

**Quarterly
Accounts
September
2008**



**Janana De Malucho Textile
Mills Limited**

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
CHIEF FINANCIAL OFFICER & COMPANY SECRETARY	MR. AMIN-UR-RASHEED B. Com. (Hons.) FICS General Manager Finance, Commercial & Corporate Affairs
INTERNAL AUDITOR	MR. SYED RAHEEL GILLANI
AUDITORS	M/S HAMEED CHAUDHRI & CO. CHARTERED ACCOUNTANTS
BANKERS	NATIONAL BANK OF PAKISTAN BANK ALFALAH LIMITED HABIB BANK LIMITED UNITED BANK LIMITED
REGISTRARS & SHARES REGISTRATION OFFICE	MANAGEMENT & REGISTRATION SERVICES (PVT) LIMITED BUSINESS EXECUTIVE CENTRE, F/17/3, BLOCK 8, CLIFTON, KARACHI
REGISTERED OFFICE & MILLS	HABIBABAD, KOHAT (N.W.F.P) TEL. 0922-510063 - 512930 - 510494 FAX. 0922 - 510474 EMAIL: janana@brain.net.pk WEB SITE: www.bibojee.com

JANANA DE MALUCHO TEXTILE MILLS LIMITED
DIRECTORS' REPORT TO THE MEMBERS
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2008

The Board of Directors (BOD) are pleased to present the un-audited financial statements of the company for the 1st quarter ended 30th September 2008.

The company's financial performance during the quarter ended 30th September 2008 is detailed hereinbelow:-

PARTICULARS	1 st QUARTER ENDED	
	30-09-2008	30-09-2007
	(Rupees in thousand)	
SALES - NET	303,791	311,871
COST OF SALES	260,949	269,723
GROSS PROFIT	<u>42,842</u>	<u>42,148</u>
OPERATING PROFIT	32,949	32,297
PROFIT BEFORE TAXATION	842	9,615
PROFIT AFTER TAXATION	<u>842</u>	<u>8,055</u>
EARNING PER SHARE	<u>Rs.0.27</u>	<u>Rs.2.55</u>

OPERATING PERFORMANCE

We have to report that during current quarter ended 30th September 2008 the gross sale of yarn was Rs.267.508 million when compared with the figure of Rs.306.303 million for corresponding period of 2007. However, the sale rates of yarn have increased by Rs.25.63 per lbs. The total quantity of yarn sold during the quarter under report was 2420651 lbs as compared to 3809134 lbs of the corresponding period of last year. The decrease in the yarn sales was due to increase in the average count spun i.e. 64.33 for 2008 vis-a-vis 50.32 for year 2007.

Cost of sales has also decreased by Rs.8.775 million which has offset the impact of the decrease in sales. The gross profit %age during the quarter under report was 14.10% as compared to 13.51% for the corresponding quarter of 2007. Manufacturing salary wages have increase by about Rs.3.250 million due to increase in the minimum wages fixed the government. Increase in the power fuel aggregates to Rs.11.673 million which was due to increase in the power rates and MMBTU rates of gas.

Financial cost of the company has increased by about Rs.9.66 million mainly due to increase in the mark-up rates by about 400% since 2004. The current mark-up rates charged by the bank are 16.04% as compared to 11.87% during the year 2007. Subsequently the mark-up rates have further been increased by the banks unilaterally.

FUTURE OUTLOOK:

Due to crisis in the textile industry specially in the spinning sector, Government of Pakistan is not taking any remedial measures therefore, the future prospects of the spinning industry are not very promising.

For the last three years our textile manufacturing industry and the spinning sector remained under severe crisis due to unprecedented increase in the cost of the production.

Gas prices have already been increased by 40% during the last two years and the SNGPL has made further representation of OGRA to increase the gas prices by about 30%. The electric cost has gone up by about 40% with intermittent increase the power load shedding i.e. 8 hours per day coupled with the unilateral increase in the gas prices which is adversely affecting the competitive edge of the textile products.

Keeping in view the above facts and unpredictable quality and size of cotton crop during current season vis-a-vis decline in export rates of textile products including yarn the textile spinning industry as a whole has remained under sever pressure.

Notwithstanding the constraints referred to above your Director would like to assure you that every effort shall be made to control the cost of production by further improving the quality of the finished goods i.e. yarn of super fine counts and to meet the airjet looms demands of +A grade yarn in order to achieve higher rates and to enhance profitability of the company to repay the banks loans and to promote the interest of the shareholders despite very serious un-favourable crisis prevailing in the textile industry.

Your Directors wish to record their appreciations for the efforts made by the workers, staff and senior executives for achieving the results in the present difficult circumstances and continued support of the financial institution specially the National Bank of Pakistan since 1962 to sustain the production activities of the company without any problem.

For & on behalf of the Board of Directors

Raza Kuli Khan
 (Raza Kuli Khan Khattak)
 Chairman

Dated: 30 October, 2008

JANANA DE MALUCHO TEXTILE MILLS LIMITED
BALANCE SHEET AS AT 30 SEPTEMBER, 2008

	30 SEP. 2008	30 JUNE 2008		30 SEP. 2008	30 JUNE 2008
	Rupees in thousand			Rupees in thousand	
EQUITY AND LIABILITIES			NON-CURRENT ASSETS		
SHARE CAPITAL AND RESERVES			Property, plant and equipment		
Authorised capital	200,000	200,000	Operating fixed assets	1,481,840	1,494,346
Issued, subscribed and paid-up capital	31,655	31,655	Capital work-in-progress	29,660	29,657
Reserves	128,215	128,215	Investments in Associates	41,016	41,016
Unappropriated profit	50,282	47,066	Loans to employees	1,185	1,087
	210,152	206,936	Security deposits	1,004	1,004
				43,205	43,107
SHARES DEPOSIT MONEY	22,818	22,818	CURRENT ASSETS		
			Stores, spares and loose tools	34,135	26,017
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	668,958	671,333	Stock-in-trade	384,912	430,773
			Trade debts - unsecured considered good	32,753	37,675
NON-CURRENT LIABILITIES			Advances to employees	1,515	1,998
Demand finances	290,498	318,865	Advance payments	19,855	5,838
Staff retirement benefits-gratuity	10,852	10,342	Trade deposits and prepayments	10,335	18,098
Deferred taxation	149,569	149,569			
	450,919	478,776	Sales tax refundable	11,185	10,139
CURRENT LIABILITIES			Due from Associated Companies	17,082	15,426
Current portion of:			Other receivables	3,736	3,786
- demand finances	65,089	40,901	Income tax refundable, advance tax and tax deducted at source	8,168	6,733
- liabilities against assets subject to finance lease	546	1,136	Cash and bank balances	5,807	5,092
Short term finances	531,635	584,510		529,483	561,575
Trade and other payables	93,871	87,408			
Accrued mark-up/interest	33,327	27,993			
Taxation	5,635	5,635			
Preference shares redemption account	1,238	1,239			
	731,341	748,822			
	2,084,188	2,128,685		2,084,188	2,128,685

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

Ali Kuli Khan

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

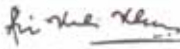
Mushtaq Ahmad Khan


Mushtaq Ahmad Khan, FCA
Director

JANANA DE MALUCHO TEXTILE MILLS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER, 2008

	30 September 2008	30 September 2007
	<u>(Rupees in thousand)</u>	
SALES - Net	303,791	311,871
COST OF SALES	260,949	269,723
GROSS PROFIT	42,842	42,148
 ADMINISTRATIVE AND DISTRIBUTION EXPENSES	 9,886	 9,844
OTHER OPERATING EXPENSES	7	7
	9,893	9,851
OPERATING PROFIT	32,949	32,297
OTHER INCOME	982	743
	33,931	33,040
FINANCE COST	33,089	23,425
(LOSS)/PROFIT BEFORE TAXATION	842	9,615
TAXATION		
- current year	0	1,560
(LOSS)/PROFIT AFTER TAXATION	842	8,055
	----- Rupees -----	
(LOSS)/EARNING PER SHARE	0.27	2.55

- The annexed notes form an integral part of these financial statements.
- Appropriations have been reflected in the statement of changes in equity.

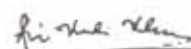

Lt. Gen (Retd)
Ali Kuli Khan Khattak
Chief Executive


Mushtaq Ahmad Khan, FCA
Director

JANANA DE MALUCHO TEXTILE MILLS LIMITED
CASH FLOW STATEMENT
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER, 2008

	<u>2008</u>	<u>2007</u>
	<u>Rupees in thousand</u>	
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss)/Profit for the quarter - before taxation	842	9,615
Adjustments for non-cash charges and other items:		
Depreciation	13,002	13,741
Staff retirement benefits - gratuity (net)	510	174
Finance cost	32,922	23,422
CASH FLOW FROM OPERATING ACTIVITIES Before working capital changes	47,276	46,952
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(8,118)	(1,945)
Stock-in-trade	45,861	142,822
Trade debts	4,922	(5,122)
Advances to employees	385	(161)
Advance payments	(14,017)	(453)
Trade deposits and prepayments	7,763	(6,212)
Sales tax refundable	(1,046)	(664)
Due from Associated Companies	(1,656)	(1,411)
Other receivables	50	(669)
Increase / (decrease) in trade and other payables	6,463	10,710
	40,607	136,895
CASH INFLOW FROM OPERATING ACTIVITIES - Before taxation	87,883	183,847
Taxes paid	(1,435)	(1,160)
CASH INFLOW FROM OPERATING ACTIVITIES - After taxation	86,448	182,687
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(500)	(371)
Deposit for Shares	0	(9,000)
Security deposits	0	(46)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(500)	(9,417)
CASH FLOW FROM FINANCING ACTIVITIES		
Demand finances - net	(4,179)	(4,179)
Lease finances - net	(590)	(588)
Short term finances - net	(52,875)	(104,593)
Preference shares redeemed	(1)	0
Finance cost paid	(27,588)	(5)
Dividends paid	0	(61,802)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES	(85,233)	(171,167)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	715	2,103
CASH AND CASH EQUIVALENTS - At the beginning of the year	5,092	4,768
CASH AND CASH EQUIVALENTS - At the end of the year	5,807	6,871

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



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





Mushtaq Ahmad Khan, FCA
Director

JANANA DE MALUCHO TEXTILE MILLS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2008

	Reserves					(Accumulated loss) / unappropriated profit	Total
	Share capital	Capital redemption reserve	Tax holiday reserve	General reserve	Subtotal		
-----Rupees in thousands-----							
Balance as at 30 June 2007	31,655	6,694	350	121,171	128,215	24,211	184,081
Profit for the year ended 30 June 2008	0	0	0	0	0	5,248	5,248
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred taxation	0	0	0	0	0	10,046	10,046
- realised on disposal of operating fixed assets - net of deferred taxation	0	0	0	0	0	1,341	1,341
Effect of items directly credited in equity by the associates	0	0	0	0	0	6,220	6,220
Balance as at 30 June 2008	31,655	6,694	350	121,171	128,215	47,066	206,936
Loss for the quarter ended 30 September 2008	0	0	0	0	0	842	842
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of deferred taxation	0	0	0	0	0	2,374	2,374
Balance as at 30 September 2008	31,655	6,694	350	121,171	128,215	50,282	210,152

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


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


Mushtaq Ahmad Khan, FCA
Director

JANANA DE MALUCHO TEXTILE MILLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER, 2008

1. THE COMPANY AND ITS OPERATIONS

The Company was incorporated in Pakistan in 1960 as a Public Company and its shares are quoted on Karachi Stock Exchange (Guarantee) Ltd. It is principally engaged in manufacture and sale of yarn.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved accounting standards comprise of such International Accounting Standards (IAS-34) Interim Financial Reporting as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or the directives issued by the Securities & Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives take precedence.

2.2 Accounting Policies

The accounting policies adopted for the preparation of these accounts are the same as were applied in the annual financial statements of the company for the period ended 30 June 2008.

In pursuance of the provisions of Section 245 of the Companies Ordinance 1984 and Companies (Amendment) Ordinance 2002 and circular No.19 dated April 14, 2004 of the Securities and Exchange Commission of Pakistan we are pleased to notify that quarterly accounts for the first quarter ended 30 September 2008 has been transmitted to all the shareholders through our website www.bibojee.com

2.3 Contingencies and commitments

There is no material change in status of litigations filed/demands raised against the Company from the status previously reported in annual accounts of the company for the period ended 30 June 2008.

3. OPERATING FIXED ASSETS - Tangible

	Un-audited 30-09-08 Rs. in 000	Audited 30-06-08 Rs. in 000
Opening book value	1,494,346	1,836,399
Addition during the period		
Factory building	389	173
Non-Factory building	0	536
Plant and machinery	0	2,300
Generators	0	365
Furniture & Fixture	103	835
Office and other equipment	0	161
Vehicles	5	0
Ams	0	242
	497	4,612
	1,494,843	1,841,011
Disposal	0	15,673
Depreciation charged for the period/year	13,002	330,992
	13,002	346,665
Closing book value	1,481,841	1,494,346

4 CAPITAL WORK IN PROGRESS

	Un-audited 30-09-08 Rs. in 000	Audited 30-06-08 Rs. in 000
Buildings		
Cost and materials	896	896
Advance Payments	0	360
Plant and Machinery	896	1,256
Cost and expenses	28,764	28,401
	29,660	29,657

5 TRANSACTION WITH ASSOCIATED COMPANIES

Aggregate transactions during the period with the Associate Companies were as follows:

Sale of goods and services	326	978
Purchase of goods and services	7,501	10,683
Mobilization advance for construction of cotton godowns	0	(18,500)
Insurance claim received	1,315	0
Residential Rent		
Paid	0	5
Received	33	132
Mark-up		
Earned	599	2,061
Expensed	393	1,585
Management Charges		
Paid	316	1,545
Received	1,829	8,001


Sale, purchases and other transactions with associated companies are made at arm's length prices determined in accordance with comparable uncontrolled price method except for the allocation of expenses relating to combined offices shared with associated companies, which are on the actual basis.


6 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 30 October 2008 by the Board of Directors of the Company.

7 FIGURES

- in the accounts are rounded-off to the nearest thousand rupees.
- of the previous period are re-stated and re-arranged wherever necessary for the purpose of comparison.


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


Mushtaq Ahmad Khan, FCA
Director