Interim Financial Report of Nishat Mills Limited for the half year ended December 31, 2018

NISHAT
Nishat Mills Limited

A great fly,
a great future

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Nishat Mills Limited

Nishat Mills Limited and its Subsidiary Companies

Company Information

Board of Directors
Mian Umer Mansha
Chief Executive Officer

Mian Hassan Mansha
Chairman

Syed Zahid Hussain
Mr. Khalid Qadeer Qureshi
(Deceased on February 24, 2019)

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

Audit Committee
Syed Zahid Hussain
Chairman / Member

Mr. Khalid Qadeer Qureshi
Member
(Deceased on February 24, 2019)

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
(Deceased on February 24, 2019)

Chief Financial Officer
Mr. Muhammad Azam

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
The Bank of Punjab - Taqwa Islamic
United Bank Limited

Mills

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

Spinning units & Power plant
Plot No. 172-180 & 188-197,
M-3 Industrial City, Sahianwala,
FIEDMC, 2 K.M. Jhumra Chiniot Road, Chak Jhumra, Faisalabad.

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

Weaving units & Power plant
12 K.M. Faisalabad Road,
Sheikhupura.

Weaving units, Dyeing & Finishing unit,Processing unit, Stitching units and Power plants
5 K.M. Nishat Avenue Off 22 K.M. Ferozepur Road, Lahore.

Stitching unit
21 K.M. Ferozepur Road, Lahore.

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

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

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

Shares Registrar
THK Associates (Private) Limited

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

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

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

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

Directors' Report

Directors of Nishat Mills Limited ("the Company") are pleased to present the Directors' Report for the half year ended 31 December 2018.

Operating Financial Results

Profit after tax of the Company increased by Rs. 495.401 million (18.57%) from Rs. 2,668.164 million in the corresponding half year ended 31 December 2017 to Rs. 3,163.565 million in the current half year ended 31 December 2018 mainly due to increase in revenue by Rs. 5,194.409 million (20.35%). The gross profit to sales percentage increased to 12.25% in the current half year from 10.10% in the corresponding half year as a result of improvement in value added business and use of optimal fuel mix for electricity generation despite significant increase in the raw material prices. Effective financial risk management confined the decrease in other income to 3.87% in the current half year as compared to corresponding half year through substantial exchange gain on foreign currency transactions despite decrease in dividend income by Rs. 731.109 million.

Financial Highlights	Half Year Ended 31 December		Increase /
	2018	2017	(decrease) %
Revenue (Rs. '000')	30,714,488	25,520,079	20.35
Gross Profit (Rs. '000')	3,761,319	2,576,731	45.97
Profit before tax (Rs. '000')	3,639,565	3,041,164	19.68
Profit after tax (Rs. '000')	3,163,565	2,668,164	18.57
Gross Profit (%)	12.25	10.10	
Profit after tax (%)	10.30	10.46	
Earnings per share – (Rs.)	9.00	7.59	

Finance cost of the Company increased significantly by 45.82% mainly due to increase in average borrowing rate of the Company and increase in Bank borrowings to finance increased procurement of cotton, financing of BMR and disbursement of working capital loans to Subsidiary Companies.

General Market Review and Future Prospects

Textile exports did not record healthy growth in first half of financial year despite a notable depreciation of Pak Rupee against US Dollar. Expectations of increase in textile exports due to depreciation of Pak Rupee were not met because of exorbitant cost of raw materials and slump in the demand of textile products. Also, rapid fluctuation in local cotton prices created uncertain scenario due to which textile exporters were unable to compete in international market.

Segment Analysis

Spinning

Major challenge for Spinners was considerable increase in local cotton rates due to shortage in the output of new cotton crop during the first half of the financial year 2018-19. On the other hand, cotton prices in international market remained depressed as the abundant cotton stocks were available which made it difficult for us to negotiate favorable yarn rates.

Yarn	Half Year Ended 31 December		Increase / (Decrease)	
	2018	2017	Value	% age
Sale – (kgs '000')	13,470	11,137	2,333	20.95
Rate / kg	373.72	285.35	88.37	30.97
Sale – (Rs. '000')	5,034,041	3,177,973	1,856,068	58.40

Expensive local cotton in comparison with low yarn rates in international market decreased the profitability of Spinning Division. Although, local cotton prices decreased to some extent during the later part of the half year, but the decrease was not enough to improve considerably profitability of the Division. However, the Division was able to close the half year on positive results.

The new open-end yarn manufacturing unit located at Ferozewatwan has been commissioned into production on 01 February 2019.

Weaving

The Division achieved remarkable profitability because of its specialized product mix even though international buyers were reluctant to place orders due to volatility in raw material prices despite a depreciation of around 14% in the value of Pak Rupee since June 2018.

Grey Cloth	Half Year Ended 31 December		Increase / (Decrease)	
	2018	2017	Value	% age
Sale – (meters '000')	41,117	47,933	(6,816)	(14.22)
Rate / meter	174.27	136.70	37.57	27.48
Sale – (Rs. '000')	7,165,513	6,552,303	613,210	9.36

The Division plans to acquire Twelve Tsudakoma 230CM Airjet Dobby looms for its manufacturing facility located at Bhikki to cater the demand of its fashion fabric customers who require special weaves and trendy designs. The plan also includes the acquisition of Ten 210CM tappet looms. All these 22 looms shall be commissioned into production by the start of June 2019 and will provide us more flexibility to run our operations. The Division will also acquire one latest sizing machine and vacuuming machine to support our growing technical fabric business.

Dyeing

Dyeing Division performed exceptionally well in the first half of financial year 2018-19 despite facing issues like increased raw materials cost and shortage in supply of gas which is used in its production processes. Although, profitability was low in the first quarter of financial year, but the Division displayed better performance in the second quarter.

Processed Cloth	Half Year Ended 31 December		Increase / (Decrease)	
	2018	2017	Value	% age
Sale – (meters '000')	24,122	22,796	1,326	5.82
Rate / meter	320.35	255.64	64.71	25.31
Sale – (Rs. '000')	7,727,543	5,827,642	1,899,901	32.60

The management is expecting more challenges in the second half of the financial year as it is the lean period in our business calendar during which demand of textile products slows down worldwide. During this period, we expect a fierce competition from domestic and international sellers. However, we have taken adequate measures to mitigate the market risks in order to increase the performance during the remaining half of the financial year.

Home Textile

The Division was able to operate at optimum production capacity which is the reason for increase in its profitability during the current half year ended 31 December 2018. We have sufficient orders in the pipeline and expecting further orders as the international customers want to safeguard themselves against the risk of possible disruption in global trade due to US-China trade war. Therefore, we are confident that the performance of the Division will remain stable in the second half of the financial year.

The management of the Division is also planning to enhance its embroidery and quilting capacity in line with its sales forecast.

Processed Cloth and Made-ups	Half Year Ended 31 December		Increase / (Decrease)	
	2018	2017	Value	% age
Sale – (meters '000')	13,248	12,837	411	3.20
Rate / meter	370.44	321.69	48.75	15.15
Sale – (Rs. '000')	4,907,645	4,129,512	778,133	18.84

Garments

The Garments Division has invested a reasonable amount of resources and efforts to enhance the production productivity considering the shift in dynamics due to change in fashion trends and customers' demand of social and environmental issues beyond traditional CSR. Great focus has also been put on research and development to offer novelty in product and process. Another area where, we are paying great attention this year, is implementation of refined / best practices and alignment of the Division with global sustainability initiatives to enhance human development and environment protection index. Marketing and sales strategies are also very important areas where enhanced efforts are being put in place and also the foundations being laid to increase international presence which is eventually increasing our exports volume and profits in a sustainable way. Taking all these initiatives into account we are confident that the Division would surely achieve tremendous growth in coming years.

Garments	Half Year Ended 31 December		Increase / (Decrease)	
	2018	2017	Value	% age
Sale – (garments '000')	2,475	3,039	(564)	(18.56)
Rate / garment	857.87	787.10	70.77	8.99
Sale – (Rs. '000')	2,123,240	2,392,002	(268,762)	(11.24)

Power

The plan for the acquisition of 3 MW Wartsila Solar Power Plant at Power Division located at Sahianwala, Faisalabad is underway in accordance with the Company's CSR Policy to diversify power generation facilities by investing in environmentally friendly technologies.

The letter of credit for import of 3.2 MW steam turbine has been opened during the month of November 2018. The turbine is expected to be delivered during the second quarter of financial year 2019-20. Meanwhile, civil work is underway so that turbine might be commissioned during December 2019. The turbine will utilize high pressure / temperature steam generated from 9 MW Combined Heat and Power Plant to generate electricity before the transmission of this steam at required low pressure / temperature to production halls of Dyeing and Home Textile Divisions. Thus, installation of this turbine will enable the Company to utilize extra pressure / heat which presently goes into waste.

Subsidiary Companies and Consolidated Financial Statements

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

Acknowledgement

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

For and on behalf of the Board of Directors

Mian Umer Mansha
Chief Executive Officer

Maqsood Ahmed
Director

Lahore
26 February 2019

Independent Auditor's Review Report

To the members of Nishat Mills Limited

Report on review of Unconsolidated Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of NISHAT MILLS LIMITED as at 31 December 2018 and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim statement of cash flows, and notes to the unconsolidated condensed interim financial statements for the half year then ended (here-in-after referred to as the "unconsolidated condensed interim financial statements"). Management is responsible for the preparation and presentation of these unconsolidated condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these unconsolidated condensed interim financial statements based on our review. The figures of the unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement of comprehensive income for the quarters ended 31 December 2018 and 31 December 2017 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 2018.

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 statements 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 statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is Mubashar Mehmood.

RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore
26 February 2019

Unconsolidated Condensed Interim

Financial Statements of Nishat Mills Limited

For the half year ended 31 December 2018

Unconsolidated Condensed Interim Statement of Financial Position

As at 31 December 2018

	Note	Un-audited 31 December 2018	Audited 30 June 2018
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
1,100,000,000 (30 June 2018: 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 2018: 351,599,848) ordinary shares of Rupees 10 each		3,515,999	3,515,999
Reserves		66,625,170	72,197,146
Total equity		70,141,169	75,713,145
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing - secured	4	5,539,332	5,190,839
Deferred income tax liability		219,122	571,833
		5,758,454	5,762,672
CURRENT LIABILITIES			
Trade and other payables		8,052,218	6,416,602
Accrued mark-up		207,715	109,378
Short term borrowings		25,722,126	12,507,590
Current portion of non-current liabilities		1,893,640	2,144,900
Unclaimed dividend		101,182	81,746
		35,976,881	21,260,216
TOTAL LIABILITIES		41,735,335	27,022,888
CONTINGENCIES AND COMMITMENTS	5		
TOTAL EQUITY AND LIABILITIES		111,876,504	102,736,033

The annexed notes form an integral part of these unconsolidated condensed interim financial statements.

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CHIEF EXECUTIVE OFFICER

	Note	Un-audited 31 December 2018	Audited 30 June 2018
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	28,826,026	28,180,049
Investment properties		462,414	464,896
Long term investments		40,165,913	44,757,279
Long term loans		214,424	221,481
Long term deposits		86,732	69,643
		69,755,509	73,693,348
CURRENT ASSETS			
Stores, spare parts and loose tools		2,434,513	1,714,031
Stock in trade		21,673,785	12,243,652
Trade debts		3,918,959	4,029,789
Loans and advances		10,008,312	4,848,088
Short term deposits and prepayments		94,951	90,616
Other receivables		3,721,037	3,420,370
Accrued interest		45,843	9,792
Short term investments		-	2,581,520
Cash and bank balances		223,595	104,827
		42,120,995	29,042,685
TOTAL ASSETS		111,876,504	102,736,033

DIRECTOR

CHIEF FINANCIAL OFFICER

Unconsolidated Condensed Interim Statement of Profit or Loss

For the half year ended 31 December 2018 (Un-audited)

	Note	Half year ended 31 December 2018	Half year ended 31 December 2017	Quarter ended 31 December 2018	Quarter ended 31 December 2017
		(Rupees in thousand)			
REVENUE		30,714,488	25,520,079	16,036,107	13,241,666
COST OF SALES	7	(26,953,169)	(22,943,348)	(14,145,083)	(11,947,656)
GROSS PROFIT		3,761,319	2,576,731	1,891,024	1,294,010
DISTRIBUTION COST		(1,368,198)	(1,163,973)	(740,606)	(576,152)
ADMINISTRATIVE EXPENSES		(555,062)	(530,211)	(286,992)	(266,142)
OTHER EXPENSES		(180,071)	(135,642)	(123,179)	(102,098)
		(2,103,331)	(1,829,826)	(1,150,777)	(944,392)
		1,657,988	746,905	740,247	349,618
OTHER INCOME		2,638,545	2,744,785	2,127,276	2,077,216
PROFIT FROM OPERATIONS		4,296,533	3,491,690	2,867,523	2,426,834
FINANCE COST		(656,968)	(450,526)	(444,549)	(234,668)
PROFIT BEFORE TAXATION		3,639,565	3,041,164	2,422,974	2,192,166
TAXATION		(476,000)	(373,000)	(323,000)	(231,000)
PROFIT AFTER TAXATION		3,163,565	2,668,164	2,099,974	1,961,166
EARNINGS PER SHARE- BASIC AND DILUTED (RUPEES)	8	9.00	7.59	5.97	5.58

The annexed notes form an integral part of these unconsolidated condensed interim financial statements.

CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF FINANCIAL OFFICER

Unconsolidated Condensed Interim Statement of Comprehensive Income

For the half year ended 31 December 2018 (Un-audited)

	Half year ended		Quarter ended	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	(Rupees in thousand)			
PROFIT AFTER TAXATION	3,163,565	2,668,164	2,099,974	1,961,166
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit or loss:				
Deficit arising on remeasurement of investments at fair value through other comprehensive income	(7,352,886)	-	(5,005,739)	-
Deferred income tax relating to this item	352,711	-	352,711	`-
	(7,000,175)	-	(4,653,028)	-
Items that may be reclassified subsequently to profit or loss:				
Deficit arising on remeasurement of available for sale investments to fair value	-	(10,839,154)	-	(2,077,122)
Deferred income tax relating to this item	-	76,115	-	76,115
	-	(10,763,039)	-	(2,001,007)
Other comprehensive loss for the period - net of tax	(7,000,175)	(10,763,039)	(4,653,028)	(2,001,007)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(3,836,610)	(8,094,875)	(2,553,054)	(39,841)

The annexed notes form an integral part of these unconsolidated condensed interim financial statements.

CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF FINANCIAL OFFICER

Unconsolidated Condensed Interim Statement of Changes in Equity

For the half year ended 31 December 2018 (Un-audited)

(Rupees in thousand)

	Note	Share capital	Reserves: Capital reserves: Premium on issue of right shares	Reserves: Capital reserves: Fair value reserve AFS investments	Reserves: Capital reserves: Fair value reserve FVTOCI investments	Reserves: Capital reserves: Sub total	Reserves: Revenue reserves: General reserve	Reserves: Revenue reserves: Unappropriated profit	Reserves: Revenue reserves: Sub total	Reserves: Total	Total equity
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 period		-	-	-	-	-	-	2,668,164	2,668,164	2,668,164	2,668,164
Other comprehensive loss for the period		-	-	(10,763,039)	-	(10,763,039)	-	-	-	(10,763,039)	(10,763,039)
Total comprehensive (loss) / Income for the period		-	-	(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
Profit for the period		-	-	-	-	-	-	1,428,963	1,428,963	1,428,963	1,428,963
Other comprehensive loss for the period		-	-	(4,625,740)	-	(4,625,740)	-	-	-	(4,625,740)	(4,625,740)
Total comprehensive (loss) / Income for the period		-	-	(4,625,740)	-	(4,625,740)	-	1,428,963	1,428,963	(3,196,777)	(3,196,777)
Balance as at 30 June 2018 - Audited		3,515,999	5,499,530	24,242,741	-	29,742,271	38,352,028	4,102,847	42,454,875	72,197,146	75,713,145
Adjustment on adoption of IFRS 9	3.2.1	-	-	(24,242,741)	24,242,741	-	-	-	-	-	-
Adjustment on adoption of IFRS 15	3.2.2	-	-	-	-	-	-	(65,267)	(65,267)	(65,267)	(65,267)
Adjusted total equity as at 01 July 2018		3,515,999	5,499,530	-	24,242,741	29,742,271	38,352,028	4,037,580	42,389,608	72,131,879	75,647,878
Transaction with owners - Final dividend for the year ended 30 June 2018 @ Rupees 4.75 per share		-	-	-	-	-	-	(1,670,099)	(1,670,099)	(1,670,099)	(1,670,099)
Transferred to general reserve		-	-	-	-	-	2,427,000	(2,427,000)	-	-	-
Profit for the period		-	-	-	-	-	-	3,163,565	3,163,565	3,163,565	3,163,565
Other comprehensive loss for the period		-	-	-	(7,000,175)	(7,000,175)	-	-	-	(7,000,175)	(7,000,175)
Total comprehensive (loss) / Income for the period		-	-	-	(7,000,175)	(7,000,175)	-	3,163,565	3,163,565	(3,836,610)	(3,836,610)
Balance as at 31 December 2018 - Un-audited		3,515,999	5,499,530	-	17,242,566	22,742,096	40,779,028	3,104,046	43,883,074	66,625,170	70,141,169

The annexed notes form an integral part of these unconsolidated condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

Unconsolidated Condensed Interim Statement of Cash Flows

For the half year ended 31 December 2018 (Un-audited)

	Note	31 December 2018	31 December 2017
		Half year ended	
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	9	(5,219,478)	2,006,630
Finance cost paid		(558,631)	(421,908)
Income tax paid		(182,302)	(275,155)
Net exchange difference on forward exchange contracts received / (paid)		5,147	(9,244)
Net decrease / (increase) in long term loans to employees		10,408	(47,625)
Net (increase) / decrease in long term deposits		(17,089)	52,015
Net cash (used in) / generated from operating activities		(5,961,945)	1,304,713
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(1,980,754)	(1,607,525)
Proceeds from sale of property, plant and equipment		64,347	33,987
Investments made		(180,000)	(274,742)
Loans and advances to subsidiary companies		(18,743,796)	(17,008,360)
Repayment of loans from subsidiary companies		13,440,641	15,517,773
Interest received		102,329	70,090
Dividends received		1,716,840	2,447,949
Net cash used in investing activities		(5,580,393)	(820,828)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		1,184,753	1,376,614
Repayment of long term financing		(1,087,520)	(1,017,791)
Short term borrowings - net		13,214,536	924,063
Dividend paid		(1,650,663)	(1,744,417)
Net cash from / (used in) financing activities		11,661,106	(461,531)
Net increase in cash and cash equivalents		118,768	22,354
Cash and cash equivalents at the beginning of the period		104,827	43,945
Cash and cash equivalents at the end of the period		223,595	66,299

The annexed notes form an integral part of these unconsolidated condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

Selected Notes to the Unconsolidated Condensed Interim Financial Statements
For the half year ended 31 December 2018 (Un-audited)

1 THE COMPANY AND ITS OPERATIONS

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

2 BASIS OF PREPARATION

2.1 These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These unconsolidated condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June 2018. These unconsolidated condensed interim financial statements are un-audited, however, have been subjected to limited scope review by the auditors and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2017 and Section 237 of the Companies Act, 2017.

3 ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of these unconsolidated condensed interim financial statements 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 2018 except for the changes in accounting policies as stated in note 3.2 to these unconsolidated condensed interim financial statements.

3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these unconsolidated condensed interim financial statements 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 these unconsolidated condensed interim financial statements, 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 2018.

3.2 CHANGES IN ACCOUNTING POLICIES DUE TO APPLICABILITY OF CERTAIN INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The following changes in accounting policies have taken place effective from 01 July 2018:

3.2.1 IFRS 9 "Financial Instruments"

The Company has adopted IFRS 9 "Financial Instruments" from 01 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the Company makes an irrevocable election on initial recognition to present gains and losses on equity instruments in other comprehensive income. Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the Company's own credit risk to be presented in other comprehensive income (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the Company. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

The Company has adopted IFRS 9 without restating the prior year results.

Key changes in accounting policies resulting from application of IFRS 9

i) Classification and measurement of financial instruments

IFRS 9 largely retains the existing requirements in IAS 39 "Financial Instruments: Recognition and Measurement" for the classification and measurement of financial liabilities. However, it replaces the previous IAS 39 categories for financial assets i.e. loans and receivables, fair value through profit or loss (FVTPL), available for sale and held to maturity with the categories such as amortised cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVTOCI).

Investments and other financial assets

a) Classification

From 01 July 2018, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

- those to be measured at amortised cost

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

b) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortised cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through other comprehensive income (FVTOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/ (other expenses) and impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other income / (other expenses) in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

Fair value through other comprehensive income (FVTOCI)

Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Fair value through profit or loss

Changes in the fair value of equity investments at fair value through profit or loss are recognised in other income/ (other expenses) in the statement of profit or loss as applicable.

Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

ii) Impairment

From 01 July 2018, the Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade debts and other receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

iii) Hedge accounting

IFRS 9 requires that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

There is no impact of the said change on these unconsolidated condensed interim financial statements as there is no hedge activity carried on by the Company during the period ended 31 December 2018.

iv) Impacts of adoption of IFRS 9 on these unconsolidated condensed interim financial statements as on 01 July 2018

On 01 July 2018, the Company's management has assessed which business models apply to the financial assets held by the Company at the date of initial application of IFRS 9 (01 July 2018) and has classified its financial instruments into appropriate IFRS 9 categories. The main effects resulting from this reclassification are as follows:

Financial assets (01 July 2018)

	Available for sale (AFS)	Other financial assets (held at amortised cost)	FVTOCI	Total financial assets
	(Rupees in thousand)			
Opening balance (before reclassification)	43,306,796	-	-	43,306,796
Adjustment on adoption of IFRS 9 reclassification of equity investments from available for sale to FVTOCI	(43,306,796)	-	43,306,796	-
Opening balance (after reclassification)	-	-	43,306,796	43,306,796

The impact of these changes on the Company's reserves and equity is as follows:

Reserves and equity (01 July 2018)

	Effect on fair value reserve of AFS investments	Effect on fair value reserve of FVTOCI investments	Effect on total equity
	(Rupees in thousand)		
Opening balance (before reclassification)	24,242,741	-	24,242,741
Adjustment on adoption of IFRS 9 reclassification of fair value reserve of AFS investments to fair value reserve of FVTOCI investments	(24,242,741)	24,242,741	-
Opening balance (after reclassification)	-	24,242,741	24,242,741

Equity investments previously classified as available-for-sale

The Company elected to present in other comprehensive income changes in the fair value of all its equity investments previously classified as available-for-sale, as these investments are not held for trading. As a result, assets with a fair value of Rupees 43,306.796 million were reclassified from available-for-sale financial assets to financial assets at fair value through other comprehensive income (FVTOCI) and fair value gains of Rupees 24,242.741 million were reclassified from the available-for-sale financial assets reserve to the financial assets at fair value through other comprehensive income reserve on 01 July 2018.

Reclassifications of financial instruments on adoption of IFRS 9

As on 01 July 2018, the classification and measurement of financial instruments of the Company were as follows:

	Measurement category		Carrying amounts		
	Original	New	Original	New	Difference
	(IAS 39)	(IFRS 9)	(Rupees in thousand)		
Non-current financial assets					
Long term investments	Available for sale	FVTOCI	40,725,276	43,306,796	2,581,520
Long term loans	Loans and receivables	Amortised cost	221,481	221,481	-
Long term deposits	Loans and receivables	Amortised cost	69,643	69,643	-
Current financial assets					
Trade debts	Loans and receivables	Amortised cost	4,029,789	4,029,789	-
Loans and advances	Loans and receivables	Amortised cost	3,992,087	3,992,087	-
Short term deposits	Loans and receivables	Amortised cost	26,751	26,751	-
Other receivables	Loans and receivables	Amortised cost	46,960	46,960	-
Accrued interest	Loans and receivables	Amortised cost	9,792	9,792	-
Short term investments	Available for sale	FVTOCI	2,581,520	-	(2,581,520)
Cash and bank balances	Loans and receivables	Amortised cost	104,827	104,827	-
Non-current financial liabilities					
Long term financing	Amortised cost	Amortised cost	5,190,839	5,190,839	-
Current financial liabilities					
Trade and other payable	Amortised cost	Amortised cost	5,700,293	5,700,293	-
Accrued mark-up	Amortised cost	Amortised cost	109,378	109,378	-
Short term borrowings	Amortised cost	Amortised cost	12,507,590	12,507,590	-
Current portion of long term financing	Amortised cost	Amortised cost	2,144,900	2,144,900	-
Unclaimed dividend	Amortised cost	Amortised cost	81,746	81,746	-

3.2.2 IFRS 15 'Revenue from Contracts with Customers'

The Company has adopted IFRS 15 from 01 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an Company's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the Company's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

The Company has adopted IFRS 15 by applying the modified retrospective approach according to which the Company is not required to restate the prior year results.

i) Key changes in accounting policies resulting from application of IFRS 15

The Company recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

a) Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery. Otherwise, control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Compnay's performance as the Company performs;

- the Company's performance creates and enhances an asset that the customer controls as the Company performs; or

- the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

b) Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered.

c) **Interest**

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

d) **Other revenue**

Other revenue is recognised when it is received or when the right to receive payment is established.

ii) **Impacts of adoption of IFRS 15 on these unconsolidated condensed interim financial statements as on 01 July 2018**

The following adjustments were made to the amounts recognized in the unconsolidated condensed interim financial statements at 01 July 2018.

Statement of financial position

	30 June 2018 Reported	Adjustment	30 June 2018 Restated
		(Rupees in thousand)	
Current assets			
Stock in trade	12,243,652	311,881	12,555,533
Trade debts	4,029,789	(380,583)	3,649,206
Current liabilities			
Trade and other payables	6,416,602	(3,435)	6,413,167
Equity			
Reserves	72,197,146	(65,267)	72,131,879

3.2.3 Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables generally do not include amounts over due by 365 days.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

	Un-audited 31 December 2018	Audited 30 June 2018
	(Rupees in thousand)	
4 LONG TERM FINANCING - SECURED		
Opening balance	7,335,739	7,338,653
Add: Obtained during the period / year	1,184,753	2,090,111
Less: Repaid during the period / year	1,087,520	2,093,025
	7,432,972	7,335,739
Less: Current portion shown under current liabilities	1,893,640	2,144,900
	5,539,332	5,190,839

5 CONTINGENCIES AND COMMITMENTS

a) Contingencies

i) The Company is contingently liable for Rupees 0.631 million (30 June 2018: Rupees 0.631 million) on account of central excise duty not acknowledged as debt as the case is pending before Court since year 1993.

ii) Guarantees of Rupees 1,531.013 million (30 June 2018: Rupees 1,531.364 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connections, Shell Pakistan Limited and Pakistan State Oil Limited against purchase of furnace oil, Director Excise and Taxation, Karachi against infrastructure cess and Chairman Punjab Revenue Authority, Lahore against infrastructure cess.

iii) Post dated cheques of Rupees 5,943.051 million (30 June 2018: Rupees 4,716.276 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) On 24 July 2015, 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 100.274 million (30 June 2018: Rupees 92.624 million) paid on such goods in its respective monthly sales tax returns. The management, based on advice of the legal counsel, is confident of favorable outcome of its appeal.

v) On 19 January 2017, 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 adjustment of input sales tax on packing material of all sorts was 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 157.982 million (30 June 2018: Rupees 157.982 million) paid on packing material in its respective monthly sales tax returns. The management, based on advice of the legal counsel, is confident of favorable outcome of its appeal.

b) Commitments

i) Contracts for capital expenditure are approximately of Rupees 1,399.072 million (30 June 2018: Rupees 1,609.582 million).

ii) Letters of credit other than for capital expenditure are of Rupees 1,503.541 million (30 June 2018: Rupees 1,194.707 million).

iii) Outstanding foreign currency forward contracts of Rupees 447.182 million (30 June 2018: Rupees 358.060 million).

6 PROPERTY, PLANT AND EQUIPMENT

	Note	Un-audited 31 December 2018	Audited 30 June 2018
		(Rupees in thousand)	
Operating fixed assets - owned	6.1	26,260,538	26,026,033
Capital work-in-progress	6.2	2,565,488	2,154,016
		28,826,026	28,180,049

6.1 Operating fixed assets - Owned

	Note	Un-audited 31 December 2018	Audited 30 June 2018
Opening book value		26,026,033	23,481,153
Add: Cost of additions during the period / year	6.1.1	1,569,282	5,097,065
		27,595,315	28,578,218
Less: Book value of deletions during the period / year	6.1.2	60,735	87,643
Less: Book value of assets transferred to investment properties during the year		-	3,272
		27,534,580	28,487,303
Less: Depreciation charged during the period / year		1,274,042	2,461,270
		26,260,538	26,026,033

	Un-audited 31 December 2018	Audited 30 June 2018
	(Rupees in thousand)	

6.1.1 Cost of additions

Buildings on freehold land	71,138	1,950,434
Plant and machinery	1,426,185	2,802,516
Electric installations	332	175,282
Factory equipment	14,321	16,782
Furniture, fixtures and office equipment	14,872	20,661
Computer equipment	7,251	14,838
Vehicles	35,183	116,552
	1,569,282	5,097,065

6.1.2 Book value of deletions

Buildings on freehold land	314	1,813
Plant and machinery	51,482	54,441
Electric installations	214	108
Factory equipment	141	-
Furniture, fixtures and office equipment	55	77
Computer equipment	85	220
Vehicles	8,444	30,984
	60,735	87,643

6.2 Capital work-in-progress

Buildings on freehold land	927,851	606,719
Plant and machinery	1,196,122	1,173,073
Electric installations	528	-
Unallocated expenses	42,800	21,015
Letters of credit against machinery	1,218	1,824
Advances against purchase of land	391,928	337,555
Advances against furniture, fixtures and office equipment	1,042	1,171
Advances against purchase of vehicles	3,999	12,659
	2,565,488	2,154,016

Selected Notes to the Unconsolidated Condensed Interim Financial Statements
For the half year ended 31 December 2018 (Un-audited)

	Half year ended		Quarter ended	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	(Rupees in thousand)			
7 COST OF SALES				
Raw materials consumed	16,817,266	13,602,769	9,119,197	7,301,879
Processing charges	102,426	98,771	51,441	45,736
Salaries, wages and other benefits	2,829,915	2,714,931	1,423,635	1,394,439
Stores, spare parts and loose tools consumed	2,918,505	2,280,081	1,601,569	1,204,193
Packing materials consumed	608,393	510,014	330,959	260,303
Repair and maintenance	142,296	172,766	72,097	96,860
Fuel and power	3,355,212	2,553,108	1,628,898	1,284,803
Insurance	23,409	22,031	11,704	11,016
Other factory overheads	271,211	238,864	135,514	118,649
Depreciation	1,229,633	1,092,507	624,737	549,906
	28,298,266	23,285,842	14,999,751	12,267,784
Work-in-process				
Opening stock	2,022,712	1,992,931	2,056,449	1,923,042
Closing stock	(2,264,837)	(2,140,344)	(2,264,837)	(2,140,344)
	(242,125)	(147,413)	(208,388)	(217,302)
Cost of goods manufactured	28,056,141	23,138,429	14,791,363	12,050,482
Finished goods				
Opening stock	3,541,232	3,295,907	3,997,924	3,388,162
Closing stock	(4,644,204)	(3,490,988)	(4,644,204)	(3,490,988)
	(1,102,972)	(195,081)	(646,280)	(102,826)
	26,953,169	22,943,348	14,145,083	11,947,656

		Half year ended	
		31 December 2018	31 December 2017
8 EARNINGS PER SHARE - BASIC AND DILUTED			
There is no dilutive effect on the basic earnings per share which is based on:			
Profit attributable to ordinary shareholders	(Rupees in thousand)	3,163,565	2,668,164
Weighted average number of ordinary shares	(Numbers)	351,599,848	351,599,848
Earnings per share	(Rupees)	9.00	7.59

	Note	Half year ended 31 December 2018	31 December 2017
		(Rupees in thousand)	
9 CASH GENERATED FROM OPERATIONS			
Profit before taxation		3,639,565	3,041,164
Adjustments for non-cash charges and other items:			
Depreciation		1,276,524	1,137,300
Gain on sale of property, plant and equipment		(3,612)	(12,048)
Dividend income		(1,716,840)	(2,447,949)
Net exchange gain		(628,286)	(83,106)
Interest income on loans and advances to subsidiary companies		(138,380)	(73,864)
Finance cost		656,968	450,526
Working capital changes	9.1	(8,305,417)	(5,393)
		(5,219,478)	2,006,630
9.1 Working capital changes			
(Increase) / decrease in current assets:			
- Stores, spare parts and loose tools		(720,482)	149,281
- Stock in trade		(9,118,252)	(549,474)
- Trade debts		358,245	(177,963)
- Loans and advances		(154,118)	(97,184)
- Short term deposits and prepayments		(4,335)	(6,923)
- Other receivables		(303,059)	(58,329)
		(9,942,001)	(740,592)
Increase in trade and other payables		1,636,584	735,199
		(8,305,417)	(5,393)

10 SEGMENT INFORMATION

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

Spinning Faisalabad (I, II and yarn dyeing) and Feroze Wattwan (I and II):	Producing different qualities of yarn including dyed yarn and sewing thread 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. Inter segment sales and purchases have been eliminated from the total.

(Un-audited)

10.2

	Spinning										Weaving			
	Faisalabad I		Faisalabad II		Faisalabad Yarn Dyeing		Feroze Wattwan I		Feroze Wattwan II		Bhikki		Lahore *	
	Half year ended		Half year ended		Half year ended		Half year ended		Half year ended		Half year ended		Half year ended	
	Dec 2018	Dec 2017	Dec 2018	Dec 2017	Dec 2018	Dec 2017	Dec 2018	Dec 2017	Dec 2018	Dec 2017	Dec 2018	Dec 2017	Dec 2018	Dec 2017
	(Rupees in thousand)													
Revenue														
External	3,402,989	3,136,092	950,782	1,301	191,849	194,448	2,492,861	1,665,251	-	-	5,229,223	4,984,509	2,016,827	1,620,157
Intersegment	932,982	936,986	310,696	3,227	149,373	65,225	755,212	330,405	-	-	3,887,751	2,424,898	1,702,900	1,239,621
	4,335,971	4,073,078	1,261,478	4,528	341,222	259,673	3,248,073	1,995,656	-	-	9,116,974	7,409,407	3,719,727	2,859,778
Cost of sales	(4,086,365)	(3,947,228)	(1,346,744)	(6,743)	(296,444)	(238,530)	(2,994,416)	(1,848,114)	-	-	(8,213,402)	(6,758,324)	(3,423,122)	(2,685,552)
Gross profit / (loss)	249,606	125,850	(85,266)	(2,215)	44,778	21,143	253,657	147,542	-	-	903,572	651,083	296,605	174,226
Distribution cost	(113,004)	(98,563)	(6,628)	(12)	(10,406)	(7,169)	(56,980)	(33,971)	-	-	(239,871)	(211,677)	(73,781)	(64,694)
Administrative expenses	(87,528)	(97,431)	(22,712)	(532)	(3,885)	(3,300)	(36,896)	(33,686)	-	-	(82,366)	(86,105)	(41,144)	(41,416)
	(200,532)	(195,994)	(29,340)	(544)	(14,291)	(10,469)	(93,876)	(67,657)	-	-	(322,237)	(297,782)	(114,925)	(106,110)
Profit / (loss) before taxation and unallocated income and expenses	49,074	(70,144)	(114,606)	(2,759)	30,487	10,674	159,781	79,885	-	-	581,335	353,301	181,680	68,116

	Dyeing *		Home Textile *		Garments				Power Generation		Elimination of inter-segment transactions		Total - Company	
					I		II							
	Half year ended		Half year ended		Half year ended		Half year ended		Half year ended		Half year ended		Half year ended	
	Dec 2018	Dec 2017	Dec 2018	Dec 2017	Dec 2018	Dec 2017	Dec 2018	Dec 2017	Dec 2018	Dec 2017	Dec 2018	Dec 2017	Dec 2018	Dec 2017
	(Rupees in thousand)													
Revenue														
External	7,961,333	6,070,722	6,176,903	5,339,713	1,288,399	1,463,446	978,716	1,034,965	24,606	9,475	-	-	30,714,488	25,520,079
Intersegment	245,574	344,076	200,118	267,278	27,647	65,226	112,418	15,549	3,571,050	2,692,047	(11,895,721)	(8,384,538)	-	-
	8,206,907	6,414,798	6,377,021	5,606,991	1,316,046	1,528,672	1,091,134	1,050,514	3,595,656	2,701,522	(11,895,721)	(8,384,538)	30,714,488	25,520,079
Cost of sales	(7,067,990)	(5,625,481)	(5,447,045)	(4,956,364)	(1,290,747)	(1,444,045)	(1,095,614)	(1,116,167)	(3,587,001)	(2,701,338)	11,895,721	8,384,538	(26,953,169)	(22,943,348)
Gross profit / (loss)	1,138,917	789,317	929,976	650,627	25,299	84,627	(4,480)	(65,653)	8,655	184	-	-	3,761,319	2,576,731
Distribution cost	(357,620)	(314,508)	(293,111)	(247,805)	(117,428)	(132,244)	(99,350)	(53,318)	(19)	(12)	-	-	(1,368,198)	(1,163,973)
Administrative expenses	(92,434)	(92,441)	(104,821)	(97,860)	(33,392)	(39,214)	(27,705)	(16,784)	(22,179)	(21,442)	-	-	(555,062)	(530,211)
	(450,054)	(406,949)	(397,932)	(345,665)	(150,820)	(171,458)	(127,055)	(70,102)	(22,198)	(21,454)	-	-	(1,923,260)	(1,694,184)
Profit / (loss) before taxation and unallocated income and expenses	688,863	382,368	532,044	304,962	(125,521)	(86,831)	(131,535)	(135,755)	(13,543)	(21,270)	-	-	1,838,059	882,547
Unallocated income and expenses:														
Other expenses													(180,071)	(135,642)
Other income													2,638,545	2,744,785
Finance cost													(656,968)	(450,526)
Taxation													(476,000)	(373,000)
Profit after taxation													3,163,565	2,668,164

10.3 Reconciliation of reportable segment assets and liabilities

	Spinning										Weaving			
	Faisalabad I		Faisalabad II		Faisalabad Yarn Dyeing		Feroze Wattwan I		Feroze Wattwan II		Bhikki		Lahore *	
	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited
	Dec 2018	June 2018	Dec 2018	June 2018	Dec 2018	June 2018	Dec 2018	June 2018	Dec 2018	June 2018	Dec 2018	June 2018	Dec 2018	June 2018
	(Rupees in thousand)													
Total assets for reportable segments	7,880,280	5,105,867	5,924,885	3,964,945	517,756	402,637	8,534,980	5,180,403	691,381	21,236	5,949,128	5,604,815	1,428,302	1,148,629
Total liabilities for reportable segments	780,971	576,063	294,908	184,394	10,374	10,018	345,912	101,800	7,817	3,292	525,895	421,130	180,105	138,557

	Dyeing *		Home Textile *		Garments				Power Generation		Total - Company	
					I		II					
	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited
	Dec 2018	June 2018	Dec 2018	June 2018	Dec 2018	June 2018	Dec 2018	June 2018	Dec 2018	June 2018	Dec 2018	June 2018
	(Rupees in thousand)											
Total assets for reportable segments	8,446,632	6,275,402	6,752,611	8,382,819	1,649,417	1,940,532	3,025,276	2,807,732	7,068,995	6,830,589	57,869,643	47,665,606
Unallocated assets:												
Long term investments											40,165,913	44,757,279
Short term investments											-	2,581,520
Other receivables											3,721,037	3,420,370
Cash and bank balances											223,595	104,827
Other corporate assets											9,896,316	4,206,431
Total assets as per unconsolidated condensed interim statement of financial position											111,876,504	102,736,033
Total liabilities for reportable segments	812,012	551,300	668,208	771,234	213,743	291,951	439,535	327,496	3,170,987	2,459,476	7,450,467	5,836,711
Unallocated liabilities:												
Deferred income tax liability											219,122	571,833
Other corporate liabilities											34,065,746	20,614,344
Total liabilities as per unconsolidated condensed interim statement of financial position											41,735,335	27,022,888

* Figures of these segments include extension / BMR.

11 RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

i) Fair value hierarchy

Judgments and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in these unconsolidated condensed interim financial statements. 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 2018	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Financial assets				
Investments at fair value through other comprehensive income	33,294,609	-	2,839,301	36,133,910
Derivative financial assets	-	7,086	-	7,086
Total financial assets	33,294,609	7,086	2,839,301	36,140,996
Financial liabilities				
Derivative financial liabilities	-	3,008	-	3,008
Total financial liabilities	-	3,008	-	3,008

Recurring fair value measurements At 30 June 2018 - Audited	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Financial assets				
Available for sale financial assets	38,898,268	-	4,408,528	43,306,796
Derivative financial assets	-	9,478	-	9,478
Total financial assets	38,898,268	9,478	4,408,528	43,316,274
Financial liabilities				
Derivative financial liabilities	-	541	-	541
Total financial liabilities	-	541	-	541

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

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

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

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

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

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

ii) Valuation techniques used to determine fair values

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

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

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

	Unlisted equity securities (Rupees in thousand)
Balance as on 30 June 2017 - Audited	4,806,106
Add: Transfer on loss of control over subsidiary company	180,000
Less: Deficit recognized in other comprehensive income	(757,578)
Balance as on 30 June 2018 - Audited	4,228,528
Less: Deficit recognized in other comprehensive income	(1,749,227)
Balance as on 31 December 2018 - Un-audited	2,479,301

iv) Valuation inputs and relationships to fair value

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

Description	Fair value at 31 December 2018	Fair value at 30 June 2018	Unobservable inputs	Range of inputs (probability-weighted average) 31 December 2018	Relationship of unobservable inputs to fair value
	(Rupees in thousand)				
FVTOCI financial assets:					
Nishat Paper Products Company Limited	234,545	466,415	Revenue growth factor	13.02%	Increase / decrease in revenue growth factor by 0.05% and decrease / increase in discount rate by 1% would increase / decrease fair value by Rupees +61.778 million / - 54.332 million.
			Risk adjusted discount rate	16.23%	
Nishat Dairy (Private) Limited	482,040	534,240	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 +58.500 million / - 45.420 million.
			Risk adjusted discount rate	19.05%	
Security General Insurance Company Limited	734,449	924,043	Net premium revenue growth factor	5.27%	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 +41.007 million / - 37.326 million.
			Risk adjusted discount rate	21.45%	
Nishat Hotels and Properties Limited	1,028,267	2,303,830	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 +575.60 million / - 360.99 million.
			Risk adjusted discount rate	12.37%	

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 month, in line with the Company's half yearly reporting periods.

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

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

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

Changes in level 2 and 3 fair values are analysed at the end of each half yearly reporting period during the 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 2018	31 December 2017	31 December 2018	31 December 2017
	(Rupees in thousand)			
i) Transactions				
Subsidiary companies				
Short term loans made	18,743,796	17,008,360	9,319,802	9,701,596
Repayment of short term loans made	13,440,641	15,517,773	7,028,364	7,246,176
Interest income	138,380	73,864	105,077	41,214
Rental income	27,255	24,933	13,756	12,583
Dividend income	270,949	361,266	270,949	361,266
Purchase of goods and services	234,230	127,710	164,140	81,174
Sale of goods and services	3,347,313	2,983,867	1,692,321	1,255,172
Associated companies				
Investment made	180,000	274,742	120,000	94,457
Purchase of goods and services	34,834	69,874	23,109	29,341
Purchase of operating fixed assets	-	9,000	-	9,000
Sale of operating fixed assets	1,453	2,000	1,453	2,000
Sale of goods and services	10,422	18,790	10,330	17,543
Rental income	628	853	314	327
Dividend income	1,314,481	1,994,179	962,420	1,432,857
Dividend paid	143,886	151,459	143,886	151,459
Insurance premium paid	69,681	56,822	29,910	25,015
Insurance claims received	16,024	12,301	10,692	6,948
Finance cost	4,853	3,902	2,473	1,823
Other related parties				
Dividend income	130,757	89,896	130,757	89,896
Purchase of goods and services	1,264,853	777,106	783,113	388,978
Sale of goods and services	18,334	3,471	12,000	2,873
Company's contribution to provident fund trust	112,755	106,084	57,482	52,908
Remuneration paid to Chief Executive Officer, Director and Executives	408,917	381,536	231,469	203,499

ii) Period end balances

	As at 31 December 2018			
	Subsidiary companies	Associated companies	Other related parties	Total
	(Rupees in thousand)			
Trade and other payables	46,957	24,118	56,196	127,271
Accrued markup	-	2,477	-	2,477
Short term borrowings	-	150	-	150
Property, plant and equipment	-	3,999	-	3,999
Long term loans	-	-	110,339	110,339
Trade debts	342,490	51	-	342,541
Loans and advances	9,125,990	-	36,073	9,162,063
Accrued interest	45,843	-	-	45,843
Cash and bank balances	-	91,019	108	91,127

	As at 30 June 2018 (Audited)			
	Subsidiary companies	Associated companies	Other related parties	Total
	(Rupees in thousand)			
Trade and other payables	6,209	48,683	9,541	64,433
Accrued markup	-	1,678	-	1,678
Short term borrowings	-	145,342	-	145,342
Long term loans	-	-	109,686	109,686
Trade debts	1,389,274	-	-	1,389,274
Loans and advances	3,822,826	-	44,731	3,867,557
Accrued interest	9,792	-	-	9,792
Cash and bank balances	-	56,650	117	56,767

13 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2018.

14 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were approved by the Board of Directors and authorized for issue on 26 February 2019.

15 CORRESPONDING FIGURES

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

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

16 GENERAL

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

CHIEF EXECUTIVE OFFICER DIRECTOR CHIEF FINANCIAL OFFICER

Consolidated Condensed Interim

Financial Statements of Nishat Mills Limited and its Subsidiaries

For the half year ended 31 December 2018

Consolidated Condensed Interim Statement of Financial Position

As at 31 December 2018

	Note	Un-audited 31 December 2018	Audited 30 June 2018
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
1,100,000,000 (30 June 2018: 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 2018: 351,599,848) ordinary shares of Rupees 10 each		3,515,999	3,515,999
Reserves		88,943,050	88,084,666
Equity attributable to equity holders of the Holding Company		92,459,049	91,600,665
Non-controlling interest		8,704,620	8,034,658
Total equity		101,163,669	99,635,323
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing - secured	5	7,432,546	8,232,086
Long term security deposit		195,980	193,510
Retirement benefit obligation		13,458	12,244
Deferred liability - accumulating compensated absences		2,204	2,447
Deferred income tax liability		2,440,487	2,484,368
		10,084,675	10,924,655
CURRENT LIABILITIES			
Trade and other payables		9,518,016	7,798,486
Accrued mark-up		418,785	291,864
Short term borrowings		30,232,045	17,086,481
Current portion of non-current liabilities		4,106,776	4,197,526
Unclaimed dividend		119,001	96,747
		44,394,623	29,471,104
TOTAL LIABILITIES		54,479,298	40,395,759
CONTINGENCIES AND COMMITMENTS	6		
TOTAL EQUITY AND LIABILITIES		155,642,967	140,031,082

The annexed notes form an integral part of these consolidated condensed interim financial statements.

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CHIEF EXECUTIVE OFFICER

	Note	Un-audited 31 December 2018	Audited 30 June 2018
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	41,759,417	41,268,747
Intangible assets		6,953	10,477
Long term investments		53,428,331	51,825,352
Long term loans		252,740	248,711
Long term deposits		183,846	163,387
		95,631,287	93,516,674
CURRENT ASSETS			
Stores, spare parts and loose tools		3,271,163	2,678,108
Stock-in-trade		30,583,810	18,102,550
Trade debts		18,721,289	16,225,912
Loans and advances		1,563,590	1,171,546
Short term deposits and prepayments		433,404	284,609
Other receivables		4,623,848	4,637,441
Accrued interest		1,282	1,034
Short term investments		-	2,581,520
Cash and bank balances		813,294	831,688
		60,011,680	46,514,408
TOTAL ASSETS		155,642,967	140,031,082

DIRECTOR

CHIEF FINANCIAL OFFICER

Consolidated Condensed Interim Statement of Profit or Loss

For the half year ended 31 December 2018 (Un-audited)

	Note	Half year ended 31 December 2018	Half year ended 31 December 2017	Quarter ended 31 December 2018	Quarter ended 31 December 2017
		(Rupees in thousand)			
REVENUE		46,694,014	40,104,044	23,001,699	20,145,913
COST OF SALES	8	(38,799,428)	(33,358,409)	(18,914,728)	(16,710,883)
GROSS PROFIT		7,894,586	6,745,635	4,086,971	3,435,030
DISTRIBUTION COST		(2,740,904)	(2,413,184)	(1,508,450)	(1,224,543)
ADMINISTRATIVE EXPENSES		(892,815)	(878,164)	(459,286)	(460,124)
OTHER EXPENSES		(179,363)	(164,982)	(121,990)	(118,900)
		(3,813,082)	(3,456,330)	(2,089,726)	(1,803,567)
		4,081,504	3,289,305	1,997,245	1,631,463
OTHER INCOME		1,662,846	1,058,594	1,162,790	646,088
PROFIT FROM OPERATIONS		5,744,350	4,347,899	3,160,035	2,277,551
FINANCE COST		(1,127,110)	(828,720)	(684,317)	(420,748)
		4,617,240	3,519,179	2,475,718	1,856,803
SHARE OF PROFIT FROM ASSOCIATES		750,265	1,512,422	560,487	798,247
PROFIT BEFORE TAXATION		5,367,505	5,031,601	3,036,205	2,655,050
TAXATION		(624,685)	(363,468)	(381,828)	(62,125)
PROFIT AFTER TAXATION		4,742,820	4,668,133	2,654,377	2,592,925
SHARE OF PROFIT ATTRIBUTABLE TO:					
EQUITY HOLDERS OF HOLDING COMPANY		3,812,674	3,857,941	2,206,240	2,203,104
NON-CONTROLLING INTEREST		930,146	810,192	448,137	389,821
		4,742,820	4,668,133	2,654,377	2,592,925
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	9	10.84	10.97	6.27	6.27

The annexed notes form an integral part of these consolidated condensed interim financial statements.

CHIEF EXECUTIVE OFFICER	DIRECTOR	CHIEF FINANCIAL OFFICER

Consolidated Condensed Interim Statement of Comprehensive Income

For the half year ended 31 December 2018 (Un-audited)

	Half year ended		Quarter ended	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	(Rupees in thousand)			
PROFIT AFTER TAXATION	4,742,820	4,668,133	2,654,377	2,592,925
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit or loss:				
Deficit arising on remeasurement of investments at fair value through other comprehensive income	(543,937)	-	(965,734)	-
Share of other comprehensive income / (loss) of associates	(795,179)	-	(877,738)	-
Deferred income tax relating to deficit on investments at fair value through other comprehensive income	62,935	-	62,935	-
	(1,276,181)	-	(1,780,537)	-
Items that may be reclassified subsequently to profit or loss:				
Surplus arising on remeasurement of available for sale investments to fair value	-	77,056	-	84,061
Share of other comprehensive income / (loss) of associates	-	(168,087)	-	41,981
Exchange differences on translating foreign operations	57,257	14,217	47,946	12,150
Deferred income tax relating to deficit on available for sale investments	-	(14,564)	-	(14,564)
	57,257	(91,378)	47,946	123,628
Other comprehensive income / (loss) for the period- net of tax	(1,218,924)	(91,378)	(1,732,591)	123,628
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	3,523,896	4,576,755	921,786	2,716,553
SHARE OF TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Equity holders of holding company	2,593,750	3,766,563	473,649	2,326,732
Non-controlling interest	930,146	810,192	448,137	389,821
	3,523,896	4,576,755	921,786	2,716,553

The annexed notes form an integral part of these consolidated condensed interim financial statements.

CHIEF EXECUTIVE OFFICER	DIRECTOR	CHIEF FINANCIAL OFFICER

Consolidated Condensed Interim Statement of Changes in Equity

For the half year ended 31 December 2018 (Un-audited)

	Note	Attributable to equity holders of the holding company													Non-controlling interest	Total equity
		Share capital	Capital reserves							Revenue reserves			Total Reserves	Shareholders' equity		
			Premium on issue of right shares	Fair value reserve AFS investments	Fair value reserve FVTOCI investments	Exchange translation reserve	Statutory reserve	Capital redemption reserve fund	Sub Total	General Reserve	Unappropriated Profit	Sub Total				
		(Rupees in thousand)														
Balance as at 30 June 2017 - Audited		3,515,999	5,499,530	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
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)	-	(1,757,999)
Transaction with owners - Dividend relating to year 2017 paid to non-controlling interest		-	-	-	-	-	-	-	-	-	-	-	-	-	(346,912)	(346,912)
Transferred to general reserve		-	-	-	-	-	-	-	-	4,412,000	(4,412,000)	-	-	-	-	-
Change in ownership interest in subsidiary company		-	-	-	-	-	-	-	-	-	-	-	-	-	16,751	16,751
Loss of control over subsidiary company		-	-	-	-	-	-	-	-	-	-	-	-	-	2,197	2,197
Profit for the period		-	-	-	-	-	-	-	-	-	3,857,941	3,857,941	3,857,941	3,857,941	810,192	4,668,133
Other comprehensive (loss) / income for the period		-	-	(105,595)	-	14,217	-	-	(91,378)	-	-	-	(91,378)	(91,378)	-	(91,378)
Total comprehensive (loss) / income for the period		-	-	(105,595)	-	14,217	-	-	(91,378)	-	3,857,941	3,857,941	3,766,563	3,766,563	810,192	4,576,755
Balance as at 31 December 2017 - Un-audited		3,515,999	5,499,530	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
Loss of control over subsidiary company		-	-	-	-	-	-	-	-	-	-	-	-	-	9	9
Transferred to statutory reserve		-	-	-	-	-	464	-	464	-	(464)	(464)	-	-	-	-
Profit for the period		-	-	-	-	-	-	-	-	-	3,428,698	3,428,698	3,428,698	3,428,698	743,975	4,172,673
Other comprehensive (loss) / income for the period		-	-	(2,007,894)	-	42,418	-	-	(1,965,476)	-	(18,279)	(18,279)	(1,983,755)	(1,983,755)	-	(1,983,755)
Total comprehensive (loss) / income for the period		-	-	(2,007,894)	-	42,418	-	-	(1,965,476)	-	3,410,419	3,410,419	1,444,943	1,444,943	743,975	2,188,918
Balance as at 30 June 2018 - Audited		3,515,999	5,499,530	14,243,195	-	60,174	835	111,002	19,914,736	60,755,882	7,414,048	68,169,930	88,084,666	91,600,665	8,034,658	99,635,323
Adjustment on adoption of IFRS 9	4.2.1	-	-	(14,243,195)	14,243,195	-	-	-	-	-	-	-	-	-	-	-
Adjustment on adoption of IFRS 15	4.2.2	-	-	-	-	-	-	-	-	-	(65,267)	(65,267)	(65,267)	(65,267)	-	(65,267)
Adjusted total equity as at 01 July 2018		3,515,999	5,499,530	-	14,243,195	60,174	835	111,002	19,914,736	60,755,882	7,348,781	68,104,663	88,019,399	91,535,398	8,034,658	99,570,056
Transaction with owners - Final dividend for the year ended 30 June 2018 @ Rupees 4.75 per share		-	-	-	-	-	-	-	-	-	(1,670,099)	(1,670,099)	(1,670,099)	(1,670,099)	-	(1,670,099)
Transaction with owners - Dividend relating to year 2018 paid to non-controlling interest		-	-	-	-	-	-	-	-	-	-	-	-	-	(260,184)	(260,184)
Transferred to general reserve		-	-	-	-	-	-	-	-	5,617,000	(5,617,000)	-	-	-	-	-
Profit for the period		-	-	-	-	-	-	-	-	-	3,812,674	3,812,674	3,812,674	3,812,674	930,146	4,742,820
Other comprehensive income / (loss) for the period		-	-	-	(1,276,181)	57,257	-	-	(1,218,924)	-	-	-	(1,218,924)	(1,218,924)	-	(1,218,924)
Total comprehensive income / (loss) for the period		-	-	-	(1,276,181)	57,257	-	-	(1,218,924)	-	3,812,674	3,812,674	2,593,750	2,593,750	930,146	3,523,896
Balance as at 31 December 2018 - Un-audited		3,515,999	5,499,530	-	12,967,014	117,431	835	111,002	18,695,812	66,372,882	3,874,356	70,247,238	88,943,050	92,459,049	8,704,620	101,163,669

The annexed notes form an integral part of these consolidated condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

Consolidated Condensed Interim Statement of Cash Flows

For the half year ended 31 December 2018 (Un-audited)

	Note	Half year ended 31 December 2018	31 December 2017
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	10	(8,035,422)	1,887,258
Finance cost paid		(1,000,189)	(813,932)
Income tax paid		(321,263)	(377,754)
Long term security deposits received		2,470	1,500
Net exchange difference on forward exchange contracts received / (paid)		5,147	(9,244)
Net increase in retirement benefit obligation		971	1,255
Net increase in long term loans to employees		(2,854)	(47,785)
Net (increase) / decrease in long term deposits		(20,459)	50,491
Net cash (used in) / generated from operating activities		(9,371,599)	691,789
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(2,368,686)	(1,934,071)
Proceeds from sale of property, plant and equipment		65,606	34,094
Dividends received		1,445,891	2,086,683
Interest received		1,714	2,714
Investments made		(195,000)	(289,742)
Net cash used in investing activities		(1,050,475)	(100,322)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		1,184,972	1,376,708
Repayment of long term financing		(2,075,262)	(1,867,551)
Exchange differences on translation of net investments in foreign subsidiaries		57,257	14,217
Short term borrowings - net		13,145,564	1,843,960
Dividend paid		(1,908,851)	(2,086,401)
Net cash generated from / (used in) financing activities		10,403,680	(719,067)
Net decrease in cash and cash equivalents		(18,394)	(127,600)
Cash and cash equivalents at the beginning of the period		831,688	587,917
Cash and cash equivalents at the end of the period		813,294	460,317

The annexed notes form an integral part of these consolidated condensed interim financial statements.

CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF FINANCIAL OFFICER

Selected Notes to the Consolidated Condensed Interim Financial Statements
For the half year ended 31 December 2018 (Un-audited)

1 THE GROUP AND ITS OPERATIONS

The Group consists of:

Holding Company
-Nishat Mills Limited

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

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 repealed 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 2018: 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 repealed 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 repealed 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 Nishat Linen Trading LLC is to operate retail outlets in UAE for sale of textile and related products. The registered address of Nishat Linen Trading LLC in U.A.E. is located at Shop No. SC 128, Dubai Festival City, P.O. Box 28189 Dubai, United Arab Emirates.

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. The registered office of Nishat Global China Company Limited is situated at N801, No. 371-375 East Huanshi Road, Yuexiu District, Guangzhou City, China.

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. The registered office of Nishat UK (Private) Limited is situated at 71 Queen Victoria Street, London EC4V 4BE.

NISHAT COMMODITIES (PRIVATE) LIMITED

Nishat Commodities (Private) Limited is a private limited Company incorporated in Pakistan on 16 July 2015 under the repealed 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. The principal objects of the Company are 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 repealed 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 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 readymade garments and textile products.

2 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 when 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 all entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in equity method accounted for associates are tested for impairment in accordance with the provision of IAS 36 `Impairment of Assets`.

3 BASIS OF PREPARATION

3.1 These consolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 These consolidated condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June 2018. These consolidated condensed interim financial statements are un-audited.

4 ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of these consolidated condensed interim financial statements are the same as applied in the preparation of the preceding audited annual published financial statements of the Group for the year ended 30 June 2018 except for the changes in accounting policies as stated in note 4.2 to these consolidated condensed interim financial statements.

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

During preparation of these consolidated condensed interim financial statements, 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 2018.

4.2 CHANGES IN ACCOUNTING POLICIES DUE TO APPLICABILITY OF CERTAIN INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The following changes in accounting policies have taken place effective from 01 July 2018:

4.2.1 IFRS 9 “Financial Instruments”

The Group has adopted IFRS 9 “Financial Instruments” from 01 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the Group makes an irrevocable election on initial recognition to present gains and losses on equity instruments in other comprehensive income. Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the Group's own credit risk to be presented in other comprehensive income (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the Group. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

The Group has adopted IFRS 9 without restating the prior year results.

Key changes in accounting policies resulting from application of IFRS 9

i) Classification and measurement of financial instruments

IFRS 9 largely retains the existing requirements in IAS 39 “Financial Instruments: Recognition and Measurement” for the classification and measurement of financial liabilities. However, it replaces the previous IAS 39 categories for financial assets i.e. loans and receivables, fair value through profit or loss (FVTPL), available for sale and held to maturity with the categories such as amortised cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVTOCI).

Investments and other financial assets

a) Classification

From 01 July 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

- those to be measured at amortised cost

The classification depends on the Group’s business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

b) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through other comprehensive income (FVTOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/ (other expenses) and impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other income / (other expenses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

Fair value through other comprehensive income (FVTOCI)

Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Fair value through profit or loss

Changes in the fair value of equity investments at fair value through profit or loss are recognised in other income/ (other expenses) in the statement of profit or loss as applicable.

Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

ii) Impairment

From 01 July 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade debts and other receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

iii) Hedge accounting

IFRS 9 requires that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

There is no impact of the said change on these unconsolidated condensed interim financial statements as there is no hedge activity carried on by the Group during the period ended 31 December 2018.

iv) Impacts of adoption of IFRS 9 on these consolidated condensed interim financial statements as on 01 July 2018

On 01 July 2018, the Group's management has assessed which business models apply to the financial assets held by the Group at the date of initial application of IFRS 9 (01 July 2018) and has classified its financial instruments into appropriate IFRS 9 categories. The main effects resulting from this reclassification are as follows:

Financial assets (01 July 2018)

	Available for sale (AFS)	Other financial assets (held at amortised cost)	FVTOCI	Total financial assets
	(Rupees in thousand)			
Opening balance (before reclassification)	19,899,879	-	-	19,899,879
Adjustment on adoption of IFRS 9 reclassification of equity investments from available for sale to FVTOCI	(19,899,879)	-	19,899,879	-
Opening balance (after reclassification)	-	-	19,899,879	19,899,879

The impact of these changes on the Group's reserves and equity is as follows:

Reserves and equity (01 July 2018)

	Effect on fair value reserve of AFS investments	Effect on fair value reserve of FVTOCI investments	Effect on total equity
	(Rupees in thousand)		
Opening balance (before reclassification)	14,243,195	-	14,243,195
Adjustment on adoption of IFRS 9 reclassification of fair value reserve of AFS investments to fair value reserve of FVTOCI investments	(14,243,195)	14,243,195	-
Opening balance (after reclassification)	-	14,243,195	14,243,195

Equity investments previously classified as available-for-sale

The Group elected to present in other comprehensive income changes in the fair value of all its equity investments previously classified as available-for-sale, as these investments are not held for trading. As a result, assets with a fair value of Rupees 19,899.879 million were reclassified from available-for-sale financial assets to financial assets at fair value through other comprehensive income (FVTOCI) and fair value gains of Rupees 14,243.195 million were reclassified from the available-for-sale financial assets reserve to the financial assets at fair value through other comprehensive income reserve on 01 July 2018.

Reclassifications of financial instruments on adoption of IFRS 9

As on 01 July 2018, the classification and measurement of financial instruments of the Group were as follows:

	Measurement category		Carrying amounts		
	Original	New	Original	New	Difference
	(IAS 39)	(IFRS 9)	(Rupees in thousand)		
Non-current financial assets					
Long term investments	Available for sale	FVTOCI	17,411,794	19,899,879	2,488,085
Long term loans	Loans and receivables	Amortised cost	248,711	248,711	-
Long term deposits	Loans and receivables	Amortised cost	163,387	163,387	-
Current financial assets					
Trade debts	Loans and receivables	Amortised cost	16,225,912	16,225,912	-
Loans and advances	Loans and receivables	Amortised cost	206,724	206,724	-
Short term deposits	Loans and receivables	Amortised cost	70,492	70,492	-
Other receivables	Loans and receivables	Amortised cost	64,299	64,299	-
Accrued interest	Loans and receivables	Amortised cost	1,034	1,034	-
Short term investments	Available for sale	FVTOCI	2,488,085	-	(2,488,085)
Cash and bank balances	Loans and receivables	Amortised cost	831,688	831,688	-
Non-current financial liabilities					
Long term financing	Amortised cost	Amortised cost	8,232,086	8,232,086	-
Long term security deposit	Loans and receivables	Amortised cost	193,510	193,510	-
Current financial liabilities					
Trade and other payable	Amortised cost	Amortised cost	6,776,745	6,776,745	-
Accrued mark-up	Amortised cost	Amortised cost	291,864	291,864	-
Short term borrowings	Amortised cost	Amortised cost	17,086,481	17,086,481	-
Current portion of long term financing	Amortised cost	Amortised cost	4,197,526	4,197,526	-
Unclaimed dividend	Amortised cost	Amortised cost	96,747	96,747	-

4.2.2 IFRS 15 'Revenue from Contracts with Customers'

The Group has adopted IFRS 15 from 01 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an Group's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the Group's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

The Group has adopted IFRS 15 by applying the modified retrospective approach according to which the Group is not required to restate the prior year results.

i) Key changes in accounting policies resulting from application of IFRS 15

The Group recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

a) Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery. Otherwise, control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Revenue from the sale of electricity to NTDC, the sole customer of the company, is recorded on the following basis:

- Capacity revenue is recognised based on the capacity made available to NTDC; and

- Energy revenue is recognised based on the Net Electrical Output (NEO) delivered to NTDC.

Capacity and Energy revenue is recognised based on the rates determined under the mechanism laid down in the PPA. Interest income on bank deposits and delayed payment income on amounts due under the PPA is accrued on a time proportion basis by reference to the principal/amount outstanding and the applicable rate of return.

b) Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered.

c) Interest

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

d) Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

ii) Impacts of adoption of IFRS 15 on these consolidated condensed interim financial statements as on 01 July 2018

The following adjustments were made to the amounts recognized in the consolidated condensed interim financial statements at 01 July 2018.

Statement of financial position

	30 June 2018 Reported	Adjustment	30 June 2018 Restated
		(Rupees in thousand)	
Current assets			
Stock in trade	12,243,652	311,881	12,555,533
Trade debts	4,029,789	(380,583)	3,649,206
Current liabilities			
Trade and other payables	6,416,602	(3,435)	6,413,167
Equity			
Reserves	72,197,146	(65,267)	72,131,879

4.2.3 Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables generally do not include amounts over due by 365 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

	Un-audited 31 December 2018	Audited 30 June 2018
	(Rupees in thousand)	
5 LONG TERM FINANCING - SECURED		
Opening balance	12,429,612	14,198,137
Add: Obtained during the period / year	1,184,753	2,090,111
Less: Repaid during the period / year	2,075,262	3,858,920
Add: Currency translation	219	284
	11,539,322	12,429,612
Less: Current portion shown under current liabilities	4,106,776	4,197,526
	7,432,546	8,232,086

6 CONTINGENCIES AND COMMITMENTS

a) Contingencies

i) Nishat Mills Limited - Holding Company is contingently liable for Rupees 0.631 million (30 June 2018: Rupees 0.631 million) on account of central excise duty not acknowledged as debt as the case is pending before Court since year 1993.

ii) Guarantees of Rupees 1,531.013 million (30 June 2018: Rupees 1,531.364 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 and Chairman Punjab Revenue Authority, Lahore against infrastructure cess.

iii) Post dated cheques of Rupees 5,943.051 million (30 June 2018: Rupees 4,716.276 million) are issued by 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) On 24 July 2015, 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 100.274 million (30 June 2018: Rupees 92.624 million) paid on such goods in its respective monthly sales tax returns. The management, based on advice of the legal counsel, is confident of favorable outcome of its appeal.

v) On 19 January 2017, 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(I)/2011 dated 31 December 2011 adjustment of input sales tax on packing material of all sorts was 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 157.982 million (30 June 2018: Rupees 157.982 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 associates accounted for under equity method is Rupees 5,921 million (30 June 2018: Rupees 6,075 million).

vii) In financial year 2014, a sales tax demand of Rupees 1,218.132 million was raised against Nishat Power Limited - Subsidiary Company through order dated 11 December 2013, passed by the Assistant Commissioner Inland Revenue ('ACIR') disallowing input sales tax for the tax periods of July 2010 through 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 to join the subject proceedings, department was debarred from 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 has 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 11 million (30 June 2018: Rupees 11 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) Letters of guarantee of Rupees 100 million (30 June 2018: Rupees 190.484 million) in favour of fuel suppliers.

c) Letter of guarantee of Rupees 1.5 million (30 June 2018: Rupees 1.5 million) in favour of Punjab Revenue Authority, Lahore.

ix) Nishat Hospitality (Private) Limited - Subsidiary Company has issued letter of guarantees of Rs 1.085 million (30 June 2018: Rs 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 78.350 million (30 June 2018: Rupees 62.481 million) are given by Nishat Linen (Private) Limited - Subsidiary Company to Director Excise and Taxation, Karachi against infrastructure cess, Chairman Punjab Revenue Authority, Lahore against infrastructure cess and Collectors of Customs against import consignments.

xi) Nishat Linen (Private) Limited - Subsidiary Company has challenged, before Honourable Lahore High Court, Lahore, the vires of clauses (h) and (i) to sub-section (1) of section 8 of the Sales Tax Act, 1990 whereby claim of input sales tax in respect of building materials, electrical and gas appliances, pipes, fittings, wires, cables and ordinary electrical fittings and sanitary fittings have been disallowed. The Honourable Lahore High Court has issued stay order in favour of the Subsidiary Company and has allowed the Subsidiary Company to claim input sales tax paid on such goods in its monthly sales tax returns. Consequently, the Subsidiary Company has claimed input sales tax amounting to Rupees 3.808 million (30 June 2018: Rupees 3.464 million) paid on such goods in its respective monthly sales tax returns.

xii) Through orders, the deemed assessments for tax years 2016, 2015, 2014, 2013 and 2012 were amended by Additional Commissioner Inland Revenue (ACIR) and Commissioner Inland Revenue (CIR) under section 122(5A) of the Income Tax Ordinance, 2001. Nishat Linen (Private) Limited - Subsidiary Company's appeals before Commissioner Inland Revenue (Appeals) [CIR(A)] were successful except for the legal issue of treating the

Subsidiary Company as a manufacturer with relation to toll-manufactured goods. Appeals on this point have been filed before the Appellate Tribunal Inland Revenue which are pending adjudication. The Subsidiary Company is confident of favorable outcome of its appeals based on advice of the tax advisor and has carry forward minimum tax paid in tax years 2016, 2015 and 2014.

xiii) Through notice dated 25 January 2018, issued by the Deputy Commissioner Inland Revenue (DCIR) under sections 161/205 of the Ordinance, Nishat Linen (Private) Limited - Subsidiary Company had been called upon to demonstrate its compliance with various withholding provisions of the Income Tax Ordinance, 2001. The subject proceedings have been finalized through order dated 03 August 2018, whereby, aggregate default amounting to Rupees 2.551 million was adjudged against the Subsidiary Company. Nishat Linen (Private) Limited - Subsidiary Company's appeal before Commissioner Inland Revenue (Appeals) [CIR(A)] was successful except for the legal issue amounting to Rs 1.419 million. Appeal on this point has been filed before the Appellate Tribunal Inland Revenue which is pending adjudication. The Subsidiary Company is confident of favorable outcome of its appeal based on advice of the tax advisor.

xiv) Bank guarantee of Rupees 1.9 million (30 June 2018: Rupees 1.9 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) Contingent asset

During the year on August 07, 2017, Nishat Power Limited - Subsidiary Company instituted arbitration proceedings against NTDC/Government of Pakistan by filing a Request for Arbitration ('RFA') with the London Court of International Arbitration ('LCIA') (the 'Arbitration Proceedings') for disallowing an amount of Rs 1,084.748 million relating to delayed payment charges on outstanding delayed payment invoices. The Subsidiary Company believes it is entitled to claim delayed payment charges on outstanding delayed payments receivables from NTDC as per terms of the PPA. However, NTDC has denied this liability and objected on the maintainability of the Arbitration Proceedings, terming it against the PPA and refused to pay delayed payment charges on outstanding delayed payments receivables.

The LCIA appointed a sole Arbitrator and a hearing was also held in March 2018. Subsequent to year end 30 June 2018, the Arbitrator has issued Partial Final Award in which he has rejected the NTDC's objection to the maintainability of the Arbitration Proceedings.

While the Arbitration Proceedings on merits of the case are underway, Subsidiary Company has submitted the Partial Final Award before LHC and obtained interim relief from honorable LHC, whereby, LHC has restrained NTDC from taking steps for delaying the arbitration proceedings and challenging the award in Civil Courts of Pakistan. As the above amount is disputed, therefore, on prudence basis, the Subsidiary Company has not accounted for these amounts as receivable in this consolidated condensed interim financial information.

c) Commitments

i) Contracts for capital expenditure of the Group are approximately of Rupees 1,718.139 million (30 June 2018: Rupees 1,650.464 million).

ii) Letters of credit other than for capital expenditure of the Group are of Rupees 1,005.425 million (30 June 2018: Rupees 1,415.120 million).

iii) Outstanding foreign currency forward contracts of Rupees 314.470 million (30 June 2018: Rupees 358.060 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 2018	Audited 30 June 2018
		(Rupees in thousand)	
Not later than one year		3,894	3,894
Later than one year and not later than five years		-	-
		3,894	3,894

7 PROPERTY, PLANT AND EQUIPMENT

	Note	Un-audited 31 December 2018	Audited 30 June 2018
Operating fixed assets - owned	7.1	38,736,415	38,812,949
Capital work in progress	7.2	2,860,033	2,262,971
Major spare parts and standby equipments		162,969	192,827
		41,759,417	41,268,747

7.1 Operating fixed assets - Owned

	Note	Un-audited 31 December 2018	Audited 30 June 2018
Opening book value		38,812,949	37,204,401
Add: Cost of additions during the period / year	7.1.1	1,786,717	5,310,421
		40,599,666	42,514,822
Less: Book value of deletions during the period / year	7.1.2	62,099	88,691
		40,537,567	42,426,131
Less: Depreciation charged for the period / year		1,815,917	3,629,102
Add: Currency translation		14,765	15,920
		38,736,415	38,812,949

	Un-audited 31 December 2018	Audited 30 June 2018
	(Rupees in thousand)	
7.1.1 Cost of additions		
Freehold land	-	1,360
Buildings on freehold land	89,818	1,962,685
Plant and machinery	1,568,668	2,927,135
Electric installations	13,974	180,715
Factory equipment	14,488	16,853
Furniture, fixtures and office equipment	36,178	50,974
Computer equipment	14,459	31,013
Vehicles	49,132	138,282
Kitchen equipment and crockery items	-	1,404
	1,786,717	5,310,421
7.1.2 Book value of deletions		
Buildings on freehold land	314	1,813
Plant and machinery	51,482	54,441
Electric installations	214	108
Factory equipment	141	-
Furniture, fixtures and office equipment	543	77
Computer equipment	239	220
Vehicles	9,166	32,032
	62,099	88,691
7.2 Capital work-in-progress		
Buildings on freehold land	1,104,077	701,619
Plant and machinery	1,196,121	1,173,618
Electric installations	16,258	-
Unallocated expenses	47,988	26,203
Letters of credit against machinery	1,218	1,824
Advance against purchase of land	391,928	337,555
Advances against furniture and office equipment	2,397	2,822
Advances against vehicles	100,046	19,330
	2,860,033	2,262,971

Selected Notes to the Consolidated Condensed Interim Financial Statements
For the half year ended 31 December 2018 (Un-audited)

	Half year ended		Quarter ended	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	(Rupees in thousand)			
8 COST OF SALES				
Raw materials consumed	27,171,530	22,912,948	13,250,729	11,435,557
Processing charges	187,818	290,105	73,103	172,481
Salaries, wages and other benefits	3,258,394	3,108,927	1,628,389	1,589,220
Stores, spare parts and loose tools consumed	3,123,588	2,429,436	1,705,841	1,287,005
Packing materials consumed	674,954	575,608	370,412	296,295
Repair and maintenance	174,893	191,097	91,180	104,644
Fuel and power	3,380,093	2,571,807	1,640,623	1,293,195
Insurance	132,428	106,903	67,567	53,365
Royalty	6,652	7,478	3,685	4,028
Other factory overheads	384,605	316,871	196,476	159,738
Depreciation and amortization	1,727,565	1,612,187	849,070	794,746
	40,222,520	34,123,367	19,877,075	17,190,274
Work-in-process				
Opening stock	2,517,792	2,610,154	2,633,108	2,457,098
Closing stock	(2,984,643)	(2,563,594)	(2,984,643)	(2,563,594)
	(466,851)	46,560	(351,535)	(106,496)
Cost of goods manufactured	39,755,669	34,169,927	19,525,540	17,083,778
Finished goods				
Opening stock	5,807,366	5,045,917	6,152,795	5,484,540
Closing stock	(6,763,607)	(5,857,435)	(6,763,607)	(5,857,435)
	(956,241)	(811,518)	(610,812)	(372,895)
	38,799,428	33,358,409	18,914,728	16,710,883

		Half year ended	
		31 December 2018	31 December 2017

9 EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share which is based on:

		31 December 2018	31 December 2017
Profit attributable to ordinary shareholders of Holding Company	(Rupees in thousand)	3,812,674	3,857,941
Weighted average number of ordinary shares of Holding Company	(Numbers)	351,599,848	351,599,848
Earnings per share	(Rupees)	10.84	10.97

10 CASH GENERATED FROM OPERATIONS

	Note	Half year ended 31 December 2018 (Rupees in thousand)	Half year ended 31 December 2017 (Rupees in thousand)
Profit before taxation		5,367,505	5,031,601
Adjustments for non-cash charges and other items:			
Depreciation and amortization		1,819,441	1,704,519
Gain on sale of property, plant and equipment		(3,507)	(12,077)
Dividend income		(861,201)	(819,690)
Profit on deposits with banks		(1,140)	(2,839)
Share of profit from associates		(750,265)	(1,512,422)
Change in ownership interest in subsidiary company		-	18,947
Net exchange gain		(627,497)	(81,962)
Finance cost		1,127,110	828,720
Working capital changes	10.1	(14,105,868)	(3,267,539)
		(8,035,422)	1,887,258

10.1 Working capital changes

	31 December 2018	31 December 2017
(Increase) / decrease in current assets:		
- Stores, spare parts and loose tools	(593,055)	28,423
- Stock in trade	(12,169,379)	(3,148,299)
- Trade debts	(2,248,751)	(1,432,526)
- Loans and advances	(677,587)	14,064
- Short term deposits and prepayments	(148,795)	(51,404)
- Other receivables	11,201	(243,205)
	(15,826,366)	(4,832,947)
Increase in trade and other payables	1,720,498	1,565,408
	(14,105,868)	(3,267,539)

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, II and Yarn Dyeing), Feroze Wattwan (I and II) and Lahore:	Producing different qualities of yarn including dyed yarn and sewing thread 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 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.

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

11.2

	Spinning											
	Faisalabad-I		Faisalabad-II		Faisalabad Yarn Dyeing		Feroze Wattwan I		Feroze Wattwan II		Lahore	
	Half year ended		Half year ended		Half year ended		Half year ended		Half year ended		Half year ended	
	Dec 2018	Dec 2017	Dec 2018	Dec 2017	Dec 2018	Dec 2017	Dec 2018	Dec 2017	Dec 2018	Dec 2017	Dec 2018	Dec 2017
	(Rupees in thousand)											
Revenue												
External	2,598,786	2,211,516	547,166	1,301	21,798	192,670	2,114,994	1,158,290	-	-	5,804,544	5,105,915
Intersegment	1,737,185	1,861,562	714,312	3,227	319,424	67,003	1,133,079	837,366	-	-	4,045	19,223
	4,335,971	4,073,078	1,261,478	4,528	341,222	259,673	3,248,073	1,995,656	-	-	5,808,589	5,125,138
Cost of sales	(4,088,846)	(3,947,228)	(1,346,744)	(6,743)	(296,444)	(238,530)	(2,994,416)	(1,848,114)	-	-	(5,868,680)	(4,852,415)
Gross profit / (loss)	247,125	125,850	(85,266)	(2,215)	44,778	21,143	253,657	147,542	-	-	(60,091)	272,723
Distribution cost	(113,004)	(98,563)	(6,628)	(12)	(10,406)	(7,169)	(56,980)	(33,971)	-	-	(78,389)	(61,401)
Administrative expenses	(87,528)	(97,431)	(22,712)	(532)	(3,885)	(3,300)	(36,896)	(33,686)	-	-	(564)	(997)
	(200,532)	(195,994)	(29,340)	(544)	(14,291)	(10,469)	(93,876)	(67,657)	-	-	(78,953)	(62,398)
Profit / (loss) before taxation and unallocated income and expenses	46,593	(70,144)	(114,606)	(2,759)	30,487	10,674	159,781	79,885	-	-	(139,044)	210,325

	Weaving				Dyeing *		Home Textile *		Garments			
	Bhikki		Lahore *						I		II	
	Half year ended		Half year ended		Half year ended		Half year ended		Half year ended		Half year ended	
	Dec 2018	Dec 2017	Dec 2018	Dec 2017	Dec 2018	Dec 2017	Dec 2018	Dec 2017	Dec 2018	Dec 2017	Dec 2018	Dec 2017
	(Rupees in thousand)											
Revenue												
External	4,828,109	4,628,449	1,943,708	1,531,538	7,961,333	6,070,722	9,496,227	8,349,450	1,288,376	1,463,230	977,499	1,034,965
Intersegment	4,288,865	2,780,958	1,776,019	1,328,240	245,574	344,076	201,637	268,110	27,670	65,442	113,635	15,549
	9,116,974	7,409,407	3,719,727	2,859,778	8,206,907	6,414,798	9,697,864	8,617,560	1,316,046	1,528,672	1,091,134	1,050,514
Cost of sales	(8,213,402)	(6,758,324)	(3,423,122)	(2,685,552)	(7,067,990)	(5,625,481)	(7,087,825)	(6,315,378)	(1,290,747)	(1,444,045)	(1,095,614)	(1,116,167)
Gross profit / (loss)	903,572	651,083	296,605	174,226	1,138,917	789,317	2,610,039	2,302,182	25,299	84,627	(4,480)	(65,653)
Distribution cost	(239,871)	(211,677)	(73,781)	(64,694)	(359,535)	(316,337)	(1,587,743)	(1,436,101)	(115,342)	(130,200)	(99,206)	(53,044)
Administrative expenses	(82,366)	(86,105)	(41,144)	(41,416)	(92,434)	(92,441)	(287,942)	(230,774)	(33,392)	(39,214)	(27,705)	(16,784)
	(322,237)	(297,782)	(114,925)	(106,110)	(451,969)	(408,778)	(1,875,685)	(1,666,875)	(148,734)	(169,414)	(126,911)	(69,828)
Profit / (loss) before taxation and unallocated income and expenses	581,335	353,301	181,680	68,116	686,948	380,539	734,354	635,307	(123,435)	(84,787)	(131,391)	(135,481)

	Power Generation		Hotel		Automobile **		Elimination of Inter-segment transactions		Total - Group (Un-audited)	
	Half year ended		Half year ended		Half year ended		Half year ended		Half year ended	
	Dec 2018	Dec 2017	Dec 2018	Dec 2017	Dec 2018	Dec 2017	Dec 2018	Dec 2017	Dec 2018	Dec 2017
	(Rupees in thousand)									
Revenue										
External	8,945,697	8,176,315	165,777	179,683	-	-	-	-	46,694,014	40,104,044
Intersegment	3,571,050	2,692,047	62	82	-	-	(14,132,557)	(10,282,885)	-	-
	12,516,747	10,868,362	165,839	179,765	-	-	(14,132,557)	(10,282,885)	46,694,014	40,104,044
Cost of sales	(10,031,754)	(8,682,450)	(126,401)	(120,867)	-	-	14,132,557	10,282,885	(38,799,428)	(33,358,409)
Gross profit / (loss)	2,484,993	2,185,912	39,438	58,898	-	-	-	-	7,894,586	6,745,635
Distribution cost	(19)	(15)	-	-	-	-	-	-	(2,740,904)	(2,413,184)
Administrative expenses	(153,765)	(176,446)	(22,482)	(24,628)	-	(34,410)	-	-	(892,815)	(878,164)
	(153,784)	(176,461)	(22,482)	(24,628)	-	(34,410)	-	-	(3,633,719)	(3,291,348)
Profit / (loss) before taxation and unallocated income and expenses	2,331,209	2,009,451	16,956	34,270	-	(34,410)	-	-	4,260,867	3,454,287
Unallocated income and expenses:										
Other expenses									(179,363)	(164,982)
Other income									1,662,846	1,058,594
Finance cost									(1,127,110)	(828,720)
Share of profit from associates									750,265	1,512,422
Taxation									(624,685)	(363,468)
Profit after taxation									4,742,820	4,668,133

11.3 Reconciliation of reportable segment assets and liabilities

	Spinning											
	Faisalabad-I		Faisalabad-II		Faisalabad Yarn Dyeing		Feroze Wattwan I		Feroze Wattwan II		Lahore	
	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited
	Dec 2018	June 2018	Dec 2018	June 2018	Dec 2018	June 2018	Dec 2018	June 2018	Dec 2018	June 2018	Dec 2018	June 2018
	(Rupees in thousand)											
Total assets for reportable segments	7,779,384	4,884,566	5,924,885	3,964,945	493,772	402,637	8,534,980	5,180,403	691,381	21,236	4,381,896	1,191,358
Total liabilities for reportable segments	780,971	575,117	294,908	184,394	6,329	10,018	345,791	101,800	7,817	3,292	417,334	172,285

	Weaving				Dyeing *		Home Textile *		Garments			
	Bhikki		Lahore *						I		II	
	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited
	Dec 2018	June 2018	Dec 2018	June 2018	Dec 2018	June 2018	Dec 2018	June 2018	Dec 2018	June 2018	Dec 2018	June 2018
	(Rupees in thousand)											
Total assets for reportable segments	5,914,816	5,604,815	1,425,231	1,148,629	8,454,256	6,282,245	13,811,433	12,939,478	1,649,416	1,940,524	3,025,090	2,807,465
Total liabilities for reportable segments	525,895	421,130	180,111	138,557	818,700	557,165	1,712,632	1,480,966	189,891	289,616	424,567	327,496

	Power Generation		Hotel		Automobile		Total - Group	
	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited
	Dec 2018	June 2018	Dec 2018	June 2018	Dec 2018	June 2018	Dec 2018	June 2018
	(Rupees in thousand)							
Total assets for reportable segments	32,933,218	32,375,249	1,039,316	1,047,687	-	-	96,059,074	79,791,237
Unallocated assets:								
Long term investments							53,428,331	51,825,352
Short term investments							-	2,581,520
Other receivables							4,623,848	4,637,441
Cash and bank balances							813,294	831,688
Other corporate assets							718,420	363,844
Total assets as per consolidated condensed interim statement of financial position							155,642,967	140,031,082
Total liabilities for reportable segments	12,232,999	12,972,192	29,517	23,956	-	-	17,967,462	17,257,984
Unallocated liabilities:								
Deferred income tax liability							2,440,487	2,484,368
Other corporate liabilities							34,071,349	20,653,407
Total liabilities as per consolidated condensed interim statement of financial position							54,479,298	40,395,759

* Figures of these segments include extension / BMR.

** It ceased to be an operating segment on loss of control over Hyundai Nishat Motor (Private) Limited - Subsidiary Company during last year.

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 these unconsolidated condensed interim financial statements. 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 2018	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Financial assets				
Investments at fair value through other comprehensive income	18,714,928	-	734,449	19,449,377
Derivative financial assets	-	7,086	-	7,086
Total financial assets	18,714,928	7,086	734,449	19,456,463
Financial liabilities				
Derivative financial liabilities	-	3,008	-	3,008
Total financial liabilities	-	3,008	-	3,008

Recurring fair value measurements At 30 June 2018 - Audited	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Financial assets				
Available for sale financial assets	19,069,271	-	924,043	19,993,314
Derivative financial assets	-	9,478	-	9,478
Total financial assets	19,069,271	9,478	924,043	20,002,792
Financial liabilities				
Derivative financial liabilities	-	541	-	541
Total financial liabilities	-	541	-	541

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

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

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

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and equity 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 2018:

	Unlisted equity securities (Rupees in thousand)
Balance as on 30 June 2017 - Audited	780,365
Add: Surplus recognized in other comprehensive income	143,678
Balance as on 30 June 2018 - Audited	924,043
Less: Deficit recognized in other comprehensive income	(189,594)
Balance as on 31 December 2018 - Un-audited	734,449

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 2018	30 June 2018		31 December 2018	
	(Rupees in thousand)				
FVTOCI financial assets:					
Security General Insurance Company Limited	734,449	924,043	Net premium revenue growth factor	5.27%	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 +41.007 million / - 37.326 million.
			Risk adjusted discount rate	21.45%	

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 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.

13 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, other related parties, 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 2018	31 December 2017	31 December 2018	31 December 2017
	(Rupees in thousand)			
i) Transactions				
Associated companies				
Investment made	180,000	274,742	120,000	94,457
Purchase of goods and services	92,545	121,997	50,434	54,898
Purchase of operating fixed assets	-	9,000	-	9,000
Sale of operating fixed assets	1,453	2,000	1,453	2,000
Sale of goods and services	22,032	22,283	20,784	19,140
Rental income	628	853	314	327
Rent paid	36,925	33,198	18,472	16,616
Dividend paid	143,886	151,459	143,886	151,459
Insurance premium paid	184,716	155,449	87,629	69,880
Interest income	1,034	1,566	629	1,566
Insurance claims received	17,855	14,557	11,709	8,271
Finance cost	14,443	12,472	7,922	5,262
Other related parties				
Purchase of goods and services	1,292,509	777,106	804,668	388,978
Sale of goods and services	18,693	10,463	12,248	9,865
Finance cost	366	-	259	-
Group's contribution to provident fund trust	140,815	130,007	72,044	65,074
Remuneration paid to Chief Executive Officer, Director and Executives of the Holding Company	408,917	381,536	231,469	203,499

ii) Period end balances

	As at 31 December 2018		
	Associated companies	Other related parties	Total
	(Rupees in thousand)		
Trade and other payables	51,125	56,223	107,348
Accrued markup	2,477	-	2,477
Short term borrowings	150	-	150
Property, plant and equipment	3,999	-	3,999
Long term loans	-	123,874	123,874
Trade debts	4,177	248	4,425
Loans and advances	-	38,560	38,560
Accrued interest	-	-	-
Cash and bank balances	233,858	6,847	240,705

	As at 30 June 2018 (Audited)		
	Associated companies	Other related parties	Total
	(Rupees in thousand)		
Trade and other payables	61,748	9,563	71,311
Accrued markup	1,678	-	1,678
Short term borrowings	145,342	-	145,342
Long term loans	-	120,467	120,467
Trade debts	322	38	360
Loans and advances	-	48,210	48,210
Cash and bank balances	190,468	182	190,650

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 2018.

15 DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial information were approved by the Board of Directors and authorized for issue on 26 February 2019.

16 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting", the consolidated condensed interim statement of financial position 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 statement of profit or loss, consolidated condensed interim statement of comprehensive income and consolidated condensed interim statement of cash flows 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-arrangement 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

گارمنٹس	31 دسمبر مختتمہ ششماہی		اضافہ / (کمی)	
	2018	2017	قدر	فیصد
فروخت - (گارمنٹس '000)	2,475	3,039	(564)	(18.56)
قیمت فی گارمنٹ	857.87	787.10	70.77	8.99
فروخت - ('000 روپے)	2,123,240	2,392,002	(268,762)	(11.24)

پاور جنریشن

ماحول دوستانہ ٹیکنالوجیز میں سرمایہ کاری کے ذریعے پاور جنریشن سہولیات کی منتقلی کے لئے کمپنی کی CSR پالیسی کے مطابق ساہیانوالہ، فیصل آباد میں واقع پاور ڈویژن میں 3 میگاواٹ وارٹسیلا سولر پاور پلانٹ کے حصول کے لئے منصوبہ بندی کی جارہی ہے۔

3.2 میگاواٹ کی ایک بھاپ ٹربائن کی درآمد کے لئے کریڈٹ خط ماہ نومبر 2018 کے دوران کھولا گیا۔ ٹربائن مالی سال 20-2019 کی دوسری سہ ماہی کے دوران وصول ہوجانے کی توقع ہے۔ دریں اثناء، سول کام شروع کردیا گیا ہے چونکہ ٹربائن دسمبر 2019 کے دوران کمشن ہوسکتی ہے۔ ٹربائن ڈائنگ اور ہوم ٹیکسٹائل ڈویژنز کے پیداواری ہالوں کو مطلوبہ کم پریشر / ٹمپریچر یہ بھاپ ترسیل کرنے سے قبل بجلی پیدا کرنے کے لئے 9 میگاواٹ کے کمبائنڈ ہیٹ اینڈ پاور پلانٹ سے پیداشدہ اعلیٰ پریشر / ٹمپریچر استعمال کرے گی۔ چنانچہ اس ٹربائن کی تنصیب کمپنی کو اضافی پریشر / ہیٹ جو فی الحال ضائع ہوجاتی ہے کو استعمال کرنے کے قابل بنائے گی۔

ذیلی کمپنیاں اور کنسولیڈیٹڈ مالیاتی حسابات

نشاط پاور لمیٹڈ، نشاط لینن (پرائیویٹ) لمیٹڈ، نشاط ہاسپیٹیلٹی (پرائیویٹ) لمیٹڈ، نشاط کموڈیٹیز (پرائیویٹ) لمیٹڈ، لال پیر سولر پاور (پرائیویٹ) لمیٹڈ، نشاط یو ایس اے انکارپوریٹڈ، نشاط لینن ٹریڈنگ LLC، نشاط انٹرنیشنل FZE، نشاط گلوبل چائنا کمپنی لمیٹڈ، نشاط UK (پرائیویٹ) لمیٹڈ اور کنسیپٹ گارمنٹس اینڈ ٹیکسٹائل ٹریڈنگ FZE کمپنی کی ذیلی کمپنیوں کی پورٹ فولیو میں شامل ہیں۔ لہذا، کمپنی نے انٹرنیشنل فنانشل رپورٹنگ سٹینڈرڈز کی ضروریات کے مطابق اپنی سیپرٹ کنڈنسڈ عبوری مالیاتی معلومات کے علاوہ کنسولیڈیٹڈ کنڈنسڈ عبوری مالیاتی معلومات منسلک کی ہیں۔

اظہار تشکر

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

منجانب بورڈ آف ڈائریکٹرز

Umar Mansha

میاں عمر منشا

چیف ایگزیکٹو آفیسر

مقصود احمد

ڈائریکٹر

لاہور

26 فروری 2019ء

پروسیسڈ کلاتھ	31 دسمبر مختتمہ ششماہی		اضافہ / (کمی)	
	2018	2017	قدر	فیصد
فروخت-(میٹرز '000)	24,122	22,796	1,326	5.82
قیمت فی میٹر	320.35	255.64	64.71	25.31
فروخت-('000 روپے)	7,727,543	5,827,642	1,899,901	32.60

انتظامیہ مالی سال کی دوسری ششماہی میں زیادہ مشکلات کی توقع کر رہی ہے کیونکہ ہمارے کاروباری کیلنڈر میں یہ لیکن مدت ہے جس کے دوران ٹیکسٹائل مصنوعات کی طلب عالمی سطح پر کم ہو جاتی ہے۔ اس مدت کے دوران، ہم مقامی اور بین الاقوامی فروخت کنندگان سے زبردست مقابلہ کی توقع کرتے ہیں۔ تاہم، ہم نے مالی سال کی باقی ششماہی کے دوران کارکردگی کو بڑھانے کی مد میں مارکیٹ خطرات کو کم کرنے کے لئے کافی اقدامات کئے ہیں۔

ہوم ٹیکسٹائل

ڈویژن زیادہ سے زیادہ پیداواری صلاحیت میں کاروبار چلانے کے قابل تھا جس وجہ سے 31 دسمبر 2018 کو ختم ہونے والی رواں ششماہی کے دوران اس کے منافع میں اضافہ ہوا۔ ہمارے پاس پائپ لائن میں کافی آرڈرز ہیں اور مزید آرڈرز ملنے کی توقع کر رہے ہیں کیونکہ بین الاقوامی صارفین امریکہ۔ چین تجارتی جنگ کے باعث عالمی تجارت میں ممکنہ خلل کے خطرہ سے خود کو محفوظ رکھنا چاہتے ہیں۔ لہٰذا، ہم پُر اعتماد ہیں کہ ڈویژن کی کارکردگی مالی سال کی دوسری ششماہی میں مستحکم رہے گی۔

ڈویژن کی انتظامیہ اپنی فروخت کی پیش گوئی کے مطابق اپنی ایمبرائیڈری اور کوائلٹنگ صلاحیت کو بھی بڑھانے کی منصوبہ بندی کر رہی ہے۔

پروسیسڈ کلاتھ اینڈ میڈ اپس	31 دسمبر مختتمہ ششماہی		اضافہ / (کمی)	
	2018	2017	قدر	فیصد
فروخت-(میٹرز '000)	13,248	12,837	411	3.20
قیمت فی میٹر	370.44	321.69	48.75	15.15
فروخت-('000 روپے)	4,907,645	4,129,512	778,133	18.84

گارمنٹس

گارمنٹس ڈویژن نے روایتی CSR سے ہٹ کے فیشن رجحانات اور صارفین کی سماجی طلب اور ماحولیاتی مسائل میں تبدیلی کے باعث محرکات میں تبدیلی کے زیرِ نظر پیداواری صلاحیت کو بڑھانے کے لئے وسائل اور کوششوں پر موزوں رقم کی سرمایہ کاری کی ہے۔ مصنوعات اور پراسیس میں نئے پن کی پیکنگ کے لئے تحقیق اور بہتری پر بھی بہت زیادہ توجہ مرکوز کی ہے۔ ایک اور شعبہ جہاں، اس سال ہم بہت زیادہ توجہ دے رہے ہیں، انسانی فلاح اور ماحولیاتی تحفظ کو بہتر بنانے کے لئے عالمی مستحکم اقدامات کے ساتھ ڈویژن کی الائنمنٹ اور ریفائنڈ / بہترین پریکٹسز کا نفاذ ہے۔ مارکیٹنگ اور فروخت کی حکمت عملیاں بھی بہت اہم شعبوں میں سے ایک ہیں۔ جہاں بہتر کوششیں کی جارہی ہیں اور زیادہ بین الاقوامی موجودگی کے لئے بنیادیں بھی رکھی جارہی ہیں جو پائیدار طریقہ سے ہمارے برآمدی حجم اور منافع کو بالآخر بڑھا رہی ہیں۔ یہ تمام بنیادی اقدامات اُٹھانے کے بعد ہم پُر امید ہیں کہ ڈویژن یقیناً آئندہ سالوں میں بہت زیادہ نمو حاصل کرے گا۔

یارن	31 دسمبر مختتمہ ششماہی		اضافہ / (کمی)	
	2018	2017	قدر	فیصد
فروخت - (کلوگرام '000)	13,470	11,137	2,333	20.95
قیمت فی کلو	373.72	285.35	88.37	30.97
فروخت - ('000 روپے)	5,034,041	3,177,973	1,856,068	58.40

بین الاقوامی مارکیٹ میں یارن کے کم ریٹس کے موازنہ میں مقامی مہنگی کپاس نے سپننگ ڈویژن کے منافع کو کم کر دیا ہے۔ اگر چہ، مقامی کپاس کی قیمتیں ششماہی کے آخری حصہ کے دوران کچھ حد تک کم ہوئیں، لیکن یہ کمی ڈویژن کے منافع کو قابل ذکر بہتر بنانے کے لئے کافی نہیں تھی۔ تاہم، ڈویژن ششماہی کو مثبت نتائج پر ختم کرنے کے قابل تھا۔

فیروز وٹواں میں واقع نیا اوپن انڈ یارن مینوفیکچرنگ یونٹ نے یکم فروری 2019ء کو پیداوار شروع کر دی ہے۔

ویونگ

ڈویژن نے اپنے خصوصی پراڈکٹ مکس کی وجہ سے قابلِ ذکر منافع حاصل کیا پھر بھی بین الاقوامی خریدار جون 2018 سے پاکستانی روپیہ کی قیمت میں تقریباً 14 فیصد کی کمی کے باوجود خام مواد کی قیمتوں میں عدم استحکام کے باعث آرڈرز دینے سے ہچکچاتے تھے۔

گرے کلاتھ	31 دسمبر مختتمہ ششماہی		اضافہ / (کمی)	
	2018	2017	قدر	فیصد
فروخت - (میٹرز '000)	41,117	47,933	(6,816)	(14.22)
قیمت فی میٹر	174.27	136.70	37.57	27.48
فروخت - ('000 روپے)	7,165,513	6,552,303	613,210	9.36

ڈویژن نے اپنے فیشن فیبرک صارفین کی طلب کو پورا کرنے کے لئے بھکی میں واقع مینوفیکچرنگ سہولت کے لئے بارہ Tsudakoma کی 230 سم ائیر جیٹ ڈوبی لومز خریدنے کی منصوبہ بندی کی ہے جو خصوصی ویوز اور ٹرینڈی ڈیزائن کے لئے ضروری ہے۔ منصوبہ بندی میں دس 210 سم ٹیپٹ لومز کی خریداری بھی شامل ہے۔ یہ تمام 22 لومز جون 2019 کے آغاز تک پیداوار میں کمشن ہو جائیں گی اور ہمارے آپریشنز کو چلانے کے لئے ہمیں مزید آسانی فراہم کریں گی۔ ڈویژن ہمارے نمو پانے والے ٹیکنیکل فیبرک کاروبار کی مدد کے لئے ایک جدید سائزنگ مشین اور ویکیومنگ مشین بھی خریدے گا۔

ڈائنگ

ڈائنگ ڈویژن نے اپنے پیداواری عمل میں استعمال ہونے والے خام مواد کی زیادہ قیمت اور گیس کی فراہمی میں قلت جیسے مسائل کا سامنا کرنے کے باوجود مالی سال 2018-19 کی پہلی ششماہی میں غیر معمولی اچھی کارکردگی کا مظاہرہ کیا۔ اگر چہ، مالی سال کی پہلی سہ ماہی میں منافع کم تھا، لیکن دوسری سہ ماہی میں ڈویژن نے بہتر کارکردگی ظاہر کی۔

ڈائریکٹرز رپورٹ

نشاط ملز لمیٹڈ ("کمپنی") کی مجلس نظماء 31 دسمبر 2018ء کو ختم ہونے والی ششماہی کے لئے مجلس نظماء کی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتی ہے۔

آپریٹنگ مالیاتی نتائج

کمپنی کا ٹیکس کے بعد منافع 31 دسمبر 2017 کو ختم ہونے والی اسی ششماہی میں 2,668.164 ملین روپے سے 495.401 ملین روپے (18.57 فیصد) تک بڑھ کر بنیادی طور پر آمدنی میں 5,194.409 ملین روپے (20.35 فیصد) اضافہ کی وجہ سے 31 دسمبر 2018 کو ختم ہونے والی رواں ششماہی میں 3,163.565 ملین روپے ہوگیا۔ خام مال کی قیمتوں میں نمایاں اضافہ کے باوجود ویلیو ایڈڈ کاروبار میں بہتری اور بجلی کی پیداوار کے لئے بہترین ایندھن مکس کے استعمال کے نتیجے مجموعی منافع گزشتہ سال کی اسی ششماہی میں 10.10 فیصد سے رواں سال کی ششماہی میں فروخت فیصد 12.25 فیصد تک زیادہ ہوا۔ مؤثر فنانشل رسک مینجمنٹ ڈیویڈنڈ آمدنی میں 731.109 ملین روپے تک کمی کے باوجود غیر ملکی کرنسی ٹرانزیکشنز پر کافی زرمبادلہ کے حصول کے ذریعے گزشتہ سال کی اسی ششماہی کے مقابلے رواں سال کی ششماہی میں 3.87 فیصد دیگر آمدنی میں کمی کی توثیق کی ہے۔

مالی جھلکیاں	31 دسمبر مختتمہ ششماہی		اضافہ/(کمی) فیصد
	2018	2017	
آمدنی (روپے '000)	30,714,488	25,520,079	20.35
مجموعی منافع (روپے '000)	3,761,319	2,576,731	45.97
قبل از ٹیکس منافع (روپے '000)	3,639,565	3,041,164	19.68
بعد از ٹیکس منافع (روپے '000)	3,163,565	2,668,164	18.57
مجموعی منافع (فیصد)	12.25	10.10	
بعد از ٹیکس منافع (فیصد)	10.30	10.46	
فی شیئر آمدنی - (روپے)	9.00	7.59	

کمپنی کے مالی اخراجات 45.82 فیصد نمایاں طور پر زیادہ ہوگئے جس کی بنیادی وجہ کمپنی کی اوسط قرض شرح میں اضافہ اور کپاس کی زیادہ خریداری کی فنانس، بی ایم آر کی فنانسنگ اور ذیلی کمپنیوں کو ورکنگ کیپٹل قرضوں کی ادائیگی کے لئے بینک قرضوں میں اضافہ ہے۔

عام مارکیٹ کا جائزہ اور مستقبل کے امکانات

ٹیکسٹائل برآمدات نے امریکی ڈالر کے مقابلے روپیہ کی قدر میں قابل قدر کمی کے باوجود مالی سال کی پہلی ششماہی میں صحتمند نمو درج نہیں کی ہے۔ پاکستانی روپیہ کی قدر میں کمی کی وجہ سے ٹیکسٹائل برآمدات میں اضافی کی توقعات خام مواد کی غیر معمولی اخراجات اور ٹیکسٹائل مصنوعات کی طلب میں کمی کی وجہ سے پوری نہیں ہوئیں۔ اس کے علاوہ، مقامی کپاس کی قیمتوں میں تیزی سے اتار چڑھاؤ نے غیر یقینی منظرنامہ پیدا کر دیا جس کی وجہ سے ٹیکسٹائل برآمدکنندگان بین الاقوامی مارکیٹ میں مقابلہ کرنے کے قابل نہیں تھے۔

شعبہ وار تجزیہ

سپننگ

مالی سال 2018-19 کی پہلی ششماہی کے دوران نئی کپاس کی فصل کی پیداوار میں قلت کے باعث اسپنرز کے لئے اہم چیلنج مقامی کپاس کی شرحوں میں قابل ذکر اضافہ تھا۔ دوسری طرف، بین الاقوامی مارکیٹ میں کپاس کی قیمتیں دباؤ میں رہیں کیونکہ کپاس کا کافی اسٹاک دستیاب تھا جس نے ہمارے لئے موزوں یارن ریٹس پر بات چیت کو مشکل بنا دیا۔

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NISHAT

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