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COMPANY INFORMATION

BOARD OF DIRECTORS:

Mrs. Naz Mansha
Mian Raza Mansha
Mian Hassan Mansha
Mr. Muhammad Nawaz Tishna (NIT)
Mr. Faisal Ehsan Ellahi
Mr. Khalid Qadeer Qureshi
Mr. Muhammad Azam
Rana Muhammad Mushtaq

Chief Executive / Chairperson

Chief Financial Officer

AUDIT COMMITTEE:

Mr. Faisal Ehsan Ellahi
Mian Hassan Mansha
Mr. Muhammad Azam

Chairman / Member
Member
Member

COMPANY SECRETARY:

Mr. Khalid Mahmood Chohan

AUDITORS:

Riaz Ahmad & Company

Chartered Accountants

LEGAL ADVISOR:

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

BANKERS TO THE COMPANY:

ABN AMRO Bank
Albaraka Islamic Bank B.S.C (E.C)
Allied Bank of Pakistan Limited
American Express Bank
Askari Commercial Bank Limited
Bank Alfalah Limited
Citibank N.A.
Crescent Commercial Bank Limited
Deutsche Bank
Faysal Bank Limited
Habib Bank Limited
Habib Bank A.G. Zurich

KASB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
NDLC-IFIC Bank Limited
PICIC Commercial Bank Limited
Standard Chartered Grindlays
The Bank of Punjab
The Hong Kong & Shanghai
Banking Corporation Limited
Union Bank Limited
United Bank Limited

MILLS:

Nishatabad, Faisalabad

12 K.M. Faisalabad Road,
Sheikhupura.

21 K.M. Ferozepur Road, Lahore.

5 K.M. Nishat Avenue
Off 22 K.M. Ferozepur
Road, Lahore.

20 K.M. Sheikhupura
Faisalabad Road, Ferozewatwan

(Spinning, Processing,
Stitching units & Power Plant)

(Weaving units & Power Plant)

(Stitching unit)

(Weaving, Dyeing & Finishing Unit
and Power Plant)

(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:

1st Floor, Karachi Chambers,
Hasrat Mohani Road, Karachi.
Tel: 021-2414721-23
Fax: 021-2412936

DIRECTORS' REPORT

Operating Results

We are pleased to present financial statements for the half year ended December 31, 2005 duly reviewed by the auditors. The company has earned an after tax profit of Rs 811.456 million during the six months under review. The gross profit has increased to Rs. 1,411 million as compared to gross profit of Rs. 1,217 million, thus showing an increase of 15.95%. Other income decreased by Rs. 565.800 million resulting from gain on sale of shares in comparative half year. There is an increase of 49.52 % (Rs. 112.227 million) in finance cost and decrease of 10.18 % (Rs. 46.581 million) in selling, admin and general expenses.

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

Financial Highlights	Half year ended December 31	
	2005	2004
Net Sales ('000' Rs)	8,097,124	7,500,826
Gross Profit ('000' Rs)	1,410,816	1,216,737
Pre-tax Profit ('000' Rs)	927,456	1,191,774
After Tax Profit ('000' Rs)	811,456	1,106,174
Gross Profit (%)	17.42	16.22
After Tax Profit (%)	10.02	14.75
Earning Per Share (Rs)	5.59	7.62

Auditor's Qualification

The company has not made provision for Workers' Participation Fund to the extent of Rs. 2.441 million against gain on sale of shares. Due to above non-provision, the auditors have qualified their opinion. We are of the view that gain on sale of share does not qualify for such provision as no efforts of workers are involved in such gain. The same has also been confirmed by legal advisor.

Market Review & Future Prospects

Spinning

In the first half of fiscal year 2005-2006, local cotton prices remained between Rs. 2,100/maund to Rs. 2,400/maund as most of the spinners covered up to September and they started buying in the beginning of the season. Because of this factor, the market rose in end September and by the end of October things began to settle down. Now, all the eyes are focused on new crop and it is expected to have production between 14 to 15 million bales this year. In Nishat, we have started buying new crop for whole next year.

Yarn	Half year ended December 31		Variance	
	2005	2004	Total	%age
Sales - '000' Kgs	14,028	14,050	(22)	(0.16)
Rate / Kg	142.43	147.98	(5.55)	(3.75)
Sales - '000' Rs.	1,997,985	2,079,140	(81,155)	(3.90)

Demand for cotton yarn from all over the world remained under pressure but no major change in prices was observed. In Far East especially, demand for Combed counts superseded the requirements of coarser counts. European markets showed decreasing trend in 100% cotton yarn due to factors like low price of Chinese finished goods. Due to Euro Dollar parity, many knitters and weavers around the region were forced to close down. However, Nishat's major markets for cotton yarn remained Far East and some areas of North America during the period under review.

Weaving

Markets behaved relatively normal between the 1st half of the year. Fabric prices went higher with increase in raw material prices, especially the fine cotton counts. Oil and gas prices rose causing a raise in the costs of production.

Export and local greige sales improved in this period. Nishat weaving started business in Morocco, France and Malaysia. In Europe, the weaving section expanded its business in the industrial fabrics especially Germany and United Kingdom. In German market, Nishat strike the prospects of starting technical fabric business. Canada is another market where business prospects were successfully explored.

Grey Cloth	Half year ended December 31		Variance	
	2005	2004	Total	%age
Sales - '000' Mtrs	26,662	27,515	(853)	(3.10)
Rate / Mtr	79.47	71.76	7.71	10.74
Sales - '000' Rs.	2,118,775	1,974,606	144,169	7.30

New shed of 30 wider width looms went into full swing and its products were exported to Italy, Mexico and Brazil. Another batch of 42 looms is expected to be added to this unit by the end of May 2006. The main focus of this unit is to cater for the in house greige requirements of home furnishing division.

Printing, Dyeing and Stitching

Nishat's home textile division is determined to play an increasingly significant role in the post-quota textile marketplace. Capacity expansion, product diversification and development of higher-value-added products have been the major areas of investments during the six months under review.

Made-ups	Half year ended December 31		Variance	
	2005	2004	Total	%age
Sales - '000' Mtrs	11,488	9,012	2,476	27.47
Rate / Mtr	131.36	132.43	(1.07)	(0.81)
Sales - '000' Rs.	1,509,017	1,193,398	315,619	26.45

Processed Cloth	Half year ended December 31		Variance	
	2005	2004	Total	%age
Sales - '000' Mtrs	2,109	4,390	(2,281)	(51.96)
Rate / Mtr	96.01	103.17	(7.16)	(6.94)
Sales - '000' Rs.	202,492	452,897	(250,405)	(55.29)

To sustain overall export growth we have outlined a strategy that promotes the division's core product categories, which include European bedding and curtains, high value sheet sets and basic curtain drapery for the USA market. Besides the above, we are also looking forward in expanding our sales and marketing set up in the USA market. With intense focus on production planning process, aggressive marketing and a hands on value driven style of management, we are very confident that we will continue to perform well despite tough competition and an increasing trend in basic raw material costs. Moreover, our new state of art dyeing plant setup in Lahore is in trial run position and is expected to commence its commercial production in near future.

Nishat Dyeing & Finishing (NDF)

NDF made record achievements with some of the highest profits since its operations started in year 2001. This was made possible by sales of high-end products to existing and new customers, developing products in partnership with buyers for long-term sales thus increasing value to our overall product mix and helping customers in America and Europe in overhauling their product lines. The whole effort was done on partnership basis with some of the largest brands that increased our company's image as one of the leading service providers in the world.

Processed Cloth	Half year ended December 31		Variance	
	2005	2004	Total	%age
Sales - '000' Mtrs	16,865	13,380	3,485	26.05
Rate / Mtr	119.35	115.30	4.05	3.51
Sales - '000' Rs.	2,012,914	1,542,765	470,149	30.47

Nishat Dyeing & Finishing is increasing capacities by another 1 million meters on monthly basis by mid of 2006. This will take our overall dyeing capacities to around 4 million meters per month, making us the largest dyeing facility in whole of South East Asia.

Acknowledgement

The Board is pleased to acknowledge the resourcefulness and efforts of the management, staff and workers.

For and on behalf of the Board

Chief Executive / Chairperson

Lahore:

February 23, 2006.

REVIEW REPORT TO THE MEMBERS

We have reviewed the annexed balance sheet of NISHAT MILLS LIMITED as at 31 December 2005 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "financial statements") for the half-year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the International Standard on Review Engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

As explained in Note 9 to the financial statements, the company has not made provision for Workers' Participation Fund to the extent of Rupees 2.441 million against profit on sale of equity investments amounting to Rupees 48.824 million. Had the aforesaid provision been made in the financial statements, the profit for the half year ended 31 December 2005 and shareholders' equity as of that date would have been lower by Rupees 2.441 million.

Based on our review, except for the effects of failure to provide for workers' participation fund against profit on sale of equity investments described in the preceding paragraph, nothing has come to our attention that causes us to believe that the annexed financial statements are not presented fairly, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

We have not reviewed the comparative figures of Profit and Loss account, Cash Flow Statement and Statement of Changes in Equity for the half year ended 31 December 2004.

Faisalabad: February 23, 2006

RIAZ AHMAD AND COMPANY
Chartered Accountants

BALANCE SHEET
AS AT 31 DECEMBER 2005

		(RUPEES IN THOUSAND)	
Note	Unaudited 31 December 2005	Audited 30 June 2005	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
178 470 000 (30 June 2005: 178 470 000) ordinary shares of Rupees 10 each			
	1,784,700	1,784,700	
Issued, subscribed and paid up share capital	4 1,452,597	1,452,597	
Reserves	14,826,725	11,353,517	
	16,279,322	12,806,114	
NON-CURRENT LIABILITIES			
Long term finances	5 2,679,433	2,796,512	
Liabilities against assets subject to finance lease	47,756	61,643	
	2,727,189	2,858,155	
CURRENT LIABILITIES			
Trade and other payables	955,658	812,216	
Accrued markup	135,811	88,449	
Short term finances	5,932,936	4,284,815	
Current portion of long term liabilities	878,212	711,164	
Provision for taxation	472,689	356,689	
	8,375,306	6,253,333	
CONTINGENCIES AND COMMITMENTS			
	6		
	27,381,817	21,917,602	

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

CHIEF EXECUTIVE OFFICER

			(RUPEES IN THOUSAND)	
	Note	Unaudited 31 December 2005	Audited 30 June 2005	
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	7	9,669,449	9,151,096	
Long term investments		7,054,295	4,998,177	
Long term loans		7,505	4,890	
Long term deposits, prepayments and deferred cost		11,202	12,022	
		16,742,451	14,166,185	
CURRENT ASSETS				
Stores, spare parts and loose tools		474,749	424,827	
Stock-in-trade		4,405,660	2,897,392	
Trade debts		885,309	877,358	
Short term investments		3,477,546	2,173,530	
Loans and advances		745,975	429,533	
Short term deposits and prepayments		73,836	39,180	
Other receivables		435,256	388,598	
Cash and bank balances		141,035	520,999	
		10,639,366	7,751,417	
		27,381,817	21,917,602	

DIRECTOR

PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR ENDED 31 DECEMBER 2005
(UN-AUDITED)

	NOTE	(RUPEES IN THOUSAND)			
		HALF YEAR ENDED		QUARTER ENDED	
		31 December 2005	31 December 2004	31 December 2005	31 December 2004
SALES		8,097,124	7,500,826	4,088,000	3,646,204
COST OF GOODS SOLD	8	6,686,308	6,284,089	3,425,494	2,963,984
GROSS PROFIT		1,410,816	1,216,737	662,506	682,220
DISTRIBUTION AND SELLING COST		273,265	339,209	113,823	152,883
ADMINISTRATIVE AND GENERAL EXPENSES		137,933	118,570	73,363	61,078
		411,198	457,779	187,186	213,961
OPERATING PROFIT		999,618	758,958	475,320	468,259
OTHER INCOME		156,391	722,191	125,603	548,468
SHARE OF PROFIT IN ASSOCIATED COMPANIES		156,759	-	156,759	-
		313,150	722,191	282,362	548,468
		1,312,768	1,481,149	757,682	1,016,727
FINANCE COST		338,877	226,650	180,340	120,523
WORKERS' PARTICIPATION FUND	9	46,435	62,725	27,358	44,810
		385,312	289,375	207,698	165,333
PROFIT BEFORE TAXATION		927,456	1,191,774	549,984	851,394
PROVISION FOR TAXATION		116,000	85,600	63,086	44,951
PROFIT AFTER TAXATION		811,456	1,106,174	486,898	806,443
EARNINGS PER SHARE - BASIC (RUPEES)	10	5.59	7.62	3.35	5.55

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2005
(UN-AUDITED)

	(RUPEES IN THOUSAND)	
	31 December 2005	31 December 2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	927,456	1,191,774
Adjustments for non-cash charges and other items		
Depreciation	394,298	398,331
Gain on disposal of operating fixed assets	(7,905)	(18,558)
Gain on sale of investment	(48,824)	(531,328)
Share of profit in associated companies	(156,759)	-
Amortization of deferred cost	775	38,450
Finance cost	338,877	226,650
	<hr/>	<hr/>
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES	1,447,918	1,305,319
CASH FLOWS FROM WORKING CAPITAL CHANGES		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(49,922)	(12,620)
Stock-in-trade	(1,508,268)	(988,694)
Trade debts	(7,951)	(1,865,674)
Loans and advances	(213,071)	(69,619)
Short term deposits and prepayments	(35,774)	(8,015)
Other receivables	(46,658)	170,998
Increase / (decrease) in current liabilities		
Trade and other payables	132,979	315,979
Short term finances	1,648,121	1,696,909
	<hr/>	<hr/>
NET CASH USED IN WORKING CAPITAL CHANGES	(80,544)	(760,736)
CASH GENERATED FROM OPERATING ACTIVITIES	1,367,374	544,583
Finance cost paid	(291,515)	(212,400)
Income tax paid	(103,956)	(120,549)
	<hr/>	<hr/>
NET CASH GENERATED FROM OPERATING ACTIVITIES	971,903	211,634
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(925,897)	(893,132)
Proceeds from disposal of operating fixed assets	21,151	87,436
Proceeds from sale of investment	54,593	794,750
Investment made	(271,095)	(15,744)
Long term loans	(2,030)	(5,310)
Long term deposits, prepayments and deferred cost	1,163	(18,965)
Dividend from associated companies	86,852	-
	<hr/>	<hr/>
NET CASH USED IN INVESTING ACTIVITIES	(1,035,263)	(50,965)

(RUPEES IN THOUSAND)
31 December 31 December
2005 2004

CASH FLOWS FROM FINANCING ACTIVITIES

Long term finances	600,000	500,000
Repayment of long term finances	(535,497)	(427,283)
Repayment of finance lease liabilities	(28,421)	(25,601)
Dividend paid	(352,686)	(277)
NET CASH (USED IN)/ GENERATED FROM FINANCING ACTIVITIES	(316,604)	46,839
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	(379,964)	207,508
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	520,999	518,084
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	141,035	725,592

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2005 (UN-AUDITED)

(RUPEES IN THOUSAND)

	Share Capital	Premium on Issue of Right Shares	Fair Value Reserve	Hedging Reserve	Capital Redemption Reserve	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	-	-	(303,386)	-	-	-	-	(303,386)
Fair value gain for the period	-	-	121,715	-	-	-	-	121,715
Net profit for the period	-	-	-	-	-	-	1,106,174	1,106,174
Dividend @ Rupees 2 per share	-	-	-	-	-	-	(244,958)	(244,958)
Transfer to general reserve	-	-	-	-	-	506,000	(506,000)	-
Balance as at 31 December 2004	1,452,597	1,027,622	2,378,267	-	-	4,319,028	808,929	9,986,443
Fair value gain adjusted on sale of investment	-	-	(13,008)	-	-	-	-	(13,008)
Fair value gain for the period	-	-	1,248,901	-	-	-	-	1,248,901
Net profit for the period	-	-	-	-	-	-	699,022	699,022
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	-	-	5,461,028	365,951	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	6,135,132	454,157	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 half year	-	-	2,266,703	-	-	-	-	2,266,703
Share of increase in reserves of associated companies under equity method	-	-	761,848	36,990	-	-	-	798,838
Net profit for the period	-	-	-	-	-	-	811,456	811,456
Balance as at 31 December 2005	1,452,597	1,517,886	6,266,484	(56,659)	61,418	6,135,132	902,464	16,279,322

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005
(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 otherwise 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 but subject to limited scope review by the auditors and are being submitted to shareholders as required under section 245 of the 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 interim 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 recognized in equity until investment was sold or determined to be impaired at which time the cumulative gain or loss previously recognized 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 half year/quarter would have been lower by Rupees 69.907 million, shareholders' equity would have been higher by Rupees 1,190.794 million and investment in associated companies would have been higher by Rupees 1,190.794 million. Share of profit in associated companies accounted for by the company in these financial statements has been taken upto 30 September 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 December 2005 would have been lower by Rupees 5.428 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 December 30 June
2005 2005

4. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

67 762 264 (30 June 2005: 67 762 264) ordinary shares of Rupees 10 each fully paid up in cash (Note 4.1)	677,623	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 (Note 4.2)	372,522	372,522
40 245 199 (30 June 2005: 40 245 199) ordinary shares of Rupees 10 each issued as fully paid bonus shares	402,452	402,452
	<u>1,452,597</u>	<u>1,452,597</u>

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

4.2 22 780 940 (30 June 2005: 22 780 940) ordinary shares of Rupees 10 each have been issued as fully paid shares to the shareholders of Umer Fabrics Limited in accordance with the scheme of arrangement approved by the honourable Lahore High Court, Lahore.

	(RUPEES IN THOUSAND)	
	31 December 2005	30 June 2005
5. LONG TERM FINANCES		
Opening balance	3,466,155	3,392,278
Add: Acquired during the period/year	600,000	700,000
	4,066,155	4,092,278
Less: Repaid during the period/year	535,497	626,123
	3,530,658	3,466,155
Less: Current portion	851,225	669,643
	2,679,433	2,796,512
6. CONTINGENCIES AND COMMITMENTS		
Contingencies		
<ul style="list-style-type: none"> ● 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 235.944 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 208.239 million (30 June 2005: Rupees 208.239 million) 		
Commitments		
<ul style="list-style-type: none"> ● Contracts for capital expenditure are approximately amounting to Rupees 808.576 million (30 June 2005: Rupees 664.662 million). ● Letters of credit other than for capital expenditure are amounting to Rupees 185.631 million (30 June 2005: 77.875 million). 		
7. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (Note 7.1)	8,344,812	7,926,838
Assets subject to finance lease (Note 7.2)	82,720	160,070
Capital work in progress	1,241,917	1,064,188
	9,669,449	9,151,096

	(RUPEES IN THOUSAND)	
	31 December 2005	30 June 2005
7.1 OPERATING FIXED ASSETS		
Opening written down value	7,926,838	7,631,620
Add: Cost of additions during the period/year (Note 7.1.1)	821,164	1,100,896
	8,748,002	8,732,516
Less: Written down value of deletions during the period/year (Note 7.1.2)	13,246	211,368
	8,734,756	8,521,148
Less: Depreciation charged for the period/year	389,944	594,310
	8,344,812	7,926,838
7.1.1 Cost of additions during the period/year		
Freehold land	140,128	37,001
Buildings on freehold land	133,566	49,490
Plant and machinery	471,228	956,644
Electric installations	24,071	8,120
Factory equipments	7,961	5,758
Furniture, fixture and office equipments	9,902	12,332
Vehicles	34,308	31,551
	821,164	1,100,896
7.1.2 Written down value of deletions during the period/year		
Freehold land	-	4,600
Plant and machinery	8,521	194,538
Electric installations	152	-
Furniture, fixture and office equipment	214	21
Factory equipments	33	-
Vehicles	4,326	12,209
	13,246	211,368
7.2 ASSETS SUBJECT TO FINANCE LEASE		
Opening book value	160,070	118,428
Add: Cost of addition to machinery during the period/year	-	87,098
	160,070	205,526
Less: Written down value of machinery deleted during the period/year	72,996	39,514
	87,074	166,012
Less: Depreciation during the period/year	4,354	5,942
	82,720	160,070

	(RUPEES IN THOUSAND)			
	Half Year Ended		Quarter Ended	
	31 December 2005	31 December 2004	31 December 2005	31 December 2004
8. COST OF GOODS SOLD				
Raw materials consumed	2,196,483	2,320,931	1,142,442	1,054,702
Cloth and yarn purchased/used	2,220,209	1,814,067	1,133,060	903,195
Processing charges	82,353	7,076	39,985	6,697
Salaries, wages and other benefits	486,169	410,586	255,712	215,661
Staff retirement benefits	14,389	12,546	7,309	6,624
Stores, spare parts and loose tools	609,939	528,592	306,756	249,620
Packing materials	159,341	133,099	79,639	65,645
Repair and maintenance	60,360	52,929	41,937	20,736
Fuel and power	522,490	470,664	260,631	226,424
Insurance	10,405	9,358	5,101	5,300
Other factory overheads	76,432	63,199	42,106	32,304
Depreciation	377,921	387,426	194,095	179,540
	6,816,491	6,210,473	3,508,773	2,966,448
Work-in-process:				
Opening stock	877,560	856,299	889,695	862,971
Closing stock	(928,342)	(837,036)	(928,342)	(837,036)
	(50,782)	19,263	(38,647)	25,935
Cost of goods manufactured	6,765,709	6,229,736	3,470,126	2,992,383
Finished goods:				
Opening stock	826,365	1,037,071	861,134	954,319
Closing stock	(905,766)	(982,718)	(905,766)	(982,718)
	(79,401)	54,353	(44,632)	(28,399)
	6,686,308	6,284,089	3,425,494	2,963,984

9. WORKERS' PARTICIPATION FUND

No provision for Workers' Participation Fund has been made against profit on sale of equity investments amounting to Rupees 48.824 million in the light of an opinion given by a legal advisor.

10. EARNINGS PER SHARE

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

11. TRANSACTIONS WITH RELATED PARTIES

Purchase of goods and services	52,624	53,055	38,128	35,086
Sale of goods and services	14,032	39,771	2,791	19,596
Sale of operating fixed assets	-	347	-	-
Dividend received	158,258	142,059	158,258	141,203
Dividend paid	47,735	25,570	47,735	25,570
Company's contribution to Provident fund trust	19,063	16,191	9,738	8,574
Remuneration paid to Chief Executive Officer, Directors and Executives	16,397	14,200	7,957	7,186

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

The financial statements were approved by Board of Directors and authorised for issue on February 23, 2006.

13. FIGURES

- 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.
- Figures have been rounded off to nearest thousand of rupees.

CHIEF EXECUTIVE OFFICER

DIRECTOR

