



Dream
Diversify
Deliver

Contents

Nishat Mills Limited

02	Company Information
03	Directors' Report
06	Auditors' Report to the Members on Review of Unconsolidated Condensed Interim Financial Information
08	Unconsolidated Condensed Interim Balance Sheet
10	Unconsolidated Condensed Interim Profit and Loss Account
11	Unconsolidated Condensed Interim Statement of Profit or loss and other Comprehensive Income
12	Unconsolidated Condensed Interim Cash Flow Statement
13	Unconsolidated Condensed Interim Statement of Changes in Equity
14	Selected Notes to the Unconsolidated Condensed Interim Financial Information

Nishat Mills Limited and its Subsidiary Companies

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

Company Information

Board of Directors

Mian Umer Mansha
Chairman/CEO

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

Audit Committee

Mr. Khalid Qadeer Qureshi
Chairman/Member

Mr. Muhammad Azam
Member
Ms. Nabiha Shahnawaz Cheema
Member

Human Resource & Remuneration (HR & R) Committee

Mian Hassan Mansha
Chairman/Member

Mian Umer Mansha
Member
Mr. Khalid Qadeer Qureshi
Member

Chief Financial Officer

Mr. Badar-ul-Hassan

Company Secretary

Mr. Khalid Mahmood Chohan

Auditors

Riaz Ahmad & Company
Chartered Accountants

Legal Advisor

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

Bankers to the Company

Albaraka Bank (Pakistan) Limited
Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Islami Pakistan Limited
Barclays Bank PLC
Burj Bank Limited
Citibank N.A.
Deutsche Bank AG
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
HSBC Bank Middle East Limited
JS Bank Limited
KASB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
NIB Bank Limited
Pak Brunei Investment Company
Limited
Pak Oman Investment Company
Limited
Pakistan Kuwait Investment
Company (Private) Limited
Samba Bank Limited
Saudi Pak Industrial & Agricultural
Investment Company Limited
Silk Bank Limited
Soneri Bank Limited
Summit Bank Limited
Standard Chartered Bank (Pakistan)
Limited
The Bank of Punjab
United Bank Limited

Mills

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

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

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

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

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

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

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

Registered office & Shares Department

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

Head Office

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

Liaison Office

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

Directors' Report

Directors of Nishat Mills Limited ("the Company") are pleased to present the Directors' Report for the half year ended 31 December 2012.

Operating Financial Results

Company's financial performance has seen tremendous growth from the comparative six months period. This is mainly on account of increase in demand and hence quantity of sales. Cost of sales has been effectively controlled which has increased only by 18.36% in comparison to increase in sales by 21.74%. Increase in sales amount to Rs. 4.7 billion out of which Rs. 4.4 billion is attributable to increase in quantity sold. Increase in sales quantity results in increased contribution which in return results in high profit percentage. This trend is reflected in each key profitability variable presented below i.e. Gross Profit %, Profit after tax % and Earnings per share.

Financial Highlights	Half year ended 31 December		Increase/ (Decrease) %
	2012	2011	
Net Sales (Rs. '000')	26,317,006	21,618,141	21.74
Gross Profit (Rs. '000')	4,384,754	3,087,649	42.01
Profit before tax (Rs. '000')	3,068,581	2,168,884	41.48
Profit after tax (Rs. '000')	2,857,581	1,901,884	50.25
Gross Profit (%)	16.66	14.28	16.67
Profit after tax (%)	10.86	8.80	23.41
Earnings per share (Rs.)	8.13	5.41	50.28

Although, dividend income for the current six months stands at Rs. 1,132 million which is 17.34% lower in comparison to the dividend income of Rs. 1,369 million in the comparative period but in monetary terms, it is providing a substantial and consistent support to the bottom line.

General Market Review and Future Prospects

Global economy remained stagnant in the first half of financial year 2012-2013. Despite dull economic conditions worldwide, we saw astonishing increase in demand of yarn and finished goods in Pakistan during this period. Majority of US and European customers, who have been historically sourcing out of China, have started looking at other Asian Countries mainly because of inability of Chinese textile manufactures to produce basic textiles efficiently. This is the reason that besides increase in finished fabric and apparel demand, yarn export from Pakistan to China is growing at rapid pace.

It is quite evident that yarn and fabric demand from China will continue to escalate in coming months due to closure of basic textiles. Moreover, labor cost in China is very high and climbing up day by day, making it unavailable to produce low value added textiles.

Textile sector in Pakistan is unable to grab this opportunity fully because of domestic problems which include severe energy crises and security issues. Textile entrepreneurs are concerned on this situation because these issues have resulted in diversion of orders to other countries. India is already making inroads into Chinese and global market, as Pakistan Textile industry is working on reduced capacities due to acute shortage of electricity and gas.

Spinning

Year 2012-2013 started with little movement in cotton prices & kept oscillating in a 10% plus/minus limit till the end of 2nd quarter. Mostly favorable weather conditions, timely arrival of new crop & along with last year coverage with spinners were the factors resisting cotton prices in 1st half of year.

Cotton yarn prices didn't follow raw cotton prices for export business but yarn prices in local market were supportive in 1st quarter. Whereas in 2nd quarter, severe shortage of power created extreme difficulties for spinners to fulfill export & local commitments, resulting in shortage of yarn in local market. Expensive sources of power generation using furnace oil and diesel resulted in high cost of production where as buyers were not willing to pay as per cost of production. Carded yarn was demanded more than combed yarn. Hong Kong / China remained main markets where as demand of cotton yarn from Europe & USA was almost negligible.

Yarn	Half year ended 31 December		Increase / (Decrease)	
	2012	2011	Value	% age
Sale – (Kgs '000')	15,689	13,871	1,818	13.11
Rate / Kg	340.35	316.70	23.65	7.47
Sale – (Rs. '000')	5,339,779	4,392,955	946,824	21.55

Spinning division improved its coarser counts production capacity by installing new machinery during the period. This resulted in increase in sales as compared to sale in comparative period.

Weaving

Cotton prices remained steady during the first half of the financial year. On the contrary polyester fiber prices increased a fair deal resulting in sharp decline in work-wear business. Due to recent increase in raw material prices despite steady cotton market, most of the customers are complaining and holding their bookings expecting a correction. This has caused the market to slow down.

Grey Cloth	Half year ended 31 December		Increase / (Decrease)	
	2012	2011	Value	% age
Sale – (Meters'000)	32,266	27,224	5,042	18.52
Rate / Meter	158.88	167.92	(9.04)	(5.38)
Sale – (Rs. '000)	5,126,578	4,571,424	555,154	12.14

We have made an investment in 77 new Picanol Airjet looms (European) which would be operational by September 2013. These looms will replace our existing Toyota Airjet Looms (Japanese). This is for the first time we have bought European Airjet Looms since we are now focusing on European clients.

Processing and Home Textile

Processing division performed extremely well in the first half of financial year 2012-2013 and achieved its annual sales target in just six months. We were able to achieve this goal in a short span of time due to right product mix which helped us earning desired contributions.

In the coming months our biggest challenge would be to retain key products and customers in available production capacity. Our production capacity is sold till May 2013.

Processed Cloth and Made-ups	Half year ended 31 December		Increase / (Decrease)	
	2012	2011	Value	% age
Sale – (Meters'000)	41,317	33,119	8,198	24.75
Rate / Meter	264.56	274.00	(9.44)	(3.45)
Sale – (Rs. '000)	10,930,644	9,074,551	1,856,093	20.45

In the home textile division, our particular attention towards up-market brands and embellished products has started paying off and we have been able to capitalize major share of the leading brands in USA, Europe and Australia. To further enhance our capability to serve the top line products, a wider width digital printing machine has been purchased and is currently under installation. It is the most advanced wider width digital printing machine by Riggiani Italy. It will take best care of the most sophisticated and intricate design range along with the panel printing requirements. There is no restriction of number of colors or design repeats and we will be able to print any sort of design, colors or panel prints with extra ordinary precision. This will allow us to cater the fashion bedding segments at its best. In continuation of the same approach of enhancing our installed capacities, we have also setup a brand new in-house embroidery unit that will give us an added advantage to take best care of the embellished business range.

Considering our recent performance and dependable production supply line, we expect a good business influx during next 6 months and hopefully with the expected better situation of energy supplies in upcoming month, customers will be less reluctant in new placements. Our capacity is being booked swiftly for the next quarter and we hope to close the year at much better note than the last year.

Garments

Better results of apparel division in the first half of this financial year are because of increased activity in business from both US and EU markets. New customers were added in the mix while old customers provided more orders.

Garments	Half year ended 31 December		Increase / (Decrease)	
	2012	2011	Value	% age
Sale – (Garments '000')	3,395	2,512	883	35.15
Rate / Garment	791.44	791.09	0.35	0.04
Sale – (Rs. '000)	2,686,937	1,987,219	699,718	35.21

Future plans of Nishat Apparel include further enhancement in production capacities in the next financial year. Pakistan being a rich source of both Denim and Piece Dyed fabric remains an attractive option for apparel buyers. With the boost from European Union on the duty free status for certain products and new GSP scheme coming into force by

2014, there is a bright future ahead for Pakistan in value added sector.

Power Generation

Our first Combined Heat and Power Plant has started its commercial operations from 1st December 2012 at our premises in Lahore. This is the first mile stone of our strategy to move our in-house power generation facilities from usage of traditional fuels i.e. diesel and furnace oil to alternate fuels i.e. coal and bio-mass. This will not only keep our in house power generation capacity intact but will allow us to produce low cost power internally. In the second phase, we plan to double our generation capacity on coal and bio-mass by installing another such plant alongside the current plant. This will enable us to cater for whole of Lahore premises energy requirements through these two power plants.

At our production site Bhikki, we are planning to replace existing HFO based Daihatsu engines with one Gas/HFO based Wartsila engine. The new Wartsila engine is a highly efficient machine which will be capable of running on both Gas and HFO. It is also very cost efficient in terms of fuel consumed per KWH generated.

Information Technology

The IT division has continued to facilitate advance research, learning, and administration, through delivery of quality and reliable service to its users. ERP system for the Apparel division has been successfully implemented and integrated with Financials and Inventory modules. In Production Department, RFID tags have been introduced with the most advanced technology to computerize production and dispatch system.

IT division continues to facilitate the use of video-conferencing and collaboration technology to reduce the need for traveling to remote locations. Network Department replaced older, less energy-efficient computers with newer, more energy-efficient computers with implementation of power management to shut down programs while running on UPS or backups.

Subsidiary Companies and Consolidated Financial Statements

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

In its meeting held on 25 October 2012, the Board of Directors of the Company has authorized establishment of a Free Zone Company as a wholly owned subsidiary of the Company to be incorporated under the rules and regulations of United Arab Emirates. The Board of Directors has also authorized the Company to make an equity investment of up to USD 2.00 million (United States Dollars two million only) by way of equity subscription in the proposed Free Zone Company.

Acknowledgement

The board is pleased about the efforts of the management and workers.

For and on behalf of the Board of Directors



Mian Umer Mansha
Chairman/Chief Executive Officer

22 February 2013
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 2012 and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of profit or loss and other 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 profit or loss and other comprehensive income for the quarters ended 31 December 2012 and 31 December 2011 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 2012.

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 2012 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

22 February, 2013
Lahore

Unconsolidated Condensed Interim Balance Sheet
As at 31 December 2012

	Note	Un-audited 31 December 2012 (Rupees in thousand)	Audited 30 June 2012
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
1,100,000,000 (30 June 2012: 1,100,000,000) ordinary shares of Rupees 10 each		11,000,000	11,000,000
Issued, subscribed and paid-up share capital			
351,599,848 (30 June 2012: 351,599,848) ordinary shares of Rupees 10 each		3,515,999	3,515,999
Reserves		42,401,543	34,246,750
Total equity		45,917,542	37,762,749
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	3,324,608	3,289,538
Liabilities against assets subject to finance lease	6	102,697	137,040
Deferred income tax liability		386,702	310,305
		3,814,007	3,736,883
CURRENT LIABILITIES			
Trade and other payables		3,577,292	3,397,640
Accrued mark-up		297,830	269,579
Short term borrowings		11,708,271	9,665,849
Current portion of non-current liabilities		1,119,696	1,106,902
Provision for taxation		433,359	686,781
		17,136,448	15,126,751
TOTAL LIABILITIES		20,950,455	18,863,634
CONTINGENCIES AND COMMITMENTS	7		
TOTAL EQUITY AND LIABILITIES		66,867,997	56,626,383

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



Chief Executive Officer

	Note	Un-audited 31 December 2012 (Rupees in thousand)	Audited 30 June 2012
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	14,756,910	14,318,639
Investment properties		239,635	241,969
Long term investments		28,107,061	21,912,790
Long term loans		58,915	268,330
Long term deposits and prepayments		41,834	36,984
		43,204,355	36,778,712
CURRENT ASSETS			
Stores, spare parts and loose tools		1,299,089	1,019,041
Stock in trade		11,173,073	9,695,133
Trade debts		6,169,417	3,489,070
Loans and advances		1,744,304	867,631
Short term deposits and prepayments		26,490	41,008
Other receivables		823,470	758,077
Accrued interest		10,717	30,062
Short term investments		2,357,053	1,589,093
Cash and bank balances		60,029	2,358,556
		23,663,642	19,847,671
TOTAL ASSETS		66,867,997	56,626,383



Director

Unconsolidated Condensed Interim Profit and Loss Account

For the half year ended 31 December 2012 (Un-audited)

	Note	Half year ended		Quarter ended	
		31 December 2012	31 December 2011 (Rupees in thousand)	31 December 2012	31 December 2011
SALES		26,317,006	21,618,141	13,361,645	10,677,009
COST OF SALES	9	(21,932,252)	(18,530,492)	(11,016,048)	(8,764,116)
GROSS PROFIT		4,384,754	3,087,649	2,345,597	1,912,893
DISTRIBUTION COST		(1,276,587)	(1,093,342)	(675,369)	(576,196)
ADMINISTRATIVE EXPENSES		(435,510)	(361,654)	(216,583)	(177,276)
OTHER OPERATING EXPENSES		(166,675)	(196,547)	(102,333)	(102,400)
		(1,878,772)	(1,651,543)	(994,285)	(855,872)
		2,505,982	1,436,106	1,351,312	1,057,021
OTHER OPERATING INCOME		1,394,004	1,622,176	923,786	308,230
PROFIT FROM OPERATIONS		3,899,986	3,058,282	2,275,098	1,365,251
FINANCE COST		(831,405)	(889,398)	(402,321)	(438,561)
PROFIT BEFORE TAXATION		3,068,581	2,168,884	1,872,777	926,690
TAXATION		(211,000)	(267,000)	(78,084)	(56,000)
PROFIT AFTER TAXATION		2,857,581	1,901,884	1,794,693	870,690
EARNINGS PER SHARE-BASIC AND DILUTED (RUPEES)	10	8.13	5.41	5.10	2.48

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



Chief Executive Officer



Director

Unconsolidated Condensed Interim Statement of Profit or Loss and other Comprehensive Income
For the half year ended 31 December 2012 (Un-audited)

	Half year ended		Quarter ended	
	31 December 2012	31 December 2011 (Rupees in thousand)	31 December 2012	31 December 2011
PROFIT AFTER TAXATION	2,857,581	1,901,884	1,794,693	870,690
OTHER COMPREHENSIVE INCOME / (LOSS)				
Items that will not be reclassified to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss :				
Surplus / (deficit) on remeasurement of available for sale investments	6,604,208	(6,269,304)	3,279,844	(3,894,051)
Deferred income tax relating to surplus on available for sale investment	(76,397)	265,861	(76,397)	265,861
Other comprehensive income / (loss) for the period - net of tax	6,527,811	(6,003,443)	3,203,447	(3,628,190)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	9,385,392	(4,101,559)	4,998,140	(2,757,500)

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 2012 (Un-audited)

	Note	Half year ended	
		31 December 2012	31 December 2011
(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (utilized in) / generated from operations	11	(1,054,555)	416,589
Finance cost paid		(803,154)	(893,966)
Income tax paid		(313,810)	(343,479)
Exchange gain on forward contracts received		23,682	269,443
Net increase in long term loans to employees		(10,951)	(9,039)
Net increase in long term deposits and prepayments		(3,620)	(2,078)
Net cash utilized in operating activities		(2,162,408)	(562,530)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(1,189,266)	(976,673)
Proceeds from sale of property, plant and equipment		137,791	30,311
Loans and advances to subsidiary companies		(3,284,642)	(1,834,862)
Repayment of loans from subsidiary companies		2,531,764	2,052,216
Interest received		42,821	171,856
Dividends received		1,131,832	1,369,268
Investments made		(355,155)	(261,131)
Net cash (used in) / from investing activities		(984,855)	550,985
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		1,332,512	1,515,552
Repayment of long term financing		(1,286,918)	(581,166)
Repayment of liabilities against assets subject to finance lease		(32,073)	(29,616)
Short term borrowings - net		2,042,422	(294,296)
Dividend paid		(1,207,207)	(1,112,698)
Net cash from / (used in) financing activities		848,736	(502,224)
Net decrease in cash and cash equivalents		(2,298,527)	(513,769)
Cash and cash equivalents at the beginning of the period		2,358,556	1,132,701
Cash and cash equivalents at the end of the period		60,029	618,932

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 2012 (Un-audited)

	(Rupees in thousand)								
	Share capital	Capital reserves			Reserves		Total equity		
		Premium on issue of right shares	Fair value reserve	Sub total	General reserve	Revenue reserves Unappropriated profit		Sub total	
Balance as at 30 June 2011 - (Audited)	3,515,999	5,499,530	5,704,086	11,203,616	15,828,028	4,846,316	20,674,344	31,877,960	35,393,959
Transaction with owners - 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)	-	-	-
Profit for the half year ended 31 December 2011	-	-	-	-	-	1,901,884	1,901,884	1,901,884	1,901,884
Other comprehensive loss for the half year ended 31 December 2011	-	-	(6,003,443)	(6,003,443)	-	-	-	(6,003,443)	(6,003,443)
Total comprehensive loss for the half year ended 31 December 2011	-	-	(6,003,443)	(6,003,443)	-	-	-	(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
Profit for the half year ended 30 June 2012	-	-	-	-	-	1,626,683	1,626,683	1,626,683	1,626,683
Other comprehensive income for the half year ended 30 June 2012	-	-	6,003,945	6,003,945	-	-	-	6,003,945	6,003,945
Total comprehensive income for the half year ended 30 June 2012	-	-	6,003,945	6,003,945	-	-	-	7,630,628	7,630,628
Balance as at 30 June 2012 - (Audited)	3,515,999	5,499,530	5,704,588	11,204,118	19,511,028	3,531,604	23,042,632	34,246,750	37,762,749
Transaction with owners - Final dividend for the year ended 30 June 2012 @ Rupees 3.50 per share	-	-	-	-	-	(1,230,599)	(1,230,599)	(1,230,599)	(1,230,599)
Transfer to general reserve	-	-	-	-	2,297,000	(2,297,000)	-	-	-
Profit for the half year ended 31 December 2012	-	-	-	-	-	2,857,581	2,857,581	2,857,581	2,857,581
Other comprehensive income for the half year ended 31 December 2012	-	-	6,527,811	6,527,811	-	-	-	6,527,811	6,527,811
Total comprehensive income for the half year ended 31 December 2012	-	-	6,527,811	6,527,811	-	-	-	9,385,392	9,385,392
Balance as at 31 December 2012 - (Un-audited)	3,515,999	5,499,530	12,232,399	17,731,929	21,808,028	2,861,586	24,669,614	42,401,543	45,917,542

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

Uma Manohar

Chief Executive Officer

[Signature]
Director

Selected Notes to the Unconsolidated Condensed Interim Financial Information For the half year ended 31 December 2012 (Un-audited)

1. THE COMPANY AND ITS OPERATIONS

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

2. BASIS OF PREPARATION

This unconsolidated condensed interim financial information is un-audited 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 2012 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 2012.

3. ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of this unconsolidated condensed interim financial information are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2012.

4. CRITICAL ACCOUNTING ESTIMATES AND 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 2012.

	Un-audited 31 December 2012	Audited 30 June 2012
	(Rupees in thousand)	
5 LONG TERM FINANCING- SECURED		
Opening balance	4,331,178	3,882,849
Add: Obtained during the period / year	1,332,512	1,941,842
Less: Repaid during the period / year	1,286,918	1,493,513
	4,376,772	4,331,178
Less: Current portion shown under current liabilities	1,052,164	1,041,640
	3,324,608	3,289,538

	Un-audited 31 December 2012 (Rupees in thousand)	Audited 30 June 2012
6 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Future minimum lease payments	198,678	242,580
Less: Un-amortized finance charge	28,449	40,278
Present value of future minimum lease payments	170,229	202,302
Less: Current portion shown under current liabilities	67,532	65,262
	102,697	137,040

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 150.047 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 14.06 % (31 December 2011: 9.70% to 15.78%) 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 2012: Rupees 0.631 million) on account of central excise duty not acknowledged as debt as the cases are pending before Court.
- ii) Guarantees of Rupees 583.705 million (30 June 2012: Rupees 539.902 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connections, Shell Pakistan Limited and Pakistan State Oil Limited against purchase of furnace oil, Director Excise and Taxation, Karachi against infrastructure cess and Pakistan Army against fulfillment of sales order.
- iii) Post dated cheques of Rupees 1,449.631 million (30 June 2012: Rupees 1,591.201 million) are issued to customs authorities in respect of duties on imported items availed on the basis of consumption and export plans. If documents of exports will not be provided on due dates, cheques issued as security shall be encashable.
- iv) The Company has not recognised fuel adjustment charges for the period from May 2012 to December 2012, as the Company has obtained stay against payment of such charges from Honorable Islamabad High Court, Islamabad. Amount of fuel adjustment charges relating to this period is not quantifiable as the rates of fuel adjustment charges are not notified by National Electric Power Regulatory Authority. The management based on advice of the legal counsel, believes that it has strong grounds of appeal and payment / accrual of such charges will not be required.

b) Commitments

- i) Contracts for capital expenditure are approximately of Rupees 1,229.997 million (30 June 2012: Rupees 639.874 million).
- ii) Letters of credit other than for capital expenditure are Rupees 1,131.699 million (30 June 2012: Rupees 613.976 million).

Selected Notes to the Unconsolidated Condensed Interim Financial Information
For the half year ended 31 December 2012 (Un-audited)

8 PROPERTY, PLANT AND EQUIPMENT

	Note	Un-audited 31 December 2012 (Rupees in thousand)	Audited 30 June 2012
Operating fixed assets			
Owned	8.1	13,794,009	12,250,991
Leased	8.2	234,252	246,378
Capital work-in-progress	8.3	728,649	1,821,270
		14,756,910	14,318,639
8.1 Operating fixed assets- Owned			
Opening book value		12,250,991	12,107,389
Add: Cost of additions during the period / year	8.1.1	2,281,887	1,573,932
		14,532,878	13,681,321
Less: Book value of deletions during the period / year	8.1.2	115,987	82,737
Less: Book value of assets transferred to investment properties during the year		-	120,279
		115,987	203,016
		14,416,891	13,478,305
Less: Depreciation charged during the period / year		622,882	1,227,314
		13,794,009	12,250,991
8.1.1 Cost of additions			
Freehold land		43,171	44,433
Buildings on freehold land		614,857	381,732
Plant and machinery		1,553,605	995,021
Electric installations		5,719	18,883
Factory equipment		24,689	30,193
Furniture, fixtures and office equipment		5,725	14,990
Computer equipment		3,235	7,530
Vehicles		30,886	81,150
		2,281,887	1,573,932

	Un-audited 31 December 2012 (Rupees in thousand)	Audited 30 June 2012
8.1.2 Book value of deletions		
Plant and machinery	114,011	66,579
Factory equipment	3	-
Furniture, fixtures and office equipment	-	431
Computer equipment	-	47
Vehicles	1,973	15,680
	115,987	82,737
8.2 Operating fixed assets- Leased		
Opening book value	246,378	273,105
Less: Depreciation charged during the period / year	12,126	26,727
	234,252	246,378
8.3 Capital work-in-progress		
Buildings on freehold land	138,455	533,345
Plant and machinery	574,446	1,246,125
Electric installations	-	912
Unallocated expenditure	-	33,619
Letters of credit against machinery	2,625	1,048
Advances against furniture and office equipment	-	448
Advances against vehicles	13,123	5,773
	728,649	1,821,270

	Note	Half year ended	
		31 December 2012	31 December 2011
(Rupees in thousand)			
11 CASH (UTILIZED IN) / GENERATED FROM OPERATIONS			
Profit before taxation		3,068,581	2,168,884
Adjustments for non-cash charges and other items:			
Depreciation		637,342	621,368
Impairment loss on equity investment		-	672
Gain on sale of property, plant and equipment		(21,804)	(9,506)
Dividend Income		(1,131,832)	(1,369,268)
Exchange difference on translation of investments in foreign subsidiaries		(2,868)	(4,208)
Net exchange (gain) / loss on forward contracts		(12,683)	31,555
Interest income on loans and advances to subsidiary companies		(45,814)	(159,253)
Finance cost		831,405	889,398
Working capital changes	11.1	(4,376,882)	(1,753,053)
		(1,054,555)	416,589
11.1 Working capital changes			
(Increase) / decrease in current assets:			
- Stores, spare parts and loose tools		(280,048)	(98,199)
- Stock in trade		(1,477,940)	(2,603,079)
- Trade debts		(2,680,347)	451,508
- Loans and advances		(54,041)	(11,829)
- Short term deposits and prepayments		13,288	12,698
- Other receivables		(43,055)	261,176
		(4,522,143)	(1,987,725)
Increase in trade and other payables		145,261	234,672
		(4,376,882)	(1,753,053)

12 SEGMENT INFORMATION

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

Spinning: Production of different qualities of yarn using natural and artificial fibers.

Weaving: Production of different qualities of greige fabric using yarn.

Processing & Home Textile: Processing of greige fabric for production of printed and dyed fabric and its further use in manufacturing variety of home textile articles.

Garments: Manufacturing of garments using processed fabric.

Power Generation: Generation and distribution of power using gas, oil, steam, coal and biomass.

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

13 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:

i) Transactions	Half year ended		Quarter ended	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
	(Rupees in thousand)			
Subsidiary companies				
Investment made	126,285	191,210	66,735	126,210
Long term loan payment received	218,220	600,000	218,220	600,000
Interest income	45,815	69,538	23,935	31,071
Short term loans made	3,284,642	1,834,862	1,890,290	1,145,310
Short term loans payment received	2,313,544	1,452,216	1,910,351	1,148,420
Rental income	12,945	4,077	9,845	2,907
Dividend income	180,633	-	180,633	-
Purchase of goods and services	68,350	69,989	55,096	30,519
Sale of goods and services	1,859,628	427,168	1,183,832	292,128
Associated companies				
Investments made	228,870	-	228,870	-
Purchase of goods and services	9,689	16,365	6,513	10,252
Sale of operating fixed assets	1,327	537	-	537
Sale of goods and services	147	1,312	84	1,076
Rental income	167	2,894	114	747
Dividend income	906,172	1,324,242	619,274	177,161
Dividend paid	110,419	104,115	110,419	104,115
Insurance premium paid	70,802	63,271	25,883	19,185
Insurance claims received	9,380	8,547	5,089	5,080
Profit on term deposit receipt	5,035	-	-	-
Subscription paid	1,250	1,000	-	-
Other related parties				
Dividend income	45,027	45,026	45,027	45,026
Purchase of goods and services	11,474	4,327	6,520	4,327
Sale of goods and services	25,969	1,155	124	60
Company's contribution to provident fund trust	56,069	47,585	28,081	23,510
Remuneration paid to Chief Executive Officer, Directors and Executives	226,375	161,066	102,906	77,967
ii) Period end balances	As at 31 December 2012			
	Subsidiary companies	Associated companies	Other related parties	Total
	(Rupees in thousand)			
Trade and other payables	18,434	2,482	4,161	25,077
Long term loans	-	-	51,748	51,748
Trade debts	484,082	43	-	484,125
Loans and advances	980,881	-	20,189	1,001,070
Other receivables	30	-	-	30
Accrued interest	10,717	-	-	10,717
Cash and bank balances	-	8,773	-	8,773

Selected Notes to the Unconsolidated Condensed Interim Financial Information
For the half year ended 31 December 2012 (Un-audited)

	As at 30 June 2012 (Audited)			Total
	Subsidiary companies	Associated companies	Other related parties	
Trade and other payables	2,737	36,065	21	38,823
Long term loans	218,220	-	40,593	258,813
Trade debts	80,818	-	-	80,818
Loans and advances	4,628	-	17,178	21,806
Other receivables	30	-	-	30
Accrued interest	7,724	2,945	-	10,669
Cash and bank balances	-	301,855	-	301,855

14 FINANCIAL RISK MANAGEMENT

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

15 DATE OF AUTHORIZATION FOR ISSUE

This unconsolidated condensed interim financial information was approved by the Board of Directors and authorized for issue on 22 February 2013.

16 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting", the unconsolidated condensed interim balance sheet and unconsolidated condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of profit or loss and other comprehensive income and unconsolidated condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.

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

17 GENERAL

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



Chief Executive Officer



Director

Consolidated Condensed Interim Balance Sheet
As at 31 December 2012

	Note	Un-audited 31 December 2012 (Rupees in thousand)	Audited 30 June 2012
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
1,100,000,000 (30 June 2012: 1,100,000,000) ordinary shares of Rupees 10 each		11,000,000	11,000,000
Issued, subscribed and paid up share capital			
351,599,848 (30 June 2012: 351,599,848) ordinary shares of Rupees 10 each		3,515,999	3,515,999
Reserves		54,153,759	46,187,508
Equity attributable to equity holders of the Holding Company		57,669,758	49,703,507
Non-controlling interest		3,997,550	3,516,083
Total equity		61,667,308	53,219,590
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing-secured	6	14,632,822	15,062,966
Liabilities against assets subject to finance lease	7	104,345	137,040
Long term security deposit		41,950	11,000
Retirement benefit obligation		1,294	730
Deferred income tax liability		386,852	310,455
		15,167,263	15,522,191
CURRENT LIABILITIES			
Trade and other payables		5,531,113	4,346,047
Accrued mark-up		783,773	908,865
Short term borrowings		16,441,050	16,289,529
Current portion of non-current liabilities		2,016,762	1,938,589
Provision for taxation		488,393	746,726
		25,261,091	24,229,756
TOTAL LIABILITIES		40,428,354	39,751,947
CONTINGENCIES AND COMMITMENTS	8		
TOTAL EQUITY AND LIABILITIES		102,095,662	92,971,537

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



Chief Executive Officer

	Note	Un-audited 31 December 2012 (Rupees in thousand)	Audited 30 June 2012
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	29,520,038	29,469,622
Investment properties		239,635	241,969
Long term investments		35,261,818	29,853,657
Long term loans		59,352	50,110
Long term deposits and prepayments		51,125	42,645
		65,131,968	59,658,003
CURRENT ASSETS			
Stores, spare parts and loose tools		1,726,809	1,424,420
Stock-in-trade		13,639,227	10,549,271
Trade debts		17,163,038	14,196,364
Loans and advances		814,976	1,958,525
Short term deposits and prepayments		85,790	75,324
Other receivables		1,039,597	969,638
Accrued interest		12,907	50,233
Short term investments		2,357,053	1,589,093
Cash and bank balances		124,297	2,500,666
		36,963,694	33,313,534
TOTAL ASSETS		102,095,662	92,971,537


Director

Consolidated Condensed Interim Profit and Loss Account
For the half year ended 31 December 2012 (Un-audited)

	Note	Half year ended		Quarter ended	
		31 December 2012	31 December 2011 (Rupees in thousand)	31 December 2012	31 December 2011
SALES		39,715,906	33,188,681	21,125,811	15,686,394
COST OF SALES	10	(32,382,634)	(27,607,222)	(17,144,237)	(12,509,437)
GROSS PROFIT		7,333,272	5,581,459	3,981,574	3,176,957
DISTRIBUTION COST		(1,540,382)	(1,131,036)	(868,725)	(593,965)
ADMINISTRATIVE EXPENSES		(519,512)	(429,415)	(255,596)	(217,958)
OTHER OPERATING EXPENSES		(181,755)	(200,579)	(116,751)	(105,284)
		(2,241,649)	(1,761,030)	(1,241,072)	(917,207)
		5,091,623	3,820,429	2,740,502	2,259,750
OTHER OPERATING INCOME		749,449	607,982	292,263	285,305
PROFIT FROM OPERATIONS		5,841,072	4,428,411	3,032,765	2,545,055
FINANCE COST		(2,035,586)	(2,339,653)	(941,519)	(1,174,321)
		3,805,486	2,088,758	2,091,246	1,370,734
SHARE OF PROFIT FROM ASSOCIATED COMPANIES		1,345,159	598,868	714,754	434,005
PROFIT BEFORE TAXATION		5,150,645	2,687,626	2,806,000	1,804,739
TAXATION		(243,765)	(293,480)	(103,317)	(75,129)
PROFIT AFTER TAXATION		4,906,880	2,394,146	2,702,683	1,729,610
SHARE OF PROFIT ATTRIBUTABLE TO:					
EQUITY HOLDERS OF HOLDING COMPANY		4,251,958	1,978,295	2,297,154	1,524,727
NON-CONTROLLING INTEREST		654,922	415,851	405,529	204,883
		4,906,880	2,394,146	2,702,683	1,729,610
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	11	12.09	5.63	6.53	4.34

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



Chief Executive Officer



Director

Consolidated Condensed Interim Statement of Profit or Loss and Other Comprehensive Income For the half year ended 31 December 2012 (Un-audited)

	Half year ended		Quarter ended	
	31 December 2012	31 December 2011 (Rupees in thousand)	31 December 2012	31 December 2011
PROFIT AFTER TAXATION	4,906,880	2,394,146	2,702,683	1,729,610
OTHER COMPREHENSIVE INCOME/ (LOSS)				
Items that will not be reclassified to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss:				
Surplus/ (deficit) on remeasurement of available for sale investments	3,667,253	(4,249,700)	2,239,918	(2,689,243)
Share of other comprehensive income/(loss) of associates	1,354,224	(1,682,682)	727,433	(1,018,575)
Exchange differences on translating foreign operations	(188)	(2,695)	(300)	(1,887)
Deferred income tax relating to surplus on available for sale investments	(76,397)	87,028	(76,397)	87,028
Other comprehensive income/ (loss) for the period- net of tax	4,944,892	(5,848,049)	2,890,654	(3,622,677)
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD	9,851,772	(3,453,903)	5,593,337	(1,893,067)
SHARE OF PROFIT ATTRIBUTABLE TO:				
Equity holders of holding company	9,196,850	(3,869,754)	5,187,808	(2,097,950)
Non-controlling interest	654,922	415,851	405,529	204,883
	9,851,772	(3,453,903)	5,593,337	(1,893,067)

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 2012 (Un-audited)

	Note	Half year ended	
		31 December 2012	31 December 2011
(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from/ (utilized in) operations	12	2,058,131	(1,602,966)
Finance cost paid		(2,160,678)	(2,275,383)
Income tax paid		(354,268)	(348,892)
Long term security deposit received		30,950	-
Exchange gain on forward contracts received		23,682	269,443
Net increase in retirement benefit obligation		564	-
Net increase in long term loans to employees		(11,680)	(9,039)
Net increase in long term deposits and prepayments		(7,250)	(4,262)
Net cash utilized in operating activities		(420,549)	(3,971,099)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(1,338,298)	(1,153,572)
Proceeds from sale of property, plant and equipment		137,791	32,010
Interest received		138,561	98,712
Dividends received		951,199	1,369,268
Investments made		(228,870)	(69,921)
Net cash from/ (used in) investing activities		(339,617)	276,497
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		1,332,512	1,515,552
Repayment of long term financing		(1,687,119)	(791,754)
Repayment of liabilities against assets subject to finance lease		(32,073)	(29,616)
Exchange difference on translation of net investments in foreign subsidiaries		(188)	(2,695)
Short term borrowings - net		151,521	3,623,657
Dividend paid		(1,380,856)	(1,112,698)
Net cash from/ (used in) financing activities		(1,616,203)	3,202,446
Net decrease in cash and cash equivalents		(2,376,369)	(492,156)
Cash and cash equivalents at the beginning of the period		2,500,666	1,158,946
Cash and cash equivalents at the end of the period		124,297	666,790

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 2012 (Un-audited)

1. THE GROUP AND ITS OPERATIONS

The Group consists of:

Holding Company

- Nishat Mills Limited

Subsidiary Companies

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

NISHAT MILLS LIMITED

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

NISHAT POWER LIMITED

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

NISHAT LINEN (PRIVATE) LIMITED

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

NISHAT HOSPITALITY (PRIVATE) LIMITED

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

NISHAT USA, INC.

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

NISHAT LINEN TRADING L.L.C

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

2. BASIS OF PREPARATION

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

3 ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of this consolidated condensed interim financial information are the same as applied in the preparation of preceding audited annual published consolidated financial statements of the Group for the year ended 30 June 2012.

4 CONSOLIDATION

a) 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.

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.

Selected Notes to the Consolidated Condensed Interim Financial Information

For the half year ended 31 December 2012 (Un-audited)

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 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 2012.

	Un-audited 31 December 2012	Audited 30 June 2012
	(Rupees in thousand)	
6 LONG TERM FINANCING- SECURED		
Opening balance	16,936,293	17,104,952
Add: Obtained during the period / year	1,332,512	1,941,842
Less: Repaid during the period / year	1,687,119	2,110,501
	16,581,686	16,936,293
Less: Current portion shown under current liabilities	1,948,864	1,873,327
	14,632,822	15,062,966
7 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Future minimum lease payments	201,137	242,580
Less: Un-amortized finance charge	28,894	40,278
	172,243	202,302
Less: Current portion shown under current liabilities	67,898	65,262
	104,345	137,040

- 7.1 This includes sale and leaseback arrangement between the Holding Company and 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 14.06 % (31 December 2011: 9.70% to 15.78%) 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 notes.

8 CONTINGENCIES AND COMMITMENTS

a) Contingencies

- i) Nishat Mills Limited - Holding Company is contingently liable for Rupees 0.631 million (30 June 2012: Rupees 0.631 million) on account of central excise duty not acknowledged as debt as the cases are pending before Court.
- ii) Guarantees of Rupees 583.705 million (30 June 2012: Rupees 539.902 million) are given by the banks of the Nishat Mills Limited - Holding Company to Sui Northern Gas Pipelines Limited against gas connections, Shell Pakistan Limited and Pakistan State Oil Limited against purchase of furnace oil, Director Excise and Taxation, Karachi against infrastructure cess and Pakistan Army against fulfillment of sales order.
- iii) Post dated cheques of Rupees 1,449.631 million (30 June 2012: Rupees 1,591.201 million) are issued by the Nishat Mills Limited - Holding Company to customs authorities in respect of duties on imported items availed on the basis of consumption and export plans. If documents of exports are not provided on due dates, cheques issued as security shall be encashable.
- iv) Nishat Mills Limited - The Holding Company has not recognised fuel adjustment charges for the period from May 2012 to December 2012, as the Holding Company has obtained stay against payment of such charges from Honorable Islamabad High Court, Islamabad. Amount of fuel adjustment charges relating to this period is not quantifiable as the rates of fuel adjustment charges are not notified by National Electric Power Regulatory Authority. The management of the Holding Company based on advice of the legal counsel, believes that it has strong grounds of appeal and payment / accrual of such charges will not be required.
- v) Holding Company's share in contingencies of associated companies' accounted for under equity method is Rupees 2,064 million (30 June 2012: Rupees 1,865 million).
- vi) The bank of Nishat Power Limited - Subsidiary Company has issued an irrevocable standby letter of credit on behalf of Subsidiary Company in favour of Wartsila Pakistan (Private) Limited for Rupees 45 million (30 June 2012: Rupees 45 million) as required under the terms of the Operation and Maintenance agreement.
- vii) Guarantees of Rupees 200.5 million (30 June 2012: Rupees 200.5 million) are given by the banks of Nishat Power Limited - Subsidiary Company to Director, Excise and Taxation, Karachi under direction of Sindh High Court in respect of suit filed for levy of infrastructure cess, Chevron Pakistan Limited and Pak Arab Refinery Limited (PARCO) for procurement of multiple fuel / oils.

b) Commitments

- i) Contracts for capital expenditure of the Group are approximately of Rupees 1,229.997 million (30 June 2012: Rupees 717.498 million).
- ii) Letters of credit other than for capital expenditure of the Group are of Rupees 1,155.173 million (30 June 2012: Rupees 615.133 million).

Selected Notes to the Consolidated Condensed Interim Financial Information
For the half year ended 31 December 2012 (Un-audited)

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

	Un-audited 31 December 2012 (Rupees in thousand)	Audited 30 June 2012
Not later than one year	12,461	12,461
Later than one year and not later than five years	61,788	49,846
	74,249	62,307

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

9 PROPERTY, PLANT AND EQUIPMENT

	Note	Un-audited 31 December 2012 (Rupees in thousand)	Audited 30 June 2012
Operating fixed assets			
Owned	9.1	28,211,290	27,187,410
Leased	9.2	236,443	246,378
Capital work-in-progress	9.3	1,072,305	2,035,834
		29,520,038	29,469,622
9.1 Operating fixed assets- Owned			
Opening book value		27,187,410	27,938,481
Add: Cost of additions during the period/ year	9.1.1	2,300,633	1,660,414
		29,488,043	29,598,895
Less: Book value of deletions during the period/ year	9.1.2	115,987	84,475
Less: Book value of assets transferred to investment properties during the year		-	120,279
		115,987	204,754
		29,372,056	29,394,141
Less: Depreciation charged during the period/ year		1,161,611	2,208,415
Add: Currency translation		845	1,684
		28,211,290	27,187,410

	Un-audited 31 December 2012 (Rupees in thousand)	Audited 30 June 2012
9.1.1 Cost of additions		
Freehold land	43,171	44,433
Buildings on freehold land	616,062	415,550
Plant and machinery	1,567,656	1,028,748
Electric installations	5,719	19,098
Factory equipment	24,689	30,193
Furniture, fixtures and office equipment	6,622	28,632
Computer equipment	3,765	9,023
Vehicles	32,949	84,737
	2,300,633	1,660,414
9.1.2 Book value of deletions		
Plant and machinery	114,011	66,579
Factory equipment	3	-
Furniture, fixtures and office equipment	-	431
Computer equipment	-	65
Vehicles	1,973	17,400
	115,987	84,475
9.2 Operating fixed assets- Leased		
Opening book value	246,378	273,105
Add: Addition during the period	2,366	-
Less: Depreciation charged during the period/ year	12,298	26,727
Less: Currency translation	3	-
	236,443	246,378
9.3 Capital work-in-progress		
Buildings on freehold land	458,155	735,805
Plant and machinery	574,446	1,246,125
Electric installations	-	912
Unallocated expenses	500	34,079
Letters of credit against machinery	2,625	1,048
Advances against furniture and office equipment	-	448
Advances against vehicles	13,123	5,773
Advances to contractors	23,456	11,644
	1,072,305	2,035,834

Selected Notes to the Consolidated Condensed Interim Financial Information
For the half year ended 31 December 2012 (Un-audited)

	Half year ended		Quarter ended	
	31 December 2012	31 December 2011 (Rupees in thousand)	31 December 2012	31 December 2011
10 COST OF SALES				
Raw material consumed	14,823,486	12,533,757	7,870,720	4,907,720
Cloth and yarn purchased / used	10,024,319	6,962,475	5,343,337	3,609,015
Processing charges	158,432	86,599	81,614	44,791
Salaries, wages and other benefits	1,508,247	1,211,592	770,654	620,567
Staff retirement benefits	39,680	33,468	19,902	16,359
Stores, spare parts and loose tools consumed	2,028,976	1,670,238	1,043,322	872,401
Electricity consumed in-house	212	2,576	33	1,819
Packing materials consumed	439,538	360,949	226,442	185,846
Repair and maintenance	294,720	302,549	155,374	170,427
Fuel and power	2,285,985	1,836,245	1,167,019	942,728
Insurance	94,085	94,829	47,180	48,164
Other factory overheads	170,649	139,380	87,690	71,106
Depreciation	1,124,835	1,075,702	578,642	520,951
	32,993,164	26,310,359	17,391,929	12,011,894
Work-in-process				
Opening stock	4,405,629	5,432,669	4,218,517	5,173,214
Closing stock	(4,564,577)	(4,593,527)	(4,564,577)	(4,593,527)
	(158,948)	839,142	(346,060)	579,687
Cost of goods manufactured	32,834,216	27,149,501	17,045,869	12,591,581
Finished goods				
Opening stock	2,451,771	2,850,493	3,001,721	2,310,628
Closing stock	(2,903,353)	(2,392,772)	(2,903,353)	(2,392,772)
	(451,582)	457,721	98,368	(82,144)
	32,382,634	27,607,222	17,144,237	12,509,437

	Half year ended		Quarter ended	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
11 EARNINGS PER SHARE - BASIC AND DILUTED				
There is no dilutive effect on the basic earnings per share which is based on:				
Profit attributable to ordinary shareholders of Holding Company (Rupees in thousand)	4,251,958	1,978,295	2,297,154	1,524,727
Weighted average number of ordinary shares (Numbers)	351,599,848	351,599,848	351,599,848	351,599,848
Earnings per share (Rupees)	12.09	5.63	6.53	4.34

	Note	Half year ended	
		31 December 2012	31 December 2011
(Rupees in thousand)			
12 CASH GENERATED FROM / (UTILIZED IN) OPERATIONS			
Profit before taxation		5,150,645	2,687,626
Adjustments for non-cash charges and other items:			
Depreciation		1,176,243	1,125,835
Impairment loss on equity investment		-	672
Gain on sale of property, plant and equipment		(21,804)	(9,560)
Dividend income		(531,814)	(414,650)
Interest income		(101,235)	(99,613)
Share of profit from associated companies		(1,345,159)	(598,868)
Net exchange (gain)/ loss on forward contracts		(12,683)	31,555
Finance cost		2,035,586	2,339,653
Working capital changes	12.1	(4,291,648)	(6,665,616)
		2,058,131	(1,602,966)
12.1 Working capital changes			
(Increase) / decrease in current assets:			
- Stores, spare parts and loose tools		(302,389)	(60,407)
- Stock-in-trade		(3,089,956)	(2,554,163)
- Trade debts		(2,966,674)	(3,480,320)
- Loans and advances		998,157	(1,217,734)
- Short term deposits and prepayments		(11,696)	20,180
- Other receivables		(69,959)	215,293
		(5,442,517)	(7,077,151)
Increase in trade and other payables		1,150,869	411,535
		(4,291,648)	(6,665,616)

13 SEGMENT INFORMATION

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

Spinning:	Production of different qualities of yarn using natural and artificial fibers.
Weaving:	Production of different qualities of greige fabric using yarn.
Processing & Home Textile:	Processing of greige fabric for production of printed and dyed fabric and its further use in manufacturing variety of home textile articles.
Garments:	Manufacturing of garments using processed fabric.
Power Generation:	Generation and distribution of power using gas, oil, steam, coal and biomass.
Hotel:	To carry on the business of hotel and allied services.

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

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:

i) Transactions	Half year ended		Quarter ended	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
	(Rupees in thousand)			
Associated companies				
Investment made	228,870	-	228,870	-
Purchase of goods and services	16,107	27,609	12,931	12,320
Sale of operating fixed assets	1,327	537	-	537
Sale of goods and services	716	1,312	653	1,076
Rental income	167	2,894	114	747
Dividend paid	110,419	104,115	110,419	104,115
Insurance premium paid	70,815	163,512	25,896	63,995
Insurance claim received	9,380	8,549	5,089	5,082
Profit on saving accounts and term deposit receipts	5,035	6,587	5,035	6,587
Subscription paid	1,250	1,000	-	-
Other related parties				
Purchase of goods and services	11,474	4,327	6,520	4,327
Sale of goods and services	25,969	1,155	124	60
Group's contribution to provident fund trust	58,311	48,468	29,496	23,529
Remuneration paid to Chief Executive Officer, Directors and Executives of the Holding Company	226,375	161,066	102,906	77,967
ii) Period end balances			As at 31 December 2012	
			Associated companies	Other related parties
			(Rupees in thousand)	
Trade and other payables			2,482	4,161
Long term loans			-	51,748
Trade debts			293	-
Loans and advances			-	20,189
Cash and bank balances			8,773	-
				Total
				(Rupees in thousand)
				6,643
				51,748
				293
				20,189
				8,773
			As at 30 June 2012 (Audited)	
			Associated companies	Other related parties
			(Rupees in thousand)	
Trade and other payables			38,841	21
Long term loans			-	40,593
Trade debts			279	-
Loans and advances			-	17,178
Accrued interest			2,945	-
Cash and bank balances			400,545	-
				Total
				(Rupees in thousand)
				38,862
				40,593
				279
				17,178
				2,945
				400,545

Selected Notes to the Consolidated Condensed Interim Financial Information For the half year ended 31 December 2012 (Un-audited)

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 2012.

16 DATE OF AUTHORIZATION FOR ISSUE

This consolidated condensed interim financial information was approved by the Board of Directors and authorized for issue on 22 February 2013.

17 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting", the consolidated condensed interim balance sheet and consolidated condensed interim statement of changes in equity have been compared with the balances of annual audited consolidated financial statements of preceding financial year, whereas, the consolidated condensed interim profit and loss account, consolidated condensed interim statement of profit or loss and other comprehensive income and consolidated condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.

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.



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Director

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