

1st Quarterly Report | September 30, 2013



27

Years of Excellence



J.K. SPINNING MILLS LIMITED





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challenge

## Contents

2	Company Information
3	Directors' Report
6	Condensed Interim Balance Sheet (Un-audited)
8	Condensed Interim Profit And Loss Account (Un-audited)
9	Condensed Interim Statement of Profit or Loss and other 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

## Board of Directors

Chief Executive	Mr. Jawed Anwar
Directors	Mr. Faiq Jawed
	Mr. Shaiq Jawed
	Mrs. Farhat Jehan
	Syed Hussain Shahid Mansoor Naqvi
	Mr. Ghulam Muhammad
	Mr. Qayyum Mohsin Malik

## Audit Committee

Chairman	Mr. Shaiq Jawed
Members	Mrs. Farhat Jehan
	Syed Hussain Shahid Mansoor Naqvi

## HR Committee

Chairman	Mr. Faiq Jawed
Members	Syed Hussain Shahid Mansoor Naqvi
	Mr. Qayyum Mohsin Malik

## 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  
United Bank Limited  
Al-Baraka Bank (Pakistan) Limited  
Summit Bank

## Head Office & Mills

29-KM, Sheikhpura Road,  
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 Condensed Interim Financial Information of the company for the quarter ended September 30, 2013.

### Financial Results and Operational Performance

The summarized financial results of the company for the quarter ended September 30, 2013 are as under:

Particulars	Rupees in Million	
	Quarter Ended	September 30, 2012
Sales	2,384.737	2,302.703
Cost of Sales	2,027.012	1,948.481
Gross Profit	357.725	354.222
Operating Expenses-net	134.136	148.060
Operating Profit	223.589	206.162
Financial Charges	44.664	44.876
Profit After Taxation	152.074	125.595
Total Comprehensive Income	163.434	135.209
Earnings Per Share - Basic and Diluted (Rupees)	2.50	2.06

Sales for the period under review increased to Rupees 2,384.737 million from Rupees 2,302.703 million of the corresponding period and accordingly raw material consumed also increased as compared to corresponding period. Conversion cost including fuel and power, processing and conversion charges, salaries and wages, stores, spare parts and loose tools cost and other overhead cost increased due to inflationary trend. Operating expenses net of other income for the quarter ended September 30, 2013 decreased to Rupees 134.136 million from Rupees 148.060 million of corresponding period while financial charges approximately remained at previous periods level.

Your company has earned profit after taxation of Rupees 152.074 million during the quarter ended September 30, 2013 against Rupees 125.595 million of the same period of last financial year while comprehensive income for the period attributed to equity stood at Rupees 163.434 million against comprehensive income of Rupees 135.209 million of the corresponding period.

The production of yarn converted into 20/S for the period under review was 5.842 million Kgs against 6.279 million Kgs of corresponding period of last financial year. Your company's management believes on enduring policy of Balancing Modernization and Replacement of machinery and equipments of its production facilities. Fourteen Ring Machines of latest technology imported last year have started commercial production during the period under review. Keeping in view of future expansion plans, the company has applied to FESCO for enhancement of sanctioned load of electricity. These expansion plans are likely to be implemented on enhancement in sanctioned load of power supply by FESCO.

# Directors' Report

## Future Outlook

Energy crises is a big challenge for Pakistan and is also main threat to Pakistan Textile Industry. Increasing fuel and power tariffs and devaluation of Pak Rupee are cause of concern for escalation in cost of our products and are making our products costlier in the region and are hurting our textile industry.

Cotton crop estimate of cotton season 2013-14 is still uncertain. Management of your company is keenly watching the cotton market to procure the cotton at lowest possible rates and is making efforts to procure cotton for the whole period of financial year ending June 30, 2014. Currently Yarn demand in local and foreign market is going sluggish. The company is focusing on improving efficiencies and minimizing costs to achieve the better financial results of remaining period of financial year ending June 30, 2014.

## 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

Faisalabad  
October 28, 2013

Jawed Anwar  
Chief Executive



## Condensed Interim Balance Sheet (Un-audited)

As at 30 September 2013

	NOTE	Un-audited 30 September 2013	Audited 30 June 2013
(Rupees in thousand)			
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital			
96 000 000 (30 June 2013: 96 000 000)			
ordinary shares of Rupees 10 each		960,000	960,000
Issued, subscribed and paid up share capital		609,033	609,033
<b>Reserves</b>		<b>1,954,448</b>	<b>1,791,014</b>
Total equity		2,563,481	2,400,047
Surplus on revaluation of property, plant and equipment net of deferred income tax		596,840	608,200
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	5	58,807	86,818
Directors' loan	6	300,000	300,000
Liabilities against assets subject to finance lease		18,146	25,875
Deferred income tax liability		280,828	277,824
		657,781	690,517
<b>CURRENT LIABILITIES</b>			
Trade and other payables		442,068	385,151
Accrued mark-up		31,045	28,777
Short term borrowings		1,109,365	1,194,856
Current portion of non-current liabilities		123,973	124,999
Provision for taxation		54,196	30,345
		1,760,647	1,764,128
<b>TOTAL LIABILITIES</b>		<b>2,418,428</b>	<b>2,454,645</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	7		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,578,749</b>	<b>5,462,892</b>

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

**Jawed Anwar**

Chief Executive Officer



## Condensed Interim Balance Sheet (Un-audited)

As at 30 September 2013

	NOTE	Un-audited 30 September 2013	Audited 30 June 2013
(Rupees in thousand)			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	2,776,837	2,822,964
Long term investment	9	-	-
Long term loans		321	387
Long term deposits and prepayments		9,304	9,304
		<b>2,786,462</b>	<b>2,832,655</b>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		40,091	44,926
Stock in trade		1,738,442	1,592,021
Trade debts		609,345	612,751
Loans and advances		71,780	84,397
Short term deposits and prepayments		20,273	5,915
Other receivables		20,449	17,955
Tax refunds due from the Government		243,293	213,258
Cash and bank balances		48,614	59,014
		<b>2,792,287</b>	<b>2,630,237</b>
<b>TOTAL ASSETS</b>		<b>5,578,749</b>	<b>5,462,892</b>

Faiq Jawed  
Director

## Condensed Interim Profit and Loss Account (Un-audited)

For the quarter ended 30 september 2013

	NOTE	Quarter ended	
		30 September 2013	30 September 2012
---(Rupees in thousand)---			
Sales		2,384,737	2,302,703
Cost Of Sales	10	(2,027,012)	(1,948,481)
Gross Profit		357,725	354,222
Distribution Cost		(95,994)	(95,454)
Administrative Expenses		(49,376)	(36,802)
Other Expenses		(12,455)	(15,804)
		(157,825)	(148,060)
		199,900	206,162
Other Income		23,689	-
Profit From Operations		223,589	206,162
Finance Cost		(44,664)	(44,876)
Profit Before Taxation		178,925	161,286
Taxation		(26,851)	(35,691)
Profit After Taxation		152,074	125,595
Earnings Per Share - Basic And Diluted (Rupees)		2.50	2.06

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

Jawed Anwar  
Chief Executive Officer

Faiq Jawed  
Director

## Condensed Interim Statement of Profit or Loss and Other Comprehensive Income (Un-audited)

For the quarter ended 30 september 2013

	Quarter ended	
	30 September 2013	30 September 2012
	-- (Rupees in thousand)--	
Profit After Taxation	152,074	125,595
<b>Other Comprehensive Income</b>		
Items that will not be reclassified to profit or loss:		
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	11,360	9,614
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the period	11,360	9,614
<b>Total Comprehensive Income For The Period</b>	<b>163,434</b>	<b>135,209</b>

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

**Jawed Anwar**  
Chief Executive Officer

**Faiq Jawed**  
Director

## Condensed Interim Cash Flow Statement (Un-audited)

For the quarter ended 30 september 2013

	NOTE	Quarter ended	
		30 September 2013	30 September 2012
(Rupees in thousand)			
<b>Cash Flows From Operating Activities</b>			
Cash generated from operations	11	193,178	323,951
Finance cost paid		(42,396)	(62,488)
Income tax paid		(20,624)	(13,489)
Net decrease in long term loans		66	-
<b>Net Cash Generated From Operating Activities</b>		<b>130,224</b>	<b>247,974</b>
<b>Cash Flows From Investing Activities</b>			
Capital expenditure on property, plant and equipment		(18,990)	(4,886)
Proceeds from sale of property, plant and equipment		624	-
<b>Net Cash Used In Investing Activities</b>		<b>(18,366)</b>	<b>(4,886)</b>
<b>Cash Flows From Financing Activities</b>			
Repayment of long term financing		(33,791)	(26,812)
Repayment of finance lease liabilities		(2,976)	(5,978)
Short term borrowings - net		(85,491)	(228,526)
<b>Net Cash Used In Financing Activities</b>		<b>(122,258)</b>	<b>(261,316)</b>
<b>Net Decrease In Cash And Cash Equivalents During The Period</b>		<b>(10,400)</b>	<b>(18,228)</b>
<b>Cash And Cash Equivalents At The Beginning Of The Period</b>		<b>59,014</b>	<b>45,217</b>
<b>Cash And Cash Equivalents At The End Of The Period</b>		<b>48,614</b>	<b>26,989</b>

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

Jawed Anwar  
Chief Executive Officer

Faiq Jawed  
Director

## Condensed Interim Statement Of Changes In Equity (Un-audited)

For the quarter ended 30 september 2013

	SHARE CAPITAL	CAPITAL			RESERVES		TOTAL EQUITY
		Share capital reserve	Merger reserve	Sub total	REVENUE		
					Unappropriated profit	TOTAL	
Balance as at 30 June 2012 - Audited	609,033	-	289,636	289,636	864,987	1,154,623	1,763,656
Profit for the quarter ended 30 September 2012	-	-	-	-	125,595	125,595	125,595
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	-	-	9,614	9,614	9,614
<b>Total comprehensive income for the period</b>	-	-	-	-	135,209	135,209	135,209
Balance as at 30 september 2012 - Un-audited	609,033	-	289,636	289,636	1,000,196	1,289,832	1,898,865
Transaction with owners - Final dividend for the year ended 30 June 2012 at the rate of Rupee 2.50 per share	-	-	-	-	(2,745)	(2,745)	(2,745)
Profit for nine months ended 30 June 2013	-	-	-	-	473,760	473,760	473,760
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	-	-	30,167	30,167	30,167
Total comprehensive income for the quarter ended 30 June 2013	-	-	-	-	503,927	503,927	503,927
Balance as at 30 June 2013 - Audited	609,033	-	289,636	289,636	1,501,378	1,791,014	2,400,047
Profit for the quarter ended September 30, 2013	-	-	-	-	152,074	152,074	152,074
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred income tax	-	-	-	-	11,360	11,360	11,360
<b>Total comprehensive income for the period</b>	-	-	-	-	163,434	163,434	163,434
Balance as at 30 september 2013 - Un-audited	609,033	-	289,636	289,636	1,664,812	1,954,448	2,563,481

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

Jawed Anwar  
Chief Executive Officer

Faiq Jawed  
Director

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

For the quarter ended 30 september 2013

### 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 Karachi and Lahore Stock Exchanges in Pakistan. 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 being submitted to shareholders, as required by section 245 of the Companies Ordinance, 1984. This condensed interim financial information of the Company for the first quarter ended 30 September 2013 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 2013.

### 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 2013 except Note 3.1.

- 3.1 During the period, The Company has changed the rates of depreciation for the building, plant and machinery, electric installations and office equipment after reviewing the useful life of these assets and this change in accounting estimate has been applied prospectively in accordance with IAS - 8 "Accounting policies, changes in accounting estimate and errors".

Description	Rate	
	Previous	Current
Buildings on freehold land	5%	10%
Plant and machinery	5%	10%
Stand-by-equipment	5%	10%
Electric Installations and appliances	5%	10%
Office equipment	10%	30%

Had there been no change in this accounting estimates, the figures recognised in this condensed interim financial information would have been as follows:

	Rupees in thousand
Net book value of property, plant and equipment would have been higher by	30,451
Profit after tax for the period ended 30 september 2013 would have been higher by	30,451
Earning per share - basic and diluted (Rupees) would have been higher by	0.50

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

For the quarter ended 30 september 2013

### 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 judgements 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 2013 except as mentioned in Note 3.1.

	Un-audited 30 September 2013	Audited 30 June 2013
	(Rupees in thousand)	
<b>5. Long Term Financing</b>		
From banking companies - secured		
Opening balance	199,391	313,746
Add: Obtained during the period / year	-	-
Less: Repaid during the period / year	33,791	114,355
Closing balance	165,600	199,391
Less: Current portion shown under current liabilities	106,793	112,573
	58,807	86,818

### 6. Directors' Loan

This represents unsecured interest free loan obtained from the directors of the Company having no defined repayment terms but is not repayable within next twelve months, hence has been classified as non-current. The entire loan is subordinated to the bank borrowings.

### 7. 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 2013: Rupees 11.002 million) along with default surcharge under section 34 of Sales Tax Act, 1990 and penalty at the rate of 30 percent. The related provision is not made in this condensed interim financial information in view of possible favourable outcome of the appeal.

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

For the quarter ended 30 september 2013

- ii) The Company has filed appeal before Appellate Tribunal, Inland Revenue, Lahore against order in original 13/2003 dated 29 April 2003 for Rupees 3.063 million (30 June 2013: Rupees 3.063 million) along with additional tax and default surcharge under sections 36(3) and 34 respectively of Sales Tax Act, 1990 and penalty at the rate of 3 percent. The related provision is not made in this condensed interim financial information in view of possible favourable outcome of the appeal.
- iii) The Company has filed appeals with Appellate Tribunal, Inland Revenue for the revision of assessment orders issued under section 122(5A) of the Income Tax Ordinance, 2001 for tax years 2005 to 2009 where tax liability of Rupees 3.352 million (30 June 2013: Rupees 3.352 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 made in this condensed interim financial information.
- iv) The Company has filed appeal before Commissioner (Appeals), Inland Revenue against order in original 07/2013 dated 28 June 2013 for Rupees 0.937 million (30 June 2013: Rupees 0.937 million) alongwith default surcharge and penalty imposed amounting to Rupees 0.658 million under section 33(5) of the Sales Tax Act, 1990. The related provision is not made in this condensed interim financial information in view of possible favourable outcome of the appeal.
- v) Guarantees of Rupees 43.185 million (30 June 2013: Rupees 43.185 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connections.
- vi) Post dated cheques of Rupees 77.342 million (30 June 2013: Rupees 70.247 million) are issued to customs authorities in respect of duties on imported material availed on the basis of consumption and export plans. If documents of exports will not be provided on due dates, cheques issued as security shall be encashable.

### b) Commitments

- i) There is no capital commitment as at 30 September 2013 ( 30 June 2013: Nil).
- ii) Letters of credit other than for capital expenditure are of Rupees 42.406 million as at 30 September 2013 ( 30 June 2013: Rupees 43.597 million).
- iii) Ijarah (operating lease) commitments - Company as lessee

The Company obtained vehicle through sale and leaseback arrangement under ijarah (operating lease) agreement. The lease term is three years. The Company has given undertaking to purchase the leased vehicles on agreed purchase price at maturity.

The future aggregate minimum lease payments under ijarah (operating lease) are as follows:

	Un-audited 30 September 2013	Audited 30 June 2013
	(Rupees in thousand)	
Not later than one year	4,395	4,395
Later than one year and not later than five years	7,324	8,423
	<b>11,719</b>	<b>12,818</b>



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

For the quarter ended 30 september 2013

	Un-audited 30 September 2013	Audited 30 June 2013
	(Rupees in thousand)	
<b>8. Property, Plant And Equipment</b>		
Operating fixed assets (Note 8.1)	2,718,223	2,601,962
Assets subject to finance lease (Note 8.2)	39,328	40,336
Capital work-in-progress (Note 8.3)	19,286	180,666
	<b>2,776,837</b>	<b>2,822,964</b>
<b>8.1 Operating fixed assets</b>		
Opening book value	2,601,962	2,654,077
<b>Add:</b>		
Cost of additions during the period / year (Note 8.1.1)	180,370	421,419
Book value of assets transferred from assets subject to finance lease	-	25,705
Increase in revaluation during the period / year	-	207,996
	<b>2,782,332</b>	<b>3,309,197</b>
<b>Less:</b>		
Book value of deletions during the period / year (Note 8.1.2)	624	49,498
Depreciation charged during the period / year	63,485	144,301
Decrease in revaluation during the period / year	-	513,436
	<b>64,109</b>	<b>707,235</b>
	<b>2,718,223</b>	<b>2,601,962</b>

### 8.1.1 Cost of additions during the period / year

Freehold land	-	21,880
Buildings on freehold land	19,653	53,805
Plant and machinery	157,834	281,762
Electric installations and appliances	2,799	16,308
Furniture and fixtures	-	3,329
Office equipment	84	1,305
Vehicles	-	43,030
	<b>180,370</b>	<b>421,419</b>

### 8.1.2 Book value of deletions during the period / year

Plant and machinery	-	35,214
Vehicles	624	14,284
	<b>624</b>	<b>49,498</b>

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

For the quarter ended 30 september 2013

	Un-audited 30 September 2013	Audited 30 June 2013
	(Rupees in thousand)	
<b>8.2 Assets subject to finance lease</b>		
Opening book value	40,336	25,728
Addition during the period / year	-	43,979
Less:		
Book value of assets transferred to operating fixed assets	-	25,705
Depreciation charged during the period / year	1,008	920
Impairment loss charged during the period / year	-	2,746
	1,008	29,371
	39,328	40,336

### 8.3 Capital work-in-progress

Buildings on freehold land	13,643	24,536
Plant and machinery	5,643	156,130
	19,286	180,666

### 9. Long term investment

The investment of 750 (30 June 2013: 750) ordinary shares in J.K. Tech (Private) Limited, an associate, has been fully impaired in previous years.

	(Un-audited)	
	Quarter ended	
	30 September 2013	30 September 2012
	(Rupees in thousand)	
<b>10. Cost of sales</b>		
Raw materials consumed	1,765,200	1,633,604
Stores, spare parts and loose tools consumed	37,714	30,564
Packing materials consumed	16,860	18,856
Processing and conversion charges	65,007	60,299
Doubling charges	-	506
Fuel and power	159,841	131,876
Salaries, wages and other benefits	94,500	79,830
Repair and maintenance	4,842	1,610
Insurance	2,650	2,939
Other factory overheads	12,055	8,935
Depreciation	60,192	31,478
	2,218,861	2,000,497

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

For the quarter ended 30 september 2013

	(Un-audited)	
	Quarter ended	
	30 September 2013	30 September 2012
	(Rupees in thousand)	
Work-in-process:		
Opening stock	311,908	234,250
Closing stock	(300,866)	(301,548)
	11,042	(67,298)
Cost of goods manufactured	2,229,903	1,933,199
Finished goods:		
Opening stock	343,863	270,238
Closing stock	(546,754)	(254,956)
	(202,891)	15,282
	2,027,012	1,948,481

### 11. Cash Utilized In Operations

Profit before taxation	178,925	161,286
Adjustments for non-cash charges and other items:		
Depreciation	64,493	34,713
Finance cost	44,664	44,876
Working capital changes (Note 11.1)	(94,904)	83,076
	193,178	323,951

### 11.1 Working capital changes

(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	4,835	2,231
Stock in trade	(146,421)	345,966
Trade debts	3,406	(310,568)
Loans and advances	12,617	(4,325)
Short term deposits and prepayments	(14,358)	(18,961)
Other receivables	(2,494)	55,824
Tax refunds due from the Government	(9,406)	(7,884)
	(151,821)	62,283
Increase in trade and other payables	56,917	20,793
	(94,904)	83,076

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

For the quarter ended 30 september 2013

### 12. Transactions With Related Parties

The related parties comprise associated companies, staff retirement fund, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions and balances with related parties are as follows:

	(Un-audited)	
	Quarter ended	
	30 September 2013	30 September 2012
	(Rupees in thousand)	
<b>i) Transactions</b>		
<b>Associated companies</b>		
Service charges	784	580
Purchases	-	295
<b>Other related parties</b>		
Remuneration paid to Chief Executive Officer, Directors and Executives	10,320	8,199
Contribution to Employees' Provident Fund Trust	2,950	1,927
	Un-audited 30 September 2013	Audited 30 June 2013
	(Rupees in thousand)	
<b>ii) Period end balances</b>		
Trade and other payables	-	325
Short term borrowings	51,834	105,969

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

For the quarter ended 30 september 2013

## 13. Segment Information

13.1

	Spinning (Un-audited)		Fabric (Un-audited)		Home Textile (Un-audited)		Elimination of inter-segment transactions (Un-audited)		Total - Company (Un-audited)	
	30 September 2013	30 September 2012	30 September 2013	30 September 2012	30 September 2013	30 September 2012	30 September 2013	30 September 2012	30 September 2013	30 September 2012
Sales	1,513,902	1,999,748	471,196	615,264	623,486	292,956	(23,847)	(5,247)	2,384,737	2,302,703
Cost of sales	(1,262,105)	(1,168,945)	(417,618)	(593,893)	(371,136)	(250,970)	23,847	5,247	(2,077,012)	(1,948,681)
Gross profit	251,797	230,803	53,578	81,433	52,350	41,986	-	-	357,725	354,022
Distribution cost	(42,062)	(36,036)	(28,166)	(40,197)	(25,766)	(19,281)	-	-	(95,994)	(95,654)
Administrative expenses	(36,733)	(24,862)	(6,603)	(8,065)	(6,040)	(3,879)	-	-	(49,376)	(36,802)
Profit before taxation and unallocated income and expenses	(78,795)	(60,898)	(34,769)	(48,202)	(31,806)	(23,156)	-	-	(145,370)	(132,256)
Unallocated income and expenses	173,002	169,905	18,809	33,231	20,544	18,830	-	-	212,355	221,966
Other expenses									(12,455)	(15,804)
Other income									23,689	-
Finance cost									(44,664)	(44,874)
Taxation									(26,851)	(35,691)
Profit after taxation									152,074	125,595

## 13.2 Reconciliation of reportable segment assets and liabilities:

	Spinning (Un-audited)		Fabric (Un-audited)		Home Textile (Un-audited)		Total - Company (Un-audited)	
	30 September 2013	30 September 2013	30 September 2013	30 September 2013	30 September 2013	30 September 2013	30 September 2013	30 September 2013
Total assets for reportable segments	4,043,232	4,188,329	881,718	701,092	370,457	320,164	5,295,407	5,209,585
Unallocated assets							283,342	253,307
Total assets as per balance sheet							5,578,749	5,462,892
All segment assets are allocated to reportable segments other than those directly relating to corporate.								
Total liabilities for reportable segments	1,083,986	1,455,501	618,620	414,853	326,456	234,235	2,029,062	2,104,589
Unallocated liabilities							389,366	350,056
Total liabilities as per balance sheet							2,418,428	2,454,645
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 quarter ended 30 september 2013

### 14. 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 2013.

### 15. Date Of Authorization For Issue

This condensed interim financial information was approved and authorized for issue on October 28, 2013 by the Board of Directors of the Company.

### 16. 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 of profit or loss and other 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.

### 17. General

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



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