

# D.M Textile Mills Ltd

## DIRECTORS' REPORT

Dear Shareholders,

The Directors present before you the interim condensed financial statements for half year ending December 31, 2011 with Auditors' Review.

### 1. Net Profit/(Loss)

During the period ended the company suffered a net loss of Rs. 29.804 Million as compared to previous period net loss of Rs. (14.029) Million.

Due to high inflation cost, curtailed gas supply and load shedding the mill was not in operation during the half year. There was news in Sui Northern Gas Supply Limited (SNGPL) that gas supply to industry will be not possible for three months during winter season.

### 2- Comparative financial results are given below:

Half Year Ended	<b>Rupees in Thousand</b>	
	<b>31-Dec-11</b>	<b>31-Dec-10</b>
Gross Sales	22,550	446,227
Cost of Sales	(35,125)	(428,021)
Gross Profit/(Loss)	(12,575)	18,206
Gross Profit/(Loss) Rate (%)	(55 %)	4.08
Selling, Admin & Other operating Expenses	(6,676)	(11,828)
Other Operating Income	359	167
Financial and Other Charges	(15,872)	(18,977)
Profit / (Loss) before taxation	(34,765)	(12,432)
Provision for Taxation	(4,960)	(1,597)
Profit / (Loss) after taxation	(29,804)	(14,029)
Basic Earning/(Loss) per share in Rs	(9.76)	(4.60)
Breakup Value per share in Rs	229.61	163.10

### 3- Production Results

Year Ended		<b>31-Dec-11</b>	<b>31-Dec-10</b>
Actual production yarn	Million Kgs	-	1.972
Converted production yarn 20's	Million Kgs	-	4.807
Average count spun	No.	-	35.94
Yield	%age	-	93.96

### 4- Debt Servicing

The Chief Executive is negotiating with the management of debt provider companies and hopeful to settle amicably in full and final and will request to waive off outstanding markup and penalties.

### 5- Dividend

The Directors have not recommended any dividend due to losses.

## **6- Future Prospects & Plans**

Textile crisis is still continuing due to energy crisis, fuel tariff increase. The sale prices have considerably been reduced. Load shedding of WAPDA and SNGPL limited have badly affected power loom sector at Faisalabad and there is no demand of yarn. The company has been forced to close mill operations from 13-04-2011 due to cash liquidity crunch. However the management intends to start operation of the mill as and when gas supply is regular.

## **7- Remarks in Auditor's review report to the Members.**

- a) **Basis for adverse conclusion:** We clarified that energy crisis and the inflationary trend in input cost are the causes of loss. Current ratio affected due to non payment of overdue installments of loans.
- b) **Emphasis of matter:** The auditors have given factual position.

*For and behalf of the Board of Directors*

Habib Ullah  
**Chief Executive**

Rawalpindi: February 25, 2012

Hussain Ahmad Qureshi  
**Director**