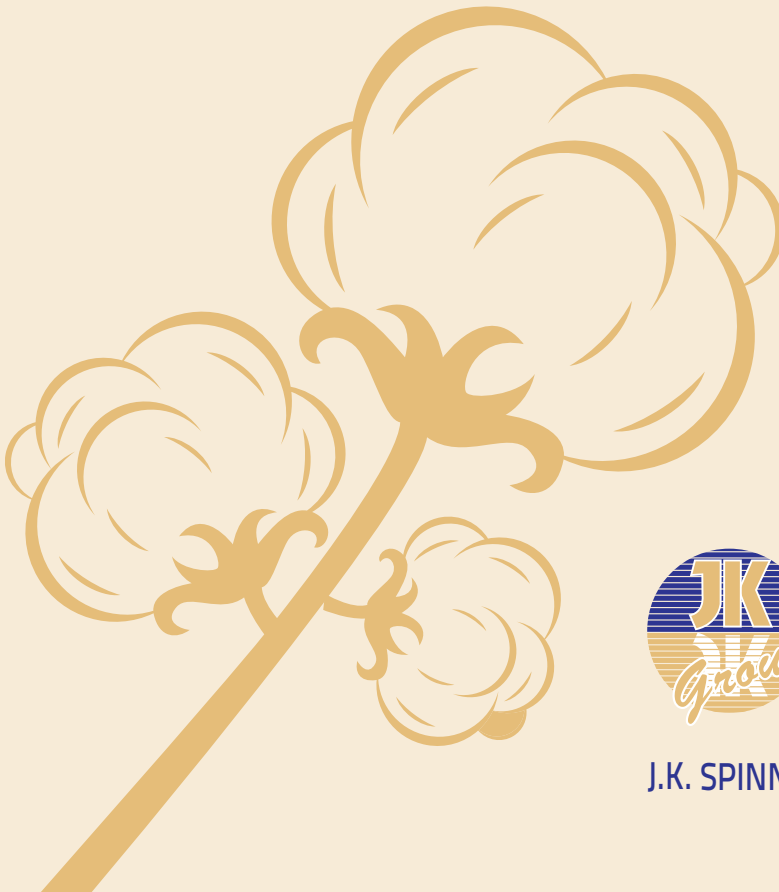


Third Quarter Report

For the period ended March 31, 2018



J.K. SPINNING MILLS LIMITED



Contents

02	Company Information
03	Directors' Report
06	Directors' Report (Urdu)
08	Condensed Interim Balance Sheet (Un-Audited)
10	Condensed Interim Profit And Loss Account (Un-Audited)
11	Condensed Interim Statement of Comprehensive Income (Un-Audited)
12	Condensed Interim Statement Of Changes In Equity (Un-Audited)
13	Condensed Interim Cash Flow Statement (Un-Audited)
14	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	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 Nine Months Period Ended March 31, 2018.

Financial Results and Operational Performance

The summarized financial results of the company for the Nine Months Period Ended March 31, 2018 are as under:

Particulars	Rupees in Millions	
	31 March, 2018	31 March, 2017
Sales	7,140.183	6,807.278
Cost of Sales	6,476.558	6,250.658
Gross Profit	663.625	556.620
Operating Expenses	414.435	389.647
Other Income	23.443	58.190
Finance cost	136.438	100.405
Profit before taxation	136.195	124.758
Taxation	6.149	54.328
Profit After taxation	142.344	70.430
Earnings per share – Rupee	1.95	0.96

Sales for the period under review increased to Rupees 7,140.183 million from Rupees 6,807.278 millions of corresponding period. Raw material consumed for the period also increased in view of increase in prices and volume. 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. Packing material cost decreased due to better cost reduction strategy. Cost of Stores and spares and loose tools consumed and other overheads consumed increased due to increase in spinning capacity while processing charges remained approximately at previous periods level. 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 142.344 million during the nine months period ended on March 31, 2018 against Rupees 70.430 million of the same period of last year.

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

The production of yarn converted into 20/5 for the period under review was 22.491 million Kgs against 22.358 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 ten draw frame machines, thirteen Ring Frames machines comprising 23,712 spindles and thirteen Auto Cone machines which have been commissioned during the period under review. Letter of credit also has been 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. Cotton crop production for the cotton season 2017-18 stood at 11.579 million bales.

Directors' Report

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



Faiq Jawed
Chief Executive Officer

Faisalabad
April 25, 2018

ڈائریکٹرز رپورٹ برائے حصص یافتگان:

اور اخراجات کم کر کے اور کارکردگی میں بہتری لاکر مالی سال 2018 کے بقیہ عرصے کے خالص منافع میں بہتری لانے کی کوشش کر رہی ہے۔

اعتراف:

آپ کی کمپنی کے ڈائریکٹرز کمپنی کے گاہکوں اور نیکرز 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:

سہیل

فائق جاوید

چیف ایگزیکٹو آفیسر

فیصل آباد

اپریل 25، 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 کے اختتام 31 مارچ 2018 کے مالیاتی حسابات پیش کرنے میں خوشی محسوس کرتے ہیں۔

مالیاتی نتائج:

مالیاتی سال کے اختتام 31 مارچ 2018 کے نتائج کی تفصیل درج ذیل ہیں:

ملین روپے		تفصیلات
اختتام کواریز		
31 مارچ 2017	31 مارچ 2018	
6,807.278	7,140.183	سیلز
6,250.658	6,476.558	سیلز کے اخراجات
556.620	663.625	خام منافع
389.647	414.435	آپریٹنگ اخراجات
58.190	23.443	علاوہ آمدن
100.405	136.438	مالی لاگت
124.758	136.195	منافع قبل از ٹیکس
54.328	6.149	ٹیکس
70.430	142.344	منافع بعد از ٹیکس
0.96	1.95	فی شیئر آمدنی

اس مالی سال کے 9 ماہ کے دوران فروخت پچھلے سال کے مقابلے میں 6,807.278 ملین روپے سے بڑھ کر 7,140.183 ملین روپے ہو گئی ہے۔ اسی طرح خام مال کے اخراجات قیمتوں میں اضافہ کی وجہ سے بڑھ گئے ہیں۔ تنخواہوں کے اخراجات کم از کم اُجرت میں اضافہ کی وجہ سے بڑھے ہیں جبکہ توانائی کی لاگت کے اخراجات سپلائر کی پیداواری صلاحیت میں اضافہ کی وجہ سے بڑھ گئے ہیں۔ پیکنگ کے اخراجات کمپنی کی بہتر انتظامی پالیسی کی وجہ سے پچھلے سال کے اسی دورانیہ کے مقابلے میں کم ہو گئے ہیں۔ سٹور، سپنر پارٹس اور اداروں کے اخراجات اور دیگر اخراجات سپلائر کی پیداواری صلاحیت بڑھنے کی وجہ سے بڑھے ہیں جبکہ پروسیسنگ کے اخراجات پچھلے سال کے لیول میں ہی رہے ہیں۔ آپریٹنگ اخراجات مہنگائی کی وجہ سے بڑھ گئے ہیں۔ مالی اخراجات پچھلے سال کے اسی دورانیہ کے مقابلے میں چھوٹے اور لمبے عرصے کے فرقہ جات میں اضافہ کی وجہ سے بڑھ گئے۔

آپ کی کمپنی نے 9 ماہ کے اختتام 31 مارچ 2018 میں 142.344 ملین روپے خالص منافع کمایا ہے جبکہ اسی دورانیہ کے پچھلے سال میں خالص منافع 70.430 ملین روپے تھا۔ ٹیکسٹائل صنعت میں مندرجہ کی وجہ سے بورڈ آف ڈائریکٹرز نے کوئی عبوری کیش ڈیویڈنڈ کی سفارش نہیں کی ہے۔

اس مالی سال کے 9 ماہ کے دوران دھاگے کی پیداوار 20/s کے حساب سے 22.491 ملین کلوگرام رہی جبکہ پچھلے سال کی پیداوار 22.358 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 جائزہ دورانیہ میں آپ کی کمپنی نے 10 ڈرافٹرز، 13 سپنڈلز پر مشتمل 13 رنگ فریز اور 13 آٹومیک کونواںڈر مشینری کی درآمد کر کے ان کی کوشٹنگ کی ہے۔ اس مالی سال کے 9 ماہ کے دورانیہ میں دو جہتا کرینچل گیس کے 2.679 MW کے جزیئرز کے لیئر آف کریڈٹ کولے گئے ہیں جو اس مالی سال کے اختتام تک کمیشن ہو جائیں گے۔

مستقبل کا نظریہ نظر:

گورنمنٹ نے ٹیکسٹائل انڈسٹری کو چھبیس گھنٹے ایل این جی کی سپلائی شروع کر دی ہے اور ایک مزید ٹیکسٹائل پینچ کا اعلان کیا ہے جس کی وجہ سے باقی حیرت کے مالیاتی نتائج میں مزید بہتری کی توقع ہے۔ آئل کی قیمتوں میں اضافہ کی وجہ سے توانائی کے اخراجات اور بڑھ جائیں گے۔ 18-2017 میں کاشن کی پیداوار 11.579 ملین گانٹھیں رہی ہیں۔ آپ کی کمپنی کی انتظامیہ پیداواری صلاحیت بڑھا کر

Financial Statements

For the Nine Months Ended 31 March 2018

Condensed Interim Balance Sheet (Un-Audited)

As At 31 March 2018

	NOTE	Un-audited 31 March 2018 (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		2,463,454	2,357,652
Total equity		3,194,293	3,088,491
Surplus on revaluation of freehold land		224,631	224,631
NON-CURRENT LIABILITIES			
Long term financing	6	768,318	281,457
Liabilities against assets subject to finance lease		36,357	-
Deferred liabilities	7	113,209	131,609
		917,884	413,066
CURRENT LIABILITIES			
Trade and other payables		713,121	424,569
Accrued mark-up		42,837	17,061
Short term borrowings		3,654,382	1,730,524
Current portion of non-current liabilities		229,327	186,506
Provision for taxation		12,731	78,888
		4,652,398	2,437,548
TOTAL EQUITY AND LIABILITIES		8,989,206	6,163,736
CONTINGENCIES AND COMMITMENTS	8	-	-

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



Jawed Anwar
Chairman



Faiq Jawed
Chief Executive Officer



Mrs. Sadaf Aamir Arshad
Director



Ghulam Muhammad
Chief Financial Officer

Condensed Interim Balance Sheet (Un-Audited)

As At 31 March 2018

	NOTE	Un-audited 31 March 2018 (RUPEES IN THOUSAND)	Audited 30 June 2017
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	3,324,465	2,783,776
Long term investment		-	-
Long term advances		34,962	17,467
Long term deposits and prepayments		14,766	247
		<u>3,374,193</u>	<u>2,801,490</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		100,501	73,172
Stock in trade		3,421,722	1,925,999
Trade debts		1,400,958	688,176
Loans and advances		53,948	41,640
Trade deposits and short term prepayments		7,183	11,541
Other receivables		99,730	103,280
Tax refunds due from the Government	10	447,091	396,121
Short term investments		36,579	33,273
Cash and bank balances		47,301	89,044
		<u>5,615,013</u>	<u>3,362,246</u>
TOTAL ASSETS		<u>8,989,206</u>	<u>6,163,736</u>



Jawed Anwar
Chairman



Faiq Jawed
Chief Executive Officer



Mrs. Sadaf Aamir Arshad
Director



Ghulam Muhammad
Chief Financial Officer

Condensed Interim Profit And Loss Account (Un-Audited)


For The Nine Months Ended 31 March 2018

	NOTE	Nine Months ended		Quarter ended	
		31 March 2018 (RUPEES IN THOUSAND)	31 March 2017 (RUPEES IN THOUSAND)	31 March 2018 (RUPEES IN THOUSAND)	31 March 2017 (RUPEES IN THOUSAND)
Sales - net	11	7,140,183	6,807,278	2,590,483	2,310,137
Cost of Sales	12	(6,476,558)	(6,250,658)	(2,281,059)	(2,057,506)
Gross Profit		663,625	556,620	309,424	252,631
Distribution expenses		(184,277)	(196,680)	(58,916)	(76,102)
Administrative expenses		(206,849)	(182,810)	(76,150)	(63,457)
Other operating expenses	13	(23,309)	(10,157)	(11,196)	(2,967)
		(414,435)	(389,647)	(146,262)	(142,526)
		249,190	166,973	163,162	110,105
Other Income	14	23,443	58,190	5,889	8,679
Operating profit		272,633	225,163	169,051	118,784
Finance Costs		(136,438)	(100,405)	(65,206)	(37,901)
Profit Before Taxation		136,195	124,758	103,845	80,883
Taxation		6,149	(54,328)	6,583	(37,906)
Profit for the period		142,344	70,430	110,428	42,977
Earnings per share:					
Basic earnings per share		1.95	0.96	1.51	0.59
Diluted earnings per share		1.95	0.96	1.51	0.59

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



Jawed Anwar
Chairman



Faiq Jawed
Chief Executive Officer



Mrs. Sadaf Aamir Arshad
Director



Ghulam Muhammad
Chief Financial Officer

Condensed Interim Statement of Comprehensive Income (Un-Audited)

For The Nine Months Ended 31 March 2018

	Nine Months ended		Quarter ended	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	(RUPEES IN THOUSAND)		(RUPEES IN THOUSAND)	
Profit for the period	142,344	70,430	110,428	42,977
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	142,344	70,430	110,428	42,977

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



Jawed Anwar
Chairman



Faiq Jawed
Chief Executive Officer



Mrs. Sadaf Aamir Arshad
Director



Ghulam Muhammad
Chief Financial Officer

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

For The Nine Months Ended 31 March 2018

	RESERVES					TOTAL EQUITY	
	SHARE CAPITAL	CAPITAL		REVENUE			TOTAL
		Premium on issue of right shares	Merger reserve	Sub Total	Unappropriated profit		
	----- (RUPEES IN THOUSAND) -----						
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 nine months ended 31 March 2017	-	-	-	-	70,430	70,430	
Balance as at 31 March 2017	609,033	-	289,636	289,636	1,994,773	2,284,409	
Balance as at 01 July 2017	730,839	60,904	289,636	350,540	2,007,112	2,357,652	
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 nine months ended 31 March 2018	-	-	-	-	142,344	142,344	
Balance as at 31 March 2018	730,839	60,904	289,636	350,540	2,112,914	2,463,454	

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



Jawed Anwar
Chairman



Faiz Jawed
Chief Executive Officer



Mrs. Sadaf Aamir Arshad
Director



Ghulam Muhammad
Chief Financial Officer

Condensed Interim Cash Flow Statement (Un-Audited)

For The Nine Months Ended 31 March 2018

	NOTE	Nine Months ended	
		31 March 2018	31 March 2017
(RUPEES IN THOUSAND)			
Cash flows from operating activities			
Cash utilized in operations	15	(1,514,004)	(272,596)
Finance costs paid		(110,528)	(91,154)
Income tax paid		(78,373)	(33,564)
Workers' profit participation fund paid		(3,411)	(9,144)
Net decrease in long term deposits and prepayments		(14,519)	6,213
		(206,831)	(127,649)
Net cash utilized in operating activities		(1,720,835)	(400,245)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(752,665)	(234,027)
Investment encashed		(13,054)	(40,993)
Proceeds from sale of property, plant and equipment		8,951	20,354
Increase in long term advances		(17,495)	-
Net cash used in investing activities		(774,263)	(254,666)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		659,656	97,252
Repayment of long term financing		(133,482)	(79,781)
Lease finance obtained		48,870	
Repayment of Liabilities against assets subject to finance lease		(9,005)	(13,234)
Share deposit money received		-	182,710
Short term borrowings - net		1,923,858	528,186
Dividend paid		(36,542)	(30,452)
Net cash flows from financing activities		2,453,355	684,681
Net (decrease) / increase in cash and cash equivalents		(41,743)	29,770
Cash and cash equivalents at beginning of the period		89,044	68,237
Cash and cash equivalents at closing of the period		47,301	98,007

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



Jawed Anwar
Chairman



Faiq Jawed
Chief Executive Officer



Mrs. Sadaf Aamir Arshad
Director



Ghulam Muhammad
Chief Financial Officer

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

For The Nine Months Ended 31 March 2018

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

2.1 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 nine months period ended 31 March 2018 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 information 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 Nine Months Ended 31 March 2018

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 March 2018 (No. of Shares)	Audited 30 June 2017		Un-Audited 31 March 2018 (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	659,656	97,253
Less: Repaid during the period / year	133,482	115,523
Closing balance	986,981	460,807
Less: Current portion shown under current liabilities	218,663	179,350
	768,318	281,457

7. DEFERRED LIABILITIES

Deferred income on sale and lease back	-	35
Deferred tax liability	113,209	131,574
	113,209	131,609

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

For The Nine Months Ended 31 March 2018

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 238,516 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. 180.393 million (30 June 2017: Rs. 282.03 million).

8.2.2 Letters of credit other than for capital expenditure Rs. 102.962 million (30 June 2017: Rs. 101.55 million).

	Note	Un-audited 31 March 2018 (RUPEES IN THOUSAND)	Audited 30 June 2017
9. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets:			
-Owned	9.1	3,042,160	2,598,982
-Leased	9.2	12,720	12,720
Capital work-in-progress	9.3	269,585	172,074
		<u>3,324,465</u>	<u>2,783,776</u>
9.1 Operating fixed assets - Owned			
Opening book value		2,598,982	2,486,652
Add:			
additions during the period / year-cost	9.1.1	655,154	340,289
Book value of assets transferred from leasehold assets		-	12,365
Effect of revaluation surplus		-	45,997
		<u>3,254,136</u>	<u>2,885,303</u>
Less:			
deletions during the period / year	9.1.2	8,951	32,378
		<u>3,245,185</u>	<u>2,852,925</u>
Less:			
Depreciation during the period / year		203,025	253,943
Book value at the end of the period / year		<u>3,042,160</u>	<u>2,598,982</u>

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

For The Nine Months Ended 31 March 2018

Note	Un-audited 31 March 2018	Audited 30 June 2017
	(RUPEES IN THOUSAND)	
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	588,675	163,964
Stand-by equipment	-	74,090
Electric installations and appliances	4,973	25,107
Furniture and fixtures	-	33
Office equipment	-	413
Vehicles	25,600	50,609
	<u>655,154</u>	<u>340,289</u>
9.1.2 Book value of assets disposed during the period / year		
Plant and machinery	6,459	6,767
Vehicles	2,492	25,611
	<u>8,951</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	-	12,365
Depreciation during the period / year	-	4,554
Book value at the end of the period / year	<u>12,720</u>	<u>12,720</u>
9.3 Capital work-in-progress		
Buildings on freehold land	150,327	147,499
Plant and machinery	119,258	24,575
	<u>269,585</u>	<u>172,074</u>
10. TAX REFUNDS DUE FROM THE GOVERNMENT		
Income Tax	191,646	190,223
Sales Tax	251,680	202,344
Federal / special excise duty	3,765	3,554
	<u>447,091</u>	<u>396,121</u>

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

For The Nine Months Ended 31 March 2018

	(Un-audited)			
	Nine months ended		Quarter ended	
	31 March	31 March	31 March	31 March
	2018	2017	2018	2017
	(RUPEES IN THOUSAND)		(RUPEES IN THOUSAND)	
11. SALES - NET				
Export	2,941,483	2,627,339	1,022,882	922,041
Local	4,054,536	4,089,608	1,516,132	1,369,833
Waste	144,164	90,331	51,469	18,263
	<u>7,140,183</u>	<u>6,807,278</u>	<u>2,590,483</u>	<u>2,310,137</u>
12. COST OF SALES				
Raw materials consumed	4,832,288	4,306,339	1,799,719	1,441,702
Stores, spare parts and loose tools consumed	141,342	121,854	56,771	40,188
Packing materials consumed	57,996	59,414	20,251	18,906
Processing and conversion charges	236,920	235,924	95,198	83,876
Fuel and power	661,762	579,729	241,487	189,980
Salaries, wages and other benefits	400,322	377,930	138,128	123,199
Repair and maintenance	18,902	16,621	4,036	2,331
Insurance	8,012	8,133	3,298	2,604
Other factory overheads	21,431	16,617	8,079	5,089
Depreciation	184,049	172,922	67,765	59,589
	<u>6,563,024</u>	<u>5,895,483</u>	<u>2,434,732</u>	<u>1,967,464</u>
Work-in-process:				
Opening stock	397,647	308,806	355,013	256,579
Closing stock	(415,668)	(244,309)	(415,668)	(244,309)
	<u>(18,021)</u>	<u>64,497</u>	<u>(60,655)</u>	<u>12,270</u>
Cost of goods manufactured	<u>6,545,003</u>	<u>5,959,980</u>	<u>2,374,077</u>	<u>1,979,734</u>
Finished goods:				
Opening stock	402,476	544,914	377,903	389,178
Closing stock	(470,921)	(322,618)	(470,921)	(322,618)
	<u>(68,445)</u>	<u>222,296</u>	<u>(93,018)</u>	<u>66,560</u>
	<u>6,476,558</u>	<u>6,182,276</u>	<u>2,281,059</u>	<u>2,046,294</u>
Cost of sales - purchased for resale	-	68,382	-	11,212
	<u>6,476,558</u>	<u>6,250,658</u>	<u>2,281,059</u>	<u>2,057,506</u>

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

For The Nine Months Ended 31 March 2018

		(Un-audited)			
		Nine months ended		Quarter ended	
		31 March	31 March	31 March	31 March
Note		2018	2017	2018	2017
		(RUPEES IN THOUSAND)		(RUPEES IN THOUSAND)	
13.	OTHER OPERATING EXPENSES				
	Workers' profit participation fund	7,303	6,565	5,591	2,967
	Workers' welfare fund	2,775	82	2,602	-
	Donations	1,110	-	630	-
	Unrealized loss on remeasurement of investment at fair value through profit or loss	9,748	-	-	-
	Loss on sale of property, plant and equipment	2,373	3,510	2,373	-
		23,309	10,157	11,196	2,967
14.	OTHER INCOME				
	Income from financial assets	22,868	56,010	5,753	8,147
	Income from assets other than financial assets	575	2,180	136	532
		23,443	58,190	5,889	8,679
14.1	Income from financial assets				
	Exchange gain - net	21,797	55,935	5,658	8,072
	Dividend income	1,071	75	95	75
		22,868	56,010	5,753	8,147
14.2	Income from other than financial assets				
	Gain on sale of property, plant and equipment	-	-	(44)	-
	Amortization of deferred income on sale and leaseback	35	740	-	52
	Rental income	540	1,440	180	480
		575	2,180	136	532

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

For The Nine Months Ended 31 March 2018

	Note	Un-audited	
		Nine months ended	
		31 March 2018	31 March 2017
(RUPEES IN THOUSAND)			
15. CASH UTILIZED IN OPERATIONS			
Profit before taxation		136,195	124,758
Adjustments for non-cash charges and other items:			
Depreciation		203,025	191,313
Finance costs		136,438	100,405
Provision for workers' welfare fund		2,775	-
Provision for workers' profit participation fund		7,303	6,648
Amortization of deferred income on sale and lease back		(35)	(740)
Loss on sale of property, plant and equipment		-	3,510
Unrealised loss / (gain) on remeasurement of investment at fair value through profit or loss		9,748	-
Working capital changes		(2,009,453)	(698,490)
		<u>(1,514,004)</u>	<u>(272,596)</u>
15.1 Working capital changes			
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		(27,329)	(4,282)
Stock in trade		(1,495,723)	(560,447)
Trade debts		(712,782)	(157,550)
Loans and advances		(12,308)	(22,137)
Trade deposits and short term prepayments		4,358	6,325
Other receivables		3,550	(12,661)
Tax refunds due from the Government		(50,970)	(8,569)
		<u>(2,291,204)</u>	<u>(759,321)</u>
Increase in trade and other payables		281,751	60,831
		<u>(2,009,453)</u>	<u>(698,490)</u>

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

For The Nine Months Ended 31 March 2018

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)			
		Nine months ended		Quarter ended	
		31 March	31 March	31 March	31 March
		2018	2017	2018	2017
		(RUPEES IN THOUSAND)			
Relationship with the Company	Nature of transactions				
Associated companies	Service charges	1,712	207	1,426	62
	Rental Income	540	1,440	180	480
Chief Executive Officer, Directors and Executives	Remuneration	52,208	41,112	17,529	13,704
Employees' Provident Fund Trust	Amount contributed	14,911	14,464	5,040	4,782
Directors	Loans repayment - net	7,367	166,320	7,367	7,025
Director's CEO's & their spouses	Dividend paid	35,725	26,035	-	-
				Un-audited	Audited
				31 March	30 June
				2018	2017
				(RUPEES IN THOUSAND)	
Relationship with the Company	Nature of balances				
ii) Period end balances					
Directors	Short term loan			23,882	31,249

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)	
	Nine months ended 31 March	2017	Nine months ended 31 March	2017	Nine months ended 31 March	2017	Nine months ended 31 March	2017	Nine months ended 31 March	2017
Sales - net	4,587,846	4,552,696	955,614	784,565	1,616,723	1,470,017	-	-	7,140,183	6,807,278
External	217,733	175,999	-	-	-	-	(217,733)	(175,999)	-	-
Inter-segment	4,805,579	4,728,695	955,614	784,565	1,616,723	1,470,017	217,733	(175,999)	7,140,183	6,807,278
Cost of sales	(4,396,984)	(4,350,383)	(842,208)	(742,785)	(1,455,099)	(1,333,489)	217,733	175,999	(6,250,658)	(6,250,658)
Gross profit	408,595	378,312	93,406	41,780	161,624	136,528	-	-	663,625	556,620
Distribution expenses	(70,881)	(70,468)	(37,907)	(40,249)	(75,488)	(85,968)	-	-	(184,277)	(196,680)
Administrative expenses	(148,520)	(124,033)	(20,652)	(18,743)	(37,677)	(40,032)	-	-	(206,849)	(182,810)
	(219,401)	(194,500)	(58,559)	(58,992)	(113,166)	(125,999)	-	-	(391,126)	(379,490)
Profit before taxation and unallocated income and expenses	189,194	183,812	34,847	(17,212)	48,488	10,530	-	-	272,499	177,130
Unallocated income and expenses										
Other operating expenses									(23,309)	(10,157)
Other income									23,443	58,190
Finance costs									(136,438)	(100,405)
Taxation									61,49	(54,328)
Profit after taxation									142,344	70,430

17.2 Inter-segment sales and purchases
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	
	Audited		Audited		Audited		Audited	
	Un-audited 30 June	2017	Un-audited 30 June	2017	Un-audited 30 June	2017	Un-audited 30 June	2017
Total assets for reportable segments	6,719,631	4,535,262	795,646	614,748	1,026,838	617,605	8,54,2115	5,767,615
Unallocated assets							447,091	396,121
Total assets as per balance sheet							8,989,206	6,163,736
All segment assets are allocated to reportable segments other than those directly relating to corporate.								
Total liabilities for reportable segments	4,079,475	1,837,027	479,371	305,049	875,088	494,168	5,434,264	2,636,244
Unallocated liabilities							136,018	214,370
Total liabilities as per balance sheet							5,570,282	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 Nine Months Ended 31 March 2018

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

For The Nine Months Ended 31 March 2018

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 value hierarchy

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 Nine Months Ended 31 March 2018

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 March 2018				
Financial assets				
At fair value through profit or loss	36,579	-	-	36,579
Financial liabilities				
Derivative financial liabilities	-	-	-	-
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 March 2018				
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 Nine Months Ended 31 March 2018

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 Nine Months Ended 31 March 2018

	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 March 2018 (Un-audited)						
Financial assets						
Loans and receivables	-	-	-	-	-	-
Short term investments	1,121	36,579	36,579	-	-	36,579
Loans to employees	-	-	-	-	-	-
Deposits	17,678	-	-	-	-	-
Trade debts	1,400,958	-	-	-	-	-
Other receivables	1,744	-	-	-	-	-
Cash and bank balances	47,301	-	-	-	-	-
	1,468,802	36,579	36,579	-	-	36,579
		1,505,381	-	-	-	-
Financial liabilities						
Long term financing	-	-	-	-	-	-
Liabilities against assets subject to finance lease	-	986,981	-	-	-	-
Accrued mark-up	-	47,022	-	-	-	-
Short term borrowings	-	42,837	-	-	-	-
Trade and other payables	-	3,654,382	-	-	-	-
	-	545,687	-	-	-	-
	-	5,276,909	-	-	-	-
30 June 2017 (Audited)						
Financial assets						
Short term investments	-	-	-	-	-	-
Loans to employees	921	33,273	33,273	-	-	33,273
Deposits	8,747	-	-	-	-	-
Trade debts	688,176	-	-	-	-	-
Other receivables	8,113	-	-	-	-	-
Cash and bank balances	89,044	-	-	-	-	-
	795,001	33,273	33,273	-	-	33,273
		828,274	-	-	-	-
Financial liabilities						
Long term financing	-	-	-	-	-	-
Liabilities against assets subject to finance lease	89,044	460,807	-	-	-	-
Accrued mark-up	-	7,156	-	-	-	-
Short term borrowings	-	17,061	-	-	-	-
Trade and other payables	-	1,730,524	-	-	-	-
	89,044	391,703	-	-	-	-
	-	2,607,251	-	-	-	-
	-	2,696,295	-	-	-	-

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

For The Nine Months Ended 31 March 2018

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 April 25,2018 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

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



Jawed Anwar
Chairman



Faiq Jawed
Chief Executive Officer



Mrs. Sadaf Aamir Arshad
Director



Ghulam Muhammad
Chief Financial Officer



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