



NISHAT

Nishat Mills Limited



**Interim Financial Report of Nishat Mills Limited
for the half year ended December 31, 2017**



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Company Information

Board of Directors

Mian Umer Mansha
Chief Executive Officer

Mian Hassan Mansha
Chairman

Syed Zahid Hussain
Mr. Khalid Qadeer Qureshi
Mr. Farid Noor Ali Fazal
Mr. Ghazanfar Husain Mirza
Mr. Maqsood Ahmad

Audit Committee

Syed Zahid Hussain
Chairman / Member

Mr. Khalid Qadeer Qureshi
Member

Mr. Farid Noor Ali Fazal
Member

Human Resource & Remuneration (HR & R) Committee

Syed Zahid Hussain
Chairman / Member

Mian Umer Mansha
Member

Mr. Khalid Qadeer Qureshi
Member

Chief Financial Officer

Mr. Badar-ul-Hassan

Company Secretary

Mr. Khalid Mahmood Chohan

Auditors

Riaz Ahmad & Company
Chartered Accountants

Legal Advisor

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

Bankers to the Company

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

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

Mills

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

Spinning units & Power plant
20 K.M. Sheikhpura Faisalabad
Road, Feroze Watwan.

Spinning units & Power plant
Plot No. 172-208, M-3 Industrial
City, Sahianwala, FIEDMC,
2 K.M. Jhumra Chiniot Road,
Chak Jhumra, Faisalabad.

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

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

Head Office

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

Liaison Office

1st Floor, Karachi Chambers,
Hasrat Mohani Road, Karachi.
Tel: 021-32414721-23
Fax: 021-32412936

Directors' Report

Directors of Nishat Mills Limited ("the Company") are pleased to present the Directors' Report for the half year ended 31 December 2017.

Operating Financial Results

Profit after tax of the Company increased by 4.61% in the current half year ended 31 December 2017 as compared to the corresponding half of the last year. Top line recorded a growth of 6.32% from Rs. 24.003 billion in the corresponding half of the last year to Rs. 25.520 billion in current half of the financial year 2017-18. However, gross profit to sales percentage decreased slightly from 10.98% to 10.10% due to increase in cost of raw materials and energy. Finance cost of the Company also increased by 7.03% on account of financing the increased working capital needs and ongoing fixed capital expenditures.

Financial Highlights	Half Year Ended 31 December		Increase / (decrease) %
	2017	2016	
Revenue (Rs. '000')	25,520,079	24,003,506	6.32
Gross Profit (Rs. '000')	2,576,731	2,635,052	(2.21)
Profit before tax (Rs. '000')	3,041,164	2,934,702	3.63
Profit after tax (Rs. '000')	2,668,164	2,550,702	4.61
Gross Profit (%)	10.10	10.98	
Profit after tax (%)	10.46	10.63	
Earnings per share – (Rs.)	7.59	7.25	

The dividend income from equity investment portfolio showed a healthy growth of 6.70% and its contribution towards the profitability of the Company remained significant.

General Market Review and Future Prospects

Overall performance of textile industry in Pakistan was not up to the mark in first half of financial year 2017-18. High cost of raw materials and relatively low demand of textile products in international markets were the main challenges. Moreover, decrease in global demand continued, in general, which has further shrunk in the current half year as compared to the corresponding half of the last year. On a positive note, Government of Pakistan has finalized the long awaited export incentive scheme for textile exporters under the name "Duty Drawback of Taxes Order 2017-18". The purpose of the scheme is to provide performance based incentives, in terms of duty drawbacks, to textile exporters for increasing exports of specific textile products. Also, recent devaluation of Pak Rupee and strengthening of USD and Euro has created some breathing space for the industry and some gains are now expected in the remainder of this financial year.

Segment Analysis

Spinning

Optimism about quality bumper crop, which prevailed at the start of harvesting season of new cotton crop, faded due to low production and high prices. The Company started to procure cotton in the last month of



the first quarter and replenished its stocks to meet the spinning requirements for the financial year 2017-18. Financial results of the Spinning Segment for the half year ended 31 December 2017 were not as anticipated because of unexpected increase in cotton prices and resistance from yarn buyers to purchase at increased yarn rates. The cotton yarn business in international market was not quite promising because international buyers were not willing to improve prices. On the other hand, prices in local market were more supportive as compared to export market.

Yarn	Half Year Ended 31 December		Increase / (Decrease)	
	2017	2016	Value	% age
Sale – (kgs '000')	11,137	11,867	(730)	(6.15)
Rate / kg	285.35	294.59	(9.24)	(3.14)
Sale – (Rs. '000')	3,177,973	3,495,878	(317,905)	(9.09)

The marketing department of Spinning Segment is continuously working hard to improve the situation in favor of the Company. Price and demand of yarn have improved in local market and we are expecting similar improvement in international market as well. In the first half year, main markets of cotton yarn, Hong Kong / China, remained reluctant in terms of price improvement but we expect positive business trend in coming days.

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

Weaving

Unprecedented increase in cotton prices during the half year ended 31 December 2017 significantly reduced buying by the customers of Weaving Segment. This phenomenon was in contrast to the expectation of sharp decline in cotton prices at the start of harvesting season. As a result of increase in raw material prices, export business of Weaving Segment experienced a decline of 13% in value during the second quarter as compared to export sales of first quarter of financial year 2017-18. The benefit of depreciation of Pak Rupee against US Dollar has also been offset by surge in local raw material cost. Furthermore, cost of imported yarn which is consumed in fabric manufacturing has increased due to US Dollar appreciation.

Grey Cloth	Half Year Ended 31 December		Increase / (Decrease)	
	2017	2016	Value	% age
Sale – (meters '000')	45,324	40,783	4,541	11.13
Rate / meter	139.97	136.30	3.67	2.69
Sale – (Rs. '000')	6,343,934	5,558,690	785,244	14.13

Narrow width grey fabric business is still under pressure whereas wider width fabric business is flourishing because of high home textile business demand. The plan to increase the capacity of wider width weaving is in process and we expect that our 30 new 340 cm Picanol Airjet looms would be commissioned into production by May 2018. Our strategy for next 6 months is to increase the export business to get the benefit of duty drawback of taxes offered by the government.

Dyeing

Despite low demand in US and European markets and high cost of raw material, Dyeing Segment somehow demonstrated satisfactory performance in the first half of fiscal year 2017-18. Right from beginning of current financial year, market situation was quite tough for dyeing business but the segment was able to perform well.

Processed Cloth	Half Year Ended 31 December		Increase / (Decrease)	
	2017	2016	Value	% age
Sale – (meters '000')	22,796	24,221	(1,425)	(5.88)
Rate / meter	255.64	251.79	3.85	1.53
Sale – (Rs. '000')	5,827,642	6,098,562	(270,920)	(4.44)

Second half of the current financial year is anticipated to be the toughest in recent years for the value added sector in Pakistan because of diminishing demand of textile products in global markets and skyrocketing raw material prices in local market. We are keeping close eye on the market situation and taking all required measures to reduce the impact of upcoming challenges.

Home Textile

Home Textile Segment showed positive results in the current half year although increase in cotton and other commodity prices severely affected the overall performance of the segment. Expensive home textile products as a result of sharp rise in greige prices made customers skeptical about placing bulk orders therefore profitability of the segment was lower than what was expected.

Processed Cloth and Made-ups	Half Year Ended 31 December		Increase / (Decrease)	
	2017	2016	Value	% age
Sale – (meters '000')	14,652	10,946	3,706	33.86
Rate / meter	273.07	318.57	(45.50)	(14.28)
Sale – (Rs. '000')	4,001,025	3,487,057	513,968	14.74

In view of struggling demands for basic product items, our strategy to increase specialized articles continued and we keenly focused on enhancing our capacity & capability for value added goods. In this regard, we have added several new embroidery machines to our existing setup which will double the embroidery capacity. High value digital print business is also flourishing along with garment washed products. So even with a slower pace of international retail sector, we are confident that our correct product mix can keep us



running ahead of others. Additionally, country's growing local market & enhanced awareness about branded home textile goods will post an added advantage for our home textile sector in coming months.

Garments

Garments Segment of the Company comprises of two state of the art garment manufacturing facilities. The segment is on growth trajectory and earning precious foreign exchange for the country. Recently, the segment has successfully completed its restructuring and, in addition to redeployment of existing employees, hiring of new professionally trained and competent staff was carried out.

Garments	Half Year Ended 31 December		Increase / (Decrease)	
	2017	2016	Value	% age
Sale – (garments '000')	3,039	2,956	83	2.81
Rate / garment	787.10	750.73	36.37	4.84
Sale – (Rs. '000')	2,392,002	2,219,154	172,848	7.79

Sale of the segment increased significantly by 7.79 % in the current half year as compared to the sales of half year ended 31 December 2016 which is the result of successful marketing strategy of working with existing customers and accepting orders of longer runs instead of shorter runs. Meanwhile our marketing team is also trying to enhance its customer base with new and premium customers to get orders at good prices which will generate good contribution margins. On production side, we are planning to improve efficiency through implementation of modern industrial engineering procedures in addition to enhancing production capacity.

Power Generation

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

Since the Company is committed to safeguard environment, we regularly invest in environmentally friendly technologies. A paver making machine was commissioned into production in May 2017 which produces pavers by using fly ash, a waste from burning coal in the Coal Fired Power Plant. Another plan for the conversion of two filtration plants based of Reverse Osmosis (RO) technology is underway. These plants will perform combined operation to reprocess waste water with higher than normal salted water contents which is currently being drained after treatment. Commissioning of these plants is expected by the end of February 2018 which will result in the saving of energy, chemical and filtration cost.

Subsidiary Companies and Consolidated Financial Statements

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

Acknowledgement

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

For and on behalf of the Board of Directors



Mian Umer Mansha
Chief Executive Officer

23 February 2018
Lahore



Maqsood Ahmed
Director



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 2017 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 2017 and 31 December 2016 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 2017.

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 2017 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

23 February 2018
Lahore

Unconsolidated Condensed Interim
Financial Information of Nishat Mills Limited
For the half year ended 31 December 2017



Unconsolidated Condensed Interim Balance Sheet

As at 31 December 2017

	Note	Un-audited 31 December 2017 (Rupees in thousand)	Audited 30 June 2017
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
1,100,000,000 (30 June 2017: 1,100,000,000) ordinary shares of Rupees 10 each		11,000,000	11,000,000
Issued, subscribed and paid-up share capital			
351,599,848 (30 June 2017: 351,599,848) ordinary shares of Rupees 10 each		3,515,999	3,515,999
Reserves		75,393,923	85,246,797
Total equity		78,909,922	88,762,796
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing - secured	5	5,534,727	5,245,629
Deferred income tax liability		707,177	783,292
		6,241,904	6,028,921
CURRENT LIABILITIES			
Trade and other payables		6,571,779	5,837,390
Accrued mark-up		139,369	110,751
Short term borrowings		15,621,456	14,697,393
Current portion of non-current liabilities		2,162,749	2,093,024
Provision for taxation		797,277	1,195,636
		25,292,630	23,934,194
TOTAL LIABILITIES		31,534,534	29,963,115
CONTINGENCIES AND COMMITMENTS	6		
TOTAL EQUITY AND LIABILITIES		110,444,456	118,725,911

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

CHIEF EXECUTIVE OFFICER

	Note	Un-audited 31 December 2017 (Rupees in thousand)	Audited 30 June 2017
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	28,218,630	27,767,699
Investment properties		464,290	466,935
Long term investments		49,537,405	60,008,322
Long term loans		202,492	167,526
Long term deposits		69,631	121,646
		78,492,448	88,532,128
CURRENT ASSETS			
Stores, spare parts and loose tools		1,957,597	2,106,878
Stock in trade		13,272,186	12,722,712
Trade debts		2,501,541	2,245,620
Loans and advances		8,742,225	7,637,999
Short term deposits and prepayments		67,377	60,454
Other receivables		2,886,614	2,828,285
Accrued interest		15,691	11,917
Short term investments		2,442,478	2,535,973
Cash and bank balances		66,299	43,945
		31,952,008	30,193,783
TOTAL ASSETS		110,444,456	118,725,911



DIRECTOR



CHIEF FINANCIAL OFFICER



Unconsolidated Condensed Interim Profit And Loss Account

For the half year ended 31 December 2017 (Un-audited)

	Note	Half year ended		Quarter ended	
		31 December 2017	31 December 2016	31 December 2017	31 December 2016
		(Rupees in thousand)			
REVENUE		25,520,079	24,003,506	13,241,666	13,011,581
COST OF SALES	8	(22,943,348)	(21,368,454)	(11,947,656)	(11,752,420)
GROSS PROFIT		2,576,731	2,635,052	1,294,010	1,259,161
DISTRIBUTION COST		(1,163,973)	(1,132,584)	(576,152)	(600,596)
ADMINISTRATIVE EXPENSES		(530,211)	(587,754)	(266,142)	(296,968)
OTHER EXPENSES		(135,642)	(154,234)	(102,098)	(109,990)
		(1,829,826)	(1,874,572)	(944,392)	(1,007,554)
		746,905	760,480	349,618	251,607
OTHER INCOME		2,744,785	2,595,167	2,077,216	2,112,578
PROFIT FROM OPERATIONS		3,491,690	3,355,647	2,426,834	2,364,185
FINANCE COST		(450,526)	(420,945)	(234,668)	(217,861)
PROFIT BEFORE TAXATION		3,041,164	2,934,702	2,192,166	2,146,324
TAXATION		(373,000)	(384,000)	(231,000)	(237,000)
PROFIT AFTER TAXATION		2,668,164	2,550,702	1,961,166	1,909,324
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)		7.59	7.25	5.58	5.43

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

Unconsolidated Condensed Interim Statement of Comprehensive Income

For the half year ended 31 December 2017 (Un-audited)

	Half year ended		Quarter ended	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	(Rupees in thousand)			
PROFIT AFTER TAXATION	2,668,164	2,550,702	1,961,166	1,909,324
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss:				
(Deficit) / surplus arising on remeasurement of available for sale investments to fair value	(10,839,154)	11,682,877	(2,077,122)	11,879,772
Deferred income tax relating to deficit / (surplus) on available for sale investments	76,115	(994,019)	76,115	(994,019)
	(10,763,039)	10,688,858	(2,001,007)	10,885,753
Other comprehensive (loss) / income for the period - net of tax	(10,763,039)	10,688,858	(2,001,007)	10,885,753
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD	(8,094,875)	13,239,560	(39,841)	12,795,077

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER



Unconsolidated Condensed Interim Cash Flow Statement

For the half year ended 31 December 2017 (Un-audited)

	Note	Half year ended	
		31 December 2017	31 December 2016
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	9	2,028,387	(2,211,136)
Finance cost paid		(421,908)	(425,832)
Income tax paid		(275,155)	(442,824)
Net exchange difference on forward exchange contracts (paid) / received		(9,244)	75,418
Net increase in long term loans to employees		(47,625)	(39,580)
Net decrease / (increase) in long term deposits		52,015	(351)
Net cash generated from / (used in) operating activities		1,326,470	(3,044,305)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(1,629,282)	(1,615,444)
Proceeds from sale of property, plant and equipment		33,987	59,738
Investments made		(274,742)	(100,573)
Loans and advances to subsidiary companies		(17,008,360)	(11,555,058)
Repayment of loans from subsidiary companies		15,517,773	9,198,318
Interest received		70,090	50,915
Dividends received		2,447,949	2,294,178
Net cash used in investing activities		(842,585)	(1,667,926)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		1,376,614	1,068,026
Repayment of long term financing		(1,017,791)	(1,026,040)
Short term borrowings - net		924,063	4,390,749
Dividend paid		(1,744,417)	(1,741,742)
Net cash (used in) / from financing activities		(461,531)	2,690,993
Net increase / (decrease) in cash and cash equivalents		22,354	(2,021,238)
Cash and cash equivalents at the beginning of the period		43,945	2,115,168
Cash and cash equivalents at the end of the period		66,299	93,930

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

Unconsolidated Condensed Interim Statement of Changes in Equity

For the half year ended 31 December 2017 (Un-audited)

	(Rupees in thousand)								
	Share capital	Capital reserves		Reserves		Total equity			
		Premium on issue of right shares	Fair value reserve	Sub total	General reserve		Revenue reserves		
				Unappropriated profit	Sub total	Total			
Balance as at 30 June 2016 - Audited	3,515,999	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	-	-	10,688,858	10,688,858	-	-	-	10,688,858	10,688,858
Total comprehensive income for the half year ended 31 December 2016	-	-	10,688,858	10,688,858	-	2,550,702	2,550,702	13,239,560	13,239,560
Balance as at 31 December 2016 - Un-audited	3,515,999	5,499,530	46,217,080	51,716,610	35,848,028	2,556,079	38,404,107	90,120,717	93,636,716
Profit for the half year ended 30 June 2017	-	-	-	-	-	1,711,640	1,711,640	1,711,640	1,711,640
Other comprehensive loss for the half year ended 30 June 2017	-	-	(6,585,560)	(6,585,560)	-	-	-	(6,585,560)	(6,585,560)
Total comprehensive income / (loss) for the half year ended 30 June 2017	-	-	(6,585,560)	(6,585,560)	-	1,711,640	1,711,640	(4,873,920)	(4,873,920)
Balance as at 30 June 2017 - Audited	3,515,999	5,499,530	39,631,520	45,131,050	35,848,028	4,267,719	40,115,747	85,246,797	88,762,796
Transaction with owners - Final dividend for the year ended 30 June 2017 @ Rupees 5.00 per share	-	-	-	-	-	(1,757,999)	(1,757,999)	(1,757,999)	(1,757,999)
Transferred to general reserve	-	-	-	-	2,504,000	(2,504,000)	-	-	-
Profit for the half year ended 31 December 2017	-	-	-	-	-	2,668,164	2,668,164	2,668,164	2,668,164
Other comprehensive loss for the half year ended 31 December 2017	-	-	(10,763,039)	(10,763,039)	-	-	-	(10,763,039)	(10,763,039)
Total comprehensive (loss) / income for the half year ended 31 December 2017	-	-	(10,763,039)	(10,763,039)	-	2,668,164	2,668,164	(8,094,875)	(8,094,875)
Balance as at 31 December 2017 - Un-audited	3,515,999	5,499,530	28,868,481	34,368,011	38,352,028	2,673,884	41,025,912	75,393,923	78,909,922

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER



Selected Notes to the Unconsolidated Condensed Interim Financial Information

For the half year ended 31 December 2017 (Un-audited)

1 THE COMPANY AND ITS OPERATIONS

Nishat Mills Limited is a public limited Company incorporated in Pakistan under the Companies Act, 1913 (Now Companies Act, 2017) and listed on Pakistan Stock Exchange Limited. Its registered office is situated at 53-A, Lawrence Road, Lahore. The Company is engaged in the business of textile manufacturing and of spinning, combing, weaving, bleaching, dyeing, printing, stitching, apparel, buying, selling and otherwise dealing in yarn, linen, cloth and other goods and fabrics made from raw cotton, synthetic fibre and cloth and to generate, accumulate, distribute, supply and sell electricity.

2 BASIS OF PREPARATION

As per the requirements of Circular No. 23 of 2017 dated 04 October 2017 issued by the Securities & Exchange Commission of Pakistan (SECP) and clarification issued by the Institute of Chartered Accountants of Pakistan via Circular No. 17 of 2017, companies whose financial year, including quarterly and other interim periods, closes on or before 31 December 2017, shall prepare their financial statements, including interim financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, this condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 'Interim Financial Reporting' and provisions of and directives issued under the repealed Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the repealed Companies Ordinance, 1984 have been followed. This unconsolidated condensed interim financial information should be read in conjunction with the audited annual financial statements of the Company for the year ended 30 June 2017.

3 ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of this unconsolidated condensed interim financial information are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2017.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

During preparation of this unconsolidated condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2017.

	Un-audited 31 December 2017	Audited 30 June 2017
	(Rupees in thousand)	
5 LONG TERM FINANCING - SECURED		
Opening balance	7,338,653	6,610,224
Add: Obtained during the period / year	1,376,614	3,213,739
Less: Repaid during the period / year	1,017,791	2,485,310
	7,697,476	7,338,653
Less: Current portion shown under current liabilities	2,162,749	2,093,024
	5,534,727	5,245,629

6 CONTINGENCIES AND COMMITMENTS

a) Contingencies

- i) The Company is contingently liable for Rupees 0.631 million (30 June 2017: Rupees 0.631 million) on account of central excise duty not acknowledged as debt as the case is pending before Court.
- ii) Guarantees of Rupees 1,797.215 million (30 June 2017: Rupees 1,519.832 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connections, Shell Pakistan Limited and Pakistan State Oil Limited against purchase of furnace oil, Director Excise and Taxation, Karachi against infrastructure cess, Chairman Punjab Revenue Authority, Lahore against infrastructure cess, Government of Punjab against fulfillment of sales orders, Collectors of Customs against import of coal and Ministry of Textile Industry, Government of Pakistan against cotton cess.
- iii) Post dated cheques of Rupees 3,958.728 million (30 June 2017: Rupees 3,179.346 million) are issued to customs authorities in respect of duties on imported items availed on the basis of consumption and export plans. If documents of exports are not provided on due dates, cheques issued as security shall be encashable.
- iv) The Company has challenged, before Honourable Lahore High Court, Lahore, the vires of clauses (h) and (i) to sub-section (1) of section 8 of the Sales Tax Act, 1990 whereby claim of input sales tax in respect of building materials, electrical and gas appliances, pipes, fittings, wires, cables and ordinary electrical fittings and sanitary fittings have been disallowed. The Honourable Lahore High Court has issued stay order in favour of the Company and has allowed the Company to claim input sales tax paid on such goods in its monthly sales tax returns. Consequently, the Company has claimed input sales tax amounting to Rupees 88.288 million (30 June 2017: Rupees 75.342 million) paid on such goods in its respective monthly sales tax returns.
- v) The Company has challenged, before Honourable Lahore High Court, Lahore, the vires of first proviso to sub-clause (x) of clause (4) of SRO 491(1)/2016 dated 30 June 2016 issued under sections 3 and 4 read with sections 8 and 71 of the Sales Tax Act, 1990 whereby through amendment in the earlier SRO 1125(1)/2011 dated 31 December 2011



Selected Notes to the Unconsolidated Condensed Interim Financial Information

For the half year ended 31 December 2017 (Un-audited)

adjustment of input sales tax on packing material of all sorts has been disallowed. The Honourable Lahore High Court has issued stay order in favour of the Company. Consequently, the Company has claimed input sales tax amounting to Rupees 115.079 million (30 June 2017: Rupees 97.221 million) paid on packing material in its respective monthly sales tax returns. The management, based on advice of the legal counsel, is confident of favorable outcome of its appeal.

b) Commitments

- i) Contracts for capital expenditure are approximately of Rupees 862.610 million (30 June 2017: Rupees 728.034 million).
- ii) Letters of credit other than for capital expenditure are of Rupees 1,473.802 million (30 June 2017: Rupees 980.674 million).
- iii) Outstanding foreign currency forward contracts are of Rupees 333.557 million (30 June 2017: Rupees 444.689 million).

7 PROPERTY, PLANT AND EQUIPMENT

	Note	Un-audited 31 December 2017 (Rupees in thousand)	Audited 30 June 2017
Operating fixed assets - owned	7.1	26,020,606	23,481,153
Capital work-in-progress	7.2	2,198,024	4,286,546
		28,218,630	27,767,699
7.1 Operating fixed assets - Owned			
Opening book value		23,481,153	23,058,934
Add: Cost of additions during the period / year	7.1.1	3,717,804	2,869,755
		27,198,957	25,928,689
Less: Book value of deletions during the period / year	7.1.2	21,939	127,033
Less: Adjustment during the period / year		-	26,198
		27,177,018	25,775,458
Less: Depreciation charged during the period / year		1,156,412	2,294,305
		26,020,606	23,481,153

	Un-audited 31 December 2017 (Rupees in thousand)	Audited 30 June 2017
7.1.1 Cost of additions		
Freehold land	-	179,306
Buildings on freehold land	1,383,390	390,466
Plant and machinery	2,068,812	2,168,063
Electric installations	174,736	24,310
Factory equipment	9,293	21,845
Furniture, fixtures and office equipment	11,049	32,773
Computer equipment	9,345	12,983
Vehicles	61,179	40,009
	3,717,804	2,869,755
7.1.2 Book value of deletions		
Buildings on freehold land	1,327	2,511
Plant and machinery	4,309	97,527
Electric installations	90	-
Furniture, fixtures and office equipment	-	48
Computer equipment	155	428
Vehicles	16,058	26,519
	21,939	127,033
7.2 Capital work-in-progress		
Buildings on freehold land	788,814	1,549,595
Plant and machinery	888,587	2,283,890
Unallocated expenses	10,826	20,046
Letters of credit against machinery	754	534
Advances against purchase of land	470,399	391,941
Advances against furniture, fixtures and office equipment	15,920	17,560
Advances against vehicles	22,724	22,980
	2,198,024	4,286,546



Selected Notes to the Unconsolidated Condensed Interim Financial Information

For the half year ended 31 December 2017 (Un-audited)

	Half year ended		Quarter ended	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	(Rupees in thousand)			
8 COST OF SALES				
Raw materials consumed	13,602,769	12,585,552	7,301,879	6,733,189
Processing charges	98,771	105,170	45,736	67,481
Salaries, wages and other benefits	2,714,931	2,620,393	1,394,439	1,389,850
Stores, spare parts and loose tools consumed	2,280,081	2,334,094	1,204,193	1,219,617
Packing materials consumed	510,014	543,679	260,303	301,607
Repair and maintenance	172,766	165,686	96,860	91,545
Fuel and power	2,553,108	2,345,500	1,284,803	1,233,773
Insurance	22,031	21,548	11,016	10,887
Other factory overheads	238,864	258,026	118,649	135,954
Depreciation	1,092,507	1,087,245	549,906	552,444
	23,285,842	22,066,893	12,267,784	11,736,347
Work-in-process				
Opening stock	1,992,931	1,746,041	1,923,042	2,136,142
Closing stock	(2,140,344)	(2,243,617)	(2,140,344)	(2,243,617)
	(147,413)	(497,576)	(217,302)	(107,475)
Cost of goods manufactured	23,138,429	21,569,317	12,050,482	11,628,872
Finished goods				
Opening stock	3,295,907	2,875,186	3,388,162	3,199,597
Closing stock	(3,490,988)	(3,076,049)	(3,490,988)	(3,076,049)
	(195,081)	(200,863)	(102,826)	123,548
	22,943,348	21,368,454	11,947,656	11,752,420

		Half year ended	
		31 December 2017	31 December 2016
		(Rupees in thousand)	
	Note		
9	CASH GENERATED FROM / (USED IN) OPERATIONS		
	Profit before taxation	3,041,164	2,934,702
	Adjustments for non-cash charges and other items:		
	Depreciation	1,159,057	1,134,388
	Gain on sale of property, plant and equipment	(12,048)	(2,447)
	Dividend income	(2,447,949)	(2,294,178)
	Net exchange gain	(83,106)	(115,252)
	Interest income on loans and advances to subsidiary companies	(73,864)	(54,390)
	Finance cost	450,526	420,945
	Reversal of provision for slow moving, obsolete and damaged store items	-	(244)
	Working capital changes	(5,393)	(4,234,660)
		2,028,387	(2,211,136)
9.1	Working capital changes		
	(Increase) / decrease in current assets:		
	- Stores, spare parts and loose tools	149,281	(227,909)
	- Stock in trade	(549,474)	(5,060,535)
	- Trade debts	(177,963)	5,319
	- Loans and advances	(97,184)	(119,038)
	- Short term deposits and prepayments	(6,923)	26,958
	- Other receivables	(58,329)	631,752
		(740,592)	(4,743,453)
	Increase in trade and other payables	735,199	508,793
		(5,393)	(4,234,660)

10 SEGMENT INFORMATION

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

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

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

11 RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

i) Fair value hierarchy

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

**Recurring fair value measurements
At 31 December 2017**

	Level 1	Level 2	Level 3	Total
Rupees in thousand				
Financial assets				
Available for sale financial assets	43,408,398	11,664	4,467,819	47,887,881
Total financial assets	43,408,398	11,664	4,467,819	47,887,881
Financial liabilities				
Derivative financial liabilities	-	13,144	-	13,144
Total financial liabilities	-	13,144	-	13,144

**Recurring fair value measurements
At 30 June 2017 - Audited**

	Level 1	Level 2	Level 3	Total
Rupees in thousand				
Financial assets				
Available for sale financial assets	53,632,605	13,582	4,806,106	58,452,293
Total financial assets	53,632,605	13,582	4,806,106	58,452,293
Financial liabilities				
Derivative financial liabilities	-	27,536	-	27,536
Total financial liabilities	-	27,536	-	27,536

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

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

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

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

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

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



Selected Notes to the Unconsolidated Condensed Interim Financial Information

For the half year ended 31 December 2017 (Un-audited)

ii) Valuation techniques used to determine fair values

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

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

The following table presents the changes in level 3 items for the year ended 30 June 2017 and half year ended 31 December 2017:

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

iv) Valuation inputs and relationships to fair value

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

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

Available for sale financial assets:

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

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

Valuation processes

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

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

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

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

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

12 TRANSACTIONS WITH RELATED PARTIES

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

	Half year ended		Quarter ended	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	(Rupees in thousand)			
i) Transactions				
Subsidiary companies				
Interest income	73,864	54,391	41,214	31,064
Short term loans made	17,008,360	11,555,058	9,701,596	6,327,258
Repayment of short term loans made	15,517,773	9,198,318	7,246,176	4,335,607
Rental income	24,933	22,525	12,583	11,263
Dividend income	361,266	451,582	361,266	451,582
Purchase of goods and services	127,710	274,605	81,174	80,190
Sale of goods and services	2,983,867	2,571,516	1,255,172	1,474,265
Associated companies				
Investment made	274,742	100,573	94,457	100,573
Purchase of goods and services	69,874	23,850	29,341	20,009
Purchase of operating fixed assets	9,000	-	9,000	-
Sale of operating fixed assets	2,000	954	2,000	886
Sale of goods and services	18,790	179	17,543	90
Rental income	853	308	327	154
Dividend income	1,994,179	1,760,873	1,432,857	1,421,219
Dividend paid	151,459	158,463	151,459	158,463
Insurance premium paid	56,822	91,930	25,015	25,868
Insurance claims received	12,301	21,109	6,948	5,389
Profit on term deposit receipt	-	11,059	-	3,773
Finance cost	3,902	1,849	1,823	1,068
Other related parties				
Dividend income	89,896	81,723	89,896	81,723
Purchase of goods and services	777,106	653,940	388,978	420,791
Sale of goods and services	3,471	41,747	2,873	19,216
Company's contribution to provident fund trust	106,084	101,993	52,908	51,148
Remuneration paid to Chief Executive Officer, Director and Executives	592,803	567,021	312,872	261,401

Consolidated Condensed Interim

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

For the half year ended 31 December 2017



Consolidated Condensed Interim Balance Sheet

As at 31 December 2017

	Note	Un-audited 31 December 2017 (Rupees in thousand)	Audited 30 June 2017
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
1,100,000,000 (30 June 2017: 1,100,000,000) ordinary shares of Rupees 10 each		11,000,000	11,000,000
Issued, subscribed and paid-up share capital			
351,599,848 (30 June 2017: 351,599,848) ordinary shares of Rupees 10 each		3,515,999	3,515,999
Reserves		86,639,723	84,631,159
Equity attributable to equity holders of the Holding Company		90,155,722	88,147,158
Non-controlling interest		7,290,674	6,808,446
Total equity		97,446,396	94,955,604
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing-secured	6	9,640,699	10,339,290
Long term security deposit		169,030	167,530
Retirement benefit obligation		10,566	8,719
Deferred liability - accumulating compensated absences		2,649	3,241
Deferred income tax liability		2,027,921	2,162,341
		11,850,865	12,681,121
CURRENT LIABILITIES			
Trade and other payables		8,446,094	6,876,569
Accrued mark-up		310,721	295,933
Short term borrowings		18,339,930	16,495,970
Current portion of non-current liabilities		4,066,595	3,858,847
Provision for taxation		958,846	1,403,634
		32,122,186	28,930,953
TOTAL LIABILITIES		43,973,051	41,612,074
CONTINGENCIES AND COMMITMENTS			
	7		
TOTAL EQUITY AND LIABILITIES		141,419,447	136,567,678

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

CHIEF EXECUTIVE OFFICER

	Note	Un-audited 31 December 2017 (Rupees in thousand)	Audited 30 June 2017
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	41,234,498	41,131,193
Investment properties		464,290	466,935
Intangible assets		124,354	17,479
Long term investments		52,156,315	51,618,680
Long term loans		226,621	192,442
Long term deposits		160,749	211,240
		94,366,827	93,637,969
CURRENT ASSETS			
Stores, spare parts and loose tools		2,782,877	2,811,300
Stock-in-trade		20,862,266	17,713,967
Trade debts		13,859,079	12,349,739
Loans and advances		2,308,763	2,888,707
Short term deposits and prepayments		305,715	254,311
Other receivables		4,029,732	3,786,527
Accrued interest		1,393	1,268
Short term investments		2,442,478	2,535,973
Cash and bank balances		460,317	587,917
		47,052,620	42,929,709
TOTAL ASSETS		141,419,447	136,567,678



DIRECTOR



CHIEF FINANCIAL OFFICER



Consolidated Condensed Interim Profit And Loss Account

For the half year ended 31 December 2017 (Un-audited)

	Note	Half year ended		Quarter ended	
		31 December 2017	31 December 2016	31 December 2017	31 December 2016
		(Rupees in thousand)			
REVENUE		40,104,044	36,269,713	20,145,913	19,231,087
COST OF SALES	9	(33,358,409)	(30,508,730)	(16,710,883)	(16,304,316)
GROSS PROFIT		6,745,635	5,760,983	3,435,030	2,926,771
DISTRIBUTION COST		(2,413,184)	(2,293,487)	(1,224,543)	(1,320,279)
ADMINISTRATIVE EXPENSES		(878,164)	(911,131)	(460,124)	(465,733)
OTHER EXPENSES		(164,982)	(154,234)	(118,900)	(109,990)
		(3,456,330)	(3,358,852)	(1,803,567)	(1,896,002)
		3,289,305	2,402,131	1,631,463	1,030,769
OTHER INCOME		1,058,594	1,041,299	646,088	572,107
PROFIT FROM OPERATIONS		4,347,899	3,443,430	2,277,551	1,602,876
FINANCE COST		(828,720)	(799,565)	(420,748)	(405,354)
		3,519,179	2,643,865	1,856,803	1,197,522
SHARE OF PROFIT FROM ASSOCIATED COMPANIES		1,512,422	1,687,211	798,247	970,047
PROFIT BEFORE TAXATION		5,031,601	4,331,076	2,655,050	2,167,569
TAXATION		(363,468)	(549,574)	(62,125)	(353,223)
PROFIT AFTER TAXATION		4,668,133	3,781,502	2,592,925	1,814,346
SHARE OF PROFIT ATTRIBUTABLE TO:					
EQUITY HOLDERS OF HOLDING COMPANY		3,857,941	3,107,252	2,203,104	1,499,141
NON-CONTROLLING INTEREST		810,192	674,250	389,821	315,205
		4,668,133	3,781,502	2,592,925	1,814,346
EARNINGS PER SHARE- BASIC AND DILUTED (RUPEES)		10.97	8.84	6.27	4.26

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

Consolidated Condensed Interim Statement of Comprehensive Income

For the half year ended 31 December 2017 (Un-audited)

	Half year ended		Quarter ended	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	(Rupees in thousand)			
PROFIT AFTER TAXATION	4,668,133	3,781,502	2,592,925	1,814,346
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss:				
Surplus arising on remeasurement of available for sale investments to fair value	77,056	2,536,158	84,061	2,123,595
Share of other comprehensive income / (loss) of associates	(168,087)	1,232,126	41,981	835,744
Exchange differences on translating foreign operations	14,217	1,055	12,150	1,065
Deferred income tax relating to surplus on available for sale investment	(14,564)	(27,295)	(14,564)	(27,295)
Other comprehensive income / (loss) for the period- net of tax	(91,378)	3,742,044	123,628	2,933,109
	(91,378)	3,742,044	123,628	2,933,109
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	4,576,755	7,523,546	2,716,553	4,747,455
SHARE OF TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Equity holders of holding company	3,766,563	6,849,296	2,326,732	4,432,250
Non-controlling interest	810,192	674,250	389,821	315,205
	4,576,755	7,523,546	2,716,553	4,747,455

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER



Consolidated Condensed Interim Cash Flow Statement

For the half year ended 31 December 2017 (Un-audited)

	Note	Half year ended	
		31 December 2017	31 December 2016
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	10	1,890,068	(3,354,905)
Finance cost paid		(813,932)	(821,837)
Income tax paid		(377,754)	(468,871)
Long term security deposit received		1,500	11,807
Net exchange difference on forward exchange contracts (paid) / received		(9,244)	75,418
Net increase in retirement benefit obligation		1,255	1,061
Net increase in long term loans		(47,785)	(41,550)
Net decrease / (increase) in long term deposits		50,491	(11,707)
Net cash generated from / (used in) operating activities		694,599	(4,610,584)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(1,955,828)	(2,320,048)
Proceeds from sale of property, plant and equipment		34,094	61,017
Proceeds against issue of shares		18,947	-
Interest received		2,714	58,591
Dividends received		2,086,683	1,842,596
Investments made		(289,742)	(100,573)
Net cash used in investing activities		(103,132)	(458,417)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		1,376,708	1,068,028
Repayment of long term financing		(1,867,551)	(1,757,296)
Exchange difference on translation of net investments in foreign subsidiaries		14,217	1,055
Short term borrowings - net		1,843,960	5,445,408
Dividend paid		(2,086,401)	(2,172,097)
Net cash (used in) / generated from financing activities		(719,067)	2,585,098
Net decrease in cash and cash equivalents		(127,600)	(2,483,903)
Cash and cash equivalents at the beginning of the period		587,917	3,082,323
Cash and cash equivalents at the end of the period		460,317	598,420

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

Consolidated Condensed Interim Statement of Changes in Equity

For the half year ended 31 December 2017 (Un-audited)

Share capital	Attributable to equity holders of the holding company										Non-controlling interest	Total equity	
	Capital reserves			Revenue reserves				Total reserves	Shareholders' equity				
	Fair value reserve	Exchange translation reserve	Statutory reserve	Capital redemption reserve fund	Sub total	General reserve	Unappropriated profit						Sub total
3,515,999	5,495,530	15,522,561	7,156	232	111,002	21,140,481	52,012,882	6,246,651	58,259,533	79,400,014	82,916,013	6,001,587	88,917,600
-	-	-	-	-	-	-	-	(1,757,999)	(1,757,999)	(1,757,999)	(1,757,999)	-	(1,757,999)
-	-	-	-	-	-	-	-	-	-	-	-	(433,640)	(433,640)
-	-	-	-	-	-	-	-	4,331,000	(4,331,000)	-	-	-	-
-	-	-	-	-	-	-	-	3,107,252	3,107,252	3,107,252	3,107,252	674,250	3,781,502
-	-	3,740,989	1,055	-	-	3,742,044	-	-	-	3,742,044	3,742,044	-	7,422,044
-	-	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
3,515,999	5,495,530	19,263,550	8,211	232	111,002	24,882,525	56,343,882	3,264,904	59,608,786	84,491,311	88,007,310	6,242,197	94,249,507
-	-	-	-	-	-	139	-	-	(139)	-	-	(173,456)	(173,456)
-	-	-	-	-	-	-	-	3,062,887	3,062,887	3,062,887	3,062,887	739,705	3,802,592
-	-	(2,906,866)	(4,672)	-	-	(2,911,538)	-	(11,501)	(11,501)	(2,923,039)	(2,923,039)	-	(2,923,039)
-	-	(2,906,866)	(4,672)	-	-	(2,911,538)	-	3,051,386	3,051,386	139,848	139,848	739,705	879,553
3,515,999	5,495,530	16,356,684	3,539	371	111,002	21,971,126	56,343,882	6,316,151	62,660,033	84,631,159	88,147,158	6,808,446	94,955,604
-	-	-	-	-	-	-	-	-	-	-	-	18,947	18,947
-	-	-	-	-	-	-	-	(1,757,999)	(1,757,999)	(1,757,999)	(1,757,999)	-	(1,757,999)
-	-	-	-	-	-	-	-	-	-	-	-	(346,911)	(346,911)
-	-	-	-	-	-	-	-	4,412,000	(4,412,000)	-	-	-	-
-	-	-	-	-	-	-	-	3,857,941	3,857,941	3,857,941	3,857,941	810,192	4,668,133
-	-	(105,595)	14,217	-	-	(91,378)	-	-	-	(91,378)	(91,378)	-	(91,378)
-	-	(105,595)	14,217	-	-	(91,378)	-	3,857,941	3,857,941	3,766,563	3,766,563	810,192	4,576,755
3,515,999	5,495,530	16,251,089	17,756	371	111,002	21,879,748	60,755,882	4,004,093	64,759,975	86,639,723	90,155,722	7,290,674	97,446,396

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

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 statutory reserve
Profit for the half year ended 30 June 2017
Other comprehensive income / (loss) for the half year ended 30 June 2017
Total comprehensive income / (loss) for the half year ended 30 June 2017

Balance as at 30 June 2017 - Audited

Shares issued to non-controlling interest
Transaction with owners- Final dividend for the year ended 30 June 2017 @ Rupees 5 per share
Transaction with owners- Dividend relating to year 2017 paid to non-controlling interest
Transferred to general reserve
Profit for the half year ended 31 December 2017
Other comprehensive income / (loss) for the half year ended 31 December 2017
Total comprehensive income / (loss) for the half year ended 31 December 2017

Balance as at 31 December 2017 - Un-audited



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER



Selected Notes to the Consolidated Condensed Interim Financial Information

For the half year ended 31 December 2017 (Un-audited)

1 THE GROUP AND ITS OPERATIONS

The Group consists of:

Holding Company

- Nishat Mills Limited

Subsidiary Companies

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

NISHAT MILLS LIMITED

Nishat Mills Limited is a public limited Company incorporated in Pakistan under the Companies Act, 1913 (Now Companies Act, 2017) and listed on Pakistan Stock Exchange Limited. Its registered office is situated at 53-A, Lawrence Road, Lahore. The Company is engaged in the business of textile manufacturing and of spinning, combing, weaving, bleaching, dyeing, printing, stitching, apparel, buying, selling and otherwise dealing in yarn, linen, cloth and other goods and fabrics made from raw cotton, synthetic fibre and cloth and to generate, accumulate, distribute, supply and sell electricity.

NISHAT POWER LIMITED

Nishat Power Limited is a public limited Company incorporated in Pakistan under the Companies Ordinance, 1984 (Now Companies Act, 2017) and listed on Pakistan Stock Exchange Limited. The Company is a subsidiary of Nishat Mills Limited. The principal activity of the Company is to build, own, operate and maintain a fuel fired power station having gross capacity of 200 MW ISO in Jamber Kalan, Tehsil Pattoki, District Kasur, Punjab, Pakistan. Its registered office is situated at 53-A, Lawrence Road, Lahore. Ownership interest held by non-controlling interests in Nishat Power Limited is 48.99% (30 June 2017: 48.99%)

NISHAT LINEN (PRIVATE) LIMITED

Nishat Linen (Private) Limited, a wholly owned subsidiary of Nishat Mills Limited, is a private limited company incorporated in Pakistan under the Companies Ordinance, 1984 (Now Companies Act, 2017) on 15 March 2011. The registered office of Nishat Linen (Private) Limited is situated at 7-Main Gulberg, Lahore. The principal objects of the Company are to operate retail outlets for sale of textile and other products and to manufacture and to sale the textile products by processing the textile goods in own and outside manufacturing facility.

NISHAT HOSPITALITY (PRIVATE) LIMITED

Nishat Hospitality (Private) Limited, a wholly owned subsidiary of Nishat Mills Limited, is a private limited company incorporated in Pakistan under the Companies Ordinance, 1984 (Now Companies Act, 2017) on 01 July 2011. The registered office of Nishat Hospitality (Private) Limited is situated at 1-B Aziz Avenue, Canal Bank, Gulberg-V, Lahore. The principal activity of the Company is to carry on the business of hotels, cafes, restaurants and lodging or apartment houses, bakers and confectioners in Pakistan and outside Pakistan.

NISHAT USA, INC.

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

NISHAT LINEN TRADING LLC

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

NISHAT INTERNATIONAL FZE

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

NISHAT GLOBAL CHINA COMPANY LIMITED

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

NISHAT UK (PRIVATE) LIMITED

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

NISHAT COMMODITIES (PRIVATE) LIMITED

Nishat Commodities (Private) Limited is a private limited Company incorporated in Pakistan on 16 July 2015 under the Companies Ordinance, 1984 (Now Companies Act, 2017). It is a wholly owned subsidiary of Nishat Mills Limited. Its registered office is situated at 53-A, Lawrence Road, Lahore.



Selected Notes to the Consolidated Condensed Interim Financial Information

For the half year ended 31 December 2017 (Un-audited)

The principal objects of the Company is to carry on the business of trading of commodities including fuels, coals, building material in any form or shape manufactured, semi-manufactured, raw materials and their import and sale in Pakistan.

LALPIR SOLAR POWER (PRIVATE) LIMITED

Lalpir Solar Power (Private) Limited is a private limited Company incorporated in Pakistan on 09 November 2015 under the Companies Ordinance, 1984 (Now Companies Act, 2017). It is a wholly owned subsidiary of Nishat Power limited which is a subsidiary of Nishat Mills Limited. Its registered office is situated at 53-A, Lawrence Road, Lahore. The principal activity of the Company will be to build, own, operate and maintain or invest in a solar power project.

CONCEPT GARMENTS AND TEXTILE TRADING FZE

Concept Garments and Textile Trading FZE is incorporated as a free zone establishment with limited liability in accordance with the Law No. 9 of 1992 and licensed by the Registrar of Jabel Ali Free Zone Authority. It is a wholly owned subsidiary of Nishat International FZE which is a wholly owned subsidiary of Nishat Mills Limited. Date of incorporation of the Company was 11 October 2016. The registered office of Concept Garments and Textile Trading FZE is situated at Jabel Ali Free Zone, Dubai. The principal business of the Company is trading in textile and related products.

HYUNDAI NISHAT MOTOR (PRIVATE) LIMITED

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

2 BASIS OF PREPARATION

As per the requirements of Circular No. 23 of 2017 dated 04 October 2017 issued by the Securities & Exchange Commission of Pakistan (SECP) and clarification issued by the Institute of Chartered Accountants of Pakistan via Circular No. 17 of 2017, companies whose financial year, including quarterly and other interim periods, closes on or before 31 December 2017, shall prepare their financial statements, including interim financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, this consolidated condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 'Interim Financial Reporting' and provisions of and directives issued under the repealed Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the repealed Companies Ordinance, 1984 have been followed. This un-audited consolidated condensed interim financial information should be read in conjunction with the audited annual financial statements of the Group for the year ended 30 June 2017.

3 ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of this consolidated condensed interim financial information are the same as applied in the preparation of preceding audited annual published consolidated financial statements of the Group for the year ended 30 June 2017.

4 CONSOLIDATION

a) Subsidiaries

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

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

Intragroup balances and transactions have been eliminated.

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

b) Associates

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

The Group's share of its associate's post-acquisition profits or losses, movement in other comprehensive income, and its share of post-acquisition movements in reserves is recognized in the consolidated profit and loss account, consolidated statement of comprehensive income and reserves respectively. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Distributions received from an associate reduce the carrying amount of the investment. Investments in equity method accounted for associates are tested for impairment in accordance with the provision of IAS 36 'Impairment of Assets'.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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



Selected Notes to the Consolidated Condensed Interim Financial Information

For the half year ended 31 December 2017 (Un-audited)

During preparation of this consolidated condensed interim financial information, the significant judgments made by the management in applying the accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published consolidated financial statements of the Group for the year ended 30 June 2017.

	Un-audited 31 December 2017 (Rupees in thousand)	Audited 30 June 2017
6 LONG TERM FINANCING- SECURED		
Opening balance	14,198,137	14,987,646
Add: Obtained during the period / year	1,376,614	3,215,449
Less: Repaid during the period / year	1,867,551	4,004,961
Add: Currency translation	94	3
	13,707,294	14,198,137
Less: Current portion shown under current liabilities	4,066,595	3,858,847
	9,640,699	10,339,290

7 CONTINGENCIES AND COMMITMENTS

a) Contingencies

- i) Nishat Mills Limited - Holding Company is contingently liable for Rupees 0.631 million (30 June 2017: Rupees 0.631 million) on account of central excise duty not acknowledged as debt as the case is pending before Court.
- ii) Guarantees of Rupees 1,797.215 million (30 June 2017: Rupees 1,519.832 million) are given by the banks of Nishat Mills Limited - Holding Company to Sui Northern Gas Pipelines Limited against gas connections, Shell Pakistan Limited and Pakistan State Oil Limited against purchase of furnace oil, Director Excise and Taxation, Karachi against infrastructure cess, Chairman Punjab Revenue Authority, Lahore against infrastructure cess, Government of Punjab against fulfillment of sales orders, Collectors of Customs against import of coal and Ministry of Textile Industry, Government of Pakistan against cotton cess.
- iii) Post dated cheques of Rupees 3,958.728 million (30 June 2017: Rupees 3,179.346 million) are issued by the Nishat Mills Limited - Holding Company to customs authorities in respect of duties on imported items availed on the basis of consumption and export plans. If documents of exports are not provided on due dates, cheques issued as security shall be encashable.
- iv) The Holding Company has challenged, before Honourable Lahore High Court, Lahore, the vires of clauses (h) and (i) to sub-section (1) of section 8 of the Sales Tax Act, 1990 whereby claim of input sales tax in respect of building materials, electrical and gas

appliances, pipes, fittings, wires, cables and ordinary electrical fittings and sanitary fittings have been disallowed. The Honourable Lahore High Court has issued stay order in favour of the Holding Company and has allowed the Holding Company to claim input sales tax paid on such goods in its monthly sales tax returns. Consequently, the Holding Company has claimed input sales tax amounting to Rupees 88.288 million (30 June 2017: Rupees 75.342 million) paid on such goods in its respective monthly sales tax returns.

- v) The Holding Company has challenged, before Honourable Lahore High Court, Lahore, the vires of first proviso to sub-clause (x) of clause (4) of SRO 491(1)/2016 dated 30 June 2016 issued under sections 3 and 4 read with sections 8 and 71 of the Sales Tax Act, 1990 whereby through amendment in the earlier SRO 1125(1)/2011 dated 31 December 2011 adjustment of input sales tax on packing material of all sorts have been disallowed. The Honourable Lahore High Court has issued stay order in favour of the Holding Company. Consequently, the Holding Company has claimed input sales tax amounting to Rupees 115.079 million (30 June 2017: Rupees 97.221 million) paid on packing material in its respective monthly sales tax returns. The management of the Holding Company, based on advice of the legal counsel, is confident of favorable outcome of its appeal.
- vi) Holding Company's share in contingencies of associated companies' accounted for under equity method is Rupees 6,079 million (30 June 2017: Rupees 5,720 million).
- vii) In financial year 2014, a sales tax demand of Rupees 1,218.132 million was raised against the Nishat Power Limited - Subsidiary Company through order dated 11 December 2013, passed by the Assistant Commissioner Inland Revenue ('ACIR') disallowing input sales tax for the tax periods of July 2010 to June 2012. The disallowance was primarily made on the grounds that since revenue derived by the Subsidiary Company on account of 'capacity purchase price' was not chargeable to sales tax, input sales tax claimed by the Subsidiary Company was required to be apportioned with only the input sales tax attributable to other revenue stream i.e. 'energy purchase price' admissible to the Subsidiary Company. Upon appeal before Commissioner Inland Revenue (Appeals) ['CIR(A)'], such issue was decided in Subsidiary Company's favour, however, certain other issues agitated by the Subsidiary Company were not adjudicated. Both the Subsidiary Company and department have filed appeals against the order of CIR(A) before Appellate Tribunal Inland Revenue ('ATIR'), which have not been adjudicated.

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

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



Selected Notes to the Consolidated Condensed Interim Financial Information

For the half year ended 31 December 2017 (Un-audited)

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

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

- viii)** The banks have issued the following on behalf of Nishat Power Limited - Subsidiary Company:
- a)** Letter of guarantee of Rupees 9.5 million (30 June 2017: Rupees 9 million) in favour of Director, Excise and Taxation, Karachi under direction of Sindh High Court in respect of suit filed for levy of infrastructure cess.
 - b)** Letter of guarantees of Rupees 190.682 million (30 June 2017 : Rupees 190.484 million) in favour of fuel suppliers.
 - c)** Letter of guarantee of Rupees 1.5 million (30 June 2017: 0.5 million) in favour of Punjab Revenue Authority, Lahore.
- ix)** Nishat Hospitality (Private) Limited - Subsidiary Company has issued letter of guarantees of Rupees 1.085 million (30 June 2017: Rupees 1.085 million) in favour of Director, Excise and Taxation, Karachi under the order of Sindh High Court in respect of the suit filed for levy of infrastructure cess.
- x)** Guarantees of Rupees 60.619 million (30 June 2017: Rupees 20 million) are given by the banks of Nishat Linen (Private) Limited - Subsidiary Company to Director Excise and Taxation, Karachi against infrastructure cess, Chairman Punjab Revenue Authority, Lahore against infrastructure cess and Collectors of Customs against import consignments.
- xi)** 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 has challenged, before Honourable Lahore High Court, Lahore, the vires of clauses (h) and (i) to sub-section (1) of section 8 of the Sales Tax Act, 1990 whereby claim of input sales tax in respect of building materials, electrical and gas appliances, pipes, fittings, wires, cables and

ordinary electrical fittings and sanitary fittings have been disallowed. The Honourable Lahore High Court has issued stay order in favour of the Subsidiary Company and has allowed the Subsidiary Company to claim input sales tax paid on such goods in its monthly sales tax returns. Consequently, the Subsidiary Company has claimed input sales tax amounting to Rupees 1.211 million (30 June 2017: Rupees 0.104 million) paid on such goods in its respective monthly sales tax returns.

- xiii)** Guarantee of Rupees 1.9 million (30 June 2017: Rupees 1.4 million) is given by the bank of Nishat Commodities (Private) Limited - Subsidiary Company in favour of Director Excise and Taxation to cover the disputed amount of infrastructure cess.

b) Commitments

- i)** Contracts for capital expenditure of the Group are approximately of Rupees 912.148 million (30 June 2017: Rupees 791.636 million).
- ii)** Letters of credit other than for capital expenditure of the Group are of Rupees 1,694.552 million (30 June 2017: Rupees 1,244.252 million).
- iii)** Outstanding foreign currency forward contracts are of Rupees 333.557 million (30 June 2017: Rupees 444.689 million).
- iv)** The amount of future payments under operating lease and the period in which these payments will become due from Nishat Power Limited - Subsidiary Company are as follows:

	Note	Un-audited 31 December 2017 (Rupees in thousand)	Audited 30 June 2017
Not later than one year		3,635	3,115

8 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets - owned	8.1	38,847,809	36,737,466
Capital work in progress	8.2	2,258,915	4,301,039
Major spare parts and standby equipments		127,774	92,688
		41,234,498	41,131,193



Selected Notes to the Consolidated Condensed Interim Financial Information

For the half year ended 31 December 2017 (Un-audited)

	Note	Un-audited 31 December 2017 (Rupees in thousand)	Audited 30 June 2017
8.1 Operating fixed assets - Owned			
Opening book value		36,737,466	36,136,234
Add: Cost of additions during the period / year	8.1.1	3,846,916	4,223,240
		40,584,382	40,359,474
Less: Book value of deletions during the period / year	8.1.2	22,017	141,672
Less: Adjustment during the period / year		-	26,198
		40,562,365	40,191,604
Less: Depreciation charged for the period / year		1,720,106	3,454,449
Add: Currency translation		5,550	311
		38,847,809	36,737,466
8.1.1 Cost of additions			
Freehold land		1,360	499,300
Buildings on freehold land		1,383,603	556,044
Plant and machinery		2,152,828	2,893,692
Electric installations		175,717	26,388
Factory equipment		9,349	23,188
Furniture, fixtures and office equipment		14,410	89,571
Computer equipment		18,434	39,518
Vehicles		89,845	95,241
Kitchen equipment and crockery items		1,370	298
		3,846,916	4,223,240
8.1.2 Book value of deletions			
Buildings on freehold land		1,327	3,056
Plant and machinery		4,309	108,356
Electric installations		90	-
Furniture, fixtures and office equipment		-	48
Computer equipment		155	570
Vehicles		16,063	29,642
Kitchen equipment and crockery items		73	-
		22,017	141,672
8.2 Capital work-in-progress			
Buildings on freehold land		822,515	1,549,595
Plant and machinery		905,605	2,285,956
Unallocated expenses		15,199	24,418
Letters of credit against machinery		754	534
Advance against purchase of land		470,398	391,941
Advances against furniture, fixtures and office equipment		15,920	17,560
Advances against vehicles		28,524	31,035
		2,258,915	4,301,039

	Half year ended		Quarter ended	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	(Rupees in thousand)			
9 COST OF SALES				
Raw materials consumed	22,912,948	20,110,565	11,435,557	10,586,639
Processing charges	290,105	178,455	172,481	108,163
Salaries, wages and other benefits	3,108,927	2,927,516	1,589,220	1,542,953
Stores, spare parts and loose tools consumed	2,429,436	2,516,330	1,287,005	1,306,946
Packing materials consumed	575,608	586,587	296,295	325,179
Repair and maintenance	191,097	186,906	104,644	99,919
Fuel and power	2,571,807	2,363,403	1,293,195	1,242,032
Insurance	106,903	105,237	53,365	52,734
Other factory overheads	324,349	345,425	163,766	184,265
Depreciation and amortization	1,612,187	1,626,546	794,746	823,518
	34,123,367	30,946,970	17,190,274	16,272,348
Work-in-process				
Opening stock	2,610,154	2,263,340	2,457,098	2,347,820
Closing stock	(2,563,594)	(2,478,622)	(2,563,594)	(2,478,622)
	46,560	(215,282)	(106,496)	(130,802)
Cost of goods manufactured	34,169,927	30,731,688	17,083,778	16,141,546
Finished goods				
Opening stock	5,045,917	4,606,221	5,484,540	4,991,949
Closing stock	(5,857,435)	(4,829,179)	(5,857,435)	(4,829,179)
	(811,518)	(222,958)	(372,895)	162,770
	33,358,409	30,508,730	16,710,883	16,304,316



Selected Notes to the Consolidated Condensed Interim Financial Information

For the half year ended 31 December 2017 (Un-audited)

	Note	Half year ended	
		31 December 2017	31 December 2016
(Rupees in thousand)			
10 CASH GENERATED FROM / (USED IN) OPERATIONS			
Profit before taxation		5,031,601	4,331,076
Adjustments for non-cash charges and other items:			
Depreciation and amortization		1,726,276	1,711,777
Gain on sale of property, plant and equipment		(12,077)	(2,711)
Dividend income		(819,690)	(787,780)
Profit on deposits with banks		(2,839)	(43,849)
Share of profit from associated companies		(1,512,422)	(1,687,211)
Net exchange gain		(81,962)	(115,454)
Finance cost		828,720	799,565
Reversal of provision for slow moving, obsolete and damaged store items		-	(244)
Working capital changes	10.1	(3,267,539)	(7,560,074)
		1,890,068	(3,354,905)
10.1 Working capital changes			
(Increase) / decrease in current assets:			
- Stores, spare parts and loose tools		28,423	(387,026)
- Stock-in-trade		(3,148,299)	(7,943,280)
- Trade debts		(1,432,526)	(1,299,787)
- Loans and advances		14,064	32,134
- Short term deposits and prepayments		(51,404)	(19,772)
- Other receivables		(243,205)	587,433
		(4,832,947)	(9,030,298)
Increase in trade and other payables		1,565,408	1,470,224
		(3,267,539)	(7,560,074)
11 SEGMENT INFORMATION			
11.1	The Group has following reportable business segments. The following summary describes the operation in each of the Group's reportable segments:		
Spinning Faisalabad (I and II), Feroze Wattwan and Lahore:	Producing different qualities of yarn using natural and artificial fibers.		
Weaving Bhikhi and Lahore:	Producing different qualities of greige fabric using yarn.		
Dyeing:	Producing dyed fabric using different qualities of grey fabric.		
Home Textile:	Manufacturing of home textile articles using processed fabric produced from greige fabric.		
Garments I and II:	Manufacturing of garments using processed fabric.		
Power Generation:	Generation, transmission and distribution of power using gas, oil, steam, coal and biomass.		
Hotel:	Carrying on the business of hotel and allied services.		
Automobiles:	Import, assembly and distribution of both passenger and commercial category automobiles.		
Transactions among the business segments are recorded at cost. Inter segment sales and purchases have been eliminated from the total.			

11.2

		Spinning						Weaving						Dyeing		Home Textile		Garments				Hotel		Power Generation		Automobile		Elimination of inter-segment transactions		Total - Group			
		Faisalabad I		Faisalabad II		Feroze Watanwan		Lahore		Bhikhi		Lahore						I		II												I	
Un-audited	Audited	Dec 2017	Jun 2017	Dec 2016	Jun 2016	Dec 2017	Jun 2017	Dec 2016	Jun 2016	Dec 2017	Jun 2017	Dec 2016	Jun 2016	Dec 2017	Jun 2017	Dec 2016	Jun 2016	Dec 2017	Jun 2017	Dec 2016	Jun 2016	Dec 2017	Jun 2017	Dec 2016	Jun 2016	Dec 2017	Jun 2017	Dec 2016	Jun 2016	Dec 2017	Jun 2017	Dec 2016	Jun 2016

Revenue	2,40,186	2,58,548	1,99,200	1,33,150	6,05,645	6,91,987	4,69,446	1,89,228	1,51,638	1,24,119	6,20,322	6,07,322	6,30,419	1,07,507	1,04,666	1,63,200	1,04,666	277,784	6,17,535	7,02,376	179,881	185,599	-	-	-	-	-	-	-	-	46,100,004	36,280,713			
Interest	1,09,556	1,36,676	3,227	83,028	19,223	99,241	2,30,928	3,27,438	1,330,340	1,47,325	34,076	68,604	28,110	41,068	15,546	23,160	15,546	47,139	2,82,247	2,530,605	82	807	-	-	-	-	-	-	-	-	-	-	10,100,000	8,390,713	
Management	1,32,251	1,48,824	4,559	1,98,658	7,85,571	4,80,689	7,89,467	7,24,739	2,657,778	6,44,738	6,41,738	8,17,759	8,87,569	1,69,163	1,59,877	2,07,627	1,65,514	70,430	1,88,528	6,633,100	179,325	18,298	-	-	-	-	-	-	-	-	-	-	10,382,855	11,89,540	
Cost of sales	44,18,759	4,683,770	6,320	1,84,114	2,084,170	4,832,418	4,708,301	6,593,226	6,644,048	6,286,529	6,952,451	6,987,771	6,145,114	6,598,820	1,444,045	1,84,020	1,116,837	482,288	6,82,420	7,751,800	1,03,863	1,02,046	-	-	-	-	-	-	-	-	-	-	10,382,855	11,89,540	
Operating profit	14,80,909	20,602	(2,251)	147,542	27,223	54,397	61,069	61,310	114,026	88,729	798,317	88,228	3,302,822	1,653,201	84,627	1,92,735	66,859	(12,648)	2,85,927	1,972,220	33,888	9,559	-	-	-	-	-	-	-	-	-	-	6,163,836	5,760,885	
Distribution cost	(16,730)	(18,725)	(10)	(8,971)	(41,886)	(65,869)	(71,570)	(92,418)	(4,646)	(19,418)	(18,307)	(18,307)	(14,543)	(10,300)	(88,578)	(93,376)	(93,376)	(14,543)	(15)	(15)	(840)	-	-	-	-	-	-	-	-	-	-	-	(2,413,144)	(2,384,487)	
Administrative expenses	(10,271)	(10,916)	(629)	(6,888)	(35,844)	(8,801)	(8,325)	(8,598)	(4,145)	(8,443)	(82,441)	(111,711)	(28,774)	(67,241)	(9,254)	(60,200)	(16,381)	(13,474)	(18,446)	(18,565)	(4,628)	(2,902)	-	-	-	-	-	-	-	-	-	-	(2,413,144)	(2,384,487)	
Profit after taxation and unallocated income and expenses	(28,463)	(21,941)	644	(6,657)	(76,509)	(62,586)	(67,792)	(29,984)	(106,110)	(103,662)	(48,776)	(413,738)	(1,668,678)	(1,615,671)	(66,844)	(28,326)	(69,828)	(28,326)	(18,446)	(18,507)	(4,628)	(2,902)	-	-	-	-	-	-	-	-	-	-	-	(2,329,548)	(2,343,618)
Profit	(39,470)	66,411	(2,759)	79,885	51,704	210,325	35,035	363,329	681,116	59,667	390,939	394,520	635,307	80,944	64,307	66,040	(158,308)	2,09,451	1,72,223	34,270	26,448	(64,430)	-	-	-	-	-	-	-	-	-	-	-	3,453,267	2,556,885

Un-audited income and expenses
 Other income
 Other expense
 Finance cost
 Share of profit from associated companies
 Taxation
 Profit after taxation

11.3 Reconciliation of reportable segment assets and liabilities

		Spinning						Weaving						Dyeing		Home Textile		Garments				Hotel		Automobile		Total - Group							
		Faisalabad I		Faisalabad II		Feroze Watanwan		Lahore		Bhikhi		Lahore						I		II								I		II		Un-audited	
Un-audited	Audited	Dec 2017	Jun 2017	Dec 2016	Jun 2016	Dec 2017	Jun 2017	Dec 2016	Jun 2016	Dec 2017	Jun 2017	Dec 2016	Jun 2016	Dec 2017	Jun 2017	Dec 2016	Jun 2016	Dec 2017	Jun 2017	Dec 2016	Jun 2016	Dec 2017	Jun 2017	Dec 2016	Jun 2016	Dec 2017	Jun 2017	Dec 2016	Jun 2016	Dec 2017	Jun 2017	Dec 2016	Jun 2016

Reportable segment assets	4,97,256	5,19,627	2,26,310	6,86,969	6,57,095	9,72,722	1,05,073	5,666,088	5,98,970	1,00,638	1,01,028	6,88,100	6,62,538	1,338,959	1,297,257	2,030,028	2,785,618	2,501,015	36,565,636	2,772,166	1,082,284	1,120,391	240	81,534,871	76,465,711	-	-	-	-	-	-	-			
Un-audited	Audited	Dec 2017	Jun 2017	Dec 2016	Jun 2016	Dec 2017	Jun 2017	Dec 2016	Jun 2016	Dec 2017	Jun 2017	Dec 2016	Jun 2016	Dec 2017	Jun 2017	Dec 2016	Jun 2016	Dec 2017	Jun 2017	Dec 2016	Jun 2016	Dec 2017	Jun 2017	Dec 2016	Jun 2016	Dec 2017	Jun 2017	Dec 2016	Jun 2016	Dec 2017	Jun 2017	Dec 2016	Jun 2016		
Liabilities	865,399	644,901	127,658	32,220	1,09,925	67,395	691,083	88,165	467,615	177,034	241,138	590,441	681,065	1,526,313	1,292,993	3,908,831	3,615,591	250,803	11,692,443	1,147,796	233,201	24,297	132,402	3,907	16,654,688	15,200,098	-	-	-	-	-	-	-		
Un-audited	Audited	Dec 2017	Jun 2017	Dec 2016	Jun 2016	Dec 2017	Jun 2017	Dec 2016	Jun 2016	Dec 2017	Jun 2017	Dec 2016	Jun 2016	Dec 2017	Jun 2017	Dec 2016	Jun 2016	Dec 2017	Jun 2017	Dec 2016	Jun 2016	Dec 2017	Jun 2017	Dec 2016	Jun 2016	Dec 2017	Jun 2017	Dec 2016	Jun 2016	Dec 2017	Jun 2017	Dec 2016	Jun 2016		
Reconciling items																																			
Long term investments																																			
Share investments																																			
Other receivables																																			
Cash and bank balances																																			
Other corporate assets																																			
Total assets as per balance sheet																																			
Total liabilities																																			
Un-audited	Audited	Dec 2017	Jun 2017	Dec 2016	Jun 2016	Dec 2017	Jun 2017	Dec 2016	Jun 2016	Dec 2017	Jun 2017	Dec 2016	Jun 2016	Dec 2017	Jun 2017	Dec 2016	Jun 2016	Dec 2017	Jun 2017	Dec 2016	Jun 2016	Dec 2017	Jun 2017	Dec 2016	Jun 2016	Dec 2017	Jun 2017	Dec 2016	Jun 2016	Dec 2017	Jun 2017	Dec 2016	Jun 2016		
Deferred income tax liability																																			
Provision for taxation																																			
Other corporate liabilities																																			
Total liabilities as per balance sheet																																			

Reconciling items

Long term investments

Share investments

Other receivables

Cash and bank balances

Other corporate assets

Total assets as per balance sheet

Total liabilities

Un-audited

Audited

Dec 2017

Jun 2017

Dec 2016

Jun 2016

Dec 2017

Jun 2017



Selected Notes to the Consolidated Condensed Interim Financial Information

For the half year ended 31 December 2017 (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 At 31 December 2017	Level 1	Level 2	Level 3	Total
	Rupees in thousand			
Financial assets				
Available for sale financial assets	20,278,466	11,664	845,096	21,135,226
Total financial assets	20,278,466	11,664	845,096	21,135,226
Financial liabilities				
Derivative financial liabilities	-	13,144	-	13,144
Total financial liabilities	-	13,144	-	13,144

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

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

There were no transfers between levels 1 and 2 for recurring fair value measurements during the period ended 31 December 2017. Further there was no transfer in and out of level 3 measurements.

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

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

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

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

ii) Valuation techniques used to determine fair values

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

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

The following table presents the changes in level 3 items for the period ended 31 December 2017:

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

iv) Valuation inputs and relationships to fair value

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

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

Available for sale financial assets:

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

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

Valuation processes

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

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

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

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

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



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For the half year ended 31 December 2017 (Un-audited)

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 2017	31 December 2016	31 December 2017	31 December 2016
	(Rupees in thousand)			
i) Transactions				
Associated companies				
Investment made	274,742	100,573	94,457	100,573
Purchase of goods and services	121,997	71,239	54,898	40,180
Purchase of operating fixed assets	9,000	-	9,000	-
Sale of operating fixed assets	2,000	954	2,000	886
Sale of goods and services	22,283	6,104	19,140	2,910
Rental income	853	308	327	154
Rent paid	33,198	22,554	16,616	7,197
Dividend paid	151,459	158,463	151,459	158,463
Insurance premium paid	155,449	191,009	69,880	71,522
Interest income	1,566	13,265	1,566	2,187
Insurance claims received	14,557	26,173	8,271	5,105
Profit on term deposit receipt	-	11,059	-	3,773
Finance cost	12,472	9,026	5,262	4,725
Other related parties				
Purchase of goods and services	777,106	722,091	388,978	480,482
Sale of goods and services	10,463	41,964	9,865	18,279
Group's contribution to provident fund trust	130,007	121,311	65,074	65,425
Remuneration paid to Chief Executive Officer, Director and Executives of the Holding Company	592,803	567,021	312,872	261,401

ii) Period end balances

	As at 31 December 2017		
	Associated companies	Other related parties	Total
	(Rupees in thousand)		
Trade and other payables	33,757	40,798	74,555
Accrued mark-up	1,190	-	1,190
Short term borrowings	22,389	-	22,389
Long term loans	-	184,884	184,884
Trade debts	2,440	2	2,442
Loans and advances	-	65,624	65,624
Accrued interest	126	-	126
Cash and bank balances	129,526	233	129,759

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

14 FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published consolidated financial statements of the Group for the year ended 30 June 2017.

15 DATE OF AUTHORIZATION FOR ISSUE

This consolidated condensed interim financial information was approved by the Board of Directors and authorized for issue on 23 February 2018.



Selected Notes to the Consolidated Condensed Interim Financial Information

For the half year ended 31 December 2017 (Un-audited)

16 CORRESPONDING FIGURES

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

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

17 GENERAL

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER



31 دسمبر 2016 کو ختم ہونے والی ششماہی کی فروخت کے مقابلے رواں ششماہی میں سیکمٹ کی فروخت 7.79 فیصد تک نمایاں طور پر زیادہ ہوئی جو مختصر مدتی آرڈرز کی بجائے موجودہ صارفین کے ساتھ کام کرنے اور طویل عرصہ کے پیداواری آرڈرز قبول کرنے کی کامیاب مارکیٹنگ حکمت عملی کا نتیجہ ہے۔ دریں اثناء ہماری مارکیٹنگ ٹیم اچھی قیمتوں پر آرڈرز حاصل کرنے کے لئے نئے اور پریمیم صارفین کے ساتھ اپنی کسٹمر ٹیمیں کو بڑھانے کی بھی کوشش کر رہی ہے۔ ہم بڑھتی ہوئی پیداواری صلاحیت کو بڑھانے کے علاوہ جدید انڈسٹریل انجینئرنگ پروڈیجٹس کے نفاذ کے ذریعے کارکردگی کو بہتر بنانے کی منصوبہ بندی کر رہے ہیں۔

پاور جنریشن

کمپنی اپنی ٹیکسٹائل مینوفیکچرنگ سہولیات کی بڑھتی ہوئی طلب کو پورا کرنے کیلئے سستے بجلی کے ذرائع کے لئے اپنے پاور پلانٹس کو اپ گریڈ کرنے پر مسلسل سرمایہ کاری کرتی رہتی ہے۔ بجلی میں واقع کمپنی کی مینوفیکچرنگ سہولت پر جولائی 2017 میں ایک 10 ٹن کول فائرڈ بوائمر نصب کیا گیا۔ M-3 فیصل آباد صنعتی اسٹیٹ، فیصل آباد میں واقع سپننگ پیداواری سہولیات کی ضروریات کو پورا کرنے کے لئے نیا کپٹو پاور پلانٹ دسمبر 2017 میں کمشن ہوا۔

چونکہ کمپنی ماحول کو محفوظ بنانے کے لئے پُر عزم ہے، ہم باقاعدگی سے ماحول دوست ٹیکنالوجی میں سرمایہ کاری کرتے ہیں۔ پیور بنانے والی مشین مئی 2017 میں پیداواری تھیمبیاٹ میں کمشن کی گئی جو کول فائرڈ پاور پلانٹ میں جلنے والے کوئلہ سے نکلنے والی راگھ سے پیور بناتی ہے۔ اس طرح کی ایک سرمایہ کاری ریورس اوسموسس (RO) ٹیکنالوجی کی بنیاد پر دو فلٹریشن پلانٹس کی تبدیلی کے منصوبہ میں کی گئی ہے۔ دو RO پلانٹس معمول سے زیادہ نمکیاتی اجزاء اٹلے گندے پانی کو جونی الحال ضائع کیا جا رہا ہے کو دوبارہ قابل استعمال بنانے کے لئے مشینز کو آپریشن سرانجام دیں گے۔ ان پلانٹس کی کمشن فروری 2018 کے آخر تک متوقع ہے جو بجلی، کیمیکل اور فلٹریشن کے اخراجات بچانے میں معاون ہوگا۔

ذیلی کمپنیاں اور کنسولیدیشن مالیاتی حسابات

نشاط پاور لمیٹڈ، نشاط اینٹن (پرائیویٹ) لمیٹڈ، نشاط ہاسٹیلٹی (پرائیویٹ) لمیٹڈ، نشاط کموڈیٹیز (پرائیویٹ) لمیٹڈ، لال پیر سولر پاور (پرائیویٹ) لمیٹڈ، ہنڈائی نشاط موٹر (پرائیویٹ) لمیٹڈ، نشاط پوائس اے انکارپورٹڈ، نشاط اینٹن ٹریڈنگ LLC، نشاط انٹرنیشنل FZE، نشاط گلوبل چائنہ کمپنی لمیٹڈ اور نشاط UK (پرائیویٹ) لمیٹڈ اور کونسلٹنگ گارنٹنٹس اور ٹیکسٹائل ٹریڈنگ FZE کی ذیلی کمپنیوں کی پورٹ فولیو میں شامل ہیں۔ لہذا، کمپنی نے انٹرنیشنل فنانشل رپورٹنگ سٹینڈرڈز کی ضروریات کے مطابق اپنی سپرٹ کنڈنسڈ عبوری مالیاتی معلومات کے علاوہ کنسولیدیشنڈ کنڈنسڈ عبوری مالیاتی معلومات منسلک کی ہیں۔

انتظامیہ

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

منجانب بورڈ آف ڈائریکٹرز



مقتصد احمد

ڈائریکٹر



میاں عرفشا

چیف ایگزیکٹو آفیسر

23 فروری 2018ء

لاہور



اضافہ/(کمی)		31 دسمبر تختہ ششماہی		پروسیسڈ کاتھ
فیصد	قدر	2016	2017	
(5.88)	(1,425)	24,221	22,796	فروخت - (میٹرز'000)
1.53	3.85	251.79	255.64	قیمت فی میٹر
(4.44)	(270,920)	6,098,562	5,827,642	فروخت - (000'روپے)

موجودہ مالی سال کی دوسری ششماہی حالیہ برسوں میں عالمی مارکیٹوں میں ٹیکسٹائل کی مصنوعات کی طلب کم سے کم اور مقامی مارکیٹ میں خام مال کی قیمتوں میں تیزی سے اضافہ کی وجہ سے پاکستان میں ویلیو ایڈڈ شعبے کے لئے سب سے زیادہ غیر موزوں وقت ہونے کی توقع ہے۔ ہم مارکیٹ کے حالات پر گہری نظر رکھے ہوئے ہیں اور آئندہ چیلنجوں کے اثرات کو کم کرنے کے لئے تمام ضروری اقدامات کر رہے ہیں۔

ہوم ٹیکسٹائل

رواں ششماہی میں ہوم ٹیکسٹائل سیکٹ نے مثبت نتائج ظاہر کئے ہیں اگرچہ کپاس اور دیگر اشیاء کی قیمتوں میں اضافہ نے سیکٹ کی مجموعی کارکردگی کو بہت زیادہ متاثر کیا ہے۔ گرنج فیبرک کی قیمتوں میں تیزی سے اضافہ کے نتیجے میں ہوم ٹیکسٹائل مصنوعات کے بلک آرڈرز دینے کے بارے میں خریداروں کو متشکوک بنا دیا ہے اس لئے سیکٹ کی منافع یابی متوقع منافع سے کم تھی۔

اضافہ/(کمی)		31 دسمبر تختہ ششماہی		پروسیسڈ کاتھ اینڈ میڈ ایٹس
فیصد	قدر	2016	2017	
33.86	3,706	10,946	14,652	فروخت - (میٹرز'000)
(14.28)	(45.50)	318.57	273.07	قیمت فی میٹر
14.74	513,968	3,487,057	4,001,025	فروخت - (000'روپے)

بنیادی مصنوعات کی آٹمز کے لئے گرتی ہوئی طلب کے سلسلے میں خصوصی آرٹیکلز کو بڑھانے کے لئے ہماری حکمت عملی جاری ہے اور ہم نے ویلیو ایڈڈ اشیاء کے لئے اپنی صلاحیت اور قابلیت کو بڑھانے پر گہری توجہ مرکوز کی ہے۔ اس سلسلے میں، ہم نے کڑھائی کی صلاحیت کو دوگنا کرنے کے لئے اپنے موجودہ سیٹ اپ میں کئی نئی کڑھائی کی مشینیں شامل کی ہیں۔ اعلیٰ قیمت ڈسٹریبیوٹل پرنٹ برس بھی گارمنٹس واہنڈ مصنوعات کے ساتھ ساتھ بڑھ رہا ہے۔ لہذا بین الاقوامی خوردہ شعبے کی سست رفتار کے ساتھ، ہم یقین رکھتے ہیں کہ ہمارا درست پراڈکٹ مکس ہمیں دوسروں سے آگے رکھ سکتا ہے۔ مزید برآں، ملک کی بڑھتی ہوئی مقامی مارکیٹ اور برانڈڈ ہوم ٹیکسٹائل اشیاء کے بارے میں بہتر آگاہی آئندہ مہینوں میں ہمارے ہوم ٹیکسٹائل کے شعبے کے لئے اضافی فوائد میں اضافہ کرے گی۔

گارمنٹس

کمپنی کا گارمنٹس سیکٹ دو جدید گارمنٹس مینوفیکچرنگ سہولیات پر مشتمل ہے۔ سیکٹ ترقی کی راہ پر گامزن ہے اور ملک کے لئے قیمتی غیر ملکی زرمبادلہ کما رہا ہے۔ حال ہی میں، سیکٹ نے کامیابی سے اپنی ری سٹرکچرنگ اور موجودہ ملاز میں کی دوبارہ صف بندی مکمل اور نئے پیشہ ورانہ تربیت یافتہ کی خدمات حاصل کی ہیں۔

اضافہ/(کمی)		31 دسمبر تختہ ششماہی		گارمنٹس
فیصد	قدر	2016	2017	
2.81	83	2,956	3,039	فروخت - (گارمنٹس'000)
4.84	36.37	750.73	787.10	قیمت فی گارمنٹ
7.79	172,848	2,219,154	2,392,002	فروخت - (000'روپے)

اضافہ / (کمی)		31 دسمبر تختہ ششماہی		یارن
فیصد	قدر	2016	2017	
(6.15)	(730)	11,867	11,137	فروخت - (کلوگرام '000)
(3.14)	(9.24)	294.59	285.35	قیمت فی کلو
(9.09)	(317,905)	3,495,878	3,177,973	فروخت - ('000 روپے)

سپینگ سیکمنٹ کا مارکیٹنگ ڈیپارٹمنٹ کمپنی کے حق میں حالات بہتر بنانے کے لئے سخت محنت کر رہا ہے۔ مقامی مارکیٹ میں قیمت اور طلب دونوں بہتر ہوئی ہیں اور ہم بین الاقوامی مارکیٹ سے بھی طلب بہتر ہونے کی توقع کر رہے ہیں۔ پہلی ششماہی کے دوران کاشن یارن کی اہم مارکیٹوں ہانگ کانگ / چین میں قیمت کی بہتری نامناسب رہی لیکن ہم آئندہ دنوں میں مثبت کاروبار کی توقع کر رہے ہیں۔

IM-3 انڈسٹریل سٹی، ساہیوالہ، FIEDMC، فیصل آباد میں نصب شدہ 49,536 سپنڈلز پر مشتمل نئے سپینگ پلانٹ نے 20 دسمبر 2017ء کو اپنی تجارتی پیداوار کا آغاز کر دیا ہے۔ یہ سپنڈلز نساٹ آباد میں واقع موجودہ سپینگ سہولت سے 22,176 سپنڈلز کی منتقلی سمیت ہیں۔

ویونگ

31 دسمبر 2017 کو ختم ہونے والے نصف سال کے دوران کپاس کی قیمتوں میں غیر معمولی اضافے نے ویونگ سیکمنٹ کے خریداروں کی طرف سے خریداری کو نمایاں کم کیا۔ یہ رجحان فصل کے آغاز پر کپاس کی قیمتوں میں تیزی سے کمی کی توقع کے برعکس تھا۔ خام مال کی قیمتوں میں اضافے کے نتیجے کے طور پر، مالیاتی سال 2017-18 کی پہلی سہ ماہی کی برآمد فروخت کے مقابلے میں، دوسری سہ ماہی کے دوران ویونگ سیکمنٹ کے برآمد کنندگان کو برآمداتی کاروبار میں 13 فیصد کمی کا سامنا کرنا پڑا۔ امریکی ڈالر کے برعکس پاکستانی روپیہ کی قدر میں کمی کا فائدہ بھی مقامی خام مال کی لاگت میں اضافے کی وجہ سے ختم ہو گیا۔ اس کے علاوہ، کپڑا بنانے میں استعمال ہونے والے درآمد شدہ یارن کی لاگت امریکی ڈالر کی قیمت میں اضافے کی وجہ سے بڑھ گئی ہے۔

اضافہ / (کمی)		31 دسمبر تختہ ششماہی		گرے کا تھ
فیصد	قدر	2016	2017	
11.13	4,541	40,783	45,324	فروخت - (میٹر '000)
2.69	3.67	136.30	139.97	قیمت فی میٹر
14.13	785,244	5,558,690	6,343,934	فروخت - ('000 روپے)

تنگ چوڑائی کے گرے فیکر کا کاروبار ابھی تک دباؤ کے تحت ہے جبکہ وسیع چوڑائی کے فیکر کا کاروبار ہوم ٹیکسٹائل کاروبار کی طلب زیادہ ہونے کی بدولت تیزی سے ترقی کر رہا ہے۔ وسیع چوڑائی کی ویونگ کی صلاحیت میں اضافے کی منصوبہ بندی کا عمل جاری ہے اور امید ہے کہ مئی 2018 تک ہماری 30 نئی 340 سینٹی میٹر چوڑی پکانول ایئر جیٹ لومز پیداوار میں کمیشن ہو جائیں گی۔ اگلے 6 ماہ کے لئے ہماری حکمت عملی حکومت کی طرف سے پیشکش کردہ سیکسز کی ڈیوٹی ڈراء بیک کا فائدہ حاصل کرنے کے لئے برآمد کاروبار کو بڑھانے کی ہے۔

ڈانگ

امریکی اور یورپی مارکیٹوں میں کم طلب کے باوجود، ڈانگ کے شعبے نے مالی سال 2017-18 کی پہلی ششماہی میں تسلی بخش کارکردگی کا مظاہرہ کیا ہے۔ مالی سال کے آغاز سے، ڈانگ کاروبار کے لئے غیر موزوں مارکیٹ حالات کے باوجود سیکمنٹ مناسب منافع کمانے کے قابل تھا۔



ڈائریکٹرز رپورٹ

نشاپلا ملٹیز ("کمپنی") کی مجلسِ نظامہ 31 دسمبر 2017ء کو ختم ہونے والی ششماہی کے لئے مجلسِ نظامہ کی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتی ہے۔

آپریٹنگ مالیاتی نتائج

کمپنی کا بعد از ٹیکس منافع گزشتہ سال کی اسی ششماہی کے مقابلے 31 دسمبر 2017ء کو ختم ہونے والی رواں ششماہی میں 4.61 فیصد تک زیادہ ہوا ہے۔ ٹاپ لائن میں گزشتہ سال کی اسی ششماہی میں 24,003,003 ملین روپے سے مالی سال 2017-18 کی رواں ششماہی میں 25,520,079 ملین روپے تک 6.32 فیصد نمو درج کی گئی۔ تاہم، مجموعی منافع کا فرخت سے تناسب خام مال اور بجلی کی لاگت میں اضافہ کی بدولت 10.98 فیصد سے 10.10 فیصد تک معمولی کم ہوئی ہے۔ کمپنی کی مالی لاگت بھی بڑھتی ہوئی ورکنگ کپٹیل ضروریات اور جاری فیکسڈ کپٹیل اخراجات کی فنڈنگ کی مدد میں 7.03 فیصد تک بڑھ گئی۔

مالی بھلیکیاں	31 دسمبر ختم شدہ ششماہی		اضافہ/(کمی) فیصد
	2016	2017	
خالص فروخت (روپے '000)	24,003,506	25,520,079	6.32
مجموعی منافع (روپے '000)	2,635,052	2,576,731	(2.21)
قبل از ٹیکس منافع (روپے '000)	2,934,702	3,041,164	3.63
بعد از ٹیکس منافع (روپے '000)	2,550,702	2,668,164	4.61
مجموعی منافع (فیصد)	10.98	10.10	
بعد از ٹیکس منافع (فیصد)	10.63	10.46	
ٹی شیئر آمدنی - (روپے)	7.25	7.59	

ایکویٹی سرمایہ کاری پورٹ فولیو سے ڈیویڈنڈ آمدنی نے 6.70 فیصد کی صحتمند نمو ظاہر کی اور کمپنی کی منافع یابی میں اس کا حصہ نمایاں رہا ہے۔

عام مارکیٹ کا جائزہ اور مستقبل کے امکانات

مالی سال 2017-18 کی پہلی ششماہی میں پاکستانی ٹیکسٹائل انڈسٹری نے مجموعی طور پر کمی کا رجحان ظاہر کیا ہے۔ خام مال کی زیادہ لاگت اور بین الاقوامی منڈیوں میں ٹیکسٹائل مصنوعات کی قدرے کم طلب اہم مشکلات تھیں۔ اس کے علاوہ، کم طلب کا عالمی ظہور جاری رہا جو گزشتہ سال کی اسی ششماہی کے مقابلے رواں ششماہی میں مزید کم ہوئی۔ ایک مثبت پہلو یہ ہے کہ حکومت پاکستان نے "ڈیوٹی ڈراء بیک آف ٹیکسز آرڈر 2017-18" کے نام سے ٹیکسٹائل برآمد کنندگان کے لئے برآمد اعانت اسکیم کو حتمی شکل دی ہے جس کا طویل مدت سے انتظار تھا۔ اس اسکیم کا مقصد مخصوص ٹیکسٹائل مصنوعات کی برآمد بڑھانے کے لئے ٹیکسٹائل برآمد کنندگان کو ڈیوٹی ڈراء بیک کی مدد میں کارکردگی کی بنیاد پر اعانت فراہم کرنا ہے۔ پاکستانی روپے کی قدر میں حالیہ کمی اور امریکی ڈالر اور یورو کی مضبوطی نے بھی صنعت کے لئے کچھ سکون پیدا کیا ہے اور اس مالی سال کے باقی عرصہ میں اب کچھ منافع حاصل ہونے کی توقعات ہیں۔

شعبہ دار تجزیہ

سپننگ

اچھی معیاری بڑی فصل کے بارے میں اُمید، جوئی کپاس کی فصل کی چٹائی کے آغاز میں پیدا ہوئی، کم پیداوار اور اعلیٰ قیمتوں کی وجہ سے ختم ہو گئی۔ کمپنی نے پہلی سہ ماہی کے آخری مہینے میں کپاس کی خریداری شروع کی اور مالی سال 2017-18 کے لئے سپننگ کی ضروریات کو پورا کرنے کے لئے اپنے اسٹاکس کو دوبارہ بھریا۔ 31 دسمبر 2017ء کو ختم ہونے والے نصف سال کے لئے سپننگ شعبہ کے مالیاتی نتائج کپاس کی قیمتوں میں غیر متوقع اضافے اور بڑھی ہوئی یارن کے نرخوں پر خریداری کے لئے یارن کے خریداروں سے مزاحمت کی وجہ سے موزوں نہیں تھے۔ بین الاقوامی مارکیٹ میں کاشن یارن کا کاروبار بالکل حوصلہ افزا نہیں رہا تھا کیونکہ بین الاقوامی خریداری قیمتوں کو بڑھانے کے لئے تیار نہیں تھے۔ دوسری طرف، مارکیٹ کے مقابلے مقامی مارکیٹ میں قیمتیں زیادہ معاون نہیں۔



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