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D.M. TEXTILE MILLS LIMITED

Industrial Area, Westridge Rawalpindi

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**D.M. TEXTILE
MILLS LIMITED**

**INTERIM CONDENSED
FINANCIAL INFORMATION
FOR THREE QUARTERS
ENDED**

MARCH 31,

2013



D.M. TEXTILE MILLS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS

CHAIRMAN & CHIEF EXECUTIVE:

Mr. Habib Ullah

DIRECTORS:

Mr. Shahid Aziz (Nominee of NIT)
Mr. Hussain Ahmad Ozgen
Ch. Mohammad Yasin
Mr. Hussain Ahmad Qureshi
Syed Obaid ul Haq
Rao Khalid Pervaiz

AUDIT COMMITTEE:

CHAIRMAN: MEMBERS:

Mr. Hussain Ahmad Qureshi
Syed Obaid ul Haq
Rao Khalid Pervaiz

HUMAN RESOURCE & REMUNERATION COMMITTEE:

CHAIRMAN: MEMBERS:

Mr. Hussain Ahmad Ozgen
Mr. Hussain Ahmad Qureshi
Rao Khalid Pervaiz

COMPANY SECRETARY & CHIEF FINANCIAL OFFICER

Mr. M. F. Zaman Qureshi - FCA

BANKERS:

NIB Bank Limited
Faysal Bank Limited
Silk Bank Limited
Meezan Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited

AUDITORS:

M/S Riaz Ahmad & Company
Chartered Accountants
2-A, ATS Centre, 30-West, Fazal ul Haq Road, Blue Area, Islamabad.

LEGAL ADVISER:

M/S Hassan & Hassan Advocates
PAAF Building, 7-D, Kashmir
Egerton Road, Lahore.

REGISTRAR:

Corplink (Pvt.) Limited
Wing Arcade, 1-K, Commerical Model Town, Lahore.

REGISTERED OFFICE & MILLS AT:

Industrial Area, Westridge
Rawalpindi
Telephone: 051-5460389-5480156
Fax: 051-5472755
E-Mail: dmtm@dmtextile.com.pk
dmtextilemills@yahoo.com
Website: www.dmttextile.com.pk



D.M. TEXTILE MILLS LIMITED

DIRECTORS' REPORT

Dear Shareholders,

The Directors present before you the condensed financial statements for the nine months ending March 31, 2013.

1. Net Loss

During the period ended the company suffered a net loss of Rupees 21.108 Million as compared to previous period net loss of Rupees 41.789 Million.

Due to high inflation, curtailed gas supply and load shedding the mill was not in operation during the period.

2. Comparative financial results are given below:

Nine months ended	Rupees	
	31-Mar-13	31-Mar-12
Sales	2,409,367	22,550,131
Cost of Sales	(17,056,212)	(44,545,541)
Gross Loss	(14,646,845)	(21,995,410)
Gross Loss (%)	(608 %)	(97 %)
Selling, Admin & other operating Expenses	(9,513,692)	(10,907,817)
Other Operating Income	32,752,039	9,372,365
Financial and other Charges	(18,326,421)	(23,219,615)
Loss before taxation	(9,734,919)	(46,750,477)
Provision for taxation	(11,374,051)	4,960,840
Loss after taxation	(21,108,970)	(41,789,637)
Basic Loss per share in Rupees	(6.92)	(13.69)

3. Debt Servicing

As per approval of the Board, the company has entered into settlement agreements with Saudi Pak Leasing Company Limited and First Dawood Investment Bank Limited. Pursuant to these agreements, liabilities against assets subject to finance lease of the company stand reduced by Rupees 30.003 million.

The Chief Executive is also negotiating with other debt providers and it is hoped that the debts will be settled amicably resulting in waiver of outstanding markup and penalties.

2. Future Prospects & Plans

Currently, due to decrease in raw material costs and increase in demand of yarn locally and internationally, better profit margins are expected to be achieved. Hence the management has decided to recommence the production process in a very near future through selected machines for producing better quality yarn. The CEO is negotiating with various parties for loans and is also trying to avail supplier's credit to restart the mills. In March 2013, loan amounting to Rupees 8.00 million has been obtained from various parties. The management has also employed technical staff for overhauling of plant. The board is confident that mills will become a going concern in due course of time.

For and behalf of the Board of Directors

Habib Ullah
Chief Executive Officer
Rawalpindi: April 24, 2013

Hussain Ahmad Qureshi
Director



D.M. TEXTILE MILLS LIMITED

CONDENSED INTERIM BALANCE SHEET

	NOTE	Un-audited 31 March 2013 Rupees	Audited 30 June 2012 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
5,000,000 (30 June 2012: 5,000,000) ordinary shares of Rupees 10 each		<u>50,000,000</u>	<u>50,000,000</u>
Issued, subscribed and paid-up share capital			
3,052,429 (30 June 2012: 3,052,429) ordinary shares of Rupees 10 each		30,524,290	30,524,290
Accumulated loss		(229,527,754)	(210,541,133)
Total equity		<u>(199,003,464)</u>	<u>(180,016,843)</u>
Surplus on revaluation of property, plant and equipment - net of deferred income tax		574,144,715	576,267,065
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	-	-
Liabilities against assets subject to finance lease	6	-	-
Employees' retirement benefit		7,832,391	8,115,091
Deferred income tax liability		73,556,907	62,362,978
Deferred mark-up		3,398,538	4,455,370
		<u>84,787,836</u>	<u>74,933,439</u>
CURRENT LIABILITIES			
Trade and other payables		99,914,768	108,450,323
Accrued mark-up		125,563,138	116,485,709
Short term borrowings		120,372,369	108,974,722
Current portion of non-current liabilities		88,175,751	128,401,311
		<u>434,026,026</u>	<u>462,312,065</u>
TOTAL LIABILITIES		<u>518,813,862</u>	<u>537,245,504</u>
CONTINGENCIES AND COMMITMENTS	7		
TOTAL EQUITY AND LIABILITIES		<u>893,955,113</u>	<u>933,495,726</u>

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

CHIEF EXECUTIVE OFFICER



D.M. TEXTILE MILLS LIMITED

AS AT 31 MARCH 2013

	NOTE	Un-audited 31 March 2013 Rupees	Audited 30 June 2012 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	798,126,890	821,976,323
Advance against property	9	51,150,000	51,150,000
Long term investments		1,340,221	1,340,221
Long term deposits		<u>24,282,046</u>	<u>23,488,706</u>
		<u>874,899,157</u>	<u>897,955,250</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		4,785,948	4,940,941
Stock-in-trade		-	2,440,017
Trade debts		42,631	42,631
Advances		1,840,028	3,343,820
Short term deposits		2,000,000	12,649,415
Other receivables		9,075,656	10,997,070
Short term investments		743,000	743,000
Cash and bank balances		568,693	383,582
		<u>19,055,956</u>	<u>35,540,476</u>
TOTAL ASSETS		<u>893,955,113</u>	<u>933,495,726</u>

DIRECTOR



D.M. TEXTILE MILLS LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE NINE MONTHS ENDED 31 MARCH 2013

	NINE MONTHS ENDED		QUARTER ENDED	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	(Rupees)			
SALES	2,409,367	22,550,131	-	-
COST OF SALES	(17,056,212)	(44,545,541)	(5,563,018)	(9,514,471)
GROSS LOSS	(14,646,845)	(21,995,410)	(5,563,018)	(9,514,471)
DISTRIBUTION COST	(520,982)	(549,800)	(150,000)	(158,000)
ADMINISTRATIVE EXPENSES	(8,676,056)	(10,155,127)	(2,803,655)	(4,057,156)
OTHER OPERATING EXPENSES	(316,654)	(202,890)	328,434	(16,000)
	(9,513,692)	(10,907,817)	(2,625,221)	(4,231,156)
OTHER OPERATING INCOME	(24,160,537)	(32,903,227)	(8,188,239)	(13,745,627)
PROFIT / (LOSS) FROM OPERATIONS	8,591,502	(23,530,862)	(6,917,196)	(4,568,941)
FINANCE COST	(18,326,421)	(23,219,615)	(5,681,326)	(7,346,774)
LOSS BEFORE TAXATION	(9,734,919)	(46,750,477)	(12,598,522)	(11,915,715)
TAXATION				
- Current	(180,122)	-	(77,122)	-
- Deferred	(11,193,929)	4,960,840	1,110,082	-
	(11,374,051)	4,960,840	1,032,960	-
LOSS AFTER TAXATION	(21,108,970)	(41,789,637)	(11,565,562)	(11,915,715)
LOSS PER SHARE-BASIC AND DILUTED (RUPEES)	(6.92)	(13.69)	(3.79)	(3.90)

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

CHIEF EXECUTIVE OFFICER

DIRECTOR



D.M. TEXTILE MILLS LIMITED

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND

OTHER COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE NINE MONTHS ENDED 31 MARCH 2013

	NINE MONTHS ENDED		QUARTER ENDED	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	(Rupees)			
LOSS AFTER TAXATION	(21,108,970)	(41,789,637)	(11,565,562)	(11,915,715)
OTHER COMPREHENSIVE INCOME / (LOSS)				
Items that will not be reclassified to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Other comprehensive income / (loss) for the period - net of tax	-	-	-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(21,108,970)	(41,789,637)	(11,565,562)	(11,915,715)

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

CHIEF EXECUTIVE OFFICER

DIRECTOR



D.M. TEXTILE MILLS LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE NINE MONTHS ENDED 31 MARCH 2013

	NOTE	NINE MONTHS ENDED	
		31 March 2013 Rupees	31 March 2012 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	10	(11,384,641)	8,459,120
Finance cost paid		(29,261)	(479,351)
Income tax paid		(109,862)	-
Gratuity paid		(479,840)	(1,175,500)
Deferred mark-up paid		(1,365,000)	5,468,056
Increase in long term deposits		(793,340)	-
Net cash (used in) / generated from operating activities		(14,161,944)	12,272,325
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		14,600,000	885,000
Capital expenditure on property, plant and equipment		(3,165,000)	(127,700)
Interest received		-	-
Net cash from investing activities		11,435,000	757,300
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of liabilities against assets subject to finance lease		(8,485,592)	(8,359,901)
Short term borrowings - net		11,397,647	(4,280,572)
Net cash from / (used in) financing activities		2,912,055	(12,640,473)
Net increase in cash and cash equivalents		185,111	389,152
Cash and cash equivalents at the beginning of the period		383,582	384,897
Cash and cash equivalents at the end of the period		568,693	774,049

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

CHIEF EXECUTIVE OFFICER

DIRECTOR



D.M. TEXTILE MILLS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE NINE MONTHS ENDED 31 MARCH 2013

	SHARE CAPITAL	ACCUMULATED LOSS	TOTAL EQUITY
	(Rupees)		
Balance as at 30 June 2011 - audited	30,524,290	(143,982,058)	(113,457,768)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment to accumulated loss - net of deferred income tax	-	2,077,921	2,077,921
Loss after taxation for the nine months ended 31 March 2012	-	(41,789,637)	(41,789,637)
Other comprehensive income / (loss) for the nine months ended 31 March 2012	-	-	-
Total comprehensive loss for the nine months ended 31 March 2012	-	(41,789,637)	(41,789,637)
Balance as at 31 March 2012 - un-audited	30,524,290	(183,693,774)	(153,169,484)
Transferred from surplus on revaluation of property, plant and equipment to accumulated loss - net of deferred income tax:			-
Surplus realized on disposal of revalued property, plant and equipment	-	136,287	136,287
Incremental depreciation	-	2,080,808	2,080,808
Loss after taxation for the period ended 30 June 2012	-	(29,064,454)	(29,064,454)
Other comprehensive loss for the period ended 30 June 2012	-	-	-
Total comprehensive loss for the period ended 30 June 2012	-	(29,064,454)	(29,064,454)
Balance as at 30 June 2012 - audited	30,524,290	(210,541,133)	(180,016,843)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment to accumulated loss - net of deferred income tax	-	2,122,349	2,122,349
Loss after taxation for the nine months ended 31 March 2013	-	(21,108,970)	(21,108,970)
Other comprehensive loss for the nine months ended 31 March 2013	-	-	-
Total comprehensive loss for the nine months ended 31 March 2013	-	(21,108,970)	(21,108,970)
Balance as at 31 March 2013 - un-audited	30,524,290	(229,527,754)	(199,003,464)

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

CHIEF EXECUTIVE OFFICER

DIRECTOR



D.M. TEXTILE MILLS LIMITED

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE NINE MONTHS ENDED 31 MARCH 2013

1 THE COMPANY AND ITS OPERATIONS

1.1 D.M. Textile Mills Limited is a public limited Company incorporated in Pakistan under the Companies Act, 1913 (Now the Companies Ordinance, 1984) and listed on Karachi and Islamabad Stock Exchanges in Pakistan. Its registered office is situated at Westridge, Rawalpindi. The Company is engaged in the business of manufacturing, sale and trading of cotton, polyester, viscose and blended yarn.

1.2 Currently, due to decrease in raw material costs and increase in demand of yarn locally and internationally, better profit margins are expected to be achieved. Hence the management has decided to recommence the production process in a very near future through selected machines for producing better quality yarn. The CEO is negotiating with various parties for loans and is also trying to avail supplier's credit to restart the mills. In March 2013, loan amounting to Rupees 8.00 million has been obtained from various parties. The management has also employed technical staff for overhauling of plant. The board is confident that mills will become a going concern in due course of time.

2 BASIS OF PREPARATION

This condensed interim financial information of the Company for three quarters ended 31 March 2013 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 2012.

3 ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of this condensed interim financial information are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2012.

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 2012.

5 LONG TERM FINANCING

From banking companies - secured	73,193,999	73,193,999
Less: Current portion of long term financing	73,193,999	73,193,999
	-	-

6 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Future minimum lease payments	13,589,681	57,300,007
Less: Un-amortized finance charges	-	10,297,795
Present value of future minimum lease payments	13,589,681	47,002,212
Less: Current portion shown under current liabilities	13,589,681	47,002,212
	-	-

6.1 During the period the Company entered into settlement agreements with Saudi Pak Leasing Company Limited and First Dawood Investment Bank Limited. Pursuant to these agreements, liabilities against asset subject to finance lease of the Company stand reduced by Rupees 30.003 million. Further, the Company is required to repay the remaining liability in twelve monthly equal installments. Gain on settlement of these liabilities has been accounted for as other operating income.

	Un-audited	Audited
	31 March	30 June
	2013	2012
	Rupees	Rupees



D.M. TEXTILE MILLS LIMITED

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE NINE MONTHS ENDED 31 MARCH 2013

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 2012 except following:

Sui Northern Gas Pipelines Limited (SNGPL) Islamabad demanded arrears of Rupees 10.405 million for the period from November 2006 to November 2007 due to doubt on accuracy of meter. The Company filed a case in the Court of Senior Civil Judge Islamabad on 18 December 2007. SNGPL enmeshed the bank guarantee amounting to Rupees 15.293 million issued to it by NIB Bank Limited on behalf of the Company. However, Civil Judge Islamabad has rejected SNGPL claim for excessive billing vide order dated 18 December 2012. Management is trying for refund of Rupees 15.293 million.

	Un-audited	Audited
	31 March	30 June
	2013	2012
	Rupees	Rupees
	NIL	NIL

7.2 Commitments

8 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets		
Owned (Note 8.1)	733,015,860	754,331,148
Leased (Note 8.2)	65,111,030	67,645,175
	<u>798,126,890</u>	<u>821,976,323</u>

8.1 Operating fixed assets - Owned

Opening book value	754,331,148	712,481,000
Add: Cost of additions during the period / year	3,165,000	237,275
Add: Revaluation surplus	-	3,091,483
Add: Transferred from leased assets	-	76,422,887
	<u>757,496,148</u>	<u>792,232,645</u>
Less: Book value of deletions during the period / year (Note 8.1.1)	14,707,000	5,003,390
Less: Impairment loss	-	18,554,742
Less: Depreciation charged during the period / year	9,773,288	14,343,365
Closing book value	<u>733,015,860</u>	<u>754,331,148</u>

8.1.1 Book value of deletions

Plant and machinery	14,707,000	4,439,552
Vehicles	-	563,838
	<u>14,707,000</u>	<u>5,003,390</u>

8.2 Operating fixed assets - Leased

Opening book value	67,645,175	150,680,834
Less: Transferred to owned assets	-	76,422,887
Less: Depreciation charged during the period / year	2,534,145	6,612,772
Closing book value	<u>65,111,030</u>	<u>67,645,175</u>

9 ADVANCE AGAINST PROPERTY

It represents full consideration of Rupees 51.150 million given as advance for purchase of property. The property has not yet been transferred in the Company's name due to the want of completion of legal formalities. With reference to this advance, the Director (Enforcement) of Securities and Exchange Commission of Pakistan (SECP) vide his order dated 29 November 2007 imposed a penalty of Rupees 100,000 on each of the director except one (nominee NIT) of the Company for contravention of Section 196(2j) of the Companies Ordinance, 1984. Further directions were given under section 473 for transferring the property in the name of the Company within thirty days from the order date. The Chief Executive Officer 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 case is still pending. The Chief Executive Officer also filed an appeal under section 485 of the Companies Ordinance, 1984 read with Section 34 of SECP Act, 1997 before the Lahore High Court Rawalpindi Bench whereby stay order was granted to suspend the operation of above said impugned order.



D.M. TEXTILE MILLS LIMITED

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE NINE MONTHS ENDED 31 MARCH 2013

(Un-audited)

NINE MONTHS ENDED	
31 March 2013	31 March 2012
Rupees	Rupees
10 CASH (USED IN) / GENERATED FROM OPERATIONS	
Profit / (Loss) before taxation	(9,734,919) (46,750,477)
Adjustments for non-cash charges and other items:	
Depreciation	12,307,433 15,628,494
Provision for gratuity	237,140 2,689,632
Loss / (Gain) on disposal of property, plant and equipment	107,000 (321,164)
Gain on settlement of lease liabilities	(30,002,889) -
Long outstanding balances written back	(555,170) (5,612,491)
Finance cost	18,326,421 19,908,542
Working capital changes (Note 10.1)	(2,069,657) 22,916,584
	<u>(11,384,641)</u> <u>8,459,120</u>

10.1 Working capital changes

(Increase) / decrease in current assets:

Stores, spare parts and loose tools	154,993	665,993
Stock in trade	2,440,017	23,413,741
Trade debts	-	4,070,569
Advances	1,503,792	1,426,778
Short term deposits and prepayments	-	68,587
Other receivables	1,851,156	1,035,742
	5,949,958	30,681,410
Decrease in trade and other payables	(8,019,615)	(7,764,826)
	<u>(2,069,657)</u>	<u>22,916,584</u>

11 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)

NINE MONTHS ENDED		QUARTER ENDED	
31 March 2013	31 March 2012	31 March 2013	31 March 2012

----- (R u p e e s) -----

Famous Securities (Private) Limited

Long term financing - repaid - 275,989 - 30,564

Other related parties

Remuneration to Chief Executive Officer and Directors 2,330,660 2,310,660 790,220 770,220

Un-audited Audited
31 March 30 June
2013 2012
Rupees Rupees

Period end balances

Due to Chief Executive Officer (C.E.O) 41,642,166 37,739,100
Due to close family members of C.E.O 4,370,000 4,370,000



D.M. TEXTILE MILLS LIMITED

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE NINE MONTHS ENDED 31 MARCH 2013

12 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 2012.

13 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was approved by the Board of Directors and authorized for issue on 24 April 2013.

14 CORRESPONDING FIGURES

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

15 GENERAL

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

CHIEF EXECUTIVE OFFICER

DIRECTOR