (Note 7.2)	5,133	35,519
	<u>573,697</u>	<u>559,624</u>

7.1 Operating fixed assets

Opening book value	524,105	515,009
Add:		
Cost of additions during the period / year (Note 7.1.1)	<u>89,381</u>	<u>74,389</u>
	613,486	589,398
Less:		
Book value of deletions during the period / year - Vehicles	<u>957</u>	<u>9,293</u>
Depreciation charged during the period / year	<u>43,965</u>	<u>56,000</u>
	44,922	65,293
	<u>568,564</u>	<u>524,105</u>

Un-audited	Audited
31 March	30 June
2015	2014

(Rupees in thousand)

7.1.1 Cost of additions during the period / year

Plant and machinery	81,421	51,739
Stand-by equipment	-	6,508
Electric installations	344	2,884
Factory equipment	-	290
Computers	-	161
Electric appliances	-	429
Furniture and fixtures	-	11
Vehicles	7,616	12,367
	<u>89,381</u>	<u>74,389</u>

7.2 Capital work-in-progress

Plant and machinery	5133	35,519
	<u>130</u>	<u>35,519</u>

(Un-audited)			
Third Quarter Ended		Quarter ended	
31 March	31 March	31 March	31 March
2015	2014	2015	2014

(Rupees in thousand)

8. COST OF SALES

Raw materials consumed	1,178,584	1,188,016	378,320	368,350
Stores, spare parts and loose tools consumed	44,325	34,343	22,222	7,050
Salaries, wages and other benefits	142,974	123,860	53,331	42,592
Fuel and power	184,531	194,964	54,108	54,970
Sizing material consumed	19,986	21,430	8,252	10,998
Packing materials consumed	22,601	21,283	7,914	6,975
Repair and maintenance	2,576	3,400	1,014	1,175
Insurance	2,801	2,768	816	878
Other factory overheads	12,076	8,643	3,921	426
Depreciation	39,866	37,038	13,182	12,072
	<u>1,650,320</u>	<u>1,635,745</u>	<u>543,080</u>	<u>505,486</u>
Work-in-process:				
Opening stock	16,547	12,480	15,630	11,710
Closing stock	(16,925)	(18,370)	(16,925)	(18,370)
	<u>(378)</u>	<u>(5,890)</u>	<u>(1,295)</u>	<u>(6,660)</u>
Cost of goods manufactured	<u>1,649,942</u>	<u>1,629,855</u>	<u>541,785</u>	<u>498,826</u>
Finished goods:				
Opening stock	140,882	42,630	71,342	106,033
Closing stock	(107,474)	(63,647)	(107,474)	(63,647)
	<u>33,408</u>	<u>(21,017)</u>	<u>(36,132)</u>	<u>42,386</u>
Cost of sales - purchased for resale	5,830	-	-	-
	<u>1,689,180</u>	<u>1,608,838</u>	<u>505,653</u>	<u>541,212</u>

THIRD QUARTER ENDED	
31 March 2,015	31 March 2,014
(Rupees in thousand)	

9. CASH UTILIZED IN OPERATIONS

Profit / (loss) before taxation	(17,411)	6,070
Adjustments for non-cash charges and other items:		
Depreciation	43,965	40,402
Gain on sale of property, plant and equipment	(643)	(120)
Provision for staff retirement gratuity	10,588	8,272
Profit on deposits with bank		(18)
Finance cost	33,401	31,024
Debit balances written off	2,888	-
Credit balances written back	(237)	-
Provision for workers' profit participation fund	-	1,475
Working capital changes (Note 9.1)	(49,084)	(152,878)
	<u>23,467</u>	<u>(65,773)</u>

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

Stores, spare parts and loose tools	(1,322)	2,215
Stock-in-trade	(94,672)	(138,369)
Trade debts	(21,609)	(21,570)
Loans and advances	2,748	(30,188)
Short term prepayments	(1,784)	(1,198)
Other receivables	13,027	7,065
	(103,612)	(182,045)
Increase in trade and other payables	54,528	29,167
	<u>(49,084)</u>	<u>(152,878)</u>

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:

(Un-audited)			
Third quarter ended		Quarter ended	
31 March 2015	31 March 2014	31 March 2015	31 March 2014
----- (Rupees in thousand) -----			

i) Transactions**Associated companies / undertakings**

Sale of goods and services	1,233	3,693	1,233	1,048
Fuel and power purchased	1,761	11,044	530	212
Services and other expenses paid	5,051	(429)	980	(464)

Directors' loan

Loan repaid	26,200	500	10,000	(1,500)
Loan acquired	8,000	-	2,000	-

Remuneration paid to Chief Executive Officer, Director and Executives
Company's contribution to Employees' Provident Fund Trust

11,657	13,549	3,885	4,516
-	92	-	-

Un-audited
31 March
2015

Audited
30 June
2014

----- (Rupees in thousand) -----

ii) Period end balances

Long term financing including current portion	149,565	172,765
Trade and other payables	5,540	4,959
Trade debts	154	154
Loans and advances	3,549	-

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 2014.

13. DATE OF AUTHORIZATION

This condensed interim financial information was approved and authorized for issue on 27 April 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