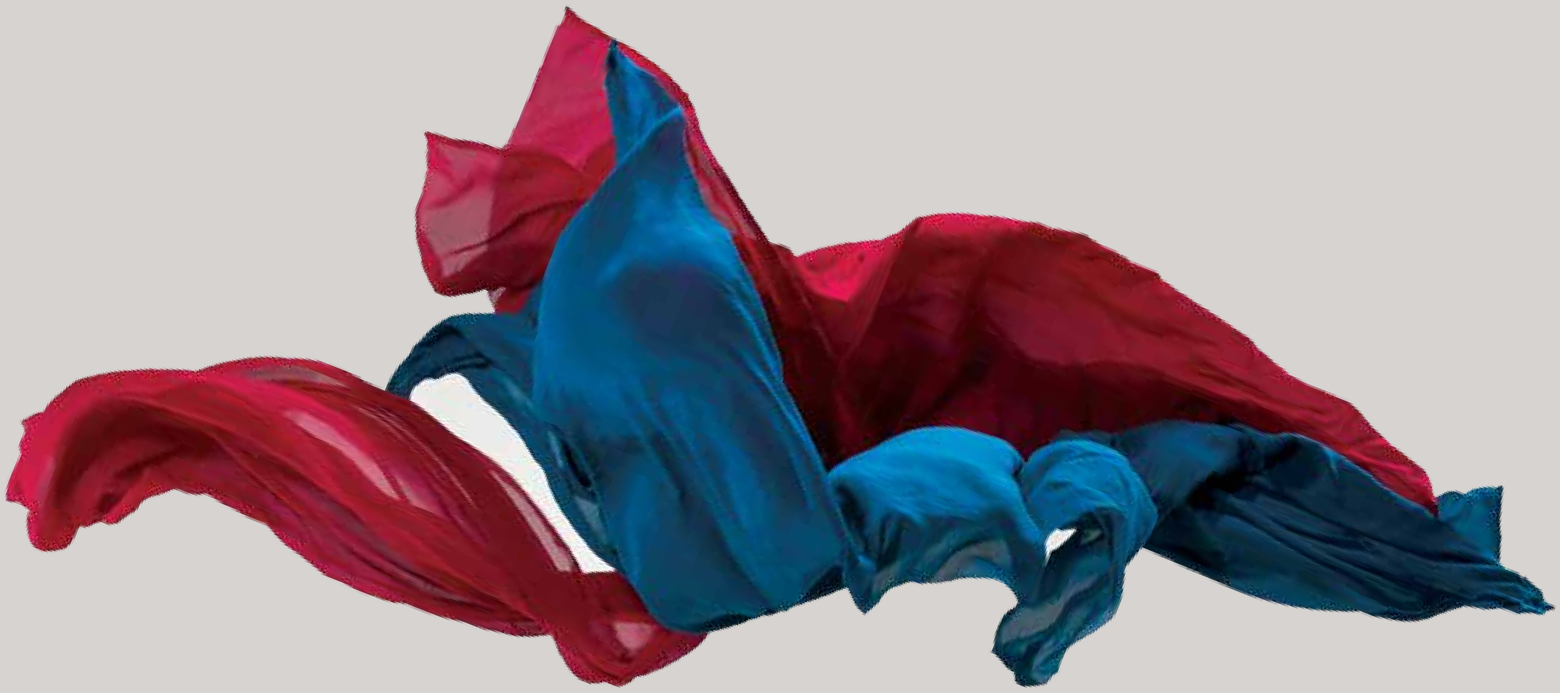
Annual Report of **Nishat Mills Limited** for the year ended June 30, 2015

DELIVERING
Despite the Odds

NISHAT



Cover Story

The past year has been a period of reflection for us at Nishat Mills Limited. It has been characterised by both highs and lows that have helped the company evolve in an era of changing times.

While the markets in which we operate continue to transform, we seek to harness the full range of opportunities that come our way. Our cover this year signifies this belief, we aspire to drive our goals and deliver on our promises, despite the challenges that we face. Going forward, we hope to attain sustainable development by optimising our capacities and responding to the increasingly diverse customer demands.

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

Mills

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

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

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

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

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

Registered office & Shares Department

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

Shares Registrar

THK Associates (Private) Limited

Head Office, Karachi
Ground Floor, State Life Building No. 3,
Dr. Zia Uddin Ahmed Road, Karachi
Tel : (021) 111 000 322
Fax : (021) 35655595

Branch Office, Lahore
2nd Floor, DYL Motorcycles Limited
Office Building, Plot No. 346
Block No. G-III, Khokar Chowk,
Main Boulevard, Johar Town, Lahore
Tel: (042) 35290577
Fax (042) 35290667

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


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Directors' Profile

Mian Umer Mansha

Chief Executive Officer

Mian Umer Mansha holds a Bachelors degree in Business Administration from USA. He has been serving on the Board of Directors of various listed companies for more than 18 years. He also serves on the Board of Adamjee Insurance Company Limited, MCB Bank Limited, Adamjee Life Assurance Company Limited, Nishat Dairy (Private) Limited, Nishat Hotels and Properties Limited, Nishat (Aziz Avenue) Hotels and Properties Limited, Nishat (Raiwind) Hotels and Properties Limited, Nishat (Gulberg) Hotels and Properties Limited, Nishat Developers (Private) Limited, Nishat Agriculture Farming (Private) Limited and Nishat Farms Supplies (Private) Limited.

Mian Hassan Mansha

Chairman

Mian Hassan Mansha has been serving on the Board of various listed companies for several years. He also serves on the Board of Nishat Power Limited, Security General Insurance Company Limited, Lalpir Power Limited, Pakgen Power Limited, Nishat Hotels and Properties Limited, Nishat (Aziz Avenue) Hotels and Properties Limited, Nishat (Raiwind) Hotels and Properties Limited, Nishat (Gulberg) Hotels and Properties Limited, Nishat Hospitality (Private) Limited, Nishat Dairy (Private)Limited, Pakistan Aviators and Aviation (Private) Limited, Nishat Automobiles (Private) Limited, Nishat Real Estate Development Company (Private) Limited, Nishat Agriculture Farming (Private) Limited and Nishat Farms Supplies (Private) Limited.

Syed Zahid Hussain

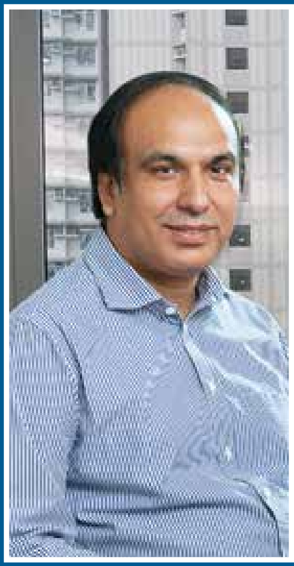
Independent Non-Executive Director

Syed Zahid Hussain is a seasoned professional in Pakistan's corporate world. He possesses multi-faceted talents and has attained exemplary accomplishments. He has in-depth knowledge of a wide range of subjects and has extensively diversified experience and exposure in senior positions. He has earned B.Sc, LLB and MA in International Relations. He has a vast experience of working as Chairman/Chief Executive/ Director of various state owned enterprises and listed companies. He has also served as the High Commissioner/ Ambassador of Pakistan based in Kenya, with accredited assignments of Ambassadorship in Tanzania, Uganda, Rwanda, Krundse, Ethiopia and Eritrea. He is a fellow member of the Institute of Management, England, International Biographical Center, the USA and the Institute of Marketing Management, Karachi.

Mr. Khalid Qadeer Qureshi

Non-Executive Director

Mr. Khalid Qadeer Qureshi is a fellow member of the Institute of Chartered Accountants of Pakistan. He has over 43 years of rich professional experience. He also serves on the Board of D.G. Khan Cement Company Limited, Nishat Power Limited, Lalpir Power Limited, Pakgen Power Limited, Nishat Paper Products Company Limited and Nishat Commodities (Private) Limited.



Ms. Nabiha Shahnawaz Cheema

Non-Executive Director

Ms. Nabiha Shahnawaz Cheema is a fellow member of the Institute of Chartered Accountants of Pakistan and she is a Certified Director by completing the Director's Training Program from ICAP. She has more than 15 years of professional experience. She also serves on the Board of Security General Insurance Company Limited, D.G. Khan Cement Company Limited and Nishat Hospitality (Private) Limited.

Mr. Maqsood Ahmad

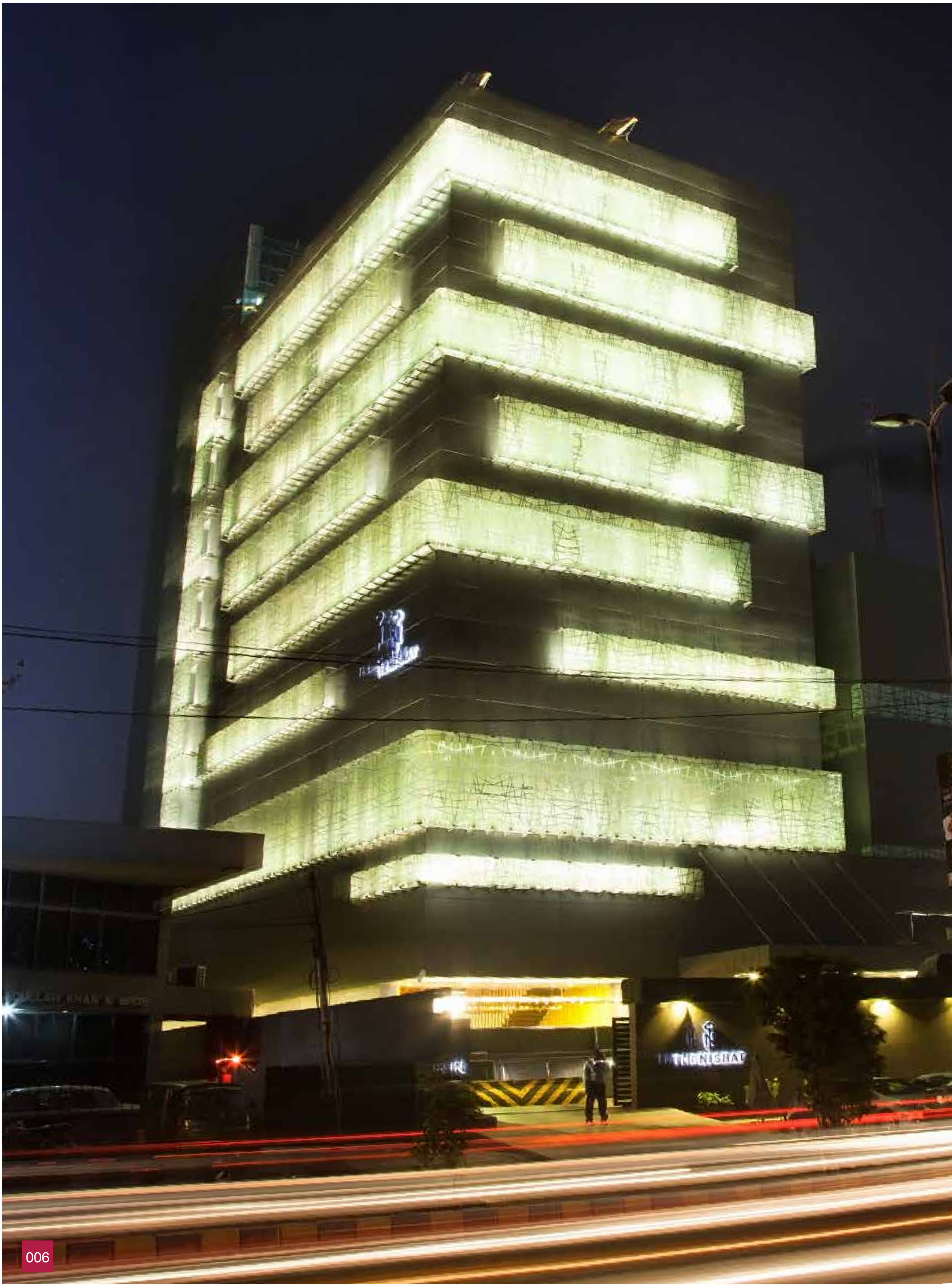
Executive Director

Mr. Maqsood Ahmad holds a Masters degree and a rich professional experience of over 23 years in the textile industry, especially in the spinning business. He is a Certified Director by completing the Director's Training Program from ICAP. He is actively involved in the strategic decisions relating to the operations of the Company.

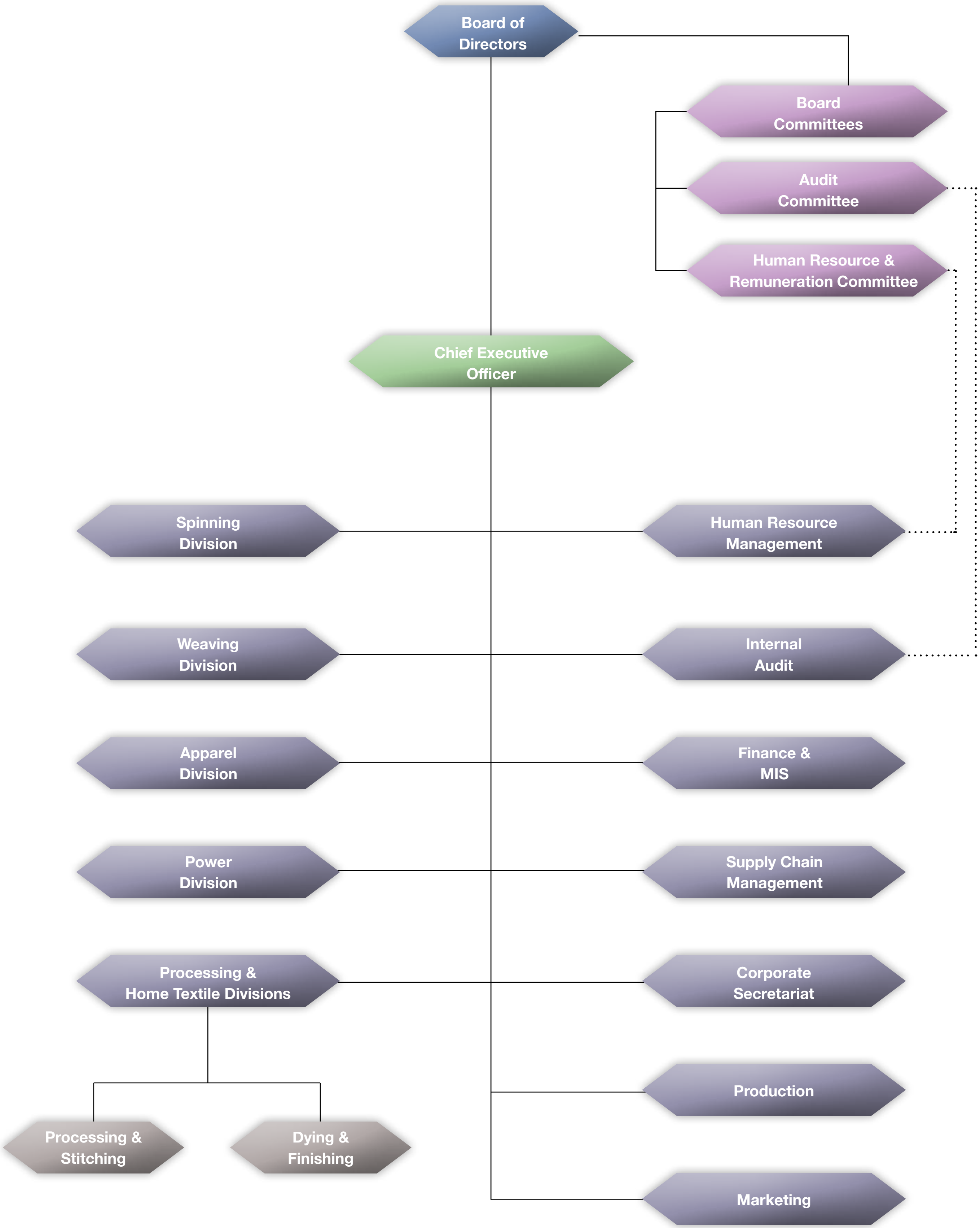
Mr. Saeed Ahmad Alvi

Non-Executive Director

Mr. Saeed Ahmad Alvi has served over 36 years in Pakistan Administrative Service (Ex-District Management Group) and retired as a Federal Secretary. He brings with him a vast experience of policy and program implementation, working at the executive tiers at the Sub-Divisional, District, Divisional, Provincial and Federal levels. He has also served as ex-officio Director on some of the Boards of public sector companies and special institutions. He obtained a Masters degree in Development Studies from UK in addition to Masters degrees in History and Pakistan Studies from Pakistan and also a Bachelors degree in Law. Mr. Alvi is a Certified Director by completing the Director's Training Program from ICMAP. He also serves on the Boards of Nishat Power Limited, Lalpir Power Limited, Nishat Hotels and Properties Limited, Nishat (Gulberg) Hotels and Properties Limited, Nishat (Raiwind) Hotels and Properties Limited, Nishat (Aziz Avenue) Hotels and Properties Limited and Nishat Real Estate Development Company (Private) Limited.



Organizational Chart



Vision, Mission and Overall Strategic Objectives

Our Vision

To transform the Company into a modern and dynamic yarn, cloth and processed cloth and finished product manufacturing Company that is fully equipped to play a meaningful role on sustainable basis in the economy of Pakistan. To transform the Company into a modern and dynamic power generating Company that is fully equipped to play a meaningful role on sustainable basis in the economy of Pakistan.

Our Mission

To provide quality products to customers and explore new markets to promote/expand sales of the Company through good governance and foster a sound and dynamic team, so as to achieve optimum prices of products of the Company for sustainable and equitable growth and prosperity of the Company.

Overall Strategic Objectives

- To enhance the profitability of the Company;
- To increase the overall efficiency and productivity of the Company;
- To become the market leader by outshining the competitors and be an innovative Company by introducing new ideas;
- To expand sales to the global marketplace by anticipating customer needs and develop and maintain strong customer base;
- To monitor and improve internal processes to achieve efficiencies, improve organizational structure and ensure the best use of available resources;
- To follow the latest technology trends and their implementation in the Company to enhance the overall productivity of the Company.
- To develop and promote the reputation and image of the Company for its stakeholders in specific and non-stakeholders in general;
- To promote awareness and best practices about environmental sustainability and social responsibility.

Company Profile

Nishat Mills Limited ("the Company") is the most modern and largest vertically integrated textile Company in Pakistan. The Company commenced its business as a partnership firm in 1951 and was incorporated as a private limited Company in 1959. Later it was listed on the Karachi, Lahore and Islamabad Stock Exchanges on 27 November 1961, 11 March 1989 and 10 August 1992 respectively.

The Company's production facilities comprise of spinning, weaving, printing, dyeing, home textile and garment stitching and power generation.

Overall, the Company has 32 manufacturing units each specializing in a specific product range located in Faisalabad, Sheikhupura, Ferozewatwan and Lahore.

A major portion of the Company's earnings is export based. Over the the years, the Company has achieved significant geographical diversification in its export sales mix.

The Company has a very broad base of customers for its products outside Pakistan. It has a long working relationship with the top brands of the world such as J.K.N. International, Levis, Next, Pincroft Dyeing, Ocean Garments, Gap, Carreman, Tommy Hilfiger, Tommy Bahamas, Crate & Barrel, Laura Ashley, American Living, Chaps, Hugo Boss, Revman and John Lewis.

Nishat Mills Limited is also called the flagship company of the Nishat Group. Nishat Group ("the Group") is a leading business entity in South Asia. Its net worth makes it the largest business house of Pakistan. The Group has grown from a cotton export house into the premier business group of the country. Highly diversified, the Group has a presence in all the major sectors including Textiles, Cement, Banking, Insurance, Power Generation, Hotel Business, Agriculture, Dairy, Real Estate, Aviation and Paper Products. Showcasing its varied expertise and acumen in every facet of its operations, the group companies hold the distinction of being among the leading players in each sector.

Nature of Business

Being a vertically integrated textile unit, Nishat Mills Limited has adopted a business model that helps it cater to the macro and micro level economic issues. 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, other goods and fabrics made from raw cotton, synthetic fiber and cloth.

The Company is also committed to generate, accumulate, distribute, supply and sell electricity. It is fully compliant with the requirements of all regulatory authorities of Pakistan. The textiles sector occupies a pivotal position in Pakistan's economy, accounting for 8 percent of GDP with a significant potential for growth. It has the most intensive backward and forward linkages within the wider economic chain compared to any other sector, linking agriculture from industry to exports.

The textile sector employs 40 percent of the industrial sector's work force, which provides livelihood to more than 10 million families. According to the International Cotton Advisory Committee, Pakistan is the fourth largest producer of cotton and the third largest consumer of cotton in the world. In addition, Pakistan is the world's second largest cotton yarn exporter and third largest cotton cloth manufacturer and exporter. Pakistan is unique as it has a self-reliant production chain from cotton growing to ginning, spinning, weaving, processing and finishing and from fabrics to home textiles and apparel; all have links in the textile and clothing value chains which have been developed by Pakistan's own industry.

Group Structure & Geographical Presence of the Company

NISHAT MILLS LIMITED

SUBSIDIARIES

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

ASSOCIATED COMPANIES*

- D. G. Khan Cement Company Limited
- Nishat Paper Products Company Limited
- Nishat Dairy (Private) Limited
- Lalpir Power Limited
- Pakgen Power Limited
- Nishat Energy limited
- Nishat Hotels and Properties Limited

** This list includes only those associated Companies in which Nishat Mills Limited has a significant influence and whose financial statements are consolidated in the consolidated financial statements of Nishat Mills Limited and its Subsidiary Companies.*

Corporate Values & Code of Conduct

The Company has adopted the following corporate values:

- To fulfill customer needs by producing quality products;
- To act with good governance;
- To achieve sustainable and equitable growth;
- To promote diversity and ethical behavior; and
- To develop a dynamic team of professionals to achieve excellence and innovation.

The Company is committed to maintain the highest level of ethical conduct among its directors and employees. Therefore, separate codes were framed for directors and employees, which include the acceptable business practices, source of guidance and principles of behavior.

Salient Features for the Code of Conduct for Directors

Compliance with Laws

Directors must comply with the laws, rules and regulations applicable to business of the Company in and outside of Pakistan.

Conflict of Interest

A conflict of an interest is a situation where a director would be in a position to make personal gains by influencing the decision making process. A conflict of interest might not be easily identifiable. Whenever a director feels that the conflict of interest exists, he / she should inform about it to the Chairman of the Board of Directors.

Corporate Opportunity

A director should not use the Company's property, information and his / her position for personal benefit. He /she should not establish a competing business and divert the Company's business opportunities for personal gains.

Confidentiality

A director must always maintain confidentiality of the Company information. He / she should not make public such information which would harm the interests of the Company. He / she should consult with the Chairman of the Board or compliance officer if he / she has to disclose any information due to his / her legal obligation.

Fair Dealing

A director must deal with all the stakeholders of the Company fairly. He / she should not provide unfair advantage to any customer, supplier, banker etc. due to his / her position.

Protection and Proper Use of Company Assets

Directors should ensure that all assets of the Company must be used for the benefit of the Company. They are required to exercise the best of their abilities and judgment to put the assets of the Company to efficient use and benefit of the Company.

Reporting Any Illegal or Unethical Behavior

A director must inform the Compliance Officer or the Chairman of the Board if he / she finds any employee or any other director committing the violation of the Code and any law of the land. He should take all possible measures which could help prevent illegal or unethical behavior of fellow directors or employees.

Public Company Reporting

The directors are responsible for the timely and accurate reporting to the SECP, FBR, stock exchanges and other regulatory bodies. They should make possible that the financial statements of the Company are published and circulated among shareholders in time.

Disclosure of Interest

The directors should disclose their interest in the shareholding of other companies. They must inform within four days in writing to the Company Secretary if any director or his / her spouse trades in the shares of the Company.

Insider Trading

No director or his / her spouse will transact in the shares of the Company during the close period. The Company Secretary will inform about the close period that will start when the documents and financial statements are circulated among the directors. The directors should also inform the Company Secretary immediately about transactions performed by them and their spouse in the shares of the Company other than during the close period.

Salient Features for the Code of Conduct for Employees

Safety

The Company is highly concerned about the safety of both employees and non-employees in its premises and maintains standard operating procedures in case of emergencies. All the employees must follow these procedures and are required to inform their seniors in case of any emergency.

Fitness for Duty

An employee should be mentally and physically fit when he / she is on work. He / she should not use any drugs. Even if he / she is using any prescribed medicine which might affect his / her performance at work, he / she should inform about it to his/her senior.

Attendance Report

An employee should have contact information of his / her senior and inform him / her if he / she is not able to report on work.

Work Place Harassment and Discrimination

The Company treats all its employees equally and maintains an environment free from workplace harassment and discrimination. The policy of equal treatment applies to hiring, career prospects, promotions, training, remuneration and dismissal as well.

Environment

All the employees are required to promote a culture of environmental protection among employees, customers, suppliers, public authorities and communities. They must use the Company's facilities and processes in an environmentally sustainable way.

Workplace Violence

Employees must restrain themselves from any form of violence at the Company premises otherwise he / she will be terminated from his / her job.

Weapons in Workplace

All the employees, other than those who are authorized, cannot carry any weapon whether on or off duty if they are using the premises, vehicle or any other property of the Company.

Protection and Proper Use of Company Assets

Employees should ensure that all assets of the Company must be used for the benefit of the Company. They are required to exercise the best of their abilities and judgment to put the assets of the Company for efficient use and benefit of the Company.

Computer and System Security

All the employees of the Company are required to use the computer and information technology system of the Company according to the Company information technology policy and guidelines.

Fair Dealing

All employees must deal with all the stakeholders of the Company fairly. He / she should not provide unfair advantage to any customer, supplier, banker etc. due to his / her position.

Bribery

The payment of bribery and kickbacks in any form is strictly prohibited because the Company does not allow anyone to promote its business by compromising the integrity and ethical practices.

Confidential Information

All the employees must keep the Company information on its premises and should not make copies of documents, papers, statements and record for an unauthorized use. Employees are not permitted to share the information about Company business outside the Company unless authorized.

Regulatory Compliance and Corporate Governance

The Company maintains an environment of good governance. All the employees are required to follow the country's policies, rules and regulations.

Financial Integrity

No employee should indulge himself / herself in any fraudulent activity. If he / she believes and finds anyone engaged in a fraudulent activity, he / she should inform about it to his/her seniors.

Alcohol, Drugs and Gambling

The use of alcohol, drugs (other than for medication) and gambling is prohibited on the location or premises of the Company.

Insider Trading

No employee or his / her spouse will transact in the shares of the Company during the close period prior to the announcement of financial results. Employees categorized as executives according to the requirements of Code of Corporate Governance 2012 should also inform the Company Secretary immediately about transactions performed by them and their spouse in the shares of the Company other than during the close period.

Company Policies
Whistle Blowing Policy

Purpose

Nishat Mills Limited is committed to high standards of ethical, moral and legal business conduct and open communication. In line with these commitments, this policy aims to provide an avenue for employees to raise their concerns and get assurance that they will be protected from reprisals or victimization for whistle blowing. This policy is also intended to address the protections available for employees if they raise concerns such as:

- unlawful activity;
- activities that are not in line with the Company's policy, including the Code of Conduct;
- activities, which otherwise amount to serious improper conduct; or
- Incorrect financial reporting.

Ownership

Head of Human Resource (HR) Department shall be the owner of the policy and shall be responsible for its maintenance, update and communication to all relevant stakeholders.

Safeguards

Confidentiality - Every effort will be made to treat the complainant's identity as strictly confidential.

Anonymous Allegations - This policy encourages employees to identify their names while raising allegations because appropriate follow-up questions and investigation may not be possible unless the source of the information is identified. Concerns expressed anonymously will be explored appropriately, but consideration will be given to:

- The seriousness of the issue raised;
- The credibility of the concern; and
- The likelihood of confirming the allegation from attributable sources.

Bad Faith Allegations - Allegations in bad faith may result in serious disciplinary action.

Harassment or Victimization - Harassment or victimization of reporting persons under this policy will not be tolerated.

Procedure 1: Process for Raising a Concern

- The whistle blowing procedure is intended to be used for raising serious and sensitive issues. Such concerns, including those relating to unethical or illegal conduct may be reported directly to the Head of the HR Department.
- Reports shall be factual rather than speculative, and contain as much specific information as possible to allow for proper investigation. The motivation of a whistle blower in making a report is irrelevant to the consideration of the validity of the allegations. However, the intentional filing of a false report is itself considered an improper activity that the Company has the right to act upon.
- To the extent possible, within the limitations of law and policy and the need to conduct a competent investigation, confidentiality of whistle blowers shall be maintained. Whistle blowers who choose to identify themselves are cautioned that their identity may become known for reasons outside the control of the investigators. Similarly, the identity of the subject(s) of the investigation shall be maintained in confidence with the same limitations. Employment-related concerns should continue to be reported through normal channels (such as Head of Department, Head of HR Department or to the CEO).
- The earlier a concern is expressed, the easier it is to take action.
- Although the employee is not expected to prove the truth of an allegation, the employee should be able to demonstrate to the person contacted that the report is being made in good faith.

Procedure 2: How the Report of Concern will be Handled

- Upon receipt of a concern or complaint, the Head of the HR Department shall:
  - determine the nature of the concern or complaint
  - acknowledge receipt of the concern or complaint to the submitter within ten (10) working days, when such complaint has been lodged on a confidential basis and
  - act accordingly, that is,
    - a) if the concern or complaint pertains to accounting matters, shall refer the matter to Audit Committee; and

b) all other concerns or complaints shall be referred to the Disciplinary Committee comprising of the following:
   i) Chief Financial Officer
   ii) Head of HR Department
   iii) Company Secretary

- Initial inquiries shall be made to determine whether an investigation is appropriate. Some concerns may be resolved by agreed action without the need for investigation.
- If the complaint relates to the accounting matters, the Audit Committee may delegate its power to investigate the matter to any employee(s) of Nishat Mills Limited having the requisite knowledge and experience of accounting and financial matters.
- The amount of contact between the complainant and the team conducting the investigation shall depend on the nature of the issue and the clarity of information provided. Further information may be sought from the complainant.
- In conducting any investigation, the Audit Committee / Disciplinary Committee shall use reasonable efforts to protect the confidentiality or anonymity of the complainant, consistent with the need to conduct an adequate review.
- Prompt and appropriate corrective action shall be taken as warranted in the judgment of the Audit Committee / Disciplinary Committee.
- Where it is possible and determined appropriate by the Audit Committee / Disciplinary Committee, notice of any corrective action taken will be reported back to the person who submitted the concern or complaint, if email or other address is provided by the complainant.
- Subject to legal constraints, the complainant may also receive information regarding the outcome of the investigation.

Procedure 3: Reporting and Retention of Complaints and Investigation

- The Head of the HR Department shall maintain a log of all reported concerns or complaints, tracking their receipt, their investigation and resolution and shall prepare a periodic summary report thereof for review of the Board of Directors, if required by them.
- The Head of HR Department shall retain, as part of its records, any such complaints or concerns in the personal file of the employee raising the concern.

No such incidence was reported to the Audit Committee under whistle blowing policy during the year ended 30 June 2015.

Human Resource Management Policy

The management of Nishat Mills Limited ("the Company") believes that employees are assets of the Company and have been instrumental in driving the Company's performance year on year. Their passion, commitment, sense of ownership and team work has enabled the Company to maintain its leadership position in the challenging market scenario. The Company has always striven to offer a positive, supportive, open and high performance work culture where innovation and risk taking is encouraged, performance is recognized and employees are motivated to realize their true potential.

Recruitment and Selection

We at Nishat Mills Limited believe in hiring and retaining capable, qualified and potentially useful employees who are willing to contribute their best to accomplish the objectives of the Company. Appointments of jobs in the permanent cadre are made by promotions or through direct recruitment by the concerned appointing authority through the HR department.

Development and Training

Employees' development and capability building across functions and levels remained a key focus area to build a strong talent pipeline. The Company is committed to invest in enhancing its human capital through building technical skills and competencies of its employees. With the use of performance management processes, the Company aims to ensure that all employees know what is expected of them and possess the necessary skills, knowledge, values and experience to achieve the highest level of performance to their true potential.

Reward and Motivation

It is our policy to reward the employees with fair and competitive salaries and perks along with an opportunity to share in the success of the business in terms of promotions and personal growth. All the elements of the reward system are designed to support the achievement of the desired behaviour, values and standards as well as high performance and continuous improvement / development.

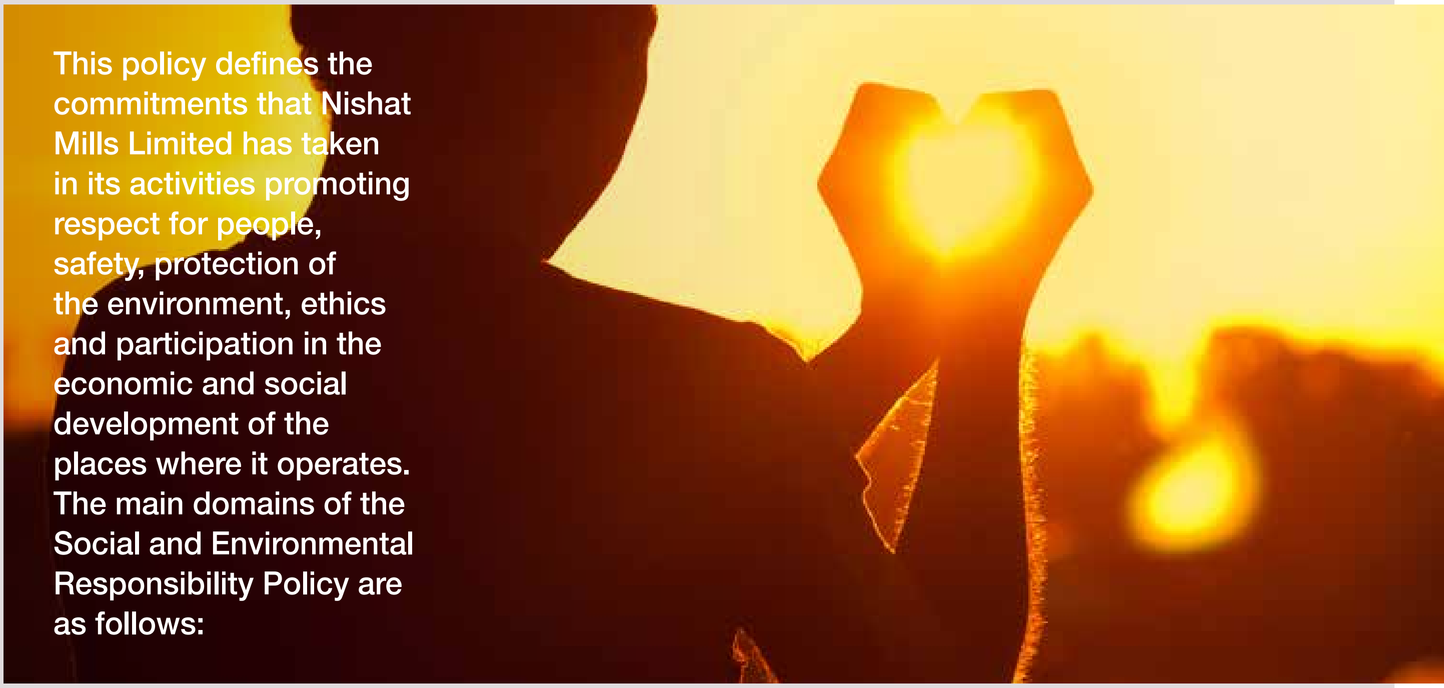
Equality, Diversity and Dignity at Work

Our employment policies are based on the principles of equality and diversity. We believe that the elimination of unfair discrimination in the workplace contributes to productivity and performance as it allows employees' talents to be most effectively realized. We are committed to dignity at work and fair treatment of all colleagues. The Head of Human Resource Department is accountable for ensuring that these principles are followed and for establishing appropriate action plans for their business.

Succession Plan

A succession plan is a component of good HR planning and management. Succession planning acknowledges that the staff will not be with an organization indefinitely and it provides a plan and process for addressing the changes that will occur when they leave. Keeping in view the need and importance of succession planning, the Company has formulated a comprehensive succession plan by focusing on all the key positions within the Company. The key positions can be defined as those positions that are crucial for the operations of the organization and which are hard to be replaced because of skill, seniority and / or experience requirements.

Social and Environmental Responsibility Policy



This policy defines the commitments that Nishat Mills Limited has taken in its activities promoting respect for people, safety, protection of the environment, ethics and participation in the economic and social development of the places where it operates. The main domains of the Social and Environmental Responsibility Policy are as follows:

Preserving Life and the Environment

The Company has defined a Health, Safety and Environmental Responsibility Policy that aims at continuous improvement in the approach of management and employees towards environmental sustainability and corporate social responsibility

As for the environment, the focus of the Company is on preserving natural resources and constantly improving their sustainability especially in energy and water consumption, emission control and waste management.

The Company's objectives are to reduce its environmental impact on natural resources. The Company also realizes the environmental impact of its employees' daily activities and educates them about environmental sustainability. Constant improvement of our performances in terms of safety and the environment is, in particular, controlled through reporting of key indicators, implemented by each business division.

Ethical behavior in activities

The Social and Environmental Responsibility Policy's ethical dimension covers the values of integrity, transparency and compliance with regulations. This is particularly important in relation to the main stakeholders i.e. employees, customers, suppliers, shareholders, public authorities and local communities. The Company has implemented an Employee Code of Conduct that fits it with local customs and regulations to help its personnel perform their activities while respecting their ethical values. An employee who needs further help with any of the topics presented in the Code of Conduct should first contact his / her manager who will provide him / her a guideline. Additionally, the employee may also request the assistance of the Human Resource Department.

The Heads of the HR departments of all business divisions provide recommendations and assistance in applying the Company's Employee Codes of Conduct. They also deal with all the queries submitted by the employees with appropriate confidentiality.

Social Involvement

The Company's men and women make up multicultural teams with diverse competencies. All business divisions of the Company promote diversity, facilitate and accelerate knowledge transfer, motivate and involve their employees and encourage their social and human commitment. In particular, the managers of the Company and human resource professionals must, as a priority, focus on respecting the Human Resource Policy.

The Company is committed to encourage and respect social dialogue. It respects human rights and enforces respect for the dignity of their employees, subcontractors, temporary personnel and suppliers. In compliance with this commitment, the Company notably excludes any form of discrimination, harassment, the use of forced labor and child labor.

Stakeholders' Engagement

The need for organizations to behave in a socially responsible manner is becoming a generalized requirement of society which has been further highlighted after the release of ISO 26000 by International Organization for Standardization. At Nishat Mills, we take special steps to ensure that the Stakeholders are engaged by the Company from time to time so that their interests with the Company are duly respected.

To ensure that an effective Stakeholder Engagement Policy is in place, Nishat Mills Limited has established the following methods to fully involve the stakeholders in both the current and developing issues being faced by the Company:

- Inform
- Consult
- Involve
- Collaborate

The following stakeholders are being engaged by the Company regularly to add value to the Company and relationship of the Company with the respective stakeholders:

a) Institutional Investors and Banks (other lenders)

We meet with investors regularly through events, conference calls and one-to-one meetings to understand their concerns about sustainability risks and help us identify potential future issues. Formally we interact with the investors at the release of financial statements and as requested by the investors. Through such constant contacts, we are able to align our goals with our principal investors and Banks (other lenders).

b) Customers

We communicate with customers in many ways as part of our normal business, for example through our dynamic marketing team and customer research. Such engagements take place from time to time as required by the company and customers. Such engagements are used to obtain information regarding our perception and reputation in both local and global market.

c) Suppliers

We work closely with suppliers to ensure that they maintain high standards as required by the Company by conducting formal assessments. The Procurement Department is constantly in contact with all our major and potential suppliers. We are able to both understand the concerns of suppliers and communicate our concerns as well.

d) Government and regulators

The Company looks forward to achieve regular dialogue with the relevant regulatory and Government authorities, which includes both responding to inquiries on need basis (daily, weekly and quarterly) and meetings with representative of Government bodies. Through such engagement, we are able to spot emerging developments in policies and ensure compliance with legal and regulatory requirements. Furthermore, we are able to provide input into the legislative development process that will affect our activities and operations.

e) Employees

The Company engages with its employees through regular communication that takes place with managers and team through a range of interactive channels and specific strategy sessions. Such sessions are an ongoing process. Through such sessions, we work towards ensuring that we remain an employer of choice by providing a safe and professional environment, understanding and responding to the needs of the employees and providing the staff information about the general direction of the Company.

Investor Grievance Policy

Investors' service is an important imperative for sustained business growth of an organization, therefore, the organization should ensure that investors receive exemplary service across different touch points of the organization. Nishat Mills Limited has developed an effective investor grievance policy to actively address and resolve the issues being faced by the investors and to fulfill the legal requirements. The Chief Financial Officer and Company Secretary of the Company are responsible for implementing the policy. The policy follows the following principles:

- Investors are treated fairly at all times;
- Complaints raised by investors are dealt with courtesy and in a timely manner;
- Investors are informed of avenues to raise their complaints within the Company, and their rights if they are not satisfied with the resolution of their complaints;
- Complaints are treated efficiently and fairly;
- The Company's employees work in good faith and without prejudice, towards the interests of the Investors.

IT Governance Policy

Information Technology (IT) Governance is an integral part of enterprise governance and consists of the leadership and organizational structures and processes that ensure the sustenance and extension of the Company's strategies and objectives.

IT Governance provides a structured decision making process around IT investment decisions and promotes accountability, due diligence, and efficient and economic delivery of IT services to the users in the Company. Head of MIS Department enables and supports the corporate objectives of the Company by playing a crucial role in IT governance by aligning decisions of IT investments with the Company's mission.

Head of MIS Department's supportive role in IT governance at the Company includes but is not limited to the following:

- To develop effective and appropriate IT governance framework for investments in IT infrastructures;
- To support the strategic planning and administration of IT infrastructure and resources;
- To develop and assess IT capital planning and investment control activities;
- To develop IT management tools and training methodologies;
- To conduct special projects and initiatives to promote new concepts and techniques relating to IT.

Safety of Records Policy

Nishat Mills Limited pursues an effective policy for the safety of its records to affirm its commitment to ensure that authentic, reliable and usable records are created, captured and managed to meet the standard of best practices and to meet the Company's business and statutory requirements. The policy ensures that:

- A full and accurate record of the transactions of the Company is created, captured and maintained physically and in systems along with proper backup;
- Records are to be maintained in conditions suitable for the length of time to cater for the Company's needs and statutory requirements;
- Records and archives will be available within the constraints of security, confidentiality, privacy and archival access conditions;
- Records are destroyed or disposed of in accordance with the disposal policies, procedures and guidelines of the Company;
- Ownership of the records and archives is with the Company and not with an individual or any team.

Annual Evaluation of **Board's Performance**

The annual evaluation devised for Board's own performance is based on the emerging and leading trends on the functioning of the Board and is in accordance with the requirements of the Code of Corporate Governance 2012. The primary purpose of this evaluation is to evaluate the performance of the Board and its committees in order to facilitate and enable the Board members to play an effective role as a coordinated team for the ongoing success of Nishat Mills Limited.

The Board developed and approved the criteria for evaluation in their meeting held on April 25, 2014. The Board decided that the performance evaluation will be carried out annually. The Chairman of the Board will request each Board member to fill and submit a Performance Evaluation Questionnaire (PEQ) in the Board meeting held in April each year.

The Board members will discuss the outcome of the evaluation against the benchmarks and decide changes which are required to be made by the Board to address any lack of performance. The Board will also agree upon the revised Key Performance Indicators (KPIs) for the Board for the next year. The KPIs of the Board and its Committees will always be set keeping in view the framework of vision and mission statements and overall strategy of the Company. Annual evaluation of Board's performance was carried out in the BOD meeting held on 24 April 2015.

CEO's Performance Review

Performance review of Chief Executive Officer (CEO) was carried out in the Board of Directors meeting held on 27 October 2015. The Board appreciated the CEO for sustained financial results of the Company despite appreciation of Pak Rupee against US Dollar, low demand for textile products in international markets, bearish trend in prices and rise in input costs. CEO and his team was admired for efficient cost management during the financial year 2014-15 when revenues fell due to adverse economic condition. The Board also expressed its satisfaction over the effective implementation of investment policy of the Company.

Roles and responsibilities of the **Chairman of the Company**

The Chairman of the Board of Directors is responsible for leadership of the Board of Directors. In particular, he / she will be responsible for the following:

a) to ensure that all Board committees are properly established, composed and operated.
b) to ensure the effective operation of the Board and its committees in conformity with the highest standards of corporate governance.
c) to promote effective relationships and communications between non-executive directors and executive directors.
d) to preside over all meetings of the Board of Directors and General Meetings of the Company, if present.
e) to exercise a second or casting vote in case of equality of votes of the Board of Directors.
f) to declare the result of show of hands at General Meetings and the declaration on a show of hands shall be evidence of the fact, without proof, of the number or proportion of the votes cast in favor of or against such resolution.
g) to endorse minutes of meetings of the Board of Directors and General Meetings of the Company with his/her signatures.
h) to ensure that minutes of meetings of the Board of Directors and General Meetings of the Company

are appropriately recorded.

i) to ensure that all Board members, when taking up office, are fully briefed on the terms of their appointment and know their duties and responsibilities.

j) to ensure that the Board meets at regular intervals throughout the year.

k) to keep under review the contributions made by Board members to the Company's work.

l) to review from time to time the activities and effectiveness of the Board.

m) to have a particular responsibility for providing effective strategic leadership on matters such as:

- Formulating the Board's business strategy.
- Encouraging high standards of propriety, and promoting efficient and effective use of staff and other resources throughout the organization.

Roles and responsibilities of the **Chief Executive Officer (CEO) of the Company**

The CEO is responsible for leadership of the business and managing it within the authorities delegated by the Board of Directors. The CEO shall be responsible for the following:

1. To develop strategy proposals for recommendation to the Board and ensure that agreed strategies are reflected in the business of the Company.
2. To ensure the development of annual business plans, consistent with agreed strategies, for presentation to the Board for approval.
3. To ensure that the Company has the capabilities and adequate professional human resources required to achieve its business plans and targets.
4. To ensure the development of organizational structure, processes and systems for the efficient utilization of the Company's resources.
5. To be responsible to the Board for the performance of the Company business.
6. To ensure that financial results, business strategies and where appropriate, targets and milestones are communicated to the shareholders.
7. To develop and promote effective communication with shareholders and other relevant constituencies.
8. To ensure that the business performance is consistent with the Business Principles.
9. To ensure that robust management succession and management development plans are in place and are presented to the Board from time to time.
10. To ensure that capital investment proposals are reviewed thoroughly, that associated risks are identified and appropriate steps taken to mitigate the associated risks.
11. To ensure the development and maintenance of an effective framework of internal controls in the Company's manufacturing and sales activities.
12. To ensure that the flow of information to the Board is accurate, timely and clear.
13. To establish a close relationship of trust with the Chairman.

Issues raised in the last AGM

Annual General Meeting of the Company was held on 31 October 2014. All the following agenda items of the meeting were approved without any specific issues raised by the members:

1. Audited consolidated and unconsolidated financial statements for the year ended 30 June 2014 together with the Directors' and Auditors' report thereon.
2. Final cash dividend @ 40% (i.e. Rs. 4.00/- only per share) for the year ended 30 June 2014.
3. Appointment of Riaz Ahmad & Co as statutory auditors for the year ended 30 June 2015 and fixation of their remuneration.
4. Equity investment up to Rs. 4.875 billion in Nishat Energy Limited, an associated company.
5. Issuance of guarantees up to Rs. 1 Billion from the Bank and financial institutions of the Company to the lenders of Nishat Energy Limited.

Year in Review
Quarter Events

Quarter 01

HR & R Committee Meeting
- 22 September 2014

Audit Committee Meeting
- 23 September 2014

Board Meeting
- 23 September 2014

Commissioning of new spinning unit of 28,800 spindles at Spinning Division, Ferozewatwan.

Commissioning of Pad Steam and Washing Machine in Dyeing and Finishing Unit, Lahore.

Commissioning of Singeing and Pretreatment Machine in Dyeing and Finishing Unit, Lahore.

Quarter 02

Audit Committee Meeting
- 28 October 2014

Board Meeting
- 28 October 2014

Annual General Meeting
- 31 October 2014

Commissioning of 6.8 MW Wartsilla Engine at Power Division, Ferozewatwan.

Commissioning of Hamada Coal Fired Steam Boiler at Power Division, Bhikki.

Commissioning of 8.64 MW Wartsilla Engine at Power Division, Lahore.

Quarter 03

Audit Committee Meeting
- 24 February 2015

Board Meeting
- 24 February 2015

Quarter 04

EOGM Meeting
- 21 April 2015

Audit Committee Meeting
- 24 April 2015

Board Meeting
- 24 April 2015

Audit Committee Meeting
- 10 June 2015

Board Meeting
- 10 June 2015

EOGM Meeting
- 27 June 2015

Board Committees

Board Committees

Audit Committee

Members

1	Mr. Khalid Qadeer Qureshi	Chairman
2	Syed Zahid Hussain	Member
3	Ms. Nabiha Shahnawaz Cheema	Member

During the year under review, five meetings of the Audit Committee of the Company were held and the attendance position is as follows:

Sr. No.	Name of Members	No. of Meetings Attended
1	Mr. Khalid Qadeer Qureshi	5
2	Syed Zahid Hussain	5
3	Ms Nabiha Shahnawaz Cheema	1

Terms of Reference

The terms of reference of the Audit Committee shall include the following:

a) recommending to the Board of Directors the appointment of external auditors, their remuneration and audit fees;

b) determination of appropriate measures to safeguard the Company's assets;

c) review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on:
- major judgmental areas;
- significant adjustments resulting from the audit;
- the going concern assumption;
- any changes in accounting policies and practices;
- compliance with applicable accounting standards;
- compliance with listing regulations and other statutory and regulatory requirements; and
- significant related party transactions.

d) review of preliminary announcements of results prior to publication;

e) facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);

f) review of management letter issued by external auditors and management's response thereto;

g) ensuring coordination between the internal and external auditors of the Company;

h) review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;

i) consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power; and management's response thereto;

j) ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;

k) review of the Company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;

l) instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the CEO and to consider remittance of any matter to the external auditors or to any other external body;

m) determination of compliance with relevant statutory requirements;

n) monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and

o) consideration of any other issue or matter as may be assigned by the Board of Directors.

Human Resource & Remuneration (HR & R) Committee

Members

1	Mian Hassan Mansha	Chairman
2	Mian Umer Mansha	Member
3	Mr. Khalid Qadeer Qureshi	Member
4	Ms Nabiha Shahnawaz Cheema	Member

During the year under review, one meeting of the HR & R Committee of the Company was held and the attendance position is as follows:

Sr. No.	Name of Members	No. of Meetings Attended
1	Mian Hassan Mansha	1
2	Mian Umer Mansha	1
3	Mr. Khalid Qadeer Qureshi	1
4	Ms Nabiha Shahnawaz Cheema	1

Terms of Reference

The terms of reference of the HR & R Committee shall include the following:

- recommending human resource management policies to the Board:
- recommending to the Board the selection, evaluation, compensation (including retirement benefits) and succession planning of the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Company Secretary and Head of Internal Audit:
- consideration and approval on recommendation of CEO on selection, evaluation, compensation (including retirement benefits) and succession planning of key management positions who directly report to CEO or COO.

Report of Audit Committee

The Audit Committee of Nishat Mills Limited ("the Company") is pleased to present its report for the year ended 30 June 2015. The Committee activity performed its functions according to the requirements of the Code of Corporate Governance, 2012 and Term of Reference approved by the Board of Directors. The Committee held five (5) meetings during the year on the following agenda items:

1. Reviewed periodic separate and consolidated financial statements of the Company and recommended to the Board of Directors for approval.
2. Reviewed and recommended to the Board for approval of related party transactions.
3. Reviewed "Statement of Compliance with Code of Corporate Governance" which was also reviewed and certified by the external auditors.
4. Reviewed the compliance with code of conduct and company policies by the Board, the management and employees of the Company.
5. Reviewed the appointment of External Auditors and fixed their fee and recommended to the Board the reappointment of M/S Riaz Ahmed & Co. as external auditors for the year ending 30 June 2016.
6. Reviewed and discussed the Management Letter issued by the external auditors and the management response thereto. The committee discussed the observations with external auditors and recorded required actions.
7. Reviewed and further ensured the coordination between external and internal auditors.
8. Reviewed the matters highlighted in internal audit reports and took appropriate measures wherever necessary.
9. Reviewed and recommended to the Board for approval of 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.
10. Reviewed and recommended to the Board for approval the equity investment of Rs. 136.205 million in Nishat (Chunian) Limited through subscription of right shares for the approval of the Board.
11. Reviewed and recommended to the Board for approval the setting up of a new wholly owned subsidiary under the proposed name and style of Nishat Commodities (Private) Limited and also recommended investment up to Rs. 7 million by way of an equity investment and up to Rs. 2 billion in the form of loan and advances in the proposed wholly owned subsidiary on the terms and conditions to be determined by the Board of Directors.
12. Reviewed and recommended to the Board for approval the issuance of bank guarantees up to Rs. 1 billion from the Banks and Financial Institutions of Nishat Mills Limited to the lenders of Nishat Commodities (Private) Limited, on the terms and conditions to be determined by the Board of Directors and also recommended to the Board for approval the issuance of corporate guarantees up to Rs. 1 billion to the lenders of Nishat Commodities (Private) Limited, on the terms and conditions to be determined by the Board of Directors.
13. Reviewed and recommended further investment up to Rs. 2 billion as loan and advances in Nishat Linen (Private) Limited for the approval of the Board.
14. Reviewed and recommended to the Board for approval the business agreement to be executed between Nishat Mills Limited and Nishat Linen (Private) Limited for transfer of freehold land from Nishat Mills Limited to Nishat Linen (Private) Limited with all permissions of leave and license to operate a textile unit.

Internal Audit Function

The Head of Internal Audit has direct access to the Audit Committee. The Committee has ensured the placement of competent and professional staff in Internal Audit function, and that the function is equipped with the necessary resources and authority to perform their duties independently and objectively. The Committee has ensured that the Internal Audit function has fulfilled its responsibilities according to the framework defined by the Audit Committee. The Committee has reviewed findings of Internal Audit Department, suggested appropriate remedies and brought the matter to the attention of the Board if necessary.

Internal Control System

Internal Control System has been developed keeping in view the requirements and size of the Company and its effectiveness and adequacy is regularly evaluated. The management of the Company is responsible for establishing and maintaining a system of adequate internal controls and procedures for implementing strategy and policies, as approved by the Board of Directors.

Internal Audit function reviews and assesses the effectiveness and adequacy of internal control system and submits its findings to the Audit Committee. During the financial year 2014-15, the Committee on the basis of the internal audit reports reviewed the adequacy of controls and ensured identified risks were mitigated and corrective actions were taken by the management.

Khalid Qadeer Qureshi
Chairman Audit Committee

27 October 2015
Lahore

Directors' Report

Financial Review

Financial Performance

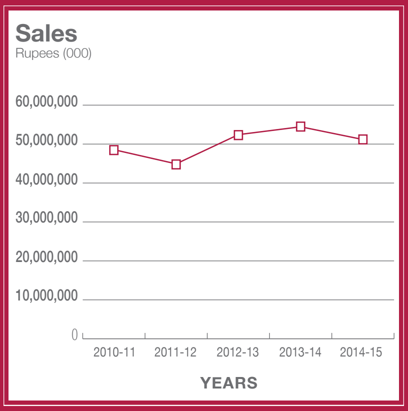
DIRECTORS OF NISHAT MILLS LIMITED ("THE COMPANY") ARE PLEASED TO PRESENT THE ANNUAL REPORT OF THE COMPANY FOR THE YEAR ENDED 30 JUNE 2015 ALONG WITH THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON.

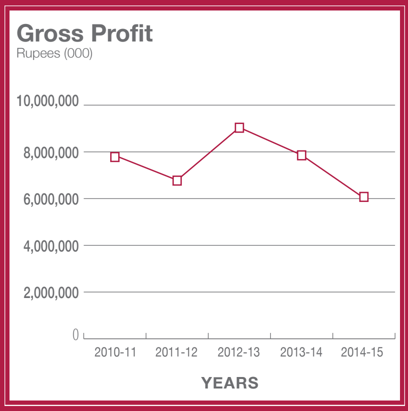
Profitability of the Company has decreased during the financial year ended 30 June 2015 as compared to the profitability of corresponding last year ended 30 June 2014. This decrease in profit after tax is mainly attributable to appreciation of Pak Rupee against US Dollar, low demand for textile products in international markets, bearish trend in prices, increase in depreciation expense due to commissioning of new projects, increase in wages of workers from Rs. 10,000 to Rs. 12,000 per month and increase in finance cost in order to finance the new projects as well as to provide working capital loan to subsidiary companies. However, like previous year, substantial amount of dividend income was received during the year.

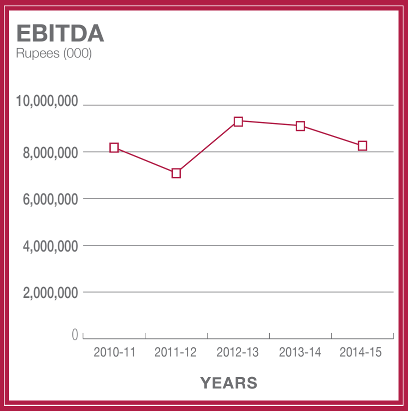
The summary of the key profitability measures is presented below.

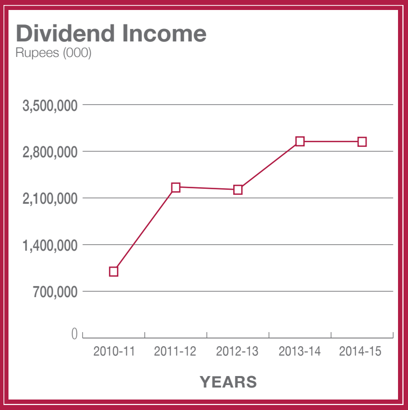
Financial Highlights

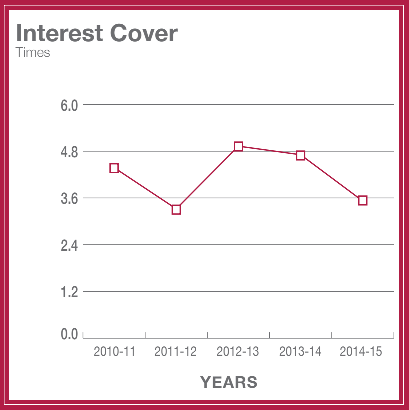
	2015 Rupees (000)	2014 Rupees (000)
Net sales	**51,177,577**	54,444,091
Gross profit	**6,024,138**	7,863,774
EBITDA	**8,260,046**	9,125,677
Depreciation	**2,125,348**	1,540,243
Finance cost	**1,744,773**	1,609,882
Dividend Income	**2,947,006**	2,947,848
Pre-tax profit	**4,389,925**	5,975,552
After tax profit	**3,911,925**	5,512,552











Sales recorded a decrease of Rs. 3,267 million (6.00%) in the current year as compared to sales in the previous year ended 30 June 2014 mainly due to sluggish demand and stiff competition. However, because of persistent efforts and dedication of our team, sales of the Company crossed the mark of Rs. 50,000 million despite difficulties in local and international markets. A glance over the sales of last five years shows that the Company is able to maintain a steady trend in the sales due to its adequate product mix.

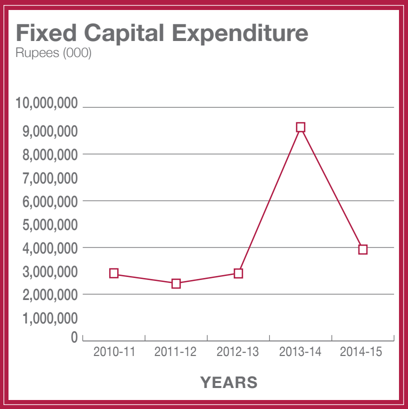
Gross profit of the Company decreased by Rs. 1,840 million (23.39%) in the current year as compared to gross profit of the last year. As compared to decrease in sales by 6.00%, cost of sales decreased only by 3.06%. The main reason for this disproportionate decrease was enhanced cost of production as a result of increase in minimum wages and increase in depreciation charge due to commissioning of new projects.

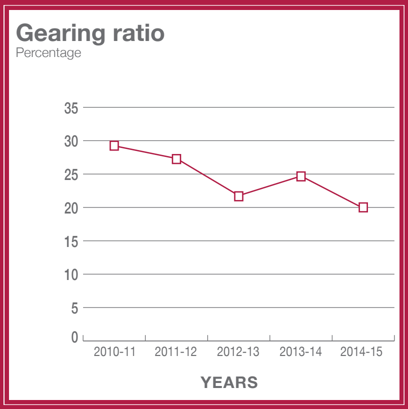
EBITDA of the Company decreased marginally by Rs. 865 million in the current financial year as compared to corresponding last year. This is a reflection of prudent financial performance of the Company because in the presence of difficulties, the Company was able to attain better results.

A review of the dividend income received during the last five years shows that contribution from the strategic investments towards bottom line has always been a major factor in the profitability of the Company. Dividend income during the current year was Rs. 2,947 million which is approximately same as compared to that of last year.

Finance cost of the Company increased by 8.38% in the current year as compared to corresponding last year. The main reasons for increase were the arrangement of finances for meeting financing requirements of the new projects and for funding the working capital needs of subsidiary companies. Average borrowing rate of the Company decreased from 8.64% in the previous year ended 30 June 2014 to 6.81% in the current year ended 30 June 2015. Interest cover was 3.52 times which is an evidence of financial strength and potential for future growth of the Company.

After tax profit percentage has decreased by 2.49% to 7.64% in the current year from the last year. The main reason was sluggish demand of textile products worldwide which resulted in fall in the profitability of the Company.





Fixed Capital Expenditure

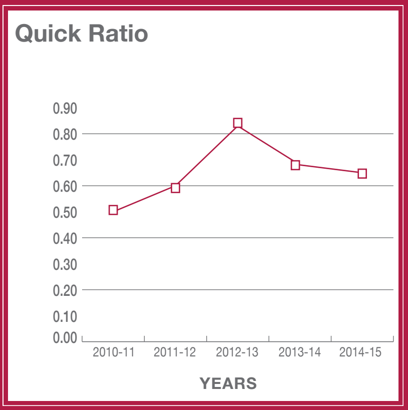
The Company made a fixed capital expenditure of Rs. 3,916 million during the year on expansion and BMR of its business segments. The management of the Company believes that enhancement and improvement in the operational capabilities is the guarantee of future profitability of the Company.

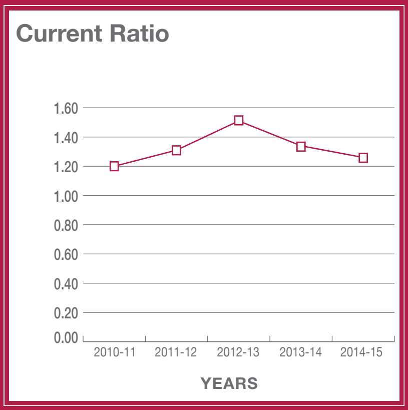
Capital Structure

The gearing ratio of the Company is 19.88% as on 30 June 2015 which is an indication of financial strength and optimal capital structure. This has decreased from the last year because, in addition to increase in equity due to consistent profitability of the Company over the years, most of the new projects, which had started during the previous financial year, have been completed.

Earnings per Share (EPS)

Earnings per share of the Company has decreased from Rs. 15.68 per share in the last year to Rs. 11.13 per share in the current year as a result of low profitability. However, the earning per share has remained at remarkable level over the last five years.





Working Capital Management

As a result of efficient working capital management, current ratio and quick ratio stands on 1.26 and 0.65 respectively in the current financial year despite the reduction in the profitability. However, a glance over current ratio and quick ratio figures indicate that these have remained steady over the last five years. Operating cycle of the Company has also improved from 73 days in the previous year to 52 days which is an indication of improvement in credit management.

Appropriations

The Board of Directors of the Company has recommended 45% cash dividend (2014: 40%) and transferring of Rupees 2,329 million (2014: Rupees 4,106 million) to general reserve.

Segment Analysis

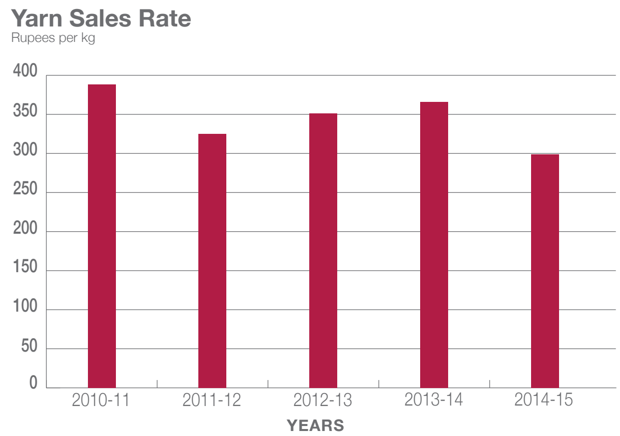
Spinning

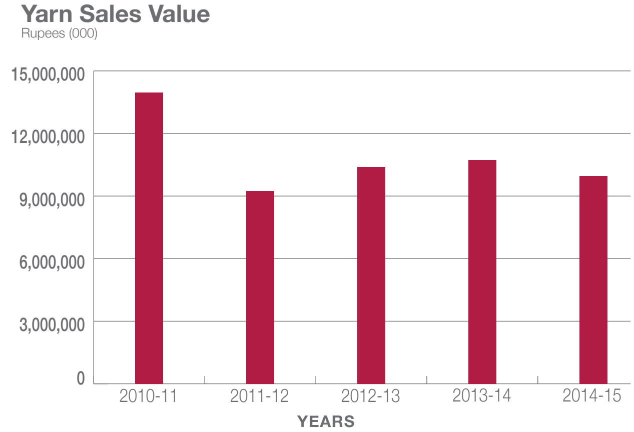
Cotton prices fell sharply at the start of financial year 2014-15 on the news of surplus cotton crop in the local and international markets because huge stocks of cotton were already available with the buyers. In fact, during the financial year under review, trading of cotton in international markets was done at the rates which were the lowest in the past four years. The Company started the procurement of cotton at the start of the cotton season and completed its purchase at optimal price level.

Cotton prices had a bearish sentiment throughout this period. China played a key role in keeping cotton prices low as their international cotton buying had reduced. Polyester fiber prices also decreased due to sharp dip in oil prices.

Prices of cotton yarn also witnessed a fall which was relatively greater than the decrease in cotton prices as the customers were aware of the cotton market scenario and expected further reduction in cotton prices. Moreover, high cost of production mainly due to expensive electricity and increased wages of workers, made selling yarn in local and international market a challenge but our marketing team successfully secured a satisfactory sale of yarn mix.

Hong Kong and China once again remained main markets for our Company's yarn while our marketing team worked very hard to get business from Malaysia, Japan and Korea as well. Demand of cotton yarn from Europe and the USA remained negligible.





Weaving

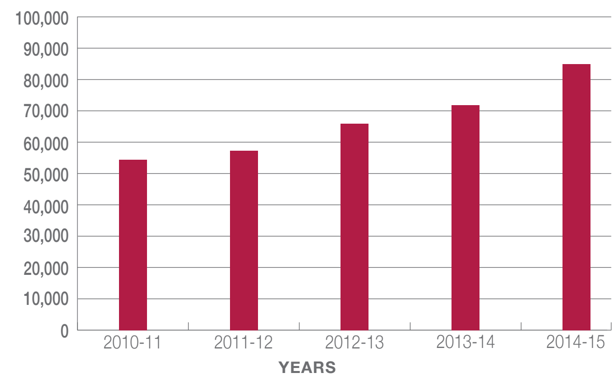
Financial year 2014-15 was one of the toughest period for textile industry. Cotton prices had a bearish trend. Similarly, polyester fiber prices also fell due to sharp dip in oil prices. Both of these factors created a sentiment for decline in the prices of grey fabric. Our Weaving Segment faced a difficult time during the financial year under review.

Our primary export market has always been Europe but due to strengthening of US Dollar against Euro, our cloth sales volumes decreased. Economic slowdown of some major European nations such as Italy and Spain also worsened the situation. This year, winter season in Europe was mild and short. Most of the big retailers in Europe had their shops full of winter clothes and even some of them offered discounts during the season. Corduroy, which has always been our major product in winters, experienced a sharp decrease in volume. Rise in sales was recorded in summer season but we faced price pressure.

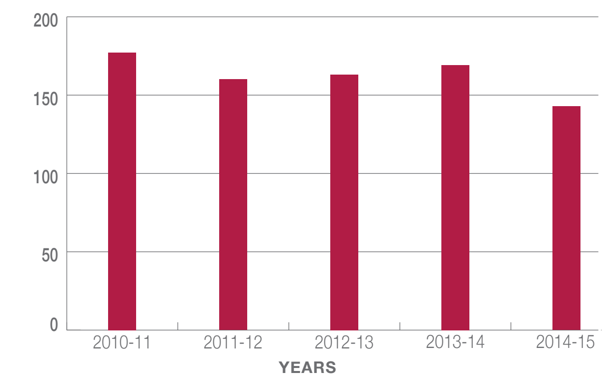
Our business in Japan also decreased. The reason for decline was again the decrease in the value of Japanese Yen against US Dollar during the year. Export sales to China has also slowed down during the last two months.

Turmoil in Middle East and war between Ukraine and Russia caused our work wear business to slow down. Most of our customers for work wear were selling their products in these markets. However as always, we have tried to diverse our product mix further by venturing into product range like abrasive and technical fabrics. We are hopeful that by end of financial year 2015-16, we shall be doing bulk business in these products.

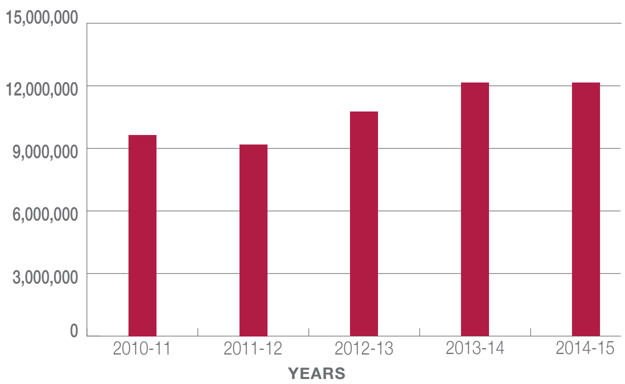
Grey Cloth Sales Quantity
Meters (000)



Grey Cloth Sales Rate
Rupees Per Meter



Grey Cloth Sales Value
Rupees (000)



Processing and Home Textile

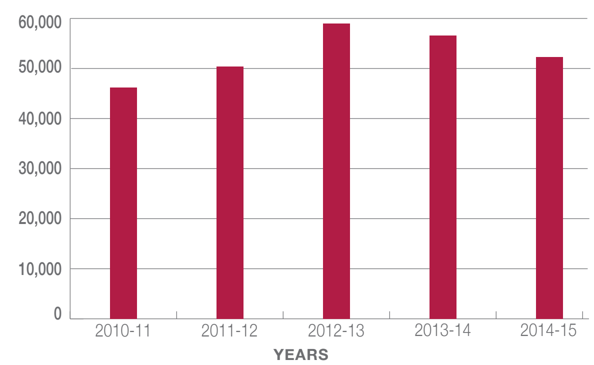
Despite stiff competition due to low demand in local and international market, our Processing Segment performed remarkably well. In fact, the Division created history by achieving apparently unattainable profit targets. We were able to sell our capacities at reasonable profit margins in highly adverse market conditions mainly because of our marketing strategy and right product mix.

The Performance of Home Textiles was also encouraging and growth of 28% in sales volume was recorded in year on year basis. This growth represents the efforts put forth by our marketing team and illustrates trust of clients in our capabilities in challenging environment. Our market reach increased in all markets including Europe, America and Oceana and we are positive to maintain this trend in next year as well. While we keep catering the upper and value added segment of brand businesses which has become our niche, we are also targeting large retailers with bulk volumes. We are hopeful that it will become a more consistent and profitable product mix which will generate a healthy business and profitability in future.

Not only we have had growth in the international side, we have been very successful in building a consistent business in the local market, performance fabrics for Pakistan Armed Forces has been the highlight of this success.

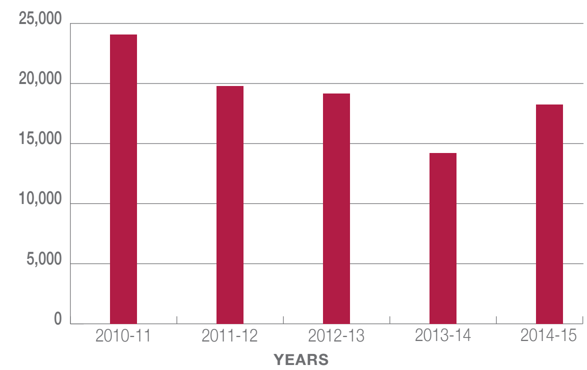
Processed Cloth Sales Quantity

Meters (000)



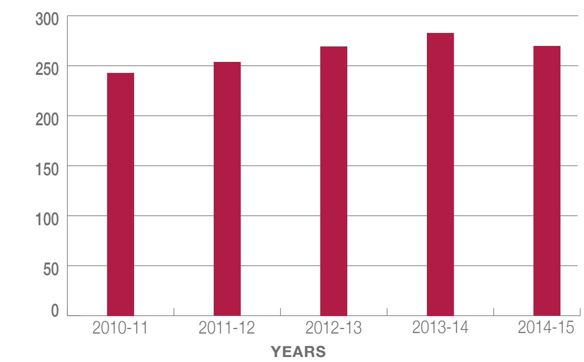
Made-ups Sale Quantity

Meters (000)



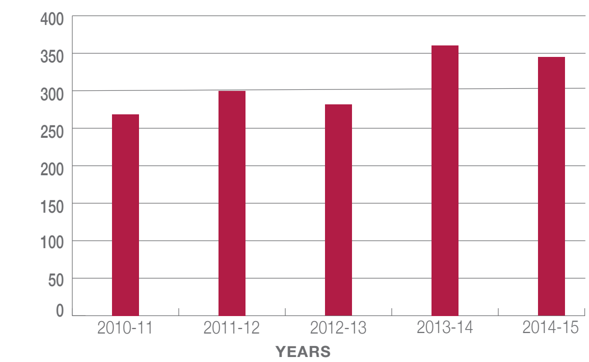
Processed Cloth Sales Rate

Rupees per Meter



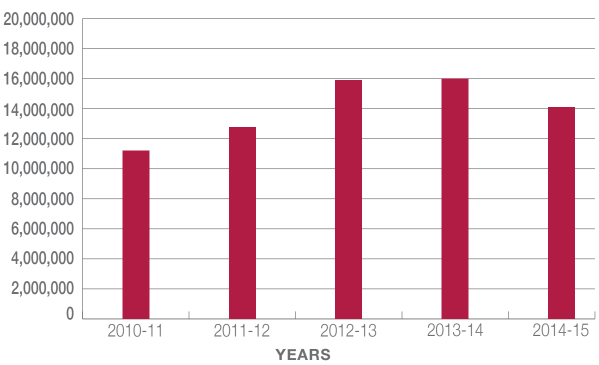
Made-ups Sale Rate

Rupees Per meter



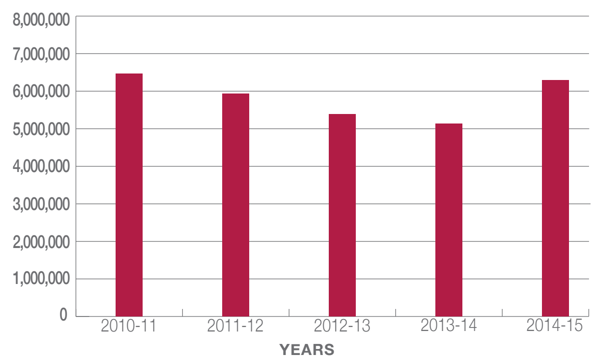
Processed Cloth Sales Value

Rupees (000)



Made-ups Sale Value

Rupees (000)



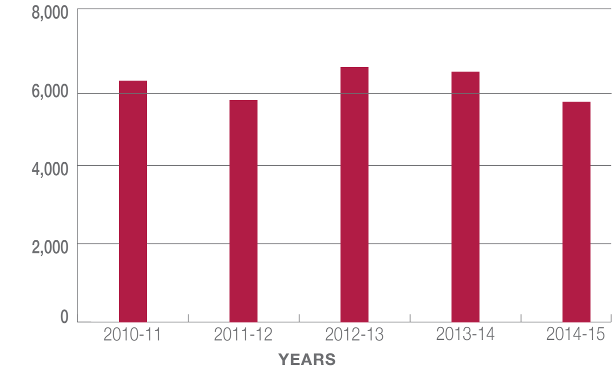
Garments

Financial year 2014-15 was difficult for Garments Segments too. Consistent increase in wages and strengthened Rupee has put a dent on our profitability. The demand for garments remained weak throughout the year. European businesses also struggled due to a weak Euro.

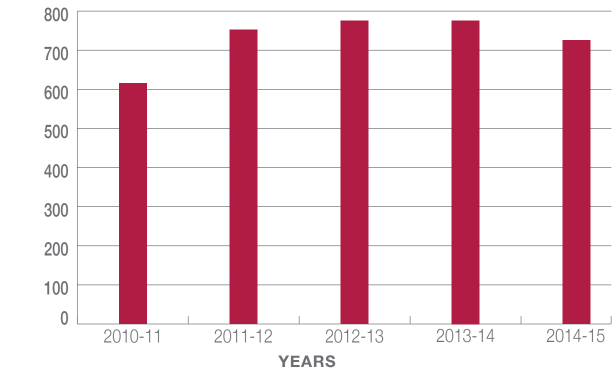
To counter the industry challenges and achieve production efficiency, Garments Segment has taken drastic steps in order to be a lean manufacturing unit. The brand new RFID technology which we installed for sewing lines is the latest and most advanced method of calculating efficiencies and wages. This will help in reducing precious down time and increase productivity and lower wastage. The latest technology will facilitate shop floor management with real time important data to streamline processes and manage issues on a fast track. The installation has completed and the system is in operation.

Our aim for future is to remain competitive by bringing costs down through increased efficiencies and focusing on large brands and retailers. Garments Segment has the privilege of working with some of the best brands of the world and innovative product developments is the key to our success.

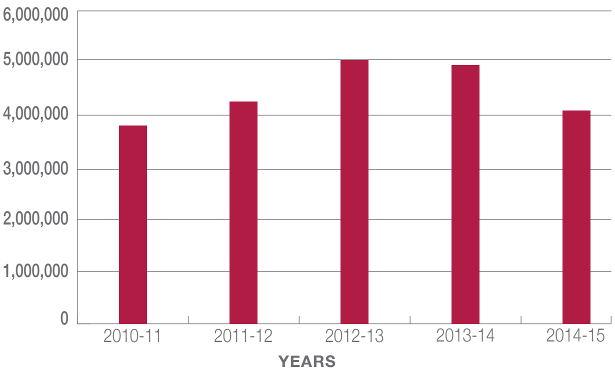
Garments Sales Quantity
Pieces (000)



Garments Sales Rate
Rupees per piece



Garments Sales Value
Rupees (000)



Power Generation

The Company invested in many projects in Power Division during the financial year 2014-15 to achieve key strategic objective of cost efficiency. Three tri fuel and highly efficient Wartsila Generators were commissioned at Bhikki, Ferozewatwan and Lahore.

A 22 ton Coal Fired Steam Boiler to meet the enhanced steam requirements of Weaving Division at Bhikki has been commissioned. This boiler generates low cost steam as compared to the steam generated on furnace oil and rice husk based boilers.

The 9 MW extension of coal fired power plant is in progress and will be completed soon. In addition to electricity, it will also produce 25 tons of steam per hour.

Information Technology

Information Technology is the backbone of our business operations and precursor to the growth of our Company. A robust and integrated IT system has enabled us to operate our manufacturing facilities and offices on nine different locations in Pakistan. Our IT Segment not only managed existing IT infrastructure but also carried out many hardware and software projects during the year.

We have successfully implemented a very advanced Radio Frequency Identification (RFID) System in Garments Segment which will help to increase productivity and efficiency of the Segment. Besides installation of physical hardware, in-house developed software programs have been implemented in the newly completed projects of Spinning and Weaving Segments.

Risks and Opportunities

Nishat Mills Limited takes risks and creates opportunities in the normal course of business. Taking risk is important to remain competitive and ensure sustainable success. Our risk and opportunity management encompass an effective framework to conduct business in a well-controlled environment where risk is mitigated and opportunities are availed. Each risk and opportunity is properly weighted and considered before making any choice. Decisions are formulated only if opportunities outweigh risks.

Following is the summary of risks and strategies to mitigate those risks:

Strategic Risks

We are operating in a competitive environment where innovation, quality and cost matters. This risk is mitigated through continuous research & development and persistent introduction of new technologies under BMR. Strategic risk is considered as the most crucial of all the risks. Head of all business divisions meet at regular basis to form an integrated approach towards tackling risks both at the international and national level.

Business Risks

The Company faces a number of following business risks:

Cotton Supply and Price

The supply and prices of cotton is subject to the act of nature and demand dynamics of local and international cotton markets. There is always a risk of non-availability of cotton and upward shift in the cotton prices in local and international markets. The Company mitigates this risk by the procurement of the cotton in bulk at the start of the harvesting season.

Export Demand and Price

The exports are major part of our sales. We face the risk of competition and decline in demand of our products in international markets. We minimize this risk by building strong relations with customers, broadening our customer base, developing innovative products without compromising on quality and providing timely deliveries to customers.

Energy Availability and Cost

The rising cost and un-availability of energy i.e. electricity and gas shortage is a major threat to manufacturing industry. This risk, if unmitigated, can render us misfit to compete in the international markets. The Company has mitigated the risk of rising energy cost by opting for alternative fuels such as bio-mass and coal. The measures to conserve energy have also been taken at all manufacturing facilities of the Company. Likewise, risk of nonavailability of the energy has been minimized by installing power plants for generating electricity at almost all locations of the Company along with securing electricity connections from WAPDA.

Financial Risks

The Board of Directors of the Company is responsible to formulate the financial risk management policies which are implemented by the Finance Department of the Company. The Company faces the following financial risks:

Currency risk

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to United States Dollar (USD), Arab Emirates Dirham (AED) and Euro. The Company's foreign exchange risk exposure is restricted to the bank balances and the amounts receivable / payable from/to the foreign entities.

Interest rate risk

The Company's interest rate risk arises from long term financing, liabilities against assets subject to finance lease, short term borrowings, loans and advances to subsidiary companies, term deposit receipts and bank balances in saving accounts. Fair value sensitivity analysis and cash flow sensitivity analysis shows that the Company's profitability is not materially exposed to the interest rate risk.

Credit risk

The Company's exposure to credit risk and impairment losses relates to its trade debts. This risk is mitigated by the fact that majority of our customers have a strong financial standing and we have a long standing business relationship with all our customers. We do not expect nonperformance by our customers; hence, the credit risk is minimal.

Liquidity risk

It is at the minimum due to the availability of enough funds through committed credit facilities from the Banks and Financial institutions.

Capital risk

When managing capital, it is our objective to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company maintains low leveraged capital structure. We monitor the capital structure on the basis of the gearing ratio. Our strategy is to keep the gearing ratio at the maximum of 40% equity and 60% debt.

Opportunities

As the leading textile company of the country, the Company is in a position to avail and exploit a number of opportunities. Following is the summary of some exciting opportunities.

- Regionally diversified customer base across the world provides a sustainable growth to export sales;
- Vibrant local and international subsidiary companies create demand for our products;
- Vertical integration makes it possible to exploit operational synergies;
- Abundant supply of cotton in the country;
- High population growth of the country is a source of suitable manpower and a stimulus in creating local demand for textile products.

Textile Industry Overview

Textile industry is the most essential manufacturing sector of Pakistan as it serves as the backbone of Pakistan's economy. It has the longest production chain, with inherent potential for value addition at each stage of processing, from cotton to ginning, spinning, fabric, dyeing and finishing, made-ups and garments. Critical success factors of the textile industry are availability of cheap and subsidized credit facilities, uninterrupted supply of gas and electricity at low rates, consistent and industry friendly tax policies and establishment of new textile units in less developed areas by giving incentives to the investors i.e. tax holiday. Due to unavailability of these factors, negligible growth of 0.5 percent has been recorded in the current financial year 2014-15 as compared to the last year in Pakistan.

Government of Pakistan has promulgated Textile Policy 2014-19 to ensure the maintenance of country's reputation as a reliable source of high quality textile goods. Salient features of the Policy are as follows:

- Draw-back for local taxes and levies are given to exporters of textile products on FOB values of their enhanced exports if increased beyond 10% over last year's exports at the following rates:
    - Garments 4%
    - Made ups 2%; &
    - Processed fabric 1%.
- Mark up rate for Export Refinance Scheme of State Bank of Pakistan was reduced from 9.40% to 7.50% under the policy. This rate has been subsequently reduced further to 4.50 %.
- Mark up rates for Long Term Financing Facility (LTFF) provided to textile manufacturers in the value added sector was reduced from 10.90% to 9.00 %. This rate has been subsequently reduced further to 6.00 %.

Nishat Mills Limited's Market Share

The Company is one of the largest composite textile manufacturing unit of Pakistan. It has attained a reputable and competitive position in textile sector for many years by using latest technology, meeting frequently changing needs of customers, complying with relevant laws and regulations and successfully fulfilling its responsibility towards society. The Company earns valuable foreign exchange by contributing around 3 percent in the textile exports of Pakistan.

Subsidiary Companies

The company has annexed its consolidated financial statements along with its separate financial statements in accordance with the requirements of International Accounting Standard – 27 (Consolidated and Separate Financial Statements).

Following is a brief description of all subsidiary companies of Nishat Mills Limited:

1. Nishat Power Limited

The Company owns and controls 51.01% shares of this subsidiary. The subsidiary is listed on Karachi Stock Exchange Limited and Lahore Stock Exchange Limited in Pakistan. The principle business of the subsidiary is to build, operate and maintain a fuel powered station having gross capacity of 200 MW in Jamber Kalan, Tehsil Pattoki, District Kasur, Punjab, Pakistan. The subsidiary commenced its commercial production from 09 June 2010.

2. Nishat Linen (Private) Limited

This is a wholly owned subsidiary of the Company. The principal objects of the Subsidiary are to operate retail outlets for sale of textile and other products and to sale the textile products by processing the textile goods in own and outside manufacturing facilities. The subsidiary started its operations in July 2011 and is presently operating 64 retail outlets in Pakistan.

3. Nishat Hospitality (Private) Limited

This is a wholly owned subsidiary of the Company. Subsidiary's object is to run a chain of hotels across the country. Currently it is operating a four star hotel in Lahore on international standards under the name of "The Nishat St. James' Hotel". The subsidiary started its operations on 01 March 2014.

4. Nishat Commodities (Private) Limited

This is a wholly owned subsidiary of the Company. The object of the subsidiary is to carry on the business of trading of commodities including fuels, coals, building material in any form or shape manufactured, semi-manufactured, raw materials and their import and sale in Pakistan. The incorporation date of Nishat Commodities (Private) Limited is 16 July 2015.

5. Nishat Linen Trading LLC

This subsidiary is a limited liability company incorporated in Dubai, UAE. It is a wholly owned subsidiary of the Company. The subsidiary is principally engaged in trading of textile, blankets, towels, linens, ready-made garments, garments accessories and leather products along with ancillaries thereto through retail outlets and warehouses across United Arab Emirates. The subsidiary started its commercial operations in May 2011 is presently operating 9 retail outlets in UAE.

6. Nishat International FZE

This is also a wholly owned subsidiary of Nishat Mills Limited. It has been incorporated as a Free Zone Establishment limited Liability Company in Jebel Ali Free Zone, Dubai according to the laws of United Arab Emirates (UAE). It has been registered in the FZE register on February 7, 2013. The principal activity of the Subsidiary Company is trading in textile products such as blankets, towels & linens, ready-made garments, garments accessories and leather products such as shoes, handbags and all such ancillaries thereto.

7. Nishat Global China Company Limited

Nishat Global China Company Limited is incorporated in Yuexiu District, Guangzhou, China, as Foreign Invested Commercial Enterprises "FICE", in accordance with the Law of Peoples Republic of China on Foreign-Capital enterprises and other relevant Laws and Regulations. Nishat Global China Company Limited is a wholly owned subsidiary of Nishat International FZE which is a wholly owned subsidiary of Nishat Mills Limited. The principal business of the Subsidiary is wholesale, commission agency (excluding auction), import and export of textile goods and women fashion accessories. The subsidiary started its commercial operations in January 2014.

8. Nishat USA Inc.

The subsidiary is a corporation service company incorporated in the State of New York. It is a wholly owned subsidiary acquired by the Company on 01 October 2008. The corporation is a liaison office of the Company's marketing department providing access, information and other services relating to US Market.

9. Nishat UK (Private) Limited

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






Corporate Sustainability

The Company believes that corporate social responsibility (CSR) is not only about the smooth management of the business but it assures developing long lasting and strong relationships with all its stakeholders including customers, employees, suppliers and government.

The Company's management continued its focus on environmental protection, social welfare, provision of equal opportunities, healthcare and ensuring good working environment to its employees.

Energy Conservation

Uninterrupted energy supply is essential for effective, smooth and efficient business operations. The Company is not only finding out ways to generate energy from alternative sources but also encouraging energy conservation projects. The Company has made further progress in the replacement of conventional tube lights with LED lights and solar panels at different locations of the Company.

Environment Protection

The Company has continued to show its dedication towards environment protection by starting new projects for environment protection and ensuring the continuity of the old projects. Effluent treatment plants are successfully working at all locations of dyeing, printing and garments. Our "Rupee for a Tree Scheme" project, a partnership project among the employees and the management, which has started to create awareness among our employees and society, has successfully achieved this year's target by planting more trees this year at the Company premises, highways, roads, colleges, schools, hospital and other public places. In the current year the Company has installed forty five powerless ventilators to save the electricity and encourage green environment concept. The focus of the Company is on the implementation of the latest Green Building technologies in our new Garments Unit which is under installation phases.

Waste Recycling

The Company is fully concerned about the environment and neighboring communities and showed its commitment by installing water treatment plants, cotton recycling plants and oil recycling machines at different sites to recycle the water, waste cloth and oil for maximum saving of natural resources.

Occupational Safety and Health

Employee's good health and safety has been the top priority of the Company. Periodic awareness sessions are being conducted to promote the preventive measures with the intention of ensuring safety and security of the employees. We have established Fire Fighting Departments which are equipped with sophisticated firefighting equipment at all our locations. Similarly, we have established facilities of dispensaries and ambulances at all locations. The Company also arranges Malaria and Typhoid vaccination for workers and their families. The Company also arranges fumigation for insecticide in order to prevent dengue and other diseases.

Equal Opportunity Employer

The Company is an equal opportunity employer and offers employment without any gender and class discrimination. Employment of women is encouraged especially in the stitching and garments segments.

Community Welfare Schemes

Management of the Company takes keen interest in the welfare of the society. The Company holds twice a year free medical camps at its manufacturing facilities where free medical advice is offered to people living near the vicinity of the Company. We have established a blood bank at different sites to deal with emergency situation and any other mishap. The Company arranges the training of thousands of young people before they enter the job. This is the most valuable contribution to the nation by providing a trained work force.

Consumer Protection Measures

The products of the Company are manufactured and shipped according to the prevailing and required international safety standards. We have set up systems such as the installation of metal detectors for prevention and detection of any harmful substance in the products. For this, the Company meets the Oeko Tax Standards 100 which is an independent testing and certification system for textile raw materials, intermediate and end products at all stages of production. The Company has also acquired C-TPAT Certification Customs-Trade Partnership against Terrorism at all its production facilities. Further the Company has obtained SA-8000, WRAP and SEDEX.

Contribution to National Exchequer and Economy

As an export oriented entity, the Company has earned precious foreign exchange of US$ 393.683 million during the current year. In addition to that, the Company contributed Rs. 1,419 million towards national exchequer by way of income taxes, sales taxes, custom duties, export development surcharge, education cess, cotton cess, social security contribution, EOBI contribution etc. The Company is also acting as withholding agent for FBR.

Corporate Governance

Best Corporate Practices

We are committed to good corporate governance and do comply with the requirements of Code of Corporate Governance 2012 (CCG 2012) included in the listing regulations of Karachi, Lahore and Islamabad Stock Exchanges. The statement of compliance with the CCG 2012 is enclosed.

Board Committees

Audit Committee

The audit committee is performing its duties in line with its terms of reference as determined by the Board of Directors. Composition of the committee is as follows:

Mr. Khalid Qadeer Qureshi	Chairman / Member
Mr. Syed Zahid Hussain	Member
Ms. Nabiha Shahnawaz Cheema	Member

Human Resource & Remuneration (HR&R) Committee

The Human Resource & Remuneration Committee is performing its duties in line with its terms of reference as determined by the Board of Directors. Composition of the Committee is as follows:

Mian Hassan Mansha	Chairman / Member
Mian Umer Mansha	Member
Mr. Khalid Qadeer Qureshi	Member
Ms. Nabiha Shahnawaz Cheema	Member

Meetings of the Board of Directors

During the year under review, five meetings of the Board of Directors of the Company were held in Pakistan and the attendance position is as follows:

Sr.#	Names		No. of Meetings Attended
1.	**Mian Umer Mansha**	*(Chief Executive Officer)*	4
2.	**Mian Hassan Mansha**	*(Chairman)*	3
3.	**Syed Zahid Hussain**		5
4.	**Mr. Khalid Qadeer Qureshi**		5
5.	**Ms. Nabiha Shahnawaz Cheema**		1
6.	**Mr. Maqsood Ahmad**		5
7.	**Mr. Saeed Ahmad Alvi**		4

Directors' Statement

In compliance of the Code of Corporate Governance, we give below statements on Corporate and Financial Reporting framework:

1. The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. Proper books of account of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
8. Cost of investments in respect of retirement benefits fund:
   Provident Fund: 30th June, 2015: Rs. 2,437.102 Million Un-audited (2014: Rs. 2,111.663 Million-Audited).

Transactions with related parties

Transactions with related parties were carried out at arm's length prices determined in accordance with the comparable uncontrolled prices method. The Company has fully complied with best practices on Transfer Pricing as contained in the Listing Regulations of Stock Exchanges in Pakistan.

Auditors

The present auditors of the Company M/s Riaz Ahmed & Company Chartered Accountants have completed the annual audit for the year ended 30 June 2015 and have issued an unqualified audit report. The auditors will retire on conclusion of the Annual General Meeting of the Company, and being eligible; have offered themselves for reappointment for the year ending 30 June 2016.

Information under section 218 of Companies Ordinance, 1984.

The Board of Directors of the Company in their meeting held on 27 October 2015 has revised the monthly remuneration of Mr. Umer Mansha, Chief Executive Officer of the Company from Rs. 2,240,000 to Rs. 2,508,800 per month with effect from 01 July 2015 plus other benefits as per service rules of the Company. There is no change in other terms and conditions of his appointment.

Corporate Awards

In the award ceremony held in Karachi by the Institute of Chartered Accountants of Pakistan and Institute of Cost and Management Accountants of Pakistan, the Annual Report of the Company for the year ended 30 June 2014 has won the first position in Textile Sector Category.

Managements Objectives and Strategies

Management of the Company is instrumental in achieving the strategic objectives set by the Board of Directors. Considering the current challenges faced by the Company due to prevailing adverse economic conditions in the textile industry management of the Company is committed and focused on reducing cost and enhancing production efficiencies. New ideas like lean manufacturing concept has been employed to achieve this objective. Technologies like Radio Frequency Identification (RFID) System has been successfully implemented in Garments facility. Moreover, energy preservation through rational usage is being achieved. Management of the Company is also determined to increase its market share by enhancing customer base of the Company. Investment in new technologies and introduction of better methodologies in production processes will play a vital role in improving the customers' satisfaction with our products. That will result in the increase of our customer base.

Despite unfavorable economic conditions management was able to achieve last year's objectives of cost efficiency, good governance and efficient financial management

Business Continuity Plan

Operational continuity is of paramount importance for the long term success and viability of any Company. Nishat Mills Limited has developed business continuity plans which also provide a mechanism for disaster recovery in the respective areas. The Company has arranged the security of all the factory sites by hiring well-trained security personnel on its payroll. All the physical assets are properly safeguarded and insured. Back up of virtual assets such as IT programs and software is regularly arranged. Very efficient and effective fire fighting systems have been in place at all our manufacturing facilities. Standard Operating Procedures for all the processes have been devised and documented according to the best practices prevailing in the industry. All transactions and affairs of the Company are properly documented; and these documents are appropriately preserved according to our Policy for safety of records.

Human Capital

The most valuable resource of the Company is its employees who are paid attractive remuneration commensurate with market compensation and have an opportunity to work in healthy environment. This has made the Company an attractive employer which is reflected from low employees' turnover.

The Company has a comprehensive succession planning policy and provides an excellent opportunity for growth which is in line with the transparent and fair performance evaluation mechanism. Future talent and prospective leaders are nurtured through regular and need specific training sessions.

The Company maintains a contributory provident fund as a retirement benefit plan for employees. The fund is managed by a competent manager and fair value of investments made by the fund was Rs. 3,688 million as on 30 June 2015.

Forward Looking Statement

Forward Looking Statement

Sales of the Company is expected to grow by 10% in the financial year 2015-16 as compared to the sales in financial year 2014-15. Focus will be on the enhancement of share of value added products in total sales.

Performance in Year 2015

Financial year 2014-15 was a difficult period for the textile industry due to which sales of the Company has decreased by 6.00% which has affected its profitability. However, new Spinning unit has been commissioned into production according to plan which has enhanced our production capacities. Financial strength provided by our strong equity base made it possible to further diversify our investment portfolio by investing in projects like Nishat Energy Limited and Nishat Hotels & Properties Limited. Better energy management and adequate production scheduling helped us to achieve energy conservation.

Forward Looking Statement of 2014

Depending on our current financial strength and operational ability, we will maintain our share of 3% in the total export sales of the textile sector of Pakistan in the current financial year 2014-15. Sales and other income collectively are expected to grow considerably and will cross the current figure of Rs. 58 billion as a result of heavy investments made by the Company in enhancement of its production facilities during the financial year ended 30 June 2014. Our substantial equity reserves also provide us great support to invest further in projects which will further enhance the prospects of future earnings of the Company. We will continue our policy of exploring new energy conservation techniques and generating electricity from cheap fuels like coal and biomass. This will help us in substantially reducing our cost of production.

Scheme of Compromises, Arrangements and Reconstruction

The Board of Directors of the Company in their meeting held on 24 February 2015 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. The scheme was approved by shareholders of the aforesaid companies in their respective Extra Ordinary General Meetings (EOGMs) held on 21 April 2015 and respective EOGMs with Co-Chairpersons appointed by Honourable Lahore High Court, Lahore held on 27 June 2015. The Honourable Lahore High Court, Lahore, has approved the scheme by way of order dated 6 October 2015 with effect from 31 December 2014.

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”.

Future Prospects

Financial year 2014-15 was riddled with difficulties and challenges. This trend may continue in the next year too. We are anticipating that besides domestic problems demand for textile products in international market will also remain low. Global cotton prices are most likely to remain stable at current price level as China, which is a major consumer of cotton, is still holding huge stocks. We expect that it will dispose of excess cotton stocks at current price level without destabilizing the market. Despite these anticipated difficulties, we hope our performance in the Coming year will improve.

The construction of the new Garments unit is underway. This Garments unit will be in operation by the end of third quarter of financial year 2015-16. The unit will focus on the production of Denim Jeans. When it will be fully operational; the existing capacities of Garments Segment will double. This will bring flexibility in both product and delivery management. The machines and designs have been carefully selected to meet the cost challenges. Automation in garments sewing and washing technology is the deciding factor in the project selection, design and implementation. Approximately 10% reduction in cost of doing business is anticipated through automation and intelligent design on the new project.

Acknowledgement

The Board is pleased with the continued dedication and efforts of the employees of the Company.

For and on behalf of the Board of Directors

Mian Umer Mansha
Chief Executive Officer

27 October 2015
Lahore

Financial Highlights

		2015	2014	2013	2012	2011	2010
				(Rupees in thousand)			
Summarized Balance Sheet							
Non-Current Assets							
Property, plant and equipment		24,357,269	22,964,388	15,530,320	14,318,639	13,303,514	11,841,667
Long term investments		51,960,454	44,771,715	37,378,224	21,912,790	21,337,889	21,959,543
Other Non-Current Assets		631,833	537,482	521,490	547,283	1,005,542	648,176
Current Assets							
Stores, spares and loose tools		1,335,763	1,316,479	1,285,371	1,019,041	955,136	688,832
Stock in trade		10,350,193	12,752,495	10,945,439	9,695,133	9,846,680	6,060,441
Short term investments		2,189,860	3,227,560	4,362,880	1,589,093	1,781,471	1,554,543
Other current assets		10,314,628	11,478,458	10,610,870	7,544,404	5,858,672	3,429,112
Total Assets		101,140,000	97,048,577	80,634,594	56,626,383	54,088,904	46,182,314
Shareholders' Equity		76,142,823	68,589,176	58,917,035	37,762,749	35,393,959	31,376,313
Non-Current liabilities							
Long term financing		5,582,220	6,431,304	3,149,732	3,426,578	2,861,956	2,980,694
Deferred tax liability		247,462	474,878	499,415	310,305	510,640	1,256,892
Current Liabilities							
Short term borrowings		11,524,143	14,468,124	11,939,028	9,665,849	10,471,685	6,649,447
Current portion of non-current liabilities		1,783,250	1,595,652	1,310,769	1,106,902	1,283,865	1,128,632
Other current liabilities		5,860,102	5,489,443	4,818,615	4,354,000	3,566,799	2,790,336
Total Equity and Liabilities		101,140,000	97,048,577	80,634,594	56,626,383	54,088,904	46,182,314
Profit & Loss							
Sales		51,177,577	54,444,091	52,426,030	44,924,101	48,565,144	31,535,647
Gross profit		6,024,138	7,863,774	9,044,485	6,789,191	7,846,447	5,980,185
EBITDA		8,260,046	9,125,677	9,334,690	7,101,295	8,186,974	5,518,864
Other income		4,004,655	3,653,041	2,739,102	2,683,685	2,444,985	981,650
Profit before tax		4,389,925	5,975,552	6,356,853	4,081,567	5,411,912	3,286,069
Profit after tax		3,911,925	5,512,552	5,846,853	3,528,567	4,843,912	2,915,461
Cash Flows							
Cash Flow from Operating Activities		5,298,151	4,887,376	491,795	2,760,562	260,523	988,193
Cash Flow from Investing Activities		(3,042,332)	(7,909,028)	(2,695,026)	37,326	(2,222,501)	(5,520,869)
Cash Flow from Financing Activities		(5,005,916)	4,695,106	973,537	(1,572,033)	2,984,094	4,531,767
Changes in Cash & Cash Equivalents		(2,750,097)	1,673,454	(1,229,694)	1,225,855	1,022,116	(909)
Cash and Cash Equivalents-year end		52,219	2,802,316	1,128,862	2,358,556	1,132,701	110,585
Ratios Analysis							
Profitability Ratios							
Gross profit	%	11.77	14.44	17.25	15.11	16.16	18.96
EBITDA to sales	%	16.14	16.76	17.81	15.81	16.86	17.50
Pre tax Profit	%	8.58	10.98	12.13	9.09	11.14	10.42
After tax profit	%	7.64	10.13	11.15	7.85	9.97	9.24
Return on Equity	%	5.41	8.65	12.10	9.65	14.51	11.50
Return on Capital Employed	%	7.79	10.99	15.33	14.56	18.86	15.34
Operating Leverage Ratio		3.19	(1.27)	2.19	2.23	1.09	1.45

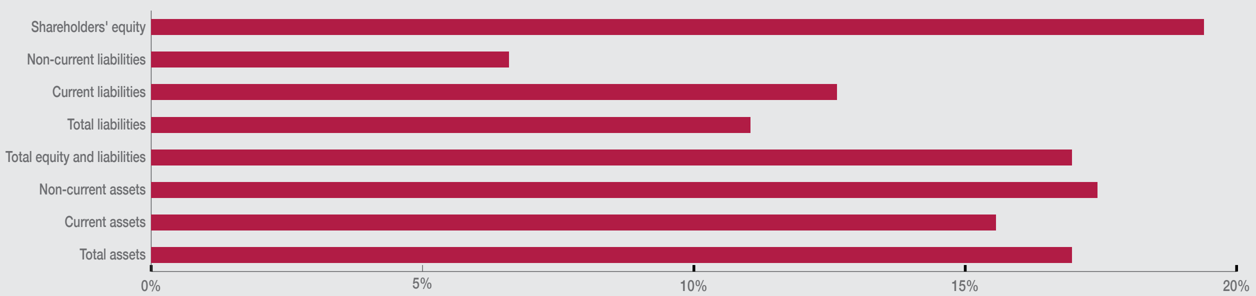
		2015	2014	2013	2012	2011	2010
Liquidity Ratios							
Current ratio		1.26	1.34	1.51	1.31	1.20	1.11
Quick ratio		0.65	0.68	0.83	0.60	0.50	0.47
Cash to current liabilities	Times	-	0.13	0.06	0.16	0.07	0.01
Cash flows from operations to sales	Times	0.10	0.09	0.01	0.06	0.01	0.03
Activity / Turnover Ratios							
Inventory Turnover Ratio	Times	3.91	3.93	4.20	3.90	5.12	5.03
No. of Days in Inventory	Days	93.35	92.88	86.90	93.85	71.29	72.56
Debtors Turnover Ratio	Times	17.22	11.87	10.77	15.05	21.48	18.87
No. of Days in Receiveables	Days	21.20	30.75	33.89	24.32	16.99	19.34
Creditors Turnover Ratio	Times	5.84	7.25	8.01	8.46	14.03	10.55
No. of Days in Creditors	Days	62.50	50.34	45.57	43.26	26.02	34.60
Operating Cycle	Days	52.05	73.29	75.22	74.91	62.26	57.30
Total Assets Trunover Ratio	Times	0.51	0.56	0.65	0.79	0.90	0.68
Fixed Assets turnover Ratio	Times	2.10	2.37	3.38	3.14	3.65	2.66
Investment / Market Ratios							
Earnings per share	Rs.	11.13	15.68	16.63	10.04	13.78	10.50
Price earning ratio	Times	10.26	7.14	5.67	4.74	3.65	4.11
Dividend yield ratio	%	3.94	3.57	4.25	7.36	6.56	5.80
Dividend payout ratio	%	40.43	25.51	24.05	34.86	23.95	23.81
Dividend cover ratio	Times	2.47	3.92	4.16	2.87	4.17	3.32
Dividend per share	Rs.	4.50	4.00	4.00	3.50	3.30	2.50
Break-up Value	Rs.	216.56	195.08	167.57	107.40	100.67	89.24
Proposed dividend	%	45	40	40	35	33	25
Right issue per share	Rs.	-	-	-	-	-	45% at Rs. 40
Maket Value per share							
Closing	Rs.	114.23	111.92	94.21	47.58	50.34	43.12
High	Rs.	137.49	141.70	108.00	60.49	71.89	75.20
Low	Rs.	97.00	85.00	47.99	38.10	40.81	37.80
Capital Structure Ratios							
Financial leverage ratio	%	25.00	33.00	28.00	38.00	41.00	34.00
Weighted average cost of debt	%	8.43	8.28	10.57	12.22	12.62	10.80
Debt to equity ratio	%	7.33	9.38	5.35	9.07	8.09	9.50
Interest cover ratio	Times	3.52	4.71	4.93	3.32	4.38	3.92
Gearing ratio	%	19.88	24.70	21.77	27.33	29.23	25.53
Production machines							
No. of Spindles		227,640	198,840	198,096	198,096	199,536	199,502
No. of Looms		789	789	648	665	644	663
No. of Thermosole Dyeing machines		6	6	5	5	5	5
No. of Rotary Printing machines		4	4	3	3	3	3
No. of Digital Printing machines		2	2	1	-	-	-
No. of Stitching Machines		2,706	2,632	2,721	2,683	2,536	2,456

Horizontal Analysis

	2015	2014	2013	2012	2011	2010
Balance Sheet						
Total Equity	243%	219%	188%	120%	113%	100%
Non-Current Liabilities	138%	163%	86%	88%	80%	100%
Current Liabilities	181%	204%	171%	143%	145%	100%
Total Liabilities	169%	192%	147%	127%	126%	100%
Total Equity And Liabilities	219%	210%	175%	123%	117%	100%
Assets						
Non-Current Assets	223%	198%	155%	107%	103%	100%
Current Assets	206%	245%	232%	169%	157%	100%
Total Assets	219%	210%	175%	123%	117%	100%
Profit and Loss Account						
Sales	162%	173%	166%	142%	154%	100%
Cost of Sales	177%	182%	170%	149%	159%	100%
Gross Profit	101%	131%	151%	114%	131%	100%
Distribution Cost	142%	149%	148%	149%	128%	100%
Administrative Expenses	202%	189%	160%	134%	120%	100%
Other Expenses	127%	119%	142%	119%	149%	100%
	153%	154%	149%	142%	129%	100%
	62%	115%	153%	92%	133%	100%
Other Income	408%	372%	279%	273%	249%	100%
Profit from Operations	139%	172%	181%	132%	159%	100%
Finance Cost	155%	143%	144%	156%	142%	100%
Profit before Taxation	134%	182%	193%	124%	165%	100%
Taxation	129%	125%	138%	149%	153%	100%
Profit after Taxation	134%	189%	201%	121%	166%	100%

Balance Sheet Horizontal Analysis

Cumulative average growth rate for the last six years - annualised

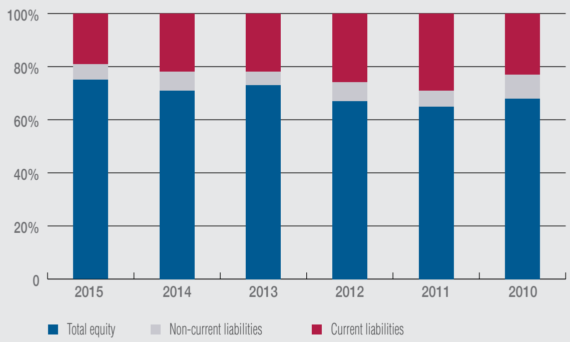


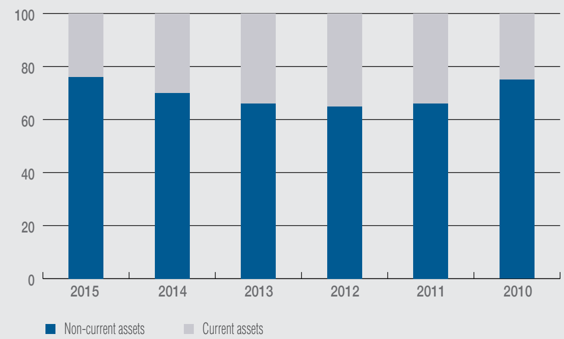
Vertical Analysis

	2015	2014	2013	2012	2011	2010
Balance Sheet						
Total equity	75.28%	70.68%	73.07%	66.69%	65.44%	67.94%
Non-current liabilities	5.76%	7.12%	4.53%	6.60%	6.24%	9.18%
Current liabilities	18.95%	22.21%	22.41%	26.71%	28.33%	22.88%
Total Liabilities	24.72%	29.32%	26.93%	33.31%	34.56%	32.06%
Total Equity And Liabilities	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Assets						
Non-current assets	76.08%	70.35%	66.26%	64.95%	65.90%	74.59%
Current assets	23.92%	29.65%	33.74%	35.05%	34.10%	25.41%
Total Assets	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Profit and Loss						
Sales	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of Sales	88.23%	85.56%	82.75%	84.89%	83.84%	81.04%
Gross Profit	11.77%	14.44%	17.25%	15.11%	16.16%	18.96%
Distribution Cost	4.74%	4.69%	4.82%	5.69%	4.51%	5.44%
Administrative Expenses	2.15%	1.90%	1.66%	1.63%	1.35%	1.73%
Other Expenses	0.72%	0.63%	0.78%	0.77%	0.89%	0.92%
	7.61%	7.22%	7.27%	8.08%	6.75%	8.08%
	4.16%	7.22%	9.99%	7.03%	9.41%	10.88%
Other Income	7.83%	6.71%	5.22%	5.97%	5.03%	3.11%
Profit from Operations	11.99%	13.93%	15.21%	13.00%	14.44%	13.99%
Finance Cost	3.41%	2.96%	3.09%	3.92%	3.30%	3.57%
Profit before Taxation	8.58%	10.98%	12.13%	9.09%	11.14%	10.42%
Taxation	0.93%	0.85%	0.97%	1.23%	1.17%	1.18%
Profit after Taxation	7.64%	10.13%	11.15%	7.85%	9.97%	9.24%

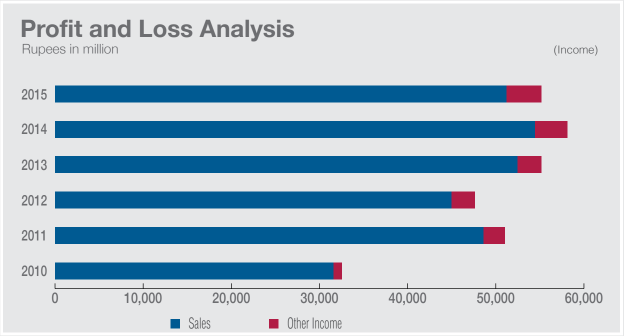
Balance Sheet Vertical Analysis

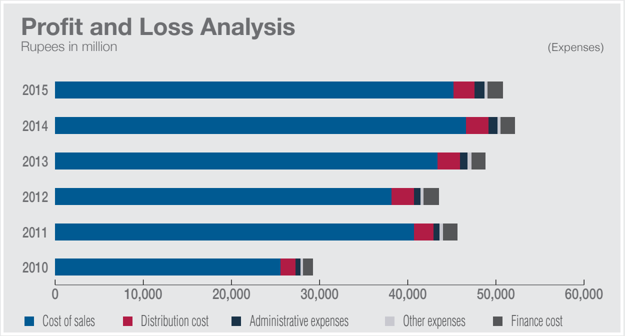
Composition for the last six years





Comments on Six Years Performance





Horizontal Analysis

Balance Sheet

The footing of balance sheet of the Company has grew to 219% in financial year 2014-15 as compared to balance sheet of financial year 2009-10. The growth in the equity is marvelous which reflects that the Company is low geared business and depicts its financial capability to expand its operations. Non-current assets have also seen exponential growth as a result of investing fixed capital expenditure for BMR. A glance of last six year shows that current assets always remained higher than current liabilities which is an indication of strong liquidity of the Company.

Profit and Loss

The growth in sales is exceptional during the last six years. However, increase in cost of sales was higher than increase in sales because of rising energy and labor cost. This is particularly relevant in financial year 2014-15 when increase in cost of sales was 77% as compared to increase of 62% in sales. This resulted in squeeze in gross profit of the Company.

Increase in distribution cost coincides with the increase in sales. Distribution cost has decreased in the current year as a result of decrease in sales. Administrative and other expenses increased over the last six years in line with the growth of the Company. Increase in other income which is 308% from financial year 2009-10 is remarkable.
Apart from the current year, profit after tax has grown consistently during the last six year.

Vertical Analysis

Balance Sheet

A review of last six years shows that portion of debt has continuously been reduced. This was possible due to healthy profits, effective debt management and optimal dividend policy. Non-current assets and current assets balance is also ideal which provides adequate liquidity and financial strength to the Company.

Profit and Loss

Cost of sales of the company has increased from 81% in financial year 2009-10 to 88% in the current year due to increase in cost of doing business. This has resulted in consistent reduction in gross profit percentage to 12% in the current year. While other operational expenses has remained around 8% during the last six years, other income has increase consistently from 3% to 8%. Likewise, finance cost remained 3-4% during the last six years. Profit after tax was 8% during the current year which has reduced from 10% in financial year 2013-14.

Commentary on Cash Flow Statement

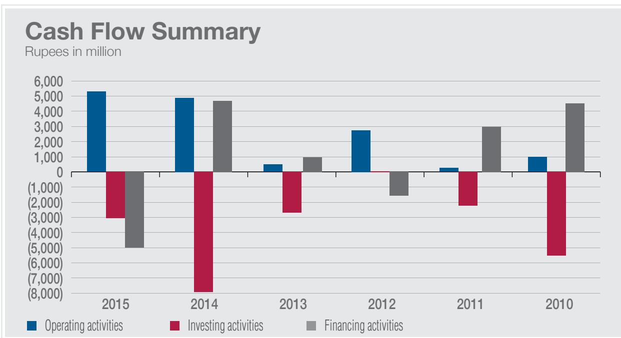
Cash flow analysis of Nishat Mills Limited for the financial year 2015 is as follows:

Operating Activities

Cash generated from operating activities increased by Rs. 411 million in the current financial year 2013-14 as compared to corresponding last financial year. The main reason for this increase was efficient working capital management especially in stock-in-trade and trade & other payables despite increase in finance cost paid on the financing of increased bank borrowings for financing fixed capital expenditure and providing working capital loan to subsidiary companies. Cash flow from operating activities remained positive during the last six years. This indicates operational efficiency and better liquidity of the Company.

Investing Activities

The Company paid Rs. 3,042 million in the current financial year ended 30 June 2015 as compared to Rs. 7,909 million in the corresponding last year. The Company paid Rs. 3,915 million for BMR of property, plant & equipment and Rs. 13,143 million for providing working capital loan to its subsidiary companies. The company has a distinguished history of engaging in such investing activities to ensure its future cash inflows.



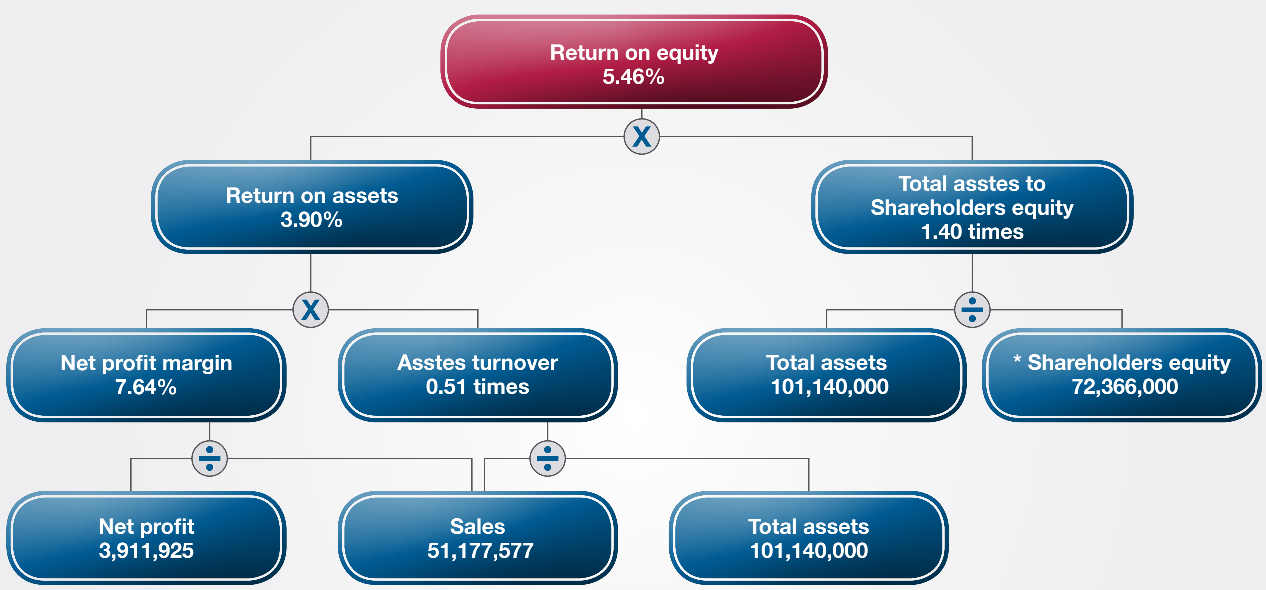
Financing Activities

Net utilization from the financing activities was Rs. 5,006 million during the financial year 2014-15. The main reason was the repayment of long term and short term borrowings amounting to Rs. 5,309 million in addition to payment of dividend amounting to Rs. 1,400 million. The proceeds from long term financing were only Rs. 1,769 million.

Cash and cash equivalents at year end

Net decrease in cash and cash equivalents was Rs. 2,750 million during the year with a cash and cash equivalents balance of Rs. 52 million as at 30 June 2015.

Du Pont Analysis



		2015	2014
Total assets to Shareholders equity	(times)	1.40	1.52
Return on equity	(%)	5.46	8.65
Net Profit margin	(%)	7.64	10.13
Asset Turnover	(times)	0.51	0.56

Sales of the Company has decreased by 6% in the Current year as compared to corresponding last year. This has resulted in decrease in net profit margin from 10.13% to 7.64% which is the primary reason in the decrease of return on equity. Asset turnover decreased from 0.56 times to 0.51 times due to decrease in sales.

**Average Shareholders equity*

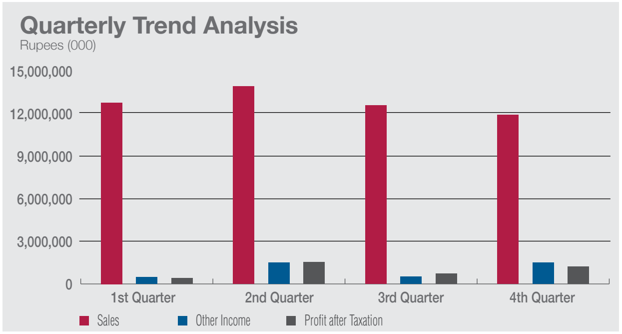
Quarterly Analysis

Sales

Sales declined by 5.90% in the first quarter of the year as compared to the sales of corresponding quarter of the last year. The main reasons for decrease were unfavorable exchange rate and uncertainty in cotton prices. However, sales increased in the second quarter by 9.03% as compared to first quarter of the financial year mainly due to increase in sales of spinning and processing segments. Sales further decreased in the last two quarters of the year due to low demand in local and international markets. Other major reason for this decrease was decline in the export sales due to strengthening of Pak Rupees against US Dollar.

Other Income

Other income forms the major part of the profitability of the Company. During the first quarter of the year, other income was Rs. 495 million which increased to Rs. 1,504 million in the second quarter of the year. The main reason for increase was the receipt of dividend income amounting to Rs. 1,158 million and interest income from subsidiary companies on working capital loans amounting to Rs. 64 million. Other income in third quarter was also substantial mainly on account of receipt of dividend income amounting to Rs. 316 million from Nishat Power Limited. In the fourth quarter, the Company received final and interim dividend of Rs. 659 million from MCB bank along with dividend of Rs. 483 million from Nishat Power Limited, Lalpir Power Limited and Pakgen Power Limited. In total, the share of other income in the profitability of last quarter was Rs. 1,490 million.



Profit after tax

The Company earned a marginal profit after tax during the first quarter of the year due to decrease in sales volume, appreciation of Pak Rupees against US Dollar, increase in finance cost because of increase in bank borrowings needed for the procurement of cotton, financing the projects of the Company and providing working capital loans to subsidiary companies. Profit after tax in the second quarter of the year increased as a result of better sales volumes and increased dividend income. However, profitability was adversely affected due to 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. During the third quarter, profit after tax was decreased to Rs. 739 million due to decline in sales volume and other income. Profit after tax in the fourth quarter increased as a result of receipt of substantial dividend income.

	Year 2015			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	(Rupees in thousand)			
Profit & Loss Account				
Sales	12,777,666	13,931,890	12,572,181	11,895,840
Cost of Sales	(11,386,710)	(12,313,123)	(10,898,844)	(10,554,762)
Gross Profit	1,390,956	1,618,767	1,673,337	1,341,078
Distribution Cost	(632,684)	(614,092)	(618,881)	(560,638)
Administrative Expenses	(296,002)	(280,790)	(277,170)	(247,696)
Other Expenses	(84,723)	(56,316)	(58,736)	(166,367)
Other Income	494,807	1,504,101	514,981	1,490,766
	(518,602)	552,903	(439,806)	516,065
Profit from Operations	872,354	2,171,670	1,233,531	1,857,143
Finance Cost	(472,260)	(532,095)	(468,142)	(272,276)
Profit before Taxation	400,094	1,639,575	765,389	1,584,867
Taxation	-	(100,000)	(26,000)	(352,000)
Profit after Taxation	400,094	1,539,575	739,389	1,232,867

Share Price Senstivity Analysis

The performance of Nishat Mills Limited ("the Company") is affected by many internal and external factors which influence the profitability of the Company. As a result of change in the bottom line, the Company's share price eventually fluctuates. Following are some of the factors that can affect the share price of the Company:

Exchange Rate:

Nishat Mills Limited is an export oriented company which makes it vulnerable to currency risk. Fluctuation in exchange rate highly affects the profitability of the company. The Company's profitability is negatively correlated with PKR, if PKR depreciate/appreciate against USD, company profitability increase/decrease accordingly. So the Company's share price is highly sensitive with exchange rate.

Cotton Prices:

Cotton is the basic raw material of the textile industry. Due to local or international factors, the price of cotton can fluctuate which affects the profitability and share price of the company.

Energy Prices:

Power is the second largest manufacturing cost of the textile sector. Change in tariff of electricity and gas has a major effect on the Company's profitability. If tariff increases substantially, share price can go down.

International and Local Regulations:

Nishat Mills limited is biggest textile exporting unit of the country. Export is highly regulated, so international or local regulation can affect company ability to export its products which can eventually affect company profitability. Positive changes in regulations like GSP Plus status, subsidized short term and long term finance interest rates, duty draw back and zero sales tax on exports will have a positive impact on share price.

Political Stability and Law & Order Situation:

Political stability and effective law & order situation in the country is essential for economic development. Domestic and foreign investment highly depends on both political and law & order situation. Any instability in both can badly affect economic situation of country as well as of the Company.

Expansion Projects:

Expansion in new projects and diversification in the product line of the Company positively impact the share price of the Company.

Cash Flow Statement

Based on Direct Method For the Year Ended 30 June 2015

	2015	2014
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	51,321,465	58,356,159
Cash paid to suppliers and employees	(43,609,199)	(51,083,460)
Cash generated from operations	7,712,266	7,272,699
Finance cost paid	(1,818,433)	(1,615,583)
Income tax paid	(771,332)	(839,227)
Exchange gain on forward exchange contracts received	166,690	102,161
Net decrease / (increase) in long term loans to employees	8,382	(26,414)
Net decrease / (increase) in long term deposits	578	(6,260)
Net cash generated from operating activities	5,298,151	4,887,376
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	(3,915,523)	(9,135,413)
Proceeds from sale of property, plant and equipment	94,408	232,737
Proceeds from sale of investments	221,406	1,177,704
Investments made	(1,400,603)	(1,531,636)
Loans and advances to subsidiary companies	(13,143,489)	(9,056,126)
Repayment of loans from subsidiary companies	11,929,192	7,288,328
Interest received	225,271	167,530
Dividends received	2,947,006	2,947,848
Net cash used in investing activities	(3,042,332)	(7,909,028)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long term financing	1,769,541	5,839,202
Repayment of long term financing	(2,364,659)	(2,202,523)
Repayment of liabilities against assets subject to finance lease	(66,368)	(70,224)
Short term borrowings - net	(2,943,981)	2,529,096
Dividend paid	(1,400,449)	(1,400,445)
Net cash (used in) / from financing activities	(5,005,916)	4,695,106
Net (decrease) / increase in cash and cash equivalents	(2,750,097)	1,673,454
Cash and cash equivalents at the beginning of the year	2,802,316	1,128,862
Cash and cash equivalents at the end of the year	52,219	2,802,316

Critical Performance Indicators (CPI)

Objectives	CPIs	Analysis for the current year	Relevance for the future
Increase in profitability of the Company	Increase in net profit margins and return on capital employed	Both net profit margin and return on capital employed decreased due to decrease in sales value and increase in cost of production.	This CPI shall remain relevant in the future
Increasing efficiency and productivity of the Company	Quality of products and efficient operational cost management	Operational efficiency and high quality of products made it possible to achieve sustainability in sales volume despite cut throat competition in international and local markets.	This CPI shall remain relevant in the future
Leading the market by outshining the competitors and introducing new ideas	Producing and delivering products of high quality to customers	The Company was able to maintain market shares as a result of sale of high quality products.	This CPI shall remain relevant in the future
Broaden the customer database	Increase in sales	The sales volume increased in most of the segments which is an indication that the Company was able to achieve diversification in its customer base and maintain its relation with existing customers.	This CPI shall remain relevant in the future
Development and promotion of the Company image	Relationship with the Stakeholders	Responsibilities towards all regulatory and government authorities were met in required time and manner. Appropriate interaction was carried out with other stakeholders' such as suppliers, customers and employees.	This CPI shall remain relevant in the future
Adoption of IT trends to facilitate the overall efficiency and productivity	Timely reporting and effective decision making	IT system review was carried out to find out any inconsistency.	This CPI shall remain relevant in the future
Promotion of environmental and social responsibility	Creating awareness and continuous improvement in the approach of management and employees	A number of workshops were carried out in order to create awareness among emplyees.	This CPI shall remain relevant in the future

Statement of Value Addition and Distribution

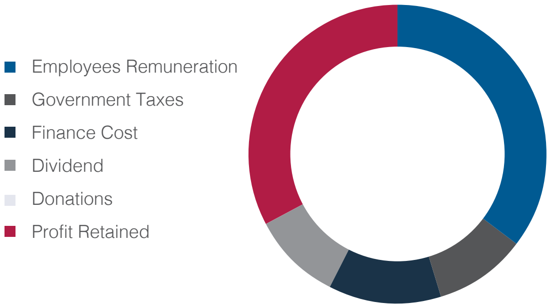
	Year 2015		Year 2014	
	Rs (000)	%	Rs (000)	%
Value Addition				
Sales inclusive of sales tax	51,477,119		54,765,196	
Less: purchases materials and services	41,239,758		43,679,311	
Value Added	10,237,361		11,085,885	
Other Income	4,004,655		3,653,041	
	14,242,016	100	14,738,926	100
Value Distribution				
Employees Remuneration	5,040,713	35.39	4,579,275	31.07
Government Taxes (Including Income Taxes, Export Development Surcharge, Cess on Cotton WPPF and WWF, education cess, social security and EOBI etc.)	1,418,757	9.96	1,490,953	10.12
Providers of Capital (Finance Cost)	1,744,773	12.25	1,609,882	10.92
Dividend	1,406,399	9.87	1,406,399	9.54
Contribution to Society (Donations)	879	0.01	6,021	0.04
Profit Retained	4,630,495	32.51	5,646,396	38.31
	14,242,016	100	14,738,926	100
Turnover per employee at year end	3,003,683		3,009,573	
Wealth created per employee at year end	831,020		809,965	
Wealth created per share	40.51		41.92	

Statement of Charity

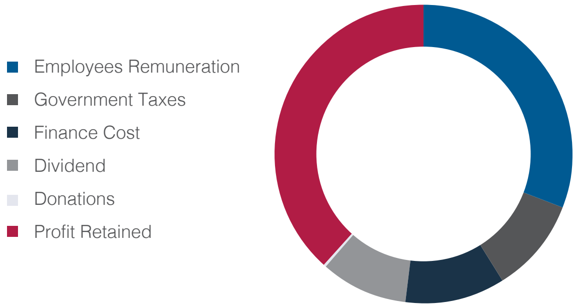
	Year 2015	Year 2014
	Rs (000)	
Health Care & Safety	379	2,516
Environmental Support	-	2,005
Sports	-	500
General Donation	500	1,000
	879	6,021

Wealth Distribution

Composition for the last two years



2015



2014

Statement of Compliance
with the Code of Corporate Governance (CCG 2012)
For the Year Ended June 30, 2015

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of Karachi Stock Exchange Limited, Lahore Stock Exchange Limited and Islamabad Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG 2012 in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of directors. At present the Board includes:

Category	Names
Independent Director	Syed Zahid Hussain
Executive Directors	Mian Umer Mansha
	Mr. Maqsood Ahmed
Non-Executive Directors	Mian Hassan Mansha
	Mr. Saeed Ahmad Alvi
	Mr. Khalid Qadeer Qureshi
	Ms. Nabiha Shahnawaz Cheema

The independent director meets the criteria of independence under clause i (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on the Board of more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

3. The directors have confirmed that they are registered taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or being a member of a stock exchange has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred on the Board during the year.

5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board/shareholders.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Board arranged followings for its directors during the year.

   Orientation Course
   All the directors on the Board are fully conversant with their duties and responsibilities as directors of corporate bodies. The directors were apprised of their duties and responsibilities through orientation courses.

Directors' Training Program

(i) Three (3) Directors of the Company are exempt due to 14 years of education and 15 years of experience on the Board of a listed company.

(ii) Three directors Mr. Saeed Ahmad Alvi, Ms. Nabiha Shahnawaz Cheema and Mr. Maqsood Ahmad have completed the directors training program.

10. No new appointments of CFO, Company Secretary and Head of Internal Audit, has been approved by the Board. The remuneration of CFO and Head of Internal Audit was revised during the year after due approval of the Board.

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the CCG.

15. The Board has formed an Audit Committee. It comprises 3 members, of whom 2 are non-executive directors and one is independent director.

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has formed an HR and Remuneration Committee. It comprises 4 members, of whom 3 are non-executive directors and the chairman of the committee is also a non-executive director.

18. The Board has set up an effective internal audit function and the members of internal audit function are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of the Company's securities, was determined and intimated to directors, employees and stock exchange(s).

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

23. We confirm that all other material requirements of the CCG 2012 have been complied with.

Mian Umer Mansha
Chief Executive Officer
NIC Number: 35202-0842523-5

27 October 2015
Lahore

Review Report to the Members
on the Statement of Compliance with
The Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (“the Code”) prepared by the Board of Directors of NISHAT MILLS LIMITED (“the Company”) for the year ended 30 June 2015 to comply with the requirements of Listing Regulation No. 35 of the Karachi, Lahore and Islamabad Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company’s compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company’s personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors’ statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company’s corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm’s length transactions and transactions which are not executed at arm’s length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm’s length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company’s compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 30 June 2015.

Riaz Ahmad & Company
Chartered Accountants

Name of engagement partner:
Muhammad Atif Mirza

27 October 2015
Lahore

Notice of Annual General Meeting

Notice is hereby given that Annual General Meeting of the Shareholders of Nishat Mills Limited ("the Company") will be held on November 30, 2015 (Monday) at 11:00 A.M. at Nishat Hotel, 9-A, Gulberg III, Mian Mahmood Ali Kasuri Road, Lahore to transact the following business:

1. To receive, consider and adopt the Audited Unconsolidated and Consolidated Financial Statements of the Company for the year ended June 30, 2015 together with the Directors' and Auditors' reports thereon.
2. To approve Final Cash Dividend @ 45% (i.e. Rs. 4.50/- Only Per Share) for the year ended 30 June 2015, as recommended by the Board of Directors.
3. To appoint statutory Auditors for the year ending June 30, 2016 and fix their remuneration.

By Order of the Board
Khalid Mahmood Chohan
Company Secretary

27 October 2015
Lahore

Notes:

1. **Book Closure Notice**
The Ordinary Shares Transfer Books of the Company will remain closed from 24-11-2015 to 30-11-2015 (both days inclusive) for entitlement of 45% Final Cash Dividend (i.e. Rs. 4.50/- Per Share) and attending and voting at Annual General Meeting. Physical transfers / CDS Transactions IDs received in order in all respect up to 1:00 p.m. on 23-11-2015 at Company's Share Registrar, M/s THK Associates (Private) Limited, Karachi Office, Ground Floor, State Life Building No. 3, Dr. Zia Uddin Ahmed Road, Karachi, Lahore Office, THK Associates (Private) Ltd. 2nd Floor, DYL Motorcycles Limited Office Building, Plot No. 346 Block No. G-III, Khokar Chowk, Main Boulevard, Johar Town, Lahore, will be considered in time for entitlement of 45% Final Cash Dividend and attending of meeting.

2. A member eligible to attend and vote at this meeting may appoint another member his / her proxy to attend and vote instead of him / her. Proxies in order to be effective must reach the Company's registered office not less than 48 hours before the time for holding the meeting. Proxies of the Members through CDC shall be accompanied with attested copies of their Computerized National Identity Card (CNIC). In case of corporate entity, the Board's Resolution / power of attorney with specimen signature shall be furnished along with proxy form to the Company. The shareholders through CDC are requested to bring original CNIC, Account Number and Participant Account Number to produce at the time of attending the meeting.

3. Shareholders are requested to immediately notify the change in address, if any.

4. **Submission of copy of CNIC (Mandatory)**
The Securities and Exchange Commission of Pakistan (SECP) vide their S.R.O. 779 (I) 2011 dated August 18, 2011 has directed the company to print your Computerized National Identity Card (CNIC) number on your dividend warrants and if your CNIC number is not available in our records, your dividend warrant will not be issued / dispatched to you. In order to comply with this regulatory requirement, you are requested to kindly send photocopy of your CNIC to your Participant / Investor Account Services or to us (in case of physical shareholding) immediately to Company's Share Registrar, M/s THK Associates (Private) Limited.

5. **Revision of Withholding Tax on dividend income under Section 150 of Finance Act 2014**
It is further being informed that pursuant to the provisions of Finance Act 2014, effective from July 1, 2015 a new criteria for withholding of tax on dividend income has been introduced by Federal Board of Revenue (FBR), as per this criteria, 'Filer' and 'Non-Filer' shareholders will pay tax on dividend income @ 12.50% and 17.50% respectively.

Notice of Annual General Meeting (cont.)

You are therefore advised to check and ensure your Filer status from Active Tax Payer List (ATL) available at FBR website http://www.fbr.gov.pk/ as well as ensure that your CNIC / Passport number has been recorded by your Participant / Investor Account Services (in case your shareholding is in book entry form) or by Company's Share Registrar M/s THK Associates (Pvt) Limited (in case of physical shareholding). Corporate bodies (non-Individual shareholders) should ensure that their names and National Tax Numbers (NTN) are available in Active Tax Payer List at FBR website and recorded by Participant / Investor Account Services or by Company's Share Registrar (in case of physical shareholding).

6. **Dividend Mandate (Optional)**
Under Section 250 of the Companies Ordinance, 1984 a shareholder may, if so desires, direct the Company to pay dividend through his / her / its bank account. In pursuance of the directions given by the Securities and Exchange Commission of Pakistan (SECP) vide Circular Number 18 of 2012 dated June 05, 2012, kindly authorize the company for direct credit of your cash dividend in your bank account (please note that giving bank mandate for dividend payments is optional, in case you do not wish to avail this facility please ignore this notice, dividend will be paid to you through dividend warrant at your registered address). If you want to avail the facility of direct credit of dividend amount in your bank account, please provide following information to Company's Share Registrar, M/s THK Associates (Pvt) Limited.

7. **Transmission of Annual Financial Statements Through Email**
In pursuance of the directions given by the Securities and Exchange Commission of Pakistan (SECP) vide SRO 787 (I)/2014 dated September 8, 2014, those shareholders who desire to receive Annual Financial Statements in future through email instead of receiving the same by Post are advised to give their formal consent along with their valid email address on a standard request form which is available at the Company's website i.e. www.nishatmillsltd.com and send the said form duly signed by the shareholder along with copy of his CNIC to the Company's Share Registrar M/s THK Associates (Pvt) Limited. Please note that giving email address for receiving of Annual Financial Statements instead of receiving the same by post is optional, in case you do not wish to avail this facility please ignore this notice, Financial Statements will be sent to you at your registered address.

Bank Account Details of Shareholder	
Title of Bank Account	
Bank Account Number	
Bank's name	
Branch name and address	
Cell number of shareholder	
Landline number of shareholder, if any	

It is stated that the above-mentioned information is correct and in case of any change therein, I / we will immediately intimate to the company and the concerned share registrar.

Name, signature, folio # and CNIC number of shareholder

Notes:

(1) Those shareholders, who hold shares in book entry form in their CDS accounts, will provide the above dividend mandate information directly to their respective Participant / CDC Investor Account Services Department.

(2) If dividend mandate information has already been provided by you, ignore this request.

Statement under Rule 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012

Name of Investee Company	MCB Bank Limited	Nishat Hotels and Properties Limited	Nishat Power Limited	Nishat Energy Limited
Total Investment Approved:	Equity investment of Rupees 2.593 billion was approved by members in EOGM held on March 31, 2014 for the period of three (3) years.	Equity investment of Rupees 1 billion was approved by members in EOGM held on March 31, 2014 for the period of three (3) years.	Investment of Rupees 1.5 billion by way of loans and advances was approved by members in EOGM held on March 31, 2014 for the period of three (3) years.	Equity investment of Rs. 4.875 billion and guarantee(s) upto Rs. 1 billion to the lenders of Nishat Energy Limited were approved by members in AGM held on 31 October 2014 for a period of (3) years.
Amount of Investment Made to date:	Investment of Rupees 838.959 million has been made against this approval to date.	Investment of Rupees 500 million has been made against this approval to date.	Nil	Equity Investment of Rupees 2.5 million has been made against this approval to date.
Reasons for not having made complete investment so far where resolution required it to be implemented in specified time:	Partial investment has been made in investee company. Further investment will be made depending on market conditions at appropriate time.	Partial investment has been made in investee company. Commercial operations of the investee company have not yet started. Nishat Mills Limited will make further equity investment at a suitable time after considering the macro economic conditions of the country.	No loan has been extended after the approval because funds request has not yet been made by the investee company.	Investment in Nishat Energy Limited is based on certain milestones which have not yet been accomplished. The first such milestone is conducting of Feasibility Study. Nishat Energy Limited has submitted its partial feasibility report to Punjab Power Development Board. Remaining portion of Feasibility Report shall be submitted soon. Guarantees as approved shall be issued to the lenders of Nishat Energy Limited as and when needed.
Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:	At the time of approval, as per then available latest financial statements for the year ended 31 December 2013, the basic Earnings per Share was Rs. 19.31 and Break-up Value per Share was Rs. 87.39. As per latest available financial statements for the year ended 31 December 2014, the Basic Earnings per Share is Rs. 21.85 and Break-up Value per Share is Rs. 96.05 and for the review of half year ended June 30, 2015, the Basic Earnings per Share is Rs. 12.17 and Break-up Value per Share is Rs. 99.21.	At the time of approval, as per then available latest financial statements for the year ended 30 June 2013, the basic Loss per Share was Re. 0.37 and Break-up Value per Share was Rs. 12.26. As per latest available audited financial statements for the year ended 30 June 2015, the Basic Loss per share is Rs. 0.09 and Break-up Value per Share is Rs. 9.91.	At the time of approval, as per then available latest financial statements for the year ended 30 June 2013, the basic Earnings per Share was Rs. 7.74 and Break-up Value per Share was Rs. 26.00. As per latest available audited financial statements for the year ended 30 June 2015, the Basic Earnings per share is Rs. 8.80 and Break-up Value per Share is Rs. 32.79.	Nishat Energy Limited has issued paid-up share capital of 1 million shares of Rs. 10 each amounting to Rs. 10 million. As per latest available audited financial statements for the year ended 30 June 2015, the Basic Loss per Share is Rs. 4.94 and Breakup Value per Share is Rs. 5.06.

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Financial Statements of

Nishat Mills Limited

for the year ended June 30, 2015

Auditors' Report to the Members

We have audited the annexed balance sheet of **NISHAT MILLS LIMITED** as at 30 June 2015 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

- **i)** the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
- **ii)** the expenditure incurred during the year was for the purpose of the Company's business; and
- **iii)** the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2015 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and

d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Riazahmad & Co

Riaz Ahmad & Company
Chartered Accountants

Name of engagement partner:
Muhammad Atif Mirza

27 October 2015
Lahore

Balance Sheet
As at June 30, 2015

	Note	2015	2014
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
1,100,000,000 (2014: 1,100,000,000) ordinary shares of Rupees 10 each		11,000,000	11,000,000
Issued, subscribed and paid-up share capital	3	3,515,999	3,515,999
Reserves	4	72,626,824	65,073,177
Total equity		76,142,823	68,589,176
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	5,582,220	6,431,304
Deferred income tax liability	6	247,462	474,878
		5,829,682	6,906,182
CURRENT LIABILITIES			
Trade and other payables	7	4,858,315	4,428,996
Accrued mark-up	8	221,394	295,054
Short term borrowings	9	11,524,143	14,468,124
Current portion of non-current liabilities	10	1,783,250	1,595,652
Provision for taxation		780,393	765,393
		19,167,495	21,553,219
TOTAL LIABILITIES		24,997,177	28,459,401
CONTINGENCIES AND COMMITMENTS	11		
TOTAL EQUITY AND LIABILITIES		101,140,000	97,048,577

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

Chief Executive Officer

	Note	2015	2014
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	12	24,357,269	22,964,388
Investment properties	13	479,242	386,748
Long term investments	14	51,960,454	44,771,715
Long term loans	15	94,284	102,726
Long term deposits	16	58,307	48,008
		76,949,556	68,273,585
CURRENT ASSETS			
Stores, spare parts and loose tools	17	1,335,763	1,316,479
Stock in trade	18	10,350,193	12,752,495
Trade debts	19	3,014,466	2,929,054
Loans and advances	20	5,575,273	4,184,485
Short term deposits and prepayments	21	44,849	42,893
Other receivables	22	1,625,281	1,504,538
Accrued interest	23	2,540	15,172
Short term investments	24	2,189,860	3,227,560
Cash and bank balances	25	52,219	2,802,316
		24,190,444	28,774,992
TOTAL ASSETS		101,140,000	97,048,577

Director

Profit and Loss Account

For the year ended June 30, 2015

	Note	2015	2014
		(Rupees in thousand)	
SALES	26	51,177,577	54,444,091
COST OF SALES	27	(45,153,439)	(46,580,317)
GROSS PROFIT		6,024,138	7,863,774
DISTRIBUTION COST	28	(2,426,295)	(2,554,627)
ADMINISTRATIVE EXPENSES	29	(1,101,658)	(1,032,238)
OTHER EXPENSES	30	(366,142)	(344,516)
		(3,894,095)	(3,931,381)
		2,130,043	3,932,393
OTHER INCOME	31	4,004,655	3,653,041
PROFIT FROM OPERATIONS		6,134,698	7,585,434
FINANCE COST	32	(1,744,773)	(1,609,882)
PROFIT BEFORE TAXATION		4,389,925	5,975,552
TAXATION	33	(478,000)	(463,000)
PROFIT AFTER TAXATION		3,911,925	5,512,552
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	34	11.13	15.68

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

Chief Executive Officer **Director**

Statement of Comprehensive Income
For the year ended June 30, 2015

	2015	2014
	(Rupees in thousand)	
PROFIT AFTER TAXATION	3,911,925	5,512,552
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to profit or loss	–	–
Items that may be reclassified subsequently to profit or loss:		
Surplus arising on remeasurement of available for sale investments to fair value	4,824,619	5,633,447
Reclassification adjustment for gains included in profit or loss	(3,914)	(91,996)
Deferred income tax relating to surplus on available for sale investments	227,416	24,537
Other comprehensive income for the year - net of tax	5,048,121	5,565,988
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	8,960,046	11,078,540

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

Chief Executive Officer **Director**

Cash Flow Statement

For the year ended June 30, 2015

	Note	2015	2014
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	35	7,712,266	7,272,699
Finance cost paid		(1,818,433)	(1,615,583)
Income tax paid		(771,332)	(839,227)
Exchange gain on forward exchange contracts received		166,690	102,161
Net decrease / (increase) in long term loans to employees		8,382	(26,414)
Net decrease / (increase) in long term deposits		578	(6,260)
Net cash generated from operating activities		5,298,151	4,887,376
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(3,915,523)	(9,135,413)
Proceeds from sale of property, plant and equipment		94,408	232,737
Proceeds from sale of investments		221,406	1,177,704
Investments made		(1,400,603)	(1,531,636)
Loans and advances to subsidiary companies		(13,143,489)	(9,056,126)
Repayment of loans from subsidiary companies		11,929,192	7,288,328
Interest received		225,271	167,530
Dividends received		2,947,006	2,947,848
Net cash used in investing activities		(3,042,332)	(7,909,028)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		1,769,541	5,839,202
Repayment of long term financing		(2,364,659)	(2,202,523)
Repayment of liabilities against assets subject to finance lease		(66,368)	(70,224)
Short term borrowings - net		(2,943,981)	2,529,096
Dividend paid		(1,400,449)	(1,400,445)
Net cash (used in) / from financing activities		(5,005,916)	4,695,106
Net (decrease) / increase in cash and cash equivalents		(2,750,097)	1,673,454
Cash and cash equivalents at the beginning of the year		2,802,316	1,128,862
Cash and cash equivalents at the end of the year		52,219	2,802,316

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

Chief Executive Officer

Director

Statement of Changes in Equity

For the year ended June 30, 2015

(Rupees in thousand)

	Share Capital	Reserves							Total Equity
		Capital Reserves			Revenue Reserves			Total	
		Premium on issue of right shares	Fair value reserve	Sub Total	General reserve	Unappropriated profit	Sub Total		
Balance as at 30 June 2013	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
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)
Transferred to general reserve	–	–	–	–	4,440,000	(4,440,000)	–	–	–
Profit for the year	–	–	–	–	–	5,512,552	5,512,552	5,512,552	5,512,552
Other comprehensive income for the year	–	–	5,565,988	5,565,988	–	–	–	5,565,988	5,565,988
Total comprehensive income for the year	–	–	5,565,988	5,565,988	–	5,512,552	5,512,552	11,078,540	11,078,540
Balance as at 30 June 2014	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
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)
Transferred to general reserve	–	–	–	–	4,106,000	(4,106,000)	–	–	–
Profit for the year	–	–	–	–	–	3,911,925	3,911,925	3,911,925	3,911,925
Other comprehensive income for the year	–	–	5,048,121	5,048,121	–	–	–	5,048,121	5,048,121
Total comprehensive income for the year	–	–	5,048,121	5,048,121	–	3,911,925	3,911,925	8,960,046	8,960,046
Balance as at 30 June 2015	3,515,999	5,499,530	32,856,729	38,356,259	30,354,028	3,916,537	34,270,565	72,626,824	76,142,823

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

Chief Executive Officer

Director

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.

The Board of Directors of the Company in their meeting held on 24 February 2015 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. The scheme was approved by shareholders of the aforesaid companies in their respective Extra Ordinary General Meetings (EOGMs) held on 21 April 2015 and respective EOGMs with Co-Chairpersons appointed by Honourable Lahore High Court, Lahore held on 27 June 2015. The Honourable Lahore High Court, Lahore, has approved the scheme by way of order dated 6 October 2015 with effect from 31 December 2014.

The main objects of the scheme are: to effect merger of Nishat Spinning (Private) Limited (NSPL) with and into Nishat Linen (Private) Limited (NLPL) and the Company; and to separate the Sewing Undertaking (comprising of building, plant and machinery, related assets and inventory of Sewing Unit of the Company) from the Company and transfer and vest the same with and into NLPL.

As per the aforesaid scheme, the issued, subscribed and paid-up share capital appearing in the books of account of NSPL has been set off against the respective investment appearing in the books of account of the Company. NLPL has issued 367,913 ordinary shares of Rupees 10 each to the Company based on break-up value per ordinary share of NLPL of Rupees 692.02 as at 31 December 2014. Capital work-in-progress amounting to Rupees 9.799 million, long term security deposit amounting to Rupees 10.877 million and advances amounting to Rupees 9.677 million have been transferred from NSPL to the Company. Moreover, operating fixed assets having book value of Rupees 162.232 million, capital work-in-progress amounting to Rupees 78.028 million, stores, spare parts and loose tools amounting to Rupees 24.866 million and stock in trade amounting to Rupees 19.820 million relating to the Sewing Undertaking of the Company have been transferred to NLPL.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated:

2.1 Basis of preparation

a) Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, 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.

b) Accounting convention

These financial statements have been prepared under the historical cost convention except for the certain financial instruments carried at fair value.

c) Critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

Financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques based on assumptions that are dependent on conditions existing at balance sheet date.

Useful lives, patterns of economic benefits and impairments

Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.

Inventories

Net realizable value of inventories is determined with reference to currently prevailing selling prices less estimated expenditure to make sales.

Taxation

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

Provision for doubtful debts

The Company reviews its receivable against any provision required for any doubtful balances on an ongoing basis. The provision is made while taking into consideration expected recoveries, if any.

Impairment of investments in subsidiaries and equity method accounted for associated companies

In making an estimate of recoverable amount of the Company's investments in subsidiaries and equity method accounted for associated companies, the management considers future cash flows.

d) Amendments to published approved standards and interpretation that are effective in current year and are relevant to the Company

The following amendments to published approved standards and interpretation are mandatory for the Company's accounting periods beginning on or after 01 July 2014:

IAS 32 (Amendments) 'Financial Instruments: Presentation' (effective for annual periods beginning on or after 01 January 2014). Amendments have been made to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas: the meaning of 'currently has a legally enforceable right of set-off'; the application of simultaneous realization and settlement; the offsetting of collateral amounts and the unit of account for applying the offsetting requirements.

IAS 36 (Amendments) 'Impairment of Assets' (effective for annual periods beginning on or after 01 January 2014). Amendments have been made in IAS 36 to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.

IFRIC 21 'Levies' (effective for annual periods beginning on or after 01 January 2014). The interpretation provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' and those where the timing and amount of the levy is certain. The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation.

On 12 December 2013, IASB issued Annual Improvements to IFRSs: 2010 – 2012 Cycle, incorporating amendments to seven IFRSs more specifically in IFRS 8 'Operating Segments' and IAS 24 'Related Party Disclosures', which are considered relevant to the Company's financial statements. These amendments are effective for annual periods beginning on or after 01 July 2014. The amendments to IFRS 8 require an entity to disclose the judgments made by the management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'. Further, the amendment to IFRS 8 clarifies that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker. The amendments to IAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity must disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The application of the above amendments and interpretation does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

e) Amendments to published standards that are effective in current year but not relevant to the Company

There are other amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2014 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

f) Standards and amendments to published standards that are not yet effective but relevant to the Company

Following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2015 or later periods:

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 January 2018). A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 'Financial Instruments: Recognition and Measurement'. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized. It introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IFRS 10 'Consolidated Financial Statements' (effective for annual periods beginning on or after 01 January 2015). Concurrent with the issuance of IFRS 10, the IASB has also issued IFRS 11 'Joint Arrangements', IFRS 12 'Disclosure of Interests in Other Entities', IAS 27 (revised 2011) 'Separate Financial Statements' and IAS 28 (revised 2011) 'Investments in Associates and Joint Ventures'. The objective of IFRS 10 is to have a single basis for consolidation for all entities, regardless of the nature of the investee, and that basis is control. The definition of control includes three elements: power over an investee, exposure or rights to variable returns of the investee and the ability to use power over the investee to affect the investor's returns. IFRS 10 replaces those parts of IAS 27 that address when and how an investor should prepare consolidated financial statements and replaces Standing Interpretations Committee (SIC) 12 'Consolidation – Special Purpose Entities' in its entirety. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IFRS 12 'Disclosures of Interests in Other Entities' (effective for annual periods beginning on or after 01 January 2015). This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles. This standard is not expected to have a material impact on the Company's financial statements.

IFRS 13 'Fair Value Measurement' (effective for annual periods beginning on or after 01 January 2015). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. This standard is not expected to have a material impact on the Company's financial statements.

Amendments to IFRS 10, IFRS 11 and IFRS 12 (effective for annual periods beginning on or after 01 January 2015) provide additional transition relief in by limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Also, amendments to IFRS 12 eliminate the requirement to provide comparative information for periods prior to the immediately preceding period.

Amendments to IFRS 10 and IAS 28 (effective for annual periods beginning on or after 01 January 2016) to clarify the treatment of the sale or contribution of assets from an investor to its associates or joint venture, as follows: require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 'Business Combinations'); require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture. These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occur by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves. The management of the Company is in the process of evaluating the impacts of the aforesaid amendments on the Company's financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 27 (effective for annual periods beginning on or after 01 January 2015) provide 'investment entities' an exemption from the consolidation of particular subsidiaries and instead require that: an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss; requires additional disclosures; and require an investment entity to account for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements. The management of the Company is in the process of evaluating the impacts of the aforesaid amendments on the Company's financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 28 (effective for annual periods beginning on or after 01 January 2016) to address issues that have arisen in the context of applying the consolidation exception for investment entities by clarifying the following points: the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value; a subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity; when applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries; and an investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12. The management of the Company is in the process of evaluating the impacts of the aforesaid amendments on the Company's financial statements.

IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 January 2017). IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are: identify the contract with the customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contracts; and recognise revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IAS 1 (Amendments) 'Presentation of Financial Statements' (effective for annual periods beginning on or after 01 January 2016). Amendments have been made to address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes: clarification that information should not be obscured by aggregating or by providing immaterial information, materiality consideration apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality consideration do apply; clarification that the list of the line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss; and additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in IAS 1. However, the amendments are not expected to have a material impact on the Company's financial statements.

IAS 16 (Amendments) 'Property, Plant and Equipment' (effective for annual periods beginning on or after 01 January 2016). The amendments clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment; and add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset. However, the amendments are not expected to have a material impact on the Company's financial statements.

IAS 27 (Amendments) 'Separate Financial Statements' (effective for annual periods beginning on or after 01 January 2016). The amendments have been made to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements. The management of the Company is in the process of evaluating the impacts of the aforesaid amendments on the Company's financial statements.

g) Standard and amendments to published standards that are not yet effective and not considered relevant to the Company

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2015 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.2 Employee benefit

The Company operates an approved funded provident fund scheme covering all permanent employees. Equal monthly contributions are made both by the Company and employees at the rate of 9.5 percent of the basic salary to the fund. The Company's contributions to the fund are charged to profit and loss account.

2.3 Taxation

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.4 Foreign currencies

These financial statements are presented in Pak Rupees, which is the Company's functional currency. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date, while the transactions in foreign currencies during the year are initially recorded in functional currency at the rates of exchange prevailing at the transaction date. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. Exchange gains and losses are recorded in the profit and loss account.

2.5 Property, plant, equipment and depreciation

Owned

Property, plant and equipment except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable costs of bringing the asset to working condition. Freehold land and capital work-in- progress are stated at cost less any recognized impairment loss.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit and loss account during the period in which they are incurred.

Leased

Leases where the Company has substantially all the risk and rewards of ownership are classified as finance lease. Assets subject to finance lease are capitalized at the commencement of the lease term at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets, each determined at the inception of the lease.

The related rental obligation net of finance cost is included in liabilities against assets subject to finance lease. The liabilities are classified as current and long term depending upon the timing of payments.

Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The finance cost is charged to profit and loss account over the lease term.

Depreciation of assets subject to finance lease is recognized in the same manner as for owned assets. Depreciation of the leased assets is charged to profit and loss account.

Depreciation

Depreciation on property, plant and equipment is charged to profit and loss account applying the reducing balance method so as to write off the cost / depreciable amount of the assets over their estimated useful lives at the rates given in Note 12.1. The Company charges the depreciation on additions from the date when the asset is available for use and on deletions upto the date when the asset is de-recognized. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

De-recognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the profit and loss account in the year the asset is de-recognized.

2.6 Investment properties

Land and buildings held for capital appreciation or to earn rental income are classified as investment properties. Investment properties except land, are stated at cost less accumulated depreciation and any recognized impairment loss. Land is stated at cost less any recognized impairment loss. Depreciation on buildings is charged to profit and loss account applying the reducing balance method so as to write off the cost of buildings over their estimated useful lives at a rate of 10% per annum.

2.7 Operating leases

Assets leased out under operating leases are included in investment properties. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment.

2.8 Investments

Classification of an investment is made on the basis of intended purpose for holding such investment. Management determines the appropriate classification of its investments at the time of purchase and re-evaluates such designation on regular basis.

Investments are initially measured at fair value plus transaction costs directly attributable to acquisition, except for "Investment at fair value through profit or loss" which is initially measured at fair value.

The Company assesses at the end of each reporting period whether there is any objective evidence that investments are impaired. If any such evidence exists, the Company applies the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' to all investments, except investments in subsidiaries and equity method accounted for associates, which are tested for impairment in accordance with the provisions of IAS 36 'Impairment of Assets'.

a) Investment at fair value through profit or loss

Investments classified as held-for-trading and those designated as such are included in this category. Investments are classified as held-for-trading if these are acquired for the purpose of selling in the short term. Gains or losses on investments held-for-trading are recognized in profit and loss account.

b) Held-to-maturity

Investments with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments that are intended to be held to maturity are subsequently measured at amortized cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization, using the effective interest method, of any difference between the initially recognized amount and the maturity amount. For investments carried at amortized cost, gains and losses are recognized in profit and loss account when the investments are de-recognized or impaired, as well as through the amortization process.

c) Investment in subsidiaries

Investments in subsidiaries are stated at cost less impairment loss, if any, in accordance with the provisions of IAS 27 'Consolidated and Separate Financial Statements'.

d) Investment in associates - (with significant influence)

The Company is required to prepare separate financial statements, hence, in accordance with the requirements of IAS 27 'Consolidated and Separate Financial Statements', the investments in associated undertakings are accounted for in accordance with IAS 39 'Financial Instruments: Recognition and Measurement' and are classified as available for sale.

e) Available-for-sale

Investments intended to be held for an indefinite period of time, which may be sold in response to need for liquidity, or changes to interest rates or equity prices are classified as available-for-sale. After initial recognition, investments which are classified as available-for-sale are measured at fair value. Gains or losses on available-for-sale investments are recognized directly in statement of other comprehensive income until the investment is sold, de-recognized or is determined to be impaired, at which time the cumulative gain or loss previously reported in statement of other comprehensive income is included in profit and loss account. These are sub-categorized as under:

Quoted

For investments that are actively traded in organized capital markets, fair value is determined by reference to stock exchange quoted market bids at the close of business on the balance sheet date. Fair value of investments in open-end mutual funds is determined using redemption price.

Unquoted

Fair value of unquoted investments is determined on the basis of appropriate valuation techniques as allowed by IAS 39 'Financial Instruments: Recognition and Measurement'.

2.9 Inventories

Inventories, except for stock in transit and waste stock / rags, are stated at lower of cost and net realizable value. Cost is determined as follows:

Stores, spare parts and loose tools

Useable stores, spare parts and loose tools are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

Stock-in-trade

Cost of raw material, work-in-process and finished goods is determined as follows:

i) For raw materials:	Annual average basis.
ii) For work-in-process and finished goods:	Average manufacturing cost including a portion of production overheads.

Materials in transit are valued at cost comprising invoice value plus other charges paid thereon. Waste stock / rags are valued at net realizable value.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make a sale.

2.10 Trade and other receivables

Trade debts and other receivables are carried at original invoice value less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

2.11 Non–current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

2.12 Borrowings

Borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest method.

2.13 Borrowing cost

Interest, mark-up and other charges on long-term finances are capitalized up to the date of commissioning of respective qualifying assets acquired out of the proceeds of such long-term finances. All other interest, mark-up and other charges are recognized in profit and loss account.

2.14 Share capital

Ordinary shares are classified as share capital.

2.15 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost.

2.16 Revenue recognition

Revenue from different sources is recognized as under:

- Revenue from sale of goods is recognized on dispatch of goods to customers.
- Revenue from sale of electricity is recognized at the time of transmission.
- Dividend on equity investments is recognized when right to receive the dividend is established.
- Operating lease rentals are recorded in profit and loss account on a time proportion basis over the term of the lease arrangements.
- Profit on deposits with banks is recognized on time proportion basis taking into account the amounts outstanding and rates applicable thereon.

2.17 Financial instruments

Financial instruments carried on the balance sheet include investments, deposits, trade debts, loans and advances, other receivables, cash and bank balances, long-term financing, short-term borrowings, accrued mark-up and trade and other payables etc. Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of instrument. Initial recognition is made at fair value plus transaction costs directly attributable to acquisition, except for “financial instruments at fair value through profit or loss” which are initially measured at fair value.

Financial assets are de-recognized when the Company loses control of the contractual rights that comprise the financial asset. The Company loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Company surrenders those rights. Financial liabilities are de-recognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement (except available for sale investments) and de-recognition is charged to the profit or loss currently. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

2.18 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount can be made.

2.19 Impairment

a) Financial assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated with reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

b) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit and loss account.

2.20 Derivative financial instruments

Derivative that do not qualify for hedge accounting are recognized in the balance sheet at estimated fair value with corresponding effect to profit and loss account. Derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

2.21 Off setting

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legal enforceable right to set off and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

2.22 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

2.23 Segment reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the chief executive officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the chief executive officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those incomes, expenses, assets, liabilities and other balances which can not be allocated to a particular segment on a reasonable basis are reported as unallocated.

The Company has five reportable business segments. Spinning (Producing different quality of yarn using natural and artificial fibres), Weaving (Producing different quality of greige fabric using yarn), Processing and Home Textile (Processing greige fabric for production of printed and dyed fabric and manufacturing of home textile articles), Garments (Manufacturing garments using processed fabric) and Power Generation (Generating and distributing power).

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

2.24 Dividend and other appropriations

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

3 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2015	2014		2015	2014
(Number of shares)			(Rupees in thousand)	
256,772,316	256,772,316	Ordinary shares of Rupees 10 each fully paid-up in cash	2,567,723	2,567,723
2,804,079	2,804,079	Ordinary shares of Rupees 10 each issued to shareholders of Nishat Apparel Limited under the Scheme of Amalgamation	28,041	28,041
37,252,280	37,252,280	Ordinary shares of Rupees 10 each issued as fully paid for consideration other than cash	372,523	372,523
54,771,173	54,771,173	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	547,712	547,712
351,599,848	351,599,848		3,515,999	3,515,999

	2015	2014
	(Number of shares)	
3.1 Ordinary shares of the Company held by the associated companies:		
D.G. Khan Cement Company Limited	30,289,501	30,289,501
Adamjee Insurance Company Limited	1,258,650	1,258,650
MCB Bank Limited	227	227
	31,548,378	31,548,378

4 RESERVES

	Note	2015	2014
		(Rupees in thousand)	
Composition of reserves is as follows:			
Capital reserves			
Premium on issue of right shares		5,499,530	5,499,530
Fair value reserve - net of deferred income tax	4.1	32,856,729	27,808,608
		38,356,259	33,308,138
Revenue reserves			
General reserve		30,354,028	26,248,028
Unappropriated profit		3,916,537	5,517,011
		34,270,565	31,765,039
		72,626,824	65,073,177

4.1 This represents the unrealized gain on re-measurement of available for sale investments at fair value and is not available for distribution. This will be transferred to profit and loss account on realization. Reconciliation of fair value reserve - net of deferred tax is as under:

	2015	2014
Balance as on 01 July	28,283,486	22,742,035
Fair value adjustment during the year	4,824,619	5,633,447
Reclassification adjustment for gains included in profit or loss	(3,914)	(91,996)
	33,104,191	28,283,486
Less: Deferred income tax liability on unquoted equity investments	247,462	474,878
Balance as on 30 June	32,856,729	27,808,608

	Note	2015	2014
		(Rupees in thousand)	
5 LONG TERM FINANCING			
From banking companies - secured			
Long term loans	5.1	2,690,113	4,128,097
Long term musharika	5.2	4,675,357	3,832,491
		7,365,470	7,960,588
Less: Current portion shown under current liabilities	10	1,783,250	1,529,284
		5,582,220	6,431,304

Lender	2015	2014	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
	(Rupees in thousand)						
5.1 Long term loans							
Allied Bank Limited:							
Refinanced by SBP under scheme of LTFF	135,617	610,796	SBP rate for LTFF + 0.50%	One hundred and twelve unequal instalments commenced on 27 June 2014 and ending on 26 May 2021.	–	Quarterly	First pari passu hypothecation charge of Rupees 1,334 million over all present and future plant, machinery and equipment of the Company (excluding plant and machinery in respect of which the Company has already created exclusive charges in the favour of its existing creditors).
Loan provided by the bank from own sources	321,212	385,454	3 Month offer KIBOR + 0.50%	Twenty four equal quarterly instalments commenced on 24 August 2014 and ending on 24 May 2020.	Quarterly	Quarterly	
	456,829	996,250					
Saudi Pak Industrial & Agricultural Investment Company Limited	–	180,434	SBP rate for LTFF + 2.50%	Ten unequal instalments commenced on 05 July 2012 and ended on 14 July 2014.	–	Quarterly	First pari passu hypothecation charge with 25% margin over all present and future plant and machinery of the Company (net of exclusive hypothecation charge on specific plant and machinery).
Bank Alfalah Limited:							
Loan provided by the bank from own sources	672,735	896,979	3 Month offer KIBOR + 0.50%	Sixteen equal quarterly instalments commenced on 17 August 2014 and ending on 17 May 2018.	Quarterly	Quarterly	First pari passu charge of Rupees 1,334 million on all present and future plant and machinery (excluding plant and machinery in respect of which the Company has already created exclusive charges in the favour of existing creditors).
Refinanced by SBP under scheme of LTFF	77,266	103,021	SBP rate for LTFF + 0.50%	Sixteen equal quarterly instalments commenced on 17 August 2014 and ending on 17 May 2018.	–	Quarterly	
	750,001	1,000,000					
Habib Bank Limited	–	500,000	3 Month offer KIBOR + 0.50%	Two equal semi annual instalments commenced on 28 August 2014 and ended on 02 March 2015.	Quarterly	Quarterly	First pari passu hypothecation charge of Rupees 2,000 million on plant and machinery of the Company excluding specific and exclusive charges.
The Bank of Punjab	277,778	388,888	3 Month offer KIBOR + 0.50%	Eighteen equal quarterly instalments commenced on 18 September 2013 and ending on 18 December 2017.	Quarterly	Quarterly	First pari passu charge of Rupees 667 million over all present and future fixed assets of the Company excluding land and building.
The Bank of Punjab	92,607	216,083	3 Month offer KIBOR + 0.50%	Sixteen equal quarterly instalments commenced on 04 April 2012 and ending on 04 January 2016.	Quarterly	Quarterly	First pari passu charge of Rupees 667 million on all present and future fixed assets of the Company excluding land and building.
Pak Brunei Investment Company Limited	–	177,782	SBP rate for LTFF + 1.60%	Five unequal instalments commenced on 20 February 2014 and ended on 21 August 2014.	–	Quarterly	First pari passu hypothecation charge of Rupees 267 million over all present and future plant and machinery of the Company with 25% margin.
Pak Brunei Investment Company Limited	–	117,615	SBP rate for LTFF + 2.25%	Eight instalments commenced on 19 July 2011 and ended on 06 August 2014.	–	Quarterly	First pari passu charge of Rupees 323 million over all the present and future plant and machinery of the Company excluding those assets (part of the plant and machinery) on which the Company has created exclusive charges.
Pak Brunei Investment Company Limited	300,000	–	SBP rate for LTFF + 0.85%	Twenty unequal instalments commencing on 24 October 2015 and ending on 24 July 2020.	–	Quarterly	First pari passu charge of Rupees 400 million over all the present and future plant and machinery of the Company with 25% margin excluding those assets (part of the plant and machinery) on which the Company has created exclusive charges in favour of existing creditors.

	Lender	2015	2014	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
		(Rupees in thousand)						
	Samba Bank Limited	–	19,680	SBP rate for LTFF + 2.50%	Eight equal half yearly instalments commenced on 27 July 2011 and ended on 27 January 2015.	–	Quarterly	First pari passu hypothecation charge of Rupees 667 million with 25% margin on all present and future plant and machinery of the Company (excluding land and building and any other fixed assets under exclusive charge of any other bank).
	Silk Bank Limited	–	12,774	SBP rate for LTFF + 2.50%	Sixteen equal quarterly instalments commenced on 30 March 2011 and ended on 31 December 2014.	–	Quarterly	First pari passu charge of Rupees 135 million on plant and machinery of the Company (excluding those assets on which the Company has provided first exclusive charge to its various lenders).
	Faysal Bank Limited	–	100,225	SBP rate for LTFF + 1.50%	Forty one unequal instalments commenced on 29 September 2012 and ended on 13 August 2014.	–	Quarterly	First joint pari passu charge of Rupees 400 million on all present and future plant and machinery of the Company (excluding those on which charge has already been created).
	Faysal Bank Limited	199,999	–	SBP rate for LTFF + 0.75%	Thirty unequal instalments commencing on 13 February 2016 and ending on 06 December 2020.	–	Quarterly	First pari passu charge of Rupees 267 million on all present and future plant and machinery of the Company (excluding those on which charge has already been created).
	Standard Chartered Bank (Pakistan) Limited	–	75,000	SBP rate for LTFF + 1.50%	Fifteen unequal instalments commenced on 12 September 2012 and ended on 12 September 2014.	–	Quarterly	First pari passu charge of Rupees 334 million on all present and future plant and machinery of the Company.
	Allied Bank Limited	299,999	43,366	SBP rate for LTFF + 0.50%	Eighty unequal instalments commencing on 26 September 2015 and ending on 08 September 2019.	–	Quarterly	First pari passu charge of Rupees 400 million on all present and future plant and machinery of the Company with 25% margin.
	Bank Alfalah Limited	300,000	300,000	3 Month offer KIBOR + 0.50%	Sixteen equal quarterly instalments commencing on 17 July 2015 and ending on 17 April 2019.	Quarterly	Quarterly	First pari passu charge of Rupees 400 million on all present and future plant and machinery of the Company with 25% margin.
	Pak Kuwait Investment Company (Private) Limited	12,900	–	SBP rate for LTFF + 1%	Twenty equal quarterly instalments commencing on 11 June 2016 and ending on 11 March 2021	–	Quarterly	Ranking hypothecation charge of Rupees 400 million on all present and future plant and machinery of the Company with 25% margin (to be upgraded to first pari passu charge within 120 days from date of first drawdown).
		2,690,113	4,128,097					
5.2	**Long term musharika**							
	Meezan Bank Limited	112,500	187,500	3 Month offer KIBOR + 0.50%	Sixteen equal quarterly instalments commenced on 14 March 2013 and ending on 14 December 2016.	Quarterly	Quarterly	First exclusive charge of Rupees 400 million over specific plant and machinery of the Company.
	Dubai Islamic Bank Pakistan Limited	742,857	800,000	3 Month offer KIBOR + 0.40%	Fourteen equal quarterly instalments commenced on 03 June 2015 and ending on 03 September 2018.	Quarterly	Quarterly	First pari passu hypothecation charge of Rupees 1,067 million on all present and future fixed assets (excluding land and building) of the Company including but not limited to plant and machinery, furniture and fixtures, accessories etc. (excluding plant and machinery in respect of which the Company has already created exclusive charges in favour of existing charge holders).
	Habib Bank Limited	999,991	999,991	3 Month offer KIBOR + 0.35%	Forty two unequal instalments commencing on 28 August 2015 and ending on 04 May 2019.	Quarterly	Quarterly	First pari passu hypothecation charge of Rupees 2,000 million on plant and machinery of the Company excluding specific and exclusive charges.
	Habib Bank Limited	1,000,009	–	3 Month offer KIBOR + 0.35%	Fifty six unequal instalments commencing on 19 May 2016 and ending on 01 June 2020.	Quarterly	Quarterly	First pari passu charge of Rupees 1,333 million on plant and machinery of the Company (excluding specific and exclusive charges in favour of existing creditors)
	Meezan Bank Limited	375,000	400,000	3 Month offer KIBOR + 0.50%	Sixteen equal quarterly instalments commenced on 17 June 2015 and ending on 17 March 2019.	Quarterly	Quarterly	Exclusive hypothecation charge of Rupees 533 million over specific assets of the Company with 25% margin.
	Meezan Bank Limited	445,000	445,000	3 Month offer KIBOR + 0.50%	Sixteen equal quarterly instalments commencing on 17 July 2015 and ending on 17 April 2019.	Quarterly	Quarterly	Exclusive hypothecation charge of Rupees 594 million over specific assets of the Company with 25% margin.
	Standard Chartered Bank (Pakistan) Limited	1,000,000	1,000,000	3 Month offer KIBOR + 0.20%	Sixteen equal quarterly instalments commencing on 27 September 2015 and ending on 27 June 2019.	Quarterly	Quarterly	Specific charge of Rupees 1,334 million over fixed assets of the Company inclusive of 25% margin.
	TOTAL	4,675,357	3,832,491					

6 DEFERRED INCOME TAX LIABILITY

This represents deferred income tax liability on surplus on revaluation of unquoted equity investments available for sale. Provision for deferred income tax on other temporary differences was not considered necessary as the Company is chargeable to tax under section 169 of the Income Tax Ordinance, 2001.

	Note	2015	2014
		(Rupees in thousand)	
7 TRADE AND OTHER PAYABLES			
Creditors	7.1	2,910,146	2,764,813
Accrued liabilities		739,697	586,800
Advances from customers		381,620	346,235
Securities from contractors - Interest free, repayable on completion of contracts		12,175	11,078
Retention money payable		66,235	33,062
Income tax deducted at source		985	775
Dividend payable		58,399	52,449
Payable to employees' provident fund trust		5,435	8,396
Fair value of forward exchange contracts		5,920	–
Workers' profit participation fund	7.2	241,876	310,081
Workers' welfare fund		315,307	315,307
Other payable	7.3	120,520	–
		4,858,315	4,428,996

7.1 This includes amounts due to following related parties:

	2015	2014
Nishat Linen (Private) Limited - subsidiary company	198,253	3,729
Nishat USA Inc. - subsidiary company	3,244	2,788
Nishat Hospitality (Private) Limited - subsidiary company	383	171
Nishat International FZE - subsidiary company	1,272	1,698
D.G. Khan Cement Company Limited - associated company	3,995	10,907
Security General Insurance Company Limited - associated company	7,529	7,510
Adamjee Insurance Company Limited - associated company	32,867	31,498
Adamjee Life Assurance Company Limited - associated company	665	–
Nishat (Chunian) Limited - related party	11,254	19,441
	259,462	77,742

7.2 Workers' profit participation fund

	Note	2015	2014
Balance as on 01 July		310,081	365,853
Add: Provision for the year	30	230,465	310,081
Interest for the year	32	13,050	4,371
		553,596	680,305
Less: Payments during the year		311,720	370,224
Balance as on 30 June		241,876	310,081

7.2.1 The Company retains workers' profit participation fund for its business operations till the date of allocation to workers. Interest is paid at prescribed rate under the Companies Profit (Workers' Participation) Act, 1968 on funds utilized by the Company till the date of allocation to workers.

7.3 This represents payable to Nishat Linen (Private) Limited - subsidiary company under 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.

	Note	2015	2014
		(Rupees in thousand)	
8 ACCRUED MARK-UP			
Long term financing		96,295	139,957
Short term borrowings	8.1	125,099	155,097
		221,394	295,054

8.1 This includes mark-up of Rupees 0.781 million (2014: Rupees Nil) payable to MCB Bank Limited - associated company.

	Note	2015	2014
9 SHORT TERM BORROWINGS			
From banking companies - secured			
Short term running finances	9.1 and 9.2	–	651
State Bank of Pakistan (SBP) refinance	9.1 and 9.3	8,409,218	8,452,635
Other short term finances	9.1 and 9.4	2,487,181	5,363,825
Temporary bank overdrafts	9.1 and 9.2	627,744	651,013
		11,524,143	14,468,124

9.1 These finances are obtained from banking companies under mark up arrangements and are secured against joint pari passu hypothecation charge on all present and future current assets, other instruments and ranking hypothecation charge on plant and machinery of the Company. These form part of total credit facility of Rupees 29,441 million (2014: Rupees 29,221 million).

9.2 The rates of mark-up range from 7.58% to 12.18% (2014: 9.45% to 12.25%) per annum on the balance outstanding.

9.3 The rates of mark up range from 5.40% to 7.00% (2014: 8.70% to 8.90%) per annum on the balance outstanding.

9.4 The rates of mark up range from 1.25% to 3.23% (2014: 0.64% to 2.90%) per annum on the balance outstanding.

	Note	2015	2014
10 CURRENT PORTION OF NON-CURRENT LIABILITIES			
Current portion of long term financing	5	1,783,250	1,529,284
Current portion of liabilities against assets subject to finance lease		–	66,368
		1,783,250	1,595,652

11 CONTINGENCIES AND COMMITMENTS

a) Contingencies

i) The Company is contingently liable for Rupees 0.631 million (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 894.555 million (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 and Government of Punjab against fulfilment of sales orders and Punjab Power Development Board for issuance of Letter of Interest to set up an electricity generation facility.

iii) Post dated cheques of Rupees 4,067.671 million (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 65.825 million (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 617.589 million (2014: Rupees 2,547.532 million).

ii) Letters of credit other than for capital expenditure are of Rupees 251.620 million (2014: Rupees 564.550 million).

iii) Outstanding foreign currency forward contracts of Rupees 5,188.737 million (2014: Rupees 2,888.142 million).

		Note	2015	2014
			(Rupees in thousand)	
12	**PROPERTY, PLANT AND EQUIPMENT**			
	Operating fixed assets	12.1		
	Owned		21,453,222	17,984,923
	Leased		181,191	200,675
	Capital work-in-progress	12.2	2,722,856	4,778,790
			24,357,269	22,964,388

12.1 Operating fixed assets

	Owned Assets										Leased Assets
	Freehold land	Buildings on freehold land	Plant and machinery	Stand - by equipment	Electric Installations	Factory equipment	Furniture, fixtures & office equipment	Computer equipment	Vehicles	Total	Plant and machinery
	(Rupees in thousand)										
At 30 June 2013											
Cost	591,811	4,950,438	18,214,860	318,713	693,673	287,899	324,271	147,607	488,703	26,017,975	300,000
Accumulated depreciation	–	(2,417,261)	(8,241,154)	(209,753)	(444,192)	(125,854)	(174,065)	(119,319)	(200,338)	(11,931,936)	(77,676)
Net book value	591,811	2,533,177	9,973,706	108,960	249,481	162,045	150,206	28,288	288,365	14,086,039	222,324
Year ended 30 June 2014											
Opening net book value	591,811	2,533,177	9,973,706	108,960	249,481	162,045	150,206	28,288	288,365	14,086,039	222,324
Additions	447,379	621,845	4,249,525	–	11,340	65,493	27,124	14,545	141,673	5,578,924	–
Disposals:											
Cost	–	–	(409,365)	–	–	–	(699)	(490)	(50,047)	(460,601)	–
Accumulated depreciation	–	–	259,319	–	–	–	309	404	31,470	291,502	–
	–	–	(150,046)	–	–	–	(390)	(86)	(18,577)	(169,099)	–
Depreciation charge	–	(259,929)	(1,106,866)	(10,577)	(25,759)	(18,509)	(16,081)	(10,543)	(62,677)	(1,510,941)	(21,649)
Closing net book value	1,039,190	2,895,093	12,966,319	98,383	235,062	209,029	160,859	32,204	348,784	17,984,923	200,675
At 30 June 2014											
Cost	1,039,190	5,572,283	22,055,020	318,713	705,013	353,392	350,696	161,662	580,329	31,136,298	300,000
Accumulated depreciation	–	(2,677,190)	(9,088,701)	(220,330)	(469,951)	(144,363)	(189,837)	(129,458)	(231,545)	(13,151,375)	(99,325)
Net book value	1,039,190	2,895,093	12,966,319	98,383	235,062	209,029	160,859	32,204	348,784	17,984,923	200,675
Year ended 30 June 2015											
Opening net book value	1,039,190	2,895,093	12,966,319	98,383	235,062	209,029	160,859	32,204	348,784	17,984,923	200,675
Additions	18,049	1,258,689	4,394,745	–	64,370	10,523	33,763	13,363	109,726	5,903,228	–
Transferred to investment properties:											
Cost	(99,692)	–	–	–	–	–	–	–	–	(99,692)	–
Accumulated depreciation	–	–	–	–	–	–	–	–	–	–	–
	(99,692)	–	–	–	–	–	–	–	–	(99,692)	–
Transferred to Nishat Linen (Private) Limited (Note 1)											
Cost	–	(127,752)	(42,325)	–	(17,513)	(2,820)	(56,973)	(14,173)	(15,269)	(276,825)	–
Accumulated depreciation	–	66,937	10,628	–	6,217	364	17,959	6,117	6,371	114,593	–
	–	(60,815)	(31,697)	–	(11,296)	(2,456)	(39,014)	(8,056)	(8,898)	(162,232)	–
Disposals:											
Cost	–	(8,101)	(145,922)	–	–	(1,136)	(2,887)	(346)	(78,889)	(237,281)	–
Accumulated depreciation	–	4,438	105,647	–	–	975	1,701	264	49,917	162,942	–
	–	(3,663)	(40,275)	–	–	(161)	(1,186)	(82)	(28,972)	(74,339)	–
Depreciation charge	–	(365,366)	(1,579,032)	(9,519)	(28,479)	(21,686)	(16,447)	(9,971)	(68,166)	(2,098,666)	(19,484)
Closing net book value	957,547	3,723,938	15,710,060	88,864	259,657	195,249	137,975	27,458	352,474	21,453,222	181,191
At 30 June 2015											
Cost	957,547	6,695,119	26,261,518	318,713	751,870	359,959	324,599	160,506	595,897	36,425,728	300,000
Accumulated depreciation	–	(2,971,181)	(10,551,458)	(229,849)	(492,213)	(164,710)	(186,624)	(133,048)	(243,423)	(14,972,506)	(118,809)
Net book value	957,547	3,723,938	15,710,060	88,864	259,657	195,249	137,975	27,458	352,474	21,453,222	181,191
Annual rate of depreciation (%)	–	10	10	10	10	10	10	30	20		10

12.1.1 Detail of operating fixed assets, exceeding the book value of Rupees 50,000 disposed of during the year is as follows:

Description	Quantity	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (Loss)	Mode of disposal	Particulars of purchasers
		(Rupees in thousand)						
Building								
Building	1	8,101	4,438	3,663	2,500	(1,163)	Negotiation	Hira Textile Mills Limited
		8,101	4,438	3,663	2,500	(1,163)		
Plant and Machinery								
Cot Rubber Grinding Machine	1	1,010	789	221	256	35	Negotiation	Muhammad Shahzad, Faisalabad
Murata Coner 7-II	1	4,402	3,649	753	1,410	657	Negotiation	Pakistan Textile Associate
Lap Former DY-5	1	2,092	1,776	316	154	(162)	Negotiation	Pakistan Textile Associate
Lap Former DY-5	2	6,091	5,107	984	615	(369)	Negotiation	Pakistan Textile Associate
Toyota Simplex FL-16	1	5,269	4,675	594	2,051	1,457	Negotiation	Pakistan Textile Associate
Toyota Simplex FL-16	1	1,998	1,800	198	1,197	999	Negotiation	Pakistan Textile Associate
Step Cleaner Machine	1	783	628	155	214	59	Negotiation	Pakistan Textile Associate
Electrical Control Box	2	303	214	89	128	39	Negotiation	Pakistan Textile Associate
Raising Machine	2	5,272	4,493	779	1,000	221	Negotiation	A.K. Textile Parts
Boiler Bab Cock	1	1,558	1,244	314	1,068	754	Negotiation	Pak Industrial Engineers (Private) Limited
Mak Engines	2	77,808	51,985	25,823	30,000	4,177	Negotiation	Hira Textile Mills Limited
Gas Engines	2	38,987	28,986	10,001	5,400	(4,601)	Negotiation	Power Parts Trading Company
		145,573	105,346	40,227	43,493	3,266		
Factory Equipment								
Bail Press	1	1,100	940	160	171	11	Negotiation	Pakistan Textile Associate
		1,100	940	160	171	11		
Vehicles								
Suzuki Liana LEE-4948	1	1,015	710	305	720	415	Negotiation	Mr. Azwer Ilyas Hashmi, Lahore
Honda Civic LWN-3184	1	675	371	304	420	116	Company Policy	Mr. Siraj-ud-Din Mann (Company's Employee)
Suzuki Alto LEC-10-8801	1	688	394	294	303	9	Company Policy	Mr. Abid Nasir (Company's Employee)
Suzuki Alto LEC-10-8807	1	688	407	281	382	101	Company Policy	Mr. Muhammad Faisal (Company's Employee)
Toyota Corolla LEB-10-6004	1	1,347	841	506	687	181	Company Policy	Mr. Abdul Sattar (Company's Employee)
Toyota Corolla LEC-10-7370	1	1,346	829	517	702	185	Company Policy	Mr. Saleem Shahzad (Company's Employee)
Suzuki Cultus LED-09-9413	1	871	560	311	421	110	Company Policy	Mr. Ghias Butt (Company's Employee)
Suzuki Cultus LEF-13-3415	1	1,042	235	807	905	98	Negotiation	Nishat Hospitality (Private) Limited - subsidiary company
Suzuki Mehran (un-registered)	1	678	75	603	645	42	Negotiation	Mr. Abdul Majeed, Pak Pattan
Toyota Corolla LEE-09-1674	1	1,323	855	468	660	192	Company Policy	Mr. Khurram Farooq (Company's Employee)
Toyota Corolla LEB-10-7802	1	1,347	837	510	702	192	Company Policy	Mr. Irfan Butt (Company's Employee)
Honda Civic LE-11-8748	1	1,814	1,033	781	1,062	281	Company Policy	Mr. Maqsood Ahmed (Company's Employee)
Toyota Corolla LEB-10-9308	1	1,366	861	505	685	180	Company Policy	Mr. Muhammad Mumtaz (Company's Employee)
Jaguar LEF-500	1	11,423	8,323	3,100	8,800	5,700	Negotiation	Mr. Abid Butt, Karachi
Toyota Corolla LED-10-2413	1	1,415	850	565	778	213	Company Policy	Mr. Liaquat Ali (Company's Employee)
Suzuki Cultus LEA-11-6132	1	921	521	400	409	9	Company Policy	Mr. Ghulam Abbas Khan (Company's Employee)
Toyota Corolla LED-10-5394	1	1,765	1,058	707	954	247	Company Policy	Sardar Mahmood Akhtar (Company's Employee)
Toyota Corolla LEB-10-9132	1	1,288	828	460	1,300	840	Negotiation	Mr. Muhammad Ilyas Shumar, Khushab
Suzuki Cultus LEF-13-9864	1	1,037	282	755	875	120	Negotiation	Mr. Ashraf Ali, Lahore
Honda Civic LEB-11-4905	1	1,815	1,029	786	1,061	275	Company Policy	Mr. Shahzad Ahmad Malik (Company's Employee)
Honda City AQY-932	1	900	421	479	735	256	Negotiation	Mr. Khurram Imtiaz, Lahore
Toyota Corolla LE-10-4380	1	1,357	811	546	743	197	Company Policy	Mr. Muhammad Imran Raza (Company's Employee)
Toyota Corolla LE-10-2193	1	1,380	840	540	736	196	Company Policy	Mr. Waris Ali Nadeem (Company's Employee)
Toyota Corolla LEC-09-7433	1	1,257	859	398	539	141	Company Policy	Sheikh Wasif Samad (Company's Employee)
Toyota Corolla LE-10-4374	1	1,358	838	520	708	188	Company Policy	Mr. Muhammad Amir Zaki (Company's Employee)
Toyota Corolla LE-10-4375	1	1,319	823	496	692	196	Company Policy	Mr. Muhammad Ashraf (Company's Employee)
Honda City LED-10-7025	1	1,307	790	517	698	181	Company Policy	Mirza Muhammad Nadeem (Company's Employee)
Toyota Corolla LEE-09-1103	1	1,327	858	469	647	178	Company Policy	Mr. Muhammad Arif Khan Tareen (Company's Employee)
Toyota Corolla LED-10-4989	1	1,382	826	556	771	215	Company Policy	Rana Muhammad Imran (Company's Employee)
Toyota Fork lifter Truck	1	3,903	3,236	667	1,144	477	Negotiation	Mirza Muhammad Zaman Baig, Lahore
Toyota Corolla LEC-10-7369	1	1,345	778	567	772	205	Company Policy	Mr. Mazhar Noor (Company's Employee)
Toyota Corolla LRY-8305	1	1,027	894	133	739	606	Negotiation	Mr. Salman Wahid, Lahore
Honda Civic LEC-10-2316	1	1,766	1,050	716	969	253	Company Policy	Mr. Muhammad Akram Malik (Company's Employee)
Suzuki Cultus LE-10-7179	1	877	503	374	389	15	Company Policy	Mr. Muhammad Nasir (Company's Employee)
Toyota Corolla LEC-10-3778	1	1,346	810	536	729	193	Company Policy	Malik Abdul Qayyum Raza (Company's Employee)
Suzuki Cultus LEC-10-5536	1	926	547	379	520	141	Company Policy	Mr. Rashid Minhas (Company's Employee)
Suzuki Cultus LEC-10-3774	1	926	556	370	501	131	Company Policy	Mr. Noshad Ahmad Khan (Company's Employee)

Description	Quantity	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (Loss)	Mode of disposal	Particulars of purchasers
		(Rupees in thousand)						
Suzuki Cultus LEC-10-4378	1	872	511	361	493	132	Company Policy	Mr. Sohail Amjad Qureshi (Company's Employee)
Suzuki Cultus LED-10-7026	1	887	513	374	507	133	Company Policy	Mr. Muhammad Younas (Company's Employee)
Honda City LED-10-7027	1	1,474	883	591	802	211	Company Policy	Mr. Zahid Javed (Company's Employee)
Suzuki Cultus LED-10-3751	1	892	542	350	486	136	Company Policy	Mr. Rizwan Aziz (Company's Employee)
Toyota Corolla LED-09-8367	1	1,342	873	469	645	176	Company Policy	Mr. Tariq Iqbal Khan (Company's Employee)
Suzuki Cultus LED-09-9061	1	871	567	304	413	109	Company Policy	Mr. Jahangir Mehmood (Company's Employee)
Suzuki Cultus LEA-2943	1	677	537	140	496	356	Negotiation	Mr. Rizwan Rafique, Lahore
Honda Civic LEC-10-7520	1	1,765	1,089	676	969	293	Company Policy	Mr. Faisal Hafeez (Company's Employee)
Toyota Corolla LE-10-8790	1	1,358	817	541	736	195	Company Policy	Mr. Babar Nawaz (Company's Employee)
Honda Civic LE-11-1497	1	1,950	1,129	821	1,118	297	Company Policy	Mr. Ahmed Jahangir (Company's Employee)
Suzuki Cultus LEA-7334	1	968	683	285	383	98	Company Policy	Mr. Muhammad Saleem (Company's Employee)
Toyota Corolla LED-10-7909	1	1,374	813	561	771	210	Company Policy	Mr. Muhammad Shafique (Company's Employee)
Toyota Corolla LEF-08-6037	1	1,378	1,010	368	1,161	793	Negotiation	Mr. Muhammad Mohsin Mumtaz, Lahore
Toyota Corolla LEA-11-2278	1	1,475	836	639	872	233	Company Policy	Mr. Sultan Sheraz Qasim (Company's Employee)
Suzuki Cultus LEB-06-5750	1	612	493	119	277	158	Negotiation	Mr. Haroon Ahmad Butt, Lahore
Mazda Coach LOT-1280	1	614	581	33	1,037	1,004	Negotiation	Mr. Muhammad Naeem, Lahore
Toyota Corolla LEB-10-6002	1	1,371	830	541	824	283	Company Policy	Mr. Tahir Hussain (Company's Employee)
Suzuki Bolan LEA-11-6964	1	665	339	326	575	249	Negotiation	Mr. Khawar Mehmood, Lahore
		78,112	49,385	28,727	47,068	18,341		
Furniture, Fixtures and Office Equipment								
Photocopier Machine	1	1,387	435	952	378	(574)	Negotiation	Shirazi Trading Company (Private) Limited
Telephone Exchange Alcatel	1	1,500	1,266	234	22	(212)	Negotiation	Mr. Farrukh Altaf, Faisalabad
		2,887	1,701	1,186	400	(786)		
Aggregate of other items of property, plant and equipment with individual book values not exceeding Rupees 50,000		1,508	1,132	376	776	400	Negotition	
		237,281	162,942	74,339	94,408	20,069		

		Note	2015	2014
			(Rupees in thousand)	
12.1.2	**Depreciation charge for the year has been allocated as follows:**			
	Cost of sales	27	2,023,019	1,441,919
	Distribution cost	28	6,699	9,418
	Administrative expenses	29	88,053	80,909
	Capital work in progress		379	344
			2,118,150	1,532,590

12.1.3 Operating fixed assets having cost of Rupees 5.421 million (2014: Rupees 3.983 million) have been fully depreciated and are still in use of the Company.

		2015	2014
12.2	**Capital work-in-progress**		
	Buildings on freehold land	1,299,648	1,354,050
	Plant and machinery	1,274,485	3,337,261
	Electric installations	–	3,882
	Factory Equipment	2,332	–
	Unallocated expenses	83,926	62,328
	Letters of credit against machinery	600	469
	Advances against purchase of land	39,023	13,606
	Advances against furniture, fixtures and office equipment	5,847	6,511
	Advances against vehicles	16,995	683
		2,722,856	4,778,790

13 INVESTMENT PROPERTIES

	Land	Buildings	Total
	(Rupees in thousand)		
At 30 June 2013			
Cost	314,771	153,673	468,444
Accumulated depreciation	–	(73,699)	(73,699)
Net book value	314,771	79,974	394,745
Year ended 30 June 2014			
Opening net book value	314,771	79,974	394,745
Depreciation charge	–	(7,997)	(7,997)
Closing net book value	314,771	71,977	386,748
At 30 June 2014			
Cost	314,771	153,673	468,444
Accumulated depreciation	–	(81,696)	(81,696)
Net book value	314,771	71,977	386,748
Year ended 30 June 2015			
Opening net book value	314,771	71,977	386,748
Transferred from operating fixed assets:			
Cost	99,692	–	99,692
Accumulated depreciation	–	–	–
	99,692	–	99,692
Depreciation charge	–	(7,198)	(7,198)
Closing net book value	414,463	64,779	479,242
At 30 June 2015			
Cost	414,463	153,673	568,136
Accumulated depreciation	–	(88,894)	(88,894)
Net book value	414,463	64,779	479,242

13.1 Depreciation at the rate of 10 percent per annum on buildings amounting to Rupees 7.198 million (2014: Rupees 7.997 million) charged during the year is allocated to other expenses. No expenses directly related to investment properties were incurred during the year. The market value of land and buildings is estimated at Rupees 1,513.643 million (2014: Rupees 1,012.475 million). The valuation has been carried out by an independent valuer.

13.2 Land and building having book value of Rupees 239.383 million (2014: Rupees 239.383 million) and Rupees 21.975 million (2014: Rupees 24.415 million) respectively have been given on operating lease to Nishat Hospitality (Private) Limited - subsidiary company.

13.3 Land and building having book value of Rupees 165.433 million (2014: Rupees 65.741 million) and Rupees 31.025 million (2014: Rupees 34.472 million) respectively have been given on operating lease to Nishat Linen (Private) Limited - subsidiary company.

		Note	2015	2014
			(Rupees in thousand)	
14	**LONG TERM INVESTMENTS**			
	Subsidiary companies			
	Nishat Power Limited - quoted 180,632,955 (2014: 180,632,955) fully paid ordinary shares of Rupees 10 each. Equity held 51.01% (2014: 51.01%)	14.1	1,806,329	1,806,329
	Nishat USA Inc. - unquoted 200 (2014: 200) fully paid shares with no par value per share		3,547	3,547
	Nishat Linen (Private) Limited - unquoted 1,067,913 (2014: 700,000) fully paid ordinary shares of Rupees 10 each. Equity held 100% (2014: 100%)	1 and 14.2	261,603	7,000
	Nishat Linen Trading LLC - unquoted 4,900 (2014: 4,900) fully paid shares of UAE Dirhams 1,000 each	14.3	259,403	259,403
	Nishat Hospitality (Private) Limited - unquoted 119,999,901 (2014: 119,999,901) fully paid ordinary shares of Rupees 10 each. Equity held 100% (2014: 100%)		1,199,999	1,199,999
	Nishat International FZE - unquoted			
	18 (2014: 7) fully paid shares of UAE Dirhams 1,000,000 each		492,042	195,798
	Advance for purchase of shares		9,070	305,314
			501,112	501,112
	Nishat Spinning (Private) Limited - unquoted Nil (2014: 1,000) fully paid ordinary shares of Rupees 10 each. Equity held Nil (2014: 100%)	1	–	10
	Available for sale			
	Associated companies (with significant influence)			
	D.G. Khan Cement Company Limited - quoted 137,574,201 (2014: 137,574,201) fully paid ordinary shares of Rupees 10 each. Equity held 31.40% (2014: 31.40%)		3,418,145	3,418,145
	Nishat Paper Products Company Limited - unquoted 11,634,199 (2014: 11,634,199) fully paid ordinary shares of Rupees 10 each. Equity held 25% (2014: 25%)	14.4	116,342	116,342
	Lalpir Power Limited - quoted 109,393,555 (2014: 109,393,555) fully paid ordinary shares of Rupees 10 each. Equity held 28.80% (2014: 28.80%)	14.5	1,640,306	1,640,306
	Pakgen Power Limited - quoted 102,524,728 (2014: 102,524,728) fully paid ordinary shares of Rupees 10 each. Equity held 27.55% (2014: 27.55%)	14.5	1,272,194	1,272,194
	Nishat Dairy (Private) Limited - unquoted 60,000,000 (2014: 60,000,000) fully paid ordinary shares of Rupees 10 each. Equity held 12.24% (2014: 12.50%)	14.6	600,000	600,000
	Nishat Energy Limited - unquoted 250,000 (2014: Nil) fully paid ordinary shares of Rupees 10 each. Equity held 25% (2014: Nil)		2,500	–
	Nishat Hotels and Properties Limited 50,000,000 (2014: Nil) fully paid ordinary shares of Rupees 10 each. Equity held 6.25% (2014: Nil)		500,000	–

	Note	2015	2014
		(Rupees in thousand)	
Associated companies (others)			
MCB Bank Limited - quoted 83,043,591 (2014: 80,790,591) fully paid ordinary shares of Rupees 10 each. Equity held 7.46% (2014: 7.26%)		9,112,592	8,484,998
Adamjee Insurance Company Limited - quoted 102,809 (2014: 102,809) fully paid ordinary shares of Rupees 10 each. Equity held 0.03% (2014: 0.03%)		2,774	2,774
Available for Sale			
Other			
Habib Bank Limited - quoted Nil (2014: 210) fully paid ordinary shares of Rupees 10 each		–	12
		20,696,846	19,312,171
Less: Impairment loss recognized	14.8	(113,998)	(10,198)
Add: Fair value adjustment		31,377,606	25,469,742
		51,960,454	44,771,715

14.1 The Company has to maintain at least 51% holding in the share capital of Nishat Power Limited (NPL) during the period of first six years from the date of commercial operations of NPL i.e. 09 June 2010. Moreover, the Company has pledged its 180,585,155 (2014: 180,585,155) shares to lenders of NPL for the purpose of securing finance.

14.2 Investment in Nishat Linen (Private) Limited includes 2 shares held in the name of nominee directors of the Company.

14.3 The Company is also the beneficial owner of remaining 5,100 (2014: 5,100) shares of UAE Dirham 1,000 each of Nishat Linen Trading LLC held under Nominee Agreement dated 30 December 2010, whereby the Company has right over all dividends, interests, benefits and other distributions on liquidation. The Company through the powers given to it under Article 11 of the Memorandum of Association of the investee company, exercises full control on the management of Nishat Linen Trading LLC.

14.4 The investment of the Company in ordinary shares of Nishat Paper Products Company Limited has been valued at fair value of Rupees 15.67 per ordinary share determined by an independent valuer using present value technique.

14.5 Investments in Lalpir Power Limited and Pakgen Power Limited include 550 and 500 shares respectively, held in the name of nominee director of the Company.

14.6 Value per ordinary share of Nishat Dairy (Private) Limited is determined at Rupees 10 by an independent valuer using present value technique. However, during the year, D.G. Khan Cement Company Limited - associated company has acquired 220 million ordinary shares of Nishat Dairy (Private) Limited from some shareholders of Nishat Dairy (Private) Limited at Rupees 8.27 per ordinary share. Therefore, investment of the Company in ordinary shares of Nishat Dairy (Private) Limited has been valued at the rate of Rupees 8.27 per ordinary share which is based on recent arm's length transaction between knowledgeable, willing parties as allowed by IAS 39 'Financial Instruments: Recognition and Measurement'. As a result impairment loss of Rupees 103.8 million has been recognised on the investment of the Company in ordinary shares of Nishat Dairy (Private) Limited in these financial statements.

14.7 During the year, 367,913 ordinary shares of Rupees 10 each were issued by Nishat Linen (Private) Limited at break up value of Rupees 692.02 per ordinary share under 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.

		Note	2015	2014
			(Rupees in thousand)	
14.8	**Impairment loss recognized**			
	Balance as on 01 July		10,198	10,198
	Add: Impairment loss recognized during the year		103,800	–
	Balance as on 30 June		113,998	10,198
15	**LONG TERM LOANS**			
	Considered good:			
	Executives - secured	15.1 and 15.2	120,698	121,987
	Other employees - secured	15.2	15,902	22,995
			136,600	144,982
	Less: Current portion shown under current assets	20		
	Executives		36,590	34,007
	Other employees		5,726	8,249
			42,316	42,256
			94,284	102,726
15.1	**Reconciliation of carrying amount of loans to executives:**			
	Balance as on 01 July		121,987	104,271
	Add: Disbursements		40,150	52,961
	Transferred from other employees during the year		3,100	2,378
			165,237	159,610
	Less: Repayments		44,539	37,623
	Balance as on 30 June		120,698	121,987

15.1.1 Maximum aggregate balance due from executives at the end of any month during the year was Rupees 133.881 million (2014: Rupees 123.570 million).

15.2 These represent interest free house construction loans given to executives and other employees and are secured against balance to the credit of employees in the provident fund trust. These are recoverable in equal monthly instalments.

15.3 The fair value adjustment in accordance with the requirements of IAS 39 'Financial Instruments: Recognition and Measurement' arising in respect of staff loans is not considered material and hence not recognized.

		Note	2015	2014
16	**LONG TERM DEPOSITS**			
	Security deposits		58,307	48,008
17	**STORES, SPARE PARTS AND LOOSE TOOLS**			
	Stores	17.1	1,056,723	1,114,962
	Spare parts		283,536	207,271
	Loose tools		1,419	1,257
			1,341,678	1,323,490
	Less: Provision for slow moving, obsolete and damaged store items	17.2	5,915	7,011
			1,335,763	1,316,479

17.1 These include stores in transit of Rupees 108.774 million (2014: Rupees 75.322 million).

		Note	2015	2014
			(Rupees in thousand)	
17.2	**Provision for slow moving, obsolete and damaged store items**			
	Balance as on 01 July		7,011	16,403
	Provision reversed during the year	31	(1,096)	(9,392)
	Balance as on 30 June		5,915	7,011

18 STOCK IN TRADE

	Note	2015	2014
Raw materials		5,936,585	7,831,707
Work-in-process	18.2	1,530,684	2,013,520
Finished goods	18.3	2,882,924	2,907,268
		10,350,193	12,752,495

18.1 Stock in trade of Rupees 480.808 million (2014: Rupees 3,076.709 million) is being carried at net realizable value.

18.2 This includes stock of Rupees 4.866 million (2014: Nil) sent to outside parties for processing.

18.3 Finished goods include stock in transit of Rupees 618.897 million (2014: Rupees 484.073 million).

18.4 The aggregate amount of write-down of inventories to net realizable value recognized as an expense during the year was Rupees 11.021 million (2014: Rupees 372.688 million).

19 TRADE DEBTS

	Note	2015	2014
Considered good:			
Secured (against letters of credit)		1,123,897	1,017,644
Unsecured:			
– Related parties	19.1 and 19.3	291,346	127,176
– Others	19.2	1,599,223	1,784,234
		3,014,466	2,929,054
Considered doubtful:			
Others - unsecured		131,758	131,758
Less: Provision for doubtful debts		131,758	131,758
		–	–

19.1 This represents amounts due from following related parties:

	2015	2014
Nishat Linen (Private) Limited - subsidiary company	239,962	34,112
Nishat Linen Trading LLC - subsidiary company	–	39,341
Nishat International FZE - subsidiary company	51,384	53,723
	291,346	127,176

19.2 As at 30 June 2015, trade debts due from other than related parties of Rupees 103.020 million (2014: Rupees 58.649 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The ageing analysis of these trade debts is as follows:

	2015	2014
Upto 1 month	96,314	49,960
1 to 6 months	–	5,292
More than 6 months	6,706	3,397
	103,020	58,649

19.3 As at 30 June 2015, trade debts due from related parties amounting to Rupees 239.962 million (2014: Rupees 34.112 million) were past due but not impaired. The ageing analysis of these trade debts is as follows:

	Note	2015	2014
		(Rupees in thousand)	
Upto 1 month		239,962	34,112
1 to 6 months		–	–
More than 6 months		–	–
		239,962	34,112

19.4 As at 30 June 2015, trade debts of Rupees 131.758 million (2014: Rupees 131.758 million) were impaired and provided for. The ageing of these trade debts was more than 5 years. These trade debts do not include amounts due from related parties.

20 LOANS AND ADVANCES

	Note	2015	2014
Considered good:			
Employees - interest free:			
– Executives		555	3,121
– Other employees		3,421	6,034
		3,976	9,155
Current portion of long term loans	15	42,316	42,256
Advances to suppliers		77,350	159,797
Letters of credit		600	1,489
Income tax		1,651,699	1,343,367
Other advances	20.1	3,799,332	2,628,421
		5,575,273	4,184,485
Considered doubtful:			
Others		108	108
Less: Provision for doubtful debts		108	108
		–	–
		5,575,273	4,184,485

20.1 These include amounts due from following subsidiary companies:

	2015	2014
Nishat Linen (Private) Limited	3,411,113	2,341,168
Nishat Hospitality (Private) Limited	359,769	193,867
Nishat Spinning (Private) Limited	–	21,550
	3,770,882	2,556,585

21 SHORT TERM DEPOSITS AND PREPAYMENTS

	2015	2014
Deposits	1,117	1,117
Prepayments - including current portion	43,732	41,776
	44,849	42,893

22 OTHER RECEIVABLES

	2015	2014
Considered good:		
Export rebate and claims	297,587	347,855
Sales tax refundable	1,221,771	1,101,579
Fair value of forward exchange contracts	70,362	19,653
Miscellaneous receivables	35,561	35,451
	1,625,281	1,504,538

	Note	2015	2014
		(Rupees in thousand)	
23 ACCRUED INTEREST			
On short term loans and advances to:			
Nishat Linen (Private) Limited - subsidiary company		2,290	11,393
Nishat Hospitality (Private) Limited - subsidiary company		250	806
Nishat Spinning (Private) Limited - subsidiary company		–	230
On deposits with MCB Bank Limited - associated company		–	278
On term deposit receipts		–	2,465
		2,540	15,172
24 SHORT TERM INVESTMENTS			
Available for sale			
Associated company (Other)			
Security General Insurance Company Limited - unquoted 10,226,244 (2014: 10,226,244) fully paid ordinary shares of Rupees 10 each. Equity held 15.02% (2014: 15.02%)	24.1	11,188	11,188
Others			
Nishat (Chunian) Limited - quoted 27,241,116 (2014: 27,241,116) fully paid ordinary shares of Rupees 10 each. Equity held 13.61% (2014: 13.61 %)		242,750	242,750
Advance for purchase of shares		136,205	–
		378,955	242,750
MCB Pakistan Islamic Stock Fund - quoted [Formerly: Pakistan Strategic Allocation Fund] 993,888 (2014: 899,392) units.		1,715	1,715
Pakistan Petroleum Limited - quoted 434,782 (2014: Nil) fully paid ordinary shares of Rupees 10 each.		95,217	–
Advance against purchase of shares		–	100,000
		95,217	100,000
United Bank Limited - quoted Nil (2014: 368,105) fully paid ordinary shares of Rupees 10 each.		–	58,163
		487,075	413,816
Less: Impairment loss recognized	24.2	(23,800)	–
Add: Fair value adjustment		1,726,585	2,813,744
		2,189,860	3,227,560

24.1 Value per ordinary share of Security General Insurance Company Limited is determined at Rupees 224.91 by an independent valuer using present value technique. Adamjee Insurance Company Limited - associated company is in process of making long term equity investment of up to Rupees 620.350 million by way of acquisition of 6.530 million ordinary shares of Security General Insurance Company Limited at a maximum price of Rupees 95 per ordinary share. Therefore, it is more appropriate to value the shares of Security General Insurance Company Limited at the rate of Rupees 95 per ordinary share which is based on recent arm's length transaction between knowledgeable, willing parties as allowed by IAS 39 'Financial Instruments: Recognition and Measurement'. Had the value determined by the independent valuer been used, short term investment, fair value reserve and deferred income tax liability would have been higher by Rupees 1,328.491 million, 1,009.653 million and Rupees 318.838 million respectively. Security General Insurance Company Limited is an associated company due to common directorship.

		Note	2015	2014
			(Rupees in thousand)	
24.2	**Impairment loss recognized**			
	Balance as on 01 July		–	–
	Add: Impairment loss recognized during the year		23,800	–
	Balance as on 30 June		23,800	–

25 CASH AND BANK BALANCES

	Note	2015	2014
With banks:			
On current accounts	25.1		
Including US$ 160,191 (2014: US$ 318,301)		32,559	787,434
Term deposit receipts	25.2 and 25.3	–	2,000,000
On PLS saving accounts	25.4		
Including US$ 42,877 (2014: US$ 4,287)		4,361	423
		36,920	2,787,857
Cash in hand		15,299	14,459
		52,219	2,802,316

25.1 Cash at banks includes balance of Rupees 1.889 million (2014: Rupees 5.014 million) with MCB Bank Limited - associated company.

25.2 These represented deposits with banking companies which had maturity period of upto 3 months and carried rate of profit ranged from 8.40% to 10.25% (2014: 9.00% to 10.40%) per annum.

25.3 These include term deposit receipt of Rupees Nil (2014: Rupees 1,000 million) which had maturity period of 36 days and carried profit ranged from 8.50% to 10.15% (2014: 10.15%) per annum with MCB Bank Limited - associated company.

25.4 Rate of profit on Pak Rupees bank deposits and US Dollar bank deposit ranges from 4.50% to 7.00% (2014: 6.00% to 6.51%) and 0.03% to 0.04% (2014: 0.01% to 0.06%) per annum respectively.

26 SALES

		Note	2015	2014
Export		26.3	39,867,514	42,724,090
Local		26.1	11,158,033	11,540,750
Export rebate			152,030	179,251
			51,177,577	54,444,091
26.1	**Local sales**			
	Sales	26.2	8,849,441	9,472,254
	Less: Sales tax		299,542	321,105
			8,549,899	9,151,149
	Processing income		2,608,004	2,389,364
	Doubling income		130	237
			11,158,033	11,540,750

26.2 This includes sale of Rupees 1,301.833 million (2014: Rupees 1,000 million) made to direct exporters against special purchase orders (SPOs). Further, local sales includes waste sales of Rupees 1,184.189 million (2014: Rupees 1,451.840 million).

26.3 Exchange gain due to currency rate fluctuations relating to export sales amounting to Rupees 51.050 million (2014: Rupees 446.819 million) has been included in export sales.

		Note	2015	2014
			(Rupees in thousand)	
27	**COST OF SALES**			
	Raw materials consumed	27.1	27,136,867	29,788,384
	Processing charges		399,498	224,856
	Salaries, wages and other benefits	27.2	3,949,244	3,591,755
	Stores, spare parts and loose tools consumed		4,381,843	4,722,946
	Packing materials consumed		985,497	937,697
	Repair and maintenance		340,236	398,080
	Fuel and power		4,938,184	5,400,554
	Insurance		38,356	36,337
	Other factory overheads		453,515	517,358
	Depreciation	12.1.2	2,023,019	1,441,919
			44,646,259	47,059,886
	Work-in-process			
	Opening stock		2,013,520	1,720,313
	Closing stock		(1,530,684)	(2,013,520)
			482,836	(293,207)
	Cost of goods manufactured		45,129,095	46,766,679
	Finished goods			
	Opening stock		2,907,268	2,720,906
	Closing stock		(2,882,924)	(2,907,268)
			24,344	(186,362)
			45,153,439	46,580,317

27.1 Raw materials consumed

	2015	2014
Opening stock	7,831,707	6,504,220
Add: Purchased during the year	25,241,745	31,115,871
	33,073,452	37,620,091
Less: Closing stock	5,936,585	7,831,707
	27,136,867	29,788,384

27.2 Salaries, wages and other benefits include provident fund contribution of Rupees 114.845 million (2014: Rupees 96.335 million) by the Company.

		Note	2015	2014
28	**DISTRIBUTION COST**			
	Salaries and other benefits	28.1	332,516	280,139
	Outward freight and handling		1,067,949	1,238,015
	Commission to selling agents		636,694	621,967
	Fuel cost		133,426	150,135
	Travelling and conveyance		110,463	101,185
	Rent, rates and taxes		16,420	14,353
	Postage, telephone and telegram		71,786	74,949
	Insurance		20,937	22,869
	Vehicles' running		11,232	15,030
	Entertainment		6,255	4,541
	Advertisement		1,565	1,278
	Electricity and gas		4,498	4,245
	Printing and stationery		2,608	3,375
	Repair and maintenance		3,224	12,764
	Fee and subscription		23	364
	Depreciation	12.1.2	6,699	9,418
			2,426,295	2,554,627

28.1 Salaries and other benefits include provident fund contribution of Rupees 17.135 million (2014: Rupees 13.622 million) by the Company.

		Note	2015	2014
			(Rupees in thousand)	
29	**ADMINISTRATIVE EXPENSES**			
	Salaries and other benefits	29.1	758,953	707,381
	Vehicles' running		49,451	56,063
	Travelling and conveyance		30,732	36,598
	Rent, rates and taxes		5,247	3,609
	Insurance		7,145	6,635
	Entertainment		27,453	26,172
	Legal and professional		19,769	19,655
	Auditors' remuneration	29.2	3,669	3,333
	Advertisement		1,074	721
	Postage, telephone and telegram		7,259	7,366
	Electricity and gas		22,591	18,349
	Printing and stationery		19,863	18,652
	Repair and maintenance		22,010	16,455
	Fee and subscription		3,399	8,491
	Depreciation	12.1.2	88,053	80,909
	Miscellaneous		34,990	21,849
			1,101,658	1,032,238

29.1 Salaries and other benefits include provident fund contribution of Rupees 31.325 million (2014: Rupees 26.858 million) by the Company.

29.2 Auditors' remuneration

		2015	2014
	Audit fee	2,933	2,666
	Half yearly review	614	558
	Reimbursable expenses	122	109
		3,669	3,333

		Note	2015	2014
30	**OTHER EXPENSES**			
	Workers' profit participation fund	7.2	230,465	310,081
	Workers' welfare fund		–	7,000
	Impairment loss on equity investments	14.8 and 24.2	127,600	–
	Depreciation on investment properties	13.1	7,198	7,997
	Offer for sale expenses of Lalpir Power Limited		–	13,417
	Donations	30.1	879	6,021
			366,142	344,516

30.1 There is no interest of any director or his spouse in donees' fund.

	Note	2015	2014
		(Rupees in thousand)	
31 OTHER INCOME			
Income from financial assets			
Dividend income	31.1	2,947,006	2,947,848
Profit on deposits with banks		59,764	23,103
Gain on sale of investments		24,144	10,297
Gain on disposal of non-current asset held for sale		–	85,084
Net exchange gain including loss on forward contracts		211,479	123,453
Interest income on loans and advances to subsidiary companies		215,382	174,519
		3,457,775	3,364,304
Income from non-financial assets			
Gain on sale of property, plant and equipment		20,069	63,638
Scrap sales		143,820	145,992
Rental income		370,831	63,115
Reversal of provision for slow moving, obsolete and damaged store items	17.2	1,096	9,392
Others		11,064	6,600
		546,880	288,737
		4,004,655	3,653,041

31.1 Dividend income

	2015	2014
From related party / associated companies / subsidiary company		
Nishat (Chunian) Limited - related party	27,241	49,529
D.G. Khan Cement Company Limited - associated company	481,510	412,723
MCB Bank Limited - associated company	1,226,494	1,011,534
Adamjee Insurance Company Limited - associated company	283	194
Security General Insurance Company Limited - associated company	46,018	40,905
Pakgen Power Limited - associated company	102,525	256,312
Lalpir Power Limited - associated company	109,393	273,484
Nishat Power Limited - subsidiary company	948,323	903,165
	2,941,787	2,947,846
Others		
Habib Bank Limited	2	2
Pakistan Petroleum Limited	5,217	–
	5,219	2
	2,947,006	2,947,848

	Note	2015	2014
32 FINANCE COST			
Mark-up on:			
Long term financing		739,633	527,813
Liabilities against assets subject to finance lease		4,271	11,953
Short term borrowings		702,180	851,605
Interest on payable to employees provident fund trust		922	1,650
Interest on workers' profit participation fund	7.2	13,050	4,371
Bank charges and commission		284,717	212,490
		1,744,773	1,609,882
33 TAXATION			
Current	33.1	478,000	463,000

33.1 The Company falls under the ambit of presumptive tax regime under section 169 of the Income Tax Ordinance, 2001. Provision for income tax is made accordingly. Further, provision against income from other sources is made under the relevant provisions of the Income Tax Ordinance, 2001.

33.2 Provision for deferred income tax is not required as the Company is chargeable to tax under section 169 of the Income Tax Ordinance, 2001 and no temporary differences are expected to arise in the foreseeable future except for deferred tax liability as explained in note 6.

33.3 Reconciliation of tax expense and product of accounting profit multiplied by the applicable tax rate is not required in view of presumptive taxation.

		2015	2014
34 EARNINGS PER SHARE - BASIC AND DILUTED			
There is no dilutive effect on the basic earnings per share which is based on:			
Profit attributable to ordinary shareholders	(Rupees in thousand)	3,911,925	5,512,552
Weighted average number of ordinary shares	(Numbers)	351,599,848	351,599,848
Earnings per share	(Rupees)	11.13	15.68

	Note	2015 (Rupees in thousand)	2014 (Rupees in thousand)
35 CASH GENERATED FROM OPERATIONS			
Profit before taxation		4,389,925	5,975,552
Adjustments for non-cash charges and other items:			
Depreciation		2,125,348	1,540,243
Gain on sale of property, plant and equipment		(20,069)	(63,638)
Gain on sale of investments		(24,144)	(10,297)
Gain on disposal of non-current asset held for sale		–	(85,084)
Dividend income		(2,947,006)	(2,947,848)
Impairment loss on equity investments		127,600	–
Net exchange gain including loss on forward contracts		(211,479)	(123,453)
Interest income on loans and advances to subsidiary companies		(215,382)	(174,519)
Finance cost		1,744,773	1,609,882
Provision for slow moving, obsolete and damaged store items		(1,096)	(9,392)
Working capital changes	35.1	2,743,796	1,561,253
		7,712,266	7,272,699
35.1 Working capital changes			
(Increase) / decrease in current assets:			
- Stores, spare parts and loose tools		(43,054)	(21,716)
- Stock in trade		2,382,482	(1,807,056)
- Trade debts		(85,412)	3,314,481
- Loans and advances		131,901	(100,407)
- Short term deposits and prepayments		(1,956)	(2,875)
- Other receivables		(67,291)	(460,354)
		2,316,670	922,073
Increase in trade and other payables		427,126	639,180
		2,743,796	1,561,253

36 EVENTS AFTER THE REPORTING PERIOD

36.1 The Board of Directors of the Company has proposed a cash dividend for the year ended 30 June 2015 of Rupees 4.50 per share (2014: Rupees 4.00 per share) at their meeting held on 27 October 2015. The Board of Directors also proposed to transfer Rupees 2,329 million (2014: Rupees 4,106 million) from un-appropriated profit to general reserve. However, these events have been considered as non-adjusting events under IAS 10 'Events after the Reporting Period' and have not been recognized in these financial statements.

36.2 Under Section 5A of the Income Tax Ordinance, 2001, introduced through the Finance Act, 2015, the Company is required to pay tax at the rate of 10% of so much of its undistributed profits as exceed 100% of its paid up capital unless it distributes profits equal to 40% of its after tax profits or 50% of its paid up capital, whichever is less, by due date for filing of income tax return for the tax year 2015. The requisite cash dividend has been proposed by the Board of Directors of the Company in their meeting held on 27 October 2015 and will be distributed within the prescribed time limit. Therefore, the recognition of any income tax liability in this respect is not considered necessary.

37 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration including all benefits to Chief Executive Officer, Directors and Executives of the Company is as follows:

	Chief Executive Officer		Directors		Executives	
	2015	2014	2015	2014	2015	2014
	(Rupees in thousand)					
Managerial remuneration	19,920	17,521	7,477	8,630	471,568	380,879
Allowances						
Cost of living allowance	–	–	1	7	1,444	900
House rent	7,168	6,400	288	1,200	124,324	98,827
Conveyance	–	–	–	–	695	476
Medical	1,792	1,600	675	734	37,154	28,985
Utilities	–	–	2,382	1,729	55,075	40,235
Special allowance	–	–	2	2	760	998
Contribution to provident fund	–	–	644	700	39,553	30,482
Leave encashment	–	–	–	–	14,507	9,850
	28,880	25,521	11,469	13,002	745,080	591,632
Number of persons	1	1	1	2	369	311

37.1 Chief Executive Officer, one director and certain executives of the Company are provided with Company maintained vehicles and certain executives are also provided with free housing facility alongwith utilities.

37.2 Aggregate amount charged in the financial statements for meeting fee to one director (2014: one director) was Rupees 0.300 million (2014: Rupees 0.150 million).

37.3 No remuneration was paid to non-executive directors of the Company.

38 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, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	2015	2014
	(Rupees in thousand)	
Subsidiary companies		
Investment made	–	1,019,147
Dividend income	948,323	903,165
Purchase of goods and services	2,003,962	410,305
Sale of goods and services	3,664,314	3,356,615
Interest income	215,382	174,520
Rental income	336,025	32,090
Short term loans made	13,143,489	9,056,126
Repayment of short term loans made	11,929,192	7,288,328
Sale of operating fixed assets	930	–

	2015	2014
	(Rupees in thousand)	
Associated companies		
Investment made	1,130,094	354,327
Purchase of goods and services	69,278	175,107
Sale of goods	4,100	927
Rental income	598	825
Purchase of operating fixed assets	–	23,187
Sale of operating fixed assets	–	1,475
Dividend income	1,966,223	1,995,152
Dividend paid	126,194	126,194
Insurance premium paid	103,030	106,479
Insurance claims received	40,785	29,989
Profit on term deposit receipt	18,518	3,427
Finance cost	815	–
Other related parties		
Investment made	136,205	–
Dividend income	27,241	49,529
Purchase of goods and services	886,021	417,800
Sale of goods and services	17,859	4,839
Company's contribution to provident fund trust	163,305	137,004

39 PROVIDENT FUND RELATED DISCLOSURES

The following information is based on un-audited financial statements of the provident fund for the year ended 30 June 2015 and audited financial statements of the provident fund for the year ended 30 June 2014:

	2015	2014
Size of the fund - Total assets	2,674,067	2,306,258
Cost of Investments	2,437,102	2,111,663
Percentage of investments made	91.14%	91.56%
Fair value of investments	3,687,749	3,729,980

39.1 The break-up of cost of investments is as follows:

	2015	2014	2015	2014
	(Percentage)		(Rupees in thousand)	
Deposits	15.16%	19.35%	369,481	408,667
Mutual funds	44.95%	32.27%	1,095,415	681,446
Listed securities	36.37%	41.98%	886,478	886,478
Pakistan investment bonds	2.02%	4.67%	49,343	98,687
Preference shares	1.50%	1.73%	36,385	36,385
	100%	100%	2,437,102	2,111,663

39.2 As at the reporting date, The Nishat Mills Employees Provident Fund Trust is in the process of regularizing its investments in accordance with Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose in terms of order issued by the Securities and Exchange Commission of Pakistan.

	2015	2014
40 NUMBER OF EMPLOYEES		
Number of employees as on June 30	17,138	18,197
Average number of employees during the year	17,738	17,658

41 SEGMENT INFORMATION

	Spinning		Weaving		Processing and Home Textile		Garments		Power Generation		Elimination of Inter-segment transactions		Total - Company	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	(Rupees in thousand)													
Sales														
External	12,508,797	13,436,248	12,480,045	12,703,518	21,983,721	23,191,930	4,177,545	5,079,413	27,469	32,982	–	–	51,177,577	54,444,091
Intersegment	3,088,639	3,471,337	7,105,500	7,690,396	682,279	890,587	285	72	5,507,874	5,642,057	(16,384,577)	(17,694,449)	–	–
	15,597,436	16,907,585	19,585,545	20,393,914	22,666,000	24,082,517	4,177,830	5,079,485	5,535,343	5,675,039	(16,384,577)	(17,694,449)	51,177,577	54,444,091
Cost of sales	(14,442,113)	(14,939,842)	(18,354,152)	(18,595,070)	(19,407,132)	(20,860,007)	(3,809,142)	(4,209,657)	(5,525,477)	(5,670,190)	16,384,577	17,694,449	(45,153,439)	(46,580,317)
Gross profit	1,155,323	1,967,743	1,231,393	1,798,844	3,258,868	3,222,510	368,688	869,828	9,866	4,849	–	–	6,024,138	7,863,774
Distribution cost	(402,462)	(413,123)	(592,983)	(639,124)	(1,118,685)	(1,163,107)	(312,162)	(333,279)	(3)	(5,994)	–	–	(2,426,295)	(2,554,627)
Administrative expenses	(270,368)	(265,677)	(269,428)	(241,847)	(416,111)	(394,258)	(82,040)	(79,954)	(63,711)	(50,502)	–	–	(1,101,658)	(1,032,238)
	(672,830)	(678,800)	(862,411)	(880,971)	(1,534,796)	(1,557,365)	(394,202)	(413,233)	(63,714)	(56,496)	–	–	(3,527,953)	(3,586,865)
Profit / (loss) before taxation and unallocated income and expenses	482,493	1,288,943	368,982	917,873	1,724,072	1,665,145	(25,514)	456,595	(53,848)	(51,647)	–	–	2,496,185	4,276,909
Unallocated income and expenses:														
Other expenses													(366,142)	(344,516)
Other income													4,004,655	3,653,041
Finance cost													(1,744,773)	(1,609,882)
Taxation													(478,000)	(463,000)
Profit after taxation													3,911,925	5,512,552

41.1 Reconciliation of reportable segment assets and liabilities

	Spinning		Weaving		Processing and Home Textile		Garments		Power Generation		Total - Company	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	(Rupees in thousand)											
Total assets for reportable segments	11,979,524	12,352,139	6,984,964	7,255,451	10,622,161	13,428,366	3,045,076	2,533,784	7,093,904	5,244,376	39,725,629	40,814,116
Unallocated assets:												
Long term investments											51,960,454	44,771,715
Other receivables											1,625,281	1,504,538
Cash and bank balances											52,219	2,802,316
Other corporate assets											7,776,417	7,155,892
Total assets as per balance sheet											101,140,000	97,048,577
Total liabilities for reportable segments	663,147	515,400	491,751	627,650	1,147,163	1,110,986	315,721	298,491	1,363,073	992,112	3,980,855	3,544,639
Unallocated liabilities:												
Deferred income tax liability											247,462	474,878
Provision for taxation											780,393	765,393
Other corporate liabilities											19,988,467	23,674,491
Total liabilities as per balance sheet											24,997,177	28,459,401

41.2 Geographical information

The Company's revenue from external customers by geographical locations is detailed below:

	2015	2014
	(Rupees in thousand)	
Europe	13,743,911	14,336,245
Asia, Africa and Australia	22,184,728	23,163,969
United States of America and Canada	4,090,905	5,403,127
Pakistan	11,158,033	11,540,750
	51,177,577	54,444,091

41.3 All non-current assets of the Company as at reporting dates are located and operating in Pakistan.

41.4 Revenue from major customers

The Company's revenue is earned from a large mix of customers.

41.5 Based on the judgment made by the management, printing, dyeing and home textile operating segments of the Company have been aggregated into a single operating segment namely 'Processing and Home Textile' as these segments have similar economic characteristics in respect of nature of the products, nature of production process, type of customers, method of distribution and nature of regulatory environment.

			2015	2014
			(Figures in Thousand)	
42	**PLANT CAPACITY AND ACTUAL PRODUCTION**			
	Spinning			
	100 % plant capacity converted to 20s count based on 3 shifts per day for 1,095 shifts (2014: 1,095 shifts)	(Kgs.)	76,412	66,468
	Actual production converted to 20s count based on 3 shifts per day for 1,095 shifts (2014: 1,095 shifts)	(Kgs.)	66,668	58,225
	Weaving			
	100 % plant capacity at 50 picks based on 3 shifts per day for 1,095 shifts (2014: 1,095 shifts)	(Sq.Mtr.)	292,757	258,162
	Actual roduction converted to 50 picks based on 3 shifts per day for 1,095 shifts (2014: 1,095 shifts)	(Sq.Mtr.)	279,676	248,256
	Dyeing and Finishing			
	Production capacity for 3 shifts per day for 1,095 shifts (2014: 1,095 shifts)	(Mtr.)	54,000	54,000
	Actual production on 3 shifts per day for 1,095 shifts (2014: 1,095 shifts)	(Mtr.)	49,921	49,390
	Power Plant			
	Generation capacity	(MWH)	698	447
	Actual generation	(MWH)	340	287

Processing, Stitching and Apparel

The plant capacity of these divisions are indeterminable due to multi product plants involving varying processes of manufacturing and run length of order lots.

42.1 REASON FOR LOW PRODUCTION

Under utilization of available capacity for spinning, weaving, dyeing and finishing is mainly due to normal maintenance. Actual power generation in comparison to installed is low due to periodical scheduled and unscheduled maintenance and low demand.

43 FINANCIAL RISK MANAGEMENT

43.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. The Company's finance department evaluates and hedges financial risks. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

a) Market risk

i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD), Arab Emirates Dirham (AED), Euro and British Pound (GBP). Currently, the Company's foreign exchange risk exposure is restricted to bank balances and the amounts receivable / payable from / to the foreign entities. The Company's exposure to currency risk was as follows:

	2015	2014
Cash at banks - USD	203,068	322,588
Trade debts - USD	20,594,867	20,396,646
Trade debts - Euro	526,199	1,220,485
Trade debts - AED	1,819,214	3,468,649
Trade debts – GBP	938	20,242
Trade and other payables - USD	(1,338,182)	(1,398,017)
Other short term finances - USD	(24,456,056)	(54,317,778)
Trade and other payables - Euro	(121,077)	(76,969)
Net exposure - USD	(4,996,303)	(34,996,561)
Net exposure - Euro	405,122	1,143,516
Net exposure - AED	1,819,214	3,468,649
Net exposure – GBP	938	20,242
The following significant exchange rates were applied during the year:		
Rupees per US Dollar		
Average rate	101.31	102.70
Reporting date rate	101.50	98.55
Rupees per Euro		
Average rate	120.86	139.65
Reporting date rate	113.57	134.46
Rupees per AED		
Average rate	27.58	27.96
Reporting date rate	27.64	26.83
Rupees per GBP		
Average rate	159.50	167.81
Reporting date rate	159.59	167.79

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD, Euro, AED and GBP with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 25.134 million lower / higher (2014: Rupees 164.828 million lower / higher), Rupees 2.156 million (2014:Rupees 7.221 million) higher / lower, Rupees 2.363 million (2014: Rupees 4.374 million) higher / lower and Rupees 0.007 million (2014: Rupees 0.160 million) higher / lower respectively, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to commodity price risk.

Sensitivity analysis

The table below summarizes the impact of increase / decrease in the Karachi Stock Exchange (KSE) Index on the Company's profit after taxation for the year and on equity (fair value reserve). The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Company's equity instruments moved according to the historical correlation with the index:

Index	Impact on profit after taxation		Impact on statement of other comprehensive income (fair value reserve)	
	2015	2014	2015	2014
	(Rupees in thousand)			
KSE 100 (5% increase)	3,571	–	1,095,180	1,278,823
KSE 100 (5% decrease)	(3,571)	–	(1,095,180)	(1,278,823)

Equity (fair value reserve) would increase / decrease as a result of gains / losses on equity investments classified as available for sale.

iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's interest rate risk arises from long term financing, short term borrowings, term deposit receipts, bank balances in saving accounts and loans and advances to subsidiary companies. Financial instruments at variable rates expose the Company to cash flow interest rate risk. Financial instruments at fixed rate expose the Company to fair value interest rate risk.

At the balance sheet date, the interest rate profile of the Company's interest bearing financial instruments was:

	2015	2014
	(Rupees in thousand)	
Fixed rate instruments		
Financial liabilities		
Long term financing	1,025,781	1,440,693
Liabilities against assets subject to finance lease	–	24,988
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	4,361	423
Term deposit receipts	–	2,000,000
Loans and advances to subsidiary companies	3,770,882	2,556,585
Financial liabilities		
Long term financing	6,339,689	6,519,895
Liabilities against assets subject to finance lease	–	41,380
Short term borrowings	11,524,143	14,468,124

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 133.842 million (2014: Rupees 156.488 million) lower / higher, mainly as a result of higher / lower interest expense / income on floating rate financial instruments. This analysis is prepared assuming the amounts of financial instruments outstanding at balance sheet dates were outstanding for the whole year.

b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2015	2014
	(Rupees in thousand)	
Investments	22,946,481	27,578,551
Loans and advances	3,939,908	2,782,558
Deposits	59,424	49,125
Trade debts	3,014,466	2,929,054
Other receivables	105,923	55,104
Accrued interest	2,540	15,172
Bank balances	36,920	2,787,857
	30,105,662	36,197,421

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating			2015	2014
Banks	**Short term**	**Long term**	**Agency**	**(Rupees in thousand)**	
National Bank of Pakistan	A-1+	AAA	PACRA	1,189	9,164
Allied Bank Limited	A1+	AA+	PACRA	-	599,960
Askari Bank Limited	A-1+	AA	JCR-VIS	116	414
Bank Alfalah Limited	A1+	AA	PACRA	13	920
Faysal Bank Limited	A1+	AA	PACRA	343	294
Habib Bank Limited	A-1+	AAA	JCR-VIS	4,347	9,925
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	9,685	84
JS Bank Limited	A1+	A+	PACRA	12	11
MCB Bank Limited	A1+	AAA	PACRA	1,889	1,005,014
NIB Bank Limited	A1+	AA -	PACRA	184	306
Samba Bank Limited	A-1	AA	JCR-VIS	272	1,000,014
Silkbank Limited	A-2	A -	JCR-VIS	172	33
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	12,229	29,634
United Bank Limited	A-1+	AA+	JCR-VIS	285	133
Al-Baraka Bank (Pakistan) Limited	A1	A	PACRA	354	9
Citibank N.A.	P-1	A2	Moody's	272	504
Deutsche Bank AG	P-2	A3	Moody's	275	388
HSBC Bank Middle East Limited	F1	A+	Fitch	-	642
Bank Islami Pakistan Limited	A1	A+	PACRA	140	12,339
Meezan Bank Limited	A-1+	AA	JCR-VIS	4,128	6,240
Dubai Islamic Bank Pakistan Limited	A-1	A+	JCR-VIS	169	100,738
The Bank of Punjab	A1+	AA-	PACRA	96	98
Soneri Bank Limited	A1+	AA-	PACRA	247	131
Summit Bank Limited	A-1	A	JCR-VIS	72	5
Burj Bank Limited	A-2	A-	JCR-VIS	104	104
Industrial and Commercial Bank of China	P-1	A1	Moody's	8	10
Barclays Bank Pakistan	A-2	A-	Moody's	311	10,743
Saudi Pak Commercial Bank Limited	A1+	AA+	JCR-VIS	8	–
				36,920	2,787,857
Investments					
Adamjee Insurance Company Limited	AA		PACRA	4,896	4,706
Security General Insurance Company Limited	AA-		JCR-VIS	971,493	1,902,081
Habib Bank Limited	A-1+	AAA	JCR-VIS	–	41
MCB Pakistan Islamic Stock Fund (Formerly: Pakistan Strategic Allocation Fund)	1 Star	2 Star	PACRA	10,177	8,679
Nishat (Chunian) Limited	A-2	A-	JCR-VIS	1,200,679	1,154,751
MCB Bank Limited	A1+	AAA	PACRA	20,687,819	24,346,245
Pakistan Petroleum Limited	Unknown		-	71,417	100,000
United Bank Limited	A-1+	AA+	JCR-VIS	–	62,048
				22,946,481	27,578,551
				22,983,401	30,366,408

The Company's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 19.

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, the management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2015, the Company had Rupees 17,916.857 million (2014: Rupees 14,752.876 million) available borrowing limits from financial institutions and Rupees 52.219 million (2014: Rupees 2,802.316 million) cash and bank balances. The management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2015

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 year	More than 2 years
	(Rupees in thousand)					
Non-derivative financial liabilities:						
Long term financing	7,365,470	8,486,102	1,107,018	1,161,263	2,290,304	3,927,517
Trade and other payables	3,913,092	3,913,092	3,913,092	–	–	–
Short term borrowings	11,524,143	12,090,010	11,809,402	280,608	–	–
Accrued mark-up	221,394	221,394	221,394	–	–	–
	23,024,099	24,710,598	17,050,906	1,441,871	2,290,304	3,927,517

Contractual maturities of financial liabilities as at 30 June 2014

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 year	More than 2 years
	(Rupees in thousand)					
Non-derivative financial liabilities:						
Long term financing	7,960,588	9,913,768	1,090,160	1,164,245	2,512,423	5,146,940
Liabilities against assets subject to finance lease	66,368	70,686	39,919	30,767	–	–
Trade and other payables	3,448,202	3,448,202	3,448,202	–	–	–
Short term borrowings	14,468,124	15,410,623	14,943,247	467,376	–	–
Accrued mark-up	295,054	295,054	295,054	–	–	–
	26,238,336	29,138,333	19,816,582	1,662,388	2,512,423	5,146,940

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark-up rates effective as at 30 June. The rates of interest / mark up have been disclosed in note 5 and 9 to these financial statements.

43.2 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values. The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which fair value is observable:

	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
As at 30 June 2015				
Assets				
Available for sale financial assets	21,974,988	–	971,493	22,946,481
As at 30 June 2014				
Assets				
Available for sale financial assets	25,676,470	–	1,902,081	27,578,551

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial instruments held by the Company is the current bid price. These financial instruments are classified under level 1 in above referred table.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value a financial instrument are observable, those financial instruments are classified under level 2 in above referred table. The Company has no such type of financial instruments as on 30 June 2015.

If one or more of the significant inputs is not based on observable market data, the financial instrument is classified under level 3. The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

43.3 Financial instruments by categories

	Loans and receivables	Available for sale	Total
	(Rupees in thousand)		
As at 30 June 2015			
Assets as per balance sheet			
Investments	–	22,946,481	22,946,481
Loans and advances	3,939,908	–	3,939,908
Deposits	59,424	–	59,424
Trade debts	3,014,466	–	3,014,466
Other receivables	105,923	–	105,923
Accrued interest	2,540	–	2,540
Cash and bank balances	52,219	–	52,219
	7,174,480	22,946,481	30,120,961

	Financial liabilities at amortized cost
	(Rupees in thousand)
Liabilities as per balance sheet	
Long term financing	7,365,470
Accrued mark-up	221,394
Short term borrowings	11,524,143
Trade and other payables	3,913,092
	23,024,099

	Loans and receivables	Available for sale	Total
	(Rupees in thousand)		
As at 30 June 2014			
Assets as per balance sheet			
Investments	-	27,578,551	27,578,551
Loans and advances	2,782,558	-	2,782,558
Deposits	49,125	-	49,125
Trade debts	2,929,054	-	2,929,054
Other receivables	55,104	-	55,104
Accrued interest	15,172	-	15,172
Cash and bank balances	2,802,316	-	2,802,316
	8,633,329	27,578,551	36,211,880

	Financial liabilities at amortized cost
	(Rupees in thousand)
Liabilities as per balance sheet	
Long term financing	7,960,588
Liabilities against assets subject to finance lease	66,368
Accrued mark-up	295,054
Short term borrowings	14,468,124
Trade and other payables	3,448,202
	26,238,336

43.4 Offsetting financial assets and financial liabilities

As on balance sheet date, recognized financial instruments are not subject to off setting as there are no enforceable master netting arrangements and similar agreements.

43.5 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent long term financing, and short term borrowings obtained by the Company as referred to in note 5 and note 9 respectively. Total capital employed includes 'total equity' as shown in the balance sheet plus 'borrowings'. The Company's Strategy, which was unchanged from last year, was to maintain a gearing ratio of 60% debt and 40% equity.

		2015	2014
Borrowings	Rupees in thousand	18,889,613	22,495,080
Total equity	Rupees in thousand	76,142,823	68,589,176
Total capital employed	Rupees in thousand	95,032,436	91,084,256
Gearing ratio	Percentage	19.88	24.70

The decrease in the gearing ratio resulted primarily from decrease in borrowings of the Company.

44 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 27 October 2015 by the Board of Directors of the Company.

45 CORRESPONDING FIGURES

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

46 GENERAL

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

Chief Executive Officer **Director**

Consolidated
Financial Statements of

Nishat Mills Limited and its Subsidiaries

for the year ended June 30, 2015

Directors' Report

The Directors are pleased to present their report together with the consolidated financial statements of Nishat Mills Limited ("the Holding Company") and its Subsidiary Companies (together referred to as Group) for the year ended 30 June 2015. The consolidated results comprise of financial statements of Nishat Mills Limited, Nishat Power Limited, Nishat Linen (Private) Limited, Nishat Hospitality (Private) Limited, Nishat USA Inc., Nishat Linen Trading L.L.C, Nishat International FZE, Nishat Global China Company Limited and Nishat UK (Private) Limited. The Holding Company has annexed its consolidated financial statements along with its separate financial statements, in accordance with the requirements of International Financial Reporting Standards and Companies Ordinance 1984. The Directors' Report, giving a commentary on the performance of Nishat Mills Limited for the year ended 30 June 2015 has been presented separately. It includes a brief description of all the subsidiary companies of the Holding Company.

Clarification to Qualifications in Audit Report

In their Report to the Members, Auditors have stated that consolidated financial statements include un-audited figures pertaining to a subsidiary company, Nishat USA Incorporation ("the Subsidiary Company"). The Subsidiary Company is incorporated under the Business Corporation Law of The State of New York. The governing law does not require audit of financial statements of the Subsidiary Company. Hence, we have used un-audited financial statements of the Subsidiary Company to prepare Consolidated Financial Statements.

Auditors have also informed to the members in their report that un-audited financial statements of Nishat Global China Company Limited ("the Chinese subsidiary"), a wholly owned subsidiary of Nishat International FZE which is a wholly owned subsidiary of Nishat Mills Limited, were included in the consolidated financial statements of the Company. As per the laws of China, the financial year of companies ends on 31 December, hence, the financial statements of the Chinese Subsidiary will be audited after the end of its financial year on 31 December 2015. Therefore, we have used un-audited financial statements to prepare consolidated financial statements of Nishat Mills Limited and its subsidiary companies for the year ended June 30, 2015.

The auditors' report to the members draws attention to Note 21.6 to the consolidated financial statement which refers to an amount of Rs. 816.033 million (2014: Rs. 816.041 million) relating to capacity purchase price, included in trade debts of Nishat Power Limited (subsidiary of Nishat Mills Limited), not acknowledged by National Transmission and Dispatch Company Limited (NTDCL) on the grounds that the plant was not fully available for power generation. However, the sole reason of this under-utilization of plant capacity was non-availability of fuel owing to nonpayment by NTDCL, therefore, management believes that Company cannot be penalized in the form of payment deductions due to NTDCL's default of making timely payments under the Power Purchase Agreement (PPA). Hence, the Company had taken up this issue at appropriate forums i.e. referring this matter to the expert as per dispute resolution mechanism envisaged in PPA and proceedings are underway. Based on the advice of the Company's legal counsel, management feels that there are meritorious grounds to support the Company's stance and such amounts are likely to be recovered. Consequently, no provision for the above mentioned amount has been made in these consolidated financial statements.

For and on behalf of the Board of Directors

Mian Umer Mansha
Chief Executive Officer

27 October 2015
Lahore

Auditors' Report to the Members

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Nishat Mills Limited (the Holding Company) and its Subsidiary Companies (together referred to as Group) as at 30 June 2015 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of Nishat Mills Limited and Nishat Linen (Private) Limited. The financial statements of the Subsidiary Companies, Nishat Power Limited, Nishat Hospitality (Private) Limited, Nishat Linen Trading LLC and Nishat International FZE were audited by other firms of auditors, whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included for such Companies, is based solely on the reports of such other auditors. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

The financial statements of Nishat USA, Inc. (Subsidiary Company) and Nishat Global China Company Limited [wholly owned subsidiary of Nishat International FZE (Subsidiary Company)] for the year ended 30 June 2015 were unaudited. Hence, total assets and total liabilities of Rupees 71,096,526 and Rupees 70,200,014 respectively as at 30 June 2015 and net loss of Rupees 3,363,467 for the year ended 30 June 2015 pertaining to the aforesaid Companies have been incorporated in these consolidated financial statements by the management using un-audited financial statements.

In our opinion, except for any adjustments that may have been required due to the un-audited figures in respect of Nishat USA, Inc. and Nishat Global China Company Limited as referred to in above paragraph of the report, the consolidated financial statements present fairly the financial position of Nishat Mills Limited and its Subsidiary Companies as at 30 June 2015 and the results of their operations for the year then ended.

The auditors of Nishat Power Limited (Subsidiary Company) have drawn attention to Note 21.6 to the consolidated financial statements, which describe the matter regarding recoverability of certain trade debts. Their opinion is not qualified in respect of this matter.

Riazahmad & Co

Riaz Ahmad & Company
Chartered Accountants

Name of engagement partner:
Muhammad Atif Mirza

27 October 2015
Lahore

Consolidated Balance Sheet
As at June 30, 2015

	Note	2015	2014
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
1,100,000,000 (2014: 1,100,000,000) ordinary shares of Rupees 10 each		11,000,000	11,000,000
Issued, subscribed and paid-up share capital	3	3,515,999	3,515,999
Reserves	4	78,358,273	79,822,306
Equity attributable to equity holders of the Holding Company		81,874,272	83,338,305
Non-controlling interest		5,689,242	5,073,073
Total equity		87,563,514	88,411,378
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	13,960,150	16,118,393
Long term security deposits	6	169,733	145,483
Retirement benefit obligation		4,894	4,087
Deferred income tax liability	7	103,286	435,748
		14,238,063	16,703,711
CURRENT LIABILITIES			
Trade and other payables	8	5,425,068	6,809,030
Accrued mark-up	9	491,887	695,880
Short term borrowings	10	12,456,306	17,510,155
Current portion of non-current liabilities	11	3,091,154	2,721,375
Provision for taxation		904,170	843,728
		22,368,585	28,580,168
TOTAL LIABILITIES		36,606,648	45,283,879
CONTINGENCIES AND COMMITMENTS	12		
TOTAL EQUITY AND LIABILITIES		124,170,162	133,695,257

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

Um mansha

Chief Executive Officer

	Note	2015	2014
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	38,460,601	37,861,875
Investment properties	14	479,242	386,748
Intangible assets	15	14,678	18,571
Long term investments	16	49,344,345	52,252,042
Long term loans	17	97,123	104,428
Long term deposits	18	99,315	77,770
		88,495,304	90,701,434
CURRENT ASSETS			
Stores, spare parts and loose tools	19	2,010,386	1,881,375
Stock in trade	20	15,183,656	16,029,817
Trade debts	21	11,408,623	13,816,667
Loans and advances	22	2,068,406	1,964,922
Short term deposits and prepayments	23	142,572	116,500
Other receivables	24	2,327,351	1,843,044
Accrued interest	25	11,535	5,431
Short term investments	26	2,189,860	3,227,560
Cash and bank balances	27	332,469	4,108,507
		35,674,858	42,993,823
TOTAL ASSETS		124,170,162	133,695,257

Director

Consolidated Profit and Loss Account

For the year ended June 30, 2015

	Note	2015	2014
		(Rupees in thousand)	
SALES	28	79,437,913	87,081,878
COST OF SALES	29	(66,263,202)	(72,790,722)
GROSS PROFIT		13,174,711	14,291,156
DISTRIBUTION COST	30	(3,752,069)	(3,779,264)
ADMINISTRATIVE EXPENSES	31	(1,633,408)	(1,408,929)
OTHER EXPENSES	32	(294,442)	(372,599)
		(5,679,919)	(5,560,792)
		7,494,792	8,730,364
OTHER INCOME	33	1,884,036	1,547,955
PROFIT FROM OPERATIONS		9,378,828	10,278,319
FINANCE COST	34	(3,196,196)	(3,241,464)
		6,182,632	7,036,855
SHARE OF PROFIT FROM ASSOCIATED COMPANIES	16.2	2,609,403	2,120,006
PROFIT BEFORE TAXATION		8,792,035	9,156,861
TAXATION	35	(519,979)	(507,955)
PROFIT AFTER TAXATION		8,272,056	8,648,906
SHARE OF PROFIT ATTRIBUTABLE TO:			
EQUITY HOLDERS OF HOLDING COMPANY		6,745,246	7,219,768
NON-CONTROLLING INTEREST		1,526,810	1,429,138
		8,272,056	8,648,906
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	36	19.18	20.53

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

Chief Executive Officer

Director

Consolidated Statement of Comprehensive Income

For the year ended June 30, 2015

	2015	2014
	(Rupees in thousand)	
PROFIT AFTER TAXATION	8,272,056	8,648,906
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to profit or loss:		
Remeasurement of retirement benefits	(663)	–
Items that may be reclassified subsequently to profit or loss:		
Surplus / (deficit) arising on remeasurement of available for sale investments	(5,369,103)	6,132,098
Reclassification adjustment for gains included in profit or loss	(3,914)	(6,912)
Share of other comprehensive (loss) / income of associates	(1,669,733)	2,783,480
Exchange differences on translating foreign operations	3,010	(3,989)
Deferred income tax relating to surplus on available for sale investment	237,523	31,419
Other comprehensive (loss) / income for the year - net of tax	(6,802,217)	8,936,096
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	1,469,176	17,585,002
SHARE OF TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
EQUITY HOLDERS OF HOLDING COMPANY	(57,634)	16,155,864
NON-CONTROLLING INTEREST	1,526,810	1,429,138
	1,469,176	17,585,002

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

Chief Executive Officer

Director

Consolidated Cash Flow Statement

For the year ended June 30, 2015

	Note	2015	2014
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	37	12,873,620	6,851,598
Finance cost paid		(3,400,189)	(3,325,406)
Income tax paid		(898,323)	(969,250)
Long term security deposits received		24,250	70,533
Exchange gain on forward exchange contracts received		166,690	102,161
Net increase in retirement benefit obligation		807	2,241
Net decrease / (increase) in long term loans		6,923	(27,740)
Net increase in long term deposits and prepayments		(21,545)	(17,115)
Net cash generated from operating activities		8,752,233	2,687,022
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		126,527	250,663
Proceeds from sale of investment		221,406	910,297
Proceeds from sale of non-current assets held for sale		–	267,407
Dividends received		1,998,683	2,044,683
Investments made		(1,403,103)	(512,490)
Interest received		74,783	53,863
Capital expenditure on property, plant and equipment		(4,106,436)	(10,537,072)
Net cash used in investing activities		(3,088,140)	(7,522,649)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		1,769,727	5,842,759
Repayment of long term financing		(3,491,823)	(3,170,998)
Repayment of liabilities against assets subject to finance lease		(66,368)	(70,224)
Exchange differences on translation of net investments in foreign subsidiaries		3,010	(3,989)
Short term borrowings - net		(5,053,849)	3,112,842
Dividend paid		(2,600,828)	(1,968,380)
Net cash (used in) / from financing activities		(9,440,131)	3,742,010
Net decrease in cash and cash equivalents		(3,776,038)	(1,093,617)
Cash and cash equivalents at the beginning of the year		4,108,507	5,202,124
Cash and cash equivalents at the end of the year		332,469	4,108,507

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

Chief Executive Officer **Director**

Consolidated Statement of Changes in Equity

For the year ended June 30, 2015

	Share capital	Capital reserves: Premium on issue of right shares	Capital reserves: Fair value reserve	Capital reserves: Exchange translation reserve	Capital reserves: Statutory reserve	Capital reserves: Capital redemption reserve fund	Capital reserves: Sub total	Revenue reserves: General reserve	Revenue reserves: Unappropriated profit	Revenue reserves: Sub total	Total reserves	Shareholders' equity	Non-controlling interest	Total equity
	Attributable to equity holders of the holding company													
	(Rupees in thousand)													
Balance as at 30 June 2013	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
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)	–	(1,406,399)
Transferred to general reserve	–	–	–	–	–	–	–	7,127,000	(7,127,000)	–	–	–	–	–
Transaction with owners - Dividend relating to 2013 paid to non-controlling interest	–	–	–	–	–	–	–	–	–	–	–	–	(867,277)	(867,277)
Profit for the year	–	–	–	–	–	–	–	–	7,219,768	7,219,768	7,219,768	7,219,768	1,429,138	8,648,906
Other comprehensive income for the year	–	–	8,940,085	(3,989)	–	–	8,936,096	–	–	–	8,936,096	8,936,096	–	8,936,096
Total comprehensive income for the year	–	–	8,940,085	(3,989)	–	–	8,936,096	–	7,219,768	7,219,768	16,155,864	16,155,864	1,429,138	17,585,002
Balance as at 30 June 2014	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)	–	(1,406,399)
Transferred to general reserve	–	–	–	–	–	–	–	5,813,000	(5,813,000)	–	–	–	–	–
Transferred to statutory reserve	-	-	-	-	35	-	35	-	(35)	(35)	–	–	–	–
Transaction with owners - Dividend relating to 2014 paid to non-controlling interest	–	–	–	–	–	–	–	–	–	–	–	–	(910,641)	(910,641)
Profit for the year	–	–	–	–	–	–	–	–	6,745,246	6,745,246	6,745,246	6,745,246	1,526,810	8,272,056
Other comprehensive loss for the year	–	–	(6,805,890)	3,010	–	–	(6,802,880)	–	–	–	(6,802,880)	(6,802,880)	–	(6,802,880)
Total comprehensive income for the year	–	–	(6,805,890)	3,010	–	–	(6,802,880)	–	6,745,246	6,745,246	(57,634)	(57,634)	1,526,810	1,469,176
Balance as at 30 June 2015	3,515,999	5,499,530	19,017,533	(11,006)	35	111,002	24,617,094	46,849,882	6,891,297	53,741,179	78,358,273	81,874,272	5,689,242	87,563,514

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

Chief Executive Officer

Director

1 THE GROUP AND ITS OPERATIONS

The Group consists of:

Holding Company

- Nishat Mills Limited

Subsidiary Companies

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

NISHAT 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 7- Main, Gulberg Lahore. The principal objects of the Company are to operate retail outlets for sale of textile and other products and to sale the textile products by processing the textile goods in own and outside manufacturing facility.

NISHAT HOSPITALITY (PRIVATE) LIMITED

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

NISHAT USA, INC.

Nishat USA, Inc. is a foreign subsidiary incorporated under the Business Corporation Laws of the State of New York. The registered office of Nishat USA, Inc. is situated at 676 Broadway, New York, NY 10012, U.S.A. The principal business of the 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 Jebel Ali Free Zone Authority. Nishat International FZE is a wholly 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, Jebel Ali Free Zone, Dubai. The principal business of the Company is trading in textile and related products.

NISHAT GLOBAL CHINA COMPANY LIMITED

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

NISHAT UK (PRIVATE) LIMITED

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated:

2.1 Basis of preparation

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, 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.

b) Accounting convention

These consolidated financial statements have been prepared under the historical cost convention except for the certain financial instruments carried at fair value.

c) Critical accounting estimates and judgments

The preparation of these consolidated financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the consolidated financial statements or where judgments were exercised in application of accounting policies are as follows:

Financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques based on assumptions that are dependent on conditions existing at balance sheet date.

Useful lives, patterns of economic benefits and impairments

Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management. Further, the Group reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.

Inventories

Net realizable value of inventories is determined with reference to currently prevailing selling prices less estimated expenditure to make sales.

Taxation

In making the estimates for income tax currently payable, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

Provision for doubtful debts

The Group reviews its receivable against any provision required for any doubtful balances on an ongoing basis. The provision is made while taking into consideration expected recoveries, if any.

Impairment of investments in equity method accounted for associated companies

In making an estimate of recoverable amount of the Group's investments in equity method accounted associated companies, the management considers future cash flows.

d) Amendments to published approved standards and interpretation that are effective in current year and are relevant to the Group

The following amendments to published approved standards are mandatory for the Group's accounting periods beginning on or after 01 July 2014:

IAS 32 (Amendments) 'Financial Instruments: Presentation' (effective for annual periods beginning on or after 01 January 2014). Amendments have been made to clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas: the meaning of 'currently has a legally enforceable right of set-off'; the application of simultaneous realization and settlement; the offsetting of collateral amounts and the unit of account for applying the offsetting requirements.

IAS 36 (Amendments) 'Impairment of Assets' (effective for annual periods beginning on or after 01 January 2014). Amendments have been made in IAS 36 to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.

IFRIC 21 'Levies' (effective for annual periods beginning on or after 01 January 2014). The interpretation provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' and those where the timing and amount of the levy is certain. The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation.

On 12 December 2013, IASB issued Annual Improvements to IFRSs: 2010 – 2012 Cycle, incorporating amendments to seven IFRSs more specifically in IFRS 8 'Operating Segments' and IAS 24 'Related Party Disclosures', which are considered relevant to the Group's financial statements. These amendments are effective for annual periods beginning on or after 01 July 2014. The amendments to IFRS 8 require an entity to disclose the judgments made by the management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'. Further, the amendment to IFRS 8 clarifies that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker. The amendments to IAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity must disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

e) Amendments to published approved standards that are effective in current year but not relevant to the Group

There are other amendments to the published approved standards that are mandatory for accounting periods beginning on or after 01 July 2014 but are considered not to be relevant or do not have any significant impact on the Group's consolidated financial statements and are therefore not detailed in these consolidated financial statements.

f) Standards and amendments to published standards that are not yet effective but relevant to the Group

Following standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 01 July 2015 or later periods:

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 January 2018). A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 'Financial Instruments: Recognition and Measurement'. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized. It introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39. The management of the Group is in the process of evaluating the impacts of the aforesaid standard on the Group's consolidated financial statements.

IFRS 10 'Consolidated Financial Statements' (effective for annual periods beginning on or after 01 January 2015). Concurrent with the issuance of IFRS 10, the IASB has also issued IFRS 11 'Joint Arrangements', IFRS 12 'Disclosure of Interests in Other Entities', IAS 27 (revised 2011) 'Consolidated and Separate Financial Statements' and IAS 28 (revised 2011) 'Investments in Associates'. The objective of IFRS 10 is to have a single basis for consolidation for all entities, regardless of the nature of the investee, and that basis is control. The definition of control includes three elements: power over an investee, exposure or rights to variable returns of the investee and the ability to use power over the investee to affect the investor's returns. IFRS 10 replaces those parts of IAS 27 'Consolidated and Separate Financial Statements' that address when and how an investor should prepare consolidated financial statements and replaces Standing Interpretations Committee (SIC) 12 'Consolidation – Special Purpose Entities' in its entirety. The management of the Group is in the process of evaluating the impacts of the aforesaid standard on the Group's consolidated financial statements.

IFRS 12 'Disclosures of Interests in Other Entities' (effective for annual periods beginning on or after 01 January 2015). This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles. This standard is not expected to have a material impact on the Group's consolidated financial statements.

IFRS 13 'Fair Value Measurement' (effective for annual periods beginning on or after 01 January 2015). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. This standard is not expected to have a material impact on the Group's consolidated financial statements.

Amendments to IFRS 10, IFRS 11 and IFRS 12 (effective for annual periods beginning on or after 01 January 2015) provide additional transition relief in by limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Also, amendments to IFRS 12 eliminate the requirement to provide comparative information for periods prior to the immediately preceding period.

Amendments to IFRS 10 and IAS 28 (effective for annual periods beginning on or after 01 January 2016) to clarify the treatment of the sale or contribution of assets from an investor to its associates or joint venture, as follows: require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 'Business Combinations'); require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture. These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occur by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves. The management of the Group is in the process of evaluating the impacts of the aforesaid amendments on the Group's consolidated financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 27 (effective for annual periods beginning on or after 01 January 2015) provide 'investment entities' an exemption from the consolidation of particular subsidiaries and instead require that: an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss; requires additional disclosures; and require an investment entity to account for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements. The management of the Group is in the process of evaluating the impacts of the aforesaid amendments on the Group's consolidated financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 28 (effective for annual periods beginning on or after 01 January 2016) to address issues that have arisen in the context of applying the consolidation exception for investment entities by clarifying the following points: the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value; a subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity; when applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries; and an investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12. The management of the Group is in the process of evaluating the impacts of the aforesaid amendments on the Group's consolidated financial statements.

IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 January 2017). IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are: identify the contract with the customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contracts; and recognise revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The management of the Group is in the process of evaluating the impacts of the aforesaid standard on the Group's consolidated financial statements.

IAS 1 (Amendments) 'Presentation of Financial Statements' (effective for annual periods beginning on or after 01 January 2016). Amendments have been made to address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes: clarification that information should not be obscured by aggregating or by providing immaterial information, materiality consideration apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality consideration do apply; clarification that the list of the line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of other comprehensive income of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss; and additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in IAS 1. However, the amendments are not expected to have a material impact on the Group's consolidated financial statements.

IAS 16 (Amendments) 'Property, Plant and Equipment' (effective for annual periods beginning on or after 01 January 2016). The amendments clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment; and add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset. However, the amendments are not expected to have a material impact on the Group's consolidated financial statements.

IAS 27 (Amendments) 'Separate Financial Statements' (effective for annual periods beginning on or after 01 January 2016). The amendments have been made to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements. The management of the Group is in the process of evaluating the impacts of the aforesaid amendments on the Group's consolidated financial statements.

g) Standard and amendments to published standards that are not yet effective and not considered relevant to the Group

There are other standard and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2015 but are considered not to be relevant or do not have any significant impact on the Group's consolidated financial statements and are therefore not detailed in these consolidated financial statements.

h) Exemption from applicability of IFRIC 4 'Determining whether an Arrangement contains a Lease'

SECP through SRO 24(I)/2012 dated 16 January 2012, has exempted the application of International Financial Reporting Interpretations Committee (IFRIC) 4 'Determining whether an Arrangement contains a Lease' to all companies. However, the SECP made it mandatory to disclose the impact of the application of IFRIC 4 on the results of the companies. This interpretation provides guidance on determining whether arrangements that do not take the legal form of a lease should, nonetheless, be accounted for as a lease in accordance with IAS 17 'Leases'.

Consequently, the Subsidiary Company is not required to account for a portion of its Power Purchase Agreement (PPA) with National Transmission and Dispatch Company Limited (NTDCL) as a lease under IAS 17 'Leases'. If the Subsidiary Company were to follow IFRIC 4 and IAS 17, the effect on these consolidated financial statements would be as follows:

	2015	2014
	(Rupees in thousand)	
De-recognition of property, plant and equipment	(12,176,596)	(13,168,838)
Recognition of lease debtor	12,683,125	13,645,903
Increase in un-appropriated profit at the beginning of the year	477,065	831,800
Increase / (Decrease) in profit for the year	29,464	(354,735)
Increase in un-appropriated profit at the end of the year	506,529	477,065

2.2 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 financial statements of the Subsidiary Companies are included in the consolidated financial statements from the date control commences until the date that control ceases.

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

Intragroup balances and transactions have been eliminated.

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

b) Associates

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

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

c) Translation of the financial statements of foreign subsidiary

The financial statements of foreign subsidiaries of which the functional currency is different from that used in preparing the Group's consolidated financial statements are translated in functional currency of the Group. Balance sheet items are translated at the exchange rate at the balance sheet date and profit and loss account items are converted at the average rate for the period. Any resulting translation differences are recognized under exchange translation reserve in consolidated reserves.

2.3 Employee benefit

The Group operates an approved funded provident fund scheme covering all permanent employees. Equal monthly contributions are made both by the employer and employees to the fund. The employer's contributions to the fund are charged to consolidated profit and loss account.

2.4 Taxation

Current

Holding Company

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Subsidiary Companies

The profits and gains of Nishat Power Limited - Subsidiary Company derived from electric power generation are exempt from tax in terms of Clause (132) of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the conditions and limitations provided therein. Under Clause 11(v) of Part IV of the Second Schedule to the Income Tax Ordinance, 2001, the Subsidiary Company is also exempt from levy of minimum tax on 'turnover' under section 113 of the Income Tax Ordinance, 2001. However, full provision is made in the profit and loss account on income from sources not covered under the above clauses at current rates of taxation after taking into account, tax credits and rebates available, if any.

Provision for current tax of Nishat Linen (Private) Limited – Subsidiary Company and Nishat Hospitality (Private) Limited – Subsidiary Company is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted.

Provision for income tax on the income of foreign subsidiary - Nishat USA, Inc. is computed in accordance with the tax legislation in force in the country where the income is taxable.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the consolidated profit and loss account, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

Nishat Power Limited - Subsidiary Company has not made provision for deferred tax as the Subsidiary Company's management believes that the temporary differences will not reverse in the foreseeable future due to the fact that the profits and gains of the Company derived from electric power generation are exempt from tax subject to the conditions and limitations provided for in terms of Clause 132 of Part I of the Second Schedule to the Income Tax Ordinance, 2001.

2.5 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets acquired. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Any impairment is recognized immediately through the consolidated profit and loss account and is not subsequently reversed.

Negative goodwill is recognized directly in consolidated profit and loss account in the year of acquisition.

2.6 Foreign currencies

These consolidated financial statements are presented in Pak Rupees, which is the Group's functional currency. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date, while the transactions in foreign currencies (except the results of foreign operation which are translated to Pak Rupees at the average rate of exchange for the year) during the year are initially recorded in functional currency at the rates of exchange prevailing at the transaction date. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. Exchange gains and losses are recorded in the consolidated profit and loss account.

2.7 Property, plant, equipment and depreciation

Property, plant and equipment except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable costs of bringing the asset to working condition. Freehold land and capital work-in-progress are stated at cost less any recognized impairment loss.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to consolidated profit and loss account during the period in which they are incurred. Major spare parts and stand-by equipment qualify as property, plant and equipment when an entity expects to use them for more than one year. Transfers are made to relevant operating fixed assets category as and when such items are available for use.

Leased

Leases where the Group has substantially all the risk and rewards of ownership are classified as finance lease. Assets subject to finance lease are capitalized at the commencement of the lease term at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets, each determined at the inception of the lease.

The related rental obligation net of finance cost is included in liabilities against assets subject to finance lease. The liabilities are classified as current and long term depending upon the timing of payments.

Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The finance cost is charged to consolidated profit and loss account over the lease term.

Depreciation of assets subject to finance lease is recognized in the same manner as for owned assets. Depreciation of the leased assets is charged to consolidated profit and loss account.

Depreciation

Depreciation on property, plant and equipment is charged to consolidated profit and loss account applying the reducing balance method, except in case of Nishat Power Limited and Nishat Linen Trading LLC (Subsidiary Companies), where this accounting estimate is based on straight line method, so as to write off the cost / depreciable amount of the assets over their estimated useful lives at the rates given in Note 13.1. The depreciation is charged on additions from the date when the asset is available for use and on deletions upto the date when the asset is de-recognized. The residual values and useful lives are reviewed by the management, at each financial year end and adjusted if impact on depreciation is significant.

De-recognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the consolidated profit and loss account in the year the asset is de-recognized.

2.8 Investment properties

Land and buildings held for capital appreciation or to earn rental income are classified as investment properties. Investment properties except land, are stated at cost less accumulated depreciation and any recognized impairment loss. Land is stated at cost less any recognized impairment loss (if any). Depreciation is charged to consolidated profit and loss account applying the reducing balance method so as to write off the cost of buildings over its estimated useful lives at a rate of 10% per annum.

2.9 Intangible assets

Amortization on additions to intangible assets is charged from the date when the asset is acquired or capitalized upto the date when the asset is de-recognized.

2.10 Leases

The Group Companies are the lessee:

a) Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to consolidated profit and loss account on a straight line basis over the lease term.

2.11 Investments

Classification of an investment is made on the basis of intended purpose for holding such investment. Management determines the appropriate classification of its investments at the time of purchase and re-evaluates such designation on regular basis.

Investments are initially measured at fair value plus transaction costs directly attributable to acquisition, except for “Investment at fair value through profit or loss” which is measured initially at fair value.

The Group assesses at the end of each reporting period whether there is any objective evidence that investments are impaired. If any such evidence exists, the provisions of IAS 39 ‘Financial Instruments: Recognition and Measurement’ are applicable to all investments.

a) Investment at fair value through profit or loss

Investments classified as held-for-trading and those designated as such are included in this category. Investments are classified as held-for-trading if these are acquired for the purpose of selling in the short term. Gains or losses on investments held-for-trading are recognized in consolidated profit and loss account.

b) Held-to-maturity

Investments with fixed or determinable payments and fixed maturity are classified as held-to-maturity when there is positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments that are intended to be held to maturity are subsequently measured at amortized cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization, using the effective interest method, of any difference between the initially recognized amount and the maturity amount. For investments carried at amortized cost, gains and losses are recognized in consolidated profit and loss account when the investments are de-recognized or impaired, as well as through the amortization process.

c) Available-for-sale

Investments intended to be held for an indefinite period of time, which may be sold in response to need for liquidity, or changes to interest rates or equity prices are classified as available-for-sale. After initial recognition, investments which are classified as available-for-sale are measured at fair value. Gains or losses on available-for-sale investments are recognized directly in consolidated statement of other comprehensive income until the investment is sold, de-recognized or is determined to be impaired, at which time the cumulative gain or loss previously reported in consolidated statement of other comprehensive income is included in consolidated profit and loss account. These are sub-categorized as under:

Quoted

For investments that are actively traded in organized capital markets, fair value is determined with reference to stock exchange quoted market bids at the close of business on the balance sheet date.

Unquoted

Fair value of unquoted investments is determined on the basis of appropriate valuation techniques as allowed by IAS 39 ‘Financial Instruments: Recognition and Measurement’.

2.12 Inventories

Inventories, except for stock in transit and waste stock / rags are stated at lower of cost and net realizable value. Cost is determined as follows:

Stores, spare parts and loose tools

Useable stores, spare parts and loose tools are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

Stock-in-trade

Cost of raw material, work-in-process and finished goods is determined as follows:

i) For raw materials:	Annual average basis.
ii) For work-in-process and finished goods:	Average manufacturing cost including a portion of production overheads.

Materials in transit are valued at cost comprising invoice value plus other charges paid thereon. Waste stock / rags are valued at net realizable value.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make a sale.

2.13 Trade and other receivables

Trade debts and other receivables are carried at original invoice value less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

2.14 Non–current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

2.15 Borrowings

Borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the consolidated profit and loss account over the period of the borrowings using the effective interest method.

2.16 Borrowing cost

Interest, mark-up and other charges on finances are capitalized up to the date of commissioning of respective qualifying assets acquired out of the proceeds of such finances. All other interest, mark-up and other charges are recognized in consolidated profit and loss account.

2.17 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction, net of tax, if any.

2.18 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost.

2.19 Revenue recognition

Revenue from different sources is recognized as under:

– Revenue from sale of goods is recognized on dispatch of goods to customers.

– Revenue on account of energy is recognized at the time of transmission whereas on account of capacity is recognized when due.

– The share of profits or losses of the associated companies after tax is included in the consolidated profit and loss account to recognize the post acquisition changes in the share of the net assets of the investees. Dividend from associated companies is recognized as reduction in cost of investments as prescribed by International Accounting Standard (IAS) 28 'Investments in Associates'.

– Dividend on other equity investments is recognized when right to receive the dividend is established.

– Operating lease rentals are recorded in profit and loss account on a time proportion basis over the term of the lease arrangements.

- Profit on deposits with banks is recognized on time proportion basis taking into account the amounts outstanding and rates applicable thereon.

- Revenue from hotel business is generally recognized as services are performed. Hotel revenue primarily represents room rentals and other minor hotel revenues.

2.20 Financial instruments

Financial instruments carried on the balance sheet include investments, deposits, trade debts, loans and advances, other receivables, cash and bank balances, long-term financing, short-term borrowings, accrued mark-up and trade and other payables etc. Financial assets and liabilities are recognized when the Group becomes a party to the contractual provisions of instrument. Initial recognition is made at fair value plus transaction costs directly attributable to acquisition, except for "financial instruments at fair value through profit or loss" which is initially measured at fair value.

Financial assets are de-recognized when the Group loses control of the contractual rights that comprise the financial asset. The Group loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Group surrenders those rights. Financial liabilities are de-recognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement (except available for sale investments) and de-recognition is charged to the consolidated profit or loss currently. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item and in the accounting policy of investments.

2.21 Provisions

Provisions are recognized when the Group has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount can be made.

2.22 Impairment

a) Financial assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated with reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

b) Non-financial assets

The carrying amounts of the non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in consolidated profit and loss account. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in consolidated profit and loss account.

2.23 Derivative financial instruments

Derivative that do not qualify for hedge accounting are recognized in the consolidated balance sheet at estimated fair value with corresponding effect to consolidated profit and loss account. Derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

2.24 Off setting

Financial assets and financial liabilities are set off and the net amount is reported in the consolidated financial statements when there is a legal enforceable right to set off and the management intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

2.25 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

2.26 Segment reporting

Segment reporting is based on the operating (business) segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Group's chief operating decision makers to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the chief operating decision makers include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those incomes, expenses, assets, liabilities and other balances which can not be allocated to a particular segment on a reasonable basis are reported as unallocated.

The Group has six reportable business segments. Spinning (Producing different quality of yarn using natural and artificial fibres), Weaving (Producing different quality of greige fabric using yarn), Processing and Home Textile (Processing greige fabric for production of printed and dyed fabric and manufacturing of home textile articles), Garments (Manufacturing garments using processed fabric), Power Generation (Generating, transmitting and distributing power) and Hotel (Business of hotel and allied services).

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

2.27 Dividend and other appropriations

Dividend distribution to the shareholders is recognized as a liability in the consolidated financial statements in the periods in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

3 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2015	2014		2015	2014
(Number of shares)			(Rupees in thousand)	
256,772,316	256,772,316	Ordinary shares of Rupees 10 each fully paid up in cash	2,567,723	2,567,723
2,804,079	2,804,079	Ordinary shares of Rupees 10 each issued to shareholders of Nishat Apparel Limited under the Scheme of Amalgamation	28,041	28,041
37,252,280	37,252,280	Ordinary shares of Rupees 10 each issued as fully paid for consideration other than cash	372,523	372,523
54,771,173	54,771,173	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	547,712	547,712
351,599,848	351,599,848		3,515,999	3,515,999

	2015	2014
	(Number of shares)	
3.1 Ordinary shares of the Holding Company held by the associated companies:		
D.G. Khan Cement Company Limited	30,289,501	30,289,501
Adamjee Insurance Company Limited	1,258,650	1,258,650
MCB Bank Limited	227	227
	31,548,378	31,548,378

4 RESERVES

	Note	2015	2014
		(Rupees in thousand)	
Composition of reserves is as follows:			
Capital			
Premium on issue of right shares		5,499,530	5,499,530
Fair value reserve - net of deferred tax	4.1	19,017,533	25,823,423
Exchange translation reserve		(11,006)	(14,016)
Statutory reserve		35	–
Capital redemption reserve fund		111,002	111,002
		24,617,094	31,419,939
Revenue			
General		46,849,882	41,036,882
Unappropriated profit		6,891,297	7,365,485
		53,741,179	48,402,367
		78,358,273	79,822,306

4.1 This represents the unrealized gain on re-measurement of available for sale investments at fair value and is not available for distribution. This will be transferred to consolidated profit and loss account on realization. Reconciliation of fair value reserve net off deferred tax is as under:

	2015	2014
Balance as on 01 July	26,291,419	17,382,753
Fair value adjustment during the year	(5,369,103)	6,132,098
Reclassification adjustment for gains included in profit or loss	(3,914)	(6,912)
Share of fair value reserve of associates	(1,670,396)	2,783,480
	19,248,006	26,291,419
Less: Deferred tax liability on unquoted equity investment	(230,473)	(467,996)
Balance as on 30 June	19,017,533	25,823,423

		Note	2015	2014
			(Rupees in thousand)	
5	**LONG TERM FINANCING**			
	From banking companies - secured			
	Long term loans	5.1	12,372,891	14,934,729
	Long term musharika	5.2	4,675,357	3,832,491
	Motor vehicles' loans	5.3 and 5.4	3,056	6,180
			17,051,304	18,773,400
	Less: Current portion shown under current liabilities	11	3,091,154	2,655,007
			13,960,150	16,118,393

Lender	2015	2014	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
	(Rupees in thousand)						
5.1 Long term loans							
Nishat Mills Limited - Holding Company							
Allied Bank Limited:							
Refinanced by SBP under scheme of LTFF	135,617	610,796	SBP rate for LTFF + 0.50%	One hundred and Twelve unequal instalments commenced on 27 June 2014 and ending on 26 May 2021.	–	Quarterly	First pari passu hypothecation charge of Rupees 1,334 million over all present and future plant, machinery and equipment of the Company (excluding plant and machinery in respect of which the Company has already created exclusive charges in the favour of its existing creditors).
Loan provided by the bank from own sources	321,212	385,454	3 Month offer KIBOR + 0.50%	Twenty four equal quarterly instalments commenced on 24 August 2014 and ending on 24 May 2020.	Quarterly	Quarterly	
	456,829	996,250					
Saudi Pak Industrial & Agricultural Investment Company Limited	–	180,434	SBP rate for LTFF + 2.50%	Ten unequal instalments commenced on 05 July 2012 and ended on 14 July 2014.	–	Quarterly	First pari passu hypothecation charge with 25% margin over all present and future plant and machinery of the Company (net of exclusive hypothecation charge on specific plant and machinery).
Bank Alfalah Limited:							
Loan provided by the bank from own sources	672,735	896,979	3 Month offer KIBOR + 0.50%	Sixteen equal quarterly instalments commenced on 17 August 2014 and ending on 17 May 2018.	Quarterly	Quarterly	First pari passu charge of Rupees 1,334 million on all present and future plant and machinery (excluding plant and machinery in respect of which the Company has already created exclusive charges in the favour of existing creditors).
Refinanced by SBP under scheme of LTFF	77,266	103,021	SBP rate for LTFF + 0.50%	Sixteen equal quarterly instalments commenced on 17 August 2014 and ending on 17 May 2018.	–	Quarterly	
	750,001	1,000,000					
Habib Bank Limited	–	500,000	3 Month offer KIBOR + 0.50%	Two equal semi annual instalments commenced on 28 August 2014 and ended on 02 March 2015.	Quarterly	Quarterly	First pari passu hypothecation charge of Rupees 2,000 million on plant and machinery of the Company excluding specific and exclusive charges.
The Bank of Punjab	277,778	388,888	3 Month offer KIBOR + 0.50%	Eighteen equal quarterly instalments commenced on 18 September 2013 and ending on 18 December 2017.	Quarterly	Quarterly	First pari passu charge of Rupees 667 million over all present and future fixed assets of the Company excluding land and building.
The Bank of Punjab	92,607	216,083	3 Month offer KIBOR + 0.50%	Sixteen equal quarterly instalments commenced on 04 April 2012 and ending on 04 January 2016.	Quarterly	Quarterly	First pari passu charge of Rupees 667 million on all present and future fixed assets of the Company excluding land and building.
Pak Brunei Investment Company Limited	–	177,782	SBP rate for LTFF + 1.60%	Five unequal instalments commenced on 20 February 2014 and ended on 21 August 2014..	–	Quarterly	First pari passu hypothecation charge of Rupees 267 million over all present and future plant and machinery of the Company with 25% margin.
Pak Brunei Investment Company Limited	–	117,615	SBP rate for LTFF + 2.25%	Eight instalments commenced on 19 July 2011 and ended on 06 August 2014.	–	Quarterly	First pari passu charge of Rupees 323 million over all the present and future plant and machinery of the Company excluding those assets (part of the plant and machinery) on which the Company has created exclusive charges.
Pak Brunei Investment Company Limited	300,000	–	SBP rate for LTFF + 0.85%	Twenty unequal instalments commencing on 24 October 2015 and ending on 24 July 2020.	–	Quarterly	First pari passu charge of Rupees 400 million over all the present and future plant and machinery of the Company with 25% margin excluding those assets (part of the plant and machinery) on which the Company has created exclusive charges in favour of existing creditors.

Lender	2015	2014	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
	(Rupees in thousand)						
Samba Bank Limited	–	19,680	SBP rate for LTFF + 2.50%	Eight equal half yearly instalments commenced on 27 July 2011 and ended on 27 January 2015.	–	Quarterly	First pari passu hypothecation charge of Rupees 667 million with 25% margin on all present and future plant and machinery of the Company (excluding land and building and any other fixed assets under exclusive charge of any other bank).
Silk Bank Limited	–	12,774	SBP rate for LTFF + 2.50%	Sixteen equal quarterly instalments commenced on 30 March 2011 and ended on 31 December 2014.	–	Quarterly	First pari passu charge of Rupees 135 million on plant and machinery of the Company (excluding those assets on which the Company has provided first exclusive charge to its various lenders).
Faysal Bank Limited	–	100,225	SBP rate for LTFF + 1.50%	Forty one unequal instalments commenced on 29 September 2012 and ended on 13 August 2014.	–	Quarterly	First joint pari passu charge of Rupees 400 million on all present and future plant and machinery of the Company (excluding those on which charge has already been created).
Faysal Bank Limited	199,999	–	SBP rate for LTFF + 0.75%	Thirty unequal instalments commencing on 13 February 2016 and ending on 06 December 2020.	–	Quarterly	First pari passu charge of Rupees 267 million on all present and future plant and machinery of the Company (excluding those on which charge has already been created).
Standard Chartered Bank (Pakistan) Limited	–	75,000	SBP rate for LTFF + 1.50%	Fifteen unequal instalments commenced on 12 September 2012 and ended on 12 September 2014.	–	Quarterly	First pari passu charge of Rupees 334 million on all present and future plant and machinery of the Company.
Allied Bank Limited	299,999	43,366	SBP rate for LTFF + 0.50%	Eighty unequal instalments commencing on 26 September 2015 and ending on 08 September 2019.	–	Quarterly	First pari passu charge of Rupees 400 million on all present and future plant and machinery of the Company with 25% margin.
Bank Alfalah Limited	300,000	300,000	3 Month offer KIBOR + 0.50%	Sixteen equal quarterly instalments commencing on 17 July 2015 and ending on 17 April 2019.	Quarterly	Quarterly	First pari passu charge of Rupees 400 million on all present and future plant and machinery of the Company with 25% margin.
Pak Kuwait Investment Company (Private) Limited	12,900	–	SBP rate for LTFF + 1%	Twenty equal quarterly instalments commencing on 11 June 2016 and ending on 11 March 2021	–	Quarterly	Ranking hypothecation charge of Rupees 400 million on all present and future plant and machinery of the Company with 25% margin (to be upgraded to first pari passu charge within 120 days from date of first drawdown).
	2,690,113	4,128,097					
Nishat Power Limited - Subsidiary Company							
Consortium of banks (Note 5.1.1)	9,682,778	10,806,632	3 Month KIBOR + 3.00%	Twenty one quarterly instalments ending on 01 July 2020.	Quarterly	Quarterly	First joint pari passu charge on immovable property, mortgage of project receivables, hypothecation of all present and future assets and all properties of Nishat Power Limited - Subsidiary Company (excluding the mortgaged immovable property), lien over project bank accounts and pledge of shares of the Holding Company in Nishat Power Limited.
	9,682,778	10,806,632					
	12,372,891	14,934,729					

5.1.1 This represents long term financing obtained by Nishat Power Limited - Subsidiary Company from a consortium of five banks led by Habib Bank Limited (agent bank) and includes National Bank of Pakistan, Allied Bank Limited, United Bank Limited and Faysal Bank Limited. The portion of long term financing from Faysal Bank Limited is on murabaha basis. The effective mark-up rate charged during the year ranges from 10.99% to 13.18% (2014: 12.31% to 14.99%) per annum.

Lender	2015	2014	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
	(Rupees in thousand)						
5.2 Long term musharika - Nishat Mills Limited - Holding Company							
Meezan Bank Limited	112,500	187,500	3 Month offer KIBOR + 0.50%	Sixteen equal quarterly instalments commenced on 14 March 2013 and ending on 14 December 2016.	Quarterly	Quarterly	First exclusive charge of Rupees 400 million over specific plant and machinery of the Company.
Dubai Islamic Bank Pakistan Limited	742,857	800,000	3 Month offer KIBOR + 0.40%	Fourteen equal quarterly instalments commenced on 03 June 2015 and ending on 03 September 2018.	Quarterly	Quarterly	First pari passu hypothecation charge of Rupees 1,067 million on all present and future fixed assets (excluding land and building) of the Company including but not limited to plant and machinery, furniture and fixtures, accessories etc. (excluding plant and machinery in respect of which the Company has already created exclusive charges in favour of existing charge holders).
Habib Bank Limited	999,991	999,991	3 Month offer KIBOR + 0.35%	Forty two unequal instalments commencing on 28 August 2015 and ending on 04 May 2019.	Quarterly	Quarterly	First pari passu hypothecation charge of Rupees 2,000 million on plant and machinery of the Company excluding specific and exclusive charges.
Habib Bank Limited	1,000,009	-	3 Month offer KIBOR + 0.35%	Fifty six unequal instalments commencing on 19 May 2016 and ending on 01 June 2020.	Quarterly	Quarterly	First pari passu charge of Rupees 1,333 million on plant and machinery of the Company (excluding specific and exclusive charges in favour of existing creditors)
Meezan Bank Limited	375,000	400,000	3 Month offer KIBOR + 0.50%	Sixteen equal quarterly instalments commenced on 17 June 2015 and ending on 17 March 2019.	Quarterly	Quarterly	Exclusive hypothecation charge of Rupees 533 million over specific assets of the Company with 25% margin.
Meezan Bank Limited	445,000	445,000	3 Month offer KIBOR + 0.50%	Sixteen equal quarterly instalments commencing on 17 July 2015 and ending on 17 April 2019.	Quarterly	Quarterly	Exclusive hypothecation charge of Rupees 594 million over specific assets of the Company with 25% margin.
Standard Chartered Bank (Pakistan) Limited	1,000,000	1,000,000	3 Month offer KIBOR + 0.20%	Sixteen equal quarterly instalments commencing on 27 September 2015 and ending on 27 June 2019.	Quarterly	Quarterly	Specific charge of Rupees 1,334 million over fixed assets of the Company inclusive of 25% margin.
	4,675,357	3,832,491					

5.3 Loan obtained by Nishat Linen Trading LLC - Subsidiary Company from a bank for purchase of a vehicle at an interest rate of 8.72% per annum repayable in 60 monthly instalments. The loan is secured against an undated cheque of AED 101,351.

5.4 Loan obtained by Nishat International FZE - Subsidiary Company from a bank for purchase of a vehicle at an interest rate of 6.57% per annum repayable in 48 monthly instalments. The loan is secured against an undated cheque of AED 106,704.

6 LONG TERM SECURITY DEPOSIT

These represent long term security deposits received by Nishat Linen (Private) Limited - Subsidiary Company.

	Note	2015	2014
		(Rupees in thousand)	
7 DEFERRED INCOME TAX			
The liability for deferred taxation originated due to temporary difference relating to:			
Taxable temporary difference on:			
Unquoted equity investment		230,473	467,996
Accelerated tax depreciation	7.2	116,064	144,288
		346,537	612,284
Deductible temporary difference on:			
Turnover tax carried forward	7.2	(68,819)	(16,212)
Unabsorbed tax losses and tax credits	7.3	(174,432)	(160,324)
		(243,251)	(176,536)
		103,286	435,748

7.1 Provision for deferred tax on other temporary differences of the Holding Company was not considered necessary as it is chargeable to tax under section 169 of the Income Tax Ordinance, 2001. Temporary differences of Nishat Power Limited - Subsidiary Company are not expected to reverse in the foreseeable future due to the fact that the profits and gains derived from electric power generation are exempt from tax. Nishat Hospitality (Private) Limited - Subsidiary Company has not recognised deferred tax assets of Rupees 8.975 million (2014: Rupees 18.176 million) in respect of business losses and Rupees 2.926 million (2014 : Rupees 0.269 million) in respect of minimum tax paid and available for carry forward under section 113 of Income Tax Ordinance, 2001, as sufficient tax profit would not be available to set these of in the foreseeable future.

7.2 It relates to Nishat Hospitality (Private) Limited and Nishat Linen (Private) Limited - Subsidiary Companies.

7.3 These relate to Nishat Hospitality (Private) Limited - Subsidiary Company.

	Note	2015	2014
		(Rupees in thousand)	
8 TRADE AND OTHER PAYABLES			
Creditors	8.1	3,301,265	4,514,474
Accrued liabilities		799,611	664,220
Advances from customers		413,109	368,427
Securities from contractors - Interest free and repayable on completion of contracts		12,175	11,078
Retention money payable		71,159	75,128
Income tax deducted at source		1,132	24,482
Dividend payable		71,808	355,596
Payable to employees provident fund trust		6,092	9,182
Fair value of forward exchange contracts		5,920	–
Workers' profit participation fund	8.2	414,596	462,259
Workers' welfare fund		328,201	324,184
		5,425,068	6,809,030

8.1 This includes amounts due to following related parties:

	2015	2014
D.G. Khan Cement Company Limited - associated company	4,350	11,019
Security General Insurance Company Limited - associated company	8,415	8,009
Adamjee Insurance Company Limited - associated company	37,165	31,498
Adamjee Life Assurance Company Limited - associated company	665	–
Nishat (Chunian) Limited - related party	11,254	22,089
Nishat (Aziz Avenue) Hotels and Properties Limited - associated company	3,115	3,115
	64,964	75,730

8.2 Workers' profit participation fund

	Note	2015	2014
Balance as on 01 July		462,259	507,280
Add: Provision for the year		396,873	455,947
Interest for the year	34	13,058	4,426
		872,190	967,653
Less: Payments during the year		457,594	505,394
		414,596	462,259

8.2.1 Workers' profit participation fund is retained for business operations till the date of allocation to workers. Interest is paid at prescribed rate under the Companies Profit (Workers' Participation) Act, 1968 on funds utilized till the date of allocation to workers.

		Note	2015	2014
			(Rupees in thousand)	
9	**ACCRUED MARK-UP**			
	Long term financing		361,199	494,830
	Short term borrowings		130,688	201,050
			491,887	695,880
10	**SHORT TERM BORROWINGS**			
	From banking companies - secured			
	Nishat Mills Limited - Holding Company			
	Short term running finances	10.1 and 10.2	–	651
	State Bank of Pakistan (SBP) refinance	10.1 and 10.3	8,409,218	8,452,635
	Other short term finances	10.1 and 10.4	2,487,181	5,363,825
	Temporary bank overdrafts	10.1 and 10.2	627,744	651,013
			11,524,143	14,468,124
	Nishat Power Limited - Subsidiary Company			
	Short term running finances	10.5	901,445	210,027
	Short term finances	10.6	30,718	2,832,004
			932,163	3,042,031
			12,456,306	17,510,155

10.1 These finances are obtained from banking companies under mark up arrangements and are secured against joint pari passu hypothecation charge on all present and future current assets, other instruments and ranking hypothecation charge on plant and machinery of the Holding Company. These form part of total credit facility of Rupees 29,441 million (2014: Rupees 29,221 million).

10.2 The rates of mark-up range from 7.58% to 12.18% (2014: 9.45% to 12.25%) per annum on the balance outstanding.

10.3 The rates of mark up range from 5.40% to 7.00% (2014: 8.70% to 8.90%) per annum on the balance outstanding.

10.4 The rates of mark up range from 1.25% to 3.23% (2014: from 0.64% to 2.90%) per annum on the balance outstanding.

10.5 Short term running finance and running musharaka facilities available from various commercial banks under mark up arrangements amount to Rupees 4,701.52 million (2014: Rupees 4,217.88 million) at mark-up rates ranging from one month to three months KIBOR plus 0.50% to 2% per annum, payable quarterly, on the balance outstanding. The aggregate facilities are secured against charge on present and future fuel stocks / inventory and present and future energy purchase price receivables of the Subsidiary Company. The effective mark-up rate charged during the year on the outstanding balance ranges from 7.28% to 12.18% (2014: 9.78% to 12.18%) per annum.

10.6 This represents murabaha and term finance facilities aggregating Rupees 3,450 million (2014: Rupees 4,250 million) under mark up arrangements from commercial banks at mark-up rates of three months KIBOR plus 0.5% to 1.5% per annum, to finance the procurement of multiple oils from the fuel suppliers. Mark up is payable at the maturity of the respective murabaha transaction / term finance facility. The aggregate facilities are secured against first pari passu charge on current assets comprising of fuel stocks / inventory and assignment of energy payment receivables from NTDCL. The mark up rate charged during the year on the outstanding balance ranges from 7.28% to 11.04% (2014: 10.06% to 11.61%) per annum.

10.7 Of the aggregate facilities of Rupees 750 million (2014: Rupees 750 million) for opening letters of credit and guarantees, the amount utilized at 30 June 2015 was Rupees 658.24 million (2014: Rupees 279.52 million). The aggregate facilities for opening letters of credit and guarantees are secured by charge on present and future current assets including fuel stocks / inventory of the Subsidiary Company and by lien over import documents.

		Note	2015	2014
			(Rupees in thousand)	
11	**CURRENT PORTION OF NON-CURRENT LIABILITIES**			
	Current portion of long term financing	5	3,091,154	2,655,007
	Current portion of liabilities against assets subject to finance lease		–	66,368
			3,091,154	2,721,375

12 CONTINGENCIES AND COMMITMENTS

Contingencies

i) Nishat Mills Limited - Holding Company is contingently liable for Rupees 0.631 million (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 894.555 million (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 and Government of Punjab 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 4,067.671 million (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 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 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 65.825 million (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 5,131 million (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 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 these consolidated financial statements.

vii) During the previous year, 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 year, 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 latest order dated 23 July 2015 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 these consolidated financial statements.

viii) The banks have issued the following on behalf of Nishat Power Limited - Subsidiary Company:

a) Irrevocable standby letter of credit in favour of Wartsila Pakistan (Private) Limited for Rupees 45 million (2014 : Rupees 45 million) as required under the terms of the Operation and Maintenance agreement.

b) Letter of guarantee of Rupees 5.5 million (2014: Rupees 3.5 million) in favour of Director, Excise and Taxation, Karachi under direction of Sindh High Court in respect of suit filed for levy of infrastructure cess.

c) Irrevocable standby letter of credit in favour of a fuel supplier for Rupees Nil (2014: Rupees 781.357 million).

d) Letter of guarantee of Rupees 350 million (2014 : Rupees Nil) in favour of a fuel supplier.

ix) 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 Nil (2014: Rupees 8.220 million).

x) Nishat Hospitality (Private) Limited - Subsidiary Company has issued letter of guarantees of Rupees 1.085 million (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.

xi) 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 (2014: Rupees 2.945 million).

xii) Guarantee of Rupees 4 million (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.

xiii) Commissioner Inland Revenue (CIR) made certain additions to taxable income of Nishat Linen (Private) Limited - Subsidiary Company for the tax year 2012 assessing the taxable income at Rupees 188.772 million against declared taxable income of Rupees 116.934 million. The Subsidiary Company filed an appeal before the Commissioner Inland Revenue (Appeals) against the order of CIR which was partially allowed. The Subsidiary Company 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 these consolidated financial statements.

xiv) Nishat Linen (Private) Limited - Subsidiary Company is contesting sales tax demands of Rupees 5.534 million (2014: Rupees 5.230 million) before CIR (Appeals) and ATIR. No provision against these demands has been made in these consolidated financial statements as the legal advisor of the Subsidiary Company expects a favourable outcome of appeals.

xv) Nishat Linen (Private) Limited - Subsidiary 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 Subsidiary Company and has allowed the Subsidiary Company to claim input sales tax paid on such goods in its monthly sales tax returns. Consequently, the Subsidiary Company has claimed input sales tax amounting to Rupees 0.730 million (2014: Rupees 0.662 million) paid on such goods in its respective monthly sales tax returns.

Commitments

i) Contracts for capital expenditure of the Group are approximately of Rupees 729.358 million (2014: Rupees 2,548.232 million).

ii) Letters of credit other than for capital expenditure of the Group are of Rupees 513.958 million (2014: Rupees 945.142 million).

iii) Outstanding foreign currency forward contracts of Rupees 5,188.737 million (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:

	2015	2014
	(Rupees in thousand)	
Not later than one year	15,577	15,577
Later than one year and not later than five years	77,640	71,718
	93,217	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 01 November 2014, until the earlier of 31 December 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, both of which are adjustable according to the Consumer Price Index.

	Note	2015	2014
		(Rupees in thousand)	
13 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	13.1		
Owned		35,372,840	32,792,667
Leased		181,191	200,675
Capital work in progress	13.2	2,883,540	4,847,255
Major spare parts and standby equipment	13.3	23,030	21,278
		38,460,601	37,861,875

13.1 Operating fixed assets

	Owned Assets											Leased Assets
	Freehold land	Buildings on freehold land	Plant and machinery	Stand - by equipment	Electric Installations	Factory equipment	Furniture, fixtures & office equipment	Computer equipment	Vehicles	Kitchen equipments and crockery items	Total	Plant and machinery
	(Rupees in thousand)											
At 30 June 2013												
Cost	718,218	5,330,858	34,882,365	318,713	695,464	287,899	383,177	154,172	519,957	–	43,290,823	300,000
Currency retranslation	–	2,755	–	–	–	–	285	70	142	–	3,252	–
	718,218	5,333,613	34,882,365	318,713	695,464	287,899	383,462	154,242	520,099		43,294,075	300,000
Accumulated depreciation	–	(2,470,589)	(11,267,314)	(209,753)	(444,420)	(125,854)	(184,359)	(122,156)	(210,260)	–	(15,034,705)	(77,676)
Currency retranslation	–	(471)	–	–	–	–	(22)	(25)	(27)	–	(545)	–
	–	(2,471,060)	(11,267,314)	(209,753)	(444,420)	(125,854)	(184,381)	(122,181)	(210,287)		(15,035,250)	(77,676)
Accumulated impairment	–	–	(162,601)	–	–	–	–	–	–	–	(162,601)	–
Net book value	718,218	2,862,553	23,452,450	108,960	251,044	162,045	199,081	32,061	309,812	–	28,096,224	222,324
Year ended 30 June 2014												
Opening net book value	718,218	2,862,553	23,452,450	108,960	251,044	162,045	199,081	32,061	309,812	–	28,096,224	222,324
Additions	466,508	1,568,796	4,865,581	–	212,895	65,493	141,793	32,482	160,800	32,759	7,547,107	–
Disposals:												
Cost	–	–	(673,463)	–	–	–	(698)	(567)	(54,551)	–	(729,279)	–
Accumulated depreciation	–	–	497,091	–	–	–	308	481	34,953	–	532,833	–
	–	–	(176,372)	–	–	–	(390)	(86)	(19,598)	–	(196,446)	–
Depreciation charge	–	(323,044)	(2,162,310)	(10,577)	(32,133)	(18,509)	(25,359)	(14,360)	(69,756)	(2,843)	(2,658,891)	(21,649)
Currency retranslation	–	3,915	–	–	–	–	432	88	238	–	4,673	–
Closing net book value	1,184,726	4,112,220	25,979,349	98,383	431,806	209,029	315,557	50,185	381,496	29,916	32,792,667	200,675
At 30 June 2014												
Cost	1,184,726	6,902,409	39,074,483	318,713	908,359	353,392	524,557	186,157	626,348	32,759	50,111,903	300,000
Currency retranslation	–	3,612	–	–	–	–	377	63	184	–	4,236	–
	1,184,726	6,906,021	39,074,483	318,713	908,359	353,392	524,934	186,220	626,532	32,759	50,116,139	300,000
Accumulated depreciation	–	(2,794,104)	(12,932,533)	(220,330)	(476,553)	(144,363)	(209,432)	(136,060)	(245,090)	(2,843)	(17,161,308)	(99,325)
Currency retranslation	–	303	–	–	–	–	55	25	54	–	437	–
	–	(2,793,801)	(12,932,533)	(220,330)	(476,553)	(144,363)	(209,377)	(136,035)	(245,036)	(2,843)	(17,160,871)	(99,325)
Accumulated impairment	–	–	(162,601)	–	–	–	–	–	–	–	(162,601)	–
Net book value	1,184,726	4,112,220	25,979,349	98,383	431,806	209,029	315,557	50,185	381,496	29,916	32,792,667	200,675
Year ended 30 June 2015												
Opening net book value	1,184,726	4,112,220	25,979,349	98,383	431,806	209,029	315,557	50,185	381,496	29,916	32,792,667	200,675
Additions	18,049	1,308,314	4,404,451	–	72,786	10,523	53,244	42,941	153,822	12	6,064,142	–
Transferred to investment properties:												
Cost	(99,692)	–	–	–	–	–	–	–	–	–	(99,692)	–
Disposals:												
Cost	–	(8,563)	(147,668)	–	–	(1,136)	(13,906)	(835)	(82,841)	–	(254,949)	–
Accumulated depreciation	–	4,899	105,705	–	–	975	3,916	510	51,312	–	167,317	–
	–	(3,664)	(41,963)	–	–	(161)	(9,990)	(325)	(31,529)	–	(87,632)	–
Depreciation charge	–	(489,772)	(2,588,261)	(9,519)	(49,571)	(21,812)	(36,007)	(18,908)	(79,374)	(7,678)	(3,300,902)	(19,484)
Currency retranslation	–	3,329	–	–	–	–	578	94	256	–	4,257	–
Closing net book value	1,103,083	4,930,427	27,753,576	88,864	455,021	197,579	323,382	73,987	424,671	22,250	35,372,840	181,191
At 30 June 2015												
Cost	1,103,083	8,205,772	43,331,266	318,713	981,145	362,779	564,272	228,326	697,513	32,771	55,825,640	300,000
Currency retranslation	–	4,657	–	–	-	-	664	152	360	–	5,833	–
	1,103,083	8,210,429	43,331,266	318,713	981,145	362,779	564,936	228,478	697,873	32,771	55,831,473	300,000
Accumulated depreciation	–	(3,278,674)	(15,415,089)	(229,849)	(526,124)	(165,200)	(241,468)	(154,433)	(273,098)	(10,521)	(20,294,456)	(118,809)
Currency retranslation	–	(1,328)	–	–	–	–	(86)	(58)	(104)	–	(1,576)	–
	–	(3,280,002)	(15,415,089)	(229,849)	(526,124)	(165,200)	(241,554)	(154,491)	(273,202)	(10,521)	(20,296,032)	(118,809)
Accumulated impairment	–	–	(162,601)	–	–	–	–	–	–	–	(162,601)	–
Net book value	1,103,083	4,930,427	27,753,576	88,864	455,021	197,579	323,382	73,987	424,671	22,250	35,372,840	181,191
Annual rate of depreciation (%)	–	4-10	4-32.9	10	10	10	10	30-33	20	20-33		10

13.1.1 Detail of operating fixed assets, exceeding the book value of Rupees 50,000 disposed of during the year is as follows:

Description	Quantity	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (Loss)	Mode of disposal	Particulars of purchasers
		(Rupees in thousand)						
Building								
Building	1	8,101	4,438	3,663	2,500	(1,163)	Negotiation	Hira Textile Mills Limited
Asset Written Off		461	461	-	-	-		
		8,562	4,899	3,663	2,500	(1,163)		
Plant & Machinery								
Cot Rubber Grinding Machine	1	1,010	789	221	256	35	Negotiation	Muhammad Shahzad, Faisalabad
Murata Coner 7-II	1	4,402	3,649	753	1,410	657	Negotiation	Pakistan Textile Associate
Lap Former DY-5	1	2,092	1,776	316	154	(162)	Negotiation	Pakistan Textile Associate
Lap Former DY-5	2	6,091	5,107	984	615	(369)	Negotiation	Pakistan Textile Associate
Toyota Simplex FL-16	1	5,269	4,675	594	2,051	1,457	Negotiation	Pakistan Textile Associate
Toyota Simplex FL-16	1	1,998	1,800	198	1,197	999	Negotiation	Pakistan Textile Associate
Step Cleaner Machine	1	783	628	155	214	59	Negotiation	Pakistan Textile Associate
Electrical Control Box	2	303	214	89	128	39	Negotiation	Pakistan Textile Associate
Raising Machine	2	5,272	4,493	779	1,000	221	Negotiation	A.K. Textile
Boiler Bab Cock	1	1,558	1,244	314	1,068	754	Negotiation	Pak Industrial Engineers (Private) Limited
Mak Engines	2	77,808	51,985	25,823	30,000	4,177	Negotiation	Hira Textile Mills Limited
Gas Engines	2	38,987	28,986	10,001	5,400	(4,601)	Negotiation	Power Parts Trading Company
Plant & Machinery	1	1,747	58	1,689	1,747	58	Return To Supplier	Captive Aire
		147,320	105,404	41,916	45,240	3,324		
Factory Equipment								
Bail Press	1	1,100	940	160	171	11	Negotiation	Pakistan Textile Associate
		1,100	940	160	171	11		
Vehicles								
Suzuki Liana LEE-4948	1	1,015	710	305	720	415	Negotiation	Mr. Azwer Ilyas Hashmi, Lahore
Honda Civic LWN-3184	1	675	371	304	420	116	Group Company Policy	Mr. Siraj-ud-Din Mann (Employee)
Suzuki Alto LEC-10-8801	1	688	394	294	303	9	Group Company Policy	Mr. Abid Nasir (Employee)
Suzuki Alto LEC-10-8807	1	688	407	281	382	101	Group Company Policy	Mr. Muhammad Faisal (Employee)
Toyota Corolla LEB-10-6004	1	1,347	841	506	687	181	Group Company Policy	Mr. Abdul Sattar (Employee)
Toyota Corolla LEC-10-7370	1	1,346	829	517	702	185	Group Company Policy	Mr. Saleem Shahzad (Employee)
Suzuki Cultus LED-09-9413	1	871	560	311	421	110	Group Company Policy	Mr. Ghias Butt (Employee)
Suzuki Mehran (Un-Registered)	1	678	75	603	645	42	Negotiation	Mr. Abdul Majeed, Pak Pattan
Toyota Corolla LEE-09-1674	1	1,323	855	468	660	192	Group Company Policy	Mr. Khurram Farooq (Employee)
Toyota Corolla LEB-10-7802	1	1,347	837	510	702	192	Group Company Policy	Mr. Irfan Butt (Employee)
Honda Civic LE-11-8748	1	1,814	1,033	781	1,062	281	Group Company Policy	Mr. Maqsood Ahmed (Employee)
Toyota Corolla LEB-10-9308	1	1,366	861	505	685	180	Group Company Policy	Mr. Muhammad Mumtaz (Employee)
Jeguar LEF-500	1	11,423	8,323	3,100	8,800	5,700	Negotiation	Mr. Abid Butt, Karachi
Toyota Corolla LED-10-2413	1	1,415	850	565	778	213	Group Company Policy	Mr. Liaquat Ali (Employee)
Suzuki Cultus LEA-11-6132	1	921	521	400	409	9	Group Company Policy	Mr. Ghulam Abbas Khan (Employee)
Toyota Corolla LED-10-5394	1	1,765	1,058	707	954	247	Group Company Policy	Sardar Mahmood Akhtar (Employee)
Toyota Corolla LEB-10-9132	1	1,288	828	460	1,300	840	Negotiation	Mr. Muhammad Ilyas Shumar, Khushab
Suzuki Cultus LEF-13-9864	1	1,037	282	755	875	120	Negotiation	Mr. Ashraf Ali, Lahore
Honda Civic LEB-11-4905	1	1,815	1,029	786	1,061	275	Group Company Policy	Mr. Shahzad Ahmad Malik (Employee)
Honda City AQY-932	1	900	421	479	735	256	Negotiation	Mr. Khurram Imtiaz, Lahore
Toyota Corolla LE-10-4380	1	1,357	811	546	743	197	Group Company Policy	Mr. Muhammad Imran Raza (Employee)
Toyota Corolla LE-10-2193	1	1,380	840	540	736	196	Group Company Policy	Mr. Waris Ali Nadeem (Employee)
Toyota Corolla LEC-09-7433	1	1,257	859	398	539	141	Group Company Policy	Sheikh Wasif Samad (Employee)
Toyota Corolla LE-10-4374	1	1,358	838	520	708	188	Group Company Policy	Mr. Muhammad Amir Zaki (Employee)
Toyota Corolla LE-10-4375	1	1,319	823	496	692	196	Group Company Policy	Mr. Muhammad Ashraf (Employee)
Honda City LED-10-7025	1	1,307	790	517	698	181	Group Company Policy	Mirza Muhammad Nadeem (Employee)
Toyota Corolla LEE-09-1103	1	1,327	858	469	647	178	Group Company Policy	Mr. Muhammad Arif Khan Tareen (Employee)
Toyota Corolla LED-10-4989	1	1,382	826	556	771	215	Group Company Policy	Rana Muhammad Imran (Employee)
Toyota Fork lifter Truck	1	3,903	3,236	667	1,144	477	Negotiation	Mirza Muhammad Zaman Baig, Lahore
Toyota Corolla LEC-10-7369	1	1,345	778	567	772	205	Group Company Policy	Mr. Mazhar Noor (Employee)
Toyota Corolla LRY-8305	1	1,027	894	133	739	606	Negotiation	Mr. Salman Wahid, Lahore
Honda Civic LEC-10-2316	1	1,766	1,050	716	969	253	Group Company Policy	Mr. Muhammad Akram Malik (Employee)
Suzuki Cultus LE-10-7179	1	877	503	374	389	15	Group Company Policy	Mr. Muhammad Nasir (Employee)
Toyota Corolla LEC-10-3778	1	1,346	810	536	729	193	Group Company Policy	Malik Abdul Qayyum Raza (Employee)
Suzuki Cultus LEC-10-5536	1	926	547	379	520	141	Group Company Policy	Mr. Rashid Minhas (Employee)
Suzuki Cultus LEC-10-3774	1	926	556	370	501	131	Group Company Policy	Mr. Noshad Ahmad Khan (Employee)
Suzuki Cultus LEC-10-4378	1	872	511	361	493	132	Group Company Policy	Mr. Sohail Amjad Qureshi (Employee)
Suzuki Cultus LED-10-7026	1	887	513	374	507	133	Group Company Policy	Mr. Muhammad Younas (Employee)
Honda City LED-10-7027	1	1,474	883	591	802	211	Group Company Policy	Mr. Zahid Javed (Employee)
Suzuki Cultus LED-10-3751	1	892	542	350	486	136	Group Company Policy	Mr. Rizwan Aziz (Employee)
Toyota Corolla LED-09-8367	1	1,342	873	469	645	176	Group Company Policy	Mr. Tariq Iqbal Khan (Employee)

Description	Quantity	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (Loss)	Mode of disposal	Particulars of purchasers
		(Rupees in thousand)						
Suzuki Cultus LED-09-9061	1	871	567	304	413	109	Group Company Policy	Mr. Jahangir Mehmood (Employee)
Suzuki Cultus LEA-2943	1	677	537	140	496	356	Negotiation	Mr. Rizwan Rafique, Lahore
Honda Civic LEC-10-7520	1	1,765	1,089	676	969	293	Group Company Policy	Mr. Faisal Hafeez (Employee)
Toyota Corolla LE-10-8790	1	1,358	817	541	736	195	Group Company Policy	Mr. Babar Nawaz (Employee)
Honda Civic LE-11-1497	1	1,950	1,129	821	1,118	297	Group Company Policy	Mr. Ahmed Jahangir (Employee)
Suzuki Cultus LEA-7334	1	968	683	285	383	98	Group Company Policy	Mr. Muhammad Saleem (Employee)
Toyota Corolla LED-10-7909	1	1,374	813	561	771	210	Group Company Policy	Mr. Muhammad Shafique (Employee)
Toyota Corolla LEF-08-6037	1	1,378	1,010	368	1,161	793	Negotiation	Mr. Muhammad Mohsin Mumtaz, Lahore
Toyota Corolla LEA-11-2278	1	1,475	836	639	872	233	Group Company Policy	Mr. Sultan Sheraz Qasim (Employee)
Suzuki Cultus LEB-06-5750	1	612	493	119	277	158	Negotiation	Mr. Haroon Ahmad Butt, Lahore
Mazda Coach LOT-1280	1	614	581	33	1,037	1,004	Negotiation	Mr. Muhammad Naeem, Lahore
Toyota Corolla LEB-10-6002	1	1,371	830	541	824	283	Group Company Policy	Mr. Tahir Hussain (Employee)
Suzuki Bolan LEA-11-6964	1	665	339	326	575	249	Negotiation	Mr. Khawar Mehmood Butt, Lahore
Suzuki Cultus LEH-13-1875	1	903	185	718	840	122	Negotiation	Khurram Motors
Suzuki Cultus LEC-12-2603	1	950	491	459	458	(1)	Negotiation	Mr. Muhammad Iqbal
Mitsubishi Truck G-95486	1	3,141	955	2,186	2,239	53	Negotiation	Mr. Faisal
		82,064	50,781	31,283	49,700	18,417		
Furniture, Fixtures & Office Equipment								
Photocopier Machine	1	1,387	435	952	378	(574)	Negotiation	Shirazi Trading Company (Private) Limited
Telephone Exchange	1	1,500	1,266	234	22	(212)	Negotiation	Mr. Farrukh Altaf, Faisalabad
Furniture, Fixtures & Office Equipment	3	11,019	2,215	8,804	27,196	18,392	Negotiation	P & G Jewellers
		13,906	3,916	9,990	27,596	17,606		
Computer Equipment								
Laptop Dell Core I-7	1	85	11	74	74	-	Negotiation	Lalpir Power Limited Lahore
Laptop Dell 7537	1	84	26	58	84	26	Insurance Claim	Security General Insurance Company Limited
Computer Equipment	3	276	143	133	412	279	Negotiation	P & G Jewellers
		445	180	265	570	305		
Aggregate of other items of property, plant and equipment with individual book values not exceeding Rupees 50,000		1,552	1,197	355	750	395	Negotiation	
		254,949	167,317	87,632	126,527	38,895		

		Note	2015	2014
			(Rupees in thousand)	
13.1.2	**Depreciation charge for the year has been allocated as follows:**			
	Cost of sales	29	3,166,997	2,548,099
	Distribution cost	30	13,100	11,616
	Administrative expenses	31	143,803	121,375
	Capital work-in-progress		379	344
			3,324,279	2,681,434

13.1.3 Operating fixed assets having cost of Rupees 10.953 million (2014: Rupees 3.983 million) have been fully depreciated and are still in use of the Holding Company.

		2015	2014
13.2	**Capital work-in-progress**		
	Building on freehold land	1,453,001	1,404,331
	Plant and machinery	1,276,589	3,337,261
	Electric installations	–	3,882
	Factory equipment	2,332	–
	Unallocated expenses	83,926	79,837
	Letters of credit against machinery	600	469
	Advance against purchase of land	39,023	13,606
	Advances against furniture, fixtures and office equipment	5,847	6,511
	Advances against intangible assets	3,149	–
	Advances against vehicles	19,073	1,358
		2,883,540	4,847,255

		2015	2014
		(Rupees in thousand)	
13.3	**Major spare parts and standby equipments**		
	Opening balance	21,278	20,160
	Additions during the year	5,006	9,884
		26,284	30,044
	Transfers during the year	(3,254)	(8,766)
	Closing balance	23,030	21,278

14 INVESTMENT PROPERTIES

	Land	Buildings	Total
	(Rupees in thousand)		
At 30 June 2013			
Cost	314,771	153,673	468,444
Accumulated depreciation	–	(73,699)	(73,699)
Net book value	314,771	79,974	394,745
Year ended 30 June 2014			
Opening net book value	314,771	79,974	394,745
Depreciation charge	–	(7,997)	(7,997)
Closing net book value	314,771	71,977	386,748
At 30 June 2014			
Cost	314,771	153,673	468,444
Accumulated depreciation	–	(81,696)	(81,696)
Net book value	314,771	71,977	386,748
Year ended 30 June 2015			
Opening net book value	314,771	71,977	386,748
Transferred from operating fixed assets:			
Cost	99,692	–	99,692
Depreciation charge	–	(7,198)	(7,198)
Closing net book value	414,463	64,779	479,242
At 30 June 2015			
Cost	414,463	153,673	568,136
Accumulated depreciation	–	(88,894)	(88,894)
Net book value	414,463	64,779	479,242

14.1 Depreciation at the rate of 10 percent per annum on buildings amounting to Rupees 7.198 million (2014: Rupees 7.997 million) charged during the year is allocated to other expenses. No expenses directly related to investment properties were incurred during the year. The market value of land and buildings is estimated at Rupees 1,513.643 million (2014: Rupees 1,012.475 million). The valuation has been carried out by an independent valuer.

14.2 Land and building having book value of Rupees 239.383 million (2014: Rupees 239.383 million) and Rupees 21.975 million (2014: Rupees 24.415 million) respectively have been given on operating lease by the Holding Company to Nishat Hospitality (Private) Limited - Subsidiary Company.

14.3 Land and building having book value of Rupees 165.433 million (2014: Rupees 65.741 million) and Rupees 31.025 million (2014: Rupees 34.472 million) respectively have been given on operating lease by the Holding Company to Nishat Linen (Private) Limited - Subsidiary Company.

15 INTANGIBLE ASSETS

	Franchise fee	Computer Software	Total
	(Rupees in thousand)		
Year ended 30 June 2014			
Opening net book value	–	–	–
Addition	9,834	9,631	19,465
Amortization charged	(263)	(631)	(894)
Closing net book value	9,571	9,000	18,571
At 30 June 2014			
Cost	9,834	9,631	19,465
Accumulated amortization	(263)	(631)	(894)
Net book value	9,571	9,000	18,571
Year ended 30 June 2015			
Opening net book value	9,571	9,000	18,571
Amortization charged	(1,967)	(1,926)	(3,893)
Closing net book value	7,604	7,074	14,678
At 30 June 2015			
Cost	9,834	9,631	19,465
Accumulated amortization	(2,230)	(2,557)	(4,787)
Net book value	7,604	7,074	14,678
Annual amortization rate %	20	20	

	Note	2015	2014
		(Rupees in thousand)	
16 LONG TERM INVESTMENTS			
Associated companies (with significant influence) - under equity method			
D.G. Khan Cement Company Limited - quoted 137,574,201 (2014: 137,574,201) fully paid ordinary shares of Rupees 10 each. Equity held 31.40% (2014: 31.40%)		20,172,418	19,927,661
Lalpir Power Limited - quoted 109,393,555 (2014: 109,393,555) fully paid ordinary shares of Rupees 10 each. Equity held 28.80% (2014: 28.80%)	16.1	3,615,679	3,411,458
Pakgen Power Limited - quoted 102,524,728 (2014: 102,524,728) fully paid ordinary shares of Rupees 10 each. Equity held 27.55% (2014: 27.55%)	16.1	3,741,216	3,970,594
Nishat Paper Products Company Limited - unquoted 11,634,199 (2014:11,634,199) fully paid ordinary shares of Rupees 10 each. Equity held 25% (2014: 25%)		157,041	90,807
Nishat Dairy (Private) Limited - unquoted 60,000,000 (2014: 60,000,000) fully paid ordinary shares of Rupees 10 each. Equity held 12.24% (2014: 12.50%)		462,729	500,533
Nishat Energy Limited - unquoted 500,000 (2014: Nil) fully paid ordinary shares of Rupees 10 each. Equity held 25% (2014: Nil)		2,565	–
Nishat Hotels and Properties Limited - unquoted 50,000,000 (2014: Nil) fully paid ordinary shares of Rupees 10 each. Equity held 6.25% (2014: Nil)		499,984	–
		28,651,632	27,901,053
Available for sale			
Associated companies (Others)			
Adamjee Insurance Company Limited - quoted 102,809 (2014: 102,809) fully paid ordinary shares of Rupees 10 each. Equity held 0.03% (2014: 0.03%)		2,774	2,774
MCB Bank Limited - quoted 83,043,591 (2014: 80,790,591) fully paid ordinary shares of Rupees 10 each. Equity held 7.46% (2014: 7.26%)		13,158,119	12,530,525
Other			
Habib Bank Limited - quoted Nil (2014: 210) fully paid ordinary shares of Rupees 10 each		–	12
		13,160,893	12,533,311
Less: Impairment loss recognized		(1,403,363)	(1,403,363)
Add: Fair value adjustment		8,935,183	13,221,041
		20,692,713	24,350,989
		49,344,345	52,252,042

16.1 Investments in Lalpir Power Limited and Pakgen Power Limited include 550 and 500 shares respectively, held in the name of nominee director of the Holding Company.

16.2 **Reconciliation of investments in associated companies under equity method:**

	D.G. Khan Cement Company Limited		Nishat Paper Products Company Limited		Nishat Dairy (Private) Limited		Lalpir Power Limited		Pakgen Power Limited		Nishat Energy Limited		Nishat Hotels and Properties Limited		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	(Rupees in thousand)															
Cost	3,418,145	3,418,145	116,342	116,342	600,000	600,000	1,640,306	1,640,306	1,272,194	1,272,194	5,000	-	500,000	-	7,551,987	7,046,987
Share of post acquisition reserves:																
As at 01 July	16,509,516	12,264,779	(25,535)	(45,877)	(99,467)	(27,782)	1,771,152	1,941,293	2,698,400	2,760,686	-	-	-	-	20,854,066	16,893,099
Share of profit / (loss) after income tax	2,394,149	1,873,166	66,234	20,342	(37,804)	(71,685)	316,128	104,157	(126,853)	194,026	(2,435)	-	(16)	-	2,609,403	2,120,006
Share of other comprehensive income / (loss)	(1,667,882)	2,784,294	-	-	-	-	(2,514)	(814)	-	-	-	-	-	-	(1,670,396)	2,783,480
Dividend received	(481,510)	(412,723)	-	-	-	-	(109,393)	(273,484)	(102,525)	(256,312)	-	-	-	-	(693,428)	(942,519)
As at 30 June	244,757	4,244,737	66,234	20,342	(37,804)	(71,685)	204,221	(170,141)	(229,378)	(62,286)	(2,435)	-	(16)	-	245,579	3,960,967
	16,754,273	16,509,516	40,699	(25,535)	(137,271)	(99,467)	1,975,373	1,771,152	2,469,022	2,698,400	(2,435)	-	(16)	-	21,099,645	20,854,066
As at 30 June	20,172,418	19,927,661	157,041	90,807	462,729	500,533	3,615,679	3,411,458	3,741,216	3,970,594	2,565	-	499,984	-	28,651,632	27,901,053

16.2.1 **Aggregate market value of investments in quoted associated companies**

	2015	2014
	(Rupees in million)	
D.G. Khan Cement Company Limited	19,641	12,101
Lalpir Power Limited	3,336	1,958
Pakgen Power Limited	3,077	1,850
	26,054	15,909

16.2.2 **Summarized financial information of Associated Companies:**

Name of associated company	Annual / Half year	Status	Assets	Liabilities	Net assets	Revenue	Profit (Loss)
			(Rupees in thousand)				
30 June 2015							
D.G. Khan Cement Company Limited	Annual	Audited	74,391,443	12,095,372	62,296,071	26,104,611	7,624,680
Nishat Paper Products Company Limited	Annual	Audited	1,794,914	1,167,506	627,408	2,321,187	264,937
Nishat Dairy (Private) Limited	Annual	Audited	4,188,640	428,750	3,759,890	1,496,624	(308,865)
Lalpir Power Limited	Half yearly	Reviewed	24,010,762	11,456,334	12,554,428	12,360,264	635,930
Pakgen Power Limited	Half yearly	Reviewed	19,959,102	6,378,595	13,580,507	4,401,442	(455,500)
Nishat Energy Limited	Annual	Audited	5,216	155	5,061	-	(4,938)
Nishat Hotels and Properties Limited	Annual	Audited	15,430,154	7,504,641	7,925,513	-	(47,678)
30 June 2014							
D.G. Khan Cement Company Limited	Annual	Audited	73,282,069	11,765,534	61,516,535	26,542,509	5,965,498
Nishat Paper Products Company Limited	Annual	Audited	1,828,487	1,466,016	362,471	2,276,411	81,369
Nishat Dairy (Private) Limited	Annual	Audited	4,078,644	110,019	3,968,625	797,727	(580,765)
Lalpir Power Limited	Half yearly	Reviewed	23,746,418	11,901,090	11,845,328	19,448,688	331,003
Pakgen Power Limited	Half yearly	Reviewed	22,159,214	7,746,179	14,413,035	17,614,281	617,056

16.3 Adamjee Insurance Company Limited and MCB Bank Limited are associated companies due to common directorship.

		Note	2015	2014
			(Rupees in thousand)	
17	**LONG TERM LOANS**			
	Considered good:			
	Executives - secured	17.1 and 17.2	123,064	122,816
	Other employees - secured	17.2	17,309	24,480
			140,373	147,296
	Less: Current portion shown under current assets	22		
	Executives		37,085	34,121
	Other employees		6,165	8,747
			43,250	42,868
			97,123	104,428

17.1 Reconciliation of carrying amount of loans to executives:

	2015	2014
Balance as on 01 July	122,816	104,373
Add: Disbursements	41,904	53,735
Transferred from other employees during the year	3,185	2,428
	167,905	160,536
Less: Repayments	44,841	37,720
Balance as on 30 June	123,064	122,816

17.1.1 Maximum aggregate balance due from executives at the end of any month during the year was Rupees 136.514 million (2014: Rupees 123.916 million).

17.2 These represent interest free house construction and motor vehicle loans given to executives and employees of Nishat Mills Limited - Holding Company, Nishat Linen (Private) Limited - Subsidiary Company and Nishat Power Limited - Subsidiary Company are secured against balance to the credit of employee in the provident fund trusts of the respective companies and against registration of cars in the joint name of the respective company and the employee. These are recoverable in equal monthly instalments.

17.3 The fair value adjustment in accordance with the requirements of IAS 39 'Financial Instruments: Recognition and Measurement' arising in respect of staff loans is not considered material and hence not recognized.

		Note	2015	2014
			(Rupees in thousand)	
18	**LONG TERM DEPOSITS**			
	Security deposits		99,315	77,770
19	**STORES, SPARE PARTS AND LOOSE TOOLS**			
	Stores	19.1	1,090,166	1,158,515
	Spare parts		920,585	721,013
	Loose tools		5,550	8,858
			2,016,301	1,888,386
	Less: Provision for slow moving obsolete and damaged store items	19.2	5,915	7,011
			2,010,386	1,881,375

19.1 This includes stores in transit of Rupees 130.146 million (2014: Rupees 75.162 million).

19.2 Provision for slow moving, obsolete and damaged store items

	Note	2015	2014
Balance as on 01 July		7,011	16,403
Provision reversed during the year	33	(1,096)	(9,392)
Balance as on 30 June		5,915	7,011

		Note	2015	2014
			(Rupees in thousand)	
20	**STOCK IN TRADE**			
	Raw materials		9,270,575	9,993,937
	Work in process	20.2	1,575,230	2,013,520
	Finished goods	20.3 and 20.5	4,337,851	4,022,360
			15,183,656	16,029,817

20.1 Stock in trade of Rupees 544.248 million (2014: Rupees 3,329.775 million) is being carried at net realizable value.

20.2 This includes stock of Rupees 4.866 million (2014: Rupees Nil) sent to outside parties for processing.

20.3 Finished goods include stock in transit of Rupees 728.004 million (2014: Rupees 484.073 million).

20.4 The aggregate amount of write-down of inventories to net realizable value recognized as an expense during the year was Rupees 43.049 million (2014: Rupees 413.666 million)

20.5 Finished goods include stock of Rupees 523.160 million (2014: Rupees 303.299 million) which is in the possession of stockists of Nishat Linen (Private) Limited - Subsidiary Company.

		Note	2015	2014
			(Rupees in thousand)	
21	**TRADE DEBTS**			
	Considered good:			
	Secured		9,041,744	11,234,060
	Unsecured:			
	- Related parties	21.1 and 21.3	3,145	1,912
	- Other	21.2	2,363,734	2,580,695
			11,408,623	13,816,667
	Considered doubtful:			
	Others - unsecured		131,758	131,758
	Less: Provision for doubtful debts		131,758	131,758
			–	–

21.1 **This represents amount due from following related parties:**

	2015	2014
Lalpir Power Limited - associated company	2	133
Adamjee Insurance Company Limited - associated company	84	–
D.G. Khan Cement Company Limited - associated company	75	239
Nishat Hotels and Properties Limited - associated company	1,574	1,375
MCB Bank Limited - associated company	1,316	165
Nishat (Chunian) Limited - related party	94	–
	3,145	1,912

21.2 As at 30 June 2015, trade debts due from other than related parties of Rupees 562.719 million (2014: Rupees 577.834 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The ageing analysis of these trade debts is as follows:

	2015	2014
Upto 1 month	448,970	460,604
1 to 6 months	104,114	108,888
More than 6 months	9,635	8,342
	562,719	577,834

21.3 As at 30 June 2015, trade debts due from related parties amounting to Rupees 3.145 million (2014: Rupees 1.912 million) were past due but not impaired. The ageing analysis of these trade debts is as follows:

	2015	2014
	(Rupees in thousand)	
Upto 1 month	810	1,445
1 to 6 months	1,422	467
More than 6 months	913	–
	3,145	1,912

21.4 As at 30 June 2015, trade debts of Rupees 131.758 million (2014: Rupees 131.758 million) were impaired and provided for. The ageing of these trade debts was more than 5 years. These debts do not include amounts due from related parties.

21.5 Trade debts of Nishat Power Limited - Subsidiary Company are receivables from National Transmission and Dispatch Company Limited (NTDCL) and are considered good. These are secured by a guarantee from the Government of Pakistan under the Implementation Agreement and are in the normal course of business and interest free, however, a delayed payment mark-up at the rate of 3 months KIBOR plus 4.5% per annum is charged in case the amounts are not paid within due dates. The effective rate of delayed payment mark-up charged during the year on outstanding amounts ranges from 11.24% to 14.71% (2014: 13.51% to 14.69%) per annum.

21.6 Included in trade debts of Nishat Power Limited - Subsidiary Company is an amount of Rupees 816.033 million (2014: Rupees 816.041 million) relating to capacity purchase price not acknowledged by NTDCL as the plant was not fully available for power generation. However, the sole reason of this under-utilization of plant capacity was non-availability of fuel owing to non-payment by NTDCL.

Since management of the Subsidiary Company considers that the primary reason for claiming these payments is that plant was available, however, could not generate electricity due to non-payment by NTDCL, therefore, management believes that the Subsidiary Company cannot be penalized in the form of payment deductions due to NTDCL's default of making timely payments under the Power Purchase Agreement. Hence, the Subsidiary Company has taken up this issue at appropriate forums. On 28 June 2013, the Subsidiary Company entered into a Memorandum of Understanding (MoU) for cooperation on extension of credit terms with NTDCL whereby it was agreed that the constitutional petition filed by the Subsidiary Company before the Supreme Court of Pakistan on the above mentioned issue would be withdrawn unconditionally and it would be resolved through the dispute resolution mechanism under the PPA. Accordingly, as per terms of the MoU, the Subsidiary Company applied for withdrawal of the aforesaid petition which is pending adjudication before Supreme Court of Pakistan. During the previous year, the Subsidiary Company with consultation of NTDCL, appointed an Expert for dispute resolution under the PPA.

Subsequest to the year end, in August 2015, the Expert has given his determination whereby the aforesaid amount has been determined to be payable to the subsidiary company by NTDCL. Pursuant to the Expert's determination, the Subsidiary Company has demanded the payment of the aforesaid amount of Rupees 816.033 million from NTDCL. Based on the advise of the Subsidiary Company's legal counsel and Expert's determination, management of the subsidiary company feels that the above amount is likely to be recovered by the Subsidiary Company. Consequently, no provision for the above mentioned amount has been made in these consolidated financial statements.

		Note	2015	2014
			(Rupees in thousand)	
22	**LOANS AND ADVANCES**			
	Considered good:			
	Employees - interest free:			
	– Executives		1,315	3,990
	– Other employees		6,443	9,101
			7,758	13,091
	Current portion of long term loans	17	43,250	42,868
	Advances to suppliers	22.1	131,188	308,871
	Letters of credit		851	1,675
	Income tax		1,844,947	1,501,100
	Other advances	22.2	40,412	97,317
			2,068,406	1,964,922
	Considered doubtful:			
	Others		108	108
	Less: Provision for doubtful debts		108	108
			–	–
			2,068,406	1,964,922

22.1 This includes an amount of Rupees Nil (2014: Rupees 0.066 million) due from Security General Insurance Company Limited - associated company.

22.2 This includes an amount of Rupees 0.364 (2014: Rupees Nil) advanced to Nishat Hotels and Properties Limited- associated company.

		Note	2015	2014
23	**SHORT TERM DEPOSITS AND PREPAYMENTS**			
	Deposits		24,697	25,889
	Prepayments - including current portion		117,875	90,611
			142,572	116,500
24	**OTHER RECEIVABLES**			
	Considered good:			
	Export rebate and claims		297,587	347,855
	Sales tax refundable		1,475,439	1,149,529
	Fair value of forward exchange contracts		70,362	19,653
	Workers' profit participation fund receivable	24.1	436,816	280,981
	Miscellaneous receivables	24.2	47,147	45,026
			2,327,351	1,843,044

24.1 Under section 9.3(a) of the Power Purchase Agreement (PPA) between Nishat Power Limited - Subsidiary Company and NTDCL, payments to Workers' Profit Participation Fund are recoverable from NTDCL as a pass through item.

24.2 This includes an amount of Rupees 8.340 million (2014: Rupees 8.340 million) and Rupees Nil (2014: Rupees 0.335 million) due from Security General Insurance Company Limited - associated company and Nishat Energy Limited - associated company respectively.

25 ACCRUED INTEREST

This represents interest receivable on term deposit receipts and saving accounts including Rupees Nil (2014: Rupees 0.278 million) receivable from MCB Bank Limited - associated company.

	Note	2015	2014
		(Rupees in thousand)	
26 SHORT TERM INVESTMENTS			
Available for sale			
Associated company (Other)			
Security General Insurance Company Limited - unquoted 10,226,244 (2014: 10,226,244) fully paid ordinary shares of Rupees 10 each. Equity held 15.02% (2014: 15.02%)	26.1	11,188	11,188
Related party (Other)			
Nishat (Chunian) Limited - quoted 27,241,116 (2014: 27,241,116) fully paid ordinary shares of Rupees 10 each. Equity held 13.61% (2014: 13.61%)		242,750	242,750
Advance for purchase of shares		136,205	–
		378,955	242,750
Others			
MCB Pakistan Islamic Stock Fund- quoted (Formerly: Pakistan Strategic Allocation Fund) 993,888 (2014: 899,392) units		1,715	1,715
Pakistan Petroleum Limited - quoted 434,782 (2014: Nil) fully paid ordinary shares of Rupees 10 each.		95,217	–
Advance against purchase of shares		–	100,000
		95,217	100,000
United Bank Limited- quoted Nil (2014: 368,105) fully paid ordinary shares of Rupees 10 each.		–	58,163
		487,075	413,816
Less: Impairment loss recognized		(23,800)	–
Add: Fair value adjustment		1,726,585	2,813,744
		2,189,860	3,227,560

26.1 The investment of the Holding Company in ordinary shares of Security General Insurance Company Limited is determined at Rupees 224.91 by an independent valuer using present value technique. Adamjee Insurance Company Limited - associated company is in process of making long term equity investment of up to Rupees 620.350 million by way of acquisition of 6.530 million ordinary shares of Security General Insurance Company Limited at a maximum price of Rupees 95 per ordinary share. Therefore, it is more appropriate to value the shares of Security General Insurance Company Limited at the rate of Rupees 95 per ordinary share which is based on recent arm's length transaction between knowledgeable, willing parties as allowed by IAS 39 'Financial Instruments: Recognition and Measurement'. Had the value determined by the independent valuer been used, short term investment, fair value reserve and deferred income tax liability would have been higher by Rupees 1,328.491 million, 1,009.653 million and Rupees 318.838 million respectively. Security General Insurance Company Limited is an associated company due to common directorship.

	Note	2015	2014
27 CASH AND BANK BALANCES			
With banks:			
On current accounts Including US$ 161,230 (2014: US$ 318,301) and UAE Dirhams 4,266,417 (2014: UAE Dirhams 7,754,555)	27.1	197,322	1,208,134
Term deposit receipts	27.2 and 27.3	–	2,000,000
On PLS saving accounts Including US$ 42,877 (2014: US$ 7,481)	27.1 and 27.4	112,513	873,417
		309,835	4,081,551
Cash in hand			
Including UAE Dirhams 185,717 (2014: UAE Dirhams 433,230)		22,634	26,956
		332,469	4,108,507

27.1 Cash at banks includes balance of Rupees 53.103 million (2014: Rupees 199.378 million) with MCB Bank Limited - associated company.

27.2 These represented deposits with banking companies which had maturity period of upto 3 months and carried rate of profit ranged from 8.40% to 10.25% (2014: 9.00% to 10.40%) per annum.

27.3 These include term deposit receipt of Rupees Nil (2014: Rupees 1,000 million) which had maturity period of 36 days and carried profit ranged from 8.50% to 10.15% (2014: 10.15%) per annum with MCB Bank Limited - associated company.

27.4 Rate of profit on Pak Rupees bank deposits and US Dollar bank deposit ranges from 3.62% to 8.50% (2014: 4.77% to 8.15%) per annum and 0.03% to 0.04% (2014: 0.01% to 0.06%) per annum respectively.

	Note	2015	2014
		(Rupees in thousand)	
28 SALES			
Export	28.3	39,991,696	43,078,797
Local	28.1	39,294,187	43,823,830
Export rebate		152,030	179,251
		79,437,913	87,081,878

28.1 Local sales

	Note	2015	2014
Sales	28.2	43,277,661	48,752,498
Less: Sales tax		3,628,594	4,451,680
Less: Discount		655,776	601,820
		38,993,291	43,698,998
Processing income		300,766	124,595
Doubling income		130	237
		39,294,187	43,823,830

28.2 This includes sale of Rupees 1,301.833 million (2014: Rupees 1,000 million) made to direct exporters against special purchase order (SPO). Further, local sales includes waste sale of Rupees 1,420.883 million (2014: Rupees 1,526.230 million).

28.3 Exchange gain due to currency rate fluctuations relating to export sales amounting to Rupees 51.050 million (2014: Rupees 446.819 million) has been included in export sales.

	Note	2015	2014
29 COST OF SALES			
Raw materials consumed		45,512,345	54,398,806
Processing charges		486,977	228,530
Salaries, wages and other benefits	29.1	4,275,581	3,659,769
Stores, spare parts and loose tools consumed		4,963,994	5,107,901
Packing materials consumed		1,062,702	940,468
Repair and maintenance		597,897	809,076
Fuel and power		5,312,164	5,421,216
Insurance		204,547	206,628
Other factory overheads		557,199	563,763
Depreciation	13.1.1	3,166,997	2,548,099
		66,140,403	73,884,256
Work-in-process			
Opening stock		2,013,520	1,604,239
Closing stock		(1,575,230)	(2,013,520)
		438,290	(409,281)
Cost of goods manufactured		66,578,693	73,474,975
Finished goods			
Opening stock		4,022,360	3,338,107
Closing stock		(4,337,851)	(4,022,360)
		(315,491)	(684,253)
		66,263,202	72,790,722

29.1 Salaries, wages and other benefits include provident fund contributions of Rupees 122.060 million (2014: Rupees 98.508 million).

		Note	2015	2014
			(Rupees in thousand)	
30	**DISTRIBUTION COST**			
	Salaries and other benefits	30.1	445,968	357,786
	Outward freight and handling		1,181,623	1,333,019
	Sales promotion		436,488	438,837
	Commission to selling agents		636,694	621,967
	Fuel cost		133,426	150,135
	Travelling and conveyance		119,653	110,613
	Rent, rates and taxes		161,711	129,126
	Postage, telephone and telegram		106,698	105,389
	Insurance		26,706	26,678
	Vehicles' running		13,910	19,093
	Entertainment		13,187	8,282
	Advertisement		325,240	294,662
	Electricity and gas		33,333	34,627
	Printing and stationery		6,490	7,072
	Repair and maintenance		97,806	128,842
	Fee and subscription		36	1,520
	Depreciation	13.1.1	13,100	11,616
			3,752,069	3,779,264

30.1 Salaries and other benefits include provident fund contributions of Rupees 21.020 million (2014: Rupees 15.793 million).

		Note	2015	2014
31	**ADMINISTRATIVE EXPENSES**			
	Salaries and other benefits	31.1	980,989	857,274
	Vehicles' running		53,399	58,916
	Travelling and conveyance		104,469	73,374
	Rent, rates and taxes		130,869	111,250
	Insurance		7,395	6,777
	Entertainment		28,699	26,997
	Legal and professional		38,394	36,951
	Auditors' remuneration	31.2	9,568	10,349
	Advertisement		7,650	1,125
	Postage, telephone and telegram		10,586	9,622
	Electricity and gas		22,591	18,348
	Printing and stationery		21,373	19,627
	Repair and maintenance		23,126	17,681
	Fee and subscription		5,855	12,526
	Depreciation	13.1.1	143,803	121,375
	Miscellaneous		44,642	26,737
			1,633,408	1,408,929

31.1 Salaries and other benefits include provident fund contributions of Rupees 36.955 million (2014: Rupees 29.537 million).

31.2 Auditors' remuneration

	2015	2014
Riaz Ahmad and Company		
Audit fee	3,883	3,541
Half yearly review	614	558
Reimbursable expenses	122	109
	4,619	4,208
A.F. Ferguson and Company		
Statutory audit fee	1,875	1,700
Half yearly review	770	715
Tax services	1,100	1,869
Other certification services	135	90
Reimbursable expenses	242	265
	4,122	4,639
Horwath Mak		
Audit fee	827	–

	Note	2015 (Rupees in thousand)	2014
Griffin Nagda and Company			
Audit fee		–	1,481
Reimbursable expenses		–	21
		–	1,502
		9,568	10,349

32 OTHER EXPENSES

	Note	2015	2014
Workers' profit participation fund		241,038	310,081
Workers' welfare fund		4,018	10,988
Offer for sale expenses of Lalpir Power Limited		–	13,417
Impairment loss on equity investment		23,800	–
Capital work-in-progress written off		17,509	–
Depreciation on investment properties		7,198	7,997
Delayed payment charges		–	21,595
Donation	32.1	879	8,521
		294,442	372,599

32.1 There is no interest of any director or his spouse in donees' fund.

33 OTHER INCOME

	Note	2015	2014
Income from financial assets			
Dividend income	33.1	1,305,255	1,102,164
Profit on deposits with banks		80,887	49,992
Net exchange gain including loss on forward contracts		211,479	123,453
Gain on sale of investment		24,144	10,297
		1,621,765	1,285,906
Income from non financial assets			
Gain on sale of property, plant and equipment		38,895	54,219
Scrap sales		147,477	147,197
Rental income from investment properties		46,283	41,362
Reversal of provision for slow moving, obsolete and damaged store items		1,096	9,392
Other		28,520	9,879
		262,271	262,049
		1,884,036	1,547,955

33.1 Dividend income

	2015	2014
From related party / associated companies		
MCB Bank Limited	1,226,494	1,011,534
Nishat (Chunian) Limited	27,241	49,529
Adamjee Insurance Company Limited	283	194
Security General Insurance Company Limited	46,018	40,905
	1,300,036	1,102,162
Others		
Habib Bank Limited	2	2
Pakistan Petroleum Limited	5,217	–
	5,219	2
	1,305,255	1,102,164

34 FINANCE COST

	Note	2015	2014
Mark-up on:			
Long term financing		2,007,235	1,946,439
Liabilities against assets subject to finance lease		4,271	11,953
Short term borrowings		862,496	1,036,716
Interest on payable to employees' provident fund trust		976	1,648
Interest on workers' profit participation fund	8.2	13,058	4,426
Bank charges and commission		308,160	240,282
		3,196,196	3,241,464

		2015	2014
		(Rupees in thousand)	
35	**TAXATION**		
	Current - for the year	604,433	544,842
	Deferred	(94,939)	(33,021)
	Prior year adjustment	10,485	(3,866)
		519,979	507,955

35.1 Provision for income tax is made in accordance with the relevant provisions of Income Tax Ordinance, 2001.

35.2 The provision for income tax of foreign subsidiary - Nishat USA Inc., is computed in accordance with the tax legislation in force in the country where the income is taxable. Nishat Global China Company Limited and Nishat UK (Private) Limited (wholly owned Subsidiaries of Nishat International FZE - Subsidiary Company) have been considered at zero tax status in these consolidated financial statements.

			2015	2014
36	**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)	6,745,246	7,219,768
	Weighted average number of ordinary shares	(Numbers)	351,599,848	351,599,848
	Earnings per share	(Rupees)	19.18	20.53

		Note	2015	2014
			(Rupees in thousand)	
37	**CASH GENERATED FROM OPERATIONS**			
	Profit before taxation		8,792,035	9,156,861
	Adjustments for non-cash charges and other items:			
	Depreciation		3,331,477	2,689,431
	Reversal of provision for slow moving stores, spare parts and loose tools		(1,096)	(9,392)
	Net exchange gain on forward contracts		(211,479)	(123,453)
	Gain on sale of property, plant and equipment		(38,895)	(54,219)
	Gain on sale of investment		(24,144)	(10,297)
	Dividend income		(1,305,255)	(1,102,164)
	Profit on deposits with banks		(80,887)	(49,992)
	Share of profit from associated companies		(2,609,403)	(2,120,006)
	Impairment loss on investment		23,800	–
	Finance cost		3,196,196	3,241,464
	Working capital changes	37.1	1,801,271	(4,766,635)
			12,873,620	6,851,598

		2015	2014
37.1	**Working capital changes**		
	(Increase) / decrease in current assets:		
	- Stores, spare parts and loose tools	(127,915)	(76,782)
	- Stock in trade	846,161	(3,221,677)
	- Trade debts	2,408,044	(1,796,139)
	- Loans and advances	240,745	27,899
	- Short term deposits and prepayments	(26,072)	(30,897)
	- Other receivables	(433,598)	(557,495)
		2,907,365	(5,655,091)
	(Decrease) / increase in trade and other payables	(1,106,094)	888,456
		1,801,271	(4,766,635)

38 EVENTS AFTER THE REPORTING PERIOD

38.1 The Board of Directors of the Nishat Mills Limited - Holding Company has proposed a cash dividend for the year ended 30 June 2015 of Rupees 4.50 per share (2014: Rupees 4.00 per share) at their meeting held on 27 October 2015. The Board of Directors also proposed to transfer Rupees 5,163 million (2014: Rupees 5,813 million) from un-appropriated profit to general reserve. However, these events have been considered as non-adjusting events under IAS 10 'Events after the Reporting Period' and have not been recognized in these consolidated financial statements.

38.2 Under Section 5A of the Income Tax Ordinance, 2001, introduced through the Finance Act, 2015, the Holding Company is required to pay tax at the rate of 10% of so much of its undistributed profits as exceed 100% of its paid up capital unless it distributes profits equal to 40% of its after tax profits or 50% of its paid up capital, whichever is less, by due date for filling of income tax return for the tax year 2015. The requisite cash dividend has been proposed by the Boad of Directors of the Holding Company in their meeting held on 27 October 2015 and will be distributed within the prescribed time limit. Therefore, the recognition of any income tax liability in this respect is not considered necessary.

39 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amount charged in these consolidated financial statements for remuneration including all benefits to Chief Executive Officer, Directors and Executives of the Holding Company is as follows:

	Chief Executive Officer		Directors		Executives	
	2015	2014	2015	2014	2015	2014
	(Rupees in thousand)					
Managerial remuneration	19,920	17,521	7,477	8,630	471,568	380,879
Allowances						
Cost of living allowance	–	–	1	7	1,444	900
House rent	7,168	6,400	288	1,200	124,324	98,827
Conveyance	–	–	–	–	695	476
Medical	1,792	1,600	675	734	37,154	28,985
Utilities	–	–	2,382	1,729	55,075	40,235
Special allowance	–	–	2	2	760	998
Contribution to provident fund	–	–	644	700	39,553	30,482
Leave encashment	–	–	–	–	14,507	9,850
	28,880	25,521	11,469	13,002	745,080	591,632
Number of persons	1	1	1	2	369	311

39.1 Chief Executive Officer, one director and certain executives of the Holding Company are provided with Company maintained vehicles and certain executives are also provided with free housing facility alongwith utilities.

39.2 Aggregate amount charged in these consolidated financial statements for meeting fee to one director (2014: one director) of the Holding Company was Rupees 0.300 million (2014: Rupees 0.150 million).

39.3 No remuneration was paid to non-executive directors of the Holding Company.

40 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 these consolidated financial statements are as follows:

	2015	2014
	(Rupees in thousand)	
Associated companies		
Investment made	1,132,594	354,327
Purchase of goods and services	307,199	241,471
Sale of goods and services	36,607	3,046
Rental income	598	825
Sale of operating fixed assets	74	10,967
Purchase of operating fixed assets	–	23,187
Rent paid	12,461	12,461
Security deposit paid	–	3,059
Dividend paid	126,194	126,194
Insurance premium paid	277,053	282,634
Insurance claim received	59,689	29,989
Profit on term deposit receipt	18,518	3,427
Finance cost	9,440	–
Other related parties		
Investment made	136,205	–
Purchase of goods and services	886,021	417,800
Sale of goods and services	17,859	4,839
Group's contribution to provident fund trust	180,035	144,401

41 PROVIDENT FUND RELATED DISCLOSURES

The following information is based on financial statements of the provident fund for the years ended 30 June 2015 and 30 June 2014:

	Nishat Mills Limited *		Nishat Power Limited **		Nishat Linen (Private) Limited **		Nishat Hospitality (Private) Limited **	
	2015	2014	2015	2014	2015	2014	2015	2014
	(Rupees in thousand)							
Size of the fund - total assets	2,674,067	2,306,258	38,800	27,305	28,126	13,241	6,893	2,618
Cost of investments made	2,437,102	2,111,663	29,767	21,902	26,377	12,816	6,756	2,245
Percentage of investments made	91.14%	91.56%	76.72%	80.21%	93.78%	96.79%	98.01%	85.76%
Fair value of investments	3,687,749	3,729,980	31,260	22,654	26,377	12,816	6,813	2,283
Break up of investments								
Special accounts in scheduled bank	369,481	408,667	7,046	4,770	–	–	6,756	2,245
Mutual funds	1,095,415	681,446	18,353	13,153	-	-	–	–
Term deposit receipts	–	–	–	–	26,377	12,816	–	–
Listed securities	886,478	886,478	1,413	–	–	–	–	–
Term finance certificate	49,343	98,687	–	–	–	–	–	–
Preference shares	36,385	36,385	–	–	–	–	–	–
Government securities - Treasury Bills	–	–	2,955	3,979	–	–	–	–
	2,437,102	2,111,663	29,767	21,902	26,377	12,816	6,756	2,245

	Nishat Mills Limited		Nishat Power Limited		Nishat Linen (Private) Limited		Nishat Hospitality (Private) Limited	
	2015	2014	2015	2014	2015	2014	2015	2014
	(Percentage)							
Special accounts in scheduled bank	15%	19%	24%	22%	–	–	100%	100%
Mutual funds	45%	32%	62%	60%	–	–	–	–
Term deposit receipts	–	–	–	–	100%	100%	–	–
Listed securities	36%	42%	4%	–	–	–	–	–
Term finance certificate	2%	5%	–	–	–	–	–	–
Preference shares	2%	2%	–	–	–	–	–	–
Government securities - Treasury Bills	–	–	10%	18%	–	–	–	–
	100%	100%	100%	100%	100%	100%	100%	100%

* As at the reporting date, the Nishat Mill Employees Provident Fund Trust is in the process of regularizing its investment in accordance with section 227 of Companies Ordinance, 1984 and the rules formulated for this purpose in terms of order issued by Securities and Exchange Commission of Pakistan.

** The investments out of provident fund trust have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

		2015	2014
42	**NUMBER OF EMPLOYEES**		
	Number of employees as on June 30	19,582	18,953
	Average number of employees during the year	20,203	18,267

			2015	2014
			(Figures in thousand)	
43	**PLANT CAPACITY AND ACTUAL PRODUCTION**			
a)	**Holding Company - Nishat Mills Limited**			
	Spinning			
	100 % plant capacity converted to 20s count based on 3 shifts per day for 1,095 shifts (2014: 1,095 shifts)	(Kgs.)	76,412	66,468
	Actual production converted to 20s count based on 3 shifts per day for 1,095 shifts (2014: 1,095 shifts)	(Kgs.)	66,668	58,225
	Weaving			
	100 % plant capacity at 50 picks based on 3 shifts per day for 1,095 shifts (2014: 1,095 shifts)	(Sq.Mt.)	292,757	258,162
	Actual production converted to 50 picks based on 3 shifts per day for 1,095 shifts (2014: 1,095 shifts)	(Sq.Mt.)	279,676	248,256
	Dyeing and Finishing			
	Production capacity for 3 shifts per day for 1,095 shifts (2014: 1,095 shifts)	(Mt.)	54,000	54,000
	Actual production on 3 shifts per day for 1,095 shifts (2014: 1,095 shifts)	(Mt.)	49,921	49,390
	Power Plant			
	Generation capacity	MWH	698	447
	Actual generation	MWH	340	287

Processing, Stitching and Apparel

The plant capacity of these divisions are indeterminable due to multi product plants involving varying processes of manufacturing and run length of order lots.

			2015	2014
b)	**Subsidiary Company - Nishat Power Limited**			
	Installed capacity [Based on 8,760 hours (2014: 8,760 hours)]	MWH	1,711	1,711
	Actual energy delivered	MWH	1,410	1,464
c)	**Subsidiary Company - Nishat Hospitality (Private) Limited**		**Total rooms available**	
	Nishat Suites		22,265	8,186

43.1 REASON FOR LOW PRODUCTION

a) Under utilization of available capacity by Holding Company for spinning, weaving, dyeing and finishing is mainly due to normal maintenance. Actual power generation in comparison to installed is low due to periodical scheduled and unscheduled maintenance and low demand.

b) Output produced by the plant of Nishat Power Limited - Subsidiary Company is dependent on the load demanded by NTDCL and plant availability.

44 SEGMENT INFORMATION

	Spinning		Weaving		Processing and Home Textile		Garments		Power Generation		Hotel		Elimination of inter-segment transactions		Total - Group	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	(Rupees in thousand)															
Sales																
External	15,697,565	15,988,968	11,753,676	12,188,980	25,203,643	26,260,268	4,177,545	5,079,413	22,341,103	27,512,268	264,381	51,981	–	–	79,437,913	87,081,878
Intersegment	3,841,979	3,471,337	7,831,869	8,204,934	682,279	890,757	285	72	5,507,874	5,642,057	290	230	(17,864,576)	(18,209,387)	–	–
	19,539,544	19,460,305	19,585,545	20,393,914	25,885,922	27,151,025	4,177,830	5,079,485	27,848,977	33,154,325	264,671	52,211	(17,864,576)	(18,209,387)	79,437,913	87,081,878
Cost of sales	(17,867,146)	(17,516,454)	(18,354,151)	(18,595,070)	(20,652,899)	(22,066,045)	(3,809,143)	(4,209,657)	(23,147,586)	(28,492,799)	(296,853)	(120,084)	17,864,576	18,209,387	(66,263,202)	(72,790,722)
Gross profit / (loss)	1,672,398	1,943,851	1,231,394	1,798,844	5,233,023	5,084,980	368,687	869,828	4,701,391	4,661,526	(32,182)	(67,873)	–	–	13,174,711	14,291,156
Distribution cost	(431,798)	(437,015)	(592,983)	(639,124)	(2,415,123)	(2,363,852)	(312,162)	(333,279)	(3)	(5,994)	–	–	–	–	(3,752,069)	(3,779,264)
Administrative expenses	(282,007)	(274,449)	(269,428)	(241,847)	(703,844)	(616,537)	(82,040)	(79,954)	(241,653)	(174,582)	(54,436)	(21,560)	–	–	(1,633,408)	(1,408,929)
	(713,805)	(711,464)	(862,411)	(880,971)	(3,118,967)	(2,980,389)	(394,202)	(413,233)	(241,656)	(180,576)	(54,436)	(21,560)	–	–	(5,385,477)	(5,188,193)
Profit / (loss) before taxation and unallocated income and expenses	958,593	1,232,387	368,983	917,873	2,114,056	2,104,591	(25,515)	456,595	4,459,735	4,480,950	(86,618)	(89,433)	–	–	7,789,234	9,102,963
Unallocated income and expenses:																
Other expenses															(294,442)	(372,599)
Other income															1,884,036	1,547,955
Finance cost															(3,196,196)	(3,241,464)
Share of profit from associated companies															2,609,403	2,120,006
Taxation															(519,979)	(507,955)
Profit after taxation															8,272,056	8,648,906

44.1 Reconciliation of reportable segment assets and liabilities

	Spinning		Weaving		Processing and Home Textile		Garments		Power Generation		Hotel		Total - Group	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	(Rupees in thousand)													
Total assets for reportable segments	12,727,283	13,073,646	6,979,544	7,243,277	14,605,958	16,045,877	3,045,076	2,533,784	29,326,735	30,397,859	1,357,055	1,474,111	68,041,651	70,768,554
Unallocated assets:														
Long term investments													49,344,345	52,252,042
Other receivables													2,327,351	1,843,044
Cash and bank balances													332,469	4,108,507
Other corporate assets													4,124,346	4,723,110
Total assets as per balance sheet													124,170,162	133,695,257
Total liabilities for reportable segments	603,229	549,260	421,612	627,633	1,528,605	1,440,634	313,783	295,647	12,779,707	17,159,356	47,267	235,059	15,694,203	20,307,589
Unallocated liabilities:														
Deferred income tax liability													103,286	435,748
Provision for taxation													904,170	843,728
Other corporate liabilities													19,904,989	23,696,814
Total liabilities as per balance sheet													36,606,648	45,283,879

44.2 Geographical information

The Group's revenue from external customers by geographical location is detailed below:

	2015	2014
	(Rupees in thousand)	
Europe	13,743,911	14,336,245
Asia, Africa and Australia	22,292,672	23,452,657
United States of America and Canada	4,107,142	5,469,146
Pakistan	39,294,188	43,823,830
	79,437,913	87,081,878

44.3 Almost all of the non-current assets of the Group as at reporting dates are located and operating in Pakistan.

44.4 Revenue from major customers

Nishat Power Limited - Subsidiary Company sells electricity only to NTDCL whereas the Group's revenue from other segments is earned from a large mix of customers.

44.5 Based on judgement made by management, printing, dyeing and home textile operating segments of the Holding Company has been aggregated into single operating segment namely processing and home textile as the segment have similar economic characteristics in respect of nature of the products, nature of production process, type of customers, method of distribution and nature of regularity environment.

45 FINANCIAL RISK MANAGEMENT

45.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the finance departments of the Holding Company and Subsidiary Companies under the policies approved by their respective Board of Directors. The Companies' finance departments evaluates and hedge financial risks. The Board of each Group Company provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

a) Market risk

i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Group is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD), Euro, United Arab Emirates Dirham (AED) and British Pound (GBP). Currently, the Group's foreign exchange risk exposure is restricted to bank balances, short term finances, security deposit and the amounts receivable / payable from / to the foreign entities. The Group's exposure to currency risk was as follows:

	2015	2014
Cash at banks - USD	204,107	325,782
Cash at banks - AED	4,452,134	8,187,785
Trade debts - USD	20,596,367	20,398,146
Trade debts - Euro	526,199	1,220,485
Trade debts - AED	5,310,113	5,805,949
Trade debts - GBP	938	20,242
Trade and other payables - USD	(2,218,980)	(1,510,438)
Trade and other payables - Euro	(121,077)	(76,969)
Trade and other payables - AED	(1,651,401)	(499,833)
Other short term finances - USD	(24,456,056)	(54,317,778)
Security deposit - USD	48,544	48,063
Motor vehicles' loan - AED	(110,570)	(230,338)
Net exposure - USD	(5,826,018)	(35,056,225)
Net exposure - Euro	405,122	1,143,516
Net exposure - AED	8,000,276	13,263,563
Net exposure - GBP	938	20,242
The following significant exchange rates were applied during the year:		
Rupees per US Dollar		
Average rate	101.31	102.70
Reporting date rate	101.50	98.55
Rupees per Euro		
Average rate	120.86	139.65
Reporting date rate	113.57	134.46
Rupees per AED		
Average rate	27.58	27.96
Reporting date rate	27.64	26.83
Rupees per GBP		
Average rate	159.50	167.81
Reporting date rate	159.59	167.79

Sensitivity Analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD, Euro, AED and GBP with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 29.134 million (2014: Rupees 164.899 million) higher / lower, Rupees 2.156 million (2014: Rupees 7.221 million) higher / lower, Rupees 10.430 million (2014: Rupees 17.789 million) higher / lower and Rupees 0.007 million (2014: Rupees 0.160 million) higher / lower respectively, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Group is not exposed to commodity price risk.

Sensitivity Analysis

The table below summarises the impact of increase / decrease in the Karachi Stock Exchange (KSE) Index on Group's profit after taxation for the year and on other comprehensive income (fair value reserve). The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Group's equity instruments moved according to the historical correlation with the index.

Index	Impact on profit after taxation		Impact on statement of other comprehensive income (fair value reserve)	
	2015	2014	2015	2014
	(Rupees in thousands)			
KSE 100 (5% increase)	3,571	–	1,095,180	1,278,823
KSE 100 (5% decrease)	(3,571)	–	(1,095,180)	(1,278,823)

Equity (fair value reserve) would increase / decrease as a result of gains / losses on equity investments classified as available for sale.

iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk arises from long term financing, short term borrowings, trade debts and bank balances in saving accounts. Financial instruments at variable rates expose the Group to cash flow interest rate risk. Financial instruments at fixed rate expose the Group to fair value interest rate risk.

At the balance sheet date the interest rate profile of the Group's interest bearing financial instruments was:

	2015	2014
	(Rupees in thousand)	
Fixed rate instruments		
Financial assets		
Bank balances - saving account	104,143	872,667
Financial liabilities		
Long term financing	1,028,837	1,446,873
Liabilities against assets subject to finance lease	–	24,988
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	8,370	750
Term deposit receipts	–	2,000,000
Trade debts - overdue	4,743,145	3,961,944
Financial liabilities		
Long term financing	16,022,467	17,326,527
Liabilities against assets subject to finance lease	–	41,380
Short term borrowings	12,456,306	17,510,155

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit or loss of the Group.

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 225.392 million (2014: Rupees 274.696 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amount of liabilities outstanding at balance sheet date were outstanding for the whole year.

b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2015	2014
Investments	22,946,481	27,578,551
Loans and advances	188,543	257,704
Deposits	124,012	103,659
Trade debts	11,408,623	13,816,667
Other receivables	117,509	64,679
Accrued interest	11,535	5,431
Bank balances	309,835	4,081,551
	35,106,538	45,908,242

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (If available) or to historical information about counterparty default rate:

	Rating			2015	2014
	Short term	Long term	Agency	(Rupees in thousand)	
Banks					
National Bank of Pakistan	A-1+	AAA	PACRA	3,932	728,111
Allied Bank Limited	A1+	AA+	PACRA	262	600,345
Askari Bank Limited	A-1+	AA	JCR-VIS	128	422
Bank Alfalah Limited	A1+	AA	PACRA	6,355	4,133
Faysal Bank Limited	A1+	AA	PACRA	344	627
Habib Bank Limited	A-1+	AAA	JCR-VIS	8,147	12,693
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	9,685	84
JS Bank Limited	A1+	A+	PACRA	12	11
MCB Bank Limited	A1+	AAA	PACRA	53,103	1,199,379
NIB Bank Limited	A1+	AA -	PACRA	184	306
Samba Bank Limited	A-1	AA	JCR-VIS	272	1,000,014
Silkbank Limited	A-2	A -	JCR-VIS	172	33
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	20,203	29,634
United Bank Limited	A-1+	AA+	JCR-VIS	2,690	156,135
Al-Baraka Bank (Pakistan) Limited	A1	A	PACRA	357	10
Citibank N.A.	P-1	A2	Moody's	10,893	870
Deutsche Bank AG	P-2	A3	Moody's	275	388
HSBC Bank Middle East Limited	F1	A+	Fitch	-	9,453
Bank Islami Pakistan Limited	A1	A+	PACRA	144	12,340
Meezan Bank Limited	A-1+	AA	JCR-VIS	4,128	6,267
Dubai Islamic Bank Pakistan Limited	A-1	A+	JCR-VIS	235	100,738
The Bank of Punjab	A1+	AA-	PACRA	95,587	187
Soneri Bank Limited	A1+	AA-	PACRA	247	131
Summit Bank Limited	A-1	A	JCR-VIS	72	5
Burj Bank Limited	A-2	A-	JCR-VIS	106	107
Industrial and Commercial Bank of China	P-1	A1	Moody's	8	14,654
Barclays Bank Pakistan	A-2	A-	Moody's	311	10,743
First Women Bank Limited	BBB+	A2	PACRA	-	1
Alfalah Sovereign (Formerly IGI Funds Limited)	Not available	AA-(f)	PACRA	6	5
JP Morgan Chase Bank	F1+	AA-	Fitch	105	315
Bank of China	P-1	A1	Moody's	15,183	8,144
Saudi Pak Commercial Bank Limited	A1+	AA+	JCR-VIS	8	–
Habib Bank AG Zurich, UAE	Not available			66,703	182,594
Mashreq Bank, UAE	P-2	Baa2	Moody's	9,978	2,672
				309,835	4,081,551
Investments					
Adamjee Insurance Company Limited	AA		PACRA	4,896	4,706
Security General Insurance Company Limited	AA-		JCR-VIS	971,493	1,902,081
Habib Bank Limited	A-1+	AAA	JCR-VIS	-	41
MCB Pakistan Islamic Stock Fund (Formerly: Pakistan Strategic Allocation Fund)	1 Star	2 Star	PACRA	10,177	8,679
Nishat (Chunian) Limited	A-2	A-	JCR-VIS	1,200,679	1,154,751
MCB Bank Limited	A1+	AAA	PACRA	20,687,819	24,346,245
Pakistan Petroleum Limited	Unknown			71,417	100,000
United Bank Limited	A-1+	AA+	JCR-VIS	–	62,048
				22,946,481	27,578,551
				23,256,316	31,660,102

The Group's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 21.

Due to the Group's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Group. Accordingly the credit risk is minimal.

c) **Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Group manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2015, the Group had Rupees 25,136.214 million (2014: Rupees 20,179 million) available borrowing / financing limits from financial institutions and Rupees 332.469 million (2014: Rupees 4,108.507 million) cash and bank balances. Management believes the liquidity risk to be low.

Following are the contractual maturities of financial liabilities, including interest payments. The amounts disclosed in the table are undiscounted cash flows.

Contractual maturities of financial liabilities as at 30 June 2015:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 year	More than 2 years
	(Rupees in thousand)					
Non-derivative financial liabilities						
Long term financing	17,051,304	18,171,936	1,736,400	1,839,786	5,575,908	9,019,842
Trade and other payables	4,261,938	4,261,938	4,261,938	–	–	–
Short term borrowings	12,456,306	13,022,173	12,741,565	280,608	–	–
Accrued mark-up	491,887	491,887	491,887	–	–	–
	34,261,435	35,947,934	19,231,790	2,120,394	5,575,908	9,019,842

Contractual maturities of financial liabilities as at 30 June 2014:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 year	More than 2 years
	(Rupees in thousand)					
Non-derivative financial liabilities						
Long term financing	18,773,400	20,720,400	1,630,951	1,747,309	3,818,849	13,523,291
Liabilities against assets subject to finance lease	66,368	70,686	39,919	30,767	–	–
Trade and other payables	5,620,496	5,620,496	5,620,496	–	–	–
Short term borrowings	17,510,155	18,452,653	17,985,277	467,376	–	–
Accrued mark-up	695,880	695,880	695,880	–	–	–
	42,666,299	45,560,115	25,972,523	2,245,452	3,818,849	13,523,291

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / markup rates effective as at 30 June. The rates of interest / markup have been disclosed in note 5 and note 10 to these consolidated financial statements.

45.2 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in these consolidated financial statements approximate their fair values. The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped in to levels 1 to 3 based on the degree to which fair value is observable:

	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
As at 30 June 2015				
Assets				
Available for sale financial assets	21,974,988	–	971,493	22,946,481
As at 30 June 2014				
Assets				
Available for sale financial assets	25,676,470	–	1,902,081	27,578,551

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial instruments held by the Group is the current bid price. These financial instruments are classified under level 1 in above referred table.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value a financial instrument are observable, those financial instruments are classified under level 2 in above referred table. The Group has no such type of financial instruments as on 30 June 2015.

If one or more of the significant inputs is not based on observable market data, the financial instrument is classified under level 3. The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

45.3 Financial instruments by categories

	Loans and receivables	Available for sale	Total
	(Rupees in thousand)		
As at 30 June 2015			
Assets as per balance sheet			
Investments	–	22,946,481	22,946,481
Loans and advances	188,543	–	188,543
Deposits	124,012	–	124,012
Trade debts	11,408,623	–	11,408,623
Other receivables	117,509	–	117,509
Accrued interest	11,535	–	11,535
Cash and bank balances	332,469	–	332,469
	12,182,691	22,946,481	35,129,172

	Financial liabilities at amortized cost
Liabilities as per balance sheet	(Rupees in thousand)
Long term financing	17,051,304
Trade and other payables	4,261,938
Short term borrowings	12,456,306
Accrued mark-up	491,887
	34,261,435

	Loans and receivables	Available for sale	Total
	(Rupees in thousand)		
As at 30 June 2014			
Assets as per balance sheet			
Investments	–	27,578,551	27,578,551
Loans and advances	257,704	–	257,704
Deposits	103,659	–	103,659
Trade debts	13,816,667	–	13,816,667
Other receivables	45,026	–	45,026
Accrued interest	5,431	–	5,431
Cash and bank balances	4,108,507	–	4,108,507
	18,336,994	27,578,551	45,915,545

	Financial liabilities at amortized cost
	(Rupees in thousand)
Liabilities as per balance sheet	
Long term financing	18,773,400
Liabilities against assets subject to finance lease	66,368
Trade and other payables	5,620,496
Short term borrowings	17,510,155
Accrued mark-up	695,880
	42,666,299

45.4 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Group monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent long term financing, short term borrowings obtained by the Group as referred to in note 5, 10 and 11 respectively. Total capital employed includes 'total equity' as shown in the balance sheet plus 'borrowings'.

		2015	2014
Borrowings	Rupees in thousand	29,507,610	36,349,923
Total equity	Rupees in thousand	87,563,514	88,411,378
Total capital employed	Rupees in thousand	117,071,124	124,761,301
Gearing ratio	Percentage	25.20	29.14

46 DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on 27 October 2015 by the Board of Directors.

47 CORRESPONDING FIGURES

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

48 GENERAL

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

Chief Executive Officer **Director**

Pattern of Holding

of the Shares held by the Shareholders of Nishat Mills Limited as at June 30, 2015

Number of Shareholders	Shareholding From	Shareholding To	Total Shares Held
4,335	1	100	154,526
3,980	101	500	1,016,983
1,158	501	1,000	894,215
1,272	1,001	5,000	3,142,433
261	5,001	10,000	1,992,899
97	10,001	15,000	1,228,443
53	15,001	20,000	944,841
52	20,001	25,000	1,205,010
40	25,001	30,000	1,133,148
16	30,001	35,000	528,328
12	35,001	40,000	458,819
7	40,001	45,000	302,161
21	45,001	50,000	1,029,290
10	50,001	55,000	522,450
6	55,001	60,000	356,297
5	60,001	65,000	320,212
2	65,001	70,000	132,959
8	70,001	75,000	574,944
5	75,001	80,000	391,862
5	80,001	85,000	408,787
3	85,001	90,000	265,000
5	90,001	95,000	470,200
13	95,001	100,000	1,289,524
4	100,001	105,000	410,191
4	105,001	110,000	431,400
1	110,001	115,000	112,500
5	115,001	120,000	589,661
2	120,001	125,000	244,577
2	125,001	130,000	255,700
6	130,001	135,000	797,822
2	135,001	140,000	274,081
5	145,001	150,000	746,600
1	155,001	160,000	158,000
2	160,001	165,000	327,000
1	165,001	170,000	166,700
1	180,001	185,000	183,900
3	185,001	190,000	559,463
4	195,001	200,000	800,000
3	200,001	205,000	612,500
1	205,001	210,000	208,400
1	210,001	215,000	212,700
2	215,001	220,000	438,375
1	220,001	225,000	221,100
2	225,001	230,000	454,600
1	245,001	250,000	250,000
4	250,001	255,000	1,008,500
1	280,001	285,000	281,400
2	285,001	290,000	575,319
1	300,001	305,000	300,372
1	305,001	310,000	307,092
2	310,001	315,000	624,770
2	315,001	320,000	634,850
1	330,001	335,000	334,700

Number of Shareholders	Shareholding From	To	Total Shares Held
4	345,001	350,000	1,396,455
3	365,001	370,000	1,101,965
2	370,001	375,000	745,393
1	375,001	380,000	377,645
1	390,001	395,000	393,800
1	395,001	400,000	400,000
1	400,001	405,000	401,900
1	440,001	445,000	441,800
2	445,001	450,000	900,000
1	450,001	455,000	452,100
1	470,001	475,000	473,700
1	495,001	500,000	500,000
1	500,001	505,000	504,000
1	530,001	535,000	532,000
1	535,001	540,000	540,000
1	545,001	550,000	550,000
4	555,001	560,000	2,234,662
1	575,001	580,000	578,500
1	580,001	585,000	583,200
1	600,001	605,000	604,700
1	620,001	625,000	623,777
3	645,001	650,000	1,947,100
1	685,001	690,000	690,000
1	695,001	700,000	700,000
1	750,001	755,000	753,200
1	835,001	840,000	837,980
1	845,001	850,000	850,000
1	875,001	880,000	876,800
1	890,001	895,000	894,700
1	895,001	900,000	900,000
1	980,001	985,000	983,600
1	995,001	1,000,000	1,000,000
1	1,060,001	1,065,000	1,061,285
1	1,140,001	1,145,000	1,142,810
2	1,175,001	1,180,000	2,355,595
1	1,195,001	1,200,000	1,200,000
1	1,205,001	1,210,000	1,206,800
1	1,255,001	1,260,000	1,258,650
1	1,295,001	1,300,000	1,300,000
1	1,355,001	1,360,000	1,358,400
1	1,400,001	1,405,000	1,404,500
1	1,490,001	1,495,000	1,494,400
1	1,710,001	1,715,000	1,715,000
1	1,870,001	1,875,000	1,874,000
1	1,960,001	1,965,000	1,963,330
1	2,140,001	2,145,000	2,142,000
1	2,195,001	2,200,000	2,196,200
1	2,345,001	2,350,000	2,346,932
1	2,360,001	2,365,000	2,362,300
1	2,365,001	2,370,000	2,365,187
1	2,400,001	2,405,000	2,404,000
1	2,415,001	2,420,000	2,417,841
1	2,495,001	2,500,000	2,500,000

Pattern of Holding

of the Shares held by the Shareholders of Nishat Mills Limited as at June 30, 2015

Number of Shareholders	Shareholding From	Shareholding To	Total Shares Held
1	2,835,001	2,840,000	2,839,871
1	3,745,001	3,750,000	3,749,600
1	3,750,001	3,755,000	3,751,200
1	4,410,001	4,415,000	4,412,804
1	4,780,001	4,785,000	4,785,000
1	4,995,001	5,000,000	4,997,940
1	5,500,001	5,505,000	5,503,235
1	6,280,001	6,285,000	6,283,599
1	6,450,001	6,455,000	6,450,913
1	6,610,001	6,615,000	6,614,900
1	7,290,001	7,295,000	7,291,626
1	7,815,001	7,820,000	7,816,203
1	7,855,001	7,860,000	7,858,100
1	12,060,001	12,065,000	12,060,160
1	13,840,001	13,845,000	13,844,092
1	15,075,001	15,080,000	15,075,149
1	18,695,001	18,700,000	18,698,357
1	21,190,001	21,195,000	21,191,146
1	23,100,001	23,105,000	23,101,426
1	25,670,001	25,675,000	25,673,659
1	26,245,001	26,250,000	26,248,841
1	29,225,001	29,230,000	29,228,216
11,522			351,599,848

Sr. No.	Categories of Shareholders	Shares Held	Percentage
1	**DIRECTORS, CEO, THEIR SPOUSE AND MINOR CHILDREN**	88,669,538	25.22
2	**ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES**	31,548,378	8.97
3	**NIT AND ICP**	85,203	0.02
4	**Banks, Development Financial Institutions, Non-banking Financial Institutions**	10,829,271	3.08
5	**Insurance Companies**	10,876,223	3.09
6	**Modarabas And Mutual Funds**	26,964,154	7.67
7	**Share Holders Holding 5% or above**	176,962,042	50.33
8	**General Public**		
	Local	84,733,914	24.10
	Foreign	59,500	0.02
9	**Others**		
	Foreign Companies	86,415,632	24.58
	Investment Companies	16,333	0.00
	Joint Stock Companies	6,389,378	1.82
	Provident / Pension Funds And Miscellaneous	5,012,324	1.43

Information Under Listing Regulation No.5.9.11(X)

of the Karachi Stock Exchange Limited Rule Book as on June 30, 2015

Sr. No.	Categories of Shareholders	Shares Held	Percentage
(I)	**ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES**		
	1. D. G. KHAN CEMENT COMPANY LIMITED	30,289,501	8.61
	2. ADAMJEE INSURANCE COMPANY LIMITED	1,258,650	0.36
	3. MCB BANK LIMITED	227	0.00
(II)	**MUTUAL FUNDS:**		
	PRUDENTIAL STOCKS FUND LTD (03360)	23,500	0.01
	PRUDENTIAL STOCKS FUND LIMITED	110	0.00
	SAFEWAY MUTUAL FUND LIMITED	13	0.00
	MCBFSL - TRUSTEE JS VALUE FUND	401,900	0.11
	CDC - TRUSTEE ATLAS STOCK MARKET FUND	1,000,000	0.28
	CDC - TRUSTEE MEEZAN BALANCED FUND	441,800	0.13
	CDC - TRUSTEE JS ISLAMIC FUND	350,000	0.10
	CDC - TRUSTEE ALFALAH GHP VALUE FUND	94,100	0.03
	CDC - TRUSTEE UNIT TRUST OF PAKISTAN	578,500	0.16
	CDC - TRUSTEE AKD INDEX TRACKER FUND	37,847	0.01
	MC FSL - TRUSTEE JS KSE-30 INDEX FUND	6,762	0.00
	CDC - TRUSTEE AL MEEZAN MUTUAL FUND	876,800	0.25
	CDC - TRUSTEE MEEZAN ISLAMIC FUND	7,858,100	2.24
	CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	200,000	0.06
	CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	125,700	0.04
	CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	100	0.00
	CDC - TRUSTEE NAFA STOCK FUND	583,200	0.17
	CDC - TRUSTEE NAFA MULTI ASSET FUND	188,100	0.05
	SAFEWAY FUND LIMITED	850,000	0.24
	CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND	690,000	0.20
	CDC - TRUSTEE APF-EQUITY SUB FUND	110,000	0.03
	CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT	96,000	0.03
	CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	137,000	0.04
	CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND	374,200	0.11
	CDC - TRUSTEE APIF - EQUITY SUB FUND	35,000	0.01
	MC FSL - TRUSTEE JS GROWTH FUND	900,000	0.26
	CDC - TRUSTEE KASB ASSET ALLOCATION FUND	107,400	0.03
	CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT	48,900	0.01
	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	2,417,841	0.69
	M C F S L-TRUSTEE ASKARI ISLAMIC ASSET ALLOCATION FUND	85,100	0.02
	CDC - TRUSTEE FIRST HABIB STOCK FUND	10,000	0.00
	CDC - TRUSTEE LAKSON EQUITY FUND	504,000	0.14
	CDC - TRUSTEE CROSBY DRAGON FUND	50,977	0.01
	CDC-TRUSTEE NAFA ASSET ALLOCATION FUND	315,100	0.09
	CDC-TRUSTEE NAFA SAVINGS PLUS FUND - MT	94,100	0.03
	CDC - TRUSTEE AKD AGGRESSIVE INCOME FUND - MT	500	0.00
	CDC - TRUSTEE PICIC INCOME FUND - MT	200	0.00
	CDC - TRUSTEE ASKARI EQUITY FUND	15,000	0.00
	CDC - TRUSTEE ALFALAH GHP INCOME FUND - MT	10,300	0.00
	CDC - TRUSTEE ATLAS INCOME FUND - MT	3,600	0.00
	CDC - TRUSTEE NAFA PENSION FUND EQUITY SUB-FUND ACCOUNT	29,300	0.01
	CDC - TRUSTEE NAFA ISLAMIC PENSION FUND EQUITY ACCOUNT	26,800	0.01
	CDC - TRUSTEE PIML STRATEGIC MULTI ASSET FUND	92,500	0.03
	CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	22,800	0.01
	CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - I	227,600	0.06
	CDC - TRUSTEE PIML ISLAMIC EQUITY FUND	76,000	0.02
	CDC - TRUSTEE FAYSAL SAVINGS GROWTH FUND - MT	25,300	0.01
	CDC - TRUSTEE FAYSAL INCOME & GROWTH FUND - MT	12,000	0.00
	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	6,283,599	1.79
	CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - II	146,600	0.04
	CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND	2,600	0.00
	CDC - TRUSTEE NAFA ISLAMIC STOCK FUND	60,000	0.02
	CDC - TRUSTEE NAFA INCOME OPPORTUNITY FUND - MT	219,800	0.06
	CDC - TRUSTEE PIML VALUE EQUITY FUND	94,500	0.03

Information Under Listing Regulation No.5.9.11(X)

of the Karachi Stock Exchange Limited Rule Book as on June 30, 2015

Sr. No.	Categories of Shareholders		Shares Held	Percentage
(III)	**DIRECTORS, CEO, THEIR SPOUSE AND MINOR CHILDREN**			
	1. MIAN UMER MANSHA	DIRECTOR / CHIEF EXECUTIVE OFFICER	44,292,572	12.60
	2. MIAN HASSAN MANSHA	DIRECTOR / CHAIRMAN	44,372,016	12.62
	3. MR. KHALID QADEER QURESHI	DIRECTOR	725	0.00
	4. MS. NABIHA SHAHNAWAZ CHEEMA	DIRECTOR	3,625	0.00
	5. MR. MAQSOOD AHMED	DIRECTOR	500	0.00
	6. MR. SAEED AHMAD ALVI	DIRECTOR	100	0.00
(IV)	**EXECUTIVES**		NIL	-
(V)	**PUBLIC SECTOR, COMPANIES AND CORPORATIONS**			
	JOINT STOCK COMPANIES		6,389,378	1.82
(VI)	**SHAREHOLDERS HOLDING FIVE PERCENT OR MORE VOTING INTREST IN THE LISTED COMPANY**			
	1. MRS NAZ MANSHA	SHAREHOLDER	29,088,712	8.27
	2. MIAN RAZA MANSHA	SHAREHOLDER	28,919,241	8.23
	3. MIAN UMER MANSHA	DIRECTOR / CHIEF EXECUTIVE OFFICER	44,292,572	12.60
	4. MIAN HASSAN MANSHA	DIRECTOR / CHAIRMAN	44,372,016	12.62
	5. D. G. KHAN CEMENT COMPANY LIMITED	ASSOCIATED COMPANY	30,289,501	8.61
(VII)	**BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON-BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, TAKAFUL,MODARABAS AND PENSION FUNDS**			
	1. INVESTMENT COMPANIES		16,333	0.00
	2. INSURANCE COMPANIES		10,876,223	3.09
	3. FINANCIAL INSTITUTIONS		10,829,271	3.08
	4. MODARABAS COMPANIES		23,005	0.01
	5. PENSION / PROVIDENT FUNDS		4,658,574	1.32

Information Under Listing Regulation No.5.9.11(X)

of the Karachi Stock Exchange Limited Rule Book as on June 30, 2015

There is no trading in the shares of the Company, carried out by its Directors, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary, their spouses and minor children and Other Employees of the Company for whom the Board of Directors have set the threshold.

Form of Proxy

I/We ____

of ____

being a member of Nishat Mills Limited, hereby appoint ______________________

____

of ____

or failing him/her ____

of ____

member(s) of the Company, as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on November 30, 2015 (Monday), at 11:00 a.m. at Nishat Hotel, 9-A, Gulberg III, Mian Mahmood Ali Kasuri Road, Lahore.

as witness may hand this ______________ day of ________ 2015

Signed by the said member ______________________

in presence of ______________________

Please affix revenue stamp Rs. 5

Signature of witness ....

Name ....

Address ....

....

CNIC # ....

Signature(s) of Members(s)

Please quote:

Folio No.	Shares held	CDC A/C. No.

Important: This instrument appointing a proxy, duly completed, must be received at the Registered Office of the Company at Nishat House, 53-A, Lawrence Road, Lahore not later than 48 hours before the time to holding the annual general meeting.

AFFIX
CORRECT
POSTAGE

The Company Secretary

NISHAT MILLS LIMITED
Nishat House,
53 - A, Lawrence Road, Lahore.
Tel : 042 - 36360154
UAN : 042 - 111 113 333

Glossary of Terms

AFS	Available For Sale
APTMA	All Pakistan Textile Mills Association
Board	Board of Directors
CDC	Central Depository Company of Pakistan
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CCG	Code of Corporate Governance
COO	Chief Operating Officer
CPI	Critical Performance Indicators
CSR	Corporate Social Responsibility
EBIT	Earnings Before Interest and Taxation
EBITDA	Earnings Before Interest, Taxation, Depreciation and Amortization
EOBI	Employees' Old Age Benefit Institute
EPS	Earnings Per Share
ERP	Enterprise Resource Planning
FBR	Federal Board of Revenue
GoP	Government of Pakistan
HR	Human Resource
HR & R	Human Resource and Remuneration
IAS	International Accounting Standards
ICAP	Institute of Chartered Accountants of Pakistan
ICMAP	Institute of Cost and Management Accountants of Pakistan
IFRIC	International Financial Reporting Interpretation Committee
IFRS	International Financial Reporting Standards
ISO	International Organization for Standards
IT	Information Technology
KG	Kilo Gram
KIBOR	Karachi Interbank Offer Rate
KPI	Key Performance Indicators
KSE	Karachi Stock Exchange
Lbs	Pounds
NRV	Net Realisable Value
NML	Nishat Mills Limited
SECP	Securities and Exchange Commission of Pakistan
TFC	Term Finance Certificate
WPPF	Workers' Profit Participation Fund
WWF	Workers' Welfare Fund

nishatmillsltd.com

NISHAT

REGISTERED OFFICE:
Nishat House, 53-A, Lawrence Road, Lahore
Tel: 042-36360154, 042-111 113 333
nishat@nishatmills.com