3rd
Quarter

IDEAL SPINNING MILLS LIMITED

IdealGroup

CONDENSED INTERIM FINANCIAL INFORMATION

THIRD QUARTER REPORT
(UN-AUDITED)
31 MARCH 2016

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 NIT)
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:	F. D. Registrar Services (SMC-Pvt.) Limited 17th Floor, Saima Trade Tower-A, I. I. Chundrigar Road, Karachi.
AUDITORS:	M/S RIAZ AHMAD & COMPANY. CHARTERED ACCOUNTANTS
BANKERS:	BANK AL-FALAH LIMITED ALBARAKA BANK (PAKISTAN) LTD BANK AL-HABIB LTD HABIB METROPOILITAN BANK THE BANK OF PUNJAB
REGISTERED OFFICE :	ROOM NO 404 & 405, 4TH 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 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 2016.

HIGHLIGHTS	March 2016 (RUPEES IN THOUSAND)	March 2015
SALES	1,774,900	1,774,192
GROSS PROFIT	40,379	88,871
(LOSS)/ FROM OPERATIONS	(32,082)	15,990
(LOSS) / PROFIT BEFORE TAXATION	(64,084)	(17,411)
(LOSS)/ PROFIT AFTER TAXATION	(54,845)	(32,978)
(LOSS) / EARNING PER SHARE-BASIC & DILUTED	(5.53)	(3.32)

Sales during the period increased to Rs. 1,774.900 Million as compared to Rs.1,774.192 Million of the corresponding period of last year and Gross Profit decreased to 2.28 % from 5.01% during the period under review. The period under review remain under financial crisis which affect the business activities. Factors like depressed market condition, recessionary trend in the prices of finished product and government non-seriousness to boost the economy put the earning of the company in negative zone. Company suffered after tax loss of rupees 54.845 million as compared to loss of rupees 32.978 million for the corresponding period of last year.

FUTURE PROSPECTS

Cotton production for the outgoing season is likely to miss by 35% of initial target. Pakistan produced 9.7 million bales against the estimate of 15.7 million bales for the season 15-16. Consequently economy has to bear a sizeable loss to GDP. Secondly political unrest, low demand of textile products in local and international market and high cost of all inputs, inflation, and imposition of anti-dumping duty are likely to be continued in the remaining period of the year.
Keeping in view the fact cited above the management of the company has an opinion that the financial results for the remaining quarter may in the same line as of the period under review.

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 28, 2016
Faisalabad .

AMJAD SAEED
Chief Executive Officer

CONDENSED INTERIM BALANCE SHEET AS AT 31 MARCH 2016

	NOTE	Un-Audited 31 March 2016	Audited 30 June 2015
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
20 000 000 (30 June 2015: 20 000 000) ordinary shares of Rupees 10 each		200,000	200,000
Issued, subscribed and paid up share capital		99,200	99,200
Unappropriated profit		104,511	171,327
Total equity		203,711	270,527
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	303,298	247,987
Deferred income tax liability		36,629	62,791
Staff retirement gratuity		32,382	27,126
		372,309	337,904
CURRENT LIABILITIES			
Trade and other payables		167,520	144,198
Accrued mark-up		9,537	9,469
Short term borrowings		367,805	252,337
Current portion of long term financing		37,212	39,576
Provision for taxation		31,033	14,139
		613,107	459,719
TOTAL LIABILITIES		985,416	797,623
CONTINGENCIES AND COMMITMENTS	6		
TOTAL EQUITY AND LIABILITIES		1,189,127	1,068,150

	NOTE	Un-Audited 31 March 2016	Audited 30 June 2015
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	622,011	619,812
Long tem loans		-	51
Long term deposits and prepayments		5,451	2,626
		627,462	622,489
CURRENT ASSETS			
Stores, spare parts and loose tools		22,396	29,226
Stock-in-trade		275,181	229,141
Trade debts		124,125	117,215
Loans and advances		42,869	30,013
Short term prepayments		1,761	298
Other receivables		26,784	15,092
Cash and bank balances		68,549	24,676
		561,665	445,661
TOTAL ASSETS		1,189,127	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 THIRD QUARTER ENDED 31 MARCH 2016

	NOTE	THIRD QUARTER ENDED		QUARTER ENDED	
		31 March 2016	31 March 2015	31 March 2016	31 March 2015
		(Rupees in thousand)			
SALES		1,774,900	1,774,192	598,444	516,948
COST OF SALES	8	(1,734,521)	(1,685,321)	(590,265)	(501,794)
GROSS PROFIT		40,379	88,871	8,179	15,154
DISTRIBUTION COST		(13,440)	(13,475)	(5,022)	(4,043)
ADMINISTRATIVE EXPENSES		(58,842)	(60,102)	(18,758)	(19,241)
OTHER EXPENSES		(420)	-	-	2,928
		(72,702)	(73,577)	(23,780)	(20,356)
		(32,323)	15,294	(15,601)	(5,202)
OTHER INCOME		241	696	(139)	(184)
(LOSS) / PROFIT FROM OPERATIONS		(32,082)	15,990	(15,740)	(5,386)
FINANCE COST		(32,002)	(33,401)	(10,790)	(12,271)
LOSS BEFORE TAXATION		(64,084)	(17,411)	(26,530)	(17,657)
TAXATION		9,239	(15,567)	(11,897)	(11,749)
LOSS AFTER TAXATION		(54,845)	(32,978)	(38,427)	(29,406)
LOSS PER SHARE - BASIC AND DILUTED (RUPEES)		(5.53)	(3.32)	(3.87)	(2.96)

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 2016

	THIRD QUARTER ENDED		QUARTER ENDED	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	(Rupees in thousand)			
(LOSS) / PROFIT AFTER TAXATION	(54,845)	(32,978)	(38,427)	(29,406)
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	(54,845)	(32,978)	(38,427)	(29,406)

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 2016

	NOTE	THIRD QUARTER ENDED	
		31 March 2016	31 March 2015
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash utilized in operations	9	(22,007)	23,467
Finance cost paid		(31,934)	(29,916)
Income tax paid		-	(13,183)
Staff retirement gratuity paid		(5,363)	(3,344)
Net (increase) / decrease in long term deposits and prepayments		(2,825)	(40)
Net decrease in long term loans		-	654
Net cash utilized in operating activities		(62,129)	(22,362)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		100	1,600
Capital expenditure on property, plant and equipment		(50,600)	(58,995)
Decrease in long term loans		51	-
Net cash used in investing activities		(50,449)	(57,395)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(26,046)	(43,391)
Proceeds from long term financing		67,022	45,019
Profit on deposits with bank		7	-
Short term borrowings - net		115,468	59,737
Net cash from financing activities		156,451	61,365
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		43,873	(18,392)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		24,676	32,206
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		68,549	13,814

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 2016

	Share Capital	RESERVES		TOTAL	TOTAL EQUITY
		CAPITAL	REVENUE		
		EQUITY PORTION OF SHAREHOLDER S' LOAN	UNAPPROPRIATED PROFIT		
	(Rupees in thousand)				
Balance as at 30 June 2014 - Audited	99,200	-	159,607	159,607	258,807
Loss for the third Quarter ended 31 March 2015	-	-	(32,978)	(32,978)	(32,978)
Other comprehensive income for the third quarter ended 31 March 2015	-	-		-	-
Total comprehensive loss for the quarter ended 31 March 2015	-	-	(32,978)	(32,978)	(32,978)
Balance as at 31 March 2015 - Un-audited	99,200	-	126,629	126,629	225,829
Loss for the quarter ended 30 June 2015	-	-	(2,109)	(2,109)	(2,109)
Other comprehensive loss for the quarter ended 30 June 2015	-	-			-
Total comprehensive loss for the quarter ended 30 June 2015	-	-	(2,109)	(2,109)	(2,109)
Transactions with owners					
Equity portion of shareholder's loan	-	46,807	-	46,807	46,807
Balance as at 30 June 2015 - Audited	99,200	46,807	124,520	171,327	270,527
Loss for the quarter ended 31 March 2016	-	-	(54,845)	(54,845)	(54,845)
Other comprehensive income for the third Quarter ended 31 March 2016	-	-	-	-	-
Total comprehensive loss for the third quarter ended 31 March 2016	-	-	(54,845)	(54,845)	(54,845)
Transactions with owners					
Transferred to shareholders' loan	-	(11,971)	-	(11,971)	(11,971)
Balance as at 31 March 2016 - Un-audited	99,200	34,836	69,675	104,511	203,711

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 2016

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 2016 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.

5. LONG TERM FINANCING

	Un-audited 31 March 2016	Audited 30 June 2015
	(Rupees in thousand)	
Opening balance	287,563	249,297
Add:		
Obtained during the period / year	67,022	144,931
Transferred from equity portion of long term loan	11,971	-
	78,993	144,931
	366,556	394,228
Less:		
Equity portion of share holders loan	-	46,807
Paid during the period / year	26,046	59,858
	26,046	106,665
	340,510	287,563
Less: Current portion shown under current liabilities	37,212	39,576
	303,298	247,987

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) The Company is contingently liable for Rupees 2.342 million (30 June 2015: Rupees 0.601 million) on account of Sindh infrastructure cess not acknowledged in view of pending appeal before appellate authorities. The related provision is not made in this condensed interim financial information in view of favourable outcome of the appeal.

iii) Post dated cheques of Rupees 0.589 million (30 June 2015: Rupees Nill 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 and Rs.15.066 Million to Sitara Energy against security of electricity purchase.

b) Commitments

i) Letters of credit for capital expenditure are amounting to Rupees 0 million (30 June 2015: Rupees 30.462 million).

ii) Letter of credit other than for capital expenditure are of Rupees 33.579 mllion (30 June 2015: Rupees 39.691 Million).

	Un-audited 31 March 2016	Audited 30 June 2015
	(Rupees in thousand)	
7. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (Note 7.1)	589,471	565,771
Capital work-in-progress (Note 7.2)	32,540	54,041
	622,011	619,812
7.1 Operating fixed assets		
Opening book value	565,771	524,105
Add:		
Cost of additions during the period / year (Note 7.1.1)	72,206	104,822
	637,977	628,927
Less:		
Book value of deletions during the period / year - Vehicles	43	964
Depreciation charged during the period / year	48,463	62,192
	48,506	63,156
	589,471	565,771

	Un-audited 31 March 2,016	Audited 30 June 2,015
	(Rupees in thousand)	
7.1.1 Cost of additions during the period / year		
Plant and machinery	70,044	92,250
Stand-by equipment	-	3,197
Electric installations	-	-
Factory equipment	-	-
Computers	81	526
Electric appliances	87	-
Furniture and fixtures	102	-
Vehicles	1,892	8,849
	72,206	104,822
7.2 Capital work-in-progress		
Building on free hold land	32,540	17,712
Plant and machinery	-	36,329
	32,540	54,041

8. COST OF SALES

Raw materials consumed	1,229,270	1,178,584	399,419	378,320
Stores, spare parts and loose tools consumed	35,774	44,325	13,382	22,222
Salaries, wages and other benefits	159,318	142,974	58,820	53,331
Fuel and power	167,772	184,531	42,649	54,108
Sizing material consumed	30,459	19,986	16,267	8,252
CMT charges	31,422	-	6,515	-
Packing materials consumed	26,091	22,601	4,142	7,914
Repair and maintenance	1,362	2,576	484	1,014
Insurance	1,982	2,801	650	816
Other factory overheads	4,330	12,076	2,585	3,921
Depreciation	44,401	39,866	15,235	13,182
	1,732,181	1,650,320	560,148	543,080
Work-in-process:				
Opening stock	18,174	16,547	14,745	15,630
Closing stock	(29,391)	(16,925)	(29,391)	(16,925)
	(11,217)	(378)	(14,646)	(1,295)
Cost of goods manufactured	1,720,964	1,649,942	545,502	541,785
Finished goods:				
Opening stock	87,805	140,882	119,011	71,342
Closing stock	(67,139)	(107,474)	(67,139)	(107,474)
	20,666	33,408	51,872	(36,132)
Cost of sales - purchased for resale	-	5,830	-	-
	1,741,630	1,689,180	597,374	505,653

	THIRD QUARTER ENDED	
	31 March 2016	31 March 2015
	(Rupees in thousand)	
9. CASH UTILIZED IN OPERATIONS		
Profit / (loss) before taxation	(64,084)	(17,411)
Adjustments for non-cash charges and other items:		
Depreciation	48,463	43,965
Gain on sale of property, plant and equipment	-	(643)
Provision for staff retirement gratuity	10,619	10,588
Profit on deposits with bank	(7)	-
Finance cost	32,002	33,401
Debit balances written off	-	2,888
Credit balances written back	(191)	(237)
Working capital changes (Note 9.1)	(48,809)	(49,084)
	(22,007)	23,467

9.1 Working capital changes

Decrease / (increase) in current assets		
Stores, spare parts and loose tools	6,830	(1,322)
Stock-in-trade	(46,040)	(94,672)
Trade debts	(6,910)	(21,609)
Loans and advances	(12,856)	2,748
Short term prepayments	(1,463)	(1,784)
Other receivables	(11,692)	13,027
	(72,131)	(103,612)
Increase in trade and other payables	23,322	54,528
	(48,809)	(49,084)

10. SEGMENT INFORMATION

10.1

	Spinning		Weaving		Elimination of Inter-segment transactions		Total - Company	
	(Un-audited)		(Un-audited)		(Un-audited)		(Un-audited)	
	Third quarter ended		Third quarter ended		Third quarter ended		Third quarter ended	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	(Rupees in thousand)							
Sales	1,456,501	1,478,168	325,508	299,883	(7,109)	(3,859)	1,774,900	1,774,192
Cost of sales	(1,447,543)	(1,425,269)	(294,087)	(263,911)	7,109	3,859	(1,734,521)	(1,685,321)
Gross profit	8,958	52,899	31,421	35,972	-	-	40,379	88,871
Distribution cost	(9,762)	(9,469)	(3,678)	(4,006)	-	-	(13,440)	(13,475)
Administrative expenses	(45,462)	(44,606)	(13,380)	(15,496)	-	-	(58,842)	(60,102)
	(55,224)	(54,075)	(17,058)	(19,502)	-	-	(72,282)	(73,577)
	(46,266)	(1,176)	14,363	16,470	-	-	(31,903)	15,294
Other income	198	696	43	-	-	-	241	696
Finance cost	(30,204)	(30,598)	(1,798)	(2,803)	-	-	(32,002)	(33,401)
(Loss) / profit before taxation and unallocated expenses	(76,272)	(30,596)	12,608	13,667	-	-	(63,664)	(17,411)
Unallocated expenses:								
Other expenses							(420)	-
Taxation							9,239	(15,567)
Loss after taxation							(54,845)	(32,978)

10.2 Reconciliation of reportable segment assets and liabilities

	Spinning		Weaving		Total - Company	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	31 March 2016	30 June 2015	31 March 2016	30 June 2015	31 March 2016	30 June 2015
	(Rupees in thousand)					
Total assets for reportable segments	892,943	750,308	296,184	317,842	1,189,127	1,068,150
Total liabilities for reportable segments	729,420	543,382	188,334	177,311	917,754	720,693
Unallocated liabilities:						
Provision for taxation					31,033	14,109
Deferred income tax liability					36,629	62,791
Total liabilities as per balance sheet					985,416	797,623

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 2016	31 March 2015	31 March 2016	31 March 2015
	(Rupees in thousand)			
i) Transactions				
Associated companies / undertakings				
Services purchased	19,525	1,233	7,686	1,233
Fuel purchased	918	1,761	462	530
Services and other expenses paid	1,197	5,051	-	980
Directors' loan				
Loan repaid	-	26,200	-	10,000
Loan acquired	39,700	8,000	11,800	2,000
Remuneration paid to Chief Executive Officer, Director and Executives	15,769	11,657	6,373	3,885

	Un-audited 31 March 2016	Audited 30 June 2015
	(Rupees in thousand)	
ii) Period end balances		
Long term financing including current portion	203,565	203,565
Trade and other payables	6,825	6,023
Short term borrowings	39,700	-
Loans and advances	10,834	139

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 28th April 2016 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

BOOK POST

If undelivered please return to:

IDEAL SPINNING MILLS LIMITED

Room # 404 & 405, 4th Floor, Business Centre,
Mumtaz Hassan Road, Karachi.