



NISHAT

Nishat Mills Limited

Third Quarter Report
For the period ended 31 March 2011

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Nishat Mills Limited and its Subsidiaries

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COMPANY INFORMATION

BOARD OF DIRECTORS:

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

Chairman/Chief Executive Officer

AUDIT COMMITTEE:

Mr. Khalid Qadeer Qureshi
Mr. Muhammad Azam
Ms. Nabiha Shahnawaz Cheema

Chairman/Member
Member
Member

CHIEF FINANCIAL OFFICER:

Mr. Badar-ul-Hassan

COMPANY SECRETARY:

Mr. Khalid Mahmood Chohan

AUDITORS:

Riaz Ahmad & Company

Chartered Accountants

LEGAL ADVISOR:

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

BANKERS TO THE COMPANY:

Albaraka Islamic Bank
Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Islami Pakistan Limited
Barclays Bank PLC
Citibank N.A.
Deutsche Bank
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
HSBC Bank Middle East Limited
JS Bank Limited

KASB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
NIB Bank Limited
Pak Brunei Investment Company Limited
Pakistan Kuwait Investment Company (Pvt) Limited
Samba Bank Limited
Saudi Pak Industrial & Agricultural
Investment Company Limited
Silk Bank Limited
Standard Chartered Bank (Pakistan) Limited
The Bank of Punjab
United Bank Limited

MILLS:

Nishatabad, Faisalabad.

(Spinning units, Yarn Dyeing unit & 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. East Hadiara Drain
Off: 22 K.M. Ferozepur Road,
Lahore.

(Apparel Unit)

20 K.M. Sheikhupura Faisalabad
Road, Feroze Watwan.

(Spinning unit & Power plant)

REGISTERED OFFICE & SHARES DEPARTMENT

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

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Fax: 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
Fax: 021-32412936

DIRECTORS' REPORT

Operating Results

We are pleased to present financial information of Nishat Mills Limited ("the Company") for the nine months period ended March 31, 2011. During this period, the Company continued to achieve excellent growth in its revenue and profit. The after tax profit of the Company in nine months period ended March 31, 2011 significantly increased to Rs 3,481.882 million compared to Rs 1,810.674 million in the previous corresponding period ended March 31, 2010, showing an excellent increase of 92%. Similarly, the gross profit for the current period increased to Rs 5,739.314 million as compared to Rs 4,076.012 million in the previous corresponding period. This excellent growth in gross profit and net profit was mainly due to sizeable increase in quantities and better prices of the products manufactured and sold by the Company. In the challenging times faced by the textile industry of Pakistan, Nishat Mills Limited achieved excellent results in the current period over the previous corresponding period through contribution by all its business segments. Our spinning business, in particular, has reaped the benefits of timely investment in cotton. Through a successful cotton buying strategy, we not only achieved excellent results in spinning business but also contributed towards better margins of other segments of our composite business especially weaving. Furthermore, our garments business showed excellent results in the current period and is expected to grow further in future. However, the gross profit percentage of the Company decreased to 16.46% in the current period from 18.25% in the previous corresponding period. The decrease in gross profit percentage was mainly due to increase in raw material prices for our value added business, which could not be fully passed on to our value added business customers, and increase in electricity generation cost due to excess use of diesel and furnace oil during the frequent shut downs of gas supply. However, we have been benefitted from good returns on our equity investment portfolio of the Company.

Financial highlights	Nine months period ended March 31		Increase / (decrease) % age
	2011	2010	
Net sales ('000' Rs)	34,864,381	22,328,698	56.14
Gross profit ('000' Rs)	5,739,314	4,076,012	40.81
Pre-tax profit ('000' Rs)	3,943,382	2,050,674	92.30
After tax profit ('000' Rs)	3,481,882	1,810,674	92.30
Gross profit (%)	16.46	18.25	
After tax profit (%)	9.98	8.11	
Earnings per share (Rs)	9.90	6.84	

There was an increase of 201.78% in other operating income of the Company from Rs 558.159 million for the period ended March 31, 2010 to Rs 1,684.406 million (for the period ended March 31, 2011). This increase was mainly comprised of dividend received on the new investments made in Lalpir Power Limited and Pak Gen Power Limited, increase in dividend received on old investments, gain on timely sale of a part of our investment in Nishat Power Limited and large financial gain on foreign exchange derivatives.

Furthermore, due to effective cost curtailment measures, the increase in distribution and administrative expenses was only 26.62% and 18.81% respectively despite 56.14% increase in sales. Similarly, owing to excellent profit of the financial year 2009-2010 and better funds management, the Company limited the increase in its finance cost to 49.50% only (March 2010: Rs 808.800 million, March 2011: Rs 1,209.133 million) from the previous corresponding period.

Market Review and Future Prospects

Textiles sector occupies a pivotal position in Pakistan's economy. It has a unique distinction of linking our agricultural sector (4th largest producer of cotton) through industry to exports. Today textile industry of Pakistan is facing multiple challenges internally and globally. On domestic front ever

increasing production cost, uncertainty about cotton supply and prices and double digit inflation are posing a major threat to the textile industry. High energy cost and inflation have swelled up to almost twice in the last twelve months and the prolonged power and gas shut downs have made it very difficult for the textile companies to survive and compete in the international markets. On these fronts the situation is expected to remain volatile in the near future.

Our textile industry had always shown great courage in coping with these challenges. However, the worse was feared in the financial year 2010-2011, due to the loss of cotton crop as a result of unprecedented rains and floods in the country which badly affected the supply of cotton resulting in high prices of this basic raw material of the industry. During the nine months period of current year, cotton market remained very volatile and is still highly speculative. As a result both the buyers and sellers of cotton are very cautious in their decisions. Cotton prices in the international market also reached to unprecedented levels in this period which significantly increased the cost of imported raw material. Furthermore, higher inflation in the country is another major cause of concern for this sector. In addition, the announcement of imposition of safeguard measures by government of Turkey in the form of additional import tariffs with effect from July 26, 2011 may have an adverse effect on future textile exports of the country. In this difficult time, textile sector expects a very effective measure from the Government to protect export businesses of the country of which textile sector is the biggest contributor.

Increase in demand of our products in Europe and America is a major helping factor which helped our textile sector to sail through these challenging and difficult times and to show significant growth in exports of country. However, withdrawal of import duty on our exports to Europe has not yet been effective and its impact on the export of textile sector of Pakistan is yet to be seen. A lot of efforts are in progress jointly by the Government and our textile associations firstly to ensure the implementation of already announced withdrawal of import duties and secondly to get this relaxation for more of our finished textile products.

As usual the management of Nishat Mills is keeping a close eye on the market situation and is taking proactive measures to mitigate the impact of emerging challenges. Our future marketing strategy will be to explore new markets for our products, broadening our product mix and getting maximum benefit from our vertically integrated production facilities that can turn raw cotton into a final finished consumer product.

Spinning

Financial year 2010-2011 has brought major challenges for spinners with a high volatility in cotton prices in international and local markets. The prices of cotton kept on fluctuating during these nine months owing to highly speculative domestic cotton market due to uncertainty about the volume of cotton supply after damage caused to the country's cotton crop in the floods and also significantly higher cotton prices due to increased demand in international markets. In this highly speculative market it was very difficult for the spinners to determine the best buying.

Another challenge was that in the start of the current financial year, the rate of increase in cotton yarn prices in international market was much less than the rate of increase in raw cotton prices which resulted in decrease in our profit margin during a part of the current period. However, towards the end of the second quarter of current period, demand for cotton yarn in local and international markets increased resulting in increase of yarn prices and hence the sales volume which helped us to improve our profit margins on sales.

In the later part of the current period, with the increase in our sale prices and owing to our timely investment in bulk purchase of cotton we have been able to earn excellent margins. Also our broadened product and quality mix contributed towards much improved margins.

Yarn	Nine months period ended March 31		Increase / (decrease)	
	2011	2010	Value	% age
Sale ('000' Kgs)	27,809	27,699	110	0.40
Rate/Kg	379.04	222.76	156.28	70.16
Sale ('000' Rs)	10,540,723	6,170,229	4,370,494	70.83

During the current nine months, we have started our Yarn Dyeing business. Our marketing team is working very enthusiastically to develop business for this new segment and they have been successful in getting good orders from local and international customers for the yarn dyeing business.

Weaving

During the first nine months of the financial year 2010-2011, a sharp rise in cotton yarn and polyester prices was witnessed. This sharp increase in prices and frequent gas/electricity supply outages significantly increased costs for the weavers of our country and affected their competitiveness in the international markets. Furthermore, initially customers were not willing to accept increase in grey prices matching with increase in prices of yarn and polyester. However, owing to shortage in the supply of grey fabric due to difficulties faced by small businesses, demand from our customers increased who made some panic buying thus allowed us to increase our sales volume and hence our profit. Furthermore, through our strategy to focus on and retain our valuable customers, even though our costs had increased significantly, we were able to increase our grey fabric sales volume. Also our work wear business picked up during the current period due to increase in our customer base.

Once again towards the end of the third quarter, the ever increasing cotton prices prompted a drastic slow down in business activity and a number of our fabric customers stopped placing orders due to their concern about prices. Fabric buyers are waiting for prices to dip further before placing orders. This decrease in demand may result in decline in our sale prices in the remaining period of the current year.

Grey Cloth	Nine months period ended March 31		Increase / (decrease)	
	2011	2010	Value	% age
Sale ('000' Mtrs)	39,833	33,253	6,580	19.79
Rate/Mtr	163.01	120.46	42.55	35.32
Sale ('000' Rs)	6,493,177	4,005,656	2,487,521	62.10

We have added 17 narrow width looms and have now touched a daily production of approximately 295,000 meters thus reaching a production level of almost 9 million meters a month. Furthermore, we are in the process of installing 52 additional air jet looms to replace our old looms and further increase our production capacity. We are buying state of the art looms that will give us added advantage for specialized products. These looms are expected to be operational by July 2011.

Processing and Home Textile

An unprecedented increase in cotton prices has dominated the concerns of the value added sector during the current period. There has been increase in the demand of textile products in the international market on easing of severe effects of global recession together with increase in sale prices that are being pushed by the increase in cotton and fabric prices. However, the margins have squeezed due to high costs of production. Our value added sector has not been able to take full advantage of increased demand because of uncertain raw material supply, high fabric prices in the domestic market, tough competition from neighboring countries and serious internal problems of power and gas supplies. Despite all these challenges textile sector of the country has performed exceptionally well which shows great commitment on the part of exporters.

Nishat has been able to build on its strengths through expanding its product mix to high end products and increasing its supply to niche market customers. This year Christmas season sales also showed an improvement compared to the previous corresponding period and hence resulted in increase in our sales volumes. Nishat's financial strength, its production capabilities and its being an integrated unit has again played a vital role in amplifying the business. When smaller businesses have largely failed to face the challenges, we have been able to increase our revenue and sale quantities from processing and home textile sector by more than 41% and 8% respectively compared to the previous corresponding period. In the coming months our strategy will be to further increase our customer base and thus increase our sales volume which will help us to ease current pressure on our profitability due to increased prices of grey fabric. The price trend of cotton and effect of imposition of additional import duty by the government of Turkey with effect from July 26, 2011 will play a pivotal role in determining our revenue and margins in the rest of the current financial year.

Processing and Home Textile	Nine months period ended March 31		Increase / (decrease)	
	2011	2010	Value	% age
Sale ('000' Mtrs)	54,866	50,602	4,264	8.43
Rate/Mtr	235.36	179.97	55.39	30.78
Sale ('000' Rs)	12,913,262	9,106,842	3,806,420	41.80

Owing to rapid increase in demand and our sales volume, we are in the process of increasing our processing and stitching production capacities to cater for the growing demand. This added capability is expected to enhance our performance even further in upcoming months.

Garments

Our garments facility is a purpose built, state of the art project established in 2007 and is termed as a benchmark for apparel manufacturing in Pakistan. It is one of its kind projects, bringing in industrial concepts into a traditionally small and medium sized business sector.

Our garments business is continuously growing with the help of good marketing strategy and heavy investments into machinery and infrastructure development. It has achieved more than 50% growth in revenues and more than 40% growth in gross profit in the current period compared to the previous corresponding period. In the challenging times of high fabric prices and power outages, our focus on establishing business relationships with world known specialty retailers, timely investment in enhancing capacities and curtailment of expenditures have helped us to increase our sales and improve profit margins.

The coming months will bring more challenges of fluctuation in cotton and fabric prices and might affect the availability of our raw material on the required rates and time frame. This will put extra burden on garment industry of Pakistan. However, we have covered ourselves in terms of sales and planning for major part of the remaining period of the year. We are expecting to maintain an annual growth of 50% over the previous year with the support of our investment in production facilities. Our garment business with its extensive growth plan is poised to become a market leader in the apparel industry of Pakistan.

Garments	Nine months period ended March 31		Increase / (decrease)	
	2011	2010	Value	% age
Sale ('000' Pcs)	4,610	3,525	1,085	30.78
Rate/Pc	578.35	503.04	75.31	14.97
Sale ('000' Rs)	2,666,193	1,773,216	892,977	50.36

During the nine months period, we have added two production lines in our factory which have increased our production capacity by 60,000 garments / month. Our future strategies include further investments in building and machinery, thus increasing the capacities up to 600,000 garments / month and in this regard we are already in the process of installing world's best laundry machines. With these changes, continuous growth and tremendous customer support, we believe our garment business 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 its divisions without any failures. This also played a vital role to maintain an extraordinary record of timely shipments. The plants are based on natural gas fired generators which besides generating electricity efficiently also produce steam through exhaust gas and chilling through hot water from engine cooling system. This concept utilizes the fuel to the fullest. Our cost of electricity generation has increased significantly due to the regular break downs in gas supply and increase in usage of furnace oil/diesel as an alternate fuel and their increased prices.

Furthermore, owing to ever increasing costs of fuel and frequent outages of gas, Nishat Mills Limited is planning to install a power generation plant based on alternate sources of energy to meet electricity and steam requirements of its productions plants. In this regard a new Combined Heat and Power Plant having a production capacity of 6.25 MW of electricity and 65 tonne of steam through use of 30% coal and 70% agricultural and municipal wastes, has been planned to be installed which is expected to be operational later in financial year 2011-2012.

In order to mitigate the power crises faced by the country, Nishat Mills is also supplying surplus power from its different sites to PEPCO distribution companies.

Subsidiaries and Consolidated Financial Statements

Nishat USA Incorporation, Nishat Power Limited, Nishat Linen (Private) Limited and Nishat Linen Trading LLC are the subsidiary companies of Nishat Mills Limited. Therefore, the Company has annexed consolidated condensed interim financial information along with its unconsolidated condensed interim financial information, in accordance with the requirements of International Accounting Standards-27 (Consolidated and Separate Financial Statements).

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 Officer / Chairman
Lahore: April 28, 2011



NISHAT MILLS LIMITED

UNCONSOLIDATED CONDENSED INTERIM

FINANCIAL INFORMATION

FOR THE PERIOD

ENDED 31 MARCH 2011

UNCONSOLIDATED CONDENSED INTERIM BALANCE SHEET AS AT 31 MARCH 2011

	Note	Un-audited 31 March 2011 (Rupees in thousand)	Audited 30 June 2010
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
1,100,000,000 (30 June 2010: 1,100,000,000) ordinary shares of Rupees 10 each		<u>11,000,000</u>	<u>11,000,000</u>
Issued, subscribed and paid up share capital			
351,599,848 (30 June 2010: 351,599,848) ordinary shares of Rupees 10 each		<u>3,515,999</u>	3,515,999
Reserves		<u>30,398,004</u>	27,860,314
Total equity		33,914,003	31,376,313
NON-CURRENT LIABILITIES			
Long term financing	5	<u>2,729,238</u>	2,980,694
Liabilities against assets subject to finance lease	6	<u>218,479</u>	-
Deferred income tax liability		<u>584,251</u>	1,256,892
		3,531,968	4,237,586
CURRENT LIABILITIES			
Trade and other payables		<u>3,041,454</u>	2,139,321
Accrued markup		<u>299,023</u>	232,247
Short term borrowings		<u>12,409,033</u>	6,649,447
Current portion of non-current liabilities		<u>1,226,609</u>	1,128,632
Provision for taxation		<u>591,888</u>	418,768
		17,568,007	10,568,415
Total liabilities		21,099,975	14,806,001
CONTINGENCIES AND COMMITMENTS			
	7		
TOTAL EQUITY AND LIABILITIES		<u>55,013,978</u>	<u>46,182,314</u>

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


CHIEF EXECUTIVE OFFICER

	Note	Un-audited 31 March 2011 (Rupees in thousand)	Audited 30 June 2010
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	13,009,532	11,841,667
Investment properties		128,259	132,550
Long term investments		20,625,123	21,959,543
Long term loans	9	849,412	498,803
Long term deposits and prepayments		17,737	16,823
		34,630,063	34,449,386
CURRENT ASSETS			
Stores, spare parts and loose tools		902,620	688,832
Stock-in-trade		12,663,805	6,060,441
Trade debts		2,667,744	2,041,256
Loans and advances		614,777	504,046
Short term deposits and prepayments		38,980	31,912
Other receivables		1,066,295	724,407
Accrued interest		31,191	16,906
Short term investments		2,138,881	1,554,543
Cash and bank balances		259,622	110,585
		20,383,915	11,732,928
TOTAL ASSETS		55,013,978	46,182,314



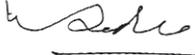
 DIRECTOR

UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 MARCH 2011 (UN-AUDITED)

Note	PERIOD ENDED		QUARTER ENDED	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
----- (Rupees in thousand) -----				
SALES	34,864,381	22,328,698	13,519,630	8,176,405
COST OF SALES	(29,125,067)	(18,252,686)	(11,062,776)	(6,589,867)
GROSS PROFIT	5,739,314	4,076,012	2,456,854	1,586,538
DISTRIBUTION COST	(1,483,322)	(1,171,483)	(558,781)	(427,697)
ADMINISTRATIVE EXPENSES	(479,904)	(403,914)	(163,791)	(143,148)
OTHER OPERATING EXPENSES	(308,217)	(199,300)	(119,178)	(71,615)
	(2,271,443)	(1,774,697)	(841,750)	(642,460)
	3,467,871	2,301,315	1,615,104	944,078
OTHER OPERATING INCOME	1,684,644	558,159	477,541	222,577
PROFIT FROM OPERATIONS	5,152,515	2,859,474	2,092,645	1,166,655
FINANCE COST	(1,209,133)	(808,800)	(503,632)	(261,972)
PROFIT BEFORE TAXATION	3,943,382	2,050,674	1,589,013	904,683
PROVISION FOR TAXATION	(461,500)	(240,000)	(165,500)	(104,500)
PROFIT AFTER TAXATION	3,481,882	1,810,674	1,423,513	800,183
EARNINGS PER SHARE- BASIC AND DILUTED (RUPEES)	9.90	6.84	4.05	3.02

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 PERIOD ENDED 31 MARCH 2011 (UN-AUDITED)**

PERIOD ENDED		QUARTER ENDED	
31 March 2011	31 March 2010	31 March 2011	31 March 2010

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

PROFIT AFTER TAXATION	3,481,882	1,810,674	1,423,513	800,183
OTHER COMPREHENSIVE INCOME				
(Deficit)/surplus on remeasurement of available for sale investments	(737,833)	4,312,682	(1,497,131)	350,290
Deferred income tax relating to surplus on available for sale investments	672,641	(84,639)	(1,782)	-
Other comprehensive (loss) / income for the period - net of tax	(65,192)	4,228,043	(1,498,913)	350,290
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	3,416,690	6,038,717	(75,400)	1,150,473

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 PERIOD ENDED 31 MARCH 2011 (UN-AUDITED)

Note	PERIOD ENDED		
	31 March 2011	31 March 2010	
CASH FLOWS FROM OPERATING ACTIVITIES			
(Rupees in thousand)			
Cash utilized in operations	12	(2,471,906)	549,811
Finance cost paid		(1,142,357)	(792,936)
Income tax paid		(286,270)	(248,358)
Exchange gain on forward contracts realized		708,813	-
Net increase in long term loans		(7,452)	(12,082)
Net increase in long term deposits and prepayments		(2,144)	(2,201)
Net cash utilized in operating activities		(3,201,316)	(505,766)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		251,818	82,062
Proceeds from sale of investment		301,281	430,000
Long term loan to subsidiary company		(345,335)	(472,885)
Interest received on loan to subsidiary company		74,962	5,598
Dividends received		536,290	417,379
Investments made		(194,076)	(567,168)
Capital expenditure on property, plant and equipment		(2,224,933)	(1,400,216)
Net cash used in investing activities		(1,599,993)	(1,505,230)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		832,246	1,324,757
Repayment of long term financing		(744,682)	(386,241)
Repayment of liabilities against assets subject to finance lease		(22,564)	-
Short term borrowings - net		5,759,586	1,602,266
Dividend paid		(874,240)	(480,933)
Net cash from financing activities		4,950,346	2,059,849
Net increase in cash and cash equivalents		149,037	48,853
Cash and cash equivalents at the beginning of the period		110,585	111,494
Cash and cash equivalents at the end of the period		259,622	160,347

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 PERIOD ENDED 31 MARCH 2011 (UN-AUDITED)**

(RUPEES IN THOUSAND)

	RESERVES							TOTAL EQUITY	
	SHARE CAPITAL	CAPITAL RESERVES		REVENUE RESERVES			Total		
		Premium on issue of right shares	Fair value reserve	Sub total	General reserve	Unappropriated profit			Sub total
Balance as at 01 July 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
Right shares issued during the period ended 30 June 2010	1,091,172	3,273,516	-	3,273,516	-	-	-	3,273,516	4,364,688
Total comprehensive income for the period ended 30 June 2010	-	-	1,022,319	1,022,319	-	1,104,787	1,104,787	2,127,106	2,127,106
Balance as at 30 June 2010 - Audited	3,515,999	5,499,530	5,651,352	11,150,882	13,792,028	2,917,404	16,709,432	27,860,314	31,376,313
Final dividend for the year ended 30 June 2010 @ Rupees 2.5 per share	-	-	-	-	-	(879,000)	(879,000)	(879,000)	(879,000)
Transfer to general reserve	-	-	-	-	2,036,000	(2,036,000)	-	-	-
Total comprehensive income for the period ended 31 March 2011	-	-	(65,192)	(65,192)	-	3,481,882	3,481,882	3,416,690	3,416,690
Balance as at 31 March 2011 - Un-audited	3,515,999	5,499,530	5,586,160	11,085,690	15,828,028	3,484,286	19,312,314	30,398,004	33,914,003

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 PERIOD ENDED 31 MARCH 2011 (UN-AUDITED)

1. THE COMPANY AND ITS OPERATIONS

Nishat Mills Limited is a public limited company incorporated in Pakistan under the Companies Act, 1913 (Now Companies Ordinance, 1984) and listed on all Stock Exchanges in Pakistan. Its registered office is situated at 53-A, Lawrence Road, Lahore. The Company is engaged in the business of textile manufacturing and of spinning, combing, weaving, bleaching, dyeing, printing, stitching, apparel, buying, selling and otherwise dealing in yarn, linen, cloth and other goods and fabrics made from raw cotton, synthetic fibre and cloth, and to generate, accumulate, distribute, 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 of the Company for the year ended 30 June 2010.

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 2010.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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 2010 except for the change in accounting estimate of valuation of investment in Pakgen Power Limited [Formerly AES Pak Gen (Private) Company] (unquoted equity investment). Investment in Pakgen Power Limited [Formerly AES Pak Gen (Private) Company] is measured at fair value of Rupees 19 per share which is the offer price for listing of shares of the investee company on Stock Exchanges as per the decision of Board of Directors of the Company based on valuation and advice from advisors / consultants for offer for sale. Therefore, it is more appropriate to value the investment of the Company in the investee company at Rupees 19 per share being the fair value to measure the arm's length transaction between knowledgeable willing parties as required by IAS 39, "Financial Instruments: Recognition and Measurement".

Previously, the fair value of these shares was calculated by an independent valuer on the basis of dividend stream method. Had there been no change in the valuation method of investment in Pakgen Power Limited [Formerly AES Pak Gen (Private) Company], long term investments, short term investments, surplus on remeasurement of available for sale investments and related deferred income tax liability would have been higher by Rupees 1,344.099 million, Rupees 216.857 million, Rupees 1,544.692 million and Rupees 16.264 million respectively.

	Un-audited 31 March 2011 (Rupees in thousand)	Audited 30 June 2010
5. LONG TERM FINANCING - SECURED		
Opening balance	4,109,326	2,767,724
Add: Obtained during the period / year	832,246	1,937,415
Less: Repaid during the period / year	744,682	595,813
Less: Transferred to liabilities against assets subject to finance lease	300,000	-
Closing balance	3,896,890	4,109,326
Less: Current portion shown under current liabilities	1,167,652	1,128,632
	2,729,238	2,980,694
6. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Minimum lease payments	356,511	-
Less: Un-amortized finance charge	79,075	-
Present value of minimum lease payments	277,436	-
Less: Current portion shown under current liabilities	58,957	-
	218,479	-

- 6.1** During the nine month period ended 31 March 2011, the Company has entered into a sale and leaseback arrangement with Pak Kuwait Investment Company (Private) Limited. According to the lease agreement, at reporting date, leasing company has contributed Rupees 144.145 million from its own sources and the remaining amount of Rupees 133.291 million has been financed under Long Term Finance Facility (LTFF) scheme of State Bank of Pakistan. Minimum lease payments have been discounted using implicit interest rate ranging from 9.70% to 15.62% per annum. Balance rentals are payable in quarterly installments. Taxes, repairs and insurance costs are borne by the Company. These are secured against the leased assets and demand promissory note.

7. CONTINGENCIES AND COMMITMENTS

Contingencies

- i) The Company is contingently liable for Rupees 0.631 million (30 June 2010: Rupees 87.378 million) on account of central excise duty not acknowledged as debt as the cases are pending before Honorable Sindh High Court.
- ii) Guarantees of Rupees 553.642 million (30 June 2010: Rupees 472.398 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 701.823 million (30 June 2010: Rupees 537.000 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 irrevocable standby letters of credit of Rupees 430 million (30 June 2010: Rupees 430 million) on behalf of Nishat Power Limited - subsidiary company for equity injection in favour of security trustee of syndicated lenders of Nishat Power Limited. Further, guarantees of Rupees 325 million (30 June 2010: Rupees 250 million) are given in favour of various commercial banks as security for short term borrowings of the subsidiary company.

Commitments

- i) Contracts for capital expenditure are of Rupees 380.072 million (30 June 2010: Rupees 935.095 million).
- ii) Letters of credit other than for capital expenditure are of Rupees 1,502.942 million (30 June 2010: Rupees 313.142 million).

	Un-audited 31 March 2011 (Rupees in thousand)	Audited 30 June 2010
8. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets		
Owned (Note 8.1)	11,691,392	11,476,005
Leased (Note 8.2)	280,439	-
Capital work-in-progress (Note 8.3)	1,037,701	365,662
	13,009,532	11,841,667
8.1 Operating fixed assets - owned		
Opening book value	11,476,005	11,102,355
Add: Cost of additions during the period / year (Note 8.1.1)	1,552,965	1,687,321
Less: Book value of assets transferred to investment properties during the period / year	-	97,853
	13,028,970	12,691,823
Less: Book value of deletions during the period / year (Note 8.1.2)	203,143	116,136
Less: Transferred to operating fixed assets - leased	300,000	-
	12,525,827	12,575,687
Less: Depreciation charged during the period / year	834,435	1,099,682
	11,691,392	11,476,005
8.1.1 Cost of additions		
Freehold land	3,975	144,262
Buildings on freehold land	125,274	144,833
Plant and machinery	1,329,934	1,259,480
Electric installations	5,970	16,322
Factory equipment	11,155	16,509
Furniture, fixtures and office equipment	16,495	18,842
Computer equipment	6,999	15,237
Vehicles	53,163	71,836
	1,552,965	1,687,321
8.1.2 Book value of deletions		
Plant and machinery	190,373	101,416
Electric installations	211	3,366
Factory equipment	-	378
Furniture, fixtures and office equipment	93	126
Computer equipment	-	50
Vehicles	12,466	10,800
	203,143	116,136

	Un-audited 31 March 2011 (Rupees in thousand)	Audited 30 June 2010
8.2 Operating fixed assets - leased		
Opening book value	-	-
Add: Cost of additions during the period / year	300,000	-
Less: Depreciation charged during the period / year	19,561	-
	280,439	-
8.3 Capital work-in-progress		
Buildings on freehold land	209,846	106,742
Plant and machinery	804,024	245,225
Electric installations	-	546
Unallocated expenditure	-	7,219
Letters of credit against machinery	904	2,631
Advances against furniture and office equipment	1,693	652
Advances for purchase of vehicles	21,234	2,647
	1,037,701	365,662

9. LONG TERM LOANS

These include subordinated long term loans of Rupees 568.22 million (30 June 2010: Rupees 472.88 million) and Rupees 250.00 million (30 June 2010: Nil) given to Nishat Power Limited - subsidiary company. These loans are unsecured and carries markup at the rate of 3 months KIBOR plus 2% per annum payable on quarterly basis. The principal amount will be repaid in bullet payments on 05 July 2015 and 29 July 2015 respectively.

(Un-audited)

PERIOD ENDED		QUARTER ENDED	
31 March 2011	31 March 2010	31 March 2011	31 March 2010

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

10. COST OF SALES

Raw materials consumed	10,025,409	5,350,997	3,658,898	1,806,061
Cloth and yarn purchased / used	14,512,623	7,246,484	6,560,481	2,864,637
Processing charges	160,952	91,913	43,286	30,321
Salaries, wages and other benefits	1,691,787	1,392,295	568,160	465,381
Staff retirement benefits	45,840	39,129	15,522	12,910
Stores, spare parts and loose tools	2,562,969	1,955,476	886,187	675,384
Packing materials	560,189	391,490	194,999	135,414
Repair and maintenance	192,513	216,450	66,537	71,044
Fuel and power	2,258,628	1,653,845	818,327	620,837
Insurance	23,959	20,151	8,782	6,772
Other factory overheads	186,230	151,201	64,548	52,625
Depreciation	804,697	761,132	271,570	254,008
	33,025,796	19,270,563	13,157,297	6,995,394
Work-in-process:				
Opening stock	2,921,946	1,529,335	4,102,049	1,913,290
Closing stock	(5,582,685)	(2,195,486)	(5,582,685)	(2,195,486)
	(2,660,739)	(666,151)	(1,480,636)	(282,196)
Cost of goods manufactured	30,365,057	18,604,412	11,676,661	6,713,198
Finished goods:				
Opening stock	1,545,610	1,164,522	2,171,715	1,392,917
Closing stock	(2,785,600)	(1,516,248)	(2,785,600)	(1,516,248)
	(1,239,990)	(351,726)	(613,885)	(123,331)
	29,125,067	18,252,686	11,062,776	6,589,867

11. OTHER OPERATING EXPENSES

Workers' profit participation fund	206,942	108,504	85,339	48,587
Workers' welfare fund	80,477	41,850	32,429	18,462
Provision for doubtful debts	11,207	9,000	-	3,000
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	4,291	4,768	1,410	1,566
Donations (Note 11.1)	5,300	500	-	-
	308,217	199,300	119,178	71,615

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

(Un-audited)

PERIOD ENDED	
31 March 2011	31 March 2010

(Rupees in thousand)

12. CASH UTILIZED IN OPERATIONS

Profit before taxation	3,943,382	2,050,674
Adjustments for non-cash charges and other items:		
Depreciation	858,216	811,319
Provision for doubtful debts	11,207	9,000
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	(48,675)	(8,615)
Gain on sale of investment	(94,726)	(32,000)
Dividend Income	(536,290)	(421,936)
Exchange difference on investment in foreign subsidiary	(230)	(101)
Net exchange gain including loss on forward contracts	(1,039,957)	-
Interest income on loan to subsidiary	(89,248)	(22,330)
Finance cost	1,209,133	808,800
Working capital changes (Note 12.1)	(6,684,718)	(2,679,678)
	(2,471,906)	549,811

12.1 Working capital changes

(Increase) / decrease in current assets:		
- Stores, spare parts and loose tools	(213,788)	(85,683)
- Stock in trade	(6,603,364)	(2,570,281)
- Trade debts	(637,695)	(207,144)
- Loans and advances	(110,663)	51,519
- Short term deposits and prepayments	(5,838)	(35,970)
- Other receivables	(10,743)	(318,479)
	(7,582,091)	(3,166,038)
Increase in trade and other payables	897,373	486,360
	(6,684,718)	(2,679,678)

13. SEGMENT INFORMATION

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

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

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

	Spinning		Weaving		Processing & Home Textile		Garments		Power generation		Elimination of inter-segment transactions		Total Company	
	Period ended		Period ended		Period ended		Period ended		Period ended		Period ended		Period ended	
	Mar 11	Mar 10	Mar 11	Mar 10	Mar 11	Mar 10	Mar 11	Mar 10	Mar 11	Mar 10	Mar 11	Mar 10	Mar 11	Mar 10
SALES	14,093,912	8,341,541	12,279,798	7,433,757	14,053,986	9,663,180	2,813,439	1,854,228	2,185,179	1,749,314	(10,561,933)	(6,713,322)	34,864,381	22,328,698
COST OF SALES	(11,804,384)	(7,017,309)	(11,056,954)	(6,710,888)	(12,265,009)	(7,973,259)	(2,336,599)	(1,521,899)	(2,224,054)	(1,742,654)	10,561,933	6,713,322	(29,125,067)	(18,252,696)
GROSS PROFIT/(LOSS)	2,289,528	1,324,233	1,222,844	722,869	1,788,977	1,689,921	476,840	332,329	(38,875)	6,660	-	-	5,739,314	4,076,012
DISTRIBUTION COST	(17,262)	(164,896)	(328,301)	(265,359)	(787,015)	(651,834)	(150,744)	(89,394)	-	-	-	-	(1,483,322)	(1,171,493)
ADMINISTRATIVE EXPENSES	(141,452)	(114,329)	(116,574)	(101,330)	(169,291)	(144,706)	(39,334)	(31,607)	(13,253)	(11,942)	-	-	(479,904)	(403,914)
	(358,714)	(279,225)	(444,875)	(366,689)	(956,306)	(796,540)	(190,078)	(121,001)	(13,253)	(11,942)	-	-	(1,963,226)	(1,575,397)
PROFIT BEFORE TAXATION AND UNALLOCATED INCOME AND EXPENSES	1,930,814	1,045,008	777,969	356,180	832,671	893,381	286,762	211,328	(52,128)	(5,282)	-	-	3,776,088	2,500,615
UNALLOCATED INCOME AND EXPENSES:														
OTHER OPERATING INCOME													(308,217)	(199,300)
OTHER OPERATING EXPENSES													1,684,644	558,159
FINANCE COST													(1,209,133)	(808,800)
PROVISION FOR TAXATION													(461,500)	(240,000)
PROFIT AFTER TAXATION													3,481,882	1,810,674

13.3 Reconciliation of reportable segment assets

	Spinning		Weaving		Processing & Home Textile		Garments		Power generation		Total Company		
	Period ended		Period ended		Period ended		Period ended		Period ended		Period ended		
	Mar 11	Jun 10	Mar 11	Jun 10	Mar 11	Jun 10	Mar 11	Jun 10	Mar 11	Jun 10	Mar 11	Jun 10	
Total assets for reportable segments	10,105,790	6,184,668	4,598,558	3,635,533	10,718,004	7,359,656	1,922,563	1,763,519	2,202,077	1,849,672	29,546,992	20,795,048	
Unallocated assets:													
Long term investments												20,625,123	21,959,543
Other receivables												1,066,295	724,407
Cash and bank balances												259,622	110,585
Other corporate assets												3,515,946	2,994,731
Total assets as per balance sheet												55,013,978	46,182,314

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:

(Un-audited)				
PERIOD ENDED		QUARTER ENDED		
31 March 2011	31 March 2010	31 March 2011	31 March 2010	
----- (Rupees in thousand) -----				
Subsidiary companies				
Investment made	27,304	510,885	27,304	-
Share deposit money	-	510,885	-	-
Long term loan given	345,335	472,885	-	-
Interest on long term loan	89,247	22,330	31,191	16,732
Purchase of goods and services	14,005	12,324	5,037	4,777
Sale of operating fixed assets	2,357	34	2,357	-
Associated companies				
Investment made	166,772	-	-	-
Purchase of goods and services	15,432	9,117	3,546	4,247
Purchase of operating fixed assets	23,187	-	-	-
Sale of operating fixed assets	2,057	-	-	-
Sale of goods and services	8,397	4,950	2,323	1,650
Dividend received	501,944	416,663	-	167,336
Dividend paid	78,870	43,515	-	-
Insurance premium paid	69,740	56,424	13,012	21,991
Insurance claims received	6,070	12,814	553	5,556
Profit on saving accounts	7	-	-	-
Subscription paid	750	713	-	150
Other related parties				
Investment made	-	56,283	-	-
Dividend received	33,770	5,274	-	2,082
Purchase of goods and services	81,743	149,089	2,855	37,249
Sale of goods and services	90,395	134,510	19,578	49,244
Company's contribution to provident fund trust	63,328	53,379	21,414	17,710
Remuneration paid to Chief Executive Officer, Directors and Executives	167,190	96,773	46,288	32,521

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 2010.

16. DATE OF AUTHORIZATION FOR ISSUE

This unconsolidated condensed interim financial information was approved by the Board of Directors and authorized for issue on April 28, 2011.

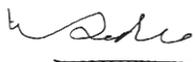
17. CORRESPONDING FIGURES

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



NISHAT MILLS LIMITED AND ITS SUBSIDIARIES

**CONSOLIDATED CONDENSED INTERIM
FINANCIAL INFORMATION
FOR THE PERIOD
ENDED 31 MARCH 2011**

CONSOLIDATED CONDENSED INTERIM BALANCE SHEET AS AT 31 MARCH 2011

	Note	Un-audited 31 March 2011 (Rupees in thousand)	Audited 30 June 2010
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
1,100,000,000 (30 June 2010: 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 2010: 351,599,848) ordinary shares of Rupees 10 each		3,515,999	3,515,999
Reserves			
		41,646,212	34,762,289
Equity attributable to equity holders of the parent			
		45,162,211	38,278,288
Minority interest			
		2,666,719	1,559,986
Total equity			
		47,828,930	39,838,274
NON-CURRENT LIABILITIES			
Long term financing	6	15,523,437	16,404,955
Liabilities against assets subject to finance lease	7	218,479	-
Deferred income tax liability		282,601	310,976
		16,024,517	16,715,931
CURRENT LIABILITIES			
Trade and other payables		3,459,143	2,909,695
Accrued markup		1,022,849	816,436
Short term borrowings		17,078,538	9,441,973
Current portion of non-current liabilities		2,056,499	1,867,912
Provision for taxation		618,434	438,248
		24,235,463	15,474,264
Total Liabilities			
		40,259,980	32,190,195
CONTINGENCIES AND COMMITMENTS			
	8		
TOTAL EQUITY AND LIABILITIES			
		88,088,910	72,028,469

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



CHIEF EXECUTIVE OFFICER

	Note	Un-audited 31 March 2011 (Rupees in thousand)	Audited 30 June 2010
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	29,480,109	28,473,874
Investment properties		128,259	132,550
Long term investments		28,798,456	25,892,058
Long term loans		31,192	25,918
Long term deposits and prepayments		21,710	17,166
		58,459,726	54,541,566
CURRENT ASSETS			
Stores, spare parts and loose tools		1,168,629	904,316
Stock-in-trade		13,343,797	6,414,919
Trade debts		10,482,334	4,709,853
Loans and advances		677,933	1,144,952
Short term deposits and prepayments		48,678	32,430
Other receivables		1,372,825	839,564
Short term investments		2,138,881	1,554,543
Cash and bank balances		396,107	1,886,326
		29,629,184	17,486,903
TOTAL ASSETS		88,088,910	72,028,469


DIRECTOR

CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 MARCH 2011 (UN-AUDITED)

	Note	PERIOD ENDED		QUARTER ENDED	
		31 March 2011	31 March 2010	31 March 2011	31 March 2010
----- (Rupees in thousand) -----					
SALES		50,059,648	22,328,698	19,043,186	8,176,405
COST OF SALES	10	(40,272,169)	(18,252,686)	(15,214,778)	(6,589,867)
GROSS PROFIT		9,787,479	4,076,012	3,828,408	1,586,538
DISTRIBUTION COST		(1,483,293)	(1,171,380)	(558,792)	(427,617)
ADMINISTRATIVE EXPENSES		(509,384)	(417,300)	(172,815)	(144,812)
OTHER OPERATING EXPENSES	11	(310,216)	(199,300)	(119,177)	(71,615)
		(2,302,893)	(1,787,980)	(850,784)	(644,044)
		7,484,586	2,288,032	2,977,624	942,494
OTHER OPERATING INCOME	12	3,795,842	162,930	361,523	66,517
PROFIT FROM OPERATIONS		11,280,428	2,450,962	3,339,147	1,009,011
FINANCE COST		(3,327,039)	(812,870)	(1,222,018)	(262,080)
		7,953,389	1,638,092	2,117,129	746,931
SHARE OF PROFIT IN ASSOCIATED COMPANIES		1,452,520	804,024	396,592	264,148
PROFIT BEFORE TAXATION		9,405,909	2,442,116	2,513,721	1,011,079
PROVISION FOR TAXATION		(472,088)	(251,756)	(167,986)	(114,299)
PROFIT AFTER TAXATION		8,933,821	2,190,360	2,345,735	896,780
SHARE OF PROFIT ATTRIBUTABLE TO:					
EQUITY HOLDERS OF PARENT		8,042,242	2,188,430	2,043,366	889,661
MINORITY INTEREST		891,579	1,930	302,369	7,119
		8,933,821	2,190,360	2,345,735	896,780
EARNINGS PER SHARE- BASIC AND DILUTED (RUPEES)		25.41	8.27	6.67	3.39

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 PERIOD ENDED 31 MARCH 2011 (UN-AUDITED)**

PERIOD ENDED		QUARTER ENDED	
31 March 2011	31 March 2010	31 March 2011	31 March 2010

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

PROFIT AFTER TAXATION **8,933,821** 2,190,360 **2,345,735** 896,780

OTHER COMPREHENSIVE INCOME:

(Deficit)/surplus arising on remeasurement of available for sale investments	(191,960)	2,412,813	(1,446,124)	123,794
Reclassification adjustments relating to gain realized on available for sale investments	(179,691)	(18,454)	-	-
Share of reclassification adjustments on discontinuation of employee stock option by associated companies	(14,393)	-	-	-
Deferred income tax relating to deficit/ (surplus) on available for sale investments	28,375	(84,639)	22,872	-
	(357,669)	2,309,720	(1,423,252)	123,794
Effect of translation of net investment in foreign branches	3,298	3,891	-	(118)
Reclassification adjustments relating to gain realized on loss of significant influence on an associate	(12,080)	-	-	-
Exchange differences on translating foreign operations	242	106	226	(3)
	(8,540)	3,997	226	(121)
Other comprehensive income for the period- net of tax	(366,209)	2,313,717	(1,423,026)	123,673
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	8,567,612	4,504,077	922,709	1,020,453

SHARE OF PROFIT ATTRIBUTABLE TO:

EQUITY HOLDERS OF PARENT	7,676,033	4,502,147	620,340	1,013,334
MINORITY INTEREST	891,579	1,930	302,369	7,119
	8,567,612	4,504,077	922,709	1,020,453

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


CHIEF EXECUTIVE OFFICER

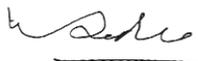

DIRECTOR

CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 MARCH 2011 (UN-AUDITED)

	Note	PERIOD ENDED	
		31 March 2011	31 March 2010
CASH FLOWS FROM OPERATING ACTIVITIES			
(Rupees in thousand)			
Cash utilized in operations	13	(3,412,726)	(853,979)
Finance cost paid		(3,120,626)	(793,033)
Income tax paid		(289,792)	(251,790)
Exchange gain on forward exchange contracts received		708,813	-
Net increase in long term loans		(7,452)	(12,082)
Net increase in long term deposits and prepayments		(5,774)	(2,212)
Net cash utilized in operating activities		(6,127,557)	(1,913,096)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		249,461	82,028
Proceeds from sale of investments		301,281	515,500
Dividends received		536,290	417,379
Investments made		(166,772)	(56,283)
Capital expenditure on property, plant and equipment		(2,571,037)	(2,694,555)
Net cash utilized in investing activities		(1,650,777)	(1,735,931)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		832,246	3,838,311
Repayment of long term financing		(1,284,134)	(386,241)
Repayment of liabilities against assets subject to finance lease		(22,564)	-
Exchange difference on translation of the net investment in foreign subsidiaries		242	106
Short term borrowings - net		7,636,565	2,383,116
Dividend paid		(874,240)	(480,933)
Net cash from financing activities		6,288,115	5,354,359
Net (decrease)/ increase in cash and cash equivalents		(1,490,219)	1,705,332
Cash and cash equivalents at the beginning of the period		1,886,326	170,864
Cash and cash equivalents at the end of the period		396,107	1,876,196

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 PERIOD ENDED 31 MARCH 2011 (UN-AUDITED)

(RUPEES IN THOUSAND)

SHARE CAPITAL	ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY											MINORITY INTEREST	TOTAL EQUITY
	CAPITAL RESERVES				REVENUE RESERVES			TOTAL RESERVES	SHARE-HOLDERS' EQUITY	TOTAL EQUITY			
	Premium on issue of right Shares	Fair value reserve	Exchange translation reserve	Capital redemption reserve/fund	Statutory reserve	Sub total	General reserve				Unappropriated profit		
2,424,827	2,226,014	3,492,679	1,937	111,002	25,061	5,856,693	14,373,882	1,886,524	16,260,406	22,117,099	24,541,926	1,023,169	25,565,095
-	-	-	-	-	-	-	-	(484,965)	(484,965)	(484,965)	(484,965)	-	(484,965)
-	-	-	-	-	-	1,350,000	-	(1,350,000)	-	-	-	-	-
-	-	-	-	-	82,209	82,209	-	(82,209)	-	-	-	-	-
-	-	-	-	-	-	-	-	1,184	1,184	1,184	1,184	-	1,184
-	-	-	-	-	-	-	-	-	-	-	-	515,500	515,500
-	2,309,720	3,997	-	-	-	2,313,717	-	2,188,430	2,188,430	4,502,147	4,502,147	1,930	4,504,077
2,424,827	2,226,014	5,802,399	5,934	111,002	107,270	8,252,619	15,723,882	2,158,964	17,882,846	26,135,465	28,580,292	1,540,599	30,100,891
1,091,172	3,273,516	-	-	-	-	3,273,516	-	-	3,273,516	4,364,688	-	-	4,364,688
-	-	-	-	-	26,303	26,303	-	(26,303)	-	-	-	-	-
-	-	-	-	-	-	-	-	377	377	377	377	-	377
-	-	-	-	-	-	-	-	31,190	31,190	31,190	31,190	810	32,000
-	-	-	-	-	-	(684,074)	-	6,005,815	6,005,815	5,321,741	5,321,741	18,577	5,340,318
3,515,999	5,499,530	5,115,208	9,051	111,002	133,573	10,868,364	15,723,882	8,170,043	23,893,925	34,762,289	38,278,288	1,559,986	39,838,274
-	-	-	-	-	-	-	-	(879,000)	(879,000)	(879,000)	(879,000)	-	(879,000)
-	-	-	-	-	-	-	7,335,000	(7,335,000)	-	-	-	-	-
-	-	-	-	-	-	-	-	(62,556)	(62,556)	-	-	-	-
-	-	-	-	-	62,556	62,556	-	763	763	763	763	-	763
-	-	-	-	-	-	-	-	196,129	196,129	196,129	86,127	215,154	301,281
-	-	-	-	-	(196,129)	(196,129)	-	86,127	86,127	86,127	86,127	891,579	8,567,612
-	-	(357,669)	(8,540)	-	-	(366,209)	-	8,042,242	8,042,242	7,676,033	7,676,033	7,676,033	8,567,612
3,515,999	5,499,530	4,757,539	511	111,002	-	10,368,562	23,058,882	8,218,748	31,277,650	41,646,212	45,162,211	2,666,719	47,828,930

Balance as at 30 June 2009-restated (audited)
Final dividend for the year ended 30 June 2009 @

Rupees 2 per share
Transfer to general reserve
Share in reserves of associated companies
Share in surplus on revaluation of fixed assets relating to incremental depreciation- net of tax under equity method
Share in surplus on revaluation of fixed assets relating to incremental depreciation- net of tax under equity method
Disposal of interest to minority
Total comprehensive income/(loss) for the period
- net of deferred tax

Balance as at 31 March 2010 - restated (unaudited)
Right shares issued during the period ended 30 June 2010
Share in reserves of associated companies
Share in surplus on revaluation of fixed assets relating to incremental depreciation- net of tax under equity method
Disposal of interest to minority
Total comprehensive income/(loss) for the period
- net of deferred tax

Balance as at 30 June 2010 - (audited)
Final dividend for the year ended 30 June 2010 @ Rupees 2.50 per share
Transfer to general reserve
Share in reserves of associated companies
Share in surplus on revaluation of fixed assets relating to incremental depreciation- net of tax under equity method
Transfer to unappropriated profit on loss of significant influence on an associate
Disposal of interest to minority
Total comprehensive income/(loss) for the period
- net of deferred tax

Balance as at 31 March 2011 - (unaudited)

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 PERIOD ENDED 31 MARCH 2011 (UN-AUDITED)

1. THE GROUP AND ITS OPERATIONS

The Group consists of:

Holding Company

- Nishat Mills Limited

Subsidiary Companies

- Nishat Power Limited
- Nishat USA, INC.
- Nishat Linen Trading LLC
- Nishat Linen (Private) Limited

Nishat Mills Limited

Nishat Mills Limited (“the Company”) 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 Karachi stock exchange (Guarantee) Limited and Lahore stock exchange (Guarantee) Limited in Pakistan. 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 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% share holding of Nishat USA Inc. on 01 October 2008.

NISHAT LINEN TRADING LLC

Nishat Linen Trading LLC is a wholly owned foreign subsidiary of Nishat Mills Limited. It has been incorporated on December 23, 2010 in Dubai, UAE as a Limited Liability Company under the laws of United Arab Emirates. The registered office of Nishat Linen Trading LLC is P.O.Box 28189 Dubai, UAE. The principal business of the subsidiary company is to operate wholesale and retail outlets in UAE for sale of textile and related products.

NISHAT LINEN (PRIVATE) LIMITED

Nishat Linen (Private) Limited, a wholly owned subsidiary of Nishat Mills Limited, is incorporated as a private limited company in Pakistan under the Companies Ordinance 1984 on March 15, 2011. The registered office of Nishat Linen (Private) Limited is 3-Yahya Block Nishatabad, Faisalabad, Punjab, Pakistan. The company will operate retail outlets for sale of textile and other products and will carry on the business of trading and manufacturing of all kinds of textile goods and products.

2. BASIS OF PREPARATION

This consolidated condensed interim financial information is unaudited and is being submitted to share holders 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 of the Group for the year ended 30 June 2010.

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 annual published consolidated financial statements of the Group for the year ended 30 June 2010.

4. CONSOLIDATION

a) Subsidiary

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

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

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

During preparation of this consolidated condensed interim financial information, the significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published consolidated financial statements of the Group for the year ended 30 June 2010.

	Un-audited 31 March 2011	Audited 30 June 2010
	(Rupees in thousand)	
6. LONG TERM FINANCING - SECURED		
Opening balance	18,272,867	14,417,710
Add: Obtained during the period / year	832,246	4,450,970
Less: Repaid during the period / year	1,284,134	595,813
Less: Transferred to liabilities against assets subject to finance lease	300,000	-
	<hr/>	<hr/>
Closing balance	17,520,979	18,272,867
Less: Current portion shown under current liabilities	1,997,542	1,867,912
	<hr/>	<hr/>
Non-current portion	15,523,437	16,404,955
	<hr/> <hr/>	<hr/> <hr/>
7. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Minimum lease payments	356,511	-
Less: Un-amortized finance charge	79,075	-
	<hr/>	<hr/>
Present value of minimum lease payments	277,436	-
Less: Current portion shown under current liabilities	58,957	-
	<hr/>	<hr/>
	218,479	-
	<hr/> <hr/>	<hr/> <hr/>

During the period ended 31 March 2011, the Holding Company has entered into a sale and leaseback arrangement with Pak Kuwait Investment Company (Private) Limited. According to the lease agreement, at reporting date, leasing company has contributed Rupees 144.145 million from its own sources and the remaining amount of Rupees 133.291 million has been financed under Long Term Finance Facility (LTFF) scheme of State Bank of Pakistan. Minimum lease payments have been discounted using implicit interest rate ranging from 9.70% to 15.62% per annum. Balance rentals are payable in quarterly installments. Taxes, repairs and insurance costs are borne by the Company. These are secured against the leased assets and demand promissory note.

8. CONTINGENCIES AND COMMITMENTS

Contingencies

- i) Nishat Mills Limited - Holding Company is contingently liable for Rupees 0.631 million (30 June 2010: Rupees 87.378 million) on account of central excise duty not acknowledged as debt as the cases are pending before Honorable Sindh High Court.
- ii) Guarantees of Rupees 553.642 million (30 June 2010: Rupees 472.398 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 701.823 million (30 June 2010: Rupees 537.000 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 the following guarantees on behalf of Nishat Power Limited - Subsidiary Company:
 - a) Irrevocable standby letters of credit of Rupees 430 million (30 June 2010: Rupees 430 million) for equity injection, in accordance with Project Funds Agreement, in favour of security trustee of syndicated lenders of Nishat Power Limited - Subsidiary Company.
 - b) Guarantees of Rs 325 million (June 30, 2010: Rs 250 million) in favour of various commercial banks as security for short term borrowings of the Subsidiary Company.
- v) Nishat Power Limited -Subsidiary Company has issued an irrevocable standby letter of credit in favour of Wartsila Pakistan (Private) Limited for Rs 45 million (June 30, 2010: Rs 45 million) as under required Operations and Maintenance Agreement ('O&M Agreement') dated July 24, 2009.
- vi) Nishat Power Limited - Subsidiary Company has issued irrevocable letter of credit of USD Nil [Pak Rupees Nil] (30 June 2010: USD 5.370 million [Pak Rupees 459.642 million] in favour of National Transmission and Despatch Company Limited (NTDCL) as required under section 2.7 and 9.4(d) of the Power Purchase Agreement.
- vii) The Nishat Mills Limited's share in contingencies of associated companies' is Rupees 698.949 million (30 June 2010: Rupees 5,706.861 million).

Commitments

- i) Contracts for capital expenditure of the Group are Rupees 380.072 million (30 June 2010: Rupees 935.095 million).
- ii) Letters of credit other than for capital expenditure of the Group are Rupees 1,665.001 million (30 June 2010: Rupees 313.814 million).
- iii) The Group has also commitments in respect of other contracts of Rupees 1.871 million (30 June 2010: Rupees 1.313 million).

- iv) 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.
- v) Nishat Power Limited - Subsidiary Company has also entered into an agreement with Wartsila Pakistan (Private) Limited for the operations and maintenance (O&M) of the power station for a five years period starting from the commercial operations date of the power station i.e 09 June 2010. Under the terms of the O&M agreement, the Subsidiary Company is required to pay a monthly fixed O&M fee and a variable O&M fee depending on the net electrical output, both of which are adjustable according to the Wholesale Price Index.

	Un-audited 31 March 2011 (Rupees in thousand)	Audited 30 June 2010
9. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets		
Owned (Note 9.1)	28,127,453	28,108,212
Leased (Note 9.2)	280,439	-
Capital work in progress (Note 9.3)	1,072,217	365,662
	29,480,109	28,473,874
9.1 Operating fixed assets - owned		
Opening book value	28,108,212	11,189,711
Add: Cost of additions during the period/ year (Note 9.1.1)	1,864,553	18,273,648
Less: Book value of assets transferred to investment properties during the period/ year	-	97,853
	29,972,765	29,365,506
Less: Book value of deletions during the period / year (Note 9.1.2)	201,151	116,103
Less: Transfer to operating fixed assets-leased (Note 9.2)	300,000	-
	29,471,614	29,249,403
Less: Depreciation charged for the period/ year	1,344,161	1,141,191
	28,127,453	28,108,212
9.1.1 Cost of additions		
Freehold land	3,975	144,262
Buildings on freehold land	128,579	323,269
Plant and machinery	1,634,425	17,664,376
Electric installations	5,970	16,322
Factory equipment	11,155	16,509
Furniture, fixtures and office equipment	17,507	19,874
Computer equipment	7,272	15,825
Vehicles	55,670	73,211
	1,864,553	18,273,648

	Un-audited 31 March 2011 (Rupees in thousand)	Audited 30 June 2010
9.1.2 Book value of deletions		
Plant and machinery	190,373	101,416
Electric installations	211	3,366
Factory equipment	-	378
Furniture, fixtures and office equipment	93	126
Computer equipment	-	50
Vehicles	10,474	10,767
	201,151	116,103
9.2 Operating fixed assets - leased		
Opening book value	-	-
Add: Cost of additions during the period / year	300,000	-
Less: Depreciation charged during the period / year	19,561	-
	280,439	-
9.3 Capital work-in-progress		
Buildings on freehold land	223,576	261,535
Plant and machinery	815,847	14,506,900
Electric installation	506	546
Unallocated expenses	2,897	7,219
Letters of credit against machinery	904	2,631
Advances against furniture and office equipment	7,253	652
Advances against vehicles	21,234	2,647
Unallocated capital expenditure (Note 9.3.1)	-	2,166,865
	1,072,217	16,948,995
Transfer to operating fixed assets	-	(16,583,333)
	1,072,217	365,662

Un-audited Audited
31 March 30 June
2011 2010
(Rupees in thousand)

**9.3.1 Unallocated expenditures - Nishat Power Limited
- Subsidiary Company**

Raw material consumed	-	2,189,759
Stores, spare parts and loose tools consumed	-	1,169
Salaries and other benefits	-	42,982
Electricity consumed in-house	-	23,123
Insurance	-	204,282
Traveling and conveyance	-	12,213
Rent, rates and taxes	-	1,415
Postage and telephone	-	1,370
Legal and professional charges	-	7,191
Consultancy charges	-	18,429
Fee and subscription	-	45,381
Mark-up on		
Long term financing- secured	-	3,041,941
Short term borrowings- secured	-	108,817
Bank charges and financing fee	-	169,502
Bank guarantee commission	-	10,092
Depreciation	-	2,741
Miscellaneous	-	4,566
	-	5,884,973
Delay liquidity damages recovered	-	(1,461,648)
Sale of trial production	-	(2,256,460)
	-	2,166,865

(Un-audited)

PERIOD ENDED		QUARTER ENDED	
31 March 2011	31 March 2010	31 March 2011	31 March 2010

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

10. COST OF SALES

Raw material consumed	20,291,304	5,350,997	7,514,311	1,806,061
Cloth and yarn purchased / used	14,512,623	7,246,484	6,560,480	2,864,637
Processing charges	160,952	91,913	43,286	30,321
Salaries, wages and other benefits	1,708,573	1,392,295	573,191	465,381
Staff retirement benefits	45,840	39,129	15,522	12,910
Stores, spare parts and loose tools	2,601,417	1,955,476	900,014	675,384
Packing materials	560,189	391,490	194,999	135,414
Repair and maintenance	389,378	216,450	137,848	71,044
Fuel and power	2,260,174	1,653,845	818,422	620,837
Insurance	133,819	20,151	43,745	6,772
Other factory overheads	195,059	151,201	68,979	52,625
Depreciation	1,313,570	761,132	438,503	254,008
	44,172,898	19,270,563	17,309,300	6,995,394
Work-in-process:				
Opening stock	2,921,946	1,529,335	4,102,048	1,913,290
Closing stock	(5,582,685)	(2,195,486)	(5,582,685)	(2,195,486)
	(2,660,739)	(666,151)	(1,480,637)	(282,196)
Cost of goods manufactured	41,512,159	18,604,412	15,828,663	6,713,198
Finished goods:				
Opening stock	1,545,610	1,164,522	2,171,715	1,392,917
Closing stock	(2,785,600)	(1,516,248)	(2,785,600)	(1,516,248)
	(1,239,990)	(351,726)	(613,885)	(123,331)
	40,272,169	18,252,686	15,214,778	6,589,867

11. OTHER OPERATING EXPENSES

Workers' profit participation fund	206,942	108,504	85,339	48,587
Workers' welfare fund	80,477	41,850	32,429	18,462
Provision for doubtful debts	11,207	9,000	-	3,000
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	4,291	4,768	1,409	1,566
Donations (Note 11.1)	7,299	500	-	-
	310,216	199,300	119,177	71,615

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

12. Other operating income includes a gain of Rupees 3,062 million that has been recognized on transfer of investment in MCB Bank Limited to available for sale investment in associate without significant influence. Previously, the financial statements of MCB Bank Limited were consolidated with the financial statements of the Company and its subsidiaries as per the requirements of International Accounting Standard – 28: Investment in Associates ("IAS 28") on the basis of significant influence which was considered to be exercised by the Company. As per IAS 28, the Company is no longer considered as exercising significant influence over MCB Bank Limited as at reporting date. Accordingly, the financial statements of MCB Bank Limited are not consolidated with the financial statements of the Company and its subsidiaries as at reporting date.

(Un-audited)

PERIOD ENDED	
31 March 2011	31 March 2010

(Rupees in thousand)

13. CASH UTILIZED IN OPERATIONS

Profit before taxation	9,405,909	2,442,116
Adjustments for non-cash charges and other items:		
Depreciation	1,367,942	811,439
Provision for doubtful debts	11,207	9,000
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	(48,310)	(8,613)
Dividend income	(44,609)	(15,549)
Share of profit from associated companies	(1,452,520)	(804,024)
Net fair value gain on available for sale investments	(2,757,188)	-
Net exchange gain including loss on forward contracts	(1,039,958)	-
Finance cost	3,327,039	808,897
Working capital changes (Note 13.1)	(12,182,238)	(4,131,923)
	(3,412,726)	(853,979)

13.1 Working capital changes

(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(264,313)	(230,406)
Stock-in-trade	(6,928,878)	(3,521,478)
Trade debts	(5,783,688)	(384,115)
Loans and advances	467,087	50,771
Short term deposits and prepayments	(15,018)	(35,857)
Other receivables	(202,116)	(534,389)
	(12,726,926)	(4,655,474)
(Decrease)/ increase in trade and other payables	544,688	523,551
	(12,182,238)	(4,131,923)

14. SEGMENT INFORMATION

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

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

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

	Spinning		Weaving		Processing & Home Textile		Garments		Power generation		Elimination of inter-segment transactions		(Un-audited) Total-Group	
	Period ended		Period ended		Period ended		Period ended		Period ended		Period ended		Period ended	
	Mar 11	Mar 10	Mar 11	Mar 10	Mar 11	Mar 10	Mar 11	Mar 10	Mar 11	Mar 10	Mar 11	Mar 10	Mar 11	Mar 10
SALES	14,093,912	8,341,541	12,279,798	7,433,757	14,053,986	9,663,180	2,813,439	1,854,228	17,380,446	1,746,314	(10,561,933)	(6,713,322)	50,059,648	22,328,688
COST OF SALES	(11,804,384)	(7,017,308)	(11,056,954)	(6,710,888)	(12,265,009)	(7,973,259)	(2,336,599)	(1,521,899)	(13,371,156)	(1,742,654)	10,561,933	6,713,322	(40,272,169)	(18,252,686)
GROSS PROFIT	2,289,528	1,324,233	1,222,844	722,869	1,788,977	1,689,921	476,840	332,329	4,009,290	6,660	-	-	9,787,479	4,076,012
DISTRIBUTION COST	(217,862)	(164,886)	(328,301)	(265,359)	(786,986)	(651,731)	(150,744)	(89,394)	(42,733)	-	-	-	(1,483,293)	(1,171,380)
ADMINISTRATIVE EXPENSES	(141,452)	(114,329)	(116,574)	(101,330)	(169,291)	(144,706)	(39,334)	(31,607)	-	(25,328)	-	-	(509,384)	(417,300)
PROFIT BEFORE TAXATION AND UNALLOCATED INCOME AND EXPENSES	(358,714)	(279,225)	(444,875)	(366,889)	(956,277)	(796,437)	(190,078)	(121,001)	(42,733)	(25,328)	-	-	(1,992,677)	(1,588,680)
UNALLOCATED INCOME AND EXPENSES	1,930,814	1,045,008	777,969	356,180	832,700	893,484	286,762	211,328	3,966,557	(18,668)	-	-	7,794,802	2,487,332
UNALLOCATED INCOME AND EXPENSES:														
OTHER OPERATING EXPENSES													(310,216)	(199,300)
OTHER OPERATING INCOME													3,795,842	162,930
FINANCE COST													(3,327,039)	(812,870)
SHARE OF PROFIT IN ASSOCIATED COMPANIES													1,452,520	804,024
PROVISION FOR TAXATION													(472,088)	(251,756)
PROFIT AFTER TAXATION													8,933,821	2,190,360

14.3 Reconciliation of reportable segment assets

	Spinning		Weaving		Processing & Home Textile		Garments		Power generation		Total-Group			
	Period ended		Period ended		Period ended		Period ended		Period ended		Period ended			
	Mar 11	Jun 10	Mar 11	Jun 10	Mar 11	Jun 10	Mar 11	Jun 10	Mar 11	Jun 10	Mar 11	Jun 10		
Total assets for reportable segments	10,105,789	6,184,668	4,598,558	3,635,533	10,743,804	7,360,584	1,922,563	1,763,519	27,484,272	22,361,278	54,854,986	41,305,582		
Unallocated assets:														
Long term investments													28,798,456	25,892,058
Other receivables													1,372,825	839,564
Cash and bank balances													396,107	1,886,326
Other corporate assets													2,666,536	2,104,939
Total assets as per balance sheet													88,088,910	72,028,469

15. 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. Details of transactions with related parties are as follows:

		(Un-audited)			
		PERIOD ENDED		QUARTER ENDED	
		31 March 2011	31 March 2010	31 March 2011	31 March 2010
----- (Rupees in thousand) -----					
Associated companies					
Investment made	166,772	-	-	-	-
Purchase of goods and services	18,329	10,199	5,194	4,247	-
Purchase of operating fixed assets	23,187	-	-	-	-
Sale of operating fixed assets	2,057	-	-	-	-
Sale of goods and services	8,397	4,950	2,323	1,650	-
Dividend received	10,263	10,276	-	-	-
Dividend paid	78,870	43,515	-	-	-
Insurance premium paid	202,642	155,017	48,278	114,795	-
Insurance claims received	6,230	12,814	713	5,556	-
Profit on saving account	35	213	28	120	-
Subscription paid	750	713	-	150	-
Other related parties					
Investment made	-	56,283	-	-	-
Dividend received	33,770	5,274	-	2,082	-
Purchase of goods and services	81,743	149,089	2,855	37,249	-
Sale of goods and services	90,395	134,510	19,578	49,244	-
Group's contribution to provident fund trust	64,462	54,015	21,800	17,956	-
Remuneration paid to Chief Executive Officer, Directors and Executives of the Holding Company	167,190	96,773	46,288	32,521	-

16. 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 2010.

17. DATE OF AUTHORIZATION FOR ISSUE

This consolidated condensed interim financial information was approved by the Board of Directors and authorized for issue on April 28, 2011.

18. CORRESPONDING FIGURES

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

19. GENERAL

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


CHIEF EXECUTIVE OFFICER


DIRECTOR