



Half Yearly Report
For the Period Ended 31 December 2006



Nishat Mills Limited

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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	NIB Bank Limited
Bank Alfalah Limited	PICIC Commercial Bank Limited
Citibank N.A.	Standard Chartered Bank (Pakistan) Ltd.
Crescent Commercial Bank Ltd.	The Hong Kong & Shanghai
Deutsche Bank	Banking Corporation Limited
Faysal Bank Limited	United Bank Limited
Habib Bank Limited	
Habib Metropolitan Bank Ltd.	

MILLS:

Nishatabad, Faisalabad	(Spinning and Stitching units & Power Plant)
12 K.M. Faisalabad Road, Sheikhpura.	(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, Processing unit and Power Plant)
20 K.M. Sheikhpura 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 financial statements for the half year ended December 31, 2006 duly reviewed by the auditors. The net profit after tax has increased to Rs. 875.48 million as compared to Rs. 811.456 million, thus showing an increase of 7.89%. There is an increase of 8.87% in cost of sales as compared to the corresponding half year. This increase is due to increase in local cotton consumption rate i.e Rs. 2,451/maund during the current half year as compared to 2,329/maund in the corresponding half year. Similar trend has also been observed for imported cotton for which rate of consumption is Rs. 3,422/maund as compared to Rs. 3,196/maund for the corresponding half year. Apart from this, increase in minimum wages and increase in fuel and power cost due to increase of gas rate by 27% are the main reasons for increased cost of sales. Other income has increased by Rs. 39.194 million as compared to corresponding half year which is mainly due to increase in dividend income. There is an increase of 21.79 % (Rs. 73.825 million) and 33.65 % (Rs. 139.912 million) in finance cost and selling, admin and general expenses respectively.

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

Financial Highlights	Half Year ended December 31	
	2006	2005
Net Sales ('000' Rs)	8,708,532	8,097,124
Gross Profit ('000' Rs)	1,444,053	1,424,799
Pre-tax Profit ('000' Rs)	985,863	927,456
After Tax Profit ('000' Rs)	875,480	811,456
Gross Profit (%)	16.58	17.60
After Tax Profit (%)	10.05	10.02
Earning Per Share (Rs)	5.48	5.08

Market Review & Future Prospects

Spinning

Nishat started buying at the start of 2nd quarter of year 2006-2007 and cotton prices speckled between Rs. 2,400 to Rs. 2,600/maund due to rumors of lower domestic crop as well as higher international prices. Later on , arrival of 8.7 - 9.3 million bales as compared to target of 12.8 million bales by the end of December 2006 reduced the effect of early rumors & the cotton prices remained at 2500/maund. Increase in local cotton prices had firm impact on the gross margins of spinning section during the current half year.

Yarn	Half Year Ended Dec 31		Variance	
	2006	2005	Total	%age
Sales - '000' Kgs	11,578	14,028	(2,450)	(17.46)
Rate / Kg	141.74	142.43	(0.69)	(0.48)
Sales - '000' Rs.	1,641,049	1,997,985	(356,936)	(17.86)

The demand of 100% grey cotton yarn remained consistent and we have tried to maintain the prices to keep over all spinning in profit. However, swell in cotton prices & customers' unwillingness to buy on good prices proved big restrain during this period. Due to increase in cotton prices & low prices of cotton yarn, coming year does not seem good for spinners.

Far East remained our main selling market of cotton yarn and combed yarn demand was more than carded yarn. The demand of cotton yarn in European market showed more declining trend. However, USA market appeared more interested in doubled yarns on dyed tubes. Moreover, compact yarn marketed with more intensity in Far East and demand of compact yarn in Far East is expected in future.

Weaving

The second quarter of financial year 2007 faced high cotton prices due to low production estimates of cotton crop. Narrow width greige fabric market showed stable trends. Nishat weaving was able to sustain its profitability due to its broad based market. Moreover, business in work wear fabric has also increased.

Grey Cloth	Half Year Ended Dec 31		Variance	
	2006	2005	Total	%age
Sales - '000' Mtrs	31,558	26,662	4,896	18.36
Rate / Mtr	86.51	79.47	7.04	8.86
Sales - '000' Rs.	2,730,021	2,118,775	611,246	28.85

Continuing from the previous financial year, wider width market is still facing restrained demand from international market and business is on extremely low margins. Nishat weaving is continuing business in international markets and grasping new business possibilities is the focal point of marketing strategy. In addition, the in-house greige requirements are given due priority to maximize internal bookings.

Size recovery plant has started and the benefits will be visible in next couple of months.

Processing, Dyeing and Stitching

During the last six months, the Home Textiles business has been slow owing to the rising competition from India, Bangladesh & China and due to the slow down of housing sector in USA. Like wise, the increasing energy and the associated costs for conducting business have also put negative pressure on pricing. Despite these tough economic conditions, Nishat home textile unit has added new clientele from existing markets. Business with well renowned brands has been established. Like wise working with few high volume oriented clients is going on to form strategic business relationships.

Our business in better end home textile products in EU market is rising giving us good margins. We hope as the market picks up, we will be able to utilize our new manufacturing setup to the fullest giving us the required dividends. We have started to work in new product category in USA using our skilled workforce in sewing, which is expected to become a core business for us in coming months.

Made-ups	Half Year Ended Dec 31		Variance	
	2006	2005	Total	%age
Sales - '000' Mtrs	9,624	11,488	(1,864)	(16.22)
Rate / Mtr	144.17	131.36	12.81	9.75
Sales - '000' Rs.	1,387,489	1,509,017	(121,528)	(8.05)

Processed Cloth	Half Year Ended Dec 31		Variance	
	2006	2005	Total	%age
Sales - '000' Mtrs	1,826	2,109	(283)	(13.42)
Rate / Mtr	113.92	96.01	17.91	18.65
Sales - '000' Rs.	208,019	202,492	5,527	2.73

The expansion and modernization phase has been completed as well as processing facilities of the division have been completely shifted from Faisalabad to the new set up at Lahore.

This has brought all processing operations under one roof that will improve lead times, minimize excessive handling of fabric and shall result into lower costs and hence adding into the bottom line. A major focus for future is to increase efficiencies by concentrating on core businesses and adding new clientele. To stream line production planning process, foreign consultants have also been taken on board to strengthen the existing team. Government incentives to the value added sector will also help in the temporary phase.

Nishat Dyeing & Finishing (NDF)

The financial year 06/07 is considered as one of the best financial years in the history of Nishat Dyeing & Finishing. As a dedicated apparel fabric dyeing unit, NDF has seen enormous growth in every sector. Our financial results of the second quarter of FY 06/07 have been the ever highest, breaking all previous records. There has been an increase in sales volume of over 15% and sale rates by 3.5 %.

The capacity expansion has paid NDF well, while not increasing overheads significantly and keeping a check on quality and pricing, NDF successfully ran the plant with packed capacity.

Processed Cloth	Half Year Ended Dec 31		Variance	
	2006	2005	Total	%age
Sales - '000' Mtrs	19,498	16.865	2,633	15.61
Rate / Mtr	123.53	119.35	4.18	3.50
Sales - '000' Rs.	2,408,538	2,012,914	395,624	19.65

The future outlook is positive. The Apparel business in Pakistan is flourishing. With new investments made in garments through Gulf Nishat Apparel, we are destined to reap better results through value addition. The garment set up is going to provide extra flexibility in customer relations for NDF. At the same time, best efforts are put into customer focused R&D.

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 20, 2007.

REVIEW REPORT TO THE MEMBERS

We have reviewed the annexed balance sheet of NISHAT MILLS LIMITED as at 31 December 2006 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.

Based on our review, 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.

FAISALABAD: February 20, 2007

RIAZ AHMAD AND COMPANY
Chartered Accountants

BALANCE SHEET
AS AT 31 DECEMBER 2006

	Note	Unaudited 31 December 2006 (Rupees in thousand)	Audited 30 June 2006
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 178 470 000 (30 June 2006: 178 470 000) ordinary shares of Rupees 10 each		<u>1,784,700</u>	1,784,700
Issued, subscribed and paid up share capital	4	1,597,857	1,452,597
Reserves		<u>21,792,085</u>	19,659,812
		23,389,942	21,112,409
NON-CURRENT LIABILITIES			
Long term finances	5	2,317,982	2,982,353
Liabilities against assets subject to finance lease		17,421	33,031
		2,335,403	3,015,384
CURRENT LIABILITIES			
Trade and other payables		1,157,796	960,436
Accrued markup		149,811	151,236
Short term finances		5,644,475	4,315,708
Current portion of long term liabilities		1,416,785	1,342,771
Provision for taxation		391,765	281,382
		8,760,632	7,051,533
CONTINGENCIES AND COMMITMENTS	6		
		<u>34,485,977</u>	<u>31,179,326</u>

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

CHIEF EXECUTIVE OFFICER

	Note	Unaudited 31 December 2006 (Rupees in thousand)	Audited 30 June 2006
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	10,619,101	10,611,353
Long term investments		12,729,483	10,793,026
Long term loans		9,522	6,377
Long term deposits, prepayments and deferred cost		9,993	10,130
		23,368,099	21,420,886
CURRENT ASSETS			
Stores, spare parts and loose tools		453,771	471,520
Stock-in-trade		3,561,747	3,003,174
Trade debts		1,132,283	1,026,884
Short term investments		4,969,747	4,350,146
Loans and advances		516,976	418,794
Short term deposits and prepayments		47,775	30,525
Other receivables		396,306	407,147
Cash and bank balances		39,273	50,250
		11,117,878	9,758,440
		34,485,977	31,179,326

DIRECTOR

PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR ENDED 31 DECEMBER 2006
(UN-AUDITED)

		(RUPEES IN THOUSAND)			
		HALF YEAR ENDED		QUARTER ENDED	
	Note	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
SALES		8,708,532	8,097,124	4,394,644	4,088,000
COST OF GOODS SOLD	8	7,264,479	6,672,325	3,691,194	3,412,983
GROSS PROFIT		1,444,053	1,424,799	703,450	675,017
DISTRIBUTION AND SELLING COST		401,128	288,386	202,274	127,141
ADMINISTRATIVE AND GENERAL EXPENSES		154,562	127,392	79,823	64,504
OTHER OPERATING EXPENSES	9	52,991	55,838	38,093	35,410
		608,681	471,616	320,190	227,055
OPERATING PROFIT		835,372	953,183	383,260	447,962
OTHER OPERATING INCOME		195,585	156,391	174,302	125,603
		1,030,957	1,109,574	557,562	573,565
FINANCE COST		412,702	338,877	200,027	180,340
		618,255	770,697	357,535	393,225
SHARE OF PROFIT IN ASSOCIATED COMPANIES		367,608	156,759	147,124	156,759
PROFIT BEFORE TAXATION		985,863	927,456	504,659	549,984
PROVISION FOR TAXATION		110,383	116,000	54,883	63,086
PROFIT AFTER TAXATION		875,480	811,456	449,776	486,898
EARNINGS PER SHARE - BASIC (RUPEES)	10	5.48	5.08	2.81	3.05

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 2006
(UN-AUDITED)

	31 December 2006	31 December 2005
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	985,863	927,456
Adjustments for non-cash charges and other items		
Depreciation	483,404	394,298
Gain on disposal of operating fixed assets	(4,010)	(7,905)
Gain on sale of investment	-	(48,824)
Share of profit in associated companies	(367,608)	(156,759)
Amortization of deferred cost	315	775
Finance cost	412,702	338,877
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES	1,510,666	1,447,918
CASH FLOWS FROM WORKING CAPITAL CHANGES		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	17,749	(49,922)
Stock-in-trade	(558,573)	(1,508,268)
Trade debts	(105,399)	(7,951)
Loans and advances	(45,707)	(213,071)
Short term deposits and prepayments	(18,364)	(35,774)
Other receivables	10,841	(46,658)
Increase / (decrease) in current liabilities		
Trade and other payables	195,939	132,979
Short term finances	1,328,767	1,648,121
NET CASH GENERATED FROM/(USED IN) WORKING CAPITAL CHANGES	825,253	(80,544)
CASH GENERATED FROM OPERATING ACTIVITIES	2,335,919	1,367,374
Finance cost paid	(414,127)	(291,515)
Income tax paid	(53,509)	(103,956)
NET CASH GENERATED FROM OPERATING ACTIVITIES	1,868,283	971,903

31 December 31 December
2006 2005
(Rupees in thousand)

CASH FLOWS FROM INVESTING ACTIVITIES

Fixed capital expenditure	(498,940)	(925,897)
Proceeds from disposal of operating fixed assets	11,798	21,151
Proceeds from sale of investment	-	54,593
Investment made	(677,072)	(271,095)
Long term loans	(2,111)	(2,030)
Long term deposits, prepayments and deferred cost	936	1,163
Dividend from associated companies	108,565	86,852
NET CASH USED IN INVESTING ACTIVITIES	(1,056,824)	(1,035,263)

CASH FLOWS FROM FINANCING ACTIVITIES

Long term finances	-	600,000
Repayment of long term finances	(592,080)	(535,497)
Repayment of finance lease liabilities	(13,887)	(28,421)
Dividend paid	(216,469)	(352,686)
NET CASH USED IN FINANCING ACTIVITIES	(822,436)	(316,604)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(10,977)	(379,964)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	50,250	520,999
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	39,273	141,035

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 2006 (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 30 June 2005- restated	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 period	-	-	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
Fair value gain for the period	-	-	1,875,042	-	-	-	-	1,875,042
Reserves adjusted against sale of investment in associated companies	-	-	-	-	-	-	(1,073)	(1,073)
Share of increase in reserves of associated companies under equity method	-	-	2,081,049	56,659	20,913	-	(20,913)	2,137,708
Net profit for the period	-	-	-	-	-	-	821,410	821,410
Balance as at 30 June 2006	1,452,597	1,517,886	10,222,575	-	82,331	6,135,132	1,701,888	21,112,409
Dividend @ Rupees 1.50 per share	-	-	-	-	-	-	(217,890)	(217,890)
Bonus shares issued during the period	145,260	-	-	-	-	-	(145,260)	-
Transfer to general reserve	-	-	-	-	-	1,269,000	(1,269,000)	-
Fair value gain for the period	-	-	1,109,339	-	-	-	-	1,109,339
Share of increase in reserves of associated companies under equity method	-	361,872	148,732	-	13,942	-	(13,942)	510,604
Net profit for the period	-	-	-	-	-	-	875,480	875,480
Balance as at 31 December 2006	1,597,857	1,879,758	11,480,646	-	96,273	7,404,132	931,276	23,389,942

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 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 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 year ended 30 June 2006.

31 December	30 June
2006	2006
(Rupees in thousand)	

4. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

67,762,264 (30 June 2006: 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 2006: 37,252,280) fully paid ordinary shares of Rupees 10 each issued for consideration other than cash	372,522	372,522
54,771,173 (30 June 2006: 40,245,199) ordinary shares of Rupees 10 each issued as fully paid bonus shares	547,712	402,452
	1,597,857	1,452,597

4.1 20,157,391 (30 June 2006: 18,324,901) shares of the company are held by the associated undertakings.

5. LONG TERM FINANCES

Opening balance	4,296,512	3,466,155
Add: Acquired during the period / year	-	1,650,000
	4,296,512	5,116,155
Less: Repaid during the period / year	592,080	819,643
	3,704,432	4,296,512
Less: Current portion	1,386,450	1,314,159
	2,317,982	2,982,353

6. CONTINGENCIES AND COMMITMENTS

Contingencies

- The company disputes the liability of Rupees 61.891 million (30 June 2006: Rupees 61.891 million) on account of central excise duty in terms of the judgment of supreme court dated 22 February 2006 titled "Central Excise Duty on Bank Advances / Leasing". The company contends that this duty is payable by the banks instead of the company.
- Guarantees of Rupees 363.616 million (30 June 2006: Rupees 311.119 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 276.008 million (30 June 2006: Rupees 234.942 million)

Commitments

- Contracts for capital expenditure are approximately amounting to Rupees 98.480 million (30 June 2006: Rupees 77.967 million).
- Letters of credit other than for capital expenditure are amounting to Rupees 446.359 million (30 June 2006: Rupees 384.814 million).

31 December 30 June
2006 2006
(Rupees in thousand)

7. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets (Note 7.1)	10,058,344	8,398,310
Assets subject to finance lease (Note 7.2)	74,790	78,624
Capital work-in-progress	485,967	2,134,419
	10,619,101	10,611,353

7.1 OPERATING FIXED ASSETS

Opening written down value	8,398,310	7,926,838
Add: Cost of additions during the period/year (Note 7.1.1)	2,147,392	1,331,909
	10,545,702	9,258,747
Less: Written down value of deletions during the period/year (Note 7.1.2)	7,788	73,381
	10,537,914	9,185,366
Less: Depreciation charged for the period/year	479,570	787,056
	10,058,344	8,398,310

	31 December 2006	30 June 2006
	(Rupees in thousand)	
7.1.1 Cost of additions during the period / year		
Freehold land	639	152,515
Buildings on freehold land	344,949	191,922
Plant and machinery	1,678,434	844,007
Electric installations	52,290	35,583
Factory equipment	14,186	14,988
Furniture, fixture and office equipment	15,527	32,020
Vehicles	41,367	60,874
	2,147,392	1,331,909
7.1.2 Written down value of deletions during the period/ year		
Plant and machinery	2,711	64,328
Electric installations	37	193
Furniture, fixture and office equipment	128	1
Factory equipment	-	33
Vehicles	4,912	8,826
	7,788	73,381
7.2 ASSETS SUBJECT TO FINANCE LEASE		
Opening book value	78,624	160,070
Less: Written down value of machinery deleted during the period/year	-	70,621
	78,624	89,449
Less: Depreciation during the period/year	3,834	10,825
	74,790	78,624

(RUPEES IN THOUSAND)

	HALF YEAR ENDED		QUARTER ENDED	
	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
8. COST OF GOODS SOLD				
Raw materials consumed	2,372,759	2,196,483	1,230,218	1,142,442
Cloth and yarn purchased/used	2,124,566	2,220,209	1,065,875	1,133,060
Processing charges	32,673	82,353	23,700	39,985
Salaries, wages and other benefits	569,621	480,475	295,713	251,490
Staff retirement benefits	16,863	14,389	8,911	7,309
Stores, spare parts and loose tools	662,197	609,939	335,852	306,756
Packing materials	175,004	159,341	86,811	79,639
Repair and maintenance	54,508	60,360	32,449	41,937
Fuel and power	732,260	522,490	360,654	260,631
Insurance	11,562	10,405	5,895	5,101
Other factory overheads	71,789	68,143	31,432	33,817
Depreciation	464,583	377,921	235,444	194,095
	7,288,385	6,802,508	3,712,954	3,496,262
Work-in-process:				
Opening stock	896,854	877,560	910,816	889,695
Closing stock	(940,644)	(928,342)	(940,644)	(928,342)
	(43,790)	(50,782)	(29,828)	(38,647)
Cost of goods manufactured	7,244,595	6,751,726	3,683,126	3,457,615
Finished goods:				
Opening stock	837,434	826,365	825,618	861,134
Closing stock	(817,550)	(905,766)	(817,550)	(905,766)
	19,884	(79,401)	8,068	(44,632)
	7,264,479	6,672,325	3,691,194	3,412,983
9. OTHER OPERATING EXPENSES				
Worker's participation fund (Note 9.1)	39,023	46,435	25,301	27,358
Worker's welfare fund	12,617	-	12,617	-
Amortization of deferred cost	315	775	157	172
Donation	1,036	8,628	18	7,880
	52,991	55,838	38,093	35,410
9.1 WORKERS' PARTICIPATION FUND				
Provision for Worker's Profit Participation fund against share of profit in associated companies has been made to the extent of dividend received from these associated companies.				
10. EARNINGS PER SHARE				
There is no dilutive effect on the basic earning per share.				

11. TRANSACTIONS WITH RELATED PARTIES

	(RUPEES IN THOUSAND)			
	HALF YEAR ENDED		QUARTER ENDED	
	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Purchase of goods and services	65,313	52,624	15,385	38,128
Purchase of operating fixed assets	190	-	190	-
Sale of goods and services	2,906	14,032	2,070	2,791
Sale of operating fixed assets	67	-	-	-
Dividend received	267,071	158,258	267,071	158,258
Dividend paid	28,671	47,735	28,671	47,735
Company's contribution to provident fund trust	21,891	19,063	11,709	9,738
Remuneration paid to Chief Executive Officer, Directors and Executives	23,435	16,397	12,214	7,957

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 February 20, 2007.

13. FIGURES

- Comparative figures of balance sheet, profit and loss account, cash flow statement and statement of changes in equity have been re-arranged, wherever necessary for the purpose of comparison. However, no significant reclassification has been made except detailed below:
 - Inclusion of Workers' Participation Fund in other operating expenses instead of disclosing separately on the face of profit and loss account.
 - Inclusion of amortization of deferred cost and donation in other operating expenses instead of distribution and selling cost and administrative and general expenses.
- Figures have been rounded off to nearest thousand of rupees.

CHIEF EXECUTIVE OFFICER

DIRECTOR