

D.M. TEXTILE MILLS LTD

DIRECTORS' REPORT

Dear Shareholders,

The Directors present before you the interim condensed financial statements for the Half Year Ended 31st December 2010 with Auditors' review to the members

1. Net Profit (Loss)

The company suffered a net (loss) of Rs (14.029) Million during the half year ended 31.12.2010 as compared to net profit of Rs.4.423 Million of half year ended 31.12.2009.

The input cost increased i.e. raw material, Power tariff and other elements of cost due to inflation. SNGPL closes Captive gas four days a week. Aggregate gas closure 45 days from July 2010 to Dec 2010 and still continuing.

2. Comparative financial results

Half year Ended	31-Dec-10	31-Dec-09
Particulars	Rupees in thousands	
Gross Sales	446,227	444,482
Cost of Sales	(428,021)	(410,209)
Gross Profit	18,206	34,273
Gross Profit Rate %	4.08	7.71
Admin, Selling & Other operating expenses	(11,828)	(15,406)
Other operating income	167	4,182
Financial Cost	(18,977)	(23,462)
Profit/ (loss) before taxation	(12,432)	(413)
Provision for Taxation	(1,597)	4,836
Net Profit/(loss) after Taxation	(14,029)	4,423
Earning/(Loss) per share, Basic & Diluted (Rs.)	(4.60)	1.45
Breakup Value per share (Inclusive of revaluation reserve) (Rs)	163.10	162.24

3. Yarn Productions

Period Ended		31 Dec 2010	31 Dec 2009
Actual production	Million Kgs	1.972	2.445
Converted production with 20's	Million Kgs	4.807	6.136
Average count spun	No.	35.94	36.87
Yield	%age	93.96	92.32

4. Debt Servicing

The company paid installments of loan to the financial institutions except Rs.66.14 Million, Rs.22.348 Million and Rs.1.545 Million overdue of long term loan, liabilities against assets subject to finance lease and deferred markup respectively. Current ratio reduced accordingly.

5. Dividend

The Directors have not recommended any dividend due to losses.

6. Prospects and Plans

Energy crisis and inflationary trend in input cost aggravated the situation. The company paying extra fuel cost by operating mill on WAPDA during closure of captive gas. Prevailing cotton price Rs.12,500 per Mound and Polyester Rs.200 per kg highest ever. Possibility of improvement subject to no load shedding captive gas and WAPDA

7. Remarks in Auditors' review report to the Members.

- a) **Basis for adverse conclusion:-** We clarified that energy crises and the inflationary trend in input cost are the causes of loss. Current ratio affected due to non payment of over due installments of loans shown in para no.4 above.
- b) **Emphasis of matter:-** The auditors have given factual position

For and behalf of the Board of Directors

Habib Ullah
Chief Executive

Rawalpindi: February 20, 2011

Hussain Ahmad Qureshi
Director