

INSPIRED

Third Quarterly Report

For the period ended March 31, 2017



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 Nine Months Period Ended March 31, 2017.

Financial Results and Operational Performance

The summarized financial results of the company for the Nine Months Period Ended March 31, 2017 are as under:

Particulars	Rupees in Millions	
	Nine Months Ended 31 March 2017	31 March 2016
Sales	6,807.278	6,134.300
Cost of Sales	6,250.658	5,657.568
Gross Profit	556.620	476.732
Operating Expenses	389.647	357.893
Other Income	58.190	23.490
Finance cost	100.405	66.679
Profit before taxation	124.758	75.650
Taxation	54.328	35.022
Profit After taxation	70.430	40.628
Earnings per share – Rupee	0.96	0.67

Sales for the period under review increased to Rupees 6,807.278 million from Rupees 6,134.300 millions of corresponding period. Raw material consumed for the period also increased in view of increase in prices and volume. Salaries and wages cost increased due to increase in minimum wage rate while fuel and power cost increased due to increase in spinning capacity and higher production. Stores and spares parts and loose tools consumed, packing material and processing charges and other overhead cost decreased in view of better cost reduction strategy. Operating expenses increased due to inflationary trend. Financial cost increased in view of increase in long term and short term borrowings.

Your company has earned profit after tax of Rupees 70.430 million during the nine months period ended on March 31, 2017 against Rupees 40.628 million of the same period of last year.

In view of recession on textile industry, The Board of Directors has not recommended any interim cash dividend.

The production of yarn converted into 20/S for the period under review was 22.358 million Kgs against 21.358 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. During the period under review, your company has added eight draw frames, one simplex machine, three Ring frames comprising 3,024 spindles and two Generation sets in existing facilities while letters of credits has been opened for import of one speed frame, eight Ring frames comprising 14,592 spindles with auto Doffers, link coner, bobbin transport system and ring tubes etc. and eight Automatic Cone winder Savio machines. Further letters of credits are likely to be opened in next couple of months for addition of nine breaker draw frames, six finisher draw frames, five ring frames comprising 9120 spindles and five auto cone machines. Civil works are in progress for spinning expansion plans.

Directors' Report

Future Outlook

Although Pakistan cotton sowing area reduced for cotton season 2016-17 but cotton production increased by 10% approximately as compared to last year's cotton crop production. Management of your company has procured sufficient cotton for the whole period of financial year ending June 30, 2017 and first quarter of next financial year. On announcement of textile package and imposition of duty on fine yarn counts, yarn prices has improved and looking stable and resultantly will improve the bottom line of the company. Your company is also 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.

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

Faisalabad
April 27, 2017



Faiq Jawed
Chief Executive

ڈائریکٹرز رپورٹ برائے حصص یافتگان:

مستقبل کا نظریہ نظر:

آئٹل کی قیمتیں اوبیک ملوں کی آئٹل کی پیداوار میں کمی کی وجہ سے اوپر کو بڑھ رہی ہیں۔ آئٹل کی قیمتوں میں اضافے کی وجہ سے صنعت کی توانائی کے اخراجات میں اضافے کا امکان ہے۔ پاکستان کی گورنمنٹ نے ٹیکسٹائل انڈسٹری کو بہتر کرنے کے لئے ٹیکسٹائل کھنچ کا اعلان کیا ہے اور عمدہ دھاگے کے کاؤنٹ پر ریگولیشنری ڈیوٹی لگادی ہے۔ ان دونوں اقدام کی وجہ سے ٹیکسٹائل کی لوکل صنعت اس خطے میں بہتر مقابلے کی پوزیشن میں آگئی ہے اور اس سے ٹیکسٹائل کی برآمدات میں بہتری میں مدد ملے گی جو کہ پچھلے تین سال سے مسلسل گرتی جا رہی تھیں۔

اگرچہ پاکستان میں کپاس کی کاشت کے پیداواری رقبے میں 2016-17 سال میں کمی ہوئی ہے لیکن کپاس کی پیداوار میں پچھلے سال کے مقابلے میں 10% اضافہ ہوا ہے۔ آپ کی کمپنی کی انتظامیہ مالی سال 2016-17 اور اگلے سال کے پہلے کوارٹر کے لئے کاٹن کی خریداری کی ہے۔ ٹیکسٹائل کھنچ کے اعلان اور عمدہ دھاگے کاؤنٹ پر ریگولیشنری ڈیوٹی لگانے کے بعد دھاگے کی قیمتوں میں اضافہ اور استحکام آیا ہے جس کی وجہ سے خالص منافع میں بہتری آئے گی۔ آپ کی کمپنی کی انتظامیہ پیداواری صلاحیت بڑھا کر اور اخراجات کم کر کے اور کارکردگی میں بہتری لاکر مالی سال 2017 کے نتیجہ عرصے کے خالص منافع میں بہتری لانے کی کوشش کر رہی ہے۔

اعتراف:

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

مخانب یورڈ آف ڈائریکٹرز:



فائق جاوید

چیف ایگزیکٹو

فیصل آباد

اپریل 27، 2017

Financial Statements

For the nine months ended March 31, 2017

Condensed Interim Balance Sheet (Un-Audited)

As At 31 March 2017

	NOTE	Un-audited 31 March 2017 (RUPEES IN THOUSAND)	Audited 30 June 2016
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
Issued, subscribed and paid up share capital		730,839	609,033
Premium on Issue of shares		60,904	-
Reserves		2,284,409	2,244,431
Total equity		3,076,152	2,853,464
Surplus on revaluation of freehold land		178,634	178,634
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	365,845	358,291
Liabilities against assets subject to finance lease		-	7,158
Deferred income on sale and lease back		52	792
Deferred income tax liability		132,080	145,824
		497,977	512,065
CURRENT LIABILITIES			
Trade and other payables		471,547	413,212
Accrued mark-up		25,505	16,254
Short term borrowings		2,045,269	1,517,083
Current portion of non-current liabilities		139,360	135,519
Provision for taxation		68,072	33,564
		2,749,753	2,115,632
TOTAL LIABILITIES		3,247,730	2,627,697
CONTINGENCIES AND COMMITMENTS	6		
TOTAL EQUITY AND LIABILITIES		6,502,516	5,659,795

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



Jawed Anwar
Chairman



Faiq Jawed
Chief Executive Officer



Mrs. Sadaf Aamir
Director

Condensed Interim Balance Sheet (Un-Audited)

As At 31 March 2017

	NOTE	Un-audited 31 March 2017 (RUPEES IN THOUSAND)	Audited 30 June 2016
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	2,767,514	2,748,664
Long term investment		-	-
Long term deposits and prepayments		219	6,432
		<u>2,767,733</u>	<u>2,755,096</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		69,925	65,643
Stock in trade		2,316,555	1,756,108
Trade debts		671,349	513,799
Loans and advances		72,334	50,197
Short term deposits and prepayments		7,555	13,880
Other receivables		54,345	41,684
Tax refunds due from the Government		403,597	395,028
Short term investment		41,116	123
Cash and bank balances		98,007	68,237
		<u>3,734,783</u>	<u>2,904,699</u>
TOTAL ASSETS		<u>6,502,516</u>	<u>5,659,795</u>



Jawed Anwar
Chairman



Faiq Jawed
Chief Executive Officer



Mrs. Sadaf Aamir
Director

Condensed Interim Profit And Loss Account (Un-Audited)

For The nine months Ended 31 March 2017

	NOTE	Nine months ended		Quarter ended	
		31 March 2017 (RUPEES IN THOUSAND)	31 March 2016 (RUPEES IN THOUSAND)	31 March 2017 (RUPEES IN THOUSAND)	31 March 2016 (RUPEES IN THOUSAND)
Sales		6,807,278	6,134,300	2,310,137	2,015,106
Cost Of Sales	8	(6,250,658)	(5,657,568)	(2,057,506)	(1,859,132)
Gross Profit		556,620	476,732	252,631	155,974
Distribution Cost		(196,680)	(184,873)	(76,102)	(58,042)
Administrative Expenses		(182,810)	(163,966)	(63,457)	(59,983)
Other Expenses		(10,157)	(9,054)	(2,967)	(4,511)
Other Income		58,190	23,490	8,679	14,082
Finance Cost		(100,405)	(66,679)	(37,901)	(28,712)
Profit Before Taxation		124,758	75,650	80,883	18,808
Taxation		(54,328)	(35,022)	(37,906)	(1,480)
Profit After Taxation		70,430	40,628	42,977	17,328
Earnings per Share-Basic (Rupees)		0.96	0.67	0.59	0.28

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



Jawed Anwar
Chairman



Faiq Jawed
Chief Executive Officer



Mrs. Sadaf Aamir
Director

Condensed Interim Statement of Comprehensive Income (Un-Audited)

For The nine months Ended 31 March 2017

	Nine months ended		Quarter ended	
	31 March 2017 (RUPEES IN THOUSAND)	31 March 2016 Restated (RUPEES IN THOUSAND)	31 March 2017 (RUPEES IN THOUSAND)	31 March 2016 Restated (RUPEES IN THOUSAND)
Profit After Taxation	70,430	40,628	42,977	17,328
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	70,430	40,628	42,977	17,328

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



Jawed Anwar
Chairman



Faiq Jawed
Chief Executive Officer



Mrs. Sadaf Aamir
Director

Condensed Interim Cash Flow Statement (Un-Audited)

For The nine months Ended 31 March 2017

	NOTE	Nine months ended	
		31 March 2017	31 March 2016
(RUPEES IN THOUSAND)			
Cash flows from operating activities			
Cash utilized in operations	9	(272,596)	(16,197)
Finance cost paid		(91,154)	(66,893)
Income tax paid		(33,564)	(77,559)
Workers' profit participation fund paid		(9,144)	(6,785)
Workers' welfare fund paid		-	(1,647)
Net decrease in long term deposits and prepayments		6,213	6,546
Net cash utilized in operating activities		(400,245)	(162,535)
Cash flows from investing activities			
Capital expenditure on property, plant and equipment		(234,027)	(524,266)
Investment made		(40,993)	-
Proceeds from sale of property, plant and equipment		20,354	7,565
Net cash used in investing activities		(254,666)	(516,701)
Cash flows from financing activities			
Long term financing acquired		97,252	380,000
Long term financing repaid		(79,781)	-
Repayment of liabilities against assets subject to finance lease		(13,234)	(15,965)
shares issued at premium		182,710	-
Short term borrowings - net		528,186	306,653
Dividend paid		(30,452)	-
Net cash from financing activities		684,681	670,688
Net increase / (decrease) in cash and cash equivalents		29,770	(8,548)
Cash and cash equivalents at the beginning of the period		68,237	69,625
Cash and cash equivalents at the end of the period		98,007	61,077

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



Jawed Anwar
Chairman



Faiq Jawed
Chief Executive Officer



Mrs. Sadaf Aamir
Director

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

For The nine months Ended 31 March 2017

	SHARE CAPITAL	SHARE PREMIUM	RESERVES		TOTAL	TOTAL EQUITY
			CAPITAL Merger reserve	REVENUE Unappropriated profit		
----- (RUPEES IN THOUSAND) -----						
Balance as at 30 June 2015 - (Audited) - Restated	609,033	-	289,636	1,879,049	2,168,685	2,777,718
Profit for the nine months ended 31 March 2016 - Restated	-	-	-	40,628	40,628	40,628
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the nine months ended 31 March 2016	-	-	-	40,628	40,628	40,628
Balance as at 31 March 2016 - (Un-audited) - Restated	609,033	-	289,636	1,919,677	2,209,313	2,818,346
Profit for the quarter ended June 30,2016	-	-	-	35,118	35,118	35,118
Other comprehensive income for the quarter ended June 30,2016	-	-	-	-	-	-
Total comprehensive income for the quarter ended 30 June 2016	-	-	-	35,118	35,118	35,118
Balance as at 30 June 2016 - (Audited)	609,033	-	289,636	1,954,795	2,244,431	2,853,464
Transactions with owners:						
Final dividend for the year ended 30 June 2016 at the rate of Rupees 0.50 per share	121,806	-	-	(30,452)	(30,452)	(30,452)
20% right shares issued at the premium of Rupees 5 per share	121,806	60,904	-	-	182,710	182,710
		60,904	-	(30,452)	(30,452)	152,258
Profit for the nine months ended 31 March 2017	-	-	-	70,430	70,430	70,430
Other comprehensive income for the nine months ended 31 March 2017	-	-	-	-	-	-
Total comprehensive income for the nine months ended 31 March 2017	-	-	-	70,430	70,430	70,430
Balance as at 31 March 2017 - (Un-audited)	730,839	60,904	289,636	1,994,773	2,284,409	3,076,152

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



Faiz Jawed
Chief Executive Officer



Jawed Anwar
Chairman



Mrs. Sadaf Aamir
Director

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

For The nine months Ended 31 March 2017

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 but subject to limited scope review by the statutory auditors 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 nine months ended 31 March 2017 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 preceding 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 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 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.

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

For The nine months Ended 31 March 2017

	Un-audited 31 March 2017 (RUPEES IN THOUSAND)	Audited 30 June 2016
5. LONG TERM FINANCING		
From banking companies - secured		
Opening balance	479,077	-
Add: Obtained during the period / year	97,252	479,077
Less: Repaid during the period / year	79,781	-
	496,548	479,077
Less: Current portion shown under current liabilities	130,703	120,786
	365,845	358,291
6. CONTINGENCIES AND COMMITMENTS		
a) Contingencies		
i) The Company has filed an appeal before Appellate Tribunal, Inland Revenue, Lahore against order in original O2/2007 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 appeal of the Company. Afterwards the Company filed reference against the decision of Appellate Tribunal, Inland Revenue, Lahore before Honourable Lahore High Court, Lahore. The related provision is not made in this condensed interim financial information in view of 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 this condensed interim financial information in view of favourable outcome of the reference.		
iii) The Company has filed an appeal before Appellate Tribunal, Inland Revenue, Lahore against the impugned order in appeal No. 465/2016 dated 12 July 2016 of Honourable Commissioner, Inland Revenue (Appeals), Faisalabad for the recovery of Rupees 3.108 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 this condensed interim financial information in view of favourable outcome of the reference.		
iv) Sui Northern Gas Pipelines Limited (SNGPL) is charging Late Payment Surcharge (LPS) on the Company amounting to Rupees 97.313 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 53.900 million (30 June 2016: Rupees 41.256 million) in this condensed interim financial information due to favourable outcome of the appeal.		

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

For The nine months Ended 31 March 2017

- v) Guarantees of Rupees 98.595 million (30 June 2016: Rupees 82.710 million) are given by the banks of the Company to SNGPL against gas connections, Punjab Power Development Board for installing electricity generation facility and Faisalabad Electric Supply Company against electricity connection.
- vi) Post dated cheques of Rupees 224.015 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 credit for capital expenditure is of Rupees 219.142 million (30 June 2016: Rupees 98.410 million).
- ii) Letters of credit other than for capital expenditure are of Rupees 13.364 million (30 June 2016: Rupees 73.192 million).

	Un-audited 31 March 2017	Audited 30 June 2016
	(RUPEES IN THOUSAND)	
7. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets:		
-Owned (Note 7.1)	2,576,970	2,486,652
-Leased (Note 7.2)	13,515	29,639
Capital work-in-progress (Note 7.3)	177,029	232,373
	<u>2,767,514</u>	<u>2,748,664</u>
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)	289,371	515,789
Book value of assets transferred from leased assets to owned assets (Note 7.2)	13,739	31,039
Effect of revaluation surplus	-	24,856
	<u>2,789,762</u>	<u>2,722,413</u>
Less:		
Book value of deletions during the period / year (Note 7.1.2)	23,864	6,115
	<u>2,765,898</u>	<u>2,716,298</u>
Less:		
Depreciation charged during the period / year	188,928	229,646
	<u>2,576,970</u>	<u>2,486,652</u>

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

For The nine months Ended 31 March 2017

	Un-audited 31 March 2017 (RUPEES IN THOUSAND)	Audited 30 June 2016
7.1.1 Cost of additions during the period / year		
Buildings on freehold land	19,963	3,861
Plant and machinery	228,135	453,570
Stand-by equipment	-	-
Electric installations and appliances	8,747	19,999
Factory equipment	-	19,696
Furniture and fixtures	33	-
Office equipment	108	1,182
Vehicles	32,385	17,481
	<u>289,371</u>	<u>515,789</u>
7.1.2 Book value of deletions during the period / year		
Plant and machinery	6,768	4,985
Vehicles	17,096	1,130
	<u>23,864</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 owned assets from leased assets (Note 7.1)	13,739	31,039
	<u>15,900</u>	<u>38,682</u>
Depreciation charged during the period / year	2,385	9,043
	<u>13,515</u>	<u>29,639</u>
7.3 Capital work-in-progress		
Buildings on freehold land	141,327	103,912
Plant and machinery	29,127	110,437
Electric installations and appliances	2,808	14,667
Advances against vehicles	3,767	3,357
	<u>177,029</u>	<u>232,373</u>

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

For The nine months Ended 31 March 2017

	(Un-audited)			
	Nine months ended		Quarter ended	
	31 March 2017 (RUPEES IN THOUSAND)	31 March 2016 (RUPEES IN THOUSAND)	31 March 2017 (RUPEES IN THOUSAND)	31 March 2016 (RUPEES IN THOUSAND)
8. COST OF SALES		Restated		Restated
Raw materials consumed	4,306,339	4,154,146	1,441,702	1,353,592
Stores, spare parts and loose tools consumed	121,854	134,696	40,188	45,464
Packing materials consumed	59,414	59,447	18,906	18,097
Processing and conversion charges	235,924	267,824	83,876	92,892
Fuel and power	579,729	513,927	189,980	146,916
Salaries, wages and other benefits	377,930	363,132	123,199	121,602
Repair and maintenance	16,621	11,939	2,331	4,078
Insurance	8,133	8,561	2,604	2,868
Other factory overheads	16,617	22,230	5,089	7,105
Depreciation	172,922	154,230	59,589	55,884
	5,895,483	5,690,132	1,967,464	1,848,498
Work-in-process:				
Opening stock	308,806	239,180	256,579	310,287
Closing stock	(244,309)	(294,834)	(244,309)	(294,834)
	64,497	(55,654)	12,270	15,453
Cost of goods manufactured	5,959,980	5,634,478	1,979,734	1,863,951
Finished goods:				
Opening stock	544,914	514,383	389,178	519,481
Closing stock	(322,618)	(524,300)	(322,618)	(524,300)
	222,296	(9,917)	66,560	(4,819)
	6,182,276	5,624,561	2,046,294	1,859,132
Cost of sales - purchased for resale	68,382	33,007	11,212	-
	6,250,658	5,657,568	2,057,506	1,859,132

- 8.1 As mentioned in Note 2.6 to the preceding annual audited financial statements of the Company, the Company has changed its accounting policy regarding measurement of buildings on freehold land, plant and machinery, stand-by equipment and electric installations and appliances from revaluation model to cost model. Therefore corresponding period figures of profit and loss account, statement of comprehensive income, earnings per share and related notes to this condensed interim financial information have been restated accordingly.

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

For The nine months Ended 31 March 2017

	(Un-audited)	
	Nine months ended	
	31 March 2017	31 March 2016
	(RUPEES IN THOUSAND)	
		Restated
9. CASH UTILIZED IN OPERATIONS		
Profit before taxation	124,758	75,650
Adjustments for non-cash charges and other items:		
Depreciation	191,313	206,574
Finance cost	100,405	66,679
Provision for workers' profit participation fund	6,648	2,888
Provision for workers' welfare fund	-	473
Amortization of deferred income on sale and lease back	(740)	(720)
Loss / (gain) on sale of property, plant and equipment	3,510	(2,626)
Unrealised gain on remeasurement of investment at fair value through profit or loss	-	-
Working capital changes (Note 9.1)	(698,490)	(365,115)
	<u>(272,596)</u>	<u>(16,197)</u>
9.1 Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(4,282)	7,594
Stock-in-trade	(560,447)	(153,757)
Trade debts	(157,550)	(58,680)
Loans and advances	(22,137)	(24,340)
Short term deposits and prepayments	6,325	2,185
Other receivables	(12,661)	(9,249)
Tax refunds due from the Government	(8,569)	(23,450)
	(759,321)	(259,697)
Increase / (decrease) in trade and other payables	60,831	(105,418)
	<u>(698,490)</u>	<u>(365,115)</u>

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

For The nine months Ended 31 March 2017

10. 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 and balances with related parties are as follows:

	(Un-audited)			
	Nine months ended		Quarter ended	
	31 March 2017 (RUPEES IN THOUSAND)	31 March 2016 (RUPEES IN THOUSAND)	31 March 2017 (RUPEES IN THOUSAND)	31 March 2016 (RUPEES IN THOUSAND)
i) Transactions				
Associated companies				
Service charges	207	2,518	62	930
Rental income	1,440	1,440	480	480
Other related parties				
Remuneration paid to Chief Executive Officer, Directors and Executives	61,559	48,155	20,545	16,500
Contribution to Employees' Provident Fund Trust	14,464	12,355	4,782	3,812
Loans repaid to directors - net	166,320	44,938	7,025	22,440
Dividend paid	26,035	-	-	-
			Un-audited	Audited
			31 March	31 March
			2017	2016
			(RUPEES IN THOUSAND)	
ii) Period end balances				
Associated companies and other related parties				
Short term borrowings			61,384	227,704

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

For The nine months Ended 31 March 2017

11. SEGMENT INFORMATION

11.1

	Restated		Restated		Restated		Restated		Restated	
	(RUPEES IN THOUSAND)		(RUPEES IN THOUSAND)		(RUPEES IN THOUSAND)		(RUPEES IN THOUSAND)		(RUPEES IN THOUSAND)	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Sales										
External	4,552,696	3,912,688	784,565	765,725	1,470,017	1,455,887	-	-	6,807,278	6,134,300
Inter-segment	175,999	150,683	-	-	-	-	(175,999)	(150,683)	-	-
	4,728,695	4,063,371	784,565	765,725	1,470,017	1,455,887	(175,999)	(150,683)	6,807,278	6,134,300
Cost of sales	(4,350,383)	(3,882,757)	(742,785)	(681,847)	(1,333,489)	(1,278,317)	(175,999)	(150,683)	(6,250,658)	(5,692,238)
Gross profit	378,312	180,614	41,780	83,878	136,528	177,570	-	-	556,620	442,062
Distribution cost	(70,465)	(58,524)	(40,249)	(42,110)	(85,966)	(84,239)	-	-	(196,680)	(184,873)
Administrative expenses	(124,035)	(111,368)	(18,743)	(17,530)	(40,032)	(35,068)	-	-	(182,810)	(163,966)
	(194,500)	(169,892)	(58,992)	(59,640)	(125,998)	(119,307)	-	-	(379,490)	(348,838)
Profit / (loss) before taxation and unallocated income and expenses	183,812	10,722	(17,212)	24,238	10,530	58,263	-	-	177,130	93,223
Unallocated income and expenses										
Other expenses									(10,157)	(9,054)
Other income									58,190	23,490
Finance cost									(100,405)	(66,679)
Taxation									(54,328)	(35,022)
Profit after taxation									704,530	5,958

11.2 Reconciliation of reportable segment assets and liabilities:

	Restated		Restated		Restated		Restated		Restated	
	(RUPEES IN THOUSAND)		(RUPEES IN THOUSAND)		(RUPEES IN THOUSAND)		(RUPEES IN THOUSAND)		(RUPEES IN THOUSAND)	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Total assets for reportable segments	5,056,171	4,351,988	479,738	400,372	563,010	512,420	6,098,919	5,264,780	403,597	395,015
Unallocated assets									6,502,516	5,695,795
Total assets as per balance sheet										
All segment assets are allocated to reportable segments other than those directly relating to corporate.										
Total liabilities for reportable segments	2,354,960	1,566,697	238,718	314,037	447,252	558,773	3,040,930	2,439,507	206,800	188,190
Unallocated liabilities									3,247,730	2,627,697
Total liabilities as per balance sheet										
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 nine months Ended 31 March 2017

12 FINANCIAL INSTRUMENTS

12.1 Fair value of Financial Instruments

Judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into following three levels.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1:

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2:

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3:

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

12.2 Financial instruments by category

The table given in Note 13.3 shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

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

For The nine months Ended 31 March 2017

	Carrying Amount		Fair Value				Total
	At fair value through profit or loss	Financial liabilities at amortized cost	Level 1	Level 2	Level 3	Total	
(RUPEES IN THOUSAND)							
31 March 2017 (Un-audited)							
Financial assets							
Investment	-	41,116	41,116	-	-	41,116	41,116
Loans and advances	-	-	-	-	-	-	-
Deposits	5,625	-	-	-	-	5,625	-
Trade debts	671,349	-	-	-	-	671,349	-
Other receivables	3,136	-	-	-	-	3,136	-
Cash and bank balances	98,007	-	-	-	-	98,007	-
	778,117	41,116	41,116	-	-	819,233	41,116
Financial liabilities							
Long term financing	-	496,548	496,548	-	-	496,548	-
Liabilities against assets subject to finance lease	-	8,657	8,657	-	-	8,657	-
Accrued mark-up	-	25,505	25,505	-	-	25,505	-
Short term borrowings	-	2,045,269	2,045,269	-	-	2,045,269	-
Trade and other payables	-	425,416	425,416	-	-	425,416	-
	-	3,001,395	3,001,395	-	-	3,001,395	-
30 June 2016 (Audited)							
Financial assets							
Investment	-	123	123	-	-	123	123
Loans and advances	789	-	-	-	-	789	-
Deposits	14,476	-	-	-	-	14,476	-
Trade debts	513,799	-	-	-	-	513,799	-
Other receivables	13,078	-	-	-	-	13,078	-
Cash and bank balances	68,237	-	-	-	-	68,237	-
	610,379	123	123	-	-	610,502	123
Financial liabilities							
Long term financing	-	479,077	479,077	-	-	479,077	-
Liabilities against assets subject to finance lease	-	21,891	21,891	-	-	21,891	-
Accrued mark-up	-	16,254	16,254	-	-	16,254	-
Short term borrowings	-	1,517,083	1,517,083	-	-	1,517,083	-
Trade and other payables	-	377,147	377,147	-	-	377,147	-
	-	2,411,452	2,411,452	-	-	2,411,452	-

12.3

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

For The nine months Ended 31 March 2017

13. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was approved and authorized for issue on April 27,2017 by the Board of Directors of the Company.

14. CORRESPONDING FIGURES

In order to comply with the requirements of IAS 34, the condensed interim balance sheet and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim profit and loss account, condensed interim statement of comprehensive income and condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison, however, no significant re-arrangements have been made.

15. GENERAL

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



Jawed Anwar
Chairman



Faiq Jawed
Chief Executive Officer



Mrs. Sadaf Aamir
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