



3rd Quarter Report 2007



Dewan Textile Mills Limited

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



CONTENTS

Company Information.....	4
Directors' Report.....	5
Balance Sheet.....	6
Profit and Loss Account	7
Cash Flow Statement.....	8
Statement of Changes in Equity.....	9
Notes to the Accounts.....	10



COMPANY INFORMATION

- Board of Directors** : **Dewan Zia-ur-Rehman Farooqui**
Chairman
- Dewan Ghulam Mustafa Khalid**
Chief Executive / Managing Director
- Dewan Muhammad Ayub Khalid**
Resident Director
- Dewan Mohammad Yousuf Farooqui**
- Dewan Mohammad Hamza Farooqui**
- Dewan Abdul Rehman Farooqui**
- Mr. Iqbal Naeem Pasha**
- Audit Committee** : **Dewan Mohammad Yousuf Farooqui - Chairman**
Dewan Muhammad Ayub Khalid - Member
Dewan Abdul Rehman Farooqui - Member
- Auditors** : **Messrs Faruq Ali & Co.**
Chartered Accountants
- 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
Standard Chartered Bank
Union Bank Limited
Meezan Bank Limited
ABN Amro Bank
United Bank Limited
Bank Al Falah Ltd.
- Registered Office** : **Dewan Centre**
3-A, Lalazar,
Beach Hotel Road,
Karachi-74000,
Pakistan.
- Factory Office** : H/20 & H/26, S.I.T.E.,
Kotri, District Dadu,
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. 16.014/- million during the last nine months. Sales were increased from Rs. 1,549.305 million to Rs. 1,765.300 million as compared with previous corresponding period, showing increase of 13.94%. Gross Profit ratio declined from 15.78% to 15.71%. Operating expenses were increased by Rs. 16.77 million and finance cost also increased by Rs. 8.32%.

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 الدُّعَاۗءِ (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 the board of Directors

Karachi: April 28, 2007

Dewan Ghulam Mustafa Khalid
Chief Executive / Managing Director



CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2007

	Unaudited March 31, 2007	Audited June 30, 2006
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Rupees in '000'		
Authorized capital (30,000,000 ordinary shares of Rs.10/- each)	300,000	300,000
Issued, subscribed and paid up capital	135,046	122,769
Reserves and Surplus	1,288,114	1,623,315
	1,423,160	1,746,084
NON CURRENT LIABILITIES		
Long term financing - Secured	24,750	37,125
Liabilities against assets subject to finance lease	127,404	155,970
Deferred liability for staff gratuity	26,300	26,684
Deferred taxation	43,187	42,042
CURRENT LIABILITIES		
Trade and other payables	890,960	684,188
Markup accrued	56,681	38,622
Short term borrowings - Secured	1,706,002	1,421,993
Current portion of long term financing	20,625	20,625
Current portion of redeemable capital	25,000	100,000
Current portion of lease liabilities	37,582	41,752
Taxes payable - Net	23,578	17,131
	2,760,428	2,324,311
CONTINGENCIES AND COMMITMENTS 4	--	--
	4,405,229	4,332,216
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment	5 1,215,110	1,231,462
Available for sale investment - at fair value	6 829,096	1,168,034
Long term deposits	12,508	12,508
CURRENT ASSETS		
Stores and spares	44,199	39,839
Stock in trade	1,902,413	1,456,862
Trade debtors - Considered good	337,754	355,689
Advances - Considered good	46,975	52,596
Short term deposits and current account balances with statutory authorities	12,450	13,864
Cash and bank balances	4,724	1,362
	2,348,515	1,920,212
	4,405,229	4,332,216

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

Dewan Ghulam Mustafa Khalid
Chief Executive / Managing Director

Dewan Abdul Rehman Farooqui
Director



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

	9 months July - Mar 2007	9 months July - Mar 2006	3 months Jan - Mar 2007	3 months Jan - Mar 2006
	Rupees in '000'		Rupees in '000'	
Sales	1,765,300	1,549,305	503,362	593,744
Sales tax, duties and commission	(24,047)	(15,418)	(10,157)	(6,168)
Sales - Net	1,741,253	1,533,887	493,205	587,576
Cost of sales	1,467,759	1,291,807	402,448	497,492
Gross profit	273,494	242,080	90,757	90,084
OPERATING EXPENSES				
Distribution cost	57,561	41,863	21,009	14,816
Administrative expenses	18,865	17,796	6,108	6,254
	76,426	59,659	27,117	21,070
OPERATING PROFIT	197,068	182,421	63,640	69,014
OTHER CHARGES				
Finance cost	169,269	156,262	57,663	58,727
Donation	109	143	25	7
Workers Welfare Fund	337	--	70	--
Worker's profit participation fund	1,368	901	294	114
	171,083	157,306	58,052	58,848
Profit before taxation	25,985	25,115	5,588	10,166
Taxation				
Deferred	1,145	(7,098)	(829)	(1,313)
Current	8,826	11,382	2,586	4,638
	9,971	4,284	1,757	3,325
Profit after taxation	16,014	20,831	3,831	6,841
Earning per share - basic	1.19	1.70	0.28	0.56

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

Dewan Ghulam Mustafa Khalid
Chief Executive / Managing Director

Dewan Abdul Rehman Farooqui
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
Rupees in '000'		
Cash Flow from Operating Activities		
Profit before taxation	25,985	25,115
Adjustment for non-cash and other items		
Depreciation	74,817	67,717
Provision for gratuity	5,487	7,889
Finance cost	169,269	156,262
	<u>249,573</u>	<u>231,868</u>
	275,558	256,983
Changes in Operating Assets and Liabilities		
(Increase) / Decrease in Current Assets		
Stores and spares	(4,360)	3,028
Stock in trade	(445,551)	(76,059)
Trade debtors - Considered good	17,935	19,851
Advances - Considered good	5,621	8,917
Short term deposits and current account balances with statutory authorities	1,414	3,626
Increase / (Decrease) in Current Liabilities		
Trade and other payables	206,772	12,451
Short term borrowings - Secured	284,009	50,218
	<u>65,840</u>	<u>22,032</u>
Payments for		
Income tax - net	(2,379)	64,979
Gratuity	(5,871)	(4,815)
	<u>(8,250)</u>	<u>60,164</u>
Net cash flow from operating activities	<u>333,148</u>	<u>339,179</u>
Cash Flow from Investing Activities		
Fixed capital expenditures	(59,153)	(102,192)
Sale of Fixed Assets	688	--
Net cash flow from investing activities	<u>(58,465)</u>	<u>(102,192)</u>
Cash Flow from Financing Activities		
Long term financing	(12,375)	(8,250)
Term finance certificates	(75,000)	(75,000)
Finance lease repayment	(32,736)	(1,267)
Financial charges paid	(151,210)	(150,846)
Net cash flow from financing activities	<u>(271,321)</u>	<u>(235,363)</u>
Net increase / (decrease) in cash and cash equivalents	<u>3,362</u>	<u>1,624</u>
Cash and cash equivalents at beginning of the period	1,362	3,262
Cash and cash equivalents at end of the period	<u>4,724</u>	<u>4,886</u>

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

Dewan Ghulam Mustafa Khalid
Chief Executive / Managing Director

Dewan Abdul Rehman Farooqui
Director



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

	Issued Subscribed and Paid up Capital	General reserve	Reserve for bonus shares	Unrealized gain / (Deficit) due to change in fair value of Investment Rupees in '000'	Unappropriated profit	Total
Balance as at July 01, 2005 - restated	111,608	333,000	--	1,547,266	316,830	2,308,704
Transfer to reserve for bonus shares	--	--	11,161	--	(11,161)	--
Bonus shares issued	11,161	--	(11,161)	--	--	--
Net profit for the period	--	--	--	--	20,831	20,831
Deficit due to change in fair value of investment	--	--	--	(99,074)	--	(99,074)
Balance as at March 31, 2006	<u>122,769</u>	<u>333,000</u>	<u>--</u>	<u>1,448,192</u>	<u>326,500</u>	<u>2,230,461</u>
Balance as at July 01, 2006 - restated	122,769	333,000	--	958,034	332,281	1,746,084
Transfer to reserve for bonus shares	--	--	12,277	--	(12,277)	--
Bonus shares issued	12,277	--	(12,277)	--	--	--
Net profit for the period	--	--	--	--	16,014	16,014
Deficit due to change in fair value of investment	--	--	--	(338,938)	--	(338,938)
Balance as at March 31, 2007	<u>135,046</u>	<u>333,000</u>	<u>--</u>	<u>619,096</u>	<u>336,018</u>	<u>1,423,160</u>

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

Dewan Ghulam Mustafa Khalid
Chief Executive / Managing Director

Dewan Abdul Rehman Farooqui
Director



7 TRANSACTIONS WITH RELATED PARTIES

During the Period aggregate transactions made by the company with the associated companies were purchases of Rs. 83.58 million and sales of Rs. 117.98 million.

8 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 "Interim Financial Reporting", balance sheet has been compared with the balances of annual financial statements, whereas profit and loss account, cash flow statement and statement of changes in equity have been compared with the balances of comparable period of immediately preceding financial year.

9 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

Figures have been rounded off to the nearest thousand of rupee.

Dewan Ghulam Mustafā Khalid
Chief Executive / Managing Director

Dewan Abdul Rehman Farooqui
Director