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D.M. TEXTILE MILLS LIMITED

Industrial Area, Westridge, Rawalpindi.

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**D.M. TEXTILE
MILLS LIMITED**

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

December 31,

2014

D.M. TEXTILE MILLS LIMITED

Company's Information

BOARD OF DIRECTORS

**CHAIRMAN &
CHIEF EXECUTIVE:** Mr. Habib Ullah

DIRECTORS: Mr. Shahid Aziz (Nominee of NIT)
Mr. Hussain Ahmad Ozgen
Mr. Hussain Ahmad Qureshi
Syed Obaid-ul-Haq
Rao Khalid Pervaiz
Mr. Shahid Hussain

AUDIT COMMITTEE:

CHAIRMAN: Mr. Hussain Ahmad Qureshi
MEMBERS: Mr. Shahid Aziz
Syed Obaid ul Haq

HUMAN RESOURCE & REMUNERATION COMMITTEE:

CHAIRMAN: Mr. Hussain Ahmad Ozgen
MEMBERS: Mr. Shahid Aziz
Rao Khalid Pervaiz

**COMPANY SECRETARY
& CHIEF FINANCIAL OFFICER** Mr. Khawar Mustafa

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

AUDITORS: M/s Riaz Ahmed & Company
Chartered Accountants
2-A, ATS Centre, 30-West
Fazal-ul-Haq Road, Blue Area,
Islamabad.

LEGAL ADVISER: M/s Hassan & Hassan
Advocates PAAF Building, 7-D,
Kashmir Egerton Road, Lahore.

REGISTRAR: Corplink (Pvt) Ltd.
Wing Arcade, 1-K,
Commercial Model Town, Lahore.

**REGISTERED OFFICE
& MILLS AT:** Industrial Area, Westridge, Rawalpindi.
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Fax: 051-5181979
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E-mail: dmtextilemills@yahoo.com
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D.M. TEXTILE MILLS LIMITED

DIRECTORS' REPORT

Dear Share Holders

The Directors are pleased to present before you the condensed financial statements for the half year ended December 31, 2014 together with Auditors' review thereon.

1-Net Loss

The Company suffered a net loss of Rs47.81 Million as compared to previous period's net loss of Rs. 0.43 Million. The mill could not resume operations due to continued energy crises.

2-Comparative Financial Results:

Half Year Ended	Rupees	
	December 31, 2014	December 31, 2013
Gross Sales	3,541,369	282,637,097
Cost of Sales	(13,145,085)	(257,072,959)
Gross Profit/ (Loss)	(9,603,716)	25,564,138
Selling, Admin and other operating expense	(6,534,982)	(7,833,858)
Other Income	6,096,611	1,959,056
Financial and Other Charges	(42,986,113)	(12,605,384)
Profit/ (Loss) before taxation	(53,028,200)	7,083,952
Profit/ (Loss) after taxation	(47,810,570)	(429,060)
Basic Earnings / (Loss) per share	(15.66)	(0.14)

3.Debt Servicing:

Management has made significant achievements in settling its liabilities with financial institutions. Company has successfully negotiated with NIB Bank Ltd. for the settlement of Rs.109.087 Million loan liability against 6 kanal piece of land out of 82 kanal total land of the Mills. CEO is in the process of effective negotiations for settlement of remaining liabilities.

4-Dividend:

Directors have not recommended any dividend due to current and accumulated loss.

5-Disposal of Fixed Assets:

Directors have granted specific approval for disposal of following assets.

- 12 No Ring Frames
- One Generator Set

6-Future Prospects and Plans

As stated in third paragraph, management is hopeful to settle all its outstanding liabilities with debt providers which will significantly reduce burden of financial cost and allow the management to fully utilize available resources on running the Mill. Management has positive intention and capability to start production subject to continuous availability of gas and electricity.

7-Remarks on Auditors' Review Report.

Auditors' adverse opinion is based on their judgment that going concern assumption is not valid for the company, however management believes that the company is an economically viable entity and can resume its operations, provided gas and electricity is made available on continued basis. The fact is further substantiated from the last year's resumption of operations.

Settlement has been reached with major debt provider and management is very hopeful to settle its remaining liabilities with financial institutions which will result in significant improvement of company's financial health.

For and behalf of the Board of Directors



Habib Ullah
Chief Executive Director
Rawalpindi: February 23, 2015



Hussain Ahmad Qureshi

D.M. TEXTILE MILLS LIMITED

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of D.M. TEXTILE MILLS LIMITED as at 31 December 2014 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity and notes to the accounts for the half year then ended (herein after referred to as "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended 31 December 2014 and 31 December 2013 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended 31 December 2014.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Adverse Conclusion

a) The company sustained net loss of Rupees 47.811 million during the half year ended 31 December 2014 and as of that date its accumulated loss was Rupees 146.545 million due to which total equity stood at negative balance of Rupees 116.021 million. As of 31 December 2014, the company's current liabilities exceeded its current assets by Rupees 230.051 million. Financing from banking companies and liabilities against assets subject to finance lease includes overdue amounts. The company has been unable to arrange fresh financing for working capital and other purposes. The Mill remained closed during the half year ended 31 December 2014 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 this condensed interim financial information and the future financial projections indicating the economic viability of the company. These events indicate a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. This condensed interim financial information (and notes thereto) do not disclose this fact. This condensed interim financial information has been prepared on the going concern basis.

D.M. TEXTILE MILLS LIMITED

b) As more fully explained in Note 9 to the condensed interim financial information, the company advanced an amount of Rupees 51.150 million against purchase of property. The property could not be transferred in the company's name due to the want of completion of legal formalities. Directions were given for transferring the property in the name of the company within thirty days of the order of Securities and Exchange Commission of Pakistan (SECP) dated 29 November 2007. The Chief Executive Officer 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 Chief Executive Officer at the fixed floor price of Rupees 75 million. SECP in its order dated 29 November 2007 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. We could not ensure compliance with the above direction of SECP in the absence of any working prepared by the management and satisfy ourselves as to the use of forced sale value of the property for adjustment of the advance against property.

Adverse Conclusion

Our review indicates that, because management's use of the going concern assumption in this condensed interim financial information is inappropriate and the company did not comply with the SECP order and could not satisfy us as to the use of forced sale value of property for adjustment of the advance against property as described in the Basis for Adverse Conclusion paragraph, this condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Date: February 23, 2015
Islamabad



RIAZAHMAD & COMPANY
Chartered Accountants
Name of engagement partner:
Mubashar Mehmood

D.M. TEXTILE MILLS LIMITED

CONDENSED INTERIM BALANCE SHEET

	NOTE	Un-audited 31 December 2014 Rupees	Audited 30 June 2014 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
5,000,000 (30 June 2014: 5,000,000) ordinary shares of Rupees 10 each		<u>50,000,000</u>	<u>50,000,000</u>
Issued, subscribed and paid-up share capital			
3,052,429 (30 June 2014: 3,052,429) ordinary shares of Rupees 10 each		30,524,290	30,524,290
Accumulated loss		(146,544,887)	(100,060,680)
Total equity		<u>(116,020,597)</u>	<u>(69,536,390)</u>
Surplus on revaluation of property, plant and equipment - net of deferred income tax		570,421,135	571,747,498
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	-	60,707,691
Liabilities against assets subject to finance lease	6	-	-
Employees' retirement benefit		9,160,950	8,970,509
Deferred income tax liability		59,083,820	65,080,451
Deferred mark-up		605,711	1,453,503
		<u>68,850,481</u>	<u>136,212,154</u>
CURRENT LIABILITIES			
Trade and other payables		92,325,379	100,053,371
Accrued mark-up		58,946,591	54,868,148
Short term borrowings		26,931,514	29,376,132
Current portion of non-current liabilities		111,967,337	14,725,469
		<u>290,170,821</u>	<u>199,023,120</u>
Total liabilities		<u>359,021,302</u>	<u>335,235,274</u>
CONTINGENCIES AND COMMITMENTS			
	7		
TOTAL EQUITY AND LIABILITIES		<u>813,421,840</u>	<u>837,446,382</u>

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


CHIEF EXECUTIVE

D.M. TEXTILE MILLS LIMITED

AS AT 31 DECEMBER 2014

	NOTE	Un-audited 31 December 2014 Rupees	Audited 30 June 2014 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	714,155,091	774,198,872
Long term investments		-	-
Due from related party	9	14,610,604	13,918,838
Long term deposits		<u>24,536,661</u>	<u>24,440,861</u>
		<u>753,302,356</u>	<u>812,558,571</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		7,340,467	7,340,467
Stock-in-trade		759,431	3,875,196
Trade debts		451,236	567,120
Advances		451,915	344,887
Short term deposits		2,000,000	2,000,000
Other receivables		6,958,000	7,709,920
Short term investments		2,192,721	2,915,763
Cash and bank balances		475,732	134,458
		<u>20,629,502</u>	<u>24,887,811</u>
Non-current asset classified as held for sale	10	39,489,982	-
		<u>60,119,484</u>	<u>24,887,811</u>
TOTAL ASSETS		<u>813,421,840</u>	<u>837,446,382</u>


DIRECTOR

D.M. TEXTILE MILLS LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	----- (Rupees) -----			
SALES	3,541,369	282,637,097	-	153,264,814
COST OF SALES	(13,145,085)	(257,072,959)	(5,363,122)	(139,987,673)
GROSS (LOSS) / PROFIT	(9,603,716)	25,564,138	(5,363,122)	13,277,141
DISTRIBUTION COST	(378,095)	(1,217,845)	(180,375)	(650,391)
ADMINISTRATIVE EXPENSES	(6,121,527)	(6,580,653)	(3,109,782)	(3,602,575)
OTHER EXPENSES	(35,360)	(35,360)	-	16,776
	(6,534,982)	(7,833,858)	(3,290,157)	(4,236,190)
	(16,138,698)	17,730,280	(8,653,279)	9,040,951
OTHER INCOME	6,096,611	1,959,056	4,514,049	1,079,486
(LOSS) / PROFIT FROM OPERATIONS	(10,042,087)	19,689,336	(4,139,230)	10,120,437
FINANCE COST	(42,986,113)	(12,605,384)	(40,039,337)	(6,449,299)
(LOSS) / PROFIT BEFORE TAXATION	(53,028,200)	7,083,952	(44,178,567)	3,671,138
TAXATION				
- Current	(779,000)	(2,989,070)	(779,000)	(1,581,497)
- Deferred	5,996,630	(4,523,942)	5,996,630	(4,523,942)
	5,217,630	(7,513,012)	5,217,630	(6,105,439)
LOSS AFTER TAXATION	(47,810,570)	(429,060)	(38,960,937)	(2,434,301)
LOSS PER SHARE - BASIC AND DILUTED	(15.66)	(0.14)	(12.76)	(0.80)

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


CHIEF EXECUTIVE


DIRECTOR

D.M. TEXTILE MILLS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	----- (Rupees) -----			
LOSS AFTER TAXATION	(47,810,570)	(429,060)	(38,960,937)	(2,434,301)
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Other comprehensive income for the period	-	-	-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(47,810,570)	(429,060)	(38,960,937)	(2,434,301)

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


CHIEF EXECUTIVE


DIRECTOR

D.M. TEXTILE MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	SHARE CAPITAL	ACCUMULATED LOSS	TOTAL EQUITY
	(Rupees)		
Balance as at 30 June 2013 - Audited	30,524,290	(241,357,152)	(210,832,862)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment to accumulated loss - net of deferred income tax	-	1,306,566	1,306,566
Loss after taxation for the half year ended 31 December 2013	-	(429,060)	(429,060)
Other comprehensive loss for the half year ended 31 December 2013	-	-	-
Total comprehensive loss for the half year ended 31 December 2013	-	(429,060)	(429,060)
Balance as at 31 December 2013 - Un-audited	30,524,290	(240,479,646)	(209,955,356)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment to accumulated loss - net of deferred income tax	-	1,351,374	1,351,374
Profit after taxation for the half year ended 30 June 2014	-	139,847,774	139,847,774
Other comprehensive loss for the half year ended 30 June 2014	-	(780,182)	(780,182)
Total comprehensive income for the half year ended 30 June 2014	-	139,067,592	139,067,592
Balance as at 30 June 2014 - Audited	30,524,290	(100,060,680)	(69,536,390)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment to accumulated loss - net of deferred income tax	-	1,326,363	1,326,363
Loss after taxation for the half year ended 31 December 2014	-	(47,810,570)	(47,810,570)
Other comprehensive loss for the half year ended 31 December 2014	-	-	-
Total comprehensive loss for the half year ended 31 December 2014	-	(47,810,570)	(47,810,570)
Balance as at 31 December 2014 - Un-audited	30,524,290	(146,544,887)	(116,020,597)

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


CHIEF EXECUTIVE


DIRECTOR

D.M. TEXTILE MILLS LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2014

		31 December 2014	31 December 2013
	NOTE	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	11	(9,580,577)	32,302,081
Finance cost paid		(886,176)	(1,834,544)
Income tax paid		(82,145)	(315,707)
Gratuity paid		(167,900)	(168,800)
Deferred mark-up paid		(910,000)	(910,000)
Net increase in long term deposits		(95,800)	(1,253,900)
Net cash (used in) / generated from operating activities		(11,722,598)	27,819,130
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		16,005,600	-
Capital expenditure on property, plant and equipment		(72,000)	(1,180,000)
Net cash from / (used in) investing activities		15,933,600	(1,180,000)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of liabilities against assets subject to finance lease		(991,940)	(7,668,323)
Repayment of long term financing		(433,170)	(6,000,000)
Short term borrowings - net		(2,444,618)	(11,860,146)
Net cash used in financing activities		(3,869,728)	(25,528,469)
Net increase in cash and cash equivalents		341,274	1,110,661
Cash and cash equivalents at the beginning of the period		134,458	454,887
Cash and cash equivalents at the end of the period		475,732	1,565,548

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


CHIEF EXECUTIVE


DIRECTOR

D.M. TEXTILE MILLS LIMITED

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2014

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 Ordinance, 1984) and listed on Karachi and Islamabad Stock Exchanges in Pakistan. Its registered office is situated at Westridge, Rawalpindi. The Company is engaged in the business of manufacturing, sale and trading of cotton, polyester, viscose and blended yarn.

2 BASIS OF PREPARATION

This condensed interim financial information is un-audited but subject to limited scope review by the statutory auditors and is being submitted to shareholders as required by section 245 of the Companies Ordinance, 1984. This condensed interim financial information of the Company for the half year ended 31 December 2014 has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information should be read in conjunction with the audited annual published financial statements of the Company for the year ended 30 June 2014.

3 ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of this condensed interim financial information are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2014, except for adoption of an accounting policy as stated in note 3.1.

3.1 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 a sale transaction rather than continuous use. These are measured at lower of carrying amount and fair value less costs to sell.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2014.

D.M. TEXTILE MILLS LIMITED

	NOTE	Un-audited 31 December 2014 Rupees	Audited 30 June 2014 Rupees
5 LONG TERM FINANCING			
From banking companies - secured	5.1	109,087,244	72,207,691
Less: Current portion of long term financing		<u>109,087,244</u>	<u>11,500,000</u>
		-	<u>60,707,691</u>
5.1	During the period, the Company has entered into settlement agreement with NIB Bank Limited. Pursuant to the agreement, outstanding liabilities has to be settled against 06 kanal piece of land of the Company. The Company shall have the Buy Back Option during the buy back period of three years to buy back the property from the bank at market value prevailing at that time. Further, both the bank and the Company have agreed to withdraw all the pending litigations against each other. Accordingly, long term financing has been shown under current liabilities. Transfer of land and other legal formalities in this regard are under process.		
6 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
Future minimum lease payments		658,531	1,658,531
Less: Un-amortized finance charges		-	(8,060)
Present value of future minimum lease payments		<u>658,531</u>	<u>1,650,471</u>
Less: Current portion shown under current liabilities		-	-
7 CONTINGENCIES AND COMMITMENTS			
7.1 Contingencies			
	There is no significant change in the status of contingencies, as disclosed in preceding audited annual published financial statements of the Company for the year ended 30 June 2014.		
7.2 Commitments		Nil	Nil
8 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets			
Owned (Note 8.1)		666,118,218	713,491,978
Leased (Note 8.2)		<u>48,036,873</u>	<u>60,706,894</u>
		<u>714,155,091</u>	<u>774,198,872</u>
8.1 Operating fixed assets - Owned			
Opening book value		713,491,978	724,073,333
Add: Cost of additions during the period / year (Note 8.1.1)		72,000	1,272,800
Add: Transferred from leased assets (Note 8.2)		<u>11,305,007</u>	-
		724,868,985	725,346,133
Less: Book value of deletions during the period / year (Note 8.1.2)		13,904,252	-
Less: Transferred to non-current assets classified as held for sale (Note 10)		39,489,982	-
Less: Depreciation charged during the period / year		<u>5,356,533</u>	<u>11,854,155</u>
Closing book value		<u>666,118,218</u>	<u>713,491,978</u>
8.1.1 Cost of additions			
Plant and machinery		-	1,080,300
Electric installations		-	31,000
Office equipment		<u>72,000</u>	<u>161,500</u>
		<u>72,000</u>	<u>1,272,800</u>
8.1.2 Book value of deletions			
Plant and machinery		<u>13,904,252</u>	-

D.M. TEXTILE MILLS LIMITED

	Un-audited	Audited
	31 December	30 June
	2014	2014
	Rupees	Rupees

8.2 Operating fixed assets - Leased

Opening book value	60,706,894	63,901,994
Less: Transferred to owned assets (Note 8.1)	11,305,007	-
Less: Depreciation charged during the period / year	1,365,014	3,195,100
Closing book value	<u>48,036,873</u>	<u>60,706,894</u>

9 DUE FROM RELATED PARTY

It represents receivable from Chief Executive Officer (C.E.O) against sale of property. An amount of Rupees 51.150 million was given by the Company as advance against purchase of aforesaid 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 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 C.E.O of the Company filed a revision application with the Appellate Bench of SECP under section 484 of the Companies Ordinance, 1984 against this Order on 10 January 2008, where the Appellate Bench decided not to interfere with the impugned order.

The C.E.O also filed an appeal under section 485 of the 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 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 has been made between the Company and the C.E.O under the directions given by the Board of Directors of the Company.

The receivable from C.E.O carries no interest and is repayable up to June 2017. 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 condensed interim profit and loss account.

10 NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE

It represents 06 Kanal freehold land located at Westridge, Rawalpindi. The said land is to be transferred to NIB Bank Limited against settlement of outstanding liabilities as morefully explained in Note 5. The valuer, M/s. Tristar International Consultant (Private) Limited, appointed by the bank has valued the said land at market value of Rupees 111.00 million and forced sale value of Rupees 88.800 million. Accordingly, no impairment loss has been recognized on the asset classified as held for sale.

D.M. TEXTILE MILLS LIMITED

(Un-audited)	
HALF YEAR ENDED	
31 December	31 December
2014	2013
Rupees	Rupees

11 CASH (USED IN) / GENERATED FROM OPERATIONS

(Loss) / profit before taxation	(53,028,200)	7,083,952
Adjustments for non-cash charges and other items:		
Depreciation	6,721,547	7,516,927
Provision for gratuity	358,341	270,850
Profit on disposal of property, plant and equipment	(2,101,348)	-
Effect of fair value adjustment on due from related party	(691,766)	-
Finance cost	42,986,113	12,605,384
Working capital changes (Note 11.1)	(3,825,264)	4,824,728
	<u>(9,580,577)</u>	<u>32,301,841</u>

11.1 Working capital changes

Decrease / (increase) in current assets:		
Stores, spare parts and loose tools	-	(969,560)
Stock in trade	3,115,765	(3,706,545)
Trade debts	115,884	(7,999,741)
Advances	(107,028)	30,817
Short term investment	723,042	-
Other receivables	55,065	579,611
	3,902,728	(12,065,418)
(Decrease) / increase in trade and other payables	(7,727,992)	16,890,146
	<u>(3,825,264)</u>	<u>4,824,728</u>

12 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties are as follows:

(Un-audited)			
HALF YEAR ENDED		QUARTER ENDED	
31 December	31 December	31 December	31 December
2014	2013	2014	2013

(Rupees)

Remuneration to Chief Executive Officer and Directors	1,600,440	1,600,440	800,220	800,220
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12.1 Period end balances

Short term borrowings - Chief Executive Officer (C.E.O)	6,537,508	4,682,126
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13 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2014.

14 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was approved by the Board of Directors and authorized for issue on February 23, 2015.

15 CORRESPONDING FIGURES

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

16 GENERAL

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


CHIEF EXECUTIVE


DIRECTOR