

**1st
Quarter
Report**

IDEAL SPINNING MILLS LIMITED



IdealGroup

**CONDENSED INTERIM
FINANCIAL INFORMATION**

**1st Quarter Report
(UN-AUDITED)
30 September, 2019**



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:	Mr. Muhammad Kashif Zahur
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 Sheikhupura 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 2019.

FINANCIAL RESULTS	30.09.2019	30.09.2018
	(RUPEES IN THOUSAND)	
REVENUE	1,041,767	828,488
COST OF SALES	<u>(918,398)</u>	<u>(743,014)</u>
GROSS PROFIT	123,369	85,474
DISTRIBUTION COST	(21,069)	(13,403)
ADMINISTRATIVE EXPENSES	(44,486)	(35,163)
OTHER EXPENSES	(2,044)	(1,645)
OTHER INCOME	-	5,984
FINANCE COST	<u>(28,072)</u>	<u>(19,340)</u>
PROFIT BEFORE TAXATION	27,698	21,907
TAXATION	<u>(13,690)</u>	<u>(8,675)</u>
PROFIT AFTER TAXATION	<u>14,008</u>	<u>13,232</u>
EARNING PER SHARE-BASIC AND DILUTED (RUPEES)	<u>1.41</u>	<u>1.33</u>

By the Blessings of Almighty ALLAH your company achieved Revenue growth of 25.74%, After Tax Profit of Rs.14.008 million as compared to profit of Rs.13.232 Million from the comparable period of last year. Your management is optimistic about further improved results in future, if other factors remain same.

BUSINESS OUTLOOK:

Textile industry is under pressure in doing business as cost of raw material is increasing day by day. Raw cotton and polyester fiber prices are high as compared to the corresponding period of last year. Finance cost has increased due to rising KIBOR rates. Increase in minimum wage rate upward trend in inflation rates may also affect the earnings.

PERFORMANCE REVIEW:

With the Almighty ALLAH's blessings, financial performance of the company is promising. Earnings per share has increased to Rs.1.41 from Rs.1.33 per share as compared to last year. Company achieved gross profit of 11.84% as compared to 10.32%, which is very good considering the facts cited above. Operational performance of the company was admirable and achieved production targets with exceptional Quality.

FURTHER EXPANSION

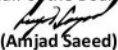
With Almighty ALLAH'S blessings management has planned to increase spindles and looms in-sha-Allah.

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 29, 2019

On behalf of the Board


(Arhjad Saeed)

Chief Executive Officer

حصہ داران کیلئے ڈائریکٹرز کی رپورٹ

آپ کے ڈائریکٹرز 30 ستمبر 2019 کو ختم ہونے والے 3 ماہ کے لئے آپ کی کمپنی کے غیر آڈٹ شدہ نتائج پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

30-09-201930-09-2018

مالیاتی نتائج

(رقم ہزاروں میں)

1,041,767

828,488

ریونیو

(918,368)(743,014)

کاسٹ آف سیل

123,329

85,474

گراس منافع

(21,069)(13,403)

ڈسٹری بیوٹن اخراجات

(44,486)(35,163)

انتظامی اخراجات

(2,044)(1,645)

متفرق اخراجات

-

5,984

دیگر آمدن

(28,072)(19,340)

نفاصل اخراجات

27,698

21,907

ٹیکس کے بغیر منافع

(13,690)(8,675)

ٹیکس

14,00813,232

خالص منافع ٹیکس کے بعد

1.411.33

منافع فی حصہ بنیادی

اللہ تعالیٰ کی مہربانی سے آپ کی کمپنی کے محاصل میں %25.74 بڑھوتری ہوئی ٹیکس کی ادائیگی کے بعد 14.008 ملین روپے کا منافع ہوا۔ جبکہ گزشتہ

سال کے اسی عرصہ کا منافع 13.232 ملین تھا مستقبل میں آپ کی انتظامیہ اس سے بھی بہتر نتائج حاصل کرنے کے لئے پُر امید ہے۔

بزنس آؤٹ لک:

کاروبار کرنے میں ٹیکنیکل انڈسٹری بڑے پیمانے پر دشواریوں کا سامنا کر رہی ہے کیونکہ ان پٹ کی لاگت روزانہ بڑھ رہی ہے۔ گزشتہ سال کے مقابلے

میں روٹی اور پولیسٹر فائبر کی قیمتیں بہت زیادہ ہیں KIBOR کی شرح بڑھنے کے باعث مالیاتی اخراجات میں اضافہ ہوا ہے۔ کم سے کم معاوضہ میں

اضافہ، افراط زر کی شرح میں اضافہ کمپنی کے منافع کو متاثر کر سکتا ہے۔

کارکردگی کا جائزہ:

رب تعالیٰ کے فضل کرم سے کمپنی کی مالی کارکردگی قابل تعریف ہے۔ آمدنی فی حصہ 1.31 روپے سے بڑھ کر 1.41 روپے فی حصہ ہوئی ہے۔ اوپر بیان

کیے گئے عوامل کے باوجود کمپنی نے 11.84 فی صد خام منافع حاصل کیا ہے۔ جو کہ گزشتہ سال کے اسی عرصہ میں 10.32 فی صد تھا۔ کمپنی کی آپریشنل

کارکردگی قابل قدر ہے اور بہترین معیار کے ساتھ پیداواری اہداف حاصل کیے ہیں۔

پروجیکٹ میں توسیع۔

اللہ تعالیٰ کے فضل و کرم سے انتظامیہ کی جانب سے سینڈل اور لومز بڑھانے کا منصوبہ زیر غور ہے۔

کاوشوں کا اعتراف

بورڈ آف ڈائریکٹرز اپنے حصے داروں، بنگرز اور مالیاتی اداروں کے اعتماد اور مسلسل سپورٹ کا شکریہ ادا کرتا ہے۔ 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



امجد سعید

چیف ایگزیکٹو آفیسر

فیصل آباد

29 اکتوبر 2019ء

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019

NOTE	Un-Audited 30 Sep 2019	Audited 30 June 2,019	NOTE	Un-Audited 30 Sep 2019	Audited 30 June 2,019
EQUITY AND LIABILITIES					
SHARE CAPITAL AND RESERVES					
Authorized share capital 20 000 000 (30 June 2018: 20 000 000) ordinary shares of Rupees 10 each	200,000	200,000			
Issued, subscribed and paid up share capital	99,200	99,200			
Sponsors' loans	241,800	241,800			
Capital reserves					
Equity portion of shareholders' loans	121,209	121,209			
Surplus on revaluation of freehold land	100,577	100,577			
Accumulated loss	427	(13,581)			
TOTAL EQUITY	563,213	549,205			
LIABILITIES					
NON-CURRENT LIABILITIES					
Long term financing	263,704	275,672			
Deferred income tax liability	5,375	5,375			
Staff retirement gratuity	83,735	79,809			
	352,814	360,856			
CURRENT LIABILITIES					
Trade and other payables	474,756	283,738			
Unclaimed dividend	690	690			
Accrued mark-up	19,919	26,058			
Short term borrowings	770,038	709,312			
Current portion of long term financing	86,165	97,726			
Provision for taxation	48,789	35,100			
	1,400,357	1,152,624			
TOTAL LIABILITIES	1,753,171	1,513,480			
CONTINGENCIES AND COMMITMENTS					
TOTAL EQUITY AND LIABILITIES	2,316,384	2,062,685			
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	1,078,680	1,095,451	5	1,078,680	1,095,451
Long term loans	175	175		175	175
Long term deposits and prepayments	1,916	1,916		1,916	1,916
	1,080,771	1,097,542		1,080,771	1,097,542
CURRENT ASSETS					
Stores, spare parts and loose tools	65,191	52,030		65,191	52,030
Stock-in-trade	549,293	429,445		549,293	429,445
Trade debts	238,940	178,986		238,940	178,986
Loans and advances	124,544	95,707		124,544	95,707
Short term deposits and prepayments	4,957	665		4,957	665
Other receivables	219,382	170,296		219,382	170,296
Cash and bank balances	33,306	38,014		33,306	38,014
	1,235,613	965,143		1,235,613	965,143
TOTAL ASSETS	2,316,384	2,062,685		2,316,384	2,062,685

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



AMIR SAIED
CHIEF EXECUTIVE OFFICER



OMER SAIED
DIRECTOR



MUHAMMAD KASHIF ZAHUR
CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-audited)
FOR THE QUARTER ENDED 30 SEPTEMBER 2019**

	NOTE	QUARTER ENDED	
		30 Sep 2019	30 Sep 2018
------(RUPEES IN THOUSAND)-----			
REVENUE		1,041,767	828,488
COST OF SALES	6	(918,398)	(743,014)
GROSS PROFIT		123,369	85,474
DISTRIBUTION COST		(21,069)	(13,403)
ADMINISTRATIVE EXPENSES		(44,486)	(35,163)
OTHER EXPENSES		(2,044)	(1,645)
OTHER INCOME		-	5,984
FINANCE COST		(28,072)	(19,340)
PROFIT BEFORE TAXATION		27,698	21,907
TAXATION		(13,690)	(8,675)
PROFIT AFTER TAXATION		14,008	13,232
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)		1.41	1.33

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


AMJAD SAEED
CHIEF EXECUTIVE OFFICER


OMER SAEED
DIRECTOR


MUHAMMAD KASHIF ZAHUR
CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR THE QUARTER ENDED 30 SEPTEMBER 2019**

QUARTER ENDED	
30 September 2019	30 September 2018

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

PROFIT AFTER TAXATION	14,008	13,232
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OTHER COMPREHENSIVE INCOME

**Items that will not be reclassified
subsequently to profit or loss:**

Surplus on revaluation of freehold land

-	-
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**Items that may be reclassified
subsequently to profit or loss**

-	-
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Other comprehensive income for the period

-	-
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TOTAL COMPREHENSIVE INCOME
FOR THE PERIOD

<u>14,008</u>	<u>13,232</u>
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The annexed notes form an integral part of these condensed interim financial statements.



AMJAD SAEED
CHIEF EXECUTIVE OFFICER



OMER SAEED
DIRECTOR



MUHAMMAD KASHIF ZAHUR
CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)
FOR THE QUARTER ENDED 30 SEPTEMBER 2019**

SHARE CAPITAL	SPONSORS' LOANS	RESERVES				TOTAL EQUITY
		CAPITAL		Sub total	ACCUMULATED LOSS	
		Equity portion of shareholders' loan	Surplus on revaluation of freehold land			
----- (RUPEES IN THOUSAND) -----						
99,200	241,800	121,209	100,577	221,786	(72,314)	490,472
-	-	-	-	-	13,232	13,232
-	-	-	-	-	-	-
99,200	241,800	121,209	100,577	221,786	(59,082)	503,704
-	-	-	-	-	45,883	45,883
-	-	-	-	-	861	861
-	-	-	-	-	46,744	46,744
-	-	-	-	-	(1,243)	(1,243)
99,200	241,800	121,209	100,577	221,786	(13,581)	549,205
-	-	-	-	-	14,008	14,008
-	-	-	-	-	-	-
99,200	241,800	121,209	100,577	221,786	427	563,213

Balance as at 30 June 2018 - (Audited) Restated

Profit for the quarter ended 30 September 2018
Other comprehensive income for the ended 30 September 2018

Total comprehensive income for the quarter ended 30 September 2018

Balance as at 30 September 2018 - (Un-audited) Restated

Profit from 01 October 2018 to 30 June 2019
Other comprehensive income from 01 October 2018 to 30 June 2019

Total comprehensive income from 01 October 2018 to 30 June 2019

Payment of final dividend for 30 June 2018 @ Rs.0.75 per share

Balance as at 30 June 2019 - (Audited)

Profit for the quarter ended 30 September 2019

Other comprehensive income for the quarter ended 30 September 2019

Total comprehensive income for the quarter ended 30 September 2019

Balance as at 30 September 2019 - (Un-audited)

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


AMJAD SAEED
CHIEF EXECUTIVE OFFICER


OMER SAEED
DIRECTOR


MUHAMMAD KASHIF ZAHUR
CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited)
FOR THE QUARTER ENDED 30 SEPTEMBER 2019**

	QUARTER ENDED	
	30 September 2019	30 September 2018
	(RUPEES IN THOUSAND)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash used in operations	7	(11,266)
Finance cost paid	2,173	(15,979)
Income tax paid	(30,670)	(2,768)
Staff retirement gratuity paid	-	(2,022)
Net decrease in long term deposits and prepayments	(3,923)	-
Net decrease in long term loans	-	-
Net cash used in operating activities	<u>(32,420)</u>	<u>(32,035)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	-	2
Capital expenditure on property, plant and equipment	(5,943)	(11,262)
Net cash used in investing activities	(5,943)	(11,260)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	(27,071)	(26,972)
Dividend paid	-	-
Short term borrowings - net	60,726	134,077
Net cash from financing activities	<u>33,655</u>	<u>107,105</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>(4,708)</u>	<u>63,810</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	38,014	6,383
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>33,306</u>	<u>70,193</u>

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


AMJAD SAEED
CHIEF EXECUTIVE OFFICER


OMER SAEED
DIRECTOR


MUHAMMAD KASHIF ZAHUR
CHIEF FINANCIAL OFFICER

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)
FOR THE QUARTER ENDED 30 SEPTEMBER 2019**

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 (Now Companies Act, 2017) and its shares are quoted on Pakistan Stock Exchange Limited. The principal activity of the Company is manufacturing and sale of yarn, cloth and hosiery products. The Company's registered office is situated at Room No. 404-405, 4th Floor, Business Centre, Mumtaz Hassan Road, Karachi.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

a) Statement of compliance

- i) These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- ii) These condensed interim financial statements do 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 2019.

b) Accounting policies and computation methods

The accounting policies and methods of computations adopted for the preparation of these condensed interim financial statements are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2018 except for the changes in accounting policies as stated in Note 2.3 to these condensed interim financial statements.

2.2 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these condensed interim financial statements 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 these condensed interim financial statements, 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 2019.

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 2019.

Un-audited	Audited
30 Sep 2019	30 June 2019
(RUPEES IN THOUSAND)	
Opening balance	550,585
Add: Fair value adjustment	20,232
	376,940
Less: Repaid during the period / year	(197,419)
	349,869
Less: Current portion shown under current liabilities	97,726
	263,704
	275,672

3. LONG TERM FINANCING

Opening balance	373,398	550,585
Add: Fair value adjustment	3,542	20,232
	376,940	570,817
Less: Repaid during the period / year	(27,071)	(197,419)
	349,869	373,398
Less: Current portion shown under current liabilities	86,165	97,726
	263,704	275,672

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

- i) Guarantees of Rupees 26.839 million (30 June 2019: Rupees 26.839 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 (30 June 2019: 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 condensed interim financial statements in view of expected favourable outcome of the appeal.
- iii) The Company is contingently liable for Rupees 4.953 million (30 June 2019: Rupees 4.953 million) on account of appeal against cost of supply of Re-Gasified Liquefied Natural Gas (RLNG) by SNGPL on 09 April 2018. The related provision is not made in these condensed interim 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 (30 June 2019: Rupees 1.768 million). No provision has been made in these condensed interim financial statements in view of favourable outcome of the appeal.
- v) The Company filed an appeal on 30 January 2019 before Commissioner Inland Revenue (Appeals) Faisalabad against order passed under section 221 (1) of the Income Tax Ordinance, 2001. Tax demand of Rupees 3.325 million (2018: Rupees Nil) for the tax year 2014 is involved. No provision has been made in these financial statements in view of favourable outcome of the appeal.
- vi) The Company filed an appeal subsequently after the year end on 23 July 2019 before Commissioner Inland Revenue (Appeals) against the sales tax order in original No.33/2009 dated 15 May 2019 made by the Assistant Commissioner Inland Revenue to pay further tax amounting to Rupees 7.454 million under section 3 (1A) of the Sales Tax Act, 1990 on supplies made to unregistered persons. The management is hopeful of positive outcome of the appeal and therefore no provision has been made in these financial statements.
- vii) The Company has challenged, before Honorable 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 (30 June 2019: 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 0 million (30 June 2019: Rupees 2.344 million).
- ii) Letters of credit other than for capital expenditure are of Rupees 12.379 million (30 June 2019: Rupees 17.467 million).

	Un-audited 30 Sep 2019	Audited 30 June 2,019
	(RUPEES IN THOUSAND)	
5. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (Note 5.1)	1,072,330	1,089,101
Capital work-in-progress (Note 5.2)	6,350	6,350
	<u>1,078,680</u>	<u>1,095,451</u>
5.1 Operating fixed assets		
Opening book value	1,089,101	1,087,986
Add:		
Cost of additions during the period / year (Note 5.1.1)	5,943	117,968
Effect of surplus on revaluation of freehold land	-	-
	<u>1,095,044</u>	<u>1,205,954</u>
Less: Book value of deletions during the period / year (Note 5.1.2)	-	20,368
	<u>1,095,044</u>	<u>1,185,586</u>
Less: Depreciation charged during the period / year	22,714	96,485
	<u>1,072,330</u>	<u>1,089,101</u>
5.1.1 Cost of additions during the period / year		
Buildings on freehold land	-	20,133
Plant and machinery	-	83,169
Electric installations	17	5,258
Factory equipment	-	480
Office equipment	-	641
Electric appliances	76	664
Computers	-	871
Furniture and fixtures	-	23
Vehicles	5,850	6,729
	<u>5,943</u>	<u>117,968</u>
5.1.2 Book value of deletions during the period / year		
Plant and machinery	-	18,211
Vehicles	-	2,157
	<u>-</u>	<u>20,368</u>
5.2 Capital work-in-progress		
Buildings on freehold land	422	422
Plant and machinery	-	-
Advance against Enterprise Resource Planning (ERP)	-	-
Advance against vehicles	-	-
Electric installations	-	-
Advance against Enterprise Resource Planning	5,928	5,928
	<u>6,350</u>	<u>6,350</u>

6. COST OF SALES

	(Un-audited)	
	Quarter ended	
	30 Sep 2019	30 Sep 2018
	(RUPEES IN THOUSAND)	
Raw materials consumed	691,938	474,118
Cost of raw materials sold	13,517	-
Stores, spare parts and loose tools consumed	25,019	20,493
Salaries, wages and other benefits	105,138	84,525
Fuel and power	153,955	81,950
Sizing materials consumed	9,182	6,909
Outside processing / conversion and other charges	25,752	18,931
Packing materials consumed	27,143	14,870
Repair and maintenance	1,707	218
Insurance	1,383	862
Other factory overheads	269	744
Depreciation	20,287	21,443
	1,075,290	725,063
Work-in-process		
Opening stock	36,665	33,224
Closing stock	(47,735)	(26,794)
	(11,070)	6,430
Cost of goods manufactured	1,064,220	731,493
Finished goods		
Opening stock	90,411	109,463
Closing stock	(125,995)	(97,942)
	(35,584)	11,521
	1,028,636	743,014

7. CASH USED IN OPERATIONS

	(Un-audited)	
	Third quarter ended	
	30 Sep 2019	30 Sep 2018
	(RUPEES IN THOUSAND)	
Profit / (loss) before taxation	27,698	21,907
Adjustments for non-cash charges and other items:		
Depreciation	22,714	22,869
Gain on disposal of property, plant and equipment	-	-
Provision for staff retirement gratuity	7,849	5,783
Finance cost	28,072	19,340
Credit balances written back	-	-
Working capital changes (Note 7.1)	(84,160)	(81,165)
	2,173	(11,266)

7.1 Working capital changes

Increase in current assets

Stores, spare parts and loose tools	(13,161)	1,296
Stock-in-trade	(119,848)	(87,108)
Trade debts	(59,954)	2,944
Loans and advances	(28,837)	(35,538)
Short term deposits and prepayments	(4,292)	(6,313)
Other receivables	(49,086)	(6,082)
	(275,178)	(130,801)
Increase in trade and other payables	191,018	49,636
	(84,160)	(81,165)

9. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of 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)	
Quarter ended	
30	30
September	September
2019	2018

(RUPEES IN THOUSAND)

i) Transactions**Associated companies / undertakings**

Fuel purchased	943	609
Rental expense	1,500	450
Embroidery services		

Other related parties

Loans obtained from directors - net	4,575	12,650
Remuneration paid to Chief Executive Officer, Director and Executives	5,316	4,580

Un-audited	Audited
30 September	30 June
2019	2019

(RUPEES IN THOUSAND)

ii) Period end balances

Sponsors' loans	241,800	241,800
Long term financing	181,888	178,346
Trade and other payables	18,363	16,220
Short term borrowings	209,600	205,025

10. DATE OF AUTHORIZATION

These condensed interim financial statements were approved by the Board of Directors of the Company and authorized for issue on 29 October, 2019.

11. CORRESPONDING FIGURES

In order to comply with the requirements of IAS 34, the condensed interim statement of financial position 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 statement of profit or loss, condensed interim statement of comprehensive income and condensed interim statement of cash flows 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, except for the following:

12. GENERAL

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



AMJAD SAEED
CHIEF EXECUTIVE OFFICER



OMER SAEED
DIRECTOR



MUHAMMAD KASHIF ZAHUR
CHIEF FINANCIAL OFFICER

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