

D.M. TEXTILE MILLS LIMITED
SELECTED NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE QUARTER ENDED 31 MARCH 2008

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 Companies Ordinance 1984). Shares of the company are quoted on Karachi and Islamabad Stock Exchanges. Registered office of the company 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 informations 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(SECPC).

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 2007.

4. CRITICAL ACCOUNTING ESTIMATES AND 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 June 2007.

	Un-Audited 31 March 2008 Rupees	Audited 30 June 2007 Rupees
5 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		
Opening balance	558,562,312	232,650,933
Add: Surplus arising on revaluation of fixed assets-net of deferred tax	-	339,428,798
Less: Transferred to accumulated profit/(loss) net of deferred tax in respect of:	-	
Surplus realized on disposal of revalued assets	(2,261,142)	(10,726,335)
Incremental depreciation charged during the period / year	(4,548,443)	(2,791,084)
	<u>551,752,727</u>	<u>558,562,312</u>
6. LONG TERM FINANCING		
Opening balance	78,178,999	83,626,666
Less : Repayment during the period/year	<u>3,087,000</u>	<u>5,447,667</u>
	75,091,999	78,178,999
Less: Current portion shown under current liabilities		
Current maturity	16,064,668	16,072,668
Overdue	27,152,336	17,708,335
	<u>43,217,004</u>	<u>33,781,003</u>
	<u>31,874,995</u>	<u>44,397,996</u>
7. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Minimum lease payments	150,442,659	179,772,648
Less: Un-amortized finance charges	<u>18,615,828</u>	<u>31,901,370</u>
	131,826,831	147,871,278
Less: Current portion shown under current liabilities		
Current maturity	32,174,164	41,243,517
Overdue	1,572,207	235,084
	<u>33,746,371</u>	<u>41,478,601</u>
	<u>98,080,460</u>	<u>106,392,677</u>

8. DEFERRED MARK UP

MCB Bank Limited has deferred payment of mark up capitalized amounting to Rupees 12.455 million (30 June 2007: Rupees 12.455 million) which will be repaid in 20 equal half yearly installments with effect from September 01, 2009, after the principal repayment of original demand finance. The deferred markup has been stated at present value.

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

- (a) Income tax demand for assessment year 2002-2003 was raised for Rupees 774,582 out of which 15% amounting to Rupees 116,188 was paid. The Company filed an appeal with the Commissioner of Income Tax (Appeals) Zone III Lahore. The decision was in Companys' favour on April 11, 2005, but the Income Tax department filed an appeal with the Income Tax Appellate Tribunal on August 04, 2005 which has decided the case in the Company's favour. The Company has applied for the appeal effects.
- (b) The Company filed an appeal with the Commissioner of Income Tax (Appeals) Zone III Lahore against the assessment order for assessment year 1998-1999, in which Rupees 44.306 million were treated as income of the Company. The appeal was decided in Company's favour on May 02, 2005. The Company applied for appeal effects to the concerned taxation officer but benefit of Rupees 44.306 million has not yet been given. The Company has filed rectification application in this regard but income tax department has filed an appeal with Income Tax Appellate Tribunal Islamabad against the order of the CIT (A). The appeal has been decided in Company's favour accordingly the Company has applied for appeal effects.
- (c) Collector of customs, Rawalpindi has filed a case against the Company for recovery of 5% custom duty under SRO 452(1)/2004 dated 12 June 2004 to avail exit scheme on imported machinery. The Company has however paid Rupees 3.5 million on 30 June 2007 to avail amnesty announced by Federal Board of Revenue vide SRO 485(1)07 dated 09 June 2007 in this connection. The Company is hopeful that the case against the Company in customs, excise and sales tax Appellate Tribunal Karachi Bench, Karachi will be withdrawn on receipt of amnesty certificate from Federal Board of Revenue.
- (d) Sui Northern Gas Pipelines Limited Islamabad has demanded arrears of Rupees 10,405,330 for the period from November 2006 to November 2007 due to slow meter reading. The Company has filed a case in the Court of senior civil judge Islamabad on 18 December 2007 which has granted stay in favour of the Company. No provision has been created in these accounts as the Company is hopeful of favourable outcome of the case.

Commitments

- 9.2 Letters of credit for capital expenditure amount to Rupees 50.224 million (30 June 2007: Rupees 59.127 million) .

	Un-Audited 31 March 2008 Rupees	Audited 30 June 2007 Rupees
10. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (Note 10.1)	795,753,532	794,988,886
Asset subject to finance lease (Note 10.2)	179,447,865	185,776,750
	<u>975,201,397</u>	<u>980,765,636</u>
10.1 OPERATING FIXED ASSETS		
Opening written down value	980,765,635	504,304,366
Add : Cost of additions during the period / year (Note 10.1.1)	15,816,813	147,140,236
Surplus on revaluation	-	290,679,073
	<u>15,816,813</u>	<u>437,819,309</u>
	996,582,448	942,123,675
Less : Book value of deletions during the period/ year (Note 10.1.2)	2,638,868	132,277,614
Less : Depreciation charge for the period / year	18,742,184	14,857,175
	<u>975,201,396</u>	<u>794,988,886</u>
10.1.1 Cost of additions during the period / year		
Factory building on freehold land	97,872	5,840,411
Colony godowns and offices on freehold land	-	6,219,333
Plant and machinery	15,667,861	133,596,924
Furniture and fixture	29,230	172,435
Equipment and installations	21,850	437,546
Vehicles	-	873,587
	<u>15,816,813</u>	<u>147,140,236</u>

	Un-Audited 31 March 2008 Rupees	Audited 30 June 2007 Rupees
10.1.2 Book value of deletions during the period / year		
Plant and machinery	2,638,868	131,781,351
Vehicles	-	496,263
	<u>2,638,868</u>	<u>132,277,614</u>
10.2 ASSETS SUBJECT TO FINANCE LEASE		
Opening book value	185,776,750	85,640,940
Additions during the period / year -plant and machinery	-	107,510,080
	<u>185,776,750</u>	<u>193,151,020</u>
Less : Depreciation charge for the period / year	<u>6,328,885</u>	<u>7,374,270</u>
	<u>179,447,865</u>	<u>185,776,750</u>

	Un-Audited Three Quarter Ended		Un-Audited QUARTER ENDED	
	31 March 2008	31 March 2007	31 March 2008	31 March 2007
	Rupees	Rupees	Rupees	Rupees
11. COST OF SALES				
Raw materials consumed	402,338,776	406,250,424	133,606,985	130,037,137
Stores, spares and loose tools	9,534,606	7,946,435	3,748,367	2,518,378
Salaries, wages and benefits	44,241,554	49,159,730	15,866,983	17,562,655
Fuel and power	49,967,020	56,272,086	19,744,156	14,200,727
Insurance	1,396,387	1,142,823	465,282	376,156
Packing materials	8,083,498	9,440,740	2,606,607	2,931,090
Labour welfare	843,102	927,449	414,244	554,665
Depreciation	16,540,227	13,609,750	4,013,270	5,419,222
	<u>532,945,170</u>	<u>544,749,437</u>	<u>180,465,894</u>	<u>173,600,030</u>
Work-in-process				
Opening stock	11,146,800	12,150,308	12,317,568	13,398,910
Closing stock	(12,384,989)	(11,749,530)	(12,384,989)	(11,749,530)
	<u>(1,238,189)</u>	<u>400,778</u>	<u>(67,421)</u>	<u>1,649,380</u>
Cost of goods manufactured	<u>531,706,981</u>	<u>545,150,215</u>	<u>180,398,473</u>	<u>175,249,410</u>
Finished goods				
Opening stock	18,225,701	2,373,731	41,895,014	13,236,192
Closing stock	(21,439,771)	(3,945,331)	(21,439,771)	(3,945,331)
	<u>(3,214,070)</u>	<u>(1,571,600)</u>	<u>20,455,243</u>	<u>9,290,861</u>
Cost of yarn sold	<u>528,492,911</u>	<u>543,578,615</u>	<u>200,853,716</u>	<u>184,540,271</u>
Cost of raw materials sold	<u>21,193,875</u>	<u>63,222,167</u>	<u>797,155</u>	<u>1,621,148</u>
Cost of cloth sold	<u>21,669,198</u>	<u>7,130,140</u>	<u>-</u>	<u>7,130,140</u>
Cost of goods sold	<u>571,355,984</u>	<u>613,930,922</u>	<u>201,650,871</u>	<u>193,291,559</u>

12 EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share.

13 TRANSACTIONS WITH RELATED PARTIES

	Un-Audited		Un-Audited	
	THREE QUARTER ENDED		QUARTER ENDED	
	31 March 2008	31 March 2007	31 March 2008	31 March 2007
	Rupees	Rupees	Rupees	Rupees
Sale of goods and services	15,804,581	2,058,765	1,043,734	79,039
Purchase of goods and services	45,309,831	19,177,740	16,555,872	14,564,021
Remuneration paid to Chief Executive Officer and Directors	2,380,860	2,076,360	808,620	792,120

- 13.1** The company purchased from and sold to related parties goods, material and services at an arm's length price determined in accordance with comparable uncontrolled price method.

14 AUTHORIZED FOR ISSUE

This interim financial information was approved by the Board of Directors and authorized for issue on 28-04-2008.

15 COMPARATIVE FIGURES

- 15.1** Comparative figures have been rearranged and reclassified wherever necessary for the purpose of comparison. However no significant reclassification has been made.
- 15.2** Figures have been rounded off to the nearest Rupee.

CHIEF EXECUTIVE OFFICER

DIRECTOR