D.M. TEXTILE MILLS LIMITED

SAY NO TO CORRUPTION

INTERIM CONDENSED FINANCIAL INFORMATION FOR THE HALF YEAR ENDED

December 31

2018

BOOK POST

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D.M. TEXTILE MILLS LIMITED

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Website: www.dmtextile.com.pk

Company's Information

BOARD OF DIRECTORS

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

AUDIT COMMITTEE:

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

HUMAN RESOURCE & REMUNERATION COMMITTEE:

CHAIRMAN:	Mr. Amer Zeb
MEMBERS:	Mr. Sami Ullah Rao Khalid Pervaiz
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 House CB-360, Lane-4, Quaid-e-Azam Colony, Dhamial Road, Rawalpindi.
REGISTRAR:	Corplink (Pvt) Ltd. Wing Arcade, 1-K, Commercial Model Town, Lahore. Phone: 042-35916714, 35916719 Fax: 042-36869037
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

CHAIRMAN'S REVIEW

Dear Shareholders,

I am pleased to present the half yearly financial statements along with Directors' Report & Auditors' Review Report for the period ended 31-12-2018. Continuing market recession, financial problems and high input costs did not allow us to resume production process. Within the available resources, management is trying its level best for improvement and also looking for further options.

We sincerely acknowledge and appreciate the contributions of the employees and cooperation by the financial institutions and other debt providers.

Rawalpindi:
February 27, 2019

SHAHID HUSSAIN
Chairman

DIRECTORS' REPORT

Dear Shareholders,

The Directors present before you the condensed financial statements for the half-year ended 31 December, 2018.

1. Net Profit/(Loss)

During the period Company suffered a net loss of (Rs. 3.979) Million as compared to previous period net loss of (Rs. 3.695) Million.

2- Comparative financial results are given below:

	Rupees	
Half Year Ended	**31 December 2018**	**31 December 2017**
Admin & Other Expenses	(13,974,482)	(12,182,207)
Other Income	11,713,622	10,223,750
Financial and Other Charges	(323,220)	(470,046)
Profit / (Loss) before Taxation	(2,584,080)	(2,428,503)
Profit / (Loss) after taxation	(3,979,018)	(3,695,526)
Basic Earning/(Loss) per share in Rs.	(1.30)	(1.21)

Directors have granted specific approval for following transactions/adjustments.

	Rupees
Operating fixed asset owned	
- Cost of deletions	14,202,998
Short term borrowings:	
- From related parties	
- Obtained	903,000
- Repaid	5,408,089
- From other parties	
- Obtained	1,170,000
- Repaid	670,000

Related party transactions as disclosed in condensed interim financial information.

Changes in accounting policies due to applicability of International Financial Standards (IFRS) 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers.

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/suppliers so as to reduce the financial liabilities of the company.

4- Dividend

The Directors have not recommended any dividend due to loss.

5- Future Prospects & Plans

Due to continuing market recession, high input costs and financial problems, 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. Management is also looking for alternate business plans.

Moreover, company's annual rental income has increased from Rs. 2.841 Million in 2013 to Rs.18.134 Million in 2018 and management is continuously trying to increase it further.

6. Remarks on Independent 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 and regular rental income, the management has prepared the accounts on going concern basis.

As for as the auditors' remarks regarding Property/House 8, Street 71, F-8/3, Islamabad are concerned; the management is trying its level best to resolve the matter at the earelsit.

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 2018 in the light of the facts stated above.

7. General

There is no adverse impact of the Company's business on the environment and Company is aware of its corporate social responsibilities.

8- 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

CHIEF EXECUTIVE

DIRECTOR

Rawalpindi: February 27, 2019

فیصل بینک کے ساتھ معاہدہ کے مطابق کمپنی ماہانہ اقساط باقاعدگی سے ادا کررہی ہے۔مزید براں انتظامیہ دوسرے قرض داروں سے گفت وشنید کررہی ہے تاکہ کمپنی کے مالی بوجھ کومزید کم کیا جاسکے۔

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

مسلسل مارکیٹ بحران اوران پٹ لاگت میں اضافہ اور مالی مشکلات کی وجہ سے کمپنی پیداواری صلاحیت کو بحال نہ کرسکی۔انتظامیہ پرامید ہے کہ دیگر تمام قرض داروں سے معاملات طے ہوجائیں گے جس سے کمپنی کا مالی بوجھ کم ہوگا۔انتظامیہ کی نیت مثبت ہے اور پیدوارشروع کرنے کی صلاحیت بھی رکھتی ہے بشرطیکہ مارکیٹ بہتر ہو،سپلائیرز سے خام مال اورنئ مشینری ادھار ملے تاکہ پیداوار منافع بخش ہوسکے۔انتظامیہ متبادل کاروبار کے بارے میں بھی سوچ بچار کررہی ہے۔مزید برآں کمپنی کی سالانہ کرائے کی آمدن 2013 میں مبلغ 2.841 ملین روپئے سے بڑھ کر 2018 میں مبلغ 18.134 ملین روپئے ہوگئی ہے اورانتظامیہ اسے مزید بڑھانے کے لئے کوشاں ہے۔

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

انتظامیہ نے کامیابی سے مالیاتی اداروں کے ساتھ اپنے قرضہ جات کے معاملات حل کرلئے ہیں۔مزید برآں انتظامیہ دیگر قرض داروں سے معاملات طے کرنے کے لئے پوری کوشش کررہی ہے۔مالیاتی اداروں کے ساتھ طے شدہ معاملات اور دیگر قرض داروں کے ساتھ جومعاملات طے کئے جارہے ہیں اورمناسب کرایہ آمدن کیوجہ سے انتظامیہ نے یہ حسابات قائم رہنے والی کمپنی کی بنیاد پر تیار کئے ہیں۔

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

بورڈ آف ڈائیریکٹرز کا ماننا ہے کہ کمپنی منظورشدہ اکاؤنٹنگ سٹینڈرڈز پرعمل کرتی ہے جوکہ پاکستان میں رائج ہیں۔اورگوشوارے اوپر دیئے گئے حقائق کی روشنی میں درست اور منصفانہ طور پر کمپنی کے معاملات کوپیش کرتے ہیں۔

کمپنی کے کاروبار کا ماحول پرکوئی برااثرنہیں ہے اور کمپنی اپنی کارپوریٹ سماجی ذمہ داریوں سے واقف ہے۔

ڈائریکٹرز مالیاتی اداروں کے تعاون کے مشکور ہیں۔کمپنی کے ملازمین داد کے مستحق ہیں کہ انھوں نے کمپنی کی بہتری کے لئےلگن اورمحنت سے کام کیا۔

چیف ایگزیکٹو

ڈائریکٹر

راولپنڈی:27 فروری 2019

D.M. TEXTILE MILLS LIMITED

ڈائریکٹرز رپورٹ

معززممبران

31 دسمبر 2018 کوختم ہونے والے ششماہی مالیاتی حسابات (غیرآڈٹ شدہ) آپ کے سامنے پیش کئے جارہے ہیں۔

زیرنظر مدت کے دوران کمپنی کو بعدازٹیکس مبلغ 3.979 ملین روپے کا خسارہ ہوا ہے جبکہ گذشتہ سال اسی مدت کے دوران بعدازٹیکس مبلغ 3.695 ملین روپے کا خسارہ ہوا تھا۔

مالی نتائج کا موازنہ مندرجہ ذیل ہے۔

تفصیل	روپے 31 دسمبر 2018	روپے 31 دسمبر 2017
انتظامی اور دیگر اخراجات	(13,974,482)	(12,182,207)
دیگر آمدن	11,713,622	10,223,750
مالی چارجز	(323,220)	(470,046)
منافع/(خسارہ) قبل ازٹیکس	(2,584,080)	(2,428,503)
منافع/(خسارہ) بعدازٹیکس	(3,979,018)	(3,695,526)
فی شیئر آمدن/(خسارہ) روپے	(1.30)	(1.21)

ڈائریکٹرز نے مندریہ ذیل ٹرانزیکشن/ایڈجسٹمنٹ کی خصوصی منظوری دی ہے۔

	روپے
مختصرمدتی قرض	
ریلیٹڈ پارٹی سے	
حاصل کردہ	903,000
ادائیگی	5,408,089
دیگر پارٹی سے	
حاصل کردہ	1,170,000
ادائیگی	670,000
اپریٹنگ فکسڈ اثاثے ۔ملکیتی	
اثاثوں میں کمی	14,202,998

ریلیٹڈ پارٹی سے کی گئی ٹرانزیکشنز جیسا کہ اس رپورٹ میں دکھایا گیا ہے۔

انٹرنیشنل مالی رپورٹنگ سٹینڈرڈز اور IFRS 15 کی وجہ سے کی گئی اکاؤنٹنگ پالیسیوں میں تبدیلیاں

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of D.M. Textile Mills Limited

Report on review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of D.M. TEXTILE MILLS LIMITED as at 31 December 2018 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as the “condensed interim financial statements”). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended 31 December 2018 and 31 December 2017 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 2018.

Scope of Review

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

Basis for Adverse Conclusion

i. The company sustained net loss of Rupees 3.979 million during the half year ended 31 December 2018 and as of that date its accumulated loss was Rupees 78.551 million. As of 31 December 2018, the company's current liabilities exceeded its current assets by Rupees 60.933 million. Liability 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 since 2014 due to shortage of working capital. As at the reporting date, the company had a few employees. The mill could not resume operations till the date of this report. The management of the company did not provide us its assessment of going concern assumption used in preparation of these condensed interim financial statements and the future financial projections indicating the economic viability of the company. These events indicate a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. These condensed interim financial statements (and notes thereto) do not disclose this fact. These condensed interim financial statements have been prepared on the going concern basis.

ii. As more fully explained in Note 9 to the condensed interim 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, (CDA) the property has already been transferred in the name of CEO through a court decree. The LHC, Rawalpindi Bench in its interim order dated 06 February 2015 granted adjournment with the directions not to transfer / alienate the property / undertaking of the company in any form or manner whatsoever. Meanwhile, the case has been transferred to the Islamabad High Court (IHC), Islamabad and on 03 May 2016, IHC, on submission of CEO, ordered to transfer the property in the name of the company within sixty days. The CEO filed a petition before the IHC to seek relief on the grounds that the said property has already been attached in the cases titled The Bank of Punjab versus Bilal Fibers Limited and The Bank of Punjab versus Bilal Textiles (Private) Limited wherein the CEO was a guarantor. Meanwhile, the Board of Directors and the shareholders in their meetings held on 09 October 2016 and 31 October 2016 respectively resolved to reverse the transaction of sale of property to CEO, subject to completion of legal formalities and in accordance with rules / laws / procedures. The company filed a suit before the court of senior civil judge (West), Islamabad dated 17 October 2017 against the CEO while making SECP and CDA parties to the case for directions to transfer the property in the name of the company, which is pending adjudication. Meanwhile, IHC, Islamabad vide its order dated 16 November 2017, reduced the penalty from Rupees 100,000 to Rupees 50,000 to be paid by each director of the company within the period of thirty days. The company also filed an appeal before the LHC, Lahore bench in May 2018 for detachment of the property, so the property can be transferred in the name of the company, which is pending adjudication. SECP filed an appeal before IHC, dated 13 September 2018, for execution of IHC decision dated 16 November 2017 to appoint statutory auditors to conduct a special audit to calculate the amount of profit which could have been earned on the amount of Rupees 51.150 million, if invested with any schedule bank on daily product basis in the relevant period, and further requested the IHC to send notice to LHC, Lahore, for release of the property. The matter is pending adjudication. 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 the adjustment of the advance against property.

Adverse Conclusion

Our review indicates that, because of the management's use of the going concern assumption in these condensed interim financial statements is inappropriate and the significance of the matter stated in paragraph (ii) above, as described in the Basis for Adverse Conclusion paragraph, these condensed interim financial statements are not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

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

Riaz Ahmad + Co.

RIAZ AHMAD & COMPANY
Chartered Accountants

Date: February 27, 2019
ISLAMABAD

D.M. TEXTILE MILLS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

	NOTE	Un-audited 31 December 2018 Rupees	Audited 30 June 2018 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
5,000,000 (30 June 2018: 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 2018: 3,052,429) ordinary shares of Rupees 10 each		30,524,290	30,524,290
Revenue reserve - accumulated loss		(78,551,248)	(75,583,279)
Capital reserve - surplus on revaluation of property, plant and equipment - net of deferred income tax	4	570,249,663	571,260,712
Total equity		522,222,705	526,201,723
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	-	1,766,260
Liability against assets subject to finance lease	6	-	-
Employees' retirement benefit		10,792,754	10,611,500
Deferred income tax liability		5,970,818	7,240,523
		16,763,572	19,618,283
CURRENT LIABILITIES			
Trade and other payables		86,147,578	82,579,959
Unclaimed dividend		144,947	144,947
Accrued mark-up		20,767,825	20,767,825
Short term borrowings		7,884,941	11,890,030
Current portion of non-current liabilities		4,134,551	4,023,357
Taxation - net		1,792,975	298,610
		120,872,817	119,704,728
Total liabilities		137,636,389	139,323,011
CONTINGENCIES AND COMMITMENTS	7		
TOTAL EQUITY AND LIABILITIES		659,859,094	665,524,734

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

CHIEF EXECUTIVE

D.M. TEXTILE MILLS LIMITED

AS AT 31 DECEMBER 2018

	NOTE	Un-audited 31 December 2018 Rupees	Audited 30 June 2018 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	568,799,217	574,652,120
Advance against property	9	-	-
Due from related party	10	-	-
Long term investment		6,705,793	6,516,751
Long term deposits		24,414,434	24,414,434
		599,919,444	605,583,305
CURRENT ASSETS			
Advances		19,000	51,001
Current portion of due from related party	10	17,619,962	17,619,962
Short term deposits		2,000,000	2,000,000
Other receivables		3,865,399	3,812,139
Short term investment		1,161,742	1,180,033
Cash and bank balances		46,362	51,109
		24,712,465	24,714,244
Non-current assets classified as held for sale	11	35,227,185	35,227,185
		59,939,650	59,941,429
TOTAL ASSETS		659,859,094	665,524,734

CHIEF FINANCIAL OFFICER

DIRECTOR

D.M. TEXTILE MILLS LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	---------- Rupees ----------			
ADMINISTRATIVE AND GENERAL EXPENSES	(13,350,147)	(12,027,207)	(8,481,406)	(5,885,607)
OTHER EXPENSES	(624,335)	(155,000)	(100,000)	(155,000)
	(13,974,482)	(12,182,207)	(8,581,406)	(6,040,607)
	(13,974,482)	(12,182,207)	(8,581,406)	(6,040,607)
OTHER INCOME	11,713,622	10,223,750	5,802,245	5,583,665
LOSS FROM OPERATIONS	(2,260,860)	(1,958,457)	(2,779,161)	(456,942)
FINANCE COST	(323,220)	(470,046)	(73,021)	(163,915)
LOSS BEFORE TAXATION	(2,584,080)	(2,428,503)	(2,852,182)	(620,857)
TAXATION				
- Current	(2,664,644)	(1,983,660)	(1,319,559)	(906,924)
- Deferred	1,269,706	716,637	43,293	373,638
	(1,394,938)	(1,267,023)	(1,276,266)	(533,286)
LOSS AFTER TAXATION	(3,979,018)	(3,695,526)	(4,128,448)	(1,154,143)
LOSS PER SHARE - BASIC AND DILUTED	(1.30)	(1.21)	(1.35)	(0.38)

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

CHIEF EXECUTIVE | CHIEF FINANCIAL OFFICER | DIRECTOR

D.M. TEXTILE MILLS LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	---------- Rupees ----------			
LOSS AFTER TAXATION	(3,979,018)	(3,695,526)	(4,128,448)	(1,154,143)
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 - net of tax	-	-	-	-
TOTAL	(3,979,018)	(3,695,526)	(4,128,448)	(1,154,143)

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

CHIEF EXECUTIVE | CHIEF FINANCIAL OFFICER | DIRECTOR

CONDENSED INTERIM STATEMENT CASH FLOW (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	NOTE	31 December 2018 Rupees	31 December 2017 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	12	3,871,457	7,050,387
Finance cost paid		(178,286)	(223,730)
Income tax paid		(1,170,279)	(729,721)
Gratuity paid		(139,600)	(60,000)
Net cash generated from operating activities		2,383,292	6,036,936
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		3,360,000	-
Interest received		57,050	-
Net cash from investing activities		3,417,050	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(1,800,000)	(1,650,000)
Short term borrowings - net		(4,005,089)	(4,401,348)
Net cash used in financing activities		(5,805,089)	(6,051,348)
Net decrease in cash and cash equivalents		(4,747)	(14,412)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		51,109	89,687
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		46,362	75,275

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

CHIEF EXECUTIVE CHIEF FINANCIAL OFFICER **DIRECTOR**

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	SHARE CAPITAL	REVENUE RESERVE - ACCUMULATED LOSS	CAPITAL RESERVE - SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	TOTAL EQUITY Shareholders' equity
	---------- (Rupees) ----------			
Balance as at 30 June 2017 - Audited	**30,524,290**	**(61,826,249)**	**575,018,505**	**543,716,546**
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment to accumulated loss - net of deferred income tax	-	3,297,753	(3,297,753)	-
Loss for the half year ended 31 December 2017	-	(3,695,526)	-	(3,695,526)
Other comprehensive loss for the half year ended 31 December 2017	-	-	-	-
Total comprehensive loss for the half year ended 31 December 2017	-	(3,695,526)	-	(3,695,526)
Balance as at 31 December 2017 - Un-audited	**30,524,290**	**(62,224,022)**	**571,720,752**	**540,021,020**
Balance as at 30 June 2018 - Audited	**30,524,290**	**(75,583,279)**	**571,260,712**	**526,201,723**
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment to accumulated loss - net of deferred income tax	-	1,011,049	(1,011,049)	-
Loss for the half year ended 31 December 2018	-	(3,979,018)	-	(3,979,018)
Other comprehensive loss for the half year ended 31 December 2018	-	-	-	-
Total comprehensive loss for the half year ended 31 December 2018	-	(3,979,018)	-	(3,979,018)
Balance as at 31 December 2018 - Un-audited	**30,524,290**	**(78,551,248)**	**570,249,663**	**522,222,705**

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

CHIEF EXECUTIVE CHIEF FINANCIAL OFFICER **DIRECTOR**

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED 31 DECEMBER 2018

1 THE COMPANY AND ITS OPERATIONS

D.M. Textile Mills Limited is a public limited company incorporated in Pakistan under the Companies Act, 1913 (Now the Companies Act, 2017) and listed on Pakistan Stock Exchange Limited (PSX). PSX vide Notice No. PSX/N-122 dated 06 February 2019 placed the Company on defaulters segment with effect from 07 February 2019 due to suspension of production / business operations for a continuous period of one year and adverse opinion by the auditors on the issue of going concern.

Its registered office, head office and manufacturingunit 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

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

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

" Provisions of and directives issued under the Companies Act, 2017.

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

2.2 These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June 2018. These condensed interim financial statements are un-audited, however, have been subjected to limited scope review by the auditors and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2017 and Section 237 of the Companies Act, 2017.

3 ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of these condensed interim financial statements are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2018 except for the changes in accounting policies as stated in note 3.2 to these condensed interim financial statements.

3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

During preparation of these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2018.

3.2 CHANGES IN ACCOUNTING POLICIES DUE TO APPLICABILITY OF CERTAIN INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The following changes in accounting policies have taken place effective from 01 July 2018.

3.2.1 IFRS 15 - Revenue from contracts with customers

The Company has adopted IFRS 15 from 01 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in Company's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the Company's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

The Company has adopted IFRS 15 by applying the modified retrospective approach according to which the Company is not required to restate the prior year results.

Key changes in accounting policies resulting from application of IFRS 15

The Company recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

a) Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery. Otherwise, control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;

- the Companys performance creates and enhances an asset that the customer controls as the Company performs; or

- the Companys performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

b) Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered.

c) Interest

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

d) Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Impact of adoption of IFRS 15 on these condensed interim financial statements:

The Company has applied IFRS 15 using the modified retrospective approach for transition. This approach requires entities to recognise the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of unappropriated profit in the period of initial application. Comparative prior year periods would not be adjusted. The application of IFRS 15 does not have any impact on the revenue recognition of the Company as the Company ceased its operations since 2014. Therefore, the cumulative effect of initially applying this standard as an adjustment to the opening balance of accumulated loss in the period of initial application is nil.

3.2.2 Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables generally do not include amounts over due by 365 days.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

3.2.3 **IFRS 9 Financial Instruments**

The Company has adopted IFRS 9 Financial Instruments from 01 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the Company makes an irrevocable election on initial recognition to present gains and losses on equity instruments in other comprehensive income. Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the Company's own credit risk to be presented in other comprehensive income (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the Company. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

The Company has adopted IFRS 9 by generally without restating the prior year results.

Key changes in accounting policies resulting from application of IFRS 9

i) **Classification and measurement of financial instruments**

IFRS 9 largely retains the existing requirements in IAS 39 Financial Instruments:Recognition and Measurement for the classification and measurement of financial liabilities. However, it replaces the previous IAS 39 categories for financial assets i.e. loans and receivables, fair value through profit or loss (FVTPL), available for sale and held to maturity with the categories such as amortised cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVTOCI).

Investments and other financial assets

a) Classification

From 01 July 2018, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost

The classification depends on the Companys business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

b) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Companys business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortised cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through other comprehensive income (FVTOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/ (other expenses) and impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other income / (other expenses) in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arms length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

Fair value through other comprehensive income (FVTOCI)

Where the Companys management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Fair value through profit or loss (FVTPL)

Changes in the fair value of equity investments at fair value through profit or loss are recognised in other income / (other expenses) in the statement of profit or loss as applicable.

Dividends from such investments continue to be recognised in profit or loss as other income when the Companys right to receive payments is established.

ii) **Impairment**

From 01 July 2018, the Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade debts and other receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

iii) **Hedge accounting**

IFRS 9 requires that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

There is no impact of the said change on these condensed interim financial statements as there is no hedge activity carried on by the Company during the period ended 31 December 2018.

iv) **Impacts of adoption of IFRS 9 on these condensed interim financial statements as on 01 July 2018**

On 01 July 2018, the Company's management has assessed which business models apply to the financial assets held by the Company at the date of initial application of IFRS 9 (01 July 2018). The main effect resulting from this reclassification is as follows:

Reclassifications of financial instruments on adoption of IFRS 9

As on 01 July 2018, the classification of financial instruments of the Company were as follows:

	Measurement category	
	Original (IAS 39)	**New (IFRS 9)**
Non-current financial assets		
Long term investment	Held to maturity	Amortised cost
Long term deposits	Loans and receivables	Amortised cost
Current financial assets		
Advances	Loans and receivables	Amortised cost
Current portion of due from related party	Loans and receivables	Amortised cost
Short term deposits	Loans and receivables	Amortised cost
Other receivables	Loans and receivables	Amortised cost
Short term investment	Held to maturity	Amortised cost
Cash and bank balances	Loans and receivables	Amortised cost
Non-current financial liabilities		
Long term financing	Amortised cost	Amortised cost
Liabilities against assets subject to finance lease	Amortised cost	Amortised cost
Current financial liabilities		
Trade and other payables	Amortised cost	Amortised cost
Unclaimed dividend	Amortised cost	Amortised cost
Accrued mark-up	Amortised cost	Amortised cost
Short term borrowings	Amortised cost	Amortised cost
Current portion of long term financing	Amortised cost	Amortised cost

However, due to adoption of IFRS 9 there is no change in the carrying values of the financial assets and liabilities.

	Un-audited 31 December 2018 Rupees	Audited 30 June 2018 Rupees
4 CAPITAL RESERVE - SURPLUS ON REVALUATION OF PROPERTY, PLANT - AND EQUIPMENT NET OF DEFERRED INCOME TAX		
Opening balance	571,260,712	575,018,505
Deferred tax adjustment due to change in tax rate	-	398,881
Reversal of surplus on revaluation of property, plant and equipment - net	-	(2,496,249)
Related deferred income tax liability	-	723,912
	-	(1,772,337)
Transferred to accumulated loss in respect of incremental depreciation charged during the period / year	(1,424,013)	(3,358,222)
Related deferred income tax liability	412,964	973,885
	(1,011,049)	(2,384,337)
	570,249,663	571,260,712

D.M. TEXTILE MILLS LIMITED

	Un-audited 31 December 2018 Rupees	Audited 30 June 2018 Rupees
5 LONG TERM FINANCING		
Secured		
Opening balance	5,131,086	8,136,890
Add: Effect of fair value adjustment	144,934	444,196
	5,276,020	8,581,086
Less: Repaid during the period / year	1,800,000	3,450,000
	3,476,020	5,131,086
Less: Current portion shown under current liabilities	3,476,020	3,364,826
Closing balance	-	1,766,260
6 LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Future minimum lease payments	658,531	658,531
Less: Un-amortised finance charges	-	-
Present value of future minimum lease payments	658,531	658,531
Less: Current portion shown under current liabilities - over due	658,531	658,531
	-	-

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 2018.

7.2 Commitments	Nil	Nil
8 PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets		
Owned (Note 8.1)	567,409,940	573,227,220
Leased (Note 8.2)	1,389,277	1,424,900
	568,799,217	574,652,120
8.1 Operating fixed assets - Owned		
Opening book value	573,227,220	600,714,328
Less: Book value of deletions during the period / year - Plant and machinery	3,884,335	12,235,957
Less: Reversal of revaluation surplus	-	3,386,313
Less: Impairment loss	-	6,024,026
Less: Depreciation charged during the period / year	1,932,945	5,840,812
	567,409,940	573,227,220
8.2 Operating fixed assets - Leased		
Opening book value	1,424,900	565,433
Add: Revaluation surplus	-	890,064
Less: Depreciation charged during the period / year	35,623	30,597
Closing book value	1,389,277	1,424,900

9 **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.

The Company filed a suit before the court of Senior Civil Judge (west), Islamabad dated 17 October 2017 against the C.E.O. while making Securities and Exchange Commission of Pakistan and Capital Development Authority parties to the case for directions to transfer the property in the name of the Company, which is pending adjudication.

Meanwhile, the Islamabad High Court, Islamabad vide its order dated 16 November 2017, reduced the penalty from Rupees 100,000 to Rupees 50,000 to be paid by each director of the Company within the period of thirty days.

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

The Securities and Exchange Commission of Pakistan filed an appeal before the Islamabad High Court (IHC), Islamabad, dated 13 September 2018 for execution of IHC decision dated 16 November 2017 to appoint statutory auditors to conduct a special audit to calculate the amount of profit which should have been earned on the amount of Rupees 51.150 million, if invested with any schedule bank on daily product basis in the relevant period, and further requested the IHC to send notice to Lahore High Court, Lahore, for release of the property. The matter is pending adjudication.

	Un-audited 31 December 2018 Rupees	Audited 30 June 2018 Rupees
10 DUE FROM RELATED PARTY		
Due from C.E.O	17,619,962	17,619,962
Less: Current portion shown under current assets	(17,619,962)	(17,619,962)
	-	-

It represents receivable from C.E.O against sale of property as more fully explained in Note 9. It was interest free and was repayable in three years ended 30 June 2017.

The maximum amount due from C.E.O at the end of any month during the period was Rupees 17.620 million (30 June 2018: Rupees 17.620 million).

	Un-audited 31 December 2018 Rupees	Audited 30 June 2018 Rupees
11 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE		
Free hold land	28,750,000	28,750,000
Non-factory building	6,477,185	6,477,185
	35,227,185	35,227,185

11.1 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 additional para costs to sell at the time of the reclassification. The fair value of freehold land and non-factory building was determined by Danish here Enterprises and Construction. This is a level 2 measurement as per the fair value hierarchy.

	Note	(Un-audited) HALF YEAR ENDED 31 December 2018 Rupees	31 December 2017 Rupees
12 CASH GENERATED FROM OPERATIONS			
Loss before taxation		(2,584,080)	(2,428,503)
Adjustments for non-cash charges and other items:			
Depreciation		1,968,568	3,203,208
Provision for gratuity		320,854	254,728
Interest income		(227,800)	(188,271)
Loss on sale of property, plant and equipment		524,335	-
Finance cost		323,220	470,046
Working capital changes	12.1	3,546,360	5,739,179
		3,871,457	7,050,387
12.1 Working capital changes			
Decrease / (increase) in current assets:			
Advances		32,001	17,000
Other receivables		(53,260)	(470,519)
		(21,259)	(453,519)
Increase in trade and other payables		3,567,619	6,192,698
		3,546,360	5,739,179

13 **TRANSACTIONS WITH RELATED PARTIES**

13.1 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 31 December 2018	HALF YEAR ENDED 31 December 2017	QUARTER ENDED 31 December 2018	QUARTER ENDED 31 December 2017
	(R u p e e s)			
Remuneration to Chief Executive Officer and Directors	1,476,000	1,416,000	768,000	708,000
Mian Habib Ullah - C.E.O				
Loan obtained during the period	838,000	100,000	738,000	100,000
Adjustment / payment against outstanding balance	1,903,089	1,014,208	1,808,661	94,428
Mrs. Riffat Habib - Close family member of C.E.O				
Adjustment / payment against outstanding balance	1,400,000	-	1,400,000	-
Mr. Sami Ullah - Director				
Loan obtained during the period	65,000	300,000	65,000	-
Adjustment / payment against outstanding balance	2,105,000	75,000	2,030,000	75,000

		Un-audited 31 December 2018 Rupees	Audited 30 June 2018 Rupees
13.2	**Period / year end balances**		
	Short term borrowings		
	Mian Habib Ullah - C.E.O	7,384,941	8,450,030
	Mrs. Riffat Habib - Close family member of C.E.O	-	1,400,000
	Mr. Sami Ullah - Director	-	2,040,000

The Companys policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the period. Further, there was no transfer in and out of level 3 measurements.

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

The Company obtains independent valuations for its property, plant and equipment at least every four years. The management updates the assessment of the fair value of each property, taking into account the most recent independent valuations. The management determine a property's value within a range of reasonable fair value estimates. The best evidence of fair value of land is current prices in an active market for similar lands. The best evidence of fair value of buildings is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the new construction / replacement value of the same building. The best evidence of fair value of plant and machinery and electric installations is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the replacement value / new purchase of the same plant and machinery and electric installation.

Valuation processes

The Company engages external, independent and qualified valuers to determine the fair value of the Companys property, plant and equipment at the end of every four years. As at 02 May 2018, the fair values of the plant and machinery, electric installations and factory equipment have been determined by Danish Enterprises and Construction, while fair value of the rest of the property, plant and equipment were determined by Danish Enterprises and Construction on 02 June 2016.

Changes in fair values are analyzed at each reporting date during the annual valuation discussion between the Chief Financial Officer and the valuers. As part of this discussion the team presents a report that explains the reason for the fair value movements.

14 RECOGNISED 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.

15 RECOGNISED FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

(i) Fair value hierarchy

The judgments and estimates are made in determining the fair values of the non-financial assets that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into the following three levels.

At 31 December 2018	Level 1 Rupees	Level 2 Rupees	Level 3 Rupees	Total Rupees
Freehold land	-	518,451,661	-	518,451,661
Buildings on freehold land	-	26,630,211	-	26,630,211
Non factory building	-	8,796,367	-	8,796,367
Plant and machinery	-	7,535,095	-	7,535,095
Electric Installations	-	4,081,623	-	4,081,623
Factory equipment	-	533,060	-	533,060
Furniture, fixtures and office equipment	-	328,488	-	328,488
Vehicles	-	1,053,435	-	1,053,435
Plant and machinery - leased	-	1,389,277	-	1,389,277
	-	568,799,217	-	568,799,217

At 30 June 2018	Level 1 Rupees	Level 2 Rupees	Level 3 Rupees	Total Rupees
Freehold land	-	518,451,661	-	518,451,661
Buildings on freehold land	-	28,030,458	-	28,030,458
Non factory building	-	9,023,225	-	9,023,225
Plant and machinery	-	11,348,056	-	11,348,056
Electric Installations	-	4,296,445	-	4,296,445
Factory equipment	-	561,116	-	561,116
Furniture, fixtures and office equipment	-	345,777	-	345,777
Vehicles	-	1,170,482	-	1,170,482
Plant and machinery - leased	-	1,424,900	-	1,424,900
	-	574,652,120	-	574,652,120

16 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 2018.

17 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were approved by the Board of Directors and authorized for issue on February 27, 2019 .

18 CORRESPONDING FIGURES

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

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

19 GENERAL

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

CHIEF EXECUTIVE	CHIEF FINANCIAL OFFICER	DIRECTOR