



INSPIRING *Creativity*

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Nishat Mills Limited

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Company Information

Board of Directors

Mian Umer Mansha

Chief Executive Officer

Mian Hassan Mansha

Chairman

Syed Zahid Hussain

Mr. Khalid Qadeer Qureshi

Ms. Nabiha Shahnawaz Cheema

Mr. Ghazanfar Hussain Mirza

Mr. Maqsood Ahmad

Audit Committee

Mr. Khalid Qadeer Qureshi

Chairman / Member

Syed Zahid Hussain

Member

Ms. Nabiha Shahnawaz Cheema

Member

Human Resource & Remuneration (HR & R) Committee

Mian Hassan Mansha

Chairman / Member

Mian Umer Mansha

Member

Mr. Khalid Qadeer Qureshi

Member

Ms. Nabiha Shahnawaz Cheema

Member

Chief Financial Officer

Mr. Badar-ul-Hassan

Company Secretary

Mr. Khalid Mahmood Chohan

Auditors

Riaz Ahmad & Company

Chartered Accountants

Legal Advisor

Mr. M. Aurangzeb Khan, Advocate,

Chamber No. 6, District Court,

Faisalabad.

Bankers to the Company

Albaraka Bank (Pakistan) Limited

Allied Bank Limited

Askari Bank Limited

Bank Alfalah Limited

Bank Islami Pakistan Limited

Burj Bank Limited

Citibank N.A.

Deutsche Bank AG

Dubai Islamic Bank Pakistan Limited

Faysal Bank Limited

Habib Bank Limited

Habib Metropolitan Bank Limited

Industrial and Commercial Bank of

China Limited

JS Bank Limited

Meezan Bank Limited

MCB Bank Limited

MCB Islamic Bank Limited

National Bank of Pakistan

NIB Bank Limited

Pak Brunei Investment Company
Limited

Pakistan Kuwait Investment

Company (Private) Limited

PAIR Investment Company Limited

Samba Bank Limited

Silk Bank Limited

Soneri Bank Limited

Summit Bank Limited

Standard Chartered Bank (Pakistan)

Limited

The Bank of Punjab

United Bank Limited

Mills

Spinning units, Yarn Dyeing & Power plant

Nishatabad, Faisalabad.

Spinning units & Power plant

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

Weaving units & Power plant

12 K.M. Faisalabad Road, Sheikhpura.

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

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

Stitching unit

21 K.M. Ferozepur Road, Lahore.

Apparel Units

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

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

Registered office

Nishat House

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

Shares Registrar

THK Associates (Private) Limited

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

Branch Office, Lahore
2nd Floor, DYL Motorcycles Limited
Office Building, Plot No. 346
Block No. G-III, Khokar Chowk,
Main Boulevard, Johar Town, Lahore
Tel: 042-35290577
Fax: 042-35290748

Head Office

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

Liaison Office

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

Directors' Report

Directors of Nishat Mills Limited ("the Company") are pleased to present the Directors' Report for the half year ended 31 December 2016.

Operating Financial Results

The Company maintained its profitability in the half year ended 31 December 2016 as compared to the corresponding half of the last year. Earnings per share of the Company decreased only marginally from Rs. 7.28 per share in the corresponding half year to Rs. 7.25 per share in the current half year. Better management and efficient use of resources was the reason for these sustainable results despite increase in minimum wages, fuel cost and raw material prices. The contribution of dividend income towards the profit after tax of the Company increased by 6.55% from Rs. 2,153 million in the corresponding half year to Rs. 2,294 million in the current half year.

Financial Highlights	Half year ended 31 December		Increase / (decrease) %
	2016	2015	
Net Sales (Rs. '000')	24,003,506	23,460,369	2.32
Gross Profit (Rs. '000')	2,635,052	3,059,470	(13.87)
Profit before tax (Rs. '000')	2,934,702	2,990,088	(1.85)
Profit after tax (Rs. '000')	2,550,702	2,560,088	(0.37)
Gross Profit (%)	10.98	13.04	
Profit after tax (%)	10.63	10.91	
Earnings per share – (Rs.)	7.25	7.28	

General Market Review and Future Prospects

First half of the financial year 2016-17 witnessed an increasing trend in cotton prices along with increase in polyester fiber prices due to rise in crude oil prices. Experts foresee a strong demand of cotton and continuation of bullish trend in prices during the next weeks as well. Apart from that, cost of production once again increased as a result of increase in minimum wages from Rs. 13,000 per month to Rs. 14,000 per month. Furthermore, utility costs are still higher as compared to any other country in the region which put our textile exporters in the position of competitive disadvantage.

Government of Pakistan has recently announced the much awaited package for export oriented sectors of the country. The main purpose of the package is to help textile sector to reclaim the market share from international competitors. As per the new package, duty drawback of taxes at specified rates will be available on the FOB value of exports for the period starting from 16 January 2017 and ending on 30 June 2017 on the selected product range of yarn, greige fabric, processed fabric, made-ups and garments. The announcement of this package is a healthy sign for the future of textile sector of the country.

Segment Analysis

Spinning

Adverse economic conditions which overshadowed spinning sector in the financial year 2015-16 continued to prevail during the first half of the financial year 2016-17. Cotton prices in international market remained volatile and the same trend was reflected in yarn prices. On the other hand, cotton prices in local market remained at higher level due to continuous procurement by the spinners. The Company procured raw cotton keeping in view the dynamics of cotton market and tried to achieve a favourable cotton price mix.

Yarn	Half year ended 31 December		Increase / (Decrease)	
	2016	2015	Value	% age
Sale – (kgs '000')	11,867	16,496	(4,629)	(28.06)
Rate / kg	294.59	273.44	21.15	7.73
Sale – (Rs. '000')	3,495,878	4,510,668	(1,014,790)	(22.50)

Cotton yarn prices in international market were unsupportive for yarn exporters due to uncertain international cotton market scenario. Both prices and demand of cotton yarn in international market remained very low during first half of financial year 2016-17. Although due to increase in transaction volume in local cotton market, prices of yarn in local market improved for a brief period of time but this trend did not last long. However, marketing team of Spinning Segment of the Company worked very hard and was able to secure orders at favorable rates which helped to generate good results. Like previous financial year, demand in Hong Kong and China, which are our main markets, remained sluggish; therefore, our marketing team is concentrating on enhancing its customer base in other markets like Malaysia, Japan, Korea and Taiwan.

The plan to expand and relocate Spinning Segment located at Nishatabad, Faisalabad is underway according to which the Company has acquired land in Special Economic Zone (SEZ) located at M-3 Faisalabad Industrial Estate FIEDMC. In the first phase, 49,536 spindles are being planned to be installed on the newly acquired land which includes transfer of 22,176 spindles from existing production facility located at Nishatabad, Faisalabad and acquisition of 27,360 new spindles. These spindles are expected to commence commercial production in August 2017. The Company will enjoy benefits of tax and duty exemptions and infrastructure facilities especially designed for SEZ members at this location.

Weaving

Bullish trend in the prices of cotton and polyester fiber slowed down the demand for greige cloth during the first half year ended 31 December 2016. Additionally, Euro and Pound sterling depreciated against US Dollar while Rupee remained steady which made our products uncompetitive as compared to regional players like India, China and Turkey. Although, GSP Plus status is still giving us slight advantage but it remains to be seen whether this advantage will continue in second half of the financial year 2017.

Grey Cloth	Half year ended 31 December		Increase / (Decrease)	
	2016	2015	Value	% age
Sale – (meters '000')	40,783	39,835	948	2.38
Rate / meter	136.30	138.95	(2.65)	(1.91)
Sale – (Rs. '000')	5,558,690	5,535,049	23,641	0.43

The remaining half of the financial year 2017 is also expected to be difficult. Our current strategy is to sustain our export business and develop niche markets and products. We have already developed new products using special fibers and yarns due to increasing demand. On the other hand, our local business is also under pressure because domestic processing mills are facing cut throat competition which has negatively impacted weaving industry.

The plan to replace 68 narrow width old Tsudakoma looms with 56 wider width Picanol looms has been finalized and an LC for the import of these looms has been opened in December 2016. New looms are expected to be commissioned by the end of financial year 2017 which will increase our sales to home textile sector with anticipation of better returns.

Dyeing

Dyeing Segment performed satisfactorily during the first half of the financial year 2016-17 considering the surge in raw material prices in the middle of the season which reduced our profit margins since the prices of all major orders were locked for entire season. During this period, our main challenge was to fulfill required orders of customers within available capacities. Production capacity constraints and increase in orders from our valued customers made very difficult for us to pick and choose orders because refusal to any of the key customers could have resulted in losing that particular customer permanently.

Processed Cloth	Half year ended 31 December		Increase / (Decrease)	
	2016	2015	Value	% age
Sale – (meters '000')	24,221	25,511	(1,290)	(5.06)
Rate / meter	251.79	254.57	(2.78)	(1.09)
Sale – (Rs. '000')	6,098,562	6,494,367	(395,805)	(6.09)

Third quarter of the financial year is going to be more challenging in terms of managing customers' requirements within available capacities of the Segment. Moreover, we are expecting further increase in raw material prices due to shortage of cotton in Pakistan. However, we are hopeful that despite all internal and external challenges we will be able to register positive performance in the second half of the financial year.

Home Textile

Profitability of Home Textile Segment of the Company has increased significantly in the current half year ended 31 December 2016 as compared to the profitability of corresponding half of the last year. All the key indicators such as production, sales and in-hand-orders recorded upward trends despite continuing pressure on the textile sector.

Processed Cloth and Made-ups	Half year ended 31 December		Increase / (Decrease)	
	2016	2015	Value	% age
Sale – (meters '000')	10,946	9,033	1,913	21.18
Rate / meter	318.57	335.24	(16.67)	(4.97)
Sale – (Rs. '000')	3,487,057	3,028,227	458,830	15.15

After considering the high demand of the most modern digital printed fabrics, the Company added two more digital printing machines during the second quarter of the current year. Now with a total of 7 digital machines under one roof, our Home Textile Segment is catering to the top tier home textile customers and designers business. At the same time, we have also added a new wider width European-origin washing plant which is one of its kind and most modern machine in this entire region which has significantly increased our production capacity of reactive dyed and printed fabric. Moreover, it has also enhanced the quality standards of our products and played an important role in reducing the production timelines. With these advancements, we were able to close the second quarter of the year at record high production and sales since our capacities have been increased by around 10% within the same premises.

Garments

Being a labour intensive sector, garments industry has been severely affected by increased wages and cost of production that has risen sharply during the last three years. However, Garment Segment I of the Company was able to retain its businesses in the wake of all these challenges. With the addition of Garments Segment II, our apparel capacity has doubled and has given us the opportunity to increase the volume. Garments Segment II is a dedicated Denim facility with state of the art washing arrangement for Jeans.

Given our commitment to sustainable energy resources, the Company invested heavily in solar power generation on a large scale at our new Denim facility. The 1.2 MW Solar power plant is able to fulfill half of our total future energy requirements. The solar plant is operational and is one of its kind in the apparel industry of the country.

Garments	Half year ended 31 December		Increase / (Decrease)	
	2016	2015	Value	% age
Sale – (garments ‘000’)	2,956	2,274	682	29.99
Rate / garment	750.73	708.20	42.53	6.01
Sale – (Rs. ‘000’)	2,219,154	1,610,447	608,707	37.80

The next half of financial year 2016-17 looks promising. Government has announced a 7% duty drawback in the export package for garments which will help us in retaining our customer base, increasing the volume from our installed capacities and enhancing our profitability.

Power Generation

The Company is committed to ensure cheap, efficient and environmentally sustainable energy sources for its production facilities. A 9.6 MW Wartsila tri-fuel engine having specialized feature of direct conversion from gas to HFO with waste heat recovery mechanism from jacket water and exhaust gas was commissioned at spinning production facility located at Nishatabad, Faisalabad in October 2016 and is running efficiently. The Solar PV plant for Garments Segment II was also successfully commissioned in December 2016.

A project is underway to utilize fly ash, a waste from burning coal in Coal Fired Power Plant, for the production of pavers. Currently, the Company has to bear the cost for the disposal of this ash. Research has successfully been completed to produce pavers by creating various combinations of ingredients to achieve standard compressive strength.

A project for installation of a new 65 ton coal fired boiler at Nishat Dyeing & Finishing unit, Lahore is under planning process. Design of the new captive power plant to cater for the spinning production facilities located at M-3 Faisalabad Industrial Estate, Faisalabad has also been completed and construction of building has started.

Subsidiary Companies and Consolidated Financial Statements

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

Acknowledgement

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

For and on behalf of the Board of Directors



Mian Umer Mansha
Chief Executive Officer

20 February 2017
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 2016 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 (hereinafter 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 2016 and 31 December 2015 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 2016.

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 2016 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:
Mubashar Mehmood

20 February 2017

Lahore

Unconsolidated Condensed Interim

Financial Information of Nishat Mills Limited

For the half year ended 31 December 2016

Unconsolidated Condensed Interim Balance Sheet

As at 31 December 2016

Note	Un-audited 31 December 2016 (Rupees in thousand)	Audited 30 June 2016
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital		
1,100,000,000 (30 June 2016: 1,100,000,000) ordinary shares of Rupees 10 each	11,000,000	11,000,000
Issued, subscribed and paid-up share capital		
351,599,848 (30 June 2016: 351,599,848) ordinary shares of Rupees 10 each	3,515,999	3,515,999
Reserves	90,120,717	78,639,156
Total equity	93,636,716	82,155,155
LIABILITIES		
NON-CURRENT LIABILITIES		
Long term financing - secured	5	4,544,195
Deferred income tax liability		4,629,456
		1,255,586
		5,799,781
		4,891,023
CURRENT LIABILITIES		
Trade and other payables		6,264,716
Accrued mark-up		108,433
Short term borrowings		14,866,406
Current portion of non-current liabilities		2,108,015
Provision for taxation		821,635
		24,169,205
		19,553,041
TOTAL LIABILITIES	29,968,986	24,444,064
CONTINGENCIES AND COMMITMENTS	6	
TOTAL EQUITY AND LIABILITIES	123,605,702	106,599,219

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



Chief Executive Officer

	Note	Un-audited 31 December 2016 (Rupees in thousand)	Audited 30 June 2016
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	25,141,799	24,715,095
Investment properties		469,826	472,765
Long term investments		66,165,006	55,399,080
Long term loans		130,643	97,762
Long term deposits		64,038	63,687
		91,971,312	80,748,389
CURRENT ASSETS			
Stores, spare parts and loose tools		1,497,662	1,269,509
Stock in trade		14,994,271	9,933,736
Trade debts		2,277,408	2,253,369
Loans and advances		8,229,180	6,111,644
Short term deposits and prepayments		38,475	65,433
Other receivables		1,408,757	2,023,092
Accrued interest		11,966	13,662
Short term investments		3,082,741	2,065,217
Cash and bank balances		93,930	2,115,168
		31,634,390	25,850,830
TOTAL ASSETS		123,605,702	106,599,219


Director

Unconsolidated Condensed Interim Profit and Loss Account

For the half year ended 31 December 2016 (Un-audited)

	Note	Half year ended		Quarter ended	
		31 December 2016	31 December 2015 (Rupees in thousand)	31 December 2016	31 December 2015
SALES		24,003,506	23,460,369	13,011,581	12,185,093
COST OF SALES	8	(21,368,454)	(20,400,899)	(11,752,420)	(10,363,862)
GROSS PROFIT		2,635,052	3,059,470	1,259,161	1,821,231
DISTRIBUTION COST		(1,132,584)	(1,073,415)	(600,596)	(551,400)
ADMINISTRATIVE EXPENSES		(587,754)	(573,691)	(296,968)	(297,978)
OTHER EXPENSES		(154,234)	(160,809)	(109,990)	(134,562)
		(1,874,572)	(1,807,915)	(1,007,554)	(983,940)
		760,480	1,251,555	251,607	837,291
OTHER INCOME		2,595,167	2,290,730	2,112,578	1,952,089
PROFIT FROM OPERATIONS		3,355,647	3,542,285	2,364,185	2,789,380
FINANCE COST		(420,945)	(552,197)	(217,861)	(264,275)
PROFIT BEFORE TAXATION		2,934,702	2,990,088	2,146,324	2,525,105
TAXATION		(384,000)	(430,000)	(237,000)	(289,000)
PROFIT AFTER TAXATION		2,550,702	2,560,088	1,909,324	2,236,105
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)		7.25	7.28	5.43	6.36

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 2016 (Un-audited)

	Half year ended		Quarter ended	
	31 December 2016	31 December 2015 (Rupees in thousand)	31 December 2016	31 December 2015
PROFIT AFTER TAXATION	2,550,702	2,560,088	1,909,324	2,236,105
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss:				
Surplus / (deficit) arising on remeasurement of available for sale investments to fair value	11,682,877	(2,215,694)	11,879,772	481,942
Deferred income tax relating to surplus on available for sale investments	(994,019)	(2,487)	(994,019)	(2,487)
Other comprehensive income / (loss) for the period - net of tax	10,688,858	(2,218,181)	10,885,753	479,455
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	13,239,560	341,907	12,795,077	2,715,560

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 2016 (Un-audited)

	Note	Half year ended	
		31 December 2016 (Rupees in thousand)	31 December 2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (utilized in) / generated from operations	9	(2,211,136)	2,434,291
Finance cost paid		(425,832)	(642,196)
Income tax paid		(442,824)	(468,904)
Exchange gain / (loss) on forward exchange contracts received / (paid)		75,418	(24,728)
Net (increase) / decrease in long term loans to employees		(39,580)	20,289
Net increase in long term deposits		(351)	(67)
Net cash (utilized in) / generated from operating activities		(3,044,305)	1,318,685
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(1,615,444)	(932,461)
Proceeds from sale of property, plant and equipment		59,738	65,089
Investments made		(100,573)	(240,616)
Loans and advances to subsidiary companies		(11,555,058)	(7,793,618)
Repayment of loans from subsidiary companies		9,198,318	7,074,712
Interest received		50,915	51,290
Dividends received		2,294,178	2,152,933
Net cash (used in) / from investing activities		(1,667,926)	377,329
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		1,068,026	469,787
Repayment of long term financing		(1,026,040)	(1,040,022)
Short term borrowings - net		4,390,749	573,281
Dividend paid		(1,741,742)	(413,069)
Net cash from / (used in) financing activities		2,690,993	(410,023)
Net (decrease) / increase in cash and cash equivalents		(2,021,238)	1,285,991
Cash and cash equivalents at the beginning of the period		2,115,168	52,219
Cash and cash equivalents at the end of the period		93,930	1,338,210

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 2016 (Un-audited)

(Rupees in thousand)

	Reserves							Total equity
	Capital reserves		Revenue reserves			Total		
	Premium on issue of right shares	Fair value reserve	Sub total	General reserve	Unappropriated profit		Sub total	
Balance as at 30 June 2015 - Audited	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 / (loss) 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	5,499,530	30,638,548	36,138,078	32,683,028	2,565,426	35,248,454	71,386,532	74,902,531
Profit for the half year ended 30 June 2016	-	-	-	-	2,362,950	2,362,950	2,362,950	2,362,950
Other comprehensive income for the half year ended 30 June 2016	-	4,889,674	4,889,674	-	-	-	4,889,674	4,889,674
Total comprehensive income for the half year ended 30 June 2016	-	4,889,674	4,889,674	-	2,362,950	2,362,950	7,252,624	7,252,624
Balance as at 30 June 2016 - Audited	5,499,530	35,528,222	41,027,752	32,683,028	4,928,376	37,611,404	78,639,156	82,155,155
Transaction with owners - Final dividend for the year ended 30 June 2016 @ Rupees 5.00 per share	-	-	-	-	(1,757,999)	(1,757,999)	(1,757,999)	(1,757,999)
Transferred to general reserve	-	-	-	3,165,000	(3,165,000)	-	-	-
Profit for the half year ended 31 December 2016	-	-	-	-	2,550,702	2,550,702	2,550,702	2,550,702
Other comprehensive income for the half year ended 31 December 2016	-	10,688,868	10,688,868	-	-	-	10,688,868	10,688,868
Total comprehensive income for the half year ended 31 December 2016	-	10,688,868	10,688,868	-	2,550,702	2,550,702	13,239,560	13,239,560
Balance as at 31 December 2016 - Un-audited	5,499,530	46,217,090	51,716,610	35,848,028	2,556,079	38,404,107	90,120,717	93,636,716

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 2016 (Un-audited)

1 THE COMPANY AND ITS OPERATIONS

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

2 BASIS OF PREPARATION

This unconsolidated condensed interim financial information is un-audited 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 2016 has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail. This unconsolidated condensed interim financial information should be read in conjunction with the preceding audited annual published financial statements of the Company for the year ended 30 June 2016.

3 ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of this unconsolidated condensed interim financial information are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2016.

4 CRITICAL ACCOUNTING ESTIMATES AND 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 2016.

	Un-audited 31 December 2016	Audited 30 June 2016
	(Rupees in thousand)	
5 LONG TERM FINANCING- SECURED		
Opening balance	6,610,224	7,365,470
Add: Obtained during the period / year	1,068,026	1,209,108
Less: Repaid during the period / year	1,026,040	1,964,354
	6,652,210	6,610,224
Less: Current portion shown under current liabilities	2,108,015	1,980,768
	4,544,195	4,629,456

6 CONTINGENCIES AND COMMITMENTS

a) Contingencies

- i) The Company is contingently liable for Rupees 0.631 million (30 June 2016: Rupees 0.631 million) on account of central excise duty not acknowledged as debt as the case is pending before Court.
- ii) Guarantees of Rupees 942.687 million (30 June 2016: Rupees 973.358 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connections, Shell Pakistan Limited and Pakistan State Oil Limited against purchase of furnace oil, Director Excise and Taxation, Karachi against infrastructure cess and Pakistan Army and Government of Punjab against fulfillment of sales orders.
- iii) Post dated cheques of Rupees 6,724.727 million (30 June 2016: Rupees 5,800.306 million) are issued to customs authorities in respect of duties on imported items availed on the basis of consumption and export plans. If documents of exports are not provided on due dates, cheques issued as security shall be encashable.
- iv) The Company has challenged, before Honorable Lahore High Court, Lahore, the vires of clauses (h) and (i) to sub-section (1) of section 8 of the Sales Tax Act, 1990 whereby claim of input sales tax in respect of building materials, electrical and gas appliances, pipes, fittings, wires, cables and ordinary electrical fittings and sanitary fittings have been disallowed. The Honorable Lahore High Court has issued stay order in favour of the Company and has allowed the Company to claim input sales tax paid on such goods in its monthly sales tax returns. Consequently, the Company has claimed input sales tax amounting to Rupees 41.686 million (30 June 2016: Rupees 77.482 million) paid on such goods in its respective monthly sales tax returns.

b) Commitments

- i) Contracts for capital expenditure are approximately of Rupees 2,801.399 million (30 June 2016: Rupees 1,031.214 million).
- ii) Letters of credit other than for capital expenditure are of Rupees 1,427.847 million (30 June 2016: Rupees 338.967 million).
- iii) Outstanding foreign currency forward contracts of Rupees 4,503.433 million (30 June 2016: Rupees 3,345.460 million).

Selected Notes to the Unconsolidated Condensed Interim Financial Information

For the half year ended 31 December 2016 (Un-audited)

7 PROPERTY, PLANT AND EQUIPMENT

	Note	Un-audited 31 December 2016 (Rupees in thousand)	Audited 30 June 2016
Operating fixed assets:			
Owned	7.1	22,988,397	23,058,934
Leased	7.2	–	–
Capital work-in-progress	7.3	2,153,402	1,656,161
		25,141,799	24,715,095
7.1 Operating fixed assets - Owned			
Opening book value		23,058,934	21,453,222
Add: Cost of additions during the period / year	7.1.1	1,118,203	3,661,932
Add: Book value of assets transferred from leased assets to owned assets	7.2	–	181,191
		24,177,137	25,296,345
Less: Book value of deletions / adjustments during the period / year	7.1.2	57,291	77,531
		24,119,846	25,218,814
Less: Depreciation charged during the period / year		1,131,449	2,159,880
		22,988,397	23,058,934
7.1.1 Cost of additions			
Freehold land		20,885	10,909
Buildings on freehold land		53,763	1,419,610
Plant and machinery		991,506	2,004,393
Electric installations		175	73,895
Factory equipment		8,133	11,493
Furniture, fixtures and office equipment		7,909	32,620
Computer equipment		5,211	36,409
Vehicles		30,621	72,603
		1,118,203	3,661,932
7.1.2 Book value of deletions / adjustments			
Freehold land		–	17,989
Buildings on freehold land		68	694
Plant and machinery		22,800	33,073
Electric installations		26,198	–
Furniture, fixtures and office equipment		48	261
Computer equipment		49	166
Vehicles		8,128	25,348
		57,291	77,531

	Un-audited 31 December 2016	Audited 30 June 2016
	(Rupees in thousand)	
7.2 Operating fixed assets - Leased		
Opening book value	–	181,191
Less: Book value of assets transferred from leased assets to fixed assets - owned	–	181,191
	–	–
7.3 Capital work-in-progress		
Buildings on freehold land	667,413	352,217
Plant and machinery	1,075,009	962,867
Factory equipment	–	1,380
Unallocated expenses	14,216	12,284
Letters of credit against machinery	4,085	1,883
Advances against purchase of land	379,678	314,988
Advances against furniture, fixtures and office equipment	8,722	–
Advances against vehicles	4,279	10,542
	2,153,402	1,656,161

	Half year ended		Quarter ended	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	(Rupees in thousand)			
8 COST OF SALES				
Raw materials consumed	12,585,552	12,436,864	6,733,189	6,199,039
Processing charges	105,170	94,849	67,481	54,980
Salaries, wages and other benefits	2,620,393	2,164,621	1,389,850	1,089,455
Stores, spare parts and loose tools consumed	2,334,094	2,192,575	1,219,617	1,182,275
Packing materials consumed	543,679	476,236	301,607	255,716
Repair and maintenance	165,686	162,510	91,545	94,697
Fuel and power	2,345,500	2,183,839	1,233,773	1,065,607
Insurance	21,548	19,094	10,887	9,547
Other factory overheads	258,026	206,483	135,954	113,961
Depreciation	1,087,245	994,155	552,444	498,924
	22,066,893	20,931,226	11,736,347	10,564,201
Work-in-process				
Opening stock	1,746,041	1,530,684	2,136,142	1,855,943
Closing stock	(2,243,617)	(2,081,398)	(2,243,617)	(2,081,398)
	(497,576)	(550,714)	(107,475)	(225,455)
Cost of goods manufactured	21,569,317	20,380,512	11,628,872	10,338,746
Finished goods				
Opening stock	2,875,186	2,882,924	3,199,597	2,887,653
Closing stock	(3,076,049)	(2,862,537)	(3,076,049)	(2,862,537)
	(200,863)	20,387	123,548	25,116
	21,368,454	20,400,899	11,752,420	10,363,862

Selected Notes to the Unconsolidated Condensed Interim Financial Information

For the half year ended 31 December 2016 (Un-audited)

	Note	Half year ended	
		31 December 2016	31 December 2015
		(Rupees in thousand)	
9 CASH (UTILIZED IN) / GENERATED FROM OPERATIONS			
Profit before taxation		2,934,702	2,990,088
Adjustments for non-cash charges and other items:			
Depreciation		1,134,388	1,042,645
Gain on sale of property, plant and equipment		(2,447)	(23,316)
Dividend income		(2,294,178)	(2,152,933)
Net exchange (gain) / loss		(115,252)	70,363
Interest income on loans and advances to subsidiary companies		(54,390)	(60,105)
Finance cost		420,945	552,197
Reversal of provision for slow moving, obsolete and damaged store items		(244)	–
Working capital changes	9.1	(4,234,660)	15,352
		(2,211,136)	2,434,291
9.1 Working capital changes			
(Increase) / decrease in current assets:			
- Stores, spare parts and loose tools		(227,909)	(143,889)
- Stock in trade		(5,060,535)	(332,083)
- Trade debts		5,319	254,055
- Loans and advances		(119,038)	(247,713)
- Short term deposits and prepayments		26,958	10,693
- Other receivables		631,752	108,766
		(4,743,453)	(350,171)
Increase in trade and other payables		508,793	365,523
		(4,234,660)	15,352

10 SEGMENT INFORMATION

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

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

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

(Un-audited)

	(Rupees in thousand)																						
	Spinning			Weaving			Dyeing			Home Textile			Garments			Power Generation		Elimination of inter-segment transactions		Total - Company			
	Faisalabad	Feroze Wafwan	Bhikhi	Lahore	Half year ended	Dec 2015	Dec 2016	Dec 2015	Dec 2016	Dec 2015	Dec 2016	Dec 2015	Dec 2016	Dec 2015	Dec 2016	Dec 2015	Dec 2016	Dec 2015	Dec 2016	Dec 2015	Dec 2016		
Sales	3,742,713	4,061,656	1,918,997	4,325,431	4,139,955	1,387,518	1,525,228	6,716,632	4,245,714	3,456,636	1,979,507	1,631,477	277,764	-	8,438	9,019	-	-	24,003,336	23,460,389	-	-	
External Intersegment	1,221,111	1,394,887	497,575	2,949,288	2,790,247	1,426,925	1,215,470	638,604	397,423	411,096	356,644	28,160	276	47,159	-	2,530,605	-	(8,747,923)	(8,987,497)	-	-		
Cost of sales	4,958,824	5,456,523	2,162,571	2,855,076	7,274,719	6,929,202	2,813,843	2,740,698	7,007,029	7,096,025	4,656,810	3,813,080	2,007,667	1,631,753	324,923	2,540,043	2,405,509	(9,747,923)	24,003,336	23,460,389	-	-	
	(4,688,772)	(5,038,460)	(2,034,117)	(2,883,985)	(6,643,408)	(6,345,630)	(2,645,114)	(2,561,638)	(6,198,771)	(5,891,881)	(4,984,598)	(3,200,143)	(1,854,932)	(1,455,925)	(452,768)	(2,538,888)	(2,402,729)	9,747,923	21,368,654	(20,400,888)	-	-	
Gross profit / (loss)	280,032	420,063	128,454	1,091	631,313	593,572	188,729	179,002	808,258	1,204,134	592,212	492,837	152,735	175,828	(127,846)	1,145	2,783	-	2,655,052	3,059,470	-	-	
Distribution cost	(108,725)	(106,876)	(41,698)	(60,541)	(192,818)	(80,719)	(67,956)	(315,801)	(307,249)	(228,271)	(205,789)	(170,715)	(132,196)	(15,448)	-	(30,836)	-	-	(1,132,584)	(1,075,415)	-	-	
Administrative expenses	(104,916)	(116,175)	(35,064)	(88,569)	(92,188)	(48,243)	(50,100)	(114,446)	(105,181)	(94,414)	(50,203)	(43,283)	(19,474)	-	-	(25,909)	-	-	(587,754)	(575,681)	-	-	
Profit / (loss) before taxation and unallocated income and expenses	(213,641)	(223,051)	(78,750)	(96,677)	(281,894)	(286,027)	(109,062)	(118,058)	(428,772)	(421,695)	(331,452)	(300,203)	(220,918)	(175,488)	(28,923)	(30,836)	(25,909)	-	(1,720,338)	(1,647,100)	-	-	
	66,411	197,012	51,704	(65,356)	349,229	297,545	59,867	61,006	381,486	792,459	260,760	192,734	661,183	340	(155,768)	(29,681)	(23,126)	-	914,714	1,417,354	-	-	
Unallocated income and expenses:																							
Other expenses																				(154,234)	(160,889)		
Other income																				2,856,167	2,280,130		
Finance cost																				(420,945)	(652,197)		
Taxation																				(894,000)	(930,000)		
Profit after taxation																				2,550,702	2,560,088		

10.3

Reconciliation of reportable segment assets and liabilities

	(Rupees in thousand)																						
	Spinning			Weaving			Dyeing			Home Textile			Garments			Power Generation		Total - Company					
	Faisalabad	Feroze Wafwan	Bhikhi	Lahore	Half year ended	Dec 2015	Dec 2016	Dec 2015	Dec 2016	Dec 2015	Dec 2016	Dec 2015	Dec 2016	Dec 2015	Dec 2016	Dec 2015	Dec 2016	Dec 2015	Dec 2016				
7,243,076	5,101,420	7,725,278	6,131,241	5,085,081	5,158,631	1,044,650	1,043,317	5,945,656	5,577,425	6,144,357	5,396,824	2,275,765	1,816,734	2,560,088	1,943,239	697,1654	6,946,771	4,501,6751	3,869,5812				
Unallocated assets:																							
Long term investments																				66,165,006	55,899,080		
Other receivables																				1,406,757	2,023,092		
Cash and bank balances																				93,930	2,115,188		
Other corporate assets																				10,919,238	8,246,267		
Total assets as per balance sheet																				123,685,702	106,590,219		
Total liabilities for reportable segments																				5,406,051	1,692,330		
Unallocated liabilities:																							
Deferred income tax liability																				1,255,586	281,567		
Provision for taxation																				82,1635	1,245,400		
Other corporate liabilities																				22,485,714	18,211,690		
Total liabilities as per balance sheet																				29,988,986	24,444,064		

Selected Notes to the Unconsolidated Condensed Interim Financial Information

For the half year ended 31 December 2016 (Un-audited)

11 RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

i) Fair value hierarchy

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

Recurring fair value measurements	Level 1	Level 2	Level 3	Total
As at 31 December 2016	(Rupees in thousand)			
Financial assets				
Available for sale financial assets	58,325,859	13,383	6,874,004	65,213,246
Derivative financial assets	–	34,740	–	34,740
Total financial assets	58,325,859	48,123	6,874,004	65,247,986
Financial liabilities				
Derivative financial liabilities	–	2,597	–	2,597
Total financial liabilities	–	2,597	–	2,597
Recurring fair value measurements	Level 1	Level 2	Level 3	Total
As at 30 June 2016	(Rupees in thousand)			
Financial assets				
Available for sale financial assets	50,959,140	10,599	2,460,056	53,429,795
Derivative financial assets	–	22,494	–	22,494
Total financial assets	50,959,140	33,093	2,460,056	53,452,289
Financial liabilities				
Derivative financial liabilities	–	827	–	827
Total financial liabilities	–	827	–	827

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

There were no transfers between levels 1 and 2 for recurring fair value measurements during the half year ended 31 December 2016. Further there was no transfer in and out of level 3 measurements.

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

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

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

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

ii) Valuation techniques used to determine fair values

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

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

The following table presents the changes in level 3 items for the half year ended 31 December 2016:

	Unlisted equity securities (Rupees in thousand)
Balance as on 30 June 2016	2,460,056
Less : Deficit recognized in other comprehensive income	(1,280)
Add : Surplus recognized in other comprehensive income	4,415,228
Balance as on 31 December 2016	6,874,004

iv) Valuation inputs and relationships to fair value

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

Description	Fair value at 31 December 2016	Unobservable inputs	Range of inputs (probability-weighted average) 31 December 2016	Relationship of unobservable inputs to fair value
(Rupees in thousand)				
Available for sale financial assets:				
Nishat Paper Products Company Limited	409,407	Revenue growth factor	0.27%	Increase / decrease in revenue growth factor by 0.05% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees +39.207 million / - 34.786 million.
		Risk adjusted discount rate	16.77%	
Nishat Hotels and Properties Limited	5,008,451	Terminal growth factor	4.00%	Increase / decrease in revenue growth factor by 1% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees +3.128 billion / - 1.347 billion.
		Risk adjusted discount rate	8.97%	
Nishat Dairy (Private) Limited	509,400	Terminal growth factor	4%	Increase / decrease in terminal growth factor by 1% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees +90.600 million / - 63.000 million.
		Risk adjusted discount rate	14.93%	
Security General Insurance Company Limited	946,746	Net premium revenue growth factor	2%	Increase / decrease in net premium revenue growth factor by 0.5% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees +55.119 million / - 49.597 million.
		Risk adjusted discount rate	19.00%	

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

Selected Notes to the Unconsolidated Condensed Interim Financial Information

For the half year ended 31 December 2016 (Un-audited)

Valuation processes

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

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

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

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

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

12 TRANSACTIONS WITH RELATED PARTIES

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

	Half year ended		Quarter ended	
	31 December 2016	31 December 2015 (Rupees in thousand)	31 December 2016	31 December 2015
i) Transactions				
Subsidiary companies				
Investment made	–	10	–	–
Interest income	54,391	60,105	31,064	31,291
Short term loans made	11,555,058	7,793,618	6,327,258	5,431,700
Repayment of short term loans made	9,198,318	7,074,712	4,335,607	3,688,383
Rental income	22,525	20,816	11,263	10,539
Dividend income	451,582	496,741	451,582	496,741
Purchase of goods and services	274,605	537,701	80,190	121,648
Sale of goods and services	2,571,516	1,797,505	1,474,265	1,090,386
Associated companies				
Investment made	100,573	240,606	100,573	93,615
Purchase of goods and services	23,850	37,129	20,009	31,550
Sale of operating fixed assets	954	938	886	938
Sale of goods and services	179	164	90	83
Rental income	308	297	154	180
Dividend income	1,760,873	1,605,419	1,421,219	1,271,764
Dividend paid	158,463	141,968	158,463	141,968
Insurance premium paid	91,930	85,762	25,868	28,723
Insurance claims received	21,109	10,793	5,389	5,774
Profit on term deposit receipt	11,059	–	3,773	–
Finance cost	1,849	1,427	1,068	1,427

Selected Notes to the Unconsolidated Condensed Interim Financial Information

For the half year ended 31 December 2016 (Un-audited)

14 DATE OF AUTHORIZATION FOR ISSUE

This unconsolidated condensed interim financial information was approved by the Board of Directors and authorized for issue on 20 February 2017.

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
and its Subsidiaries**

For the half year ended 31 December 2016

Consolidated Condensed Interim Balance Sheet

As at 31 December 2016

Note	Un-audited 31 December 2016 (Rupees in thousand)	Audited 30 June 2016
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital		
1,100,000,000 (30 June 2016: 1,100,000,000) ordinary shares of Rupees 10 each	11,000,000	11,000,000
Issued, subscribed and paid-up share capital		
351,599,848 (30 June 2016: 351,599,848) ordinary shares of Rupees 10 each	3,515,999	3,515,999
Reserves	84,491,311	79,400,014
Equity attributable to equity holders of the Holding Company	88,007,310	82,916,013
Non-controlling interest	6,242,197	6,001,587
Total equity	94,249,507	88,917,600
LIABILITIES		
NON-CURRENT LIABILITIES		
Long term financing-secured	10,552,406	11,487,230
Long term security deposits	173,090	161,283
Retirement benefit obligation	6,512	5,381
Deferred liability - accumulating compensated absences	2,666	2,736
Deferred income tax liability	1,730,853	1,626,036
	12,465,527	13,282,666
CURRENT LIABILITIES		
Trade and other payables	7,867,925	6,376,389
Accrued mark-up	287,130	309,402
Short term borrowings	15,921,065	10,475,657
Current portion of non-current liabilities	3,745,972	3,500,416
Provision for taxation	1,041,737	1,374,735
	28,863,829	22,036,599
TOTAL LIABILITIES	41,329,356	35,319,265
CONTINGENCIES AND COMMITMENTS	7	
TOTAL EQUITY AND LIABILITIES	135,578,863	124,236,865

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



Chief Executive Officer

	Note	Un-audited 31 December 2016 (Rupees in thousand)	Audited 30 June 2016
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	38,653,613	38,097,185
Investment properties		469,826	472,765
Intangible assets		20,957	24,481
Long term investments		52,508,585	49,024,857
Long term loans		151,620	116,979
Long term deposits		143,282	131,575
		91,947,883	87,867,842
CURRENT ASSETS			
Stores, spare parts and loose tools		2,215,219	1,827,949
Stock-in-trade		21,828,632	13,885,352
Trade debts		10,658,981	9,329,634
Loans and advances		2,809,582	3,170,986
Short term deposits and prepayments		228,991	209,219
Other receivables		2,207,394	2,782,581
Accrued interest		1,020	15,762
Short term investments		3,082,741	2,065,217
Cash and bank balances		598,420	3,082,323
		43,630,980	36,369,023
TOTAL ASSETS		135,578,863	124,236,865


Director

Consolidated Condensed Interim Profit and Loss Account

For the half year ended 31 December 2016 (Un-audited)

	Note	Half year ended		Quarter ended	
		31 December 2016	31 December 2015 (Rupees in thousand)	31 December 2016	31 December 2015
SALES		36,269,713	35,262,117	19,231,087	17,954,353
COST OF SALES	9	(30,508,730)	(28,948,394)	(16,304,316)	(14,546,864)
GROSS PROFIT		5,760,983	6,313,723	2,926,771	3,407,489
DISTRIBUTION COST		(2,293,487)	(1,821,034)	(1,320,279)	(975,302)
ADMINISTRATIVE EXPENSES		(911,131)	(852,848)	(465,733)	(442,685)
OTHER EXPENSES		(154,234)	(164,826)	(109,990)	(136,120)
		(3,358,852)	(2,838,708)	(1,896,002)	(1,554,107)
		2,402,131	3,475,015	1,030,769	1,853,382
OTHER INCOME		1,041,299	830,215	572,107	520,525
PROFIT FROM OPERATIONS		3,443,430	4,305,230	1,602,876	2,373,907
FINANCE COST		(799,565)	(1,028,065)	(405,354)	(491,865)
		2,643,865	3,277,165	1,197,522	1,882,042
SHARE OF PROFIT FROM ASSOCIATED COMPANIES		1,687,211	1,153,093	970,047	706,482
PROFIT BEFORE TAXATION		4,331,076	4,430,258	2,167,569	2,588,524
TAXATION		(549,574)	(439,362)	(353,223)	(281,684)
PROFIT AFTER TAXATION		3,781,502	3,990,896	1,814,346	2,306,840
SHARE OF PROFIT ATTRIBUTABLE TO:					
EQUITY HOLDERS OF HOLDING COMPANY		3,107,252	3,175,892	1,499,141	1,947,224
NON-CONTROLLING INTEREST		674,250	815,004	315,205	359,616
		3,781,502	3,990,896	1,814,346	2,306,840
EARNINGS PER SHARE- BASIC AND DILUTED (RUPEES)		8.84	9.03	4.26	5.54

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 2016 (Un-audited)

	Half year ended		Quarter ended	
	31 December 2016	31 December 2015 (Rupees in thousand)	31 December 2016	31 December 2015
PROFIT AFTER TAXATION	3,781,502	3,990,896	1,814,346	2,306,840
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 / (Deficit) arising on remeasurement of available for sale investments to fair value	2,536,158	(2,747,236)	2,123,595	(1,197,345)
Share of other comprehensive income / (loss) of associates	1,232,126	(1,184,072)	835,744	(431,480)
Exchange differences on translating foreign operations	1,055	16,994	1,065	(1,363)
Deferred income tax relating to surplus on available for sale investments	(27,295)	–	(27,295)	–
Other comprehensive income / (loss) for the period- net of tax	3,742,044	(3,914,314)	2,933,109	(1,630,188)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	7,523,546	76,582	4,747,455	676,652
SHARE OF TOTAL COMPREHENSIVE INCOME / (LOSS) ATTRIBUTABLE TO:				
Equity holders of holding company	6,849,296	(738,422)	4,432,250	317,036
Non-controlling interest	674,250	815,004	315,205	359,616
	7,523,546	76,582	4,747,455	676,652

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 2016 (Un-audited)

	Note	Half year ended	
		31 December 2016	31 December 2015
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (utilized in) / generated from operations	10	(3,354,975)	5,430,249
Finance cost paid		(821,837)	(1,169,356)
Income tax paid		(468,871)	(533,340)
Long term security deposit received / (made)		11,807	(894)
Exchange gain / (loss) on forward exchange contracts received / (paid)		75,418	(24,728)
Net increase in retirement benefit obligation		1,131	764
Net (increase) / decrease in long term loans		(41,550)	6,047
Net increase in long term deposits		(11,707)	(26,640)
Net cash (used in) / generated from operating activities		(4,610,584)	3,682,102
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(2,320,048)	(1,079,961)
Proceeds from sale of property, plant and equipment		61,017	71,607
Interest received		58,591	33,151
Dividends received		1,842,596	1,656,192
Investments made		(100,573)	(240,605)
Net cash (used in) / generated from investing activities		(458,417)	440,384
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		1,068,028	469,880
Repayment of long term financing		(1,757,296)	(1,669,370)
Exchange differences on translation of net investments in foreign subsidiaries		1,055	16,994
Short term borrowings - net		5,445,408	(358,882)
Dividend paid		(2,172,097)	(892,669)
Net cash generated from / (used in) financing activities		2,585,098	(2,434,047)
Net (decrease) / increase in cash and cash equivalents		(2,483,903)	1,688,439
Cash and cash equivalents at the beginning of the period		3,082,323	332,469
Cash and cash equivalents at the end of the period		598,420	2,020,908

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 2016 (Un-audited)

	Attributable to equity holders of the holding company											Non-controlling interest	Total equity	
	Share capital	Capital reserves			Statutory reserve	Capital redemption reserve fund	Sub total	General reserve	Revenue reserves		Shareholders' equity			
		Premium on issue of right shares	Fair value reserve	Exchange translation reserve					Unappropriated profit	Sub total				Total reserves
	3,515,999	5,499,530	19,017,533	(11,006)	35	111,002	24,617,084	46,849,882	6,891,297	53,741,179	78,356,273	81,874,272	5,689,242	87,563,514
Balance as at 30 June 2015 - Audited														
Transaction with owners- Final dividend for the year ended 30 June 2015 @ Rupees 4.50 per share	-	-	-	-	-	-	-	-	(1,582,199)	(1,582,199)	(1,582,199)	(1,582,199)	-	(1,582,199)
Transaction with owners- Dividend relating to year 2015 paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(477,003)	(477,003)
Transferred to general reserve	-	-	-	-	-	-	-	5,163,000	(5,163,000)	-	-	-	-	-
Profit for the half year ended 31 December 2015	-	-	-	-	-	-	-	-	3,175,882	3,175,882	3,175,882	3,175,882	815,004	3,990,886
Other comprehensive (loss) / income for the half year ended 31 December 2015	-	-	(3,331,308)	16,984	-	-	(3,914,314)	-	-	-	(3,914,314)	(3,914,314)	-	(3,914,314)
Total comprehensive (loss) / income for the half year ended 31 December 2015	-	-	(3,331,308)	16,984	-	-	(3,914,314)	-	3,175,882	3,175,882	(738,422)	(738,422)	815,004	76,882
Balance as at 31 December 2015 - Un-audited														
3,515,999	5,499,530	15,086,225	5,988	35	111,002	20,702,780	52,012,882	3,321,990	55,334,872	76,037,652	79,553,651	6,027,243	85,580,894	
Transaction with owners- Dividend relating to year 2015 paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(607,095)	(607,095)
Transferred to statutory reserve	-	-	-	-	197	-	197	-	(197)	(197)	-	-	-	-
Profit for the half year ended 30 June 2016	-	-	-	-	-	-	-	-	2,913,895	2,913,895	2,913,895	2,913,895	561,439	3,496,334
Other comprehensive income for the half year ended 30 June 2016	-	-	447,299	1,168	-	-	448,467	-	-	-	448,467	448,467	-	448,467
Total comprehensive income for the half year ended 30 June 2016	-	-	447,299	1,168	-	-	448,467	-	2,913,895	2,913,895	3,362,362	3,362,362	561,439	3,943,801
Balance as at 30 June 2016 - Audited														
3,515,999	5,499,530	15,533,524	7,156	232	111,002	21,151,444	52,012,882	6,235,688	59,246,570	79,400,014	82,916,013	6,001,587	88,917,600	
Transaction with owners- Final dividend for the year ended 30 June 2016 @ Rupees 5.00 per share	-	-	-	-	-	-	-	-	(1,757,999)	(1,757,999)	(1,757,999)	-	(1,757,999)	
Transaction with owners- Dividend relating to year 2016 paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(433,640)	(433,640)
Transferred to general reserve	-	-	-	-	-	-	-	4,331,000	(4,331,000)	-	-	-	-	-
Profit for the half year ended 31 December 2016	-	-	-	-	-	-	-	-	3,107,252	3,107,252	3,107,252	3,107,252	674,250	3,781,502
Other comprehensive income for the half year ended 31 December 2016	-	-	3,740,989	1,055	-	-	3,742,044	-	-	-	3,742,044	3,742,044	-	3,742,044
Total comprehensive income for the half year ended 31 December 2016	-	-	3,740,989	1,055	-	-	3,742,044	-	3,107,252	3,107,252	6,849,296	6,849,296	674,250	7,523,546
Balance as at 31 December 2016 - Un-audited														
3,515,999	5,499,530	19,274,513	8,211	232	111,002	24,893,488	56,343,882	3,253,941	59,597,823	84,991,311	86,007,310	6,242,197	94,249,507	

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

Balance as at 31 December 2015 - Un-audited

Transaction with owners- Dividend relating to year 2015 paid to non-controlling interest
Transferred to statutory reserve

Profit for the half year ended 30 June 2016

Other comprehensive income for the half year ended 30 June 2016
Total comprehensive income for the half year ended 30 June 2016

Balance as at 30 June 2016 - Audited

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

Profit for the half year ended 31 December 2016

Other comprehensive income for the half year ended 31 December 2016
Total comprehensive income for the half year ended 31 December 2016

Balance as at 31 December 2016 - Un-audited

Transaction with owners- Dividend relating to year 2016 paid to non-controlling interest
Transferred to general reserve

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

Um. Manish
Chief Executive Officer

[Signature]
Director

Selected Notes to the Consolidated Condensed Interim Financial Information

For the half year ended 31 December 2016 (Un-audited)

1 THE GROUP AND ITS OPERATIONS

The Group consists of:

Holding Company

-Nishat Mills Limited

Subsidiary Companies

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

NISHAT MILLS LIMITED

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

NISHAT POWER LIMITED

Nishat Power Limited is a public limited Company incorporated in Pakistan under the Companies Ordinance, 1984 and listed on Pakistan Stock Exchange Limited. The Company is a subsidiary of Nishat Mills Limited. The principal activity of the Company is to build, own, operate and maintain a fuel fired power station having gross capacity of 200 MW ISO in Jamber Kalan, Tehsil Pattoki, District Kasur, Punjab, Pakistan. Its registered office is situated at 53-A, Lawrence Road, Lahore. Ownership interest held by non-controlling interests in Nishat Power Limited is 48.99% (30 June 2016: 48.99%)

NISHAT LINEN (PRIVATE) LIMITED

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

NISHAT HOSPITALITY (PRIVATE) LIMITED

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

NISHAT USA, INC.

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

NISHAT LINEN TRADING LLC

Nishat Linen Trading LLC is a limited liability company formed in pursuance to statutory provisions of the United Arab Emirates (UAE) Federal Law No. (8) of 1984 as amended and registered with the Department of Economic Development, Government of Dubai. Nishat Linen Trading LLC is a subsidiary of Nishat Mills Limited as Nishat Mills Limited, through the powers given to it under Article 11 of the Memorandum of

Association, exercise full control on the management of Nishat Linen Trading LLC Date of incorporation of the Company was 29 December 2010. The registered office of Nishat Linen Trading LLC is situated at P.O. Box No. 28189 Dubai, UAE. The principal business of the Company is to operate retail outlets in UAE for sale of textile and related products.

NISHAT INTERNATIONAL FZE

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

NISHAT GLOBAL CHINA COMPANY LIMITED

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

NISHAT UK (PRIVATE) LIMITED

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

NISHAT COMMODITIES (PRIVATE) LIMITED

Nishat Commodities (Private) Limited is a private limited Company incorporated in Pakistan on 16 July 2015 under the Companies Ordinance, 1984. It is a wholly owned subsidiary of Nishat Mills Limited. Its registered office is situated at 53-A, Lawrence Road, Lahore. The principal objects of the Company is to carry on the business of trading of commodities including fuels, coals, building material in any form or shape manufactured, semi-manufactured, raw materials and their import and sale in Pakistan.

LALPIR SOLAR POWER (PRIVATE) LIMITED

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

2 BASIS OF PREPARATION

This consolidated condensed interim financial information is un-audited and is being submitted to 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-(IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions and directives of the Companies Ordinance, 1984 shall prevail. This consolidated condensed interim financial information should be read in conjunction with the preceding audited annual published consolidated financial statements of the Group for the year ended 30 June 2016.

3 ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of this consolidated condensed interim financial information are the same as applied in the preparation of preceding audited annual published consolidated financial statements of the Group for the year ended 30 June 2016.

4 CONSOLIDATION

a) Subsidiaries

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

Selected Notes to the Consolidated Condensed Interim Financial Information

For the half year ended 31 December 2016 (Un-audited)

entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

Intragroup balances and transactions have been eliminated.

Non-controlling interests are that part of net results of the operations and of net assets of Subsidiary Companies attributable to interest which are not owned by the Holding Company. Non-controlling interests are presented as separate item in 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 condensed interim profit and loss account, consolidated condensed interim statement of comprehensive income and reserves respectively. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Distributions received from an associate reduce the carrying amount of the investment. Investments in equity method accounted for associates are tested for impairment in accordance with the provisions of IAS 36 'Impairment of Assets'.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

During preparation of this consolidated condensed interim financial information, the significant judgments made by the management in applying the accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published consolidated financial statements of the Group for the year ended 30 June 2016.

	Un-audited 31 December 2016	Audited 30 June 2016
	(Rupees in thousand)	
6 LONG TERM FINANCING- SECURED		
Opening balance	14,987,646	17,051,304
Add: Obtained during the period / year	1,068,026	1,209,108
Less: Repaid during the period / year	1,757,296	3,272,823
Add: Currency translation	2	57
	14,298,378	14,987,646
Less: Current portion shown under current liabilities	3,745,972	3,500,416
	10,552,406	11,487,230

7 CONTINGENCIES AND COMMITMENTS

a) Contingencies

- i) Nishat Mills Limited - Holding Company is contingently liable for Rupees 0.631 million (30 June 2016: Rupees 0.631 million) on account of central excise duty not acknowledged as debt as the case is pending before Court.

- ii) Guarantees of Rupees 942.687 million (30 June 2016: Rupees 973.358 million) are given by the banks of the Nishat Mills Limited - Holding Company to Sui Northern Gas Pipelines Limited against gas connections, Shell Pakistan Limited and Pakistan State Oil Limited against purchase of furnace oil, Director Excise and Taxation, Karachi against infrastructure cess and Pakistan Army and Government of Punjab against fulfillment of sales order.
- iii) Post dated cheques of Rupees 6,724.727 million (30 June 2016: Rupees 5,800.306 million) are issued by the Nishat Mills Limited - Holding Company to customs authorities in respect of duties on imported items availed on the basis of consumption and export plans. If documents of exports are not provided on due dates, cheques issued as security shall be encashable.
- iv) Nishat Mills Limited - Holding Company has challenged, before Honorable Lahore High Court, Lahore, the vires of clauses (h) and (i) to sub-section (1) of section 8 of the Sales Tax Act, 1990 whereby claim of input sales tax in respect of building materials, electrical and gas appliances, pipes, fittings, wires, cables and ordinary electrical fittings and sanitary fittings have been disallowed. The Honorable 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 41.686 million (30 June 2016: Rupees 77.482 million) paid on such goods in its respective monthly sales tax returns.
- v) Holding Company's share in contingencies of associated companies' accounted for under equity method is Rupees 6,555 million (30 June 2016: Rupees 5,881 million).
- vi) In financial year 2014, a sales tax demand of Rs 1,218.132 million was raised against Nishat Power Limited - Subsidiary Company through order dated December 11, 2013, by the Assistant Commissioner Inland Revenue ('ACIR') disallowing input sales tax for the tax periods of July 2010 through June 2012. The disallowance was made on the grounds that since revenue derived by the Subsidiary Company on account of 'capacity purchase price' was not chargeable to sales tax, input sales tax claimed by the Subsidiary Company was required to be apportioned with only the input sales tax attributable to other revenue stream i.e. 'energy purchase price' admissible to the Subsidiary Company. 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 were further agitated before Appellate Tribunal Inland Revenue ('ATIR') by the Subsidiary Company. Moreover, the department, too, 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 August 19, 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'). During the current period, LHC has disposed of the petition in the Subsidiary Company's favour through its order dated October 31, 2016, by stating that there is no supply being made against capacity purchase price, hence, there is no existence of an "exempt supply". Accordingly, the Subsidiary Company is free to reclaim or deduct input tax under the relevant provisions of Sales Tax Act, 1990. However, subsequent to the period end, the tax department has filed an appeal before the Supreme Court of Pakistan against the aforementioned LHC's order.

Selected Notes to the Consolidated Condensed Interim Financial Information

For the half year ended 31 December 2016 (Un-audited)

For the period July 2013 to June 2014, Subsidiary Company's case was selected for audit by 'Federal Board of Revenue' ('FBR'), which selection was objected to, on jurisdictional basis, by Subsidiary Company by way of filing a writ petition before LHC. While, LHC allowed the department to proceed with audit proceedings, it was directed that no adjudication order, consequent to conduct of audit, shall be passed after confronting the audit report. The audit proceedings were completed by the department during the financial year 2016 and audit report thereof was submitted to the Subsidiary Company seeking explanations in regard to the issues raised therein. In the subject audit report, inter-alia, primarily a disallowance of input sales tax aggregating to Rs 596.091 million has been confronted on same grounds as explained above. Subsequent to period end, LHC through its order dated January 9, 2017 has allowed initiation of adjudication proceedings after issuance of audit report. Consequently, the Subsidiary Company is in the process of filing an Intra Court Appeal against the stated judgment on the grounds that in the presence of the various adverse findings given by the honourable LHC, complete relief as sought by the Subsidiary Company should have been provided by declaring selection for audit and audit policy unlawful.

Based on the advice of the Subsidiary Company's legal counsel and the abovementioned LHC's decision dated October 31, 2016, 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 the tax department would not be upheld by appellate authorities/courts. Consequently, no provision has been made in this consolidated condensed interim financial information on such account.

- vii)** The banks have issued the following on behalf of Nishat Power Limited - Subsidiary Company:
 - a)** Letter of guarantee of Rupees 9 million (30 June 2016: Rupees 7.5 million) in favour of Director, Excise and Taxation, Karachi under direction of Sindh High Court in respect of suit filed for levy of infrastructure cess.
 - b)** Letter of guarantee of Rupees 190.484 million (30 June 2016 : Rupees 190.484 million) in favour of a fuel supplier.
- viii)** Nishat Hospitality (Private) Limited - Subsidiary Company has issued letter of guarantees of Rupees 1.085 million (30 June 2016: Rupees 1.085 million) in favour of Director, Excise and Taxation, Karachi under the order of Sindh High Court in respect of the suit filed for levy of infrastructure cess.
- ix)** Post dated cheques furnished by Nishat Hospitality (Private) Limited - Subsidiary Company in favour of the Collector of Customs to cover import levies against imports aggregating to Rupees 2.945 million (30 June 2016: Rupees 2.945 million).
- x)** Guarantee of Rupees 15 million (30 June 2016: Rupees 6 million) is given by the bank of Nishat Linen (Private) Limited - Subsidiary Company to Director Excise and Taxation, Karachi against infrastructure cess.
- xi)** Commissioner Inland Revenue (CIR) made certain additions to taxable income of Nishat Linen (Private) Limited - Subsidiary Company for the tax year 2012 assessing the taxable income at Rupees 188.772 million against declared taxable income of Rupees 116.934 million. The Subsidiary Company filed an appeal before the Commissioner Inland Revenue (Appeals) against the order of CIR which was partially allowed. The Subsidiary Company filed an appeal before Appellate Tribunal Inland Revenue (ATIR) against

the order of CIR (Appeals) which was not allowed. The Subsidiary Company has filed an appeal against the order of ATIR with Honorable Lahore High Court, Lahore which suspended the operation of order passed by the ATIR. The Subsidiary Company expects a favourable outcome of the appeal as it has strong grounds of appeal. Hence, no provision there against has been made in this consolidated condensed interim financial information.

- xii)** Nishat Linen (Private) Limited - Subsidiary Company is contesting sales tax demands of Rupees 5.534 million (30 June 2016: Rupees 5.534 million) before CIR (Appeals) and ATIR. No provision against these demands has been made in this consolidated condensed interim financial information as the legal advisor of the Subsidiary Company expects a favourable outcome of appeals.
- xiii)** Additional Commission Inland Revenue (ACIR) amended the deemed assessment and raised a tax demand of Rupees 66.132 million against Nishat Linen (Private) Limited - Subsidiary Company for the tax year 2013 under section 122(5A) of Income Tax Ordinance, 2001 (ITO). The Subsidiary Company filed an application for the rectification in the order passed by ACIR, whereby the demand was rectified at Rupees 43.718 million. The Subsidiary Company filed an appeal before the Commissioner Inland Revenue (Appeals) against the order of ACIR which was partially allowed. The Subsidiary Company has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order of CIR (Appeals). Hence, no provision there against has been made in this consolidated condensed interim financial information based on the advice of tax advisor.
- xiv)** Additional Commission Inland Revenue (ACIR) amended the deemed assessment and raised a tax demand of Rupees 374.883 million against Nishat Linen (Private) Limited - Subsidiary Company for the tax year 2014 under section 122(5A) of Income Tax Ordinance, 2001 (ITO). The Subsidiary Company has filed an appeal before the Commissioner Inland Revenue (Appeals) against the above mentioned order. Hence, no provision there against has been made in this consolidated condensed interim financial information based on the advice of tax advisor.
- xv)** Nishat Linen (Private) Limited - Subsidiary Company has challenged, before Honorable Lahore High Court, Lahore, the vires of clauses (h) and (i) to sub-section (1) of section 8 of the Sales Tax Act, 1990 whereby claim of input sales tax in respect of building materials, electrical and gas appliances, pipes, fittings, wires, cables and ordinary electrical fittings and sanitary fittings have been disallowed. The Honorable 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 0.104 million (30 June 2016: Rupees 0.765 million) paid on such goods in its respective monthly sales tax returns.
- xvi)** Guarantee of Rupees 1.1 million (30 June 2016: Rupees 1.1 million) is given by the bank of Nishat Commodities (Private) Limited - Subsidiary Company in favour of Director Excise and Taxation to cover the disputed amount of infrastructure cess.

b) Commitments

- i)** Contracts for capital expenditure of the Group are approximately of Rupees 2,810.255 million (30 June 2016: Rupees 1,040.070 million).
- ii)** Letters of credit other than for capital expenditure of the Group are of Rupees 1,620.057 million (30 June 2016: Rupees 938.350 million).

Selected Notes to the Consolidated Condensed Interim Financial Information

For the half year ended 31 December 2016 (Un-audited)

- iii) Outstanding foreign currency forward contracts of Rupees 4,503.433 million (30 June 2016: Rupees 3,345.460 million)
- iv) The amount of future payments under operating lease and the period in which these payments will become due from Nishat Power Limited - Subsidiary Company are as follows:

	Note	Un-audited 31 December 2016 (Rupees in thousand)	Audited 30 June 2016
Not later than one year		12,461	12,461
Later than one year and not later than five years		65,617	60,490
		78,078	72,951
8	PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets:			
Owned	8.1	35,932,280	36,136,234
Leased	8.2	–	–
Capital work in progress	8.3	2,384,488	1,818,733
Major spare parts and standby equipment		336,845	142,218
		38,653,613	38,097,185
8.1	Operating fixed assets- Owned		
Opening book value		36,136,234	35,372,840
Add: Cost of additions during the period / year	8.1.1	1,559,540	4,019,086
Add: Book value of assets transferred from leased assets to owned assets		–	181,191
		37,695,774	39,573,117
Less: Book value of deletions / adjustments during the period / year	8.1.2	58,306	84,409
		37,637,468	39,488,708
Less: Depreciation charged for the period / year		1,705,314	3,356,730
Add: Currency translation		126	4,256
		35,932,280	36,136,234
8.1.1	Cost of additions		
Freehold land		20,885	10,909
Buildings on freehold land		53,763	1,426,295
Plant and machinery		1,383,069	2,200,596
Electric installations		1,738	99,655
Factory equipment		8,493	17,462
Furniture, fixtures and office equipment		34,934	110,710
Computer equipment		16,883	56,017
Vehicles		39,775	97,442
		1,559,540	4,019,086
8.1.2	Book value of deletions / adjustments		
Freehold land		–	17,989
Buildings on freehold land		68	694
Plant and machinery		22,800	34,852
Electric installations		26,198	194
Furniture, fixtures and office equipment		48	1,402
Computer equipment		49	201
Vehicles		9,143	28,995
Kitchen equipments and crockery items		–	82
		58,306	84,409

	Un-audited 31 December 2016	Audited 30 June 2016
	(Rupees in thousand)	
8.2 Operating fixed assets- Leased		
Opening book value	–	181,191
Less: Book value of assets transferred from leased assets to fixed assets-owned	–	181,191
	–	–
8.3 Capital work-in-progress		
Buildings on freehold land	857,709	512,838
Plant and machinery	1,076,220	962,867
Factory equipment	–	1,380
Unallocated expenses	14,216	12,284
Letters of credit against machinery	4,086	1,883
Advance against purchase of land	379,678	314,989
Advances against furniture, fixtures and office equipment	8,722	–
Advances against vehicles	43,857	12,492
	2,384,488	1,818,733

	Half year ended		Quarter ended	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	(Rupees in thousand)			
9 COST OF SALES				
Raw materials consumed	20,110,565	19,060,051	10,586,639	9,391,485
Processing charges	178,455	129,445	108,163	49,760
Salaries, wages and other benefits	2,927,516	2,312,891	1,542,953	1,170,171
Stores, spare parts and loose tools consumed	2,516,330	2,492,528	1,306,946	1,313,819
Packing materials consumed	586,587	510,461	325,179	274,896
Repair and maintenance	186,906	349,548	99,919	187,659
Fuel and power	2,363,403	2,203,670	1,242,032	1,071,541
Insurance	105,237	103,057	52,734	51,323
Other factory overheads	345,425	261,477	184,265	141,514
Depreciation and amortization	1,626,546	1,536,847	823,518	777,055
	30,946,970	28,959,975	16,272,348	14,429,223
Work-in-process				
Opening stock	2,263,340	1,575,230	2,347,820	1,890,528
Closing stock	(2,478,622)	(2,081,398)	(2,478,622)	(2,081,398)
	(215,282)	(506,168)	(130,802)	(190,870)
Cost of goods manufactured	30,731,688	28,453,807	16,141,546	14,238,353
Finished goods				
Opening stock	4,606,221	4,337,851	4,991,949	4,151,775
Closing stock	(4,829,179)	(3,843,264)	(4,829,179)	(3,843,264)
	(222,958)	494,587	162,770	308,511
	30,508,730	28,948,394	16,304,316	14,546,864

Selected Notes to the Consolidated Condensed Interim Financial Information

For the half year ended 31 December 2016 (Un-audited)

	Note	Half year ended	
		31 December 2016	31 December 2015
		(Rupees in thousand)	
10 CASH (UTILIZED IN) / GENERATED FROM OPERATIONS			
Profit before taxation		4,331,076	4,430,258
Adjustments for non-cash charges and other items:			
Depreciation		1,711,777	1,623,580
Gain on sale of property, plant and equipment		(2,711)	(24,885)
Dividend income		(787,780)	(744,770)
Profit on deposits with banks		(43,849)	(36,730)
Share of profit from associated companies		(1,687,211)	(1,153,093)
Reversal of provision for accumulated compensated absences		(70)	-
Net exchange (gain) / loss		(115,454)	68,743
Finance cost		799,565	1,028,065
Reversal of provision for slow moving, obsolete and damaged store items		(244)	-
Working capital changes	10.1	(7,560,074)	239,081
		(3,354,975)	5,430,249
10.1 Working capital changes			
(Increase) / decrease in current assets:			
- Stores, spare parts and loose tools		(387,026)	(30,290)
- Stock-in-trade		(7,943,280)	(417,355)
- Trade debts		(1,299,787)	(4,241)
- Loans and advances		32,134	(304,649)
- Short term deposits and prepayments		(19,772)	(81,815)
- Other receivables		587,433	208,926
		(9,030,298)	(629,424)
Increase in trade and other payables		1,470,224	868,505
		(7,560,074)	239,081

11 SEGMENT INFORMATION

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

Spinning at Faisalabad, Feroze Wattwan and Lahore:	Producing different qualities of yarn using natural and artificial fibers.
Weaving at Bhikki and Lahore:	Producing different qualities of greige fabric using yarn.
Dyeing:	Producing dyed fabric using different qualities of greige fabric.
Home Textile:	Manufacturing of home textile articles using processed fabric produced from greige fabric.
Garments I and II:	Manufacturing of garments using processed fabric.
Power Generation:	Generation, transmission and distribution of power using gas, oil, steam, coal and biomass.
Hotel:	To carry on the business of hotel and allied services.

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

(Un-audited)

	Spinning			Weaving			Dyeing			Home textile			Garments			Power generation			Hotel			Elimination of inter-segment transactions			Total - group		
	Faisalabad	Feroze Wathwan	Lahore	Bhikki	Lahore	Half year ended	I	II	Half year ended	Half year ended	Half year ended	Half year ended	Half year ended	Half year ended	Half year ended	Half year ended	Half year ended	Half year ended	Dec-2016	Dec-2016							

(Rupees in thousand)

Sales	2,596,346	6,159,732	1,331,542	4,631,367	25,10,027	9,932,281	9,901,198	1,334,116	1,522,229	63,70,425	67,19,002	65,40,007	6,70,735	1,97,307	1,601,477	277,794	-	1,702,705	6,409,334	181,939	151,947	-	-	-	6,822,937	13	6,52,821	117	
External intersegment	2,395,479	2,207,790	801,020	529,526	189,241	112,361	4,321,438	3,029,004	1,479,725	1,215,470	639,694	377,429	411,096	37,677	26,160	276	47,159	-	2,330,005	2,346,491	807	-	-	(11,851,340)	(10,744,018)	-	-	-	
Cost of sales	4,963,824	5,456,522	2,162,571	2,339,803	4,800,008	2,652,018	7,274,719	6,929,202	28,15,945	27,40,698	7,007,029	7,086,025	6,300,165	6,119,472	2,007,867	1,607,733	384,920	-	8,602,310	10,867,796	182,386	151,947	-	(11,851,340)	(10,744,018)	36,283	13	35,282	117
Gross profit	(4,683,772)	(6,038,459)	(2,034,117)	(2,331,712)	(4,716,101)	(2,722,000)	(65,45,408)	(63,45,600)	(26,45,114)	(25,61,600)	(6,198,771)	(6,381,891)	(6,386,962)	(4,300,767)	(1,654,932)	(1,455,925)	(452,769)	-	(7,517,000)	(8,863,427)	(252,048)	(191,965)	-	(11,851,340)	(10,744,018)	(30,837)	13	(30,837)	117
Operating expenses	280,002	420,003	129,454	1,911	94,507	(89,962)	631,313	583,572	169,729	179,902	839,228	1,245,134	1,683,201	1,617,705	152,735	175,828	(127,946)	-	1,872,230	2,212,388	59,330	19,862	-	-	57,00,980	63	63,337	22	
Administrative expenses	(109,725)	(109,671)	(41,698)	(55,368)	(61,541)	(65,368)	(183,416)	(182,308)	(80,719)	(67,595)	(323,567)	(285,143)	(1,345,533)	(887,749)	(103,324)	(15,446)	-	-	(942)	(942)	(29,802)	(29,116)	-	-	(2,28,467)	(1,821,009)	-	-	
Finance cost	(1,04,916)	(1,14,361)	(32,694)	(65,103)	(65,103)	(65,103)	(1,11,717)	(4,543)	(50,100)	(11,446)	(11,446)	(207,263)	(242,799)	(40,203)	(45,283)	(13,414)	-	-	(159,566)	(125,940)	(29,802)	(29,116)	-	-	(911,161)	(82,396)	-	-	
Share of profit from associated companies	(213,641)	(221,298)	(76,793)	(86,677)	(89,472)	(85,078)	(281,984)	(288,027)	(100,882)	(119,959)	(413,738)	(409,599)	(1,619,857)	(1,179,528)	(219,782)	(173,627)	(28,920)	-	(169,907)	(129,947)	(29,902)	(29,116)	-	-	(3,20,616)	(2,673,852)	-	-	
Profit/(loss) before taxation and non-cash financial expenses	65,411	1,93,626	51,734	(85,598)	35,006	(85,598)	3,48,229	2,97,546	59,697	61,006	3,94,520	7,94,546	80,344	4,93,177	(60,647)	2,201	(162,769)	-	1,712,723	2,086,421	29,446	(8,233)	-	-	2,556,036	3,038,841	-	-	
Unloaded income and expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Finance cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Share of profit from associated companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Profit after taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

	Spinning			Weaving			Dyeing			Home textile			Garments			Power generation			Hotel			Elimination of inter-segment transactions			Total - group		
	Faisalabad	Feroze Wathwan	Lahore	Bhikki	Lahore	Half year ended	I	II	Half year ended	Half year ended	Half year ended	Half year ended	Half year ended	Half year ended	Half year ended	Half year ended	Half year ended	Half year ended	Dec-2016	Dec-2016							

(Rupees in thousand)

Total assets for reportable segments	701,273	4,98,421	77,276	6,12,241	2,98,195	66,821	5,05,607	5,148,739	10,13,324	1,04,190	5,945,692	5,577,425	11,222,122	9,75,408	2,74,464	1,816,734	2,936,088	1,943,329	28,227,657	26,368,196	11,70,088	123,300	-	-	75,42,438	64,71,127	-	-
Unloaded assets:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Long term investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash and bank balances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets as per balance sheet	701,273	4,98,421	77,276	6,12,241	2,98,195	66,821	5,05,607	5,148,739	10,13,324	1,04,190	5,945,692	5,577,425	11,222,122	9,75,408	2,74,464	1,816,734	2,936,088	1,943,329	28,227,657	26,368,196	11,70,088	123,300	-	-	75,42,438	64,71,127	-	-
Total liabilities for reportable segments	751,915	5,65,626	214,149	10,103	579,196	112,243	361,527	477,591	96,678	157,183	688,733	531,233	1,211,888	1,130,933	337,501	201,779	186,563	123,380	11,577,967	10,430,709	21,063	22,206	-	-	80,65,380	14,044,484	-	-
Unloaded liabilities:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred income tax liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision for taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities as per balance sheet	751,915	5,65,626	214,149	10,103	579,196	112,243	361,527	477,591	96,678	157,183	688,733	531,233	1,211,888	1,130,933	337,501	201,779	186,563	123,380	11,577,967	10,430,709	21,063	22,206	-	-	80,65,380	14,044,484	-	-

(Rupees in thousand)

	Spinning			Weaving			Dyeing			Home textile			Garments			Power generation			Hotel			Elimination of inter-segment transactions			Total - group		
	Faisalabad	Feroze Wathwan	Lahore	Bhikki	Lahore	Half year ended	I	II	Half year ended	Half year ended	Half year ended	Half year ended	Half year ended	Half year ended	Half year ended	Half year ended	Half year ended	Half year ended	Dec-2016	Dec-2016							

(Rupees in thousand)

Total assets for reportable segments	701,273	4,98,421	77,276	6,12,241	2,98,195	66,821	5,05,607	5,148,739	10,13,324	1,04,190	5,945,692	5,577,425	11,222,122	9,75,408	2,74,464	1,816,734	2,936,088	1,943,329	28,227,657	26,368,196	11,70,088	123,300	-	-	75,42,438	64,71,127	-	-
Unloaded assets:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Long term investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash and bank balances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets as per balance sheet	701,273	4,98,421	77,276	6,12,241	2,98,195	66,821	5,05,607	5,148,739	10,13,324	1,04,190	5,945,692	5,577,425	11,222,122	9,75,408	2,74,464	1,816,734	2,936,088	1,943,329	28,227,657	26,368,196	11,70,088	123,300	-	-	75,42,438	64,71,127	-	-
Total liabilities for reportable segments	751,915	5,65,626	214,149	10,103	579,196	112,243	361,527	477,591	96,678	157,183	688,733	531,233	1,211,888	1,130,933	337,501	201,779	186,563	123,380	11,577,967	10,430,709	21,063	22,206	-	-	80,65,380	14,044,484	-	-
Unloaded liabilities:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred income tax liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision for taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities as per balance sheet	751,915	5,65,626	214,149	10,103	579,196	112,243	361,527	477,591	96,678	157,183	688,733	531,233	1,211,888	1,130,933	337,501	201,779	186,563	123,380	11,577,967	10,430,709								

Selected Notes to the Consolidated Condensed Interim Financial Information

For the half year ended 31 December 2016 (Un-audited)

12 RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

i) Fair value hierarchy

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

Recurring fair value measurements	Level 1	Level 2	Level 3	Total
As at 31 December 2016	(Rupees in thousand)			
Financial assets				
Available for sale financial assets	22,429,620	13,383	946,746	23,389,749
Derivative financial assets	–	34,740	–	34,740
Total financial assets	22,429,620	48,123	946,746	23,424,489
Financial liabilities				
Derivative financial liabilities	–	2,597	–	2,597
Total financial liabilities	–	2,597	–	2,597
Recurring fair value measurements	Level 1	Level 2	Level 3	Total
As at 30 June 2016	(Rupees in thousand)			
Financial assets				
Available for sale financial assets	19,913,070	10,599	829,348	20,753,017
Derivative financial assets	–	22,494	–	22,494
Total financial assets	19,913,070	33,093	829,348	20,775,511
Financial liabilities				
Derivative financial liabilities	–	827	–	827
Total financial liabilities	–	827	–	827

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

There were no transfers between levels 1 and 2 for recurring fair value measurements during the half year ended 31 December 2016. Further there was no transfer in and out of level 3 measurements.

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

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

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

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

ii) Valuation techniques used to determine fair values

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

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

The following table presents the changes in level 3 items for the half year ended 31 December 2016:

	Unlisted equity securities (Rupees in thousand)
Balance as on 30 June 2016	829,348
Add : Surplus recognized in other comprehensive income	117,398
Balance as on 31 December 2016	946,746

iv) Valuation inputs and relationships to fair value

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

Description	Fair value at 31 December 2016	Unobservable inputs	Range of inputs (probability-weighted average) 31 December 2016	Relationship of unobservable inputs to fair value
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(Rupees in thousand)

Available for sale financial assets:

Security General Insurance Company Limited

946,746

Net premium revenue growth factor

2%

Risk adjusted discount rate

19.00%

Increase / decrease in net premium revenue growth factor by 0.5% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees +55.119 million / - 49.597 million.

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

Valuation processes

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

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

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

Selected Notes to the Consolidated Condensed Interim Financial Information

For the half year ended 31 December 2016 (Un-audited)

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

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

13 TRANSACTIONS WITH RELATED PARTIES

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

	Half year ended		Quarter ended	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	(Rupees in thousand)			
i) Transactions				
Associated companies				
Investment made	100,573	240,606	100,573	93,615
Purchase of goods and services	71,239	73,359	40,180	47,534
Sale of operating fixed assets	954	938	886	938
Sale of goods and services	6,104	4,980	2,910	3,277
Rental income	308	297	154	180
Rent paid	22,554	6,231	7,197	3,116
Dividend paid	158,463	141,968	158,463	141,968
Insurance premium paid	191,009	178,940	71,522	72,880
Insurance claims received	26,173	10,880	5,105	5,861
Profit on term deposit receipts	11,059	–	3,773	–
Finance cost	9,026	8,623	4,725	8,623
Other related parties				
Purchase of goods and services	722,091	336,946	480,482	206,232
Sale of goods and services	41,964	22,818	18,279	14,417
Sale of operating fixed assets	–	9,750	–	6,500
Group's contribution to provident fund trust	121,311	102,483	65,425	51,548
Remuneration paid to Chief Executive Officer, Director and Executives of the Holding Company	567,021	462,568	261,401	240,433

As at 31 December 2016			
	Associated companies	Other related parties	Total
	(Rupees in thousand)		
ii) Period end balances			
Trade and other payables	40,574	27,254	67,828
Accrued mark-up	1,091	–	1,091
Short term borrowings	5,878	–	5,878
Long term loans	–	132,770	132,770
Trade debts	4,934	2	4,936
Loans and advances	–	49,424	49,424
Cash and bank balances	172,524	–	172,524
As at 30 June 2016 (Audited)			
	Associated companies	Other related parties	Total
	(Rupees in thousand)		
Trade and other payables	83,630	32,850	116,480
Long term loans	–	109,190	109,190
Trade debts	4,281	220	4,501
Loans and advances	20	44,449	44,469
Other receivables	2,732	–	2,732
Accrued interest	1,758	–	1,758
Cash and bank balances	988,374	2	988,376

14 FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published consolidated financial statements of the Group for the year ended 30 June 2016.

15 DATE OF AUTHORIZATION FOR ISSUE

This consolidated condensed interim financial information was approved by the Board of Directors and authorized for issue on 20 February 2017.

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

ذیلی کمپنیاں اور کنسولیدیشن مالیاتی حسابات

نٹکا مل اور لیٹن، نٹکا مل این (پرائیویٹ) لمیٹڈ، نٹکا مل کیمیکلز (پرائیویٹ) لمیٹڈ، نٹکا مل گھوٹا (پرائیویٹ) لمیٹڈ، نٹکا مل ٹیکسٹائل (پرائیویٹ) لمیٹڈ، نٹکا مل پلاس اسے انکارپورٹڈ، نٹکا مل این ٹریڈنگ LLC، نٹکا مل اینٹرپرائز FZE، نٹکا مل گھوٹا چائے کمپنی لمیٹڈ اور نٹکا مل UK (پرائیویٹ) لمیٹڈ کمپنی کی ذیلی کمپنیوں کی پورٹ فولیو میں شامل ہیں۔ لہذا، کمپنی نے اینٹرپرائز کا نقل و حرکت شیڈول روز کی ضروریات کے مطابق اپنی سہرت کنٹریسٹوری مالیاتی معلومات کے علاوہ کنسولیدیشن کنٹریسٹوری مالیاتی معلومات منسلک کی ہیں۔

انکھار تشکر

مجلس انضمام انتظامیہ، ملسا اور کارکنوں کی کوششوں کو سراہتی ہے۔

منجانب پروڈ آف ڈائریکٹرز

Umm Mansur

میاں عمر منشا

چیف ایگزیکٹو آفیسر

20 فروری 2017

لاہور

گارمنٹس

ایک سرگرم حدود ریشم کے ٹائے، گارمنٹس کی صنعت اجرت اور پیداوار کی لاگت جس میں گزشتہ تین سالوں کے دوران جیزی سے اضافہ ہوا ہے۔ شہید متاثر ہوئی ہے۔ تاہم، کپتی ہا گارمنٹس سیکٹ I ان تمام چیلنجوں کے تناظر میں اپنے کاروبار کو برقرار رکھنے کے قابل تھا۔ گارمنٹس سیکٹ II کے اضافہ کے ساتھ، ہماری لمبوسات کی صلاحیت دوگنی ہو گئی ہے اور ہمیں حجم میں اضافہ کرنے کا موقع فراہم ہوا ہے۔ گارمنٹس سیکٹ II جنز کے لئے بہت ہی جدید ڈائنگ انتظامات سے لیس ڈیٹیم کی تھیب ہے۔

پائیدار توانائی کے وسائل سے ہماری وابستگی کو دیکھتے ہوئے، کپتی نے ہماری نئی ڈیٹیم کی تھیب میں بڑے پیمانے پر پشمی پٹلی کی پیداوار میں ہماری سرمایہ کاری کی ہے۔ 1.2 میگا واٹ کا نئی توانائی پلانٹ ہماری مستقبل کی کل توانائی کی ضروریات میں سے نصف کو پورا کرنے کے قابل ہے۔ نئی پلانٹ کام کر رہا ہے اور ملک کی لمبوسات کی صنعت میں اپنی نوعیت میں واحد ہے۔

اضافہ (کمی)		31 دسمبر تک مشاہی		گارمنٹس
فیصد	قدر	2015	2016	
29.99	682	2,274	2,956	فردخت - (گارمنٹس '000)
6.01	42.53	708.20	750.73	قیمت فی گارمنٹ
37.80	608,707	1,610,447	2,219,154	فردخت - ('000 روپے)

مالی سال 2016-17 کی اگلی ششماہی حوصلہ بخش گئی ہے۔ حکومت نے گارمنٹس کے برآمدی ٹیکس میں 7 فیصد duty drawback کا اعلان کیا ہے، جس سے ہمیں اپنی کسٹمرس کو برقرار رکھنے، ہماری پیداوار کے حجم میں اضافہ اور ہمارے منافع کو بڑھانے میں مدد ملے گی۔

پاور جنریشن

کپتی اپنی پیداواری تھیبات کے لئے سستے، موثر اور ماحول دوست توانائی کے ذرائع یعنی بنانے کے لئے مصروف عمل ہے۔ 9.6 میگا واٹ Wartsila تین ایجنٹوں پر چلنے والا اچھن، گرم پانی اور ایگزاسٹ گیس سے فاضل ہیٹ ریکوری کی خصوصی خوبیوں کے ساتھ، جو گیس سے براہ راست HFO پر منتقل ہو جاتا ہے، نفاذ آباد فیصل آباد میں واقع سپنگ کی پیداواری تھیب پر اکتوبر 2016 میں نصب کیا گیا تھا اور موثر طور پر کام کر رہا ہے۔ گارمنٹس سیکٹ II کے لئے سولر پاور پلانٹ بھی دسمبر 2016 میں کامیابی سے نصب کیا گیا تھا۔

پیورٹی کی پیداوار کے لئے کول فائرڈ پاور پلانٹ میں چلنے والے کولے سے نکلنے والی راکھ کا استعمال کرنے کا منصوبہ زیر غور ہے۔ موجودہ حالات میں کپتی کو اس راکھ کے ضیاع پر اخراجات برداشت کرنا پڑے ہیں۔ معیاری کپریو (compressive) مضبوطی کے حصول کے لئے اجزاء کے مختلف مرکبات تیار کر کے پیور بنانے کے لئے تحقیق کامیابی سے مکمل ہو چکی ہے۔

نفاذ ڈائنگ اور فٹنگ اینٹ میں ایک نیا 65 ٹن کول فائرڈ پاور نصاب کرنے کے ایک منصوبہ کی منصوبہ بندی کی جا رہی ہے۔ M-3 فیصل آباد پاور سٹریٹ اینٹ میں واقع سپنگ کی پیداواری تھیبات کی ضروریات کو پورا کرنے کے لئے نئے کپو (captive) پاور پلانٹ کا ڈیزائن مکمل ہو چکا ہے اور عمارت کی تعمیر بھی شروع ہو گئی ہے۔

68 ٹنک چھڑائی کی پرانی Tsudakoma لوسر کو 56 سٹیج چھڑائی کی Picanol لوسر کے ساتھ تبدیل کرنے کی منصوبہ بندی کو حتمی شکل دے دی گئی ہے اور ان لوسر کی درآمد کے لئے ایک LC دسمبر 2016 میں سکول دی گئی ہے۔ نئی لوسر مالی سال 2017 کے اختتام تک کیٹن ہونے کی توقع کی جارہی ہیں جس سے بہتر منافع کی امید کے ساتھ ہوم ٹیکسٹائل سیکٹر کو ہماری فروخت میں اضافہ ہوگا۔

ڈانگ

ڈانگ کے شعبہ نے مالی سال 2016-17 کی پہلی ششماہی کے دوران تلی بخش کارکردگی کا مظاہرہ کیا ہے اگرچہ میزن کے وسط میں خام مال کی قیمتوں میں اضافہ ہوا جس نے پورے میزن کے تمام بڑے آرڈرز کی قیمت سے ہمارے منافع کے مارجن کو کم کر دیا کیونکہ تمام بڑے آرڈرز کی قیمتیں پہلے سے ہی طے تھیں۔ اس مدت کے دوران، ہمارا اہم بیچ دستیاب ملا میٹوں کے اندر گا بکوں کے مطلوبہ آرڈرز کو پورا کرنا تھا۔ پیداواری صلاحیت کی رکاوٹوں اور ہمارے معزز گا بکوں سے آرڈرز میں اضافہ نے نتیجہ آرڈرز لینا ہمارے لئے بہت مشکل بنا دیا کیونکہ اہم گا بکوں میں سے کسی ایک کو کاراس خاص گا بک کو مستقل طور پر رکھ دینے پر توجہ ہوسکتا تھا۔

پریمیڈ کلا تھ	31 دسمبر ختمہ ششماہی		اضافہ / (کمی)	
	2016	2015	قدر	فیصد
فروخت - (میٹرز '000)	24,221	25,511	(1,290)	(5.06)
قیمت فی میٹر	251.79	254.57	(2.78)	(1.09)
فروخت - ('000 روپے)	6,098,562	6,494,367	(395,805)	(6.09)

مالی سال کی تیسری سہ ماہی کے دوران شعبہ کی دستیاب ملا میٹوں کے اندر گا بکوں کی ضروریات پوری کرنے کے انتظام کا معاملہ زیادہ مشکل نظر آ رہا ہے۔ اس کے علاوہ، ہم پاکستان میں کہاں کی کمی کے باعث خام مال کی قیمتوں میں مزید اضافہ کی توقع کر رہے ہیں۔ تاہم، ہمیں امید ہے کہ تمام داخلی اور خارجی چینلیوں کے باوجود ہم مالی سال کی دوسری ششماہی میں مثبت کارکردگی ظاہر کرنے کے قابل ہو جائیں گے۔

ہوم ٹیکسٹائل

کمپنی کے ہوم ٹیکسٹائل شعبہ کا منافع گذشتہ سال کی اسی ششماہی کے مقابلے 31 دسمبر کو ختمہ رواں ششماہی میں نمایاں طور پر زیادہ ہوا ہے۔ ٹیکسٹائل شعبہ پر جاری دباؤ کے باوجود پیداوار، فروخت اور زبردست آرڈرز جیسے تمام اہم اشاروں میں رجحانات ترقی کے ہیں۔

پریمیڈ کلا تھ اینڈ میڈیا ہنس	31 دسمبر ختمہ ششماہی		اضافہ / (کمی)	
	2016	2015	قدر	فیصد
فروخت - (میٹرز '000)	10,946	9,033	1,913	21.18
قیمت فی میٹر	318.57	335.24	(16.67)	(4.97)
فروخت - ('000 روپے)	3,487,057	3,028,227	458,830	15.15

بہت ہی جدید ڈیجیٹل پرنٹ شدہ کپڑے کی اونچی طلب پر غور کرنے کے بعد کمپنی نے مالی سال کی دوسری سہ ماہی کے دوران خرید و دو ڈیجیٹل پرچگ مشینوں کا اضافہ کیا ہے۔ اب ایک چھت کے پمچل 7 ڈیجیٹل مشینوں کے ساتھ ہمارا ہوم ٹیکسٹائل شعبہ سب سے اعلیٰ درجے کے ہوم ٹیکسٹائل کے گا بکوں اور ڈیزائنرز کی کاروباری ضروریات کو پورا کر رہا ہے۔ اسی عرصہ میں، ہم نے ایک نئے وسیع چھڑائی کے یورپی اور بیجنگ کے واٹھنگ پلانٹ کا بھی اضافہ کیا ہے جو اس پورے خطے میں اپنی نوعیت کی ایک اور سب سے زیادہ جدید مشین ہے جس سے ری ایکٹیو اینڈ اور پرنٹڈ کپڑے کی ہماری پیداواری صلاحیت میں نمایاں اضافہ ہوا ہے۔ اس کے علاوہ، اس نے ہماری مصنوعات کے معیارات کو بہتر بنانے اور پیداواری ٹائم لائنز کو کم کرنے میں اہم کردار ادا کیا ہے۔ ان چیلوں کے ساتھ، ہم مالی سال کی دوسری سہ ماہی کے بعد ریکارڈ اعلیٰ پیداوار اور فروخت کے قابل تھے کیونکہ ہماری صلاحیتیں ایک ہی احاطے کے اندر تقریباً 10 فیصد تک بڑھ گئی ہیں۔

ڈائریکٹرز رپورٹ (جاری ہے)

کمپنی نے کاشن مارکیٹ کے محرکات کو مد نظر رکھتے ہوئے خام کپاس کی خریداری کی قیمت کا ایک سائڈ گارنٹس حاصل کرنے کی کوشش کی۔

یارن	31 دسمبر مختصر ششماہی		اضافہ (کمی)	
	2015	2016	قدر	فیصد
فروخت - (کلوگرام '000)	16,496	11,867	(4,629)	(28.06)
قیمت فی کلو	273.44	294.59	21.15	7.73
فروخت - ('000 روپے)	4,510,668	3,495,878	(1,014,790)	(22.50)

بین الاقوامی مارکیٹ میں کاشن یارن کی قیمتیں غیر یقینی نظر آ رہی ہیں۔ کاشن مارکیٹ مہترانے کی وجہ سے یارن برآمد کنندگان کے لیے بے سود ہیں۔ عالمی مارکیٹ میں کاشن یارن کی قیمتیں اور طلب دونوں مالی سال 2016-17 کی پہلی ششماہی کے دوران بہت کم رہیں۔ جبکہ مقامی کاشن مارکیٹ میں لین دین کے حجم میں اضافہ کی وجہ سے مقامی مارکیٹ میں یارن کی قیمتوں میں ایک مختصر مدت کے لئے بھڑکی آئی لیکن یہ رجحان زیادہ عرصہ جاری نہیں رہا۔ تاہم، سپنگ شجر کی مارکیٹنگ ٹیم نے سخت محنت کی اور اچھی قیمتیں حاصل کرنے میں کامیاب ہوئی جنہوں نے اچھے نتائج پیدا کرنے میں مدد کی۔ گزشتہ مالی سال کی طرح تاہم کاشن اور کاشن جی ہاری اہم مارکیٹیں ہیں میں طلب سست رہی، لہذا ہمارے مارکیٹنگ ٹیم ملائیشیا، جاپان، کوریا اور تائیوان کی طرح دیگر مارکیٹوں میں اپنی کوششیں کو وسعت دینے کے لئے سخت محنت کر رہی ہے۔

نشاد آباد فیصل آباد میں واقع سپنگ شجر کو وسعت دینے اور دوسری جگہ منتقل کرنے کے منصوبہ پر عمل درآمد جاری ہے جس کے مطابق کمپنی نے MI-3 فیصل آباد اسٹریٹیل اسٹیٹس (FIEDMC) پر واقع خصوصی اقتصادی زون (SEZ) میں زمین حاصل کی ہے۔ پہلے مرحلے میں 27,360 نئی ہینڈلز کی منتقلی اور 3,600 نئی ہینڈلز کا حصول شامل ہے۔ ان ہینڈلز سے اگست 2017 میں تھامری پیداوار شروع ہونے کی توقع کی جاتی ہے۔ کمپنی اس مقام پر SEZ ممبران کے لئے ٹیکس اور ڈیوٹی میں خاص رعایت اور بنیادی ڈھانچے کی سہولیات کے فوائد سے لطف اندوز ہوگی۔

دیونگ

31 دسمبر 2016 کو ختم ہونے والی پہلی ششماہی کے دوران کپاس اور پالیمسٹر فائبر کی قیمتوں میں تیزی کے رجحان کی وجہ سے گورے کپڑے کی طلب سست روی کا شکار ہو گئی، اس کے علاوہ امریکی ڈالر کے مقابلے میں روپا اور ڈالر اسٹریٹنگ کی قدر میں کمی جبکہ روپے کی قدر مضبوط رہی جس نے بھارت، چین اور ترکی جیسے علاقائی خریدوں کے مقابلے ہمارے مصنوعات کو غیر تقابلی بنا دیا۔ اگرچہ بی ایس پی ایکس کا درجہ اب بھی نہیں تھوڑا تاہم پانچواں نمبر پر ہے مگر یہ دیکھنا باقی ہے کہ کیا یہ قائمہ مالی سال 2017 کی دوسری ششماہی میں جاری رہے گا۔

گرے کلاچ	31 دسمبر مختصر ششماہی		اضافہ (کمی)	
	2015	2016	قدر	فیصد
فروخت - (ہینڈلز '000)	39,835	40,783	948	2.38
قیمت فی ہینڈل	138.95	136.30	(2.65)	(1.91)
فروخت - ('000 روپے)	5,535,049	5,558,690	23,641	0.43

مالی سال 2017 کا باقی نصف عرصہ بھی مشکل رہنے کی توقع ہے۔ ہماری موجودہ حکمت عملی ہمارے برآمدی کاروبار کو برقرار رکھنے اور مخصوص مارکیٹوں اور مصنوعات کو فروغ دینے کی ہے۔ ہم نے پہلے ہی بڑھتی ہوئی طلب کی وجہ سے خصوصی ریشوں اور یارن کا استعمال کرتے ہوئے نئی مصنوعات تیار کرنے کو فروغ دیا ہے۔ دوسری طرف، ہمارا مقامی کاروبار بھی دباؤ میں ہے کیونکہ ڈیمینک پر ڈیمینک ملز کو سخت مقابلہ کا سامنا ہے جس نے دیونگ کی صنعت پر ترقی اثر ڈالا ہے۔

ڈائریکٹرز رپورٹ

نٹسٹاٹولیزڈ ("کمپنی") کی مجلس نفعیہ 31 دسمبر 2016 کو ختم ہونے والی ششماہی کے لئے مجلس نفعیہ کی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتی ہے۔

آپریٹنگ مالیاتی نتائج

کمپنی نے 31 دسمبر 2016 کو ختم ہونے والی ششماہی میں گزشتہ سال کی اسی ششماہی کے مقابلے میں اپنے منافع کو برقرار رکھا۔ کمپنی کی فی شیئر آمدنی میں اس ششماہی کے دوران 7.28 روپے فی شیئر سے رواں ششماہی میں 7.25 روپے فی شیئر تک کی معمولی کمی واقع ہوئی۔ کم از کم اجرت، ایجنٹ کی قیمت اور نام مال کی قیمتوں میں اضافے کے باوجود یہ پائیدار نتائج بہتر اعلیٰ اعداد اور مسائل کے موثر استعمال کی وجہ سے حاصل ہوئے۔ کمپنی کے بعد از ٹیکس منافع میں ڈیویڈنڈ انکم کی شرکت گزشتہ سال کی اسی ششماہی میں 2,153 ملین روپے سے رواں ششماہی میں 2,294 ملین روپے ہے جو کہ 6.55 فیصد کا اضافہ ہے۔

مالی مہلکیاں	31 دسمبر تک ششماہی		اضافہ (کمی) فیصد
	2015	2016	
خالص فروخت (روپے '000)	23,460,369	24,003,506	2.32
مجموعی منافع (روپے '000)	3,059,470	2,635,052	(13.87)
قبل از ٹیکس منافع (روپے '000)	2,990,088	2,934,702	(1.85)
بعد از ٹیکس منافع (روپے '000)	2,560,088	2,550,702	(0.37)
مجموعی منافع (فیصد)	13.04	10.98	
بعد از ٹیکس منافع (فیصد)	10.91	10.63	
فی شیئر آمدنی - (روپے)	7.28	7.25	

عام مارکیٹ کا جائزہ اور مستقبل کے امکانات

مالی سال 2016-17 کی پہلی ششماہی میں کمپنی کی قیمتوں میں اضافے کے ساتھ ساتھ عام تیل کی قیمتوں میں اضافے کی وجہ سے پالیمیسٹر کا بہری قیمتوں میں بڑھتے ہوئے رحمان کا مشاہدہ کیا گیا۔ ماہرین نے آئے والے ہفتوں میں بھی کمپنی کی طلب اور قیمتوں میں تیزی کا رجحان جاری رہنے کی پیش گوئی کی ہے۔ اس کے علاوہ، پیٹاوار کی لاگت کم از کم اجرت میں 13,000 روپے ماہانہ سے 14,000 روپے ماہانہ اضافے کے نتیجے میں ایک بار پھر بڑھ گئی ہے۔ حریدہ برماں، پینٹلی اخراجات ٹیکس میں کسی بھی دوسرے ملک کے مقابلے میں اب بھی زیادہ ہیں جس نے ہمارے ٹیکسٹائل ایکسپورٹرز کی مقابلہ کرنے کی صلاحیت کو مشکل بنا دیا ہے۔

پاکستانی حکومت نے ملک کے برآمدی شعبوں کے لیے عالمی حالات میں ایک چیلنج کا اعلان کیا ہے۔ چیلنج کا بنیادی مقصد بین الاقوامی حربوں سے مارکیٹ شیئر دوبارہ حاصل کرنے کے لیے ٹیکسٹائل شعبہ کی مدد کرنا ہے۔ نئے چیلنج کے مطابق، مجوزہ شرح پر ڈیوٹی ڈرا بیک آف ٹیکس یاران، کورسے کپڑے، تیار کپڑے، ساختہ اور گاڑشیں کی منتخب مصنوعات کی شرح پر 16 جنوری 2017 سے شروع اور 30 جون 2017 کو ختم ہونے والے دورے کے لیے برآمدات کی FOB قیمت پر دستیاب ہوں گی۔ اس چیلنج کا اعلان ملک کے ٹیکسٹائل شعبہ کے مستقبل کے لئے ایک مثبت علامت ہے۔

شعبہ دار تجزیہ

سپینگ

حقیقی اقتصادی حالات کا سایہ جو کہ مالی سال 2015-16 میں سپینگ سیکٹر پر غالب رہا مالی سال 2016-17 کی پہلی ششماہی کے دوران بھی چھایا رہا۔ بین الاقوامی مارکیٹ میں کمپنی کی قیمتیں غیر مستحکم رہیں اور بھی رحمان یاران کی قیمتوں میں ظاہر ہوا۔ دوسری طرف، مقامی مارکیٹ میں کمپنی کی قیمتیں اسپینرز کی طرف سے مسلسل خریداری کی وجہ سے اونچے سطح پر ہیں۔



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