

**SELECTED NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE 1ST QUARTER ENDED 30 SEPTEMBER, 2012**

1. THE COMPANY AND ITS OPERATIONS

D.M Textile Mills Limited is a Public Company incorporated in Pakistan under the companies Act 1913 (Now Companies Ordinance 1984). Shares of company are quoted on Karachi and Islamabad Stock Exchanges. Its registered office is situated at Rawalpindi. The company is engaged in the manufacturing, sale and trading of cotton , polyester , Viscose , blended yarn and cloth.

2. BASIS OF PREPARATION

These Interim Financial information is unaudited and are being submitted to share holders as required u/s 245 of the Companies Ordinance 1984. This Interim Financial information has been prepared in accordance with the International Accounting Standard(IAS)-34:"Interim Financial Reporting" as applicable in Pakistan and notified by the Securities and Exchange Commission of Pakistan(SECP)

3 ACCOUNTING POLICIES AND COMPUTATION METHODS

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 annual published financial statements of the company for the year ended 30 June, 2012.

4. CRITICAL ACCOUNTING ESTIMATES JUDGEMENTS

Judgements and estimates made by the management in the preparation of this interim financial information are the same as those applied to the preceding annual published financial statements of the company for the year ended 30

5. SURPLUS ON REVALUATION OF FIXED ASSETS

	(Un-Audited) 30 September 2012 Rupees	(Audited) 30 June 2012 Rupees
Opening Balance	576,267,065	561,787,617
Surplus on revaluation of property, plant and equipment during the year	-	3,091,483
Related deferred income tax liability	-	15,682,981
	-	18,774,464
Transferred to accumulated loss in respect of surplus realized on disposal of revalued property, plant and equipment	-	(209,673)
Related deferred income tax liability	-	73,386
	-	(136,287)
Transferred to accumulated loss in respect of Incremental depreciation charged during the year	-	(6,398,045)
Related deferred income tax liability	-	2,239,316
	-	(4,158,729)
	<u>576,267,065</u>	<u>576,267,065</u>

6. LONG TERM FINANCES

Financing from banking companies-secured	73,193,999	73,193,999
Less: Current portion shown under current liabilities	<u>73,193,999</u>	<u>73,193,999</u>
	<u>-</u>	<u>-</u>

7. DEFERRED MARKUP

7.1 MCB Bank Limited (MCB) has deferred payment of capitalized mark-up of Rupees 5.439 million (June 2012: Rupees 5.748 million) which will be repaid in 15 equal quarterly installments of Rupees 455,000 and one installment of Rupees 170,000 in the end commenced from 01 September 2009, after repayment of original demand finance. The deferred mark-up has been stated at present value using effective interest rate of 10%. Deferred markup is secured against charge over fixed assets amounting to Rupees 51.288 millions.

8. CONTINGENCIES AND COMMITMENTS

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

		(Un-Audited) 30 September 2012 Rupees	(Audited) 30 June 2012 Rupees
9. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	(Note 9.1)	748,824,755	754,331,148
Assets subject to finance lease	(Note 9.2)	66,424,440	67,645,175
		<u>815,249,195</u>	<u>821,976,323</u>
9.1 OPERATING FIXED ASSETS			
Opening written down value		754,711,066	712,481,000
Add: Cost of additions during the period / year (Note 9.1.1)		-	237,275
Surplus on revaluation / (Decrease)		-	3,091,483
Book Value of transfers		-	76,422,887
		<u>-</u>	<u>-</u>
		<u>754,711,066</u>	<u>792,232,645</u>
Less: Book Value of deletions during the period / year	(Note 9.1.1)	2,567,049	5,003,390
Less : Impairment Loss		-	18,554,742
Less : Depreciation charge for the period / Year		3,319,262	14,343,365
		<u>748,824,755</u>	<u>754,331,148</u>
9.1.1 Cost of additions during the period / year			
Factory building on freehold land		-	-
Colony godowns and offices on freehold land		-	-
Plant and machinery		-	-
Furniture and Fixture		-	-
Equipment and installations		-	237,275
Vehicles		-	-
		<u>-</u>	<u>237,275</u>
9.1.2 Book value of deletions during the period / year			
Plant and machinery		2,567,049	4,439,552
Vehicles		-	563,838
		<u>2,567,049</u>	<u>5,003,390</u>
9.2 ASSETS SUBJECT TO FINANCE LEASE			
Opening book value		67,265,256	150,680,834
Addition-during the period / year plant and machinery		-	-
		<u>67,265,256</u>	<u>150,680,834</u>
Less: Depreciation charge for the period /year		840,816	6,612,772
Less: Book value of transfers		-	76,422,887
		<u>66,424,440</u>	<u>67,645,175</u>

	(Un-Audited) 30 September 2012 Rupees	(Un-Audited) 30 September 2011 Rupees
10. COST OF GOODS SOLD		
Raw material consumed	-	-
Stores and spares consumed	-	-
Salaries, wages and benefits	298,575	572,758
Fuel and power	199,790	195,110
Insurance	-	-
Repair & Maintenance	168,481	38,039
Packing material	-	-
Labour welfare	117,136	254,035
Depreciation	3,689,514	4,632,375
	4,473,496	5,692,317
Work-in-process		
Opening stock	-	-
Closing stock	-	-
	-	-
Cost of goods manufactured	4,473,496	5,692,317
Finished goods		
Opening stock	-	21,853,589
Closing stock	-	(6,728,538)
	-	15,125,051
Cost of Yarn Sold	4,473,496	20,817,368
Cost of Yarn Purchase	-	-
Cost of raw material sold	2,440,017	2,798,120
Cost of goods Sold	6,913,513	23,615,488

11. EARNING / (Loss) PER SHARE- BASIC AND DILUTED (4.22) **(4.14)**

There is no dilutive effect on the basic earnings / (Loss) per share.

12. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated undertakings, other related parties and key management personnel. Detail of transaction with related parties other than those which have been specifically disclosed elsewhere in these financial statements are as follows

Bilal Fibers Limited

Purchase of goods and services	-	-
Sales of goods and services	2,409,367	2,115,060
Payment against outstanding balance	-	500,000

Remuneration of Chief Executive Officer and Directors	770,220	770,220
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12.1 The company purchased from and sold to related parties goods, material and services at an arm's length determined in accordance with comparable uncontrolled price method.

13. DATE OF AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on **24 October 2012** by the board of directors of the company.

14. COMPARATIVE FIGURES

14.1 Previous period's figures have been re-arranged and reclassified where ever necessary for the purpose of comparison, however, no significant reclassification has been made.

14.2 Figures have been rounded off to the nearest Rupees

CHIEF EXECUTIVE

DIRECTOR