



3rd Quarter Report 2007



Dewan Mushtaq Textile Mills Limited

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**
- Mr. 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** : **Mr. Mansoor Ahmed Siddiqui**
- Tax Advisors** : **Sharif & Company**
Advocates
- Legal Advisor** : **A. K. Brohi & Co. 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

We are pleased to present un-audited financial statements for the nine months ended Mar 31, 2007.

The company has earned profit after tax of Rs. 7.870/- million during the last nine months. Sales were decreased from Rs.822.426 million to Rs. 672.365 million as compared with previous corresponding period, showing decrease of 18.25%. Gross Profit ratio improved from 9.15% to 10.21%. Operating expenses were increased by Rs. 3.27 million and finance cost also decreased by Rs. 3.50 million.

The cotton crop for the year under review is around 12.4 million bales resulting in a shortfall of 0.60 million bales as of target production of 13 million bales. This shortfall in production raises the prices of lint cotton upto the level of Rs.2,800 per maund. In addition to higher prices of cotton the factors that have negative impact on the financial results are the increasing markup rates and utility prices. However your company is focusing its efforts on specializing high quality value added products to increase its profitability.

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, Rehman-o-Rahim, in the name of our beloved Prophet, 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 الدَّعَاوِ (القرآن)
حقیقت میں میرا رب دعا کا جڑا سننے والا ہے۔

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

For and on behalf of the board of Directors

Dewan Ghulam Mustafa Khalid
Vice Chairman / Director

Karachi: April 28, 2007



**CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2007**

March 31, 2007 June 30, 2006
(Rupees in '000')

EQUITY AND LIABILITIES

CAPITAL & RESERVES

Authorized

10,000,000 (2006: 10,000,000) Ordinary Shares of Rs. 10/- each

100,000

100,000

Issued, Subscribed and Paid-up Capital

34,340

31,218

Reserve & Surplus

253,692

313,505

Shareholders Equity

288,032

344,723

NON-CURRENT LIABILITIES

Deferred Liabilities

Provision for Staff Gratuity

28,146

25,470

Deferred taxation

32,264

32,056

60,410

57,526

CURRENT LIABILITIES

Trade and Other Payables

746,958

660,107

Interest/ Profit/ Mark-up accrued on loans and other payables

8,364

4,054

Short Term Borrowings - Secured

302,016

245,519

Current portion of Redeemable Capital

15,395

61,583

Provision for Income Tax

66,837

62,227

1,139,570

1,033,490

Contingencies and Commitments

4

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1,488,012

1,435,739

ASSETS

NON-CURRENT ASSETS

Tangible Fixed Assets

376,814

391,434

Available For Sale Investment - at fair value

6

157,923

222,483

Long Term Deposits

841

560

CURRENT ASSETS

Stores, Spares and Loose Tools

10,398

10,886

Stock-in-Trade

776,173

635,063

Trade Debts - Considered Good

72,265

77,163

Loans and Advances - Unsecured, Considered good

6,567

7,212

Trade Deposits, Prepayments and Statutory Balances - Considered good

8,628

13,880

Other Receivables - Unsecured, Considered good

1,642

1,109

Income Tax Refunds and Advances

71,027

67,532

Cash and Bank Balances

5,734

8,417

952,434

821,262

1,488,012

1,435,739

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

Dewan Ghulam Mustafa Khalid
Vice Chairman / Director

Dewan Muhammad Ayub Khalid
Chief Executive / Managing Director



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2007**

	July 01, 2006 to March 31, 2007	July 01, 2005 to March 31, 2006	January 01, 2007 to March 31, 2007	January 01, 2006 to March 31, 2006
	(Rupees in '000')			
SALES - Net	672,365	822,426	173,178	123,996
COST OF SALES	(603,691)	(747,170)	(152,207)	(109,478)
GROSS PROFIT	68,674	75,256	20,971	14,518
Operating Expenses				
Distribution Costs and Selling Expenses	(15,516)	(13,326)	(5,224)	(2,274)
Administrative and General Expenses	(18,385)	(17,307)	(6,286)	(4,699)
	(33,901)	(30,633)	(11,510)	(6,973)
OPERATING PROFIT	34,773	44,623	9,461	7,545
Other Operating Income	776	--	776	0
	35,549	44,623	10,237	7,545
Finance Cost	(21,982)	(25,490)	(8,217)	(6,839)
	13,567	19,133	2,020	706
Other Charges	(883)	(1,320)	(86)	(49)
PROFIT BEFORE TAXATION	12,684	17,813	1,934	657
Taxation				
- Current	(4,607)	(5,439)	(807)	(147)
- Deferred	(207)	(1,527)	(468)	(4,448)
	(4,814)	(6,966)	(1,275)	(4,595)
PROFIT AFTER TAXATION	7,870	10,847	659	(3,938)
Earning Per Share - Basic	2.29	3.47	0.19	(1.26)

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

Dewan Ghulam Mustafa Khalid
Vice Chairman / Director

Dewan Muhammad Ayub Khalid
Chief Executive / Managing Director



CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2007

	9 Months ended March 31, 2007	9 Months ended March 31, 2006
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Taxation	12,684	17,813
Adjustment for Non-Cash and Other Items:		
Depreciation	29,147	30,482
Gain on Sale of Fixed Assets	(776)	--
Provision for Gratuity	4,301	3,940
Financial Expenses	21,982	25,490
	<u>54,654</u>	<u>59,912</u>
	67,338	77,725
Working Capital Changes		
<i>(Increase) / Decrease in Current Assets</i>		
Stores, Spares and Loose Tools	488	3,609
Stock-in-Trade	(141,110)	148,164
Trade Debts	4,898	(24,524)
Loans and Advances	645	3,564
Trade deposits, Prepayments & Statutory balances	5,252	(344)
Other Receivables	(533)	(189)
<i>Increase / (Decrease) in Current Liabilities</i>		
Trade and Other Payables	86,859	(118,586)
Short Term Borrowings	56,497	(23,343)
	<u>12,996</u>	<u>(11,649)</u>
Taxes Refund / (Paid)- Net	(3,495)	15,032
Gratuity Paid	(1,623)	(1,835)
	<u>(5,118)</u>	<u>13,197</u>
Net Cash Inflow/ (Outflow) from Operating Activities	<u>75,216</u>	<u>79,273</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed Capital Expenditure	(15,687)	(12,243)
Long Term Deposit	(282)	--
Sale Proceed of Fixed Assets	1,938	--
Net Cash Inflow/ (Outflow) from Investing Activities	<u>(14,031)</u>	<u>(12,243)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Redeemable Capital - Net	(46,188)	(46,187)
Financial Expenses Paid	(17,672)	(19,958)
Dividend Paid	(8)	(7)
Net Cash Inflow/ (Outflow) from Financing Activities	<u>(63,868)</u>	<u>(66,152)</u>
Net Increase in Cash and Cash Equivalents	(2,683)	878
Cash and Cash Equivalents at the Beginning	8,417	3,665
Cash and Cash Equivalents at the End	<u>5,734</u>	<u>4,543</u>

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

Dewan Ghulam Mustafa Khalid
Vice Chairman / Director

Dewan Muhammad Ayub Khalid
Chief Executive / Managing Director



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
(UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2007

	Share Capital	General Reserve	Reserve for Bonus Shares	Unrealized gain/ (deficit) due to change in fair value of Investment Rupees in '000'	Un-appropriated Profit	Total
Balance as at July 01, 2005 - restated	28,380	45,000	--	294,717	78,108	446,205
Transfer to reserve for bonus shares	--	--	2,838	--	(2,838)	--
Bonus Shares Issued	2,838	--	(2,838)	--	--	--
Net Profit for the period	--	--	--	--	10,847	10,847
Deficit due to change in fair value of investment	--	--	--	(18,871)	--	(18,871)
Balance as at March 31, 2006	31,218	45,000	--	275,846	86,117	438,181
Balance as at July 01, 2006 - restated	31,218	45,000	--	182,483	86,021	344,722
Transfer to reserve for bonus shares	--	--	3,122	--	(3,122)	--
Bonus shares Issued	3,122	--	(3,122)	--	--	--
Net profit for the period	--	--	--	--	7,870	7,870
Deficit due to change in fair value of investment	--	--	--	(64,560)	--	(64,560)
Balance as at March 31, 2007	34,340	45,000	--	117,923	90,769	288,032

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

Dewan Ghulam Mustafa Khalid
Vice Chairman / Director

Dewan Muhammad Ayub Khalid
Chief Executive / Managing Director



1 THE COMPANY AND ITS OPERATIONS

The Company is a public limited company incorporated in Pakistan under the Companies Act 1913 (Now Companies Ordinance, 1984) and is listed on the Karachi Stock Exchange. The principal activity of the Company is manufacturing and sale of yarn.

2 BASIS OF PREPARATIONS

These financial statements are unaudited and have been prepared in accordance with the requirements of section 245 of the Companies Ordinance 1984 and International Accounting Standard 34 (IAS 34) "Interim Financial Reporting".

3 ACCOUNTING POLICIES

The accounting policies and methods of computations followed in the preparation of these financial statements are the same as those of the last published annual financial statements for the year ended June 30, 2006

4 There is no significant change in Contingencies and Commitments during the period.

5 Figures for previous nine Months have been rearranged wherever necessary for the purpose of comparison.

6 AVAILABLE FOR SALE INVESTMENT - At fair value

	March 31 2007	June 30, 2006
In related party (associated company):		
Shares in Dewan Salman Fibre Ltd. (Public, quoted company) 19,864,518 (June 30,2006: 19,864,518) Fully paid up ordinary shares of Rs. 10/- each.	40,000	40,000
Surplus on revaluation of investment	117,923	182,483
	<u>157,923</u>	<u>222,483</u>
Market value (Rupees per share)	<u>7.95</u>	<u>11.20</u>
Percentage of equity held	<u>5.42%</u>	<u>5.42%</u>



7 Transaction with associated companies during the period were purchases amounting to Rs. 511.29 million and Sales amounting to Rs 28.05 million.

8 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on April 28, 2007 by the Board of Directors of the Company.

9 GENERAL

- 9.1 Figures have been rounded off to the nearest thousand of rupee.
9.2 In order to give better presentation certain comparative figures of Cash Flow statement have been rearranged.

Dewan Ghulam Mustafa Khalid
Vice Chairman / Director

Dewan Muhammad Ayub Khalid
Chief Executive / Managing Director