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**D.M. TEXTILE MILLS LIMITED**

Westridge Industrial Area, Rawalpindi.

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



**D.M. TEXTILE  
MILLS LIMITED**

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

December 31,

**2022**



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# D.M. TEXTILE MILLS LIMITED

## Company's Information

### BOARD OF DIRECTORS

<b>CHAIRMAN</b>	Mian Habib Ullah
<b>CHIEF EXECUTIVE:</b>	Sami Ullah
<b>DIRECTORS:</b>	Mr. Amer Zeb Mr. Abrar Alam Mr. Syed Hameed ul Haq Mr. Muhammad Suleman Khan Mr. Rao Khalid Pervaiz

### AUDIT COMMITTEE:

<b>CHAIRMAN:</b>	Mr. Amer Zeb
<b>MEMBERS:</b>	Mr. Abrar Alam Mr. Muhammad Suleman Khan

### HUMAN RESOURCE & REMUNERATION COMMITTEE:

<b>CHAIRMAN:</b>	Mr. Muhammad Suleman Khan
<b>MEMBERS:</b>	Mr. Syed Hameed ul Haq Mr. Sami Ullah

### ACTING COMPANY SECRETARY & CHIEF FINANCIAL OFFICER

Rao Khalid Pervaiz

### BANKERS:

Faysal Bank Limited  
Meezan Bank Ltd  
Habib Metropolitan Bank  
MCB 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:

Malik Sheheryar Qamar Afzal  
Afzal & 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  
E-mail: [dmtm@dmtextile.com.pk](mailto:dmtm@dmtextile.com.pk)  
E-mail: [dmttextilemills@yahoo.com](mailto:dmttextilemills@yahoo.com)  
Website: [www.dmttextile.com.pk](http://www.dmttextile.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 31-12-2022. 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 27, 2023

  
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, 2022.

### **Net Profit/(Loss)**

During the period Company had a net loss of Rs. 14.271 Million as compared to previous period net loss of Rs. 7.943 Million.

### **Comparative financial results are given below:**

Half Year Ended	Rupees	
	31 December 2022	31 December 2021
Administrative & General Expenses	(27,195,526)	(22,451,984)
Other Expenses	(746,400)	(9,744,400)
Other Income	13,844,932	26,016,490
(Loss)/Profit from Operations	(14,096,994)	(6,179,894)
Financial Cost	(174,490)	(175,472)
(Loss)/Profit before Taxation	(14,271,484)	(6,355,366)
Taxation	-	(1,588,000)
(Loss)/Profit after taxation	(14,271,484)	(7,943,366)
(Loss)/ Earning per share Basic & Diluted	(4.68)	(2.60)

Directors have also granted specific approval for the related party transactions/adjustments, directors' remuneration and capital expenditure as disclosed in the condensed interim financial statements.

### **Debt Servicing**

Entire Liabilities of the financial institutions have been paid off. 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.

### **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.

# D.M. TEXTILE MILLS LIMITED

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 2022 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.

### **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 27, 2023

  
\_\_\_\_\_  
Director

# D.M. TEXTILE MILLS LIMITED

## ڈائریکٹرز رپورٹ

معزز ممبران،

31 دسمبر 2022 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 14,271,484 روپے کا خسارہ ہوا ہے جبکہ گذشتہ سال اسی مدت کے دوران بعد از ٹیکس مبلغ 7,943,386 روپے کا خسارہ ہوا تھا۔

مالی نتائج کا موازنہ مندرجہ ذیل ہے۔

روپے		تفصیل
31 دسمبر 2021	31 دسمبر 2022	
(22,451,984)	(27,195,526)	انتظامی اور جنرل اخراجات
(9,744,400)	(746,400)	دیگر اخراجات
26,016,490	13,844,932	دیگر آمدن
(6,179,894)	(14,096,994)	اپریشرز کا منافع (خسارہ)
(175,472)	(174,490)	مالی اخراجات
(6,355,366)	(14,271,484)	منافع (خسارہ) قبل از ٹیکس
(1,588,000)	-	ٹیکس
(7,943,366)	(14,271,484)	منافع (خسارہ) بعد از ٹیکس
(2.60)	(4.68)	فی شیئر آمدن (خسارہ) روپے (Basic & Diluted)

ڈائریکٹرز نے ریلیٹیو پارٹی ٹرانزیکشنز / ایڈجسٹمنٹ، ڈائریکٹرز ریمینڈیشن اور کمپیٹل اخراجات جیسا کہ ان گوشواروں میں دکھائے گئے ہیں کی خصوصی منظوری بھی دی ہے۔

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

# D.M. TEXTILE MILLS LIMITED

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۔

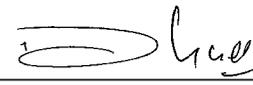
آڈیٹرز جائزہ پورٹ برائے ممبران پر بورڈ آف ڈائریکٹرز کا بیان:

کمپنی نے کامیابی سے تمام مالی اداروں کے واجبات ادا کر دیئے 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 F-8/3 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 سٹینڈرڈز 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 دوا ایگزیکٹو ڈائریکٹرز کو اجرت دیتی ہے جیسا کہ ان گوشواروں میں ظاہر کیا گیا ہے۔ 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: 27 فروری 2023

# D.M. TEXTILE MILLS LIMITED

## INDEPENDENT AUDITOR'S REVIEW REPORT

### 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 2022 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 2022 and 31 December 2021 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 2022.

#### 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 14.271 million during the half year ended 31 December 2022. As of 31 December 2022, the Company's current liabilities exceeded its current assets by Rupees 108.201 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, 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

# D.M. TEXTILE MILLS LIMITED

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 court 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 1<sup>st</sup> 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. On 24 May 2022, the Company filed an application before IHC, Islamabad praying that The Bank of Punjab and Bilal Fibers Limited and Bilal Textiles (Private) Limited have entered into a settlement agreement, hence, the said property may please be declared as lawful property of D.M. Textile Mills Limited. 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 27, 2023

UDIN Number: RR202210187KQ3HXb1pk

# D.M. TEXTILE MILLS LIMITED

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

NOTE	Un-audited 31 December 2022 Rupees	Audited 30 June 2022 Rupees
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
<b>Authorized share capital</b>		
	5,000,000 (30 June 2022: 5,000,000) ordinary shares of Rupees 10 each	50,000,000
<b>Issued, subscribed and paid-up share capital</b>		
	3,052,429 (30 June 2022: 3,052,429) ordinary shares of Rupees 10 each	30,524,290
<b>Reserves</b>		
	Capital reserve - surplus on revaluation of operating fixed assets and investment properties - net of deferred income tax	577,322,154
5	Revenue reserve - unappropriated profit	40,383,856
	<b>Total reserves</b>	617,706,010
	<b>Total equity</b>	648,230,300
<b>NON-CURRENT LIABILITY</b>		
	Employees' retirement benefit - gratuity	3,957,034
<b>CURRENT LIABILITIES</b>		
	Trade and other payables	106,574,936
	Due to related party	4,104,966
	Unclaimed dividend	144,947
	Taxation - net	22,343,178
	<b>Total liabilities</b>	133,168,027
	<b>Total liabilities</b>	137,125,061
<b>CONTINGENCIES AND COMMITMENTS</b>		
6	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		
	<b>785,355,361</b>	<b>791,054,188</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
	Property, plant and equipment	295,251,540
	Investment properties	449,425,000
	Advance against property	-
8	Long term investments	6,560,460
	Long term deposits	9,151,434
	Deferred income tax asset	-
	<b>Total non-current assets</b>	760,388,434
<b>CURRENT ASSETS</b>		
	Advances	3,257,200
	Due from related party	17,619,962
	Other receivables	1,588,206
	Short term investments	1,299,627
	Cash and bank balances	1,201,932
	<b>Total current assets</b>	24,966,927
	<b>TOTAL ASSETS</b>	<b>785,355,361</b>

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 2022 (UN-AUDITED)

	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
----- Rupees -----				
ADMINISTRATIVE AND GENERAL EXPENSES	(27,195,526)	(22,451,984)	(12,772,409)	(11,513,605)
OTHER EXPENSES	(746,400)	(9,744,400)	(746,400)	(9,694,400)
	(27,941,926)	(32,196,384)	(13,518,809)	(21,208,005)
OTHER INCOME	13,844,932	26,016,490	6,772,278	17,420,451
LOSS FROM OPERATIONS	(14,096,994)	(6,179,894)	(6,746,531)	(3,787,554)
FINANCE COST	(174,490)	(175,472)	(173,150)	(174,455)
LOSS BEFORE TAXATION	(14,271,484)	(6,355,366)	(6,919,681)	(3,962,009)
TAXATION				
- CURRENT	-	(1,774,321)	-	-
- DEFERRED	-	186,321	-	201,539
	-	(1,588,000)	-	201,539
LOSS AFTER TAXATION	(14,271,484)	(7,943,366)	(6,919,681)	(3,760,470)
LOSS PER SHARE - BASIC AND DILUTED	(4.68)	(2.60)	(2.27)	(1.23)

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 2022 (UN-AUDITED)

HALF YEAR ENDED		QUARTER ENDED	
31 December 2022	31 December 2021	31 December 2022	31 December 2021

----- Rupees -----

<b>LOSS AFTER TAXATION</b>	(14,271,484)	(7,943,366)	(6,919,681)	(3,760,470)
<b>OTHER COMPREHENSIVE INCOME</b>				
Items that will not be reclassified to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-
	-	-	-	-
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>(14,271,484)</b>	<b>(7,943,366)</b>	<b>(6,919,681)</b>	<b>(3,760,470)</b>

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 2022

	Share capital	Capital reserve - Surplus on revaluation of operating fixed assets and investment properties - net of deferred income tax	Revenue reserve - Unappropriated profit / (Accumulated loss)	Total reserves	Total equity
	----- Rupees -----				
<b>Balance as at 30 June 2021 - audited</b>	30,524,290	512,148,697	(17,828,765)	494,319,932	524,844,222
Incremental depreciation transferred from surplus on revaluation of operating fixed assets to accumulated loss - net of deferred income tax	-	(180,862)	180,862	-	-
Loss for the period	-	-	(7,943,366)	(7,943,366)	(7,943,366)
Other comprehensive income for the period	-	-	-	-	-
<b>Total comprehensive loss for the period</b>	-	-	(7,943,366)	(7,943,366)	(7,943,366)
<b>Balance as at 31 December 2021 - un-audited</b>	30,524,290	511,967,835	(25,591,269)	486,376,566	516,900,856
Incremental depreciation transferred from surplus on revaluation of operating fixed assets to accumulated loss - net of deferred income tax	-	66,346,388	(66,346,388)	-	-
	-	(604,223)	604,223	-	-
Profit for the period	-	-	79,136,204	79,136,204	79,136,204
Other comprehensive income for the period	-	-	66,464,724	66,464,724	66,464,724
<b>Total comprehensive income for the period</b>	-	-	145,600,928	145,600,928	145,600,928
<b>Balance as at 30 June 2022 - audited</b>	30,524,290	577,710,000	54,267,494	631,977,494	662,501,784
Incremental depreciation transferred from surplus on revaluation of operating fixed assets to unappropriated profit - net of deferred income tax	-	(387,846)	387,846	-	-
Loss for the period	-	-	(14,271,484)	(14,271,484)	(14,271,484)
Other comprehensive income for the period	-	-	-	-	-
<b>Total comprehensive loss for the period</b>	-	-	(14,271,484)	(14,271,484)	(14,271,484)
<b>Balance as at 31 December 2022 - un-audited</b>	30,524,290	577,322,154	40,383,856	617,706,010	648,230,300

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 2022 (UN-AUDITED)

	NOTE	HALF YEAR ENDED	
		31 December 2022	31 December 2021
		Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash used in operations	9	(1,747,201)	(4,313,712)
Finance cost paid		(174,490)	(175,472)
Income tax paid		(1,201,551)	(1,021,658)
Gratuity paid		-	(111,600)
<b>Net cash used in operating activities</b>		<b>(3,123,242)</b>	<b>(5,622,442)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from disposal of operating fixed assets		-	900,000
Capital expenditure on operating fixed assets		-	(6,466,075)
Interest received		71,845	72,724
<b>Net cash from / (used in) investing activities</b>		<b>71,845</b>	<b>(5,493,351)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
		-	-
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(3,051,397)</b>	<b>(11,115,793)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		<b>4,253,329</b>	<b>11,920,634</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>1,201,932</b>	<b>804,841</b>

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 2022 (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 2022. 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 2022.

### 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 2022.

	Un-audited 31 December 2022 Rupees	Audited 30 June 2022 Rupees
<b>5 CAPITAL RESERVE - SURPLUS ON REVALUATION OF OPERATING FIXED ASSETS AND INVESTMENT PROPERTIES - NET OF DEFERRED INCOME TAX</b>		
<b>- Operating fixed assets</b>		
Opening balance	269,301,303	203,740,000
Surplus on revaluation of operating fixed assets	-	67,265,733
Related deferred income tax liability	-	(919,345)
	-	66,346,388
Transferred to unappropriated profit in respect of incremental depreciation charged during the period / year	(546,262)	(1,105,753)
Related deferred income tax liability	158,416	320,668
	(387,846)	(785,085)
Closing balance	268,913,457	269,301,303
<b>- Investment properties</b>		
Revaluation surplus	313,858,182	313,858,182
Related deferred income tax liability	(5,449,485)	(5,449,485)
	308,408,697	308,408,697
	577,322,154	577,710,000

# 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 2022.

NOTE	Un-audited	Audited
	31 December 2022	30 June 2022
	Rupees	Rupees
6.2 Commitments	Nil	Nil
7 PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets	295,251,540	296,783,100
Capital work in progress	-	-
	<u>295,251,540</u>	<u>296,783,100</u>
7.1 Operating fixed assets		
Net book value at the beginning of the period / year	296,783,100	224,979,899
Add: Cost of additions during the period / year	-	6,466,075
Add: Transferred from capital work in progress	7.2	1,500,000
Add: Revaluation surplus	-	67,265,733
Less: Book value of disposals during the period / year	-	(141,636)
Less: Book value of assets written off during the period / year	-	(368,776)
Less: Impairment loss during the period / year	-	(51,632)
Less: Depreciation charged during the period / year	(1,531,560)	(2,866,563)
Net book value at the end of the period / year	<u>295,251,540</u>	<u>296,783,100</u>
7.2 Capital work in progress		
Balance at the beginning of the period / year	-	4,000,000
Transferred to operating fixed assets	7.1	(1,500,000)
Advance received back during the year	-	(2,500,000)
Balance at the end of the period / year	<u>-</u>	<u>-</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 instalments 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 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 IHC, Islamabad 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. Civil Judge 1st Class (West), Islamabad, vide order dated 28 July 2021 accepted the Company's appeal and directed to submit evidence. The matter is pending adjudication.

The 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 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, 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 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, Islamabad 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 IHC, Islamabad to set-aside orders dated 03 May 2016 and 16 November 2017. The matter is pending adjudication.

On 24 May 2022, the Company filed an application before IHC, Islamabad praying that The Bank of Punjab and Bilal Fibers Limited and Bilal Textiles (Private) Limited have entered into a settlement agreements, hence, the said property may please be declared as lawful property of D.M. Textile Mills Limited. The matter is pending adjudication.

NOTE	(Un-audited)			
	HALF YEAR ENDED			
	31 December 2022	31 December 2021		
	Rupees	Rupees		
9 CASH USED IN OPERATIONS				
Loss before taxation	(14,271,484)	(6,355,366)		
Adjustments for non-cash charges and other items:				
Depreciation	1,531,560	1,106,476		
Provision for gratuity	369,532	373,790		
Interest income	(409,311)	(354,664)		
Gain on sale of operating fixed assets	-	(758,364)		
Finance cost	174,490	175,472		
Working capital changes	9.1	1,498,944		
	<u>(1,747,201)</u>	<u>(4,313,712)</u>		
9.1 Working capital changes				
(Increase) / decrease in current assets:				
Advances	(24,000)	1,032,165		
Other receivables	1,477,336	(3,424,257)		
	<u>1,453,336</u>	<u>(2,392,092)</u>		
Increase in current liabilities:				
Trade and other payables	5,599,710	3,891,036		
Due to related party	3,804,966	-		
	<u>9,404,676</u>	<u>3,891,036</u>		
	<u>10,858,012</u>	<u>1,498,944</u>		
10 TRANSACTIONS WITH RELATED PARTIES				
i) Transactions				
	(Un-audited)			
	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	----- Rupees -----			
Key management personnel				
Remuneration and other benefits	6,405,372	5,738,862	2,503,033	3,555,492
Sami Ullah - Chief Executive Officer (CEO)				
Loan obtained during the period	4,604,966	-	3,800,000	-
Paid during the period	(800,000)	-	-	-

# D.M. TEXTILE MILLS LIMITED

	Un-audited 31 December 2022 Rupees	Audited 30 June 2022 Rupees
ii) <b>Period / year end balances</b>		
<b>Due to related party - Sami Ullah - CEO</b>	4,104,966	300,000

## 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:

**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.

## 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 2022	Level 1 Rupees	Level 2 Rupees	Level 3 Rupees	Total Rupees
Freehold land	-	273,220,000	-	273,220,000
Non-factory buildings	-	8,934,705	-	8,934,705
Electric installations	-	2,470,000	-	2,470,000
Furniture, fixtures and office equipment	-	141,835	-	141,835
Vehicles	-	10,485,000	-	10,485,000
	-	295,251,540	-	295,251,540
Investment properties - land and building	-	449,425,000	-	449,425,000
<b>Total non-financial assets</b>	-	744,676,540	-	744,676,540

At 30 June 2022	Level 1 Rupees	Level 2 Rupees	Level 3 Rupees	Total Rupees
Freehold land	-	273,220,000	-	273,220,000
Non factory buildings	-	9,163,800	-	9,163,800
Electric installations	-	2,600,000	-	2,600,000
Furniture, fixtures and office equipment	-	149,300	-	149,300
Vehicles	-	11,650,000	-	11,650,000
	-	296,783,100	-	296,783,100
Investment properties - land and building	-	449,425,000	-	449,425,000
<b>Total non-financial assets</b>	-	746,208,100	-	746,208,100

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.

# D.M. TEXTILE MILLS LIMITED

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

The Company obtains independent valuations for its operating fixed assets 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 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 electric installations, furniture fixtures and office equipment and vehicles is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the replacement value / new purchase of the same electric installations, furniture fixtures and office equipment and vehicles.

### Valuation processes

The Company engages external, independent and qualified valuers to determine the fair value of the Company's operating fixed assets and investment properties after regular intervals. As at 30 June 2022, the fair values of the investment properties, freehold land (disclosed in operating fixed assets), non-factory buildings, electric installations, furniture, fixtures and office equipment and vehicles (disclosed in operating fixed assets) 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.

## 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 2022.

## 14 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were approved by the Board of Directors and authorized for issue on February 27, 2023.

## 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