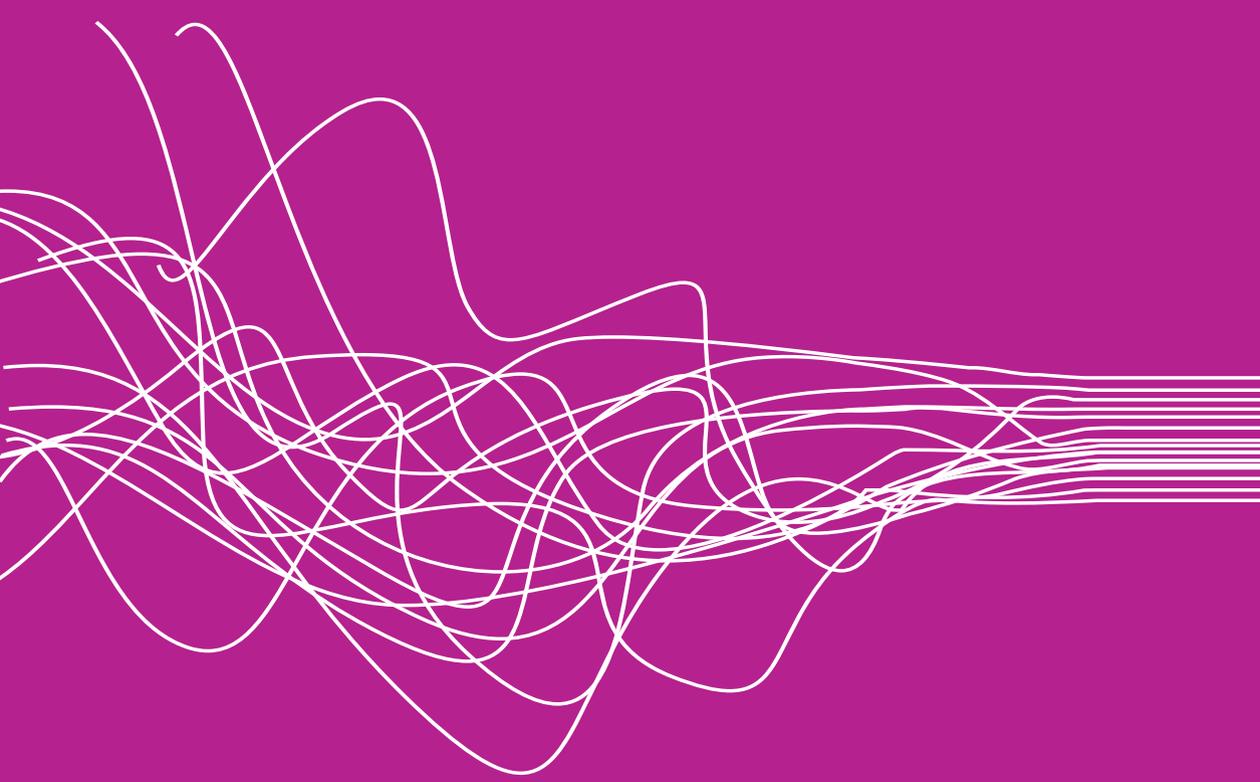




Nishat Mills Limited



Interim Financial Report of Nishat Mills Limited
for the period ended 31 March 2018



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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
Mr. Farid Noor Ali Fazal
Mr. Ghazanfar Husain Mirza
Mr. Maqsood Ahmad

Audit Committee

Syed Zahid Hussain
Chairman / Member

Mr. Khalid Qadeer Qureshi
Member

Mr. Farid Noor Ali Fazal
Member

Human Resource & Remuneration (HR & R) Committee

Syed Zahid Hussain
Chairman / Member

Mian Umer Mansha
Member

Mr. Khalid Qadeer Qureshi
Member

Chief Financial Officer

Mr. Badar-ul-Hassan

Company Secretary

Mr. Khalid Mahmood Chohan

Auditors

Riaz Ahmad & Company
Chartered Accountants

Legal Advisor

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

Bankers to the Company

Albaraka Bank (Pakistan) Limited
Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
Bank Islami Pakistan Limited

Citibank N.A.
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
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
Plot No. 172-208, M-3 Industrial
City, Sahianwala, FIEDMC,
2 K.M. Jhumra Chiniot Road,
Chak Jhumra, 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

1st Floor, 40-C, Block-6,
P.E.C.H.S, Karachi-75400
Tel: 021-34168270,
021-111 000 322 Fax: 021-34168271

Branch Office, Lahore

1st Floor, DYL Motorcycles Limited
Office, 147-Q Block, behind
Emporium Mall,
Johar Town, Lahore
Tel: 0303-4444795, 0323-8999514

Head Office

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

Liaison Office

1st 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 2018.

Operating Financial Results

Revenue of the Company increased by 3.63% in the current nine month period ended 31 March 2018 as compared to the corresponding nine month period of the last year. Profit after tax to sales percentage decreased from 8.28% in the corresponding nine month to 7.16% due to increase in input cost and decrease in profit margins as a result of stiff competition. Dividend income also recorded a marginal decrease of 1.15%.

Financial Highlights	Nine months ended 31 March		Increase / (decrease) %
	2018	2017	
Revenue (Rs. '000')	38,640,534	37,286,517	3.63
Gross Profit (Rs. '000')	3,786,987	4,197,784	(9.79)
Profit before tax (Rs. '000')	3,241,962	3,595,674	(9.84)
Profit after tax (Rs. '000')	2,764,962	3,088,674	(10.48)
Gross Profit (%)	9.80	11.26	
Profit after tax (%)	7.16	8.28	
Earnings per share – (Rs.)	7.86	8.78	

General Market Review and Future Prospects

Performance of the textile sector remained dismal during the nine month period ended 31 March 2018. The sector faced numerous challenges in this period; however, high cost of raw materials and low demand of textile products in international markets were the key factors which really restricted the growth. Devaluation of Pak Rupee against US Dollar provided some boost to exports, but it also increased the cost of imported raw materials.

During the period, Government of Pakistan finalized the long awaited export incentive scheme for textile exporters under the name "Duty Drawback of Taxes Order 2017-18". The purpose of the scheme is to provide performance based incentives, in terms of duty drawbacks, to textile exporters for increasing exports of specific textile products.

Segment Analysis

Spinning

Start of the financial year 2017-18 was the continuation of difficulties from previous year because expensive cotton procured during the last year was still in stocks. Although new crop was available during first quarter, expectations of reduction in cotton prices due to the news of good cotton crop in terms of quantity and quality proved false. The Company completed procurement of cotton for its Spinning Division by the start of third quarter.



Yarn	Nine months ended 31 March		Increase / (Decrease)	
	2018	2017	Value	% age
Sale – (kgs '000')	17,254	18,144	(890)	(4.91)
Rate / kg	290.44	288.46	1.98	0.69
Sale – (Rs. '000')	5,011,285	5,233,819	(222,534)	(4.25)

Financial results for the nine month period ended 31 March 2018 were not as desired due to the presence of unfavorable conditions in cotton yarn business in international market. On the other hand, prices in local market were more supportive as compared to export market. The marketing department of Spinning Segment worked very hard to improve the situation in favor of the Company. Price and demand of yarn have further improved in local market and we are expecting similar improvement in international market as well. Main markets of cotton yarn, Hong Kong / China, remained reluctant in terms of price improvement during the nine month period but we expect positive business trend in coming days.

The new spinning unit comprising 49,536 spindles installed at M-3 Industrial City, Sahianwala, FIEDMC, Faisalabad has started its commercial production on 20 December 2017. These spindles include 22,176 spindles shifted from existing spinning facility located at Nishatabad, Faisalabad.

Weaving

During the nine month period, unprecedented rise in the prices of raw cotton and polyester fiber initially left the customers in the state of indecision; however, marketing department was able to gradually increase exports in accordance with our strategy. Most of this increase came from work wear / technical fabric, but the Division had to compete hard to maintain its share in fashion business.

Grey Cloth	Nine months ended 31 March		Increase / (Decrease)	
	2018	2017	Value	% age
Sale – (meters '000')	65,749	60,254	5,495	9.12
Rate / meter	146.23	137.92	8.31	6.03
Sale – (Rs. '000')	9,614,435	8,310,414	1,304,021	15.69

Devaluation of around 10% in Pak Rupee against US Dollar provided much needed impetus in export sales of the Division, but it also increased the prices of imported yarn which affected the profitability of the Division. Narrow width grey fabric business is still under pressure whereas business of wider width fabric is flourishing because of high demand from home textile business. The plan to increase the capacity of wider width weaving is in process and we expect that our 30 new 340 cm Picanol Airjet looms would be commissioned into production by May 2018.

Dyeing

Although the profitability of Dyeing Division was below expectations due to high cost of raw materials and stiff competition, the Division performed reasonably well in the first three quarters of the current financial year. On the other hand, the last quarter of the financial year is always tough and slow in our business calendar. In the last quarter, demand of woven apparel fabrics decreases significantly from all regions and customers. Filling capacities, in this time frame, is always difficult but, during this year, unprecedented rise in raw material cost has made this task even more challenging.

Processed Cloth	Nine months ended 31 March		Increase / (Decrease)	
	2018	2017	Value	% age
Sale – (meters '000')	34,115	36,836	(2,721)	(7.39)
Rate / meter	261.01	255.96	5.05	1.97
Sale – (Rs. '000')	8,904,353	9,428,716	(524,363)	(5.56)

We are closely monitoring market situation and trying our best to mitigate the impact of escalating raw material cost. We are hopeful that despite all odds we will be able to finish this fiscal year on a positive note.

Home Textile

Despite all those challenges which have been discussed earlier, the Division was able to increase demand of its products and, with the change of weather conditions in Europe and North America, we expect sales to further pick-up in the last quarter. Our share in the market of technical fabric is increasing due to our quality products. The Division has increased the size of stitching factory to cater for the increased demand of uniforms and garments from armed forces and foreign customers, which are made of technical and performance fabrics. We expect that the increasing trend in sales of high performance stitched garments will continue in the next quarter as well.

Processed Cloth and Made-ups	Nine months ended 31 March		Increase / (Decrease)	
	2018	2017	Value	% age
Sale – (meters '000')	20,866	17,233	3,633	21.08
Rate / meter	296.04	326.60	(30.56)	(9.36)
Sale – (Rs. '000')	6,177,230	5,628,270	548,960	9.75

During the third quarter, we have also expanded our embroidery section by adding 6 latest computerized multi-head embroidery machines that can now meet the major production demand for our value added products for local and export customers. Further expansion is also underway in our digital printing department with the addition of another brand new digital machine.

Garments

The Garments Division, during the period, has taken many steps aimed at enhancing production efficiency and achieving energy optimization which hopefully will reduce cost per garment. In the last quarter of the financial year, our focus would be on improving research and development, workers' training and implementation of state of the art quality control systems which would surely result in the production of quality products with maximum value addition.

Garments	Nine months ended 31 March		Increase / (Decrease)	
	2018	2017	Value	% age
Sale – (garments '000')	5,096	5,109	(13)	(0.25)
Rate / garment	784.74	737.13	47.61	6.46
Sale – (Rs. '000')	3,999,025	3,765,987	233,038	6.19



The main feature of our long term business strategy is to concentrate on exploring potential markets with aggressive sales and marketing strategies. We also plan to initiate collaborations with foreign companies to exchange knowledge and skills to re-engineer our production systems to further enhance our efficiencies which will reduce our production costs per unit. These initiatives will help us to compete better in a rapidly changing market while ensuring sustainable business growth.

Power Generation

The Company regularly invests to upgrade its power plants for cheap energy sources to meet the increasing demand of its textile manufacturing facilities. A 10 ton coal fired boiler installed at manufacturing facility of the Company at Bhikhi was commissioned in July 2017. The Division has also made structural changes in its Power plant located at Bhikhi to increase efficiency and reduce cost. The new captive power plant to cater for the spinning production facilities located at M-3 Faisalabad Industrial Estate, Faisalabad was commissioned in December 2017.

Since the Company is committed to safeguard environment, we regularly invest in environmentally friendly technologies. The Company has recently commissioned a water treatment plant at spinning unit located at M-3 Industrial City, Sahianwala, FIEDMC, Faisalabad. Another plan for the conversion of two filtration plants based on Reverse Osmosis (RO) technology is underway. These plants will perform combined operation to reprocess waste water with higher than normal salted water contents which is currently being drained after treatment. Commissioning of these plants is expected by the end of April 2018 which will result in the saving of energy, chemical and filtration cost.

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, Hyundai Nishat Motor (Private) Limited, Nishat USA Inc., Nishat Linen Trading LLC, Nishat International FZE, Nishat Global China Company Limited, Nishat UK (Private) Limited and Concept Garments and Textile Trading FZE form portfolio of subsidiary companies of the Company. Therefore, the Company has annexed consolidated condensed interim financial information in addition to its separate condensed interim financial information, in accordance with the requirements of International Financial Reporting Standards.

Acknowledgement

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

For and on behalf of the Board of Directors

Mian Umer Mansha
Chief Executive Officer

Maqsood Ahmed
Director

27 April 2018
Lahore

Unconsolidated Condensed Interim
Financial Information of Nishat Mills Limited
for the period ended 31 March 2018



Unconsolidated Condensed Interim Balance Sheet

As at 31 March 2018

	Note	Un-audited 31 March 2018 (Rupees in thousand)	Audited 30 June 2017
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
1,100,000,000 (30 June 2017: 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 2017: 351,599,848) ordinary shares of Rupees 10 each		3,515,999	3,515,999
Reserves		80,192,976	85,246,797
Total equity		83,708,975	88,762,796
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing - secured	5	5,394,944	5,245,629
Deferred income tax liability		707,177	783,292
		6,102,121	6,028,921
CURRENT LIABILITIES			
Trade and other payables		6,844,491	5,837,390
Accrued mark-up		120,097	110,751
Short term borrowings		15,477,500	14,697,393
Current portion of non-current liabilities		2,189,573	2,093,024
Provision for taxation		901,277	1,195,636
		25,532,938	23,934,194
TOTAL LIABILITIES		31,635,059	29,963,115
CONTINGENCIES AND COMMITMENTS	6		
TOTAL EQUITY AND LIABILITIES		115,344,034	118,725,911

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

CHIEF EXECUTIVE OFFICER

	Note	Un-audited 31 March 2018 (Rupees in thousand)	Audited 30 June 2017
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	28,231,748	27,767,699
Investment properties		462,996	466,935
Long term investments		54,040,466	60,008,322
Long term loans		211,343	167,526
Long term deposits		69,673	121,646
		83,016,226	88,532,128
CURRENT ASSETS			
Stores, spare parts and loose tools		2,104,967	2,106,878
Stock in trade		13,470,337	12,722,712
Trade debts		2,528,369	2,245,620
Loans and advances		8,310,024	7,637,999
Short term deposits and prepayments		33,351	60,454
Other receivables		3,133,728	2,828,285
Accrued interest		22,684	11,917
Short term investments		2,641,672	2,535,973
Cash and bank balances		82,676	43,945
		32,327,808	30,193,783
TOTAL ASSETS		115,344,034	118,725,911



DIRECTOR



CHIEF FINANCIAL OFFICER



Unconsolidated Condensed Interim Profit And Loss Account

For the period ended 31 March 2018 (Un-audited)

	Note	Period ended		Quarter ended	
		31 March 2018	31 March 2017	31 March 2018	31 March 2017
(Rupees in thousand)					
REVENUE		38,640,534	37,286,517	13,120,455	13,283,011
COST OF SALES	8	(34,853,547)	(33,088,733)	(11,910,199)	(11,720,279)
GROSS PROFIT		3,786,987	4,197,784	1,210,256	1,562,732
DISTRIBUTION COST		(1,797,731)	(1,805,760)	(633,758)	(673,176)
ADMINISTRATIVE EXPENSES		(801,161)	(860,245)	(270,950)	(272,491)
OTHER EXPENSES		(132,116)	(172,902)	3,526	(18,668)
		(2,731,008)	(2,838,907)	(901,182)	(964,335)
		1,055,979	1,358,877	309,074	598,397
OTHER INCOME		2,927,159	2,907,153	182,374	311,986
PROFIT FROM OPERATIONS		3,983,138	4,266,030	491,448	910,383
FINANCE COST		(741,176)	(670,356)	(290,650)	(249,411)
PROFIT BEFORE TAXATION		3,241,962	3,595,674	200,798	660,972
TAXATION		(477,000)	(507,000)	(104,000)	(123,000)
PROFIT AFTER TAXATION		2,764,962	3,088,674	96,798	537,972
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)		7.86	8.78	0.28	1.53

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

Unconsolidated Condensed Interim Statement of Comprehensive Income

For the period ended 31 March 2018 (Un-audited)

	Period ended		Quarter ended	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	(Rupees in thousand)			
PROFIT AFTER TAXATION	2,764,962	3,088,674	96,798	537,972
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified 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	(6,136,899)	11,485,994	4,702,255	(196,883)
Deferred income tax relating to deficit / (surplus) on available for sale investments	76,115	(994,019)	-	-
	(6,060,784)	10,491,975	4,702,255	(196,883)
Other comprehensive (loss) / income for the period - net of tax	(6,060,784)	10,491,975	4,702,255	(196,883)
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD	(3,295,822)	13,580,649	4,799,053	341,089

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER



Unconsolidated Condensed Interim Cash Flow Statement

For the period ended 31 March 2018 (Un-audited)

	Note	Period ended	
		31 March 2018	31 March 2017
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	9	2,906,359	(1,120,865)
Finance cost paid		(731,830)	(681,014)
Income tax paid		(441,812)	(621,806)
Net exchange difference on forward exchange contracts (paid) / received		(9,538)	123,682
Net increase in long term loans to employees		(62,989)	(62,175)
Net decrease / (increase) in long term deposits		51,973	(351)
Net cash generated from / (used in) operating activities		1,712,163	(2,362,529)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(2,303,147)	(3,148,640)
Proceeds from sale of property, plant and equipment		52,052	139,744
Investments made		(274,742)	(230,826)
Loans and advances to subsidiary companies		(23,889,427)	(16,170,428)
Repayment of loans from subsidiary companies		22,888,000	14,053,182
Interest received		126,977	90,099
Dividends received		2,447,949	2,476,333
Net cash used in investing activities		(952,338)	(2,790,536)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		1,787,000	1,639,975
Repayment of long term financing		(1,541,136)	(1,671,452)
Short term borrowings - net		780,107	4,899,660
Dividend paid		(1,747,065)	(1,749,313)
Net cash (used in) / from financing activities		(721,094)	3,118,870
Net increase / (decrease) in cash and cash equivalents		38,731	(2,034,195)
Cash and cash equivalents at the beginning of the period		43,945	2,115,168
Cash and cash equivalents at the end of the period		82,676	80,973

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

Unconsolidated Condensed Interim Statement of Changes in Equity

For the period ended 31 March 2018 (Un-audited)

	(Rupees in thousand)							
	Share capital	Capital reserves			Reserves		Total equity	
		Premium on issue of right shares	Fair value reserve	Sub total	General reserve	Revenue reserves		
						Unappropriated profit		Sub total
Total								
Balance as at 30 June 2016 - Audited	5,499,530	35,528,222	41,027,752	32,683,028	4,928,376	37,611,404	78,639,156	
Transaction with owners - Final dividend for the year ended 30 June 2016 @ Rupees 5.00 per share	-	-	-	-	(1,757,999)	(1,757,999)	(1,757,999)	
Transferred to general reserve	-	-	-	3,165,000	(3,165,000)	-	-	
Profit for the period ended 31 March 2017	-	-	-	-	3,088,674	3,088,674	3,088,674	
Other comprehensive income for the period ended 31 March 2017	-	10,491,975	10,491,975	-	-	-	10,491,975	
Total comprehensive income for the period ended 31 March 2017	-	10,491,975	10,491,975	-	3,088,674	3,088,674	13,580,649	
Balance as at 31 March 2017 - Un-audited	5,499,530	46,020,197	51,519,727	35,848,028	3,094,051	38,942,079	93,977,805	
Profit for the period ended 30 June 2017	-	-	-	-	1,173,668	1,173,668	1,173,668	
Other comprehensive loss for the period ended 30 June 2017	-	(6,388,677)	(6,388,677)	-	-	-	(6,388,677)	
Total comprehensive income / (loss) for the period ended 30 June 2017	-	(6,388,677)	(6,388,677)	-	1,173,668	1,173,668	(5,215,009)	
Balance as at 30 June 2017 - Audited	5,499,530	39,631,520	45,131,050	35,848,028	4,267,719	40,115,747	85,246,797	
Transaction with owners - Final dividend for the year ended 30 June 2017 @ Rupees 5.00 per share	-	-	-	-	(1,757,999)	(1,757,999)	(1,757,999)	
Transferred to general reserve	-	-	-	2,504,000	(2,504,000)	-	-	
Profit for the period ended 31 March 2018	-	-	-	-	2,764,962	2,764,962	2,764,962	
Other comprehensive loss for the period ended 31 March 2018	-	(6,060,784)	(6,060,784)	-	-	-	(6,060,784)	
Total comprehensive (loss) / income for the period ended 31 March 2018	-	(6,060,784)	(6,060,784)	-	2,764,962	2,764,962	(3,295,822)	
Balance as at 31 March 2018 - Un-audited	5,499,530	33,570,736	39,070,266	38,352,028	2,770,682	41,122,710	80,192,976	

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



CHIEF EXECUTIVE OFFICER



DIRECTOR

CHIEF FINANCIAL OFFICER



Selected Notes to the Unconsolidated Condensed Interim Financial Information

For the period ended 31 March 2018 (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 Act, 2017) 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

These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and Provisions of and directives issued under the Companies Act, 2017". Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed. This unconsolidated condensed interim financial information should be read in conjunction with the audited annual financial statements of the Company for the year ended 30 June 2017.

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 2017.

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 2017.

	Un-audited 31 March 2018	Audited 30 June 2017
	(Rupees in thousand)	
5 LONG TERM FINANCING - SECURED		
Opening balance	7,338,653	6,610,224
Add: Obtained during the period / year	1,787,000	3,213,739
Less: Repaid during the period / year	1,541,136	2,485,310
	7,584,517	7,338,653
Less: Current portion shown under current liabilities	2,189,573	2,093,024
	5,394,944	5,245,629

6 CONTINGENCIES AND COMMITMENTS

a) Contingencies

- i) The Company is contingently liable for Rupees 0.631 million (30 June 2017: 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 1,797.805 million (30 June 2017: Rupees 1,519.832 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, Chairman Punjab Revenue Authority, Lahore against infrastructure cess, Government of Punjab against fulfillment of sales orders, Collectors of Customs against import of coal and Ministry of Textile Industry, Government of Pakistan against cotton cess.
- iii) Post dated cheques of Rupees 4,405.908 million (30 June 2017: Rupees 3,179.346 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 Honourable Lahore High Court, Lahore, the vires of clauses (h) and (i) to sub-section (1) of section 8 of the Sales Tax Act, 1990 whereby 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 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 90.838 million (30 June 2017: Rupees 75.342 million) paid on such goods in its respective monthly sales tax returns.
- v) The Company has challenged, before Honourable Lahore High Court, Lahore, the vires of first proviso to sub-clause (x) of clause (4) of SRO 491(1)/2016 dated 30 June 2016 issued under sections 3 and 4 read with sections 8 and 71 of the Sales Tax Act, 1990 whereby through amendment in the earlier SRO 1125(1)/2011 dated 31 December 2011



Selected Notes to the Unconsolidated Condensed Interim Financial Information

For the period ended 31 March 2018 (Un-audited)

adjustment of input sales tax on packing material of all sorts has been disallowed. The Honourable Lahore High Court has issued stay order in favour of the Company. Consequently, the Company has claimed input sales tax amounting to Rupees 135.594 million (30 June 2017: Rupees 97.221 million) paid on packing material in its respective monthly sales tax returns. The management, based on advice of the legal counsel, is confident of favorable outcome of its appeal.

b) Commitments

- i) Contracts for capital expenditure are approximately of Rupees 1,422.835 million (30 June 2017: Rupees 728.034 million).
- ii) Letters of credit other than for capital expenditure are of Rupees 1,922.632 million (30 June 2017: Rupees 980.674 million).
- iii) Outstanding foreign currency forward contracts are of Rupees 302.693 million (30 June 2017: Rupees 444.689 million).

7 PROPERTY, PLANT AND EQUIPMENT

	Note	Un-audited 31 March 2018 (Rupees in thousand)	Audited 30 June 2017
Operating fixed assets - owned	7.1	25,614,082	23,481,153
Capital work-in-progress	7.2	2,617,666	4,286,546
		28,231,748	27,767,699
7.1 Operating fixed assets - Owned			
Opening book value		23,481,153	23,058,934
Add: Cost of additions during the period / year	7.1.1	3,972,027	2,869,755
		27,453,180	25,928,689
Less: Book value of deletions during the period / year	7.1.2	41,466	127,033
Less: Adjustment during the period / year		-	26,198
		27,411,714	25,775,458
Less: Depreciation charged during the period / year		1,797,632	2,294,305
		25,614,082	23,481,153

	Un-audited 31 March 2018 (Rupees in thousand)	Audited 30 June 2017
7.1.1 Cost of additions		
Freehold land	-	179,306
Buildings on freehold land	1,386,786	390,466
Plant and machinery	2,291,323	2,168,063
Electric installations	175,282	24,310
Factory equipment	11,284	21,845
Furniture, fixtures and office equipment	16,621	32,773
Computer equipment	12,812	12,983
Vehicles	77,919	40,009
	3,972,027	2,869,755
7.1.2 Book value of deletions		
Buildings on freehold land	1,327	2,511
Plant and machinery	15,203	97,527
Electric installations	91	-
Furniture, fixtures and office equipment	-	48
Computer equipment	179	428
Vehicles	24,666	26,519
	41,466	127,033
7.2 Capital work-in-progress		
Buildings on freehold land	983,192	1,549,595
Plant and machinery	1,262,260	2,283,890
Unallocated expenses	18,423	20,046
Letters of credit against machinery	1,336	534
Advances against purchase of land	314,292	391,941
Advances against furniture, fixtures and office equipment	1,116	17,560
Advances against vehicles	37,047	22,980
	2,617,666	4,286,546



Selected Notes to the Unconsolidated Condensed Interim Financial Information

For the period ended 31 March 2018 (Un-audited)

	Period ended		Quarter ended	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	(Rupees in thousand)			
8 COST OF SALES				
Raw materials consumed	20,420,097	18,929,985	6,817,328	6,344,433
Processing charges	164,490	235,839	65,719	130,669
Salaries, wages and other benefits	4,139,337	3,936,439	1,424,406	1,316,046
Stores, spare parts and loose tools consumed	3,499,324	3,629,741	1,219,243	1,295,647
Packing materials consumed	787,140	830,808	277,126	287,129
Repair and maintenance	273,775	234,439	101,009	68,753
Fuel and power	4,151,351	3,677,842	1,598,243	1,332,342
Insurance	34,475	32,548	12,444	11,000
Other factory overheads	371,081	382,796	132,217	124,770
Depreciation	1,711,241	1,639,691	618,734	552,446
	35,552,311	33,530,128	12,266,469	11,463,235
Work-in-process				
Opening stock	1,992,931	1,746,041	2,140,344	2,243,617
Closing stock	(2,236,064)	(2,113,268)	(2,236,064)	(2,113,268)
	(243,133)	(367,227)	(95,720)	130,349
Cost of goods manufactured	35,309,178	33,162,901	12,170,749	11,593,584
Finished goods				
Opening stock	3,295,907	2,875,186	3,490,988	3,076,049
Closing stock	(3,751,538)	(2,949,354)	(3,751,538)	(2,949,354)
	(455,631)	(74,168)	(260,550)	126,695
	34,853,547	33,088,733	11,910,199	11,720,279

	Note	Period ended	
		31 March 2018	31 March 2017
(Rupees in thousand)			
9 CASH GENERATED FROM / (USED IN) OPERATIONS			
Profit before taxation		3,241,962	3,595,674
Adjustments for non-cash charges and other items:			
Depreciation		1,801,571	1,710,875
(Gain) / loss on sale of property, plant and equipment		(10,586)	5,184
Dividend income		(2,447,949)	(2,476,333)
Net exchange gain		(132,668)	(151,480)
Interest income on loans and advances to subsidiary companies		(137,744)	(95,839)
Finance cost		741,176	670,356
Reversal of provision for slow moving, obsolete and damaged store items		-	(488)
Working capital changes	9.1	(149,403)	(4,378,814)
		2,906,359	(1,120,865)
9.1 Working capital changes			
(Increase) / decrease in current assets:			
- Stores, spare parts and loose tools		1,911	(413,732)
- Stock in trade		(747,625)	(4,265,331)
- Trade debts		(159,797)	(149,126)
- Loans and advances		19,027	(278,751)
- Short term deposits and prepayments		27,103	30,485
- Other receivables		(305,391)	(30,996)
		(1,164,772)	(5,107,451)
Increase in trade and other payables		1,015,369	728,637
		(149,403)	(4,378,814)

10 SEGMENT INFORMATION

10.1 The Company has following reportable business segments. The following summary describes the operations in each of the Company's reportable segments:

Spinning Faisalabad (I and II) 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. Intersegment sales and purchases have been eliminated from the total.



Selected Notes to the Unconsolidated Condensed Interim Financial Information

For the period ended 31 March 2018 (Un-audited)

(Un-audited)

	Spinning						Weaving				Dyeing	Home Textile	Garments				Power Generation	Elimination of inter-segment transactions	Total - Company				
	Faisalabad I		Faisalabad II		Feroze Wathwan		Bhikki	Lahore		Period ended			Period ended	I	II	Period ended				Period ended	Period ended	Period ended	Period ended
	Period ended	Mar 2018	Mar 2017	Period ended	Mar 2018	Mar 2017		Period ended	Mar 2018														
Revenue	4,330,517	5,545,684	22,647	7,697,345	6,102,342	2,293,075	8,335,084	3,930,124	7,326,335	6,771,742	2,453,897	3,275,533	1,723,099	640,957	14,002	12,725	356,643.53	37,286,517					
Central management	2,079,242	1,791,570	45,771	4,311,521	4,573,444	1,942,661	3,922,213	445,308	3,700,007	3,621,091	1,333,078	3,120	19,254	43,940	4,372,200	3,376,230	1,845,459	37,286,517					
Cost of sales	6,462,256	7,337,254	270,684	3,728,394	3,943,164	4,343,961	3,973,070	10,062,694	7,740,342	7,460,882	2,597,653	3,303,130	1,744,333	681,407	4,260,882	3,968,915	14,147,931	19,454,458					
Gross profit / (loss)	(79,236)	37,845	(70,020)	1,979,051	2,529,198	262,296	2,171,162	1,330,286	1,065,333	9,310,459	6,236,244	114,884	20,913	1,769	1,745	3,969	3,096,567	4,937,994					
Depreciation cost	(193,100)	(170,326)	(22,028)	(38,376)	(50,649)	(94,331)	(49,842)	(59,422)	(57,476)	(58,948)	(22,438)	(20,153)	(9,807)	(3,721)	(76)	(17)	(17,973.31)	(1,060,900)					
Administrative expenses	(81,650)	(24,178)	(92,161)	(172,602)	(93,428)	(164,588)	(82,561)	(98,261)	(88,063)	(97,168)	(24,944)	(34,570)	(1,823)	(53,949)	(44,256)	(44,256)	(801,161)	(692,426)					
Profit / (loss) before taxation and unaccounted income/expenses	(2,146)	48,264	(89,430)	1,826,263	2,476	54,005	103,242	667,336	863,445	212,260	(19,624)	637,300	213,674	(257,706)	(4,162)	(42,363)	-	1,180,095					
Unaccounted income and expenses:																							
Other expenses																							
Other income																							
Finance cost																							
Taxation																							
Profit after taxation																							

	Spinning						Weaving				Dyeing	Home Textile	Garments				Power Generation	Elimination of inter-segment transactions	Total - Company				
	Faisalabad I		Faisalabad II		Feroze Wathwan		Bhikki	Lahore		Period ended			Period ended	I	II	Period ended				Period ended	Period ended	Period ended	Period ended
	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited		Un-audited	Audited														
Reconciling items	4,812,022	5,246,935	3,840,095	2,226,310	6,330,298	6,573,091	5,558,458	5,338,974	1,073,893	1,001,029	6,062,518	7,213,659	7,483,236	2,143,152	2,055,935	2,704,151	2,590,105	7,343,295	7,513,802	47,468,933	46,133,845		
Unaccounted assets:																							
Long term investments																							
Short term investments																							
Other receivables																							
Cash and bank balances																							
Other corporate assets																							
Total assets as per balance sheet																							
Total liabilities as per balance sheet																							
Unaccounted liabilities:																							
Deferred income tax liability																							
Provision for taxation																							
Other corporate liabilities																							
Total liabilities as per balance sheet																							

10.3 Reconciliation of reportable segment assets and liabilities

	Spinning						Weaving				Dyeing	Home Textile	Garments				Power Generation	Total - Company				
	Faisalabad I		Faisalabad II		Feroze Wathwan		Bhikki	Lahore		Period ended			Period ended	I	II	Period ended			Period ended	Period ended	Period ended	Period ended
	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited		Un-audited	Audited													
Total assets for reportable segments	4,812,022	5,246,935	3,840,095	2,226,310	6,330,298	6,573,091	5,558,458	5,338,974	1,073,893	1,001,029	6,062,518	7,213,659	7,483,236	2,143,152	2,055,935	2,704,151	2,590,105	7,343,295	7,513,802	47,468,933	46,133,845	
Unaccounted assets:																						
Long term investments																						
Short term investments																						
Other receivables																						
Cash and bank balances																						
Other corporate assets																						
Total assets as per balance sheet																						
Total liabilities as per balance sheet																						
Unaccounted liabilities:																						
Deferred income tax liability																						
Provision for taxation																						
Other corporate liabilities																						
Total liabilities as per balance sheet																						

11 RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

i) Fair value hierarchy

Judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in this unconsolidated condensed interim financial information. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table.

Recurring fair value measurements As at 31 March 2018	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Financial assets				
Available for sale financial assets	48,109,301	13,016	4,467,819	52,590,136
Total financial assets	48,109,301	13,016	4,467,819	52,590,136
Financial liabilities				
Derivative financial liabilities	-	8,282	-	8,282
Total financial liabilities	-	8,282	-	8,282

Recurring fair value measurements As at 30 June 2017	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Financial assets				
Available for sale financial assets	53,632,605	13,582	4,806,106	58,452,293
Total financial assets	53,632,605	13,582	4,806,106	58,452,293
Financial liabilities				
Derivative financial liabilities	-	27,536	-	27,536
Total financial liabilities	-	27,536	-	27,536

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the period ended 31 March 2018. Further there was no transfer in and out of level 3 measurements.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.



Selected Notes to the Unconsolidated Condensed Interim Financial Information

For the period ended 31 March 2018 (Un-audited)

ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include the use of quoted market prices or dealer quotes for similar instruments and the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

iii) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the year ended 30 June 2017 and period ended 31 March 2018:

Unlisted equity securities	
(Rupees in thousand)	
Balance as on 30 June 2016 - Audited	2,460,056
Add : Surplus recognized in other comprehensive income	2,346,050
Balance as on 30 June 2017 - Audited	4,806,106
Less : Deficit recognized in other comprehensive income	338,288
Balance as on 31 March 2018 - Unaudited	4,467,818

iv) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

Description	Fair value at		Unobservable inputs	Range of inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
	31 March 2018	30 June 2017		31 March 2018	

(Rupees in thousand)

Available for sale financial assets:

Nishat Paper Products Company Limited	305,630	319,940	Revenue growth factor	11.32%	Increase / decrease in revenue growth factor by 0.05% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees + 40.022 million / - 34.554 million.
			Risk adjusted discount rate	14.23%	
Nishat Dairy (Private) Limited	507,300	507,300	Terminal growth factor	4%	Increase / decrease in terminal growth factor by 1% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees + 81.780 million / - 58.260 million.
			Risk adjusted discount rate	15.46%	
Security General Insurance Company Limited	845,097	780,365	Net premium revenue growth factor	6%	Increase / decrease in net premium revenue growth factor by 0.05% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees +54.710 million / - 48.677 million.
			Risk adjusted discount rate	17.49%	
Nishat Hotels and Properties Limited	2,809,791	3,198,501	Terminal growth factor	4%	Increase / decrease in terminal growth factor by 1% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees + 2,556 million / - 1,048 million.
			Risk adjusted discount rate	8.72%	

There were no significant inter-relationships between unobservable inputs that materially affect fair values.

Valuation processes

Independent valuers perform the valuations of non-property items required for financial reporting purposes, including level 3 fair values. The independent valuers report directly to the Chief Financial Officer. Discussions of valuation processes and results are held between the Chief Financial Officer and the valuation team at least once every six months, in line with the Company's half yearly reporting periods.

The main level 3 inputs used by the Company are derived and evaluated as follows:

Discount rates for financial instruments are determined using a capital asset pricing model to calculate a rate that reflects current market assessments of the time value of money and the risk specific to the asset.

Earnings growth factor for unlisted equity securities are estimated based on market information for similar types of companies.

Changes in level 2 and 3 fair values are analysed at the end of reporting period during the half yearly valuation discussion between the Chief Financial Officer and the independent valuers. As part of this discussion the independent valuers present a report that explains the reason for the fair value movements.

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:

i) Transactions

	Period ended		Quarter ended	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	(Rupees in thousand)			
Subsidiary companies				
Investment made	-	60,000	-	60,000
Interest income	137,744	95,839	63,880	41,448
Short term loans made	23,889,427	16,170,428	6,881,067	4,615,370
Repayment of short term loans made	22,888,000	14,053,182	7,370,227	4,854,864
Rental income	37,992	34,761	13,059	12,236
Dividend income	361,266	632,215	-	180,633
Purchase of goods and services	230,120	311,643	102,410	37,038
Sale of goods and services	3,866,158	3,899,881	882,291	1,328,365
Associated companies				
Investment made	274,742	170,826	-	70,253
Purchase of goods and services	86,009	81,300	16,135	57,450
Purchase of operating fixed assets	9,000	-	-	-
Sale of operating fixed assets	2,000	954	-	-
Sale of goods and services	20,955	249	2,165	70
Rental income	1,166	479	313	171
Dividend income	1,994,179	1,760,873	-	-
Dividend paid	151,459	158,463	-	-
Insurance premium paid	79,915	110,675	23,093	18,745
Insurance claims received	23,549	25,666	11,248	4,557
Profit on term deposit receipt	-	11,059	-	-
Finance cost	5,298	3,693	1,396	1,844
Other related parties				
Dividend income	89,896	81,723	-	-
Purchase of goods and services	1,407,873	1,039,827	630,767	385,887
Sale of goods and services	7,215	42,638	3,744	891
Company's contribution to provident fund trust	159,332	153,848	53,248	51,855
Remuneration paid to Chief Executive Officer, Director and Executives	860,452	828,408	267,649	261,387

Consolidated Condensed Interim

**Financial Information of Nishat Mills Limited
and its Subsidiaries**

For the period ended 31 March 2018



Consolidated Condensed Interim Balance Sheet

As at 31 March 2018

	Note	Un-audited 31 March 2018 (Rupees in thousand)	Audited 30 June 2017
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
1,100,000,000 (30 June 2017: 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 2017: 351,599,848) ordinary shares of Rupees 10 each		3,515,999	3,515,999
Reserves		88,725,899	84,631,159
Equity attributable to equity holders of the Holding Company		92,241,898	88,147,158
Non-controlling interest		7,647,406	6,808,446
Total equity		99,889,304	94,955,604
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing - secured	6	8,978,605	10,339,290
Long term security deposit		174,877	167,530
Retirement benefit obligation		11,579	8,719
Deferred liability - accumulating compensated absences		2,592	3,241
Deferred income tax liability		2,261,882	2,162,341
		11,429,535	12,681,121
CURRENT LIABILITIES			
Trade and other payables		8,340,068	6,876,569
Accrued mark-up		303,737	295,933
Short term borrowings		19,750,062	16,495,970
Current portion of non-current liabilities		4,166,373	3,858,847
Provision for taxation		1,131,386	1,403,634
		33,691,626	28,930,953
TOTAL LIABILITIES		45,121,161	41,612,074
CONTINGENCIES AND COMMITMENTS			
	7		
TOTAL EQUITY AND LIABILITIES		145,010,465	136,567,678

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

CHIEF EXECUTIVE OFFICER

	Note	Un-audited 31 March 2018 (Rupees in thousand)	Audited 30 June 2017
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	41,157,608	41,131,193
Investment properties		462,996	466,935
Intangible assets		123,724	17,479
Long term investments		53,744,441	51,618,680
Long term loans		238,626	192,442
Long term deposits		162,395	211,240
		95,889,790	93,637,969
CURRENT ASSETS			
Stores, spare parts and loose tools		2,894,302	2,811,300
Stock-in-trade		20,159,671	17,713,967
Trade debts		15,381,062	12,349,739
Loans and advances		2,412,046	2,888,707
Short term deposits and prepayments		233,731	254,311
Other receivables		4,339,163	3,786,527
Accrued interest		1,094	1,268
Short term investments		2,641,672	2,535,973
Cash and bank balances		1,057,934	587,917
		49,120,675	42,929,709
TOTAL ASSETS		145,010,465	136,567,678



DIRECTOR



CHIEF FINANCIAL OFFICER



Consolidated Condensed Interim Profit And Loss Account

For the period ended 31 March 2018 (Un-audited)

	Note	Period ended		Quarter ended	
		31 March 2018	31 March 2017	31 March 2018	31 March 2017
(Rupees in thousand)					
REVENUE		61,411,210	56,410,237	21,307,166	20,140,524
COST OF SALES	9	(51,453,846)	(47,235,518)	(18,095,437)	(16,726,788)
GROSS PROFIT		9,957,364	9,174,719	3,211,729	3,413,736
DISTRIBUTION COST		(3,690,308)	(3,552,915)	(1,277,124)	(1,259,428)
ADMINISTRATIVE EXPENSES		(1,394,723)	(1,338,844)	(516,559)	(427,713)
OTHER EXPENSES		(169,324)	(172,902)	(4,342)	(18,668)
		(5,254,355)	(5,064,661)	(1,798,025)	(1,705,809)
		4,703,009	4,110,058	1,413,704	1,707,927
OTHER INCOME		1,175,962	1,123,695	117,368	82,396
PROFIT FROM OPERATIONS		5,878,971	5,233,753	1,531,072	1,790,323
FINANCE COST		(1,318,431)	(1,249,682)	(489,711)	(450,117)
		4,560,540	3,984,071	1,041,361	1,340,206
SHARE OF PROFIT FROM ASSOCIATED COMPANIES		2,010,993	2,491,512	498,571	804,301
PROFIT BEFORE TAXATION		6,571,533	6,475,583	1,539,932	2,144,507
TAXATION		(782,806)	(564,522)	(419,338)	(14,948)
PROFIT AFTER TAXATION		5,788,727	5,911,061	1,120,594	2,129,559
SHARE OF PROFIT ATTRIBUTABLE TO:					
EQUITY HOLDERS OF HOLDING COMPANY		4,621,803	4,860,548	763,862	1,753,296
NON-CONTROLLING INTEREST		1,166,924	1,050,513	356,732	376,263
		5,788,727	5,911,061	1,120,594	2,129,559
EARNINGS PER SHARE- BASIC AND DILUTED (RUPEES)		13.15	13.82	2.17	4.99

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

Consolidated Condensed Interim Statement of Comprehensive Income

For the period ended 31 March 2018 (Un-audited)

	Period ended		Quarter ended	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	(Rupees in thousand)			
PROFIT AFTER TAXATION	5,788,727	5,911,061	1,120,594	2,129,559
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit or loss	(7,773)	(706)	(7,773)	(706)
Items that may be reclassified subsequently to profit or loss:				
Surplus / (Deficit) arising on remeasurement of available for sale investments to fair value	964,269	1,567,503	887,213	(968,655)
Share of other comprehensive income / (loss) of associates	241,222	985,571	409,309	(246,555)
Exchange differences on translating foreign operations	47,782	885	33,565	(170)
Deferred income tax relating to surplus on available for sale investment	(14,564)	(27,295)	-	-
Other comprehensive income / (loss) for the period - net of tax	1,238,709	2,526,664	1,330,087	(1,215,380)
	1,230,936	2,525,958	1,322,314	(1,216,086)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	7,019,663	8,437,019	2,442,908	913,473
SHARE OF TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Equity holders of holding company	5,852,739	7,386,506	2,086,176	537,210
Non-controlling interest	1,166,924	1,050,513	356,732	376,263
	7,019,663	8,437,019	2,442,908	913,473

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER



Consolidated Condensed Interim Cash Flow Statement

For the period ended 31 March 2018 (Un-audited)

	Note	Period ended	
		31 March 2018	31 March 2017
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	10	3,192,149	(1,528,606)
Finance cost paid		(1,310,627)	(1,268,443)
Income tax paid		(611,928)	(770,695)
Long term security deposit received		7,347	6,147
Net exchange difference on forward exchange contracts (paid) / received		(9,538)	123,682
Net increase in retirement benefit obligation		2,211	2,575
Net increase in long term loans		(67,596)	(66,126)
Net decrease / (increase) in long term deposits		48,845	(12,804)
Net cash generated from / (used in) operating activities		1,250,863	(3,514,270)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(2,808,649)	(4,242,870)
Proceeds from sale of property, plant and equipment		52,643	142,488
Proceeds against issue of shares		18,947	-
Interest received		3,974	60,134
Dividends received		2,086,683	1,844,118
Investments made		(289,742)	(170,826)
Net cash used in investing activities		(936,144)	(2,366,956)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		1,787,000	1,639,977
Repayment of long term financing		(2,840,159)	(2,789,491)
Exchange difference on translation of net investments in foreign subsidiaries		47,782	885
Short term borrowings - net		3,254,092	6,782,007
Dividend paid		(2,093,417)	(2,319,060)
Net cash generated from financing activities		155,298	3,314,318
Net increase / (decrease) in cash and cash equivalents		470,017	(2,566,908)
Cash and cash equivalents at the beginning of the period		587,917	3,082,323
Cash and cash equivalents at the end of the period		1,057,934	515,415

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

Consolidated Condensed Interim Statement of Changes in Equity

For the period ended 31 March 2018 (Un-audited)

Attributable to equity holders of the holding company											Non-controlling interest	Total equity	
Share capital	Capital reserves				Revenue reserves			Total reserves	Shareholders' equity				
	Premium on issue of right shares	Fair value reserve	Exchange translation reserve	Statutory reserve	Capital redemption reserve fund	Sub total	General reserve						Unappropriated profit
3,515,999	5,499,530	15,522,561	7,156	232	111,002	21,140,481	52,012,882	6,246,651	58,259,533	79,400,014	82,916,013	6,001,587	88,917,600
-	-	-	-	-	-	-	-	(1,757,999)	(1,757,999)	(1,757,999)	(1,757,999)	-	(1,757,999)
-	-	-	-	-	-	-	-	-	-	-	-	(607,096)	(607,096)
-	-	-	-	-	-	-	4,331,000	(4,331,000)	-	-	-	-	-
-	-	-	-	-	-	-	-	4,860,548	4,860,548	4,860,548	4,860,548	1,050,513	5,911,061
-	-	2,525,073	885	-	-	2,525,958	-	-	2,525,958	2,525,958	2,525,958	-	2,525,958
-	-	2,525,073	885	-	-	2,525,958	-	4,860,548	4,860,548	7,386,506	7,386,506	1,050,513	8,437,019
3,515,999	5,499,530	18,047,634	8,041	232	111,002	23,666,439	56,343,882	5,018,200	61,362,082	86,028,321	88,544,320	6,445,004	94,989,324
-	-	-	-	139	-	139	-	(139)	-	-	-	-	-
-	-	-	-	-	-	-	-	1,309,591	1,309,591	1,309,591	1,309,591	363,442	1,673,033
-	-	(1,690,950)	(4,502)	-	-	(1,695,452)	-	(1,501)	(1,501)	(1,706,953)	(1,706,953)	-	(1,706,953)
-	-	(1,690,950)	(4,502)	-	-	(1,695,452)	-	1,298,090	1,298,090	(397,362)	(397,362)	363,442	(33,920)
3,515,999	5,499,530	16,336,684	3,539	371	111,002	21,971,126	56,343,882	6,316,151	62,660,033	84,631,159	88,147,158	6,808,446	94,955,604
-	-	-	-	-	-	-	-	-	-	-	-	18,947	18,947
-	-	-	-	-	-	-	-	(1,757,999)	(1,757,999)	(1,757,999)	(1,757,999)	-	(1,757,999)
-	-	-	-	-	-	-	-	-	-	-	-	(946,911)	(946,911)
-	-	-	-	-	-	-	4,412,000	(4,412,000)	-	-	-	-	-
-	-	-	-	-	-	-	-	4,621,803	4,621,803	4,621,803	4,621,803	1,166,924	5,788,727
-	-	1,183,154	47,782	-	-	1,230,936	-	-	1,230,936	1,230,936	1,230,936	-	1,230,936
-	-	1,183,154	47,782	-	-	1,230,936	-	4,621,803	4,621,803	5,852,739	5,852,739	1,166,924	7,019,663
3,515,999	5,499,530	17,539,838	51,321	371	111,002	23,202,062	60,755,882	4,767,955	65,523,837	88,725,889	92,241,898	7,647,406	99,889,304

Balance as at 30 June 2016 - Audited

Transaction with owners - Final dividend for the year ended 30 June 2016 @ Rupees 5.00 per share
Transaction with owners - Dividend relating to year 2016 paid to non-controlling interest
Transferred to general reserve

Profit for the period ended 31 March 2017

Other comprehensive income for the period ended 31 March 2017
Total comprehensive income for the period ended 31 March 2017

Balance as at 31 March 2017 - Un-audited

Transferred to statutory reserve
Profit for the period ended 30 June 2017
Other comprehensive loss for the period ended 30 June 2017
Total comprehensive income / (loss) for the period ended 30 June 2017

Balance as at 30 June 2017 - Audited

Shares issued to non-controlling interest
Transaction with owners - Final dividend for the year ended 30 June 2017 @ Rupees 5 per share
Transaction with owners - Dividend relating to year 2017 paid to non-controlling interest
Transferred to general reserve

Profit for the period ended 31 March 2018

Other comprehensive income for the period ended 31 March 2018
Total comprehensive income for the period ended 31 March 2018

Balance as at 31 March 2018 - Un-audited

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER



Selected Notes to the Consolidated Condensed Interim Financial Information

For the period ended 31 March 2018 (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
- Concept Garments and Textile Trading FZE
- Hyundai Nishat Motor (Private) Limited

NISHAT MILLS LIMITED

Nishat Mills Limited is a public limited Company incorporated in Pakistan under the Companies Act, 1913 (Now Companies Act, 2017) 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 (Now Companies Act, 2017) 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 2017: 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 (Now Companies Act, 2017) on 15 March 2011. The registered office of Nishat Linen (Private) Limited is situated at 7-Main Gulberg, Lahore. The principal objects of the Company are to operate retail outlets for sale of textile and other products and to manufacture and to sale the textile products by processing the textile goods in own 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 (Now Companies Act, 2017) 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 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.

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 (Now Companies Act, 2017). It is a wholly owned subsidiary of Nishat Mills Limited. Its registered office is situated at 53-A, Lawrence Road, Lahore.



Selected Notes to the Consolidated Condensed Interim Financial Information

For the period ended 31 March 2018 (Un-audited)

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 (Now Companies Act, 2017). 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.

CONCEPT GARMENTS AND TEXTILE TRADING FZE

Concept Garments and Textile Trading FZE is incorporated as a 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. It is a wholly owned subsidiary of Nishat International FZE which is a wholly owned subsidiary of Nishat Mills Limited. Date of incorporation of the Company was 11 October 2016. The registered office of Concept Garments and Textile Trading FZE is situated at Jabel Ali Free Zone, Dubai. The principal business of the Company is trading in textile and related products.

HYUNDAI NISHAT MOTOR (PRIVATE) LIMITED

Hyundai Nishat Motor (Private) Limited is a private limited Company incorporated in Pakistan on 03 March 2017 under the Companies Ordinance, 1984 (Now Companies Act, 2017). It is a subsidiary of Nishat Mills Limited. The registered office of the Company is situated at 1-B, Aziz Avenue, Canal Bank Road, Gulberg V, Lahore. The principle activity of the Company is to carry on assembly and distribution of Hyundai brand vehicles in Pakistan and this include passenger cars, light commercial vehicles, vans and others, whether locally manufactured or not. Ownership interest held by non-controlling interests in Hyundai Nishat Motor (Private) Limited is 24% (30 June 2017:Nil).

2 BASIS OF PREPARATION

These consolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and Provisions of and directives issued under the Companies Act, 2017". Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed. This un-audited consolidated condensed interim financial information should be read in conjunction with the audited annual financial statements of the Group for the year ended 30 June 2017.

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 2017.

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.

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 the consolidated financial statements.

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. Investments in equity method accounted for associates are tested for impairment in accordance with the provision 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.



Selected Notes to the Consolidated Condensed Interim Financial Information

For the period ended 31 March 2018 (Un-audited)

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 2017.

	Un-audited 31 March 2018 (Rupees in thousand)	Audited 30 June 2017
6 LONG TERM FINANCING - SECURED		
Opening balance	14,198,137	14,987,646
Add: Obtained during the period / year	1,787,000	3,215,449
Less: Repaid during the period / year	2,840,337	4,004,961
Add: Currency translation	178	3
	13,144,978	14,198,137
Less: Current portion shown under current liabilities	4,166,373	3,858,847
	8,978,605	10,339,290

7 CONTINGENCIES AND COMMITMENTS

a) Contingencies

- i) Nishat Mills Limited - Holding Company is contingently liable for Rupees 0.631 million (30 June 2017: 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 1,797.805 million (30 June 2017: Rupees 1,519.832 million) are given by the banks of 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, Chairman Punjab Revenue Authority, Lahore against infrastructure cess, Government of Punjab against fulfillment of sales orders, Collectors of Customs against import of coal and Ministry of Textile Industry, Government of Pakistan against cotton cess.
- iii) Post dated cheques of Rupees 4,405.908 million (30 June 2017: Rupees 3,179.346 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 clauses (h) and (i) to sub-section (1) of section 8 of the Sales Tax Act, 1990 whereby 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 90.838 million (30 June 2017: Rupees 75.342 million) paid on such goods in its respective monthly sales tax returns.

- v) The Holding Company has challenged, before Honourable Lahore High Court, Lahore, the vires of first proviso to sub-clause (x) of clause (4) of SRO 491(1)/2016 dated 30 June 2016 issued under sections 3 and 4 read with sections 8 and 71 of the Sales Tax Act, 1990 whereby through amendment in the earlier SRO 1125(1)/2011 dated 31 December 2011 adjustment of input sales tax on packing material of all sorts have been disallowed. The Honourable Lahore High Court has issued stay order in favour of the Holding Company. Consequently, the Holding Company has claimed input sales tax amounting to Rupees 135.594 million (30 June 2017: Rupees 97.221 million) paid on packing material in its respective monthly sales tax returns. The management of the Holding Company, based on advice of the legal counsel, is confident of favorable outcome of its appeal.
- vi) Holding Company's share in contingencies of associated companies' accounted for under equity method is Rupees 5,860 million (30 June 2017: Rupees 5,720 million).
- vii) In financial year 2014, a sales tax demand of Rupees 1,218.132 million was raised against the Nishat Power Limited - Subsidiary Company through order dated 11 December 2013, passed by the Assistant Commissioner Inland Revenue ('ACIR') disallowing input sales tax for the tax periods of July 2010 to June 2012. The disallowance was primarily made on the grounds that since 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. Upon appeal before Commissioner Inland Revenue (Appeals) ['CIR(A)'], such issue was decided in Subsidiary Company's favour, however, certain other issues agitated by the Subsidiary Company were not adjudicated. Both the Subsidiary Company and department have filed appeals against the order of CIR(A) before Appellate Tribunal Inland Revenue ('ATIR'), which have not been adjudicated.

Subsequently, the above explained issue was taken up by department for tax periods of July 2009 to June 2013 (involving input sales tax of Rupees 1,722.811 million), however, the Subsidiary Company assailed the underlying proceedings before Lahore High Court ('LHC') directly and in this respect, through order dated 31 October 2016, LHC accepted the Subsidiary Company's stance and annulled the proceedings. The department has challenged the decision of LHC before Supreme Court of Pakistan and has also preferred an Intra Court Appeal against such order which are pending adjudication.

Similarly, for financial year 2014, Subsidiary Company's case was selected for 'audit' and such issue again formed the core of audit proceedings (involving input sales tax of Rupees 596.091 million). Subsidiary Company challenged the jurisdiction in respect of audit proceedings before LHC and while LHC directed the management of the Subsidiary Company to join the subject proceedings, department was debarred from



Selected Notes to the Consolidated Condensed Interim Financial Information

For the period ended 31 March 2018 (Un-audited)

passing the adjudication order and thus such litigation too is pending as of now.

Since, the issue has already been decided in Subsidiary Company's favour on merits by LHC, no provision on these accounts have been made in this consolidated condensed interim financial information.

- viii)** The banks have issued the following on behalf of Nishat Power Limited - Subsidiary Company:
 - a)** Letter of guarantee of Rupees 9.5 million (30 June 2017: Rupees 9 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 2017 : Rupees 190.484 million) in favour of fuel suppliers.
 - c)** Letter of guarantee of Rupees 1.5 million (30 June 2017: 0.5 million) in favour of Punjab Revenue Authority, Lahore.
- ix)** Nishat Hospitality (Private) Limited - Subsidiary Company has issued letter of guarantees of Rupees 1.085 million (30 June 2017: 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.
- x)** Guarantees of Rupees 55.139 million (30 June 2017: Rupees 20 million) are given by the banks of Nishat Linen (Private) Limited - Subsidiary Company to Director Excise and Taxation, Karachi against infrastructure cess, Chairman Punjab Revenue Authority, Lahore against infrastructure cess and Collectors of Customs against import consignments.
- xi)** Nishat Linen (Private) Limited - Subsidiary Company has challenged, before Honourable Lahore High Court, Lahore, the vires of clauses (h) and (i) to sub-section (1) of section 8 of the Sales Tax Act, 1990 whereby 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 2.299 million (30 June 2017: Rupees 0.104 million) paid on such goods in its respective monthly sales tax returns.
- xii)** Guarantee of Rupees 1.9 million (30 June 2017: Rupees 1.4 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 1,482.136 million (30 June 2017: Rupees 791.636 million).
- ii) Letters of credit other than for capital expenditure of the Group are of Rupees 2,361.054 million (30 June 2017: Rupees 1,244.252 million).
- iii) Outstanding foreign currency forward contracts are of Rupees 302.693 million (30 June 2017: Rupees 444.689 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 2018 (Rupees in thousand)	Audited 30 June 2017
Not later than one year		3,894	3,115

8 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets - owned	8.1	38,207,008	36,737,466
Capital work in progress	8.2	2,802,411	4,301,039
Major spare parts and standby equipments		148,189	92,688
		41,157,608	41,131,193

8.1 Operating fixed assets - Owned

Opening book value		36,737,466	36,136,234
Add: Cost of additions during the period / year	8.1.1	4,130,048	4,223,240
		40,867,514	40,359,474
Less: Book value of deletions during the period / year	8.1.2	42,028	141,672
Less: Adjustment during the period / year		-	26,198
		40,825,486	40,191,604
Less: Depreciation charged for the period / year		2,628,706	3,454,449
Add: Currency translation		10,228	311
		38,207,008	36,737,466



Selected Notes to the Consolidated Condensed Interim Financial Information

For the period ended 31 March 2018 (Un-audited)

	Un-audited 31 March 2018 (Rupees in thousand)	Audited 30 June 2017
8.1.1 Cost of additions		
Freehold land	1,360	499,300
Buildings on freehold land	1,387,960	556,044
Plant and machinery	2,380,629	2,893,692
Electric installations	179,652	26,388
Factory equipment	11,340	23,188
Furniture, fixtures and office equipment	28,368	89,571
Computer equipment	25,261	39,518
Vehicles	114,108	95,241
Kitchen equipment and crockery items	1,370	298
	4,130,048	4,223,240
8.1.2 Book value of deletions		
Buildings on freehold land	1,327	3,056
Plant and machinery	15,203	108,356
Electric installations	91	-
Furniture, fixtures and office equipment	-	48
Computer equipment	187	570
Vehicles	25,147	29,642
Kitchen equipment and crockery items	73	-
	42,028	141,672
8.2 Capital work-in-progress		
Buildings on freehold land	1,137,666	1,549,595
Plant and machinery	1,281,839	2,285,956
Unallocated expenses	23,197	24,418
Letters of credit against machinery	1,342	534
Advance against purchase of land	314,292	391,941
Advances against furniture, fixtures and office equipment	2,617	17,560
Advances against vehicles	41,458	31,035
	2,802,411	4,301,039

	Period ended		Quarter ended	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
(Rupees in thousand)				
9 COST OF SALES				
Raw materials consumed	34,684,370	31,276,762	11,771,422	11,166,197
Processing charges	454,291	368,291	164,186	189,836
Salaries, wages and other benefits	4,735,942	4,422,758	1,627,015	1,495,242
Stores, spare parts and loose tools consumed	3,811,035	3,908,828	1,381,599	1,392,498
Packing materials consumed	880,047	901,325	304,439	314,738
Repair and maintenance	300,129	271,976	109,032	85,070
Fuel and power	4,162,507	3,704,248	1,590,700	1,340,845
Insurance	161,702	158,076	54,799	52,839
Other factory overheads	501,826	507,902	177,477	162,477
Depreciation and amortization	2,478,117	2,442,043	865,930	815,497
	52,169,966	47,962,209	18,046,599	17,015,239
Work-in-process				
Opening stock	2,610,154	2,263,340	2,563,594	2,478,622
Closing stock	(2,473,093)	(2,503,376)	(2,473,093)	(2,503,376)
	137,061	(240,036)	90,501	(24,754)
Cost of goods manufactured	52,307,027	47,722,173	18,137,100	16,990,485
Finished goods				
Opening stock	5,045,917	4,606,221	5,857,435	4,829,179
Closing stock	(5,899,098)	(5,092,876)	(5,899,098)	(5,092,876)
	(853,181)	(486,655)	(41,663)	(263,697)
	51,453,846	47,235,518	18,095,437	16,726,788

	Note	Period ended	
		31 March 2018	31 March 2017
(Rupees in thousand)			
10 CASH GENERATED FROM / (USED IN) OPERATIONS			
Profit before taxation		6,571,533	6,475,583
Adjustments for non-cash charges and other items:			
Depreciation and amortization		2,637,900	2,571,134
(Gain) / loss on sale of property, plant and equipment		(10,615)	4,874
Dividend income		(819,690)	(789,302)
Profit on deposits with banks		(3,800)	(45,077)
Share of profit from associated companies		(2,010,993)	(2,491,512)
Net exchange gain		(131,493)	(149,587)
Finance cost		1,318,431	1,249,682
Reversal of provision for slow moving, obsolete and damaged store items		-	(488)
Working capital changes	10.1	(4,359,124)	(8,353,913)
		3,192,149	(1,528,606)



Selected Notes to the Consolidated Condensed Interim Financial Information

For the period ended 31 March 2018 (Un-audited)

	Period ended	
	31 March 2018	31 March 2017
(Rupees in thousand)		
10.1 Working capital changes		
(Increase) / decrease in current assets:		
- Stores, spare parts and loose tools	(83,002)	(560,969)
- Stock-in-trade	(2,445,704)	(6,307,731)
- Trade debts	(2,909,546)	(2,562,577)
- Loans and advances	139,924	26,555
- Short term deposits and prepayments	20,580	(38,505)
- Other receivables	(552,584)	(137,271)
	(5,830,332)	(9,580,498)
Increase in trade and other payables	1,471,208	1,226,585
	(4,359,124)	(8,353,913)

11 SEGMENT INFORMATION

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

Spinning Faisalabad (I and II), Producing different qualities of yarn using natural and Feroze Wattwan and Lahore: artificial fibers.

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

Dyeing: Producing dyed fabric using different qualities of grey 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: Carrying on the business of hotel and allied services.

Automobiles: Import, assembly and distribution of both passenger and commercial category automobiles.

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 2018 (Un-audited)

12 RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

i) Fair value hierarchy

Judgments and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in this consolidated condensed interim financial information. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table.

Recurring fair value measurements As at 31 March 2018	Level 1	Level 2 (Rupees in thousand)	Level 3	Total
Financial assets				
Available for sale financial assets	21,164,327	13,016	845,096	22,022,439
Total financial assets	21,164,327	13,016	845,096	22,022,439
Financial liabilities				
Derivative financial liabilities	-	8,282	-	8,282
Total financial liabilities	-	8,282	-	8,282

Recurring fair value measurements As at 30 June 2017 - Audited	Level 1	Level 2 (Rupees in thousand)	Level 3	Total
Financial assets				
Available for sale financial assets	19,989,482	13,582	780,365	20,783,429
Total financial assets	19,989,482	13,582	780,365	20,783,429
Financial liabilities				
Derivative financial liabilities	-	27,536	-	27,536
Total financial liabilities	-	27,536	-	27,536

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the period ended 31 March 2018. Further there was no transfer in and out of level 3 measurements.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include the use of quoted market prices or dealer quotes for similar instruments and the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

iii) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the period ended 31 March 2018:

Unlisted equity securities (Rupees in thousand)	
Balance as on 30 June 2016 - Audited	829,348
Less : Deficit recognized in other comprehensive income	48,983
Balance as on 30 June 2017 - Audited	780,365
Add : Surplus recognized in other comprehensive income	64,732
Balance as on 31 March 2018 - Unaudited	845,097

iv) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

Description	Fair value at		Unobservable inputs	Range of inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
	31 March 2018	30 June 2017		31 March 2018	
(Rupees in thousand)					

Available for sale financial assets:

Security General Insurance Company Limited	845,097	780,365	Net premium revenue growth factor	8%	Increase / decrease in net premium revenue growth factor by 0.05% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees +54.710 million / - 48.677 million.
			Risk adjusted discount rate	17.49%	

There were no significant inter-relationships between unobservable inputs that materially affect fair values.

Valuation processes

Independent valuers perform the valuations of non-property items required for financial reporting purposes, including level 3 fair values. The independent valuers report directly to the Chief Financial Officer of the Holding Company. Discussions of valuation processes and results are held between the Chief Financial Officer of the Holding Company and the valuation team at least once every six month, in line with the Group's half yearly reporting periods.

The main level 3 inputs used by the Group are derived and evaluated as follows:

Discount rates for financial instruments are determined using a capital asset pricing model to calculate a rate that reflects current market assessments of the time value of money and the risk specific to the asset.

Earnings growth factor for unlisted equity securities are estimated based on market information for similar types of companies.

Changes in level 2 and 3 fair values are analysed at the end of each half yearly reporting period during the valuation discussion between the Chief Financial Officer of the Holding Company and the independent valuers. As part of this discussion the independent valuers present a report that explains the reason for the fair value movements.



Selected Notes to the Consolidated Condensed Interim Financial Information

For the period ended 31 March 2018 (Un-audited)

Changes in level 2 and 3 fair values are analysed at the end of each half yearly reporting period during the valuation discussion between the Chief Financial Officer of the Holding Company and the independent valuers. As part of this discussion the independent valuers present a report that explains the reason for the fair value movements.

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:

i) Transactions	Period ended		Quarter ended	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
	(Rupees in thousand)			
Associated companies				
Investment made	274,742	170,826	-	70,253
Purchase of goods and services	164,987	156,845	42,990	85,606
Purchase of operating fixed assets	9,000	-	-	-
Sale of operating fixed assets	2,000	954	-	-
Sale of goods and services	38,184	9,974	15,901	3,870
Rental income	1,166	479	313	171
Rent paid	51,005	37,911	17,807	15,357
Dividend paid	151,459	158,463	-	-
Insurance premium paid	223,595	251,957	68,146	60,948
Interest income	2,029	13,992	463	727
Insurance claims received	26,848	32,281	12,291	6,108
Profit on term deposit receipt	-	11,059	-	-
Finance cost	19,473	14,481	7,001	5,455
Other related parties				
Purchase of goods and services	1,415,800	1,113,025	638,694	390,934
Sale of goods and services	17,011	47,896	6,548	5,932
Group's contribution to provident fund trust	196,937	183,303	66,930	61,992
Remuneration paid to Chief Executive Officer, Director and Executives of the Holding Company	860,452	828,408	267,649	261,387

ii) Period end balances

	As at 31 March 2018		
	Associated companies	Other related parties	Total
	(Rupees in thousand)		
Trade and other payables	33,469	32,285	65,754
Accrued mark-up	1,504	-	1,504
Short term borrowings	101,932	-	101,932
Long term loans	-	188,761	188,761
Trade debts	3,861	2	3,863
Loans and advances	-	71,545	71,545
Accrued interest	32	-	32
Cash and bank balances	183,687	1,904	185,591

	As at 30 June 2017 (Audited)		
	Associated companies	Other related parties	Total
	(Rupees in thousand)		
Trade and other payables	63,916	42,533	106,449
Accrued mark-up	1,267	-	1,267
Short term borrowings	113,010	-	113,010
Long term loans	-	160,732	160,732
Trade debts	3,220	-	3,220
Loans and advances	6,000	66,903	72,903
Other receivables	3,116	-	3,116
Accrued interest	177	-	177
Cash and bank balances	159,170	784	159,954

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 2017.

15 DATE OF AUTHORIZATION FOR ISSUE

This consolidated condensed interim financial information was approved by the Board of Directors and authorized for issue on 27 April 2018.



Selected Notes to the Consolidated Condensed Interim Financial Information

For the period ended 31 March 2018 (Un-audited)

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 other comprehensive income and consolidated condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.

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

17 GENERAL

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

ہماری طویل مدتی کاروباری حکمت عملی کی اہم خصوصیت جارحانہ فروخت اور مارکیٹنگ حکمت عملی کے ساتھ ٹکنہ مارکیٹوں کی تلاش پر توجہ مرکوز کرنا ہے۔ ہم غیر ملکی کمپنیوں کے ساتھ بھی علم اور مہارت کا تبادلہ کرنے اور اپنی صلاحیتوں کو مزید بڑھانے کے لئے اپنے پیداوار کے نظام کو دوبارہ انجینئر کرنے کے لئے تعاون کا ارادہ رکھتے ہیں جو ہماری پیداوار کی فی یونٹ لاگت کو کم کرے گا۔ یہ اقدامات پائیدار کاروباری ترقی کو یقینی بناتے ہوئے تیزی سے بدلتی مارکیٹ کا بہتر مقابلہ کرنے میں مدد کریں گے۔

پاور جنریشن

کمپنی اپنی ٹیکنالوجی میں فیکچرنگ سہولیات کی بڑھتی ہوئی طلب کو پورا کرنے کیلئے بجلی کے ذرائع کے لئے اپنے پاور پلانٹس کو اپ گریڈ کرنے پر مسلسل سرمایہ کاری کرتی ہے۔ بجلی میں واقع کمپنی کی مینوفیکچرنگ سہولت پر جولائی 2017 میں ایک 10 ٹن کول فائر ڈیوئلر نصب کیا گیا۔ ڈویژن نے کارکردگی کو بڑھانے اور لاگت کو کم کرنے کے لئے بجلی میں واقع اپنے پاور پلانٹ میں ساختہ تبدیلیاں بھی کی ہیں۔ M-3 فیصل آباد صنعتی اسٹیٹ، فیصل آباد میں واقع سپننگ پیداوار کی سہولیات کی ضروریات کو پورا کرنے کے لئے نیا کچھو پاور پلانٹ دسمبر 2017 میں مکمل ہوا۔

چونکہ کمپنی ماحول کو محفوظ بنانے کے لئے پُر عزم ہے، ہم باقاعدگی سے ماحول دوست ٹیکنالوجی میں سرمایہ کاری کرتے ہیں۔ کمپنی نے حال ہی میں M-3 انڈسٹریل ٹی، ساہیال نوالہ، FIEDMC، فیصل آباد میں واقع سپننگ یونٹ میں ایک واٹر ٹریٹمنٹ پلانٹ مکمل کیا ہے۔ اس طرح کی ایک اور سرمایہ کاری ریورس اوموسس (RO) ٹیکنالوجی کی بنیاد پر دو فلٹریشن پلانٹس کی تبدیلی کے منصوبہ میں کی گئی ہے۔ یہ پلانٹس معمول سے زیادہ نمکیاتی اجزاء اگلنے والے پانی کو جونی الحال ضائع کیا جا رہا ہے کو دوبارہ قابل استعمال بنانے کے لئے مشین آپریشن سرانجام دیں گے۔ ان پلانٹس کی مکملنگ اپریل 2018 کے آخر تک متوقع ہے، جو بجلی، کیمیکل اور فلٹریشن کے اخراجات بچانے میں معاون ہوگا۔

ذیلی کمپنیاں اور کنسولیڈیٹڈ مالیاتی حسابات

نشاہ پاور لمیٹڈ، نشاہ اینڈ اینٹیٹینی (پرائیویٹ) لمیٹڈ، نشاہ کموڈٹیجز (پرائیویٹ) لمیٹڈ، ال ایچ سولر پاور (پرائیویٹ) لمیٹڈ، ہنڈائی نشاہ سونر (پرائیویٹ) لمیٹڈ، نشاہ یو ایس اے انکارپوریٹڈ، نشاہ اینڈ اینٹین ٹریڈنگ LLC، نشاہ انٹرنیشنل FZE، نشاہ گلوبل چائنہ کمپنی لمیٹڈ، نشاہ UK (پرائیویٹ) لمیٹڈ اور کنسپت گارنٹنس اینڈ ٹیکسٹائل ٹریڈنگ FZE کمپنی کی ذیلی کمپنیوں کی پورٹ فولیو میں شامل ہیں۔ لہذا، کمپنی نے انٹرنیشنل فنانشل ریپورٹنگ سٹیٹمنٹس کے مطابق اپنی سب سے کمزور سبڈیورسوں کی مالیاتی معلومات کے علاوہ کنسولیڈیٹڈ کمزور سبڈیورسوں کی مالیاتی معلومات منسلک کی ہیں۔

انتظامیہ

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

مختار بورڈ آف ڈائریکٹرز



مختار محمد

ڈائریکٹر



میاں عمر مٹھا

چیف ایگزیکٹو آفیسر

127 اپریل 2018ء

لاہور



اضافہ (کمی)		31 مارچ مختصر نوامی		پروسیڈر کا تھ
فیصد	قدر	2017	2018	
(7.39)	(2,721)	36,836	34,115	فروخت - (میٹرز '000)
1.97	5.05	255.96	261.01	قیمت فی میٹر
(5.56)	(524,363)	9,428,716	8,904,353	فروخت - ('000 روپے)

ہم مارکیٹ کے حالات پر گہری نظر رکھے ہوئے ہیں اور خام مال کی بڑھتی ہوئی لاگت کے اثرات کو کم کرنے کے لئے تمام تر کوششیں کر رہے ہیں۔ ہمیں پوری امید ہے کہ تمام مشکلات کے باوجود ہم اس سال کو مثبت نتائج پر ختم کرنے کے قابل ہوتے۔

ہوم ٹیکسٹائل

ذکورہ بالا ان تمام مشکلات کے باوجود، ڈویژن اپنی مصنوعات کی زیادہ طلب کو پورا کرنے کے قابل تھی اور یورپ اور شمالی امریکہ میں موسمی حالات کی تبدیلی کے ساتھ، ہم آخری سہ ماہی میں فروخت مزید بڑھنے کی توقع کرتے ہیں۔ ٹیکسٹائل فیکٹری کی مارکیٹ میں ہمارا حصہ ہماری معیاری مصنوعات کی بدولت بڑھ رہا ہے۔ ڈویژن نے مسلح افواج اور غیر ملکی صارفین سے ورڈیوں اور گارمنٹس، جو ٹیکسٹائل اور پرفارمنس فیکٹری کی بنتی ہیں، کی زیادہ طلب کی ضروریات کو پورا کرنے کیلئے سٹیچنگ فیکٹری کے سائز کو بڑھا دیا ہے۔ ہمیں امید ہے کہ اعلیٰ پرفارمنس سٹے ہونے والے گارمنٹس کی فروخت میں بڑھتا ہوا رجحان اگلی سہ ماہی میں بھی جاری رہے گا۔

اضافہ (کمی)		31 مارچ مختصر نوامی		پروسیڈر کا تھ اینڈ میڈ ایٹس
فیصد	قدر	2017	2018	
21.08	3,633	17,233	20,866	فروخت - (میٹرز '000)
(9.36)	(30.56)	326.60	296.04	قیمت فی میٹر
9.75	548,960	5,628,270	6,177,230	فروخت - ('000 روپے)

تیسری سہ ماہی کے دوران، ہم نے 6 جدید کمپیوٹرائزڈ پلٹی ہیڈ انجینئرنگ مشینوں کا اضافہ کر کے اپنے انجینئرنگ سیکشن کو بھی وسعت دی ہے جو اب مقامی اور برآمد صارفین کی طرف سے ہماری ویلیو ایڈڈ مصنوعات کی اہم پیداواری طلب کو پورا کر سکتا ہے۔ ایک اور برانڈ نیو ڈیجیٹل مشین کے اضافہ کے ساتھ ہمارے ڈیجیٹل پرنٹنگ ڈیپارٹمنٹ میں بھی مزید وسعت کی جارہی ہے۔

گارمنٹس

اس مدت کے دوران، گارمنٹس ڈویژن نے پیداواری کارکردگی بڑھانے اور توانائی کے استعمال میں بہتری حاصل کرنے کے مقصد سے کئی اقدامات اٹھائے ہیں جو نئی گارمنٹ لاگت کو کم کریں گے۔ مائی سال کی آخری سہ ماہی میں، ہماری توجہ تحقیق اور ترقی کو بہتر بنانے، کارکنوں کی تربیت اور جدید معیاری کنٹرول سسٹمز کے اطلاق پر مرکوز ہوگی جس سے زیادہ سے زیادہ ویلیو ایڈڈیشن کے ساتھ معیاری مصنوعات کی پیداوار میں نتائج یقینی ہوتے۔

اضافہ (کمی)		31 مارچ مختصر نوامی		گارمنٹس
فیصد	قدر	2017	2018	
(0.25)	(13)	5,109	5,096	فروخت - (گارمنٹس '000)
6.46	47.61	737.13	784.74	قیمت فی گارمنٹ
6.19	233,038	3,765,987	3,999,025	فروخت - ('000 روپے)

اضافہ (کمی)		31 مارچ تک نخرہ نوامی		یارن
فیصد	قدر	2017	2018	
(4.91)	(890)	18,144	17,254	فروخت - (کلوگرام '000)
0.69	1.98	288.46	290.44	قیمت فی کلو
(4.25)	(222,534)	5,233,819	5,011,285	فروخت - ('000 روپے)

31 مارچ 2018 کو وضع ہونے والی نوامی مدت کے مالیاتی نتائج بین الاقوامی منڈی میں کاشن یارن کاروبار میں نخرہ موزوں حالات کی موجودگی کے باعث خواہش کے مطابق نہیں تھے۔ دوسری طرف، مقامی مارکیٹ میں قیمتیں برآمد مارکیٹ کے مقابلے زیادہ معاون تھیں۔ سپنگ سٹینڈ کا مارکیٹنگ ڈیپارٹمنٹ کینٹی کے حق میں حالات بہتر بنانے کے لئے سخت محنت کر رہا ہے۔ مقامی مارکیٹ میں یارن کی قیمت اور طلب مزید بہتر ہوئی ہیں اور ہم بین الاقوامی مارکیٹ سے بھی طلب بہتر ہونے کی توقع کر رہے ہیں۔ نوامی کے دوران کاشن یارن کی اہم مارکیٹوں، ہانگ کانگ / چین میں قیمت کی بہتری نامناسب رہی لیکن ہم آئندہ دونوں میں مثبت کاروباری توقع کر رہے ہیں۔

M-3 انڈسٹریل سٹی، ساہیوال، FIEDMC، فیصل آباد میں نصب شدہ 49,536 سپنڈ ٹروپ مشینل سے سپنگ پلٹ نے 20 دسمبر 2017 کو اپنی تجارتی پیداوار کا آغاز کر دیا ہے۔ یہ سپنڈ ٹروپ ٹاڈا آباد میں واقع موجودہ سپنگ سہولت سے 22,176 سپنڈ ٹروپ مشینل کی منتقلی سمیت ہیں۔

ڈیپنگ

نوامی مدت کے دوران خام کپاس اور پلینسٹر کا بھری قیمتوں میں نخرہ معمولی اضافے نے صارفین کو فیصلہ نہ کر سکنے والی حالت میں دیکھل دیا، تاہم، مارکیٹنگ منگہ ہماری حکمت عملی کے مطابق برآمدات میں بتدریج اضافہ کرنے کے قابل رہا۔ یہ اضافہ کام کے لباس انٹیکسٹل فبرک سے آیا، لیکن ڈویژن کو فیشن کے کاروبار میں اپنے حصہ کو برقرار رکھنے کیلئے سخت مقابلہ کرنا پڑا تھا۔

اضافہ (کمی)		31 مارچ تک نخرہ نوامی		گرے کا تھ
فیصد	قدر	2017	2018	
9.12	5,495	60,254	65,749	فروخت - (میٹر '000)
6.03	8.31	137.92	146.23	قیمت فی میٹر
15.69	1,304,021	8,310,414	9,614,435	فروخت - ('000 روپے)

امریکی ڈالر کے برعکس پاکستانی روپے کی قدر میں تقریباً 10 فیصد کمی نے ڈویژن کی برآمدی فروخت میں بہت ضروری محرکات فراہم کی ہیں، لیکن اس سے درآمد شدہ یارن کی قیمتیں بھی بڑھ گئی ہیں جس نے ڈویژن کے منافع کو متاثر کیا ہے۔ ٹھگ چوڑائی کے گرے فبرک کا کاروبار ابھی تک دہاؤ کے تحت ہے جبکہ وسیع چوڑائی کے فبرک کا کاروبار ہوم ٹیکسٹائل کاروبار کی طلب زیادہ ہونے کی بدولت تیزی سے ترقی کر رہا ہے۔ وسیع چوڑائی کی ڈیپنگ کی صلاحیت میں اضافہ کی منصوبہ بندی کا مکمل جاری ہے اور امید ہے کہ ستمبر 2018 تک ہماری 30 نئی 340 سینٹی میٹر کپال انجیر جیٹ لومز پیداوار میں کنکشن ہو جائیں گی۔

ڈانگ

خام مال کی زیادہ قیمتوں اور سخت مقابلہ کی وجہ سے ڈانگ ڈویژن کا منافع اگرچہ تو تقعات سے کم تھا، پھر بھی ڈویژن نے موجودہ مالی سال کی پہلی تین سہ ماہیوں میں تسلی بخش کارکردگی کا مظاہرہ کیا ہے۔ دوسری طرف، مالی سال کی آخری سہ ماہی ہمارے کاروباری کیلنڈر میں ہمیشہ مشکل اور سخت ہوتی ہے۔ آخری سہ ماہی میں، دو ان اجیرل فبرکس کی طلب تمام علاقوں اور صارفین سے نمایاں طور پر کم ہو جاتی ہے۔ اس مقررہ مدت میں پیداواری صلاحیت کا مکمل استعمال ہمیشہ مشکل ہوتا ہے، لیکن، اس سال کے دوران، خام مال میں نخرہ معمولی اضافے نے اس بات کو پہلے سے بھی زیادہ مشکل بنا دیا۔



ڈائریکٹرز رپورٹ

نٹا ملز لمیٹڈ ("کمپنی") کی مجلس نھماہ 31 مارچ 2018 کو ختم ہونے والی نو ماہی کے لئے مجلس نھماہ کی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتی ہے۔

آپریٹنگ مالیاتی نتائج

کمپنی کی آمدنی گزشتہ سال کی اسی نو ماہی مدت کے مقابلے 31 مارچ 2018 کو ختم ہونے والی رواں نو ماہی میں 3.63 فیصد تک بڑھ گئی۔ گزشتہ سال کی اسی نو ماہی کے مقابلے، بعد از ٹیکس منافع کی فروخت سے نسبت لاگت میں اضافہ اور منافع کے مارجن میں سخت مقابلے کے نتیجے میں کمی کی بدولت 8.28 فیصد سے 7.16 فیصد تک کم ہوئی۔ ڈیویڈنڈ آمدنی میں بھی 1.15 فیصد کی غیر نمایاں کمی درج کی گئی ہے۔

اضافہ / (کمی) فیصد	31 مارچ تک ختم نو ماہی		مالی جھلکیاں
	2017	2018	
3.63	37,286,517	38,640,534	خالص فروخت (روپے '000)
(9.79)	4,197,784	3,786,987	مجموعی منافع (روپے '000)
(9.84)	3,595,674	3,241,962	قبل از ٹیکس منافع (روپے '000)
(10.48)	3,088,674	2,764,962	بعد از ٹیکس منافع (روپے '000)
	11.26	9.80	مجموعی منافع (فیصد)
	8.28	7.16	بعد از ٹیکس منافع (فیصد)
	8.78	7.86	ٹی شیئر آمدنی - (روپے)

عام مارکیٹ کا جائزہ اور مستقبل کے امکانات

ٹیکسٹائل شعبہ کی کارکردگی 31 مارچ 2018 کو ختم ہونے والی نو ماہی کے دوران مایوس کن رہی۔ مدت ہذا میں شعبہ نے کئی مشکلات کا سامنا کیا، تاہم خام مال کی زیادہ لاگت اور بین الاقوامی منڈیوں میں ٹیکسٹائل مصنوعات کی قدر سے کم طلب اہم عناصر تھے جو نمونوں میں اصل رکاوٹ بنے۔ پاکستانی روپے کی قدر میں امریکی ڈالر کے مقابلے کمی نے برآمدات کو قدر سے فروغ دیا، لیکن اس کی وجہ سے درآمد شدہ خام مال کی لاگت بھی بڑھ گئی ہے۔

اس مدت کے دوران حکومت پاکستان نے "ڈیوٹی ڈراما بیک آف ٹیکسٹائل برآمد کنندگان کے لئے برآمدات اکٹم کو حتمی شکل دی ہے جس کا طویل مدت سے انتظار تھا۔ اس اکٹم کا مقصد مخصوص ٹیکسٹائل مصنوعات کی برآمد بڑھانے کے لئے ٹیکسٹائل برآمد کنندگان کو ڈیوٹی ڈراما بیک کی مددیں کارکردگی کی بنیاد پر اعانت فراہم کرنا ہے۔

شعبہ وار تجزیہ

سپننگ

مالی سال 2017-18 کا آغاز گزشتہ سال کی مشکلات کا تسلسل تھا کیونکہ گزشتہ سال کے دوران ہنگی خریدی گئی کپاس اب بھی اسٹاک میں موجود تھی۔ اگرچہ چمکی سرمایہ کے دوران نئی فصل دستیاب تھی، مقدار اور معیار کے لحاظ سے اچھی کپاس فصل کی خریدی وجہ سے کپاس کی قیمتوں میں کمی کی توقعات غلط ثابت ہوئیں۔ کمپنی نے تیسری سرمایہ کے شروع میں ہی اپنے سپننگ ڈویژن کے لئے کپاس کی خریداری عمل کر لی تھی۔



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