

**COMPANY INFORMATION**

<b>CHAIRMAN:</b>	MR. MOHAMMAD SAEED
<b>CHIEF EXECUTIVE OFFICER:</b>	MR. AMJAD SAEED
<b>DIRECTORS:</b>	MRS. ROBINA AMJAD MR. OMER SAEED MR. AHSAN SAEED MR. KHIZER SAEED MR. MUHAMMAD ASIF (NOMINEE NIT)
<b>AUDIT COMMITTEE:</b>	
<b>CHAIRMAN</b>	MR. MUHAMMAD SAEED
<b>MEMBER</b>	MR. AHSAN SAEED
<b>MEMBER</b>	MR. MUHAMMAD ASIF
<b>H.R. &amp; REMUNERATION COMMITTEE:</b>	
<b>CHAIRMAN</b>	MR. AHSAN SAEED
<b>MEMBER</b>	MR. MUHAMMAD SAEED
<b>MEMBER</b>	MR. KHIZER SAEED
<b>CHIEF FINANCIAL OFFICER:</b>	MR. ADIL AZEEM
<b>COMPANY SECRETARY:</b>	MR. MUHAMMAD NADEEM
<b>SHARE REGISTRAR:</b>	F. D. Registrar Services (SMC-Pvt.) Limited 17 <sup>th</sup> Floor, Saima Trade Tower-A, I. I. Chundrigar Road, Karachi.
<b>AUDITORS:</b>	M/S RIAZ AHMAD & COMPANY. CHARTERED ACCOUNTANTS
<b>BANKERS:</b>	BANK AL-FALAH LIMITED ALBARAKA BANK (PAKISTAN) LTD BANK AL-HABIB LTD HABIB METROPOLITAN BANK LIMITED THE BANK OF PUNJAB
<b>REGISTERED OFFICE :</b>	ROOM NO 404 & 405, 4 <sup>TH</sup> FLOOR, BUSINESS CENTRE, MUMTAZ HASSAN ROAD, KARACHI. <a href="http://www.idealsm.com">www.idealsm.com</a>
<b>FACTORY:</b>	35-K.M SHEIKHUPURA ROAD, TEHSIL JARANWALA, DISTT. FAISALABAD.

**DIRECTORS' REPORT TO THE SHAREHOLDERS**

Your Directors feel pleasure in presenting 30<sup>th</sup> September Quarterly un-audited Financial Statements of the company.

**FINANCIAL RESULTS**

	<b>September 2016</b>	<b>September 2015</b>
	<b>(RUPEES IN THOUSAND)</b>	
SALES	567,410	556,194
COST OF SALES	(551,537)	(555,192)
GROSS PROFIT	<u>15,873</u>	<u>1,002</u>
DISTRIBUTION COST	(5,490)	(3,611)
ADMINISTRATIVE EXPENSES	(23,569)	(16,749)
OTHER EXPENSES	-	-
OTHER INCOME	87	6
FINANCE COST	(10,082)	(9,763)
LOSS BEFORE TAXATION	<u>(23,181)</u>	<u>(29,115)</u>
TAXATION	(5,757)	(4,704)
LOSS AFTER TAXATION	<u>(28,938)</u>	<u>(33,819)</u>
LOSS PER SHARE		
BASIC AND DILUTED RUPEES	<u>(2.92)</u>	<u>(3.41)</u>

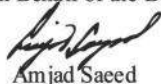
The textile sector is under crises since 2015 due to increase in energy cost and low rate of yarn. The continuous decrease in exports of textile goods caused immense pressure on sale price of the yarn. The company has done its best efforts to minimize the losses for the quarter ended 30, September 2016. If we compare previous year's first quarter financial results with this year's there is no big difference.

**FUTURE PROSPECTS**

The company has already changed its back process and finishing process. Now the company is planning to improve its spinning section gradually and planning to make BMR up to Rs. 300 Million.

Considering the facts cited above the management of the Company has an opinion that financial results for the coming year may be better as compared to last year.

On Behalf of the Board



Amjad Saeed  
Chief Executive Officer  
October 28, 2016

## CONDENSED INTERIM BALANCE SHEET AS AT 30 SEPTEMBER 2016

NOTE	Un-Audited 30 September 2,016	Audited 30 June 2,016	NOTE	Un-Audited 30 September 2,016	Audited 30 June 2,016
<b>EQUITY AND LIABILITIES</b>					
<b>SHARE CAPITAL AND RESERVES</b>					
Authorized share capital					
20,000,000 (2016: 20,000,000) ordinary shares of Rupees 10 each	200,000	200,000	7	725,041	738,281
Issued, subscribed and paid up share capital of Rupees 10 each fully paid in cash	99,200	99,200		153	153
Reserves	92,064	121,002		1,810	1810
<b>Total equity</b>	<b>191,264</b>	<b>220,202</b>		<b>727,004</b>	<b>740,244</b>
Surplus on revaluation of freehold land	85,166	85,166			
<b>LIABILITIES</b>					
<b>NON-CURRENT LIABILITIES</b>					
Long term financing					
Deferred income tax liability					
Staff retirement gratuity	343,939	327,485		26,051	32,352
	45,117	44,708		196,643	250,087
	389,056	372,193		94,468	122,300
<b>CURRENT LIABILITIES</b>				59,150	49,099
Trade and other payables	193,160	153,752		3,224	145
Accrued mark-up	8,541	7,992		117,978	32,596
Short term borrowings	332,430	358,735		41,141	29,915
Current portion of long term financing	44,171	42,584		538,655	516,494
Provision for taxation	21,871	16,114			
	600,173	579,177			
<b>TOTAL LIABILITIES</b>	<b>989,229</b>	<b>951,370</b>			
<b>CONTINGENCES AND COMMITMENTS</b>					
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,265,659</b>	<b>1,256,738</b>		<b>1,265,659</b>	<b>1,256,738</b>

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


**AMJAD SAEED**  
 CHIEF EXECUTIVE OFFICER


**OMER SAEED**  
 DIRECTOR

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)**  
**FOR THE QUARTER ENDED 30 SEPTEMBER 2016**

NOTE	QUARTER ENDED	
	30 SEPTEMBER 2016	30 SEPTEMBER 2015

(Rupees in thousand)

SALES		567,410	556,194
COST OF SALES	8	(551,537)	(555,192)
GROSS PROFIT		<u>15,873</u>	<u>1,002</u>
DISTRIBUTION COST		(5,490)	(3,611)
ADMINISTRATIVE EXPENSES		(23,569)	(16,749)
OTHER EXPENSES		-	-
OTHER INCOME		87	6
FINANCE COST		(10,082)	(9,763)
LOSS BEFORE TAXATION		<u>(23,181)</u>	<u>(29,115)</u>
TAXATION		(5,757)	(4,704)
LOSS AFTER TAXATION		<u>(28,938)</u>	<u>(33,819)</u>
LOSS PER SHARE-BASIC AND DILUTED (RUPEES)		<u>(2.92)</u>	<u>(3.41)</u>

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

  
**AMJAD SAEED**  
**CHIEF EXECUTIVE OFFICER**

  
**OMER SAEED**  
**DIRECTOR**

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)  
FOR THE QUARTER ENDED 30 SEPTEMBER 2016**

	QUARTER ENDED	
	30 September 2016	30 September 2015
	----- (Rupees in thousand) -----	
LOSS AFTER TAXATION	(28,938)	(33,819)
OTHER COMPREHENSIVE INCOME		
<b>Items that will not be reclassified subsequently to profit or loss:</b>		
Recognition of actuarial loss on staff retirement gratuity	-	-
<b>Items that may be reclassified subsequently to profit or loss</b>	-	-
	-	-
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<u>(28,938)</u>	<u>(33,819)</u>

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 QUARTER ENDED 30 SEPTEMBER 2016**

	NOTE	QUARTER ENDED	
		30 September 2016	30 September 2015
(Rupees in thousand)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash utilized in operations	9	42,143	(75,427)
Finance cost paid		(9,533)	(8,438)
Income tax paid		-	(1,575)
Staff retirement gratuity paid		(3,831)	-
Net (increase) / decrease in long term deposits and prepayments		-	-
Net decrease in long term loans		-	-
<b>Net cash utilized in operating activities</b>		<b>28,779</b>	<b>(85,440)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		-	(29,389)
Capital expenditure on property, plant and equipment		(9,289)	(3,524)
Decrease in long term loans		-	-
<b>Net cash used in investing activities</b>		<b>(9,289)</b>	<b>(32,913)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long term financing		(11,042)	(21,334)
Proceeds from long term financing		29,083	59,899
Profit on deposits with bank		-	6
Short term borrowings - net		(26,305)	91,332
<b>Net cash from financing activities</b>		<b>(8,264)</b>	<b>129,903</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>11,226</b>	<b>11,550</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		<b>29,915</b>	<b>24,676</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>41,141</b>	<b>36,226</b>

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 QUARTER ENDED 30 SEPTEMBER 2016**

	RESERVES			TOTAL	TOTAL EQUITY
	SHARE CAPITAL	CAPITAL	REVENUE		
		EQUITY PORTION OF SHAREHOLDERS' LOAN	UNAPPROPRIATED PROFIT		
	-----RUPEES IN THOUSAND-----				
Balance as at 30 June 2015	99,200	46,807	124,520	171,327	270,527
Loss for the year	-	-	(65,828)	(65,828)	(65,828)
Other comprehensive loss for the year	-	-	(4,187)	(4,187)	(4,187)
Total comprehensive loss for the year	-	-	(70,015)	(70,015)	(70,015)
Equity portion of shareholders' loans	-	19,690	-	19,690	19,690
Balance as at 30 June 2016	99,200	66,497	54,505	121,002	220,202
Loss for the quarter ended 30 september 2016	-	-	(28,938)	(28,938)	(28,938)
Other comprehensive loss for the quarter ended 30 september 2016	-	-	-	-	-
Total comprehensive loss for the quarter ended 30 september 2016	-	-	(28,938)	(28,938)	(28,938)
Equity portion of shareholders' loans	-	-	-	-	-
Balance as at 30 September 2016	99,200	66,497	25,567	92,064	191,264



The annexed notes form an integral part of these financial statements.  
**ANJAD SAEED**  
CHIEF EXECUTIVE OFFICER



**OMER SAEED**  
DIRECTOR

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)  
FOR THE QUARTER ENDED 30 September 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, cloth and socks.

**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 quarter ended 30 September 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 2016.

**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 2016.

**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 2016.

Un-audited 30 September 2016	Audited 30 June 2016
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(Rupees in thousand)

**5. LONG TERM FINANCING**

Opening balance	370,069	287,563
Add: Obtained during the period / year	29,084	121,857
Add: fair value of shareholder's loan adjustment	-	14,548
Less: Gain on recognition of shareholder's loan	-	19,690
Less: Repaid during the period / year	11,043	34,209
	388,110	370,069
Less: Current portion shown under current liabilities	44,171	42,584
	343,939	327,485



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

- i) Guarantees of Rupees 18.605 million (30 June 2016: 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 2.46 million on account of Sindh infrastructure cess not acknowledged in view of pending appeal before appellate authorities. The related provision is not made in these financial statements in view of favourable outcome of the appeal.
- iii) Post dated cheques of Rupees 3.357 million (30 June 2016: Rupees 0.176 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 12.132 million (30 June 2016: Rupees 56.862 million).
- ii) Letter of credit other than for capital expenditure are of Rupees 0 million (30 June 2016: Rupees 75.832).

Un-audited 30 September 2016	Audited 30 June 2016
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(Rupees in thousand)

**7. PROPERTY, PLANT AND EQUIPMENT**

Operating fixed assets (Note 7.1)	693,567	699,190
Capital work-in-progress (Note 7.2)	31,474	39,091
	<u>725,041</u>	<u>738,281</u>

**7.1 Operating fixed assets**

Opening book value	699,190	565,771
<b>Add:</b>		
Cost of additions during the period / year (Note 7.1.1)	9,665	110,984
Effect of surplus on revaluation	-	85,166
	<u>708,855</u>	<u>761,921</u>
<b>Less:</b>		
Book value of deletions during the period / year - Vehicles	653	370
Depreciation charged during the period / year	14,635	62,361
	<u>15,288</u>	<u>62,731</u>
	<u>693,567</u>	<u>699,190</u>

Un-audited	Audited
30 September 2016	30 June 2016

(Rupees in thousand)

**7.1.1 Cost of additions during the period / year**

Building	-	26,371
Plant and machinery	2,211	76,740
Electric installations	-	3,089
Factory equipment	-	-
Computers	-	164
Electric appliances	-	87
Furniture and fixtures	-	102
Vehicles	7,454	4,431
	<u>9,665</u>	<u>110,984</u>

**7.2 Capital work-in-progress**

Plant and machinery	31474	39,091
	<u>31,474</u>	<u>39,091</u>

Quarter ended	
30 September 2016	30 September 2015

(Rupees in thousand)

**8. COST OF SALES**

Raw materials consumed	331,155	392,142
Stores, spare parts and loose tools consumed	15,073	10,475
Salaries, wages and other benefits	63,242	56,368
Fuel and power	68,294	62,046
Sizing material consumed	10,378	10,139
Out side processing/conversion charges	3,341	-
Packing materials consumed	9,010	7,961
Repair and maintenance	621	422
Insurance	794	731
Other factory overheads	149	1,029
Depreciation	13,311	14,211
	<u>515,368</u>	<u>555,524</u>
Work-in-process:		
Opening stock	19,719	18,174
Closing stock	(13,298)	(18,281)
	<u>6,421</u>	<u>(107)</u>
Cost of goods manufactured	<u>521,789</u>	<u>555,417</u>
Finished goods:		
Opening stock	102,303	87,805
Closing stock	(64,261)	(124,559)
	<u>38,042</u>	<u>(36,754)</u>
Cost of sales - purchased for resale	-	36,529
	<u>559,831</u>	<u>555,192</u>

	Quarter ended	
	30 September 2016	30 September 2015
Profit / (loss) before taxation	(23,181)	(29,115)
<b>9 Adjustments for non-cash charges and other items:</b>		
Depreciation	14,635	15,520
Gain on sale of property, plant and equipment	-	-
Provision for staff retirement gratuity	4,240	3,540
Profit on deposits with bank		(6)
Finance cost	10,082	9,764
Working capital changes (Note 9.1)	36,367	(75,130)
	<u>42,143</u>	<u>(75,427)</u>

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

<b>9.1</b>		
Stores, spare parts and loose tools	6,301	6,076
Stock-in-trade	53,444	(57,918)
Trade debts	27,832	(3,306)
Loans and advances	(10,051)	(17,425)
Short term prepayments	(3,079)	(3,221)
Other receivables	(85,382)	(27,477)
	(10,935)	(103,271)
Increase in trade and other payables	47,302	28,141
	<u>36,367</u>	<u>(75,130)</u>

## SEGMENT INFORMATION

	Spinning (Un-audited)		Weaving (Un-audited)		Elimination of inter-segment transactions (Un-audited)		Total - Company (Un-audited)	
	Quarter ended 30 September 2016	30 September 2015	Quarter ended 30 September 2016	30 September 2015	30 September 2016	30 September 2015	Quarter ended 30 September 2016	Quarter ended 30 September 2015
Sales	472,562	448,142	103,143	109,979	(8,295)	(1,927)	567,410	556,194
Cost of sales	(466,196)	(452,570)	(93,636)	(104,549)	8,295	1,927	(551,537)	(555,192)
Gross profit	6,366	(4,428)	9,507	5,430	-	-	15,873	1,002
Distribution cost	(4,493)	(2,749)	(997)	(862)	-	-	(5,490)	(3,611)
Administrative expenses	(18,203)	(12,790)	(5,366)	(3,959)	-	-	(23,569)	(16,749)
Other income	87	6	-	-	-	-	87	6
Finance cost	(9,525)	(9,157)	(557)	(606)	-	-	(10,082)	(9,763)
(Loss) / profit before taxation and unallocated expenses	(25,768)	(29,118)	2,587	3	-	-	(23,181)	(29,115)
Unallocated expenses:								
Other expenses								
Taxation								
Loss after taxation							(5,757)	(4,704)
							(28,938)	(33,819)

## Reconciliation of reportable segment assets and liabilities

	Spinning (Un-audited)		Weaving (Audited)		Total - Company (Un-audited)	
	30 September 2016	30 June 2016	30 September 2016	30 June 2016	30 September 2016	30 June 2016
Total assets for reportable segments	968,055	962,336	297,604	294,402	1,265,659	1,256,738
Total liabilities for reportable segments	756,571	752,715	210,787	182,541	967,358	935,256
Unallocated liabilities:						
Income tax liability					21,871	16,114
Total liabilities as per balance sheet					989,229	951,370

(Rupees in thousand)

(Rupees in thousand)

**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:

Quarter ended	
30 September	30 September
2,016	2,015

(Rupees in thousand)

**i) Transactions****Associated companies / undertakings**

Sale of goods and services	3,154	-
Fuel and power purchased	286	229
Goods purchased	4,724	
Services and other expenses paid	14	16,531

**Directors' loan**

Loan repaid	-	12,400
Loan acquired	3,000	41,400

Remuneration paid to Chief Executive Officer, Director and Executives

4,994 4,299

- -

Un-audited Audited  
30 September 30 June  
2016 2016

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

**ii) Period end balances**

Long term financing including current portion	249,616	246,616
Trade and other payables	9,072	11,211
Trade debts	654	-
Loans and advances	-	-

**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 2016.

**13. DATE OF AUTHORIZATION**

This condensed interim financial information was approved and authorized for issue on 28th September 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

1st  
Quarter

**IDEAL SPINNING MILLS LIMITED**



**IdealGroup**

**CONDENSED INTERIM  
FINANCIAL INFORMATION**

**FIRST QUARTER REPORT  
(UN-AUDITED)  
30 SEPTEMBER 2016**



***BOOK POST***

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