

Half Yearly Report

For the period ended 31 December 2007



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. Nabiha Shahnawaz Cheema	

AUDIT COMMITTEE:

Mian Hassan Mansha	Member
Mr. Muhammad Azam	Member
Ms. Nabiha Shahnawaz Cheema	Chairperson/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)	KASB Bank Limited
Allied Bank of Pakistan Limited	Meezan Bank Limited
Askari Bank Limited	National Bank of Pakistan
Bank Alfalah 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 half year ended December 31, 2007 duly reviewed by the auditors. The net profit after tax has decreased to Rs. 524.569 million as compared to Rs. 616.437 million, thus showing decrease of 14.90%. The Gross profit after tax has decreased to Rs. 1,316.843 million as compared to Rs. 1,537.417 million, thus showing decrease of 14.35%. This is due to increase in local cotton consumption rate i.e Rs. 2,980/maund during the current half year as compared to 2,451/maund in the corresponding half year and increase in minimum wage rate by 15%. Other income has increased by Rs. 67.994 million as compared to corresponding half year which is mainly due to increase in dividend income. There is a decrease of 9.86 % (Rs. 40.681 million) in finance cost due to decrease in average rate of interest on long term borrowing from 9.32 % to 7.62 %.

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

Financial Highlights	Half Year Ended December 31	
	2007	2006
Net Sales ('000' Rs)	8,721,329	8,746,016
Gross Profit ('000' Rs)	1,316,843	1,537,417
Pre-tax Profit ('000' Rs)	645,569	726,820
After Tax Profit ('000' Rs)	524,569	616,437
Gross Profit (%)	15.10	17.58
After Tax Profit (%)	6.01	7.05
Earning Per Share (Rs)	3.28	3.86

Market Review & Future Prospects

Spinning

A rising New York cotton index and a shortfall of close to 2 million bales in domestic cotton production has led to an unprecedented hike in cotton prices both at domestic as well as international level. This resulted in serious cotton crisis since the beginning of this year and we faced many difficulties to win businesses in the international market competition. During the period under review, local cotton prices fluctuated from Rs.2,700/Maund to Rs.3,600/Maund.

Yarn	Half Year July to December		Variance	
	2007	2006	Total	%age
Sales - '000' Kgs	14,795	11,578	3,217	27.79
Rate / Kg	151.41	141.74	9.67	6.82
Sales - '000' Rs.	2,240,099	1,641,049	599,050	36.50

Continuous buying by spinners did not let the cotton prices settle down. Such a buying trend was due to anticipation of further rise in prices. By the end of half year 2007-2008 cotton price could not maintain stability which was due to some international and local factors.

At Nishat Mills, during this half year, it was difficult to create the demand of 100% carded and combed cotton yarn even in Hong Kong and China markets. Low buying interest was witnessed in these markets. Moreover, buyers did not seem willing to pay better prices for imported yarn as compared to increase in cotton prices. Continuous rise in cotton prices and late arrival of crop from Punjab region were big restraints to achieve marketing and selling targets. Though

we achieved our sale targets some how but over all impact on profits was somewhat negative. However, Malaysia Pakistan Free Trade Agreement helped a lot to market cotton yarn in Malaysia. The demand of cotton yarn in European market showed more declined trend and USA market continued with limited demand and same flat interest.

During this half year, our company has installed loptex machines in production line for sorting contamination. This addition helped to improve quality as well as efficiency.

Weaving

The period under review was not so good for textile business due to the bullish and uncertain cotton market. This led to 15% increase in the cotton yarn prices. Polyester /cotton yarn markets have also been difficult because of the increasing oil prices. The increase in the yarn prices was not absorbed by the fabric prices. Because of the high prices of polyester cotton yarn, the work wear business in the last six months was very difficult. Our wider width looms / home textile greige capacity continued facing decline in prices.

Despite of the difficulties, problems and unfavorable circumstances, our weaving sector has done well in the first half of the year. We have been successful in maintaining our profit margins. We have added new European customers in Germany, Spain and Denmark and increased business with them during the first half year. Our business in the special and technical fabric (Antistatic, Fire retardant, and military fabrics) business has also increased.

Grey Cloth	Half Year July to December		Variance	
	2007	2006	Total	%age
Sales - '000' Mtrs	21,949	31,558	(9,609)	(30.45)
Rate / Mtrs	96.91	86.51	10.40	12.02
Sales - '000' Rs.	2,127,180	2,730,021	(602,841)	(22.08)

We are doing quite good to make up the gap of the Fareast market and Central America by increasing the sales to our European customers. This has been our strategy to diversify customer wise, market wise and product wise. For fashion market, we entered into Kapok fiber, Viscose Lycra, Bamboo Lycra etc. We are trying to reduce our production lead-time by bringing state of the art looms. Customer services and keeping stocks of special filaments, yarns and fibers are our major tools for a better lead-time. Increase in technical fabrics, diversification in product range, special filaments i.e. Antistatic and Fire retardant have remained on our priority.

Processing, Dyeing and Stitching

The huge power and gas shortages resulted in disruption of production and causing huge losses to this business which is already facing a sluggish demand due to oversupply, change in trade rules, law and order problems and increase in cost of major inputs i.e. Cotton, labor and oil derivatives.

Made-Ups	Half Year July to December		Variance	
	2007	2006	Total	%age
Sales - '000' Mtrs	10,013	9,624	389	4.04
Rate / Mtrs	146.00	144.17	1.83	1.27
Sales - '000' Rs.	1,461,858	1,387,489	74,369	5.36

Processed Cloth (Bleached, Dyed & Printed)	Half Year July to December		Variance	
	2007	2006	Total	%age
Sales - '000' Mtrs	811	1,826	(1,015)	(55.59)
Rate / Mtrs	159.79	113.92	45.87	40.27
Sales - '000' Rs.	129,592	208,019	(78,427)	(37.70)

In the period where all major players are facing a steep decline in the revenues, our company was able to maintain its projected sales proportionate to the plant efficiency. In the present era, where only the cost efficient companies were taken as survivors, our company successfully made major changes in its operations and did it successfully by cutting the major costs in operations and labour in processing and stitching departments. We had stressed the automation strategy to achieve the minimum costs versus maximum output.

The products launched during last year were getting the encouraging response from the customers and orders were executed for the same. The new products for embellished articles and complex confections were taken into consideration by achieving a niche in confection prone articles where different fabrications, embellishments were used to make the product more value added. We have also hired foreign consultants from USA to achieve quality standard, enhance technical efficiency and strengthen marketing skills.

We are planning to install back coating plant and caustic soda plant to have further value addition, cost reduction and diversification in production resources. We are also in the process of installing new gerber cutting equipment in our sewing operation.

Owing to sluggish US Economy, EU market remained the major target to increase business with the current customers and to add new customers. For this purpose, the company has initiated business with two leading EU retailers as major importers / manufacturers have shifted their business to Asian manufacturers.

Nishat Dyeing & Finishing (NDF)

Though the performance of Nishat Dyeing was satisfactory during the period under review, however this period was a difficult one for textile manufacturers/exporters around the globe, and especially for Pakistani exporters. At the start of this period, US market started showing signs of sluggishness attributed to a weakening US economy, plunging dollar and mortgage crises, which all resulted in below average sales at retail level for most major retailers of USA. This invariably reflected in shorter export orders for textile manufacturers during this period.

Dyed Cloth	Half Year July to December		Variance	
	2007	2006	Total	%age
Sales - '000' Mtrs	19,338	19,498	(160)	(0.82)
Rate / Mtrs	120.97	123.53	(2.56)	(2.07)
Sales - '000' Rs.	2,339,411	2,408,538	(69,127)	(2.87)

Nishat Dyeing managed to retain its performance throughout this period, despite all these difficulties. At the beginning of financial year 2008, the global and domestic adversities are far from over, with the US economy showing no signs of improvement and domestic cotton prices still inching up on an almost daily basis. However, Nishat is successfully realigning itself. Backed by aggressive efforts on development as well as on marketing fronts, the synergy of NDF and Gulf Nishat project is exposed to major US customers to gain the competitive advantage of a vertical setup. This synergy is going to play a key role in the next quarter business for both the projects of Nishat Dyeing as well as Gulf Nishat Apparel.

Nishat Power Limited-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 major shareholding 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 operations date by September 2009.

Due to the addition of the subsidiary, our company has annexed interim condensed 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:

February 16, 2008.

REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying interim condensed balance sheet of **NISHAT MILLS LIMITED** as at 31 December 2007 and the related interim condensed profit and loss account, interim condensed cash flow statement and interim condensed statement of changes in equity together with the notes forming part thereof (herein after referred to as "interim financial information"), for the period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

The figures of the interim condensed profit and loss account for the quarters ended 31 December 2007 and 31 December 2006 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended 31 December 2007.

LAHORE: February 16, 2008

RIAZ AHMAD AND COMPANY
Chartered Accountants

INTERIM CONDENSED BALANCE SHEET
 AS AT 31 DECEMBER 2007

	Note	Unaudited 31 December 2007	Audited 30 June 2007 (Restated)
(Rupees in thousand)			
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>28,277,953</u>	<u>28,566,041</u>
Total equity		29,875,810	30,163,898
NON-CURRENT LIABILITIES			
Long term financing	5	1,217,157	1,773,820
Liabilities against assets subject to finance lease	6	-	-
		1,217,157	1,773,820
CURRENT LIABILITIES			
Trade and other payables		1,364,943	926,593
Accrued markup		147,250	131,744
Short term borrowings		7,277,449	5,018,664
Current portion of non-current liabilities		1,218,246	1,341,565
Provision for taxation		351,807	230,807
		10,359,695	7,649,373
Total Liabilities		11,576,852	9,423,193
CONTINGENCIES AND COMMITMENTS	7	-	-
TOTAL EQUITY AND LIABILITIES		<u>41,452,662</u>	<u>39,587,091</u>

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

CHIEF EXECUTIVE OFFICER

	Note	Unaudited 31 December 2007	Audited 30 June 2007 (Restated)
(Rupees in thousand)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	10,423,150	10,586,159
Long term investments		15,023,074	15,672,980
Long term loans		7,561	9,523
Long term deposits and prepayments		10,706	9,342
		25,464,491	26,278,004
CURRENT ASSETS			
Stores, spare parts and loose tools		512,103	422,428
Stock-in-trade		4,484,438	3,106,436
Trade debts		1,072,521	831,653
Short term Investments		8,811,267	8,118,459
Loans and advances		554,932	411,270
Short term deposits and prepayments		56,912	26,395
Other receivables		371,159	322,839
Cash and bank balances		124,839	69,607
		15,988,171	13,309,087
TOTAL ASSETS		41,452,662	39,587,091

DIRECTOR

**INTERIM CONDENSED PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR ENDED 31 DECEMBER 2007
(UN-AUDITED)**

Note	HALF YEAR ENDED		QUARTER ENDED		
	31 December 2007	31 December 2006	31 December 2007	31 December 2006	
	(Restated)		(Restated)		
	----- (Rupees in thousand) -----				
	SALES	8,721,329	8,746,016	4,444,292	4,385,177
9	COST OF SALES	7,404,486	7,208,599	3,918,986	3,668,459
	GROSS PROFIT	1,316,843	1,537,417	525,306	716,718
	DISTRIBUTION AND SELLING EXPENSES	438,867	496,384	229,611	233,940
	ADMINISTRATIVE AND GENERAL EXPENSES	183,799	152,670	90,691	61,425
10	OTHER OPERATING EXPENSES	48,731	52,991	18,819	32,879
		671,397	702,045	339,121	328,244
		645,446	835,372	186,185	388,474
	OTHER OPERATING INCOME	372,144	304,150	255,672	282,867
	OPERATING PROFIT	1,017,590	1,139,522	441,857	671,341
	FINANCE COST	372,021	412,702	194,676	200,027
	PROFIT BEFORE TAXATION	645,569	726,820	247,181	471,314
	PROVISION FOR TAXATION	121,000	110,383	68,000	60,097
	PROFIT AFTER TAXATION	524,569	616,437	179,181	411,217
	EARNINGS PER SHARE- BASIC AND DILUTED (RUPEES)	3.28	3.86	1.12	2.57

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

**INTERIM CONDENSED CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2007
(UN-AUDITED)**

	Half year ended	
	31 December 2007	31 December 2006
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	645,569	726,820
Adjustments for non-cash charges and other items		
Depreciation	489,914	483,404
(Gain)/loss on disposal of operating fixed assets	2,986	(4,010)
Amortization of deferred cost	158	315
Finance cost	372,021	412,702
CASH FLOW FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES	1,510,648	1,619,231
CASH FLOWS FROM WORKING CAPITAL CHANGES		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(89,675)	17,749
Stock-in-trade	(1,378,002)	(558,573)
Trade debts	(240,868)	(105,399)
Loans and advances	(34,881)	(45,707)
Short term deposits and prepayments	(29,648)	(18,364)
Other receivables	(48,320)	10,841
Increase / (decrease) in current liabilities		
Trade and other payables	433,646	195,939
Short term borrowings	2,258,785	1,328,767
NET CASH FLOW FROM WORKING CAPITAL CHANGES	871,037	825,253
CASH GENERATED FROM OPERATING ACTIVITIES	2,381,685	2,444,484
Finance cost paid	(356,515)	(414,127)
Income tax paid	(108,742)	(53,509)
NET CASH GENERATED FROM OPERATING ACTIVITIES	1,916,428	1,976,848

	Half year ended	
	31 December 2007	31 December 2006
	(Rupees in thousand)	
CASH FLOWS FROM INVESTING ACTIVITIES		
Long term loans	1,923	(2,111)
Long term deposits, prepayments and deferred cost	(2,391)	936
Proceeds from disposal of operating fixed assets	70,158	11,798
Investments made	(456,095)	(677,072)
Fixed capital expenditure	(400,049)	(498,940)
NET CASH USED IN INVESTING ACTIVITIES	(786,454)	(1,165,389)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term finances	(664,372)	(592,080)
Repayment of finance lease liabilities	(15,610)	(13,887)
Dividend paid	(394,760)	(216,469)
NET CASH USED IN FINANCING ACTIVITIES	(1,074,742)	(822,436)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	55,232	(10,977)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	69,607	50,250
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	124,839	39,273

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2007 (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	Capital redemption shares	Sub Total reserve	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)	(1,180,866)	(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	-	-	359,459	-	-	359,459	-	-	-	359,459	359,459
Net profit for the half year ended	-	-	-	-	-	-	-	616,437	616,437	616,437	616,437
Balance as on 31 December 2006	1,597,857	1,027,622	10,042,644	-	-	11,070,266	6,730,028	179,413	6,909,441	17,979,707	19,577,564
Fair value adjustment on investments	-	-	9,991,563	-	-	9,991,563	-	-	-	9,991,563	9,991,563
Net profit for the half year ended	-	-	-	-	-	-	-	594,771	594,771	594,771	594,771
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	-	-	(413,193)	-	-	(413,193)	-	-	-	(413,193)	(413,193)
Net profit for the half year ended	-	-	-	-	-	-	-	524,569	524,569	524,569	524,569
Balance as on 31 December 2007	1,597,857	1,027,622	19,621,014	-	-	20,648,636	7,974,028	(344,711)	7,629,317	28,277,953	29,875,810

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

**SELECTED NOTES TO THE INTERIM CONDENSED
FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

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 but subject to limited scope review by the statutory auditors 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 December 2007 (Rupees in thousand)	Audited 30 June 2007
Investments would have been higher / (lower) by	2,991,955	(206,475)
Profit for the period / year would have been higher by	109,498	462,962
Reserves would have been higher / (lower) by	2,882,457	(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 half year ended on 31 December 2007, 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 December 2007 would have been higher by Rupees 5.33 million.

	Unaudited 31 December 2007 (Rupees in thousand)	Audited 30 June 2007
5. LONG TERM FINANCING		
Opening balance	3,082,354	4,296,512
Less: Repayment during the period/ year	664,372	1,214,158
	2,417,982	3,082,354
Less: Current portion shown under current liabilities	1,200,825	1,308,534
	1,217,157	1,773,820
6. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Future minimum lease payments	18,044	35,217
Less: Un-amortized finance charges	623	2,186
	17,421	33,031
Less: Current portion shown under current liabilities	17,421	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 674.941 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 Wartsila Finland for power project and collector of customs.
- iii) Post dated cheques have been issued to customs authorities in respect of duties amounting to Rupees 5.933 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 162.743 million (June 2007: Rupees 17.882 million)
- ii) Letters of credit other than for capital expenditure are amounting to Rupees 707.256 million (June 2007: Rupees 458.158 million)

	Unaudited 31 December 2007 (Rupees in thousand)	Audited 30 June 2007
8. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (Note 8.1)	9,910,511	10,309,611
Assets subject to finance lease (Note 8.2)	67,578	71,019
Capital work-in-progress (Note 8.3)	445,061	205,529
	10,423,150	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)	160,517	3,005,383
	10,470,128	11,403,693
Less: Book value of deletions during the period / year (Note 8.1.2)	73,144	118,919
	10,396,984	11,284,774
Less: Depreciation charged for the period / year	486,473	975,163
	9,910,511	10,309,611
8.1.1 Cost of additions during the period / year		
Freehold land	-	8,541
Buildings on freehold land	96,229	667,997
Plant and machinery	27,379	2,103,923
Electric installations	5,869	75,963
Factory equipment	8,720	28,587
Furniture, fixtures and office equipment	9,814	35,697
Vehicles	12,506	84,675
	160,517	3,005,383
8.1.2 Book value of deletions during the period / year		
Freehold land	249	-
Buildings on freehold land	457	524
Plant and machinery	64,027	101,769
Electric installations	-	137
Factory equipment	-	76
Furniture, fixtures and office equipment	59	158
Vehicles	8,352	16,255
	73,144	118,919

	Unaudited 31 December 2007	Audited 30 June 2007
	(Rupees in thousand)	
8.2 ASSETS SUBJECT TO FINANCE LEASE		
Opening book value	71,019	78,624
Less: Depreciation charged for the period/ year	3,441	7,605
	67,578	71,019
8.3 CAPITAL WORK-IN-PROGRESS		
Buildings on freehold land	147,164	89,878
Plant and machinery	276,129	96,918
Electric installations	1,997	-
Unallocated capital expenditure	8,425	8,425
Letters of credit against plant and machinery	775	22
Advances for purchase of furniture and office equipment	7,944	3,271
Advances for purchase of vehicles	2,627	7,015
	445,061	205,529

(Un-Audited)

HALF YEAR ENDED		QUARTER ENDED	
31 December 2007	31 December 2006	31 December 2007	31 December 2006
(Rupees in thousand)			

9. COST OF SALES

Raw materials consumed	2,655,134	2,360,073	1,431,466	1,217,532
Cloth and yarn purchased/ used	2,441,813	2,103,477	1,186,840	1,054,330
Processing charges	50,018	32,673	14,028	23,700
Salaries, wages and other benefits	606,324	569,621	315,199	302,862
Staff retirement benefits	19,188	16,863	9,917	8,911
Stores, spare parts and loose tools	681,822	642,290	329,713	326,155
Packing materials	206,070	175,004	101,760	86,811
Repair and maintenance	49,884	54,508	30,284	32,449
Fuel and power	650,879	732,260	326,222	360,654
Insurance	11,189	11,562	5,582	5,895
Other factory overheads	68,299	69,591	34,278	35,476
Depreciation	462,215	464,583	230,272	235,444
	7,902,835	7,232,505	4,015,561	3,690,219
Work-in-process:				
Opening stock	942,753	896,854	1,135,350	910,816
Closing stock	(1,068,021)	(940,644)	(1,068,021)	(940,644)
	(125,268)	(43,790)	67,329	(29,828)
Cost of goods manufactured	7,777,567	7,188,715	4,082,890	3,660,391
Finished goods:				
Opening stock	898,896	837,434	1,108,073	825,618
Closing stock	(1,271,977)	(817,550)	(1,271,977)	(817,550)
	(373,081)	19,884	(163,904)	8,068
	7,404,486	7,208,599	3,918,986	3,668,459

(Un-Audited)

HALF YEAR ENDED		QUARTER ENDED	
31 December 2007	31 December 2006	31 December 2007	31 December 2006

(Rupees in thousand)

10. OTHER OPERATING EXPENSES

Workers' profit participation fund	34,823	39,023	13,275	25,301
Workers' welfare fund	13,175	12,617	5,045	7,403
Amortization of deferred cost	158	315	-	157
Donations (Note 10.1)	575	1,036	499	18
	48,731	52,991	18,819	32,879

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.

12. TRANSACTIONS WITH RELATED PARTIES

Purchase of goods and services	113,919	65,313	55,837	15,385
Sale of goods and services	66,087	2,906	40,555	2,070
Purchase of operating fixed assets	19,060	190	19,060	190
Sale of operating fixed assets	-	67	-	-
Dividend income	340,383	267,071	231,186	267,071
Dividend paid	52,564	28,671	52,564	28,671
Company's contribution to provident fund trust	24,900	21,891	13,020	11,709
Remuneration paid to Chief Executive Officer, Directors and Executives	32,831	23,435	21,432	12,214

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 February 16, 2008.

14. CORRESPONDING FIGURES

14.1 Comparative figures of interim condensed profit and loss account for the half year and quarter ended 31 December 2006 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 138.537 million for the half year ended 31 December 2006 and amounting to Rupees 61.260 million for the quarter ended 31 December 2006 has been included in distribution and selling cost instead of deducting it from sales.
- Research and development support amounting to Rupees 101.053 million for the half year ended 31 December 2006 and amounting to Rupees 70.727 million for the quarter ended 31 December 2006 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

NISHAT MILLS LIMITED AND ITS SUBSIDIARY

INTERIM CONDENSED CONSOLIDATED

FINANCIAL INFORMATION

FOR THE HALF YEAR

ENDED 31 DECEMBER 2007

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2007

	Note	Unaudited 31 December 2007 (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 159,785,719 (June 2007: 159,785,717) ordinary shares of Rupees 10 each		1,597,857	1,597,857
Share deposit money		50,000	-
Reserves		31,278,091	28,359,567
Total equity		32,925,948	29,957,424
NON-CURRENT LIABILITIES			
Long term financing	6	1,217,157	1,773,820
Liabilities against assets subject to finance lease	7	-	-
		1,217,157	1,773,820
CURRENT LIABILITIES			
Trade and other payables		1,359,766	926,593
Accrued markup		147,250	131,744
Short term borrowings		7,277,449	5,018,664
Current portion of non-current liabilities		1,218,246	1,341,565
Provision for taxation		351,807	230,807
		10,354,518	7,649,373
Total liabilities		11,571,675	9,423,193
CONTINGENCIES AND COMMITMENTS	8	-	-
TOTAL EQUITY AND LIABILITIES		44,497,623	39,380,617

CHIEF EXECUTIVE OFFICER

	Note	Unaudited 31 December 2007 (Rupees in thousand)	Audited 30 June 2007
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	10,539,055	10,586,159
Long term investments		17,812,067	15,466,506
Long term loans		7,561	9,523
Long term deposits and prepayments		10,706	9,342
		28,369,389	26,071,530
CURRENT ASSETS			
Stores, spare parts and loose tools		512,103	422,428
Stock-in-trade		4,484,438	3,106,436
Trade debts		1,072,521	831,653
Short term Investments		8,811,267	8,118,459
Loans and advances		555,403	411,270
Short term deposits and prepayments		57,012	26,395
Other receivables		371,159	322,839
Cash and bank balances		264,331	69,607
		16,128,234	13,309,087
TOTAL ASSETS		44,497,623	39,380,617

DIRECTOR

**INTERIM CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR ENDED 31 DECEMBER 2007
(UN-AUDITED)**

	Note	HALF YEAR ENDED		QUARTER ENDED	
		31 December 2007	31 December 2006	31 December 2007	31 December 2006
----- (Rupees in thousand) -----					
SALES		8,721,329	8,746,016	4,444,292	4,385,177
COST OF SALES	10	7,404,486	7,208,599	3,918,986	3,668,459
GROSS PROFIT		1,316,843	1,537,417	525,306	716,718
DISTRIBUTION AND SELLING EXPENSES		438,867	496,384	229,611	233,940
ADMINISTRATIVE AND GENERAL EXPENSES		183,799	152,670	90,691	61,425
OTHER OPERATING EXPENSES	11	40,491	52,991	10,579	32,879
		663,157	702,045	330,881	328,244
		653,686	835,372	194,425	388,474
OTHER OPERATING INCOME		252,722	195,585	136,250	174,302
OPERATING PROFIT		906,408	1,030,957	330,675	562,776
FINANCE COST		372,021	412,702	194,676	200,027
		534,387	618,255	135,999	362,749
SHARE OF PROFIT FROM ASSOCIATED COMPANIES		209,119	367,608	71,138	147,124
PROFIT BEFORE TAXATION		743,506	985,863	207,137	509,873
PROVISION FOR TAXATION		121,000	110,383	68,000	60,097
PROFIT AFTER TAXATION		622,506	875,480	139,137	449,776
EARNINGS PER SHARE- BASIC AND DILUTED (RUPEES)	12	3.90	5.48	0.87	2.81

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

**INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2007
(UN-AUDITED)**

	Half year ended	
	31 December 2007	31 December 2006
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	743,506	985,863
Adjustments for non-cash charges and other items.		
Depreciation	489,914	483,404
(Gain)/loss on disposal of operating fixed assets	2,986	(4,010)
Share of profit from associated companies	(209,119)	(367,608)
Amortization of deferred cost	158	315
Finance cost	372,021	412,702
CASH FLOW FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES	1,399,466	1,510,666
CASH FLOW FROM WORKING CAPITAL CHANGES		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(89,675)	17,749
Stock-in-trade	(1,378,002)	(558,573)
Trade debts	(240,868)	(105,399)
Loans and advances	(35,352)	(45,707)
Short term deposits and prepayments	(29,748)	(18,364)
Other receivables	(48,320)	10,841
Increase / (decrease) in current liabilities		
Trade and other payables	428,469	195,939
Short term borrowings	2,258,785	1,328,767
NET CASH FLOW FROM WORKING CAPITAL CHANGES	865,289	825,253
CASH GENERATED FROM OPERATING ACTIVITIES	2,264,755	2,335,919
Finance cost paid	(356,515)	(414,127)
Income tax paid	(108,742)	(53,509)
NET CASH GENERATED FROM OPERATING ACTIVITIES	1,799,498	1,868,283

	Half year ended	
	31 December 2007	31 December 2006
	(Rupees in thousand)	
CASH FLOWS FROM INVESTING ACTIVITIES		
Long term loans	1,923	(2,111)
Long term deposits, prepayments and deferred cost	(2,391)	936
Proceeds from disposal of operating fixed assets	70,158	11,798
Dividend from associated companies	119,422	108,565
Investments made	(253,190)	(677,072)
Fixed capital expenditure	(515,954)	(498,940)
NET CASH USED IN INVESTING ACTIVITIES	(580,032)	(1,056,824)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share deposit money	50,000	-
Repayment of long term finances	(664,372)	(592,080)
Repayment of finance lease liabilities	(15,610)	(13,887)
Dividend paid	(394,760)	(216,469)
NET CASH USED IN FINANCING ACTIVITIES	(1,024,742)	(822,436)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	194,724	(10,977)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	69,607	50,250
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	264,331	39,273

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2007 (UN-AUDITED)**

Share Capital	Share deposit money	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- restated	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
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 adjusted on investments	-	-	-	1,065,497	-	-	1,065,497	-	-	-	1,065,497	1,065,497
Share of increase in reserves of associated companies under equity method	-	-	-	148,732	-	13,942	162,674	-	(13,942)	(13,942)	148,732	148,732
Net profit for the half year ended	-	-	-	-	-	-	-	-	875,480	875,480	875,480	875,480
Balance as on 31 December 2006	1,597,857	-	1,027,622	11,409,068	-	96,273	12,532,963	7,404,132	931,276	8,335,408	20,868,371	22,466,228
Fair value adjusted on investments	-	-	-	5,739,821	-	-	5,739,821	-	-	-	5,739,821	5,739,821
Fair value gain adjusted on sale of investment	-	-	-	(11,625)	-	-	(11,625)	-	-	-	(11,625)	(11,625)
Share of increase in reserves of associated companies under equity method	-	-	-	1,036,684	-	13,941	1,050,625	-	(86,315)	(86,315)	964,310	964,310
Profit for the half year ended	-	-	-	-	-	-	-	-	798,690	798,690	798,690	798,690
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
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 adjusted on investments	-	-	-	1,322,407	-	-	1,322,407	-	-	-	1,322,407	1,322,407
Share of increase in reserves of associated companies under equity method	-	-	-	1,378,575	-	-	1,378,575	431,750	(437,250)	(5,500)	1,373,075	1,373,075
Share deposit money received during the period	-	50,000	-	-	-	-	-	-	-	-	-	50,000
Net profit for the half year ended	-	-	-	-	-	-	-	-	622,506	622,506	622,506	622,506
Balance as on 31 December 2007	1,597,857	50,000	1,027,622	20,874,930	-	110,214	22,012,766	9,079,882	185,443	9,265,325	31,278,091	32,925,948

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

**SELECTED NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

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 99.99% 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 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. Nishat Mills Limited holds and controls 99.99% share holding of its subsidiary, therefore the amount of minority interest is very nominal and not disclosed in these condensed consolidated interim financial information.

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 preceeding 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 half year ended on 31 December 2007, 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 December 2007 would have been higher by Rupees 5.33 million.

	Unaudited 31 December 2007 (Rupees in thousand)	Audited 30 June 2007
6. LONG TERM FINANCING		
Opening balance	3,082,354	4,296,512
Less: Repayment during the period/ year	664,372	1,214,158
	2,417,982	3,082,354
Less: Current portion shown under current liabilities	1,200,825	1,308,534
	1,217,157	1,773,820
7. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Future minimum lease payments	18,044	35,217
Less: Un-amortized finance charges	623	2,186
	17,421	33,031
Less: Current portion shown under current liabilities	17,421	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 674.941 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 Wartsila Finland for power project and collector of customs.		
iii) Group's share in contingencies of associated companies is Rupees 436.765 million (June 2007: Rupees 249.430 million).		
iv) Post dated cheques have been issued to customs authorities in respect of duties amounting to Rupees 5.933 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 12,007.396 million (June 2007: Rupees 17.882 million).		
ii) Letters of credit other than for capital expenditure are amounting to Rupees 707.256 million (June 2007: Rupees 458.158 million).		

	Unaudited 31 December 2007 (Rupees in thousand)	Audited 30 June 2007
9. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (Note 9.1)	9,984,107	10,309,611
Assets subject to finance lease (Note 9.2)	67,578	71,019
Capital work-in-progress (Note 9.3)	487,370	205,529
	10,539,055	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)	234,113	3,005,383
	10,543,724	11,403,693
Less: Book value of deletions during the period / year (Note 9.1.2)	73,144	118,919
	10,470,580	11,284,774
Less: Depreciation charged for the period / year	486,473	975,163
	9,984,107	10,309,611
9.1.1 Cost of additions during the period / year		
Freehold land	73,075	8,541
Buildings on freehold land	96,229	667,997
Plant and machinery	27,379	2,103,923
Electric installations	5,869	75,963
Factory equipments	8,720	28,587
Furniture, fixture and office equipments	9,814	35,697
Vehicles	13,027	84,675
	234,113	3,005,383
9.1.2 Book value of deletions during the period / year		
Free hold land	249	-
Buildings on freehold land	457	524
Plant and machinery	64,027	101,769
Electric installations	-	137
Factory equipments	-	76
Furniture, fixture and office equipments	59	158
Vehicles	8,352	16,255
	73,144	118,919
9.2 ASSETS SUBJECT TO FINANCE LEASE		
Opening book value	71,019	78,624
Less: Depreciation charged for the period / year	3,441	7,605
	67,578	71,019

	Unaudited 31 December 2007	Audited 30 June 2007
	(Rupees in thousand)	
9.3 CAPITAL WORK-IN-PROGRESS		
Buildings on freehold land	149,315	89,878
Plant and machinery	276,129	96,918
Electric installations	1,997	-
Unallocated capital expenditure	45,470	8,425
Letters of credit against plant and machinery	775	22
Advances for purchase of furniture and office equipment	7,944	3,271
Advances for purchase of land	3,113	-
Advances for purchase of vehicles	2,627	7,015
	487,370	205,529

(Un-Audited)

HALF YEAR ENDED		QUARTER ENDED	
31 December 2007	31 December 2006	31 December 2007	31 December 2006

(Rupees in thousand)

10. COST OF SALES

Raw materials consumed	2,655,134	2,360,073	1,431,466	1,217,532
Cloth and yarn purchased/ used	2,441,813	2,103,477	1,186,840	1,054,330
Processing charges	50,018	32,673	14,028	23,700
Salaries, wages and other benefits	606,324	569,621	315,199	302,862
Staff retirement benefits	19,188	16,863	9,917	8,911
Stores, spare parts and loose tools	681,822	642,290	329,713	326,155
Packing materials	206,070	175,004	101,760	86,811
Repair and maintenance	49,884	54,508	30,284	32,449
Fuel and power	650,879	732,260	326,222	360,654
Insurance	11,189	11,562	5,582	5,895
Other factory overheads	68,299	69,591	34,278	35,476
Depreciation	462,215	464,583	230,272	235,444
	7,902,835	7,232,505	4,015,561	3,690,219

Work-in-process:

Opening stock	942,753	896,854	1,135,350	910,816
Closing stock	(1,068,021)	(940,644)	(1,068,021)	(940,644)
	(125,268)	(43,790)	67,329	(29,828)

Cost of goods manufactured	7,777,567	7,188,715	4,082,890	3,660,391
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Finished goods:

Opening stock	898,896	837,434	1,108,073	825,618
Closing stock	(1,271,977)	(817,550)	(1,271,977)	(817,550)
	(373,081)	19,884	(163,904)	8,068

	7,404,486	7,208,599	3,918,986	3,668,459
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(Un-Audited)

HALF YEAR ENDED		QUARTER ENDED	
31 December 2007	31 December 2006	31 December 2007	31 December 2006

(Rupees in thousand)

11. OTHER OPERATING EXPENSES

Workers' profit participation fund (Note 11.1)	28,852	39,023	7,304	25,301
Workers' welfare fund	10,906	12,617	2,776	7,403
Amortization of deferred cost	158	315	-	157
Donation (Note 11.2)	575	1,036	499	18
	40,491	52,991	10,579	32,879

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.

(Un-Audited)

HALF YEAR ENDED		QUARTER ENDED	
31 December 2007	31 December 2006	31 December 2007	31 December 2006

(Rupees in thousand)

13. TRANSACTIONS WITH RELATED PARTIES

Purchase of goods and services	113,919	65,313	55,837	15,385
Sale of goods and services	66,087	2,906	40,555	2,070
Purchase of operating fixed assets	19,060	190	19,060	190
Sale of operating fixed assets	-	67	-	-
Dividend income	340,383	267,071	231,186	267,071
Dividend paid	52,564	28,671	52,564	28,671
Group's contribution to provident fund trust	24,973	21,891	13,093	11,709
Remuneration paid to Chief Executive Officer, Directors and Executives	34,396	23,435	22,997	12,214

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. AUTHORIZATION FOR ISSUE

This interim condensed consolidated financial information was approved by the Board of Directors and authorized for issue on February 16, 2008.

15. CORRESPONDING FIGURES

15.1 Comparative figures of interim condensed consolidated profit and loss account for the half year and quarter ended 31 December 2006 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 138.537 million for the half year ended 31 December 2006 and amounting to Rupees 61.260 million for the quarter ended 31 December 2006 has been included in distribution and selling cost instead of deducting it from sales.
- Research and development support amounting to Rupees 101.053 million for the half year ended 31 December 2006 and amounting to Rupees 70.727 million for the quarter ended 31 December 2006 has now been offset with related expenses. Previously it was included in sales.

15.2 Figures have been rounded off to nearest thousand rupees.