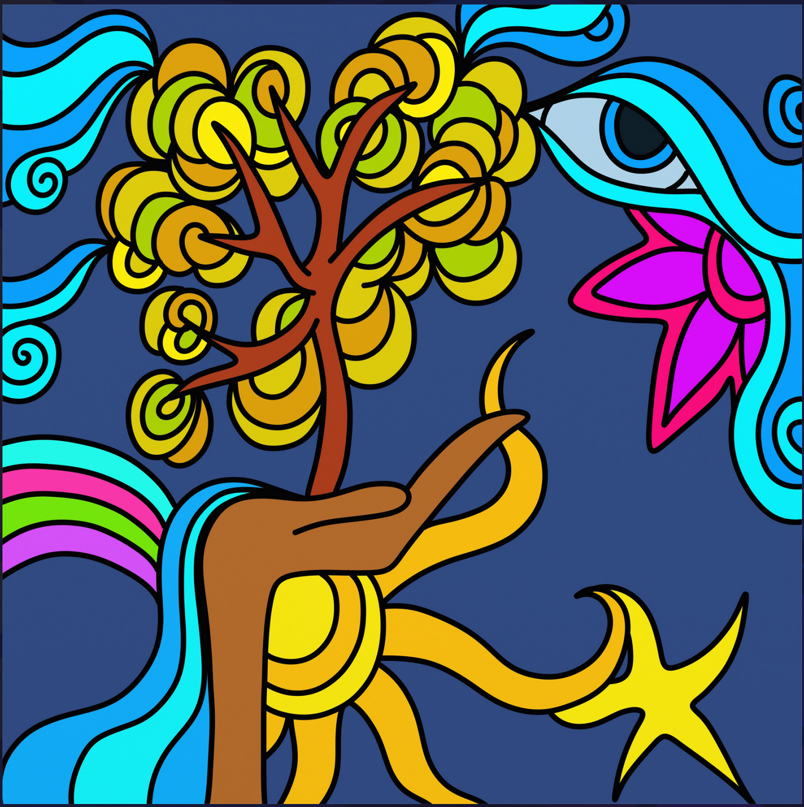
Interim Financial Report of Nishat Mills Limited for the quarter ended 30 September 2012



Dream
Diversify
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NISHAT

Contents

Nishat Mills Limited

02 Company Information
04 Directors' Report
08 Unconsolidated Condensed Interim Balance Sheet
10 Unconsolidated Condensed Interim Profit and Loss Account
11 Unconsolidated Condensed Interim Statement of Comprehensive Income
12 Unconsolidated Condensed Interim Cash Flow Statement
13 Unconsolidated Condensed Interim Statement of Changes in Equity
14 Selected Notes to the Unconsolidated Condensed Interim Financial Information

Nishat Mills Limited and its Subsidiary Companies

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

Company Information

Board of Directors

Mian Umer Mansha
Chairman/CEO

Mian Hassan Mansha
Mr. Khalid Qadeer Qureshi
Syed Zahid Hussain
Mr. Muhammad Azam
Ms. Nabiha Shahnawaz Cheema
Mr. Maqsood Ahmad

Audit Committee

Mr. Khalid Qadeer Qureshi
Chairman/Member

Mr. Muhammad Azam
Member

Ms. Nabiha Shahnawaz Cheema
Member

Human Resource & Remuneration (HR & R) Committee

Mian Hassan Mansha
Chairman/Member

Mian Umer Mansha
Member

Mr. Khalid Qadeer Qureshi
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

Albaraka Bank (Pakistan) Limited
Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Islami Pakistan Limited
Barclays Bank PLC
Burj Bank Limited
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
Pak Oman Investment Company Limited
Pakistan Kuwait Investment Company (Private) Limited
Samba Bank Limited
Saudi Pak Industrial & Agricultural Investment Company Limited
Silk Bank Limited
Soneri Bank Limited
Summit Bank Limited
Standard Chartered Bank (Pakistan) Limited
The Bank of Punjab
United Bank Limited

Mills

Spinning units, Yarn Dyeing & Power plant
Nishatabad, Faisalabad.

Weaving units & Power plant
12 K.M. Faisalabad Road, Sheikhupura.

Stitching unit
21 K.M. Ferozepur Road, Lahore.

Weaving units, Dyeing & Finishing unit, Processing unit, Stitching unit and Power plant

5 K.M. Nishat Avenue
Off 22 K.M. Ferozepur Road, Lahore.

Apparel Unit
7 K.M. Nishat Avenue
Off 22 K.M. Ferozepur Road, Lahore.

Spinning unit & Power plant
20 K.M. Sheikhupura Faisalabad Road,
Feroze Watwan.

Registered office & Shares Department

Nishat House,
53 - A, Lawrence Road, Lahore.
Tel: 042-36360154, 042-111 113 333
Fax: 042-36367414

Head Office

7, Main Gulberg, Lahore.
Tel: 042-35716351-59,
042-111 332 200
Fax: 042-35716349-50
E-mail: nishat@nishatmills.com
Website: www.nishatmillsltd.com

Liaison Office

Ist Floor, Karachi Chambers,
Hasrat Mohani Road, Karachi.
Tel: 021-32414721-23
Fax: 021-32412936

Directors' Report

Directors of Nishat Mills Limited ("the Company") are pleased to present the Directors' Report for the quarter ended 30 September 2012.

Operating Financial Results

In this quarter, Company's financial performance has greatly improved. Sales have increased by 18.41% mainly because of increase in sales of spinning division and processing division. Better marketing activities have resulted in better gross profit margins for the Company. Decrease in dividend income has somewhat reduced the impact of increase in gross profit and company's net profit has resultantly increased by only 3.07%.

Financial Highlights	Quarter ended 30 September		Increase/ (decrease) %
	2012	2011	
Net Sales (Rs. '000')	12,955,361	10,941,132	18.41
Gross Profit (Rs. '000')	2,039,157	1,174,756	73.58
Profit before tax (Rs. '000')	1,195,804	1,242,194	(3.73)
Profit after tax (Rs. '000')	1,062,888	1,031,194	3.07
Gross Profit (%)	15.74	10.74	
Profit after tax (%)	8.20	9.42	
Earnings per share (Rs.)	3.02	2.93	

General Market Review and Future Prospects

In the first quarter, textile sector of the country has seen a slight increase in business activity. With stable cotton production and pricing, Pakistan was able to yield better results. Although concessions given by the EU to Pakistan relating to 75 categories of export items was passed by the EU parliament, the relevant notification in this regard to enable Pakistani textile companies to avail the benefit from this move is still awaited.

Challenges affecting the textile industry for the past few years still linger on. Recession in Europe and dull economic conditions in US are not helping the cause either. Domestic issues hampering growth still remain intact. Increasing production cost due to rising energy costs, expensive imported inputs and inadequate supply of gas and electricity are posing grave threat to textile sector.

Future holds further challenges for the industry. At Nishat Mills, our strategy is to minimize the negative impact of increasing energy costs to the maximum extent possible and increase our sales volumes and profit margins. To achieve growth targets, we are putting increased efforts to diversify our product range and customer base. We believe this multipronged strategy, which has brought us this far amidst the worst economic crisis, will help us to grow further.

Spinning

In the first quarter, cotton prices witnessed little movement and remained steady between the limits of 10% movement throughout the period. Favorable weather conditions, timely arrival of new crop and last year's cotton stocks were the main impediments to rapid price fluctuation in cotton price during the quarter.

Yarn	Quarter ended 30 September		Variance	
	2012	2011	Value	%
Sale – (Kgs '000')	9,421	8,021	1,400	17.45
Rate / Kg	330.02	314.70	15.32	4.87
Sale – (Rs. '000')	3,109,160	2,524,201	584,959	23.17

Yarn prices did not follow the trend of cotton prices for export business, but yarn prices in local market were supportive in first quarter. Carded yarn was again more in demand than the combed yarn. Hong Kong / China remained main markets for exports where as demand of cotton yarn from Europe and USA was again insignificant.

Weaving

First quarter witnessed stability in cotton prices internationally. On the contrary, polyester fiber prices have remained bullish for the last few months owing to supply disruption from Chinese plants. Consequently there has been a sharp decline in work-wear business involving poly/cotton blends. Cotton fabric demand has remained stable during the first quarter especially from Far East Countries. Business in Europe has been steady (at times slow) owing to summer holidays, change of season and volatile Euro.

Grey Cloth	Quarter ended 30 September		Variance	
	2012	2011	Value	%
Sale – (Meters '000')	15,974	14,715	1,259	8.56
Rate / Meter	161.10	176.13	(15.03)	(8.53)
Sale – (Rs. '000')	2,573,388	2,591,798	(18,410)	(0.71)

Our target has been to export most of our production capacity. On the contrary, local grey fabric market has been more lucrative owing to huge finished fabric orders for local dye houses. A huge number of orders have diverted from China. Top grade weaving mills have a very busy schedule thus creating a shortage of fabric in the local market. Our business with some local finishing mills has flourished in this scenario.

We have started planning for replacing our 74 old Tsudakoma Airjet looms. We are also analyzing the option of purchasing European looms this time. Negotiations and discussions with machine suppliers are underway.

Processing and Home Textile

In the first quarter we have seen unprecedented increase in demand of dyed fabrics. There is significant shift of orders from China to this region, which has created capacity crunch in spinning, weaving and dyeing/finishing mills. Because of demand factor, prices of raw material have not come down despite sufficient supply of cotton. Most of the mills are booked for next couple of months due to which production lead times have increased.

Increased demand has also put enormous pressure on our processing division infrastructure. Despite increased production capacity, it is becoming increasingly difficult to manage orders in house. In order to retain the customers, we are going out for commercial processing. Our dyeing production capacities are fully booked till January 2013.

Processed Cloth and Made-ups	Quarter ended 30 September		Variance	
	2012	2011	Value	%
Sale – (Meters '000')	19,697	13,858	5,839	42.13
Rate / Meter	261.66	292.52	(30.86)	(10.55)
Sale – (Rs. '000')	5,153,876	4,053,759	1,100,117	27.14

In the home textile division, we have continued our strategy to increase capacity for narrow width business both for apparel dying and apparel printing. Our current production capacities are fully booked. To enable us to meet the order influx, we have initiated activities to increase our production capacity. To this end we have already bought or committed to buy machinery worth Euro 4.5 million to date. These investments will not only increase capacity but also enhance our quality. In this quarter, we were also able to initiate business with Pakistan Army, after successfully delivering quality uniform fabrics to armed forces of Turkey, France and Jordan.

On the whole, we have added many prestigious retailers to our customer base and one of our existing customers has been bought out by Bed Bath and Beyond in USA which is one of the largest retailers of the world. This move is expected to add to our sale volumes in future.

Garments

For the garments division, the first quarter brought challenges in terms of capacity management. An overflow of business, even after increased capacities of last year is overwhelming. The financial results are encouraging and are helping us in determining our next capacity enhancements.

Garments	Quarter ended 30 September		Variance	
	2012	2011	Value	%
Sale – (Garments '000')	1,651	1,276	375	29.39
Rate / Garment	812.46	824.60	(12.14)	(1.47)
Sale – (Rs.'000')	1,341,369	1,052,195	289,174	27.48

On the marketing front, we have increased our presence with a wider range of products being sold to our loyal customers thus increasing our margins. At the same time, new markets are being explored continuously.

Power Generation

Combined Heat and Power Plant is in trial production phase and is expected to start its commercial operations in November 2012. Installation of Synthetic Natural Gas (SNG) plant is also complete. The plant is also expected to commence its commercial operations in November 2012.

Moreover, we are planning to establish a 20 M.W grid station with the help of FESCO for our spinning facility at Faisalabad. Gas load shedding and low gas pressure has hampered our ability to generate power from gas. We had to resort to power generation from furnace oil based engines which was resulting in incremental cost. By establishing this grid, we will have a standby arrangement for our whole of spinning facility in Faisalabad in gas load shedding and low pressure days and will be able to lower our power generation cost by avoiding the use of furnace oil.

Subsidiary Companies and Consolidated Financial Statements

Nishat Power Limited, Nishat Linen (Private) Limited, Nishat Hospitality (Private) Limited, Nishat USA Inc. and Nishat Linen Trading L.L.C, form portfolio of subsidiary companies of the Company. Therefore, the Company has annexed consolidated condensed interim financial information in addition to its separate condensed interim financial information, 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 efforts of the management and workers.

For and on behalf of the Board of Directors

Mian Umer Mansha
Chairman/Chief Executive Officer

25 October 2012
Lahore

Unconsolidated Condensed Interim

Financial Information

For the quarter ended 30 September 2012

Unconsolidated Condensed Interim Balance Sheet
As at 30 September 2012

	Note	Un-audited 30 September 2012	Audited 30 June 2012
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
1,100,000,000 (30 June 2012: 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 2012: 351,599,848) ordinary shares of Rupees 10 each		3,515,999	3,515,999
Reserves		38,634,002	34,246,750
Total equity		42,150,001	37,762,749
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing- secured	5	3,023,461	3,289,538
Liabilities against assets subject to finance lease	6	120,028	137,040
Deferred income tax liability		310,305	310,305
		3,453,794	3,736,883
CURRENT LIABILITIES			
Trade and other payables		3,204,103	3,397,640
Accrued mark-up		184,198	269,579
Short term borrowings		11,000,026	9,665,849
Current portion of non-current liabilities		1,205,450	1,106,902
Provision for taxation		819,697	686,781
		16,413,474	15,126,751
TOTAL LIABILITIES		19,867,268	18,863,634
CONTINGENCIES AND COMMITMENTS	7		
TOTAL EQUITY AND LIABILITIES		62,017,269	56,626,383

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

Chief Executive Officer

	Note	Un-audited 30 September 2012	Audited 30 June 2012
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	14,462,731	14,318,639
Investment properties		240,802	241,969
Long term investments		25,188,465	21,912,790
Long term loans	9	270,710	268,330
Long term deposits and prepayments		41,100	36,984
		40,203,808	36,778,712
CURRENT ASSETS			
Stores, spare parts and loose tools		1,299,809	1,019,041
Stock in trade		7,781,661	9,695,133
Trade debts		5,593,334	3,489,070
Loans and advances		1,981,033	867,631
Short term deposits and prepayments		38,446	41,008
Other receivables		799,210	758,077
Accrued interest		39,086	30,062
Short term investments		1,697,942	1,589,093
Cash and bank balances		2,582,940	2,358,556
		21,813,461	19,847,671
TOTAL ASSETS		62,017,269	56,626,383

Director

Unconsolidated Condensed Interim Profit and Loss Account

For the quarter ended 30 September 2012 (Un-audited)

	Note	Quarter ended 30 September 2012	Quarter ended 30 September 2011
		(Rupees in thousand)	
SALES		12,955,361	10,941,132
COST OF SALES	10	(10,916,204)	(9,766,376)
GROSS PROFIT		2,039,157	1,174,756
DISTRIBUTION COST		(601,218)	(517,146)
ADMINISTRATIVE EXPENSES		(218,927)	(184,378)
OTHER OPERATING EXPENSES		(64,342)	(94,147)
		(884,487)	(795,671)
		1,154,670	379,085
OTHER OPERATING INCOME		470,218	1,313,946
PROFIT FROM OPERATIONS		1,624,888	1,693,031
FINANCE COST		(429,084)	(450,837)
PROFIT BEFORE TAXATION		1,195,804	1,242,194
TAXATION		(132,916)	(211,000)
PROFIT AFTER TAXATION		1,062,888	1,031,194
EARNINGS PER SHARE- BASIC AND DILUTED (RUPEES)	13	3.02	2.93

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

Chief Executive Officer

Director

Unconsolidated Condensed Interim Statement of Comprehensive Income
For the quarter ended 30 September 2012 (Un-audited)

	Quarter ended 30 September 2012	Quarter ended 30 September 2011
	(Rupees in thousand)	
PROFIT AFTER TAXATION	1,062,888	1,031,194
OTHER COMPREHENSIVE INCOME		
Surplus/ (deficit) arising on remeasurement of available for sale investments to fair value	3,324,364	(2,375,253)
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD	4,387,252	(1,344,059)

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

Chief Executive Officer

Director

Unconsolidated Condensed Interim Cash Flow Statement
For the quarter ended 30 September 2012 (Un-audited)

	Note	Quarter ended 30 September 2012	Quarter ended 30 September 2011
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	11	905,461	2,876,786
Finance cost paid		(514,465)	(524,525)
Income tax paid		(121,923)	(207,414)
Exchange gain on forward exchange contracts received		12,815	190,586
Net (increase) / decrease in long term loans to employees		(3,468)	2,264
Net (increase) / decrease in long term deposits and prepayments		(2,886)	271
Net cash generated from operating activities		275,534	2,337,968
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(462,895)	(362,212)
Proceeds from sale of property, plant and equipment		11,982	7,196
Investments made		(59,550)	(110,819)
Loans and advances to subsidiary companies		(1,394,352)	(689,552)
Repayment of loans from subsidiary companies		403,193	303,796
Interest received		14,026	35,100
Dividends received		286,898	1,147,081
Net cash (used in) / from investing activities		(1,200,698)	330,590
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		-	45,220
Repayment of long term financing		(168,637)	(237,380)
Repayment of liabilities against assets subject to finance lease		(15,904)	(14,682)
Short term borrowings- net		1,334,177	(536,234)
Dividend paid		(88)	(399)
Net cash from / (used in) financing activities		1,149,548	(743,475)
Net increase in cash and cash equivalents		224,384	1,925,083
Cash and cash equivalents at the beginning of the period		2,358,556	1,132,701
Cash and cash equivalents at the end of the period		2,582,940	3,057,784

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

Chief Executive Officer

Director

Unconsolidated Condensed Interim Statement of Changes in Equity
For the quarter ended 30 September 2012 (Un-audited)

(Rupees in thousand)

	Share capital	Reserves							Total equity
		Capital reserves			Revenue reserves			Total	
		Premium on issue of right shares	Fair value reserve	Sub total	General reserve	Unappropriated profit	Sub total		
Balance as at 30 June 2011- (audited)	3,515,999	5,499,530	5,704,086	11,203,616	15,828,028	4,846,316	20,674,344	31,877,960	35,393,959
Profit for the period	-	-	-	-	-	1,031,194	1,031,194	1,031,194	1,031,194
Other comprehensive loss	-	-	(2,375,253)	(2,375,253)	-	-	-	(2,375,253)	(2,375,253)
Total comprehensive income/(loss) for the period	-	-	(2,375,253)	(2,375,253)	-	1,031,194	1,031,194	(1,344,059)	(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	34,049,900
Final dividend for the year ended 30 June 2011									
@ Rupees 3.30 per share	-	-	-	-	-	(1,160,279)	(1,160,279)	(1,160,279)	(1,160,279)
Transferred to general reserve	-	-	-	-	3,683,000	(3,683,000)	-	-	-
Profit for the period	-	-	-	-	-	2,497,373	2,497,373	2,497,373	2,497,373
Other comprehensive income	-	-	2,375,755	2,375,755	-	-	-	2,375,755	2,375,755
Total comprehensive income for the period	-	-	2,375,755	2,375,755	-	2,497,373	2,497,373	4,873,128	4,873,128
Balance as at 30 June 2012- (audited)	3,515,999	5,499,530	5,704,588	11,204,118	19,511,028	3,531,604	23,042,632	34,246,750	37,762,749
Profit for the period	-	-	-	-	-	1,062,888	1,062,888	1,062,888	1,062,888
Other comprehensive income	-	-	3,324,364	3,324,364	-	-	-	3,324,364	3,324,364
Total comprehensive income for the period	-	-	3,324,364	3,324,364	-	1,062,888	1,062,888	4,387,252	4,387,252
Balance as at 30 September 2012- (un-audited)	3,515,999	5,499,530	9,028,952	14,528,482	19,511,028	4,594,492	24,105,520	38,634,002	42,150,001

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

Chief Executive Officer

Director

Selected Notes to the Unconsolidated Condensed Interim Financial Information
For the quarter ended 30 September 2012 (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, supply and sell electricity.

2 BASIS OF PREPARATION

This unconsolidated condensed interim financial information is un-audited and is being submitted to share holders as required by section 245 of the Companies Ordinance, 1984 and the listing regulations of the Islamabad, Karachi and Lahore stock exchanges. This unconsolidated condensed interim financial information of the Company for the quarter ended 30 September 2012 has been prepared in accordance with the requirements of International Accounting Standard 34 (Interim Financial Reporting) and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This unconsolidated condensed interim financial information should be read in conjunction with the preceding audited annual published financial statements of the Company for the year ended 30 June 2012.

3 ACCOUNTING POLICIES

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 audited annual published financial statements of the Company for the year ended 30 June 2012.

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 2012.

		Un-audited 30 September 2012	Audited 30 June 2012
		(Rupees in thousand)	
5	LONG TERM FINANCING- SECURED		
	Opening balance	4,331,178	3,882,849
	Add: Obtained during the period / year	-	1,941,842
	Less: Repaid during the period / year	168,637	1,493,513
		4,162,541	4,331,178
	Less: Current portion shown under current liabilities	1,139,080	1,041,640
		3,023,461	3,289,538
6	LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
	Future minimum lease payments	220,558	242,580
	Less: Un-amortized finance charge	34,160	40,278
	Present value of future minimum lease payments	186,398	202,302
	Less: Current portion shown under current liabilities	66,370	65,262
		120,028	137,040

7 CONTINGENCIES AND COMMITMENTS

Contingencies

i) The Company is contingently liable for Rupees 0.631 million (30 June 2012: Rupees 0.631 million) on account of central excise duty not acknowledged as debt as the cases are pending before Court.

ii) Guarantees of Rupees 549.705 million (30 June 2012: Rupees 539.902 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 and Director Excise and Taxation, Karachi against infrastructure cess.

iii) Post dated cheques of Rupees 1,764.734 million (30 June 2012: Rupees 1,591.201 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 685.440 million (30 June 2012: Rupees 639.874 million).

ii) Letters of credit other than for capital expenditure are of Rupees 574.178 million (30 June 2012: Rupees 613.976 million).

8 PROPERTY, PLANT AND EQUIPMENT

	Note	Un-audited 30 September 2012	Audited 30 June 2012
		(Rupees in thousand)	
Operating fixed assets			
Owned	8.1	12,368,355	12,250,991
Leased	8.2	240,315	246,378
Capital work-in-progress	8.3	1,854,061	1,821,270
		14,462,731	14,318,639

8.1 Operating fixed assets- Owned

	Note	Un-audited 30 September 2012	Audited 30 June 2012
Opening book value		12,250,991	12,107,389
Add: Cost of additions during the period/year	8.1.1	430,104	1,573,932
Less: Book value of assets transferred to investment properties during the year		-	120,279
		12,681,095	13,561,042
Less: Book value of deletions during the period/ year	8.1.2	9,805	82,737
		12,671,290	13,478,305
Less: Depreciation charged during the period/ year		302,935	1,227,314
		12,368,355	12,250,991

8.1.1 Cost of additions

	Un-audited 30 September 2012	Audited 30 June 2012
Freehold land	-	44,433
Buildings on freehold land	-	381,732
Plant and machinery	408,059	995,021
Electric installations	999	18,883
Factory equipment	12,911	30,193
Furniture, fixtures and office equipment	3,077	14,990
Computer equipment	1,787	7,530
Vehicles	3,271	81,150
	430,104	1,573,932

	Un-audited 30 September 2012	Audited 30 June 2012
	(Rupees in thousand)	
8.1.2 Book value of deletions		
Plant and machinery	8,233	66,579
Factory equipment	3	-
Furniture, fixtures and office equipment	-	431
Computer equipment	-	47
Vehicles	1,569	15,680
	9,805	82,737
8.2 Operating fixed assets- Leased		
Opening book value	246,378	273,105
Less: Depreciation charged during the period / year	6,063	26,727
	240,315	246,378
8.3 Capital work-in-progress		
Buildings on freehold land	707,799	533,345
Plant and machinery	1,077,963	1,246,125
Electric installations	-	912
Unallocated expenditure	52,239	33,619
Letters of credit against machinery	1,053	1,048
Advances against furniture and office equipment	213	448
Advances against vehicles	14,794	5,773
	1,854,061	1,821,270

9 LONG TERM LOANS

These include subordinated long term loan of Rupees 218.220 million (30 June 2012: Rupees 218.220 million) given to Nishat Power Limited - subsidiary company. This loan is 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 payment on 05 July 2015.

		Quarter ended	
		30 September 2012	30 September 2011
		(Rupees in thousand)	
10	COST OF SALES		
	Raw materials consumed	2,657,887	2,750,233
	Cloth and yarn purchased / used	4,619,954	3,350,174
	Processing charges	76,818	41,808
	Salaries, wages and other benefits	727,512	585,667
	Staff retirement benefits	19,778	17,109
	Stores, spare parts and loose tools consumed	964,937	721,110
	Packing materials consumed	213,096	175,103
	Repair and maintenance	68,017	52,575
	Fuel and power	1,118,829	893,517
	Insurance	8,411	9,057
	Other factory overheads	79,605	65,916
	Depreciation	289,644	284,821
		10,844,488	8,947,090
	Work-in-process		
	Opening stock	4,405,629	5,432,669
	Closing stock	(4,418,517)	(5,173,214)
		(12,888)	259,455
	Cost of goods manufactured	10,831,600	9,206,545
	Finished goods		
	Opening stock	2,307,777	2,802,898
	Closing stock	(2,223,173)	(2,243,067)
		84,604	559,831
	Cost of sales	10,916,204	9,766,376

	Note	Quarter ended 30 September 2012	Quarter ended 30 September 2011
		(Rupees in thousand)	
11 CASH GENERATED FROM OPERATIONS			
Profit before taxation		1,195,804	1,242,194
Adjustments for non-cash charges and other items:			
Depreciation		310,165	304,070
Gain on sale of property, plant and equipment		(2,177)	(177)
Dividend income		(286,898)	(1,147,081)
Exchange difference on translation of investments in foreign subsidiaries		(610)	(1,076)
Net exchange gain including loss on forward contracts		(60,552)	(42,044)
Interest income on loans and advances to subsidiary companies		(21,880)	(38,467)
Finance cost		429,084	450,837
Working capital changes	11.1	(657,475)	2,108,530
		905,461	2,876,786
11.1 Working capital changes			
(Increase) / decrease in current assets:			
- Stores, spare parts and loose tools		(280,768)	24,589
- Stock in trade		1,913,472	1,872,390
- Trade debts		(2,104,264)	(75,251)
- Loans and advances		768	(36,460)
- Short term deposits and prepayments		1,332	(14,649)
- Other receivables		(18,191)	293,256
		(487,651)	2,063,875
Increase/ (decrease) in trade and other payables		(169,824)	44,655
		(657,475)	2,108,530

12 SEGMENT INFORMATION

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

12.2

(Un-audited)

	Spinning		Weaving		Processing & Home Textile		Garments		Power Generation		Elimination of inter-segment transactions		Total- Company	
	Quarter ended		Quarter ended		Quarter ended		Quarter ended		Quarter ended		Quarter ended		Quarter ended	
	Sep 2012	Sep 2011	Sep 2012	Sep 2011	Sep 2012	Sep 2011	Sep 2012	Sep 2011	Sep 2012	Sep 2011	Sep 2012	Sep 2011	Sep 2012	Sep 2011
	(Rupees in thousand)													
Sales														
External	3,475,630	2,946,669	2,673,068	2,679,202	5,433,892	4,225,559	1,362,147	1,080,337	10,624	9,365	-	-	12,955,361	10,941,132
Intersegment	797,507	971,697	1,649,663	1,585,084	194,913	142,917	-	7	1,069,999	884,544	(3,712,082)	(3,584,249)	-	-
	4,273,137	3,918,366	4,322,731	4,264,286	5,628,805	4,368,476	1,362,147	1,080,344	1,080,623	893,909	(3,712,082)	(3,584,249)	12,955,361	10,941,132
Cost of sales	(3,636,650)	(3,781,610)	(3,926,186)	(3,978,748)	(4,891,409)	(3,811,042)	(1,098,513)	(887,155)	(1,075,528)	(892,070)	3,712,082	3,584,249	(10,916,204)	(9,766,376)
Gross profit	636,487	136,756	396,545	285,538	737,396	557,434	263,634	193,189	5,095	1,839	-	-	2,039,157	1,174,756
Distribution cost	(82,362)	(86,188)	(138,845)	(131,765)	(284,543)	(237,329)	(94,913)	(61,864)	(555)	-	-	-	(601,218)	(517,146)
Administrative expenses	(58,460)	(50,412)	(48,639)	(48,168)	(85,284)	(65,861)	(18,244)	(14,438)	(8,300)	(5,499)	-	-	(218,927)	(184,378)
	(140,822)	(136,600)	(187,484)	(179,933)	(369,827)	(303,190)	(113,157)	(76,302)	(8,855)	(5,499)	-	-	(820,145)	(701,524)
Profit / (loss) before taxation and unallocated income and expenses	495,665	156	209,061	105,605	367,569	254,244	150,477	116,887	(3,760)	(3,660)	-	-	1,219,012	473,232
Unallocated income and expenses:														
Other operating expenses													(64,342)	(94,147)
Other operating income													470,218	1,313,946
Finance cost													(429,084)	(450,837)
Taxation													(132,916)	(211,000)
Profit after taxation													1,062,888	1,031,194

12.3 Reconciliation of reportable segment assets

	Spinning		Weaving		Processing & Home Textile		Garments		Power Generation		Total- Company	
	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited
	Sep 2012	Jun 2012	Sep 2012	Jun 2012	Sep 2012	Jun 2012	Sep 2012	Jun 2012	Sep 2012	Jun 2012	Sep 2012	Jun 2012
	(Rupees in thousand)											
Total assets for reportable segments	7,186,707	8,301,318	5,582,359	5,072,193	10,607,215	9,850,474	2,019,691	2,290,564	3,958,280	3,563,078	29,354,252	29,077,627
Unallocated assets:												
Long term investments											25,188,465	21,912,790
Other receivables											799,210	758,077
Cash and bank balances											2,582,940	2,358,556
Other corporate assets											4,092,402	2,519,333
Total assets as per balance sheet											62,017,269	56,626,383

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 subsidiary companies, associated undertakings, other related companies, key management personnel and provident fund trust. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties are as follows:

	Quarter ended 30 September 2012	Quarter ended 30 September 2011
	(Rupees in thousand)	
Subsidiary companies		
Investment made	59,550	65,000
Short term loans made	1,394,352	689,552
Short term loans payment received	403,193	303,796
Interest income	21,880	38,467
Rental income	3,100	1,170
Sale of goods and services	675,796	135,040
Purchase of goods and services	13,254	39,470
Associated companies		
Purchase of goods and services	3,176	6,113
Sale of goods and services	63	236
Rental income	53	2,147
Sale of operating fixed assets	1,327	-
Dividend income	286,898	1,147,081
Insurance premium paid	44,919	44,086
Insurance claim received	4,291	3,467
Profit on term deposit receipt	7,980	-
Subscription paid	1,250	1,000
Other related parties		
Purchase of goods and services	4,954	-
Sale of goods and services	25,845	1,095
Company's contribution to provident fund trust	27,988	24,075
Remuneration paid to Chief Executive Officer, Directors and Executives	123,469	83,099

15 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2012.

16 DATE OF AUTHORIZATION FOR ISSUE

This unconsolidated condensed interim financial information was approved by the Board of Directors and authorized for issue on 25 October 2012.

17 CORRESPONDING FIGURES

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

18 GENERAL

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

Chief Executive Officer

Director

Consolidated Condensed Interim

Financial Information

For the quarter ended 30 September 2012

Consolidated Condensed Interim Balance Sheet
As at 30 September 2012

	Note	Un-audited 30 September 2012	Audited 30 June 2012
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
1,100,000,000 (30 June 2012: 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 2012: 351,599,848) ordinary shares of Rupees 10 each		3,515,999	3,515,999
Reserves		50,196,550	46,187,508
Equity attributable to equity holders of the Holding Company		53,712,549	49,703,507
Non-controlling interest		3,765,476	3,516,083
Total equity		57,478,025	53,219,590
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing- secured	6	14,568,658	15,062,966
Liabilities against assets subject to finance lease	7	121,738	137,040
Long term security deposit		29,950	11,000
Retirement benefit obligation		952	730
Deferred income tax		310,455	310,455
		15,031,753	15,522,191
CURRENT LIABILITIES			
Trade and other payables		4,791,267	4,346,047
Accrued mark-up		839,403	908,865
Short term borrowings		14,895,087	16,289,529
Current portion of non-current liabilities		2,069,383	1,938,589
Provision for taxation		851,328	746,726
		23,446,468	24,229,756
TOTAL LIABILITIES		38,478,221	39,751,947
CONTINGENCIES AND COMMITMENTS	8		
TOTAL EQUITY AND LIABILITIES		95,956,246	92,971,537

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

Chief Executive Officer

	Note	Un-audited 30 September 2012	Audited 30 June 2012
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	29,456,222	29,469,622
Investment properties		240,802	241,969
Long term investments		32,429,339	29,853,657
Long term loans		52,490	50,110
Long term deposits and prepayments		51,059	42,645
		62,229,912	59,658,003
CURRENT ASSETS			
Stores, spare parts and loose tools		1,693,689	1,424,420
Stock-in-trade		9,686,533	10,549,271
Trade debts		15,849,201	14,196,364
Loans and advances		1,037,716	1,958,525
Short term deposits and prepayments		91,514	75,324
Other receivables		988,658	969,638
Accrued interest		36,316	50,233
Short term investments		1,697,942	1,589,093
Cash and bank balances		2,644,765	2,500,666
		33,726,334	33,313,534
TOTAL ASSETS		95,956,246	92,971,537

Director

Consolidated Condensed Interim Profit and Loss Account

For the quarter ended 30 September 2012 (Un-audited)

	Note	Quarter ended 30 September 2012	30 September 2011
		(Rupees in thousand)	
SALES		18,590,095	17,502,287
COST OF SALES	10	(15,238,397)	(15,097,785)
GROSS PROFIT		3,351,698	2,404,502
DISTRIBUTION COST		(671,657)	(537,071)
ADMINISTRATIVE EXPENSES		(263,916)	(211,457)
OTHER OPERATING EXPENSES		(65,004)	(95,295)
		(1,000,577)	(843,823)
		2,351,121	1,560,679
OTHER OPERATING INCOME		457,186	322,677
PROFIT FROM OPERATIONS		2,808,307	1,883,356
FINANCE COST		(1,094,067)	(1,165,332)
		1,714,240	718,024
SHARE OF PROFIT FROM ASSOCIATED COMPANIES		630,405	164,863
PROFIT BEFORE TAXATION		2,344,645	882,887
TAXATION		(140,448)	(218,351)
PROFIT AFTER TAXATION		2,204,197	664,536
SHARE OF PROFIT ATTRIBUTABLE TO:			
EQUITY HOLDERS OF HOLDING COMPANY		1,954,804	453,568
NON-CONTROLLING INTEREST		249,393	210,968
		2,204,197	664,536
EARNINGS PER SHARE- BASIC AND DILUTED (RUPEES)	13	5.56	1.29

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

Chief Executive Officer

Director

Consolidated Condensed Interim Statement of Comprehensive Income
For the quarter ended 30 September 2012 (Un-audited)

	Quarter ended 30 September 2012	Quarter ended 30 September 2011
	(Rupees in thousand)	
PROFIT AFTER TAXATION	2,204,197	664,536
OTHER COMPREHENSIVE INCOME		
Surplus arising on remeasurement of available for sale investments	1,427,335	(1,560,457)
Share of other comprehensive income/ (loss) of associates	626,791	(664,107)
Exchange differences on translating foreign operations	112	(808)
Other comprehensive income/ (loss) for the period	2,054,238	(2,225,372)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	4,258,435	(1,560,836)
SHARE OF PROFIT ATTRIBUTABLE TO:		
Equity holders of holding company	4,009,042	(1,771,804)
Non-controlling interest	249,393	210,968
	4,258,435	(1,560,836)

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

Chief Executive Officer

Director

Consolidated Condensed Interim Cash Flow Statement
For the quarter ended 30 September 2012 (Un-audited)

	Note	Quarter ended 30 September 2012	Quarter ended 30 September 2011
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	11	3,473,425	2,284,976
Finance cost paid		(1,163,529)	(1,154,445)
Income tax paid		(158,431)	(208,278)
Long term security deposits received		18,950	-
Exchange gain on forward exchange contracts received		12,815	190,586
Net increase in retirement benefit obligation		222	-
Net (increase) / decrease in long term loans		(3,468)	2,264
Net increase in long term deposits and prepayments		(7,184)	(963)
Net cash generated from operating activities		2,172,800	1,114,140
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		11,982	8,714
Dividends received		286,898	1,147,081
Investments made		-	(45,819)
Interest received		13,917	7,584
Capital expenditure on property, plant and equipment		(566,429)	(449,088)
Net cash (used in)/from investing activities		(253,632)	668,472
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		-	45,220
Proceeds from liabilities against assets subject to finance lease		2,061	-
Repayment of long term financing		(364,973)	(237,380)
Repayment of liabilities against assets subject to finance lease		(15,904)	(14,682)
Exchange difference on translation of net investments in foreign subsidiaries		(39)	(808)
Short term borrowings - net		(1,394,442)	913,500
Dividend paid		(1,772)	(399)
Net cash (used in) / from financing activities		(1,775,069)	705,451
Net increase in cash and cash equivalents		144,099	2,488,063
Cash and cash equivalents at the beginning of the period		2,500,666	1,158,946
Cash and cash equivalents at the end of the period		2,644,765	3,647,009

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

Chief Executive Officer

Director

Consolidated Condensed Interim Statement of Changes in Equity
For the quarter ended 30 September 2012 (Un-audited)

	Attributable to equity holders of the holding company												
	Share capital	Capital reserve					Revenue reserve			Total reserves	Shareholders' equity	Non-controlling interest	Total equity
		Premium on issue of right shares	Fair value reserve	Exchange translation reserve	Capital redemption reserve fund	Sub total	General reserve	Unappropriated profit	Sub total				
	(Rupees in thousand)												
Balance as at 30 June 2011- (audited)	3,515,999	5,499,530	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
Profit for the period	-	-	-	-	-	-	-	453,568	453,568	453,568	453,568	210,968	664,536
Other comprehensive income for the period	-	-	(2,224,564)	(808)	-	(2,225,372)	-	-	-	(2,225,372)	(2,225,372)	-	(2,225,372)
Total comprehensive income 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	5,499,530	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
Final dividend for the year ended 30 June 2011 @ Rupees 3.30 per share	-	-	-	-	-	-	-	(1,160,279)	(1,160,279)	(1,160,279)	(1,160,279)	-	(1,160,279)
Transferred to general reserve	-	-	-	-	-	-	7,846,000	(7,846,000)	-	-	-	-	-
Dividend relating to 2011 paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(173,455)	(173,455)
Profit for the period	-	-	-	-	-	-	-	3,782,784	3,782,784	3,782,784	3,782,784	786,891	4,569,675
Other comprehensive income for the period	-	-	1,615,732	3,038	-	1,618,770	-	-	-	1,618,770	1,618,770	-	1,618,770
Total comprehensive income for the period	-	-	1,615,732	3,038	-	1,618,770	-	3,782,784	3,782,784	5,401,554	5,401,554	786,891	6,188,445
Balance as at 30 June 2012- (audited)	3,515,999	5,499,530	5,287,298	3,490	111,002	10,901,320	30,904,882	4,381,306	35,286,188	46,187,508	49,703,507	3,516,083	53,219,590
Profit for the period	-	-	-	-	-	-	-	1,954,804	1,954,804	1,954,804	1,954,804	249,393	2,204,197
Other comprehensive income for the period	-	-	2,054,126	112	-	2,054,238	-	-	-	2,054,238	2,054,238	-	2,054,238
Total comprehensive income for the period	-	-	2,054,126	112	-	2,054,238	-	1,954,804	1,954,804	4,009,042	4,009,042	249,393	4,258,435
Balance as at 30 September 2012- (un-audited)	3,515,999	5,499,530	7,341,424	3,602	111,002	12,955,558	30,904,882	6,336,110	37,240,992	50,196,550	53,712,549	3,765,476	57,478,025

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

Chief Executive Officer

Director

Selected Notes to the Consolidated Condensed Interim Financial Information
For the quarter ended 30 September 2012 (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 Hospitality (Private) Limited
-Nishat USA, Inc.
-Nishat Linen Trading L.L.C

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 Limited and Lahore Stock Exchange 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 the textile products by processing the textile goods in own or outside manufacturing facility.

NISHAT HOSPITALITY (PRIVATE) LIMITED

Nishat Hospitality (Private) Limited, a wholly owned subsidiary of Nishat Mills Limited, is a private limited company incorporated in Pakistan under the Companies Ordinance, 1984 on 01 July 2011. The registered office of Nishat Hospitality (Private) Limited is situated at 1-B Aziz Avenue, Canal Bank, Gulberg-V, Lahore. The principal activity of the Company is to carry on the business of hotels, cafes, restaurants and lodging or apartment houses, bakers and confectioners in Pakistan and outside Pakistan.

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.

2 BASIS OF PREPARATION

This consolidated condensed interim financial information is un-audited and is being submitted to share holders as required by section 245 of the Companies Ordinance, 1984 and the listing regulations of the Islamabad, Karachi and Lahore stock exchanges. This consolidated condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard-34 (Interim Financial Reporting) and International Accounting Standard-27 (Consolidated and separate financial statements) and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 have been followed. This consolidated condensed interim financial information should be read in conjunction with the preceding audited annual published consolidated financial statements of the Group for the year ended 30 June 2012.

3 ACCOUNTING POLICIES

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 audited annual published consolidated financial statements of the Group for the year ended 30 June 2012.

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 condensed interim financial information of the subsidiary companies is included in this consolidated condensed interim 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.

Intra-group 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 associates' 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 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 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 2012.

	Un-audited 30 September 2012	Audited 30 June 2012
	(Rupees in thousand)	
6 LONG TERM FINANCING- SECURED		
Opening balance	16,936,293	17,104,952
Add: Obtained during the period / year	-	1,941,842
Less: Repaid during the period / year	364,973	2,110,501
	16,571,320	16,936,293
Less: Current portion shown under current liabilities	2,002,662	1,873,327
	14,568,658	15,062,966

		Un-audited 30 September 2012	Audited 30 June 2012
		(Rupees in thousand)	
7	LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
	Future minimum lease payments	223,099	242,580
	Less: Un-amortized finance charge	34,640	40,278
	Present value of future minimum lease payments	188,459	202,302
	Less: Current portion shown under current liabilities	66,721	65,262
		121,738	137,040

8 CONTINGENCIES AND COMMITMENTS

Contingencies

i) Nishat Mills Limited - Holding Company is contingently liable for Rupees 0.631 million (30 June 2012: Rupees 0.631 million) on account of central excise duty not acknowledged as debt as the cases are pending before Court.

ii) Guarantees of Rupees 549.705 million (30 June 2012: Rupees 539.902 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 1,764.734 million (30 June 2012: Rupees 1,591.201 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) Holding Company's share in contingencies of associated companies' accounted for under equity method is Rupees 1,865 million (30 June 2012: Rupees 1,865 million).

v) The bank of Nishat Power Limited - Subsidiary Company has issued an irrevocable standby letter of credit on behalf of Subsidiary Company in favour of Wartsila Pakistan (Private) Limited for Rupees 45 million (30 June 2012: Rupees 45 million) as required under the terms of the Operation and Maintenance agreement.

vi) Guarantees of Rupees 200.5 million (30 June 2012: Rupees 200.5 million) are given by the banks of Nishat Power Limited - Subsidiary Company to Director, Excise and Taxation, Karachi under direction of Sindh High Court in respect of suit filed for levy of infrastructure cess, Chevron Pakistan Limited and Pak Arab Refinery Limited (PARCO) for procurement of multiple fuel / oils.

Commitments

i) Contracts for capital expenditure of the Group are approximately of Rupees 685.440 million (30 June 2012: Rupees 717.498 million).

ii) Letters of credit other than for capital expenditure of the Group are of Rupees 574.178 million (30 June 2012: Rupees 615.133 million).

iv) The amount of future payments under operating lease and the period in which these payments will become due from Nishat Power Limited - Subsidiary Company are as follows:

	Un-audited 30 September 2012	Audited 30 June 2012
	(Rupees in thousand)	
Not later than one year	12,461	12,461
Later than one year and not later than five years	49,846	49,846
	62,307	62,307

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.

9 PROPERTY, PLANT AND EQUIPMENT

	Note	Un-audited 30 September 2012	Audited 30 June 2012
		(Rupees in thousand)	
Operating fixed assets			
Owned	9.1	27,052,584	27,187,410
Leased	9.2	242,580	246,378
Capital work in progress	9.3	2,161,058	2,035,834
		29,456,222	29,469,622

9.1 Operating fixed assets- Owned

	Note	Un-audited 30 September 2012	Audited 30 June 2012
Opening book value		27,187,410	27,938,481
Add: Cost of additions during the period/year	9.1.1	438,885	1,660,414
Less: Book value of assets transferred to investment properties during the year		-	120,279
		27,626,295	29,478,616
Less: Book value of deletions during the period/year	9.1.2	9,805	84,475
		27,616,490	29,394,141
Less: Depreciation charged for the period/year		564,057	2,208,415
Add: Currency translation		151	1,684
		27,052,584	27,187,410

	Un-audited 30 September 2012	Audited 30 June 2012
	(Rupees in thousand)	
9.1.1 Cost of additions		
Freehold land	-	44,433
Buildings on freehold land	-	415,550
Plant and machinery	416,652	1,028,748
Electric installations	999	19,098
Factory equipment	12,911	30,193
Furniture, fixtures and office equipment	3,129	28,632
Computer equipment	1,923	9,023
Vehicles	3,271	84,737
	438,885	1,660,414
9.1.2 Book value of deletions		
Plant and machinery	8,233	66,579
Factory equipment	3	-
Furniture, fixtures and office equipment	-	431
Computer equipment	-	65
Vehicles	1,569	17,400
	9,805	84,475
9.2 Operating fixed assets- Leased		
Opening book value	246,378	273,105
Add: Addition during the period	2,320	-
Less: Depreciation charged during the period / year	6,118	26,727
	242,580	246,378
9.3 Capital work-in-progress		
Buildings on freehold land	988,625	735,805
Plant and machinery	1,077,963	1,246,125
Electric installations	-	912
Unallocated expenses	52,893	34,079
Letters of credit against machinery	1,053	1,048
Advances against furniture and office equipment	212	448
Advances against vehicles	14,794	5,773
Advances to contractors	25,518	11,644
	2,161,058	2,035,834

Selected Notes to the Consolidated Condensed Interim Financial Information
For the quarter ended 30 September 2012 (Un-audited)

		Note	Quarter ended 30 September 2012	Quarter ended 30 September 2011
			(Rupees in thousand)	
10	COST OF SALES			
	Raw material consumed		6,952,766	7,626,037
	Cloth and yarn purchased / used		4,680,982	3,353,460
	Processing charges		76,818	41,808
	Salaries, wages and other benefits		737,593	591,025
	Staff retirement benefits		19,778	17,109
	Stores, spare parts and loose tools consumed		985,654	797,837
	Electricity consumed in-house		179	757
	Packing materials consumed		213,096	175,103
	Repair and maintenance		139,346	132,122
	Fuel and power		1,118,966	893,517
	Insurance		46,905	46,665
	Other factory overheads		82,959	68,274
	Depreciation		546,193	554,751
			15,601,235	14,298,465
	Work-in-process			
	Opening stock		4,405,629	5,432,669
	Closing stock		(4,218,517)	(5,173,214)
			187,112	259,455
	Cost of goods manufactured		15,788,347	14,557,920
	Finished goods			
	Opening stock		2,451,771	2,850,493
	Closing stock		(3,001,721)	(2,310,628)
			(549,950)	539,865
	Cost of Sales		15,238,397	15,097,785
11	CASH GENERATED FROM OPERATIONS			
	Profit before taxation		2,344,645	882,887
	Adjustments for non-cash charges and other items:			
	Depreciation		571,342	578,339
	Gain on sale of property, plant and equipment		(2,177)	(231)
	Dividend income		(286,898)	(192,463)
	Share of profit from associated companies		(630,405)	(164,863)
	Net exchange gain including loss on forward contracts		(60,552)	(42,044)
	Finance cost		1,094,067	1,165,332
	Working capital changes	11.1	443,403	58,019
			3,473,425	2,284,976

	Quarter ended 30 September 2012	Quarter ended 30 September 2011
	(Rupees in thousand)	
11.1 Working capital changes		
(Increase) / decrease in current assets:		
- Stores, spare parts and loose tools	(269,269)	16,967
- Stock in trade	862,738	2,283,706
- Trade debts	(1,652,837)	(2,611,270)
- Loans and advances	1,044,482	(62,194)
- Short term deposits and prepayments	(17,420)	(17,987)
- Other receivables	5,092	264,377
	(27,214)	(126,401)
Increase in trade and other payables	470,617	184,420
	443,403	58,019

12 SEGMENT INFORMATION

12.1 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:	To carry on the business of hotel and allied services.

Transactions among the business segments are recorded at cost basis. Intersegment sales and purchases have been eliminated from the total.

Selected Notes to the Consolidated Condensed Interim Financial Information

For the quarter ended 30 September 2012 (Un-audited)

12.2

(Un-audited)

	Spinning		Weaving		Processing & Home Textile		Garments		Power Generation		Hotel		Elimination of inter-segment transactions		Total- Group	
	Quarter ended		Quarter ended		Quarter ended		Quarter ended		Quarter ended		Quarter ended		Quarter ended		Quarter ended	
	Sep 2012	Sep 2011	Sep 2012	Sep 2011	Sep 2012	Sep 2011	Sep 2012	Sep 2011	Sep 2012	Sep 2011	Sep 2012	Sep 2011	Sep 2012	Sep 2011	Sep 2012	Sep 2011
	(Rupees in thousand)															
Sales																
External	3,608,218	3,240,973	2,673,068	2,679,202	5,184,502	4,228,108	1,362,147	1,080,337	5,756,495	6,273,667	5,665	-	-	-	18,590,095	17,502,287
Intersegment	797,507	971,697	1,649,663	1,585,084	194,913	142,917	-	7	1,069,999	884,544	-	-	(3,712,082)	(3,584,249)	-	-
	4,405,725	4,212,670	4,322,731	4,264,286	5,379,415	4,371,025	1,362,147	1,080,344	6,826,494	7,158,211	5,665	-	(3,712,082)	(3,584,249)	18,590,095	17,502,287
Cost of sales	(3,740,130)	(4,047,016)	(3,926,186)	(3,978,748)	(4,561,187)	(3,805,709)	(1,098,513)	(887,154)	(5,622,107)	(5,963,407)	(2,356)	-	3,712,082	3,584,249	(15,238,397)	(15,097,785)
Gross profit	665,595	165,654	396,545	285,538	818,228	565,316	263,634	193,190	1,204,387	1,194,804	3,309	-	-	-	3,351,698	2,404,502
Distribution cost	(82,472)	(89,115)	(138,845)	(131,765)	(354,872)	(254,327)	(94,913)	(61,864)	(555)	-	-	-	-	-	(671,657)	(537,071)
Administrative expenses	(58,217)	(51,274)	(48,639)	(48,168)	(101,493)	(72,377)	(18,244)	(14,437)	(36,549)	(25,201)	(774)	-	-	-	(263,916)	(211,457)
	(140,689)	(140,389)	(187,484)	(179,933)	(456,365)	(326,704)	(113,157)	(76,301)	(37,104)	(25,201)	(774)	-	-	-	(935,573)	(748,528)
Profit before taxation and unallocated income and expenses	524,906	25,265	209,061	105,605	361,863	238,612	150,477	116,889	1,167,283	1,169,603	2,535	-	-	-	2,416,125	1,655,974
Unallocated income and expenses:																
Other operating expenses															(65,004)	(95,295)
Other operating income															457,186	322,677
Finance cost															(1,094,067)	(1,165,332)
Share of profit from associated companies															630,405	164,863
Taxation															(140,448)	(218,351)
Profit after taxation															2,204,197	664,536

12.3 Reconciliation of reportable segment assets

	Spinning		Weaving		Processing & Home Textile		Garments		Power Generation		Hotel		Total- Group	
	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited
	Sep 2012	Jun 2012	Sep 2012	Jun 2012	Sep 2012	Jun 2012	Sep 2012	Jun 2012	Sep 2012	Jun 2012	Sep 2012	Jun 2012	Sep 2012	Jun 2012
	(Rupees in thousand)													
Total assets for reportable segments	7,862,202	8,318,490	5,582,359	5,072,193	11,164,772	10,034,118	2,019,691	2,290,564	30,115,091	31,383,994	263,410	218,040	57,007,525	57,317,399
Unallocated assets:														
Long term investments													32,429,339	29,853,657
Other receivables													988,658	969,638
Cash and bank balances													2,644,765	2,500,666
Other corporate assets													2,885,959	2,330,177
Total assets as per balance sheet													95,956,246	92,971,537

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, key management personnel and provident fund trust. The Group in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties are as follows:

	Quarter ended 30 September 2012	Quarter ended 30 September 2011
	(Rupees in thousand)	
Associated companies		
Purchase of goods and services	3,176	15,289
Sale of goods and services	63	236
Rental income	53	2,147
Sale of operating fixed assets	1,327	-
Insurance premium paid	44,919	99,517
Insurance claim received	4,291	3,467
Profit on term deposit receipt	7,980	-
Subscription paid	1,250	1,000
Other related parties		
Purchase of goods and services	4,954	-
Sale of goods and services	25,845	1,095
Group's contribution to provident fund trust	28,815	24,939
Remuneration paid to Chief Executive Officer, Directors and Executives of the Holding Company	123,469	83,099

15 FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Group for the year ended 30 June 2012.

16 DATE OF AUTHORIZATION FOR ISSUE

This consolidated condensed interim financial information was approved by the Board of Directors and authorized for issue on 25 October 2012.

17 CORRESPONDING FIGURES

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

18 GENERAL

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

Chief Executive Officer | Director

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