

Third Quarter Report

For the period ended 31 March 2008



Nishat Mills Limited

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Nishat Mills Limited

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COMPANY INFORMATION

BOARD OF DIRECTORS:

Mian Umer Mansha	Chairman/Chief Executive/Director
Mian Hassan Mansha	
Mr. Muhammad Nawaz Tishna (NIT)	
Mr. Khalid Qadeer Qureshi	
Mr. Muhammad Azam	
Rana Muhammad Mushtaq	
Ms. Nabihah Shahnawaz Cheema	

AUDIT COMMITTEE:

Mr. Khalid Qadeer Qureshi	Chairman/Member
Mr. Muhammad Azam	Member
Ms. Nabihah 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:

ABN Amro Bank	Habib Metropolitan Bank Limited
Albaraka Islamic Bank B.S.C (E.C)	JS Bank Limited
Allied Bank of Pakistan Limited	KASB Bank Limited
Askari Bank Limited	Meezan Bank Limited
Bank Alfalah Limited	National Bank of Pakistan
Bankislami 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	United Bank Limited
Faysal Bank Limited	
Habib Bank Limited	

MILLS:

Nishatabad, Faisalabad	(Spinning and 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, Processing unit and Power Plant)
20 K.M. Sheikhupura Faisalabad Road, FerozeWatan	(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.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 period ended March 31, 2008. The net profit after tax has decreased to Rs. 754.459 million as compared to Rs. 801.764 million, thus showing a decrease of 5.90%. The gross profit has decreased to Rs. 1,989.84 million as compared to Rs. 2,225.35 million, thus showing decrease of 10.58%. This is due to increase in local cotton average consumption rate i.e. Rs. 3,043/maund during the period under review as compared to Rs. 2,484/maund in the corresponding period and imported cotton consumption rate that is charged at Rs. 3,547/maund during the period under review as compared to Rs. 3,435/maund in the corresponding period. Moreover, due to load shedding of gas and electricity during the current period, electricity load was managed by generation through furnace oil and diesel, which resulted in extra cost and negatively affected the profitability. Other income has increased by Rs. 221.597 million as compared to corresponding period mainly due to increase in dividend income.

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

Financial Highlights	Nine months ended March 31		(Inc)/Dec %age
	2008	2007	
Net Sales ('000' Rs)	13,826,073	13,033,338	(6.08)
Gross Profit ('000' Rs)	1,989,839	2,225,353	10.58
Pre-tax Profit ('000' Rs)	947,459	963,764	1.69
After Tax Profit ('000' Rs)	754,459	801,764	5.90
Gross Profit (%)	14.39	17.07	
After Tax Profit (%)	5.46	6.15	
Earning Per Share (Rs)	4.72	5.02	

Market Review & Future Prospects

Spinning

During this quarter, cotton prices almost remained the same as it was during the first half of the financial year. Expectations regarding decrease and stability in cotton prices could not come true and the cotton crises continued. Due to the short output of cotton crop during current cotton season, domestic cotton market remained firm even when international cotton market showed a slight declining trend towards the end of this quarter.

During the cotton season 2007-2008, our average purchase price for local cotton was Rs. 3,195/maund as compared to Rs. 2,533/maund during previous cotton season 2006-2007. Due to high New York cotton index, we observed similar trend for imported cotton. Average purchase price for cotton imported during the period under review was Rs. 3,779/maund as compared to Rs. 3,309/maund during the corresponding previous period.

Yarn	Nine months ended March 31		Variance	
	2008	2007	Total	%age
Sales - '000' Kgs	22,990	17,867	5,123	28.67
Rate / Kg	157.92	143.01	14.91	10.42
Sales - '000' Rs.	3,630,510	2,555,208	1,075,302	42.08

At the start of the quarter ended March 2008, we faced tough market situation due to extra ordinary high prices of cotton resulting in low demand of yarn. However, by the end of this quarter, an increase in yarn prices in international market was recorded which resulted in profits. Our main markets, Hong Kong and China, remained depressed during this quarter. Therefore, to be profitable, we have put more efforts towards Malaysia and Taiwan markets and achieved remarkable results. Further, to reduce the impact of expensive cotton, we decided to change our spin-plan and shifted it towards fine counts. In addition, we are planning to add some new frames to produce fine counts and better quality compact yarn.

Weaving

The bullish trend of raw material caused the profitability of weaving section to decline during this quarter. Cotton yarn and polyester cotton yarn prices remained at higher end. This was due to the increase in demand of yarn in export market and resultantly spinners showed resistance to sell at low price in local market. The fabric market remained under pressure and we did not have a fair increase in the fabric prices as compared to the increase we faced for yarn prices. Far East market was also difficult on ground of prices and now it is almost non-existent. During the period under review, average purchase price of yarn was Rs. 7,540/bag as compared to Rs. 6,986/bag during the corresponding previous period.

Grey Cloth	Nine months ended March 31		Variance	
	2008	2007	Total	%age
Sales - '000' Meters	36,365	45,992	(9,627)	(20.93)
Rate / Meter	94.90	87.02	7.88	9.06
Sales - '000' Rs.	3,451,002	4,002,065	(551,063)	(13.77)

We are going well to make up the gap of the Fareast market as we have restarted business with South American customers with big volumes. We have added new European customers from Germany and Spain and enhanced business in French and UK markets as well. Our business in the special and technical fabric (antistatic, fire retardant, and military fabrics) has also increased with continuation of orders.

We are facing a lot of competition from China and other countries. They are offering better prices and therefore we have to add a lot more efforts to satisfy our customers. We are trying to reduce our production lead times by bringing state of the art air-jet looms. To be more competitive, we have replaced our old looms with the new looms having different widths to supply all types of greige fabric in varying widths to meet the requirements of our customers.

Printing, Dyeing and Stitching

Shortages of power and gas once again played a dominating role in production losses. High oil prices adversely affected the raw material and petrochemicals prices, which are the integral costing elements of products of printing and dyeing industry. Flagging dollar value is expected to create more vacuum in the market for weakening its strength.

Processed Cloth (Bleached, Dyed & Printed)	Nine months ended March 31		Variance	
	2008	2007	Total	%age
Sales - '000' Meters	1,336	2,361	(1,025)	(43.41)
Rate / Meter	149.97	112.24	37.73	33.61
Sales - '000' Rs.	200,358	265,000	(64,642)	(24.39)

Made-Ups	Nine months ended March 31		Variance	
	2008	2007	Total	%age
Sales - '000' Meters	15,046	14,186	860	6.06
Rate / Meter	146.14	142.16	3.98	2.80
Sales - '000' Rs.	2,198,859	2,016,676	182,183	9.03

With the rich history of expertise and understanding of the prevailing circumstances, we have focused on the cost cutting strategy during the last quarter to obtain the more efficient output with lesser working hours and condensed workforce. Recently, we have hired new technical experts from China, which will serve the broader perspective of our strategy to become inventive, aggressive and more conversant to the international techniques.

In addition to the European market, that has emerged as our major strength during the past months, we are also focusing to develop new customer base in US market. As part of our business strategy, we have planned to establish our relationships directly with the major

retailers of US market. Besides this, we are also developing relations with selected importers to cater embellished and up-market branded products, which always have been the niche for our company. Feedback of customers regarding initial sampling and developments is most encouraging and we foresee bright prospects of growth in days to come.

Nishat Dyeing & Finishing (NDF)

The upward trend in cotton prices that prevailed during current financial year has broken all previous records for both the domestic cotton market as well as at New York cotton index. US economy plunged down during this period and showed no signs of recovery. Retailers in USA were making frantic efforts to reduce their cost of production. There was a serious threat to us of getting counter sourced by cheaper mills in this situation.

Dyed Cloth	Nine months ended March 31		Variance	
	2008	2007	Total	%age
Sales - '000' Metres	29,950	30,014	(64)	(0.21)
Rate / Meter	123.08	122.21	0.87	0.71
Sales - '000' Rs.	3,686,178	3,668,144	18,034	0.49

Despite of these difficulties, we still managed to survive these crises without losing our profitability and any of our regular customers. We also managed to get an increase in price for regular long term bookings.

The coming months will remain challenging. As the domestic cotton is still firm, US economy is still stagnant and above all cotton fabric business is entering into its low season months.

NDF is all geared up to meet these challenges by increased marketing efforts in existing markets as well as concentrating on developing new markets. This also includes plans to explore and develop the work wear market in the coming quarter.

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 Feb, 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).

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 / Chairman

Lahore:

April 24, 2008

**INTERIM CONDENSED BALANCE SHEET
AS AT 31 MARCH 2008**

	Note	Unaudited 31 March 2008 (Rupees in thousand)	Audited 30 June 2007 (Restated)
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
178,470,000 (30 June 2007: 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 2007: 159,785,717) ordinary shares of Rupees 10 each		1,597,857	1,597,857
Reserves		<u>30,505,720</u>	28,566,041
Total equity		32,103,577	30,163,898
NON-CURRENT LIABILITIES			
Long term financing	5	1,234,559	1,773,820
Liabilities against assets subject to finance lease	6	-	-
		1,234,559	1,773,820
CURRENT LIABILITIES			
Trade and other payables		1,250,973	926,593
Accrued markup		117,569	131,744
Short term borrowings		8,859,721	5,018,664
Current portion of non-current liabilities		1,010,292	1,341,565
Provision for taxation		423,807	230,807
		11,662,362	7,649,373
Total Liabilities		12,896,921	9,423,193
CONTINGENCIES AND COMMITMENTS	7	-	-
TOTAL EQUITY AND LIABILITIES		<u>45,000,498</u>	<u>39,587,091</u>

The annexed notes form an integral part of this interim financial information.

CHIEF EXECUTIVE OFFICER

	Note	Unaudited 31 March 2008	Audited 30 June 2007 (Restated)
(Rupees in thousand)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	10,635,640	10,586,159
Long term investments		17,262,669	15,672,980
Long term loans		7,474	9,523
Long term deposits and prepayments		10,251	9,342
		27,916,034	26,278,004
CURRENT ASSETS			
Stores, spare parts and loose tools		557,380	422,428
Stock-in-trade		5,088,617	3,106,436
Trade debts		1,147,839	831,653
Short term Investments		9,072,403	8,118,459
Loans and advances		557,998	411,270
Short term deposits and prepayments		38,986	26,395
Other receivables		410,749	322,839
Cash and bank balances		210,492	69,607
		17,084,464	13,309,087
TOTAL ASSETS		45,000,498	39,587,091

DIRECTOR

CHIEF FINANCIAL OFFICER

**INTERIM CONDENSED PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 MARCH 2008 (UN-AUDITED)**

	Note	PERIOD ENDED		QUARTER ENDED	
		31 March 2008	31 March 2007	31 March 2008	31 March 2007
		(Restated)		(Restated)	
		(Rupees in thousand)			
SALES		13,826,073	13,033,338	5,104,744	4,287,322
COST OF SALES	9	11,836,234	10,807,985	4,431,748	3,599,386
GROSS PROFIT		1,989,839	2,225,353	672,996	687,936
DISTRIBUTION AND SELLING EXPENSES		669,488	705,215	230,621	208,831
ADMINISTRATIVE AND GENERAL EXPENSES		281,115	232,195	97,316	79,525
OTHER OPERATING EXPENSES	10	71,105	70,721	22,374	17,730
		1,021,708	1,008,131	350,311	306,086
		968,131	1,217,222	322,685	381,850
OTHER OPERATING INCOME		594,216	372,619	222,072	68,469
OPERATING PROFIT		1,562,347	1,589,841	544,757	450,319
FINANCE COST		614,888	626,077	242,867	213,375
PROFIT BEFORE TAXATION		947,459	963,764	301,890	236,944
PROVISION FOR TAXATION		193,000	162,000	72,000	51,617
PROFIT AFTER TAXATION		754,459	801,764	229,890	185,327
EARNINGS PER SHARE- BASIC AND DILUTED (RUPEES)	11	4.72	5.02	1.44	1.16

The annexed notes form an integral part of this interim financial information.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

**INTERIM CONDENSED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 MARCH 2008 (UN-AUDITED)**

	Period ended	
	31 March 2008	31 March 2007
(Rupees in thousand)		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	947,459	963,764
Adjustments for non-cash charges and other items		
Depreciation	738,375	729,777
(Gain)/loss on disposal of operating fixed assets	2,535	(7,002)
Amortization of deferred cost	158	472
Finance cost	614,888	626,077
CASH FLOW FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES	2,303,415	2,313,088
CASH FLOWS FROM WORKING CAPITAL CHANGES		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(134,952)	11,550
Stock-in-trade	(1,982,181)	(982,888)
Trade debts	(316,186)	70,115
Loans and advances	21,739	(28,436)
Short term deposits and prepayments	(11,713)	(7,334)
Other receivables	(87,910)	68,878
Increase / (decrease) in current liabilities		
Trade and other payables	320,812	104,360
Short term borrowings	3,841,057	2,088,887
NET CASH FLOW FROM WORKING CAPITAL CHANGES	1,650,666	1,325,132
CASH GENERATED FROM OPERATING ACTIVITIES	3,954,081	3,638,220
Finance cost paid	(629,063)	(659,808)
Income tax paid	(168,652)	(90,661)
NET CASH GENERATED FROM OPERATING ACTIVITIES	3,156,366	2,887,751
CASH FLOWS FROM INVESTING ACTIVITIES		
Long term loans	2,234	(3,493)
Long term deposits, prepayments and deferred cost	(1,945)	2,408
Proceeds from disposal of operating fixed assets	80,636	37,463
Investments made	(958,949)	(745,613)
Fixed capital expenditure	(871,027)	(826,162)
NET CASH USED IN INVESTING ACTIVITIES	(1,749,051)	(1,535,397)

	Period ended	
	31 March 2008	31 March 2007
(Rupees in thousand)		
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finances	200,000	-
Repayment of long term finances	(1,046,770)	(913,436)
Repayment of finance lease liabilities	(23,764)	(21,142)
Dividend paid	(395,896)	(218,431)
NET CASH USED IN FINANCING ACTIVITIES	(1,266,430)	(1,153,009)
NET INCREASE IN CASH AND CASH EQUIVALENTS	140,885	199,345
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	69,607	50,250
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	210,492	249,595

The annexed notes form an integral part of this interim financial information.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2008 (UN-AUDITED)**

Share Capital	CAPITAL RESERVES				REVENUE RESERVES			Total Reserves	Shareholders' equity		
	Premium on issue of right shares	Fair value reserve	Reserve for issue of bonus shares	Capital redemption reserve	Sub Total	General reserve	Accumulated profit/(loss)			Sub Total	
(Rupees in thousand)											
Balance as on 30 June 2006	1,452,597	1,027,622	10,194,839	-	82,331	11,304,792	6,135,132	1,701,888	7,837,020	19,141,812	20,594,409
Effect of change in accounting policy (Note 3.1)	-	-	(511,654)	-	(82,331)	(593,985)	(674,104)	(506,762)	(1,180,896)	(1,774,851)	(1,774,851)
Balance as on 30 June 2006-restated	1,452,597	1,027,622	9,683,185	-	-	10,710,807	5,461,028	1,195,126	6,656,154	17,366,961	18,819,558
Dividend @ Rupees 1.5 per share	-	-	-	-	-	-	-	(217,890)	(217,890)	(217,890)	(217,890)
Transfer to reserve for issue of bonus shares	-	-	-	145,260	-	145,260	-	(145,260)	(145,260)	-	-
Bonus shares issued	145,260	-	-	(145,260)	-	(145,260)	-	-	-	(145,260)	-
Transfer to general reserve	-	-	-	-	-	-	1,269,000	(1,269,000)	-	-	-
Fair value adjustment on investments	-	-	4,405,852	-	-	4,405,852	-	-	-	4,405,852	4,405,852
Net profit for the period ended	-	-	-	-	-	-	-	801,764	801,764	801,764	801,764
Balance as on 31 March 2007	1,597,857	1,027,622	14,089,037	-	-	15,116,659	6,730,028	364,740	7,094,768	22,211,427	23,809,284
Fair value gain adjusted on sale of investment	-	-	(11,625)	-	-	(11,625)	-	-	-	(11,625)	(11,625)
Fair value adjustment on investments	-	-	5,956,795	-	-	5,956,795	-	-	-	5,956,795	5,956,795
Net profit for the period ended	-	-	-	-	-	-	-	409,444	409,444	409,444	409,444
Balance as on 30 June 2007	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
Dividend @ 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	-	-	1,584,684	-	-	1,584,684	-	-	-	1,584,684	1,584,684
Net profit for the period ended	-	-	-	-	-	-	-	754,459	754,459	754,459	754,459
Balance as on 31 March 2008	1,597,857	1,027,622	21,618,891	-	-	22,646,513	7,974,028	(114,821)	7,859,207	30,505,720	32,103,577

The annexed notes form an integral part of this interim financial information.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

**SELECTED NOTES TO THE INTERIM CONDENSED
FINANCIAL INFORMATION
FOR THE PERIOD ENDED 31 MARCH 2008 (UN-AUDITED)**

1. THE COMPANY AND ITS OPERATIONS

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 and supply electricity.

2. BASIS OF PREPARATION

This interim financial information is unaudited and is being submitted to share holders as required by section 245 of the Companies Ordinance, 1984. This interim financial information has 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). This interim financial information should be read in conjunction with the annual financial statements for the year ended 30 June 2007.

3. ACCOUNTING POLICIES AND COMPUTATION METHODS

The accounting policies and methods of computations adopted for the preparation of this interim financial information are the same as applied in the preparation of the preceding annual published financial statements of the company for the year ended 30 June 2007 except for the changes disclosed in notes 3.1 and 3.2.

3.1 LONG TERM INVESTMENTS- ASSOCIATED COMPANIES

Change in accounting policy

Previously, long term investments in associated companies (with significant influence) were accounted for using the equity method of accounting and were initially recognized at cost. Now, as the company is required to prepare separate financial statements, hence, in accordance with the requirements of IAS-27 "Consolidated and Separate Financial Statements", the investments in associated undertakings are accounted for in accordance with IAS-39 "Financial Instruments: Recognition and Measurement" and classified as available for sale. This change in accounting policy has been applied retrospectively in accordance with IAS-8 "Accounting Policies, Changes in Accounting Estimates and Errors". Had there been no change in this accounting policy, the figures recognized in this interim financial information would have been different as follows:

	Unaudited 31 March 2008 (Rupees in thousand)	Audited 30 June 2007
Investments would have been higher / (lower) by	2,676,158	(206,475)
Profit for the period / year would have been higher by	90,446	462,962
Reserves would have been higher / (lower) by	2,585,712	(669,437)

3.2 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 this interim financial information are the same as those applied to the preceding annual published financial statements of the company for the year ended 30 June 2007 except for the change in note 4.1.

4.1 CHANGE IN ACCOUNTING ESTIMATE

During the period ended on 31 March 2008, the company has revised its estimate of useful life of computers . Hence depreciation rate of computers has been revised to 30% per annum from 10% per annum. This change in assessment of useful life of computers has been accounted for as a change in accounting estimate, recognized prospectively, in accordance with IAS-8 in this interim financial information.

Had there been no change in this accounting estimate, the profit for the period and the written down value of operating fixed assets as on 31 March 2008 would have been higher by Rupees 8.047 million.

	Unaudited 31 March 2008 (Rupees in thousand)	Audited 30 June 2007
5. LONG TERM FINANCING		
Opening balance	3,082,354	4,296,512
Acquired during the period/ year	200,000	-
	3,282,354	4,296,512
Less: Repayment during the period / year	1,046,770	1,214,158
	2,235,584	3,082,354
Less: Current portion shown under current liabilities	1,001,025	1,308,534
	1,234,559	1,773,820
6. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Future minimum lease payments	9,458	35,217
Less: Un-amortized finance charges	191	2,186
	9,267	33,031
Less: Current portion shown under current liabilities	9,267	33,031
	-	-

7. CONTINGENCIES AND COMMITMENTS

Contingencies

- i) The company is contingently liable for Rupees 61.891 million (June 2007: 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 390.599 million (June 2007: Rupees 669.944 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 Private Power & Infrastructure Board and collector of customs.
- iii) Post dated cheques have been issued to customs authorities in respect of duties amounting to Rupees 6.169 million (June 2007: Rupees 6.330 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.

Commitments

- i) Contracts for capital expenditure are approximately amounting to Rupees 150.619 million (June 2007: Rupees 17.882 million).
- ii) Letters of credit other than for capital expenditure are amounting to Rupees 284.928 million (June 2007: Rupees 458.158 million).

	Unaudited 31 March 2008 (Rupees in thousand)	Audited 30 June 2007
8. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (Note 8.1)	9,738,675	10,309,611
Assets subject to finance lease (Note 8.2)	65,876	71,019
Capital work-in-progress (Note 8.3)	831,089	205,529
	10,635,640	10,586,159
8.1 OPERATING FIXED ASSETS		
Opening book value	10,309,611	8,398,310
Add: Cost of additions during the period/ year (Note 8.1.1)	245,467	3,005,383
	10,555,078	11,403,693
Less: Book value of deletions during the period/ year (Note 8.1.2)	83,171	118,919
	10,471,907	11,284,774
Less: Depreciation charged for the period/ year	733,232	975,163
	9,738,675	10,309,611

	Unaudited 31 March 2008	Audited 30 June 2007
	(Rupees in thousand)	
8.1.1 Cost of additions during the period/ year		
Freehold land	7,971	8,541
Buildings on freehold land	96,299	667,997
Plant and machinery	96,642	2,103,923
Electric installations	6,038	75,963
Factory equipment	9,988	28,587
Furniture, fixtures and office equipment	13,090	35,697
Vehicles	15,439	84,675
	<u>245,467</u>	<u>3,005,383</u>
8.1.2 Book value of deletions during the period/ year		
Freehold land	249	-
Buildings on freehold land	457	524
Plant and machinery	70,197	101,769
Electric installations	-	137
Factory equipment	266	76
Furniture, fixtures and office equipment	59	158
Vehicles	11,943	16,255
	<u>83,171</u>	<u>118,919</u>
8.2 ASSETS SUBJECT TO FINANCE LEASE		
Opening book value	71,019	78,624
Less: Depreciation charged for the period/ year	5,143	7,605
	<u>65,876</u>	<u>71,019</u>
8.3 CAPITAL WORK-IN-PROGRESS		
Buildings on freehold land	189,771	89,878
Plant and machinery	615,423	96,918
Electric installations	1,456	-
Unallocated capital expenditure	8,562	8,425
Letters of credit against plant and machinery	398	22
Advances for purchase of furniture and office equipment	7,855	3,271
Advances for purchase of vehicles	7,624	7,015
	<u>831,089</u>	<u>205,529</u>

(Un-Audited)

	PERIOD ENDED		QUARTER ENDED	
	31 March 2008	31 March 2007	31 March 2008	31 March 2007
	(Restated)		(Restated)	
	(Rupees in thousand)			
9. COST OF SALES				
Raw materials consumed	4,026,982	3,555,520	1,371,848	1,195,447
Cloth and yarn purchased/ used	3,929,820	3,209,575	1,488,007	1,106,098
Processing charges	95,924	63,833	45,906	31,160
Salaries, wages and other benefits	903,509	829,966	297,185	260,345
Staff retirement benefits	28,971	26,033	9,783	9,170
Stores, spare parts and loose tools	1,047,524	982,282	365,702	339,992
Packing materials	312,750	268,303	106,680	93,299
Repair and maintenance	77,455	88,263	27,571	33,755
Fuel and power	1,053,421	1,068,334	402,542	336,074
Insurance	16,765	17,219	5,576	5,657
Other factory overheads	110,216	122,852	41,917	53,261
Depreciation	696,845	698,763	234,630	234,180
	12,300,182	10,930,943	4,397,347	3,698,438
Work-in-process:				
Opening stock	942,753	896,854	1,068,021	940,644
Closing stock	(1,205,334)	(1,027,922)	(1,205,334)	(1,027,922)
	(262,581)	(131,068)	(137,313)	(87,278)
Cost of goods manufactured	12,037,601	10,799,875	4,260,034	3,611,160
Finished goods:				
Opening stock	898,896	837,434	1,271,977	817,550
Closing stock	(1,100,263)	(829,324)	(1,100,263)	(829,324)
	(201,367)	8,110	171,714	(11,774)
	11,836,234	10,807,985	4,431,748	3,599,386
10. OTHER OPERATING EXPENSES				
Workers' profit participation fund	51,036	51,748	16,213	12,725
Workers' welfare fund	19,336	17,453	6,161	4,836
Amortization of deferred cost	158	472	-	157
Donation (Note 10.1)	575	1,048	-	12
	71,105	70,721	22,374	17,730

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)

PERIOD ENDED		QUARTER ENDED	
31 March 2008	31 March 2007	31 March 2008	31 March 2007
(Rupees in thousand)			

12. TRANSACTIONS WITH RELATED PARTIES

Purchase of goods and services	151,460	78,434	37,541	13,121
Sale of goods and services	170,664	5,481	104,577	2,575
Purchase of operating fixed assets	19,060	449	-	259
Sale of operating fixed assets	-	67	-	-
Dividend income	541,847	316,407	201,464	49,336
Dividend paid	52,564	28,671	-	-
Company's contribution to provident fund trust	37,683	33,589	12,783	11,698
Remuneration paid to Chief Executive Officer, Directors and Executives	52,423	31,409	19,592	7,974

- 12.1** 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.

13. AUTHORIZED FOR ISSUE

This interim financial information was approved by the Board of Directors and authorized for issue on 24 April, 2008.

14. CORRESPONDING FIGURES

- 14.1** Comparative figures of interim condensed profit and loss account for the period and quarter ended 31 March 2007 have been re-classified, wherever, necessary for the purpose of comparison. However, no significant reclassification has been made except for:

- Commission to selling agents amounting to Rupees 196.030 million for the period ended 31 March 2007 and amounting to Rupees 57.493 million for the quarter ended 31 March 2007 has been included in distribution and selling cost instead of deducting it from sales.

- Research and development support amounting to Rupees 153.826 million for the period ended 31 March 2007 and amounting to Rupees 52.773 million for the quarter ended 31 March 2007 has now been offset with related expenses. Previously it was included in sales.

14.2 Figures have been rounded off to nearest thousand rupees.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

NISHAT MILLS LIMITED AND ITS SUBSIDIARY

INTERIM CONDENSED CONSOLIDATED

FINANCIAL INFORMATION

FOR THE PERIOD

ENDED 31 MARCH 2008

**INTERIM CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2008**

	Note	Unaudited 31 March 2008 (Rupees in thousand)	Audited 30 June 2007
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
178,470,000 (30 June 2007: 178,470,000) ordinary shares of Rupees 10 each		1,784,700	1,784,700
Issued, subscribed and paid up share capital			
159,785,717 (30 June 2007: 159,785,717) ordinary shares of Rupees 10 each		1,597,857	1,597,857
Minority interest		140,000	-
Reserves		33,184,266	28,359,567
Total equity		34,922,123	29,957,424
NON-CURRENT LIABILITIES			
Long term financing	6	2,231,558	1,773,820
Liabilities against assets subject to finance lease	7	-	-
		2,231,558	1,773,820
CURRENT LIABILITIES			
Trade and other payables		1,249,425	926,593
Accrued markup		146,405	131,744
Short term borrowings		8,859,721	5,018,664
Current portion of non-current liabilities		1,010,292	1,341,565
Provision for taxation		423,807	230,807
		11,689,650	7,649,373
Total Liabilities		13,921,208	9,423,193
CONTINGENCIES AND COMMITMENTS	8	-	-
TOTAL EQUITY AND LIABILITIES		48,843,331	39,380,617

The annexed notes form an integral part of this interim financial information.

CHIEF EXECUTIVE OFFICER

	Note	Unaudited 31 March 2008 (Rupees in thousand)	Audited 30 June 2007
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	11,907,631	10,586,159
Long term investments		19,378,827	15,466,506
Long term loans		7,474	9,523
Long term deposits and prepayments		10,251	9,342
		31,304,183	26,071,530
CURRENT ASSETS			
Stores, spare parts and loose tools		557,380	422,428
Stock-in-trade		5,088,617	3,106,436
Trade debts		1,147,839	831,653
Short term Investments		9,072,403	8,118,459
Loans and advances		557,842	411,270
Short term deposits and prepayments		39,086	26,395
Other receivables		410,783	322,839
Cash and bank balances		665,198	69,607
		17,539,148	13,309,087
TOTAL ASSETS		48,843,331	39,380,617

DIRECTOR

CHIEF FINANCIAL OFFICER

**INTERIM CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 MARCH 2008 (UN-AUDITED)**

	Note	PERIOD ENDED		QUARTER ENDED	
		31 March 2008	31 March 2007	31 March 2008	31 March 2007
(Rupees in thousand)					
SALES		13,826,073	13,033,338	5,104,744	4,287,322
COST OF SALES	10	11,836,234	10,807,985	4,431,748	3,599,386
GROSS PROFIT		1,989,839	2,225,353	672,996	687,936
DISTRIBUTION AND SELLING EXPENSES		669,488	705,215	230,621	208,831
ADMINISTRATIVE AND GENERAL EXPENSES		281,115	232,195	97,316	79,525
OTHER OPERATING EXPENSES	11	68,717	70,721	28,226	17,730
		1,019,320	1,008,131	356,163	306,086
		970,519	1,217,222	316,833	381,850
OTHER OPERATING INCOME		474,794	264,054	222,072	68,469
OPERATING PROFIT		1,445,313	1,481,276	538,905	450,319
FINANCE COST		614,888	626,077	242,867	213,375
		830,425	855,199	296,038	236,944
SHARE OF PROFIT FROM ASSOCIATED COMPANIES		209,868	475,601	749	107,993
PROFIT BEFORE TAXATION		1,040,293	1,330,800	296,787	344,937
PROVISION FOR TAXATION		193,000	162,000	72,000	51,617
PROFIT AFTER TAXATION		847,293	1,168,800	224,787	293,320
EARNINGS PER SHARE- BASIC AND DILUTED (RUPEES)	12	5.30	7.31	1.41	1.84

The annexed notes form an integral part of this interim financial information.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

**INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 MARCH 2008 (UN-AUDITED)**

	Period ended	
	31 March 2008	31 March 2007
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,040,293	1,330,800
Adjustments for non-cash charges and other items		
Depreciation	738,375	729,777
(Gain)/loss on disposal of operating fixed assets	2,535	(7,002)
Share of profit from associated companies	(209,868)	(475,601)
Amortization of deferred cost	158	472
Finance cost	614,888	626,077
CASH FLOW FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES	2,186,381	2,204,523
CASH FLOWS FROM WORKING CAPITAL CHANGES		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(134,952)	11,550
Stock-in-trade	(1,982,181)	(982,888)
Trade debts	(316,186)	70,115
Loans and advances	21,901	(28,436)
Short term deposits and prepayments	(11,813)	(7,334)
Other receivables	(87,944)	68,878
Increase / (decrease) in current liabilities		
Trade and other payables	319,264	104,360
Short term borrowings	3,841,057	2,088,887
NET CASH FLOW FROM WORKING CAPITAL CHANGES	1,649,146	1,325,132
CASH GENERATED FROM OPERATING ACTIVITIES	3,835,527	3,529,655
Finance cost paid	(600,227)	(659,808)
Income tax paid	(168,658)	(90,661)
NET CASH GENERATED FROM OPERATING ACTIVITIES	3,066,642	2,779,186

	Period ended	
	31 March 2008	31 March 2007
(Rupees in thousand)		
CASH FLOWS FROM INVESTING ACTIVITIES		
Long term loans	2,234	(3,493)
Long term deposits, prepayments and deferred cost	(1,945)	2,408
Proceeds from disposal of operating fixed assets	80,636	37,463
Dividend from associated companies	119,422	108,565
Investments made	(398,949)	(745,613)
Fixed capital expenditure	(2,143,018)	(826,162)
NET CASH USED IN INVESTING ACTIVITIES	(2,341,620)	(1,426,832)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts against shares issued to minority share holders	140,000	-
Long term finances	1,196,999	-
Repayment of long term finances	(1,046,770)	(913,436)
Repayment of finance lease liabilities	(23,764)	(21,142)
Dividend paid	(395,896)	(218,431)
NET CASH USED IN FINANCING ACTIVITIES	(129,431)	(1,153,009)
NET INCREASE IN CASH AND CASH EQUIVALENTS	595,591	199,345
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	69,607	50,250
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	665,198	249,595

The annexed notes form an integral part of this interim financial information.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2008 (UN-AUDITED)**

Share Capital	Attributable to equity holders of the parent											Minority Interest	Total	
	CAPITAL RESERVES					REVENUE RESERVES					Total Reserves			Shareholders' equity
	Premium on issue of right shares	Fair value reserve	Reserve for issue of bonus shares	Capital redemption reserve	Sub Total	General reserve	Accumulated profit/(loss)	Sub Total						
(Rupees in thousand)														
Balance as on 30 June 2006	1,452,597	1,027,622	10,194,839	-	82,331	11,304,792	6,135,132	1,701,888	7,837,020	19,141,812	20,594,409	-	20,594,409	
Dividend @ Rupees 1.5 per share	-	-	-	-	-	-	-	(217,890)	(217,890)	(217,890)	(217,890)	-	(217,890)	
Transfer to reserve for issue of bonus shares	-	-	-	145,260	-	145,260	-	(145,260)	(145,260)	-	-	-	-	
Bonus shares issued	145,260	-	(145,260)	-	(145,260)	-	-	-	-	(145,260)	-	-	-	
Transfer to general reserve	-	-	-	-	-	-	1,269,000	(1,269,000)	-	-	-	-	-	
Fair value adjustment on investments	-	-	3,236,964	-	-	3,236,964	-	-	-	3,236,964	3,236,964	-	3,236,964	
Share of increase in reserves of associated companies under equity method	-	-	38,384	-	20,912	59,296	-	(20,912)	(20,912)	38,384	38,384	-	38,384	
Net profit for the period ended	-	-	-	-	-	-	-	1,168,800	1,168,800	1,168,800	1,168,800	-	1,168,800	
Balance as on 31 March 2007	1,597,857	1,027,622	13,470,187	-	103,243	14,601,052	7,404,132	1,217,626	8,621,758	23,222,810	24,820,667	-	24,820,667	
Fair value gain adjusted on sale of investment	-	-	(11,625)	-	-	(11,625)	-	-	-	(11,625)	(11,625)	-	(11,625)	
Fair value adjustment on investments	-	-	3,568,354	-	-	3,568,354	-	-	-	3,568,354	3,568,354	-	3,568,354	
Share of increase in reserves of associated companies under equity method	-	-	1,147,032	-	6,971	1,154,003	-	(79,345)	(79,345)	1,074,658	1,074,658	-	1,074,658	
Net profit for the period ended	-	-	-	-	-	-	-	595,370	595,370	595,370	595,370	-	595,370	
Balance as on 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	
Dividend @ 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	-	-	1,863,335	-	-	1,863,335	-	-	-	1,863,335	1,863,335	-	1,863,335	
Share of increase in reserves of associated companies under equity method	-	-	2,519,035	-	788	2,519,823	431,750	(438,038)	(6,268)	2,513,535	2,513,535	-	2,513,535	
Shares issued against share deposit money	-	-	-	-	-	-	-	847,293	847,293	847,293	847,293	140,000	140,000	
Net profit for the period ended	-	-	-	-	-	-	-	-	-	-	-	-	847,293	
Balance as on 31 March 2008	1,597,857	1,027,622	22,556,318	-	111,002	23,694,942	9,079,882	409,442	9,489,324	33,184,266	34,782,123	140,000	34,922,123	

The annexed notes form an integral part of this interim financial information.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

**SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION
FOR THE PERIOD ENDED 31 MARCH 2008 (UN-AUDITED)**

1. THE GROUP AND ITS OPERATIONS

Nishat Mills Limited (The Parent Company) 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 Parent 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.

Nishat Power Limited (The Subsidiary Company) is unlisted public limited company having its registered office at 53-A, Lawrence Road, Lahore and site office at 66 kilometer Lahore Multan Road, near jumber kalan, District Kasur. The principle business of the Subsidiary Company is generation, supply and transmission of electrical power. The Parent Company (Nishat Mills Limited) owns and controls 80% shareholding of the subsidiary company (Nishat Power Limited) which was incorporated under the Companies Ordinance, 1984 on 23 Feb, 2007.

2. BASIS OF PREPARATION

This interim condensed consolidated financial information is unaudited and is being submitted to share holders as required by section 245 of the Companies Ordinance, 1984. This interim financial information has 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 this interim condensed consolidated financial information are the same as applied by the Parent Company in the preparation of its preceeding annual published financial statements for the year ended 30 June 2007 which currently coincide with the Subsidiary Company accounting policies and method of computations.

4. CONSOLIDATION

a) Subsidiary

Subsidiary is an entity over which the parent has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The consolidated interim financial statements include Nishat Mills Limited and its subsidiary in which it 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 existance and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the parent controls another entity. Subsidiary is fully consolidated from the date on which control is transferred to the parent. They are deconsolidated from the date when control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiary by the parent. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liability incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the parent's share of the identifiable net assets acquired is recorded

as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated but considered an impairment indicator of the asset transferred. Currently accounting policies of subsidiary has the consistency with the policies adopted by the parent.

b) Minority interest

The group applies a policy of treating transactions with minority interests as transactions with parties external to the group. Disposals to minority interests result in gains and losses for the group that are recorded in the income statement.

c) 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 income statement, 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 this interim condensed consolidated financial information are the same as those applied to the preceding annual published financial statements of the Parent Company for the year ended 30 June 2007 except for the change in note 5.1.

5.1 CHANGE IN ACCOUNTING ESTIMATE

During the period ended on 31 March 2008, the parent company has revised its estimate of useful life of computers. Hence depreciation rate of computers has been revised to 30% per annum from 10% per annum. This change in assessment of useful life of computers has been accounted for as a change in accounting estimate, recognized prospectively, in accordance with IAS-8 in this interim financial information.

Had there been no change in this accounting estimate, the profit for the period and the written down value of operating fixed assets as on 31 March 2008 would have been higher by Rupees 8.047 million.

	Un-Audited 31 March 2008 (Rupees in thousand)	Audited 30 June 2007
6. LONG TERM FINANCING		
Opening balance	3,082,354	4,296,512
Acquired during the period/ year	1,196,999	-
	4,279,353	4,296,512
Less: Repayment during the period / year	1,046,770	1,214,158
	3,232,583	3,082,354
Less: Current portion shown under current liabilities	1,001,025	1,308,534
	2,231,558	1,773,820
7. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Future minimum lease payments	9,458	35,217
Less: Un-amortized finance charges	191	2,186
	9,267	33,031
Less: Current portion shown under current liabilities	9,267	33,031
	-	-
8. CONTINGENCIES AND COMMITMENTS		
Contingencies		
i) The Parent Company is contingently liable for Rupees 61.891 million (June 2007: 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 390.599 million (June 2007: Rupees 669.944 million) have been given by the banks of the group to Sui Northern Gas pipelines Company Limited against gas connections, Shell Pakistan Limited against purchase of furnace oil and Private Power & Infrastructure Board and collector of customs.		
iii) Guarantees of Rupees 337.482 million (June 2007: Rupees Nil) have been given by the banks of the group to National Transmission and Despatch Company as required under Power purchase agreement.		
iv) Group's share in contingencies of associated companies is Rupees 438.057 million (June 2007: Rupees 249.430 million).		
v) Standby letter of credits amounting to Rupees 1,384.537 million for equity injection and Rupees 147.120 million for positive cost overrun on behalf of Nishat Power Limited, in favour of Security Trustee of Syndicated lenders of Nishat Power Limited.		
vi) Post dated cheques have been issued to customs authorities in respect of duties amounting to Rupees 6.169 million (June 2007: Rupees 6.330 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.		
Commitments		
i) Contracts for capital expenditure are approximately amounting to Rupees 13,025.724 million (June 2007: Rupees 17.882 million).		
ii) Letters of credit other than for capital expenditure are amounting to Rupees 284.928 million (June 2007: Rupees 458.158 million).		

	Un-Audited 31 March 2008	Audited 30 June 2007
	(Rupees in thousand)	
9. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (Note 9.1)	9,816,453	10,309,611
Assets subject to finance lease (Note 9.2)	65,876	71,019
Capital work-in-progress (Note 9.3)	2,025,302	205,529
	11,907,631	10,586,159
9.1 OPERATING FIXED ASSETS		
Opening book value	10,309,611	8,398,310
Add: Cost of additions during the period/ year (Note 9.1.1)	323,245	3,005,383
	10,632,856	11,403,693
Less: Book value of deletions during the period/ year (Note 9.1.2)	83,171	118,919
	10,549,685	11,284,774
Less: Depreciation charged for the period/ year	733,232	975,163
	9,816,453	10,309,611
9.1.1 Cost of additions during the period / year		
Freehold land	85,059	8,541
Buildings on freehold land	96,299	667,997
Plant and machinery	96,642	2,103,923
Electric installations	6,038	75,963
Factory equipments	9,988	28,587
Furniture, fixtures and office equipments	13,243	35,697
Vehicles	15,976	84,675
	323,245	3,005,383
9.1.2 Book value of deletions during the period/ year		
Freehold land	249	-
Buildings on freehold land	457	524
Plant and machinery	70,197	101,769
Electric installations	-	137
Factory equipments	266	76
Furniture, fixtures and office equipments	59	158
Vehicles	11,943	16,255
	83,171	118,919
9.2 ASSETS SUBJECT TO FINANCE LEASE		
Opening book value	71,019	78,624
Less: Depreciation charged for the period/ year	5,143	7,605
	65,876	71,019

Un-Audited Audited
31 March 30 June
2008 2007
(Rupees in thousand)

9.3 CAPITAL WORK-IN-PROGRESS

Buildings on freehold land	210,159	89,878
Plant and machinery	1,535,371	96,918
Electric installations	1,456	-
Unallocated capital expenditure	261,730	8,425
Letters of credit against plant and machinery	398	22
Advances for purchase of furniture and office equipment	7,855	3,271
Advances for purchase of vehicles	8,333	7,015
	2,025,302	205,529

(Un-Audited)

PERIOD ENDED		QUARTER ENDED	
31 March 2008	31 March 2007	31 March 2008	31 March 2007

(Rupees in thousand)

10. COST OF SALES

Raw materials consumed	4,026,982	3,555,520	1,371,848	1,195,447
Cloth and yarn purchased/ used	3,929,820	3,209,575	1,488,007	1,106,098
Processing charges	95,924	63,833	45,906	31,160
Salaries, wages and other benefits	903,509	829,966	297,185	260,345
Staff retirement benefits	28,971	26,033	9,783	9,170
Stores, spare parts and loose tools	1,047,524	982,282	365,702	339,992
Packing materials	312,750	268,303	106,680	93,299
Repair and maintenance	77,455	88,263	27,571	33,755
Fuel and power	1,053,421	1,068,334	402,542	336,074
Insurance	16,765	17,219	5,576	5,657
Other factory overheads	110,216	122,852	41,917	53,261
Depreciation	696,845	698,763	234,630	234,180
	12,300,182	10,930,943	4,397,347	3,698,438

Work-in-process:

Opening stock	942,753	896,854	1,068,021	940,644
Closing stock	(1,205,334)	(1,027,922)	(1,205,334)	(1,027,922)
	(262,581)	(131,068)	(137,313)	(87,278)

Cost of goods manufactured	12,037,601	10,799,875	4,260,034	3,611,160
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Finished goods:

Opening stock	898,896	837,434	1,271,977	817,550
Closing stock	(1,100,263)	(829,324)	(1,100,263)	(829,324)
	(201,367)	8,110	171,714	(11,774)

	11,836,234	10,807,985	4,431,748	3,599,386
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11. OTHER OPERATING EXPENSES

Workers' profit participation fund (Note 11.1)	51,036	51,748	22,184	12,725
Workers' welfare fund	16,948	17,453	6,042	4,836
Amortization of deferred cost	158	472	-	157
Donation (Note 11.2)	575	1,048	-	12
	68,717	70,721	28,226	17,730

11.1 WORKERS' PARTICIPATION FUND

Provision for Workers' profit participation fund against share of profit in associated companies has been made to the extent of dividend income received from these associated companies.

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

12. EARNINGS PER SHARE - BASIC AND DILUTED

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

13. TRANSACTIONS WITH RELATED PARTIES

(Un-Audited)

PERIOD ENDED		QUARTER ENDED	
31 March 2008	31 March 2007	31 March 2008	31 March 2007

(Rupees in thousand)

Purchase of goods and services	151,730	78,434	37,811	13,121
Sale of goods and services	170,664	5,481	104,577	2,575
Purchase of operating fixed assets	19,060	449	-	259
Sale of operating fixed assets	-	67	-	-
Dividend income	541,847	316,407	201,464	49,336
Dividend paid	52,564	28,671	-	-
Group's contribution to provident fund trust	37,787	33,589	12,814	11,698
Remuneration paid to Chief Executive Officer, Directors and Executives	55,111	31,409	20,715	7,974

13.1 The group 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.

14. AUTHORIZED FOR ISSUE

This interim condensed consolidated financial information was approved by the Board of Directors and authorized for issue on 24 April, 2008.

15. CORRESPONDING FIGURES

15.1 Comparative figures of interim condensed consolidated profit and loss account for the period and quarter ended 31 March 2007 have been re-classified, wherever, necessary for the purpose of comparison. However, no significant reclassification has been made except for:

- Commission to selling agents amounting to Rupees 196.030 million for the period ended 31 March 2007 and amounting to Rupees 57.493 million for the quarter ended 31 March 2007 has been included in distribution and selling cost instead of deducting it from sales.
- Research and development support amounting to Rupees 153.826 million for the period ended 31 March 2007 and amounting to Rupees 52.773 million for the quarter ended 31 March 2007 has now been offset with related expenses. Previously it was included in sales.

15.2 Figures have been rounded off to nearest thousand rupees.