

Interim Financial Report of **Nishat Mills Limited**
for the half year ended December 31, 2015

DELIVERING *Despite the Odds*



Contents

Nishat Mills Limited

Company Information	02
Directors' Report	04
Auditors' Report to the member on review of	
Unconsolidated Condensed Interim Financial Information	08
Unconsolidated Condensed Interim Balance Sheet	10
Unconsolidated Condensed Interim Profit and Loss Account	12
Unconsolidated Condensed Interim Statement of Comprehensive Income	13
Unconsolidated Condensed Interim Cash Flow Statement	14
Unconsolidated Condensed Interim Statement of Changes in Equity	15
Selected Notes to the Unconsolidated Condensed Interim Financial Information	16

Nishat Mills Limited and its Subsidiary Companies

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

Company Information

Board of Directors

Mian Umer Mansha

Chief Executive Officer

Mian Hassan Mansha

Chairman

Syed Zahid Hussain

Mr. Khalid Qadeer Qureshi

Ms. Nabiha Shahnawaz Cheema

Mr. Maqsood Ahmad

Mr. Saeed Ahmad Alvi

Audit Committee

Mr. Khalid Qadeer Qureshi

Chairman / Member

Syed Zahid Hussain

Member

Ms. Nabiha Shahnawaz Cheema

Member

Human Resource & Remuneration (HR & R) Committee

Mian Hassan Mansha

Chairman / Member

Mian Umer Mansha

Member

Mr. Khalid Qadeer Qureshi

Member

Ms. Nabiha Shahnawaz Cheema

Member

Chief Financial Officer

Mr. Badar-ul-Hassan

Company Secretary

Mr. Khalid Mahmood Chohan

Auditors

Riaz Ahmad & Company

Chartered Accountants

Legal Advisor

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

Bankers to the Company

Albaraka Bank (Pakistan) Limited
Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Islami Pakistan Limited
Burj Bank Limited
Citibank N.A.
Deutsche Bank AG
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Industrial and Commercial Bank of China Limited
JS Bank Limited
Meezan Bank Limited
MCB Bank Limited
National Bank of Pakistan
NIB Bank Limited
Pak Brunei Investment Company Limited
Pakistan Kuwait Investment
Company (Private) Limited
Samba Bank Limited
Silk Bank Limited
Soneri Bank Limited
Summit Bank Limited
Standard Chartered Bank (Pakistan) Limited
The Bank of Punjab
United Bank Limited

Mills

Spinning units, Yarn Dyeing & Power plant

Nishatabad, Faisalabad.

Spinning units & Power plant

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

Weaving units & Power plant

12 K.M. Faisalabad Road, Shekhupura.

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

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

Stitching unit

21 K.M. Ferozepur Road, Lahore.

Apparel Units

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

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

Registered office

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

Shares Registrar

THK Associates (Private) Limited

Head Office, Karachi
2nd Floor, State Life Building No. 3,
Dr. Zia Uddin Ahmed Road, Karachi
Tel : (021) 111 000 322
Fax : (021) 35655595

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

Head Office

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

Liaison Office

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

Directors' Report

Directors of Nishat Mills Limited ("the Company") are pleased to present the Directors' Report for the half year ended 31 December 2015.

Operating Financial Results

Profit after tax of the Company increased significantly by 31.99% in the half year ended 31 December 2015 as compared to corresponding half of the last year. The reasons for increase were improved production efficiencies, use of optimal fuel mix for electricity generation and better performance of value added business of the Company due to which gross profit to sales percentage increased to 13.16% in the current half year as compared to 11.27% in the corresponding half year. Other income of the Company also increased by 13.03% in the half year ended 31 December 2015 as compared to corresponding half of the last year on account of receipt of higher dividend income amounting to Rs. 2,153 million from investee companies.

Financial Highlights	Half year ended 31 December		Increase/ (decrease) %
	2015	2014	
Net Sales (Rs. '000')	23,491,784	26,709,556	(12.05)
Gross Profit (Rs. '000')	3,090,885	3,009,723	2.70
Profit before tax (Rs. '000')	2,990,088	2,039,669	46.60
Profit after tax (Rs. '000')	2,560,088	1,939,669	31.99
Gross Profit (%)	13.16	11.27	
Profit after tax (%)	10.90	7.26	
Earnings per share – (Rs.)	7.28	5.52	

Finance cost of the Company also decreased by 45.02% because of reduced Bank borrowings and reduction in average borrowing rates of the Company as a result of prudent financial management of the Company.

General Market Review and Future Prospects

After showing poor performance in the first quarter, value added textile sector in Pakistan seems to have gained some ground in the second quarter of financial year 2015-16. Despite various challenges, value added segment of textile industry exhibited positive performance in the second quarter, which is mainly attributed to temporary increase in global demand and benefit of devaluation of Pak Rupee against US Dollar.

However, basic textile sector has not recovered even in the second quarter of current financial year. China, being largest buyer of both yarn and greige fabric, has been playing major role in the performance of basic textile sector for the last many years. The slowdown in China prompted the downfall of spinning and weaving sectors in Pakistan. These sectors also faced a major problem in the shape of poor cotton crop. Both size and quality of staple is low this year resulting in quality issues of products. Poor cotton crop, reduced demand of cotton yarn and greige fabric from China coupled with ongoing energy crises and high rates of taxes that significantly added to the cost of doing business have rendered textile exports of spinning and weaving sectors of Pakistan uncompetitive in the world market. This state of affairs has forced closure of many small and medium textile units, which has resulted in high unemployment.

Following is the brief review of performance of each business division of the Company during the half year ended 31 December 2015:

Spinning

Financial year 2015-16 started with an optimistic outlook for yarn manufacturers due to relatively low prices of cotton at the arrival of new crop. However, short fall of cotton and poor cotton crop caused the cotton rates to move upward which resulted in the creation of unfavorable sentiments in the market. The Company bought cotton from the new crop during the first half of the financial year to fulfill needs of its Spinning Division. In order to cope with rising costs, alternative strategies like import of cotton from diverse sources was also tried.

Yarn	Half year ended 31 December		Increase / (Decrease)	
	2015	2014	Value	% age
Sale – (kgs '000')	16,496	16,193	303	1.87
Rate / kg	273.44	314.74	(41.30)	(13.12)
Sale – (Rs. '000')	4,510,668	5,096,664	(585,996)	(11.50)

Price and demand for cotton yarn in international market remained low during the first half of financial year 2015-16. At the start of half year, situation in local market was also not favorable, but in the second quarter demand in local market slightly improved. The main markets of cotton yarn, Hong Kong/China, remained sluggish; however, marketing team worked hard to get business from other markets such as Japan, Korea and Taiwan. It is expected that the current difficult situation will continue in the remaining months of the year.

Weaving

Adverse economic conditions affected the demand of grey fabric which remained low during the first half of the financial year 2015-16. Our sales to China decreased significantly, which is one of our main markets, due to extremely low demand. However, our business in European markets remained steady in terms of volume but we faced stiff price competition. We expect this pressure of price to continue in coming months as a result of sharp imbalance in supply and demand.

Grey Cloth	Half year ended 31 December		Increase / (Decrease)	
	2015	2014	Value	% age
Sale – (meters '000')	39,835	40,143	(308)	(0.77)
Rate / meter	138.95	155.89	(16.94)	(10.87)
Sale – (Rs. '000')	5,535,049	6,257,814	(722,765)	(11.55)

The Company has finalized its plan to install sixteen '210 CM looms' Tsudakoma looms in the existing loom shed at Bhikki. This will enhance our production capacity without investing in back process at our manufacturing facility. These looms will be operational by the end of March 2016.

Dyeing

Dyeing division performed remarkably well in first half of fiscal year 2015-16 despite of the economic difficulties faced by the textile sector. Despite relatively slow start in July and August this year we have exhibited unprecedented performance in the second quarter of fiscal year.

Processed Cloth	Half year ended 31 December		Increase / (Decrease)	
	2015	2014	Value	% age
Sale – (meters '000')	25,511	26,601	(1,090)	(4.10)
Rate / meter	254.57	272.44	(17.87)	(6.56)
Sale – (Rs. '000')	6,494,367	7,247,120	(752,753)	(10.39)

However, next half of fiscal year will generally be tough for entire textile sector, as we are entering in lean period of our business calendar. Due to shrinking demand of textile products worldwide in this particular time span, we see tough competition from all domestic and international competitors.

We are fully prepared for this situation and have already sold our capacities till March 2016. We are confident that despite all odds we will be able to sail through this period comfortably and close current fiscal year on a very positive note. We are quite hopeful that we will be able to maintain our current performance level in third quarter of fiscal year as well.

Home Textile

The financial performance of the Home Textile division has improved with the improvement in value added sector of textile industry, but we are still facing difficulties in getting orders with good margins. However, due to our strong relationships with our customers as a result of quality of our products, we expect growth in our sales during coming months.

Processed Cloth and Made-ups	Half year ended 31 December		Increase / (Decrease)	
	2015	2014	Value	% age
Sale – (meters '000')	9,033	11,403	(2,370)	(20.78)
Rate / meter	335.24	344.94	(9.70)	(2.81)
Sale – (Rs. '000')	3,028,227	3,933,351	(905,124)	(23.01)

We have developed world class technical fabrics for uniform of armed forces which has become a regular feature of our production and we are now one of the reliable suppliers of this fabric to armed forces and other law enforcement agencies. The Division is planning to develop more such kind of high-tech fabrics.

Moreover, to remain at par with rest of the world, the Company is regularly investing in the most modern technologies and machinery. Its focus is on transforming its Home Textile division from conventional processing to digital and electronic processing which will not only help us working with recognized brands but will also contribute in increasing our role in technical textiles as a company. This advancement in technology and swing from the conventional business is expected to open new doors of opportunity as the year progresses.

Garments

Despite the challenges like scarcity of skilled labor force and increase in cost of doing business, the Division performed remarkably well. Sales volume decreased only marginally by 2.65% during the half year ended 31 December 2015 as compared to the half year ended 31 December 2014. The strategy of introducing new styles through product development and achievement of cost efficiencies through economies of scale contributed positively towards the profitability of the Division. We achieved some of the highest production efficiencies which the business had seen in the past two years. Despite of achieving high production

efficiencies, our product quality remained world class. This helped us in adding new large European customers in our portfolio which will eventually help us to boost our sales and production capacities in future. Moreover, we have also achieved some other milestones during the first half year which includes rating of the Division as a Green Plant by one of the largest Brands in the world.

Garments	Half year ended 31 December		Increase / (Decrease)	
	2015	2014	Value	% age
Sale – (garments '000')	2,274	2,336	(62)	(2.65)
Rate / garment	708.20	775.53	(67.33)	(8.68)
Sale – (Rs. '000')	1,610,447	1,811,629	(201,182)	(11.11)

Our new Denim garment plant will become operational in the third quarter of this financial year and will touch 50% of its available capacity by the end of year ending 30 June 2016. Some of the best machines and equipments have been installed at the new plant to have an efficient and quality production facility. After the commissioning of new garment plant, total production of the Garments division will increase up to 1 million garments by the end of June 2016 which will further increase up to 1.30 million garments in the next financial year.

Power Generation

The decision to install tri-fuel generators at our manufacturing plants situated at Bhikki, Ferozwatwan and Lahore has proved fruitful for the Company due to massive reduction in furnace oil prices. The Company has finalized its plan to install another 9.50 MW Wartsila tri-fuel generator at its Spinning production facility in Faisalabad.

The new 9 MW coal plant is in commissioning phase. Another coal fired boiler is under planning for Garments division.

Subsidiary Companies and Consolidated Financial Statements

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

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

February 24, 2016

Lahore

Auditors' Report to the Members

on Review of Unconsolidated Condensed Interim Financial Information

Introduction

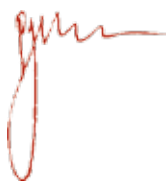
We have reviewed the accompanying unconsolidated condensed interim balance sheet of NISHAT MILLS LIMITED as at 31 December 2015 and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim 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 2015 and 31 December 2014 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 2015.

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 2015 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:

Sarfraz Mahmood

February 24, 2016

Lahore

Unconsolidated Condensed Interim

**Financial Information of
Nishat Mills Limited**

for the half year ended 31 December 2015

Unconsolidated Condensed Interim Balance Sheet

As at 31 December 2015

Note	Un-audited 31 December 2015 (Rupees in thousand)	Audited 30 June 2015
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital		
1,100,000,000 (30 June 2015: 1,100,000,000) ordinary shares of Rupees 10 each	11,000,000	11,000,000
Issued, subscribed and paid-up share capital		
351,599,848 (30 June 2015: 351,599,848) ordinary shares of Rupees 10 each	3,515,999	3,515,999
Reserves	71,386,532	72,626,824
Total equity	74,902,531	76,142,823
LIABILITIES		
NON-CURRENT LIABILITIES		
Long term financing - secured	4,917,228	5,582,220
Deferred income tax liability	249,949	247,462
	5,167,177	5,829,682
CURRENT LIABILITIES		
Trade and other payables	6,389,672	4,858,315
Accrued mark-up	131,395	221,394
Short term borrowings	12,097,424	11,524,143
Current portion of non-current liabilities	1,878,007	1,783,250
Provision for taxation	1,210,393	780,393
	21,706,891	19,167,495
TOTAL LIABILITIES	26,874,068	24,997,177
CONTINGENCIES AND COMMITMENTS	6	
TOTAL EQUITY AND LIABILITIES	101,776,599	101,140,000

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



Chief Executive Officer

	Note	Un-audited 31 December 2015 (Rupees in thousand)	Audited 30 June 2015
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	24,208,569	24,357,269
Investment properties		475,985	479,242
Long term investments		50,029,823	51,960,454
Long term loans		76,445	94,284
Long term deposits		58,374	58,307
		74,849,196	76,949,556
CURRENT ASSETS			
Stores, spare parts and loose tools		1,479,652	1,335,763
Stock in trade		10,682,276	10,350,193
Trade debts		2,779,723	3,014,466
Loans and advances		7,008,346	5,575,273
Short term deposits and prepayments		34,156	44,849
Other receivables		1,448,272	1,625,281
Accrued interest		11,355	2,540
Short term investments		2,145,413	2,189,860
Cash and bank balances		1,338,210	52,219
		26,927,403	24,190,444
TOTAL ASSETS		101,776,599	101,140,000


Director

Unconsolidated Condensed Interim Profit and Loss Account

For the half year ended 31 December 2015 (Un-audited)

	Note	Half year ended		Quarter ended	
		31 December 2015	31 December 2014	31 December 2015	31 December 2014
		(Rupees in thousand)			
SALES		23,491,784	26,709,556	12,177,920	13,931,890
COST OF SALES	8	(20,400,899)	(23,699,833)	(10,363,862)	(12,313,123)
GROSS PROFIT		3,090,885	3,009,723	1,814,058	1,618,767
DISTRIBUTION COST		(1,073,415)	(1,246,776)	(551,400)	(614,092)
ADMINISTRATIVE EXPENSES		(573,691)	(576,792)	(297,978)	(280,790)
OTHER EXPENSES		(160,809)	(141,039)	(134,562)	(56,316)
		(1,807,915)	(1,964,607)	(983,940)	(951,198)
		1,282,970	1,045,116	830,118	667,569
OTHER INCOME		2,259,315	1,998,908	1,959,262	1,504,101
PROFIT FROM OPERATIONS		3,542,285	3,044,024	2,789,380	2,171,670
FINANCE COST		(552,197)	(1,004,355)	(264,275)	(532,095)
PROFIT BEFORE TAXATION		2,990,088	2,039,669	2,525,105	1,639,575
TAXATION		(430,000)	(100,000)	(289,000)	(100,000)
PROFIT AFTER TAXATION		2,560,088	1,939,669	2,236,105	1,539,575
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	9	7.28	5.52	6.36	4.38

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 2015 (Un-audited)

	Half year ended		Quarter ended	
	31 December 2015	31 December 2014 (Rupees in thousand)	31 December 2015	31 December 2014
PROFIT AFTER TAXATION	2,560,088	1,939,669	2,236,105	1,539,575
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss:				
(Deficit) / surplus arising on remeasurement of available for sale investments to fair value	(2,215,694)	5,692,939	481,942	8,466,472
Reclassification adjustment for gain included in profit or loss	-	(3,885)	-	-
Deferred income tax relating to surplus on available for sale investment	(2,487)	18,118	(2,487)	18,118
Other comprehensive (loss) / income for the period - net of tax	(2,218,181)	5,707,172	479,455	8,484,590
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	341,907	7,646,841	2,715,560	10,024,165

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 2015 (Un-audited)

	Note	Half year ended	
		31 December 2015	31 December 2014
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	10	2,434,291	1,129,925
Finance cost paid		(642,196)	(865,059)
Income tax paid		(468,904)	(401,912)
Exchange (loss) / gain on forward exchange contracts		(24,728)	30,673
Net decrease / (increase) in long term loans to employees		20,289	(8,427)
Net (increase) / decrease in long term deposits		(67)	90
Net cash generated from / (utilized in) operating activities		1,318,685	(114,710)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(932,461)	(3,176,773)
Proceeds from sale of property, plant and equipment		65,089	12,877
Investments made		(240,616)	(215,169)
Proceeds from sale of investments		–	67,081
Loans and advances to subsidiary companies		(7,793,618)	(7,320,000)
Repayment of loans from subsidiary companies		7,074,712	4,710,490
Interest received		51,290	90,725
Dividends received		2,152,933	1,466,100
Net cash from / (used in) investing activities		377,329	(4,364,669)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		469,787	1,366,100
Repayment of long term financing		(1,040,022)	(1,254,336)
Repayment of liabilities against assets subject to finance lease		–	(36,732)
Short term borrowings - net		573,281	3,047,975
Dividend paid		(413,069)	(1,385,993)
Net cash (used in) / from financing activities		(410,023)	1,737,014
Net increase / (decrease) in cash and cash equivalents		1,285,991	(2,742,365)
Cash and cash equivalents at the beginning of the period		52,219	2,802,316
Cash and cash equivalents at the end of the period		1,338,210	59,951

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 2015 (Un-audited)

	(Rupees in thousand)								
	Reserves								
	Share capital	Capital reserves			Revenue reserves			Total equity	
		Premium on issue of right shares	Fair value reserve	Sub total	General reserve	Unappropriated profit	Sub total		Total
Balance as at 30 June 2014 - (Audited)	3,515,999	5,499,530	27,808,608	33,308,138	26,248,028	5,517,011	31,765,039	65,073,177	68,589,176
Transaction with owners - Final dividend for the year ended 30 June 2014 @ Rupees 4.00 per share	-	-	-	-	-	(1,406,399)	(1,406,399)	(1,406,399)	(1,406,399)
Transferred to general reserve	-	-	4,106,000	-	-	(4,106,000)	-	-	-
Profit for the half year ended 31 December 2014	-	-	-	-	-	1,939,669	1,939,669	1,939,669	1,939,669
Other comprehensive income for the half year ended 31 December 2014	-	5,707,172	-	5,707,172	-	-	-	5,707,172	5,707,172
Total comprehensive income for the half year ended 31 December 2014	-	5,707,172	-	5,707,172	-	1,939,669	1,939,669	7,646,841	7,646,841
Balance as at 31 December 2014 - (Un-audited)	3,515,999	5,499,530	33,515,780	39,015,310	30,354,028	1,944,281	32,298,309	71,313,619	74,829,618
Profit for the half year ended 30 June 2015	-	-	-	-	-	1,972,256	1,972,256	1,972,256	1,972,256
Other comprehensive loss for the half year ended 30 June 2015	-	(659,051)	-	(659,051)	-	-	-	(659,051)	(659,051)
Total comprehensive income for the half year ended 30 June 2015	-	(659,051)	-	(659,051)	-	1,972,256	1,972,256	1,313,205	1,313,205
Balance as at 30 June 2015 - (Audited)	3,515,999	5,499,530	32,856,729	38,356,259	30,354,028	3,916,537	34,270,565	72,626,824	76,142,823
Transaction with owners - Final dividend for the year ended 30 June 2015 @ Rupees 4.50 per share	-	-	-	-	-	(1,582,199)	(1,582,199)	(1,582,199)	(1,582,199)
Transferred to general reserve	-	-	2,329,000	-	2,329,000	-	-	-	-
Profit for the half year ended 31 December 2015	-	-	-	-	-	2,560,088	2,560,088	2,560,088	2,560,088
Other comprehensive loss for the half year ended 31 December 2015	-	(2,218,181)	-	(2,218,181)	-	-	-	(2,218,181)	(2,218,181)
Total comprehensive income for the half year ended 31 December 2015	-	(2,218,181)	-	(2,218,181)	-	2,560,088	2,560,088	341,907	341,907
Balance as at 31 December 2015 - (Un-audited)	3,515,999	5,499,530	30,638,548	36,138,078	32,683,028	2,565,426	35,248,454	71,386,532	74,902,531

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

Um. Manish

Chief Executive Officer

[Signature]
Director

Selected Notes to the Unconsolidated Condensed Interim Financial Information

For the half year ended 31 December 2015 (Un-audited)

1 THE COMPANY AND ITS OPERATIONS

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

2 BASIS OF PREPARATION

This unconsolidated condensed interim financial information is un-audited 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 2015 has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 shall prevail. This unconsolidated condensed interim financial information should be read in conjunction with the preceding audited annual published financial statements of the Company for the year ended 30 June 2015.

3 ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of this unconsolidated condensed interim financial information are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2015.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

	Un-audited 31 December 2015	Audited 30 June 2015
	(Rupees in thousand)	
5 LONG TERM FINANCING - SECURED		
Opening balance	7,365,470	7,960,588
Add: Obtained during the period / year	469,787	1,769,541
Less: Repaid during the period / year	1,040,022	2,364,659
	6,795,235	7,365,470
Less: Current portion shown under current liabilities	1,878,007	1,783,250
	4,917,228	5,582,220

6 CONTINGENCIES AND COMMITMENTS

a) Contingencies

- i) The Company is contingently liable for Rupees 0.631 million (30 June 2015: Rupees 0.631 million) on account of central excise duty not acknowledged as debt as the case is pending before Court.
- ii) Guarantees of Rupees 952.101 million (30 June 2015: Rupees 894.555 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connections, Shell Pakistan Limited and Pakistan State Oil Limited against purchase of furnace oil, Director Excise and Taxation, Karachi against infrastructure cess, Pakistan Army and Government of Punjab against fulfillment of sales order, Punjab Power Development Board for issuance of letter of interest to set up an electricity generation facility and Sindh High Court, Karachi against custom duties payable on import of goods.
- iii) Post dated cheques of Rupees 4,965.017 million (30 June 2015: Rupees 4,067.671 million) are issued to customs authorities in respect of duties on imported items availed on the basis of consumption and export plans. If documents of exports are not provided on due dates, cheques issued as security shall be encashable.
- iv) The Company has challenged, before Honourable Lahore High Court, Lahore, the vires of SRO 450(1)/2013 dated 27 May 2013 issued under section 8(1)(b) of the Sales Tax Act, 1990 whereby through amendment in the earlier SRO 490(1)/2004 dated 12 June 2004 claim of input sales tax in respect of building materials, electrical and gas appliances, pipes, fittings, wires, cables and ordinary electrical fittings and sanitary fittings have been disallowed. The Honourable Lahore High Court has issued stay order in favour of the 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 73.281 million (30 June 2015: Rupees 65.825 million) paid on such goods in its respective monthly sales tax returns.

b) Commitments

- i) Contracts for capital expenditure are approximately of Rupees 652.683 million (30 June 2015: Rupees 617.589 million).
- ii) Letters of credit other than for capital expenditure are of Rupees 1,471.510 million (30 June 2015: Rupees 251.620 million).
- iii) Outstanding foreign currency forward contracts of Rupees 223.877 million (30 June 2015: Rupees 5,188.737 million).

Selected Notes to the Unconsolidated Condensed Interim Financial Information

For the half year ended 31 December 2015 (Un-audited)

7 PROPERTY, PLANT AND EQUIPMENT

	Note	Un-audited 31 December 2015 (Rupees in thousand)	Audited 30 June 2015
Operating fixed assets			
Owned	7.1	20,841,110	21,453,222
Leased	7.2	–	181,191
Capital work-in-progress	7.3	3,367,459	2,722,856
		24,208,569	24,357,269
7.1 Operating fixed assets - Owned			
Opening book value		21,453,222	17,984,923
Add: Cost of additions during the period / year	7.1.1	287,858	5,903,228
Add: Book value of assets transferred from operating fixed assets - leased	7.2	181,191	–
		21,922,271	23,888,151
Less: Book value of deletions during the period / year	7.1.2	41,773	74,339
Less: Book value of assets transferred to Nishat Linen (Private) Limited - subsidiary company during the period / year pursuant to Scheme of Compromises, Arrangements and Reconstruction		–	162,232
Less: Book value of land transferred to investment properties during the period / year		–	99,692
		41,773	336,263
		21,880,498	23,551,888
Less: Depreciation charged during the period / year		1,039,388	2,098,666
		20,841,110	21,453,222
7.1.1 Cost of additions			
Freehold land		9,277	18,049
Buildings on freehold land		–	1,258,689
Plant and machinery		206,094	4,394,745
Electric installations		311	64,370
Factory equipment		4,472	10,523
Furniture, fixtures and office equipment		6,320	33,763
Computer equipment		27,468	13,363
Vehicles		33,916	109,726
		287,858	5,903,228

	Note	Un-audited 31 December 2015 (Rupees in thousand)	Audited 30 June 2015
7.1.2 Book value of deletions			
Buildings on freehold land		–	3,663
Plant and machinery		31,015	40,275
Factory equipment		–	161
Furniture, fixtures and office equipment		197	1,186
Computer equipment		166	82
Vehicles		10,395	28,972
		41,773	74,339
7.2 Operating fixed assets - Leased			
Opening book value		181,191	200,675
Less: Book value of assets transferred to operating fixed assets - owned	7.1	181,191	–
Less: Depreciation charged during the period / year		–	19,484
		–	181,191
7.3 Capital work-in-progress			
Buildings on freehold land		1,509,518	1,299,648
Plant and machinery		1,714,912	1,274,485
Factory equipment		2,332	2,332
Unallocated expenses		89,634	83,926
Letters of credit against machinery		1,140	600
Advances against furniture, fixtures and office equipment		5,653	5,847
Advances against vehicles		8,684	16,995
Advances against purchase of land		35,586	39,023
		3,367,459	2,722,856

	Note	Half year ended	
		31 December 2015	31 December 2014
		(Rupees in thousand)	
10 CASH GENERATED FROM OPERATIONS			
Profit before taxation		2,990,088	2,039,669
Adjustments for non-cash charges and other items:			
Depreciation		1,042,645	1,014,713
Gain on sale of property, plant and equipment		(23,316)	(3,692)
Gain on sale of investment		-	(8,918)
Dividend income		(2,152,933)	(1,466,100)
Net exchange loss / (gain) on forward contracts		89,675	(118,858)
Interest income on loans and advances to subsidiary companies		(60,105)	(103,799)
Finance cost		552,197	1,004,355
Working capital changes	10.1	(3,960)	(1,227,445)
		2,434,291	1,129,925
10.1 Working capital changes			
(Increase) / decrease in current assets:			
- Stores, spare parts and loose tools		(143,889)	(343,564)
- Stock in trade		(332,083)	(1,437,687)
- Trade debts		234,743	297,934
- Loans and advances		(247,713)	13,912
- Short term deposits and prepayments		10,693	11,182
- Other receivables		108,766	(181,152)
		(369,483)	(1,639,375)
Increase in trade and other payables		365,523	411,930
		(3,960)	(1,227,445)

11 SEGMENT INFORMATION

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

Spinning:	Producing different qualities of yarn using natural and artificial fibers.
Weaving:	Producing different qualities of greige fabric using yarn.
Dyeing:	Producing dyed fabric using different qualities of greige fabric.
Home textile:	Manufacturing of home textile articles using processed fabric produced from greige fabric.
Garments:	Manufacturing of garments using processed fabric.
Power Generation:	Generation and distribution of power using gas, oil, steam, coal and biomass.

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

12 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise subsidiary companies, associated undertakings, other related companies, key management personnel and provident fund trust. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties is as follows:

	Half year ended		Quarter ended	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
(Rupees in thousand)				
i) Transactions				
Subsidiary companies				
Investment made	10	–	–	–
Interest income	60,105	103,799	31,291	64,065
Short term loans made	7,793,618	7,320,000	5,431,700	4,638,893
Repayment of short term loans made	7,074,712	4,710,490	3,688,383	2,937,610
Rental income	20,816	155,160	10,539	107,503
Dividend income	496,741	361,266	496,741	361,266
Purchase of goods and services	537,701	537,478	121,648	430,961
Sale of goods and services	1,797,505	2,024,030	1,090,386	1,196,195
Associated companies				
Investment made	240,606	219,952	93,615	198,825
Purchase of goods and services	37,129	46,099	31,550	19,871
Sale of operating fixed assets	938	–	938	–
Sale of goods and services	164	1,322	83	99
Rental income	297	412	180	197
Dividend income	1,605,419	1,074,331	1,271,764	765,736
Dividend paid	141,968	126,193	141,968	126,193
Insurance premium paid	85,762	77,830	28,723	31,398
Insurance claims received	10,793	10,348	5,774	8,521
Profit on term deposit receipt	–	18,518	–	–
Finance cost	1,427	–	1,427	–
Other related parties				
Dividend income	49,034	27,241	49,034	27,241
Purchase of goods and services	332,696	426,277	201,982	172,039
Sale of goods and services	22,818	1,934	14,417	91
Sale of operating fixed assets	9,750	–	6,500	–
Company's contribution to provident fund trust	91,811	81,912	46,638	42,025
Remuneration paid to Chief Executive Officer, Directors and Executives	462,568	417,026	240,433	191,979
ii) Period end balances				
	As at 31 December 2015			
	Subsidiary companies	Associated companies	Other related parties	Total
	(Rupees in thousand)			
Trade and other payables	23,061	8,293	7,604	38,958
Accrued mark-up	–	794	–	794
Short term borrowings	–	12,543	–	12,543
Long term loans	–	–	71,319	71,319
Trade debts	212,195	–	–	212,195
Loans and advances	4,490,038	–	36,780	4,526,818
Accrued interest	11,355	–	–	11,355
Cash and bank balances	–	1,208,025	–	1,208,025

Selected Notes to the Unconsolidated Condensed Interim Financial Information

For the half year ended 31 December 2015 (Un-audited)

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

13 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2015.

14 DATE OF AUTHORIZATION FOR ISSUE

This unconsolidated condensed interim financial information was approved by the Board of Directors and authorized for issue on 24 February 2016.

15 CORRESPONDING FIGURES

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

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

16 GENERAL

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



Chief Executive Officer



Director

Consolidated Condensed Interim

**Financial Information of
Nishat Mills Limited**

for the half year ended 31 December 2015

Consolidated Condensed Interim Balance Sheet

As at 31 December 2015

Note	Un-audited 31 December 2015 (Rupees in thousand)	Audited 30 June 2015
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital		
1,100,000,000 (30 June 2015: 1,100,000,000) ordinary shares of Rupees 10 each	11,000,000	11,000,000
Issued, subscribed and paid up share capital		
351,599,848 (30 June 2015: 351,599,848) ordinary shares of Rupees 10 each	3,515,999	3,515,999
Reserves	76,037,652	78,358,273
Equity attributable to equity holders of the Holding Company	79,553,651	81,874,272
Non-controlling interest	6,027,243	5,689,242
Total equity	85,580,894	87,563,514
LIABILITIES		
NON-CURRENT LIABILITIES		
Long term financing-secured	12,563,773	13,960,150
Long term security deposit	168,839	169,733
Retirement benefit obligation	5,658	4,894
Deferred income tax liability	63,843	103,286
	12,802,113	14,238,063
CURRENT LIABILITIES		
Trade and other payables	7,456,810	5,425,068
Accrued mark-up	350,596	491,887
Short term borrowings	12,097,424	12,456,306
Current portion of non-current liabilities	3,288,041	3,091,154
Provision for taxation	1,266,148	904,170
	24,459,019	22,368,585
TOTAL LIABILITIES	37,261,132	36,606,648
CONTINGENCIES AND COMMITMENTS	7	
TOTAL EQUITY AND LIABILITIES	122,842,026	124,170,162

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



Chief Executive Officer

	Note	Un-audited 31 December 2015 (Rupees in thousand)	Audited 30 June 2015
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	37,873,922	38,460,601
Investment properties		475,985	479,242
Intangible assets		14,273	14,678
Long term investments		45,939,760	49,344,345
Long term loans		90,805	97,123
Long term deposits		125,955	99,315
		84,520,700	88,495,304
CURRENT ASSETS			
Stores, spare parts and loose tools		2,040,676	2,010,386
Stock-in-trade		15,601,011	15,183,656
Trade debts		11,433,796	11,408,623
Loans and advances		2,789,839	2,068,406
Short term deposits and prepayments		224,387	142,572
Other receivables		2,050,182	2,327,351
Accrued interest		15,114	11,535
Short term investments		2,145,413	2,189,860
Cash and bank balances		2,020,908	332,469
		38,321,326	35,674,858
TOTAL ASSETS		122,842,026	124,170,162


Director

Consolidated Condensed Interim Profit and Loss Account

For the half year ended 31 December 2015 (Un-audited)

	Note	Half year ended		Quarter ended	
		31 December 2015	31 December 2014	31 December 2015	31 December 2014
		(Rupees in thousand)			
SALES		35,293,532	42,750,431	17,947,180	21,960,964
COST OF SALES	9	(28,948,394)	(35,680,250)	(14,546,864)	(18,012,746)
GROSS PROFIT		6,345,138	7,070,181	3,400,316	3,948,218
DISTRIBUTION COST		(1,821,034)	(1,833,848)	(975,302)	(966,363)
ADMINISTRATIVE EXPENSES		(852,848)	(832,349)	(442,685)	(407,651)
OTHER EXPENSES		(164,826)	(145,488)	(136,120)	(58,913)
		(2,838,708)	(2,811,685)	(1,554,107)	(1,432,927)
		3,506,430	4,258,496	1,846,209	2,515,291
OTHER INCOME		798,800	912,409	527,698	496,714
PROFIT FROM OPERATIONS		4,305,230	5,170,905	2,373,907	3,012,005
FINANCE COST		(1,028,065)	(1,854,724)	(491,865)	(955,138)
		3,277,165	3,316,181	1,882,042	2,056,867
SHARE OF PROFIT FROM ASSOCIATED COMPANIES		1,153,093	1,202,875	706,482	858,985
PROFIT BEFORE TAXATION		4,430,258	4,519,056	2,588,524	2,915,852
TAXATION		(439,362)	(163,008)	(281,684)	(142,113)
PROFIT AFTER TAXATION		3,990,896	4,356,048	2,306,840	2,773,739
SHARE OF PROFIT ATTRIBUTABLE TO:					
EQUITY HOLDERS OF HOLDING COMPANY		3,175,892	3,423,950	1,947,224	2,229,446
NON-CONTROLLING INTEREST		815,004	932,098	359,616	544,293
		3,990,896	4,356,048	2,306,840	2,773,739
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	10	9.03	9.74	5.54	6.34

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 2015 (Un-audited)

	Half year ended		Quarter ended	
	31 December 2015	31 December 2014 (Rupees in thousand)	31 December 2015	31 December 2014
PROFIT AFTER TAXATION	3,990,896	4,356,048	2,306,840	2,773,739
OTHER COMPREHENSIVE INCOME / (LOSS)				
Items that will not be reclassified subsequently to profit or loss				
Items that may be reclassified subsequently to profit or loss				
(Deficit) / Surplus arising on remeasurement of available for sale investments to fair value	(2,747,236)	426,671	(1,197,345)	1,986,922
Reclassification adjustment for gain included in profit or loss	-	(3,885)	-	-
Share of other comprehensive (loss) / income of associates	(1,184,072)	238,617	(431,480)	770,264
Exchange differences on translation of foreign operations	16,994	8,153	(1,363)	(8,126)
Other comprehensive (loss) / income for the period- net of tax	(3,914,314)	669,556	(1,630,188)	2,749,060
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	76,582	5,023,090	676,652	5,520,285
SHARE OF TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Equity holders of holding company	(738,422)	4,090,992	317,036	4,975,992
Non-controlling interest	815,004	932,098	359,616	544,293
	76,582	5,023,090	676,652	5,520,285

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 2015 (Un-audited)

	Note	Half year ended	
		31 December 2015	31 December 2014
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	11	5,430,249	2,955,701
Finance cost paid		(1,169,356)	(1,755,448)
Income tax paid		(533,340)	(434,097)
Long term security deposit received / (paid)		(894)	13,845
Exchange (loss) / gain on forward exchange contracts		(24,728)	30,673
Net increase in retirement benefit obligation		764	298
Net decrease / (increase) in long term loans to employees		6,047	(8,618)
Net increase in long term deposits		(26,640)	(11,638)
Net cash generated from operating activities		3,682,102	790,716
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(1,079,961)	(3,197,793)
Proceeds from sale of property, plant and equipment		71,607	12,952
Proceeds from sale of investment		–	67,081
Interest received		33,151	56,801
Dividends received		1,656,192	1,104,834
Investments made		(240,605)	(318,291)
Net cash from / (used in) investing activities		440,384	(2,274,416)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		469,880	1,366,215
Repayment of long term financing		(1,669,370)	(2,032,392)
Repayment of liabilities against assets subject to finance lease		–	(36,732)
Exchange difference on translation of net investments in foreign subsidiaries		16,994	8,153
Short term borrowings - net		(358,882)	626,417
Dividend paid		(892,669)	(1,978,456)
Net cash used in financing activities		(2,434,047)	(2,046,795)
Net increase / (decrease) in cash and cash equivalents		1,688,439	(3,530,495)
Cash and cash equivalents at the beginning of the period		332,469	4,108,507
Cash and cash equivalents at the end of the period		2,020,908	578,012

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 2015 (Un-audited)

Share capital	Attributable to equity holders of the holding company										Non-controlling interest	Total equity	
	Capital reserves					Revenue 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	Sub total	Total reserves			
3,515,989	5,499,530	25,823,423	(14,016)	-	111,002	31,419,939	41,036,882	7,365,865	48,402,367	79,822,306	83,338,305	5,073,073	88,411,378
-	-	-	-	-	-	-	-	(1,406,339)	(1,406,339)	(1,406,339)	(1,406,339)	-	(1,406,339)
-	-	-	-	-	-	-	-	-	-	-	-	(346,912)	(346,912)
-	-	-	-	-	-	5,813,000	(5,813,000)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	3,423,950	3,423,950	3,423,950	3,423,950	932,098	4,356,048
-	658,889	8,153	-	-	667,042	-	-	-	-	667,042	667,042	-	667,042
-	658,889	8,153	-	-	667,042	-	-	3,423,950	3,423,950	4,090,992	4,090,992	932,098	5,023,090
3,515,989	5,499,530	26,482,312	(5,863)	-	111,002	32,086,981	46,849,882	3,570,836	50,419,918	82,506,889	86,022,898	5,658,259	91,681,157
-	-	-	-	-	-	-	-	-	-	-	-	(563,729)	(563,729)
-	-	-	-	-	-	35	-	(35)	-	-	-	-	-
-	-	-	-	-	-	-	-	3,321,296	3,321,296	3,321,296	3,321,296	594,712	3,916,008
-	-	(7,464,779)	(5,143)	-	(7,463,922)	-	-	-	-	(7,463,922)	(7,463,922)	-	(7,463,922)
-	-	(7,464,779)	(5,143)	-	(7,463,922)	-	-	3,321,296	3,321,296	(4,148,626)	(4,148,626)	594,712	(3,553,914)
3,515,989	5,499,530	19,017,533	(11,006)	35	111,002	24,617,094	46,849,882	6,891,297	53,741,179	78,358,273	81,874,272	5,689,242	87,563,514
-	-	-	-	-	-	-	-	(1,582,199)	(1,582,199)	(1,582,199)	(1,582,199)	-	(1,582,199)
-	-	-	-	-	-	-	-	-	-	-	-	(477,003)	(477,003)
-	-	-	-	-	-	5,163,000	(5,163,000)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	3,175,892	3,175,892	3,175,892	3,175,892	815,004	3,990,896
-	-	(3,931,308)	16,994	-	(3,914,314)	-	-	-	-	(3,914,314)	(3,914,314)	-	(3,914,314)
-	-	(3,931,308)	16,994	-	(3,914,314)	-	-	3,175,892	3,175,892	(738,422)	(738,422)	815,004	76,582
3,515,989	5,499,530	15,086,225	5,988	35	111,002	20,702,780	52,012,882	3,321,980	55,334,872	76,037,652	79,553,651	6,027,243	85,580,894

Balance as at 30 June 2014 - (audited)

Transaction with owners- Final dividend for the year ended 30 June 2014 @ Rupees 4.00 per share

Transaction with owners- Dividend relating to year 2014 paid to non-controlling interest
Transferred to general reserve

Profit for the half year ended 31 December 2014
Other comprehensive income for the half year ended 31 December 2014
Total comprehensive income for the half year ended 31 December 2014

Balance as at 31 December 2014 - (un-audited)

Transaction with owners- Dividend relating to year 2014 paid to non-controlling interest
Transferred to statutory reserve

Profit for the half year ended 30 June 2015
Other comprehensive income / (loss) for the half year ended 30 June 2015
Total comprehensive income / (loss) for the half year ended 30 June 2015

Balance as at 30 June 2015 - (audited)

Transaction with owners- Final dividend for the year ended 30 June 2015 @ Rupees 4.50 per share
Transaction with owners- Dividend relating to year 2015 paid to non-controlling interest
Transferred to general reserve

Profit for the half year ended 31 December 2015
Other comprehensive income / (loss) for the half year ended 31 December 2015
Total comprehensive income / (loss) for the half year ended 31 December 2015

Balance as at 31 December 2015 - (un-audited)

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

Um Masha

Chief Executive Officer


Director

Selected Notes to the Consolidated Condensed Interim Financial Information

For the half year ended 31 December 2015 (Un-audited)

1 THE GROUP AND ITS OPERATIONS

The Group consists of:

Holding Company

- Nishat Mills Limited

Subsidiary Companies

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

NISHAT MILLS LIMITED

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

NISHAT POWER LIMITED

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

NISHAT LINEN (PRIVATE) LIMITED

Nishat Linen (Private) Limited, a wholly owned subsidiary of Nishat Mills Limited, is a private limited company incorporated in Pakistan under the Companies Ordinance, 1984 on 15 March 2011. The registered office of Nishat Linen (Private) Limited is situated at 7-Main Gulberg, Lahore. The principal objects of the Company are to operate retail outlets for sale of textile and other products and to sale the textile products by processing the textile goods in outside manufacturing facility.

NISHAT HOSPITALITY (PRIVATE) LIMITED

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

NISHAT COMMODITIES (PRIVATE) LIMITED

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

NISHAT USA, INC.

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

NISHAT LINEN TRADING LLC

Nishat Linen Trading LLC is a limited liability company formed in pursuance to statutory provisions of the United Arab Emirates (UAE) Federal Law No. (8) of 1984 as amended and registered with the Department of Economic Development, Government of Dubai. Nishat Linen Trading LLC is a subsidiary of Nishat Mills Limited as Nishat Mills Limited, through the powers given to it under Article 11 of the Memorandum of Association, exercise full control on the management of Nishat Linen Trading LLC. Date of incorporation of the Company was 29 December 2010. The registered office of Nishat Linen Trading LLC is situated at P.O. Box 28189 Dubai, UAE. The principal business of the Company is to operate retail outlets in UAE for sale of textile and related products.

NISHAT INTERNATIONAL FZE

Nishat International FZE is incorporated as free zone establishment with limited liability in accordance with the Law No. 9 of 1992 and Licensed by the Registrar of Jabel Ali Free Zone Authority. Nishat International FZE is a wholly owned subsidiary of Nishat Mills Limited. Date of incorporation of the Company was 07 February 2013. The registered office of Nishat International FZE is situated at P.O. Box 114622, Jabel Ali Free Zone, Dubai. The principal business of the Company is trading in textile and related products.

NISHAT GLOBAL CHINA COMPANY LIMITED

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

NISHAT UK (PRIVATE) LIMITED

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

2 BASIS OF PREPARATION

This consolidated condensed interim financial information is un-audited and is being submitted to shareholders as required by section 245 of the Companies Ordinance, 1984. This consolidated condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard-34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail. This consolidated condensed interim financial information should be read in conjunction with the preceding audited annual published consolidated financial statements of the Group for the year ended 30 June 2015.

3 ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of this consolidated condensed interim financial information are the same as applied in the preparation of preceding audited annual published consolidated financial statements of the Group for the year ended 30 June 2015.

Selected Notes to the Consolidated Condensed Interim Financial Information

For the half year ended 31 December 2015 (Un-audited)

4 CONSOLIDATION

a) Subsidiaries

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

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

Intragroup balances and transactions have been eliminated.

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

b) Associates

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

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

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

	Un-audited 31 December 2015	Audited 30 June 2015
(Rupees in thousand)		
6 LONG TERM FINANCING- SECURED		
Opening balance	17,051,304	18,773,400
Add: Obtained during the period / year	469,787	1,769,541
Less: Repaid during the period / year	1,669,370	3,491,823
Add: Currency translation	93	186
	15,851,814	17,051,304
Less: Current portion shown under current liabilities	3,288,041	3,091,154
	12,563,773	13,960,150

7 CONTINGENCIES AND COMMITMENTS

a) Contingencies

- i) Nishat Mills Limited - Holding Company is contingently liable for Rupees 0.631 million (30 June 2015: Rupees 0.631 million) on account of central excise duty not acknowledged as debt as the case is pending before Court.
- ii) Guarantees of Rupees 952.101 million (30 June 2015: Rupees 894.555 million) are given by the banks of the Nishat Mills Limited - Holding Company to Sui Northern Gas Pipelines Limited against gas connections, Shell Pakistan Limited and Pakistan State Oil Limited against purchase of furnace oil, Director Excise and Taxation, Karachi against infrastructure cess, Pakistan Army and Government of Punjab against fulfillment of sales order, Punjab Power Development Board for issuance of Letter of Interest to set up an electricity generation facility and Sindh High Court, Karachi against custom duties payable on import of goods.
- iii) Post dated cheques of Rupees 4,965.017 million (30 June 2015: Rupees 4,067.671 million) are issued by the Nishat Mills Limited - Holding Company to customs authorities in respect of duties on imported items availed on the basis of consumption and export plans. If documents of exports are not provided on due dates, cheques issued as security shall be encashable.
- iv) The Holding Company has challenged, before Honourable Lahore High Court, Lahore, the vires of SRO 450(1)/2013 dated 27 May 2013 issued under section 8(1)(b) of the Sales Tax Act, 1990 whereby through amendment in the earlier SRO 490(1)/2004 dated 12 June 2004 claim of input sales tax in respect of building materials, electrical and gas appliances, pipes, fittings, wires, cables and ordinary electrical fittings and sanitary fittings have been disallowed. The Honourable Lahore High Court has issued stay order in favour of the Holding Company and has allowed the Holding Company to claim input sales tax paid on such goods in its monthly sales tax returns. Consequently, the Holding Company has claimed input sales tax amounting to Rupees 73.281 million (30 June 2015: Rupees 65.825 million) paid on such goods in its respective monthly sales tax returns.
- iv) Holding Company's share in contingencies of associated companies' accounted for under equity method is Rupees 5,042 million (30 June 2015: Rupees 5,131 million).
- vi) National Electric Power Regulatory Authority (NEPRA) issued an order dated 8 February 2013 to Nishat Power Limited - Subsidiary Company through which it raised a demand of Rupees 290.423 million payable by the Subsidiary Company to National Transmission and Dispatch Company Limited (NTDCL) for the period upto 30 June 2011 in respect of Calorific Value ('CV') adjustment on fuel consumed for power generation as per the terms of the Power Purchase Agreement (PPA) and various CV adjustment mechanisms prescribed by NEPRA. The first such CV adjustment mechanism was announced by NEPRA in March 2009 and as per this mechanism, the Subsidiary Company has already made a provision of Rupees 20.332 million in its financial statements for the above CV adjustment. In July 2011, NEPRA revised its CV adjustment mechanism and directed all Independent Power Producers ('IPPs') to maintain consignment-wise CV record of the fuel received and consumed for power generation. Consequently, the Subsidiary Company started maintaining such CV record after such direction was received from NEPRA.

NEPRA directed the Subsidiary Company to submit consignment-wise record of CV for the period upto 30 June 2011. The Subsidiary Company disputed such direction as it was not required to maintain consignment-wise record prior to July 2011. However, NEPRA computed retrospectively and determined Rupees 290.423 million payable by the Subsidiary Company to NTDCL for the period upto 30 June 2011 in respect of CV

Selected Notes to the Consolidated Condensed Interim Financial Information For the half year ended 31 December 2015 (Un-audited)

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 this consolidated condensed interim financial information.

- vii) In financial year 2014, a sales tax demand of Rupees 1,218.132 million was raised against Nishat Power Limited - Subsidiary Company through order dated 11 December 2013 by the Assistant Commissioner Inland Revenue ('ACIR') disallowing input sales tax for the tax periods of July 2010 to June 2012. The disallowance was made on the grounds that revenue derived by the Subsidiary Company on account of 'capacity purchase price' was not chargeable to sales tax, input sales tax claimed by the Subsidiary Company was required to be apportioned with only the input sales tax attributable to other revenue stream i.e. 'energy purchase price' admissible to the Subsidiary Company. Against the aforesaid order, the Subsidiary Company preferred an appeal before the Commissioner Inland Revenue (Appeals) ['CIR(A)'] who vacated the ACIR's order on the issue regarding apportionment of input sales tax. The CIR(A), however, did not adjudicate upon other grounds of appeal agitated by the Subsidiary Company which have been further agitated before Appellate Tribunal Inland Revenue ('ATIR') by the Subsidiary Company. Moreover, the department, too, has assailed before ATIR the relief extended by CIR(A) and such litigation is presently pending.

Furthermore, during the financial year 2015, the Deputy Commissioner Inland Revenue ('DCIR') issued a show cause notice dated 19 August 2014 whereby intentions were shown to disallow input sales tax for the tax periods of July 2009 to June 2013 on similar grounds, as explained above. The Subsidiary Company agitated the initiation of such proceedings through institution of a writ petition before the Lahore High Court ('LHC') in respect whereof, through order dated 14 December 2015, interim relief has been granted directing the department to halt the proceedings for the time being.

For the period July 2013 to June 2014, Subsidiary Company's case selected for audit by 'Federal Board of Revenue' ('FBR'), which selection was objected to, on jurisdictional basis, by Subsidiary Company by way of filing a writ petition before LHC. While, LHC has allowed the department to proceed with audit proceedings, it has been directed that adjudication order, if any, consequent to conduct of audit, shall not be passed and the audit report shall be confronted to the Subsidiary Company. The audit proceedings were completed by department and subsequent to period end, report thereof has been confronted to the Subsidiary Company seeking explanations in regard to the issues raised therein. In the subject audit report, inter-alia, primarily a disallowance of input sales tax aggregating to Rs 596.091 million has been confronted on same grounds as explained above.

Based on the advice of the Subsidiary Company's legal counsel, management of the Subsidiary Company considers that there exist meritorious grounds to support the Subsidiary Company's stance that input sales tax incurred by the Subsidiary Company is not legally required to be attributed to revenue representing 'capacity purchase price' and thus disallowance proposed by department would not be upheld by appellate

authorities/ courts. Consequently, no provision has been made in this consolidated condensed interim financial information on such account.

- viii)** The bank of Nishat Power Limited - Subsidiary Company has issued an irrevocable standby letter of credit on behalf of Subsidiary Company in favour of Wartsila Pakistan (Private) Limited for Rupees Nil (30 June 2015: Rupees 45 million) as required under the terms of the Operation and Maintenance agreement.
- ix)** Guarantees of Rupees 6.5 million (30 June 2015: Rupees 5.5 million) are given by the banks of Nishat Power Limited - Subsidiary Company to Director, Excise and Taxation, Karachi under direction of Sindh High Court in respect of suit filed for levy of infrastructure cess.
- x)** The banks of Nishat Power Limited - Subsidiary Company has issued letters of guarantee aggregating to Rupees 540.484 million (30 June 2015: Rupees 350 million) on behalf of the Subsidiary Company in favour of fuel suppliers.
- xi)** Nishat Hospitality (Private) Limited - Subsidiary Company has issued letter of guarantees of Rupees 1.085 million (30 June 2015: Rupees 1.085 million) in favour of Director, Excise and Taxation, Karachi under the order of Sindh High Court in respect of the suit filed for levy of infrastructure cess.
- xii)** Post dated cheques furnished by Nishat Hospitality (Private) Limited - Subsidiary Company in favour of the Collector of Customs to cover import levies against imports aggregating to Rupees 2.945 million (30 June 2015: Rupees 2.945 million).
- xiii)** Guarantee of Rupees 6 million (30 June 2015: Rupees 4 million) is given by the bank of Nishat Linen (Private) Limited - Subsidiary Company to Director Excise and Taxation, Karachi against infrastructure cess.
- xiv)** Commissioner Inland Revenue (CIR) made certain additions to taxable income of Nishat Linen (Private) Limited - Subsidiary Company for the tax year 2012 assessing the taxable income at Rupees 188.772 million against declared taxable income of Rupees 116.934 million. The Subsidiary Company filed an appeal before the Commissioner Inland Revenue (Appeals) against the order of CIR which was partially allowed. The Subsidiary Company has filed an appeal before Appellate Tribunal Inland Revenue (ATIR) against the order of CIR (Appeals) and expects a favourable outcome of the appeal as it has strong grounds of appeal. Hence, no provision there against has been made in this consolidated condensed interim financial information.
- xvi)** Nishat Linen (Private) Limited - Subsidiary Company is contesting sales tax demands of Rupees 5.534 million (30 June 2015: Rupees 5.534 million) before CIR (Appeals) and ATIR. No provision against these demands has been made in this consolidated condensed interim financial information as the legal advisor of the Subsidiary Company expects a favourable outcome of appeals.
- xvii)** Nishat Linen (Private) Limited - Subsidiary Company has challenged, before Honourable Lahore High Court, Lahore, the vires of SRO 450(1)/2013 dated 27 May 2013 issued under section 8(1)(b) of the Sales Tax Act, 1990 whereby through amendment in the earlier SRO 490(1)/2004 dated 12 June 2004 claim of input sales tax in respect of building materials, electrical and gas appliances, pipes, fittings, wires, cables and ordinary electrical fittings and sanitary fittings have been disallowed. The Honourable Lahore High Court has issued stay order in favour of the Subsidiary Company and has allowed the Subsidiary Company to claim input sales tax paid on such goods in its monthly sales tax returns. Consequently, the Subsidiary Company has claimed input sales tax amounting to Rupees 0.766 million (30 June 2015: 0.730 million) paid on such goods in its respective monthly sales tax returns.

Selected Notes to the Consolidated Condensed Interim Financial Information

For the half year ended 31 December 2015 (Un-audited)

b) Commitments

- i) Contracts for capital expenditure of the Group are approximately of Rupees 667.475 million (30 June 2015: Rupees 729.358 million).
- ii) Letters of credit other than for capital expenditure of the Group are of Rupees 1,572.022 million (30 June 2015: Rupees 513.958 million).
- iii) Outstanding foreign currency forward contracts of Rupees 223.877 million (30 June 2015: Rupees 5,188.737 million)
- iv) The amount of future payments under operating lease and the period in which these payments will become due from Nishat Power Limited - Subsidiary Company are as follows:

	Note	Un-audited 31 December 2015 (Rupees in thousand)	Audited 30 June 2015
Not later than one year		12,461	15,577
Later than one year and not later than five years		58,932	77,640
		71,393	93,217
8 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets			
Owned	8.1	34,262,410	35,372,840
Leased	8.2	-	181,191
Capital work in progress	8.3	3,589,900	2,883,540
Major spare parts and standby equipments		21,612	23,030
		37,873,922	38,460,601
8.1 Operating fixed assets- Owned			
Opening book value		35,372,840	32,792,667
Add: Cost of additions during the period / year	8.1.1	368,833	6,064,142
Add: Book value of assets transferred from operating fixed assets - leased	8.2	181,191	-
		35,922,864	38,856,809
Less: Book value of deletions during the period / year	8.1.2	46,722	87,632
Less: Book value of assets transferred to investment properties during the year		-	99,692
		46,722	187,324
Less: Depreciation charged during the period / year		35,876,142	38,669,485
Add: Currency translation		1,618,185	3,300,902
		4,453	4,257
		34,262,410	35,372,840

	Note	Un-audited 31 December 2015	Audited 30 June 2015
(Rupees in thousand)			
8.1.1 Cost of additions			
Freehold land		9,277	18,049
Buildings on freehold land		650	1,308,314
Plant and machinery		211,275	4,404,451
Electric installations		21,363	72,786
Factory equipment		9,942	10,523
Furniture, fixtures and office equipment		31,799	53,244
Computer equipment		39,609	42,941
Vehicles		44,918	153,822
Kitchen equipments and crockery items		-	12
		368,833	6,064,142
8.1.2 Book value of deletions			
Buildings on freehold land		-	3,664
Plant and machinery		32,794	41,963
Factory equipment		-	161
Furniture, fixtures and office equipment		1,376	9,990
Computer equipment		166	325
Vehicles		12,386	31,529
		46,722	87,632
8.2 Operating fixed assets- Leased			
Opening book value		181,191	200,675
Less: Book value of assets transferred to operating fixed assets - owned	8.1	181,191	-
Less: Depreciation charged during the period / year		-	19,484
		-	181,191
8.3 Capital work-in-progress			
Buildings on freehold land		1,731,762	1,453,001
Plant and machinery		1,714,911	1,276,589
Factory equipment		2,332	2,332
Unallocated expenses		89,634	83,926
Letters of credit against machinery		1,141	600
Advances against purchase of land		35,586	39,023
Advances against furniture, fixtures and office equipment		5,850	5,847
Advances against intangible assets		-	3,149
Advances against vehicles		8,684	19,073
		3,589,900	2,883,540

	Note	Half year ended	
		31 December 2015	31 December 2014
		(Rupees in thousand)	
11 CASH GENERATED FROM OPERATIONS			
Profit before taxation		4,430,258	4,519,056
Adjustments for non-cash charges and other items:			
Depreciation		1,623,580	1,635,402
Gain on sale of property, plant and equipment		(24,885)	(3,692)
Gain on sale of investments		–	(8,918)
Dividend income		(744,770)	(623,324)
Profit on deposit with banks		(36,730)	(55,718)
Share of profit from associated companies		(1,153,093)	(1,202,875)
Net exchange (gain) / loss on forward exchange contracts		89,675	(118,858)
Finance cost		1,028,065	1,854,724
Working capital changes	11.1	218,149	(3,040,096)
		5,430,249	2,955,701
11.1 Working capital changes			
(Increase) / decrease in current assets:			
- Stores, spare parts and loose tools		(30,290)	(483,872)
- Stock-in-trade		(417,355)	(4,714,640)
- Trade debts		(25,173)	2,542,393
- Loans and advances		(304,649)	15,036
- Short term deposits and prepayments		(81,815)	(15,958)
- Other receivables		208,926	(318,253)
		(650,356)	(2,975,294)
Increase / (decrease) in trade and other payables		868,505	(64,802)
		218,149	(3,040,096)

12 SEGMENT INFORMATION

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

Spinning:	Producing different qualities of yarn using natural and artificial fibers
Weaving:	Producing different qualities of greige fabric using yarn.
Dyeing:	Producing dyed fabric using different qualities of greige fabric.
Home Textile:	Manufacturing of home textile articles using processed fabric produced from greige fabric.
Garments:	Manufacturing of garments using processed fabric.
Power Generation:	Generation and distribution of power using gas, oil, steam, coal and biomass.
Hotel:	Carrying on the business of hotel and allied services.

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

Selected Notes to the Consolidated Condensed Interim Financial Information

For the half year ended 31 December 2015 (Un-audited)

(Un-audited)

	Spinning		Weaving		Dyeing		Home Textile		Garments		Power Generation		Hotel		Elimination of inter-segment transactions		Total-Group	
	Half year ended 31 Dec-2015	31 Dec-2014	Half year ended 31 Dec-2015	31 Dec-2014	Half year ended 31 Dec-2015	31 Dec-2014	Half year ended 31 Dec-2015	31 Dec-2014	Half year ended 31 Dec-2015	31 Dec-2014	Half year ended 31 Dec-2015	31 Dec-2014	Half year ended 31 Dec-2015	31 Dec-2014	Half year ended 31 Dec-2015	31 Dec-2014	Half year ended 31 Dec-2015	
Sales	7,079,134	7,871,167	6,092,669	6,041,143	6,721,967	6,041,143	5,772,795	6,041,143	1,637,933	1,863,763	8,499,304	13,454,760	151,847	111,334	9,390,337	(9,364,386)	35,293,532	42,750,431
Cost of sales	2,141,038	1,711,924	4,128,665	4,066,144	367,423	465,169	596,644	1,520	276	-	2,396,491	3,098,941	151,847	688	(9,390,337)	(9,364,386)	35,293,532	42,750,431
Gross profit / (loss)	9,219,172	9,933,091	9,580,127	7,079,575	7,069,380	7,870,575	6,129,439	6,042,663	1,638,109	1,863,763	10,895,795	16,543,691	151,847	112,022	(9,390,337)	(9,364,386)	35,293,532	42,750,431
Distribution cost	(8,683,529)	(8,666,609)	(8,792,268)	(9,506,885)	(5,881,892)	(6,436,312)	(4,500,788)	(4,774,765)	(1,455,926)	(1,791,013)	(8,683,426)	(13,711,641)	(130,932)	(153,411)	9,390,337	9,364,386	(28,948,394)	(35,680,250)
Administrative expenses	(352,983)	(356,627)	(404,081)	(461,530)	(409,589)	(454,679)	(1,178,528)	(1,107,049)	(173,629)	(196,390)	(125,947)	(121,311)	(28,115)	(28,693)	-	-	(2,673,882)	(2,666,197)
Profit / (loss) before taxation and unallocated income and expenses	(27,550)	557,855	363,788	128,597	797,699	979,564	450,143	160,949	8,554	(63,558)	2,086,422	2,710,739	(8,200)	(70,082)	-	-	3,671,256	4,403,984

Unallocated income and expenses:

Other expenses	(164,826)	(145,488)
Other income	798,800	912,459
Finance cost	(1,028,065)	(1,854,724)
Share of profit from associated companies	1,153,093	1,202,875
Taxation	(439,362)	(163,008)
Profit after taxation	3,980,886	4,356,048

12.3 Reconciliation of reportable segment assets and liabilities

	Spinning		Weaving		Dyeing		Home Textile		Garments		Power Generation		Hotel		Total-Group	
	Un-audited 30 Jun 2015	Audited 31 Dec 2015	Un-audited 30 Jun 2015	Audited 31 Dec 2015	Un-audited 30 Jun 2015	Audited 31 Dec 2015	Un-audited 30 Jun 2015	Audited 31 Dec 2015	Un-audited 30 Jun 2015	Audited 31 Dec 2015	Un-audited 30 Jun 2015	Audited 31 Dec 2015	Un-audited 30 Jun 2015	Audited 31 Dec 2015	Un-audited 30 Jun 2015	Audited 31 Dec 2015
Total assets for reportable segments	13,778,672	12,727,293	6,465,615	6,879,544	5,930,232	5,413,806	9,136,751	9,192,152	3,745,961	3,045,076	28,009,808	29,326,235	1,313,728	1,357,055	68,438,967	68,041,651
Unallocated assets:																
Long term investments															45,603,760	49,944,345
Current tax assets															2,265,185	2,265,185
Cash and bank balances															2,020,906	302,469
Other corporate assets															4,392,209	4,124,346
Total assets as per balance sheet															122,842,026	124,170,162
Total liabilities for reportable segments	806,558	603,229	433,044	421,612	616,149	519,416	1,040,139	1,009,189	390,119	313,783	11,294,099	12,779,707	45,562	47,267	14,625,670	15,684,203
Unallocated liabilities:																
Deferred income tax liability															63,646	109,286
Provision for contingencies															1,266,146	904,170
Other corporate liabilities															21,305,471	19,304,969
Total liabilities as per balance sheet															37,261,132	36,606,648

13 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, other related companies, key management personnel and provident fund trust. The Group in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties is as follows:

	Half year ended		Quarter ended	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	(Rupees in thousand)			
i) Transactions				
Associated companies				
Investment made	240,606	219,952	93,615	219,952
Purchase of goods and services	73,359	84,051	47,534	49,736
Sale of operating fixed assets	938	–	938	(1,475)
Sale of goods and services	4,980	1,371	3,277	930
Rental income	297	412	180	95
Rent paid	6,231	6,231	3,116	6,231
Dividend paid	141,968	126,193	141,968	126,193
Dividend income	1,605,419	1,074,331	1,271,764	765,736
Insurance premium paid	178,940	168,058	72,880	65,844
Insurance claim received	10,880	28,866	5,861	20,179
Profit on term deposit receipts	–	18,518	–	18,518
Finance cost	8,623	–	8,623	–
Other related parties				
Dividend income	49,034	27,241	49,034	27,241
Purchase of goods and services	336,946	429,077	206,232	404,012
Sale of goods and services	22,818	7,098	14,417	2,259
Sale of operating fixed assets	9,750	–	6,500	–
Group's contribution to provident fund trust	102,483	90,129	51,548	55,471
Remuneration paid to Chief Executive Officer, Directors and Executives of the Holding Company	462,568	417,026	240,433	234,072
ii) Period end balances				
			As at 31 December 2015	
			Associated companies	Other related parties
			(Rupees in thousand)	
Trade and other payables			24,823	11,801
Accrued mark-up			794	–
Short term borrowings			12,543	–
Long term loans			–	80,952
Trade debts			4,359	–
Loans and advances			31,539	38,957
Cash and bank balances			1,392,683	–
				Total
				36,624
				794
				12,543
				80,952
				4,359
				70,496
				1,392,683

Selected Notes to the Consolidated Condensed Interim Financial Information

For the half year ended 31 December 2015 (Un-audited)

	As at 30 June 2015 (Audited)		
	Associated companies	Other related parties	Total
	(Rupees in thousand)		
Trade and other payables	53,710	11,254	64,964
Accrued mark-up	781	–	781
Long term loans	–	85,979	85,979
Trade debts	3,051	94	3,145
Loans and advances	364	38,400	38,764
Other receivables	8,340	–	8,340
Cash and bank balances	53,103	–	53,103

14 FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published consolidated financial statements of the Group for the year ended 30 June 2015.

15 DATE OF AUTHORIZATION FOR ISSUE

This consolidated condensed interim financial information was approved by the Board of Directors and authorized for issue on 24 February 2016 .

16 CORRESPONDING FIGURES

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



NISHAT

nishatmills.com

REGISTERED OFFICE:

Nishat House, 53-A, Lawrence Road, Lahore
Tel: 042-38360154, 042-111 113 333
nishat@nishatmills.com