

JANANA DE MALUCHO TEXTILE MILLS LIMITED
COMPANY'S PROFILE

BOARD OF DIRECTORS	MR. RAZA KULI KHAN KHATTAK, Chairman LT. GEN. (RETD.) ALI KULI KHAN KHATTAK, Chief Executive MR. AHMAD KULI KHAN KHATTAK MR. MUSHTAQ AHMAD KHAN, FCA MRS. ZEB GOHAR AYUB MRS. SHAHNAZ SAJJAD AHMAD DR. SHAHEEN KULI KHAN
AUDIT COMMITTEE	MR. RAZA KULI KHAN KHATTAK Chairman MR. AHMAD KULI KHAN KHATTAK Member MR. MUSHTAQ AHMAD KHAN, FCA Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	MR. RAZA KULI KHAN KHATTAK Chairman LT. GEN. (RETD.) ALI KULI KHAN KHATTAK Chief Executive / Member MR. AHMAD KULI KHAN KHATTAK Member MR. MUSHTAQ AHMAD KHAN, FCA Member
CHIEF FINANCIAL OFFICER & COMPANY SECRETARY	MR. AMIN-UR-RASHEED B. Com. (Hons.) FICS Sr. Gen. Manager Finance & Corporate Affairs
HEAD OF INTERNAL AUDIT	MR. NADEEM AHMED, ACCA, CIA
AUDITORS	HAMEED CHAUDHRI & CO., Chartered Accountants
BANKERS	NATIONAL BANK OF PAKISTAN HABIB BANK LIMITED UNITED BANK LIMITED BANK ALFALAH LIMITED
LEGAL ADVISOR	HASSAN & HASSAN (ADVOCATES) PAAF BUILDING, 7 D, KASHMIR ROAD, LAHORE
TAX CONSULTANTS	M. NAWAZ KHAN & CO. GROUND FLOOR, FARRAH CENTRE, 2-MOZZANG ROAD, LAHORE
REGISTRARS & SHARES REGISTRATION OFFICE	MANAGEMENT & REGISTRATION SERVICES (PVT) LTD. BUSINESS EXECUTIVE CENTRE, F/17/3, BLOCK 8, CLIFTON, KARACHI TEL. 021-35375127-29, FAX. 021-35820325 EMAIL registrationservices@live.co.uk
REGISTERED OFFICE & MILLS	HABIBABAD, KOHAT (KPK) TEL. 0922 - 510063 - 512930 - 510494 FAX. 0922 - 510474 E-MAIL: janana@brain.net.pk, janana_textile@hotmail.com WEB SITE: www.jdm.com.pk

JANANA DE MALUCHO TEXTILE MILLS LIMITED

DIRECTORS REPORT TO THE SHAREHOLDERS

On behalf of the Board of Directors, I feel pleasure in presenting the un-audited financial statements of the Company for the first quarter ended 30th September, 2012.

FINANCIAL HIGHLIGHTS

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

	2012	2011
	- Rs. in million -	
Sales	651.537	559.451
Gross Profit	97.075	53.780
Profit from operations	79.901	36.515
Profit before taxation	55.353	23.932
Profit after taxation	52.195	18.330
	--- Rupees ---	
Earnings per share	10.91	3.83

We have to inform the shareholders that the turnover of the Company has increased by Rs.72.086 million as compared to comparative period of last year. The gross profit in the first quarter has increased by Rs.43.295 million. Main reasons of increase in gross profit were increase in yarn sales by Rs.65.094 million (sale rates of current period have increased by Rs.2.56 due to peak season for Super Fine Counts 80/1 and 105/1 and increase in quantity sold was 314,037 lbs as compared to previous period). Another reason of increase in gross profit is the decrease in raw material consumed to sales ratio by 2.16%.

GENERAL MARKET CONDITION

Currently the prices of cotton in local and international markets are showing downward trend. However due to spinning of yarn counts which are in higher demand in the local markets, the prices of yarn are stable and there is generally an upward trend in the yarn markets. However this may not continue for a much longer period as the decrease in cotton prices is ultimately going to bring down the prices of yarn too. Currently all the market indicators are acting positively, but the load shedding and gas outages of 4 to 6 days for the end user finishing and printing units in Punjab will ultimately affect the sale of yarn.

FUTURE OUTLOOK

Despite the currently agreeable situation of textile sector, the future does not seem to be very positive. The winter season has already started and heavy load shedding of gas and electricity is expected in the season that may continue upto March, 2013 and whole of the textile sector is going to suffer. All in all the coming quarter may well prove to be another test of survival for the textile industry. However your management will strive to achieve positive results and maintain current profit margins by using every resource on its disposal.

ACKNOWLEDGMENT

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

Dated: 31st October, 2012

For and on behalf of the Board

RAZA KULI KHAN KHATTAK
Chairman

JANANA DE MALUCHO TEXTILE MILLS LIMITED
CONDENSED INTERIM BALANCE SHEET AS AT 30 SEPTEMBER, 2012

	30 September 2012 Un-audited Note	30 June 2012 Audited		30 September 2012 Un-audited Note	30 June 2012 Audited
	Rupees in thousand	Rupees in thousand		Rupees in thousand	Rupees in thousand
Equity and Liabilities			Assets		
Share Capital and Reserves			Non-current Assets		
Authorised capital	<u>200,000</u>	<u>200,000</u>	Property, plant and equipment	9	2,230,992
Issued, subscribed and paid-up capital	47,848	47,848	Investments in Associated Companies		108,784
Reserves	389,983	217,673	Loans to employees		2,161
Unappropriated profit	219,492	335,281	Security deposits		1,029
	<u>657,323</u>	<u>600,802</u>			<u>2,342,966</u>
Term Finance Certificates	49,822	49,821	Current Assets		
Surplus on Revaluation of Property, Plant and Equipment	1,298,145	1,302,472	Stores, spares and loose tools		44,845
Non-current Liabilities			Stock-in-trade		577,853
Demand finances	7	202,323	Trade debts - unsecured considered good		12,933
Staff retirement benefits - gratuity		53,396	Advances to employees		2,166
Deferred taxation		200,623	Advance payments		23,842
		<u>456,342</u>	Trade deposits and prepayments	10	14,531
Current Liabilities			Due from Associated Companies		7,295
Trade and other payables		181,116	Other receivables		1,541
Accrued mark-up / interest		23,259	Sales tax refundable		31,726
Short term finances		409,454	Income tax refundable, advance tax and tax deducted at source		48,209
Current portion of long term liabilities		44,305	Cash and bank balances		16,232
Taxation		3,158			781,173
Preference shares redemption account		1,215			<u>826,265</u>
		<u>662,507</u>			
Contingencies and Commitments	8	770,262			
		<u>3,124,139</u>			<u>3,124,139</u>
		<u>3,183,565</u>			<u>3,183,565</u>

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

Chief Executive

Director

JANANA DE MALUCHO TEXTILE MILLS LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER, 2012

	Note	September 30, 2012	2011
		Rupees in thousand	
Sales		631,537	559,451
Cost of Sales		534,462	505,671
Gross Profit		97,075	53,780
Distribution Cost		2,112	3,774
Administrative Expenses		15,061	13,527
Other Operating Expenses		5	1,053
Other Operating Income		(4)	(1,089)
		17,174	17,265
Profit from Operations		79,901	36,515
Finance Cost	11	24,548	12,583
Profit before Taxation		55,353	23,932
Taxation - Current	12	3,158	5,602
Profit after Taxation		52,195	18,330
Other Comprehensive Income		0	0
Total Comprehensive Income		52,195	18,330
		----- Rupees -----	
Earnings per Share		10.91	3.83

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

Chief Executive

Director

JANANA DE MALUCHO TEXTILE MILLS LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER, 2012

	September 30,	
	2012	2011
	Rupees in thousand	
Cash flow from operating activities		
Profit for the period - before taxation and share of profit of Associated Companies	55,353	23,932
Adjustments for non-cash charges and other items:		
Depreciation	16,536	14,252
Loss / (gain) on disposal of operating fixed assets - net	0	(141)
Staff retirement benefits - gratuity (net)	4,703	4,335
Finance cost	24,264	24,314
Profit before working capital changes	100,856	66,692
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(4,294)	(5,915)
Stock-in-trade	93,743	247,958
Trade debts	(5,406)	21,616
Loans and advances to employees	(1,442)	(301)
Advance payments	(7,247)	(3,238)
Trade deposits and prepayments	(13,316)	(32,125)
Mark-up subsidy receivable	0	18,766
Due from Associated Companies	320	0
Other receivables	1,880	20
Sales tax refundable	(2,726)	(7,662)
Decrease in trade and other payables	(42,815)	(59,063)
	18,697	180,056
Cash generated from operations	119,553	246,748
Taxes paid	(4,418)	(2,617)
Net cash generated from operating activities	115,135	244,131
Cash flow from investing activities		
Fixed capital expenditure	(1,106)	(3,383)
Sale proceeds of operating fixed assets	0	1,400
Net cash used in investing activities	(1,106)	(1,983)
Cash flow from financing activities		
Demand finances	(22,992)	(26,020)
Short term finances - net	(51,792)	(191,091)
Finance cost paid	(26,147)	(30,755)
Net cash used in financing activities	(100,931)	(247,866)
Net increase / (decrease) in cash and cash equivalents	13,098	(5,718)
Cash and cash equivalents - at beginning of the period	3,134	21,193
Cash and cash equivalents - at end of the period	16,232	15,475

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

Chief Executive

Director

JANANA DE MALUCHO TEXTILE MILLS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER, 2012

Share capital	Reserves					Sub-total	(Accumulated loss) / unappropriated profit	Total
	Capital			Revenue	General			
	Capital redemption	Tax holiday	Share premium					

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

Balance as at 30 June, 2011 (Audited)	47,848	6,694	350	11,409	199,220	217,673	172,310	437,831
Total comprehensive income for the three months period ended 30 September, 2011	0	0	0	0	0	0	18,330	18,330
Surplus on revaluation of property, plant and equipment realised during the period (net of deferred taxation) on account of incremental depreciation	0	0	0	0	0	0	3,114	3,114
Balance as at 30 September, 2011 (Un-audited)	47,848	6,694	350	11,409	199,220	217,673	193,754	459,275
Total comprehensive income for the nine months period ended 30 June, 2012	0	0	0	0	0	0	126,332	126,332
Surplus on revaluation of property, plant and equipment realised during the period (net of deferred taxation):								
- on account of incremental depreciation for the period	0	0	0	0	0	0	11,205	11,205
- upon disposal of plant & machinery	0	0	0	0	0	0	2,194	2,194
Effect of items directly credited in equity by the Associated Companies	0	0	0	0	0	0	1,796	1,796
Balance as at 30 June, 2012(Audited)	47,848	6,694	350	11,409	199,220	217,673	335,281	600,802
Transfer to general reserve					172,310	172,310	(172,310)	0
Total comprehensive income for the three months period ended 30 September, 2012	0	0	0	0	0	0	52,195	52,195
Surplus on revaluation of property, plant and equipment realised during the period (net of deferred taxation) on account of incremental depreciation	0	0	0	0	0	0	4,326	4,326
Balance as at 30 September, 2012(Un-audited)	47,848	6,694	350	11,409	371,530	389,983	219,492	657,323

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

Chief Executive

Director

JANANA DE MALUCHO TEXTILE MILLS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED 30 SEPTEMBER, 2012

1. Janana De Malucho Textile Mills Limited (the company) was incorporated in Pakistan in the year 1960 as a Public Company and its shares are quoted on Karachi Stock Exchange (Guarantee) Limited. It is principally engaged in manufacture and sale of yarn. The Company's mills and its registered office are located at Habibabad, Kohat.
2. This condensed interim financial information of the Company for the three months period ended 30 September, 2012 is being submitted to the shareholders in accordance with the requirements of section 245 of the Companies Ordinance, 1984 (the Ordinance) and the listing regulations of Karachi Stock Exchange. This condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 (Interim Financial Reporting) and provisions of and directives issued by the Securities and Exchange Commission of Pakistan under the Ordinance. In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed.
3. This condensed interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual audited financial statements of the Company as at and for the year ended 30 June, 2012.
4. The accounting policies and the methods of computation followed in the preparation of this condensed interim financial information are the same as those applied in the preparation of the audited annual financial statements of the Company for the year ended 30 June, 2012.
5. No new accounting standards, amendments to approved accounting standards and interpretations became effective during the period, which were either relevant to the Company or had any significant impact on Company's financial information.
6. Judgments and estimates made by the management in the preparation of this condensed interim financial information are the same as those that were applied to the annual audited financial statements as at and for the year ended 30 June, 2012.

	Un-audited 30 September 2012	Audited 30 June 2012
	Rupees in thousand	
7. DEMAND FINANCES - Secured		
Demand Finance I	155,806	170,230
Demand Finance III	5,744	5,744
Demand Finance IV	18,706	21,456
Demand Finance V	51,213	57,031
	231,469	254,461
Add: restructuring cost arisen upon extinguishment of demand finances against issuance of ordinary shares	2,414	2,414
	233,883	256,875
Less: current portion grouped under current liabilities	31,560	45,983
	202,323	210,892

8. CONTINGENCIES AND COMMITMENTS

There has been no significant change in the status of contingencies and commitments as reported in the preceding published annual financial statements of the Company for the year ended 30 June, 2012.

9. PROPERTY, PLANT AND EQUIPMENT	Note	Un-audited 30 September 2012 Rupees in thousand	Audited 30 June 2012
Operating fixed assets - tangible	9.1	2,230,049	2,246,422
Capital work-in-progress			
Plant & machinery - cost and expenses		943	58,433
		2,230,992	2,304,855
9.1 Operating fixed assets - owned			
Book value at beginning of the period / year		2,246,422	1,877,956
Additions during the period / year			
Roads, paths & culverts		0	20
Factory building		0	462
Plant and machinery		0	62,867
Furniture & Fixture		148	840
Office and other equipment		15	391
Vehicles		0	5,334
		163	69,914
Revaluation adjustments:			
Cost / revaluation		0	192,935
Depreciation		0	173,178
Book value of assets disposed off during the period / year		0	(5,230)
Depreciation charge for the period / year		(16,536)	(62,331)
Book value at end of the period / year		2,230,049	2,246,422
10. TRADE DEPOSITS AND PREPAYMENTS			
Letters of credit		1,125	677
Prepayments		10,906	538
Margin deposits		2,500	0
		14,531	1,215

11. FINANCE COST - Net

	Un-audited	
	Three months ended	
	30 September 2012	30 September 2011
Mark-up on demand finances	8,495	10,165
Less: mark-up subsidy	0	5,055
	<u>8,495</u>	<u>5,110</u>
Mark-up on short term finances	<u>15,539</u>	<u>14,148</u>
Less: mark-up subsidy	0	7,074
	<u>15,539</u>	<u>7,074</u>
Interest accrued on:		
- Associated Companies' balances	35	0
- workers' (profit) participation fund	195	181
Bank charges	284	218
	<u>24,548</u>	<u>12,583</u>

12. TAXATION

Provision for the current period represents minimum tax payable under section 113 of the Income Tax Ordinance, 2001.

13. TRANSACTIONS WITH RELATED PARTIES

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

Balances	Relationship	Un-audited	Audited
		30-Sep 2012	30 June 2012
		Rupees in thousand	
Trade and other payables	Associated undertakings	9,689	9,686
Accrued mark-up / interest	Associated Companies	878	895
Due from Associated Companies	Associated Companies	7,295	7,315
Loans to employees	Key management personnel	1,790	820
		Un-audited	
		Three months ended	
		30 September 2012	30 September 2011
Transactions	Relationship		
Purchase of raw material / supplies	Associated Company	0	64
Insurance premium	Associated Company	0	8,264
Insurance claim	Associated Company	0	1,400
Mark-up	Associated Company	37	0
Salaries & other benefits	Key management personnel	8,023	7,214

14. FINANCIAL RISK MANAGEMENT

This condensed interim financial information does not include all the financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June, 2012. The Company's activities expose it to a variety of financial risks, which are (i) credit risk (ii) liquidity risk and (iii) market risk (including foreign currency risk and interest rate risk). There has been no change in the Company's sensitivity to these risks since 30 June, 2012.

15. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorised for issue in the Board of Directors meeting held on 31 October, 2012.

16. GENERAL

- Figures in the condensed interim financial information have been rounded-off to the nearest thousand Rupees except stated otherwise.
- Corresponding figures have neither been re-arranged and nor re-classified.

Chief Executive**Director**