



DEWAN TEXTILE MILLS LTD.
1ST QUARTER REPORT 2004



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



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COMPANY INFORMATION

- Board of Directors** : Dewan Zia-ur-Rehman Farooqui
Chairman

Dewan Ghulam Mustafa Khalid
Chief Executive / Managing Director

Dewan Muhammad Ayub Khalid
Resident Director

Dewan Mohammad Yousuf Farooqui

Dewan Mohammad Hamza Farooqui

Dewan Abdul Rehman Farooqui

Mr. Iqbal Naeem Pasha
- Audit Committee** : Dewan Mohammad Yousuf Farooqui - Chairman
Dewan Muhammad Ayub Khalid - Member
Dewan Abdul Rehman Farooqui - Member
- Auditors** : Messrs Faruq Ali & Co.
Chartered Accountants
- Chief Financial Officer** : Mr. Mohammad Nadeem
- Company Secretary** : Syed Moonis Abdullah Alvi
- Tax Advisors** : Sharif & Company
Advocates
- Bankers** : Muslim Commercial Bank Limited
Citibank N.A.
Habib Bank Limited
Standard Chartered Bank
Union Bank Limited
Meezan Bank Limited
ABN Amro Bank
United Bank Limited
Bank Al Falah
- Registered Office** : Dewan Centre
3-A, Lalazar,
Beach Hotel Road,
Karachi-74000,
Pakistan.
- Factory Office** : H/20 & H/26, S.I.T.E.,
Kotri, District Dadu,
Sindh, Pakistan.



DIRECTORS' REPORT

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

BEGIN IN THE NAME OF ALLAH THE MOST GRACIOUS AND MERCIFUL

The Board of Directors takes pleasure in presenting the Un-audited Financial Statements for the quarter ended December 31, 2004.

The company has earned profit before tax of Rs. 5,195 million in the current period under review as compared to Rs. 11,063 million in the previous period resulting in a net decrease of 5.87 million. Gross Sales during the period under review decreased by 49,975 million from 750,483 million to 700,508 million which is a decrease of 6.65 %. Gross profit margin has been reduced from 9.76 % to 8.94 %. Decrease in Gross Profit is mainly due to decrease in Yarn prices. The management made hectic efforts to restrict increase in expenses through strict cost control policies. Financial expenses of the company has been reduced by 10.20 % (2004: Rs 27,164 million, 2003: Rs 30,251 million) whereas other costs are also shown little variance.

The availability of cotton at reasonable prices augurs well for the textile industry. Cotton being the major portion of cost of production, the industry should be assured of a reasonable profitability in the current year. The Management is determined to exert all out efforts to overcome difficult situations through cost reduction derive and by improving quality and productivity through effective BMR by replacing its old ring frames and adding combing and other machines for value added production.

Your directors record their appreciation of the efforts of the Company's officers, technicians, staff and workers and the support and cooperation extended by its customers and bankers.

In conclusion, we bow, beg and pray to **Almighty Allah, Rahman-o-Rahim**, in the name of our beloved Prophet, **Muhammad, peace be upon him**, for continued showering of his Blessings, Guidance, Strength, Health & Prosperity to us, our Company, Country and Nation; and also pray to **Almighty Allah** to bestow peace, harmony, brotherhood and unity in true Islamic spirit to whole Muslim Ummah, Ameen, Summa-Ameen.

إِنَّ رَبِّي لَسَمِيعُ الدُّعَاءِ (القرآن)
حقیقت میں میرا رب دعا کا سنا سننے والا ہے۔

LO-MY LORD IS INDEED HEARER OF PRAYER (HOLY QURAN)

For and on behalf of Board of Directors

Dewan Ghulam Mustafa Khalid
Vice Chairman / Director
31st January, 2005

BALANCE SHEET (Un audited)
As at December 31, 2004

EQUITY AND LIABILITIES	Dec. 31, 2004	Sep. 30, 2004
SHARE HOLDER'S EQUITY	(Rs. in '000')	
Share Capital		
Authorised		
30,000,000 Ordinary Shares of Rs.10/- each	300,000	300,000
Issued, Subscribed and Paid-up Capital	101,462	101,462
Reserves and Surplus		
General Reserves	333,000	333,000
Reserve for Issue of Bonus Shares	10,146	10,146
Unappropriated Profit	300,133	298,441
	643,279	641,587
	744,741	743,049
NON-CURRENT LIABILITIES		
LONG TERM LIABILITIES		
REDEEMABLE CAPITAL - Secured	66,000	66,000
LIABILITIES AGAINST ASSETS	150,000	175,000
Subject to Finance Lease	13,914	17,675
DEFERRED LIABILITIES		
Staff Gratuity	22,776	24,859
Taxation	42,004	42,004
	64,780	66,863
CURRENT LIABILITIES		
Current Portion of:		
- Redeemable Capital - Secured	100,000	100,000
- Liabilities against Assets Subject to Finance Lease	55,994	66,084
Short Term Finances - Secured	1,583,959	1,629,719
Creditors, Accrued and Other Liabilities	800,202	641,087
Provisions for Taxation	246,537	243,035
Unclaimed Dividend	256	256
	2,786,948	2,680,181
CONTINGENCIES	3,826,383	3,748,768
ASSETS		
NON-CURRENT ASSETS		
Tangible Fixed Assets		
Operating Fixed Assets - At Cost Less		
Accumulated Depreciation	856,717	876,907
Capital Work-in-Progress - At Cost	215,517	204,183
	1,072,234	1,081,090
Long Term Investment - At Cost	210,000	210,000
Long Term Deposits	15,953	15,953
CURRENT ASSETS		
Stores and Spares	29,224	28,232
Stock-in-Trade	1,764,803	1,694,624
Trade Debts - Considered Good	334,601	317,421
Advances, Deposits and Other Receivables	393,885	394,615
Cash and Bank Balances	5,683	6,833
	2,528,196	2,441,725
	3,826,383	3,748,768

[Signature]

Dewan Ghulam Mustafa Khalid
Managing Director / Chief Executive

[Signature]

Dewan Abdul Rehman Farooqui
Director



PROFIT & LOSS ACCOUNT (Un-audited)
For the quarter ended December 31, 2004

	Dec. 31, 2004	Dec. 31, 2003
	(Rs. in '000')	
GROSS SALES	700,508	750,483
Sales Tax, Duties & Commission	66,363	61,594
SALES - Net	634,145	688,889
COST OF SALES	577,426	621,644
GROSS PROFIT	56,719	67,245
OPERATING EXPENSES		
Administrative and General Expenses	5,898	7,364
Selling and Distribution	18,188	17,752
	24,086	25,116
OPERATING PROFIT	32,633	42,129
OTHER CHARGES		
Financial Charges	27,164	30,251
Workers' Welfare Fund	--	221
Workers' Profit Participation Fund	274	594
	27,438	31,066
PROFIT BEFORE TAXATION	5,195	11,063
TAXATION -Current	3,503	3,752
PROFIT AFTER TAXATION	1,692	7,311
UN-APPROPRIATED PROFIT BROUGHT FORWARD	298,441	288,187
UN-APPROPRIATED PROFIT CARRIED FORWARD	300,133	295,498

Dewan Ghulam Mustafa Khalid
Managing Director / Chief Executive

Dewan Abdul Rehman Farooqui
Director

CASH FLOW STATEMENT(Un-audited)
For the quarter ended December 31, 2004

	Dec. 31, 2004	Dec. 31, 2003
	(Rs. in '000')	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Taxation	5,195	11,063
Adjustment for Non-Cash and Other Items:		
Depreciation	23,006	21,381
Provision for Gratuity	2,630	2,630
Financial Charges	27,164	30,250
	<u>52,800</u>	<u>54,261</u>
	57,995	65,324
Change in Operating Assets and Liabilities		
(Increase) / Decrease In Current Assets		
Stores and Spares	(992)	3,729
Stock in Trade	(70,179)	(410,337)
Trade Debts	(17,180)	(66,383)
Advances, Deposits and Other Receivables	1,728	11,622
Increase / (Decrease) In Current Liabilities		
Short Term Finances	(45,760)	45,136
Creditors, Accrued and Others Liabilities	177,898	457,553
	<u>45,515</u>	<u>41,320</u>
Taxes Paid	(998)	(11,310)
Gratuity Paid	(4,713)	(2,729)
	<u>(5,711)</u>	<u>(14,039)</u>
Net Cash Inflow from Operating Activities	<u>97,799</u>	<u>92,605</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed Capital Expenditure	(14,150)	(8,803)
Net cash Outflow from Investing Activities	<u>(14,150)</u>	<u>(8,803)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Lease Liability	(13,851)	(31,614)
Term Finance Certificates	(25,000)	(25,000)
Financial Charges Paid	(45,948)	(28,087)
Net Cash Outflow From Financing Activities	<u>(84,799)</u>	<u>(84,701)</u>
Net (Decrease) / Increase in Cash and Cash Equivalents	(1,150)	(899)
Cash and Cash Equivalents at the Beginning	6,833	6,777
Cash and Cash Equivalents at the End	<u>5,683</u>	<u>5,878</u>



Dewan Ghulam Mustafa Khalid
 Managing Director / Chief Executive



Dewan Abdul Rehman Farooqui
 Director



Statement Of Changes In Equity (Un-audited) For the quarter ended December 31, 2004

	Share Capital	General Reserve	Reserve for Bonus Shares	Unappropriated Profit	Total
	(Rs. in '000')				
Balance as on October 01, 2003	92,238	333,000	9,224	288,187	722,649
Net Profit for the year	--	--	--	20,400	20,400
Bonus Shares	9,224	--	922	(10,146)	--
Balance as on September 30, 2004	101,462	333,000	10,146	298,441	743,049
Net Profit for the period	--	--	--	1,692	1,692
Balance as on December 31, 2004	101,462	333,000	10,146	300,133	744,741

Notes to the Accounts

1. These financial statements have been prepared in accordance with the requirements of International Accounting Standard - 34 (IAS 34) 'Interim Financial Reporting'.
2. These financial statements are being submitted to the shareholders in compliance with the provisions of section 245 of the Companies Ordinance, 1984.
3. The accounting policies and methods of computation followed in the preparation of first quarter financial statements are the same as those of the published annual financial statement for the year ended 30th September, 2004.
4. Figures have been rounded off to the nearest thousand rupees.
5. Previous year's figures have been re-arranged, where ever necessary, to facilitate comparison.
6. There is no significant change in the contingencies and commitments during the period.

Dewan Ghulam Mustafa Khalid
Managing Director / Chief Executive

Dewan Abdul Rehman Farooqui
Director