

INSPIRED

Quarterly Report

For the period ended September 30, 2016



J.K. SPINNING MILLS LIMITED



Contents

02	Company Information
03	Directors' Report
06	Directors' Report (Urdu)
08	Condensed Interim Balance Sheet (Un-Audited)
10	Condensed Interim Profit And Loss Account (Un-Audited)
11	Condensed Interim Statement of Comprehensive Income (Un-Audited)
12	Condensed Interim Cash Flow Statement (Un-Audited)
13	Condensed Interim Statement Of Changes In Equity (Un-Audited)
14	Selected Notes To The Condensed Interim Financial Information (Un-Audited)

Company Information

Chairman	Mr. Jawed Anwar
Chief Executive	Mr. Faiq Jawed
Directors	Mr. Shaiq Jawed Mr. Rehan Ashfaq Mrs. Farhat Jehan Mrs. Nageen Faiq Mrs. Mahwish Shaiq Mrs. Sadaf Aamir Arshad
Audit Committee	
Chairman	Mr.Rehan Ashfaq
Members	Mrs.Farhat Jehan Mrs.Sadaf Aamir Arshad
HR Committee	
Chairperson	Mrs.Sadf Aamir Arshad
Members	Mr.Shaiq Jawed Mrs.Nageen Faiq
Company Secretary	Syed Hussain Shahid Mansoor Naqvi
Chief Financial Officer	Mr. Ghulam Muhammad
Head of Internal Audit	Mr. Amjad Ali
Auditors	M/s Riaz Ahmad & Company, Chartered Accountants (A member of Nexia International) Faisalabad
Legal Advisor	Atif & Atif Law Associates Advocates
Registrar's and Share Registration office	M/s Orient Software Management Services (pvt.) Ltd. 35-Z, Ameer Plaza, Opposite Mujahid Hospital, Commercial Centre, Madina Town, Faisalabad
Bankers	Standard Chartered Bank (Pakistan) Limited The Bank of Punjab National Bank of Pakistan Askari Bank Limited NIB Bank Limited The Bank of Khyber Summit Bank Meezan Bank Limited
Head Office & Mills	29-KM, Sheikhpura Road, khurrianwala Faisalabad.

Directors' Report

In the name of Almighty Allah The Most Gracious, The beneficent, The Merciful

Dear Shareholders,

The Directors' of your company feel pleasure to submit Un-audited Financial Statements of the company for the quarter ended September 30, 2016.

Financial Results and Operational Performance

The summarized financial results of the company for the quarter ended September 30, 2016 are as under:

Particulars	Rupees in Millions	
	Quarter Ended	
	September 30, 2016	September 30, 2015
Sales	2,198.748	2,029.243
Cost of Sales	2,034.253	1,856.377
Gross Profit	164.495	172.866
Operating Expenses-net	96.111	130.303
Profit from Operations	68.384	42.563
Financial charges	27.754	16.441
Profit After taxation	18.073	13.480
Earnings per share – Rupee	0.30	0.22

Sales for the period under review increased to Rupees 2,198.748 million from Rupees 2,029.243 millions of the corresponding period and accordingly raw material consumed also increased as compared to corresponding period. Fuel and power cost increased in view in volume while salaries, wages and other benefit expenses increased due to increase in minimum wage rate. All other components of conversion cost increased slightly due to inflationary factor. Operating expenses net of other income for the quarter ended September 30, 2016 decreased to Rs. 96.111 million from Rs. 130.303 million of corresponding period of last year while financial charges increased to Rs. 27.754 million from 16.441 million of corresponding period in view of increase in long term financing.

Your company has earned profit after taxation of Rupees 18.073 million during the quarter ended September 30, 2016 against Rupees 13.480 of corresponding period of last year.

The production of yarn converted into 20/S for the period under review was 7.647 million Kgs against 7.022 million kgs of corresponding period of last year. Your company's management believes on continuing policy of Balancing Modernization and Replacement (BMR) of machinery and equipments of its production facilities. As reported in chairman's review of last year's annual report, letters of credit has been opened for import of eight draw frames machines while letters of credits are likely to be opened in next couple of months for addition of nine breaker draw frames, six finisher draw frames, twenty one ring frames comprising 24,192 spindles and eight auto cone machines. Spinning works are in progress for spinning expansion plans.

Future Outlook

Government is able to provide 24 hour RLNG supply to textile sector which will positively improve the bottom line of forthcoming period. Oil prices after touching bottom line are now showing increasing trend which is likely to increase the fuel and power cost of the remaining period of current financial year.

Although Pakistan cotton sowing area reduced for cotton season 2016-17 but cotton production projections are better than last year's cotton crop production. Management of your company is keenly watching the cotton market to procure the cotton at lowest rates and is making efforts to procure cotton for the whole period of financial year ending June 30, 2017. In view of dull demand in local and global markets, yarn sale margins remained suppressed during the quarter under review. The company is focusing on improving efficiencies and minimizing costs by enhancing spinning capacity to achieve the better financial results of remaining period of financial year ending June 30, 2017.

Directors' Report

Right shares

your directors have recommended to issue right shares at premium of rupees 5 per share in proportion of 20 shares for every hundred shares held.

Acknowledgement

The Directors wish to express their gratitude to our valued clients and bankers for the cooperation extended by them during the course of business activities. The Directors also wish to place on record their appreciation for the hard work and devoted services of the staff members and workers of the company.

For and on behalf of the Board



Faiq Jawed
Chief Executive

Faisalabad
October 28, 2016

ڈائریکٹرز رپورٹ برائے حصص یافتگان:

رابطہ شیئرز:

آپ کی کمپنی کے ڈائریکٹرز نے ہر 100 شیئرز کے بدلے میں 20 رابطہ شیئرز 5 روپے فی شیئر پر یکم پر دینے کی سفارش کی ہے۔

اعتراف:

آپ کی کمپنی کے ڈائریکٹرز کمپنی کے گاہکوں اور نمکریز کا کمپنی کے کاروبار میں تعاون پر شکرگزار ہیں ڈائریکٹرز کمپنی کے سٹاف اور مزدوروں کی محنت اور کوششوں کو بھی سراہتے ہیں۔

منجانب بورڈ آف ڈائریکٹرز:



فائق جاوید

چیف ایگزیکٹو

فیصل آباد

اکتوبر 28، 2016

ڈائریکٹرز رپورٹ برائے حصص یافتگان:
شروع اللہ کے نام سے جو نہایت مہربان اور رحم والا ہے۔

معزز حصص یافتگان،

آپ کی کمپنی کے ڈائریکٹرز سال کے پہلے کوارٹر کے اختتام 30 ستمبر 2016 کے مالیاتی حسابات پیش کرنے میں خوشی محسوس کرتے ہیں۔

مالیاتی نتائج:

مالیاتی سال کے پہلے کوارٹر کے نتائج کے تفصیل درج ذیل ہیں:

ملین روپے		تفصیلات
اختتام کوارٹر		
30 ستمبر 2015	30 ستمبر 2016	
2,029.243	2,198.748	سیلز
1,856.377	2,034.253	سیلز کے اخراجات
172.866	164.495	خام منافع
130.303	96.111	آپریٹنگ اخراجات
42.563	68.384	آپریٹنگ منافع
16.441	27.754	مالیاتی اخراجات
13.480	18.073	منافع بعد از ٹیکس
0.22	0.30	فی شیئر آمدنی

سال کے اس کوارٹر کے دوران یہ فیروزخت 2,029.243 ملین روپے سے بڑھ کر 2,198.748 ملین روپے ہوئی ہے۔ اسی طرح خام مال کے اخراجات بھی اسی نسبت سے بڑھ گئے ہیں۔ توانائی کی لاگت کے اخراجات زیادہ پیداوار کی وجہ سے بڑھ گئے ہیں جبکہ تنخواہیں وغیرہ کم از کم اجرت کی وجہ سے بڑھ گئی ہیں۔ سیلز کے دوسرے اخراجات مہنگائی کی وجہ سے بڑھے ہیں۔ اس عرصے کے آپریٹنگ اخراجات پچھلے سال کے اخراجات 130.303 ملین روپے سے کم ہو کر 96.111 ملین روپے ہو گئے ہیں جبکہ مالی اخراجات پچھلے سال کے

اخراجات 16.441 ملین روپے سے بڑھ کر 27.754 ملین روپے ہو گئے ہیں۔ ان اخراجات کے بڑھنے کی وجہ لے عرصے کے قرضہ جات میں اضافہ ہے۔ آپ کی کمپنی نے کوارٹر اختتام 30 ستمبر 2016 میں 18.073 ملین روپے خالص منافع کمایا ہے جبکہ پچھلے سال کا منافع 13.480 ملین روپے تھا۔ اس کوارٹر کے دوران یہ میں دھاگے کی پیداوار پچھلے سال کی پیداوار 7.022 ملین کلوگرام سے بڑھ کر 7.647 ملین کلوگرام ہو گئی ہے۔ آپ کی کمپنی نے پرانی مشینری کو جدید مشینری سے بدلنے کی پالیسی اختیار کی ہوئی ہے۔ جیسا کہ پچھلے سال کی رپورٹ میں بتایا گیا ہے کہ کمپنی نے سپنگ کے 8 ڈرافٹریز مشینری درآمد کرنے کے لئے لیٹرف آف کریڈٹ کھولے ہوئے ہیں جبکہ اگلے کچھ مہینوں میں مزید 9 بریکڈرافٹریز، 6 فنتر ڈرافٹریز، 24.192 سپنڈرلر پر مشتمل 21 رنگ فریزر اور 8 آٹوکون مشینز کے مزید لیٹرف آف کریڈٹ کھولے جائیں گے۔ سپنگ ملز کی پیداواری صلاحیت بڑھانے کیلئے تعمیراتی کام جاری و ساری ہے۔

مستقبل کا نقطہ نظر:

گورنمنٹ نے ٹیکسٹائل انڈسٹری کو چوبیس گھنٹے آرایں این جی سپلائی شروع کر دی ہے جس کی وجہ سے اس سال کے اگلے دورانیے کی خالص منافع کی رقم بہتر ہونے کی امید ہے۔ آئل کی قیمتیں پٹلی سطح کے بعد اوپر کی طرف بڑھنا شروع ہو گئی ہیں جس کی وجہ سے توانائی کے اخراجات بڑھنے کا خدشہ موجود ہے۔ اگرچہ کپاس کی فصل کا پیداواری رقبہ کم ہوا ہے لیکن بہتر فصل ہونے کی وجہ سے پچھلے سال کے مقابلے میں پیداوار بڑھنے کی توقع ہے۔ آپ کی کمپنی کی انتظامیہ کاٹن مارکیٹ کا بغور جائزہ لے رہی ہے اور کم از کم زرغ پر کاٹن خریدنے اور مالی سال 2017 کے پورے عرصے کی کاٹن خریدنے کی کوشش کر رہی ہے۔ مقامی اور بین الاقوامی منڈی میں مصنوعات کی طلب میں کمی کی وجہ سے سیلز مارجن دباؤ میں ہیں۔ آپ کی کمپنی کی انتظامیہ پیداواری صلاحیت بڑھا کر اخراجات کم کرنے اور کارکردگی میں بہتری لاکر سال 2017 کے بقیہ حصہ میں خالص منافع بہتر کرنے کی کوشش کر رہی ہے۔

Condensed Interim Balance Sheet (Un-Audited)

As At 30 September 2016

	NOTE	Un-audited 30 September 2016	Audited 30 June 2016	Audited 30 June 2015
(RUPEES IN THOUSAND)				
				Restated
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorized share capital				
96 000 000 (30 June 2016: 96 000 000) ordinary shares of Rupees 10 each		960,000	960,000	960,000
Issued, subscribed and paid up share capital		609,033	609,033	609,033
Reserves		2,262,504	2,244,431	2,168,685
Total equity		2,871,537	2,853,464	2,777,718
Surplus on revaluation of property, plant and equipment - net of deferred income tax		178,634	178,634	153,778
LIABILITIES				
NON-CURRENT LIABILITIES				
Long term financing	5	376,546	358,291	-
Liabilities against assets subject to finance lease		7,158	7,158	21,973
Deferred income on sale and lease back		594	792	1,634
Deferred income tax liability		149,542	145,824	167,865
		533,840	512,065	191,472
CURRENT LIABILITIES				
Trade and other payables		430,365	413,212	467,924
Accrued mark-up		14,930	16,254	10,772
Short term borrowings		1,503,397	1,517,083	1,191,193
Current portion of non-current liabilities		168,033	135,519	23,245
Provision for taxation		52,403	33,564	77,558
		2,169,128	2,115,632	1,770,692
TOTAL LIABILITIES		2,702,968	2,627,697	1,962,164
CONTINGENCIES AND COMMITMENTS	6			
TOTAL EQUITY AND LIABILITIES		5,753,139	5,659,795	4,893,660

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



Jawed Anwar
Chairman



Faiq Jawed
Chief Executive Officer



Shaiq Jawed
Director

Condensed Interim Balance Sheet (Un-Audited)

As At 30 September 2016

	NOTE	Un-audited 30 September 2016	Audited 30 June 2016	Audited 30 June 2015
(RUPEES IN THOUSAND)				
Restated				
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	7	2,796,407	2,748,664	2,290,022
Long term investment	8	-	-	-
Long term deposits and prepayments		5,982	6,432	12,256
		<u>2,802,389</u>	<u>2,755,096</u>	<u>2,302,278</u>
CURRENT ASSETS				
Stores, spare parts and loose tools		81,464	65,643	65,076
Stock in trade		1,670,264	1,756,108	1,484,015
Trade debts		649,553	513,799	593,632
Loans and advances		90,833	50,197	48,513
Short term deposits and prepayments		17,469	13,880	10,688
Other receivables		13,384	41,684	32,634
Tax refunds due from the Government		396,271	395,028	287,199
Short term investment		127	123	-
Cash and bank balances		31,385	68,237	69,625
		<u>2,950,750</u>	<u>2,904,699</u>	<u>2,591,382</u>
TOTAL ASSETS		<u>5,753,139</u>	<u>5,659,795</u>	<u>4,893,660</u>



Jawed Anwar
Chairman



Faiq Jawed
Chief Executive Officer



Shaiq Jawed
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		2,198,748	2,029,243
Cost Of Sales	9	(2,034,253)	(1,856,377)
Gross Profit		164,495	172,866
Distribution Cost		(62,246)	(77,583)
Administrative Expenses		(61,106)	(54,602)
Other Expenses		(2,138)	(2,031)
Other Income		29,379	3,913
Finance Cost		(27,754)	(16,441)
Profit Before Taxation		40,630	26,122
Taxation		(22,557)	(12,642)
Profit After Taxation		18,073	13,480
Earnings per Share-Basic and Diluted (Rupees)		0.30	0.22

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



Jawed Anwar
Chairman



Faiq Jawed
Chief Executive Officer



Shaiq Jawed
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)	
Profit After Taxation	18,073	Restated 13,480
Items that will not be reclassified subsequently to profit or loss:		
Surplus on revaluation of freehold land (i)	-	-
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the period	-	-
Total Comprehensive income For The Period	18,073	13,480

(i) Surplus on revaluation of freehold land is presented under separate head below equity in accordance with the requirements of section 235 of the Companies Ordinance, 1984.

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



Jawed Anwar
Chairman



Faiq Jawed
Chief Executive Officer



Shaiq Jawed
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)			
			Restated
Cash flows from operating activities			
Cash generated from operation	10	63,787	366,955
Finance cost paid		(29,078)	(23,077)
Net decrease in long term deposits and prepayments		450	-
Net cash generated from operating activities		35,159	343,878
Cash flows from investing activities			
Capital expenditure on property, plant and equipment		(109,658)	(188,964)
Proceeds from sale of property, plant and equipment		564	-
Net cash used in investing activities		(109,094)	(188,964)
Cash flows from financing activities			
Long term loan acquired		53,742	-
Repayment of finance lease liabilities		(2,973)	(6,475)
Short term borrowings - net		(13,686)	(175,879)
Net cash from financing activities		37,083	(182,354)
Net decrease in cash and cash equivalents during the period		(36,852)	(27,440)
Cash and cash equivalents at the beginning of the period		68,237	69,625
Cash and cash equivalents at the end of the period		31,385	42,185

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



Jawed Anwar
Chairman



Faiq Jawed
Chief Executive Officer



Shaiq Jawed
Director

Condensed Interim Statement of Changes In Equity (Un-Audited)

For The Quarter Ended 30 September 2016

	SHARE CAPITAL	RESERVES		TOTAL	TOTAL EQUITY
		CAPITAL Mergers reserve	REVENUE Unappropriated profit		
Balance as at 30 June 2015 – Audited – Restated	609,033	289,636	1,879,049	2,168,685	2,777,718
Profit for the quarter ended 30 September 2015--Restated	-	-	13,480	13,480	13,480
Other comprehensive income-Restated	-	-	-	-	-
Total comprehensive income for the period ended 30 September 2015--Restated	-	-	13,480	13,480	13,480
Balance as at 30 September 2015 – Un-audited – Restated	609,033	289,636	1,892,529	2,182,165	2,791,198
Profit for the nine months ended 30 June 2016	-	-	62,266	62,266	62,266
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the nine months ended 30 June 2016	-	-	62,266	62,266	62,266
Balance as at 30 June 2016 – Audited	609,033	289,636	1,954,795	2,244,431	2,853,464
Profit for the quarter ended 30 September 2016	-	-	18,073	18,073	18,073
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the quarter ended 30 September 2016	-	-	18,073	18,073	18,073
Balance as at 30 September 2016 – Un-audited	609,033	289,636	1,972,868	2,262,504	2,871,537

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



Jawed Anwar
Chairman



Faiz Jawed
Chief Executive Officer



Shaiq Jawed
Director

Selected Notes To The Condensed Interim Financial Information (Un-Audited)

For The Quarter Ended 30 September 2016

1. THE COMPANY AND ITS OPERATIONS

J.K. Spinning Mills Limited (the Company) is a public limited company incorporated in Pakistan on 07 January 1987 under the Companies Ordinance, 1984 and listed on Pakistan Stock Exchange Limited. Its registered office is situated at 29-Kilometers, Sheikhpura Road, Faisalabad where the factory premises of the Company are also located. The Company is engaged in business of textile manufacturing comprising of ginning, spinning, stitching, buying, selling and otherwise dealing in yarn, fabrics and other goods.

2. BASIS OF PREPARATION

This condensed interim financial information is un-audited and 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 for the preparation of this condensed interim financial information 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 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 judgements 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 judgements 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.

Selected Notes To The Condensed Interim Financial Information (Un-Audited)

For The Quarter Ended 30 September 2016

	Un-audited 30 September 2016	Audited 30 June 2016
	(RUPEES IN THOUSAND)	
5. LONG TERM FINANCING		
From banking companies - secured		
Opening balance	479,077	-
Add: Obtained during the period / year	53,742	479,077
Closing balance	532,819	479,077
Less: Current portion shown under current liabilities	156,273	120,786
	<u>376,546</u>	<u>358,291</u>
6. CONTINGENCIES AND COMMITMENTS		
a) Contingencies		
i) The Company has filed an appeal before Appellate Tribunal, Inland Revenue, Lahore against order in original 02/2007 dated 03 May 2007 for Rupees 11.002 million (30 June 2016: Rupees 11.002 million) along with default surcharge under section 34 of Sales Tax Act, 1990 and penalty at the rate of 30 percent. Appellate Tribunal, Inland Revenue, Lahore passed order against our appeal. Afterwards we filed reference against the decision of Appellate Tribunal, Inland Revenue, Lahore before Honourable Lahore High Court, Lahore. The related provision is not made in these financial statements in view of possible favourable outcome of the reference.		
ii) The Company has filed an appeal before Customs Appellate Tribunal, Lahore against the order in original 28/2015 dated 05 March 2015 for the recovery of Rupees 2.133 million (30 June 2016: Rupees 2.133 million) along with additional tax and penalty under section 156 of the Customs Act, 1969. The related provision is not made in these financial statements in view of favourable outcome of the reference.		
iii) The Company has filed an appeal before Honourable Commissioner, Inland Revenue (Appeals), Faisalabad against order in original No. 60/2016 dated 11 April 2016 for the recovery of Rupees 7.904 million (30 June 2016: Rupees 7.904 million) along with default surcharge and penalty under section 34 and 33 of Sales Tax Act, 1990 respectively. The related provision is not made in these financial statements in view of possible favourable outcome of the reference.		
iv) Sui Northern Gas Pipelines Limited (SNGPL) is charging Late Payment Surcharge (LPS) on the Company amounting to Rupees 84.669 million (30 June 2016: Rupees 84.669 million). This late payment surcharge is due to non-payment of Gas Infrastructure Development Cess (GIDC) as required to pay under GIDC Act, 2015 but the Company has made provision of Rupees 43.413 million (30 June 2016: Rupees 43.413 million). However, the Company has filed an appeal before Honourable Lahore High Court against the LPS charged by SNGPL. The Honourable Lahore High Court has issued directions to suspend payment of LPS till final decision. Therefore, the Company has not incorporated provision of remaining amount of Rupees 41.256 million (30 June 2016: Rupees 41.256 million) in these financial statements due to possible favourable outcome of the appeal.		
v) Guarantees of Rupees 82.710 million (30 June 2016: Rupees 82.710 million) are given by the banks of the Company to Sui Northern Gas Pipeline Limited against gas connections, Punjab Power Development Board for installing electricity generation facility and Faisalabad Electric Supply Company against electricity connection.		

Selected Notes To The Condensed Interim Financial Information (Un-Audited)

For The Quarter Ended 30 September 2016

- vi) Post dated cheques of Rupees 136.217 million (30 June 2016: Rupees 116.430 million) are issued to custom authorities in respect of duties on imported material availed on the basis of consumption and export plans. If documents of exports are not provided on due dates, cheques issued as security shall be encashable.
- b) **Commitments**
- i) Letter of credits for capital expenditure amounting to Rupees 42.296 million as at 30 September 2016 (30 June 2016: Rupees 98.410 million).
- ii) Letter of credits for other than capital expenditure as at 30 September 2016 amounting to Rupees 45.849 million (30 June 2016: Rupees 73.192 million).

	Un-audited 30 September 2016 (RUPEES IN THOUSAND)	Audited 30 June 2016
7. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets:		
Owned (Note 7.1)	2,564,509	2,486,652
Leased (Note 7.2)	28,157	29,639
Capital work-in-progress (Note 7.3)	203,741	232,373
	2,796,407	2,748,664
7.1 Operating fixed assets - Owned		
Opening book value	2,486,652	2,150,729
Add:		
Cost of additions during the period / year (Note 7.1.1)	138,290	515,789
Book value of assets transferred from leased assets		31,039
Effect of revaluation surplus	-	24,856
	2,624,942	2,722,413
Less:		
Book value of deletions during the period / year (Note 7.1.2)	501	6,115
Depreciation charged during the period / year	59,932	229,646
	60,433	235,761
	2,564,509	2,486,652

Selected Notes To The Condensed Interim Financial Information (Un-Audited)

For The Quarter Ended 30 September 2016

	Un-audited 30 September 2016 (RUPEES IN THOUSAND)	Audited 30 June 2016
7.1.1 Cost of additions during the period / year		
Buildings on freehold land	-	3,861
Plant and machinery	125,979	453,570
Electric installations and appliances	6,237	19,999
Factory equipment	-	19,696
Furniture and fixtures	33	-
Office equipment	-	1,182
Vehicles	6,041	17,481
	<u>138,290</u>	<u>515,789</u>
7.1.2 Book value of deletions during the period / year		
Plant and machinery	-	4,985
Vehicles	501	1,130
	<u>501</u>	<u>6,115</u>
7.2 Operating fixed assets - Leased		
Opening book value	29,639	69,721
Less:		
Book value of assets transferred to operating fixed assets	-	31,039
Depreciation charged during the period / year	1,482	9,043
	<u>1,482</u>	<u>40,082</u>
	<u>28,157</u>	<u>29,639</u>
7.3 Capital work-in-progress		
Buildings on freehold land	131,746	103,912
Plant and machinery	53,971	110,437
Electric installations and appliances	14,667	14,667
Advances against vehicles	3,357	3,357
	<u>203,741</u>	<u>232,373</u>
8. LONG TERM INVESTMENT		

The investment of 750 (30 June 2016: 750) ordinary shares in J.K. Tech (Private) Limited, an associate, has been fully impaired in previous years.

Selected Notes To The Condensed Interim Financial Information (Un-Audited)

For The Quarter Ended 30 September 2016

	(Un-audited)	
	Quarter ended	
	30 September 2016	30 September 2015
	(RUPEES IN THOUSAND)	
9. COST OF SALES		Restated
Raw materials consumed	1,416,469	1,368,376
Stores, spare parts and loose tools consumed	43,416	40,112
Packing materials consumed	19,791	20,424
Processing and conversion charges	84,981	81,320
Fuel and power	192,100	181,498
Salaries, wages and other benefits	128,977	120,083
Repair and maintenance	4,638	3,909
Insurance	2,883	2,667
Other factory overheads	5,816	7,067
Depreciation	55,346	47,188
	<u>1,954,417</u>	<u>1,872,644</u>
Work-in-process:		
Opening stock	271,474	240,918
Closing stock	(200,416)	(271,474)
	<u>71,058</u>	<u>(30,556)</u>
Cost of goods manufactured	2,025,475	1,842,088
Finished goods:		
Opening stock	533,516	514,798
Closing stock	(566,142)	(533,516)
	<u>(32,626)</u>	<u>(18,718)</u>
Cost of sales - purchased for resale	41,404	33,007
	<u>2,034,253</u>	<u>1,856,377</u>
10. CASH GENERATED FROM OPERATIONS		
Profit before taxation	40,630	26,122
Adjustments for non-cash charges and other items:		
Depreciation	61,414	53,643
Finance cost	27,754	16,441
Unrealized gain on investment	(4)	
Amortization of deferred income on sale and leaseback	(198)	(240)
Gain on sale of property, plant and equipment	(63)	-
Working capital changes (Note 10.1)	(65,746)	270,989
	<u>63,787</u>	<u>366,955</u>

Selected Notes To The Condensed Interim Financial Information (Un-Audited)

For The Quarter Ended 30 September 2016

	(Un-audited)	
	Quarter ended	
	30 September 2016	30 September 2015
	(RUPEES IN THOUSAND)	
10.1 Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(15,821)	(3,797)
Stock in trade	85,844	346,448
Trade debts	(135,754)	(63,462)
Loans and advances	(40,636)	16,341
Short term deposits and prepayments	(3,589)	(8,305)
Other receivables	28,300	8,155
Tax refunds due from the Government	(1,243)	(32,362)
	(82,899)	263,018
Increase in trade and other payables	17,153	7,971
	(65,746)	270,989

11. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, staff retirement fund, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties are as follows:

i) Transactions

Associated companies

Service charges	107	916
Rental Income	480	480

Other related parties

Remuneration paid to Chief Executive Officer, Directors and Executives	20,341	15,271
Contribution to Employees' Provident Fund Trust	4,870	4,551
Loans repaid to directors	3,137	13,310

Selected Notes To The Condensed Interim Financial Information (Un-Audited)
For The Quarter Ended 30 September 2016

12. SEGMENT INFORMATION

12.1

	Spinning		Fabric		Home Textile		Elimination of inter-segment transactions		Total - Company	
	(Un-audited) 30 September 2016	(Un-audited) 30 September 2015	(Un-audited) 30 September 2016	(Un-audited) 30 September 2015	(Un-audited) 30 September 2016	(Un-audited) 30 September 2015	(Un-audited) 30 September 2016	(Un-audited) 30 September 2015	(Un-audited) 30 September 2016	(Un-audited) 30 September 2015
Sales	1,448,016	1,366,088	245,782	231,416	504,950	469,246	-	-	2,198,748	2,066,750
External Inter-segment	48862	37,507	-	-	-	-	(48,862)	(37,507)	-	-
Cost of sales	1,496,878	1,403,595	245,782	231,416	504,950	469,246	(48,862)	(37,507)	2,198,748	2,066,750
Gross profit	(1,382,000)	(1,315,467)	(231,009)	(205,233)	(470,106)	(410,691)	48,862	37,507	(2,034,253)	(1,893,884)
	114,878	88,128	14,773	26,183	34,844	58,555	-	-	164,495	172,866
Distribution cost	(23,663)	(32,023)	(12,061)	(14,855)	(26,522)	(30,705)	-	-	(62,246)	(77,583)
Administrative expenses	(40,862)	(36,597)	(16,328)	(5,871)	(13,916)	(12,134)	-	-	(61,106)	(54,602)
	(64,525)	(68,620)	(18,389)	(20,726)	(40,438)	(42,839)	-	-	(123,352)	(132,185)
Profit before taxation and unallocated income and expenses	50,353	19,508	(3,616)	5,457	(5,594)	15,716	-	-	41,143	40,681
Unallocated income and expenses										
Other expenses									(2,138)	(2,031)
Other income									29,379	3,913
Finance cost									(27,754)	(16,441)
Taxation									(22,557)	(12,642)
Profit after taxation									18,073	13,480

12.2 Reconciliation of reportable segment assets and liabilities:

	Spinning		Fabric		Home Textile		Total - Company	
	(Un-audited) 30 September 2016	(Un-audited) 30 September 2015	(Un-audited) 30 September 2016	(Un-audited) 30 September 2015	(Un-audited) 30 September 2016	(Un-audited) 30 September 2015	(Un-audited) 30 September 2016	(Un-audited) 30 September 2015
Total assets for reportable segments	4,468,907	4,351,988	371,263	400,372	516,698	512,420	5,356,868	5,264,780
Unallocated assets								
Total assets as per balance sheet							396,271	395,015
							5,753,139	5,659,795
All segment assets are allocated to reportable segments other than those directly relating to corporate.								
Total liabilities for reportable segments	1,815,527	1,566,697	223,724	314,037	459,634	588,773	2,498,885	2,439,507
Unallocated liabilities								
Total liabilities as per balance sheet							204,083	188,190
							2,702,968	2,627,697

All segment liabilities are allocated to reportable segments other than provision for taxation, deferred income tax liability and other corporate liabilities.

Selected Notes To The Condensed Interim Financial Information (Un-Audited)

For The Quarter Ended 30 September 2016

13. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual financial statements of the Company for the year ended 30 June 2016.

14. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was approved and authorized for issue on October 28, 2016 by the Board of Directors of the Company.

15. 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.

16. GENERAL

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



Jawed Anwar
Chairman



Faiq Jawed
Chief Executive Officer



Shaiq Jawed
Director



J.K. SPINNING MILLS LIMITED

Registered Office

29-Km Sheikhpura Road, Druman Wala More
Khurrianwala, Faisalabad. Pakistan
PABX: +92 41 4362441 46, 5036678-80

Fax:+92-41-4362447-48,

UAN: +92 41 111 15 15 15, 111 16 16 16

E-mail: jkgroup@jkgroup.net