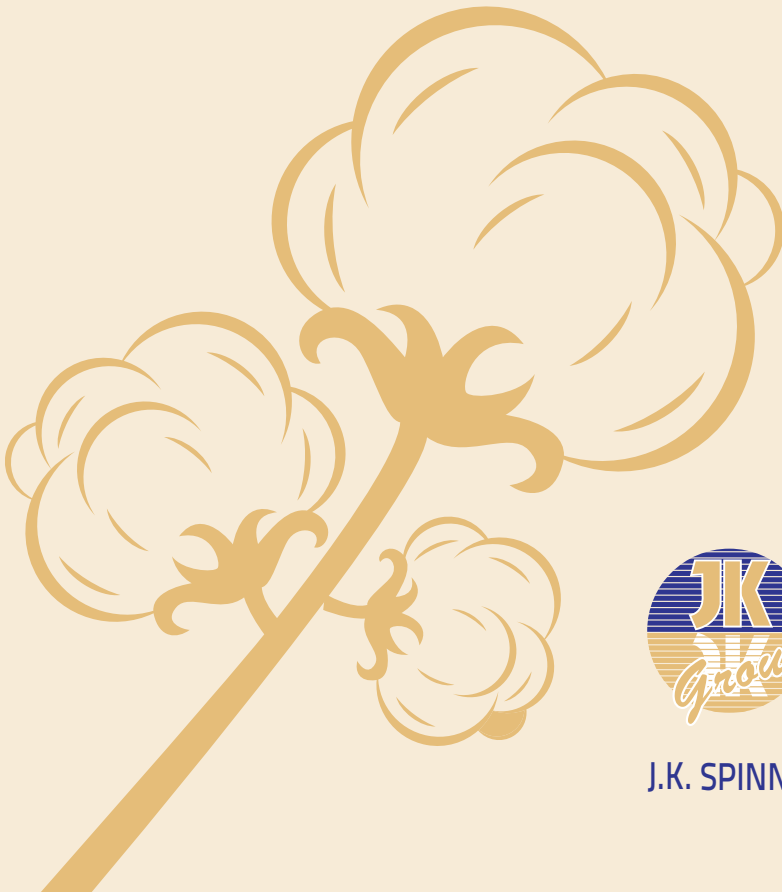


Half Yearly Report

For the period ended December 31, 2017



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

Directors' Report

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

Dear Shareholders,

The Directors' of your company feel pleasure to submit Un-audited Financial Statements of the company for the half year ended December 31, 2017.

Financial Results and Operational Performance

The summarized financial results of the company for the half year ended December 31, 2017 are as under:

Particulars	Rupees in Millions	
	Half Year Ended	
	31 December, 2017	31 December, 2016
Sales	4,549.700	4,497.141
Cost of Sales	4,195,499	4,193.152
Gross Profit	354,201	303.989
Operating Expenses	268.173	247.121
Other Income	17.554	49.511
Profit from Operations	103.582	106.379
Finance cost	71.232	62.504
Profit before taxation	32.350	43.875
Taxation	0.434	16.422
Profit After taxation	31.916	27.453
Earnings per share – Rupee	0.44	0.45

Sales for the period under review increased to Rupees 4,549.700 million from Rupees 4,497.141 millions of the corresponding period and accordingly raw material consumed increased as compared to corresponding period. Salaries and wages cost increased due to increase in minimum wage rate while fuel and power cost increased due to increase in tariff and increase in spinning capacity. Cost of Stores and spares and loose tools consumed increased in view of increase in spinning capacity while packing material and processing and other overhead cost decreased due to better cost reduction strategy. Operating expenses increased due to inflationary trend. Financial cost increased in view of increase in long term and short term borrowings.

Your company has earned profit after tax of Rupees 31.916 million during the half year ended on December 31, 2017 against Rupees 27.453 million of the same period of last year.

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

The production of yarn converted into 20/5 for the period under review was 14.355 million Kgs against 15.253 million kgs of corresponding period of last year. Your company's management believes on continuing policy of Balancing Modernization and Replacement (BMR) of machinery and equipments of its production facilities. During the period under review, your company have imported eight draw frame machines, five Ring Frames machines comprising 9120 spindles and 5 Auto Cone machines which have been commissioned during the period under review while Two Draw Frames machines, eight Ring Frame machines comprising 14,592 spindles and eight Auto Cone machines imported in 2nd quarter of financial year are in process of commissioning. Letter of credit has been also opened for import of two COMPLETE GE JENBACHER NATURAL GAS GEN SETS MODEL JMS 616 of 2.679 MW each in 2nd quarter of financial year ending June 30, 2018 which are likely to be commissioned by end of current financial year 2018.

Future Outlook

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

Directors' Report

The country is expected to get 12.6 million bales of the cotton crop during this season 2017-18. Fortnightly Cotton arrival figures are showing better cotton crop during this season compared to the previous season mainly due to favorable weather conditions. However there is no doubt that the country's cotton crop would remain lower side during 2017-18 but likely to be better than last season.

The company is focusing on improving efficiencies and minimizing costs by enhancing spinning capacity to achieve the better financial results of remaining period of financial year ending June 30, 2018.

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



Jawed Anwar

Director & Chairman

Faisalabad

February 23, 2018

ڈائریکٹرز رپورٹ برائے حصص یافتگان:

مستقبل کا نقطہ نظر:

گورنمنٹ نے بیکسٹائل انڈسٹری کو چوبیس گھنٹے آراہل این جی سپلائی شروع کر دی ہے اور دوسرے بیکسٹائل کچنگ کا اعلان کیا ہے جس کی وجہ سے اس سال کے باقی پیریڈ میں مالیاتی نتائج میں بہتری کی توقع ہے۔ آئل کی قیمتیں اُوپر کی طرف بڑھنا شروع ہو گئی ہیں جس کی وجہ سے آنے والے پیریڈ میں توانائی کے اخراجات بڑھ جائیں گے۔ سال 2017-18 میں ملکی کپاس کی فصل کی پیداوار 12.6 ملین گانٹھ ہونے کی توقع ہے۔ اچھے موسمی حالات کی وجہ سے پچھلے سیزن کے مقابلے میں کپاس کی فصل کی پیداوار میں بہتری رہنے کی توقع ہے۔ تاہم اس میں کوئی شک نہیں کہ ملکی کپاس کی پیداوار کم ہوگی لیکن پچھلے سیزن کے مقابلے میں بہتر رہے گی۔ آپ کی کمپنی سپننگ کی صلاحیت بہتر کرنے اور خرچے کم کرنے اور کارکردگی بہتر کرنے پر توجہ دے رہی ہے تاکہ سال 2018 کے باقی عرصہ کے مالی نتائج بہتر حاصل کیے جاسکیں۔

اعتراف:

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

منجانب بورڈ آف ڈائریکٹرز:



جاوید انوار

ڈائریکٹر و چیرمین

فیصل آباد

فروری 23، 2018

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 کی پہلی ششماہی کے اختتام 31 دسمبر 2017 کے مالیاتی حسابات پیش کرنے میں خوشی محسوس کرتے ہیں۔

مالیاتی نتائج:

مالیاتی سال کی پہلی ششماہی کے نتائج کے تفصیلی درج ذیل ہیں:

ملین روپے		تفصیلات
اختتام ششماہی		
31 دسمبر 2016	31 دسمبر 2017	
4,497.141	4,549.700	سیلز
4,193.152	4,195.499	سیلز کے اخراجات
303.989	354.201	خام منافع
247.121	268.173	آپریٹنگ اخراجات
49.511	17.554	دیگر آمدن
106.379	103.582	آپریٹنگ منافع
62.504	71.232	مالی لاگت
43.875	32.350	منافع قبل از ٹیکس
16.422	0.434	ٹیکس
27.453	31.916	منافع بعد از ٹیکس
0.45	0.44	فی شیئر آمدنی

مالی سال کی پہلی ششماہی کے دورانیہ میں فروخت 4,497.141 ملین روپے سے بڑھ کر 4,549.700 ملین روپے ہوئی ہے۔ اسی طرح خام مال کے اخراجات بھی اسی نسبت سے بڑھ گئے ہیں۔ نتیجہاً ہونے والے اخراجات کم از کم اجرت میں اضافہ کی وجہ سے بڑھے ہیں۔ جبکہ توانائی کے اخراجات پاور ٹریف اور پیداواری صلاحیت میں اضافہ کی وجہ سے بڑھ گئے ہیں۔ سٹورز اور پارٹس اور اوزاروں کے خرچے پیداواری صلاحیت میں اضافہ کی وجہ سے بڑھے گئے ہیں۔ جبکہ بیکنگ میٹریل اور پروڈیونگ کے خرچے اور دوسرے مالی اخراجات کا سٹ کم کرنے کی پالیسی کی وجہ سے کم ہو گئے ہیں۔ اس پہلی ششماہی کے آپریٹنگ اخراجات پچھلے سال کے مقابلے میں بڑھ گئے ہیں جبکہ مالی اخراجات پچھلے سال کے اخراجات کے مقابلے میں بے عرصے اور چھوٹے عرصے کے قرضہ جات میں اضافہ کی وجہ سے بڑھے ہیں۔

آپ کی کمپنی نے پہلی ششماہی کے اختتام 31 دسمبر 2017 میں 31.916 ملین روپے خالص منافع کمایا ہے جبکہ پچھلے سال کا منافع 27.453 ملین روپے تھا۔ ٹیکسٹائل انڈسٹری میں مندرے کی وجہ سے ڈائریکٹرز نے کوئی ڈیویڈنڈ منظور نہیں کیا ہے۔

مالی سال 2018 کی پہلی ششماہی میں دھاگے کی پیداوار پچھلے سال کی پیداوار 15.253 ملین کلوگرام سے کم ہو کر 14.355 ملین کلوگرام ہو گئی جس کی وجہ فائنڈنگ کاؤنٹس کی پیداوار میں اضافہ اور کورس کاؤنٹس کی پیداوار میں کمی ہے۔

اس پہلی ششماہی کے جائزہ پیریڈ میں آپ کی کمپنی نے آٹھ ڈرافٹریز مشین، 9,120 سپنڈلز پر مشتمل 5 رنگ مشینز اور 5 آٹوکون مشینز درآمد کی ہیں جو اس جائزہ رپورٹ کے عرصے میں کمیشن ہوئی ہیں۔ جبکہ اس جائزہ رپورٹ کے عرصے میں 14,592 سپنڈلز پر مشتمل 8 رنگ بیز اور 8 آٹوکون مشینز کی درآمد کی گئی ہے اور مشینز کی کمیشننگ پریس میں ہے۔ مالی سال 2018 کی پہلی ششماہی میں دو چنبا کر نیچرل گیس کے 2.679 MW کے جزیئرز کے لیئر آف کریڈٹ بھی کھولے گئے ہیں جو اس مالی سال کے آخر تک کمیشن ہو جائیں گے۔

Auditors' Report to the Members on Review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of J.K. SPINNING MILLS LIMITED (the company) as at 31 December 2017 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim cash flow statement together with the notes forming part thereof, (here-in-after referred to as the "interim financial information") for the six-month period then ended. Management is responsible for the preparation and presentation of this 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 interim financial information based on our review.

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 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 at and for the six-month period ended 31 December 2017 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matters

The financial statements of the Company for the year ended 30 June 2017 and six months period ended 31 December 2016 were audited and reviewed respectively by another auditor whose reports, dated 23 September 2017 and 24 February 2017, expressed unqualified opinion / conclusion on those statements



Chartered Accountants

Name of engagement partner:

Naseem Akbar

Lahore:

February 24, 2018

Condensed Interim Balance Sheet (Un-Audited)

As At 31 December 2017

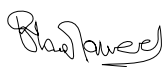
	NOTE	Un-audited 31 December 2017 (RUPEES IN THOUSAND)	Audited 30 June 2017
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
96 000 000 (30 June 2017: 96 000 000) ordinary shares of Rupees 10 each		960,000	960,000
Issued, subscribed and paid up share capital	5	730,839	730,839
Reserves		2,353,026	2,357,652
Total equity		3,083,865	3,088,491
Surplus on revaluation of freehold land		224,631	224,631
NON-CURRENT LIABILITIES			
Long term financing	6	708,469	281,457
Deferred liabilities	7	119,500	131,609
		827,969	413,066
CURRENT LIABILITIES			
Trade and other payables		555,442	424,569
Accrued mark-up		28,392	17,061
Short term borrowings		2,267,810	1,730,524
Current portion of non-current liabilities		197,977	186,506
Provision for taxation		13,023	78,888
		3,062,644	2,437,548
TOTAL EQUITY AND LIABILITIES		7,199,109	6,163,736
CONTINGENCIES AND COMMITMENTS	8	-	-

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.

The Chief Executive Officer is out of Pakistan and in his absence, this interim financial information has been signed by two directors as required under section 232(1) of the Companies Act, 2017.



Jawed Anwar
Chairman



Shaiq Jawed
Director



Mrs. Sadaf Aamir Arshad
Director



Ghulam Muhammad
Chief Financial Officer


Condensed Interim Balance Sheet (Un-Audited)

As At 31 December 2017

	NOTE	Un-audited 31 December 2017 (RUPEES IN THOUSAND)	Audited 30 June 2017
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	3,280,360	2,783,776
Long term investment		-	-
Long term advances		38,974	17,467
Long term deposits and prepayments		105	247
		3,319,439	2,801,490
CURRENT ASSETS			
Stores, spare parts and loose tools		81,331	73,172
Stock in trade		2,372,752	1,925,999
Trade debts		782,034	688,176
Loans and advances		24,038	41,640
Trade deposits and short term prepayments		10,730	11,541
Other receivables		81,358	103,280
Tax refunds due from the Government		408,884	396,121
Short term investments		27,389	33,273
Cash and bank balances		91,154	89,044
		3,879,670	3,362,246
TOTAL ASSETS		7,199,109	6,163,736



Jawed Anwar
Chairman



Shaiq Jawed
Director



Mrs. Sadaf Aamir Arshad
Director



Ghulam Muhammad
Chief Financial Officer

Condensed Interim Profit And Loss Account (Un-Audited)

For The Half Year Ended 31 December 2017


	NOTE	Half year ended		Quarter ended	
		31 December	31 December	31 December	31 December
		2017	2016	2017	2016
		(RUPEES IN THOUSAND)		(RUPEES IN THOUSAND)	
Sales - net	11	4,549,700	4,497,141	2,141,960	2,298,393
Cost of Sales	12	(4,195,499)	(4,193,152)	(1,959,904)	(2,158,899)
Gross Profit		354,201	303,989	182,056	139,494
Distribution expenses		(125,361)	(120,578)	(50,851)	(58,332)
Administrative expenses		(130,699)	(119,353)	(60,835)	(58,247)
Other operating expenses	13	(12,113)	(7,190)	(11,808)	(5,052)
		(268,173)	(247,121)	(123,494)	(121,631)
		86,028	56,868	58,562	17,863
Other Income	14	17,554	49,511	10,739	20,132
Operating profit		103,582	106,379	69,301	37,995
Finance Costs		(71,232)	(62,504)	(39,115)	(34,750)
Profit Before Taxation		32,350	43,875	30,186	3,245
Taxation		(434)	(16,422)	(19,330)	6,135
Profit for the period		31,916	27,453	10,856	9,380
Earnings per share:					
Basic earnings per share		0.44	0.45	0.15	0.15
Diluted earnings per share		0.44	0.38	0.15	0.13

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statement.

The Chief Executive Officer is out of Pakistan and in his absence, this interim financial information has been signed by two directors as required under section 232(1) of the Companies Act, 2017.



Jawed Anwar
Chairman



Shaiq Jawed
Director



Mrs. Sadaf Aamir Arshad
Director



Ghulam Muhammad
Chief Financial Officer

Condensed Interim Statement of Comprehensive Income (Un-Audited)

For The Half Year Ended 31 December 2017

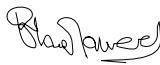
	Half year ended		Quarter ended	
	31 December 2017 (RUPEES IN THOUSAND)	31 December 2016	31 December 2017 (RUPEES IN THOUSAND)	31 December 2016
Profit for the period	31,916	27,453	10,856	9,380
Other comprehensive (loss) / income:				
Items not to be reclassified to profit and loss in subsequent periods:	-	-	-	-
Items to be reclassified to profit or loss in subsequent periods	-	-	-	-
Total other comprehensive income/ (loss)	-	-	-	-
Total comprehensive income for the period	31,916	27,453	10,856	9,380

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.

The Chief Executive Officer is out of Pakistan and in his absence, this interim financial information has been signed by two directors as required under section 232(1) of the Companies Act, 2017.



Jawed Anwar
Chairman



Shaiq Jawed
Director



Mrs. Sadaf Aamir Arshad
Director



Ghulam Muhammad
Chief Financial Officer

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

For The Half Year Ended 31 December 2017

	RESERVES					TOTAL EQUITY	
	SHARE CAPITAL	CAPITAL		REVENUE			TOTAL
		Premium on issue of right shares	Merger reserve	Sub Total	Unappropriated profit		
Balance as at 01 July 2016	609,033	-	289,636	289,636	1,954,795	2,244,431	
Final dividend for the year ended 30 June 2016 @ Rs. 0.50/- per share	-	-	-	-	(30,452)	(30,452)	
Total comprehensive income for the half year ended 31 December 2016	-	-	-	-	27,453	27,453	
Balance as at 31 December 2016	609,033	-	289,636	289,636	1,951,796	2,241,432	
Balance as at 01 July 2017	730,839	60,904	289,636	350,540	2,007,112	3,088,491	
Final dividend for the year ended 30 June 2017 at the rate of Rupees 0.50/- per share	-	-	-	-	(36,542)	(36,542)	
Total comprehensive income for the half year ended 31 December 2017	-	-	-	-	31,916	31,916	
Balance as at 31 December 2017	730,839	60,904	289,636	350,540	2,002,486	3,083,865	

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.

The Chief Executive Officer is out of Pakistan and in his absence, this interim financial information has been signed by two directors as required under section 232(1) of the Companies Act, 2017



Jawed Anwar
Chairman



Shaiq Jawed
Director



Mrs. Sadaf Aamir Arshad
Director



Ghulam Muhammad
Chief Financial Officer

Condensed Interim Cash Flow Statement (Un-Audited)

For The Half Year Ended 31 December 2017


NOTE	Half year ended		
	31 December 2017	31 December 2016	
(RUPEES IN THOUSAND)			
Cash flows from operating activities			
Cash utilized in operations	15	(145,393)	(311,338)
Finance costs paid		(59,767)	(52,313)
Income tax paid		(78,373)	(39,673)
Workers' profit participation fund paid		(3,411)	(9,144)
Net decrease in long term deposits and prepayments		142	5,939
		(141,409)	(95,191)
Net cash utilized in operating activities		(286,802)	(406,529)
Cash flows from investing activities			
Capital expenditure on property, plant and equipment		(626,409)	(190,608)
Investment encashed		(3,864)	-
Proceeds from sale of property, plant and equipment		1,464	3,211
Increase in long term advances		(21,507)	-
Net cash used in investing activities		(650,316)	(187,397)
Cash flows from financing activities			
Proceeds from long term financing		533,254	97,252
Repayment of long term financing		(87,614)	(38,483)
Repayment of Liabilities against assets subject to finance lease		(7,156)	(11,761)
Share deposit money received		-	179,859
Share term borrowings - net		537,286	587,704
Dividend paid		(36,542)	(30,491)
Net cash flows from financing activities		939,228	784,080
Net increase in cash and cash equivalents		2,110	190,154
Cash and cash equivalents at beginning of the period		89,044	68,237
Cash and cash equivalents at closing of the period		91,154	258,391

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.

The Chief Executive Officer is out of Pakistan and in his absence, this interim financial information has been signed by two directors as required under section 232(1) of the Companies Act, 2017.



Jawed Anwar
Chairman



Shaiq Jawed
Director



Mrs. Sadaf Aamir Arshad
Director



Ghulam Muhammad
Chief Financial Officer

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

For The Half Year Ended 31 December 2017

1. THE COMPANY AND ITS OPERATIONS

J.K. Spinning Mills Limited (the Company) is a public limited company incorporated in Pakistan on 07 January 1987 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) and listed on Pakistan Stock Exchange Limited. 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. The registered office of the Company is situated at 29-KM, Sheikhpura Road, Faisalabad.

2. STATEMENT OF COMPLIANCE

During the last year, the Companies Act 2017 (the Act) was promulgated, however, Securities and Exchange Commission of Pakistan vide its Circular No. 23 of 2017 dated 04 October 2017 and subsequent clarification by Institute of Chartered Accounts of Pakistan (ICAP) through its Circular No. 17 of 2017 communicated that interim financial statements of the companies whose interim financial period ended on or before 31 December 2017 shall prepare their interim financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

2.2 Hence, this interim financial information of the Company for the six month period ended 31 December 2017 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, "Interim Financial Reporting" and provisions of and directives issued under the repealed Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the repealed Companies Ordinance, 1984 have been followed.

2.3 These condensed interim financial information is unaudited and is being submitted to shareholders, as required by section 237 of the Companies Act, 2017.

3. BASIS OF PREPARATION

3.1 The interim condensed financial information 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 for the year ended 30 June 2017.

3.2 The accounting policies and computation methods adopted for the preparation of this condensed interim financial statements are the same as those applied in the preparation of the preceding annual published financial statements of the Company for the year ended 30 June 2017 except the following standards and amendment to IFRSs which became effective have been adopted by the Company for the current period.

3.3 The Company has adopted the following standards and amendment to IFRSs which became effective for the current period.

Standard or Interpretation

IAS 7 Statement of Cash Flows - Disclosure Initiative - (Amendment)

IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

Improvements to Accounting Standards Issued by the IASB in September 2014

IFRS 12 Disclosure of Interests in Other Entities – Clarification of the scope of the disclosure requirements in IFRS 12

The adoption of the above amendments and interpretation did not have any significant impact on these condensed interim financial statements.

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

For The Half Year Ended 31 December 2017

4. 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.

5. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

Un-Audited 31 December 2017 (No. of Shares)	Audited 30 June 2017		Un-Audited 31 December 2017 (Rupees in thousand)	Audited 30 June 2017
26,424,155	26,424,155	Ordinary shares of Rupees 10 each fully	264,241	264,241
45,947,600	45,947,600	Ordinary shares of Rupees 10 each issued to shareholders of J.K. Fibre Mills Limited and Abid Faiq Textile Mills Limited under the scheme of merger.	459,476	459,476
712,175	712,175	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	7,122	7,122
73 083 930	73 083 930		730,839	730,839

6. LONG TERM FINANCING

From banking companies - secured

Opening balance	460,807	479,077
Add: Obtained during the period / year	533,254	97,253
Less: Repaid during the period / year	87,614	115,523
Closing balance	906,447	460,807
Less: Current portion shown under current liabilities	197,977	179,350
	708,469	281,457

7. DEFERRED LIABILITIES

Deferred income on sale and lease back	-	35
Deferred tax liability	119,500	131,574
	119,500	131,609

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

For The Half Year Ended 31 December 2017

8. CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

8.1.1 There has been no significant change in the contingencies since the date of preceding published annual financial statements except as follows:

8.1.2 Post dated cheques of Rupees 228,956 million (30 June 2017: Rupees 206,672 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.

8.2 Commitments

8.2.1 Letter of credit for capital expenditure Rs. 717.13 million (30 June 2017: Rs. 282.03 million).

8.2.2 Letters of credit other than for capital expenditure Rs. 0.72 million (30 June 2017: Rs. 101.55 million).

8.2.3 Outstanding foreign currency forward contracts Rs. 27.65 million (30 June 2017: Rs. 621.03 million).

	Note	Un-audited 31 December 2017 (RUPEES IN THOUSAND)	Audited 30 June 2017
9. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets:			
-Owned	9.1	2,882,541	2,598,982
-Leased	9.2	-	12,720
Capital work-in-progress	9.3	397,819	172,074
		3,280,360	2,783,776
9.1 Operating fixed assets - Owned			
Opening book value		2,598,982	2,486,652
Add:			
additions during the period / year-cost		400,663	340,289
Book value of assets transferred from leasehold assets		12,296	12,365
Effect of revaluation surplus		-	45,997
		3,011,941	2,885,303
Less:			
deletions during the period / year	9.1.2	1,420	32,378
		3,010,521	2,852,925
Less:			
Depreciation during the period / year		127,980	253,943
Book value at the end of the period / year		2,882,541	2,598,982

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

For The Half Year Ended 31 December 2017

Note	Un-audited 31 December 2017 (RUPEES IN THOUSAND)	Audited 30 June 2017
9.1.1 Additions during the period / year - cost		
Freehold land	7,934	1,628
Buildings on freehold land	27,972	24,445
Plant and machinery	340,987	163,964
Stand-by equipment	4,973	74,090
Electric installations and appliances	-	25,107
Furniture and fixtures	-	33
Office equipment	-	413
Vehicles	18,797	50,609
	<u>400,663</u>	<u>340,289</u>
9.1.2 Book value of assets disposed during the period / year		
Plant and machinery	-	6,767
Vehicles	1,420	25,611
	<u>1,420</u>	<u>32,378</u>
9.2 Assets subject to finance lease		
Opening book value	12,720	29,639
Add:		
Additions during the period / year	-	-
Less:		
Book value of assets transferred to operating fixed assets	12,296	12,365
Depreciation during the period / year	424	4,554
Book value at the end of the period / year	<u>-</u>	<u>12,720</u>
9.3 Capital work-in-progress		
Buildings on freehold land	132,486	147,499
Plant and machinery	265,333	24,575
	<u>397,819</u>	<u>172,074</u>
10. TAX REFUNDS DUE FROM THE GOVERNMENT		
Income Tax	162,554	190,223
Sales Tax	242,566	202,344
Federal / special excise duty	3,764	3,554
	<u>408,884</u>	<u>396,121</u>

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

For The Half Year Ended 31 December 2017

	(Un-audited)			
	Half year ended		Quarter ended	
	31 December 2017 (RUPEES IN THOUSAND)	31 December 2016 (RUPEES IN THOUSAND)	31 December 2017 (RUPEES IN THOUSAND)	31 December 2016 (RUPEES IN THOUSAND)
11. SALES - NET				
Export	1,918,601	1,705,298	795,887	802,424
Local	2,538,404	2,719,775	1,308,990	1,457,872
Waste	92,695	72,068	37,083	38,097
	<u>4,549,700</u>	<u>4,497,141</u>	<u>2,141,960</u>	<u>2,298,393</u>
12. COST OF SALES				
Raw materials consumed	3,032,569	2,864,637	1,460,229	1,496,898
Stores, spare parts and loose tools consumed	84,571	81,666	40,690	38,250
Packing materials consumed	37,745	40,508	18,463	20,717
Processing and conversion charges	141,722	152,048	60,234	67,067
Fuel and power	420,275	389,749	210,776	197,649
Salaries, wages and other benefits	262,194	254,731	132,498	125,754
Repair and maintenance	14,866	14,290	6,798	9,652
Insurance	4,714	5,529	2,449	2,646
Other factory overheads	13,352	11,528	6,198	5,712
Depreciation	116,284	113,333	58,303	57,987
	<u>4,128,292</u>	<u>3,928,019</u>	<u>1,996,638</u>	<u>2,022,332</u>
Work-in-process:				
Opening stock	397,647	308,806	194,745	200,416
Closing stock	(355,013)	(256,579)	(355,013)	(256,579)
	<u>42,634</u>	<u>52,227</u>	<u>(160,268)</u>	<u>(56,163)</u>
Cost of goods manufactured	<u>4,170,926</u>	<u>3,980,246</u>	<u>1,836,370</u>	<u>1,966,169</u>
Finished goods:				
Opening stock	402,476	544,914	501,437	566,142
Closing stock	(377,903)	(389,178)	(377,903)	(389,178)
	<u>24,573</u>	<u>155,736</u>	<u>123,534</u>	<u>176,964</u>
	<u>4,195,499</u>	<u>4,135,982</u>	<u>1,959,904</u>	<u>2,143,133</u>
Cost of sales - purchased for resale	-	57,170	-	15,766
	<u>4,195,499</u>	<u>4,193,152</u>	<u>1,959,904</u>	<u>2,158,899</u>

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

For The Half Year Ended 31 December 2017

		(Un-audited)			
		Half year ended		Quarter ended	
Note		31 December 2017	31 December 2016	31 December 2017	31 December 2016
		(RUPEES IN THOUSAND)		(RUPEES IN THOUSAND)	
13.	OTHER OPERATING EXPENSES				
	Workers' profit participation fund	1,712	2,327	1,407	296
	Workers' welfare fund	173	-	-	107
	Donations	480	-	-	-
	Unrealized loss on remeasurement of investment at fair value through profit or loss	9,748	-	-	-
	Loss on sale of property, plant and equipment	-	4,863	-	4,649
		12,113	7,190	1,407	5,052
14.	OTHER INCOME				
	Income from financial assets	17,115	47,353	10,516	19,652
	Income from assets other than financial assets	439	2,158	224	480
		17,554	49,511	10,740	20,132
14.1	Income from financial assets				
	Exchange gain - net	16,139	47,353	9,742	19,652
	Dividend income	976	-	774	-
		17,115	47,353	10,516	19,652
14.2	Income from other than financial assets				
	Gain on sale of property, plant and equipment	44	-	44	-
	Amortization of deferred income on sale and leaseback	35	688	-	-
	Credit balances written back	-	509	-	-
	Rental income	360	960	180	480
		439	2,158	224	480

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

For The Half Year Ended 31 December 2017

	Note	Un-audited	
		Half year ended	
		31 December 2017	31 December 2016
(RUPEES IN THOUSAND)			
15. CASH UTILIZED IN OPERATIONS			
Profit before taxation		32,350	43,875
Adjustments for non-cash charges and other items:			
Depreciation		128,404	125,489
Finance costs		71,232	62,504
Credit balances written back		-	(509)
Exchange gain - net		16,139	47,353
Provision for workers' welfare fund		173	-
Provision for workers' profit participation fund		1,712	2,327
Amortization of deferred income on sale and lease back		(35)	(688)
(Gain) / loss on sale of property, plant and equipment		(44)	4,863
Unrealised loss / (gain) on remeasurement of investment at fair value through profit or loss		9,688	(27)
Loss on disposal of short term investment		60	-
Working capital changes		(405,072)	(596,525)
		(145,393)	(311,338)
15.1 Working capital changes			
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		(8,159)	(18,009)
Stock in trade		(446,753)	(504,996)
Trade debts		(109,997)	(221,297)
Loans and advances		17,602	16,841
Trade deposits and short term prepayments		811	(1,827)
Other receivables		21,922	30,285
Tax refunds due from the Government		(12,763)	33,884
		(537,337)	(665,119)
Increase in trade and other payables		132,265	68,594
		(405,072)	(596,525)

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

For The Half Year Ended 31 December 2017

16. 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 other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

		(Un-audited)	
		Half year ended	
		31 December 2017	31 December 2016
		(RUPEES IN THOUSAND)	
Relationship with the Company	Nature of transactions		
Associated companies	Service charges	286	145
	Rental Income	360	960
Chief Executive Officer, Directors and Executives	Remuneration	34,679	27,407
Employees' Provident Fund Trust	Amount contributed	9,871	9,682
Directors	Loans repayment - net	44,780	159,295
Director's CEO's & their spouses	Dividend paid	35,725	26,035
		Un-audited	Audited
		31 December 2017	30 June 2017
		(RUPEES IN THOUSAND)	
Relationship with the Company	Nature of balances		
ii) Period end balances			
Directors	Short term loan	23,629	68,409
	Remuneration payable	2,078	-

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

For The Half Year Ended 31 December 2017

17. SEGMENT INFORMATION

17.1

	Spinning		Fabric		Home Textile		Elimination of inter-segment transactions		Total - Company	
	(Un-audited)		(Un-audited)		(Un-audited)		(Un-audited)		(Un-audited)	
	Half year ended 31 December 2017	Half year ended 31 December 2016	Half year ended 31 December 2017	Half year ended 31 December 2016	Half year ended 31 December 2017	Half year ended 31 December 2016	Half year ended 31 December 2017	Half year ended 31 December 2016	Half year ended 31 December 2017	Half year ended 31 December 2016
Sales - net	2,905,423	3,080,604	633,627	491,004	1,010,650	925,533	-	-	4,549,700	4,497,141
External Inter-segment	147,852	171,213	-	-	-	-	(147,852)	(171,213)	-	-
Cost of sales	3,053,275	3,251,817	633,627	491,004	1,010,650	925,533	(147,852)	(171,213)	4,549,700	4,497,141
Gross profit	(2,845,259)	(3,025,850)	(581,466)	(474,410)	(916,626)	(864,105)	147,852	171,213	(4,195,499)	(4,193,152)
	208,016	225,967	52,161	16,594	94,024	61,428	-	-	354,201	303,989
Distribution expenses	(51,958)	(50,979)	(25,392)	(23,084)	(48,011)	(46,518)	-	-	(125,361)	(120,578)
Administrative expenses	(92,818)	(81,176)	(14,033)	(12,662)	(23,848)	(25,515)	-	-	(130,699)	(119,353)
	(144,776)	(132,155)	(39,425)	(35,746)	(71,859)	(72,030)	-	-	(256,060)	(239,931)
Profit before taxation and unallocated income and expenses	63,240	93,812	12,736	(19,152)	22,165	(10,602)	-	-	98,141	64,058
Unallocated income and expenses										
Other operating expenses									(12,113)	(7,190)
Other income									17,554	49,511
Finance costs									(71,232)	(62,504)
Taxation									(434)	(16,422)
Profit after taxation									31,916	27,453

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

17.3 Reconciliation of reportable segment assets and liabilities:

	Spinning		Fabric		Home Textile		Total - Company	
	(Un-audited)		(Un-audited)		(Un-audited)		(Un-audited)	
	Half year ended 31 December 2017	Half year ended 31 December 2016	Half year ended 31 December 2017	Half year ended 31 December 2016	Half year ended 31 December 2017	Half year ended 31 December 2016	Half year ended 31 December 2017	Half year ended 31 December 2016
Total assets for reportable segments	5,540,334	4,535,262	624,908	614,748	624,983	617,605	6,790,225	5,767,615
Unallocated assets							408,884	396,121
Total assets as per balance sheet							7,199,109	6,163,736
All segment assets are allocated to reportable segments other than those directly relating to corporate.								
Total liabilities for reportable segments	2,742,198	1,837,027	324,151	305,049	517,029	494,168	3,883,378	2,636,244
Unallocated liabilities							307,235	214,370
Total liabilities as per balance sheet							3,890,613	2,850,614
All segment liabilities are allocated to reportable segments other than provision for taxation, deferred income tax liability and other corporate liabilities.								

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

For The Half Year Ended 31 December 2017

18 FINANCIAL INSTRUMENTS

18.1 Financial risk factors

Financial instruments comprise long term financing, liabilities against assets subject to finance lease, accrued markup, short term borrowings, trade and other payables, trade debts, loans to employees, other receivables, cash and bank balances, short term and long term deposits, short term investments.

The Company has exposure to the following risks from its use of financial instruments:

- Liquidity risk
- Credit risk
- Liquidity risk

The Board of Directors has the overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to react to changes in market conditions and the Company's activities.

There is no change in the company's objectives, policies, procedures for measuring and managing the above risks including capital management risk, since the preceding annual financial year ended as at 30 June 2017.

18.2 Fair values of financial assets and liabilities

The carrying values of other financial assets and financial liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

18.3 Fair values of financial assets and liabilities

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable either, directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

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

For The Half Year Ended 31 December 2017

Judgements and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into following three levels. An explanation of each level follows underneath the table:

	Level 1	Level 2	Level 3	Total
	(RUPEES IN THOUSAND)			
Recurring fair value measurement				
At 31 December 2017				
Financial assets				
At fair value through profit or loss	27,389	-	-	27,389
Financial liabilities				
Derivative financial liabilities	-	1,538	-	1,538
Recurring fair value measurement				
At 30 June 2017				
At fair value through profit or loss	33,273	-	-	33,273
Financial liabilities				
Derivative financial liabilities	-	4,212	-	4,212

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to the short-term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further, there was no transfer in and out of level 3 measurements.

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

19. RECOGNIZED FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

19.1 Fair value hierarchy

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

	Level 1	Level 2	Level 3	Total
	(RUPEES IN THOUSAND)			
At 31 December 2017				
Freehold land	-	292,031	-	292,031
Total non-financial assets	-	292,031	-	292,031
At 30 June 2017				
Freehold land	-	284,097	-	284,097
Total non-financial assets	-	284,097	-	284,097

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

For The Half Year Ended 31 December 2017

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

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further, there was no transfer in and out of level 3 measurements.

19.2 Valuation techniques used to determine level 2 fair values

At the end of each reporting period, the management updates the assessment of the fair value of each property, taking into account the most recent independent valuation. The best evidence of fair value is current prices in an active market for similar properties.

The level 2 fair value of land has been derived using the market value approach. The key inputs under this approach are the market price per kanal determined by using independent market inquires and comparing prices of similar land in the area (location and size).

19.3 Valuation processes

The Company engages external, independent and qualified valuer to determine the fair value of the Company's freehold land. As at 30 June 2017, the fair value of freehold land has been determined by Messrs Harvester Services (Private) Limited.

Changes in fair values are analyzed at each reporting date during the annual valuation discussion between the Chief Financial Officer and the valuers. As part of this discussion the team presents a report that explains the reason for the fair value movements.

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

For The Half Year Ended 31 December 2017

	Carrying Amount		Fair Value			
	At fair value through profit or loss	Financial liabilities at amortized cost	Level 1	Level 2	Level 3	Total
(RUPEES IN THOUSAND)						
31 December 2017 (Un-audited)						
Financial assets						
Short term investments	-	27,389	27,389	-	-	27,389
Loans to employees	1,426	-	-	-	-	1,426
Deposits	3,017	-	-	-	-	3,017
Trade debts	782,034	-	-	-	-	782,034
Other receivables	323	-	-	-	-	323
Cash and bank balances	91,154	-	-	-	-	91,154
	877,954	27,389	27,389	-	-	905,343
Financial liabilities						
Long term financing	-	906,447	-	-	-	906,447
Liabilities against assets subject to finance lease	-	-	-	-	-	-
Accrued mark-up	-	28,392	-	-	-	28,392
Short term borrowings	-	2,267,810	-	-	-	2,267,810
Trade and other payables	-	504,346	-	-	-	504,346
	-	3,706,995	-	-	-	3,706,995
30 June 2017 (Audited)						
Financial assets						
Short term investments	-	33,273	33,273	-	-	33,273
Loans to employees	921	-	-	-	-	921
Deposits	8,747	-	-	-	-	8,747
Trade debts	688,176	-	-	-	-	688,176
Other receivables	8,113	-	-	-	-	8,113
Cash and bank balances	89,044	-	-	-	-	89,044
	795,001	33,273	33,273	-	-	828,274
Financial liabilities						
Long term financing	89,044	460,807	-	-	-	549,851
Liabilities against assets subject to finance lease	-	7,156	-	-	-	7,156
Accrued mark-up	-	17,061	-	-	-	17,061
Short term borrowings	-	1,730,524	-	-	-	1,730,524
Trade and other payables	89,044	391,703	-	-	-	391,703
	89,044	2,607,251	-	-	-	2,696,295

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

For The Half Year Ended 31 December 2017

20. 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 2017.

21. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was approved and authorized for issue on February 23, 2018 by the Board of Directors of the Company.

22. CORRESPONDING FIGURES

22.1 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.

22.2 Corresponding figures have been re-arranged, wherever necessary, for better and fair presentation. However, no significant reclassifications / restatements have been made except as follows:

CLASSIFIED FROM	CLASSIFIED TO	Note	Audited 30 June 2017 (RUPEES IN THOUSAND)
Capital work in progress	Long term advances	9	17,467

23. GENERAL

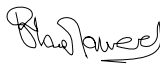
23.1 The figures of condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended 31 December 2017 and 2016 were not subject to limited scope review by the auditors as scope of review covered only the cumulative figures.

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

The Chief Executive Officer is out of Pakistan and in his absence, this interim financial information has been signed by two directors as required under section 232(1) of the Companies Act, 2017.



Jawed Anwar
Chairman



Shaiq Jawed
Director



Mrs. Sadaf Aamir Arshad
Director



Ghulam Muhammad
Chief Financial Officer



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

www.jkgroup@jkgroup.net