

We are making  
a difference



J.K. SPINNING MILLS LIMITED





## Index

02	Company Information
03	Directors' Report
05	Auditors' Report To The Members On Review Of Condensed Interim Financial Information
06	Condensed Interim Balance Sheet (Un-Audited)
08	Condensed Interim Profit And Loss Account (Un-Audited)
09	Condensed Interim Statement of Comprehensive Income (Un-Audited)
10	Condensed Interim Cash Flow Statement (Un-Audited)
11	Condensed Interim Statement Of Changes In Equity (Un-Audited)
12	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.Sadaf 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
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
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 half year ended December 31, 2015.

### Financial Results and Operational Performance

The summarized financial results of the company for the half year ended December 31, 2015 are as under:

Particulars	Rupees in Millions	
	Half year ended	
	31 December 2015	31 December 2014
SALES	4,119.194	4,575.928
COST OF SALES	3,819.643	4,164.264
GROSS PROFIT	299.551	411.664
OPERATING EXPENSES	235.357	292.262
OTHER INCOME	9.408	1.081
PROFIT FROM OPERATIONS	73.602	120.483
FINANCE COST	37.967	80.725
PROFIT BEFORE TAXATION	35.635	39.758
TAXATION	30.153	25.291
PROFIT AFTER TAXATION	5.482	14.467
TOTAL COMPREHENSIVE INCOME	23.647	35.020
EARNINGS PER SHARE - RUPEE	0.09	0.24

Sales for the period under review decreased to Rupees 4,119.194 million from Rupees 4,575.928 million of the corresponding period and accordingly raw material consumed decreased as compared to corresponding period. Conversion cost including salaries and wages, stores, spare parts and loose tools cost, processing and conversion charges increased due to inflationary trend while fuel and power cost decreased due to fall in fuel prices. Operating expenses decreased to Rupees 235.357 million in first half of period under review from Rs. 292.262 million of corresponding period while Financial Cost decreased in view of decrease in kibar and export refinance rates. .

Your company has earned profit after tax of Rupees 5.482 million during the half year ended on December 31, 2015 against Rupees 14.467 million of the same period of last year, while comprehensive income for the period attributed to equity stood at Rupees 23.647 million against comprehensive income of Rupees 35.020 million of the corresponding period.

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

The production of yarn converted into 20/S for the period under review was 14.261 million Kgs against 13.092 million Kgs of corresponding period of last year. Your company's management believes on continuing policy of Balancing Modernization and Replacement of machinery and equipment of its production facilities and is implementing planned BMR for up-gradation of blow room, cards and ring sections of spinning division by replacing existing outdated machines with latest model. During the period under review, USTER Base Unit AFIS

## Directors' Report

with L+M Module including multimedia Module for analysis of NEP count have been added in lab equipment. 9 Savio Auto Cone machines have been commissioned during the current period while 2 Blow Room Lines, 3 Contamination Sorter, 14 card machines are in process of commissioning. 1 Simplex machines consisting 200 spindles and 3,024 Ring spindles are in process of custom clearance. Letter of credits valuing Rs. 360 million are likely to be opened for addition of 7 Breakers Draw frames, 7 Finishers Draw Frames, 4 Simplex machines and 9,504 Ring Spindles in ring section of spinning division.

### Future Outlook


Though oil prices are touching 10 years low levels but Pakistan is still facing energy crises which is a big challenge to our country. Pakistan's spinning industry is also confronting dumping of Indian yarn in the local and global market.

Pakistan's Cotton crop arrival for season 2015-16 is 30% lesser as compared to previous years cotton crop season. Management of your company is carefully watching the cotton market to procure the cotton at minimal prices. Currently Yarn demand in Local and foreign market is going at very sluggish levels with very low sale margins. The company is focusing on improving efficiencies and minimizing costs to achieve the better financial results of remaining period of financial year ending June 30, 2016.

### Acknowledgement

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

For and on behalf of the Board



Faiq Jawed  
Chief Executive

Faisalabad

February 25, 2016

# 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 2015 and the related condensed interim profit and loss account, condensed interim statement of 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 comprehensive income for the quarters ended 31 December 2015 and 31 December 2014 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 2015.

## 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 2015 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 25, 2016

# Condensed Interim Balance Sheet (Un-Audited)

As At 31 December 2015

NOTE	Un-audited 31 December 2015	Audited 30 June 2015
(RUPEES IN THOUSAND)		
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorized share capital		
96 000 000 (30 June 2015: 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	2,198,705	2,175,058
Total equity	2,807,738	2,784,091
Surplus on revaluation of property, plant and equipment - net of deferred income tax	495,721	521,588
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
Long term financing	266,999	-
Liabilities against assets subject to finance lease	8,825	21,973
Deferred income on sale and lease back	1,474	1,634
Deferred income tax liability	242,543	236,495
	519,841	260,102
<b>CURRENT LIABILITIES</b>		
Trade and other payables	448,114	463,704
Accrued mark-up	10,789	10,772
Short term borrowings	1,650,976	1,191,193
Current portion of non-current liabilities	90,030	23,245
Provision for taxation	24,105	77,558
	2,224,014	1,766,472
TOTAL LIABILITIES	2,743,855	2,026,574
CONTINGENCIES AND COMMITMENTS		
TOTAL EQUITY AND LIABILITIES	6,047,314	5,332,253

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

  
Jawed Anwar  
Chairman

  
Faiq Jawed  
Chief Executive Officer

  
Shaiq Jawed  
Director



# Condensed Interim Balance Sheet (Un-Audited)

As At 31 December 2015

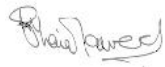
	NOTE	Un-audited 31 December 2015	Audited 30 June 2015
(RUPEES IN THOUSAND)			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	3,019,732	2,726,462
Long term Investment		-	-
Long term deposits and prepayments		5,710	12,256
		3,025,442	2,738,718
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		66,786	65,076
Stock-in-trade		1,982,868	1,486,168
Trade debts		551,227	593,632
Loans and advances		42,717	48,513
Short term deposits and prepayments		22,155	10,688
Other receivables		23,229	32,634
Tax refunds due from the Government		265,349	287,199
Cash and bank balances		67,541	69,625
		3,021,872	2,593,535
<b>TOTAL ASSETS</b>		<b>6,047,314</b>	<b>5,332,253</b>



Jawed Anwar  
Chairman



Faiq Jawed  
Chief Executive Officer



Shaiq Jawed  
Director

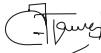
# Condensed Interim Profit And Loss Account (Un-Audited)

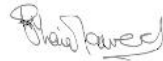
For the Half Year Ended December 31, 2015

	NOTE	Half year ended		Quarter ended	
		31 December 2015	31 December 2014	31 December 2015	31 December 2014
(RUPEES IN THOUSAND)					
Sales		4,119,194	4,575,928	2,089,951	2,350,432
Cost Of Sales	8	(3,819,643)	(4,164,264)	(1,952,421)	(2,139,088)
Gross Profit		299,551	411,664	137,530	211,344
Distribution Cost		(126,831)	(179,731)	(49,248)	(86,381)
Administrative Expenses		(103,983)	(103,381)	(49,381)	(53,049)
Other Expenses		(4,543)	(9,150)	(2,512)	(7,376)
		(235,357)	(292,262)	(101,141)	(146,806)
		64,194	119,402	36,389	64,538
Other Income		9,408	1,081	5,495	706
Profit From Operations		73,602	120,483	41,884	65,244
Finance Cost		(37,967)	(80,725)	(21,526)	(50,505)
Profit Before Taxation		35,635	39,758	20,358	14,739
Taxation		(30,153)	(25,291)	(19,161)	(3,037)
Profit After Taxation		5,482	14,467	1,197	11,702
Earnings Per Share - Basic And Diluted (Rupees)		0.09	0.24	0.02	0.19

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

  
Jawed Anwar  
Chairman

  
Faiq Jawed  
Chief Executive Officer

  
Shaiq Jawed  
Director

## Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the Half Year Ended December 31, 2015

	Half year ended		Quarter ended	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
(RUPEES IN THOUSAND)				
PROFIT AFTER TAXATION	5,482	14,467	1,197	11,702
<b>OTHER COMPREHENSIVE INCOME</b>				
Items that will not be reclassified subsequently to profit or loss:				
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	18,165	20,553	8,970	10,238
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Other comprehensive income for the period	18,165	20,553	8,970	10,238
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>23,647</b>	<b>35,020</b>	<b>10,167</b>	<b>21,940</b>

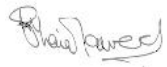
The annexed notes form an integral part of this condensed interim financial information.



Jawed Anwar  
Chairman



Faiq Jawed  
Chief Executive Officer



Shaiq Jawed  
Director

# Condensed Interim Cash Flow Statement (Un-Audited)

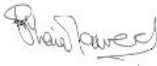
For the Half Year Ended December 31, 2015

	NOTE	Half year ended	
		31 December 2015	31 December 2014
(RUPEES IN THOUSAND)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash utilized in operations	9	(275,105)	(623,529)
Finance cost paid		(37,654)	(67,686)
Income tax paid		(41,540)	(31,571)
Workers' profit participation fund paid		(7,081)	(18,856)
Workers' welfare fund paid		(1,647)	(2,336)
Net decrease / (increase) in long term deposits and prepayments		6,546	(1,242)
Net decrease in long term loans		-	1,429
<b>NET CASH UTILIZED IN OPERATING ACTIVITIES</b>		<b>(356,481)</b>	<b>(743,791)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property, plant and equipment		(431,195)	(72,485)
Proceeds from sale of property, plant and equipment		5,173	2,014
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(426,022)</b>	<b>(70,471)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term financing acquired		333,749	-
Long term financing repaid		-	(49,886)
Liabilities against assets subject to finance lease - net		(13,113)	11,590
Short term borrowings - net		459,783	911,742
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>780,419</b>	<b>873,446</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD</b>		<b>(2,084)</b>	<b>59,184</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		<b>69,625</b>	<b>27,296</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>67,541</b>	<b>86,480</b>

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

  
**Jawed Anwar**  
 Chairman

  
**Faiq Jawed**  
 Chief Executive Officer

  
**Shaiq Jawed**  
 Director

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

For the Half Year Ended December 31, 2015

SHARE CAPITAL	CAPITAL Merger reserve	RESERVES		TOTAL	TOTAL EQUITY
		REVENUE	Unappropriated profit		
609,033	289,636	1,835,052		2,124,688	2,733,721
-	-	14,467		14,467	14,467
-	-	20,553		20,553	20,553
-	-	35,020		35,020	35,020
609,033	289,636	1,870,072		2,159,708	2,768,741
-	-	(60,903)		(60,903)	(60,903)
-	-	55,938		55,938	55,938
-	-	20,315		20,315	20,315
-	-	76,253		76,253	76,253
609,033	289,636	1,885,422		2,175,058	2,784,091
-	-	5,482		5,482	5,482
-	-	18,165		18,165	18,165
-	-	23,647		23,647	23,647
609,033	289,636	1,909,069		2,198,705	2,807,738

----- (RUPEES IN THOUSAND) -----

Balance as at 30 June 2014 - Audited

Profit for the half year ended 31 December 2014

Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax

Total comprehensive income for the half year ended 31 December 2014

Balance as at 31 December 2014 - Un-audited

Transaction with owners - Final dividend for the year ended 31 December 2014 at the rate of Rupees 1.00 per share

Profit for the half year ended 30 June 2015

Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax

Total comprehensive income for the half year ended 30 June 2015

Balance as at 30 June 2015 - Audited

Profit for the half year ended 31 December 2015

Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax

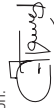
Total comprehensive income for the half year ended 31 December 2015

Balance as at 31 December 2015- Un-audited

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



Jawed Anwar  
Chairman



Faiq Jawed  
Chief Executive Officer



Shaiq Jawed  
Director

## Selected Notes To The Condensed Interim Financial Information (Un-Audited) For the Half Year Ended December 31, 2015

### 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 half year ended 31 December 2015 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 2015.

### 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 2015.

### 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 2015.

	Un-audited 31 December 2015	Audited 30 June 2015
	(RUPEES IN THOUSAND)	
<b>5. LONG TERM FINANCING</b>		
From banking companies - secured		
Opening balance	-	-
Obtained during the period / year	333,749	-
Closing balance	333,749	-
Less: Current portion shown under current liabilities	66,750	-
	266,999	-

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

For the Half Year Ended December 31, 2015

### 6. CONTINGENCIES AND COMMITMENTS

#### a) Contingencies

- i) The Company has filed an appeal before Appellate Tribunal, Inland Revenue, Lahore against order in original 02/2007 dated 03 May 2007 for Rupees 11.002 million (30 June 2015: Rupees 11.002 million) along with default surcharge under section 34 of Sales Tax Act, 1990 and penalty at the rate of 30 percent. Appellate Tribunal, Inland Revenue, Lahore passed order against our appeal. Afterwards 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 possible favourable outcome of the reference.
- ii) The Company has filed an appeal before Customs Appellate Tribunal, Lahore against the order in original 28/2015 dated 05 March 2015 for the recovery of Rupees 2.133 million (30 June 2015: Rupees 2.133 million) alongwith 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 possible favourable outcome of the reference.
- iii) The Company has filed appeals with Appellate Tribunal, Inland Revenue, Lahore for the revision of assessment orders issued under section 122(5A) and section 124 of the Income Tax Ordinance, 2001 for tax years 2005 to 2011 where tax liability of Rupees 140.255 million (30 June 2015: Rupees 140.255 million) was 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 recognized in this condensed interim financial information.
- iv) Guarantees of Rupees 71.006 million (30 June 2015: Rupees 59.844 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connections, Punjab Power Development Board for installing electricity generation facility, Faisalabad Electric Supply Company against electricity connection and The Commissioner Inland Revenue, Regional Tax Officer, Faisalabad for releasing the consignment without payment of tax at import stage.
- v) Post dated cheques of Rupees 209.001 million (30 June 2015: Rupees 164.147 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 53.843 million (30 June 2015: Rupees 332.267 million).
- ii) Letters of credit other than for capital expenditure are of Rupees 5,914 million (30 June 2015: Rupees 215.510 million).

Selected Notes To The Condensed Interim Financial Information (Un-Audited)  
For the Half Year Ended December 31, 2015

	Un-audited 31 December 2015	Audited 30 June 2015
(RUPEES IN THOUSAND)		
<b>7. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating fixed assets:		
Owned (Note 7.1)	2,640,145	2,587,169
Leased (Note 7.2)	64,383	69,721
Capital work-in-progress (Note 7.3)	315,204	69,572
	<u>3,019,732</u>	<u>2,726,462</u>
<b>7.1 Operating fixed assets - Owned</b>		
Opening book value	2,587,169	2,624,831
Add: Cost of additions during the period / year (Note 7.1.1)	185,563	263,649
	<u>2,772,732</u>	<u>2,888,480</u>
<b>Less:</b>		
Book value of deletions during the period / year (Note 7.1.2)	4,910	38,661
	<u>2,767,822</u>	<u>2,849,819</u>
Depreciation charged during the period / year	127,677	262,650
	<u>2,640,145</u>	<u>2,587,169</u>
<b>7.1.1 Cost of additions during the period / year</b>		
Buildings on freehold land	2,086	86,976
Plant and machinery	146,431	59,438
Stand-by equipment	-	6,040
Electric installations and appliances	4,012	47,166
Factory equipment	19,697	50
Furniture and fixtures	-	6,898
Office equipment	989	5,901
Vehicles	12,348	51,180
	<u>185,563</u>	<u>263,649</u>
<b>7.1.2 Book value of deletions during the period / year</b>		
Plant and machinery	4,903	-
Factory equipment	-	156
Vehicles	7	38,505
	<u>4,910</u>	<u>38,661</u>
<b>7.2 Operating fixed assets - Leased</b>		
Opening book value	69,721	57,769
Additions during the period / year	-	22,500
	<u>69,721</u>	<u>80,269</u>
<b>Less:</b> Depreciation charged during the period / year	5,338	10,548
	<u>64,383</u>	<u>69,721</u>



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

For the Half Year Ended December 31, 2015

	Un-audited 31 December 2015	Audited 30 June 2015
	(RUPEES IN THOUSAND)	
<b>7.3 Capital work-in-progress</b>		
Buildings on freehold land	17,321	19,407
Plant and machinery	285,580	23,446
Electric installations and appliances	12,303	16,315
Advances against purchase of vehicles	-	10,404
	<b>315,204</b>	<b>69,572</b>

## 8. COST OF SALES

	(Un-audited)			
	Half year ended		Quarter ended	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	(RUPEES IN THOUSAND)			
Raw materials consumed	2,800,554	3,004,099	1,432,178	1,481,953
Stores, spare parts and loose tools consumed	89,232	86,290	49,120	41,805
Packing materials consumed	41,350	42,923	20,926	22,960
Processing and conversion charges	174,932	163,030	93,612	73,270
Fuel and power	367,011	391,022	185,513	211,213
Salaries, wages and other benefits	241,530	212,418	121,447	109,852
Repair and maintenance	7,861	9,069	3,952	4,877
Insurance	5,693	6,068	3,026	3,289
Other factory overheads	15,125	22,018	8,058	9,011
Depreciation	119,900	120,484	61,867	59,149
	<b>3,863,188</b>	<b>4,057,421</b>	<b>1,979,699</b>	<b>2,017,379</b>
Work-in-process:				
Opening stock	240,918	270,065	271,474	297,380
Closing stock	(312,083)	(298,996)	(312,083)	(298,996)
	<b>(71,165)</b>	<b>(28,931)</b>	<b>(40,609)</b>	<b>(1,616)</b>
Cost of goods manufactured	<b>3,792,023</b>	<b>4,028,490</b>	<b>1,939,090</b>	<b>2,015,763</b>
Finished goods:				
Opening stock	514,798	721,090	533,516	708,641
Closing stock	(520,185)	(661,262)	(520,185)	(661,262)
	<b>(5,387)</b>	<b>59,828</b>	<b>13,331</b>	<b>47,379</b>
	<b>3,786,636</b>	<b>4,088,318</b>	<b>1,952,421</b>	<b>2,063,142</b>
Cost of sale - purchased for resale	33,007	75,946	-	75,946
	<b>3,819,643</b>	<b>4,164,264</b>	<b>1,952,421</b>	<b>2,139,088</b>

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

For the Half Year Ended December 31, 2015

		(Un-audited) Half year ended	
		31 December 2015	31 December 2014
(RUPEES IN THOUSAND)			
9.	<b>CASH UTILIZED IN OPERATIONS</b>		
	Profit before taxation	35,635	39,758
	Adjustments for non-cash charges and other items:		
	Depreciation	133,015	133,409
	Finance cost	37,967	80,725
	Provision for workers' profit participation fund	1,639	2,129
	Provision for workers' welfare fund	705	909
	Amortization of deferred income on sale and lease back	(160)	(419)
	Gain on sale of property, plant and equipment	(263)	(662)
	Working capital changes (Note 9.1)	<u>(483,643)</u>	<u>(879,378)</u>
		<u>(275,105)</u>	<u>(623,529)</u>
9.1	<b>Working capital changes</b>		
	(Increase) / decrease in current assets:		
	Stores, spare parts and loose tools	(1,710)	14,721
	Stock-in-trade	(496,700)	(938,180)
	Trade debts	42,405	(68,279)
	Loans and advances	5,796	(24,000)
	Short term deposits and prepayments	(11,467)	(12,735)
	Other receivables	9,405	50,713
	Tax refunds due from the Government	(14,168)	(10,489)
		<u>(466,439)</u>	<u>(988,249)</u>
	(Decrease) / increase in trade and other payables	<u>(17,204)</u>	<u>108,871</u>
		<u>(483,643)</u>	<u>(879,378)</u>

### 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:

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

For the Half Year Ended December 31, 2015

	(Un-audited)			
	Half year ended 31 December 2015	31 December 2014	Quarter ended 31 December 2015	31 December 2014
(RUPEES IN THOUSAND)				
<b>i) Transactions</b>				
<b>Associated companies</b>				
Service charges	1,588	1,431	672	781
Rental income	960	-	480	-
<b>Other related parties</b>				
Remuneration paid to Chief Executive Officer, Directors and Executives	31,655	29,492	16,384	15,124
Contribution to Employees' Provident Fund Trust	8,543	7,916	3,992	3,986
Loans repaid to directors - net	<u>22,498</u>	33,898	<u>9,188</u>	29,608
			Un-audited 31 December 2015	Audited 30 June 2015
(RUPEES IN THOUSAND)				
<b>ii) Period end balances</b>				
Short term borrowings			271,717	294,215
Loans and advances			<u>2,483</u>	-



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

For the Half Year Ended December 31, 2015

### 12. 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 2015.

### 13. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was approved and authorized for issue on February 25, 2016 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

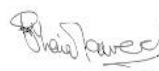
Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.



Jawed Anwar  
Chairman



Faiq Jawed  
Chief Executive Officer



Shaiq Jawed  
Director



## J.K. SPINNING MILLS LIMITED

### Registered Office

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

Fax:+92-41-4362447-48,

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

E-mail: [jkgroup@jkgroup.net](mailto:jkgroup@jkgroup.net)