



NISHAT

Nishat Mills Limited

Half Yearly Report
For the half year ended 31 December 2010

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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. Nabihah Shahnawaz Cheema

Chairman/Chief Executive Officer

AUDIT COMMITTEE:

Mr. Khalid Qadeer Qureshi
Mr. Muhammad Azam
Ms. Nabihah 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
The Royal Bank of Scotland
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

HEAD OFFICE:

7, Main Gulberg, Lahore.
Tel: 042-35716351-59, 042-111 332 200
Fax: 042-35716349-50
E-mail: nishat@nishatmills.com
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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 half year ended December 31, 2010. In the first half year of 2010-2011, the Company has continued its revenue and profit growth trend from the financial year 2009-2010. The after tax profit of the Company in half year ended December 31, 2010 has significantly increased to Rs 2,058.369 million compared to Rs 1,010.491 million in the previous corresponding period ended December 31, 2009, showing an excellent increase of 103.70 %. Similarly, the gross profit for the current period has increased to Rs 3,282.460 million compared to Rs 2,489.474 million in the previous corresponding period. This significant growth in gross profit and net profit is mainly attributable 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, particularly, has reaped the benefits of high investment in cotton in the last season when there was an unprecedented rise in cotton and cotton yarn prices besides being ably supported by excellent production facilities. Also our new established garments business has shown excellent results in the current period and is expected to grow further in future. Furthermore, we have been benefitted from good returns on an excellent equity investment portfolio of the Company.

Financial highlights	Half Year ended December 31,		Increase / (decrease) % age
	2010	2009	
Net sales ('000' Rs)	21,344,751	14,152,293	50.82
Gross profit ('000' Rs)	3,282,460	2,489,474	31.85
Pre-tax profit ('000' Rs)	2,354,369	1,145,991	105.44
After tax profit ('000' Rs)	2,058,369	1,010,491	103.70
Gross profit (%)	15.38	17.59	
After tax profit (%)	9.64	7.14	
Earnings per share (Rs)	5.85	3.82	

There is an excellent increase of 259.70% in other operating income of the Company from Rs 335.582 million for the period ended December 31, 2009 to Rs 1,207.103 million (for the period ended December 31, 2010). This increase is 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. The Company has also focused on more effective funds management.

Furthermore, due to effective cost curtailment measures, the increase in distribution and administrative expenses is only 24.30% and 21.22% respectively despite 50.82% increase in sales. Similarly, owing to excellent profit of the financial year 2009-2010 and better funds management, the Company has been able to limit the increase in its finance cost to 29.02% only (December 2009: Rs 546.828 million, December 2010: Rs 705.501 million) from the previous corresponding period.

Market Review and Future Prospects

Textile industry in 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 together with 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 shown great courage in coping with these challenges in the financial year 2009-2010. However, the worse is feared in the financial year 2010-2011, due to loss of cotton crop as a result of unprecedented rains and floods in the country which has affected the supply of cotton resulting in high prices of this basic raw material of the industry. During the first half 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 have also reached to unprecedented levels in the recent times and have 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 recent announcement of imposition of safeguard measures by government of Turkey in the form of additional import tariffs may have an adverse effect on future textile exports of the country. In this difficult time, textile sector expects very effective measures 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 may help our textile sector to sail through these challenging times. 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 volatile market situation and is taking proactive measures to mitigate the impact of emerging challenges including but not limited to application to Government of Turkey to be part of the investigation for safeguard measures proposed to be imposed on Pakistani exports to Turkey. 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 six months owing to highly speculative domestic cotton market due to uncertainty about the extent of damage to the country's cotton crop in the floods and its effect on the supply 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 half 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 specially in second quarter of the half year. However, towards the end of the current half year, demand for cotton yarn in local and international markets increased resulting in increase in yarn prices which is expected to help us to maintain our profit margins against the significant increase in cotton prices in rest of the current financial year. In international markets demand for our cotton yarn has increased mainly in Far East while demand in Europe and USA has not yet improved much.

In the current period, we have been able to increase our sale prices and maintain reasonably good margins owing to our timely investment in bulk purchase of cotton in the previous financial year. We have also broadened our product and quality mix to earn margins. The uncertainty in the cotton market is still persisting and after analyzing the market very carefully we have purchased sufficient quantity of cotton at best prices available to meet our requirements in the current year. We believe that once again we will be benefited on this account as the cotton and yarn prices are expected to increase further in the coming days.

Yarn	Half Year ended December 31		Increase / (decrease)	
	2010	2009	Value	% age
Sale ('000' Kgs)	18,584	18,715	(131)	(0.70)
Rate/Kg	337.64	202.91	134.73	66.40
Sale ('000' Rs)	6,274,694	3,797,532	2,477,162	65.23

During the current half year 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 orders from local and international customers.

Weaving

During the first half of financial year 2010-2011, a sharp rise in cotton yarn and polyester prices has been witnessed. This sharp increase in prices of our raw material and frequent gas/electricity supply outages significantly increased costs for the weavers of our country and affected their competitiveness in the international markets. Furthermore, customers have not been willing to accept any significant increase in grey prices matching with increase in prices of yarn and polyester which has affected our profit margins. Unfavorable exchange rates fluctuations in EURO have also negatively affected our business in Europe. Later in the current half year, shortage in the supply of grey fabric due to these difficulties faced by small businesses, demand from our customers increased who made some panic buying thus allowed us to increase our sales volume and maintain profit margin. However, currently it is still extremely difficult to forecast future business scenario with any level of certainty.

In these challenging times, we have been able to increase our grey fabric sales quantities by 14.54% through our strategy to focus on and retain our valuable customers even though the increase in our costs has not been fully passed on to these customers. Therefore, the sales volumes have increased significantly but we have just been able to maintain our profit margin compared to the previous corresponding period. Our work wear business has picked up during the current half year due to increase in our customer base. Our experienced team is continuously monitoring the market situation and taking effective measures.

Grey Cloth	Half Year ended December 31		Increase / (decrease)	
	2010	2009	Value	% age
Sale ('000' Mtrs)	25,293	22,082	3,211	14.54
Rate/Mtr	149.15	114.69	34.46	30.05
Sale ('000' Rs)	3,772,452	2,532,527	1,239,925	48.96

We are in the process of installing 52 additional air jet looms to replace our old looms and 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 first half of this financial year. 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 valued 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.

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 12% 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 will play a pivotal role in determining our revenue and margins in the rest of the current financial year. We are continuously monitoring the ever changing situation and taking effective measures.

Processing and Home Textile	Half Year ended December 31		Increase / (decrease)	
	2010	2009	Value	% age
Sale ('000' Mtrs)	36,765	32,722	4,043	12.36
Rate/Mtr	224.96	178.94	46.02	25.72
Sale ('000' Rs)	8,270,837	5,855,439	2,415,398	41.25

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 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.

With the excellent results achieved in the year 2009-2010, our garment business is poised to achieve even greater results in the current year. 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 60% 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 maintain profit margins.

The second half of the current financial year will bring more challenges of fabric shortage and might hamper the ability of the market to procure 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 the rest of the year. We are expecting 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	Half Year ended December 31		Increase / (decrease)	
	2010	2009	Value	% age
Sale ('000' Pcs)	3,152	2,297	855	37.22
Rate/Pc	561.96	498.63	63.33	12.70
Sale ('000' Rs)	1,771,501	1,145,350	626,151	54.67

During the current half year 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 have already ordered 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 the divisions like Spinning, Weaving, Processing and Stitching and Garment units 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 and their increased prices.

Furthermore, owing to ever increasing costs of fuel and frequent outages of gas, Nishat Mills Limited is planning to install 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 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 and Nishat Power Limited 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).

The Company did not exercise significant influence over MCB Bank Limited as at 31 December, 2010. Therefore, the financial statements of MCB Bank Limited have not been consolidated with the consolidated financial statements of the Company and its subsidiaries as at the reporting date.

Other matters

The shareholders of the Company in their annual general meeting held on October 30, 2010 have passed a special resolution for investment in a proposed wholly owned subsidiary with the proposed name of "Nishat UAE LLC" to be incorporated under the laws of United Arab Emirates ("UAE") subject to requisite regulatory approvals and in compliance with the laws and business norms of the UAE.

Instead of aforesaid proposed name applied for, the Department of Economic Development, which is responsible for registration of limited liability companies in Dubai, UAE have approved the name "Nishat Linen Trading LLC" for the proposed subsidiary. Therefore, a company in the name of Nishat Linen Trading LLC has been registered in UAE under the laws of UAE for the purposes, among others, of operating wholesale and retail outlets of the Company in the UAE. The establishment of Nishat Linen Trading LLC in UAE will expand the business horizon of the Company beyond Pakistan. Furthermore, the management expects that the dividends from the investee company will enhance the profitability of the Company resulting in addition to the shareholders value. Moreover, the presence of the Company in UAE will expand the area of operations of the Company which could bring in substantial demand for the Company's products. Nishat Linen Trading LLC is expected to open its first retail outlet in Festival Mall, Dubai by May 2011.

Furthermore, Board of Directors in their meeting held on February 18, 2011 have approved establishment of a new wholly owned subsidiary with an authorized share capital of Rs 10 million for carrying out trading business of textile products.

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: February 18, 2011

NISHAT MILLS LIMITED

UNCONSOLIDATED CONDENSED INTERIM

FINANCIAL INFORMATION

FOR THE HALF YEAR

ENDED 31 DECEMBER 2010

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 2010 and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim cash flow statement and unconsolidated condensed interim statement of changes in equity together with the notes forming part thereof (herein after referred to as "unconsolidated condensed interim financial information"), for the half year then ended. 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 2010 and 31 December 2009 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 2010.

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 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: February 18, 2011

UNCONSOLIDATED CONDENSED INTERIM BALANCE SHEET AS AT 31 DECEMBER 2010

	Note	Un-audited 31 December 2010 (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>	<u>3,515,999</u>
Reserves		<u>30,473,404</u>	<u>27,860,314</u>
Total equity		<u>33,989,403</u>	<u>31,376,313</u>
NON-CURRENT LIABILITIES			
Long term financing	5	<u>2,380,411</u>	<u>2,980,694</u>
Liabilities against assets subject to finance lease	6	<u>239,463</u>	<u>-</u>
Deferred income tax liability		<u>582,469</u>	<u>1,256,892</u>
		<u>3,202,343</u>	<u>4,237,586</u>
CURRENT LIABILITIES			
Trade and other payables		<u>2,490,383</u>	<u>2,139,321</u>
Accrued markup		<u>307,735</u>	<u>232,247</u>
Short term borrowings		<u>12,402,635</u>	<u>6,649,447</u>
Current portion of non-current liabilities		<u>1,239,680</u>	<u>1,128,632</u>
Provision for taxation		<u>714,768</u>	<u>418,768</u>
		<u>17,155,201</u>	<u>10,568,415</u>
Total liabilities		<u>20,357,544</u>	<u>14,806,001</u>
CONTINGENCIES AND COMMITMENTS			
	7		
TOTAL EQUITY AND LIABILITIES		<u>54,346,947</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 December 2010 (Rupees in thousand)	Audited 30 June 2010
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	12,196,151	11,841,667
Investment properties		129,669	132,550
Long term investments		22,316,792	21,959,543
Long term loans	9	844,446	498,803
Long term deposits and prepayments		19,624	16,823
		35,506,682	34,449,386
CURRENT ASSETS			
Stores, spare parts and loose tools		927,690	688,832
Stock-in-trade		11,663,474	6,060,441
Trade debts		2,152,470	2,041,256
Loans and advances		852,560	504,046
Short term deposits and prepayments		55,011	31,912
Other receivables		1,043,831	724,407
Accrued interest		62,143	16,906
Short term investments		1,916,816	1,554,543
Cash and bank balances		166,270	110,585
		18,840,265	11,732,928
TOTAL ASSETS		54,346,947	46,182,314

DIRECTOR

UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE HALF YEAR ENDED 31 DECEMBER 2010 (UN-AUDITED)

	Note	HALF YEAR ENDED		QUARTER ENDED	
		31 December 2010	31 December 2009	31 December 2010	31 December 2009
----- (Rupees in thousand) -----					
SALES		21,344,751	14,152,293	11,383,902	7,756,660
COST OF SALES	10	(18,062,291)	(11,662,819)	(10,239,828)	(6,448,717)
GROSS PROFIT		3,282,460	2,489,474	1,144,074	1,307,943
DISTRIBUTION COST		(924,541)	(743,786)	(491,127)	(400,960)
ADMINISTRATIVE EXPENSES		(316,113)	(260,766)	(165,190)	(135,488)
OTHER OPERATING EXPENSES	11	(189,039)	(127,685)	(69,971)	(83,298)
		(1,429,693)	(1,132,237)	(726,288)	(619,746)
		1,852,767	1,357,237	417,786	688,197
OTHER OPERATING INCOME		1,207,103	335,582	849,767	153,069
PROFIT FROM OPERATIONS		3,059,870	1,692,819	1,267,553	841,266
FINANCE COST		(705,501)	(546,828)	(390,793)	(287,983)
PROFIT BEFORE TAXATION		2,354,369	1,145,991	876,760	553,283
PROVISION FOR TAXATION		(296,000)	(135,500)	(168,500)	(56,000)
PROFIT AFTER TAXATION		2,058,369	1,010,491	708,260	497,283
EARNINGS PER SHARE- BASIC AND DILUTED (RUPEES)		5.85	3.82	2.01	1.88

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 2010 (UN-AUDITED)**

HALF YEAR ENDED		QUARTER ENDED	
31 December 2010	31 December 2009	31 December 2010	31 December 2009

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

PROFIT AFTER TAXATION **2,058,369** 1,010,491 **708,260** 497,283

OTHER COMPREHENSIVE INCOME

Surplus / (deficit) on remeasurement of available
for sale investments
Deferred income tax relating to surplus on available
for sale investments

759,298	3,962,392	1,035,320	(160,247)
674,423	(84,639)	674,423	(84,639)

Other comprehensive income / (loss) for the
period - net of tax

1,433,721 3,877,753 **1,709,743** (244,886)

TOTAL COMPREHENSIVE INCOME FOR THE PERIOD

3,492,090 4,888,244 **2,418,003** 252,397

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 2010 (UN-AUDITED)

		HALF YEAR ENDED	
	Note	31 December 2010	31 December 2009
(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash utilized in operations	12	(3,386,596)	(1,345,197)
Finance cost paid		(630,013)	(532,093)
Income tax paid		(235,871)	(155,820)
Exchange gain on forward contracts realized		253,936	-
Net increase in long term loans		(1,139)	(6,841)
Net increase in long term deposits and prepayments		(4,031)	(2,698)
Net cash utilized in operating activities		(4,003,714)	(2,042,649)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		135,754	43,638
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		12,819	60
Dividends received		536,290	250,044
Investments made		(166,772)	(567,168)
Capital expenditure on property, plant and equipment		(1,045,232)	(657,991)
Net cash utilized in investing activities		(571,195)	(974,302)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		283,539	727,188
Repayment of long term financing		(524,980)	(50,000)
Repayment of liabilities against assets subject to finance lease		(8,331)	-
Short term borrowings - net		5,753,188	2,778,174
Dividend paid		(872,822)	(477,574)
Net cash from financing activities		4,630,594	2,977,788
Net increase / (decrease) in cash and cash equivalents		55,685	(39,163)
Cash and cash equivalents at the beginning of the period		110,585	111,494
Cash and cash equivalents at the end of the period		166,270	72,331

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

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2010 (UN-AUDITED)

(RUPEES IN THOUSAND)

	SHARE CAPITAL	RESERVES						TOTAL EQUITY	
		CAPITAL RESERVES			REVENUE RESERVES				Total
		Premium on issue of right shares	Fair value reserve	Sub total	General reserve	Unappropri- ated 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 half year ended 31 December 2009	-	-	3,877,753	3,877,753	-	1,010,491	1,010,491	4,888,244	4,888,244
Balance as at 31 December 2009 - Un-audited	2,424,827	2,226,014	4,278,743	6,504,757	13,792,028	1,012,434	14,804,462	21,309,219	23,734,046
Right shares issued during the half year ended 30 June 2010	1,091,172	3,273,516	-	3,273,516	-	-	-	3,273,516	4,364,688
Total comprehensive income for the half year ended 30 June 2010	-	-	1,372,609	1,372,609	-	1,904,970	1,904,970	3,277,579	3,277,579
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

Balance as at 01 July 2009 - Audited

Final dividend for the year ended 30 June 2009 @
Rupees 2 per share
Transfer to general reserve
Total comprehensive income for the half year ended
31 December 2009

Balance as at 31 December 2009 - Un-audited

Right shares issued during the half year ended
30 June 2010
Total comprehensive income for the half year
ended 30 June 2010

Balance as at 30 June 2010 - Audited

Final dividend for the year ended 30 June 2010 @
Rupees 2.5 per share
Transfer to general reserve
Total comprehensive income for the half year ended
31 December 2010

Balance as at 31 December 2010 - Un-audited

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 HALF YEAR ENDED 31 DECEMBER 2010 (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 has been prepared in accordance with the International Accounting Standard (IAS) 34 "Interim Financial Reporting" as applicable in Pakistan and notified by the Securities and Exchange Commission of Pakistan (SECP). This unconsolidated condensed interim financial information should be read in conjunction with the audited annual published financial statements for the year ended 30 June 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 1,404.861 million, Rupees 156.096 million, Rupees 1,549.250 million and Rupees 11.707 million respectively.

	Un-audited 31 December 2010 (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	283,539	1,937,415
Less: Repaid during the period / year	524,980	595,813
Less: Transferred to liabilities against assets subject to finance lease	300,000	-
Closing balance	3,567,885	4,109,326
Less: Current portion shown under current liabilities	1,187,474	1,128,632
	2,380,411	2,980,694
6. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Minimum lease payments	379,613	-
Less: Un-amortized finance charges	87,944	-
Present value of minimum lease payments	291,669	-
Less: Current portion shown under current liabilities	52,206	-
	239,463	-

6.1 During the half year ended 31 December 2010, the 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 150.047 million from its own sources and the remaining amount of Rupees 149.953 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 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 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 545.733 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 594.093 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 700 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 Rupees 617.963 million (30 June 2010: Rupees 935.095 million).
- ii) Letters of credit other than for capital expenditure are Rupees 1,568.454 million (30 June 2010: Rupees 313.142 million).

	Un-audited 31 December 2010 (Rupees in thousand)	Audited 30 June 2010
8. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets		
Owned (Note 8.1)	11,233,957	11,476,005
Leased (Note 8.2)	287,749	-
Capital work-in-progress (Note 8.3)	674,445	365,662
	12,196,151	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)	736,520	1,687,321
Less: Book value of assets transferred to investment properties during the period / year	-	97,853
	12,212,525	12,691,823
Less: Book value of deletions during the period / year (Note 8.1.2)	125,529	116,136
Less: Transferred to operating fixed assets - leased	300,000	-
	11,786,996	12,575,687
Less: Depreciation charged during the period / year	553,039	1,099,682
	11,233,957	11,476,005
8.1.1 Cost of additions		
Freehold land	3,975	144,262
Buildings on freehold land	164,331	144,833
Plant and machinery	505,128	1,259,480
Electric installations	5,970	16,322
Factory equipment	6,307	16,509
Furniture, fixtures and office equipment	8,860	18,842
Computer equipment	5,298	15,237
Vehicles	36,651	71,836
	736,520	1,687,321
8.1.2 Book value of deletions		
Plant and machinery	118,120	101,416
Electric installations	211	3,366
Factory equipment	-	378
Furniture, fixtures and office equipment	44	126
Computer equipment	-	50
Vehicles	7,154	10,800
	125,529	116,136

	Un-audited 31 December 2010 (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	12,251	-
	287,749	-
8.3 Capital work-in-progress		
Buildings on freehold land	76,954	106,742
Plant and machinery	584,350	245,225
Electric installations	546	546
Unallocated expenditure	-	7,219
Letters of credit against machinery	1,509	2,631
Advances against furniture and office equipment	4,777	652
Advances for purchase of vehicles	6,309	2,647
	674,445	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)

HALF YEAR ENDED		QUARTER ENDED	
31 December 2010	31 December 2009	31 December 2010	31 December 2009

(Rupees in thousand)

10. COST OF SALES

Raw materials consumed	6,366,511	3,544,936	4,002,470	1,970,129
Cloth and yarn purchased / used	7,952,142	4,381,847	4,461,770	2,512,752
Processing charges	117,666	61,592	62,845	33,485
Salaries, wages and other benefits	1,123,627	926,914	579,116	476,179
Staff retirement benefits	30,318	26,219	15,443	13,073
Stores, spare parts and loose tools	1,676,782	1,280,092	877,116	676,561
Packing materials	365,190	256,076	190,379	139,417
Repair and maintenance	125,976	145,406	67,362	87,048
Fuel and power	1,440,301	1,033,008	773,722	518,967
Insurance	15,177	13,379	7,806	6,576
Other factory overheads	121,682	98,576	63,452	46,895
Depreciation	533,127	507,124	271,186	255,882
	19,868,499	12,275,169	11,372,667	6,736,964

Work-in-process:

Opening stock	2,921,946	1,529,335	3,178,389	1,712,731
Closing stock	(4,102,049)	(1,913,290)	(4,102,049)	(1,913,290)
	(1,180,103)	(383,955)	(923,660)	(200,559)

Cost of goods manufactured	18,688,396	11,891,214	10,449,007	6,536,405
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Finished goods:

Opening stock	1,545,610	1,164,522	1,962,536	1,305,229
Closing stock	(2,171,715)	(1,392,917)	(2,171,715)	(1,392,917)
	(626,105)	(228,395)	(209,179)	(87,688)
	18,062,291	11,662,819	10,239,828	6,448,717

11. OTHER OPERATING EXPENSES

Workers' profit participation fund	121,603	59,917	42,131	29,714
Workers' welfare fund	48,048	23,388	17,893	11,292
Provision for doubtful debts	11,207	6,000	8,207	6,000
Provision for slow moving stores, spare parts and loose tools	-	31,895	-	31,895
Provision for dead and slow moving stock-in-trade	-	2,783	-	2,783
Depreciation on investment properties	2,881	3,202	1,440	1,614
Donations (Note 11.1)	5,300	500	300	-
	189,039	127,685	69,971	83,298

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

(Un-audited)

HALF YEAR ENDED	
31 December 2010	31 December 2009

(Rupees in thousand)

12. CASH UTILIZED IN OPERATIONS

Profit before taxation	2,354,369	1,145,991
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Adjustments for non-cash charges and other items:

Depreciation	568,100	539,852
Provision for doubtful debts	11,207	6,000
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	(10,225)	(261)
Gain on sale of investment	(94,726)	(32,000)
Dividend income	(536,290)	(252,519)
Exchange difference on investment in foreign subsidiary	(7)	(108)
Net exchange gain including loss on forward contracts	(402,177)	-
Interest income on loan to subsidiary	(58,056)	(5,598)
Finance cost	705,501	546,828
Working capital changes (Note 12.1)	(5,924,292)	(3,328,060)

(3,386,596)	(1,345,197)
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12.1 Working capital changes

(Increase) / decrease in current assets:

Stores, spare parts and loose tools	(238,858)	(172,736)
Stock in trade	(5,603,033)	(3,168,648)
Trade debts	(122,421)	(263,604)
Loans and advances	(111,812)	3,497
Short term deposits and prepayments	(21,869)	(61,655)
Other receivables	(171,183)	(126,788)

(6,269,176)	(3,789,934)
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Increase in trade and other payables	344,884	461,874
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(5,924,292)	(3,328,060)
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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	
	Half year ended		Half year ended		Half year ended		Half year ended		Half year ended		Half year ended		Half year ended	
	Dec 10	Dec 09	Dec 10	Dec 09	Dec 10	Dec 09	Dec 10	Dec 09	Dec 10	Dec 09	Dec 10	Dec 09	Dec 10	Dec 09
(Rupees in thousand)														
SALES	8,482,187	5,222,728	7,425,437	4,723,213	8,979,580	6,189,744	1,869,342	1,197,261	1,382,810	1,135,804	6,794,605	4,316,457	21,344,751	14,152,293
COST OF SALES	(7,551,262)	(4,679,654)	(6,628,728)	(4,228,706)	(7,727,085)	(4,964,727)	(1,542,988)	(995,104)	(1,406,833)	(1,111,085)	6,794,605	4,316,457	(18,062,291)	(11,662,819)
GROSS PROFIT/ (LOSS)	930,925	543,074	796,709	494,507	1,252,495	1,225,017	326,354	202,157	(24,023)	24,719	-	-	3,282,460	2,489,474
DISTRIBUTION COST	(139,189)	(100,529)	(205,810)	(162,241)	(496,346)	(424,918)	(83,196)	(56,098)	-	-	-	-	(924,541)	(743,786)
ADMINISTRATIVE EXPENSES	(92,490)	(73,897)	(74,220)	(65,030)	(114,874)	(93,349)	(26,473)	(20,833)	(8,056)	(7,657)	-	-	(316,113)	(260,766)
	(231,679)	(174,426)	(280,030)	(227,271)	(611,220)	(518,267)	(109,669)	(76,931)	(8,056)	(7,657)	-	-	(1,240,654)	(1,004,552)
PROFIT BEFORE TAXATION AND UNALLOCATED INCOME AND EXPENSES	699,246	368,648	516,679	267,236	641,275	706,750	216,685	125,226	(32,079)	17,062	-	-	2,041,806	1,484,922
UNALLOCATED INCOME AND EXPENSES:														
OTHER OPERATING EXPENSES													(189,039)	(127,685)
OTHER OPERATING INCOME													1,207,103	335,582
FINANCE COST													(705,501)	(546,828)
PROVISION FOR TAXATION													(296,000)	(135,500)
PROFIT AFTER TAXATION													2,058,369	1,010,491

13.3 Reconciliation of reportable segment assets

	Spinning		Weaving		Processing & Home Textile		Garments		Power generation		Total-Company	
	Audited		Audited		Audited		Audited		Audited		Audited	
	Dec 10	Jun 10	Dec 10	Jun 10	Dec 10	Jun 10	Dec 10	Jun 10	Dec 10	Jun 10	Dec 10	Jun 10
(Rupees in thousand)												
Total assets for reportable segments	10,433,461	6,184,668	4,038,231	3,635,533	8,707,864	7,359,656	1,834,081	1,763,519	2,232,372	1,849,672	27,246,009	20,793,048
Unallocated assets:												
Long term investments											22,316,792	21,959,543
Other receivables											1,043,831	724,407
Cash and bank balances											166,270	110,585
Other corporate assets											3,574,045	2,594,731
Total assets as per balance sheet											54,346,947	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)	
HALF YEAR ENDED		QUARTER ENDED	
31 December 2010	31 December 2009	31 December 2010	31 December 2009
----- (Rupees in thousand) -----			
Subsidiary companies			
Investment made	-	510,885	-
Share deposit money	-	510,885	-
Long term loan given	345,335	472,885	-
Interest on long term loan	58,056	5,598	31,121
Purchase of goods and services	8,968	7,547	4,559
Sale of operating fixed assets	-	34	-
Associated companies			
Investment made	166,772	-	65,167
Purchase of goods and services	11,886	4,870	7,187
Purchase of operating fixed assets	23,187	-	23,187
Sale of operating fixed assets	2,057	-	602
Sale of goods and services	6,074	3,300	3,937
Dividend received	501,944	249,327	342,670
Dividend paid	78,870	43,515	78,870
Insurance premium paid	56,728	34,433	26,765
Insurance claims received	5,517	7,258	209
Profit on saving accounts	7	-	-
Subscription paid	750	563	-
Other related parties			
Investment made	-	56,283	-
Dividend received	33,770	3,192	33,770
Purchase of goods and services	78,888	111,840	26,344
Sale of goods and services	70,817	85,266	39,135
Company's contribution to provident fund trust	41,914	35,669	21,369
Remuneration paid to Chief Executive Officer, Directors and Executives	120,902	64,252	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 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 18 February 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.



NISHAT MILLS LIMITED AND ITS SUBSIDIARIES

**CONSOLIDATED CONDENSED INTERIM
FINANCIAL INFORMATION
FOR THE HALF YEAR ENDED
31 DECEMBER 2010**

CONSOLIDATED CONDENSED INTERIM BALANCE SHEET AS AT 31 DECEMBER 2010

	Note	Un-audited 31 December 2010 (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		41,025,872	34,762,289
Equity attributable to equity holders of the parent		44,541,871	38,278,288
Minority interest		2,364,350	1,559,986
Total equity		46,906,221	39,838,274
NON-CURRENT LIABILITIES			
Long term financing	6	15,711,093	16,404,955
Liabilities against assets subject to finance lease	7	239,463	-
Deferred income tax liability		305,473	310,976
		16,256,029	16,715,931
CURRENT LIABILITIES			
Trade and other payables		2,787,463	2,909,695
Accrued markup		999,853	816,436
Short term borrowings		16,866,875	9,441,973
Current portion of non-current liabilities		1,619,445	1,867,912
Provision for taxation		739,570	438,248
		23,013,206	15,474,264
Total Liabilities		39,269,235	32,190,195
CONTINGENCIES AND COMMITMENTS			
	8	-	-
TOTAL EQUITY AND LIABILITIES		86,175,456	72,028,469

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

CHIEF EXECUTIVE OFFICER

	Note	Un-audited 31 December 2010 (Rupees in thousand)	Audited 30 June 2010
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	28,823,837	28,473,874
Investment properties		129,669	132,550
Long term investments		30,161,404	25,892,058
Long term loans		26,226	25,918
Long term deposits and prepayments		19,967	17,166
		59,161,103	54,541,566
CURRENT ASSETS			
Stores, spare parts and loose tools		1,187,941	904,316
Stock-in-trade		12,579,530	6,414,919
Trade debts		8,462,974	4,709,853
Loans and advances		1,158,281	1,144,952
Short term deposits and prepayments		57,372	32,430
Other receivables		1,153,255	839,564
Short term investments		1,916,816	1,554,543
Cash and bank balances		498,184	1,886,326
		27,014,353	17,486,903
TOTAL ASSETS		86,175,456	72,028,469

DIRECTOR

CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE HALF YEAR ENDED 31 DECEMBER 2010 (UN-AUDITED)

	Note	HALF YEAR ENDED		QUARTER ENDED	
		31 December 2010	31 December 2009	31 December 2010	31 December 2009
		----- (Rupees in thousand) -----			
SALES		31,016,462	14,152,293	16,716,337	7,622,003
COST OF SALES	10	(25,057,391)	(11,662,819)	(13,656,728)	(6,293,328)
GROSS PROFIT		5,959,071	2,489,474	3,059,609	1,328,675
DISTRIBUTION COST		(924,501)	(743,763)	(491,117)	(401,013)
ADMINISTRATIVE EXPENSES		(336,569)	(272,488)	(173,393)	(144,690)
OTHER OPERATING EXPENSES	11	(191,039)	(127,685)	(71,971)	(83,298)
		(1,452,109)	(1,143,936)	(736,481)	(629,001)
		4,506,962	1,345,538	2,323,128	699,674
OTHER OPERATING INCOME	12	3,434,319	96,413	3,250,032	31,758
PROFIT FROM OPERATIONS		7,941,281	1,441,951	5,573,160	731,432
FINANCE COST		(2,105,021)	(550,790)	(1,115,552)	(292,001)
		5,836,260	891,161	4,457,608	439,431
SHARE OF PROFIT IN ASSOCIATED COMPANIES		1,055,928	539,876	639,445	201,401
PROFIT BEFORE TAXATION		6,892,188	1,431,037	5,097,053	640,832
PROVISION FOR TAXATION		(304,102)	(137,457)	(171,987)	(57,957)
PROFIT AFTER TAXATION		6,588,086	1,293,580	4,925,066	582,875
SHARE OF PROFIT ATTRIBUTABLE TO:					
EQUITY HOLDERS OF PARENT		5,998,876	1,298,769	4,359,746	578,804
MINORITY INTEREST		589,210	(5,189)	565,320	4,071
		6,588,086	1,293,580	4,925,066	582,875
EARNINGS PER SHARE- BASIC AND DILUTED (RUPEES)		18.74	4.89	14.01	2.20

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 2010 (UN-AUDITED)

HALF YEAR ENDED		QUARTER ENDED	
31 December 2010	31 December 2009	31 December 2010	31 December 2009

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

PROFIT AFTER TAXATION **6,588,086** 1,293,580 **4,925,066** 582,875

OTHER COMPREHENSIVE INCOME:

Surplus arising on remeasurement of available
for sale investments

Reclassification adjustments relating to gain realized
on available for sale investments

Share of reclassification adjustments on discontinuation
of employee stock option by associated companies
Deferred income tax relating to deficit/ (surplus) on
available for sale investments

1,254,164	2,289,019	1,393,981	498,526
(179,691)	(18,454)	(179,691)	(18,454)
(14,393)	-	(14,393)	-
5,503	(84,639)	(2,556)	(84,639)
1,065,583	2,185,926	1,197,341	395,433

Effect of translation of net investment in foreign branches

Reclassification adjustments relating to gain realized
on loss of significant influence on an associate

Exchange differences on translating foreign operation

3,298	4,009	(344)	1,453
(12,080)	-	(12,080)	-
16	109	(17)	38
(8,766)	4,118	(12,441)	1,491

Other comprehensive income for the period- net of tax

1,056,817	2,190,044	1,184,900	396,924
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TOTAL COMPREHENSIVE INCOME FOR THE PERIOD

7,644,903	3,483,624	6,109,966	979,799
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SHARE OF PROFIT ATTRIBUTABLE TO:

EQUITY HOLDERS OF PARENT

MINORITY INTEREST

7,055,693	3,488,813	5,544,646	975,728
589,210	(5,189)	565,320	4,071
7,644,903	3,483,624	6,109,966	979,799

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 2010 (UN-AUDITED)

		HALF YEAR ENDED	
	Note	31 December 2010	31 December 2009
(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash utilized in operations	13	(4,749,250)	(3,299,696)
Finance cost paid		(1,921,604)	(532,118)
Income tax paid		(238,651)	(156,419)
Exchange gain on forward exchange contracts received		253,935	-
Net increase in long term loans		(1,139)	(6,841)
Net increase in long term deposits and prepayments		(4,031)	(2,710)
Net cash utilized in operating activities		(6,660,740)	(3,997,784)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		135,754	43,604
Proceeds from sale of investments		301,281	515,500
Dividends received		536,290	250,044
Investments made		(166,772)	(56,283)
Capital expenditure on property, plant and equipment		(1,383,185)	(2,020,103)
Net cash utilized in investing activities		(576,632)	(1,267,238)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		283,539	2,961,272
Repayment of long term financing		(978,074)	(50,000)
Repayment of liabilities against assets subject to finance lease		(8,331)	-
Exchange difference on translation of the net investment in foreign subsidiary		16	109
Short term borrowings - net		7,424,902	4,065,209
Dividend paid		(872,822)	(477,574)
Net cash from financing activities		5,849,230	6,499,016
Net (decrease)/ increase in cash and cash equivalents		(1,388,142)	1,233,994
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		498,184	1,404,858

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

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2010 (UN-AUDITED)

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY											(RUPEES IN THOUSAND)				
	SHARE CAPITAL	CAPITAL RESERVES					REVENUE RESERVES			TOTAL RESERVES	SHARE-HOLDERS' EQUITY			MINORITY INTEREST	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							Sub total
Balance as at 30 June 2009-restated (audited)	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		
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	-	-	-	-	-	-	-	-	1,350,000	(1,350,000)	-	-	-	-		
Share in reserves of associated companies under equity method	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Share in surplus on revaluation of fixed assets relating to equity method	-	-	-	-	-	54,191	54,191	-	(54,191)	(54,191)	-	-	-	-		
Incremental depreciation- net of tax under equity method	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Disposal of interest to minority	-	-	-	-	-	-	-	-	-	807	807	807	-	807		
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
- net of deferred tax	-	-	2,185,926	4,118	-	-	2,190,044	-	1,298,769	1,298,769	3,488,813	3,488,813	(5,189)	3,483,624		
Balance as at 31 December 2009- restated (unaudited)	2,424,827	2,226,014	5,678,605	6,055	111,002	79,252	8,100,928	15,723,882	1,296,944	17,020,826	25,121,754	27,546,581	1,533,480	29,080,061		
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	-	4,364,688		
Share in reserves of associated companies under equity method	-	-	-	-	-	54,321	54,321	-	(54,321)	(54,321)	-	-	-	-		
Share in surplus on revaluation of fixed assets relating to equity method	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Incremental depreciation- net of tax under equity method	-	-	-	-	-	-	-	-	754	754	754	754	-	754		
Disposal of interest to minority	-	-	-	-	-	-	-	-	31,190	31,190	31,190	31,190	810	32,000		
Total comprehensive income/(loss) for the period	-	-	(563,397)	2,996	-	-	(560,401)	-	6,895,476	6,895,476	6,335,075	6,335,075	25,696	6,360,771		
- net of deferred tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Balance as at 30 June 2010 - (audited)	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		
Final dividend for the year ended 30 June 2010 @ Rupees 2.50 per share	-	-	-	-	-	-	-	-	(879,000)	(879,000)	(879,000)	(879,000)	-	(879,000)		
Transfer to general reserve	-	-	-	-	-	-	-	7,335,000	(7,335,000)	-	-	-	-	-		
Share in reserves of associated companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Share in equity method	-	-	-	-	-	62,556	62,556	-	(62,556)	(62,556)	-	-	-	-		
Share in surplus on revaluation of fixed assets relating to equity method	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Incremental depreciation- net of tax under equity method	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Transfer to unappropriated profit on loss of significant influence on an associate	-	-	-	-	-	(196,129)	(196,129)	-	763	763	763	763	-	763		
Disposal of interest to minority	-	-	-	-	-	-	-	-	196,129	196,129	196,129	196,129	215,154	301,281		
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	-	-	86,127	86,127	86,127	86,127	215,154	301,281		
- net of deferred tax	-	-	1,065,583	(8,766)	-	-	1,056,817	-	5,998,876	5,998,876	7,055,693	7,055,693	589,210	7,644,903		
Balance as at 31 December 2010 - (unaudited)	3,515,999	5,499,530	6,180,791	285	111,002	-	11,791,608	23,058,882	6,175,382	29,234,264	41,025,872	44,541,871	2,364,350	46,906,221		

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 HALF YEAR ENDED 31 DECEMBER 2010 (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 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.

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 AND COMPUTATION METHODS

The accounting policies and methods of computations adopted for the preparation of this consolidated condensed interim financial information are the same as applied in the preparation of preceding annual published consolidated financial statements of the Group for the year ended 30 June 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 December 2010 (Rupees in thousand)	Audited 30 June 2010
6. LONG TERM FINANCING - SECURED		
Opening balance	18,272,867	14,417,710
Add: Obtained during the period / year	283,539	4,450,970
Less: Repaid during the period / year	978,074	595,813
Less: Transferred to liabilities against assets subject to finance lease	300,000	-
Closing balance	17,278,332	18,272,867
Less: Current portion shown under current liabilities	1,567,239	1,867,912
Non-current portion	15,711,093	16,404,955
7. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Minimum lease payments	379,613	-
Less: Un-amortized finance charges	87,944	-
Present value of minimum lease payments	291,669	-
Less: Current portion shown under current liabilities	52,206	-
	239,463	-

During the half year ended 31 December 2010, the Parent 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 150.047 million from its own sources and the remaining amount of Rupees 149.953 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 14.37% per annum. Balance rentals are payable in quarterly installments. Taxes, repairs and insurance costs are borne by the Holding 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 545.733 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 594.093 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: 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 700 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 required under 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 5.370 Million [Pak Rupees 461.253 million] (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 under Power Purchase Agreement.
- vii) The Nishat Mills Limited's share in contingencies of associated companies' is Rupees 7,550.706 million (30 June 2010: Rupees 5,706.861 million).

Commitments

- i) Contracts for capital expenditure of the Group are Rupees 617.963 million (30 June 2010: Rupees 935.095 million).
- ii) Letters of credit other than for capital expenditure of the Group are Rupees 1,576.779 million (30 June 2010: Rupees 313.814 million).
- iii) The Group has also commitments in respect of other contracts of Rupees 14.186 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 December 2010 (Rupees in thousand)	Audited 30 June 2010
9. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets		
Owned (Note 9.1)	27,834,873	28,108,212
Leased (Note 9.2)	287,750	-
Capital work in progress (Note 9.3)	701,214	365,662
	28,823,837	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)	1,047,705	18,273,648
Less: Book value of assets transferred to investment properties during the period/ year	-	97,853
	29,155,917	29,365,506
Less: Book value of deletions during the period/ year (Note 9.1.2)	125,529	116,103
Less: Transfer to operating fixed assets-leased (Note 9.2)	300,000	-
	28,730,388	29,249,403
Less: Depreciation charged for the period/ year	895,515	1,141,191
	27,834,873	28,108,212
9.1.1 Cost of additions		
Freehold land	3,975	144,262
Buildings on freehold land	167,636	323,269
Plant and machinery	809,619	17,664,376
Electric installations	5,970	16,322
Factory equipment	6,307	16,509
Furniture, fixtures and office equipment	9,720	19,874
Computer equipment	5,320	15,825
Vehicles	39,158	73,211
	1,047,705	18,273,648
9.1.2 Book value of deletions		
Plant and machinery	118,120	101,416
Electric installations	211	3,366
Factory equipment	-	378
Furniture, fixtures and office equipment	44	126
Computer equipment	-	50
Vehicles	7,154	10,767
	125,529	116,103

	Un-audited 31 December 2010 (Rupees in thousand)	Audited 30 June 2010
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	12,250	-
	287,750	-
9.3 Capital work-in-progress		
Buildings on freehold land	96,218	261,535
Plant and machinery	587,868	14,506,900
Electric installation	546	546
Unallocated expenses	-	7,219
Letters of credit against machinery	1,509	2,631
Advances against furniture and office equipment	8,764	652
Advances against vehicles	6,309	2,647
Unallocated capital expenditure (Note 9.3.1)	-	2,166,865
	701,214	16,948,995
Transfer to operating fixed assets	-	(16,583,333)
	701,214	365,662
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)

HALF YEAR ENDED		QUARTER ENDED	
31 December	31 December	31 December	31 December
2010	2009	2010	2009

(Rupees in thousand)

10. COST OF SALES

Raw material consumed	12,776,993	3,544,936	7,118,561	1,970,129
Cloth and yarn purchased / used	7,952,143	4,381,847	4,461,771	2,512,752
Processing charges	117,666	61,592	62,845	33,485
Salaries, wages and other benefits	1,135,382	926,914	583,853	475,177
Staff retirement benefits	30,318	26,219	15,443	13,073
Stores, spare parts and loose tools	1,701,403	1,280,092	896,706	676,561
Packing materials	365,190	256,076	190,379	139,417
Repair and maintenance	251,530	145,406	129,939	87,048
Fuel and power	1,441,752	1,033,008	774,729	364,898
Insurance	90,074	13,379	44,261	6,576
Other factory overheads	126,080	98,576	65,416	46,577
Depreciation	875,067	507,124	445,663	255,882
	26,863,598	12,275,169	14,789,566	6,581,575
Work-in-process				
Opening stock	2,921,946	1,529,335	3,178,389	1,712,731
Closing stock	(4,102,048)	(1,913,290)	(4,102,048)	(1,913,290)
	(1,180,102)	(383,955)	(923,659)	(200,559)
Cost of goods manufactured	25,683,496	11,891,214	13,865,907	6,381,016
Finished goods				
Opening stock	1,545,610	1,164,522	1,962,536	1,305,229
Closing stock	(2,171,715)	(1,392,917)	(2,171,715)	(1,392,917)
	(626,105)	(228,395)	(209,179)	(87,688)
	25,057,391	11,662,819	13,656,728	6,293,328

11. OTHER OPERATING EXPENSES

Workers' profit participation fund	121,603	59,917	42,131	29,714
Workers' welfare fund	48,048	23,388	17,893	11,292
Provision for doubtful debts	11,207	6,000	8,207	6,000
Provision for slow moving stores, spare parts and loose tools	-	31,895	-	31,895
Provision for dead and slow moving stock-in-trade	-	2,783	-	2,783
Depreciation on investment properties	2,882	3,202	1,441	1,614
Donations (Note 11.1)	7,299	500	2,299	-
	191,039	127,685	71,971	83,298

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

HALF YEAR ENDED	
31 December 2010	31 December 2009

(Rupees in thousand)

13. CASH UTILIZED IN OPERATIONS

Profit before taxation	6,892,188	1,431,037
Adjustments for non-cash charges and other items:		
Depreciation	910,575	539,927
Provision for doubtful debts	11,207	6,000
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	(10,225)	(259)
Dividend income	(44,609)	(13,468)
Share of profit from associated companies	(1,055,928)	(539,876)
Net fair value gain on available for sale investments	(2,848,539)	-
Net exchange gain including loss on forward contracts	(402,177)	-
Finance cost	2,105,021	546,853
Working capital changes (Note 13.1)	(10,306,763)	(5,304,588)
	(4,749,250)	(3,299,696)

13.1 Working capital changes

(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(283,625)	(316,770)
Stock-in-trade	(6,164,611)	(4,243,863)
Trade debts	(3,764,328)	(844,938)
Loans and advances	223,373	(87)
Short term deposits and prepayments	(23,712)	(61,572)
Other receivables	(165,450)	(302,769)
	(10,178,353)	(5,769,999)
(Decrease)/ increase in trade and other payables	(128,410)	465,411
	(10,306,763)	(5,304,588)

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

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	
	Half year ended		Half year ended		Half year ended		Half year ended		Half year ended		Half year ended		Half year ended	
	Dec 10	Dec 09	Dec 10	Dec 09	Dec 10	Dec 09	Dec 10	Dec 09	Dec 10	Dec 09	Dec 10	Dec 09	Dec 10	Dec 09
(Rupees in thousand)														
SALES	8,482,187	5,222,728	7,425,437	4,723,213	8,979,580	6,189,744	1,869,342	1,197,261	11,054,521	1,135,804	(6,794,605)	(4,316,457)	31,016,462	14,152,293
COST OF SALES	(7,551,262)	(4,679,654)	(6,628,728)	(4,228,706)	(7,727,085)	(4,964,727)	(1,542,988)	(995,104)	(8,401,933)	(1,111,085)	6,794,605	4,316,457	(25,057,391)	(11,662,819)
GROSS PROFIT	930,925	543,074	796,709	494,507	1,252,495	1,225,017	326,354	202,157	2,652,588	24,719	-	-	5,959,071	2,489,474
DISTRIBUTION COST	(139,189)	(100,529)	(205,810)	(162,241)	(486,306)	(424,895)	(83,196)	(56,098)	-	-	-	-	(924,501)	(743,763)
ADMINISTRATIVE EXPENSES	(92,490)	(73,897)	(74,220)	(65,030)	(114,874)	(93,349)	(26,473)	(20,833)	(28,512)	(19,379)	-	-	(336,569)	(272,488)
PROFIT BEFORE TAXATION AND UNALLOCATED INCOME AND EXPENSES	(231,679)	(174,426)	(280,030)	(227,271)	(611,180)	(518,244)	(109,669)	(76,931)	(28,512)	(19,379)	-	-	(1,261,070)	(1,016,251)
UNALLOCATED INCOME AND EXPENSES:	699,246	368,648	516,679	267,236	641,315	706,773	216,685	125,226	2,624,076	5,340	-	-	4,698,001	1,473,223
OTHER OPERATING EXPENSES													(191,039)	(127,685)
OTHER OPERATING INCOME													3,434,319	96,413
FINANCE COST													(2,105,021)	(550,790)
SHARE OF PROFIT IN ASSOCIATED COMPANIES													1,055,928	539,876
PROVISION FOR TAXATION													(304,102)	(137,457)
PROFIT AFTER TAXATION													6,588,086	1,293,580

14.3 Reconciliation of reportable segment assets

	Spinning		Weaving		Processing & Home Textile		Garments		Power generation		Total-Group	
	Audited		Audited		Audited		Audited		Audited		Audited	
	Dec 10	Jun 10	Dec 10	Jun 10	Dec 10	Jun 10	Dec 10	Jun 10	Dec 10	Jun 10	Dec 10	Jun 10
(Rupees in thousand)												
Total assets for reportable segments	10,433,461	6,184,668	4,038,231	3,635,533	8,708,698	7,360,584	1,834,081	1,763,519	26,654,460	22,361,278	51,668,931	41,305,582
Unallocated assets:												
Long term investments											30,161,404	25,882,058
Other receivables											1,153,255	839,564
Cash and bank balances											498,184	1,886,326
Other corporate assets											2,693,682	2,104,939
Total assets as per balance sheet											86,175,456	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)			
HALF YEAR ENDED		QUARTER ENDED	
31 December 2010	31 December 2009	31 December 2010	31 December 2009

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

Associated companies

Investment made	166,772	-	65,167	-
Purchase of goods and services	13,135	5,952	7,729	4,148
Purchase of operating fixed assets	23,187	-	23,187	-
Sale of operating fixed assets	2,057	-	602	-
Sale of goods and services	6,074	3,300	3,937	1,650
Dividend received	10,263	10,276	10,263	49
Dividend paid	78,870	43,515	78,870	43,515
Insurance premium paid	154,364	40,222	65,784	20,773
Insurance claims received	5,517	7,258	209	2,464
Profit on saving account	7	93	-	93
Subscription paid	750	563	-	-

Other related parties

Investment made	-	56,283	-	56,283
Dividend received	33,770	3,192	33,770	3,192
Purchase of goods and services	78,888	111,840	26,344	47,275
Sale of goods and services	70,817	85,266	39,135	43,348
Group's contribution to provident fund trust	42,662	36,059	21,747	17,838
Remuneration paid to Chief Executive Officer, Directors and Executives of the Holding Company	120,902	64,252	51,716	33,799

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 18 February 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.