

Company Information

Board of Directors	:	Dewan Zia-ur-Rehman Farooqui Chairman Dewan Ghulam Mustafa Khalid Vice Chairman / Director Dewan Abdul Rehman Farooqui Managing Director / Chief Executive Dewan Muhammad Ayub Khalid Deputy Managing Director Dewan Mohammad Yousuf Farooqui Dewan Asim Mushfiq Farooqui Dewan Abdul Baqi Farooqui
Audit Committee	:	Dewan M. Yousuf Farooqui - Chairman Dewan M. Ayub Khalid - Member Dewan Asim Mushfiq Farooqui - Member
Auditors	:	Messrs. Faruq Ali & Co. Chartered Accountants
Chief Financial Officer	:	Mr. Farrukh S. Ansari
Company Secretary	:	Syed Moonis Abdullah Alvi
Tax Advisors	:	Sharif & Company Advocates
Bankers	:	Muslim Commercial Bank Limited Habib Bank Limited Bank Al-Falah
Registered Office	:	Dewan Centre 3-A, Lalazar, Beach Hotel Road, Karachi-74000, Pakistan.
Factory Office	:	G / 11, S.I.T.E., Kotri, Sind, 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 half-year ended 31st March 2003.

During the period under review, your company made a net profit after tax of Rs.1.02 million as compared to the Profit of Rs.0.44 million for the corresponding period of the last year. Sales revenue was increased by Rs.10.94 million where as gross profit ratio was reduced from 12.5 % to 12.0% in the current period.

Your company had succeeded to earn a profit before taxation of Rs.3.62 million as compared to the profit of Rs.1.99 million in the corresponding period. This is mainly due to managements continued efforts in reducing cost, which is evident from the fact that the administration cost is reduced by 14.24% during the period under review selling expenses were also reduced significantly.

The economic success of any industry depends on its competitive advantage in producing and marketing products to customers at lower cost or offering unique benefits to the buyers that justify a premium price. The management of your company is striving hard to achieve better results by curtailing its cost and getting better prices of its products.

The Board expresses its gratitude and wishes to place on record the valuable, loyal and commendable services rendered by the executives, staff members and workers of the Company.

In conclusion, we bow, beg and pray to Almighty Allah, Rahman-o-Rahim, in the name of our beloved Prophet, peace be upon him, for continued showering of His Blessings, Guidance, Strength, health and 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 of Muslim Ummah, Ameen, Summa-Ameen.

إِنِّي سَأَلْتُ رَبِّي لَسَمِعَ الدُّعَاءَ — (القرآن)
حقیقت میں میرا رب دعا کا بڑا سننے والا ہے۔

LO-MY LORD INDEED HEARER OF PRAYER (AL-QURAN)

For and on behalf of the board of Directors

Dewan Ghulam Mustafa Khalid
Vice Chairman / Director
31st May, 2003

Review Report to the Members

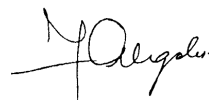
Faruq Ali & Co.
Chartered Accountants
803, 8th Floor, Land Mark Plaza,
Muhammad Bin Qasim Road,
Off I. I. Chundrigar Road,
Karachi.

We have reviewed the annexed Balance Sheet of Dewan Khalid Textile Mills Limited as at March 31, 2003, and the related Profit and loss account, Cash Flow Statement and Statement of Changes in Equity together with the notes forming part thereof (herein after referred to as the "financial statements"), for the half year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the International Standard on Auditing applicable to review engagements. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

The corresponding figures of the profit and loss account, cash flow statement and statement of changes in equity and the notes forming part thereof have not been reviewed.

Based on our review, except for the matter referred to in the preceding paragraph, nothing has come to our attention that causes us to believe that the annexed financial statements are not presented fairly, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan.



Faruq Ali & Co.
Chartered Accountants

Karachi: 31st May, 2003



Balance Sheet As at 31 March 2003

	Un-audited March 31, 2003	Audited September 30, 2002
(Rs. in '000')		
CAPITAL AND LIABILITIES		
Authorised Capital: 15,000,000 Ordinary Shares of Rs. 10/- each	150,000	150,000
Issued, Subscribed and Paid up Capital	38,812	35,284
Reserves & Surplus	222,892	221,875
Reserve for Issuance of Bonus Shares	-	3,528
	261,704	260,687
LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE		
	32,082	44,121
DEFERRED LIABILITIES		
Staff Gratuity	16,125	16,126
Taxation	1,000	-
	17,125	16,126
CURRENT LIABILITIES		
Current Portion of Lease Liabilities	23,423	21,784
Short Term Running Finances	354,834	304,358
Creditors, Accrued Expenses & Other Liabilities	252,690	253,721
Provisions for Taxation	36,421	34,820
Proposed Dividend	-	1,764
Unclaimed Dividend	2,124	359
	669,492	616,806
	980,403	937,740
PROPERTY AND ASSETS		
TANGIBLE FIXED ASSETS		
at cost less accumulated depreciation	190,630	199,347
CAPITAL WORK IN PROGRESS	3,216	950
	193,846	200,297
LONG TERM INVESTMENT	65,000	65,000
LONG TERM DEPOSITS	3,094	3,094
CURRENT ASSETS		
Stores and Spares	7,850	7,914
Stock-in-Trade	549,911	444,516
Trade Debtors	70,671	161,921
Advances, Deposits, Prepayments & Other Receivables	82,054	52,426
Cash and Bank Balances	7,977	2,572
	718,463	669,349
	980,403	937,740

The annexed notes form an integral part of these accounts.

Dewan Ghulam Mustafa Khalid
Vice Chairman / Director


Dewan Abdul Rehman Farooqui
Managing Director / Chief Executive

Profit & Loss Account (Un-audited) For the half year ended 31 March 2003

	Half Year Ended		Quarter Ended	
	March 31, 2003	March 31, 2002	March 31, 2003	March 31, 2002
(Rs. in '000')				
Gross Sales	320,346	308,714	85,959	128,492
Sales Tax	41,784	39,035	11,212	16,778
Commission	1,611	3,639	1,140	1,947
Export Duty	-	28	-	-
	43,395	42,702	12,352	18,725
Net Sales	276,951	266,012	73,607	109,767
Cost of sales	243,716	232,739	62,833	93,577
Gross Profit	33,235	33,273	10,774	16,190
OPERATING EXPENSES				
Administrative & General Expenses	4,029	4,698	1,872	2,466
Selling and Distribution	1,265	4,105	470	1,145
	5,294	8,803	2,342	3,611
OPERATING PROFIT	27,941	24,470	8,432	12,579
OTHER CHARGES				
Financial Charges	23,762	22,261	11,565	9,747
Donation	287	73	12	6
Worker's Welfare Fund	78	40	(63)	(35)
Worker's Profit Participation Fund	195	107	(157)	107
	24,322	22,481	11,357	9,825
Profit / (Loss) Before Taxation	3,619	1,989	(2,925)	2,754
Taxation				
Deffered	1,000	-	1,000	-
Current	1,602	1,544	430	763
	2,602	1,544	1,430	763
Profit / (Loss) After Taxation	1,017	445	(4,355)	1,991
Unappropriated Profit/ Reserves Brought Forward	86,875	87,024	92,247	85,478
Unappropriated Profit Carried Forward	87,892	87,469	87,892	87,469



 Dewan Ghulam Mustafa Khalid
 Vice Chairman / Director



 Dewan Abdul Rehman Farooqui
 Managing Director / Chief Executive



Cash Flow Statement (Un-audited) For the half year ended 31 March 2003

	March 31, 2003	March 31, 2002
	(Rs. in '000')	
Cash Flow from Operating Activities		
Net profit before taxation	3,619	1,989
Adjustment for non-cash & other items:		
Depreciation	10,265	8,342
Provision for gratuity	1,465	1,038
Dividend and other non operating income	-	-
Financial charges	23,762	22,261
	35,492	31,641
	<u>39,111</u>	<u>33,630</u>
Change in Operating Assets & Liabilities (Increase) / Decrease in Current Assets		
Stores & spares	64	(293)
Stock in trade	(105,394)	(17,446)
Trade debtors	91,249	3,239
Loan, advances, deposits, prepayments & other receivables	(25,423)	(3,297)
Increase / (Decrease) in Current Liabilities		
Short term running finances	50,476	(44,949)
Creditors, accrued and others liabilities	(388)	87,533
	10,584	24,787
Taxes paid	(4,205)	(5,815)
Gratuity paid	(1,466)	(1,473)
	(5,671)	(7,288)
Net cash flow from operating activities	<u>44,024</u>	<u>51,129</u>
Cash Flow from Investing Activities		
Fixed capital expenditures	(3,815)	(15,025)
Withdrawal of long term deposits	-	5
	(3,815)	(15,020)
Cash Flow from Financing Activities		
Lease finance - net of payment	(10,400)	(9,108)
Financial charges paid	(24,404)	(28,144)
Net cash flow from financing activities	<u>(34,804)</u>	<u>(37,252)</u>
Net increase / (decrease) in cash & cash equivalents	5,405	(1,143)
Cash and cash equivalents at the beginning	2,572	8,746
Cash and cash equivalents at the end	<u>7,977</u>	<u>7,603</u>

Dewan Ghulam Mustafa Khalid
Vice Chairman / Director

Dewan Abdul Rehman Farooqui
Managing Director / Chief Executive

Statement of Changes in Equity (Un-audited) For the half year ended 31 March 2003

	Share Capital	General Reserve	Reserve for Bonus Shares	Un-appro- priated Profit	Total
	(Rs. in '000')				
Balance as on 30th September, 2001	35,284	135,000	-	87,024	257,308
Net Profit for the period				445	445
Balance as on 31st March, 2002	35,284	135,000	-	87,469	257,753
Net Profit for the period	-	-	-	4,698	4,698
Proposed Cash Dividend	-	-	-	(1,764)	(1,764)
Bonus Shares	-	-	3,528	(3,528)	-
Balance as on 30th September, 2002	35,284	135,000	3,528	86,875	260,687
Net Profit for the period	-	-	-	1,017	1,017
Bonus Shares	3,528	-	(3,528)	-	-
Balance as on 31st March, 2003	38,812	135,000	-	87,892	261,704

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 half yearly financial statements are the same as those of published annual financial statements for the year ended 30th September, 2002.
4. Figures have been rounded off to the nearest thousand rupees.
5. Previous year's figures have been re-arranged, wherever necessary, to facilitate comparison.
6. There is no significant change in the Contingencies and Commitments during the period.



Dewan Ghulam Mustafa Khalid
Vice Chairman / Director



Dewan Abdul Rehman Farooqui
Managing Director / Chief Executive