



NISHAT

Nishat Mills Limited

Interim financial report

For the half year ended 31 December 2011

50 Years
of listing on KSE



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Company Information

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



BANKERS TO THE COMPANY:	Albarka Islamic Bank Allied Bank Limited Askari Bank Limited Bank Alfalah Limited Bank Islami Pakistan Limited Barclays Bank PLC Burj Bank Limited Citibank N.A. Deutsche Bank AG Dubai Islamic Bank Pakistan Limited Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited HSBC Bank Middle East Limited JS Bank Limited KASB Bank Limited Meezan Bank Limited	National Bank of Pakistan NIB Bank Limited Pak Brunei Investment Company Limited Pak Oman Investment Company Limited Pakistan Kuwait Investment Company (Pvt) Limited Samba Bank Limited Saudi Pak Industrial & Agricultural Investment Company Limited Silk Bank Limited Soneri Bank Limited Standard Chartered Bank (Pakistan) Limited The Bank of Punjab United Bank Limited
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MILLS:	Nishatabad, Faisalabad.	(Spinning units, Yarn Dyeing & Power plant)
	12 K.M. Faisalabad Road, Sheikhupura.	(Weaving units & Power plant)
	21 K.M. Ferozepur Road, Lahore.	(Stitching unit & Power plant)
	5 K.M. Nishat Avenue Off 22 K.M. Ferozepur Road, Lahore.	(Weaving, Dyeing & Finishing unit, Processing unit, Stitching unit and Power plant)
	7 K.M. East Hadiara Drain Off: 22 K.M. Ferozepur Road, Lahore.	(Apparel Unit)
	20 K.M. Sheikhupura Faisalabad Road, Feroze Watwan.	(Spinning unit & Power plant)

**REGISTERED OFFICE &
SHARES DEPARTMENT:**

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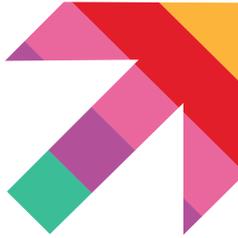
Directors' Report

Directors of Nishat Mills Limited (“the Company”) are pleased to present the interim financial report of the company for the half year ended December 31, 2011 along with the condensed interim financial information and auditors' review report thereon.



50 Years
of listing on KSE

The Company has completed 50 years of listing on Karachi Stock Exchange on 27 November 2011. This achievement is a sparkling manifestation of Professionalism embedded in the culture of the Company. **“Growth through Professional Management”** has always been the driving force. Textile industry has the biggest share of total exports of our country. The Company contributes a substantial portion to achieve these exports. We are proud to have contributed to economic growth of the country throughout these 50 years.



Operating Financial Results

Company's net profit in this half year has been on a slightly lower side compared to the corresponding period of last year. The primary reason for decrease in profit is hike in fuel and power costs.

Finance cost of the company also increased in this half year due to increase in average borrowing costs. Long term loans had been obtained to finance fixed capital expenditure, majority of which related to power generation facilities using cheap alternative fuels. This strategic initiative will ease the financial pressure which is being caused by the use of expensive traditional fuels i.e. furnace oil and diesel for power generation and affecting the company's profitability.

Second quarter of the half year showed much better operational performance as compared to first quarter of the half year. Aggressive marketing activities provided boost to profit margins in second quarter despite rise in fuel and power cost. Gross profit increased by Rs. 738 million with a rise of 7.18% in gross profit margin (Dec 2011: 17.92% and Sep 2011: 10.74%).

Financial Highlights	Half year ended December 31, 2011			Half year ended December 31, 2010		
	Quarter ended 31-12-2011	Quarter ended 30-09-2011	Total	Quarter ended 31-12-2010	Quarter ended 30-09-2010	Total
Net sales ('000' Rs.)	10,677,009	10,941,132	21,618,141	11,383,902	9,960,849	21,344,751
Gross profit ('000' Rs.)	1,912,893	1,174,756	3,087,649	1,144,074	2,138,386	3,282,460
Pre-tax profit ('000' Rs.)	926,690	1,242,194	2,168,884	876,760	1,477,609	2,354,369
After tax profit ('000' Rs.)	870,690	1,031,194	1,901,884	708,260	1,350,109	2,058,369
Gross profit (%)	17.92	10.74	14.28	10.05	21.47	15.38
After tax profit (%)	8.15	9.42	8.80	6.22	13.55	9.64
Earnings per share (Rs.)	2.48	2.93	5.41	2.01	3.84	5.85

Company's equity investment portfolio has been providing excellent results for some years now. Dividend income has increased by Rs. 833 million from Rs. 536 million in corresponding half year to Rs. 1,369 million in the current half year. In total, other income has increased by Rs. 415 million (increase of 34.39%) and has compensated for gross profit and net profit reductions.

General Market Review and Future Prospects

In this half year, textile industry generally registered a dismal performance. There are no signs of betterment in the operating economic conditions. The main hazard affecting the industry is gas and electricity load shedding. For small businesses this has been an utter disaster. For not being able to afford in-house power generation, closure is their only option. For large businesses such as ours, problem has been to manage production with high cost in-house (furnace oil and diesel based) energy and then compete in the international market with such high costs.

However, our Company is fully prepared and taking all appropriate measures to cope with emerging obligations. Our strategy includes exploration of alternative fuels e.g. coal, bio-mass fuels and LNG to tackle the issue of increasing energy costs.

We also intend to expand and diversify our product range by adding value added products. In addition, we plan to consolidate our existing customer base to ensure maintenance of sale level and then go one step farther towards its broadening to achieve the growth targets.

A ray of hope has emerged in the form of trade package recently approved by World Trade Organization (WTO) as a relief measure to help the country overcome devastating impact of 2010 floods. Under this package the country will be able to export more than 50 textile products to 27 European Union (EU) states at zero or reduced duty rates over the next two years. These concessions will certainly help boost textile exports and provide further support to our battered economy.

Spinning

Profitability in spinning division depends on how the cotton and yarn prices fluctuate in the market. Cotton prices reached their peak in March last year and then started to decline.

Yarn prices remained somewhat steady throughout the six months period. A small surge in price was observed towards the end of the half year. Spinning division made extraordinary profits in the corresponding half year owing to highest ever margins in yarn prices in the market. However, in the current half year, key variables have moved negatively. Demand and the sale price both have reduced resulting in volume and price reductions.

Yarn	Half year ended December 31		Increase/ (Decrease)	
	2011	2010	Value	% age
Sale - '000' Kgs	13,871	18,584	(4,713)	(25.36)
Rate / Kg	316.70	337.64	(20.94)	(6.20)
Sale - '000' Rs.	4,392,955	6,274,694	(1,881,739)	(29.99)

The demand of carded yarn increased as compared to combed yarn. For exports, Hong Kong and China remained the main markets whereas demand of cotton yarn from Europe and the USA was negligible. Research and development is underway to further increase efficiencies through machinery up-gradation and replacements.

Weaving

Weaving division's performance showed growth in comparison to the corresponding half year. Quantity sold as well as better prices resulted in increased revenue. Our strategy to retain our valuable customers, sometimes at low margins, paid dividends again and allowed us not only to maintain but also increase the sales.

It has not been a smooth sailing. Massive power and gas shut downs caused reduction in supply of good quality yarn prompting a little surge in price toward the end of the half year. This increase halted the business activity a little. Some of the customers had decided to wait further as these price levels were too high for them. Work wear business, which picked up during the corresponding half year, had also been on a sharp decline owing to huge inventories of expensive fabric carried by the customers.

Grey Cloth	Half year ended December 31		Increase/ (Decrease)	
	2011	2010	Value	% age
Sale - '000' Mtrs	27,224	25,293	1,931	7.63
Rate / Mtr	167.92	149.15	18.77	12.58
Sale - '000' Rs.	4,571,424	3,772,452	798,972	21.18

Recent weakening of Euro against the Dollar has further aggravated the situation. We anticipate a difficult second half of the year and expect business activity to be on the slow side. Machinery up gradation has always been on our radar. Thirty (30) new Airjet Looms have been bought and these would be operational by May 2012. These machines will replace old Sulzer and Jacquard looms and give us more flexibility in running new and complex designs.

Processing and Home Textile

Global economic conditions remained grim in this half year. The Euro crisis in Europe and the continued recession in the US slowed down consumption of textile products, as purchasing power of consumers in both these regions took a hit and demand for textiles and apparels decreased.

In the first half of this year, our processing division performed conspicuously well and achieved high sales figures. We were not only able to utilize our full capacity but also attained better profit margins.

Second half of this year would be tougher for textile sector because we are heading towards lean months where historically demand gets squeezed from customers. Despite these peculiar circumstances, efforts are being made to maintain momentum of performance in the months to come. We have already sold our capacities for 3rd quarter of current fiscal year and aggressively working on selling of 4th quarter. We are confident to close the year on a positive note.

Processed Cloth and Made-ups	Half year ended December 31		Increase/(Decrease)	
	2011	2010	Value	% age
Sale - '000' Mtrs	33,119	36,765	(3,646)	(9.92)
Rate / Mtr	274.00	224.96	49.04	21.80
Sale - '000' Rs.	9,074,551	8,270,837	803,714	9.72

Times were tough for our home textile division. High cotton prices coupled with deteriorating American economy resulted in lower demand. Despite the fact, we remained a key player in home textile business due to our commitment towards quality product and in-time deliveries. We were able to attract more customers and our product mix also expanded during recent months. Our strategy to engage with more retailers in Europe for direct sales is moving forward very well. After several months of communication and development, we have entered into final negotiation with one of Europe's retail giants. This is expected to give an exceptional boost to our home textile business once the venture is finally established. In addition to that, another prestigious and world renowned brand "Lacoste" has been entered in to our clientele list and initial shipments have been made already. This is a big success for us and a sparkling addition to our long list of well reputed brand oriented clients, which is expected to increase our sales in coming months.

While Europe remains our strength, we have maintained our share in North America. We have become a preferred choice of several clients due to our record of uninterrupted supplies, particularly in the scenario where many other companies in Pakistan are not being able to cope up with their commitments. Moreover, Australian market is showing promising signs of growth and we are very hopeful that this region will revive its business and we will be able to obtain our due share.

We proudly speak of our huge success of Nishat Linen (NISHA). Our textile and home fashion retail chain has redefined the industry with acute attention paid to quality, design and affordability. Our retail sales have crossed Rs. 400 million. Aggressive and effective marketing campaign has exponentially increased our market share and customer base. We are already in a position to compete with the seasoned textile retailers of the country. Immense efforts are being put in to make this retail chain the market leader and we expect our dream to come true in the near future.

Garments

The half yearly results of apparel division speak about the strength of this value added business. Results are better than our expectations in this complex business environment. Businesses are suffering due to unsold inventories, higher debts and economic woes. At domestic front, major costs are being incurred on fuel and power due to power outages and gas curtailments. Despite these challenging circumstances, our garments division emerged stronger than before. The fundamental core of business gained further momentum through research, development and technological innovation.

Continuous investments are being made in Plant and Machinery and Human Resources. In addition to already available 20 production lines, 2 new lines will be in operation by April 2012. This will help us cater for ever increasing demand of our customers. Simultaneously, investments are being made in specialized machines to add value to our products.

In the second half of this year, with cotton prices and supply expected to remain stable, we expect our sales and production volume to remain at peak capacity.

Garments	Half year ended December 31		Increase/(Decrease)	
	2011	2010	Value	% age
Sale - '000' PCs	2,512	3,152	(640)	(20.30)
Rate / PC	791.09	562.02	229.07	40.76
Sale - '000' Rs.	1,987,219	1,771,501	215,718	12.18

Power Generation

Energy crisis have increased exponentially in the country. Gas supply and demand gap is widening consistently and resulting in shortages to the tune of 5 billion cubic feet per day. Industrial growth in the textile sector shows negative signs compared to the preceding years as most of the textile industry is shutting down due to power and gas supply shortages.

Nishat Mills Limited has lived up to its promise to be a vanguard in use of alternative fuels for energy requirements in the absence of fossil fuels. We have put up a new Combined Heat and Power plant at our site in Lahore which will produce 6 M.W. of electricity and 65 tons/hour of steam. Coal will be the primary fuel but special aspect of this plant is its flexibility to use alternative input mix up-to 70% of bio-mass fuels with 30% of coal. The plant is expected to be commissioned by May/June 2012. Two high performance, high efficiency, low pressure steam generating boilers are already in operation using rice husk, wood chips and corn cobs etc as main source of locally available agri-waste fuels at two sites of our company.

Having studied the expected viability and success of the project generating electricity and steam from coal and bio-mass fuels, we are now planning to establish similar projects for our spinning division at Faisalabad and our weaving division at Sheikhpura. These plants will have the production capacity to cater for entire power and energy requirements of these divisions.

Installation of Synthetic Natural Gas (SNG) Plant is nearing its completion phase. This plant will use LPG as raw material to produce synthetic gas. This synthetic gas will be used to run processing machines which are solely dependent on natural gas for their running and are non operational during gas load shedding days. A sizeable storage of LPG has also been established in the Company.

At the same time, a watchful attention is also being paid to the idea of utilizing solar energy to produce power for stitching and finishing facilities against their online standardized day light requirement.

Subsidiary Companies and Consolidated Financial Statements

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

Acknowledgement

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

For and on behalf of the Board of Directors

Umer Mansha

Mian Umer Mansha
Chairman/Chief Executive officer
24 February 2012
Lahore

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying unconsolidated condensed interim balance sheet of NISHAT MILLS LIMITED as at 31 December 2011 and the related 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 and notes to the accounts for the half year then ended (herein after referred to as "unconsolidated condensed interim financial information"). Management is responsible for the preparation and presentation of this unconsolidated condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this unconsolidated condensed interim financial information based on our review. The figures of the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income for the quarters ended 31 December 2011 and 31 December 2010 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended 31 December 2011.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of unconsolidated condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

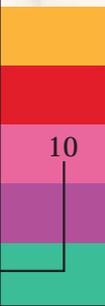
Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated condensed interim financial information as of and for the half year ended 31 December 2011 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.



RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Sarfraz Mahmood

Lahore: 24 February 2012



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Interim financial
report

Nishat Mills Limited
Unconsolidated Condensed
Interim Financial Information
for the half year ended 31 December 2011



UNCONSOLIDATED CONDENSED INTERIM BALANCE SHEET AS AT 31 DECEMBER 2011

	Note	Un-audited 31 December 2011 (Rupees in thousand)	Audited 30 June 2011
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
1,100,000,000 (30 June 2011: 1,100,000,000) ordinary shares of Rupees 10 each		11,000,000	11,000,000
Issued, subscribed and paid-up share capital			
351,599,848 (30 June 2011: 351,599,848) ordinary shares of Rupees 10 each		3,515,999	3,515,999
Reserves		26,616,122	31,877,960
Total equity		30,132,121	35,393,959
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	3,643,713	2,659,328
Liabilities against assets subject to finance lease	6	170,914	202,628
Deferred income tax liability		244,779	510,640
		4,059,406	3,372,596
CURRENT LIABILITIES			
Trade and other payables		2,893,053	2,577,020
Accrued mark-up		353,886	358,454
Short term borrowings		10,177,389	10,471,685
Current portion of non-current liabilities		1,235,964	1,283,865
Provision for taxation		898,325	631,325
		15,558,617	15,322,349
TOTAL LIABILITIES		19,618,023	18,694,945
CONTINGENCIES AND COMMITMENTS	7		
TOTAL EQUITY AND LIABILITIES		49,750,144	54,088,904

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


CHIEF EXECUTIVE OFFICER

	Note	Un-audited 31 December 2011 (Rupees in thousand)	Audited 30 June 2011
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	13,520,321	13,303,514
Investment properties		244,527	126,834
Long term investments		15,765,042	21,337,889
Long term loans	9	257,102	849,206
Long term deposits and prepayments		31,580	29,502
		29,818,572	35,646,945
CURRENT ASSETS			
Stores, spare parts and loose tools		1,053,335	955,136
Stock in trade		12,449,759	9,846,680
Trade debts		2,029,751	2,481,259
Loans and advances		1,495,448	756,351
Short term deposits and prepayments		34,513	47,211
Other receivables		878,496	1,406,890
Accrued interest		21,657	34,260
Short term investments		1,349,681	1,781,471
Cash and bank balances		618,932	1,132,701
		19,931,572	18,441,959
TOTAL ASSETS		49,750,144	54,088,904



DIRECTOR

**UNCONSOLIDATED CONDENSED INTERIM
PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR ENDED 31 DECEMBER 2011 (UN-AUDITED)**

Note	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
----- (Rupees in thousand) -----				
SALES	21,618,141	21,344,751	10,677,009	11,383,902
COST OF SALES	10 (18,530,492)	(18,062,291)	(8,764,116)	(10,239,828)
GROSS PROFIT	3,087,649	3,282,460	1,912,893	1,144,074
DISTRIBUTION COST	(1,093,342)	(924,541)	(576,196)	(491,127)
ADMINISTRATIVE EXPENSES	(361,654)	(316,113)	(177,276)	(165,190)
OTHER OPERATING EXPENSES	11 (196,547)	(189,039)	(102,400)	(69,971)
	(1,651,543)	(1,429,693)	(855,872)	(726,288)
	1,436,106	1,852,767	1,057,021	417,786
OTHER OPERATING INCOME	1,622,176	1,207,103	308,230	849,767
PROFIT FROM OPERATIONS	3,058,282	3,059,870	1,365,251	1,267,553
FINANCE COST	(889,398)	(705,501)	(438,561)	(390,793)
PROFIT BEFORE TAXATION	2,168,884	2,354,369	926,690	876,760
PROVISION FOR TAXATION	(267,000)	(296,000)	(56,000)	(168,500)
PROFIT AFTER TAXATION	1,901,884	2,058,369	870,690	708,260
EARNINGS PER SHARE-BASIC AND DILUTED (RUPEES)	5.41	5.85	2.48	2.01

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 HALF YEAR ENDED 31 DECEMBER 2011 (UN-AUDITED)

HALF YEAR ENDED		QUARTER ENDED	
31 December 2011	31 December 2010	31 December 2011	31 December 2010

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

PROFIT AFTER TAXATION	1,901,884	2,058,369	870,690	708,260
OTHER COMPREHENSIVE INCOME / (LOSS)				
Surplus / (deficit) on remeasurement of available for sale investments	(6,269,304)	759,298	(3,894,051)	1,035,320
Deferred income tax relating to surplus on available for sale investments	265,861	674,423	265,861	674,423
Other comprehensive income / (loss) for the period - net of tax	(6,003,443)	1,433,721	(3,628,190)	1,709,743
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD (4,101,559)	3,492,090	(2,757,500)	2,418,003	

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 HALF YEAR ENDED 31 DECEMBER 2011 (UN-AUDITED)**

	Note	HALF YEAR ENDED	
		31 December 2011	31 December 2010
(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (utilized in) operations	12	416,589	(3,386,596)
Finance cost paid		(893,966)	(630,013)
Income tax paid		(343,479)	(235,871)
Exchange gain on forward contracts received		269,443	253,936
Net increase in long term loans		(9,039)	(1,139)
Net increase in long term deposits and prepayments		(2,078)	(4,031)
Net cash utilized in operating activities		(562,530)	(4,003,714)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		30,311	135,754
Proceeds from sale of investment		-	301,281
Loan to subsidiary companies		(1,834,862)	(345,335)
Repayment of loans from subsidiary companies		2,052,216	-
Interest received		171,856	12,819
Dividends received		1,369,268	536,290
Investments made		(261,131)	(166,772)
Capital expenditure on property, plant and equipment		(976,673)	(1,045,232)
Net cash from / (used in) investing activities		550,985	(571,195)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		1,515,552	283,539
Repayment of long term financing		(581,166)	(524,980)
Repayment of liabilities against assets subject to finance lease		(29,616)	(8,331)
Short term borrowings - net		(294,296)	5,753,188
Dividend paid		(1,112,698)	(872,822)
Net cash (used in) / from financing activities		(502,224)	4,630,594
Net increase / (decrease) in cash and cash equivalents		(513,769)	55,685
Cash and cash equivalents at the beginning of the period		1,132,701	110,585
Cash and cash equivalents at the end of the period		618,932	166,270

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 HALF YEAR ENDED 31 DECEMBER 2011 (UN-AUDITED)

(RUPEES IN THOUSAND)

	RESERVES							TOTAL EQUITY	
	SHARE CAPITAL		CAPITAL RESERVES		REVENUE RESERVES				Total
	Premium on issue of right shares	Fair value reserve	Sub total	General reserve	Unappropri- ated profit	Sub total			
Balance as at 30 June 2010 - Audited	3,515,999	5,499,530	5,651,352	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 half year ended 31 December 2010	-	-	1,433,721	1,433,721	-	2,058,369	2,058,369	3,492,090	3,492,090
Balance as at 31 December 2010 - Un-audited	3,515,999	5,499,530	7,085,073	12,584,603	15,828,028	2,060,773	17,888,801	30,473,404	33,989,403
Total comprehensive income for the half year ended 30 June 2011	-	-	(1,380,987)	(1,380,987)	-	2,785,543	2,785,543	1,404,556	1,404,556
Balance as at 30 June 2011 - Audited	3,515,999	5,499,530	5,704,086	11,203,616	15,828,028	4,846,316	20,674,344	31,877,960	35,393,959
Final dividend for the year ended 30 June 2011 @ Rupees 3.30 per share	-	-	-	-	-	(1,160,279)	(1,160,279)	(1,160,279)	(1,160,279)
Transfer to general reserve	-	-	-	-	3,683,000	(3,683,000)	-	-	-
Total comprehensive loss for the half year ended 31 December 2011	-	-	(6,003,443)	(6,003,443)	-	1,901,884	1,901,884	(4,101,559)	(4,101,559)
Balance as at 31 December 2011 - Un-audited	3,515,999	5,499,530	(299,357)	5,200,173	19,511,028	1,904,921	21,415,949	26,616,122	30,132,121

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

Uma Mehta

CHIEF EXECUTIVE OFFICER

W. S. D. S.

DIRECTOR

SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION FOR THE HALF YEAR ENDED 31 DECEMBER 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 but subject to limited scope review by the statutory auditors and is being submitted to shareholders as required by section 245 of the Companies Ordinance, 1984. This unconsolidated condensed interim financial information of the Company for the half year ended 31 December 2011 has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This unconsolidated condensed interim financial information should be read in conjunction with the audited annual published financial statements of the Company for the year ended 30 June 2011.

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 2011.

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 2011.

Un-audited
31 December
2011
(Rupees in thousand)

Audited
30 June
2011

5. LONG TERM FINANCING - SECURED

Opening balance	3,882,849	4,109,326
Add: Obtained during the period / year	1,515,552	1,152,151
Less: Repaid during the period / year	581,166	1,078,628
Less: Transferred to liabilities against assets subject to finance lease	-	300,000
	4,817,235	3,882,849
Less: Current portion shown under current liabilities	1,173,522	1,223,521
	3,643,713	2,659,328

6. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Future minimum lease payments	292,111	337,928
Less: Un-amortized finance charge	58,755	74,956
Present value of future minimum lease payments	233,356	262,972
Less: Current portion shown under current liabilities	62,442	60,344
	170,914	202,628

6.1 This represents sale and leaseback arrangement with Pak Kuwait Investment Company (Private) Limited. According to the lease agreement, leasing company has contributed Rupees 150.021 million from its own sources and the remaining amount of Rupees 149.979 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 15.78% (31 December 2010: 9.70% to 14.37%) 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 notes.

7. CONTINGENCIES AND COMMITMENTS

a) Contingencies

- i) The Company is contingently liable for Rupees 0.631 million (30 June 2011: Rupees 0.631 million) on account of central excise duty not acknowledged as debt as the cases are pending before Court.
- ii) Guarantees of Rupees 594.775 million (30 June 2011: Rupees 590.321 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connections, Shell Pakistan Limited and Pakistan State Oil Limited against purchase of furnace oil and Director Excise and Taxation, Karachi against infrastructure cess.
- iii) Post dated cheques of Rupees 1,264.656 million (30 June 2011: Rupees 911.545 million) are issued to customs authorities in respect of duties on imported items availed on the basis of consumption and export plans. If documents of exports will not be provided on due dates, cheques issued as security shall be encashable.

b) Commitments

- i) Contracts for capital expenditure are approximately of Rupees 436.605 million (30 June 2011: Rupees 65.057 million).
- ii) Letters of credit other than for capital expenditure are Rupees 726.627 million (30 June 2011: Rupees 401.140 million).

Un-audited
31 December
2011
(Rupees in thousand)

Audited
30 June
2011

8. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets		
Owned (Note 8.1)	12,167,048	12,107,389
Leased (Note 8.2)	259,668	273,105
Capital work-in-progress (Note 8.3)	1,093,605	923,020
	13,520,321	13,303,514

8.1 Operating fixed assets - Owned

Opening book value	12,107,389	11,476,005
Add: Cost of additions during the period / year (Note 8.1.1)	806,088	2,290,828
	12,913,477	13,766,833
Less: Book value of deletions during the period / year (Note 8.1.2)	20,805	217,970
Less: Book value of assets transferred to investment properties during the period	120,279	-
Less: Transferred to operating fixed assets - leased (Note 8.2)	-	300,000
	141,084	517,970
	12,772,393	13,248,863
Less: Depreciation charged during the period / year	605,345	1,141,474
	12,167,048	12,107,389

8.1.1 Cost of additions

Freehold land	71	13,206
Buildings on freehold land	6,053	183,719
Plant and machinery	735,099	1,932,168
Electric installations	4,630	10,206
Factory equipment	16,998	16,461
Furniture, fixtures and office equipment	6,753	25,362
Computer equipment	2,358	9,042
Vehicles	34,126	100,664
	806,088	2,290,828

	Un-audited 31 December 2011 (Rupees in thousand)	Audited 30 June 2011
8.1.2 Book value of deletions		
Plant and machinery	15,933	194,326
Electric installations	-	211
Factory equipment	-	128
Furniture, fixtures and office equipment	348	114
Computer equipment	-	28
Vehicles	4,524	23,163
	20,805	217,970

8.2 Operating fixed assets - Leased

Opening book value	273,105	-
Add: Transferred from operating fixed assets - owned (Note 8.1)	-	300,000
Less: Depreciation charged during the period / year	13,437	26,895
	259,668	273,105

8.3 Capital work-in-progress

Buildings on freehold land	535,946	219,295
Plant and machinery	534,151	691,655
Electric installations	1,183	-
Unallocated expenditure	5,387	1,964
Letters of credit against machinery	818	144
Advances for purchase of furniture and office equipment	251	-
Advances for purchase of vehicles	15,869	9,962
	1,093,605	923,020

9. LONG TERM LOANS

These include subordinated long term loan of Rupees 218.220 million (30 June 2011: Rupees 818.220 million) given to Nishat Power Limited - subsidiary company. The loan is unsecured and carries markup at the rate of 3 months KIBOR plus 2% per annum payable on quarterly basis. During the current period, the subsidiary company has repaid Rupees 600 million. The balance amount will be repaid in bullet payment on 29 July 2015.

(UN-AUDITED)

HALF YEAR ENDED		QUARTER ENDED	
31 December 2011	31 December 2010	31 December 2011	31 December 2010

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

10. COST OF SALES

Raw materials consumed	4,320,835	6,366,511	1,570,602	4,002,470
Cloth and yarn purchased / used	6,962,425	7,952,142	3,612,251	4,461,770
Processing charges	86,599	117,666	44,791	62,845
Salaries, wages and other benefits	1,198,052	1,123,627	612,385	579,116
Staff retirement benefits	33,468	30,318	16,359	15,443
Stores, spare parts and loose tools	1,524,191	1,676,782	803,081	877,116
Packing materials	360,949	365,190	185,846	190,379
Repair and maintenance	156,395	125,976	103,820	67,362
Fuel and power	1,836,187	1,440,301	942,670	773,722
Insurance	18,114	15,177	9,057	7,806
Other factory overheads	133,350	121,682	67,434	63,452
Depreciation	580,001	533,127	295,180	271,186
	17,210,566	19,868,499	8,263,476	11,372,667
Work-in-process:				
Opening stock	5,432,669	2,921,946	5,173,214	3,178,389
Closing stock	(4,593,527)	(4,102,049)	(4,593,527)	(4,102,049)
	839,142	(1,180,103)	579,687	(923,660)
Cost of goods manufactured	18,049,708	18,688,396	8,843,163	10,449,007
Finished goods:				
Opening stock	2,802,898	1,545,610	2,243,067	1,962,536
Closing stock	(2,322,114)	(2,171,715)	(2,322,114)	(2,171,715)
	480,784	(626,105)	(79,047)	(209,179)
	18,530,492	18,062,291	8,764,116	10,239,828

11. OTHER OPERATING EXPENSES

Workers' profit participation fund	116,821	121,603	49,768	42,131
Workers' welfare fund	44,263	48,048	18,912	17,893
Provision for doubtful debts	-	11,207	-	8,207
Impairment loss on equity investment	672	-	672	-
Net exchange loss including gain on forward contracts	31,555	-	31,555	-
Depreciation on investment properties	2,586	2,881	1,293	1,440
Donations (Note 11.1)	650	5,300	200	300
	196,547	189,039	102,400	69,971

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

(UN-AUDITED)

HALF YEAR ENDED	
31 December 2011	31 December 2010

(Rupees in thousand)
12. CASH GENERATED FROM / (UTILIZED) IN OPERATIONS

Profit before taxation	2,168,884	2,354,369
Adjustments for non-cash charges and other items:		
Depreciation	621,368	568,100
Provision for doubtful debts	-	11,207
Impairment loss on equity investment	672	-
Gain on sale of property, plant and equipment	(9,506)	(10,225)
Gain on sale of investments	-	(94,726)
Dividend Income	(1,369,268)	(536,290)
Exchange difference on investments in foreign subsidiaries	(4,208)	(7)
Net exchange (gain) / loss on forward contracts	31,555	(402,177)
Interest income	(159,253)	(58,056)
Finance cost	889,398	705,501
Working capital changes (Note 12.1)	(1,753,053)	(5,924,292)
	416,589	(3,386,596)

12.1 Working capital changes

(Increase) / decrease in current assets:		
- Stores, spare parts and loose tools	(98,199)	(238,858)
- Stock in trade	(2,603,079)	(5,603,033)
- Trade debts	451,508	(122,421)
- Loans and advances	(11,829)	(111,812)
- Short term deposits and prepayments	12,698	(21,869)
- Other receivables	261,176	(171,183)
	(1,987,725)	(6,269,176)
Increase in trade and other payables	234,672	344,884
	(1,753,053)	(5,924,292)

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 greige fabric using yarn.
 Processing & Home Textile: Processing of greige fabric for production of printed and dyed fabric and its further use in manufacturing variety of home textile articles.
 Garments: Manufacturing of garments using processed fabric.
 Power Generation: Generation and distribution of power using gas, oil and steam.

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

	(Rupees in thousand)										(Un-audited)			
	Spinning		Weaving		Processing & Home Textile		Garments		Power generation		Elimination of inter-segment transactions		Total-Company	
	Half year ended Dec-11	Dec-10	Half year ended Dec-11	Dec-10	Half year ended Dec-11	Dec-10	Half year ended Dec-11	Dec-10	Half year ended Dec-11	Dec-10	Half year ended Dec-11	Dec-10	Half year ended Dec-11	Dec-10
Sales	5,275,254	6,888,761	4,741,051	8,697,235	9,440,405	8,697,235	2,043,752	1,863,324	17,679	43,538	-	-	21,618,141	21,344,751
External Intersegment	1,710,874	1,935,426	3,426,341	282,345	238,219	282,345	10	6,018	1,857,013	1,339,272	-	-	-	-
Cost of sales	7,086,128	8,482,187	8,165,392	7,425,437	9,678,624	8,979,580	2,043,762	1,869,342	1,874,692	1,382,810	(7,230,457)	(6,794,605)	21,618,141	21,344,751
	(6,318,572)	(7,551,262)	(7,484,038)	(6,628,728)	(8,544,581)	(7,727,065)	(1,540,240)	(1,542,988)	(1,876,518)	(1,406,833)	7,230,457	6,794,605	(18,530,492)	(18,062,291)
Gross profit/ (loss)	767,556	930,925	681,354	796,709	1,137,043	1,252,495	503,522	326,354	(1,826)	(24,023)	-	-	3,087,649	3,282,460
Distribution cost	(159,131)	(130,180)	(250,094)	(408,346)	(683,376)	(408,346)	(130,097)	(83,190)	(765)	(8,056)	-	-	(1,093,343)	(924,541)
Administrative expenses	(97,063)	(82,490)	(89,934)	(74,220)	(133,977)	(114,874)	(39,022)	(86,473)	(14,658)	(8,056)	-	-	(366,654)	(316,113)
Profit before taxation and unallocated income and expenses	(256,194)	(231,679)	(320,028)	(280,030)	(717,323)	(611,220)	(149,029)	(109,669)	(12,422)	(8,056)	-	-	(1,454,996)	(1,240,654)
	511,362	699,246	361,326	516,679	419,720	641,275	354,493	216,685	(14,248)	(32,079)	-	-	1,632,653	2,041,806
Unallocated income and expenses:														
Operating expenses														(196,547)
Finance cost														1,622,176
Provision for taxation														(689,398)
Profit after taxation														(267,000)
														1,901,884
														2,058,369

	(Rupees in thousand)											
	Spinning		Weaving		Processing & Home Textile		Garments		Power generation		Total-Company	
	(Un-audited) Dec-11	Audited Jun-11	(Un-audited) Dec-11	Audited Jun-11	(Un-audited) Dec-11	Audited Jun-11	(Un-audited) Dec-11	Audited Jun-11	(Un-audited) Dec-11	Audited Jun-11	(Un-audited) Dec-11	Audited Jun-11
Total assets of reportable segments	10,446,465	7,072,828	4,465,859	4,617,050	9,877,700	10,628,062	1,966,165	2,108,078	3,091,426	2,379,218	29,849,605	26,805,236
Unallocated assets:												
Long term investments											15,765,042	21,337,889
Other receivables											878,496	1,406,890
Cash and bank balances											618,932	1,132,701
Other corporate assets											2,638,069	3,406,188
Total assets as per balance sheet											49,750,144	54,088,904

Total assets of reportable segments

Unallocated assets:

- Long term investments
 Other receivables
 Cash and bank balances
 Other corporate assets

Total assets as per balance sheet

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)

HALF YEAR ENDED		QUARTER ENDED	
31 December 2011	31 December 2010	31 December 2011	31 December 2010

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

Subsidiary companies

Investment made	191,210	-	126,210	-
Long term loan given	-	345,335	-	-
Repayment of long term loan	600,000	-	600,000	-
Interest on long term loan	69,538	58,056	31,071	31,121
Short term loan given	1,834,862	-	1,145,310	-
Repayment of short term loan	1,452,216	-	1,148,420	-
Rental income	4,077	-	2,907	-
Purchase of goods and services	69,989	8,968	30,519	4,559
Sale of goods and services	427,168	-	292,128	-

Associated companies

Investment made	-	166,772	-	65,167
Purchase of goods and services	16,365	11,886	10,252	7,187
Purchase of operating fixed assets	-	23,187	-	23,187
Sale of operating fixed assets	537	2,057	537	602
Sale of goods and services	1,312	6,074	1,076	3,937
Rental income	2,894	-	747	-
Dividend received	1,324,242	501,944	177,161	342,670
Dividend paid	104,115	78,870	104,115	78,870
Insurance premium paid	63,271	56,728	19,185	26,765
Insurance claims received	8,547	5,517	5,080	209
Profit on saving accounts	-	7	-	-
Subscription paid	1,000	750	-	-

Other related parties

Dividend received	45,026	33,770	45,026	33,770
Purchase of goods and services	4,327	78,888	4,327	26,344
Sale of goods and services	1,155	70,817	60	39,135
Company's contribution to provident fund trust	47,585	41,914	23,510	21,369
Remuneration paid to Chief Executive Officer, Directors and Executives	161,066	120,902	77,967	51,716

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 2011.

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 February 2012.

17. CORRESPONDING FIGURES

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

18. GENERAL

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



Nishat Mills Limited and its Subsidiary Companies
**Consolidated Condensed
Interim Financial Information**
for the half year ended 31 December 2011

CONSOLIDATED CONDENSED INTERIM BALANCE SHEET AS AT 31 DECEMBER 2011

	Note	Un-audited 31 December 2011 (Rupees in thousand)	Audited 30 June 2011
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
1,100,000,000 (30 June 2011: 1,100,000,000) ordinary shares of Rupees 10 each		11,000,000	11,000,000
Issued, subscribed and paid up share capital			
351,599,848 (30 June 2011: 351,599,848) ordinary shares of Rupees 10 each		3,515,999	3,515,999
Reserves		38,688,004	43,718,037
Equity attributable to equity holders of the Holding Company		42,204,003	47,234,036
Non-controlling interest		3,107,530	2,691,679
Total equity		45,311,533	49,925,715
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	6	15,848,627	15,264,443
Liabilities against assets subject to finance lease	7	170,914	202,628
Long term security deposit		3,000	3,000
Deferred income tax liability		244,779	331,807
		16,267,320	15,801,878
CURRENT LIABILITIES			
Trade and other payables		3,440,830	2,947,934
Accrued mark-up		1,035,684	971,414
Short term borrowings		17,289,140	13,665,483
Current portion of non-current liabilities		2,042,565	1,900,853
Provision for taxation		949,945	658,893
		24,758,164	20,144,577
TOTAL LIABILITIES		41,025,484	35,946,455
CONTINGENCIES AND COMMITMENTS	8		
TOTAL EQUITY AND LIABILITIES		86,337,017	85,872,170

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


CHIEF EXECUTIVE OFFICER

	Note	Un-audited 31 December 2011 (Rupees in thousand)	Audited 30 June 2011
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	29,024,260	29,136,666
Investment properties		244,527	126,834
Long term investments		24,381,223	30,168,316
Long term loans		38,882	30,986
Long term deposits and prepayments		33,159	30,127
		53,722,051	59,492,929

CURRENT ASSETS

Stores, spare parts and loose tools	1,438,197	1,377,790
Stock-in-trade	13,460,785	10,906,622
Trade debts	12,290,297	8,809,977
Loans and advances	2,334,177	768,836
Short term deposits and prepayments	47,186	66,136
Other receivables	1,024,262	1,506,773
Accrued interest	3,591	2,690
Short term investments	1,349,681	1,781,471
Cash and bank balances	666,790	1,158,946
	32,614,966	26,379,241

TOTAL ASSETS	86,337,017	85,872,170
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DIRECTOR

CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE HALF YEAR ENDED 31 DECEMBER 2011 (UN-AUDITED)

	Note	HALF YEAR ENDED		QUARTER ENDED	
		31 December 2011	31 December 2010	31 December 2011	31 December 2010
----- (Rupees in thousand) -----					
SALES		33,188,681	31,016,462	15,686,394	16,716,337
COST OF SALES	10	(27,607,222)	(25,057,391)	(12,509,437)	(13,656,728)
GROSS PROFIT		5,581,459	5,959,071	3,176,957	3,059,609
DISTRIBUTION COST		(1,131,036)	(924,501)	(593,965)	(491,117)
ADMINISTRATIVE EXPENSES		(429,415)	(336,569)	(217,958)	(173,393)
OTHER OPERATING EXPENSES	11	(200,579)	(191,039)	(105,284)	(71,971)
		(1,761,030)	(1,452,109)	(917,207)	(736,481)
		3,820,429	4,506,962	2,259,750	2,323,128
OTHER OPERATING INCOME		607,982	3,434,319	285,305	3,250,032
PROFIT FROM OPERATIONS		4,428,411	7,941,281	2,545,055	5,573,160
FINANCE COST		(2,339,653)	(2,105,021)	(1,174,321)	(1,115,552)
		2,088,758	5,836,260	1,370,734	4,457,608
SHARE OF PROFIT FROM ASSOCIATED COMPANIES		598,868	1,055,928	434,005	639,445
PROFIT BEFORE TAXATION		2,687,626	6,892,188	1,804,739	5,097,053
PROVISION FOR TAXATION		(293,480)	(304,102)	(75,129)	(171,987)
PROFIT AFTER TAXATION		2,394,146	6,588,086	1,729,610	4,925,066
SHARE OF PROFIT ATTRIBUTABLE TO:					
EQUITY HOLDERS OF HOLDING COMPANY		1,978,295	5,998,876	1,524,727	4,359,746
NON-CONTROLLING INTEREST		415,851	589,210	204,883	565,320
		2,394,146	6,588,086	1,729,610	4,925,066
EARNINGS PER SHARE- BASIC AND DILUTED (RUPEES)					
		6.81	18.74	4.92	14.01

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 HALF YEAR ENDED 31 DECEMBER 2011 (UN-AUDITED)**

	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
----- (Rupees in thousand) -----				
PROFIT AFTER TAXATION	2,394,146	6,588,086	1,729,610	4,925,066
OTHER COMPREHENSIVE INCOME/ (LOSS)				
Surplus/ (deficit) arising on remeasurement of available for sale investments	(4,249,700)	175,319	(2,689,243)	169,047
Reclassification adjustment on loss of significant influence on associated company	-	(191,771)	-	(191,771)
Share of other comprehensive income of associates	(1,682,682)	1,082,143	(1,018,575)	1,224,590
Exchange differences on translating foreign operation	(2,695)	16	(1,887)	(17)
Deferred income tax relating to surplus on available for sale investments	87,028	5,503	87,028	(2,556)
Other comprehensive income/ (loss) for the period- net of tax	(5,848,049)	1,071,210	(3,622,677)	1,199,293
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD	(3,453,903)	7,659,296	(1,893,067)	6,124,359
SHARE OF PROFIT ATTRIBUTABLE TO:				
EQUITY HOLDERS OF HOLDING COMPANY	(3,869,754)	7,070,086	(2,097,950)	5,559,039
NON-CONTROLLING INTEREST	415,851	589,210	204,883	565,320
	(3,453,903)	7,659,296	(1,893,067)	6,124,359

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 HALF YEAR ENDED 31 DECEMBER 2011 (UN-AUDITED)

	Note	HALF YEAR ENDED	
		31 December 2011	31 December 2010
(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	12	(1,602,966)	(4,808,434)
Finance cost paid		(2,275,383)	(1,921,604)
Income tax paid		(348,892)	(238,651)
Exchange gain on forward exchange contracts received		269,443	253,935
Net increase in long term loans		(9,039)	(1,139)
Net increase in long term deposits and prepayments		(4,262)	(4,031)
Net cash used in operating activities		(3,971,099)	(6,719,924)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		32,010	135,754
Proceeds from sale of investments		-	301,281
Interest received		98,712	59,184
Dividends received		1,369,268	536,290
Investments made		(69,921)	(166,772)
Capital expenditure on property, plant and equipment		(1,153,572)	(1,383,185)
Net cash from/ (used in) investing activities		276,497	(517,448)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		1,515,552	283,539
Repayment of long term financing		(791,754)	(978,074)
Repayment of liabilities against assets subject to finance lease		(29,616)	(8,331)
Exchange difference on translation of net investments in foreign subsidiaries		(2,695)	16
Short term borrowings - net		3,623,657	7,424,902
Dividend paid		(1,112,698)	(872,822)
Net cash from financing activities		3,202,446	5,849,230
Net decrease in cash and cash equivalents		(492,156)	(1,388,142)
Cash and cash equivalents at the beginning of the period		1,158,946	1,886,326
Cash and cash equivalents at the end of the period		666,790	498,184

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 HALF YEAR ENDED 31 DECEMBER 2011 (UN-AUDITED)

(RUPEES IN THOUSAND)

SHARE CAPITAL	ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY										Non-Controlling Interest	TOTAL EQUITY	
	CAPITAL RESERVES					REVENUE RESERVES							TOTAL RESERVES
	Premium on issue of Shares	Fair value reserve	Exchange translation reserve	Capital redemption reserve fund	Statutory reserve	Sub total	General reserve	Unappropriated profit	Sub total	TOTAL RESERVES			
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
-	-	-	-	-	-	-	7,335,000	-	(879,000)	(879,000)	(879,000)	-	(879,000)
-	-	-	-	62,556	-	62,556	-	(76,949)	(76,949)	(76,949)	(14,393)	-	(14,393)
-	-	-	-	-	-	-	-	-	763	763	763	-	763
-	-	-	-	-	-	(196,129)	-	-	196,129	86,127	86,127	215,154	301,281
-	-	1,079,976	(8,766)	-	-	1,071,210	-	5,998,876	5,998,876	7,070,086	7,070,086	589,210	7,659,296
3,515,999	5,499,530	6,195,184	285	111,002	-	11,806,001	23,058,882	6,160,989	29,219,871	41,025,872	44,541,871	2,364,350	46,906,221
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
3,515,999	5,499,530	5,896,130	1,260	111,002	-	11,507,922	23,058,882	9,151,233	32,210,115	43,718,037	47,234,036	2,691,679	49,925,715
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	7,846,000	-	(1,160,279)	(1,160,279)	(1,160,279)	-	(1,160,279)
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
3,515,999	5,499,530	50,776	(1,435)	111,002	-	5,659,873	30,904,882	2,123,249	33,028,131	38,688,004	42,204,003	3,107,530	45,311,533

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 under equity method
Share in reserves of fixed assets
Share in incremental depreciation- net of tax - under equity method
Transfer to unappropriated profit on loss of significant influence on an associate
Disposal of interest to non-controlling interest
Total comprehensive income for the half year ended 31 December 2010

Balance as at 31 December 2010 - Un-audited

Share in reserves of associated companies
Disposal of interest to non-controlling interest
Total comprehensive income for the half year ended 30 June 2011

Balance as at 30 June 2011 - Audited

Final dividend for the year ended 30 June 2011 @ Rupees 3.30 per share
Transfer to general reserve
Total comprehensive loss for the half year ended 31 December 2011

Balance as at 31 December 2011 - Un-audited

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

Uma Mehra

CHIEF EXECUTIVE OFFICER

Wade

DIRECTOR



SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION FOR THE HALF YEAR ENDED 31 DECEMBER 2011 (UN-AUDITED)

1. THE GROUP AND ITS OPERATIONS

The Group consists of:

Holding Company

- Nishat Mills Limited

Subsidiary Companies

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

NISHAT MILLS LIMITED

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

NISHAT POWER LIMITED

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

NISHAT LINEN (PRIVATE) LIMITED

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

NISHAT USA, INC.

Nishat USA, Inc. is a foreign subsidiary incorporated under the Business Corporation Laws of the State of New York. The registered office of Nishat USA, Inc. is situated at 676 Broadway, New York, NY 10012, U.S.A. The principal business of the Subsidiary Company is to provide marketing services to Nishat Mills Limited - Holding Company. Nishat Mills Limited acquired 100% shareholding of Nishat USA, Inc. on 01 October 2008.

NISHAT LINEN TRADING L.L.C

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

NISHAT HOSPITALITY (PRIVATE) LIMITED

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

2. BASIS OF PREPARATION

This consolidated condensed interim financial information is un-audited 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 requirements of International Accounting Standard-34 "Interim Financial Reporting" and International Accounting Standard-27 "Consolidated and Separate Financial Statements" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 have been followed. This consolidated condensed interim financial information should be read in conjunction with the preceding audited annual published consolidated financial statements of the Group for the year ended 30 June 2011.

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 consolidated financial statements of the Group for the year ended 30 June 2011.

4 CONSOLIDATION

a) Subsidiaries

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

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

b) Associates

Associates are the entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in these associates are accounted for using the equity method of accounting and are initially recognized at cost. The Group's investment in associate includes goodwill identified on acquisition, net of any accumulated impairment loss, if any.

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

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

	Un-audited 31 December 2011 (Rupees in thousand)	Audited 30 June 2011
6. LONG TERM FINANCING - SECURED		
Opening balance	17,104,952	18,272,867
Add: Obtained during the period / year	1,515,552	1,152,150
Less: Repaid during the period / year	791,754	2,020,065
Less: Transferred to liabilities against assets subject to finance lease	-	300,000
	17,828,750	17,104,952
Less: Current portion shown under current liabilities	1,980,123	1,840,509
	15,848,627	15,264,443

Un-audited
31 December
2011
(Rupees in thousand)

Audited
 30 June
 2011

7. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Future minimum lease payments	292,111	337,928
Less: Un-amortized finance charge	58,755	74,956
Present value of future minimum lease payments	233,356	262,972
Less: Current portion shown under current liabilities	62,442	60,344
	170,914	202,628

7.1 Holding Company has entered into a sale and leaseback arrangement with Pak Kuwait Investment Company (Private) Limited. According to the lease agreement, leasing company has contributed Rupees 150.021 million from its own sources and the remaining amount of Rupees 149.979 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 15.78% (31 December 2010: 9.70% to 14.37%) 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 notes.

8. CONTINGENCIES AND COMMITMENTS

(a) Contingencies

- i) Nishat Mills Limited - Holding Company is contingently liable for Rupees 0.631 million (30 June 2011: Rupees 0.631 million) on account of central excise duty not acknowledged as debt as the cases are pending before Court.
- ii) Guarantees of Rupees 594.775 million (30 June 2011: Rupees 590.321 million) are given by the banks of the Nishat Mills Limited - Holding Company to Sui Northern Gas Pipelines Limited against gas connections, Shell Pakistan Limited and Pakistan State Oil Limited against purchase of furnace oil and Director Excise and Taxation, Karachi against infrastructure cess.
- iii) Post dated cheques of Rupees 1,264.656 million (30 June 2011: Rupees 911.545 million) are issued by the Nishat Mills Limited - Holding Company to customs authorities in respect of duties on imported items availed on the basis of consumption and export plans. If documents of exports are not provided on due dates, cheques issued as security shall be encashable.
- iv) Nishat Mills Limited's share in contingencies of associated companies' accounted for under equity method is Rupees 1,435 million (30 June 2011: Rupees 1,435 million).
- v) The banks of Nishat Power Limited - Subsidiary Company have issued an irrevocable standby letter of credit on behalf of Subsidiary Company in favour of Wartsila Pakistan (Private) Limited for Rupees 45 million (30 June 2011: Rupees 45 million) as required under the terms of the Operation and Maintenance agreement.
- vi) The banks of Nishat Power Limited - Subsidiary Company have issued a letter of guarantee of Rs 0.5 million (30 June 2011: Nil) on behalf of Subsidiary Company in favour of Director, Excise and Taxation, Karachi under direction of Sindh High Court in respect of suit filed for levy of infrastructure cess.

- (vii) The banks of Nishat Power Limited – Subsidiary Company have issued letters of guarantee aggregating Rs 400 million (30 June 2011: Nil) on behalf of Subsidiary Company in favour of Pak Arab Refinery Limited ('PARCO') for procurement of multiple fuel/oils.

(b) Commitments

- i) Contracts for capital expenditure of the Group are approximately of Rupees 436.605 million (30 June 2011: Rupees 65.057 million).
- ii) Letters of credit other than for capital expenditure of the Group are of Rupees 750.805 million (30 June 2011: Rupees 440.468 million).
- iii) Nishat Power Limited - Subsidiary Company has also commitments in respect of other contractors of Rupees 5.226 million (30 June 2011: Rupees 2.670 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 Audited
31 December 30 June
2011 2011
(Rupees in thousand)

9. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets		
Owned (Note 9.1)	27,543,474	27,938,481
Leased (Note 9.2)	259,668	273,105
Capital work in progress (Note 9.3)	1,221,118	925,080
	29,024,260	29,136,666

	Un-audited 31 December 2011 (Rupees in thousand)	Audited 30 June 2011
9.1 Operating fixed assets- Owned		
Opening book value	27,938,481	28,108,212
Add: Cost of additions during the period/ year (Note 9.1.1)	857,534	2,695,901
	28,796,015	30,804,113
Less: Book value of deletions during the period/ year (Note 9.1.2)	22,450	217,180
Less: Book value of assets transferred to investment properties during the period	120,279	-
Less: Transferred to operating fixed assets -leased (Note9.2)	-	300,000
	142,729	517,180
	28,653,286	30,286,933
Less: Depreciation charged during the period / year	1,109,812	2,348,452
	27,543,474	27,938,481

9.1.1 Cost of additions

Freehold land	71	13,206
Buildings on freehold land	26,728	245,002
Plant and machinery	760,626	2,236,659
Electric installations	4,630	10,712
Factory equipment	16,998	16,461
Furniture, fixtures and office equipment	8,291	55,430
Computer equipment	3,494	10,118
Vehicles	36,696	108,313
	857,534	2,695,901

9.1.2 Book value of deletions

Plant and machinery	15,933	194,326
Electric installations	-	211
Factory equipment	-	128
Furniture, fixtures and office equipment	348	114
Computer equipment	-	14
Vehicles	6,169	22,387
	22,450	217,180

	Un-audited 31 December 2011 (Rupees in thousand)	Audited 30 June 2011
Opening book value	273,105	-
Add: Transferred from operating fixed assets - Owned (Note 9.1)	-	300,000
Less: Depreciation charged during the period/ year	13,437	26,895
	259,668	273,105

9.3 Capital work in progress

Buildings on freehold land	656,522	219,676
Plant and machinery	537,770	691,655
Electric installations	1,183	-
Unallocated expenditure	5,387	1,964
Letters of credit against machinery	818	144
Advances for purchase of furniture and office equipment	251	-
Advances for purchase of vehicles	12,250	9,962
Advances to contractors	6,937	1,679
	1,221,118	925,080

(UN-AUDITED)

HALF YEAR ENDED		QUARTER ENDED	
31 December 2011	31 December 2010	31 December 2011	31 December 2010

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

10. COST OF SALES

Raw materials consumed	12,533,757	12,776,993	4,907,720	7,118,561
Cloth and yarn purchased / used	6,962,475	7,952,143	3,609,015	4,461,771
Processing charges	86,599	117,666	44,791	62,845
Salaries, wages and other benefits	1,211,592	1,135,382	620,567	583,853
Staff retirement benefits	33,468	30,318	16,359	15,443
Stores, spare parts and loose tools	1,670,238	1,701,403	872,401	896,706
Packing materials	360,949	365,190	185,846	190,379
Repair and maintenance	302,549	251,530	170,427	129,939
Fuel and power	1,838,821	1,441,752	944,547	774,729
Insurance	94,829	90,074	48,164	44,261
Other factory overheads	139,380	126,080	71,106	65,416
Depreciation	1,075,702	875,067	520,951	445,663
	26,310,359	26,863,598	12,011,894	14,789,566
Work-in-process:				
Opening stock	5,432,669	2,921,946	5,173,214	3,178,389
Closing stock	(4,593,527)	(4,102,048)	(4,593,527)	(4,102,048)
	839,142	(1,180,102)	579,687	(923,659)
Cost of goods manufactured	27,149,501	25,683,496	12,591,581	13,865,907
Finished goods:				
Opening stock	2,850,493	1,545,610	2,310,628	1,962,536
Closing stock	(2,392,772)	(2,171,715)	(2,392,772)	(2,171,715)
	457,721	(626,105)	(82,144)	(209,179)
	27,607,222	25,057,391	12,509,437	13,656,728

(UN-AUDITED)

HALF YEAR ENDED		QUARTER ENDED	
31 December 2011	31 December 2010	31 December 2011	31 December 2010

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

11. OTHER OPERATING EXPENSES

Workers' profit participation fund	119,743	121,603	51,858	42,131
Workers' welfare fund	45,373	48,048	19,706	17,893
Provision for doubtful debts	-	11,207	-	8,207
Impairment loss on equity investment	672	-	672	-
Net exchange loss including gain on forward contracts	31,555	-	31,555	-
Depreciation on investment properties	2,586	2,882	1,293	1,441
Donations (Note 11.1)	650	7,299	200	2,299
	200,579	191,039	105,284	71,971

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

(UN-AUDITED)

HALF YEAR ENDED	
31 December 2011	31 December 2010

(Rupees in thousand)

12. CASH UTILIZED IN OPERATIONS

Profit before taxation	2,687,626	6,892,188
Adjustments for non-cash charges and other items:		
Depreciation	1,125,835	910,575
Provision for doubtful debts	-	11,207
Gain on loss of significant influence over investee company	-	(3,062,140)
Impairment loss on equity investment	672	-
Gain on sale of property, plant and equipment	(9,560)	(10,225)
Loss on disposal of investment in associate	-	213,601
Dividend income	(414,650)	(44,609)
Interest income	(99,613)	(59,184)
Share of profit from associated companies	(598,868)	(1,055,928)
Net exchange (gain)/ loss on forward contracts	31,555	(402,177)
Finance cost	2,339,653	2,105,021
Working capital changes (Note 12.1)	(6,665,616)	(10,306,763)
	(1,602,966)	(4,808,434)

12.1 Working capital changes

(Increase) / decrease in current assets:		
- Stores, spare parts and loose tools	(60,407)	(283,625)
- Stock-in-trade	(2,554,163)	(6,164,611)
- Trade debts	(3,480,320)	(3,764,328)
- Loans and advances	(1,217,734)	223,373
- Short term deposits and prepayments	20,180	(23,712)
- Other receivables	215,293	(165,450)
	(7,077,151)	(10,178,353)
Increase/ (Decrease) in trade and other payables	411,535	(128,410)
	(6,665,616)	(10,306,763)

14. TRANSACTIONS WITH RELATED PARTIES

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

(UN-AUDITED)

HALF YEAR ENDED		QUARTER ENDED	
31 December 2011	31 December 2010	31 December 2011	31 December 2010

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

Associated companies

Investment made	-	166,772	-	65,167
Purchase of goods and services	27,609	13,135	12,320	7,729
Purchase of operating fixed assets	-	23,187	-	23,187
Sale of operating fixed assets	537	2,057	537	602
Sale of goods and services	1,312	6,074	1,076	3,937
Rental income	2,894	-	747	-
Dividend received	369,624	10,263	177,161	10,263
Dividend paid	104,115	78,870	104,115	78,870
Insurance premium paid	163,512	154,364	63,995	65,784
Insurance claims received	8,549	5,517	5,082	209
Profit on saving accounts	6,587	7	6,587	-
Subscription paid	1,000	750	-	-

Other related parties

Dividend received	45,026	33,770	45,026	33,770
Purchase of goods and services	4,327	78,888	4,327	26,344
Sale of goods and services	1,155	70,817	60	39,135
Group's contribution to provident fund trust	48,468	42,662	23,529	21,747
Remuneration paid to Chief Executive Officer, Directors and Executives of the Holding Company	161,066	120,902	77,967	51,716

15. FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published consolidated financial statements of the Group for the year ended 30 June 2011.

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 February 2012.

17. CORRESPONDING FIGURES

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

18. GENERAL

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



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