

BIBOJEE GROUP



Half Yearly Accounts December, 2017

Janana De Malucho Textile
Mills Limited

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COMPANY'S PROFILE

BOARD OF DIRECTORS	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
AUDIT COMMITTEE	BRIG. (RETD) ABDUL SAMAD KHAN MR. RAZA KULI KHAN KHATTAK MR. AHMAD KULI KHAN KHATTAK MR. SAAD WAHEED	Chairman Member Member Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	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
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 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	

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 2017.

FINANCIAL HIGHLIGHTS

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

	Quarter ended		Six months Period ended	
	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2016
	Rs. in thousand			
Sales	769,152	706,340	1,321,683	1,313,922
Gross profit	68,794	58,447	69,198	110,195
Profit from operations	35,208	35,971	4,406	62,103
Profit / (loss) before taxation	10,025	34,675	(35,216)	53,811
Profit / (loss) after taxation	15,636	(9)	(31,357)	17,733
	Rupees			
Earnings / (loss) per share	3.27	(0.002)	(6.55)	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 01st week of January and the sale is negligible since 01st week of February, 2018.

FUTURE OUTLOOK

The government has withdrawn Sales Tax and Customs Duty on import of cotton w.e.f. 08th January, 2018, (as was done last year from 16th January to 30th 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.

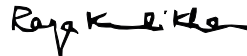
COMMENTS ON “EMPHASIS OF MATTER” PARAGRAPH IN THE AUDITOR'S REPORT

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 ہانی 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۔

31 دسمبر 2016	31 دسمبر 2017	31 دسمبر 2016	31 دسمبر 2017
روپے ہزاروں میں	روپے ہزاروں میں	روپے ہزاروں میں	روپے ہزاروں میں
1,313,922	1,321,683	706,340	769,152
110,195	69,198	58,447	68,794
62,103	4,406	35,971	35,208
53,811	(35,216)	34,675	10,025
(31,357)	(31,357)	(9)	15,636

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 خوشی 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 کس نقصان ہوا ہے جس کی بڑی بنیادی وجہ بھارت سے سوت اور کورے کپڑے کی درآمدات، مال فروخت پر 1 فیصد درسل ٹیکس 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 کاروباری لاکٹ کے بڑھنے کی وجہ سے ملکی سوت بنانے والی صنعت کو بھارت اور چین کی سمٹ ڈی 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 ملک کی سوت اور کپڑے کی پیداواری لاکٹ کہیں زیادہ کم ہے۔ ملکی جنرل کپاس 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 کافی 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 کپاس کی درآمد پر سٹیل ٹیکس اور کٹنگ 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 لاکٹ 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 کسٹم ڈیوٹیوں اور سٹیل ٹیکس سے رعایت دینا چاہئے۔ ٹیکسٹائل کی صنعت کی کاروباری لاکٹ اور نقد لین دین کے مسئلے 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 کپاس کی خریداری کا موسم ستمبر سے دسمبر، 2017 تک ہے۔ اور اس دوران سے میں کمپنیوں کو 5 فیصد سٹیل ٹیکس، 4 فیصد کسٹم ڈیوٹی اور 1 فیصد ٹیکس دے کر کپاس درآمد کر سکتے تھے۔ اور حکومت کا یہ فیصلہ ٹیکسٹائل کی صنعت کے لئے فائدہ مند نہیں تھا۔ ملکی پیداوار شدہ کپاس کا لہجہ اور میانہ ریٹ نہ ہونے کی وجہ سے پاکستانی ٹیکسٹائل کی صنعت سال 2001 سے کپاس درآمد کر رہی ہے جو کہ ٹیکس ترین باریک دھماکے کی پیداوار میں استعمال ہوتا ہے۔ پاکستان کی ٹیکسٹائل کی صنعت ایک اعزاز کے مطابق ہر سال کپاس کی 12 سے 15 ملین بلیز استعمال کرتا ہے۔ کم معیار اور ملکی کپاس کی قلت کی وجہ سے، ٹیکسٹائل کی صنعت دوسرے ممالک سے کپاس درآمد کرنا پڑتی ہے۔ لہذا ٹیکسٹائل کی صنعت کو کاروبار کرنے کی لاکٹ میں اضافہ اور انتہائی مسابقتی بین الاقوامی مارکیٹوں میں مقابلہ کرنے کے قابل بنانے کے لئے پورے سال کے لئے کسٹم ڈیوٹی اور سٹیل ٹیکس سے یہ امداد دی جانی چاہئے۔ آل پاکستان ٹیکسٹائل ملز ایسوسی ایشن نے حکومت سے مطالبہ کیا ہے کہ ٹیکسٹائل انڈسٹری کی بحالی کے لئے ایک طویل مدتی پالیسی کی ضرورت ہے جیسا کہ تجربہ شدہ وزیراعظم کی طرف سے خواہش کا اظہار کیا گیا تھا۔

آڈیٹر کی رپورٹ کے پیرا گراف پر تبصرہ

گیس انفراسٹرکچر ڈویلپمنٹ سیس کا کیس بٹاور ہائی کورٹ میں 28/01/2018 کو لگنا تھا جو کہ دھکا کی پڑتال کی وجہ سے نہیں سنا گیا اور اس کی نئی تاریخ بھی نہیں ملی ہے۔ بٹاور ہائی کورٹ سے جو دسمبر 2017 کو حکم امتناعی 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 گیس انفراسٹرکچر ڈویلپمنٹ سیس کے کیس پر جاری بنیاد بہت مضبوط اور درست ہے اور امید کرتے ہیں کہ سپریم کورٹ آف پاکستان ہماری رائے کو مد نظر رکھے ہوئے ٹیکسٹائل کی صنعت کے ختم ہونے کا فیصلہ ہو جائے گا۔ ہم نے گیس انفراسٹرکچر ڈویلپمنٹ سیس کی کسے بھی قسم کی رقم مقرر نہیں کی ہے کیونکہ ہائی کورٹ اور پاکستان کی سپریم کورٹ نے پہلے ہی ہماری اپیل میں گیس انفراسٹرکچر ڈویلپمنٹ سیس ایکٹ 2011 اور گیس انفراسٹرکچر ڈویلپمنٹ سیس آرڈنس 2014 کو غیر آئینی قرار دیا تھا جبکہ حکومت نے گیس انفراسٹرکچر ڈویلپمنٹ سیس ایکٹ 2015 میں کوئی نئی تبدیلی نہیں کی ہے یہ بھی گیس انفراسٹرکچر ڈویلپمنٹ 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 دیں گی۔

اختلاف

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 امید کرتا ہے کہ مستقبل میں تمام کارکنان اسی لگن اور محنت سے کام لے کر ترقی کریں 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

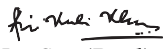
LAHORE; February 27, 2018

JDM TEXTILE MILLS LIMITED

Condensed Interim Balance Sheet As At December 31, 2017

		Dec. 31, 2017 Un-audited	June 30, 2017 Audited
	Note	Rupees in thousand	
Assets			
Non-current Assets			
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
		<u>3,331,371</u>	<u>3,364,100</u>
Current Assets			
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
		<u>1,611,418</u>	<u>1,285,961</u>
Total Assets		<u>4,942,789</u>	<u>4,650,061</u>
Equity and Liabilities			
Equity			
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
Shareholders' Equity		<u>1,044,898</u>	<u>1,063,412</u>
Surplus on Revaluation of Property, Plant and Equipment		2,059,638	2,069,654
Liabilities			
Non-current Liabilities			
Staff retirement benefits - gratuity	10	126,407	153,932
Deferred taxation		232,941	242,099
		<u>359,348</u>	<u>396,031</u>
Current Liabilities			
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
		<u>1,478,905</u>	<u>1,120,964</u>
Total Liabilities		<u>1,838,253</u>	<u>1,516,995</u>
Contingencies and Commitments	13		
Total Equity and Liabilities		<u>4,942,789</u>	<u>4,650,061</u>

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


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

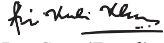

Saad Waheed
Director


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.


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


Saad Waheed
Director

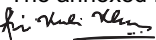

Amin-ur-Rasheed
Chief Financial Officer

JDM TEXTILE MILLS LIMITED

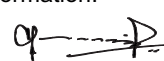
Condensed Interim Cash Flow Statement (Un-Audited) For the Six Months Period Ended December 31, 2017

	Six months period ended	
	Dec. 31, 2017	Dec. 31, 2016
	(Rupees in thousand)	
Cash flow from operating activities		
(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
Profit before working capital changes	17,980	105,636
Effect on cash flow due to working capital changes		
(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
	(269,731)	(244,520)
Cash used in operations	(251,751)	(138,884)
Taxes paid	(16,362)	(8,575)
Net cash used in operating activities	(268,113)	(147,459)
Cash flow from investing activities		
Fixed capital expenditure	(17,149)	(16,497)
Dividend received	3,658	3,658
Net cash used in investing activities	(13,491)	(12,839)
Cash flow from financing activities		
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)
Net cash generated from financing activities	281,509	155,368
Net decrease in cash and cash equivalents	(95)	(4,930)
Cash and cash equivalents - at beginning of the period	16,999	22,038
Cash and cash equivalents - at end of the period	16,904	17,108

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					Unappropriated profit	Total
		Capital			Revenue	Sub-total		
		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
Balance as at December 31, 2017 (un-audited)	47,848	6,694	350	11,409	871,530	889,983	107,067	1,044,898
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
Balance as at December 31, 2016 (un-audited)	47,848	6,694	350	11,409	871,530	889,983	139,211	1,077,042

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

		Un-audited Dec. 31, 2017 (Rupees in thousand)	Audited June 30, 2017
6. Property, Plant and Equipment	Note		
Operating fixed assets	6.1	3,159,076	3,072,855
Capital work-in-progress - plant and machinery		0	110,171
		3,159,076	3,183,026
6.1 Operating fixed assets			
Book value as at June 30, 2017		3,072,855	
Additions during the period:			
- plant & machinery		126,422	
- furniture & fixtures		173	
- computer equipment & accessories		19	
- vehicles		706	
		127,320	
Depreciation charge for the period		(41,099)	
Book value as at December 31, 2017		3,159,076	
7. Investments in Associated Companies - Quoted			
Babri Cotton Mills Ltd. (BCM)			
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		87,810	89,390
Loss for the period / year - net of taxation		(12,301)	(4,762)
Share of other comprehensive income - net of taxation		0	1,162
		86,482	96,763
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		75,066	72,543
Profit for the period / year - net of taxation		3,842	5,212
Share of other comprehensive income - net of taxation		0	162
Dividend received		(3,658)	(3,658)
		82,947	81,956
		169,429	178,719

- 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.

	Un-audited Dec. 31, 2017 (Rupees in thousand)	Audited June 30, 2017
11. Trade and other payables		
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
	324,096	258,691
12. Taxation - net		
Balance as at June 30, 2017	24,564	
Add: provision made during the period:		
current (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	
prior year	871	
	5,299	
	29,863	
Less: payments / adjustments made against completed assessment	25,435	
	4,428	

- 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).

13.4 Refer contents of note 12.3.

	Un-audited Dec. 31, 2017 (Rupees in thousand)	Audited June 30, 2017
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
	127,803	7,158

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 (Rupees in thousand)	Jul. - Dec., 2016
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
Ghandhara Nissan Ltd.	----- do -----	820	0
	Expenses recovered	47	30
Ghandhara 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:

	Un-audited Dec. 31, 2017 (Rupees in thousand)	Audited June 30, 2017
- Due from Bibojee Services (Pvt.) Ltd.	0	518
- Due from Babri Cotton Mills Ltd.	1,671	0
- Due from Ghandhara Nissan Ltd.	867	0

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.

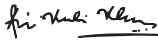
15. Corresponding Figures

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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(Under Postal Certificate)

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JANANA DE MALUCHO TEXTILE MILLS LIMITED
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