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## *Din Textile Mills Limited*

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### *DIRECTORS' REPORT*

Dear Shareholders'

The Board of Directors of Din Textile Mills Limited are pleased to present the financial statements for the 1st Quarter ended September 30, 2005.

Sales increased by 46% as compared to the corresponding quarter last year, and G.P. improved from 5.5% to 10%. The improvement in G.P. was mainly due to the consumption of raw cotton procured at lower price as compared to the corresponding quarter last year.

Oil prices in the world market have remained high during the reporting quarter, due to which, fuel and power cost have considerably increased. Operating and Administrative expenses have been kept under strict control despite fuel price related inflationary pressures.

Due to the frequent increase in the furnace oil prices, the Company has planned to use WAPDA electricity for unit I and II and stop in house generation of electricity in order to reduce cost of fuel and power.

During the quarter under review mark up rates have increased continuously. This has resulted in the substantial increase in the financial charges of the company. However, the total finance cost of Rs 34.9 million includes Rs 25.1 million which is for unit no. III, which has been financed from long term loan.

In order to make savings in the Finance Cost, the directors of your Company have given interest free loan of Rs. 500 million.

In the end the Board would like to appreciate assistance extended by all the bankers, advisors, technical staff and hard work of employees of the company in the running of the company's business.

For and on behalf of the Board of Directors

(SHAIKH MOHAMMAD JAWED)  
DIRECTOR

Karachi:  
Dated: October 29, 2005



## *Din Textile Mills Limited*

### *BALANCE SHEET (UN-AUDITED)*

as at September 30, 2005

	September 30, 2005	June 30, 2005
	(Rupees in '000')	
<b>ASSETS</b>		
<b>FIXED ASSETS</b>		
Property, plant and equipment	2,027,163	2,073,315
Capital work in progress	97,958	80,233
	2,125,121	2,153,548
Long term deposits	2,945	3,593
<b>CURRENT ASSETS</b>		
Stores, spares and loose tools	78,288	81,590
Stock in trade	372,284	653,968
Trade debts	258,545	248,296
Loan and Advances	102,125	73,830
Trade deposits and short-term prepayments	2,272	858
Other receivables	8,546	3,674
Cash & bank balances	21,974	18,826
	844,034	1,081,042
Total assets	<u>2,972,100</u>	<u>3,238,183</u>
<b>EQUITY &amp; LIABILITIES</b>		
<b>Share capital and reserves</b>		
Authorised capital		
50,000,000 ordinary shares		
of Rs.10/= each	500,000	500,000
Issued, subscribed & paid-up	185,303	185,303
Reserves	532,461	520,142
	717,764	705,445
<b>NON CURRENT LIABILITIES</b>		
Long term financing and Murabaha	837,500	1,250,000
Liabilities against assets subject to finance lease	42	50
<b>Deferred liabilities</b>		
Staff gratuity	28,656	28,762
Taxation	168,000	172,500
	196,656	201,262
	1,034,198	1,451,312
<b>CURRENT LIABILITIES</b>		
Short term borrowings	919,933	744,975
<b>Current portion of :</b>		
Long term financing and Murabaha	162,500	170,000
Against assets subject to finance lease	726	931
Trade and other payable	112,789	141,943
Accrued mark-up and interest	24,190	23,577
	1,220,138	1,081,426
Total equity and liabilities	<u>2,972,100</u>	<u>3,238,183</u>

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

S.M. JAWED  
Director

S.M. PERVEZ  
Director



## *Din Textile Mills Limited*

### *PROFIT AND LOSS ACCOUNT (UN-AUDITED)*

for the first quarter ended September 30, 2005

	July 01 to September 30, 2005	July 01 to September 30, 2004
	(Rs. in '000')	
Sales- Net	597,066	410,076
Cost of sales	<u>537,294</u>	<u>387,654</u>
Gross Profit/(Loss)	59,772	22,422
Operating expenses		
Distribution Cost	(6,003)	(7,667)
Administrative	(9,926)	(9,719)
Other operating expenses	(598)	169
Other operating income	2053	104
	<u>(14,474)</u>	<u>(17,113)</u>
Profit from operation	<u>45,298</u>	<u>5,309</u>
Finance cost	<u>34,941</u>	<u>8,477</u>
Net profit/(Loss) before taxation	10,357	(3,168)
Provision for taxation	(1,962)	6,402
Net profit/(Loss) after taxation	<u><u>12,319</u></u>	<u><u>(9,570)</u></u>
Earning per share	0.66	(0.52)

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

S.M. JAWED  
Director

S.M. PERVEZ  
Director



## *Din Textile Mills Limited*

### *STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)* for the first quarter ended September 30, 2005

	Share Capital	Capital Reserve	General Reserve	Accumulated Profit	Total Reserve	Proposed Dividend	Total
	..... (Rs. in '000) .....						
Balance as at July 01, 2004	154,419	10,377	550,000	120,885	681,262	-	835,681
Profit for the first Quarter	-	-	-	(9,570)	(9,570)	-	(9,570)
Proposed Bonus shares @20%				(30,884)	(30,884)	30,884	
Balance as at September 30, 2004	<u>154,419</u>	<u>10,377</u>	<u>550,000</u>	<u>111,315</u>	<u>671,692</u>	<u>-</u>	<u>826,111</u>
Balance as at July 01, 2005	185,303	10,377	400,000	109,765	520,142	-	705,445
Profit for the first Quarter	-	-	-	-	12,319	-	12,319
Balance as at September 30, 2005	<u>185,303</u>	<u>10,377</u>	<u>400,000</u>	<u>109,765</u>	<u>532,461</u>	<u>-</u>	<u>717,764</u>

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

S.M. JAWED  
Director

S.M. PERVEZ  
Director



## *Din Textile Mills Limited*

### *CASH FLOW STATEMENT (UN-AUDITED)*

for the first quarter ended September 30, 2005

	First Quarter ended 30-Sep-2005 (Rs. in '000')	First Quarter ended 30-Sep-2004 (Rs. in '000')
<b>CASH (USED IN)/GENERATED FROM OPERATIONS</b>		
Profit / (Loss) before taxation	10,357	(3,168)
Adjustment for		
Depreciation	51,201	18,450
Provision for gratuity	871	4,478
Adjustment of fixed asset deleted	-	131
Financial charges	34,941	8,477
Loss/(Gain) on disposal of fixed assets	(320)	584
Operating profit before changes in working capital	<u>97,050</u>	<u>28,952</u>
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	3,302	22,396
Stock in trade	281,684	(8,375)
Trade debts	(10,249)	(77,077)
Loan and Advances	(58,403)	(796)
Trade deposits and prepayments	(1,414)	-
Other receivables	(4,872)	(2,385)
Increase / (decrease) in current liabilities		
Trade and other payables	(29,009)	65,351
	<u>181,039</u>	<u>(886)</u>
Cash (used in)/generated from operations	278,089	28,066
Financial charges paid	(34,328)	(6,575)
Tax paid	27,570	(2,282)
Dividend paid	-	(119)
Gratuity paid	(977)	(778)
Long term deposits	648	4,072
NET CASH USED IN OPERATING ACTIVITIES	<u>271,002</u>	<u>22,384</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sales proceeds of fixed assets	1,650	2,434
Fixed capital expenditures	(24,104)	(64,262)
NET CASH USED IN INVESTING ACTIVITIES	<u>(22,454)</u>	<u>(61,828)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of long term loans	(420,000)	(4,546)
Repayment of lease liabilities	(358)	(8,654)
NET CASH FROM/(used in) FINANCING ACTIVITIES	<u>(420,358)</u>	<u>(13,200)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT	(171,810)	(52,644)
CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE QUARTER	(726,149)	(387,172)
CASH AND CASH EQUIVALENT AT THE END OF THE QUARTER.	<u>(897,959)</u>	<u>(439,816)</u>
<b>CASH AND CASH EQUIVALENT</b>		
Cash and bank balances	21,974	61,737
Short term bank borrowings	(919,933)	(501,553)
	<u>(897,959)</u>	<u>(439,816)</u>

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

S.M. JAWED  
Director

S.M. PERVEZ  
Director



## *Din Textile Mills Limited*

### *NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)* for the first quarter ended September 30, 2005

#### 1. THE COMPANY AND ITS OPERATIONS

The Company is limited by shares incorporated in Pakistan and is quoted at Stock Exchange at Karachi and Lahore. The principal business of the Company is manufacture and sale of yarn. The mills are located at Tehsil Pattoki, District Kasur and Revenue State, Bhai Kot, Tablighi Chowk, Raiwind road, Tehsil & Distt. Lahore, in the province of Punjab. The registered office of the Company is situated at 35-A/1, Lalazar Area, Opp: Beach Luxury Hotel, Karachi, Pakistan.

#### 2. BASIS OF PREPARATION

These financial statements have been prepared in compliance with the International Accounting Standard 34 Interim Financial Reporting and the section 245 of the Companies Ordinance, 1984.

#### 3. ACCOUNTING POLICIES

The accounting policies and methods of computation followed in the preparation of the first quarter financial statements are the same as those of the published annual financial statements for the period ended June 30, 2005.

In accordance with the requirements of International Accounting Standard 34 "Interim Financial Reporting" the Comparative figures in the balance sheet figures in the balance sheet reflect the end of immediately preceding financial year whereas the comparative figures in the profit & loss account and cash flow statement reflect the corresponding period of the prior year.

#### 4. CONTINGENCIES AND COMMITMENTS

There has been no significant changes in the contingencies and commitments since the last audited financial statements except as disclosed in 4a and 4b.

	September 30, 2005	June 30, 2005
	(Rs. in '000')	
a	CONTINGENCIES	
	Bills discounted with recourse	122,634
	Bank guarantees issued in ordinary course of business	23,629
b	COMMITMENTS	
	Capital commitment in respect of civil work	23,085
	Letters of credit for capital works	-
	Letter of credit for other	57,605



## *Din Textile Mills Limited*

### 5. ACQUISITION AND DISPOSAL OF FIXED ASSETS

	Sept. 30, 2005 Acquisition	Sept. 30, 2005 Disposal
	(Rupees in '000')	
Freehold land	-	-
Building	468	-
Plant and machinery	1,350	(2,701)
Electric Installation	177	-
Tools & Equipment	281	-
Office Equipment	-	-
Furniture & Fixture	8	-
Computers	145	-
Vehicles	15	(2,807)
	<u>2,444</u>	<u>(5,508)</u>

### 6. LONG TERM FINANCING AND MURABAHA

During the first quarter, the following three long term loans of high cost of mark-up have been pre-maturly repaid.

	Rupees
City Bank Loan - 1	200,000
City Bank Loan - 2	70,000
United Bank Limited	150,000

### 7. SEASONALLY

The textile business is an all year business however, major raw material purchases i.e. cotton, take place during the four month from October to January. This leads to higher figures being reflected in respect of stocks, bank borrowings and sales tax during the period.

### 8. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 29, 2005 by the Board of Directors of the Company.

Due to absence of Chairman/Chief Executive from Country the financial statements have been signed by two directors. According to the Section 241(2) of Companies Ordinance, 1984.

### 9. GENERAL

Figures have been rounded off nearest to thousand rupees.

S.M. JAWED  
Director

S.M. PERVEZ  
Director

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