

D.M TEXTILE MILLS LTD

DIRECTORS' REPORT

Dear Shareholders,

The Directors present before you the financial statements for the First Quarter Ended 30th September 2007 and appended below the financial results.

1. Net Loss

The company suffered a net (loss) during the Period Rs (7.774) Million as compared to previous period profit of Rs. 7.433 Million.

2- Comparative financial results are given below;

	Rupees in Thousand	
Year Ended on	30-09-2007	30-09-2006
Gross Sales	227,949	231,630
Cost of Sales	213,194	206,080
Gross Profit	14,755	25,549
Gross Profit Rate (%)	6.47	11.03
Other Operating Income	68	1,780
Selling, Admin & Other operating Expenses	8,435	5,067
Financial and Other Charges	13,736	14,047
Provision for Taxation	425	782
Profit / (Loss) after taxation	(7,774)	7,433
Basic Earning per share in Rs	(2.55)	2.44
Breakup Value per share in Rs	188.27	94.35

3- Cost of sales increased by 3.45 % where as sales revenue decreased by 1.59 % resulting decrease in gross profit by (4.56) %.

4- Average yarn sale rate per kg decreased by 3.68 % where as raw material consumed rates per kg increased by 2.60 % as compared to previous period reducing profitability.

5- Financial cost increased due to linkage of markup with KIBOR which increase on Quarterly basis.

6- Production Results

Period Ended		30-09-2007	30-09-2006
Actual production yarn	Million Kgs	1.502	1.636
Converted production yarn 20's	Million Kgs	3.789	4.063
Average count spun	No.	36.99	36.58
Yield	%age	93.19	94.43

7- Debt Servicing

The company paid installments of loan to the financial institutions except Rs.20.069 Million shown overdue in note # 4 of long term loan. We have applied for rescheduling due to textile crisis. The over due included in current liabilities has also affected the current ratio of the company.

8- Dividend

The Directors have not recommended any dividend due to losses.

9- Prospects and Plans

The spinning sector is badly affected due to Textile crisis Government is requested to take remedial measure for revival and to save from total collapse.

For and behalf of the Board of Directors

Habib Ullah
Chief Executive

Hussain Ahmad Qureshi
Director

Rawalpindi: October 29, 2007