

BIBOJEE GROUP



Half Yearly Accounts December, 2016

Janana De Malucho Textile
Mills Limited

CONTENTS

	<i>Pages</i>
COMPANY'S PROFILE	1
DIRECTORS' REPORT(English & اُردو)	2-4
AUDITORS' REVIEW REPORT	5
BALANCE SHEET	6
PROFIT & LOSS ACCOUNT	7
CASH FLOW STATEMENT	8
STATEMENT OF CHANGES IN EQUITY	9
SELECTED NOTES TO THE ACCOUNTS	10-14

COMPANY'S PROFILE

BOARD OF DIRECTORS	MR. RAZA KULI KHAN KHATTAK LT. GEN. (RETD.) ALI KULI KHAN KHATTAK MR. AHMAD KULI KHAN KHATTAK MR. MUSHTAQ AHMAD KHAN, FCA MR. GOHAR AYUB KHAN MRS. SHAHNAZ SAJJAD AHMAD DR. SHAHEEN KULI KHAN BRIG. (RETD) ABDUL SAMAD KHAN MR. SAAD WAHEED	Chairman Chief Executive
AUDIT COMMITTEE	BRIG. (RETD) ABDUL SAMAD KHAN MR. AHMAD KULI KHAN KHATTAK MR. RAZA KULI KHAN KHATTAK MR. MUSHTAQ AHMAD KHAN, FCA	Chairman Member Member Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	MR. RAZA KULI KHAN KHATTAK LT. GEN. (RETD.) ALI KULI KHAN KHATTAK MR. AHMAD KULI KHAN KHATTAK MR. MUSHTAQ AHMAD KHAN, FCA BRIG. (RETD) ABDUL SAMAD KHAN	Chairman Chief Executive / Member Member Member
CHIEF FINANCIAL OFFICER & COMPANY SECRETARY	MR. AMIN-UR-RASHEED B. Com. (Hons.) FICS Sr. Gen. Manager Finance & Corporate Affairs	
HEAD OF INTERNAL AUDIT	MR. NADEEM AHMED, ACCA, CIA	
AUDITORS	SHINEWING HAMEED CHAUDHRI & CO., Chartered Accountants	
BANKERS	NATIONAL BANK OF PAKISTAN THE BANK OF KHYBER HABIB BANK LIMITED	
LEGAL ADVISOR	HASSAN & HASSAN (ADVOCATES) PAAF BUILDING, 7 D, KASHMIR ROAD, LAHORE	
TAX CONSULTANTS	M. NAWAZ KHAN & CO. GROUND FLOOR, FARRAH CENTRE, 2-MOZZANG ROAD, LAHORE	
REGISTRARS & SHARES REGISTRATION OFFICE	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	
REGISTERED OFFICE & MILLS	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 2nd quarter & half year ended 31st December 2016.

FINANCIAL HIGHLIGHTS

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

	2016	2015
	- Rs. in million -	
Sales	1,313.922	1,262.766
Gross Profit	110.195	75.075
Profit from operations	62.103	27.716
Profit before taxation	53.811	7.781
Profit after taxation	17.733	1.468
	---- Rupees ----	
Earnings per share	3.71	0.31

We are glad to inform the shareholders that during the half year ended 31st December 2016, the turnover of the Company has increased by Rs.51.156 million as compared to previous half year whereas the gross profit of the current period has increased by Rs.35.120 million. Main reasons of increase in gross profit were increase in sale rates and removal of further sales tax @2% on sales to unregistered persons.

GENERAL MARKET CONDITION

The local spinning market is in stable conditions at the moment and the mills are producing counts which are in higher demands. However due to number of factors such as power crisis, increase in minimum wage and other costs of doing business etc. a large number of export oriented textile units have either shut down or relocated to other regional countries. Over 70 textile mills have been shut down during the last six months. The electricity tariffs in Pakistan stand at \$0.11 per Kwh as opposed to \$0.09 in Bangladesh, \$0.09 in India and \$0.08 in Vietnam. The gas tariff of Pakistan's industrial gas tariff is 173%, 44% and 12% higher than those in Bangladesh, India and Vietnam respectively. The minimum wage in Pakistan is 98%, 17% and 19% higher than those in Bangladesh, India and Vietnam, respectively. Due to these factors, Pakistan's textile exports have dropped further by 9.22% in the last three years to \$12.4 billion and it is apprehended that there will be fall by \$1.2 billion further in the current year in view of the present trend. Whereas, in contrast, Bangladesh's textile exports have increased by 14.5% to \$30.3 billion since the year 2013-14 and Vietnam's textile exports have increased by 26.1% to \$25.3 billion.

FUTURE OUTLOOK

The Government has recently announced the new Textiles Policy and has exempted the textile sector from duty and sales tax at import w.e.f. 16th January, 2017 till 30th June, 2018. However with regard to this relief package announced by the Prime Minister, the industry leaders said it may not fully produce the desired results. Some of it will be absorbed by the high cost of doing business while another portion of it will end up being shared with foreign buyers. This is neither a pretty situation for the government nor the people it is there to serve. The coming quarter may well prove to be another test of survival for the textile industry. However your management will strive to achieve positive results by using every resource at its disposal.

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

GIDC case was fixed for hearing on 18-01-2017 but due to the paucity of time the case did not come up for hearing. Next date of hearing of GIDC case has not been fixed yet. The stay order in the GIDC issue is in field. 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 appeal have already declared GIDC Act, 2011 as un-constitutional. The Government has made no changes in the new GIDC Act of 2015 which is replete with the mistakes of 2011 Act and we are of the considered opinion that this Act will also be struck down 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: 28th February, 2017

ڈائریکٹرز رپورٹ برائے حصص یافتگان

بورڈ آف ڈائریکٹرز کی جانب سے، چھ ماہی 31 دسمبر 2016 کو ختم ہونے کے لئے کمپنی کے آڈیٹ سے جائزہ شدہ مالیاتی رپورٹ پیش کرنے میں خوشی محسوس کرتے ہیں۔
کارکردگی کا جائزہ۔

ہم آپ کو بتاتے ہوئے خوشی محسوس کرتے ہیں کہ آپ کی کمپنی کی مالیاتی نتائج کے اہم جھلکیاں مندرجہ ذیل ہیں۔

2015	2016	
		فروخت
		عموری منافع
		اپریشن کے بعد منافع
		ٹیکس سے پہلے منافع
		ٹیکس سے بعد منافع
2015	2016	
1,262.766	1,313.922	
75.075	110.195	
27.716	62.103	
7.781	53.811	
1.468	17.733	

0.31	3.71	

ہم، 31 دسمبر 2016 کو ختم ہونے والے چھ ماہی پر حصص یافتگان کو مطلع کرنے کے لئے خوشی محسوس کرتے ہیں۔ کمپنی کا کل کاروبار گزشتہ سال کے مقابلے میں 51.156 ملین روپے کا اضافہ ہوا ہے۔ جبکہ موجودہ دور کے مجموعی منافع میں 35.120 ملین روپے کا اضافہ ہوا ہے۔ مجموعی منافع میں اضافے کی اہم وجوہات فروخت کی شرح میں اضافہ اور حکومت کی طرف سے سوت پر 7.781 فیصد سٹیک ٹیکس کا ہونا ہے۔

عمومی مارکیٹ کی حالت

موجودہ چھ ماہی میں بارن مارکیٹ مستحکم ہے اور ملکی تیار کردہ سوت کی طلب بھی موجود ہے۔ مگر چند منفی عوامل کی وجہ سے جیسا کہ بجلی کا بحران، کم از کم اجرت میں اضافہ، حکومت کا خام مال کی خرید پر ادا کردہ سٹیک ٹیکس کا وقت پر واپس نہ کرنا، گیس بل پر جی آئی ڈی سی کا نفاذ، بجلی کے بلوں پر مختلف قسم کی کوٹھی کی وجہ سے کاروباری لاگت میں اضافہ ہوا ہے جس کی وجہ سے سوت تیار کرنے والے کارخانے دار ملک سے کاروبار ختم کر کے جنوبی ایشیا کے دیگر ممالک میں چلے گئے ہیں۔ گزشتہ چھ ماہی کے دوران 70 ٹیکسٹائل کارخانے بند ہو گئے ہیں۔ پاکستان میں بجلی کے نرخ 0.11 ڈالر فی کلوواٹ بجلہ دیکھو۔ پاکستان میں 0.09 ڈالر فی کلوواٹ، بھارت میں 0.09 ڈالر فی کلوواٹ اورویت نام میں 0.08 ڈالر فی کلوواٹ ہیں۔ پاکستان کے صنعتی گیس نرخ بالترتیب بنگلہ دیش، بھارت اورویت نام کے مقابلے میں 173 فیصد، 44 فیصد اور 12 فیصد زیادہ ہے۔ پاکستان میں کم از کم اجرت میں بالترتیب، بنگلہ دیش، بھارت اورویت نام کے مقابلے میں 98 فیصد، 17 فیصد اور 19 فیصد زیادہ ہے۔ ان اور اوپر دیے گئے دیگر عوامل کی وجہ سے پاکستان کی ٹیکسٹائل برآمدات گزشتہ تین سال کے مقابلے میں 9.22 فیصد جو کہ 12.40 بلین ڈالر مزید گر گئیں ہیں اور موجودہ رجحان کے پیش نظر میں موجودہ سال میں پاکستان کی ٹیکسٹائل برآمدات مزید 1.20 بلین ڈالر گر جائیں گی۔ اس کے برعکس سال 2013-14 کی شروعات میں بنگلہ دیش کی ٹیکسٹائل برآمدات 14.50 فیصد اضافے کی وجہ سے 30.30 بلین ڈالر اور ویت نام کی ٹیکسٹائل برآمدات 26.10 فیصد اضافے کی وجہ سے 25.30 بلین ڈالر پر آ گئی ہے۔

مستقبل کا نقطہ نظر

حکومت نے ٹیکسٹائل کی صنعت کی ترقی کے لیے نئی ٹیکسٹائل پالیسی کا اعلان کیا ہے۔ جس میں ٹیکسٹائل کی صنعت کو خام مال اور مشینری درآمد کرنے پر 16 جنوری 2017 سے 30 جون 2018 تک کسٹم ڈیوٹی اور سٹیک ٹیکس سے چھوٹی دی گئی ہے۔ بڑے بڑے صنعتکاروں کا کہنا ہے کہ وزیراعظم کے اس اعلان کے باوجود اوپر دیے گئے منفی عوامل کی وجہ سے کاروباری حالات بہتر نہیں ہوئے ہیں۔ آنے والی ماہی ٹیکسٹائل کی صنعت کے لیے بقا کی کسوٹی ہے جبکہ آپ کی کمپنی ہر حال میں مثبت نتائج حاصل کرنے کی کوشش کرے گی۔

اعتراف

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۔

تاریخ: 28 فروری 2017

کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے
 رضا قلی خان خٹک
 چیئرمین

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

Introduction

We have reviewed the accompanying condensed interim balance sheet of **JANANA DE MALUCHO TEXTILE MILLS LIMITED** as at December 31, 2016 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 half-year 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, 2016 and 2015 have not been reviewed, as we are required to review only the cumulative figures for the half-year ended December 31, 2016.

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 half-year ended December 31, 2016 is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of matter

Without qualifying our conclusion, we draw attention to note 11.2 to the condensed interim financial information, which describes the matter regarding non-provisioning of Gas Infrastructure Development Cess aggregating Rs.276.962 million.


LAHORE: February 28, 2017


Shine Wing Hameed Chaudhri
SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS
Engagement Partner: Abdul Hameed Chaudhri

Condensed Interim Balance Sheet As At December 31, 2016

		Dec. 31, 2016	June 30, 2016
	Note	Un-audited Rupees in thousand	Audited
Assets			
Non-current Assets			
Property, plant and equipment	6	3,104,834	3,129,440
Investments in Associated Companies	7	181,058	176,521
Loans to employees		1,341	2,097
Security deposits		1,204	1,204
		3,288,437	3,309,262
Current Assets			
Stores, spares and loose tools	8	70,024	57,474
Stock-in-trade	8	802,690	524,175
Trade debts - unsecured, considered good		64,609	104,989
Advances to employees		6,911	4,355
Advance payments		31,322	34,831
Trade deposits and prepayments		14,910	7,320
Due from an Associated Company		30	0
Other receivables		2,145	2,678
Sales tax refundable		49,593	29,293
Income tax refundable, advance tax and tax deducted at source		71,497	82,616
Cash and bank balances		17,108	22,038
		1,130,839	869,769
Total Assets		4,419,276	4,179,031
Equity and Liabilities			
Equity			
Authorised capital		200,000	200,000
Issued, subscribed and paid-up capital		47,848	47,848
Reserves		889,983	389,983
Unappropriated profit		139,211	614,960
Shareholders' Equity		1,077,042	1,052,791
Surplus on Revaluation of Property, Plant and Equipment		2,074,451	2,084,865
Liabilities			
Non-current Liabilities			
Staff retirement benefits - gratuity		151,359	148,929
Deferred taxation		299,280	284,996
		450,639	433,925
Current Liabilities			
Trade and other payables	9	167,103	133,619
Accrued mark-up		6,369	10,593
Short term finances		619,791	441,436
Taxation	10	22,688	20,588
Preference shares redemption account		1,193	1,214
		817,144	607,450
Total Liabilities		1,267,783	1,041,375
Contingencies and Commitments	11		
Total Equity and Liabilities		4,419,276	4,179,031

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



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



Mushtaq Ahmad Khan, FCA
Director

**Condensed Interim Profit And Loss Account (Un-Audited)
For The Quarter And Half-Year Ended December 31, 2016**

	Note	For the 2nd Quarter		Cumulative	
		Oct. - Dec., 2016	Oct. - Dec., 2015	Jul. - Dec., 2016	Jul. - Dec., 2015
----- Rupees in thousand -----					
Sales - net		706,340	766,306	1,313,922	1,262,766
Cost of Sales		647,893	716,912	1,203,727	1,187,691
Gross Profit		<u>58,447</u>	<u>49,394</u>	<u>110,195</u>	<u>75,075</u>
Distribution Cost		5,607	3,935	10,678	7,014
Administrative Expenses		13,458	21,843	35,066	42,269
Other Expenses		4,369	657	4,369	657
Other Income		(958)	(1,535)	(2,021)	(2,581)
		<u>22,476</u>	<u>24,900</u>	<u>48,092</u>	<u>47,359</u>
Profit from Operations		<u>35,971</u>	<u>24,494</u>	<u>62,103</u>	<u>27,716</u>
Finance Cost		7,406	11,154	14,402	24,570
		<u>28,565</u>	<u>13,340</u>	<u>47,701</u>	<u>3,146</u>
Share of Profit / (Loss) of Associated Companies - net	7	6,110	4,635	6,110	4,635
Profit before Taxation		<u>34,675</u>	<u>17,975</u>	<u>53,811</u>	<u>7,781</u>
Taxation					
- current	10.2	13,475	5,748	22,687	10,713
- prior year		(893)	18	(893)	18
- deferred		22,102	(4,418)	14,284	(4,418)
		<u>34,684</u>	<u>1,348</u>	<u>36,078</u>	<u>6,313</u>
(Loss) / Profit after Taxation		<u>(9)</u>	<u>16,627</u>	<u>17,733</u>	<u>1,468</u>
Other Comprehensive Income		0	0	0	0
Total Comprehensive (Loss) / Income for the Period		<u>(9)</u>	<u>16,627</u>	<u>17,733</u>	<u>1,468</u>
----- Rupees -----					
(Loss) / Earnings per Share		<u>(0.002)</u>	<u>3.47</u>	<u>3.71</u>	<u>0.31</u>

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



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



Mushtaq Ahmad Khan, FCA
Director

**Condensed Interim Cash Flow Statement (Un-Audited)
For The Half-Year Ended December 31, 2016**

	Half-year ended	
	Dec. 31, 2016	Dec. 31, 2015
(Rupees in thousand)		
Cash flow from operating activities		
Profit for the period - before taxation and share of profit on investments in Associated Companies	47,701	3,146
Adjustments for non-cash charges and other items:		
Depreciation	41,103	33,862
Gain on sale of vehicles	0	(446)
Staff retirement benefits - gratuity (net)	2,430	7,397
Finance cost	14,402	24,570
Profit before working capital changes	105,636	68,529
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(12,550)	(260)
Stock-in-trade	(278,515)	(81,466)
Trade debts	40,380	(64,170)
Loans and advances to employees	(1,800)	(376)
Advance payments	3,509	(5,593)
Trade deposits and prepayments	(7,590)	(9,627)
Due from Associated Company	(30)	0
Other receivables	533	2,798
Sales tax refundable	(20,300)	6,976
Increase in trade and other payables	31,843	137,269
	(244,520)	(14,449)
Cash (used in) / generated from operations	(138,884)	54,080
Taxes paid	(8,575)	(9,695)
Net cash (used in) / generated from operating activities	(147,459)	44,385
Cash flow from investing activities		
Fixed capital expenditure	(16,497)	(23,130)
Sale proceeds of vehicles	0	645
Dividend received	3,658	2,195
Defence savings certificates redeemed	0	30,000
Net cash (used in) / generated from investing activities	(12,839)	9,710
Cash flow from financing activities		
Short term finances - net	178,355	(92,510)
Finance cost paid	(18,626)	(22,036)
Cash dividend paid	(4,340)	(4,660)
Preference shares redeemed	(21)	0
Net cash generated from / (used in) financing activities	155,368	(119,206)
Net decrease in cash and cash equivalents	(4,930)	(65,111)
Cash and cash equivalents - at beginning of the period	22,038	84,723
Cash and cash equivalents - at end of the period	17,108	19,612

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



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



Mushtaq Ahmad Khan, FCA
Director

**Condensed Interim Statement Of Changes In Equity (Un-Audited)
For The Half-Year Ended December 31, 2016**

	Reserves						Unappropriated profit	Total
	Share capital	Capital			Revenue	Sub-total		
		Capital redemption	Tax holiday	Share premium	General			
----- Rupees in thousand -----								
Balance as at June 30, 2016 (audited)	47,848	6,694	350	11,409	371,530	389,983	614,960	1,052,791
Transfer to general reserve	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
Balance as at December 31, 2016 (un-audited)	47,848	6,694	350	11,409	871,530	889,983	139,211	1,077,042
Balance as at June 30, 2015 (audited)	47,848	6,694	350	11,409	371,530	389,983	606,328	1,044,159
Transaction with owners:								
Cash dividend at the rate of Rs.1.50 per ordinary share for the year ended June 30, 2015	0	0	0	0	0	0	(7,177)	(7,177)
Total comprehensive income for the period ended December 31, 2015	0	0	0	0	0	0	1,468	1,468
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	7,730	7,730
Effect of items directly credited in equity by Associated Companies	0	0	0	0	0	0	1,759	1,759
Balance as at December 31, 2015 (un-audited)	47,848	6,694	350	11,409	371,530	389,983	610,108	1,047,939

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


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


**Mushtaq Ahmad Khan, FCA
Director**

**Notes To The Condensed Interim Financial Information (Un-Audited)
For The Half-Year Ended December 31, 2016**

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 Ordinance, 1984) and its shares are quoted on Pakistan Stock Exchange. 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** This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - "Interim financial reporting" and provisions of and directives issued under the Companies Ordinance, 1984 (the Ordinance). In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed. This condensed interim financial information of the Company for the half-year ended December 31, 2016 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, 2016 and 2015 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, 2016. 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 annual financial statements for the year ended June 30, 2016.
- 2.3** This condensed interim financial information is being submitted to the shareholders as required by the Listing Regulations of Pakistan Stock Exchange and section 245 of the Ordinance.

3. Accounting Policies

The accounting policies and methods of computation used in the preparation of this condensed interim financial information are the same as those applied in the preparation of financial statements of the Company for the year ended June 30, 2016.

4. New / Revised Standards, Interpretations and Amendments

4.1 Standards, interpretations and amendments to approved accounting standards that are effective in the current period

Certain standards, interpretations and amendments to approved accounting standards are effective for accounting periods beginning on July 01, 2016, but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in this condensed interim financial information.

4.2 Standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted by the Company

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

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 recognised prospectively commencing from the period of revision.
- 5.2** Except for the matter detailed in note 6.2, 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 the financial statements as at and for the year ended June 30, 2016.
- 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, 2016.
- 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.

	Note	Un-audited Dec. 31, 2016 (Rupees in thousand)	Audited June 30, 2016
6. Property, Plant and Equipment			
Operating fixed assets	6.1	3,099,303	3,129,440
Advances against purchase of vehicles		5,531	0
		3,104,834	3,129,440
6.1 Operating fixed assets			
Book value as at June 30, 2016		3,129,440	
Additions during the period:			
- buildings on freehold land:			
- factory		4,710	
- non factory		560	
- plant & machinery		5,173	
- furniture & fixtures		88	
- office & other equipment		64	
- computer equipment & accessories		108	
- security & surveillance		263	
		10,966	
Depreciation charge for the period		(41,103)	
Book value as at December 31, 2016		3,099,303	

- 6.2** The management, during the current period, in order to ascertain the useful life of generators has carried-out an internal exercise and assessed their remaining useful life. Keeping in consideration the assessed useful life of generators, the depreciation rate of generators has been enhanced to 10% per annum from 5% per annum.

The aforementioned revision has been accounted for as change in accounting estimate in accordance with the requirements of IAS 8 "Accounting policies, changes in accounting estimates and errors". The effect of this change in accounting estimate has been recognised prospectively in the profit and loss account of the current period. Had there been no revision, profit before taxation for the current period and carrying value of operating fixed assets would have been higher by Rs.3.692 million. Accordingly, earnings per share for the period ended December 31, 2016 would have been Rs.4.48 instead of Rs.3.71.

	Un-audited Dec. 31, 2016	Audited June 30, 2016
7. Investments in Associated Companies - Quoted		
Babri Cotton Mills Ltd. (BCM)	(Rupees in thousand)	
587,493 ordinary shares of Rs.10 each - cost	10,973	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	88,074	88,811
Loss for the period / year - net of taxation	(158)	(2,006)
Share of other comprehensive loss - net of taxation	0	(155)
	98,889	97,623
Bannu Woollen Mills Ltd. (BWM)		
731,626 ordinary shares of Rs.10 each - cost	7,697	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	71,862	68,303
Profit for the period / year - net of taxation	6,268	5,743
Share of other comprehensive loss - net of taxation	0	(650)
Dividend received	(3,658)	(2,195)
	82,169	78,898
	181,058	176,521
7.1 (a) Market value of the Company's investments in BCM and BWM as at December 31, 2016 was Rs.72.849 million (June 30, 2016: Rs.60.018 million) and Rs.52.677 million (June 30, 2016: Rs.38.893 million) respectively.		
(b) The management intends to carry-out impairment testing of its investments in BCM and BWM as at June 30, 2017.		
8. Stores, spares and loose tools and stock-in-trade		
Stores & spares valuing Rs.14.162 million and raw materials inventory valuing Rs.82.933 million were in transit as at December 31, 2016.		
9. Trade and other payables		
Creditors	35,135	24,105
Bills payable against imported:		
- plant and machinery	1,103	0
- raw materials	55,905	24,935
Advances from customers	4,308	3,956
Advance payments	184	184
Accrued expenses	54,840	69,061
Tax deducted at source	1,700	1,686
Due to Waqf-e-Kuli Khan	4,889	4,872
Security deposits repayable on demand - interest free	112	112
Workers' (profit) participation fund	2,590	609
Workers' welfare fund	1,468	916
Unclaimed dividends	4,741	3,100
Others	128	83
	167,103	133,619

10. Taxation

- 10.1** Income tax assessments of the Company have been completed upto the tax year 2016 i.e. accounting year ended June 30, 2016.
- 10.2** Provision for the current period represents tax payable under section 4 of the Income Tax Ordinance, 2001 (the Ordinance) whereas provision for the preceding year represented minimum tax due under section 113 of the Ordinance.
- 10.3** 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.
- 10.4** The Commissioner Inland Revenue (Appeals) [CIR(A)], during the period, has decided the appeal for the tax year 2011 in favour of the Company and demands of tax charged under sections 161/205 of the Ordinance aggregating Rs.5.632 million have been deleted.
- 10.5** The Income Tax Department (the Department) has charged tax aggregating Rs.3.998 million under sections 161/205 of the Ordinance for the tax year 2012 against which appeal has been filed with the CIR(A), which is pending adjudication.
- 10.6** The Appellate Tribunal Inland Revenue (ATIR), during the period for the tax years 2004 to 2006, has cancelled all the assessments made under section 122(5A) of the Ordinance by the CIR and restored the original assessments under section 120(1) of the Ordinance as detailed below:
- (a) The Department had charged tax amounting Rs.7.123 million under section 122(5A) of the Ordinance for the tax year 2004 (year ended September 30, 2003). The CIR(A) has deleted the additions against which the Department filed an appeal before the ATIR, which has rejected the said appeal during the period.
- (b) The ATIR has cancelled the orders passed under section 122(5A) of the Ordinance for the tax year 2005 (year ended September 30, 2004 and period ended June 30, 2005) and tax charged amounting Rs.2.289 million has been deleted.
- (c) The ATIR has cancelled the order passed under section 122(5A) of the Ordinance for the tax year 2006 (year ended June 30, 2006) and tax charged amounting Rs.894 thousand has been deleted.
- (d) For the tax year 2006 (year ended June 30, 2006), tax has been charged under sections 161/205 of the Ordinance at Rs.560 thousand against which appeals have been filed by the Department and the Company with the ATIR, which is pending adjudication.
- 10.7** Except for the above matters, no significant change occurred during the period in the status of taxation matters as detailed in note 21 to the financial statements of the Company for the year ended June 30, 2016.

11. Contingencies and Commitments

- 11.1** 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.
- 11.2** The Company has challenged the levy of Gas Infrastructure Development Cess (GIDC) by filing a petition before the PHC, which has stayed the levy / cess charged through GIDC Act, 2015 and the Respondents were directed to submit their comments. Sui Northern Gas Pipelines Ltd., along with gas bill for the month of December, 2016, has raised GIDC demands aggregating Rs.276.962 million, which are payable in case of an adverse judgment by the PHC. The petition before the PHC is pending adjudication.
- 11.3** Counter guarantee given by the Company to a commercial bank outstanding as at December 31, 2016 was for Rs.75 million (June 30, 2016: Rs.75 million).
- 11.4** Refer contents of note 10.

JDM TEXTILE MILLS LIMITED

	Un-audited Dec. 31, 2016 (Rupees in thousand)	Audited June 30, 2016
11.5 Commitments against irrevocable letters of credit outstanding at the period / year-end were for:		
- stores and spares	5,000	0
- raw materials	289,052	24,132
	294,052	24,132

12. Transactions with Related Parties

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

Name	Nature of transaction	Cumulative	
		Jul. - Dec., 2016 (Rupees in thousand)	Jul. - Dec., 2015
Babri Cotton Mills Ltd.	Residential rent:		
	- paid	12	0
	- received	700	0
	Utilities / expenses:		
	- paid	50	0
	- recovered	30	0
	Salaries:		
	- paid	40	0
	- recovered	4,288	0
	Dividend paid	426	511
Bibojee Services (Pvt.) Ltd.	----- do -----	1,054	843
	Expenses recovered	30	0
Bannu Woollen Mills Ltd.	Salaries recovered	3,721	0
	Dividend paid	1,949	2,339
	Dividend received	3,658	2,195
Gammon Pakistan Ltd.	Rent paid	150	75
	Expenses recovered	30	0
Rahman Cotton Mills Ltd.	Salaries recovered	3,164	0
	Expenses recovered	30	0
Ghandhara Nissan Ltd.	----- do -----	30	0
Ghandhara Industries Ltd.	----- do -----	30	0
The Universal Insurance Company Ltd.	----- do -----	30	0
The General Tyre & Rubber Company of Pakistan Ltd.	----- do -----	30	0

12.2 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.

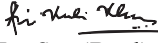
13. Date of Authorisation for Issue


This condensed interim financial information was approved and authorised for issue by the Board of Directors of the Company on 28th February, 2017.

14. Corresponding Figures

14.1 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.

14.2 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.


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


Mushtaq Ahmad Khan, FCA
Director

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