



WHAT'S NEXT.

2019-20 Half Yearly Report



J.K. SPINNING MILLS LIMITED



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Company Information

Chairman	Mr. Jawed Anwar
Chief Executive	Mr. Faiq Jawed
Directors	Mr. Shaiq Jawed Mr. Rehan Ashfaq Mrs. Farhat Jehan Mrs. Sadaf Aamir Arshad Mr. Mammor Ijaz
Audit Committee	
Chairman	Mr.Rehan Ashfaq
Members	Mrs.Farhat Jehan Mrs.Sadaf Aamir Arshad
HR Committee	
Chairman	Mr. Mammor Ijaz
Members	Mr.Shaiq Jawed Mrs. Sadaf Aamir Arshad
Company Secretary	Syed Hussain Shahid Mansoor Naqvi
Chief Financial Officer	Mr. Ghulam Muhammad
Head of Internal Audit	Mr. Amjad Ali
Auditors	M/s Zahid Jamil & Co, Chartered Accountants A member of Prime Global
Legal Advisor	Mehfooz Ahmad Khan Advocates
Registrar's and Share Registration Office	CORPTEC Associates (Pvt.) Ltd., 503-E, Johar Town, Lahore
Bankers	Standard Chartered Bank (Pakistan) Limited The Bank of Punjab National Bank of Pakistan Askari Bank Limited MCB Bank Limited The Bank of Khyber Summit Bank Habib Bank Limited Meezan Bank Limited
Registration Office	34-Falcon Enclave, Tufail Road, Lahore Cantt. Lahore.
Head Office & Mills	29-KM, Sheikhpura Road, khurrianwala Faisalabad.

Directors' Report

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

Dear Shareholders,

The Directors' of Your Company feel pleasure to submit Un-audited Financial Statements of the Company for the half year ended December 31, 2019.

Financial Results and Operational Performance

The summarized financial results of the Company for the half year ended December 31, 2019 are as under:

Particulars	Rupees in Millions	
	Half Year Ended	
	31 December, 2019	31 December, 2018
Revenue from contracts with customers	7,280.654	6,090.093
Cost of Revenue	6,004.049	5,255.743
Gross Profit	1,276.605	834.350
Operating Expenses	410.769	328.498
Other Income	7.719	57.316
Operating Profit	873.555	563.168
Finance Cost	250.863	165.286
Profit Before Taxation	622.692	397.882
Taxation	114.884	86.311
Profit After Taxation	507.808	311.571
Earnings Per Share - Rupee	6.95	4.26

Sales for the period under review increased to Rupees 7,280.654 million from Rupees 6,090.093 million of the corresponding period. Raw material consumed percentage to sale decreased to 59.65% from 68.49% of the corresponding period. Salaries and wages cost increased due to increase in minimum wage rate while fuel and power cost remained at previous year's level approximately. Cost of stores and spares and loose tools consumed, packing material, processing and conversion charges and other overheads increased in view of increase in volume and inflationary impact. Operating expenses increased due to increase in volume and inflationary trend. Financial cost increased in view of increase in long term and short term borrowings and increase in mark up rates.

Your Company has earned profit after tax of Rupees 507.808 million during the half year ended December 31, 2019 against Rupees 311.571 million of the same period of last year.

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

The production of yarn converted into 20/S for the period under review was 18.335 million Kgs against 17.674 million Kgs of corresponding period of last year. Your Company's management believes on continuing policy of Balancing Modernization and Replacement (BMR) of machinery and equipments of its production facilities. Letters of credit has been opened for import of Two COMPLETE GE JENBACHER NATURAL GAS GEN SETS MODEL JMS 616 of 2.679 MW each and three high speed Ring frames comprising 3,024 spindles. Civil work has been started for setting up a processing unit which is likely to start production in mid of next financial year.

Future Outlook

Pakistan textile sector is still facing uncertainty in view of fear of upward revision of GAS and electricity tariffs. Outbreak of corona virus in china and its spreading in various other countries may hit supply of imported raw materials and its prices and export orders. Cotton crop production has fallen by 36% from target of 15 million bales. Management of your Company is importing cotton from other countries to meet its requirements and has procured cotton till first quarter of next financial year.

Directors' Report

Management of your Company is focusing efforts on minimizing cost by enhancing capacity, improving efficiencies to achieve the favorable financial results for remaining period of financial year ending June 30, 2020.

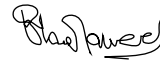
Acknowledgement

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

For and on behalf of the Board



Jawed Anwar
Chairman



Shaiq Jawed
Director

Faisalabad
February 24, 2020

ڈائریکٹرز رپورٹ برائے حصص یافتگان:

اس مالی سال کے 6 ماہ کے دوران دھماگے کی پیداوار 20/s کے حساب سے 18.335 ملین کلوگرام رہی جبکہ پچھلے سال کی پیداوار 17.674 ملین کلوگرام تھی۔ آپ کی کمپنی کی انتظامیہ نے پرانی مشینری کو جدید مشینری سے بدلنے کی پالیسی اختیار کی ہوئی ہے۔ اس مالی سال کے 6 ماہ کے دورانے میں دو جہنا کر نیچرل گیس ماڈل JMS-616 کے 2.679 MW کے جنریٹرز اور 3 رنگ فریبز (3024 سینڈلز) کے لینڈ آف کریٹ کھولے گئے ہیں۔ پروسیسنگ پونٹ لگانے کے لیے سول ورک شروع ہو چکا ہے جو کے اگلے مالی سال کے درمیان تک کام کرنا شروع کر دے گا۔

مستقبل کا نقطہ نظر:

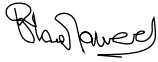
گیس اور بجلی کے بڑھتے ہوئے ٹیرف کے وجہ سے پاکستان ایکسٹرانل سیکٹر میں بے یقینی کی کیفیت ہے۔ کرونا وائرس کے جھین اور دوسرے ممالک میں پھیلاؤ کی وجہ سے برآمدات اور درآمدی خام مال کی ترسیل اور قیمتیں متاثر ہو سکتی ہیں۔ کاٹن کی فصل اپنے 15 ملین ہیکٹار کے ہدف سے 36% گر چکی ہے کمپنی کی انتظامیہ اپنی ضروریات پوری کرنے کے لیے کاٹن دیگر ممالک سے درآمد کر رہی ہے اور اگلے مالی سال کے پہلے کواٹر تک کاٹن خرید چکی ہے۔ آپ کی کمپنی سپننگ کی صلاحیت بہتر کرنے اور خرچے کم کرنے اور کارکردگی بہتر کرنے پر توجہ دے رہی ہے تاکہ سال 2020,30 کے باقی عرصہ کے مالی نتائج بہتر حاصل کیے جاسکیں۔

اعتراف:

آپ کی کمپنی کے ڈائریکٹرز کمپنی کے گاہکوں اور بکرز کے کمپنی کے کاروبار میں تعاون پر شکرگزار ہیں ڈائریکٹرز کمپنی کے سٹاف اور مزدوروں کی محنت اور کوششوں کو بھی سراہتے ہیں۔ کمپنی سٹیک ہولڈرز کے پُر اعتماد سپلائر کا اقرار کرتی ہے اور شکرگزار رہی ہے۔

مغایب بورڈ آف ڈائریکٹرز:

فیصل آباد: فروری۔ 2020,24



شائق جاوید
ڈائریکٹر



جاوید انوار
چیئرمین

ڈائریکٹرز رپورٹ برائے حصص یافتگان:
شروع اللہ کے نام سے جو نہایت مہربان اور رحم والا ہے۔

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 2019 کے مالیاتی حسابات پیش کرنے میں خوشی محسوس کرتے ہیں۔

مالیاتی نتائج:

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

تفصیلات	ملین روپے	ملین روپے
	اختتام ششماہی	اختتام ششماہی
	31 دسمبر 2018	31 دسمبر 2019
سیلز	6,090.093	7,280.654
سیلز کے اخراجات	5,255.743	6,004.049
خام منافع	834.350	1,276.605
آپریٹنگ اخراجات	328.498	410.769
دیگر آمدن	57.316	7.719
آپریٹنگ منافع	563.168	873.555
مالی لاگت	165.286	250.863
منافع قبل از ٹیکس	397.882	622.692
ٹیکس	86.311	114.884
منافع بعد از ٹیکس	311.571	507.808
فی شیر آمدنی	4.26	6.95

مالی سال کی پہلی ششماہی کے دوران یہ میں فروخت 6,090.093 ملین روپے سے بڑھ کر 7,280.654 ملین روپے ہوئی ہے۔ اسی طرح خام مال کے استعمال کی سیلو سے شرح تناسب 68.49% سے کم ہو کر 59.65% تک ہو گئی ہے۔ تنخواہوں کے اخراجات کم از کم آہٹ میں اضافہ کی وجہ سے بڑھے ہیں۔ توانائی کے اخراجات تقریباً پچھلے سال کے برابر ہیں۔ سٹورز، پارٹس اور اوزاروں، پیکنگ میٹریل، پروسیسنگ، کنوینین اور دوسرے اور ہینڈز کے خرچے پیداواری صلاحیت میں اضافہ اور مہنگائی کی وجہ سے بڑھ گئے ہیں۔ اس پہلی ششماہی کے آپریٹنگ اخراجات پچھلے سال کے مقابلے میں زیادہ پیداوار اور مہنگائی کی وجہ سے بڑھ گئے ہیں جبکہ مالی اخراجات پچھلے سال کے اخراجات کے مقابلے میں لمبے عرصے اور چھوٹے عرصے کے قرضہ جات اور زیادہ شرح سود میں اضافہ کی وجہ سے بڑھے ہیں۔

آپ کی کمپنی نے پہلی ششماہی کے اختتام 31 دسمبر 2019 میں 507.808 ملین روپے خالص منافع کمایا ہے جبکہ پچھلے سال کا منافع 311.571 ملین روپے تھا۔ پاکستانی روپے کی قدر میں کمی اور کاروباری حجم میں اضافے کی وجہ سے ورکنگ کیٹیبل کی ضروریات بڑھیں جس کی وجہ سے ڈائریکٹرز نے کوئی عبوری ڈیویڈنڈ منظور نہیں کیا ہے۔

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of J.K. Spinning Mills Limited
Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of J.K. Spinning Mills Limited as at 31 December 2019 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements 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 statements 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 interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The figures of condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended 31 December 2019 have not been reviewed as we are required to review only the cumulative figures for the half year ended 31 December 2019.

The financial statements of the Company for the year ended 30 June 2019 and six months period ended 31 December 2018 were audited and reviewed respectively by another auditor whose reports, dated 04 October 2019 and 25 February 2019, expressed unqualified opinion / conclusion on those statements.

This engagement partner on the review resulting in this independent auditor's review report is Muhammad Amin.



Chartered Accountants

Name of engagement partner:
Muhammad Amin

Faisalabad:
February 24, 2020

Condensed Interim Statement of Financial Position (Un-Audited)

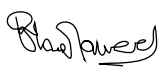
As At 31 December 2019

	NOTE	Un-audited 31 December 2019 (RUPEES IN THOUSAND)	Audited 30 June 2019
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets-tangible	5	3,942,567	4,080,643
Right-of-use assets	6	137,959	92,686
Capital work-in-progress	7	178,386	148,434
		4,258,912	4,321,763
Long term investment	8	-	-
Long term deposits, advances and prepayments		33,570	25,726
		4,292,482	4,347,489
CURRENT ASSETS			
Stores, spare parts and loose tools		80,742	86,635
Stock-in-trade		4,760,359	3,746,854
Trade debts		1,024,402	786,273
Advances		81,855	35,123
Trade deposits and short term prepayments		16,417	7,243
Other receivables		67,826	56,667
Tax refunds due from the Government	9	368,687	303,869
Short term investments		23,160	51,593
Cash and bank balances		78,314	73,747
		6,501,762	5,148,004
TOTAL ASSETS		10,794,244	9,495,493
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
96 000 000 (30 June 2019: 96 000 000)			
ordinary shares of Rupees 10 each		960,000	960,000
Issued, subscribed and paid up share capital	10	730,839	730,839
Reserves:			
Capital		575,171	575,171
Revenue		3,313,404	2,951,764
		3,888,575	3,526,935
NON-CURRENT LIABILITIES			
Long term financing	11	1,058,680	1,191,883
Lease liabilities		82,665	41,777
Long term deposits		33,523	26,233
Deferred tax liability		261,745	274,815
		1,436,613	1,534,708
CURRENT LIABILITIES			
Trade and other payables		785,728	661,942
Contract liabilities		79,276	64,592
Accrued mark-up		69,055	75,916
Short term borrowings		3,495,609	2,644,848
Unclaimed dividend		472	472
Current portion of non-current liabilities		308,077	255,241
		4,738,217	3,703,011
TOTAL EQUITY AND LIABILITIES		10,794,244	9,495,493
CONTINGENCIES AND COMMITMENTS	12	-	-

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



Jawed Anwar
Chairman



Shaiq Jawed
Director



Ghulam Muhammad
Chief Financial Officer

The chief executive is for the time being not in Pakistan, therefore, these financial statements have been approved by two directors of the company as per section 232 of the Companies Act, 2017.

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


For The Half Year Ended 31 December 2019

NOTE	Half year ended		Quarter ended		
	31 December 2019	31 December 2018	31 December 2019	31 December 2018	
	(RUPEES IN THOUSAND)		(RUPEES IN THOUSAND)		
Revenue from contracts with customers	13	7,280,654	6,090,093	3,702,444	3,317,865
Cost of sales	14	6,004,049	5,255,743	3,022,661	2,914,949
Gross Profit		1,276,605	834,350	679,783	402,916
Distribution expenses		151,953	146,273	86,915	76,880
Administrative expenses		185,339	140,120	90,338	72,947
Other operating expenses	15	73,477	42,105	24,878	25,779
		410,769	328,498	202,131	175,606
		865,836	505,852	477,652	227,310
Other income	16	7,719	57,316	18,288	33,571
Operating profit		873,555	563,168	495,940	260,881
Finance costs		250,863	165,286	129,650	100,356
Profit before taxation		622,692	397,882	366,290	160,525
Taxation - net		114,884	86,311	64,904	41,237
Profit for the period		507,808	311,571	301,386	119,288
Earnings per share - basic and diluted (Rupees)		6.95	4.26	4.12	1.63

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



Jawed Anwar
Chairman



Shaiq Jawed
Director



Ghulam Muhammad
Chief Financial Officer

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Condensed Interim Statement of Comprehensive Income (Un-Audited)

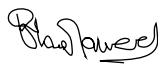
For The Half Year Ended 31 December 2019

	Half year ended		Quarter ended	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	(RUPEES IN THOUSAND)		(RUPEES IN THOUSAND)	
Profit for the period	507,808	311,571	301,386	119,288
Other comprehensive income:				
Items not to be reclassified to profit in subsequent periods:				
Items to be reclassified to profit in subsequent periods	-	-	-	-
Total other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>507,808</u>	<u>311,571</u>	<u>301,386</u>	<u>119,288</u>

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



Jawed Anwar
Chairman



Shaiq Jawed
Director



Ghulam Muhammad
Chief Financial Officer

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

For The Half Year Ended 31 December 2019

	ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL	RESERVES			REVENUE	TOTAL	TOTAL EQUITY
		CAPITAL		REVALUA- TION SUR- PLUS ON FREEHOLD LAND			
		Premium on issue of right shares	Merger reserve				
----- (RUPEES IN THOUSAND) -----							
Balance as at 01 July 2018	730,839	60,904	289,636	224,631	2,308,498	2,883,669	3,614,508
Final dividend for the year ended 30 June 2018 @ Rs. 1/- per share	-	-	-	-	(73,084)	(73,084)	(73,084)
Total comprehensive income for the half year ended 31 December 2018	-	-	-	-	311,571	311,571	311,571
Balance as at 31 December 2018	730,839	60,904	289,636	224,631	2,546,985	3,122,156	3,852,995
Balance as at 01 July 2019	730,839	60,904	289,636	224,631	2,951,764	3,526,935	4,257,774
Final dividend for the year ended 30 June 2019 at the rate of Rs. 2/- per share	-	-	-	-	(146,168)	(146,168)	(146,168)
Total comprehensive income for the half year ended 31 December 2019	-	-	-	-	507,808	507,808	507,808
Balance as at 31 December 2019	730,839	60,904	289,636	224,631	3,313,404	3,888,575	4,619,414

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



Jawed Anwar
Chairman



Shaiq Jawed
Director



Ghulam Muhammad
Chief Financial Officer

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CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

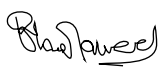
For The Half Year Ended 31 December 2019

	NOTE	Half year ended	
		31 December 2019	31 December 2018
(RUPEES IN THOUSAND)			
Cash flows from operating activities			
Cash utilized in operations	17	(185,739)	(1,469,764)
Finance costs paid		(257,724)	(132,748)
Income tax paid		(57,377)	(58,407)
Workers' profit participation fund paid		(50,704)	(23,584)
Increase in long term deposits		7,290	2,411
Net (increase) in long term deposits, advances and prepayments		(7,844)	(21,398)
		(366,359)	(233,726)
Net cash utilized in operating activities		(552,098)	(1,703,490)
Cash flows from investing activities			
Addition in property, plant and equipment		(109,152)	(285,946)
Proceeds from short term investments		34,891	1,570
Proceeds from disposal of property, plant and equipment		19,017	5,671
Net cash used in investing activities		(55,244)	(278,705)
Cash flows from financing activities			
Proceeds from long term financing		33,872	108,616
Repayment of long term financing		(119,126)	(105,466)
Repayment of liabilities against right to use assets		(7,430)	(3,985)
Short term borrowings - net		850,761	2,049,180
Dividend paid		(146,168)	(73,084)
Net cash generated from financing activities		611,909	1,975,261
Net increase / (decrease) in cash and cash equivalents		4,567	(6,935)
Cash and cash equivalents at beginning of the period		73,747	28,035
Cash and cash equivalents at end of the period		78,314	21,100

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



Jawed Anwar
Chairman



Shaiq Jawed
Director



Ghulam Muhammad
Chief Financial Officer

The chief executive is for the time being not in Pakistan, therefore, these financial statements have been approved by two directors of the company as per section 232 of the Companies Act, 2017.

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

For The Half Year Ended 31 December 2019

1. THE COMPANY AND ITS OPERATIONS

J.K. Spinning Mills Limited (the Company) is a public limited company incorporated in Pakistan on 07 January 1987 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) and listed on Pakistan Stock Exchange Limited.

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

The Company is engaged in business of textile manufacturing comprising of ginning, spinning, stitching buying, selling and otherwise dealing in yarn, fabrics and other goods.

2. BASIS OF PREPARATION

2.1 Statement of compliance

- This condensed interim financial information is unaudited but subject to the limited scope review by auditors and is being submitted to the shareholders as required under Section 237 of the Companies Act, 2017.
- These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:
 - International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
 - Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017.
 - Provisions of and directives issued under the Companies Act, 2017; and
 - Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

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

For The Half Year Ended 31 December 2019

3. SIGNIFICANT ACCOUNTING POLICIES AND CHANGES THEREIN

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

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

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

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

3.1 IFRS 16 - Leases

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

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

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

	Un-audited 31 December 2019	Audited 30 June 2019
	(Rupees in thousand)	
Property, Plant and Equipment - decreased by	(137,959)	(92,686)
Right-of-use asset - increased by	137,959	92,686
Liability against assets subject to finance lease - decreased by	(103,809)	(58,034)
Lease liabilities - increased by	103,809	58,034

4. ACCOUNTING ESTIMATES AND JUDGMENTS

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

		Un-Audited	Audited
	NOTE	31 December	30 June
		2019	2019
		(Rupees in thousand)	
5. OPERATING FIXED ASSETS - TANGIBLE			
Opening book value		4,080,643	3,200,955
Add: additions during the period / year-cost	5.1	79,200	1,228,117
		4,159,843	4,429,072
Less: disposals during the period / year	5.2	(21,429)	(20,260)
		4,138,414	4,408,812
Less: depreciation during the period / year		(195,847)	(328,169)
Book value at the end of the period / year		3,942,567	4,080,643
5.1 Additions during the period / year - cost			
Freehold land		-	16,092
Buildings on freehold land		-	248,728
Plant and machinery		63,573	878,950
Electric installations and appliances		8,498	8,876
Factory Equipment		-	24,148
Vehicles		7,129	51,323
		79,200	1,228,117
5.2 Book value of assets disposed off during the period / year			
Plant and machinery		16,249	10,772
Electric installations and appliances		-	3,473
Vehicles		5,180	6,015
		21,429	20,260
6. RIGHT-OF-USE ASSETS			
Opening book value		92,686	45,228
Add : additions during the period / year		55,466	57,461
Less : depreciation during the period / year		(10,193)	(10,003)
Book value at the end of the period / year		137,959	92,686
7. CAPITAL WORK-IN-PROGRESS			
Buildings on freehold land		177,536	143,842
Plant and machinery		850	4,592
		178,386	148,434

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

For The Half Year Ended 31 December 2019

	NOTE	Un-Audited	Audited
		31 December 2019 (Rupees in thousand)	30 June 2019 (Rupees in thousand)
8.			
LONG TERM INVESTMENT			
Investment in associate			
J.K. Tech (Private) Limited - unquoted	8.1		
450 (2019: 450) ordinary shares of Rupees 10 each		5	5
Less: Accumulated impairment		(5)	(5)
		-	-
8.1			
The Company holds 30% (30 June 2019: 30%) shares in J.K. Tech (Private) Limited, a private limited company incorporated in Pakistan and has its principal place of business in the province of Punjab. The principal activity of J.K. Tech (Private) Limited is to provide services of electricity transmission. This is a strategic investment of the Company for vertical integration.			
9.			
TAX REFUNDS DUE FROM THE GOVERNMENT			
Income tax		139,905	210,482
Sales tax		337,977	202,582
		477,882	413,064
Less: Provision for doubtful tax refunds due from the Government		(109,195)	(109,195)
		368,687	303,869
10.			
ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL			
		Un-Audited	Audited
		31 December	30 June
		2019	2019
		(No. of Shares)	(Rupees in thousand)
		26,424,155	26,424,155
		45,947,600	45,947,600
		712,175	712,175
		73,083,930	73,083,930
		264,241	264,241
		459,476	459,476
		7,122	7,122
		730,839	730,839

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

For The Half Year Ended 31 December 2019

	NOTE	Un-audited 31 December 2019	Audited 30 June 2019
(RUPEES IN THOUSAND)			
11.	LONG TERM FINANCING		
	From banking Companies - secured:		
	Opening balance	1,430,867	1,103,613
	Add: Obtained during the period / year	33,872	554,992
	Less: Repaid during the period / year	(119,126)	(227,738)
		<u>1,345,613</u>	<u>1,430,867</u>
	Less: Current portion shown under current liabilities	(286,933)	(238,984)
	Closing balance	<u>1,058,680</u>	<u>1,191,883</u>
12.	CONTINGENCIES AND COMMITMENTS		
12.1	Contingencies		
12.1.1	There has been no significant change in the contingencies since the date of preceding published annual financial statements except as follows:		
12.1.2	Post dated cheques of Rs. 431,242 thousand (30 June 2019: Rupees 309,202 thousand) are issued to custom authorities in respect of duties on imported material availed on the basis of consumption and export plans. If documents of exports are not provided on due dates, cheques issued as security shall be cashable.		
12.2	Commitments		
12.2.1	Letter of credit for capital expenditure amounts to Rs. 115,454 thousand (30 June 2019: Rs. 22,407 thousand).		
12.2.2	Letters of credit other than for capital expenditure amounts to Rs. 150,979 thousand (30 June 2019: Rs. 191,434 thousand).		

13. REVENUE FROM CONTRACTS WITH CUSTOMERS

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

Note	Un-Audited					
	Half year ended			Half year ended		
	31 December 19			31 December 18		
	Spinning	Fabric division	Total	Spinning	Fabric division	Total
	----- (Rupees in thousand) -----					
SALES - net						
Local	4,501,327	68,678	4,570,005	3,751,546	51,103	3,802,649
Export	247,808	2,840,899	3,088,707	264,590	2,097,442	2,362,032
Export rebate	-	26,547	26,547	-	33,775	33,775
Inter segments	(404,605)	-	(404,605)	(108,363)	-	(108,363)
13.1.	4,344,530	2,936,124	7,280,654	3,907,773	2,182,320	6,090,093

	Half year ended 31 December 2019		
	Spinning	Fabric Division	Total
	(RUPEES IN THOUSAND)		
13.1 Disaggregation of revenue based on :			
Segments			
Sale of yarn	4,604,280	10,215	4,614,495
Sale of fabric	-	2,876,530	2,876,530
Sale of waste	144,855	22,832	167,687
Export rebate	-	26,547	26,547
Inter-segment eliminations	(404,605)	-	(404,605)
	4,344,530	2,936,124	7,280,654
Geographic markets			
Asia	4,280,304	92,176	4,372,480
Australia	-	54,041	54,041
Europe	64,226	1,929,208	1,993,434
North America	-	819,003	819,003
South America	-	41,696	41,696
	4,344,530	2,936,124	7,280,654
Timing of revenue recognition			
Goods transferred at a point in time	4,344,530	2,936,124	7,280,654

	Half year ended 31 December 2018		
	Spinning	Fabric Division	Total
	(RUPEES IN THOUSAND)		
Segments			
Sale of yarn	3,903,482	-	3,903,482
Sale of fabric	-	2,133,724	2,133,724
Sale of waste	112,654	14,821	127,475
Export rebate	-	33,775	33,775
Inter-segment eliminations	(108,363)	-	(108,363)
	<u>3,907,773</u>	<u>2,182,320</u>	<u>6,090,093</u>
Geographic markets			
Asia	3,713,877	108,255	3,822,132
Australia	93,759	21,564	115,323
Europe	100,137	1,598,480	1,698,617
North America	-	351,176	351,176
South America	-	102,845	102,845
	<u>3,907,773</u>	<u>2,182,320</u>	<u>6,090,093</u>
Timing of revenue recognition			
Goods transferred at a point in time	<u>3,907,773</u>	<u>2,182,320</u>	<u>6,090,093</u>

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

For The Half Year Ended 31 December 2019

	(Un-audited)			
	Half year ended		Quarter ended	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	(RUPEES IN THOUSAND)		(RUPEES IN THOUSAND)	
14. COST OF SALES				
Raw materials consumed	4,342,945	4,171,242	2,286,295	2,463,220
Stores, spare parts and loose tools consumed	116,149	88,024	60,155	68,090
Packing materials consumed	100,166	82,907	50,560	22,209
Processing and conversion charges	613,499	460,230	372,754	66,509
Fuel and power	526,533	532,117	254,017	280,685
Salaries, wages and other benefits	380,971	309,569	190,532	161,023
Repair and maintenance	16,575	9,503	5,135	5,030
Insurance	9,095	7,531	4,558	3,662
Other factory overheads	21,898	21,976	9,730	12,078
Depreciation	184,303	142,234	92,796	68,271
	<u>6,312,134</u>	<u>5,825,333</u>	<u>3,326,532</u>	<u>3,150,777</u>
Work-in-process:				
Opening stock	477,200	518,715	587,444	500,676
Closing stock	(695,081)	(709,769)	(695,081)	(709,768)
	<u>(217,881)</u>	<u>(191,054)</u>	<u>(107,637)</u>	<u>(209,092)</u>
Cost of goods manufactured	<u>6,094,253</u>	<u>5,634,279</u>	<u>3,218,895</u>	<u>2,941,685</u>
Finished goods:				
Opening stock	769,005	466,793	662,975	818,594
Closing stock	(859,209)	(845,329)	(859,209)	(845,329)
	<u>(90,204)</u>	<u>(378,536)</u>	<u>(196,234)</u>	<u>(26,735)</u>
	<u>6,004,049</u>	<u>5,255,743</u>	<u>3,022,661</u>	<u>2,914,949</u>
15. OTHER OPERATING EXPENSES				
Workers' Profit Participation Fund	33,314	21,373	18,590	8,721
Workers' Welfare Fund	7,108	8,198	5,176	7,479
Donations	2,124	1,260	1,112	630
Exchange loss	28,519	-	-	-
Unrealized loss on remeasurement of investments at held for trading	-	5,633	-	3,308
Loss on disposal of property, plant and equipment	2,412	5,641	-	5,641
	<u>73,477</u>	<u>42,105</u>	<u>24,878</u>	<u>25,779</u>

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

For The Half Year Ended 31 December 2019

		(Un-audited)			
		Half year ended		Quarter ended	
		31 December	31 December	31 December	31 December
NOTE		2019	2018	2019	2018
		(RUPEES IN THOUSAND)		(RUPEES IN THOUSAND)	
16.	OTHER INCOME				
	Income from financial assets	6,749	56,356	16,801	33,157
	Income from other than financial assets	970	960	1,487	414
		<u>7,719</u>	<u>57,316</u>	<u>18,288</u>	<u>33,571</u>
16.1	Income from financial assets				
	Exchange gain - net	-	55,885	9,095	32,714
	Unrealized gain on remeasurement of investments at held for trading	6,458	-	7,439	-
	Dividend income on investment at held for trading	291	471	267	443
		<u>6,749</u>	<u>56,356</u>	<u>16,801</u>	<u>33,157</u>
16.2	Income from other than financial assets				
	Gain / (loss) on disposal of property, plant and equipment	-	-	997	(66)
	Rental income	960	960	480	480
	Interest income	10	-	10	-
		<u>970</u>	<u>960</u>	<u>1,487</u>	<u>414</u>

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

For The Half Year Ended 31 December 2019

	NOTE	Un-audited	
		Half year ended	
		31 December 2019	31 December 2018
(RUPEES IN THOUSAND)			
17. CASH UTILIZED IN OPERATIONS			
Profit before taxation		622,692	397,882
Adjustments for non-cash charges and other items:			
Depreciation		206,040	156,917
Finance costs		250,863	165,286
Exchange loss		28,519	55,885
Provision for Workers' Welfare Fund		7,108	8,198
Provision for Workers' Profit Participation Fund		33,314	21,373
Loss / (gain) on disposal of property, plant and equipment		2,412	5,641
Unrealized (Income) / loss on remeasurement of investments at held for trading		(6,458)	5,633
Loss on disposal of investment at held for trading		-	-
Working capital changes	17.1	(1,330,229)	(2,286,579)
		<u>(185,739)</u>	<u>(1,469,764)</u>
17.1 Working capital changes			
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		5,893	12,362
Stock-in-trade		(1,013,505)	(2,280,724)
Trade debts		(266,648)	(150,807)
Advances		(46,732)	18,489
Trade deposits and short term prepayments		(9,174)	(9,745)
Other receivables		(11,159)	(25,283)
Derivative financial asset		-	3,343
Derivative financial liability		-	20,457
Tax refunds due from the Government		(135,395)	(37,278)
		<u>(1,476,720)</u>	<u>(2,449,186)</u>
Increase in trade and other payables and contractual liabilities		146,491	162,607
		<u>(1,330,229)</u>	<u>(2,286,579)</u>

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

For The Half Year Ended 31 December 2019

18. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associated companies, staff retirement fund, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions and balances with related parties other than those which have been specifically disclosed elsewhere in these condensed interim financial statements are as follows:

		(Un-audited)	
		Half year ended	
		31 December 2019	31 December 2018
		(RUPEES IN THOUSAND)	
Relationship with the Company	Nature of transactions		
Associated companies			
J.K Tech (Pvt.) Ltd	Service charges	5,834	1,837
	Rental Income	960	960
Other related parties:			
Employees' Provident Fund Trust	Amount contributed	14,194	11,174
Directors	Loans received /(repaid) - net	36,164	(54,426)
	Dividend paid	142,779	73,084

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

18.2 The outstanding balance of such parties are as under:

		Half year ended	
		31 December 2019	31 December 2019
		(RUPEES IN THOUSAND)	
Relationship with the Company	Nature of balances		
Others:			
Directors	Short term loan	113,745	77,581
Key management personals	Remuneration payable	2,200	1,980

Details Of Related Parties Of The Company:

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

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

For The Half Year Ended 31 December 2019

19. SEGMENT INFORMATION

Half year ended 31 December 2019					
Spinning	Fabric Division	Total Segments	Adjustments and Eliminations	Total Company	
----- (RUPEES IN THOUSAND) -----					
Revenue					
External	4,344,530	2,936,124	7,280,654	-	7,280,654
Intersegment	404,605	-	404,605	(404,605)	-
	4,749,135	2,936,124	7,685,259	(404,605)	7,280,654
Cost of sales	(3,981,123)	(2,427,530)	(6,408,654)	404,605	(6,004,049)
Gross profit	768,011	508,594	1,276,605	-	1,276,605
Distribution expenses	(37,395)	(114,558)	(151,953)	-	(151,953)
Administrative expenses	(127,860)	(57,479)	(185,339)	-	(185,339)
	(165,255)	(172,037)	(337,292)	-	(337,292)
Segment profit	602,756	336,557	939,313	-	939,313
Unallocated income and expenses					
Other operating expenses					(73,477)
Other income					7,719
Finance costs					(250,863)
Taxation					(114,884)
Profit after taxation	-	-	-	-	507,808

Half year ended 31 December 2018					
Spinning	Fabric Division	Total Segments	Adjustments and Eliminations	Total Company	
----- (RUPEES IN THOUSAND) -----					
Revenue					
External	3,907,773	2,182,320	6,090,093	-	6,090,093
Intersegment	108,363	-	108,363	(108,363)	-
	4,016,136	2,182,320	6,198,456	(108,363)	6,090,093
Cost of sales	(3,474,267)	(1,889,839)	(5,364,106)	108,363	(5,255,743)
Gross profit	541,869	292,481	834,350	-	834,350
Distribution expenses	(42,191)	(104,082)	(146,273)	-	(146,273)
Administrative expenses	(95,727)	(44,393)	(140,120)	-	(140,120)
	(137,918)	(148,475)	(286,393)	-	(286,393)
Segment profit	403,951	144,006	547,957	-	547,957
Unallocated income and expenses					
Other operating expenses					(42,105)
Other income					57,316
Finance costs					(165,286)
Taxation					(86,311)
Profit after taxation	-	-	-	-	311,571

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

For The Half Year Ended 31 December 2019

19.1 Adjustments and eliminations

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

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

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

	Un-audited	Audited
	31 December	30 June
	2019	2019
	(RUPEES IN THOUSAND)	
<hr/>		
19.2 Reconciliation of assets		
Segment operating assets	10,425,557	9,191,624
Tax refunds due from the Government	368,687	303,869
Total assets as per balance sheet	<u>10,794,244</u>	<u>9,495,493</u>
19.3 Reconciliation of liabilities		
Segment operating liabilities	5,872,663	4,906,530
Deferred tax liability	261,745	274,815
Workers' Profit Participation Fund	33,314	47,545
Workers' Welfare Fund	7,108	8,830
	<u>6,174,830</u>	<u>5,237,720</u>

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

20. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statement were approved and authorized for issue on February 24, 2020 by the Board of Directors of the Company.

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

For The Half Year Ended 31 December 2019

21. CORRESPONDING FIGURES

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


22. GENERAL

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

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



Jawed Anwar
Chairman



Shaiq Jawed
Director



Ghulam Muhammad
Chief Financial Officer

The chief executive is for the time being not in Pakistan, therefore, these financial statements have been approved by two directors of the company as per section 232 of the Companies Act, 2017.



jkgroup.net

J.K. SPINNING MILLS LIMITED

Registered Office:

34-Falcon Enclave, Tufail Road,
Lahore Cantt. Lahore.

Telephone No. +92-42-36672695

E-mail: jkgroup@jkgroup.net