

HALF
YEARLY
REPORT

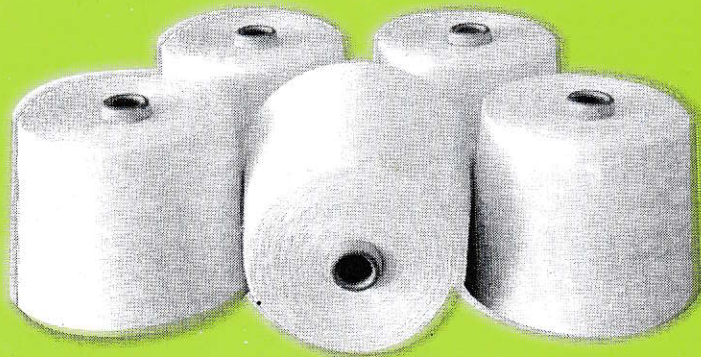
IDEAL SPINNING MILLS LIMITED



IdealGroup

**CONDENSED INTERIM
FINANCIAL INFORMATION**

HALF YEARLY REPORT
(UN-AUDITED)
31 DECEMBER, 2017



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

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors feel pleasure in submitting audited financial statements of your Company for the half year ended 31 December 2017.

FINANCIAL RESULTS

	<u>31.12.2017</u>	<u>31.12.2016</u>
	(RUPEES IN THOUSAND)	
Revenue	1,320,984	1,095,299
Cost of sales	(1,213,331)	(1,067,592)
Gross profit	107,653	27,707
Distribution cost	(14,582)	(12,595)
Administrative expenses	(47,524)	(44,662)
Other expenses	(127)	(251)
Other income	1,647	516
Finance cost	(48,709)	(35,528)
Loss before taxation	(1,642)	(64,813)
Taxation	10,819	(4,105)
Profit/Loss after taxation	9,177	(68,918)
Earning /Loss per share-basic and diluted (Rupees)	0.93	(6.95)

By the Blessings of Almighty your company achieved Revenue growth of 21%, After Tax Profit of Rs.9.177 Million as compared to loss of Rs.68.918 Million which is 115 % more from the comparable quarter last year. Your management is confident for further improved results of company in future.

BUSINESS OUTLOOK:

Factors limiting Textile Industry of Pakistan were not much changed. Efforts remained afloat to find a way to reduce cost of doing business on the part of Government being cognizant of dwindling exports, Highest Cotton Prices ever, withdrawal Sales Tax refund on packing material, higher energy cost, non-release of Refunds and drawbacks under textile package continue to inflate cost of inputs.

PERFORMANCE REVIEW:

By the Grace Almighty ALLAH, operational performance of the company was admirable and achieved production targets with exceptional Quality. In the half year under review your company started exports of yarn also. Financial performance of the company was also very good even though the highest ever cotton prices recorded with increasing Dollar parity and similar trend in operating and finance cost. Company achieved gross margin of 8.15% as compared to 2.53%. Earnings per share increased to 0.93 from a loss of 6.95 per share. After Tax Profits of Rs.9.177 million with 21 % increase in revenue.

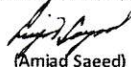
FUTURE PROSPECTS

By the Grace of Almighty ALLAH hopefully this trend will continue and your management is confident that further improved results are expected in future.

ACKNOWLEDGEMENT

The Board offers thanks to our shareholders, bankers and financial institutions 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.

On behalf of the Board


(Amjad Saeed)

Chief Executive Officer

Faisalabad

February 26, 2018

حصہ داران کیلئے ڈائریکٹرز کی رپورٹ

آپ کے ڈائریکٹروں کو 31 دسمبر 2017ء کے اختتام پر آڈٹ شدہ سرمایہ فنانسل سیٹمنٹ پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔

31-12-2017	31-12-2016	مالیاتی نتائج
		رقم ہزاروں میں
1,320,984	1,095,299	ریونیو۔
(1,213,331)	(1,067,592)	کاسٹ آف سیل
107,653	27,707	گراس منافع
14,582	(12,595)	ڈسٹری بیوشن کاسٹ
(47,524)	(44,662)	انتظامی اخراجات
(127)	(251)	متفرق اخراجات
1,647	516	دیگر آمدن
(48,709)	(35,528)	فنانسل کاسٹ
(1,642)	(64,813)	ٹیکس کے بغیر نقصان
10,819	(4,105)	ٹیکس
9,177	(68,918)	نفع / نقصان ٹیکس کے بعد
0.93	(6.95)	کمائی / نقصان فی شیئر (بنیادی اور Diluted)

اللہ تعالیٰ کی مہربانی سے آپ کی کمپنی کے محاصل میں 21 فیصد کی بڑھوتری ہوئی۔ ٹیکس کی ادائیگی کے بعد 9.177 ملین روپے کا منافع ہوا جبکہ گزشتہ سال کی اسی سرمایہ میں 68.918 ملین روپے کا نقصان ہوا تھا جو فیصد کے حساب سے 115 تھا۔ آپ کی انتظامیہ پر عزم ہے کہ مستقبل میں مزید بہتر نتائج آئیں گے۔

برنس آؤٹ لک:-

اگرچہ ٹیکسٹائل کی صنعت کو درپیش حوصلہ شکن حالات میں کوئی واضح بہتری نہیں آئی تاہم کوششیں جاری ہیں کہ حکومت پیداواری لاگت میں کمی کرے اور تنزیلی کی حکاکار صنعت کو سہارا مل سکے۔ حکومت کو اس صورتحال کا مکمل ادراک ہے اور وہ بھی سمجھتی ہے کہ ٹیکسٹائل سیکٹر کے باوجود صنعتی تنزلی کی وجہ سے کمپاس کی قیمتوں میں ریکارڈ اضافہ، پیکیج میٹرل پر سٹریٹجکس ری فنڈ کی سہولت کی واپسی، ہینگی توانائی اور ری فنڈ کی ذرا بیک کی عدم ادائیگی ہے۔

کارکردگی کا جائزہ:-

انشاء اللہ کمپنی مستقبل میں پہلے سے بھی زیادہ بہتر نتائج حاصل کرے گی۔

اعتراف:-

بورڈ آف ڈائریکٹرز اپنے حصہ داران، بینکرز اور مالی اداروں کے اعتماد اور مسلسل سپورٹ کا شکر ادا کرتا ہے۔ بورڈ کمپنی کے خلاف اور درگروں کی انتھک کوششوں کا بھی 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

اسجیٹو

چیف ایگزیکٹو آفیسر

فیصل آباد

26 فروری 2018ء

**AUDITORS' REPORT TO THE MEMBERS
ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION**

Introduction

We have reviewed the accompanying condensed interim balance sheet of IDEAL SPINNING MILLS LIMITED as at 31 December 2017 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the half year then ended (here-in-after referred to as "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended 31 December 2017 and 31 December 2016 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 2017.

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 information 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 information as of and for the half year ended 31 December 2017 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

RIAZ AHMAD & COMPANY
Chartered Accountants

Riaz Ahmad & Co.

Name of engagement partner:
Liaqat Ali Panwar
Date: February 26, 2018.
FAISALABAD

CONDENSED INTERIM BALANCE SHEET AS AT 31 DECEMBER 2017

NOTE	Un-Audited 31 December 2017	Audited 30 June 2017	NOTE	Un-Audited 31 December 2017	Audited 30 June 2017
(RUPEES IN THOUSAND)			(RUPEES IN THOUSAND)		
EQUITY AND LIABILITIES			ASSETS		
SHARE CAPITAL AND RESERVES			NON-CURRENT ASSETS		
Authorized share capital 20 000 000 (30 June 2017: 20 000 000) ordinary shares of Rupees 10 each	200,000	200,000	Property, plant and equipment	1,099,368	1,080,988
Issued, subscribed and paid up share capital	99,200	99,200	Long term loans	188	273
Sponsors' loans	161,800	161,800	Long term deposits and prepayments	1,858	1,908
Reserves	69,239	60,062	Deferred income tax asset	12,385	-
TOTAL EQUITY	330,239	321,062		1,113,799	1,083,169
Surplus on revaluation of freehold land	100,577	85,166	CURRENT ASSETS		
LIABILITIES			Stores, spare parts and loose tools		
NON-CURRENT LIABILITIES			Stock-in-trade	33,545	29,970
Long term financing	458,162	483,573	Trade debts	468,687	307,780
Staff retirement gratuity	53,813	50,666	Loans and advances	69,306	59,195
CURRENT LIABILITIES	511,975	534,239	Short term deposits and prepayments	89,051	70,836
Trade and other payables	226,492	190,804	Other receivables	2,748	369
Accrued mark-up	17,064	12,974	Cash and bank balances	110,801	90,917
Short term borrowings	625,795	403,313		39,022	8,666
Current portion of long term financing	113,251	101,304		813,160	567,733
Provision for taxation	1,566	2,240			
TOTAL LIABILITIES	984,168	710,435			
	1,496,143	1,244,674			
TOTAL EQUITY AND LIABILITIES	1,926,959	1,650,902	TOTAL ASSETS	1,926,959	1,650,902

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


AMJAD SAEED
 CHIEF EXECUTIVE OFFICER


OMAIR SAEED
 DIRECTOR


ADEEL AHMED SHAHID
 CHIEF FINANCIAL OFFICER

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

NOTE	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
<hr/> (RUPEES IN THOUSAND) <hr/>				
REVENUE	1,320,984	1,095,299	662,963	527,889
COST OF SALES	6 (1,213,331)	(1,067,592)	(590,806)	(501,158)
GROSS PROFIT	107,653	27,707	72,157	26,731
DISTRIBUTION COST	(14,582)	(12,595)	(8,356)	(7,105)
ADMINISTRATIVE EXPENSES	(47,524)	(44,662)	(23,120)	(21,093)
OTHER EXPENSES	(127)	(251)	(55)	(251)
OTHER INCOME	1,647	516	309	429
FINANCE COST	(48,709)	(35,528)	(32,883)	(20,033)
(LOSS) / PROFIT BEFORE TAXATION	(1,642)	(64,813)	8,052	(21,322)
TAXATION	10,819	(4,105)	19,326	1,652
PROFIT / (LOSS) AFTER TAXATION	9,177	(68,918)	27,378	(19,670)
EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED (RUPEES)	0.93	(6.95)	2.76	(1.98)

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

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

HALF YEAR ENDED		QUARTER ENDED	
31 December 2017	31 December 2016	31 December 2017	31 December 2016

(RUPEES IN THOUSAND)

PROFIT / (LOSS) AFTER TAXATION 9,177 (68,918) 27,378 (19,670)

OTHER COMPREHENSIVE INCOME

Items that will not be reclassified
subsequently to profit or loss

-	-	-	-
-	-	-	-

Items that may be reclassified
subsequently to profit or loss

-	-	-	-
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TOTAL COMPREHENSIVE INCOME /
(LOSS) FOR THE PERIOD

9,177	(68,918)	27,378	(19,670)
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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


CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	HALF YEAR ENDED	
	31 December 2017	31 December 2016
	(RUPEES IN THOUSAND)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash used in operations	7	
Finance cost paid	(68,743)	(87,423)
Income tax paid	(31,169)	(20,744)
Staff retirement gratuity paid	(8,427)	(27,401)
Net decrease / (increase) in long term deposits and prepayments	(7,271)	(6,405)
Net decrease / (increase) in long term loans	50	(119)
	85	(4)
Net cash used in operating activities	(115,475)	(142,096)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	854	4,343
Capital expenditure on property, plant and equipment	(47,459)	(122,708)
Net cash used in investing activities	(46,605)	(118,365)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	(30,046)	(19,406)
Proceeds from long term financing	-	97,816
Short term borrowings - net	222,482	244,937
Net cash from financing activities	192,436	323,347
NET INCREASE IN CASH AND CASH EQUIVALENTS	30,356	62,886
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	8,666	29,915
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	39,022	92,801

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

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

SHARE CAPITAL	SPONSORS' LOANS	RESERVES		TOTAL	TOTAL EQUITY
		CAPITAL	REVENUE		
		EQUITY PORTION OF SHAREHOLDERS' LOAN	UNAPPROPRIATED PROFIT/ (ACCUMULATED LOSS)		
--- (RUPEES IN THOUSAND) ---					
99,200	-	66,497	54,505	121,002	220,202
-	-	-	(68,918)	(68,918)	(68,918)
-	-	-	-	-	-
-	-	-	(68,918)	(68,918)	(68,918)
99,200	-	66,497	(14,413)	52,084	151,284
-	-	-	(48,420)	(48,420)	(48,420)
-	-	-	1,686	1,686	1,686
-	-	-	(46,734)	(46,734)	(46,734)
-	161,800	-	-	-	161,800
-	-	54,712	-	54,712	54,712
99,200	161,800	121,209	(61,147)	60,062	321,062
-	-	-	9,177	9,177	9,177
-	-	-	-	-	-
-	-	-	9,177	9,177	9,177
99,200	161,800	121,209	(51,970)	69,239	330,239

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

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

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 repealed Companies Ordinance, 1984 (Now Companies Act, 2017) 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, cloth and hosiery products.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are consistent with those applied in the preparation of the audited annual financial statements of the Company for the year ended 30 June 2017.

2.1 BASIS OF PREPARATION

2.1.1 Statement of compliance

- a) As per the requirements of Circular No. 23 of 2017 dated 04 October 2017 issued by the Securities and Exchange Commission of Pakistan (SECP) and clarification issued by the Institute of Chartered Accountants of Pakistan via Circular No. 17 of 2017, companies whose financial year, including quarterly and other interim periods, closes on or before 31 December 2017, shall prepare their financial statements, including interim financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, this condensed interim financial information 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 repealed Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the repealed Companies Ordinance, 1984 have been followed.
- b) This condensed interim financial information does not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended 30 June 2017.
- c) The figures included in this condensed interim profit and loss account for the quarters ended 31 December 2017 and 31 December 2016 along with the notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the accumulated figures for the half years ended 31 December 2017 and 31 December 2016.

2.1.2 Accounting estimates, judgments and financial risk management

The preparation of this condensed interim financial information requires management to make judgments, estimates and assumptions that effect the application of accounting policies and the reported amounts. Actual results may differ from these judgments, estimates and assumptions.

However, the management believes that the change in outcome of judgments, estimates and assumptions would not have a material impact on the amounts disclosed in this condensed interim financial information.

Judgments and estimates made by the management in the preparation of this condensed interim financial information are the same as those applied in Company's annual audited financial statements for the year ended 30 June 2017.

The Company's financial risk management objectives and policies are consistent with those disclosed in the Company's annual audited financial statements for the year ended 30 June 2017.

IDEAL SPINNING MILLS LIMITED
HALF YEARLY ACCOUNTS
3. LONG TERM FINANCING

Un-audited 31 December 2017	Audited 30 June 2017
(RUPEES IN THOUSAND)	

Opening balance	584,877	370,069
Add:		
Obtained during the period / year	-	294,324
Fair value adjustment	16,582	23,460
	601,459	687,853
Less:		
Gain on recognition of shareholders' loan at fair value	-	54,712
Repaid during the period / year	30,046	48,264
	30,046	102,976
	571,413	584,877
Less: Current portion shown under current liabilities	113,251	101,304
	458,162	483,573

4. CONTINGENCIES AND COMMITMENTS
a) Contingencies

- i) Guarantees of Rupees 26.839 million (30 June 2017: Rupees 23.918 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 connection.
- ii) The Company is contingently liable for Rupees 2.812 million (30 June 2017: Rupees 2.812 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 expected favourable outcome of the appeal.

b) Commitments

- i) Letter of credit for capital expenditure is of Rupees 2.763 million (30 June 2017: Rupees Nil).
- ii) Letters of credit other than for capital expenditure are of Rupees 54.917 million (30 June 2017: Rupees 4.969 million).

5. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets (Note 5.1)	1,019,286	914,569
Capital work-in-progress (Note 5.2)	80,082	166,419
	1,099,368	1,080,988

5.1 Operating fixed assets

Opening book value	914,569	699,190
Add:		
Cost of additions during the period / year (Note 5.1.1)	133,796	287,456
Effect of surplus on revaluation of freehold land	15,411	-
	1,063,776	986,646
Less: Book value of deletions during the period / year (Note 5.1.2)	802	6,600
	1,062,974	980,046
Less: Depreciation charged during the period / year	43,688	65,477
	1,019,286	914,569

Un-audited 31 December 2017	Audited 30 June 2017
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(RUPEES IN THOUSAND)

5.1.1 Cost of additions during the period / year

Buildings on freehold land	290	755
Plant and machinery	121,452	261,911
Electric installations	4,029	13,430
Factory equipment	63	-
Computers	-	60
Electric appliances	346	243
Furniture and fixtures	23	705
Vehicles	7,593	10,352
	<u>133,796</u>	<u>287,456</u>

5.1.2 Book value of deletions during the period / year

Plant and machinery	802	5,147
Vehicles	-	1,453
	<u>802</u>	<u>6,600</u>

5.2 Capital work-in-progress

Buildings on freehold land	69,700	46,145
Plant and machinery	9,396	107,676
Advance against plant and machinery	-	10,000
Advance against vehicles	986	2,598
	<u>80,082</u>	<u>166,419</u>

(Un-audited)			
Half year ended		Quarter ended	
31 December 2017	31 December 2016	31 December 2017	31 December 2016

(RUPEES IN THOUSAND)

6. COST OF SALES

Raw materials consumed	748,775	649,945	366,194	318,790
Cost of raw materials sold	21,697	-	-	-
Stores, spare parts and loose tools consumed	44,623	29,178	25,337	14,105
Salaries, wages and other benefits	136,774	132,051	55,288	65,468
Fuel and power	152,853	139,476	76,159	71,182
Sizing materials consumed	15,621	14,693	7,879	4,315
Outside processing / conversion / CMT charges	30,554	-	21,504	-
Packing materials consumed	25,817	19,733	14,478	10,723
Repair and maintenance	3,829	1,020	3,212	399
Insurance	2,471	1,977	1,364	1,183
Other factory overheads	6,547	1,849	5,116	1,700
Depreciation	41,500	27,796	22,324	14,485
	<u>1,231,061</u>	<u>1,017,718</u>	<u>598,855</u>	<u>502,350</u>
Work-in-process				
Opening stock	20,110	19,719	23,309	13,298
Closing stock	(22,609)	(16,845)	(22,609)	(16,845)
	<u>(2,499)</u>	<u>2,874</u>	<u>700</u>	<u>(3,547)</u>
Cost of goods manufactured	<u>1,228,562</u>	<u>1,020,592</u>	<u>599,555</u>	<u>498,803</u>
Finished goods				
Opening stock	105,293	108,906	90,078	64,261
Closing stock	(120,524)	(61,906)	(120,524)	(61,906)
	<u>(15,231)</u>	<u>47,000</u>	<u>(30,446)</u>	<u>2,355</u>
	<u>1,213,331</u>	<u>1,067,592</u>	<u>569,109</u>	<u>501,158</u>

IDEAL SPINNING MILLS LIMITED
HALF YEARLY ACCOUNTS

(Un-audited)	
Half year ended	
31 December 2017	31 December 2016
(RUPEES IN THOUSAND)	

7. CASH USED IN OPERATIONS

Loss before taxation	(1,642)	(64,813)
Adjustments for non-cash charges and other items:		
Depreciation	43,688	31,012
Gain on disposal of property, plant and equipment	(52)	(183)
Provision for staff retirement gratuity	10,418	10,480
Finance cost	48,709	35,528
Credit balances written back	-	(203)
Working capital changes (Note 7.1)	(169,864)	(99,244)
	<u>(68,743)</u>	<u>(87,423)</u>

7.1 Working capital changes
(Increase) / decrease in current assets

Stores, spare parts and loose tools	(3,575)	(922)
Stock-in-trade	(160,907)	(152,938)
Trade debts	(10,111)	27,928
Loans and advances	(8,896)	(732)
Short term deposits and prepayments	(2,379)	(2,501)
Other receivables	(19,884)	(35,331)
	(205,752)	(164,496)
Increase in trade and other payables	35,888	65,252
	<u>(169,864)</u>	<u>(99,244)</u>

8. SEGMENT INFORMATION

8.1

	Spinning		Weaving		Elimination of Inter-segment transactions		Total - Company	
	(Un-audited)		(Un-audited)		(Un-audited)		(Un-audited)	
	Half year ended	Half year ended	Half year ended	Half year ended	Half year ended	Half year ended	Half year ended	Half year ended
	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016	31 December 2017	31 December 2016
(RUPEES IN THOUSAND)								
Revenue	911,237	909,076	476,829	218,746	(67,082)	(32,523)	1,320,984	1,095,299
Cost of sales	(850,681)	(903,670)	(429,732)	(196,445)	67,082	32,523	(1,213,331)	(1,067,592)
Gross profit	60,556	5,406	47,097	22,301	-	-	107,653	27,707
Distribution cost	(3,935)	(9,317)	(10,647)	(3,278)	-	-	(14,582)	(12,595)
Administrative expenses	(27,609)	(34,925)	(19,915)	(9,737)	-	-	(47,524)	(44,662)
Other income	84	516	1,563	-	-	-	1,647	516
Finance cost	(40,365)	(34,536)	(8,343)	(992)	-	-	(48,709)	(35,528)
(Loss) / profit before taxation and unallocated expenses	(11,270)	(72,856)	9,755	8,294	-	-	(1,515)	(64,562)
Unallocated expenses:								
Other expenses							(127)	(251)
Taxation							10,819	(4,105)
Profit / (loss) after taxation							9,177	(68,918)

8.2 Reconciliation of reportable segment assets and liabilities

	Spinning		Weaving		Total - Company	
	(Un-audited)		(Un-audited)		(Un-audited)	
	31 December 2017	30 June 2017	31 December 2017	30 June 2017	31 December 2017	30 June 2017
(RUPEES IN THOUSAND)						
Total assets for reportable segments	1,630,127	1,241,831	284,447	409,071	1,914,574	1,650,902
Unallocated asset:						
Deferred income tax asset					12,385	-
Total assets as per balance sheet					1,926,959	1,650,902
Total liabilities for reportable segments	1,295,806	973,926	198,771	268,508	1,494,577	1,242,434
Unallocated liability:						
Provision for taxation					1,566	2,240
Total liabilities as per balance sheet					1,496,143	1,244,674

9. 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)			
Half year ended		Quarter ended	
31 December 2017	31 December 2016	31 December 2017	31 December 2016

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

i) Transactions**Associated companies / undertakings**

Purchase of goods	-	5,459	-	735
Fuel and power purchased	663	648	326	362
Rental expense	600	600	300	300
Sale of goods	-	5,240	-	2,086

Other related parties

Loans obtained from directors - net	93,863	42,600	25,213	39,100
Remuneration paid to Chief Executive Officer, Director and Executives	10,670	9,220	5,335	4,226

Un-audited
31 December
2017
(RUPEES IN THOUSAND)

Audited
30 June
2017

ii) Period end balances

Long term financing	231,946	215,364
Trade and other payables	15,768	16,674
Short term borrowings	98,363	4,500
Loans and advances	350	-

10. DATE OF AUTHORIZATION

This condensed interim financial information was approved by the Board of Directors of the Company and authorized for issue on February 26, 2018.

11. 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.

Chief Financial Officer (CFO) of the Company has resigned on 30 July 2017. However, the Board of Directors has appointed acting CFO until the appointment of new CFO.

12. GENERAL

Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.


ANJAD SAEED
CHIEF EXECUTIVE OFFICER


OMER SAEED
DIRECTOR


ADEEL AHMED SHAHID
CHIEF FINANCIAL OFFICER

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