

**Half Yearly  
Accounts  
December,  
2010**

BIBOJEE GROUP



**Janana De Malucho Textile  
Mills Limited**

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**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 MR. AHMAD KULI KHAN KHATTAK MR. MUSHTAQ AHMAD KHAN, FCA	Chairman Member Member
CHIEF FINANCIAL OFFICER & COMPANY SECRETARY	MR. AMIN-UR-RASHEED B. Com. (Hons.) FICS Gen. Manager Finance, Commercial & Corporate Affairs	
AUDITORS	M/S HAMEED CHAUDHRI & CO. Chartered Accountants	
BANKERS	NATIONAL BANK OF PAKISTAN HABIB BANK LIMITED UNITED BANK LIMITED BANK ALFALAH LIMITED	
REGISTRARS & SHARES REGISTRATION OFFICE	MANAGEMENT & REGISTRATION SERVICES (PVT) LTD. 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 E-MAIL: janana@brain.net.pk janana_textile@hotmail.com WEB SITE: www.jdm.com.pk	

## **DIRECTORS REPORT TO THE SHAREHOLDERS**

On behalf of the Board of Directors, I feel pleasure in presenting the unaudited reviewed financial statements of the company for the 2<sup>nd</sup> quarter & half year ended 31<sup>st</sup> December 2010.

### **1. FINANCIAL HIGHLIGHTS**

During the half year ended 31<sup>st</sup> December 2010, your Company has posted a Gross Profit of Rs. 148.873 Million as compared to the Gross Profit of Rs. 96.476 Million for the corresponding period of last year while facing different challenges. Turnover increased by Rs. 408.618 Million from Rs. 600.431 Million to Rs. 1,009.049 Million as compared to the corresponding period of the last year. The primary reasons which helped in the improvement of the operating results of the Company was due to the strengthening of yarn prices in the domestic market and the subsidy provided by the Federal Government's special package in the shape of markup subsidy for the revival of economic activities in the Khyber Pakhtunkhwa Province.

These factors contributed towards improvement in the Company's operations and improved the Operating Profit to Rs. 116.313 Million as compared to Rs. 76.012 Million for the corresponding period of the last year.

### **2. GENERAL MARKET CONDITIONS**

The cotton crisis cropped up last year from August/ September, 2010 when global cotton production quantity stood less by around 10 to 11 percent against total demand. China and USA being the largest producers of cotton witnessed major shortfall in their production. The cotton rates which initially were being quoted below 90 cents per lb begin to move up and touched highest level of 211 cents per lb in December, 2010. Similarly our Pakistani raw cotton prices sky rocketed to the level of Rs. 13,000 per maund as compared to the average cotton sale price of Rs. 4000 per maund during the cotton season of last year. This resulted in shortage of cotton and high prices of cotton yarn in domestic market, which deprived the Pakistani textile industry of its basic raw material.

In Pakistan, business conditions remained stagnant, exports which resulted into decrease due to abnormal prices of yarn in the local market. Also the profitability of the spinning industry was affected by the energy crisis, massive gas load-shedding to processing textile Industry in Punjab from November, 2010 to till to date creating depression in the local yarn market.

### **3. FUTURE OUTLOOK**

The Management is trying its level best to improve your Company's efficiency and profit margins despite of the whole industry facing great decline in its growth rate. The Textile Industry of the world's leading countries is facing a severe crises and the Pakistan economy is also at critical stage. Due to

abnormal and very very high prices of cotton and other raw materials used by the textile industry. Coupled with shortage of electricity & gas outages in the end user sector of textile industry for consecutive 5 days or more in a week. Therefore it has become a challenge & an uphill task to maintain the present gross margins.

However yours Directors are committed to business growth and your company's management is well aware of the challenges that are ahead and focusing to deal with the ongoing crisis. They shall be making all-out efforts to ensure continued growth, operational efficiency and optimal results for the company and for the company's bankers and for its valued stakeholders in future as well.

4. **ACKNOWLEDGMENT**

The Board places on record its appreciation for the support of our bankers during last five years when we suffered heavy financial losses. We would also like to highlight the hard work and diligence of the Company's Senior Management and the production workers. We look forward the 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: 28th February, 2011**

**AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF  
CONDENSED INTERIM FINANCIAL INFORMATION**

**Introduction**

We have reviewed the accompanying condensed interim balance sheet of JANANA DE MALUCHO TEXTILE MILLS LIMITED (the Company) as at 31 December, 2010 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 "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

The figures of the condensed interim profit and loss account for the quarters ended 31 December, 2010 and 2009 have not been reviewed, as we are required to review only the cumulative figures for the half-year ended 31 December, 2010.


**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half-year ended 31 December, 2010 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

LAHORE: 28 February, 2011

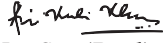
  
HAMEED CHAUDHRI & CO.,  
CHARTERED ACCOUNTANTS  
Engagement Partner: Abdul Hameed Chaudhri


## JDM TEXTILE MILLS LIMITED

### CONDENSED INTERIM BALANCE SHEET AS AT 31 DECEMBER, 2010

		Un-audited 31 Dec., 2010	Audited 30 June, 2010		Un-audited 31 Dec., 2010	Audited 30 June, 2010
	Note	(Rupees in thousand)			(Rupees in thousand)	
<b>EQUITY AND LIABILITIES</b>				<b>ASSETS</b>		
<b>SHARE CAPITAL AND RESERVES</b>				<b>NON-CURRENT ASSETS</b>		
Authorised capital		200,000	200,000	Property, plant and equipment	7	1,906,039
Issued, subscribed and paid-up capital		43,064	43,064	Investments in Associated Companies	8	89,644
Reserves		217,673	139,624	Loans to employees		1,276
<b>UNAPPROPRIATED PROFIT</b>		115,281	80,649	Security deposits		1,029
		<u>376,018</u>	<u>263,337</u>			<u>1,997,988</u>
<b>FROZEN MARK-UP ON DEMAND FINANCES</b>		76,470	75,790	<b>CURRENT ASSETS</b>		
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>		1,020,596	1,028,438	Stores, spares and loose tools		32,793
<b>NON-CURRENT LIABILITIES</b>				Stock-in-trade		732,489
Demand finances	5	282,236	285,438	Trade debts-unsecured considered good		48,952
Staff retirement benefits-gratuity		25,696	17,569	Advances to employees		1,129
Deferred taxation		227,598	214,474	Advance payments		18,209
		<u>535,530</u>	<u>517,481</u>	Trade deposits and prepayments	9	20,001
<b>CURRENT LIABILITIES</b>				Sales tax refundable		13,338
Current portion of demand finances	5	35,746	40,901	Due from Associated Companies		0
Short term finances		630,937	388,972	Income tax refundable, advance tax and tax deducted at source		24,158
Trade and other payables		178,396	102,537	Cash and bank balances		1,994
Accrued mark-up / interest		18,743	18,986			893,063
Taxation		17,397	7,285			460,914
Preference shares redemption account		1,218	1,235			
		<u>882,437</u>	<u>559,916</u>			
<b>CONTINGENCIES AND COMMITMENTS</b>	6					
		<u>2,891,051</u>	<u>2,444,962</u>			<u>2,891,051</u>
						<u>2,444,962</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


## JDM TEXTILE MILLS LIMITED

### CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER AND HALF-YEAR ENDED 31 DECEMBER, 2010

	For the 2nd Quarter		Cumulative	
	Oct. - Dec., 2010	Oct. - Dec., 2009	July - Dec., 2010	July - Dec., 2009
	----- Rupees in thousand -----			
<b>SALES</b>	<b>549,218</b>	342,884	<b>1,009,049</b>	600,431
<b>COST OF SALES</b>	<b>479,870</b>	272,079	<b>860,176</b>	503,955
<b>GROSS PROFIT</b>	<b>69,348</b>	70,805	<b>148,873</b>	96,476
<b>DISTRIBUTION COST</b>	<b>3,599</b>	2,431	<b>6,031</b>	3,539
<b>ADMINISTRATIVE EXPENSES</b>	<b>12,109</b>	8,280	<b>20,067</b>	15,755
<b>OTHER OPERATING EXPENSES</b>	<b>2,136</b>	4,290	<b>9,053</b>	4,297
<b>OTHER OPERATING INCOME</b>	<b>(1,295)</b>	(1,405)	<b>(2,591)</b>	(3,127)
	<b>16,549</b>	13,596	<b>32,560</b>	20,464
<b>PROFIT FROM OPERATIONS</b>	<b>52,799</b>	57,209	<b>116,313</b>	76,012
<b>FINANCE COST (Note 10)</b>	<b>31,289</b>	31,469	<b>26,825</b>	62,035
	<b>21,510</b>	25,740	<b>89,488</b>	13,977
<b>SHARE OF PROFIT OF ASSOCIATED COMPANIES</b>	<b>33,431</b>	2,803	<b>33,431</b>	2,803
<b>IMPAIRMENT LOSS ON INVESTMENTS IN ASSOCIATED COMPANIES - Net</b>	<b>0</b>	(719)	<b>0</b>	(719)
	<b>33,431</b>	2,084	<b>33,431</b>	2,084
<b>PROFIT BEFORE TAXATION</b>	<b>54,941</b>	27,824	<b>122,919</b>	16,061
<b>TAXATION</b>				
- Current (Note 11)	<b>5,506</b>	1,714	<b>10,112</b>	3,002
- Deferred	<b>13,124</b>	5,469	<b>13,124</b>	3,002
	<b>18,630</b>	7,183	<b>23,236</b>	6,004
<b>PROFIT AFTER TAXATION</b>	<b>36,311</b>	20,641	<b>99,683</b>	10,057
<b>OTHER COMPREHENSIVE INCOME</b>	<b>0</b>	0	<b>0</b>	0
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>36,311</b>	20,641	<b>99,683</b>	10,057
	----- Rupees -----			
<b>EARNINGS PER SHARE</b>	<b>8.43</b>	5.88	<b>23.15</b>	3.01

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

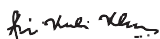



## JDM TEXTILE MILLS LIMITED

### CONDENSED INTERIM CASH FLOW STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER, 2010 (UN-AUDITED)

	Half-year ended	
	31 Dec., 2010	31 Dec., 2009
(Rupees in thousand)		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit for the period - before taxation and share of profit of Associated Companies	89,488	13,977
Adjustments for non-cash charges and other items:		
Depreciation	29,829	25,971
Loss on sale of operating fixed assets	130	4,282
Staff retirement benefits - gratuity (net)	8,127	3,368
Unclaimed payable balances written back	(382)	0
Finance cost	26,825	62,035
<b>CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>154,017</b>	<b>109,633</b>
-Before working capital changes		
<b>(Increase) / decrease in current assets:</b>		
Stores, spares and loose tools	(7,744)	(10,633)
Stock-in-trade	(367,728)	(245,811)
Trade debts	(36,870)	(13,280)
Advances to employees	(18)	94
Advance payments	(2,537)	2,401
Trade deposits and prepayments	(19,675)	(28,852)
Sales tax refundable	(3,919)	(673)
Due from Associated Companies	9,439	(4,183)
<b>Increase in trade and other payables</b>	<b>76,241</b>	<b>121,386</b>
	<b>(352,811)</b>	<b>(179,551)</b>
<b>CASH OUTFLOW FROM OPERATING ACTIVITIES</b>		
- Before taxation	(198,794)	(69,918)
Taxes paid	(6,953)	(8,254)
<b>CASH OUTFLOW FROM OPERATING ACTIVITIES</b>	<b>(205,747)</b>	<b>(78,172)</b>
- After taxation		
Loans to employees - net	122	18
<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>	<b>(205,625)</b>	<b>(78,154)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(8,535)	(4,142)
Sale proceeds of operating fixed assets	1,930	8,925
Dividend received from an Associated Company	1,171	0
Security deposits	0	(25)
<b>NET CASH (OUTFLOW) / INFLOW FROM INVESTING ACTIVITIES</b>	<b>(5,434)</b>	<b>4,758</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Demand finances - net	(8,357)	(8,356)
Short term finances - net	241,965	124,295
Preference shares redeemed	(17)	0
Finance cost paid	(26,388)	(40,656)
<b>NET CASH INFLOW FROM FINANCING ACTIVITIES</b>	<b>207,203</b>	<b>75,283</b>
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(3,856)</b>	<b>1,887</b>
<b>CASH AND CASH EQUIVALENTS - At beginning of the period</b>	<b>5,850</b>	<b>3,177</b>
<b>CASH AND CASH EQUIVALENTS - At end of the period</b>	<b>1,994</b>	<b>5,064</b>

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

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

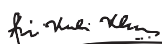
  
Mushtaq Ahmad Khan, FCA  
Director

## JDM TEXTILE MILLS LIMITED

### CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF-YEAR ENDED 31 DECEMBER, 2010

	Reserves						(Accumulated loss) / unappropriated profit	Total
	Share capital	Capital			Revenue			
		Capital redemption	Tax holiday	Share premium	General	Sub-total		
Rupees In thousand								
Balance as at 30 June, 2009	31,655	6,694	350	0	121,171	128,215	(51,594)	108,276
Nominal value of ordinary shares Issued	11,409	0	0	0	0	0	0	11,409
Premium received on issue of ordinary shares	0	0	0	11,409	0	11,409	0	11,409
Profit after taxation for the half-year ended 31 December, 2009	0	0	0	0	0	0	10,057	10,057
Transfer from surplus on revaluation of property, plant & equipment:								
- on account of incremental depreciation for the half-year - net of deferred taxation	0	0	0	0	0	0	4,445	4,445
- upon disposal of revalued fixed assets - net of deferred taxation	0	0	0	0	0	0	6,758	6,758
Effect of items directly credited in equity by the Associated Companies	0	0	0	0	0	0	3,730	3,730
<b>Balance as at 31 December, 2009</b>	<b>43,064</b>	<b>6,694</b>	<b>350</b>	<b>11,409</b>	<b>121,171</b>	<b>139,624</b>	<b>(26,604)</b>	<b>156,084</b>
Profit after taxation for the half-year ended 30 June, 2010	0	0	0	0	0	0	106,585	106,585
Transfer from surplus on revaluation of property, plant & equipment:								
- on account of incremental depreciation for the half-year - net of deferred taxation	0	0	0	0	0	0	5,579	5,579
- upon disposal of revalued fixed assets - net of deferred taxation	0	0	0	0	0	0	487	487
Effect of items directly credited in equity by the Associated Companies	0	0	0	0	0	0	(5,398)	(5,398)
<b>Balance as at 30 June, 2010</b>	<b>43,064</b>	<b>6,694</b>	<b>350</b>	<b>11,409</b>	<b>121,171</b>	<b>139,624</b>	<b>80,649</b>	<b>263,337</b>
Transfer to general reserve	0	0	0	0	78,049	78,049	(78,049)	0
Profit after taxation for the half-year ended 31 December, 2010	0	0	0	0	0	0	99,683	99,683
Transfer from surplus on revaluation of property, plant & equipment:								
- on account of incremental depreciation for the half-year - net of deferred taxation	0	0	0	0	0	0	6,575	6,575
- upon disposal of revalued fixed assets - net of deferred taxation	0	0	0	0	0	0	1,267	1,267
Effect of items directly credited in equity by the Associated Companies	0	0	0	0	0	0	5,156	5,156
<b>Balance as at 31 December, 2010</b>	<b>43,064</b>	<b>6,694</b>	<b>350</b>	<b>11,409</b>	<b>199,220</b>	<b>217,673</b>	<b>115,281</b>	<b>376,018</b>

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

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**JDM TEXTILE MILLS LIMITED****NOTES TO THE CONDENSED INTERIM  
FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE HALF-YEAR ENDED 31 DECEMBER, 2010**

1. 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 (Guarantee) 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. This condensed interim financial information has been presented in condensed form in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting and is being submitted to the shareholders in accordance with the requirements of section 245 of the Companies Ordinance, 1984. 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 audited annual financial statements of the Company as at and for the year ended 30 June, 2010.
3. The accounting policies and methods of computation adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of audited annual financial statements of the Company for the preceding year ended 30 June, 2010.
4. Except for IFRIC 19 (Extinguishing Financial Liabilities with Equity Instruments), amendments to certain existing standards and new interpretation on approved accounting standards effective during the current period were not relevant to the Company's operations and did not have any impact on the accounting policies of the Company. The accounting effects of IFRIC 19 will be incorporated in the Company's financial statements for the year ending 30 June, 2011 as the Company has issued shares to National Bank of Pakistan during January, 2011.

	<b>Rupees in thousand</b>
<b>5. DEMAND FINANCES - Secured</b>	
Aggregate balance of demand finances at 30 June, 2010	<b>326,339</b>
Less: instalments of rescheduled demand finances repaid during the period	<b>8,357</b>
Aggregate balance of demand finances at 31 December, 2010	<b>317,982</b>
Less: current portion grouped under current liabilities	<b>35,746</b>
	<b>282,236</b>

The Company and National Bank of Pakistan (NBP) have entered into an agreement on 12 January, 2011 incorporating following significant alterations in the existing repayment terms, which have been detailed in note 13 to the Company's audited financial statements for the year ended 30 June, 2010:

- during the validity of Fiscal Relief Package for Khyber Pakhtunkhwa (KPK), there will be no conversion into preference shares and outstanding liabilities shall continue as demand finances. After the expiry / termination of KPK package, the preference shares shall be issued for repayment of any unpaid overdue principal instalments;
- payment of principal amount of instalments has been linked to the actual cash flows and gross profit of the Company. If the Company generates excess cash flows due to any reason other than operations i.e. sale of fixed assets, sale of investments and issuance of securities / equity injection, the Company has been allowed to make excess payments above the regular payments without any prepayment charges;
- during the validity of KPK package, mark-up will be paid from 01 January, 2011 on quarterly basis commencing 31 March, 2011 at the KPK rate. However, after the expiry / termination of KPK package the mark-up will be at the rate of Base Rate + 1.85% on total principal outstanding amount;

## JDM TEXTILE MILLS LIMITED

- the cut-off date for conversion of overdue mark-up into term finance certificates has been changed from 01 July, 2010 to 01 January, 2011; and
- in result of changing the cut-off date, the overdue mark-up to be converted into term finance certificates has been increased accordingly.

### 6. CONTINGENCIES AND COMMITMENTS

- 6.1** There has been no significant change in the status of contingencies as reported in the preceding published annual financial statements of the Company for the year ended 30 June, 2010.
- 6.2** Commitments for irrevocable letters of credit outstanding as at 31 December, 2010 aggregated Rs.89.579 million (30 June, 2010: Rs.37.112 million).

### 7. PROPERTY, PLANT AND EQUIPMENT

	Rupees in thousand
Book value of operating fixed assets at 30 June, 2010	1,929,393
Additions during the period:	
- roads, paths and culverts	128
- buildings on freehold land - factory	5
- plant and machinery	3,679
- furniture and fixtures	222
- office and other equipment	39
- vehicles	4,462
	8,535
Book value of assets disposed-off during the period	(2,060)
Depreciation charge for the period	(29,829)
	1,906,039

### 8. INVESTMENTS IN ASSOCIATED COMPANIES - Quoted

	Un-audited Half-year ended 31 Dec., 2010	Audited Year ended 30 June, 2010
	Rupees in thousand	
<b>Babri Cotton Mills Ltd. (BCM)</b>	<b>8.1</b>	
587,493 (30 June, 2010: 510,864) ordinary shares of Rs.10 each including 76,629 bonus shares - <b>cost</b>	10,973	10,973
Equity held: 17.64%		
Post acquisition profit brought forward including effect of items directly credited in equity by BCM	13,425	(5,489)
Profit for the period / year - net of taxation	23,089	15,971
	47,487	21,455
<b>Bannu Woollen Mills Ltd. (BWM)</b>	<b>8.2</b>	
585,301 (30 June, 2010:585,301) ordinary shares of Rs.10 each including 285,146 bonus shares - <b>cost</b>	7,697	7,697
Equity held: 7.70%		
Post acquisition profit brought forward including effect of items directly credited in equity by BWM	25,289	17,549
Dividend received during the period	(1,171)	0
Profit for the period / year - net of taxation	10,342	5,527
	42,157	30,773
	89,644	52,228

## JDM TEXTILE MILLS LIMITED

8.1 Fair value of investments in BCM as at 31 December, 2010 was Rs.6.774 million (30 June, 2010: Rs.6.687 million).

8.2 Fair value of investments in BWM as at 31 December, 2010 was Rs.7.843 million (30 June, 2010: Rs.4.741 million).

### 9. TRADE DEPOSITS AND PREPAYMENTS

	<b>Un-audited Half-year ended 31 Dec., 2010</b>	<b>Audited Year ended 30 June, 2010</b>
	<b>Rupees in thousand</b>	
Letters of credit	507	208
Margin deposits	15,000	0
Prepayments	4,494	118
	<b>20,001</b>	<b>326</b>

### 10. FINANCE COST

The Federal Government, during the current period, has included the entire Textile Sector of Khyber Pakhtunkhwa in the Prime Minister's Fiscal Relief Package to rehabilitate the economic life in FATA / PATA / Khyber Pakhtunkhwa. The Company, in terms of SMEFD Circular No.11 dated 01 July, 2010 read with SMEFD Circular Letter No.13 of 2010 dated 31 August, 2010, has applied to avail mark-up rate differential on business loans comprising of demand finances and short term finances outstanding as at 31 December, 2009. Out of the total claims aggregating Rs. 31.601 million the Company's claims aggregating Rs.28.697 million have been processed by National Bank of Pakistan and credited to the Company. Subsidy received has been netted-off against finance cost for the current period.

### 11. TAXATION

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

### 12. TRANSACTIONS WITH RELATED PARTIES

12.1 Aggregate transactions made during the period with Associated Companies were as follows:

	<b>Un-audited Half-year ended 31 Dec., 2010</b>	<b>31 Dec., 2009</b>
	<b>Rupees in thousand</b>	
- sale of goods and services	0	907
- purchase of goods and services	9,049	6,859
- residential rent received	0	66
- mark-up:		
- earned	61	1,701
- expensed	350	353
- management charges:		
- paid	59	911
- received	3,824	3,757
- dividend received	1,171	0
- purchase of vehicles	4,462	0

**12.2** No other transactions, other than remuneration and benefits to key management personnel under the terms of their employment, were executed with other related parties during the period.

**12.3** Trade and other payables include due to an Associated Company amounting Rs.630 thousand (30 June, 2010: Rs.Nil).

**12.4** Accrued mark-up includes due to Associated Companies aggregating Rs.187 thousand (30 June, 2010: Rs.308 thousand).

### **13. POST BALANCE SHEET EVENTS**

**13.1** The Company, on 12 January, 2011 has issued 478,500 ordinary shares of Rs.10 each to National Bank of Pakistan (NBP) against partial settlement of demand finance liabilities.


**13.2** The Company on the aforementioned date, has also issued term finance certificates valuing Rs.76.470 million to NBP against settlement of frozen mark-up accrued on demand finances.

### **14. DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorised for issue in the Board of Directors' meeting held on 28th February, 2011.

### **15. 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 nor re-classified.

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

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







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