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**D.M. TEXTILE MILLS LIMITED**

Industrial Area, Westridge, Rawalpindi.

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Website: [www.dmtextile.com.pk](http://www.dmtextile.com.pk)



**D.M. TEXTILE  
MILLS LIMITED**

SAY NO TO CORRUPTION

**INTERIM CONDENSED  
FINANCIAL INFORMATION  
FOR THE HALF YEAR  
ENDED**

December 31,

**2015**

# D.M. TEXTILE MILLS LIMITED

## Company's Information

### BOARD OF DIRECTORS

**CHAIRMAN &  
CHIEF EXECUTIVE:** Mian Habib Ullah

**DIRECTORS:** Mr. Shahid Aziz (Nominee of NIT)  
Mr. Hussain Ahmad Ozgen  
Mr. Hussain Ahmad Qureshi  
Syed Obaid-ul-Haq  
Rao Khalid Pervaiz  
Mr. Shahid Hussain

### AUDIT COMMITTEE:

**CHAIRMAN:** Mr. Hussain Ahmad Qureshi  
**MEMBERS:** Mr. Shahid Aziz  
Syed Obaid ul Haq

### HUMAN RESOURCE & REMUNERATION COMMITTEE:

**CHAIRMAN:** Mr. Hussain Ahmad Ozgen  
**MEMBERS:** Mr. Shahid Aziz  
Rao Khalid Pervaiz

**ACTING COMPANY SECRETARY  
& CHIEF FINANCIAL OFFICER** Rao Khalid Pervaiz

**BANKERS:** Faysal Bank Limited  
Meezan Bank Ltd.  
Habib Metropolitan Bank  
Muslim Commercial Bank Limited

**AUDITORS:** M/s Riaz Ahmed & Company  
Chartered Accountants  
2-A, ATS Centre, 30-West  
Fazal-ul-Haq Road, Blue Area,  
Islamabad.

**LEGAL ADVISER:** M/s Hassan & Hassan  
Advocates PAAF Building, 7-D,  
Kashmir Egerton Road, Lahore.

**REGISTRAR:** Corplink (Pvt) Ltd.  
Wing Arcade, 1-K, Commercial  
Model Town, Lahore.

**REGISTERED OFFICE  
& MILLS AT:** Industrial Area, Westridge, Rawalpindi.  
Telephone: 051-5181981  
051-5181977-78  
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# D.M. TEXTILE MILLS LIMITED

## DIRECTORS' REPORT

Dear Share Holders

The Directors are pleased to present before you the condensed interim financial statements for the half year ended December 31, 2015 together with Auditors' review thereon.

### 1-Net Profit/(Loss)

The Company had a net profit of Rs 9.002 Million as compared to previous period's net loss of Rs.(47.81) Million. The gain is due to settlement with Faysal Bank Ltd and deferred tax adjustment. The Mill could not resume operations due to continued energy crises & marketing problems.

### 2-Comparative Financial Results:

Half Year Ended	Rupees	
	December 31, 2015	December 31, 2014
Gross Sales	-	3,541,369
Cost of Sales	-	(13,145,085)
Gross Profit / (Loss)	-	(9,603,716)
Selling, Admin and other operating expenses	(27,971,662)	(6,534,982)
Other Income	26,781,997	6,096,611
Financial and Other Charges	(1,252,454)	(42,986,113)
Profit / (Loss) before taxation	(2,442,119)	(53,028,200)
Profit / (Loss) after taxation	9,002,425	(47,810,570)
Basic Earnings / (Loss) per share	2.95	(15.66)

### 3-Debt Servicing:

Management has made significant achievement in settling its liabilities with financial institutions. Company has successfully negotiated with Faysal Bank Ltd and settled its entire liabilities against payment of Rs.17.544 Million. An amount of Rs.4.044 Million has been paid as down payment and the remaining payment will be made in 48 monthly installments. Management is in the process of effective negotiations for settlement of remaining liabilities.

### 4-Dividend:

Directors have not recommended any dividend due to loss.

### 5-Disposal of Fixed Assets:

Directors have granted specific approval for disposal of following assets.

- 02 Auto Cone Machines
- 10 Ring Frames
- 01 Multimixture

### 6-Future Prospects and Plans

Management is hopeful to settle all its outstanding liabilities with debt providers which will significantly reduce burden of financial cost. Management has positive intention and capability to start production subject to continuous availability of gas and electricity.

### 7-Remarks on Auditors' Review Report.

Auditors' adverse opinion is based on their judgment that going concern assumption is not valid for the company, however management believes that the company is an economically viable entity and can resume its operations, provided gas and electricity is made available on continued basis. Settlement has been reached with major debt provider and management is very hopeful to settle its remaining liabilities with financial institutions which will result in significant improvement of company's financial health.

For and behalf of the Board of Directors



Mian Habib Ullah  
Chief Executive



Hussain Ahmad Qureshi  
Director

Rawalpindi: February 28, 2016

# D.M. TEXTILE MILLS LIMITED

## AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

### Introduction

We have reviewed the accompanying condensed interim balance sheet of D.M. TEXTILE MILLS LIMITED as at 31 December 2015 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the half year then ended (herein after referred to as "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended 31 December 2015 and 31 December 2014 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended 31 December 2015.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Basis for Adverse Conclusion

a) As of 31 December 2015, the company's current liabilities exceeded its current assets by Rupees 79.833 million. Liabilities against assets subject to finance lease include overdue amounts. The company has been unable to arrange fresh financing for working capital and other purposes. The mill remained closed during the half year ended 31 December 2015 due to non-supply of captive power gas and shortage of working capital. As at the reporting date, the company had a few employees. The mill could not resume operations till the date of this report. The management of the company did not provide us its assessment of going concern assumption used in preparation of this condensed interim financial information and the future financial projections indicating the economic viability of the company. These events indicate a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. This condensed interim financial information (and notes thereto) do not disclose this fact. This condensed interim financial information has been prepared on the going concern basis.

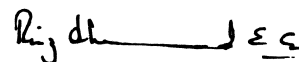
b) As more fully explained in Note 9 to the condensed interim financial information, the company advanced an amount of Rupees 51.150 million against purchase of property. The property could not be transferred in the company's name due to the want of completion of legal formalities. Directions were given for transferring the property in the name of the company within thirty days of the order of Securities and Exchange Commission of Pakistan (SECP) dated 29 November 2007. SECP also ordered to

# D.M. TEXTILE MILLS LIMITED

calculate the amount of profit which could have been earned on the amount of Rupees 51.150 million if invested with any scheduled bank, on daily product basis in the relevant period and directed that this amount be deposited proportionately, in the company's account, by directors who are penalized under the order. The Chief Executive Officer of the company filed an appeal before the Lahore High Court, Rawalpindi Bench whereby stay order was granted to suspend the operation of above said order. The Board of Directors of the company, after getting valuation of the property at forced sale value of Rupees 72.007 million from M/s NAKMS Associates (Private) Limited, resolved in its meeting held on 23 April 2014 that the right in property along with fixtures and fittings be offered to the Chief Executive Officer at the fixed floor price of Rupees 75 million. The Lahore High Court, Rawalpindi Bench in its interim order dated 06 February 2015 granted adjournment with the directions not to transfer / alienate the property / undertaking of the company in any form or manner whatsoever. We could not ensure compliance with the above stated directions and satisfy ourselves as to the use of forced sale value of the property for adjustment of the advance against property.

### Adverse Conclusion

Our review indicates that, because management's use of the going concern assumption in this condensed interim financial information is inappropriate and the company did not comply with the SECP order and could not satisfy us as to the use of forced sale value of property for adjustment of the advance against property as described in the Basis for Adverse Conclusion paragraph, this condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.



**RIAZ AHMAD & COMPANY**  
Chartered Accountants

**Name of engagement partner:**  
**Mubashar Mehmood**

**Date: February 28, 2016**  
**Islamabad**

# D.M. TEXTILE MILLS LIMITED

## CONDENSED INTERIM BALANCE SHEET

	NOTE	Un-audited 31 December 2015 Rupees	Audited 30 June 2015 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized share capital</b>			
5,000,000 (30 June 2015: 5,000,000) ordinary shares of Rupees 10 each		50,000,000	50,000,000
<b>Issued, subscribed and paid-up share capital</b>			
3,052,429 (30 June 2015: 3,052,429) ordinary shares of Rupees 10 each		30,524,290	30,524,290
<b>Accumulated profit / (loss)</b>		5,021,871	(5,100,495)
<b>Total equity</b>		35,546,161	25,423,795
<b>Surplus on revaluation of property, plant and equipment - net of deferred income tax</b>		529,134,106	530,254,047
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	5	10,500,000	-
Liabilities against assets subject to finance lease	6	-	-
Employees' retirement benefit		9,936,987	9,951,359
Deferred income tax liability		39,139,560	51,845,415
		59,576,547	61,796,774
<b>CURRENT LIABILITIES</b>			
Trade and other payables		85,494,371	88,940,451
Accrued mark-up		216,677	19,889,996
Short term borrowings		7,700,000	24,410,377
Current portion of non-current liabilities		4,264,243	2,112,034
		97,675,291	135,352,858
<b>Total liabilities</b>		157,251,838	197,149,632
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7		
<b>TOTAL EQUITY AND LIABILITIES</b>		721,932,105	752,827,474

The annexed notes form an integral part of this condensed interim financial information.

  
CHIEF EXECUTIVE

# D.M. TEXTILE MILLS LIMITED

## AS AT 31 DECEMBER 2015

	NOTE	Un-audited 31 December 2015 Rupees	Audited 30 June 2015 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	663,602,848	696,187,775
Advance against property	9	-	-
Due from related party	10	16,062,898	15,302,370
Long term deposits		24,423,761	24,423,761
		704,089,507	735,913,906
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	11	-	5,694,603
Stock-in-trade		-	401,553
Advances		6,838,447	259,185
Short term deposits		2,000,000	2,000,000
Other receivables		6,264,067	7,110,246
Short term investments		1,151,699	1,142,000
Cash and bank balances		1,588,385	305,981
		17,842,598	16,913,568
<b>TOTAL ASSETS</b>		721,932,105	752,827,474

  
DIRECTOR

# D.M. TEXTILE MILLS LIMITED

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	----- (Rupees) -----			
SALES	-	3,541,369	-	-
COST OF SALES	-	(13,145,085)	-	(5,363,122)
GROSS LOSS	-	(9,603,716)	-	(5,363,122)
DISTRIBUTION COST	-	(378,095)	-	(180,375)
ADMINISTRATIVE EXPENSES	(16,148,399)	(6,121,527)	(9,147,965)	(3,109,782)
OTHER EXPENSES	(11,823,263)	(35,360)	(11,823,263)	-
	(27,971,662)	(6,534,982)	(20,971,228)	(3,290,157)
	(27,971,662)	(16,138,698)	(20,971,228)	(8,653,279)
OTHER INCOME	26,781,997	6,096,611	21,492,275	4,514,049
(LOSS) / PROFIT FROM OPERATIONS	(1,189,665)	(10,042,087)	521,047	(4,139,230)
FINANCE COST	(1,252,454)	(42,986,113)	(683,670)	(40,039,337)
(LOSS) / PROFIT BEFORE TAXATION	(2,442,119)	(53,028,200)	(162,623)	(44,178,567)
TAXATION				
- Current	(1,261,312)	(779,000)	(1,261,312)	(779,000)
- Deferred	12,705,856	5,996,630	12,705,856	5,996,630
	11,444,544	5,217,630	11,444,544	5,217,630
PROFIT / (LOSS) AFTER TAXATION	9,002,425	(47,810,570)	11,281,921	(38,960,937)
EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED	2.95	(15.66)	3.70	(12.76)

The annexed notes form an integral part of this condensed interim financial information.

  
CHIEF EXECUTIVE

  
DIRECTOR

# D.M. TEXTILE MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	----- (Rupees) -----			
PROFIT / (LOSS) AFTER TAXATION	9,002,425	(47,810,570)	11,281,921	(38,960,937)
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Other comprehensive income for the period	-	-	-	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	9,002,425	(47,810,570)	11,281,921	(38,960,937)

The annexed notes form an integral part of this condensed interim financial information.

  
CHIEF EXECUTIVE

  
DIRECTOR

# D.M. TEXTILE MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	SHARE CAPITAL	ACCUMULATED PROFIT / (LOSS)	TOTAL EQUITY
	(Rupees)		
<b>Balance as at 30 June 2014 - Audited</b>	<b>30,524,290</b>	<b>(100,060,680)</b>	<b>(69,536,390)</b>
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment to accumulated loss - net of deferred income tax	-	1,326,363	1,326,363
Loss after taxation for the half year ended 31 December 2014	-	(47,810,570)	(47,810,570)
Other comprehensive loss for the half year ended 31 December 2014	-	-	-
Total comprehensive loss for the half year ended 31 December 2014	-	(47,810,570)	(47,810,570)
<b>Balance as at 31 December 2014 - Un-audited</b>	<b>30,524,290</b>	<b>(146,544,887)</b>	<b>(116,020,597)</b>
Surplus on revaluation realised on disposal of land	-	39,481,745	39,481,745
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment to accumulated loss - net of deferred income tax	-	1,131,024	1,131,024
Profit after taxation for the half year ended 30 June 2015	-	101,288,453	101,288,453
Other comprehensive loss for the half year ended 30 June 2015	-	(456,830)	(456,830)
Total comprehensive income for the half year ended 30 June 2015	-	100,831,623	100,831,623
<b>Balance as at 30 June 2015 - Audited</b>	<b>30,524,290</b>	<b>(5,100,495)</b>	<b>25,423,795</b>
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment to accumulated loss - net of deferred income tax	-	1,119,941	1,119,941
Profit after taxation for the half year ended 31 December 2015	-	9,002,425	9,002,425
Other comprehensive income for the half year ended 31 December 2015	-	-	-
Total comprehensive income for the half year ended 31 December 2015	-	9,002,425	9,002,425
<b>Balance as at 31 December 2015 - Un-audited</b>	<b>30,524,290</b>	<b>5,021,871</b>	<b>35,546,161</b>

The annexed notes form an integral part of this condensed interim financial information.

  
CHIEF EXECUTIVE

  
DIRECTOR

# D.M. TEXTILE MILLS LIMITED

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	NOTE	31 December 2015 Rupees	31 December 2014 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash used in operations</b>	12	(15,267,360)	(9,580,577)
Finance cost paid		(95,738)	(886,176)
Income tax paid		(476,049)	(82,145)
Gratuity paid		(383,070)	(167,900)
Deferred mark-up paid		(910,000)	(910,000)
Net increase in long term deposits		-	(95,800)
<b>Net cash used in operating activities</b>		<b>(17,132,217)</b>	<b>(11,722,598)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from disposal of property, plant and equipment		21,625,000	16,005,600
Capital expenditure on property, plant and equipment		-	(72,000)
<b>Net cash from investing activities</b>		<b>21,625,000</b>	<b>15,933,600</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of liabilities against assets subject to finance lease		-	(991,940)
Repayment of long term financing		(4,044,008)	(433,170)
Short term borrowings - net		833,629	(2,444,618)
<b>Net cash used in financing activities</b>		<b>(3,210,379)</b>	<b>(3,869,728)</b>
<b>Net increase in cash and cash equivalents</b>		<b>1,282,404</b>	<b>341,274</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>305,981</b>	<b>134,458</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>1,588,385</b>	<b>475,732</b>

The annexed notes form an integral part of this condensed interim financial information.

  
CHIEF EXECUTIVE

  
DIRECTOR

# D.M. TEXTILE MILLS LIMITED

## SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2015

### 1 THE COMPANY AND ITS OPERATIONS

D.M. Textile Mills Limited is a public limited company incorporated in Pakistan under the Companies Act, 1913 (Now the Companies Ordinance, 1984) and listed on Pakistan Stock Exchange Limited. Its registered office is situated at Westridge, Rawalpindi. The Company is engaged in the business of manufacturing, sale and trading of cotton, polyester, viscose and blended yarn.

### 2 BASIS OF PREPARATION

This condensed interim financial information is un-audited but subject to limited scope review by the statutory auditors and is being submitted to shareholders as required by section 245 of the Companies Ordinance, 1984. This condensed interim financial information of the Company for the half year ended 31 December 2015 has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information should be read in conjunction with the audited annual published financial statements of the Company for the year ended 30 June 2015.

### 3 ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of this condensed interim financial information are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2015.

### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2015.

		Un-audited 31 December 2015 Rupees	Audited 30 June 2015 Rupees
NOTE			

### 5 LONG TERM FINANCING

From Faysal Bank Limited - secured	5.1	13,500,000	-
Less: Current portion shown under current liabilities		3,000,000	-
		<u>10,500,000</u>	<u>-</u>

- 5.1 During the period, the Company entered into settlement agreement with Faysal Bank Limited. Pursuant to the agreement, short term borrowing including the related accrued mark-up were reduced to Rupees 17,544,008. The Company paid down payment of Rupees 4,044,008. Remaining amount is interest free and is payable in 48 monthly installments (12 installments of Rupees 250,000, 12 installments of Rupees 275,000 and 24 installments of Rupees 300,000) commencing from January 2016. In case of default, the settlement agreement or any of its arrangement shall stand cancelled / withdrawn. Consequently, the Bank will be entitled to recover outstanding amount as per books of ledger.

The balance payable has not been discounted as required by IAS 39 'Financial Instruments: Recognition and Measurement' as the amount involved is deemed immaterial. Gain on settlement of these liabilities has been accounted for in other income.

# D.M. TEXTILE MILLS LIMITED

	Un-audited 31 December 2015 Rupees	Audited 30 June 2015 Rupees
<b>6 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE</b>		
Future minimum lease payments	658,531	658,531
Less: Un-amortized finance charges	-	-
Present value of future minimum lease payments	658,531	658,531
Less: Current portion shown under current liabilities - over due	658,531	658,531
	<u>-</u>	<u>-</u>
<b>7 CONTINGENCIES AND COMMITMENTS</b>		
<b>7.1 Contingencies</b>		
There is no significant change in the status of contingencies, as disclosed in preceding audited annual published financial statements of the Company for the year ended 30 June 2015.		
<b>7.2 Commitments</b>	Nil	Nil
<b>8 PROPERTY, PLANT AND EQUIPMENT</b>		
Operating fixed assets		
Owned (Note 8.1)	638,884,739	660,486,424
Leased (Note 8.2)	24,718,109	35,701,351
	<u>663,602,848</u>	<u>696,187,775</u>
<b>8.1 Operating fixed assets - Owned</b>		
Opening book value	660,486,424	713,491,978
Add: Transferred from leased assets (Note 8.2)	-	22,417,588
	<u>660,486,424</u>	<u>735,909,566</u>
Less: Book value of deletions during the period / year (Note 8.1.1)	17,106,475	64,506,815
Less: Depreciation charged during the period / year	4,495,210	10,916,327
Closing book value	<u>638,884,739</u>	<u>660,486,424</u>
<b>8.1.1 Book value of deletions</b>		
Freehold land	-	39,489,982
Plant and machinery	17,106,475	25,016,833
	<u>17,106,475</u>	<u>64,506,815</u>
<b>8.2 Operating fixed assets - Leased</b>		
Opening book value	35,701,351	60,706,894
Less: Transferred to owned assets (Note 8.1)	-	22,417,588
Less: Book value of deletions during the period / year (Note 8.2.1)	10,245,631	-
Less: Depreciation charged during the period / year	737,611	2,587,955
Closing book value	<u>24,718,109</u>	<u>35,701,351</u>
<b>8.2.1 Book value of deletions</b>		
Plant and machinery	10,245,631	-
	<u>10,245,631</u>	<u>-</u>
<b>9 ADVANCE AGAINST PROPERTY</b>		

An amount of Rupees 51.150 million was given by the Company as advance against purchase of property. The property could not be transferred in the Company's name due to the want of completion of legal formalities. With reference to this advance, the Director (Enforcement) of Securities and Exchange Commission of Pakistan (SECP) vide his Order dated 29 November 2007 imposed a penalty of Rupees 100,000 on each of the director except one (nominee NIT) of the Company for contravention of Section 196(2j) of the Companies Ordinance, 1984. Further directions were given under Section 473 for transferring the property in the name of the Company within thirty days from the Order date. The Chief Executive Officer (C.E.O) of the Company filed a revision application with the Appellate Bench of SECP under section 484 of the Companies Ordinance, 1984 against this Order on 10 January 2008, where the Appellate Bench decided not to interfere with the impugned order.

The C.E.O also filed an appeal under Section 485 of the Companies Ordinance, 1984 read with Section 34 of the Securities and Exchange Commission of Pakistan Act, 1997 before the Lahore High Court, Rawalpindi Bench whereby stay order was granted to suspend the operation of above said impugned order. The Lahore High Court, Rawalpindi Bench, in its interim order dated 06 February 2015, has granted adjournment with the directions not to transfer / alienate the property / undertaking of the Company meanwhile.



# D.M. TEXTILE MILLS LIMITED

The Board of Directors in the meeting held on 23 April 2014, after getting valuation at forced sale value of Rupees 72.007 million of said property from NAKMS Associates (Private) Limited, resolved that the right in property along with fixtures and fittings to be offered to the C.E.O on the basis of "first right of refusal" at the fixed floor price of Rupees 75.00 million. The Board further decided that an amount of Rupees 48.570 million be adjusted from interest free loan given by C.E.O and his close family members to the Company and the balance amount to be paid in three equal annual installments of Rupees 8.810 million commencing from 01 May 2015. Accordingly, agreement has been made between the Company and the C.E.O under the directions given by the Board of Directors of the Company.

## 10 DUE FROM RELATED PARTY

It represents receivable from C.E.O against sale of property as more fully explained in Note 9. It carries no interest and is repayable in three years. In accordance with IAS 39 'Financial Instruments: Recognition and Measurement' this has been stated at present value using the discount rate of 9.94% per annum and the difference between the carrying amount and present value of expected future cash flows has been included in profit and loss account.

The maximum amount due from C.E.O at the end of any month during the period was Rupees 17.620 million (30 June 2015: Rupees 17.620 million).

	NOTE	Un-audited 31 December 2015 Rupees	Audited 30 June 2015 Rupees
<b>11 STORES, SPARE PARTS AND LOOSE TOOLS</b>			
Stores		495,402	495,402
Spare parts		5,792,648	5,792,648
Loose tools		39,287	39,287
		<u>6,327,337</u>	<u>6,327,337</u>
Less: Provision against slow moving items	11.1	<u>(6,327,337)</u>	<u>(632,734)</u>
		<u>-</u>	<u>5,694,603</u>
<b>11.1 Provision against slow moving items</b>			
As at 01 July		632,734	-
Add: Provision for the year		5,694,603	632,734
As at 30 June		<u>6,327,337</u>	<u>632,734</u>

(Un-audited)			
HALF YEAR ENDED			
		31 December 2015 Rupees	31 December 2014 Rupees
<b>12 CASH USED IN OPERATIONS</b>			
Loss before taxation		(2,442,119)	(53,028,200)
<b>Adjustments for non-cash charges and other items:</b>			
Depreciation		5,232,821	6,721,547
Provision for gratuity		368,698	358,341
Provision for slow moving stores, spare parts and loose tools		5,694,603	-
Gain on settlement of borrowings		(20,767,824)	-
Loss / (gain) on sale of property, plant and equipment		5,727,107	(2,101,348)
Effect of fair value adjustment on due from related party		(760,528)	(691,766)
Finance cost		1,252,454	42,986,113
Working capital changes	12.1	<u>(9,572,572)</u>	<u>(3,825,264)</u>
		<u>(15,267,360)</u>	<u>(9,580,577)</u>

# D.M. TEXTILE MILLS LIMITED

(Un-audited)	
HALF YEAR ENDED	
31 December 2015 Rupees	31 December 2014 Rupees

## 12.1 Working capital changes

Decrease / (increase) in current assets:

Stock in trade	401,553	3,115,765
Trade debts	-	115,884
Advances	(6,579,262)	(107,028)
Short term investment	(9,699)	723,042
Other receivables	60,916	55,065
	<u>(6,126,492)</u>	<u>3,902,728</u>
Decrease in trade and other payables	<u>(3,446,080)</u>	<u>(7,727,992)</u>
	<u>(9,572,572)</u>	<u>(3,825,264)</u>

## 13 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties are as follows:

(Un-audited)			
HALF YEAR ENDED		QUARTER ENDED	
31 December 2015	31 December 2014	31 December 2015	31 December 2014
(Rupees)			
Remuneration to Chief Executive Officer and Directors	1,716,000	1,600,440	915,780
			800,220
		Un-audited 31 December 2015 Rupees	Audited 30 June 2015 Rupees

## 13.1 Period / year end balances

Mian Habib Ullah - C.E.O

Short term borrowings - 4,016,371

## 14 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2015.

## 15 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was approved by the Board of Directors and authorized for issue on February 28, 2016.

## 16 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting", the unconsolidated condensed interim balance sheet and unconsolidated condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income and unconsolidated condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year. Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison, however, no significant re-arrangements have been made.

## 17 GENERAL

Figures have been rounded off to the nearest Rupee unless otherwise stated.

  
CHIEF EXECUTIVE

  
DIRECTOR