



DEWAN MUSHTAQ 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 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 Shahid Anwar (NIT)
Audit Committee	: Dewan Mohammad Yousuf Farooqui - Chairman Dewan Abdul Rehman Farooqui - Member Dewan Asim Mushfiq Farooqui - Member
Auditors	: Feroze Sharif Tariq & Co. Chartered Accountants 4/N/H, Block 6, P.E.C.H.S. Karachi.
Chief Financial Officer	: Mr. Mohammad Nadeem
Company Secretary	: Syed Moonis Abdullah Alvi
Tax Advisors	: Sharif & Company Advocates
Bankers	: Muslim Commercial Bank Limited Habib Bank Limited Union 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 quarter ended December 31, 2004.

The company has earned profit before tax of Rs 4.838 million in the current period under review as compared to Rs. 4.810 million in the previous period resulting in a net increase of 0.58%. Gross Sales during the period under review decreased by 63.261 million from 280,742 million to 217,481 million which is a decrease of 22.53 %. Gross profit margin has been increased from 8.20 % to 9.20. Financial expenses of the company remains at the same level, whereas other costs 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.

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.

اِنَّ رَبِّيْ لَسَمِیْعُ الدَّعَاۗءِ (القرآن)
ترجمہ: میرا رب سب سے دعاؤں کو سنتا ہے۔

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

For and on behalf of Board of Directors

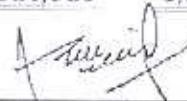
Dewan Ghulam Mustafa Khalid
Vice Chairman / Director
31st January, 2005

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

	Dec. 31, 2004	Sep. 30, 2004
EQUITY AND LIABILITIES	(Rs. in '000')	
SHARE HOLDER'S EQUITY		
Share Capital		
Authorised 10,000,000 Ordinary Shares of Rs. 10/-each	<u>100,000</u>	<u>100,000</u>
Issued, Subscribed and Paid-up Capital	25,800	25,800
Reserves & Surplus		
General Reserves	45,000	45,000
Reserve for Issue of Bonus Shares	2,580	2,580
Unappropriated Profit	<u>76,194</u>	<u>72,300</u>
	<u>123,774</u>	<u>119,880</u>
	149,574	145,680
NON-CURRENT LIABILITIES		
REDEEMABLE CAPITAL - Secured	92,374	107,769
DEFERRED LIABILITIES		
Gratuity	20,954	22,316
Taxation	<u>20,147</u>	<u>20,147</u>
	41,101	42,463
CURRENT LIABILITIES		
Current Portion of:		
- Redeemable Capital - Secured	61,583	61,581
Short Term Finances - Secured	294,048	263,245
Creditors, Accrued & Other Liabilities	634,526	605,482
Provision for Taxation	53,379	52,436
Unclaimed Dividend	<u>335</u>	<u>335</u>
	1,043,871	983,081
CONTINGENCIES		
	<u>1,326,920</u>	<u>1,278,993</u>
ASSETS		
NON-CURRENT ASSETS		
Tangible Fixed Assets		
Operating Fixed Assets - At Cost Less Accumulated Depreciation	409,735	412,763
Capital Work in Progress - At Cost	<u>13,234</u>	<u>10,120</u>
	422,969	422,883
Long Term Investment - At Cost	40,000	40,000
Long Term Deposits	560	560
CURRENT ASSETS		
Stores and Spares	14,209	17,374
Stock-in-Trade	691,408	650,919
Trade Debts - Considered Good	57,158	50,801
Advances, Deposits and Other Receivables	97,383	92,882
Cash and Bank Balances	<u>3,233</u>	<u>3,574</u>
	863,391	815,550
	<u>1,326,920</u>	<u>1,278,993</u>



Dewan Ghulam Mustafa Khalid
Vice Chairman / Director



Dewan Mohammad Ayub Khalid
Managing Director / Chief Executive



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

	Dec. 31, 2004	Dec. 31, 2003
	(Rs. in '000')	
GROSS SALES	217,481	280,742
Sales Tax, Duties & Commission	28,681	27,761
NET SALES	188,800	252,981
COST OF SALES	171,435	232,235
GROSS PROFIT	17,365	20,746
OPERATING EXPENSES		
Administrative and General Expenses	3,819	3,654
Selling and Distribution Expenses	2,395	6,153
	6,214	9,807
OPERATING PROFIT	11,151	10,939
OTHER CHARGES		
Financial Charges	5,954	5,876
Workers' Welfare Fund	104	--
Workers' Profit Participation Fund	255	753
	6,313	6,129
PROFIT BEFORE TAXATION	4,838	4,810
TAXATION - Current	944	1,265
PROFIT AFTER TAXATION	3,894	3,545
UN-APPROPRIATED PROFIT BROUGHT FORWARD	72,300	65,666
UN-APPROPRIATED PROFIT CARRIED FORWARD	76,194	69,211
Earning Per Share - Basic	1.51	1.51

Dewan Ghulam Mustafa Khalid
Vice Chairman / Director

Dewan Mohammad Ayub Khalid
Managing Director / Chief Executive

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		
Net Profit before taxation	4,838	4,810
Adjustment for Non-Cash & Other items:		
Depreciation	10,514	8,762
Provision for Gratuity	1,180	1,180
Financial charges	5,954	5,876
	<u>17,648</u>	<u>15,818</u>
	22,486	20,628
Changes in Operating Assets & Liabilities		
(Increase)/Decrease in Current Assets		
Stores & Spares	3,165	700
Stock-in Trade	(40,489)	(14,554)
Trade Debts	(6,357)	24,587
Advances, Deposits, Prepayments & Other Receivables	(2,504)	(24,094)
Increase/(Decrease) in Current Liabilities		
Short Term Running Finances - Secured	30,803	10,412
Creditors, Accrued and Others Liabilities	28,634	11,068
	<u>13,252</u>	<u>8,119</u>
Taxes paid	(1,997)	(3,965)
Gratuity paid	(2,542)	(489)
	<u>(4,539)</u>	<u>(4,454)</u>
Net Cash inflow from Operating Activities	<u>31,199</u>	<u>24,293</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed Capital Expenditures	(10,600)	(762)
Net Cash flow from Investing Activities	<u>(10,600)</u>	<u>(762)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Term Finance Certificates	(15,395)	(16,245)
Financial Charges paid	(5,545)	(6,440)
Net Cash Flow from Financing Activities	<u>(20,940)</u>	<u>(22,685)</u>
Net (Decrease) / Increase in Cash & Cash Equivalents	<u>(341)</u>	846
Cash & Cash Equivalents at the Beginning	3,574	5,734
Cash & Cash Equivalents at the End	<u>3,233</u>	<u>6,580</u>



Dewan Ghulam Mustafa Khalid
Vice Chairman / Director



Dewan Mohammad Ayub Khalid
Managing Director / Chief Executive



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	73,455	45,000	2,345	65,666	136,466
Net Profit for the year	--	--	--	9,214	9,214
Bonus Shares	2,345		(2,345)		
Reserve for issue of Bonus Shares	--	--	2,580	(2,580)	--
Balance as on September 30, 2004	75,800	45,000	2,580	72,300	145,680
Net Profit for the period	--	--	--	3,894	3,894
Balance as on December 31, 2004	75,800	45,000	2,580	76,194	149,574

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 completion 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
Vice Chairman / Director

Dewan Mohammad Ayub Khalid
Managing Director / Chief Executive