



DEWAN KHALID TEXTILE MILLS LTD.
HALF YEARLY REPORT **2005**



COMPANY INFORMATION

- Board of Directors** : **Dewan Zia-ur-Rehman Farooqui**
Chairman
- Dewan Ghulam Mustafa Khalid**
Vice Chairman / Director
- Dewan Abdul Rehman Farooqui**
Chief Executive / Managing Director
- 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 Feroze Sharif Tariq & Co.**
Chartered Accountants
- Chief Financial Officer** : **Mr. Mohammad Nadeem**
- Company Secretary** : **Mansoor Ahmed Siddiqui**
- Tax Advisors** : **Sharif & Company**
Advocates
- Bankers** : Muslim Commercial Bank Limited
Habib Bank Limited
Bank Al-Falah Ltd.
Askari Commercial Bank Ltd.
- 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 March 31, 2005.

During the period under review, your company made a profit before tax of Rs. 8.13 million as compared to the profit of Rs. 10.43 million for the corresponding period of the last year this is mainly due to decrease in sales revenue. Sales revenue was decreased by Rs. 173.24 million where as gross profit ratio is improved from 8.81 % to 14.88 % in the current Period. Your company earned a profit after taxation of Rs. 5.26 million as compared to the profit of Rs. 8.24 million in the corresponding period.

The Management of your Company is putting all possible efforts in maximizing the production of quality Yarn & minimizing associated costs by timely conducting BMR activities because the economic success of any industry especially in the Post WTO regime depends on effective arrangements for the replacement and maintenance of its manufacturing assets.

The Board is extremely grateful to our valued customers, who have placed their confidence in our products. We are also thankful to our financial Institutions who have directly or indirectly helped us in our growth. The Board appreciate for team work, discipline of the employees of the Company who have made it fine place to work.

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.

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

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

For and on behalf of Board of Directors

Dewan Mohammad Ayub Khalid

Deputy Managing Director

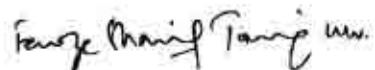
30 May, 2005

REVIEW REPORT TO THE MEMBERS

We have reviewed the annexed balance sheet of Dewan Khatid Textile Mills Limited as at March 31, 2005, and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the 'financial statement') 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. The figures of the profit and loss account for the quarters ended March 31, 2004 and March 31, 2005 have not been reviewed as we are required to review only the cumulative figures for the half ended March 31, 2005.

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

Based on our review, 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 approved accounting standard as applicable in Pakistan.



Feroze Sharif Tariq & Co.
Chartered Accountants

Place : Karachi
Date : May 30 , 2005



BALANCE SHEET (Un audited) As at March 31, 2005

		(Un-Audited) March 31, 2005	(Audited) Sep. 30, 2004
		(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			
4,696,247 Ordinary Shares of Rs. 10/- each			
including 2,896,247 Ordinary Shares of Rs. 10/- each issued as fully paid bonus shares		46,962	42,693
Reserves and Surplus		231,579	230,588
		278,541	273,281
NON-CURRENT LIABILITIES			
LONG TERM LIABILITIES		56,000	64,000
Redeemable Capital - Secured, Non-Participatory			
Privately Placed Term Finance Certificates	4	15,625	21,875
Deferred Liabilities			
Staff Gratuity		9,237	10,761
Taxation		21,311	20,454
		30,548	31,215
CURRENT LIABILITIES			
Current Portion of Non-Current Liabilities			
- Redeemable Capital - Secured, Non -Participatory		12,500	12,500
- Long Term Loan - Secured		8,000	--
Short Term Finances - Secured		335,146	309,480
Creditors, Accrued Expenses and Other Liabilities		248,266	178,808
Provisions for Taxation		48,393	46,382
Unclaimed Dividend		363	363
		652,668	547,533
CONTINGENT LIABILITIES & COMMITMENTS	5	1,033,382	937,904
PROPERTY ASSETS			
Tangible Fixed Assets			
At Cost Less accumulated depreciation		171,047	176,120
Capital Work-in-Progress - At Cost	6	106,975	65,100
		278,022	241,220
Long Term Investment		65,000	65,000
Long Term Deposits		85	85
CURRENT ASSETS			
Stores and Spares		8,382	8,346
Stock-in-Trade		532,368	432,297
Trade Debts - Considered Good		66,158	114,437
Advances, Deposits and Other Receivables		81,751	69,322
Cash and Bank Balances		1,616	7,197
		690,275	631,599
		1,033,382	937,904

Review report issued by the auditors in accordance with the International Standard on Auditing applicable to review engagements is annexed.

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

Dewan Mohammad Ayub Khalid
Deputy Managing Director

Dewan Abdul Rehman Farooqui
Managing Director / Chief Executive

PROFIT & LOSS ACCOUNT (Un-audited)
For the half year ended March 31, 2005

	Half-Year Ended		Quarter-Ended	
	March 31, 2005	March 31, 2004	March 31, 2005	March 31, 2004
	(Rs. in '000')			
GROSS SALES	233,544	406,780	53,268	223,002
Less: Sales Tax	29,786	52,324	6,739	28,491
Commission	1,400	1,574	754	204
	<u>31,186</u>	<u>53,898</u>	<u>7,493</u>	<u>28,695</u>
NET SALES	<u>202,358</u>	<u>352,882</u>	<u>45,775</u>	<u>194,307</u>
COST OF SALES	<u>172,256</u>	<u>321,794</u>	<u>32,247</u>	<u>177,792</u>
GROSS PROFIT	<u>30,102</u>	<u>31,088</u>	<u>13,528</u>	<u>16,515</u>
OPERATING EXPENSES				
Administrative & General	5,954	5,323	3,261	2,620
Selling and Distribution	3,645	4,677	1,238	2,629
	<u>9,599</u>	<u>10,000</u>	<u>4,499</u>	<u>5,249</u>
OPERATING PROFIT	<u>20,503</u>	<u>21,088</u>	<u>9,029</u>	<u>11,266</u>
OTHER CHARGES				
Financial Charges	11,674	9,786	6,696	5,108
Donation	96	92	8	92
Worker's Welfare Fund	177	226	47	123
Worker's Profit Participation Fund	428	549	114	297
	<u>12,375</u>	<u>10,653</u>	<u>6,865</u>	<u>5,620</u>
PROFIT BEFORE TAXATION	<u>8,128</u>	<u>10,435</u>	<u>2,164</u>	<u>5,646</u>
TAXATION				
Deferred	857	434	857	434
Current	2,011	1,765	1,224	972
	<u>2,868</u>	<u>2,199</u>	<u>2,081</u>	<u>1,406</u>
PROFIT AFTER TAXATION	<u>5,260</u>	<u>8,236</u>	<u>83</u>	<u>4,240</u>
UNAPPROPRIATED PROFIT B/F	<u>91,319</u>	<u>86,489</u>	<u>96,496</u>	<u>90,485</u>
UNAPPROPRIATED PROFIT C/F	<u>96,579</u>	<u>94,725</u>	<u>96,579</u>	<u>94,725</u>
Earnings per Share - Basic	1.12	1.78	0.02	0.92

Review report issued by the auditors in accordance with the International Standard on Auditing applicable to review engagements is annexed.
The annexed notes form an integral part of these interim financial statements.



Dewan Mohammad Ayub Khalid
Deputy Managing Director



Dewan Abdul Rehman Farooqui
Managing Director / Chief Executive



CASH FLOW STATEMENT(Un-audited) For the Half-Year Ended March 31, 2005

	March 31, 2005	March 31, 2004
Cash Flow from Operating Activities		
Net Profit before taxation	8,128	10,435
Adjustments for non-cash & other items:		
Depreciation	9,309	9,655
Provision for Gratuity	1,573	1,900
Financial Charges	11,674	9,787
	<u>22,556</u>	<u>21,342</u>
Change in Operating Assets & Liabilities		
(Increase)/Decrease in Current Assets		
Stores and spares	(36)	(1,044)
Stock-in-Trade	(100,070)	24,074
Trade debtors	44,078	24,968
Advances, Deposits, Prepayments & Other Receivables	(12,430)	17,518
Increase/(Decrease) in Current Liabilities		
Short Term Running Finances	25,667	(80,985)
Creditors, Accrued Expenses and others liabilities	69,458	59,443
	<u>26,667</u>	<u>43,974</u>
Taxes paid	4,201	(3,074)
Gratuity paid	(3,097)	(3,267)
	<u>1,104</u>	<u>(6,341)</u>
Net Cash Flow from Operating Activities	<u>58,455</u>	<u>69,410</u>
Cash Flow from Investing Activities		
Fixed Capital Expenditures	(46,110)	(49,656)
Increase in long term deposits	--	(56)
Net Cash Flow from Investing Activities	<u>(46,110)</u>	<u>(49,712)</u>
Cash Flow from Financing Activities		
Repayment of Redeemable Capital	(6,250)	(6,250)
Financial Charges paid	(11,676)	(11,955)
Dividend paid	-	(678)
Net Cash Flow from Financing Activities	<u>(17,926)</u>	<u>(18,883)</u>
Net Increase/(Decrease) in Cash & Cash equivalents	<u>(5,581)</u>	<u>815</u>
Cash & Cash equivalents at the beginning of the period	<u>7,197</u>	<u>6,277</u>
Cash & Cash equivalents at the end of the period	<u>1,616</u>	<u>7,092</u>

Review report issued by the auditors in accordance with the International Standard on Auditing applicable to review engagements is annexed.
The annexed notes form an integral part of these interim financial statements.

Dewan Mohammad Ayub Khalid
Deputy Managing Director

Dewan Abdul Rehman Farooqui
Managing Director / Chief Executive

Statement Of Changes In Equity (Un-audited) For the Half - Year Ended March 31, 2005

	Share Capital	General Reserve	Reserve for proposed issue of Bonus Shares	Unappropriated Profit	Total
(Rs. in "000")					
Balance as on September 30, 2003	38,812	135,000	3,881	86,489	264,182
Net Profit / (Loss) for the period	--	--	--	8,236	8,236
Bonus Shares	3,881	--	(3,881)	--	--
Balance as on March 31, 2004	42,693	135,000	--	94,725	272,418
Net Profit / (Loss) for the period	--	--	--	863	863
Bonus shares	--	--	4,269	(4,269)	--
Balance as on September 30, 2004	42,693	135,000	4,269	91,319	273,281
Net Profit / (Loss) for the period	--	--	--	5,260	5,260
Bonus Shares	4,269	--	(4,269)	--	--
Balance as on March 31, 2005	46,962	135,000	--	96,579	278,541

Review report issued by the auditors in accordance with the International Standard on Auditing applicable to review engagements is annexed.
The annexed notes form an integral part of these interim financial statements.



Dewan Mohammad Ayub Khalid
Deputy Managing Director



Dewan Abdul Rehman Farooqui
Managing Director / Chief Executive



NOTES TO THE ACCOUNTS

For the Half-Year Ended March 31, 2005

1. These financial statements have been prepared in accordance with the requirements of International Accounting Standard 34- "interim Financial Reporting"

In order to comply with the requirements of the above IAS, these financial statements include the following:

- Balance sheet as the march 31, 2005; with comparative balance sheet as at September 30, 2004
 - Profit and los account for the quarter and six months ended March 31, 2005, with comparable profit and loss account for the comparable interim periods, i.e., Quarter and six months ended March 31, 2004
 - Cash flow statement and statement of changes in equity cumulatively for the six months ended March 31, 2005, with a comparative statement for the comparable six months ended March 31, 2004
2. These financial statements are un-audited and are being submitted to the shareholder under the requirement of Section 245 of the companies ordinance, 1984.
 3. The accounting policies and methods of computation adopted in the preparation of these financial statements are the same as those applied in the preparation of the annual financial statements of the company for the preceding year ended September 30, 2004.

March 31, 2005 September 30, 2004
(Rs. in '000')

4. Redeemable Capital - Secured
Term Finance Certificates
Transferred to Current Maturity

28,125	34,375
<u>12,500</u>	<u>12,500</u>
<u>15,625</u>	<u>21,875</u>

5. There have been no significant changes in contingencies during the period, while commitments for capital expenditures stand at Rs. 2.5 Million.
6. Capital expenditures incurred during the period materially represent those incurred for civil works at plant.
7. During the period, the aggregate of the transactions made by the company with its associated companies were purchases of Rs. 161.723 million (September 30, 2004: 359.381 million) and sales of Rs. 25.341 million (September 30, 2004: 79.224 million).
8. Comparative figures have been re- arranged/ re-grouped, wherever necessary, in order to facilitate comparison.
9. These financial statements were authorized for issue on May 30, 2005 by the board of directors of the company.

Dewan Mohammad Ayub Khalid
Deputy Managing Director

Dewan Abdul Rehman Farooqui
Managing Director / Chief Executive