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1st Quarterly Report
September 30, 2012

J.K. SPINNING MILLS LIMITED

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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
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Chief Financial Officer	Mr. Ghulam Muhammad
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Head of Internal Audit	Mr. Amjad Ali
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Auditors	M/s Riaz Ahmad & Company, Chartered Accountants (A member of Nexia International) Faisalabad
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Legal Advisor	Atif & Atif Law Associates Advocates
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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 Limited

Registered Office	3-1/A, Peoples Colony, Faisalabad
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Mills	29-KM, Sheikhpura Road, Faisalabad.
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Directors' Report

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

Dear Shareholders,

The Directors' of your company feel pleasure to submit Un-audited Financial Statements of the company for the Quarter Ended on September 30, 2012.

Financial Results and operational performance

The summarized financial results of the company for the First quarter ended on September 30, 2012 are as under:

Particulars	Rupees in Millions	
	Quarter Ended	
	September 30,2012	September 30,2011
Sales	2,302.703	1,512.195
Cost of Sales	1,948.481	1,368.785
Gross Profit	354.222	143.410
Operating Expenses-net	148.060	78.136
Operating Profit	206.162	65.274
Financial charges	44.876	45.477
Net After Tax Profit	125.595	4.032
Total Comprehensive income	135.209	15.938
Earnings per share – Rupee	2.06	0.219

Sales for the period under review increased to Rupees 2,302.703 million from Rupees 1,512.195 millions of the corresponding period. Stores, spare parts and loose tools cost increased due to inflationary trend while packing cost, processing and conversion charges increased due to increase in volume and inflationary trend. Fuel and power cost increased as a result of increase in power tariff and better utilization of capacity. Salaries and wages increased in view of increase in minimum wage rate.

Your company has earned net after tax profit of Rupees 125.595 million during the quarter ended on September 30, 2012 against Rupees 4.032 million of the same period of last year while comprehensive income for the period attributed to equity stood at Rupees 135.209 million against comprehensive income of Rupees 15.938 million of the corresponding period.

The production of yarn converted into 20s for the period under review was 6.279 million Kgs against 4.983 million kgs of corresponding period of last year. Following constant policy for Balancing Modernization and Replacement of the machinery, letter of credits have been opened for import of fourteen Ring Machines and eight auto cone machines of latest model. These machines are likely to be commissioned in third quarter of the financial year ending June 30, 2013.

Future Outlook

Gas and Energy shortages are big challenges for Pakistan and are main threat to Pakistan Textile Industry. Power shut down, increasing fuel cost and constant depreciation of Pak rupee are main causes of increase in input cost of textile products., In view of increasing

Directors' Report

Trend of cotton arrival as compared same period last year, it is projected that target of 14 million cotton bales is likely to be achieved despite damage to cotton by heavy late rains in province Sindh and Punjab. Management of your company is keenly watching the cotton market to procure the cotton at minimum rates and is making efforts to cover cotton requirements for the whole period of the financial year ending June 30, 2013.

Demand of cotton yarn counts by foreign buyers is supporting the yarn prices upward with handsome margins. We foresee that your company would be able to achieve good financial results for the remaining period of the financial year ending June 30, 2013.

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 25, 2012

Jawed Anwar
Chief Executive

Financial Statements

For the 1st Quarter ended September 30, 2012

Condensed Interim Balance Sheet (Un-Audited)

As at September 30, 2012

	NOTE	September 30, 2012	June 30, 2012
(RUPEES IN THOUSAND)			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
96 000 000 (June 2012: 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		1,289,832	1,154,623
Total equity		1,898,865	1,763,656
Surplus on revaluation of operating fixed assets - net of deferred income tax		957,145	966,759
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing		174,140	194,163
Directors' loan		300,000	300,000
Deferred income tax liability		281,616	264,216
		755,756	758,379
CURRENT LIABILITIES			
Trade and other payables		247,799	227,006
Accrued mark-up		16,879	34,491
Short term borrowings		803,720	1,032,246
Current portion of non-current liabilities		112,794	125,561
Provision for taxation		86,402	72,112
		1,267,594	1,491,416
TOTAL LIABILITIES		2,023,350	2,249,795
CONTINGENCIES AND COMMITMENTS	5	-	-
TOTAL EQUITY AND LIABILITIES		4,879,360	4,980,210

The annexed notes form an integral part of these condensed interim financial statements.

Condensed Interim Balance Sheet (Un-Audited)

As at September 30, 2012

	NOTE	September 30, 2012	June 30, 2012
(RUPEES IN THOUSAND)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	2,811,934	2,841,761
Long term investments		-	-
Long term loans		392	392
Long term deposits and prepayments		675	675
		2,813,001	2,842,828
CURRENT ASSETS			
Stores, spare parts and loose tools		34,851	37,082
Stock-in-trade		932,712	1,278,678
Trade debts		761,711	451,143
Loans and advances		66,878	62,553
Short term deposits and prepayments		30,221	11,260
Other receivables		13,111	68,935
Tax refunds due from the Government		199,886	182,514
Cash and bank balances		26,989	45,217
		2,066,359	2,137,382
		4,879,360	4,980,210

The annexed notes form an integral part of these condensed interim financial statements.

Condensed Interim Profit And Loss Account (Un-Audited)

For the Quarter ended September 30, 2012

	NOTE	September 30, 2012	September 30, 2011
(RUPEES IN THOUSAND)			
Sales		2,302,703	1,512,195
Cost of sales	7	1,948,481	1,368,785
Gross profit		354,222	143,410
Distribution cost		95,454	48,045
Administrative Expenses		36,802	29,970
Other Operating Expenses		12,140	1,042
		144,396	79,057
		209,826	64,353
Other Operating Income		(3,664)	921
Profit from Operations		206,162	65,274
Finance Cost		44,876	45,477
Profit before taxation		161,286	19,797
Taxation		35,691	15,765
Net profit for the period		125,595	4,032
Earning per share - basic and diluted		2.062	0.219

The annexed notes form an integral part of these condensed interim financial statements.

Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the Quarter ended September 30, 2012

	September,30, 2012	September,30, 2011
	Rupee in thousand	
Net profit for the period	125,595	4,032
Other Comprehensive Income		
Surplus on revaluation of operating fixed assets realised during the period on account of incremental depreciation (net of tax)	9,614	11,906
Total comprehensive income for the period	135,209	15,938

The annexed notes form an integral part of these condensed interim financial statements.

Condensed Interim Statement of Cash Flows (Un-Audited)

For the Quarter ended September 30, 2012

	September 30, September 30, 2012 2011	
	Rupee in thousand	
A). CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	161,286	19,797
Adjustment of non cash / non operating items		
Depreciation	34,713	33,063
Profit on PLS account	(18)	(55)
Finance cost	44,876	45,476
	79,571	78,484
Operating profit before working capital changes	240,857	98,281
(Increase)/decrease in current assets		
Stores, spare parts and loose tools	2,231	(6,168)
Stock in trade	345,966	349,904
Trade debts	(310,568)	178,648
Loans & advances	(4,325)	(16,486)
Short term deposits & prepayments	(18,961)	(14,605)
Other receivables	55,824	1,977
Tax refund due from Government	(7,884)	-
Increase/ (decrease) in current liabilities		
Trade and other payables	20,793	(74,354)
Cash generated from operation	83,076	418,916
Finance cost paid	(62,488)	(65,833)
Income tax paid	(13,489)	(10,974)
	(75,977)	(76,807)
Net cash from operating activities	247,956	440,390
B). CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditures on property, plant and equipment	(4,886)	(51,552)
Profit on PLS accounts	18	55
Net cash used in investing activities	(4,868)	(51,497)
C). CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term financing	-	19,478
Repayment of Long term financing	(26,812)	-
Repayment of liabilities against asset subject to finance lease	(5,978)	(2,158)
Short term borrowings- net	(228,526)	(450,608)
Net cash used in financing activities	(261,316)	(433,288)
RECONCILIATION OF CASH & CASH EQUIVALENTS		
Net decrease in cash and cash equivalents	(18,228)	(44,395)
(A+B+C)		
Cash and cash equivalents at the beginning of the period	45,217	60,290
Cash and cash equivalents at the end of the period	26,989	15,895
The annexed notes form an integral part of these condensed interim financial statements.		

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

For the Quarter ended September 30, 2012

	SHARE CAPITAL		RESERVES		TOTAL	TOTAL EQUITY
	Share capital reserve	Merger	Sub total	REVENUE		
				Unappropriated profit		
(RUPEES IN THOUSAND)						
Balance as at 30 June 2011 - Audited	183,750	425,283	289,636	714,919	54,0617	1,439,286
Total comprehensive for the quarter ended 30 September 2011					15,938	15,938
Balance as at 30 September 2011 -un-audited	183,750	425,283	289,636	714,919	556,555	1,271,474
Final dividend for the year ended 30 June 2011 at the rate of Rupees 1 per share	-	-	-	-	(1,098)	(1,098)
Share capital issued under the scheme of merger	459,476	(425,283)	-	(425,283)	-	34,193
Share capital cancelled under the scheme of merger	(34,193)	-	-	-	-	(34,193)
Total comprehensive income for the nine months ended 30 June 2012	-	-	-	-	309,530	309,530
Balance as at 30 June 2012 - Audited	609,033	-	289,636	289,636	864,987	1,763,656
Total comprehensive for the quarter ended 30 September 2012					135,209	135,209
Balance as at 30 September 2012 -un-audited	609,033	-	289,636	289,636	1,000,196	1,898,865

The annexed notes form an integral part of these condensed interim financial statements.

Jawed Anwar
Chief Executive Officer

Faiq Jawed
Director

Notes To The Condensed Interim Financial Statements (Un-Audited)

For the Quarter ended September 30, 2012

1. THE COMPANY AND ITS ACTIVITIES

J.K. Spinning Mills Limited (the Company) is public limited company incorporated in Pakistan on 07 January 1987 under the Companies Ordinance, 1984. The shares of the Company are quoted on Karachi and Lahore Stock Exchanges in Pakistan. 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. Registered office of the Company is situated at 3-1/A, Peoples Colony, Faisalabad. The mill is located at 29 KM Sheikhpura Road Faisalabad in the Province of Punjab.

2. BASIS OF PREPARATION

This condensed interim financial Statements are unaudited and are being submitted to shareholders as required by section 245 of the Companies Ordinance, 1984. This condensed interim financial information of the Company for the Quarter ended 30 September 2012 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 as applicable in Pakistan and notified by the Securities and Exchange Commission of Pakistan (SECP). 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 for the year ended 30 June 2012.

3. ACCOUNTING POLICIES AND COMPUTATION METHODS

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 2012

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of this condensed interim financial statements, 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 2012.

Notes To The Condensed Interim Financial Statements (Un-Audited)

For the Quarter ended September 30, 2012

5 CONTINGENCIES AND COMMITMENTS

a) Contingencies

There is no material change in the status of contingencies as disclosed in note #15 of the financial statements for the year ended June 30,2012

b) Commitments

- i) There is no capital commitment as at 30 September 2012 (June 2012: Nil).
- ii) Letters of credit for other than capital expenditure amounting to Rupees 70.898 million as at 30 September 2012 (June 2012: 68.525 million).

	Un-audited 30 September 2012	Audited 30 June 2012
	(RUPEES IN THOUSAND)	
6 PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets		
Owned (6.1)	2,767,037	2,654,077
Leased	-	25,728
Capital work-in-progress (Note 6.3)	44,897	161,956
	2,811,934	2,841,761

6.1 Operating fixed assets

Opening book value	2,654,077	2,501,144
Add:		
Cost of additions during the period / year (Note 6.1.1)	121,945	290,179
Book value of assets transferred from assets subject to finance lease	25,406	57,235
	2,801,428	2,848,558
Less:		
Book value of deletions during the period / year (Note 6.1.2)	-	54,033
Depreciation/Impairment charged during the period / year	34,391	140,448
	34,391	194,481
	2,767,037	2,654,077

6.1.1 Cost of additions during the period / year

Buildings on freehold land	-	41,063
Plant and machinery Transferred from capital work in progress	121,451	214,314
Electric installations and appliances	400	3,664
Factory equipment	94	600
Office equipment	-	703
Furniture and fixtures	-	1,803
Vehicles	-	28,032
	121,945	290,179

Notes To The Condensed Interim Financial Statements (Un-Audited)

For the Quarter ended September 30, 2012

	30 September 2012	30 June 2012
	(RUPEES IN THOUSAND)	
6.1.2 Book value of deletions during the period / year		
Plant and machinery	-	37,967
Vehicles	-	16,066
	-	54,033
6.2 Assets subject to finance lease		
Opening book value	25,728	84,581
	25,728	84,581
Less:		
Book value of assets transferred to operating fixed assets	25,406	57,235
Depreciation charged during the period / year	322	1,618
	25,728	58,853
	-	25,728
6.3 Capital work-in-progress		
Buildings on freehold land	44,897	42,897
Plant and machinery	-	119,059
	44,897	161,956
7. Cost of Sales		
Cost of goods manufactured (7.1)	1,933,199	1,298,526
Finished goods		
Opening	270,238	547,555
Closing	(254,956)	(477,296)
	15,282	70,259
	1,948,481	1,368,785
7.1. Cost of Goods manufactured		
Raw material consumed	1,633,604	1,074,882
Stores, spare parts and loose tools consumed	30,564	21,905
Packing material consumed	18,856	12,207
Processing and conversion charges	60,299	38,051
Doubling Charges	506	435
Fuel and Power	131,876	69,612
Salaries, wages and other benefits	79,830	60,837
Repairs and maintenance	1,610	1,809
Insurance	2,939	2,072
Depreciation	31,478	30,118
Other factory overheads	8,935	5,638
	2,000,497	1,317,566
Work in process		
Opening	234,250	112,164
Closing	(301,548)	(131,204)
	(67,298)	(19,040)
	1,933,199	1,298,526

Notes To The Condensed Interim Financial Statements (Un-Audited)

For the Quarter ended September 30, 2012

8. SEGMENT INFORMATION

8.1

	Spinning (Un-audited) quarter ended september,30		Home Textile (Un-audited) quarter ended september,30		Fabric (Un-audited) quarter ended september,30		Elimination of inter-segment transactions (Un-audited) quarter ended september,30		Total - Company (Un-audited) quarter ended september,30	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Sales	1,399,748	-	292,956	-	615,266	-	5,267	-	2,302,703	-
Cost of sales	(1,166,945)	-	(230,970)	-	(933,933)	-	5,267	-	(1,948,481)	-
Gross profit	230,803	-	41,986	-	81,433	-	-	-	354,222	-
 (RUPEES IN THOUSAND)									
Distribution cost	(36,036)	-	(19,281)	-	(40,137)	-	-	-	(95,454)	-
Administrative expenses	(24,862)	-	(3,875)	-	(8,065)	-	-	-	(36,802)	-
	(60,898)	-	(23,156)	-	(48,202)	-	-	-	(1,32,256)	-
 (RUPEES IN THOUSAND)									
Profit before taxation and unallocated income and expenses	169,905	-	18,830	-	33,231	-	-	-	221,966	-
Unallocated in come and expenses	-	-	-	-	-	-	-	-	-	-
Other operating expenses	-	-	-	-	-	-	-	-	(12,140)	-
Other operating income	-	-	-	-	-	-	-	-	(3,664)	-
Finance cost	-	-	-	-	-	-	-	-	(44,876)	-
Provision for taxation	-	-	-	-	-	-	-	-	(95,691)	-
Profit after taxation	-	-	-	-	-	-	-	-	125,595	-
 (RUPEES IN THOUSAND)									
8.2 Reconciliation of reportable segment assets and liabilities:										
	Spinning (Un-audited) period ended		Home Textile (Un-audited) period ended		Fabric (Un-audited) period ended		Total - Company (Un-audited) period ended			
	Sept. 30, 2012	June 30, 2012	Sept. 30, 2012	June 30, 2012	Sept. 30, 2012	June 30, 2012	Sept. 30, 2012	June 30, 2012	June 30, 2012	June 30, 2012
 (RUPEES IN THOUSAND)									
Total assets for reportable segments	3,672,941	4,012,990	341,608	381,018	693,567	371,166	4,648,116	4,765,174	-	-
Unallocated assets	-	-	-	-	-	-	231,244	215,036	-	-
	-	-	-	-	-	-	4,879,360	4,980,210	-	-
All segment assets are allocated to reportable segments other than those directly relating to corporate.										
Total liabilities for reportable segments	329,235	1,506,749	433,607	230,574	880,350	153,716	1,643,192	1,891,039	-	-
Unallocated liabilities	-	-	-	-	-	-	380,158	358,756	-	-
	-	-	-	-	-	-	2,023,350	2,249,795	-	-
All segment liabilities are allocated to reportable segments other than workers' profit participation fund payable, workers welfare fund payable, provision for taxation and deferred tax liabilities.										

Notes To The Condensed Interim Financial Statements (Un-Audited)

For the Quarter ended September 30, 2012

9 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were approved by Board of Directors of the Company and authorized for issue of October 25, 2012.

10 CORRESPONDING FIGURES

Comparative figures have been reclassified / rearranged, wherever necessary, for the purpose of comparison. However, no significant reclassification has been made except:

Export rebate grouped in sales instead of adjusting against cost of sales.

11 GENERAL

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

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