



Nishat Mills Limited
First Quarterly Report
For the period ended 30 September 2008



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Nishat Mills Limited

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Nishat Mills Limited and its Subsidiary

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COMPANY INFORMATION

BOARD OF DIRECTORS:

Mian Umer Mansha	Chairman/Chief Executive
Mian Hassan Mansha	
Mr. Manzar Mushtaq	
Mr. Khalid Qadeer Qureshi	
Mr. Muhammad Azam	
Rana Muhammad Mushtaq	
Ms. Nabiha Shahnawaz Cheema	

AUDIT COMMITTEE:

Mr. Khalid Qadeer Qureshi	Chairman/Member
Mr. Muhammad Azam	Member
Ms. Nabiha Shahnawaz Cheema	Member

CHIEF FINANCIAL OFFICER:

Mr. Badar-ul-Hassan

COMPANY SECRETARY:

Mr. Khalid Mahmood Chohan

AUDITORS:

Riaz Ahmad & Company	Chartered Accountants
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LEGAL ADVISOR:

Mr. M. Aurangzeb Khan, Advocate,
Chamber No. 6, District Court, Faisalabad.

BANKERS TO THE COMPANY:

Albaraka Islamic Bank B.S.C (E.C)	JS Bank Limited
Allied Bank Limited	KASB Bank Limited
Askari Bank Limited	Meezan Bank Limited
Bank Alfalah Limited	National Bank of Pakistan
Bank Islami Pakistan Limited	NIB Bank Limited
Citibank N.A.	Standard Chartered Bank (Pakistan) Limited
Crescent Commercial Bank Limited	The Hong Kong & Shanghai Banking Corporation Limited
Deutsche Bank	The Royal Bank of Scotland
Faysal Bank Limited	United Bank Limited
Habib Bank Limited	
Habib Metropolitan Bank Limited	

MILLS:

Nishatabad, Faisalabad	(Spinning units & Power Plant)
12 K.M. Faisalabad Road, Sheikhupura.	(Weaving units & Power Plant)
21 K.M. Ferozpur Road, Lahore.	(Stitching unit)
5 K.M. Nishat Avenue Off 22 K.M. Ferozpur Road, Lahore.	(Weaving, Dyeing & Finishing unit, Processing unit, Stitching unit and Power Plant)
20 K.M. Sheikhupura Faisalabad Road, Feroze Watwan	(Spinning unit)

REGISTERED OFFICE & SHARES DEPARTMENT

Nishat House,
53 - A, Lawrence Road, Lahore.
Tel: 042-6367812-16, 042-111 113 333
Fax: 042-6367414

HEAD OFFICE:

7, Main Gulberg, Lahore.
Tel: 042-5716351-9, 042-111 332 200
Fax: 042-5716349-50
E-mail: nishat@nishatmills.com
Website: www.nishatmillsLtd.com

LIAISON OFFICE:

Ist Floor, Karachi Chambers,
Hasrat Mohani Road, Karachi.
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DIRECTORS' REPORT

Operating Results

We are pleased to present Un-Audited financial statements for the quarter ended September 30, 2008. The company has earned an after tax profit of Rs 756.441 million as compared to Rs 345.388 million in the corresponding period ended September 30, 2007, resulted in net increase of 119 %.

Financial Highlights	Quarter ended September 30		(Inc.)/Dec. %age
	2008	2007	
Net Sales ('000' Rs)	6,013,665	4,277,037	(40.60)
Gross Profit ('000' Rs)	1,473,021	791,537	(86.10)
Pre-tax Profit ('000' Rs)	817,941	398,388	(105.31)
After Tax Profit ('000' Rs)	756,441	345,388	(119.01)
Gross Profit (%)	24.49	18.51	
After Tax Profit (%)	12.58	8.08	
Earning Per Share (Rs)	4.73	2.16	

This increase in profitability is mainly due to increase in sales quantities and sale rates for yarn, grey cloth, processed cloth and made-ups as compared to the previous corresponding period.

Yarn	1st Quarter		Variance	
	2008	2007	Total	%age
Sales - '000' Kgs	8,134	7,302	832	11.39
Rate / Kg	191.24	149.45	41.79	27.96
Sales - '000' Rs.	1,555,584	1,091,285	464,299	42.55

Grey Cloth	1st Quarter		Variance	
	2008	2007	Total	%age
Sales - '000' Mtrs	11,691	11,516	175	1.52
Rate / Mtrs	126.69	98.87	27.82	28.14
Sales - '000' Rs.	1,481,180	1,138,548	342,632	30.09

Processed Cloth	1st Quarter		Variance	
	2008	2007	Total	%age
Sales - '000' Mtrs	9,994	9,861	133	1.35
Rate / Mtrs	163.17	127.27	35.90	28.21
Sales - '000' Rs.	1,630,688	1,255,001	375,687	29.94

Made-Ups	1st Quarter		Variance	
	2008	2007	Total	%age
Sales - '000' Mtrs	4,373	3,932	441	11.22
Rate / Mtrs	187.45	144.24	43.21	29.96
Sales - '000' Rs.	819,701	567,171	252,530	44.52

Devaluation of rupee against dollar played a key role in increasing sale rates. However, cost of production also increased due to cotton price hike in domestic and international markets, increase in minimum wage limit and gas rates as compared to the previous period. Consumption of local

and imported cotton was charged at Rs 3,236 / maund and Rs 3,935 / maund respectively as compared to Rs 2,548 / maund (local) and Rs 3,392/maund (imported) for the corresponding quarter ended September 30, 2007. Stoppage of research and development support further affected the profitability of the company. Finance cost increased by 78.86 % (September 2007: Rs. 177.345 million, September 2008: Rs. 317.200 million) as compared to the previous period due to change in average rates of short term borrowing 44.11 % (September 2007: 7.55%, September 2008: 10.88%).

Market Review & Future Prospects

The first quarter for the year 2008-2009 was challenging. There were numerous contradictory variables for the industry throughout the quarter. Political situation in Pakistan and global economic recession was a big obstacle to maintain sales and profitability. Due to worldwide economic recession, there was a big pressure in terms of reduction of export orders. This was further compounded by upward trend in prices of cotton, oil, gas, electricity, interest rates and wages. Liquidation of some important financial institutions and textile businesses also increased the difficulties of home textile industry. However, devaluation of rupee against dollar provided some breathing space to the industry and compensated the negative impact of the abnormally high cotton prices.

Spinning

During the 1st quarter of 2008-2009, cotton season started with cotton prices at Rs. 4,000 /maund with expected upward trend. Buyers, expecting further increase in cotton prices, were willing to pay better rates for yarn. Owing to our one time cotton buying policy, adequate stocks of cotton were available with us for 1st quarter production; therefore, we enjoyed yarn business at new cotton prices with comparatively cheaper cotton of previous season.

Far East remained our main market. Demand in Europe and USA reduced further. Due to improved export prices, local market came up with supportive mood as well. Development in terms of machinery is in progress for better quality of yarn. Installation of state of the art ring frames is under way at one of our spinning units.

Weaving

Weaving business for the quarter under review was good despite all the odds pitched against us. The biggest factor that contributed to our success was product and customer diversification. Our strategy has always been the development of innovative products and creation of slot for such items in the market. Special fibers like kapok, nylon, viscose, linen and organic cotton, along with creative designs helped us to increase our margin. Competition for such products is less which allowed us to get good prices and become the market leader. Our planning for timely purchase of yarn in such a volatile market remained successful.

We have always endeavored to upgrade and modify our production processes by bringing in state of the art equipment and latest technologies but owing to diminution in value of rupee, our expansion plan to bring in latest airjet machines has been delayed a little bit.

Printing, Dyeing and Stitching

During the first quarter of 2008-2009, we focused on developing value added and designer products in addition to the customary home linen for American and European market. Our current developments are expected to materialize in upcoming months which will give a positive boost to the existing product mix and revenues.

Based on rich expertise and demand of the prevailing circumstances, we have been focusing on cost cutting strategies. In this regard, the decision to move Faisalabad stitching unit to Lahore, was implemented successfully. New stitching unit, established in Lahore, is fully operational now. With installation of latest switch track system, we have been able to improve the productivity and control of work in process. In addition to the elimination of various overheads and transportation costs to manage the fabric between Lahore and Faisalabad units, it most importantly helped us to overcome unnecessary operational delays and making shipments timely.

Nishat Dyeing & Finishing (NDF)

US market which had been slow since beginning of the current calendar year due to country's economic difficulties entered into a new phase of economic downturn. Sales at retail level remained slow and general demand from US market was low as a result. However, during the quarter under review, Nishat Dyeing & Finishing was able to grow its business significantly as some large core businesses of a few major US retailers were taken over by Nishat with long term projections. For the upcoming quarter as well, we would be able to grow the overall business to a record level of production and bookings. Therefore, outlook for next quarter seems to be very bright, but it will be more challenging in view of the impending energy and gas crises. Further, the current downturn of all the major economies of the world will take its toll on overall business, though the signs are not visible yet. Expanding the customer base and dividing the risk seems to our strategy in the light of these circumstances.

Subsidiary Company

Nishat Power Limited is the subsidiary company of Nishat Mills Limited and is unlisted public limited company. The principle business of the subsidiary is generation, supply and transmission of electrical power. Nishat Mills Limited owns and controls 80% shares of the Nishat Power Limited. The subsidiary was incorporated under the Companies Ordinance, 1984 on 23 February, 2007. The subsidiary is expected to achieve its commercial operation date by September, 2009.

With the addition of the subsidiary, our company has annexed interim consolidated financial statements along with its separate financial statements, in accordance with the requirements of International Accounting Standards-27 (Consolidated and Separate Financial Statements).

Change in Board of Directors

Mr. Manzar Mushtaq has been appointed as a director on the board of the company to fill the casual vacancy in place of Mr. Muhammad Nawaz Tishna.

Acknowledgement

The Board is pleased about the loyalty and efforts of the management, staff and workers.

For and on behalf of the Board

Chief Executive / Chairman

Lahore:
October 25, 2008.

INTERIM CONDENSED BALANCE SHEET

AS AT 30 SEPTEMBER 2008

	Note	Unaudited 30 September 2008 (Rupees in thousand)	Audited 30 June 2008
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
178,470,000 (30 June 2008: 178,470,000) ordinary shares of Rupees 10 each		<u>1,784,700</u>	<u>1,784,700</u>
Issued, subscribed and paid up share capital			
159,785,717 (30 June 2008: 159,785,717) ordinary shares of Rupees 10 each		<u>1,597,857</u>	1,597,857
Reserves		<u>18,113,551</u>	23,549,323
Total Equity		<u>19,711,408</u>	25,147,180
NON-CURRENT LIABILITIES			
Long term financing	5	<u>886,029</u>	1,047,794
CURRENT LIABILITIES			
Trade and other payables		<u>1,395,381</u>	1,141,227
Accrued markup		<u>153,046</u>	201,847
Short term borrowings		<u>9,544,481</u>	9,175,518
Current portion of non-current liabilities		<u>705,392</u>	926,025
Provision for taxation		<u>338,488</u>	276,988
		<u>12,136,788</u>	11,721,605
Total Liabilities		<u>13,022,817</u>	12,769,399
CONTINGENCIES AND COMMITMENTS	6	-	-
TOTAL EQUITY AND LIABILITIES		<u>32,734,225</u>	<u>37,916,579</u>

The annexed notes form an integral part of these interim financial statements.

CHIEF EXECUTIVE OFFICER

	Note	Unaudited 30 September 2008 (Rupees in thousand)	Audited 30 June 2008
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	10,593,875	10,647,310
Long term investments		4,162,028	13,321,088
Long term loans		7,142	8,122
Long term deposits and prepayments		10,369	10,541
		14,773,414	23,987,061
CURRENT ASSETS			
Stores, spare parts and loose tools		640,785	490,229
Stock in trade		3,751,500	4,103,648
Trade debts		2,392,687	1,329,027
Short term Investments		10,173,506	7,129,154
Loans and advances		517,147	403,295
Short term deposits and prepayments		61,175	30,400
Other receivables		327,771	370,013
Cash and bank balances		96,240	73,752
		17,960,811	13,929,518
TOTAL ASSETS		32,734,225	37,916,579

DIRECTOR

CHIEF FINANCIAL OFFICER

**INTERIM CONDENSED PROFIT AND LOSS ACCOUNT
FOR THE QUARTER ENDED 30 SEPTEMBER 2008
(UN-AUDITED)**

	Note	QUARTER ENDED	
		30 September 2008	30 September 2007
		(Rupees in thousand)	
SALES		6,013,665	4,277,037
COST OF SALES	8	4,540,644	3,485,500
GROSS PROFIT		1,473,021	791,537
DISTRIBUTION COST		309,663	209,256
ADMINISTRATIVE EXPENSES		90,108	93,108
OTHER OPERATING EXPENSES	9	89,268	29,912
		489,039	332,276
		983,982	459,261
OTHER OPERATING INCOME		151,159	116,472
PROFIT FROM OPERATIONS		1,135,141	575,733
FINANCE COST		317,200	177,345
PROFIT BEFORE TAXATION		817,941	398,388
PROVISION FOR TAXATION		61,500	53,000
PROFIT AFTER TAXATION		756,441	345,388
EARNINGS PER SHARE- BASIC AND DILUTED (RUPEES)	10	4.73	2.16

The annexed notes form an integral part of these interim financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

**INTERIM CONDENSED CASH FLOW STATEMENT
FOR THE QUARTER ENDED 30 SEPTEMBER 2008
(UN-AUDITED)**

	Note	QUARTER ENDED	
		30 September 2008	30 September 2007
(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	11	965,115	742,027
Finance cost paid		(366,001)	(189,126)
Income tax paid		(55,581)	(49,127)
Net decrease/ (increase) in long term loans		1,280	12
Net decrease/ (increase) in long term deposits and prepayments		180	(1)
Net cash generated from operating activities		544,993	503,785
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		10,355	37,835
Dividends received		128,038	110,447
Investments made		(77,505)	(131,901)
Purchase of property, plant and equipment		(200,568)	(115,389)
Net cash used in investing activities		(139,680)	(99,008)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(382,398)	(402,606)
Payment of finance lease liabilities		-	(7,691)
Dividend paid		(427)	(64)
Net cash used in financing activities		(382,825)	(410,361)
Net increase/ (decrease) in cash and cash equivalents		22,488	(5,584)
Cash and cash equivalents at the beginning of the period		73,752	69,607
Cash and cash equivalents at the end of the period		96,240	64,023

The annexed notes form an integral part of these interim financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 SEPTEMBER 2008 (UN-AUDITED)

(RUPEES IN THOUSAND)

Share Capital	RESERVES							Total	Total equity
	CAPITAL RESERVES			REVENUE RESERVES					
	Premium on issue of right shares	Fair value reserve	Sub Total	General reserve	Unappropriated profit	Sub Total			
Balance as on 30 June 2007 - restated	1,597,857	1,027,622	20,034,207	21,061,829	6,730,028	774,184	7,504,212	28,566,041	30,163,898
Fair value adjustment on investments	-	-	(1,793,383)	(1,793,383)	-	-	-	(1,793,383)	(1,793,383)
Net profit for the period ended	-	-	-	-	-	345,388	345,388	345,388	345,388
Balance as on 30 September 2007	1,597,857	1,027,622	18,240,824	19,268,446	6,730,028	1,119,572	7,849,600	27,118,046	28,715,903
Final dividend for the year ended 30 June 2007 @ Rupees 2.5 per share	-	-	-	-	-	(399,464)	(399,464)	(399,464)	(399,464)
Transfer to general reserve	-	-	-	-	1,244,000	(1,244,000)	-	-	-
Fair value adjustment on investments	-	-	(8,962,839)	(8,962,839)	-	-	-	(8,962,839)	(8,962,839)
Net profit for the period ended	-	-	-	-	-	5,793,580	5,793,580	5,793,580	5,793,580
Balance as on 30 June 2008	1,597,857	1,027,622	9,277,985	10,305,607	7,974,028	5,269,688	13,243,716	23,549,323	25,147,180
Fair value adjustment on investments	-	-	(6,192,213)	(6,192,213)	-	-	-	(6,192,213)	(6,192,213)
Net profit for the period ended	-	-	-	-	-	756,441	756,441	756,441	756,441
Balance as on 30 September 2008	1,597,857	1,027,622	3,085,772	4,113,394	7,974,028	6,026,129	14,000,157	18,113,551	19,711,408

The annexed notes form an integral part of these interim financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

**SELECTED NOTES TO THE INTERIM CONDENSED
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER 2008**

1. THE COMPANY AND ITS OPERATIONS

Nishat Mills Limited is a public company incorporated in Pakistan under the Companies Act, 1913 (Now Companies Ordinance, 1984) and listed on all Stock Exchanges in Pakistan. Its registered office is situated at 53-A, Lawrence Road, Lahore. The company is engaged in the business of textile manufacturing and of spinning, combing, weaving, bleaching, dyeing, printing, stitching, buying, selling and otherwise dealing in yarn, linen, cloth and other goods and fabrics made from raw cotton, synthetic fibre and cloth, and to generate, accumulate, distribute, supply and sell electricity.

2. BASIS OF PREPARATION

These interim financial statements are unaudited and are being submitted to share holders as required by section 245 of the Companies Ordinance, 1984. These interim financial statements have been prepared in accordance with the International Accounting Standard (IAS) 34 "Interim Financial Reporting" as applicable in Pakistan and notified by the Securities and Exchange Commission of Pakistan (SECP). These interim financial statements should be read in conjunction with the annual financial statements for the year ended 30 June 2008.

3. ACCOUNTING POLICIES AND COMPUTATION METHODS

The accounting policies and methods of computations adopted for the preparation of these interim financial statements are the same as applied in the preparation of the preceding annual published financial statements of the company for the year ended 30 June 2008.

3.1 Investment in subsidiary

Investment in subsidiary is classified as available for sale.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Judgements and estimates made by the management in the preparation of these interim financial statements are the same as those applied to the preceding annual published financial statements of the company for the year ended 30 June 2008.

	Unaudited 30 September 2008 (Rupees in thousand)	Audited 30 June 2008
5. LONG TERM FINANCING - SECURED		
Financing from banking companies	1,591,421	1,774,019
Term finance certificates	-	199,800
	1,591,421	1,973,819
Less: shown under current liabilities	705,392	926,025
	886,029	1,047,794

6. CONTINGENCIES AND COMMITMENTS

Contingencies

- i) The Company is contingently liable for Rupees 61.891 million (30 June 2008: Rupees 61.891 million) on account of central excise duty not acknowledged as debt as the cases are pending before Court.
- ii) Guarantees of Rupees 347.751 million (30 June 2008: Rupees 347.751 million) have been given by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connections, Shell Pakistan Limited against purchase of furnace oil and Director Excise and Taxation, Karachi.
- iii) Post dated cheques have been issued to customs authorities in respect of duties amounting to Rupees 68.881 million (30 June 2008: Rupees 59.163 million) on imported material availed on the basis of consumption and export plans. In the event the documents of exports are not provided on due dates, cheques issued as security shall be encashable.
- iv) The Company has given following guarantees on behalf of Nishat Power Limited - subsidiary company:

Performance guarantee of USD 1 million (Pak Rupees 78.150 million) (30 June 2008: Pak Rupees 68.200 million) in favour of Private Power and Infrastructure Board to secure performance of Nishat Power Limited under Implementation Agreement and Power Purchase Agreement.

Irrevocable standby letters of credit of Rupees 1,104.995 million (30 June 2008: Rupees 1,104.995 million) for equity injection and Rupees 147.120 million (30 June 2008: 147.120 million) for positive cost overrun, in accordance with Project Funds Agreement, in favour of security trustee of syndicated lenders of Nishat Power Limited.

Commitments

- i) Contracts for capital expenditure are approximately amounting to Rupees 136.347 million (30 June 2008: Rupees 370.168 million).
- ii) Letters of credit other than for capital expenditure are amounting to Rupees 217.781 million (30 June 2008: Rupees 403.627 million).

Unaudited	Audited
30 September	30 June
2008	2008
(Rupees in thousand)	

7. PROPERTY, PLANT AND EQUIPMENT

Operating assets		
- Owned (Note 7.1)	10,294,138	10,365,262
- Leased (Note 7.2)	-	-
Capital work in progress (Note 7.3)	299,737	282,048
	10,593,875	10,647,310

	Unaudited 30 September 2008 (Rupees in thousand)	Audited 30 June 2008
7.1 OPERATING ASSETS- OWNED		
Opening book value	10,365,262	10,309,611
Add: Cost of additions during the period/ year (Note 7.1.1)	182,879	1,132,568
Add: Transfer during the period/ year (Note 7.1.2)	-	64,174
	10,548,141	11,506,353
Less: Book value of deletions during the period/ year (Note 7.1.3)	9,056	147,864
	10,539,085	11,358,489
Less: Depreciation charged for the period/ year	244,947	993,227
	10,294,138	10,365,262
7.1.1 Cost of additions during the period/ year		
Freehold land	-	7,971
Buildings on freehold land	200	299,004
Plant and machinery	140,917	730,187
Electric installations	1,894	24,222
Factory equipment	12,476	19,362
Furniture, fixtures and office equipment	2,965	14,414
Computer equipment	405	4,137
Vehicles	24,022	33,271
	182,879	1,132,568
7.1.2 Cost of assets transferred from leased assets during the period/ year		
Plant and machinery	-	64,174
	-	64,174
7.1.3 Book value of deletions during the period/ year		
Freehold land	-	249
Buildings on freehold land	-	457
Plant and machinery	675	129,083
Electric installations	17	-
Factory equipment	1,519	911
Furniture, fixtures and office equipment	54	76
Computer equipment	-	121
Vehicles	6,791	16,967
	9,056	147,864

	Unaudited 30 September 2008	Audited 30 June 2008
7.2 OPERATING ASSETS- LEASED	(Rupees in thousand)	
Opening book value	-	71,019
Less: Transfer to operating assets-owned during the period/ year	-	64,174
	-	6,845
Less: Depreciation charged for the period/ year	-	6,845
	-	-
7.3 CAPITAL WORK-IN-PROGRESS		
Building on freehold land	98,074	51,974
Plant and machinery	187,674	213,937
Electric installation	3,008	3,820
Unallocated capital expenditure	578	-
Letters of credit against machinery	326	756
Letters of credit and advances against furniture and office equipment	6,021	5,646
Advances against vehicles	4,056	5,915
	299,737	282,048
		(Un-Audited)
	QUARTER ENDED	
	30 September 2008	30 September 2007
	(Rupees in thousand)	
8. COST OF SALES		
Raw materials consumed	1,507,464	1,223,668
Cloth and yarn purchased/ used	1,667,023	1,254,973
Processing charges	15,899	35,990
Salaries, wages and other benefits	337,294	291,125
Staff retirement benefits	10,593	9,271
Stores, spare parts and loose tools	445,457	352,109
Packing materials	110,112	104,310
Repair and maintenance	28,324	19,600
Fuel and power	522,196	324,657
Insurance	6,254	5,607
Other factory overheads	45,994	34,021
Depreciation	232,652	231,943
	4,929,262	3,887,274
Work-in-process		
Opening stock	1,157,415	942,753
Closing stock	(1,566,684)	(1,135,350)
	(409,269)	(192,597)
Cost of goods manufactured	4,519,993	3,694,677
Finished goods		
Opening stock	1,145,407	898,896
Closing stock	(1,124,756)	(1,108,073)
	20,651	(209,177)
	4,540,644	3,485,500

(Un-Audited)

QUARTER ENDED	
30 September 2008	30 September 2007

(Rupees in thousand)

9. OTHER OPERATING EXPENSES

Workers' profit participation fund	44,075	21,548
Workers' welfare fund	16,693	8,130
Provision for doubtful debts	27,000	-
Amortization of deferred cost	-	158
Donation (Note 9.1)	1,500	76
	89,268	29,912

9.1 There is no interest of any director or his spouse in donee's fund.

10. EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share.

11. CASH GENERATED FROM OPERATIONS

Profit before taxation	817,941	398,388
Adjustments for non-cash charges and other items:		
Depreciation	244,947	245,653
Provision for doubtful debts	27,000	-
(Gain) / loss on sale of property, plant and equipment	(1,299)	10,382
Dividend income	(128,038)	(110,447)
Amortization of deferred cost	-	158
Finance cost	317,200	177,345
Working capital changes (Note 11.1)	(312,636)	20,548
	965,115	742,027

11.1 Working capital changes

(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(150,556)	(43,431)
Stock-in-trade	352,148	135,777
Trade debts	(1,090,660)	(259,128)
Loans and advances	(58,571)	(142,912)
Short term deposits and prepayments	(30,783)	(24,496)
Other receivables	42,242	(6,794)
	(936,180)	(340,984)
Increase / (decrease) in current liabilities		
Trade and other payables	254,581	302,315
Short term borrowings	368,963	59,217
	623,544	361,532
	(312,636)	20,548

12. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise subsidiary company, associated undertakings, other related companies and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

(Un-Audited)

QUARTER ENDED	
30 September 2008	30 September 2007

(Rupees in thousand)

Associated companies

Purchase of goods and services	11,071	41,792
Sale of goods and services	151,578	24,852
Purchase of vehicle	670	-
Sale of property, plant and equipment	300	-
Sale of vehicle	1,383	-
Dividend income	-	13,634
Insurance premium paid	17,152	16,290
Insurance claims received	243	680

Other related parties

Dividend income	127,688	95,563
Company's contribution to provident fund trust	13,811	11,880
Remuneration paid to Chief Executive Officer, Directors and Executives	20,641	11,399

13. AUTHORIZED FOR ISSUE

These interim condensed financial statements were approved by the Board of Directors and authorized for issue on 25 October, 2008.

14. CORRESPONDING FIGURES

14.1 Comparative figures have been re-arranged, wherever, necessary for the purpose of comparison.

14.2 Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

NISHAT MILLS LIMITED AND ITS SUBSIDIARY

INTERIM CONDENSED CONSOLIDATED

FINANCIAL STATEMENTS

FOR THE QUARTER

ENDED 30 SEPTEMBER 2008

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 SEPTEMBER 2008

	Note	Unaudited 30 September 2008 (Rupees in thousand)	Audited 30 June 2008
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
178,470,000 (30 June 2008: 178,470,000) ordinary shares of Rupees 10 each		<u>1,784,700</u>	<u>1,784,700</u>
Issued, subscribed and paid up share capital			
159,785,717 (30 June 2008: 159,785,717) ordinary shares of Rupees 10 each		<u>1,597,857</u>	1,597,857
Reserves		<u>22,854,594</u>	28,214,359
		<u>24,452,451</u>	29,812,216
Minority interest		<u>176,000</u>	160,000
Total equity		<u>24,628,451</u>	29,972,216
NON-CURRENT LIABILITIES			
Long term financing	6	886,029	1,047,794
Long term murabaha		3,414,057	2,841,813
		<u>4,300,086</u>	3,889,607
CURRENT LIABILITIES			
Trade and other payables		1,450,083	1,155,457
Accrued mark-up		285,120	292,419
Short term borrowings		9,544,481	9,175,518
Current portion of non-current liabilities		705,392	926,025
Provision for taxation		338,488	276,988
		<u>12,323,564</u>	11,826,407
Total Liabilities		<u>16,623,650</u>	15,716,014
CONTINGENCIES AND COMMITMENTS	7	-	-
TOTAL EQUITY AND LIABILITIES		<u>41,252,101</u>	<u>45,688,230</u>

The annexed notes form an integral part of these interim financial statements.

CHIEF EXECUTIVE OFFICER

	Note	Unaudited 30 September 2008 (Rupees in thousand)	Audited 30 June 2008
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	15,006,913	14,402,457
Long term investments		8,183,167	17,333,620
Long term loans		7,142	8,122
Long term deposits and prepayments		10,369	10,541
		23,207,591	31,754,740
CURRENT ASSETS			
Stores, spare parts and loose tools		640,785	490,229
Stock-in-trade		3,751,500	4,103,648
Trade debts		2,392,687	1,329,027
Short term Investments		10,173,506	7,129,154
Loans and advances		517,270	403,399
Short term deposits and prepayments		61,350	30,500
Other receivables		329,722	371,397
Cash and bank balances		177,690	76,136
		18,044,510	13,933,490
TOTAL ASSETS		41,252,101	45,688,230

DIRECTOR

CHIEF FINANCIAL OFFICER

**INTERIM CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE QUARTER ENDED 30 SEPTEMBER 2008 (UN-AUDITED)**

	Note	QUARTER ENDED	
		30 September 2008	30 September 2007
(Rupees in thousand)			
SALES		6,013,665	4,277,037
COST OF SALES	9	4,540,644	3,485,500
GROSS PROFIT		1,473,021	791,537
DISTRIBUTION COST		309,663	209,256
ADMINISTRATIVE EXPENSES		90,108	93,108
OTHER OPERATING EXPENSES	10	89,268	29,912
		489,039	332,276
		983,982	459,261
OTHER OPERATING INCOME		151,159	116,472
PROFIT FROM OPERATIONS		1,135,141	575,733
FINANCE COST		317,200	177,345
		817,941	398,388
SHARE OF PROFIT/ (LOSS) IN ASSOCIATED COMPANIES		(151,825)	137,981
PROFIT BEFORE TAXATION		666,116	536,369
PROVISION FOR TAXATION		61,500	53,000
PROFIT AFTER TAXATION		604,616	483,369
EARNINGS PER SHARE- BASIC AND DILUTED (RUPEES)	11	3.78	3.03

The annexed notes form an integral part of these interim financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

**INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE QUARTER ENDED 30 SEPTEMBER 2008 (UN-AUDITED)**

	Note	QUARTER ENDED	
		30 September 2008	30 September 2007
(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	12	1,047,111	850,437
Finance cost paid		(366,001)	(189,126)
Income tax paid		(56,264)	(49,127)
Net decrease/ (increase) in long term loans		1,280	12
Net decrease/ (increase) in long term deposits and prepayments		180	(1)
Net cash generated from operating activities		626,306	612,195
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		10,355	37,835
Dividends received		128,038	110,447
Investments made		(10,105)	(121,901)
Purchase of property, plant and equipment		(858,459)	(233,531)
Net cash used in investing activities		(730,171)	(207,150)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		572,244	-
Proceeds from issue of share to minority shareholders		16,000	-
Repayment of long term financing		(382,398)	(402,606)
Payment of finance lease liabilities		-	(7,691)
Dividend paid		(427)	(64)
Net cash generated from/ (used in) financing activities		205,419	(410,361)
Net increase/ (decrease) in cash and cash equivalents		101,554	(5,316)
Cash and cash equivalents at the beginning of the period		76,136	69,607
Cash and cash equivalents at the end of the period		177,690	64,291

The annexed notes form an integral part of these interim financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 SEPTEMBER 2008 (UN-AUDITED)

(RUPEES IN THOUSAND)

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY										Minority Interest	Total
	Share Capital	CAPITAL RESERVES				REVENUE RESERVES			Total Reserves	Share-holders' Equity		
		Premium on issue of right shares	Fair value reserve	Capital redemption reserve fund	Sub Total	General reserve	Unappropriated profit	Sub Total				
Balance as at 30 June 2007	1,597,857	1,027,622	18,173,948	110,214	19,311,784	7,404,132	1,643,651	9,047,783	28,359,567	29,957,424	-	29,957,424
Fair value adjustment on investments	-	-	(1,275,887)	-	(1,275,887)	-	-	-	(1,275,887)	(1,275,887)	-	(1,275,887)
Share in reserves of associated companies under equity method	-	-	2,024,768	788	2,025,556	-	(6,288)	(6,288)	2,019,268	2,019,268	-	2,019,268
Profit for the period	-	-	-	-	-	-	483,369	483,369	483,369	483,369	-	483,369
Balance as at 30 September 2007	1,597,857	1,027,622	18,922,829	111,002	20,061,453	7,404,132	2,120,732	9,524,864	29,586,317	31,184,174	-	31,184,174
Final dividend for the year ended 30 June 2007 @ Rupees 2.5 per share	-	-	-	-	-	-	(399,464)	(399,464)	(399,464)	(399,464)	-	(399,464)
Transfer to general reserve	-	-	-	-	-	1,244,000	(1,244,000)	-	-	-	-	-
Fair value adjustment on investments	-	-	(5,550,554)	-	(5,550,554)	-	-	-	(5,550,554)	(5,550,554)	-	(5,550,554)
Share in reserves of associated companies under equity method	-	-	(1,070,986)	-	(1,070,986)	431,750	(431,750)	-	(1,070,986)	(1,070,986)	-	(1,070,986)
Minority interest arising on investment in Subsidiary Company	-	-	-	-	-	-	-	-	-	-	160,000	160,000
Profit for the period	-	-	-	-	-	-	5,649,046	5,649,046	5,649,046	5,649,046	-	5,649,046
Balance as at 30 June 2008	1,597,857	1,027,622	12,301,289	111,002	13,439,913	9,079,882	5,694,564	14,774,446	28,214,359	29,812,216	160,000	29,972,216
Fair value adjustment on investments	-	-	(3,974,147)	-	(3,974,147)	-	-	-	(3,974,147)	(3,974,147)	-	(3,974,147)
Share in reserves of associated companies under equity method	-	-	(1,990,234)	-	(1,990,234)	-	-	-	(1,990,234)	(1,990,234)	-	(1,990,234)
Minority interest arising on investment in Subsidiary Company	-	-	-	-	-	-	-	-	-	-	16,000	16,000
Profit for the period	-	-	-	-	-	-	604,616	604,616	604,616	604,616	-	604,616
Balance as at 30 September 2008	1,597,857	1,027,622	6,336,908	111,002	7,475,532	9,079,882	6,299,180	15,379,062	22,854,594	24,452,451	176,000	24,628,451

The annexed notes form an integral part of these interim financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2008

1. THE GROUP AND ITS OPERATIONS

The Group consists of:

Holding Company

- Nishat Mills Limited

Subsidiary Company

- Nishat Power Limited

Nishat Mills Limited

Nishat Mills Limited is a public limited company incorporated in Pakistan under the Companies Act, 1913 (Now Companies Ordinance, 1984) and listed on all Stock Exchanges in Pakistan. Its registered office is situated at 53-A, Lawrence Road, Lahore. The Company is engaged in the business of textile manufacturing and of spinning, combing, weaving, bleaching, dyeing, printing, stitching, buying, selling and otherwise dealing in yarn, linen, cloth and other goods and fabrics made from raw cotton, synthetic fibre and cloth and to generate, accumulate, distribute, supply and sell electricity.

Nishat Power Limited

Nishat Power Limited is an unlisted public limited company incorporated in Pakistan under the Companies Ordinance, 1984. The principal activity of the Company will be to build, own, operate and maintain a fuel fired power station based on Reciprocating Engine Technology having gross capacity of 200 MW ISO in Jamber Kalan, Tehsil Pattoki, District Kasur, Punjab, Pakistan. The expected project commissioning date is 30 September 2009. Its registered office is situated at 53-A, Lawrence Road, Lahore.

2. BASIS OF PREPARATION

These interim condensed consolidated financial statements are unaudited and are being submitted to share holders as required by section 245 of the Companies Ordinance, 1984. These interim financial statements have been prepared in accordance with the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and (IAS) 27 "Consolidated and separate financial statements" as applicable in Pakistan and notified by the Securities and Exchange Commission of Pakistan (SECP).

3. ACCOUNTING POLICIES AND COMPUTATION METHODS

The accounting policies and methods of computations adopted for the preparation of these interim condensed consolidated financial statements are the same as applied by the Parent Company in the preparation of its preceding annual published financial statements for the year ended 30 June 2008 which currently coincide with the Subsidiary Company accounting policies and method of computations.

4. CONSOLIDATION

a) **Subsidiary**

Subsidiaries are those entities in which Holding Company directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors. The financial statements of the Subsidiary Company are included in the consolidated financial statements from the date control commences until the date that control ceases.

The assets and liabilities of Subsidiary Company have been consolidated on a line by line basis and the carrying value of investment held by the Holding Company is eliminated against Holding company's share in paid up capital of the Subsidiary Company.

Intra group balances and transactions have been eliminated.

Minority interests are that part of net results of the operations and of net assets of the Subsidiary Company attributable to interest which are not owned by the Holding Company. Minority interests are presented as a separate item in the consolidated financial statements.

b) Associates

Associates are the entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in these associates are accounted for using the equity method of accounting and are initially recognized at cost. The Group's investment in associate includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its associate's post-acquisition profits or losses is recognized in the profit and loss account, and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Distributions received from an associate reduce the carrying amount of the investment.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Judgements and estimates made by the management in the preparation of these interim condensed consolidated financial statements are the same as those applied to the preceding annual published financial statements of the Parent Company for the year ended 30 June 2008.

	Unaudited 30 September 2008 (Rupees in thousand)	Audited 30 June 2008
6. LONG TERM FINANCING - SECURED		
Financing from banking companies	1,591,421	1,774,019
Term finance certificates	-	199,800
	<u>1,591,421</u>	<u>1,973,819</u>
Less: shown under current liabilities	705,392	926,025
	<u>886,029</u>	<u>1,047,794</u>

7. CONTINGENCIES AND COMMITMENTS

Contingencies

- i) The Nishat Mills Limited is contingently liable for Rupees 61.891 million (30 June 2008: Rupees 61.891 million) on account of central excise duty not acknowledged as debt as the cases are pending before the Court.
- ii) Guarantees of Rupees 347.751 million (30 June 2008: Rupees 347.751 million) have been given by the banks of the Nishat Mills Limited to Sui Northern Gas Pipelines Limited against gas connections, Shell Pakistan Limited against purchase of furnace oil and Director Excise and Taxation, Karachi.

- iii) Post dated cheques have been issued by the Nishat Mills Limited to customs authorities in respect of duties amounting to Rupees 68.881 million (30 June 2008: Rupees 59.163 million) on imported material availed on the basis of consumption and export plans. In the event the documents of exports are not provided on due dates, cheques issued as security shall be encashable.
- iv) Nishat Mills Limited has given performance guarantee of USD 1 million (Pak Rupees 78.150 million) (30 June 2008: Pak Rupees 68.200 million) in favour of Private Power and Infrastructure Board to secure performance of Nishat Power Limited under Implementation Agreement and Power Purchase Agreement.
- v) Irrevocable standby letters of credit of Rupees 1,104.995 million (30 June 2008: Rupees 1,104.995 million) given by Nishat Mills Limited for equity injection and Rupees 147.120 million (30 June 2008: Rupees 147.120 million) for positive cost overrun, in accordance with Project Funds Agreement, in favour of security trustee of syndicated lenders of Nishat Power Limited.
- vi) Irrevocable letter of credit of USD 5,369,650 (Pak Rupees 419.638 million) (30 June 2008: Pak Rupees 366.210 million) given by the Nishat Power Limited in favour of National Transmission and Despatch Company as required under Power Purchase Agreement.
- vii) The Nishat Mills Limited's share in contingencies of associated companies' is Rupees 451.385 million (30 June 2008: 451.385 million).

Commitments

- i) Contracts for capital expenditure of the Group are approximately amounting to Rupees 10,595.954 million (30 June 2008: Rupees 10,895.782 million).
- ii) Letters of credit other than for capital expenditure of Nishat Mills Limited are amounting to Rupees 217.781 million (30 June 2008: Rupees 403.627 million)..

	Unaudited 30 September 2008 (Rupees in thousand)	Audited 30 June 2008
8. PROPERTY, PLANT AND EQUIPMENT		
Operating assets		
- Owned (Note 8.1)	10,378,154	10,449,290
- Leased (Note 8.2)	-	-
Capital work in progress (Note 8.3)	4,628,759	3,953,167
	<u>15,006,913</u>	<u>14,402,457</u>

	Unaudited 30 September 2008 (Rupees in thousand)	Audited 30 June 2008
8.1 OPERATING ASSETS- OWNED		
Opening book value	10,449,290	10,309,611
Add: Cost of additions during the period/ year (Note 8.1.1)	183,044	1,215,063
Add: Transfer during the period/ year (Note 8.1.2)	-	64,174
	10,632,334	11,588,848
Less: Book value of deletions during the period/ year (Note 8.1.3)	9,056	146,195
	10,623,278	11,442,653
Less: Depreciation charged for the period/ year	245,124	993,363
	10,378,154	10,449,290
8.1.1 Cost of additions during the period/ year		
Freehold land	-	88,657
Buildings on freehold land	200	299,004
Plant and machinery	140,917	730,187
Electric installations	1,894	24,377
Factory equipment	12,476	19,362
Furniture, fixtures and office equipment	3,058	14,519
Computer equipment	477	4,448
Vehicles	24,022	34,509
	183,044	1,215,063
8.1.2 Cost of assets transferred from leased assets during the period/ year		
Plant and machinery	-	64,174
	-	64,174
8.1.3 Book value of deletions during the period/ year		
Freehold land	-	249
Buildings on freehold land	-	457
Plant and machinery	675	129,083
Electric installations	17	-
Factory equipment	1,519	911
Furniture, fixtures and office equipment	54	76
Computer equipment	-	121
Vehicles	6,791	15,298
	9,056	146,195

	Unaudited 30 September 2008 (Rupees in thousand)	Audited 30 June 2008
8.2 OPERATING ASSETS- LEASED		
Opening book value	-	71,019
Less: Transfer to operating assets-owned during the period/ year	-	64,174
	-	6,845
Less: Depreciation charged for the period/ year	-	6,845
	-	-
	-	-
8.3 CAPITAL WORK-IN-PROGRESS		
Building on freehold land	204,914	127,950
Plant and machinery	716,234	229,001
Electric installation	3,277	3,848
Letters of credit against plant and machinery	17,248	7,616
Letters of credit and advances against furniture and office equipment	6,021	5,646
Advances against plant and machinery	2,719,840	2,839,426
Advances against vehicles	5,695	5,915
Advances to contractors	388,073	304,329
Unallocated expenditure- Holding company	578	-
Unallocated expenditure (Note 8.3.1)	566,879	429,436
	4,628,759	3,953,167
8.3.1 Unallocated expenditures - Nishat Power Limited - Subsidiary Company		
Salaries and other benefits	12,371	8,312
Insurance	150,770	150,661
Traveling and conveyance	1,894	1,734
Entertainment	183	150
Rent, rates and taxes	812	589
Vehicle running and maintenance	696	440
Printing and stationery	130	109
Postage and telephone	109	77
Fuel and power	45	21
Legal and professional charges	2,400	2,375
Auditor's remuneration	50	50
Consultancy charges	9,304	9,121
Registration fee	40	40
Advertisement expenses	71	71
Fee and subscription	22,298	22,289
Mark-up on long term murabaha	251,482	119,408
Bank charges and financing fee	107,660	107,394
Bank guarantee commission	6,740	6,740
Miscellaneous	1,448	1,149
Depreciation	313	136
Exchange gain on foreign currency bank accounts	(24)	(24)
Profit on saving bank accounts	(1,913)	(1,406)
	566,879	429,436

(Un-Audited)

QUARTER ENDED	
30 September 2008	30 September 2007

(Rupees in thousand)

9. COST OF SALES

Raw materials consumed	1,507,464	1,223,668
Cloth and yarn purchased/ used	1,667,023	1,254,973
Processing charges	15,899	35,990
Salaries, wages and other benefits	337,294	291,125
Staff retirement benefits	10,593	9,271
Stores, spare parts and loose tools	445,457	352,109
Packing materials	110,112	104,310
Repair and maintenance	28,324	19,600
Fuel and power	522,196	324,657
Insurance	6,254	5,607
Other factory overheads	45,994	34,021
Depreciation	232,652	231,943
	4,929,262	3,887,274
Work-in-process		
Opening stock	1,157,415	942,753
Closing stock	(1,566,684)	(1,135,350)
	(409,269)	(192,597)
Cost of goods manufactured	4,519,993	3,694,677
Finished goods		
Opening stock	1,145,407	898,896
Closing stock	(1,124,756)	(1,108,073)
	20,651	(209,177)
	4,540,644	3,485,500

10. OTHER OPERATING EXPENSES

Workers' profit participation fund	44,075	21,548
Workers' welfare fund	16,693	8,130
Provision for doubtful debts	27,000	-
Amortization of deferred cost	-	158
Donation (Note 10.1)	1,500	76
	89,268	29,912

10.1 There is no interest of any director or his spouse in donee's fund.

11. EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share.

(Un-Audited)

QUARTER ENDED	
30 September 2008	30 September 2007

(Rupees in thousand)

12. CASH GENERATED FROM OPERATIONS

Profit before taxation	666,116	536,369
Adjustments for non-cash charges and other items:		
Depreciation	244,947	245,653
Provision for doubtful debts	27,000	-
(Gain) / loss on sale of property, plant and equipment	(1,299)	10,382
Dividend income	(128,038)	(110,447)
Share of (profit) / loss from associated companies	151,825	(137,981)
Amortization of deferred cost	-	158
Finance cost	317,200	177,345
Working capital changes (Note 12.1)	(230,640)	128,958
	1,047,111	850,437

12.1 Working capital changes

(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(150,556)	(43,431)
Stock-in-trade	352,148	135,777
Trade debts	(1,090,660)	(259,128)
Loans and advances	(58,584)	(34,502)
Short term deposits and prepayments	(30,858)	(24,496)
Other receivables	41,675	(6,794)
	(936,835)	(232,574)
Increase / (decrease) in current liabilities		
Trade and other payables	337,232	302,315
Short term borrowings	368,963	59,217
	706,195	361,532
	(230,640)	128,958

13. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, other related companies and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

(Un-Audited)		
QUARTER ENDED		
	30 September 2008	30 September 2007
(Rupees in thousand)		
Associated companies		
Purchase of goods and services	14,433	41,792
Sale of goods and services	151,578	24,852
Purchase of vehicle	670	-
Sale of property, plant and equipment	300	-
Sale of vehicle	1,383	-
Dividend income	-	13,634
Insurance premium paid	17,261	16,290
Insurance claims received	243	680
Other related parties		
Dividend income	127,688	95,563
Group's contribution to provident fund trust	13,932	11,880
Remuneration paid to Chief Executive Officer, Directors and Executives of the Holding Company	20,641	11,399
Profit on saving account	1	-

14. AUTHORIZED FOR ISSUE

These interim condensed consolidated financial statements were approved by the Board of Directors and authorized for issue on 25 October, 2008.

15. CORRESPONDING FIGURES

15.1 Comparative figures have been re-arranged, wherever, necessary for the purpose of comparison.

15.2 Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER