



NISHAT
Nishat Mills Limited

Interim financial report

For the quarter ended 30 September 2011

50th
Year
of listing on ASE



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Company Information

BOARD OF DIRECTORS:	Mian Umer Mansha Mian Hassan Mansha Mr. Khalid Qadeer Qureshi Mr. Muhammad Azam Mr. Maqsood Ahmad Syed Zahid Hussain Ms. Nabiha Shahnawaz Cheema	Chairman/CEO
AUDIT COMMITTEE:	Mr. Khalid Qadeer Qureshi Mr. Muhammad Azam Ms. Nabiha Shahnawaz Cheema	Chairman/Member Member Member
CHIEF FINANCIAL OFFICER:	Mr. Badar-ul-Hassan	
COMPANY SECRETARY:	Mr. Khalid Mahmood Chohan	
AUDITORS:	Riaz Ahmad & Company	Chartered Accountants
LEGAL ADVISOR:	Mr. M. Aurangzeb Khan, Advocate, Chamber No. 6, District Court, Faisalabad.	



BANKERS TO THE COMPANY:	Albarka Islamic Bank Allied Bank Limited Askari Bank Limited Bank Alfalah Limited Bank Islami Pakistan Limited Barclays Bank PLC Citibank N.A. Deutsche Bank AG Dubai Islamic Bank Pakistan Limited Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited HSBC Bank Middle East Limited JS Bank Limited KASB Bank Limited Meezan Bank Limited	National Bank of Pakistan NIB Bank Limited Pak Brunei Investment Company Limited Pakistan Kuwait Investment Company (Pvt) Limited Samba Bank Limited Saudi Pak Industrial & Agriculture Investment Company Limited Silk Bank Limited Soneri Bank Limited Standard Chartered Bank (Pakistan) Limited The Bank of Punjab United Bank Limited
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MILLS:	Nishatabad, Faisalabad.	(Spinning units, Yarn Dyeing & Power plant)
	12 K.M. Faisalabad Road, Sheikhupura.	(Weaving units & Power plant)
	21 K.M. Ferozepur Road, Lahore.	(Stitching unit & Power plant)
	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. East Hadiara Drain 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: 042-36360154, 042-111 113 333
Fax: 042-36367414

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Fax: 021-32412936

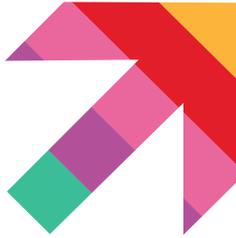
Directors' Report

Directors of Nishat Mills Limited (“the Company”) are pleased to present the interim financial report of the Company for the quarter ended 30 September 2011 along with the interim financial statements.



50th
Year of listing on KSE

The Board is overjoyed to reveal the news of completion of Company's 50th year of listing on Karachi Stock Exchange on 27 November 2011. This has been an illustrious journey marked with achievements and accolades. **Growth through Professional Management** has always been the driving force. Our sphere of betterment has not only shaped lives of many thousands directly involved with the Company but has also extended to the macroeconomic environment of the country.



Operating Financial Results

We are pleased to present Directors' Report of Nishat Mills Limited ("the Company") for the three months period ended September 30, 2011 ("Quarter"). In this quarter, Company's operating financial performance has been adversely affected. Despite of increase in sales by 9.84% as compared to the corresponding quarter, gross profit margin has reduced by 45.06%. Major decrease in gross profit margin has been observed in the Spinning and Power Generation sector of the Company owing to higher increase in cotton consumption rates as compared to increase in yarn sales rates, excessive usage of furnace oil and diesel due to increased gas load shedding and increase in gas and furnace oil rates in this quarter as compared to the corresponding quarter.

Financial highlights	Quarter ended September 30		Increase/ (decrease)%
	2011	2010	
Net sales (Rs. '000')	10,941,132	9,960,849	9.84
Gross profit (Rs. '000')	1,174,756	2,138,386	(45.06)
Profit before tax (Rs. '000')	1,242,194	1,477,609	(15.93)
Profit after tax (Rs. '000')	1,031,194	1,350,109	(23.62)
Gross profit (%)	10.74	21.47	
Profit after tax (%)	9.42	13.55	
Earnings per share (Rs.)	2.93	3.84	

However, increase in other income by Rs. 957 million (dividend income has increased by Rs. 987 million) has partially compensated the reduction in gross profit margin resulting in decrease in after tax profit by 23.62%.

General Market Review and Future Prospects

In this quarter, textile industry generally registered a dismal performance. Both domestic and international variables have contributed to this scenario. Domestically, in addition to persistent grave issues of mounting energy cost, inadequate supply of gas and electricity, poor law and order situation and inflation, issue of volatile cotton prices has emerged to further worsen the situation. Cotton prices have been moving up and down apparently to no logical rationale which is badly affecting the industry in general and spinning sector in particular. Lack of demand from international markets has also played its part.

Living in these dark times, the Company did well to maintain its level of sale. Total sale has been affected a little by volume reductions which has been compensated by attainment of comparatively better margins on volume sold. The strategy was hard to execute considering rising unit cost as evidenced by increase in total cost of sales and reduction in gross profit percentage.

We foresee even greater challenges in the days to come particularly because of unexpected and sudden movements in cotton prices. However, the Company is fully prepared and taking all appropriate measures to cope with emerging obligations. Our strategy includes exploration into alternative fuels e.g. coal, rice husk, biomass and LNG to tackle the issue of increasing energy cost due to excessive usage of furnace oil and diesel during gas load shedding. We intend to expand and diversify our product range by adding value added products. We plan to consolidate our existing customer base to ensure maintenance of sale level and then go one step further towards its broadening to achieve the growth targets.

Spinning

Textile industry is going through a volatile period. Global recession coupled with fragile economic conditions in United States and sudden decline in cotton prices worldwide has hit viability of the industry.

In this quarter, textile industry generally and spinning sector particularly registered dismal performance because of low demand from US, Europe and Far East. Lack of orders in the market led to closure of many spinning units and many are running below their capacities just to stay in business.

Yarn	Quarter ended September 30		Increase/(Decrease)	
	2011	2010	Value	%
Sale (Rs.'000')	2,524,201	2,736,364	(212,163)	(7.75)
Rate/kg	314.70	303.30	11.40	3.76
Sale (kgs '000')	8,021	9,022	(1,001)	(11.10)

During this quarter, spinning sector of our Company remained under immense selling pressure and offered their products at low rates to get rid of their inventories. Carded yarn was demanded more than combed yarn. Buyers were not willing to pay as per changes in cotton prices. However, business opportunities in Hong Kong/China provided some compensation and stability to the spinning sector.

Weaving

The high volatility in Pakistani cotton prices caused rapid changes in yarn prices domestically creating confusion among fabric customers. Fabric prices in July were rock bottom due to immense selling pressure (both for spinners and weavers). Prices started to rise in August and September despite a steady international cotton market.

Grey Cloth	Quarter ended September 30		Increase/(Decrease)	
	2011	2010	Value	%
Sale (Rs.'000')	2,591,798	1,931,656	660,142	34.17
Rate/Meter	176.13	147.49	28.64	19.42
Sale (Meters '000')	14,715	13,097	1,618	12.35

Most of the buyers still have expensive inventory with them which they purchased before July 2011. This has caused a decline in fabric purchase and customers are looking for low cost buying to compensate their existing expensive stock. We expect stability in Pakistani cotton prices by the end of the calendar year as cotton arrival is going to be fast. Most of the cotton growing countries are also having bumper crops which will also help the cause.

We plan to replace some old Sulzer and Jacquard looms in this financial year with new state of the art Airjet looms. As always, we have been looking to diversify our customer portfolio and in this regard

have made some inroads with some foreign customers. Product mix broadening has also been paid attention to and we have orders in recycled polyester, tencel/polyester and cotton/nylon.

Processing and Home Textile

This quarter has been a challenging one for the processing and home textile sector due to an overall slump in the textile industry. Same old story of mounting energy costs, inadequate supply of gas and electricity to industrial units and deteriorating law and order situation still stands true. Coupled with the sluggish state of American economy and volatility in cotton prices, going has been tough.

Despite all the problems surrounding textile industry, our Processing sector was able to record positive growth during first quarter of fiscal year. We had right mix of core/fashion business which helped us attain better profit margins in spite of comparatively low exports volume during the period.

A new marketing division has been established which will exclusively handle technical fabrics section. This will ensure additional sales volume throughout the year. Increase in customer base and exploiting new dimensions of business with existing customers has been an ever present strategy. We are adding a new Stenter machine which will enhance our finishing production capacity by 500,000 meters per month. We are also planning to add narrow width Thermosole dyeing, Padsteam, Sanforizing, Curing and Mercerizing machines to our current setup of machines in Processing Sector which will further enhance the Processing capacity of the Company.

Processed Cloth and Made-ups	Quarter ended September 30		Increase/(Decrease)	
	2011	2010	Value	%
Sale (Rs.'000')	4,053,759	3,798,999	254,760	6.71
Rate/Meter	292.52	216.73	75.79	34.97
Sale (Meters '000')	13,858	17,529	(3,671)	(20.94)

Our Home Textile Division also performed well and was able to maintain its European market share and strength. Addition of some new clients has further strengthened our presence in this region.

We have turned our attention towards capturing business opportunities in Oceania and are focusing to revive our market share in this region. In this regard we have established relations with a couple of very important brands in Australia and New Zealand. Some initial orders have already been received. We expect to build on this progress and increase sales to this region in the months to come.

Despite a relatively sluggish start to the year, North America remains our prime focus. Immense efforts are being done to maintain and further increase our market share. We have obtained sales orders from some very renowned American brands and goods are being supplied to almost all major chains of retail outlets. With escalating value of Chinese currency, Pakistani market is once again expected to attract US importers. Subject to stability in cotton prices, this year will result in a significant increase in export sales to this region.

Garments

Nishat Apparel is a purpose built, state of the art apparel manufacturing plant of the Company. After a great financial year 2010-2011, Nishat Apparel has embarked on achieving even higher targets for the financial year 2011-2012.

First quarter of the year exceeded our expectations. Although, it has been a slow start to the year from sales volume perspective, better margins have given strength to our profitability.

Garments	Quarter ended September 30		Increase/(Decrease)	
	2011	2010	Value	%
Sale (Rs.'000')	1,052,195	893,371	158,824	17.78
Rate/Garment	824.60	552.83	271.77	49.16
Sale (Garments '000')	1,276	1,616	(340)	(21.04)

Focus has been put on adding further value in the product mix thus attracting higher value businesses in EU and USA. We are planning to further increase our production capacity, while investments are being made in value added machines. Major challenges are to cope with the volatility in cotton prices and electricity/gas shortages. We are confident that these challenges will be met through better businesses and our ongoing product development efforts.

Power Generation

We are paying special attention to develop means for cost effective Power Generation System. Equally vigilant eye is kept on adopting new methods for energy conservation through available Energy Audit Tools as in house facility.

In recent follow up of planned execution of decisions made in connection with use of alternate fuels for power generation, the Company has made some remarkable achievements during this quarter. Two recently designed, high performance and high efficiency low pressure steam generating boilers have been installed which will use rice husk, wood chips and corn cobs as main source of locally available agri-waste fuels. In the absence of gas supply, steam which is currently produced using furnace oil and diesel will be produced from these boilers which will result in huge saving in energy cost.

Civil work is underway at the site of new Combined Heat and Power Plant which will produce 6 M.W. of electricity and 65 tonnes/hour of steam on 100% coal as fuel with flexibility of using alternative input mix up to 70% of biomass with 30% of coal. The steam generation is expected to start from 1st January 2012 and the generation of 6 M.W. electricity will commence from 1st April 2012. Cost of producing electricity and steam from this Plant will be Rs. 7.50/KWH and Rs. 2,200/Ton respectively as compared to the furnace oil based engines that produce electricity at Rs. 16/KWH and steam at Rs. 4,700 Ton respectively. The operation of this Plant will substantially reduce the energy costs of the Company.

We have opened LC for the purchase of SNG plant. This plant will use LPG as raw material to produce synthetic gas. This synthetic gas will be used for running processing machines which are solely dependent on natural gas for their running and are non operational during gas load shedding days. The operation of SNG plant will help in smooth and continuous running of these processing machines. We have also established sizeable storage of LPG in the Company.

We are also planning to purchase thermal oil boilers which will use coal and biomass for their operation. Currently, the Company has installed boilers which run on gas and heat oil which is used for heating of processing machines. During gas load shedding, these boilers use diesel oil which increases the costs of the Company. By installing thermal oil boilers which use coal and biomass during gas load shedding will result in significant decrease in company fuel costs.

Subsidiary Companies and Consolidated Financial Statements

Nishat Power Limited, Nishat USA Incorporation, Nishat Linen Trading L.L.C, Nishat Linen (Private) Limited and Nishat Hospitality (Private) Limited form portfolio of subsidiary companies of the Company. Therefore, the Company has annexed consolidated condensed interim financial statements in addition to its separate condensed interim financial statements, in accordance with the requirements of International Accounting Standard-27 (Consolidated and Separate Financial Statements) and International Accounting Standard-34 (Interim Financial Reporting).

Acknowledgement

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

For and on behalf of the Board of Directors



Mian Umer Mansha
Chairman / Chief Executive Officer
26 October 2011
Lahore



NISHAT

Interim financial report

Nishat Mills Limited
Separate Condensed
Interim Financial Information
for the quarter ended 30 September 2011



SEPARATE CONDENSED INTERIM BALANCE SHEET AS AT 30 SEPTEMBER 2011

	Note	Un-audited 30 September 2011 (Rupees in thousand)	Audited 30 June 2011
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
1,100,000,000 (30 June 2011: 1,100,000,000) ordinary shares of Rupees 10 each		11,000,000	11,000,000
Issued, subscribed and paid up share capital			
351,599,848 (30 June 2011: 351,599,848) ordinary shares of Rupees 10 each		3,515,999	3,515,999
Reserves		30,533,901	31,877,960
Total equity		34,049,900	35,393,959
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing- secured	5	2,544,686	2,659,328
Liabilities against assets subject to finance lease	6	186,953	202,628
Deferred income tax		510,640	510,640
		3,242,279	3,372,596
CURRENT LIABILITIES			
Trade and other payables		2,621,276	2,577,020
Accrued mark-up		284,766	358,454
Short term borrowings		9,935,451	10,471,685
Current portion of non-current liabilities	7	1,207,340	1,283,865
Provision for taxation		842,325	631,325
		14,891,158	15,322,349
Total Liabilities		18,133,437	18,694,945
CONTINGENCIES AND COMMITMENTS	8		
TOTAL EQUITY AND LIABILITIES		52,183,337	54,088,904

The annexed notes form an integral part of these separate condensed interim financial information.


CHIEF EXECUTIVE OFFICER

		Un-audited	Audited
	Note	30 September	30 June
		2011	2011
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	13,235,651	13,303,514
Investment properties	10	245,820	126,834
Long term investments		19,100,932	21,337,889
Long term loans	11	846,926	849,206
Long term deposits and prepayments		29,231	29,502
		33,458,560	35,646,945

CURRENT ASSETS

Stores, spare parts and loose tools	930,547	955,136
Stock in trade	7,974,290	9,846,680
Trade debts	2,556,510	2,481,259
Loans and advances	1,385,997	756,351
Short term deposits and prepayments	61,860	47,211
Other receivables	957,419	1,406,890
Accrued interest	45,300	34,260
Short term investments	1,755,070	1,781,471
Cash and bank balances	3,057,784	1,132,701
	18,724,777	18,441,959

TOTAL ASSETS	52,183,337	54,088,904
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DIRECTOR

**SEPARATE CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE QUARTER ENDED 30 SEPTEMBER 2011 (UN-AUDITED)**

	Note	QUARTER ENDED	
		30 September 2011	30 September 2010
(Rupees in thousand)			
Sales		10,941,132	9,960,849
Cost of Sales	12	(9,766,376)	(7,822,463)
Gross Profit		1,174,756	2,138,386
Distribution Cost		(517,146)	(433,414)
Administrative Expenses		(184,378)	(150,923)
Other Operating Expenses	13	(94,147)	(119,068)
		(795,671)	(703,405)
		379,085	1,434,981
Other Operating Income		1,313,946	357,336
Profit from Operations		1,693,031	1,792,317
Finance Cost		(450,837)	(314,708)
Profit Before Taxation		1,242,194	1,477,609
Provision for Taxation		(211,000)	(127,500)
Profit after Taxation		1,031,194	1,350,109
EARNINGS PER SHARE- BASIC AND			
DILUTED (RUPEES)	16	2.93	3.84

The annexed notes form an integral part of these separate condensed interim financial information.


CHIEF EXECUTIVE OFFICER


DIRECTOR



**SEPARATE CONDENSED INTERIM STATEMENT
OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2011 (UN-AUDITED)**

	QUARTER ENDED	
	30 September 2011	30 September 2010
	(Rupees in thousand)	
PROFIT AFTER TAXATION	1,031,194	1,350,109
OTHER COMPREHENSIVE INCOME		
Deficit arising on remeasurement of available for sale investments to fair value	(2,375,253)	(276,022)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(1,344,059)	1,074,087

The annexed notes form an integral part of these separate condensed interim financial information.


CHIEF EXECUTIVE OFFICER


DIRECTOR

**SEPARATE CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE QUARTER ENDED 30 SEPTEMBER 2011 (UN-AUDITED)**

	Note	QUARTER ENDED	
		30 September 2011	30 September 2010
(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	14	2,491,030	1,449,360
Finance cost paid		(524,525)	(357,302)
Income tax paid		(207,414)	(101,122)
Exchange gain on forward exchange contract received		190,586	105,984
Net decrease in long term loans to employees		2,264	3,059
Net decrease / (increase) in long term deposits and prepayments		271	(639)
Net cash generated from operating activities		1,952,212	1,099,340
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(362,212)	(273,363)
Proceeds from sale of property, plant and equipment		7,196	9,162
Investments made		(110,819)	(101,605)
Long term loan to subsidiary company		-	(345,335)
Interest received on loan to subsidiary companies		35,100	-
Dividends received		1,147,081	159,850
Net cash generated from / (used in) investing activities		716,346	(551,291)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		45,220	-
Repayment of long term financing		(237,380)	(175,816)
Repayment of liabilities against assets subject to finance lease		(14,682)	-
Short term borrowings- net		(536,234)	1,537,768
Dividend paid		(399)	(271)
Net cash (used in) / generated from financing activities		(743,475)	1,361,681
Net increase in cash and cash equivalents		1,925,083	1,909,730
Cash and cash equivalents at the beginning of the period		1,132,701	110,585
Cash and cash equivalents at the end of the period		3,057,784	2,020,315

The annexed notes form an integral part of these separate condensed interim financial information.


CHIEF EXECUTIVE OFFICER


DIRECTOR

**SEPARATE CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER 2011 (UN-AUDITED)**

(RUPEES IN THOUSAND)

	RESERVES							TOTAL EQUITY	
	SHARE CAPITAL		CAPITAL RESERVES		REVENUE RESERVES				Total
	Premium on issue of right shares	Fair value reserve	Sub total	General reserve	Unappropri- ated profit	Sub total			
Balance as at 30 June 2010 - (Audited)	3,515,999	5,499,530	5,651,352 (276,022)	11,150,882 (276,022)	13,792,028	2,917,404 1,350,109	16,709,432 1,350,109	27,860,314 1,074,087	
Balance as at 30 September 2010 - (Un-audited)	3,515,999	5,499,530	5,375,330	10,874,860	13,792,028	4,267,513	18,059,541	28,934,401	
Final dividend for the year ended 30 June 2010 @ Rupees 2.5 per share	-	-	-	-	-	(879,000)	(879,000)	(879,000)	
Transfer to general reserve	-	-	-	-	2,036,000	(2,036,000)	-	-	
Total comprehensive income for the period - net of deferred tax	-	-	328,756	328,756	-	3,493,803	3,493,803	3,822,559	
Balance as at 30 June 2011 - (Audited)	3,515,999	5,499,530	5,704,086 (2,375,253)	11,203,616 (2,375,253)	15,828,028	4,846,316 1,031,194	20,674,344 1,031,194	31,877,960 (1,344,059)	
Balance as at 30 September 2011 - (Un-audited)	3,515,999	5,499,530	3,328,833	8,828,363	15,828,028	5,877,510	21,705,538	30,533,901	

The annexed notes form an integral part of these separate condensed interim financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR

SELECTED NOTES TO THE SEPARATE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER ENDED 30 SEPTEMBER 2011 (UN-AUDITED)

1. THE COMPANY AND ITS OPERATIONS

Nishat Mills Limited is a public limited company incorporated in Pakistan under the Companies Act, 1913 (Now Companies Ordinance, 1984) and listed on all Stock Exchanges in Pakistan. Its registered office is situated at 53-A, Lawrence Road, Lahore. The Company is engaged in the business of textile manufacturing and of spinning, combing, weaving, bleaching, dyeing, printing, stitching, 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 and sell electricity.

2. BASIS OF PREPARATION

These separate condensed interim financial information are unaudited and are being submitted to share holders as required by section 245 of the Companies Ordinance, 1984. These condensed interim separate financial information have been prepared in accordance with the International Accounting Standard 34 (Interim Financial Reporting) as applicable in Pakistan and notified by the Securities and Exchange Commission of Pakistan (SECP). These separate condensed interim financial information 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 2011.

3. ACCOUNTING POLICIES AND COMPUTATION METHODS

The accounting policies and methods of computations adopted for the preparation of this unconsolidated condensed 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 2011.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this unconsolidated condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of this unconsolidated condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2011.

	Un-audited 30 September 2011 (Rupees in thousand)	Audited 30 June 2011
5. LONG TERM FINANCING - SECURED		
Opening balance	3,882,849	4,109,326
Add: Obtained during the period / year	45,220	1,152,150
Less: Repaid during the period / year	237,380	1,078,627
Less: Transferred to liabilities against assets subject to finance lease	-	300,000
Closing balance	3,690,689	3,882,849
Less: Current portion shown under current liabilities (Note 7)	1,146,003	1,223,521
	2,544,686	2,659,328

6. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Future minimum lease payments	317,190	337,928
Less: Un-amortized finance charge	68,900	74,956
Present value of future minimum lease payments	248,290	262,972
Less: Current portion shown under current liabilities (Note 7)	61,337	60,344
	186,953	202,628

7. CURRENT PORTION OF NON-CURRENT LIABILITIES

Current portion of long term financing (Note 5)	1,146,003	1,223,521
Current portion of liabilities against assets subject to finance lease (Note 6)	61,337	60,344
	1,207,340	1,283,865

8. CONTINGENCIES AND COMMITMENTS

Contingencies

- i) The Company is contingently liable for Rupees 0.631 million (30 June 2011: Rupees 0.631 million) on account of central excise duty not acknowledged as debt as the cases are pending before the Court.
- ii) Guarantees of Rupees 589.578 million (30 June 2011: Rupees 590.321 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connections, Shell Pakistan Limited and Pakistan State Oil Limited against purchase of furnace oil, Director Excise and Taxation, Karachi against infrastructure cess.

- iii) Post dated cheques of Rupees 1,034.957 million (30 June 2011: Rupees 911.545 million) are issued to customs authorities in respect of duties on imported items 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.

Commitments

- i) Contracts for capital expenditure are approximately of Rupees 114.586 million (30 June 2011: Rupees 65.057 million).
- ii) Letters of credit other than for capital expenditure are Rupees 767.227 million (30 June 2011: Rupees 401.140 million).

Un-audited
30 September
2011
(Rupees in thousand)

Audited
30 June
2011

9. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets		
Owned (Note 9.1)	12,289,781	12,107,389
Leased (Note 9.2)	266,386	273,105
Capital work in progress (Note 9.3)	679,484	923,020
	13,235,651	13,303,514

9.1 OPERATING FIXED ASSETS - OWNED

Opening net book value	12,107,389	11,476,005
Add: Cost of additions during the period / year (Note 9.1.1)	605,748	2,290,828
Less: Book value of assets transferred to investment properties during the period/ year	120,279	-
	12,592,858	13,766,833
Less: Book value of deletions during the period / year (Note 9.1.2)	7,019	517,970
	12,585,839	13,248,863
Less: Depreciation charged during the period / year	296,058	1,141,474
	12,289,781	12,107,389

	Un-audited 30 September 2011 (Rupees in thousand)	Audited 30 June 2011
9.1.1 Cost of additions during the period/ year		
Freehold land	71	13,206
Buildings on freehold land	-	183,719
Plant and machinery	584,771	1,932,168
Electric installations	3,886	10,206
Factory equipment	2,885	16,461
Furniture, fixtures and office equipment	3,326	25,362
Computer equipment	687	9,042
Vehicles	10,122	100,664
	605,748	2,290,828
9.1.2 Book value of deletions during the period/ year		
Plant and machinery	4,380	494,326
Electric installations	-	211
Factory equipment	-	128
Furniture, fixtures and office equipment	330	114
Computer equipment	-	28
Vehicles	2,309	23,163
	7,019	517,970
9.2 OPERATING FIXED ASSETS - LEASED		
Opening net book value	273,105	-
Add: Cost of additions during the period / year	-	300,000
Less: Depreciation charged during the period / year	6,719	26,895
	266,386	273,105
9.3 CAPITAL WORK-IN-PROGRESS		
Buildings on freehold land	326,101	219,295
Plant and machinery	336,025	691,655
Unallocated expenditure	3,939	1,964
Letters of credit against machinery	229	144
Advances against vehicles	13,190	9,962
	679,484	923,020
10. INVESTMENT PROPERTIES		
Opening net book value	126,834	132,550
Add: Transferred from operating fixed assets during the period / year	120,279	-
Less: Depreciation charged during the period/ year	1,293	5,716
	245,820	126,834

11. LONG TERM LOANS

These include subordinated long term loans of Rupees 818.220 million (30 June 2011: Rupees 818.220 million) given to Nishat Power Limited - subsidiary company. These loans are unsecured and carry markup at the rate of 3 month KIBOR plus 2% per annum payable on quarterly basis. The principal amount will be repaid in bullet payments on 05 July 2015 and 29 July 2015.

QUARTER ENDED	
30 September 2011	30 September 2010

(Rupees in thousand)

12. COST OF SALES

Raw material consumed	2,750,233	2,364,041
Cloth and yarn purchased / used	3,350,174	3,490,372
Processing charges	41,808	54,821
Salaries, wages and other benefits	585,667	544,511
Staff retirement benefits	17,109	14,875
Stores, spare parts and loose tools consumed	721,110	799,666
Packing materials consumed	175,103	174,811
Repair and maintenance	52,575	58,614
Fuel and power	893,517	666,579
Insurance	9,057	7,371
Other factory overheads	65,916	58,230
Depreciation	284,821	261,941
	8,947,090	8,495,832
Work-in-process		
Opening stock	5,432,669	2,921,946
Closing stock	(5,173,214)	(3,178,389)
	259,455	(256,443)
Cost of goods manufactured	9,206,545	8,239,389
Finished goods		
Opening stock	2,802,898	1,545,610
Closing stock	(2,243,067)	(1,962,536)
	559,831	(416,926)
Cost of sales	9,766,376	7,822,463

13. OTHER OPERATING EXPENSES

Workers' profit participation fund	67,053	79,472
Workers' welfare fund	25,351	30,155
Provision for doubtful debts	-	3,000
Depreciation on investment properties	1,293	1,441
Donations (Note 13.1)	450	5,000
	94,147	119,068

13.1 There is no interest of any director or his spouse in donees' fund.

QUARTER ENDED	
30 September 2011	30 September 2010

(Rupees in thousand)

14. CASH GENERATED FROM OPERATIONS

Profit before taxation	1,242,194	1,477,609
Adjustments for non-cash charges and other items:		
Depreciation	304,070	278,750
Provision for doubtful debts	-	3,000
Gain on sale of property, plant and equipment	(177)	(783)
Dividend income	(1,147,081)	(159,850)
Exchange difference on translation of investment in foreign subsidiaries	(1,076)	(25)
Net exchange gain including loss on forward contracts	(42,044)	(122,250)
Interest income on loan to subsidiary companies	(38,467)	(26,936)
Finance cost	450,837	314,708
Working capital changes (Note 14.1)	1,722,774	(314,863)
	2,491,030	1,449,360

14.1 Working capital changes

(Increase) / decrease in current assets:		
- Stores, spare parts and loose tools	24,589	(88,534)
- Stock-in-trade	1,872,390	36,422
- Trade debts	(75,251)	(115,099)
- Loans and advances	(422,216)	(26,653)
- Short term deposits and prepayments	(14,649)	(36,787)
- Other receivables	293,256	(155,588)
	1,678,119	(386,239)
Increase in trade and other payables	44,655	71,376
	1,722,774	(314,863)

15. SEGMENT INFORMATION

15.1 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 greige fabric using yarn.

Processing & Home Textile: Processing of greige 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 cost basis.

15.2

	Spinning		Weaving		Processing & Home Textile		Garments		Power generation		Elimination of inter-segment transactions		(Un-audited) Total-Company	
	Quarter ended		Quarter ended		Quarter ended		Quarter ended		Quarter ended		Quarter ended		Quarter ended	
	Sep 11	Sep 10	Sep 11	Sep 10	Sep 11	Sep 10	Sep 11	Sep 10	Sep 11	Sep 10	Sep 11	Sep 10	Sep 11	Sep 10
Sales	3,918,366	3,668,873	4,264,286	3,454,923	4,368,476	4,151,645	1,080,344	943,025	893,909	663,431	(3,584,249)	(2,921,048)	10,941,132	9,960,849
Cost of sales	(3,781,610)	(2,829,643)	(3,978,748)	(2,985,084)	(3,811,042)	(3,486,357)	(887,155)	(776,438)	(892,070)	(665,989)	3,584,249	2,921,048	(9,766,376)	(8,822,463)
Gross profit/ (loss)	136,756	839,230	285,538	469,839	557,434	665,288	193,189	166,587	1,839	(2,558)	-	-	1,174,756	2,138,386
Distribution cost	(86,188)	(67,740)	(133,765)	(111,867)	(237,329)	(220,553)	(64,864)	(38,554)	-	(4,788)	-	-	(537,146)	(433,614)
Administrative expenses	(50,412)	(41,150)	(48,168)	(37,368)	(65,861)	(54,608)	(14,438)	(13,323)	(5,499)	(4,788)	-	-	(184,378)	(150,923)
Profit/ (loss) before taxation and unallocated income and expenses	(136,600)	(103,890)	(179,933)	(148,933)	(303,190)	(275,159)	(76,302)	(51,877)	(5,499)	(4,788)	-	-	(701,524)	(584,337)
	156	735,340	105,605	320,906	254,244	390,129	116,887	114,710	(3,660)	(7,036)	-	-	473,232	1,554,049

Unallocated income and expenses:

Other operating expenses	(94,147)
Other operating income	1,313,946
Finance cost	(480,837)
Provision for taxation	(211,000)
Profit after taxation	1,031,194

15.3 Reconciliation of reportable segment assets

	Spinning		Weaving		Processing & Home Textile		Garments		Power generation		Total-Company	
	Quarter ended		Quarter ended		Quarter ended		Quarter ended		Quarter ended		Quarter ended	
	Sep 11	Jun 11	Sep 11	Jun 11	Sep 11	Jun 11	Sep 11	Jun 11	Sep 11	Jun 11	Sep 11	Jun 11
Total assets for reportable segments	6,140,359	7,072,828	4,390,444	4,617,050	10,318,828	10,628,062	1,896,298	2,108,078	2,682,892	2,379,218	25,428,821	26,805,236
Unallocated assets:												
Long term investments	19,100,952											
Other receivables	357,483											
Loan and bank balances	3,657,866											
Other corporate assets	3,638,381											
Total assets as per balance sheet	52,183,337											
	54,088,904											

15.4 INTER-SEGMENT SALES AND PURCHASES

Inter-segment sales and purchases are eliminated from the total

16. EARNINGS PER SHARE - BASIC AND DILUTED

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

17. 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 are as follows:

QUARTER ENDED	
30 September 2011	30 September 2010
(Rupees in thousand)	

Subsidiary companies

Investment made	65,000	-
Long term loans made	-	345,335
Short term loans made	689,552	-
Short term loans repayments received	303,796	-
Interest income	38,467	26,935
Rental income	1,170	-
Sale of goods and services	135,040	-
Purchase of goods and services	39,470	4,409

Associated companies

Investment made	-	101,605
Purchase of goods and services	6,113	4,699
Sale of goods and services	236	2,100
Rental income	2,147	-
Sale of operating fixed assets	-	1,455
Dividend income	1,147,081	159,274
Insurance premium paid	44,086	29,963
Insurance claim received	3,467	5,308
Profit on saving accounts	-	7
Subscription paid	1,000	750

Other related parties

Purchase of goods and services	-	52,544
Sale of goods and services	1,095	31,682
Company's contribution to provident fund trust	24,075	20,545
Remuneration paid to Chief Executive Officer, Directors and Executives	83,099	69,186

18. 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 2011.

19. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim separate financial information were approved by the Board of Directors and authorized for issue on 26 October 2011.

20. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant re-arrangement have been made.

21. GENERAL

Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.



CHIEF EXECUTIVE OFFICER



DIRECTOR



Nishat Mills Limited and its Subsidiary Companies
**Consolidated Condensed
Interim Financial Information**
for the quarter ended 30 September 2011

CONSOLIDATED CONDENSED INTERIM BALANCE SHEET AS AT 30 SEPTEMBER 2011

	Note	Un-audited 30 September 2011 (Rupees in thousand)	Audited 30 June 2011
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
1,100,000,000 (30 June 2011: 1,100,000,000) ordinary shares of Rupees 10 each		11,000,000	11,000,000
Issued, subscribed and paid up share capital			
351,599,848 (30 June 2011: 351,599,848) ordinary shares of Rupees 10 each		3,515,999	3,515,999
Reserves		41,946,233	43,718,037
Equity attributable to equity holders of the Holding Company		45,462,232	47,234,036
Non-controlling interest		2,902,647	2,691,679
Total equity		48,364,879	49,925,715
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing- secured	6	14,953,465	15,264,443
Liabilities against assets subject to finance lease	7	186,953	202,628
Long term security deposit		3,000	3,000
Deferred income tax		331,807	331,807
		15,475,225	15,801,878
CURRENT LIABILITIES			
Trade and other payables		3,131,955	2,947,934
Accrued mark-up		982,301	971,414
Short term borrowings		14,578,983	13,665,483
Current portion of non-current liabilities	8	2,020,664	1,900,853
Provision for taxation		876,663	658,893
		21,590,566	20,144,577
Total Liabilities		37,065,791	35,946,455
CONTINGENCIES AND COMMITMENTS	9		
TOTAL EQUITY AND LIABILITIES		85,430,670	85,872,170

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


CHIEF EXECUTIVE OFFICER

		Un-audited	Audited
	Note	30 September	30 June
		2011	2011
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	10	28,879,946	29,136,666
Investment properties	11	245,820	126,834
Long term investments		27,226,217	30,168,316
Long term loans		28,706	30,986
Long term deposits and prepayments		29,860	30,127
		56,410,549	59,492,929

CURRENT ASSETS

Stores, spare parts and loose tools	1,360,823	1,377,790
Stock-in-trade	8,622,916	10,906,622
Trade debts	11,421,247	8,809,977
Loans and advances	1,038,743	768,836
Short term deposits and prepayments	85,353	66,136
Other receivables	1,078,686	1,506,773
Accrued interest	10,274	2,690
Short term investments	1,755,070	1,781,471
Cash and bank balances	3,647,009	1,158,946
	29,020,121	26,379,241

TOTAL ASSETS	85,430,670	85,872,170
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DIRECTOR

CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE QUARTER ENDED 30 SEPTEMBER 2011 (UN-AUDITED)

	Note	QUARTER ENDED	
		30 September 2011	30 September 2010
(Rupees in thousand)			
Sales		17,502,287	14,300,125
Cost of Sales	12	(15,097,785)	(11,400,663)
Gross Profit		2,404,502	2,899,462
Distribution Cost		(537,071)	(433,384)
Administrative Expenses		(211,457)	(163,176)
Other Operating Expenses	13	(95,295)	(119,068)
		(843,823)	(715,628)
		1,560,679	2,183,834
Other Operating Income		322,677	184,287
Profit from Operations		1,883,356	2,368,121
Finance Cost		(1,165,332)	(989,469)
		718,024	1,378,652
Share of Profit from Associated Companies		164,863	416,483
Profit Before Taxation		882,887	1,795,135
Provision for Taxation		(218,351)	(132,115)
Profit after Taxation		664,536	1,663,020
Share of Profit Attributable to:			
Equity Holders of Holding Company		453,568	1,639,130
Non-Controlling Interest		210,968	23,890
		664,536	1,663,020
EARNINGS PER SHARE- BASIC AND			
DILUTED (RUPEES)	16	1.29	4.66

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


CHIEF EXECUTIVE OFFICER


DIRECTOR



**CONSOLIDATED CONDENSED INTERIM STATEMENT
OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2011 (UN-AUDITED)**

	QUARTER ENDED	
	30 September 2011	30 September 2010
	(Rupees in thousand)	
PROFIT AFTER TAXATION	664,536	1,663,020
OTHER COMPREHENSIVE INCOME		
(Deficit) / Surplus arising on remeasurement of available for sale investments	(1,560,457)	6,272
Share of other comprehensive income of associates	(664,107)	(146,089)
Deferred income tax relating to deficit on available for sale investment	-	8,059
	(2,224,564)	(131,758)
Effect of translation of net investment in foreign branches	-	3,642
Exchange differences on translating foreign operation	(808)	33
	(808)	3,675
Other comprehensive income for the period- net of tax	(2,225,372)	(128,083)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(1,560,836)	1,534,937

Share of Profit Attributable to:

Equity Holders of Holding Company	(1,771,804)	1,511,047
Non-Controlling Interest	210,968	23,890
	(1,560,836)	1,534,937

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


CHIEF EXECUTIVE OFFICER


DIRECTOR

CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT FOR THE QUARTER ENDED 30 SEPTEMBER 2011 (UN-AUDITED)

	Note	QUARTER ENDED	
		30 September 2011	30 September 2010
(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	14	2,292,560	3,189
Finance cost paid		(1,154,445)	(966,011)
Income tax paid		(208,278)	(102,544)
Exchange gain on forward exchange contracts received		190,586	105,984
Net decrease in long term loans		2,264	3,059
Net increase in long term deposits and prepayments		(963)	(641)
Net cash generated from/ (used in) operating activities		1,121,724	(956,964)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(449,088)	(274,890)
Proceeds from sale of property, plant and equipment		8,714	9,162
Investments made		(45,819)	(101,605)
Dividends received		1,147,081	159,850
Net cash generated from / (used in) investing activities		660,888	(207,483)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		45,220	-
Repayment of long term financing		(237,380)	(547,709)
Repayment of liabilities against assets subject to finance lease		(14,682)	-
Exchange difference on translation of net investments in foreign subsidiaries		(808)	33
Short term borrowings - net		913,500	2,126,517
Dividend paid		(399)	(273)
Net cash from financing activities		705,451	1,578,568
Net increase in cash and cash equivalents		2,488,063	414,121
Cash and cash equivalents at the beginning of the period		1,158,946	1,886,326
Cash and cash equivalents at the end of the period		3,647,009	2,300,447

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


CHIEF EXECUTIVE OFFICER


DIRECTOR

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 SEPTEMBER 2011 (UN-AUDITED)

(RUPEES IN THOUSAND)

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY											Non - Controlling interest	TOTAL EQUITY	
	SHARE CAPITAL	CAPITAL RESERVES					REVENUE RESERVES			SHARE- HOLDERS' EQUITY	TOTAL RESERVES			TOTAL EQUITY
		Premium on issue of right Shares	Fair value reserve	Exchange translation reserve	Capital redemption reserve fund	Statutory reserve	Sub total	General reserve	Unappro- riated profit					
Balance as at 30 June 2010 - (Audited)	3,515,999	5,115,208	9,051	111,002	133,573	10,868,364	15,723,882	8,170,043	23,893,925	34,762,289	38,278,288	1,559,986	39,838,274	
Share in reserves of associated companies under equity method	-	-	-	-	31,789	31,789	-	-	(31,789)	-	-	-	-	
Share in surplus on revaluation of fixed assets relating to incremental depreciation- net of tax under equity method	-	-	-	-	-	-	-	-	380	380	380	-	380	
Total comprehensive income / (loss) for the period - net of deferred tax	-	(131,758)	3,675	-	-	(128,083)	-	1,639,130	1,639,130	1,511,047	1,511,047	23,890	1,534,937	
Balance as at 30 September 2010 - (Un-audited)	3,515,999	4,983,450	12,726	111,002	165,362	10,772,070	15,723,882	9,777,764	25,501,646	36,273,716	39,789,715	1,583,876	41,373,591	
Final dividend for the year ended 30 June 2010 @ Rupees 2.5 per share	-	-	-	-	-	-	-	(879,000)	(879,000)	(879,000)	(879,000)	-	(879,000)	
Transfer to general reserve	-	-	-	-	-	-	7,335,000	(7,335,000)	-	-	-	-	-	
Share in reserves of associated companies under equity method	-	-	-	-	30,767	30,767	-	(44,038)	(44,038)	(13,271)	(13,271)	-	(13,271)	
Share in surplus on revaluation of fixed assets relating to incremental depreciation- net of tax under equity method	-	-	-	-	-	-	-	383	383	383	383	-	383	
Transfer to unappropriated profit on loss of signature on associated companies	-	-	-	-	(196,129)	(196,129)	-	196,129	196,129	67,122	67,122	234,160	301,282	
Disposal of interest to controlling interest	-	-	-	-	-	-	-	67,122	67,122	67,122	67,122	-	134,244	
Total comprehensive income / (loss) for the period - net of deferred tax	-	912,680	(11,466)	-	-	901,214	-	7,367,873	7,367,873	8,269,087	8,269,087	873,643	9,142,730	
Balance as at 30 June 2011 - (Audited)	3,515,999	5,896,130	1,260	111,002	-	11,507,922	23,058,882	9,151,233	32,210,115	43,718,037	47,234,036	2,691,679	49,925,715	
Total comprehensive income / (loss) for the period	-	(2,224,564)	(808)	-	-	(2,225,372)	-	453,568	453,568	(1,771,804)	(1,771,804)	210,968	(1,560,836)	
Balance as at 30 September 2011 - (Un-audited)	3,515,999	3,671,566	452	111,002	-	9,282,550	23,058,882	9,604,801	32,663,683	41,946,233	45,462,232	2,902,647	48,364,879	

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

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CHIEF EXECUTIVE OFFICER

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DIRECTOR



SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER ENDED 30 SEPTEMBER 2011 (UN-AUDITED)

1. THE GROUP AND ITS OPERATIONS

The Group consists of:

Holding Company

- Nishat Mills Limited

Subsidiary Companies

- Nishat Power Limited
- Nishat Linen (Private) Limited
- Nishat USA, Inc.
- Nishat Linen Trading L.L.C.
- Nishat Hospitality (Private) Limited

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 the Companies Ordinance, 1984 and listed on Karachi Stock Exchange (Guarantee) Limited and Lahore Stock Exchange (Guarantee) Limited in Pakistan. The Company is a subsidiary of Nishat Mills Limited. The principal activity of the Company is to build, own, operate and maintain a fuel fired power station having gross capacity of 200 MW ISO in Jamber Kalan, Tehsil Pattoki, District Kasur, Punjab, Pakistan. Its registered office is situated at 53-A, Lawrence Road, Lahore.

NISHAT LINEN (PRIVATE) LIMITED

Nishat Linen (Private) Limited, a wholly owned subsidiary of Nishat Mills Limited, is a private limited company incorporated in Pakistan under the Companies Ordinance 1984 on 15 March 2011. The registered office of Nishat Linen (Private) Limited is situated at 3-Yahya Block Nishatabad, Faisalabad. The principal objects of the Company are to operate retail outlets for sale of textile and other products and to manufacture and sale of textile products by processing the textile goods in own or outside manufacturing facility.

NISHAT USA, INC.

Nishat USA, Inc. is a foreign subsidiary 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. Nishat Mills Limited acquired 100% shareholding of Nishat USA, Inc. on 01 October 2008.

NISHAT LINEN TRADING L.L.C.

Nishat Linen Trading L.L.C. is a limited liability company formed in pursuance to statutory provisions of the United Arab Emirates (UAE) Federal Law No. (8) of 1984 as amended and registered with the Department of Economic Development, Government of Dubai. Nishat Linen Trading L.L.C. is a subsidiary of Nishat Mills Limited as Nishat Mills Limited, through the powers given to it under Article 11 of the Memorandum of Association, exercise full control on the management of Nishat Linen Trading L.L.C. Date of incorporation of the Company was 29 December 2010. The registered office of Nishat Linen Trading L.L.C. is situated at P.O. Box 28189 Dubai, UAE. The principal business of the Subsidiary Company is to operate retail outlets in UAE for sale of textile and related products.

NISHAT HOSPITALITY (Pvt) LIMITED

Nishat Hospitality (Pvt) Limited, incorporated under the Companies Ordinance, 1984 on 01 July 2011, is a wholly owned subsidiary of Nishat Mills Limited. The principal business of the subsidiary company is to construct and operate a four star hotel in Lahore under the name of "Nishat Botique Hotel". The hotel is expected to start its operations in 2013. Its registered office is situated at 1-B, Aziz Avenue, Canal Bank, Gulberg V, Lahore.

2. BASIS OF PREPARATION

This consolidated condensed interim financial information are unaudited and are being submitted to share holders as required by section 245 of the Companies Ordinance, 1984. These consolidated condensed interim financial information have been prepared in accordance with the International Accounting Standard 34 (Interim Financial Reporting) and International Accounting Standard 27 (Consolidated and separate financial statements) as applicable in Pakistan and notified by the Securities and Exchange Commission of Pakistan (SECP). These consolidated condensed interim financial information should be read in conjunction with the audited annual consolidated financial statements of the Group for the year ended 30 June 2011.

3 ACCOUNTING POLICIES AND COMPUTATION METHODS

The accounting policies and methods of computations adopted for the preparation of this consolidated condensed interim 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 2011.

4 CONSOLIDATION

a) Subsidiaries

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 financial statements of the Subsidiary Companies are included in the consolidated financial statements 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.

Non-controlling 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. Non-controlling interests are presented as separate item in this consolidated condensed interim 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 any accumulated impairment loss, if any.

The Group's share of its associate's post-acquisition profits or losses, movement in other comprehensive income, and its share of post-acquisition movements in reserves is recognized in the consolidated profit and loss account, consolidated statement of comprehensive income and reserves respectively. 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

The preparation of this consolidated condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of this consolidated condensed interim financial information, the significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published consolidated financial statements of the Group for the year ended 30 June 2011.

	Un-audited 30 September 2011 (Rupees in thousand)	Audited 30 June 2011
6. LONG TERM FINANCING - SECURED		
Opening balance	17,104,952	18,272,867
Add: Obtained during the period / year	45,220	1,152,150
Less: Repaid during the period / year	237,380	2,020,065
Less: Transferred to liabilities against assets subject to finance lease	-	300,000
Closing balance	16,912,792	17,104,952
Less: Current portion shown under current liabilities (Note 8)	1,959,327	1,840,509
	14,953,465	15,264,443

	Un-audited 30 September 2011 (Rupees in thousand)	Audited 30 June 2011
7. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Future minimum lease payments	317,190	337,928
Less: Un-amortized finance charge	68,900	74,956
Present value of future minimum lease payments	248,290	262,972
Less: Current portion shown under current liabilities (Note 8)	61,337	60,344
	186,953	202,628
8. CURRENT PORTION OF NON-CURRENT LIABILITIES		
Current portion of long term financing (Note 6)	1,959,327	1,840,509
Current portion of liabilities against assets subject to finance lease (Note 7)	61,337	60,344
	2,020,664	1,900,853

9. CONTINGENCIES AND COMMITMENTS

Contingencies

- i) Nishat Mills Limited - Holding Company is contingently liable for Rupees 0.631 million (30 June 2011: Rupees 0.631 million) on account of central excise duty not acknowledged as debt as the cases are pending before the Court.
- ii) Guarantees of Rupees 589.578 million (30 June 2011: Rupees 590.321 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 and Pakistan State Oil Limited against purchase of furnace oil, Director Excise and Taxation, Karachi against infrastructure cess.
- iii) Post dated cheques of Rupees 1,034.957 million (30 June 2011: Rupees 911.545 million) are issued by the Nishat Mills Limited - Holding Company to customs authorities in respect of duties on imported items 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's share in contingencies of associated companies' accounted for under equity method is Rupees 1,435 million (30 June 2011: Rupees 1,435 million).
- v) The bank of Nishat Power Limited - Subsidiary Company has issued an irrevocable standby letter of credit on behalf of the Subsidiary Company in favour of Wartsila Pakistan (Private) Limited for Rupees 45 million (30 June 2011: Rupees 45 million) as required under the terms of the Operation and Maintenance agreement.

Commitments

- i) Contracts for capital expenditure of the Group are approximately of Rupees 114.586 million (30 June 2011: Rupees 65.057 million).
- ii) Letters of credit other than for capital expenditure of the Group are of Rupees 769.927 million (30 June 2011: Rupees 440.468 million).
- iii) Nishat Power Limited - Subsidiary Company has also commitments in respect of other contractors of Rupees 7.532 million (30 June 2011: Rupees 2.670 million)
- iv) The amount of future payments under operating leases and the period in which these payments will become due from Nishat Power Limited - Subsidiary Company are as follows:

	Un-audited 30 September 2011 (Rupees in thousand)	Audited 30 June 2011
Not later than one year	4,154	7,269

- v) 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 date of the power station i.e. 09 June 2010. Under the terms of the Fuel Supply Agreement, the Subsidiary Company is not required to buy any minimum quantity of oil from SPL.
- vi) Nishat Power Limited - Subsidiary Company has also entered into an agreement with Wartsila Pakistan (Private) Limited for the operations and maintenance (O&M) of the power station for a five years period starting from the commercial operations date of the power station i.e. 09 June 2010. Under the terms of the O&M agreement, the Subsidiary Company is required to pay a monthly fixed O&M fee and a variable O&M fee depending on the net electrical output, both of which are adjustable according to the Wholesale Price Index.

	Un-audited 30 September 2011 (Rupees in thousand)	Audited 30 June 2011
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10. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets		
Owned (Note 10.1)	27,872,546	27,938,481
Leased (Note 10.2)	266,386	273,105
Capital work in progress (Note 10.3)	741,014	925,080
	28,879,946	29,136,666

	Un-audited 30 September 2011 (Rupees in thousand)	Audited 30 June 2011
10.1 OPERATING FIXED ASSETS - OWNED		
Opening net book value	27,938,481	28,108,212
Add: Cost of additions during the period/ year (Note 10.1.1)	633,154	2,695,901
Less: Book value of assets transferred to investment properties during the period/ year	120,279	-
	28,451,356	30,804,113
Less: Book value of deletions during the period/ year (Note 10.1.2)	8,483	517,180
	28,442,873	30,286,933
Less: Depreciation charged for the period/ year	570,327	2,348,452
	27,872,546	27,938,481

10.1.1 Cost of additions during the period/ year

Freehold land	71	13,206
Buildings on freehold land	23,102	245,002
Plant and machinery	584,771	2,236,659
Electric installations	3,886	10,712
Factory equipment	2,885	16,461
Furniture, fixtures and office equipment	3,326	55,430
Computer equipment	2,421	10,118
Vehicles	12,692	108,313
	633,154	2,695,901

10.1.2 Book value of deletions during the period/ year

Plant and machinery	4,380	494,326
Electric installations	-	211
Factory equipment	-	128
Furniture, fixtures and office equipment	330	114
Computer equipment	-	14
Vehicles	3,773	22,387
	8,483	517,180

10.2 OPERATING FIXED ASSETS - LEASED

Opening net book value	273,105	-
Add: Cost of additions during the period / year	-	300,000
Less: Depreciation charged during the period / year	6,719	26,895
	266,386	273,105

	Un-audited 30 September 2011 (Rupees in thousand)	Audited 30 June 2011
10.3 CAPITAL WORK-IN-PROGRESS		
Building on freehold land	354,131	219,676
Plant and machinery	336,026	691,655
Unallocated expenditure	37,438	1,964
Letters of credit against machinery	229	144
Advances against vehicles	13,190	9,962
Advances to contractors	-	1,679
	741,014	925,080

11. INVESTMENT PROPERTIES

Opening net book value	126,834	132,550
Add: Transferred from operating fixed assets during the period / year	120,279	-
Less: Depreciation charged for the period/ year	1,293	5,716
	245,820	126,834

QUARTER ENDED	
30 September 2011	30 September 2010
(Rupees in thousand)	

12. COST OF SALES

Raw material consumed	7,626,037	5,658,432
Cloth and yarn purchased / used	3,353,460	3,490,372
Processing charges	41,808	54,821
Salaries, wages and other benefits	591,025	551,529
Staff retirement benefits	17,109	14,875
Stores, spare parts and loose tools consumed	797,837	804,697
Packing materials consumed	175,103	174,811
Repair and maintenance	132,122	121,591
Fuel and power	894,274	667,023
Insurance	46,665	45,813
Other factory overheads	68,274	60,664
Depreciation	554,751	429,404
	14,298,465	12,074,032
Work-in-process		
Opening stock	5,432,669	2,921,946
Closing stock	(5,173,214)	(3,178,389)
	259,455	(256,443)
Cost of goods manufactured	14,557,920	11,817,589

	QUARTER ENDED	
	30 September 2011	30 September 2010
	(Rupees in thousand)	
Finished goods		
Opening stock	2,850,493	1,545,610
Closing stock	(2,310,628)	(1,962,536)
	539,865	(416,926)
Cost of sales	15,097,785	11,400,663

13. OTHER OPERATING EXPENSES

Workers' profit participation fund	67,885	79,472
Workers' welfare fund	25,667	30,155
Provision for doubtful debts	-	3,000
Depreciation on investment properties	1,293	1,441
Donation (Note 13.1)	450	5,000
	95,295	119,068

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

14. CASH GENERATED FROM OPERATIONS

Profit before taxation	882,887	1,795,135
Adjustments for non-cash charges and other items:		
Depreciation	578,339	446,571
Provision for doubtful debts	-	3,000
Gain on sale of property, plant and equipment	(231)	(783)
Dividend income	(192,463)	(576)
Share of profit from associated companies	(164,863)	(416,483)
Net exchange gain including loss on forward contracts	(42,044)	(122,250)
Finance cost	1,165,332	989,469
Working capital changes (Note 14.1)	65,603	(2,690,894)
	2,292,560	3,189

14.1 Working capital changes

(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	16,967	(111,987)
Stock-in-trade	2,283,706	(235,634)
Trade debts	(2,611,270)	(1,890,305)
Loans and advances	(62,194)	284,528
Short term deposits and prepayments	(17,987)	(43,312)
Other receivables	271,961	(128,612)
	(118,817)	(2,125,322)
Increase / (Decrease) in trade and other payables	184,420	(565,572)
	65,603	(2,690,894)

15. SEGMENT INFORMATION

15.1 The Group has six 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 greige fabric using yarn.
 - Processing & Home Textile: Processing of greige 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.
 - Hotel Business: To carry on the business of hotels.
- Transactions among the business segments are recorded at cost basis.

15.2

	Spinning		Weaving		Processing & Home Textile		Garments		Power generation		Elimination of inter-segment transactions		(Un-audited) Total-Group	
	Quarter ended		Quarter ended		Quarter ended		Quarter ended		Quarter ended		Quarter ended		Quarter ended	
	Sep 11	Sep 10	Sep 11	Sep 10	Sep 11	Sep 10	Sep 11	Sep 10	Sep 11	Sep 10	Sep 11	Sep 10	Sep 11	Sep 10
Sales	4,212,670	3,668,873	4,264,286	3,454,023	4,371,025	4,151,645	1,090,344	943,035	7,158,211	5,002,707	(3,584,249)	(2,921,048)	17,502,287	14,300,125
Cost of Sales	(4,047,016)	(2,829,643)	(3,978,748)	(2,585,084)	(3,805,709)	(3,486,357)	(687,154)	(776,438)	(5,963,407)	(4,244,189)	-	-	(15,097,785)	(11,400,663)
Gross Profit	165,654	839,230	285,538	469,839	565,316	665,288	193,190	166,587	1,194,804	758,518	-	-	2,404,502	2,899,462
Distribution Cost	(89,115)	(62,740)	(131,785)	(111,587)	(254,327)	(220,523)	(61,864)	(38,554)	-	-	-	-	(537,071)	(433,384)
Administrative Expenses	(51,274)	(41,150)	(48,168)	(37,365)	(72,377)	(54,606)	(14,437)	(13,323)	(25,201)	(16,721)	-	-	(211,457)	(163,176)
Profit Before Taxation and Unallocated Income and Expenses	(140,389)	(103,890)	(179,933)	(148,933)	(326,704)	(275,129)	(76,301)	(51,877)	(25,201)	(16,721)	-	-	(748,528)	(596,560)
	25,265	735,340	105,605	320,906	238,612	390,159	116,889	114,710	1,169,603	741,787	-	-	1,655,974	2,302,902
Unallocated Income and Expenses:														
Other Operating Expenses													(95,295)	(119,068)
Other Operating Income													322,877	184,287
Finance Cost													(1,165,562)	(874,878)
Share of Profit from Associated Companies													164,863	416,483
Provision for Taxation													(218,351)	(132,115)
Profit after Taxation													664,836	1,663,020

15.3 Reconciliation of reportable segment assets

	Spinning		Weaving		Processing & Home Textile		Garments		Power generation		Hotel Business		(Un-audited) Total-Group	
	Audited		Audited		Audited		Audited		Audited		Audited		Audited	
	Sep 11	Jun 11	Sep 11	Jun 11	Sep 11	Jun 11	Sep 11	Jun 11	Sep 11	Jun 11	Sep 11	Jun 11	Sep 11	Jun 11
Total assets for reportable segments	6,167,980	7,074,788	4,390,444	4,617,050	10,394,469	10,679,109	1,896,298	2,108,076	27,782,077	26,002,802	62,357	-	50,693,625	50,481,825
Unallocated assets:														
Long term investments													27,226,217	30,168,316
Other receivables													1,078,686	1,506,773
Cash and bank balances													3,647,009	1,158,946
Other corporate assets													2,785,133	2,556,310
Total assets as per balance sheet													85,430,670	85,872,170

15.4 INTER-SEGMENT SALES AND PURCHASES

Inter-segment sales and purchases are eliminated from the total.

16. EARNINGS PER SHARE - BASIC AND DILUTED

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

17. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, other related companies and key management personnel. The Group in the normal course of business management carries out transactions with various related parties. Details of transactions with related parties are as follows:

QUARTER ENDED	
30 September 2011	30 September 2010
(Rupees in thousand)	

Associated companies

Investment made	-	101,605
Purchase of goods and services	15,289	5,406
Sale of goods and services	236	2,100
Rental income	2,147	-
Sale of operating fixed assets	-	1,455
Dividend received	192,463	576
Insurance premium paid	99,517	88,580
Insurance claim received	3,467	5,308
Profit on saving accounts	-	285
Subscription paid	1,000	750

Other related parties

Purchase of goods and services	-	52,544
Sale of goods and services	1,095	31,682
Group's contribution to provident fund trust	24,939	20,915
Remuneration paid to Chief Executive Officer, Directors and Executives of the Holding Company	83,099	69,186

18. 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 2011.

19. DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial information were approved by the Board of Directors and authorized for issue on 26 October 2011.

20. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant re-arrangement have been made.

21. GENERAL

Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.



CHIEF EXECUTIVE OFFICER



DIRECTOR







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