D.M. TEXTILE MILLS LTD
DIRECTORS' REPORT

Dear Shareholders,

The Directors present before you the interim condensed financial statements for the three quarters ended March 31, 2011 and append below the financial results.

1. Net Profit (Loss)

The company suffered a net loss of (Rs.27.339 million) during the three quarters ended on 31-03-2011 as compared to a Net profit of Rs. 10.283 million of previous three quarters ended on 31-03-2010.

Input cost increased due to inflation. Cost of fuel has been continuously increasing. Similarly raw material prices have been sky rocketed. Captive power gas was not supplied for 89 days by SNGP Limited during 9 months and still continuing 3 days a week inspite of assurance for two days closure in a week by highest government dignitaries.

2. Comparative financial results are given below:

Period Ended	**31.03.2011**	**31.03.2010**
Particulars	**Rupees**	
Gross Sales	793,643,754	696,505,734
Cost of Sales	(775,209,775)	(642,156,769)
Gross Profit	18,434,979	54,348,965
Gross Profit Rate %	2.32	7.80
Admin, Selling & Other operating expenses	(16,372,381)	(21,070,603)
Other operating income	236,723	4,250,379
Financial Cost	(27,742,330)	(34,378,961)
Profit/ (loss) before taxation	(25,444,009)	3,149,781
Provision for Taxation	(1,895,194)	7,133,029
Net Profit/(loss) after Taxation	(27,339,203)	10,282,810
Earning/(Loss) per share, Basic & Diluted (Rs.)	(8.96)	3.37
Breakup Value per share (Inclusive of revaluation reserve) (Rs)	158.74	164.00

3. Yarn Productions

Period Ended		**31 March 2011**	**31 March 2010**
Actual production	Million Kgs	2.926	3.687
Converted production with 20's	Million Kgs	6.909	7.876
Average count spun	No.	35.21	36.03
Yield	%age	92.18	90.75

4. **Debt Servicing**

The company paid installments of loan to the financial institutions except overdue of Rs. 73.194 Million of long term finances and Rs 61.591 Million of liabilities against assets subject to finance lease. The overdues included in current liabilities affected the current ratio of the company.

5. **Prospects and Plans**

Textile crises is still continuing. Energy crises, fuel tariff increase and levy of sales tax @ 6% on spinning stage are the biggest problems. The sale prices have considerably been reduced. The Company had to lay off for 13 days during 9 months ended 31.03.2011. load shedding of WAPDA and SNGP Limited have badly affected power looms sector at Faisalabad and there is no yarn demand. The company has been forced to lay off mills operation from 13.04.2011 due to cash liquidity crunch. Future is difficult to predict.

For and behalf of the Board of Directors

Habib Ullah	Hussain Ahmad Qureshi
Chief Executive	**Director**

Rawalpindi: April 26, 2011