

D.M TEXTILE MILLS LTD

DIRECTORS' REPORT

Dear Shareholders,

The Directors present before you the condensed financial statements for the Three Quarters Ended 31st March 2008 and append below the financial results.

1. Net Loss

The company suffered a net loss of Rs 6.347 Million during the period as compared to net loss of Rs. 2.114 Million of previous period.

2- Comparative Financial results are given below:

Period Ended	31-Mar-08	31-Mar-07
Particulars	Rupees	
Gross Sales	618,134,158	670,781,909
Cost of Sales	(571,355,984)	(613,930,922)
Gross Profit	46,778,174	56,850,987
Gross Profit Rate	7.57	8.48
Admin, Selling & Other operating expenses	(19,382,433)	(14,158,588)
Other operating income	3,551,974	2,250,746
Operating Profit	30,947,715	44,943,145
Financial & Other Charges	(40,014,263)	(44,830,875)
Profit/ (loss) before taxation	(9,066,548)	112,270
Prior year adjustment	(152,706)	-
Provision for Taxation	2,871,918	(2,226,741)
Profit/ (loss) after Taxation	(6,347,336)	(2,114,471)
Earning per share	(2.08)	(0.69)
Breakup Value per share	188	88.39

3- Gross Sales decreased by 7.85 % where as Cost of sales decreased by 6.93% resulting decrease in gross profit by 17.72 %.

4- Average yarn sale rate per kg increased by 4.36 % where as raw material consumed rates per kg increased by 7.35 % as compared to previous period.

5- Yarn Production Results

Period Ended		31 Mar 2008	31Mar 2007
Actual production	Kgs	4,188,044	4,581,677
Converted production with 20's	Kgs	10,759,513	11,983,196
Average count spun	No.	37.48	37.84
Yield	%age	93.36	94.14

6- Debt Servicing

The company paid installments of loan to the financial institutions except overdue of Rs. 27.152 Million in note no. 6 of long term finances and Rs 1.572 Million in note no. 7 of liabilities against assets subject to finance lease. We have applied to the commercial bank for rescheduling where as the overdue of finance lease were paid subsequently and are regular. The overdue included in current liabilities has also affected the current ratio of the company. We have applied to the State Bank of Pakistan through Commercial Bank for relaxation of current ratio due to severe financial crisis in Textile Industry.

7- Dividend

The Directors have not recommended any dividend due to losses.

8- Prospects and Plans

Input cost is increasing day by day. Fuel cost is increasing internationally and Sui Northern Gas Company limited has increased Gas rates by 5.53% w.e.f 1st March 2008 i.e. Rs 251.55 MMBTU and now further proposed to increase by Rs 69.50 per MMBTU w.e.f 1st July 2008. The petition is pending with NEPRA Similarly WAPDA also revised rates on the instruction of NEPRA w.e.f 1st March 2008 raising peak hours rates by 53.41% and off-peak hours by 17.82%. This will increase all other elements of cost. Raw material cost is skyrocketing cotton Rs 3500 per maund and polyester Rs 104 per kg. New elected government might take remedial measures to save textile industry from total collapse. The management is having all possible measures to fight the MENACE for survival of our company.

For and behalf of the Board of Directors

Habib Ullah
Chief Executive

Hussain Ahmad Qureshi
Director

Rawalpindi: April 28, 2008