



Half Yearly Report 2021-2022

**J.K. SPINNING
MILLS LIMITED**



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Company Information

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

Directors' Report

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

Dear Shareholders,

The Directors' of your company feel pleasure to submit Un-audited Financial Statements of the company for the half year ended December 31, 2021.

Financial Results and Operational Performance

The summarized financial results of the company for the half year ended December 31, 2021 are as under:

Particulars	Rupees in Millions	
	Half Year Ended	
	31 December, 2021	31 December, 2020
Revenue From Contracts With Customers	12,358.293	7,866.697
Cost Of Revenue	9,446.068	6,551.280
Gross Profit	2,912.225	1,315.417
Operating Expenses	928.154	405.941
Other Income	117.246	16.607
Operating Profit	2,101.317	926.083
Finance Cost	199.040	114.122
Profit Before Taxation	1,902.277	811.961
Taxation	230.584	129.227
Profit After Taxation	1,671.693	682.734
Earnings Per Share - Rupee	16.34	6.67

Sales for the period under review increased to Rupees 12,358.293 million from Rupees 7,866.697 million of the corresponding period. Raw material consumed percentage to sale increased to 61.23% from 54.51% of corresponding period in view increase in cotton and yarn prices. Salaries and wages cost increased due to increase in minimum wage rate and addition of workers in fabric processing unit. Fuel and power cost increased by 28.11% in view of increase in spinning capacity, addition of processing unit and increase in tariff. Cost of Stores, spares and loose tools consumed, packing material, processing and conversion charges and other overheads increased in view of increase in volume and inflationary impact. Operating expenses increased in view of increase in distribution cost and exchange loss on forward booking. Financial cost increased in view of increase in Kibor rates and increase in working capital requirements.

Your company has earned profit after tax of Rupees 1671.693 million during the half year ended on December 31, 2021 against Rupees 682.734 million of the same period of last year.

In view of increasing requirements of working capital and expansion plans, the Board of Directors did not approve any interim cash dividend.

The production of yarn converted into 20/S for the period under review was 20.271 million Kgs against 19.803 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. Civil work for construction of spinning unit building for installation of 52,896 spindles is likely to complete in third quarter of current financial year. Company is also planning to add a weaving project of 144 air jet looms in its existing weaving facilities.

Future Outlook

Pakistan's textile exports surged by 26.05% during first half of current fiscal year as compared to same period of last fiscal year. The textile clothing export shipments are back on growth track both in terms of their quantity and dollar value. Spinning sector is performing better than the value added textile products in terms of profit margins.

State Bank of Pakistan has increased policy rates to 9.75% resulting increase in kibar rates and financial cost.

Directors' Report

In view of increasing cotton prices, devaluation of Pak Rupee, delay in shipments due to non-availability of empty containers, working capital requirement of textile exporters has increased and textile export oriented industry is facing liquidity crunch.

Cotton prices are touching highest ever rate of PKR 22,000 per maund. Management of your company is importing cotton from other countries to meet its requirements and has procured cotton till first quarter of next financial year at cheaper rates.

Management of your company is focusing efforts on minimizing cost by enhancing capacity, improving efficiencies to achieve the favorable financial results for remaining period of financial year ending June 30, 2022.

Acknowledgement

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

For and on behalf of the Board



Jawed Anwar
Chairman

Faisalabad
February 21, 2022



Faiq Jawed
Chief Executive

ڈائریکٹرز رپورٹ برائے حصص یافتگان:

آپ کی کمپنی نے پہلی ششماہی کے اختتام 31 دسمبر 2021 میں 1671.693 ملین روپے خالص منافع کمایا ہے جبکہ پچھلے سال کا منافع 682.734 ملین روپے تھا۔

توسیع کے منصوبوں میں اضافے اور ورکنگ کپٹل کی ضروریات بڑھنے کی وجہ سے ڈائریکٹرز نے کوئی عبوری ڈیبویڈنڈ منظور نہیں کیا ہے۔ اس مالی سال کے 6 ماہ کے دوران دھاگے کی پیداوار 20/s کے حساب سے 20.271 ملین کلوگرام رہی جبکہ پچھلے سال کی پیداوار 19.803 ملین کلوگرام تھی۔ آپ کی کمپنی کی انتظامیہ نے پرانی مشینری کو جدید مشینری سے بدلنے کی پالیسی اختیار کی ہوئی ہے۔ 52,896 سپنڈلز کے سپیننگ پونٹ کا سول ورک اس مالیاتی سال کے تیسرے کوارٹر تک مکمل ہو جائے گا۔ کمپنی 144 ارجیٹ لومز کا ویونگ پروجیکٹ کے اضافہ کرنے کا پلان کر رہی ہے۔

مستقبل کا نقطہ نظر

پاکستان کی ٹیکسٹائل برآمدات میں گزشتہ مالی سال کی اسی مدت کے مقابلے میں رواں مالی سال کی پہلی ششماہی کے دوران 26.05 فیصد کا اضافہ ہوا ہے۔ ٹیکسٹائل ملبوسات کی برآمدی ترسیل ان کی مقدار اور ڈالر کی قیمت دونوں کے لحاظ سے ترقی کی راہ پر واپس آ گئی ہے۔ اسپننگ سیکٹر منافع کے مارجن کے لحاظ سے ویلیو ایڈڈ ٹیکسٹائل مصنوعات سے بہتر کارکردگی کا مظاہرہ کر رہا ہے۔

اسٹیٹ بینک آف پاکستان نے پالیسی ریٹ بڑھا کر 9.75 فیصد کر دیا ہے جس کے نتیجے میں کابریٹ اور مالیاتی لاگت میں اضافہ ہوا ہے۔ روٹی کی بڑھتی ہوئی قیمتوں، پاک روپے کی قدر میں کمی، خالی کنٹینرز کی عدم دستیابی کی وجہ سے ترسیل میں تاخیر، ٹیکسٹائل ایکسپورٹرز کی ورکنگ کپٹل کی ضرورت میں اضافہ ہوا ہے اور ٹیکسٹائل ایکسپورٹ اور اینڈسٹری کو لیکویڈیٹی کی کمی کا سامنا ہے۔

کپاس کی قیمتیں 22,000 روپے فی من کی بلند ترین شرح کو چھو رہی ہیں۔ آپ کی کمپنی کی انتظامیہ اپنی ضروریات کو پورا کرنے کے لیے دوسرے ممالک سے کپاس درآمد کر رہی ہے اور اس نے اگلے مالی سال کی پہلی سہ ماہی تک سستے نرخوں پر کپاس کی خریداری کر لی ہے۔ آپ کی کمپنی کی انتظامیہ 30 جون 2022 کے مالی سال کی بقیہ مدت کے لیے سازگار مالیاتی نتائج حاصل کرنے کے لیے صلاحیت کو بڑھا کر، استعداد کار کو بہتر بنا کر لاگت کو کم کرنے کی کوششوں پر توجہ مرکوز کر رہی ہے۔

اعتراف:

آپ کی کمپنی کے ڈائریکٹرز کمپنی کے گاہکوں اور بینکرز کے کمپنی کے کاروبار میں تعاون پر شکر گزار ہیں ڈائریکٹرز کمپنی کے سٹاف اور مزدوروں کی محنت اور کوششوں کو بھی سراہتے ہیں۔ کمپنی سٹیک ہولڈرز کے پُر اعتماد سپنس کا اقرار کرتی ہے اور شکر گزار بھی ہے۔

منجانب بورڈ آف ڈائریکٹرز:

فیصل آباد: فروری-21، 2022

لسٹوٹ

فائق جاوید
چیئرمین

جاوید انوار

چیف ایگزیکٹو

ڈائریکٹرز رپورٹ برائے حصص یافتگان:

معزز حصص یافتگان،

آپ کی کمپنی کے ڈائریکٹرز سال کی پہلی ششماہی کے اختتام 31 دسمبر 2021 کے مالیاتی حسابات پیش کرنے میں خوشی محسوس کرتے ہیں۔
مالیاتی نتائج:

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

تفصیلات	میلین روپے	میلین روپے
	اختتام ششماہی	اختتام ششماہی
	31 دسمبر 2021	31 دسمبر 2020
سیلز	12,358.293	7,866.697
سیلز کے اخراجات	9,446.068	6,551.280
خام منافع	2,912.225	1,315.417
آپریٹنگ اخراجات	928.154	405.941
دیگر آمدن	117.246	16.607
آپریٹنگ منافع	2,101.317	926.083
مالی لاگت	199.040	114.122
منافع قبل از ٹیکس	1,902.277	811.961
ٹیکس	230.584	129.227
منافع بعد از ٹیکس	1,671.693	682.734
فی شیئر آمدنی	16.34	6.67

مالی سال کی پہلی ششماہی کے دوران یہ میں فروخت، 7,866.697 ملین روپے سے بڑھ کر 12,358.293 ملین روپے ہوئی ہے۔ اسی طرح خام مال کے استعمال کی سیلز سے شرح تناسب کاٹن اور دھاگہ کی قیمت بڑھنے کی وجہ سے 54.51% سے بڑھ کر 61.23% تک ہو گئی ہے۔ تجو اہوں کے اخراجات کم از کم اہرت میں اضافہ اور پروسیسنگ یونٹ کی لیبر بڑھنے کی وجہ سے بڑھے ہیں۔ توانائی کے اخراجات 28.11% بڑھنے کی وجہ پیداواری صلاحیت میں اضافہ، پروسیسنگ یونٹ میں اضافہ اور ٹریف میں اضافہ ہے۔ سنورز، پارٹس اور اوزاروں، پیکنگ میٹریل، پروسیسنگ، کورجن اور دوسرے اوور ہیڈز کے خرچے پیداواری حجم اور ہنگامی کی وجہ سے بڑھ گئے ہیں۔ اس پہلی ششماہی کے آپریٹنگ اخراجات تباد لے کے نقصان اور ڈسٹری بیوشن کاسٹ کے بڑھنے کی وجہ سے بڑھے ہیں۔ جبکہ مالی اخراجات کا نمبر ریٹ کے بڑھنے اور ورکنگ کیپٹل کی ضروریات کے بڑھنے کی وجہ سے بڑھے ہیں۔

INDEPENDENT AUDITORS' REVIEW REPORT

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

Introduction

We have reviewed the accompanying condensed interim statement of financial position of J.K. SPINNING MILLS LIMITED as at 31 December 2021 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended 31 December 2021 and 31 December 2020 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended 31 December 2021.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The condensed interim financial statements for the half year ended 31 December 2020 and financial statements for the year ended 30 June 2021 were reviewed / audited by another firm of chartered accountants whose review report dated 24 February 2021 and auditor's report dated 29 September 2021, expressed unqualified conclusion / opinion.

The engagement partner on the review resulting in this independent auditor's review report is Liaqat Ali Panwar.



RIAZ AHMAD & COMPANY
Chartered Accountants

Faisalabad
Date: 22 February 2022

UDIN: RR202110184wOUyVmYjg

Condensed Interim Statement of Financial Position (Un-Audited)

As At 31 December 2021

	NOTE	Un-audited 31 December 2021 (RUPEES IN THOUSAND)	Audited 30 June 2021 (RUPEES IN THOUSAND)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	6,033,966	5,418,923
Right-of-use assets	6	35,645	59,319
Long term investment		-	-
Long term deposits		-	-
		<u>23,436</u>	<u>23,436</u>
		6,093,047	5,501,678
CURRENT ASSETS			
Stores, spare parts and loose tools		171,747	142,424
Stock-in-trade		6,196,683	5,809,836
Trade debts		2,838,318	1,697,846
Advances		142,233	116,479
Short term deposit and prepayments		16,358	5,862
Other receivables		129,948	97,614
Sales tax refundable		650,688	367,968
Short term investments		31,538	42,224
Cash and bank balances		169,323	105,109
		<u>10,346,836</u>	<u>8,385,362</u>
		16,439,883	13,887,040
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
200 000 00 (30 June 2021: 200 000 000) ordinary shares of Rupees 10 each		<u>2,000,000</u>	<u>2,000,000</u>
Issued, subscribed and paid up share capital			
		1,023,175	1,023,175
Reserves:			
Capital reserves			
Surplus on revaluation of freehold land		519,629	396,036
Other capital reserves		350,540	350,540
		<u>870,169</u>	<u>746,576</u>
Revenue reserve - unappropriated profit		6,912,045	5,393,828
Total reserves		<u>7,782,214</u>	<u>6,140,404</u>
TOTAL EQUITY		8,805,389	7,163,579
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	3	1,064,015	1,131,883
Lease liabilities		5,127	10,078
Deferred income - government grant		-	2,217
Deferred income tax liability		199,917	231,949
		<u>1,269,059</u>	<u>1,376,127</u>
CURRENT LIABILITIES			
Trade and other payables		1,304,307	870,931
Short term borrowings		4,201,549	3,816,833
Accrued mark-up		56,923	43,051
Unclaimed dividend		697	617
Current portion of non-current liabilities		631,842	591,354
Provision for taxation - net		170,117	24,548
		<u>6,365,435</u>	<u>5,347,334</u>
TOTAL LIABILITIES		7,634,494	6,723,461
CONTINGENCIES AND COMMITMENTS	4		
TOTAL EQUITY AND LIABILITIES		16,439,883	13,887,040

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



Jawed Anwar
Chairman



Faiq Jawed
Chief Executive Officer



Ghulam Muhammad
Chief Financial Officer

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

For The Half Year Ended 31 December 2021

	NOTE	Half year ended		Quarter ended	
		31 December	31 December	31 December	31 December
		2021	2020	2021	2020
		(RUPEES IN THOUSAND)		(RUPEES IN THOUSAND)	
Revenue		12,358,293	7,866,697	6,895,585	3,782,061
Cost of sales	7	(9,446,068)	(6,551,280)	(5,263,998)	(3,083,543)
Gross Profit		2,912,225	1,315,417	1,631,587	698,518
Distribution cost		(442,553)	(155,082)	(284,534)	(83,352)
Administrative expenses		(211,655)	(187,990)	(107,414)	(86,909)
Other expenses	8	(273,946)	(62,869)	(148,007)	(37,671)
		(928,154)	(405,941)	(539,955)	(207,932)
Other income	9	1,984,071	909,476	1,091,632	490,586
		117,246	16,607	116,715	6,065
Profit from operations		2,101,317	926,083	1,208,347	496,651
Finance cost		(199,040)	(114,122)	(114,276)	(54,952)
Profit before taxation		1,902,277	811,961	1,094,071	441,699
Taxation		(230,584)	(129,227)	(112,068)	(60,935)
Profit for the period		1,671,693	682,734	982,003	380,764
Earnings per share - basic and diluted (Rupees)		16.34	6.67	9.60	3.72

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



Jawed Anwar
Chairman



Faiq Jawed
Chief Executive Officer



Ghulam Muhammad
Chief Financial Officer

Condensed Interim Statement of Comprehensive Income (Un-Audited)

For The Half Year Ended 31 December 2021

	Half year ended		Quarter ended	
	31 December 2021 (RUPEES IN THOUSAND)	31 December 2020	31 December 2021 (RUPEES IN THOUSAND)	31 December 2020
Profit after taxation	1,671,693	682,734	982,003	380,764
Other comprehensive income:				
Items that will not be reclassified to profit or loss in subsequent periods:				
Surplus on revaluation of freehold land	123,593	-	123,593	-
Items that may be reclassified to profit or loss in subsequent periods	-	-	-	-
Other comprehensive income for the period	123,593	-	123,593	-
Total comprehensive income for the period	1,795,286	682,734	1,105,596	380,764

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



Jawed Anwar
Chairman



Faiq Jawed
Chief Executive Officer



Ghulam Muhammad
Chief Financial Officer

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

For The Half Year Ended 31 December 2021

	RESERVES						TOTAL EQUITY	
	CAPITAL			REVENUE				
	SHARE CAPITAL	PREMIUM ON ISSUE OF RIGHT SHARES	MERGER RESERVE	SURPLUS ON REVALUATION OF FREEHOLD LAND	SUB TOTAL	UNAPPROPRIATED PROFIT		TOTAL
Balance as at 30 June 2020 - (Audited)	730,839	60,904	289,636	396,036	746,576	3,947,568	4,694,144	5,424,983
Transactions with owners:								
Final dividend for the year ended 30 June 2020 at the rate of Rupee 1 per share	-	-	-	-	-	(73,084)	(73,084)	(73,084)
Bonus shares issued	292,336	-	-	-	-	(292,336)	(292,336)	-
Profit for the half year ended 31 December 2020	-	-	-	-	-	682,734	682,734	682,734
Other comprehensive income for the half year ended 31 December 2020	-	-	-	-	-	-	-	-
Total comprehensive income for the half year ended 31 December 2020	-	-	-	-	-	682,734	682,734	682,734
Balance as at 31 December 2020 - (Un-audited)	1,023,175	60,904	289,636	396,036	746,576	4,264,882	5,011,458	6,034,633
Profit for the half year ended 30 June 2021	-	-	-	-	-	1,128,946	1,128,946	1,128,946
Other comprehensive income for the half year ended 30 June 2021	-	-	-	-	-	-	-	-
Total comprehensive income for the half year ended 30 June 2021	-	-	-	-	-	1,128,946	1,128,946	1,128,946
Balance as at 30 June 2021 - (Audited)	1,023,175	60,904	289,636	396,036	746,576	5,393,828	6,140,404	7,163,579
Transaction with owners:								
Final dividend for the year ended 30 June 2021 at the rate of Rupees 1.50 per share	-	-	-	-	-	(153,476)	(153,476)	(153,476)
Profit for the half year ended 31 December 2021	-	-	-	-	-	1,671,693	1,671,693	1,671,693
Other comprehensive income for the half year ended 31 December 2021	-	-	-	123,593	123,593	-	123,593	123,593
Total comprehensive income for the half year ended 31 December 2021	-	-	-	123,593	123,593	1,671,693	1,795,286	1,795,286
Balance as at 31 December 2021 (Un-audited)	1,023,175	60,904	289,636	519,629	870,169	6,912,045	7,782,214	8,805,989

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



Jawed Anwar
Chairman



Faiz Jawed
Chief Executive Officer



Ghulam Muhammad
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

For The Half Year Ended 31 December 2021

	NOTE	Half year ended	
		31 December 2021	31 December 2020
(RUPEES IN THOUSAND)			
Cash flows from operating activities			
Cash generated from operations	10	976,507	657,953
Finance cost paid		(179,260)	(106,054)
Mark-up paid on leases liabilities		(1,012)	(2,024)
Income tax paid		(117,222)	(62,243)
Workers' profit participation fund paid		(119,996)	(70,820)
Net cash generated from operating activities		559,017	416,812
Cash flows from investing activities			
Capital expenditure on property, plant and equipment		(707,637)	(737,742)
Proceeds from sale of property, plant and equipment		16,063	1,318
Proceeds from sale of investments		-	(405)
Net cash used in investing activities		(691,574)	(736,829)
Cash flows from financing activities			
Proceeds from long term financing		247,842	629,963
Repayment of long term financing		(272,728)	(195,113)
Repayment of lease liabilities		(9,662)	(8,884)
Short term borrowings - net		384,716	(5,017)
Dividend paid		(153,396)	(73,017)
Net cash from financing activities		196,772	347,932
Net increase in cash and cash equivalents		64,214	27,915
Cash and cash equivalents at the beginning of the period		105,109	91,555
Cash and cash equivalents at the end of the period		169,323	119,470

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



Jawed Anwar
Chairman



Faiq Jawed
Chief Executive Officer



Ghulam Muhammad
Chief Financial Officer

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

For The Half Year Ended 31 December 2021

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 (repealed with the enactment of the Companies Act, 2017), and listed on Pakistan Stock Exchange Limited. Its registered office is situated at 34-Falcon Enclave, Tufail Road, Lahore Cantt. The head office and factory premises of the Company are located at 29-Kilometers, Sheikhpura Road, Faisalabad. The Company is engaged in business of textile manufacturing which comprises spinning, weaving, stitching, buying, selling and otherwise dealing in yarn, fabrics and other goods.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

a) Statement of compliance

- i) These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:
 - International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
 - Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- ii) These condensed interim financial statements do not include all the information and disclosures as required for annual financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2021.
- iii) These condensed interim financial statements are un-audited, however, have been subjected to limited scope review by the auditors and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019 and section 237 of the Companies Act, 2017.

b) Accounting policies

The accounting policies and methods of computations used in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Company for the year ended 30 June 2021.

2.2 Critical accounting estimates, judgments and financial risk management

In preparing these condensed interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions of accounting estimates are recognized prospectively commencing from the period of revision.

During preparation of these 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 annual financial statements of the Company for the year ended 30 June 2021.

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

For The Half Year Ended 31 December 2021

	Un-audited 31 December 2021 (RUPEES IN THOUSAND)	Audited 30 June 2021
3. LONG TERM FINANCING		
Financing from banking companies - secured		
Opening balance	1,695,983	1,450,421
Add:		
Obtained during the period / year	247,842	685,163
Amortization during the period / year	7,782	18,851
	1,951,607	2,154,435
Less:		
Repaid during the period / year	272,728	424,595
Deferred income recognized during the period / year	-	33,857
	272,728	458,452
	1,678,879	1,695,983
Less: Current portion shown under current liabilities	614,864	564,100
	1,064,015	1,131,883

4. CONTINGENCIES AND COMMITMENTS

a) Contingencies

There has been no significant change in the status of contingencies as reported in annual financial statements of the Company for the year ended 30 June 2021 except as follows:

- i) Post dated cheques of Rupees 2,951.989 million (30 June 2021: Rupees 455.239 million) have been 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 can be encashed by the custom authorities.
- ii) Foreign bills (under letters of credit) discounted with banks are of Rupees 300.242 million (30 June 2021: Rupees 207.312 million).

b) Commitments

- i) Letters of credit for capital expenditure are of Rupees 2,867.569 million (30 June 2021: Rupees 2,491.364 million).
- ii) Letters of credit other than for capital expenditure are of Rupees 20.513 million (30 June 2021: Rupees 102.328 million).
- iii) Outstanding foreign currency forward contracts are of Rupees 1,778.310 million (30 June 2021: Rupees 2,389.210 million).
- iv) Ijarah commitments are of Rupees 26.191 million (30 June 2021: Rupees 26.706 million).

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

For The Half Year Ended 31 December 2021

	Un-Audited 31 December 2021	Audited 30 June 2021
	(Rupees in thousand)	
5. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (Note 5.1)	5,428,453	4,809,259
Capital work-in-progress (Note 5.2)	605,513	609,664
	6,033,966	5,418,923
5.1 Operating fixed assets		
Opening book value	4,809,259	4,051,003
Add:		
Cost of additions during the period / year (Note 5.1.1)	711,788	1,166,942
Effect of surplus on revaluation during the period / year	123,593	-
Book value of assets transferred from right-of-use-assets (Note 6)	18,043	-
	853,424	1,166,942
	5,662,683	5,217,945
Less: Book value of deletions during the period / year (Note 5.1.2)	9,137	10,666
	5,653,546	5,207,279
Less: Depreciation charged during the period / year	225,093	398,020
	5,428,453	4,809,259
5.1.1 Cost of additions during the period / year		
Freehold land	-	211,354
Buildings on freehold land	290,934	123,762
Plant and machinery	285,044	683,334
Stand-by equipment	-	2,900
Electric installations and appliances	51,785	85,202
Factory equipment	-	4,385
Vehicles	84,025	56,005
	711,788	1,166,942
5.1.2 Book value of deletions during the period / year		
Plant and machinery	1,732	1,436
Vehicles	7,405	9,230
	9,137	10,666
5.2 Capital work-in-progress		
Buildings on freehold land	412,513	415,048
Plant and machinery	27,209	78,269
Advance against purchase of freehold land	64,754	56,280
Advance against purchase of vehicles	101,037	60,067
	605,513	609,664

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

For The Half Year Ended 31 December 2021

	NOTE	Un-Audited	Audited
		31 December 2021 (Rupees in thousand)	30 June 2021
6. RIGHT-OF-USE ASSETS			
Vehicles:			
Opening book value		59,319	74,149
Less: Book value of assets transferred to operating fixed assets	5.1	18,043	-
		41,276	74,149
Less: Depreciation charged during the period / year		5,631	14,830
		35,645	59,319

(Un-audited)

	Half year ended		Quarter ended	
	31 December 2021 (RUPEES IN THOUSAND)	31 December 2020	31 December 2021 (RUPEES IN THOUSAND)	31 December 2020
7. COST OF SALES				
Raw materials consumed	7,567,295	4,288,039	4,066,315	2,233,001
Stores, spare parts and loose tools consumed	285,605	120,257	159,320	63,682
Packing materials consumed	163,404	113,509	84,684	59,018
Processing, sizing and conversion charges	1,104,649	636,426	630,227	387,826
Fuel and power	714,461	557,692	404,538	285,856
Salaries, wages and other benefits	590,463	409,149	285,545	208,352
Repair and maintenance	12,964	11,639	8,587	4,523
Insurance	12,009	8,636	6,039	3,463
Other factory overheads	10,880	17,524	7,887	10,031
Depreciation	206,592	175,768	106,562	88,346
	10,668,322	6,338,639	5,759,704	3,344,098
Work-in-process:				
Opening stock	380,821	403,753	1,237,718	498,083
Closing stock	(1,430,328)	(732,862)	(1,430,328)	(732,862)
	(1,049,507)	(329,109)	(192,610)	(234,779)
Cost of goods manufactured	9,618,815	6,009,530	5,567,094	3,109,319
Finished goods:				
Opening stock	1,235,488	1,301,115	1,105,139	733,589
Closing stock	(1,408,235)	(759,365)	(1,408,235)	(759,365)
	(172,747)	541,750	(303,096)	(25,776)
	9,446,068	6,551,280	5,263,998	3,083,543

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

For The Half Year Ended 31 December 2021

	(Un-audited)			
	Half year ended		Quarter ended	
	31 December 2021 (RUPEES IN THOUSAND)	31 December 2020	31 December 2021 (RUPEES IN THOUSAND)	31 December 2020
8. OTHER EXPENSES				
Workers' profit participation fund	95,983	43,177	53,163	27,254
Workers' welfare fund	38,821	6,744	22,493	4,018
Allowance for expected credit losses	5,727	-	5,727	-
Donations	3,949	3,344	2,522	2,422
Exchange loss - net	118,773	9,604	61,437	3,977
Unrealized loss on remeasurement of investments at Fair Value Through Profit or Loss (FVTPL)	10,693	-	2,665	-
	<u>273,946</u>	<u>62,869</u>	<u>148,007</u>	<u>37,671</u>
9. OTHER INCOME				
Income from financial assets				
Unrealized gain on remeasurement of investments at FVTPL	-	11,653	-	3,420
Credit balance written back	168	-	168	-
Profit on saving account	26	22	15	22
Dividend income	510	76	467	63
Duty drawback / rebate of previous years	102,936	-	102,936	-
	<u>103,640</u>	<u>11,751</u>	<u>103,586</u>	<u>3,505</u>
Income from non-financial assets				
Gain on sale of property, plant and equipment	6,926	543	6,929	64
Rental income	960	960	480	480
Scrap sales	5,720	3,353	5,720	2,016
	<u>13,606</u>	<u>4,856</u>	<u>13,129</u>	<u>2,560</u>
	<u>117,246</u>	<u>16,607</u>	<u>116,715</u>	<u>6,065</u>

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

For The Half Year Ended 31 December 2021

	NOTE	Un-audited	
		Half year ended	
		31 December 2021	31 December 2020
		(RUPEES IN THOUSAND)	
10. CASH GENERATED FROM OPERATIONS			
Profit before taxation		1,902,277	811,961
Adjustments for non-cash charges and other items:			
Depreciation		230,724	195,710
Finance cost		199,040	114,122
Allowance for expected credit losses		5,727	-
Provision for workers' welfare fund		38,821	6,744
Provision for workers' profit participation fund		95,983	43,177
Gain on sale of property, plant and equipment		(6,926)	(543)
Unrealized loss / (gain) on remeasurement of investments at FVTPL		10,693	(11,653)
Working capital changes (Note 10.1)		(1,499,832)	(501,565)
		976,507	657,953
10.1 Working capital changes			
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		(29,323)	(27,651)
Stock-in-trade		(386,847)	(242,488)
Trade debts		(1,146,200)	(7,895)
Advances		(25,754)	(122,935)
Short term deposit and prepayments		(10,496)	(16,499)
Other receivables		(32,334)	(28,467)
Sales tax refundable		(282,720)	22,737
		(1,913,674)	(423,198)
Increase / (decrease) in trade and other payables		413,841	(78,367)
		(1,499,832)	(501,565)

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

For The Half Year Ended 31 December 2021

11. TRANSACTIONS WITH RELATED PARTIES

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

	(Un-audited)			
	Half year ended		Quarter ended	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	(RUPEES IN THOUSAND)		(RUPEES IN THOUSAND)	
i) Transactions				
Associated company				
J.K. Tech (Private) Ltd				
Service charges	1,140	1,140	570	570
Rental income	960	960	480	480
Other related parties:				
Company's contribution to Employees' Provident Fund Trust	19,357	15,528	9,607	7,420
Loans repaid to directors	-	(35,445)	-	-
Dividend paid to Chief Executive Officer, directors and their spouses	145,075	70,046	145,075	70,046
Remuneration paid to Chief Executive Officer, directors and executives	60,820	57,830	30,410	28,915
Dividend paid to executives	13	6	13	6
Issuance of bonus shares				
------(NUMBER OF SHARES)-----				
Bonus shares issuance to Chief Executive Officer, directors and their spouses	-	28 018 260	-	28 018 260
Bonus shares issuance to executives	-	2 416	-	2 416
			(Un-audited) 31 December 2021	Audited 31 December 2020
			(RUPEES IN THOUSAND)	
ii) Period end balances				
Associated company				
Trade and other payables			166	189

12. SEGMENT INFORMATION

	Spinning		Fabric		Elimination of inter-segment transactions		Total Company	
	(Un-audited)		(Un-audited)		(Un-audited)		(Un-audited)	
	Half year ended	Half year ended	Half year ended	Half year ended	Half year ended	Half year ended	Half year ended	Half year ended
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Revenue	6,873,235	5,114,992	5,491,058	2,751,705	-	-	12,364,293	7,866,697
External Intersegment	592,981	574,517	-	-	(592,981)	(574,517)	-	-
	7,466,216	5,689,509	5,491,058	2,751,705	(592,981)	(574,517)	12,364,293	7,866,697
Cost of sales	(5,627,724)	(4,810,786)	(4,411,325)	(2,315,011)	592,981	574,517	(9,444,068)	(6,551,280)
Gross profit	1,838,491	878,723	1,079,733	436,694	-	-	2,918,225	1,315,417
Distribution expenses	(58,873)	(25,303)	(383,680)	(129,779)	-	-	(442,553)	(155,082)
Administrative expenses	(145,686)	(132,397)	(65,969)	(55,593)	-	-	(211,655)	(187,990)
Profit before taxation and unallocated income and expenses	(204,559)	(157,700)	(449,649)	(185,372)	-	-	(654,208)	(343,072)
	1,633,932	721,023	630,084	251,322	-	-	2,264,017	972,345
Unallocated income and expenses								
Other expenses							(273,946)	(62,869)
Other income							117,246	16,607
Finance cost							(199,040)	(114,122)
Taxation							(230,584)	(129,227)
Profit after taxation							1,677,693	682,734

12.1 Reconciliation of reportable segment assets and liabilities:

	Spinning		Fabric		Total Company	
	(Audited)		(Audited)		(Audited)	
	30 June 2021	30 June 2021	30 June 2021	30 June 2021	30 June 2021	30 June 2021
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Total assets for reportable segments	12,686,853	10,829,896	3,102,342	2,689,176	15,789,195	13,519,072
Sales tax refundable					650,688	367,968
Total assets as per condensed interim statement of financial position					16,439,883	13,887,040
Total liabilities for reportable segments	5,874,241	5,264,934	1,255,415	1,160,461	7,129,656	6,425,395
Unallocated liabilities					504,838	298,066
Total liabilities as per condensed interim statement of financial position					7,634,494	6,723,461

All segment liabilities are allocated to reportable segments other than corporate and tax liabilities.

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

For The Half Year Ended 31 December 2021

12.2 Geographical Information

	Spinning (Un-audited)		Fabric (Un-audited)		Total Company (Un-audited)	
	Half year ended		Half year ended		Half year ended	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020

----- (RUPEES IN THOUSAND) -----

The Company's revenue from external customers by geographical locations is detailed below:

America	-	-	1,974,700	612,969	1,974,700	612,969
Asia, Africa and Australia	1,954,200	742,482	173,233	159,425	2,127,433	901,907
Europe	-	79,248	3,203,738	1,894,951	3,203,738	1,974,199
Pakistan	4,919,035	4,293,262	133,387	84,360	5,052,422	4,377,622
	6,873,235	5,114,992	5,485,058	2,751,705	12,358,293	7,866,697

12.3 The Company's revenue from external customers in respect of products is detailed below:

Yarn	6,671,332	4,957,761	-	-	6,671,332	4,957,761
Fabric - Made ups	-	-	5,456,419	2,727,871	5,456,419	2,727,871
Waste	201,903	157,231	28,639	23,834	230,542	181,065
	6,873,235	5,114,992	5,485,058	2,751,705	12,358,293	7,866,697

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

For The Half Year Ended 31 December 2021

13. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

Fair value hierarchy

Judgements and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these condensed interim 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	Level 4
	----- (Rupees in thousand) -----			
Recurring fair value measurements				
At 31 December 2021 - (Un-audited)				
Financial assets				
At fair value through profit or loss	31,538	-	-	31,538
Total financial assets	31,538	-	-	31,538
Financial liabilities				
Derivative financial liabilities	-	13,916	-	13,916
Total financial liabilities	-	13,916	-	13,916
At 30 June 2021 - (Audited)				
At fair value through profit or loss	42,224	-	-	42,224
	42,224	-	-	42,224

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 period. Further there was no transfer 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.

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

14. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Company for the year ended 30 June 2021.

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

For The Half Year Ended 31 December 2021

Description	Un-audited	Audited
	31 December 2021 (RUPEES IN THOUSAND)	30 June 2021
15. DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX		
Shariah compliant bank deposits / bank balances		
Bank balances	65,896	34,508
Loans / advances obtained as per Islamic mode		
Long term financing	253,210	282,976
Short term borrowings	896,927	539,607
Contract liabilities	109,598	100,485
Description	Un-audited 31 December 2021 (RUPEES IN THOUSAND)	
Dividend earned or loss on shariah compliant investments		
Dividend income		510
Unrealized loss on remeasurement of investments at FVTPL		10,587
Exchange loss - net		118,773
Profit earned from shariah compliant bank deposits / bank balances		26
Revenue earned from shariah compliant business		12,358,293
Mark-up paid on Islamic mode of financing		
Mark-up on long term financing		6,089
Mark-up on short term borrowings		16,787
Interest paid on any conventional loans		
Mark-up on long term financing		27,112
Mark-up on short term borrowings		119,993
Mark-up paid on leases liabilities		1,012

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

For The Half Year Ended 31 December 2021

Relationship with shariah compliant banks

Bank Name	Relationship
Askari Bank Limited	Bank balances
Dubai Islamic Bank Limited	Bank balance and short term borrowings
Meezan Bank Limited	Bank balances, long term financing and short term borrowings

The Company has become listed on Islamic Index with effect from 30 June 2021, therefore the comparative figures have not been presented for the half year ended 31 December 2020.

16. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were approved and authorized for issue on February 21, 2022 by the Board of Directors.

17. CORRESPONDING FIGURES

In order to comply with the requirements of IAS 34, the condensed interim statement of financial position and condensed interim statement of changes in equity have been compared with the balances of annual financial statements of preceding financial year, whereas, the condensed interim statement of profit or loss, condensed interim statement of comprehensive income and condensed interim statement of cash flows 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 except for the following:

PARTICULARS	RECLASSIFICATION		AMOUNT (RUPEES IN THOUSAND)
	FROM	TO	
Long term deposits	Face of statement of financial position	Trade and other payables	34,439
Long term advances	Long term deposits	Capital work-in-progress	77,548
Capital work-in-progress	Face of statement of financial position	Property, plant and equipment	532,116
Contract liabilities	Face of statement of financial position	Trade and other payables	100,485

PARTICULARS	RECLASSIFICATION		AMOUNT (RUPEES IN THOUSAND)
	FROM	TO	
Books overdrawn	Trade and other payables	Net off with cash and bank balances	12,571
Short term borrowings	Net off with trade debts	Short term borrowings	428,553

18. GENERAL

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



Jawed Anwar
Chairman



Faiq Jawed
Chief Executive Officer



Ghulam Muhammad
Chief Financial Officer



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