



NISHAT

Nishat Mills Limited
First Quarterly Report
For the period ended 30 September 2009

CONTENTS

Nishat Mills Limited

Company Information	2
Directors' Report	4-7
Condensed Interim Unconsolidated Balance Sheet	8-9
Condensed Interim Unconsolidated Profit and Loss Account	10
Condensed Interim Unconsolidated Statement of Comprehensive Income	11
Condensed Interim Unconsolidated Cash Flow Statement	12
Condensed Interim Unconsolidated Statement of Changes in Equity	13
Selected Notes to the Condensed Interim Unconsolidated Financial Information	14-22

Nishat Mills Limited and its Subsidiaries

Condensed Interim Consolidated Balance Sheet	24-25
Condensed Interim Consolidated Profit and Loss Account	26
Condensed Interim Consolidated Statement of Comprehensive Income	27
Condensed Interim Consolidated Cash Flow Statement	28
Condensed Interim Consolidated Statement of Changes in Equity	29
Selected Notes to the Condensed Interim Consolidated Financial Information	30-40

COMPANY INFORMATION

BOARD OF DIRECTORS:

Mian Umer Mansha	Chairman/Chief Executive
Mian Hassan Mansha	
Mr. Khalid Qadeer Qureshi	
Mr. Muhammad Azam	
Mr. Muhammad Ali Zeb	
Mr. Muhammad Asif (Nominee NIT)	
Ms. Nabiha Shahnawaz Cheema	

AUDIT COMMITTEE:

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

Albaraka Islamic Bank B.S.C (E.C)	JS Bank Limited
Allied Bank Limited	KASB Bank Limited
Askari Bank Limited	Meezan Bank Limited
Bank Alfalah Limited	National Bank of Pakistan
Bank Islami Pakistan Limited	NIB Bank Limited
Barclays Bank PLC	Samba Bank Limited
Citibank N.A.	Saudi Pak Industrial & Agricultural Investment Company Limited
Deutsche Bank	Silk Bank Limited
Faysal Bank Limited	Standard Chartered Bank (Pakistan) Limited
Habib Bank Limited	The Royal Bank of Scotland
Habib Metropolitan Bank Limited	United Bank Limited
HSBC Bank Middle East Limited	

MILLS:

Nishatabad, Faisalabad.	(Spinning 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, Stitching unit and Power plant)
7 K.M. Nishat Avenue Off: 22 K.M. Ferozepur Road, Lahore.	(Apparel Unit)
20 K.M. Sheikhupura Faisalabad Road, Feroze Watwan.	(Spinning unit & Power plant)

REGISTERED OFFICE & SHARES DEPARTMENT

Nishat House,
53 - A, Lawrence Road, Lahore.
Tel: 042-6360154, 5990035, 042-111 113 333
Fax: 042-6367414

HEAD OFFICE:

7, Main Gulberg, Lahore.
Tel: 042-5716351-59, 042-111 332 200
Fax: 042-5716349-50
E-mail: nishat@nishatmills.com
Website: www.nishatmillsltd.com

LIAISON OFFICE:

Ist Floor, Karachi Chambers,
Hasrat Mohani Road, Karachi.
Tel: 021-2414721-23
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NISHAT MILLS LIMITED

CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL INFORMATION
FOR THE QUARTER ENDED
30 SEPTEMBER 2009

DIRECTORS' REPORT

Operating Results

We are pleased to present un-audited financial information for the quarter ended September 30, 2009. The company has earned an after tax profit of Rs 513.208 million as compared to Rs 706.555 million in the corresponding period ended September 30, 2008, resulting in a decrease of 27.36 %. During the previous corresponding quarter, devaluation of dollar against rupee played a key role in improving sale rates and resulted in high profitability. Whereas, unlike previous corresponding quarter, dollar remained stable against rupee to a greater extent during the quarter under review and eventually caused the lower profitability.

Financial Highlights	Quarter Ended Sep 30		(Inc.) / Dec. %age
	2009	2008	
Net Sales ('000' Rs)	6,395,633	6,204,788	(3.08)
Gross Profit ('000' Rs)	1,181,531	1,451,359	18.59
Pre-tax Profit ('000' Rs)	592,708	768,055	22.83
After Tax Profit ('000' Rs)	513,208	706,555	27.36
Gross Profit (%)	18.47	23.39	
After Tax Profit (%)	8.02	11.39	
Earning Per Share (Rs)	2.12	4.36	

Moreover, decrease in profitability is due to decline in average sale rates for yarn and grey cloth as compared to the previous corresponding period.

Yarn	Quarter Ended Sep 30		Variance		Grey Cloth	Quarter Ended Sep 30		Variance	
	2009	2008	Total	%age		2009	2008	Total	%age
Sale - '000' Kgs	9,202	8,134	1,068	13.13	Sale - '000' Mtrs	11,205	11,824	(619)	(5.24)
Rate / Kg	187.50	191.24	(3.74)	(1.96)	Rate / Mtr	112.63	125.27	(12.64)	(10.09)
Sale - '000' Rs.	1,725,404	1,555,584	169,820	10.92	Sale - '000' Rs.	1,262,038	1,481,180	(219,142)	(14.80)

Further, the increase in consumption rate of local and imported cotton enhanced the production cost as compared to the previous corresponding period.

Local Cotton	Quarter Ended Sep 30		Variance		Imported Cotton	Quarter Ended Sep 30		Variance	
	2009	2008	Total	%age		2009	2008	Total	%age
Consumption - '000' Kgs	12,267	11,783	484	4.11	Consumption - '000' Kgs	2,827	3,240	(413)	(12.75)
Rate / Kg	88.98	86.72	2.26	2.61	Rate / Kg	120.58	105.44	15.14	14.36
Consumption - '000' Rs	1,091,538	1,021,811	69,727	6.82	Consumption - '000' Rs	340,892	341,623	(731)	(0.21)

However, Financial cost decreased by 21.59% (September 2009: Rs.258.845 million, September 2008: Rs.330.111 million) as compared to the previous corresponding period.

Market Review and Future Prospects

Textile industry is going through one of the toughest periods in decades. Global recession, which has hit the textile sector worldwide, is not the only cause of concern. Serious internal issues also effected our textile industry quite badly. The high cost of production resulting from rising energy costs, increasing prices of imported inputs due to depreciation of Pakistani rupee, double digit inflation, prolonged power cuts and poor law and order situation are posing serious threat to textile sector.

Textile exports were hit hard by intense competition from the regional countries in the first quarter of fiscal year 2009-2010. Finished goods exporters are under immense pressure due to this unprecedented situation, which has made very difficult for them to maintain certain profitability level.

However, Nishat did extremely well during the first quarter of 2009-2010 and depicted positive growth. We were able to utilize our full production capacity in these months. Despite all the challenges, we achieved this success because of our aggressive marketing strategy, strong customer base and diversified product range.

We foresee more challenges ahead which include increase in cotton prices, tough competition from neighboring countries and slower sales of textile products in US and European markets. We are keeping close eye on market situation and taking proactive measures to mitigate the impact of emerging challenges. As a part of our future marketing strategy we are exploring new avenues and particularly focusing on developing work wear business. We believe that addition of this business will enable us to fill our capacities in the lean months and consequently we will be able to register consistent growth throughout the year.

Coupled with Nishat's capabilities and competencies, our vertically integrated production facilities that can turn raw cotton to a final finished consumer product always attract attention of clients all over the world. Our intentions are much focused to add further value added products and systems.

Spinning

During the first quarter of year 2009-2010, excess production of six million cotton bales, as compared to the last season, caused the cotton prices to decrease as compared to previous corresponding period. However, simultaneously, increasing demand of cotton yarn induced the spinners to buy more for export orders resulted in slight increase of cotton prices.

Global economic scenario kept getting better and caused an increase in demand of cotton yarn, especially in Far East. However, demand in Europe and USA was not supported.

Erection of most modern and efficient Ring Frames and Cone Winding machines is under process in two spinning units and similar machines of other units will be replaced in order to increase automation, reduce labour cost and produce better quality yarn.

Weaving

First quarter of year 2009-2010 witnessed a slow recovery from the economic recession world over. Generally business remained on the slow side but we managed to maintain our business volumes by having a vast range of customers and specialized products.

We managed to increase our work wear and military uniform business during the quarter. There was a significant movement in the abrasive fabric business mainly due to some revival in the car industry. Our main challenge in this quarter was to keep up the sales pace as after effects of recession were still visible. Towards the end of quarter under review, we have witnessed decrease in fabric inventory levels at customers' warehouses and this has prompted the customers to start ordering big quantities. Hence, we are expecting increase in business activity during the next quarter.

We have plans for expansion of production capacity at one of our units by installing 50 new state of the art Toyota air jet looms. These will be operational by the end of December 2009. Besides increasing our production capacity, the expansion will allow us to be more flexible in terms of range of our products.

Processing and Home Textile

Global economic revival has positively impacted the economy of South East Asia throughout the year 2009. Recession of American market is now moving towards recovery and is leading towards the improvement in exports of textile sector. The European sector has been continuously growing up which contributes a bigger part in increasing our sales.

Customers have started accepting the increase in the prices due to the current cotton market situation. Meanwhile, some more businesses were developed which improved our exports significantly. Particularly Turkish and Spanish markets had participated well in reducing our overheads and improved the cost cutting.

Furthermore, a lot of development works are underway for American and Japan markets for regular and branded items. Efforts to export in China are also in progress to gain the business opportunities and volumes.

Processing & Home Textile	Quarter Ended Sep 30		Variance	
	2009	2008	Total	%age
Sale - '000' Mtrs	14,169	14,367	(198)	(1.38)
Rate / Mtr	176.80	170.56	6.24	3.66
Sale - '000' Rs.	2,505,039	2,450,389	54,650	2.23

The development of new customers like Angore, Next, Kohls, HLL helped us in utilizing our optimum production and stitching capacities. Moreover, we have upgraded our processing plant with the narrow width printing machine. One hundred stitching machines were also installed along with the switch-track system that will enhance the working efficiency enormously along with the product quality. We have planned to install Yarn Dyeing facility of 7 Tons / day which will be operative by February 2010.

Garments

Previous financial year was a challenging year for us in terms of difficult market conditions. However, our continuous struggle to provide world class products to our high end customers resulted into a very good start for financial year 2009-2010. The year started with a positive note for garment division and remained better than our expectations. Our financial stability has further strengthened in the first quarter with ever increasing customer confidence. During this quarter, we launched a fully operational product development department to create a client focused development process through research. We have ordered world's best laundry machines in order to increase our capacities. We are also considering actively to enhance the size of our building to provide enough room for future expansions. With these changes, continuous growth and tremendous customer support, we believe Nishat Apparel will have a great financial year ahead.

Garments	Quarter Ended Sep 30		Variance	
	2009	2008	Total	%age
Sale - '000' Pcs	1,117	451	666	147.67
Rate / Pc	496.99	395.93	101.06	25.52
Sale - '000' Rs.	555,142	178,563	376,579	210.89

Power Generation

Nishat Mills has installed most modern captive power plants at all its sites to ensure continuous availability of a low cost power to all its divisions. This also played a vital role to maintain an extra ordinary record of timely shipments. The plants are based on natural gas fired generators which besides generating electricity efficiently produce steam through exhaust gas and chilling through hot water from engine cooling system. This concept utilizes the fuel to the fullest. In order to mitigate the power crises being faced by our country, Nishat Mills is supplying surplus power from its different sites to PEPCO distribution companies.

Subsidiaries and Consolidated Financial Statements

Nishat USA Inc. and Nishat Power Limited are the subsidiary companies of Nishat Mills Limited. Therefore, the company has annexed condensed interim consolidated financial information along with its condensed interim unconsolidated financial information, in accordance with the requirements of International Accounting Standard-27 (Consolidated and Separate Financial Statements).

Acknowledgement

The Board is pleased about the loyalty and efforts of the management, staff and workers.

For and on behalf of the Board of Directors

Mian Umer Mansha
Chief Executive / Chairman

Lahore:
October 26, 2009.

CONDENSED INTERIM UNCONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2009

	Note	Un-audited 30 September 2009 (Rupees in thousand)	Audited 30 June 2009
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 1,100,000,000 (30 June 2009: 1,100,000,000) ordinary shares of Rupees 10 each		11,000,000	11,000,000
Issued, subscribed and paid up share capital 242,482,654 (30 June 2009: 242,482,654) ordinary shares of Rupees 10 each		2,424,827	2,424,827
Reserves		21,541,787	16,905,940
Total Equity		23,966,614	19,330,767
NON-CURRENT LIABILITIES			
Long term financing - secured	5	2,033,595	2,334,411
Deferred tax		245,243	245,243
		2,278,838	2,579,654
CURRENT LIABILITIES			
Trade and other payables		1,542,024	1,309,658
Accrued markup		149,261	202,777
Short term borrowings		6,495,050	7,342,600
Current portion of long term financing - secured	5	734,129	433,313
Provision for taxation		393,417	313,917
		9,313,881	9,602,265
Total Liabilities		11,592,719	12,181,919
CONTINGENCIES AND COMMITMENTS	6	-	-
TOTAL EQUITY AND LIABILITIES		35,559,333	31,512,686

The annexed notes form an integral part of the condensed interim unconsolidated financial information.

CHIEF EXECUTIVE OFFICER

	Un-audited Note 30 September 2009 (Rupees in thousand)	Audited 30 June 2009
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	7 11,187,769	11,199,635
Investment properties	8 137,314	41,049
Long term investments	16,288,838	11,952,949
Long term loans	11,017	12,367
Long term deposits and prepayments	12,660	11,848
	27,637,598	23,217,848
CURRENT ASSETS		
Stores, spare parts and loose tools	635,167	561,251
Stock in trade	3,657,510	4,092,512
Trade debts	1,199,613	1,300,366
Loans and advances	580,114	462,025
Short term deposits and prepayments	97,491	29,880
Other receivables	328,859	323,000
Short term investments	1,314,012	1,414,310
Cash and bank balances	108,969	111,494
	7,921,735	8,294,838
TOTAL ASSETS	35,559,333	31,512,686

DIRECTOR

CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM UNCONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE QUARTER ENDED 30 SEPTEMBER 2009
(UN-AUDITED)**

	Note	QUARTER ENDED	
		30 September 2009	30 September 2008 (Restated)
(Rupees in thousand)			
SALES		6,395,633	6,204,788
COST OF SALES	9	5,214,102	4,753,429
GROSS PROFIT		1,181,531	1,451,359
DISTRIBUTION COST		342,826	315,673
ADMINISTRATIVE EXPENSES		125,278	99,994
OTHER OPERATING EXPENSES	10	47,438	89,268
		515,542	504,935
		665,989	946,424
OTHER OPERATING INCOME		185,564	151,742
PROFIT FROM OPERATIONS		851,553	1,098,166
FINANCE COST		258,845	330,111
PROFIT BEFORE TAXATION		592,708	768,055
PROVISION FOR TAXATION		79,500	61,500
PROFIT AFTER TAXATION		513,208	706,555
EARNINGS PER SHARE- BASIC AND DILUTED (RUPEES)	12	2.12	4.36

The annexed notes form an integral part of the condensed interim unconsolidated financial information.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME FOR THE QUARTER ENDED 30 SEPTEMBER 2009
(UN-AUDITED)**

	QUARTER ENDED	
	30 September 2009	30 September 2008 (Restated)
	(Rupees in thousand)	
PROFIT FOR THE PERIOD	513,208	706,555
OTHER COMPREHENSIVE INCOME:		
Net change in fair value of available for sale investments	4,122,639	(6,192,213)
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD	4,635,847	(5,485,658)

The annexed notes form an integral part of the condensed interim unconsolidated financial information.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT
FOR THE QUARTER ENDED 30 SEPTEMBER 2009
(UN-AUDITED)**

	QUARTER ENDED	
	30 September 2009	30 September 2008 (Restated)
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	592,708	768,055
Adjustments for non-cash charges and other items:		
Depreciation	266,255	265,069
Provision for doubtful debts	-	27,000
Loss / (gain) on sale of property, plant and equipment	3,051	(1,299)
Gain on sale of investment	(32,000)	-
Dividend income	(129,752)	(128,038)
Exchange difference on investment in a foreign subsidiary	(67)	-
Finance cost	258,845	330,111
Cash flow from operating activities before adjustment of working capital changes	959,040	1,260,898
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(73,916)	(160,564)
Stock - in - trade	435,002	294,029
Trade debts	100,753	(983,994)
Loans and advances	(50,739)	(53,921)
Short term deposits and prepayments	(68,480)	(28,457)
Other receivables	(5,859)	40,697
	336,761	(892,210)
Increase in Trade and other payables	232,430	246,126
Cash generated from operations	1,528,231	614,814
Finance cost paid	(312,361)	(380,048)
Income tax paid	(67,436)	(60,405)
Gratuity paid	-	(75)
Net decrease in long term loans	1,436	1,280
Net decrease / (increase) in long term deposits and prepayments	57	(424)
Net cash generated from operating activities	1,149,927	175,142
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	7,402	10,355
Proceeds from sale of investment	430,000	-
Dividends received	129,752	128,038
Investments made	(510,885)	(77,505)
Capital expenditure of property, plant and equipment	(361,107)	(204,703)
Net cash used in investing activities	(304,838)	(143,815)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	-	(396,449)
Short term borrowings - Net	(847,550)	400,941
Dividend paid	(64)	(427)
Net cash (used in) / generated from financing activities	(847,614)	4,065
Net (decrease) / increase in cash and cash equivalents	(2,525)	35,392
Cash and cash equivalents at the beginning of the period	111,494	76,549
Cash and cash equivalents at the end of the period	108,969	111,941

The annexed notes form an integral part of the condensed interim unconsolidated financial information.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER 2009 (UN-AUDITED)**

(RUPEES IN THOUSAND)

	RESERVES										TOTAL EQUITY
	CAPITAL RESERVES			REVENUE RESERVES				TOTAL			
	Premium on Issue of right shares	Fair Value reserve	Sub Total	General reserve	Amalgama- tion reserve	Unappropriated profit	Sub Total				
Balance as at 30 June 2008- restated	1,597,857	10,428,151	11,455,773	7,974,028	476,105	4,988,307	13,438,440	24,894,213	26,492,070		
Total comprehensive (loss) / income for the period	-	(6,192,213)	(6,192,213)	-	-	706,555	706,555	(5,485,658)	(5,485,658)		
Balance as at 30 September 2008- restated	1,597,857	4,235,938	5,263,560	7,974,028	476,105	5,694,862	14,144,995	19,408,555	21,006,412		
Final dividend for the year ended 30 June 2008 @ Rupees 2.5 per share	-	-	-	-	-	(399,464)	(399,464)	(399,464)	(399,464)		
Transfer to general reserve	-	-	-	4,870,000	-	(4,870,000)	-	-	-		
Issue of shares under scheme of amalgamation	28,041	-	-	-	(28,041)	-	(28,041)	(28,041)	(28,041)		
Excess of net assets acquired in Nishat Apparel Limited	-	-	-	-	(448,064)	448,064	-	-	-		
Right shares issued during the period ended 30 June 2009	798,929	-	1,198,392	-	-	-	-	1,198,392	1,997,321		
Total comprehensive (loss) / income for the period - net of deferred tax	-	(3,834,948)	(3,834,948)	-	-	561,446	561,446	(3,273,502)	(3,273,502)		
Balance as at 30 June 2009	2,424,827	400,990	2,627,004	12,844,028	-	1,434,908	14,278,936	16,905,940	19,330,767		
Total comprehensive income for the period	-	4,122,639	4,122,639	-	-	513,208	513,208	4,635,847	4,635,847		
Balance as at 30 September 2009	2,424,827	4,523,629	6,749,643	12,844,028	-	1,948,116	14,792,144	21,541,787	23,966,614		

The annexed notes form an integral part of the condensed interim unconsolidated financial information.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION FOR THE QUARTER ENDED 30 SEPTEMBER 2009 (UN-AUDITED)

1. THE COMPANY AND ITS OPERATIONS

Nishat Mills Limited is a public company incorporated in Pakistan under the Companies Act, 1913 (Now Companies Ordinance, 1984) and listed on 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 condensed interim unconsolidated financial information is unaudited and is being submitted to share holders as required by section 245 of the Companies Ordinance, 1984. This condensed interim unconsolidated 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 condensed interim unconsolidated financial information does not include all of the information required for full annual financial statements, and should be read in conjunction with the annual financial statements of the company for the year ended 30 June 2009.

3. ACCOUNTING POLICIES AND COMPUTATION METHODS

3.1 The accounting policies and methods of computations adopted for the preparation of this condensed interim unconsolidated 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 2009.

3.2 Standards and interpretations effective in the current period

The following new and revised standards are effective and mandatory for financial statements for the periods beginning on or after 1 January 2009 and therefore, have been applied in preparing this condensed interim unconsolidated financial information.

IFRS 8 – Operating segment introduced the "management approach" for segment reporting and requires presentation and disclosure of segment information based on internal reports used by management to assess each segment's performance and to allocate resources to them. Therefore, segment information has been presented by the company in respect of its business segments which have been identified on the basis of management reporting structure of the company. Adoption of IFRS 8 has resulted in certain additional disclosures in the condensed interim unconsolidated financial information based on management approach.

Revised IAS 1 - Presentation of financial statements (2007) introduced the term total comprehensive income which represents changes in equity during the period other than those changes resulting from transactions with owners in their capacity as owners. As required by the revised standard, the company has presented condensed interim unconsolidated income statement and a separate condensed interim unconsolidated statement of comprehensive income.

Revised IAS 23 – Borrowing costs removed the option to expense borrowing costs and requires that an entity capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of cost of the asset. Since the company already followed the policy of capitalizing borrowing costs on qualifying assets, the revised standard has no effect on financial performance of the company.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Judgements and estimates made by management in the preparation of this condensed interim unconsolidated financial information are the same as those applied to the preceding annual published financial statements of the company for the year ended 30 June 2009.

	Un-audited 30 September 2009 (Rupees in thousand)	Audited 30 June 2009
5. LONG TERM FINANCING - SECURED		
Opening balance	2,767,724	2,350,837
Add: Obtained during the period / year	-	1,175,000
Less: Repaid during the period / year	-	758,113
	<hr/>	<hr/>
Closing balance	2,767,724	2,767,724
Less: Current portion shown under current liabilities	734,129	433,313
	<hr/>	<hr/>
Non-Current portion	2,033,595	2,334,411
	<hr/> <hr/>	<hr/> <hr/>

6. CONTINGENCIES AND COMMITMENTS

Contingencies

- i) The company is contingently liable for Rupees 61.891 million (30 June 2009: 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 437.881 million (30 June 2009: Rupees 421.751 million) are given by the banks of the company to Sui Northern Gas Pipelines Limited against gas connections, Shell Pakistan Limited against purchase of furnace oil, Director Excise and Taxation, Karachi and Collector of Customs, Excise and Sales Tax against infrastructure cess.
- iii) Post dated cheques of Rupees 363.588 million (30 June 2009: Rupees 284.473 million) are issued to customs authorities in respect of duties on imported material availed on the basis of consumption and export plans. If documents of exports are not provided on due dates, cheques issued as security shall be encashable.
- iv) The company has given the following guarantees on behalf of Nishat Power Limited - subsidiary company:
 - (a) Performance guarantee of USD 1 million [Pak Rupees 83.250 million] (30 June 2009: USD 1 million [Pak Rupees 81.470 million]) in favour of Private Power and Infrastructure Board to secure performance of Nishat Power Limited under Implementation Agreement and Power Purchase Agreement.
 - (b) Irrevocable standby letters of credit of Rupees 887.885 million (30 June 2009: 410 million) for equity injection and Rupees Nil (30 June 2009: Rupees 147.120 million) for positive cost overrun, in accordance with Project Funds Agreement, in favour of security trustee of syndicated lenders of Nishat Power Limited.

Commitments

- i) Contracts for capital expenditure are approximately of Rupees 580.812 million (30 June 2009: Rupees 161.498 million).
- ii) Letters of credit other than for capital expenditure are of Rupees 281.781 million (30 June 2009: Rupees 296.719 million).

	Un-audited 30 September 2009 (Rupees in thousand)	Audited 30 June 2009
7. PROPERTY, PLANT AND EQUIPMENT		
Operating assets (Note 7.1)	10,782,815	11,102,355
Capital work in progress (Note 7.2)	404,954	97,280
	11,187,769	11,199,635
7.1 OPERATING ASSETS		
Opening book value	11,102,355	11,188,560
Add: Cost of additions during the period/ year (Note 7.1.1)	53,433	1,102,080
Less: Book value of assets transferred to investment properties during the period/ year (Note 7.1.2 and 8)	97,853	43,637
	11,057,935	12,247,003
Less: Book value of deletions during the period/ year (Note 7.1.3)	10,453	27,717
	11,047,482	12,219,286
Less: Depreciation charged for the period/ year	264,667	1,116,931
	10,782,815	11,102,355
7.1.1 Cost of additions during the period/ year		
Freehold land	-	58,761
Buildings on freehold land	523	141,776
Plant and machinery	26,995	770,065
Electric installations	174	18,804
Factory equipment	2,291	31,974
Furniture, fixtures and office equipment	5,162	26,910
Computer equipment	1,994	6,180
Vehicles	16,294	47,610
	53,433	1,102,080

	Un-audited 30 September 2009 (Rupees in thousand)	Audited 30 June 2009
7.1.2 Book value of assets transferred to investment properties during the period/ year		
Freehold land	56,632	18,756
Buildings on freehold land	41,221	24,881
	<u>97,853</u>	<u>43,637</u>
7.1.3 Book value of deletions during the period/ year		
Plant and machinery	8,455	12,760
Electric installations	407	1,656
Factory equipment	-	2,021
Furniture, fixtures and office equipment	55	581
Computer equipment	50	-
Vehicles	1,486	10,699
	<u>10,453</u>	<u>27,717</u>
7.2 CAPITAL WORK-IN-PROGRESS		
Buildings on freehold land	176,790	30,756
Plant and machinery	220,346	62,064
Electric installation	45	54
Unallocated capital expenditure	37	-
Letters of credit against machinery	546	402
Letters of credit and advances against furniture and office equipment	4,283	1,738
Advances against vehicles	2,907	2,266
	<u>404,954</u>	<u>97,280</u>
8. INVESTMENT PROPERTIES		
Opening book value	41,049	-
Add: Book value of assets transferred from operating assets during the period/ year (Note 7.1.2)	97,853	43,637
	<u>138,902</u>	<u>43,637</u>
Less: Depreciation charged for the period/ year	1,588	2,588
	<u>137,314</u>	<u>41,049</u>

	(Un-audited)	
	QUARTER ENDED	
	30 September 2009	30 September 2008
	(Restated)	
	(Rupees in thousand)	
9. COST OF SALES		
Raw material consumed	1,574,807	1,507,464
Cloth and yarn purchased / used	1,869,095	1,800,435
Processing charges	28,107	16,141
Salaries, wages and other benefits	463,881	401,154
Stores, spare parts and loose tools	603,531	481,506
Packing materials consumed	116,659	115,373
Repair and maintenance	58,358	28,729
Fuel and power	514,041	531,974
Insurance	6,803	6,913
Other factory overheads	51,681	58,893
Depreciation	251,242	252,188
	5,538,205	5,200,770
Work-in-process		
Opening stock	1,529,335	1,207,658
Closing stock	(1,712,731)	(1,664,487)
	(183,396)	(456,829)
Cost of goods manufactured	5,354,809	4,743,941
Finished goods		
Opening stock	1,164,522	1,154,710
Closing stock	(1,305,229)	(1,145,222)
	(140,707)	9,488
Cost of sales	5,214,102	4,753,429
10. OTHER OPERATING EXPENSES		
Workers' profit participation fund	30,203	44,075
Workers' welfare fund	12,096	16,693
Loss on sale of property, plant and equipment	3,051	-
Provision for doubtful debts	-	27,000
Depreciation on investment properties	1,588	-
Donations (Note 10.1)	500	1,500
	47,438	89,268

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

11. SEGMENT INFORMATION

11.1 The company has five reportable business segments. The following summary describes the operation in each of the company's reportable segments:

Spinning:	Production of different qualities of yarn using natural and artificial fibers
Weaving:	Production of different qualities of grey fabric using yarn.
Processing & Home Textile:	Processing of grey fabric for production of printed and dyed fabric and its further use in manufacturing variety of home textile articles.
Garments:	Manufacturing of garments using processed fabric.
Power Generation:	Generation and distribution of power using gas, oil and steam.

Transactions among the business segments are recorded at arm's length prices using admissible valuation methods.

(Un-audited)

	Spinning		Weaving		Processing & home textile		Garments		Power generation		Elimination of intersegment transactions		Total-Company	
	Quarter ended		Quarter ended		Quarter ended		Quarter ended		Quarter ended		Sep 2009		Sep 2008	
	Sep 2009	Sep 2008	Sep 2009	Sep 2008	Sep 2009	Sep 2008	Sep 2009	Sep 2008	Sep 2009	Sep 2008	Sep 2009	Sep 2008	Sep 2009	Sep 2008
SALES	2,530,293	2,545,257	2,434,189	2,366,309	2,668,410	2,652,494	569,732	191,123	577,638	557,613	(2,384,629)	(2,108,008)	6,395,633	6,204,788
COST OF SALES	2,176,076	2,028,030	2,134,181	1,948,009	2,221,923	2,149,411	513,337	212,783	553,214	523,204	(2,384,629)	(2,108,008)	5,214,102	4,753,429
GROSS PROFIT / (LOSS)	354,217	517,227	300,008	418,300	446,487	503,083	56,395	(21,660)	24,424	34,409	-	-	1,181,531	1,451,359
DISTRIBUTION COST	46,577	46,495	78,727	96,976	192,350	166,191	25,172	6,011	-	-	-	-	342,826	315,673
ADMINISTRATIVE EXPENSES	34,979	31,461	30,955	21,179	45,046	34,449	10,617	9,886	3,681	3,019	-	-	125,278	99,994
PROFIT BEFORE TAX AND UNALLOCATED EXPENSES	81,556	77,956	109,682	118,155	237,396	200,640	35,789	15,897	3,681	3,019	-	-	468,104	415,667
	272,661	439,271	190,326	300,145	209,091	302,443	20,606	(37,557)	20,743	31,390	-	-	713,427	1,035,692

(RUPEES IN THOUSAND)

(Restated)

UNALLOCATED CORPORATE EXPENSES:

FINANCE COST	(258,845)	(330,111)
OTHER OPERATING EXPENSES	(47,438)	(89,269)
OTHER OPERATING INCOME	185,564	151,742
TAXATION	(79,500)	(61,500)

PROFIT AFTER TAXATION

11.3 INTER-SEGMENT SALES AND PURCHASES

Inter-segment sales and purchases have been eliminated from the total

12. EARNINGS PER SHARE - BASIC AND DILUTED

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

13. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise subsidiary companies, associated undertakings, other related companies and key management personnel. The company in the normal course of business carries out transactions with various related parties. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in this condensed interim unconsolidated financial information are as follows:

	Un-audited	
	QUARTER ENDED	
	30 September 2009	30 September 2008
		(Restated)
	(Rupees in thousand)	
Subsidiary companies		
Investment made	510,885	64,000
Share deposit money	510,885	67,400
Working capital loan	25,000	-
Interest on working capital loan	60	-
Purchase of goods and services	3,941	-
Associated companies		
Investment made	-	7,166
Share deposit money	-	7,166
Purchase of goods and services	1,739	853
Sale of goods and services	1,650	-
Purchase of vehicle	-	670
Sale of operating fixed assets	1,253	-
Dividend received	129,752	127,688
Insurance premium paid	19,449	19,613
Insurance claims received	3,541	243
Subscription paid	563	-
Other related parties		
Purchase of goods and services	64,565	10,218
Sale of goods and services	41,918	23,460
Sale of operating fixed assets	-	300
Company's contribution to provident fund trust	17,834	13,811
Remuneration paid to Chief Executive Officer, Directors and Executives	30,453	21,947

14. FINANCIAL RISK MANAGEMENT

The company's financial risk management objectives and policies are consistent with those disclosed in the preceding annual published financial statements of the company for the year ended 30 June 2009.

15. AUTHORIZED FOR ISSUE

This condensed interim unconsolidated financial information was approved by the Board of Directors and authorized for issue on 26 October, 2009.

16. CORRESPONDING FIGURES

16.1 Corresponding figures of income and expenses have been restated and include amounts pertaining to Nishat Apparel Limited (Formerly Gulf Nishat Apparel Limited) pursuant to its amalgamation with Nishat Mills Limited which is effective from 01 July 2008.

16.2 Figures have been rounded off to the nearest thousand of Rupees.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

NISHAT MILLS LIMITED AND ITS SUBSIDIARIES

**CONDENSED INTERIM CONSOLIDATED
FINANCIAL INFORMATION
FOR THE QUARTER ENDED
30 SEPTEMBER 2009**

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2009

	Note	Un-audited 30 September 2009 (Rupees in thousand)	Audited 30 June 2009
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
1,100,000,000 (30 June 2009: 1,100,000,000) ordinary shares of Rupees 10 each		11,000,000	11,000,000
Issued, subscribed and paid up share capital 242,482,654 (30 June 2009: 242,482,654) ordinary shares of Rupees 10 each		2,424,827	2,424,827
Reserves		24,598,149	22,085,845
Equity attributable to equity holders of the parent		27,022,976	24,510,672
Minority interest		1,511,885	1,006,517
Total equity		28,534,861	25,517,189
NON-CURRENT LIABILITIES			
Long term financing - secured	6	14,022,772	13,730,957
Deferred tax		249,396	249,396
		14,272,168	13,980,353
CURRENT LIABILITIES			
Trade and other payables		2,240,810	1,989,640
Accrued mark-up		637,408	638,872
Short term borrowings		7,018,270	7,342,600
Current portion of long term financing - secured	6	1,150,962	686,753
Provision for taxation		395,216	315,918
		11,442,666	10,973,783
Total Liabilities		25,714,834	24,954,136
CONTINGENCIES AND COMMITMENTS	7	-	-
TOTAL EQUITY AND LIABILITIES		54,249,695	50,471,325

The annexed notes form an integral part of the condensed interim consolidated financial information.

CHIEF EXECUTIVE OFFICER

	Un-audited Note 30 September 2009 (Rupees in thousand)	Audited 30 June 2009
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	8 27,692,439	26,793,589
Investment properties	9 137,314	41,049
Long term investments	17,439,201	15,546,837
Long term loans	11,017	12,367
Long term deposits and prepayments	12,993	12,174
	45,292,964	42,406,016
CURRENT ASSETS		
Stores, spare parts and loose tools	1,358,785	561,380
Stock-in-trade	3,657,510	4,092,512
Trade debts	1,335,896	1,300,366
Loans and advances	588,530	462,256
Short term deposits and prepayments	102,910	30,491
Other receivables	478,683	331,255
Short term investments	1,236,188	1,116,185
Cash and bank balances	198,229	170,864
	8,956,731	8,065,309
TOTAL ASSETS	54,249,695	50,471,325

DIRECTOR

CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE QUARTER ENDED 30 SEPTEMBER 2009
(UN-AUDITED)**

	Note	QUARTER ENDED	
		30 September 2009	30 September 2008
			(Restated)
		(Rupees in thousand)	
SALES		6,530,290	6,204,788
COST OF SALES	10	5,369,491	4,753,429
GROSS PROFIT		1,160,799	1,451,359
DISTRIBUTION COST		342,750	315,673
ADMINISTRATIVE EXPENSES		127,798	102,024
OTHER OPERATING EXPENSES	11	47,438	89,268
		517,986	506,965
		642,813	944,394
OTHER OPERATING INCOME		67,706	153,680
PROFIT FROM OPERATIONS		710,519	1,098,074
FINANCE COST		258,789	330,111
		451,730	767,963
SHARE OF PROFIT/ (LOSS) IN ASSOCIATED COMPANIES		338,475	(141,146)
PROFIT BEFORE TAXATION		790,205	626,817
PROVISION FOR TAXATION		79,500	61,500
PROFIT AFTER TAXATION		710,705	565,317
SHARE OF PROFIT ATTRIBUTABLE TO:			
EQUITY HOLDERS OF PARENT		719,965	565,335
MINORITY INTEREST		(9,260)	(18)
		710,705	565,317
EARNINGS PER SHARE- BASIC AND DILUTED (RUPEES)	13	2.97	3.49

The annexed notes form an integral part of the condensed interim consolidated financial information.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME FOR THE QUARTER ENDED 30 SEPTEMBER 2009
(UN-AUDITED)**

	QUARTER ENDED	
	30 September 2009	30 September 2008 (Restated)
	(Rupees in thousand)	
PROFIT FOR THE PERIOD	710,705	565,317
OTHER COMPREHENSIVE INCOME:		
Net change in fair value of available for sale investments	1,759,549	(5,964,381)
Surplus on revaluation of assets- net of tax	30,944	-
Surplus on revaluation of fixed assets relating to incremental depreciation- net of tax	369	-
	1,790,862	(5,964,381)
Effect of translation of net investment in foreign branches	2,556	-
Exchange differences on translating foreign operation	71	-
	2,627	-
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD	2,504,194	(5,399,064)
SHARE OF PROFIT ATTRIBUTABLE TO:		
EQUITY HOLDERS OF PARENT	2,513,454	(5,399,046)
MINORITY INTEREST	(9,260)	(18)
	2,504,194	(5,399,064)

The annexed notes form an integral part of the condensed interim consolidated financial information.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT
FOR THE QUARTER ENDED 30 SEPTEMBER 2009
(UN-AUDITED)**

	QUARTER ENDED	
	30 September 2009	30 September 2008
		(Restated)
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	790,205	626,817
Adjustments for non-cash charges and other items:		
Depreciation	266,291	265,100
Provision for doubtful debts	-	27,000
Loss / (gain) on sale of property, plant and equipment	3,051	(1,299)
Dividend income	(10,226)	(128,038)
Share of (profit) / loss from associated companies	(338,475)	141,146
Finance cost	258,789	330,111
Cash flow from operating activities before adjustment of working capital changes	969,635	1,260,837
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(797,405)	(160,564)
Stock - in - trade	435,002	294,029
Trade debts	(35,530)	(983,994)
Loans and advances	(58,925)	(53,934)
Short term deposits and prepayments	(73,288)	(28,532)
Other receivables	(147,428)	40,130
	(677,574)	(892,865)
Increase in Trade and other payables	251,234	328,777
Cash generated from operations	543,295	696,749
Finance cost paid	(312,305)	(380,048)
Income tax paid	(67,637)	(61,088)
Gratuity paid	-	(75)
Net decrease in long term loans	1,436	1,280
Net decrease / (increase) in long term deposits and prepayments	50	(424)
Net cash generated from operating activities	164,839	256,394
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	7,402	10,355
Dividends received	129,752	128,038
Investments made	-	(10,105)
Capital expenditure of property, plant and equipment	(1,219,807)	(853,807)
Net cash used in investing activities	(1,082,653)	(725,519)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long term financing	756,024	572,244
Proceeds from disposal of interest to minority shareholders	515,500	16,000
Cost of issuance of shares	(2,022)	(8,726)
Repayment of long term financing	-	(396,449)
Exchange difference on translation of the net investment in a foreign subsidiary	71	-
Short term borrowings - Net	(324,330)	400,941
Dividend paid	(64)	(427)
Net cash generated from financing activities	945,179	583,583
Net increase in cash and cash equivalents	27,365	114,458
Cash and cash equivalents at the beginning of the period	170,864	78,933
Cash and cash equivalents at the end of the period	198,229	193,391

The annexed notes form an integral part of the condensed interim consolidated financial information.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 SEPTEMBER 2009 (UN-AUDITED)

(RUPEES IN THOUSAND)

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY											MINORITY INTEREST	TOTAL EQUITY		
	CAPITAL RESERVES				REVENUE RESERVES				TOTAL RESERVES		SHARE HOLDERS' EQUITY				
	Premium on issue of right Shares	Fair value reserve	Exchange transition reserve	Capital redemption reserve fund	Sub Total	General reserve	Amalgam- ation reserve	Statutory reserve	Unappropri- ated profit	Sub Total					
Balance as at 30 June 2008 - restated	1,597,857	1,027,622	13,477,109	-	111,002	14,615,733	9,079,882	476,105	-	5,480,299	15,046,286	29,662,019	31,259,876	158,261	31,418,137
Disposal of interest to minority shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	16,000	16,000
Share issuance cost - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive (loss) / income for the period	-	-	-	-	-	-	-	-	-	(6,981)	(6,981)	(6,981)	(6,981)	(1,745)	(8,726)
Balance as at 30 September 2008 - restated	1,597,857	1,027,622	7,512,728	-	111,002	8,651,352	9,079,882	476,105	-	565,335	565,335	(5,399,046)	(5,399,046)	(18)	(5,399,064)
Final dividend for the year ended 30 June 2008 @ Rupees 2.5 per share	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to general reserve	28,041	-	-	-	-	5,294,000	-	-	-	-	-	-	-	-	-
Issue of shares under scheme of amalgamation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Excess of net assets acquired in Nishat Apparel Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Right shares issued during the period ended 30 June 2009	788,929	1,198,392	-	-	-	1,198,392	-	-	-	-	-	-	-	-	-
Share in reserves of associated companies under equity method	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposal of interest to minority shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share issuance cost - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive (loss) / income for the period - net of deferred tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2009	2,424,827	2,226,014	3,492,679	1,937	111,002	5,831,632	14,373,882	-	25,061	1,855,270	16,254,213	22,085,845	24,510,672	(382)	(2,941,183)
Share in reserves of associated companies under equity method	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposal of interest to minority shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share issuance cost - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive (loss) / income for the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 30 September 2009	2,424,827	2,226,014	5,283,541	4,564	111,002	7,625,121	14,373,882	-	53,077	2,546,069	16,973,028	24,598,149	27,022,976	1,511,885	28,534,861

The annexed notes form an integral part of the condensed interim consolidated financial information.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION FOR THE QUARTER ENDED 30 SEPTEMBER 2009 (UN-AUDITED)

1. THE GROUP AND ITS OPERATIONS

The Group consists of:

Holding Company

- Nishat Mills Limited

Subsidiary Companies

- Nishat Power Limited
- Nishat USA, INC.

Nishat Mills Limited

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 / apparel, 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, supply and sell electricity.

Nishat Power Limited

Nishat Power Limited is a public limited company incorporated in Pakistan under Companies Ordinance, 1984 and listed on Lahore and Karachi Stock Exchanges in Pakistan. The principal activity of the Company is to Build, Own, Operate (BOO) a Residual Furnace Oil (RFO) fired power station based on Combined Cycle Reciprocating Engine Technology having gross capacity of 200 MW ISO in Jamber Kalan, Tehsil Pattoki, District Kasur, Punjab, Pakistan. The company has not yet commenced commercial operations. However, during the first three months of fiscal year the company successfully completed the pre-synchronization test and during testing and commissioning phase it has started exporting energy to NTDC. The project is expected to start its commercial production during 1st week of November 2009. Its registered office is situated at 53-A, Lawrence Road, Lahore.

NISHAT USA, INC.

Nishat USA Inc. is a wholly owned foreign subsidiary of Nishat Mills Limited, incorporated under the Business Corporation Laws of the State of New York. The registered office of Nishat USA Inc. is situated at 676 Broadway, New York, NY 10012, U.S.A. The principal business of the subsidiary company is to provide marketing services to Nishat Mills Limited - holding company.

2. BASIS OF PREPARATION

This condensed interim consolidated financial information is unaudited and is being submitted to share holders as required by section 245 of the Companies Ordinance, 1984. This condensed interim consolidated 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

- 3.1 The accounting policies and methods of computations adopted for the preparation of this condensed interim consolidated financial information are the same as applied in the preparation of preceding annual published consolidated financial statements of the group for the year ended 30 June 2009 which currently coincide with the Subsidiary Companies accounting policies and method of computations.

3.2 Standards and interpretations effective in the current period

The following new and revised standards are effective and mandatory for financial statements for the periods beginning on or after 1 January 2009 and therefore, have been applied in preparing this condensed interim consolidated financial information.

IFRS 8 – Operating segment introduced the “management approach” for segment reporting and requires presentation and disclosure of segment information based on internal reports used by management to assess each segment’s performance and to allocate resources to them. Therefore, segment information has been presented by the group in respect of its business segments which have been identified on the basis of management reporting structure of the group. Adoption of IFRS 8 has resulted in certain additional disclosures in the condensed interim consolidated financial information based on management approach.

Revised IAS 1 - Presentation of financial statements (2007) introduced the term total comprehensive income which represents changes in equity during the period other than those changes resulting from transactions with owners in their capacity as owners. As required by the revised standard, the group has presented condensed interim consolidated income statement and a separate condensed interim consolidated statement of comprehensive income.

Revised IAS 23 – Borrowing costs removed the option to expense borrowing costs and requires that an entity capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of cost of the asset. Since the group already followed the policy of capitalizing borrowing costs on qualifying assets, the revised standard has no effect on financial performance of the group.

4. CONSOLIDATION

a) Subsidiary

Subsidiaries are those entities in which Holding Company 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 condensed interim consolidated financial information of the subsidiary companies is included in this condensed interim consolidated financial information from the date control commences until the date that control ceases.

The assets and liabilities of subsidiary companies have been consolidated on a line by line basis and carrying value of investments held by the Holding Company is eliminated against Holding Company’s share in paid up capital of the subsidiary companies.

Intragroup balances and transactions have been eliminated.

Minority interests are that part of net results of the operations and of net assets of subsidiary companies attributable to interest which are not owned by the Holding Company. Minority interests are presented as separate item in this condensed interim consolidated financial information.

b) 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 accumulated impairment loss, if any.

The group's share of its associate's post-acquisition profits or losses is recognized in the profit and loss account, 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 condensed interim consolidated financial information are the same as those applied to the preceeding annual published consolidated financial statements of the group for the year ended 30 June 2009.

	Un-audited 30 September 2009 (Rupees in thousand)	Audited 30 June 2009
6. LONG TERM FINANCING - SECURED		
Opening balance	14,417,710	5,192,650
Add: Obtained during the period / year	756,024	9,983,173
Less: Repaid during the period / year	-	758,113
	<hr/> 15,173,734	<hr/> 14,417,710
Less: Current portion shown under current liabilities	1,150,962	686,753
	<hr/> 14,022,772	<hr/> 13,730,957
Non-current portion		

7. CONTINGENCIES AND COMMITMENTS

Contingencies

- i) Nishat Mills Limited - Holding Company is contingently liable for Rupees 61.891 million (30 June 2009: 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 437.881 million (30 June 2009: Rupees 421.751 million) are given by the banks of the Nishat Mills Limited - Holding Company to Sui Northern Gas Pipelines Limited against gas connections, Shell Pakistan Limited against purchase of furnace oil, Director Excise and Taxation, Karachi and Collector of Customs, Excise and Sales Tax against infrastructure cess.
- iii) Post dated cheques of Rupees 363.588 million (30 June 2009: Rupees 284.473 million) are issued by the Nishat Mills Limited - Holding Company to customs authorities in respect of duties on imported material availed on the basis of consumption and export plans. If documents of exports are not provided on due dates, cheques issued as security shall be encashable.
- iv) Nishat Mills Limited - Holding Company has given performance guarantee of USD 1 million [Pak Rupees 83.250 million] (30 June 2009: USD 1 million [Pak Rupees 81.470 million] in favour of Private Power and Infrastructure Board to secure performance of Nishat Power Limited - Subsidiary Company under Implementation Agreement and Power Purchase Agreement.
- v) Irrevocable standby letters of credit of Rupees 887.885 million (30 June 2009: 410 million) given by Nishat Mills Limited - Holding Company for equity injection and Rupees Nil (30 June 2009: Rupees 147.120 million) for positive cost over run, in

accordance with Project Funds Agreement, in favour of security trustee of syndicated lenders of Nishat Power Limited - Subsidiary Company.

- vi) Nishat Power Limited - Subsidiary Company has issued irrevocable letter of credit of USD 5.370 Million [Pak Rupees 447.292 million] (30 June 2009: USD 5.370 million [Pak Rupees 437.465 million] in favour of National Transmission and Despatch Company as required under Power Purchase Agreement.
- vii) The Nishat Mills Limited's share in contingencies of associated companies is Rupees 5,717.521 million (30 June 2009: Rupees 6,400.381 million).

Commitments

- i) Contracts for capital expenditure of the group are approximately amounting to Rupees 837.438 million (30 June 2009: Rupees 552.209 million).
- ii) Letters of credit other than for capital expenditure of the group are amounting to Rupees 281.781 million (30 June 2009: Rupees 296.719 million).
- iii) Nishat Power Limited - Subsidiary Company has entered into a contract for purchase of fuel oil from Shell Pakistan Limited (SPL) for a period of ten years starting from the commercial operations of the power station. Under the terms of the Fuel Supply Agreement, the subsidiary company is not required to buy any minimum quantity of oil from SPL.

	Un-audited 30 September 2009 (Rupees in thousand)	Audited 30 June 2009
8. PROPERTY, PLANT AND EQUIPMENT		
Operating assets (Note 8.1)	10,870,652	11,189,711
Capital work in progress (Note 8.2)	16,821,787	15,603,878
	<u>27,692,439</u>	<u>26,793,589</u>
8.1 OPERATING ASSETS		
Opening book value	11,189,711	11,272,588
Add: Cost of additions during the period/ year (Note 8.1.1)	54,246	1,106,759
Less: Book value of assets transferred to investment properties during the period / year (Note 8.1.2 and 9)	97,853	43,637
	11,146,104	12,335,710
Less: Book value of deletions during the period / year (Note 8.1.3)	10,453	28,099
	11,135,651	12,307,611
Less: Depreciation charged for the period/ year	264,999	1,117,900
	<u>10,870,652</u>	<u>11,189,711</u>

	Un-audited 30 September 2009 (Rupees in thousand)	Audited 30 June 2009
8.1.1 Cost of additions during the period/ year		
Freehold land	-	58,761
Buildings on freehold land	523	141,776
Plant and machinery	26,995	770,065
Electric installations	174	18,804
Factory equipment	2,291	31,974
Furniture, fixtures and office equipment	5,682	28,145
Computer equipment	2,287	6,533
Vehicles	16,294	50,701
	<u>54,246</u>	<u>1,106,759</u>
8.1.2 Book value of assets transferred to Investment properties during the period/ year		
Freehold land	56,632	18,756
Buildings on freehold land	41,221	24,881
	<u>97,853</u>	<u>43,637</u>
8.1.3 Book value of deletions during the period/ year		
Plant and machinery	8,455	12,760
Electric installations	407	1,656
Factory equipment	-	2,021
Furniture, fixtures and office equipment	55	581
Computer equipment	50	-
Vehicles	1,486	11,081
	<u>10,453</u>	<u>28,099</u>
8.2 CAPITAL WORK-IN-PROGRESS		
Buildings on freehold land	307,702	161,657
Plant and machinery	14,431,604	13,680,620
Electric installation	910	323
Letters of credit against machinery	546	402
Letters of credit and advances against furniture and office equipment	4,283	1,738
Advances against plant and machinery	-	6,333
Advances against vehicles	2,907	2,266
Advances to contractors	46,718	257,511
Unallocated expenditure- Holding Company	37	-
Unallocated expenditure- Subsidiary Company (Note 8.2.1)	2,027,080	1,493,028
	<u>16,821,787</u>	<u>15,603,878</u>

Un-audited 30 September 2009 (Rupees in thousand)	Audited 30 June 2009
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**8.2.1 Unallocated expenditures - Nishat Power Limited
- Subsidiary Company**

Salaries and other benefits	25,270	22,572
Insurance	150,793	150,793
Traveling and conveyance	5,210	4,873
Entertainment	276	241
Rent, rates and taxes	1,087	967
Vehicle running and maintenance	1,742	1,544
Printing and stationery	223	208
Postage and telephone	1,108	1,070
Fuel and power	65	51
Legal and professional charges	3,833	3,581
Auditors' remuneration	690	690
Consultancy charges	12,069	11,026
Registration fee	40	40
Fee and subscription	17,341	16,979
Mark-up on long term financing	1,634,390	1,152,839
Mark-up on short term financing	6,655	-
Bank charges and financing fee	154,616	114,345
Bank guarantee commission	8,674	8,674
Miscellaneous	1,710	1,543
Depreciation	1,288	992
	2,027,080	1,493,028

9. INVESTMENT PROPERTIES

Opening book value	41,049	-
Add: Book value of assets transferred from operating assets during the period/ year (Note 8.1.2)	97,853	43,637
	138,902	43,637
Less: Depreciation charged for the period/ year	1,588	2,588
	137,314	41,049

(Un-audited)

	QUARTER ENDED	
	30 September 2009	30 September 2008
		(Restated)
	(Rupees in thousand)	
10. COST OF SALES		
Raw material consumed	1,574,807	1,507,464
Cloth and yarn purchased / used	1,869,095	1,800,435
Processing charges	28,107	16,141
Salaries, wages and other benefits	464,883	401,154
Stores, spare parts and loose tools	603,531	481,506
Packing materials consumed	116,659	115,373
Repair and maintenance	58,358	28,729
Fuel and power	668,110	531,974
Insurance	6,803	6,913
Other factory overheads	51,999	58,893
Depreciation	251,242	252,188
	5,693,594	5,200,770
Work-in-process		
Opening stock	1,529,335	1,207,658
Closing stock	(1,712,731)	(1,664,487)
	(183,396)	(456,829)
Cost of goods manufactured	5,510,198	4,743,941
Finished goods		
Opening stock	1,164,522	1,154,710
Closing stock	(1,305,229)	(1,145,222)
	(140,707)	9,488
Cost of sales	5,369,491	4,753,429
11. OTHER OPERATING EXPENSES		
Workers' profit participation fund	30,203	44,075
Workers' welfare fund	12,096	16,693
Loss on sale of property, plant and equipment	3,051	-
Provision for doubtful debts	-	27,000
Depreciation on investment properties	1,588	-
Donations (Note 11.1)	500	1,500
	47,438	89,268

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

12 SEGMENT INFORMATION

12.1 The group has five reportable business segments. The following summary describes the operation in each of the group's reportable segments:

Spinning:	Production of different qualities of yarn using natural and artificial fibers
Weaving:	Production of different qualities of grey fabric using yarn.
Processing & Home Textile:	Processing of grey fabric for production of printed and dyed fabric and its further use in manufacturing variety of home textile articles.
Garments:	Manufacturing of garments using processed fabric.
Power Generation:	Generation and distribution of power using gas, oil and steam.

Transactions among the business segments are recorded at arm's length prices using admissible valuation methods.

	Spinning		Weaving		Processing & home textile		Garments		Power generation		Elimination of intersegment transactions		(Un-audited) Total-Group	
	Quarter ended		Quarter ended		Quarter ended		Quarter ended		Quarter ended		Sep 2009		Quarter ended	
	Sep 2009	Sep 2008	Sep 2009	Sep 2008	Sep 2009	Sep 2008	Sep 2009	Sep 2008	Sep 2009	Sep 2008	Sep 2009	Sep 2008	Sep 2009	Sep 2008
SALES	2,530,293	2,545,257	2,434,189	2,386,309	2,668,410	2,652,494	569,732	191,123	712,295	557,613	(2,384,629)	(2,108,008)	6,530,290	6,204,788
COST OF SALES	2,176,076	2,028,030	2,134,181	1,948,009	2,221,923	2,149,411	513,337	212,783	708,603	523,204	(2,384,629)	(2,108,008)	5,369,491	4,753,429
GROSS PROFIT / (LOSS)	354,217	517,227	300,008	418,300	446,487	503,083	56,395	(21,660)	3,692	34,409	-	-	1,160,799	1,451,359
DISTRIBUTION COST	46,577	46,495	78,727	96,976	192,274	166,191	25,172	6,011	-	-	-	-	342,750	315,673
ADMINISTRATIVE EXPENSES	34,979	31,461	30,955	21,179	45,046	34,449	10,617	9,886	6,201	5,049	-	-	127,798	102,024
PROFIT BEFORE TAX AND UNALLOCATED EXPENSES	81,556	77,956	109,682	118,155	237,320	200,640	35,789	15,897	6,201	5,049	-	-	470,548	417,697
	272,661	439,271	190,326	300,145	209,167	302,443	20,606	(37,557)	(2,509)	29,360	-	-	690,251	1,033,662

(RUPEES IN THOUSAND)

(Restated)

UNALLOCATED CORPORATE EXPENSES:

FINANCE COST	(258,789)	(330,111)
OTHER OPERATING EXPENSES	(47,438)	(89,268)
OTHER OPERATING INCOME	67,706	153,680
SHARE OF PROFIT / (LOSS) IN ASSOCIATED COMPANIES	338,475	(141,146)
TAXATION	(79,500)	(61,500)
PROFIT AFTER TAXATION	710,705	865,317

12.3 INTER-SEGMENT SALES AND PURCHASES

Inter-segment sales and purchases have been eliminated from the total

13 EARNINGS PER SHARE - BASIC AND DILUTED

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

14. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, other related companies and key management personnel. In the normal course of business management carries out transactions with various related parties. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in this condensed interim consolidated financial information are as follows:

	Un-audited	
	QUARTER ENDED	
	30 September 2009	30 September 2008
		(Restated)
	(Rupees in thousand)	
Associated companies		
Investment made	-	7,166
Share deposit money	-	7,166
Purchase of goods and services	1,804	4,215
Sale of goods and services	1,650	-
Purchase of vehicle	-	670
Sale of operating fixed assets	1,253	-
Dividend received	129,752	127,688
Insurance premium paid	19,449	19,722
Insurance claims received	3,541	243
Profit on saving account	-	1
Subscription paid	563	-
Other related parties		
Purchase of goods and services	64,565	10,218
Sale of goods and services	41,918	23,460
Sale of operating fixed assets	-	300
Group's contribution to provident fund trust	18,221	13,932
Remuneration paid to Chief Executive Officer, Directors and Executives of the Holding Company	30,453	21,947

15. FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the preceding annual published consolidated financial statements of the group for the year ended 30 June 2009.

16. AUTHORIZED FOR ISSUE

This condensed interim consolidated financial information was approved by the Board of Directors and authorized for issue on 26 October, 2009.

17. CORRESPONDING FIGURES

17.1 Corresponding figures of income and expenses have been restated and include amounts pertaining to Nishat Apparel Limited (Formerly Gulf Nishat Apparel Limited) pursuant to its amalgamation with Nishat Mills Limited - Holding Company which is effective from 01 July 2008.

17.2 Figures have been rounded off to the nearest thousand of Rupees.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER