



HALF YEAR
REPORT
2022-23

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 Mr. Rehan Ashfaq
Risk Management Committee	
Chairman	Mr. Faiq Jawed
Members	Mr. Shaiq Jawed Mr. Rehan Ashfaq
Nomination Committee	
Chairman	Mr. Jawed Anwar
Members	Mr. Faiq Jawed Mr. Shaiq Jawed
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 Registration 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 Industrial and Commercial Bank of China
Registered Office	34-Falcon Enclave, Tufail Road, Lahore Cantt. Lahore.
Head Office & Mills	29-KM, Sheikhpura Road, khurrianwala Faisalabad.

Directors' Report to the Shareholders

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, 2022.

Financial Results and Operational Performance

The summarized financial results of the company for the half year ended December 31, 2022 are as under:

Particulars	Rupees in Million	
	Half year ended	
	31 December, 2022	31 December, 2021
Revenue from contracts with customers	17,011.091	12,358.293
Cost of sales	14,363.998	9,446.068
Gross profit	2,647.093	2,912.225
Operating expenses	1,126.739	928.154
Other income	81.435	117.246
Operating profit	1601.789	2,101.317
Finance cost	273.799	199.040
Profit before taxation	1,327.990	1,902.277
Taxation	236.666	230.584
Profit after taxation	1,091.324	1,671.693
Earnings per share - rupee	10.67	16.34

Sales for the period under review increased to Rupees 17,011.091 million from Rupees 12,358.293 million of the corresponding period. Raw material consumed percentage to sale increased to 60.49% from 51.34% of corresponding period in view increase in cotton and yarn prices. Salaries and wages cost increased due to increase in minimum wage rate. Fuel and power cost increased by 78.16% in view of increase in spinning capacity, addition of processing unit and increase in tariff. Cost of Stores and spare parts, 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 1,091.324 million during the half year ended on December 31, 2022 against Rupees 1,671.693 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 20.558 million Kgs against 20.271 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. Spinning units comprising 52,896 spindles is likely to be commissioned by end of April 2023. Installation work of three Blow Room lines, sixteen Card machines, thirteen Draw frame machines for BMR of spinning division is in progress. One Bleaching plant, one Benninger Dye Padding Mangle machine and one 8-chamber Poslu Stenter machine have also been added in fabric processing unit to enhance the capacity of Fabric division in first half of the current financial year.

Future Outlook

Pakistan economy has badly affected by flooding and heavy rains during July-September 2022. Most of agriculture crops in flooded areas has been destroyed. Cotton crop has been totally ruined in flooded areas and lint production is expected to be hardly 4.8 million bales against 7.4 million bales of last year which is less by 35% of last year's production. State

Directors' Report

bank of Pakistan has increased policy rates to 17% which would result in high financial cost for remaining period of current financial year.

Russian-Ukraine conflict is continuously threatening the global economy and conflict is badly slackening the global economies in view of slow demand, high inflation rate and increasing interest rates. Economists and all institutions are predicting a significant slowdown of global growth in year 2023 and are not expecting major recovery rebound in year 2023.

The company is focusing efforts on minimizing cost by enhancing capacity, improving efficiencies to achieve the favorable financial results of current financial year.

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 of Directors



Jawed Anwar
Chairman

Faisalabad
February 22, 2023



Faiq Jawed
Chief Executive

ڈائریکٹرز رپورٹ برائے حصص یافتگان:

توسیع کے منصوبوں میں اضافے اور ورکنگ کیپٹل کی ضروریات بڑھنے کی وجہ سے ڈائریکٹرز نے کوئی عبوری ڈیویڈنڈ منظور نہیں کیا ہے۔

اس مالی سال کے 6 ماہ کے دوران دہائے کی پیداوار 20 / s کے حساب سے 20.558 ملین کلوگرام رہی جبکہ پچھلے سال کی پیداوار 20.271 ملین کلوگرام تھی۔ آپ کی کمپنی کی انتظامیہ نے پرانی مشینری کو جدید مشینری سے بدلنے کی پالیسی اختیار کی ہوئی ہے۔ 52,896 سینڈلز کا سپیننگ پونٹ اپریل 2023 تک مکمل ہو جائے گا۔ سپننگ ڈویژن کے بی ایم آر کے لیے تین بلوروم لائنوں، سولہ کارڈ مشینوں، تیرہ ڈرافٹ مشینوں کی تنصیب کا کام جاری ہے۔ رواں مالی سال کی پہلی ششماہی میں فیبرک ڈویژن کی صلاحیت کو بڑھانے کیلئے فیبرک پروسیسنگ پونٹ میں ایک پلچنگ پلانٹ، ایک بیٹنگ ڈائی بیڈنگ میٹنگ مشین اور ایک 8 جیمیر پولسٹینٹ مشین بھی شامل کی گئی ہے۔

مستقبل کا نقطہ نظر

پاکستان کی معیشت جولائی تا ستمبر 2022 کے دوران سیلاب اور شدید بارشوں سے بری طرح متاثر ہوئی ہے۔ سیلاب زدہ علاقوں میں زیادہ تر زراعت کی فصلیں تباہ ہو گئی ہیں۔ سیلاب زدہ علاقوں میں کپاس کی فصل مکمل طور پر تباہ ہو گئی ہے اور لٹ کی پیداوار گزشتہ سال کی 7.4 ملین گانٹھوں کے مقابلے میں 4.8 ملین گانٹھیں رہنے کی توقع ہے جو گزشتہ سال کی پیداوار کا 35 فیصد کم ہے۔ اسٹیٹ بینک آف پاکستان نے پالیسی ریٹ بڑھا کر 17 فیصد کر دیا ہے جس کے نتیجے میں رواں مالی سال کی اہم مدت کے لیے زیادہ مالی لاگت آئے گی۔ روس اور یوکرین تنازعہ عالمی معیشت کو مسلسل خطرہ بنا رہا ہے اور یہ تنازعہ کم مانگ، مہنگائی کی بلند شرح اور شرح سود میں اضافے کے پیش نظر عالمی معیشتوں کو بری طرح سے آہستہ کر رہا ہے۔ ماہرین اقتصادیات اور تمام ادارے سال 2023 میں عالمی نمو میں نمایاں کمی کی پیش گوئی کر رہے ہیں اور سال 2023 میں بڑی بحالی کی توقع نہیں کر رہے ہیں۔ کمپنی موجودہ مالی سال کے 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 بیکرز کے کمپنی کے کاروبار میں تعاون پر شکرگزار ہیں ڈائریکٹرز کمپنی کے سٹاف اور مزدوروں کی محنت اور کوششوں کو بھی سراہتے ہیں۔ کمپنی سٹیک ہولڈرز کے پُر اعتماد سپورٹس کا اقرار کرتی ہے اور شکرگزار بھی ہے۔

منجانب بورڈ آف ڈائریکٹرز:

فیصل آباد: فروری-22، 2023



فائق چاؤید
چیف ایگزیکٹو



چاؤید انوار
چیمبرمین

ڈائریکٹرز رپورٹ برائے حصص یافتگان:

ڈائریکٹرز رپورٹ برائے حصص یافتگان:

شروع اللہ کے نام سے جو نہایت مہربان اور رحم والا ہے۔

معزز حصص یافتگان،

آپ کی کمپنی کے ڈائریکٹرز سال کی پہلی ششماہی کے اختتام 31 دسمبر 2022 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 2022
سیلو	12,358.293	17,011.091
سیلو کے اخراجات	9,446.068	14,363.998
خام منافع	2,912.225	2,647.093
آپریٹنگ اخراجات	928.154	1,126.739
دیگر آمدن	117.246	81.435
آپریٹنگ منافع	2,101.317	1601.789
مالی لاگت	199.040	273.799
منافع قبل از ٹیکس	1902.277	1,327.990
ٹیکس	230.584	236.666
منافع بعد از ٹیکس	1,671.693	1,091.324
فی شیئر آمدنی	16.34	10.67

مالی سال کی پہلی ششماہی کے دوران میں فروخت، 12,358.293 ملین روپے سے بڑھ کر 17,011.091 ملین روپے ہوئی ہے۔ اسی طرح خام مال کے استعمال کی سیلو سے شرح تناسب کاٹن اور دھاگہ کی قیمت بڑھنے کی وجہ سے 51.34% سے بڑھ کر 60.49% تک ہو گئی ہے۔ نچو اہوں کے اخراجات کم از کم اجرت میں اضافہ کی وجہ سے بڑھے ہیں۔ توانائی کے اخراجات 78.16% بڑھنے کی وجہ سے پیداواری صلاحیت میں اضافہ، پروسیسنگ یونٹ میں اضافہ اور ٹریف میں اضافہ ہے۔ سٹورز، پارٹس اور اوزاروں، ہیٹنگ میٹریل، پروسیسنگ، کونورژن اور دوسرے اور وہیڈز کے خرچے پیداواری حجم اور مہنگائی کی وجہ سے بڑھ گئے ہیں۔ اس پہلی ششماہی کے آپریٹنگ اخراجات، فارورڈ بکنگ 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۔

آپ کی کمپنی نے پہلی ششماہی کے اختتام 31 دسمبر 2022 میں 1,091.324 ملین روپے خالص منافع کمایا ہے جبکہ پچھلے سال کا منافع 1,671.693 ملین روپے تھا۔

Financial Statements

For the Half Year Ended 31 December 2022

Independent Auditor's Review Report

To the members of J.K. Spinning Mills Limited

Report on review of Condensed 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 2022 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 2022 and 31 December 2021 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 2022.

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 accounting and reporting standards as applicable in Pakistan for interim financial reporting.

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



RIAZ AHMAD & COMPANY
Chartered Accountants

Faisalabad

Date: 24 February 2023

UDIN: RR202210184KIs8AVxhg

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Condensed Interim Statement of Financial Position (Un-Audited)

As At 31 December 2022

		Un-audited 31 December 2022	Audited 30 June 2022
	NOTE	(RUPEES IN THOUSAND)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
200 000 000 (30 June 2022: 200 000 000) ordinary shares of Rupees 10 each			
		2,000,000	2,000,000
Issued, subscribed and paid up share capital			
		1,023,175	1,023,175
Reserves:			
Premium on issue of right shares			
		60,904	60,904
Merger reserve			
		289,636	289,636
Surplus on revaluation of freehold land			
		597,419	597,419
		947,959	947,959
Revenue reserve - unappropriated profit			
		9,788,561	8,901,872
Total reserves			
		10,736,520	9,849,831
TOTAL EQUITY			
		11,759,695	10,873,006
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing			
	3	3,385,383	1,509,663
Lease liabilities			
		50,249	-
Deferred income - government grant			
		301,385	25,422
Deferred income tax liability			
		212,884	212,220
		3,949,901	1,747,305
CURRENT LIABILITIES			
Trade and other payables			
		1,901,536	1,935,292
Accrued mark-up			
		158,072	43,491
Short term borrowings			
	4	4,661,298	3,919,863
Unclaimed dividend			
		825	688
Current portion of non-current liabilities			
		642,649	564,323
Provision for taxation - net			
		98,393	133,544
		7,462,773	6,597,201
TOTAL LIABILITIES			
		11,412,674	8,344,506
CONTINGENCIES AND COMMITMENTS			
	5		
TOTAL EQUITY AND LIABILITIES			
		23,172,369	19,217,512

The annexed notes from 1 to 17 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 Financial Position (Un-Audited)

As At 31 December 2022

	NOTE	Un-audited	Audited
		31 December 2022	30 June 2022
(RUPEES IN THOUSAND)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	10,688,300	7,170,940
Right-of-use assets		93,744	29,774
Long term investment		-	-
Long term deposits		24,281	23,436
		10,806,325	7,224,150
CURRENT ASSETS			
Stores, spare parts and loose tools		327,625	204,533
Stock-in-trade		8,176,516	6,911,108
Trade debts		2,174,184	3,049,876
Advances		191,921	135,718
Short term deposit and prepayments		21,135	2,758
Other receivables		63,896	35,532
Sales tax refundable		1,231,816	529,206
Short term investments		22,743	987,274
Cash and bank balances		156,208	137,357
		12,366,044	11,993,362
TOTAL ASSETS		23,172,369	19,217,512

The annexed notes from 1 to 17 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 2022

NOTE	Half year ended		Quarter ended		
	31 December	31 December	31 December	31 December	
	2022	2021	2022	2021	
	(RUPEES IN THOUSAND)		(RUPEES IN THOUSAND)		
Revenue from contracts with customers	7	17,011,091	12,358,293	7,397,884	6,895,585
Cost of sales	8	(14,363,998)	(9,446,068)	(6,424,613)	(5,263,998)
Gross Profit		2,647,093	2,912,225	973,271	1,631,587
Distribution cost		(569,717)	(442,553)	(219,075)	(284,534)
Administrative expenses		(254,152)	(211,655)	(142,728)	(107,414)
Other expenses		(302,870)	(273,946)	(79,617)	(148,007)
		(1,126,739)	(928,154)	(441,420)	(539,955)
		1,520,354	1,984,071	531,851	1,091,632
Other income		81,435	117,246	55,077	116,715
Profit from operations		1,601,789	2,101,317	586,928	1,208,347
Finance cost		(273,799)	(199,040)	(166,783)	(114,276)
Profit before taxation		1,327,990	1,902,277	420,145	1,094,071
Taxation		(236,666)	(230,584)	(79,869)	(112,068)
Profit after taxation		1,091,324	1,671,693	340,276	982,003
Earnings per share - basic and diluted (Rupees)		10.67	16.34	3.33	9.60

The annexed notes from 1 to 17 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 2022

	Half year ended		Quarter ended	
	31 December 2022 (RUPEES IN THOUSAND)	31 December 2021 (RUPEES IN THOUSAND)	31 December 2022 (RUPEES IN THOUSAND)	31 December 2021 (RUPEES IN THOUSAND)
Profit after taxation	1,091,324	1,671,693	340,276	982,003
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	1,091,324	1,795,286	340,276	1,105,596

The annexed notes from 1 to 17 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 2022

	RESERVES						TOTAL	TOTAL EQUITY
	CAPITAL			REVENUE				
	SHARE CAPITAL	PREMIUM ON ISSUE OF RIGHT SHARES	Merger reserve	SURPLUS ON REVALUATION OF FREEHOLD LAND	SUB TOTAL	UNAPPROPRIATED PROFIT		
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
Transactions with owners:								
Final dividend for the year ended 30 June 2021 at the rate of Rupee 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	8,805,389
Profit for the half year ended 30 June 2022	-	-	-	-	-	1,989,827	1,989,827	1,989,827
Other comprehensive income for the half year ended 30 June 2022	-	-	-	77,790	77,790	-	77,790	77,790
Total comprehensive income for the half year ended 30 June 2022	-	-	-	77,790	77,790	1,989,827	2,067,617	2,067,617
Balance as at 30 June 2022 - (Audited)	1,023,175	60,904	289,636	597,419	947,959	8,901,872	9,849,831	10,873,006
Transaction with owners:								
Final dividend for the year ended 30 June 2022 at the rate of Rupees 2 per share	-	-	-	-	-	(204,635)	(204,635)	(204,635)
Profit for the half year ended 31 December 2022	-	-	-	-	-	1,091,324	1,091,324	1,091,324
Other comprehensive income for the half year ended 31 December 2022	-	-	-	-	-	-	-	-
Total comprehensive income for the half year ended 31 December 2022	-	-	-	-	-	1,091,324	1,091,324	1,091,324
Balance as at 31 December 2022 - (Un-audited)	1,023,175	60,904	289,636	597,419	947,959	9,788,561	10,736,520	11,759,695

The annexed notes from 1 to 17 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 2022

	NOTE	Half year ended	
		31 December 2022	31 December 2021
(RUPEES IN THOUSAND)			
Cash flows from operating activities			
Cash generated from operations	9	686,853	976,506
Finance cost paid		(147,039)	(179,260)
Mark-up paid on leases liabilities		(1,490)	(1,012)
Income tax paid		(271,153)	(117,222)
Net increase in long term deposits		(845)	-
Workers' profit participation fund paid		(221,018)	(119,996)
Net cash generated from operating activities		45,308	559,016
Cash flows from investing activities			
Capital expenditure on property, plant and equipment		(3,869,026)	(707,637)
Proceeds from sale of property, plant and equipment		126,546	16,063
Proceeds from sale of investments		958,827	-
Net cash used in investing activities		(2,783,653)	(691,574)
Cash flows from financing activities			
Proceeds from long term financing		2,541,368	247,842
Repayment of long term financing		(313,574)	(272,728)
Repayment of lease liabilities		(7,535)	(9,662)
Short term borrowings - net		741,435	384,716
Dividend paid		(204,498)	(153,396)
Net cash from financing activities		2,757,196	196,772
Net increase in cash and cash equivalents		18,851	64,214
Cash and cash equivalents at the beginning of the period		137,357	105,109
Cash and cash equivalents at the end of the period		156,208	169,323

The annexed notes from 1 to 17 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 2022

1. THE COMPANY AND ITS ACTIVITIES

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. A sales office is located at Montgomery Bazar, Opposite Habib Bank Limited, Near Clock Tower, Faisalabad while a godown is located at Dost Street, Maqbool Road, Faisalabad. The Company is engaged in business of textile manufacturing which comprises spinning, weaving, processing, 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 2022.

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 adopted 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 2022.

2.2 Critical accounting estimates and judgments

The preparation of these condensed interim financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and judgments that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same on those that applied to the annual audited financial statements of the Company for the year ended 30 June 2022.

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

For the Half Year Ended 31 December 2022

	Un-audited 31 December 2022 (RUPEES IN THOUSAND)	Audited 30 June 2022
3. LONG TERM FINANCING		
Financing from banking companies - secured		
Opening balance	2,055,330	1,695,983
Add:		
Obtained during the period / year	2,541,368	954,563
Amortization during the period / year	29,498	13,312
	4,626,196	2,663,858
Less:		
Repaid during the period / year	313,574	576,333
Deferred income recognized during the period / year	387,146	32,195
	700,720	608,528
	3,925,476	2,055,330
Less: Current portion shown under current liabilities	540,093	545,667
	3,385,383	1,509,663

4. SHORT TERM BORROWINGS

These finances are obtained from banking companies under mark-up arrangements and are secured against joint pari passu hypothecation charge on present and future current assets and joint pari passu charge on fixed assets, pledge of stock of cotton, yarn and polyester with specific margin, lien over import / export documents, letter of indemnity and personal guarantee of three directors of the Company. Rate of markup is 1 Month KIBOR, 3 Month KIBOR, 6 Month KIBOR + 0.75% to 1.50% and SBP rate + 1% (30 June 2022: 1 Month KIBOR, 3 Month KIBOR + 0.75% to 1.50% and SBP rate + 1%) per annum on the balance outstanding.

5. CONTINGENCIES AND COMMITMENTS

a) Contingencies

Tax contingencies

There has been no material change in the status of tax contingencies as reported in annual financial statements of the Company for the year ended 30 June 2022.

Other contingencies

- i) Guarantees of Rupees 217.201 million (30 June 2022: Rupees 217.201 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited and Faisalabad Electric Supply Company Limited against gas connections and electricity connection respectively.
- ii) Post dated cheques of Rupees 3,035.952 million (30 June 2022: Rupees 2,854.924 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.

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

For the Half Year Ended 31 December 2022

b) Commitments

- i) Letters of credit for capital expenditure are of Rupees 486.650 million (30 June 2022: Rupees 3,311.512 million).
- ii) Letters of credit other than for capital expenditure are of Rupees 129.107 million (30 June 2022: Rupees 1,488.286 million).
- iii) Outstanding foreign currency forward contracts are of Rupees 1,511.544 million (30 June 2022: Rupees 4,666.061 million).
- iv) Jjarah commitments are of Rupees 20.297 million (30 June 2022: Rupees 20.324 million).

	NOTE	Un-Audited 31 December 2022 (Rupees in thousand)	Audited 30 June 2022
6. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1	5,454,640	5,377,900
Capital work-in-progress	6.2	5,233,660	1,793,040
		10,688,300	7,170,940
6.1 Operating fixed assets			
Opening book value		5,377,900	4,809,259
Add:			
Cost of additions during the period / year	6.1.1	428,406	839,367
Effect of surplus on revaluation during the period / year		-	201,383
Book value of assets transferred from right-of-use-assets		10,351	20,260
		438,757	1,061,010
		5,816,657	5,870,269
Less: Book value of deletions during the period / year	6.1.2	114,521	11,472
		5,702,136	5,858,797
Less: Depreciation charged during the period / year		247,496	480,897
		5,454,640	5,377,900
6.1.1 Cost of additions during the period / year			
Freehold land		12,476	64,826
Buildings on freehold land		22,270	290,934
Plant and machinery		121,258	305,940
Electric installations and appliances		728	56,052
Factory tools and equipment		28,877	-
Vehicles		242,797	121,615
		428,406	839,367

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

For the Half Year Ended 31 December 2022

NOTE	Un-Audited	Audited
	31 December 2022	30 June 2022
(Rupees in thousand)		
6.1.2 Book value of deletions during the period / year		
Plant and machinery	4,517	1,732
Vehicles	110,004	9,740
	114,521	11,472
6.2 Capital work-in-progress		
Freehold land	4,061	16,628
Buildings on freehold land	845,247	675,386
Plant and machinery	4,265,018	761,986
Vehicles	19,533	238,511
Electric installations and appliances	99,801	100,529
	5,233,660	1,793,040

(Un-audited)

	Half year ended		Quarter ended	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
(RUPEES IN THOUSAND)				
7. REVENUE FROM CONTRACTS WITH CUSTOMERS				
Export sales	11,772,654	7,280,276	6,199,906	5,171,536
Local sales - net	5,209,005	5,052,422	1,168,546	1,702,860
Export rebate	29,432	25,595	29,432	21,189
	17,011,091	12,358,293	7,397,884	6,895,585

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

For the Half Year Ended 31 December 2022

	(Un-audited)			
	Half year ended		Quarter ended	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	(RUPEES IN THOUSAND)		(RUPEES IN THOUSAND)	
8. COST OF SALES				
Raw materials consumed	10,778,756	7,567,295	5,334,952	4,066,315
Stores, spare parts and loose tools consumed	430,246	285,605	235,045	159,320
Packing materials consumed	216,930	163,404	98,854	84,684
Processing, sizing and conversion charges	1,098,770	1,104,649	498,688	630,227
Fuel and power	1,272,896	714,461	593,227	404,538
Salaries, wages and other benefits	805,629	590,463	407,238	285,545
Repair and maintenance	16,167	12,964	6,548	8,587
Insurance	10,708	12,009	2,696	6,039
Other factory overheads	8,929	10,880	3,346	7,887
Deprecation on property, plant and equipment	213,093	206,592	108,157	106,562
	14,852,124	10,668,322	7,288,751	5,759,704
Work-in-process:				
Opening stock	915,302	380,821	769,858	1,237,718
Closing stock	(613,503)	(1,430,328)	(613,503)	(1,430,328)
	301,799	(1,049,507)	156,355	(192,610)
Cost of goods manufactured	15,153,923	9,618,815	7,445,106	5,567,094
Finished goods:				
Opening stock	2,279,326	1,235,488	2,048,758	1,105,139
Closing stock	(3,069,251)	(1,408,235)	(3,069,251)	(1,408,235)
	(789,925)	(172,747)	(1,020,493)	(303,096)
	14,363,998	9,446,068	6,424,613	5,263,998

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

For the Half Year Ended 31 December 2022

		Un-audited	
		Half year ended	
	NOTE	31 December 2022	31 December 2021
(RUPEES IN THOUSAND)			
9.	CASH GENERATED FROM OPERATIONS		
	Profit before taxation	1,327,990	1,902,277
	Adjustments for non-cash charges and other items:		
	Depreciation on property, plant and equipment	247,496	221,439
	Depreciation on right-of-use assets	6,657	9,285
	Finance cost	273,799	199,040
	Provision for workers' welfare fund	26,357	38,821
	Provision for workers' profit participation fund	69,359	95,983
	Gain on sale of property, plant and equipment	(33,004)	(6,926)
	Unrealized loss on remeasurement of investments at FVTPL	5,704	10,693
	Working capital changes (Note 9.1)	9.1 (1,237,505)	(1,494,106)
		686,853	976,506

		Un-audited	
		Half year ended	
	NOTE	31 December 2022	31 December 2021
(RUPEES IN THOUSAND)			
9.1	Working capital changes		
	(Increase) / decrease in current assets:		
	Stores, spare parts and loose tools	(123,092)	(29,323)
	Stock-in-trade	(1,265,408)	(386,847)
	Trade debts	875,692	(1,140,473)
	Advances	(56,203)	(25,754)
	Short term deposit and prepayments	(18,377)	(10,496)
	Other receivables	(28,364)	(32,334)
	Sales tax refundable	(702,610)	(282,720)
		(1,318,362)	(1,907,947)
	Increase in trade and other payables	80,857	413,841
		(1,237,505)	(1,494,106)

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

For the Half Year Ended 31 December 2022

10. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated company, 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)		(Un-audited)	
	Half year ended		Quarter ended	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	(RUPEES IN THOUSAND)		(RUPEES IN THOUSAND)	
i) Transactions				
Associated companies				
J.K Tech (Pvt.) Ltd				
Service charges	1,260	1,140	630	570
Rental income	1,140	960	600	480
Expenses paid and reimbursed	223	-	2	-
Other related parties:				
Company's contribution to Employees' Provident Fund Trust	24,802	19,357	12,407	9,607
Dividend paid to Chief Executive Officer, directors and their spouses	192,425	145,075	192,425	145,075
Remuneration paid to Chief Executive officer, directors and executives	70,917	60,820	36,425	30,410
Dividend paid to executives	17	13	17	13
Vehicles sold to executives	14,007	-	13,794	-
			Un-audited 31 December 2022	Audited 30 June 2022
			(RUPEES IN THOUSAND)	
ii) Period end balances				
Associated company				
Trade and other payables			170	273
Other related parties				
Loans and advances			6,020	1,394

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

For the Half Year Ended 31 December 2022

11. SEGMENT INFORMATION

	----- (RUPEES IN THOUSAND) -----							
	Spinning		Fabric		Elimination of inter-segment transactions		Total Company	
	(Un-audited) Half year ended 31 December 2022	(Un-audited) Half year ended 31 December 2021	(Un-audited) Half year ended 31 December 2022	(Un-audited) Half year ended 31 December 2021	(Un-audited) Half year ended 31 December 2022	(Un-audited) Half year ended 31 December 2021	(Un-audited) Half year ended 31 December 2022	(Un-audited) Half year ended 31 December 2021
Revenue from contracts with customers								
External Intersegment	7,802,694	6,873,235	9,208,397	5,485,058	-	-	17,011,091	12,358,293
	1,967,898	592,981	-	-	(1,967,898)	(592,981)	-	-
	9,770,592	7,466,216	9,208,397	5,485,058	(1,967,898)	(592,981)	17,011,091	12,358,293
Cost of sales	(8,887,701)	(5,627,724)	(7,444,195)	(4,411,325)	1,967,898	592,981	(14,363,998)	(9,446,068)
Gross profit	882,891	1,838,492	1,764,202	1,073,733	-	-	2,647,093	2,912,225
Distribution cost	(73,058)	(58,873)	(496,659)	(383,680)	-	-	(569,717)	(442,553)
Administrative expenses	(164,018)	(145,686)	(90,134)	(65,969)	-	-	(254,152)	(211,655)
Profit before taxation and unallocated income and expenses	(237,076)	(204,559)	(586,793)	(449,649)	-	-	(823,869)	(654,208)
	645,815	1,633,933	1,177,409	624,084	-	-	1,823,224	2,258,017
Unallocated income and expenses								
Other expenses							(302,870)	(273,946)
Other income							81,435	117,246
Finance cost							(273,799)	(199,040)
Taxation							(236,666)	(230,584)
Profit after taxation							1,091,324	1,671,693

11.1 Reconciliation of reportable segment assets and liabilities:

	----- (RUPEES IN THOUSAND) -----					
	Spinning		Fabric		Total Company	
	(Un-audited) 31 December 2022	(Audited) 30 June 2022	(Un-audited) 31 December 2022	(Audited) 30 June 2022	(Un-audited) 31 December 2022	(Audited) 30 June 2022
Total assets for reportable segments	14,905,064	13,536,817	7,035,489	5,151,489	21,940,553	18,688,306
Sales tax refundable					1,231,816	529,206
Total assets as per condensed interim statement of financial position					23,172,369	19,217,512
Total liabilities for reportable segments	6,592,213	4,154,534	4,290,709	3,511,120	10,882,922	7,665,654
Unallocated liabilities					529,752	678,862
Total liabilities as per condensed interim statement of financial position					11,412,674	8,344,506

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 2022

	Spinning (Un-audited)		Fabric (Un-audited)		Total Company (Un-audited)	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021

11.2 Geographical Information

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

	(RUPEES IN THOUSAND)					
	31 December 2022	31 December 2021	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Europe	-	-	6,555,072	3,203,738	6,555,072	3,203,738
North America	-	-	2,121,470	1,839,711	2,121,470	1,839,711
South America	-	-	302,367	109,394	302,367	109,394
Asia	-	-	55,211	35,145	55,211	35,145
Australia	-	-	-	39,939	-	39,939
Africa	173,254	114,981	4,574	98,149	177,828	213,130
Pakistan	5,068,675	4,919,035	140,332	133,387	5,209,007	5,052,422
Export rebate	-	-	29,371	25,595	29,371	25,595
Others-SPOs	2,560,765	1,839,219	-	-	2,560,765	1,839,219
	7,802,694	6,873,235	9,208,397	5,485,058	17,011,091	12,358,293

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

Yarn	7,465,840	6,671,332	39,425	13,103	7,505,265	6,684,435
Fabric	-	-	1,974,645	1,294,311	1,974,645	1,294,311
Made ups	-	-	7,172,394	4,111,059	7,172,394	4,111,059
Processing income	-	-	6,658	37,946	6,658	37,946
Waste	336,854	201,903	15,275	28,639	352,129	230,542
	7,802,694	6,873,235	9,208,397	5,485,058	17,011,091	12,358,293

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

For the Half Year Ended 31 December 2022

12. 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	Total
----- (Rupees in thousand) -----				
Recurring fair value measurements				
FINANCIAL ASSETS:				
At 31 December 2022 - (Un-audited)				
At fair value through profit or loss	22,743	-	-	22,743
Derivative financial asset	-	15,877	-	15,877
	<u>22,743</u>	<u>15,877</u>	<u>-</u>	<u>38,620</u>
At 30 June 2022 - (Audited)				
At fair value through profit or loss	987,274	-	-	987,274
	<u>987,274</u>	<u>-</u>	<u>-</u>	<u>987,274</u>
FINANCIAL LIABILITIES:				
At 31 December 2022 - (Un-audited)				
Derivative financial liabilities	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 30 June 2022 - (Audited)				
Derivative financial liabilities	-	78,667	-	78,667
	<u>-</u>	<u>78,667</u>	<u>-</u>	<u>78,667</u>

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 (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. 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.

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

For the Half Year Ended 31 December 2022

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.

13. 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 2022.

Description	Un-audited	Audited
	31 December 2022	30 June 2022
(RUPEES IN THOUSAND)		
14. DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX		
Shariah compliant bank deposits / bank balances		
Bank balances	22,913	16,948
Loans / advances obtained as per Islamic mode		
Long term financing	678,210	409,392
Short term borrowings	1,318,493	1,230,302
Contract liabilities	334,472	275,180
	Un-audited	
	31 December 2022	31 December 2021
(RUPEES IN THOUSAND)		
Dividend earned or loss on shariah compliant investments		
Dividend income	24,979	510
Unrealized loss on remeasurement of investments at FVTPL	5,183	10,587
Exchange loss - net	194,225	118,773
Profit earned from shariah compliant bank deposits / bank balances	40	26
Revenue earned from shariah compliant business	17,011,091	12,358,293
Mark-up paid on Islamic mode of financing		
Mark-up on long term financing	4,514	5,522
Mark-up on short term borrowings	59,081	9,125
Interest paid on any conventional loans		
Mark-up on long term financing	35,042	23,057
Mark-up on short term borrowings	130,331	130,502
Mark-up on leases liabilities	2,368	970

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

For the Half Year Ended 31 December 2022

Relationship with shariah compliant banks

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

15. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were approved and authorized for issue on February 22, 2023 by the Board of Directors of the Company

16. 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.

17. 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

J.K. SPINNING MILLS LIMITED

Registered Office:
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