

Half
Year
Report

IDEAL SPINNING MILLS LIMITED



IdealGroup

**CONDENSED INTERIM
FINANCIAL INFORMATION**

Half Year Report
(UN-AUDITED)
31 December, 2021



COMPANY INFORMATION

CHAIRMAN:	MR. MUHAMMAD SAEED
CHIEF EXECUTIVE OFFICER:	MR. AMJAD SAEED
DIRECTORS:	MRS. RUBINA AMJAD MR. OMER SAEED MR. AHSAN SAEED MR. KHIZER SAEED MR. MUHAMMAD ASIF (INDEPENDENT) MR. MUHAMMAD AZHAR (INDEPENDENT)
AUDIT COMMITTEE:	
CHAIRMAN	MR. MUHAMMAD AZHAR
MEMBER	MR. MUHAMMAD SAEED
MEMBER	MR. AHSAN SAEED
H.R. & REMUNERATION COMMITTEE:	
CHAIRMAN	MR. MUHAMMAD AZHAR
MEMBER	MR. AHSAN SAEED
MEMBER	MRS. RUBINA AMJAD
NOMINATION COMMITTEE:	
CHAIRMAN	MR. OMER SAEED
MEMBER	MR. AHSAN SAEED
MEMBER	MR. KHIZER SAEED
RISK MANAGEMENT COMMITTEE:	
CHAIRMAN	MR. AHSAN SAEED
MEMBER	MR. OMER 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.) Limited 17 th Floor, Saima Trade Tower-A, I. I. Chundrigar Road Karachi.
AUDITORS:	M/S RIAZ AHMAD & COMPANY. CHARTERED ACCOUNTANTS
BANKERS:	BANK AL-FALAH LIMITED BANK AL-HABIB LTD HABIB METROPOLITAN BANK THE BANK OF PUNJAB HABIB BANK LIMITED
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' REVIEW REPORT TO THE SHAREHOLDERS

Your Directors feel pleasure in submitting un-audited financial statements of your Company for the half year ended 31 December 2021.

FINANCIAL RESULTS	31.12.2021	31.12.2020
	(RUPEES IN THOUSAND)	
REVENUE	2,902,113	2,276,039
COST OF SALES	(2,323,796)	(1,946,215)
GROSS PROFIT	578,317	329,824
DISTRIBUTION COST	(60,796)	(62,958)
ADMINISTRATIVE EXPENSES	(145,167)	(112,004)
OTHER EXPENSES	(20,723)	(14,700)
OTHER INCOME	20,425	3,846
FINANCE COST	(66,236)	(46,411)
PROFIT BEFORE TAXATION	305,820	97,597
TAXATION	(81,909)	(31,184)
PROFIT AFTER TAXATION	223,911	66,413
EARNING PER SHARE-BASIC AND DILUTED (RUPEES)	22.57	6.69

By the Blessings of Almighty ALLAH your company achieved Revenue growth of 27.51%, resulting in to after Tax Profit of Rs.223.911 Million as compared to Rs.66.413 Million in comparison with corresponding period of last year.

BUSINESS OUTLOOK:

Management has proven its ability by procurement of raw material at attractive prices, efficient utilization of finance facilities, controlled administration cost and proven textile market conditions had made possible a healthier bottom line.

PERFORMANCE REVIEW:

With the Almighty ALLAH's blessings, financial performance of the company is promising. Earnings per share has increased to Rs.22.57 from Rs.6.69 per share as compared to last year's corresponding period. Company achieved gross profit of 19.93 % as compared to 14.49 % of corresponding period of last year, 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 import Carding Machines in spinning section and looms in weaving section.

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 which led to achieve milestones and hope will continue in upcoming years.

Faisalabad
February 25, 2022

On behalf of the Board



(Omer Saeed)

Director

حصہ داران کیلئے ڈائریکٹرز کی رپورٹ

آپ کے ڈائریکٹرز 31 دسمبر 2021 کو ختم ہونے والے 6 ماہ کے لئے آپ کی کمپنی کے غیر آڈٹ شدہ نتائج پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔
مالیاتی نتائج

31-12-2021

31-12-2020

(رقم ہزاروں میں)

2,902,113

2,276,039

ریونیو

(2,323,796)

(1,946,215)

کاسٹ آف سیل

578,317

329,824

گراس منافع

(60,796)

(62,958)

ڈسٹری بیوشن اخراجات

(145,167)

(112,004)

انتظامی اخراجات

(20,723)

(14,700)

متفرق اخراجات

20,425

3,846

دیگر آمدن

(66,236)

(46,411)

فنانشل اخراجات

305,820

97,597

ٹیکس کے بغیر منافع

(81,909)

(31,184)

ٹیکس

223,911

66,413

خالص منافع ٹیکس کے بعد

22.57

6.69

منافع فی حصہ بنیادی

اللہ تعالیٰ کی مہربانی سے آپ کی کمپنی کے محاصل میں 27.5% بڑھوتری ہوئی ٹیکس کی ادائیگی کے بعد 223.911 ملین روپے کا منافع ہوا۔ جبکہ گزشتہ سال کے اسی عرصہ کا منافع 66.413 ملین تھا مستقبل میں آپ کی انتظامیہ اس سے بھی بہتر نتائج حاصل کرنے کے لئے پُر امید ہے۔

بزنس آؤٹ لک:

انتظامیہ نے اپنی بہترین صلاحیتوں کو استعمال کرتے ہوئے خام مال بہت مناسب قیمت پر خریدا۔ مالی سہولتوں کا بہترین استعمال۔ انتظامی اخراجات پر کنٹرول اور اچھی ٹیکسٹائل مارکیٹ پوزیشن کی وجہ سے اچھا منافع حاصل ہوا۔

کارکردگی کا جائزہ:

رب تعالیٰ کے فضل و کرم سے کمپنی کی مالی کارکردگی قابل تعریف ہے۔ آمدنی فی حصہ 6.69 روپے سے بڑھ کر 22.57 روپے فی حصہ ہوئی ہے۔ اوپر بیان کیے گئے عوامل کے باوجود کمپنی نے 19.93 فی صد خام منافع حاصل کیا ہے۔ جو کہ گزشتہ سال کے اسی عرصہ میں 14.49 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 سپننگ میں کارڈنگ مشین و یونگ میں سولز رومز اور سوکس میں مشنری بڑھانے کا منصوبہ ہے۔

کاوشوں کا اعتراف

بورڈ آف ڈائریکٹرز اپنے حصے داروں، بنگلرز 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



عمر سعید

ڈائریکٹر

فیصل آباد

25 فروری 2022

INDEPENDENT AUDITOR'S REVIEW REPORT**To the members of Ideal Spinning Mills Limited****Report on review of Condensed Interim Financial Statements**Introduction

We have reviewed the accompanying condensed interim statement of financial position of IDEAL SPINNING MILLS LIMITED as at 31 December 2021 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to condensed interim financial statements for the half year then ended (here-in-after referred to as "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended 31 December 2021 and 31 December 2020 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 2021.

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 statements 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 statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is Mubashar Mehmood.



RIAZ AHMAD & COMPANY
Chartered Accountants

Faisalabad**Date: 25 February 2022****UDIN: RR202110158mP1qwNRbn**

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	NOTE	Un-Audited 31 December 2021 (RUPEES IN THOUSAND)	Audited 30 June 2021 (RUPEES IN THOUSAND)	NOTE	Un-Audited 31 December 2021 (RUPEES IN THOUSAND)	Audited 30 June 2021 (RUPEES IN THOUSAND)
EQUITY AND LIABILITIES						
SHARE CAPITAL AND RESERVES						
Authorized share capital						
20 000 000 (30 June 2021: 20 000 000) ordinary shares of Rupees 10 each		200,000	200,000		1,563,601	1,329,416
Issued, subscribed and paid up share capital					5,574	4,806
9 920 000 (30 June 2021: 9 920 000) ordinary shares of Rupees 10 each fully paid in cash		99,200	99,200	6	232	-
Sponsors' loans		241,800	241,800		1,821	1,908
Reserves					1,571,228	1,336,130
Capital reserves						
Equity portion of shareholders' loans		159,358	159,358			
Surplus on revaluation of freehold land		235,857	235,857			
		395,215	395,215			
Revenue reserve - unappropriated profit		495,813	289,758			
Total reserves		891,028	684,973			
TOTAL EQUITY		1,232,028	1,025,973			
LIABILITIES						
NON-CURRENT LIABILITIES						
Long term financing	3	-	200,519		84,949	79,099
Deferred income tax liability		67,725	31,886		1,486,537	751,855
Deferred liabilities		99,355	96,389		283,080	239,257
		167,080	328,794		21,448	25,997
CURRENT LIABILITIES						
Trade and other payables		552,213	434,327		9,998	1,009
Undeclared dividend		2,192	1,476		85,917	114,238
Accrued mark-up		26,157	11,745		210,007	114,281
Short term borrowings	4	1,501,810	867,936		29,724	166,999
Current portion of long term financing		232,126	72,812		2,211,660	1,492,735
Current portion of deferred liabilities		22,001	20,896			
Provision for taxation		47,281	64,906			
		2,383,780	1,474,098			
TOTAL LIABILITIES		2,550,860	1,802,892			
CONTINGENCIES AND COMMITMENTS						
TOTAL EQUITY AND LIABILITIES	5	3,782,888	2,828,865		3,782,888	2,828,865

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

Statement under section 232(1) of the Companies Act, 2017:

The Chief Executive Officer of the Company is presently out of the country. Therefore these condensed interim financial statements have been signed by two Directors and Chief Financial Officer as required under section 232(1) of the Companies Act, 2017.


KHIZAR SAEED
DIRECTOR


OMER SAEED
DIRECTOR


MUHAMMAD KASHIF ZAHUR
CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

	NOTE	HALF YEAR ENDED		QUARTER ENDED	
		31 December 2021	31 December 2020	31 December 2021	31 December 2020
------(RUPEES IN THOUSAND)-----					
REVENUE		2,902,113	2,276,039	1,462,231	1,149,434
COST OF SALES	7	(2,323,796)	(1,946,215)	(1,178,925)	(984,195)
GROSS PROFIT		578,317	329,824	283,306	165,239
DISTRIBUTION COST		(60,796)	(62,958)	(31,761)	(36,678)
ADMINISTRATIVE EXPENSES		(145,167)	(112,004)	(75,711)	(56,940)
OTHER EXPENSES		(20,723)	(14,700)	(7,641)	(7,580)
OTHER INCOME		20,425	3,846	8,772	1,944
FINANCE COST		(66,236)	(46,411)	(39,315)	(27,036)
PROFIT BEFORE TAXATION		305,820	97,597	137,650	38,949
TAXATION		(81,909)	(31,184)	(29,401)	(16,222)
PROFIT AFTER TAXATION		<u>223,911</u>	<u>66,413</u>	<u>108,249</u>	<u>22,727</u>
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)		<u>22.57</u>	<u>6.69</u>	<u>10.91</u>	<u>2.29</u>

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

Statement under section 232(1) of the Companies Act, 2017:

The Chief Executive Officer of the Company is presently out of the country. Therefore these condensed interim financial statements have been signed by two Directors and Chief Financial Officer as required under section 232(1) of the Companies Act, 2017.



**KHIZAR SAEED
DIRECTOR**



**OMER SAEED
DIRECTOR**



**MUHAMMAD KASHIF ZAHUR
CHIEF FINANCIAL OFFICER**

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	----- (RUPEES IN THOUSAND) -----			
PROFIT AFTER TAXATION	223,911	66,413	108,249	22,727
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Other comprehensive income for the period	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>223,911</u>	<u>66,413</u>	<u>108,249</u>	<u>22,727</u>

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

Statement under section 232(1) of the Companies Act, 2017:

The Chief Executive Officer of the Company is presently out of the country. Therefore these condensed interim financial statements have been signed by two Directors and Chief Financial Officer as required under section 232(1) of the Companies Act, 2017.



KHIZAR SAEED
DIRECTOR



OMER SAEED
DIRECTOR



MUHAMMAD KASHIF ZAHUR
CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

	SHARE CAPITAL	SPONSORS' LOANS	RESERVES				TOTAL	TOTAL EQUITY
			CAPITAL RESERVES		REVENUE RESERVE			
			Equity portion of shareholders' loan	Surplus on revaluation of freehold land	Sub total	UNAPPROPRIATED PROFIT		
	99,200	241,800	159,358	100,577	259,935	89,354	349,289	690,289
Balance as at 30 June 2020 - (Audited)								
Transaction with owners - Final cash dividend for the year ended 30 June 2020 at the rate of Rupees 1.30 per share	-	-	-	-	-	(12,896)	(12,896)	(12,896)
Profit for the period	-	-	-	-	-	66,413	66,413	66,413
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	66,413	66,413	66,413
Balance as at 31 December 2020 - (Un-audited)	99,200	241,800	159,358	100,577	259,935	142,871	402,806	743,806
Profit for the period	-	-	-	-	-	135,891	135,891	135,891
Other comprehensive income for the period	-	-	-	135,280	135,280	10,996	146,276	146,276
Total comprehensive income for the period	-	-	-	135,280	135,280	146,887	282,167	282,167
Balance as at 30 June 2021 - (Audited)	99,200	241,800	159,358	235,857	395,215	289,758	684,973	1,025,973
Transaction with owners - Final cash dividend for the year ended 30 June 2021 at the rate of Rupees 1.80 per share	-	-	-	-	-	(17,856)	(17,856)	(17,856)
Profit for the period	-	-	-	-	-	223,911	223,911	223,911
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	223,911	223,911	223,911
Balance as at 31 December 2021 - (Un-audited)	99,200	241,800	159,358	235,857	395,215	495,813	891,028	1,232,028

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

Balance as at 30 June 2020 - (Audited)

Transaction with owners - Final cash dividend for the year ended 30 June 2020 at the rate of Rupees 1.30 per share

Profit for the period

Other comprehensive income for the period

Total comprehensive income for the period

Balance as at 31 December 2020 - (Un-audited)

Profit for the period

Other comprehensive income for the period

Total comprehensive income for the period

Balance as at 30 June 2021 - (Audited)

Transaction with owners - Final cash dividend for the year ended 30 June 2021 at the rate of Rupees 1.80 per share

Profit for the period

Other comprehensive income for the period

Total comprehensive income for the period

Balance as at 31 December 2021 - (Un-audited)

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

Statement under section 232(1) of the Companies Act, 2017:

The Chief Executive Officer of the Company is presently out of the country. Therefore these condensed interim financial statements have been signed by two Directors and Chief Financial Officer as required under section 232(1) of the Companies Act, 2017.



KHIZAR SAEED
DIRECTOR



OMER SAEED
DIRECTOR



MUHAMMAD KASHIF ZAHUR
CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

	HALF YEAR ENDED	
	31 December 2021	31 December 2020
	(RUPEES IN THOUSAND)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash used in operations	8	(319,544)
Finance cost paid		(90,713)
Income tax paid		(43,041)
Staff retirement gratuity paid		(36,565)
Net decrease / (increase) in long term deposits and prepayments		(35,374)
Net increase in long term loans		(16,888)
		(8,005)
		87
		(232)
		(66)
Net cash used in operating activities		(414,992)
		(166,110)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant, equipment and intangible asset		(309,477)
Proceeds from disposal of property, plant and equipment		(77,354)
Net cash used in investing activities		(289,444)
		(77,354)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing		(49,573)
Proceeds from long term financing		(42,961)
Dividend paid		-
Short term borrowings - net		26,399
		(17,140)
		(12,271)
		633,874
		301,880
Net cash from financing activities		567,161
		273,047
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(137,275)
		29,583
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		166,999
		44,336
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		29,724
		73,919

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

Statement under section 232(1) of the Companies Act, 2017:

The Chief Executive Officer of the Company is presently out of the country. Therefore these condensed interim financial statements have been signed by two Directors and Chief Financial Officer as required under section 232(1) of the Companies Act, 2017.



KHIZAR SAEED
DIRECTOR



OMER SAEED
DIRECTOR



MUHAMMAD KASHIF ZAHUR
CHIEF FINANCIAL OFFICER

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2021**

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 as required for annual audited financial statements, and therefore, should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June 2021.
- iii) These condensed interim financial statements are un-audited, however, have been subjected to limited scope review by the auditors and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019 and section 237 of the Companies Act, 2017.

b) Accounting policies and computation methods

The accounting policies and methods of computations adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements of the Company for the year ended 30 June 2021.

2.2 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In preparing these condensed interim financial statements in conformity with the approved accounting and reporting standards requires the use of certain critical accounting estimates. 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 annual audited financial statements of the Company for the year ended 30 June 2021.

3. LONG TERM FINANCING

	Un-audited 31 December 2021	Audited 30 June 2021
	(RUPEES IN THOUSAND)	
Opening balance	273,331	323,425
Add:		
Obtained during the period / year	-	26,399
Fair value adjustment	8,368	15,317
Amortized during the period / year	1,220	3,692
	<u>282,919</u>	<u>368,833</u>
Less:		
Repaid during the period / year	50,793	93,753
Deferred income recognized during the period / year	-	1,749
	<u>50,793</u>	<u>95,502</u>
Closing balance (Note 3.1)	232,126	273,331
Less: Current portion shown under current liabilities	232,126	72,812
	<u>-</u>	<u>200,519</u>

- 3.1** These represent Rupees 43.025 million (30 June 2021: Rupees 92.598 million) secured bank borrowings and Rupees 189.101 million (30 June 2021: Rupees 180.733 million) unsecured borrowing from sponsor director / shareholder.

Un-audited 31 December 2021	Audited 30 June 2021
-----------------------------------	----------------------------

(RUPEES IN THOUSAND)

4. SHORT TERM BORROWINGS**From banking companies - secured**

Cash finances	670,577	181,490
Running finances	178,850	139,488
Other short term finances	336,725	321,020
	1,186,152	641,998

Others - unsecured

Other related parties	315,658	225,938
	1,501,810	867,936

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

There has been no significant change in the status of contingencies as reported in the annual audited financial statements of the Company for the year ended 30 June 2021.

b) Commitments

- i) Commitments for capital expenditure are of Rupees 41.753 million (30 June 2021: Rupees 194.244 million).
- ii) Letters of credit other than for capital expenditure are of Rupees 190.340 million (30 June 2021: Rupees 110.003 million).

6. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets (Note 6.1)	1,316,601	1,272,784
Capital work-in-progress (Note 6.2)	247,000	56,632
	1,563,601	1,329,416

6.1 Operating fixed assets

Opening net book value	1,272,784	1,050,804
Add: Cost of additions during the period / year (Note 6.1.1)	117,574	189,367
Effect of surplus on revaluation during the period / year	-	135,280
	1,390,358	1,375,451
Less: Book value of deletions during the period / year (Note 6.1.2)	19,865	4,034
	1,370,493	1,371,417
Less: Depreciation charged during the period / year	53,892	98,633
	1,316,601	1,272,784

6.1.1 Cost of additions during the period / year

Buildings	-	4,159
Plant and machinery	61,979	115,062
Electric installations	713	6,674
Factory equipment	4,561	7,338
Office equipment	-	724
Computers	186	1,696
Electric appliances	1,746	2,596
Vehicles	48,389	51,118
	117,574	189,367

6.1.2 Book value of deletions during the period / year

Stand-by equipment	224	-
Vehicles	19,641	4,034
	19,865	4,034

6.2 Capital work-in-progress

Civil work and building	2,556	-
Plant and machinery	56,269	-
Factory equipment	2,298	-
Stand-by equipment	111,182	-
Advance against office building	46,200	-
Advances against plant and machinery	3,861	20,892
Advances against stand-by equipment	8,514	-
Advances against factory equipment	9,094	-
Advances against vehicles	2,000	30,714
Advance against Enterprise Resource Planning (ERP)	5,026	5,026
	247,000	56,632

(Un-audited)			
Half year ended		Quarter ended	
31 December 2021	31 December 2020	31 December 2021	31 December 2020

(RUPEES IN THOUSAND)

7. COST OF SALES

Raw materials consumed	1,543,281	1,140,808	819,446	576,230
Cost of raw materials sold	375	9,018	375	8,928
Stores, spare parts and loose tools consumed	196,972	140,986	119,198	91,678
Salaries, wages and other benefits	284,902	240,556	139,337	118,445
Fuel and power	256,182	221,623	131,713	110,735
Sizing materials consumed	21,736	17,099	12,414	8,692
Outside processing / conversion and other charges	38,677	34,361	21,935	19,612
Packing materials consumed	79,200	61,314	43,979	31,765
Repair and maintenance	4,582	3,255	2,193	2,639
Insurance	5,943	4,243	3,064	2,272
Other factory overheads	2,295	2,001	1,635	684
Depreciation	43,238	39,597	23,238	20,750
	2,477,383	1,914,861	1,318,527	992,430
Work-in-process				
Opening stock	58,438	48,829	77,970	51,225
Closing stock	(85,176)	(56,692)	(85,176)	(56,692)
	(26,738)	(7,863)	(7,206)	(5,467)
Cost of goods manufactured	2,450,645	1,906,998	1,311,321	986,963
Finished goods				
Opening stock	204,703	188,275	199,156	146,290
Closing stock	(331,552)	(149,058)	(331,552)	(149,058)
	(126,849)	39,217	(132,396)	(2,768)
	2,323,796	1,946,215	1,178,925	984,195

(Un-audited)	
Half year ended	
31 December 2021	31 December 2020

(RUPEES IN THOUSAND)

8. NET CASH USED IN OPERATIONS

Profit before taxation	305,820	97,597
Adjustments for non-cash charges and other items:		
Amortization	767	637
Depreciation	53,892	46,256
Gain on disposal of property, plant and equipment	(168)	-
(Reversal of) / allowance for expected credit losses - net	(474)	526
Provision for staff retirement gratuity	21,764	17,278
Finance cost	66,236	46,411
Amortization of deferred grant	(1,220)	(1,995)
Gain on remeasurement of GIDC	-	(1,846)
Provision for doubtful loans and advances	430	-
Working capital changes (Note 8.1)	(766,591)	(295,577)
	(319,544)	(90,713)

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

Stores, spare parts and loose tools	(5,850)	(20,261)
Stock-in-trade	(734,682)	(286,373)
Trade debts	(43,349)	(47,752)
Loans and advances	4,119	(19,884)
Short term deposits and prepayments	(8,989)	(4,752)
Other receivables	(95,726)	(32,984)
	(884,477)	(412,006)
Increase in trade and other payables	117,886	116,429
	(766,591)	(295,577)

9. SEGMENT INFORMATION

	Spinning		Weaving		Socks		Elimination of Inter-segment transactions		Total - Company	
	(Un-audited) Half year ended 31 December 2021	(Un-audited) Half year ended 31 December 2020	(Un-audited) Half year ended 31 December 2021	(Un-audited) Half year ended 31 December 2020	(Un-audited) Half year ended 31 December 2021	(Un-audited) Half year ended 31 December 2020	(Un-audited) Half year ended 31 December 2021	(Un-audited) Half year ended 31 December 2020	(Un-audited) Half year ended 31 December 2021	(Un-audited) Half year ended 31 December 2020
Revenue	1,527,025	1,180,205	703,060	531,699	672,028	564,135	-	-	2,902,113	2,276,039
External Inter segment	580,037	345,149	-	-	940	-	(580,977)	(345,149)	-	-
Cost of sales	2,107,062	1,525,354	703,060	531,699	672,968	564,135	(580,977)	(345,149)	2,902,113	2,276,039
Gross profit	(1,684,078)	(1,353,023)	(629,129)	(489,060)	(591,566)	(449,281)	580,977	345,149	(2,323,796)	(1,946,215)
Distribution cost	422,984	172,331	73,931	42,639	81,402	114,854	-	-	578,317	329,824
Administrative expenses	(7,711)	(4,539)	(11,056)	(7,074)	(42,029)	(51,345)	-	-	(60,796)	(62,958)
Other income	(69,449)	(53,322)	(24,559)	(18,357)	(51,159)	(40,325)	-	-	(145,167)	(112,004)
Finance cost	1,648	3,846	3,846	-	14,931	-	-	-	20,425	3,846
Profit / (loss) before taxation and unallocated expenses	(46,032)	(34,069)	(4,131)	(4,131)	(16,073)	(8,211)	-	-	(66,236)	(46,411)
Unallocated expenses:	301,440	84,247	38,031	13,077	(12,928)	14,973	-	-	326,543	112,297
Other expenses	-	-	-	-	-	-	-	-	-	-
Taxation	-	-	-	-	-	-	-	-	(20,723)	(14,700)
Profit after taxation	-	-	-	-	-	-	-	-	(81,909)	(31,184)
									223,911	66,413

9.1 Reconciliation of reportable segment assets and liabilities

	Spinning		Weaving		Socks		Total - Company	
	(Un-audited) 31 December 2021	(Audited) 30 June 2021	(Un-audited) 31 December 2021	(Audited) 30 June 2021	(Un-audited) 31 December 2021	(Audited) 30 June 2021	(Un-audited) 31 December 2021	(Audited) 30 June 2021
Total assets for reportable segments as per condensed interim statement of financial position	2,482,639	1,693,805	609,242	550,741	691,007	584,319	3,782,888	2,828,865
Total liabilities for reportable segments	1,371,104	960,233	306,905	190,329	757,845	555,538	2,435,854	1,706,100
Unallocated liabilities:								
Deferred income tax liability	-	-	-	-	-	-	67,725	31,886
Provision for taxation	-	-	-	-	-	-	47,281	64,906
Total liabilities as per condensed interim statement of financial position	-	-	-	-	-	-	2,550,860	1,802,892

9.2 Geographical information

The Company's segment wise revenue from external customers as per geographical locations is detailed below:

	Spinning		Weaving		Socks		Total - Company	
	(Un-audited) Half year ended 31 December 2021	(Un-audited) Half year ended 31 December 2020	(Un-audited) Half year ended 31 December 2021	(Un-audited) Half year ended 31 December 2020	(Un-audited) Half year ended 31 December 2021	(Un-audited) Half year ended 31 December 2020	(Un-audited) Half year ended 31 December 2021	(Un-audited) Half year ended 31 December 2020
Europe	-	-	-	216,882	359,932	375,121	576,814	516,927
Asia and Australia	-	-	-	-	-	-	-	24,984
America	-	-	-	-	276,562	178,752	276,562	178,752
Pakistan	1,527,025	1,180,205	486,178	364,909	35,534	10,262	2,048,737	1,555,376
The Company's revenue from external customers in respect of products is detailed below:	1,527,025	1,180,205	703,060	531,699	672,028	564,135	2,902,113	2,276,039
Major products / service lines								
Yarn / socks	1,522,571	1,164,813	-	-	662,364	553,958	2,184,935	1,718,771
Waste	4,454	5,161	-	-	9,289	10,177	13,743	15,338
Sizing income	-	-	2,960	2,518	-	-	2,960	2,518
Conversion income / cloth sales	-	-	700,100	529,181	-	-	700,100	529,181
Raw materials	-	-	-	-	375	-	375	10,231
	1,527,025	1,180,205	703,060	531,699	672,028	564,135	2,902,113	2,276,039

9.3 Major products / service lines

The Company's revenue from external customers in respect of products is detailed below:

10. TRANSACTIONS WITH RELATED PARTIES

Detail of transactions and balances with related parties are as follows:

(Un-audited)			
Half year ended		Quarter ended	
31 December 2021	31 December 2020	31 December 2021	31 December 2020

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

i) Transactions**Associated company / undertakings**

Fuel purchased	2,315	1,966	1,090	1,034
Rental expense	3,510	2,900	1,755	1,550
Purchase of goods	-	5,300	-	-

Other related parties

Dividend paid to directors / major shareholders	14,921	9,468	14,921	9,468
Rental expense	-	300	-	150
Loans obtained from / (repaid to) directors - net	89,720	1,250	34,495	(25)
Remuneration paid to Chief Executive Officer, Director and Executives	30,975	22,219	18,509	15,876

Un-audited 31 December 2021	Audited 30 June 2021
-----------------------------------	----------------------------

(RUPEES IN THOUSAND)

ii) Period end balances**Associated company / undertakings**

Trade and other payables	7,868	5,553
--------------------------	-------	-------

Other related parties

Sponsors' loans	241,800	241,800
Long term financing	189,101	180,733
Short term borrowings	315,658	225,938
Loans and advances	973	725

11. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2021.

12. DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX

Description	(Un-audited)	(Audited)
	31 December 2021	30 June 2021

(RUPEES IN THOUSAND)

Loans / advances obtained as per Islamic mode

Short term borrowings	338,361	242,989
Contract liabilities	32,779	41,550

Shariah compliant bank deposits / bank balances

Bank balances	4,783	10,235
---------------	-------	--------

Description	(Un-audited)	
	Half year ended	
	31 December 2021	31 December 2020

Profit earned from shariah compliant bank deposits / bank balances

Profit on deposits with banks	8	5
-------------------------------	---	---

Revenue earned from shariah compliant business

2,902,113	2,276,039
-----------	-----------

Exchange gain / (loss)

18,555	(4,534)
--------	---------

Mark-up paid on Islamic mode of financing

Mark-up on short term borrowings	1,748	-
----------------------------------	-------	---

Interest paid on any conventional loans

Mark-up on long term financing	3,032	7,319
Mark-up on short term borrowings	46,691	25,399

Relationship with shariah compliant banks

Bank Name	Relationship
Habib Bank Limited	Bank balances
AlBaraka Bank (Pakistan) Limited	Bank balances
Meezan Bank Limited	Bank balances and short term borrowings

13. DATE OF AUTHORIZATION

These condensed interim financial statements have been approved and authorized for issue on February 25, 2022 by the Board of Directors.

14. 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 rearranged, wherever necessary, for the purpose of comparison. However, no significant rearrangements have been made.

15. GENERAL

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

Statement under section 232(1) of the Companies Act, 2017:

The Chief Executive Officer of the Company is presently out of the country. Therefore these condensed interim financial statements have been signed by two Directors and Chief Financial Officer as required under section 232(1) of the Companies Act, 2017.



KHIZAR SAEED
DIRECTOR



OMER SAEED
DIRECTOR



MUHAMMAD KASHIF ZAHUR
CHIEF FINANCIAL OFFICER

BOOK POST

If undelivered please return to:
IDEAL SPINNING MILLS LIMITED
Room # 404 & 405, 4th Floor, Business Centre,
Mumtaz Hassan Road, Karachi.