

**BOOK
POST**

PRINTED MATTER
(UNDER CERTIFICATE OF POSTING)



**D.M. TEXTILE
MILLS LIMITED**

SAY NO TO CORRUPTION

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

December 31

2017



If Undelivered Please Return to:

D.M. TEXTILE MILLS LIMITED

Industrial Area, Westridge, Rawalpindi.

Telephone: 051-5181981, 5181977-78

Fax: 051-5181979

E-mail: dmtm@dmtextile.com.pk

E-mail: dmtextilemills@yahoo.com

Website: www.dmtextile.com.pk

D.M. TEXTILE MILLS LIMITED

Company's Information

BOARD OF DIRECTORS

| | |
|-------------------------|---|
| CHAIRMAN | Mr. Shahid Hussain |
| CHIEF EXECUTIVE: | Mian Habib Ullah |
| DIRECTORS: | Mr. Shahid Aziz (Nominee of NIT) Mr. Hussain Ahmad Ozgen Mr. Sami Ullah Mr. Amer Zeb Rao Khalid Pervaiz |

AUDIT COMMITTEE:

| | |
|------------------|-----------------------------------|
| CHAIRMAN: | Mr. Hussain Ahmad Ozgen |
| MEMBERS: | Mr. Shahid Aziz Mr. Sami Ullah |

HUMAN RESOURCE & REMUNERATION COMMITTEE:

| | |
|------------------|--------------------------------------|
| CHAIRMAN: | Mr. Amer Zeb |
| MEMBERS: | Mr. Sami Ullah 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. Ph: 051-2274121, 2274122

LEGAL ADVISER: M/s Hassan & Hassan Advocates
House CB-360, Lane-4, Quaid-e-Azam Colony,
Dhamial Road, Rawalpindi.

REGISTRAR: Corplink (Pvt) Ltd.
Wing Arcade, 1-K, Commercial
Model Town, Lahore.
Phone: 042-35916714, 35916719
Fax: 042-36869037

REGISTERED OFFICE & MILLS AT: Industrial Area, Westridge, Rawalpindi.
Telephone: 051-5181981, 5181977-78
Fax: 051-5181979
E-mail: dmtm@dmtextile.com.pk
E-mail: dmtextilemills@yahoo.com
Website: www.dmttextile.com.pk

D.M. TEXTILE MILLS LIMITED

CHAIRMAN'S REVIEW

Dear Shareholders,

As Chairman of the D.M. Textile Mills Ltd, I am pleased to present the half yearly financial statements along with Directors' Report & Auditors' Review Report for the period ended 31-12-2017. Market recession, financial problems and high input costs did not allow us to resume production process. However, due to increase in rental income and decrease in the expenses, net loss has been reduced to Rs.3.695 Million as compared to previous year's same period net loss of Rs.6.870 Million.

We sincerely acknowledge and appreciate the contributions of the employees and cooperation by the financial institutions and other debt providers.

Rawalpindi:
February 27, 2018



Chairman

D.M. TEXTILE MILLS LIMITED

DIRECTORS' REPORT

Dear Shareholders,

The Directors present before you the condensed financial statements for the half-year ended 31 December, 2017.

1. Net Profit/(Loss)

During the period Company suffered a net loss of (Rs. 3.695) Million as compared to previous period net loss of (Rs. 6.870) Million.

2- Comparative financial results are given below:

| Rupees | | |
|---------------------------------------|------------------|------------------|
| Half Year Ended | 31 December 2017 | 31 December 2016 |
| Admin & Other Expenses | (12,182,207) | (12,980,007) |
| Other Income | 10,223,750 | 7,698,416 |
| Financial and Other Charges | (470,046) | (591,768) |
| Profit / (Loss) before Taxation | (2,428,503) | (5,873,359) |
| Profit / (Loss) after taxation | (3,695,526) | (6,870,789) |
| Basic Earning/(Loss) per share in Rs. | (1.21) | (2.25) |

Directors have granted specific approval for following transactions/adjustments.

Rupees

Short Term Borrowings:

From related parties

- obtained 400,000
- repaid 1,089,208

From other parties

- obtained 3,869,500
- repaid 7,581,640

Related party transactions as disclosed in condensed interim financial information (Note-14)

3- Debt Servicing

As per settlement agreement with Faysal Bank Ltd, company is paying monthly installments regularly. Further, CEO of the company is in the process of negotiating with other debt providers/suppliers so as to reduce the financial liabilities of the company.

4- Dividend

The Directors have not recommended any dividend due to loss.

5- Future Prospects & Plans

Due to continuing market recession, high input costs and financial problems, the Mills could not resume its production process. The management is hopeful to settle all of its outstanding liabilities with debt providers which will further reduce burden of financial cost. Management has positive intention and capability to start production subject to improvement in market and suppliers credit for raw material & new machinery so that production comes into profit. Management is also looking for alternate business plans. Moreover, company's annual rental income has increased from Rs. 2.841 Million in 2013 to Rs.12.388 Million in 2017 and management is continuously trying to increase it further.

D.M. TEXTILE MILLS LIMITED

6. Remarks on Auditors' Review Report

The management has successfully settled and paid its outstanding loans due towards different financial institutions and regularly paying the installments of the last settlement i.e. with Faysal Bank Ltd. Further, management is trying its level best to negotiate with other debt providers to settle amicably. Due to the settlements reached/to be reached with the debt providers and regular rental income, the management has prepared the accounts on going concern basis.

As for as the auditors' remarks regarding Property/House 8, Street 71, F-8/3, Islamabad are concerned; Honorable Islamabad High Court (IHC) has decided this matter through its order dated 16/11/2017. The management is in process to initiate necessary legal formalities before the Lahore High Court, Lahore Bench for de-attachment of property and then its transfer into the name of the Company.

The Board of Directors is of the view that the Company follows the approved accounting standards as applicable in Pakistan and the accounts do give a true and fair view of the state of Company's affairs as at 31 December 2017 in the light of the facts stated above.

7. General

There is no adverse impact of the Company's business on the environment and Company is aware of its corporate social responsibilities.

8- Acknowledgement

The Directors wish to place on record their acknowledgement for the cooperation extended by the financial institutions. Appreciation is also due to the employees of the company for their hard work and devoted efforts for the betterment of the company.

For and behalf of the Board of Directors


CHIEF EXECUTIVE


DIRECTOR

Rawalpindi: February 27, 2018

D.M. TEXTILE MILLS LIMITED

مالی خسارہ کی وجہ سے ڈائریکٹرز نے ڈیویڈنڈ تجویز نہیں کیا ہے۔

مسلل مارکیٹ بحران اور ان پٹ لاگت میں اضافہ اور مالی مشکلات کی وجہ سے کمپنی پیداواری صلاحیت کو بحال نہ کر سکی۔ انتظامیہ پر امید ہے کہ دیگر تمام قرض داروں سے معاملات طے ہو جائیں گے جس سے کمپنی کا مالی بوجھ کم ہوگا۔ انتظامیہ کی نیت مثبت ہے اور پیداوار شروع کرنے کی صلاحیت بھی رکھتی ہے بشرطیکہ مارکیٹ بہتر ہو، سپلائرز سے خام مال اور ٹیکسٹائلز کی ادھار طے تاکہ پیداوار منافع بخش ہو سکے۔ انتظامیہ متبادل کاروبار کے بارے میں بھی سوچ بچار کر رہی ہے۔ مزید برآں کمپنی کی سالانہ کرائے کی آمدن 2013 میں مبلغ 2.841 ملین روپے سے بڑھ کر 2017 میں مبلغ 12.388 ملین روپے ہو گئی ہے اور انتظامیہ اسے مزید بڑھانے کے لئے کوشاں ہے۔

آڈیٹرز جائزہ پورٹ برائے ممبران پر بورڈ آف ڈائریکٹرز کا بیان:

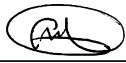
انتظامیہ نے کامیابی سے مالیاتی اداروں کے ساتھ اپنے قرضہ جات کے معاملات حل کر لئے ہیں۔ مزید برآں انتظامیہ دیگر قرض داروں سے معاملات طے کرنے کے لئے پوری کوشش کر رہی ہے۔ مالیاتی اداروں کے ساتھ طے شدہ معاملات اور دیگر قرض داروں کے ساتھ جو معاملات طے کئے جا رہے ہیں اور مناسب کرایہ آمدن کی وجہ سے انتظامیہ نے یہ حسابات قائم رہنے والی کمپنی کی بنیاد پر تیار کئے ہیں۔

جہاں تک جائیداد مکان نمبر 8 گلی نمبر 71 سیکٹر F-8/3 اسلام آباد کے متعلق آڈیٹرز کے ریمرکس کا تعلق ہے تو معزز اسلام آباد ہائی کورٹ نے اس معاملے کو اپنے حکم مورخہ 16 نومبر 2017 کے تحت طے کیا ہے۔ انتظامیہ ضروری قانونی کارروائی کے لئے اقدامات کر رہی ہے تاکہ معزز لاہور ہائی کورٹ لاہور بیچ کے ذریعے اس جائیداد کو de-attach کروانے کے بعد اسے کمپنی کے نام ٹرانسفر کیا جاسکے۔

بورڈ آف ڈائریکٹرز کا ماننا ہے کہ کمپنی منظور شدہ اکاؤنٹنگ سسٹمز پر عمل کرتی ہے جو کہ پاکستان میں رائج ہیں۔ اور گوشوارے اوپر دیئے گئے تھانگی روشنی میں درست اور منصفانہ طور پر کمپنی کے معاملات کو پیش کرتے ہیں۔

کمپنی کے کاروبار کا ماحول پر کوئی برا اثر نہیں ہے اور کمپنی اپنی کارپوریٹ سماجی ذمہ داریوں سے واقف ہے۔

ڈائریکٹرز مالیاتی اداروں کے تعاون کے مشکور ہیں۔ کمپنی کے ملازمین داد کے مستحق ہیں کہ انہوں نے کمپنی کی بہتری کے لئے لگن اور محنت سے کام کیا۔



ڈائریکٹر



چیف ایگزیکٹو

راولپنڈی: 27 فروری 2018

D.M. TEXTILE MILLS LIMITED

ڈائریکٹرز رپورٹ

معزز ممبران

31 دسمبر 2017 کو ختم ہونے والے ششماہی مالیاتی حسابات (غیر آڈٹ شدہ) آپ کے سامنے پیش کئے جا رہے ہیں۔

زیر نظر مدت کے دوران کمپنی کو بعد از ٹیکس مبلغ 3.695 ملین روپے کا خسارہ ہوا ہے جبکہ گزشتہ سال اسی مدت کے دوران بعد از ٹیکس مبلغ 6.870 ملین روپے کا خسارہ ہوا تھا۔

مالی نتائج کا موازنہ مندرجہ ذیل ہے۔

| تفصیل | روپے | |
|---------------------------|---------------|---------------|
| | 31 دسمبر 2017 | 31 دسمبر 2016 |
| انتظامی اور دیگر اخراجات | (12,182,207) | (12,980,007) |
| دیگر آمدن | 10,223,750 | 7,698,416 |
| مالی چارجز | (470,046) | (591,768) |
| منافع/(خسارہ) قبل از ٹیکس | (2,428,503) | (5,873,359) |
| منافع/(خسارہ) بعد از ٹیکس | (3,695,526) | (6,870,789) |
| فی شیئر آمدن/(خسارہ) روپے | (1.21) | (2.25) |

ڈائریکٹرز نے مندرجہ ذیل ٹرانزیکشن/ایڈجسٹمنٹ کی خصوصی منظوری دی ہے۔

روپے

400,000

1,089,209

3,869,500

7,581,640

مختصر مدت قرض

ریبلینڈ پارٹی سے

< حاصل کردہ

< ادائیگی

دیگر پارٹی سے

< حاصل کردہ

< ادائیگی

ریبلینڈ پارٹی سے کی گئی ٹرانزیکشنز جیسا کہ اس رپورٹ کے نوٹ نمبر 14 میں دکھایا گیا ہے۔

فیصل بینک کے ساتھ معاہدہ کے مطابق کمپنی ماہانہ اقساط باقاعدگی سے ادا کر رہی ہے۔ بقایا رقم ماہانہ اقساط میں 25 دسمبر 2019 تک ادا کر رہی ہیں۔

مزید برآں انتظامیہ دوسرے قرض داروں سے گفت و شنید کر رہی ہے تاکہ کمپنی کے مالی بوجھ کو مزید کم کر دیا جائے۔

Rawalpindi: February 27, 2018

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 2017 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 2017 and 31 December 2016 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 2017.

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) The company sustained net loss of Rupees 3.696 million during the half year ended 31 December 2017 and as of that date its accumulated loss was Rupees 62.224 million due to which total equity stood at negative balance of Rupees 31.700 million. As of 31 December 2017, the company's current liabilities exceeded its current assets by Rupees 60.921 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 period 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 these financial statements 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.

D.M. TEXTILE MILLS LIMITED

B) As more fully explained in Note 10 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 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 (CEO) of the company filed an appeal before the Lahore High Court (LHC), 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 CEO at the fixed floor price of Rupees 75 million. Whereas, as per Capital Development Authority, the property has already been transferred in the name of CEO through a court decree. The LHC, 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. Meanwhile, the case has been transferred to the Islamabad High Court (IHC), Islamabad and on 03 May 2016, IHC, on submission of CEO, ordered to transfer the property in the name of the company within sixty days. The CEO filed a petition before the IHC to seek relief on the grounds that the said property has already been attached in the cases titled The Bank of Punjab versus Bilal Fibers Limited and The Bank of Punjab versus Bilal Textiles (Private) Limited wherein the CEO was a guarantor. Meanwhile, the Board of Directors and the shareholders in their meetings held on 09 October 2016 and 31 October 2016 respectively resolved to reverse the transaction of sale of property to CEO, subject to completion of legal formalities and in accordance with rules / law / procedures. IHC, vide its order dated 16 November 2017, reduced the penalty imposed by SECP on directors of the company to be paid within thirty days by each director of the company. 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 of the management's use of the going concern assumption in this condensed interim financial information is inappropriate and the significance of the matter stated in para (b) above, 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 27, 2018
ISLAMABAD

D.M. TEXTILE MILLS LIMITED

CONDENSED INTERIM BALANCE SHEET

| | NOTE | Un-audited 31 December 2017 Rupees | Audited 30 June 2017 Rupees |
|---|------|---|--------------------------------------|
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorized share capital | | | |
| 5,000,000 (30 June 2017: 5,000,000) ordinary shares of Rupees 10 each | | 50,000,000 | 50,000,000 |
| Issued, subscribed and paid-up share capital | | | |
| 3,052,429 (30 June 2017: 3,052,429) ordinary shares of Rupees 10 each | | 30,524,290 | 30,524,290 |
| Accumulated loss | | (62,224,022) | (61,826,249) |
| Total equity | | (31,699,732) | (31,301,959) |
| Surplus on revaluation of property, plant and equipment - net of deferred income tax | 5 | 571,720,752 | 575,018,505 |
| LIABILITIES | | | |
| NON-CURRENT LIABILITIES | | | |
| Long term financing | 6 | 3,476,018 | 5,131,086 |
| Liabilities against assets subject to finance lease | 7 | - | - |
| Employees' retirement benefit | | 10,257,903 | 10,063,175 |
| Deferred income tax liability | | 14,138,875 | 14,855,512 |
| | | 27,872,796 | 30,049,773 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 87,375,665 | 81,182,967 |
| Accrued mark-up | | 20,767,825 | 20,767,825 |
| Short term borrowings | | 10,193,022 | 14,594,370 |
| Current portion of non-current liabilities | | 3,915,719 | 3,664,335 |
| | | 122,252,231 | 120,209,497 |
| Total liabilities | | 150,125,027 | 150,259,270 |
| CONTINGENCIES AND COMMITMENTS | | | |
| TOTAL EQUITY AND LIABILITIES | 8 | 690,146,047 | 693,975,816 |

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


CHIEF EXECUTIVE

D.M. TEXTILE MILLS LIMITED

AS AT 31 DECEMBER 2017

| | NOTE | Un-audited 31 December 2017 Rupees | Audited 30 June 2017 Rupees |
|--|------|---|--------------------------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 9 | 598,076,553 | 601,279,761 |
| Advance against property | 10 | - | - |
| Due from related party | 11 | - | - |
| Long term investment | | 6,323,716 | 6,135,445 |
| Long term deposits | | 24,414,434 | 24,414,434 |
| | | 628,814,703 | 631,829,640 |
| CURRENT ASSETS | | | |
| Advances | | 166,435 | 183,435 |
| Current portion of due from related party | 11 | 17,619,962 | 17,619,962 |
| Short term deposits | | 2,000,000 | 2,000,000 |
| Other receivables | | 5,100,487 | 5,883,907 |
| Short term investment | | 1,142,000 | 1,142,000 |
| Cash and bank balances | | 75,275 | 89,687 |
| | | 26,104,159 | 26,918,991 |
| Non-current assets classified as held for sale | 12 | 35,227,185 | 35,227,185 |
| | | 61,331,344 | 62,146,176 |
| TOTAL ASSETS | | 690,146,047 | 693,975,816 |


CHIEF FINANCIAL OFFICER


DIRECTOR

D.M. TEXTILE MILLS LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2017

| | HALF YEAR ENDED | | QUARTER ENDED | |
|-------------------------------------|---------------------|---------------------|---------------------|---------------------|
| | 31 December 2017 | 31 December 2016 | 31 December 2017 | 31 December 2016 |
| | Rupees | | | |
| ADMINISTRATIVE AND GENERAL EXPENSES | (12,027,207) | (12,900,007) | (5,885,607) | (7,070,871) |
| OTHER EXPENSES | (155,000) | (80,000) | (155,000) | (80,000) |
| | (12,182,207) | (12,980,007) | (6,040,607) | (7,150,871) |
| | (12,182,207) | (12,980,007) | (6,040,607) | (7,150,871) |
| OTHER INCOME | 10,223,750 | 7,698,416 | 5,583,665 | 4,202,323 |
| LOSS FROM OPERATIONS | (1,958,457) | (5,281,591) | (456,942) | (2,948,548) |
| FINANCE COST | (470,046) | (591,768) | (163,915) | (182,358) |
| LOSS BEFORE TAXATION | (2,428,503) | (5,873,359) | (620,857) | (3,130,906) |
| TAXATION | | | | |
| - Current | (1,983,660) | (1,456,913) | (906,924) | (1,456,913) |
| - Deferred | 716,637 | 459,483 | 373,638 | 459,483 |
| | (1,267,023) | (997,430) | (533,286) | (997,430) |
| LOSS AFTER TAXATION | (3,695,526) | (6,870,789) | (1,154,143) | (4,128,336) |
| LOSS PER SHARE - BASIC AND DILUTED | (1.21) | (2.25) | (0.38) | (1.35) |

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


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

D.M. TEXTILE MILLS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2017

| | HALF YEAR ENDED | | QUARTER ENDED | |
|---|---------------------|---------------------|---------------------|---------------------|
| | 31 December 2017 | 31 December 2016 | 31 December 2017 | 31 December 2016 |
| | Rupees | | | |
| LOSS AFTER TAXATION | (3,695,526) | (6,870,789) | (1,154,143) | (4,128,336) |
| 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 LOSS FOR THE PERIOD | (3,695,526) | (6,870,789) | (1,154,143) | (4,128,336) |

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


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

D.M. TEXTILE MILLS LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2017

| | NOTE | 31 December 2017 Rupees | 31 December 2016 Rupees |
|---|------|-------------------------------|-------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash generated from / (used in) operations | 13 | 7,050,387 | (3,608,773) |
| Finance cost paid | | (223,730) | (552,954) |
| Income tax paid | | (729,721) | (500,539) |
| Gratuity paid | | (60,000) | (50,800) |
| Net increase in long term deposits | | - | (10,673) |
| Net cash generated from / (used in) operating activities | | 6,036,936 | (4,723,739) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Proceeds from disposal of property, plant and equipment | | - | 820,000 |
| Net cash from investing activities | | - | 820,000 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Repayment of long term financing | | (1,650,000) | (1,500,000) |
| Short term borrowings - net | | (4,401,348) | 5,404,364 |
| Net cash (used in) / from financing activities | | (6,051,348) | 3,904,364 |
| Net (decrease) / increase in cash and cash equivalents | | (14,412) | 625 |
| Cash and cash equivalents at the beginning of the period | | 89,687 | 130,992 |
| Cash and cash equivalents at the end of the period | | 75,275 | 131,617 |

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


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

D.M. TEXTILE MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2017

| | SHARE CAPITAL | ACCUMULATED LOSS | TOTAL EQUITY |
|--|-------------------|---------------------|---------------------|
| | (Rupees) | | |
| Balance as at 30 June 2016 - Audited | 30,524,290 | (61,485,162) | (30,960,872) |
| Incremental depreciation transferred from surplus on revaluation of property, plant and equipment to accumulated loss - net of deferred income tax | - | 1,311,947 | 1,311,947 |
| Loss after taxation for the half year ended 31 December 2016 | - | (6,870,789) | (6,870,789) |
| Other comprehensive loss for the half year ended 31 December 2016 | - | - | - |
| Total comprehensive loss for the half year ended 31 December 2016 | - | (6,870,789) | (6,870,789) |
| Balance as at 31 December 2016 - Un-audited | 30,524,290 | (67,044,004) | (36,519,714) |
| Incremental depreciation transferred from surplus on revaluation of property, plant and equipment to accumulated loss - net of deferred income tax | - | 1,344,939 | 1,344,939 |
| Profit after taxation for the half year ended 30 June 2017 | - | 4,095,319 | 4,095,319 |
| Other comprehensive loss for the half year ended 30 June 2017 | - | (222,503) | (222,503) |
| Total comprehensive income for the half year ended 30 June 2017 | - | 3,872,816 | 3,872,816 |
| Balance as at 30 June 2017 - Audited | 30,524,290 | (61,826,249) | (31,301,959) |
| Incremental depreciation transferred from surplus on revaluation of property, plant and equipment to accumulated loss - net of deferred income tax | - | 3,297,753 | 3,297,753 |
| Loss after taxation for the half year ended 31 December 2017 | - | (3,695,526) | (3,695,526) |
| Other comprehensive income for the half year ended 31 December 2017 | - | - | - |
| Total comprehensive loss for the half year ended 31 December 2017 | - | (3,695,526) | (3,695,526) |
| Balance as at 31 December 2017 - Un-audited | 30,524,290 | (62,224,022) | (31,699,732) |

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


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

D.M. TEXTILE MILLS LIMITED

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2017

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 Act, 2017) 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

As per the requirements of Circular No. 23 of 2017 dated 04 October 2017 issued by the Securities & Exchange Commission of Pakistan (SECP) and clarification issued by the Institute of Chartered Accountants of Pakistan via Circular No. 17 of 2017, companies whose financial year, including quarterly and other interim periods, closes on or before 31 December 2017, shall prepare their financial statements, including interim financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, this condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 'Interim Financial Reporting' and provisions of and directives issued under the repealed Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the repealed Companies Ordinance, 1984 have been followed. This unconsolidated condensed interim financial information should be read in conjunction with the audited annual financial statements of the Company for the year ended 30 June 2017.

3 ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of this 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 2017.

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 2017.

5 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF DEFERRED INCOME TAX

| | Un-audited 31 December 2017 Rupees | Audited 30 June 2017 Rupees |
|---|---|--------------------------------------|
| Opening balance | 575,018,505 | 602,661,894 |
| Deferred tax adjustment due to change in tax rate | - | 436,836 |
| Reversal of surplus on re | - | (25,423,339) |
| Transferred to accumulated loss in respect of incremental depreciation charged during | (4,711,076) | (3,795,551) |
| Related deferred income tax liability | 1,413,323 | 1,138,665 |
| | (3,297,753) | (2,656,886) |
| | <u>571,720,752</u> | <u>575,018,505</u> |

D.M. TEXTILE MILLS LIMITED

| | Un-audited 31 December 2017 Rupees | Audited 30 June 2017 Rupees |
|--|---|--------------------------------------|
| 6 LONG TERM FINANCING | | |
| Secured | | |
| Opening balance | 8,136,890 | 10,663,798 |
| Add: Effect of fair value adjustment | 246,316 | 623,092 |
| | <u>8,383,206</u> | <u>11,286,890</u> |
| Less: Repaid during the period / year | 1,650,000 | 3,150,000 |
| | <u>6,733,206</u> | <u>8,136,890</u> |
| Less: Current portion shown under current liabilities | 3,257,188 | 3,005,804 |
| Closing balance | <u>3,476,018</u> | <u>5,131,086</u> |
| 7 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE | | |
| Future minimum lease payments | 658,531 | 658,531 |
| Less: Un-amortized finance charges | - | - |
| Present value of future minimum lease payments | <u>658,531</u> | <u>658,531</u> |
| Less: Current portion shown under current liabilities - over due | <u>658,531</u> | <u>658,531</u> |
| | <u>-</u> | <u>-</u> |
| 8 CONTINGENCIES AND COMMITMENTS | | |
| 8.1 Contingencies | | |
| 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 2017 except for demand of tax amounting to Rupees 3.807 million created by Deputy Commissioner Inland Revenue for which the case has been settled in favour of the Company in Appellate Tribunal Inland Revenue vide order dated 03 October 2017. | | |
| 8.2 Commitments | Nil | Nil |
| 9 PROPERTY, PLANT AND EQUIPMENT | | |
| Operating fixed assets | | |
| Owned (Note 9.1) | 597,525,256 | 600,714,328 |
| Leased (Note 9.2) | 551,297 | 565,433 |
| | <u>598,076,553</u> | <u>601,279,761</u> |
| 9.1 Operating fixed assets - Owned | | |
| Opening book value | 600,714,328 | 679,293,141 |
| Add: Purchase of fixed assets (Note 9.2) | - | 788,050 |
| | <u>600,714,328</u> | <u>680,081,191</u> |
| Less: Book value of deletions during the period / year (Note 9.1.1) | - | 11,788,916 |
| Less: Reversal of revaluation surplus | - | 25,423,339 |
| Less: Transferred to non-current assets classified as held for sale (Note 12) | - | 35,227,185 |
| Less: Depreciation charged during the period / year | <u>3,189,072</u> | <u>6,927,423</u> |
| | <u>3,189,072</u> | <u>79,366,863</u> |
| Closing book value | <u>597,525,256</u> | <u>600,714,328</u> |
| 9.1.1 Book value of deletions | | |
| Motor vehicle | - | 141,291 |
| Plant and machinery | - | 11,647,625 |
| | <u>-</u> | <u>11,788,916</u> |
| 9.2 Operating fixed assets - Leased | | |
| Opening book value | 565,433 | 597,615 |
| Less: Depreciation charged during the period / year | <u>14,136</u> | <u>32,182</u> |
| Closing book value | <u>551,297</u> | <u>565,433</u> |

D.M. TEXTILE MILLS LIMITED

10 ADVANCE AGAINST PROPERTY

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 repealed 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 repealed 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 repealed 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, granted adjournment with the directions not to transfer / alienate the property / undertaking of the Company meanwhile. Further, the court, through its order dated 09 December 2015 transferred the case to Islamabad High Court, Islamabad.

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 was made between the Company and the C.E.O under the directions given by the Board of Directors of the Company.

However, the C.E.O in the case proceedings before the Islamabad High Court, Islamabad on 03 May 2016 has submitted to transfer the property in the name of the Company within sixty days there from. The C.E.O filed a petition before the Islamabad High Court to seek relief on the grounds that the said property has already been attached in the cases titled The Bank of Punjab versus Bilal Fibers Limited and The Bank of Punjab versus Bilal Textiles (Private) Limited wherein the C.E.O was a guarantor. The Board of directors and the shareholders in their meetings held on 09 October 2016 and 31 October 2016 respectively resolved to reverse the transaction of sale of property to C.E.O, subject to completion of legal formalities and in accordance with rules / law / procedures.

Meanwhile, the Islamabad High Court, Islamabad vide its order dated 16 November 2017, reduced the penalty from Rupees 100,000 to Rupees 50,000 to be paid by each Director of the Company within a period of thirty days.

| | Un-audited 31 December 2017 Rupees | Audited 30 June 2017 Rupees |
|--|---|--------------------------------------|
| 11 DUE FROM RELATED PARTY | | |
| Due from C.E.O | 17,619,962 | 17,619,962 |
| Less: Current portion shown under current assets | (17,619,962) | (17,619,962) |
| | - | - |

It represents receivable from C.E.O against sale of property as more fully explained in Note 10. It was interest free and was repayable in three years ended 30 June 2017.

The maximum amount due from C.E.O at the end of any month during the period was Rupees 17.620 million (30 June 2017: Rupees 17.620 million).

12 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

| | | |
|----------------------|-------------------|-------------------|
| Free hold land | 28,750,000 | 28,750,000 |
| Non-factory building | 6,477,185 | 6,477,185 |
| | <u>35,227,185</u> | <u>35,227,185</u> |

D.M. TEXTILE MILLS LIMITED

12.1 These represent freehold land measuring approximately 7.19 kanal comprising open area and old worker quarters, on the extreme back side of the mills situated at Westridge Industrial Area, Rawalpindi. This freehold land and non-factory building is expected to be sold within a year. An active search is underway for the buyer.

Non-recurring fair value measurements

Freehold land and non-factory building classified as held for sale was measured at the lower of their carrying amount and fair value less costs to sell at the time of the reclassification. The fair value of freehold land and non-factory building was determined by Danish Enterprises and Construction. This is a level 2 measurement as per the fair value hierarchy.

| (Un-audited) | | HALF YEAR ENDED | |
|---|------|---------------------|---------------------|
| | | 31 December 2017 | 31 December 2016 |
| | | Rupees | Rupees |
| 13 CASH GENERATED FROM / (USED IN) OPERATIONS | | | |
| Loss before taxation | | (2,428,503) | (5,873,359) |
| Adjustments for non-cash charges and other items: | | | |
| Depreciation | | 3,203,208 | 3,885,416 |
| Provision for gratuity | | 254,728 | 313,420 |
| Interest income | | (188,271) | - |
| Gain on sale of property, plant and equipment | | - | (218,349) |
| Effect of fair value adjustment on due from related party | | - | (398,268) |
| Finance cost | | 470,046 | 591,768 |
| Working capital changes | 13.1 | 5,739,179 | (1,909,401) |
| | | <u>7,050,387</u> | <u>(3,608,773)</u> |
| 13.1 Working capital changes | | | |
| Decrease / (increase) in current assets: | | | |
| Advances | | 17,000 | 88,400 |
| Other receivables | | (470,519) | 2,086 |
| | | (453,519) | 90,486 |
| Increase / (decrease) in trade and other payables | | 6,192,698 | (1,999,887) |
| | | <u>5,739,179</u> | <u>(1,909,401)</u> |

14 TRANSACTIONS WITH RELATED PARTIES

14.1 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 2017 | 31 December 2016 | 31 December 2017 | 31 December 2016 |
| | (Rupees) | | | |
| Remuneration to Chief Executive Officer and Directors | 1,416,000 | 1,416,000 | 708,000 | 500,220 |
| Mian Habib Ullah - C.E.O | | | | |
| Loan obtained during the period | 100,000 | 8,933,500 | 100,000 | 5,095,000 |
| Adjustment / payment against outstanding balance | 1,014,208 | 1,631,886 | 94,428 | 1,316,018 |
| Close family member of C.E.O | | | | |
| Loan obtained during the period | 300,000 | - | - | - |
| Adjustment / payment against outstanding balance | 75,000 | - | 75,000 | - |

D.M. TEXTILE MILLS LIMITED

14.2 Period / year end balances

Short term borrowings

| | Un-audited 31 December 2017 Rupees | Audited 30 June 2017 Rupees |
|------------------------------|---|--------------------------------------|
| Mian Habib Ullah - C.E.O | 7,407,536 | 8,321,744 |
| Close family member of C.E.O | 225,000 | - |

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the period. Further, there was no transfer in and out of level 3 measurements.

(ii) Valuation techniques used to determine level 2 fair values

The Company obtains independent valuations for its property, plant and equipment at least every four years. The management updates the assessment of the fair value of each property, taking into account the most recent independent valuations. The management determine a property's value within a range of reasonable fair value estimates. The best evidence of fair value of land is current prices in an active market for similar lands. The best evidence of fair value of buildings is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the new construction / replacement value of the same building. The best evidence of fair value of plant and machinery and electric installations is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the replacement value / new purchase of the same plant and machinery and electric installation.

Valuation processes

The Company engages external, independent and qualified valuers to determine the fair value of the Company's property, plant and equipment at the end of every four years. As at 02 June 2016, the fair values of the property, plant and equipment have been determined by Danish Enterprises and Construction.

Changes in fair values are analyzed at each reporting date during the annual valuation discussion between the Chief Financial Officer and the valuers. As part of this discussion the team presents a report that explains the reason for the fair value movements.

15 RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

Certain financial assets and financial liabilities are not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts. Judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company classifies its financial instruments into the following three levels. However, as at the reporting date, the Company has no such type of financial instruments which are required to be grouped into these levels. These levels are explained as under:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

D.M. TEXTILE MILLS LIMITED

16 RECOGNIZED FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

(i) Fair value hierarchy

The judgements and estimates are made in determining the fair values of the non-financial assets that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into the following three levels.

| At 31 December 2017 | Level 1 Rupees | Level 2 Rupees | Level 3 Rupees | Total Rupees |
|--|-------------------|-------------------|-------------------|-----------------|
| Freehold land | - | 518,451,661 | - | 518,451,661 |
| Buildings on freehold land | - | 29,258,902 | - | 29,258,902 |
| Non factory building | - | 9,622,770 | - | 9,622,770 |
| Plant and machinery | - | 29,218,976 | - | 29,218,976 |
| Electric Installations | - | 5,123,759 | - | 5,123,759 |
| Factory equipment | - | 4,191,582 | - | 4,191,582 |
| Furniture, fixtures and office equipment | - | 363,736 | - | 363,736 |
| Vehicles | - | 1,293,870 | - | 1,293,870 |
| Plant and machinery - leased | - | 551,297 | - | 551,297 |
| | - | 598,076,553 | - | 598,076,553 |

| At 30 June 2017 | Level 1 Rupees | Level 2 Rupees | Level 3 Rupees | Total Rupees |
|--|-------------------|-------------------|-------------------|-----------------|
| Freehold land | - | 518,451,661 | - | 518,451,661 |
| Buildings on freehold land | - | 30,798,844 | - | 30,798,844 |
| Non factory building | - | 9,869,508 | - | 9,869,508 |
| Plant and machinery | - | 29,968,180 | - | 29,968,180 |
| Electric Installations | - | 5,393,430 | - | 5,393,430 |
| Factory equipment | - | 4,412,192 | - | 4,412,192 |
| Furniture, fixtures and office equipment | - | 382,880 | - | 382,880 |
| Vehicles | - | 1,437,633 | - | 1,437,633 |
| Plant and machinery - leased | - | 565,433 | - | 565,433 |
| | - | 601,279,761 | - | 601,279,761 |

17 FINANCIAL RISK MANAGEMENT

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 2017.

18 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was approved by the Board of Directors and authorized for issue on February 27, 2018

19 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting", the condensed interim balance sheet and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim profit and loss account, condensed interim statement of comprehensive income and 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.

20 GENERAL

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


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR