



INSPIRING
Creativity

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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. Ghazanfar Hussain Mirza

Mr. Maqsood Ahmad

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

MCB Islamic Bank Limited

National Bank of Pakistan

NIB Bank Limited

Pak Brunei Investment Company
Limited

Pakistan Kuwait Investment

Company (Private) Limited

PAIR Investment Company 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
2nd 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) 35290748

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 2016.

Operating Financial Results

The profitability of the Company increased significantly in the first quarter of current year as compared to the corresponding quarter of the last year. Profit after tax to sales percentage increased by 2.96% from 2.87% in the corresponding quarter of the last year to 5.83% in current quarter. Increase in profit after tax in the current quarter as compared to profit after tax of corresponding quarter is 97.97% which accounts for a remarkable increase of Rs. 317.395 million. The main reasons for enhanced profitability is the achievement of production efficiencies and better inventory management which are reflected in increase in gross profit to sales percentage from 10.98% in the corresponding quarter of the last year to 12.52% in the current quarter. Moreover, other income also increased by 42.51% as compared to that of corresponding quarter of the last year.

Financial Highlights	Quarter ended 30 September		Increase / (decrease) %
	2016	2015	
Net Sales (Rs. '000')	10,991,925	11,275,276	(2.51)
Gross Profit (Rs. '000')	1,375,891	1,238,239	11.12
Profit after tax (Rs. '000')	641,378	323,983	97.97
Gross Profit (%)	12.52	10.98	
Profit after tax (%)	5.83	2.87	
Earnings per share – (Rs.)	1.82	0.92	

General Market Review and Future Prospects

Textile industry which is a lifeline for Pakistan economy could not perform well in the first quarter of current financial year in comparison with corresponding quarter of the last year. This is a continuation of trend over the last few years which reveal that Pakistan's share in global textile market has declined. Obstacles in growth are ever increasing cost of production and lack of research and development in our industry which make difficult for us to compete internationally. During the first quarter of the current year, cost of production increased once again as a result of increase in minimum wages from Rs. 13,000 per month to Rs. 14,000 per month.

Segment Analysis

Spinning

During the first quarter of financial year, cotton prices in international market remained volatile which made the yarn buyers to adopt wait and see policy creating a decreasing trend in cotton yarn prices. On the other hand, local cotton prices remained at higher level due to continuous procurement by spinners.

Cotton yarn prices in international market were unsupportive for yarn exporters due to uncertain international cotton market scenario. However, marketing team of spinning segment worked hard and was able to secure orders at favorable rates which helped to avoid negative results. Like previous financial year, demand in Hong Kong and China, which are our main markets, remained sluggish; therefore, our marketing team is working hard to enlarge its customer base in other markets like Malaysia, Japan, Korea and Taiwan.

Yarn	Quarter ended 30 September		Increase / (Decrease)	
	2016	2015	Value	% age
Sale – (kgs '000')	5,820	8,772	(2,952)	(33.65)
Rate / kg	289.84	283.65	6.19	2.18
Sale – (Rs. '000')	1,686,888	2,488,208	(801,320)	(32.20)

Weaving

Our exports decreased in the first quarter due to economic slowdown in Europe especially in UK after the Brexit. Our UK business particularly workwear was severely affected by the sudden decrease in the value of pound sterling. Demand in China which is a major market was also quite low.

Our focus for exports is to explore a niche market. In this regard, we have started export of polyester open end fabric used for sun protection. In UK, we are supplying heavy canvas fabric used for tents and marquees. We are also expecting reasonable growth in abrasive fabric market during financial year 2016-17. Growth in business of fashion fabric in Europe is a challenge and we are trying our best to increase our share. During this quarter, we have already started business with two Spanish customers. For fashion fabric business, we have also succeeded in increasing our power stretch business (dual FX) which is an attractive business.

Grey Cloth	Quarter ended 30 September		Increase / (Decrease)	
	2016	2015	Value	% age
Sale – (meters '000')	21,220	19,899	1,321	6.64
Rate / meter	137.15	141.65	(4.50)	(3.18)
Sale – (Rs. '000')	2,910,402	2,818,739	91,663	3.25

As part of BMR, we have decided to replace 68 old 170 cm Tsudakoma looms with wider width looms. In this regard, we are now in discussion with different machinery vendors and hopefully will finalize the deal within second quarter of the current year. We are also focused to increase sales to home textile sector which is expected to generate better returns.

Dyeing

Despite of slow global demand of textile products, volatility in raw material prices and ever increasing cost of production, our Dyeing Segment was able to record positive performance in the first quarter of financial year 2016-17. Even with decreased production and sales in first two months of first quarter, the Segment was able to generate reasonably good profits which helped us to close first quarter on a progressive note. We were able to exhibit good performance because of our persistent efforts, team work, close interaction with customers and pre-emptive approach.

Processed Cloth	Quarter ended 30 September		Increase / (Decrease)	
	2016	2015	Value	% age
Sale – (meters '000')	9,412	11,173	(1,761)	(15.76)
Rate / meter	257.72	256.77	0.95	0.37
Sale – (Rs. '000')	2,425,704	2,868,860	(443,156)	(15.45)

Enhanced profitability is expected in the second quarter because second quarter of financial year is historically a peak phase of our business cycle. However, during this quarter, our biggest challenge is to manage ordered quantities within available production capacities while retaining all important customers. We hope that we will be able to utilize our production capacities efficiently without losing or disturbing any of our strategically important business and maintain our performance level in rest of the fiscal year as well.

Home Textile

The global demand of home textile products decreased further as compared to the last year which placed a great pressure on margins as we had to struggle in order to fully utilize our production capacities. Home textile exports were also affected due to fall in demand after sharp decline in value of pound sterling and Euro due to Brexit move. Although the first quarter of the financial year was closed on positive note but the situation is expected to deteriorate further in the next quarters.

Processed Cloth and Made-ups	Quarter ended 30 September		Increase / (Decrease)	
	2016	2015	Value	% age
Sale – (meters '000')	5,499	4,595	904	19.67
Rate / meter	310.57	333.56	(22.99)	(6.89)
Sale – (Rs. '000')	1,707,841	1,532,724	175,117	11.43

Hence overall situation for home textile sector has become challenging, therefore to cope up with these difficult circumstances, we have invested in value added production technologies such as procurement of modern digital printing machines to cater with local fashion industry and top tier global designer business. Investments have also been made for replacement of some old machines with latest fast production oriented machinery. Measures have been taken to reduce cost and improve productivity by adding new technology and adopting modern procedures instead of short term fixes.

Garments

As usual first quarter of financial year 2016-17 was slow for garments business which is expected to pick pace in the second quarter when most of the garment factories become engaged in production for spring and summer seasons. We are excited about the coming season because of significant enhancement in production capacity after the commissioning of the new Denim Jeans facility.

Garments	Quarter ended 30 September		Increase / (Decrease)	
	2016	2015	Value	% age
Sale – (garments '000')	1,024	804	220	27.36
Rate / garment	775.63	707.61	68.02	9.61
Sale – (Rs. '000')	794,250	568,918	225,332	39.61

We have made huge investment in environmental friendly technologies to make the new plant truly green. As major investment is in solar energy, we expect to provide efficient green energy to our new plant according to its needs by the second quarter of financial year 2016-17.

Marketing Department is working hard to add new customers in our customer portfolio. We have been successful in adding large European Brands as regular clients in our customer base. Our Product Development Department is also working remarkably and producing collections of new products every month to address the Marketing Department's needs.

Power Generation

Installation of the 9.6 MW Wartsila tri-fuel generator which can be operated on furnace oil, diesel and gas, is underway at our spinning production facility at Faisalabad and is expected to be commissioned by November 2016. Apart from electricity generation, this generator will generate 4 tons per hour of steam for yarn dyeing unit operating at Faisalabad. Import of one Solar PV plant with a capacity of 1,260 KW has been completed which will be installed at Garments Segment II and commissioned during the next quarter.

Subsidiary Companies and Consolidated Financial Statements

Nishat Power Limited, Nishat Linen (Private) Limited, Nishat Hospitality (Private) Limited, Nishat Commodities (Private) Limited, Lalpir Solar Power (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.

Acknowledgement

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

For and on behalf of the Board of Directors



Mian Umer Mansha

Chief Executive Officer

28 October 2016

Lahore

Unconsolidated Condensed Interim

Financial Information of Nishat Mills Limited

For the quarter ended 30 September 2016

Unconsolidated Condensed Interim Balance Sheet

As at 30 September 2016

Note	Un-audited 30 September 2016 (Rupees in thousand)	Audited 30 June 2016
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital		
1,100,000,000 (30 June 2016: 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 2016: 351,599,848) ordinary shares of Rupees 10 each	3,515,999	3,515,999
Reserves	79,083,639	78,639,156
Total equity	82,599,638	82,155,155
LIABILITIES		
NON-CURRENT LIABILITIES		
Long term financing- secured	4,478,339	4,629,456
Deferred income tax liability	261,567	261,567
	4,739,906	4,891,023
CURRENT LIABILITIES		
Trade and other payables	5,762,101	5,737,896
Accrued mark-up	74,841	113,320
Short term borrowings	9,034,097	10,475,657
Current portion of non-current liabilities	2,048,337	1,980,768
Provision for taxation	1,392,400	1,245,400
	18,311,776	19,553,041
TOTAL LIABILITIES	23,051,682	24,444,064
CONTINGENCIES AND COMMITMENTS	6	
TOTAL EQUITY AND LIABILITIES	105,651,320	106,599,219

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



Chief Executive Officer

	Note	Un-audited 30 September 2016 (Rupees in thousand)	Audited 30 June 2016
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	24,695,692	24,715,095
Investment properties		471,295	472,765
Long term investments		54,856,313	55,399,080
Long term loans		97,931	97,762
Long term deposits		64,047	63,687
		80,185,278	80,748,389
CURRENT ASSETS			
Stores, spare parts and loose tools		1,350,129	1,269,509
Stock in trade		9,900,200	9,933,736
Trade debts		2,135,361	2,253,369
Loans and advances		6,661,337	6,111,644
Short term deposits and prepayments		133,816	65,433
Other receivables		1,172,226	2,023,092
Accrued interest		11,046	13,662
Short term investments		2,411,089	2,065,217
Cash and bank balances		1,690,838	2,115,168
		25,466,042	25,850,830
TOTAL ASSETS		105,651,320	106,599,219


Director

Unconsolidated Condensed Interim Profit and Loss Account

For the quarter ended 30 September 2016 (Un-audited)

	Note	Quarter ended	
		30 September 2016	30 September 2015
(Rupees in thousand)			
SALES		10,991,925	11,275,276
COST OF SALES	8	(9,616,034)	(10,037,037)
GROSS PROFIT		1,375,891	1,238,239
DISTRIBUTION COST		(531,988)	(522,015)
ADMINISTRATIVE EXPENSES		(290,786)	(275,713)
OTHER EXPENSES		(44,244)	(26,247)
		(867,018)	(823,975)
		508,873	414,264
OTHER INCOME		482,589	338,641
PROFIT FROM OPERATIONS		991,462	752,905
FINANCE COST		(203,084)	(287,922)
PROFIT BEFORE TAXATION		788,378	464,983
TAXATION		(147,000)	(141,000)
PROFIT AFTER TAXATION		641,378	323,983
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	9	1.82	0.92

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 2016 (Un-audited)

	Quarter ended	
	30 September 2016 (Rupees in thousand)	30 September 2015
PROFIT AFTER TAXATION	641,378	323,983
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified 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	(196,895)	(2,697,636)
Other comprehensive loss for the period	(196,895)	(2,697,636)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	444,483	(2,373,653)

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 2016 (Un-audited)

	Note	Quarter ended	
		30 September 2016 (Rupees in thousand)	30 September 2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	10	2,005,870	2,648,886
Finance cost paid		(241,563)	(382,435)
Income tax paid		(159,135)	(142,516)
Exchange gain on forward exchange contracts received		36,114	10,670
Net (increase) / decrease in long term loans to employees		(114)	8,679
Net increase in long term deposits		(360)	(91)
Net cash generated from operating activities		1,640,812	2,143,193
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(585,850)	(391,917)
Proceeds from sale of property, plant and equipment		47,516	44,872
Investments made		-	(147,001)
Loans and advances to subsidiary companies		(5,227,800)	(2,361,918)
Repayment of loans from subsidiary companies		4,862,711	3,386,329
Interest received		23,878	22,736
Dividends received		339,654	333,655
Net cash (used in) / from investing activities		(539,891)	886,756
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		401,402	118,347
Repayment of long term financing		(484,950)	(588,478)
Short term borrowings - net		(1,441,560)	(1,466,812)
Dividend paid		(143)	(254)
Net cash used in financing activities		(1,525,251)	(1,937,197)
Net (decrease) / increase in cash and cash equivalents		(424,330)	1,092,752
Cash and cash equivalents at the beginning of the period		2,115,168	52,219
Cash and cash equivalents at the end of the period		1,690,838	1,144,971

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 2016 (Un-audited)

	(Rupees in thousand)									
	Share capital	Capital reserves					Reserves			Total equity
		Premium on issue of right shares	Fair value reserve		Sub total	General reserve	Revenue reserves		Total	
			Fair value reserve				Unappropriated profit	Sub total		
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	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)	(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	
Transaction with owners - Final dividend for the year ended 30 June 2015 @ Rupees 4.50 per share	-	-	-	-	-	(1,582,199)	(1,582,199)	(1,582,199)	(1,582,199)	
Transferred to general reserve	-	-	-	-	2,329,000	(2,329,000)	-	-	-	
Profit for the period	-	-	-	-	-	4,599,055	4,599,055	4,599,055	4,599,055	
Other comprehensive income for the period	-	-	5,369,129	5,369,129	-	-	-	5,369,129	5,369,129	
Total comprehensive income for the period	-	-	5,369,129	5,369,129	-	4,599,055	4,599,055	9,968,184	9,968,184	
Balance as at 30 June 2016 - (Audited)	3,515,999	5,499,530	35,528,222	41,027,752	32,683,028	4,928,376	37,611,404	78,639,156	82,155,155	
Profit for the period	-	-	-	-	-	641,378	641,378	641,378	641,378	
Other comprehensive loss for the period	-	-	(196,895)	(196,895)	-	-	-	(196,895)	(196,895)	
Total comprehensive income / (loss) for the period	-	-	(196,895)	(196,895)	-	641,378	641,378	444,483	444,483	
Balance as at 30 September 2016 - (Un-audited)	3,515,999	5,499,530	35,331,327	40,830,857	32,683,028	5,569,754	38,252,762	79,083,639	82,599,638	

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 2016 (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 Pakistan Stock Exchange Limited. 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 2016 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 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 2016.

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 2016.

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 2016.

	Un-audited 30 September 2016 (Rupees in thousand)	Audited 30 June 2016
5 LONG TERM FINANCING- SECURED		
Opening balance	6,610,224	7,365,470
Add: Obtained during the period / year	401,402	1,209,108
Less: Repaid during the period / year	484,950	1,964,354
	6,526,676	6,610,224
Less: Current portion shown under current liabilities	2,048,337	1,980,768
	4,478,339	4,629,456

6 CONTINGENCIES AND COMMITMENTS

a) Contingencies

- i) The Company is contingently liable for Rupees 0.631 million (30 June 2016: Rupees 0.631 million) on account of central excise duty not acknowledged as debt as the case is pending before Court.
- ii) Guarantees of Rupees 848.838 million (30 June 2016: Rupees 973.358 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connections, Shell Pakistan Limited and Pakistan State Oil Limited against purchase of furnace oil, Director Excise and Taxation, Karachi against infrastructure cess and Pakistan Army and Government of Punjab against fulfillment of sales order.
- iii) Post dated cheques of Rupees 7,303.660 million (30 June 2016: Rupees 5,800.306 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(I)/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(I)/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 78.368 million (30 June 2016: Rupees 77.482 million) paid on such goods in its respective monthly sales tax returns.

b) Commitments

- i) Contracts for capital expenditure are approximately of Rupees 2,156.294 million (30 June 2016: Rupees 1,031.214 million).
- ii) Letters of credit other than for capital expenditure are of Rupees 436.941 million (30 June 2016: Rupees 338.967 million).
- iii) Outstanding foreign currency forward contracts of Rupees 4,431.856 million (30 June 2016: Rupees 3,345.460 million).

Selected Notes to the Unconsolidated Condensed Interim Financial Information

For the quarter ended 30 September 2016 (Un-audited)

7 PROPERTY, PLANT AND EQUIPMENT

	Note	Un-audited 30 September 2016 (Rupees in thousand)	Audited 30 June 2016
Operating fixed assets - Owned	7.1	22,539,747	23,058,934
Capital work-in-progress	7.3	2,155,945	1,656,161
		24,695,692	24,715,095
7.1 Operating fixed assets - Owned			
Opening book value		23,058,934	21,453,222
Add: Cost of additions during the period / year	7.1.1	86,066	3,661,932
Add: Book value of assets transferred from leased assets to owned assets	7.2	–	181,191
		23,145,000	25,296,345
Less: Book value of deletions / adjustments during the period / year	7.1.2	48,546	77,531
		23,096,454	25,218,814
Less: Depreciation charged during the period / year		556,707	2,159,880
		22,539,747	23,058,934
7.1.1 Cost of additions			
Freehold land		19,535	10,909
Buildings on freehold land		795	1,419,610
Plant and machinery		46,943	2,004,393
Electric installations		81	73,895
Factory equipment		4,115	11,493
Furniture, fixtures and office equipment		3,177	32,620
Computer equipment		1,745	36,409
Vehicles		9,675	72,603
		86,066	3,661,932
7.1.2 Book value of deletions / adjustments			
Freehold land		–	17,989
Buildings on freehold land		67	694
Plant and machinery		19,597	33,073
Electric installations		26,198	–
Furniture, fixtures and office equipment		–	261
Computer equipment		–	166
Vehicles		2,684	25,348
		48,546	77,531

Selected Notes to the Unconsolidated Condensed Interim Financial Information

For the quarter ended 30 September 2016 (Un-audited)

9 EARNINGS PER SHARE - BASIC AND DILUTED

		Quarter ended	
		30 September 2016	30 September 2015
There is no dilutive effect on the basic earnings per share which is based on:			
Profit attributable to ordinary shareholders	(Rupees in thousand)	641,378	323,983
Weighted average number of ordinary shares	(Numbers)	351,599,848	351,599,848
Earnings per share	(Rupees)	1.82	0.92

		Quarter ended	
		30 September 2016	30 September 2015
		(Rupees in thousand)	
Note			
10	CASH GENERATED FROM OPERATIONS		
	Profit before taxation	788,378	464,983
	Adjustments for non-cash charges and other items:		
	Depreciation	558,177	519,227
	Loss / (gain) on sale of property, plant and equipment	1,030	(17,367)
	Dividend income	(339,654)	(333,655)
	Net exchange (gain) / loss	(53,968)	104,465
	Interest income on loans and advances to subsidiary companies	(23,327)	(28,814)
	Finance cost	203,084	287,922
	Working capital changes	872,150	1,652,125
		2,005,870	2,648,886

10.1 Working capital changes

(Increase) / decrease in current assets:		
- Stores, spare parts and loose tools	(80,620)	110,847
- Stock in trade	33,536	1,608,345
- Trade debts	131,592	(564,144)
- Loans and advances	(25,524)	(238,863)
- Short term deposits and prepayments	(68,383)	(6,114)
- Other receivables	858,811	488,370
	849,412	1,398,441
Increase in trade and other payables	22,738	253,684
	872,150	1,652,125

11 SEGMENT INFORMATION

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

Spinning Faisalabad and

Feroze Wattwan: Producing different qualities of yarn using natural and artificial fibers.

Weaving Bhikki and Lahore: Producing different qualities of greige fabric using yarn.

Dyeing: Producing dyed fabric using different qualities of greige fabric.

Home Textile: Manufacturing of home textile articles using processed fabric produced from greige fabric.

Garments I and II: 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 are eliminated from the total.

	(Rupees in thousand)																		
	Spinning			Weaving			Dyeing		Home Textile		Garments		Power Generation		Elimination of inter-segment transactions		Total - Company		
	Faisalabad	Feroze Wafwan	Bhikhi	Lahore	Quarter ended	Quarter ended	Quarter ended	Quarter ended	Quarter ended	Quarter ended									
Sales	1,918,496	2,115,974	772,884	1,002,447	2,283,688	2,082,661	688,784	790,532	2,504,773	2,997,499	1,939,631	1,735,078	750,567	575,841	57,967	-	-	10,981,925	11,275,276
External intersegment	597,931	670,195	236,981	138,666	1,394,724	1,393,336	695,402	571,111	2,597,974	1,503,942	1,52,497	101,926	1,682	186	41,731	-	-	(4,235,443)	-
Cost of sales	2,506,427	2,786,169	1,069,825	1,141,113	3,678,332	3,441,997	1,384,186	1,361,663	2,764,747	3,118,441	2,152,128	1,837,004	752,259	576,027	99,698	-	-	1,228,707	1,248,305
Cost of sales	2,337,471	2,848,139	890,840	(1,080,990)	8,427,068	8,195,649	(1,216,159)	(1,284,298)	2,339,567	2,834,624	(1,911,285)	(1,649,244)	(671,606)	(534,764)	(151,939)	-	-	(1,224,619)	(1,245,443)
Gross profit / loss	169,070	138,034	78,985	601,23	251,326	246,354	178,027	77,395	425,180	463,817	240,883	188,760	80,653	41,263	(92,241)	-	-	4,088	2,523
Distribution cost	(59,188)	(62,361)	(15,677)	(31,378)	(98,729)	(96,330)	(32,168)	(37,332)	(138,434)	(131,207)	(112,827)	(104,581)	(71,053)	(58,006)	(3,333)	-	-	(531,988)	(522,019)
Administrative expess	(52,872)	(55,974)	(16,793)	(17,897)	(45,683)	(43,308)	(25,440)	(23,984)	(63,151)	(50,967)	(62,332)	(45,374)	(23,109)	(21,017)	(6,114)	-	-	(15,715)	(17,192)
Profit / loss before taxation and unallocated income and expenses	(112,040)	(118,835)	(32,470)	(49,279)	(144,889)	(138,838)	(57,428)	(61,336)	(191,950)	(162,174)	(165,159)	(149,959)	(84,159)	(79,823)	(10,049)	-	-	(15,715)	(17,192)
Profit / loss before taxation and unallocated income and expenses	55,970	19,089	46,515	10,948	106,537	105,516	120,919	16,029	233,595	301,643	75,704	38,805	(13,306)	(97,760)	(62,290)	-	-	(11,627)	(14,869)
Unallocated income and expenses:																			
Other expenses																			
Other income																			
Finance cost																			
Taxation																			
Profit after taxation																			
Reconciliation of reportable segment assets and liabilities																			
Other expenses																			
Other income																			
Finance cost																			
Taxation																			
Profit after taxation																			

	(Rupees in thousand)																		
	Spinning			Weaving			Dyeing		Home Textile		Garments		Power Generation		Elimination of inter-segment transactions		Total - Company		
	Faisalabad	Feroze Wafwan	Bhikhi	Lahore	Quarter ended	Quarter ended	Quarter ended	Quarter ended	Quarter ended	Quarter ended									
4,494,845	5,101,420	5,884,319	6,131,241	5,195,331	5,195,631	1,005,237	1,043,317	6,031,033	5,577,425	5,357,381	5,396,824	2,088,944	1,816,734	2,148,763	1,943,239	7,657,820	6,946,771	35,924,893	38,691,5612
Unallocated assets:																			
Long term investments																			
Other receivables																			
Cash and bank balances																			
Other corporate assets																			
Total assets as per balance sheet	578,406	576,547	105,640	101,081	555,904	477,591	178,501	157,231	605,937	531,438	644,936	802,069	372,035	293,277	166,372	1,790,438	1,682,330	4,987,029	4,725,407
Unallocated liabilities:																			
Defined income tax liability																			
Provision for taxation																			
Other corporate liabilities																			
Total liabilities as per balance sheet																			
Other expenses																			
Other income																			
Finance cost																			
Taxation																			
Profit after taxation																			
Reconciliation of reportable segment assets and liabilities																			
Other expenses																			
Other income																			
Finance cost																			
Taxation																			
Profit after taxation																			

Selected Notes to the Unconsolidated Condensed Interim Financial Information

For the quarter ended 30 September 2016 (Un-audited)

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 2016	30 September 2015
	(Rupees in thousand)	
i) Transactions		
Subsidiary companies		
Investment made	–	10
Short term loans made	5,227,800	2,361,918
Repayment of short term loans made	4,862,711	3,386,329
Interest income	23,327	28,814
Rental income	11,262	10,277
Sale of goods and services	1,097,251	707,119
Purchase of goods and services	194,415	416,053
Associated companies		
Investment made	–	146,991
Purchase of goods and services	3,841	5,579
Sale of goods and services	89	81
Rental income	154	117
Dividend income	339,654	333,655
Insurance premium paid	66,062	57,039
Insurance claims received	15,720	5,019
Profit on term deposit receipt	7,286	–
Finance cost	781	–
Other related parties		
Purchase of goods and services	233,149	130,714
Sale of goods and services	22,531	8,401
Sale of operating fixed assets	68	3,250
Company's contribution to provident fund trust	50,845	45,173
Remuneration paid to Chief Executive Officer, Director and Executives	305,620	222,135

ii) Period end balances

As at 30 September 2016

	Subsidiary companies	Associated companies	Other related parties	Total
	(Rupees in thousand)			
Trade and other payables	46,176	28,041	40,925	115,142
Accrued markup	–	466	–	466
Short term borrowings	–	32,180	–	32,180
Long term loans	–	–	90,896	90,896
Trade debts	367,526	–	–	367,526
Loans and advances	4,089,379	–	40,753	4,130,132
Accrued interest	7,940	–	–	7,940
Cash and bank balances	–	507,816	–	507,816

As at 30 June 2016 (Audited)

	Subsidiary companies	Associated companies	Other related parties	Total
	(Rupees in thousand)			
Trade and other payables	32,351	71,844	32,822	137,017
Accrued markup	–	580	–	580
Long term loans	–	–	92,797	92,797
Trade debts	261,957	–	–	261,957
Loans and advances	3,724,291	–	40,732	3,765,023
Accrued interest	8,491	1,758	–	10,249
Cash and bank balances	–	504,294	–	504,294

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 2016.

14 DATE OF AUTHORIZATION FOR ISSUE

This unconsolidated condensed interim financial information was approved by the Board of Directors and authorized for issue on 28 October 2016.

15 CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant re-arrangements 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 2016

Consolidated Condensed Interim Balance Sheet

As at 30 September 2016

Note	Un-audited 30 September 2016 (Rupees in thousand)	Audited 30 June 2016
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital		
1,100,000,000 (30 June 2016: 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 2016: 351,599,848) ordinary shares of Rupees 10 each	3,515,999	3,515,999
Reserves	81,817,060	79,400,014
Equity attributable to equity holders of the Holding Company	85,333,059	82,916,013
Non-controlling interest	6,360,632	6,001,587
Total equity	91,693,691	88,917,600
LIABILITIES		
NON-CURRENT LIABILITIES		
Long term financing - secured	10,919,281	11,487,230
Long term security deposit	159,693	161,283
Retirement benefit obligation	5,900	5,381
Deferred liability - accumulating compensated absences	2,678	2,736
Deferred income tax liability	1,633,376	1,626,036
	12,720,928	13,282,666
CURRENT LIABILITIES		
Trade and other payables	6,704,926	6,376,389
Accrued mark-up	258,173	309,402
Short term borrowings	9,034,098	10,475,657
Current portion of non-current liabilities	3,626,065	3,500,416
Provision for taxation	1,563,746	1,374,735
	21,187,008	22,036,599
TOTAL LIABILITIES	33,907,936	35,319,265
CONTINGENCIES AND COMMITMENTS	7	
TOTAL EQUITY AND LIABILITIES	125,601,627	124,236,865

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



Chief Executive Officer

	Note	Un-audited 30 September 2016 (Rupees in thousand)	Audited 30 June 2016
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	37,964,432	38,097,185
Investment properties		471,295	472,765
Intangible assets		22,719	24,481
Long term investments		50,205,094	49,024,857
Long term loans		116,353	116,979
Long term deposits		140,215	131,575
		88,920,108	87,867,842
CURRENT ASSETS			
Stores, spare parts and loose tools		1,976,046	1,827,949
Stock-in-trade		14,323,745	13,885,352
Trade debts		9,773,125	9,329,634
Loans and advances		3,108,753	3,170,986
Short term deposits and prepayments		298,580	209,219
Other receivables		2,038,141	2,782,581
Accrued interest		6,636	15,762
Short term investments		2,411,089	2,065,217
Cash and bank balances		2,745,404	3,082,323
		36,681,519	36,369,023
TOTAL ASSETS		125,601,627	124,236,865


Director

Consolidated Condensed Interim Profit and Loss Account

For the quarter ended 30 September 2016 (Un-audited)

	Note	Quarter ended	
		30 September 2016 (Rupees in thousand)	30 September 2015 (Rupees in thousand)
SALES		17,038,626	17,307,764
COST OF SALES	9	(14,204,414)	(14,401,530)
GROSS PROFIT		2,834,212	2,906,234
DISTRIBUTION COST		(973,208)	(845,732)
ADMINISTRATIVE EXPENSES		(445,398)	(410,163)
OTHER EXPENSES		(44,244)	(28,706)
		(1,462,850)	(1,284,601)
		1,371,362	1,621,633
OTHER INCOME		469,192	309,690
PROFIT FROM OPERATIONS		1,840,554	1,931,323
FINANCE COST		(394,211)	(536,200)
		1,446,343	1,395,123
SHARE OF PROFIT FROM ASSOCIATED COMPANIES		717,164	446,611
PROFIT BEFORE TAXATION		2,163,507	1,841,734
TAXATION		(196,351)	(157,678)
PROFIT AFTER TAXATION		1,967,156	1,684,056
SHARE OF PROFIT ATTRIBUTABLE TO:			
EQUITY HOLDERS OF HOLDING COMPANY		1,608,111	1,228,668
NON-CONTROLLING INTEREST		359,045	455,388
		1,967,156	1,684,056
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	10	4.57	3.49

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 2016 (Un-audited)

	Quarter ended	
	30 September 2016	30 September 2015
	(Rupees in thousand)	
PROFIT AFTER TAXATION	1,967,156	1,684,056
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	412,563	(1,549,891)
Share of other comprehensive income / (loss) of associates	396,382	(752,592)
Exchange differences on translating foreign operations	(10)	18,357
Other comprehensive income / (loss) for the period	808,935	(2,284,126)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	2,776,091	(600,070)
SHARE OF TOTAL COMPREHENSIVE INCOME / (LOSS) ATTRIBUTABLE TO:		
Equity holders of holding company	2,417,046	(1,055,458)
Non-controlling interest	359,045	455,388
	2,776,091	(600,070)

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 2016 (Un-audited)

	Note	Quarter ended	
		30 September 2016	30 September 2015
(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	11	2,459,422	5,976,182
Finance cost paid		(445,440)	(659,516)
Income tax paid		(163,703)	(184,550)
Long term security deposits made		(1,590)	–
Exchange gain on forward exchange contracts received		36,114	10,670
Net increase / (decrease) in retirement benefit obligation		519	(85)
Net decrease in long term loans		653	5,554
Net increase in long term deposits		(8,640)	(18,854)
Net cash generated from operating activities		1,877,335	5,129,401
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		47,516	46,425
Dividends received		339,654	333,655
Interest received		41,115	12,560
Investments made		–	(146,991)
Capital expenditure on property, plant and equipment		(757,479)	(438,572)
Net cash used in investing activities		(329,194)	(192,923)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		401,403	118,427
Repayment of long term financing		(843,703)	(1,217,469)
Exchange differences on translation of net investments in foreign subsidiaries		(10)	18,357
Short term borrowings - net		(1,441,559)	(2,398,975)
Dividend paid		(1,191)	(5,420)
Net cash used in financing activities		(1,885,060)	(3,485,080)
Net (decrease) / increase in cash and cash equivalents		(336,919)	1,451,398
Cash and cash equivalents at the beginning of the period		3,082,323	332,469
Cash and cash equivalents at the end of the period		2,745,404	1,783,867

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 2016 (Un-audited)

	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	General reserve			
	Premium on issue of right shares	Fair value reserve	Exchange translation reserve	Capital redemption reserve fund	Statutory reserve	Sub total								
	3,515,999	5,499,530	19,017,533	(11,006)	111,002	35	24,617,994	46,849,882	6,891,297	53,741,179	78,568,273	81,874,272	5,689,242	87,563,514
Balance as at 30 June 2015 - (Audited)														
Profit for the period	-	-	-	-	-	-	-	1,228,668	1,228,668	1,228,668	1,228,668	1,228,668	455,388	1,684,056
Other comprehensive income / (loss) for the period	-	(2,302,483)	18,357	-	-	-	(2,284,126)	-	-	-	(2,284,126)	(2,284,126)	-	(2,284,126)
Total comprehensive income / (loss) for the period	-	(2,302,483)	18,357	-	-	-	(2,284,126)	1,228,668	1,228,668	1,228,668	(1,055,458)	(1,055,458)	455,388	(600,070)
Balance as at 30 September 2015 - (Un-audited)	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
Transaction with owners - Final dividend for the year ended 30 June 2015 @ Rupees 4.50 per share	-	-	-	-	-	-	-	(1,582,199)	(1,582,199)	(1,582,199)	(1,582,199)	(1,582,199)	-	(1,582,199)
Transferred to general reserve	-	-	-	-	-	-	5,163,000	(5,163,000)	-	-	-	-	-	-
Transferred to statutory reserve	-	-	-	-	-	197	197	(197)	(197)	-	-	-	-	-
Transaction with owners - Dividend relating to year 2015 paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(1,084,098)	(1,084,098)
Profit for the period	-	-	(1,181,526)	(195)	-	-	(1,181,721)	4,861,119	4,861,119	4,861,119	4,861,119	4,861,119	941,055	5,802,174
Other comprehensive income / (loss) for the period	-	-	-	-	-	-	-	-	-	-	(1,181,721)	(1,181,721)	-	(1,181,721)
Total comprehensive income / (loss) for the period	-	-	(1,181,526)	(195)	-	-	(1,181,721)	4,861,119	4,861,119	4,861,119	3,679,398	3,679,398	941,055	4,620,453
Balance as at 30 June 2016 - (Audited)	3,515,999	5,499,530	15,533,524	7,156	111,002	232	21,151,444	52,012,882	6,235,688	58,246,570	79,400,014	82,916,013	6,001,587	88,917,600
Profit for the period	-	-	808,945	(10)	-	-	808,935	1,608,111	1,608,111	1,608,111	1,608,111	1,608,111	359,045	1,967,156
Other comprehensive income / (loss) for the period	-	-	-	-	-	-	-	-	-	-	808,935	808,935	-	808,935
Total comprehensive income / (loss) for the period	-	-	808,945	(10)	-	-	808,935	1,608,111	1,608,111	1,608,111	2,417,046	2,417,046	359,045	2,776,091
Balance as at 30 September 2016 - (Un-audited)	3,515,999	5,499,530	16,342,469	7,146	111,002	232	21,960,379	52,012,882	7,843,799	59,856,681	81,817,060	85,333,059	6,360,632	91,693,691

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


Chief Executive Officer


Director

Selected Notes to the Consolidated Condensed Interim Financial Information

For the quarter ended 30 September 2016 (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 LLC
- Nishat International FZE
- Nishat Global China Company Limited
- Nishat UK (Private) Limited
- Nishat Commodities (Private) Limited
- Lalpir Solar Power (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 Pakistan Stock Exchange Limited. 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 Pakistan Stock Exchange Limited. 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. Ownership interest held by non-controlling interests in Nishat Power Limited is 48.99% (30 June 2016: 48.99%)

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 sale the textile products by processing the textile goods in own and 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 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 No. 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 No. 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.

NISHAT COMMODITIES (PRIVATE) LIMITED

Nishat Commodities (Private) Limited is a private limited Company incorporated in Pakistan on 16 July 2015 under the Companies Ordinance, 1984. It is a wholly owned subsidiary of Nishat Mills Limited. Its registered office is situated at 53-A, Lawrence Road, Lahore. The principal objects of the 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.

LALPIR SOLAR POWER (PRIVATE) LIMITED

Lalpir Solar Power (Private) Limited is a private limited Company incorporated in Pakistan on 09 November 2015 under the Companies Ordinance, 1984. It is a wholly owned subsidiary of Nishat Power limited which is a subsidiary of Nishat Mills Limited. Its registered office is situated at 53-A, Lawrence Road, Lahore. The principal activity of the Company will be to build, own, operate and maintain or invest in a solar power project.

2 BASIS OF PREPARATION

This consolidated condensed interim financial information is un-audited and is being submitted to share holders as required by section 245 of the Companies Ordinance, 1984. This consolidated condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard (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 2016.

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 2016.

4 CONSOLIDATION

a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Selected Notes to the Consolidated Condensed Interim Financial Information

For the quarter ended 30 September 2016 (Un-audited)

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. Investments in equity method accounted for associates are tested for impairment in accordance with the provisions of IAS 36 'Impairment of Assets'.

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 2016.

	Un-audited 30 September 2016 (Rupees in thousand)	Audited 30 June 2016
6 LONG TERM FINANCING- SECURED		
Opening balance	14,987,646	17,051,304
Add: Obtained during the period / year	401,402	1,209,108
Less: Repaid during the period / year	843,703	3,272,823
Add: Currency translation	1	57
	14,545,346	14,987,646
Less: Current portion shown under current liabilities	3,626,065	3,500,416
	10,919,281	11,487,230

7 CONTINGENCIES AND COMMITMENTS

a) Contingencies

- i) Nishat Mills Limited - Holding Company is contingently liable for Rupees 0.631 million (30 June 2016: Rupees 0.631 million) on account of central excise duty not acknowledged as debt as the case is pending before Court.
- ii) Guarantees of Rupees 848.838 million (30 June 2016: Rupees 973.358 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 and Government of Punjab against fulfillment of sales order.
- iii) Post dated cheques of Rupees 7,303.660 million (30 June 2016: Rupees 5,800.306 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(I)/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(I)/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 78.368 million (30 June 2016: Rupees 77.482 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 6,445 million (30 June 2016: Rupees 5,881 million).
- vi) During the 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. The disallowance was made on the grounds that, revenue derived by the Subsidiary Company on account of 'capacity purchase price' was not chargeable to sales tax, 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. The CIR(A), however, did not adjudicate upon other grounds of appeal agitated by the Subsidiary Company which have been further agitated before Appellate Tribunal Inland Revenue (ATIR) by the Subsidiary Company. Moreover, the department too, has assailed before ATIR, the relief extended by CIR(A) and such litigation is presently pending.

Furthermore, during the financial year 2015, the Deputy Commissioner Inland Revenue (DCIR) issued a show cause notice dated 19 August 2014 whereby intentions were shown to disallow input sales tax for the tax periods of July 2009 to June 2013 on similar grounds, as explained above. The Subsidiary Company agitated the initiation of such

Selected Notes to the Consolidated Condensed Interim Financial Information

For the quarter ended 30 September 2016 (Un-audited)

proceedings through institution of a writ petition before the Lahore High Court (LHC) in respect whereof, through order dated 14 December 2015, interim relief has been granted directing the department to halt the proceedings for the time being.

For the period July 2013 to June 2014, Subsidiary Company's case was selected for audit by 'Federal Board of Revenue' (FBR), which selection was objected to, on jurisdictional basis, by Subsidiary Company by way of filing a writ petition before LHC. While, LHC has allowed the department to proceed with audit proceedings, it has been directed that no adjudication order, consequent to conduct of audit, shall be passed after confronting the audit report. The audit proceedings were completed by the department during the year June 2016 and report thereof has been submitted to the Subsidiary Company seeking explanations in regard to the issues raised therein. In the subject audit report, inter-alia, primarily a disallowance of input sales tax aggregating to Rupees 596.091 million has been confronted on same grounds as explained above.

Based on the advice of the Subsidiary Company's legal counsel, management of the Subsidiary Company considers that there exist meritorious grounds to support the Subsidiary Company's stance that input sales tax incurred by the Subsidiary Company is not legally required to be attributed to revenue representing 'capacity purchase price' and thus disallowance proposed by department would not be upheld by appellate authorities / courts. Consequently, no provision has been made in this consolidated condensed interim financial information on such account.

- vii)** The banks have issued the following on behalf of Nishat Power Limited - Subsidiary Company:
 - a)** Letter of guarantee of Rupees 7.5 million (30 June 2016: Rupees 7.5 million) in favour of Director, Excise and Taxation, Karachi under direction of Sindh High Court in respect of suit filed for levy of infrastructure cess.
 - b)** Letter of guarantees of Rupees 190.682 million (30 June 2016 : Rupees 190.484 million) in favour of fuel suppliers.
- viii)** Nishat Hospitality (Private) Limited - Subsidiary Company has issued letter of guarantees of Rupees 1.085 million (30 June 2016: 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.
- 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 2.945 million (30 June 2016: Rupees 2.945 million).
- x)** Guarantee of Rupees 10 million (30 June 2016: Rupees 6 million) is given by the bank of Nishat Linen (Private) Limited - Subsidiary Company to Director Excise and Taxation, Karachi against infrastructure cess.
- xi)** 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) which was not allowed. The Subsidiary Company has filed an appeal against the order of ATIR with Honorable Lahore High Court, Lahore which suspended the operation of order passed by the ATIR. The Subsidiary Company 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.

- xii)** Nishat Linen (Private) Limited - Subsidiary Company is contesting sales tax demands of Rupees 5.534 million (30 June 2016: 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.
- xiii)** Nishat Linen (Private) Limited - Subsidiary Company has challenged, before Honourable Lahore High Court, Lahore, the vices of SRO 450(I)/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(I)/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 0.765 million (30 June 2016: Rupees 0.765 million) paid on such goods in its respective monthly sales tax returns.
- xiv)** Guarantee of Rupees 1.1 million (30 June 2016: Rupees 1.1 million) is given by the bank of Nishat Commodities (Private) Limited - Subsidiary Company in favour of Director Excise and Taxation to cover the disputed amount of infrastructure cess.

b) Commitments

- i)** Contracts for capital expenditure of the Group are approximately of Rupees 2,168.933 million (30 June 2016: Rupees 1040.070 million).
- ii)** Letters of credit other than for capital expenditure of the Group are of Rupees 676.646 million (30 June 2016: Rupees 938.350 million).
- iii)** Outstanding foreign currency forward contracts of Rupees 4,431.856 million (30 June 2016: Rupees 3,345.460 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 2016 (Rupees in thousand)	Audited 30 June 2016
Not later than one year	12,461	12,461
Later than one year and not later than five years	63,865	60,490
	76,326	72,951

Selected Notes to the Consolidated Condensed Interim Financial Information

For the quarter ended 30 September 2016 (Un-audited)

8 PROPERTY, PLANT AND EQUIPMENT

	Note	Un-audited 30 September 2016 (Rupees in thousand)	Audited 30 June 2016
Operating fixed assets - Owned	8.1	35,501,072	36,136,234
Capital work in progress	8.3	2,321,825	1,818,733
Major spare parts and standby equipment		141,535	142,218
		37,964,432	38,097,185
8.1 Operating fixed assets - Owned			
Opening book value		36,136,234	35,372,840
Add: Cost of additions during the period / year	8.1.1	255,025	4,019,086
Add: Book value of assets transferred from leased assets to owned assets	8.2	–	181,191
		36,391,259	39,573,117
Less: Book value of deletions / adjustments during the period / year	8.1.2	48,546	84,409
		36,342,713	39,488,708
Less: Depreciation charged for the period / year		841,686	3,356,730
Add: Currency translation		45	4,256
		35,501,072	36,136,234
8.1.1 Cost of additions			
Freehold land		19,535	10,909
Buildings on freehold land		795	1,426,295
Plant and machinery		193,102	2,200,596
Electric installations		193	99,655
Factory equipment		4,273	17,462
Furniture, fixtures and office equipment		20,889	110,710
Computer equipment		6,563	56,017
Vehicles		9,675	97,442
		255,025	4,019,086
8.1.2 Book value of deletions / adjustments			
Freehold land		–	17,989
Buildings on freehold land		67	694
Plant and machinery		19,597	34,852
Electric installations		26,198	194
Furniture, fixtures and office equipment		–	1,402
Computer equipment		–	201
Vehicles		2,684	28,995
Kitchen equipments and crockery items		–	82
		48,546	84,409
8.2 Operating fixed assets - Leased			
Opening book value		–	181,191
Less: Book value of assets transferred from leased assets to fixed assets - owned	8.1	–	181,191
		–	–

	Un-audited 30 September 2016 (Rupees in thousand)	Audited 30 June 2016
8.3 Capital work-in-progress		
Buildings on freehold land	628,350	512,838
Plant and machinery	1,312,906	962,867
Factory equipment	–	1,380
Unallocated expenses	13,361	12,284
Letters of credit against machinery	3,857	1,883
Advance against purchase of land	334,851	314,989
Advances against furniture, fixtures and office equipment	11,223	–
Advances against vehicles	17,277	12,492
	2,321,825	1,818,733
	Quarter ended 30 September 2016 (Rupees in thousand)	30 September 2015
9 COST OF SALES		
Raw materials consumed	9,523,926	9,668,566
Processing charges	70,292	79,685
Salaries, wages and other benefits	1,346,820	1,110,619
Staff retirement benefits	37,743	32,101
Stores, spare parts and loose tools consumed	1,209,384	1,178,709
Packing materials consumed	261,408	235,565
Repair and maintenance	86,987	161,889
Fuel and power	1,121,371	1,132,129
Insurance	52,503	51,734
Other factory overheads	161,160	119,963
Depreciation and amortization	803,028	759,792
	14,674,622	14,530,752
Work-in-process		
Opening stock	2,263,340	1,575,230
Closing stock	(2,347,820)	(1,890,528)
	(84,480)	(315,298)
Cost of goods manufactured	14,590,142	14,215,454
Finished goods		
Opening stock	4,606,221	4,337,851
Closing stock	(4,991,949)	(4,151,775)
	(385,728)	186,076
	14,204,414	14,401,530
	Quarter ended 30 September 2016	30 September 2015
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)	1,608,111	1,228,668
Weighted average number of ordinary shares of Holding Company (Numbers)	351,599,848	351,599,848
Earnings per share (Rupees)	4.57	3.49

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For the quarter ended 30 September 2016 (Un-audited)

Note	Quarter ended	
	30 September 2016	30 September 2015
(Rupees in thousand)		
11 CASH GENERATED FROM OPERATIONS		
Profit before taxation	2,163,507	1,841,734
Adjustments for non-cash charges and other items:		
Depreciation and amortization	844,918	802,410
Loss / (Gain) on sale of property, plant and equipment	1,030	(17,903)
Dividend income	(339,654)	(333,655)
Profit on deposits with banks	(31,989)	(21,188)
Share of profit from associated companies	(717,164)	(446,611)
Reversal of provision for accumulated compensated absences	(58)	-
Net exchange (gain) / loss	(52,913)	104,465
Finance cost	394,211	536,200
Working capital changes	11.1 197,534	3,510,730
	2,459,422	5,976,182
11.1 Working capital changes		
(Increase) / decrease in current assets:		
- Stores, spare parts and loose tools	(148,097)	48,282
- Stock in trade	(438,393)	3,046,989
- Trade debts	(430,962)	(227,479)
- Loans and advances	225,909	(326,566)
- Short term deposits and prepayments	(89,361)	(106,483)
- Other receivables	750,320	644,066
	(130,584)	3,078,809
Increase in trade and other payables	328,118	431,921
	197,534	3,510,730

12 SEGMENT INFORMATION

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

Spinning Faisalabad,

Feroze Wattwan and Lahore: Producing different qualities of yarn using natural and artificial fibers.

Weaving Bhikhi and Lahore: Producing different qualities of greige fabric using yarn.

Dyeing: Producing dyed fabric using different qualities of greige fabric.

Home Textile: Manufacturing of home textile articles using processed fabric produced from greige fabric.

Garments I and II: Manufacturing of garments using processed fabric.

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

Hotel: To carry on the business of hotel and allied services.

Transactions among the business segments are recorded at cost basis. Inter-segment sales and purchases are eliminated from the total.

Selected Notes to the Consolidated Condensed Interim Financial Information

For the quarter ended 30 September 2016 (Un-audited)

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 2016	30 September 2015	
	(Rupees in thousand)		
i) Transactions			
Associated companies			
Investment made	–	146,991	
Purchase of goods and services	31,059	25,825	
Sale of goods and services	3,194	1,703	
Rental income	154	117	
Rent paid	15,357	3,115	
Insurance premium paid	119,487	106,060	
Insurance claims received	21,068	5,019	
Profit on term deposit receipt	7,286	–	
Finance cost	4,301	–	
Other related parties			
Purchase of goods and services	241,609	130,714	
Sale of goods and services	23,657	8,401	
Sale of operating fixed assets	96	3,250	
Group's contribution to provident fund trust	55,886	50,935	
Remuneration paid to Chief Executive Officer, Director and Executives of the Holding Company	305,620	222,135	
ii) Period end balances	As at 30 September 2016		
	Associated companies	Other related parties	Total
	(Rupees in thousand)		
Trade and other payables	32,693	40,953	73,646
Accrued markup	466	–	466
Short term borrowings	32,180	–	32,180
Long term loans	–	106,770	106,770
Trade debts	4,335	15	4,350
Loans and advances	–	44,240	44,240
Short term deposits and prepayments	6,418	–	6,418
Cash and bank balances	1,204,809	–	1,204,809

As at 30 June 2016 (Audited)

	Associated companies	Other related parties	Total
	(Rupees in thousand)		
Trade and other payables	83,630	32,850	116,480
Long term loans	–	109,190	109,190
Trade debts	4,281	220	4,501
Loans and advances	20	44,449	44,469
Other receivables	2,732	–	2,732
Accrued interest	1,758	–	1,758
Cash and bank balances	988,374	2	988,376

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 2016.

15 DATE OF AUTHORIZATION FOR ISSUE

This consolidated condensed interim financial information was approved by the Board of Directors and authorized for issue on 28 October 2016.

16 CORRESPONDING FIGURES

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

17 GENERAL

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


Chief Executive Officer


Director

ڈائریکٹرز رپورٹ (جاری ہے)

اضافہ (کمی)		30 ستمبر تختہ سہ ماہی		گارمنٹس
فیصد	قدر	2015	2016	
27.36	220	804	1,024	فروخت - (گارمنٹس '000)
9.61	68.02	707.61	775.63	قیمت فی گارمنٹ
39.61	225,332	568,918	794,250	فروخت - ('000 روپے)

ہم نے نئے پلانٹ کو بیچ معنوں میں گرین بنانے کے لئے ماحول دوست ٹیکنالوجی میں بھاری سرمایہ کاری کی ہے۔ اہم سرمایہ کاری سٹیشی توانائی میں ہے، ہم مالی سال 2016-17 کی دوسری سہ ماہی میں اس کی ضروریات کے مطابق اپنے نئے پلانٹ کے لئے موثر گرین توانائی فراہم کرنے کی توقع کرتے ہیں۔

مارکیٹنگ ڈیپارٹمنٹ ہماری کسٹمر پورٹ فولیو میں نئے صارفین کو شامل کرنے کے لئے سخت محنت کر رہا ہے۔ ہم اپنی کسٹمرز میں مستقل صارفین کا اضافہ کرنے کے لئے بڑے پورٹی برانڈز شامل کرنے میں کامیاب رہے ہیں۔ ہماری مصنوعات کی ترقی کا حکمہ بھی قابل ذکر کام کر رہا ہے اور مارکیٹنگ ڈیپارٹمنٹ کی ضروریات پوری کرنے کے لئے ہر ماہ نئی مصنوعات کا مجموعہ پیدا کر رہا ہے۔

پاور جزیشن

تین ایندھنوں پر چلنے والے 9.6 میگا واٹ Wartsila جنریٹر جو فرانس آئل، ڈیزل اور گیس پر چلایا جاسکتا ہے فیصل آباد میں ہماری سپنگ کی فیکٹری میں تنصیب جاری ہے اور نومبر 2016ء میں اس کی کمیٹینگ ہونے کا امکان ہے، بجلی پیدا کرنے کے علاوہ یہ جزیئر فیصل آباد میں یارن ڈائنگ یونٹ چلانے کے لئے 4 ٹن فی گھنٹہ بھاپ پیدا کرے گا۔ 1,260 کلو واٹ کی صلاحیت والا ایک سٹیشی توانائی PV پلانٹ درآمد کر لیا گیا ہے جو گارمنٹس سیکٹ II میں نصب کیا جائے گا اور اگلی سہ ماہی کے دوران اس کی کمیٹینگ ہوگی۔

ذیلی کمپنیاں اور کنسولڈیٹڈ مالیاتی حسابات

نشاط پاور لمیٹڈ، نشاط لینن (پرائیویٹ) لمیٹڈ، نشاط ہاسٹیلٹی (پرائیویٹ) لمیٹڈ، نشاط کموڈیٹیز (پرائیویٹ) لمیٹڈ، لال پیر سولر پاور (پرائیویٹ) لمیٹڈ، نشاط یو ایس اے انکارپورٹڈ، نشاط لینن ٹریڈنگ LLC، نشاط انٹرنیشنل FZE، نشاط گلوبل چائنہ کمپنی لمیٹڈ اور نشاط UK (پرائیویٹ) لمیٹڈ ہماری کمپنی کی ذیلی کمپنیوں کی پورٹ فولیو میں شامل ہیں۔ لہذا، کمپنی نے انٹرنیشنل فنانشل رپورٹنگ سٹینڈرڈز کی ضروریات کے مطابق اپنی سپر ایٹ کنڈر سٹینڈرڈز کی مالیاتی معلومات کے علاوہ کنسولڈیٹڈ کنڈر سٹینڈرڈز کی مالیاتی معلومات منسلک کی ہیں۔

اظہار تشکر

مجلس نظماً انتظامیہ، عملہ اور کارکنوں کی کوششوں کو سراہتی ہے۔

منجانب بورڈ آف ڈائریکٹرز

Um masha

میاں عمر نشا

چیف ایگزیکٹو آفیسر

28 اکتوبر 2016ء

لاہور

اضافہ (کمی)		30 ستمبر تختہ سہ ماہی		پروسیسڈ کلاٹھ
فیصد	قدر	2015	2016	
(15.76)	(1,761)	11,173	9,412	فروخت - (میٹرز '000)
0.37	0.95	256.77	257.72	قیمت فی میٹر
(15.45)	(443,156)	2,868,860	2,425,704	فروخت - ('000 روپے)

دوسری سہ ماہی میں بہتر منافع کی توقع ہے کیونکہ مالی سال کی دوسری سہ ماہی تاریخی طور پر ہمارے کاروباری سائیکل کا ایک چوٹی کا مرحلہ ہوتی ہے۔ تاہم، اس سہ ماہی کے دوران، ہمارا سب سے بڑا چیلنج دستیاب پیداواری صلاحیت کے مطابق فروختی آرڈرز کو مکمل کرنا ہوتا ہے تاکہ تمام اہم صارفین کی ضروریات کو پورا کیا جاسکے۔ ہمیں امید ہے کہ ہم اپنے کسی اہم کاروبار کو کھوئے یا متاثر کئے بنا اپنی پیداواری صلاحیتوں کا موثر طریقے سے استعمال کریں گے اور اپنی کارکردگی کی سطح کو مالی سال کے باقی حصوں میں برقرار رکھیں گے۔

ہوم ٹیکسٹائل

ہوم ٹیکسٹائل کی عالمی طلب گزشتہ سال کے مقابلے میں مزید کم ہو گئی جس سے مارچن پر بڑا دباؤ پڑا ہے کیونکہ ہماری پیداواری صلاحیتوں کو مکمل طور پر استعمال کرنے کے لئے ہمیں سخت جدوجہد کرنا پڑی۔ ہوم ٹیکسٹائل کی برآمدات بھی Brexit کی وجہ سے پاؤنڈ اسٹرلنگ اور یورو کی قدر میں تیزی سے کمی کے بعد طلب کرنے کے باعث متاثر ہوئیں۔ اگرچہ مالی سال کی پہلی سہ ماہی مثبت انداز میں اختتام پذیر ہوئی لیکن اگلی سہ ماہیوں میں صورت حال مزید خراب ہونے کی توقع ہے۔

اضافہ (کمی)		30 ستمبر تختہ سہ ماہی		پروسیسڈ کلاٹھ اینڈ میڈ اپس
فیصد	قدر	2015	2016	
19.67	904	4,595	5,499	فروخت - (میٹرز '000)
(6.89)	(22.99)	333.56	310.57	قیمت فی میٹر
11.43	175,117	1,532,724	1,707,841	فروخت - ('000 روپے)

لہذا ہوم ٹیکسٹائل سیکٹر کی مجموعی صورتحال ایک مشکل مرحلہ بنی گئی ہے۔ اس لئے اس صورت حال سے نمٹنے کے لئے ہم نے ویلیو ایڈڈ پروڈکشن ٹیکنالوجی جیسا کہ مقامی فیشن انڈسٹری اور سب سے اعلیٰ درجے کے عالمی ڈیزائنرز کاروبار کی ضروریات کو پورا کرنے کے لئے جدید ڈیجیٹل پرنٹنگ مشینوں کی خریداری میں سرمایہ کاری کی ہے۔ مزید سرمایہ کاری چنڈ پرائی مشینوں کی جدید ترین پیداوار دینے والی مشینوں کے ساتھ تبدیلی کے لئے کی گئی ہے۔ مختصر مدتی حل کی بجائے نئی ٹیکنالوجی کا حصول اور جدید طریقہ کار اپنا کر لاگت کم کرنے اور پیداوار کو بہتر بنانے کیلئے اقدامات اٹھائے گئے ہیں۔

گارمنٹس

مالی سال 2016-17 کی پہلی سہ ماہی معمول کے مطابق گارمنٹس کاروبار کے لئے نسبتاً تھی جبکہ دوسری سہ ماہی میں بہتری کی توقع کی جاتی ہے جب اکثر گارمنٹس ٹیکسٹائل موسم بہار اور موسم گرما کے لئے پیداوار میں مصروف ہو جاتی ہیں۔ ہم نئی ڈیزائنز، چیزیں، نمونوں کی کمشنگ کے بعد پیداواری صلاحیت میں نمایاں اضافہ کی وجہ سے آنے والے موسم کے بارے میں بہت پر جوش ہیں۔

ڈائریکٹرز رپورٹ (جاری ہے)

اضافہ / (کمی)		30 ستمبر تختہ سہ ماہی		یارن
فیصد	قدر	2015	2016	
(33.65)	(2,952)	8,772	5,820	فروخت - (کلوگرام '000)
2.18	6.19	283.65	289.84	قیمت فی کلو
(32.20)	(801,320)	2,488,208	1,686,888	فروخت - ('000' روپے)

ویونگ

ہماری برآمدات میں Brexit کے بعد خاص طور پر برطانیہ، یورپ میں اقتصادی بحران کی وجہ سے پہلی سہ ماہی میں کمی واقع ہوئی۔ ہمارا برطانوی کاروبار خاص طور پر روڈی کا کام پاؤنڈ اسٹریلنگ کی قدر میں اچانک کمی کے باعث شدید متاثر ہوا۔ چین جو ہماری اہم مارکیٹ ہے میں بھی طلب بہت کمی تھی۔

برآمدات کے لئے ہم ایک مخصوص مارکیٹ کی تلاش پر توجہ مرکوز کر رہے ہیں۔ اس سلسلے میں، ہم نے دھوپ سے تحفظ کے لئے استعمال ہونے والے اوپن انڈ کے پالیسیٹر کپڑے کی برآمد شروع کر دی ہے۔ برطانیہ میں، ہم نیچے اور کونپی کے لئے استعمال ہونے والے بھاری کیٹوں فیبرک فراہم کر رہے ہیں۔ ہم مئی سال 2016 کے دوران ایرلینڈ فیبرک کی مارکیٹ میں بھی معقول نمونہ کی توقع کر رہے ہیں۔ یورپ میں فیشن کے کپڑے کے کاروبار میں ترقی ایک چیلنج ہے اور ہم اپنے کاروباری حصے میں اضافہ کرنے کی پوری کوشش کر رہے ہیں۔ اس سہ ماہی کے دوران، ہم نے پہلے ہی دو ہسپانوی صارفین کے ساتھ کاروبار شروع کر دیا ہے۔ فیشن کے کپڑے کے کاروبار کے لئے ہم اپنا پاور سٹریچ کاروبار (ڈبیل FX) جو ایک پُر کشش کاروبار ہے میں بھی اضافہ کرنے میں کامیاب ہوئے ہیں۔

اضافہ / (کمی)		30 ستمبر تختہ سہ ماہی		گرے کلاٹھ
فیصد	قدر	2015	2016	
6.64	1,321	19,899	21,220	فروخت - (میٹر '000)
(3.18)	(4.50)	141.65	137.15	قیمت فی میٹر
3.25	91,663	2,818,739	2,910,402	فروخت - ('000' روپے)

BMR کے سلسلے میں، ہم نے پرانی ڈسٹھ 170 سینٹی میٹر Tsudakoma لومز کو وسیع چوڑائی کی لومز کے ساتھ تبدیل کرنے کا فیصلہ کیا ہے۔ جس کے لئے اب ہم مختلف مشینری وینڈرز کے ساتھ گفت و شنید میں مصروف ہیں اور امید ہے کہ موجودہ سال کی دوسری سہ ماہی میں سودا حتمی ہو جائے گا۔ ہم اپنی اشیاء کی ہوم ٹیکسٹائل سیکٹر کو فروخت میں اضافہ پر توجہ مرکوز کر رہے ہیں جس سے بہتر منافع ہونے کی امید کی جاتی ہے۔

ڈائنگ

ٹیکسٹائل مصنوعات کی سست عالمی طلب، خام مال کی قیمتوں میں اتار چڑھاؤ اور پیداوار کی لاگت مسلسل بڑھنے کے باوجود، ہمارے شعبہ ڈائنگ نے مالی سال 2016-17 کی پہلی سہ ماہی میں مثبت کارکردگی ظاہر کی ہے۔ یہاں تک کہ پہلی سہ ماہی کے پہلے دو ماہ میں پیداوار اور فروخت میں کمی واقع ہوئی پھر بھی شعبہ معقول حد تک اچھا منافع کمانے کے قابل رہا جس نے پہلی سہ ماہی کو بڑھتے ہوئے منافع پر ختم کرنے میں ہماری مدد کی۔ ہم اپنی مسلسل کوششوں، ٹیم ورک، صارفین کے ساتھ قریبی روابط اور پیشگی انداز کار کی وجہ سے اچھی کارکردگی دکھانے کے قابل ہوئے۔

ڈائریکٹرز رپورٹ

نشاط ملز لمیٹڈ ("کمپنی") کی مجلسِ نظامہ 30 ستمبر 2016ء کو ختم ہونے والی سہ ماہی کے لئے مجلسِ نظامہ کی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتی ہے۔

آپریٹنگ مالیاتی نتائج

گزشتہ سال کی پہلی سہ ماہی کے مقابلے میں کمپنی کے منافع میں رواں سال کی پہلی سہ ماہی میں نمایاں اضافہ ہوا۔ گزشتہ سال کی اسی سہ ماہی میں بعد از ٹیکس منافع کا فروخت سے تناسب 2.87 فی صد سے رواں سہ ماہی میں 5.83 فی صد تک بڑھ گئی جو کہ 2.96 فی صد کا ایک گراں قدر اضافہ ہے۔ رواں سہ ماہی میں بعد از ٹیکس منافع میں اضافہ گزشتہ سہ ماہی میں بعد از ٹیکس منافع کے مقابلے میں 97.97 فی صد ہے جو ایک قابل ذکر 317.395 ملین روپے کا اضافہ شمار ہوتا ہے۔ منافع میں اضافہ کی اہم وجوہات پیداوار کی استعداد کار اور بہتر انویسٹری مینجمنٹ ہیں جو گزشتہ سال کی اسی سہ ماہی میں 10.98 فی صد سے موجودہ سہ ماہی میں 12.52 فی صد تک مجموعی منافع کی فروخت سے شرح میں اضافہ کی عکاسی کر رہے ہیں۔ اس کے علاوہ، دیگر آمدنی بھی گزشتہ سال کی اسی سہ ماہی کے مقابلے میں 42.51 فی صد زیادہ ہوئی۔

مالی جھلکیاں	30 ستمبر تک سہ ماہی		اضافہ/(کمی)
	2015	2016	
خالص فروخت (روپے '000)	11,275,276	10,991,925	(2.51)
مجموعی منافع (روپے '000)	1,238,239	1,375,891	11.12
بعد از ٹیکس منافع (روپے '000)	323,983	641,378	97.97
مجموعی منافع (فیصد)	10.98	12.52	
بعد از ٹیکس منافع (فیصد)	2.87	5.83	
فی ٹیڈر آمدنی - (روپے)	0.92	1.82	

عام مارکیٹ کا جائزہ اور مستقبل کے امکانات

ٹیکسٹائل صنعت جو پاکستان کی معیشت کی روح رواں ہے گزشتہ سال کی اسی سہ ماہی کے مقابلے میں رواں مالی سال کی پہلی سہ ماہی میں اچھی کارکردگی کا مظاہرہ نہیں کر سکی۔ یہ گزشتہ چند سالوں کے دوران رجحان کا ایک تسلسل ہے جو یہ ظاہر کرتا ہے کہ عالمی ٹیکسٹائل مارکیٹ میں پاکستان کا حصہ کم ہو گیا ہے۔ مسلسل بڑھتی ہوئی لاگت اور ریسرچ و ڈویلپمنٹ کا فقدان ترقی کی راہ میں رکاوٹیں ہیں جنہوں نے بین الاقوامی سطح پر مقابلہ کرنے کی صلاحیت کو مشکل بنا دیا ہے۔ موجودہ سال کی پہلی سہ ماہی کے دوران، پیداوار کی لاگت کم از کم اجرت میں 13,000 روپے ماہانہ سے 14,000 روپے ماہانہ اضافہ کے نتیجے میں ایک بار پھر بڑھ گئی ہے۔

شعبہ وار تجزیہ

سپننگ

مالی سال کی پہلی سہ ماہی کے دوران، بین الاقوامی مارکیٹ میں کپاس کی قیمتیں غیر مستحکم رہیں جس کی وجہ سے کاشن یارن کے خریداروں نے دیکھو اور انتظار کر کے پالیسی اختیار کی جس کی وجہ سے کاشن یارن کی قیمتوں میں کمی کارخانہ پیدا ہوا۔ دوسری طرف، مقامی کپاس کی قیمتیں اسپنروں کی طرف سے مسلسل خریداری کی وجہ سے اونچی سطح پر رہیں۔

بین الاقوامی مارکیٹ میں کاشن یارن کی قیمتیں غیر یقینی انٹرنیشنل کاشن مارکیٹ منظر نامے کی وجہ سے یارن برآمد کنندگان کے لیے بے سود تھیں۔ تاہم، سپننگ شعبہ کی مارکیٹنگ ٹیم نے سخت محنت کی اور اچھی قیمتیں حاصل کرنے میں کامیاب ہوئی جنہوں نے ضمنی نتائج سے بچنے کے لئے مدد کی۔ گزشتہ مالی سال کی طرح ہانگ کانگ اور چین جو ہماری اہم مارکیٹیں ہیں میں طلب سست رہی، لہذا، ہماری مارکیٹنگ ٹیم ملائیشیا، جاپان، کوریا اور تائیوان کی طرح کی دیگر مارکیٹوں میں اپنی کوششیں کو وسعت دینے کے لئے سخت محنت کر رہی ہے۔



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