

D.M Textile Mills Ltd

DIRECTORS' REPORT

Dear Shareholders,

The Directors are pleased to present before you the financial statements for the Three Quarters Ended 31st March, 2007.

- The company suffered a net loss of Rs 2.114 million during the three quarters ended 31-03-2007 as compared to net profit of Rs. 32.066 million of previous corresponding period. Quarter wise profit & Loss position is given as under;

Rs in Million

Net profit for the first quarter ended 30-09-2006	7.433
Net loss for the second quarter ended 31-12-2006	(5.173)
Net loss for the third quarter ended 31-03-2007	(4.374)
Net Loss for three quarters	(2.114)

- Comparative financial results are given below;

Three Quarters Ended on	Rupees in Thousand		
	31-03-07	31-03-06	Increase/ (Decrease)
Gross Sales	670,782	555,762	115,020
Cost of Sales	613,931	487,395	126,536
Gross Profit	56,851	68,367	(11,516)
Gross Profit Rate (%)	8.476	12.301	
Depreciation	15,812	12,127	3,685
Other operating income	2,291	3,113	(822)
Financial Cost	44,831	22,551	22,280
Profit before taxation	112	33,634	(33,522)
Net Profit/Loss	(2,114)	32,066	(34,180)
Basic Earning per share in Rs	(0.69)	10.51	
Breakup Value per share in Rs	88.39	92.11	

- Cost of sales increased by 25.96 % as compared to increase in sales revenue by 20.70 % resulting decrease in gross profit by 16.84 %.
- Average yarn sale rate per kg increased by 0.87 % where as raw material consumed rates per kg increased by 5.45 % as compared to previous corresponding period respectively reducing profitability.
- Financial cost increased due to increase in markup rates as well as utilization of additional finance.

- Production Results;

Three Quarters Ended on		31-03-2007	31-03-2006
Average Installed Spindles	Nos	34,188	34,188
Yarn production Actual	M kgs	4.582	4.265
Converted into 20's	M kgs	11.983	11.736
Average Count Spun	Nos	37.84	39.20
Yield Percentage	%	94.14	94.38

7. Dividend:
In view of funds invested in expansion/ modernization Directors have not recommended any interim dividend.
8. Debt Servicing:
The company made payments to the lenders on due dates except over dues shown in Note No 5 to financial statements due to self financed capital expenditure for construction of Workers Colony and Power House Building .
9. Modernization:
We established Letter of Credit for import of 4 sets Ring Spinning Frames shipment 30th April 2007.
10. Prospects and Plans:
The textile industry is facing severe financial crises so far no concrete measures have been taken for its revival. The management is trying its level best to increase production, efficiency and to control expenses/ waste where ever possible.

For and on behalf of the Board of Directors

Habib Ullah
Chief Executive

Hussain Ahmad Qureshi
Director

Rawalpindi dated: April 25, 2007