

D.M TEXTILE MILLS LTD

DIRECTORS' REPORT

Dear Shareholders,

The Directors present before you the financial statements for the First Quarter Ended 30th September 2008 and appended below the financial results.

1. Net Loss

The company suffered a Net (Loss) of (Rs.5.634) million during the First Quarter ended 30-09-2008 as compared to Net (Loss) of (Rs.7.774) million of previous Quarter.

The textile industry is facing severe financial crises and the Mills was closed. The management decided to lay off from 21-09-2008 to 30-09-2008 according to the WP Industrial and Commercial Employment (Standing order No 11) Ordinance 1968. The management paid 50% wages & salaries during lay off period to employees of the Company.

2- Comparative financial results are given below;

	Rupees	in	Thousands.
Quarter Ended on	30-09-2008	30-09-2007	
Gross Sales	252,041	227,949	
Cost of Sales	240,247	213,194	
Gross Profit	11,794	14,755	
Gross Profit Rate (%)	4.68	6.47	
Other Operating Income	61	68	
Selling, Admin & Other operating Expenses	4,424	8,435	
Financial and Other Charges	12,565	13,736	
Provision for Taxation	500	425	
Profit / (Loss) after taxation	(5,634)	(7,774)	
Earning / (Loss) per share Basic in Rs	(1.85)	(2.55)	
Breakup Value per share in Rs	180.88	188.27	

3- Cost of sales increased by 12.69 % where as sales revenue increased by 10.57 % resulting decrease in gross profit by (20.07) %.

4- Average yarn sale rate per kg increased by 30.15 % where as raw material consumed rates per kg increased by 37.50 % as compared to previous period reducing profitability.

5- Directors' granted approval for capital and revenue expenditure, sale and purchase of fixed assets.

6- Production Results

Quarter Ended		30-09-2008	30-09-2007
Actual production yarn	Million Kgs	1.363	1.502
Converted production yarn 20's	Million Kgs	3.352	3.789
Average count spun	No.	36.37	36.99
Yield	%age	92.45	93.19

7-. Debt Servicing

The company paid installments of loan to the financial institutions except Rs.34.236 Million and Rs.11.755 Million overdue include in long term loan and liabilities against assets subject to finance lease. We have applied for rescheduling of loan due to NIB Bank Ltd and their requirements will be completed in AGM to be held on October 31, 2008. The over due included in current liabilities has also affected the current ratio of the company and will improve considerably after rescheduling.

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, WAPDA load shedding and also disconnection of Captive Power Gas connection from October 13, 2008 to October 18, 2008. Government is requested to take remedial measures for revival of Textile Industry and to save from total collapse.

For and behalf of the Board of Directors

Habib Ullah
Chief Executive

Hussain Ahmad Qureshi
Director

Rawalpindi: October 27, 2008