

Interim Financial Report of **Nishat Mills Limited**
for the quarter ended September 30, 2015

DELIVERING

Despite the Odds



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Nishat Mills Limited

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Company Information

Board of Directors

Mian Umer Mansha

Chief Executive Officer

Mian Hassan Mansha

Chairman

Syed Zahid Hussain

Mr. Khalid Qadeer Qureshi

Ms. Nabiha Shahnawaz Cheema

Mr. Maqsood Ahmad

Mr. Saeed Ahmad Alvi

Audit Committee

Mr. Khalid Qadeer Qureshi

Chairman / Member

Syed Zahid Hussain

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

Ms. Nabiha Shahnawaz Cheema

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
Burj Bank Limited
Citibank N.A.
Deutsche Bank AG
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Industrial and Commercial Bank of China Limited
JS Bank Limited
Meezan Bank Limited
MCB Bank Limited
National Bank of Pakistan
NIB Bank Limited
Pak Brunei Investment Company Limited
Pakistan Kuwait Investment
Company (Private) Limited
Samba Bank 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 units & 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 units and Power plants

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

Stitching unit

21 K.M. Ferozepur Road, Lahore.

Apparel Units

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

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

Registered office

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

Shares Registrar

THK Associates (Private) Limited

Head Office, Karachi
Ground Floor, State Life Building No. 3,
Dr. Zia Uddin Ahmed Road, Karachi
Tel : (021) 111 000 322
Fax : (021) 35655595

Branch Office, Lahore
2nd Floor, DYL Motorcycles Limited
Office Building, Plot No. 346
Block No. G-III, Khokar Chowk,
Main Boulevard, Johar Town, Lahore
Tel: (042) 35290577
Fax (042) 35290667

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.nishatmillsLtd.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 2015.

Operating Financial Results

The profitability of the Company has decreased in the quarter ended 30 September 2015 as compared to corresponding quarter of the last year. The major reasons for decrease are decline in sales and other income by 12.18% and 10.96% respectively. Sales decreased in international market due to lackluster demand, stiff competition and low prices. However, due to efficient cost management, gross profit to sales percentage has decreased only marginally from 11.61% to 11.29%. Another factor which prevented further drop in profit was the decrease in finance cost by 39.03% in the current quarter as compared to the corresponding quarter of the last year because of reduced Bank borrowings and improvement in average borrowing rate as a result of prudent financial management of the Company.

Financial Highlights	Quarter ended 30 September		Increase/ (decrease) %
	2015	2014	
Net Sales (Rs. '000')	11,313,864	12,883,033	(12.18)
Gross Profit (Rs. '000')	1,276,827	1,496,323	(14.67)
Profit after tax (Rs. '000')	323,983	400,094	(19.02)
Gross Profit (%)	11.29	11.61	
Profit after tax (%)	2.86	3.11	
Earnings per share – (Rs.)	0.92	1.14	

General Market Review and Future Prospects

Textile sector in Pakistan showed dismal performance in the first quarter of fiscal year 2015-16. Export sales of the textile products has decreased during the first quarter as compared to the corresponding quarter of the last year due to subdued demand of textile products in the U.S and European markets and low prices of textile products in international market. Moreover, currency changes initiated due to devaluation of Chinese Yuan has cascaded throughout the globe which lead to uncertain economic conditions where market is still waiting for an equilibrium to arrive.

In addition to these external factors, textile manufacturers in Pakistan are facing continuing problems of escalating production cost and gas loadshedding.

Spinning

Financial year 2015-16 started with an optimistic outlook for yarn manufacturers due to relatively low prices of cotton at the arrival of new crop. However, news about the short fall of cotton at the end of the quarter caused the cotton rates to move upward which resulted in the creation of unfavorable sentiments in the market.

Yarn	Quarter ended 30 September		Increase / (Decrease)	
	2015	2014	Value	% age
Sale – (kgs '000')	8,772	7,210	1,562	21.66
Rate / kg	283.65	328.75	(45.10)	(13.72)
Sale – (Rs. '000')	2,488,208	2,370,321	117,887	4.97

During the first quarter, sluggish demand along with low prices of yarn prevailed both in international and local markets. However, our marketing team employed its best efforts and successfully prevented very adverse results. Nevertheless, it seems that coming months of the year will also be difficult due to continued upward trend in cotton prices.

Weaving

Pressure on grey fabric prices remained intense due to supply and demand imbalance and uncertain raw material forecast. Our sales to Europe usually declines during the months of July and August due to holiday season; therefore, our main focus was on Far East markets during the quarter ended 30 September 2015. Chinese market also experienced a major slowdown due to devaluation of Yuan against US dollar.

Grey Cloth	Quarter ended 30 September		Increase / (Decrease)	
	2015	2014	Value	% age
Sale – (meters '000')	19,899	19,495	404	2.07
Rate / meter	141.65	163.07	(21.42)	(13.14)
Sale – (Rs. '000')	2,818,739	3,179,031	(360,292)	(11.33)

European business, however, has revived after the holiday season. This has been supported by somewhat steady Euro against US Dollar during the last two weeks. Our strategy has always been product / market diversification especially in Europe. The encouraging news for upcoming winter season is about corduroy which is coming back in fashion after a break of almost three seasons. This will surely boost our production for next four to five months. The Company is also considering a plan to install sixteen '210 CM looms' in the existing loom shed at Bhikki. This will enhance our production capacity without investing in back process at our manufacturing facility.

Processing and Home Textile

In the face of all internal and external challenges, Processing units performed extremely well and registered the positive growth in the first quarter of the current financial year. Despite low volumes of export sales in the month of July and August we were able to earn good profits because of right product mix and cautious order bookings.

Processed Cloth and Made-ups	Quarter ended 30 September		Increase / (Decrease)	
	2015	2014	Value	% age
Sale – (meters '000')	15,768	17,802	(2,034)	(11.43)
Rate / meter	279.15	304.61	(25.46)	(8.36)
Sale – (Rs. '000')	4,401,584	5,422,643	(1,021,059)	(18.83)

Remaining part of fiscal year 2015-16 generally and second half particularly will be more challenging, as we anticipate cutthroat competition from neighboring countries in days to come because of diminishing global demand of textile products. However, we are keeping close eye on market situation and putting all our efforts to demonstrate good performance and to register positive growth in rest of the fiscal year as well.

The Company has further increased its processing production capacity and efficiency by investing in its plant and machinery. The production capacity of digital printing doubled during the last year and another high-tech digital printing machine will be commissioned in the next month to cater demand of its customers.

The financial results of Home Textile Sector were also affected in the first quarter of the financial year 2015-16 due to stagnant economic growth both in Europe and the USA. The economy of China is also slowing down which has also caused the decrease in demand of textile products. However, we are expecting that these uncertainties will be settled down along with the appreciation of Dollar against Pak Rupee which will improve our profitability in the next quarter.

Garments

First quarter of the financial year 2015-16 remained slow for Garments Segment as well. The Segment showed a decline of 20% in its sales volume as compared to the sales volume of corresponding quarter in the financial year 2014-15. The main reason was depressed market due to stiff competition which resulted in piling up of heavy stocks with retailers especially in the USA.

Garments	Quarter ended 30 September		Increase / (Decrease)	
	2015	2014	Value	% age
Sale – (garments '000')	804	1,005	(201)	(20.00)
Rate / garment	707.61	802.90	(95.29)	(11.87)
Sale – (Rs. '000')	568,918	806,911	(237,993)	(29.49)

The outlook of the second quarter is quite promising because whole capacity has already been sold in advance. At present, our focus is to achieve customer satisfaction by maintaining and enhancing our quality standards.

Our new unit is expected to commence its commercial production in the second half of this financial year which will help in doubling our existing capacities for jeans and pants production.

Power Generation

The decision to install tri-fuel generators at our manufacturing plants situated at Bhikki, Ferozwatwan and Lahore has proved fruitful for the Company due to massive reduction in furnace oil prices. Further investment in such generators at other manufacturing plants of the Company is under consideration. The new 9 MW coal plant is in commissioning phase. Another coal fired boiler is under planning for Garments Segment.

NEPRA has approved our application for license to supply power from captive power plants of the Company having excess power to affiliated units of the Company. Installation of interconnections for this supply will be underway in the coming weeks. This arrangement will greatly increase the efficiencies of power plants of the Company.

Subsidiary Companies and Consolidated Financial Statements

Nishat Power Limited, Nishat Linen (Private) Limited, Nishat Hospitality (Private) Limited, Nishat Commodities (Private) Limited, Nishat USA Inc., Nishat Linen Trading LLC, Nishat International FZE, Nishat Global China Company Limited and Nishat UK (Private) Limited 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.

Acknowledgment

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

For and on behalf of the Board of Directors



Mian Umer Mansha
Chief Executive Officer
27 October 2015
Lahore

Unconsolidated Condensed Interim

**Financial Information of
Nishat Mills Limited**

for the quarter ended 30 September 2015

Unconsolidated Condensed Interim Balance Sheet

As at 30 September 2015

Note	Un-audited 30 September 2015 (Rupees in thousand)	Audited 30 June 2015
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital		
1,100,000,000 (30 June 2015: 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 2015: 351,599,848) ordinary shares of Rupees 10 each	3,515,999	3,515,999
Reserves	70,253,171	72,626,824
Total equity	73,769,170	76,142,823
LIABILITIES		
NON-CURRENT LIABILITIES		
Long term financing- secured	5,035,936	5,582,220
Deferred income tax liability	247,462	247,462
	5,283,398	5,829,682
CURRENT LIABILITIES		
Trade and other payables	5,166,083	4,858,315
Accrued mark-up	126,881	221,394
Short term borrowings	10,057,331	11,524,143
Current portion of non-current liabilities	1,859,403	1,783,250
Provision for taxation	921,393	780,393
	18,131,091	19,167,495
TOTAL LIABILITIES	23,414,489	24,997,177
CONTINGENCIES AND COMMITMENTS	6	
TOTAL EQUITY AND LIABILITIES	97,183,659	101,140,000

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



Chief Executive Officer

	Note	Un-audited 30 September 2015 (Rupees in thousand)	Audited 30 June 2015
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	24,204,082	24,357,269
Investment properties		477,614	479,242
Long term investments		49,310,128	51,960,454
Long term loans		87,596	94,284
Long term deposits		58,398	58,307
		74,137,818	76,949,556
CURRENT ASSETS			
Stores, spare parts and loose tools		1,224,916	1,335,763
Stock in trade		8,741,848	10,350,193
Trade debts		3,586,264	3,014,466
Loans and advances		4,930,250	5,575,273
Short term deposits and prepayments		50,963	44,849
Other receivables		1,053,059	1,625,281
Accrued interest		24,019	2,540
Short term investments		2,289,551	2,189,860
Cash and bank balances		1,144,971	52,219
		23,045,841	24,190,444
TOTAL ASSETS		97,183,659	101,140,000


Director

Unconsolidated Condensed Interim Profit and Loss Account

For the quarter ended 30 September 2015 (Un-audited)

	Note	Quarter ended	
		30 September 2015 (Rupees in thousand)	30 September 2014
SALES		11,313,864	12,883,033
COST OF SALES	8	(10,037,037)	(11,386,710)
GROSS PROFIT		1,276,827	1,496,323
DISTRIBUTION COST		(522,015)	(632,684)
ADMINISTRATIVE EXPENSES		(275,713)	(296,002)
OTHER EXPENSES		(26,247)	(32,281)
		(823,975)	(960,967)
		452,852	535,356
OTHER INCOME		300,053	336,998
PROFIT FROM OPERATIONS		752,905	872,354
FINANCE COST		(287,922)	(472,260)
PROFIT BEFORE TAXATION		464,983	400,094
TAXATION		(141,000)	–
PROFIT AFTER TAXATION		323,983	400,094
EARNINGS PER SHARE- BASIC AND DILUTED (RUPEES)	9	0.92	1.14

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 2015 (Un-audited)

	Quarter ended	
	30 September 2015	30 September 2014
	(Rupees in thousand)	
PROFIT AFTER TAXATION	323,983	400,094
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss	–	–
Items that may be reclassified subsequently to profit or loss:		
Deficit arising on remeasurement of available for sale investments to fair value	(2,697,636)	(2,773,533)
Reclassification adjustment for gain included in profit or loss	–	(3,885)
Other comprehensive income / (loss) for the period	(2,697,636)	(2,777,418)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	(2,373,653)	(2,377,324)

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 2015 (Un-audited)

	Note	Quarter ended	
		30 September 2015	30 September 2014
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	10	2,648,886	1,003,761
Finance cost paid		(382,435)	(478,849)
Income tax paid		(142,516)	(143,163)
Net exchange difference on forward exchange contracts received / (paid)		10,670	(3,758)
Net decrease / (increase) in long term loans to employees		8,679	(1,092)
Net (increase) / decrease in long term deposits		(91)	105
Net cash generated from operating activities		2,143,193	377,004
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(391,917)	(2,264,883)
Proceeds from sale of property, plant and equipment		44,872	3,458
Investments made		(147,001)	(16,344)
Proceeds from sale of investment		–	67,078
Loans and advances to subsidiary companies		(2,361,918)	(2,681,106)
Repayment of loans from subsidiary companies		3,386,329	1,772,880
Interest received		22,736	36,562
Dividends received		333,655	308,596
Net cash generated from / (used in) investing activities		886,756	(2,773,759)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		118,347	1,122,386
Repayment of long term financing		(588,478)	(1,079,383)
Repayment of liabilities against assets subject to finance lease		–	(18,216)
Short term borrowings- net		(1,466,812)	534,284
Dividend paid		(254)	(80)
Net cash (used in) / generated from financing activities		(1,937,197)	558,991
Net increase / (decrease) in cash and cash equivalents		1,092,752	(1,837,764)
Cash and cash equivalents at the beginning of the period		52,219	2,802,316
Cash and cash equivalents at the end of the period		1,144,971	964,552

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 2015 (Un-audited)

	(Rupees in thousand)											
	Share capital	Reserves					Total equity					
		Capital reserves		Revenue reserves				Total				
		Premium on issue of right shares	Fair value reserve	Sub total	General reserve	Unappropriated profit			Sub total			
Balance as at 30 June 2014 - (audited)	3,515,999	5,499,530	27,808,608	33,308,138	26,248,028	5,517,011	31,765,039	65,073,177	68,589,176	400,094	(2,777,418)	(2,777,418)
Profit for the period	-	-	-	-	-	400,094	-	400,094	-	-	-	400,094
Other comprehensive loss for the period	-	-	(2,777,418)	(2,777,418)	-	-	-	(2,777,418)	-	-	-	(2,777,418)
Total comprehensive income / (loss) for the period	-	-	(2,777,418)	(2,777,418)	-	400,094	-	400,094	-	-	-	(2,377,324)
Balance as at 30 September 2014 - (un-audited)	3,515,999	5,499,530	25,031,190	30,530,720	26,248,028	5,917,105	32,165,133	62,695,853	66,211,852	-	-	-
Transaction with owners - Final dividend for the year ended 30 June 2014 @ Rupees 4.00 per share	-	-	-	-	-	(1,406,399)	-	(1,406,399)	-	-	-	(1,406,399)
Transferred to general reserve	-	-	-	-	4,106,000	(4,106,000)	-	-	-	-	-	-
Profit for the period	-	-	-	-	-	3,511,831	-	3,511,831	-	-	-	3,511,831
Other comprehensive income for the period	-	-	7,825,539	7,825,539	-	-	-	7,825,539	-	-	-	7,825,539
Total comprehensive income for the period	-	-	7,825,539	7,825,539	-	3,511,831	-	3,511,831	-	-	-	11,337,370
Balance as at 30 June 2015 - (audited)	3,515,999	5,499,530	32,856,729	38,356,259	30,354,028	3,916,537	34,270,565	72,626,824	76,142,823	-	-	-
Profit for the period	-	-	-	-	-	323,983	-	323,983	-	-	-	323,983
Other comprehensive loss for the period	-	-	(2,697,636)	(2,697,636)	-	-	-	(2,697,636)	-	-	-	(2,697,636)
Total comprehensive income / (loss) for the period	-	-	(2,697,636)	(2,697,636)	-	323,983	-	323,983	-	-	-	(2,373,653)
Balance as at 30 September 2015 - (un-audited)	3,515,999	5,499,530	30,159,093	35,658,623	30,354,028	4,240,520	34,594,548	70,253,171	73,769,170	-	-	-

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

Um Member

Chief Executive Officer


Director

Selected Notes to the Unconsolidated Condensed Interim Financial Information

For the quarter ended 30 September 2015 (Un-audited)

1 THE COMPANY AND ITS OPERATIONS

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

2 BASIS OF PREPARATION

This unconsolidated condensed interim financial information is un-audited and is being submitted to shareholders as required by section 245 of the Companies Ordinance 1984. This unconsolidated condensed interim financial information of the Company for the quarter ended 30 September 2015 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 requirements differ, the provisions or directives issued under the Companies Ordinance, 1984 shall prevail. 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 2015.

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 2015.

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 2015.

	Un-audited 30 September 2015	Audited 30 June 2015
	(Rupees in thousand)	
5 LONG TERM FINANCING- SECURED		
Opening balance	7,365,470	7,960,588
Add: Obtained during the period / year	118,347	1,769,541
Less: Repaid during the period / year	588,478	2,364,659
	6,895,339	7,365,470
Less: Current portion shown under current liabilities	1,859,403	1,783,250
	5,035,936	5,582,220

6 CONTINGENCIES AND COMMITMENTS

a) Contingencies

- i) The Company is contingently liable for Rupees 0.631 million (30 June 2015: 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 914.555 million (30 June 2015: Rupees 894.555 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, Pakistan Army and Government of Punjab against fulfillment of sales order and Punjab Power Development Board for issuance of Letter of interest to set up an electricity generation facility.
- iii) Post dated cheques of Rupees 4,385.307 million (30 June 2015: Rupees 4,067.671 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.
- iv) The Company has challenged, before Honorable Lahore High Court, Lahore, the vires of SRO 450(1)/2013 dated 27 May 2013 issued under section 8(1)(b) of the Sales Tax Act, 1990 whereby through amendment in the earlier SRO 490(1)/2004 dated 12 June 2004 claim of input sales tax in respect of building materials, electrical and gas appliances, pipes, fittings, wires, cables and ordinary electrical fittings and sanitary fittings have been disallowed. The Honorable Lahore High Court has issued stay order in favour of the Company and has allowed the Company to claim input sales tax paid on such goods in its monthly sales tax returns. Consequently, the Company has claimed input sales tax amounting to Rupees 67.66 million (30 June 2015: Rupees 65.825 million) paid on such goods in its respective monthly sales tax returns.

b) Commitments

- i) Contracts for capital expenditure are approximately of Rupees 560.848 million (30 June 2015: Rupees 617.589 million).
- ii) Letters of credit other than for capital expenditure are of Rupees 588.423 million (30 June 2015: Rupees 251.620 million).
- iii) Outstanding foreign currency forward contracts of Rupees 6,222.468 million (30 June 2015: Rupees 5,188.737 million).

Selected Notes to the Unconsolidated Condensed Interim Financial Information

For the quarter ended 30 September 2015 (Un-audited)

7 PROPERTY, PLANT AND EQUIPMENT

	Note	Un-audited 30 September 2015 (Rupees in thousand)	Audited 30 June 2015
Operating fixed assets			
Owned	7.1	21,105,569	21,453,222
Leased	7.2	–	181,191
Capital work-in-progress	7.3	3,098,513	2,722,856
		24,204,082	24,357,269
7.1 Operating fixed assets - Owned			
Opening book value		21,453,222	17,984,923
Add: Cost of additions during the period / year	7.1.1	16,260	5,903,228
Add: Book value of assets transferred from operating fixed assets - leased	7.2	181,191	–
		21,650,673	23,888,151
Less: Book value of deletions during the period / year	7.1.2	27,505	74,339
Less: Book value of assets transferred to Nishat Linen (Private) Limited during the year		–	162,232
Less: Book value of assets transferred to investment properties during the year		–	99,692
		27,505	336,263
		21,623,168	23,551,888
Less: Depreciation charged during the period / year		517,599	2,098,666
		21,105,569	21,453,222
7.1.1 Cost of additions			
Freehold land		(11,765)	18,049
Buildings on freehold land		–	1,258,689
Plant and machinery		11,362	4,394,745
Electric installations		146	64,370
Factory equipment		1,365	10,523
Furniture, fixtures and office equipment		727	33,763
Computer equipment		432	13,363
Vehicles		13,993	109,726
		16,260	5,903,228

	Note	Un-audited 30 September 2015 (Rupees in thousand)	Audited 30 June 2015
7.1.2 Book value of deletions			
Buildings on freehold land		–	3,663
Plant and machinery		20,352	40,275
Factory equipment		–	161
Furniture, fixtures and office equipment		–	1,186
Computer equipment		66	82
Vehicles		7,087	28,972
		27,505	74,339
7.2 Operating fixed assets - Leased			
Opening book value		181,191	200,675
Less: Depreciation charged during the year		–	19,484
Less: Book value of assets transferred to operating fixed assets - owned	7.1	181,191	–
		–	181,191
7.3 Capital work-in-progress			
Buildings on freehold land		1,417,508	1,299,648
Plant and machinery		1,531,987	1,274,485
Factory equipment		2,332	2,332
Unallocated expenditure		87,073	83,926
Letters of credit against machinery		361	600
Advances against furniture, fixtures and office equipment		7,362	5,847
Advances against vehicles		16,304	16,995
Advances against purchase of land		35,586	39,023
		3,098,513	2,722,856

Selected Notes to the Unconsolidated Condensed Interim Financial Information

For the quarter ended 30 September 2015 (Un-audited)

	Quarter ended	
	30 September 2015	30 September 2014
	(Rupees in thousand)	
8 COST OF SALES		
Raw materials consumed	6,237,825	7,012,732
Processing charges	39,869	61,234
Salaries, wages and other benefits	1,043,065	957,145
Staff retirement benefits	32,101	27,673
Stores, spare parts and loose tools consumed	1,010,300	1,090,797
Packing materials consumed	220,520	246,968
Repair and maintenance	67,813	87,635
Fuel and power	1,118,232	1,510,126
Insurance	9,547	9,364
Other factory overheads	92,522	128,425
Depreciation	495,231	441,616
	10,367,025	11,573,715
Work-in-process		
Opening stock	1,530,684	2,013,520
Closing stock	(1,855,943)	(1,959,480)
	(325,259)	54,040
Cost of goods manufactured	10,041,766	11,627,755
Finished goods		
Opening stock	2,882,924	2,907,268
Closing stock	(2,887,653)	(3,148,313)
	(4,729)	(241,045)
	10,037,037	11,386,710

	Quarter ended	
	30 September 2015	30 September 2014
9 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)	323,983	400,094
Weighted average number of ordinary shares (Numbers)	351,599,848	351,599,848
Earnings per share (Rupees)	0.92	1.14

	Note	Quarter ended	
		30 September 2015	30 September 2014
(Rupees in thousand)			
10 CASH GENERATED FROM OPERATIONS			
Profit before taxation		464,983	400,094
Adjustments for non-cash charges and other items:			
Depreciation		519,227	475,464
Gain on sale of property, plant and equipment		(17,367)	(1,229)
Gain on sale of investments		-	(8,915)
Dividend income		(333,655)	(308,596)
Net exchange loss on forward contracts		112,119	52,442
Interest income on loans and advances to subsidiary companies		(28,814)	(39,733)
Finance cost		287,922	472,260
Working capital changes	10.1	1,644,471	(38,026)
		2,648,886	1,003,761
10.1 Working capital changes			
(Increase) / decrease in current assets:			
- Stores, spare parts and loose tools		110,847	(339,753)
- Stock in trade		1,608,345	1,730,752
- Trade debts		(571,798)	(1,413,915)
- Loans and advances		(238,863)	(112,630)
- Short term deposits and prepayments		(6,114)	(13)
- Other receivables		488,370	93,137
		1,390,787	(42,422)
Increase in trade and other payables		253,684	4,396
		1,644,471	(38,026)

11 SEGMENT INFORMATION

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

Spinning:	Producing different qualities of yarn using natural and artificial fibers.
Weaving:	Producing 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. Inter-segment sales and purchases have been eliminated from the total.

Selected Notes to the Unconsolidated Condensed Interim Financial Information

For the quarter ended 30 September 2015 (Un-audited)

11.2

	(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	Quarter ended	Quarter ended	Quarter ended	Quarter ended	Quarter ended	Quarter ended	Quarter ended
30 Sep 2015	30 Sep 2014	30 Sep 2015	30 Sep 2014	30 Sep 2015	30 Sep 2014	30 Sep 2015	30 Sep 2014	30 Sep 2015	30 Sep 2014	30 Sep 2015	30 Sep 2014	30 Sep 2015	30 Sep 2014	30 Sep 2015
(Rupees in thousand)														
Sales	3,127,575	2,884,034	3,294,013	4,715,986	5,806,470	581,045	852,000	5,224	10,054	–	–	11,313,864	12,883,033	–
External Inter-segment	758,596	1,867,638	2,023,597	151,820	158,756	186	–	1,243,081	1,581,907	(4,021,321)	(4,736,786)	–	–	–
Cost of sales	3,886,171	4,751,672	5,317,610	4,867,806	5,965,226	581,231	852,000	1,248,305	1,591,961	(4,021,321)	(4,736,786)	11,313,864	12,883,033	–
	(3,678,862)	(3,526,187)	(4,417,131)	(4,989,635)	(4,181,819)	(5,234,719)	(774,589)	(1,246,782)	(1,588,386)	4,021,321	4,736,786	(10,037,037)	(11,386,710)	–
Gross profit	207,309	366,835	317,975	686,987	730,507	46,467	77,411	2,523	3,595	–	–	1,276,827	1,496,323	–
Distribution cost	(94,339)	(100,215)	(171,016)	(235,788)	(314,781)	(58,006)	(46,672)	–	–	–	–	(522,015)	(632,684)	–
Administrative expenses	(73,871)	(67,292)	(76,202)	(96,341)	(113,193)	(21,017)	(20,317)	(17,192)	(15,219)	–	–	(275,713)	(296,002)	–
Profit / (loss) before taxation and unallocated income and expenses	(168,210)	(171,286)	(201,174)	(332,129)	(427,974)	(79,023)	(66,989)	(17,192)	(15,219)	–	–	(797,728)	(928,686)	–
Unallocated income and expenses:	39,099	195,549	133,367	353,858	302,533	(32,556)	10,422	(14,669)	(11,624)	–	–	479,099	567,637	–
Other expenses														(26,247)
Other income														300,053
Finance cost														336,988
Taxation														(287,922)
														(472,260)
														(141,000)
Profit after taxation														323,983
														400,094

11.3

Reconciliation of reportable segment assets and liabilities

	(Rupees in thousand)												
	Spinning		Weaving		Processing & Home Textile		Garments		Power Generation		Total- Company		
	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	
30 Sep 2015	30 Jun 2015	30 Sep 2015	30 Jun 2015	30 Sep 2015	30 Jun 2015	30 Sep 2015	30 Jun 2015	30 Sep 2015	30 Jun 2015	30 Sep 2015	30 Jun 2015	30 Sep 2015	30 Jun 2015
Total assets for reportable segments	11,034,931	11,979,524	6,808,900	6,984,964	10,877,003	10,622,161	3,262,402	3,045,076	6,940,825	7,093,904	38,924,061	39,725,629	–
Unallocated assets:													
Long term investments													49,310,128
Other receivables													1,053,059
Cash and bank balances													1,144,971
Other corporate assets													6,751,440
													7,776,417
Total assets as per balance sheet													97,183,659
													101,140,000
Total liabilities for reportable segments	379,537	663,147	777,793	491,751	1,214,078	1,147,163	394,091	315,721	1,478,120	1,363,073	4,243,619	3,980,855	–
Unallocated liabilities:													
Deferred income tax liability													247,462
Provision for taxation													921,393
Other corporate liabilities													780,393
													18,002,015
Total liabilities as per balance sheet													23,414,489
													24,997,177

12 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:

	Quarter ended			
	30 September 2015	30 September 2014		
(Rupees in thousand)				
i) Transactions				
Subsidiary companies				
Investment made	10	–		
Short term loans made	2,361,918	2,681,107		
Repayment of short term loans made	3,386,329	1,772,880		
Interest income	28,814	39,734		
Rental income	10,277	47,657		
Sale of goods and services	707,119	827,835		
Purchase of goods and services	416,053	106,517		
Associated companies				
Investment made	146,991	21,127		
Purchase of goods and services	5,579	26,228		
Sale of goods and services	81	1,223		
Rental income	117	215		
Dividend income	333,655	308,595		
Insurance premium paid	57,039	46,432		
Insurance claims received	5,019	1,827		
Profit on term deposit receipt	–	18,518		
Other related parties				
Purchase of goods and services	130,714	254,238		
Sale of goods and services	8,401	1,843		
Sale of operating fixed assets	3,250	–		
Company's contribution to provident fund trust	45,173	39,887		
Remuneration paid to Chief Executive Officer, Director and Executives	222,135	225,047		
ii) Period end balances	As at 30 September 2015			
	Subsidiary companies	Associated companies	Other related parties	Total
(Rupees in thousand)				
Trade and other payables	77,890	21,027	16,836	115,753
Short term borrowings	–	43,496	–	43,496
Long term loans	–	–	78,751	78,751
Trade debts	387,493	–	–	387,493
Loans and advances	2,908,809	–	35,696	2,944,505
Accrued interest	8,618	–	–	8,618
Cash and bank balances	–	7,428	–	7,428

Selected Notes to the Unconsolidated Condensed Interim Financial Information

For the quarter ended 30 September 2015 (Un-audited)

	As at 30 June 2015 (Audited)			
	Subsidiary companies	Associated companies (Rupees in thousand)	Other related parties	Total
Trade and other payables	203,152	45,056	11,254	259,462
Accrued mark-up	–	781	–	781
Long term loans	–	–	84,108	84,108
Trade debts	291,346	–	–	291,346
Loans and advances	3,770,882	–	37,145	3,808,027
Accrued interest	2,540	–	–	2,540
Cash and bank balances	–	1,889	–	1,889

13 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 2015.

14 DATE OF AUTHORIZATION FOR ISSUE

This unconsolidated condensed interim financial information was approved by the Board of Directors and authorized for issue on 27 October 2015.

15 CORRESPONDING FIGURES

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

16 GENERAL

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



Chief Executive Officer



Director

Consolidated Condensed Interim

**Financial Information of
Nishat Mills Limited**

for the quarter ended 30 September 2015

Consolidated Condensed Interim Balance Sheet

As at 30 September 2015

Note	Un-audited 30 September 2015 (Rupees in thousand)	Audited 30 June 2015
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital		
1,100,000,000 (30 June 2015: 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 2015: 351,599,848) ordinary shares of Rupees 10 each	3,515,999	3,515,999
Reserves	77,302,815	78,358,273
Equity attributable to equity holders of the Holding Company	80,818,814	81,874,272
Non-controlling interest	6,144,630	5,689,242
Total equity	86,963,444	87,563,514
LIABILITIES		
NON-CURRENT LIABILITIES		
Long term financing- secured	12,734,879	13,960,150
Long term security deposits	169,733	169,733
Retirement benefit obligation	4,809	4,894
Deferred income tax liability	93,658	103,286
	13,003,079	14,238,063
CURRENT LIABILITIES		
Trade and other payables	5,905,907	5,425,068
Accrued mark-up	368,571	491,887
Short term borrowings	10,057,331	12,456,306
Current portion of non-current liabilities	3,217,383	3,091,154
Provision for taxation	1,071,476	904,170
	20,620,668	22,368,585
TOTAL LIABILITIES	33,623,747	36,606,648
CONTINGENCIES AND COMMITMENTS	7	
TOTAL EQUITY AND LIABILITIES	120,587,191	124,170,162

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



Chief Executive Officer

	Note	Un-audited 30 September 2015 (Rupees in thousand)	Audited 30 June 2015
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	38,070,529	38,460,601
Investment properties		477,614	479,242
Intangible assets		14,018	14,678
Long term investments		47,535,773	49,344,345
Long term loans		92,959	97,123
Long term deposits		118,169	99,315
		86,309,062	88,495,304
CURRENT ASSETS			
Stores, spare parts and loose tools		1,962,104	2,010,386
Stock-in-trade		12,136,667	15,183,656
Trade debts		11,643,756	11,408,623
Loans and advances		2,578,132	2,068,406
Short term deposits and prepayments		249,055	142,572
Other receivables		1,614,834	2,327,351
Accrued interest		20,163	11,535
Short term investments		2,289,551	2,189,860
Cash and bank balances		1,783,867	332,469
		34,278,129	35,674,858
TOTAL ASSETS		120,587,191	124,170,162


Director

Consolidated Condensed Interim Profit and Loss Account

For the quarter ended 30 September 2015 (Un-audited)

	Note	Quarter ended	
		30 September 2015 (Rupees in thousand)	30 September 2014
SALES		17,346,352	20,894,834
COST OF SALES	9	(14,401,530)	(17,667,504)
GROSS PROFIT		2,944,822	3,227,330
DISTRIBUTION COST		(845,732)	(867,485)
ADMINISTRATIVE EXPENSES		(410,163)	(424,698)
OTHER EXPENSES		(28,706)	(34,133)
		(1,284,601)	(1,326,316)
		1,660,221	1,901,014
OTHER INCOME		271,102	257,886
PROFIT FROM OPERATIONS		1,931,323	2,158,900
FINANCE COST		(536,200)	(899,586)
		1,395,123	1,259,314
SHARE OF PROFIT FROM ASSOCIATED COMPANIES		446,611	343,890
PROFIT BEFORE TAXATION		1,841,734	1,603,204
TAXATION		(157,678)	(20,895)
PROFIT AFTER TAXATION		1,684,056	1,582,309
SHARE OF PROFIT ATTRIBUTABLE TO:			
EQUITY HOLDERS OF HOLDING COMPANY		1,228,668	1,194,504
NON-CONTROLLING INTEREST		455,388	387,805
		1,684,056	1,582,309
EARNINGS PER SHARE- BASIC AND DILUTED (RUPEES)	10	3.49	3.40

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 2015 (Un-audited)

	Quarter ended	
	30 September 2015	30 September 2014
	(Rupees in thousand)	
PROFIT AFTER TAXATION	1,684,056	1,582,309
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss	–	–
Items that may be reclassified subsequently to profit or loss:		
Deficit arising on remeasurement of available for sale investments	(1,549,891)	(1,560,251)
Reclassification adjustment for gain included in profit or loss	–	(3,885)
Share of other comprehensive income / (loss) of associates	(752,592)	(531,647)
Exchange differences on translating foreign operations	18,357	16,279
Other comprehensive income / (loss) for the period	(2,284,126)	(2,079,504)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	(600,070)	(497,195)
SHARE OF TOTAL COMPREHENSIVE INCOME / (LOSS) ATTRIBUTABLE TO:		
Equity holders of holding company	(1,055,458)	(885,000)
Non-controlling interest	455,388	387,805
	(600,070)	(497,195)

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 2015 (Un-audited)

	Note	Quarter ended	
		30 September 2015	30 September 2014
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	11	5,976,182	895,883
Finance cost paid		(659,516)	(919,382)
Income tax paid		(184,550)	(150,858)
Long term security deposits received		–	10,005
Net exchange difference on forward exchange contracts received / (paid)		10,670	(3,758)
Net (decrease) / increase in retirement benefit obligation		(85)	819
Net decrease / (increase) in long term loans		5,554	(1,474)
Net increase in long term deposits		(18,854)	(11,724)
Net cash generated from / (used in) operating activities		5,129,401	(180,489)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		46,425	3,458
Dividends received		333,655	308,596
Interest received		12,560	44,530
Investments made		(146,991)	(16,344)
Proceeds from sale of investment		–	67,078
Capital expenditure on property, plant and equipment		(438,572)	(2,262,517)
Net cash used in investing activities		(192,923)	(1,855,199)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		118,427	1,122,635
Repayment of long term financing		(1,217,469)	(1,345,163)
Repayment of liabilities against assets subject to finance lease		–	(18,216)
Exchange difference on translation of net investments in foreign subsidiaries		18,357	16,279
Short term borrowings - net		(2,398,975)	445,173
Dividend paid		(5,420)	(295,799)
Net cash used in financing activities		(3,485,080)	(75,091)
Net increase / (decrease) in cash and cash equivalents		1,451,398	(2,110,779)
Cash and cash equivalents at the beginning of the period		332,469	4,108,507
Cash and cash equivalents at the end of the period		1,783,867	1,997,728

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 2015 (Un-audited)

Share capital	Attributable to equity holders of the holding company													Non-controlling interest	Total equity
	Capital reserves			Revenue reserves			Total reserves		Shareholders' equity	Non-controlling interest	Total equity				
	Premium on issue of right shares	Fair value reserve	Exchange translation reserve	Capital redemption reserve fund	Statutory reserve	Sub total	General reserve	Unappropriated profit				Sub total	Total reserves		
3,515,999	5,499,530	25,823,423	(14,016)	111,002	-	31,419,939	41,036,882	7,365,465	48,402,367	79,822,306	83,338,305	5,073,073	88,411,378		
-	-	-	-	-	-	-	-	1,194,504	1,194,504	1,194,504	1,94,504	387,805	1,582,309		
-	-	(2,095,763)	16,279	-	-	(2,079,504)	-	-	-	(2,079,504)	(2,079,504)	-	(2,079,504)		
-	-	(2,095,763)	16,279	-	-	(2,079,504)	-	1,194,504	1,194,504	(885,000)	(885,000)	387,805	(497,195)		
3,515,999	5,499,530	23,727,640	2,263	111,002	-	29,340,435	41,036,882	8,559,969	49,596,871	78,837,306	82,453,305	5,460,878	87,914,183		
Transaction with owners- Final dividend for the year ended 30 June 2014 @ Rupees 4.00 per share															
-	-	-	-	-	-	-	-	(1,406,399)	(1,406,399)	(1,406,399)	(1,406,399)	-	(1,406,399)		
-	-	-	-	-	-	-	5,813,000	(5,813,000)	-	-	-	-	-		
-	-	-	-	-	35	35	-	(35)	(35)	-	-	-	-		
Transaction with owners- Dividend relating to 2014 paid to non-controlling interest															
-	-	-	-	-	-	-	-	-	-	-	-	(910,641)	(910,641)		
-	-	-	-	-	-	-	-	5,550,742	5,550,742	5,550,742	5,550,742	1,139,005	6,689,747		
-	-	(4,710,107)	(13,269)	-	-	(4,723,376)	-	-	-	(4,723,376)	(4,723,376)	-	(4,723,376)		
-	-	(4,710,107)	(13,269)	-	-	(4,723,376)	-	5,550,742	5,550,742	827,366	827,366	1,139,005	1,966,371		
3,515,999	5,499,530	19,017,533	(11,006)	111,002	35	24,617,094	46,849,882	6,891,297	53,741,179	78,356,273	81,874,272	5,689,242	87,563,514		
Profit for the period															
-	-	-	-	-	-	-	-	1,228,688	1,228,688	1,228,688	1,228,688	455,388	1,684,056		
-	-	(2,302,463)	18,357	-	-	(2,284,126)	-	-	-	(2,284,126)	(2,284,126)	-	(2,284,126)		
-	-	(2,302,463)	18,357	-	-	(2,284,126)	-	1,228,688	1,228,688	(1,055,458)	(1,055,458)	455,388	(600,070)		
3,515,999	5,499,530	16,715,050	7,351	111,002	35	22,332,968	46,849,882	8,119,965	54,969,847	77,302,815	80,818,814	6,144,630	86,963,444		

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

Um member

Chief Executive Officer

[Signature]
Director

Selected Notes to the Consolidated Condensed Interim Financial Information

For the quarter ended 30 September 2015 (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 Commodities (Private) Limited
-Nishat USA, Inc.
-Nishat Linen Trading LLC
-Nishat International FZE
-Nishat Global China Company Limited
-Nishat UK (Private) Limited

NISHAT MILLS LIMITED

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

NISHAT POWER LIMITED

Nishat Power Limited is a public limited Company incorporated in Pakistan under the Companies Ordinance, 1984 and listed on Karachi Stock Exchange 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 7-Main Gulberg, Lahore. 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 COMMODITIES (PRIVATE) LIMITED

This is a wholly owned subsidiary of the Company. The object of the subsidiary company is to carry on the business of trading of commodities including fuels, coals, building material in any form or shape manufactured, semi-manufactured, raw materials and their import and sale in Pakistan. The incorporation date of Nishat Commodities (Private) Limited is 16 July 2015.

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 LLC

Nishat Linen Trading LLC 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 LLC 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 LLC. Date of incorporation of the Company was 29 December 2010. The registered office of Nishat Linen Trading LLC 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 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.

NISHAT GLOBAL CHINA COMPANY LIMITED

Nishat Global China Company Limited is a company incorporated in People's Republic of China on 25 November 2013. It is a wholly owned subsidiary of Nishat International FZE which is a wholly owned subsidiary of Nishat Mills Limited. The primary function of Nishat Global China Company Limited is to competitively source products for the retail outlets operated by Group companies in Pakistan and the UAE.

NISHAT UK (PRIVATE) LIMITED

Nishat UK (Private) Limited is a private limited company incorporated in England and Wales on 8 June 2015. It is a wholly owned subsidiary of Nishat International FZE which is a wholly owned subsidiary of Nishat Mills Limited. The primary function of Nishat UK (Private) Limited is sale of textile and related products in England and Wales through retail outlets and wholesale operations.

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 Karachi, Lahore and Islamabad stock exchanges. This consolidated condensed interim financial information 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 requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail. 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 2015.

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 2015.

Selected Notes to the Consolidated Condensed Interim Financial Information

For the quarter ended 30 September 2015 (Un-audited)

4 CONSOLIDATION

a) Subsidiaries

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

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

Intragroup balances and transactions have been eliminated.

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

b) Associates

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

The Group's share of its associates' 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 2015.

	Un-audited 30 September 2015	Audited 30 June 2015
	(Rupees in thousand)	
6 LONG TERM FINANCING - SECURED		
Opening balance	17,051,304	18,773,400
Add: Obtained during the period / year	118,347	1,769,541
Less: Repaid during the period / year	1,217,469	3,491,823
Add: Currency translation	80	186
	15,952,262	17,051,304
Less: Current portion shown under current liabilities	3,217,383	3,091,154
	12,734,879	13,960,150

7 CONTINGENCIES AND COMMITMENTS

a) Contingencies

- i) Nishat Mills Limited - Holding Company is contingently liable for Rupees 0.631 million (30 June 2015: 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 914.555 million (30 June 2015: Rupees 894.555 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, Pakistan Army and Government of Punjab against fulfillment of sales order and Punjab Power Development Board for issuance of Letter of Interest to set up an electricity generation facility.
- iii) Post dated cheques of Rupees 4,385.307 million (30 June 2015: Rupees 4,067.671 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) The Holding Company has challenged, before Honourable Lahore High Court, Lahore, the vires of SRO 450(1)/2013 dated 27 May 2013 issued under section 8(1)(b) of the Sales Tax Act, 1990 whereby through amendment in the earlier SRO 490(1)/2004 dated 12 June 2004 claim of input sales tax in respect of building materials, electrical and gas appliances, pipes, fittings, wires, cables and ordinary electrical fittings and sanitary fittings have been disallowed. The Honourable Lahore High Court has issued stay order in favour of the Holding Company and has allowed the Holding Company to claim input sales tax paid on such goods in its monthly sales tax returns. Consequently, the Holding Company has claimed input sales tax amounting to Rupees 67.66 million (30 June 2015: Rupees 65.825 million) paid on such goods in its respective monthly sales tax returns.
- v) Holding Company's share in contingencies of associated companies' accounted for under equity method is Rupees 5,129 million (30 June 2015: Rupees 5,131 million).
- vi) National Electric Power Regulatory Authority (NEPRA) issued an order dated 8 February 2013 to Nishat Power Limited - Subsidiary Company through which it 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 Independent Power Producers ('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

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For the quarter ended 30 September 2015 (Un-audited)

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 this consolidated condensed interim financial information.

- vii)** In financial year 2014, a sales tax demand of Rupees 1,218.132 million was raised against Nishat Power Limited- Subsidiary Company through order dated 11 December 2013 by the Assistant Commissioner Inland Revenue ('ACIR') by disallowing input sales tax for the tax periods from July 2010 to June 2012. Such amount was disallowed on the grounds that the revenue derived by the Subsidiary Company on account of 'capacity purchase price' was against a non-taxable supply and thus, the entire amount of input sales tax claimed by the Subsidiary Company was required to be apportioned with only the input sales tax attributable to other revenue stream i.e. 'energy purchase price' admissible to the Subsidiary Company. Against the aforesaid order, the Subsidiary Company preferred an appeal before the Commissioner Inland Revenue (Appeals) ['CIR(A)'] who vacated the ACIR's order on the issue regarding apportionment of input sales tax. However, the CIR(A) did not adjudicate upon the Subsidiary Company's other grounds of appeal. Consequently, the Subsidiary Company preferred an appeal before the Appellate Tribunal Inland Revenue ('ATIR') on the issues not adjudicated upon by the CIR(A) and the Department also preferred a second appeal before the ATIR against the CIR(A)'s order, which are both pending adjudication.

Furthermore, during the financial year 2015, the Deputy Commissioner Inland Revenue ('DCIR') has issued a show cause notice dated 19 August 2014 whereby intentions have been shown to raise a sales tax demand of Rupees 1,722.811 million by disallowing input sales tax claimed by the Subsidiary Company for the tax periods from July 2009 to June 2013 on the above mentioned grounds of the ACIR. Aggrieved by this show cause notice, the Subsidiary Company has filed a writ petition before the Lahore High Court ('LHC'), whereby the LHC through its latest order dated 23 July 2015 has provided interim relief to the Subsidiary Company to the extent that no final order shall be passed by the DCIR until the next hearing.

Based on the advice of the Subsidiary Company's legal counsel, management of the Subsidiary Company believes that there are meritorious grounds to defend the Subsidiary Company's stance in respect of the above mentioned input sales tax claimed by the Subsidiary Company. Consequently, no provision has been made in this consolidated condensed interim financial information.

- viii)** 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 2015: Rupees 45 million) as required under the terms of the Operation and Maintenance agreement.
- ix)** Guarantees of Rupees 6.5 million (30 June 2015: Rupees 5.5 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.

- x)** The bank of Nishat Power Limited - Subsidiary Company has issued an irrevocable standby letter of credit on behalf of the Subsidiary Company in favour of fuel suppliers for Rupees 540.514 million (30 June 2015: Rupees 350 million).
- xi)** Nishat Hospitality (Private) Limited - Subsidiary Company has issued letter of guarantees of Rupees 1.085 million (30 June 2015: Rupees 1.085 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.
- xii)** 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 2.945 million (30 June 2015: Rupees 2.945 million).
- xiii)** Guarantee of Rupees 6 million (30 June 2015: Rupees 4 million) is given by the bank of Nishat Linen (Private) Limited - Subsidiary Company to Director Excise and Taxation, Karachi against infrastructure cess.
- xiv)** Commissioner Inland Revenue (CIR) made certain additions to taxable income of Nishat Linen (Private) Limited - Subsidiary Company for the tax year 2012 assessing the taxable income at Rupees 188.772 million against declared taxable income of Rupees 116.934 million. The Subsidiary Company filed an appeal before the Commissioner Inland Revenue (Appeals) against the order of CIR which was partially allowed. The Subsidiary Company has filed an appeal before Appellate Tribunal Inland Revenue (ATIR) against the order of CIR (Appeals) and expects a favourable outcome of the appeal as it has strong grounds of appeal. Hence, no provision there against has been made in this consolidated condensed interim financial information.
- xvi)** Nishat Linen (Private) Limited - Subsidiary Company is contesting sales tax demands of Rupees 5.534 million (30 June 2015: Rupees 5.534 million) before CIR (Appeals) and ATIR. No provision against these demands has been made in this consolidated condensed interim financial information as the legal advisor of the Subsidiary Company expects a favourable outcome of appeals.
- xvii)** Nishat Linen (Private) Limited - Subsidiary Company has challenged, before Honourable Lahore High Court, Lahore, the vires of SRO 450(1)/2013 dated 27 May 2013 issued under section 8(1)(b) of the Sales Tax Act, 1990 whereby through amendment in the earlier SRO 490(1)/2004 dated 12 June 2004 claim of input sales tax in respect of building materials, electrical and gas appliances, pipes, fittings, wires, cables and ordinary electrical fittings and sanitary fittings have been disallowed. The Honourable Lahore High Court has issued stay order in favour of the Subsidiary Company and has allowed the Subsidiary Company to claim input sales tax paid on such goods in its monthly sales tax returns. Consequently, the Subsidiary Company has claimed input sales tax amounting to Rupees 0.730 million (30 June 2015: 0.730 million) paid on such goods in its respective monthly sales tax returns.

b) Commitments

- i)** Contracts for capital expenditure of the Group are approximately of Rupees 673.014 million (30 June 2015: Rupees 729.358 million).
- ii)** Letters of credit other than for capital expenditure of the Group are of Rupees 603.781 million (30 June 2015: Rupees 513.958 million).
- iii)** Outstanding foreign currency forward contracts of Rupees 6,222.468 million (30 June 2015: Rupees 5,188.737 million)

Selected Notes to the Consolidated Condensed Interim Financial Information

For the quarter ended 30 September 2015 (Un-audited)

- 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 2015	Audited 30 June 2015
	(Rupees in thousand)	
Not later than one year	15,577	15,577
Later than one year and not later than five years	72,692	77,640
	88,269	93,217

- v) In financial year 2015, Nishat Power Limited - Subsidiary Company has extended the agreement with Wartsila Pakistan (Private) Limited for the operations and maintenance (O&M) of the power station, effective from 01 November 2014, until the earlier of 31 December 2015 or the last day of the month in which running hours of the first Generator Set reach 42,500 hours. 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 Consumer Price Index.

	Note	Un-audited 30 September 2015	Audited 30 June 2015
		(Rupees in thousand)	
8	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets		
	Owned	8.1 34,767,800	35,372,840
	Leased	8.2 –	181,191
	Capital work in progress	8.3 3,281,117	2,883,540
	Major spare parts and standby equipments	21,612	23,030
		38,070,529	38,460,601
8.1	Operating fixed assets - Owned		
	Opening book value	35,372,840	32,792,667
	Add: Cost of additions during the period / year	8.1.1 38,220	6,064,142
	Add: Book value of assets transferred from operating fixed assets - leased	8.2 181,191	–
	Less: Book value of deletions during the period / year	8.1.2 28,522	87,632
	Less: Book value of assets transferred to investment properties during the year	–	99,692
		28,522	187,324
		35,563,729	38,669,485
	Less: Depreciation charged for the period / year	799,790	3,300,902
	Add: Currency translation	3,861	4,257
		34,767,800	35,372,840

	Note	Un-audited 30 September 2015 (Rupees in thousand)	Audited 30 June 2015
8.1.1 Cost of additions			
Freehold land		(11,765)	18,049
Buildings on freehold land		427	1,308,314
Plant and machinery		14,477	4,404,451
Electric installations		4,157	72,786
Factory equipment		4,189	10,523
Furniture, fixtures and office equipment		9,061	53,244
Computer equipment		2,819	42,941
Vehicles		14,855	153,822
Kitchen equipments and crockery items		–	12
		38,220	6,064,142
8.1.2 Book value of deletions			
Buildings on freehold land		–	3,664
Plant and machinery		20,352	41,963
Factory equipment		–	161
Furniture, fixtures and office equipment		–	9,990
Computer equipment		66	325
Vehicles		8,104	31,529
		28,522	87,632
8.2 Operating fixed assets - Leased			
Opening book value		181,191	200,675
Less: Depreciation charged during the year		–	19,484
Less: Book value of assets transferred to operating fixed assets-owned	8.1	181,191	–
		–	181,191
8.3 Capital work-in-progress			
Buildings on freehold land		1,586,985	1,453,001
Plant and machinery		1,533,258	1,276,589
Factory equipment		2,332	2,332
Unallocated expenses		87,073	83,926
Letters of credit against machinery		361	600
Advance against purchase of land		35,586	39,023
Advances against furniture, fixtures and office equipment		7,406	5,847
Advances against intangible assets		6,984	3,149
Advances against vehicles		21,132	19,073
		3,281,117	2,883,540

Selected Notes to the Consolidated Condensed Interim Financial Information

For the quarter ended 30 September 2015 (Un-audited)

		Quarter ended	
		30 September 2015	30 September 2014
		(Rupees in thousand)	
9	COST OF SALES		
	Raw materials consumed	9,668,566	12,581,700
	Processing charges	79,685	62,389
	Salaries, wages and other benefits	1,110,619	999,511
	Staff retirement benefits	32,101	27,880
	Stores, spare parts and loose tools consumed	1,178,709	1,123,795
	Packing materials consumed	235,565	247,193
	Repair and maintenance	161,889	183,142
	Fuel and power	1,132,129	1,569,294
	Insurance	51,734	51,222
	Other factory overheads	119,963	145,342
	Depreciation	759,792	741,498
		14,530,752	17,732,966
	Work-in-process		
	Opening stock	1,575,230	2,013,520
	Closing stock	(1,890,528)	(1,959,480)
		(315,298)	54,040
	Cost of goods manufactured	14,215,454	17,787,006
	Finished goods		
	Opening stock	4,337,851	4,022,360
	Closing stock	(4,151,775)	(4,141,862)
		186,076	(119,502)
		14,401,530	17,667,504

		Quarter ended	
		30 September 2015	30 September 2014
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 of Holding Company (Rupees in thousand)	1,228,668	1,194,504
	Weighted average number of ordinary shares of Holding Company (Numbers)	351,599,848	351,599,848
	Earnings per share (Rupees)	3.49	3.40

	Note	Quarter ended	
		30 September 2015	30 September 2014
(Rupees in thousand)			
11 CASH GENERATED FROM OPERATIONS			
Profit before taxation		1,841,734	1,603,204
Adjustments for non-cash charges and other items:			
Depreciation		802,410	789,478
Gain on sale of property, plant and equipment		(17,903)	(1,229)
Gain on sale of investments		–	(8,915)
Dividend income		(333,655)	(308,596)
Profit on deposits with banks		(21,188)	(43,708)
Share of profit from associated companies		(446,611)	(343,890)
Net exchange loss on forward contracts		112,119	52,442
Finance cost		536,200	899,586
Working capital changes	11.1	3,503,076	(1,742,489)
		5,976,182	895,883
11.1 Working capital changes			
(Increase) / decrease in current assets:			
- Stores, spare parts and loose tools		48,282	(559,676)
- Stock in trade		3,046,989	72,993
- Trade debts		(235,133)	(1,638,628)
- Loans and advances		(326,566)	(138,677)
- Short term deposits and prepayments		(106,483)	(29,145)
- Other receivables		644,066	(78,999)
		3,071,155	(2,372,132)
Increase in trade and other payables		431,921	629,643
		3,503,076	(1,742,489)

12 SEGMENT INFORMATION

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

Spinning:	Producing different qualities of yarn using natural and artificial fibers.
Weaving:	Producing 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:	Carrying 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.

Selected Notes to the Consolidated Condensed Interim Financial Information

For the quarter ended 30 September 2015 (Un-audited)

12.2

	(Un-audited)																
	Spinning		Weaving		Processing & Home textile		Garments		Power Generation		Hotel		Elimination of inter-segment transactions		Total-Group		
	Quarter ended	30 Sep 2015	30 Sep 2014	Quarter ended	30 Sep 2015	30 Sep 2014	Quarter ended	30 Sep 2015	30 Sep 2014	Quarter ended	30 Sep 2015	30 Sep 2014	Quarter ended	30 Sep 2015	30 Sep 2014	Quarter ended	30 Sep 2015
Sales	3,560,294	3,589,810	2,809,853	3,078,526	5,794,946	6,303,874	852,000	4,533,816	7,026,434	66,398	44,190	—	—	17,346,352	20,894,834	—	—
External Intersegment	1,067,805	972,526	1,941,819	2,238,084	151,820	158,756	—	1,243,081	1,581,907	498	—	(4,404,811)	(4,952,771)	—	—	—	—
Cost of sales	4,628,199	4,562,336	4,751,672	5,317,610	5,945,786	6,462,630	852,000	5,776,697	8,608,341	66,398	44,688	(4,404,811)	(4,952,771)	17,346,352	20,894,834	—	—
	(4,440,005)	(4,151,552)	(4,417,131)	(4,999,634)	(4,787,263)	(5,268,579)	(77,411)	(4,557,500)	(7,346,757)	(69,678)	(79,164)	4,404,811	4,952,771	(4,401,530)	(17,667,504)	—	—
Gross profit / (loss)	188,194	410,784	334,541	317,976	1,159,503	1,194,051	46,467	1,219,397	1,261,584	(3,280)	(34,476)	—	—	2,944,822	3,227,330	—	—
Distribution cost	(102,689)	(103,597)	(133,864)	(171,016)	(550,953)	(546,200)	(58,006)	(68,291)	(60,898)	—	(14,644)	—	—	(845,732)	(867,465)	—	—
Administrative expenses	(74,587)	(73,329)	(67,292)	(76,202)	(164,690)	(179,308)	(21,017)	(88,291)	(60,898)	(14,296)	(14,644)	—	—	(410,163)	(424,699)	—	—
Profit / (loss) before taxation and unallocated income and expenses	(177,476)	(176,926)	(201,176)	(247,218)	(715,633)	(725,508)	(79,023)	(66,989)	(60,898)	(14,296)	(14,644)	—	—	(1,255,895)	(1,292,183)	—	—
	10,718	233,858	133,365	70,758	443,870	468,543	(32,556)	1,151,106	1,200,686	(17,576)	(49,120)	—	—	1,688,927	1,935,147	—	—
Unallocated income and expenses:																	
Other expenses																(28,706)	(34,133)
Other income																271,102	257,886
Finance cost																(536,200)	(899,586)
Share of profit from associated companies																446,611	343,880
Taxation																(157,678)	(20,885)
Profit after taxation																1,684,056	1,582,309

12.3 Reconciliation of reportable segment assets and liabilities

	(Rupees in thousand)													
	Spinning		Weaving		Processing & Home Textile		Garments		Power Generation		Hotel		Total-Group	
	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited
30 Sep 2015	30 Jun 2015	30 Jun 2015	30 Jun 2015	30 Jun 2015	30 Jun 2015	30 Jun 2015	30 Jun 2015	30 Jun 2015	30 Jun 2015	30 Jun 2015	30 Jun 2015	30 Jun 2015	30 Sep 2015	30 Jun 2015
11,014,666	12,727,263	6,785,356	6,979,544	14,894,945	14,605,958	3,282,403	3,045,076	28,213,431	29,326,795	1,327,612	1,357,055	65,466,413	68,041,651	
Long term investments													47,535,773	49,344,345
Other receivables													1,614,834	2,327,351
Cash and bank balances													1,783,867	332,469
Other corporate assets													4,156,304	4,124,346
Total assets as per balance sheet													20,587,191	24,170,162
Total liabilities for reportable segments													14,351,354	15,694,203
Unallocated liabilities:														
Deferred income tax liability													88,658	103,286
Provision for taxation													1,071,476	904,170
Other corporate liabilities													18,107,259	19,904,989
Total liabilities as per balance sheet													33,623,747	36,606,648

13 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. Detail of transactions with related parties is as follows:

	Quarter ended		
	30 September 2015	30 September 2014	
(Rupees in thousand)			
i) Associated companies			
Investment made	146,991	23,627	
Purchase of goods and services	25,825	44,181	
Sale of goods and services	1,703	3,601	
Rental income	117	215	
Rent paid	3,115	3,115	
Insurance premium paid	106,060	92,316	
Insurance claim received	5,019	12,927	
Profit on term deposit receipt	–	18,518	
Other related parties			
Purchase of goods and services	130,714	254,238	
Sale of goods and services	8,401	1,843	
Sale of operating fixed assets	3,250	–	
Group's contribution to provident fund trust	50,935	43,782	
Remuneration paid to Chief Executive Officer, Director and Executives of the Holding Company	222,135	225,047	
ii) Period end balances	As at 30 September 2015		
	Associated companies	Other related parties	Total
	(Rupees in thousand)		
Trade and other payables	47,552	16,836	64,388
Short term borrowings	43,496	–	43,496
Long term loans	–	82,122	82,122
Trade debts	3,980	–	3,980
Loans and advances	–	37,641	37,641
Other receivables	8,340	–	8,340
Cash and bank balances	330,826	–	330,826
	As at 30 June 2015 (Audited)		
	Associated companies	Other related parties	Total
	(Rupees in thousand)		
Trade and other payables	53,710	11,254	64,964
Accrued Mark-up	781	–	781
Long term loans	–	85,979	85,979
Trade debts	3,051	94	3,145
Loans and advances	364	38,400	38,764
Other receivables	8,340	–	8,340
Cash and bank balances	53,103	–	53,103

Selected Notes to the Consolidated Condensed Interim Financial Information

For the quarter ended 30 September 2015 (Un-audited)

14 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 2015.

15 DATE OF AUTHORIZATION FOR ISSUE

This consolidated condensed interim financial information was approved by the Board of Directors and authorized for issue on 27 October 2015.

16 CORRESPONDING FIGURES

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

17 GENERAL

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



Chief Executive Officer



Director



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