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D.M. TEXTILE MILLS LIMITED
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D.M. TEXTILE MILLS LIMITED

INTERIM CONDENSED FINANCIAL INFORMATION FOR THREE QUARTERS ENDED

MARCH 31,

2014

D.M. TEXTILE MILLS LIMITED
COMPANY INFORMATION

BOARD OF DIRECTORS

CHAIRMAN & CHIEF EXECUTIVE:	Mian Habib Ullah
DIRECTORS:	Mr. Shahid Aziz (Nominee of NIT) Mr. Hussain Ahmad Ozgen Ch. Mohammad Yasin Mr. Hussain Ahmad Qureshi Syed Ubaid ul Haq Rao Khalid Pervaiz
AUDIT COMMITTEE:	
CHAIRMAN: **MEMBERS:**	Mr. Hussain Ahmad Qureshi Mr. Shahid Aziz Syed Ubaid ul Haq
HUMAN RESOURCE & REMUNERATION COMMITTEE:	
CHAIRMAN: **MEMBERS:**	Mr. Hussain Ahmad Ozgen Mr. Shahid Aziz Rao Khalid Pervaiz
COMPANY SECRETARY & CHIEF FINANCIAL OFFICER	Mr. M.F. Zaman Qureshi -FCA
BANKERS:	NIB Bank Limited Faysal Bank Limited Silk Bank Limited Meezan Bank Ltd Habib Metropolitan Bank MCB Bank Limited
AUDITORS:	M/S Riaz Ahmad & 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, Wings Arcade,1-K,Commerical, Model Town, Lahore.
REGISTERED OFFICE & MILLS AT:	Industrial Area, Westridge Rawalpindi Telephone:051-5181981-5181977-78 Fax: 051-5181979 E-Mail: dmtm@dmtextile.com.pk dmtextilemills@yahoo.com Website: www.dmtextile.com.pk

D.M. TEXTILE MILLS LIMITED
DIRECTORS' REPORT

Dear Shareholders,

The Directors present before you the condensed financial statements for the nine months ended 31 March 2014.

1. Net Profit/(Loss)

The company suffered a net loss of Rs. (10.072) Million during the period ended 31 March 2014 as compared to previous period net loss of Rs. (21.108) Million. Textile industry is again facing problems due to duty free import of Indian Yarn and unpredicted decrease of US$ exchange rate from 12% to 15%. The exports of garments, bed sheets, yarn and other commodities have been badly affected. Textile Industry is still facing problems due to 8 hours electricity load shedding and 18 hours gas load shedding.

2- Comparative financial results are given below:

	Rupees	
Nine Months Ended	**31-March-14**	**31-March-13**
Gross Sales	414,426,581	2,409,367
Cost of Sales	(388,635,286)	(17,056,212)
Gross Profit/(Loss)	25,791,295	(14,646,845)
Gross Profit / (Loss) Rate (%)	6.22	(607.91)
Selling, Admin & Other operating Expenses	(11,570,913)	(9,513,692)
Other Operating Income	3,050,911	32,752,039
Financial and Other Charges	(18,398,990)	(18,326,421)
Profit / (Loss) before taxation	(1,127,696)	(9,734,919)
Provision for Taxation	(8,944,757)	(11,374,051)
Profit / (Loss) after taxation	(10,072,453)	(21,108,970)
Basic Earning/(Loss) per share in Rs	(3.30)	(6.92)
Breakup Value per share in Rs	115.65	122.90

3- Debt Servicing

The management has successfully settled its liabilities with NIB Bank Ltd. The management is trying its level best to negotiate with other debt provider companies so as to reduce the financial liabilities of the company.

4- Dividend

The Directors have not recommended any dividend due to losses.

6- Future Prospects & Plans

Due to marketing & energy crises the company has temporarily suspended production w.e.f. 23rd March 2014. As and when the situation improves, the management resume the operations. Directors are hopeful for better results and upgradation of the machinery though the prediction is difficult due to continuing energy crises an d high inflation costs. The management is also trying to avail supplier's credit.

For and behalf of the Board of Directors

Habib Ullah
Chief Executive Officer
Rawalpindi: April 23, 2014

Hussain Ahmad Qureshi
Director

D.M. TEXTILE MILLS LIMITED

CONDENSED INTERIM BALANCE SHEET

	NOTE	(Un-Audited) 31 March 2014 Rupees	(Audited) 30 June 2013 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
5,000,000 ordinary shares of Rupees 10 each		50,000,000	50,000,000
Issued, subscribed and paid-up share capital		30,524,290	30,524,290
Accumulated loss		(250,123,039)	(241,357,152)
Total equity		(219,598,749)	(210,832,862)
Surplus on revaluation of property, plant and equipment - net of deferred income tax		572,613,522	573,920,088
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	-	-
Liabilities against assets subject to finance lease	6	-	-
Employees' retirement benefit		8,163,461	8,158,433
Deferred income tax liability		72,308,249	67,784,307
Deferred mark-up		1,861,954	3,028,501
		82,333,664	78,971,241
CURRENT LIABILITIES			
Trade and other payables		122,566,512	115,575,659
Accrued mark-up		147,346,562	131,391,394
Short term borrowings		121,157,308	127,363,917
Current portion of non-current liabilities		67,348,946	85,907,555
		458,419,328	460,238,525
Total liabilities		540,752,992	539,209,766
CONTINGENCIES AND COMMITMENTS	7		
TOTAL EQUITY AND LIABILITIES		893,767,764	902,296,992

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

CHIEF EXECUTIVE OFFICER

D.M. TEXTILE MILLS LIMITED

AS AT 31 MARCH 2014

	NOTE	(Un-Audited) 31 March 2014 Rupees	(Audited) 30 June 2013 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	778,117,149	787,975,327
Advance against property	9	51,150,000	51,150,000
Long term investments		-	-
Long term deposits		25,566,556	24,282,046
		854,833,705	863,407,373
CURRENT ASSETS			
Stores, spare parts and loose tools		7,398,210	6,236,914
Stock-in-trade		17,964,886	16,179,288
Trade debts		1,174,973	-
Advances		400,343	447,912
Short term deposits		2,000,000	2,000,000
Other receivables		7,171,918	11,487,397
Short term investments		2,083,221	2,083,221
Cash and bank balances		740,508	454,887
		38,934,059	38,889,619
TOTAL ASSETS		893,767,764	902,296,992

DIRECTOR

D.M. TEXTILE MILLS LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE NINE MONTHS ENDED 31 MARCH 2014

	NOTE	NINE MONTHS ENDED		QUARTER ENDED	
		31 March 2014	31 March 2013	31 March 2014	31 March 2013
		(Rupees)			
SALES		414,426,581	2,409,367	131,789,484	-
COST OF SALES		(388,635,286)	(17,056,212)	(131,562,327)	(5,563,018)
GROSS PROFIT / (LOSS)		25,791,295	(14,646,845)	227,157	(5,563,018)
DISTRIBUTION COST		(1,665,870)	(520,982)	(448,025)	(150,000)
ADMINISTRATIVE EXPENSES		(9,744,683)	(8,676,056)	(3,164,030)	(2,803,655)
OTHER OPERATING EXPENSES		(160,360)	(316,654)	(125,000)	328,434
		(11,570,913)	(9,513,692)	(3,737,055)	(2,625,221)
		14,220,382	(24,160,537)	(3,509,898)	(8,188,239)
OTHER OPERATNG INCOME		3,050,911	32,752,039	1,091,855	1,271,043
PROFIT / (LOSS) FROM OPERATIONS		17,271,293	8,591,502	(2,418,043)	(6,917,196)
FINANCE COST		(18,398,990)	(18,326,421)	(5,793,606)	(5,681,326)
PROFIT / (LOSS) BEFORE TAXATION		(1,127,696)	(9,734,919)	(8,211,648)	(12,598,522)
TAXATION					
- Current		(4,420,815)	(180,122)	(1,431,745)	(77,122)
- Deferred		(4,523,942)	(11,193,929)	-	1,110,082
		(8,944,757)	(11,374,051)	(1,431,745)	1,032,960
PROFIT / (LOSS) AFTER TAXATION		(10,072,453)	(21,108,970)	(9,643,393)	(11,565,562)
EARNIG / (LOSS) PER SHARE - BASIC AND DILUTED		(3.30)	(6.92)	(3.16)	(3.79)

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

D.M. TEXTILE MILLS LIMITED

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE NINE MONTHS ENDED 31 MARCH 2014

	NINE MONTHS ENDED		QUARTER ENDED	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	(Rupees)			
(LOSS) / PROFIT AFTER TAXATION	(10,072,453)	(21,108,970)	(9,643,393)	(11,565,562)
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) / INCOME FOR THE PERIOD	(10,072,453)	(21,108,970)	(9,643,393)	(11,565,562)

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

D.M. TEXTILE MILLS LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE NINE MONTHS ENDED 31 MARCH 2014

	NOTE	NINE MONTHS ENDED 31 March 2014 Rupees	31 March 2013 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	10	32,041,120	(11,384,641)
Finance cost paid		(2,135,655)	(29,261)
Income tax paid		(556,783)	(109,862)
Gratuity paid		(265,820)	(479,840)
Deferred mark-up paid		(1,365,000)	(1,365,000)
Net Increase in long term deposits		(1,284,510)	(793,340)
Net cash (used in) / generated from operating activities		26,433,352	(14,161,944)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		-	14,600,000
Capital expenditure on property, plant and equipment		(1,272,800)	(3,165,000)
Interest received			
Net cash from investing activities		(1,272,800)	11,435,000
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of liabilities against assets subject to finance lease		(8,668,323)	(8,485,592)
Repayment of long term financing		(10,000,000)	-
Short term borrowings - net		(6,206,609)	11,397,647
Net cash from / (used in) financing activities		(24,874,932)	2,912,055
Net increase in cash and cash equivalents		285,621	185,111
Cash and cash equivalents at the beginning of the period		454,887	383,582
Cash and cash equivalents at the end of the period		740,508	568,693

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

D.M. TEXTILE MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE NINE MONTHS ENDED 31 MARCH 2014

	SHARE CAPITAL	ACCUMULATED LOSS	TOTAL EQUITY
	(Rupees)		
Balance as at 30 June 2012 - Audited	**30,524,290**	**(210,541,133)**	**(180,016,843)**
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment to accumulated loss - net of deferred income tax	-	2,122,349	2,122,349
Loss after taxation for the nine months ended 31 March 2013	-	(21,108,970)	(21,108,970)
Other comprehensive loss for the nine months ended 31 March 2013	-	-	-
Total comprehensive loss for the nine months ended 31 March 2013	-	(21,108,970)	(21,108,970)
Balance as at 31 March 2013 - Un-audited	**30,524,290**	**(229,527,754)**	**(199,003,464)**
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment to accumulated loss - net of deferred income tax	-	753,553	753,553
Loss after taxation for the period ended 30 June 2013	-	(12,582,951)	(12,582,951)
Other comprehensive loss for the period ended 30 June 2013	-	-	-
Total comprehensive loss for the period ended 30 June 2013	-	(12,582,951)	(12,582,951)
Balance as at 30 June 2013 - Audited	**30,524,290**	**(241,357,152)**	**(210,832,862)**
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment to accumulated loss - net of deferred income tax	-	1,306,566	1,306,566
Loss after taxation for the nine months ended 31 March 2014	-	(10,072,453)	(10,072,453)
Other comprehensive loss for the nine months ended 31 March 2014	-	-	-
Total comprehensive loss for the nine months ended 31 March 2014	-	(10,072,453)	(10,072,453)
Balance as at 31 March 2014 - Un-audited	**30,524,290**	**(250,123,039)**	**(219,598,749)**

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

1 THE COMPANY AND ITS OPERATIONS

1.1 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 Karachi and Islamabad Stock Exchanges in Pakistan. 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.

1.2 During the nine months ended 31 March 2014, the Company sustained net loss of Rupees 10.072 million. As of that date the accumulated loss was of Rupees 250.123 million. The current liabilities of the Company exceeded its current assets by Rupees 417.948 million. These events indicate a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. However, this condensed interim financial information has been prepared under going concern assumption as the management is hopeful in negotiation with banks for restructuring / rescheduling of loans. The management is also trying to avail suppliers' credit to continue the operations of the mill.

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 nine months ended 31 March 2014 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 2013.

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 2013.

Consequent to the revision of IAS 19 "Employee Benefits" which is effective for annual periods beginning on or after 01 January 2013, the Company has changed its accounting policy wherein, the actuarial gains and losses (measurement gains / losses) on employees' retirement benefit plans are recognized immediately in other comprehensive income. Previously, the actuarial gains / losses were recognized immediately in profit and loss account. This change in accounting policy has been accounted for retrospectively. However, this change has no impact on the condensed interim balance sheet as the Company has no unrecognized actuarial gains or losses. Therefore, balance sheet at the beginning of the preceding period has not been presented.

The effect on the condensed interim profit and loss account and the condensed interim statement of comprehensive income for the nine months ended 31 March 2014 has not been disclosed separately since the actuarial valuation is carried out on annual basis. There is no impact on condensed interim statement of cash flows.

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 2013.

	Un-audited 31 March 2014 Rupees	Audited 30 June 2013 Rupees
5 LONG TERM FINANCING		
From banking companies - secured	63,193,999	73,193,999
Less: Current portion of long term financing	63,193,999	73,193,999
	-	-
6 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Future minimum lease payments	2,618,363	11,501,074
Less: Un-amortized finance charges	-	214,388
Present value of future minimum lease payments	2,618,363	11,286,686
Less: Current portion shown under current liabilities	2,618,363	11,286,686
	-	-

D.M. TEXTILE MILLS LIMITED

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE NINE MONTHS ENDED 31 MARCH 2014

7 CONTINGENCIES AND COMMITMENTS

7.1 **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 2013 except following:

Guarantee of Rupees 7.140 million (30 June 2013: .0399 million) has been given by the bank of the company to Islamabad Electric Supply Company (IESCO) against electricity connection.

		Un-audited 31 March 2014 Rupees	Audited 30 June 2013 Rupees
7.2	**Commitments**	Nil	Nil
8	**PROPERTY, PLANT AND EQUIPMENT**		
	Operating fixed assets		
	Owned (Note 8.1)	716,588,270	724,073,333
	Leased (Note 8.2)	61,528,879	63,901,994
		778,117,149	787,975,327
8.1	**Operating fixed assets - Owned**		
	Opening book value	724,073,333	754,711,066
	Add: Cost of additions during the period / year (Note 8.1.1)	1,272,800	4,165,455
		725,346,133	758,876,521
	Less: Book value of deletions during the period / year (Note 8.1.2)	-	20,432,000
	Less: Depreciation charged during the period / year	8,757,863	14,371,188
	Closing book value	716,588,270	724,073,333
8.1.1	**Cost of additions**		
	Plant and machinery	1,080,300	3,165,000
	Electric installations	31,000	1,000,455
	Factory equipment	161,500	-
		1,272,800	4,165,455
8.1.2	**Book value of deletions**		
	Plant and machinery	-	20,432,000

	Un-audited 31 March 2014 Rupees	Audited 30 June 2013 Rupees
8.2 **Operating fixed assets - Leased**		
Opening book value	63,901,994	67,265,257
Less: Depreciation charged during the period / year	2,373,115	3,363,263
Closing book value	61,528,879	63,901,994

9 ADVANCE AGAINST PROPERTY

It represents full consideration of Rupees 51.150 million given as advance for purchase of property. The Property has not yet been 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 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 Chief Executive Officer also filed an appeal under section 485 of the Companies Ordinance, 1984 read with Section 34 of SECP Act, 1997 before the Lahore High Court Rawalpindi Bench whereby stay order was granted to suspend the operation of above said impugned order.

		(Un-audited) NINE MONTHS ENDED	
		31 March 2014	31 March 2013
		Rupees	Rupees
10	**CASH GENERATED FROM / (USED IN) OPERATIONS**		
	Profit / (Loss) before taxation	(1,127,696)	2,863,603
	Adjustments for non-cash charges and other items:		
	Depreciation	11,130,978	8,304,299
	Provision for gratuity	270,848	237,140
	Loss on disposal of property, plant and equipment	-	507,000
	Gain on settlement of lease liabilities	-	(30,002,889)
	Long outstanding balances written back	-	(72,455)
	Finance cost	18,398,990	12,645,095
	Working capital changes (Note 10.1)	3,368,001	(3,675,381)
		32,041,120	(9,193,588)
10.1	**Working capital changes**		
	(Increase) / decrease in current assets:		
	Stores, spare parts and loose tools	(1,161,296)	-
	Stock in trade	(1,785,598)	2,440,017
	Trade debts	(1,174,973)	-
	Advances	47,569	2,237,966
	Other receivables	451,446	(66,183)
		(3,622,852)	4,611,800
	Increase / (decrease) in trade and other payables	6,990,853	(8,287,181)
		3,368,001	(3,675,381)

11 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) NINE MONTHS ENDED		QUARTER ENDED	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	---------- (Rupees) ----------			
Remuneration to Chief Executive Officer and Directors	2,400,660	2,330,660	800,220	790,220

		Un-audited 31 March 2014 Rupees	Audited 30 June 2013 Rupees
11.1	**Period end balances**		
	Due to Chief Executive Officer (C.E.O)	46,286,937	50,206,666
	Due to close family members of C.E.O	2,283,120	3,870,000

D.M. TEXTILE MILLS LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED 31 MARCH 2014

12 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 2014.

13 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was approved by the Board of Directors and authorized for issue on 23-04-2014.

14 CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison, however, no significant re-arrangements have been made.

15 GENERAL

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

CHIEF EXECUTIVE OFFICER

DIRECTOR