

**Half Yearly  
Accounts  
December,  
2013**

BIBOJEE GROUP



**Janana De Malucho Textile  
Mills Limited**

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## COMPANY'S PROFILE

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

## DIRECTORS REPORT TO THE SHAREHOLDERS

On behalf of the Board of Directors, I feel pleasure in presenting the unaudited reviewed financial statements of the Company for the 2<sup>nd</sup> quarter & half year ended 31<sup>st</sup> December 2013.

### FINANCIAL HIGHLIGHTS

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

|                        | <b>Second Quarter</b>      |         | <b>Cumulative</b>  |           |
|------------------------|----------------------------|---------|--------------------|-----------|
|                        | <b>Oct. – Dec.</b>         |         | <b>Jul. – Dec.</b> |           |
|                        | <b>2013</b>                | 2012    | <b>2013</b>        | 2012      |
|                        | ----- Rs. in million ----- |         |                    |           |
| Sales                  | <b>649.109</b>             | 688.371 | <b>1,495.999</b>   | 1,319.908 |
| Gross profit           | <b>124.360</b>             | 88.791  | <b>320.409</b>     | 185.866   |
| Profit from operations | <b>79.697</b>              | 61.419  | <b>251.813</b>     | 141.320   |
| Profit before taxation | <b>86.825</b>              | 54.614  | <b>247.070</b>     | 109.967   |
| Profit after taxation  | <b>5.331</b>               | 17.829  | <b>157.107</b>     | 70.024    |
|                        | ----- Rupees -----         |         |                    |           |
| Earnings per share     | <b>1.11</b>                | 3.73    | <b>32.83</b>       | 14.63     |

During the half year ended 31<sup>st</sup> December 2013 the turnover of the Company has increased by Rs.176.091 million as compared to previous half year whereas the gross profit of the current period has increased by Rs.134.543 million. Main reasons of increase in gross profit were increase in sale rates, negligible increase in cost of sales as compared to last year and decrease in finance cost due to the total payment of the demand finance loans of the company.

### GENERAL MARKET CONDITION

The textile sector is constantly facing challenges in the shape of volatile supply market, constantly changing raw material prices, dismal law and order situation and the energy crisis. The energy crisis has forced the textile mills to close their units, especially in Punjab. The industry is under severe pressure as the electricity load shedding has increased to 12 hours and gas supply has been reduced to one day in a week. The industrialists in Pakistan are not happy or sanguine with the state of affairs and most of them have started shifting their units outside Pakistan but your management is still holding the ground and putting in the best efforts to run the Company in a profitable manner by modernising its plant from time to time, which is clear from the commendable increase in the earnings per share as detailed above.

### FUTURE OUTLOOK

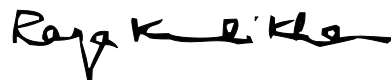
During the period under report the yarn sale rates were higher mainly due to excellent quality. However currently there is downward trend in sales rates as compared to the period under report due to little improvement in the energy supply to end user market. The gas prices have also increased by Rs.78 per MMBTU and imposition of GIDC @ Rs.100/- per MMBTU which certainly are going to further erode the profitability to the extent of Rs.3.00 million per month. Further the FBR is proposing to rescind SRO.1125(I)/2011 before announcement of next budget and thereby withdraw multiple rates of sales tax ranging from between 2 to 17 percent for manufacturers-cum-exporters of textile, leather, carpets, surgical and sports goods. Resultantly, a standard rate of 17 percent sales tax would be applicable on five major export sectors instead of existing four

rates of sales tax. The impact of withdrawal of SRO.1125(I)/2011 by the Government will result into increased payment of sales tax amounting to Rs.36.339 million per month which we feel will prove a recipe for disaster of textile industry of Pakistan. In addition to the above the Government has allowed rampant import of Indian yarn which is being cleared by paying zero% duty whereas we can export the yarn to Indian buyers and it will be cleared by payment of 22% duty in India which clearly shows the attitude of Indian authorities. India has also allowed rebate of 5% on the export of yarn which has further subsidized the rates of their yarn which has made Pakistani yarn further uncompetitive. We cannot comprehend the reasons and benefits of the decision of the Pakistan Government with regard to the decision of allowing free import of Indian yarn into Pakistan and this decision thoroughly impacted the yarn prices in Pakistan which has reduced the prices by about 20% as compared to the 2<sup>nd</sup> quarter. However your management will strive to achieve positive results and strive hard to maintain good profit margins by using every source on its disposal.

**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 which enabled the company to achieve these results. 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: 24<sup>th</sup> February, 2014**

**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** (the Company) as at December 31, 2013 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 "interim financial information"). Management is responsible for the preparation and presentation of this 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 interim financial information based on our review.

The figures of the condensed interim profit and loss account for the quarters ended December 31, 2013 and 2012 have not been reviewed, as we are required to review only the cumulative figures for the half-year ended December 31, 2013.

**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 interim financial information as of and for the half-year ended December 31, 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.


LAHORE: 24<sup>th</sup> February, 2014


*Hameed Chaudhri & Co.*  
**HAMEED CHAUDHRI & CO.,**  
**CHARTERED ACCOUNTANTS**  
Engagement Partner: Nafees ud din

**CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2013**

|  |   | Dec. 31,<br>2013<br>Un-audited<br>Rupees in thousand | June 30, 2013<br>Audited and<br>Re-stated |
|--|---|--|---|
| <b>ASSETS</b>  |   |  |   |
| <b>Non-current Assets</b>  |   |  |   |
| Property, plant and equipment                                    | 6 | 2,274,229  | 2,270,452                                 |
| Investments in Associated Companies                              | 7 | 174,166  | 157,839                                   |
| Loans to employees   |   | 4,011  | 3,164                                     |
| Security deposits  |   | 1,029  | 1,029                                     |
|  |   | 2,453,435  | 2,432,484                                 |
| <b>Current Assets</b>  |   |  |   |
| Stores, spares and loose tools                                   |   | 60,062   | 49,452                                    |
| Stock-in-trade   |   | 945,662  | 688,101                                   |
| Trade debts - unsecured, considered good                         |   | 34,892   | 9,404                                     |
| Advances to employees  |   | 3,308  | 3,314                                     |
| Advance payments   |   | 23,607   | 33,637                                    |
| Trade deposits and prepayments                                   |   | 11,489   | 1,614                                     |
| Due from Associated Companies                                    |   | 9,342  | 20,208                                    |
| Other receivables  |   | 268  | 1,844                                     |
| Sales tax refundable   |   | 30,156   | 30,300                                    |
| Income tax refundable, advance tax<br>and tax deducted at source |   | 62,532   | 62,387                                    |
| Cash and bank balances   |   | 17,339   | 13,420                                    |
|  |   | 1,198,657  | 913,681                                   |
| <b>TOTAL ASSETS</b>  |   | <b>3,652,092</b>                                     | <b>3,346,165</b>                          |
| <b>EQUITY AND LIABILITIES</b>                                    |   |  |   |
| <b>Equity</b>  |   |  |   |
| Authorised capital   |   | 200,000  | 200,000                                   |
| Issued, subscribed and paid-up capital                           |   | 47,848   | 47,848                                    |
| Reserves   |   | 389,983  | 389,983                                   |
| Unappropriated profit  |   | 565,240  | 404,780                                   |
| <b>Shareholders' Equity</b>                                      |   | <b>1,003,071</b>                                     | <b>842,611</b>                            |
| <b>Term Finance Certificates</b>                                 |   | 34,759   | 34,759                                    |
| <b>Surplus on Revaluation of Property, Plant and Equipment</b>   |   | <b>1,281,879</b>                                     | <b>1,290,226</b>                          |
| <b>LIABILITIES</b>   |   |  |   |
| <b>Non-current Liabilities</b>                                   |   |  |   |
| Demand finances  |   | 0  | 278                                       |
| Staff retirement benefits - gratuity                             |   | 95,544   | 88,912                                    |
| Deferred taxation  |   | 335,930  | 265,910                                   |
|  |   | 431,474  | 355,100                                   |
| <b>Current Liabilities</b>                                       |   |  |   |
| Trade and other payables   |   | 181,870  | 184,959                                   |
| Accrued mark-up  |   | 13,944   | 3,581                                     |
| Short term finances  |   | 669,977  | 585,112                                   |
| Current portion of non-current liabilities:                      |   |  |   |
| - term finance certificates                                      |   | 13,904   | 13,904                                    |
| - demand finances  |   | 0  | 29,329                                    |
| Taxation   | 8 | 20,000   | 5,369                                     |
| Preference shares redemption account                             |   | 1,214  | 1,215                                     |
|  |   | 900,909  | 823,469                                   |
| <b>Total Liabilities</b>   |   | <b>1,332,383</b>                                     | <b>1,178,569</b>                          |
| <b>Contingencies and Commitments</b>                             | 9 |  |   |
| <b>TOTAL EQUITY AND LIABILITIES</b>                              |   | <b>3,652,092</b>                                     | <b>3,346,165</b>                          |

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, 2013**

|  | <u>For the 2nd Quarter</u>     |                              | <u>Cumulative</u>            |                              |
|--|--------------------------------|------------------------------|------------------------------|------------------------------|
|  | <u>Oct. - Dec.,<br/>2013</u>   | <u>Oct. - Dec.,<br/>2012</u> | <u>Jul. - Dec.,<br/>2013</u> | <u>Jul. - Dec.,<br/>2012</u> |
| Note   | ----- Rupees in thousand ----- |                              |                              |                              |
| Sales - net                                  | 649,109                        | 688,371                      | 1,495,999                    | 1,319,908                    |
| Cost of Sales                                | 524,749                        | 599,580                      | 1,175,590                    | 1,134,042                    |
| Gross Profit                                 | <u>124,360</u>                 | <u>88,791</u>                | <u>320,409</u>               | <u>185,866</u>               |
| Distribution Cost                            | <u>3,264</u>                   | 2,415                        | <u>8,777</u>                 | 4,527                        |
| Administrative Expenses                      | <u>18,407</u>                  | 18,212                       | <u>37,406</u>                | 33,273                       |
| Other Expenses                               | <u>23,654</u>                  | 8,965                        | <u>23,662</u>                | 8,970                        |
| Other Income                                 | <u>(662)</u>                   | (2,220)                      | <u>(1,249)</u>               | (2,224)                      |
|  | <u>44,663</u>                  | 27,372                       | <u>68,596</u>                | 44,546                       |
| Profit from Operations                       | <u>79,697</u>                  | 61,419                       | <u>251,813</u>               | 141,320                      |
| Finance Cost                                 | <u>14,193</u>                  | 26,456                       | <u>26,064</u>                | 51,004                       |
|  | <u>65,504</u>                  | 34,963                       | <u>225,749</u>               | 90,316                       |
| Share of Profit of<br>Associated Companies   | 7 <u>21,321</u>                | 19,651                       | <u>21,321</u>                | 19,651                       |
| Profit before Taxation                       | <u>86,825</u>                  | 54,614                       | <u>247,070</u>               | 109,967                      |
| Taxation                                     |                                |                              |                              |                              |
| - current                                    | <u>11,531</u>                  | 3,627                        | <u>20,000</u>                | 6,785                        |
| - prior year                                 | <u>(57)</u>                    | 1,488                        | <u>(57)</u>                  | 1,488                        |
| - deferred                                   | <u>70,020</u>                  | 31,670                       | <u>70,020</u>                | 31,670                       |
|  | <u>81,494</u>                  | 36,785                       | <u>89,963</u>                | 39,943                       |
| Profit after Taxation                        | <u>5,331</u>                   | 17,829                       | <u>157,107</u>               | 70,024                       |
| Other Comprehensive Income                   | <u>0</u>                       | 0                            | <u>0</u>                     | 0                            |
| Total Comprehensive Income<br>for the Period | <u><u>5,331</u></u>            | <u><u>17,829</u></u>         | <u><u>157,107</u></u>        | <u><u>70,024</u></u>         |
|  | ----- Rupees -----             |                              |                              |                              |
| Earnings per Share                           | <u>1.11</u>                    | <u>3.73</u>                  | <u>32.83</u>                 | <u>14.63</u>                 |

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

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

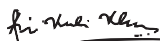
  
Mushtaq Ahmad Khan, FCA  
Director




**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE HALF-YEAR ENDED DECEMBER 31, 2013**

|   | Half-year ended      |                  |
|---|----------------------|------------------|
|   | Dec. 31,<br>2013     | Dec. 31,<br>2012 |
|   | (Rupees in thousand) |                  |
| <b>Cash flow from operating activities</b>  |                      |                  |
| Profit for the period - before taxation and share of profit of Associated Companies | 225,749              | 90,316           |
| Adjustments for non-cash charges and other items:                                   |                      |                  |
| Depreciation  | 33,586               | 33,090           |
| Staff retirement benefits - gratuity (net)  | 6,632                | 11,684           |
| Restructuring cost balance amortised  | (278)                | (218)            |
| Finance cost - net  | 26,064               | 50,445           |
| <b>Profit before working capital changes</b>  | 291,753              | 185,317          |
| <b>Effect on cash flow due to working capital changes</b>                           |                      |                  |
| (Increase) / decrease in current assets:  |                      |                  |
| Stores, spares and loose tools  | (10,610)             | (14,965)         |
| Stock-in-trade  | (257,561)            | (352,328)        |
| Trade debts   | (25,488)             | 3,913            |
| Loans and advances to employees   | (841)                | (2,056)          |
| Advance payments  | 10,030               | (4,905)          |
| Trade deposits and prepayments  | (9,875)              | (9,207)          |
| Due from Associated Companies   | 10,866               | 333              |
| Other receivables   | 1,576                | 2,217            |
| Sales tax refundable  | 144                  | (6,851)          |
| Decrease in trade and other payables  | (3,089)              | (28,614)         |
|   | (284,848)            | (412,463)        |
| <b>Cash generated from / (used in) operations</b>                                   | 6,905                | (227,146)        |
| Taxes paid  | (5,457)              | (8,322)          |
| <b>Net cash generated from / (used in) operating activities</b>                     | 1,448                | (235,468)        |
| <b>Cash flow from investing activities</b>  |                      |                  |
| Fixed capital expenditure   | (37,363)             | (23,414)         |
| Dividend received from an Associated Company  | 0                    | 1,756            |
| <b>Net cash used in investing activities</b>  | (37,363)             | (21,658)         |
| <b>Cash flow from financing activities</b>  |                      |                  |
| Demand finances repaid  | (29,329)             | (22,992)         |
| Short term finances - net   | 84,865               | 411,964          |
| Preference shares redeemed  | (1)                  | 0                |
| Finance cost paid   | (15,701)             | (48,644)         |
| <b>Net cash generated from financing activities</b>                                 | 39,834               | 340,328          |
| <b>Net increase in cash and cash equivalents</b>                                    | 3,919                | 83,202           |
| <b>Cash and cash equivalents - at beginning of the period</b>                       | 13,420               | 3,134            |
| <b>Cash and cash equivalents - at end of the period</b>                             | 17,339               | 86,336           |

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

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

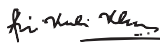
  
**Mushtaq Ahmad Khan, FCA**  
 Director


JDM TEXTILE MILLS LIMITED

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE HALF-YEAR ENDED DECEMBER 31, 2013**

|  | 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, 2012 (audited)  | 47,848        | 6,694              | 350         | 11,409        | 199,220 | 217,673   | 335,281   | 600,802               |       |
| Effect of change in accounting policy (note 4)   | 0             | 0                  | 0           | 0             | 0       | 0         | (17,816)  | (17,816)              |       |
| Balance as at June 30, 2012 (audited and re-stated)  | 47,848        | 6,694              | 350         | 11,409        | 199,220 | 217,673   | 317,465   | 582,986               |       |
| Transfer   | 0             | 0                  | 0           | 0             | 172,310 | 172,310   | (172,310) | 0                     |       |
| Total comprehensive income for the half-year ended December 31, 2012   | 0             | 0                  | 0           | 0             | 0       | 0         | 70,024    | 70,024                |       |
| Surplus on revaluation of property, plant and equipment realised during the period (net of deferred taxation) on account of incremental depreciation for the half-year | 0             | 0                  | 0           | 0             | 0       | 0         | 8,653     | 8,653                 |       |
| Effect of items directly credited in equity by the Associated Companies  | 0             | 0                  | 0           | 0             | 0       | 0         | 1,711     | 1,711                 |       |
| Balance as at December 31, 2012 (un-audited and re-stated)   | 47,848        | 6,694              | 350         | 11,409        | 371,530 | 389,983   | 225,543   | 663,374               |       |
| Total comprehensive income for the half-year ended June 30, 2013   | 0             | 0                  | 0           | 0             | 0       | 0         | 164,557   | 164,557               |       |
| Surplus on revaluation of property, plant and equipment realised during the period (net of deferred taxation) on account of incremental depreciation for the half-year | 0             | 0                  | 0           | 0             | 0       | 0         | 8,652     | 8,652                 |       |
| Effect of items directly credited in equity by the Associated Companies  | 0             | 0                  | 0           | 0             | 0       | 0         | 3,334     | 3,334                 |       |
| Effect of change in accounting policy (note 4)   | 0             | 0                  | 0           | 0             | 0       | 0         | 2,694     | 2,694                 |       |
| Balance as at June 30, 2013 (audited and re-stated)  | 47,848        | 6,694              | 350         | 11,409        | 371,530 | 389,983   | 404,780   | 842,611               |       |
| Total comprehensive income for the half-year ended December 31, 2013   | 0             | 0                  | 0           | 0             | 0       | 0         | 157,107   | 157,107               |       |
| Surplus on revaluation of property, plant and equipment realised during the period (net of deferred taxation) on account of incremental depreciation for the half-year | 0             | 0                  | 0           | 0             | 0       | 0         | 8,347     | 8,347                 |       |
| Effect of items directly credited in equity by the Associated Companies  | 0             | 0                  | 0           | 0             | 0       | 0         | (4,994)   | (4,994)               |       |
| Balance as at December 31, 2013  | 47,848        | 6,694              | 350         | 11,409        | 371,530 | 389,983   | 565,240   | 1,003,071             |       |

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, 2013**

**1. Legal Status and Operations**

Janana De Malucho Textile Mills Ltd. (the Company) was incorporated in Pakistan in the year 1960 as a Public Company and its shares are quoted on Karachi Stock Exchange Ltd. It 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**

This condensed interim financial information is un-audited and is being submitted to the members in accordance with section 245 of the Companies Ordinance, 1984 (the Ordinance). It has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Ordinance. In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed. The figures for the half-year ended December 31, 2013 have, however, been subjected to limited scope review by the external Auditors as required by the Code of Corporate Governance. This condensed interim financial information does not include all the information required for annual financial statements and, therefore, should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2013.

**3. Significant Accounting Policies**

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended June 30, 2013 except for the adoption of a new accounting policy as referred to in note 4.

**4. Amendments to Published Standards Effective in the Current Period**

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on July 01, 2013 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 except for IAS 19 (Amendment), 'Employee Benefits'. The impact of this amendment on the condensed interim financial information is as follows:

IAS 19 (revised) has eliminated the corridor approach and requires to calculate finance cost on net funding bases. The Company has applied this change in accounting policy retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and recorded unrecognised actuarial losses net of taxes associated with retirement benefits - gratuity by adjusting the opening balance of unappropriated profit and retirement benefits for the prior period presented. No actuarial assessment has been carried-out for the preparation of this condensed interim financial information.

**JDM TEXTILE MILLS LIMITED**

Effects of change in accounting policy are as follows:

|  | <b>Staff<br/>retirement<br/>benefits -<br/>gratuity</b> | <b>Deferred<br/>taxation</b> | <b>Equity</b> |
|--|---|------------------------------|---------------|
| ----- (Rupees in thousand) -----                     |   |                              |               |
| Balance as at June 30, 2012 - as previously reported | 48,693  | 200,623                      | 600,802       |
| Recognition of unrecognised actuarial loss           | 27,409  | (9,593)                      | (17,816)      |
| Balance as at June 30, 2012 - as restated            | 76,102  | 191,030                      | 582,986       |
| Balance as at June 30, 2013 - as previously reported | 66,000  | 273,700                      | 857,733       |
| Recognition of unrecognised actuarial loss           |   |                              |               |
| - for the year ended June 30, 2012                   | 27,409  | (9,593)                      | (17,816)      |
| - for the year ended June 30, 2013                   | (4,497)   | 1,574                        | 2,923         |
| - resultant adjustment due to reduction in tax rate  | 0   | 229                          | (229)         |
|  | 22,912  | (7,790)                      | (15,122)      |
|  | 88,912  | 265,910                      | 842,611       |

**5. Accounting Estimates and Judgements**

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements for the year ended June 30, 2013.

**6. Property, Plant and Equipment**

|                                   | <b>Note</b> | <b>Un-audited<br/>Dec. 31,<br/>2013</b> | <b>Audited<br/>June 30,<br/>2013</b> |
|-----------------------------------|-------------|---|--------------------------------------|
| (Rupees in thousand)              |             |   |                                      |
| Operating fixed assets - tangible | <b>6.1</b>  | <b>2,238,506</b>                        | 2,270,452                            |
| Capital work-in-progress          | <b>6.2</b>  | <b>35,723</b>                           | 0                                    |
|                                   |             | <b>2,274,229</b>                        | 2,270,452                            |

**6.1 Operating fixed assets - owned**

|                                    |                  |
|------------------------------------|------------------|
| Book value as at June 30, 2013     | <b>2,270,452</b> |
| Additions during the period:       |                  |
| - building - factory               | 908              |
| - plant & machinery                | 68               |
| - furniture & fixtures             | 197              |
| - office & other equipment         | 45               |
| - vehicles                         | 47               |
| - arms                             | 375              |
|                                    | 1,640            |
| Depreciation charge for the period | (33,586)         |
| Book value as at December 31, 2013 | <b>2,238,506</b> |

**6.2 Capital work-in-progress**

|                     |               |
|---------------------|---------------|
| - plant & machinery | 19,780        |
| - generators        | 15,943        |
|                     | <b>35,723</b> |

| 7. Investments in Associated Companies - Quoted  | Un-audited<br>Dec. 31,<br>2013 | Audited<br>June 30,<br>2013 |
|--|--------------------------------|-----------------------------|
|  | <b>(Rupees in thousand)</b>    |                             |
| <b>Babri Cotton Mills Ltd. (BCM)</b>   |                                |                             |
| 587,493 (June 30, 2013: 587,493) ordinary shares of Rs.10 each - <b>cost</b>   | <b>10,973</b>                  | 10,973                      |
| Equity held: 16.09% (June 30, 2013: 16.09%)  |                                |                             |
| Post acquisition profit brought forward including effect of items directly credited in equity by BCM                                     | <b>83,023</b>                  | 49,786                      |
| Profit for the period / year - net of taxation   | <b>12,267</b>                  | 34,648                      |
|  | <b>106,263</b>                 | 95,407                      |
| <b>Bannu Woollen Mills Ltd. (BWM)</b>  |                                |                             |
| 731,626, including 146,325 bonus shares received during the period, (June 30, 2013: 585,301) ordinary shares of Rs.10 each - <b>cost</b> | <b>7,697</b>                   | 7,697                       |
| Equity held: 7.70% (June 30, 2013: 7.70%)  |                                |                             |
| Post acquisition profit brought forward including effect of items directly credited in equity by BWM                                     | <b>51,152</b>                  | 45,373                      |
| Dividend received during the preceding year  | <b>0</b>                       | (1,756)                     |
| Profit for the period / year - net of taxation   | <b>9,054</b>                   | 11,118                      |
|  | <b>67,903</b>                  | 62,432                      |
|  | <b>174,166</b>                 | 157,839                     |

7.1 Market value of the Company's investments in BCM and BWM as at December 31, 2013 was Rs.47.499 million (June 30, 2013: Rs.36.947 million) and Rs.53.409 million (June 30, 2013: Rs.45.010 million) respectively.

## 8. Taxation

- 8.1 Except for the matter detailed in note 8.2, there has been no significant change in the status of tax cases as detailed in the note 28 to the preceding financial statements of the Company for the year ended June 30, 2013.
- 8.2 The Commissioner Inland Revenue - Appeals has decided the appeal for the tax year 2007 and allowed relief of Rs.3.361 million resulting therein no change in tax liability due to brought forward losses. The Company has filed an appeal before the Appellate Tribunal Inland Revenue, which is pending adjudication.
- 8.3 Due to location of the mills in the most affected area, the income of the Company was exempt from tax under clause 126F of the second schedule to the Income Tax Ordinance, 2001 (the Ordinance) starting from the tax year 2010. As per management's contention, exemption available under clause 126F was a specific exemption granted by the Federal Board of Revenue to the specific areas of Khyber Pakhtunkhwa. The Company has filed a writ petition before the Islamabad High Court, Islamabad, praying exemption from levy of minimum tax under section 113 of the Ordinance, which is still pending adjudication. The Peshawar High Court, Peshawar, in an identical writ petition concerning exemption of minimum tax filed by a Group Company, had granted exemption from levy of minimum tax. The management is confident that Islamabad High Court will also grant exemption from levy of minimum tax; accordingly, no provision for minimum tax for the financial year ended June 30, 2012 was made in the books of account as well as provisions for minimum tax made during the financial years ended June 30, 2010 and June 30, 2011 aggregating Rs.28.655 million were written-back in the books of account. An adverse judgment by the Islamabad High Court will create tax liability under section 113 of the Ordinance aggregating Rs.51.828 million.

**9. Contingencies and Commitments**

**9.1** There has been no significant change in the status of contingencies as reported in the preceding published annual audited financial statements of the Company for the year ended June 30, 2013.

**9.2** Counter guarantee given by the Company to a commercial bank outstanding as at December 31, 2013 was for Rs.50 million (June 30, 2013: Rs.40 million).

|   | <b>Un-audited<br/>Dec. 31,<br/>2013</b> | <b>Audited<br/>June 30,<br/>2013</b> |
|---|---|--------------------------------------|
| <b>(Rupees in thousand)</b>   |   |                                      |
| <b>9.3</b> Commitments against irrevocable letters of credit outstanding at the period / year-end were for: |   |                                      |
| - stores and spares   | 51,084                                  | 12,712                               |
| - raw materials   | 214,682                                 | 77,457                               |
|   | <b>265,766</b>                          | <b>90,169</b>                        |
|   | <b>265,766</b>                          | <b>90,169</b>                        |

**9.4** Refer contents of note 8.3.

**10. Transactions with Related Parties**

| Name                                 | Nature of relationship | Nature of transaction   | Cumulative                          |   |
|--------------------------------------|------------------------|---|-------------------------------------|---|
|                                      |                        |   | July - Dec.,<br>2013                | July - Dec.,<br>2012                    |
| Babri Cotton Mills Ltd.              | Associated Company     | Utilities:<br>- paid<br>- received  | 14<br>315                           | 13<br>74                                |
| Bannu Woollen Mills Ltd.             | -do-                   | Purchase of goods<br>Dividend received<br>Utilities paid<br>Salaries paid on behalf<br>Mark-up:<br>- earned<br>- paid<br>- expensed | 0<br>0<br>78<br>69<br>214<br>0<br>0 | 21<br>1,756<br>0<br>0<br>0<br>216<br>46 |
| The Universal Insurance Company Ltd. | -do-                   | Rent expensed   | 0                                   | 144                                     |
| Ghandhara Nissan Ltd.                | -do-                   | Earnest money paid for purchase of five trucks  | 0                                   | 20,000                                  |
| Gammon Pakistan Ltd.                 | -do-                   | Rent expensed   | 0                                   | 75                                      |
| Bibojee Services (Pvt.) Ltd.         | -do-                   | Mark-up earned  | 395                                 | 0                                       |

**10.1** No other 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.

**10.2** Trade and other payables include due to Associated Companies on account of normal business transactions aggregating Rs.436 thousand (June 30, 2013: Rs.511 thousand).

**11. Financial risk management**

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. This condensed interim financial information does not include all the financial risk management information and disclosures required in the annual financial statements, and should therefore be read in conjunction with the Company's financial statements for the year ended June 30, 2013. There have been no significant changes in the risk management policies since the year-end.

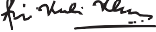
**12. Date of Authorisation for Issue**


This condensed interim financial information was authorised for issue on February 24, 2014 by the Board of Directors of the Company.

**13. Corresponding Figures**

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

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purposes of comparison. However, no significant re-classifications have been made except for re-statement made in accordance with IAS 19 (revised) as reflected in note 4 to this condensed interim financial information.

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

  
**Mushtaq Ahmad Khan, FCA**  
**Director**

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