

Company Information

Board of Directors	:	Dewan Zia-ur-Rehman Farooqui Chairman Dewan Ghulam Mustafa Khalid Vice Chairman / Director Dewan Muhammad Ayub Khalid Chief Executive / Managing Director Dewan Mohammad Yousuf Farooqui Deputy Managing Director Dewan Abdul Rehman Farooqui Dewan Asim Mushfiq Farooqui Mr. Shahid Anwer (NIT)
Audit Committee	:	Dewan Mohammad Yousuf Farooqui - Chairman Dewan Abdul Rehman Farooqui - 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
Registered Office	:	Dewan Centre 3-A, Lalazar, Beach Hotel Road, Karachi-74000, Pakistan.
Factory Office	:	A-30, S.I.T.E., Hyderabad Sind, Pakistan.



Directors' Report

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

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. 0.13 million as compared to the loss of Rs. 5.62 million for the corresponding period of the last year. Sales revenue was decreased by Rs.81.95 million where as gross profit ratio is improved from 15.95 % to 18.65% in the current period.

Despite of such a significant decline in sales, your company still succeeded to earn a profit before taxation of Rs. 2.00 million as compared to the loss of Rs. 3.94 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 12.54% and financial cost is reduced by 29.81% during the period under review.

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.

اِنَّ رَبِّيْ لَسَمِیْعُ الدَّعَاۗءِ (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

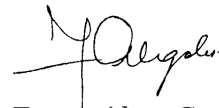
Faruq Ali & Co.
Chartered Accountants
803, 8th Floor, Land Mark Plaza,
Muhammad Bin Qasim Road,
Off I. I. Chundrigar Road,
Karachi.

We have reviewed the annexed Balance Sheet of Dewan Mushtaq 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		
SHARE HOLDERS' EQUITY		
Share Capital		
Authorised Capital: 10,000,000 Ordinary Shares of Rs. 10/- each	100,000	100,000
Issued, Subscribed and Paid up Capital	23,455	21,323
Reserves & Surplus		
General Reserves	45,000	45,000
Reserve for Issuance of Bonus Shares	-	2,132
Unappropriated Profit	64,495	64,362
	109,495	111,494
LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE		
	97,855	126,987
DEFERRED LIABILITIES		
Staff Gratuity	20,181	19,367
Taxation	1,000	-
	21,181	19,367
CURRENT LIABILITIES		
Short Term Running Finances	274,517	243,397
Current Portion of Lease Liabilities	63,845	65,359
Creditors, Accrued Expenses & Other Liabilities	600,180	416,976
Provisions for Taxation	44,159	43,288
Un claimed Dividend	1,403	339
Proposed Dividend	-	1,066
	984,104	770,425
	1,236,090	1,049,596
PROPERTY AND ASSETS		
OPERATING FIXED ASSETS		
- at cost less accumulated depreciation	352,292	354,982
WORK IN PROGRESS		
	71,497	68,550
	423,789	423,532
LONG TERM INVESTMENT		
	40,000	40,000
LONG TERM DEPOSIT		
	6,051	6,051
CURRENT ASSETS		
Stores and Spares	14,896	15,621
Stock-in-Trade	555,743	382,949
Trade Debtors	62,926	97,229
Advances, Deposits, Prepayments & Other Receivables	120,630	72,629
Cash and Bank Balances	12,055	11,585
	766,250	580,013
	1,236,090	1,049,596

Dewan Ghulam Mustafa Khalid
Vice Chairman / Director

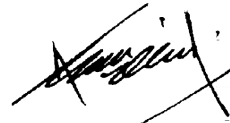
Dewan Muhammad Ayub Khalid
Managing Director / Chief Executive

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	194,907	283,238	80,703	148,248
Sales Tax	18,519	22,675	8,035	14,617
Commission	2,252	4,318	1,116	2,051
Export Duty	94	253	18	84
	20,865	27,246	9,169	16,752
Sales (Net)	174,042	255,992	71,534	131,496
Cost of Sales	141,583	215,161	56,560	110,492
Gross Profit	32,459	40,831	14,974	21,004
OPERATING EXPENSES				
Administrative & General Expenses	5,147	5,885	2,204	3,037
Selling and Distribution	3,430	7,867	979	3,830
	8,577	13,752	3,183	6,867
OPERATING PROFIT	23,882	27,079	11,791	14,137
OTHER CHARGES				
Financial Charges	21,774	31,021	6,498	18,672
Worker's Welfare Fund	-	-	-	(30)
Worker's Profit Participation Fund	105	-	105	(124)
	21,879	31,021	6,603	18,518
Profit / (Loss) Before Taxation	2,003	(3,942)	5,188	(4,381)
Taxation				
Deffered	1,000	-	1,000	-
Current	870	1,680	357	1,057
	1,870	1,680	1,357	1,057
Profit / (Loss) After Taxation	133	(5,622)	3,831	(5,438)
Unappropriated Profit Brought Forward	64,362	64,047	60,664	63,863
Unappropriated Profit Carried Forward	64,495	58,425	64,495	58,425



Dewan Ghulam Mustafa Khalid
Vice Chairman / Director



Dewan Muhammad Ayub Khalid
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		
Profit / (Loss) before taxation	2,003	(3,942)
Adjustment for non-cash and other items:		
Depreciation	18,901	11,736
Provision for gratuity	2,267	3,000
Financial charges	21,774	31,021
	<u>42,942</u>	<u>45,757</u>
	44,945	41,815
Changes in Operating Assets & Liabilities		
(Increase)/Decrease in Current Assets		
Stores & spare	724	3,263
Stock in trade	(172,794)	(135,228)
Trade debtors	34,303	216,072
Loan, advances, deposits, prepayments & other receivables	(44,530)	344
Increase /(Decrease) in Current Liabilities		
Creditors, accrued and others liabilities	183,915	(21,022)
Short term running finances	31,120	(102,460)
	<u>32,738</u>	<u>(39,031)</u>
Payments for		
Taxes paid	(3,470)	(4,486)
Gratuity paid	(1,453)	(1,138)
	<u>(4,923)</u>	<u>(5,624)</u>
Net cash flow from operating activities	72,760	(2,840)
Cash Flow from Investing Activities		
Fixed capital expenditures	(19,158)	(3,136)
Long term deposits	-	(376)
Net cash flow from investing activities	(19,158)	(3,512)
Cash Flow from Financing Activities		
Lease finance obtained - net	(30,647)	43,248
Financial charges paid	(22,484)	(32,521)
Dividend paid	(1)	(12)
Net cash flow from financing activities	<u>(53,132)</u>	<u>10,715</u>
Net increase /(decrease) in cash & cash equivalents	470	4,363
Cash and cash equivalents at the beginning	11,585	6,636
Cash and cash equivalents at the end	<u>12,055</u>	<u>10,999</u>

Dewan Ghulam Mustafa Khalid
Vice Chairman / Director

Dewan Muhammad Ayub Khalid
Managing Director / Chief Executive

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

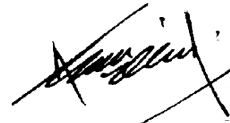
	Share Capital	General Reserve	Reserve for Bonus Shares	Un-appropriated Profit	Total
(Rs. in '000')					
Balance as on 30th September, 2001	21,323	45,000	-	64,047	130,370
Net (Loss) for the period	-	-	-	(5,622)	(5,622)
Balance as on 31st March, 2002	21,323	45,000	-	58,425	124,748
Net Profit for the period	-	-	-	9,135	9,135
Proposed Cash Dividend	-	-	-	(1,066)	(1,066)
Bonus Shares	-	-	2,132	(2,132)	-
Balance as on 30th September, 2002	21,323	45,000	2,132	64,362	132,817
Net Profit for the period	-	-	-	133	133
Bonus Shares	2,132	-	(2,132)	-	-
Balance as on 31st March, 2003	23,455	45,000	-	64,495	132,950

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 Muhammad Ayub Khalid
Managing Director / Chief Executive