

BIBOJEE GROUP



# Half Yearly Accounts December, 2017

Janana De Malucho Textile  
Mills Limited

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**COMPANY'S PROFILE**

<b>BOARD OF DIRECTORS</b>	MR. RAZA KULI KHAN KHATTAK LT. GEN. (RETD.) ALI KULI KHAN KHATTAK, Chief Executive MR. AHMAD KULI KHAN KHATTAK MR. MUSHTAQ AHMAD KHAN, FCA MRS. SHAHNAZ SAJJAD AHMAD MR. GOHAR AYUB KHAN BRIG. (RETD) ABDUL SAMAD KHAN MR. SAAD WAHEED MR. KHALID KULI KHAN KHATTAK	Chairman
<b>AUDIT COMMITTEE</b>	BRIG. (RETD) ABDUL SAMAD KHAN MR. RAZA KULI KHAN KHATTAK MR. AHMAD KULI KHAN KHATTAK MR. SAAD WAHEED	Chairman Member Member Member
<b>HUMAN RESOURCE &amp; REMUNERATION COMMITTEE</b>	BRIG. (RETD) ABDUL SAMAD KHAN LT. GEN. (RETD.) ALI KULI KHAN KHATTAK MR. RAZA KULI KHAN KHATTAK MR. AHMAD KULI KHAN KHATTAK MR. SAAD WAHEED	Chairman Chief Executive / Member Member Member
<b>CHIEF FINANCIAL OFFICER &amp; COMPANY SECRETARY</b>	MR. AMIN-UR-RASHEED B. Com. (Hons.) FICS Sr. Gen. Manager Finance & Corporate Affairs	
<b>HEAD OF INTERNAL AUDIT</b>	MR. NADEEM AHMED, ACCA, CIA	
<b>AUDITORS</b>	SHINewing HAMEED CHAUDHRI & CO., Chartered Accountants	
<b>BANKERS</b>	NATIONAL BANK OF PAKISTAN HABIB BANK LIMITED UNITED BANK LIMITED BANK ALFALAH LIMITED	
<b>LEGAL ADVISOR</b>	HASSAN & HASSAN (ADVOCATES) PAAF BUILDING, 7 D, KASHMIR ROAD, LAHORE	
<b>TAX CONSULTANTS</b>	M. NAWAZ KHAN & CO. GROUND FLOOR, FARRAH CENTRE, 2-MOZZANG ROAD, LAHORE	
<b>REGISTRARS &amp; SHARES REGISTRATION OFFICE</b>	MANAGEMENT & REGISTRATION SERVICES (PVT) LTD. BUSINESS EXECUTIVE CENTRE, F/17/3, BLOCK 8, CLIFTON, KARACHI TEL. 021-35375127-29, FAX. 021-35820325 EMAIL registrationservices@live.co.uk	
<b>REGISTERED OFFICE &amp; MILLS</b>	HABIBABAD, KOHAT (KPK) TEL. 0922 - 862161 - 512930 - 510494 FAX. 0922 - 510474 E-MAIL: janana@brain.net.pk, janana_textile@hotmail.com WEB SITE: www.jdm.com.pk	

**DIRECTORS REPORT TO THE SHAREHOLDERS**

On behalf of the Board of Directors, I feel pleasure in presenting the unaudited reviewed financial statements of the Company for the 2<sup>nd</sup> quarter & half year ended 31<sup>st</sup> December 2017.

**FINANCIAL HIGHLIGHTS**

During the current period your Company has posted the following results:

	<b>Quarter ended</b>		<b>Six months Period ended</b>	
	<b>Dec. 31, 2017</b>	<b>Dec. 31, 2016</b>	<b>Dec. 31, 2017</b>	<b>Dec. 31, 2016</b>
	----- <b>Rs. in thousand</b> -----			
Sales	<b>769,152</b>	706,340	<b>1,321,683</b>	1,313,922
Gross profit	<b>68,794</b>	58,447	<b>69,198</b>	110,195
Profit from operations	<b>35,208</b>	35,971	<b>4,406</b>	62,103
Profit / (loss) before taxation	<b>10,025</b>	34,675	<b>(35,216)</b>	53,811
Profit / (loss) after taxation	<b>15,636</b>	(9)	<b>(31,357)</b>	17,733
	----- <b>Rupees</b> -----			
Earnings / (loss) per share	<b>3.27</b>	(0.002)	<b>(6.55)</b>	3.71

The turnover of the Company has increased by Rs.7.761 million as compared to same period of last year and the Company has incurred a loss after taxation for Rs.31.357 million for the six months. However the Company has earned a net profit after taxation amounting to Rs.15.636 million in the second quarter i.e. from October to December, 2017. The loss has been incurred mainly because of rampant import of yarn and grey cloth from India, levy of 1% further tax on sales and share of loss from investment in an Associated Company amounting to Rs.12.301 million.

**GENERAL MARKET CONDITION**

The ever increasing cost of doing business and unbridled import of cloth and yarn from India and China through miss declaration with the connivance of Custom Authorities is badly hurting yarn manufacturing. Political environment in Pakistan is very un-predictable these days which is causing much disturbance for business as a whole. The cost of production of Pakistani textile products is higher than competitor neighbor countries. The prices of local ginned cotton have ranged from Rs.6,400/- to Rs.8,000/- per maund, and it also effected the local yarn market which remained volatile from September to November, 2017. There was a boost in the market in the month of December, 2017 but the market has gone dormant since 01<sup>st</sup> week of January and the sale is negligible since 01<sup>st</sup> week of February, 2018.

**FUTURE OUTLOOK**

The government has withdrawn Sales Tax and Customs Duty on import of cotton w.e.f. 08<sup>th</sup> January, 2018, (as was done last year from 16<sup>th</sup> January to 30<sup>th</sup> June, 2017), which, according to Govt. has been done to encourage value addition, reduce cost of doing business and bridge the gap between production and consumption. Even though, this relief from duties and sales tax is supportive for the industry, but it will not help much in absorbing the impact on cost and cash flows which the textile sector has already suffered during the main cotton buying season from September to December, 2017. Pakistan has been a net cotton importer since 2001, as the domestic cotton is of short to medium staple length which implies that long and extra-long staple cotton has to be imported for production of finer yarn counts for subsequent transformation into high value added finished products. The Textile Industry of Pakistan

consumes around 12 to 15 million bales of cotton per annum. Due to low quality and shortage of domestic cotton, Textile Industry has to import cotton from other countries, which was almost forbidden by the imposition of 5% Sales Tax, 4% Customs Duty and 1% Income Tax at the import stage. The taxes and duties were imposed by the Govt. to give artificial support to the local ginners and growers of cotton. This relief from duties and sales tax should be given for the whole year, not just for few months in order to enable the industry to absorb the increase in cost of doing business and compete in highly competitive international markets. The All Pakistan Textile Mills Association has urged the government to announce a long-term policy for the revival of the textile industry as reiterated by the Prime Minister in the month of September, and lay down its implementation mechanism. Only the availability of internationally competitive energy cost, withdrawal of GIDC, and improvement of industrial liquidity through prompt payment of duty drawbacks, sales tax and income tax refunds and putting in place safeguards for the domestic textile industry against the entry of dumped, subsidized and miss-declared yarns and fabrics from China and India will prevent the Textile Sector from collapsing, which has already bled profusely and is totally cash strapped.

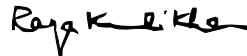
**COMMENTS ON “EMPHASIS OF MATTER” PARAGRAPH IN THE AUDITOR'S REPORT**

GIDC case was fixed for hearing on 23-01-2018 in the Peshawar High Court (PHC) but due to the lawyer's strike the cases were left over and no new date has been fixed yet. The stay orders issued by the PHC in the month of August, 2017 are in field. The case filed in the Supreme Court has not been listed for hearing yet. APTMA has informed that in a meeting with our counsel on GIDC issue regarding the future strategy, he informed that our grounds in the GIDC case are very strong and valid, so we are hoping that the court decision will be in the favour of the Industry. We have not made any provision against GIDC because the High Court and the Supreme Court of Pakistan in our earlier appeals have already declared GIDC Act, 2011 and GIDC Ordinance, 2014 as un-constitutional and we are of the considered opinion that GIDC Act, 2015, will also be struck down by the learned courts because it contains the same deficiencies in it which were pointed out in the Acts of 2011 & 2014 by the learned courts.

**ACKNOWLEDGMENT**

The Board places on record its appreciation for the support of its bankers who have constantly facilitated the Company in financially difficult times. The hard work and diligence of the Company's senior management and the production workers is also commendable. We look forward to same dedication and cooperation from them in the future as well.

For & on behalf of the board of directors,



**Raza Kuli Khan Khattak**  
Chairman

Dated: February 27, 2018

## ڈائریکٹرز رپورٹ برائے حصص یافتگان

بورڈ آف ڈائریکٹرز کی جانب سے، 31 دسمبر 2017 چھ ماہ کی ختم ہونے والی مدت پر کمپنی کی غیر آڈٹ اور نظر ثانی شدہ مالیاتی رپورٹ پیش کرنے میں خوش محسوس کرتے ہیں۔  
کارکردگی کا جائزہ۔

ہم آپ کو بتاتے ہوئے خوش محسوس کرتے ہیں کہ آپ کی کمپنی کی مالیاتی نتائج کے ہم جھلمکیاں مندرجہ ذیل ہیں۔

31 دسمبر 2016	31 دسمبر 2017	31 دسمبر 2016	31 دسمبر 2017	
روپے ہزاروں میں		روپے ہزاروں میں		
1,313,922	1,321,683	706,340	769,152	فروخت
110,195	69,198	58,447	68,794	عمومی منافع
62,103	4,406	35,971	35,208	اپریشن کے بعد منافع
53,811	(35,216)	34,675	10,025	ٹیکس سے پہلے نقصان یا منافع
(31,357)	(31,357)	(9)	15,636	ٹیکس سے بعد نقصان یا منافع
-----		-----		
3.71	(6.55)	(0.002)	3.27	نقصان یا آمدنی فی شیئر

ہم، 31 دسمبر 2017 کو ختم ہونے والے چھ ماہ کی مدت پر حصص یافتگان کو مطلع کرنے کے لئے خوش محسوس کرتے ہیں۔ کمپنی کا کل مال فروخت میں گزشتہ سال کے مقابلے میں 7.761 ملین روپے کا اضافہ ہوا ہے۔ جبکہ اس چھ ماہ کے دوران کمپنی کو 31.357 ملین روپے کا نقصان ہوا ہے جس کی بڑی بنیادی وجہ بھارت سے سوت اور کپڑے کی درآمدات، مال فروخت پر 1 فیصد ڈسکونٹ کا لاگو ہونا اور دوسری گروپ کمپنیوں میں جو سرمایہ کاری کی ہوئی تھی اس کی وجہ سے ان کمپنیوں کے نقصان کا حصہ ملنا شامل ہے۔

### عمومی مارکیٹ کی حالت

لگا تار کاروبار کی لاگت کے بڑھنے کی وجہ سے ملکی سوت بنانے والی صنعت کو بھارت اور چین کی سسٹمی شدہ کاروبار کے مقابلے میں سخت دشواریاں پیش آ رہی ہیں۔ پاکستان میں سیاسی ماحول بہت زیادہ غیر متوقع ہونے کی وجہ سے کاروباری ماحول بھی متاثر ہو رہا ہے۔ جس کی وجہ سے ہمسایہ ممالک کی سوت اور کپڑے کی پیداواری لاگت کہیں زیادہ کم ہے۔ ملکی جینز کمپاس کے نرخ فی من (37.3240 کلوگرام) 6,400 روپے فی من سے لے کر 7,700 روپے فی من رہی اور اس نے مقامی سوت منڈی کو ستمبر 2017 سے لے کر نومبر 2017 کا متاثر کیا۔ دسمبر 2017 میں مقامی سوت منڈی کے حالات بہتر ہوئے تھے جبکہ اپریل 2018 میں پھر متاثر ہیں۔

### مستقبل کا نقطہ نظر

08 جنوری، 2018 کو حکومت نے کمپاس کی درآمد پر سٹیل ٹیکس اور کسٹمز ڈیوٹی واپس لی ہے (جیسا کہ گزشتہ سال 16 جنوری سے 30 جون، 2017 تک کیا گیا تھا)، جو کہ حکومت کے مطابق اس سے دیگر ٹیکسٹائل کی مصنوعات کی حوصلہ افزائی، کاروبار کرنے کی لاگت کو کم کرنے اور پیداوار اور کھپت کے درمیان خلا کو کم کرنے کے لئے کیا گیا ہے۔ اس کے علاوہ ٹیکسٹائل کی صنعت کو پانچ سے چھ ماہ کے لئے سسٹم ڈیوٹیوں اور سٹیل ٹیکس سے رعایت دینا تاکہ ٹیکسٹائل کی صنعت کی کاروباری لاگت اور نقد لین دین کے عمل کو آسان کیا جائے۔ لیکن حکومت کے ان اقدامات کی وجہ سے ٹیکسٹائل کی صنعت کوئی خاطر خواہ فائدہ نہیں ہوگا کیوں کہ ٹیکسٹائل کی صنعت میں کمپاس کی خریداری کا موسم ستمبر سے دسمبر، 2017 تک ہے۔ اور اس دوران سٹیل ٹیکس، 4 فیصد سٹیل ٹیکس، 4 فیصد کسٹمز ڈیوٹی اور 1 فیصد ٹیکس دے کر کمپاس درآمد کر سکتے تھے۔ اور حکومت کا یہ فیصلہ ٹیکسٹائل کی صنعت کے لیے فائدہ مند نہیں تھا۔ ملکی پیداوار شدہ کاشن کا لہبا درمیانہ ریٹ نہ ہونے کی وجہ سے پاکستانی ٹیکسٹائل کی صنعت سال 2001 سے کمپاس درآمد کر رہی ہے جو کہ تیس ترین باریک دھاگے کی پیداوار میں استعمال ہوتا ہے۔ پاکستان کی ٹیکسٹائل کی صنعت ایک اعزاز کے مطابق ہر سال کمپاس کی 12 سے 15 ملین بیلا استعمال کرتا ہے۔ کم معیار اور ملکی کمپاس کی قلت کی وجہ سے، ٹیکسٹائل کی صنعت دوسرے ممالک سے کمپاس درآمد کرنا پڑتی ہے۔ لہذا ٹیکسٹائل کی صنعت کو کاروبار کرنے کی لاگت میں اضافہ اور انتہائی مسابقتی بین الاقوامی مارکیٹوں میں مقابلہ کرنے کے قابل بنانے کے لئے پورے سال کے لئے کسٹمز ڈیوٹی اور سٹیل ٹیکس سے زیادہ ادائیگی جانی چاہئے۔ آل پاکستان ٹیکسٹائل ملز ایسوسی ایشن نے حکومت سے مطالبہ کیا ہے کہ ٹیکسٹائل انڈسٹری کی بحالی کے لئے ایک ملویل مدتی پالیسی کی ضرورت ہے جیسا کہ تجربی دوزیر اعظم کی طرف سے خواہش کا اظہار کیا گیا تھا۔

### ڈائریکٹرز رپورٹ کے پیرا گراف پر تبصرہ

ٹیکسٹائل انڈسٹری ڈیولپمنٹ سیس کا کیس پشاور ہائی کورٹ میں 28/01/2018 کو لگنا تھا جو کہ دھاکا کی پرنٹال کی وجہ سے نہیں سنا گیا اور اس کی نئی تاریخ بھی نہیں ملی ہے۔ پشاور ہائی کورٹ سے جو دسمبر 2017 کو حکم انتہائی دیا تھا وہ موجود ہے۔ اس کے علاوہ سپریم کورٹ آف پاکستان میں بھی کیس دائر کر رکھا ہے۔ آل پاکستان ٹیکسٹائل ملز ایسوسی ایشن نے بتایا ہے کہ ہمارے وکیل کے مطابق ٹیکسٹائل انڈسٹری ڈیولپمنٹ سیس کے کیس پر ہماری بنیاد بہت مضبوط اور درست ہے اور امید کرتے ہیں کہ سپریم کورٹ آف پاکستان ہماری رائے کو مد نظر رکھنے ہوئے ٹیکسٹائل کی صنعت کے ہمیں فیصلہ ہو جائے گا۔ ہم نے ٹیکسٹائل انڈسٹری ڈیولپمنٹ سیس کی سبھی قسم کی رقم مقرر نہیں کی ہے کیونکہ ہائی کورٹ اور پاکستان کی سپریم کورٹ نے پہلے ہی ہماری اپیل میں ٹیکسٹائل انڈسٹری ڈیولپمنٹ سیس ایکٹ 2011 اور ٹیکسٹائل انڈسٹری ڈیولپمنٹ سیس آرڈنس 2014 کو غیر آئینی قرار دیا تھا جبکہ حکومت نے ٹیکسٹائل انڈسٹری ڈیولپمنٹ سیس ایکٹ 2015 میں کوئی نئی تبدیلی نہیں کی ہے یہ بھی ٹیکسٹائل انڈسٹری ڈیولپمنٹ سیس ایکٹ 011 ہی طرح ہے جس کو ملکی اعلیٰ عدالتوں نے مسترد کیا ہے۔ اور ہم امید رکھتے ہیں ہمارے ملک کی اعلیٰ عدالتیں اس ایکٹ کو بھی مسترد کر دیں گی۔

### اجتراف

بورڈ آف ڈائریکٹرز کمپنی کے بینکاروں کی قدر کرتا ہے جو کہ مسلسل کمپنی کی مالی مشکلات میں بروقت مدد کرتے ہیں۔ اسکے علاوہ کمپنی کی انتظامیہ اور کارکنوں کی محنت کو بے مثال مشکل حالات میں بہتر نتائج حاصل کرنے پر شاباش دیتا ہے۔ اور امید کرتا ہے کہ مستقبل میں تمام کارکنان اسی لگن اور محنت سے کام کرتے رہیں گے۔

کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے

Raza Khan

رضا خان خٹک

چیئرمین

تاریخ: 27 فروری 2018

**AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF  
INTERIM FINANCIAL INFORMATION**

**Introduction**

We have reviewed the accompanying condensed interim balance sheet of **JANANA DE MALUCHO TEXTILE MILLS LIMITED** as at December 31, 2017 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof for the six months period then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

The figures of the condensed interim profit and loss account for the quarters ended December 31, 2017 and 2016 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2017.

**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 interim financial information 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 information as of and for the six months period ended December 31, 2017 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

**Emphasis of matter**

Without qualifying our conclusion, we draw attention to note 13.2 to the condensed interim financial information, which describes the matter regarding non-provisioning of Gas Infrastructure Development Cess aggregating Rs.342.440 million.

*Shinewing Hameed Chaudhri & co.*

**SHINEWING HAMEED CHAUDHRI & CO.,  
CHARTERED ACCOUNTANTS**

Engagement Partner: Osman Hameed Chaudhri

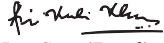
LAHORE; February 27, 2018

**JDM TEXTILE MILLS LIMITED**

**Condensed Interim Balance Sheet As At December 31, 2017**

		Dec. 31, 2017	June 30, 2017
	Note	Un-audited Rupees in thousand	Audited
<b>Assets</b>			
<b>Non-current Assets</b>			
Property, plant and equipment	6	3,159,076	3,183,026
Investments in Associated Companies	7	169,429	178,719
Loans to employees		1,662	1,151
Security deposits		1,204	1,204
		3,331,371	3,364,100
<b>Current Assets</b>			
Stores, spares and loose tools	8	61,580	61,404
Stock-in-trade	9	1,243,707	896,961
Trade debts - unsecured, considered good		71,247	122,510
Advances to employees		4,470	3,619
Advance payments		26,242	34,322
Trade deposits and prepayments		7,463	3,391
Due from Associated Companies		2,538	518
Other receivables		4,266	5,028
Sales tax refundable		98,889	58,024
Income tax refundable, advance tax and tax deducted at source		74,112	83,185
Cash and bank balances		16,904	16,999
		1,611,418	1,285,961
<b>Total Assets</b>		<b>4,942,789</b>	<b>4,650,061</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Authorized capital		200,000	200,000
Issued, subscribed and paid-up capital		47,848	47,848
Reserves		889,983	889,983
Unappropriated profit		107,067	125,581
<b>Shareholders' Equity</b>		<b>1,044,898</b>	<b>1,063,412</b>
<b>Surplus on Revaluation of Property, Plant and Equipment</b>		<b>2,059,638</b>	<b>2,069,654</b>
<b>Liabilities</b>			
<b>Non-current Liabilities</b>			
Staff retirement benefits - gratuity	10	126,407	153,932
Deferred taxation		232,941	242,099
		359,348	396,031
<b>Current Liabilities</b>			
Trade and other payables	11	324,096	258,691
Accrued mark-up		16,281	15,499
Short term finances		1,132,907	821,017
Taxation	12	4,428	24,564
Preference shares redemption account		1,193	1,193
		1,478,905	1,120,964
<b>Total Liabilities</b>		<b>1,838,253</b>	<b>1,516,995</b>
<b>Contingencies and Commitments</b>	13		
<b>Total Equity and Liabilities</b>		<b>4,942,789</b>	<b>4,650,061</b>

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

  
**Lt. Gen (Retd)**  
**Ali Kuli Khan Khattak**  
**Chief Executive**

  
**Saad Waheed**  
**Director**

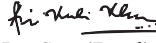
  
**Amin-ur-Rasheed**  
**Chief Financial Officer**



**Condensed Interim Profit and Loss Account (Un-Audited)  
For the Quarter and Six Months Period Ended December 31, 2017**

	Note	Quarter ended		Six months period ended	
		Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016
----- Rupees in thousand -----					
Sales - net		769,152	706,340	1,321,683	1,313,922
Cost of Sales		700,358	647,893	1,252,485	1,203,727
Gross Profit		68,794	58,447	69,198	110,195
Distribution Cost		8,697	5,607	15,772	10,678
Administrative Expenses		25,721	13,458	49,869	35,066
Other Expenses		0	4,369	0	4,369
Other Income		(832)	(958)	(849)	(2,021)
		33,586	22,476	64,792	48,092
Profit from Operations		35,208	35,971	4,406	62,103
Finance Cost		16,724	7,406	31,163	14,402
		18,484	28,565	(26,757)	47,701
Share of (Loss) / Profit of Associated Companies - net	7	(8,459)	6,110	(8,459)	6,110
Profit / (Loss) before Taxation		10,025	34,675	(35,216)	53,811
Taxation					
- current	12.2	2,676	13,475	4,428	22,687
- prior year		871	(893)	871	(893)
- deferred		(9,158)	22,102	(9,158)	14,284
		(5,611)	34,684	(3,859)	36,078
Profit / (Loss) after Taxation		15,636	(9)	(31,357)	17,733
Other Comprehensive Income		0	0	0	0
Total Comprehensive Income / (Loss) for the Period		15,636	(9)	(31,357)	17,733
----- Rupees -----					
Earnings / (Loss) per Share		3.27	(0.002)	(6.55)	3.71

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

  
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Chief Executive

  
Saad Waheed  
Director

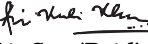
  
Amin-ur-Rasheed  
Chief Financial Officer

JDM TEXTILE MILLS LIMITED


**Condensed Interim Cash Flow Statement (Un-Audited)  
For the Six Months Period Ended December 31, 2017**

	Six months period ended	
	Dec. 31, 2017	Dec. 31, 2016
	(Rupees in thousand)	
<b>Cash flow from operating activities</b>		
(Loss) / profit for the period - before taxation and share of (loss) / profit on investments in Associated Companies	(26,757)	47,701
Adjustments for non-cash charges and other items:		
Depreciation	41,099	41,103
Staff retirement benefits - gratuity (net)	(27,525)	2,430
Finance cost	31,163	14,402
<b>Profit before working capital changes</b>	<b>17,980</b>	<b>105,636</b>
<b>Effect on cash flow due to working capital changes</b>		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(176)	(12,550)
Stock-in-trade	(346,746)	(278,515)
Trade debts	51,263	40,380
Loans and advances to employees	(1,362)	(1,800)
Advance payments	8,080	3,509
Trade deposits and prepayments	(4,072)	(7,590)
Due from Associated Companies	(2,020)	(30)
Other receivables	762	533
Sales tax refundable	(40,865)	(20,300)
Increase in trade and other payables	65,405	31,843
	<b>(269,731)</b>	<b>(244,520)</b>
<b>Cash used in operations</b>	<b>(251,751)</b>	<b>(138,884)</b>
Taxes paid	(16,362)	(8,575)
<b>Net cash used in operating activities</b>	<b>(268,113)</b>	<b>(147,459)</b>
<b>Cash flow from investing activities</b>		
Fixed capital expenditure	(17,149)	(16,497)
Dividend received	3,658	3,658
<b>Net cash used in investing activities</b>	<b>(13,491)</b>	<b>(12,839)</b>
<b>Cash flow from financing activities</b>		
Short term finances - net	311,890	178,355
Finance cost paid	(30,381)	(18,626)
Cash dividend paid	0	(4,340)
Preference shares redeemed	0	(21)
<b>Net cash generated from financing activities</b>	<b>281,509</b>	<b>155,368</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(95)</b>	<b>(4,930)</b>
<b>Cash and cash equivalents - at beginning of the period</b>	<b>16,999</b>	<b>22,038</b>
<b>Cash and cash equivalents - at end of the period</b>	<b>16,904</b>	<b>17,108</b>

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

  
Lt. Gen (Retd)  
Ali Kuli Khan Khattak  
Chief Executive

  
Saad Waheed  
Director

  
Amin-ur-Rasheed  
Chief Financial Officer

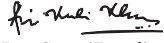
**Condensed Interim Statement of Changes in Equity (Un-Audited)  
For the Six Months Period Ended December 31, 2017**

Share capital	Reserves					Sub-total	Unappropriated profit	Total
	Capital			Revenue				
	Capital redemption	Tax holiday	Share premium	General				

----- Rupees in thousand -----

Balance as at June 30, 2017 (audited)	47,848	6,694	350	11,409	871,530	889,983	125,581	1,063,412
Total comprehensive loss for the period ended December 31, 2017	0	0	0	0	0	0	(31,357)	(31,357)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period - net of deferred taxation	0	0	0	0	0	0	10,016	10,016
Effect of items directly credited in equity by Associated Companies	0	0	0	0	0	0	2,827	2,827
<b>Balance as at December 31, 2017 (un-audited)</b>	<b>47,848</b>	<b>6,694</b>	<b>350</b>	<b>11,409</b>	<b>871,530</b>	<b>889,983</b>	<b>107,067</b>	<b>1,044,898</b>
Balance as at June 30, 2016 (audited)	47,848	6,694	350	11,409	371,530	389,983	614,960	1,052,791
Transfer	0	0	0	0	500,000	500,000	(500,000)	0
Transaction with owners:								
Cash dividend at the rate of Rs.1.25 per ordinary share for the year ended June 30, 2016	0	0	0	0	0	0	(5,981)	(5,981)
Total comprehensive income for the period ended December 31, 2016	0	0	0	0	0	0	17,733	17,733
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation for the period - net of deferred taxation	0	0	0	0	0	0	10,414	10,414
Effect of items directly credited in equity by Associated Companies	0	0	0	0	0	0	2,085	2,085
<b>Balance as at December 31, 2016 (un-audited)</b>	<b>47,848</b>	<b>6,694</b>	<b>350</b>	<b>11,409</b>	<b>871,530</b>	<b>889,983</b>	<b>139,211</b>	<b>1,077,042</b>

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

  
**Lt. Gen (Retd)  
Ali Kuli Khan Khattak  
Chief Executive**

  
**Saad Waheed  
Director**

  
**Amin-ur-Rasheed  
Chief Financial Officer**

**Notes to the Condensed Interim Financial Information (Un-Audited)  
For the Six Months Period Ended December 31, 2017**

**1. Legal Status and Operations**

Janana De Malucho Textile Mills Ltd. (the Company) was incorporated in Pakistan as a Public Company in the year 1960 under the Companies Act, 1913 (now the Companies Act, 2017) and its shares are quoted on Pakistan Stock Exchange Ltd. It is principally engaged in manufacture and sale of yarn. The Company's registered office and its Mills are located at Habibabad, Kohat.

**2. Basis of Preparation**

**2.1** As per the requirements of circular no. CLD/CCD/PR(11)/2017 dated October 04, 2017 issued by the Securities & Exchange Commission of Pakistan and clarification issued by the Institute of Chartered Accountants of Pakistan vide its circular no.17 of 2017, Companies whose financial year, including quarterly and other interim periods, closes on or before December 31, 2017, are allowed to prepare their financial statements, including interim financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984 (the repealed Ordinance). Accordingly, this condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard 34 (Interim financial reporting) and provisions of and directives issued under the repealed Ordinance. In case where requirements differ, the provisions of or directives issued under the repealed Ordinance have been followed. This condensed interim financial information of the Company for the half-year ended December 31, 2017 is un-audited but subject to limited scope review by the statutory auditors as required by the Code of Corporate Governance.

**2.2** The figures of the condensed interim profit and loss account for the quarters ended December 31, 2017 and 2016 have not been reviewed by the statutory auditors of the Company as they have reviewed the cumulative figures for the half-year ended December 31, 2017. This condensed interim financial information does not include all the information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's financial statements for the year ended June 30, 2017.

**2.3** This condensed interim financial information is being submitted to the shareholders as required by section 237 of the Companies Act, 2017.

**3. Accounting Policies**

The accounting policies and methods of computation adopted in preparation of this condensed interim financial information are the same as those applied in preparation of financial statements of the Company for the year ended June 30, 2017.

**4. Changes in Accounting Standards and Interpretations**

**4.1 Standards, interpretations and amendments to published approved accounting standards that are effective and relevant**

Following amendments to existing standards and interpretations have been published and are mandatory for accounting periods beginning on or after January 01, 2017, and are considered to be relevant to the Company's operations.

**(a)** Amendments to IAS 7, 'Statement of cash flows' require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments only affect disclosures in the Company's financial statements.

- (b) Amendments to IAS 12, 'Income taxes' in relation to recognition of deferred tax asset for unrealized losses clarify how to account for deferred tax asset related to debt instruments measured at fair value. These amendments do not have any impact on the Company's financial statements.

#### **4.2 Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant**

There are certain new standards, amendments to approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after January 01, 2017, but are considered not to be relevant or have any significant effect on the Company's reporting and are, therefore, not disclosed in this condensed interim financial information.

#### **4.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant**

The following are the new standards, amendments to existing approved accounting standards and new interpretations that will be effective for the periods beginning July 01, 2018 that may have an impact on the financial statements of the Company.

- (a) IFRS 9 'Financial instruments', this standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.
- (b) IFRS 15 'Revenue from contracts with customers' replaces the previous revenue standards: IAS 18 (Revenue), IAS 11 (Construction contracts) and the related interpretations on revenue recognition. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach, entities will recognize transitional adjustments in retained earnings on the date of initial application, i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application.

The management is in the process of assessing the impact of changes laid down by these standards on its financial statements.

### **5. Accounting Estimates, Judgments and Financial Risk Management**

- 5.1 The preparation of condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.
- 5.2 Judgments and estimates made by the management in the preparation of this condensed interim financial information are the same as those that were applied to financial statements as at and for the year ended June 30, 2017.
- 5.3 The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2017.
- 5.4 The Company follows the practice of conducting actuarial valuation annually at the year-end. Hence, the impact of remeasurement of staff retirement benefits - gratuity has not been incorporated in this condensed interim financial information.

**JDM TEXTILE MILLS LIMITED**

	<b>Note</b>	<b>Un-audited Dec. 31, 2017 (Rupees in thousand)</b>	<b>Audited June 30, 2017</b>
<b>6. Property, Plant and Equipment</b>			
Operating fixed assets	<b>6.1</b>	<b>3,159,076</b>	3,072,855
Capital work-in-progress - plant and machinery		<b>0</b>	110,171
		<b>3,159,076</b>	<b>3,183,026</b>
<b>6.1 Operating fixed assets</b>			
Book value as at June 30, 2017		<b>3,072,855</b>	
Additions during the period:			
- plant & machinery		<b>126,422</b>	
- furniture & fixtures		<b>173</b>	
- computer equipment & accessories		<b>19</b>	
- vehicles		<b>706</b>	
		<b>127,320</b>	
Depreciation charge for the period		<b>(41,099)</b>	
Book value as at December 31, 2017		<b>3,159,076</b>	
<b>7. Investments in Associated Companies - Quoted</b>			
<b>Babri Cotton Mills Ltd. (BCM)</b>			
587,493 ordinary shares of Rs.10 each - <b>cost</b>		<b>10,973</b>	10,973
Equity held: 16.09%			
Post acquisition profit and other comprehensive income brought forward including effect of items directly credited in equity by BCM		<b>87,810</b>	89,390
Loss for the period / year - net of taxation		<b>(12,301)</b>	(4,762)
Share of other comprehensive income - net of taxation		<b>0</b>	1,162
		<b>86,482</b>	96,763
<b>Bannu Woollen Mills Ltd. (BWM)</b>			
731,626 ordinary shares of Rs.10 each - <b>cost</b>		<b>7,697</b>	7,697
Equity held: 7.70%			
Post acquisition profit and other comprehensive income brought forward including effect of items directly credited in equity by BWM		<b>75,066</b>	72,543
Profit for the period / year - net of taxation		<b>3,842</b>	5,212
Share of other comprehensive income - net of taxation		<b>0</b>	162
Dividend received		<b>(3,658)</b>	(3,658)
		<b>82,947</b>	81,956
		<b>169,429</b>	<b>178,719</b>

- 7.1** Although the Company has less than 20% voting rights in BCM and BWM as at December 31, 2017 and June 30, 2017, it is presumed that the Company has significant influence over these Companies due to majority representation on their board of directors.
- 7.2 (a)** Market value of the Company's investments in BCM and BWM as at December 31, 2017 was Rs.36.425 million (June 30, 2017: Rs.47.587 million) and Rs.40.239 million (June 30, 2017: Rs.50.116 million) respectively.
- (b)** The management intends to carry-out impairment testing of its investments in BCM and BWM as at June 30, 2018.
- 8. Stores, spares and loose tools**  
Spares inventory valuing Rs.7.291 million was in transit as at December 31, 2017.
- 9. Stock-in-trade**  
Raw materials inventory valuing Rs.95.638 million was in transit as at December 31, 2017.
- 10. Staff retirement benefits - gratuity**  
Gratuity benefits paid, during the current period, include partial payments to Executive Director Technical and Senior General Manager Finance amounting Rs.25.141 million and Rs.11.343 million respectively.

	<b>Un-audited Dec. 31, 2017</b>	<b>Audited June 30, 2017</b>
	<b>(Rupees in thousand)</b>	
<b>11. Trade and other payables</b>		
Creditors	75,557	43,102
Bills payable against imported:		
- plant and machinery	0	5,445
- raw materials	47,356	56,554
Advances from customers	11,049	4,262
Advance payments	184	184
Accrued expenses	184,267	142,057
Tax deducted at source	1,397	234
Due to Waqf-e-Kuli Khan	2,545	4,565
Security deposits repayable on demand - interest free	112	112
Workers' welfare fund	0	495
Unclaimed dividends	1,425	1,425
Others	204	256
	<b>324,096</b>	<b>258,691</b>
<b>12. Taxation - net</b>		
Balance as at June 30, 2017	24,564	
Add: provision made during the period:		
<b>current</b> (net of tax credit for investment in plant & machinery under section 65B of the Income Tax Ordinance, 2001 amounting Rs.12.642 million)	4,428	
<b>prior year</b>	871	
	<b>5,299</b>	
	<b>29,863</b>	
Less: payments / adjustments made against completed assessment	<b>25,435</b>	
	<b>4,428</b>	

- 12.1** Income tax returns of the Company have been filed upto the tax year 2017, i.e. accounting year ended June 30, 2017.
- 12.2** Provision for the current period represents tax payable under sections 5 (Tax on dividends) and 113 (Minimum tax on the income of certain persons) of the Income Tax Ordinance, 2001 (the Ordinance).
- 12.3** The Company's writ petition before the Islamabad High Court, Islamabad praying exemption from levy of minimum tax under section 113 of the Ordinance is still pending adjudication. An adverse judgment by the Court will create tax liability under section 113 of the Ordinance aggregating Rs.51.828 million.
- 12.4** As detailed in note 22.9 to the financial statements of the Company for the year ended June 30, 2017, the Appellate Tribunal Inland Revenue has decided the appeal in favor of the Company and workers' welfare fund levy of Rs.3.488 million has been deleted for the tax year 2010.
- 12.5** Except for the above matters, no significant change occurred during the period in the status of taxation matters as detailed in note 22 to the financial statements of the Company for the year ended June 30, 2017.

**13. Contingencies and Commitments**

- 13.1** The Company, vide show cause notice dated May 28, 2013, was directed to make payments aggregating Rs.75.698 million by way of sales tax under various sections of the Sales Tax Act, 1990 read with certain SROs. The Lahore High Court, Lahore had suspended the operation of the impugned show cause notice on September 12, 2013. The writ petition is still pending adjudication.
- 13.2** The Company had challenged the levy of Gas Infrastructure Development Cess (GIDC) by filing a petition before the Peshawar High Court, Peshawar (PHC). GIDC was levied on supply of natural gas under the GIDC Act, 2011. Constitutionality of the said Act was challenged before the PHC, which had declared the same as constitutional. The order of the PHC was assailed before the Supreme Court of Pakistan (SCP), which met the same fate there. After enactment of the GIDC Act, 2015, it was challenged before the PHC, which dismissed the said petition. The Company, thereafter, has filed a petition before the SCP, which is pending adjudication.

Sui Northern Gas Pipelines Ltd., along with gas bill for the month of December, 2017, has raised GIDC demands aggregating Rs.420.483 million, which are payable in case of an adverse judgment by the SCP. The management, during the preceding year ended June 30, 2017, has made GIDC provisions aggregating Rs.78.043 million relating to that year in its books of account; no further provision has been made during the current period. Provisions for the balance GIDC demands aggregating Rs.342.440 million pertaining to prior years and the current period have not been made in the books of account as the management expects a favorable judgment by the SCP due to meritorious legal grounds.

- 13.3** Counter guarantee given by the Company to a commercial bank outstanding as at December 31, 2017 was for Rs.75 million (June 30, 2017: Rs.75 million).



**JDM TEXTILE MILLS LIMITED**

**13.4** Refer contents of note 12.3.

	<b>Un-audited Dec. 31, 2017</b>	<b>Audited June 30, 2017</b>
	<b>(Rupees in thousand)</b>	
13.5 Commitments against irrevocable letters of credit outstanding at the period / year-end were for:		
- stores and spares	0	7,158
- raw materials	127,803	0
	<b>127,803</b>	<b>7,158</b>

**14. Transactions with Related Parties**

**14.1** Significant transactions made during the period with Associated Companies were as follows:

Name	Nature of transaction	Cumulative	
		Jul. - Dec., 2017	Jul. - Dec., 2016
		<b>(Rupees in thousand)</b>	
Babri Cotton Mills Ltd.	Residential rent:		
	- paid	0	12
	- received	804	700
	Utilities / expenses:		
	- paid	0	50
	- recovered	47	30
	Salaries and benefits:		
	- paid	0	40
	- recovered	820	4,288
	Dividend paid	0	426
Bibojee Services (Pvt.) Ltd.	----- do -----	0	1,054
	Expenses recovered	0	30
Bannu Woollen Mills Ltd.	----- do -----	47	0
	Salaries & benefits recovered	820	3,721
	Dividend paid	0	1,949
	Dividend received	3,658	3,658
Gammon Pakistan Ltd.	Rent paid	150	150
	Expenses recovered	0	30
Rahman Cotton Mills Ltd.	----- do -----	47	30
	Salaries & benefits recovered	820	3,164
Gandhara Nissan Ltd.	----- do -----	820	0
	Expenses recovered	47	30
Gandhara Industries Ltd.	----- do -----	47	30
	Salaries & benefits recovered	820	0
The Universal Insurance Company Ltd.	----- do -----	820	0
	Expenses recovered	47	30
The General Tyre & Rubber Company of Pakistan Ltd.	----- do -----	0	30

**14.2** Period / year-end balances are as follows:

	<b>Un-audited Dec. 31, 2017</b>	<b>Audited June 30, 2017</b>
	<b>(Rupees in thousand)</b>	
- Due from Bibojee Services (Pvt.) Ltd.	0	518
- Due from Babri Cotton Mills Ltd.	1,671	0
- Due from Gandhara Nissan Ltd.	867	0
	<b>2,538</b>	<b>518</b>

**14.3** No other significant transactions, other than remuneration and benefits paid to key management personnel under the terms of their employment, were executed with other related parties during the period.

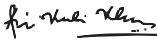
**15. Corresponding Figures**

**15.1** In order to comply with the requirements of IAS 34 'Interim financial reporting', the condensed interim balance sheet has been compared with the balances of annual audited financial statements of the preceding financial year, whereas, the condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity have been compared with the balances of comparable period of immediately preceding financial year.

**15.2** Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purposes of comparison; however, no significant re-classifications / re-statements have been made to this condensed interim financial information.

**16. Date of Authorization for Issue**

This condensed interim financial information was approved and authorized for issue by the Board of Directors of the Company on 27th February, 2018.

  
**Lt. Gen (Retd)**  
**Ali Kuli Khan Khattak**  
**Chief Executive**

  
**Saad Waheed**  
**Director**

  
**Amin-ur-Rasheed**  
**Chief Financial Officer**

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