



Nishat Mills Limited
Third Quarter Report
For the Period ended 31 March 2010

CONTENTS

Nishat Mills Limited

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

Nishat Mills Limited and its Subsidiaries

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

COMPANY INFORMATION

BOARD OF DIRECTORS:

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

AUDIT COMMITTEE:

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

CHIEF FINANCIAL OFFICER:

Mr. Badar-ul-Hassan

COMPANY SECRETARY:

Mr. Khalid Mahmood Chohan

AUDITORS:

Riaz Ahmad & Company	Chartered Accountants
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LEGAL ADVISOR:

Mr. M. Aurangzeb Khan, Advocate,
Chamber No. 6, District Court,
Faisalabad.

BANKERS TO THE COMPANY:

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

MILLS:

Nishatabad, Faisalabad.	(Spinning units & Power plant)
12 K.M. Faisalabad Road, Sheikhupura.	(Weaving units & Power plant)
21 K.M. Ferozepur Road, Lahore.	(Stitching unit)
5 K.M. Nishat Avenue Off 22 K.M. Ferozepur Road, Lahore.	(Weaving, Dyeing & Finishing unit, Processing unit, Stitching unit and Power plant)
7 K.M. Nishat Avenue Off: 22 K.M. Ferozepur Road, Lahore.	(Apparel Unit)
20 K.M. Sheikhupura Faisalabad Road, Feroze Watwan.	(Spinning unit & Power plant)

REGISTERED OFFICE & SHARES DEPARTMENT

Nishat House,
53 - A, Lawrence Road, Lahore.
Tel: 042-36360154, 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.nishatmills.com

LIAISON OFFICE:

1st Floor, Karachi Chambers,
Hasrat Mohani Road, Karachi.
Tel: 021-32414721-23
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NISHAT MILLS LIMITED

**UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL INFORMATION
FOR THE PERIOD ENDED
31 MARCH 2010**

DIRECTORS' REPORT

Operating Results

We are pleased to present financial information of Nishat Mills Limited ("the Company") for the period ended March 31, 2010. The after tax profit of the Company in the nine months period ended March 31, 2010 has significantly increased to Rs 1,810.674 million compared to Rs 1,100.421 million in the corresponding period ended March 31, 2009, showing an increase of 64.54 %. Similarly, the gross profit for the current period has increased to Rs 4,076.012 million compared to Rs 3,495.323 million in the previous corresponding period. The significant increase in gross profit and net profit is mainly attributable to increase in quantities and prices of the products manufactured and sold by the Company. All business segments of the Company have contributed towards excellent results in the current period over the previous corresponding period, however, spinning business of the Company has performed tremendously well in the current period. Our spinning business through effective planning, timely investment in cotton and excellent production facilities has grasped optimum benefits offered by the sharp rise in demand of cotton yarn and its selling prices. Also our timely investment in garments segment has started showing positive results and this segment has earned good profit in the current period of nine months.

Financial highlights	Nine months period ended March 31		Increase / (decrease) % age
	2010	2009 (Restated)	
Net sales ('000' Rs)	22,328,698	18,066,232	23.59
Gross profit ('000' Rs)	4,076,012	3,495,323	16.61
Pre-tax profit ('000' Rs)	2,050,674	1,311,421	56.37
After tax profit ('000' Rs)	1,810,674	1,100,421	64.54
Gross profit (%)	18.25	19.35	
After tax profit (%)	8.11	6.09	
Earnings per share (Rs)	7.47	6.79	

Furthermore, the Company has been able to reduce its finance cost by 28.26% (March 2009: Rs 1,127.478 million, March 2010: Rs 808.800 million) in the current period compared to the previous corresponding period owing to huge profits earned by the Company, interest rates subsidy given by the Government and more effective funds management.

Market Review and Future Prospects

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

Nishat Mills did extremely well during the first nine months of the current financial year and achieved 23.59% growth in net revenue from the previous corresponding period. Overall textile industry of Pakistan has been going through a tough period due to the effects of global economic recession and serious internal problems of the country. Despite all the challenges, Nishat achieved this success through full utilization of its production capacity, effective business planning, aggressive marketing strategy, strong customer base and diversified product range.

In the future we foresee more challenges which include tough competition from neighboring countries and slower sales of textile products in US and European markets. As evident from our results in the current period we are keeping close eye on market situation and taking proactive measures to mitigate the impact of emerging challenges. As a part of our future marketing strategy

we are exploring new avenues and particularly focusing on developing work wear business. We believe that addition of this business will enable us to fill our capacities in the lean months and will result in consistent growth of business throughout the year.

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

Spinning

During the first nine months of the current financial year, cotton prices have increased overall owing mainly to reduction in cotton imports, reduced cotton crop of China and increasing demand of cotton yarn in the Far East. During the current period, China has appeared as the major importer of cotton. Moreover, during the current quarter ended 31 March 2010, the Government of Pakistan in a measure to control the cotton yarn prices in the domestic market restricted the export of yarn by imposing quantitative quota on cotton yarn export thus significantly affecting the spinning business. Despite all these challenges, overall increase in demand of cotton yarn and higher selling prices increased the profitability for spinners.

Nishat Mills Limited once again was successful in maintaining its profitability with its timely investment in cotton to stabilize fluctuations in the cotton prices. Moreover, we have obtained a stay order from the Sindh High Court against the quota imposition by the Government of Pakistan.

Yarn	Nine months period ended March 31		Increase / (decrease)	
	2010	2009	Value	% age
Sale ('000' Kgs)	27,699	23,437	4,262	18.18
Rate/Kg	222.76	181.11	41.65	22.99
Sale ('000' Rs)	6,170,229	4,244,675	1,925,554	45.36

Furthermore, during the first nine months of the current financial year Nishat has upgraded its machinery with erection of most modern and efficient Ring Frames and Cone Winding machines in two spinning units and replacement of similar machines of other units to help increase automation, reduce labour cost and produce better quality yarn. We are in the process of installing Yarn Dyeing facility of 7 Tons / day which is expected to start operating by July 1, 2010.

Weaving

Textile industry has shown a slow recovery from the economic recession during the first nine months of the current financial year. Businesses in general have remained on the slower side but we have managed to maintain our business volumes by having a vast range of customers and specialized products. We have managed to increase our work wear and military uniform business together with increasing the abrasive fabric business mainly due to revival of the car industry, however, fashion business is still slow owing to immense pressure on prices.

As per the trend in the first half of the current financial year, the current quarter ended March 31, 2010 also witnessed sharp rise in cotton and yarn prices which could not be fully passed on to our customers. It has been very difficult to get appropriate price increase from the customers in Europe. Consequently, our margins have decreased and are expected to further decrease in future owing to the market expectation of shortage of cotton in the domestic market, strengthening of the Rupee against the Dollar, further increase in yarn prices and customers' unwillingness to increase grey fabric prices. Our strategy once again will be to focus and retain our valuable customers which will only be possible by keeping prices low (reducing margins) and keep on getting business volume.

Grey Cloth	Nine months period ended March 31		Increase / (decrease)	
	2010	2009	Value	% age
Sale ('000' Mtrs)	33,253	36,818	(3,565)	(9.68)
Rate/Mtr	120.46	113.32	7.14	6.30
Sale ('000' Rs)	4,005,656	4,172,216	(166,560)	(3.99)

Recently we have installed 50 new state of the art Toyota air jet looms to expand our production capacity at one of our units. Focus on reducing our production costs through better production facilities and new products and niche marketing are keys to success going forward.

Processing and Home Textile

First nine months of the current financial year were exceptionally tough for the processing and home textile sector of textile industry of Pakistan. The markets have been very volatile owing to impact of global economic recession, significant increase in cotton, yarn and grey fabric prices and lower demand in international markets. During this period, slight easing out of global economic recession in American and European markets had a positive impact on our business. Despite these challenges, we have achieved significant growth in our net revenue and profitability level. It was extremely difficult task but our proactive marketing approach, strong relationship with customers, large production facilities, own power generation facilities, ability to utilize alternative energy sources and vertical integration of entire textile process made this possible for us. We expect that in future there will be more challenges due to tough competition from neighboring countries. In order to cope with these circumstances we are taking all necessary measures, which include negotiating prices with all customers based on current market conditions, focusing on maintaining certain contribution margins and retaining key customers in this difficult period. Using our long and strong customer relationship we have already been able to get the small increase in our prices from some of our major customers, however, increase in our production costs still could not be fully passed on to the customers.

Meanwhile, some more businesses were developed by us that improved our exports. In particular Turkish and Spanish markets and new customers like Angore, Next, Kohls, HLL etc have significantly contributed towards enabling us to utilize our optimum production and stitching capacities. Also dried out stocks of some major retailers owing to slight increase in their market demand on Thanksgiving and Christmas helped us improve our revenue. We have been able to maintain our position as one of the largest exporters of Pakistan's textile industry.

Processing and Home Textile	Nine months period ended March 31		Increase / (decrease)	
	2010	2009	Value	% age
Sale ('000' Mtrs)	50,602	43,905	6,697	15.25
Rate/Mtr	179.97	173.46	6.51	3.75
Sale ('000' Rs)	9,106,842	7,615,761	1,491,081	19.58

Moreover, we have upgraded our processing plant with the narrow width printing machine. One hundred stitching machines were also installed along with the switch-track system that will enhance the working efficiency enormously besides the improved product quality.

Garments

Our commitment to provide world class products to our high end customers resulted in very good results in the first nine months of the current financial year showing significant increase in our sale quantity and profitability. Nishat Apparel produces close to half a million garments

every month making it one of the largest export oriented apparel units of the country under one roof. Professionalism, systematic approach, clear cut future strategies and investments in human resource are our hallmarks. This labor intensive project provides a great employment opportunity to a large number of households in the area. Our future strategies include investments in building and machineries, thus increasing the capacities to well over 600,000 units / month and in this regards we have already ordered world's best laundry machines in order to increase our capacities.

Garments	Nine months period ended March 31		Increase / (decrease)	
	2010	2009	Value	% age
Sale ('000' Pcs)	3,525	1,904	1,621	85.14
Rate/Pc	503.04	408.30	94.74	23.20
Sale ('000' Rs)	1,773,216	777,403	995,813	128.09

During the current period, we have launched a fully operational product development department to create a client focused development process through research. With these changes, continuous growth and tremendous customer support, we believe Nishat Apparel will show great results in future.

Power Generation

Nishat Mills has installed most modern captive power plants at all its sites to keep running with a low cost power at all the divisions like Spinning, Weaving, Processing and Stitching and Garment units without any failures. This also played a vital role to maintain an extra ordinary record of timely shipments. The plants are based on natural gas fired generators which besides generating electricity efficiently produce steam through exhaust gas and chilling through hot water from engine cooling system. This concept utilizes the fuel to the fullest. In order to mitigate the power crises being faced by the country, Nishat Mills is supplying surplus power from its different sites to PEPCO distribution companies.

Subsidiaries and Consolidated Financial Statements

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

Increase in share capital

In order to increase the share capital of the Company, the Board of Directors has issued Ordinary Right Shares to the existing shareholders of the Company @ 45% to be paid at Rs 40 per share including premium of Rs 30 per share.

Acknowledgment

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

For and on behalf of the Board of Directors

Mian Umer Mansha
Chief Executive / Chairman
 Lahore: April 24, 2010

**UNCONSOLIDATED CONDENSED INTERIM BALANCE SHEET
AS AT 31 MARCH 2010**

	Note	Un-audited 31 March 2010 (Rupees in thousand)	Audited 30 June 2009
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
1,100,000,000 (30 June 2009: 1,100,000,000) ordinary shares of Rupees 10 each		11,000,000	11,000,000
Issued, subscribed and paid up share capital			
242,482,654 (30 June 2009: 242,482,654) ordinary shares of Rupees 10 each		2,424,827	2,424,827
Reserves		22,459,692	16,905,940
Total equity		24,884,519	19,330,767
NON-CURRENT LIABILITIES			
Long term financing- secured	5	2,668,781	2,334,411
Deferred income tax liability		329,882	245,243
		2,998,663	2,579,654
CURRENT LIABILITIES			
Trade and other payables		1,800,050	1,309,658
Accrued markup		218,641	202,777
Short term borrowings		8,944,866	7,342,600
Current portion of long term financing- secured	5	1,037,459	433,313
Provision for taxation		288,160	313,917
		12,289,176	9,602,265
Total liabilities		15,287,839	12,181,919
CONTINGENCIES AND COMMITMENTS			
	6		
TOTAL EQUITY AND LIABILITIES		40,172,358	31,512,686

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

CHIEF EXECUTIVE OFFICER

	Note	Un-audited 31 March 2010 (Rupees in thousand)	Audited 30 June 2009
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	11,622,000	11,199,635
Investment properties	8	134,134	41,049
Long term investments		15,906,182	11,952,949
Long term loans	9	492,947	12,367
Long term deposits and prepayments		14,918	11,848
		28,170,181	23,217,848
CURRENT ASSETS			
Stores, spare parts and loose tools		615,039	561,251
Stock-in-trade		6,660,010	4,092,512
Trade debts		1,498,510	1,300,366
Loans and advances		397,494	462,025
Short term deposits and prepayments		64,981	29,880
Other receivables		662,768	323,000
Short term investments		1,943,028	1,414,310
Cash and bank balances		160,347	111,494
		12,002,177	8,294,838
TOTAL ASSETS		40,172,358	31,512,686

DIRECTOR

**UNCONSOLIDATED CONDENSED INTERIM PROFIT AND
LOSS ACCOUNT (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2010**

	Note	PERIOD ENDED		QUARTER ENDED	
		31 March 2010	31 March 2009 (Restated)	31 March 2010	31 March 2009 (Restated)
----- (Rupees in thousand) -----					
SALES		22,328,698	18,066,232	8,176,405	5,582,093
COST OF SALES	10	(18,252,686)	(14,570,909)	(6,589,867)	(4,874,106)
GROSS PROFIT		4,076,012	3,495,323	1,586,538	707,987
DISTRIBUTION COST		(1,171,483)	(989,032)	(427,697)	(308,391)
ADMINISTRATIVE EXPENSES		(403,914)	(326,903)	(143,148)	(106,581)
OTHER OPERATING EXPENSES	11	(199,300)	(190,776)	(71,615)	(9,112)
		(1,774,697)	(1,506,711)	(642,460)	(424,084)
		2,301,315	1,988,612	944,078	283,903
OTHER OPERATING INCOME		558,159	450,287	222,577	133,550
PROFIT FROM OPERATIONS		2,859,474	2,438,899	1,166,655	417,453
FINANCE COST		(808,800)	(1,127,478)	(261,972)	(390,322)
PROFIT BEFORE TAXATION		2,050,674	1,311,421	904,683	27,131
PROVISION FOR TAXATION		(240,000)	(211,000)	(104,500)	(64,500)
PROFIT/(LOSS) AFTER TAXATION		1,810,674	1,100,421	800,183	(37,369)
EARNINGS PER SHARE- BASIC AND DILUTED (RUPEES)		7.47	6.79	3.30	(0.23)

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 (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2010**

	PERIOD ENDED		QUARTER ENDED	
	31 March 2010	31 March 2009	31 March 2010	31 March 2009
		(Restated)		(Restated)
	----- (Rupees in thousand) -----			
PROFIT/(LOSS) AFTER TAXATION	1,810,674	1,100,421	800,183	(37,369)
OTHER COMPREHENSIVE INCOME				
Surplus / (deficit) on remeasurement of available for sale investments	4,312,682	(12,056,347)	350,290	1,318,457
Deferred income tax relating to surplus on available for sale investments	(84,639)	273,869	-	-
Other comprehensive income / (loss) for the period - net of tax	4,228,043	(11,782,478)	350,290	1,318,457
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	6,038,717	(10,682,057)	1,150,473	1,281,088

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

**UNCONSOLIDATED CONDENSED INTERIM CASH FLOW
STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2010**

Note	PERIOD ENDED		
	31 March 2010	31 March 2009 (Restated)	
(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (utilized in) / generated from operations	12	555,409	1,667,020
Finance cost paid		(792,936)	(1,078,509)
Income tax paid		(248,358)	(189,175)
Gratuity paid		-	(3,746)
Net increase in long term loans		(12,082)	(4,695)
Net increase in long term deposits and prepayments		(2,201)	(1,264)
Net cash (utilized in) / generated from operating activities		(500,168)	389,631
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		82,062	24,298
Proceeds from sale of investment		430,000	-
Long term loan to subsidiary company		(472,885)	-
Dividends received		417,379	379,770
Investments made		(567,168)	(1,248,881)
Capital expenditure on property, plant and equipment		(1,400,216)	(832,903)
Net cash used in investing activities		(1,510,828)	(1,677,716)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		1,324,757	1,137,500
Proceeds from right shares issued		-	1,997,321
Repayment of long term financing		(386,241)	(708,112)
Short term borrowings - net		1,602,266	(486,298)
Dividend paid		(480,933)	(392,554)
Net cash from financing activities		2,059,849	1,547,857
Net increase in cash and cash equivalents		48,853	259,772
Cash and cash equivalents at the beginning of the period		111,494	76,549
Cash and cash equivalents at the end of the period		160,347	336,321

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 (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2010**

(RUPEES IN THOUSAND)

	RESERVES										TOTAL EQUITY
	CAPITAL RESERVES			REVENUE RESERVES				Total			
	SHARE CAPITAL	Premium on issue of right shares	Fair Value reserve	Sub Total	General reserve	Amalgama- tion reserve	Unappropri- ated profit	Sub Total	Total		
Balance as at 01 July 2008 – (audited) - restated	1,597,857	1,027,622	10,428,151	11,455,773	7,974,028	476,105	4,988,307	13,438,440	24,894,213	26,492,070	
Final dividend for the year ended 30 June 2008	-	-	-	-	-	-	-	-	-	-	
@ Rupees 2.5 per share	-	-	-	-	-	-	-	-	-	-	
Right shares issued during the period	798,929	1,198,392	-	1,198,392	-	-	(399,464)	(399,464)	(399,464)	(399,464)	
Transfer to general reserve	-	-	-	-	4,870,000	-	(4,870,000)	-	1,198,392	1,997,321	
Total comprehensive income / (loss) for the period ended 31 March 2009	-	-	(11,782,478)	(11,782,478)	-	-	1,100,421	1,100,421	(10,682,057)	(10,682,057)	
Balance as at 31 March 2009 - (Un-audited)	2,396,786	2,226,014	(1,354,327)	871,687	12,844,028	476,105	819,264	14,139,397	15,011,084	17,407,870	
Issue of shares under scheme of amalgamation	28,041	-	-	-	(28,041)	-	-	(28,041)	(28,041)	-	
Excess of net assets acquired in Nishat Apparel Limited	-	-	-	-	(448,064)	448,064	-	-	-	-	
Total comprehensive income for the period ended 30 June 2009	-	-	1,755,317	1,755,317	-	-	167,580	167,580	1,922,897	1,922,897	
Balance as at 30 June 2009 - (audited)	2,424,827	2,226,014	400,990	2,627,004	12,844,028	-	1,434,908	14,278,936	16,905,940	19,330,767	
Final dividend for the year ended 30 June 2009 @ Rupees 2 per share	-	-	-	-	-	-	(484,965)	(484,965)	(484,965)	(484,965)	
Transfer to general reserve	-	-	-	-	948,000	-	(948,000)	-	-	-	
Total comprehensive income for the period ended 31 March 2010	-	-	4,228,043	4,228,043	-	-	1,810,674	1,810,674	6,038,717	6,038,717	
Balance as at 31 March 2010 - (Un-audited)	2,424,827	2,226,014	4,629,033	6,855,047	13,792,028	-	1,812,617	15,604,645	22,459,692	24,884,519	

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 (UN-AUDITED) FOR THE PERIOD ENDED 31 MARCH 2010

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 shareholders as required by section 245 of the Companies Ordinance, 1984. This unconsolidated condensed interim financial information has been prepared in accordance with the International Accounting Standard (IAS) 34 "Interim Financial Reporting" as applicable in Pakistan and notified by the Securities and Exchange Commission of Pakistan (SECP). This unconsolidated condensed interim financial information should be read in conjunction with the audited annual published financial statements for the year ended 30 June 2009.

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 2009.

The following amendments to publish approved accounting standards and standards relevant to the company have been adopted in the current period:

IFRS 8 'Operating Segments' introduces the 'management approach' to segment reporting. It requires presentation and disclosure of segment information based on internal reports regularly reviewed by the Company's chief operating decision maker in order to assess each segment's performance and to allocate resources to them. The adoption of IFRS 8 has resulted in certain additional disclosures in the unconsolidated condensed interim financial information. Following accounting policy of segment reporting has been adopted during the period:

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker who is responsible for allocating resources and assessing performance of the operating segments.

IAS 1 (Revised) 'Presentation of Financial Statements'. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in performance statement. Companies can choose whether to present one performance statement (the statement of comprehensive income) or two statements (profit and loss account and statement of comprehensive income). The company has preferred to present two statements; a profit and loss account and a

statement of comprehensive income. In this unconsolidated condensed interim financial information, comparative information has been re-presented in conformity with the revised standard. Since this change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

In addition to above, there are other new standards and amendments to publish approved accounting standards which are mandatory for financial statements for annual periods beginning on or after 01 January 2009 and are also relevant to the company. However, the adoption of these new standards and amendments to standards did not have any significant impact on this unconsolidated condensed interim financial information of the company, therefore, are not analyzed in detail.

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 judgement in the process of applying the company's accounting policies. Estimates and judgements 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 judgements 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 2009.

	Un-audited 31 March 2010 (Rupees in thousand)	Audited 30 June 2009
5. LONG TERM FINANCING - SECURED		
Opening balance	2,767,724	2,350,837
Add: Obtained during the period / year	1,324,757	1,175,000
Less: Repaid during the period / year	386,241	758,113
	3,706,240	2,767,724
Closing balance	3,706,240	2,767,724
Less: Current portion shown under current liabilities	1,037,459	433,313
	2,668,781	2,334,411

6. CONTINGENCIES AND COMMITMENTS

Contingencies

- i) The company is contingently liable for Rupees 87.321 million (30 June 2009: Rupees 86.313 million) on account of central excise duty not acknowledged as debt as the cases are pending before Court.
- ii) Guarantees of Rupees 446.439 million (30 June 2009: Rupees 421.751 million) are given by the banks of the company to Sui Northern Gas Pipelines Limited against gas connections, Shell Pakistan Limited against purchase of furnace oil, Director Excise and Taxation, Karachi and Collector of Customs, Excise and Sales tax against infrastructure cess.
- iii) Post dated cheques of Rupees 531.658 million (30 June 2009: Rupees 284.473 million) are issued to customs authorities in respect of duties on imported material availed on the basis of consumption and export plans. If documents of exports are not provided on due dates, cheques issued as security shall be encashable.
- iv) The company has given following guarantees on behalf of Nishat Power Limited - subsidiary company:
 - (a) Performance guarantee of USD 1 million [Pak Rupees 84.30 million] (30 June 2009: USD 1 million [Pak Rupees 81.470 million]) in favour of Private Power and Infrastructure Board to secure performance of Nishat Power Limited under Implementation Agreement and Power Purchase Agreement.
 - (b) Irrevocable standby letters of credit of Rupees 430 million (30 June 2009: Rupees 410 million) for equity injection and Rupees Nil (30 June 2009: 147.120 million) for positive cost overrun, in accordance with Project Funds Agreement, in favour of security trustee of syndicated lenders of Nishat Power Limited.

Commitments

- i) Contracts for capital expenditure are Rupees 654.336 million (30 June 2009: Rupees 161.498 million).
- ii) Letters of credit other than for capital expenditure are Rupees 485.381 million (30 June 2009: Rupees 296.719 million).

Un-audited	Audited
31 March	30 June
2010	2009
(Rupees in thousand)	

7. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets (Note 7.1)	10,750,591	11,102,355
Capital work in progress (Note 7.2)	871,409	97,280
	11,622,000	11,199,635

	Un-audited 31 March 2010 (Rupees in thousand)	Audited 30 June 2009
7.1 OPERATING FIXED ASSETS		
Opening book value	11,102,355	11,188,560
Add: Cost of additions during the period / year (Note 7.1.1)	626,087	1,102,080
Less: Book value of assets transferred to investment properties during the period / year (Notes 7.1.2)	97,853	43,637
	11,630,589	12,247,003
Less: Book value of deletions during the period / year (Note 7.1.3)	73,447	27,717
	11,557,142	12,219,286
Less: Depreciation charged for the period / year	806,551	1,116,931
	10,750,591	11,102,355
7.1.1 Cost of additions		
Freehold land	120,279	58,761
Buildings on freehold land	79,599	141,776
Plant and machinery	346,062	770,065
Electric installations	5,971	18,804
Factory equipment	6,061	31,974
Furniture, fixtures and office equipment	15,582	26,910
Computer equipment	8,104	6,180
Vehicles	44,429	47,610
	626,087	1,102,080
7.1.2 Book value of assets transferred to investment properties		
Freehold land	56,632	18,756
Buildings on freehold land	41,221	24,881
	97,853	43,637
7.1.3 Book value of deletions		
Plant and machinery	62,886	12,760
Electric installations	1,705	1,656
Factory equipment	395	2,021
Furniture, fixtures and office equipment	59	581
Computer equipment	50	-
Vehicles	8,352	10,699
	73,447	27,717

	Un-audited 31 March 2010 (Rupees in thousand)	Audited 30 June 2009
7.2 CAPITAL WORK-IN-PROGRESS		
Buildings on freehold land	91,179	30,756
Plant and machinery	770,846	62,064
Electric installations	392	54
Letters of credit against machinery	781	402
Advances against furniture and office equipment	57	1,738
Advances for purchase of vehicles	8,154	2,266
	871,409	97,280
8. INVESTMENT PROPERTIES		
Opening book value	41,049	-
Add: Transfer from operating fixed assets during the period / year (Note 7.1.2)	97,853	43,637
Less: Depreciation charged for the period / year	4,768	2,588
	134,134	41,049

9. LONG TERM LOANS

These include subordinated long term loan of Rupees 472.88 million (30 June 2009: Nil) given to Nishat Power Limited - subsidiary company. This loan is unsecured and carries markup at the rate of 3 months KIBOR plus 2% payable on quarterly basis. The principal amount will be repaid in bullet payment on 24 September 2014.

(Un-audited)

PERIOD ENDED		QUARTER ENDED	
31 March 2010	31 March 2009	31 March 2010	31 March 2009
	(Restated)		(Restated)

----- (Rupees in thousand) -----

10. COST OF SALES

Raw materials consumed	5,350,997	4,420,832	1,806,061	1,429,120
Cloth and yarn purchased / used	7,246,484	4,620,517	2,864,637	1,251,550
Processing charges	91,913	49,157	30,321	18,829
Salaries, wages and other benefits	1,392,295	1,263,538	465,381	426,610
Staff retirement benefits	39,129	33,550	12,910	11,405
Stores, spare parts and loose tools	1,955,476	1,593,070	675,384	540,796
Packing materials	391,490	342,116	135,414	109,909
Repair and maintenance	216,450	104,811	71,044	34,451
Fuel and power	1,653,845	1,609,552	620,837	502,940
Insurance	20,151	20,851	6,772	6,987
Other factory overheads	151,201	193,003	52,625	71,009
Depreciation	761,132	765,179	254,008	258,022
	19,270,563	15,016,176	6,995,394	4,661,628
Work-in-process:				
Opening stock	1,529,335	1,207,658	1,913,290	1,618,711
Closing stock	(2,195,486)	(1,611,880)	(2,195,486)	(1,611,880)
	(666,151)	(404,222)	(282,196)	6,831
Cost of goods manufactured	18,604,412	14,611,954	6,713,198	4,668,459
Finished goods:				
Opening stock	1,164,522	1,154,710	1,392,917	1,401,402
Closing stock	(1,516,248)	(1,195,755)	(1,516,248)	(1,195,755)
	(351,726)	(41,045)	(123,331)	205,647
	18,252,686	14,570,909	6,589,867	4,874,106

(Un-audited)

PERIOD ENDED		QUARTER ENDED	
31 March 2010	31 March 2009	31 March 2010	31 March 2009

(Restated) (Restated)

(Rupees in thousand)

11. OTHER OPERATING EXPENSES

Workers' profit participation fund	108,504	76,967	48,587	4,676
Workers' welfare fund	41,850	29,192	18,462	1,777
Provision for doubtful debts	9,000	80,458	3,000	-
Impairment loss on investment	-	2,659	-	2,659
Provision for slow moving stores, spare parts and loose tools	31,895	-	-	-
Provision for dead and slow moving stock-in-trade	2,783	-	-	-
Depreciation on investment properties	4,768	-	1,566	-
Donations (Note 11.1)	500	1,500	-	-
	199,300	190,776	71,615	9,112

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

(Un-audited)

PERIOD ENDED	
31 March 2010	31 March 2009

(Restated)

(Rupees in thousand)

12. CASH GENERATED FROM OPERATIONS

Profit before taxation	2,050,674	1,311,421
Adjustments for non-cash charges and other items:		
Depreciation	811,319	808,720
Provision for doubtful debts	9,000	80,458
Provision for slow moving stores, spare parts and loose tools	31,895	-
Provision for dead and slow moving stock in trade	2,783	-
Gain on sale of property, plant and equipment	(8,615)	(2,147)
Gain on sale of investment	(32,000)	-
Dividend income	(421,936)	(379,770)
Exchange difference on investment in foreign subsidiary	(101)	(82)
Impairment loss on investment	-	2,659
Finance cost	808,800	1,127,478
Working capital changes (Note 12.1)	(2,696,410)	(1,281,717)
	555,409	1,667,020

12.1 Working capital changes

(Increase) / decrease in current assets:

- Stores, spare parts and loose tools	(85,683)	(106,878)
- Stock in trade	(2,570,281)	(989,264)
- Trade debts	(207,144)	(391,177)
- Loans and advances	51,519	(18,008)
- Short term deposits and prepayments	(35,970)	(23,868)
- Other receivables	(335,211)	19,712
	(3,182,770)	(1,509,483)
Increase in trade and other payables	486,360	227,766
	(2,696,410)	(1,281,717)

12.2 The Company has bank account balances of Rupees 39.182 million (31 March 2009: Rupees 55.177 million) with an associated company at 31 March 2010.

14. 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. Detail of transactions with related parties are as follows:

				(Un-audited)	
PERIOD ENDED		QUARTER ENDED			
31 March	31 March	31 March	31 March		
2010	2009	2010	2009		
(Restated)		(Restated)			
----- (Rupees in thousand) -----					
Subsidiary companies					
Investment made	510,885	1,136,139	-	803,200	
Share deposit money	510,885	1,123,539	-	803,200	
Long term loan given	472,885	-	-	-	
Interest on long term loan	22,330	-	16,732	-	
Purchase of goods and services	12,324	9,641	4,777	4,979	
Sale of operating fixed assets	34	-	-	-	
Associated companies					
Investment made	-	125,343	-	118,177	
Purchase of goods and services	9,117	8,559	4,247	2,775	
Rent received	4,950	-	1,650	-	
Purchase of operating fixed assets	-	2,129	-	1,459	
Sale of operating fixed assets	-	800	-	800	
Dividend received	416,663	379,420	167,336	108,660	
Dividend paid	43,515	52,564	-	-	
Insurance premium paid	56,424	51,270	21,991	23,287	
Insurance claims received	12,814	11,848	5,556	2,080	
Subscription paid	713	-	150	-	
Other related parties					
Investment made	56,283	-	-	-	
Dividend received	5,274	-	2,082	-	
Purchase of goods and services	149,089	86,279	37,249	42,106	
Sale of goods and services	134,510	64,786	49,244	32,716	
Sale of operating fixed assets	-	1,951	-	551	
Company's contribution to provident fund trust	53,379	43,598	17,710	14,806	
Remuneration paid to Chief Executive Officer, Directors and Executives	96,773	73,164	32,521	25,463	

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 2009.

16. DATE OF AUTHORIZATION FOR ISSUE

This unconsolidated condensed interim financial information was approved by the Board of Directors and authorized for issue on 24 April 2010.

17. CORRESPONDING FIGURES

Corresponding figures of unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim cash flow statement, unconsolidated condensed interim statement of changes in equity together with the notes forming part thereof have been restated and include amounts pertaining to Nishat Apparel Limited pursuant to its amalgamation with Nishat Mills Limited which was effective from 01 July 2008.

18. GENERAL

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

NISHAT MILLS LIMITED AND ITS SUBSIDIARIES

**CONSOLIDATED CONDENSED INTERIM
FINANCIAL INFORMATION
FOR THE PERIOD ENDED
31 MARCH 2010**

**CONSOLIDATED CONDENSED INTERIM BALANCE SHEET
AS AT 31 MARCH 2010**

	Note	Un-audited 31 March 2010	Audited 30 June 2009 (Restated)
(Rupees in thousand)			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
1,100,000,000 (30 June 2009: 1,100,000,000) ordinary shares of Rupees 10 each		11,000,000	11,000,000
Issued, subscribed and paid up share capital			
242,482,654 (30 June 2009: 242,482,654) ordinary shares of Rupees 10 each		2,424,827	2,424,827
Reserves		26,131,982	22,113,616
Equity attributable to equity holders of the parent		28,556,809	24,538,443
Minority interest		1,544,282	1,026,852
Total equity		30,101,091	25,565,295
NON-CURRENT LIABILITIES			
Long term financing- secured Deferred income tax liability	6	16,349,432 334,035	13,730,957 249,396
		16,683,467	13,980,353
CURRENT LIABILITIES			
Trade and other payables		1,845,671	1,318,088
Accrued markup		795,523	638,872
Short term borrowings		9,725,716	7,342,600
Current portion of long term financing- secured	6	1,520,348	686,753
Provision for taxation		298,485	315,918
		14,185,743	10,302,231
Total liabilities		30,869,210	24,282,584
CONTINGENCIES AND COMMITMENTS			
	7		
TOTAL EQUITY AND LIABILITIES		60,970,301	49,847,879

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

CHIEF EXECUTIVE OFFICER

	Note	Un-audited 31 March 2010 (Rupees in thousand)	Audited 30 June 2009 (Restated)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	28,027,546	26,170,143
Investment properties	9	134,134	41,049
Long term investments		17,780,378	15,546,837
Long term loans		20,062	12,367
Long term deposits and prepayments		15,255	12,174
		45,977,375	41,782,570
CURRENT ASSETS			
Stores, spare parts and loose tools		759,762	561,251
Stock-in-trade		7,611,336	4,092,641
Trade debts		1,675,481	1,300,366
Loans and advances		398,473	462,256
Short term deposits and prepayments		65,479	30,491
Other receivables		870,201	331,255
Short term investments		1,735,998	1,116,185
Cash and bank balances		1,876,196	170,864
		14,992,926	8,065,309
TOTAL ASSETS		60,970,301	49,847,879

DIRECTOR

**CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS
ACCOUNT (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2010**

	PERIOD ENDED		QUARTER ENDED	
	31 March 2010	31 March 2009 (Restated)	31 March 2010	31 March 2009 (Restated)
----- (Rupees in thousand) -----				
SALES	22,328,698	18,066,232	8,176,405	5,582,093
COST OF SALES	(18,252,686)	(14,570,909)	(6,589,867)	(4,874,106)
GROSS PROFIT	4,076,012	3,495,323	1,586,538	707,987
DISTRIBUTION COST	(1,171,380)	(988,813)	(427,617)	(308,334)
ADMINISTRATIVE EXPENSES	(417,300)	(330,972)	(144,812)	(109,297)
OTHER OPERATING EXPENSES	(199,300)	(190,776)	(71,615)	(9,112)
	(1,787,980)	(1,510,561)	(644,044)	(426,743)
	2,288,032	1,984,762	942,494	281,244
OTHER OPERATING INCOME	162,930	170,084	66,517	(147,977)
PROFIT FROM OPERATIONS	2,450,962	2,154,846	1,009,011	133,267
FINANCE COST	(812,870)	(1,127,506)	(262,080)	(366,923)
	1,638,092	1,027,340	746,931	(233,656)
SHARE OF PROFIT IN ASSOCIATED COMPANIES	804,024	41,136	264,148	88,811
PROFIT/ (LOSS) BEFORE TAXATION	2,442,116	1,068,476	1,011,079	(144,845)
PROVISION FOR TAXATION	(251,756)	(213,217)	(114,299)	(65,785)
PROFIT/ (LOSS) AFTER TAXATION	2,190,360	855,259	896,780	(210,630)
SHARE OF PROFIT/ (LOSS) ATTRIBUTABLE TO:				
EQUITY HOLDERS OF PARENT	2,188,430	828,350	889,661	(242,435)
MINORITY INTEREST	1,930	26,909	7,119	31,805
	2,190,360	855,259	896,780	(210,630)
EARNINGS PER SHARE- BASIC AND DILUTED (RUPEES)	9.03	5.11	3.67	(1.50)

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 (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2010**

Note	PERIOD ENDED		QUARTER ENDED	
	31 March 2010	31 March 2009 (Restated)	31 March 2010	31 March 2009 (Restated)
	----- (Rupees in thousand) -----			
PROFIT AFTER TAXATION	2,190,360	855,259	896,780	(210,630)
OTHER COMPREHENSIVE INCOME				
Surplus / (deficit) on remeasurement of available for sale investments	2,330,641	(12,120,324)	83,228	1,826,137
Realized through profit and loss account	(18,454)	-	-	-
Deferred income tax relating to surplus on available for sale investments	(84,639)	273,808	-	-
Surplus on revaluation of assets- net of tax	82,172	-	40,566	-
Surplus on revaluation of fixed assets relating to incremental depreciation- net of tax	1,184	-	377	-
	2,310,904	(11,846,516)	124,171	1,826,137
Effect of translation of net investment in foreign branches	3,891	-	(118)	-
Exchange differences on translating foreign operation	106	82	(3)	51
	3,997	82	(121)	51
Other comprehensive income / (loss) for the period - net of tax	2,314,901	(11,846,434)	124,050	1,826,188
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	4,505,261	(10,991,175)	1,020,830	1,615,558
SHARE OF PROFIT/ (LOSS) ATTRIBUTABLE TO:				
EQUITY HOLDERS OF PARENT	4,503,331	(11,018,084)	1,013,711	1,583,753
MINORITY INTEREST	1,930	26,909	7,119	31,805
	4,505,261	(10,991,175)	1,020,830	1,615,558

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

**CONSOLIDATED CONDENSED INTERIM CASH FLOW
STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2010**

	Note	PERIOD ENDED	
		31 March 2010	31 March 2009 (Restated)
(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (utilized in) / generated from operations	12	(853,979)	5,365,151
Finance cost paid		(793,033)	(1,078,536)
Income tax paid		(251,790)	(189,696)
Gratuity paid		-	(3,746)
Net increase in long term loans		(12,082)	(4,695)
Net increase in long term deposits and prepayments		(2,212)	(1,585)
Net cash (utilized in) / generated from operating activities		(1,913,096)	4,086,893
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		82,028	24,298
Dividends received		417,379	379,770
Investments made		(56,283)	(125,342)
Capital expenditure on property, plant and equipment		(2,694,555)	(10,493,530)
Net cash used in investing activities		(2,251,431)	(10,214,804)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		3,838,311	9,103,619
Proceeds from issue of right shares		-	1,997,321
Proceeds from disposal of interest to minority shareholders		515,500	783,300
Cost of issuance of shares		-	(4,015)
Repayment of long term financing		(386,241)	(708,112)
Exchange difference on translation of the net investment in a foreign subsidiary		106	82
Short term borrowings - net		2,383,116	(486,298)
Dividend paid		(480,933)	(392,554)
Net cash from financing activities		5,869,859	10,293,343
Net increase in cash and cash equivalents		1,705,332	4,165,432
Cash and cash equivalents at the beginning of the period		170,864	78,933
Cash and cash equivalents at the end of the period		1,876,196	4,244,365

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 (UN-AUDITED) FOR THE PERIOD ENDED 31 MARCH 2010

1. THE GROUP AND ITS OPERATIONS

The Group consists of:

Holding Company

- Nishat Mills Limited

Subsidiary Companies

-Nishat Power Limited

-Nishat USA, INC.

Nishat Mills Limited

Nishat Mills Limited is a public limited company incorporated in Pakistan under the Companies Act, 1913 (Now Companies Ordinance, 1984) and listed on all Stock Exchanges in Pakistan. Its registered office is situated at 53-A, Lawrence Road, Lahore. The Company is engaged in the business of textile manufacturing and of spinning, combing, weaving, bleaching, dyeing, printing, stitching / apparel, buying, selling and otherwise dealing in yarn, linen, cloth and other goods and fabrics made from raw cotton, synthetic fibre and cloth and to generate, accumulate, distribute, supply and sell electricity.

Nishat Power Limited

Nishat Power Limited is a public limited company incorporated in Pakistan under Companies Ordinance, 1984 and listed on Lahore and Karachi Stock Exchanges in Pakistan. The principal activity of the Company is to build, own, operate and maintain a Residual Furnace Oil (RFO) fired power plant based on Combined Cycle Reciprocating Engine Technology having gross capacity of 200 MW ISO at Jamber Kalan, Tehsil Pattoki, District Kasur, Punjab, Pakistan to carry out the business of power generation and sale to National Transmission and Despatch Company Limited (Through Central Power Purchase Agency) on behalf of Ex-WAPDA Distribution companies. The company has not yet commenced commercial operation. It is currently in the trial run phase and during testing and commissioning it has started exporting test energy to NTDC. The project is expected to start its commercial production during May 2010. Its registered office is situated at 53-A, Lawrence Road, Lahore.

NISHAT USA, INC.

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

2. BASIS OF PREPARATION

This consolidated condensed interim financial information is un-audited and is being submitted to shareholders as required by section 245 of the Companies Ordinance, 1984. This consolidated condensed interim financial information has been prepared in accordance with the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and (IAS) 27 "Consolidated and separate financial statements" as applicable in Pakistan and notified by the Securities and Exchange Commission of Pakistan (SECP). This consolidated condensed interim financial information should be read in conjunction with the audited annual published consolidated financial statements for the year ended 30 June 2009.

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 the preceding audited annual published financial statements of the Group for the year ended 30 June 2009.

The following amendments to publish approved accounting standards and standards relevant to the Group have been adopted in the current period:

IFRS 8 'Operating Segments' introduces the 'management approach' to segment reporting. It requires presentation and disclosure of segment information based on internal reports regularly reviewed by the Group's chief operating decision maker in order to assess each segment's performance and to allocate resources to them. The adoption of IFRS 8 has resulted in certain additional disclosures in the consolidated condensed interim financial information. Following accounting policy of segment reporting has been adopted during the period:

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker who is responsible for allocating resources and assessing performance of the operating segments.

IAS 1 (Revised) 'Presentation of Financial Statements'. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in performance statement. Companies can choose whether to present one performance statement (the statement of comprehensive income) or two statements (profit and loss account and statement of comprehensive income). The Group has preferred to present two statements; a consolidated condensed interim profit and loss account and a consolidated condensed interim statement of comprehensive income. In this consolidated condensed interim financial information, comparative information has been re-presented in conformity with the revised standard. Since this change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

In addition to above, there are other new standards and amendments to publish approved accounting standards which are mandatory for financial statements for annual periods beginning on or after 01 January 2009 and are also relevant to the Group. However, the adoption of these new standards and amendments to standards did not have any significant impact on this consolidated condensed interim financial information of the Group, therefore, are not analyzed in detail.

4. CONSOLIDATION

a) Subsidiary

Subsidiaries are those entities in which Holding Company directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors. The 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.

Intragroup balances and transactions have been eliminated.

Minority interests are that part of net results of the operations and of net assets of subsidiary companies attributable to interest which are not owned by the Holding Company. Minority interests are presented as separate item in this 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 accumulated impairment loss, if any.

The Group's share of its associate's post-acquisition profits or losses is recognized in the profit and loss account, and its share of post-acquisition movements in reserves is recognized in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Distributions received from an associate reduce the carrying amount of the investment.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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 judgement in the process of applying the Group's accounting policies. Estimates and judgements 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 judgements 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 2009.

	Un-audited 31 March 2010 (Rupees in thousand)	Audited 30 June 2009
6. LONG TERM FINANCING - SECURED		
Opening balance	14,417,710	5,192,650
Add: Obtained during the period / year	3,838,311	9,983,173
Less: Repaid during the period / year	386,241	758,113
Closing balance	17,869,780	14,417,710
Less: Current portion shown under current liabilities	1,520,348	686,753
	16,349,432	13,730,957

7. CONTINGENCIES AND COMMITMENTS

Contingencies

- i) Nishat Mills Limited - Holding company is contingently liable for Rupees 87.321 million (30 June 2009: Rupees 86.313 million) on account of central excise duty not acknowledged as debt as the cases are pending before Court.
- ii) Guarantees of Rupees 446.439 million (30 June 2009: Rupees 421.751 million) are given by the banks of the Nishat Mills Limited- Holding Company to Sui Northern Gas Pipelines Limited against gas connections, Shell Pakistan Limited against purchase of furnace oil, Director Excise and Taxation, Karachi and Collector of Customs, Excise and Sales tax against infrastructure cess.
- iii) Post dated cheques of Rupees 531.658 million (30 June 2009: Rupees 284.473 million) are issued by the Nishat Mills Limited- Holding Company to customs authorities in respect of duties on imported material availed on the basis of consumption and export plans. If documents of exports are not provided on due dates, cheques issued as security shall be encashable.
- iv) Moreover, Nishat Mills Limited- Holding Company has given following guarantees on behalf of Nishat Power Limited - subsidiary company:
 - a) Performance guarantee of USD 1 million [Pak Rupees 84.30 million] (30 June 2009: USD 1 million [Pak Rupees 81.470 million]) in favour of Private Power and Infrastructure Board to secure performance of Nishat Power Limited-Subsidiary Company under Implementation Agreement and Power Purchase Agreement.
 - b) Irrevocable standby letters of credit of Rupees 430 million (30 June 2009: Rupees 410 million) for equity injection and Rupees Nil (30 June 2009: 147.120 million) for positive cost overrun, in accordance with Project Funds Agreement, in favour of security trustee of syndicated lenders of Nishat Power Limited-Subsidiary Company.
- v) Nishat Power Limited - Subsidiary Company has issued irrevocable letter of credit of USD 5.370 Million [Pak Rupees 452.661 million] (30 June 2009: USD 5.370 million [Pak Rupees 437.465 million] in favour of National Transmission and Dispatch Company as required under a Power Purchase Agreement.
- vi) Nishat Mills Limited's share in contingencies of associated companies' is Rupees 5,297.239 million (30 June 2009: Rupees 6,400.381 million).

Commitments

- i) Contracts for capital expenditure of the Group are of Rupees 1,405.716 million (30 June 2009: Rupees 1,234.456 million).
- ii) Letters of credit other than for capital expenditure of the Group are of Rupees 546.354 million (30 June 2009: Rupees 296.719 million).
- iii) Nishat Power Limited - Subsidiary Company has entered into a contract for purchase of fuel oil from Shell Pakistan Limited (SPL) for a period of ten years starting from the commercial operations of the power station. Under the terms of the Fuel Supply Agreement, the subsidiary company is not required to buy any minimum quantity of oil from SPL.
- iv) Nishat Power Limited – Subsidiary Company has also entered into an agreement with Wartsila Pakistan (Private) Limited for the operations and maintenance of the power station for a five years period starting from the Commercial Operations Date of the power station.

	Un-audited 31 March 2010 (Rupees in thousand)	Audited 30 June 2009
8. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (Note 8.1)	10,839,775	11,189,711
Capital work-in-progress (Note 8.2)	17,187,771	14,980,432
	28,027,546	26,170,143
8.1 OPERATING FIXED ASSETS		
Opening book value	11,189,711	11,272,588
Add: Cost of additions during the period/year (Note 8.1.1)	629,046	1,106,759
Less: Book value of assets transferred to investment properties during the period / year (Note 8.1.2)	97,853	43,637
	11,720,904	12,335,710
Less: Book value of deletions during the period / year (Note 8.1.3)	73,415	28,099
	11,647,489	12,307,611
Less: Depreciation charged for the period / year	807,714	1,117,900
	10,839,775	11,189,711
8.1.1 Cost of additions		
Freehold land	120,279	58,761
Buildings on freehold land	79,599	141,776
Plant and machinery	346,062	770,065
Electric installations	5,971	18,804
Factory equipment	6,061	31,974
Furniture, fixtures and office equipment	16,589	28,145
Computer equipment	8,681	6,533
Vehicles	45,804	50,701
	629,046	1,106,759
8.1.2 Book value of assets transferred to investment properties		
Freehold land	56,632	18,756
Buildings on freehold land	41,221	24,881
	97,853	43,637
8.1.3 Book value of deletions		
Plant and machinery	62,886	12,760
Electric installations	1,705	1,656
Factory equipment	395	2,021
Furniture, fixtures and office equipment	59	581
Computer equipment	50	-
Vehicles	8,320	11,081
	73,415	28,099

	Un-audited 31 March 2010 (Rupees in thousand)	Audited 30 June 2009
8.2 CAPITAL WORK-IN-PROGRESS		
Buildings on freehold land	259,363	161,657
Plant and machinery	14,334,479	13,057,174
Electric installations	1,257	323
Letters of credit against machinery	781	402
Letters of credit and advances against furniture and office equipment	57	1,738
Advances against plant and machinery	-	6,333
Advances for purchase of vehicles	8,154	2,266
Advances to contractors	7,854	257,511
Unallocated expenditure- Subsidiary Company (Note 8.2.1)	2,575,826	1,493,028
	17,187,771	14,980,432
8.2.1 Unallocated expenditures - Nishat Power Limited - Subsidiary Company		
Raw material consumed	926,839	-
Stores, spares and loose tools consumed	1,044	-
Salaries and other benefits	38,550	22,572
Electricity consumed inhouse	17,428	-
Insurance	215,428	150,793
Traveling and conveyance	7,371	4,873
Entertainment	368	241
Rent, rates and taxes	1,335	967
Vehicle running and maintenance	2,536	1,544
Printing and stationery	397	208
Postage and telephone	1,327	1,070
Fuel and power	51	51
Legal and professional charges	4,897	3,581
Auditors' remuneration	690	690
Consultancy charges	15,300	11,026
Registration fee	40	40
Fee and subscription	18,673	16,979
Mark-up on financing	2,757,862	1,152,839
Bank charges and financing fee	168,656	114,345
Bank guarantee commission	9,204	8,674
Miscellaneous	2,808	1,543
Depreciation	2,035	992
Delay liquidated damages	(691,545)	-
Sale of trial production	(925,468)	-
	2,575,826	1,493,028
9. INVESTMENT PROPERTIES		
Opening book value	41,049	-
Add: Transferred from operating fixed assets during the period / year (Note 8.1.2)	97,853	43,637
Less: Depreciation charged during the period / year	4,768	2,588
	134,134	41,049

(Un-audited)

PERIOD ENDED		QUARTER ENDED	
31 March 2010	31 March 2009	31 March 2010	31 March 2009

(Restated)

(Restated)

----- (Rupees in thousand) -----

10. COST OF SALES

Raw materials consumed	5,350,997	4,420,832	1,806,061	1,429,120
Cloth and yarn purchased / used	7,246,484	4,620,517	2,864,637	1,251,550
Processing charges	91,913	49,157	30,321	18,829
Salaries, wages and other benefits	1,392,295	1,263,538	465,381	426,610
Staff retirement benefits	39,129	33,550	12,910	11,405
Stores, spare parts and loose tools	1,955,476	1,593,070	675,384	540,796
Packing materials	391,490	342,116	135,414	109,909
Repair and maintenance	216,450	104,811	71,044	34,451
Fuel and power	1,653,845	1,609,552	620,837	502,940
Insurance	20,151	20,851	6,772	6,987
Other factory overheads	151,201	193,003	52,625	71,009
Depreciation	761,132	765,179	254,008	258,022
	19,270,563	15,016,176	6,995,394	4,661,628
Work-in-process:				
Opening stock	1,529,335	1,207,658	1,913,290	1,618,711
Closing stock	(2,195,486)	(1,611,880)	(2,195,486)	(1,611,880)
	(666,151)	(404,222)	(282,196)	6,831
Cost of goods manufactured	18,604,412	14,611,954	6,713,198	4,668,459
Finished goods:				
Opening stock	1,164,522	1,154,710	1,392,917	1,401,402
Closing stock	(1,516,248)	(1,195,755)	(1,516,248)	(1,195,755)
	(351,726)	(41,045)	(123,331)	205,647
	18,252,686	14,570,909	6,589,867	4,874,106

11. OTHER OPERATING EXPENSES

Workers' profit participation fund	108,504	76,967	48,587	4,676
Workers' welfare fund	41,850	29,192	18,462	1,777
Provision for doubtful debts	9,000	80,458	3,000	-
Impairment loss on investment	-	2,659	-	2,659
Provision for slow moving stores, spare parts and loose tools	31,895	-	-	-
Provision for dead and slow moving stock-in-trade	2,783	-	-	-
Depreciation on investment properties	4,768	-	1,566	-
Donations (Note 11.1)	500	1,500	-	-
	199,300	190,776	71,615	9,112

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

(Un-audited)

PERIOD ENDED	
31 March 2010	31 March 2009

(Restated)

(Rupees in thousand)

12. CASH (UTILIZED IN) / GENERATED FROM OPERATIONS

Profit before taxation	2,442,116	1,068,476
Adjustments for non-cash charges and other items:		
Depreciation	811,439	808,786
Provision for doubtful debts	9,000	80,458
Provision for slow moving stores, spare parts and loose tools	31,895	-
Provision for dead and slow moving stock in trade	2,783	-
Gain on sale of property, plant and equipment	(8,613)	(2,147)
Dividend income	(15,549)	(15,734)
Share of profit from associated companies	(804,024)	(41,136)
Impairment loss on investments	-	2,659
Finance cost	808,897	1,127,506
Working capital changes (Note 12.1)	(4,131,923)	2,336,283
	(853,979)	5,365,151

12.1 Working capital changes

(Increase) / decrease in current assets:

- Stores, spare parts and loose tools	(230,406)	(106,878)
- Stock in trade	(3,521,478)	(989,264)
- Trade debts	(384,115)	(391,177)
- Loans and advances	50,771	(18,139)
- Short term deposits and prepayments	(35,857)	(24,144)
- Other receivables	(534,389)	18,724
	(4,655,474)	(1,510,878)
Increase in trade and other payables	523,551	3,847,161
	(4,131,923)	2,336,283

14. 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 carries out transactions with various related parties. Detail of transactions with related parties are as follows:

				(Un-audited)	
PERIOD ENDED		QUARTER ENDED			
31 March 2010	31 March 2009	31 March 2010	31 March 2009		
(Restated)		(Restated)			
----- (Rupees in thousand) -----					
Associated companies					
Investment made	-	125,343	-	118,177	
Purchase of goods and services	10,199	12,949	4,247	2,709	
Rent received	4,950	-	1,650	-	
Purchase of operating fixed assets	-	2,129	-	1,459	
Sale of operating fixed assets	-	800	-	800	
Dividend received	10,276	15,384	-	-	
Dividend paid	43,515	52,564	-	-	
Insurance premium paid	155,017	51,270	114,795	23,178	
Insurance claims received	12,814	11,848	5,556	2,080	
Deposits placed with banks	-	4,173	-	4,173	
Profit on saving account	213	11	120	10	
Subscription paid	713	-	150	-	
Other related parties					
Investment made	56,283	-	-	-	
Dividend received	5,274	-	2,082	-	
Purchase of goods and services	149,089	86,279	37,249	42,106	
Sale of goods and services	134,510	64,786	49,244	32,716	
Sale of operating fixed assets	-	1,951	-	551	
Group's contribution to provident fund trust	54,015	44,019	17,956	14,958	
Remuneration paid to Chief Executive Officer, Directors and Executives of the Holding Company	96,773	73,164	32,521	25,463	

15. FINANCIAL RISK MANAGEMENT

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

16. DATE OF AUTHORIZATION FOR ISSUE

This consolidated condensed interim financial information was approved by the Board of Directors and authorized for issue on 24 April 2010.

17. CORRESPONDING FIGURES

Corresponding figures of consolidated condensed interim profit and loss account, consolidated condensed interim statement of comprehensive income, consolidated condensed interim cash flow statement, consolidated condensed interim statement of changes in equity together with the notes forming part thereof have been restated and include amounts pertaining to Nishat Apparel Limited pursuant to its amalgamation with Nishat Mills Limited which was effective from 01 July 2008. Furthermore, certain corresponding figures have been restated/ re-arranged, wherever necessary. However, other than inclusion of Nishat Apparel Limited amounts, no significant restatement/ re-arrangement has been made.

18. GENERAL

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

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