



Growing Sustainably

Interim Financial Report of **Nishat Mills Limited**
for the Half Year ended December 31, 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 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 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 half year ended 31 December 2014.

Operating Financial Results

Profitability of the Company has decreased significantly in the current half year ended 31 December 2014 as compared to the corresponding half year of the last year. Strengthening of Pak Rupee against US\$, increase in fuel & power costs, increase in depreciation charge due to commencement of commercial production of new units and increase in minimum wages of workers from Rs. 10,000 to Rs. 12,000 per month are the primary reasons for decline in gross profit. Finance cost of the Company has also increased due to increase in borrowings to finance fixed capital expenditures of the Company and to provide working capital loan to subsidiary companies.

Other income of the Company increased marginally by 3.50% in the current half year as compared to corresponding half of the last year. The contribution of the equity investment portfolio was significant despite decrease in dividend income by 6.55%.

Financial Highlights	Half year ended 31 December		Increase/ (decrease) %
	2014	2013	
Net Sales (Rs. '000')	26,709,556	28,087,836	(4.91)
Gross Profit (Rs. '000')	3,009,723	5,229,309	(42.45)
Profit before tax (Rs. '000')	2,039,669	4,210,648	(51.56)
Profit after tax (Rs. '000')	1,939,669	3,852,648	(49.65)
Gross Profit (%)	11.27	18.62	
Profit after tax (%)	7.26	13.72	
Earnings per share – (Rs.)	5.52	10.96	

General Market Review and Future Prospects

The performance of textile industry remained sluggish in first half of the financial year 2014-15. This is mainly attributable to high cost of production, frequent power and gas shutdowns, poor law and order situation, commodity price crash and most importantly diminishing global demand. Although sharp decline in fuel prices in the last few months was a big relief for global economic conditions but it has so far not been able to improve demand of textile products worldwide. The export sale under the GSP Plus status granted by EU is on the rise but export volume has so far been much less than expectations because of the aforesaid reasons. This trend is expected to continue in the last two quarters of the current financial year.

A ray of hope has come from the recently announced textile policy 2014-19 (the Policy) which is expected to provide some relief to textile sector. The Policy will provide running finance at lower rates under export refinance scheme. It will also provide cheap finance for technology upgradation to value added sector under Long Term Financing Facility.

Spinning

Uncertain economic conditions in spinning business were prevalent at the start of financial year 2014-15 on account of mixed perceptions about cotton prices and expected damage of crop due to flood. Cotton prices in local market recorded a decreasing trend on the arrival of new cotton crop. This trend continued till the end of second quarter. Likewise, cotton in international market traded at its lowest during the last four years. The Company has procured cotton from the new crop to meet needs of its Spinning Division for the financial year 2014-15 at an optimum price level.

On the other hand, fall in the prices of cotton yarn was relatively more than the decrease in the prices of cotton as the customers were aware of market dynamics because expectations for further decline in cotton prices were prevalent in both local and international markets. However, as a result of exceptional performance by our marketing team, the Company was able to secure a satisfactory price mix despite ups and downs in demand and price of cotton yarn in local and international markets during the first half of the financial year 2014-15. Hong Kong and China remained major markets. Our marketing team also succeeded to create demand for our products by putting more efforts in Malaysia, Japan, and Korea as well. Demand of cotton yarn from Europe and the USA was negligible.

Yarn	Half year ended 31 December		Increase / (Decrease)	
	2014	2013	Value	% age
Sale – (kgs '000')	16,193	14,868	1,325	8.91
Rate / kg	314.74	385.09	(70.35)	(18.27)
Sale – (Rs. '000')	5,096,664	5,725,476	(628,812)	(10.98)

Weaving

Sharp decline in cotton and polyester fiber prices, during the first half of financial year 2014-15, prompted a bearish sentiment and customers hesitated in placing large orders. Also Dollar becoming stronger against major currencies like Euro and Yen caused a complete slowdown of orders. Our major grey export market is in Europe and Japan. There was an increased selling pressure in the weaving industry and this resulted in a big dip in selling price. Our selling prices dropped more in proportion to yarn prices thus diminishing our margins.

Grey Cloth	Half year ended 31 December		Increase / (Decrease)	
	2014	2013	Value	% age
Sale – (meters '000')	40,143	36,895	3,248	8.80
Rate / meter	155.89	175.02	(19.13)	(10.93)
Sale – (Rs. '000')	6,257,814	6,457,219	(199,405)	(3.09)

As always we have tried to diversify our product mix by venturing into new product range like abrasives and technical fabrics. We have made some advances in this regard but the process is slow and hopefully by the end of financial year 2014-15 we shall be doing bulk business in these products. Energy and gas crises still loom large over the textile industry of Pakistan. We expect the dynamics of weaving business to remain the same in the second half of financial year 2014-15.

Processing and Home Textile

Despite the prevailing economic crises in the country, our Dyeing unit performed remarkably well and registered positive growth in the first half of the financial year. Right from the beginning of this year, market situation has been quite grim but despite all difficulties we were able to fetch good profits due to our proactive market approach and right mix of core and fashion business.

The second half of fiscal year 2014-15 would be extremely tough mainly because of decrease in the demand of textile products in international market. In order to cope up with this scenario we are keeping a close eye on the market situation and taking all possible measures so that we can maintain our performance momentum in the third and fourth quarter of the current year.

Processed Cloth and Made-ups	Half year ended 31 December		Increase / (Decrease)	
	2014	2013	Value	% age
Sale – (meters '000')	38,004	34,255	3,749	10.94
Rate / meter	294.19	307.60	(13.41)	(4.36)
Sale – (Rs. '000')	11,180,471	10,536,979	643,492	6.11

Uncertain conditions emanating from massive price reduction in cotton and crude oil prices created unprecedented scenarios for the buyers and affected their decisions to place regular orders because customers delayed the deals as the prices were continuously declining. This scenario has affected home textile business more than any other textile sector. Nevertheless, despite difficulties our Home Textile business has performed quite satisfactory and maintained reasonable production levels.

According to the plan, balance of production machinery has been attained and energy saving methods have already been implemented which have started showing promising results.

Garments

Garments division showed a decrease in sales by 28.72 % during the current half year of the financial year 2014-15 as compared to half year of the financial year 2013-14.

The first two quarters of financial year 2014-15 remained challenging for Garments Division. Consistent increase in the cost of doing business because of rise in wages and strengthened Rupee has put pressure on the profitability. Gas and electricity shortage remains a struggle, however, with weakened oil prices, some relief is expected to come.

Garments	Half year ended 31 December		Increase / (Decrease)	
	2014	2013	Value	% age
Sale – (garments '000')	2,336	3,077	(741)	(24.08)
Rate / garment	775.53	826.00	(50.47)	(6.11)
Sale – (Rs. '000')	1,811,629	2,541,588	(729,959)	(28.72)

To counter the industry challenges, Garments Division has taken many steps in order to make itself a lean manufacturing facility during this year. The purchase of RFID technology for sewing lines is the latest and most advanced method of calculating efficiencies and wages, which will help in reducing precious down time and increasing the productivity of the division. The latest technology will provide our management important data to streamline processes and manage issues on a fast track in real-time which will help in reducing wastages and enhancing efficiencies. To comply with global manufacturing standards, further investments have been made in computer software to remain competitive in the market.

The new unit of Garments Division which consists of state of the art laundry and sewing equipments to accommodate high demands of our customers is under construction at a fast pace. New plant is expected to commence its commercial operations in the start of financial year 2015-16.

Power Generation

As a result of continued energy crises in the country, the Company is committed and focused on BMR of its Power Division. The Company has recently commissioned two dual-fuel and highly efficient Wartsila Generators

at Power Division, Lahore and Power Division, Ferozewatwan. The 9 MW extension of coal fired power plant is in progress and will be completed by April 2015. In addition to electricity, it will also produce 25 tons of steam per hour.

Information under section 218 of Companies Ordinance, 1984.

The Board of Directors of the Company in their meeting held on 23 September 2014 has revised the monthly remuneration of Mr. Umer Mansha, Chief Executive Officer of the Company from Rs 2,000,000 to Rs 2,240,000 per month with effect from July 01, 2014 along with a bonus of Rs 2,000,000 to be paid for the year ended 30 June 2014.

There is no change in other terms and conditions of his appointment.

Scheme of Compromises, Arrangements and Reconstruction

The Board of Directors of the Company in their meeting held on 24 February 2015 has approved the Scheme of Compromises, Arrangements and Reconstruction under sections 284 to 288 of the Companies Ordinance, 1984 between Nishat Spinning (Private) Limited and its Members and Nishat Linen (Private) Limited and its Members and Nishat Mills Limited and its Members subject to approval and any modification by the Honourable Lahore High Court.

The main objects of the Scheme of Compromises, Arrangements and Reconstruction are: to effect merger of Nishat Spinning (Private) Limited "NSPL" with and into Nishat Linen (Private) Limited "NLPL" and Nishat Mills Limited "NML" through the transfer and vesting in "NLPL" and "NML" of Undertaking of "NSPL"; and to separate the Sewing Undertaking (comprising of building, plant and machinery, related assets and inventory of Sewing Unit of "NML") from "NML" and transfer and vest the same with and into "NLPL".

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, staff and workers.

For and on behalf of the Board of Directors



Mian Umer Mansha
Chief Executive Officer
24 February 2015
Lahore

Auditors' Report to the Members on Review of Unconsolidated Condensed Interim Financial Information

Introduction

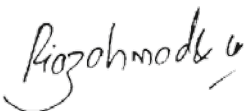
We have reviewed the accompanying unconsolidated condensed interim balance sheet of NISHAT MILLS LIMITED as at 31 December 2014 and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim cash flow statement, unconsolidated condensed interim statement of changes in equity and notes to the accounts for the half year then ended (herein after referred to as "unconsolidated condensed interim financial information"). Management is responsible for the preparation and presentation of this unconsolidated condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this unconsolidated condensed interim financial information based on our review. The figures of the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income for the quarters ended 31 December 2014 and 31 December 2013 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 2014.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of unconsolidated condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated condensed interim financial information as of and for the half year ended 31 December 2014 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.



RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Muhammad Atif Mirza

24 February 2015
LAHORE



Unconsolidated Condensed Interim
Financial Information of
Nishat Mills Limited
for the half year ended 31 December 2014

Unconsolidated Condensed Interim Balance Sheet

As at 31 December 2014

	Note	Un-audited 31 December 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		71,313,619	65,073,177
Total equity		74,829,618	68,589,176
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing-secured	5	6,484,363	6,431,304
Deferred income tax liability		456,760	474,878
		6,941,123	6,906,182
CURRENT LIABILITIES			
Trade and other payables		4,861,332	4,428,996
Accrued mark-up		434,350	295,054
Short term borrowings		17,516,099	14,468,124
Current portion of non-current liabilities		1,617,625	1,595,652
Provision for taxation		402,393	765,393
		24,831,799	21,553,219
TOTAL LIABILITIES		31,772,922	28,459,401
CONTINGENCIES AND COMMITMENTS	6		
TOTAL EQUITY AND LIABILITIES		106,602,540	97,048,577

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



Chief Executive Officer

	Note	Un-audited 31 December 2014 (Rupees in thousand)	Audited 30 June 2014
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	24,483,032	22,964,388
Investment properties		1,020,979	386,748
Long term investments		50,619,735	44,771,715
Long term loans		107,330	102,726
Long term deposits		47,918	48,008
		76,278,994	68,273,585
CURRENT ASSETS			
Stores, spare parts and loose tools		1,660,043	1,316,479
Stock in trade		14,190,182	12,752,495
Trade debts		2,631,120	2,929,054
Loans and advances		6,722,818	4,184,485
Short term deposits and prepayments		31,711	42,893
Other receivables		1,776,618	1,504,538
Accrued interest		25,503	15,172
Short term investments		3,225,600	3,227,560
Cash and bank balances		59,951	2,802,316
		30,323,546	28,774,992
TOTAL ASSETS		106,602,540	97,048,577


Director

Unconsolidated Condensed Interim Profit and Loss Account For the half year ended 31 December 2014 (Un-audited)

	Note	Half year ended		Quarter ended	
		31 December 2014	31 December 2013 (Rupees in thousand)	31 December 2014	31 December 2013
SALES		26,709,556	28,087,836	13,931,890	14,508,776
COST OF SALES	8	(23,699,833)	(22,858,527)	(12,313,123)	(11,778,851)
GROSS PROFIT		3,009,723	5,229,309	1,618,767	2,729,925
DISTRIBUTION COST		(1,246,776)	(1,314,463)	(614,092)	(693,132)
ADMINISTRATIVE EXPENSES		(576,792)	(520,328)	(280,790)	(254,958)
OTHER EXPENSES		(141,039)	(285,927)	(56,316)	(136,797)
		(1,964,607)	(2,120,718)	(951,198)	(1,084,887)
		1,045,116	3,108,591	667,569	1,645,038
OTHER INCOME		1,998,908	1,931,309	1,504,101	1,258,991
PROFIT FROM OPERATIONS		3,044,024	5,039,900	2,171,670	2,904,029
FINANCE COST		(1,004,355)	(829,252)	(532,095)	(446,322)
PROFIT BEFORE TAXATION		2,039,669	4,210,648	1,639,575	2,457,707
TAXATION		(100,000)	(358,000)	(100,000)	(177,000)
PROFIT AFTER TAXATION		1,939,669	3,852,648	1,539,575	2,280,707
EARNINGS PER SHARE -BASIC AND DILUTED (RUPEES)	9	5.52	10.96	4.38	6.49

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



Chief Executive Officer



Director

Unconsolidated Condensed Interim Statement of Comprehensive Income For the half year ended 31 December 2014 (Un-audited)

	Half year ended		Quarter ended	
	31 December 2014	31 December 2013 (Rupees in thousand)	31 December 2014	31 December 2013
PROFIT AFTER TAXATION	1,939,669	3,852,648	1,539,575	2,280,707
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 arising on remeasurement of available for sale investments to fair value	5,692,939	2,967,711	8,466,472	4,426,778
Reclassification adjustment for gain included in profit or loss	(3,885)	-	-	-
Deferred income tax relating to surplus on available for sale investments	18,118	(78,656)	18,118	(78,656)
Other comprehensive income for the period - net of tax	5,707,172	2,889,055	8,484,590	4,348,122
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	7,646,841	6,741,703	10,024,165	6,628,829

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



Chief Executive Officer



Director

Unconsolidated Condensed Interim Cash Flow Statement

For the half year ended 31 December 2014 (Un-audited)

	Note	Half year ended	
		31 December 2014	31 December 2013
(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	10	1,129,925	2,873,185
Finance cost paid		(865,059)	(787,212)
Income tax paid		(401,912)	(460,421)
Exchange gain / (loss) on forward exchange contracts		30,673	(20,435)
Net increase in long term loans to employees		(8,427)	(7,351)
Net decrease / (increase) in long term deposits		90	(1,824)
Net cash (utilized in) / generated from operating activities		(114,710)	1,595,942
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(3,176,773)	(3,474,295)
Proceeds from sale of property, plant and equipment		12,877	207,525
Investments made		(215,169)	(982,438)
Proceeds from sale of investment		67,081	910,297
Proceeds from sale of non-current asset held for sale		-	267,407
Loans and advances to subsidiary companies		(7,320,000)	(5,265,527)
Repayment of loans from subsidiary companies		4,710,490	3,103,692
Interest received		90,725	64,105
Dividends received		1,466,100	1,568,889
Net cash used in investing activities		(4,364,669)	(3,600,345)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		1,366,100	2,359,415
Repayment of long term financing		(1,254,336)	(1,605,797)
Repayment of liabilities against assets subject to finance lease		(36,732)	(34,657)
Short term borrowings - net		3,047,975	2,246,712
Dividend paid		(1,385,993)	(1,396,719)
Net cash from financing activities		1,737,014	1,568,954
Net decrease in cash and cash equivalents		(2,742,365)	(435,449)
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		59,951	693,413

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



Chief Executive Officer



Director

Unconsolidated Condensed Interim Statement of Changes in Equity

For the half year ended 31 December 2014 (Un-audited)

	(Rupees in thousand)							
	Share capital	Capital reserves			Revenue reserves			Total equity
		Premium on issue of right shares	Fair value reserve	Sub total	General reserve	Unappropriated profit	Sub total	
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	55,401,036	58,917,035
Transaction with owners - Final dividend for the year ended 30 June 2013 @ Rupees 4.00 per share	-	-	-	-	-	(1,406,399)	(1,406,399)	(1,406,399)
Transferred to general reserve	-	-	-	-	4,440,000	(4,440,000)	-	-
Profit for the half year ended 31 December 2013	-	-	-	-	-	3,852,648	3,852,648	3,852,648
Other comprehensive income for the half year ended 31 December 2013	-	-	2,889,055	2,889,055	-	-	-	2,889,055
Total comprehensive income for the half year ended 31 December 2013	-	-	2,889,055	2,889,055	-	3,852,648	6,741,703	6,741,703
Balance as at 31 December 2013 - (Un-audited)	3,515,999	5,499,530	25,131,675	30,631,205	26,248,028	3,857,107	60,736,340	64,252,339
Profit for the half year ended 30 June 2014	-	-	-	-	-	1,659,904	1,659,904	1,659,904
Other comprehensive income for the half year ended 30 June 2014	-	-	2,676,933	2,676,933	-	-	-	2,676,933
Total comprehensive income for the half year ended 30 June 2014	-	-	2,676,933	2,676,933	-	1,659,904	4,336,837	4,336,837
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	65,073,177	68,589,176
Transaction with owners - Final dividend for the year ended 30 June 2014 @ Rupees 4.00 per share	-	-	-	-	-	(1,406,399)	(1,406,399)	(1,406,399)
Transferred to general reserve	-	-	-	-	4,106,000	(4,106,000)	-	-
Profit for the half year ended 31 December 2014	-	-	-	-	-	1,939,669	1,939,669	1,939,669
Other comprehensive income for the half year ended 31 December 2014	-	-	5,707,172	5,707,172	-	-	-	5,707,172
Total comprehensive income for the half year ended 31 December 2014	-	-	5,707,172	5,707,172	-	1,939,669	7,646,841	7,646,841
Balance as at 31 December 2014 - (Un-audited)	3,515,999	5,499,530	33,515,780	39,015,310	30,354,028	1,944,281	71,313,619	74,829,618

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

Um. Mohan

Chief Executive Officer

[Signature]
Director

Selected Notes to the Unconsolidated Condensed Interim Financial Information For the half year ended 31 December 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 but subject to limited scope review by the statutory auditors and is being submitted to shareholders as required by section 245 of the Companies Ordinance, 1984. This unconsolidated condensed interim financial information of the Company for the half year ended 31 December 2014 has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail. This unconsolidated condensed interim financial information should be read in conjunction with the preceding audited annual published financial statements of the Company for the year ended 30 June 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 JUDGMENTS

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

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

	Un-audited 31 December 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	1,366,100	5,839,202
Less: Repaid during the period / year	1,254,336	2,202,523
	8,072,352	7,960,588
Less: Current portion shown under current liabilities	1,587,989	1,529,284
	6,484,363	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 757.389 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 fulfilment 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 4,012.956 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 Honourable Lahore High Court, Lahore, the vires of SRO 450(1)/2013 dated 27 May 2013 issued under section 8(1)(b) of the Sales Tax Act, 1990 whereby through amendment in the earlier SRO 490(1)/2004 dated 12 June 2004 claim of input sales tax in respect of building materials, electrical and gas appliances, pipes, fittings, wires, cables and ordinary electrical fittings and sanitary fittings have been disallowed. The Honourable Lahore High Court has issued stay order in favour of the Company and has allowed the Company to claim input sales tax paid on such goods in its monthly sales tax returns. Consequently, the Company has claimed input sales tax amounting to Rupees 59.566 million (30 June 2014: Rupees 45.150 million) paid on such goods in its respective monthly sales tax returns.

b) Commitments

- i) Contracts for capital expenditure are approximately of Rupees 809.714 million (30 June 2014: Rupees 2,547.532 million).
- ii) Letters of credit other than for capital expenditure are of Rupees 669.745 million (30 June 2014: Rupees 564.550 million).
- iii) Outstanding foreign currency forward contracts are of Rupees 3,694.066 million (30 June 2014: Rupees 2,888.142 million).

Selected Notes to the Unconsolidated Condensed Interim Financial Information For the half year ended 31 December 2014 (Un-audited)

7 PROPERTY, PLANT AND EQUIPMENT

	Note	Un-audited 31 December 2014	Audited 30 June 2014
(Rupees in thousand)			
Operating fixed assets			
Owned	7.1	20,305,986	17,984,923
Leased	7.2	190,853	200,675
Capital work-in-progress	7.3	3,986,193	4,778,790
		24,483,032	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	3,969,370	5,578,924
		21,954,293	19,664,963
Less: Book value of deletions during the period / year	7.1.2	9,185	169,099
Less: Book value of assets transferred to investment properties during the period		667,753	-
		676,938	169,099
		21,277,355	19,495,864
Less: Depreciation charged during the period / year		971,369	1,510,941
		20,305,986	17,984,923
7.1.1 Cost of additions			
Freehold land		15,452	447,379
Buildings on freehold land		694,660	621,845
Plant and machinery		3,138,347	4,249,525
Electric installations		59,169	11,340
Factory equipment		9,222	65,493
Furniture, fixtures and office equipment		24,068	27,124
Computer equipment		5,355	14,545
Vehicles		23,097	141,673
		3,969,370	5,578,924

	Un-audited 31 December 2014	Audited 30 June 2014
	(Rupees in thousand)	
7.1.2 Book value of deletions		
Plant and machinery	1,892	150,046
Furniture, fixtures and office equipment	952	390
Computer equipment	50	86
Vehicles	6,291	18,577
	9,185	169,099
7.2 Operating fixed assets - Leased		
Opening book value	200,675	222,324
Less: Depreciation charged during the period / year	9,822	21,649
	190,853	200,675
7.3 Capital work-in-progress		
Buildings on freehold land	1,556,722	1,354,050
Plant and machinery	2,306,802	3,337,261
Electric installations	-	3,882
Unallocated expenses	55,377	62,328
Letters of credit against machinery	640	469
Advances against purchase of land	34,806	13,606
Advances against furniture, fixtures and office equipment	141	6,511
Advances against vehicles	31,705	683
	3,986,193	4,778,790

Selected Notes to the Unconsolidated Condensed Interim Financial Information For the half year ended 31 December 2014 (Un-audited)

	Half year ended		Quarter ended	
	31 December 2014	31 December 2013 (Rupees in thousand)	31 December 2014	31 December 2013
8 COST OF SALES				
Raw materials consumed	14,457,317	15,153,548	7,444,585	7,732,347
Processing charges	214,499	97,227	153,265	47,207
Salaries, wages and other benefits	2,044,595	1,780,943	1,059,777	937,415
Stores, spare parts and loose tools consumed	2,310,116	2,234,028	1,219,319	1,200,143
Packing materials consumed	507,858	447,450	260,890	236,538
Repair and maintenance	179,201	186,559	91,566	105,390
Fuel and power	2,922,453	2,629,546	1,412,327	1,353,851
Insurance	18,803	17,986	9,439	9,050
Other factory overheads	253,695	244,987	125,270	131,390
Depreciation	933,440	685,205	491,824	358,323
	23,841,977	23,477,479	12,268,262	12,111,654
Work-in-process				
Opening stock	2,013,520	1,720,313	1,959,480	1,883,354
Closing stock	(1,916,338)	(1,912,315)	(1,916,338)	(1,912,315)
	97,182	(192,002)	43,142	(28,961)
Cost of goods manufactured	23,939,159	23,285,477	12,311,404	12,082,693
Finished goods				
Opening stock	2,907,268	2,720,906	3,148,313	2,844,014
Closing stock	(3,146,594)	(3,147,856)	(3,146,594)	(3,147,856)
	(239,326)	(426,950)	1,719	(303,842)
	23,699,833	22,858,527	12,313,123	11,778,851

	Half year ended		Quarter ended	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
9 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)	1,939,669	3,852,648	1,539,575	2,280,707
Weighted average number of ordinary shares (Numbers)	351,599,848	351,599,848	351,599,848	351,599,848
Earnings per share (Rupees)	5.52	10.96	4.38	6.49

	Note	Half year ended	
		31 December 2014	31 December 2013
(Rupees in thousand)			
10 CASH GENERATED FROM OPERATIONS			
Profit before taxation		2,039,669	4,210,648
Adjustments for non-cash charges and other items:			
Depreciation		1,014,713	731,331
Gain on sale of property, plant and equipment		(3,692)	(50,557)
Gain on sale of investment		(8,918)	(10,297)
Gain on sale of non-current asset held for sale		-	(85,084)
Dividend income		(1,466,100)	(1,568,889)
Net exchange (gain) / loss on forward exchange contracts		(118,858)	10,993
Interest income on loans and advances to subsidiary companies		(103,799)	(79,236)
Finance cost		1,004,355	829,252
Working capital changes	10.1	(1,227,445)	(1,114,976)
		1,129,925	2,873,185
10.1 Working capital changes			
(Increase) / decrease in current assets:			
- Stores, spare parts and loose tools		(343,564)	(229,276)
- Stock in trade		(1,437,687)	(5,253,672)
- Trade debts		297,934	3,650,286
- Loans and advances		13,912	(82,459)
- Short term deposits and prepayments		11,182	12,165
- Other receivables		(181,152)	(151,887)
		(1,639,375)	(2,054,843)
Increase in trade and other payables		411,930	939,867
		(1,227,445)	(1,114,976)

11 SEGMENT INFORMATION

11.1 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 half year ended 31 December 2014 (Un-audited)

11.2

	(Un-audited)													
	Spinning		Weaving		Processing & Home Textile		Garments		Power Generation		Elimination of inter-segment transactions		Total - Company	
	Half year ended	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013	31 Dec 2014	Half year ended	31 Dec 2013	31 Dec 2014

(Rupees in thousand)

Sales	6,372,049	7,279,385	6,429,304	6,771,224	12,027,996	11,418,187	1,863,763	2,601,467	16,444	17,573	(8,894,692)	(8,100,116)	26,709,556	28,087,836
External Intersegment	1,669,353	1,492,843	3,669,709	3,369,831	466,689	543,846	-	-	3,088,941	2,693,596	(8,894,692)	(8,100,116)	-	-
Cost of sales	8,041,402	8,772,228	10,099,013	10,141,055	12,494,685	11,962,033	1,863,763	2,601,467	3,105,385	2,711,169	(8,894,692)	(8,100,116)	26,709,556	28,087,836
	(7,403,888)	(7,146,780)	(9,506,885)	(8,980,502)	(10,791,497)	(10,067,299)	(1,791,013)	(2,054,867)	(3,099,242)	(2,709,195)	8,894,692	8,100,116	(23,699,633)	(22,898,327)
Gross profit	637,514	1,625,448	590,128	1,160,553	1,703,188	1,894,734	72,750	546,600	6,143	1,974	-	-	3,009,723	5,229,309
Distribution cost	(203,222)	(210,134)	(319,685)	(334,750)	(628,182)	(602,313)	(95,687)	(163,743)	-	(3,523)	-	-	(1,246,776)	(1,314,463)
Administrative expenses	(135,777)	(136,374)	(141,845)	(122,791)	(227,239)	(195,157)	(40,621)	(40,887)	(31,310)	(25,119)	-	-	(576,792)	(520,328)
Profit / (loss) before taxation and unallocated income and expenses	(338,999)	(346,508)	(461,530)	(457,541)	(855,421)	(797,470)	(36,308)	(204,630)	(31,310)	(28,642)	-	-	(1,823,568)	(1,834,791)
	298,515	1,278,940	128,598	703,012	847,767	1,097,264	(63,558)	341,970	(25,167)	(26,668)	-	-	1,186,155	3,394,518

Unallocated income and expenses:

Other expenses	(141,039)	(285,927)
Other income	1,998,908	1,931,309
Finance cost	(1,004,355)	(829,252)
Taxation	(100,000)	(358,000)
Profit after taxation	1,939,669	3,852,648

11.3 Reconciliation of reportable segment assets and liabilities

	(Rupees in thousand)											
	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

(Rupees in thousand)

Total assets for reportable segments	13,868,824	12,352,139	7,045,019	7,255,451	12,703,665	13,428,366	31,588,649	7,260,572	5,244,376	44,036,729	40,814,116
Unallocated assets:											
Long term investments										50,619,795	44,771,715
Other receivables										1,776,618	1,504,538
Cash and bank balances										59,951	2,802,316
Other corporate assets										10,109,507	7,155,892
Total assets as per balance sheet										106,602,540	97,048,577
Total liabilities for reportable segments	866,777	515,400	489,600	627,650	1,174,884	1,110,986	421,480	1,213,779	992,112	4,166,520	3,544,639
Unallocated liabilities:											
Deferred income tax liability										456,760	474,878
Provision for taxation										402,393	766,393
Other corporate liabilities										26,747,249	23,674,491
Total liabilities as per balance sheet										31,772,922	28,459,401

12 TRANSACTIONS WITH RELATED PARTIES

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

	Half year ended		Quarter ended	
	31 December 2014	31 December 2013 (Rupees in thousand)	31 December 2014	31 December 2013
i) Transactions				
Subsidiary companies				
Investment made	-	682,438	-	330,524
Interest income	103,799	79,236	64,065	57,878
Short term loans made	7,320,000	5,265,527	4,638,893	3,307,101
Repayment of short term loans made	4,710,490	3,103,692	2,937,610	1,971,840
Rental income	155,160	15,757	107,503	8,068
Dividend income	361,266	361,266	361,266	361,266
Purchase of goods and services	537,478	156,176	430,961	105,257
Sale of goods and services	2,024,030	1,526,346	1,196,195	808,222
Associated companies				
Investment made	219,952	300,000	198,825	300,000
Purchase of goods and services	46,099	77,826	19,871	49,494
Sale of operating fixed assets	-	1,475	-	-
Sale of goods and services	1,322	423	99	74
Rental income	412	447	197	130
Dividend income	1,074,331	1,158,093	765,736	669,269
Dividend paid	126,193	126,194	126,193	126,194
Insurance premium paid	77,830	71,838	31,398	27,729
Insurance claims received	10,348	25,614	8,521	16,927
Profit on term deposit receipt	18,518	248	-	248
Other related parties				
Dividend income	27,241	49,530	27,241	49,530
Purchase of goods and services	426,277	80,781	172,039	55,716
Sale of goods and services	1,934	4,839	91	-
Company's contribution to provident fund trust	81,912	67,902	42,025	34,798
Remuneration paid to Chief Executive Officer, Directors and Executives	417,026	335,546	191,979	152,592
ii) Period end balances			As at 31 December 2014	
	Subsidiary companies	Associated companies	Other related parties	Total
	(Rupees in thousand)			
Trade and other payables	112,610	11,103	12,035	135,748
Long term loans	-	-	95,087	95,087
Trade debts	273,960	132	-	274,092
Loans and advances	5,172,805	-	38,794	5,211,599
Accrued interest	25,503	-	-	25,503
Cash and bank balances	-	13,716	-	13,716

Selected Notes to the Unconsolidated Condensed Interim Financial Information For the half year ended 31 December 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

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 2014.

14 DATE OF AUTHORIZATION FOR ISSUE

This unconsolidated condensed interim financial information was approved by the Board of Directors and authorized for issue on 24 February 2015.

15 CORRESPONDING FIGURES

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

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

16 GENERAL

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



Chief Executive Officer



Director



Consolidated Condensed Interim
Financial Information of
Nishat Mills Limited
for the half year ended 31 December 2014

Consolidated Condensed Interim Balance Sheet

As at 31 December 2014

Note	Un-audited 31 December 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	82,506,899	79,822,306
	Equity attributable to equity holders of the Holding Company	86,022,898	83,338,305
	Non-controlling interest	5,658,259	5,073,073
	Total equity	91,681,157	88,411,378
LIABILITIES			
NON-CURRENT LIABILITIES			
	Long term financing-secured	15,542,040	16,118,393
	Long term security deposit	159,328	145,483
	Retirement benefit obligation	4,385	4,087
	Deferred income tax liability	435,748	435,748
		16,141,501	16,703,711
	CURRENT LIABILITIES		
	Trade and other payables	6,519,083	6,809,030
	Accrued mark-up	795,156	695,880
	Short term borrowings	18,136,572	17,510,155
	Current portion of non-current liabilities	2,594,819	2,721,375
	Provision for taxation	543,736	843,728
		28,589,366	28,580,168
	TOTAL LIABILITIES	44,730,867	45,283,879
	CONTINGENCIES AND COMMITMENTS		
	TOTAL EQUITY AND LIABILITIES	136,412,024	133,695,257

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



Chief Executive Officer

	Note	Un-audited 31 December 2014 (Rupees in thousand)	Audited 30 June 2014
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	38,782,425	37,861,875
Investment properties		1,020,979	386,748
Intangible assets		16,921	18,571
Long term investments		53,793,762	52,252,042
Long term loans		109,112	104,428
Long term deposits		89,408	77,770
		93,812,607	90,701,434
CURRENT ASSETS			
Stores, spare parts and loose tools		2,365,247	1,881,375
Stock-in-trade		20,744,457	16,029,817
Trade debts		11,274,274	13,816,667
Loans and advances		1,924,917	1,964,922
Short term deposits and prepayments		132,458	116,500
Other receivables		2,249,482	1,843,044
Accrued interest		4,348	5,431
Short term investments		3,326,222	3,227,560
Cash and bank balances		578,012	4,108,507
		42,599,417	42,993,823
TOTAL ASSETS		136,412,024	133,695,257



Director

Consolidated Condensed Interim Profit and Loss Account

For the half year ended 31 December 2014 (Un-audited)

	Note	Half year ended		Quarter ended	
		31 December 2014	31 December 2013 (Rupees in thousand)	31 December 2014	31 December 2013
SALES		42,750,431	44,186,105	21,960,964	23,197,590
COST OF SALES	9	(35,680,250)	(35,973,469)	(18,012,746)	(18,728,721)
GROSS PROFIT		7,070,181	8,212,636	3,948,218	4,468,869
DISTRIBUTION COST		(1,833,848)	(1,795,349)	(966,363)	(988,405)
ADMINISTRATIVE EXPENSES		(832,349)	(675,404)	(407,651)	(329,950)
OTHER EXPENSES		(145,488)	(305,998)	(58,913)	(150,257)
		(2,811,685)	(2,776,751)	(1,432,927)	(1,468,612)
		4,258,496	5,435,885	2,515,291	3,000,257
OTHER INCOME		912,409	790,072	496,714	422,334
PROFIT FROM OPERATIONS		5,170,905	6,225,957	3,012,005	3,422,591
FINANCE COST		(1,854,724)	(1,602,136)	(955,138)	(847,527)
		3,316,181	4,623,821	2,056,867	2,575,064
SHARE OF PROFIT FROM ASSOCIATED COMPANIES		1,202,875	831,292	858,985	494,184
PROFIT BEFORE TAXATION		4,519,056	5,455,113	2,915,852	3,069,248
TAXATION		(163,008)	(412,725)	(142,113)	(217,280)
PROFIT AFTER TAXATION		4,356,048	5,042,388	2,773,739	2,851,968
SHARE OF PROFIT ATTRIBUTABLE TO					
EQUITY HOLDERS OF HOLDING COMPANY		3,423,950	4,388,209	2,229,446	2,463,113
NON-CONTROLLING INTEREST		932,098	654,179	544,293	388,855
		4,356,048	5,042,388	2,773,739	2,851,968
EARNINGS PER SHARE- BASIC AND DILUTED (RUPEES)	10	9.74	12.48	6.34	7.01

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



Chief Executive Officer



Director

Consolidated Condensed Interim Statement of Comprehensive Income For the half year ended 31 December 2014 (Un-audited)

	Half year ended		Quarter ended	
	31 December 2014	31 December 2013 (Rupees in thousand)	31 December 2014	31 December 2013
PROFIT AFTER TAXATION	4,356,048	5,042,388	2,773,739	2,851,968
OTHER COMPREHENSIVE INCOME / (LOSS)				
Items that will not be reclassified subsequently to profit or loss				
Items that will not be reclassified subsequently to profit or loss	(2,514)	(812)	(2,514)	(812)
Items that may be reclassified subsequently to profit or loss				
Surplus arising on remeasurement of available for sale investments to fair value	426,671	3,291,736	1,986,922	1,877,518
Reclassification adjustment for gain included in profit or loss	(3,885)	(6,912)	-	-
Share of other comprehensive income / (loss) of associates	238,617	1,484,473	770,264	838,385
Exchange differences on translation of foreign operations	8,153	25,363	(8,126)	(2,269)
Deferred income tax relating to surplus on available for sale investments	-	(77,083)	-	(77,083)
Other comprehensive income for the period- net of tax	669,556	4,717,577	2,749,060	2,636,551
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	5,023,090	9,759,153	5,520,285	5,487,707
SHARE OF TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO				
Equity holders of holding company	4,090,992	9,104,974	4,975,992	5,098,852
Non-controlling interest	932,098	654,179	544,293	388,855
	5,023,090	9,759,153	5,520,285	5,487,707

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



Chief Executive Officer



Director

Consolidated Condensed Interim Cash Flow Statement

For the half year ended 31 December 2014 (Un-audited)

	Note	Half year ended	
		31 December 2014	31 December 2013
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (utilized in) operations	11	2,955,701	(579,412)
Finance cost paid		(1,755,448)	(1,651,972)
Income tax paid		(434,097)	(525,280)
Long term security deposit received		13,845	25,500
Exchange gain / (loss) on forward exchange contracts		30,673	(20,435)
Net increase in retirement benefit obligation		298	1,313
Net increase in long term loans to employees		(8,618)	(7,320)
Net increase in long term deposits		(11,638)	(9,500)
Net cash generated from / (utilized in) operating activities		790,716	(2,767,106)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(3,197,793)	(4,223,566)
Proceeds from sale of property, plant and equipment		12,952	207,669
Proceeds from sale of investment		67,081	910,297
Proceeds from sale of non-current asset held for sale		-	267,407
Interest received		56,801	35,416
Dividends received		1,104,834	1,207,623
Investments made		(318,291)	(300,000)
Net cash used in investing activities		(2,274,416)	(1,895,154)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		1,366,215	2,363,486
Repayment of long term financing		(2,032,392)	(2,071,862)
Repayment of liabilities against assets subject to finance lease		(36,732)	(34,657)
Exchange difference on translation of net investments in foreign subsidiaries		8,153	25,363
Short term borrowings - net		626,417	1,865,597
Dividend paid		(1,978,456)	(1,743,225)
Net cash (used in) / from financing activities		(2,046,795)	404,702
Net decrease in cash and cash equivalents		(3,530,495)	(4,257,558)
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		578,012	944,566

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



Chief Executive Officer



Director

Consolidated Condensed Interim Statement of Changes in Equity

For the half year ended 31 December 2014 (Un-audited)

	Attributable to equity holders of the holding company										Non-controlling interest	Total equity	
	Share capital		Capital reserves		Revenue reserves		Total reserves		Shareholders' equity	Total equity			
	Premium on issue of right shares	Fair value reserve	Exchange transition reserve	Capital redemption reserve fund	Sub total	General reserve	Unappropriated profit	Sub total					
	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
Balance as at 30 June 2013 - (audited)													
Transaction with owners - 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)
Transaction with owners - Dividend relating to year 2013 paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(346,911)	(346,911)
Transferred to general reserve	-	-	-	-	-	-	7,127,000	(7,127,000)	-	-	-	-	-
Profit for the half year ended 31 December 2013	-	-	-	-	-	-	-	4,388,209	4,388,209	4,388,209	4,388,209	654,179	5,042,388
Other comprehensive income for the half year ended 31 December 2013	-	-	4,691,402	25,363	-	4,716,765	-	-	-	4,716,765	4,716,765	-	4,716,765
Total comprehensive income for the half year ended 31 December 2013	-	-	4,691,402	25,363	-	4,716,765	-	4,388,209	4,388,209	9,104,974	9,104,974	654,179	9,759,153
Balance as at 31 December 2013 - (un-audited)	3,515,999	5,499,530	21,574,740	15,336	111,002	27,200,608	41,036,882	4,533,926	45,570,808	72,771,416	76,287,415	4,818,480	81,105,895
Transaction with owners - Dividend relating to year 2013 paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(520,366)	(520,366)
Profit for the half year ended 30 June 2014	-	-	-	-	-	-	-	2,831,559	2,831,559	2,831,559	2,831,559	774,959	3,606,518
Other comprehensive income for the half year ended 30 June 2014	-	-	4,248,683	(29,352)	-	4,219,331	-	-	-	4,219,331	4,219,331	-	4,219,331
Total comprehensive income for the half year ended 30 June 2014	-	-	4,248,683	(29,352)	-	4,219,331	-	2,831,559	2,831,559	7,050,890	7,050,890	774,959	7,825,849
Balance as at 30 June 2014 - (audited)	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
Transaction with owners - Final dividend for the year ended 30 June 2014 @ Rupees 4.00 per share	-	-	-	-	-	-	-	-	(1,406,399)	(1,406,399)	(1,406,399)	-	(1,406,399)
Transaction with owners - Dividend relating to year 2014 paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(734,456)	(734,456)
Transaction with owners - Dividend relating to year 2015 paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(734,456)	(734,456)
Transferred to general reserve	-	-	-	-	-	-	5,813,000	(5,813,000)	-	-	-	-	-
Profit for the half year ended 31 December 2014	-	-	-	-	-	-	-	3,423,950	3,423,950	3,423,950	3,423,950	932,098	4,356,048
Other comprehensive income for the half year ended 31 December 2014	-	-	658,889	8,153	-	667,042	-	-	-	667,042	667,042	-	667,042
Total comprehensive income for the half year ended 31 December 2014	-	-	658,889	8,153	-	667,042	-	3,423,950	3,423,950	4,090,992	4,090,992	932,098	5,023,090
Balance as at 31 December 2014 - (un-audited)	3,515,999	5,499,530	26,482,312	(5,863)	111,002	32,086,981	46,849,882	3,577,036	50,419,918	82,506,899	86,022,898	5,658,259	91,681,157

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



Chief Executive Officer



Director

Selected Notes to the Consolidated Condensed Interim Financial Information For the half year ended 31 December 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 hotel, 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 half year ended 31 December 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 31 December 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	1,366,100	5,842,759
Less: Repaid during the period / year	2,032,392	3,170,998
Add: Currency translation	115	-
	18,107,223	18,773,400
Less: Current portion shown under current liabilities	2,565,183	2,655,007
	15,542,040	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 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 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 4,012.956 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 59.566 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 3,503 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 to NTDCL for the period upto 30 June 2011 in respect of CV adjustment on the basis of the

Selected Notes to the Consolidated Condensed Interim Financial Information For the half year ended 31 December 2014 (Un-audited)

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

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

- vii) In financial year 2014, a sales tax demand of Rupees 1,218.132 million was raised against Nishat Power Limited- Subsidiary Company through order dated 11 December 2013 by the Assistant Commissioner Inland Revenue ('ACIR') 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 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 Nil (30 June 2014: Rupees 781.357 million).
- xi) Post dated cheque has been furnished by Nishat Power Limited - Subsidiary Company in favour of the Collector of Customs to cover import levies against imports aggregating to Rupees Nil (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 interim financial information.
- xvii) Nishat Linen (Private) Limited - Subsidiary Company is contesting sales tax demands of Rupees 4.084 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.

b) Commitments

- i) Contracts for capital expenditure of the Group are approximately of Rupees 809.714 million (30 June 2014: Rupees 2,548.232 million).
- ii) Letters of credit other than for capital expenditure of the Group are of Rupees 808.696 million (30 June 2014: Rupees 945.142 million).
- iii) Outstanding foreign currency forward contracts of Rupees 3,694.066 million (30 June 2014: Rupees 2,888.142 million)

Selected Notes to the Consolidated Condensed Interim Financial Information For the half year ended 31 December 2014 (Un-audited)

- 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 31 December 2014	Audited 30 June 2014
	(Rupees in thousand)	
Not later than one year	15,577	15,577
Later than one year and not later than five years	73,665	71,718
	89,242	87,295

- v) Nishat Power Limited - Subsidiary Company has extended the agreement with Wartsila Pakistan (Private) Limited for the operations and maintenance (O&M) of the power station, effective from November 01, 2014, until the earlier of December 31, 2015 or the last day of the month in which running hours of the first Generator Set reach 42,500 hours. 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.

	Note	Un-audited 31 December 2014	Audited 30 June 2014
		(Rupees in thousand)	
8 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets			
Owned	8.1	34,536,022	32,792,667
Leased	8.2	190,853	200,675
Capital work in progress	8.3	4,029,102	4,847,255
Major spare parts and standby equipments		26,448	21,278
		38,782,425	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	4,009,631	7,547,107
		36,802,298	35,643,331
Less: Book value of deletions during the period / year	8.1.2	9,260	196,446
Less: Book value of assets transferred to investment properties during the period		667,753	-
		677,013	196,446
		36,125,285	35,446,885
Less: Depreciation charged during the period / year		1,592,058	2,658,891
Add: Currency translation		2,795	4,673
		34,536,022	32,792,667

	Un-audited 31 December 2014	Audited 30 June 2014
	(Rupees in thousand)	
8.1.1 Cost of additions		
Freehold land	15,452	466,508
Buildings on freehold land	705,435	1,568,796
Plant and machinery	3,142,176	4,865,581
Electric installations	62,487	212,895
Factory equipment	9,222	65,493
Furniture, fixtures and office equipment	33,645	141,793
Computer equipment	9,410	32,482
Vehicles	31,792	160,800
Kitchen equipments and crockery items	12	32,759
	4,009,631	7,547,107
8.1.2 Book value of deletions		
Plant and machinery	1,892	176,372
Furniture, fixtures and office equipment	952	390
Computer equipment	125	86
Vehicles	6,291	19,598
	9,260	196,446
8.2 Operating fixed assets - Leased		
Opening book value	200,675	222,324
Less: Depreciation charged during the period / year	9,822	21,649
	190,853	200,675
8.3 Capital work-in-progress		
Buildings on freehold land	1,582,903	1,404,331
Plant and machinery	2,309,934	3,337,261
Electric installations	-	3,882
Unallocated expenses	55,377	79,837
Letters of credit against machinery	640	469
Advances against purchase of land	34,806	13,606
Advances against furniture, fixtures and office equipment	4,926	6,511
Advances against vehicles	40,516	1,358
	4,029,102	4,847,255

Selected Notes to the Consolidated Condensed Interim Financial Information For the half year ended 31 December 2014 (Un-audited)

	Half year ended		Quarter ended	
	31 December 2014	31 December 2013 (Rupees in thousand)	31 December 2014	31 December 2013
9 COST OF SALES				
Raw materials consumed	25,602,910	27,470,780	13,021,210	14,403,227
Processing charges	159,428	97,227	97,039	48,468
Salaries, wages and other benefits	2,144,160	1,804,791	1,116,769	947,588
Stores, spare parts and loose tools consumed	2,496,614	2,456,299	1,372,819	1,286,410
Packing materials consumed	518,630	447,450	271,437	236,538
Repair and maintenance	251,587	356,597	68,445	183,082
Fuel and power	3,102,324	2,629,688	1,533,030	1,353,903
Insurance	102,794	103,715	51,572	51,721
Other factory overheads	293,931	257,758	148,589	138,128
Depreciation	1,523,349	1,218,633	781,851	617,548
	36,195,727	36,842,938	18,462,761	19,266,613
Work-in-process				
Opening stock	2,013,520	1,604,239	1,959,480	1,883,354
Closing stock	(1,939,265)	(1,912,315)	(1,939,265)	(1,912,315)
	74,255	(308,076)	20,215	(28,961)
Cost of goods manufactured	36,269,982	36,534,862	18,482,976	19,237,652
Finished goods				
Opening stock	4,022,360	3,338,107	4,141,862	3,390,569
Closing stock	(4,612,092)	(3,899,500)	(4,612,092)	(3,899,500)
	(589,732)	(561,393)	(470,230)	(508,931)
	35,680,250	35,973,469	18,012,746	18,728,721
	Half year ended		Quarter ended	
	31 December 2014	31 December 2013	31 December 2014	31 December 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 of Holding Company (Rupees in thousand)	3,423,950	4,388,209	2,229,446	2,463,113
Weighted average number of ordinary shares of Holding Company (Numbers)	351,599,848	351,599,848	351,599,848	351,599,848
Earnings per share (Rupees)	9.74	12.48	6.34	7.01

		Half year ended	
		31 December 2014	31 December 2013
		(Rupees in thousand)	
	Note		
11	CASH GENERATED FROM / (UTILIZED IN) OPERATIONS		
	Profit before taxation	4,519,056	5,455,113
	Adjustments for non-cash charges and other items:		
	Depreciation	1,635,402	1,283,432
	Gain on sale of property, plant and equipment	(3,692)	(50,557)
	Gain on sale of investments	(8,918)	(10,297)
	Dividend income	(623,324)	(582,982)
	Interest income	(55,718)	(32,601)
	Share of profit from associated companies	(1,202,875)	(831,292)
	Net exchange (gain) / loss on forward exchange contracts	(118,858)	10,993
	Finance cost	1,854,724	1,602,136
	Working capital changes	11.1 (3,040,096)	(7,423,357)
		2,955,701	(579,412)
11.1	Working capital changes		
	(Increase) / decrease in current assets:		
	- Stores, spare parts and loose tools	(483,872)	(391,576)
	- Stock-in-trade	(4,714,640)	(7,885,633)
	- Trade debts	2,542,393	(136,200)
	- Loans and advances	15,036	(18,971)
	- Short term deposits and prepayments	(15,958)	(21,999)
	- Other receivables	(318,253)	(254,208)
		(2,975,294)	(8,708,587)
	Increase / (decrease) in trade and other payables	(64,802)	1,285,230
		(3,040,096)	(7,423,357)

12 SEGMENT INFORMATION

12.1 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. Intersegment sales and purchases have been eliminated from the total.

Selected Notes to the Consolidated Condensed Interim Financial Information For the half year ended 31 December 2014 (Un-audited)

12.2

		(Un-audited)															
		(Rupees in thousand)										Total- Group					
		Spinning		Weaving		Processing & Home textile		Garments		Power Generation		Hotel		Elimination of inter-segment transactions		Total- Group	
		Half year ended	31 Dec. 2013	Half year ended	31 Dec. 2013	Half year ended	31 Dec. 2013	Half year ended	31 Dec. 2013	Half year ended	31 Dec. 2013	Half year ended	31 Dec. 2013	Half year ended	31 Dec. 2013	Half year ended	31 Dec. 2013
Sales		7,871,167	8,520,758	6,547,285	13,446,549	12,714,024	1,863,763	2,601,467	13,454,750	13,800,187	11,334,688	2,384,52	-	(8,324,107)	42,750,431	44,186,105	-
External Intersegment		1,711,716	1,492,843	4,096,144	466,689	543,846	-	-	3,088,941	2,693,596	688	52	(9,364,78)	-	42,750,431	44,186,105	-
Cost of sales		9,582,883	10,013,601	10,099,012	13,913,238	13,257,870	1,863,763	2,601,467	16,543,691	16,493,783	112,022	2,436	(9,364,78)	(8,324,107)	42,750,431	44,186,105	-
		(8,668,603)	(8,283,486)	(9,508,885)	(11,210,869)	(10,632,666)	(1,791,013)	(2,054,867)	(13,711,641)	(14,343,234)	(153,411)	(2,819)	9,364,78	8,324,107	(35,660,230)	(35,993,469)	-
Gross profit		914,274	1,730,115	590,127	1,160,553	2,702,369	2,625,202	72,750	546,600	2,832,050	2,150,549	(41,389)	(883)	-	7,070,181	8,212,636	-
Distribution cost		(215,656)	(214,546)	(319,685)	(334,750)	(1,201,527)	(95,687)	(163,743)	(3,523)	(79,465)	(1,093)	(3,902)	-	-	(1,833,848)	(1,795,349)	-
Administrative expenses		(140,771)	(137,137)	(141,845)	(122,791)	(291,222)	(40,621)	(40,887)	(121,311)	(27,600)	(27,600)	(3,902)	-	-	(832,349)	(675,404)	-
Profit before taxations and unallocated income and expenses		(356,627)	(351,683)	(461,530)	(457,541)	(1,156,178)	(1,370,009)	(136,308)	(204,630)	(121,311)	(82,988)	(28,693)	(3,902)	-	(2,666,197)	(2,470,753)	-
Profit after taxation		557,647	1,378,432	128,597	703,012	1,140,641	1,255,193	341,970	2,710,739	2,067,561	(70,082)	(4,285)	-	-	4,403,984	5,741,883	-
Unallocated income and expenses:																	
Other expenses																	(145,488)
Other income																	912,409
Finance cost																	(1,854,724)
Share of profit from associated companies																	1,202,875
Taxation																	(183,008)
Profit after taxation																	4,395,048
																	5,042,388

12.3

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
	14,929,356	13,073,646	7,018,534	7,243,277	16,321,894	16,045,877	3,158,649	2,533,784	30,073,803	30,397,859	1,421,210	1,474,111	72,923,446	70,768,554
Long term investments														53,763,762
Other non-current liabilities														2,249,482
Cash and bank balances														1,843,044
Other corporate assets														5,781,012
														6,867,322
														136,412,024
														133,695,257
Total assets for reportable segments														70,768,554
Unallocated assets:														
Long term investments														53,763,762
Other non-current liabilities														2,249,482
Cash and bank balances														1,843,044
Other corporate assets														5,781,012
														6,867,322
														136,412,024
														133,695,257
Total assets as per balance sheet														70,768,554
Total liabilities for reportable segments														20,307,589
Unallocated liabilities:														
Deferred income tax liability														435,748
Provision for taxation														543,736
Other corporate liabilities														26,757,107
														44,730,867
Total liabilities as per balance sheet														45,263,879

13 TRANSACTIONS WITH RELATED PARTIES

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

	Half year ended		Quarter ended	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
(Rupees in thousand)				
i) Transactions				
Associated companies				
Investment made	219,952	300,000	219,952	300,000
Purchase of goods and services	84,051	82,634	49,736	48,319
Sale of operating fixed assets	-	1,475	(1,475)	-
Sale of goods and services	1,371	515	930	74
Rental income	412	447	95	130
Rent paid	6,231	6,281	6,231	6,281
Dividend paid	126,193	126,194	126,193	126,194
Insurance premium paid	168,058	158,136	65,844	55,922
Insurance claim received	28,866	25,614	20,179	16,927
Profit on term deposit receipts	18,518	248	18,518	248
Other related parties				
Purchase of goods and services	429,077	80,781	404,012	55,716
Sale of goods and services	7,098	4,839	2,259	-
Group's contribution to provident fund trust	90,129	71,232	55,471	36,574
Remuneration paid to Chief Executive Officer, Directors and Executives of the Holding Company	417,026	335,546	234,072	152,592
ii) Period end balances			As at 31 December 2014	
			Associated companies	Other related parties
			(Rupees in thousand)	
				Total
Trade and other payables			5,623	12,035
Long term loans			-	97,506
Trade debts			15,707	-
Loans and advances			-	41,233
Cash and bank balances			268,151	-
				17,658
				97,506
				15,707
				41,233
				268,151

Selected Notes to the Consolidated Condensed Interim Financial Information For the half year ended 31 December 2014 (Un-audited)

	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

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 2014.

15 DATE OF AUTHORIZATION FOR ISSUE

This consolidated condensed interim financial information was approved by the Board of Directors and authorized for issue on 24 February 2015.

16 CORRESPONDING FIGURES

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

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

17 GENERAL

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



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