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## Company Information

<b>Board of Directors:</b>	Mr. Muhammad Saleem	Chairman
	Mr. Shahzad Saleem	Chief Executive
	Mr. Yahya Saleem	
	Mr. Manzoor Ahmed	Nominee NIT
	Mr. Khalid Niaz Khawaja	
	Syed Jawad Gillani	

Mr. Aftab Ahmad Khan

<b>Audit Committee:</b>	Mr. Shahzad Saleem	Chairman
	Mr. Aftab Ahmad Khan	Member
	Syed Jawad Gillani	Member

<b>Company Secretary:</b>	Mr. Farrukh Ifzal
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<b>Bankers to the Company:</b>	ABN AMRO Bank N.V.
	Allied Bank Limited
	Askari Commercial Bank Limited
	Bank Alfalah Limited
	Citibank N.A.
	Faysal Bank Limited
	Habib Bank AG Zurich
	Habib Bank Limited
	Hong Kong & Shanghai Banking Corporation Limited
	Meezan Bank Limited
	National Bank of Pakistan
	NDLC IFIC Bank Limited
	Standard Chartered Bank
	The Bank of Punjab
Union Bank Limited	
United Bank Limited	

<b>Auditors:</b>	Riaz Ahmad & Company Chartered Accountants
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<b>Registered &amp; Head Office:</b>	31-Q, Gulberg-II, Lahore, Pakistan. Phone : 5761730-39 Fax: 5878696-97 Web: www.nishatchunian.com
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<b>Mills:</b>	Spinning 1, 4 & 5 49th Kilometre, Multan Road, Bhai Pheru, Tehsil Chunian, District Kasur.
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Spinning 2, 3 & Weaving  
49th Kilometre, Multan Road,  
Kamogal, Tehsil Pattoki,  
District Kasur.

Dyeing & Printing  
4th Kilometre, Manga Road,  
Raiwind.



## Directors' Report

We are pleased to present the unaudited financial results of the Company for the quarter ended 30 September 2005. The profit before tax is Rupees 136.62 million and sales Rupees 1,705.85 million as compared to Rupees 226.65 million and Rupees 1,682.55 million respectively, for the corresponding quarter last year. While sales have increased by 1.38%, profit after tax has been reduced by 44.80%, as compared to the corresponding quarter. Profit from operations is almost the same as it was for the corresponding quarter, however, finance costs have increased by 436%, to Rupees 101.05 million. Higher level of bank borrowing required for expansion plans and drastic increase in interest rates in the country are the main factors behind the decline in profitability. However, despite the increase in finance costs, performance of the Company is remarkably good as compared to the industry.

The Company is implementing its expansion plans as discussed in the previous reports. Commissioning of the Dyeing and Finishing Unit has started and the Unit is expected to come into commercial production by the end of December 2005. Moreover, our weaving capacity will increase to 293 looms by the end of February 2006. The Directors look forward to the rest of the year with an expectation of improvement in profitability because of the potential benefits of these capacity expansions.

The Directors wish to express their appreciation to the team of dedicated employees who continue to play a pivotal role in the success and growth of the Company.

On behalf of the Board

Lahore: 27 October 2005

Shahzad Saleem  
Chief Executive



## Balance Sheet

	Unaudited 30 September 2005 Rupees	Audited 30 June 2005 Rupees
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorised share capital 70,000,000 (June 2005: 70,000,000) ordinary shares of Rupees 10 each	700,000,000	700,000,000
Issued, subscribed and paid up share capital 68,364,398 (June 2005: 68,364,398) ordinary shares of Rupees 10 each	683,643,980	683,643,980
Reserves	2,107,168,164	1,992,546,513
	2,790,812,144	2,676,190,493
<b>NON-CURRENT LIABILITIES</b>		
Long term financing	2,939,166,667	2,762,083,333
Long term murabaha	12,500,000	18,750,000
	2,951,666,667	2,780,833,333
<b>CURRENT LIABILITIES</b>		
Trade and other payables	355,024,650	310,456,901
Accrued mark-up	59,129,208	54,204,616
Short term borrowings	2,415,323,002	2,202,981,307
Current portion of non-current liabilities	279,166,668	222,916,667
	3,108,643,528	2,790,559,491
CONTINGENCIES AND COMMITMENTS (Note 4)	-	-
	8,851,122,339	8,247,583,317

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

Chief Executive



## as at 30 September 2005

	Unaudited 30 September 2005 Rupees	Audited 30 June 2005 Rupees
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
<b>Property, plant and equipment</b>		
Operating fixed assets	4,550,732,558	4,315,197,292
Capital work-in-progress	1,293,731,136	1,463,096,393
	<u>5,844,463,694</u>	<u>5,778,293,685</u>
Long term loans	1,494,926	1,179,042
Long term deposits	660,942	620,942
<b>CURRENT ASSETS</b>		
Stores, spare parts and loose tools	138,503,872	117,454,634
Stock in trade	897,690,830	1,212,933,438
Trade debts	853,516,601	335,844,386
Investment	6,440,000	6,150,000
Loans and advances	840,369,649	546,380,295
Short term deposits and prepayments	1,837,609	2,996,461
Other receivables	196,149,284	208,364,018
Cash and bank balances	69,994,932	37,366,416
	<u>3,004,502,777</u>	<u>2,467,489,648</u>
	<u><u>8,851,122,339</u></u>	<u><u>8,247,583,317</u></u>

Director



## Profit and Loss Account

For the Quarter Ended 30 September 2005 (Unaudited)

	30 September 2005	30 September 2004
	Rupees	Rupees
Sales	1,705,849,700	1,682,550,967
Cost of goods sold	1,397,077,641	1,375,779,040
Gross profit	308,772,059	306,771,927
Distribution and selling expenses	33,120,699	32,136,030
Administrative expenses	26,924,694	21,830,628
Other operating expenses	15,754,837	12,350,484
	75,800,230	66,317,142
	232,971,829	240,454,785
Other operating income	4,703,177	5,061,945
Profit from operations	237,675,006	245,516,730
Finance costs	101,053,355	18,864,384
Profit before taxation	136,621,651	226,652,346
Provision for taxation	22,000,000	19,000,000
Profit after taxation	114,621,651	207,652,346
Earnings per share - basic	1.68	3.04

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

Chief Executive

Director



## Cash Flow Statement

For the Quarter Ended 30 September 2005 (Unaudited)

	30 September 2005	30 September 2004
	Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	136,621,651	226,652,346
Add / (less) non-cash charges and other items:		
Depreciation	116,347,000	54,678,433
Loss / (profit) on sale of operating fixed assets	7,473,056	(3,080,098)
Fair value (gain) / loss on investment	(290,000)	900,000
Finance costs	101,053,355	18,864,384
Cash flows from operations before working capital changes	361,205,062	298,015,065
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(21,049,238)	9,035,107
Stock in trade	315,242,608	91,887,149
Trade debts	(517,672,215)	(51,004,935)
Loans and advances	(293,989,354)	34,341,351
Short term deposits and prepayments	1,158,852	457,805
Other receivables	3,788,718	145,173,857
Increase in current liabilities		
Trade and other payables	44,624,069	20,947,998
Cash (used in) / generated from working capital	(467,896,560)	250,838,332
Cash (used in) / generated from operations	(106,691,498)	548,853,397
Finance costs paid	(96,128,762)	(14,452,214)
Taxes paid	(13,573,984)	(34,217,509)
Net cash (used in) / generated from operating activities	(216,394,244)	500,183,674
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Property, plant and equipment acquired	(212,805,065)	(906,671,045)
Long term loans	(315,884)	-
Long term deposits	(40,000)	-
Sale proceeds of property, plant and equipment	22,815,000	3,952,115
Net cash used in investing activities	(190,345,949)	(902,718,930)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term financing and murabaha obtained	300,000,000	750,000,000
Long term financing and murabaha repaid	(72,916,666)	(18,750,000)
Dividend paid	(56,320)	(51,650,563)
Net cash generated from financing activities	227,027,014	679,599,437
Net (decrease) / increase in cash and cash equivalents	(179,713,179)	277,064,181
Cash and cash equivalents at beginning of the quarter	(2,165,614,891)	(1,022,264,077)
Cash and cash equivalents at end of the quarter	(2,345,328,070)	(745,199,896)

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

Chief Executive

Director



## Statement of Changes in Equity

For the Quarter Ended 30 September 2005 (Unaudited)

	SHARE CAPITAL	RESERVES			SHAREHOLDERS' EQUITY
		General Reserve	Unappropriated Profit	Sub-Total	
..... R u p e e s .....					
Balance as at 30 June 2004	443,520,000	915,000,000	431,530,176	1,346,530,176	1,790,050,176
Interim dividend	-	-	(55,440,000)	(55,440,000)	(55,440,000)
Net profit for the quarter	-	-	207,652,346	207,652,346	207,652,346
Balance as at 30 September 2004	443,520,000	915,000,000	583,742,522	1,498,742,522	1,942,262,522
Effect of the Scheme of Arrangement for merger of Umer Fabrics Limited into Nishat (Chunian) Limited, as approved by the Honourable Lahore High Court, Lahore	12,242,650	52,221,278	2,502,412	54,723,690	66,966,340
Balance as at 01 October 2004	455,762,650	967,221,278	586,244,934	1,553,466,212	2,009,228,862
Dividend for the year ended 30 September 2004	-	-	(55,440,000)	(55,440,000)	(55,440,000)
Net profit for the period	-	-	722,401,631	722,401,631	722,401,631
Bonus shares issued	227,881,330	-	(227,881,330)	(227,881,330)	-
Transferred to general reserve	-	525,000,000	(525,000,000)	-	-
Balance as at 30 June 2005	683,643,980	1,492,221,278	500,325,235	1,992,546,513	2,676,190,493
Net profit for the quarter	-	-	114,621,651	114,621,651	114,621,651
Balance as at 30 September 2005	683,643,980	1,492,221,278	614,946,886	2,107,168,164	2,790,812,144

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

Chief Executive

Director





## Notes to the Financial Statements

For the Quarter Ended 30 September 2005 (Unaudited)

### 1. THE COMPANY AND ITS OPERATIONS

Nishat (Chunian) Limited is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984 and is listed on the Lahore and Karachi Stock Exchanges. Its registered office is situated in Lahore. The Company is principally engaged in the manufacture and sale of yarn and fabric.

### 2. STATEMENT OF COMPLIANCE

These financial statements are unaudited and are being submitted to the shareholders, as required under Section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the IAS - 34 "Interim Financial Reporting".

### 3. ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of these interim financial statements are the same as applied in the preparation of preceding annual published financial statements of the Company for the period ended 30 June 2005.

### 4. CONTINGENCIES AND COMMITMENTS

#### Contingencies

There is no change in contingencies since the last audited financial statements.

#### Commitments

i) Commitments in respect of capital expenditure are Rupees 506.92 million (June 2005: Rupees 237.93 million).

ii) Letters of credit other than for capital expenditure are Rupees 39.29 million (June 2005: Rupees 11.60 million).

	30 September 2005	30 June 2005
	Rupees	Rupees
<b>5. ADDITIONS / DELETIONS IN PROPERTY, PLANT AND EQUIPMENT DURING THE QUARTER / PERIOD</b>		
Additions - at cost		
Freehold land	-	33,137,468
Building on freehold land	241,760,948	28,789,153
Machinery and Electric Installation	154,391,490	2,071,080,117
Furniture, fixtures and office equipment	3,396,164	10,338,671
Vehicles	2,512,311	24,612,043
	<u>402,060,913</u>	<u>2,167,957,452</u>
Deletions - at cost		
Machinery and Electric Installation	41,343,442	84,970,745
Vehicles	4,403,561	1,182,174
	<u>45,747,003</u>	<u>86,152,919</u>



	30 September 2005	30 September 2004
	Rupees	Rupees
<b>6. TRANSACTIONS WITH RELATED PARTIES</b>		
Purchase of goods and services	18,770,512	24,841,524
Sale of goods and services	1,766,569	1,356,776
Insurance premium paid	3,010,365	-
Insurance claim received	1,032,950	-

#### 7. AUTHORISED FOR ISSUE

These financial statements were approved by the Board of Directors and authorised for issue on 27 October 2005.

#### 8. PROPOSED DIVIDEND

The Board of Directors has proposed a final dividend of Rupees 2.00 per share amounting to Rupees 136.73 million and bonus shares @ 10% for the period ended 30 June 2005 in their meeting held on 05 October 2005 for approval of the members at the annual general meeting to be held on 31 October 2005.

#### 9. GENERAL

Comparative figures have been regrouped and rearranged wherever necessary for the purpose of comparison. Comparative figures of the Statement of Changes in Equity have been restated due to merger of Umer Fabrics Limited with Nishat (Chunian) Limited. However, comparative figures in the Profit and Loss Account and the Cash Flow Statement could not be restated due to the problem of divisibility between Nishat (Chunian) Limited and Nishat Mills Limited.

Figures have been rounded off to the nearest of rupee.

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Chief Executive

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Director

# Interim Financial Statements

Quarter ended 30 September 2005



Nishat (Chunian) Ltd.