

Interim Financial Report of **Nishat Mills Limited**
for the period ended March 31, 2016

DELIVERING *Despite the Odds*



Contents

Nishat Mills Limited

Company Information	02
Directors' Report	04
Unconsolidated Condensed Interim Balance Sheet	10
Unconsolidated Condensed Interim Profit and Loss Account	12
Unconsolidated Condensed Interim Statement of Comprehensive Income	13
Unconsolidated Condensed Interim Cash Flow Statement	14
Unconsolidated Condensed Interim Statement of Changes in Equity	15
Selected Notes to the Unconsolidated Condensed Interim Financial Information	16

Nishat Mills Limited and its Subsidiary Companies

Consolidated Condensed Interim Balance Sheet	26
Consolidated Condensed Interim Profit and Loss Account	28
Consolidated Condensed Interim Statement of Comprehensive Income	29
Consolidated Condensed Interim Cash Flow Statement	30
Consolidated Condensed Interim Statement of Changes in Equity	31
Selected Notes to the Consolidated Condensed Interim Financial Information	32

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. Ghazanfar Hussain Mirza

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. Sheikhupura Faisalabad Road,
Feroze Watwan.

Weaving units & Power plant

12 K.M. Faisalabad Road, Sheikhupura.

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 nine month period ended 31 March 2016.

Operating Financial Results

The profitability of the Company increased remarkably in nine month period of current year as compared to the corresponding nine month period of the last year. Profit after tax to sales percentage increased significantly from 6.76% in the corresponding nine month period of the last year to 9.86% in nine month period of the current year. Despite reduction in the topline by 7.44%, the Company achieved these remarkable results due to improvement in the performance of value added business, the use of best possible fuel mix and achievement of cost efficiencies due to better cost controls. Contribution from other income was also significant which grew by 7.84% in the current nine month period as compared to the corresponding nine month period of the last year.

Financial Highlights	Nine months ended 31 March		Increase/ (decrease) %
	2016	2015 (Restated)	
Net Sales (Rs. '000')	36,195,986	39,106,469	(7.44)
Gross Profit (Rs. '000')	4,926,998	4,618,082	6.69
Profit before tax (Rs. '000')	4,139,363	2,770,194	49.43
Profit after tax (Rs. '000')	3,567,363	2,644,194	34.91
Gross Profit (%)	13.61	11.81	
Profit after tax (%)	9.86	6.76	
Earnings per share – (Rs.)	10.15	7.52	

As a result of reduction in average borrowing rate due to effective financial management of the Company, finance cost also decreased by 44.82%.

General Market Review and Future Prospects

Overall performance of textile sector in the first nine months of financial year 2015-16 was sluggish. Textile exports of the country recorded a declining trend. Poor show by textile industry is mainly attributed to the high cost of doing business as compared to their competitors in international markets. Textile industry in Pakistan is facing problems like energy shortage, heavy taxes and constant increase in minimum wages.

After showing poor performance in the first quarter, value added textile sector gained some momentum and performed relatively better in the second and third quarters of financial year 2015-16. This exhibition of positive performance by value added sector is mainly accredited to momentary surge in global demand and benefit of devaluation of Pak Rupee against US Dollar.

However, spinning and weaving sectors in Pakistan could not register positive performance in first three quarters of current financial year. Exporters of these sectors have been relying on China for last many years and due to slowdown in China, yarn and greige fabric exports from Pakistan have declined significantly. Poor cotton crop, reduced demand of cotton yarn and greige fabric from China coupled with ongoing energy crises and high rates of taxes that significantly added to the cost of doing business have rendered textile exports of these sectors uncompetitive in the world market. We expect that the business environment of these sectors will continue to remain challenging in Pakistan in future also because of continued power shortages, absence of skilled Labor and ever increasing cost of doing business.

Segment Analysis

Spinning

Early optimism for expected low prices of cotton at the start of financial year 2015-16 faded away by the end of first quarter due to short fall of cotton and poor quality of cotton crop which caused the cotton rates to move upward. The Company bought cotton from the new crop during the first half of the financial year to fulfill needs of its Spinning Division. Despite the use of different strategies in cotton purchase including import of cotton from diverse sources, the objective of the Company to procure a low cost cotton stock mix could not be achieved.

Yarn	Nine months ended 31 March		Increase / (Decrease)	
	2016	2015	Value	% age
Sale – (kgs '000')	23,711	24,383	(672)	(2.76)
Rate / kg	270.33	306.89	(36.56)	(11.91)
Sale – (Rs. '000')	6,409,882	7,482,780	(1,072,898)	(14.34)

Both price and demand for cotton yarn in international market remained low during the nine month period ended 31 March 2016. This scenario along with expensive cotton stocks negatively affected the profitability of the Company. At the start of the financial year, situation in local market was also not favorable, but demand in local market slightly improved during second quarter which has persisted till the end of third quarter. The main markets of cotton yarn, Hong Kong / China, remained sluggish; however, marketing team worked hard to get business from other markets such as Malaysia, Japan, Korea and Taiwan. Nevertheless, difficult situation is expected to be continued in the remaining months of this fiscal year.

Weaving

Demand for grey fabric in international market remained low during the first nine months of the financial year due to adverse economic conditions and poor quality of available cotton. Moreover, stiff competition due to imbalance in demand and supply substantially reduced the profit margins. Sales to China decreased significantly which caused increase in supply of grey fabric in the local market hence adversely affecting the prices of grey fabric. However, steady growth was recorded in our workwear / technical fabric business which is a positive indicator. On the contrary, recent increase in the prices of Polyester Staple Fiber (PSF) may cause a further decrease in sales in coming months.

Grey Cloth	Nine months ended 31 March		Increase / (Decrease)	
	2016	2015	Value	% age
Sale – (meters '000')	61,153	61,539	(386)	(0.63)
Rate / meter	135.99	149.05	(13.06)	(8.76)
Sale – (Rs. '000')	8,316,447	9,172,485	(856,038)	(9.33)

New customers from Europe and the USA joined the customer base of our special products. Our new sixteen '210 CM' Tsudakoma looms have arrived and will be commissioned into production by the end of April 2016. This will give more flexibility in our product range. The Company is also planning to replace sixty eight '170 CM' Airjet looms with wider width looms of '280/340 CM'. Our target is to complete this replacement by the end of next financial year.

Dyeing

In first three quarters, Dyeing Division displayed exceptional performance. Though, first quarter of current fiscal year was comparatively slow but in second and third quarters, our performance was phenomenal.

Processed Cloth	Nine months ended 31 March		Increase / (Decrease)	
	2016	2015	Value	% age
Sale – (meters '000')	40,876	39,195	1,681	4.29
Rate / meter	253.11	269.19	(16.08)	(5.97)
Sale – (Rs. '000')	10,346,234	10,550,964	(204,730)	(1.94)

Last quarter of financial year has always been tough for us due to nature of dyeing business as it is considered a lean period in our business calendar. However, we are well prepared for this situation and have already sold our capacities for the month of April and May and currently working on June bookings. We are quite confident that we will be able to maintain our current performance momentum in the last quarter as well and set new performance standards for the coming years.

Home Textile

As the retail market in the USA and Europe recorded a sluggish trend, Home Textile business was also affected like any other business in textile industry. However, Home Textile Division of the Company was able to maintain its production levels due to our world-wide diversified customer base.

Processed Cloth & Made-ups	Nine months ended 31 March		Increase / (Decrease)	
	2016	2015	Value	% age
Sale – (meters '000')	13,514	15,608	(2,094)	(13.42)
Rate / meter	340.47	342.19	(1.72)	(0.50)
Sale – (Rs. '000')	4,601,107	5,340,863	(739,756)	(13.85)

We have also added new customers in our customer portfolio and established new ventures in various regions including Europe, America and Australia. The last quarter of the financial year seems more promising for our Home Textile Division and our production capacities are being filled up at an increased pace as compared to preceding quarters. We, therefore, foresee to complete next quarter as well as the financial year 2016 on a positive note.

Garments

Improved performance of Garments Division remained consistent in the first nine months of the financial year 2015-16. The Division achieved some of the highest production efficiencies which the business had seen in the past two years and our quality performance remained world class. Resultantly, confidence of our customers in our abilities increased many fold. New large European customers were added in the portfolio. Our investments in product development were realized through higher margins. We were also rated as a Green Plant by one of the largest Brands in the world.

Garments	Nine months ended 31 March		Increase / (Decrease)	
	2016	2015	Value	% age
Sale – (garments '000')	3,851	3,943	(92)	(2.33)
Rate / garment	728.45	753.15	(24.70)	(3.28)
Sale – (Rs. '000')	2,805,280	2,969,685	(164,405)	(5.54)

Our new Denim Garments Plant is expected to be operational in the next quarter and will touch 50% of its available capacity by the end of calendar year 2016. Some of the best machines and equipments have been installed at the new plant to have an efficient and quality production facility. Automated operations will significantly save labor cost in sewing lines. As a result of commissioning of new unit, total production of Garments Division will increase up to 1 million garments per month in the first phase by the end of December 2016 and will touch 1.2 million garments per month during the year 2017.

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 and low R-LNG prices. Import of another 9.50 MW Wartsila tri-fuel generator for Spinning production facility at Faisalabad is underway which is expected to be commissioned in November 2016. Commissioning of 9 MW coal fired plant at Lahore has been completed which will also ensure the availability of energy at low fuel cost.

Subsidiary Companies and Consolidated Financial Statements

Nishat Power Limited, Lalpir Solar Power (Private) 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.

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
April 26, 2016
Lahore

Unconsolidated Condensed Interim
Financial Information of
Nishat Mills Limited
for the period ended 31 March 2016

Unconsolidated Condensed Interim Balance Sheet

As at 31 March 2016

Note	Un-audited 31 March 2016 (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			
		74,292,927	72,626,824
Total equity			
		77,808,926	76,142,823
LIABILITIES			
NON-CURRENT LIABILITIES			
	5	4,646,784	5,582,220
		249,949	247,462
		4,896,733	5,829,682
CURRENT LIABILITIES			
		5,439,245	4,858,315
		108,977	221,394
		11,655,866	11,524,143
		1,939,162	1,783,250
		874,393	780,393
		20,017,643	19,167,495
TOTAL LIABILITIES			
		24,914,376	24,997,177
CONTINGENCIES AND COMMITMENTS			
	6		
TOTAL EQUITY AND LIABILITIES			
		102,723,302	101,140,000

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



Chief Executive Officer

	Note	Un-audited 31 March 2016 (Rupees in thousand)	Audited 30 June 2015
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	24,290,910	24,357,269
Investment properties		474,375	479,242
Long term investments		52,044,300	51,960,454
Long term loans		90,691	94,284
Long term deposits		63,262	58,307
		76,963,538	76,949,556
CURRENT ASSETS			
Stores, spare parts and loose tools		1,751,439	1,335,763
Stock in trade		11,997,933	10,350,193
Trade debts		2,002,994	3,014,466
Loans and advances		6,037,944	5,575,273
Short term deposits and prepayments		28,471	44,849
Other receivables		1,749,839	1,625,281
Accrued interest		10,183	2,540
Short term investments		2,117,399	2,189,860
Cash and bank balances		63,562	52,219
		25,759,764	24,190,444
TOTAL ASSETS		102,723,302	101,140,000


Director

Unconsolidated Condensed Interim Profit and Loss Account

For the period ended 31 March 2016 (Un-audited)

	Note	Period ended		Quarter ended	
		31 March 2016	31 March 2015 (Restated) (Rupees in thousand)	31 March 2016	31 March 2015 (Restated)
SALES		36,195,986	39,106,469	12,704,202	12,396,913
COST OF SALES	8	(31,268,988)	(34,488,387)	(10,868,089)	(10,788,554)
GROSS PROFIT		4,926,998	4,618,082	1,836,113	1,608,359
DISTRIBUTION COST		(1,616,491)	(1,850,412)	(543,076)	(603,636)
ADMINISTRATIVE EXPENSES		(848,980)	(843,058)	(275,289)	(266,266)
OTHER EXPENSES		(222,908)	(197,940)	(62,099)	(56,901)
		(2,688,379)	(2,891,410)	(880,464)	(926,803)
		2,238,619	1,726,672	955,649	681,556
OTHER INCOME		2,713,278	2,516,019	453,963	517,111
PROFIT FROM OPERATIONS		4,951,897	4,242,691	1,409,612	1,198,667
FINANCE COST		(812,534)	(1,472,497)	(260,337)	(468,142)
PROFIT BEFORE TAXATION		4,139,363	2,770,194	1,149,275	730,525
TAXATION		(572,000)	(126,000)	(142,000)	(26,000)
PROFIT AFTER TAXATION		3,567,363	2,644,194	1,007,275	704,525
EARNINGS PER SHARE-BASIC AND DILUTED (RUPEES)	9	10.15	7.52	2.86	2.00

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 period ended 31 March 2016 (Un-audited)

	Period ended		Quarter ended	
	31 March 2016	31 March 2015 (Restated) (Rupees in thousand)	31 March 2016	31 March 2015 (Restated)
PROFIT AFTER TAXATION	3,567,363	2,644,194	1,007,275	704,525
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) / surplus arising on remeasurement of available for sale investments to fair value	(316,574)	883,033	1,899,120	(4,809,906)
Reclassification adjustment for gains included in profit or loss	-	(3,885)	-	-
Deferred income tax relating to surplus on available for sale investment	(2,487)	18,118	-	-
Other comprehensive (loss) / income for the period - net of tax	(319,061)	897,266	1,899,120	(4,809,906)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	3,248,302	3,541,460	2,906,395	(4,105,381)

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 period ended 31 March 2016 (Un-audited)

	Note	Period ended	
		31 March 2016	31 March 2015 (Restated)
(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	10	3,285,125	4,214,468
Finance cost paid		(924,951)	(1,532,065)
Income tax paid		(648,360)	(540,701)
Exchange (loss) / gain on forward exchange contracts		(24,257)	116,421
Net decrease / (increase) in long term loans to employees		3,468	(3,354)
Net (increase) / decrease in long term deposits		(4,955)	575
Net cash generated from operating activities		1,686,070	2,255,344
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(1,549,072)	(3,595,190)
Proceeds from sale of property, plant and equipment		79,324	58,523
Investments made		(327,959)	(443,086)
Proceeds from sale of investments		–	67,081
Loans and advances to subsidiary companies		(11,274,383)	(9,604,263)
Repayment of loans from subsidiary companies		11,020,598	7,629,261
Interest received		83,635	159,638
Dividends received		2,514,199	1,782,207
Net cash from / (used in) investing activities		546,342	(3,945,829)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		730,715	1,379,000
Repayment of long term financing		(1,510,239)	(1,694,784)
Repayment of liabilities against assets subject to finance lease		–	(55,560)
Short term borrowings - net		131,723	1,222,801
Dividend paid		(1,573,268)	(1,399,558)
Net cash used in financing activities		(2,221,069)	(548,101)
Net increase / (decrease) in cash and cash equivalents		11,343	(2,238,586)
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		63,562	563,730

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 period ended 31 March 2016 (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
		5,499,530	27,808,608	33,308,138	26,248,028	5,517,011		31,765,039	65,073,177
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
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)
Transferred to general reserve	-	-	-	-	4,106,000	(4,106,000)	-	-	-
Profit for the period ended 31 March 2015	-	-	-	-	-	2,644,194	2,644,194	2,644,194	2,644,194
Other comprehensive income for the period ended 31 March 2015	-	897,266	897,266	897,266	-	-	-	897,266	897,266
Total comprehensive income for the period ended 31 March 2015	-	897,266	897,266	897,266	-	2,644,194	2,644,194	3,541,460	3,541,460
Balance as at 31 March 2015 - (Un-audited) (Restated)	3,515,999	5,499,530	28,705,874	34,205,404	30,354,028	3,916,806	33,002,834	67,208,238	70,724,237
Profit for the period ended 30 June 2015	-	-	-	-	-	1,267,731	1,267,731	1,267,731	1,267,731
Other comprehensive income for the period ended 30 June 2015	-	4,150,855	4,150,855	4,150,855	-	-	-	4,150,855	4,150,855
Total comprehensive income for the period ended 30 June 2015	-	4,150,855	4,150,855	4,150,855	-	1,267,731	1,267,731	5,418,586	5,418,586
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
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 ended 31 March 2016	-	-	-	-	-	3,567,363	3,567,363	3,567,363	3,567,363
Other comprehensive loss for the period ended 31 March 2016	-	(319,061)	(319,061)	(319,061)	-	-	-	(319,061)	(319,061)
Total comprehensive (loss) / income for the period ended 31 March 2016	-	(319,061)	(319,061)	(319,061)	-	3,567,363	3,567,363	3,248,302	3,248,302
Balance as at 31 March 2016 - (Un-audited)	3,515,999	5,499,530	32,537,668	38,037,198	32,683,028	3,572,701	36,255,729	74,292,927	77,808,926

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

Um. Muthu

Chief Executive Officer


Director

Selected Notes to the Unconsolidated Condensed Interim Financial Information

For the period ended 31 March 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 period ended 31 March 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 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 JUDGMENTS

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

During preparation of this unconsolidated condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2015.

	Un-audited 31 March 2016	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	730,715	1,769,541
Less: Repaid during the period / year	1,510,239	2,364,659
	6,585,946	7,365,470
Less: Current portion shown under current liabilities	1,939,162	1,783,250
	4,646,784	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 case is pending before Court.
- ii) Guarantees of Rupees 776.626 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, 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 5,451.029 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 75.836 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 1,513.104 million (30 June 2015: Rupees 617.589 million).
- ii) Letters of credit other than for capital expenditure are of Rupees 357.482 million (30 June 2015: Rupees 251.620 million).
- iii) Outstanding foreign currency forward contracts of Rupees 1,296.695 million (30 June 2015: Rupees 5,188.737 million).

Selected Notes to the Unconsolidated Condensed Interim Financial Information

For the period ended 31 March 2016 (Un-audited)

7 PROPERTY, PLANT AND EQUIPMENT

	Note	Un-audited 31 March 2016 (Rupees in thousand)	Audited 30 June 2015
Operating fixed assets			
Owned	7.1	20,597,715	21,453,222
Leased	7.2	–	181,191
Capital work-in-progress	7.3	3,693,195	2,722,856
		24,290,910	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	578,733	5,903,228
Add: Book value of assets transferred from operating fixed assets - leased	7.2	181,191	–
		22,213,146	23,888,151
Less: Book value of deletions during the period / year	7.1.2	53,719	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
		53,719	336,263
		22,159,427	23,551,888
Less: Depreciation charged during the period / year		1,561,712	2,098,666
		20,597,715	21,453,222
7.1.1 Cost of additions			
Freehold land		9,277	18,049
Buildings on freehold land		58,430	1,258,689
Plant and machinery		402,000	4,394,745
Electric installations		332	64,370
Factory equipment		8,412	10,523
Furniture, fixtures and office equipment		10,488	33,763
Computer equipment		33,971	13,363
Vehicles		55,823	109,726
		578,733	5,903,228

	Note	Un-audited 31 March 2016 (Rupees in thousand)	Audited 30 June 2015
7.1.2 Book value of deletions			
Buildings on freehold land		–	3,663
Plant and machinery		31,140	40,275
Factory equipment		–	161
Furniture, fixtures and office equipment		197	1,186
Computer equipment		166	82
Vehicles		22,216	28,972
		53,719	74,339
7.2 Operating fixed assets - Leased			
Opening book value		181,191	200,675
Less: Book value of assets transferred to operating fixed assets - owned	7.1	181,191	–
Less: Depreciation charged during the year		–	19,484
		–	181,191
7.3 Capital work-in-progress			
Buildings on freehold land		1,779,225	1,299,648
Plant and machinery		1,772,659	1,274,485
Electric installations		434	–
Factory equipment		3,712	2,332
Unallocated expenses		90,548	83,926
Letters of credit against machinery		510	600
Advances against furniture, fixtures and office equipment		5,653	5,847
Advances against vehicles		4,848	16,995
Advances against purchase of land		35,606	39,023
		3,693,195	2,722,856

Selected Notes to the Unconsolidated Condensed Interim Financial Information

For the period ended 31 March 2016 (Un-audited)

	Period ended		Quarter ended	
	31 March 2016	31 March 2015 (Restated) (Rupees in thousand)	31 March 2016	31 March 2015 (Restated)
8 COST OF SALES				
Raw materials consumed	18,646,843	21,090,283	6,209,979	6,632,966
Processing charges	205,829	342,513	110,980	128,014
Salaries, wages and other benefits	3,279,688	3,015,625	1,115,067	971,030
Stores, spare parts and loose tools consumed	3,402,029	3,386,327	1,209,454	1,076,211
Packing materials consumed	739,797	743,392	263,561	235,534
Repair and maintenance	242,065	270,238	79,555	91,037
Fuel and power	3,188,994	4,026,447	1,005,155	1,103,994
Insurance	28,641	28,429	9,547	9,626
Other factory overheads	306,722	356,108	100,239	102,413
Depreciation	1,492,631	1,434,218	498,476	500,778
	31,533,239	34,693,580	10,602,013	10,851,603
Work-in-process				
Opening stock	1,530,684	2,013,520	2,081,398	1,916,338
Closing stock	(1,898,882)	(1,866,128)	(1,898,882)	(1,866,128)
	(368,198)	147,392	182,516	50,210
Cost of goods manufactured	31,165,041	34,840,972	10,784,529	10,901,813
Finished goods				
Opening stock	2,882,924	2,907,268	2,862,537	3,146,594
Closing stock	(2,778,977)	(3,259,853)	(2,778,977)	(3,259,853)
	103,947	(352,585)	83,560	(113,259)
	31,268,988	34,488,387	10,868,089	10,788,554
	Period ended		Quarter ended	
	31 March 2016	31 March 2015 (Restated)	31 March 2016	31 March 2015 (Restated)
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)	3,567,363	2,644,194	1,007,275	704,525
Weighted average number of ordinary shares (Numbers)	351,599,848	351,599,848	351,599,848	351,599,848
Earnings per share (Rupees)	10.15	7.52	2.86	2.00

	Note	Period ended	
		31 March 2016	31 March 2015 (Restated)
		(Rupees in thousand)	
10 CASH GENERATED FROM OPERATIONS			
Profit before taxation		4,139,363	2,770,194
Adjustments for non-cash charges and other items:			
Depreciation		1,566,579	1,556,461
Gain on sale of property, plant and equipment		(25,605)	(11,653)
Gain on sale of investments		–	(8,918)
Dividend Income		(2,514,199)	(1,782,207)
Net exchange loss / (gain) on forward contracts		93,644	(109,662)
Interest income on loans and advances to subsidiary companies		(91,278)	(166,263)
Finance cost		812,534	1,472,497
Working capital changes	10.1	(695,913)	494,019
		3,285,125	4,214,468
10.1 Working capital changes			
(Increase) / decrease in current assets:			
- Stores, spare parts and loose tools		(415,676)	(199,195)
- Stock in trade		(1,647,740)	50,244
- Trade debts		1,011,472	106,157
- Loans and advances		(38,401)	(29,973)
- Short term deposits and prepayments		16,378	23,115
- Other receivables		(192,086)	(21,376)
		(1,266,053)	(71,028)
Increase in trade and other payables		570,140	565,047
		(695,913)	494,019

11 SEGMENT INFORMATION

11.1 The Company has six 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.
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:	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 period ended 31 March 2016 (Un-audited)

	Spinning		Weaving		Dyeing		Home Textile		Garments		Power generation		Elimination of inter-segment transactions		Total - Company	
	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015
Sales	8,725,525	9,303,358	9,422,276	10,723,684	10,801,118	5,365,337	6,425,770	2,845,483	3,042,918	12,010	21,029	3,485,107	-	-	36,195,986	39,106,469
External Intersegment	2,657,968	2,320,296	5,712,402	6,122,865	479,985	658,604	91,488	741	93	4,283,707	-	-	(13,127,487)	(12,457,093)	-	-
Cost of sales	11,305,483	11,713,653	14,236,339	14,703,921	11,280,983	6,023,941	6,517,258	2,846,234	3,043,011	3,497,117	4,304,736	(3,493,498)	(13,127,487)	(12,457,093)	36,195,986	39,106,469
Gross profit	647,009	864,273	1,163,285	943,308	1,889,837	1,885,820	848,224	591,127	395,222	327,274	5,680	-	-	-	4,926,998	4,618,082
Distribution cost	(246,242)	(306,302)	(377,620)	(457,209)	(479,322)	(305,607)	(387,589)	(207,700)	(213,881)	-	-	-	-	-	(1,616,491)	(1,850,412)
Administrative expenses	(213,735)	(201,996)	(204,359)	(207,773)	(171,675)	(158,234)	(143,644)	(165,809)	(61,343)	(47,903)	(51,161)	-	-	-	(848,980)	(843,059)
Profit / (loss) before taxation and unallocated income and expenses	(459,977)	(509,298)	(581,979)	(664,982)	(650,987)	(643,965)	(449,251)	(553,398)	(272,106)	(275,024)	(51,161)	(47,903)	-	-	(2,485,471)	(2,693,470)
	187,022	355,975	581,506	278,926	1,218,640	1,241,955	398,973	377,729	123,116	52,250	(47,540)	(42,223)	-	-	2,461,527	1,924,612
Unallocated income and expenses:																
Other expenses															(222,908)	(197,940)
Other income															2,713,278	2,516,019
Finance cost															(812,534)	(1,472,497)
Taxation															(572,000)	(126,000)
Profit after taxation															3,587,363	2,644,194

(Rupees in thousand)

11.3 Reconciliation of reportable segment assets and liabilities

	Spinning		Weaving		Dyeing		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	Un-audited	Audited
	31 Mar 2016	30 Jun 2015	31 Mar 2016	30 Jun 2015	31 Mar 2016	30 Jun 2015	31 Mar 2016	30 Jun 2015	31 Mar 2016	30 Jun 2015	31 Mar 2016	30 Jun 2015	31 Mar 2016	30 Jun 2015
	13,145,290	11,979,524	6,232,116	6,984,964	5,714,431	5,413,806	4,821,555	5,208,355	4,281,084	3,045,076	6,952,021	7,093,904	41,146,497	39,725,629
Total assets for reportable segments														
Unallocated assets:														
Long term investments														
Other receivables														
Cash and bank balances														
Other corporate assets														
Total assets as per balance sheet														
Total liabilities for reportable segments														
Unallocated liabilities:														
Deferred income tax liability														
Provision for taxation														
Other corporate liabilities														
Total liabilities as per balance sheet														

(Rupees in thousand)

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 is as follows:

	Period ended		Quarter ended	
	31 March 2016	31 March 2015 (Restated) (Rupees in thousand)	31 March 2016	31 March 2015 (Restated)
i) Transactions				
Subsidiary companies				
Investment made	10	–	–	–
Interest income	91,278	166,264	31,173	62,465
Short term loans made	11,274,383	9,604,263	3,480,765	2,284,263
Repayment of short term loans made	11,020,598	7,629,261	3,945,886	2,918,771
Rental income	31,447	237,748	10,631	82,588
Dividend income	858,007	677,374	361,266	316,108
Purchase of goods and services	685,272	1,335,429	147,571	797,951
Sale of goods and services	2,929,845	2,987,459	1,132,340	963,429
Associated companies				
Investment made	327,949	447,870	87,343	227,918
Purchase of goods and services	51,491	59,662	14,362	13,563
Sale of operating fixed assets	938	–	–	–
Sale of goods and services	237	2,054	73	732
Rental income	451	505	154	93
Dividend income	1,605,419	1,074,331	–	–
Dividend paid	141,968	126,193	–	–
Insurance premium paid	94,446	90,168	8,684	12,338
Insurance claims received	16,736	21,170	5,943	10,822
Profit on term deposit receipt	–	18,518	–	–
Finance cost	1,854	–	427	–
Other related parties				
Dividend income	49,034	27,241	–	–
Purchase of goods and services	573,243	646,814	240,547	220,537
Sale of goods and services	25,048	2,179	2,230	245
Sale of operating fixed assets	9,750	–	–	–
Company's contribution to provident fund trust	138,060	124,052	46,249	42,140
Remuneration paid to Chief Executive Officer, Directors and Executives	684,731	605,882	222,163	188,856
ii) Period end balances				
	As at 31 March 2016			
	Subsidiary companies	Associated companies	Other related parties	Total
	(Rupees in thousand)			
Trade and other payables	36,429	10,862	19,853	67,144
Accrued mark-up	–	466	–	466
Short term borrowings	–	54,233	–	54,233
Long term loans	–	–	73,449	73,449
Trade debts	363,133	–	–	363,133
Loans and advances	4,024,742	–	35,283	4,060,025
Accrued interest	10,183	–	–	10,183
Cash and bank balances	–	7,867	–	7,867

Selected Notes to the Unconsolidated Condensed Interim Financial Information

For the period ended 31 March 2016 (Un-audited)

	As at 30 June 2015 (Audited)			Total
	Subsidiary companies	Associated companies (Rupees in thousand)	Other related parties	
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 26 April 2016.

15 CORRESPONDING FIGURES

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

Corresponding figures of unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim cash flow statement, unconsolidated condensed interim statement of changes in equity together with the notes forming part thereof have been restated to give effect of the Scheme of Compromises, Arrangements and Reconstruction under sections 284 to 288 of the Companies Ordinance, 1984 between Nishat Spinning (Private) Limited and its members and Nishat Linen (Private) Limited and its members and Nishat Mills Limited and its members. Furthermore, certain other corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison; however, no significant re-arrangements have been made other than giving effect of the above mentioned Scheme of Compromises, Arrangements and Reconstruction.

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 period ended 31 March 2016

Consolidated Condensed Interim Balance Sheet

As at 31 March 2016

Note	Un-audited 31 March 2016 (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	77,298,926	78,358,273
Equity attributable to equity holders of the Holding Company	80,814,925	81,874,272
Non-controlling interest	6,117,009	5,689,242
Total equity	86,931,934	87,563,514
LIABILITIES		
NON-CURRENT LIABILITIES		
Long term financing-secured	11,906,171	13,960,150
Long term security deposit	168,839	169,733
Retirement benefit obligation	5,768	4,894
Deferred income tax liability	25,639	103,286
	12,106,417	14,238,063
CURRENT LIABILITIES		
Trade and other payables	6,219,859	5,425,068
Accrued mark-up	315,640	491,887
Short term borrowings	11,702,842	12,456,306
Current portion of non-current liabilities	3,402,704	3,091,154
Provision for taxation	961,711	904,170
	22,602,756	22,368,585
TOTAL LIABILITIES	34,709,173	36,606,648
CONTINGENCIES AND COMMITMENTS	7	
TOTAL EQUITY AND LIABILITIES	121,641,107	124,170,162

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



Chief Executive Officer

	Note	Un-audited 31 March 2016 (Rupees in thousand)	Audited 30 June 2015
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	37,740,238	38,460,601
Investment properties		474,375	479,242
Intangible assets		14,005	14,678
Long term investments		46,226,894	49,344,345
Long term loans		109,388	97,123
Long term deposits		131,077	99,315
		84,695,977	88,495,304
CURRENT ASSETS			
Stores, spare parts and loose tools		2,275,493	2,010,386
Stock-in-trade		16,502,503	15,183,656
Trade debts		10,382,108	11,408,623
Loans and advances		2,363,540	2,068,406
Short term deposits and prepayments		255,265	142,572
Other receivables		2,407,602	2,327,351
Accrued interest		7,467	11,535
Short term investments		2,117,399	2,189,860
Cash and bank balances		633,753	332,469
		36,945,130	35,674,858
TOTAL ASSETS		121,641,107	124,170,162


Director

Consolidated Condensed Interim Profit and Loss Account

For the period ended 31 March 2016 (Un-audited)

	Note	Period ended		Quarter ended	
		31 March 2016	31 March 2015 (Restated) (Rupees in thousand)	31 March 2016	31 March 2015 (Restated)
SALES		52,865,254	61,268,247	17,571,722	18,517,816
COST OF SALES	9	(42,986,462)	(50,851,104)	(14,038,068)	(15,170,854)
GROSS PROFIT		9,878,792	10,417,143	3,533,654	3,346,962
DISTRIBUTION COST		(2,825,260)	(2,774,005)	(1,004,226)	(940,157)
ADMINISTRATIVE EXPENSES		(1,275,538)	(1,239,882)	(422,690)	(407,533)
OTHER EXPENSES		(225,464)	(241,495)	(60,638)	(96,007)
		(4,326,262)	(4,255,382)	(1,487,554)	(1,443,697)
		5,552,530	6,161,761	2,046,100	1,903,265
OTHER INCOME		871,454	996,581	72,654	84,172
PROFIT FROM OPERATIONS		6,423,984	7,158,342	2,118,754	1,987,437
FINANCE COST		(1,501,799)	(2,648,806)	(473,734)	(794,082)
		4,922,185	4,509,536	1,645,020	1,193,355
SHARE OF PROFIT FROM ASSOCIATED COMPANIES		2,618,375	2,178,174	1,465,282	975,299
PROFIT BEFORE TAXATION		7,540,560	6,687,710	3,110,302	2,168,654
TAXATION		(574,720)	(240,149)	(135,358)	(77,141)
PROFIT AFTER TAXATION		6,965,840	6,447,561	2,974,944	2,091,513
SHARE OF PROFIT ATTRIBUTABLE TO:					
EQUITY HOLDERS OF HOLDING COMPANY		5,714,159	5,213,483	2,538,267	1,789,533
NON-CONTROLLING INTEREST		1,251,681	1,234,078	436,677	301,980
		6,965,840	6,447,561	2,974,944	2,091,513
EARNINGS PER SHARE- BASIC AND DILUTED (RUPEES)	10	16.25	14.83	7.22	5.09

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 period ended 31 March 2016 (Un-audited)

	Period ended		Quarter ended	
	31 March 2016	31 March 2015 (Restated) (Rupees in thousand)	31 March 2016	31 March 2015 (Restated)
PROFIT AFTER TAXATION	6,965,840	6,447,561	2,974,944	2,091,513
OTHER COMPREHENSIVE INCOME / (LOSS) :				
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	(3,682,601)	(4,643,869)	(935,365)	(5,070,540)
Reclassification adjustment for gain included in profit or loss	–	(3,885)	–	–
Share of other comprehensive loss of associates	(1,541,505)	(1,902,181)	(357,433)	(2,140,798)
Exchange differences on translation of foreign operations	33,507	13,528	16,513	5,375
Other comprehensive loss for the period - net of tax	(5,190,599)	(6,536,407)	(1,276,285)	(7,205,963)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	1,774,533	(91,360)	1,697,951	(5,114,450)
SHARE OF TOTAL COMPREHENSIVE INCOME / (LOSS) ATTRIBUTABLE TO:				
Equity holders of holding company	522,852	(1,325,438)	1,261,274	(5,416,430)
Non-controlling interest	1,251,681	1,234,078	436,677	301,980
	1,774,533	(91,360)	1,697,951	(5,114,450)

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 period ended 31 March 2016 (Un-audited)

	Note	Period ended	
		31 March 2016	31 March 2015 (Restated)
(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	11	7,893,479	8,082,382
Finance cost paid		(1,678,046)	(2,794,690)
Income tax paid		(746,154)	(613,908)
Long term security deposit (paid) / received		(894)	22,491
Exchange (loss) / gain on forward exchange contracts		(24,257)	116,421
Net increase in retirement benefit obligation		874	2,218
Net increase in long term loans to employees		(15,921)	(3,363)
Net increase in long term deposits		(31,762)	(14,001)
Net cash generated from operating activities		5,397,319	4,797,550
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(1,749,351)	(3,716,801)
Proceeds from sale of property, plant and equipment		87,686	62,154
Proceeds from sale of investment		-	67,081
Interest received		48,574	62,949
Dividends received		1,656,193	1,104,834
Investments made		(327,949)	(445,586)
Net cash used in investing activities		(284,847)	(2,865,369)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		730,774	1,379,186
Repayment of long term financing		(2,473,203)	(2,821,614)
Repayment of liabilities against assets subject to finance lease		-	(55,560)
Exchange difference on translation of net investments in foreign subsidiaries		33,507	13,528
Short term borrowings - net		(753,464)	(1,592,458)
Dividend paid		(2,348,802)	(2,063,223)
Net cash used in financing activities		(4,811,188)	(5,140,141)
Net increase / (decrease) in cash and cash equivalents		301,284	(3,207,960)
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		633,753	900,547

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 period ended 31 March 2016 (Un-audited)

Share capital	Attributable to equity holders of the holding company										Non-controlling interest	Total equity		
	Capital reserves					Revenue reserves								
	Premium on issue of right shares	Fair value reserve	Exchange translation reserve	Statutory reserve	Capital redemption reserve fund	Sub total	General reserve	Unappropriated profit	Sub total	Total reserves			Shareholders' equity	
														Share
3,515,999	5,499,530	25,823,423	(14,016)	-	111,002	31,419,939	41,036,892	7,385,485	48,402,367	79,822,306	83,338,305	5,073,073	88,411,378	
					(Rupees in thousand)									
-	-	-	-	-	-	-	-	-	(1,406,399)	(1,406,399)	(1,406,399)	-	(1,406,399)	
-	-	-	-	-	-	-	-	-	-	-	-	(650,459)	(650,459)	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	(6,552,449)	13,528	-	-	(6,538,921)	-	-	-	(6,538,921)	(6,538,921)	-	(6,538,921)	
-	-	(6,552,449)	13,528	-	-	(6,538,921)	-	-	-	(6,538,921)	(6,538,921)	-	(6,538,921)	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	
3,515,999	5,499,530	19,270,974	(488)	-	111,002	24,881,018	46,849,882	5,359,569	52,209,451	77,090,469	80,606,468	5,656,682	86,263,160	
-	-	-	-	-	-	-	-	-	-	-	-	(260,182)	(260,182)	
-	-	-	-	35	-	35	-	(35)	(35)	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	(253,441)	(10,518)	-	-	(263,959)	-	-	-	(263,959)	(263,959)	-	(263,959)	
-	-	(253,441)	(10,518)	-	-	(263,959)	-	-	-	(263,959)	(263,959)	-	(263,959)	
3,515,999	5,499,530	19,017,533	(11,006)	35	111,002	24,617,094	46,849,882	6,891,297	53,741,179	78,366,273	81,874,272	5,689,242	87,563,514	
-	-	-	-	-	-	-	-	(1,582,199)	(1,582,199)	(1,582,199)	(1,582,199)	-	(1,582,199)	
-	-	-	-	-	-	-	-	-	-	-	-	(823,914)	(823,914)	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	5,163,000	(5,163,000)	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	(5,224,814)	33,507	-	-	(5,191,307)	-	-	-	(5,191,307)	(5,191,307)	-	(5,191,307)	
-	-	(5,224,814)	33,507	-	-	(5,191,307)	-	-	-	(5,191,307)	(5,191,307)	-	(5,191,307)	
3,515,999	5,499,530	13,792,719	22,501	35	111,002	19,425,787	52,012,882	5,860,257	57,873,139	77,296,926	80,814,925	6,117,009	86,931,934	

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 period ended 31 March 2016 (Un-audited)

1 THE GROUP AND ITS OPERATIONS

The Group consists of:

Holding Company

- Nishat Mills Limited

Subsidiary Companies

- Nishat Power Limited
- Lalpir Solar Power (Private) 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 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.

LALPIR SOLAR POWER (PRIVATE) LIMITED

Lalpir Solar Power (Private) Limited is a private limited company incorporated in Pakistan on 19 November 2015. It is a wholly owned subsidiary of Nishat Power Limited which is a subsidiary of Nishat Mills Limited. The principal activity of Lalpir Solar Power (Private) Limited will be to build, own, operate and maintain or invest in a solar power project having gross capacity upto 20 MWp with net estimated generation capacity of approximately 19 MWp. The project site is located at Mehmood Kot, District Muzaffar Garh. 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 sale the textile products by processing the textile goods in 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 hotel, 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 Nishat Mills Limited. 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. Its registered office is situated at 53-A, Lawrence Road, Lahore.

NISHAT USA, INC.

Nishat USA, Inc. is a foreign subsidiary incorporated under the Business Corporation Laws of the State of New York. The registered office of Nishat USA, Inc. is situated at 676 Broadway, New York, NY 10012, U.S.A. The principal business of the 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 wholly owned subsidiary of Nishat Mills Limited. Date of incorporation of the Company was 07 February 2013. The registered office of Nishat International FZE is situated at P.O. Box 114622, Jabel Ali Free Zone, Dubai. The principal business of the Company is trading in textile and related products.

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. This consolidated condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard-34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case 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 period ended 31 March 2016 (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 associate's post-acquisition profits or losses, movement in other comprehensive income, and its share of post-acquisition movements in reserves is recognized in the consolidated profit and loss account, consolidated statement of comprehensive income and reserves respectively. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Distributions received from an associate reduce the carrying amount of the investment.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this consolidated condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the 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 31 March 2016	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	730,715	1,769,541
Less: Repaid during the period / year	2,473,203	3,491,823
Add: Currency translation	59	186
	15,308,875	17,051,304
Less: Current portion shown under current liabilities	3,402,704	3,091,154
	11,906,171	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 case is pending before Court.
- ii) Guarantees of Rupees 776.626 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 and Pakistan Army and Government of Punjab against fulfillment of sales order.
- iii) Post dated cheques of Rupees 5,451.029 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 75.836 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 5,979 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

Selected Notes to the Consolidated Condensed Interim Financial Information For the period ended 31 March 2016 (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') disallowing input sales tax for the tax periods of 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 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 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 department and subsequent to period end, 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 Rs 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 and input sales tax incurred by the Subsidiary Company is not legally required to be attributed to revenue representing 'capacity purchase price'. Consequently, no provision has been made in this consolidated condensed interim financial information on such account.

- 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 Nil (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 banks of Nishat Power Limited - Subsidiary Company has issued letters of guarantee aggregating to Rupees 190.685 million (30 June 2015: Rupees 350 million) on behalf of the Subsidiary Company in favour of fuel suppliers.
- 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.
- xv)** 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.
- xvi)** 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 0.766 million (30 June 2015: 0.730 million) paid on such goods in its respective monthly sales tax returns.

Selected Notes to the Consolidated Condensed Interim Financial Information

For the period ended 31 March 2016 (Un-audited)

b) Commitments

- i) Contracts for capital expenditure of the Group are approximately of Rupees 1,527.292 million (30 June 2015: Rupees 729.358 million).
- ii) Letters of credit other than for capital expenditure of the Group are of Rupees 637.207 million (30 June 2015: Rupees 513.958 million).
- iii) Outstanding foreign currency forward contracts of Rupees 1,296.695 million (30 June 2015: Rupees 5,188.737 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:

Note	Un-audited 31 March 2016 (Rupees in thousand)	Audited 30 June 2015
Not later than one year	12,461	15,577
Later than one year and not later than five years	60,360	77,640
	72,821	93,217
8 PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets		
Owned	8.1 33,793,863	35,372,840
Leased	8.2 –	181,191
Capital work in progress	8.3 3,924,112	2,883,540
Major spare parts and standby equipments	22,263	23,030
	37,740,238	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	8.1.1 702,433	6,064,142
Add: Book value of assets transferred from operating fixed assets - leased	8.2 181,191	–
	36,256,464	38,856,809
Less: Book value of deletions during the period / year	8.1.2 60,316	87,632
Less: Book value of assets transferred to investment properties during the year	–	99,692
	60,316	187,324
	36,196,148	38,669,485
Less: Depreciation charged during the period / year	2,406,736	3,300,902
Add: Currency translation	4,451	4,257
	33,793,863	35,372,840

	Note	Un-audited 31 March 2016 (Rupees in thousand)	Audited 30 June 2015
8.1.1 Cost of additions			
Freehold land		9,277	18,049
Buildings on freehold land		59,080	1,308,314
Plant and machinery		407,226	4,404,451
Electric installations		27,629	72,786
Factory equipment		14,382	10,523
Furniture, fixtures and office equipment		66,391	53,244
Computer equipment		49,852	42,941
Vehicles		68,596	153,822
Kitchen equipments and crockery items		–	12
		702,433	6,064,142
8.1.2 Book value of deletions			
Buildings on freehold land		–	3,664
Plant and machinery		32,919	41,963
Factory equipment		–	161
Furniture, fixtures and office equipment		1,330	9,990
Computer equipment		166	325
Vehicles		25,819	31,529
Kitchen equipments and crockery items		82	–
		60,316	87,632
8.2 Operating fixed assets - Leased			
Opening book value		181,191	200,675
Less: Book value of assets transferred to operating fixed assets - owned	8.1	181,191	–
Less: Depreciation charged during the period / year		–	19,484
		–	181,191
8.3 Capital work-in-progress			
Buildings on freehold land		1,939,544	1,453,001
Plant and machinery		1,830,895	1,276,589
Electric installations		434	–
Factory equipment		3,712	2,332
Unallocated expenses		90,548	83,926
Letters of credit against machinery		510	600
Advances against purchase of land		35,606	39,023
Advances against furniture, fixtures and office equipment		5,711	5,847
Advances against intangible assets		6,085	3,149
Advances against vehicles		11,067	19,073
		3,924,112	2,883,540

Selected Notes to the Consolidated Condensed Interim Financial Information

For the period ended 31 March 2016 (Un-audited)

	Period ended		Quarter ended	
	31 March 2016	31 March 2015 (Restated) (Rupees in thousand)	31 March 2016	31 March 2015 (Restated)
9 COST OF SALES				
Raw materials consumed	29,074,175	35,901,049	10,014,124	10,298,139
Processing charges	273,399	312,149	143,954	152,721
Salaries, wages and other benefits	3,556,758	3,238,297	1,243,867	1,094,137
Stores, spare parts and loose tools consumed	3,760,270	3,795,067	1,267,742	1,298,453
Packing materials consumed	798,745	790,490	288,284	271,860
Repair and maintenance	436,106	430,920	86,558	179,333
Fuel and power	3,221,437	4,199,246	1,017,767	1,096,922
Insurance	154,405	153,476	51,348	50,682
Other factory overheads	392,153	421,064	130,676	127,133
Depreciation	2,282,463	2,316,407	745,616	793,058
	43,949,911	51,558,165	14,989,936	15,362,438
Work-in-process				
Opening stock	1,575,230	2,013,520	2,081,398	1,939,265
Closing stock	(2,671,421)	(1,904,769)	(2,671,421)	(1,904,769)
	(1,096,191)	108,751	(590,023)	34,496
Cost of goods manufactured	42,853,720	51,666,916	14,399,913	15,396,934
Finished goods				
Opening stock	4,337,851	4,022,360	3,843,264	4,612,092
Closing stock	(4,205,109)	(4,838,172)	(4,205,109)	(4,838,172)
	132,742	(815,812)	(361,845)	(226,080)
	42,986,462	50,851,104	14,038,068	15,170,854
	Period ended		Quarter ended	
	31 March 2016	31 March 2015 (Restated)	31 March 2016	31 March 2015 (Restated)
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)	5,714,159	5,213,483	2,538,267	1,789,533
Weighted average number of ordinary shares of Holding Company (Numbers)	351,599,848	351,599,848	351,599,848	351,599,848
Earnings per share (Rupees)	16.25	14.83	7.22	5.09

	Note	Period ended	
		31 March 2016	31 March 2015 (Restated)
		(Rupees in thousand)	
11 CASH GENERATED FROM OPERATIONS			
Profit before taxation		7,540,560	6,687,710
Adjustments for non-cash charges and other items:			
Depreciation		2,414,938	2,479,325
Gain on sale of property, plant and equipment		(27,370)	(11,831)
Gain on sale of investments		–	(8,918)
Dividend income		(744,771)	(623,324)
Profit on deposit with banks		(44,506)	(70,731)
Share of profit from associated companies		(2,618,375)	(2,178,174)
Net exchange loss / (gain) on forward exchange contracts		93,644	(109,662)
Finance cost		1,501,799	2,648,806
Working capital changes	11.1	(222,440)	(730,819)
		7,893,479	8,082,382
11.1 Working capital changes			
(Increase) / decrease in current assets:			
- Stores, spare parts and loose tools		(265,107)	(368,733)
- Stock-in-trade		(1,318,847)	(2,735,141)
- Trade debts		1,026,515	3,181,014
- Loans and advances		(140,150)	28,758
- Short term deposits and prepayments		(112,693)	(7,563)
- Other receivables		(147,779)	(307,585)
		(958,061)	(209,250)
Increase / (decrease) in trade and other payables		735,621	(521,569)
		(222,440)	(730,819)

12 SEGMENT INFORMATION

12.1 The Company has seven 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.
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:	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. Inter-segment sales and purchases have been eliminated from the total.

Selected Notes to the Consolidated Condensed Interim Financial Information

For the period ended 31 March 2016 (Un-audited)

(Un-audited)

	Spinning		Weaving		Dyeing		Home textile		Garments		Power generation		Hotel		Elimination of inter-segment transactions		Total - Group	
	Period ended	31 Mar 2015	Period ended	31 Mar 2015	Period ended	31 Mar 2015	Period ended	31 Mar 2015	Period ended	31 Mar 2015	Period ended	31 Mar 2015	Period ended	31 Mar 2015	Period ended	31 Mar 2015	Period ended	31 Mar 2015

(Restated)

	(Rupees in thousand)																	
	10,835,621	11,739,204	8,100,023	8,817,210	10,723,684	10,801,118	8,661,186	8,540,331	2,845,493	3,042,918	11,455,501	16,138,201	243,546	189,265	-	52,865,254	61,288,247	
Sales	3,039,781	2,891,647	6,136,316	5,896,711	6,12,665	4,79,865	6,61,457	91,488	741	93	3,485,107	4,283,707	-	688	-	52,865,254	61,288,247	
External Intersegment	13,875,602	14,400,851	14,296,339	14,703,921	11,336,349	11,280,983	9,322,643	8,631,819	2,846,234	3,043,011	14,940,608	22,421,908	243,546	189,953	(13,936,067)	52,865,254	61,288,247	
Cost of sales	(13,280,987)	(13,652,178)	(13,073,054)	(13,780,013)	(9,466,712)	(9,395,163)	(6,873,005)	(6,505,662)	(2,451,012)	(2,715,737)	(11,585,187)	(16,631,088)	(192,592)	(225,482)	13,936,067	(42,986,462)	(50,851,104)	
Gross profit / (loss)	594,635	1,78,673	1,163,285	943,908	1,889,637	1,885,820	2,449,638	2,126,157	395,222	327,274	3,355,421	3,790,940	50,954	(35,529)	-	9,878,792	10,417,143	
Distribution cost	(295,590)	(324,295)	(377,620)	(457,209)	(480,376)	(485,631)	(1,486,650)	(1,291,439)	(204,810)	(213,691)	(9)	-	-	(1,761)	-	(2,825,260)	(2,774,005)	
Administrative expenses	(215,688)	(210,113)	(204,359)	(207,773)	(171,675)	(159,234)	(372,777)	(377,016)	(64,406)	(61,343)	(202,474)	(185,252)	(44,179)	(40,151)	-	(1,275,538)	(1,239,882)	
Profit / (loss) before taxation and unallocated income and expenses	(511,259)	(534,398)	(581,979)	(684,982)	(632,051)	(643,865)	(1,859,632)	(1,668,454)	(289,216)	(275,024)	(202,483)	(185,252)	(44,179)	(41,912)	-	(4,100,798)	(4,013,887)	
Profit after taxation	83,377	844,275	581,306	278,926	1,237,586	1,241,955	590,006	457,703	126,006	32,250	3,152,938	3,605,388	6,775	(77,441)	-	5,777,994	6,403,256	
Unallocated income and expense:																		
Other expenses																(22,464)	(241,495)	
Other income																871,454	996,581	
Finance cost																(1,501,789)	(2,648,806)	
Share of profit from associated companies																2,618,375	2,178,174	
Taxation																(574,720)	(240,149)	
																6,965,840	6,447,561	

12.3 Reconciliation of reportable segment assets and liabilities

	Spinning		Weaving		Dyeing		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	Un-audited	Audited	
31 Mar 2016	14,046,188	12,727,283	6,212,923	6,979,544	5,714,431	5,413,806	9,057,437	1,192,152	4,281,064	3,045,076	28,022,488	29,328,735	1,230,576	1,357,055	68,627,127	68,041,651	
31 Mar 2015	819,108	603,229	610,271	421,612	594,573	519,416	950,386	1,039,189	566,030	313,783	11,152,459	12,779,707	32,854	47,267	14,726,681	15,694,203	
Total assets for reportable segments	14,865,296	13,330,512	6,823,194	7,401,156	6,308,999	6,033,222	10,007,823	2,231,341	4,847,094	3,358,859	39,174,947	42,108,442	1,263,430	1,404,322	83,353,808	83,735,854	
Unallocated assets:																	
Long term investments																46,228,884	49,344,345
Other receivables																2,407,602	2,327,351
Cash and bank balances																633,753	332,469
Other corporate assets																3,746,731	4,124,346
Total assets as per balance sheet	14,865,296	13,330,512	6,823,194	7,401,156	6,308,999	6,033,222	10,007,823	2,231,341	4,847,094	3,358,859	39,174,947	42,108,442	1,263,430	1,404,322	83,353,808	83,735,854	
Total liabilities for reportable segments	12,641,107	124,170,162														14,726,681	15,694,203
Unallocated liabilities:																	
Deferred income tax liability																26,639	103,286
Provision for taxation																961,711	904,170
Other corporate liabilities																18,996,142	19,904,989
Total liabilities as per balance sheet	12,641,107	124,170,162														14,726,681	15,694,203

12.2

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:

	Period ended		Quarter ended	
	31 March 2016	31 March 2015 (Restated) (Rupees in thousand)	31 March 2016	31 March 2015 (Restated)
i) Transactions				
Associated companies				
Investment made	327,949	447,870	87,343	227,918
Purchase of goods and services	119,598	118,089	46,239	34,038
Sale of operating fixed assets	938	–	–	–
Sale of goods and services	6,589	8,852	1,609	2,317
Rental income	451	505	154	93
Rent paid	9,346	9,346	3,115	3,115
Dividend paid	141,968	126,193	–	–
Dividend income	1,605,419	1,074,331	–	–
Insurance premium paid	229,292	224,303	50,352	56,245
Insurance claim received	16,820	40,067	5,940	11,201
Profit on term deposit receipts	–	18,518	–	–
Finance cost	11,800	–	3,177	–
Other related parties				
Dividend income	49,034	27,241	–	–
Purchase of goods and services	591,776	646,814	254,830	217,737
Sale of goods and services	25,048	2,179	2,230	245
Sale of operating fixed assets	9,750	–	–	–
Group's contribution to provident fund trust	156,408	136,505	53,925	46,376
Remuneration paid to Chief Executive Officer, Directors and Executives of the Holding Company	684,731	605,882	222,163	188,856
ii) Period end balances				
	As at 31 March 2016			
	Associated companies	Other related parties	Total	
	(Rupees in thousand)			
Trade and other payables	21,515	19,853	41,368	
Accrued mark-up	466	–	466	
Short term borrowings	54,233	–	54,233	
Long term loans	–	84,831	84,831	
Trade debts	4,484	220	4,704	
Loans and advances	3,910	37,633	41,543	
Cash and bank balances	118,172	–	118,172	

Selected Notes to the Consolidated Condensed Interim Financial Information

For the period ended 31 March 2016 (Un-audited)

	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

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 26 April 2016.

16 CORRESPONDING FIGURES

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

Corresponding figures of consolidated condensed interim profit and loss account, consolidated condensed interim statement of comprehensive income, consolidated condensed interim cash flow statement, consolidated condensed interim statement of changes in equity together with the notes forming part thereof have been restated to give effect of the Scheme of Compromises, Arrangements and Reconstruction under sections 284 to 288 of the Companies Ordinance, 1984 between Nishat Spinning (Private) Limited and its members and Nishat Linen (Private) Limited and its members and Nishat Mills Limited and its members. Furthermore, certain other corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison; however, no significant re-arrangements have been made other than giving effect of the above mentioned Scheme of Compromises, Arrangements and Reconstruction.

17 GENERAL

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



Chief Executive Officer



Director



NISHAT

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