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## COMPANY INFORMATION

### BOARD OF DIRECTORS:

Mrs. Naz Mansha	Chief Executive / Chairperson
Mian Raza Mansha	
Mian Hassan Mansha	
Mr. Muhammad Nawaz Tishna (NIT)	
Mr. Faisal Ehsan Ellahi	
Mr. Khalid Qadeer Qureshi	Chief Financial Officer
Mr. Muhammad Azam	
Rana Muhammad Mushtaq	

### AUDIT COMMITTEE:

Mr. Faisal Ehsan Ellahi	Chairman / Member
Mian Hassan Mansha	Member
Mr. Muhammad Azam	Member

### 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:

ABN AMRO Bank	KASB Bank Limited
Albaraka Islamic Bank B.S.C (E.C)	Meezan Bank Limited
Allied Bank of Pakistan Limited	National Bank of Pakistan
Askari Commercial Bank Limited	NDLC-IFIC Bank Limited
Bank Alfalah Limited	PICIC Commercial Bank Limited
Citibank N.A.	Standard Chartered Grindlays
Crescent Commercial Bank Limited	The Hong Kong & Shanghai
Deutsche Bank	Banking Corporation Limited
Faysal Bank Limited	Union Bank Limited
Habib Bank Limited	United Bank Limited
Habib Bank A.G. Zurich	

### MILLS:

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

### REGISTERED OFFICE & SHARES DEPARTMENT:

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

### HEAD OFFICE:

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

### LIAISON OFFICE:

Ist Floor, Karachi Chambers,  
Hasrat Mohani Road, Karachi.  
Tel: 021-2414721-23  
Fax: 021-2412936

## DIRECTORS' REPORT

### Operating Results

We are pleased to present Un-Audited Financial statements for the nine months ended March 31, 2006. The company has earned an after tax profit of Rs 1,132.552 million as compared to Rs 1,522.783 million in the corresponding period ending March 31, 2005, resulting in net decrease of 25.63%. This decrease in profitability is mainly due to decrease in other income by Rs. 296.931 million (2006: Rs 528.284 million, 2005: Rs 825.215 million). The other income of Rs. 825.215 million in the corresponding period includes mainly the gain of Rs. 573.432 million on sale of shares of MCB Bank Limited, Umer Fabrics Limited and Nishat Chunian Limited. Moreover, finance cost increased by Rs 167.282 million (2006: Rs 546.915 million, 2005: Rs 379.633 million). However, selling, admin and general expenses decreased by Rs. 39.638 million (2006: Rs 686.530 million, 2005: Rs 726.168 million).

During the period under review, the operating results of the company were as follows:

Financial Highlights	Nine months ended Mar 31		(Inc.) / Dec.
	2006	2005	%age
Net Sales ('000' Rs)	12,321,682	11,574,016	6.46
Gross Profit ('000' Rs)	2,060,923	1,997,762	3.16
Pre-tax Profit ('000' Rs)	1,303,552	1,652,499	(21.12)
After Tax Profit ('000' Rs)	1,132,552	1,522,783	(25.63)
Gross Profit (%)	16.73	17.26	
After Tax Profit (%)	9.19	13.16	
Earning Per Share (Rs)	7.80	10.48	

### Market Review & Future Prospects

#### Spinning

In the 3rd quarter of 2005-06, cotton prices fluctuated between Rs. 2,350/maund to Rs. 2,500/maund. One of the reasons for this consistency is low buying pressure from spinners as many of them were already covered more than half of their needs.

Yarn	Nine months ended Mar 31		Variance	
	2006	2005	Total	%age
Sales - '000' Kgs	20,910	20,935	(25)	(0.12)
Rate / Kg	141.37	145.50	(4.13)	(2.84)
Sales - '000' Rs.	2,956,043	3,046,059	(90,016)	(2.96)

In the beginning of this quarter, demand for cotton yarn started rising until mid February and afterwards it started declining, especially in Far East. Local market also followed the same trend. European markets also showed decreasing trend in 100% cotton yarn due to factors like low price of Chinese finished goods. However, Nishat's major markets for cotton yarn remained Far East and some areas of North America during this quarter.

#### Weaving

Business volumes were good with stable trends. Local and foreign dyeing houses continued buying greige quantities and eventually made fabric prices to rise and yarn prices to stay stable on high side until the end of 2nd month of this quarter.

Export markets being the foremost focus resulted in new prospective customers. Development in technical fabrics is paving more ways for penetration into technically sophisticated markets and German market being the core of technical fabrics remained the focus in this matter. Canada is another market where business prospects were successfully explored.

Grey Cloth	Nine months ended Mar 31		Variance	
	2006	2005	Total	%age
Sales - '000' Mtrs	41,248	43,285	(2,037)	(4.71)
Rate / Mtr	80.38	73.29	7.09	9.67
Sales - '000' Rs.	3,315,362	3,172,364	142,998	4.51

A new shed of Air-jet looms is being installed at Bhikki and will be completed in two months time. Subsequently, another 42 new wider width looms addition is in plan at NDF weaving section that will be in production by June 2006.

#### Printing, Dyeing and Stitching

During the past three quarters in Home Textiles division, Nishat Mills Limited Faisalabad has maintained a steady growth along with maintaining strategic alliance with key customers.

Made-ups	Nine months ended Mar 31		Variance	
	2006	2005	Total	%age
Sales - '000' Mtrs	17,800	14,579	3,221	22.09
Rate / Mtr	133.67	133.97	(0.30)	(0.22)
Sales - '000' Rs.	2,379,252	1,953,221	426,031	21.81

Processed Cloth	Nine months ended Mar 31		Variance	
	2006	2005	Total	%age
Sales - '000' Mtrs	2,977	6,206	(3,229)	(52.03)
Rate / Mtr	95.84	106.93	(11.09)	(10.37)
Sales - '000' Rs.	285,313	663,614	(378,301)	(57.01)

Sales to US market have increased as numerous new developments have been continuously introduced. Further, we also have successfully executed some new programs including designer bedding, furnisher covers and an innovative table linen program. In Europe, besides consolidating existing business, we are in process of making inroads into major retail chains and manufacturers as well. Australia has shown some revival after a drop in printed trends in the market during the last couple of years.

Wider width dyeing plant is expected to commence commercial production in the beginning of next financial year and we hope to add some fresh vital names in our client portfolio resulting in higher sales and an elevation of Nishat's status as a major Home Textile producer in the world.

#### Nishat Dyeing & Finishing (NDF)

Nishat dyeing and finishing made good achievements in the current financial year. Beside improving product mix, sale of high-end products was made to new and existing buyers.

Processed Cloth	Nine months ended Mar 31		Variance	
	2006	2005	Total	%age
Sales - '000' Mtrs	25,130	20,634	4,496	21.79
Rate / Mtr	118.59	115.80	2.79	2.41
Sales - '000' Rs.	2,980,308	2,389,396	590,912	24.73

Starting next financial year, Nishat Dyeing & Finishing is looking forward to an increase in its dyeing & finishing capacities by 30% and that will be in operation by July 2006. This increased capacity will further help keeping our costs lower and will add value to our existing product line.

New customers and markets are explored simultaneously. We remain committed to provide better quality and value for money to our customers.

#### **Acknowledgement**

The Board is pleased about the efforts of the management, staff and workers leading to a sound base, expanded business and higher profits.

For and on behalf of the Board

#### **Chief Executive / Chairperson**

Lahore:

April 26, 2006.

**BALANCE SHEET**  
AS AT 31 MARCH 2006 (UN-AUDITED)

	Note	(RUPEES IN THOUSAND)	
		31 March 2006	30 June 2005
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital 178,470,000 (30 June 2005: 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	4	1,452,597	1,452,597
Reserves		<u>17,120,114</u>	<u>11,353,517</u>
		<b>18,572,711</b>	12,806,114
<b>NON-CURRENT LIABILITIES</b>			
Long term finances	5	3,158,076	2,796,512
Liabilities against assets subject to finance lease		40,501	61,643
		<b>3,198,577</b>	2,858,155
<b>CURRENT LIABILITIES</b>			
Trade and other payables		996,158	812,216
Accrued markup		130,997	88,449
Short term finances		4,744,023	4,284,815
Current portion of long term liabilities		1,126,946	711,164
Provision for taxation		527,689	356,689
		<b>7,525,813</b>	6,253,333
<b>CONTINGENCIES AND COMMITMENTS</b>	6	-	-
		<u>29,297,101</u>	<u>21,917,602</u>

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

**CHIEF EXECUTIVE OFFICER**

		(RUPEES IN THOUSAND)	
	Note	31 March 2006	30 June 2005
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	10,151,849	9,151,096
Long term investments		8,557,578	4,998,177
Long term loans		7,936	4,890
Long term deposits, prepayments and deferred cost		11,607	12,022
		<b>18,728,970</b>	14,166,185
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		469,997	424,827
Stock-in-trade		3,687,109	2,897,392
Trade debts		912,527	877,358
Short term Investments		4,143,008	2,173,530
Loans and advances		841,052	429,533
Short term deposits and prepayments		50,960	39,180
Other receivables		371,300	388,598
Cash and bank balances		92,178	520,999
		<b>10,568,131</b>	7,751,417
		<b>29,297,101</b>	21,917,602

**DIRECTOR**

**PROFIT AND LOSS ACCOUNT**  
**FOR THE PERIOD ENDED 31 MARCH 2006**  
**(UN-AUDITED)**

(RUPEES IN THOUSAND)					
	Note	Jul-05 to Mar-06	Jul-04 to Mar-05	Jan-06 to Mar-06	Jan-05 to Mar-05
SALES		12,321,682	11,574,016	4,224,558	4,073,190
COST OF GOODS SOLD	8	10,260,759	9,576,254	3,574,451	3,292,165
<b>GROSS PROFIT</b>		<b>2,060,923</b>	1,997,762	<b>650,107</b>	781,025
DISTRIBUTION AND SELLING COST		478,835	542,301	205,570	203,092
ADMINISTRATIVE AND GENERAL EXPENSES		207,695	183,867	69,762	65,297
		686,530	726,168	275,332	268,389
<b>OPERATING PROFIT</b>		<b>1,374,393</b>	1,271,594	<b>374,775</b>	512,636
OTHER INCOME		175,073	825,215	18,682	103,024
SHARE OF PROFIT IN ASSOCIATED COMPANIES		353,211	-	196,452	-
		528,284	825,215	215,134	103,024
		1,902,677	2,096,809	589,909	615,660
FINANCE COST		546,915	379,633	208,038	152,983
WORKERS' PROFIT PARTICIPATION FUND	9	52,210	64,677	5,775	1,952
		599,125	444,310	213,813	154,935
<b>PROFIT BEFORE TAXATION</b>		<b>1,303,552</b>	1,652,499	<b>376,096</b>	460,725
PROVISION FOR TAXATION		171,000	129,716	55,000	44,116
<b>PROFIT AFTER TAXATION</b>		<b>1,132,552</b>	1,522,783	<b>321,096</b>	416,609
<b>EARNINGS PER SHARE-BASIC (RUPEES)</b>		<b>7.80</b>	10.48	<b>2.21</b>	2.87

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

**CHIEF EXECUTIVE OFFICER**

**DIRECTOR**

**CASH FLOW STATEMENT**  
**FOR THE PERIOD ENDED 31 MARCH 2006**  
**(UN-AUDITED)**

	<b>(RUPEES IN THOUSAND)</b>	
	<b>31 March 2006</b>	<b>31 March 2005</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	<b>1,303,552</b>	1,652,499
Adjustments for non cash charges and other items.		
Depreciation	<b>599,889</b>	597,876
Gain on disposal of fixed assets	<b>(13,430)</b>	(64,463)
Gain on sale of investment	<b>(48,824)</b>	(573,432)
Share of profit in associated companies	<b>(353,211)</b>	
Amortization of deferred cost	<b>1,024</b>	39,248
Finance cost	<b>546,915</b>	379,633
	<hr/>	<hr/>
<b>CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES</b>	<b>2,035,915</b>	2,031,361
<b>CASH FLOWS FROM WORKING CAPITAL CHANGES</b>		
<b>(Increase) / decrease in current assets</b>		
Stores, spare parts and loose tools	<b>(45,170)</b>	(49,171)
Stock-in-trade	<b>(789,717)</b>	(92,343)
Trade debts	<b>(35,169)</b>	(305,791)
Loans and advances	<b>(265,394)</b>	169,610
Short term deposits and prepayments	<b>(13,884)</b>	37
Other receivables	<b>17,298</b>	133,011
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	<b>178,721</b>	88,263
Short term finances	<b>459,208</b>	(1,663,198)
	<hr/>	<hr/>
<b>NET CASH USED IN WORKING CAPITAL CHANGES</b>	<b>(494,107)</b>	(1,719,582)
<b>CASH GENERATED FROM OPERATING ACTIVITIES</b>		
Finance cost paid	<b>(504,367)</b>	(390,386)
Income tax paid	<b>(147,445)</b>	(97,872)
	<hr/>	<hr/>
<b>NET CASH GENERATED FROM/ (USED IN) OPERATING ACTIVITIES</b>	<b>889,996</b>	(176,479)

**(RUPEES IN THOUSAND)****31 March 2006**      **31 March 2005****CASH FLOWS FROM INVESTING ACTIVITIES**

Long term loans	<b>(1,726)</b>	(7,203)
Long term deposits, prepayments and deferred cost	<b>1,495</b>	(16,158)
Proceeds from disposal of operating fixed assets	<b>34,905</b>	204,892
Proceeds from sale of investment	<b>54,593</b>	842,746
Investment made	<b>(271,095)</b>	(83,744)
Dividend from associated companies	<b>86,852</b>	-
Fixed capital expenditure	<b>(1,622,117)</b>	(1,293,362)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(1,717,093)</b>	(352,829)

**CASH FLOWS FROM FINANCING ACTIVITIES**

Long term finances	<b>1,400,000</b>	1,000,000
Repayment of long term finances	<b>(608,920)</b>	(676,322)
Repayment of finance lease liabilities	<b>(34,876)</b>	(33,738)
Dividend paid	<b>(357,928)</b>	(242,241)

**NET CASH GENERATED FROM FINANCING ACTIVITIES****398,276**      47,699**NET DECREASE IN CASH AND CASH EQUIVALENTS****(428,821)**      (481,609)**CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD****520,999**      518,084**CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD****92,178**      36,475

CHIEF EXECUTIVE OFFICER

DIRECTOR

**STATEMENT OF CHANGES IN EQUITY**  
FOR THE PERIOD ENDED 31 MARCH 2006 (UN-AUDITED)

(RUPEES IN THOUSAND)

	Share capital	Premium on issue of right shares	Fair value reserve	Hedging reserve	Capital redemption reserve fund	General reserve	Unappropriated profit	Shareholders' equity
Balance as at 01 July 2004	1,224,788	1,027,622	1,884,788	-	-	3,312,518	451,336	7,901,052
Effect of scheme of arrangement for merger with Umer Fabrics Limited as approved by honourable High Court, Lahore	227,809	-	675,150	-	-	500,510	2,377	1,405,846
Fair value gain adjusted on sale of investment	-	-	(438,727)	-	-	-	-	(438,727)
Fair value gain for the period	-	-	1,198,247	-	-	-	-	1,198,247
Dividend @ Rupees 2 per share	-	-	-	-	-	-	(244,958)	(244,958)
Net profit for the period	-	-	-	-	-	-	1,522,783	1,522,783
Balance as at 31 March 2005	1,452,597	1,027,622	3,319,458	-	-	3,813,028	1,731,538	11,344,243
Fair value gain for the period	-	-	294,702	-	-	-	-	294,702
Profit for the period	-	-	-	-	-	-	282,413	282,413
Transfer to general reserve	-	-	-	-	-	1,142,000	(1,142,000)	-
Balance as at 30 June 2005	1,452,597	1,027,622	3,614,160	-	-	4,955,028	871,951	11,921,358
Effect of change in accounting policy regarding investment in associated companies (Note 3.1)	-	490,264	(335,587)	(93,649)	61,418	674,104	88,206	884,756
Adjusted balance as at 30 June 2005	1,452,597	1,517,886	3,278,573	(93,649)	61,418	5,629,132	960,157	12,806,114
Dividend @ Rupees 2.50 per share	-	-	-	-	-	-	(363,149)	(363,149)
Fair value gain adjusted on sale of investment	-	-	(40,640)	-	-	-	-	(40,640)
Fair value gain for the period	-	-	3,603,388	-	-	-	-	3,603,388
Share of increase in reserves of associated companies under equity method	-	-	1,386,325	48,121	13,942	-	(13,942)	1,434,446
Net profit for the period	-	-	-	-	-	-	1,132,552	1,132,552
Balance as at 31 March 2006	1,452,597	1,517,886	8,227,646	(45,528)	75,360	5,629,132	1,715,618	18,572,711

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

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**CHIEF EXECUTIVE OFFICER**

**DIRECTOR**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2006  
(UN-AUDITED)**

**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 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 other wise dealing in yarn, linen, cloth and other goods and fabrics made from raw cotton, synthetic fibre and cloth and to generate, accumulate, distribute and supply electricity.

**2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

These financial statements are unaudited and are being submitted to share holders as required u/s 245 of Companies Ordinance, 1984. These have been prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting" as applicable in Pakistan and notified by 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 financial statements are the same as applied in the preparation of the preceding annual published financial statements of the company for the period ended 30 June 2005 except for the changes disclosed in Note 3.1, 3.2 and 3.3.

**3.1 LONG TERM INVESTMENT- ASSOCIATED COMPANIES**

In the previous years/ periods, long term investments in associated companies were carried as "available-for-sale" which were measured at fair value and changes in carrying values were recognised in equity until investment was sold or determined to be impaired at which time the cumulative gain or loss previously recognised in equity was included in profit and loss account for the year/ period.

However, in accordance with the change in International Accounting Standard (IAS) 28 "Investments in Associates", the company has changed its policy to measure such investments using the equity method.

The change in accounting policy has been applied retrospectively in accordance with the treatment specified in IAS-8 "Accounting Policies, Changes in Accounting Estimates and Errors". Had this policy not been changed, the profit for the nine months would have been lower by Rupees 266.359 million, share holders' equity would have been higher by Rupees 2,942.690 million and investment in associated companies would have been higher by Rupees 2,942.690 million. Share of profit in associated companies accounted for by the company in these financial statements has been taken up to 31 December 2005 based on the latest available financial statements of associated companies.

**3.2 OPERATING FIXED ASSETS AND DEPRECIATION**

In the previous years/ periods, no depreciation was charged on assets deleted during the year while full year's depreciation was charged on additions except major additions or extensions to production facilities, which were depreciated on pro-rata basis for the period of use during the year. However, as required by IAS-16 "Property, Plant and Equipment", the Company has revised its accounting estimate and now depreciation on additions is charged from the date when the asset is available for use and on deletions upto the date when the asset is deleted.

Had there been no change in this estimate, the profit for the period and the written down value of operating fixed assets as at 31 March 2006 would have been lower by Rupees 8.62 million.

### 3.3 ASSETS SUBJECT TO FINANCE LEASE

In accordance with the revision in accounting estimate disclosed in Note 3.2, the Company has also revised its accounting estimate in respect of charging of depreciation on assets subject to finance lease. Accordingly, depreciation on additions to assets subject to finance lease is also charged from the date when the asset is available for use and on deletions upto the date when the asset is deleted from assets subject to finance lease.

This change in accounting estimate has no impact on the amounts reported for the current and previous periods as depreciation was charged on pro-rata basis for the period of actual use.

	(RUPEES IN THOUSAND)	
	31 March 2006	30 June 2005
<b>4. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL</b>		
67 762 264 (30 June 2005: 67 762 264) ordinary shares of Rupees 10 each fully paid up in cash (Note 4.1)	<b>677,623</b>	677,623
37 252 280 (30 June 2005: 37 252 280) fully paid ordinary shares of Rupees 10 each issued for consideration other than cash	<b>372,522</b>	372,522
40 245 199 (30 June 2005: 40 245 199) ordinary shares of Rupees 10 each issued as fully paid bonus shares	<b>402,452</b>	402,452
	<b>1,452,597</b>	1,452,597

- 4.1 19,094,024 (30 June 2005: 18,324,901) shares of the company are held by the associated undertakings.

### 5. LONG TERM FINANCES

Opening balance	<b>3,466,155</b>	3,392,278
Add: Disbursement during the period	<b>1,400,000</b>	700,000
	<b>4,866,155</b>	4,092,278
Less: Repayment during the period	<b>608,920</b>	626,123
	<b>4,257,235</b>	3,466,155
Less: Current portion shown under current liabilities	<b>1,099,159</b>	669,643
	<b>3,158,076</b>	2,796,512

### 6. CONTINGENCIES AND COMMITMENTS

#### Contingencies

- The company is contingently liable for Rupees 61.891 million (30 June 2005: Rupees 61.891 million) on account of central excise duty not acknowledged as debt as the cases are pending before court.
- Guarantees of Rupees 267.586 million (30 June 2005: Rupees 235.051 million) have been given by the banks of the Company to Sui Northern Gas Pipelines Company Limited against gas connections, Shell Pakistan Limited against purchase of furnace oil and collector of customs.

- Company's share in contingencies of associated companies is Rupees 214.831 million (30 June 2005: Rupees 208.239 million).

#### Commitments

- Contracts for capital expenditure are approximately amounting to Rupees 383.600 million (30 June 2005: Rupees 664.662 million).
- Letters of credit other than for capital expenditure are amounting to Rupees 201.958 million (June 2005: Rupees 77.875 million).

	<b>(RUPEES IN THOUSAND)</b>	
	<b>31 March 2006</b>	30 June 2005
<b>7. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating fixed assets (Note 7.1)	<b>8,210,625</b>	7,926,838
Assets subject to finance lease (Note 7.2)	<b>80,543</b>	160,070
Capital work-in-progress	<b>1,860,681</b>	1,064,188
	<b>10,151,849</b>	9,151,096
<b>7.1 OPERATING FIXED ASSETS</b>		
Opening written down value	<b>7,926,838</b>	7,631,620
Add: Cost of additions during the period/ year (Note 7.1.1)	<b>898,620</b>	1,100,896
	<b>8,825,458</b>	8,732,516
Less: Written down value of deletions during the period/ year (Note 7.1.2)	<b>21,475</b>	211,368
	<b>8,803,983</b>	8,521,148
Less: Depreciation charged for the period/ year	<b>593,358</b>	594,310
	<b>8,210,625</b>	7,926,838
<b>7.1.1 Cost of additions during the period/ year</b>		
Freehold land	<b>140,705</b>	37,001
Buildings on freehold land	<b>140,186</b>	49,490
Plant and machinery	<b>518,471</b>	956,644
Electric installations	<b>26,327</b>	8,120
Factory equipments	<b>11,451</b>	5,758
Furniture, fixture and office equipments	<b>17,820</b>	12,332
Vehicles	<b>43,660</b>	31,551
	<b>898,620</b>	1,100,896

	(RUPEES IN THOUSAND)	
	31 March 2006	30 June 2005
<b>7.1.2 Written down value of deletions during the period/ year</b>		
Freehold land	-	4,600
Plant and machinery	15,148	194,538
Electric installations	152	-
Furniture, fixture and office equipments	1	21
Factory equipments	33	-
Vehicles	6,141	12,209
	<b>21,475</b>	<b>211,368</b>
	<b>21,475</b>	<b>211,368</b>
<b>7.2 ASSETS SUBJECT TO FINANCE LEASE</b>		
Opening book value	160,070	118,428
Add: Cost of addition to machinery during the period/ year	-	87,098
	<b>160,070</b>	<b>205,526</b>
Less: Written down value of machinery during the period/ year	72,996	39,514
	<b>87,074</b>	<b>166,012</b>
Less: Depreciation during the period/ year	6,531	5,942
	<b>80,543</b>	<b>160,070</b>
	<b>80,543</b>	<b>160,070</b>

	(RUPEES IN THOUSAND)			
	Jul-05 to Mar-06	Jul-04 to Mar-05	Jan-06 to Mar-06	Jan-05 to Mar-05
<b>8. COST OF GOODS SOLD</b>				
Raw material consumed	3,280,732	3,337,545	1,084,249	1,016,614
Cloth and yarn consumed	3,351,787	2,791,629	1,131,578	977,562
Processing charges	158,234	26,616	75,881	19,540
Salaries, wages and other benefits	740,247	641,991	254,078	231,405
Staff retirement benefits	21,693	19,369	7,304	6,823
Stores, spare parts and loose tools	912,049	815,738	302,110	287,146
Packing material consumed	255,259	204,638	95,918	71,539
Repair and maintenance	115,090	83,805	54,730	30,876
Fuel and power	802,991	704,232	280,501	233,568
Insurance	15,509	14,657	5,104	5,299
Other factory overheads	121,148	103,413	44,716	40,214
Depreciation and amortization	574,599	577,019	196,678	189,593
	<b>10,349,338</b>	9,320,652	<b>3,532,847</b>	3,110,179
<b>Work-in-process:</b>				
Opening stock	877,560	856,299	928,342	837,036
Closing stock	(836,878)	(737,231)	(836,878)	(737,231)
	<b>40,682</b>	119,068	<b>91,464</b>	99,805
Cost of goods manufactured	<b>10,390,020</b>	9,439,720	<b>3,624,311</b>	3,209,984
<b>Finished goods:</b>				
Opening stock	826,365	1,037,071	905,766	982,718
Closing stock	(955,626)	(900,537)	(955,626)	(900,537)
	<b>(129,261)</b>	136,534	<b>(49,860)</b>	82,181
	<b>10,260,759</b>	9,576,254	<b>3,574,451</b>	3,292,165
	<b>10,260,759</b>	9,576,254	<b>3,574,451</b>	3,292,165

## 9. WORKERS' PROFIT PARTICIPATION FUND

- i) No provision for Workers' Profit Participation Fund has been made against profit on sale of equity investment amounting to Rupees 48.824 million in the light of an opinion given by the legal adviser.
- ii) Provision for Workers' Profit Participation Fund on share of profit in associated companies has been made to the extent of dividend income received from these associated companies.

## 10. EARNINGS PER SHARE

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

	(RUPEES IN THOUSAND)			
	Jul-05 to Mar-06	Jul-04 to Mar-05	Jan-06 to Mar-06	Jan-05 to Mar-05
<b>11. TRANSACTIONS WITH RELATED PARTIES</b>				
Purchase of goods and services	<b>85,362</b>	71,474	<b>32,738</b>	18,419
Sale of goods and services	<b>39,723</b>	55,449	<b>25,691</b>	15,678
Sale of operating fixed assets	-	347	-	-
Dividend received	<b>158,258</b>	142,059	-	-
Dividend paid	<b>47,735</b>	25,570	-	-
Company's contribution to provident fund trust	<b>28,736</b>	25,035	<b>9,673</b>	8,844
Remuneration paid to Chief Executive Officer, Directors and Executives	<b>26,080</b>	22,280	<b>9,683</b>	8,080

- 11.1 The company purchased from and sold to related parties goods, material and services at an arm's length price determined in accordance with comparable uncontrolled price method.

## 12. AUTHORIZATION FOR ISSUE

These financial statements were approved by Board of Directors and authorized for issue on April 26, 2006.

## 13. FIGURES

- i) No significant re-arrangement/ re-classification of comparative figures has been made in the financial statements except in respect of long term investments in associated companies due to change in accounting policy as referred to in Note 3.1.
- ii) Figures have been rounded off to nearest thousand rupees.

CHIEF EXECUTIVE OFFICER

DIRECTOR