



WHAT'S NEXT.

2019-20 Third Quarter Report



J.K. SPINNING MILLS LIMITED



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Company Information

Chairman	Mr. Jawed Anwar
Chief Executive	Mr. Faiq Jawed
Directors	Mr. Shaiq Jawed Mr. Rehan Ashfaq Mrs. Farhat Jehan Mrs. Sadaf Aamir Arshad Mr. Mammor Ijaz
Audit Committee	
Chairman	Mr.Rehan Ashfaq
Members	Mrs.Farhat Jehan Mrs.Sadaf Aamir Arshad
HR Committee	
Chairman	Mr. Mammor Ijaz
Members	Mr.Shaiq Jawed Mrs. Sadaf Aamir Arshad
Company Secretary	Syed Hussain Shahid Mansoor Naqvi
Chief Financial Officer	Mr. Ghulam Muhammad
Head of Internal Audit	Mr. Amjad Ali
Auditors	M/s Zahid Jamil & Co, Chartered Accountants A member of Prime Global
Legal Advisor	Mehfooz Ahmad Khan Advocates
Registrar's and Share Registration Office	CORPTEC Associates (Pvt.) Ltd., 503-E, Johar Town, Lahore
Bankers	Standard Chartered Bank (Pakistan) Limited The Bank of Punjab National Bank of Pakistan Askari Bank Limited MCB Bank Limited The Bank of Khyber Summit Bank Habib Bank Limited Meezan Bank Limited
Registration Office	34-Falcon Enclave, Tufail Road, Lahore Cantt. Lahore.
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 Nine months period ended March 31, 2020.

Financial Results and Operational Performance

The summarized financial results of the company for the Nine months period ended March 31, 2020 are as under:

Particulars	Rupees in Millions	
	Nine Months Period Ended	
	31 March, 2020	31 March, 2019
Revenue from contracts with customers	11,564.042	10,070.190
Cost of sales	9,529.030	8,660.987
Gross profit	2,035.012	1,409.203
Other operating expenses	683.463	525.443
Other income	2.757	60.144
Operating profit	1,354.306	943.904
Finance cost	322.962	263.076
Profit before taxation	1,031.344	680.828
Taxation	207.194	156.208
Profit for the period	824.150	524.620
Earnings per share – (basic and diluted) rupees	11.28	7.18

Sales for the period under review increased to Rupees 11,564.042 million from Rupees 10,070.190 million of the corresponding period. Raw material consumed percentage to sale decreased to 59.01% from 63.35% of the corresponding period. Salaries and wages cost increased due to increase in minimum wage rate while fuel and power cost increased due to increase in spinning capacity. Cost of stores and spares and loose tools consumed, packing material, processing and conversion charges and other overheads increased in view of increase in volume and inflationary impact. Operating expenses increased due to increase in volume and inflationary trend. Finance cost increased in view of increase in long term and short term borrowings and increase in mark up rates.

Your company has earned profit after tax of Rupees 824.150 million during the Nine Months period ended March 31, 2020 against Rupees 524.620 million of the same period of last year.

In view of increasing requirements of working capital as a result of devaluation of Pak rupee, coronavirus pandemic impact and expansion plans, the Board of Directors did not approve any interim cash dividend.

The production of yarn converted into 20/5 for the period under review was 27.419 million Kgs against 26.416 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. Letters of credit has been opened for import of Two COMPLETE GE JENBACHER NATURAL GAS GEN SETS MODEL JMS 616 of 2.679 MW each and three high speed Ring frames comprising 3,024 spindles. Civil work has been started for setting up a processing unit which is likely to start production in mid of next financial year.

Future Outlook

Outbreak of corona virus pandemic and lock down of cities globally is hitting demand of textile products and deferment of export orders. Oil prices are also hitting historically low levels in view of prolongation of virus and low demand. All countries of the world are facing similar situation of lock down of cities to minimize the spreading of Corona virus pandemic.

Management of your company is focusing to minimize the impact of Corona virus pandemic on financial results of remaining period of financial year ending June 30, 2020.

Directors' Report

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 demonstrated by the staff members and the workers of the company. The company Acknowledges and thanks all stakeholders for the confidence reposed.

For and on behalf of the Board



Jawed Anwar
Chairman



Faiq Jawed
Chief Executive Officer

Faisalabad
April 27, 2020

ڈائریکٹرز رپورٹ برائے حصص یافتگان:

مستقبل کا نقطہ نظر:

کرونا وائرس کے پھیلاؤ اور عالمی سطح پر شہروں کے بند ہونے سے ٹیکسٹائل مصنوعات اور برآمدی آرڈر متاثر ہوئے ہیں۔ وائرس کے طویل ہونے اور ڈیمانڈ کم ہونے سے آئل کی قیمتیں تاریخی کم ترین سطح پر آگئی ہیں۔ کرونا وائرس کے پھیلاؤ کو کم کرنے کے لیے دنیا کے تمام ممالک کو شہروں کو بند کرنے کی صورت حال کا سامنا ہے۔ آپ کی کمپنی سال جون 2020,30 کے باقی عرصے کے مالی نتائج پر کرونا وائرس کے اثرات کو کم کرنے پر توجہ دے رہی ہے۔

اعتراف:

آپ کی کمپنی کے ڈائریکٹرز کمپنی کے گاہکوں اور بنکرز کے کمپنی کے کاروبار میں تعاون پر شکر گزار ہیں ڈائریکٹرز کمپنی کے سٹاف اور مزدوروں کی محنت اور کوششوں کو بھی سراہتے ہیں۔ کمپنی سٹیٹک ہولڈرز کے پُر اعتماد سپورٹس کا اقرار کرتی ہے اور شکر گزار بھی ہے۔

منجانب بورڈ آف ڈائریکٹرز:

فیصل آباد: اپریل-27, 2020



فائق جاوید
چیف ایگزیکٹو



جاوید انوار
چیرمین

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 9 ماہ کے اختتام 31 مارچ 2020 کے مالیاتی حسابات پیش کرنے میں خوشی محسوس کرتے ہیں۔

مالیاتی نتائج:

مالیاتی سال کے پہلے 9 ماہ کے نتائج کی تفصیل درج ذیل ہیں:

ملین روپے		تفصیلات
اختتام نو ماہ	اختتام نو ماہ	
31 مارچ 2019	31 مارچ 2020	
10,070.190	11,564.042	سیلز
8,660.987	9,529.030	سیلز کے اخراجات
1,409.203	2,035.012	خام منافع
525.443	683.463	آپریٹنگ اخراجات
60.144	2.757	دیگر آمدن
943.904	1,354.306	آپریٹنگ منافع
263.076	322.962	مالی لاگت
680.828	1,031.344	منافع قبل از ٹیکس
156.208	207.194	ٹیکس
524.620	824.150	منافع بعد از ٹیکس
7.18	11.28	فی شیئر آمدنی

مالی سال کے 9 ماہ کے دوران یہ میں فروخت 10,070.190 ملین روپے سے بڑھ کر 11,564.042 ملین روپے ہوئی ہے۔ اسی طرح خام مال کے استعمال کی سبب سے شرح تناسب %63.35 سے کم ہو کر %59.01 تک ہو گئی ہے۔ تنخواہوں کے اخراجات کم از کم اُترت میں اضافہ کی وجہ سے بڑھے ہیں۔ توانائی کے اخراجات سپیننگ کی صلاحیت کے بڑھنے سے بڑھے ہیں۔ سٹورز، پائپس اور اوزاروں، پیپنگ میٹریل، پروسیسنگ، کنورجن اور دوسرے اور ہیڈز کے خرچے پیداواری صلاحیت میں اضافہ اور مہنگائی کی وجہ سے بڑھ گئے ہیں۔ اس پہلی ششماہی کے آپریٹنگ اخراجات پچھلے سال کے مقابلے میں زیادہ پیداوار اور مہنگائی کی وجہ سے بڑھ گئے ہیں جبکہ مالی اخراجات پچھلے سال کے اخراجات کے مقابلے میں لے عرصے اور چھوٹے عرصے کے قرضہ جات اور زیادہ شرح سود میں اضافہ کی وجہ سے بڑھے ہیں۔

آپ کی کمپنی نے پہلے 9 ماہ کے اختتام 31 مارچ 2020 میں 824.150 ملین روپے خالص منافع کمایا ہے جبکہ پچھلے سال کا منافع 524.620 ملین روپے تھا۔ پاکستانی روپے کی قدر میں کمی اور کاروباری حجم میں اضافے اور کرونا وائرس کی وجہ سے ورکنگ کپیٹیٹل کی ضروریات بڑھیں جس کی وجہ سے ڈائریکٹرز نے کوئی عبوری ڈیویڈنڈ منظور نہیں کیا ہے۔ اس مالی سال کے 9 ماہ کے دوران دھاگے کی پیداوار 20/s کے حساب سے 27.419 ملین کلوگرام رہی جبکہ پچھلے سال کی پیداوار 26.416 ملین کلوگرام تھی۔ آپ کی کمپنی کی انتظامیہ نے پرانی مشینری کو جدید مشینری سے بدلنے کی پالیسی اختیار کی ہوئی ہے۔ اس مالی سال کے 9 ماہ کے دوران میں دو جہازیں نیچرل گیس ماڈل JMS-616 کے 2.679MW کے جزیرہ زوار 3 رنگ فریبز (3024 سپنڈلز) کے لیبر آف کریڈٹ کھولے گئے ہیں۔ پروسیسنگ یونٹ لگانے کے لیے سول ورک شروع ہو چکا ہے جو اگلے مالی سال کے درمیان تک کام کرنا شروع کر دے گا۔

Financial Statements

For The Nine Months Ended 31 March 2020

Condensed Interim Statement of Financial Position (Un-Audited)

As At 31 March 2020

	NOTE	Un-audited 31 March 2020 (RUPEES IN THOUSAND)	Audited 30 June 2019
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets-tangible	5	3,871,288	4,080,643
Right-of-use assets	6	130,551	92,686
Capital work-in-progress	7	214,424	148,434
		4,216,263	4,321,763
Long term investment	8	-	-
Long term deposits, advances and prepayments		30,079	25,726
		4,246,342	4,347,489
CURRENT ASSETS			
Stores, spare parts and loose tools		67,534	86,635
Stock-in-trade		3,794,011	3,746,854
Trade debts		1,027,264	786,273
Advances		116,202	35,123
Trade deposits and short term prepayments		11,373	7,243
Other receivables		88,677	56,667
Tax refunds due from the Government	9	283,352	303,869
Short term investments		19,754	51,593
Cash and bank balances		82,369	73,747
		5,490,536	5,148,004
		9,736,878	9,495,493
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
96,000,000 (30 June 2019: 96,000,000)			
ordinary shares of Rupees 10/- each		960,000	960,000
Issued, subscribed and paid up share capital	10	730,839	730,839
Reserves:			
Capital reserves		575,171	575,171
Revenue reserve		3,629,746	2,951,764
		4,204,917	3,526,935
NON-CURRENT LIABILITIES			
Long term financing	11	976,629	1,191,883
Lease liabilities		76,956	41,777
Long term deposits		34,633	26,233
Deferred tax liability		266,640	274,815
		1,354,858	1,534,708
CURRENT LIABILITIES			
Trade and other payables		847,566	661,942
Contract liabilities		57,791	64,592
Accrued mark-up		35,337	75,916
Short term borrowings		2,174,137	2,644,848
Unclaimed dividend		472	472
Current portion of non-current liabilities		330,961	255,241
		3,446,264	3,703,011
		9,736,878	9,495,493
TOTAL EQUITY AND LIABILITIES			
CONTINGENCIES AND COMMITMENTS	12	-	-

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.



Jawed Anwar
Chairman



Faiq Jawed
Chief Executive Officer



Ghulam Muhammad
Chief Financial Officer

Condensed Interim Statement of Profit or Loss (Un-Audited)

For The Nine Months Ended 31 March 2020

	NOTE	Nine months ended		Quarter ended	
		31 March	31 March	31 March	31 March
		2020	2019	2020	2019
		(RUPEES IN THOUSAND)		(RUPEES IN THOUSAND)	
Revenue from contracts with customers	13	11,564,042	10,070,190	4,283,388	3,980,097
Cost of sales	14	9,529,030	8,660,987	3,524,981	3,405,244
Gross Profit		2,035,012	1,409,203	758,407	574,853
Distribution expenses		250,142	251,794	98,189	105,521
Administrative expenses		276,266	215,987	91,052	75,867
Other operating expenses	15	157,055	57,662	92,443	17,015
		683,463	525,443	281,684	198,403
		1,351,549	883,760	476,723	376,450
Other income	16	2,757	60,144	3,909	4,286
Operating profit		1,354,306	943,904	480,632	380,736
Finance costs		322,962	263,076	72,099	97,790
Profit before taxation		1,031,344	680,828	408,533	282,946
Taxation - net		207,194	156,208	92,310	69,897
Profit for the period		824,150	524,620	316,223	213,049
Earnings per share - basic and diluted (Rupees)		11.28	7.18	4.33	2.92

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.



Jawed Anwar
Chairman



Faiq Jawed
Chief Executive Officer



Ghulam Muhammad
Chief Financial Officer

Condensed Interim Statement of Comprehensive Income (Un-Audited)

For The Nine Months Ended 31 March 2020

	Nine months ended		Quarter ended	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	(RUPEES IN THOUSAND)		(RUPEES IN THOUSAND)	
Profit for the period	824,150	524,620	316,223	213,049
'Other comprehensive (loss) / income:				
Items not to be reclassified to profit or loss in subsequent periods:	-	-	-	-
Items to be reclassified to profit or loss in subsequent periods	-	-	-	-
Total other comprehensive income/ (loss)	-	-	-	-
Total comprehensive income for the period	<u>824,150</u>	<u>524,620</u>	<u>316,223</u>	<u>213,049</u>

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.



Jawed Anwar
Chairman



Faiq Jawed
Chief Executive Officer



Ghulam Muhammad
Chief Financial Officer

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

For The Nine Months Ended 31 March 2020

	ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL	RESERVES				REVENUE Unappropriated Profit	TOTAL	TOTAL EQUITY
		CAPITAL		Revaluation Surplus On Freehold Land	TOTAL			
		Premium On Issue Of Right Shares	Merger Reserve					
----- (RUPEES IN THOUSAND) -----								
Balance as at 01 July 2018	730,839	60,904	289,636	224,631	2,308,498	2,883,669	3,614,508	
Final dividend for the year ended 30 June 2018 @ Rs. 1/- per share	-	-	-	-	(73,084)	(73,084)	(73,084)	
Total comprehensive income for the Nine months ended 31 March 2019	-	-	-	-	524,620	524,620	524,620	
Balance as at 31 March 2019	730,839	60,904	289,636	224,631	2,760,034	3,335,205	4,066,044	
Balance as at 01 July 2020	730,839	60,904	289,636	224,631	2,951,764	3,526,935	4,257,774	
Final dividend for the year ended 30 June 2019 at the rate of Rs. 2/- per share	-	-	-	-	(146,168)	(146,168)	(146,168)	
Total comprehensive income for the Nine months ended 31 March 2020	-	-	-	-	824,150	824,150	824,150	
Balance as at 31 March 2020	730,839	60,904	289,636	224,631	3,629,746	4,204,917	4,935,756	

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.



Jawed Anwar
Chairman



Faiz Jawed
Chief Executive Officer



Ghulam Muhammad
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

For The Nine Months Ended 31 March 2020

	NOTE	Nine months ended	
		31 March 2020	31 March 2019
(RUPEES IN THOUSAND)			
Cash flows from operating activities			
Cash utilized in operations	17	1,416,024	(654,279)
Finance costs paid		(363,541)	(229,992)
Income tax paid		(103,903)	(108,011)
Workers' profit participation fund paid		(50,704)	(23,584)
Increase / (decrease) in long term deposits		8,400	(155)
Net increase in long term deposits, advances and prepayments		(4,353)	(44,465)
		(514,101)	(406,207)
Net cash utilized in operating activities		901,923	(1,060,486)
Cash flows from investing activities			
Addition in property, plant and equipment		(175,765)	(516,280)
Proceeds from short term investments		31,839	1,570
Proceeds from disposal of property, plant and equipment		25,059	11,195
Net cash used in investing activities		(118,867)	(503,515)
Cash flows from financing activities			
Proceeds from long term financing		33,872	191,380
Repayment of long term financing		(179,055)	(175,555)
Repayment of liabilities against right to use assets		(12,372)	(5,917)
Short term borrowings - net		(470,711)	1,619,358
Dividend paid		(146,168)	(73,084)
Net cash (used in)/generated from financing activities		(774,434)	1,556,182
Net increase/(decrease) in cash and cash equivalents		8,622	(7,819)
Cash and cash equivalents at beginning of the period		73,747	28,035
Cash and cash equivalents at end of the period		82,369	20,216

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.



Jawed Anwar
Chairman



Faiq Jawed
Chief Executive Officer



Ghulam Muhammad
Chief Financial Officer

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

For The Nine Months Ended 31 March 2020

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 repealed Companies Ordinance, 1984 (now the Companies Act, 2017) and listed on Pakistan Stock Exchange Limited.

The registered office of the Company is situated at 34-Falcon Enclave, Tufail road, Lahore cantt, Lahore where the factory premises of the Company are located at 29-KM, Sheikhpura Road, Faisalabad.

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

2.1 Statement of compliance

This condensed interim financial information is unaudited but subject to the limited scope review by auditors and is being submitted to the shareholders as required under Section 237 of the Companies Act, 2017.

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
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017.
- Provisions of and directives issued under the Companies Act, 2017; and
- 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.

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention, except for the recognition of certain staff retirement benefits at present value. This condensed interim financial information has been prepared following accrual basis of accounting except for cash flow information.

2.3 Functional and presentation currency

This condensed interim financial information has been presented in Pak Rupees, which is the functional and presentation currency of the Company.

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

For The Nine Months Ended 31 March 2020

3. SIGNIFICANT ACCOUNTING POLICIES AND CHANGES THEREIN

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements as at 30 June 2019.

The accounting policies and method of computation adopted in the preparation of the condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 30 June 2018, except for the adoption of new standards effective as of 1 July 2019 as notified by Securities and Exchange Commission of Pakistan (SECP). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Company applies, for the first time, IFRS 16 Leases. As required by IAS 34, the nature and effect of these changes are disclosed below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the condensed interim financial statements of the Company.

3.1 IFRS 16 - Leases

IFRS 16 - Leases replaces the lease standard "IAS 17 Leases" it will result in almost all leases being recognized on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, as an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short term and low value leases. The associated Right-of-use (RoU) for finance leases were measured on a retrospective basis as if the new rules had always been applied. The recognized right-of-use assets only relates to the Motor Vehicles.

Management of the Company has assessed the changes laid down by these standards and determined that these do not have any significant impact on these condensed interim financial statements of the Company.

The change in accounting policy affected the following items in the balance sheet.

	Un-audited 31 March 2020	Audited 30 June 2019
	(Rupees in thousand)	
Property, Plant and Equipment - decreased by	(130,551)	(92,686)
Right-of-use asset - increased by	130,551	92,686
Liability against assets subject to finance lease - decreased by	(103,809)	(58,034)
Lease liabilities - increased by	103,809	58,034

4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of the estimation are the same as those that applied to the financial statements for the year ended 30 June 2019.

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

For The Nine Months Ended 31 March 2020

	NOTE	Un-Audited	Audited
		31 March 2020	30 June 2019
		(Rupees in thousand)	
5. OPERATING FIXED ASSETS - TANGIBLE			
Opening book value		4,080,643	3,200,955
Add: additions during the period / year-cost	5.1	109,775	1,228,117
		4,190,418	4,429,072
Less: disposals during the period / year	5.2	(24,089)	(20,260)
		4,166,329	4,408,812
Less: depreciation during the period / year		(295,041)	(328,169)
Book value at the end of the period / year		3,871,288	4,080,643
5.1 Additions during the period / year - cost			
Freehold land		-	16,092
Buildings on freehold land		-	248,728
Plant and machinery		19,175	878,950
Electric installations and appliances		8,498	8,876
Furniture and fixtures		-	24,148
Vehicles		82,102	51,323
		109,775	1,228,117
5.2 Book value of assets disposed off during the period / year			
Plant and machinery		16,249	10,772
Electric installations and appliances		-	3,473
Vehicles		7,840	6,015
		24,089	20,260
6. RIGHT-OF-USE ASSETS			
Opening book value		92,686	45,228
Add : additions during the period / year		55,466	57,461
Less : depreciation during the period / year		(17,601)	(10,003)
Book value at the end of the period / year		130,551	92,686
7. CAPITAL WORK-IN-PROGRESS			
Buildings on freehold land		194,481	143,842
Plant and machinery		19,943	4,592
		214,424	148,434

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

For The Nine Months Ended 31 March 2020

	NOTE	Un-Audited	Audited
		31 March 2020	30 June 2019
		(Rupees in thousand)	
8.	LONG TERM INVESTMENT		
	Investment in associate		
	J.K. Tech (Private) Limited - unquoted	8.1	
	450 (2019: 450) ordinary shares of Rupees 10 each	5	5
	Less: Accumulated impairment	(5)	(5)
		-	-
8.1	The Company holds 30% (30 June 2019: 30%) shares in J.K. Tech (Private) Limited, a private limited company incorporated in Pakistan and has its principal place of business in the province of Punjab. The principal activity of J.K. Tech (Private) Limited is to provide services of electricity transmission. This is a strategic investment of the Company for vertical integration.		
9.	TAX REFUNDS DUE FROM THE GOVERNMENT		
	Income tax	99,016	210,482
	Sales tax	293,531	202,582
		392,547	413,064
	Less: Provision for doubtful tax refunds due from the Government	(109,195)	(109,195)
		283,352	303,869
10.	ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL		
		Un-Audited	Audited
		31 March	30 June
		2020	2019
		(No. of Shares)	(Rupees in thousand)
	26,424,155	26,424,155	Ordinary shares of Rupees 10 each fully
			Ordinary shares of Rupees 10 each issued to
			shareholders of J.K. Fiber Mills Limited and
	45,947,600	45,947,600	Abid Faiq Textile Mills Limited under the
			scheme of merger.
			Ordinary shares of Rupees 10 each issued as
	712,175	712,175	fully paid bonus shares
	73,083,930	73,083,930	
		264,241	264,241
		459,476	459,476
		7,122	7,122
		730,839	730,839

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

For The Nine Months Ended 31 March 2020

NOTE	Un-audited	Audited
	31 March 2020	30 June 2019
(RUPEES IN THOUSAND)		
11.	LONG TERM FINANCING	
	From banking Companies - secured:	
	Opening balance	
	1,430,867	1,103,613
	Add: Obtained during the period / year	
	33,872	554,992
	Less: Repaid during the period / year	
	(179,055)	(227,738)
	1,285,684	1,430,867
	Less: Current portion shown under current liabilities	
	(309,055)	(238,984)
	976,629	1,191,883
12.	CONTINGENCIES AND COMMITMENTS	
12.1	Contingencies	
12.1.1	There has been no significant change in the contingencies since the date of preceding published annual financial statements except as follows:	
12.1.2	Post dated cheques of Rs. 441,390 thousand (30 June 2019: Rupees 309,202 thousand) 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 cashable.	
12.2	Commitments	
12.2.1	Letter of credit for capital expenditure amounts to Rs. 549,744 thousand (30 June 2019: Rs. 22,407 thousand)	
12.2.2	Letters of credit other than for capital expenditure amounts to Rs. 2,110,581 thousand (30 June 2019: Rs. 191,434 thousand).	

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

For The Nine Months Ended 31 March 2020

13. REVENUE FROM CONTRACTS WITH CUSTOMERS

Set out below, is the reconciliation of the revenue from contract with customers with the amount disclosed in segment information.

Note	Un-Audited					
	Nine months ended			Nine months ended		
	31 March 2020			31 March 2019		
	Spinning	Fabric division	Total	Spinning	Fabric division	Total
	----- (Rupees in thousand) -----					
SALES - net						
Local	7,000,724	91,763	7,092,487	6,082,935	105,138	6,188,073
Export	336,554	4,674,061	5,010,615	305,278	3,717,904	4,023,182
Export rebate	-	120,836	120,836	5,505	46,028	51,533
Inter segments	(659,896)	-	(659,896)	(192,598)	-	(192,598)
13.1.	6,677,382	4,886,660	11,564,042	6,201,120	3,869,070	10,070,190

	Nine months ended 31 March 2020		
	Spinning	Fabric Division	Total
	(RUPEES IN THOUSAND)		
13.1 Disaggregation of revenue based on :			
Segments			
Sale of yarn	7,105,651	-	7,105,651
Sale of fabric	-	4,730,818	4,730,818
Sale of waste	231,627	35,006	266,633
Export rebate	-	120,836	120,836
Inter-segment eliminations	(659,896)	-	(659,896)
	6,677,382	4,886,660	11,564,042
Geographic markets			
Asia	6,397,455	153,410	6,550,865
Australia	-	89,942	89,942
Europe	254,811	3,210,826	3,465,637
North America	-	1,363,086	1,363,086
South America	-	69,396	69,396
Africa	25,116	-	25,116
	6,677,382	4,886,660	11,564,042
Timing of revenue recognition			
Goods transferred at a point in time	6,677,382	4,886,660	11,564,042

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

For The Nine Months Ended 31 March 2020

	Nine months ended 31 March 2019		
	Spinning	Fabric Division	Total
	(RUPEES IN THOUSAND)		
Segments			
Sale of yarn	6,201,077	26,338	6,227,415
Sale of fabric	-	3,769,583	3,769,583
Sale of waste	187,136	27,121	214,257
Export rebate	5,505	46,028	51,533
Inter-segment eliminations	(192,598)	-	(192,598)
	<u>6,201,120</u>	<u>3,869,070</u>	<u>10,070,190</u>
Geographic markets			
Asia	5,968,250	127,609	6,095,859
Australia	-	21,564	21,564
Europe	139,111	2,901,346	3,040,457
North America	-	639,458	639,458
South America	-	179,093	179,093
Africa	93,759	-	93,759
	<u>6,201,120</u>	<u>3,869,070</u>	<u>10,070,190</u>
Timing of revenue recognition			
Goods transferred at a point in time	<u>6,201,120</u>	<u>3,869,070</u>	<u>10,070,190</u>

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

For The Nine Months Ended 31 March 2020

	(Un-audited)			
	Nine months ended		Quarter ended	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	(RUPEES IN THOUSAND)		(RUPEES IN THOUSAND)	
14. COST OF SALES				
Raw materials consumed	6,823,617	6,379,588	2,480,672	2,429,212
Stores, spare parts and loose tools consumed	174,943	142,167	58,794	78,934
Packing materials consumed	153,283	130,725	53,117	23,027
Processing and conversion charges	978,962	802,401	365,463	121,305
Fuel and power	785,608	698,857	259,075	166,740
Salaries, wages and other benefits	536,607	477,522	155,636	167,953
Repair and maintenance	21,742	15,752	5,167	6,249
Insurance	12,266	11,429	3,171	3,898
Other factory overheads	31,885	34,250	9,987	12,274
Depreciation	277,291	216,570	92,988	74,336
	<u>9,796,204</u>	<u>8,909,261</u>	<u>3,484,070</u>	<u>3,083,928</u>
Work-in-process:				
Opening stock	477,200	518,715	695,081	709,769
Closing stock	(702,955)	(609,793)	(702,955)	(609,793)
	<u>(225,755)</u>	<u>(91,078)</u>	<u>(7,874)</u>	<u>99,976</u>
Cost of goods manufactured	<u>9,570,449</u>	<u>8,818,183</u>	<u>3,476,196</u>	<u>3,183,904</u>
Finished goods:				
Opening stock	769,005	466,793	859,209	845,329
Closing stock	(810,424)	(623,989)	(810,424)	(623,989)
	<u>(41,419)</u>	<u>(157,196)</u>	<u>48,785</u>	<u>221,340</u>
	<u>9,529,030</u>	<u>8,660,987</u>	<u>3,524,981</u>	<u>3,405,244</u>
15. OTHER OPERATING EXPENSES				
Workers' Profit Participation Fund	54,856	34,975	21,536	13,602
Workers' Welfare Fund	10,926	8,390	3,818	192
Donations	3,157	1,950	1,033	690
Exchange loss	88,116	-	59,598	-
Unrealized loss on remeasurement of investments at held for trading	-	8,164	6,458	2,531
Loss on disposal of property, plant and equipment	-	4,183	-	-
	<u>157,055</u>	<u>57,662</u>	<u>92,443</u>	<u>17,015</u>

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

For The Nine Months Ended 31 March 2020

		(Un-audited)				
		Nine months ended		Quarter ended		
		31 March	31 March	31 March	31 March	
NOTE		2020	2019	2020	2019	
		(RUPEES IN THOUSAND)		(RUPEES IN THOUSAND)		
16.	OTHER INCOME					
	Income from financial assets	16.1	328	58,704	37	2,348
	Income from assets other than financial assets	16.2	2,429	1,440	3,872	1,938
			2,757	60,144	3,909	4,286
16.1	Income from financial assets					
	Exchange gain - net		-	58,053	-	2,168
	Dividend income on investment at held for trading		328	651	37	180
			328	58,704	37	2,348
16.2	Income from other than financial assets					
	Gain on disposal of property, plant and equipment		970	-	3,382	1,458
	Rental income		1,440	1,440	480	480
	Interest income		19	-	10	-
			2,429	1,440	3,872	1,938

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

For The Nine Months Ended 31 March 2020

	NOTE	Un-audited	
		Nine months ended	
		31 March 2020	31 March 2019
(RUPEES IN THOUSAND)			
17. CASH UTILIZED IN OPERATIONS			
Profit before taxation		1,031,344	680,828
Adjustments for non-cash charges and other items:			
Depreciation		312,642	239,650
Finance costs		322,962	263,076
Exchange loss		88,116	58,053
Provision for Workers' Welfare Fund		10,926	8,390
Provision for Workers' Profit Participation Fund		54,856	34,975
(Gain) / Loss on disposal of property, plant and equipment		(970)	4,183
Derivative financial liability			638
Unrealized (Income) / loss on remeasurement of investments at held for trading		-	8,164
Loss on disposal of investment at held for trading		-	-
Working capital changes		(403,852)	(1,952,236)
		<u>1,416,024</u>	<u>(654,279)</u>
17.1 Working capital changes			
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		19,101	37,789
Stock-in-trade		(47,157)	(1,892,742)
Trade debts		(329,107)	(260,223)
Advances		(81,079)	37,940
Trade deposits and short term prepayments		(4,130)	(4,877)
Other receivables		(32,010)	(29,014)
Derivative financial asset		-	3,343
Tax refunds due from the Government		(90,949)	(16,523)
		<u>(565,331)</u>	<u>(2,124,307)</u>
Increase in trade and other payables and contractual liabilities		161,479	172,071
		<u>(403,852)</u>	<u>(1,952,236)</u>

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

For The Nine Months Ended 31 March 2020

18. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of 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 other than those which have been specifically disclosed elsewhere in these condensed interim financial statements are as follows:

		(Un-audited)	
		Nine months ended	
		31 March 2020	31 March 2019
		(RUPEES IN THOUSAND)	
Relationship with the Company	Nature of transactions		
Associated companies			
J.K Tech (Pvt.) Ltd	Service charges	1,800	1,944
	Rental Income	1,440	1,440
Other related parties:			
Employees' Provident Fund Trust	Amount contributed	19,828	17,130
Directors	Loans received /(repaid) - net	(22,136)	54,951
	Dividend paid	142,779	73,084

18.1 Transactions with key management personnel under the terms of employment are excluded from related party transactions.

18.2 The outstanding balance of such parties are as under:

		Nine months ended	
		31 March 2020	31 March 2019
		(RUPEES IN THOUSAND)	
Relationship with the Company	Nature of balances		
Others:			
Directors	Short term loan	55,445	77,581

Details Of Related Parties Of The Company:

18.3. Name of related party	Basis of relationship	Equity
J.K. Tech (Private) Limited	Associate	30%
J.K. Agriculture Farms (Private) Limited)	Common Directorship	-
J.K. Power (Private) Limited	Common Directorship	-
Fine Fabrics (Private) Limited	Common Directorship	-
Mughanum (Private) Limited	Common Directorship	-

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

For The Nine Months Ended 31 March 2020

19. SEGMENT INFORMATION

Nine months ended 31 March 2020					
Spinning	Fabric Division	Total Segments	Adjustments and Eliminations	Total Company	
----- (RUPEES IN THOUSAND) -----					
Revenue					
External	6,677,382	4,886,661	11,564,042	-	11,564,042
Intersegment	659,896	-	659,896	(659,896)	-
	7,337,278	4,886,661	12,223,938	(659,896)	11,564,042
Cost of sales	(6,135,542)	(4,053,384)	(10,188,926)	659,896	(9,529,030)
Gross profit	1,201,736	833,277	2,035,012	-	2,035,012
Distribution expenses	(59,264)	(190,878)	(250,142)	-	(250,142)
Administrative expenses	(192,109)	(84,157)	(276,266)	-	(276,266)
	(251,373)	(275,035)	(526,408)	-	(526,408)
Segment profit	950,363	558,242	1,508,604	-	1,508,604
Unallocated income and expenses					
Other operating expenses					(157,055)
Other income					2,757
Finance costs					(322,962)
Taxation					(207,194)
Profit after taxation					824,150

Nine months ended 31 March 2019					
Spinning	Fabric Division	Total Segments	Adjustments and Eliminations	Total Company	
----- (RUPEES IN THOUSAND) -----					
Revenue					
External	6,201,120	3,869,070	10,070,190	-	10,070,190
Intersegment	192,598	-	192,598	(192,598)	-
	6,393,718	3,869,070	10,262,788	(192,598)	10,070,190
Cost of sales	(5,516,494)	(3,337,091)	(8,853,585)	192,598	(8,660,987)
Gross profit	877,224	531,979	1,409,203	-	1,409,203
Distribution expenses	(60,836)	(190,958)	(251,794)	-	(251,794)
Administrative expenses	(150,068)	(65,919)	(215,987)	-	(215,987)
	(210,904)	(256,877)	(467,781)	-	(467,781)
Segment profit	666,320	275,102	941,422	-	941,422
Unallocated income and expenses					
Other operating expenses					(57,662)
Other income					60,144
Finance costs					(263,076)
Taxation					(156,208)
Profit after taxation					524,620

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

For The Nine Months Ended 31 March 2020

19.1 Adjustments and eliminations

Finance income and costs, and fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed on a group basis.

Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a group basis.

Capital expenditure consists of additions of property, plant and equipment, intangible assets and investment properties including assets from the acquisition of subsidiaries. Inter-segment revenues are eliminated on consolidation.

	Un-audited	Audited
	31 March	30 June
	2020	2019
	(RUPEES IN THOUSAND)	
19.2 Reconciliation of assets		
Segment operating assets	9,453,526	9,191,624
Tax refunds due from the Government	283,352	303,869
Total assets as per balance sheet	<u>9,736,878</u>	<u>9,495,493</u>
19.3 Reconciliation of liabilities		
Segment operating liabilities	9,404,456	4,906,529
Deferred tax liability	266,640	274,815
Workers' Profit Participation Fund	54,856	47,545
Workers' Welfare Fund	10,926	8,830
	<u>9,736,878</u>	<u>5,237,719</u>

Inter-segment sales and purchases have been eliminated from the total.

20. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statement were approved and authorized for issue on April 27,2020 by the Board of Directors of the Company.

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

For The Nine Months Ended 31 March 2020

21. CORRESPONDING FIGURES

21.1 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 flow have been compared with the balances of comparable period of immediately preceding financial year.

22. GENERAL

22.1 Provision for taxation is based on these condensed interim financial statements and is subject to adjustments in annual financial statements.

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



Jawed Anwar
Chairman



Faiq Jawed
Chief Executive Officer



Ghulam Muhammad
Chief Financial Officer



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