

**Nine Month  
Accounts  
March  
2019**

BIBOJEE GROUP



**Janana De Malucho Textile  
Mills Limited**

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# Janana De Malucho Textile Mills Ltd.

## COMPANY'S PROFILE

<b>BOARD OF DIRECTORS</b>	MR. RAZA KULI KHAN KHATTAK LT. GEN. (RETD.) ALI KULI KHAN KHATTAK, Chief Executive 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 COL. (RETD.) SYED YUNUS ALI RAZA	Chairman
<b>AUDIT COMMITTEE</b>	BRIG. (RETD) ABDUL SAMAD KHAN MR. RAZA KULI KHAN KHATTAK MR. SAAD WAHEED COL. (RETD.) SYED YUNUS ALI RAZA	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. SAAD WAHEED COL. (RETD.) SYED YUNUS ALI RAZA	Chairman Chief Executive / Member 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	

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# Janana De Malucho Textile Mills Ltd.

## DIRECTOR'S REVIEW

On behalf of the Board of Directors, we feel pleasure in presenting the unaudited condensed interim financial information of the Company for the 3<sup>rd</sup> quarter & Nine months period ended 31<sup>st</sup> March, 2019.

### FINANCIAL HIGHLIGHTS

We are pleased to report that your Company, with the infinite benevolence of Allah Karim, we have achieved positive results, despite of the 33% devaluation of Pak Rupee and 4.5% increase in the markup rate of bank financing. The results are summarized as below:

	Quarter ended		Nine months Period ended	
	Mar. 31, 2019	Mar. 31, 2018	Mar. 31, 2019	Mar. 31, 2018
	----- Rs. in thousand -----			
Sales	<b>798,427</b>	746,330	<b>2,488,050</b>	2,068,013
Gross profit	<b>80,341</b>	67,524	<b>192,715</b>	121,419
Profit from operations	<b>50,384</b>	43,742	<b>96,344</b>	48,148
Profit / (loss) before taxation	<b>27,324</b>	24,606	<b>27,987</b>	(10,610)
Profit / (loss) after taxation	<b>5,466</b>	24,619	<b>12,411</b>	(6,738)
	----- Rupees -----			
Earnings / (loss) per share	<b>1.14</b>	5.15	<b>2.59</b>	(1.41)

During the nine months period ended 31 March, 2019, the Company has achieved a turnover of Rs.2,488.050 million, which shows an increase in turnover by Rs.420.037 million as compared to previous comparative period. The Company, during the nine months period ended March, 2019, has earned a profit before taxation for Rs.27.987 million and a net profit after taxation for Rs.12.411 million as compared to loss before tax for Rs.10.610 million, and loss after tax for Rs.6.738 million, respectively, during the last comparative period.

### GENERAL MARKET CONDITION

The local yarn markets have been quite stable during the quarter under report. However, on the other hand, the cotton cost has increased mainly due to devaluation of Pak Rupee. The withdrawal of Sales tax and Custom duty on imported cotton has supported in reducing cost of production but its effect has been negated by the unstable dollar price. The price of local cotton has also been around Rs.8,800/- per maund as compared to Rs.7,300/- per maund for the previous period of Nine months ended 31<sup>st</sup> march, 2018, despite scarcity of quality cotton, because due to the increase in the value of the dollar the local textile mills gave priority to the local market for cotton buying.

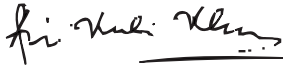
**FUTURE OUTLOOK**

The yarn markets are showing a little downward trend at the moment, which is expected to continue during the month of May, 19 also. The Govt. has said that an agreement with International Monetary Fund (IMF) for an economic assistance package would be signed by the end of April, 2019. Therefore, it is hoped that after the receipt of funds from IMF and announcement of budget for the fiscal year 2019-20, which market experts hope would be a pro-industry budget. The management is hopeful that economics prospects of the country will improve in the future and hope to maximize the profitability of the company with the guidance and support of the board of directors.

**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.

**On behalf of the Board of Directors**



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



**Brig. (Retd) Abdul Samad Khan  
Director**

**Dated: April 23, 2019**

# Janana De Malucho Textile Mills Ltd.

## ڈائریکٹرز رپورٹ برائے حصص یافتگان

بورڈ آف ڈائریکٹرز کی جانب سے، 31 مارچ 2019 نو ماہ اور تیسری سرمایہ کی ختم ہونے والی مدت پر کمپنی کی غیر آڈٹ 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 اہم جھلکیاں مندرجہ ذیل ہیں۔

نو ماہی		سرمایہ		
2018 مارچ 31	2019 مارچ 31	2018 مارچ 31	2019 مارچ 31	
-----روپے ہزاروں میں-----				
2,068,013	2,488,050	746,330	798,427	فروخت
121,419	192,715	67,524	80,341	عمدہ ری منافع
48,148	96,344	43,742	50,384	اپریشن کے بعد منافع
(10,610)	27,987	24,606	27,324	ٹیکس سے پہلے منافع یا نقصان
(6,738)	12,411	24,619	5,466	ٹیکس سے بعد منافع یا نقصان
-----روپے-----				
(1.41)	2.59	5.15	1.14	آمدنی یا نقصان فی شیئر

نو ماہ کے عرصے کے دوران جو 31 مارچ، 2019 کو ختم ہوا، کمپنی نے 2,488,050 ملین روپے کا یارن فروخت کیا ہے، جو گزشتہ سال کے مدت کے مقابلے میں 420.037 ملین روپے زائد اضافہ ظاہر کرتا ہے۔ کمپنی نے 2019 کے نو ماہ کے اختتام کے دوران، ٹیکس سے پہلے 27.987 ملین روپے منافع حاصل کیا ہے اور ٹیکس کے بعد 12.411 ملین روپے منافع حاصل کیا ہے۔ جبکہ گزشتہ سال کے مقابلے میں خالص ٹیکس سے پہلے 10.610 ملین روپے کا نقصان تھا اور ٹیکس کے بعد 6.738 ملین روپے کا نقصان تھا۔

### عمومی مارکیٹ کی حالت

رپورٹ کے تحت اس سرمایہ کے دوران مقامی یارن مارکیٹ کافی مستحکم رہی تاہم، پاکستانی روپیہ کی قدر میں کمی کی وجہ سے کپاس کی قیمت بنیادی طور پر بڑھ گئی ہے۔ درآمد شدہ کپاس پر پبلر ٹیکس اور کسٹمز ڈیوٹی لاگو نہ ہونے سے پیداوار کی لاگت کو کم کرنے میں مدد کی ہے لیکن اس کا اثر غیر مستحکم ڈالر کی قیمت کی وجہ سے ختم ہوا ہے۔ اس سال مقامی کپاس کی قیمت تقریباً 8,800 روپے فی من رہی ہے جبکہ معیاری کپاس کی کمی کے باوجود، 31 مئی، 2018 کو نو مہینے کے پچھلے عرصے کے دوران 7,300 روپے فی من کی تھی۔ ڈالر کی قیمت میں اضافہ کی وجہ سے مقامی ٹیکسٹائل ملز نے کپاس کی خریداری کے لئے مقامی مارکیٹ کو ترجیح دی۔

### مستقبل کا نقطہ نظر

اس وقت یارن مارکیٹوں میں تھوڑا سا کمی کارہجان ظاہر ہو رہا ہے، جو مئی، 2019 کے مہینے کے دوران بھی جاری رہے گا۔ حکومت نے کہا ہے کہ معاشی معاہدے کیلئے بین الاقوامی مالیاتی فنڈ (آئی ایم ایف) کے ساتھ ایک معاہدے پر جلد دستخط کیا جائے گا۔ لہذا، اُمید ہے کہ آئی ایم ایف سے فنڈز وصول کرنے اور مالی سال 20-2019 کے بجٹ کا اعلان کرنے کے بعد، جس بارے میں مارکیٹ کے ماہرین کی اُمید ہے وہ ایک صنعتی بجٹ ہوگا انتظامیہ اُمید کرتی ہے کہ مستقبل میں ملک کی اقتصادیات کو بہتر بنانے میں مدد ملے گی اور کمپنی کے ڈائریکٹرز کی رہنمائی اور حمایت کے ساتھ کمپنی کی منافع کو زیادہ سے زیادہ ہونے کی اُمید ہے۔

### اعتراف

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

تاریخ: 23 اپریل 2019 کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے

*Chaudhary*  
لیفٹیننٹ جنرل (ریٹائرڈ) علی قلی خان خٹک  
چیف ایگزیکٹو

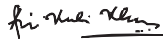
*Dehghan*  
بریگیڈر (ریٹائرڈ) عبدالصمد خان  
ڈائریکٹر


# Janana De Malucho Textile Mills Ltd.

## Condensed Interim Statement of Financial Position as at March 31, 2019

		(Un-Audited) March 31 2019	(Audited) June 30 2018
	Note	Rupees in thousand	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	3,141,477	3,117,231
Investments in Associated Companies	7	424,058	425,888
Loans to employees		293	1,163
Security deposits		<u>1,204</u>	<u>1,204</u>
		<b>3,567,032</b>	<b>3,545,486</b>
<b>Current assets</b>			
Stores, spares and loose tools		65,582	60,662
Stock-in-trade	8	1,028,972	1,187,384
Trade debts - unsecured, considered good		14,698	45,364
Advances to employees		2,319	2,792
Advance payments		14,112	17,581
Trade deposits and prepayments		11,667	1,207
Due from Associated Companies	12.2	4,671	772
Other receivables		307	14,053
Sales tax refundable		42,600	112,381
Income tax refundable, advance tax and tax deducted at source		87,966	87,826
Cash and bank balances		<u>6,574</u>	<u>12,170</u>
		<b>1,279,468</b>	<b>1,542,192</b>
<b>TOTAL ASSETS</b>		<b><u>4,846,500</u></b>	<b><u>5,087,678</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Authorized capital		<u>200,000</u>	<u>200,000</u>
Issued, subscribed and paid-up capital		47,848	47,848
Capital reserves			
- capital redemption		6,694	6,694
- tax holiday		350	350
- share premium		11,409	11,409
- revaluation surplus on property, plant and equipment	9	2,306,820	2,323,069
Revenue reserves			
- general reserve		871,530	871,530
- un-appropriated profit		<u>88,102</u>	<u>58,665</u>
<b>Shareholders' equity</b>		<b>3,332,753</b>	<b>3,319,565</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Staff retirement benefits - gratuity		57,183	51,343
Deferred taxation		<u>203,228</u>	<u>209,882</u>
		<b>260,411</b>	<b>261,225</b>
<b>Current liabilities</b>			
Trade and other payables	10	336,814	321,569
Unclaimed dividends		294	294
Accrued mark-up		21,548	19,818
Short term finances		870,611	1,142,370
Taxation		22,876	21,644
Preference shares redemption account		<u>1,193</u>	<u>1,193</u>
		<b>1,253,336</b>	<b>1,506,888</b>
<b>Total liabilities</b>		<b>1,513,747</b>	<b>1,768,113</b>
<b>Contingencies and commitments</b>	11		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>4,846,500</u></b>	<b><u>5,087,678</u></b>

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

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

  
**Brig. (Retd) Abdul Samad Khan**  
**Director**

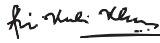
  
**Amin-ur-Rasheed**  
**Chief Financial Officer**


# Janana De Malucho Textile Mills Ltd.

## Condensed Interim Statement of Profit or Loss & Other Comprehensive Income (Un-audited) For the Quarter and Nine Months Period Ended March 31, 2019

	Quarter ended		Nine months period ended	
	Mar. 31, 2019	Mar. 31, 2018	Mar. 31, 2019	Mar. 31, 2018
Note	----- Rupees -----		in thousand -----	
Sales - net	798,427	746,330	2,488,050	2,068,013
Cost of Sales	718,086	678,806	2,295,335	1,946,594
Gross Profit	80,341	67,524	192,715	121,419
Distribution Cost	10,138	8,074	35,702	23,846
Administrative Expenses	20,305	16,090	62,078	50,656
Other Expenses	0	20	20	20
Other Income	(486)	(402)	(1,429)	(1,251)
	29,957	23,782	96,371	73,271
Profit from Operations	50,384	43,742	96,344	48,148
Finance Cost	23,060	19,136	67,579	50,299
	27,324	24,606	28,765	(2,151)
Share of Loss of Associated Companies - net	0	0	(778)	(8,459)
Profit / (loss) before Taxation	27,324	24,606	27,987	(10,610)
Taxation - net	21,858	(13)	15,576	(3,872)
Profit / (loss) after Taxation	5,466	24,619	12,411	(6,738)
Other Comprehensive Income	0	0	0	0
Total Comprehensive Income / (loss) for the Period	5,466	24,619	12,411	(6,738)
	----- Rupees -----			
Earnings / (loss) per Share	1.14	5.15	2.59	(1.41)

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

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

  
Brig. (Retd) Abdul Samad Khan  
Director

  
Amin-ur-Rasheed  
Chief Financial Officer

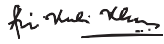



# Janana De Malucho Textile Mills Ltd.

## Condensed Interim Statement of Cash Flows (Un-Audited) For the Nine Months Period Ended March 31, 2019

	Nine months period ended	
	Mar. 31, 2019	Mar. 31, 2018
	Rupees in thousand	
<b>Cash flow from operating activities</b>		
Profit / (loss) for the period - before taxation and share of loss of Associated Companies - net	28,765	(2,151)
Adjustments for non-cash charges and other items:		
Depreciation	60,747	62,596
Staff retirement benefits - gratuity (net)	5,840	(31,971)
Finance cost	66,262	50,299
	161,614	78,773
<b>Profit before working capital changes</b>		
<b>Effect on cash flows due to working capital changes</b>		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(4,920)	5,393
Stock-in-trade	158,412	(282,427)
Trade debts	30,666	69,421
Loans and advances to employees	1,343	(1,715)
Advance payments	3,469	3,278
Trade deposits and prepayments	(10,460)	(2,534)
Due from Associated Companies	(3,899)	(1,453)
Other receivables	13,746	2,385
Sales tax refundable	69,781	(49,083)
Increase in trade and other payables	15,245	64,951
	273,383	(191,784)
<b>Cash generated from / (used in) operations</b>	434,997	(113,011)
Taxes paid	(21,138)	(21,917)
<b>Net cash generated from / (used in) operating activities</b>	413,859	(134,928)
<b>Cash flow from investing activities</b>		
Fixed capital expenditure	(84,993)	(22,524)
Dividend received	1,829	3,658
<b>Net cash used in investing activities</b>	(83,164)	(18,866)
<b>Cash flow from financing activities</b>		
Short term finances - net	(271,759)	215,699
Finance cost paid	(64,532)	(48,128)
Cash dividend paid	0	(1,114)
<b>Net cash (used in) / generated from financing activities</b>	(336,291)	166,457
<b>Net (decrease) / increase in cash and cash equivalents</b>	(5,596)	12,663
<b>Cash and cash equivalents - at beginning of the period</b>	12,170	16,999
<b>Cash and cash equivalents - at end of the period</b>	6,574	29,662

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

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

  
Brig. (Retd) Abdul Samad Khan  
Director

  
Amin-ur-Rasheed  
Chief Financial Officer

# Janana De Malucho Textile Mills Ltd.


## Condensed Interim Statement of Changes In Equity (Un-Audited) For the Nine Months Period Ended March 31, 2019


Share capital	Reserves						Total
	Capital				Revenue		
	Capital redemption	Tax holiday	Share premium	Revaluation surplus on property, plant and equipment	General	Unappropriated profit	

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

Balance as at June 30, 2018 (audited)	47,848	6,694	350	11,409	2,323,069	871,530	58,665	3,319,565
Total comprehensive income for the nine months period ended March 31, 2019	0	0	0	0	0	0	12,411	12,411
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	(14,348)	0	14,348	0
Share of revaluation surplus on property, plant and equipment of Associated Companies	0	0	0	0	(1,901)	0	0	(1,901)
Effect of items directly credited in equity by Associated Companies - net	0	0	0	0	0	0	2,678	2,678
<b>Balance as at March 31, 2019 (un-audited)</b>	<b><u>47,848</u></b>	<b><u>6,694</u></b>	<b><u>350</u></b>	<b><u>11,409</u></b>	<b><u>2,306,820</u></b>	<b><u>871,530</u></b>	<b><u>88,102</u></b>	<b><u>3,332,753</u></b>
Balance as at June 30, 2017 (audited)	47,848	6,694	350	11,409	2,344,350	871,530	122,205	3,404,386
Total comprehensive loss for the nine months period ended March 31, 2018	0	0	0	0	0	0	(6,738)	(6,738)
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	(15,025)	0	15,025	0
Share of revaluation surplus on property, plant and equipment of Associated Companies	0	0	0	0	(2,610)	0	0	(2,610)
Effect of items directly credited in equity by Associated Companies - net	0	0	0	0	0	0	(3,193)	(3,193)
<b>Balance as at March 31, 2018 (un-audited)</b>	<b><u>47,848</u></b>	<b><u>6,694</u></b>	<b><u>350</u></b>	<b><u>11,409</u></b>	<b><u>2,326,715</u></b>	<b><u>871,530</u></b>	<b><u>127,299</u></b>	<b><u>3,391,845</u></b>

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

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

  
**Brig. (Retd) Abdul Samad Khan**  
**Director**

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

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# Janana De Malucho Textile Mills Ltd.

## **Notes to the Condensed Interim Financial Statements (Un-audited) For the Nine Months Period Ended March 31, 2019**

### **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. The Company is principally engaged in manufacture and sale of yarn. The Company's mills and its registered office are located at Habibabad, Kohat.

### **2. Basis of Preparation**

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.

### **3. Significant Accounting Policies**

The accounting policies and methods of computation adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended June 30, 2018, except for the adoption of IFRS 15 "Revenue from contracts with customers". The revised accounting policy adopted by the management is as follows:

#### **IFRS 15 - Revenue from Contracts with Customers**

IFRS 15 has been notified by Securities and Exchange Commission of Pakistan to be effective for annual periods beginning on or after July 01, 2018. This standard deals with revenue recognition and establishes principles for reporting useful information to users of the financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. This standard replaces IAS 18, "Revenue" and IAS 11, "Construction contracts" and related interpretations.

The Company has applied IFRS 15 using the modified retrospective approach for transition. This approach requires entities to recognise the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of unappropriated profit in the period of initial application. Comparative prior year periods would not be adjusted. The application of IFRS 15 does not have any impact on the revenue recognition policy of the Company and therefore, the cumulative effect of initially applying this standard as an adjustment to the opening balance of unappropriated profit in the period of initial application is nil.

- ### **4.**
- These condensed interim financial statements are being submitted to the shareholders as required by section 237 of the Companies Act, 2017. These condensed interim financial statements do 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, 2018.

## Janana De Malucho Textile Mills Ltd.

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

The preparation of condensed interim financial statements 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.

Judgments and estimates made by the management in the preparation of these condensed interim financial statements are the same as those that were applied to the financial statements as at and for the year ended June 30, 2018.

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, 2018.

6. PROPERTY, PLANT AND EQUIPMENT	Note	Un-audited Mar. 31, 2019	Audited June 30, 2018
Operating fixed assets - tangible	6.1	3,066,256	3,117,231
Capital work-in-progress - plant and machinery		75,221	0
		<u>3,141,477</u>	<u>3,117,231</u>
<b>6.1 Operating fixed assets - tangible</b>			
Book value of operating fixed assets as at June 30, 2018		3,117,231	
Additions during the period:			
- plant & machinery		2,054	
- generators		7,376	
- furniture & fixtures		263	
- computer equipment & accessories		79	
		9,772	
		(60,747)	
Depreciation charge for the period		(60,747)	
<b>Book value of operating fixed assets as at March, 31, 2019</b>		<u>3,066,256</u>	
<b>7. Investments in Associated Companies - Quoted</b>			
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		63,250	85,893
Share of revaluation surplus on property, plant and equipment		145,975	147,291
Loss for the period / year - net of taxation		(1,973)	(22,349)
Share of other comprehensive loss - net of taxation		0	(1,829)
<b>Bannu Woollen Mills Ltd. (BWM)</b>		<u>218,225</u>	<u>219,979</u>
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		75,729	74,908
Share of revaluation surplus on property, plant and equipment		123,041	123,626
Profit for the period / year - net of taxation		1,195	3,898
Share of other comprehensive loss - net of taxation		0	(562)
Dividend received		(1,829)	(3,658)
		<u>205,833</u>	<u>205,909</u>
		<u>424,058</u>	<u>425,888</u>

## Janana De Malucho Textile Mills Ltd.

- 7.1** Although the Company has less than 20% voting rights in BCM and BWM as at December 31, 2018 and June 30, 2018, it is presumed that the Company has significant influence over these Companies due to majority representation on their board of directors.
- 7.2** Market values of the Company's investments in BCM and BWM as at March 31, 2019 were Rs.31.460 million (June 30, 2018: Rs.29.962 million) and Rs.34.928 million (June 30, 2018: Rs.36.398 million) respectively.
- 7.3** The management intends to carry-out impairment testing of its investments in BCM and BWM as at June 30, 2019.

**8. Stock-in-trade**

Raw materials inventory valuing Rs.124.103 million was in transit as at March 31, 2019.

<b>9. Revaluation surplus on property, plant and equipment - net</b>	<b>Note</b>	<b>Un-audited Mar. 31, 2019 (Rupees in thousand)</b>	<b>Audited June 30, 2018</b>
Revaluation surplus on the Company's property, plant & equipment		<b>2,037,804</b>	2,052,152
Share of revaluation surplus on property, plant and equipment of Associated Companies	7	<b>269,016</b>	270,917
		<b><u>2,306,820</u></b>	<b><u>2,323,069</u></b>
<b>10. Trade and other payables</b>			
Creditors		<b>66,731</b>	45,684
Bills payable against imported:			
- plant and machinery		<b>0</b>	26,868
- raw materials		<b>64,425</b>	3,119
Contract liabilities		<b>3,544</b>	8,013
Advance payments		<b>184</b>	184
Accrued expenses		<b>162,580</b>	142,159
Tax deducted at source		<b>499</b>	1,778
Gratuity payable to:			
- key management personnel		<b>21,226</b>	66,231
- other employees		<b>14,502</b>	22,734
Due to Waqf-e-Kuli Khan		<b>2,421</b>	2,421
Security deposits repayable on demand - interest free		<b>112</b>	112
Employees' provident fund payable		<b>0</b>	1,878
Others		<b>590</b>	388
		<b><u>336,814</u></b>	<b><u>321,569</u></b>

**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 (the Act) read with certain SROs. The Lahore High Court, Lahore (LHC) had suspended the operation of the impugned show cause notice on September 12, 2013. The LHC has decided the case on October 10, 2017 with the direction that the Company may take its objections before the adjudication officer determining the show cause notice. Subsequently, the Sales Tax Department (the Department), vide its judgment dated February 20, 2018, has reduced the demands to Rs.5.978 million against which the Company has filed an appeal, which is pending before Commissioner Inland Revenue (Appeals) - CIR(A) Lahore.

## Janana De Malucho Textile Mills Ltd.

**11.2** The Department, vide order dated January 01, 2018 under section 11(3) of the Act, has created demand of Rs.182.690 million for the period July, 2011 to June, 2013 against which the Company has filed writ petition before the LHC, which has declared the order passed by the Department illegal and void ab-initio. The Department against order of the LHC has filed an appeal before the Supreme Court of Pakistan (SCP), which is pending adjudication.

**11.3** 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 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 March, 2019, has raised GIDC demands aggregating Rs.587.131 million, which are payable in case of an adverse judgment by the SCP. The management, during the 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 and preceding year. Provisions for the balance GIDC demands aggregating Rs.509.088 million pertaining to prior years and the current period have not been made in the books of account as the management expects a favourable judgment by the SCP due to meritorious legal grounds.

**11.4** Counter guarantee given by the Company to a commercial bank outstanding as at March 31, 2019 was for Rs.75 million (June 30, 2018: Rs.75 million).

	Un-audited Mar. 31, 2019	Audited June 30, 2018
(Rupees in thousand)		
<b>11.5</b> Commitments against irrevocable letters of credit outstanding at the period / year-end were for:		
- stores and spares	6,769	6,914
- raw materials	244,640	40,790
	251,409	47,704

### 12. Transactions with Related Parties

**12.1** Significant transactions made during the period with related parties were as follows:

Name	Nature of transaction	Cumulative Nine months ended March, 31	
		2019	2018
		(Rupees in thousand)	
<b>Associated Companies</b>			
Babri Cotton Mills Ltd.	Residential rent received	1,388	1,207
	Utilities / expenses:		
	- paid	43	48
	- recovered	72	69
	Salaries & benefits recovered	2,094	2,025
Bannu Woollen Mills Ltd.	Sale of raw cotton	603	0
	Expenses recovered	72	69
	Salaries & benefits:		
	- paid	288	0
	- recovered	1,528	1,187
	Dividend received	1,829	3,658
Gammon Pakistan Ltd.	Rent paid	150	150
Rahman Cotton Mills Ltd.	Expenses recovered	21	69
	Salaries & benefits recovered	368	1,187
Ghandhara Nissan Ltd.	----- do -----	1,217	1,187
	Expenses recovered	72	69
Ghandhara Industries Ltd.	---- do ----	72	69
	Salaries & benefits recovered	1,217	1,187
The Universal Insurance Company Ltd.	---- do ----	1,217	1,187
	Expenses recovered	72	69
<b>Other related parties</b>			
Staff retirement fund	Contributions paid to Janana De Malucho Textile Mills Limited Employees Provident Fund	17,353	0
Key management personnel	Salaries and benefits	87,115	71,963

## Janana De Malucho Textile Mills Ltd.

### 12.2 Period / year-end balances were as follows:

	Un-audited Mar. 31, 2019	Audited June 30, 2018
Due from:		
- Babri Cotton Mills Ltd.	3,246	0
- Rahman Cotton Mills Ltd.	1,161	772

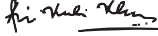
### 13. Corresponding Figures


13.1 In order to comply with the requirements of IAS 34 "Interim financial reporting", the condensed interim statement of financial position has been compared with the balances of annual audited financial statements of the preceding financial year, whereas, the condensed interim statement of profit or loss & other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

13.2 Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purposes of comparison; however, except for reclassification of preceding period's administrative expenses aggregating Rs.21.773 million to cost of sales, no significant re-classifications / re-statements have been made to these condensed interim financial statements.

### 14. Date of Authorisation for Issue

These condensed interim financial statements were approved and authorised for issue by the Board of Directors of the Company on April 23, 2019.

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

  
Brig. (Retd) Abdul Samad Khan  
Director

  
Amin-ur-Rasheed  
Chief Financial Officer

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