

D.M TEXTILE MILLS LTD

DIRECTORS' REPORT

Dear Shareholders,

The Directors present before you the financial statements for the First Quarter Ended 30th September 2010 and appended below the financial results.

1. Comparative financial results are given below:

Rupees in thousands.

Quarter Ended on 30 th September	2010	2009
Gross Sales	204,680	199,662
Cost of Sales	(210,647)	(193,178)
Gross Profit /(Loss)	(5,967)	6,484
Gross Profit Rate (%)	(2.92)	3.25
Other Operating Income	86	31
Selling, Admin & Other operating Expenses	(6,467)	(5,910)
Financial and Other Charges	(9,761)	(12,037)
Provision for Taxation	(896)	(998)
Profit / (Loss) after taxation	(23005)	(12.431)
Basic earning/loss per share (Rs)	(7.54)	(4.07)
Breakup Value per share in Rs	159.78	156.72

2- Yarn Sales compared to previous Corresponding Quarter

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|--|----------|
| (a) Average yarn sale rate per kg increased by | 31.40 %. |
| (b) Yarn sale in rupees increased by | 0.27%. |
| (c) Yarn sale in KGs decreased by | 23.69%. |

3- Raw Material Consumption compared to previous Corresponding Quarter

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|---|---------|
| (a) Combined average rate increased by | 33.36%. |
| (b) Combined Raw Material in rupees decreased by | 5.73%. |
| (c) Combined Raw Material in KGs decreased by | 29.31%. |
| (d) Cotton Average Rate per Kg increased by | 79.26%. |
| (e) Man made Fiber Average Rate per Kg increased by | 22%. |

4. Production Results

Quarter Ended 30 th September		2010	2009
Actual production yarn	Million Kgs	0.895	1.219
Converted production yarn 20's	Million Kgs	2.278	3.102
Average count spun	No.	36.81	37.24
Yield	%age	95.06	92.32

5. Debt Servicing

The company paid installments of loan to the financial institutions except Rs.62.569 Million, Rs.16.819 Million and Rs.2.681 Million overdue of long term loan, liabilities against assets subject to finance lease and deferred markup respectively. Current ratio reduced accordingly.

6. Dividend

The Directors have not recommended any dividend due to losses.

7- Future Prospects & Plans

Cotton crop damaged due to flood. The cotton spot rate ex-Karachi as on 19.10.2010 Rs. 7,570 per mound and polyester current price Rs.155 per kg. There is remote possibility of reduction in prices of raw material. Sui Northern Gas Pipelines Limited did not supply gas for 19 days during the quarter including closing on every Thursday and duration may increase to 2 to 3 days in a week from 15.11.2010 as reported in newspaper. The future appears to be uncertain. The management is trying level best to achieve maximum efficiency in men, material and machinery to counter to some extent the effects of textile crises.

For and behalf of the Board of Directors

Habib Ullah
Chief Executive

Hussain Ahmad Qureshi
Director

Rawalpindi: October 21, 2010