

D.M. TEXTILE MILLS LTD DIRECTORS' REPORT

Dear Shareholders,

The Directors are pleased to present before you the financial statements for the First Quarter Ended 30th Sept, 2006 and append below the financial results.

1. The company earned after tax profit of Rs. 7.433 million as compared to Rs. 14.559 million and the profit before tax Rs. 8.216 million as compared to Rs. 15.066 million of previous quarter ended 30-9-2005. Further details are as under;
2. The Financial results are summarized as under

First Quarters Ended on 30 th Sept, 06	Rupees In Million		
	<u>2006</u>	<u>2005</u>	<u>Increase/ (Decrease)</u>
Sales	231.630	179.239	52.391
Gross Profit	25.549	25.538	0.011
Depreciation	4.510	4.408	0.102
Operating Profit	1.781	0.040	1.741
Financial Cost	14.047	5.950	8.097
Profit before taxation	8.216	15.066	(6.850)
Net Profit	7.433	14.559	(7.126)
Basic earnings per share (Rs)	2.44	4.77	
Break up value per share (Rs)	94.35	91.92	

3. Production Results;

Installed Spindles	Nos	34188	31161
Actual Production Yarn	Million Kgs	1.636	1.388
Converted into 20s Count		4.063	3.636
Average Count	No	36.58	38.00
Yield	Percentage	94.43	93.920

4. Dividend:

In view of funds invested in expansion/ modernization Directors have not recommended any interim dividend.

5. Debt Servicing:

The company made payments to the lenders on due dates except over dues shown in Note No 4 to financial statement on account of extraordinary delay in Sales Tax refund and due to capital investment.

6. Modernization:

We are following BMR program to update our machinery to achieve quality production efficiently. We have established LC's under supplier's credit for import of 1 set Murata Auto Conner and 8 sets Tue 10.11.2006 tzschler Card, shipment expected in first half of November 2006.

7. Prospects and Plans:

The sale prices of yarn did not increased corresponding to increase in the prices of raw material but we presume that the raw material prices may come to normal level with a hope for better financial results.

For and on behalf of the Board of Directors

Habib Ullah
Chief Executive

Hussain Ahmad Qureshi
Director

Rawalpindi dated: Oct 28, 2006