

QUARTERLY REPORT

**SEPTEMBER 30,
2014**

(UN-AUDITED)



J. A. Textile Mills Limited



COMPANY INFORMATION

Board of Directors

Chief Executive:	Mr. Imran Zahid
Directors:	Mr. Zahid Anwar
	Mrs. Rukhsana Begum
	Ms. Quratul-Ain Zahid
	Mr. Muhammad Yousaf
	Mr. Muhammad Ali
	Mr. Muhammad Anwar-ul-Haq

Audit Committee:

Chairman:	Mr. Muhammad Ali
Member:	Mr. Muhammad Anwar-ul-Haq
Member:	Ms. Quratul-Ain Zahid

Human Resources & Remuneration (HR&R) Committee:

Chairman:	Mr. Muhammad Anwar-ul-Haq
Member:	Ms. Quratul-Ain Zahid
Member:	Mr. Muhammad Yousaf

Company Secretary: Mr. Ajmal Shabab

Chief Financial Officer: Mr. Aftab Younis

Head of Internal Audit: Mr. Muhammad Umer Farooq

Auditors: Kreston Hyder Bhimji & Company, Chartered Accountants

Banks: Al Baraka Islamic Bank B.S.C. (E.C.)
Dubia Islamic Bank Pakistan Limited
JS Bank Limited
National Bank of Pakistan
United Bank Limited

Legal Advisor: Mr. Zia-ul-Haq (Advocate)

Registered Office: JK House, 32-W, Susan Road, Madina Town, Faisalabad

Share Registrar Office: National Biz Management (Private) Limited
Plot No. 2-C, Mezzanine Floor, Badar Commercial Area, Street
No. 9, Phase-V(Ext.), D. H. A., Karachi

Mills: 29-KM, Sheikhpura Road, Faisalabad

Web Site: www.jatml.com



DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Board of Directors is pleased to present un-audited accounts for the 1st quarter ended September 30, 2014.

The operations have resulted in a loss before taxation of Rs. 5.952 million as compared to profit of Rs. 3.324 million in corresponding period of last year.

Despite of the very challenging business conditions and heavy losses, we are very much optimistic for future prospects and following steps are taken for improvement of plant and machinery and discovering new markets will ensure better outcome in coming years.

- 1- An investment of Rs.8.3million has been made in Autocone, drawing and blow room machinery.
- 2- Additions of four machines in Carding of Rs.8.5 million have been made.
- 3- Management is also planning for the increase the use of cheaper source of energy i.e. gas by replacing one gas genset with newer one for reduction of energy cost.

We positively look forward to counter all challenges and firmly committed to deliver best possible results in future and will continue to meet our objectives and goals.

There is no material change in position of on going litigation and other matters related to court as reported in the Directors' report to the shareholders for the year ended June 30, 2014.

Earnings per share - basic for the quarter under review is Rs. 1.11 negative in comparison to Rs. 0.09 positive in the corresponding period of last year.

We would like to express our appreciation for the dedication and hard work put in by the entire team at J. A. Textile Mills Limited and all its partners within the country and all across the world.

Statement under section 241(2) of the Companies Ordinance, 1984:

These condensed interim financial statements have been signed by two Directors instead of Chief Executive and one Director as the Chief Executive is not for the time being in Pakistan.

For and on behalf of the Board

MUHAMMAD YOUSAF
Director

MUHAMMAD ALI
Director

FAISALABAD
OCTOBER 29, 2014



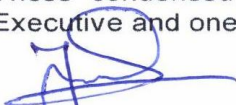
CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2014

<u>ASSETS</u>	Note	Unaudited September 30, 2014	Audited June 30, 2014
		----- Rupees -----	-----
NON CURRENT ASSETS			
Property, plant and equipment	4	428,012,320	415,763,252
Capital work in progress		15,266,451	9,027,770
Long term deposits		17,171,926	17,171,926
		460,450,697	441,962,948
CURRENT ASSETS			
Stores and spares		11,788,191	15,810,317
Stock in trade		53,951,337	89,917,610
Trade debts		2,237,125	497,010
Advances, prepayments and other receivables		7,818,963	16,545,565
Short term investment		325,338	316,959
Tax refunds due from Government		9,032,285	9,638,140
Cash and bank balances		42,050,743	2,215,049
		127,203,982	134,940,650
		587,654,679	576,903,598
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
20,000,000 ordinary shares of Rs.10 each		200,000,000	200,000,000
Issued, subscribed and paid up capital			
12,601,160 ordinary shares of Rs. 10 each, fully paid in cash		126,011,600	126,011,600
Accumulated loss		(210,482,958)	(204,758,459)
		(84,471,358)	(78,746,859)
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	5	217,918,242	226,187,459
NON CURRENT LIABILITIES			
Long term financing		179,834,156	174,110,750
Deferred liabilities		80,936,391	74,232,686
		260,770,547	248,343,436
CURRENT LIABILITIES			
Trade and other payables		170,905,373	152,509,510
Accrued mark up/ interest		22,031,875	22,031,875
Current portion of long term liabilities		500,000	6,578,177
		193,437,248	181,119,562
CONTINGENCIES AND COMMITMENTS	6	-	-
		587,654,679	576,903,598

The annexed notes 1 to 10 form an integral part of these financial statements.

Statement under section 241(2) of the Companies Ordinance, 1984:

These condensed interim financial statements have been signed by two Directors instead of Chief Executive and one Director as the Chief Executive is not for the time being in Pakistan.


DIRECTOR


DIRECTOR

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED SEPTEMBER 30, 2014 (Un-Audited)

	Note	Quarter ended	
		September 30, 2014	September 30, 2013
		----- Rupees -----	
Sales-net		134,620,224	204,389,302
Cost of sales	7	138,300,201	198,229,000
Gross (loss) / profit		(3,679,977)	6,160,302
Operating expenses			
Distribution costs		6,918	6,967
Administrative expenses		2,675,210	2,840,162
Other operating expenses		-	174,953
Finance costs		4,171	23,695
		2,686,299	3,045,777
		(6,366,276)	3,114,525
Other operating income		414,348	209,584
(Loss) / profit before taxation		(5,951,928)	3,324,109
Taxation		8,050,167	2,178,781
(Loss) / profit for the period		(14,002,095)	1,145,328
Earnings per share - Basic		(1.11)	0.09

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DIRECTOR



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**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED SEPTEMBER 30, 2014 (Un-Audited)**

	Quarter ended	
	September 30, 2014	September 30, 2013
	----- Rupees -----	
(Loss) / profit for the period	(14,002,095)	1,145,328
Other comprehensive income for the period	8,379	-
Total comprehensive (loss) / income for the period	<u>(13,993,716)</u>	<u>1,145,328</u>

The annexed notes 1 to 10 form an integral part of these financial statements.

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**CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE PERIOD ENDED SEPTEMBER 30, 2014 (Un-Audited)**

	Quarter ended	
	September 30, 2014	September 30, 2013
	----- Rupees -----	
a) CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(5,951,928)	3,324,109
Adjustments for non cash and other items:		
Depreciation	4,889,632	4,961,918
Profit on deposits	(414,348)	(204,277)
Gain on short term investment	-	(5,307)
Finance costs	4,171	23,695
Workers' profit participation fund	-	174,953
Operating cash flows before working capital changes	<u>(1,472,473)</u>	<u>8,275,091</u>
Changes in working capital		
Decrease/(increase) in current assets		
Stores and spares	4,022,126	583,578
Stock in trade	35,966,273	34,682,965
Trade debts	(1,740,115)	1,078,839
Advances, prepayments and other receivables	8,726,602	(5,408,101)
Increase in current liabilities		
Trade and other payables	18,395,863	14,622,130
	<u>65,370,749</u>	<u>45,559,411</u>
Cash generated from operations	<u>63,898,276</u>	<u>53,834,502</u>
Finance cost paid	(4,171)	(23,695)
Taxes paid	(740,607)	(2,235,218)
Net cash generated from operating activities	<u>63,153,498</u>	<u>51,575,589</u>
b) CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(23,377,381)	(18,073,225)
Profit on deposits	414,348	204,277
Short term investment	(8,379)	(5,307)
Gain on short term investment	8,379	5,307
Net cash used in investing activities	<u>(22,963,033)</u>	<u>(17,868,948)</u>
c) CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	(354,771)	(3,113,510)
Net cash used in financing activities	<u>(354,771)</u>	<u>(3,113,510)</u>
Net increase in cash and cash equivalents (a+b+c)	39,835,694	30,593,131
Cash and cash equivalents at the beginning of the period	<u>2,215,049</u>	<u>24,390,863</u>
Cash and cash equivalents at the end of the period	<u>42,050,743</u>	<u>54,983,994</u>

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**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED SEPTEMBER 30, 2014 (Un-Audited)**

	<u>Share capital</u>	<u>Accumulated loss</u>	<u>Total</u>
	----- Rupees -----		
Balance as at July 01, 2013	126,011,600	(170,731,401)	(44,719,801)
Incremental depreciation on revalued property, plant and equipment for the period	-	3,259,832	3,259,832
Tax effect on incremental depreciation	-	(1,026,770)	(1,026,770)
Total comprehensive income for the period	-	1,145,328	1,145,328
Balance as at September 30, 2013	<u>126,011,600</u>	<u>(167,353,011)</u>	<u>(41,341,411)</u>
Balance as at July 01, 2014	126,011,600	(204,758,459)	(78,746,859)
Incremental depreciation on revalued property, plant and equipment for the period	-	12,258,194	12,258,194
Tax effect on incremental depreciation	-	(3,988,977)	(3,988,977)
Total comprehensive loss for the period	-	(13,993,716)	(13,993,716)
Balance as at September 30, 2014	<u>126,011,600</u>	<u>(210,482,958)</u>	<u>(84,471,358)</u>

The annexed notes 1 to 10 form an integral part of these financial statements.

Statement under section 241(2) of the Companies Ordinance, 1984:

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DIRECTOR

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2014 (Un-Audited)**
1. The company and its operations

J. A. Textile Mills Limited (the Company) was incorporated in Pakistan on 25 May, 1987 under the Companies Ordinance, 1984. The shares of the company are listed on the Karachi and Lahore Stock Exchanges in Pakistan. The Mill is situated at Tehsil Jaranwala, District Faisalabad in the province of Punjab and the registered office of the Company is situated at JK House, 32-W, Susan Road, Madina Town, Faisalabad. The principal business activity of the Company is manufacturing and sale of yarn.

2. Basis of preparation

These condensed interim financial statements have been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting" as applicable in Pakistan. These condensed interim financial statements are unaudited and being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984. These condensed interim financial statements do 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 June 30, 2014. Comparative figures of the balance sheet are extracted from annual audited financial statements for the year ended June 30, 2014, whereas comparative profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity are stated from unaudited condensed financial statements for the quarter ended September 30, 2013.

3. Accounting policies

The accounting policies, related judgments, estimates and assumptions adopted for the preparation of this condensed interim financial statements are the same as those applied in the preparation of the audited financial statements for the preceding year ended June 30, 2014.

Unaudited	Audited
September 30, 2014	June 30, 2014
----- Rupees -----	

4. Property, plant and equipment

Opening book value		415,763,252	414,991,616
Cost of additions during the period / year	(Note 4.1)	17,138,700	21,197,948
		432,901,952	436,189,564
Depreciation charged for the period / year		(4,889,632)	(20,426,312)
		428,012,320	415,763,252

4.1 Additions during the period / year

Plant and machinery		17,103,200	19,991,448
Power generator		-	1,185,000
Office equipments		35,500	21,500
		17,138,700	21,197,948



Unaudited September 30, 2014	Audited June 30, 2014
----- Rupees -----	

5. Surplus on revaluation of property, plant and equipment

Balance as on July 01,	226,187,459	235,178,750
Incremental depreciation on revalued property, plant and equipment transferred to accumulated loss	12,258,194	13,045,244
Related effect of deferred tax liability	(3,988,977)	(4,053,953)
	8,269,217	8,991,291
Balance as on September 30, / June 30,	217,918,242	226,187,459

This represents surplus on revaluation of freehold land, building on freehold land, plant and machinery, power generators, electric installations and factory equipments. Revaluation of freehold land on market value, building on freehold land, plant and machinery, power generators, electric installations and factory equipments on depreciated replacement values was carried out by M/S Yousaf Adil Saleem & Co. Chartered Accountants as on September 30, 1998 and by M/S Nizamy Associates as on June 30, 2007 and June 30, 2012.

6. Contingencies and commitments

There has been no significant change in the contingencies and commitments since the last audited financial statements as on June, 30, 2014.

Quarter ended	
September 30, 2014	September 30, 2013
----- Rupees -----	

7. Cost of sales

Raw material consumed (Note 7.1)	75,711,620	141,044,458
Stores and spares consumed	2,999,111	4,694,483
Packing material consumed	1,783,426	2,482,009
Salaries and wages	12,804,759	20,892,662
Retirement benefits	337,514	580,381
Fuel and power	12,381,778	32,908,936
Repairs and maintenance	37,058	64,693
Postage and telecommunication	10,904	8,842
Vehicles running and maintenance	72,157	188,023
Insurance	523,268	513,831
Depreciation	4,719,129	4,753,560
Others	528,067	621,516
	111,908,791	208,753,394
Work in process		
Opening balance	-	7,472,432
Closing balance	(6,322,777)	(7,077,780)
	(6,322,777)	394,652
Cost of goods manufactured	105,586,014	209,148,046
Finished goods		
Opening balance	41,401,618	22,479,270
Closing balance	(8,687,431)	(33,398,316)
	32,714,187	(10,919,046)
	138,300,201	198,229,000



	Quarter ended	
	September 30, 2014	September 30, 2013
	----- Rupees -----	
7.1 Raw material consumed		
Opening balance	48,515,992	57,285,474
Purchases	66,136,757	95,837,099
	<u>114,652,749</u>	<u>153,122,573</u>
Closing balance	(38,941,129)	(12,078,115)
	<u>75,711,620</u>	<u>141,044,458</u>

8. The provision for taxation made in this condensed interim financial statements is subject to adjustment in annual financial statements.

9. Authorized for issue

These condensed interim financial statements were authorized for issue on **OCTOBER 29, 2014** by the Board of Directors of the Company.

10. General

Figures have been rounded off to the nearest Rupee.

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