



Growing Sustainably

Interim Financial Report of **Nishat Mills Limited**
for the quarter ended September 30, 2014



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Nishat Mills Limited

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Company Information

Board of Directors

Mian Umer Mansha

Chief Executive Officer

Mian Hassan Mansha

Chairman

Syed Zahid Hussain

Mr. Khalid Qadeer Qureshi

Ms. Nabiha Shahnawaz Cheema

Mr. Maqsood Ahmad

Mr. Saeed Ahmad Alvi

Audit Committee

Mr. Khalid Qadeer Qureshi

Chairman/Member

Syed Zahid Hussain

Member

Ms. Nabiha Shahnawaz Cheema

Member

Human Resource & Remuneration (HR & R) Committee

Mian Hassan Mansha

Chairman/Member

Mian Umer Mansha

Member

Mr. Khalid Qadeer Qureshi

Member

Ms. Nabiha Shahnawaz Cheema

Member

Chief Financial Officer

Mr. Badar-ul-Hassan

Company Secretary

Mr. Khalid Mahmood Chohan

Auditors

Riaz Ahmad & Company

Chartered Accountants

Legal Advisor

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

Bankers to the Company

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

Mills

Spinning units, Yarn Dyeing & Power plant

Nishatabad, Faisalabad.

Spinning unit & Power plant

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

Weaving units & Power plant

12 K.M. Faisalabad Road, Sheikhpura.

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

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

Stitching unit

21 K.M. Ferozepur Road, Lahore.

Apparel Unit

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

Registered office & Shares Department

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

Head Office

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

Liaison Office

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

Directors' Report

Directors of Nishat Mills Limited ("the Company") are pleased to present the Directors' Report for the quarter ended 30 September 2014.

Operating Financial Results

Gross profit and Profit after tax of the Company have decreased significantly in the quarter ended 30 September 2014 as compared to corresponding quarter of the last year. The major reasons for the decrease are decrease in sales by 5.90%, decrease in other income by 26.4% and rising energy costs. Sales decreased both in local and international markets due to low demand, intense competition and appreciation of Pak rupees against US\$. Decrease in other income was due to the reduction in dividend income by Rs. 180 million.

Financial Highlights	Quarter ended 30 September		Increase/ (decrease) %
	2014	2013	
Net Sales (Rs. '000')	12,777,666	13,579,060	(5.90)
Gross Profit (Rs. '000')	1,390,956	2,499,384	(44.35)
Profit after tax (Rs. '000')	400,094	1,571,941	(74.55)
Gross Profit (%)	10.89	18.41	
Profit after tax (%)	3.13	11.58	
Earnings per share – (Rs.)	1.14	4.47	

Finance cost of the Company also increased by 23.33% in the current quarter as compared to the corresponding quarter of the last year because of increased Bank borrowings needed for the procurement of cotton, financing the projects of the Company and providing working capital loans to subsidiary companies.

General Market Review and Future Prospects

As expected, textile industry has shown dismal performance during first quarter of current fiscal year. Energy crisis, higher wages, diminishing global demand have played vital role in lower growth and exports of textile industry.

Pakistan is losing competitiveness to the competitors in the neighboring countries because of rapid rise of wages, concerns about workplace conditions and energy costs. We have seen that in last few years, this situation has gone from bad to worse which has, consequently, pushed many international buyers towards India, China and Bangladesh.

Despite all these difficulties, the Company is committed to enhance its export sales to earn precious foreign exchange for the country and achieve a sustainable growth in terms of its profitability.

Spinning

Financial year 2014-15 started with uncertain conditions for spinning business of textile industry. Cotton prices recorded a decreasing trend due to availability of excessive cotton at the arrival of new crop at the beginning of the season. The Company started buying new crop to fulfill its spinning needs for the year 2014-15.

Cotton	Quarter ended 30 September		Increase / (Decrease)	
	2014	2013	Value	% age
Purchase rate/Maund	5,409	6,870	(1,461)	(21.27)

Right from the start of first quarter, prices for cotton yarn in international and local markets started decreasing faster than raw cotton prices as customers were fully aware of cotton market scenario and had expectations of further decline in cotton prices.

Yarn	Quarter ended 30 September		Increase / (Decrease)	
	2014	2013	Value	% age
Sale – (kgs '000')	7,210	8,005	(795)	(9.93)
Rate / kg	328.75	375.45	(46.7)	(12.44)
Sale – (Rs. '000')	2,370,321	3,005,499	(635,178)	(21.13)

Rapidly decreasing cotton yarn prices and expensive electricity cost made yarn sales a challenge in local and international markets. However, the Company was able to secure good yarn orders at a satisfactory price mix. By the end of quarter, local market was more supportive in terms of prices, though demand from international market was also adequate. Hong Kong and China remain the main markets but as a result of successful efforts of our marketing team, demand for our products increased in Malaysia, Japan and Korea as well. Demand of cotton yarn from Europe and the USA was negligible.

Weaving

As a result of sharp decline in local and international cotton prices in the first quarter, buyers of grey cloth were reluctant to place large orders in anticipation of further fall in fabric prices. This resulted in increase in competition due to which margins in grey fabric sales decreased significantly.

The downward trend is anticipated to continue in the second quarter of the year which can further worsen the profitability of the division. However, the management is committed and focused to enhance the profitability of the division through better cost management and increased efforts to boost the sales.

Grey Cloth	Quarter ended 30 September		Increase / (Decrease)	
	2014	2013	Value	% age
Sale – (meters '000')	19,495	18,043	1,452	8.05
Rate / meter	163.07	171.62	(8.55)	(4.98)
Sale – (Rs. '000')	3,179,031	3,096,557	82,474	2.66

Processing and Home Textile

Despite the prevailing economic crises in the country, our Dyeing unit was able to show positive growth during the first quarter of the financial year 2014-15. We had a right mix of core and fashion business which paid dividends and helped us in getting better contributions despite relatively low volumes during this period.

We anticipate more difficulties in remaining part of the year, especially during the third and fourth quarters as compared to the corresponding quarters of the last year. In general, business situation indicates that we will witness stiff competition from domestic and foreign competitors in the last two quarters of the financial year 2014-15 coupled with slower demand of woven apparel in the US and European markets.

We are monitoring market situation closely and taking all possible measures to absorb the obstacles in the coming days. We are confident that with our proactive approach we will be able to sail through this difficult phase.

First quarter showed mixed trends in home textile business, though production volumes increased but margins decreased on account of rise in cost of production due to enhancement in electricity cost.

Processed Cloth and Made-ups	Quarter ended 30 September		Increase / (Decrease)	
	2014	2013	Value	% age
Sale – (meters '000')	17,802	16,266	1,536	9.44
Rate / meter	304.61	306.11	(1.50)	(0.49)
Sale – (Rs. '000')	5,422,643	4,979,118	443,525	8.91

Nevertheless, with recent rise in dollar value, we are expecting to regain some lost margins in next quarter and keep progressing positively. The management is focused to increase the production volumes and production efficiency by optimal utilization of its human resource and production facilities.

We have been able to increase business of both lines together to make an appropriate product mix, where one business line consists of run of the mill standard articles with large volumes and second line consists of high confection and up market fashion brands. Although quantity of second line will always be lesser but its value added product range really boosts up the overall product mix and overcomes a lot of discrepancies in sales volume.

In view of new cotton crop that has already hit the market at lower rates, yarn and grey fabric prices are also expected to remain low that will hopefully make us more competitive in this region. We, therefore, are expecting to keep our business strategy intact for the remaining three quarters of this year too.

Garments

For Garments Division, the year started slow with lower sales and production volume. Sales of the division decreased by 27.73% during the first quarter of the year 2014-15 as compared to the corresponding quarter of the last year 2013-14.

The future, however, looks brighter than ever. Immediate actions have been taken to cope with the current situation and both top line and bottom line performances of the division are improving. Increased demand of the products from all markets is a good sign of recovery for the division. Garments Division stands strong in terms of its future sales position and expected to perform better in near future.

Garments	Quarter ended 30 September		Increase / (Decrease)	
	2014	2013	Value	% age
Sale – (garments '000')	1,005	1,394	(389)	(27.91)
Rate / garment	802.90	800.90	2.00	0.25
Sale – (Rs. '000')	806,911	1,116,458	(309,547)	(27.73)

Garments Division is currently in the construction phase in order to double the production capacities through a brand new state of the art production facility. This new unit is scheduled to commence its commercial production by start of next fiscal year 2015-16. With added capacities, major retailers are eyeing to increase their exposure through a one window operation of Nishat Mills Limited. This increase will definitely play a vital role in enhancing the profitability of Garments Division.

Power Generation

The first dual-fuel and highly efficient, 8 MW Wartsila Generator, which can changeover directly from gas to HFO and back, is working satisfactorily after commencement of its operations at Power Division, Bhikki in the last quarter of the previous year. It is supplying not only electricity but also steam for sizing process and hot water for air conditioning to the Weaving Division. Two similar generators are under installation at the Power Division, Feroze Watwan and Power Division, Lahore which are expected to commence their commercial operations in November 2014. Coal and Bio Mass plant is working efficiently and setting up of such power plants is under consideration at other locations of the Company. In nutshell, the Company's long term struggle to achieve self-sufficiency in energy at affordable price is bearing fruit.

Subsidiary Companies and Consolidated Financial Statements

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

Acknowledgement

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

For and on behalf of the Board of Directors



Mian Umer Mansha
Chief Executive Officer
28 October 2014
Lahore



Unconsolidated Condensed Interim
Financial Information of
Nishat Mills Limited
for the quarter ended 30 September 2014

Unconsolidated Condensed Interim Balance Sheet

As at 30 September 2014

	Note	Un-audited 30 September 2014 (Rupees in thousand)	Audited 30 June 2014
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
1,100,000,000 (30 June 2014: 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 2014: 351,599,848) ordinary shares of Rupees 10 each		3,515,999	3,515,999
Reserves		62,695,853	65,073,177
Total equity		66,211,852	68,589,176
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing- secured	5	6,717,799	6,431,304
Deferred income tax liability		474,878	474,878
		7,192,677	6,906,182
CURRENT LIABILITIES			
Trade and other payables		4,462,343	4,428,996
Accrued mark-up		288,465	295,054
Short term borrowings		15,002,408	14,468,124
Current portion of non-current liabilities		1,333,944	1,595,652
Provision for taxation		765,393	765,393
		21,852,553	21,553,219
TOTAL LIABILITIES		29,045,230	28,459,401
CONTINGENCIES AND COMMITMENTS	6		
TOTAL EQUITY AND LIABILITIES		95,257,082	97,048,577

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



Chief Executive Officer

	Note	Un-audited 30 September 2014 (Rupees in thousand)	Audited 30 June 2014
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	24,094,155	22,964,388
Investment properties		1,044,171	386,748
Long term investments		42,062,593	44,771,715
Long term loans		103,062	102,726
Long term deposits		47,903	48,008
		67,351,884	68,273,585
CURRENT ASSETS			
Stores, spare parts and loose tools		1,656,232	1,316,479
Stock in trade		11,021,743	12,752,495
Trade debts		4,342,969	2,929,054
Loans and advances		5,349,260	4,184,485
Short term deposits and prepayments		42,906	42,893
Other receivables		1,392,168	1,504,538
Accrued interest		17,923	15,172
Short term investments		3,117,445	3,227,560
Cash and bank balances		964,552	2,802,316
		27,905,198	28,774,992
TOTAL ASSETS		95,257,082	97,048,577


Director

Unconsolidated Condensed Interim Profit and Loss Account

For the quarter ended 30 September 2014 (Un-audited)

	Note	Quarter ended	
		30 September 2014	30 September 2013
		(Rupees in thousand)	
SALES		12,777,666	13,579,060
COST OF SALES	8	(11,386,710)	(11,079,676)
GROSS PROFIT		1,390,956	2,499,384
DISTRIBUTION COST		(632,684)	(621,331)
ADMINISTRATIVE EXPENSES		(296,002)	(265,370)
OTHER EXPENSES		(84,723)	(149,130)
		(1,013,409)	(1,035,831)
		377,547	1,463,553
OTHER INCOME		494,807	672,318
PROFIT FROM OPERATIONS		872,354	2,135,871
FINANCE COST		(472,260)	(382,930)
PROFIT BEFORE TAXATION		400,094	1,752,941
TAXATION	9	-	(181,000)
PROFIT AFTER TAXATION		400,094	1,571,941
EARNINGS PER SHARE- BASIC AND DILUTED (RUPEES)	10	1.14	4.47

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



Chief Executive Officer



Director

Unconsolidated Condensed Interim Statement of Comprehensive Income For the quarter ended 30 September 2014 (Un-audited)

	Quarter ended	
	30 September 2014	30 September 2013
	(Rupees in thousand)	
PROFIT AFTER TAXATION	400,094	1,571,941
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss:		
Deficit arising on remeasurement of available for sale investments to fair value	(2,773,533)	(1,367,071)
Reclassification adjustment for gains included in profit or loss	(3,885)	(91,996)
Other comprehensive income / (loss) for the period	(2,777,418)	(1,459,067)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	(2,377,324)	112,874

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



Chief Executive Officer



Director

Unconsolidated Condensed Interim Cash Flow Statement

For the quarter ended 30 September 2014 (Un-audited)

	Note	Quarter ended	
		30 September 2014	30 September 2013
(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	11	1,003,761	2,032,096
Finance cost paid		(478,849)	(484,243)
Income tax paid		(143,163)	(169,508)
Net exchange difference paid on forward exchange contracts		(3,758)	(15,455)
Net (increase) / decrease in long term loans to employees		(1,092)	2,349
Net decrease in long term deposits		105	6
Net cash generated from operating activities		377,004	1,365,245
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(2,264,883)	(1,259,117)
Proceeds from sale of property, plant and equipment		3,458	27,291
Investments made		(16,344)	(351,914)
Proceeds from sale of investments		67,078	1,177,704
Loans and advances to subsidiary companies		(2,681,106)	(1,958,426)
Repayment of loans from subsidiary companies		1,772,880	1,131,852
Interest received		36,562	19,263
Dividends received		308,596	488,824
Net cash used in investing activities		(2,773,759)	(724,523)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		1,122,386	706,686
Repayment of long term financing		(1,079,383)	(830,634)
Repayment of liabilities against assets subject to finance lease		(18,216)	(17,206)
Short term borrowings- net		534,284	(1,063,885)
Dividend paid		(80)	(67)
Net cash from / (used in) financing activities		558,991	(1,205,106)
Net decrease in cash and cash equivalents		(1,837,764)	(564,384)
Cash and cash equivalents at the beginning of the period		2,802,316	1,128,862
Cash and cash equivalents at the end of the period		964,552	564,478

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



Chief Executive Officer



Director

Unconsolidated Condensed Interim Statement of Changes in Equity For the quarter ended 30 September 2014 (Un-audited)

	(Rupees in thousand)							Total equity	
	Share capital	Reserves							Total
		Capital reserves			Revenue reserves				
		Premium on issue of right shares	Fair value reserve	Sub total	General reserve	Unappropriated profit	Sub total		
Balance as at 30 June 2013 - (audited)	3,515,999	5,499,530	22,242,620	27,742,150	21,808,028	5,850,858	27,658,886	55,401,036	58,917,035
Profit for the period	-	-	-	-	-	1,571,941	1,571,941	1,571,941	1,571,941
Other comprehensive income / (loss) for the period	-	(1,459,067)	(1,459,067)	(1,459,067)	-	-	-	(1,459,067)	(1,459,067)
Total comprehensive income / (loss) for the period	-	(1,459,067)	(1,459,067)	(1,459,067)	-	1,571,941	1,571,941	112,874	112,874
Balance as at 30 September 2013 - (un-audited)	3,515,999	5,499,530	20,783,553	26,283,083	21,808,028	7,422,799	29,230,827	55,513,910	59,029,909
Final dividend for the year ended 30 June 2013 @ Rupees 4.00 per share	-	-	-	-	-	(1,406,399)	(1,406,399)	(1,406,399)	(1,406,399)
Transferred to general reserve	-	-	-	-	4,440,000	(4,440,000)	-	-	-
Profit for the period	-	-	-	-	-	3,940,611	3,940,611	3,940,611	3,940,611
Other comprehensive income for the period	-	-	7,025,055	7,025,055	-	-	-	7,025,055	7,025,055
Total comprehensive income for the period	-	-	7,025,055	7,025,055	-	3,940,611	3,940,611	10,965,666	10,965,666
Balance as at 30 June 2014 - (audited)	3,515,999	5,499,530	27,808,608	33,308,138	26,248,028	5,517,011	31,765,039	65,073,177	68,589,176
Profit for the period	-	-	-	-	-	400,094	400,094	400,094	400,094
Other comprehensive loss for the period	-	-	(2,777,418)	(2,777,418)	-	-	-	(2,777,418)	(2,777,418)
Total comprehensive income / (loss) for the period	-	-	(2,777,418)	(2,777,418)	-	400,094	400,094	(2,377,324)	(2,377,324)
Balance as at 30 September 2014 - (un-audited)	3,515,999	5,499,530	25,031,190	30,530,720	26,248,028	5,917,105	32,165,133	62,695,853	66,211,852

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



Chief Executive Officer



Director

Selected Notes to the Unconsolidated Condensed Interim Financial Information For the quarter ended 30 September 2014 (Un-audited)

1 THE COMPANY AND ITS OPERATIONS

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

2 BASIS OF PREPARATION

This unconsolidated condensed interim financial information is un-audited and is being submitted to shareholders as required by section 245 of the Companies Ordinance. This unconsolidated condensed interim financial information of the Company for the quarter ended 30 September 2014 has been prepared in accordance with the requirements of International Accounting Standard 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail. This unconsolidated condensed interim financial information should be read in conjunction with the preceding audited annual published financial statements of the Company for the year ended 30 June 2014.

3 ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of this unconsolidated condensed interim financial information are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2014.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

During preparation of this unconsolidated condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2014.

	Un-audited 30 September 2014	Audited 30 June 2014
	(Rupees in thousand)	
5 LONG TERM FINANCING- SECURED		
Opening balance	7,960,588	4,323,909
Add: Obtained during the period / year	1,122,386	5,839,202
Less: Repaid during the period / year	1,079,383	2,202,523
	8,003,591	7,960,588
Less: Current portion shown under current liabilities	1,285,792	1,529,284
	6,717,799	6,431,304

6 CONTINGENCIES AND COMMITMENTS

a) Contingencies

- i) The Company is contingently liable for Rupees 0.631 million (30 June 2014: Rupees 0.631 million) on account of central excise duty not acknowledged as debt as the case is pending before Court.
- ii) Guarantees of Rupees 757.020 million (30 June 2014: Rupees 765.990 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connections, Shell Pakistan Limited and Pakistan State Oil Limited against purchase of furnace oil, Director Excise and Taxation, Karachi against infrastructure cess, Pakistan Army against fulfillment of sales order and Punjab Power Development Board for issuance of Letter of interest to set up an electricity generation facility.
- iii) Post dated cheques of Rupees 3,725.089 million (30 June 2014: Rupees 3,548.838 million) are issued to customs authorities in respect of duties on imported items availed on the basis of consumption and export plans. If documents of exports are not provided on due dates, cheques issued as security shall be encashable.
- iv) The Company has challenged, before Honorable Lahore High Court, Lahore, the vires of SRO 450(1)/2013 dated 27 May 2013 issued under section 8(1)(b) of the Sales Tax Act, 1990 whereby through amendment in the earlier SRO 490(1)/2004 dated 12 June 2004 claim of input sales tax in respect of building materials, electrical and gas appliances, pipes, fittings, wires, cables and ordinary electrical fittings and sanitary fittings have been disallowed. The Honorable Lahore High Court has issued stay order in favour of the Company and has allowed the Company to claim input sales tax paid on such goods in its monthly sales tax returns. Consequently, the Company has claimed input sales tax amounting to Rupees 53.88 million (30 June 2014: Rupees 45.150 million) paid on such goods in its respective monthly sales tax return.

b) Commitments

- i) Contracts for capital expenditure are approximately of Rupees 794.175 million (30 June 2014: Rupees 2,547.532 million).
- ii) Letters of credit other than for capital expenditure are of Rupees 694.958 million (30 June 2014: Rupees 564.550 million).
- iii) Outstanding foreign currency forward contracts of Rupees 2,522.130 million (30 June 2014: Rupees 2,888.142 million).

Selected Notes to the Unconsolidated Condensed Interim Financial Information For the quarter ended 30 September 2014 (Un-audited)

7 PROPERTY, PLANT AND EQUIPMENT

	Note	Un-audited 30 September 2014	Audited 30 June 2014
(Rupees in thousand)			
Operating fixed assets			
Owned	7.1	19,995,578	17,984,923
Leased	7.2	195,764	200,675
Capital work-in-progress	7.3	3,902,813	4,778,790
		24,094,155	22,964,388
7.1 Operating fixed assets- Owned			
Opening book value		17,984,923	14,086,039
Add: Cost of additions during the period / year	7.1.1	3,140,860	5,578,924
		21,125,783	19,664,963
Less: Book value of deletions during the period / year	7.1.2	2,229	169,099
Less: Book value of assets transferred to investment properties during the period		667,753	-
		669,982	169,099
		20,455,801	19,495,864
Less: Depreciation charged during the period / year		460,223	1,510,941
		19,995,578	17,984,923
7.1.1 Cost of additions			
Freehold land		308	447,379
Buildings on freehold land		634,961	621,845
Plant and machinery		2,417,992	4,249,525
Electric installations		59,058	11,340
Factory equipment		7,985	65,493
Furniture, fixtures and office equipment		14,863	27,124
Computer equipment		3,328	14,545
Vehicles		2,365	141,673
		3,140,860	5,578,924

	Un-audited 30 September 2014	Audited 30 June 2014
	(Rupees in thousand)	
7.1.2 Book value of deletions		
Plant and machinery	-	150,046
Furniture, fixtures and office equipment	-	390
Computer equipment	23	86
Vehicles	2,206	18,577
	2,229	169,099
7.2 Operating fixed assets- Leased		
Opening book value	200,675	222,324
Less: Depreciation charged during the period / year	4,911	21,649
	195,764	200,675
7.3 Capital work-in-progress		
Buildings on freehold land	1,276,694	1,367,656
Plant and machinery	2,560,809	3,337,261
Electric installations	-	3,882
Unallocated expenses	47,402	62,328
Letters of credit against machinery	558	469
Advances against furniture, fixtures and office equipment	3,894	6,511
Advances against vehicles	13,456	683
	3,902,813	4,778,790

Selected Notes to the Unconsolidated Condensed Interim Financial Information For the quarter ended 30 September 2014 (Un-audited)

	Quarter ended	
	30 September 2014	30 September 2013
	(Rupees in thousand)	
8 COST OF SALES		
Raw materials consumed	7,012,732	7,421,201
Processing charges	61,234	50,020
Salaries, wages and other benefits	957,145	820,477
Staff retirement benefits	27,673	23,051
Stores, spare parts and loose tools consumed	1,090,797	1,033,885
Packing materials consumed	246,968	210,912
Repair and maintenance	87,635	81,169
Fuel and power	1,510,126	1,275,695
Insurance	9,364	8,936
Other factory overheads	128,425	113,597
Depreciation	441,616	326,882
	11,573,715	11,365,825
Work-in-process		
Opening stock	2,013,520	1,720,313
Closing stock	(1,959,480)	(1,883,354)
	54,040	(163,041)
Cost of goods manufactured	11,627,755	11,202,784
Finished goods		
Opening stock	2,907,268	2,720,906
Closing stock	(3,148,313)	(2,844,014)
	(241,045)	(123,108)
	11,386,710	11,079,676

- 9 Provision for taxation - current is Nil as the tax credit available to the Company under Section 65B of Income Tax Ordinance, 2001 is in excess of the provision for taxation - current calculated for the quarter ended September 30, 2014.

	Quarter ended	
	30 September 2014	30 September 2013
10 EARNINGS PER SHARE - BASIC AND DILUTED		
There is no dilutive effect on the basic earnings per share which is based on:		
Profit attributable to ordinary shareholders (Rupees in thousand)	400,094	1,571,941
Weighted average number of ordinary shares (Numbers)	351,599,848	351,599,848
Earnings per share (Rupees)	1.14	4.47

	Note	Quarter ended	
		30 September 2014	30 September 2013
		(Rupees in thousand)	
11 CASH GENERATED FROM OPERATIONS			
Profit before taxation		400,094	1,752,941
Adjustments for non-cash charges and other items:			
Depreciation		475,464	349,425
Gain on sale of property, plant and equipment		(1,229)	(10,732)
Gain on sale of investments		(8,915)	(95,381)
Dividend income		(308,596)	(488,824)
Net exchange loss on forward contracts		52,442	32,274
Interest income on loans and advances to subsidiary companies		(39,733)	(21,358)
Finance cost		472,260	382,930
Working capital changes	11.1	(38,026)	130,821
		1,003,761	2,032,096
11.1 Working capital changes			
(Increase) / decrease in current assets:			
- Stores, spare parts and loose tools		(339,753)	(32,989)
- Stock in trade		1,730,752	83,877
- Trade debts		(1,413,915)	(316,687)
- Loans and advances		(112,630)	(73,118)
- Short term deposits and prepayments		(13)	(2,460)
- Other receivables		93,137	(40,878)
		(42,422)	(382,255)
Increase in trade and other payables		4,396	513,076
		(38,026)	130,821

12 SEGMENT INFORMATION

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

Spinning: Producing different qualities of yarn using natural and artificial fibers

Weaving: Producing different qualities of greige fabric using yarn.

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

Garments: Manufacturing of garments using processed fabric.

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

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

Selected Notes to the Unconsolidated Condensed Interim Financial Information For the quarter ended 30 September 2014 (Un-audited)

		(Un-audited)													
		Spinning		Weaving		Processing & Home Textile		Garments		Power Generation		Elimination of inter-segment transactions		Total- Company	
Quarter ended		Quarter ended		Quarter ended		Quarter ended		Quarter ended		Quarter ended		Quarter ended		Quarter ended	
2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
(Rupees in thousand)															

Sales	2,894,199	3,732,333	3,255,974	3,249,890	5,765,439	5,432,491	852,000	1,154,095	10,054	10,251	-	12,777,666	13,579,060	-	-
External Intersegment	972,526	684,895	2,023,597	1,640,300	158,736	232,075	-	-	1,581,907	1,301,078	(4,736,786)	(3,858,348)	-	-	-
Cost of sales	3,866,725	4,417,228	5,279,571	4,890,190	5,924,195	5,664,566	852,000	1,154,095	1,591,961	1,311,329	(4,736,786)	(3,858,348)	12,777,666	13,579,060	(11,079,676)
	(3,526,187)	(3,560,712)	(4,999,633)	(4,334,792)	(5,234,719)	(4,782,793)	(774,589)	(950,776)	(1,588,366)	(1,308,951)	4,736,786	3,858,348	(11,366,970)	(11,079,676)	-
Gross profit	340,538	856,516	279,936	555,398	689,476	881,773	77,411	203,319	3,595	2,378	-	1,390,956	2,499,384	-	-
Distribution cost	(100,215)	(111,564)	(71,016)	(151,975)	(314,781)	(281,261)	(46,672)	(74,946)	-	(1,585)	-	(632,684)	(621,331)	-	-
Administrative expenses	(71,071)	(67,889)	(76,202)	(62,993)	(113,193)	(101,073)	(20,317)	(20,853)	(15,219)	(12,962)	-	(296,002)	(265,370)	-	-
Profit/(loss) before taxation and unallocated income and expenses	(171,286)	(179,453)	(247,218)	(214,968)	(427,974)	(382,334)	(66,389)	(95,799)	(15,219)	(14,147)	-	(928,686)	(886,701)	-	-
Unallocated income and expenses:	169,252	677,063	32,718	340,430	261,502	493,439	10,422	107,520	(11,624)	(11,769)	-	462,270	1,612,683	-	-
Other expenses														(84,723)	(149,130)
Other income														494,807	672,318
Finance cost														(472,260)	(382,930)
Taxation														-	(181,000)
Profit after taxation														400,094	1,571,941

12.3 Reconciliation of reportable segment assets and liabilities

	Spinning		Weaving		Processing & Home Textile		Garments		Power Generation		Total- Company	
	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited
Quarter ended	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014
(Rupees in thousand)												
Total assets for reportable segments	11,197,034	12,352,139	7,978,934	7,255,451	13,864,309	13,428,366	2,715,205	2,533,784	6,419,973	5,244,376	42,175,455	40,814,116
Unallocated assets:												
Long term investments											42,062,593	44,771,715
Other receivables											1,392,168	1,504,538
Cash and bank balances											964,552	2,802,316
Other corporate assets											8,662,314	7,155,892
Total assets as per balance sheet											95,257,082	97,048,577
Total liabilities for reportable segments	692,769	515,400	533,802	627,650	1,193,365	1,110,986	324,779	298,491	1,134,370	992,112	3,879,085	3,544,639
Unallocated liabilities:												
Deferred income tax liability											474,878	474,878
Provision for taxation											765,393	765,393
Other corporate liabilities											23,925,874	23,674,491
Total liabilities as per balance sheet											29,045,230	28,459,401

13 TRANSACTIONS WITH RELATED PARTIES

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

	Quarter ended			
	30 September 2014	30 September 2013		
(Rupees in thousand)				
i) Transactions				
Subsidiary companies				
Investment made	-	351,914		
Short term loans made	2,681,107	1,958,426		
Repayment of short term loans made	1,772,880	1,131,852		
Interest income	39,734	21,358		
Rental income	47,657	7,689		
Sale of goods and services	827,835	718,124		
Purchase of goods and services	106,517	50,919		
Associated companies				
Investment made	21,127	-		
Purchase of goods and services	26,228	28,332		
Sale of goods and services	1,223	349		
Rental income	215	317		
Sale of operating fixed assets	-	1,475		
Dividend income	308,595	488,824		
Insurance premium paid	46,432	44,109		
Insurance claims received	1,827	8,687		
Profit on term deposit receipt	18,518	-		
Other related parties				
Purchase of goods and services	254,238	25,065		
Sale of goods and services	1,843	4,839		
Company's contribution to provident fund trust	39,887	33,104		
Remuneration paid to Chief Executive Officer, Directors and Executives	225,047	182,954		
ii) Period end balances	As at 30 September 2014			
	Subsidiary companies	Associated companies	Other related parties	Total
(Rupees in thousand)				
Trade and other payables	25,818	54,976	14,276	95,070
Long term loans	-	-	91,142	91,142
Trade debts	247,933	172	-	248,105
Loans and advances	3,467,942	-	36,028	3,503,970
Accrued interest	15,600	-	-	15,600
Cash and bank balances	-	6,089	-	6,089

Selected Notes to the Unconsolidated Condensed Interim Financial Information For the quarter ended 30 September 2014 (Un-audited)

	As at 30 June 2014 (Audited)			Total
	Subsidiary companies	Associated companies	Other related parties	
	(Rupees in thousand)			
Trade and other payables	8,386	49,915	19,441	77,742
Long term loans	-	-	87,980	87,980
Trade debts	127,176	-	-	127,176
Loans and advances	2,556,585	-	34,007	2,590,592
Accrued interest	12,429	278	-	12,707
Cash and bank balances	-	1,005,014	-	1,005,014

14 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2014.

15 DATE OF AUTHORIZATION FOR ISSUE

This unconsolidated condensed interim financial information was approved by the Board of Directors and authorized for issue on 28 October 2014.

16 CORRESPONDING FIGURES

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



Consolidated Condensed Interim
Financial Information of
Nishat Mills Limited
for the quarter ended 30 September 2014

Consolidated Condensed Interim Balance Sheet

As at 30 September 2014

Note	Un-audited 30 September 2014 (Rupees in thousand)	Audited 30 June 2014
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital		
1,100,000,000 (30 June 2014: 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 2014: 351,599,848) ordinary shares of Rupees 10 each	3,515,999	3,515,999
Reserves	78,937,306	79,822,306
Equity attributable to equity holders of the Holding Company	82,453,305	83,338,305
Non-controlling interest	5,460,878	5,073,073
Total equity	87,914,183	88,411,378
LIABILITIES		
NON-CURRENT LIABILITIES		
Long term financing- secured	6	16,096,149
Long term security deposits		155,488
Retirement benefit obligation		4,906
Deferred income tax liability		435,748
		16,692,291
		16,118,393
		145,483
		4,087
		435,748
		16,703,711
CURRENT LIABILITIES		
Trade and other payables		7,171,905
Accrued mark-up		676,084
Short term borrowings		17,955,328
Current portion of non-current liabilities		2,502,875
Provision for taxation		864,623
		29,170,815
		6,809,030
		695,880
		17,510,155
		2,721,375
		843,728
		28,580,168
TOTAL LIABILITIES	45,863,106	45,283,879
CONTINGENCIES AND COMMITMENTS	7	
TOTAL EQUITY AND LIABILITIES	133,777,289	133,695,257

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



Chief Executive Officer

	Note	Un-audited 30 September 2014 (Rupees in thousand)	Audited 30 June 2014
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	38,676,199	37,861,875
Investment properties		1,044,171	386,748
Intangible assets		17,634	18,571
Long term investments		50,568,445	52,252,042
Long term loans		104,947	104,428
Long term deposits		89,494	77,770
		90,500,890	90,701,434
CURRENT ASSETS			
Stores, spare parts and loose tools		2,441,051	1,881,375
Stock-in-trade		15,956,824	16,029,817
Trade debts		15,455,295	13,816,667
Loans and advances		2,255,412	1,964,922
Short term deposits and prepayments		145,645	116,500
Other receivables		1,902,390	1,843,044
Accrued interest		4,609	5,431
Short term investments		3,117,445	3,227,560
Cash and bank balances		1,997,728	4,108,507
		43,276,399	42,993,823
TOTAL ASSETS		133,777,289	133,695,257



Director

Consolidated Condensed Interim Profit and Loss Account

For the quarter ended 30 September 2014 (Un-audited)

		Quarter ended	
	Note	30 September 2014	30 September 2013
		(Rupees in thousand)	
SALES		20,789,467	20,988,515
COST OF SALES	9	(17,667,504)	(17,244,748)
GROSS PROFIT		3,121,963	3,743,767
DISTRIBUTION COST		(867,485)	(806,944)
ADMINISTRATIVE EXPENSES		(424,698)	(345,454)
OTHER EXPENSES		(86,575)	(155,741)
		(1,378,758)	(1,308,139)
		1,743,205	2,435,628
OTHER INCOME		415,695	367,738
PROFIT FROM OPERATIONS		2,158,900	2,803,366
FINANCE COST		(899,586)	(754,609)
		1,259,314	2,048,757
SHARE OF PROFIT FROM ASSOCIATED COMPANIES		343,890	337,108
PROFIT BEFORE TAXATION		1,603,204	2,385,865
TAXATION	10	(20,895)	(195,445)
PROFIT AFTER TAXATION		1,582,309	2,190,420
SHARE OF PROFIT ATTRIBUTABLE TO:			
EQUITY HOLDERS OF HOLDING COMPANY		1,194,504	1,925,096
NON-CONTROLLING INTEREST		387,805	265,324
		1,582,309	2,190,420
EARNINGS PER SHARE- BASIC AND DILUTED (RUPEES)	11	3.40	5.48

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



Chief Executive Officer



Director

Consolidated Condensed Interim Statement of Comprehensive Income For the quarter ended 30 September 2014 (Un-audited)

	Quarter ended	
	30 September 2014	30 September 2013
	(Rupees in thousand)	
PROFIT AFTER TAXATION	1,582,309	2,190,420
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss:		
Surplus / (deficit) arising on remeasurement of available for sale investments to fair value	(1,560,251)	1,414,218
Reclassification adjustment for gains included in profit or loss	(3,885)	(6,912)
Share of other comprehensive income / (loss) of associates	(531,647)	646,088
Exchange differences on translation of foreign operations	16,279	27,632
Other comprehensive income / (loss) for the period	(2,079,504)	2,081,026
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	(497,195)	4,271,446
SHARE OF TOTAL COMPREHENSIVE INCOME / (LOSS) ATTRIBUTABLE TO:		
Equity holders of holding company	(885,000)	4,006,122
Non-controlling interest	387,805	265,324
	(497,195)	4,271,446

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



Chief Executive Officer



Director

Consolidated Condensed Interim Cash Flow Statement

For the quarter ended 30 September 2014 (Un-audited)

	Note	Quarter ended	
		30 September 2014	30 September 2013
(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	12	895,883	(365,674)
Finance cost paid		(919,382)	(975,785)
Income tax paid		(150,858)	(194,326)
Long term security deposits received		10,005	30,500
Net exchange difference paid on forward exchange contracts		(3,758)	(15,455)
Net increase in retirement benefit obligation		819	495
Net (increase) / decrease in long term loans		(1,474)	2,282
Net increase in long term deposits		(11,724)	(51)
Net cash used in operating activities		(180,489)	(1,518,014)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		3,458	27,291
Dividends received		308,596	488,824
Interest received		44,530	11,588
Investments made		(16,344)	-
Proceeds from sale of investment		67,078	1,177,704
Capital expenditure on property, plant and equipment		(2,262,517)	(1,607,309)
Net cash (used in) / generated from investing activities		(1,855,199)	98,098
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		1,122,635	710,375
Repayment of long term financing		(1,345,163)	(1,059,253)
Repayment of liabilities against assets subject to finance lease		(18,216)	(17,206)
Exchange difference on translation of net investments in foreign subsidiaries		16,279	28,037
Short term borrowings - net		445,173	(2,707,528)
Dividend paid		(295,799)	(126)
Net cash used in financing activities		(75,091)	(3,045,701)
Net decrease in cash and cash equivalents		(2,110,779)	(4,465,617)
Cash and cash equivalents at the beginning of the period		4,108,507	5,202,124
Cash and cash equivalents at the end of the period		1,997,728	736,507

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



Chief Executive Officer



Director

Consolidated Condensed Interim Statement of Changes in Equity

For the quarter ended 30 September 2014 (Un-audited)

	Attributable to equity holders of the holding company											Non-controlling interest	Total equity				
	Capital reserves				Revenue reserves			Total reserves	Shareholders' equity								
	Premium on rights shares	Fair value reserve	Exchange transition reserve	Capital reserve for reserve fund	Sub total	General reserve	Unappropriated profit							Sub total			
	Share capital																
	3,515,999	5,499,530	16,883,338	(10,027)	111,002	22,483,843	33,909,882	8,679,116	42,588,998	65,072,841	68,588,840	4,511,212	73,100,052				
	-	-	-	-	-	-	-	1,925,096	1,925,096	1,925,096	1,925,096	265,324	2,190,420				
	-	-	2,053,394	27,632	-	2,081,026	-	-	-	2,081,026	2,081,026	-	2,081,026				
	-	-	2,053,394	27,632	-	2,081,026	-	1,925,096	1,925,096	4,006,122	4,006,122	265,324	4,271,446				
	3,515,999	5,499,530	18,936,732	17,605	111,002	24,564,869	33,909,882	10,604,212	44,514,094	69,078,963	72,594,962	4,776,536	77,371,498				
	-	-	-	-	-	-	-	(1,406,399)	(1,406,399)	(1,406,399)	(1,406,399)	-	(1,406,399)				
	-	-	-	-	-	-	71,27,000	(71,27,000)	-	-	-	-	-				
	-	-	-	-	-	-	-	-	-	-	-	(86,727)	(86,727)				
	-	-	6,886,691	(31,621)	-	6,855,070	-	5,294,672	5,294,672	5,294,672	5,294,672	1,163,814	6,458,486				
	-	-	6,886,691	(31,621)	-	6,855,070	-	-	-	6,855,070	6,855,070	-	6,855,070				
	-	-	6,886,691	(31,621)	-	6,855,070	-	5,294,672	5,294,672	12,149,742	12,149,742	1,163,814	13,313,556				
	3,515,999	5,499,530	25,823,423	(14,016)	111,002	31,419,939	41,036,882	7,365,485	48,402,367	79,822,306	83,338,305	5,073,073	88,411,378				
	-	-	(2,095,783)	16,279	-	(2,079,504)	-	1,194,504	1,194,504	1,194,504	1,194,504	387,805	1,582,309				
	-	-	(2,095,783)	16,279	-	(2,079,504)	-	-	-	(2,079,504)	(2,079,504)	-	(2,079,504)				
	-	-	(2,095,783)	16,279	-	(2,079,504)	-	1,194,504	1,194,504	(885,000)	(885,000)	387,805	(497,195)				
	3,515,999	5,499,530	23,727,640	2,263	111,002	29,340,435	41,036,882	8,559,989	49,596,871	78,937,306	82,453,305	5,460,878	87,914,183				

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

Balance as at 30 June 2013 - (audited)

Profit for the period
Other comprehensive income for the period
Total comprehensive income for the period

Balance as at 30 September 2013 - (un-audited)

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

Profit for the period
Other comprehensive income / (loss) for the period
Total comprehensive income / (loss) for the period

Balance as at 30 June 2014 - (audited)

Profit for the period
Other comprehensive income / (loss) for the period
Total comprehensive income / (loss) for the period

Balance as at 30 September 2014 - (un-audited)



Chief Executive Officer



Director

Selected Notes to the Consolidated Condensed Interim Financial Information For the quarter ended 30 September 2014 (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 Spinning (Private) Limited
-Nishat USA, Inc.
-Nishat Linen Trading LLC
-Nishat International FZE
-Nishat Global China Company Limited

NISHAT MILLS LIMITED

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

NISHAT POWER LIMITED

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

NISHAT LINEN (PRIVATE) LIMITED

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

NISHAT HOSPITALITY (PRIVATE) LIMITED

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

NISHAT SPINNING (PRIVATE) LIMITED

Nishat Spinning (Private) Limited is a private limited Company incorporated in Pakistan on 20 February 2014 under the Companies Ordinance, 1984. It is a wholly owned subsidiary of Nishat Mills Limited. Its registered office is situated at 53-A, Lawrence Road, Lahore. The principal objects of the Company are to operate retail outlets for sale of textile and other products and to manufacture and sale the textile products by processing the textile goods in own or outside manufacturing facilities.

NISHAT USA, INC.

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

NISHAT LINEN TRADING LLC

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

NISHAT INTERNATIONAL FZE

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

NISHAT GLOBAL CHINA COMPANY LIMITED

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

2 BASIS OF PREPARATION

This consolidated condensed interim financial information is un-audited and is being submitted to shareholders as required by section 245 of the Companies Ordinance, 1984 and the listing regulations of the Karachi, Lahore and Islamabad stock exchanges. This consolidated condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard-34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail. This consolidated condensed interim financial information should be read in conjunction with the preceding audited annual published consolidated financial statements of the Group for the year ended 30 June 2014.

3 ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of this consolidated condensed interim financial information are the same as applied in the preparation of preceding audited annual published consolidated financial statements of the Group for the year ended 30 June 2014.

4 CONSOLIDATION

a) Subsidiaries

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

Selected Notes to the Consolidated Condensed Interim Financial Information For the quarter ended 30 September 2014 (Un-audited)

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

Intragroup balances and transactions have been eliminated.

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

b) Associates

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

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

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

During preparation of this consolidated condensed interim financial information, the significant judgments made by the management in applying the accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published consolidated financial statements of the Group for the year ended 30 June 2014.

	Un-audited 30 September 2014	Audited 30 June 2014
	(Rupees in thousand)	
6 LONG TERM FINANCING- SECURED		
Opening balance	18,773,400	16,101,639
Add: Obtained during the period / year	1,122,386	5,842,759
Less: Repaid during the period / year	1,345,163	3,170,998
Add: Currency translation	249	-
	18,550,872	18,773,400
Less: Current portion shown under current liabilities	2,454,723	2,655,007
	16,096,149	16,118,393

7 CONTINGENCIES AND COMMITMENTS

a) Contingencies

- i) Nishat Mills Limited - Holding Company is contingently liable for Rupees 0.631 million (30 June 2014: Rupees 0.631 million) on account of central excise duty not acknowledged as debt as the cases are pending before Court.
- ii) Guarantees of Rupees 757.020 million (30 June 2014: Rupees 765.990 million) are given by the banks of the Nishat Mills Limited - Holding Company to Sui Northern Gas Pipelines Limited against gas connections, Shell Pakistan Limited and Pakistan State Oil Limited against purchase of furnace oil, Director Excise and Taxation, Karachi against infrastructure cess, Pakistan Army against fulfillment of sales order and Punjab Power Development Board for issuance of Letter of Interest to set up an electricity generation facility.
- iii) Post dated cheques of Rupees 3,725.089 million (30 June 2014: Rupees 3,548.838 million) are issued by the Nishat Mills Limited - Holding Company to customs authorities in respect of duties on imported items availed on the basis of consumption and export plans. If documents of exports are not provided on due dates, cheques issued as security shall be encashable.
- iv) The Holding Company has challenged, before Honourable Lahore High Court, Lahore, the vices of SRO 450(1)/2013 dated 27 May 2013 issued under section 8(1)(b) of the Sales Tax Act, 1990 whereby through amendment in the earlier SRO 490(1)/2004 dated 12 June 2004 claim of input sales tax in respect of building materials, electrical and gas appliances, pipes, fittings, wires, cables and ordinary electrical fittings and sanitary fittings have been disallowed. The Honourable Lahore High Court has issued stay order in favour of the Holding Company and has allowed the Holding Company to claim input sales tax paid on such goods in its monthly sales tax returns. Consequently, the Holding Company has claimed input sales tax amounting to Rupees 53.88 million (30 June 2014: Rupees 45.150 million) paid on such goods in its respective monthly sales tax returns.
- v) Holding Company's share in contingencies of associated companies' accounted for under equity method is Rupees 3,786 million (30 June 2014: Rupees 3,786 million).
- vi) National Electric Power Regulatory Authority (NEPRA) issued an order dated 8 February 2013 to Nishat Power Limited - Subsidiary Company through which it raised a demand of Rupees 290.423 million payable by the Subsidiary Company to National Transmission and Dispatch Company Limited (NTDCL) for the period upto 30 June 2011 in respect of Calorific Value ('CV') adjustment on fuel consumed for power generation as per the terms of the Power Purchase Agreement (PPA) and various CV adjustment mechanisms prescribed by NEPRA. The first such CV adjustment mechanism was announced by NEPRA in March 2009 and as per this mechanism, the Subsidiary Company has already made a provision of Rupees 20.332 million in its financial statements for the above CV adjustment. In July 2011, NEPRA revised its CV adjustment mechanism and directed all Independent Power Producers ('IPPs') to maintain consignment-wise CV record of the fuel received and consumed for power generation. Consequently, the Subsidiary Company started maintaining such CV record after such direction was received from NEPRA.

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

Selected Notes to the Consolidated Condensed Interim Financial Information For the quarter ended 30 September 2014 (Un-audited)

to NTDC for the period upto 30 June 2011 in respect of CV adjustment on the basis of the mechanism directed by it in July 2011. The Subsidiary Company filed a Motion for Leave for Review before NEPRA requesting it to reconsider its decision, which was decided against the Subsidiary Company. Consequently, the Subsidiary Company filed a writ petition before the Islamabad High Court against NEPRA's decision on the grounds that change in CV adjustment mechanism in July 2011 cannot be applied retrospectively and credible information is also not available from any source upon which CV adjustment computations can be made. The case is pending adjudication before Islamabad High Court.

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

- vii) In financial year 2014, a sales tax demand of Rupees 1,218.132 million was raised against Nishat Power Limited- Subsidiary Company through order dated 11 December 2013 by the Assistant Commissioner Inland Revenue ('ACIR') by disallowing input sales tax for the tax periods from July 2010 to June 2012. Such amount was disallowed on the grounds that the revenue derived by the Subsidiary Company on account of 'capacity purchase price' was against a non-taxable supply and thus, the entire amount of input sales tax claimed by the Subsidiary Company was required to be apportioned with only the input sales tax attributable to other revenue stream i.e. 'energy purchase price' admissible to the Subsidiary Company. Against the aforesaid order, the Subsidiary Company preferred an appeal before the Commissioner Inland Revenue (Appeals) ['CIR(A)'] who vacated the ACIR's order on the issue regarding apportionment of input sales tax. However, the CIR(A) did not adjudicate upon the Subsidiary Company's other grounds of appeal. Consequently, the Subsidiary Company preferred an appeal before the Appellate Tribunal Inland Revenue ('ATIR') on the issues not adjudicated upon by the CIR(A) and the Department also preferred a second appeal before the ATIR against the CIR(A)'s order, which are both pending adjudication.

Furthermore, during the current period, the Deputy Commissioner Inland Revenue ('DCIR') has issued a show cause notice dated 19 August 2014 whereby intentions have been shown to raise a sales tax demand of Rupees 1,722.811 million by disallowing input sales tax claimed by the Subsidiary Company for the tax periods from July 2009 to June 2013 on the abovementioned grounds of the ACIR. Aggrieved by this show cause notice, the Subsidiary Company has filed a writ petition before the Lahore High Court ('LHC'), whereby the LHC through its order dated 2 September 2014 has provided interim relief to the Subsidiary Company to the extent that no final order shall be passed by the DCIR until the next hearing.

Based on the advice of the Subsidiary Company's legal counsel, management of the Subsidiary Company believes that there are meritorious grounds to defend the Subsidiary Company's stance in respect of the abovementioned input sales tax claimed by the Subsidiary Company. Consequently, no provision has been made in this consolidated condensed interim financial information.

- viii) The bank of Nishat Power Limited - Subsidiary Company has issued an irrevocable standby letter of credit on behalf of Subsidiary Company in favour of Wartsila Pakistan (Private) Limited for Rupees 45 million (30 June 2014: Rupees 45 million) as required under the terms of the Operation and Maintenance agreement.

- ix) Guarantees of Rupees 4.5 million (30 June 2014: Rupees 3.5 million) are given by the banks of Nishat Power Limited - Subsidiary Company to Director, Excise and Taxation, Karachi under direction of Sindh High Court in respect of suit filed for levy of infrastructure cess.
- x) The bank of Nishat Power Limited - Subsidiary Company has issued an irrevocable standby letter of credit on behalf of the Subsidiary Company in favour of fuel suppliers for Rupees 1,165.5 million (30 June 2014: Rupees 781.357 million).
- xi) Post dated cheque furnished by Nishat Power Limited - Subsidiary Company in favour of the Collector of Customs to cover import levies against imports aggregating to Rupees 8.220 million (30 June 2014: Rupees 8.220 million).
- xii) Nishat Hospitality (Private) Limited - Subsidiary Company has issued letter of guarantees of Rupees 1.806 million (30 June 2014: Rupees 1.806 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.
- xiii) Post dated cheques furnished by Nishat Hospitality (Private) Limited - Subsidiary Company in favour of the Collector of Customs to cover import levies against imports aggregating to Rupees 2.945 million (30 June 2014: Rupees 2.945 million).
- xiv) Guarantee of Rupees 3 million (30 June 2014: Rupees 1 million) is given by the bank of Nishat Linen (Private) Limited - Subsidiary Company to Director Excise and Taxation, Karachi against infrastructure cess.
- xv) Sindh Revenue Board (SRB) has demanded payment of Rupees 11.482 million alongwith default surcharge from Nishat Linen (Private) Limited - Subsidiary Company on account of Sindh sales tax withheld on payments for services rendered to the Subsidiary Company by service providers based in Sindh. High Court of Sindh at Karachi has granted protection from any coercive action against the Subsidiary Company by SRB. The Subsidiary Company expects a favourable outcome of the appeal based on strong grounds, hence, no provision against these demands has been made in this consolidated condensed interim financial information.
- xvi) Commissioner Inland Revenue (CIR) made certain additions to taxable income of Nishat Linen (Private) Limited - Subsidiary Company for the tax year 2012 assessing the taxable income at Rupees 188.772 million against declared taxable income of Rupees 6.934 million. The Subsidiary Company filed an appeal before the Commissioner Inland Revenue (Appeals) against the order of CIR which was partially allowed. The Subsidiary Company has filed an appeal before Appellate Tribunal Inland Revenue (ATIR) against the order of CIR (Appeals) and expects a favourable outcome of the appeal as it has strong grounds of appeal. Hence, no provision there against has been made in this consolidated condensed interim financial information.
- xvii) Nishat Linen (Private) Limited - Subsidiary Company is contesting sales tax demands of Rupees 5.230 million before CIR (Appeals) and ATIR. No provision against these demands has been made in this consolidated condensed interim financial information as the legal advisor of the Subsidiary Company expects a favourable outcome of appeals.

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b) Commitments

- i) Contracts for capital expenditure of the Group are approximately of Rupees 794.175 million (30 June 2014: Rupees 2,548.232 million).
- ii) Letters of credit other than for capital expenditure of the Group are of Rupees 881.235 million (30 June 2014: Rupees 945.142 million).
- iii) Outstanding foreign currency forward contracts of Rupees 2,522.130 million (30 June 2014: Rupees 2,888.142 million)
- iv) The amount of future payments under operating lease and the period in which these payments will become due from Nishat Power Limited - Subsidiary Company are as follows:

	Un-audited 30 September 2014 (Rupees in thousand)	Audited 30 June 2014
Not later than one year	15,577	15,577
Later than one year and not later than five years	72,367	71,718
	87,944	87,295

- v) Nishat Power Limited - Subsidiary Company has entered into an agreement with Wartsila Pakistan (Private) Limited for the operations and maintenance (O&M) of the power station, until the earlier of the completion of 35,000 hours of first Generation Set or five years period starting from the commercial operations date of the power station i.e. 09 June 2010. Under the terms of the O&M agreement, the Subsidiary Company is required to pay a monthly fixed O&M fee and a variable O&M fee depending on the net electrical output, both of which are adjustable according to the Wholesale Price Index.

	Note	Un-audited 30 September 2014 (Rupees in thousand)	Audited 30 June 2014
8 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets			
Owned	8.1	34,512,703	32,792,667
Leased	8.2	195,764	200,675
Capital work in progress	8.3	3,945,383	4,847,255
Major spare parts and standby equipments		22,349	21,278
		38,676,199	37,861,875
8.1 Operating fixed assets- Owned			
Opening book value		32,792,667	28,096,224
Add: Cost of additions during the period / year	8.1.1	3,158,628	7,547,107
Less: Book value of deletions during the period / year	8.1.2	2,229	196,446
Less: Book value of assets transferred to investment properties during the period		667,753	-
		669,982	196,446
Less: Depreciation charged for the period / year		35,281,313	35,446,885
Add: Currency translation		774,237	2,658,891
		5,627	4,673
		34,512,703	32,792,667

	Un-audited 30 September 2014 (Rupees in thousand)	Audited 30 June 2014
8.1.1 Cost of additions		
Freehold land	308	466,508
Buildings on freehold land	634,961	1,568,796
Plant and machinery	2,420,634	4,865,581
Electric installations	62,376	212,895
Factory equipment	7,985	65,493
Furniture, fixtures and office equipment	19,532	141,793
Computer equipment	5,425	32,482
Vehicles	7,125	160,800
Kitchen equipments and crockery items	282	32,759
	3,158,628	7,547,107
8.1.2 Book value of deletions		
Plant and machinery	-	176,372
Furniture, fixtures and office equipment	-	390
Computer equipment	23	86
Vehicles	2,206	19,598
	2,229	196,446
8.2 Operating fixed assets- Leased		
Opening book value	200,675	222,324
Less: Depreciation charged during the period / year	4,911	21,649
	195,764	200,675
8.3 Capital work-in-progress		
Buildings on freehold land	1,318,165	1,417,937
Plant and machinery	2,560,809	3,337,261
Electric installations	-	3,882
Unallocated expenses	47,402	79,837
Letters of credit against machinery	558	469
Advances against furniture, fixtures and office equipment	3,894	6,511
Advances against vehicles	14,555	1,358
	3,945,383	4,847,255

Selected Notes to the Consolidated Condensed Interim Financial Information For the quarter ended 30 September 2014 (Un-audited)

	Quarter ended	
	30 September 2014	30 September 2013
(Rupees in thousand)		
9 COST OF SALES		
Raw materials consumed	12,581,700	13,067,553
Processing charges	62,389	48,759
Salaries, wages and other benefits	999,511	834,152
Staff retirement benefits	27,880	23,051
Stores, spare parts and loose tools consumed	1,123,795	1,169,889
Packing materials consumed	247,193	210,912
Repair and maintenance	183,142	173,515
Fuel and power	1,569,294	1,275,785
Insurance	51,222	51,994
Other factory overheads	145,342	119,630
Depreciation	741,498	601,085
	17,732,966	17,576,325
Work-in-process		
Opening stock	2,013,520	1,604,239
Closing stock	(1,959,480)	(1,883,354)
	54,040	(279,115)
Cost of goods manufactured	17,787,006	17,297,210
Finished goods		
Opening stock	4,022,360	3,338,107
Closing stock	(4,141,862)	(3,390,569)
	(119,502)	(52,462)
	17,667,504	17,244,748

- 10** Provision for taxation - current of Holding Company is Nil as the tax credit available to the Holding Company under Section 65B of Income Tax Ordinance, 2001 is in excess of the provision for taxation - current calculated for the quarter ended September 30, 2014.

	Quarter ended	
	30 September 2014	30 September 2013
11 EARNINGS PER SHARE - BASIC AND DILUTED		
There is no dilutive effect on the basic earnings per share which is based on:		
Profit attributable to ordinary shareholders of Holding Company (Rupees in thousand)	1,194,504	1,925,096
Weighted average number of ordinary shares of Holding Company (Numbers)	351,599,848	351,599,848
Earnings per share (Rupees)	3.40	5.48

	Note	Quarter ended	
		30 September 2014	30 September 2013
(Rupees in thousand)			
12 CASH GENERATED FROM OPERATIONS			
Profit before taxation		1,603,204	2,385,865
Adjustments for non-cash charges and other items:			
Depreciation		789,478	632,389
Gain on sale of property, plant and equipment		(1,229)	(10,732)
Gain on sale of investments		(8,915)	(10,297)
Dividend income		(308,596)	(276,907)
Profit on deposits with banks		(43,708)	(25,303)
Share of profit from associated companies		(343,890)	(337,108)
Net exchange loss on forward contracts		52,442	32,274
Finance cost		899,586	754,609
Working capital changes	12.1	(1,742,489)	(3,510,464)
		895,883	(365,674)
12.1 Working capital changes			
(Increase) / decrease in current assets:			
- Stores, spare parts and loose tools		(559,676)	(97,666)
- Stock in trade		72,993	(1,744,900)
- Trade debts		(1,638,628)	(2,251,012)
- Loans and advances		(138,677)	(53,112)
- Short term deposits and prepayments		(29,145)	(21,334)
- Other receivables		(78,999)	(214,861)
		(2,372,132)	(4,382,885)
Increase in trade and other payables		629,643	872,421
		(1,742,489)	(3,510,464)

13 SEGMENT INFORMATION

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

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

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

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(Un-audited)

	Spinning		Weaving		Processing & Home textile		Garments		Power Generation		Hotel		Elimination of inter-segment transactions		Total- Group	
	Quarter ended	Quarter ended	Quarter ended	Quarter ended	Quarter ended	Quarter ended	Quarter ended	Quarter ended	Quarter ended	Quarter ended	Quarter ended	Quarter ended	Quarter ended	Quarter ended	Quarter ended	Quarter ended
	Sep 2014	Sep 2013	Sep 2014	Sep 2013	Sep 2014	Sep 2013	Sep 2014	Sep 2013	Sep 2014	Sep 2013	Sep 2014	Sep 2013	Sep 2014	Sep 2013	Sep 2014	Sep 2013
Sales	3,563,513	3,040,487	3,131,019	6,262,843	5,854,145	7,026,434	6,590,171	44,190	2,378	-	-	-	-	-	20,789,467	20,988,515
External Intersegment	972,526	2,239,084	1,759,171	158,736	232,075	1,581,907	1,301,078	498	58	-	-	-	-	-	-	-
Cost of sales	(4,536,039)	(4,999,634)	(4,334,792)	(5,268,579)	(4,976,073)	(7,74,589)	(852,000)	852,000	1,154,095	1,154,095	8,608,341	7,891,249	44,688	(4,952,771)	20,789,467	20,988,515
Gross profit / (loss)	394,487	948,287	279,937	1,853,020	1,110,147	77,411	203,319	1,261,584	926,786	(34,476)	-	-	-	-	3,121,963	3,743,767
Distribution cost	(103,597)	(171,016)	(151,975)	(546,200)	(465,079)	(46,672)	(20,377)	(60,898)	(1,585)	(1,585)	-	-	-	-	(867,485)	(806,944)
Administrative expenses	(73,329)	(68,432)	(62,993)	(179,308)	(148,793)	(20,853)	(60,898)	(42,125)	(2,198)	(2,198)	-	-	-	-	(424,698)	(345,454)
Profit / (loss) before taxation and unallocated income and expenses	(176,926)	(181,851)	(247,218)	(725,508)	(613,872)	(66,589)	(95,799)	(60,898)	(43,700)	(14,644)	(2,198)	-	-	-	(1,292,183)	(1,152,389)
Unallocated income and expenses:	207,561	766,436	32,719	427,512	496,275	10,422	107,520	1,200,666	883,076	(49,120)	(2,368)	-	-	-	1,829,780	2,591,369
Other expenses															(86,575)	(155,741)
Other income															415,695	367,738
Finance cost															(899,586)	(754,609)
Share of profit from associated companies															343,890	337,108
Taxation															(20,895)	(195,445)
Profit after taxation															1,582,309	2,190,420

(Rupees in thousand)

13.3 Reconciliation of reportable segment assets and liabilities

	Spinning		Weaving		Processing & Home Textile		Garments		Power Generation		Hotel		Total- Group	
	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited
	Sep 2014	Jun 2014	Sep 2014	Jun 2014	Sep 2014	Jun 2014	Sep 2014	Jun 2014	Sep 2014	Jun 2014	Sep 2014	Jun 2014	Sep 2014	Jun 2014
Total assets for reportable segments	12,365,996	13,073,646	7,959,117	7,243,277	17,097,272	16,045,877	2,715,205	2,533,784	32,288,719	30,397,859	1,449,673	1,474,111	73,875,982	70,768,554
Unallocated assets:														
Long term investments														
Other receivables														
Cash and bank balances														
Other corporate assets														
Total assets as per balance sheet	984,790	549,260	533,753	627,633	1,565,144	1,440,634	318,878	295,647	17,132,966	17,159,356	88,276	235,059	20,634,807	20,307,989
Total liabilities for reportable segments														
Unallocated liabilities:														
Deferred income tax														
Provision for taxation														
Other corporate liabilities														
Total liabilities as per balance sheet	435,748	864,623	843,728	23,927,928	23,696,814	45,863,106	45,283,879							

(Rupees in thousand)

14 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, other related companies and key management personnel. The Group in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in this consolidated condensed interim financial information is as follows:

	Quarter ended		
	30 September 2014	30 September 2013	
	(Rupees in thousand)		
i) Transactions			
Associated companies			
Investment made	23,627	-	
Purchase of goods and services	44,181	34,315	
Sale of goods and services	3,601	441	
Rental income	215	317	
Sale of operating fixed assets	-	1,475	
Rent paid	3,115	-	
Insurance premium paid	92,316	102,214	
Insurance claims received	12,927	8,687	
Profit on term deposit receipt	18,518	-	
Other related parties			
Purchase of goods and services	254,238	25,065	
Sale of goods and services	1,843	4,839	
Group's contribution to provident fund trust	43,782	34,658	
Remuneration paid to Chief Executive Officer, Directors and Executives of the Holding Company	225,047	182,954	
ii) Period end balances	As at 30 September 2014		
	Associated companies	Other related parties	Total
	(Rupees in thousand)		
Trade and other payables	70,467	14,277	84,744
Long term loans	-	92,167	92,167
Trade debts	3,549	59	3,608
Loans and advances	-	36,412	36,412
Other receivables	793	-	793
Cash and bank balances	385,430	-	385,430
	As at 30 June 2014 (Audited)		
	Associated companies	Other related parties	Total
	(Rupees in thousand)		
Trade and other payables	53,641	22,089	75,730
Long term loans	-	88,695	88,695
Trade debts	1,912	-	1,912
Loans and advances	66	34,121	34,187
Other receivables	8,675	-	8,675
Cash and bank balances	1,199,378	-	1,199,378

Selected Notes to the Consolidated Condensed Interim Financial Information For the quarter ended 30 September 2014 (Un-audited)

15 FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published consolidated financial statements of the Group for the year ended 30 June 2014.

16 DATE OF AUTHORIZATION FOR ISSUE

This consolidated condensed interim financial information was approved by the Board of Directors and authorized for issue on 28 October 2014.

17 CORRESPONDING FIGURES

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

18 GENERAL

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



Chief Executive Officer



Director



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