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D.M. TEXTILE MILLS LIMITED

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**D.M. TEXTILE
MILLS LIMITED**

SAY NO TO CORRUPTION

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

December 31,

2016

D.M. TEXTILE MILLS LIMITED

Company's Information

BOARD OF DIRECTORS

CHAIRMAN: Shahid Hussain
CHIEF EXECUTIVE: Mian Habib Ullah

DIRECTORS: Mr. Shahid Aziz (Nominee of NIT)
Mr. Hussain Ahmad Ozgen
Mr. Mubarik Zeb
Mr. Amer Zeb
Rao Khalid Pervaiz

AUDIT COMMITTEE:

CHAIRMAN: Mr. Hussain Ahmad Ozgen
MEMBERS: 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
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. Ph: 051-2274121, 2274122

LEGAL ADVISER: M/s Hassan & Hassan Advocates
Office 39, 1st Floor, Al-Abbas Market,
Adamjee Road, Rawalpindi.

REGISTRAR: Corplink (Pvt) Ltd.
Wing Arcade, 1-K, Commercial,
Model Town, Lahore. Ph: 042-3591714,
35916719, Fax: 042-35869037

REGISTERED OFFICE & MILLS AT: Industrial Area, Westridge, Rawalpindi.
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D.M. TEXTILE MILLS LIMITED

DIRECTORS' REPORT

Dear Shareholders,

The Directors present before you the condensed financial statements for the half-year ended 31 December, 2016.

1. Net Profit/(Loss)

During the period Company suffered a net loss of (Rs. 6.870) Million as compared to previous period net profit of Rs. 9.002 Million which was mainly due to settlement with Faysal Bank Ltd.

2. Comparative financial results are given below:

Half Year Ended	Rupees	
	31 December 2016	31 December 2015
Admin & Other Expenses	(12,980,007)	(27,971,662)
Other Income	7,698,416	26,781,997
Financial and Other Charges	(591,768)	(1,252,454)
Profit / (Loss) before taxation	(5,873,359)	(2,442,119)
Profit / (Loss) after taxation	(6,870,789)	9,002,425
Basic Earning/(Loss) per share in Rs.	(2.25)	2.95

3. Debt Servicing

As per settlement agreement with Faysal Bank Ltd, company is paying monthly installments regularly. Further, CEO of the company 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. Disposal of Assets

Directors have granted specific approval for disposal of following assets.

- Old & Obsolete Laboratory equipments.
- Old & Obsolete Suzuki Bolan & Hyundai Shahzore.

5- Future Prospects & Plans

Due to continuing market recession and high input costs, the Mills could not resume its production process. The management is hopeful to settle all of 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.

D.M. TEXTILE MILLS LIMITED

6. Remarks on Auditors' Review Report

The management has successfully settled and paid its outstanding loans due towards different financial institutions and regularly paying the installments of the last settlement i.e. with Faysal Bank Ltd. Further, management is trying its level best to negotiate with other debt providers to settle amicably. Due to the settlements reached/to be reached with the debt providers, the management has prepared the accounts on going concern basis.

As for as the auditors' remarks regarding Property/House 8 Street 71 F-8/3 Islamabad are concerned; keeping in view of the statement by CEO before the Honorable Islamabad High Court (IHC) and opinion of our legal advisor, the Property is now technically owned by the Company. CEO filed an application/CM before the IHC to seek relief on the grounds that Lahore High Court has already attached the said property in two different cases, which was allowed on 30-11-2016. Meanwhile, the Board of Directors and 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 relevant rules/law/procedures. Directors do not agree with the auditors' observation as the Board and Members of the Company had granted approval for the transaction.

The Board of Directors is of the view that the Company follows the approved accounting standards as applicable in Pakistan and the accounts do give a true and fair view of the state of Company's affairs as at 31 December 2016 in the light of the facts stated above.

7. Acknowledgement

The Directors wish to place on record their acknowledgement 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



Mian Habib Ullah
Chief Executive

Rawalpindi: February 25, 2017



Rao Khalid Pervaiz
Director

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 2016 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, 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 2016 and 31 December 2015 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 2016.

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 6.871 million during the half year ended 31 December 2016 and as of that date its accumulated loss was Rupees 67.044 million due to which total equity stood at negative balance of Rupees 36.520 million. As of 31 December 2016, the company's current liabilities exceeded its current assets by Rupees 60.908 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

D.M. TEXTILE MILLS LIMITED

Purposes. The mill remained closed during the period 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. 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.

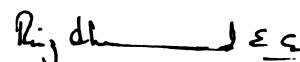
b) As more fully explained in Note 10 to the condensed interim financial information, the company advanced an amount of Rupees 51.150 million against purchase of property. The property could not be transferred in the company's name due to the want of completion of legal formalities. Directions were given 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. 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 already been transferred in the name of CEO through a court decree. The LHC, Rawalpindi Bench in its interim order dated 06 February 2015 granted adjournment with the directions not to transfer / alienate the property / undertaking of the company in any form or manner whatsoever. Meanwhile, the case has been transferred to the Islamabad High Court (IHC) 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

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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.

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 significance of the matter stated in para (b) above, 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.



RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Mubashar Mehmood

Date: February 25, 2017

ISLAMABAD

D.M. TEXTILE MILLS LIMITED

CONDENSED INTERIM BALANCE SHEET

	NOTE	Un-audited 31 December 2016 Rupees	Audited 30 June 2016 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
5,000,000 (30 June 2016: 5,000,000) ordinary shares of Rupees 10 each		50,000,000	50,000,000
Issued, subscribed and paid-up share capital			
3,052,429 (30 June 2016: 3,052,429) ordinary shares of Rupees 10 each		30,524,290	30,524,290
Accumulated loss		(67,044,004)	(61,485,162)
Total equity		(36,519,714)	(30,960,872)
Surplus on revaluation of property, plant and equipment - net of deferred income tax	5	575,926,608	602,661,894
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	6	6,733,207	8,136,890
Liabilities against assets subject to finance lease	7	-	-
Employees' retirement benefit		10,102,082	9,839,462
Deferred income tax liability		22,017,447	22,476,930
		38,852,736	40,453,282
CURRENT LIABILITIES			
Trade and other payables		81,042,941	83,042,828
Accrued mark-up		20,982,621	21,275,680
Short term borrowings		16,164,725	10,760,361
Current portion of non-current liabilities		3,420,995	3,185,439
		121,611,282	118,264,308
Total liabilities		160,464,018	158,717,590
CONTINGENCIES AND COMMITMENTS	8		
TOTAL EQUITY AND LIABILITIES		699,870,912	730,418,612

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


CHIEF EXECUTIVE

D.M. TEXTILE MILLS LIMITED

AS AT 31 DECEMBER 2016

	NOTE	Un-audited 31 December 2016 Rupees	Audited 30 June 2016 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	614,753,165	679,890,756
Advance against property	10	-	-
Due from related party	11	-	-
Long term deposits		24,414,434	24,403,761
		639,167,599	704,294,517
CURRENT ASSETS			
Advances		217,585	305,985
Current portion of due from related party	11	17,221,694	16,823,426
Short term deposits		2,000,000	2,000,000
Other receivables		4,763,232	5,721,692
Short term investment		1,142,000	1,142,000
Cash and bank balances		131,617	130,992
		25,476,128	26,124,095
Non-current assets classified as held for sale	12	35,227,185	-
		60,703,313	26,124,095
TOTAL ASSETS		699,870,912	730,418,612


DIRECTOR

D.M. TEXTILE MILLS LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	----- Rupees -----			
ADMINISTRATIVE EXPENSES	(12,900,007)	(16,148,399)	(7,070,871)	(9,147,965)
OTHER EXPENSES	(80,000)	(11,823,263)	(80,000)	(11,823,263)
	<u>(12,980,007)</u>	<u>(27,971,662)</u>	<u>(7,150,871)</u>	<u>(20,971,228)</u>
	(12,980,007)	(27,971,662)	(7,150,871)	(20,971,228)
OTHER INCOME	7,698,416	26,781,997	4,202,323	21,492,275
(LOSS) / PROFIT FROM OPERATIONS	<u>(5,281,591)</u>	<u>(1,189,665)</u>	<u>(2,948,548)</u>	<u>521,047</u>
FINANCE COST	(591,768)	(1,252,454)	(182,358)	(683,670)
LOSS BEFORE TAXATION	<u>(5,873,359)</u>	<u>(2,442,119)</u>	<u>(3,130,906)</u>	<u>(162,623)</u>
TAXATION				
- Current	(1,456,913)	(1,261,312)	(1,456,913)	(1,261,312)
- Deferred	459,483	12,705,856	459,483	12,705,856
	<u>(997,430)</u>	<u>11,444,544)</u>	<u>(997,430)</u>	<u>11,444,544)</u>
(LOSS) / PROFIT AFTER TAXATION	<u>(6,870,789)</u>	<u>9,002,425)</u>	<u>(4,128,336)</u>	<u>11,281,921)</u>
(LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED	<u>(2.25)</u>	<u>2.95)</u>	<u>(1.35)</u>	<u>3.70)</u>

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 2016

	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	----- Rupees -----			
(LOSS) / PROFIT AFTER TAXATION	(6,870,789)	9,002,425	(4,128,336)	11,281,921
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Other comprehensive income for the period	-	-	-	-
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD	<u>(6,870,789)</u>	<u>9,002,425)</u>	<u>(4,128,336)</u>	<u>11,281,921)</u>

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 2016

	SHARE CAPITAL	ACCUMULATED PROFIT / (LOSS)	TOTAL EQUITY
----- (Rupees) -----			
Balance as at 30 June 2015 - Audited	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	-	1,119,941	1,119,941
Profit after taxation for the half year ended 31 December 2015	-	9,002,425	9,002,425
Other comprehensive loss for the half year ended 31 December 2015	-	-	-
Total comprehensive loss for the half year ended 31 December 2015	-	9,002,425	9,002,425
Balance as at 31 December 2015 - Un-audited	30,524,290	5,021,871	35,546,161
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment to accumulated loss - net of deferred income tax	-	1,132,928	1,132,928
Loss after taxation for the half year ended 30 June 2016	-	(67,831,436)	(67,831,436)
Other comprehensive income for the half year ended 30 June 2016	-	191,475	191,475
Total comprehensive loss for the half year ended 30 June 2016	-	(67,639,961)	(67,639,961)
Balance as at 30 June 2016 - Audited	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	-	1,311,947	1,311,947
Loss after taxation for the half year ended 31 December 2016	-	(6,870,789)	(6,870,789)
Other comprehensive income for the half year ended 31 December 2016	-	-	-
Total comprehensive loss for the half year ended 31 December 2016	-	(6,870,789)	(6,870,789)
Balance as at 31 December 2016 - Un-audited	30,524,290	(67,044,004)	(36,519,714)

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 2016

	NOTE	31 December 2016 Rupees	31 December 2015 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	13	(3,608,773)	(15,267,360)
Finance cost paid		(552,954)	(95,738)
Income tax paid		(500,539)	(476,049)
Gratuity paid		(50,800)	(383,070)
Deferred mark-up paid		-	(910,000)
Net increase in long term deposits		(10,673)	-
Net cash used in operating activities		(4,723,739)	(17,132,217)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		820,000	21,625,000
Net cash from investing activities		820,000	21,625,000
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(1,500,000)	(4,044,008)
Short term borrowings - net		5,404,364	833,629
Net cash from financing activities		3,904,364	(3,210,379)
Net increase in cash and cash equivalents		625	1,282,404
Cash and cash equivalents at the beginning of the period		130,992	305,981
Cash and cash equivalents at the end of the period		131,617	1,588,385

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 2016

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 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 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 2016 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 2016.

3 ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of this 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 2016, except for adoption of 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 cost 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 2016.

	Un-audited 31 December 2016 Rupees	Audited 30 June 2016 Rupees
5 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF DEFERRED INCOME TAX		
Opening balance	602,661,894	530,254,047
Deferred tax adjustment due to change in tax rate	-	409,541
Surplus on revaluation of property, plant and equipment during the year	-	76,109,465
Related deferred income tax liability	-	(1,858,290)
	-	74,251,175
Reversal of surplus on revaluation (Note 12.1)	(25,423,339)	-
Transferred to accumulated loss in respect of incremental depreciation	(1,901,373)	(3,265,027)
Related deferred income tax liability	589,426	1,012,158
	(1,311,947)	(2,252,869)
	<u>575,926,608</u>	<u>602,661,894</u>

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	Un-audited 31 December 2016 Rupees	Audited 30 June 2016 Rupees
6 LONG TERM FINANCING		
Secured		
Opening balance	10,663,798	-
Add: Obtained during the period / year	-	15,838,566
Effect of fair value adjustment	331,873	369,240
	<u>10,995,671</u>	<u>16,207,806</u>
Less: Repaid during the period / year	1,500,000	5,544,008
	<u>9,495,671</u>	<u>10,663,798</u>
Less: Current portion shown under current liabilities	2,762,464	2,526,908
Closing balance	<u>6,733,207</u>	<u>8,136,890</u>
7 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Future minimum lease payments	658,531	658,531
Less: Un-amortized finance charges	-	-
Present value of future minimum lease payments	<u>658,531</u>	<u>658,531</u>
Less: Current portion shown under current liabilities - over due	658,531	658,531
	<u>-</u>	<u>-</u>
8 CONTINGENCIES AND COMMITMENTS		
8.1 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 2016.		
	Un-audited 31 December 2016 Rupees	Audited 30 June 2016 Rupees
8.2 Commitments	Nil	Nil
9 PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets		
Owned (Note 9.1)	614,170,490	679,293,141
Leased (Note 9.2)	582,675	597,615
	<u>614,753,165</u>	<u>679,890,756</u>
9.1 Operating fixed assets - Owned		
Opening book value	679,293,141	660,486,424
Add: Transferred from leased assets (Note 9.2)	-	33,253,388
Add: Revaluation surplus	-	76,109,465
	<u>679,293,141</u>	<u>769,849,277</u>
Less: Book value of deletions during the period / year (Note 9.1.1)	601,651	27,327,536
Less: Impairment loss	-	52,870,727
Less: Reversal of revaluation surplus (Note 12.1)	25,423,339	-
Less: Transferred to non-current assets classified as held for sale (Note 12)	35,227,185	-
Less: Depreciation charged during the period / year	3,870,476	10,357,873
	<u>65,122,651</u>	<u>90,556,136</u>
Closing book value	<u>614,170,490</u>	<u>679,293,141</u>
9.1.1 Book value of deletions		
Motor Vehicle	43,972	-
Plant and machinery	557,679	27,327,536
	<u>601,651</u>	<u>27,327,536</u>
9.2 Operating fixed assets - Leased		
Opening book value	597,615	35,701,351
Less: Transferred to owned assets (Note 9.1)	-	33,253,388
Less: Impairment loss	-	1,735,290
Less: Depreciation charged during the period / year	14,940	115,058
Closing book value	<u>582,675</u>	<u>597,615</u>
10 ADVANCE AGAINST 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(2) of the Companies Ordinance, 1984. Further		

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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 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 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. However, 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 submitted to transfer the property in the name of the Company within sixty days therefrom. 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.

	Un-audited 31 December 2016 Rupees	Audited 30 June 2016 Rupees
11 DUE FROM RELATED PARTY		
Due from C.E.O	17,221,694	16,823,426
Less: Current portion shown under current assets	<u>17,221,694</u>	<u>16,823,426</u>
	<u>-</u>	<u>-</u>

It represents receivable from C.E.O against sale of property as more fully explained in Note 10. 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 period was Rupees 17.620 million (30 June 2016: Rupees 17.620 million).

	28,750,000	-
12 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE		
Free hold land	28,750,000	-
Non-factory building	<u>6,477,185</u>	<u>-</u>
	<u>35,227,185</u>	<u>-</u>

12.1 It represents land measuring 7.19 kanal comprising open area and old worker quarters located at factory premises at Westridge, Rawalpindi. Land and non-factory building is expected to be sold within a year. A search is underway for the buyer. Difference between carrying value and fair value amounting to Rupees 25,423,339 has been charged to surplus on revaluation of property, plant and equipment.

	(Un-audited)	
	HALF YEAR ENDED	
	31 December 2016 Rupees	31 December 2015 Rupees
13 CASH USED IN OPERATIONS		
Loss before taxation	(5,873,359)	(2,442,119)
Adjustments for non-cash charges and other items:		
Depreciation	3,885,416	5,232,821
Provision for gratuity	313,420	368,698
Provision for slow moving stores, spare parts and loose tools	-	5,694,603
Gain on settlement of borrowings	-	(20,767,824)
(Gain) / loss on sale of property, plant and equipment	(218,349)	5,727,107
Effect of fair value adjustment on due from related party	(398,268)	(760,528)
Finance cost	591,768	1,252,454
Working capital changes	13.1 (1,909,401)	(9,572,572)
	<u>(3,608,773)</u>	<u>(15,267,360)</u>

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	Un-audited 31 December 2016 Rupees	Audited 30 June 2016 Rupees
13.1 Working capital changes		
Decrease / (increase) in current assets:		
Stock in trade	-	401,553
Advances	88,400	(6,579,262)
Short term investment	-	(9,699)
Other receivables	<u>2,086</u>	<u>60,916</u>
	90,486	(6,126,492)
Decrease in trade and other payables	<u>(1,999,887)</u>	<u>(3,446,080)</u>
	<u>(1,909,401)</u>	<u>(9,572,572)</u>

14 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 2016	31 December 2015	31 December 2016	31 December 2015
	----- (Rupees) -----			
Remuneration to Chief Executive Officer and Directors	1,416,000	1,716,000	500,220	915,780
			Un-audited 31 December 2016 Rupees	Audited 30 June 2016 Rupees

14.1 Period / year end balances				
Mian Habib Ullah - C.E.O				
Short term borrowings		7,961,975		660,361

15 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS
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 2016.

16 DATE OF AUTHORIZATION FOR ISSUE
This condensed interim financial information was approved by the Board of Directors and authorized for issue on February 25, 2017 .

17 CORRESPONDING FIGURES
In order to comply with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting", the condensed interim balance sheet and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim profit and loss account, condensed interim statement of comprehensive income and condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.

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

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


CHIEF EXECUTIVE


DIRECTOR