

Quarterly Accounts September, 2014



**Janana De Malucho Textile
Mills Limited**

JANANA DE MALUCHO TEXTILE MILLS LIMITED 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 MRS. ZEB GOHAR AYUB MRS. SHAHNAZ SAJJAD AHMAD DR. SHAHEEN KULI KHAN CH.SHER MUHAMMAD BRIG. (RETD) ABDUL SAMAD KHAN	Chairman Chief Executive
AUDIT COMMITTEE	BRIG. (RETD) ABDUL SAMAD KHAN MR. RAZA KULI KHAN KHATTAK MR. AHMAD KULI KHAN KHATTAK MR. MUSHTAQ AHMAD KHAN, FCA CH.SHER MUHAMMAD	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	HAMEED CHAUDHRI & CO., Chartered Accountants	
BANKERS	NATIONAL BANK OF PAKISTAN HABIB BANK LIMITED UNITED BANK LIMITED BANK ALFALAH 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	

JANANA DE MALUCHO TEXTILE MILLS LIMITED

DIRECTORS REPORT TO THE SHAREHOLDERS

On behalf of the Board of Directors, I feel pleasure in presenting the un-audited financial statements of the Company for the first quarter ended 30th September, 2014.

FINANCIAL HIGHLIGHTS

During the first quarter, your Company has posted the following results:

	2014	2013
	- Rs. in million -	
Sales	638.418	846.889
Gross Profit	83.556	196.048
Profit from operations	60.712	172.115
Profit before taxation	44.813	160.244
Profit after taxation	28.882	151.775
	--- Rupees ---	
Earnings per share	6.04	31.72

We have to inform the shareholders that the turnover of the Company has decreased by Rs.208.471 million i.e 33% as compared to comparative period of last year. Main reasons of decrease in sales was non availability of gas to end consumers in Punjab and Sindh from 1st September, 2014, torrential rains / flood and dismal law & order situation. Decrease in sales resulted into decrease in profits. Increase in power and fuel cost i.e. in electricity it is Rs.11.293 million (66%) has also dented the earnings of the company.

GENERAL MARKET CONDITION

Currently the prices of cotton in local and international markets are showing downward trend resulting into decrease in prices of yarn. Unstable political situation, Load shedding and gas outages 7/24 to the end user finishing and printing units in Punjab and downward spiral of raw material rates are ultimately affecting the sale rates of yarn to a great extent.

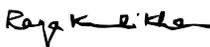
FUTURE OUTLOOK

The winter season has already started and heavy load shedding of gas and electricity is expected in the current season which may continue upto March, 2015, resulting into great suffering for textile industry. All in all 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 and maintain current profit margins by using every resource on its disposal.

ACKNOWLEDGMENT

The Board places on record its appreciation for the support of its bankers who have consistently facilitated the Company in financially difficult times. We would also like to highlight the hard work and diligence of the Company's Senior Management, support staff and the production workers. 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

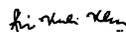
Dated: 31st October, 2014

JANANA DE MALUCHO TEXTILE MILLS LIMITED

CONDENSED INTERIM BALANCE SHEET AS AT 30 SEPTEMBER, 2014

	Un-audited 30 September 2014	Audited 30 June 2014
	--- (Rupees in thousand) ---	
ASSETS		
Non-current assets		
Property, plant and equipment	6 2,313,438	2,324,453
Investments in Associated Companies	178,740	178,740
Loans to employees	6,298	4,400
Security deposits	1,029	1,029
	2,499,505	2,508,622
Current assets		
Stores, spares and loose tools	58,020	49,026
Stock-in-trade	558,557	771,782
Trade debts - unsecured considered good	39,646	41,055
Advances to employees	1,496	2,991
Advance payments	58,720	27,090
Trade deposits and prepayments	7 26,750	4,771
Due from Associated Companies	7,741	10,277
Sales tax refundable	20,342	18,392
Income tax refundable, advance tax and tax deducted at source	81,098	75,761
Cash and bank balances	13,756	67,082
	866,126	1,068,227
TOTAL ASSETS	3,365,631	3,576,849
EQUITY AND LIABILITIES		
Equity		
Authorised capital	200,000	200,000
Issued, subscribed and paid-up capital	47,848	47,848
Reserves	389,983	389,983
Unappropriated profit	619,898	585,489
Shareholders' equity	1,057,729	1,023,320
Term finance certificates	9,269	9,269
Surplus on revaluation of property, plant and equipment	1,271,970	1,277,496
Liabilities		
Non-current liabilities		
Staff retirement benefits - gratuity	8 49,966	104,139
Deferred taxation	295,206	295,207
	345,172	399,346
Current liabilities		
Trade and other payables	151,826	164,480
Accrued mark-up / interest	15,604	24,101
Short term finances	455,780	636,485
Current portion of non-current liabilities	13,904	13,904
Taxation	9 43,163	27,234
Preference shares redemption account	1,214	1,214
	681,491	867,418
Total liabilities	1,026,663	1,266,764
Contingencies and commitments	10	
TOTAL EQUITY AND LIABILITIES	3,365,631	3,576,849

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

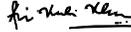

Lt. Gen (Retd)
Ali Kuli Khan Khattak
Chief Executive


Mushtaq Ahmad Khan, FCA
Director

JANANA DE MALUCHO TEXTILE MILLS LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER, 2014

	September 30, 2014	2013
	Rupees in thousand	
Sales	638,418	846,889
Cost of Sales	554,862	650,841
Gross Profit	<u>83,556</u>	<u>196,048</u>
Distribution Cost	3,360	5,513
Administrative Expenses	19,704	18,999
Other Expenses	3	8
Other Income	(223)	(587)
	<u>22,844</u>	<u>23,933</u>
Profit from Operations	<u>60,712</u>	<u>172,115</u>
Finance Cost	15,899	11,871
Profit before Taxation	<u>44,813</u>	<u>160,244</u>
Taxation	15,931	8,469
Profit after Taxation	<u>28,882</u>	<u>151,775</u>
Other Comprehensive Income	0	0
Total Comprehensive Income	<u>28,882</u>	<u>151,775</u>
	----- Rupees -----	
Earnings per Share	<u>6.04</u>	<u>31.72</u>

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

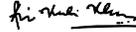

 Lt. Gen (Retd)
 Ali Kuli Khan Khattak
 Chief Executive


 Mushtaq Ahmad Khan, FCA
 Director

JANANA DE MALUCHO TEXTILE MILLS LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER, 2014

	September 30, 2014	2013
	Rupees in thousand	
Cash flow from operating activities		
Profit for the period - before taxation and share of profit of Associated Companies	44,813	160,244
Adjustments for non-cash charges and other items:		
Depreciation	17,390	16,789
Gain on disposal of operating fixed assets	(217)	0
Staff retirement benefits - gratuity (net)	(54,173)	4,281
Finance cost	15,557	11,577
Profit before working capital changes	<u>23,370</u>	<u>192,891</u>
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(8,994)	1,437
Stock-in-trade	213,225	234,034
Trade debts	1,409	(15,386)
Loans and advances to employees	(403)	(2,850)
Advance payments	(31,630)	(1,728)
Trade deposits and prepayments	(21,979)	(53,491)
Due from Associated Companies	2,536	(189)
Other receivables	0	221
Sales tax refundable	(1,950)	(237)
Decrease in trade and other payables	(12,654)	(15,486)
	<u>139,560</u>	<u>146,325</u>
Cash generated from operations	<u>162,930</u>	<u>339,216</u>
Taxes paid	(5,339)	(3,788)
Net cash generated from operating activities	<u>157,591</u>	<u>335,428</u>
Cash flow from investing activities		
Fixed capital expenditure	(6,558)	(225)
Sale proceeds of operating fixed assets	400	0
Net cash used in investing activities	<u>(6,158)</u>	<u>(225)</u>
Cash flow from financing activities		
Demand finances	0	(29,607)
Short term finances - net	(180,705)	(285,813)
Finance cost paid	(24,054)	(5,597)
Net cash used in financing activities	<u>(204,759)</u>	<u>(321,017)</u>
Net increase / (decrease) in cash and cash equivalents	<u>(53,326)</u>	<u>14,186</u>
Cash and cash equivalents - at beginning of the period	<u>67,082</u>	<u>13,420</u>
Cash and cash equivalents - at end of the period	<u>13,756</u>	<u>27,606</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

JANANA DE MALUCHO TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER, 2014

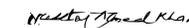
Share capital	Reserves					Unappropriated profit	Total
	Capital			Revenue	Sub-total		
	Capital redemption	Tax holiday	Share premium	General			

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

Balance as at 01 July, 2013 - as previously reported	47,848	6,694	350	11,409	371,530	389,983	419,902	857,733
Change in accounting policy for recognition of actuarial losses	0	0	0	0	0	0	(15,122)	(15,122)
Balance as at 01 July, 2013 - as restated	47,848	6,694	350	11,409	371,530	389,983	404,780	842,611
Total comprehensive income for the three months period ended 30 September, 2013	0	0	0	0	0	0	151,775	151,775
Surplus on revaluation of property, plant and equipment realised during the period on account of incremental depreciation for the period (net of deferred taxation)	0	0	0	0	0	0	4,174	4,174
Balance as at 30 September, 2013	47,848	6,694	350	11,409	371,530	389,983	560,729	998,560
Balance as at 01 July, 2014	47,848	6,694	350	11,409	371,530	389,983	585,489	1,023,320
Total comprehensive income for the three months period ended 30 September, 2014	0	0	0	0	0	0	28,882	28,882
Surplus on revaluation of property, plant and equipment realised during the period on account of incremental depreciation for the period (net of deferred taxation)	0	0	0	0	0	0	5,527	5,527
Balance as at 30 September, 2014	47,848	6,694	350	11,409	371,530	389,983	619,898	1,057,729

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

JANANA DE MALUCHO TEXTILE MILLS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER, 2014

- Janana De Malucho Textile Mills Limited (the company) was incorporated in Pakistan in the year 1960 as a Public Company and its shares are quoted on Karachi Stock Exchange (Guarantee) Limited. It is principally engaged in manufacture and sale of yarn. The Company's mills and its registered office are located at Habibabad, Kohat.
- This condensed interim financial information of the Company for the three months period ended 30 September, 2014 is being submitted to the shareholders in accordance with the requirements of section 245 of the Companies Ordinance, 1984 (the Ordinance) and the listing regulations of Karachi Stock Exchange. This condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 (Interim Financial Reporting) and provisions of and directives issued by the Securities and Exchange Commission of Pakistan under the Ordinance. In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed.
- This condensed interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual audited financial statements of the Company as at and for the year ended 30 June, 2014.
- The accounting policies and the methods of computation followed in the preparation of this condensed interim financial information are the same as those applied in the preparation of the audited annual financial statements of the Company for the year ended 30 June, 2014.
- 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 annual audited financial statements as at and for the year ended 30 June, 2014.

	Un-audited	Audited
	30 September	30 June
	2014	2014
	Rupees in thousand	
6. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets - tangible	6.1 2,295,477	2,309,742
Capital work-in-progress	17,961	1,421
Stores held for capital expenditure	0	13,290
	2,313,438	2,324,453
6.1 Operating fixed assets - owned		
Book value at beginning of the period / year	2,309,742	2,270,452
Additions during the period / year		
Factory building	0	2,707
Plant and machinery	2,210	45,758
Generators	0	64,146
Work-shop equipment	928	0
Furniture & Fixture	104	421
Office and other equipment	66	189
Vehicles	0	1,821
Arms	0	375
Security & surveillance	0	2,755
	3,308	118,172
Book value of assets disposed off / transferred during the period / year	(183)	(11,160)
Depreciation charge for the period / year	(17,390)	(67,722)
Book value at end of the period / year	2,295,477	2,309,742

7. TRADE DEPOSITS AND PREPAYMENTS

Letters of credit	12,783	118
Prepayments	13,967	653
Advance payment to Peshawar Electric Supply Company	0	4,000
	<u>26,750</u>	<u>4,771</u>

8. STAFF RETIREMENT BENEFITS - Gratuity

- 8.1 From the current financial year, the management has decided to convert Un-funded gratuity scheme of the Company to funded gratuity scheme. The Company, during the period, has purchased defense saving certificates worth Rs.50 million for payment of benefits to its eligible employees at the time of their retirements.
- 8.2 Benefits paid during the current period include partial payment of gratuity benefits to Executive Director (Technical) aggregating Rs.10 million.

9. TAXATION

- 9.1 Provision for the current period represents normal tax payable under section 18 of the income Tax Ordinance, 2001.
- 9.2 There has been no significant change in the status of tax litigations as reported in the preceding published annual financial statements of the Company for the year ended 30 June, 2014.

10. CONTINGENCIES AND COMMITMENTS

There has been no significant change in the status of contingencies and commitments as reported in the preceding published annual financial statements of the Company for the year ended 30 June, 2014.

11. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise Associated Companies, companies in which directors are interested, directors, key management personnel and close members of the family of all the aforementioned related parties. The company in the normal course of business carries out transactions with various related parties. Transactions with related parties are executed on same terms as those prevailing at the time for comparable transactions with unrelated parties. There are no transactions with key management personnel other than under the terms of employment. Significant balances and transactions with related parties are as follows:

Balances	Relationship	Un-audited	Audited
		30-Sep 2014	30 June 2014
Rupees in thousand			
Trade and other payables	Associated undertakings	337	440
Loans to employees	Key management personnel	3,810	3,470

Transactions	Relationship	Un-audited	Audited
		Three months ended 30 September 2014	30 September 2013
Salaries & other benefits	Key management personnel	12,268	12,291
Staff retirement fund	Contribution paid for purchase of Defense saving certificates	50,000	0

12. FINANCIAL RISK MANAGEMENT

This condensed interim financial information does not include all the financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June, 2014. The Company's activities expose it to a variety of financial risks, which are (i) credit risk (ii) liquidity risk and (iii) market risk (including foreign currency risk and interest rate risk). There has been no change in the Company's sensitivity to these risks since 30 June, 2013.

13. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorised for issue in the Board of Directors meeting held on 31 October, 2014.

14. GENERAL

- Figures in the condensed interim financial information have been rounded-off to the nearest thousand Rupees except stated otherwise.
- Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no such significant re-arrangements have been made in this condensed interim financial information.


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


Mushtaq Ahmad Khan, FCA
Director

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Share Department

JANANA DE MALUCHO TEXTILE MILLS LTD.

Habibabad - KOHAT

