

Third Quarter Report 2016

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a difference



J.K. SPINNING MILLS LIMITED



Index

02	Company Information
03	Directors' Report
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 Nine Months Period Ended March 31, 2016.

Financial Results and Operational Performance

The summarized financial results of the company for the Nine Months Period Ended March 31, 2016 are as under:

Particulars	Rupees in Millions	
	31 March 2016	31 March 2015
SALES	6,134.300	6,776.705
COST OF SALES	5,692.238	6,154.646
GROSS PROFIT	442.062	622.059
OPERATING EXPENSES	357.893	421.330
OTHER INCOME	23.490	13.005
PROFIT FROM OPERATIONS	107.659	213.734
FINANCE COST	66.679	128.632
PROFIT BEFORE TAXATION	40.980	85.102
TAXATION	29.562	47.849
PROFIT AFTER TAXATION	11.418	37.253
TOTAL COMPREHENSIVE INCOME	38.475	68.085
EARNINGS PER SHARE - RUPEE	0.19	0.61

Sales for the period under review decreased to Rupees 6,134.300 million from Rupees 6,776.705 millions in view of decreasing trend in prices. Raw material cost for the period under review also decreased accordingly. Conversion cost including salaries and wages, processing and conversion charges increased due to inflationary trend while fuel and power cost decreased in view of decrease of fuel adjustment charges in power tariff. Gross Profit decreased by 28.93% to Rupees 442.062 million in 2016 from Rupees 622.059 million of same period of last year. Operating expenses decreased to Rupees 357.893 million in 2016 from Rupees 421.330 million of corresponding period. Financial charges decreased to Rupees 66.679 million as compared to 128.632 million in previous period.

Profit after taxation decreased to Rupees 11.418 million during the nine months period ended March 31, 2016 against Rupees 37.253 million of the same period of last year while comprehensive income for the period attributed to equity stood at Rupees 38.475 million against comprehensive income of Rupees 68.085 million of the corresponding period.

The production of yarn converted into 20/5 for the period under review was 21.358 million Kgs against 19.991 million kgs of corresponding period of last year. Your company's management believes on continuing policy of Balancing Modernization and Replacement of machinery and equipments 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 equipments. 2 Blow Room Lines, 3 Contamination Sorter, 14 card machines, 1 Simplex machines consisting 200 spindles, 3,024 Ring spindles and 9 Savio Auto Cone machines have commissioned during the current period. Letters of credit valuing Rs. 1 billion are likely to be opened within next couple of months for addition of blow room line, 7 card machines, 4 break draw frames, 3 finishers draw frames, 21 ring frames consisting 24,192 spindles and 8 Auto cone machines in existing spinning capacity along with addition of 4 GAS generators and one Turbine with heat recovery system to meet increasing economical energy source in captive power unit.

Future Outlook

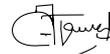
Though oil prices are touching 10 years low levels but Pakistan is still facing energy crises which is a big challenge to our country. SNGPL has started 24 hour supply of RLNG to textile industry which helped in reduction of fuel and power cost. Pakistan's spinning industry is still confronting dumping of Indian yarn in the local and global market.

Pakistan's Cotton crop arrival for season 2015-16 is 34% 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. The company is focusing on improving efficiencies and minimizing costs by increasing spinning capacity 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

April 27, 2016

Financial Statements

For The Nine Months Ended 31 March 2016

Condensed Interim Balance Sheet (Un-Audited)

As At 31 March 2016

	NOTE	Un-audited 31 March 2016	Audited 30 June 2015
(RUPEES IN THOUSAND)			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
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		2,213,533	2,175,058
Total equity		2,822,566	2,784,091
Surplus on revaluation of property, plant and equipment - net of deferred income tax		487,485	521,588
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	314,000	-
Liabilities against assets subject to finance lease		7,351	21,973
Deferred income on sale and lease back		914	1,634
Deferred income tax liability		240,724	236,495
		562,989	260,102
CURRENT LIABILITIES			
Trade and other payables		353,215	463,704
Accrued mark-up		10,558	10,772
Short term borrowings		1,497,846	1,191,193
Current portion of non-current liabilities		87,903	23,245
Provision for taxation		29,291	77,558
		1,978,813	1,766,472
TOTAL LIABILITIES		2,541,802	2,026,574
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES	6	5,851,853	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 March 2016

	NOTE	Un-audited 31 March 2016	Audited 30 June 2015
(RUPEES IN THOUSAND)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	3,036,129	2,726,462
Long term Investment	8	-	-
Long term deposits and prepayments		5,710	12,256
		<u>3,041,839</u>	<u>2,738,718</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		57,482	65,076
Stock-in-trade		1,639,925	1,486,168
Trade debts		652,312	593,632
Loans and advances		72,853	48,513
Short term deposits and prepayments		8,503	10,688
Other receivables		41,883	32,634
Tax refunds due from the Government		310,649	287,199
Cash and bank balances		26,407	69,625
		<u>2,810,014</u>	<u>2,593,535</u>
TOTAL ASSETS		<u>5,851,853</u>	<u>5,332,253</u>



Jawed Anwar
Chairman



Faiq Jawed
Chief Executive Officer



Shaiq Jawed
Director

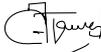
Condensed Interim Profit And Loss Account (Un-Audited)

For the Nine Months Ended 31 March 2016

	NOTE	Nine months ended		Quarter ended	
		31 March 2016	31 March 2015	31 March 2016	31 March 2015
(RUPEES IN THOUSAND)					
Sales		6,134,300	6,776,705	2,015,106	2,200,777
Cost Of Sales	9	(5,692,238)	(6,154,646)	(1,872,595)	(1,990,382)
Gross Profit		442,062	622,059	142,511	210,395
Distribution Cost		(184,873)	(251,338)	(58,042)	(71,607)
Administrative Expenses		(163,966)	(156,913)	(59,983)	(53,532)
Other Expenses		(9,054)	(13,079)	(4,511)	(3,929)
		(357,893)	(421,330)	(122,536)	(129,068)
		84,169	200,729	19,975	81,327
Other Income		23,490	13,005	14,082	11,924
Profit From Operations		107,659	213,734	34,057	93,251
Finance Cost		(66,679)	(128,632)	(28,712)	(47,907)
Profit Before Taxation		40,980	85,102	5,345	45,344
Taxation		(29,562)	(47,849)	591	(22,558)
Profit After Taxation		11,418	37,253	5,936	22,786
Earnings Per Share - Basic And Diluted (Rupees)		0.19	0.61	0.10	0.37

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 Nine Months Ended 31 March 2016

	Nine months ended		Quarter ended	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	(RUPEES IN THOUSAND)			
PROFIT AFTER TAXATION	11,418	37,253	5,936	22,786
OTHER COMPREHENSIVE INCOME				
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	27,057	30,832	8,892	10,279
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Other comprehensive income for the period	27,057	30,832	8,892	10,279
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	38,475	68,085	14,828	33,065

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



Jawed Anwar
Chairman



Faiq Jawed
Chief Executive Officer



Shaq Jawed
Director

Condensed Interim Cash Flow Statement (Un-Audited)

For the Nine Months Ended 31 March 2016

	NOTE	Nine months ended	
		31 March 2016	31 March 2015
(RUPEES IN THOUSAND)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash utilized in operations	10	(50,867)	135,099
Finance cost paid		(66,893)	(123,632)
Income tax paid		(77,559)	(74,398)
Workers' profit participation fund paid		(6,785)	(18,856)
Workers' welfare fund paid		(1,647)	(2,336)
Net decrease / (increase) in long term deposits and prepayments		6,546	(240)
Net decrease in long term loans		-	1,408
NET CASH UTILIZED IN OPERATING ACTIVITIES		(197,205)	(82,955)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(524,266)	(104,595)
Proceeds from sale of property, plant and equipment		7,565	2,464
NET CASH USED IN INVESTING ACTIVITIES		(516,701)	(102,131)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		-	(73,480)
Long term loan acquired during the period		380,000	-
Liabilities against assets subject to finance lease - net		(15,965)	(16,724)
Short term borrowings - net		306,653	288,255
NET CASH FROM FINANCING ACTIVITIES		670,688	198,051
NET INCREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD		(43,218)	12,965
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		69,625	27,296
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		26,407	40,261

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 Nine Months Ended 31 March 2016

	SHARE CAPITAL	RESERVES		TOTAL	TOTAL EQUITY
		CAPITAL Merger reserve	REVENUE Unappropriated profit		
----- (RUPEES IN THOUSAND) -----					
Balance as at 30 June 2014 - Audited	609,033	289,636	1,835,052	2,124,688	2,733,721
Transaction with owners - Interim cash dividend for the half year ended 31 December 2014, at the rate of Rupee 1 per share	-	-	(60,903)	(60,903)	(60,903)
Profit for the nine months ended 31 March 2015	-	-	37,253	37,253	37,253
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	30,832	30,832	30,832
Total comprehensive income for the nine months ended 31 March 2015	-	-	68,085	68,085	68,085
Balance as at 31 March 2015 - Un-audited	609,033	289,636	1,842,234	2,131,870	2,740,903
Profit for the quarter ended 30 June 2015	-	-	33,152	33,152	33,152
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	10,036	10,036	10,036
Total comprehensive income for the quarter ended 30 June 2015	-	-	43,188	43,188	43,188
Balance as at 30 June 2015 - Audited	609,033	289,636	1,885,422	2,175,058	2,784,091
Profit for the nine months ended 31 March 2016	-	-	11,418	11,418	11,418
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	27,057	27,057	27,057
Total comprehensive income for the nine months ended 31 March 2016	-	-	38,475	38,475	38,475
'Balance as at 31 March 2016 - Un-audited	609,033	289,636	1,923,897	2,213,533	2,822,566

Balance as at 30 June 2014 - Audited

Transaction with owners - Interim cash dividend for the half year ended 31 December 2014, at the rate of Rupee 1 per share

Profit for the nine months ended 31 March 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 nine months ended 31 March 2015

Balance as at 31 March 2015 - Un-audited

Profit for the quarter 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 quarter ended 30 June 2015

Balance as at 30 June 2015 - Audited

Profit for the nine months ended 31 March 2016

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

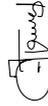
Total comprehensive income for the nine months ended 31 March 2016

'Balance as at 31 March 2016 - 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 Nine Months Ended 31 March 2016

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 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 nine months ended 31 March 2016 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 March 2016	Audited 30 June 2015
	(RUPEES IN THOUSAND)	
5. LONG TERM FINANCING		
From banking companies - secured		
Opening balance	-	-
Acquired during the year	380,000	
Less: Repaid during the period / year	-	-
Closing balance	380,000	-
Less: Current portion shown under current liabilities	66,000	-
	314,000	-

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

For the Nine Months Ended 31 March 2016

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 300.952 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 5.132 million (30 June 2015: Rupees 332.267 million).
- ii) Letters of credit other than for capital expenditure are of Rupees 19.436 million (30 June 2015: Rupees 215.510 million).

Selected Notes To The Condensed Interim Financial Information (Un-Audited)
For the Nine Months Ended 31 March 2016

	Un-audited 31 March 2016	Audited 30 June 2015
(RUPEES IN THOUSAND)		
7. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets:		
Owned (Note 7.1)	2,827,225	2,587,169
Leased (Note 7.2)	61,713	69,721
Capital work-in-progress (Note 7.3)	147,191	69,572
	<u>3,036,129</u>	<u>2,726,462</u>
7.1 Operating fixed assets - Owned		
Opening book value	2,587,169	2,624,831
Add: Cost of additions during the period / year (Note 7.1.1)	446,647	263,649
	3,033,816	2,888,480
Less:		
Book value of deletions during the period / year (Note 7.1.2)	8,025	38,661
Less: Depreciation charged during the period / year	198,566	262,650
	<u>206,591</u>	<u>301,311</u>
	<u>2,827,225</u>	<u>2,587,169</u>
7.1.1 Cost of additions during the period / year		
Buildings on freehold land	3,861	86,976
Plant and machinery	391,277	59,438
Stand-by equipment	-	6,040
Electric installations and appliances	16,250	47,166
Factory equipment	19,697	50
Furniture and fixtures	-	6,898
Office equipment	1,113	5,901
Vehicles	14,449	51,180
	<u>446,647</u>	<u>263,649</u>
7.1.2 Book value of deletions during the period / year		
Plant and machinery	7,742	-
Factory equipment	-	156
Vehicles	283	38,505
	<u>8,025</u>	<u>38,661</u>
7.2 Operating fixed assets - Leased		
Opening book value	69,721	57,769
Additions during the period / year	-	22,500
	69,721	80,269
Less: Depreciation charged during the period / year	8,008	10,548
	<u>61,713</u>	<u>69,721</u>

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

For the Nine Months Ended 31 March 2016

	Un-audited 31 March 2016	Audited 30 June 2015
	(RUPEES IN THOUSAND)	
7.3 Capital work-in-progress		
Buildings on freehold land	80,095	19,407
Plant and machinery	67,096	23,446
Electric installations and appliances	-	16,315
Advances against purchase of vehicles	-	10,404
	<u>147,191</u>	<u>69,572</u>

8 LONG TERM INVESTMENTS

The investment of 750 (30 June 2015: 750) ordinary shares in J.K. Tech (Private) Limited, an associate, has been fully impaired in previous years.

9. COST OF SALES

	(Un-audited)			
	Nine months ended		Quarter ended	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	(RUPEES IN THOUSAND)			
Raw materials consumed	4,154,146	4,288,232	1,353,592	1,284,133
Stores, spare parts and loose tools consumed	134,696	128,987	45,464	42,697
Packing materials consumed	59,447	61,630	18,097	18,707
Processing and conversion charges	267,824	245,715	92,892	82,685
Fuel and power	513,927	561,184	146,916	170,162
Salaries, wages and other benefits	363,132	326,605	121,602	114,187
Repair and maintenance	11,939	10,744	4,078	1,675
Insurance	8,561	9,189	2,868	3,121
Other factory overheads	22,230	32,521	7,105	10,503
Depreciation	186,747	180,754	66,847	60,270
	<u>5,722,649</u>	<u>5,845,561</u>	<u>1,859,461</u>	<u>1,788,140</u>
Work-in-process:				
Opening stock	240,918	270,065	312,083	298,996
Closing stock	(294,834)	(266,432)	(294,834)	(266,432)
	<u>(53,916)</u>	<u>3,633</u>	<u>17,249</u>	<u>32,564</u>
Cost of goods manufactured	<u>5,668,733</u>	<u>5,849,194</u>	<u>1,876,710</u>	<u>1,820,704</u>
Finished goods:				
Opening stock	514,798	721,090	520,185	661,262
Closing stock	(524,300)	(552,541)	(524,300)	(552,541)
	<u>(9,502)</u>	<u>168,549</u>	<u>(4,115)</u>	<u>108,721</u>
Cost of sale - purchased for resale	<u>33,007</u>	<u>136,903</u>	<u>-</u>	<u>60,957</u>
	<u>5,692,238</u>	<u>6,154,646</u>	<u>1,872,595</u>	<u>1,990,382</u>

Selected Notes To The Condensed Interim Financial Information (Un-Audited)
For the Nine Months Ended 31 March 2016

	(Un-audited)	
	Nine months ended	
	31 March 2016	31 March 2015
	(RUPEES IN THOUSAND)	
10. CASH UTILIZED IN OPERATIONS		
Profit before taxation	40,980	85,102
Adjustments for non-cash charges and other items:		
Depreciation	206,574	202,591
Finance cost	66,679	128,632
Amortization of deferred income on sale and lease back	(720)	(628)
Provision for workers' profit participation fund	2,888	4,554
Provision for workers' welfare fund	473	1,731
Gain on sale of property, plant and equipment	(2,626)	(633)
Working capital changes (Note 10.1)	(365,115)	(286,250)
	<u>(50,867)</u>	<u>135,099</u>
10.1 Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	7,594	2,501
Stock-in-trade	(153,757)	(387,225)
Trade debts	(58,680)	(15,193)
Loans and advances	(24,340)	(5,574)
Short term deposits and prepayments	2,185	(8,276)
Other receivables	(9,249)	47,996
Tax refunds due from the Government	(23,450)	16,537
	<u>(259,697)</u>	<u>(349,234)</u>
(Decrease) / increase in trade and other payables	(105,418)	62,984
	<u>(365,115)</u>	<u>(286,250)</u>
11. TRANSACTIONS WITH RELATED PARTIES		
<p>The related parties comprise associated companies, employees' provident fund trust, other related parties and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions and balances with related parties are as follows:</p>		

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

For the Nine Months Ended 31 March 2016

	(Un-audited)			
	Nine months ended 31 March 2016	31 March 2015	Quarter ended 31 March 2016	Quarter ended 31 March 2015
(RUPEES IN THOUSAND)				
i) Transactions				
Associated companies				
Service charges	2,518	2,060	930	629
Rental income	1,440	-	480	-
Other related parties				
Remuneration paid to Chief Executive Officer,				
Directors and Executives	48,155	44,188	16,500	14,696
Contribution to Employees' Provident Fund Trust	12,355	11,372	3,812	3,457
Dividend paid	-	59,855	-	59,855
Loans repaid to directors - net	44,938	46,179	22,440	12,281
			Un-audited 31 March 2016	Audited 30 June 2015
(RUPEES IN THOUSAND)				
ii) Period end balances				
Short term borrowings			249,277	294,215

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

For the Nine Months Ended 31 March 2016

12. SEGMENT INFORMATION

	Spinning		Fabric		Home Textile		Elimination of inter-segment transactions		Total - Company	
	(Un-audited) Nine months ended 31 March	2015	(Un-audited) Nine months ended 31 March	2015	(Un-audited) Nine months ended 31 March	2015	(Un-audited) Nine months ended 31 March	2015	(Un-audited) Nine months ended 31 March	2015
Sales:										
External Inter Segment	3,912,688	4,519,219	688,697	1,588,789	-	-	-	6,134,300	6,776,705	
	150,683	58,008	-	-	(150,683)	(58,008)	-	-	-	
Cost of sales	4,063,371	4,577,227	765,725	1,568,789	(150,683)	(58,008)	-	6,134,300	6,776,705	
Gross profit	(3,882,757)	(4,210,593)	(681,847)	(1,389,952)	(1,278,317)	(1,389,952)	150,683	(5,692,238)	(6,154,646)	
	180,614	366,634	83,878	178,837	177,570	178,837	-	442,062	622,059	
Distribution cost	(58,524)	(131,311)	(42,110)	(84,232)	(84,232)	(84,232)	-	(184,873)	(251,338)	
Administrative expenses	(111,368)	(115,809)	(17,530)	(35,068)	(29,017)	(29,017)	-	(163,966)	(156,913)	
	(169,892)	(247,120)	(59,640)	(113,749)	(113,749)	(113,749)	-	(348,839)	(408,251)	
Profit before taxation and unallocated income and expenses	-10,722	119,514	24,238	58,263	-	65,088	-	93,223	213,808	
Unallocated income and expenses										
Other income									(9,054)	(13,079)
Finance cost									23,490	13,005
Taxation									(66,679)	(1,28,632)
Profit after taxation									(29,562)	(47,849)

12.2 Reconciliation of reportable segment assets and liabilities:

	Spinning		Fabric		Home Textile		Total - Company	
	(Un-audited) 31 March 2015	Audited 30 June 2015	(Un-audited) 31 March 2016	Audited 30 June 2015	(Un-audited) 31 March 2016	Audited 30 June 2015	(Un-audited) 31 March 2016	2015
Total assets for reportable segments	4,577,695	4,110,764	372,981	569,363	562,529	5,520,029	5,010,666	
Unallocated assets						331,824	321,587	
Total assets as per balance sheet						5,851,853	5,332,253	
All segment assets are allocated to reportable segments other than those directly relating to corporate.								
Total liabilities for reportable segments	1,625,606	1,072,368	221,516	421,304	325,052	2,288,426	1,704,089	
Unallocated liabilities						273,376	322,485	
Total liabilities as per balance sheet						2,561,802	2,026,574	
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 Nine Months Ended 31 March 2016

13. 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.

14. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was approved and authorized for issue on April 27, 2016 by the Board of Directors of the Company.

15. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard (IAS) 34 'Interim Financial Reporting', the condensed interim balance sheet and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim profit and loss account, condensed interim statement 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.

16. 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