

Interim Financial Report of Nishat Mills Limited
for the quarter ended September 30, 2013

PASSION
POTENTIAL
POSSIBILITY

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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.

Spinning unit & Power plant

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

Weaving units & Power plant

12 K.M. Faisalabad Road, Sheikhpura.

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

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

Stitching unit

21 K.M. Ferozepur Road, Lahore.

Apparel Unit

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

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 quarter ended 30 September 2013.

Operating Financial Results

The Company's profit after tax increased significantly by 47.89% during the current quarter as compared to corresponding quarter of the last year. This was mainly on account of increase in sales by 4.81%. The production efficiencies and better cost management curtailed the increase in cost of goods sold to 1.50%. Resultantly, gross profit margin increased from 15.74% in the corresponding quarter to 18.41% in the current quarter. Other major profitability measures that contributed to the bottom line were increased dividend income of Rs. 488.82 million and gain of Rs. 95 million mainly on sale of partial investment in Lalpir Power Limited.

Financial Highlights	Quarter ended 30 September		Increase/ (decrease) %
	2013	2012	
Net Sales (Rs. '000')	13,579,060	12,955,361	4.81
Gross Profit (Rs. '000')	2,499,384	2,039,157	22.57
Profit before tax (Rs. '000')	1,752,941	1,195,804	46.59
Profit after tax (Rs. '000')	1,571,941	1,062,888	47.89
Gross Profit (%)	18.41	15.74	
Profit after tax (%)	11.58	8.20	
Earnings per share – (Rs.)	4.47	3.02	

Decrease in finance cost by 10.76% in the current quarter as compared to corresponding quarter in the last year through better working capital management and reduction in borrowing rates was also key contributor to the profitability.

General Market Review and Future Prospects

The future prospects for textile industry are bright considering the expected approval of the Generalized System of Preferences Plus (GSP-plus) status from the European Union (EU) in January 2014 which will further increase the textile exports to the EU. Moreover, higher cost of yarn production in China due to rising labor costs and manpower shortages has provided boost to the spinning business in Pakistan.

In this situation, the Company is committed and focused to exploit the opportunities by improving its strengths and developing strategies like utilizing alternate energy resources, product diversification, new market development and achievement of efficiency in production.

Spinning

The cotton prices remained somehow steady during the first month of the current quarter of financial year 2013-14. However, the prices inflated at the start of August, due to local weather conditions, news of shortage of cotton in international market and China's decision to increase its cotton stocks. Anticipating this situation and to fulfill its spinning production requirements, the Company started buying raw cotton as soon as new crop arrived in the market. It is pertinent to mention that in comparison with the corresponding quarter last year, the cotton prices increased sharply during the quarter ended September 2013.

Cotton	Quarter ended 30 September		Increase / (Decrease)	
	2013	2012	Value	% age
Purchase Rate / Maund	6,870	5,377	1,493	27.77

On the other hand, the increase in the prices of yarn was not in line with the increase in cotton prices observed during the quarter.

Yarn	Quarter ended 30 September		Increase / (Decrease)	
	2013	2012	Value	% age
Sale – (Kgs '000')	8,005	9,421	(1,416)	(15.03)
Rate / Kg	375.45	330.02	45.43	13.77
Sale – (Rs. '000')	3,005,499	3,109,160	(103,661)	(3.33)

Moreover, demand of the yarn also decreased significantly towards the end of the quarter. According to the previous trend, Hong Kong / China remained main markets for cotton yarn whereas demand was negligible in Europe & USA.

Weaving

The performance of the Weaving division was remarkable during the current quarter. Grey cloth sales, both in fashion and work-wear, boosted in European market, however a declining sales trend was recorded in Far Eastern market because of already available huge stocks with the customers. Overall bearish sentiments are prevailing in international and domestic markets as further decrease in yarn prices is expected. Resultantly, it is generating selling pressure especially in local market. Moreover, rising cost of energy is an additional burden on us.

However, the Company is committed to maintain its competitive edge through market and product diversification. We are trying to introduce specialized products such as fabric for tyre cord, sun protective fiber etc.

Grey Cloth	Quarter ended 30 September		Increase / (Decrease)	
	2013	2012	Value	% age
Sale – (Meters '000')	18,043	15,974	2,069	12.95
Rate / Meter	171.62	161.10	10.52	6.53
Sale – (Rs. '000')	3,096,557	2,573,388	523,169	20.33

New 77 Picanol looms have arrived at our production facility at Bhikki out of which 35 are operational and remaining 42 will be in operation by the last week of October. These looms will increase our production and give us flexibility in scheduling the production of heavier qualities. The commercial production of our new unit comprising of 100 Airjet Toyota looms is also expected to commence in the last quarter of the current financial year.

Processing and Home Textile

The Processing division also performed well during the first quarter of the year despite the prevailing global economic crises. However, considering the stiff competition, sluggish demand of woven apparel in US and European markets, we anticipate rest of the year will be very tough and challenging for the textile industry.

Processed Cloth and Made-ups	Quarter ended 30 September		Increase / (Decrease)	
	2013	2012	Value	% age
Sale – (Meters '000')	16,266	19,697	(3,431)	(17.42)
Rate / Meter	306.11	261.66	44.45	16.99
Sale – (Rs. '000')	4,979,118	5,153,876	(174,758)	(3.39)

In the home textile division, our new business strategy to focus on value addition by establishing a healthy mix of fashion and basic products, engagement with leading brands and introduction of innovative manufacturing technologies has produced positive results for us. We have not only increased business volumes with existing customers but also increased our customer base.

The digital machine which was installed in our production line last year received a positive response in fashion and home textile market. Consequently, we have planned to add one more machine by the end of second quarter.

All other machineries that were planned for expansion have arrived and are expected to be operational during next quarter. Once the planned expansion is completed, the production capacity of the home textile division will increase by approximately 25%. Some of this capacity has already been booked by international buyers. The additional five hundred thousand meters production capacity will also be available in the Processing unit at the start of next calendar year as a result of Balancing, Modernization and Replacement (BMR).

Garments

The profitability of Garments division of the Company decreased in the first quarter of financial year 2013-14 primarily because of low sales in the US and EU regions. We also experimented with the new styles and fashions which have not yet returned gains.

Garments	Quarter ended 30 September		Increase / (Decrease)	
	2013	2012	Value	% age
Sale – (Garments ‘000’)	1,394	1,651	(257)	(15.57)
Rate / Garment	800.90	812.46	(11.56)	(1.42)
Sale – (Rs. ‘000’)	1,116,458	1,341,369	(224,911)	(16.77)

Hopefully, the profitability of the division will increase during the remaining three quarters of the year due to our aggressive efforts to explore new markets and access new customers with innovative products. We are committed and focused to enhance our market share through value addition and automation of our services.

Power Generation

The energy situation in the country is still unresolved and even getting worst. The Company is seeking innovative and alternate energy solutions for its production facilities. In addition to planned installation of coal fired plants at other locations of the Company, a 9 M.W. extension of existing Combined Heat and Power (CHP) Plant located at Lahore is also in process. We are also installing more efficient gas and oil fired (dual fuel) generators to utilize limited supply of available gas in the most efficient manner in order to minimize the cost of electricity. These generators will also use all the waste heat energy for generating air-conditioning and steam. The timely planning and implementation of these strategic decisions will make possible the availability of energy at optimal cost which will enable us to remain competitive and successful.

Subsidiary Companies and Consolidated Financial Statements

Nishat Power Limited, Nishat Linen (Private) Limited, Nishat Hospitality (Private) Limited, Nishat USA Inc., Nishat Linen Trading L.L.C and Nishat International FZE 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 Financial Reporting Standards.

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

29 October 2013
Lahore

Unconsolidated Condensed Interim
Financial Information

For the quarter ended 30 September 2013

Unconsolidated Condensed Interim Balance Sheet

As at 30 September 2013

	Note	Un-audited 30 September 2013 (Rupees in thousand)	Audited 30 June 2013
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
1,100,000,000 (30 June 2013: 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 2013: 351,599,848) ordinary shares of Rupees 10 each		3,515,999	3,515,999
Reserves		55,513,910	55,401,036
Total equity		59,029,909	58,917,035
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing- secured	5	3,008,086	3,083,410
Liabilities against assets subject to finance lease	6	48,035	66,322
Deferred income tax liability		499,415	499,415
		3,555,536	3,649,147
CURRENT LIABILITIES			
Trade and other payables		4,315,329	3,785,501
Accrued mark-up		199,442	300,755
Short term borrowings		10,875,143	11,939,028
Current portion of non-current liabilities		1,263,226	1,310,769
Provision for taxation		913,359	732,359
		17,566,499	18,068,412
TOTAL LIABILITIES		21,122,035	21,717,559
CONTINGENCIES AND COMMITMENTS	7		
TOTAL EQUITY AND LIABILITIES		80,151,944	80,634,594

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



Chief Executive Officer

	Note	Un-audited 30 September 2013 (Rupees in thousand)	Audited 30 June 2013
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	16,425,469	15,530,320
Investment properties		392,729	394,745
Long term investments		36,447,942	37,378,224
Long term loans		81,364	84,997
Long term deposits and prepayments		41,742	41,748
		53,389,246	53,430,034
CURRENT ASSETS			
Stores, spare parts and loose tools		1,318,360	1,285,371
Stock in trade		10,861,562	10,945,439
Trade debts		6,560,222	6,243,535
Loans and advances		2,968,818	1,898,334
Short term deposits and prepayments		42,478	40,018
Other receivables		1,064,753	1,019,164
Accrued interest		10,934	13,550
Short term investments		3,371,093	4,362,880
Cash and bank balances		564,478	1,128,862
		26,762,698	26,937,153
Non-current asset held for sale		-	267,407
		26,762,698	27,204,560
TOTAL ASSETS		80,151,944	80,634,594


Director

Unconsolidated Condensed Interim Profit and Loss Account

For the quarter ended 30 September 2013 (Un-audited)

	Note	Quarter ended	
		30 September 2013	30 September 2012
(Rupees in thousand)			
SALES		13,579,060	12,955,361
COST OF SALES	9	(11,079,676)	(10,916,204)
GROSS PROFIT		2,499,384	2,039,157
DISTRIBUTION COST		(621,331)	(601,218)
ADMINISTRATIVE EXPENSES		(265,370)	(218,927)
OTHER EXPENSES		(149,130)	(64,342)
		(1,035,831)	(884,487)
		1,463,553	1,154,670
OTHER INCOME		672,318	470,218
PROFIT FROM OPERATIONS		2,135,871	1,624,888
FINANCE COST		(382,930)	(429,084)
PROFIT BEFORE TAXATION		1,752,941	1,195,804
TAXATION		(181,000)	(132,916)
PROFIT AFTER TAXATION		1,571,941	1,062,888
EARNINGS PER SHARE- BASIC AND DILUTED (RUPEES)	10	4.47	3.02

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



Chief Executive Officer



Director

Unconsolidated Condensed Interim Statement of Comprehensive Income For the quarter ended 30 September 2013 (Un-audited)

	Quarter ended	
	30 September 2013	30 September 2012
	(Rupees in thousand)	
PROFIT AFTER TAXATION	1,571,941	1,062,888
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss:		
Surplus / (deficit) arising on remeasurement of available for sale investments to fair value	(1,459,067)	3,324,364
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	112,874	4,387,252

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 quarter ended 30 September 2013 (Un-audited)

	Note	Quarter ended	
		30 September 2013	30 September 2012
(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	11	2,032,096	906,071
Finance cost paid		(484,243)	(514,465)
Income tax paid		(169,508)	(121,923)
Net exchange difference (paid) / received on forward exchange contracts		(15,455)	12,815
Net (increase) / decrease in long term loans to employees		2,349	(3,468)
Net (increase) / decrease in long term deposits and prepayments		6	(2,886)
Net cash generated from operating activities		1,365,245	276,144
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(1,259,117)	(462,895)
Proceeds from sale of property, plant and equipment		27,291	11,982
Investments made		(351,914)	(60,160)
Proceeds from sale of investment		1,177,704	-
Loans and advances to subsidiary companies		(1,958,426)	(1,394,352)
Repayment of loans from subsidiary companies		1,131,852	403,193
Interest received		19,263	14,026
Dividends received		488,824	286,898
Net cash used in investing activities		(724,523)	(1,201,308)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		706,686	-
Repayment of long term financing		(830,634)	(168,637)
Repayment of liabilities against assets subject to finance lease		(17,206)	(15,904)
Short term borrowings- net		(1,063,885)	1,334,177
Dividend paid		(67)	(88)
Net cash from / (used in) financing activities		(1,205,106)	1,149,548
Net increase / (decrease) in cash and cash equivalents		(564,384)	224,384
Cash and cash equivalents at the beginning of the period		1,128,862	2,358,556
Cash and cash equivalents at the end of the period		564,478	2,582,940

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 quarter ended 30 September 2013 (Un-audited)

(Rupees in thousand)									
Share capital	Capital reserves					Reserves			Total equity
	Premium on issue of rights shares	Fair value reserve		Sub total	General reserve	Revenue reserves		Total	
		Fair value reserve				Unappropriated profit	Sub total		
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	
-	-	-	-	-	1,062,888	1,062,888	1,062,888	1,062,888	
-	-	3,324,364	3,324,364	-	-	-	3,324,364	3,324,364	
-	-	3,324,364	3,324,364	-	1,062,888	1,062,888	4,387,252	4,387,252	
3,515,999	5,499,530	9,028,952	14,528,482	19,511,028	4,594,492	24,105,520	38,634,002	42,150,001	
Balance as at 30 September 2012- (un-audited)									
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)	
-	-	-	-	2,297,000	(2,297,000)	-	-	-	
Transferred to general reserve									
-	-	-	-	-	4,783,965	4,783,965	4,783,965	4,783,965	
-	-	13,213,668	13,213,668	-	-	-	13,213,668	13,213,668	
-	-	13,213,668	13,213,668	-	4,783,965	4,783,965	17,997,633	17,997,633	
3,515,999	5,499,530	22,242,620	27,742,150	21,808,028	5,850,858	27,658,886	55,401,036	58,917,035	
-	-	-	-	-	1,571,941	1,571,941	1,571,941	1,571,941	
-	-	(1,459,067)	(1,459,067)	-	-	-	(1,459,067)	(1,459,067)	
-	-	(1,459,067)	(1,459,067)	-	1,571,941	1,571,941	112,874	112,874	
3,515,999	5,499,530	20,783,553	26,283,083	21,808,028	7,422,799	29,230,827	55,513,910	59,029,909	
Balance as at 30 September 2013- (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 quarter ended 30 September 2013 (Un-audited)

1. THE COMPANY AND ITS OPERATIONS

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

2 BASIS OF PREPARATION

This unconsolidated condensed interim financial information is un-audited and is being submitted to shareholders as required by section 245 of the Companies Ordinance. This unconsolidated condensed interim financial information of the Company for the quarter ended 30 September 2013 has been prepared in accordance with the requirements of International Accounting Standard 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 preceding audited annual published financial statements of the Company for the year ended 30 June 2013.

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 2013.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this unconsolidated condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its 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 2013.

	Un-audited 30 September 2013 (Rupees in thousand)	Audited 30 June 2013
5 LONG TERM FINANCING- SECURED		
Opening balance	4,323,909	4,331,178
Add: Obtained during the period / year	706,686	1,838,049
Less: Repaid during the period / year	830,634	1,845,318
	4,199,961	4,323,909
Less: Current portion shown under current liabilities	1,191,875	1,240,499
	3,008,086	3,083,410

	Un-audited 30 September 2013 (Rupees in thousand)	Audited 30 June 2013
6 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Future minimum lease payments	131,446	152,545
Less: Un-amortized finance charge	12,060	15,953
Present value of future minimum lease payments	119,386	136,592
Less: Current portion shown under current liabilities	71,351	70,270
	48,035	66,322

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 11.09% (30 September 2012: 9.70% to 14.06%) 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 2013: 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 642.661 million (30 June 2013: Rupees 635.607 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connections, Shell Pakistan Limited and Pakistan State Oil Limited against purchase of furnace oil and Director Excise and Taxation, Karachi against infrastructure cess and Pakistan Army against fulfillment of sales order.
- iii) Post dated cheques of Rupees 1,691.822 million (30 June 2013: Rupees 1,816.775 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 are not provided on due dates, cheques issued as security shall be encashable.

b) Commitments

- i) Contracts for capital expenditure are approximately of Rupees 3,797.412 million (30 June 2013: Rupees 4,500.169 million).
- ii) Letters of credit other than for capital expenditure are of Rupees 769.423 million (30 June 2013: Rupees 493.340 million).
- iii) Outstanding foreign currency forward contracts of Rupees 1,485.533 million (30 June 2013: Rupees 827.520 million).

Selected Notes to the Unconsolidated Condensed Interim Financial Information For the quarter ended 30 September 2013 (Un-audited)

8 PROPERTY, PLANT AND EQUIPMENT

	Note	Un-audited 30 September 2013 (Rupees in thousand)	Audited 30 June 2013
Operating fixed assets			
Owned	8.1	13,888,771	14,086,039
Leased	8.2	216,867	222,324
Capital work-in-progress	8.3	2,319,831	1,221,957
		16,425,469	15,530,320
8.1 Operating fixed assets- Owned			
Opening book value		14,086,039	12,250,991
Add: Cost of additions during the period / year	8.1.1	161,243	3,497,088
		14,247,282	15,748,079
Less: Book value of deletions during the period / year	8.1.2	16,559	173,063
Less: Book value of assets transferred to investment properties during the year		-	161,662
		16,559	334,725
		14,230,723	15,413,354
Less: Depreciation charged during the period / year		341,952	1,327,315
		13,888,771	14,086,039
8.1.1 Cost of additions			
Freehold land		31,329	211,740
Buildings on freehold land		7,720	767,381
Plant and machinery		77,775	2,327,787
Electric installations		3,880	10,667
Factory equipment		9,029	45,620
Furniture, fixtures and office equipment		3,113	17,623
Computer equipment		4,900	7,795
Vehicles		23,497	108,475
		161,243	3,497,088

	Un-audited 30 September 2013	Audited 30 June 2013
	(Rupees in thousand)	
8.1.2 Book value of deletions		
Plant and machinery	10,207	158,131
Electric installations	-	562
Factory equipment	-	3
Furniture, fixtures and office equipment	-	134
Computer equipment	56	69
Vehicles	6,296	14,164
	16,559	173,063
8.2 Operating fixed assets- Leased		
Opening book value	222,324	246,378
Less: Depreciation charged during the period / year	5,457	24,054
	216,867	222,324
8.3 Capital work-in-progress		
Buildings on freehold land	638,058	378,626
Plant and machinery	1,652,430	829,950
Unallocated expenditure	2,749	692
Letters of credit against machinery	7,492	7,522
Advances against furniture and office equipment	654	-
Advances against vehicles	18,448	5,167
	2,319,831	1,221,957

Selected Notes to the Unconsolidated Condensed Interim Financial Information For the quarter ended 30 September 2013 (Un-audited)

		Quarter ended	
		30 September 2013	30 September 2012
		(Rupees in thousand)	
9	COST OF SALES		
	Raw materials consumed	7,421,201	7,322,200
	Processing charges	50,020	76,818
	Salaries, wages and other benefits	820,477	727,512
	Staff retirement benefits	23,051	19,778
	Stores, spare parts and loose tools consumed	1,033,885	964,937
	Packing materials consumed	210,912	213,096
	Repair and maintenance	81,169	68,017
	Fuel and power	1,275,695	1,118,829
	Insurance	8,936	8,411
	Other factory overheads	113,597	79,605
	Depreciation	326,882	289,644
		11,365,825	10,888,847
	Work-in-process		
	Opening stock	1,720,313	1,757,058
	Closing stock	(1,883,354)	(1,814,305)
		(163,041)	(57,247)
	Cost of goods manufactured	11,202,784	10,831,600
	Finished goods		
	Opening stock	2,720,906	2,307,777
	Closing stock	(2,844,014)	(2,223,173)
		(123,108)	84,604
		11,079,676	10,916,204

		Quarter ended	
		30 September 2013	30 September 2012
10	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 (Rupees in thousand)	1,571,941	1,062,888
	Weighted average number of ordinary shares (Numbers)	351,599,848	351,599,848
	Earnings per share (Rupees)	4.47	3.02

	Note	Quarter ended	
		30 September 2013	30 September 2012
(Rupees in thousand)			
11 CASH GENERATED FROM OPERATIONS			
Profit before taxation		1,752,941	1,195,804
Adjustments for non-cash charges and other items:			
Depreciation		349,425	310,165
Gain on sale of property, plant and equipment		(10,732)	(2,177)
Gain on sale of investments		(95,381)	-
Dividend income		(488,824)	(286,898)
Net exchange (gain) / loss on forward contracts		32,274	(60,552)
Interest income on loans and advances to subsidiary companies		(21,358)	(21,880)
Finance cost		382,930	429,084
Working capital changes	11.1	130,821	(657,475)
		2,032,096	906,071
11.1 Working capital changes			
(Increase) / decrease in current assets:			
- Stores, spare parts and loose tools		(32,989)	(280,768)
- Stock in trade		83,877	1,913,472
- Trade debts		(316,687)	(2,104,264)
- Loans and advances		(73,118)	768
- Short term deposits and prepayments		(2,460)	1,332
- Other receivables		(40,878)	(18,191)
		(382,255)	(487,651)
Increase / (decrease) in trade and other payables		513,076	(169,824)
		130,821	(657,475)

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 basis. Intersegment sales and purchases have been eliminated from the total.

Selected Notes to the Unconsolidated Condensed Interim Financial Information For the quarter ended 30 September 2013 (Un-audited)

12.2

(Un-audited)

	Spinning		Weaving		Processing & Home Textile		Garments		Power Generation		Elimination of inter-segment transactions		Total Company	
	Quarter ended		Quarter ended		Quarter ended		Quarter ended		Quarter ended		Quarter ended		Quarter ended	
	Sep 2013	Sep 2012	Sep 2013	Sep 2012	Sep 2013	Sep 2012	Sep 2013	Sep 2012	Sep 2013	Sep 2012	Sep 2013	Sep 2012	Sep 2013	Sep 2012
Sales	3,732,333	3,475,630	2,673,068	5,432,491	5,433,892	1,362,147	10,251	10,624	-	-	-	-	13,579,060	12,955,361
External Intersegment	684,895	797,507	1,649,663	232,075	194,913	-	1,301,078	1,069,999	-	-	(3,712,082)	-	13,579,060	12,955,361
Cost of sales	4,417,228	4,273,137	4,890,190	5,664,566	5,628,805	1,154,095	1,311,329	1,080,623	3,858,348	3,858,348	3,712,082	3,858,348	11,079,676	10,916,204
Gross profit	856,516	636,487	555,398	396,545	737,396	203,319	263,634	5,095	-	-	-	-	2,499,384	2,039,157
Distribution cost	(111,564)	(82,362)	(138,845)	(281,261)	(284,543)	(74,946)	(1,585)	(555)	-	-	-	-	(621,331)	(601,218)
Administrative expenses	(67,889)	(58,460)	(48,639)	(101,073)	(85,284)	(20,853)	(18,244)	(8,300)	-	-	-	-	(265,370)	(218,927)
Profit (loss) before taxation and unallocated income and expenses	677,063	495,665	340,430	499,439	367,569	107,520	150,477	(3,760)	-	-	-	-	1,612,683	1,219,012

(Rupees in thousand)

Unallocated income and expenses:

Other expenses
Other income
Finance cost
Taxation

Profit, after taxation

12.3 Reconciliation of reportable segment assets

	Spinning		Weaving		Processing & Home Textile		Garments		Power Generation		Total Company	
	Audited		Audited		Audited		Audited		Audited		Audited	
	Sep 2013	Jun 2013	Sep 2013	Jun 2013	Sep 2013	Jun 2013	Sep 2013	Jun 2013	Sep 2013	Jun 2013	Sep 2013	Jun 2013
Un-audited	9,896,117	10,471,924	6,965,872	6,269,776	12,953,589	12,072,743	2,295,913	2,076,044	3,852,503	3,736,379	35,963,994	34,626,866
Sep 2013												
Audited												
Sep 2013												
Jun 2013												
Un-audited												
Sep 2013												
Jun 2013												
Audited												
Sep 2013												
Jun 2013												

(Rupees in thousand)

Total assets for reportable segments

Unallocated assets:

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

Total assets as per balance sheet

13 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise subsidiary companies, associated undertakings, other related companies and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties are as follows:

	Quarter ended			
	30 September 2013	30 September 2012		
(Rupees in thousand)				
i) Transactions				
Subsidiary companies				
Investment made	351,914	59,550		
Short term loans made	1,958,426	1,394,352		
Short term loans repayment received	1,131,852	403,193		
Interest income	21,358	21,880		
Rental income	7,689	3,100		
Sale of goods and services	718,124	675,796		
Purchase of goods and services	50,919	13,254		
Associated companies				
Purchase of goods and services	28,332	3,176		
Sale of goods and services	349	63		
Rental income	317	53		
Sale of operating fixed assets	1,475	1,327		
Dividend income	488,824	286,898		
Insurance premium paid	44,109	44,919		
Insurance claim received	8,687	4,291		
Profit on term deposit receipt	-	7,980		
Subscription paid	-	1,250		
Other related parties				
Purchase of goods and services	25,065	4,954		
Sale of goods and services	4,839	25,845		
Company's contribution to provident fund trust	33,104	27,988		
Remuneration paid to Chief Executive Officer, Directors and Executives	182,954	123,469		
ii) Period end balances				
	As at 30 September 2013			
	Subsidiary companies	Associated companies	Other related parties	Total
(Rupees in thousand)				
Trade and other payables	28,618	43,714	3,613	75,945
Long term loans	-	-	75,973	75,973
Trade debts	299,104	264	-	299,368
Loans and advances	1,618,334	-	28,315	1,646,649
Accrued interest	7,535	-	-	7,535
Cash and bank balances	-	4,541	-	4,541

Selected Notes to the Unconsolidated Condensed Interim Financial Information For the quarter ended 30 September 2013 (Un-audited)

	As at 30 June 2013 (Audited)			Total
	Subsidiary companies	Associated companies (Rupees in thousand)	Other related parties	
Trade and other payables	8,293	37,743	11	46,047
Long term loans	-	-	77,055	77,055
Trade debts	254,694	34	-	254,728
Loans and advances	788,787	-	28,409	817,196
Other receivables	30	-	-	30
Accrued interest	5,440	-	-	5,440
Cash and bank balances	-	6,633	-	6,633

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 2013.

15 DATE OF AUTHORIZATION FOR ISSUE

This unconsolidated condensed interim financial information was approved by the Board of Directors and authorized for issue on 29 October 2013.

16 CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant re-arrangement has 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
Financial Information

For the quarter ended 30 September 2013

Consolidated Condensed Interim Balance Sheet

As at 30 September 2013

	Note	Un-audited 30 September 2013 (Rupees in thousand)	Audited 30 June 2013
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
1,100,000,000 (30 June 2013: 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 2013: 351,599,848) ordinary shares of Rupees 10 each		3,515,999	3,515,999
Reserves		69,078,963	65,072,841
Equity attributable to equity holders of the Holding Company		72,594,962	68,588,840
Non-controlling interest		4,776,536	4,511,212
Total equity		77,371,498	73,100,052
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing- secured	6	13,435,488	13,893,405
Liabilities against assets subject to finance lease	7	48,035	66,322
Long term security deposit		105,450	74,950
Retirement benefit obligation		2,341	1,846
Deferred income tax		500,188	500,188
		14,091,502	14,536,711
CURRENT LIABILITIES			
Trade and other payables		6,506,031	5,616,917
Accrued mark-up		558,646	779,822
Short term borrowings		11,689,785	14,397,313
Current portion of non-current liabilities		2,389,029	2,278,504
Provision for taxation		1,011,143	815,722
		22,154,634	23,888,278
TOTAL LIABILITIES		36,246,136	38,424,989
CONTINGENCIES AND COMMITMENTS	8		
TOTAL EQUITY AND LIABILITIES		113,617,634	111,525,041

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



Chief Executive Officer

	Note	Un-audited 30 September 2013 (Rupees in thousand)	Audited 30 June 2013
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	31,161,469	30,201,092
Investment properties		392,729	394,745
Long term investments		43,688,452	41,418,080
Long term loans		82,016	85,659
Long term deposits and prepayments		60,706	60,655
		75,385,372	72,160,231
CURRENT ASSETS			
Stores, spare parts and loose tools		1,913,027	1,815,361
Stock-in-trade		14,553,040	12,808,140
Trade debts		14,271,540	12,020,528
Loans and advances		1,776,345	1,527,570
Short term deposits and prepayments		106,937	85,603
Other receivables		1,480,757	1,265,896
Accrued interest		23,017	9,302
Short term investments		3,371,092	4,362,879
Cash and bank balances		736,507	5,202,124
		38,232,262	39,097,403
Non-current asset held for sale		-	267,407
		38,232,262	39,364,810
TOTAL ASSETS		113,617,634	111,525,041


Director

Consolidated Condensed Interim Profit and Loss Account

For the quarter ended 30 September 2013 (Un-audited)

	Note	Quarter ended 30 September 2013 (Rupees in thousand)	Quarter ended 30 September 2012
SALES		20,988,515	18,590,095
COST OF SALES	10	(17,244,748)	(15,238,397)
GROSS PROFIT		3,743,767	3,351,698
DISTRIBUTION COST		(806,944)	(671,657)
ADMINISTRATIVE EXPENSES		(345,454)	(263,916)
OTHER EXPENSES		(155,741)	(65,004)
		(1,308,139)	(1,000,577)
		2,435,628	2,351,121
OTHER INCOME		367,738	457,186
PROFIT FROM OPERATIONS		2,803,366	2,808,307
FINANCE COST		(754,609)	(1,094,067)
		2,048,757	1,714,240
SHARE OF PROFIT FROM ASSOCIATED COMPANIES		337,108	630,405
PROFIT BEFORE TAXATION		2,385,865	2,344,645
TAXATION		(195,445)	(140,448)
PROFIT AFTER TAXATION		2,190,420	2,204,197
SHARE OF PROFIT ATTRIBUTABLE TO:			
EQUITY HOLDERS OF HOLDING COMPANY		1,925,096	1,954,804
NON-CONTROLLING INTEREST		265,324	249,393
		2,190,420	2,204,197
EARNINGS PER SHARE- BASIC AND DILUTED (RUPEES)	11	5.48	5.56

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 quarter ended 30 September 2013 (Un-audited)

	Quarter ended	
	30 September 2013	30 September 2012
	(Rupees in thousand)	
PROFIT AFTER TAXATION	2,190,420	2,204,197
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss:		
Surplus arising on remeasurement of available for sale investments	1,407,306	1,427,335
Share of other comprehensive income of associates	646,088	626,791
Exchange differences on translation of foreign operations	27,632	112
Other comprehensive income for the period	2,081,026	2,054,238
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	4,271,446	4,258,435
SHARE OF COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Equity holders of holding company	4,006,122	4,009,042
Non-controlling interest	265,324	249,393
	4,271,446	4,258,435

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 quarter ended 30 September 2013 (Un-audited)

	Note	Quarter ended	
		30 September 2013	30 September 2012
(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	12	(365,674)	3,410,011
Finance cost paid		(975,785)	(1,163,529)
Income tax paid		(194,326)	(158,431)
Long term security deposits received		30,500	18,950
Net exchange difference (paid) / received on forward exchange contracts		(15,455)	12,815
Net increase in retirement benefit obligation		495	222
Net (increase) / decrease in long term loans		2,282	(3,468)
Net increase in long term deposits and prepayments		(51)	(7,184)
Net cash (used in) / generated from operating activities		(1,518,014)	2,109,386
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		27,291	11,982
Dividends received		488,824	286,898
Interest received		11,588	77,331
Proceeds from sale of investment		1,177,704	-
Capital expenditure on property, plant and equipment		(1,607,309)	(566,429)
Net cash generated from / (used in) investing activities		98,098	(190,218)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		710,375	-
Proceeds from liabilities against assets subject to finance lease		-	2,061
Repayment of long term financing		(1,059,253)	(364,973)
Repayment of liabilities against assets subject to finance lease		(17,206)	(15,904)
Exchange difference on translation of net investments in foreign subsidiaries		28,037	(39)
Short term borrowings - net		(2,707,528)	(1,394,442)
Dividend paid		(126)	(1,772)
Net cash used in financing activities		(3,045,701)	(1,775,069)
Net (decrease) / increase in cash and cash equivalents		(4,465,617)	144,099
Cash and cash equivalents at the beginning of the period		5,202,124	2,500,666
Cash and cash equivalents at the end of the period		736,507	2,644,765

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



Chief Executive Officer



Director

Consolidated Condensed Interim Statement of Changes in Equity

For the quarter ended 30 September 2013 (Un-audited)

Share capital	Attributable to equity holders of the holding company										Non-controlling interest	Total equity
	Capital reserves			Revenue reserves			Shareholders' equity	Total reserves	Sub total	Unappropriated profit		
	Premium on redemption of right shares	Fair value reserve	Exchange transition reserve	Capital reserve	Sub total	General reserve						
				reserve fund								
3515999	5,498,530	5,287,298	3,490	111,002	10,901,320	30,904,882	4,381,306	35,286,188	46,187,508	49,703,507	3,516,083	53,219,590
-	-	-	-	-	-	-	1,954,804	1,954,804	1,954,804	1,954,804	249,393	2,204,197
-	-	2,054,126	112	-	2,054,238	-	-	2,054,238	2,054,238	2,054,238	-	2,054,238
-	-	2,054,126	112	-	2,054,238	-	1,954,804	1,954,804	4,009,042	4,009,042	249,393	4,258,435
3515999	5,498,530	7,341,424	3,602	111,002	12,955,558	30,904,882	6,336,110	37,240,992	50,196,550	53,712,549	3,765,476	57,478,025
-	-	-	-	-	-	-	(1,230,599)	(1,230,599)	(1,230,599)	(1,230,599)	-	(1,230,599)
-	-	-	-	-	-	3,005,000	(3,005,000)	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	(346,910)	(346,910)
-	-	9,541,914	(13,629)	-	9,528,285	-	6,578,605	6,578,605	6,578,605	6,578,605	1,092,646	7,671,251
-	-	9,541,914	(13,629)	-	9,528,285	-	6,578,605	6,578,605	16,106,890	16,106,890	1,092,646	17,199,536
3515999	5,498,530	16,883,338	(10,027)	111,002	22,483,843	33,909,882	8,679,116	42,888,998	65,072,841	68,588,840	4,511,212	73,100,052
-	-	-	-	-	-	-	1,925,096	1,925,096	1,925,096	1,925,096	265,324	2,190,420
-	-	2,053,394	27,632	-	2,081,026	-	-	2,081,026	2,081,026	2,081,026	-	2,081,026
-	-	2,053,394	27,632	-	2,081,026	-	1,925,096	1,925,096	4,006,122	4,006,122	265,324	4,271,446
3515999	5,498,530	18,936,732	17,605	111,002	24,564,869	33,909,882	10,604,212	44,514,094	69,078,963	72,594,962	4,776,536	77,371,498

(Rupees in thousand)

Balance as at 30 June 2012 - (audited)

Profit for the period
Other comprehensive income for the period
Total comprehensive income for the period

Balance as at 30 September 2012 - (un-audited)

Transaction with owners - Final dividend for the year ended 30 June 2012 @ Rupees 3.50 per share
Transferred to general reserve
Transaction with owners - Dividend relating to 2012 paid to non-controlling interest

Profit for the period
Other comprehensive income for the period
Total comprehensive income for the period

Balance as at 30 June 2013 - (audited)

Profit for the period
Other comprehensive income for the period
Total comprehensive income for the period

Balance as at 30 September 2013 - (un-audited)

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

Um Mehta
Chief Executive Officer

[Signature]
Director

Selected Notes to the Consolidated Condensed Interim Financial Information For the quarter ended 30 September 2013 (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 International FZE

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 to 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 Company is to operate retail outlets in UAE for sale of textile and related products.

NISHAT INTERNATIONAL FZE

Nishat International FZE is incorporated as free zone establishment with limited liability in accordance with the Law No: 9 of 1992 and Licensed by the Registrar of Jabel Ali Free Zone Authority. Nishat International FZE is a wholly owned subsidiary of Nishat Mills Limited. Date of incorporation of the Company was 07 February 2013. The registered office of Nishat International FZE is situated at P.O. Box 114622, Jabel Ali Free Zone, Dubai. The principal business of the Company is trading in 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 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 2013.

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 2013.

4 CONSOLIDATION

a) Subsidiaries

Subsidiaries are those entities in which Holding Company directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors. The condensed interim financial information of the subsidiary companies is included in this consolidated condensed interim financial information from the date control commences until the date that control ceases.

The assets and liabilities of Subsidiary Companies have been consolidated on a line by line basis and carrying value of investments held by the Holding Company is eliminated against Holding Company's share in paid up capital of the Subsidiary Companies.

Intragroup balances and transactions have been eliminated.

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

Selected Notes to the Consolidated Condensed Interim Financial Information For the quarter ended 30 September 2013 (Un-audited)

b) Associates

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

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

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

During preparation of this consolidated condensed interim financial information, the significant judgments made by the management in applying the accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published consolidated financial statements of the Group for the year ended 30 June 2013.

	Un-audited 30 September 2013	Audited 30 June 2013
	(Rupees in thousand)	
6 LONG TERM FINANCING- SECURED		
Opening balance	16,101,639	16,936,293
Add: Obtained during the period / year	710,375	1,842,352
Less: Repaid during the period / year	1,059,253	2,677,006
Add: Currency translation	405	-
	15,753,166	16,101,639
Less: Current portion shown under current liabilities	2,317,678	2,208,234
	13,435,488	13,893,405
7 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Future minimum lease payments	131,446	152,545
Less: Un-amortized finance charge	12,060	15,953
Present value of future minimum lease payments	119,386	136,592
Less: Current portion shown under current liabilities	71,351	70,270
	48,035	66,322

7.1 This represents 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 11.09% (30 September 2012: 9.70% to 14.06%) 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 2013: 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 642.661 million (30 June 2013: Rupees 635.607 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 1,691.822 million (30 June 2013: Rupees 1,816.775 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) Holding Company's share in contingencies of associated companies' accounted for under equity method is Rupees 1,884 million (30 June 2013: Rupees 1,929 million).
- v) National Electric Power Regulatory Authority (NEPRA) issued an order dated 8 February 2013 to Nishat Power Limited - Subsidiary Company through which it has raised a demand of Rupees 290.423 million payable by the Subsidiary Company to National Transmission and Dispatch Company Limited (NTDCL) for the period upto 30 June 2011 in respect of Calorific Value (CV) adjustment on fuel consumed for power generation as per the terms of the Power Purchase Agreement (PPA) and various CV adjustment mechanisms prescribed by NEPRA. The first such CV adjustment mechanism was announced by NEPRA in March 2009 and as per this mechanism, the Subsidiary Company has already made a provision of Rupees 20.332 million in its financial statements for the above CV adjustment. In July 2011, NEPRA revised its CV adjustment mechanism and directed all IPPs to maintain consignment-wise CV record of the fuel received and consumed for power generation. Consequently, the Subsidiary Company started maintaining such CV record after such direction was received from NEPRA.

NEPRA directed the Subsidiary Company to submit consignment-wise record of CV for the period upto 30 June 2011. The Subsidiary Company disputed such direction as it was not required to maintain consignment-wise record prior to July 2011. However, NEPRA computed retrospectively and determined Rupees 290.423 million payable by the Subsidiary Company to NTDCL for the period upto 30 June 2011 in respect of CV adjustment on the basis of the mechanism directed by it in July 2011. The Subsidiary Company filed a Motion for Leave for Review before NEPRA requesting it to reconsider its decision, which was decided against the Subsidiary Company. Consequently, the Subsidiary Company filed a writ petition before the Islamabad High Court against NEPRA's decision on the grounds that change in CV adjustment mechanism in July 2011 cannot be applied retrospectively and credible information is also not available from any source upon which CV adjustment computations can be made. The case is pending adjudication before Islamabad High Court.

Based on the advice of the Subsidiary Company's legal counsel, management of the Subsidiary Company feels that there are meritorious grounds to support the Subsidiary Company's stance and the aforesaid NEPRA's decision is likely to be revoked. Under these circumstances, no provision of the balance amount of Rupees 270.092 million has been made in these consolidated financial statements.

- 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 2013: Rupees 45 million) as required under the terms of the Operation and Maintenance agreement.

Selected Notes to the Consolidated Condensed Interim Financial Information For the quarter ended 30 September 2013 (Un-audited)

- vii) Guarantees of Rupees 2.5 million (30 June 2013: Rupees 1.5 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.
- viii) Nishat Hospitality (Private) Limited - Subsidiary Company has issued letter of guarantees of Rupees 0.354 million (30 June 2013: Rupees 0.153 million) in favour of Director, Excise and Taxation, Karachi under the order of Sindh High Court in respect of the suit filed for levy of infrastructure cess.
- ix) Post dated cheques furnished by Nishat Hospitality (Private) Limited - Subsidiary Company in favour of the Collector of Customs to cover import levies against imports aggregating to Rupees 0.491 million (30 June 2013: Rupees 2.002 million).

b) Commitments

- i) Contracts for capital expenditure of the Group are approximately of Rupees 4,091.563 million (30 June 2013: Rupees 4,751.285 million).
- ii) Letters of credit other than for capital expenditure of the Group are of Rupees 769.423 million (30 June 2013: Rupees 723.986 million).
- iii) Outstanding foreign currency forward contracts of Rupees 1,485.533 million (30 June 2013: Rupees 827.520 million)
- iv) 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 30 September 2013	Audited 30 June 2013
	(Rupees in thousand)	
Not later than one year	14,279	13,500
Later than one year and not later than five years	68,473	67,500
	82,752	81,000

- v) 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.
- vi) 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 30 September 2013	Audited 30 June 2013
		(Rupees in thousand)	
Operating fixed assets			
Owned	9.1	27,907,008	28,096,224
Leased	9.2	216,867	222,324
Capital work-in-progress	9.3	3,037,594	1,882,544
		31,161,469	30,201,092

	Un-audited 30 September 2013	Audited 30 June 2013
Note	(Rupees in thousand)	
9.1 Operating fixed assets- Owned		
Opening book value	28,096,224	27,187,410
Add: Cost of additions during the period / year	9.1.1 438,111	3,811,168
Less: Book value of deletions during the period / year	9.1.2 16,559	173,518
Less: Book value of assets transferred to investment properties during the year	-	161,662
	16,559	335,180
	28,517,776	30,663,398
Less: Depreciation charged for the period / year	624,916	2,407,280
Less: Impairment charge	-	162,601
Add: Currency translation	14,148	2,707
	27,907,008	28,096,224
9.1.1 Cost of additions		
Freehold land	31,329	257,461
Buildings on freehold land	8,199	872,570
Plant and machinery	343,231	2,459,082
Electric installations	3,880	11,582
Factory equipment	9,029	45,620
Furniture, fixtures and office equipment	5,579	30,194
Computer equipment	9,022	10,577
Vehicles	27,842	124,082
	438,111	3,811,168
9.1.2 Book value of deletions		
Plant and machinery	10,207	158,131
Electric installations	-	562
Factory equipment	-	3
Furniture, fixtures and office equipment	-	134
Computer equipment	56	69
Vehicles	6,296	14,619
	16,559	173,518
9.2 Operating fixed assets- Leased		
Opening book value	222,324	246,378
Less: Depreciation charged during the period / year	5,457	24,054
	216,867	222,324
9.3 Capital work-in-progress		
Buildings on freehold land	1,063,733	726,231
Plant and machinery	1,730,995	1,025,001
Letters of credit against machinery	7,492	7,522
Advances against furniture and office equipment	654	-
Advances against vehicles	18,448	5,167
Advances to contractors	208,165	114,613
Unallocated expenses	8,107	4,010
	3,037,594	1,882,544

Selected Notes to the Consolidated Condensed Interim Financial Information For the quarter ended 30 September 2013 (Un-audited)

	Quarter ended	
	30 September 2013	30 September 2012
(Rupees in thousand)		
10 COST OF SALES		
Raw material consumed	13,067,553	11,678,107
Processing charges	48,759	76,818
Salaries, wages and other benefits	834,152	737,593
Staff retirement benefits	23,051	19,778
Stores, spare parts and loose tools consumed	1,169,889	985,654
Packing materials consumed	210,912	213,096
Repair and maintenance	173,515	139,346
Fuel and power	1,275,785	1,118,966
Insurance	51,994	46,905
Other factory overheads	119,630	83,138
Depreciation	601,085	546,193
	17,576,325	15,645,594
Work-in-process		
Opening stock	1,604,239	1,757,058
Closing stock	(1,883,354)	(1,614,305)
	(279,115)	142,753
Cost of goods manufactured	17,297,210	15,788,347
Finished goods		
Opening stock	3,338,107	2,451,771
Closing stock	(3,390,569)	(3,001,721)
	(52,462)	(549,950)
	17,244,748	15,238,397

	Quarter ended	
	30 September 2013	30 September 2012
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)	1,925,096	1,954,804
Weighted average number of ordinary shares (Numbers)	351,599,848	351,599,848
Earnings per share (Rupees)	5.48	5.56

	Note	Quarter ended	
		30 September 2013 (Rupees in thousand)	30 September 2012
12 CASH GENERATED FROM OPERATIONS			
Profit before taxation		2,385,865	2,344,645
Adjustments for non-cash charges and other items:			
Depreciation		632,389	571,342
Gain on sale of property, plant and equipment		(10,732)	(2,177)
Gain on sale of investments		(10,297)	-
Dividend income		(276,907)	(286,898)
Profit on deposits with banks		(25,303)	(63,414)
Share of profit from associated companies		(337,108)	(630,405)
Net exchange (gain) / loss on forward contracts		32,274	(60,552)
Finance cost		754,609	1,094,067
Working capital changes	12.1	(3,510,464)	443,403
		(365,674)	3,410,011
12.1 Working capital changes			
(Increase) / decrease in current assets:			
- Stores, spare parts and loose tools		(97,666)	(269,269)
- Stock in trade		(1,744,900)	862,738
- Trade debts		(2,251,012)	(1,652,837)
- Loans and advances		(53,112)	1,044,482
- Short term deposits and prepayments		(21,334)	(17,420)
- Other receivables		(214,861)	5,092
		(4,382,885)	(27,214)
Increase in trade and other payables		872,421	470,617
		(3,510,464)	443,403

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 Business:	To carry on the business of hotels.

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

14 TRANSACTIONS WITH RELATED PARTIES

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

	Quarter ended		
	30 September 2013	30 September 2012	
(Rupees in thousand)			
i) Transactions			
Associated companies			
Purchase of goods and services	34,315	3,176	
Sale of goods and services	441	63	
Rental income	317	53	
Sale of operating fixed assets	1,475	1,327	
Insurance premium paid	102,214	44,919	
Insurance claim received	8,687	4,291	
Profit on term deposit receipt	-	7,980	
Subscription paid	-	1,250	
Other related parties			
Purchase of goods and services	25,065	4,954	
Sale of goods and services	4,839	25,845	
Group's contribution to provident fund trust	34,658	28,815	
Remuneration paid to Chief Executive Officer, Directors and Executives of the Holding Company	182,954	123,469	
ii) Period end balances	As at 30 September 2013		
	Associated companies	Other related parties	Total
(Rupees in thousand)			
Trade and other payables	50,516	3,613	54,129
Long term loans	-	76,016	76,016
Trade debts	375	-	375
Loans and advances	-	28,437	28,437
Cash and bank balances	4,541	-	4,541
	As at 30 June 2013 (Audited)		
	Associated companies	Other related parties	Total
(Rupees in thousand)			
Trade and other payables	38,725	11	38,736
Long term loans	-	77,096	77,096
Trade debts	201	-	201
Loans and advances	-	28,792	28,792
Cash and bank balances	3,720,101	-	3,720,101

Selected Notes to the Consolidated Condensed Interim Financial Information For the quarter ended 30 September 2013 (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 2013.

16 DATE OF AUTHORIZATION FOR ISSUE

This consolidated condensed interim financial information was approved by the Board of Directors and authorized for issue on 29 October 2013.

17 CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant re-arrangement has been made.

18 GENERAL

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



Chief Executive Officer



Director

