

D.M TEXTILE MILLS LTD

DIRECTORS' REPORT

Dear Shareholders,

The Directors present before you the condensed financial statements for the Half Year Ended 31st December 2007 and append below the financial results.

1. Net Loss

The company suffered a net loss of Rs 3.298 Million during the period as compared to net profit of Rs. 2.260 Million of previous period.

2- Comparison of financial results are given blow:

Period Ended	31-Dec-07	31-Dec-06
Particulars		
Gross Sales	403,410,584	462,680,255
Cost of Sales	369,705,113	420,639,363
Gross Profit	33,705,471	42,040,892
Gross Profit Rate	8.36	9.09
Admin, Selling & Other Expenses	14,388,581	9,679,195
Other operating income	1,047,022	2,335,365
Financial Cost	26,795,430	30,874,795
Profit/ (loss) before taxation	(6,431,518)	3,822,267
Provision for Taxation	3,133,753	(1,561,956)
Net Profit/ loss after Taxation	(3,297,765)	2,260,311
Earning/(loss) per share	(1.08)	0.74
Breakup Value per share	189.74	92.66

3- Gross Sales decreased by 12.81 % where as Cost of sales Decreased by 12.11% resulting decrease in gross profit by 19.83 %.

4- Average yarn sale rate per kg decreased by 0.24 % where as raw material consumed rates per kg increased by 4.39 % as compared to previous period reducing profitability.

5- Yarn Production Results

Period Ended		31 Dec 2007	31Dec 2006
Actual production	Million Kgs	2.871	3.109
Converted production with 20's	Million Kgs	7.338	8.148
Average count spun	No.	37.35	37.84
Yield	%age	93.58	94.50

6- Debt Servicing

The company paid installments of loan to the financial institutions except Overdue of Rs. 23.611 Million in note no. 6 of long term finances and Rs 0.936 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

The spinning sector is badly affected due to Textile crisis. The situation further aggravated due to energy crisis. Sui Northern Gas Pipelines Ltd disconnected captive power gas supply w.e.f 02-01-2008 and restored 19.02.2008. Islamabad Electric Supply Company Ltd started compulsory loadshedding form 5pm to 10pm and sudden loadshedding for 1 or 2 hours during day. The company suffering from production losses and quality problem due to loadshedding. The company closed Mills operations for 6 days due to excessive loadshedding. All Pakistan Textile Mills Association is pursuing PEPCO for reduction of compulsory loadshedding to minimum possible. The management is taking all possible measures for operations of the Mills efficiently and to control expenses to minimum level as for as possible.

- 9- The Extra Ordinary General Meeting of the Company was held on 31st January 2008 and following decisions were made by the shareholders:

- A- Following Directors were elected for a tenure of Three years w.e.f 01-02- 2008 to 31-01-2011:

Mr Habib Ullah	Mian Muhammad Saleem Omer	Mian Naeem Omer
Syed Obaid Ul Haq	Mr Hussain Ahmed Qureshi	Rao Khalid Pervaiz
Mr Shahid Anwar (NIT Nominee)		

- B- Resolved under section 218 of the Companies Ordinance 1984, that the company authorizes the holding of Office of profit and payment as remuneration w.e.f 01-02-2008 to the Chief Executive not exceeding to Rs 2.40 Million exclusive of perquisites such as company maintained car, residence, telephone facility, actual medical expenses and actual entertainment expenses. The Chief Executive was authorized to grant annual increments and other benefits as per the terms and conditions of the service rules of the company to fulltime working Directors

Mr Hussain Ahmed Qureshi, Syed Obaid Ul Haq and Rao Khalid Pervaiz whose aggregate remuneration was Rs 761,603/- for the year ended 30-06-2007.

- C- Resolved that the special resolution was not approved and D.M Textile Mills Limited will not make investment in the shape of loan of Rs 20 Million to Bilal Textiles (Pvt) Ltd, an Associated Undertaking.

10- In Board Meeting held on 12-02-2008, the Directors decided:

- (i) To appoint Mr.Habib Ullah as Chief Executive of the Company and also Confirmed the terms of appointments for a tenure of Three years expiry on 31-01-2011.

- (ii) The Directors constituted Audit Committee of the company for a period of three years expiry 31-01-2011 with following members/officials.

Mian Muhammad Saleem Omer	Chairman
Mian Naeem Omer	Member
Mr.Hussain Ahmed Qureshi	Member
Mr.Muhammad Shakir	Internal Auditor
Syed Obaid Ul Haq	Secretary

For and behalf of the Board of Directors

Habib Ullah

Chief Executive Officer

Rawalpindi: February 26, 2008

Hussain Ahmad Qureshi

Director