

Thal Jute Mills Limited

Table of Contents

Directors' Report.....	2
Balance Sheet.....	3
Profit & Loss Account.....	4
Cash Flow Statement.....	5
Statement of Changes in Equity.....	6
Notes to the Accounts.....	7

Thal Jute Mills Limited

Karachi

Report of the Directors for the First Quarter Ended September 30, 2003

Dear Shareholders,

On behalf of the Board of Directors and myself, I have the pleasure to present you the Directors' Report along with the un-audited accounts for the first quarter (Q1) ended September 30, 2003.

The company sales recorded a high of Rs.573 million, up 79% from 321 million in the same period last year. Correspondingly the gross and net profit, before tax, for the quarter were Rs.123 million and Rs.98 million respectively vs 67 and 48 million in the same period last year. Alhamdullilah.

Jute Division

Sales of the Jute Division rose to Rs.124 million from Rs.92 million in the corresponding quarter last year - an increase of 35%. This is because Exports went up to 68 million representing, 55% of the division's sale in the quarter from Rs.28 million in the same period last year.

Production of jute goods during the period was 5,357 tons which is almost the same as last year being 5,410 tons.

As you are aware jute business goes through a cycle every year peaking in February to May period, when buying by the Government Department actually starts happening. It is too early to forecast what would be the quantum of purchases by them.

Engineering Division

The sales turnover of the Engineering Division increased substantially in Q1, being Rs.448 million, up 96% from 229 million in the same period last year.

The Engineering Division produced 10,102 units of air conditioners and 7,973 sets of wire harnesses as against 5,668 units of air conditioners and 4,283 sets of wire harnesses in the same quarter last year. As the automotive industry is looking to establish a new record of production this year, the future for the Engineering Division looks good, provided the government policies remain unchanged.

On behalf of the Board

Sohail P. Ahmed
Chief Executive

Thal Jute Mills Limited

BALANCE SHEET AS AT SEPTEMBER 30, 2003

		Rs. 000's	
		Sept. 30, 2003	June 30, 2002
		Note	
SHARE CAPITAL:			
Authorized			
20,000,000 Ordinary Shares of Rs. 5/- each.....		<u>100,000</u>	<u>100,000</u>
Issued, Subscribed & Paid-up.....		<u>69,566</u>	69,566
Reserves.....		<u>499,867</u>	499,741
Unappropriated Profit		<u>67,992</u>	247
		<u>637,425</u>	569,554
LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE		6,986	7,242
DEFERRED LIABILITIES.....		36,716	37,372
CURRENT LIABILITIES:			
Current maturity of Finance Lease		<u>7,106</u>	6,725
Short Term Borrowings.....		<u>5,611</u>	40,321
Creditors, Accrued and Other Liabilities.....		<u>146,911</u>	156,520
Taxation.....		<u>170,260</u>	136,367
Dividend.....		<u>69,566</u>	69,566
		<u>399,454</u>	409,499
CONTINGENCIES & COMMITMENTS.....	3	<u>1,080,581</u>	<u>1,023,667</u>
TANGIBLE FIXED ASSETS.....	4	<u>139,762</u>	143,724
CAPITAL WORK -IN-PROGRESS.....		<u>1,140</u>	1,140
		<u>140,902</u>	144,864
LONG TERM INVESTMENTS.....		26,989	26,863
LONG TERM LOANS, ADVANCES AND DEPOSITS.....		2,955	2,893
CURRENT ASSETS:			
Stores, Spares and Loose Tools.....		<u>51,170</u>	48,683
Stock-in-Trade.....		<u>455,645</u>	462,678
Trade Debts.....		<u>216,542</u>	107,427
Short Term Deposits.....		<u>59,848</u>	114,700
Advances, Deposits, Prepayments and Other Receivable.....		<u>106,087</u>	99,369
Cash and Bank Balances.....		<u>20,443</u>	16,190
		<u>909,735</u>	849,047
		<u>1,080,581</u>	<u>1,023,667</u>

The annexed notes form an integral part of these financial statements

SOHAIL P. AHMED

Chief Executive

MUHAMMAD JAMIL HUSSAIN

Director

Karachi : October 16, 2003

Thal Jute Mills Limited
PROFIT AND LOSS ACCOUNT
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2003
(UN-AUDITED)

		Rs. 000's	
		1-Jul-03 to 30-Sep-03	1-Jul-02 to 30-Sep-02
	Note		
Sales.....		572,826	321,488
Cost of Sales.....	5	450,212	254,500
Gross Profit on Manufacturing		122,614	66,988
Profit on Trading		702	327
Total Gross Profit.....		123,316	67,315
Administrative Expenses.....		12,448	10,670
Selling Expenses.....		4,016	4,227
		16,464	14,897
Operating Profit.....		106,852	52,418
Financial Expenses.....		1,791	2,626
Other Charges.....		7,296	3,421
		9,087	6,047
		97,765	46,371
Other Income.....		679	2,017
Profit before Taxation.....		98,444	48,388
Provision for Taxation.....		30,699	16,936
Profit after Taxation.....		67,745	31,452
Unappropriated Profit Brought Forward.....		247	26
Unappropriated Profit Carried Forward.....		67,992	31,478
EARNING PER SHARE (Rs.).....		4.87	2.26

Note : The annexed notes form an integral part of these financial statements

SOHAIL P. AHMED
Chief Executive

MUHAMMAD JAMIL HUSSAIN
Director

Karachi : October 16, 2003

Thal Jute Mills Limited
CASH FLOW STATEMENT
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2003
(UN-AUDITED)

	Rs 000's	
	1-Jul-03 to 30-Sep-03	1-Jul-02 to 30-Sep-02
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation.....	98,444	48,388
Adjustment for		
Depreciation.....	6,864	6,592
Financial Charges.....	1,791	2,626
Gratuity.....	420	523
Profit on sale of fixed assets.....	(162)	(568)
	<u>8,913</u>	<u>9,173</u>
Operating profit before working capital changes.....	107,357	57,561
Changes in working Capital		
(Increase)/decrease in current assets		
Stores, Spares and Loose Tools.....	(2,487)	(5,505)
Stock-in-Trade.....	7,033	16,018
Trade Debts (Unsecured Considered Good).....	(109,115)	(23,139)
Advances, Deposits, Prepayments and		
Other Receivables.....	19,598	12,054
Increase/(decrease) in current liabilities		
Creditors, Accrued and Other Liabilities.....	(9,345)	(94,615)
	<u>(94,316)</u>	<u>(95,187)</u>
Cash generated / (used in) from operations.....	13,041	(37,626)
Financial Charges paid.....	(2,054)	(6,656)
Gratuity paid.....	(68)	(73)
Income Tax paid.....	(24,132)	(7,668)
	<u>(26,254)</u>	<u>(14,397)</u>
Net cash used in operating activities (A).....	(13,213)	(52,023)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure.....	(3,151)	(4,188)
Long term loans, advances and Deposits.....	(62)	(81)
Proceed from disposal of assets.....	413	962
Net cash used in investing activities (B).....	(2,800)	(3,307)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term loan.....	-	(7,550)
Lease assets obtained.....	2,151	1,169
Repayment of liability against assets subject to finance lease	(2,027)	(1,874)
Net cash generated / (used in) from financing activities (C).....	124	(8,255)
INCREASE/(DECREASE) IN CASH (A+B+C).....	(15,889)	(63,585)
CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE PERIOD.....	90,569	76,333
CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD.....	<u>74,680</u>	<u>12,748</u>

SOHAIL P. AHMED
Chief Executive

MUHAMMAD JAMIL HUSSAIN
Director

Karachi : October 16, 2003

Thal Jute Mills Limited
STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2003

Rs. 000's

	Share Capital	Capital Reserve	General Reserve	Fair Value Adjustment	Unappro- priated Profit	Total
Balance as at July 1, 2002.....	69,566	13,240	304,760	-	26	387,592
Net profit for the period from Jul 02 to Sep 30, 02.....	-	-	-	-	31,452	31,452
Balance as at September 30, 2002.....	<u>69,566</u>	<u>13,240</u>	<u>304,760</u>	<u>-</u>	<u>31,478</u>	<u>419,044</u>
Balance as at July 1, 2003.....	69,566	13,240	482,760	3,741	247	569,554
Net profit for the period from Jul 03 to Sep 30, 03.....	-	-	-	-	67,745	67,745
Fair value gain (effect of adoption of IAS-39).....	-	-	-	126	-	126
Balance as at September 30, 2003.....	<u>69,566</u>	<u>13,240</u>	<u>482,760</u>	<u>3,867</u>	<u>67,992</u>	<u>637,425</u>

SOHAIL P. AHMED

Chief Executive

MUHAMMAD JAMIL HUSSAIN

Director

Karachi : October 16, 2003

**NOTES TO THE ACCOUNTS
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2003**

1. Accounting policies adopted for the preparation of these accounts are the same as those applied in the preparation of the preceding annual accounts of the Company for the year ended June 30, 2003.
2. These accounts are unaudited and are submitted to the shareholders as required by Notification No.SRO No.764(I)/ 2001 dated November 5, 2001 of Securities & Exchange Commission of Pakistan. Further these accounts are in compliance with the International Accounting Standard 34 Interim Financial Reporting.

3. Contingencies & Commitments :

3.1- Contingencies :

a) Letter of guarantees issued by banks on behalf of the Company is of Rs.13.634 million

(June 30, 2003:Rs.11.442 million).

b) The Central Excise and Sales Tax raised a demand of Rs.15.562 million (June 30, 2003 : Rs.15.562)

in October 1992. Collectorate of Appeal has remanded back the case to adjudication office in March 1996.

The Company is confident of a favourable out come.

3.2- Commitments :

Letter of credits outstanding for raw material Rs.171.411 million (June 30, 2003: Rs.79.735 million).

4. Fixed Assets additions during the quarter were Rs.3.151 million (June 30, 2003: Rs.43.579 million) and deletion Rs.0.251million (June 30, 2003: Rs.3.919 million).

5. Operating Results

		Rs. 000's					
		Jute		Engineering		Consolidated	
Note		1-Jul-03 To 30-Sep-03	1-Jul-02 To 30-Sep-02	1-Jul-03 To 30-Sep-03	1-Jul-02 To 30-Sep-02	1-Jul-03 To 30-Sep-03	1-Jul-02 To 30-Sep-02
	Sales.....	124,469	92,142	448,357	229,346	572,826	321,488
	Cost of Sales.....	112,113	80,217	338,099	174,283	450,212	254,500
	Gross Profit (Manufacturing).....	12,356	11,925	110,258	55,063	122,614	66,988
	Profit on Trading Activities.....	-	-	702	327	702	327
	Gross Profit	12,356	11,925	110,960	55,390	123,316	67,315
5.1	Raw Material Consumed	86,450	123,605	323,907	155,255	410,357	278,860
	Manufacturing cost.....	68,432	67,539	28,450	18,195	96,882	85,734
		154,882	191,144	352,357	173,450	507,239	364,594
	Work-in-Process:						
	Opening	10,694	10,283	26,742	14,640	37,436	24,923
	Closing	(16,507)	(11,519)	(37,626)	(12,910)	(54,133)	(24,429)
		(5,813)	(1,236)	(10,884)	1,730	(16,697)	494
	Finished Goods						
	Opening	70,816	87,069	1,286	1,660	72,102	88,729
	Closing	(107,772)	(196,760)	(4,660)	(2,557)	(112,432)	(199,317)
		(36,956)	(109,691)	(3,374)	(897)	(40,330)	(110,588)
		112,113	80,217	338,099	174,283	450,212	254,500

7. Transaction with Associated Undertakings were Rs.375.672 million (June 30, 2003: Rs.1000.386 million) and these transactions were based on arm's length basis.

8. Corresponding figures have been rearranged, for the purposes of comparison.

SOHAIL P. AHMED
Chief Executive

MUHAMMAD JAMIL HUSSAIN
Director