

Interim Financial Report of Nishat Mills Limited
for the half year ended December 31, 2013

PASSION
POTENTIAL
POSSIBILITY

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Company Information

Board of Directors

Mian Umer Mansha

Chairman/CEO

Mian Hassan Mansha

Mr. Khalid Qadeer Qureshi

Syed Zahid Hussain

Mr. Muhammad Azam

Ms. Nabiha Shahnawaz Cheema

Mr. Maqsood Ahmad

Audit Committee

Mr. Khalid Qadeer Qureshi

Chairman/Member

Mr. Muhammad Azam

Member

Ms. Nabiha Shahnawaz Cheema

Member

Human Resource & Remuneration

(HR & R) Committee

Mian Hassan Mansha

Chairman/Member

Mian Umer Mansha

Member

Mr. Khalid Qadeer Qureshi

Member

Chief Financial Officer

Mr. Badar-ul-Hassan

Company Secretary

Mr. Khalid Mahmood Chohan

Auditors

Riaz Ahmad & Company

Chartered Accountants

Legal Advisor

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

Bankers to the Company

Albaraka Bank (Pakistan) Limited

Allied Bank Limited

Askari Bank Limited

Bank Alfalah Limited

Bank Islami Pakistan Limited

Barclays Bank PLC

Burj Bank Limited

Citibank N.A.

Deutsche Bank AG

Dubai Islamic Bank Pakistan Limited

Faysal Bank Limited

Habib Bank Limited

Habib Metropolitan Bank Limited

HSBC Bank Middle East Limited

JS Bank Limited

KASB Bank Limited

Meezan Bank Limited

National Bank of Pakistan

NIB Bank Limited

Pak Brunei Investment Company Limited

Pak Oman Investment Company Limited

Pakistan Kuwait Investment Company (Private) Limited

Samba Bank Limited

Saudi Pak Industrial & Agricultural Investment

Company Limited

Silk Bank Limited

Soneri Bank Limited

Summit Bank Limited

Standard Chartered Bank (Pakistan) Limited

The Bank of Punjab

United Bank Limited

Mills

Spinning units, Yarn Dyeing & Power plant
Nishatabad, Faisalabad.

Spinning unit & Power plant

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

Weaving units & Power plant

12 K.M. Faisalabad Road, Sheikhpura.

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

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

Stitching unit

21 K.M. Ferozepur Road, Lahore.

Apparel Unit

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

Registered Office & Shares Department

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

Head Office

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

Liaison Office

Ist Floor, Karachi Chambers,
Hasrat Mohani Road, Karachi.
Tel: 021-32414721-23
Fax: 021-32412936

Directors' Report

Directors of Nishat Mills Limited ("the Company") are pleased to present the Directors' Report for the half year ended 31 December 2013.

Operating Financial Results

The Company has posted a profit after tax of Rs. 3.852 billion in the current half year which is up by 34.82% as compared to corresponding half of the last year. This significant growth in earnings is mainly attributable to increase in sales by 6.73% and less than proportionate increase in cost of sales by 4.22% which is mainly due to favourable rate variances on sales, efficiencies achieved in production processes and effective production cost reduction strategies of the Company. Resultantly, gross profit increased significantly by 19.26% in the current half year. Following key profitability parameters explain the growth trend of the Company.

Financial Highlights	Half year ended 31 December		Increase/ (decrease) %
	2013	2012	
Net Sales (Rs. '000')	28,087,836	26,317,006	6.73
Gross Profit (Rs. '000')	5,229,309	4,384,754	19.26
Profit before tax (Rs. '000')	4,210,648	3,068,581	37.22
Profit after tax (Rs. '000')	3,852,648	2,857,581	34.82
Gross Profit (%)	18.62	16.66	
Profit after tax (%)	13.72	10.86	
Earnings per share – (Rs.)	10.96	8.13	

The steady returns from strong investment portfolio continued to contribute towards the profitability of the Company. The dividend income during the current half year amounted to Rs. 1.569 billion and gain on sale of investment to Rs. 95 million.

General Market Review and Future Prospects

The global economic conditions have not improved much in the current half year but optimism prevails that world economy will rebound very soon. Its positive impact will provide boost to export oriented company like us.

The textile industry in Pakistan is in limelight after the approval of the Generalized System of Preferences Plus (GSP-plus) status from the European Union (EU) in December 2013 which will considerably enhance the country's textile exports to the EU. The Company is expected to be a major beneficiary of GSP-Plus status due to its considerable presence in value added sectors. The Company has also expansion plans across its value chain.

Spinning

The cotton prices remained stable to a great extent in the first half of financial year 2013-14. However, a comparison of cotton prices with the corresponding period of last year depicts an increase of 15.88% which have impacted the cost of our products in current half year. The Company started buying raw cotton according to requirements of spinning division immediately after the arrival of new crop in the market. More than 85% of the planned procurement was completed during the half year.

Cotton	Half year ended 31 December		Increase / (Decrease)	
	2013	2012	Value	% age
Purchase Rate/ Maund	6,788	5,858	930	15.88%

On the other hand, the significant declining trend in the demand for cotton yarn was observed towards the end of the first quarter which persisted during the second quarter as well. However, unlike the first quarter, cotton yarn prices, in anticipation of the changes in raw cotton prices and the impending holiday season, rose considerably. As per our previous trend, Hong Kong/China remained main markets for cotton yarn whereas demand was negligible in Europe and USA. Nevertheless, sales value of spinning division increased in the current half year as compared to corresponding last half year despite decrease in volume.

Yarn	Half year ended 31 December		Increase / (Decrease)	
	2013	2012	Value	% age
Sale – (kgs '000')	14,868	15,689	(821)	(5.23)
Rate / kg	385.09	340.35	44.74	13.15
Sale – (Rs. '000')	5,725,476	5,339,779	385,697	7.22

Weaving

Weaving division performed remarkably well in the current half year as compared to corresponding half of the last year. Our business relating to apparel and technical fabric in European market grew steadily especially in Germany despite some sluggishness in Italian and Spanish markets due to poor economic conditions. Work-wear business which forms a considerable part of our product mix has given us good volumes as always. Another reason for volumetric growth in our sales is corduroy which usually has great demand in winter season. However, the demand of grey fabric from China slowed down due to existing huge stocks with Chinese traders and uncertain cotton policy of Chinese Government. We expect that grey fabric business will boost substantially in EU due to GSP Plus status of Pakistan. We have successfully completed the changeover of 77 Picanol looms which have given us production boost and substantial flexibility in product mix. Our ongoing expansion phase of new unit of 100 Toyota 810 model looms will be commissioned in last quarter of financial year 2014.

Grey Cloth	Half year ended 31 December		Increase / (Decrease)	
	2013	2012	Value	% age
Sale – (meters '000')	36,895	32,266	4,629	14.35
Rate / meter	175.02	158.88	16.14	10.16
Sale – (Rs. '000')	6,457,219	5,126,578	1,330,641	25.96

Processing and Home Textile

Despite low demand of non-denim products and stiff competition, the processing division has attained its sales and production targets in the first half of financial year 2014. However, the remaining period of current year appears slow because of decrease in demand as a result of seasonal cycle in which raw material prices also go up due to decrease in cotton stocks worldwide. In order to muddle through these detrimental conditions, we

have proactively taken necessary measures, which have enabled us to sell our capacities for entire third quarter of the financial year. We are quite optimistic that we will be able to maintain our performance impetus in the remaining period of financial year too.

The home textile division of the Company has also shown improved performance in the current half year. The division was under expansion plan at the start of year in anticipation of approval of GSP plus status for Pakistan by European Union. We have already started getting early signs of possible growth in business volume from the European region. The additional capacity will be available to us in the third quarter of the financial year which will further boost our sales and profitability and will help us in yielding maximum financial benefits of EU GSP status.

Other than regular business, we also focused on high tech and digital print business. The addition of digital printing machines to our production facility has placed us in a better position to supply for up-market brands in America, Europe and Australian markets. The future prospects of this product segment are bright.

Processed Cloth and Made-ups	Half year ended 31 December		Increase / (Decrease)	
	2013	2012	Value	% age
Sale – (meters '000')	34,255	41,317	(7,062)	(17.09)
Rate / meter	307.60	264.56	43.04	16.27
Sale – (Rs. '000')	10,536,979	10,930,644	(393,665)	(3.60)

Garments

The half yearly performance of our Garment division remained stable with the first quarter being slow in both production and sales. The sales and production activity picked up in the second quarter and the remaining year looks solid with strong growth expectations.

The new GSP scheme coming in force from Jan 1st, 2014 and Pakistan's inclusion as GSP Plus country is a great achievement of Pakistani Government and the Textile Sector. Pakistan's garment industry will remain the biggest beneficiary of the GSP Plus status. Our Garment Division's history of producing quality garments has been widely recognized in Europe and will bring greater opportunities for the Company.

The forecasted growth in both Denim and non Denim categories has enabled us to set up a new Garment plant. The construction on the new project has commenced and it is scheduled to be completed in the financial year 2015. This state of the art Denim Garments Plant will bring in an additional capacity of 500,000 pieces / month, thus making Nishat one of the largest cut to pack garment facility in the country.

Garments	Half year ended 31 December		Increase / (Decrease)	
	2013	2012	Value	% age
Sale – (garments '000')	3,077	3,395	(318)	(9.37)
Rate / garment	826.00	791.44	34.56	4.37
Sale – (Rs. '000')	2,541,588	2,686,937	(145,349)	(5.41)

Power Generation

The Company is in continuous search for cheap and reliable energy sources to cater the needs of its existing and new production facilities and has carried out a number of steps to find out alternative energy sources. The results of our first Coal and Bio Mass fired Plant are very encouraging. Extension of the Plant is underway and plans to set up such plants at Faisalabad and Bhikki are under consideration.

The newly acquired fuel efficient tri-generation generator for Bhikki weaving plant which can operate both on gas and HFO is in the process of installation. Two other such generators will be delivered at Feroze Wattwan and Lahore plants in June 2014. A coal fired boiler for steam generation is also being set up at Bhikki location.

Subsidiary Companies and Consolidated Financial Statements

Nishat Power Limited, Nishat Linen (Private) Limited, Nishat Hospitality (Private) Limited, Nishat USA Inc., Nishat Linen Trading L.L.C, Nishat International FZE and Nishat Global China Company Limited form portfolio of subsidiary companies of the Company. Therefore, the Company has annexed consolidated condensed interim financial information in addition to its separate condensed interim financial information, in accordance with the requirements of International Financial Reporting Standards.

Other Matters

Further equity investment of up to Rs. 2.593 billion in MCB Bank Limited, an associated company

At present, Nishat Mills Limited holds 73,272,629 shares of MCB Bank Limited with a shareholding percentage of 7.24. The Company has approval from State Bank of Pakistan for investment in the shares of MCB Bank Limited up to a shareholding of 8.03% which allows the Company to purchase further 7,978,615 shares of the Bank at its present paid up share capital.

Considering the marvelous growth of the Bank, prospective appreciation of its share price and regular dividend payouts, the Board of Directors has decided to make further equity investment in MCB Bank Limited by purchasing up to a maximum of 7,978,615 shares in the next three years from time to time from the open market at a maximum market price of Rs. 325 per share subject to the approval of shareholders in the Extra Ordinary General Meeting to be held on 31 March 2014.

Equity investment of up to Rs. 1 billion in Nishat Hotels and Properties Limited, an associated company

The Board of Directors has also decided, subject to approval of shareholders in the Extra Ordinary General Meeting to be held on 31 March 2014, to make an equity investment of up to Rs. 1 billion in Nishat Hotels and Properties Limited within next three years. The investment is expected to yield significant dividends which will eventually enhance the bottom line of the Company.

Loans and advances of up to Rs. 1.5 billion to Nishat Power Limited, a subsidiary company

The Board of Directors has also decided to invest the surplus funds available with the Company by extending loan and advance of Rs. 1.5 billion to the subsidiary company at the interest rate of 3 month KIBOR plus 200 bps for a period of three years subject to shareholders' approval in the Extra Ordinary General Meeting to be held on 31 March 2014. The Company is expected to earn decent return on the proposed investment.

Lease agreement with proposed Nishat Spinning (Private) Limited, a wholly owned subsidiary company

The Board of Directors of the Company has decided to incorporate a company under the name of Nishat Spinning (Private) Limited as a wholly owned subsidiary. The Board has also accorded approval to invest an amount not exceeding Rs. 7 million by way of an equity investment as and when required and up to Rs. 2 billion in the form of loan and advances in the Nishat Spinning (Private) Limited at an interest rate of 0.10 % above the monthly average short term borrowing cost of Nishat Mills Limited calculated on the daily outstanding balance of the loan.

It is also proposed to lease a part of the Company's land along with building constructed on it and spinning machinery installed thereon to Nishat Spinning (Private) Limited subject to shareholders' approval in the Extraordinary General Meeting to be held on 31 March 2014. With the approval of GSP Plus status for Pakistan w.e.f. 01 January 2014, the export of value added textile products to EU countries is expected to increase many fold which will eventually increase the price and profit margins of yarn sold in local market due to the tremendous expected hike in yarn demand in the country.

The initial lease term will be of 11 months which will be renewable with mutual consent. The lease rental for the initial lease term will be Rs. 25 million per month.

Guarantees / standby letters of credit up to US\$ 2.5 million to the lenders of Nishat Global China Company Limited, a wholly owned subsidiary company

Nishat Global China Company Limited is a company set up in China. It is a wholly owned subsidiary of M/s 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 our subsidiary companies in Pakistan and the UAE. Importing from China at low prices gives us an opportunity to earn huge margins on sales of such imported items in the retail outlets in Pakistan and UAE.

To fund the exports, Nishat China Global Company Limited is projecting that it will need a credit facility from Banks / Financial institutions of China. The Chinese Company will utilize the funds to purchase products in China and then pay down the lines when the export receivables are realized.

Considering the projected financial benefits involved, the Directors have approved the Company to approach Bank(s) / Financial Institution(s) in Pakistan in order to issue guarantees / standby letters of credit up to a sum of US\$ 2.5 million to the lender(s) of the Chinese company, in their meeting held on 14 February 2014, subject to the approval of State Bank of Pakistan.

Acknowledgement

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

For and on behalf of the Board of Directors



Mian Umer Mansha

Chairman/Chief Executive Officer

14 February 2014

Lahore

Auditors' Report To The Members

On Review Of Unconsolidated Condensed Interim Financial Information

Introduction

We have reviewed the accompanying unconsolidated condensed interim balance sheet of NISHAT MILLS LIMITED as at 31 December 2013 and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim cash flow statement, unconsolidated condensed interim statement of changes in equity and notes to the accounts for the half year then ended (herein after referred to as "unconsolidated condensed interim financial information"). Management is responsible for the preparation and presentation of this unconsolidated condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this unconsolidated condensed interim financial information based on our review. The figures of the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income for the quarters ended 31 December 2013 and 31 December 2012 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended 31 December 2013.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of unconsolidated condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated condensed interim financial information as of and for the half year ended 31 December 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.



RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Muhammad Atif Mirza

14 February 2014

LAHORE

Unconsolidated Condensed Interim
Financial Information of
Nishat Mills Limited
for the half year ended 31 December 2013

Unconsolidated Condensed Interim Balance Sheet

As at 31 December 2013

	Note	Un-audited 31 December 2013 (Rupees in thousand)	Audited 30 June 2013
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
1,100,000,000 (30 June 2013: 1,100,000,000) ordinary shares of Rupees 10 each		11,000,000	11,000,000
Issued, subscribed and paid-up share capital			
351,599,848 (30 June 2013: 351,599,848) ordinary shares of Rupees 10 each		3,515,999	3,515,999
Reserves		60,736,340	55,401,036
Total equity		64,252,339	58,917,035
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	4,019,419	3,083,410
Liabilities against assets subject to finance lease	6	29,530	66,322
Deferred income tax liability		578,071	499,415
		4,627,020	3,649,147
CURRENT LIABILITIES			
Trade and other payables		4,733,409	3,785,501
Accrued mark-up		342,795	300,755
Short term borrowings		14,185,740	11,939,028
Current portion of non-current liabilities		1,130,513	1,310,769
Provision for taxation		660,393	732,359
		21,052,850	18,068,412
TOTAL LIABILITIES		25,679,870	21,717,559
CONTINGENCIES AND COMMITMENTS	7		
TOTAL EQUITY AND LIABILITIES		89,932,209	80,634,594

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



Chief Executive Officer

	Note	Un-audited 31 December 2013 (Rupees in thousand)	Audited 30 June 2013
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	18,120,347	15,530,320
Investment properties		390,714	394,745
Long term investments		40,956,577	37,378,224
Long term loans		89,209	84,997
Long term deposits and prepayments		43,572	41,748
		59,600,419	53,430,034
CURRENT ASSETS			
Stores, spare parts and loose tools		1,514,647	1,285,371
Stock in trade		16,199,111	10,945,439
Trade debts		2,593,249	6,243,535
Loans and advances		4,176,222	1,898,334
Short term deposits and prepayments		27,853	40,018
Other receivables		1,186,689	1,019,164
Accrued interest		20,846	13,550
Short term investments		3,919,760	4,362,880
Cash and bank balances		693,413	1,128,862
		30,331,790	26,937,153
Non-current asset held for sale		-	267,407
		30,331,790	27,204,560
TOTAL ASSETS		89,932,209	80,634,594


Director

Unconsolidated Condensed Interim Profit and Loss Account

For the Half year ended 31 December 2013 (Un-audited)

	Note	Half year ended		Quarter ended	
		31 December 2013	31 December 2012	31 December 2013	31 December 2012
		(Rupees in thousand)			
SALES		28,087,836	26,317,006	14,508,776	13,361,645
COST OF SALES	9	(22,858,527)	(21,932,252)	(11,778,851)	(11,016,048)
GROSS PROFIT		5,229,309	4,384,754	2,729,925	2,345,597
DISTRIBUTION COST		(1,314,463)	(1,276,587)	(693,132)	(675,369)
ADMINISTRATIVE EXPENSES		(520,328)	(435,510)	(254,958)	(216,583)
OTHER EXPENSES		(285,927)	(166,675)	(136,797)	(102,333)
		(2,120,718)	(1,878,772)	(1,084,887)	(994,285)
		3,108,591	2,505,982	1,645,038	1,351,312
OTHER INCOME		1,931,309	1,394,004	1,258,991	923,786
PROFIT FROM OPERATIONS		5,039,900	3,899,986	2,904,029	2,275,098
FINANCE COST		(829,252)	(831,405)	(446,322)	(402,321)
PROFIT BEFORE TAXATION		4,210,648	3,068,581	2,457,707	1,872,777
TAXATION		(358,000)	(211,000)	(177,000)	(78,084)
PROFIT AFTER TAXATION		3,852,648	2,857,581	2,280,707	1,794,693
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	10	10.96	8.13	6.49	5.10

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



Chief Executive Officer



Director

Unconsolidated Condensed Interim Statement of Comprehensive Income For the Half year ended 31 December 2013 (Un-audited)

	Half year ended		Quarter ended	
	31 December 2013	31 December 2012 (Rupees in thousand)	31 December 2013	31 December 2012
PROFIT AFTER TAXATION	3,852,648	2,857,581	2,280,707	1,794,693
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss:				
Surplus arising on remeasurement of available for sale investments to fair value	2,967,711	6,604,208	4,426,778	3,279,844
Deferred income tax relating to surplus on available for sale investments	(78,656)	(76,397)	(78,656)	(76,397)
Other comprehensive income for the period - net of tax	2,889,055	6,527,811	4,348,122	3,203,447
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	6,741,703	9,385,392	6,628,829	4,998,140

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



Chief Executive Officer



Director

Unconsolidated Condensed Interim Cash Flow Statement

For the Half year ended 31 December 2013 (Un-audited)

	Note	Half year ended	
		31 December 2013	31 December 2012
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (utilized in) operations	11	2,873,185	(1,054,555)
Finance cost paid		(787,212)	(803,154)
Income tax paid		(460,421)	(313,810)
Exchange gain including loss on forward exchange contracts		(20,435)	23,682
Net increase in long term loans to employees		(7,351)	(10,951)
Net increase in long term deposits and prepayments		(1,824)	(3,620)
Net cash generated from / (utilized in) operating activities		1,595,942	(2,162,408)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(3,474,295)	(1,189,266)
Proceeds from sale of property, plant and equipment		207,525	137,791
Loans and advances to subsidiary companies		(5,265,527)	(3,284,642)
Repayment of loans from subsidiary companies		3,103,692	2,531,764
Interest received		64,105	42,821
Dividends received		1,568,889	1,131,832
Proceeds from sale of investment		910,297	-
Proceeds from sale of non-current asset held for sale		267,407	-
Investments made		(982,438)	(355,155)
Net cash used in investing activities		(3,600,345)	(984,855)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		2,359,415	1,332,512
Repayment of long term financing		(1,605,797)	(1,286,918)
Repayment of liabilities against assets subject to finance lease		(34,657)	(32,073)
Short term borrowings - net		2,246,712	2,042,422
Dividend paid		(1,396,719)	(1,207,207)
Net cash from financing activities		1,568,954	848,736
Net decrease in cash and cash equivalents		(435,449)	(2,298,527)
Cash and cash equivalents at the beginning of the period		1,128,862	2,358,556
Cash and cash equivalents at the end of the period		693,413	60,029

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



Chief Executive Officer



Director

Unconsolidated Condensed Interim Statement of Changes in Equity For the Half year ended 31 December 2013 (Un-audited)

		(Rupees in thousand)							Total equity
		Capital reserves			Reserves			Total	
		Share capital	Premium on issue of right shares	Fair value reserve	Sub total	General reserve	Unappropriated profit		
Balance as at 30 June 2012 - Audited	3,515,999	5,499,530	5,704,588	11,204,118	19,511,028	3,531,604	23,042,632	34,246,750	37,762,749
Transaction with owners - Final dividend for the year ended 30 June 2012 @ Rupees 3.50 per share	-	-	-	-	-	(1,230,599)	(1,230,599)	(1,230,599)	(1,230,599)
Transferred to general reserve	-	-	-	-	2,297,000	(2,297,000)	-	-	-
Profit for the half year ended 31 December 2012	-	-	-	-	-	2,857,581	2,857,581	2,857,581	2,857,581
Other comprehensive income for the half year ended 31 December 2012	-	-	6,527,811	6,527,811	-	-	-	6,527,811	6,527,811
Total comprehensive income for the half year ended 31 December 2012	-	-	6,527,811	6,527,811	-	2,857,581	2,857,581	9,385,392	9,385,392
Balance as at 31 December 2012 - Un-audited	3,515,999	5,499,530	12,232,399	17,731,929	21,808,028	2,861,586	24,669,614	42,401,543	45,917,542
Profit for the half year ended 30 June 2013	-	-	-	-	-	2,989,272	2,989,272	2,989,272	2,989,272
Other comprehensive income for the half year ended 30 June 2013	-	-	10,010,221	10,010,221	-	-	-	10,010,221	10,010,221
Total comprehensive income for the half year ended 30 June 2013	-	-	10,010,221	10,010,221	-	2,989,272	2,989,272	12,999,493	12,999,493
Balance as at 30 June 2013 - Audited	3,515,999	5,499,530	22,242,620	27,742,150	21,808,028	5,850,858	27,658,886	55,401,036	58,917,035
Transaction with owners - Final dividend for the year ended 30 June 2013 @ Rupees 4.00 per share	-	-	-	-	-	(1,406,399)	(1,406,399)	(1,406,399)	(1,406,399)
Transferred to general reserve	-	-	-	-	4,440,000	(4,440,000)	-	-	-
Profit for the half year ended 31 December 2013	-	-	-	-	-	3,852,648	3,852,648	3,852,648	3,852,648
Other comprehensive income for the half year ended 31 December 2013	-	-	2,889,055	2,889,055	-	-	-	2,889,055	2,889,055
Total comprehensive income for the half year ended 31 December 2013	-	-	2,889,055	2,889,055	-	3,852,648	3,852,648	6,741,703	6,741,703
Balance as at 31 December 2013 - Un-audited	3,515,999	5,499,530	25,131,675	30,631,205	26,248,028	3,857,107	30,105,135	60,736,340	64,252,339

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

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Chief Executive Officer

[Signature]

Director

Selected Notes to the Unconsolidated Condensed Interim Financial Information For the Half year ended 31 December 2013 (Un-audited)

1 THE COMPANY AND ITS OPERATIONS

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

2 BASIS OF PREPARATION

This unconsolidated condensed interim financial information is un-audited but subject to limited scope review by the statutory auditors and is being submitted to shareholders as required by section 245 of the Companies Ordinance, 1984. This unconsolidated condensed interim financial information of the Company for the half year ended 31 December 2013 has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This unconsolidated condensed interim financial information should be read in conjunction with the audited annual published financial statements of the Company for the year ended 30 June 2013.

3 ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of this unconsolidated condensed interim financial information are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2013.

4 CRITICAL ACCOUNTING ESTIMATES AND 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 2013.

	Un-audited 31 December 2013	Audited 30 June 2013
	(Rupees in thousand)	
5 LONG TERM FINANCING- SECURED		
Opening balance	4,323,909	4,331,178
Add: Obtained during the period / year	2,359,415	1,838,049
Less: Repaid during the period / year	1,605,797	1,845,318
	5,077,527	4,323,909
Less: Current portion shown under current liabilities	1,058,108	1,240,499
	4,019,419	3,083,410

	Un-audited 31 December 2013 (Rupees in thousand)	Audited 30 June 2013
6 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Future minimum lease payments	110,836	152,545
Less: Un-amortized finance charge	8,901	15,953
Present value of future minimum lease payments	101,935	136,592
Less: Current portion shown under current liabilities	72,405	70,270
	29,530	66,322

6.1 This represents sale and leaseback arrangement with Pak Kuwait Investment Company (Private) Limited. According to the lease agreement, leasing company has contributed Rupees 150.047 million from its own sources and the remaining amount of Rupees 149.953 million has been financed under Long Term Finance Facility (LTFF) scheme of State Bank of Pakistan. Minimum lease payments have been discounted using implicit interest rate ranging from 9.70 % to 11.09 % (31 December 2012: 9.70% to 14.06%) per annum. Balance rentals are payable in quarterly installments. Taxes, repairs and insurance costs are borne by the Company. These are secured against the leased assets and demand promissory notes.

7 CONTINGENCIES AND COMMITMENTS

a) Contingencies

- i) The Company is contingently liable for Rupees 0.631 million (30 June 2013: Rupees 0.631 million) on account of central excise duty not acknowledged as debt as the case is pending before Court.
- ii) Guarantees of Rupees 665.121 million (30 June 2013: Rupees 635.607 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connections, Shell Pakistan Limited and Pakistan State Oil Limited against purchase of furnace oil, Director Excise and Taxation, Karachi against infrastructure cess and Pakistan Army against fulfillment of sales order.
- iii) Post dated cheques of Rupees 2,582.605 million (30 June 2013: Rupees 1,816.775 million) are issued to customs authorities in respect of duties on imported items availed on the basis of consumption and export plans. If documents of exports are not provided on due dates, cheques issued as security shall be encashable.

b) Commitments

- i) Contracts for capital expenditure are approximately of Rupees 4,654.330 million (30 June 2013: Rupees 4,500.169 million).
- ii) Letters of credit other than for capital expenditure are Rupees 1,478.609 million (30 June 2013: Rupees 493.340 million).
- iii) Outstanding foreign currency forward contracts of Rupees 2,466.102 million (30 June 2013: Rupees 827.520 million).

Selected Notes to the Unconsolidated Condensed Interim Financial Information For the Half year ended 31 December 2013 (Un-audited)

8 PROPERTY, PLANT AND EQUIPMENT

	Note	Un-audited 31 December 2013 (Rupees in thousand)	Audited 30 June 2013
Operating fixed assets:			
Owned	8.1	14,920,475	14,086,039
Leased	8.2	211,410	222,324
Capital work-in-progress	8.3	2,988,462	1,221,957
		18,120,347	15,530,320
8.1 Operating fixed assets- Owned			
Opening book value		14,086,039	12,250,991
Add: Cost of additions during the period / year	8.1.1	1,707,790	3,497,088
		15,793,829	15,748,079
Less: Book value of deletions during the period / year	8.1.2	156,968	173,063
Less: Book value of assets transferred to investment properties during the period / year		-	161,662
		156,968	334,725
		15,636,861	15,413,354
Less: Depreciation charged during the period / year		716,386	1,327,315
		14,920,475	14,086,039
8.1.1 Cost of additions			
Freehold land		127,966	211,740
Buildings on freehold land		70,572	767,381
Plant and machinery		1,414,850	2,327,787
Electric installations		10,651	10,667
Factory equipment		16,408	45,620
Furniture, fixtures and office equipment		5,556	17,623
Computer equipment		7,229	7,795
Vehicles		54,558	108,475
		1,707,790	3,497,088

	Un-audited 31 December 2013	Audited 30 June 2013
	(Rupees in thousand)	
8.1.2 Book value of deletions		
Plant and machinery	146,503	158,131
Electric installation	-	562
Factory equipment	-	3
Furniture, fixtures and office equipment	239	134
Computer equipment	67	69
Vehicles	10,159	14,164
	156,968	173,063
8.2 Operating fixed assets- Leased		
Opening book value	222,324	246,378
Less: Depreciation charged during the period / year	10,914	24,054
	211,410	222,324
8.3 Capital work-in-progress		
Buildings on freehold land	1,065,996	378,626
Plant and machinery	1,882,225	829,950
Electric installations	675	-
Unallocated expenses	14,346	692
Letters of credit for machinery	6,465	7,522
Advances against furniture and office equipment	880	-
Advances against vehicles	17,875	5,167
	2,988,462	1,221,957

Selected Notes to the Unconsolidated Condensed Interim Financial Information For the Half year ended 31 December 2013 (Un-audited)

	Half year ended		Quarter ended	
	31 December 2013	31 December 2012 (Rupees in thousand)	31 December 2013	31 December 2012
9 COST OF SALES				
Raw materials consumed	15,153,548	14,577,531	7,732,347	7,255,331
Processing charges	97,227	158,432	47,207	81,614
Salaries, wages and other benefits	1,780,943	1,530,707	937,415	783,417
Stores, spare parts and loose tools consumed	2,234,028	1,981,654	1,200,143	1,016,717
Packing materials consumed	447,450	439,381	236,538	226,285
Repair and maintenance	186,559	134,804	105,390	66,787
Fuel and power	2,629,546	2,285,701	1,353,851	1,166,872
Insurance	17,986	16,998	9,050	8,587
Other factory overheads	244,987	163,900	131,390	84,295
Depreciation	685,205	595,986	358,323	306,342
	23,477,479	21,885,094	12,111,654	10,996,247
Work-in-process				
Opening stock	1,720,313	1,757,058	1,883,354	1,814,305
Closing stock	(1,912,315)	(1,829,323)	(1,912,315)	(1,829,323)
	(192,002)	(72,265)	(28,961)	(15,018)
Cost of goods manufactured	23,285,477	21,812,829	12,082,693	10,981,229
Finished goods				
Opening stock	2,720,906	2,307,777	2,844,014	2,223,173
Closing stock	(3,147,856)	(2,188,354)	(3,147,856)	(2,188,354)
	(426,950)	119,423	(303,842)	34,819
	22,858,527	21,932,252	11,778,851	11,016,048

	Half year ended		Quarter ended	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
10 EARNINGS PER SHARE - BASIC AND DILUTED				
There is no dilutive effect on the basic earnings per share which is based on:				
Profit attributable to ordinary shareholders (Rupees in thousand)	3,852,648	2,857,581	2,280,707	1,794,693
Weighted average number of ordinary shares (Numbers)	351,599,848	351,599,848	351,599,848	351,599,848
Earnings per share (Rupees)	10.96	8.13	6.49	5.10

	Note	Half year ended	
		31 December 2013	31 December 2012
(Rupees in thousand)			
11 CASH GENERATED FROM / (UTILIZED IN) OPERATIONS			
Profit before taxation		4,210,648	3,068,581
Adjustments for non-cash charges and other items:			
Depreciation		731,331	637,342
Gain on sale of property, plant and equipment		(50,557)	(21,804)
Gain on sale of investments		(10,297)	-
Gain on sale of non-current asset held for sale		(85,084)	-
Dividend income		(1,568,889)	(1,131,832)
Net exchange (gain) / loss on forward exchange contracts		10,993	(15,551)
Interest income on loans and advances to subsidiary companies		(79,236)	(45,814)
Finance cost		829,252	831,405
Working capital changes	11.1	(1,114,976)	(4,376,882)
		2,873,185	(1,054,555)
11.1 Working capital changes			
(Increase) / decrease in current assets:			
- Stores, spare parts and loose tools		(229,276)	(280,048)
- Stock in trade		(5,253,672)	(1,477,940)
- Trade debts		3,650,286	(2,680,347)
- Loans and advances		(82,459)	(54,041)
- Short term deposits and prepayments		12,165	13,288
- Other receivables		(151,887)	(43,055)
		(2,054,843)	(4,522,143)
Increase in trade and other payables		939,867	145,261
		(1,114,976)	(4,376,882)

12 SEGMENT INFORMATION

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

Spinning: Production of different qualities of yarn using natural and artificial fibers.

Weaving: Production of different qualities of greige fabric using yarn.

Processing & Home Textile: Processing of greige fabric for production of printed and dyed fabric and its further use in manufacturing variety of home textile articles.

Garments: Manufacturing of garments using processed fabric.

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

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

13 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:

	Half year ended		Quarter ended	
	31 December 2013	31 December 2012 (Rupees in thousand)	31 December 2013	31 December 2012
i) Transactions				
Subsidiary companies				
Investment made	682,438	126,285	330,524	66,735
Long term loan payment received	-	218,220	-	218,220
Interest income	79,236	45,815	57,878	23,935
Short term loans made	5,265,527	3,284,642	3,307,101	1,890,290
Short term loans payment received	3,103,692	2,313,544	1,971,840	1,910,351
Rental income	15,757	12,945	8,068	9,845
Dividend income	361,266	180,633	361,266	180,633
Purchase of goods and services	156,176	68,350	105,257	55,096
Sale of goods and services	1,526,346	1,859,628	808,222	1,183,832
Associated companies				
Investments made	300,000	228,870	300,000	228,870
Purchase of goods and services	77,826	9,689	49,494	6,513
Sale of operating fixed assets	1,475	1,327	-	-
Sale of goods and services	423	147	74	84
Rental income	447	167	130	114
Dividend income	1,158,093	906,172	669,269	619,274
Dividend paid	126,194	110,419	126,194	110,419
Insurance premium paid	71,838	70,802	27,729	25,883
Insurance claims received	25,614	9,380	16,927	5,089
Profit on term deposit receipt	248	5,035	248	-
Subscription paid	-	1,250	-	-
Other related parties				
Dividend income	49,530	45,027	49,530	45,027
Purchase of goods and services	80,781	11,474	55,716	6,520
Sale of goods and services	4,839	25,969	-	124
Company's contribution to provident fund trust	67,902	56,069	34,798	28,081
Remuneration paid to Chief Executive Officer, Directors and Executives	335,546	226,375	152,592	102,906

Selected Notes to the Unconsolidated Condensed Interim Financial Information For the Half year ended 31 December 2013 (Un-audited)

ii) Period end balances

As at 31 December 2013 (Un-audited)				
	Subsidiary companies	Associated companies	Other related parties	Total
	(Rupees in thousand)			
Trade and other payables	25,532	21,460	7,326	54,318
Long term loans	-	-	80,057	80,057
Trade debts	189,261	-	-	189,261
Loans and advances	2,950,622	-	30,714	2,981,336
Other receivables	6,100	-	-	6,100
Accrued interest	20,572	248	-	20,820
Cash and bank balances	-	505,433	-	505,433

As at 30 June 2013 (Audited)				
	Subsidiary companies	Associated companies	Other related parties	Total
	(Rupees in thousand)			
Trade and other payables	8,293	37,744	11	46,048
Long term loans	-	-	77,055	77,055
Trade debts	254,694	34	-	254,728
Loans and advances	788,787	-	28,409	817,196
Other receivables	30	-	-	30
Accrued interest	5,440	-	-	5,440
Cash and bank balances	-	6,633	-	6,633

14 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2013.

15 DATE OF AUTHORIZATION FOR ISSUE

This unconsolidated condensed interim financial information was approved by the Board of Directors and authorized for issue on 14 February 2014.

16 CORRESPONDING FIGURES

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

Corresponding figures 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

Consolidated Condensed Interim
Financial Information of
Nishat Mills Limited
for the half year ended 31 December 2013

Consolidated Condensed Interim Balance Sheet

As at 31 December 2013

	Note	Un-audited 31 December 2013 (Rupees in thousand)	Audited 30 June 2013
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
1,100,000,000 (30 June 2013: 1,100,000,000) ordinary shares of Rupees 10 each		11,000,000	11,000,000
Issued, subscribed and paid up share capital			
351,599,848 (30 June 2013: 351,599,848) ordinary shares of Rupees 10 each		3,515,999	3,515,999
Reserves		72,771,416	65,072,841
Equity attributable to equity holders of the Holding Company		76,287,415	68,588,840
Non-controlling interest		4,818,480	4,511,212
Total equity		81,105,895	73,100,052
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	6	14,290,857	13,893,405
Liabilities against assets subject to finance lease	7	29,530	66,322
Long term security deposit		100,450	74,950
Retirement benefit obligation		3,159	1,846
Deferred income tax liability		577,271	500,188
		15,001,267	14,536,711
CURRENT LIABILITIES			
Trade and other payables		6,910,593	5,616,917
Accrued mark-up		729,986	779,822
Short term borrowings		16,262,910	14,397,313
Current portion of non-current liabilities		2,174,811	2,278,504
Provision for taxation		798,457	815,722
		26,876,757	23,888,278
TOTAL LIABILITIES		41,878,024	38,424,989
CONTINGENCIES AND COMMITMENTS	8		
TOTAL EQUITY AND LIABILITIES		122,983,919	111,525,041

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



Chief Executive Officer

	Note	Un-audited 31 December 2013 (Rupees in thousand)	Audited 30 June 2013
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	32,988,145	30,201,092
Investment properties		390,714	394,745
Long term investments		46,236,335	41,418,080
Long term loans		89,744	85,659
Long term deposits and prepayments		70,155	60,655
		79,775,093	72,160,231
CURRENT ASSETS			
Stores, spare parts and loose tools		2,206,937	1,815,361
Stock-in-trade		20,693,773	12,808,140
Trade debts		12,156,728	12,020,528
Loans and advances		1,645,066	1,527,570
Short term deposits and prepayments		107,602	85,603
Other receivables		1,527,907	1,265,896
Accrued interest		6,487	9,302
Short term investments		3,919,760	4,362,879
Cash and bank balances		944,566	5,202,124
		43,208,826	39,097,403
Non-current asset held for sale		-	267,407
		43,208,826	39,364,810
TOTAL ASSETS		122,983,919	111,525,041


Director

Consolidated Condensed Interim Profit and Loss Account

For the Half year ended 31 December 2013 (Un-audited)

	Note	Half year ended		Quarter ended	
		31 December 2013	31 December 2012 (Rupees in thousand)	31 December 2013	31 December 2012
SALES		44,186,105	39,715,906	23,197,590	21,125,811
COST OF SALES	10	(35,973,469)	(32,382,634)	(18,728,721)	(17,144,237)
GROSS PROFIT		8,212,636	7,333,272	4,468,869	3,981,574
DISTRIBUTION COST		(1,795,349)	(1,540,382)	(988,405)	(868,725)
ADMINISTRATIVE EXPENSES		(675,404)	(519,512)	(329,950)	(255,596)
OTHER EXPENSES		(305,998)	(181,755)	(150,257)	(116,751)
		(2,776,751)	(2,241,649)	(1,468,612)	(1,241,072)
		5,435,885	5,091,623	3,000,257	2,740,502
OTHER INCOME		790,072	749,449	422,334	292,263
PROFIT FROM OPERATIONS		6,225,957	5,841,072	3,422,591	3,032,765
FINANCE COST		(1,602,136)	(2,035,586)	(847,527)	(941,519)
		4,623,821	3,805,486	2,575,064	2,091,246
SHARE OF PROFIT FROM ASSOCIATED COMPANIES		831,292	1,345,159	494,184	714,754
PROFIT BEFORE TAXATION		5,455,113	5,150,645	3,069,248	2,806,000
TAXATION		(412,725)	(243,765)	(217,280)	(103,317)
PROFIT AFTER TAXATION		5,042,388	4,906,880	2,851,968	2,702,683
SHARE OF PROFIT ATTRIBUTABLE TO:					
EQUITY HOLDERS OF HOLDING COMPANY		4,388,209	4,251,958	2,463,113	2,297,154
NON-CONTROLLING INTEREST		654,179	654,922	388,855	405,529
		5,042,388	4,906,880	2,851,968	2,702,683
EARNINGS PER SHARE- BASIC AND DILUTED (RUPEES)	11	12.48	12.09	7.01	6.53

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



Chief Executive Officer



Director

Consolidated Condensed Interim Statement of Comprehensive Income For the Half year ended 31 December 2013 (Un-audited)

	Half year ended		Quarter ended	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
	(Rupees in thousand)			
PROFIT AFTER TAXATION	5,042,388	4,906,880	2,851,968	2,702,683
OTHER COMPREHENSIVE INCOME/ (LOSS) :				
Items that will not be reclassified subsequently to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss:				
Surplus arising on remeasurement of available for sale investments	3,284,824	3,667,253	1,877,518	2,239,918
Share of other comprehensive income of associates	1,483,661	1,354,224	837,573	727,433
Exchange differences on translating foreign operations	25,363	(188)	(2,269)	(300)
Deferred income tax relating to surplus on available for sale investments	(77,083)	(76,397)	(77,083)	(76,397)
Other comprehensive income for the period - net of tax	4,716,765	4,944,892	2,635,739	2,890,654
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	9,759,153	9,851,772	5,487,707	5,593,337
SHARE OF TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Equity holders of holding company	9,104,974	9,196,850	5,098,852	5,187,808
Non-controlling interest	654,179	654,922	388,855	405,529
	9,759,153	9,851,772	5,487,707	5,593,337

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



Chief Executive Officer



Director

Consolidated Condensed Interim Cash Flow Statement

For the Half year ended 31 December 2013 (Un-audited)

	Note	Half year ended	
		31 December 2013	31 December 2012
(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (utilized in) operations	12	(579,412)	2,058,131
Finance cost paid		(1,651,972)	(2,160,678)
Income tax paid		(525,280)	(354,268)
Long term security deposit received		25,500	30,950
Exchange gain including loss on forward contracts		(20,435)	23,682
Net increase in retirement benefit obligation		1,313	564
Net increase in long term loans to employees		(7,320)	(11,680)
Net increase in long term deposits and prepayments		(9,500)	(7,250)
Net cash utilized in operating activities		(2,767,106)	(420,549)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(4,223,566)	(1,338,298)
Proceeds from sale of property, plant and equipment		207,669	137,791
Proceeds from sale of investment		910,297	-
Proceeds from sale of non-current asset held for sale		267,407	-
Interest received		35,416	138,561
Dividends received		1,207,623	951,199
Investments made		(300,000)	(228,870)
Net cash used in investing activities		(1,895,154)	(339,617)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		2,363,486	1,332,512
Repayment of long term financing		(2,071,862)	(1,687,119)
Repayment of liabilities against assets subject to finance lease		(34,657)	(32,073)
Exchange difference on translation of net investments in foreign subsidiaries		25,363	(188)
Short term borrowings - net		1,865,597	151,521
Dividend paid		(1,743,225)	(1,380,856)
Net cash from / (used in) financing activities		404,702	(1,616,203)
Net decrease in cash and cash equivalents		(4,257,558)	(2,376,369)
Cash and cash equivalents at the beginning of the period		5,202,124	2,500,666
Cash and cash equivalents at the end of the period		944,566	124,297

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



Chief Executive Officer



Director

Consolidated Condensed Interim Statement of Changes in Equity For the Half year ended 31 December 2013 (Un-audited)

Share capital	Atributable to equity holders of the holding company										Non-controlling interest	Total equity
	Capital reserves			Revenue reserves			Shareholders' equity	Total reserves	No-controlling interest	Total equity		
	Premium on issue of right shares	Fair value reserve	Exchange transaction reserve	Capital reserve fund	Sub total	General reserve						
3,515,999	5,499,530	5,287,298	3,490	111,002	10,901,320	30,904,882	4,381,306	35,286,188	46,187,508	49,703,507	3,516,083	53,219,590
-	-	-	-	-	-	-	(1,230,599)	(1,230,599)	(1,230,599)	(1,230,599)	-	(1,230,599)
-	-	-	-	-	-	-	-	-	-	-	(173,455)	(173,455)
-	-	-	-	-	-	3,005,000	(3,005,000)	-	-	-	-	-
-	-	-	-	-	-	-	4,251,958	4,251,958	4,251,958	4,251,958	654,922	4,906,880
-	-	4,945,080	(188)	-	4,944,892	-	-	-	4,944,892	4,944,892	-	4,944,892
-	-	4,945,080	(188)	-	4,944,892	-	4,251,958	4,251,958	9,196,850	9,196,850	654,922	9,851,772
3,515,999	5,499,530	10,232,378	3,302	111,002	15,846,212	33,909,882	4,397,665	38,307,547	54,153,759	57,669,758	3,997,550	61,667,308
-	-	-	-	-	-	-	-	-	-	-	(173,455)	(173,455)
-	-	-	-	-	-	-	4,281,451	4,281,451	4,281,451	4,281,451	687,117	4,968,568
-	-	6,650,960	(13,329)	-	6,637,631	-	-	-	6,637,631	6,637,631	-	6,637,631
-	-	6,650,960	(13,329)	-	6,637,631	-	4,281,451	4,281,451	10,919,082	10,919,082	687,117	11,606,199
3,515,999	5,499,530	16,883,338	(10,027)	111,002	22,483,843	33,909,882	8,679,116	42,588,998	65,072,841	66,588,840	4,511,212	73,100,052
-	-	-	-	-	-	-	(1,406,399)	(1,406,399)	(1,406,399)	(1,406,399)	-	(1,406,399)
-	-	-	-	-	-	-	7,127,000	(7,127,000)	-	-	(346,911)	(346,911)
-	-	-	-	-	-	-	4,388,209	4,388,209	4,388,209	4,388,209	654,179	5,042,388
-	-	4,691,402	25,363	-	4,716,765	-	-	-	4,716,765	4,716,765	-	4,716,765
-	-	4,691,402	25,363	-	4,716,765	-	4,388,209	4,388,209	9,104,974	9,104,974	654,179	9,759,153
3,515,999	5,499,530	21,574,740	15,336	111,002	27,200,608	41,096,882	4,533,926	45,570,808	72,771,416	76,287,415	4,818,480	81,105,895

(Rupees in thousand)

Balance as at 30 June 2012 - (audited)

Transaction with owners- Final dividend for the year ended 30 June 2012 @ Rupees 3.50 per share
Transaction with owners- Dividend relating to year ended 31 December 2012
2012 paid to non-controlling interest
Transferred to general reserve

Profit for the half year ended 31 December 2012
Other comprehensive income for the half year ended 31 December 2012
Total comprehensive income for the half year ended 31 December 2012

Balance as at 31 December 2012 - (un-audited)

Transactions with owners- Dividend relating to year 2012 paid to non-controlling interest

Profit for the half year ended 30 June 2013
Other comprehensive income for the half year ended 30 June 2013
Total comprehensive income for the half year ended 30 June 2013

Balance as at 30 June 2013 - (audited)

Transaction with owners- Final dividend for the year ended 30 June 2013 @ Rupees 4.00 per share
Transaction with owners- Dividend relating to year 2013 paid to non-controlling interest
Transferred to general reserve

Profit for the half year ended 31 December 2013
Other comprehensive income for the half year ended 31 December 2013
Total comprehensive income for the half year ended 31 December 2013

Balance as at 31 December 2013 - (un-audited)

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

Um Mehta

Chief Executive Officer

[Signature]

Director

Selected Notes to the Consolidated Condensed Interim Financial Information For the Half year ended 31 December 2013 (Un-audited)

1 THE GROUP AND ITS OPERATIONS

The Group consists of:

Holding Company

- Nishat Mills Limited

Subsidiary Companies

- Nishat Power Limited
- Nishat Linen (Private) Limited
- Nishat Hospitality (Private) Limited
- Nishat USA, INC.
- Nishat Linen Trading L.L.C
- Nishat International FZE
- Nishat Global China Company Limited

NISHAT MILLS LIMITED

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

NISHAT POWER LIMITED

Nishat Power Limited is a public limited Company incorporated in Pakistan under the Companies Ordinance, 1984 and listed on Karachi Stock Exchange Limited and Lahore Stock Exchange Limited in Pakistan. The Company is a subsidiary of Nishat Mills Limited. The principal activity of the Company is to build, own, operate and maintain a fuel fired power station having gross capacity of 200 MW ISO in Jamber Kalan, Tehsil Pattoki, District Kasur, Punjab, Pakistan. Its registered office is situated at 53-A, Lawrence Road, Lahore.

NISHAT LINEN (PRIVATE) LIMITED

Nishat Linen (Private) Limited, a wholly owned subsidiary of Nishat Mills Limited, is a private limited company incorporated in Pakistan under the Companies Ordinance, 1984 on 15 March 2011. The registered office of Nishat Linen (Private) Limited is situated at 3-Yahya Block Nishatabad, Faisalabad. The principal objects of the Company are to operate retail outlets for sale of textile and other products and to manufacture and sale the textile products by processing the textile goods in own or outside manufacturing facility.

NISHAT HOSPITALITY (PRIVATE) LIMITED

Nishat Hospitality (Private) Limited, a wholly owned subsidiary of Nishat Mills Limited, is a private limited company incorporated in Pakistan under the Companies Ordinance, 1984 on 01 July 2011. The registered office of Nishat Hospitality (Private) Limited is situated at 1-B Aziz Avenue, Canal Bank, Gulberg-V, Lahore. The principal activity of the Company is to carry on the business of hotels, cafes, restaurants and lodging or apartment houses, bakers and confectioners in Pakistan and outside Pakistan.

NISHAT USA, INC.

Nishat USA, Inc. is a foreign subsidiary incorporated under the Business Corporation Laws of the State of New York. The registered office of Nishat USA, Inc. is situated at 676 Broadway, New York, NY 10012, U.S.A. The principal business of the Subsidiary Company is to provide marketing services to Nishat Mills Limited - Holding Company. Nishat Mills Limited acquired 100% shareholding of Nishat USA, Inc. on 01 October 2008.

NISHAT LINEN TRADING L.L.C

Nishat Linen Trading L.L.C is a limited liability company formed in pursuance to statutory provisions of the United Arab Emirates (UAE) Federal Law No. (8) of 1984 as amended and registered with the Department of Economic Development, Government of Dubai. Nishat Linen Trading L.L.C is a subsidiary of Nishat Mills Limited as Nishat Mills Limited, through the powers given to it under Article 11 of the Memorandum of Association, exercise full control on the management of Nishat Linen Trading L.L.C. Date of incorporation of the Company was 29 December 2010. The registered office of Nishat Linen Trading L.L.C is situated at P.O. Box 28189 Dubai, UAE. The principal business of the Subsidiary 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 incorporated in Yuexiu District, Guangzhou, China, as Foreign Invested Commercial Enterprises "FICE", in accordance with the Law of Peoples Republic of China on Foreign-Capital Enterprises and other relevant laws and regulations. The registered office of Nishat Global China Company Limited is situated at N801, 371-375 Huanshi East Road, Yuexiu District, Guangzhou. Nishat Global China Company Limited is a wholly owned subsidiary of Nishat International FZE which is a wholly owned subsidiary of Nishat Mills Limited. Date of incorporation of Nishat Global China Company Limited was November 04, 2013. The principal business of the Company is wholesale, commission agency (excluding auction), import and export of textile goods and women fashion accessories.

2 BASIS OF PREPARATION

This consolidated condensed interim financial information is un-audited and is being submitted to shareholders as required by section 245 of the Companies Ordinance, 1984 and the listing regulations of the Islamabad, Karachi and Lahore stock exchanges. This consolidated condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard-34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 have been followed. This consolidated condensed interim financial information should be read in conjunction with the preceding audited annual published consolidated financial statements of the Group for the year ended 30 June 2013.

3 ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of this consolidated condensed interim financial information are the same as applied in the preparation of preceding audited annual published consolidated financial statements of the Group for the year ended 30 June 2013.

4 CONSOLIDATION

a) Subsidiaries

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

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

Intragroup balances and transactions have been eliminated.

Selected Notes to the Consolidated Condensed Interim Financial Information For the Half year ended 31 December 2013 (Un-audited)

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

b) Associates

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

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

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

	Un-audited 31 December 2013 (Rupees in thousand)	Audited 30 June 2013
6 LONG TERM FINANCING- SECURED		
Opening balance	16,101,639	16,936,293
Add: Obtained during the period / year	2,363,093	1,842,352
Less: Repaid during the period / year	2,071,862	2,677,006
Add: Currency translation	393	-
	16,393,263	16,101,639
Less: Current portion shown under current liabilities	2,102,406	2,208,234
	14,290,857	13,893,405
7 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Future minimum lease payments	110,836	152,545
Less: Un-amortized finance charge	8,901	15,953
Present value of future minimum lease payments	101,935	136,592
Less: Current portion shown under current liabilities	72,405	70,270
	29,530	66,322

7.1 This includes sale and leaseback arrangement between the Holding Company and Pak Kuwait Investment Company (Private) Limited. According to the lease agreement, leasing company has contributed Rupees 150.047 million from its own sources and the remaining amount of Rupees 149.953 million has been financed under Long Term Finance Facility (LTFF) scheme of State Bank of Pakistan. Minimum lease payments have been discounted using implicit interest rate ranging from 9.70 % to 11.09 % (31 December 2012: 9.70% to 14.06%) per annum. Balance rentals are payable in quarterly installments. Taxes, repairs and insurance costs are borne by the Holding Company. These are secured against the leased assets and demand promissory notes.

8 CONTINGENCIES AND COMMITMENTS

a) Contingencies

- i) Nishat Mills Limited - Holding Company is contingently liable for Rupees 0.631 million (30 June 2013: Rupees 0.631 million) on account of central excise duty not acknowledged as debt as the cases are pending before Court.
- ii) Guarantees of Rupees 665.121 million (30 June 2013: Rupees 635.607 million) are given by the banks of the Nishat Mills Limited - Holding Company to Sui Northern Gas Pipelines Limited against gas connections, Shell Pakistan Limited and Pakistan State Oil Limited against purchase of furnace oil, Director Excise and Taxation, Karachi against infrastructure cess and Pakistan Army against fulfillment of sales order.
- iii) Post dated cheques of Rupees 2,582.605 million (30 June 2013: Rupees 1,816.775 million) are issued by the Nishat Mills Limited - Holding Company to customs authorities in respect of duties on imported items availed on the basis of consumption and export plans. If documents of exports are not provided on due dates, cheques issued as security shall be encashable.
- iv) Holding Company's share in contingencies of associated companies' accounted for under equity method is Rupees 1,809 million (30 June 2013: Rupees 1,929 million).
- v) National Electric Power Regulatory Authority (NEPRA) issued an order dated 8 February 2013 to Nishat Power Limited - Subsidiary Company through which it has raised a demand of Rupees 290.423 million payable by the Subsidiary Company to National Transmission and Dispatch Company Limited (NTDCL) for the period upto 30 June 2011 in respect of Calorific Value (CV) adjustment on fuel consumed for power generation as per the terms of the Power Purchase Agreement (PPA) and various CV adjustment mechanisms prescribed by NEPRA. The first such CV adjustment mechanism was announced by NEPRA in March 2009 and as per this mechanism, the Subsidiary Company has already made a provision of Rupees 20.332 million in its financial statements for the above CV adjustment. In July 2011, NEPRA revised its CV adjustment mechanism and directed all Independent Power Producers (IPPs) to maintain consignment-wise CV record of the fuel received and consumed for power generation. Consequently, the Subsidiary Company started maintaining such CV record after such direction was received from NEPRA.

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

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

- vi) The bank of Nishat Power Limited - Subsidiary Company has issued an irrevocable standby letter of credit on behalf of Subsidiary Company in favour of Wartsila Pakistan (Private) Limited for Rupees 45 million (30 June 2013: Rupees 45 million) as required under the terms of the Operation and Maintenance agreement.

Selected Notes to the Consolidated Condensed Interim Financial Information For the Half year ended 31 December 2013 (Un-audited)

- vii) Guarantees of Rupees 3.5 million (30 June 2013: Rupees 1.5 million) are given by the banks of Nishat Power Limited - Subsidiary Company to Director, Excise and Taxation, Karachi under direction of Sindh High Court in respect of suit filed for levy of infrastructure cess.
- viii) Nishat Hospitality (Private) Limited - Subsidiary Company has issued letter of guarantees of Rupees 0.912 million (30 June 2013: Rupees 0.153 million) in favour of Director, Excise and Taxation, Karachi under the order of Sindh High Court in respect of the suit filed for levy of infrastructure cess.
- ix) Post dated cheques furnished by Nishat Hospitality (Private) Limited - Subsidiary Company in favour of the Collector of Customs to cover import levies against imports aggregating to Rupees 0.491 million (30 June 2013: Rupees 2.002 million).

b) Commitments

- i) Contracts for capital expenditure of the Group are approximately of Rupees 4,847.571 million (30 June 2013: Rupees 4,751.285 million).
- ii) Letters of credit other than for capital expenditure of the Group are of Rupees 1,478.609 million (30 June 2013: Rupees 723.986 million).
- iii) Outstanding foreign currency forward contracts of Rupees 2,466.102 million (30 June 2013: Rupees 827.520 million)
- iv) The amount of future payments under operating lease and the period in which these payments will become due from Nishat Power Limited - Subsidiary Company are as follows:

	Un-audited 31 December 2013	Audited 30 June 2013
	(Rupees in thousand)	
Not later than one year	15,317	13,500
Later than one year and not later than five years	66,201	67,500
	81,518	81,000

- v) Nishat Power Limited - Subsidiary Company has entered into a contract for purchase of fuel oil from Shell Pakistan Limited ('SPL') for a period of ten years starting from the commercial operations date of the power station i.e. 09 June 2010. Under the terms of the Fuel Supply Agreement, the Subsidiary Company is not required to buy any minimum quantity of oil from SPL.
- vi) Nishat Power Limited - Subsidiary Company has also entered into an agreement with Wartsila Pakistan (Private) Limited for the operations and maintenance (O&M) of the power station for a period of five years starting from the commercial operations date of the power station i.e. 09 June 2010. Under the terms of the O&M agreement, the Subsidiary Company is required to pay a monthly fixed O&M fee and a variable O&M fee depending on the net electrical output, both of which are adjustable according to the Wholesale Price Index.

9 PROPERTY, PLANT AND EQUIPMENT

	Note	Un-audited 31 December 2013	Audited 30 June 2013
		(Rupees in thousand)	
Operating fixed assets			
Owned	9.1	28,752,550	28,096,224
Leased	9.2	211,410	222,324
Capital work in progress	9.3	4,024,185	1,882,544
		32,988,145	30,201,092

	Note	Un-audited 31 December 2013	Audited 30 June 2013
(Rupees in thousand)			
9.1 Operating fixed assets- Owned			
Opening book value		28,096,224	27,187,410
Add: Cost of additions during the period / year	9.1.1	2,068,134	3,811,168
		30,164,358	30,998,578
Less: Book value of deletions during the period / year	9.1.2	157,112	173,518
Less: Book value of assets transferred to investment properties during the year		-	161,662
		157,112	335,180
Less: Depreciation charged during the period / year		30,007,246	30,663,398
Less: Impairment charge		1,268,487	2,407,280
Add: Currency translation		-	162,601
		13,791	2,707
		28,752,550	28,096,224
9.1.1 Cost of additions			
Freehold land		127,966	257,461
Buildings on freehold land		71,050	872,570
Plant and machinery		1,756,449	2,459,082
Electric installations		10,651	11,582
Factory equipment		16,408	45,620
Furniture, fixtures and office equipment		11,495	30,194
Computer equipment		12,817	10,577
Vehicles		61,298	124,082
		2,068,134	3,811,168
9.1.2 Book value of deletions			
Plant and machinery		146,503	158,131
Electric installations		-	562
Factory equipment		-	3
Furniture, fixtures and office equipment		239	134
Computer equipment		67	69
Vehicles		10,303	14,619
		157,112	173,518
9.2 Operating fixed assets- Leased			
Opening book value		222,324	246,378
Less: Depreciation charged during the period / year		10,914	24,054
		211,410	222,324
9.3 Capital work-in-progress			
Buildings on freehold land		1,564,290	726,231
Plant and machinery		2,096,489	1,025,001
Electric installations		675	-
Letters of credit against machinery		6,465	7,522
Advances against furniture and office equipment		880	-
Advances against vehicles		17,875	5,167
Advances to contractors		307,607	114,613
Unallocated expenses		29,904	4,010
		4,024,185	1,882,544

Selected Notes to the Consolidated Condensed Interim Financial Information For the Half year ended 31 December 2013 (Un-audited)

	Half year ended		Quarter ended	
	31 December 2013	31 December 2012 (Rupees in thousand)	31 December 2013	31 December 2012
10 COST OF SALES				
Raw material consumed	27,470,780	24,761,122	14,403,227	13,083,015
Processing charges	97,227	158,432	48,468	81,614
Salaries, wages and other benefits	1,804,791	1,547,927	947,588	790,556
Stores, spare parts and loose tools consumed	2,456,299	2,028,976	1,286,410	1,043,322
Packing materials consumed	447,450	439,538	236,538	226,442
Repair and maintenance	356,597	294,720	183,082	155,374
Fuel and power	2,629,688	2,285,985	1,353,903	1,167,019
Insurance	103,715	94,085	51,721	47,180
Other factory overheads	257,758	170,861	138,128	87,723
Depreciation	1,218,633	1,124,835	617,548	578,642
	36,842,938	32,906,481	19,266,613	17,260,887
Work-in-process				
Opening stock	1,604,239	1,757,058	1,883,354	1,614,305
Closing stock	(1,912,315)	(1,829,323)	(1,912,315)	(1,829,323)
	(308,076)	(72,265)	(28,961)	(215,018)
Cost of goods manufactured	36,534,862	32,834,216	19,237,652	17,045,869
Finished goods				
Opening stock	3,338,107	2,451,771	3,390,569	3,001,721
Closing stock	(3,899,500)	(2,903,353)	(3,899,500)	(2,903,353)
	(561,393)	(451,582)	(508,931)	98,368
	35,973,469	32,382,634	18,728,721	17,144,237

	Half year ended		Quarter ended	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
11 EARNINGS PER SHARE - BASIC AND DILUTED				
There is no dilutive effect on the basic earnings per share which is based on:				
Profit attributable to ordinary shareholders of the Holding Company (Rupees in thousand)	4,388,209	4,251,958	2,463,113	2,297,154
Weighted average number of ordinary shares (Numbers)	351,599,848	351,599,848	351,599,848	351,599,848
Earnings per share (Rupees)	12.48	12.09	7.01	6.53

	Note	Half year ended	
		31 December 2013	31 December 2012
(Rupees in thousand)			
12 CASH GENERATED FROM / (UTILIZED IN) OPERATIONS			
Profit before taxation		5,455,113	5,150,645
Adjustments for non-cash charges and other items:			
Depreciation		1,283,432	1,176,243
Gain on sale of property, plant and equipment		(50,557)	(21,804)
Gain on sale of investments		(10,297)	-
Dividend income		(582,982)	(531,814)
Interest income		(32,601)	(101,235)
Share of profit from associated companies		(831,292)	(1,345,159)
Net exchange (gain) / loss on forward contracts		10,993	(12,683)
Finance cost		1,602,136	2,035,586
Working capital changes	12.1	(7,423,357)	(4,291,648)
		(579,412)	2,058,131
12.1 Working capital changes			
(Increase) / decrease in current assets:			
- Stores, spare parts and loose tools		(391,576)	(302,389)
- Stock-in-trade		(7,885,633)	(3,089,956)
- Trade debts		(136,200)	(2,966,674)
- Loans and advances		(18,971)	998,157
- Short term deposits and prepayments		(21,999)	(11,696)
- Other receivables		(254,208)	(69,959)
		(8,708,587)	(5,442,517)
Increase in trade and other payables		1,285,230	1,150,869
		(7,423,357)	(4,291,648)

13 SEGMENT INFORMATION

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

Spinning:	Production of different qualities of yarn using natural and artificial fibers
Weaving:	Production of different qualities of greige fabric using yarn.
Processing & Home Textile:	Processing of greige fabric for production of printed and dyed fabric and its further use in manufacturing variety of home textile articles.
Garments:	Manufacturing of garments using processed fabric.
Power Generation:	Generation and distribution of power using gas, oil, steam, coal and biomass.
Hotel:	To carry on the business of hotel and allied services.

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

14 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. Details of transactions with related parties are as follows:

	Half year ended		Quarter ended	
	31 December 2013	31 December 2012 (Rupees in thousand)	31 December 2013	31 December 2012
i) Transactions				
Associated companies				
Investment made	300,000	228,870	300,000	228,870
Purchase of goods and services	82,634	16,107	48,319	12,931
Sale of operating fixed assets	1,475	1,327	-	-
Sale of goods and services	515	716	74	653
Rental income	447	167	130	114
Rent paid	6,281	-	6,281	-
Dividend paid	126,194	110,419	126,194	110,419
Insurance premium paid	158,136	70,815	55,922	25,896
Insurance claim received	25,614	9,380	16,927	5,089
Profit on saving accounts and term deposit receipts	248	5,035	248	5,035
Subscription paid	-	1,250	-	-
Other related parties				
Purchase of goods and services	80,781	11,474	55,716	6,520
Sale of goods and services	4,839	25,969	-	124
Group's contribution to provident fund trust	71,232	58,311	36,574	29,496
Remuneration paid to Chief Executive Officer, Directors and Executives of the Holding Company	335,546	226,375	152,592	102,906
ii) Period end balances				
			As at 31 December 2013 (Un-audited)	
			Associated companies	Other related parties
			(Rupees in thousand)	
Trade and other payables			37,373	7,326
Long term loans			-	80,077
Loans and advances			-	30,829
Accrued interest			248	-
Cash and bank balances			539,656	-
				44,699
				80,077
				30,829
				248
				539,656

Selected Notes to the Consolidated Condensed Interim Financial Information For the Half year ended 31 December 2013 (Un-audited)

	As at 30 June 2013 (Audited)		
	Associated companies	Other related parties (Rupees in thousand)	Total
Trade and other payables	38,725	11	38,736
Long term loans	-	77,096	77,096
Trade debts	201	-	201
Loans and advances	-	28,792	28,792
Cash and bank balances	3,720,101	-	3,720,101

15 FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published consolidated financial statements of the Group for the year ended 30 June 2013.

16 DATE OF AUTHORIZATION FOR ISSUE

This consolidated condensed interim financial information was approved by the Board of Directors and authorized for issue on 14 February 2014.

17 CORRESPONDING FIGURES

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

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

18 GENERAL

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



Chief Executive Officer



Director

