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Half Yearly Report

December 31, 2012

J.K. SPINNING MILLS LIMITED

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Company Information

Board of Directors

Chief Executive	Mr. Jawed Anwar
Directors	Mr. Faiq Jawed
	Mr. Shaiq Jawed
	Mrs. Farhat Jehan
	Syed Hussain Shahid Mansoor Naqvi
	Mr. Ghulam Muhammad
	Mr. Qayyum Mohsin Malik

Audit Committee

Chairman	Mr. Shaiq Jawed
Members	Mrs. Farhat Jehan
	Syed Hussain Shahid Mansoor Naqvi

HR Committee

Chairman	Mr. Faiq Jawed
Members	Syed Hussain Shahid Mansoor Naqvi
	Mr. Qayyum Mohsin Malik

Company Secretary	Syed Hussain Shahid Mansoor Naqvi
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Chief Financial Officer	Mr. Ghulam Muhammad
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Head of Internal Audit	Mr. Amjad Ali
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Auditors	M/s Riaz Ahmad & Company, Chartered Accountants (A member of Nexia International) Faisalabad
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Legal Advisor	Atif & Atif Law Associates Advocates
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Bankers	Standard Chartered Bank (Pakistan) Limited
	The Bank of Punjab
	National Bank of Pakistan
	Askari Bank Limited
	United Bank Limited
	Al-Baraka Bank (Pakistan) Limited
	Summit Bank Limited

Registered Office / Mills	29-KM, Sheikhpura Road, Faisalabad.
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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 half year ended December 31, 2012.

Financial Results and Operational Performance

The summarized financial results of the company for the half year ended December 31, 2012 are as under:

Particulars	Rupees in Millions	
	Half Year Ended	
	December 31, 2012	December 31, 2011
Sales	4,673.366	3,260.506
Cost of Sales	3,893.006	2,889.669
Gross Profit	780.360	370.837
Operating Expenses-net	342.211	190.471
Operating Profit	438.149	180.366
Financial charges	99.616	100.418
Net After Tax Profit	281.910	51.619
Total Comprehensive income	307.923	74.027
Earnings per share – Rupee	4.61	0.85

Sales for the period under review increased to Rupees 4,673.366 million from Rupees 3,260.506 millions of the corresponding period in view of increase in prices and volume and accordingly raw material consumed also increased as compared to corresponding period. Conversion cost including fuel and power, salaries and wages, Stores, spare parts and loose tools cost and other overhead cost increased due to inflationary trend while packing cost, processing and conversion charges increased in view of increase in volume and inflationary trend. Operating expenses increased as a result of mix of increase in volume, export sale and inflation. Financial charges approximately remained at previous year's level.

Your company has earned net after tax profit of Rupees 281.910 million during the half year ended on December 31, 2012 against Rupees 51.619 million of the same period of last year while comprehensive income for the period attributed to equity stood at Rupees 307.923 million against comprehensive income of Rupees 74.027 million of the corresponding period.

The production of yarn converted into 20/S for the period under review was 12.058 million Kgs against 11.426 million kgs of corresponding period of last year. Your company's management believes on enduring policy of Balancing Modernization and Replacement of machinery and equipments of its production facilities. During the period under review your company has imported Uster Testing instruments including one Uster Tester UT5-S400 digital Testing & Analysing installation, one Uster Tensojet digital high-performance tensile testing installation and one Uster HVI 1000/M700 for the quality assurance of yarn, rovings and measuring the breaking force and elongation of staple yarn. Fourteen Ring Machines and eight Auto Cone Machines of latest model has been shipped and are in transit and are likely to be commissioned in third quarter of financial year 2013.

Directors' Report

Future Outlook

Energy crises led by circular debt is going deepen in Pakistan and is a big challenge for Pakistan and is also main threat to Pakistan Textile Industry. Power shut down with combination of devaluation of Pak rupee is cause of triggering the cost of production and is making our products costlier in the region and is hurting our textile industry.

As a result of damage of cotton crop by heavy late rains in province Sindh and Punjab cotton arrival in Pakistan has shown downward trend by 9% as compared to last year. Management of your company has covered cotton requirements for the whole period of the financial year ending June 30, 2013. Foreign buyers' demand of Pakistani cotton yarn is supporting the yarn prices upward with handsome margins. We foresee that your company would be able to achieve good financial results for the remaining period of the financial year ending June 30, 2013.

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
February 26, 2013

Jawed Anwar
Chief Executive

Auditors' Report To The Members On Review Of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of J.K. SPINNING MILLS LIMITED as at 31 December 2012 and the related condensed interim profit and loss account, condensed interim statement of profit or loss and other comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the half year then ended (here-in-after referred to as "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of profit or loss and other comprehensive income for the quarters ended 31 December 2012 and 31 December 2011 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended 31 December 2012.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended 31 December 2012 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Liaqat Ali Panwar

Faisalabad
February 26, 2013

Condensed Interim Balance Sheet (Un-Audited)

As at December 31, 2012

	NOTE	Un-audited 31 December 2012	Audited 30 June 2012
(RUPEES IN THOUSAND)			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
96 000 000 (30 June 2012: 96 000 000)			
ordinary shares of Rupees 10 each		960,000	960,000
Issued, subscribed and paid up share capital		609,033	609,033
Reserves		1,459,801	1,154,623
Total equity		2,068,834	1,763,656
Surplus on revaluation of property, plant and equipment - net of deferred income tax		940,746	966,759
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	142,005	194,163
Directors' loan	6	300,000	300,000
Liabilities against assets subject to finance lease		32,285	-
Deferred income tax liability		287,382	264,216
		761,672	758,379
CURRENT LIABILITIES			
Trade and other payables		382,189	227,006
Accrued mark-up		32,576	34,491
Short term borrowings		1,942,831	1,032,246
Current portion of non-current liabilities		122,495	125,561
Provision for taxation		33,457	72,112
		2,513,548	1,491,416
TOTAL LIABILITIES		3,275,220	2,249,795
CONTINGENCIES AND COMMITMENTS	7		
TOTAL EQUITY AND LIABILITIES		6,284,800	4,980,210

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

Condensed Interim Balance Sheet (Un-Audited)

As at December 31, 2012

	NOTE	Un-audited 31 December 2012	Audited 30 June 2012
(RUPEES IN THOUSAND)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	2,865,844	2,841,761
Long term investment	9	-	-
Long term loans		201	392
Long term deposits and prepayments		4,595	675
		2,870,640	2,842,828
CURRENT ASSETS			
Stores, spare parts and loose tools		43,515	37,082
Stock in trade		2,439,092	1,278,678
Trade debts		580,838	451,143
Loans and advances		68,361	62,553
Short term deposits and prepayments		23,521	11,260
Other receivables		13,961	68,935
Tax refunds due from the Government		169,413	182,514
Cash and bank balances		75,459	45,217
		3,414,160	2,137,382
TOTAL ASSETS		6,284,800	4,980,210

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

Condensed Interim Profit And Loss Account (Un-Audited)

For the Half Year Ended December 31, 2012

	NOTE	Half year ended		Quarter ended	
		31 December 2012	31 December 2011	31 December 2012	31 December 2011
(RUPEES IN THOUSAND)					
Sales		4,673,366	3,260,506	2,370,663	1,750,272
Cost Of Sales	10	(3,893,006)	(2,889,669)	(1,944,526)	(1,522,205)
Gross Profit		780,360	370,837	426,137	228,067
Distribution Cost		(247,935)	(121,929)	(152,481)	(75,122)
Administrative Expenses		(75,232)	(60,857)	(38,430)	(34,676)
Other Operating Expenses		(25,202)	(8,975)	(9,398)	(4,765)
		(348,369)	(191,761)	(200,309)	(114,563)
		431,991	179,076	225,828	113,504
Other Operating Income		6,158	1,290	6,158	1,192
Profit From Operations		438,149	180,366	231,986	114,696
Finance Cost		(99,616)	(100,418)	(54,740)	(54,211)
Profit Before Taxation		338,533	79,948	177,246	60,485
Taxation		(56,623)	(28,329)	(20,932)	(15,363)
Profit After Taxation		281,910	51,619	156,314	45,122
Earnings Per Share - Basic And Diluted (Rupees)		4.63	0.85	2.57	0.74

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

Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the Half Year Ended December 31, 2012

	Half year ended		Quarter ended	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
	(RUPEES IN THOUSAND)			
PROFIT AFTER TAXATION	281,910	51,619	156,314	45,122
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit or loss:				
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred. income tax				
	26,013	22,408	16,399	11,204
Items that may be reclassified subsequently to profit or loss				
	-	-	-	-
Other comprehensive income for the period	26,013	22,408	16,399	11,204
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	307,923	74,027	172,713	56,326

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

Condensed Interim Statement of Cash Flows (Un-Audited)

For the Half Year Ended December 31, 2012

	NOTE	Half year ended	
		31 December 2012	31 December 2011
(RUPEES IN THOUSAND)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash utilized in operations	11	(597,274)	(398,906)
Finance cost paid		(100,116)	(108,172)
Income tax paid		(36,649)	(18,062)
Workers' profit participation fund paid		(20,820)	(5,892)
Workers' welfare fund paid		(1,830)	(1,193)
Net (increase) / decrease in long term deposits and prepay- ments		(3,920)	5,199
Net decrease in long term loans		191	-
NET CASH UTILIZED IN OPERATING ACTIVITIES		(760,418)	(527,026)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(105,500)	(76,018)
Proceeds from sale of property, plant and equipment		11,260	16,487
NET CASH USED IN INVESTING ACTIVITIES		(94,240)	(59,531)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		-	42,667
Repayment of long term financing		(60,941)	(25,526)
Proceeds from finance lease liabilities		43,979	-
Repayment of finance lease liabilities		(5,978)	(19,997)
Short term borrowings - net		910,585	681,034
Dividend paid		(2,745)	(1,558)
NET CASH FROM FINANCING ACTIVITIES		884,900	676,620
NET INCREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD		30,242	90,063
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		45,217	60,290
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		75,459	150,353

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

Condensed Interim Statement Of Changes In Equity (Un-Audited) For the Half Year Ended December 31, 2012

	SHARE CAPITAL		RESERVES		REVENUE Unappropriated profit	TOTAL	TOTAL EQUITY
			Share capital reserve	Merger reserve			
	----- (RUPEES IN THOUSAND) -----						
Balance as at 30 June 2011 - Audited	183,750	425,283	289,636	714,919	540,617	1,255,536	1,439,286
Final dividend for the year ended 30 June 2011 at the rate of Rupees 1.00 per share	-	-	-	-	(1,098)	(1,098)	(1,098)
Share capital issued under the scheme of merger	459,476	(425,283)	-	(425,283)	-	(425,283)	34,193
Share capital cancelled under the scheme of merger	(34,193)	-	-	-	-	-	(34,193)
Profit for the half year ended 31 December 2011	-	-	-	-	51,619	51,619	51,619
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	-	-	22,408	22,408	22,408
Total comprehensive income for the half year ended 31 December 2011	-	-	-	-	74,027	74,027	74,027
Balance as at 31 December 2011 - Un-audited	609,033	-	289,636	289,636	613,546	903,182	1,512,215
Profit for the half year ended 30 June 2012	-	-	-	-	229,966	229,966	229,966
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	-	-	21,475	21,475	21,475
Total comprehensive income for the half year ended 30 June 2012	-	-	-	-	251,441	251,441	251,441
Balance as at 30 June 2012 - Audited	609,033	-	289,636	289,636	864,987	1,154,623	1,763,656
Final dividend for the year ended 30 June 2012 at the rate of Rupees 2.50 per share	-	-	-	-	(2,745)	(2,745)	(2,745)
Profit for the half year ended 31 December 2012	-	-	-	-	281,910	281,910	281,910
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	-	-	26,013	26,013	26,013
Total comprehensive income for the half year ended 31 December 2012	-	-	-	-	307,923	307,923	307,923
Balance as at 31 December 2012 - Un-audited	609,033	-	289,636	289,636	1,170,165	1,459,801	2,068,834

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

Jawed Anwar
Chief Executive Officer

Faiq Jawed
Director

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

For the Half Year Ended December 31, 2012

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 Karachi and Lahore Stock Exchanges in Pakistan. Its registered office was situated at 3-1/A, Peoples Colony, Faisalabad, which has been subsequently changed with effect from 28 January 2013 to 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 half year ended 31 December 2012 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 2012.

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 2012.

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 2012.

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

For the Half Year Ended December 31, 2012

	Un-audited 31 December 2012	Audited 30 June 2012
	(RUPEES IN THOUSAND)	
5. LONG TERM FINANCING		
From banking companies - secured		
Opening balance	313,746	89,019
Add: Obtained during the period / year	-	248,667
Less: Repaid during the period / year	60,941	23,940
Closing balance	252,805	313,746
Less: Current portion shown under current liabilities	110,800	119,583
	142,005	194,163

6. DIRECTORS' LOAN

This represents unsecured interest free loan obtained from the directors of the Company with no defined repayment terms but is not repayable within next twelve months, hence has been classified as non-current. The entire loan is subordinated to the bank borrowings.

7. CONTINGENCIES AND COMMITMENTS

a) Contingencies

- i) The Company has filed an appeal before Appellate Tribunal, Inland Revenue, Lahore against order No. 02/2007 dated 03 May 2007 for Rupees 11.002 million (30 June 2012: Rupees 11.002 million) along with default surcharge under section 34 of Sales Tax Act, 1990 and penalty at the rate of 30 percent. The related provision is not made in this condensed interim financial information in view of possible favourable outcome of the appeal.
- ii) The Company has filed appeal before Appellate Tribunal, Inland Revenue, Lahore against order No. 13/2003 dated 29 April 2003 for Rupees 3.063 million (30 June 2012: Rupees 3.063 million) along with additional tax and default surcharge under sections 36(3) and 34 respectively of Sales Tax Act, 1990 and penalty at the rate of 3 percent. The related provision is not made in this condensed interim financial information in view of possible favourable outcome of the appeal.
- iii) The Company has filed appeals with Appellate Tribunal, Inland Revenue for the revision of assessment orders issued under section 122(5A) of the Income Tax Ordinance, 2001 for tax years 2005 to 2009 where tax liability of Rupees 21.793 million (30 June 2012: Rupees 21.793 million) raised by the department. The Company considers that its stance is based on reasonable grounds and appeals are likely to succeed. Hence, no provision has been made in this condensed interim financial information.

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

For the Half Year Ended December 31, 2012

- iv) Letters of guarantee of Rupees 43.185 million (30 June 2012: Rupees 43.185 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connections.
- v) Post dated cheques of Rupees 19.640 million (30 June 2012: Rupees 5.700 million) are issued to customs authorities in respect of duties on imported material availed on the basis of consumption and export plans. If documents of exports will not be provided on due dates, cheques issued as security shall be encashable.

b) Commitments

- i) Letters of credit for capital expenditure amounting to Rupees 280.621 as at 31 December 2012 (30 June 2012: Rupees Nil).
- ii) There is no commitment for other than capital expenditure as at 31 December 2012 (30 June 2012: Rupees 68.525 million).

	Un-audited 31 December 2012	Audited 30 June 2012
(RUPEES IN THOUSAND)		

8. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets (Note 8.1)	2,793,040	2,654,077
Assets subject to finance lease (Note 8.2)	-	25,728
Capital work-in-progress (Note 8.3)	72,804	161,956
	<u>2,865,844</u>	<u>2,841,761</u>

8.1 Operating fixed assets

Opening book value	2,654,077	2,501,144
Add:		
Cost of additions during the period / year (Note 8.1.1)	194,652	290,179
Book value of assets transferred from assets subject to finance lease	25,704	57,235
	<u>2,874,433</u>	<u>2,848,558</u>
Less:		
Book value of deletions during the period / year (Note 8.1.2)	11,325	54,033
Depreciation charged during the period / year	70,068	129,387
Impairment loss charged during the period / year	-	11,061
	<u>81,393</u>	<u>194,481</u>
	<u>2,793,040</u>	<u>2,654,077</u>

8.1.1 Cost of additions during the period / year

Buildings on freehold land	36,077	41,063
Plant and machinery	124,343	214,314

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

For the Half Year Ended December 31, 2012

	Un-audited 31 December 2012 (RUPEES IN THOUSAND)	Audited 30 June 2012
Electric installations and appliances	2,294	3,664
Factory equipment	-	600
Office equipment	108	703
Furniture and fixtures	1,554	1,803
Vehicles	30,276	28,032
	<u>194,652</u>	<u>290,179</u>

8.1.2 Book value of deletions during the period / year

Plant and machinery	10,711	37,967
Vehicles	614	16,066
	<u>11,325</u>	<u>54,033</u>

8.2 Assets subject to finance lease

Opening book value	25,728	84,581
Less:		
Book value of assets transferred to operating fixed assets	25,704	57,235
Depreciation charged during the period / year	24	1,618
	25,728	58,853
	<u>-</u>	<u>25,728</u>

8.3 Capital work-in-progress

Buildings on freehold land	21,854	42,897
Plant and machinery	50,950	119,059
	<u>72,804</u>	<u>161,956</u>

9. LONG TERM INVESTMENT

The investment of 750 (30 June 2012: 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 Half Year Ended December 31, 2012

10. COST OF SALES

	(Un-audited)			
	Half year ended		Quarter ended	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
	(RUPEES IN THOUSAND)			
Raw materials consumed	3,192,719	2,232,805	1,559,115	1,150,023
Stores, spare parts and loose tools consumed	61,647	49,453	31,083	27,548
Packing materials consumed	36,106	30,109	17,250	17,902
Processing and conversion charges	99,663	63,924	39,364	33,773
Doubling charges	983	3,840	477	3,405
Fuel and power	252,459	167,932	120,583	98,320
Salaries, wages and other benefits	166,543	134,230	86,713	73,392
Repair and maintenance	5,981	2,330	4,371	521
Insurance	5,714	4,754	2,775	2,682
Other factory overheads	19,363	12,858	10,428	7,221
Depreciation	63,506	61,648	32,028	32,852
	3,904,684	2,763,883	1,904,187	1,447,639
Work-in-process:				
Opening stock	234,250	112,164	301,548	131,203
Closing stock	(267,376)	(126,642)	(267,376)	(126,642)
	(33,126)	(14,478)	34,172	4,561
Cost of goods manufactured	3,871,558	2,749,405	1,938,359	1,452,200
Finished goods:				
Opening stock	270,237	547,555	254,956	477,296
Closing stock	(248,789)	(407,291)	(248,789)	(407,291)
	21,448	140,264	6,167	70,005
	3,893,006	2,889,669	1,944,526	1,522,205

	(Un-audited)	
	Half year ended	
	31 December 2012	31 December 2011
	(RUPEES IN THOUSAND)	

11. CASH UTILIZED IN OPERATIONS

Profit before taxation	338,533	79,948
Adjustments for non-cash charges and other items:		
Depreciation	70,092	67,924
Finance cost	99,616	100,418
Provision for workers' profit participation fund	18,262	4,327
Provision for workers' welfare fund	6,940	797
Loss / (gain) on sale of property, plant and equipment	65	(1,056)
Working capital changes (Note 11.1)	(1,130,782)	(651,264)
	(597,274)	(398,906)

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

For the Half Year Ended December 31, 2012

11.1 Working capital changes

(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(6,433)	(11,145)
Stock in trade	(1,160,414)	(813,749)
Trade debts	(129,695)	107,697
Loans and advances	(5,808)	(17,200)
Short term deposits and prepayments	(12,261)	(11,168)
Other receivables	54,974	3,655
Tax refunds due from the Government	(22,362)	(2,755)
	(1,281,999)	(744,665)
Increase in trade and other payables	151,217	93,401
	(1,130,782)	(651,264)

12. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, employees' provident fund trust, otherrelated parties and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions and balances with related parties are as follows:

	(Un-audited)			
	Half year ended		Quarter ended	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
(RUPEES IN THOUSAND)				
i) Transactions				
Associated companies				
Service charges	1,407	1,651	827	826
Purchases	295	4,196	-	251
Other related parties				
Remuneration paid to Chief Executive Officer, Directors and Executives	16,399	14,291	8,200	7,146
Contribution to Employees' Provident Fund Trust	4,503	5,359	2,576	2,680
Office rent	270	270	135	135
Loans obtained from directors	2,830	-	2,830	-
Loans repaid to directors	17,287	-	17,287	-
			Un-audited 31 December 2012	Audited 30 June 2012
(RUPEES IN THOUSAND)				
ii) Period end balances				
Trade and other payables			892	325
Short term borrowings			91,512	105,969

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

For the Half Year Ended December 31, 2012

14. 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 2012.

15. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was approved and authorized for issue on February 26, 2013 by the Board of Directors of the Company.

16. 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 profit or loss and other 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.

17. GENERAL

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

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