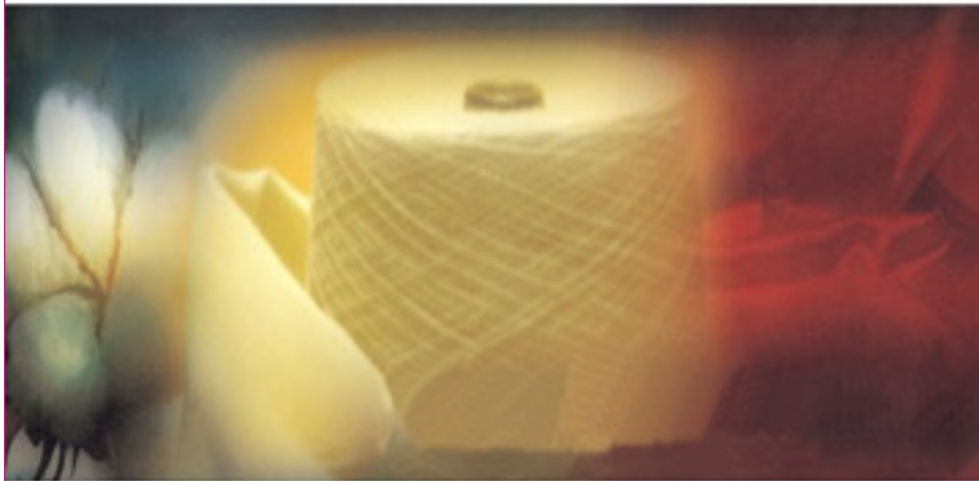


Nishat (Chunian) Ltd.



## Interim Financial Statements

Quarter Ended 30 September 2006  
(Unaudited)



## Contents

Company Information	2
Directors' Report	3
Balance Sheet	4-5
Profit and Loss Account	6
Cash Flow Statement	7
Statement of Changes in Equity	8
Notes to the Financial Statements	9 - 11



## Company Information

<b>Board of Directors:</b>	Mr. Muhammad Saleem Mr. Shahzad Saleem Mr. Yahya Saleem Mr. Manzoor Ahmed Mr. Khalid Niaz Khawaja Mr. Manzar Mushtaq Mr. Aftab Ahmad Khan	Chairman Chief Executive  Nominee NIT
----------------------------	---	--

<b>Audit Committee:</b>	Mr. Aftab Ahmad Khan Mr. Shahzad Saleem Mr. Khalid Niaz Khawaja	Chairman Member Member
-------------------------	---	------------------------------

<b>Company Secretary:</b>	Mr. Farrukh Ifzal
---------------------------	-------------------

<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 NB Bank Limited Standard Chartered Bank The Bank of Punjab Union Bank Limited United Bank Limited
--------------------------------	--

<b>Auditors:</b>	Riaz Ahmad & Company Chartered Accountants
------------------	---

<b>Registered &amp; Head Office:</b>	31-Q, Gulberg-II, Lahore, Pakistan. Phone : 5761730-39 Fax : 5878696-97 Web : www.nishatchunian.com
--------------------------------------	---

<b>Mills:</b>	Spinning 1, 4 & 5 49th Kilometre, Multan Road, Bhai Pheru, Tehsil Chunian, District Kasur.  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 2006. The profit before tax is Rupees 43.04 million and sales Rupees 1,764.80 million as compared to Rupees 136.62 million and Rupees 1,723.23 million respectively, for the corresponding quarter last year. While sales have increased by 2.4%, profit after tax has been reduced by 82.50%. There are a number of reasons for the reduced profitability of the Company. Increased competition after the abolition of trade barriers has reduced the gross margins. Moreover, higher financial charges have further depressed the profitability of the Company.

Our dyeing and stitching plant is currently operating at around 60% capacity utilization. Hopefully, in the coming couple of months our capacity utilization will increase, which will result in improvement in our profitability. Moreover, we are going to take benefit of the textile relief package announced by the Government which will result in substantial saving in our financial charges. We are hopeful that the Company's profitability will improve in the coming months.

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

Shahzad Saleem  
Chief Executive

Lahore: 27 October 2006



## Balance Sheet

	Unaudited 30 September 2006 Rupees	Audited 30 June 2006 Rupees
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorised share capital 80,000,000 (June 2006: 80,000,000) ordinary shares of Rupees 10 each	800,000,000	800,000,000
Issued, subscribed and paid up share capital 75,200,838 (June 2006: 75,200,838) ordinary shares of Rupees 10 each	752,008,380	752,008,380
Revenue reserves	2,056,876,075	2,036,834,357
	2,808,884,455	2,788,842,737
<b>NON-CURRENT LIABILITIES</b>		
Long term financing	2,915,222,691	3,106,770,396
Long term murabaha	300,000,000	306,250,000
	3,215,222,691	3,413,020,396
<b>CURRENT LIABILITIES</b>		
Trade and other payables	353,331,501	302,126,632
Accrued mark-up	114,332,270	105,126,233
Short term borrowings	2,139,634,744	2,274,882,896
Current portion of non-current liabilities	630,465,476	581,179,605
	3,237,763,991	3,263,315,366
<b>CONTINGENCIES AND COMMITMENTS</b>		
	-	-
	9,261,871,137	9,465,178,499

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

Chief Executive



## as at 30 September 2006

	Unaudited 30 September 2006 Rupees	Audited 30 June 2006 Rupees
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment		
Operating fixed assets (Note 5)	6,643,319,435	6,680,266,277
Capital work-in-progress	148,055,892	223,068,675
	6,791,375,327	6,903,334,952
Long term loans	3,907,404	4,099,271
Long term deposits	718,942	728,945
	6,796,001,673	6,908,163,168
<b>CURRENT ASSETS</b>		
Stores, spare parts and loose tools	201,051,123	198,046,974
Stock in trade	1,276,051,748	1,572,827,386
Trade debts	632,118,742	542,877,601
Loans and advances	138,445,228	91,142,585
Short term deposits and prepayments	292,340	1,299,534
Other receivables	179,856,716	139,880,989
Cash and bank balances	38,053,567	10,940,262
	2,465,869,464	2,557,015,331
	<u>9,261,871,137</u>	<u>9,465,178,499</u>

Director



## Profit and Loss Account

For the Quarter Ended 30 September 2006 (Unaudited)

	30 September 2006	30 September 2005
	Rupees	Rupees
Sales	1,764,798,909	1,723,227,987
Cost of sales	1,498,927,470	1,397,077,641
Gross profit	265,871,439	326,150,346
Distribution and selling expenses	48,177,853	50,498,986
Administrative expenses	26,515,372	26,924,694
Other operating expenses	5,380,354	15,754,837
	80,073,579	93,178,517
	185,797,860	232,971,829
Other operating income	12,594,491	4,703,177
Profit from operations	198,392,351	237,675,006
Finance costs	155,350,633	101,053,355
Profit before taxation	43,041,718	136,621,651
Provision for taxation	23,000,000	22,000,000
Profit after taxation	20,041,718	114,621,651
Earnings per share - basic	0.27	1.52

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

Chief Executive

Director



## Cash Flow Statement

For the Quarter Ended 30 September 2006 (Unaudited)

	30 September 2006	30 September 2005
	Rupees	Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Cash generated from/(used in) operations (Note 6)	525,363,078	(106,691,498)
Long term deposits - net	10,004	(40,000)
Finance costs paid	(146,144,597)	(96,128,762)
Taxes paid	(18,342,221)	(13,573,984)
<b>Net cash generated from/(used in) operating activities</b>	<b>360,886,264</b>	<b>(216,434,244)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(50,149,596)	(212,805,065)
Long term loans - net	191,867	(315,884)
Sale proceeds of property, plant and equipment	-	22,815,000
<b>Net cash used in investing activities</b>	<b>(49,957,729)</b>	<b>(190,305,949)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term financing and murabaha obtained	-	300,000,000
Long term financing and murabaha repaid	(148,511,834)	(72,916,666)
Dividend paid	(55,244)	(56,320)
<b>Net cash from financing activities</b>	<b>(148,567,078)</b>	<b>227,027,014</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>162,361,457</b>	<b>(179,713,179)</b>
Cash and cash equivalents at beginning of the period	(2,263,942,634)	(2,165,614,891)
Cash and cash equivalents at end of the period	<u>(2,101,581,177)</u>	<u>(2,345,328,070)</u>

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 2006 (Unaudited)

	SHARE CAPITAL	CAPITAL RESERVE	REVENUE RESERVES		TOTAL RESERVES	SHARE HOLDERS' EQUITY
		Fair Value Reserve	General Reserve	Unappro- priated Profit		
..... R u p e e s .....						
Balance as at 30 June 2005	683,643,980	1,419,225	1,492,221,278	498,906,010	1,992,546,513	2,676,190,493
Net profit for the quarter ended 30 September 2005	-	-	-	114,621,651	114,621,651	114,621,651
Balance as at 30 September 2005	683,643,980	1,419,225	1,492,221,278	613,527,661	2,107,168,164	2,790,812,144
Dividend for the year ended 30 June 2005	-	-	-	(136,728,796)	(136,728,796)	(136,728,796)
Bonus shares issued	68,364,400	-	-	(68,364,400)	(68,364,400)	-
Net cumulative gain transferred to profit and loss account	-	(1,419,225)	-	-	(1,419,225)	(1,419,225)
Net profit for the period	-	-	-	136,178,614	136,178,614	136,178,614
Balance as at 30 June 2006	752,008,380	-	1,492,221,278	544,613,079	2,036,834,357	2,788,842,737
Transfer to general reserve	-	-	137,000,000	(137,000,000)	-	-
Net profit for the quarter ended 30 September 2006	-	-	-	20,041,718	20,041,718	20,041,718
Balance as at 30 September 2006	752,008,380	-	1,629,221,278	427,654,797	2,056,876,075	2,808,884,455

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 2006 (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 at 31-Q, Gulberg II, Lahore. The Company is engaged in business of spinning, weaving, dyeing, stitching, processing, doubling, sizing, buying, selling and otherwise dealing in yarn, fabric and made-ups made from raw cotton, synthetic fibre and cloth and to generate electricity for internal use.

### 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 International Accounting Standard (IAS) - 34 "Interim Financial Reporting".

### 3. ACCOUNTING POLICIES AND COMPUTATION METHODS

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 audited financial statements of the Company for the year ended 30 June 2006.

### 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 115.127 million (June 2006: Rupees 88.391 million).
- (ii) Letters of credit other than for capital expenditure are Rupees 44.389 million (June 2006: Rupees 32.415 million).

	30 September 2006	30 June 2006
	Rupees	Rupees
<b>5. OPERATING FIXED ASSETS</b>		
Opening book value	6,680,266,277	4,315,197,292
Additions during the period/year (Note 5.1)	125,162,379	3,003,102,986
	<u>6,805,428,656</u>	<u>7,318,300,278</u>
Book value of deletions during the period/year (Note 5.2)	-	107,242,423
Depreciation charged during the period/year	162,109,221	530,791,578
Closing book value	<u>6,643,319,435</u>	<u>6,680,266,277</u>



	30 September 2006	30 June 2006
	Rupees	Rupees
<b>5.1 Additions during the period/year</b>		
Freehold land	-	107,193,000
Buildings on freehold land	110,677,122	618,892,831
Machinery and electric installation	9,046,115	2,139,567,781
Furniture, fixtures and office equipment	2,922,340	102,274,923
Vehicles	2,516,802	35,174,451
	<u>125,162,379</u>	<u>3,003,102,986</u>
<b>5.2 Book value of deletions during the period/year</b>		
Machinery and electric installation	-	95,673,840
Furniture, fixtures and office equipment	-	48,469
Vehicles	-	11,520,114
	<u>-</u>	<u>107,242,423</u>
	<u>30 September 2006</u>	<u>30 September 2005</u>
	Rupees	Rupees
<b>6. CASH GENERATED FROM / (USED IN) OPERATIONS</b>		
Profit before taxation	43,041,718	136,621,651
Add/(less) adjustment for non-cash charges and other items:		
Depreciation	162,109,221	116,347,000
Loss on sale of operating fixed assets	-	7,473,056
Fair value gain on investment	-	(290,000)
Finance costs	155,350,633	101,053,355
	<u>360,501,572</u>	<u>361,205,062</u>
Cash flows from operating activities before working capital changes		
	360,501,572	361,205,062
(Increase)/decrease in current assets		
- Stores, spare parts and loose tools	(3,004,149)	(21,049,238)
- Stock in trade	296,775,638	315,242,608
- Trade debts	(89,241,141)	(517,672,215)
- Loans and advances	(47,302,644)	(293,989,354)
- Short term deposits and prepayments	(14,808,905)	1,158,852
- Other receivables	(28,817,407)	3,788,718
Increase in current liabilities		
- Trade and other payables	51,260,114	44,624,069
Working capital changes	164,861,506	(467,896,560)
	<u>525,363,078</u>	<u>(106,691,498)</u>



	30 September 2006	30 September 2005
	Rupees	Rupees

**7. TRANSACTIONS WITH RELATED PARTIES**

Purchase of goods and services	2,109,642	18,770,512
Sale of goods and services	20,623,473	1,766,569
Insurance premium paid	6,786,941	3,010,365
Insurance claim received	760,312	1,032,950

**8. PROPOSED DIVIDEND**

The Board of Directors of the Company in its meeting held on 04 October 2006 has proposed a cash dividend in respect of the year ended 30 June 2006 of Rupees 1.50 per share (2005: Rupees 2 per share) and nil bonus shares (2005: 10% bonus shares). The appropriation will be approved by the members in the forthcoming Annual General Meeting. These financial statements do not include the effect of these appropriations which will be accounted for subsequent to the said Meeting.

**9. AUTHORISED FOR ISSUE**

These financial statements were approved by the Board of Directors and authorised for issue on 27 October 2006.

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director