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D.M. TEXTILE MILLS LIMITED

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**D.M. TEXTILE
MILLS LIMITED**

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








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2021



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D.M. TEXTILE MILLS LIMITED

Company's Information

BOARD OF DIRECTORS

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

AUDIT COMMITTEE:

CHAIRMAN:	Mr. Amer Zeb
MEMBERS:	Mr. Shahid Aziz Mr. Abrar Alam

HUMAN RESOURCE & REMUNERATION COMMITTEE:

CHAIRMAN:	Mr. Shahid Hussain
MEMBERS:	Mr. Shahid Aziz Mr. Sami Ullah

ACTING COMPANY SECRETARY & CHIEF FINANCIAL OFFICER

Rao Khalid Pervaiz

BANKERS:

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

Afzal and Afzal
Malik Sheheryar Qamar Afzal,
208-B, Tufail Road, Opp. Fatima Jinnah
University, Katchery Chowk, Rawalpindi.

REGISTRAR:

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

REGISTERED OFFICE:

Westridge Industrial Area, 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

VISION STATEMENT

We envision ourselves as a leading company known for its values, good business practices and optimum quality standards in diversified products & services with sustained growth.

MISSION STATEMENT

To provide quality products and services to our customers and to explore new era to achieve the highest level of success.

D.M. TEXTILE MILLS LIMITED

CHAIRMAN'S REVIEW REPORT

I am pleased to present the half yearly financial statements along with Directors' Report & Auditors' Review Report for the period ended 31-12-2021. The Management is continuously trying its level best to utilize the available resources for the betterment of the Company. Management has positive intention and capability to revive the company.

I acknowledge and appreciate the contributions of the employees for betterment of the Company.

Rawalpindi:
February 25, 2022


Chairman of the Board of Directors

D.M. TEXTILE MILLS LIMITED

DIRECTORS' REPORT

Dear Shareholders,

The Directors present before you the condensed interim financial statements for the half-year ended 31 December, 2021.

Net Profit/(Loss)

During the period Company had a net loss of Rs. 7.943 Million as compared to previous period net loss of Rs. 8.829 Million.

Comparative financial results are given below:

Half Year Ended	Rupees	
	31 December 2021	31 December 2020
Revenue	-	1,697,693
Cost of Revenue	-	(1,725,900)
Gross Loss	-	(28,207)
Administrative & General Expenses	(22,451,984)	(20,514,374)
Other Expenses	(9,744,400)	(665,250)
Other Income	26,016,490	15,726,793
(Loss)/Profit from Operations	(6,179,894)	(5,481,038)
Financial Cost	(175,472)	(174,870)
(Loss)/Profit before Taxation	(6,355,366)	(5,655,908)
Taxation	(1,588,000)	(3,172,832)
(Loss)/Profit after taxation	(7,943,366)	(8,828,740)
(Loss)/ Earning per share Basic & Diluted	(2.60)	(2.89)

Directors have granted specific approval for following transactions/adjustments.

	Rupees
Property, plant and equipment	
Cost of additions	7,966,075
Cost of deletions	1,895,346

Debt Servicing

Entire liabilities of the financial institutions have been paid off. Further, management is negotiating with other debt providers/suppliers so as to further reduce the liabilities of the Company.

Dividend

The Directors have not recommended dividend due to loss.

Future Prospects & Plans

The management is trying its level best to utilize the available recourses. Further, the management has positive intention and capability to revive the company.

D.M. TEXTILE MILLS LIMITED

Remarks on Independent Auditors' Review Report

The Company has successfully settled all of its liabilities towards financial institution. Further, due to regular income and efforts to utilize the available resources to pay-off the remaining liabilities & revival of the Company, 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; the management is trying its level best to resolve the matter at the earliest.

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 2021 in the light of the facts stated above.

Corporate Social Responsibility

The company is aware of its corporate and social responsibilities and doing its best within the available resources.

Director's Remuneration Policy

The Company pays remuneration to two of its Executive Directors as disclosed in Notes of the financial statements. No remuneration is paid to the Non-Executive and Independent Directors other than meeting fees.


Acknowledgement

The Directors wish to place on record their acknowledgement for the cooperation extended by the debt providers/suppliers & 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 Officer

Rawalpindi: February 25, 2022


Director

D.M. TEXTILE MILLS LIMITED

ڈائریکٹرز رپورٹ

معزز ممبران،

31 دسمبر 2021 کو ختم ہونے والے ششماہی مالیاتی گوشوارے (غیر آڈٹ شدہ) آپ کے سامنے پیش کئے جا رہے ہیں۔

زیر نظر مدت کے دوران کمپنی کو بعد از ٹیکس مبلغ 7,943,366 روپے کا خسارہ ہوا ہے جبکہ گزشتہ سال اسی مدت کے دوران بعد از ٹیکس مبلغ 8,828,740 روپے کا خسارہ ہوا تھا۔

مالی نتائج کا موازنہ مندرجہ ذیل ہے۔

روپے		تفصیل
31 دسمبر 2020	31 دسمبر 2021	
1,697,693	-	ریونیو
(1,725,900)	-	کاسٹ آف ریونیو
(28,207)	-	گراس نقصان
(20,514,374)	(22,451,984)	انتظامی اور جزل اخراجات
(665,250)	(9,744,400)	دیگر اخراجات
15,726,793	26,016,490	دیگر آمدن
(5,481,038)	(6,179,894)	اپریشنز کا منافع (خسارہ)
(174,870)	(175,472)	مالی اخراجات
(5,655,908)	(6,355,366)	منافع (خسارہ) قبل از ٹیکس
(3,172,832)	(1,588,000)	ٹیکس
(8,828,740)	(7,943,366)	منافع (خسارہ) بعد از ٹیکس
(2.89)	(2.60)	فی شیئر آمدن (خسارہ) روپے (Basic & Diluted)

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

تفصیل روپے

پراپرٹی، پلانٹ اور ایکویپمنٹ

7,966,075

• کاسٹ آف ایڈیشن

1,895,346

• کاسٹ آف ڈیلیشن

ریلینڈ پارٹی ٹرانزیکشنز جیسا کہ ان فنانشل سٹیٹمنٹ میں ظاہر کی گئی ہیں

D.M. TEXTILE MILLS LIMITED

کمپنی نے تمام مالیاتی اداروں کے واجبات ادا کر دیے ہیں۔ انتظامیہ دوسرے قرض داروں / سپلائرز سے گفت و شنید کر رہی ہے تاکہ کمپنی کے مالی بوجھ کو مزید کم کیا جاسکے۔

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

انتظامیہ متواتر کوشش کر رہی ہے کہ دستیاب وسائل کو بہترین طریقے سے استعمال کیا جائے۔ انتظامیہ کیفیت مثبت ہے اور کمپنی کی بحالی کی صلاحیت رکھتی ہے۔

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

کمپنی نے کامیابی سے تمام مالی اداروں کے واجبات ادا کر دیے ہیں۔ مستقل آمدن اور بقایا واجبات کی ادائیگی کے لئے دستیاب وسائل کے استعمال اور کمپنی کی بحالی کی کوششوں کی وجہ سے انتظامیہ نے گوشوارے Going Concern کی بنیاد پر بنائے ہیں۔


جہاں تک جائیداد مکان نمبر 8 گلی نمبر 71 سیکٹر 8/3-F اسلام آباد کے متعلق آڈیٹرز کے ریمارکس کا تعلق ہے تو انتظامیہ اس معاملہ کو جلد از جلد حل کرنے کی بھرپور کوشش کر رہی ہے۔

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 حقائق کی روشنی میں درست اور منصفانہ طور پر کمپنی کے معاملات کو پیش کرتے ہیں۔

کمپنی اپنی کارپوریٹ اور سماجی ذمہ داریوں سے آگاہ ہے اور دستیاب وسائل کے مطابق کوشش کرتی ہے۔

کمپنی اپنے دو ایگزیکٹو ڈائریکٹرز کو اجرت دیتی ہے۔ نان ایگزیکٹو ڈائریکٹرز اور غیر جانبدار ڈائریکٹرز کو مینٹنگ فیس کے علاوہ کوئی اجرت نہیں دی جاتی۔

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



ڈائریکٹر



چیف ایگزیکٹو

راولپنڈی: 25 فروری 2022

D.M. TEXTILE MILLS LIMITED

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of D.M. Textile Mills Limited

Report on review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of D.M. TEXTILE MILLS LIMITED ("the Company") as at 31 December 2021 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended 31 December 2021 and 31 December 2020 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 2021.

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 statements 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

(i) The Company sustained net loss of Rupees 7.943 million during the half year ended 31 December 2021 and as of that date its accumulated loss was Rupees 25.591 million. As of 31 December 2021, the Company's current liabilities exceeded its current assets by Rupees 72.767 million. The Company has been unable to arrange fresh financing for working capital and other purposes. The mill remained closed since 2014 due to 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. We were not provided with any workable business plan for sale of freehold land and / or arrangement of financing for development of manufacturing facilities as well as operational activities. The management of the Company did not provide us its assessment of going concern assumption used in preparation of these condensed interim 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. These condensed interim financial statements (and notes thereto) do not disclose this fact. These condensed interim financial statements have been prepared on the going concern basis.

(ii) As more fully explained in Note 8 to the financial statements, 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,

D.M. TEXTILE MILLS LIMITED

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 (CDA), 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 / laws / procedures. The Company filed a suit before the court of Senior Civil Judge 1st class (West), Islamabad dated 17 October 2017 against the CEO while making SECP and CDA parties to the case for directions to transfer the property in the name of the Company. Subsequent to the year end, Civil Judge 1st Class (West), vide order dated 28 July 2021 accepted the Company's appeal and directed to submit evidence which is pending adjudication. Meanwhile, IHC, 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 the period of thirty days. The Company also filed an appeal before the LHC, Lahore Bench in May 2018 for detachment of the property, so the property can be transferred in the name of the Company, which is pending adjudication. The SECP filed an appeal before the IHC, Islamabad, dated 13 September 2018 for execution of IHC decision dated 16 November 2017 to appoint statutory auditors to conduct a special audit to calculate the amount of profit which should have been earned on the amount of Rupees 51.150 million, if invested with any schedule bank on daily product basis in the relevant period, and further requested the IHC to send notice to LHC, Lahore, for release of the property. The matter is pending adjudication. The Bank of Punjab filed an appeal before the IHC, Islamabad to set-aside orders dated 03 May 2016 and 16 November 2017. The matter is pending adjudication. 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 these condensed interim financial statements is inappropriate and the significance of the matter stated in paragraph (ii) above, as described in the *Basis for Adverse Conclusion* paragraph, these condensed interim financial statements are not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is Raheel Arshad.



RIAZ AHMAD & COMPANY
Chartered Accountants

ISLAMABAD

Date: February 25, 2022

UDIN Number: RR202110187pX8fIRz7T

D.M. TEXTILE MILLS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	NOTE	Un-audited 31 December 2021 Rupees	Audited 30 June 2021 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
5,000,000 (30 June 2021: 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 2021: 3,052,429) ordinary shares of Rupees 10 each		30,524,290	30,524,290
Accumulated loss		(25,591,269)	(17,828,765)
Capital reserve - surplus on revaluation of property, plant and equipment and investment properties - net of deferred income tax	5	511,967,835	512,148,697
Total equity		516,900,856	524,844,222
NON-CURRENT LIABILITIES			
Employees' retirement benefit		4,261,352	3,999,162
Deferred income tax liability		2,720,883	2,907,204
		6,982,235	6,906,366
CURRENT LIABILITIES			
Trade and other payables		99,949,917	96,058,881
Unclaimed dividend		144,947	144,947
Taxation - net		13,134,853	12,382,190
		113,229,717	108,586,018
Total liabilities		120,211,952	115,492,384
CONTINGENCIES AND COMMITMENTS			
	6	-	-
TOTAL EQUITY AND LIABILITIES		637,112,808	640,336,606
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	234,197,862	228,979,899
Investment properties		353,301,030	353,301,030
Advance against property	8	-	-
Long term deposits		9,151,434	9,151,434
		596,650,326	591,432,363
CURRENT ASSETS			
Advances		3,548,200	4,580,365
Due from related party		17,619,962	17,619,962
Other receivables		9,106,300	5,682,043
Short term investment		9,383,179	9,101,239
Cash and bank balances		804,841	11,920,634
		40,462,482	48,904,243
TOTAL ASSETS		637,112,808	640,336,606

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

D.M. TEXTILE MILLS LIMITED

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS FOR THE HALF YEAR ENDED 31 DECEMBER 2021 (UN-AUDITED)

	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Rupees				
REVENUE	-	1,697,693	-	1,697,693
COST OF REVENUE	-	(1,725,900)	-	(1,725,900)
GROSS LOSS	-	(28,207)	-	(28,207)
ADMINISTRATIVE AND GENERAL EXPENSES	(22,451,984)	(20,514,374)	(11,513,605)	(10,494,640)
OTHER EXPENSES	(9,744,400)	(665,250)	(9,694,400)	(537,600)
	(32,196,384)	(21,179,624)	(21,208,005)	(11,032,240)
OTHER INCOME	26,016,490	15,726,793	17,420,451	9,127,221
LOSS FROM OPERATIONS	(6,179,894)	(5,481,038)	(3,787,554)	(1,933,226)
FINANCE COST	(175,472)	(174,870)	(174,455)	(3,983)
LOSS BEFORE TAXATION	(6,355,366)	(5,655,908)	(3,962,009)	(1,937,209)
TAXATION				
- CURRENT	(1,774,321)	(3,182,005)	-	(1,713,819)
- DEFERRED	186,321	9,173	201,539	(11,077)
	(1,588,000)	(3,172,832)	201,539	(1,724,896)
LOSS AFTER TAXATION	(7,943,366)	(8,828,740)	(3,760,470)	(3,662,105)
LOSS PER SHARE - BASIC AND DILUTED	(2.60)	(2.89)	(1.23)	(1.20)

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

D.M. TEXTILE MILLS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	----- Rupees -----			
LOSS AFTER TAXATION	(7,943,366)	(8,828,740)	(3,760,470)	(3,662,105)
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-
	-	-	-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(7,943,366)	(8,828,740)	(3,760,470)	(3,662,105)

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

D.M. TEXTILE MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	SHARE CAPITAL	ACCUMULATED LOSS	CAPITAL RESERVE - SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES	TOTAL EQUITY
	----- (Rupees) -----			
Balance as at 30 June 2020 - (audited)	30,524,290	(67,035,760)	574,874,668	538,363,198
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment to accumulated loss - net of deferred income tax	-	193,569	(193,569)	-
Surplus on revaluation realized on disposal of land and building	-	62,338,834	(62,338,834)	-
Loss for the period	-	(8,828,740)	-	(8,828,740)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	-	(8,828,740)	-	(8,828,740)
Balance as at 31 December 2020 - (un-audited)	30,524,290	(13,332,097)	512,342,265	529,534,458
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment to accumulated loss - net of deferred income tax	-	193,568	(193,568)	-
Loss for the period	-	(4,836,999)	-	(4,836,999)
Other comprehensive income for the period	-	146,763	-	146,763
Total comprehensive loss for the period	-	(4,690,236)	-	(4,690,236)
Balance as at 30 June 2021 - (audited)	30,524,290	(17,828,765)	512,148,697	524,844,222
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment to accumulated loss - net of deferred income tax	-	180,862	(180,862)	-
Loss for the period	-	(7,943,366)	-	(7,943,366)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	-	(7,943,366)	-	(7,943,366)
Balance as at 31 December 2021 - (un-audited)	30,524,290	(25,591,269)	511,967,835	516,900,856

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

D.M. TEXTILE MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2021 (UN-AUDITED)

	NOTE	HALF YEAR ENDED	
		31 December 2021	31 December 2020
		Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	9	(4,313,712)	(44,378,432)
Finance cost paid		(175,472)	(174,870)
Income tax paid		(1,021,658)	(767,909)
Gratuity paid		(111,600)	(306,200)
Proceeds from disposal of non-current assets classified as held for sale		-	42,500,000
Net cash used in operating activities		(5,622,442)	(3,127,411)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		900,000	250,000
Capital expenditure on property, plant and equipment		(6,466,075)	(4,497,600)
Interest received		72,724	71,509
Net cash used in investing activities		(5,493,351)	(4,176,091)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of short term borrowings - net		-	(745,000)
Net cash used in financing activities		-	(745,000)
Net decrease in cash and cash equivalents		(11,115,793)	(8,048,502)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		11,920,634	18,382,451
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		804,841	10,333,949

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


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

D.M. TEXTILE MILLS LIMITED

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020 (UN-AUDITED)

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 (PSX). The registered office and head office is situated at Westridge, Industrial Area, Rawalpindi. The principal activity of the Company is manufacturing of yarn and cloth, processing and stitching the cloth and trade of textile products.

PSX vide Notice No. PSX/N-1222 dated 02 November 2020 placed the Company on defaulters' segment with effect from 03 November 2020 due to non-compliance with PSX Regulations.

2 BASIS OF PREPARATION

2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- " International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- " Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ from the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June 2021. These condensed interim financial statements are un-audited, however, have been subjected to limited scope review by the auditors and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Section 237 of the Companies Act, 2017.

3 ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of these condensed interim financial statements 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 2021.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these condensed interim financial statements 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 these condensed interim financial statements, 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 2021.

	Un-audited 31 December 2021 Rupees	Audited 30 June 2021 Rupees
5 CAPITAL RESERVE - SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES - NET OF DEFERRED INCOME TAX		
Opening balance	512,148,697	574,874,668
Surplus on revaluation realized on disposal of non-current assets held for sale	-	(63,362,294)
Related deferred income tax liability	-	1,023,460
	-	(62,338,834)
Transferred to accumulated loss in respect of incremental depreciation charged during the period / year	(254,735)	(545,264)
Related deferred income tax liability	73,873	158,127
	(180,862)	(387,137)
	511,967,835	512,148,697

D.M. TEXTILE MILLS LIMITED

6 CONTINGENCIES AND COMMITMENTS

6.1 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 2021.

	Un-audited 31 December 2021 Rupees	Audited 30 June 2021 Rupees
6.2 Commitments	Nil	Nil

7 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets (Note 7.1)	231,697,862	224,979,899
Capital work in progress (Note 7.2)	2,500,000	4,000,000
	<u>234,197,862</u>	<u>228,979,899</u>

7.1 Operating fixed assets

Opening book value	224,979,899	224,568,053
Add: Cost of additions during the period / year - vehicles	7,966,075	1,997,600
Less: Book value of deletions during the period / year - vehicles	(141,636)	(26,600)
Less: Depreciation charged during the period / year	(1,106,476)	(1,559,154)
Closing book value	<u>231,697,862</u>	<u>224,979,899</u>

7.2 Capital work in progress

Balance at the beginning of the period / year	4,000,000	-
Additions during the year - advance for purchase of vehicles	-	4,000,000
Transferred during the period	(1,500,000)	-
Closing balance	<u>2,500,000</u>	<u>4,000,000</u>

8 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(2) 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 (IHC), 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 (IHC), 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. 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 C.E.O, subject to completion of legal formalities and in accordance with rules / law / procedures.

D.M. TEXTILE MILLS LIMITED

The Company filed a suit before the court of Civil Judge 1st Class (West), Islamabad dated 17 October 2017 against the C.E.O. while making Securities and Exchange Commission of Pakistan and Capital Development Authority parties to the case for directions to transfer the property in the name of the Company. Subsequent to the year end Civil Judge 1st Class (West), vide order dated 28 July 2021 accepted the Company's appeal and directed to submit evidence. The matter is pending adjudication.

The IHC 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 the period of thirty days.

The Company also filed an appeal before the Lahore High Court, Lahore Bench in May 2018 for detachment of the property, so that property can be transferred in the name of the Company, which is pending adjudication.

The Securities and Exchange Commission of Pakistan filed an appeal before the IHC, dated 13 September 2018 for execution of IHC decision dated 16 November 2017 to appoint statutory auditors to conduct a special audit 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 further requested the IHC to send notice to Lahore High Court, Lahore, for release of the property. The matter is pending adjudication.

The Bank of Punjab filed an appeal before the Islamabad High Court, Islamabad to set-aside orders dated 03 May 2016 and 16 November 2017. The matter is pending adjudication.

		(Un-audited)	
		HALF YEAR ENDED	
		31 December	31 December
		2021	2020
		Rupees	Rupees
9	CASH GENERATED FROM OPERATIONS		
	Loss before taxation	(6,355,366)	(5,655,908)
	Adjustments for non-cash charges and other items:		
	Depreciation	1,106,476	767,049
	Provision for gratuity	373,790	339,035
	Interest income	(354,664)	(339,283)
	Gain on sale of property, plant and equipment	(758,364)	(223,400)
	Gain on sale of non-current assets classified as held for sale	-	(1,355,898)
	Finance cost	175,472	174,870
	Working capital changes	1,498,944	(38,084,897)
		<u>(4,313,712)</u>	<u>(44,378,432)</u>
9.1	Working capital changes		
	(Increase) / decrease in current assets:		
	Advances	1,032,165	(3,023,000)
	Other receivables	(3,424,257)	(7,626,139)
		<u>(2,392,092)</u>	<u>(10,649,139)</u>
	Increase / (decrease) trade and other payables	3,891,036	(27,435,758)
		<u>1,498,944</u>	<u>(38,084,897)</u>

10 TRANSACTIONS WITH RELATED PARTIES

		(Un-audited)	
		HALF YEAR ENDED	
		31 December	31 December
		2021	2020
		2021	2020
		QUARTER ENDED	
		31 December	31 December
		2021	2020
		(Rupees)	
	Key management personnel		
	Remuneration and other benefits	5,738,862	4,675,651
		3,555,492	2,785,357
	Mian Habib Ullah		
	Loan obtained during the period	-	900,000
	Adjustment / payment against outstanding balance	-	1,645,000

D.M. TEXTILE MILLS LIMITED

11 RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

Judgements and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these condensed interim 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:

The Company's policy is to recognize 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.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and equity 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 maximize 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.

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

12 RECOGNIZED FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

(i) Fair value hierarchy

The judgments and estimates are made in determining the fair values of the non-financial assets that are recognized and measured at fair value in these condensed interim 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 2021	Level 1 Rupees	Level 2 Rupees	Level 3 Rupees	Total Rupees
Freehold land	-	209,211,600	-	209,211,600
Non-factory buildings	-	8,992,538	-	8,992,538
Electric installations	-	2,975,503	-	2,975,503
Factory equipment	-	388,601	-	388,601
Furniture, fixtures and office equipment	-	239,467	-	239,467
Vehicles	-	9,890,153	-	9,890,153
	-	231,697,862	-	231,697,862
Investment properties	-	353,301,030	-	353,301,030
	-	584,998,892	-	584,998,892

At 30 June 2021	Level 1 Rupees	Level 2 Rupees	Level 3 Rupees	Total Rupees
Freehold land	-	209,211,600	-	209,211,600
Non factory buildings	-	9,223,116	-	9,223,116
Electric installations	-	3,132,108	-	3,132,108
Factory equipment	-	409,054	-	409,054
Furniture, fixtures and office equipment	-	252,071	-	252,071
Vehicles	-	2,751,950	-	2,751,950
	-	224,979,899	-	224,979,899
Investment properties	-	353,301,030	-	353,301,030
	-	578,280,929	-	578,280,929

D.M. TEXTILE MILLS LIMITED

The Company's policy is to recognize 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 and investment properties after regular intervals. The management updates the assessment of the fair value of each property, taking into account the most recent independent valuations. The management determines 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, right-of-use assets and investment properties after regular intervals. As at 02 May 2018, the fair values of the plant and machinery, electric installations and factory equipment have been determined by Danish Enterprises and Construction, while fair values of the freehold land, buildings on freehold land and non-factory buildings were determined by Danish Enterprises and Construction on 31 December 2019.

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.

13 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 2021.

14 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were approved by the Board of Directors and authorized for issue on February 25, 2022.

15 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting", the condensed interim statement of financial position 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 statement of profit or loss, condensed interim statement of comprehensive income and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

No significant reclassification / rearrangement of corresponding figures has been made.

16 GENERAL

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


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER