60th ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2017

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COMPANY'S INFORMATION

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

CHAIRMAN:	Mr. Hussain Ahmed Ozgen
MEMBER:	Mr. Shahid Aziz Mr. Amer Zeb

HUMAN RESOURCE & REMUNERATION COMMITTEE:

CHAIRMAN	Rao Khalid Pervaiz
MEMBERS	Mr. Shahid Aziz Mr. Mubarik Zeb

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. Phone: 051-2274121, 2274122
LEGAL ADVISER:	M/s Hassan & Hassan Advocates House CB-360, Lane-4, Quaid-e-Azam Colony, Dhamial Road, Rawalpindi.
REGISTRAR:	Corplink (Pvt) Ltd. Wings Arcade, 1-K, Commercial, Model Town, Lahore. Phone: 042-35916714, 35916719 Fax: 042-35869037
REGISTERED OFFICE & MILLS AT:	Industrial Area Westridge , Rawalpindi Telephone: 051-5181981, 5181977-78 Fax: 051-5181979 E-mail:dmtm@dmtextile.com.pk E-mail:dmtextilemills@yahoo.com Website: www.dmtextile.com.pk

VISION STATEMENT

We D. M. Textile Mills Ltd. aim at seeing our mills to be a good manufacturing unit producing high quality yarn by complying with the requirements of Quality Management System and continuously improving its effectiveness for total customers' satisfaction. We wish to play an honourable role in the spinning sector by keeping a substantial presence in the export and local markets.

MISSION STATEMENT

- To install state of the art machinery and to acquire sophisticated process technology to achieve maximum growth in a competitive standard quality environment.
- To make strenuous efforts to enhance profitability of the company ensuring a fair return to the investors, shareholders and employees of the company.
- To exercise maximum care for improvement of standard of quality of our products by employing a team of highly skilled technicians and professional managers.
- To strive hard to explore / develop new markets for the sale of our products in export and local markets.
- To improve customers' satisfaction level by adhering strictly to standard quality requirement of our customers in local and export markets and by improving communications with customers for receiving prompt feed back about quality standard of our products.
- To attend for the prompt resolution of customers' complaints by taking timely corrective measures to redress the quality complaints.
- To improve logistic facilities for our customers dispatch programme and issue all shipments / delivery documents well in time.
- To make comprehensive arrangements for the training of our workers / technicians.
- To improve team work, sense of transparency, creativity in our professionals and technical personnel.

Chief Executive Officer **Director**

Rawalpindi Dated: October 06, 2017

STATEMENT OF ETHICS AND BUSINESS PRACTICES

D M Textile Mills Limited has laid down the following Ethics and Business Practices , the observance of which is compulsory for all the directors and staff members of the company in the conduct of company's in order to protect and safeguard the reputation and integrity of the company at all levels of its operations. Any contravention of these Ethics and Business Practices is regarded as misconduct. The company will ensure that all the executives and subordinate staff members are fully aware of these standards and principles.

1. **Conflict of interest**

   All staff members are expected not to engage in any activity which can cause conflict between their personal interests and company's interests, such as:

   a) In effecting the purchases for the company and selling its products the directors and the staff members are forbidden from holding any personal interest in any organization supplying goods or services to the company or buying its products.

   b) The staff members should not engage in any outside business while serving the company.

   c) Staff members are not permitted to conduct personal business in company's premises or use company's facilities for the same.

   d) If a staff member has direct or indirect relationship with an outside organization dealing with the company he must disclose the same to the management.

2. **Confidentiality**

   All staff members are required not to divulge any secrets / information's of the company to any outsider even after leaving the service of the company unless it is so required by a court of law. During the course of service in the company they should not disseminate any information relating to business secrets of the company without the consent of management.

3. **Kickbacks**

   All staff members are strictly forbidden not to accept any favour, gifts or kick backs from any organization dealing with the company. In case if such a favour is considered, in the interest of the company, the same should be disclosed clearly to the management.

4. **Proper Books of Accounts**

   All funds, receipts and disbursements should be properly recorded in the books of accounts of the company. No false or fictitious entries should be made or misleading statements pertaining to the company or its operations should be issued. All agreements with agents, dealers and consultants should be made in writing supported with required evidence.

5. **Relationship with Government officials, suppliers, buyers and agents etc.**

   The dealings of the company with Government officials, suppliers, buyers, agents and consultants of the company should always be such that the integrity of the company and reputation is not damaged. Members having queries in connection with how to deal with these requirements should consult with the management.

6. **Health and Safety**
Every staff member is required to take care of his health and safety and of those working with him. The management is responsible for keeping its staff members insured as per government rules and regulations.

7. **Environment**
To preserve and protect the environment, all staff members are required to operate the company's facilities and processes so as to ensure maximum safety of the adjoining communities and strive continuously to improve environmental awareness and protections.

8. **Alcohol and Drugs etc.**
All types of gambling and betting at the company's work place are strictly forbidden. Also taking of any alcohols or drugs inside the work places is not allowed and any member of the staff, not abiding by these prohibitions will attract disciplinary as well as penal action under the law.

9. **Coordination among staff members to maintain Discipline**
All staff members will work in close coordination with their co-workers, superiors and colleagues. Every member will cooperate with other members so that the company's work is carried out effectively and efficiently. All cases of non- cooperation among staff members should be reported to the management for necessary and suitable action. Strict disciplinary action will be taken against those staff members who violate the rules and regulations of the company.

10. **Workplace harassment**
All members of the staff will provide an environment that is free from harassment and in which all employees are equally respected. Work place harassment means any action that creates an intimidating, hostile or offensive environment which may include sexual harassment, disparaging remarks based on gender, religious, race or ethnicity.

Chief Executive Officer **Director**

Rawalpindi Dated: October 06, 2017

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Name of Company: **D. M. Textile Mills Limited**

Year Ended: **30 JUNE 2017**

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 5.19 of the listing regulations of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present, the Board includes:

Category	Names
Independent Directors	Hussain Ahmad Ozgen Mubarik Zeb Amer Zeb Shahid Hussain
Executive Directors	Mian Habib Ullah Rao Khalid Pervaiz
Non-Executive Directors	Shahid Aziz (Nominee of NIT)

   The Independent Directors meet the criteria of independence under clause 5.19.1(b) of CCG.

2. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company.

3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a broker of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred on the Board of Directors during the year.

5. The Company has prepared a **"Code of Conduct"** and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated atleast seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated.

9. The Board arranged no Orientation Courses for its Directors during the year. Under the PSX's rule-book chapter 5.19.7, the Board will follow the Director's Training Program in due course of time.

10. No new appointment of CFO, Company Secretary and Head of Internal Audit has been approved by the Board.

11. The Directors' Report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The Directors, CEO and executives do not hold any interest in shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the CCG.

15. The Board has formed an Audit Committee comprising of three Members, of whom one is non-executive Director, one independent director and the chairman of the committee is also an independent director.

16. The meetings of the Audit Committee were held atleast once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has formed an HR and Remuneration Committee comprising of three Members, of whom one is non-executive, one independent director and the chairman of the committee is an executive director.

18. The Board has set up an effective internal audit function.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to Directors, executives and stock exchange.

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.

23. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

24. We confirm that all other material principles enshrined in the CCG have been complied with.

For and on behalf of the Board

Chief Executive Officer

Rawalpindi Dated: October 06, 2017

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Company will be held at factory premises at Industrial Area, Westridge, Rawalpindi, **on Saturday, October 28, 2017** at **03:00 PM** to transact the following business:

ORDINARY BUSINESS

1. To confirm the Minutes of the last Annual General Meeting held on 31 October 2016
2. To receive, consider and adopt the annual audited accounts of the company for the year ended June 30, 2017 together with Chairman's review, directors', and auditors' reports thereon.
3. To appoint auditors and fix their remuneration. Retiring auditors M/s. Riaz Ahmad & Company being eligible offer themselves for re-appointment.

SPECIAL BUSINESS

To consider and if deemed fit, to pass the following resolution(s) as ordinary resolution(s), with or without any modification, addition or deletion in terms of section 183(3)(a) of the Companies Act, 2017.

1. **Revalidation of Approval for Sale of Land & Building**

   Resolved that, "Ordinary Resolution pertaining to sale of approx 07.19 Kanal land comprising open area and old worker quarters passed by the AGM held on 31 October 2016 be and is hereby revalidated for one year from the date of passing of this resolution".

   Further resolved that, "Board of Directors of the Company or their nominee(s) as the board of directors may from time to time specially designate for the purpose, be and are hereby severally authorized to take any or all actions necessary or conducive for fulfilling any requirement or in implementation thereof including, without limitation, to negotiate, finalize and execute as applicable any and all contracts, instruments, power of attorney, notices, certificates, documents (of whatever nature and description) for or in connection with the aforesaid, issue any notices seek any approvals, make any filings and do all such acts, deeds and things as they may deem necessary and / or expedient".

2. **Renting of Surplus Covered Area / Godowns.**

   Resolved that, "Ex-post facto approval for renting-out of surplus covered area measuring approx 100,000 Sqft comprising of old mill building & godowns, within the Mills premises situated at Westridge Industrial Area Rawalpindi, be and is hereby granted".

   Further resolved that, "Board of Directors of the Company or their nominee(s) as the Board of Directors may from time to time specially designate for the purpose, be and are hereby severally authorized to rent-out the remaining surplus covered area through negotiations, in such lot or lots and in such manner and on such basis and on such terms and subject to such conditions and for such conditions as may be determined by the Board of Directors of the Company".

3 **Revalidation of approval for Sale of Plant & Machinery & other surplus assets.**

Resolved that, "Ordinary Resolution pertaining to sale of plant and machinery & other surplus assets of the Company passed by the AGM held on 03 November 2012 be and is hereby revalidated upto 30-06-2017".

Further resolved that, "Ex post facto approval for the sale of plant and machinery & other surplus assets sold by 30-06-2017 as disclosed in the financial statements of the respective years be and is hereby granted".

GENERAL BUSINESS

1. To transact any other business with the permission of the chair.

Statement of material facts under section 134(3) of the Companies Act, 2017 is being sent to the members along with notice of AGM.

By the order of the Board

Date: 06 October 2017

Rao Khalid Pervaiz
(Director)

Notes:

1. The members' register will remain closed from **21 October 2017 to 28 October 2017** (both days inclusive). Transfers received at Share Registrar Office, Corplink (Pvt) Ltd, Wings Arcade, 1-K Commercial, Model Town, Lahore or our registered office by the close of business on 20 October, 2017 will be entertained.
2. A member eligible to attend and vote at this meeting may appoint another member as proxy to attend and vote in the meeting. Proxies in order to be effective must be received by the company at the registered office not later than 48 hours before the time for holding the meeting.
3. Shareholders are requested to immediately notify the change in address, if any.
4. CDC account holders will further have to follow the guidelines as laid down in circular No.1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan:

   a. For attending the meeting

      i). In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his original computerized national identity card (CNIC) or original passport at the time of attending the meeting.

ii). In case of corporate entity, the board of directors' resolution/power of attorney with specimen signatures of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting

b. For appointing proxies

i). In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirement.

ii). The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

iii). Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iv). The proxy shall produce his original CNIC or original passport at the time of the meeting.

v). In case of corporate entity, the board of directors' resolution/power of attorney with specimen signatures shall be submitted (unless it has been provided earlier) along with proxy form to the company.

Financial Statements for the year ended 30-06-2017 are being uploaded on the website of the Company www.dmtextile.com.pk.

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

Textile industry especially old units have been passing through severe crises for the past few years due to market recess and high energy cost and rising cost of production etc.

Company is facing financial problems and has to pay the liabilities of the financial institutions, raw material suppliers, store suppliers, employees, debt providers, EOBI, Social Security, Cantonment Board and income taxes etc. Therefore, it is appropriate to dispose off the said piece of land. The Board of Directors of the Company in their meeting held on April 20, 2016 & 06 October 2017 after due consideration has decided to sell aprox 07.19 Kanal piece of land comprising about 40 years old worker quarters and open area of the company subject to consent of members of the company in general meeting and clearance from the banks/financial institutions where such assets are under lien/charge.

1. Members of the Company in their meeting held on 31 October 2016 granted approval for sale of this piece of land/building. Due to non-availability of good buyer(s), these assets could not be sold.

The information required under Notification SRO No. 1227/2005 dated 12 December 2005 is as follow:

Description	Owner/Leased Assets/Rupees
Detail of Assets to be sold	07.19 Kanal Land comprising open area and old worker Quarters
Location	Factory premises, Westridge Industrial Area, Rawalpindi
Cost of Land & building	Rs.4,721,085/=
Book Value	Rs.60,650,523/=
Revalued amount	Rs.39,559,100/=
Approximate current market price/fair value	Rs. 33,625,235/=

It is proposed to place the resolution as mentioned at Agenda No. 1 of Special Business above for approval of members in the AGM.

2. Due to closure of Mills, Company has surplus approximate 150,000 Sqft. covered area (including old Mill building, godowns & worker's residential halls/rooms) situated at Mills premises, Westridge Industrial Area Rawalpindi. To meet the fixed expenses and repayment of company's liabilities, with the approval of the Board, management rented out approx 100,000 sqft. surplus covered area gradually during the last years, proper disclosures were made in the financial statements. Rest of the surplus covered area is in more depleted condition and needs repairing before it could be rented-out. To fulfill the compliance with relevant rules & regulations, member's ex- post facto approval is required. Rental income during the last years was as under:
2013 - Rs. 2.841 Million, 2014 Rs. 3.036 Million,
2015 Rs.6.574 Million, 2016 Rs.10.899 Million, 2017 Rs.12.388 Million

It is proposed to place the resolution as mentioned at Agenda No. 2 of Special Business above for approval of members in the AGM.

3. Members in their meeting held on 03 November 2012 granted approval for sale of plant and machinery and other surplus assets under section 196(3)(a) of the Companies Ordinance, 1984. The management could not sell the approved plant & machinery within one year as good buyers were not available. Accordingly, Management partially sold its old and obsolete plant & machinery and other surplus assets with the approval of the Board and made proper disclosures in the financial statements of respective years upto 30-06-2017. Approvals under SRO 1227/2005 dated 12 December 2005 need revalidation of members after completion of every one year. Hence, member's ex-post facto approval is required to revalidate their resolution dated 03 November 2012.

Year wise details of sold plant and machinery & other surplus assets is given as under:-

2014-15

Description	Book Value Rs.	Sale Proceeds Rs.
Plant, Machinery & Equipment	25,016,833	28,135,600

2015-16

Description	Book Value Rs.	Sale Proceeds Rs.
Plant, Machinery & Equipment	27,327,536	21,625,000

2016-17

Description	Book Value Rs.	Sale Proceeds Rs.
Plant, Machinery & Equipment	11,647,625	11,645,000

It is proposed to place the resolution as mentioned at Agenda No. 3 of Special Business above for approval of members in the AGM.

As per requirement, additional information with respect to sale/renting of assets is as under:

The proposed manner of disposal/renting	Outright sale/renting and/or through any other mean (advertisement for tenders, quotations, bids etc), to be sold/rented in a transparent manner.
Reason for the disposal/sale/renting	To pay off the liabilities of the Company
Benefits expected to accrue to the Shareholders	The sale proceeds/rental income will be used to decrease the financial liabilities/over due payments to avoid litigations.
Nature and extent of interest, if any, of Directors	None of the Directors have any direct or indirect interest in the sale/disposal/renting of the said assets except as shareholders of the Company

Availability of Relevant Documents:
The documents pertaining to above resolutions are available for inspection at the registered office of the company on any working day upto 27 October 2017 during business hours and also at the time of meeting.

By the order of the Board

Date: 06 October 2017

Rao Khalid Pervaiz
(Director)

CHAIRMAN'S REVIEW REPORT

As the newly elected Chairman of the Board of Directors, I am pleased to present the financial reports of the Company for the year ended 30 June 2017. As textile sector is continuously facing problems hence Mills could not resume its production process. We are trying our level best to utilize the available resources for repayment of company's liabilities. We significantly reduced administrative expenses and increased the income through renting out the available surplus covered area. I appreciate the efforts of the Board & Management for reduction in the losses of the Company and hope for further improvement in future.

On behalf of the Board, I wish to acknowledge the contributions of our employees and cooperation by the financial institutions and other debt providers.

Shahid Hussain
Chairman of the Board of Directors

Rawalpindi: October 06, 2017

DIRECTORS' REPORT

Dear Shareholders,

The Directors welcome you to the 60th Annual General Meeting of D.M. Textile Mills Ltd and present audited accounts and annual report of the company for the year ended June 30, 2017 along with Auditors' Report thereon.

1. Net Profit/(Loss)

During the year the company suffered a net loss of Rs. (2.775) Million as compared to previous year net loss of Rs. (58.829) Million.

Due to continuous market recession and high inflation costs the Mills could not resume its production process.

2. Comparative financial results are given below:

	Rupees in Thousand	
Year Ended on	**30-06-2017**	**30-06-2016**
Sales	-	198,080
Cost of Sales	-	(206,028)
Gross Profit/(Loss)	-	(7,948)
Administrative and other expenses	(24,245,415)	(99,938,912)
Other Income	15,556,625	14,952,673
Financial and Other Charges	(893,785)	(1,947,785)
Provision for Taxation	6,807,105	28,112,960
Profit / (Loss) after taxation	(2,775,470)	(58,829,011)
Loss per share - Basic and diluted	(0.91)	(19.27)
Breakup Value per share in Rs	178.13	187.29

3. Debt Servicing

As per Settlement Agreement with Faysal Bank Ltd, Company is paying monthly installments regularly and balance amount has to be paid in 30 monthly installments. After negotiations, Company also paid off the entire agreed long outstanding property tax of the Cantonment Board Rawalpindi. Further management is in the process of negotiating with other debt providers so as to reduce the financial liabilities of the company.

4. Dividend

The Directors have not recommended any dividend due to loss.

5. Directors have granted specific approval for the following transactions/adjustments mentioned in the financial statements:

	Rupees
Operating fixed assets cost of additions	788,050
Operating fixed assets cost of deletions	12,877,481
Long outstanding liabilities written back	1,332,662
Related party transactions as disclosed in financial statements.	

Directors have also granted general approval for following transactions in the financial statements.

a. Approval of expenditures including Capital expenditure.
b. Advances as given in note 21

6. Statement on Corporate and Financial Reporting Frame Work

a) The financial statements prepared by the management of the Company, present fairly the state of affairs, the results of its operations, cash flow and changes in equity.

b) Company has maintained proper books of accounts.

c) In preparation of financial statements, appropriate accounting policies have been consistently applied and accounting estimates are based on reasonable and prudent judgments.

d) International Accounting standards, as applicable in Pakistan have been followed in preparation of financial statements and any departure there from has been adequately disclosed.

e) The system of internal control is sound in design and has been effectively implemented and monitored. The process of review will continue and any weakness in control will be removed.

f) There are no significant doubts upon the Company's ability to continue as a going concern.

g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

h) Key Operating and Financial Data for the last six years in summarized form is annexed to the Annual Report.

i) There are no overdue taxes and levies as on June 30, 2017 except reported in notes under contingencies and commitments in the balance sheet.

j) Pattern of Shareholding and Additional information as required under CCG is also annexed to the Annual Report.

Except as disclosed in the Patron of Shareholding, during the year under review, there is no trading in shares of the company by Directors, Chief Executive, Chief Financial Officer / Company Secretary, their spouses and minor children.

k) During the year six meetings of the Board of Directors were held. Attendance by each director is as follows:

Name of Directors	No. of Meetings attended
Mr. Shahid Hussain	6
Mian Habib Ullah	6
Mr. Shahid Aziz (Nominee of NIT)	5
Hussain Ahmed Ozgen	4
Mr. Hussain Ahmed Qureshi (retired on 31/01/2017)	3
Syed Obaid-ul-Haq (retired on 31/01/2017)	0
Rao Khalid Pervaiz	6
Mubarik Zeb (elected on 01/02/2017)	1
Amer Zeb (elected on 01/02/2017)	1

Directors who could not attend Board Meetings were granted leave of absence in accordance with the law.

l) During the year four meetings of the Audit Committee were held. Attendance by each member was as follows:

Mr. Hussain Ahmad Ozgen (appointed on 08/02/2017)	1
Mr. Shahid Hussain (retired on 08/02/2017)	2
Mr. Hussain Ahmad Qureshi (retired on 31/01/2017)	2
Mr. Shahid Aziz	3
Syed Obaid ul Haq (retired on 31/01/2017)	0
Amer Zeb (appointed on 08/02/2017)	1

m) Messrs. Corplink (Private) Limited, Wings Arcade, 1-K Commercial Model Town, Lahore are our share registrar under section 204-A of the companies ordinance 1984

7. Future Prospects & Plans

Due to continued market recession and high inflation costs, the Mills could not resume its production process. The management is hopeful to settle all its outstanding liabilities with debt providers which will further reduce burden of financial cost. Management has positive intention and capability to start production subject to improvement in market and suppliers credit for raw material & new machinery so that production comes into profit.

8. Auditors

The retiring Auditors M/s. Riaz Ahmad & Company Chartered Accounts being eligible offer themselves for re-appointment.

9. Remarks on Auditors' Report & Review Report to the members:

(Quote: 1)

The company sustained net loss of Rupees 2.775 million during the year ended 30 June 2017 and as of that date its accumulated loss was Rupees 61.825 million due to which total equity stood at negative of Rs. 31.302 Million. As of 30 June 2017, the company's current liabilities exceeded its current assets by Rupees 58.063 million. Liabilities against assets subject to finance lease include overdue amounts. The company has been unable to arrange fresh financing for working capital and other purposes. The mill remained closed during the year due to non-supply of captive power gas and shortage of working capital. As at the reporting date, the company had a few employees. The mill could not resume operations till the date of this report. The management of the company did not provide us its assessment of going concern assumption used in preparation of these financial statements and the future financial projections indicating the economic viability of the company. These events indicate a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. The financial statements (and notes thereto) do not disclose this fact. These financial statements have been prepared on the going concern basis. **(Unquote: 1)**

The management has successfully settled its entire outstanding loans due towards financial institutions. Further, the management is trying its level best to negotiate with other debt providers to settle amicably. Due to the settlement reached/to be reached with the debt providers, the Management has prepared the accounts on going concern basis.

(Quote: 2)
As more fully explained in Note 15 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, Rawalpindi Bench whereby stay order was granted to suspend the operation of above said order. The Board of Directors of the company, after getting valuation of the property at forced sale value of Rupees 72.007 million from M/s NAKMS Associates (Private) Limited, resolved in its meeting held on 23 April 2014 that the right in property along with fixtures and fittings be offered to the CEO at the fixed floor price of Rupees 75 million. Whereas, as per Capital Development Authority, the property has been transferred in the name of Chief Executive Officer, 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, Islamabad, on submission of CEO, ordered to transfer the property in the name of the company within sixty days. The CEO filed 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 Fibres Limited and The Bank of Punjab versus Bilal Textiles (Pvt) Limited wherein the CEO was a guarantor. Meanwhile, the Board of Directors and the shareholders in their meetings held on 09 October 2016 and 31 October 2016 respectively resolved to reverse the transaction of sale of property to CEO, subject to completion of legal formalities and in accordance with rules/law/procedures. 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.
(Unquote:2)

As stated by the Auditors, the property could not be transferred in the name of the Company due to the want of completion of legal formalities. CEO filed an appeal before the Lahore High Court Rawalpindi Bench against the above mentioned SECP Order. The Honourable Court in its Order dated 26-10-2009 suspended the operation of the SECP Order. Keeping in view the financial position of the company and the legal formalities, the Board of Directors discussed this issue several times and finally decided to offer the first right of refusal to the CEO at fixed floor price of Rs.75 Million. As a result the company gained Rs.20.148 Million;

and this long outstanding issue was resolved with approval of the members of the company. Later the case was transferred to Islamabad High Court Islamabad (IHC). The CEO, in the case proceedings before the Islamabad High Court, Islamabad on 03 May 2016 submitted to transfer the property in the name of the Company within sixty days. The CEO moved an application before the IHC for placement of additional documents on the grounds that in the given circumstances he has surrendered subject property rights in favour of D.M. Textile Mills Ltd and same fact is approved by the Board of Directors and Members of the Company, but the property has been attached by the Lahore High Court Lahore in two different cases titled Bank of Punjab versus Bilal Fibres Limited and Bank of Punjab versus Bilal Textiles (Private) Limited. On 30-11-2016, IHC allowed the Application for placement of additional documents on record for the reasons stated therein. Matter is still pending before the Honorable IHC.

(Quote: 3)
in our opinion and to the best of our information and according to the explanations given to us, because of the effects of matters discussed in paragraph (i) and (ii) above, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof do not conform with approved accounting standards as applicable in Pakistan, and, do not give the information required by the repealed Companies Ordinance, 1984, in the manner so required and do not give a true and fair view of the state of the company's affairs as at 30 June 2017 and of the loss, its comprehensive loss, its cash flows and changes in equity for the year then ended **(Unquote: 3)**

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 30 June 2017 in the light of the facts stated above.

(Quote:4)
The Board has not appointed whole-time Company Secretary and Chief Financial Officer since the resignation of the previous Company Secretary and Chief Financial Officer as required by clause 5.19.8 of the Code. Further, acting Company Secretary having additional charge of acting Chief Financial Officer does not fulfill the qualification criteria mentioned in clause 5.19.9(a) of the Code **(Unquote: 4)**

The Company is making efforts to fulfill the requirements. However, professionals are not willing to join the Company due to closure of Mills and various reasons. The requirement will be fulfilled as soon as possible.

(Quote:5)
Head of Internal Audit does not fulfill the qualification criteria mentioned in clause 5.19.9(b) of the Code **(Unquote: 5)**

The Company is making efforts to fulfill the requirement. However, professionals are not willing to join the Company due to various reasons. Existing head of internal audit is working satisfactorily for the last several years whereas he has been working with us as Accounts Incharge for the last about 20 years.

(Quote:6)
The Company has not compiled with the corporate and financial reporting requirements of the Code. The financial statements of the Company have not been prepared in accordance with approved accounting standards as applicable in Pakistan. Therefore, the financial statements do not give a true and fair view of the state of the Company's affairs as at 30 June 2017 and of the loss, its comprehensive loss, the cash flows and changes in equity for the year then ended **(Unquote: 6).**

The Board of Directors is of the view that the company follows the corporate and financial reporting requirements of the Code, 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 30 June 2017 in the light of the facts stated above.

10- Acknowledgment

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

For and behalf of the Board of Directors

Chief Executive Officer | **Director**

Rawalpindi: October 06, 2017

ڈائریکٹرز رپورٹ

معزز ممبران

ہم آپ کو کمپنی کے ساٹھویں سالانہ اجلاس عام میں خوش آمدید کہتے ہیں۔ ڈائریکٹرز رپورٹ کے ساتھ 30 جون 2017 کو ختم ہونے والے سال کے مالیاتی گوشوارے آڈٹ شدہ) بمعہ آڈیٹرز رپورٹ پیش خدمت ہیں۔

زیرِ نظر مدت کے دوران کمپنی کو بعد از ٹیکس مبلغ 2.775 ملین روپے کا خسارہ ہوا ہے جبکہ گذشتہ سال اسی مدت کے دوران بعد از ٹیکس مبلغ 58.829 ملین روپے کا خسارہ ہوا تھا۔

مسلسل مارکیٹ بحران اور ان پٹ لاگت میں اضافہ کی وجہ سے کمپنی پیداواری صلاحیت کو بحال نہ کر سکی۔

مالی نتائج کا موازنہ مندرجہ ذیل ہے۔

[zg	[z g	تفصیل
2016 yŽ 30	2017yŽ30	
198,080	X	مجموعی سیلز (فروخت)
(206,028)	X	فروخت کی لاگت
(7,948)	X	مجموعی منافع/(نقصان)
(99,938,912)	(24,245,415)	فروخت انتظامی اور دیگر اخراجات
14,952,673	15,555,625	دیگر آمدن
(1,947,785)	(893,785)	مالی اور دیگر چارجز
28,112,960	6,807,105	ٹیکس کی پروویژن
(58,829,011)	(2,775,470)	منافع/(خسارہ) بعد از ٹیکس
(19.27)	(0.91)	فی شیئر آمدن/(خسارہ) روپے (Basic & Diluted)
187.29	178.13	بریک اپ ویلیو روپے فی شیئر

فیصل بینک کے ساتھ معاہدہ کے مطابق کمپنی ماہانہ اقساط باقاعدگی سے ادا کر رہی ہے۔ بقایا رقم 30 ماہوار اقساط میں ادا کرنی ہے۔ راولپنڈی کنٹونمنٹ بورڈ سے گفت وشنید کے بعد کمپنی نے متعلق شدہ تمام بقایا پراپرٹی ٹیکس ادا کر دیا ہے مزید براں انتظامیہ دوسرے قرض داروں سے گفت وشنید کر رہی ہے تاکہ کمپنی کے مالی بوجھ کو مزید کم کیا جا سکے۔

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

ڈائریکٹرز نے مندرجہ ذیل ٹرانزیکشن ایڈجسٹمنٹ جو کہ مالی گوشواروں میں دیے گئے ہیں کی خصوصی منظوری دی ہے۔

	روپے
اپریٹنگ فکسڈ اثاثے ۔ اضافہ	788,050
اپریٹنگ فکسڈ اثاثے ۔ کمی (deletions)	12,877,481
طویل بقایا Liabilities ختم کیں	1,332,662

متعلقہ پارٹی ٹرانزیکشنز جو گوشواروں میں دکھائی گئی

ڈائریکٹرز نے مالی گوشواروں میں دی گئی مندرجہ ذیل ٹرانزیکشنز کی عام منظوری بھی دی:

الف۔ خرچے بمعہ کیپیٹل خرچے

ب۔ ایڈوانسز

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک

کوڈ آف کارپوریٹ گورننس کے فریم ورک کے مطابق مالیاتی رپورٹ کے ضمن میں ڈائریکٹرز مندرجہ ذیل امور کی تصدیق کرتے ہیں:

a۔ کمپنی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے تمام معاملات کو واضح طور پر پیش کرتے ہیں جیسے کہ سرگرمیوں کے نتائج رقم کی آمدورفت اور کاروباری سرمایہ میں ہونے والی تبدیلیاں۔

b۔ کمپنی نے حسابداری کے مناسب کھاتے رکھے ہیں

c۔ مالیاتی گوشواروں کی تیاری کے لئے ہمیشہ مناسب اور متعلقہ اکاؤنٹنگ پالیسیوں پر عمل کیا جاتا ہے۔ پالیسیوں میں ہونے والی کسی بھی تبدیلی کو مالیاتی گوشواروں میں ظاہر کیا جاتا ہے۔ حسابداری کے گوشوارے ہمیشہ منطقی اور محتاط اندازوں پر مشتمل ہوتے ہیں۔

d۔ پاکستان میں لاگو انٹرنیشنل فنانشل رپورٹنگ سٹینڈرڈز کو مالیاتی گوشواروں کی تیاری کے لئے بروئے کار لایا جاتا ہے اور ان میں ہونے والی تبدیلی کو مناسب طور پر ظاہر کیا جاتا ہے اور اس کی وضاحت کی جاتی ہے۔

e۔ اندرونی کنٹرول کا نظام مضبوط بنیادوں پر استوار ہے اور موثر طریقے سے روبہ عمل ہے جس کی مسلسل نگرانی کی جاتی ہے۔

f۔ کمپنی کے قائم نہ رہنے کے حوالے سے کسی قسم کا کوئی خدشہ نہ ہے۔

g۔ لسٹنگ ریگولیشن میں دی گئی کارپوریٹ گورننس کے طریقہ کار میں کوئی تبدیلی نہیں کی گئی ہے۔

h۔ گذشتہ 6 سال کے مالی اور انتظامی امور سے متعلق اعداد و شمار کا خلاصہ اس رپورٹ کے ساتھ منسلک ہے۔

i۔ اس سال کی مالیاتی رپورٹ کے نوٹس میں دیے گئے واجب الادا ٹیکسوں اور لیویز کے علاوہ اور واجب الادا ٹیکسوں یا لیویز نہ ہیں۔

j۔ کوڈ آف کارپوریٹ گورننس کے تحت کمپنی کے حصص یافتگان کی تفصیل اس رپورٹ کے ساتھ منسلک ہے۔

k۔ ماسوائے جو پیٹرن آف شیئر ہولڈنگ میں ظاہر کیا گیا ہے، کمپنی کے ڈائریکٹرز، چیف ایگزیکٹیو، چیف فنانشل آفیسر، کمپنی سیکریٹری، ان کی بیویوں / بچوں نے کمپنی کے شیئرز کا تجارتی لین دین نہیں کیا ہے

X„g sf gŠ~¢ qÅ il,Ze ~Xñƒ k° Z b Æil,Ze sWe g1 yZg zŠ Æw ,kZ Xı

ڈائریکٹرز کے نام	اجلاس میں شرکت کی تعداد
جناب شاہد حسین	6
جناب میاں حبیب اللہ	6
جناب شاہد عزیز (نمائندہ NIT)	5
جناب حسین احمد آزگن	4
جناب حسین احمد قریشی (31 جنوری 2017 کو ریٹائر ہو گئے)	3
جناب سید عبیدالحق (31 جنوری 2017 کو ریٹائر ہو گئے)	0
جناب مبارک زیب (01 فروری 2017 کو منتخب ہوئے)	1
جناب امیر زیب (01 فروری 2017 کو منتخب ہوئے)	1
جناب راؤ خالد پرویز	6

جو ڈائریکٹرز صاحبان بورڈ کی میٹنگ میں شریک نہ ہو سکے، قوائد کے مطابق ان کی چھٹی منظور کی گئی۔

m۔ اس سال کے دوران آڈٹ کمیٹی کے چار اجلاس ہوئے جن میں ڈائریکٹرز کی حاضری درج ذیل رہی۔

ڈائریکٹرز کے نام	اجلاس میں شرکت کی تعداد
جناب حسین احمد آزگن (08 فروری 2017 کو منتخب ہوئے)	1
جناب شاہد حسین (31 جنوری 2017 کو ریٹائر ہوئے)	2
جناب حسین احمد قریشی (31 جنوری 2017 کو ریٹائر ہوئے)	2
جناب شاہد عزیز	3
جناب سید عبیدالحق (31 جنوری 2017 کو ریٹائر ہو گئے)	0
جناب امیر زیب (08 فروری 2017 کو منتخب ہوئے)	1

جو ڈائریکٹرز صاحبان آڈٹ کمیٹی کی میٹنگ میں شریک نہ ہو سکے، قوائد کے مطابق ان کی چھٹی منظور کی گئی۔

کمپنیز آرڈیننس کی شق 204-A کے تحت میسرز کارپلنک (پرائیویٹ) لمیٹڈ، ڈوگر آرکیڈ، 1-K کمرشل ماڈل ٹاؤن، لاہور، کمپنی کے شیئر رجسٹرار ہیں

مسلسل مارکیٹ بحران اور ان پٹ لاگت میں اضافہ کی وجہ سے کمپنی پیداواری صلاحیت کو بحال نہ کر سکی۔ انتظامیہ پر امید ہے کہ دیگر تمام قرض داروں سے معاملات طے ہو جائیں گے جس سے کمپنی کا مالی بوجھ کم ہوگا۔ انتظامیہ کی نیت مثبت ہے اور پیداوار شروع کرنے کی صلاحیت بھی رکھتی ہے بشرطیکہ مارکیٹ بہتر ہو، سپلائیرز سے خام مال اور نئی مشینری ادھار ملے تا کہ پیداوار منافع بخش ہو سکے۔

ریٹائر ہونے والے آڈیٹرز میسرز ریاض احمد اینڈ کمپنی تعیناتی کے اہل ہیں اور انھوں نے اپنے آپ کو دوبارہ تعیناتی کے لئے پیش کیا ہے۔ آڈٹ کمیٹی کی تجویز پر بورڈ آف ڈائریکٹرز ان کی دوبارہ تعیناتی کی سفارش کرتا ہے۔

آڈیٹرز رپورٹ اور جائزہ رپورٹ برائے ممبران پر بورڈ آف ڈائریکٹرز کا بیان:

(اقتباس۔1)

" کمپنی کو 30 جون 2017 کو ختم ہونے والے سال میں 2.775 ملین کا خالص خسارہ ہوا۔ اسی مدت میں اس کا مجموعی خسارہ 61.825 ملین رہا جس کے نتیجے میں مجموعی ایکویٹی منفی 31.302 ملین رہی۔ 30 جون 2017 تک کمپنی کی موجودہ ذمہ داریاں اس کے موجودہ اثاثوں سے 58.063 ملین تجاوز کر گئیں۔ ذمہ داریوں میں فنانس لیز والے اثاثہ جات کی over due رقم شامل ہے۔ کمپنی ورکنگ کیپٹل اور دیگر مقاصد کے لئے نئی فنانسنگ حاصل نہ کر سکی۔ سال کے دوران طرز بجلی، گیس مہیہ نہ ہونے اور ورکنگ کیپٹل کی کمی کی وجہ سے بند رہی۔ اس رپورٹ کی تاریخ تک کمپنی کے چند ملازمین تھے اور طرز دوبارہ پیداوار شروع نہ کر سکی۔ کمپنی انتظامیہ نے ہمیں کمپنی کے قائم رہنے کے خدشہ کے بارے میں اپنی رائے نہیں دی جو کہ ان حسابات اور مستقبل کے مالی اندازوں کی تیاری میں استعمال ہوئے جس سے کمپنی کا اقتصادی استحکام ظاہر ہو۔ یہ واقعات مواد کی غیر یقینی کو ظاہر کرتے ہیں جس سے کمپنی کے قائم رہنے کی صلاحیت پر شکوک اٹھتے ہیں اس لئے ہو سکتا ہے کہ عام کاروباری حالات میں یہ اپنے اثاثوں کو realize اور ذمہ داریوں کو پورا نہ کر سکے۔ مالیاتی گوشوارے (اور ان پر دیئے گئے نوٹس) اس حقیقت کو واضح نہیں کرتے۔ یہ مالیاتی گوشوارے قائم رہنے کے تصور پر تیار کئے گئے ہیں"

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

(اقتباس۔2)

" جیسا کہ مالیاتی گوشوارے کے نوٹ 15 میں زیادہ تفصیل دی گئی ہے، کمپنی نے جائیداد خریدنے کے لئے 51.150 ملین روپے ایڈوانس دیا۔ قانونی معاملات کی وجہ سے جائیداد کمپنی کے نام ٹرانسفر نہ ہو سکی۔ SECP نے اپنے حکم بتاریخ 29 نومبر 2007 کمپنی کے ڈائریکٹرز کو 30 دن کے اندر جائیداد کمپنی کے نام ٹرانسفر کرنے کا کہا۔ یہ بھی حکم دیا گیا کہ حساب لگائیں کہ اسی عرصہ میں اگر یہ رقم شیڈول بینک میں روزانہ کی بنیاد پر جمع کروائی جاتی تو اس پر کتنا منافع بنتا۔ اور حکم دیا کہ یہ رقم وہ ڈائریکٹرز جن پر جرمانہ ہوا ہے، تناسب سے کمپنی کے کھاتے میں جمع کروائیں۔ چیف ایگزیکٹو نے لاہور ہائی کورٹ راولپنڈی بینچ میں رٹ دائر کی جہاں سے SECP کے مندرجہ بالا حکم پر عمل درآمد کا stay order جاری ہوا۔ کمپنی کے بورڈ آف ڈائریکٹرز نے میسرز ٹیکنو ایسوسی ایٹ سے جائیداد کی مجبورا فروخت ویلیوایشن Rs.72.007 ملین کروانے کے بعد اپنی میٹنگ مورخہ 23 اپریل 2014 کو منظوری دی کہ جائیداد میں حقوق بمعہ فکسچر اور فٹنگ چیف ایگزیکٹو طے شدہ قیمت مبلغ 75 ملین میں آفر کیا جائے۔ جبکہ کیپٹل ڈویلپمنٹ اتھارٹی کے مطابق جائیداد چیف ایگزیکٹو میاں حبیب اللہ کے نام بذریعہ عدالتی ڈگری ٹرانسفر ہو چکی ہے۔ لاہور ہائی کورٹ راولپنڈی بینچ نے اپنے عبوری حکم مورخہ 06 فروری 2015 التوا کی اجازت دیتے ہوئے ہدایت کی کہ کسی بھی صورت میں کمپنی کی جائیداد / انڈر ٹیکنگ کو ٹرانسفر / الگ الگ نہ کیا جائے۔ اسی دوران مورخہ 03 مئی 2016 کو کیس اسلام آباد ہائی کورٹ ٹرانسفر ہو گیا۔ چیف ایگزیکٹو کے بیان پر اسلام آباد ہائی کورٹ نے 60 دن کے اندر جائیداد کمپنی کے نام ٹرانسفر کرنے کا حکم دیا۔ چیف

ایگزیکٹو نے اسلام آباد ہائی کورٹ میں ریلیف کی درخواست دائر کی کہ جائیداد پہلے ہی دو مقدمات میں Attach ہو چکی ہے جو کہ بینک آف پنجاب بنام بلال فائبرز لمیٹڈ اور بینک آف پنجاب بنام بلال ٹیکسٹائل (پرائیویٹ) لمیٹڈ ہیں جہاں چیف ایگزیکٹو ضامن تھا اسی دوران بورڈ آف ڈائریکٹرز اور شیئر ہولڈرز نے اپنی ملاقاتوں میں جو کہ بالترتیب مورخہ 09 اکتوبر 2016 اور 31 اکتوبر 2016 کو منعقد ہوئیں منظوری دی کہ چیف ایگزیکٹو کو جائیداد کی فروخت کی ٹرانزیکشن کو رسمی قانونی کاروائی مکمل کرنے کے بعد واپس کر دیا جائے۔ ہم مندرجہ بالا احکامات کی عملداری کو یقینی نہ بنا سکے اور اپنے آپ کو مطمئن نہ کر سکے کہ جائیداد کی جبری فروختی قیمت کو جائیداد کے لئے دیے گئے

X"ñ YHó+ Zn úÆ÷Z z+Z

جیسا کہ آڈیٹرز نے بیان کیا، قانونی معاملات کی وجہ سے جائیداد کمپنی کے نام ٹرانسفر نہ ہو سکی۔ چیف ایگزیکٹو نے لاہور ہائی کورٹ راولپنڈی بینچ میں رٹ دائر کی جہاں سے SECP کے مندرجہ بالا حکم پر عمل درآمد کا stay order جاری ہوا۔ کمپنی کی مالی حالت اور قانونی ضرورتوں کو مدنظر رکھتے ہوئے بورڈ آف ڈائریکٹرز نے کئی دفع اس معاملے پر بحث کی اور آخر میں فیصلہ کیا کہ چیف ایگزیکٹو کو ریفنڈ کا پہلا حق مبلغ 75 ملین جو کہ فکس طور پر پرائس تھی آفر کیا جائے۔ اس کے نتیجے میں کمپنی کو مبلغ 20.148 ملین کا منافع ہوا اور یہ دیر سے اٹکا ہو معاملہ ممبرز کی منظوری سے حل ہوا۔ بعد ازاں کیس اسلام آباد ہائی کورٹ منتقل ہو گیا۔ چیف ایگزیکٹو کے بیان پر اسلام آباد ہائی کورٹ نے 60 دن کے اندر جائیداد کمپنی کے نام ٹرانسفر کرنے کا حکم دیا۔ چیف ایگزیکٹو نے اسلام آباد ہائی کورٹ میں ریلیف کی درخواست دائر کی کہ اور مزید کاغذات پیش کرنے کی اجازت مانگی اور استدعا کی کہ موجودہ حالات میں وہ جائیداد میں حقوق سرنڈر کر چکے جس کی منظوری کمپنی کے بورڈ آف ڈائریکٹرز اور ممبران دے چکے ہیں لیکن جائیداد پہلے ہی بحکم لاہور ہائی کورٹ لاہور دو مقدمات میں Attach ہو چکی ہے جو کہ بینک آف پنجاب بنام بلال فائبرز لمیٹڈ اور بینک آف پنجاب بنام بلال ٹیکسٹائل (پرائیویٹ) لمیٹڈ ہیں جہاں چیف ایگزیکٹو ضامن تھا۔ معزز اسلام آباد ہائی کورٹ نے مورخہ 30 نومبر 2016 کو پیش کردہ وجوہات کی بنا پر اضافی کاغذات پیش کرنے کی درخواست کو منظور کیا اور مقدمہ ابھی تک زیر سماعت ہے۔

(اقتباس۔3)

"ہماری رائے میں اور ہماری بہترین معلومات کے مطابق اور ہمیں دی گئی وضاحتوں کے مطابق، اوپر دیے گئے پیرا نمبر (i) اور (ii) میں معاملات کے اثرات کی وجہ سے، بیلنس شیٹ، منافع اور نقصان کا اکاؤنٹ، جامع آمدنی کا بیان، کیش فلو سٹیٹمنٹ اور ایکوئٹی میں تبدیلی کا بیان بمعہ نوٹس جو ان کا حصہ ہیں، پاکستان میں رائج اکاؤنٹنگ سٹینڈرڈز کے مطابق نہیں ہیں۔ اور منسوخ شدہ کمپنیز آرڈیننس 1984 کے مطابق معلومات نہیں دیتے جس طرح سے ضروری ہیں۔ اور 30 جون 2017 تک کمپنی کے درست اور منصفانہ معاملات کا ملاحضہ نہیں دیتے۔ اور نقصان کا، اس کے جامع نقصان کا، اس کے کیش فلو کا اور ایکوئٹی میں تبدیلی کا برائے سال ختمہ"

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 دیے گئے حقائق کی روشنی میں درست اور منصفانہ طور پر کمپنی کے معاملات برائے سال ختمہ 30 جون 2017 کو پیش کرتے ہیں۔

(اقتباس۔4)

"جب سے سابقہ کمپنی سیکرٹری اور چیف فنانشل آفیسر نے استعفیٰ دیا ہے بورڈ نے کوڈ کی شق 5.19.8 کے تحت کل وقتی کمپنی سیکرٹری اور چیف فنانشل آفیسر مقرر نہیں کیا۔ مزید قائم مقام کمپنی سیکرٹری کے پاس چیف فنانشل آفیسر کا اضافی چارج ہے وہ کوڈ کی شق (5.19.9(a کے تحت تعلیمی معیار پورا نہیں کرتا"

کمپنی اس ضرورت کو پورا کرنے کی کوشش کر رہی ہے تاہم متعلقہ پیشہ ور جو کہ اس معیار پر پورا اترتے ہیں طلب ہونے اور مختلف وجوہات کی وجہ سے نہیں آ رہے۔ جتنا جلدی ممکن ہوا یہ requirement پوری کر دی جائے گی۔

(اقتباس۔5)

"انٹرنل آڈٹ ہیڈ کوڈ کی شق (5.19.9(b کے مطابق کوالیفیکیشن کا معیار پورا نہیں کرتا"۔

کمپنی اس ضرورت کو پورا کرنے کی کوشش کر رہی ہے تاہم متعلقہ پیشہ ور جو کہ اس معیار پر پورا اترتے ہیں مختلف وجوہات کی وجہ سے نہیں آرہے۔ موجودہ انٹرنل آڈٹ ہیڈ کئی سالوں سے تسلی بخش کام کام کر رہا ہے جبکہ یہ پچھلے تقریباً 20 سال سے اکائنٹ انچارج کے طور پر کام کر رہا ہے۔

(اقتباس۔6)

" کمپنی نے کوڈ کی فنانشل رپورٹنگ کی ضرورت کو پورا نہیں کیا ہے۔ کمپنی کی فنانشل سٹیٹمنٹ پاکستان میں رائج اکاؤنٹنگ سٹینڈرڈ کے مطابق تیار نہیں کی گئی۔ لہذا فنانشل سٹیٹمنٹ نقصان، جامع نقصان کا بیان، کیش فلو اور ایکوئٹی میں تبدیلیاں بابت سال 30 جون 2017 کے درست اور منصفانہ معاملات کا ملاحظہ نہیں دیتے"

بورڈ آف ڈائیریکٹرز 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 برائے سال مختتمہ 30 جون 2017 کو پیش کرتے ہیں۔

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

چیف ایگزیکٹو

ڈائریکٹر

راولپنڈی: 06 اکتوبر 2017

REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of D.M. TEXTILE MILLS LIMITED ("the Company") for the year ended 30 June 2017 to comply with the Code contained in the Regulations of Pakistan Stock Exchange Limited, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the statement of compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and reviews of various documents prepared by the Company to comply with the Code.

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Following instances of non-compliance with the requirements of the Code were observed which are not stated in the Statement of Compliance:

- The Board has not appointed whole-time Company Secretary and Chief Financial Officer since the resignation of the previous Company Secretary and Chief Financial Officer as required by clause 5.19.8 of the Code. Further, acting Company Secretary having additional charge of acting Chief Financial Officer does not fulfil the qualification criteria mentioned in clause 5.19.9 (a) of the Code;

- Head of Internal Audit does not fulfill the qualification criteria mentioned in clause 5.19.9 (b) of the Code; and

- The Company has not complied with the corporate and financial reporting requirements of the Code. The financial statements of the Company have not been prepared in accordance with approved accounting standards as applicable in Pakistan. Therefore, the financial statements do not give a true and fair view of the state of the Company's affairs as at 30 June 2017 and of the loss, its comprehensive loss, its cash flows and changes in equity for the year then ended.

Based on our review, except for the above instances of non-compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 30 June 2017.

Riaz Ahmad + Co.

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Mubashar Mehmood

Date: 06 October, 2017

ISLAMABAD

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **D.M. TEXTILE MILLS LIMITED** as at 30 June 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the repealed Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(i) The company sustained net loss of Rupees 2.775 million during the year ended 30 June 2017 and as of that date its accumulated loss was Rupees 61.826 million due to which total equity stood at negative balance of Rupees 31.302 million. As of 30 June 2017, the company's current liabilities exceeded its current assets by Rupees 58.063 million. Liabilities against assets subject to finance lease include overdue amounts. The company has been unable to arrange fresh financing for working capital and other purposes. The mill remained closed during the year due to non-supply of captive power gas and shortage of working capital. As at the reporting date, the company had a few employees. The mill could not resume operations till the date of this report. The management of the company did not provide us its assessment of going concern assumption used in preparation of these financial statements and the future financial projections indicating the economic viability of the company. These events indicate a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. These financial statements (and notes thereto) do not disclose this fact. These financial statements have been prepared on the going concern basis.

(ii) As more fully explained in Note 15 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 property at forced sale value of Rupees 72.007 million from M/s NAKMS Associates (Private) Limited, resolved in its meeting held on 23 April 2014 that the right in property along with fixtures and fittings be offered to the CEO at the fixed floor price of Rupees 75 million. Whereas, as per Capital Development Authority, the property has been transferred in the name of CEO through a court decree. The LHC, Rawalpindi Bench in its interim order dated 06 February 2015 granted adjournment with the directions not to transfer / alienate the property / undertaking of the company in any form or manner whatsoever. Meanwhile, the case has been transferred to the Islamabad High Court (IHC), Islamabad and on 03 May 2016, IHC, on submission of CEO, ordered to transfer the property in the name of the company within sixty days. The CEO filed a petition before the IHC to seek relief on the grounds that the said property has already been attached in the cases titled The Bank of Punjab versus Bilal Fibers Limited and The Bank of Punjab versus Bilal Textiles (Private) Limited wherein the CEO was a guarantor. Meanwhile, the Board of Directors and the shareholders in their meetings held on 09 October 2016 and 31 October 2016 respectively resolved to reverse the transaction of sale of property to CEO, subject to completion of legal formalities and in accordance with rules / law / procedures. 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.

(a) Except for the effects of matters discussed in paragraphs (i) and (ii) above, in our opinion, proper books of account have been kept by the company as required by the repealed Companies Ordinance, 1984;

(b) Except for the effects of matters discussed in paragraph (i) and (ii) above, in our opinion:

i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the repealed Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

ii. the expenditure incurred during the year was for the purpose of the company's business; and

iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

(c) in our opinion and to the best of our information and according to the explanations given to us, because of the effects of matters discussed in paragraph (i) and (ii) above, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof do not conform with approved accounting standards as applicable in Pakistan, and, do not give the information required by the repealed Companies Ordinance, 1984, in the manner so required and do not give a true and fair view of the state of the Company's affairs as at 30 June 2017 and of the loss, its comprehensive loss, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Riaz Ahmad + Co.

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Mubashar Mehmood

Date: 06 October, 2017

ISLAMABAD

BALANCE SHEET AS

	NOTE	2017 Rupees	2016 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
5,000,000 (2016: 5,000,000) ordinary shares of Rupees 10 each		50,000,000	50,000,000
Issued, subscribed and paid-up share capital	3	30,524,290	30,524,290
Accumulated loss		(61,826,2-49)	(61,485,162)
Total equity		(31,301,959)	(30,960,872)
Surplus on revaluation of property, plant and equipment - net of deferred income tax	4	575,018,505	602,661,894
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	5,131,086	8,136,890
Liability against assets subject to finance lease	6	-	-
Employees' retirement benefit	7	10,063,175	9,839,462
Deferred income tax liability	8	14,855,512	22,476,930
		30,049,773	40,453,282
CURRENT LIABILITIES			
Trade and other payables	9	81,182,967	83,042,828
Accrued mark-up	10	20,767,825	21,275,680
Short term borrowings	11	14,594,370	10,760,361
Current portion of non-current liabilities	12	3,664,335	3,185,439
		120,209,497	118,264,308
Total liabilities		150,259,270	158,717,590
CONTINGENCIES AND COMMITMENTS	13		
TOTAL EQUITY AND LIABILITIES		693,975,816	730,418,612

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

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

AT 30 JUNE 2017

	NOTE	2017 Rupees	2016 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	14	601,279,761	679,890,756
Advance against property	15	-	-
Due from related party	16	-	-
Long term investment	17	6,135,445	-
Long term deposits		24,414,434	24,403,761
		631,829,640	704,294,517
CURRENT ASSETS			
Stores, spare parts and loose tools	18	-	-
Stock-in-trade	19	-	-
Trade debts	20	-	-
Advances	21	183,435	305,985
Current portion of due from related party	16	17,619,962	16,823,426
Short term deposit	22	2,000,000	2,000,000
Other receivables	23	5,883,907	5,721,692
Short term investment	24	1,142,000	1,142,000
Cash and bank balances	25	89,687	130,992
		26,918,991	26,124,095
Non-current assets classified as held for sale	26	35,227,185	-
		62,146,176	26,124,095
TOTAL ASSETS		693,975,816	730,418,612

DIRECTOR

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2017

	NOTE	2017 Rupees	2016 Rupees
SALES	27	-	198,080
COST OF SALES	28	-	(206,028)
GROSS LOSS		-	(7,948)
DISTRIBUTION COST	29	-	(75,000)
ADMINISTRATIVE AND GENERAL EXPENSES	30	(23,710,415)	(33,029,231)
OTHER EXPENSES	31	(535,000)	(66,834,681)
		(24,245,415)	(99,938,912)
		(24,245,415)	(99,946,860)
OTHER INCOME	32	15,556,625	14,952,673
LOSS FROM OPERATIONS		(8,688,790)	(84,994,187)
FINANCE COST	33	(893,785)	(1,947,785)
LOSS BEFORE TAXATION		(9,582,575)	(86,941,972)
TAXATION	34	6,807,105	28,112,961
LOSS AFTER TAXATION		(2,775,470)	(58,829,011)
LOSS PER SHARE - BASIC AND DILUTED	35	(0.91)	(19.27)

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

CHIEF EXECUTIVE OFFICER | CHIEF FINANCIAL OFFICER | DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	2017 Rupees	2016 Rupees
LOSS AFTER TAXATION	(2,775,470)	(58,829,011)
OTHER COMPREHENSIVE INCOME / LOSS		
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit plan	(317,861)	277,500
Related deferred income tax	95,358	(86,025)
	(222,503)	191,475
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive (loss) / income for the year - net of tax	(222,503)	191,475
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(2,997,973)	(58,637,536)

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

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2017

	NOTE	2017 Rupees	2016 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	36	(4,309,587)	(17,187,595)
Finance cost paid		(1,401,640)	(111,364)
Deferred mark-up paid		-	(1,535,000)
Income tax paid		(911,729)	(1,249,717)
Gratuity paid		(618,580)	(483,070)
Net (increase) / decrease in long term deposits		(10,673)	20,000
Net cash used in operating activities		(7,252,209)	(20,546,746)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(788,050)	-
Investment made		(6,000,000)	-
Interest received		376,853	396,775
Proceeds from sale of property, plant and equipment		12,315,000	21,625,000
Net cash from investing activities		5,903,803	22,021,775
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(2,526,908)	(5,544,008)
Short term borrowings - net		3,834,009	3,893,990
Net cash from / (used in) financing activities		1,307,101	(1,650,018)
Net decrease in cash and cash equivalents		(41,305)	(174,989)
Cash and cash equivalents at the beginning of the year		130,992	305,981
Cash and cash equivalents at the end of the year		89,687	130,992

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

CHIEF EXECUTIVE OFFICER **CHIEF FINANCIAL OFFICER** **DIRECTOR**

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	SHARE CAPITAL	ACCUMULATED LOSS	TOTAL EQUITY
	------------------- (Rupees) -------------------		
Balance as at 30 June 2015	30,524,290	(5,100,495)	25,423,795
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment to accumulated loss - net of deferred income tax	-	2,252,869	2,252,869
Loss for the year	-	(58,829,011)	(58,829,011)
Other comprehensive income for the year	-	191,475	191,475
Total comprehensive loss for the year ended 30 June 2016	-	(58,637,536)	(58,637,536)
Balance as at 30 June 2016	30,524,290	(61,485,162)	(30,960,872)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment to accumulated loss - net of deferred income tax	-	2,656,886	2,656,886
Loss for the year	-	(2,775,470)	(2,775,470)
Other comprehensive loss for the year	-	(222,503)	(222,503)
Total comprehensive loss for the year ended 30 June 2017	-	(2,997,973)	(2,997,973)
Balance as at 30 June 2017	30,524,290	(61,826,249)	(31,301,959)

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

CHIEF EXECUTIVE OFFICER **CHIEF FINANCIAL OFFICER** **DIRECTOR**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

1. THE COMPANY AND ITS OPERATIONS

D.M. Textile Mills Limited is a public limited company incorporated in Pakistan under the Companies Act, 1913 (Now the Companies Act, 2017) and listed on Pakistan Stock Exchange Limited. Its registered office is situated at Westridge, Rawalpindi. The Company is engaged in the business of manufacturing, sale and trading of cotton, polyester, viscose and blended yarn.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated:

2.1 Basis of preparation

a) Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984 shall prevail.

The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017 on 30 May 2017. SECP vide its Circular 17 of 2017 and its press release dated 20 July 2017 has clarified that the companies whose financial year, including quarterly and other interim period, closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. The Companies Act, 2017 requires enhanced disclosures about Company's operations and has also enhanced the definition of related parties.

b) Accounting convention

These financial statements have been prepared under the historical cost convention, except for property, plant and equipment and certain financial instruments which are carried at their fair values.

c) Critical accounting estimates and judgments

The preparation of 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. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

Useful lives, patterns of economic benefits and impairments

Estimates with respect to residual values, useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.

Defined benefit plan

The cost of the defined benefit plan is determined using actuarial valuation. The actuarial valuation involves making assumptions about discount rates, future salary increases and mortality rates. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.

Inventories

Net realizable value of inventories is determined with reference to currently prevailing selling prices less estimated expenditure to make sales.

Taxation

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

Provisions for doubtful debts

The Company reviews its receivable against any provision required for any doubtful balances on an ongoing basis. The provision is made while taking into consideration expected recoveries, if any.

d) Amendments to published approved accounting standards that are effective in current year and are relevant to the Company

The following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2016:

IAS 16 (Amendments) 'Property, Plant and Equipment' (effective for annual periods beginning on or after 01 January 2016). The amendments clarify that a depreciation method which is based on revenue, generated by an activity by using of an asset is not appropriate for property, plant and equipment; and add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

IAS 34 (Amendments) 'Interim Financial Reporting' (effective for annual periods beginning on or after 01 January 2016). This amendment clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'. The amendment also amends IAS 34 to require a cross-reference from the interim financial statements to the location of that information.

IAS 1 (Amendments) 'Presentation of Financial Statements' (effective for annual periods beginning on or after 01 January 2016). Amendments have been made to address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes: clarification that information should not be obscured by aggregating or by providing immaterial information, materiality consideration apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality consideration do apply; clarification that the list of the line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss; and additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in IAS 1.

The application of the above amendments does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

e) Amendments to published approved accounting standards that are effective in current year but not relevant to the Company

There are amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2016 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

f) Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant to the Company

Following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2017 or later periods:

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 January 2018). A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 'Financial Instruments: Recognition and Measurement'. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized. It introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 January 2018). IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are: identify the contract with the customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contracts; and recognize revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. IFRS 15 replaces IAS 11 'Construction Contracts', IAS 18 'Revenue', IFRIC 13 'Customer Loyalty Programmes', IFRIC 15 'Agreements for Construction of Real Estate', IFRIC 18 'Transfer of Assets from Customers' and SIC 31' Revenue-Barter Transactions Involving Advertising Services. The aforesaid standard is not expected to have a material impact on the Company's financial statements.

IFRS 16 'Lease' (effective for annual periods beginning on or after 01 January 2019). IFRS 16 specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16 approach to lessor accounting substantially unchanged from its predecessor, IAS 17 'Leases'. IFRS 16 replaces IAS 17 'Leases', IFRIC 4 'Determining Whether an Arrangement Contains a Lease', SIC-15 'Operating LeasesIncentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 01 January 2018). IFRIC 22 clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The interpretation is not expected to have a material impact on the Company's financial statements.

IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019). The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'. It specifically considers: whether tax treatments should be considered collectively; assumptions for taxation authorities' examinations; the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and the effect of changes in facts and circumstances. The interpretation is not expected to have a material impact on the Company's financial statements.

IFRS 15 (Amendments), 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 January 2018). Amendments clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts. The aforesaid amendments are not expected to have a material impact on the Company's financial statements.

IAS 7 (Amendments), 'Statement of Cash Flows' (effective for annual periods beginning on or after 01 January 2017). Amendments have been made to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The aforesaid amendments will result in certain additional disclosures in the Company's financial statements.

IAS 12 (Amendments), 'Income Taxes' (effective for annual periods beginning on or after 01 January 2017). The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have significant impact on Company's financial statements.

On 8 December 2016, IASB issued Annual Improvements to IFRSs: 2014 2016 Cycle, incorporating amendments to three IFRSs more specifically in IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 'Investments in Associates and Joint Ventures'. These amendments are effective for annual periods beginning on or after 01 January 2017 and 01 January 2018 respectively. These amendments have no significant impact on the Company's financial statements and have therefore not been analyzed in detail.

g) Standards and amendments to approved published standards that are not yet effective and not considered relevant to the Company

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2017 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.2 Employee benefit

The Company operates unfunded unapproved gratuity scheme for permanent employees of the Company, payable on cessation of employment. The provision is made on the basis of actuarial valuation to cover the obligation under the scheme for all employees eligible to gratuity benefits.

2.3 Taxation

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.4 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount can be made.

2.5 Property, plant, equipment and depreciation

Owned

Property, plant and equipment except freehold land and capital work-in-progress are stated at revalued amount less accumulated depreciation and accumulated impairment losses (if any). Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable cost of bringing the asset to working condition. Freehold land is stated at revalued amount less any identified impairment loss. Capital work-in-progress is stated at cost less any recognized impairment loss.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit and loss account during the period in which they are incurred.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to surplus on revaluation of property, plant and equipment. Decreases that offset previous increases of the same assets are charged against the surplus, all other decreases are charged to income. Each year the difference between depreciation based on revalued carrying amount of the asset (the depreciation charged to the income) and depreciation based on assets' original cost is transferred from surplus on revaluation of property, plant and equipment to accumulated loss. All transfers to / from surplus on revaluation of property, plant and equipment are net of applicable deferred income tax.

Leased

Leases where the Company has substantially all the risk and rewards of ownership are classified as finance lease. Assets subject to finance lease are capitalized at the commencement of the lease term at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets, each determined at the inception of the lease.

The related rental obligation net of finance cost is included in liabilities against assets subject to finance lease. The liabilities are classified as current and long term depending upon the timing of payments.

Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The finance cost is charged to profit and loss account over the lease term.

Depreciation of assets subject to finance lease is recognized in the same manner as for owned assets. Depreciation of the leased assets is charged to profit and loss account.

Depreciation

Depreciation on property, plant and equipment is charged to profit and loss account applying the reducing balance method so as to write off the cost / depreciable amount of the asset over their estimated useful lives at the rates given in Note 14. The depreciation on additions is charged from the date the asset is available for use and on deletion up to the date when asset is de-recognized. The residual values and useful lives of assets are reviewed by the management, at each financial year end and adjusted if impact on depreciation is significant.

De-recognition

An items of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the profit and loss account in the year the asset is de-recognized.

2.6 Investments

Classification of an investment is made on the basis of intended purpose for holding such investment. Management determines the appropriate classification of its investments at the time of purchase and re-evaluates such designation on regular basis.

Investments are initially measured at fair value plus transaction costs directly attributable to acquisition, except for "investment at fair value through profit or loss" which is initially measured at fair value.

The Company assesses at the end of each reporting period whether there is any objective evidence that investments are impaired. If any such evidence exists, the Company applies the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' to all investments.

Held-to-maturity

Investments with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long term investments that are intended to be held to maturity are subsequently measured at amortized cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization, using the effective interest method, of any difference between the initially recognized amount and the maturity amount. For investments carried at amortized cost, gains and losses are recognized in profit and loss account when the investments are derecognized or impaired, as well as through the amortization process.

2.7 Inventories

Inventories, except for stock in transit and waste stock, are stated at lower of cost and net realizable value. Cost is determined as follows:

Stores, spare parts and loose tools

Useable stores, spare parts and loose tools are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

Stock-in-trade

Cost of raw material, work-in-process and finished goods is determined as follows:

(i) For raw materials: Weighted average basis.

(ii) For work-in-process and finished goods: Average manufacturing cost including a portion of production overheads.

Materials in transit are valued at cost comprising invoice value plus other charges paid thereon. Waste stock is valued at net realizable value.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make a sale.

2.8 Trade and other receivables

Trade debts and other receivables are carried at original invoice value less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

2.9 Borrowings

Borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest method.

2.10 Borrowing cost

Interest, mark-up and other charges on long-term finances are capitalized up to the date of commissioning of respective qualifying assets acquired out of the proceeds of such long-term finances. All other interest, mark-up and other charges are recognized in profit and loss account.

2.11 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

2.13 Share capital

Ordinary shares are classified as share capital.

2.14 Revenue recognition

Revenue from different sources is recognized as under:

a) Revenue from sale of goods is recognized on dispatch of goods to customers.

b) Rental income is recognized on accrual basis.

c) Profit on deposits with banks and investment is recognized on time proportion basis taking into account the amounts outstanding and rates applicable thereon.

2.15 Financial instruments

Financial instruments carried on the balance sheet include due from related party, investments, deposits, trade debts, advances, other receivables, cash and bank balances, long-term financing, liabilities against assets subject to finance lease, short-term borrowings, accrued mark-up and trade and other payables etc. Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of instrument. Initial recognition is made at fair value plus transaction costs directly attributable to acquisition, except for “financial instrument at fair value through profit or loss” which are initially measured at fair value.

Financial assets are de-recognized when the Company loses control of the contractual rights that comprise the financial asset. The Company loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Company surrenders those rights. Financial liabilities are de-recognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement (except available for sale investments) and de-recognition is charged to the profit or loss currently. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

Impairment

a) Financial assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated with reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

b) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account except for impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

2.16 Dividend and other appropriations

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

2.17 Off setting

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legal enforceable right to set off and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

2.18 Non-current assets classified as held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through sale transaction rather than continuous use. These are measured at lower of carrying amount and fair value less cost to sell.

3 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2017	2016		NOTE	2017	2016
(Number of shares)				Rupees	Rupees
2,952,429	2,952,429	Ordinary shares of Rupees 10 each fully paid-up in cash		29,524,290	29,524,290
100,000	100,000	Ordinary shares of Rupees 10 each issued as fully paid bonus shares		1,000,000	1,000,000
3,052,429	3,052,429			30,524,290	30,524,290

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

	NOTE	2017	2016
Opening balance		602,661,894	530,254,047
Deferred tax adjustment due to change in tax rate	8.1	436,836	409,541
Surplus on revaluation of property, plant and equipment during the year		-	76,109,465
Related deferred income tax liability	8.1	-	(1,858,290)
		-	74,251,175
Reversal of surplus on revaluation of land	14	(25,423,339)	-
Transferred to accumulated loss in respect of incremental depreciation charged during the year		(3,795,551)	(3,265,027)
Related deferred income tax liability	8.1	1,138,665	1,012,158
		(2,656,886)	(2,252,869)
		575,018,505	602,661,894

5 LONG TERM FINANCING

	NOTE	2017	2016
Faysal Bank Limited - secured	5.1	8,136,890	10,663,798
Less: Current portion shown under current liabilities	12	3,005,804	2,526,908
		5,131,086	8,136,890

5.1 The Company entered into settlement agreement with Faysal Bank Limited. Pursuant to the agreement, short term borrowing including related accrued mark-up were reduced to Rupees 17.544 million. The Company paid down payment of Rupees 4.044 million. Remaining amount is interest free and is payable in 48 monthly installments (12 installments of Rupees 250,000, 12 installments of Rupees 275,000 and 24 installments of Rupees 300,000) commenced from January 2016. In case of default, the settlement agreement or any of its arrangement shall stand cancelled / withdrawn. Consequently, the Bank will be entitled to recover outstanding amount as per books of ledger.

In accordance with the requirements of IAS 39 'Financial Instruments: Recognition and Measurement' it has been stated at present value using effective interest rate of 6.52%.

These are secured against registered hypothecation charge of Rupees 50 million, second supplement agreement of hypothecation on all future and current assets, stocks of raw material, work in process, finished goods, plant and machinery, equipment tools and stores and spares.

		NOTE	2017 Rupees	2016 Rupees
6	**LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE**			
	Future minimum lease payments		658,531	658,531
	Less: Unamortized finance charges		-	-
	Present value of future minimum lease payments		658,531	658,531
	Less: Current portion shown under current liabilities	12	658,531	658,531
			-	-

6.1 It represents last installment payable to the lessor under the settlement agreement. Taxes, repairs and insurance costs are to be borne by the Company. It is secured against charge on leased assets and personal guarantees of sponsor directors.

7 EMPLOYEES' RETIREMENT BENEFIT

The latest actuarial valuation was carried out as at 30 June 2017, using the projected unit credit method. The amounts recognized in financial statements are determined as follows:

		2017	2016
7.1	**Balance sheet obligation for gratuity**		
	Present value of unfunded defined benefit obligation	10,063,175	9,839,462
7.2	**Movement in liability recognized in the balance sheet**		
	At the beginning of the year	9,839,462	9,951,359
	Current service cost	290,982	253,190
	Interest cost for the year	233,450	395,483
	Charge to other comprehensive income	317,861	(277,500)
	Benefit paid during the year	(618,580)	(483,070)
	At the end of the year	10,063,175	9,839,462
7.3	**Amounts recognized in profit and loss account**		
	Current service cost	290,982	253,190
	Interest cost for the year	233,450	395,483
		524,432	648,673
7.4	**Amount recognized in other comprehensive income**		
	Actuarial loss / (gain) due to experience adjustments	317,861	(277,500)
7.5	**Changes in present value of defined benefit obligations**		
	Present value of defined benefit obligations	9,839,462	9,951,359
	Current service cost	290,982	253,190
	Interest cost for the year	233,450	395,483
	Benefits paid during the year	(618,580)	(483,070)
	Remeasurement due to experience adjustment	317,861	(277,500)
		10,063,175	9,839,462
7.6	**Allocation of charge for the year**		
	Administrative and general expenses	524,432	648,673
7.7	**Principal actuarial assumptions used**		
	Discount rate	7.25%	7.25%
	Expected rate of increase in salary	6.25%	6.25%
	Average expected remaining working life of employees	9 Year	9 Year
	Average duration of liability	7 Years	6 Years

7.8 **Experience adjustment on plan unfunded liabilities:**

2017	2016	2015	2014	2013
----------	----------	Rupees	----------	----------
(317,861)	(277,500)	671,809	1,168,355	(149,097)

		2017 Rupees	2016 Rupees
7.9	**Sensitivity analysis**		
	Discount Rate + 1 %	2,465,711	4,245,770
	Discount Rate - 1 %	3,077,747	4,868,315
	Salary growth rate + 1 %	3,077,747	4,868,315
	Salary growth rate - 1 %	2,460,747	4,240,681

7.10 The expected gratuity expense for next financial year is Rupees 509,456.

7.11 **Risks associated with the gratuity scheme**

The gratuity scheme is an un-funded scheme. There is no minimum funding requirement for a gratuity scheme which leads to relatively less secured gratuity benefit. The gratuity benefit liability reflected in the company accounts provides a reasonable security of the accrued rights because it is likely that the accrued gratuity benefits could be considered as high priority debt in case of insolvency of the sponsor.

The gratuity scheme is a defined benefit scheme with benefits based on last drawn salary. Therefore, the liabilities of the scheme are sensitive to the salary increases.

		NOTE	2017 Rupees	2016 Rupees
8	**DEFERRED INCOME TAX LIABILITY**			
	This comprises of following:			
	Taxable temporary differences			
	Accelerated tax depreciation		8,023,642	14,161,381
	Surplus on revaluation of property, plant and equipment		11,966,423	13,541,924
			19,990,065	27,703,305
	Deductible temporary differences			
	Provision for gratuity		(3,018,953)	(3,050,233)
	Liability against assets subject to finance lease		(27,929)	(18,884)
	Provision for doubtful debts		(130,812)	(135,171)
	Provision for slow moving, obsolete and damaged stores, spare parts and loose tools		(1,898,201)	(1,961,474)
	Provision for obsolescence of raw material		(58,658)	(60,613)
			(5,134,553)	(5,226,375)
			14,855,512	22,476,930
8.1	**Movement in deferred tax balances is as follows:**			
	At beginning of the year		22,476,930	51,845,415
	Recognized in profit and loss account:			
	Accelerated tax depreciation on fixed assets		(6,137,739)	(16,543,443)
	Surplus on revaluation of property, plant and equipment	4	(1,138,665)	(1,012,158)
	Liability against assets subject to finance lease		(9,045)	(11,583,015)
	Provision for gratuity		126,638	48,177
	Provision for doubtful debts		4,359	6,792
	Provision for slow moving, obsolete and damaged stores, spare parts and loose tools		63,273	(1,758,999)
	Provision for obsolescence of raw material		1,955	(60,613)
		34	(7,089,224)	(30,903,259)
	Recognized in other comprehensive income:			
	Remeasurement of defined benefit plan		(95,358)	86,025
	Recognized in surplus on revaluation of property, plant and equipment:			
	Effect of change in tax rate	4	(436,836)	(409,541)
	Surplus during the year	4	-	1,858,290
			(436,836)	1,448,749
			14,855,512	22,476,930

8.2 Deferred income tax asset of Rupees 68.18 million (2016: Rupees 63.884 million) on available tax losses has not been recognized in these financial statements as the temporary differences are not expected to reverse in foreseeable future because taxable profits will not be probably available against which the temporary differences can be utilized.

		NOTE	2017 Rupees	2016 Rupees
9	**TRADE AND OTHER PAYABLES**			
	Creditors - un-secured		48,119,993	49,300,392
	Advance rental income		2,207,933	1,350,000
	Advances from customers		2,003,717	2,003,717
	Accrued liabilities		18,537,112	20,928,052
	Withholding tax payable		5,767,465	5,769,720
	Unclaimed dividend		144,947	144,947
	Security deposit		4,401,800	3,546,000
			81,182,967	83,042,828
10	**ACCRUED MARK-UP**			
	Accrued mark-up on short term borrowings:			
	- Demand finances	10.1	20,767,825	20,767,825
	- Others		-	507,855
			20,767,825	21,275,680

10.1 It represents accrued markup on short term borrowing from Faysal Bank Limited which has been converted into long term financing as more fully explained in Note 5.1. According to the settlement agreement, this will be written off upon completion of payments under the aforesaid agreement.

		NOTE	2017 Rupees	2016 Rupees
11	**SHORT TERM BORROWINGS**			
	From banking company - secured			
	Demand finances	11.1	-	-
	From related party - unsecured and non-interest bearing			
	Chief Executive Officer (C.E.O)	11.2	8,321,744	660,361
	Others - unsecured			
	Interest bearing		-	1,700,000
	Non-interest bearing	11.2	6,272,626	8,400,000
			6,272,626	10,100,000
			14,594,370	10,760,361

11.1 Demand finance facilities obtained from Faysal Bank Limited have been converted into long term financing as more fully explained in Note 5.1.

11.2 These are interest free and unsecured loans. Repayment terms and other conditions of these loans are yet to be finalized.

		NOTE	2017 Rupees	2016 Rupees
12	**CURRENT PORTION OF NON-CURRENT LIABILITIES**			
	Long term financing	5	3,005,804	2,526,908
	Finance lease - over due	6	658,531	658,531
			3,664,335	3,185,439

13 CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

(a) Sui Northern Gas Pipelines Limited (SNGPL) Islamabad demanded arrears of Rupees 10.405 million for the period from November 2006 to November 2007 due to doubt on accuracy of meter. The Company filed a case in the Court of Senior Civil Judge Islamabad on 18 December 2007. SNGPL encashed the bank guarantee amounting to Rupees 15.293 million issued to it by NIB Bank Limited on behalf of the Company. However, Civil Judge Islamabad rejected SNGPL claim for excessive billing vide order dated 18 December 2012. SNGPL filed appeal before Additional District and Session Judge, Islamabad, where the case is still pending. No provision has been made in these financial statements as the Company is hopeful for favorable outcome of the case.

(b) The Company filed an appeal before Lahore High Court, Rawalpindi Bench against the recovery of electricity duty amounting to Rupees 19.07 million on self generation charged by Electric Inspector Islamabad Region. The Court has issued notices to the respondents to file comments. Pending the outcome of this case no provision has been made in these financial statements as the Company, based on advice of legal advisor, is hopeful for favorable outcome.

(c) The Company filed an appeal before Lahore High Court, Rawalpindi Bench, against demand of property tax amounting to Rupees 5.51 million raised by Inspector Military Lands and Cantonments, Rawalpindi. Being aggrieved on decision of Lahore High Court, Rawalpindi Bench, the Company filed appeal before the Supreme Court of Pakistan, whereby, the case has been remanded back to Lahore High Court, Rawalpindi Bench. No provision has been made in these financial statements as the Company is hopeful for favorable outcome.

(d) For the tax year 2010, assessment order dated 20 February 2011 was passed under section 122(1) read with section 122(5) of the Income Tax Ordinance, 2001 by the Deputy Commissioner Inland Revenue, whereby demand of tax amounting to Rupees 4.223 million was created. The Company filed an appeal before Commissioner Inland Revenue (Appeals) and the case was decided in favor of the Company. However, the department filed appeal against decision of Commissioner Inland Revenue (Appeals) before Appellate Tribunal Inland Revenue who remanded back the case to the assessing officer. No provision has been made in these financial statements as the Company is hoping a favorable outcome.

(e) Faysal Bank Limited filed a suit before Banking Court Islamabad against the Company for recovery of outstanding loans and other charges amounting to Rupees 21.270 million. The suit is pending adjudication before Banking Court Islamabad. Pursuant to the settlement agreement, mentioned in Note 5, the bank and the Company agreed to seek sine die adjournment / consent decree of recovery suit, which is under process.

(f) On 26 January 2006, Collector of Customs (Appraisement) directed the Company to pay duties and taxes amounting to Rupees 19.41 million against import of textile machinery during 2001 to 2004. The Company applied to Member Legal, Federal Board of Revenue Islamabad to allow relief by payment of custom duty @ 5% of dutiable value of machinery amounting to Rupees 3.49 million under amnesty scheme announced by the Federal Government. Federal Board of Revenue allowed relief to the Company under the amnesty scheme. The Company paid Rupees 3.49 million to the Custom Department. However, being aggrieved, Collector of Custom filed an appeal before the Customs, Excise and Sales Tax Appellate Tribunal, which was decided in favor of the Company. Collector of Customs, Appraisement filed special custom reference before Sindh High Court, Karachi against the order of Customs, Excise and Sales Tax Appellate Tribunal where the case is still pending. No provision of the remaining amount of Rupees 15.92 million has been made in these financial statements as the Company is hopeful for favorable outcome.

(g) For tax year 2014, assessment order dated 04 May 2016 was passed under section 122(1) read with section 122(5) of the Income Tax Ordinance, 2001 by the Deputy Commissioner Inland Revenue, whereby demand of tax amounting to Rupees 3.807 million was created. The Company has filed an appeal before Commissioner Inland Revenue (Appeals) which is pending adjudication. No provision has been made in these financial statements as the Company is hoping a favorable outcome.

(h) Guarantee of Rupees 7.141 million (2016: Rupees 7.141 million) has been given by the banks of the Company to Islamabad Electric Supply Company against sanction of load.

		2017 Rupees	2016 Rupees
13.2	**Commitments**	Nil	Nil

14 PROPERTY, PLANT AND EQUIPMENT

	Owned									Leased		
	Freehold land	Buildings on freehold land	Non factory building	Plant and machinery	Electric Installations	Factory equipment	Furniture, fixtures and office equipment	Vehicles	Total	Plant and machinery	Total	Grand Total
	-----Rupees-----											
At 30 June 2015												
Cost / revalued amount	502,510,018	85,120,378	49,004,235	285,903,400	29,267,760	18,505,799	2,744,965	11,092,948	984,149,503	55,111,875	55,111,875	1,039,261,378
Accumulated depreciation	-	(61,902,523)	(26,630,378)	(190,440,296)	(19,556,843)	(13,081,717)	(2,274,276)	(9,777,046)	(323,663,079)	(19,410,524)	(19,410,524)	(343,073,603)
Net book value	502,510,018	23,217,855	22,373,857	95,463,104	9,710,917	5,424,082	470,689	1,315,902	660,486,424	35,701,351	35,701,351	696,187,775
Year ended 30 June 2016												
Opening net book value	502,510,018	23,217,855	22,373,857	95,463,104	9,710,917	5,424,082	470,689	1,315,902	660,486,424	35,701,351	35,701,351	696,187,775
Revaluation surplus / (reversal of revaluation surplus)	70,114,982	12,873,960	(4,082,497)	-	(2,796,980)	-	-	-	76,109,465	-	-	76,109,465
Impairment loss (Note 31)	-	-	-	(52,870,727)	-	-	-	-	(52,870,727)	(1,735,290)	(1,735,290)	(54,606,017)
Transfers												
Cost / revalued amount	-	-	-	51,332,975	-	-	-	-	51,332,975	(51,332,975)	(51,332,975)	-
Accumulated depreciation	-	-	-	(18,079,587)	-	-	-	-	(18,079,587)	18,079,587	18,079,587	-
	-	-	-	33,253,388	-	-	-	-	33,253,388	(33,253,388)	(33,253,388)	-
Disposals:												
Cost / revalued amount	-	-	-	(45,585,308)	-	-	-	-	(45,585,308)	-	-	(45,585,308)
Accumulated depreciation	-	-	-	18,257,772	-	-	-	-	18,257,772	-	-	18,257,772
	-	-	-	(27,327,536)	-	-	-	-	(27,327,536)	-	-	(27,327,536)
Depreciation charge (Note 30)	-	(2,407,090)	(1,098,384)	(5,066,135)	(941,767)	(538,441)	(46,725)	(259,331)	(10,357,873)	(115,058)	(115,058)	(10,472,931)
Closing net book value	572,625,000	33,684,725	17,192,976	43,452,094	5,972,170	4,885,641	423,964	1,056,571	679,293,141	597,615	597,615	679,890,756
At 30 June 2016												
Cost / revalued amount	572,625,000	97,994,338	44,921,738	238,780,340	26,470,780	18,505,799	2,744,965	11,092,948	1,013,135,908	2,043,610	2,043,610	1,015,179,518
Accumulated depreciation	-	(64,309,613)	(27,728,762)	(195,328,246)	(20,498,610)	(13,620,158)	(2,321,001)	(10,036,377)	(333,842,767)	(1,445,995)	(1,445,995)	(335,288,762)
Net book value	572,625,000	33,684,725	17,192,976	43,452,094	5,972,170	4,885,641	423,964	1,056,571	679,293,141	597,615	597,615	679,890,756
Year ended 30 June 2017												
Opening net book value	572,625,000	33,684,725	17,192,976	43,452,094	5,972,170	4,885,641	423,964	1,056,571	679,293,141	597,615	597,615	679,890,756
Reversal of surplus on revaluation (Note 4)	(25,423,339)	-	-	-	-	-	-	-	(25,423,339)	-	-	(25,423,339)
Addition	-	-	-	-	-	-	-	788,050	788,050	-	-	788,050
Classified as held for sale:												
Cost / revalued amount	(28,750,000)	-	(6,477,185)	-	-	-	-	-	(35,227,185)	-	-	(35,227,185)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-
	(28,750,000)	-	(6,477,185)	-	-	-	-	-	(35,227,185)	-	-	(35,227,185)
Disposals:												
Cost / revalued amount	-	-	-	(12,172,000)	-	-	-	(2,706,470)	(14,878,470)	-	-	(14,878,470)
Accumulated depreciation	-	-	-	524,375	-	-	-	2,565,179	3,089,554	-	-	3,089,554
	-	-	-	(11,647,625)	-	-	-	(141,291)	(11,788,916)	-	-	(11,788,916)
Depreciation charge (Note 30)	-	(2,885,881)	(846,283)	(1,836,289)	(578,740)	(473,449)	(41,084)	(265,697)	(6,927,423)	(32,182)	(32,182)	(6,959,605)
Closing net book value	518,451,661	30,798,844	9,869,508	29,968,180	5,393,430	4,412,192	382,880	1,437,633	600,714,328	565,433	565,433	601,279,761
At 30 June 2017												
Cost / revalued amount	518,451,661	97,994,338	38,444,553	226,608,340	26,470,780	18,505,799	2,744,965	9,174,528	938,394,964	2,043,610	2,043,610	940,438,574
Accumulated depreciation	-	(67,195,494)	(28,575,045)	(196,640,160)	(21,077,350)	(14,093,607)	(2,362,085)	(7,736,895)	(337,680,636)	(1,478,177)	(1,478,177)	(339,158,813)
Net book value	518,451,661	30,798,844	9,869,508	29,968,180	5,393,430	4,412,192	382,880	1,437,633	600,714,328	565,433	565,433	601,279,761
Annual rate of depreciation (%)	-	10	5	5	10	10	10	20		5		

14.1 The revaluation of property, plant and equipment was carried out by an independent valuer Messrs Danish Enterprises and Construction on 02 June 2016 on the basis of depreciated replacement value method. Had there been no revaluation, the cost, accumulated depreciation and book value of revalued property, plant and equipment would have been as follows:

Description	2017			2016
	Historical cost	Accumulated depreciation	Book value	Book value
	------------------------------ Rupees ------------------------------			
Freehold land	94,892	-	94,892	104,807
Buildings on free hold land	38,804,549	35,555,064	3,249,485	7,947,586
Non factory building	12,505,284	6,988,166	5,517,118	5,793,424
Plant and machinery	210,688,110	138,930,657	71,757,453	101,205,698
Factory equipment	7,986,690	6,642,118	1,344,572	1,477,174
Electric installations	14,911,234	12,259,320	2,651,914	2,926,041
Furniture, fixtures and office equipment	2,312,105	1,973,071	339,034	375,246
Vehicles	6,949,690	6,335,003	614,687	1,012,951
Plant and machinery - leased	3,778,900	1,478,177	2,300,723	2,332,905
	298,031,454	210,161,576	87,869,878	123,175,832

14.2 Detail of property, plant and equipment exceeding book value of Rupees 50,000 disposed off during the year is as follows:

Description	QTY	Cost / revalued amount	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchaser
		-----------------------------------Rupees-----------------------------------						
Plant and Machinery:								
Uster Tester	1	500,000	12,500	487,500	358,000	(129,500)	Negotiation	Sawabi Textile Mills, Peshawar
Ring Frame	4	2,000,000	75,000	1,925,000	2,000,000	75,000	Negotiation	Sawabi Textile Mills. Peshawar
Boge Compressor S61-2	1	300,000	12,500	287,500	325,000	37,500	Negotiation	Rafiq Spinning Mills (Private) Limited, Faisalabad
Ring Frame	6	3,000,000	125,000	2,875,000	3,000,000	125,000	Negotiation	Prime Tex Traders, Multan
Ring Frame	3	1,500,000	75,000	1,425,000	1,470,000	45,000	Negotiation	Muhammad Tahir, Faisalabad
Auto Cone Machine	3	2,300,000	105,416	2,194,584	1,950,000	(244,584)	Negotiation	Abdul Hafeez, Faisalabad
Ring Frame	5	2,500,000	135,416	2,364,584	2,450,000	85,416	Negotiation	Muhammad Tahir, Faisalabad
		12,100,000	540,832	11,559,168	11,553,000	(6,168)		
Vehicle:								
Honda Civic HT-542	1	1,678,428	1,581,109	97,319	300,000	202,681	Negotiation	Usman ud din Mian, Islamabad
Aggregate of property, plant and equipment with individual book values not exceeding Rupees 50,000		1,100,042	967,613	132,429	462,000	329,571		
		14,878,470	3,089,554	11,788,916	12,315,000	526,084		

15 ADVANCE AGAINST PROPERTY

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

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

alienate the property / undertaking of the Company meanwhile. Further, the court, through its order dated 09 December 2015 transferred the case to Islamabad High Court, Islamabad.

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

However, the C.E.O in the case proceedings before the Islamabad High Court, Islamabad on 03 May 2016 has submitted to transfer the property in the name of the Company within sixty days there from. The C.E.O filed a petition before the Islamabad High Court to seek relief on the grounds that the said property has already been attached in the cases titled The Bank of Punjab versus Bilal Fibers Limited and The Bank of Punjab versus Bilal Textiles (Private) Limited wherein the C.E.O was a guarantor. 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.

		2017 Rupees	2016 Rupees
16	**DUE FROM RELATED PARTY**		
	Due from C.E.O	17,619,962	16,823,426
	Less: Current portion shown under current assets	(17,619,962)	(16,823,426)
		-	-

It represents receivable from C.E.O against sale of property as more fully explained in Note 15. It carries no interest and is repayable in three years. In accordance with IAS 39 'Financial Instruments: Recognition and Measurement' this has been stated at present value using the discount rate of 9.94% per annum and the difference between the carrying amount and present value of expected future cash flows has been included in profit and loss account.

The maximum amount due from C.E.O at the end of any month during the year was Rupees 17.620 million (2016: Rupees 17.620 million).

17 LONG TERM INVESTMENT

Held to maturity

This represents term deposit receipts of Habib Metropolitan Bank Limited for the period of five years carrying interest at the rate of 6.25% per annum. It is under lien with the bank against guarantee given on behalf of the Company.

		NOTE	2017 Rupees	2016 Rupees
18	**STORES, SPARE PARTS AND LOOSE TOOLS**			
	Stores		495,402	495,402
	Spare parts		5,792,648	5,792,648
	Loose tools		39,287	39,287
			6,327,337	6,327,337
	Less: Provision against slow moving, obsolete and damaged items	18.1	(6,327,337)	(6,327,337)
			-	-
18.1	**Provision against slow moving, obsolete and damaged items**			
	As at 01 July		6,327,337	632,734
	Add: Provision for the year	31	-	5,694,603
	As at 30 June		6,327,337	6,327,337
19	**STOCK-IN-TRADE**			
	Raw material		195,525	195,525
	Less: Provision for obsolescence of raw material	19.1	(195,525)	(195,525)
			-	-
19.1	**Provision for obsolescence of raw material**			
	As at 01 July		195,525	-
	Add: Provision for the year	31	-	195,525
	As at 30 June		195,525	195,525

		2017	2016
20	**TRADE DEBTS - Unsecured**	**Rupees**	**Rupees**
	Considered doubtful	436,040	436,040
	Less: Provision for doubtful debts	(436,040)	(436,040)
		-	-

21	**ADVANCES**		
	Considered good:		
	Employees - interest free	70,033	192,583
	Advances to suppliers	113,402	113,402
		183,435	305,985

22 SHORT TERM DEPOSIT

It represents advance given to Messrs Fauji Foundation for purchase of mill. The amount is considered good as the Court decided the case in favor of the Company on 10 June 1999. Fauji Foundation however, filed appeal before Honorable Lahore High Court, Rawalpindi Bench, against the aforesaid order, and provided bank guarantee of Rupees 2 million to the Court. Honorable Lahore High Court remanded the case to the Civil Court who decided against the Company. The Company has filed petition in Lahore High Court, Rawalpindi Bench, where the case is still pending.

23	**OTHER RECEIVABLES**		
	Considered good:		
	Advance income tax	2,328,868	1,699,258
	Sales tax refundable	3,386,872	3,853,267
	Export rebate and claims	134,667	134,667
	Others	33,500	34,500
		5,883,907	5,721,692

24 SHORT TERM INVESTMENT

Held to maturity

This represents fixed deposit certificate of Habib Metropolitan Bank Limited for a period of one year. Return on this certificate will be paid on maturity at the effective rate of 5.25% (2016: 5.25%) per annum. It is under lien with the bank against guarantee given on behalf of the Company.

		NOTE	2017 Rupees	2016 Rupees
25	**CASH AND BANK BALANCES**			
	Cash at bank:			
	On saving accounts	25.1	5,500	6,952
	On current accounts		38,278	62,555
			43,778	69,507
	Cash in hand		45,909	61,485
			89,687	130,992

25.1 The balances in saving accounts carry interest at the rate of 3.75% (2016: 3.75%) per annum.

26	**NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE**		
	Free hold land	28,750,000	-
	Non-factory building	6,477,185	-
		35,227,185	-

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

Non-recurring fair value measurements

Freehold land and non-factory building classified as held for sale was measured at the lower of their carrying amount and fair value less costs to sell at the time of the reclassification. The fair value of freehold land and non-factory building was determined by Danish Enterprises and Construction. This is a level 2 measurement as per the fair value hierarchy set out in note 42.

Difference between carrying value and fair value less costs to sell of non-current assets classified as held for sale amounting to Rupees 25,423,339 has been charged to surplus on revaluation of property, plant and equipment. The fair value less costs to sell of non-current assets classified as held for sale was lower than their carrying amount at the time of reclassification in view of management's decision to sale these non-current assets, located on the extreme back side of the mills situated at Westridge Industrial Area, Rawalpindi, independently and not along with the rest of freehold land, as a single piece. Further, this freehold land measuring approximately 7.19 kanal does not enjoy good access as compared to rest of freehold land and its level is below the road level. The fair valuation of freehold land classified under property, plant and equipment done by the independent valuer, Danish Enterprises and Construction on 02 June 2016 was for the complete freehold land of the Company as a single piece.

		NOTE	2017 Rupees	2016 Rupees
27	**SALES**			
	Local sales		-	203,842
	Less: Sales tax		-	5,762
			-	198,080
28	**COST OF SALES**			
	Cost of raw material sold		-	(206,028)
29	**DISTRIBUTION COST**			
	Commission to selling agents		-	75,000
30	**ADMINISTRATIVE AND GENERAL EXPENSES**			
	Salaries, wages and other benefits		9,200,768	10,041,037
	Rent, rates and taxes		1,102,092	1,980,300
	Printing and stationery		221,905	202,475
	Fuel and power		1,908,643	2,051,946
	Postage and telephone		311,610	365,749
	Traveling and conveyance		459,275	940,260
	Vehicles' running		1,103,641	1,247,960
	Repair and maintenance		1,423,872	4,541,919
	Miscellaneous		78,054	140,987
	Entertainment		133,324	309,039
	Advertisement		132,526	90,358
	Legal and professional		452,300	436,277
	Fees and subscription		222,800	207,993
	Depreciation	14	6,959,605	10,472,931
			23,710,415	33,029,231
31	**OTHER EXPENSES**			
	Auditors' remuneration	31.1	535,000	595,000
	Impairment of property, plant and equipment	14	-	54,606,017
	Donations	31.2	-	41,000
	Provision for obsolescence of raw material	19.1	-	195,525
	Provision for slow moving, obsolete and damaged stores, spare parts and loose tools	18.1	-	5,694,603
	Loss on sale of property, plant and equipment - net		-	5,702,536
			535,000	66,834,681
31.1	**Auditors' remuneration**			
	Audit fee		455,000	455,000
	Half yearly review		55,000	55,000
	Tax advisory services		-	60,000
	Other certification		25,000	25,000
			535,000	595,000

31.2 None of the directors and their spouses have any interest in the donee's fund.

		NOTE	2017 Rupees	2016 Rupees
32	**OTHER INCOME**			
	Income from financial assets			
	Profit on deposits with banks		268	402
	Return on investment		512,298	396,775
	Effect of fair value adjustment on long term financing		-	1,705,441
	Effect of fair value adjustment on due from related party		796,536	1,521,056
	Long outstanding liabilities written back		1,332,662	429,399
			2,641,764	4,053,073
	Income from non-financial assets			
	Gain on sale of property, plant and equipment	14.2	526,084	-
	Rental income		12,388,777	10,899,600
			12,914,861	10,899,600
			15,556,625	14,952,673
33	**FINANCE COST**			
	Mark-up on:			
	Long term financing		623,091	369,240
	Deferred mark-up		-	81,497
	Short term borrowings		76,330	1,464,862
			699,421	1,915,599
	Bank charges and commission		194,364	32,186
			893,785	1,947,785
34	**TAXATION**			
	Current			
	Current year	34.1	(3,072,417)	(2,790,298)
	Prior year		2,790,298	-
			(282,119)	(2,790,298)
	Deferred	8.1	7,089,224	30,903,259
			6,807,105	28,112,961

34.1 Provision for current tax represents tax on rental income only because of gross loss for the year and in view of available tax losses of Rupees 227.294 million (2016: Rupees 206.076 million). Consequently, tax expense reconciliation is not being presented.

			2017	2016
35	**LOSS PER SHARE - BASIC AND DILUTED**			
	There is no dilutive effect on the basic loss per share which is based on:			
	Loss attributable to ordinary shares	(Rupees)	(2,775,470)	(58,829,011)
	Weighted average number of ordinary shares	(Numbers)	3,052,429	3,052,429
	Loss per share	(Rupees)	(0.91)	(19.27)

36	**CASH USED IN OPERATIONS**			
	Loss before taxation		(9,582,575)	(86,941,971)
	Adjustments for non-cash charges and other items:			
	Depreciation		6,959,605	10,472,931
	Impairment of property, plant and equipment		-	54,606,017
	Provision for gratuity		524,432	648,673
	Provision for obsolescence of raw material		-	195,525
	Provision for slow moving, obsolete and damaged stores, spare parts and loose tools		-	5,694,603
	(Gain) / loss on sale of property, plant and equipment		(526,084)	5,702,536
	Return on investment		(512,298)	(396,775)
	Effect of fair value adjustment on due from related party		(796,536)	(1,521,056)
	Finance cost		893,785	1,947,785
	Effect of fair value adjustment on long term financing		-	(1,705,441)
	Long outstanding liabilities written back		(1,332,662)	(429,399)
	Working capital changes	36.1	62,746	(5,461,023)
			(4,309,587)	(17,187,595)

		2017 Rupees	2016 Rupees
36.1	**Working capital changes**		
	Decrease / (increase) in current assets:		
	Stock in trade	-	206,028
	Advances	122,550	(46,800)
	Other receivables	467,395	(152,027)
		589,945	7,201
	Decrease in trade and other payables	(527,199)	(5,468,224)
		62,746	(5,461,023)

37 REMUNERATION OF THE CHIEF EXECUTIVE OFFICER AND DIRECTORS

The aggregate amount charged in the financial statements for the year for remuneration including certain benefits to the chief executive officer and directors of the Company are as follows:

	Chief Executive Officer		Directors	
	2017	2016	2017	2016
	Rupees			
Managerial remuneration	2,400,000	2,400,000	388,800	748,800
Allowance				
Utilities	-	-	43,200	83,200
	2,400,000	2,400,000	432,000	832,000
Number of persons	1	1	1	2

37.1 The Company also provides to Chief Executive Officer free use of the Company's maintained car, residential telephone, medical facility and residence to one (2016: two) directors.

37.2 The aggregate amount charged in the financial statements in respect of directors' meeting fee paid to 1 (2016: 1) director was Rupees 20,000 (2016: Rupees 20,000).

37.3 No remuneration was paid to non-executive directors of the Company.

38 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of 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 other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	2017	2016
Mr. Habib Ullah - C.E.O		
Loan obtained during the year	9,893,500	13,402,058
Adjustment / payment against outstanding balance	2,232,117	16,758,068

39 PLANT CAPACITY AND ACTUAL PRODUCTION

	2017	2016
	(Numbers)	
Spindles installed	2,064	11,400
	(Kilograms)	
100% plant capacity converted into 20s count based on 3 shifts per day for 1095 shifts (2016: 1095 shifts)	1,011,872	5,588,830
Actual production converted into 20s count based on 3 shifts per day for 1095 shifts (2016: 1095 shifts)	-	-

The mill remained closed during the year due to non supply of captive power and shortage of working capital.

40 NUMBER OF EMPLOYEES

	2017	2016
Number of employees as on 30 June	29	29
Average number of employees during the year	28	34

41 FINANCIAL RISK MANAGEMENT

41.1 **Financial risk factors**

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk, use of derivative financial instruments and non derivative financial instruments and investment of excess liquidity.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is not exposed to currency risk as it has no receivables and payables denominated in foreign currency.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to equity and commodity price risks.

(iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant long-term interest-bearing assets except term deposit receipts. The Company's interest rate risk arises from term deposit receipts and bank balances in saving accounts. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk. Borrowings obtained at fixed rate expose the Company to fair value interest rate risk.

At the balance sheet date the interest rate profile of the Company’s interest bearing financial instruments was:

	2017 Rupees	2016 Rupees
Fixed rate instruments		
Financial assets		
Term deposit receipts	7,277,445	1,142,000
Financial liabilities		
Short term borrowings	-	1,700,000
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	5,500	6,952

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, loss after taxation for the year would have been Rupees 55 (2016: Rupees 70) lower / higher, mainly as a result of higher / lower interest on saving account.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2017 Rupees	2016 Rupees
Investments	7,277,445	1,142,000
Due from related party	17,619,962	16,823,426
Deposits	26,414,434	26,403,761
Advances	70,033	192,583
Other receivables	33,500	34,500
Bank balances	43,778	69,507
	51,459,152	44,665,777

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (If available) or to historical information about counterparty default rate:

	Rating Short term	Long term	Agency	2017 Rupees	2016 Rupees
Banks					
National Bank of Pakistan	A1+	AAA	PACRA	2,322	2,222
Askari Bank Limited	A1+	AA+	PACRA	-	1,672
Bank Alfalah Limited	A1+	AA	PACRA	1,343	3,111
Habib Bank Limited	A-1+	AAA	JCR-VIS	813	648
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	5,204	8,268
MCB Bank Limited	A1+	AAA	PACRA	3,670	9,568
Faysal Bank Limited	A1+	AA	PACRA	-	810
Silk Bank Limited	A-2	A-	JCR-VIS	3,790	3,497
The Bank of Khyber	A-1	A	JCR-VIS	-	332
Meezan Bank Limited	A-1+	AA	JCR-VIS	26,636	39,379
				43,778	69,507
Investments					
Habib Metropolitan Bank Limited	A-1+	AAA	JCR-VIS	7,277,445	1,142,000
				7,321,223	1,211,507

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through sponsors' support. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2017.

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 Year	More than 2 years
		----------	----------	Rupees	----------	
Non-derivative financial liabilities:						
Long term financing	8,136,890	8,850,000	1,650,000	1,800,000	3,600,000	1,800,000
Liabilities against assets subject to finance lease	658,531	658,531	658,531	-	-	-
Trade and other payables	71,203,852	71,203,852	71,203,852	-	-	-
Short term borrowings	14,594,370	14,594,370	14,594,370	-	-	-
Accrued mark-up	20,767,825	20,767,825	20,767,825	-	-	-
	115,361,468	116,074,578	108,874,578	1,800,000	3,600,000	1,800,000

Contractual maturities of financial liabilities as at 30 June 2016.

	Carrying amount	Contractual cash flows	6 months or less	6-12 month	1-2 Year	More than 2 years
	---------- Rupees ----------					
Non-derivative financial liabilities:						
Long term financing	10,663,798	12,000,000	1,500,000	1,650,000	3,450,000	5,400,000
Liabilities against assets subject to finance lease	658,531	658,531	658,531	-	-	-
Trade and other payables	73,919,391	73,919,391	73,919,391	-	-	-
Short term borrowings	10,760,361	10,760,361	10,760,361	-	-	-
Accrued mark-up	21,275,680	21,275,680	21,275,680	-	-	-
	117,277,761	118,613,963	108,113,963	1,650,000	3,450,000	5,400,000

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at 30 June. The rates of interest / mark up have been disclosed in Note 5 and 10 to these financial statements.

41.2 **Financial instruments by categories**

	Loans and receivables	Held to maturity	Total
	---------- Rupees ----------		
As at 30 June 2017			
Assets as per balance sheet			
Term deposit receipts	-	7,277,445	7,277,445
Due from related party	17,619,962	-	17,619,962
Deposits	26,414,434	-	26,414,434
Advances	70,033	-	70,033
Other receivables	33,500	-	33,500
Cash and bank balances	89,687	-	89,687
	44,227,616	7,277,445	51,505,061

	Financial liabilities at amortized cost
	--------- Rupees --------
Liabilities as per balance sheet	
Long term financing	8,136,890
Liabilities against assets subject to finance lease	658,531
Accrued mark-up	20,767,825
Short term borrowings	14,594,370
Trade and other payables	71,203,852
	115,361,468

	Loans and receivables	Held to maturity	Total
	---------- Rupees ----------		
As at 30 June 2016			
Assets as per balance sheet			
Term deposit receipts	-	1,142,000	1,142,000
Due from related party	16,823,426	-	16,823,426
Deposits	26,403,761	-	26,403,761
Advances	192,583	-	192,583
Other receivables	34,500	-	34,500
Cash and bank balances	130,992	-	130,992
	43,585,262	1,142,000	44,727,262

	Financial liabilities at amortized cost
	--------- Rupees --------
Liabilities as per balance sheet	
Long term financing	10,663,798
Liabilities against assets subject to finance lease	658,531
Accrued mark-up	21,275,680
Short term borrowings	10,760,361
Trade and other payables	73,919,391
	117,277,761

41.3 **Capital risk management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may issue new shares or sell assets to reduce debt.

42 RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

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

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

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

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

43 INFORMATION FOR ALL SHARES ISLAMIC INDEX SCREENING

43.1

Description	Note	2017		2016	
		Carried under		Carried under	
		Non-Shariah arrangements	Shariah arrangements	Non-Shariah arrangements	Shariah arrangements
Assets					
Loans and advances					
Advances to employees	21	-	70,033	-	192,583
Deposits					
Security deposits		6,768,473	17,645,961	6,757,800	17,645,961
Bank balances	25	5,500	38,278	6,952	62,555
Liabilities					
Loans and advances					
Long term financing	5	8,136,890	-	10,663,798	-
Short term borrowings	11	-	14,594,370	1,700,000	9,060,361
Liabilities against assets subject to finance lease	6	658,531	-	658,531	-
Income					
Profit on deposits with banks	32	268	-	402	-
Return on held to maturity investment	32	512,298	-	396,775	-

43.2 Sources of other income 32

	2017	2016
	………….Rupees…………	
Profit on deposits with banks	268	402
Return on held to maturity investments	512,298	396,775
Effect of fair value adjustment on long term financing	-	1,705,441
Effect of fair value adjustment on due from related party	796,536	1,521,056
Long outstanding liabilities written back	1,332,662	429,399
Gain on sale of property, plant and equipment	526,084	-
Rental income	12,388,777	10,899,600
	15,556,625	14,952,673

43.3 Relationship with banks

Name	Relationship with	
	Non Islamic window operations	Islamic window operations
National Bank of Pakistan	a	
Bank Alfalah Limited	a	a
Habib Bank Limited	a	
Habib Metropolitan Bank Limited	a	
MCB Bank Limited	a	
Faysal Bank Limited	a	
Silk Bank Limited	a	
The Bank of Khyber	a	
Meezan Bank Limited		a

44 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 06,2017 by the Board of Directors of the Company.

45 CORRESPONDING FIGURES

No significant reclassifications of corresponding figures have been made.

46 GENERAL

Figures have been rounded off to the nearest Rupee.

CHIEF EXECUTIVE OFFICER **CHIEF FINANCIAL OFFICER** **DIRECTOR**

FORM 34

THE COMPANIES ORDINANCE 1984
(Section 236(1) and 464)
PATTERN O F SHAREHO LDING

1. Incorporation Number **0000947**

2. Name of the Company **D.M. TEXTILE MILLS LIMITED**

3. Pattern of holding of the shares held by the shareholders as at **30/06/2017**

4. No. of Shareholders	------Shareholding------ **From**	**To**	**Total Shares Held**
167	1	100	8,135
75	101	500	21,848
28	501	1,000	23,350
32	1,001	5,000	66,929
11	5,001	10,000	80,239
1	10,001	15,000	11,558
2	15,001	20,000	33,100
3	20,001	25,000	65,400
2	25,001	30,000	50,306
4	30,001	35,000	127,975
1	35,001	40,000	35,689
2	40,001	45,000	86,500
1	60,001	65,000	63,173
2	65,001	70,000	135,026
1	80,001	85,000	81,030
1	85,001	90,000	85,950
1	95,001	100,000	100,000
1	130,001	135,000	130,124
2	135,001	140,000	275,652
1	150,001	155,000	150,016
1	175,001	180,000	177,648
1	260,001	265,000	263,508
2	300,001	305,000	606,381
1	370,001	375,000	372,892
343			**3,052,429**

5. Categories of shareholders		**Share held**	**Percentage**
5.1 Directors, Chief Executive Officers, and their spouse and minor childern		1,097,491	35.9547%
5.2 Associated Companies, undertakings and related parties.		0	0.0000%
5.3 NIT and ICP		262	0.0086%
5.4 Banks Development Financial Institutions, Non Banking Financial Institutions.		1,474	0.0483%
5.5 Insurance Companies		0	0.0000%
5.6 Modarabas and Mutual Funds		304,614	9.9794%
5.7 Share holders holding 10% or more		636,400	20.8490%
5.8 General Public	(Local)	1,543,630	50.5705%
	(Foreign)	0	0.0000%
5.9 Others (to be specified)			
Joint Stock Companies		9,930	0.3253%
Pension Funds		30,775	1.0082%
Others		64,253	2.1050%

6. Signature of Company Secretary

7. Name of Signatory: Rao Khalid Pervaiz

8. Designation: Company Secretary

9. NIC Number: 34602-0730082-9

10 Date: 30 | 06 | 2017

Catagories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2017

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):		-	-
Mutual Funds (Name Wise Detail)			
1	CDC -TRUSTEE NATIOANAL INVESTMENT (UNIT) TRUST (CDC)	304,614	9.9794
Directors and their Spouse and Minor Children (Name Wise Detail):			
1	MR. HABIB ULLAH	636,400	20.8490
2	RAO KHALID PERVAIZ	177,648	5.8199
3	MR. SHAHID HUSSAIN	35,789	0.0033
4	MR. AMEER ZEB (CDC)	139,500	4.5701
5	MR. MUBARIK ZAIB	7,500	0.2457
6	MR. HUSSAIN AHMED OZGEN	654	0.0214
7	MR. SHAHID AZIZ (NIT NOMINEE)	--	--
8	MRS. RIFFAT HABIB W/O HABIB ULLAH	100,000	3.2761
Executives:		-	-
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		32,249	1.0565
Shareholders holding five percent or more voting intrest in the listed company (Name Wise Detail)			
1	MR. HABIB ULLAH	636,400	20.8490
2	CDC -TRUSTEE NATIOANAL INVESTMENT (UNIT) TRUST (CDC)	304,614	9.9794
3	MR. SAMI ULLAH	301,767	9.8861
4	RAO KHALID PERVAIZ	177,648	5.8199

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

S.No	NAME	SALE	PURCHASE
1	**MR. SHAHID HUSSAIN (CDC)**	-	12,189

KEY OPERATING AND FINANCIAL DATA

(Rupees in 000)

Period ended	30 June					
Particulars	2017	2016	2015	2014	2013	2012
Assets employed						
Fixed Assets	601,280	679,890	696,188	774,198	787,975	821,976
Advance against property	-	-	-	-	51,150	51,150
Due from related party	-	-	15,302	13,918	-	-
Long term deposits/investments	30,549	24,404	24,424	24,440	24,282	24,828
Current assets	62,146	26,124	16,913	24,887	38,890	35,540
Total assets employed	**693,975**	**730,418**	**752,827**	**837,443**	**902,297**	**933,495**
Financed by:						
Shareholder's equity	(61,826)	(61,485)	25,424	(69,536)	(210,833)	(180,016)
Surplus on revaluation of fixed assets	575,018	602,662	530,254	571,747	573,920	576,267
	513,192	541,177	555,678	502,211	363,087	396,251
Long Term Financing	5,131	8,137	-	60,708	-	-
Long term liabilities	10,063	9,839	9,951	8,970	8,158	8,115
Deferred liabilities	14,856	22,477	51,845	66,533	70,813	66,818
Current liabilities	120,209	118,264	135,353	199,023	460,239	462,312
Total funds invested	**150,259**	**158,717**	**197,149**	**335,234**	**539,210**	**537,244**
Profit & (Loss)						
Turn over	-	198	3,574	428,822	44,346	27,242
Gross profit/Loss)	-	(8)	(19,779)	21,878	(22,200)	(26,096)
Operating profit/(loss)	(8,688)	(84,994)	86,496	157,204	(2,791)	(28,002)
Finance charges	(893)	(1,948)	(43,798)	(15,331)	(24,851)	(30,207)
Profit/(loss) before taxation	(9,582)	(86,941)	42,697	141,573	(27,642)	(58,209)
Profit/(loss) after taxation	(2,775)	(58,829)	53,478	139,419	(33,792)	(70,854)
Extra ordinary items	-	-	-	-	-	-
Net profit/(loss)	**(2,775)**	**(58,829)**	**53,478**	**139,419**	**(33,792)**	**(70,854)**
Actual production (M Kgs)	-	-	-	1.438	0.158	-
Converted into 20's (M Kgs)	-	-	-	3.559	0.409	-
Earning/(loss) per share	(0.91)	(19.27)	17.52	45.67	(11.07)	(23.21)
Spindles installed Nos.	2,064	11,400	16,200	21,960	21,960	24,840
Spindles worked Nos.	-	-	-	16,115	16,822	-
Shifts per day	-	-	-	3	3	-

PROXY FORM

I/We____

of____

in the district ____________________ being a member of **D.M Textile Mills Limited**

and holder of ______________________________ ordinary shares as
(Number of Shares)

per share Register Folio No. ______________________________Here

appoint______________________________of__________

another member of the company of failing him______________________________

of____

another member of the Company as my / our proxy to vote of me / us on my / our behalf at the Annual General Meeting of the Company to be held on Saturday, October 28, 2017 at 3:00p.m or at any adjournment thereof.

Signed this ____________________day of ____________________2017

1. Witness:
   Signature ____________
   Name ____________
   Address ____________

Affix Revenue Stamps of Rs. 5/-

2. Witness:
   Signature ____________
   Name ____________
   Address ____________

____
Signature of Member

Shareholder's Folio No.__________

CDC A/c No.______________

NIC No. | | | | | | | | | | | | | |

Note:
1. Proxies, in order to be effective, must be received at the company's Registered Office, Westridge, Rawalpindi. not later than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.
2. CDC Shareholders are requested to br ing with them their National Identity Cards along with the Participants' ID numbers and their account numbers at the time of attending the Annual General Meeting in order to facilitate identification of the respective shareholders.