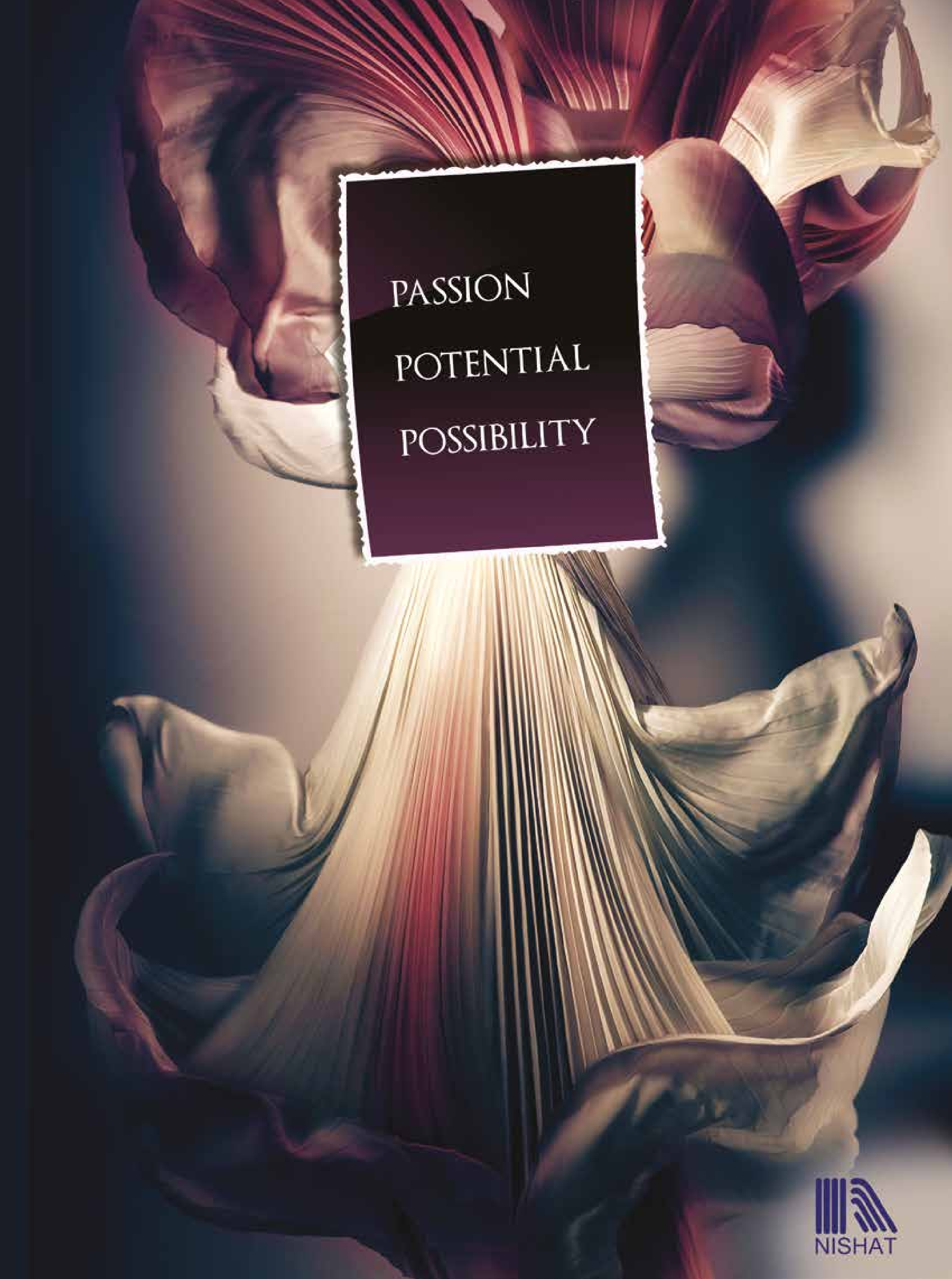
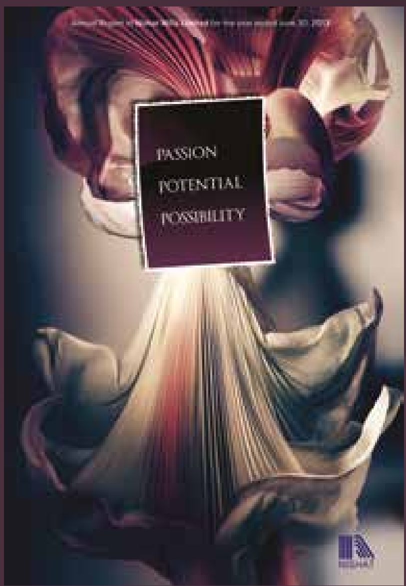
Annual Report of **Nishat Mills Limited** for the year ended June 30, **2013**





Passion
Potential
Possibility

How much passion do you need to weave an idea?
How does one turn potential to reality?
How do our aspirations define our possibilities?

At Nishat Mills Limited, we consider these questions as our guiding lights – that help us stay true to our promise of value, quality and devotion. As one of the leading textile mills of the country, we believe in paving the way for innovation and sustainable growth.

On our cover this year, we share a similar sentiment – to combine our passion for excellence with our potential for genius – in a way that creates newer questions and newer possibilities for us to behold.

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Company Information





Board of Directors

Mian Umer Mansha
Chairman/CEO

Mian Hassan Mansha

Mr. Khalid Qadeer Qureshi

Syed Zahid Hussain

Mr. Muhammad Azam

Ms. Nabiha Shahnawaz Cheema

Mr. Maqsood Ahmad

Audit Committee

Mr. Khalid Qadeer Qureshi
Chairman/Member

Mr. Muhammad Azam
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

Chief Financial Officer

Mr. Badar-ul-Hassan

Company Secretary

Mr. Khalid Mahmood Chohan

Auditors

Riaz Ahmad & Company
Chartered Accountants

Legal Advisor

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

Bankers to the Company

Albaraka Bank (Pakistan) Limited
Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Islami Pakistan Limited
Barclays Bank PLC
Burj Bank Limited
Citibank N.A.
Deutsche Bank AG
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
HSBC Bank Middle East Limited
JS Bank Limited
KASB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
NIB Bank Limited
Pak Brunei Investment Company Limited
Pak Oman Investment Company Limited


Bankers to the Company (Contd.)

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 unit & 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 plant
5 K.M. Nishat Avenue Off 22 K.M.
Ferozepur Road, Lahore.
Stitching unit
21 K.M. Ferozepur Road, Lahore.

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

Registered office & Shares Department

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

Head Office

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

Liaison Office

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

Directors' Profile

Mian Umer Mansha

Mian Umer Mansha is the Chief Executive Officer of Nishat Mills Limited ("the Company"). He holds a bachelor degree in business administration from USA. He has been serving on the Board of Directors ("the Board") of various listed companies for more than 16 years. He is also a member of the Human Resource & Remuneration Committee of the Company. 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 and Nishat Agriculture Farming (Private) Limited.

Mian Hassan Mansha

Mian Hassan Mansha is serving in the capacity of non-executive director on the Board of the Company. He holds a bachelor degree in business administration from USA. He has been serving on the Board of various listed companies for several years. He is also the Chairman of Human Resource and Remuneration Committee of the Company. 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 and Nishat Agriculture Farming (Private) Limited.

Mr. Khalid Qadeer Qureshi

Mr. Khalid Qadeer Qureshi is serving in the capacity of non-executive director on the Board of the Company. He is a fellow member of the Institute of Chartered Accountants of Pakistan. He has over 41 years of rich professional experience. He is also the Chairman of the Audit Committee and a member of Human Resource & Remuneration Committee of the Company. 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, Pakistan Aviators and Aviation (Private) Limited.

Syed Zahid Hussain

Syed Zahid Hussain is serving as an independent director on the Board of the Company. Academically, Mr. Zahid Hussain is B.Sc, LLB and MA (International Relations). He has vast experience of working as Chairman/Chief Executive/Director of various state owned enterprises and listed companies. He has also served as High Commissioner/ Ambassador of Pakistan based in Kenya, with accredited assignments of Ambassadorship in Tanzania, Uganda, Rwanda, Krundse, Ethiopia and Eritrea.

Mr. Muhammad Azam

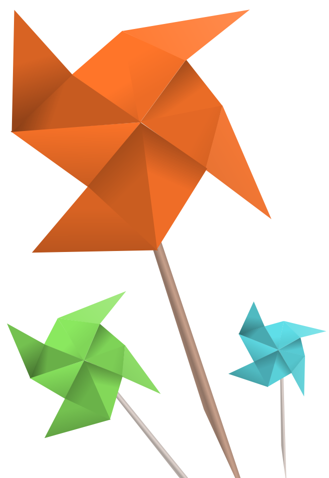
Mr. Muhammad Azam is serving as an executive director on the Board of the Company. He is a fellow member of the Institute of Chartered Accountants of Pakistan and an associate member of Institute of Cost and Management Accountants of Pakistan. He has over 36 years of rich professional experience. He is a member of Audit Committee of the Company and is actively involved in the taxation matters of the Company.

Ms. Nabiha Shahnawaz Cheema

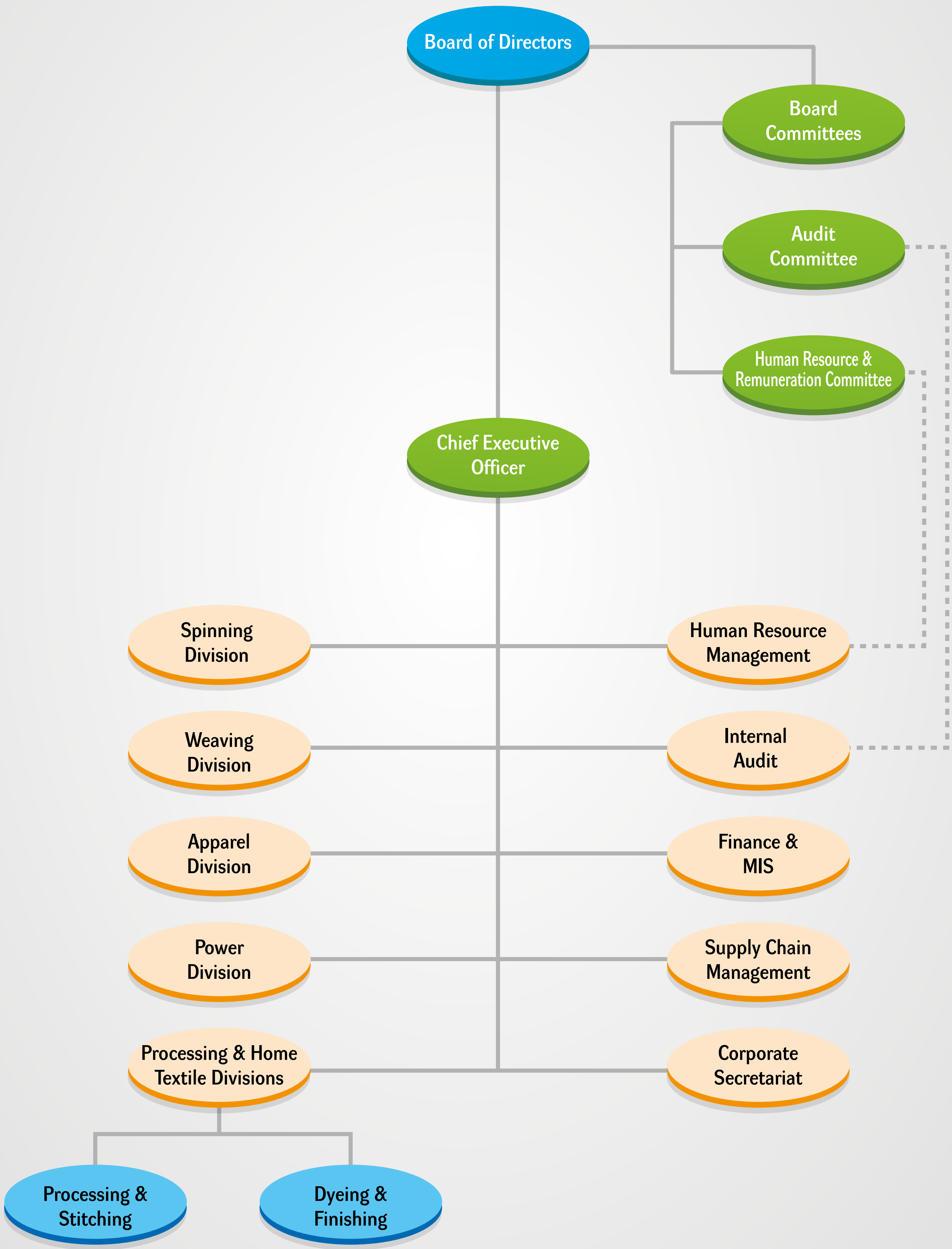
Ms. Nabiha is serving as a non-executive director on the Board of the Company. She is a fellow member of the Institute of Chartered Accountants of Pakistan. She has more than 13 years of professional experience. She is also a member of the Audit Committee of the Company. She also serves on the Board of Security General Insurance Company Limited, D.G. Khan Cement Company Limited and Nishat Hospitality (Private) Limited.

Mr. Maqsood Ahmad

Mr. Maqsood Ahmad is serving as executive director on the Board of the Company. He holds a masters degree in Business Administration. He has a rich professional experience of over 21 years in textile industry, especially in the spinning business. He is actively involved in the strategic decisions relating to the operations of the Company.



Organisational Chart



Vision & Mission Statements

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.


WEAVING UNIT

Notice of Annual General Meeting

Notice is hereby given that Annual General Meeting of the members of Nishat Mills Limited (the Company) will be held on October 31, 2013 (Thursday) at 3:00 p.m. at Registered Office, Nishat House, 53-A, Lawrence Road, Lahore to transact the following business:

1. To receive, consider and adopt the Separate and Consolidated Financial Statements of the Company for the year ended June 30, 2013 together with Directors' and Auditors' reports thereon.

2. To approve the payment of final cash dividend @ 40 % (i.e. Rs. 4/- per share) for the year ended June 30, 2013, as recommended by the Board of Directors.

3. To appoint auditors of the Company for the year ending June 30, 2014 and fix their remuneration. The present auditors M/s. Riaz Ahmad & Company, Chartered Accountants retired and being eligible offered themselves for re-appointment.

By Order of the Board

Khalid Mahmood Chohan
Company Secretary
Lahore
September 25, 2013

NOTES:

1. BOOK CLOSURE NOTICE:-
The Share Transfer Books of Ordinary Shares of the Company shall remain closed from 24-10-2013 to 31-10-2013 (both days inclusive) for entitlement of 40% Final Cash Dividend [i.e. Rs. 4/- (Rupees Four Only) Per Ordinary Share] and attending of Annual General Meeting. Physical transfers / CDS Transactions IDs received in order up to 1:00 p.m. on 23-10-2013 at Registered Office, Nishat House, 53-A, Lawrence Road, Lahore, will be considered in time for entitlement of 40% 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 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 their 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. Members who have not yet submitted photocopies of their CNICs to the Company are requested once again to submit the same at the earliest to mention it on dividend warrants in compliance with the directive of the Securities and Exchange Commission of Pakistan vide SRO No. 831(1)/2012 dated 05 July 2012. It is mandatory for the listed companies to print the CNIC Numbers of the registered shareholder(s) or authorized persons on the Dividend Warrants.

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

Name of the Investee Company	Nishat Dairy (Private) Limited
Total Investment Approved	Rupees 600 Million was approved by the members in their meeting held on October 31, 2012 for a period of three (3) years.
Amount of Investment made to date	Rupees 300 Million
Reason for not having made complete investment so far where resolution required it to be implemented in specified time	Investment has been made in Nishat Dairy (Private) Limited as per funds requirement of the investee company and further investment will be made according to the financial need of investee company.
Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company	The Associated Company has started its commercial operation and as per available financial statements for the year ended June 30, 2013, the loss per share is Rs. 2.29 and break-up value per share is Rs. 9.14. At the time of approval, investee company had not started its commercial operation therefore basic earnings per share and break-up value for that time was not available.

Year in Review

1

FIRST QUARTER

- Board Meeting - 26 July 2012
- Commissioning of 24 Air Jet looms at weaving plant located at Bhikki

2

SECOND QUARTER

- Board Meeting - 05 October 2012
- Board Meeting - 25 October 2012
- Annual General Meeting - 31 October 2012
- Chain Mercerizing machine commenced production
- Commissioning of 6 MW Combined Heat & Power plant

3

THIRD QUARTER

- Board Meeting - 09 January 2013
- Board Meeting - 22 February 2013
- Reggiani Digital Printing machine commenced production
- Commissioning of Effluent Water Treatment plant in yarn dyeing unit located at Faisalabad

4

FOURTH QUARTER

- Board Meeting - 25 April 2013
- Inauguration of construction of a new weaving unit of 100 looms at Bhikki
- Commissioning of 11 Air Jet looms at weaving plant located at Lahore

Striving For Excellence

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;
- 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 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. Conflict of interest might not be easily identifiable. Whenever a director feels that the conflict of interest exists, he 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 their position for personal benefit. He should not establish competing business and divert the Company's business opportunities for personal gains.

Confidentiality

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

Fair Dealing

A director must deal with all the stakeholders of the Company fairly. He should not provide unfair advantage to any customer, supplier, banker etc. due to his 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 best of their abilities and judgment to put the assets of the company for efficient use and benefit of the Company.

Reporting Any Illegal or Unethical Behavior

A director must inform the Compliance officer or chairman of the Board if he 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

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 spouse trades in the shares of the Company.

Insider Trading

No director or his 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. 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 with the safety of both employees and non-employees on 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 mishap.

Fitness for Duty

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

Attendance Report

An employee should have contact information of his senior and inform him if he 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 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 restraint themselves from any form of violence at the Company premises otherwise he will be terminated from his 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 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 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 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 should not provide unfair advantage to any customer, supplier, banker etc. due to his 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 in any fraudulent activity. If he believes and finds anyone engaged in a fraudulent activity, he should inform about it to his 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 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.

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 of this Policy 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 maybe reported directly to Head of 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 whistleblower 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 whistleblowers shall be maintained. Whistleblowers that chose to identify themselves are cautioned that their identity may become known for reasons outside of 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 HOD, GM HR 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 so 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, Head of 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 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 2013.

SWOT Analysis

Strengths	Weakness
Most modern and state of art production facilities Vertically integrated unit Best internal control systems Strong presence in international & local markets Professional and skilled human resources Strong financial position	-

Opportunities	Threats
Strategic importance of textile sector in Pakistan Availability of good quality raw material Market diversification	Volatility in cotton prices Persistent energy crises Depreciation of Rupee A large number of regional and international competitors

Board Committees

Audit Committee

Members

1	Mr. Khalid Qadeer Qureshi	Chairman
2	Mr. Muhammad Azam	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	Mr. Muhammad Azam	5
3	Ms. Nabiha Shahnawaz Cheema	4

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

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

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 such matters for key management positions who directly report to CEO or COO.

Directors' Report

Directors of Nishat Mills Limited ("the Company") are pleased to present the annual report of the Company for the year ended 30 June 2013 along with the financial statements and auditors' report thereon.

Financial Review

Financial Performance

The financial performance of the Company was remarkable during the current year. The growth both in revenue and profitability was marvelous. Profit after tax of our Company recorded a significant increase of 65.70 %. This was mainly on account of increase in sales, production efficiencies, improved product mix and perfect investment portfolio. The summary of the key profitability measures is presented below.

Financial highlights

	2013 Rupees (000)	2012 Rupees (000)
Net sales	52,426,030	44,924,101
Gross profit	9,044,485	6,789,191
EBITDA	9,334,689	7,101,295
Depreciation	1,360,255	1,259,185
Finance cost	1,617,581	1,760,543
Dividend Income	2,226,339	2,266,279
Pre-tax profit	6,356,853	4,081,567
After tax profit	5,846,853	3,528,567

Sales increased by 16.70% for the year ended 30 June 2013 as compared to sales in previous year ended 30 June 2012. All business divisions of the Company contributed towards this sales growth in terms of both increased volume and favorable prices. Our long term relations with our customers that are based on supplying high quality products paid off. The sales quantities also increased due to extensive efforts to explore new markets and broaden customer base particularly in Asia, Africa, Australia and the USA. The Company's sales grew exponentially by 120% over the last 5 years.

The gross profit margin increased by 33.22%. In addition to unprecedented sales, the increase was mainly attributable to production efficiencies and better cost management. Cost of sales recorded a less than proportional increase in sales by 13.76%. Raw material consumption cost as a percentage of sales reduced from 56.01% in the corresponding last year to 54.91% in the current year. The biggest challenge, however, for industry was to tackle the energy crisis due to shortage of gas and electricity. The problem further aggravated by the imposition of Gas Infrastructure Development Cess and Fuel Price Adjustment. The Company is working for alternative fuel source and successfully commissioned its first 6 M.W coal and bio-mass plant in December 2012. Besides this, we have taken energy saving measures across the organization. Due to these efforts, the increase in fuel and power cost was curtailed to 16.08%. The company's long term objective is the growth of its value added segments. The segmental review of our gross profit margins reflects our commitment and focus on value addition.

The Company earned EBITDA of Rs. 9,335 million in the current year which was an increase of Rs. 2,234 million i.e. 31.45% over the last year. This impressive increase is the evidence of our financial and operational efficiencies. The strong EBITDA enabled us to finance our working capital requirements and carry out BMR at our manufacturing facilities.

Over the years, the Company has diversified its source of earnings and developed an effective portfolio of investments according to its viberant investment policy. The dividend income remained steady as compared to corresponding previous year and constituted 4.25% as a percentage of sales. Its share to the bottom line is significant and growing.

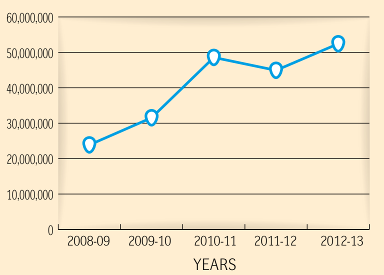
In addition to dividend income, realizing capital gains as a result of value appreciation of securities at appropriate time is part of our investment strategy. The Company has divested 10% of its holding in the shares of Lalpir Power Limited in the current year.

The finance cost of the Company decreased by 8.12% in the current year as compared to the corresponding previous year due to effective fund management, reduction in interest rate and improved cash inflows resulting from excellent profits earned by the Company.

Historically, the Company's interest cover ratio always remained good and

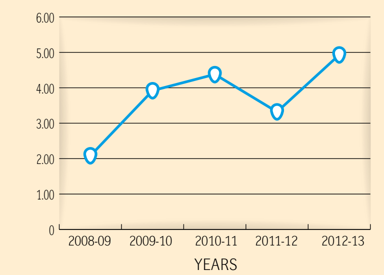
Sales

Rupees (000)



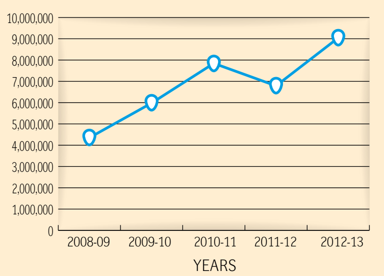
Interest Cover

Times



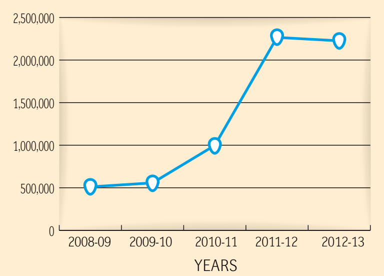
Gross Profit

Rupees (000)



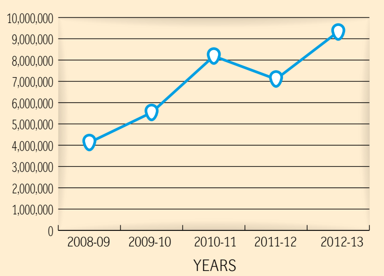
Dividend Income

Rupees (000)



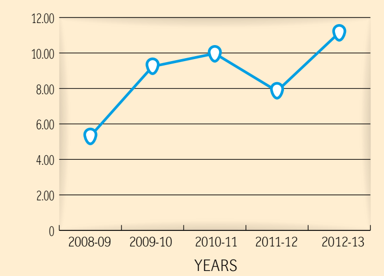
EBITDA

Rupees (000)



Profit After Tax

Percentage



Financial Review

Directors' Report (Contd.)

improved over the years. The interest cover ratio for the current year was almost 5 times which indicates that company has enough room to cover up its finance cost.

Profit after tax of the Company increased by Rs. 2.318 billion which was the highest return in the last five years. The after tax profit percentage to sales increased by 3.30% to impressive 11.15% in the current year. The fuel cost savings, higher profitability of value added segments and a well diversified investment portfolio were the reasons for this remarkable gain.

Financial Strength

Our financial strength depends on operational efficiencies of our manufacturing facilities and optimum financial management. The introduction of new and innovative technologies keeps us ahead of our competitors and enables us to meet changing demands of our customers. The company is in a continuous process to upgrade and expand its production capacities. We expended Rs. 2,898 million this year on fixed capital expenditure as compared to Rs. 2,472 million in the last year.

Working Capital Management

The Company's liquidity and short term financial position improved further in the current year. Our current and quick ratio stayed at 1.51 and 0.83 respectively, up from 1.31 and 0.60 respectively from the previous year. It is a clear evidence of prudent working capital financial management despite the financing requirements of huge sales volume this year.

Capital Structure

We maintain optimal capital structure in order to create balance between financing requirements and cost of capital that resultantly creates value for our shareholders. We are a low geared company that reduces our financial risk. A greater proportion of equity provides a cushion and is seen as a measure of financial strength. A persistent decline in gearing ratio indicates that the Company's dependence on long term financing has been decreasing and it is also a reason for reduction in finance cost.

Earnings per Share (EPS)

The EPS, a key performance indicator of profitability of the company, increased to Rs. 16.63 in the current year from Rs. 10.04 in the previous year. It was a remarkable increase of 65.64 % over the last year. It is the reflection of the Board and management team's commitment to enhancing growth and value for shareholders of the Company.

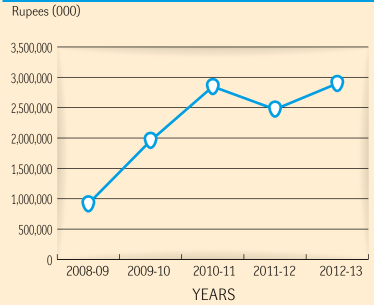
Appropriations

The Board of Directors of the Company has recommended 40% cash dividend (2012: 35%) and transferring of Rupees 4,440 million (2012: Rupees 2,297 million) to general reserve.

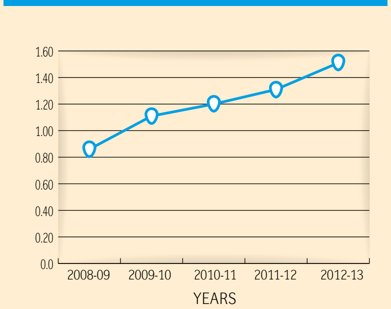
Contribution to National Exchequer and Economy

During the year company contributed an amount of Rs. 1,048 million towards national exchequer by way of income tax, sales tax, duties etc. The Company is also acting as withholding agent for FBR. The Company also contributed through earnings of precious foreign exchange amounting to US$ 405.480 million. As explained in value addition statement, total value addition made to the economy was Rs. 55,305 million during the year.

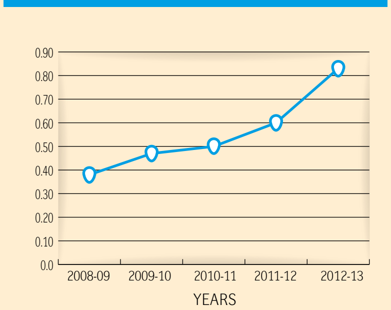
Fixed Capital Expenditure



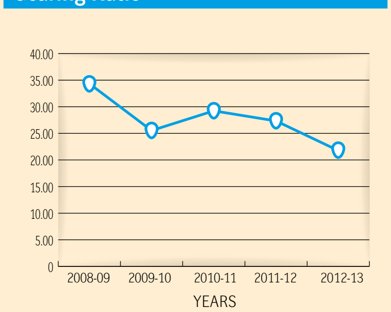
Current Ratio



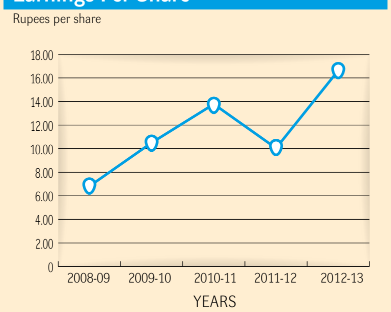
Quick Ratio



Gearing Ratio



Earnings Per Share



Risk Management

The Company is exposed to many financial and non-financial risks. The Audit Committee, Human Resource and Remuneration Committee and head of departments in each business segment identify, evaluate and minimize these 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.

Business Risks

The Company faces a number of business risks.

Cotton Supply and Price: The supply and price 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 procurement of the cotton at the start of 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 and developing innovative products without compromising on quality.

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

Credit risk: The Company's credit 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 non-performance by these counter parties; hence, the credit risk is minimal.

Liquidity risk: It is at the minimum due to the availability of 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 gearing ratio. Our strategy is to keep the gearing ratio at the maximum of 40% equity and 60% debt.

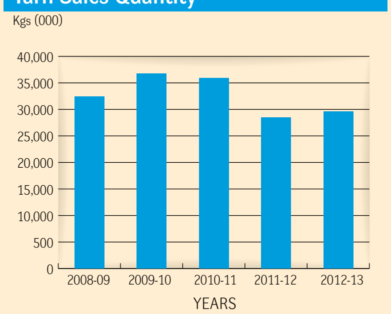
Segment Analysis

Spinning

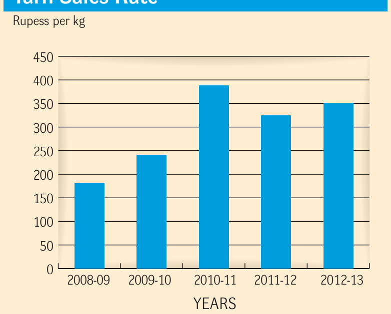
The Spinning division recorded impressive profits during the financial year ended 30 June 2013 due to somehow stable trend in cotton prices, better quality control and customer services. The relative stability in cotton prices was due to favorable weather conditions and timely arrival of crop in the market. Yarn rate margins covered the rise and fall of cotton rates throughout the year except when the competition got intensified due to the shortage of raw cotton in the international and local markets which persisted till India and China released some stocks of cotton. However, the Company escaped the volatility of market because of timely procurement of cotton in bulk and made a fortune out of the situation.

Hong Kong and China were the leading consumers of the yarn while the demand from Europe and the USA remained low during the year. The demand for carded yarn was more than the demand of combed yarn. Considering the continuing importance of Spinning division, the Company is in the process of upgrading and enhancing the capacity of its yarn production.

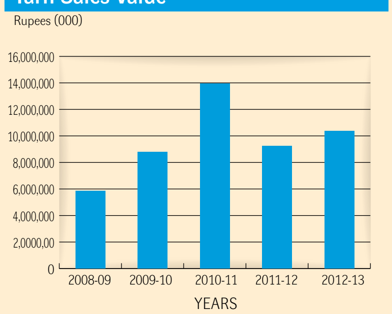
Yarn Sales Quantity



Yarn Sales Rate



Yarn Sales Value



Weaving

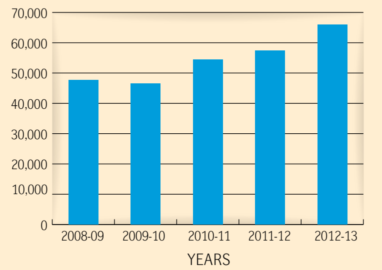
The stability in cotton prices was the main driver behind the business activity in textile sector during the financial year 2012-13. This gave confidence to buyers and they placed orders keeping in view their sales forecast with a lead span of two to three months. Resultantly, the change in planning procedure due to stable cotton market provided boost to our sales. Considering the huge level of cotton stocks available with China, this pattern is expected to continue in future too. The prices of polyester fiber fluctuated throughout the year, however, we at Nishat successfully managed our work wear business. The overall price level of yarn, which is the raw material of this division, was high in local market due to continuing energy crises in the country. Despite this, the Weaving division's sales increased by Rs. 1,570 million during the year as compared to last year.

This year, demand for our weaving products also increased in local market because many American brands gave a good number of orders to Pakistani dyeing houses including the processing unit of Nishat Mills Limited.

International markets had mixed trends; however, we retained our business in some of the key markets such as Italy, Germany, UK, Japan and Far East. Due to economic recession in Europe, grey fabric business remained sluggish during the year. This situation forced us to make a shift in our strategy to develop new markets in different products such as technical fabrics, special fibers and corduroy. We have experienced initial success and we expect bigger volumes in this category of business.

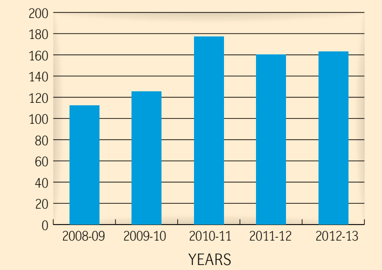
Grey Cloth Sales Quantity

Meters (000)



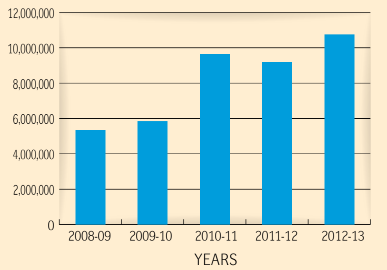
Grey Cloth Sale Rate

Rupees per meter



Grey Cloth Sales Value

Rupees (000)



Segment Analysis

Directors' Report (Contd.)

Processing and Home Textile

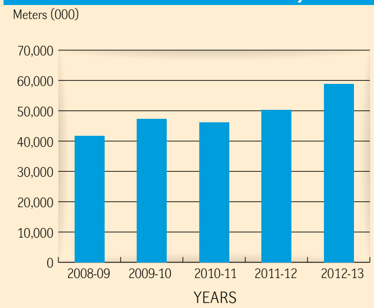
The global economic conditions improved during the current year as compared to last year, which created the demand of textile products and helped in improving our business. Resultantly, our Processing and Home Textile division earned significant profits.

Despite better global economic conditions and comparatively stable cotton prices, fiscal year 2012-2013 remained extremely challenging for textile sector in Pakistan. There were many obstacles, which posed grave threats to survival of textile industry such as the high cost of production resulting from ever rising energy costs and increasing prices of imported inputs due to depreciation of rupee. In the face of all these challenges, our processing units did exceptionally well during aforementioned period and achieved huge sales volume of 58.959 million meters amounting to Rs. 15,884 million. Our proactive marketing strategy, dedication and team work enabled us to achieve these unprecedented results.

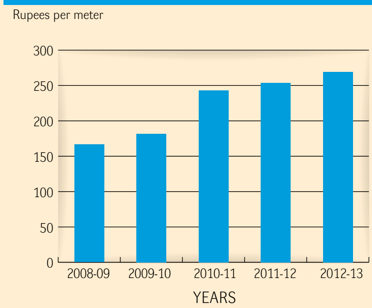
We are entering in the first quarter of financial year 2013-2014 with even more challenges but we are fully equipped to face them. We are quite confident and hopeful that we will be able to demonstrate positive results in coming years as well.

The issues faced by Stitching units were not different from the other divisions. The massive power and gas shut downs in the country has badly disrupted the production flows of entire textile sector. Consequently, scarcity of good quality yarn increased the prices of woven fabrics. That intensified the dilemma faced by our home textile industry which is positioned at the end of the whole production process chain. With input of expensive raw material, final stitched products gets significant surge in the cost after going through the processing and value added procedures that makes it very challenging to compete with the other countries in this cut throat competitive environment.
During the current year, our main focus remained on increasing the business volumes with major retailers of American, European and Australian markets and we were successful in establishing very strong relationships. In addition to this direct business, our indirect business relations through foreign importers and agents are also growing. On the whole, this versatile strategy is playing well and we have been able to target world's leading brands and also continue to sustain existing business with a steady growth. Despite the several adverse factors in the market, our Home Textile division showed substantial improvements in overall business.

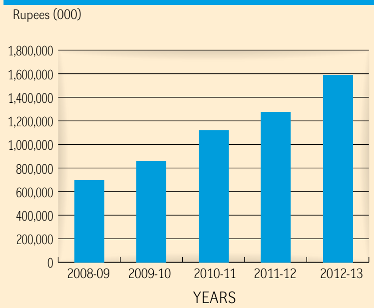
Processed Cloth Sales Quantity



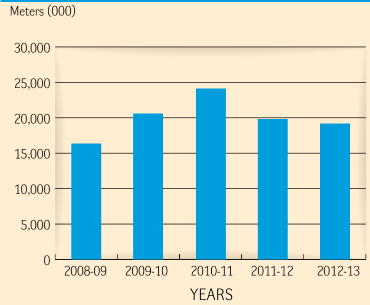
Processed Cloth Sale Rate



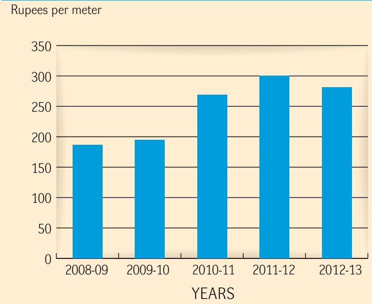
Processed Cloth Sales Value



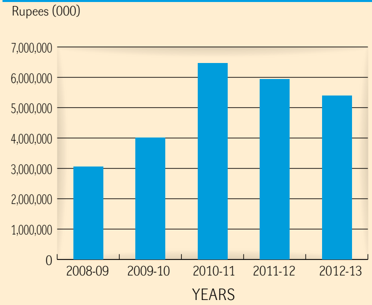
Made-ups Cloth Sales Quantity



Made-ups Sales Rate



Made-ups Sales Value

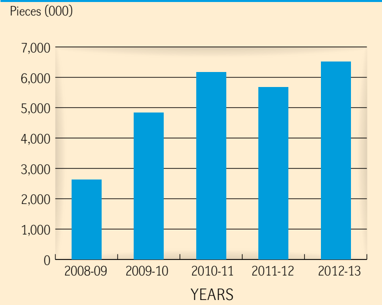


Giving the Best, From the Best

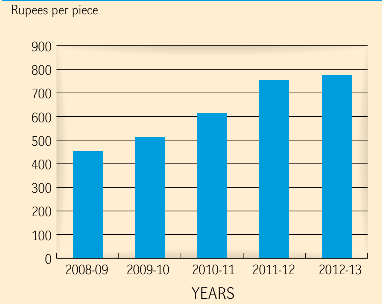
Garments

Garments division achieved excellent results in the current year as well. The sales volume increased by 14.98% during the year as compared to last year. The future of garment production in Pakistan is bright. China's increasing cost of production has forced major retailers and brands to actively seek larger production capacities in South Asian countries. Our company can largely benefit from this shift in demand along with GSP Plus status by EU which is due in the next year. Pakistan makes one of the best fabrics in the world both in denim and piece dyed categories. Our country has the potential of becoming one of the largest sourcing hubs for apparel. Our garments division is poised to be a beneficiary of this increased activity through product development and wide customer base.

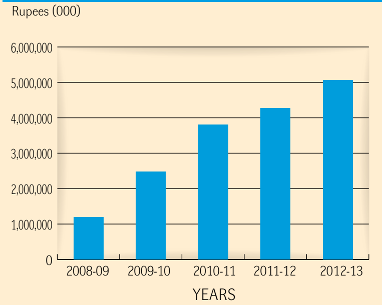
Garments Sales Quantity



Garments Sale Rate



Garments Sales Value



Power Generation

Although, the Government of Pakistan is making serious efforts in solving the precarious energy crises in the country, the situation remains uncertain. So far as Nishat Mills Limited is concerned, the Company is always planning and executing projects to ensure the cheapest possible and reliable power supply to our textile production units.

In this context, at Lahore a 9 MW extension of existing coal fired plant is underway. Coal and bio-mass fired plants are also at planning stage in Bhikki and Faisalabad. A new gas fired generator of 2 MW is also under installation in Lahore. This generator has better gas consumption rate than the existing generators. Other replacements of old generators with new and more efficient generators are being planned.

At power plant located at Bhikki, a more efficient 8.6 MW dual fuel Wartsila generator will replace the existing gas turbine. This machine can changeover from gas to HFO and back without requiring stoppage for modification to suit the fuel. This machine has better gas and HFO fuel consumption rate thereby using less gas and oil to generate same power output than existing machines.

Power Plants	Generation Capacity (MW)	Diesel / Furnace Oil Engines	Gas Engines	Gas / Steam Turbines	Coal Plant
Faisalabad	38.38	4	4	1	-
Bhikki	16.24	4	4	1	-
Lahore	30.92	9	9	2	1
Feroze Watwan	11.90	3	4	-	-

Information Technology

The Information technology with all its hardware and software capabilities have become the backbone of our fastest growing company. The integrated IT infrastructure provides much needed impetus to all our business segments across the company. During the current year our MIS department revamped the sales system to meet the needs of our growing company.

On the hardware and networks front, our Network Infrastructure and Services completed construction of a private optical network for linking the new coal fired power plant at Lahore. The new plant is now connected with rest of the Company. We also introduced Radio Frequency Identification (RFID) system for dispatches in one of our production units. This is a highly advanced product identification system which saves time and money of company.

Textile Industry Overview

Directors' Report (Contd.)

Textile industry recorded a modest growth of 0.92 % in year 2012-13 as compared to growth of 0.77 % in year 2011-12. Its importance is paramount in Pakistani economy owing to its largest size as an industry, sufficient availability of its raw material, being the largest foreign exchange earner and employer of more than 50% of labor force. Pakistan is focused and committed towards the growth of textile industry. The sector has been provided many incentives such as downward revision of export refinancing rates, imposition of sales tax on reduced rates and duty free import of machinery and raw material. Despite these encouragements, the textile industry could not perform at its full potential due to power and gas shortage and deteriorating law and order situation in the country. The frequent scheduled and unscheduled load shedding with increase in rates of electricity and gas have made our products uncompetitive in the international market. This has forced many textile units to shut down and squeezed the margins of surviving units.

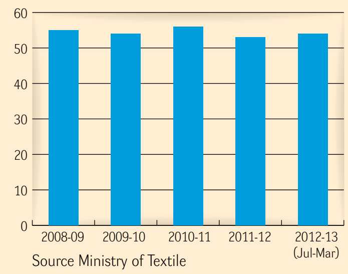
However, there was some positive news that came in year 2013 for textile sector. In November 2012, EU announced duty waiver on 75 items which gave the positive sentiments to improve exports sales to European Union. Moreover, textile sector is keenly waiting the GSP Plus status by EU that will be operational in year 2014 to enhance its share of export.

Nishat Mills Limited's Share

The Company is the largest textile composite unit and state of art manufacturing facility handled by competent and skilled employees led by the team of professionals in all functions of the organization. This has made it the leading vertically integrated mill in the country. The Company is operationally capable to gain from the growing demand of both value-added and low-end textile products in international markets. Following is the extract from the report of PACRA on the contribution and capabilities of the Company. The report was issued in January 2013.

"NML is a leading exporter with 3% (FY12) share in country's total textile exports. The company is engaged in textile manufacturing process – spinning, combing, weaving, bleaching, dyeing, printing and stitching. NML has a total plant capacity of 198,096 Spindles, 12 Suzler Looms, 653 Airjet Looms, 3 Rotary Printing Machines and 5 Thermosole Dyeing Machines. NML's Dyeing & Finishing unit is considered to be one of largest dyeing plants located in South East Asia. Overall, NML has 28 manufacturing units each specializing in a specific product range located at Faisalabad, Sheikhupura, Feroze Watwan and Lahore."

Textiles Exports as Percentage of Total Exports



Source Ministry of Textile

Subsidiary Companies

Directors' Report (Contd.)

The 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.

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

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 on 09 June 2010.

Nishat Linen (Private) Limited

This is a wholly owned subsidiary of the Company. The principal business of the Subsidiary is to operate retail outlets for sale of textile and other products; and to sale the textile products by getting processed the textile goods from outside manufacturing facilities. The subsidiary started its operations in July 2011.

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.

Nishat USA Inc.

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

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 constructing a four star hotel in Lahore on international standards under the name of "The Nishat St. James Hotel". The hotel is expected to commence its operations in the third quarter of the year ended 30 June 2014.

Nishat International FZE

This is also a wholly owned subsidiary of the Company. 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. It has been registered in the FZE register on February 7, 2013. The principal activity of the Subsidiary Company is trading in textile products, leather products and all such ancillaries thereto.

Human Capital

The Company's Human Resource management is based on the objectives of profitable and sustainable growth of the Company. The HR policies are formulated keeping in view our core values, code of conduct for employees and in compliance with legal requirements of the country.

All the hiring is done through transparent and competitive procedures and principle of equitable opportunity for all. The Company offers attractive remuneration and is the employer of choice of talented, skilled and competent professionals and workers. The company has an employees strength of 17,060 people as on 30 June 2013.

We provide on-job training facilities to enhance the employee's capabilities to match the required skill set for their respective jobs. The transparent annual performance evaluation process has been developed to incite motivation among employees. This performance review provides equitable reward and career growth prospects in our growing company. Resultantly, our employee's turnover rate is very low.

The Company has an elaborative succession plan according to which each head of department has to prepare and communicate succession plan in annual review report. We believe in the empowerment of our employees and groom them for leadership roles.

Corporate Social Responsibility

Directors' Report (Contd.)

We always believe that Nishat Mills Limited's growth is positively correlated with the socio-economic development of our country. Therefore we have carried out many projects for the sustainable and equitable growth of the society according to our Corporate Social Responsibility guidelines that are knitted in our vision, mission statements and core values.

Energy Conservation:

Today, energy shortage is the biggest challenge of our industry. The energy shortage and its availability at higher cost have severally affected our competiveness against China and India. We believe not only in finding out alternative ways to generate electricity but we also focus on the conservation of energy. For this purpose, we have installed LED lights and solar panels in many of our production facilities. We have also installed 45 powerless ventilators at Bhikki.

Environment Protection:

Environment protection is one of our most important priority and our continuous efforts are its proof. The Company spends considerably on plantations and has a dedicated workforce of gardeners. Recently, we gifted 10,000 plants to Parks and Horticulture Authority, Lahore for plantation across the Lahore city.

We are also committed to create awareness about environment protection among masses in general and among employees in particular.

Our "Rupee for a tree scheme" has successfully progressed in second year as well. This is an employee / management partnership to plant estimated 20,000 trees in company premises, highways, roads, colleges, schools, hospital and other public places. Under this scheme, the company has committed its resources along with contribution of Re. 1 per month per employee by the employees who are willing to participate. Total number of trees planted to date is 2,815.

We have installed Effluent Water treatments plants at all our dyeing, printing and garments production facilities and these have been in operation for many years. These plants treat the water used in production process for contamination and other impurities before its final drainage.

Waste Recycling:

The Company has started a new project during the year 2013 under which we collect waste from industrial units located around our Weaving facility at Bhikki. We grade this waste which is used for energy generation.

The caustic soda recovery plant has been in operation for the last 11 years at our dyeing and finishing plant. Other waste recovery plants which are operational in our company include sizing recovery plant, cotton recovery plant and lube oil recovery plant.

Occupational Safety and Health:

We are strongly committed to employees' safety and health and we have made arrangements in

Corporate Social Responsibility
Directors' Report (Contd.)

line with international standards. We have team of professional fire fighters on our payroll. Our response time in case of fire incident at our production facilities is 2 minutes. The company has acquired a fire fighting truck for our Lahore facility in addition to existing fire fighting truck at Faisalabad factory.

We have established dispensaries with full time working doctors at all production facilities which are supported by ambulance services as well. The Company is pivotal in establishing a social security dispensary near its production facilities in Lahore. The workers of almost fifty other industries around this dispensary are its beneficiaries.

The fumigation of production halls and workers' colonies is carried out regularly for the prevention of dengue outbreak. The Company arranges vaccination of contagious diseases for workers and polio vaccination for their children who reside in the workers colonies. The company also provides healthy food to workers at subsidized rates at its premises.

Most of the production facilities of the Company are ISO-9001 and SA-8000 certified. These standards are being developed and monitored by "International Organization for Standardization" and "Social Accountability International", requiring quality management systems and excellent working conditions for employees.

Equal Opportunity Employer:

The Company drives the concept of equal opportunity employer from its core value of promoting diversity and ethics. The company offers employment opportunities on merit to all irrespective of their gender, religion and ethnicity.

The company employs and encourages the employment and career growth of women and physically challenged people. Our stitching and garments segment is dominated by women who form significant part of our work force. Our stitching segment has a dedicated area for the training and assimilation of special persons in our work force.

Community Welfare Schemes:

The company has engaged itself in many community welfare schemes. We have allocated our time, money and staff for the construction, repair and maintenance of roads outside our premises near our production facilities. We have also constructed and maintained mosques within the premises of our production facilities.

Consumer Protection Measures:

The Company has acquired the certification of Customs-Trade Partnership Against Terrorism at all its production facilities. C-TPAT is a voluntary supply chain security program aimed at improving the security of private companies' supply chains with respect to terrorism. The installation of metal detectors at stitching units is also in process. Its purpose is to ensure the safety of customers by detecting parts of needles and other metal objects present in goods dispatched from Nishat's Stitching units.

Best Corporate Practices

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

Meetings of the Board of Directors

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

Sr. No.	Name of Director	No. of Meetings Attended
1.	Mian Umer Mansha (Chairman /Chief Executive Officer)	6
2.	Mian Hassan Mansha	2
3.	Syed Zahid Hussain (Nominee NIT)	6
4.	Mr. Khalid Qadeer Qureshi	6
5.	Mr. Muhammad Azam	4
6.	Ms. Nabiha Shahnawaz Cheema	5
7.	Mr. Maqsood Ahmad	5

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. Value of investments in respect of retirement benefits fund:

   Provident Fund: 30th June, 2013: Rs. 1,983.22 Million Un-audited (2012: Rs. 1,699.85 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 & Co. Chartered Accountants have completed the annual audit for the year ended June 30, 2013, and have issued an unqualified audit report. The existing 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 June 30, 2014.
The Board has recommended the appointment of M/s Riaz Ahmed & Co., Chartered Accountants as auditors for the next year according to the recommendation of Audit Committee, subject to approval of the shareholders in the AGM.

Future Prospects
Directors' Report (Contd.)

The year 2013-14 brings with it economic and political challenges both at local and global landscape. The continuing energy crisis, recent floods and looming war in Middle East posses threats to the competitive position because it could result in higher input and logistic costs for an export oriented company like ours. We are aware of these issues and our strategic plans encompass the remedies to address these problems. The year also carries with it many opportunities. We are hopefully waiting and geared up to exploit the benefits of GSP plus status expected to be granted by the EU to Pakistan in January 2014. This will enhance our competitiveness due to duty free access to European markets and increase our contribution towards national exchequer in the form of valuable foreign exchange.

Our policy of investment in enhancement of our production capacities will persist in future as well. The rise in the demand of Pakistani yarn in Chinese markets is expected to continue in near future. In order to realize the benefits of this opportunity, the company is planning to set up a new spinning unit of 28,800 spindles at Feroze Watwan. This will be the state of art machinery which will increase the production capacity by 365,000 bags per annum. This project will generate employment for 400 persons.

Forecasting the demand dynamics of future markets, we are upgrading and enhancing our weaving production capacities as well. During October 2013, the new 77 Picanol air jet looms will become operational in place of old Tsudakoma air jet looms. The purpose of installing these looms is to focus on fashion and technical fabrics in European market. Furthermore, a new unit of 100 Toyota Air jet looms will be established at our weaving division located at Bhikki. The new investment will increase production by 35 million square meters per annum. This project will generate employment for 400 people.

The company has not ignored value added sector and is introducing innovative solutions to augment revenue on sales to designer based premium products. The construction work will start soon on our new bottom making facility in Lahore. The production of this facility is expected to commence in financial year 2014-15. With enhanced capacities, Garments division will strengthen its position further in apparel exports and will be able to acquire a major share of apparel production in Pakistan. This new investment will open doors of opportunity for both our people and company. It has been planned to install a new unit which will enhance garments' production capacity by 4.80 million garments per annum. An additional workforce of 2500 persons will be employed. In processing and home textile segment, narrow width processing capacity is being increased by adding a new Mercerizing Machine, Dying Thermosole, Rotary printing machine, Stenter machine and Ager.

Corporate Awards

The Annual Report of the Company for the year ended 30 June 2012 was awarded the top position in Textile Sector in the ceremony of Best Corporate Report Awards 2012 held in Karachi on 22 August 2013 by Joint Committee of Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountants of Pakistan (ICMAP).

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
Chairman / Chief Executive Officer

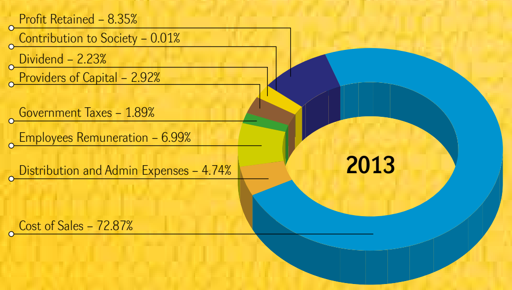
25 September 2013
Lahore

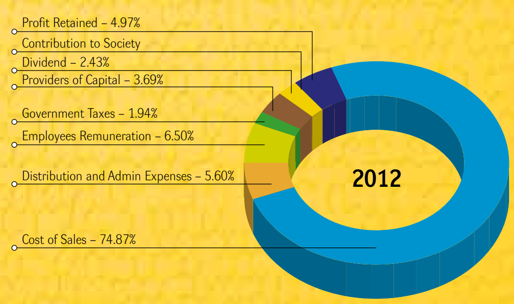
Statement of Value Addition and Distribution

	Year 2013		Year 2012	
	Rs (000)	%	Rs (000)	%
Value Addition				
Sales inclusive of Sales Tax	52,566,334	95.05	44,983,880	94.37
Other Operating Income	2,739,102	4.95	2,683,685	5.63
	55,305,436	100	47,667,565	100
Value Distribution				
Cost of Sales (Excluding Employees Remuneration)	40,301,492	72.87	35,686,926	74.87
Distribution and Admin Expenses (Excluding Employees Remuneration)	2,623,720	4.74	2,668,434	5.60
Employees Remuneration	3,865,236	6.99	3,096,452	6.50
Government Taxes (Including Income Taxes, Sales taxes, WPPF and WWF)	1,047,549	1.89	925,993	1.94
Providers of Capital (Finance Cost)	1,617,581	2.92	1,760,543	3.69
Dividend	1,230,599	2.23	1,160,279	2.43
Contribution to Society (Donations)	3,005	0.01	650	0.00
Profit Retained	4,616,254	8.35	2,368,288	4.97
	55,305,436	100	47,667,565	100

Wealth Distribution

Composition for the last six years





Financial Highlights

		2013	2012	2011	2010	2009	2008
							(Rupees in thousand)
Summarized Balance Sheet							
Non-Current Assets							
Property, plant and equipment		15,530,320	14,318,639	13,303,514	11,841,667	11,199,635	11,470,608
Long term investments		37,378,224	21,912,790	21,337,889	21,959,543	11,952,949	19,969,449
Other Non-Current Assets		521,490	547,283	1,005,542	648,176	65,264	18,853
Current Assets							
Stores, spares and loose tools		1,285,371	1,019,041	955,136	688,832	561,251	513,114
Stock in trade		10,945,439	9,695,133	9,846,680	6,060,441	4,092,512	4,163,194
Short term investments		4,362,880	1,589,093	1,781,471	1,554,543	1,414,310	1,855,827
Other current assets		10,610,870	7,544,404	5,858,672	3,429,112	2,226,765	2,286,244
Total Assets		80,634,594	56,626,383	54,088,904	46,182,314	31,512,686	40,277,289
Shareholders' Equity		58,917,035	37,762,749	35,393,959	31,376,313	19,330,767	26,492,070
Non-Current Liabilities							
Long term financing		3,149,732	3,426,578	2,861,956	2,980,694	2,334,411	1,321,912
Deferred tax		499,415	310,305	510,640	1,256,892	245,243	409,381
Current Liabilities							
Short term borrowings		11,939,028	9,665,849	10,471,685	6,649,447	7,342,600	9,338,574
Current portion of long term liabilities		1,310,769	1,106,902	1,283,865	1,128,632	433,313	1,028,925
Other current liabilities		4,818,615	4,354,000	3,566,799	2,790,336	1,826,352	1,686,427
Total Equity and Liabilities		80,634,594	56,626,383	54,088,904	46,182,314	31,512,686	40,277,289
Profit & Loss							
Sales		52,426,030	44,924,101	48,565,144	31,535,647	23,870,379	19,589,804
Gross profit		9,044,485	6,789,191	7,846,447	5,980,185	4,351,541	2,811,746
EBITDA		9,334,690	7,101,295	8,186,974	5,518,864	4,127,816	8,069,375
Other income		2,739,102	2,683,685	2,444,985	981,650	599,006	5,808,092
Profit before tax		6,356,854	4,081,567	5,411,912	3,286,069	1,561,501	6,118,687
Profit after tax		5,846,854	3,528,567	4,843,912	2,915,461	1,268,001	5,857,587
Cash Flows							
Cash Flow from Operating Activities		491,795	2,750,542	260,523	988,193	2,138,364	(161,175)
Cash Flow from Investing Activities		(2,695,026)	47,346	(2,222,501)	(5,520,869)	(2,128,400)	(2,695,030)
Cash Flow from Financing Activities		973,538	(1,572,033)	2,984,094	4,531,767	24,981	2,851,214
Changes in Cash & Cash Equivalents		(1,229,694)	1,225,855	1,022,116	(909)	34,945	(4,991)
Cash and cash equivalent-year end		1,128,862	2,358,556	1,132,701	110,585	111,494	76,549
Ratios Analysis							
Profitability Ratios							
Gross profit	%	17.25	15.11	16.16	18.96	18.23	14.35
EBITDA to sales	%	17.81	15.81	16.86	17.50	17.29	41.19
Pre tax Profit	%	12.13	9.09	11.14	10.42	6.54	31.23
After tax profit	%	11.15	7.85	9.97	9.24	5.31	29.90
Return on Equity	%	12.10	9.65	14.51	11.50	5.53	20.68
Return on Capital Employed	%	15.33	14.56	18.86	15.34	12.00	23.50
Operating Leverage Ratio		2.19	2.23	1.09	1.45	2.28	(0.04)

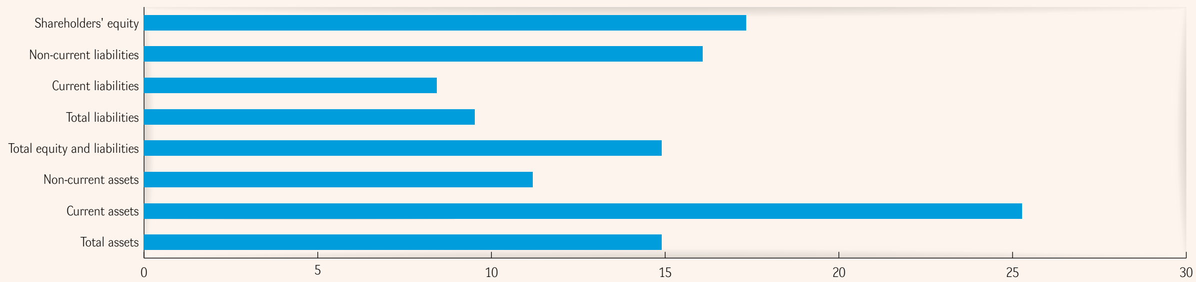
		2013	2012	2011	2010	2009	2008
Liquidity Ratios							
Current ratio		1.51	1.31	1.20	1.11	0.86	0.73
Quick ratio		0.83	0.60	0.50	0.47	0.38	0.34
Cash to current liabilities	Times	0.06	0.16	0.07	0.01	0.01	0.01
Cash flows from operations to sales	Times	0.01	0.06	0.01	0.03	0.09	(0.01)
Activity / Turnover Ratios							
Inventory Turnover Ratio	Times	4.20	3.90	5.12	5.03	4.73	4.62
No. of Days in Inventory	Days	86.90	93.85	71.29	72.56	77.17	79.22
Debtors Turnover Ratio	Times	10.77	15.05	21.48	18.87	17.76	17.66
No. of Days in Receivables	Days	33.89	24.32	16.99	19.34	20.55	20.72
Creditors Turnover Ratio	Times	8.01	8.46	14.03	10.55	9.05	10.91
No. of Days in Creditors	Days	45.57	43.26	26.02	34.60	40.33	33.55
Operating Cycle	Days	75.22	74.91	62.26	57.30	57.39	66.39
Total Assets Turnover Ratio	Times	0.65	0.79	0.90	0.68	0.76	0.49
Fixed Assets turnover Ratio	Times	3.38	3.14	3.65	2.66	2.13	1.71
Investment /Market Ratios							
Earnings per share	Rs.	16.63	10.04	13.78	10.50	6.23	36.86
Price Earning ratio	Times	5.67	4.74	3.65	4.11	6.07	2.33
Dividend yield ratio	%	4.25	7.36	6.56	5.80	5.29	2.91
Dividend payout ratio	%	24.05	34.86	23.95	23.81	32.10	6.78
Dividend cover ratio	Times	4.16	2.87	4.17	3.32	2.61	14.66
Dividend per share	Rs.	4.00	3.50	3.30	2.50	2.00	2.50
Break-up Value	Rs.	167.57	107.40	100.67	89.24	79.72	165.80
Proposed dividend	%	40	35	33	25	20	25
Bonus	%	-	-	-	-	-	-
Right issue per share	Rs.	-	-	-	45% at Rs. 40	50% at Rs. 25	-
Market Value per Share							
Closing	Rs.	94.21	47.58	50.34	43.12	37.82	85.97
High	Rs.	108.00	60.49	71.89	75.20	85.12	135.95
Low	Rs.	47.99	38.10	40.81	37.80	21.12	74.34
Capital Structure Ratios							
Financial leverage ratio	%	28.00	38.00	41.00	34.00	52.00	44.00
Weighted average cost of debt	%	10.57	12.22	12.62	10.80	13.27	9.59
Debt to equity ratio	%	5.35	9.07	8.09	9.50	12.08	4.99
Interest cover ratio	Times	4.93	3.32	4.38	3.92	2.08	7.44
Gearing ratio	%	21.77	27.33	29.23	25.53	34.34	30.62
Production Machines							
No. of Spindles		198,096	198,096	199,536	199,502	198,120	189,960
No. of Looms		648	665	644	663	629	625
No. of Thermosole Dyeing machines		5	5	5	5	5	5
No. of Rotary Printing machines		3	3	3	3	3	3
No. of Digital Printing machines		1	-	-	-	-	-
No. of Stitching Machines		2,721	2,683	2,536	2,456	1,821	1,693

Horizontal Analysis

	2013	2012	2011	2010	2009	2008
Balance Sheet						
Total Equity	222%	143%	134%	118%	73%	100%
Non-Current Liabilities	211%	216%	195%	245%	149%	100%
Current Liabilities	150%	125%	127%	88%	80%	100%
Total Liabilities	158%	137%	136%	107%	88%	100%
Total Equity and Liabilities	200%	141%	134%	115%	78%	100%
Assets						
Non-Current Assets	170%	117%	113%	110%	74%	100%
Current Assets	308%	225%	209%	133%	94%	100%
Total Assets	200%	141%	134%	115%	78%	100%
Profit and Loss						
Sales	268%	229%	248%	161%	122%	100%
Cost of Sales	259%	227%	243%	152%	116%	100%
Gross Profit	322%	241%	279%	213%	155%	100%
Distribution Cost	250%	253%	217%	170%	130%	100%
Administrative Expenses	202%	170%	153%	127%	101%	100%
Other Expenses	370%	310%	389%	261%	173%	100%
	246%	234%	211%	164%	125%	100%
	415%	250%	362%	272%	191%	100%
Other Income	47%	46%	42%	17%	10%	100%
Profit from Operations	113%	83%	99%	62%	43%	100%
Finance Cost	170%	185%	168%	119%	152%	100%
Profit before Taxation	104%	67%	88%	54%	26%	100%
Taxation	195%	212%	218%	142%	112%	100%
Profit after Taxation	100%	60%	83%	50%	22%	100%

Balance Sheet Horizontal Analysis

Cumulative average growth rate for the last six years - annualised

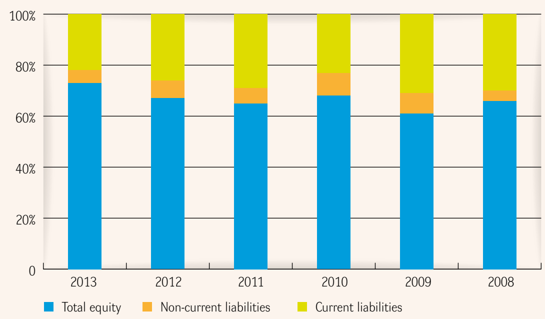


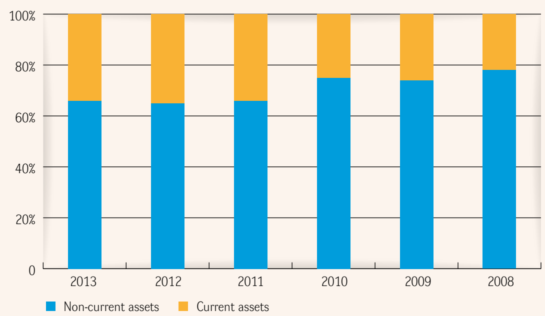
Vertical Analysis

	2013	2012	2011	2010	2009	2008
Balance Sheet						
Total equity	73%	67%	65%	68%	61%	66%
Non-current liabilities	5%	7%	6%	9%	8%	4%
Current liabilities	22%	27%	28%	23%	30%	30%
Total Liabilities	27%	33%	35%	32%	39%	34%
Total Equity and Liabilities	100%	100%	100%	100%	100%	100%
Assets						
Non-current assets	66%	65%	66%	75%	74%	78%
Current assets	34%	35%	34%	25%	26%	22%
Total Assets	100%	100%	100%	100%	100%	100%
Profit and Loss						
Sales	100%	100%	100%	100%	100%	100%
Cost of Sales	83%	85%	84%	81%	82%	86%
Gross Profit	17%	15%	16%	19%	18%	14%
Distribution Cost	5%	6%	5%	5%	6%	5%
Administrative Expenses	2%	2%	1%	2%	2%	2%
Other Expenses	1%	1%	1%	1%	1%	1%
	7%	8%	7%	8%	8%	8%
	10%	7%	9%	11%	10%	6%
Other Income	5%	6%	5%	3%	3%	30%
Profit from Operations	15%	13%	14%	14%	13%	36%
Finance Cost	3%	4%	3%	4%	6%	5%
Profit before Taxation	12%	9%	11%	10%	7%	31%
Taxation	1%	1%	1%	1%	1%	1%
Profit after Taxation	11%	8%	10%	9%	5%	30%

Balance Sheet Vertical Analysis

Composition for the last six years





Comments on Six Years Performance

Profit and Loss

Sales

Sales increased by 268% from 2008 to 2013. This is primarily attributable to broadening the customer base and focus on value added business.

Gross Profit

During the last six year, gross profit percentage remained steady and gross profit margin never decreased below 14% due to large sales volumes, production efficiencies and out of the box solutions to control cost.

Distribution Cost

Distribution cost increased somehow in direct proportion to increase in sales during the last six years but this remained steady at 5% to 6% as a percentage of sales.

Administrative Cost

Administrative cost remained quite under control and never crossed 2% of sales in last six years.

Other Income

A well diversified and perfect investment portfolio contributed regularly both in the form of dividend income and capital gains over the last six years.

Finance Cost

The finance cost increased due to financing requirements of increased sales volumes and expanding business requirements.

Balance Sheet

Equity

The 222% increase in equity is mainly attributable to the profits retained in the business, capital injection by the shareholders and appreciation in the market value of investments.

Non-Current Liabilities

The non-current liabilities of the Company increased to meet the fixed capital expenditure but these remained within the range of 4% to 9 % of total assets during the last six years.

Current Liabilities

Current liabilities increased primarily to finance to working capital needs of unprecedented sale growth of 268% over the last six years.

Non-Current Assets

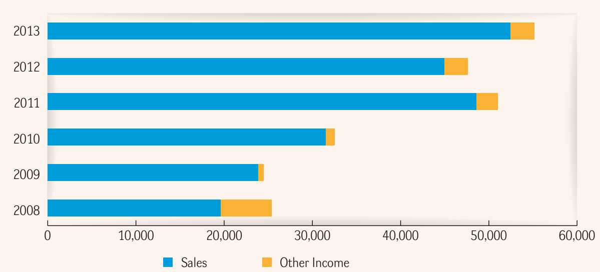
Non-current assets increased mainly due to continuous BMR of property, plant and equipment and establishment of a diverse long term investment portfolio.

Current Assets

Current assets increased due to significant growth in business of the company.

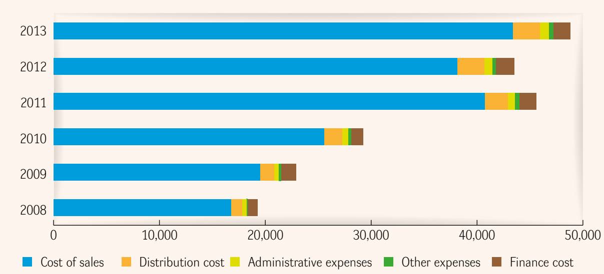
Profit and Loss Analysis (Income)

Rupees in million



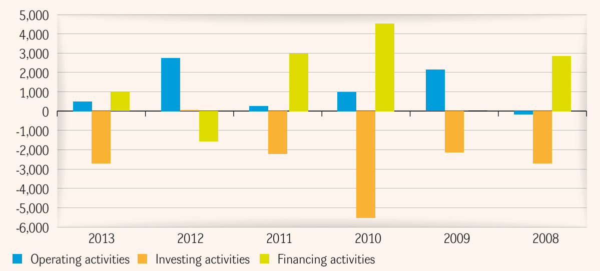
Profit and Loss Analysis (Expenses)

Rupees in million



Cash Flow Summery

Rupees in million



Statement of Compliance

with the Code of Corporate Governance (CCG 2012)
For the year ended June 30, 2013

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 of 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:

   Independent Directors
   Syed Zahid Hussain
   Executive Directors
   Mian Umer Mansha
   Mr. Muhammad Azam
   Mr. Maqsood Ahmed
   Non-Executive Directors
   Mian Hassan Mansha
   Mr. Khalid Qadeer Qureshi
   Ms. Nabiha Shahnawaz Cheema

   The requirement of Executive Directors in composition of Board under CCG 2012 will be fulfilled at the time of next election of directors.

   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. All the resident directors of the company are registered as 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. 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) Four (4) 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) Two directors Ms. Nabiha Shahnawaz Cheema and Mr. Maqsood Ahmad have completed the directors training program from the Institute of Chartered Accountants of Pakistan.

10. No new appointment of CFO, Company Secretary and Head of Internal Audit has been approved by the Board. The remuneration of CFO, Head of Internal Audit and Company Secretary 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 2012.

15. The Board has formed an Audit Committee. It comprises 3 members, of whom 2 are non-executive directors and the chairman of the committee is not an independent director and will be changed on next election date to bring the composition of audit committee in line with the requirements of CCG 2012.

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 2012. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has formed a Human Resource and Remuneration Committee. It comprises 3 members, of whom 2 are non-executive directors and the chairman of the committee is a non- executive director.

18. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company and they are involved in the internal audit function on full time basis.

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 and 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 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 CCG 2012 have been complied with.

Mian Umer Mansha
Chairman / Chief Executive Officer
CNIC Number: 35202-0842523-5

25 September 2013
Lahore

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of NISHAT MILLS LIMITED ("the Company") for the year ended 30 June 2013, to comply with the Listing Regulations of the respective Stock Exchanges, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance 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 of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of 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's 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.

Further, Listing Regulations of the Karachi, Lahore and Islamabad Stock Exchanges require the Company to place before the Board of Directors for their consideration and approval 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 recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before 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 of Corporate Governance as applicable to the Company for the year ended 30 June 2013.

Riaz Ahmad & Company
Chartered Accountants

Name of Engagement Partner:
Sarfraz Mahmood

September 25, 2013
Lahore

Financial Statements of

Nishat Mills Limited

For the year ended June 30, 2013

Auditors' Report to the Members

We have audited the annexed balance sheet of **NISHAT MILLS LIMITED** as at 30 June 2013 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 2013 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.

Riaz Ahmad & Company
Chartered Accountants

Name of engagement partner:
Sarfraz Mahmood

25 September 2013
Lahore

Balance Sheet
As at June 30, 2013

	Note	2013	2012
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
1,100,000,000 (2012: 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	55,401,036	34,246,750
Total equity		58,917,035	37,762,749
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	3,083,410	3,289,538
Liabilities against assets subject to finance lease	6	66,322	137,040
Deferred income tax liability	7	499,415	310,305
		3,649,147	3,736,883
CURRENT LIABILITIES			
Trade and other payables	8	3,785,501	3,397,640
Accrued mark-up	9	300,755	269,579
Short term borrowings	10	11,939,028	9,665,849
Current portion of non-current liabilities	11	1,310,769	1,106,902
Provision for taxation		732,359	686,781
		18,068,412	15,126,751
TOTAL LIABILITIES		21,717,559	18,863,634
CONTINGENCIES AND COMMITMENTS	12		
TOTAL EQUITY AND LIABILITIES		80,634,594	56,626,383

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

Chief Executive Officer

	Note	2013	2012
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	15,530,320	14,318,639
Investment properties	14	394,745	241,969
Long term investments	15	37,378,224	21,912,790
Long term loans	16	84,997	268,330
Long term deposits and prepayments	17	41,748	36,984
		53,430,034	36,778,712
CURRENT ASSETS			
Stores, spare parts and loose tools	18	1,285,371	1,019,041
Stock in trade	19	10,945,439	9,695,133
Trade debts	20	6,243,535	3,489,070
Loans and advances	21	1,898,334	867,631
Short term deposits and prepayments	22	40,018	41,008
Other receivables	23	1,019,164	758,077
Accrued interest	24	13,550	30,062
Short term investments	25	4,362,880	1,589,093
Cash and bank balances	26	1,128,862	2,358,556
		26,937,153	19,847,671
Non-current asset held for sale	27	267,407	-
		27,204,560	19,847,671
TOTAL ASSETS		80,634,594	56,626,383

Director

Profit and Loss Account

For the year ended June 30, 2013

	Note	2013	2012
		(Rupees in thousand)	
SALES	28	52,426,030	44,924,101
COST OF SALES	29	(43,381,545)	(38,134,910)
GROSS PROFIT		9,044,485	6,789,191
DISTRIBUTION COST	30	(2,529,455)	(2,555,327)
ADMINISTRATIVE EXPENSES	31	(870,269)	(731,740)
OTHER EXPENSES	32	(409,429)	(343,699)
		(3,809,153)	(3,630,766)
		5,235,332	3,158,425
OTHER INCOME	33	2,739,102	2,683,685
PROFIT FROM OPERATIONS		7,974,434	5,842,110
FINANCE COST	34	(1,617,581)	(1,760,543)
PROFIT BEFORE TAXATION		6,356,853	4,081,567
TAXATION	35	(510,000)	(553,000)
PROFIT AFTER TAXATION		5,846,853	3,528,567
EARNINGS PER SHARE- BASIC AND DILUTED (RUPEES)	36	16.63	10.04

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, 2013

	2013	2012
	(Rupees in thousand)	
PROFIT AFTER TAXATION	5,846,853	3,528,567
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss:		
Surplus / (deficit) arising on remeasurement of available for sale investments to fair value	16,727,142	(199,833)
Deferred income tax relating to surplus on available for sale investment	(189,110)	200,335
Other comprehensive income for the year - net of tax	16,538,032	502
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	22,384,885	3,529,069

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

Chief Executive Officer **Director**

Cash Flow Statement
For the year ended June 30, 2013

	Note	2013	2012
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	37	2,780,481	5,014,698
Finance cost paid		(1,586,405)	(1,849,418)
Income tax paid		(685,161)	(630,328)
Exchange gain on forward exchange contracts received		31,329	256,023
Net increase in long term loans to employees		(44,915)	(22,931)
Net increase in long term deposits and prepayments		(3,534)	(7,482)
Net cash generated from operating activities		491,795	2,760,562
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(2,897,775)	(2,472,182)
Proceeds from sale of property, plant and equipment		248,318	109,988
Investments made		(1,789,027)	(582,601)
Loans and advances to subsidiary companies		(6,946,521)	(3,533,904)
Repayment of loans from subsidiary companies		6,380,582	4,129,276
Interest received		83,058	120,470
Dividends received		2,226,339	2,266,279
Net cash (used in) / from investing activities		(2,695,026)	37,326
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		1,838,049	1,941,842
Repayment of long term financing		(1,845,318)	(1,493,513)
Repayment of liabilities against assets subject to finance lease		(65,710)	(60,670)
Short term borrowings - net		2,273,179	(805,836)
Dividend paid		(1,226,663)	(1,153,856)
Net cash from / (used in) financing activities		973,537	(1,572,033)
Net (decrease) / increase in cash and cash equivalents		(1,229,694)	1,225,855
Cash and cash equivalents at the beginning of the year		2,358,556	1,132,701
Cash and cash equivalents at the end of the year		1,128,862	2,358,556

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, 2013

(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 2011	3,515,999	5,499,530	5,704,086	11,203,616	15,828,028	4,846,316	20,674,344	31,877,960	35,393,959
Transaction with owners - Final dividend for the year ended 30 June 2011 @ Rupees 3.30 per share	-	-	-	-	-	(1,160,279)	(1,160,279)	(1,160,279)	(1,160,279)
Transferred to general reserve	-	-	-	-	3,683,000	(3,683,000)	-	-	-
Profit for the year	-	-	-	-	-	3,528,567	3,528,567	3,528,567	3,528,567
Other comprehensive income for the year	-	-	502	502	-	-	-	502	502
Total comprehensive income for the year	-	-	502	502	-	3,528,567	3,528,567	3,529,069	3,529,069
Balance as at 30 June 2012	3,515,999	5,499,530	5,704,588	11,204,118	19,511,028	3,531,604	23,042,632	34,246,750	37,762,749
Transaction with owners - Final dividend for the year ended 30 June 2012 @ Rupees 3.50 per share	-	-	-	-	-	(1,230,599)	(1,230,599)	(1,230,599)	(1,230,599)
Transferred to general reserve	-	-	-	-	2,297,000	(2,297,000)	-	-	-
Profit for the year	-	-	-	-	-	5,846,853	5,846,853	5,846,853	5,846,853
Other comprehensive income for the year	-	-	16,538,032	16,538,032	-	-	-	16,538,032	16,538,032
Total comprehensive income for the year	-	-	16,538,032	16,538,032	-	5,846,853	5,846,853	22,384,885	22,384,885
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

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.

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 that are effective in current year and are relevant to the Company

The following amendments to published approved standards are mandatory for the Company's accounting periods beginning on or after 01 July 2012:

IAS 1 (Amendments), 'Presentation of Financial Statements' (effective for annual periods beginning on or after 01 July 2012). The main change resulting from these amendments is a requirement for entities to group items presented in Other Comprehensive Income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments does not address which items are presented in OCI. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

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

There are other amendments to the published approved standards that are mandatory for accounting periods beginning on or after 01 July 2012 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 approved 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 2013 or later periods:

IFRS 7 (Amendment), 'Financial Instruments: Disclosures' (effective for annual periods beginning on or after 01 January 2013). The International Accounting Standards Board (IASB) has amended the accounting requirements and disclosures related to offsetting of financial assets and financial liabilities by issuing amendments to IAS 32 'Financial Instruments: Presentation' and IFRS 7. These amendments are the result of IASB and US Financial Accounting Standard Board undertaking a joint project to address the differences in their respective accounting standards regarding offsetting of financial instruments. The clarifying amendments to IAS 32 are effective for annual periods beginning on or after 01 January 2014. However, these amendments are not expected to have a material impact on the Company's financial statements.

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 January 2015). It addresses the classification, measurement and recognition of financial assets and financial liabilities. This is the first part of a new standard on classification and measurement of financial assets and financial liabilities that shall replace IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the IAS 39 requirements. These include amortized-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. This change shall mainly affect financial institutions. There shall be no impact on the Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss, and the Company does not have any such liabilities.

IFRS 10 'Consolidated Financial Statements' (effective for annual periods beginning on or after 01 January 2013). 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 Company is in the process of evaluating the impacts of the aforesaid standard 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 2013) 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, IFRS 12 and IAS 27 (effective for annual periods beginning on or after 01 January 2014) 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.

IFRS 12 'Disclosures of Interests in Other Entities' (effective for annual periods beginning on or after 01 January 2013). 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 2013). 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.

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. However, the amendments are not expected to have a material impact on the Company's financial statements.

On 17 May 2012, IASB issued Annual Improvements to IFRSs: 2009 – 2011 Cycle, incorporating amendments to five IFRSs more specifically in IAS 1 'Presentation of Financial Statements' and IAS 32 'Financial instruments: Presentation', that are considered relevant to the Company's financial statements. These amendments are effective for annual periods beginning on or after 01 January 2013. These amendments are unlikely to have a significant impact on the Company's financial statements and have therefore not been analyzed in detail.

g) **Standards, interpretations and amendments to published approved standards that are not yet effective and not considered relevant to the Company**

There are other standards, amendments to published approved standards and new interpretations that are mandatory for accounting periods beginning on or after 01 July 2013 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 13.1. 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, liabilities against assets subject to finance lease, 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

2013	2012		2013	2012
(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

	2013	2012
	(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	-
	31,548,378	31,548,151

4 RESERVES

	Note	2013	2012
		(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	22,242,620	5,704,588
		27,742,150	11,204,118
Revenue reserves			
General reserve		21,808,028	19,511,028
Unappropriated profit		5,850,858	3,531,604
		27,658,886	23,042,632
		55,401,036	34,246,750

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:

	2013	2012
Balance as on 01 July	6,014,893	6,214,726
Fair value adjustment during the year	16,727,142	(199,833)
	22,742,035	6,014,893
Less: Deferred income tax liability on unquoted equity investment	499,415	310,305
Balance as on 30 June	22,242,620	5,704,588

		Note	2013 (Rupees in thousand)	2012
5	**LONG TERM FINANCING**			
	From banking companies - secured			
	Long term loans	5.1	3,623,909	3,281,178
	Long term musharika	5.2	700,000	1,050,000
			4,323,909	4,331,178
	Less: Current portion shown under current liabilities	11	1,240,499	1,041,640
			3,083,410	3,289,538

Lender	2013 (Rupees in thousand)	2012	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
5.1 Long term loans							
Allied Bank Limited							
Refinanced by SBP under scheme of LTFF	147,450	-	SBP rate for LTFF + 0.5%	Seventy two unequal installments commencing on 27 June 2014 and ending on 22 May 2020.	-	Quarterly	Ranking hypothecation charge of Rupees 1,333.33 million (which will be upgraded to first pari passu charge) 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	54,891	-	3 Month KIBOR + 0.5%	Twenty four equal quarterly installments commencing on 24 August 2014 and ending on 24 May 2020.	Quarterly	Quarterly	
	202,341	-					
Saudi Pak Industrial and Agricultural Investment Company Limited	37,500	87,500	SBP rate for LTF - EOP + 2%	Sixteen equal quarterly installments commenced on 30 April 2010 and ending on 31 January 2014.	-	Quarterly	Exclusive hypothecation charge on specific plant and machinery for an amount of Rupees 267 million.
Saudi Pak Industrial and Agricultural Investment Company Limited	231,986	283,539	SBP rate for LTFF + 2.50%	Twenty two equal quarterly installments commenced on 05 July 2012 and ending on 05 October 2017.	-	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	235,708	-	3 Month offer KIBOR + 0.5%	Sixteen equal quarterly installments commencing on 17 August 2014 and ending on 17 May 2018.	Quarterly	Quarterly	Ranking hypothecation charge of Rupees 1,334 million (which will be upgraded to first pari passu charge) over all present and future plant and machinery of the Company (excluding plant and machinery in respect of which the Company has already created exclusive charges in the favour of existing creditors).
Habib Bank Limited							
Refinanced by SBP under scheme of LTFF	17,449	52,347	SBP rate for LTFF + 2.5%	Eight equal half yearly installments commenced on 09 May 2010 and ending on 09 November 2013.	-	Quarterly	First pari passu hypothecation charge of Rupees 2,000 million on plant and machinery of the Company excluding specific and exclusive charges.
Loan provided by the bank from own sources	500,000	-	3 Month offer KIBOR + 0.5 %	Two equal semi annual installments commencing on 28 August 2014 and ending on 28 February 2015.	Quarterly	Quarterly	
	517,449	52,347					
The Bank of Punjab	500,000	-	3 Month offer KIBOR + 0.5%	Eighteen equal quarterly installments commencing on 18 September 2013 and ending on 18 December 2017.	Quarterly	Quarterly	Ranking charge of Rupees 666.667 million (which will be upgraded to first pari passu charge) over all present and future fixed assets of the Company excluding land and building.
The Bank of Punjab	339,559	463,036	3 Month offer KIBOR + 0.5%	Sixteen equal quarterly installments commenced on 04 April 2012 and ending on 04 January 2016.	Quarterly	Quarterly	First pari passu charge of Rupees 666.667 million on all present and future fixed assets of the Company excluding land and buildings.
Pak Brunei Investment Company Limited	200,000	-	SBP rate for LTFF + 1.60%	Eighteen equal quarterly installments commencing on 20 February 2014 and ending on 20 May 2018.	-	Quarterly	First pari passu hypothecation charge of Rupees 266.667 million on all present and future plant and machinery of the Company with 25% margin.

Lender	2013	2012	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
	(Rupees in thousand)						
Pak Brunei Investment Company Limited	156,819	196,023	SBP rate for LTFF + 2.25%	Twelve equal half yearly installments commenced on 19 July 2011 and ending on 19 January 2017.	-	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.
Askari Bank Limited	14,439	43,316	SBP rate for LTF - EOP + 2%	Ninety unequal installments commenced on 17 January 2008 and ending on 01 November 2013.	-	Quarterly	First pari passu exclusive charge of Rupees 213.33 million on all present and future fixed assets of the Company.
Samba Bank Limited							
Loan provided by the bank from own sources	-	315,961	6 Month offer KIBOR + 1.25%	Eight equal half yearly installments commenced on 30 June 2011 and ended on 31 December 2012.	Half yearly	Half yearly	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).
Loan provided by the bank from own sources	166,667	-	3 Month KIBOR + 0.5%	Six equal quarterly installments commenced on 31 March 2013 and ending on 30 June 2014.	Quarterly	Quarterly	
Refinanced by SBP under scheme of LTFF	39,359	59,039	SBP rate for LTFF + 2.5%	Eight equal half yearly installments commenced on 27 July 2011 and ending on 27 January 2015.	-	Quarterly	
	206,026	375,000					
Silk Bank Limited	44,707	63,868	SBP rate for LTFF + 2.5%	Sixteen equal quarterly installments commenced on 30 March 2011 and ending on 30 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	228,070	292,753	SBP rate for LTFF + 1.50%	Ninety four unequal installments commenced on 29 September 2012 and ending on 26 September 2016.	-	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).
Standard Chartered Bank (Pakistan) Limited	176,670	223,796	SBP rate for LTFF + 1.50%	Forty three unequal quarterly installments commenced on 12 September 2012 and ending on 12 June 2016.	-	Quarterly	First pari passu charge of Rupees 334 million on all present and future plant and machinery of the Company.
Pak Oman Investment Company Limited	182,635	200,000	SBP rate for LTFF + 1.75%	Fifty four unequal quarterly installments commenced on 24 February 2013 and ending on 27 July 2017.	-	Quarterly	First pari passu hypothecation charge of Rupees 267 million over all the present and future plant and machinery of the Company.
Citi Bank N.A.	350,000	1,000,000	3 Month offer KIBOR + 1.00%	Sixteen equal quarterly installments commenced on 08 March 2013 and ending on 07 December 2016.	Quarterly	Quarterly	First ranking pari passu charge of Rupees 1,333.333 million over all present and future plant and machinery of the Company (excluding machinery over which exclusive charges already exist in favour of other creditors).
	3,623,909	3,281,178					

5.2 Long term musharika

Lender	2013	2012	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
Standard Chartered Bank (Pakistan) Limited	156,250	375,000	3 Month offer KIBOR + 0.6%	Seven unequal quarterly installments commenced on 16 October 2011 and ending on 16 October 2013.	Quarterly	Quarterly	Registered first charge amounting to Rupees 667 million on specific fixed assets of the Company.
Meezan Bank Limited	-	75,000	3 Month offer KIBOR + 1.25%	Eight equal quarterly installments commenced on 29 March 2011 and ended on 29 December 2012.	Quarterly	Quarterly	Exclusive charge on specific plant and machinery at least equal to outstanding facility amount plus 25% margin thereof.
Meezan Bank Limited	262,500	300,000	3 Month offer KIBOR + 0.5%	Sixteen equal quarterly installments 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.
Burj Bank Limited	281,250	300,000	3 Month offer KIBOR + 0.75%	Sixteen equal quarterly installments commenced on 30 March 2013 and ending on 30 December 2016.	Quarterly	Quarterly	First exclusive hypothecation charge of Rupees 400 million over all the present and future plant and machinery of the Company.
	700,000	1,050,000					

		Note	2013	2012
			(Rupees in thousand)	
6	**LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE**			
	Future minimum lease payments		152,545	242,580
	Less: Un-amortized finance charge		15,953	40,278
	Present value of future minimum lease payments		136,592	202,302
	Less: Current portion shown under current liabilities	11	70,270	65,262
			66,322	137,040

6.1 This represents sale and leaseback arrangement with Pak Kuwait Investment Company (Private) Limited. According to the lease agreement, leasing company has contributed Rupees 150.047 million from its own sources and the remaining amount of Rupees 149.953 million has been financed under Long Term Finance Facility (LTFF) scheme of State Bank of Pakistan. Minimum lease payments have been discounted using implicit interest rate ranging from 9.70% to 14.06% (2012: 9.70% to 15.78%) per annum. Balance rentals are payable in quarterly installments. Taxes, repairs and insurance costs are borne by the Company. These are secured against the leased assets and demand promissory notes.

6.2 Minimum lease payments and their present values are regrouped as under:

	2013		2012	
	Not later than one year	Later than one year and not later than five years	Not Later than one year	Later than one year and not later than five years
	(Rupees in thousand)			
Future minimum lease payments	82,118	70,427	87,020	155,560
Less: Un-amortized finance charge	11,848	4,105	21,758	18,520
Present value of future minimum lease payments	70,270	66,322	65,262	137,040

7 DEFERRED INCOME TAX LIABILITY

This represents deferred income tax liability on surplus on revaluation of unquoted equity investment 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	2013	2012
			(Rupees in thousand)	
8	**TRADE AND OTHER PAYABLES**			
	Creditors	8.1	2,268,048	1,827,231
	Accrued liabilities		509,609	781,086
	Advances from customers		253,607	206,420
	Securities from contractors - Interest free, repayable on completion of contracts		10,498	22,232
	Retention money payable		3,315	4,096
	Income tax deducted at source		1,193	-
	Dividend payable		46,495	42,559
	Payable to employees' provident fund trust		16,937	10,041
	Fair value of forward exchange contracts		1,639	23,625
	Workers' profit participation fund	8.2	365,853	219,543
	Workers' welfare fund		308,307	260,807
			3,785,501	3,397,640

		Note	2013	2012
			(Rupees in thousand)	
8.1	**This includes amounts due to following related parties:**			
	Nishat Linen (Private) Limited - subsidiary company		5,570	-
	Nishat USA Inc. - subsidiary company		2,723	2,173
	Nishat Hospitality (Private) Limited - subsidiary company		-	170
	Nishat Linen Trading LLC - subsidiary company		-	395
	D.G Khan Cement Company Limited - associated company		2,064	994
	Security General Insurance Company Limited - associated company		6,205	6,797
	Adamjee Insurance Company Limited - associated company		29,474	28,274
	Nishat (Chunian) Limited - related party		11	21
			46,047	38,824
8.2	**Workers' profit participation fund**			
	Balance as on 01 July		219,543	280,071
	Add: Provision for the year	32	337,404	219,543
	Interest for the year	34	6,322	6,457
			563,269	506,071
	Less: Payments during the year		197,416	286,528
	Balance as on 30 June		365,853	219,543

8.2.1 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.

9 ACCRUED MARK-UP

		2013	2012
Long term financing		81,017	87,236
Short term borrowings		219,738	182,343
		300,755	269,579

10 SHORT TERM BORROWINGS

	Note	2013	2012
From banking companies - secured			
Short term running finances	10.1 and 10.2	120,363	82,247
State Bank of Pakistan (SBP) refinance	10.1 and 10.3	11,141,635	9,065,039
Temporary bank overdrafts	10.1 and 10.2	677,030	518,563
		11,939,028	9,665,849

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 Company. These form part of total credit facility of Rupees 31,404 million (2012: Rupees 28,221 million).

10.2 The rates of mark-up range from 9.77% to 13.95% (2012: 12.22% to 15.65%) per annum on the balance outstanding.

10.3 The rates of mark up range from 8.70% to 10.55% (2012: 10.25% to 11.00%) per annum on the balance outstanding.

		Note	2013	2012
			(Rupees in thousand)	
11	**CURRENT PORTION OF NON-CURRENT LIABILITIES**			
	Current portion of long term financing	5	1,240,499	1,041,640
	Current portion of liabilities against assets subject to finance lease	6	70,270	65,262
			1,310,769	1,106,902

12 CONTINGENCIES AND COMMITMENTS

a) Contingencies

i) The Company is contingently liable for Rupees 0.631 million (2012: 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 635.607 million (2012: Rupees 539.902 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connections, Shell Pakistan Limited and Pakistan State Oil Limited against purchase of furnace oil, Director Excise and Taxation, Karachi against infrastructure cess and Pakistan Army against fulfillment of sales order.

iii) Post dated cheques of Rupees 1,816.775 million (2012: Rupees 1,591.201 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 not recognized fuel adjustment charges amounting to Rupees 29.110 million (2012: Rupees 44.144 million) notified by National Electric Power Regulatory Authority (NEPRA) for the period from December 2012 to June 2013 (2012: November 2011 to June 2012), as the Company is contesting the levy of these charges before the Honorable Supreme Court of Pakistan, Islamabad. The management based on advice of the legal counsel, believes that it has strong grounds of appeal and payment / accrual of such charges will not be required.

b) Commitments

i) Contracts for capital expenditure are approximately of Rupees 4,500.169 million (2012: Rupees 639.874 million).

ii) Letters of credit other than for capital expenditure are of Rupees 493.340 million (2012: Rupees 613.976 million).

iii) Outstanding foreign currency forward contracts of Rupees 827.520 million (2012: Rupees 1,064.601 million).

	Note	2013	2012
		(Rupees in thousand)	
13 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	13.1		
Owned		14,086,039	12,250,991
Leased		222,324	246,378
Capital work-in-progress	13.2	1,221,957	1,821,270
		15,530,320	14,318,639

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	Total	Plant and machinery
	(Rupees in thousand)										
At 30 June 2011											
Cost	575,021	3,862,860	15,563,852	318,713	667,123	212,115	292,635	132,675	378,126	22,003,120	300,000
Accumulated depreciation	-	(2,012,450)	(6,818,123)	(184,943)	(391,014)	(97,580)	(142,497)	(97,848)	(151,276)	(9,895,731)	(26,895)
Net book value	575,021	1,850,410	8,745,729	133,770	276,109	114,535	150,138	34,827	226,850	12,107,389	273,105
Year ended 30 June 2012											
Opening net book value	575,021	1,850,410	8,745,729	133,770	276,109	114,535	150,138	34,827	226,850	12,107,389	273,105
Additions	44,433	381,732	995,021	-	18,883	30,193	14,990	7,530	81,150	1,573,932	-
Transferred to investment properties:											
Cost	(120,279)	-	-	-	-	-	-	-	-	(120,279)	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-
	(120,279)	-	-	-	-	-	-	-	-	(120,279)	-
Disposals:											
Cost	-	-	(190,379)	-	-	-	(720)	(219)	(41,399)	(232,717)	-
Accumulated depreciation	-	-	123,800	-	-	-	289	172	25,719	149,980	-
	-	-	(66,579)	-	-	-	(431)	(47)	(15,680)	(82,737)	-
Depreciation charge	-	(186,813)	(911,302)	(13,058)	(28,311)	(12,745)	(15,974)	(11,423)	(47,688)	(1,227,314)	(26,727)
Closing net book value	499,175	2,045,329	8,762,869	120,712	266,681	131,983	148,723	30,887	244,632	12,250,991	246,378
At 30 June 2012											
Cost	499,175	4,244,592	16,368,494	318,713	686,006	242,308	306,905	139,986	417,877	23,224,056	300,000
Accumulated depreciation	-	(2,199,263)	(7,605,625)	(198,001)	(419,325)	(110,325)	(158,182)	(109,099)	(173,245)	(10,973,065)	(53,622)
Net book value	499,175	2,045,329	8,762,869	120,712	266,681	131,983	148,723	30,887	244,632	12,250,991	246,378
Year ended 30 June 2013											
Opening net book value	499,175	2,045,329	8,762,869	120,712	266,681	131,983	148,723	30,887	244,632	12,250,991	246,378
Additions	211,740	767,381	2,327,787	-	10,667	45,620	17,623	7,795	108,475	3,497,088	-
Transferred to investment properties:											
Cost	(119,104)	(61,535)	-	-	-	-	-	-	-	(180,639)	-
Accumulated depreciation	-	18,977	-	-	-	-	-	-	-	18,977	-
	(119,104)	(42,558)	-	-	-	-	-	-	-	(161,662)	-
Disposals:											
Cost	-	-	(481,421)	-	(3,000)	(29)	(257)	(174)	(37,649)	(522,530)	-
Accumulated depreciation	-	-	323,290	-	2,438	26	123	105	23,485	349,467	-
	-	-	(158,131)	-	(562)	(3)	(134)	(69)	(14,164)	(173,063)	-
Depreciation charge	-	(236,975)	(958,819)	(11,752)	(27,305)	(15,555)	(16,006)	(10,325)	(50,578)	(1,327,315)	(24,054)
Closing 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
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
Annual rate of depreciation (%)	-	10	10	10	10	10	10	30	20		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)						
Plant and Machinery								
Murata 7-II	1	8,440	7,437	1,003	1,500	497	Negotiation	H.A. Haq Spinning Mills (Private) Limited
Toyoda CM-10 Combers	4	7,929	7,026	903	1,333	430	Negotiation	Lyallpur Textiles
Lap Former	1	1,111	1,017	94	333	239	Negotiation	Lyallpur Textiles
Crossroll MK-4	5	11,009	9,455	1,554	5,000	3,446	Negotiation	Colony Mills Limited
Crossroll MK-4	18	40,835	35,039	5,796	17,550	11,754	Negotiation	Beacon Impex (Private) Limited
Scutcher	2	5,666	4,857	809	1,200	391	Negotiation	Colony Mills Limited
Scutcher	1	3,244	2,776	468	600	132	Negotiation	Meo Engineering Company
Scutcher	1	2,422	2,085	337	600	263	Negotiation	Pride Spinning Mills (Private) Limited
Scutcher	1	3,244	2,777	467	600	133	Negotiation	Allah Wasaya Textile & Finishing Mills Limited
Crossroll MK-4	10	22,877	19,632	3,245	10,000	6,755	Negotiation	Pride Spinning Mills (Private) Limited
Crosroll Filter	1	2,422	2,087	335	833	498	Negotiation	Allah Wasaya Textile & Finishing Mills Limited
Auto Bale Plucker with Condensor	1	325	252	73	500	427	Negotiation	Olympia Textile Mills Limited
Sliver Cans	70	400	276	124	145	21	Negotiation	Fazli Corporation
Tsudakoma Airjet Looms	20	46,228	33,877	12,351	21,696	9,345	Negotiation	Shabbir Industries
Tsudakoma Airjet Looms	18	46,555	35,167	11,388	19,526	8,138	Negotiation	Valitex Private Limited
Sizing & Warping Machine	1	32,623	23,283	9,340	21,025	11,685	Negotiation	Mag Textile Corporation
Sonic System Complete-Loptex Sorter	1	1,683	954	729	2,769	2,040	Negotiation	Tritex Cotton Mills Limited
Fiber Detection & Rejection System	1	1,499	944	555	2,507	1,952	Negotiation	American Plant & Equipment Company
Compressor ZR-315 Atlas Copco	1	10,166	7,566	2,600	2,600	-	Negotiation	Engro Foods Limited
Quilting Machine	1	990	511	479	108	(371)	Negotiation	Mr. Ashiq Hussain, Faisalabad
Stitching Machine	1	9,477	5,608	3,869	1,621	(2,248)	Negotiation	Mr. Ashiq Hussain, Faisalabad
Jigger Machine 'JU' Complete	1	478	378	100	105	5	Negotiation	Mr. Muhammad Rafique, Faisalabad
Boiler	1	11,250	9,423	1,827	3,300	1,473	Negotiation	Haroon Textile Industries
Gas Turbine Centaur-40	1	210,324	110,687	99,637	109,563	9,926	Negotiation	Abbott Laboratories (Pakistan) Limited
		481,197	323,114	158,083	225,014	66,931		
Electric Installation								
Transformer	1	3,000	2,438	562	812	250	Negotiation	Energia Switchgear & Services
		3,000	2,438	562	812	250		
Vehicles								
Toyota Corolla LE-11-8258	1	1,460	369	1,091	1,475	384	Insurance Claim	Adamjee Insurance Company Limited
Suzuki Cultus LEA-08-1031	1	684	380	304	310	6	Company Policy	Mr. Muhammad Ishfaq (Company's Employee)
Honda Civic LZA-0700	1	1,294	1,024	270	1,094	824	Negotiation	Argosy Enterprises
Mitsubishi Van LEA-9770	1	1,591	1,116	475	1,129	654	Negotiation	Mr. Rehan Sabri, Lahore
Suzuki Cultus LEA-06-9388	1	616	445	171	237	66	Company Policy	Mr. Pervaiz Akhtar (Company's Employee)
Suzuki Alto AEN-607	1	496	428	68	91	23	Company Policy	Mr. Muneer-ud-Din Pasha (Company's Employee)
Suzuki Alto LEE-08-5361	1	594	366	228	307	79	Company Policy	Mr. Bashir Ahmad Shahid (Company's Employee)
Honda City LZK-9370	1	849	686	163	226	63	Company Policy	Mr. Kashif Mufti (Company's Employee)
Honda Civic LEC-6775	1	1,407	907	500	682	182	Company Policy	Mr. Ali Imran (Company's Employee)
Honda Civic LEF-9162	1	1,674	1,000	674	915	241	Company Policy	Mr. Muhammad Hussain Chaudhary (Company's Employee)
Suzuki Cultus LZQ-7615	1	650	517	133	552	419	Negotiation	Mr. Muhammad Azam, Lahore
Toyota Corolla LEC-09-9645	1	1,289	670	619	854	235	Company Policy	Mr. Muhammad Sharif Zafar (Company's Employee)
Honda Civic LEF-08-8244	1	1,779	1,059	720	983	263	Company Policy	Mr. Saqib Nisar (Company's Employee)
Toyota Corolla LEA-2185	1	1,298	754	544	741	197	Company Policy	Mr. Muhammad Faisal Chaudhary (Company's Employee)
Honda Civic Oriel LED-5127	1	1,405	898	507	683	176	Company Policy	Mr. Salman Kiyani (Company's Employee)
Honda City LED-5307	1	918	589	329	452	123	Company Policy	Mr. Zaheer Ahmad (Company's Employee)
Toyota Corolla LEC-08-7024	1	1,388	851	537	1,431	894	Negotiation	Mr. Najam Yousaf, Lahore
Honda Civic LEE-9339	1	1,418	985	433	911	478	Negotiation	Mr. Farhan Makhdoom Khan, Toba Tek Singh
Suzuki Cultus LWQ-5819	1	218	44	174	571	397	Negotiation	Mr. Muhammad Idrees, Lahore
Suzuki Cultus LEE-9558	1	788	483	305	411	106	Company Policy	Mr. Asif Afzal (Company's Employee)
Suzuki Cultus LEF-3144	1	788	478	310	418	108	Company Policy	Mr. Adeel Rizvi (Company's Employee)
Suzuki Cultus LED-5233	1	616	428	188	254	66	Company Policy	Mr. Usman Mannan Malik (Company's Employee)
Honda City LED-5308	1	918	586	332	452	120	Company Policy	Mr. Azmat Ali (Compnay's Employee)
Honda Civic LEE-4416	1	1,405	977	428	578	150	Company Policy	Muhammad Adil Ghani (Company's Employee)
Suzuki Cultus LEF-9537	1	898	534	364	500	136	Company Policy	Mr. Muhammad Anwar (Company's Employee)
Honda Civic LEF-9688	1	1,777	1,068	709	959	250	Company Policy	Mr. Hafeez-ur-Rehman Siddiqui (Company's Employee)
Suzuki Cultus LEA-8455	1	654	433	221	301	80	Company Policy	Mr. Umer Farooq Bajwa (Company's Employee)
Suzuki Cultus LEC-7661	1	669	430	239	323	84	Company Policy	Mr. Muhammad Rehan 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 LED-7932	1	694	440	254	346	92	Company Policy	Mr. Mian Kashif Qayyum (Company's Employee)
Suzuki Cultus LEB-2757	1	619	444	175	238	63	Company Policy	Mr. Nasir Shah (Company's Employee)
Suzuki Cultus LEA-8453	1	654	433	221	301	80	Company Policy	Mr. Shafqat Aziz (Company's Employee)
Honda Civic LEE-4784	1	1,568	982	586	795	209	Company Policy	Mr. Sheikh Naveed Akhtar (Company's Employee)
Honda City LEB-3995	1	1,353	776	577	791	214	Company Policy	Mr. Jafar Ali Mirza (Company's Employee)
Suzuki Alto LEA-2597	1	514	337	177	242	65	Company Policy	Mr. Naseer Ahmad (Company's Employee)
Honda City LED-9875	1	932	586	346	474	128	Company Policy	Mr. Zahid Iqbal Khokhar (Company's Employee)
Toyota Corolla LEE-09-1098	1	1,287	636	651	887	236	Company Policy	Mr. Khalid Mahmood (Company's Ex-Employee)
		37,162	23,139	14,023	21,914	7,891		
Furniture, Fixture and Office Equipment								
Photostate Machine	1	257	123	134	22	(112)	Negotiation	Orbit Business Services
		257	123	134	22	(112)		
Aggregate of other items of property, plant and equipment with individual book values not exceeding Rupees 50,000		914	653	261	556	295	Negotiation	
		522,530	349,467	173,063	248,318	75,255		

		Note	2013	2012
			(Rupees in thousand)	
13.1.2	**Depreciation charge for the year has been allocated as follows:**			
	Cost of sales	29	1,272,847	1,172,565
	Distribution cost	30	8,902	13,400
	Administrative expenses	31	69,620	68,076
			1,351,369	1,254,041

13.1.3 Operating fixed assets having cost of Rupees 2.832 million (2012: Rupees 2.436 million) have been fully depreciated and are still in use of the Company.

		2013	2012
13.2	**Capital work-in-progress**		
	Buildings on freehold land	378,626	533,345
	Plant and machinery	829,950	1,246,125
	Electric installations	-	912
	Unallocated expenses	692	33,619
	Letters of credit against machinery	7,522	1,048
	Advances against furniture and office equipment	-	448
	Advances against vehicles	5,167	5,773
		1,221,957	1,821,270

13.3 Borrowing cost of Rupees 14.285 million (2012: Rupees 19.027 million) was capitalized during the year using the capitalization rate ranging from 11.45% to 11.60% (2012: 11.45% to 14.08%) per annum.

14 INVESTMENT PROPERTIES

	Land	Buildings	Total
	(Rupees in thousand)		
At 30 June 2011			
Cost	75,388	92,138	167,526
Accumulated depreciation	-	(40,692)	(40,692)
Net book value	75,388	51,446	126,834
Year ended 30 June 2012			
Opening net book value	75,388	51,446	126,834
Transferred from operating fixed assets	120,279	-	120,279
Depreciation charge	-	(5,144)	(5,144)
Closing net book value	195,667	46,302	241,969
At 30 June 2012			
Cost	195,667	92,138	287,805
Accumulated depreciation	-	(45,836)	(45,836)
Net book value	195,667	46,302	241,969
Year ended 30 June 2013			
Opening net book value	195,667	46,302	241,969
Transferred from operating fixed assets:			
Cost	119,104	61,535	180,639
Accumulated depreciation	-	(18,977)	(18,977)
	119,104	42,558	161,662
Depreciation charge	-	(8,886)	(8,886)
Closing net book value	314,771	79,974	394,745
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

14.1 Depreciation at the rate of 10 percent per annum on buildings amounting to Rupees 8.886 million (2012: Rupees 5.144 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 861.080 million (2012: Rupees 549.427 million). The valuation has been carried out by an independent valuer.

14.2 Land and building having book value of Rupees 239.383 million (2012: Rupees 186.020 million) and Rupees 27.128 million (2012: Rupees 30.142 million) respectively have been given on operating lease to Nishat Hospitality (Private) Limited - subsidiary company.

14.3 Land and building having book value of Rupees 65.741 million (2012: Rupees Nil) and Rupees 38.303 million (2012: Rupees Nil) respectively have been given on operating lease to Nishat Linen (Private) Limited - subsidiary company.

	Note	2013	2012
		(Rupees in thousand)	
15 LONG TERM INVESTMENTS			
Subsidiary companies			
Nishat Power Limited - quoted 180,632,955 (2012: 180,632,955) fully paid ordinary shares of Rupees 10 each. Equity held 51.01% (2012: 51.01%)	15.1	1,806,329	1,806,329
Nishat USA Inc. - unquoted 200 (2012: 200) fully paid shares with no par value per share		3,547	3,547
Nishat Linen (Private) Limited - unquoted 700,000 (2012: 700,000) fully paid ordinary shares of Rupees 10 each. Equity held 100% (2012: 100%)		7,000	7,000
Nishat Linen Trading LLC - unquoted 4,900 (2012: 2,940) fully paid shares of UAE Dirhams 1,000 each	15.2	259,403	152,400
Nishat Hospitality (Private) Limited - unquoted 48,617,610 (2012: 19,995,000) fully paid ordinary shares of Rupees 10 each. Equity held 100% (2012: 100%)		486,176	199,950
Nishat International FZE - unquoted 7 (2012: Nil) fully paid shares of UAE Dirhams 1,000,000 each		195,798	-
Available for sale			
Associated companies (with significant influence)			
D.G. Khan Cement Company Limited - quoted 137,574,201 (2012: 137,574,201) fully paid ordinary shares of Rupees 10 each. Equity held 31.40% (2012: 31.40%)		3,418,145	3,418,145
Nishat Paper Products Company Limited - unquoted 11,634,199 (2012:11,634,199) fully paid ordinary shares of Rupees 10 each. Equity held 25% (2012: 25%)	15.3	116,342	116,342
Lalpir Power Limited - unquoted 109,393,555 (2012: 110,498,540) fully paid ordinary shares of Rupees 10 each. Equity held 32% (2012: 32%)	15.4 and 15.6	1,640,306	1,822,629
Pakgen Power Limited - quoted 102,524,728 (2012: 102,524,728) fully paid ordinary shares of Rupees 10 each. Equity held 27.55% (2012: 27.55%)	15.6	1,272,194	1,272,194
Nishat Dairy (Private) Limited - unquoted 30,000,000 (2012: Nil) fully paid ordinary shares of Rupees 10 each. Equity held 10.60% (2012: Nil)	15.5	300,000	-
Associated companies (others)			
MCB Bank Limited - quoted 73,272,629 (2012: 66,611,481) fully paid ordinary shares of Rupees 10 each. Equity held 7.24% (2012: 7.24%)		8,430,672	8,430,672
Adamjee Insurance Company Limited - quoted 36,337 (2012: 36,337) fully paid ordinary shares of Rupees 10 each. Equity held 0.03% (2012: 0.03%)		2,774	2,774

	Note	2013	2012
		(Rupees in thousand)	
LONG TERM INVESTMENTS			
Available for Sale			
Other			
Habib Bank Limited - quoted 191 (2012: 174) fully paid ordinary shares of Rupees 10 each		12	12
		17,938,698	17,231,994
Less: Impairment loss recognized	15.7	(10,198)	(658)
Add: Fair value adjustment		19,449,724	4,681,454
		37,378,224	21,912,790

15.1 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 (2012: 180,585,155) shares to lenders of NPL for the purpose of securing finance.

15.2 The Company is also the beneficial owner of remaining 5,100 (2012: 3,060) 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.

15.3 The investment of the Company in ordinary shares of Nishat Paper Products Company Limited has been valued at fair value of Rupees 9.18 per ordinary share determined by an independent valuer using present value technique. Previously, fair value per ordinary share of Nishat Paper Products Company Limited was determined using net assets based method. Change in valuation technique has been made being more commonly used and a more realistic estimate of fair value. Had there been no change in the valuation technique, long term investment and profit for the year would have been higher by Rupees 9.540 million.

15.4 The Company is in the process of divesting 10% of its shareholding representing 12,154,839 ordinary shares of Rupees 10 each in Lalpir Power Limited whereby 75% of the total offer for sale has been made through Book Building Process to Institutional Investors and High Net Worth Individuals and remaining 25% offer for sale has been made to the general public. Subsequent to the reporting period, ordinary shares of Lalpir Power Limited will list on the Karachi Stock Exchange Limited and Lahore Stock Exchange Limited. In view of the offer for sale of ordinary shares of Lalpir Power Limited and the requirement of IAS 39 'Financial Instruments: Recognition and Measurement' to use recent arm's length market transactions between knowledgeable, willing parties as valuation technique, investment of the Company in Lalpir Power Limited has been valued at strike price / offer price of Rupees 22 per share. Previously, fair value per ordinary share of Lalpir Power Limited was determined by an independent valuer using dividend stream method. Had there been no change in the valuation technique of investment in Lalpir Power Limited, long term investment, non-current asset held for sale and deferred income tax liability would have been higher by Rupees 374.126 million, Rupees 41.570 million and Rupees 323.118 million respectively.

15.5 The investment of the Company in ordinary shares of Nishat Dairy (Private) Limited has been valued at fair value of Rupees 10 per ordinary share determined by an independent valuer using present value technique.

15.6 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.

		Note	2013	2012
			(Rupees in thousand)	
15.7	**Impairment loss recognized**			
	Balance as on 01 July		658	413
	Add: Impairment loss recognized during the year	32	9,540	245
	Balance as on 30 June		10,198	658

16 LONG TERM LOANS

	Note	2013	2012
Considered good:			
Executives - secured	16.1 and 16.2	104,271	57,771
Other employees - secured	16.2	14,297	15,882
Subsidiary company - unsecured	16.4	-	218,220
		118,568	291,873
Less: Current portion shown under current assets	21		
Executives		27,216	17,178
Other employees		6,355	6,365
		33,571	23,543
		84,997	268,330

		2013	2012
16.1	**Reconciliation of carrying amount of loans to executives:**		
	Balance as on 01 July	57,771	35,226
	Add: Disbursements	70,275	39,175
	Transferred from other employees during the year	3,230	2,616
		131,276	77,017
	Less: Repayments	27,005	19,246
	Balance as on 30 June	104,271	57,771

16.1.1 Maximum aggregate balance due from executives at the end of any month during the year was Rupees 104.271 million (2012: Rupees 58.597 million).

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

16.3 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.

16.4 This subordinated long term loan was given to Nishat Power Limited - subsidiary company. This loan carried markup at the rate of 3 month KIBOR plus 2% per annum payable on quarterly basis. During the year ended 30 June 2013, the subsidiary company has fully repaid the outstanding amount to the Company.

17 LONG TERM DEPOSITS AND PREPAYMENTS

	2013	2012
Security deposits	41,748	36,677
Prepayments	-	1,537
	41,748	38,214
Less: Current portion shown under current assets	-	1,230
	41,748	36,984

Notes to the Financial Statements
For the year ended June 30, 2013

		Note	2013	2012
			(Rupees in thousand)	
18	**STORES, SPARE PARTS AND LOOSE TOOLS**			
	Stores	18.1	1,083,827	826,535
	Spare parts		217,158	204,545
	Loose tools		789	1,270
			1,301,774	1,032,350
	Less: Provision for slow moving, obsolete and damaged store items	18.2	16,403	13,309
			1,285,371	1,019,041

18.1 These include stores in transit of Rupees 99.475 million (2012: Rupees 157.307 million).

18.2 Provision for slow moving, obsolete and damaged store items

	Note	2013	2012
Balance as on 01 July		13,309	17,989
Provision made / (reversed) during the year	32	3,094	(4,680)
Balance as on 30 June		16,403	13,309

		Note	2013	2012
19	**STOCK IN TRADE**			
	Raw materials		6,504,220	5,630,298
	Work-in-process		1,720,313	1,757,058
	Finished goods	19.2 and 19.4	2,720,906	2,307,777
			10,945,439	9,695,133

19.1 Stock in trade of Rupees 315.900 million (2012: Rupees 274.935 million) is being carried at net realizable value.

19.2 Finished goods include stock in transit of Rupees 509.935 million (2012: Rupees 514.326 million).

19.3 The aggregate amount of write-down of inventories to net realizable value recognized as an expense during the year was Rupees 2.567 million (2012: Rupees 19.967 million).

19.4 Finished goods include stock of Rupees Nil (2012: Rupees 52.421 million) which is in the possession of franchisees of the Company.

		Note	2013	2012
20	**TRADE DEBTS**			
	Considered good:			
	Secured (against letters of credit)		3,636,619	1,172,820
	Unsecured:			
	- Related parties	20.1 and 20.3	254,728	80,818
	- Others	20.2	2,352,188	2,235,432
			6,243,535	3,489,070
	Considered doubtful:			
	Others - unsecured		131,758	131,758
	Less: Provision for doubtful debts			
	As at 01 July		131,758	131,758
	Add: Provision for the year		-	-
	As at 30 June		131,758	131,758
			-	-

20.1 This represents amounts due from following related parties:

	Note	2013	2012
		(Rupees in thousand)	
Nishat Linen (Private) Limited - subsidiary company		137,100	-
Nishat Linen Trading LLC - subsidiary company		107,220	80,818
Nishat International FZE - subsidiary company		10,374	-
Nishat Dairy (Private) Limited - associated company		34	-
		254,728	80,818

20.2 As at 30 June 2013, trade debts due from other than related parties of Rupees 120.804 million (2012: Rupees 13.664 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:

	2013	2012
Upto 1 month	119,040	4,529
1 to 6 months	-	7,251
More than 6 months	1,764	1,884
	120,804	13,664

20.3 As at 30 June 2013, trade debts due from related parties amounting to Rupees 137.134 million (2012: Rupees Nil) were past due but not impaired. The ageing analysis of these trade debts is as follows:

	2013	2012
Upto 1 month	137,134	-
1 to 6 months	-	-
More than 6 months	-	-
	137,134	-

20.4 As at 30 June 2013, trade debts of Rupees 131.758 million (2012: 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.

21 LOANS AND ADVANCES

	Note	2013	2012
Considered good:			
Employees - interest free:			
– Executives		1,193	147
– Other employees		4,438	8,114
		5,631	8,261
Current portion of long term loans	16	33,571	23,543
Advances to suppliers		88,546	94,607
Letters of credit		1,230	1,208
Income tax		934,106	713,366
Other advances	21.1	835,250	26,646
		1,898,334	867,631
Considered doubtful:			
Others		108	108
Less: Provision for doubtful debts		108	108
		-	-
		1,898,334	867,631

21.1 This includes amount of Rupees 788.787 million (2012: Rupees 4.628 million) due from Nishat Linen (Private) Limited - subsidiary company.

		Note	2013 (Rupees in thousand)	2012
22	**SHORT TERM DEPOSITS AND PREPAYMENTS**			
	Deposits		1,204	1,117
	Prepayments - including current portion		38,814	39,891
			40,018	41,008
23	**OTHER RECEIVABLES**			
	Considered good:			
	Export rebate and claims		387,103	411,300
	Sales tax refundable		596,063	280,243
	Markup rate support receivable from financial institutions		-	31,666
	Miscellaneous receivables	23.1	35,998	34,868
			1,019,164	758,077

23.1 This includes amount of Rupees 0.030 million (2012: Rupees 0.030 million) due from Nishat Linen (Private) Limited - subsidiary company.

		Note	2013	2012
24	**ACCRUED INTEREST**			
	Nishat Power Limited - subsidiary company		-	7,589
	Nishat Linen (Private) Limited - subsidiary company		5,440	135
	Term deposit receipts		8,110	22,338
			13,550	30,062
25	**SHORT TERM INVESTMENTS**			
	Available for sale			
	Associated company (Other)			
	Security General Insurance Company Limited - unquoted 10,226,244 (2012: 10,226,244) fully paid ordinary shares of Rupees 10 each. Equity held 15.02% (2012: 15.02%)	25.1	11,188	11,188
	Others			
	Nishat (Chunian) Limited - quoted 24,764,652 (2012: 22,513,321) fully paid ordinary shares of Rupees 10 each. Equity held 13.61% (2012: 13.61 %)		242,750	242,750
	Pakistan Strategic Allocation Fund - quoted 582,716 (2012: 500,000) units.		1,715	1,715
	MCB Cash Management Optimizer - quoted 8,976,636 (2012: Nil) units.		900,000	-
			1,155,653	255,653
	Add: Fair value adjustment		3,207,227	1,333,440
			4,362,880	1,589,093

25.1 Fair value per share of Rupees 192.61 (2012: Rupees 116.69) has been calculated by an independent valuer on the basis of dividend stream method. Security General Insurance Company Limited is associated company due to common directorship.

		Note	2013	2012
			(Rupees in thousand)	
26	**CASH AND BANK BALANCES**			
	With banks:			
	On current accounts	26.1		
	Including US$ 199,965 (2012: US$ 76,370)		111,533	151,582
	Term deposit receipts	26.2 and 26.3	1,000,000	2,195,020
	On PLS saving accounts	26.4		
	Including US$ 64,457 (2012: US$ 11,280)		6,398	1,069
			1,117,931	2,347,671
	Cash in hand		10,931	10,885
			1,128,862	2,358,556

26.1 Cash at banks includes balance of Rupees 6.633 million (2012: Rupees 9.835 million) with MCB Bank Limited - associated company.

26.2 These represent deposits with banking companies having maturity period ranging from 30 to 42 days and carry rate of profit ranging from 9.30% to 10.15% (2012: 11.50% to 13.50%) per annum.

26.3 Rate of profit on Pak Rupees bank deposits and US Dollar bank deposit ranges from 5.38% to 6.03% (2012: 4.56% to 6.00%) and 0.01% to 0.07% (2012: 0.08% to 0.15%) per annum respectively.

		Note	2013	2012
27	**NON-CURRENT ASSET HELD FOR SALE**			
	Lalpir Power Limited - unquoted			
	12,154,839 fully paid ordinary shares of Rupees 10 each	15.4	267,407	-
28	**SALES**			
	Export	28.3	39,468,352	34,651,145
	Local	28.1	12,793,155	10,116,320
	Export rebate		164,523	156,636
			52,426,030	44,924,101
28.1	**Local sales**			
	Sales	28.2	11,205,456	9,295,961
	Less: Sales tax		140,304	59,779
	Less: Discount		-	84,148
			11,065,152	9,152,034
	Processing income		1,727,328	962,826
	Doubling income		675	1,460
			12,793,155	10,116,320

28.2 This includes sale of Rupees 2,663.729 million (2012: Rupees 1,415.287 million) made to direct exporters against special purchase orders (SPO). Further, local sales includes waste sales of Rupees 1,239.489 million (2012: Rupees 1,216.028 million).

28.3 Exchange gain due to currency rate fluctuations relating to export sales amounting to Rupees 230.142 million (2012: Rupees 162.952 million) has been included in export sales.

		Note	2013 (Rupees in thousand)	2012
29	**COST OF SALES**			
	Raw materials consumed	29.1	28,785,890	25,162,391
	Processing charges		266,662	168,787
	Salaries, wages and other benefits	29.2	3,067,712	2,437,610
	Stores, spare parts and loose tools consumed		4,027,416	3,445,386
	Packing materials consumed		875,270	764,188
	Repair and maintenance		340,684	334,737
	Fuel and power		4,711,335	4,058,676
	Insurance		34,761	36,011
	Other factory overheads		375,352	281,861
	Depreciation	13.1.2	1,272,847	1,172,565
			43,757,929	37,862,212
	Work-in-process			
	Opening stock		1,757,058	1,534,635
	Closing stock		(1,720,313)	(1,757,058)
			36,745	(222,423)
	Cost of goods manufactured		43,794,674	37,639,789
	Finished goods			
	Opening stock		2,307,777	2,802,898
	Closing stock		(2,720,906)	(2,307,777)
			(413,129)	495,121
	Cost of sales		43,381,545	38,134,910

29.1 Raw materials consumed

	2013	2012
Opening stock	5,630,298	5,509,147
Add: Purchased during the year	29,659,812	25,283,542
	35,290,110	30,792,689
Less: Closing stock	6,504,220	5,630,298
	28,785,890	25,162,391

29.2 Salaries, wages and other benefits include provident fund contribution of Rupees 80.393 million (2012: Rupees 66.475 million) by the Company.

		Note	2013	2012
30	**DISTRIBUTION COST**			
	Salaries and other benefits	30.1	205,839	187,801
	Outward freight and handling		1,492,722	1,423,813
	Commission to selling agents		529,103	624,197
	Rent, rates and taxes		9,316	28,425
	Insurance		17,771	15,337
	Traveling and conveyance		92,424	86,004
	Vehicles' running		19,170	16,672
	Entertainment		3,353	3,970
	Advertisement		3,515	51,590
	Postage, telephone and telegram		86,954	80,108
	Electricity and gas		4,425	6,903
	Fuel cost		37,463	-
	Printing and stationery		2,621	2,774
	Repair and maintenance		15,855	14,171
	Fee and subscription		22	162
	Depreciation	13.1.2	8,902	13,400
			2,529,455	2,555,327

30.1 Salaries and other benefits include provident fund contribution of Rupees 10.374 million (2012: Rupees 9.410 million) by the Company.

		Note	2013	2012
			(Rupees in thousand)	
31	**ADMINISTRATIVE EXPENSES**			
	Salaries and other benefits	31.1	591,685	471,041
	Rent, rates and taxes		2,867	2,992
	Legal and professional		14,106	12,589
	Insurance		5,420	4,585
	Traveling and conveyance		31,720	29,407
	Vehicles' running		51,902	42,787
	Entertainment		20,749	17,466
	Auditors' remuneration	31.2	3,030	2,755
	Advertisement		300	113
	Postage, telephone and telegram		7,616	7,000
	Electricity and gas		15,698	16,857
	Printing and stationery		16,999	14,304
	Repair and maintenance		15,430	17,306
	Fee and subscription		4,056	4,013
	Depreciation	13.1.2	69,620	68,076
	Miscellaneous		19,071	20,449
			870,269	731,740

31.1 Salaries and other benefits include provident fund contribution of Rupees 22.350 million (2012: Rupees 19.063 million) by the Company.

31.2 Auditors' remuneration

	2013	2012
Audit fee	2,424	2,204
Half yearly review	507	461
Reimbursable expenses	99	90
	3,030	2,755

		Note	2013	2012
32	**OTHER EXPENSES**			
	Workers' profit participation fund	8.2	337,404	219,543
	Workers' welfare fund		47,500	83,297
	Provision for slow moving, obsolete and damaged store items	18.2	3,094	-
	Impairment loss on equity investment	15.7	9,540	245
	Depreciation on investment properties	14.1	8,886	5,144
	Net exchange loss including gain on forward contracts		-	34,820
	Donations	32.1	3,005	650
			409,429	343,699

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

		Note	2013	2012
			(Rupees in thousand)	
33	**OTHER INCOME**			
	Income from financial assets			
	Dividend income	33.1	2,226,339	2,266,279
	Profit on deposits with banks		109,821	112,257
	Net exchange gain including loss on forward contracts		53,315	-
	Interest income on loans and advances to subsidiary companies		80,775	96,534
			2,470,250	2,475,070
	Income from non-financial assets			
	Gain on sale of property, plant and equipment		75,255	27,251
	Scrap sales		134,090	127,057
	Rental income from investment properties		53,507	38,286
	Other		6,000	16,021
			268,852	208,615
			2,739,102	2,683,685
33.1	**Dividend income**			
	From related parties / associated companies			
	D.G Khan Cement Company Limited		206,361	-
	MCB Bank Limited		922,569	735,750
	Adamjee Insurance Company Limited		91	36
	Security General Insurance Company Limited		40,905	30,679
	Nishat (Chunian) Limited		45,027	45,027
	Nishat Power Limited		361,266	180,633
	Pakgen Power Limited		307,574	666,411
	Lalpir Power Limited		342,545	607,742
			2,226,338	2,266,278
	Others			
	Habib Bank Limited		1	1
			2,226,339	2,266,279
34	**FINANCE COST**			
	Mark-up on:			
	Long term financing		418,694	491,512
	Liabilities against assets subject to finance lease		20,569	30,466
	Short term borrowings		985,118	1,014,608
	Interest on workers' profit participation fund	8.2	6,322	6,457
	Bank charges and commission		186,878	217,500
			1,617,581	1,760,543
35	**TAXATION**			
	Current	35.1	510,000	553,000

35.1 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.

35.2 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 7.

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

36 EARNINGS PER SHARE - BASIC AND DILUTED

		2013	2012
There is no dilutive effect on the basic earnings per share which is based on:			
Profit attributable to ordinary shares	(Rupees in thousand)	5,846,853	3,528,567
Weighted average number of ordinary shares	(Numbers)	351,599,848	351,599,848
Earnings per share	(Rupees)	16.63	10.04

37 CASH GENERATED FROM OPERATIONS

	Note	2013 (Rupees in thousand)	2012 (Rupees in thousand)
Profit before taxation		6,356,853	4,081,567
Adjustments for non-cash charges and other items:			
Depreciation		1,360,255	1,259,185
Gain on sale of property, plant and equipment		(75,255)	(27,251)
Dividend income		(2,226,339)	(2,266,279)
Impairment loss on equity investment		9,540	245
Net exchange (gain) / loss on forward contracts		(53,315)	34,820
Interest income on loans and advances to subsidiary companies		(80,775)	(96,534)
Finance cost		1,617,581	1,760,543
Provision for slow moving, obsolete and damaged store items		3,094	-
Working capital changes	37.1	(4,131,158)	268,402
		2,780,481	5,014,698

37.1 Working capital changes

	2013	2012
(Increase) / decrease in current assets:		
- Stores, spare parts and loose tools	(269,424)	(63,905)
- Stock in trade	(1,250,306)	151,547
- Trade debts	(2,754,465)	(1,007,811)
- Loans and advances	(15,776)	29,939
- Short term deposits and prepayments	(240)	6,203
- Other receivables	(246,858)	361,857
	(4,537,069)	(522,170)
Increase in trade and other payables	405,911	790,572
	(4,131,158)	268,402

38 EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Company has proposed a cash dividend for the year ended 30 June 2013 of Rupees 4.00 per share (2012: Rupees 3.50 per share) at their meeting held on 25 September 2013. The Board of Directors also proposed to transfer Rupees 4,440 million (2012: Rupees 2,297 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.

39 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	
	2013	2012	2013	2012	2013	2012
	(Rupees in thousand)					
Managerial remuneration	13,253	8,691	5,810	4,931	252,224	191,311
Allowances						
Cost of living allowance	-	-	7	7	951	756
House rent	4,867	3,476	905	807	66,899	51,125
Conveyance	-	-	-	-	381	316
Medical	1,217	869	474	398	19,569	14,817
Utilities	-	-	984	779	25,715	18,915
Special allowance	-	-	2	2	516	408
Contribution to provident fund	-	-	451	379	20,111	15,209
Leave encashment	-	-	-	-	8,594	4,107
	19,337	13,036	8,633	7,303	394,960	296,964
Number of persons	1	1	2	2	241	188

39.1 Chief Executive Officer, two directors and certain executives of the 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 the financial statements for meeting fee to one director (2012: one director) was Rupees 120,000 (2012: Rupees 50,000).

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

40 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:

	2013	2012
	(Rupees in thousand)	
Subsidiary companies		
Investment made	589,026	272,660
Long term loan payment received	218,220	600,000
Dividend income	361,266	180,633
Purchase of goods and services	201,531	169,291
Sale of goods and services	3,495,342	1,247,238
Interest income	80,775	96,534
Rental income	26,533	10,725
Short term loans made	6,946,521	3,533,904
Short term loans payment received	6,162,362	3,529,276

	Note	2013	2012
		(Rupees in thousand)	
Associated companies			
Investment made		300,000	-
Purchase of goods and services		27,106	45,841
Sale of goods		519	4,431
Rental income		335	3,112
Purchase of operating fixed assets		-	900
Sale of operating fixed assets		1,388	479
Dividend income		1,820,045	2,040,618
Dividend paid		110,419	104,115
Insurance premium paid		100,696	78,684
Insurance claims received		18,859	18,229
Profit on term deposit receipt		5,035	2,945
Subscription paid		1,250	1,525
Other related parties			
Dividend income		45,027	45,027
Purchase of goods and services		91,383	17,204
Sale of goods and services		28,335	13,829
Company's contribution to provident fund trust		113,159	94,981

41 PROVIDENT FUND RELATED DISCLOSURES

The following information is based on un-audited financial statements of the provident fund for the year ended 30 June 2013 and audited financial statement of the provident fund for the year ended 30 June 2012:

	Note	2013	2012
Size of the fund - Total assets		2,205,980	1,849,253
Cost of Investments	41.1	1,983,215	1,699,852
Percentage of investments made		89.90%	91.92%
Fair value of investments		2,718,024	1,796,817

41.1 The breakup of cost of investments is as follows:

	2013	2012	2013	2012
	Percentage		(Rupees in thousand)	
Deposits	20%	37%	393,959	623,325
Term finance certificate	1%	1%	17,010	17,010
Mutual funds	21%	-	410,822	2,322
Listed securities	58%	62%	1,161,424	1,057,195
	100%	100%	1,983,215	1,699,852

41.2 Under a specific order issued by the Director (Enforcement), SECP, The Nishat Mills Employees Provident Fund Trust has been allowed time limit up to 17 September 2014 to regularize its investments in compliance with section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

	2013	2012
42 NUMBER OF EMPLOYEES		
Number of employees as on June 30	17,060	16,693
Average number of employees during the year	17,065	16,271

43 SEGMENT INFORMATION

	Spinning		Weaving		Processing and Home Textile		Garments		Power Generation		Elimination of Inter-segment transactions		Total - Company	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	(Rupees in thousand)													
Sales														
External	13,007,325	11,383,166	11,208,620	9,551,518	22,979,016	19,568,628	5,198,025	4,387,922	33,044	32,867	-	-	52,426,030	44,924,101
Intersegment	2,933,665	2,331,952	7,044,251	7,124,400	824,340	671,088	-	1,449	4,673,911	4,054,431	(15,476,167)	(14,183,320)	-	-
	15,940,990	13,715,118	18,252,871	16,675,918	23,803,356	20,239,716	5,198,025	4,389,371	4,706,955	4,087,298	(15,476,167)	(14,183,320)	52,426,030	44,924,101
Cost of sales	(13,055,807)	(12,525,537)	(16,606,182)	(14,627,447)	(20,420,526)	(17,660,533)	(4,081,434)	(3,436,056)	(4,693,763)	(4,068,657)	15,476,167	14,183,320	(43,381,545)	(38,134,910)
Gross profit	2,885,183	1,189,581	1,646,689	2,048,471	3,382,830	2,579,183	1,116,591	953,315	13,192	18,641	-	-	9,044,485	6,789,191
Distribution cost	(442,997)	(322,474)	(558,434)	(478,245)	(1,172,560)	(1,492,032)	(350,037)	(258,264)	(5,427)	(4,312)	-	-	(2,529,455)	(2,555,327)
Administrative expenses	(224,218)	(201,139)	(201,132)	(175,679)	(344,296)	(271,380)	(68,225)	(58,484)	(32,398)	(25,058)	-	-	(870,269)	(731,740)
	(667,215)	(523,613)	(759,566)	(653,924)	(1,516,856)	(1,763,412)	(418,262)	(316,748)	(37,825)	(29,370)	-	-	(3,399,724)	(3,287,067)
Profit / (loss) before taxation and unallocated income and expenses	2,217,968	665,968	887,123	1,394,547	1,865,974	815,771	698,329	636,567	(24,633)	(10,729)	-	-	5,644,761	3,502,124
Unallocated income and expenses:														
Other expenses													(409,429)	(343,699)
Other income													2,739,102	2,683,685
Finance cost													(1,617,581)	(1,760,543)
Taxation													(510,000)	(553,000)
Profit after taxation													5,846,853	3,528,567

43.1 Reconciliation of reportable segment assets and liabilities

	Spinning		Weaving		Processing and Home Textile		Garments		Power Generation		Total - Company	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	(Rupees in thousand)											
Total assets for reportable segments:	10,471,924	8,301,318	6,269,776	5,072,193	12,072,743	9,850,474	2,076,044	2,290,564	3,736,379	3,563,078	34,626,866	29,077,627
Unallocated assets:												
Long term investments											37,378,224	21,912,790
Other receivables											1,019,164	758,077
Cash and bank balances											1,128,862	2,358,556
Other corporate assets											6,481,478	2,519,333
Total assets as per balance sheet											80,634,594	56,626,383
Total liabilities for reportable segments:	538,922	658,371	402,874	335,568	1,131,971	1,060,130	218,501	298,414	641,106	432,359	2,933,374	2,784,842
Unallocated liabilities:												
Deferred income tax liability											499,415	310,305
Provision for taxation											732,359	686,781
Other corporate liabilities											17,552,411	15,081,706
Total liabilities as per balance sheet											21,717,559	18,863,634

43.2 Geographical information

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

	2013	2012
	(Rupees in thousand)	
Europe	11,713,870	13,065,129
Asia, Africa and Australia	21,737,998	16,912,304
United States of America and Canada	6,181,007	4,830,348
Pakistan	12,793,155	10,116,320
	52,426,030	44,924,101

43.3

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

43.4 Revenue from major customers

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

			2013	2012
			(Figures in thousand)	
44	**PLANT CAPACITY AND ACTUAL PRODUCTION**			
	Spinning			
	100 % plant capacity converted to 20s count based on 3 shifts per day for 1,095 shifts (2012: 1,098 shifts)	(Kgs.)	66,944	67,265
	Actual production converted to 20s count based on 3 shifts per day for 1,095 shifts (2012: 1,098 shifts)	(Kgs.)	57,823	57,868
	Weaving			
	100 % plant capacity at 50 picks based on 3 shifts per day for 1,095 shifts (2012: 1,098 shifts)	(Sq.Mtr.)	240,728	235,840
	Actual production converted to 50 picks based on 3 shifts per day for 1,095 shifts (2012: 1,098 shifts)	(Sq.Mtr.)	231,278	226,014
	Dyeing and Finishing			
	Production capacity for 3 shifts per day for 1,095 shifts (2012: 1,098 shifts)	(Mtr.)	54,000	54,000
	Actual production on 3 shifts per day for 1,095 shifts (2012: 1,098 shifts)	(Mtr.)	52,757	51,696
	Power Plant			
	Generation capacity	(MWH)	469	488
	Actual generation	(MWH)	297	297

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.

44.1 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.

45 FINANCIAL RISK MANAGEMENT

45.1 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) and Euro. 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:

	2013	2012
Cash at banks - USD	264,422	87,650
Trade debts - USD	48,259,197	26,803,777
Trade debts - Euro	1,007,454	2,278,161
Trade debts - AED	3,077,016	3,262,500
Trade and other payables - USD	1,311,987	4,723,664
Trade and other payables - Euro	46,059	97,984
Trade and other payables - AED	-	15,535
Net exposure - USD	47,211,632	22,167,763
Net exposure - Euro	961,395	2,180,177
Net exposure - AED	3,077,016	3,246,965

The following significant exchange rates were applied during the year:

	2013	2012
Rupees per US Dollar		
Average rate	96.92	89.92
Reporting date rate	99.15	94.58
Rupees per Euro		
Average rate	125.19	119.01
Reporting date rate	128.79	117.58
Rupees per AED		
Average rate	25.85	24.41
Reporting date rate	26.20	25.40

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD, Euro and AED with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 219.957 million, Rupees 5.816 million and Rupees 3.789 million (2012: Rupees 96.226 million, Rupees 11.786 million and Rupees 3.793 million) respectively higher / lower, 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)	
	2013	2012	2013	2012
	(Rupees in thousand)			
KSE 100 (5% increase)	-	98	963,214	573,465
KSE 100 (5% decrease)	-	(98)	(963,214)	(573,465)

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 has no interest-bearing assets except for term deposit receipts, bank balances in saving accounts and loans and advances to subsidiary companies. The Company's interest rate risk arises from long term financing, liabilities against assets subject to finance lease, 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:

	2013	2012
	(Rupees in thousand)	
Fixed rate instruments		
Financial liabilities		
Long term financing	1,477,084	1,502,181
Liabilities against assets subject to finance lease	58,312	91,636
Floating rate instruments		
Financial assets		
Bank balances- saving accounts	6,398	1,069
Term deposit receipts	1,000,000	2,195,020
Loans and advances to subsidiary companies	788,787	222,848
Financial liabilities		
Long term financing	2,846,825	2,828,997
Liabilities against assets subject to finance lease	78,280	110,666
Short term borrowings	11,939,028	9,665,849

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 124.155 million (2012: Rupees 94.735 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:

	2013	2012
	(Rupees in thousand)	
Investments	22,140,873	12,664,721
Loans and advances	959,449	326,780
Deposits	42,952	37,794
Trade debts	6,243,535	3,489,070
Other receivables	35,998	34,868
Accrued interest	13,550	30,062
Bank balances	1,117,931	2,347,671
	30,554,288	18,930,966

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			2013	2012
	Short term	Long term	Agency	(Rupees in thousand)	
Banks					
National Bank of Pakistan	A-1+	AAA	JCR-VIS	11,403	5,092
Allied Bank Limited	A1+	AA+	PACRA	-	916
Askari Bank Limited	A1+	AA	PACRA	408	500,866
Bank Alfalah Limited	A1+	AA	PACRA	13	12
Faysal Bank Limited	A1+	AA	PACRA	189	2,236
Habib Bank Limited	A-1+	AAA	JCR-VIS	6,020	222
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	10,565	109
JS Bank Limited	A1	A+	PACRA	11	250,011
KASB Bank Limited	A3	BBB	PACRA	500,079	24
MCB Bank Limited	A1+	AAA	PACRA	6,633	301,855
NIB Bank Limited	A1+	AA -	PACRA	180	172
Samba Bank Limited	A-1	AA -	JCR-VIS	34,645	54,109
Silkbank Limited	A-2	A -	JCR-VIS	6,447	54
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	3,198	5,118
United Bank Limited	A-1+	AA+	JCR-VIS	134	2,784
Al-Baraka Bank (Pakistan) Limited	A1	A	PACRA	34	391
Citibank N.A.	P-2	A3	Moody's	266	25,355
Deutsche Bank AG	P-1	A2	Moody's	391	18,361
HSBC Bank Middle East Limited	P-1	A2	Moody's	11,226	8,633
Bank Islami Pakistan Limited	A1	A	PACRA	164	294
Meezan Bank Limited	A-1+	AA	JCR-VIS	5,717	6,124
Dubai Islamic Bank Pakistan Limited	A-1	A	JCR-VIS	204	582
The Bank of Punjab	A1+	AA-	PACRA	500,026	1,164,201
Soneri Bank Limited	A1+	AA-	PACRA	313	114
Summit Bank Limited	A-3	A-	JCR-VIS	2	7
Burj Bank Limited	A-1	A	JCR-VIS	19,663	29
				1,117,931	2,347,671

Investments	Rating: Short term	Rating: Long term	Rating: Agency	2013 (Rupees in thousand)	2012 (Rupees in thousand)
Adamjee Insurance Company Limited	AA		PACRA	2,764	2,116
Security General Insurance Company Limited	A		JCR-VIS	1,969,677	1,193,300
Habib Bank Limited	A-1+	AAA	JCR-VIS	23	20
Pakistan Strategic Allocation Fund	4 Star	3 Star	PACRA	6,602	4,285
Nishat (Chunian) Limited	A-	A-2	JCR-VIS	1,479,688	391,506
MCB Bank Limited	A1+	AAA	PACRA	17,775,207	11,073,494
MCB - Cash Management Optimizer	AA(f)		PACRA	906,912	-
				22,140,873	12,664,721
				23,258,804	15,012,392

The Company's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 20.

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 2013, the Company had Rupees 19,464.972 million (2012: Rupees 18,555 million) available borrowing limits from financial institutions and Rupees 1,128.862 million (2012: Rupees 2,358.556 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 2013

	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	4,323,909	5,111,577	930,743	665,997	1,649,210	1,865,627
Liabilities against assets subject to finance lease	136,592	152,545	41,505	40,613	70,427	-
Trade and other payables	2,839,604	2,839,604	2,839,604	-	-	-
Short term borrowings	11,939,028	13,001,393	12,473,910	527,483	-	-
Accrued mark-up	300,755	300,755	300,755	-	-	-
	19,539,888	21,405,874	16,586,517	1,234,093	1,719,637	1,865,627

Contractual maturities of financial liabilities as at 30 June 2012

	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	4,331,178	5,461,430	660,479	764,182	1,390,275	2,646,494
Liabilities against assets subject to finance lease	202,302	242,580	43,964	43,056	83,626	71,934
Trade and other payables	2,700,829	2,700,829	2,700,829	-	-	-
Short term borrowings	9,665,849	10,696,759	10,184,890	511,869	-	-
Accrued mark-up	269,579	269,579	269,579	-	-	-
	17,169,737	19,371,177	13,859,741	1,319,107	1,473,901	2,718,428

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, note 6 and note 10 to these financial statements.

45.2 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 2013				
Assets				
Available for sale financial assets	20,171,196	-	1,969,677	22,140,873
As at 30 June 2012				
Assets				
Available for sale financial assets	11,471,421	-	1,193,300	12,664,721

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 2013.

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.

45.3 Financial instruments by categories

	Loans and receivables	Available for sale	Total
	(Rupees in thousand)		
As at 30 June 2013			
Assets as per balance sheet			
Investments	-	22,140,873	22,140,873
Loans and advances	959,449	-	959,449
Deposits	42,952	-	42,952
Trade debts	6,243,535	-	6,243,535
Other receivables	35,998	-	35,998
Accrued interest	13,550	-	13,550
Cash and bank balances	1,128,862	-	1,128,862
	8,424,346	22,140,873	30,565,219

	Financial liabilities at amortized cost
	(Rupees in thousand)
Liabilities as per balance sheet	
Long term financing	4,323,909
Liabilities against assets subject to finance lease	136,592
Accrued mark-up	300,755
Short term borrowings	11,939,028
Trade and other payables	2,839,604
	19,539,888

	Loans and receivables	Available for sale	Total
		(Rupees in thousand)	
As at 30 June 2012			
Assets as per balance sheet			
Investments	-	12,664,721	12,664,721
Loans and advances	326,780	-	326,780
Deposits	37,794	-	37,794
Trade debts	3,489,070	-	3,489,070
Other receivables	34,868	-	34,868
Accrued interest	30,062	-	30,062
Cash and bank balances	2,358,556	-	2,358,556
	6,277,130	12,664,721	18,941,851

	Financial liabilities at amortized cost
	(Rupees in thousand)
Liabilities as per balance sheet	
Long term financing	4,331,178
Liabilities against assets subject to finance lease	202,302
Accrued mark-up	269,579
Short term borrowings	9,665,849
Trade and other payables	2,700,829
	17,169,737

45.4 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, liabilities against assets subject to finance lease and short term borrowings obtained by the Company as referred to in note 5, note 6 and note 10 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.

		2013	2012
Borrowings	Rupees in thousand	16,399,529	14,199,329
Total equity	Rupees in thousand	58,917,035	37,762,749
Total capital employed	Rupees in thousand	75,316,564	51,962,078
Gearing ratio	Percentage	21.77	27.33

The decrease in the gearing ratio resulted primarily from increase in total equity of the Company.

46 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 25 September 2013 by the Board of Directors of the Company.

47 CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant rearrangements have been made except those required by revised Fourth Schedule to the Companies Ordinance, 1984.

48 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

For the year ended June 30, 2013

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 2013. The consolidated results comprise of financial statements of Nishat Mills Limited, Nishat Power Limited, Nishat Linen (Private) Limited, Nishat Linen Trading L.L.C, Nishat USA Inc., Nishat Hospitality (Private) Limited and Nishat International FZE. 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 2013 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 stated that an adjustment in the carrying amount of investment in Nishat Dairy (Private) Limited ("the Associated Company"), accounted for under equity method, is based on un-audited financial statements of the Associated Company. The year 2012-13 was the first year when the Associated Company commenced its commercial operations. The audit of the Associated Company was in progress at the time of finalization of consolidated financial statements of the group. Since this was the first year of audit with commercial operations, there was some delay expected in the finalization of audit to address financial accounting issues like determination of fair valuation of cows by an independent valuer. Therefore, for providing timely information to the shareholders of the Holding Company, un-audited financial statements of the Associated Company were used for consolidation.

The auditors' report to the members draws attention to Note 21.6 to the consolidated financial statement which refers to an amount of Rs 816.041 million (2012: Rs 599.749 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), 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 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. 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 financial statements.

For and on behalf of the Board of Directors

Mian Umer Mansha
Chairman/Chief Executive Officer

25 September 2013
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 2013 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) for the year ended 30 June 2013 were un-audited. Hence, total assets and total liabilities of Rupees 4,293,704 and Rupees 51,062 respectively as at 30 June 2013 and net profit of Rupees 248,034 for the year ended 30 June 2013 pertaining to such Subsidiary Company have been incorporated in these consolidated financial statements by the management using the un-audited financial statements.

Adjustments of Rupees 27,782,000 made during the year ended 30 June 2013 in the carrying amount of investment in Nishat Dairy (Private) Limited (Associated Company), accounted for under equity method, are based on un-audited financial statements of that Associated Company.

In our opinion, except for any adjustments that may have been required due to the un-audited figures in respect of Nishat USA, Inc. (Subsidiary Company) and Nishat Dairy (Private) Limited (Associated Company) as referred to in above paragraphs of the report, the consolidated financial statements present fairly the financial position of Nishat Mills Limited and its Subsidiary Companies as at 30 June 2013 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.

Riaz Ahmad & Company
Chartered Accountants

Name of engagement partner:
Sarfraz Mahmood

25 September 2013
Lahore

Consolidated Balance Sheet
As at June 30, 2013

	Note	2013	2012
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
1,100,000,000 (2012: 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	65,072,841	46,187,508
Equity attributable to equity holders of the Holding Company		68,588,840	49,703,507
Non-controlling interest		4,511,212	3,516,083
Total equity		73,100,052	53,219,590
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	13,893,405	15,062,966
Liabilities against assets subject to finance lease	6	66,322	137,040
Long term security deposit	7	74,950	11,000
Retirement benefit obligation		1,846	730
Deferred income tax	8	500,188	310,455
		14,536,711	15,522,191
CURRENT LIABILITIES			
Trade and other payables	9	5,616,917	4,346,047
Accrued mark-up	10	779,822	908,865
Short term borrowings	11	14,397,313	16,289,529
Current portion of non-current liabilities	12	2,278,504	1,938,589
Provision for taxation		815,722	746,726
		23,888,278	24,229,756
TOTAL LIABILITIES		38,424,989	39,751,947
CONTINGENCIES AND COMMITMENTS	13		
TOTAL EQUITY AND LIABILITIES		111,525,041	92,971,537

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

Chief Executive Officer

	Note	2013	2012
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	14	30,201,092	29,469,622
Investment properties	15	394,745	241,969
Long term investments	16	41,418,080	29,853,657
Long term loans	17	85,659	50,110
Long term deposits and prepayments	18	60,655	42,645
		72,160,231	59,658,003
CURRENT ASSETS			
Stores, spare parts and loose tools	19	1,815,361	1,424,420
Stock in trade	20	12,808,140	10,549,271
Trade debts	21	12,020,528	14,196,364
Loans and advances	22	1,527,570	1,958,525
Short term deposits and prepayments	23	85,603	75,324
Other receivables	24	1,265,896	969,638
Accrued interest	25	9,302	50,233
Short term investments	26	4,362,879	1,589,093
Cash and bank balances	27	5,202,124	2,500,666
		39,097,403	33,313,534
Non-current asset held for sale	28	267,407	-
		39,364,810	33,313,534
TOTAL ASSETS		111,525,041	92,971,537

Director

Consolidated Profit and Loss Account

For the year ended June 30, 2013

	Note	2013	2012
		(Rupees in thousand)	
SALES	29	80,201,133	68,238,110
COST OF SALES	30	(65,120,933)	(56,145,680)
GROSS PROFIT		15,080,200	12,092,430
DISTRIBUTION COST	31	(3,232,669)	(2,725,390)
ADMINISTRATIVE EXPENSES	32	(1,057,351)	(871,412)
OTHER EXPENSES	33	(573,328)	(1,311,172)
		(4,863,348)	(4,907,974)
		10,216,852	7,184,456
OTHER INCOME	34	1,465,592	1,173,846
PROFIT FROM OPERATIONS		11,682,444	8,358,302
FINANCE COST	35	(3,858,563)	(4,573,546)
		7,823,881	3,784,756
SHARE OF PROFIT FROM ASSOCIATED COMPANIES	16.4	2,607,488	2,042,125
PROFIT BEFORE TAXATION		10,431,369	5,826,881
TAXATION	36	(555,921)	(592,670)
PROFIT AFTER TAXATION		9,875,448	5,234,211
SHARE OF PROFIT ATTRIBUTABLE TO:			
EQUITY HOLDERS OF HOLDING COMPANY		8,533,409	4,236,352
NON-CONTROLLING INTEREST		1,342,039	997,859
		9,875,448	5,234,211
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	37	24.27	12.05

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, 2013

	2013	2012
	(Rupees in thousand)	
PROFIT AFTER TAXATION	9,875,448	5,234,211
OTHER COMPREHENSIVE INCOME		
Items that will not be classified to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss:		
Surplus / (deficit) arising on remeasurement of available for sale investments	8,576,151	(192,377)
Share of other comprehensive income / (loss) of associates	3,208,999	(437,957)
Exchange differences on translating foreign operations	(13,517)	2,230
Deferred income tax relating to surplus on available for sale investment	(189,110)	21,502
Other comprehensive income / (loss) for the year - net of tax	11,582,523	(606,602)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	21,457,971	4,627,609
SHARE OF TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
EQUITY HOLDERS OF HOLDING COMPANY	20,115,932	3,629,750
NON-CONTROLLING INTEREST	1,342,039	997,859
	21,457,971	4,627,609

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, 2013

	Note	2013	2012
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	38	14,415,487	6,068,022
Finance cost paid		(3,987,606)	(4,636,095)
Income tax paid		(808,597)	(646,577)
Long term security deposits received		63,950	8,000
Exchange gain on forward exchange contracts received		31,329	256,023
Net increase in retirement benefit obligation		1,116	607
Net increase in long term loans		(45,903)	(22,931)
Net increase in long term deposits and prepayments		(16,780)	(12,518)
Net cash generated from operating activities		9,652,996	1,014,531
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		249,513	111,752
Dividends received		1,865,073	2,085,646
Investments made		(1,200,000)	(299,921)
Interest received		172,780	130,473
Capital expenditure on property, plant and equipment		(3,660,585)	(2,772,852)
Net cash used in investing activities		(2,573,219)	(744,902)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		1,842,352	1,941,842
Repayment of long term financing		(2,677,005)	(2,110,501)
Repayment of liabilities against assets subject to finance lease		(65,710)	(60,670)
Exchange differences on translation of net investments in foreign subsidiaries		(13,517)	2,230
Short term borrowings - net		(1,892,216)	2,624,046
Dividend paid		(1,572,223)	(1,324,856)
Net cash (used in) / from financing activities		(4,378,319)	1,072,091
Net increase in cash and cash equivalents		2,701,458	1,341,720
Cash and cash equivalents at the beginning of the year		2,500,666	1,158,946
Cash and cash equivalents at the end of the year		5,202,124	2,500,666

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, 2013

	Attributable to equity holders of the holding company												
		Capital reserves					Revenue reserves						
	Share capital	Premium on issue of right shares	Fair value reserve	Exchange translation reserve	Capital redemption reserve fund	Sub total	General reserve	Unappropriated profit	Sub total	Total reserves	Shareholders' equity	Non-controlling interest	Total equity
	(Rupees in thousand)												
Balance as at 30 June 2011	3,515,999	5,499,530	5,896,130	1,260	111,002	11,507,922	23,058,882	9,151,233	32,210,115	43,718,037	47,234,036	2,691,679	49,925,715
Transaction with owners - Final dividend for the year ended 30 June 2011 @ Rupees 3.30 per share	-	-	-	-	-	-	-	(1,160,279)	(1,160,279)	(1,160,279)	(1,160,279)	-	(1,160,279)
Transfer to general reserve	-	-	-	-	-	-	7,846,000	(7,846,000)	-	-	-	-	-
Transaction with owners - Dividend relating to 2011 paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(173,455)	(173,455)
Profit for the year	-	-	-	-	-	-	-	4,236,352	4,236,352	4,236,352	4,236,352	997,859	5,234,211
Other comprehensive income for the year	-	-	(608,832)	2,230	-	(606,602)	-	-	-	(606,602)	(606,602)	-	(606,602)
Total comprehensive income for the year	-	-	(608,832)	2,230	-	(606,602)	-	4,236,352	4,236,352	3,629,750	3,629,750	997,859	4,627,609
Balance as at 30 June 2012	3,515,999	5,499,530	5,287,298	3,490	111,002	10,901,320	30,904,882	4,381,306	35,286,188	46,187,508	49,703,507	3,516,083	53,219,590
Transaction with owners - Final dividend for the year ended 30 June 2012 @ Rupees 3.50 per share	-	-	-	-	-	-	-	(1,230,599)	(1,230,599)	(1,230,599)	(1,230,599)	-	(1,230,599)
Transferred to general reserve	-	-	-	-	-	-	3,005,000	(3,005,000)	-	-	-	-	-
Transaction with owners - Dividend relating to 2012 paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(346,910)	(346,910)
Profit for the year	-	-	-	-	-	-	-	8,533,409	8,533,409	8,533,409	8,533,409	1,342,039	9,875,448
Other comprehensive income for the year	-	-	11,596,040	(13,517)	-	11,582,523	-	-	-	11,582,523	11,582,523	-	11,582,523
Total comprehensive income for the year	-	-	11,596,040	(13,517)	-	11,582,523	-	8,533,409	8,533,409	20,115,932	20,115,932	1,342,039	21,457,971
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

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 L.L.C
- Nishat International FZE

NISHAT MILLS LIMITED

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

NISHAT POWER LIMITED

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

NISHAT LINEN (PRIVATE) LIMITED

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

NISHAT HOSPITALITY (PRIVATE) LIMITED

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

NISHAT 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 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.

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 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 2012:

IAS 1 (Amendments), 'Presentation of Financial Statements' (effective for annual periods beginning on or after 01 July 2012). The main change resulting from these amendments is a requirement for entities to group items presented in Other Comprehensive Income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments does not address which items are presented in OCI. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on consolidated profit or loss, consolidated other comprehensive income and consolidated total comprehensive income.

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 2012 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 approved 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 2013 or later periods:

IFRS 7 (Amendment), 'Financial Instruments: Disclosures' (effective for annual periods beginning on or after 01 January 2013). The International Accounting Standards Board (IASB) has amended the accounting requirements and disclosures related to offsetting of financial assets and financial liabilities by issuing amendments to IAS 32 'Financial Instruments: Presentation' and IFRS 7. These amendments are the result of IASB and US Financial Accounting Standard Board undertaking a joint project to address the differences in their respective accounting standards regarding offsetting of financial instruments. The clarifying amendments to IAS 32 are effective for annual periods beginning on or after 01 January 2014. However, these amendments are not expected to have a material impact on the Group's consolidated financial statements.

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 January 2015). It addresses the classification, measurement and recognition of financial assets and financial liabilities. This is the first part of a new standard on classification and measurement of financial assets and financial liabilities that shall replace IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the IAS 39 requirements. These include amortized-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. This change shall mainly affect financial institutions. There shall be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss, and the Group does not have any such liabilities.

IFRS 10 'Consolidated Financial Statements' (effective for annual periods beginning on or after 01 January 2013). 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 Company is in the process of evaluating the impacts of the aforesaid standard 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 2013) 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, IFRS 12 and IAS 27 (effective for annual periods beginning on or after 01 January 2014) 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 Group's consolidated financial statements.

IFRS 12 'Disclosures of Interests in Other Entities' (effective for annual periods beginning on or after 01 January 2013). 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 2013). 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.

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. However, the amendments are not expected to have a material impact on the Group's consolidated financial statements.

On 17 May 2012, IASB issued Annual Improvements to IFRSs: 2009 – 2011 Cycle, incorporating amendments to five IFRSs more specifically in IAS 1 'Presentation of Financial Statements' and IAS 32 'Financial instruments: Presentation', that are considered relevant to the Group's consolidated financial statements. These amendments are effective for annual periods beginning on or after 01 January 2013. These amendments are unlikely to have a significant impact on the Group's consolidated financial statements and have therefore not been analyzed in detail.

g) Standards, interpretations and amendments to published approved standards that are not yet effective and not considered relevant to the Group

There are other standards, amendments to published approved standards and new interpretations that are mandatory for accounting periods beginning on or after 01 July 2013 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'

IFRIC 4 'Determining Whether an Arrangement Contains a Lease' is applicable for periods beginning on or after 01 January 2006, however, Independent Power Producers (IPPs), whose letter of intent has been signed on or before 30 June 2010, have been exempted from its application by the Securities and Exchange Commission of Pakistan (SECP). 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 International Accounting Standard (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:

	2013	2012
	(Rupees in thousand)	
De-recognition of property, plant and equipment	(13,763,592)	(14,848,898)
Recognition of lease debtor	14,595,393	15,405,793
Increase in unappropriated profit at the beginning of the year	556,894	320,503
Increase in profit for the year	274,906	236,391
Increase in unappropriated profit at the end of the year	831,800	556,894

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 at the rate of 9.5 percent of the basic salary 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.

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 – Subsidiary Company, 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 14.1. 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 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.

2.10 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'.

2.11 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.

2.12 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.

2.13 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.

2.14 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.

2.15 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.

2.16 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.

2.17 Trade and other payables

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

2.18 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.

2.19 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.

2.20 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.

2.21 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.

2.22 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.

2.23 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.

2.24 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.

2.25 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.

2.26 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

2013	2012		2013	2012
(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

	2013	2012
	(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	-
	31,548,378	31,548,151

4 RESERVES

	Note	2013	2012
		(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	16,883,338	5,287,298
Exchange translation reserve		(10,027)	3,490
Capital redemption reserve fund		111,002	111,002
		22,483,843	10,901,320
Revenue			
General		33,909,882	30,904,882
Unappropriated profit		8,679,116	4,381,306
		42,588,998	35,286,188
		65,072,841	46,187,508

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:

	Note	2013	2012
		(Rupees in thousand)	
Balance as on 01 July		5,597,603	6,227,937
Fair value adjustment during the year		8,576,151	(192,377)
Share of fair value reserve of associates		3,208,999	(437,957)
		17,382,753	5,597,603
Less: Deferred tax liability on unquoted equity investment		(499,415)	(310,305)
Balance as on 30 June		16,883,338	5,287,298

5 LONG TERM FINANCING

From banking companies - secured

	Note	2013	2012
Long term loans	5.1	15,397,337	15,886,293
Long term musharika	5.2	700,000	1,050,000
Motor vehicle loans	5.3 and 5.4	4,302	-
		16,101,639	16,936,293
Less: Current portion shown under current liabilities	12	2,208,234	1,873,327
		13,893,405	15,062,966

5.1 Long term loans

Lender	2013	2012	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
	(Rupees in thousand)						
Nishat Mills Limited - Holding Company							
Allied Bank Limited							
Refinanced by SBP under scheme of LTFF	147,450	-	SBP rate for LTFF + 0.5%	Seventy two unequal installments commencing on 27 June 2014 and ending on 22 May 2020.	-	Quarterly	Ranking hypothecation charge of Rupees 1,333.33 million (which will be upgraded to first pari passu charge) 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 charge in the favour of its existing creditors).
Loan provided by the bank from own sources	54,891	-	3 Month KIBOR + 0.5%	Twenty four equal quarterly installments commencing on 24 August 2014 and ending on 24 May 2020.	Quarterly	Quarterly	
	202,341	-					
Saudi Pak Industrial and Agricultural Investment Company Limited	37,500	87,500	SBP rate for LTF - EOP + 2%	Sixteen equal quarterly installments commenced on 30 April 2010 and ending on 31 January 2014.	-	Quarterly	Exclusive hypothecation charge on specific plant and machinery for an amount of Rupees 267 million.
Saudi Pak Industrial and Agricultural Investment Company Limited	231,986	283,539	SBP rate for LTFF + 2.50%	Twenty two equal quarterly installments commencing on 05 July 2012 and ending on 05 October 2017.	-	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	235,708	-	3 Month offer KIBOR + 0.5%	Sixteen equal quarterly installments commencing on 17 August 2014 and ending on 17 May 2018.	Quarterly	Quarterly	Ranking hypothecation charge of Rupees 1,334 million (which will be upgraded to first pari passu charge) over all present and future plant and machinery of the Company (excluding plant and machinery in respect of which the Company has already created exclusive charge in the favour of existing creditors).
Habib Bank Limited							
Refinanced by SBP under scheme of LTFF	17,449	52,347	SBP rate for LTFF + 2.5%	Eight equal half yearly installments commenced on 09 May 2010 and ending on 09 November 2013.	-	Quarterly	First pari passu hypothecation charge of Rupees 2,000 million on plant and machinery of the Company excluding specific and exclusive charges.
Loan provided by the bank from own sources	500,000	-	3 Month offer KIBOR + 0.5%	Two equal semi annual installments commencing on 28 August 2014 and ending on 28 February 2015.	Quarterly	Quarterly	
	517,449	52,347					
The Bank of Punjab	500,000	-	3 Month offer KIBOR + 0.5%	Eighteen equal quarterly installments commencing on 18 September 2013 and ending on 18 December 2017.	Quarterly	Quarterly	Ranking charge of Rupees 666.667 million (which will be upgraded to first pari passu charge) over all present and future fixed assets of the Company excluding land and buildings.

Lender	2013	2012	Rate of Interest Per Annum	Number of Installments	Interest Repricing	Interest Payable	Security
	(Rupees in thousand)						
The Bank of Punjab	339,559	463,036	3 Month offer KIBOR + 0.5%	Sixteen equal quarterly installments commenced on 04 April 2012 and ending on 04 January 2016.	Quarterly	Quarterly	First pari passu charge of Rupees 666.667 million on all present and future fixed assets of the Company excluding land and buildings.
Pak Brunei Investment Company Limited	200,000	-	SBP rate for LTFF + 1.60%	Eighteen equal quarterly installments commencing on 20 February 2014 and ending on 20 May 2018.	-	Quarterly	First pari passu hypothecation charge of Rupees 266.667 million on all present and future plant and machinery of the Company with 25% margin.
Pak Brunei Investment Company Limited	156,819	196,023	SBP rate for LTFF + 2.25%	Twelve equal half yearly installments commenced on 19 July 2011 and ending on 19 January 2017.	-	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.
Askari Bank Limited	14,439	43,316	SBP rate for LTF - EOP + 2%	Ninety unequal installments commenced on 17 January 2008 and ending on 01 November 2013.	-	Quarterly	First pari passu exclusive charge of Rupees 213.33 million on all present and future fixed assets of the Company.
Samba Bank Limited							
Loan provided by the bank from own sources	-	315,961	6 Month offer KIBOR + 1.25%	Eight equal half yearly installments commenced on 30 June 2011 and ended on 31 December 2012.	Half yearly	Half yearly	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).
Loan provided by the bank from own sources	166,667	-	3 Month KIBOR + 0.5%	Six equal quarterly installments commenced on 31 March 2013 and ending on 30 June 2014.	Quarterly	Quarterly	
Refinanced by SBP under scheme of LTFF	39,359	59,039	SBP rate for LTFF + 2.5%	Eight equal half yearly installments commenced on 27 July 2011 and ending on 27 January 2015.	-	Quarterly	
	206,026	375,000					
Silk Bank Limited	44,707	63,868	SBP rate for LTFF + 2.5%	Sixteen equal quarterly installments commenced on 30 March 2011 and ending on 30 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	228,070	292,753	SBP rate for LTFF + 1.50%	Ninety four unequal installments commenced on 29 September 2012 and ending on 26 September 2016.	-	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).
Standard Chartered Bank (Pakistan) Limited	176,670	223,796	SBP rate for LTFF + 1.50%	Forty three unequal quarterly installments commenced on 12 September 2012 and ending on 12 June 2016.	-	Quarterly	First pari passu charge of Rupees 334 million on all present and future plant and machinery of the Company.
Pak Oman Investment Company Limited	182,635	200,000	SBP rate for LTFF + 1.75%	Fifty four unequal quarterly Instalments commenced on 24 February 2013 and ending on 27 July 2017.	-	Quarterly	First pari passu hypothecation charge of Rupees 267 million over all the present and future plant and machinery of the Company.
Citi Bank N.A.	350,000	1,000,000	3 Month offer KIBOR + 1.00%	Sixteen equal quarterly installments commenced on 08 March 2013 and ending on 07 December 2016.	Quarterly	Quarterly	First ranking pari passu charge of Rupees 1,333.333 million over all present and future plant and machinery of the Company (excluding machinery over which exclusive charges already exist in favour of other creditors).
	3,623,909	3,281,178					
Nishat Power Limited - Subsidiary Company							
Consortium of bank (Note 5.1.1)	11,773,428	12,605,115	3 Month KIBOR + 3.00%	Twenty nine quarterly installments 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.
	11,773,428	12,605,115					
	15,397,337	15,886,293					

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 12.31% to 14.99% (2012: 14.91% to 16.53%) per annum.

Lender	2013	2012	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							
Standard Chartered Bank (Pakistan) Limited	156,250	375,000	3 Month offer KIBOR + 0.6%	Seven unequal quarterly installments commenced on 16 October 2011 and ending on 16 October 2013.	Quarterly	Quarterly	Registered first charge amounting to Rupees 667 million on specific fixed assets of the Company.
Meezan Bank Limited	-	75,000	3 Month offer KIBOR + 1.25%	Eight equal quarterly installments commenced on 29 March 2011 and ended on 29 December 2012.	Quarterly	Quarterly	Exclusive charge on specific plant and machinery at least equal to outstanding facility amount plus 25% margin thereof.
Meezan Bank Limited	262,500	300,000	3 Month offer KIBOR + 0.5%	Sixteen equal quarterly installments 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.
Burj Bank Limited	281,250	300,000	3 Month offer KIBOR + 0.75%	Sixteen equal quarterly installments commenced on 30 March 2013 and ending on 30 December 2016.	Quarterly	Quarterly	First exclusive hypothecation charge of Rupees 400 million over all the present and future plant and machinery of the Company.
	700,000	1,050,000					

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

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

	Note	2013	2012
		(Rupees in thousand)	
6 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
Future minimum lease payments		152,545	242,580
Less: Un-amortized finance charge		15,953	40,278
Present value of future minimum lease payments		136,592	202,302
Less: Current portion shown under current liabilities	12	70,270	65,262
		66,322	137,040

6.1 This represents sale and leaseback arrangement between the Holding Company and Pak Kuwait Investment Company (Private) Limited. According to the lease agreement, leasing company has contributed Rupees 150.047 million from its own sources and the remaining amount of Rupees 149.953 million has been financed under Long Term Finance Facility (LTFF) scheme of State Bank of Pakistan. Minimum lease payments have been discounted using implicit interest rate ranging from 9.70% to 14.06% (2012: 9.70% to 15.78%) per annum. Balance rentals are payable in quarterly installments. Taxes, repairs and insurance costs are borne by the Holding Company. These are secured against the leased assets and demand promissory notes.

6.2 Minimum lease payments and their present values are regrouped as under:

	2013		2012	
	Not later than one year	Later than one year and not later than five years	Not Later than one year	Later than one year and not later than five years
	(Rupees in thousand)			
Future minimum lease payments	82,118	70,427	87,020	155,560
Less: Un-amortized finance charge	11,848	4,105	21,758	18,520
Present value of future minimum lease payments	70,270	66,322	65,262	137,040

7 LONG TERM SECURITY DEPOSIT

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

	Note	2013	2012
		(Rupees in thousand)	
8. DEFERRED INCOME TAX			
The liability for deferred taxation originated due to temporary difference relating to:			
Taxable temporary difference on:			
Unquoted equity investment		499,415	310,305
Accelerated tax depreciation	8.2	773	150
		500,188	310,455

8.1 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.

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

9 TRADE AND OTHER PAYABLES

	Note	2013	2012
Creditors	9.1	3,848,879	2,570,905
Accrued liabilities	9.2	549,919	803,017
Advances from customers	9.3	293,578	214,341
Securities from contractors - Interest free and repayable on completion of contracts		10,498	22,232
Retention money payable		16,389	10,881
Income tax deducted at source		2,003	144
Sales tax payable		6,044	54,906
Dividend payable		50,300	45,014
Payable to employees provident fund trust		17,193	10,062
Fair value of forward exchange contracts		1,639	23,625
Workers' profit participation fund	9.4	507,279	327,699
Workers' welfare fund		313,196	263,221
		5,616,917	4,346,047

9.1 This includes amounts due to following related parties:

	2013	2012
D.G. Khan Cement Company Limited - associated company	3,046	3,770
Security General Insurance Company Limited - associated company	6,205	6,797
Adamjee Insurance Company Limited - associated company	29,474	28,274
Nishat (Chunian) Limited - related party	11	21
	38,736	38,862

9.2 This includes an amount of Rupees 3.115 million (2012: Rupees 3.115 million) due to Nishat Hotels and Properties Limited - associated company.

9.3 This includes an amount of Rupees Nil (2012: Rupees 0.031 million) received from D.G. Khan Cement Company Limited - associated company.

		Note	2013	2012
			(Rupees in thousand)	
9.4	**Workers' profit participation fund**			
	Balance as on 01 July		327,699	374,740
	Add: Provision for the year		472,519	327,664
	Interest for the year	35	6,332	6,492
			806,550	708,896
	Less: Payments during the year		299,271	381,197
			507,279	327,699

9.4.1 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.

10 ACCRUED MARK-UP

	Note	2013	2012
Long term financing		448,809	561,288
Short term borrowings		331,013	347,577
		779,822	908,865

11 SHORT TERM BORROWINGS

	Note	2013	2012
From banking companies - secured			
Nishat Mills Limited - Holding Company			
Short term running finances	11.1 and 11.2	120,363	82,247
State Bank of Pakistan (SBP) refinance	11.1 and 11.3	11,141,635	9,065,039
Temporary bank overdrafts	11.1 and 11.2	677,030	518,563
		11,939,028	9,665,849
Nishat Power Limited - Subsidiary Company			
Short term running finances	11.4	158,282	3,713,638
Short term finances	11.5	2,300,003	2,910,042
		2,458,285	6,623,680
		14,397,313	16,289,529

11.1 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 31,404 million (2012: Rupees 28,221 million).

11.2 The rates of mark-up range from 9.77% to 13.95% (2012: 12.22% to 15.65%) per annum on the balance outstanding.

11.3 The rates of mark up range from 8.70% to 10.55% (2012: 10.25% to 11.00%) per annum on the balance outstanding.

11.4 Short term running finance facilities available from a consortium of commercial banks under mark up arrangements amount to Rupees 3,672.88 million (2012: Rupees 3,722.88 million) at mark-up rates ranging from three months KIBOR plus 1.5% to 2% per annum, payable quarterly, on the balance outstanding. The aggregate running finances are secured against first pari passu assignment of the present or future energy payment price of the tariff, first pari passu hypothecation charge on the fuel stock / inventory, ranking charge over all present and future project assets (including moveable / immoveable assets) of the Subsidiary Company. The effective mark-up rate charged during the year on the outstanding balance ranges from 10.78% to 13.99% (2012: 13.91% to 15.53%) per annum.

11.5 This represents murabaha and term finance facilities aggregating Rupees 3,850 million (2012: Rupees 3,450 million) under mark up arrangements from commercial banks at mark-up rates ranging from three to six months KIBOR plus 1.5% to 2% 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, inventories and assignment of energy payment receivables from NTDCL. The effective mark up rate charged during the year on the outstanding balance ranges from 10.74% to 14.04% (2012: 13.25% to 15.81%) per annum.

11.6 Of the aggregate facility of Rupees 1,345 million (2012: Rupees 1,845 million) for opening letters of credit and guarantees, the amount utilized at 30 June 2013 was Rupees 261.34 million (2012: Rupees 246.16 million). The aggregate facilities for opening letters of credit and guarantees are secured by ranking charge on current assets comprising of fuel stocks and inventories of the Subsidiary Company.

	Note	2013	2012
		(Rupees in thousand)	
12 CURRENT PORTION OF NON-CURRENT LIABILITIES			
Current portion of long term financing	5	2,208,234	1,873,327
Current portion of liabilities against assets subject to finance lease	6	70,270	65,262
		2,278,504	1,938,589

13 CONTINGENCIES AND COMMITMENTS

Contingencies

i) Nishat Mills Limited - Holding Company is contingently liable for Rupees 0.631 million (2012: Rupees 0.631 million) on account of central excise duty not acknowledged as debt as the cases are pending before Court.

ii) Guarantees of Rupees 635.607 million (2012: Rupees 539.902 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 and Pakistan Army against fulfillment of sales order.

iii) Post dated cheques of Rupees 1,816.775 million (2012: Rupees 1,591.201 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 not recognized fuel adjustment charges amounting to Rupees 29.110 million (2012: Rupees 44.144 million) notified by National Electric Power Regulatory Authority (NEPRA) for the period from December 2012 to June 2013 (2012: November 2011 to June 2012) as the Company has obtained stay against payment of such charges from Honorable Islamabad High Court, Islamabad. The management based on advice of the legal counsel, believes that it has strong grounds of appeal and payment / accrual of such charges will not be required.

v) Holding Company's share in contingencies of associated companies' accounted for under equity method is Rupees 1,929 million (2012: Rupees 1,865 million).

vi) National Electric Power Regulatory Authority (NEPRA) issued an order dated 8 February 2013 to Nishat Power Limited - Subsidiary Company through which it has 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 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) The bank of Nishat Power Limited - Subsidiary Company has issued an irrevocable standby letter of credit on behalf of Subsidiary Company in favour of Wartsila Pakistan (Private) Limited for Rupees 45 million (2012: Rupees 45 million) as required under the terms of the Operation and Maintenance agreement.

viii) Guarantees of Rupees 1.5 million (2012: Rupees 200.5 million) are given by the banks of Nishat Power Limited - Subsidiary Company to Director, Excise and Taxation, Karachi under direction of Sindh High Court in respect of suit filed for levy of infrastructure cess.

ix) Nishat Hospitality (Private) Limited - Subsidiary Company has issued letter of guarantees of Rupees 0.153 million (2012: Rupees Nil) in favour of Director, Excise and Taxation, Karachi under the order of Sindh High Court in respect of the suit filed for levy of infrastructure cess.

x) 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 2.002 million (2012: Rupees Nil).

Commitments

i) Contracts for capital expenditure of the Group are approximately of Rupees 4,751.285 million (2012: Rupees 717.498 million).

ii) Letters of credit other than for capital expenditure of the Group are of Rupees 723.986 million (2012: Rupees 615.133 million).

iii) Outstanding foreign currency forward contracts of Rupees 827.520 million (2012: Rupees 1,064.601)

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:

	2013	2012
	(Rupees in thousand)	
Not later than one year	13,500	12,461
Later than one year and not later than five years	67,500	49,846
	81,000	62,307

v) Nishat Power Limited - Subsidiary Company has entered into a contract for purchase of fuel oil from Shell Pakistan Limited ('SPL') for a period of ten years starting from the commercial operations date of the power station i.e. 09 June 2010. Under the terms of the Fuel Supply Agreement, the Subsidiary Company is not required to buy any minimum quantity of oil from SPL.

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

		Note	2013	2012
			(Rupees in thousand)	
14	**PROPERTY, PLANT AND EQUIPMENT**			
	Operating fixed assets	14.1		
	Owned		28,096,224	27,187,410
	Leased		222,324	246,378
	Capital work in progress	14.2	1,882,544	2,035,834
			30,201,092	29,469,622

14.1 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 2011											
Cost	655,707	4,102,579	32,273,239	318,713	667,784	212,115	325,075	135,031	395,028	39,085,271	300,000
Accumulated depreciation	-	(2,021,934)	(8,051,434)	(184,943)	(391,080)	(97,580)	(143,904)	(98,930)	(156,985)	(11,146,790)	(26,895)
Net book value	655,707	2,080,645	24,221,805	133,770	276,704	114,535	181,171	36,101	238,043	27,938,481	273,105
Year ended 30 June 2012											
Opening net book value	655,707	2,080,645	24,221,805	133,770	276,704	114,535	181,171	36,101	238,043	27,938,481	273,105
Additions	44,433	415,550	1,028,748	-	19,098	30,193	28,632	9,023	84,737	1,660,414	-
Transferred to investment properties:											
Cost	(120,279)	-	-	-	-	-	-	-	-	(120,279)	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-
	(120,279)	-	-	-	-	-	-	-	-	(120,279)	-
Disposals:											
Cost	-	-	(227,698)	-	-	-	(720)	(339)	(44,155)	(272,912)	-
Accumulated depreciation	-	-	161,119	-	-	-	289	274	26,755	188,437	-
	-	-	(66,579)	-	-	-	(431)	(65)	(17,400)	(84,475)	-
Depreciation charge	-	(206,698)	(1,864,762)	(13,058)	(28,378)	(12,745)	(19,751)	(12,323)	(50,700)	(2,208,415)	(26,727)
Currency retranslation	-	1,274	-	-	-	-	232	20	158	1,684	-
Closing net book value	579,861	2,290,771	23,319,212	120,712	267,424	131,983	189,853	32,756	254,838	27,187,410	246,378
At 30 June 2012											
Cost	579,861	4,518,129	33,074,289	318,713	686,882	242,308	352,987	143,715	435,610	40,352,494	300,000
Currency retranslation	-	1,694	-	-	-	-	253	54	182	2,183	-
	579,861	4,519,823	33,074,289	318,713	686,882	242,308	353,240	143,769	435,792	40,354,677	300,000
Accumulated depreciation	-	(2,228,632)	(9,755,077)	(198,001)	(419,458)	(110,325)	(163,366)	(110,979)	(180,930)	(13,166,768)	(53,622)
Currency retranslation	-	(420)	-	-	-	-	(21)	(34)	(24)	(499)	-
	-	(2,229,052)	(9,755,077)	(198,001)	(419,458)	(110,325)	(163,387)	(111,013)	(180,954)	(13,167,267)	(53,622)
Net book value	579,861	2,290,771	23,319,212	120,712	267,424	131,983	189,853	32,756	254,838	27,187,410	246,378
Year ended 30 June 2013											
Opening net book value	579,861	2,290,771	23,319,212	120,712	267,424	131,983	189,853	32,756	254,838	27,187,410	246,378
Additions	257,461	872,570	2,459,082	-	11,582	45,620	30,194	10,577	124,082	3,811,168	-
Transferred to investment properties:											
Cost	(119,104)	(61,535)	-	-	-	-	-	-	-	(180,639)	
Accumulated depreciation	-	18,977	-	-	-	-	-	-	-	18,977	
	(119,104)	(42,558)	-	-	-	-	-	-	-	(161,662)	
Disposals:											
Cost	-	-	(651,006)	-	(3,000)	(29)	(257)	(174)	(39,917)	(694,383)	-
Accumulated depreciation	-	-	492,875	-	2,438	26	123	105	25,298	520,865	-
	-	-	(158,131)	-	(562)	(3)	(134)	(69)	(14,619)	(173,518)	-
Depreciation charge	-	(260,514)	(2,005,112)	(11,752)	(27,400)	(15,555)	(21,095)	(11,248)	(54,604)	(2,407,280)	(24,054)
Impairment charge (Note 14.1.1)	-	-	(162,601)	-	-	-	-	-	-	(162,601)	-
Currency retranslation	-	2,284	-	-	-	-	263	45	115	2,707	-
Closing 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
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
Annual rate of depreciation (%)	-	4-10	4-32	4-32	10	10	10	30-33	20		10

14.1.1 The impairment charge has been included in other expenses.

14.1.2 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)						
Plant and Machinery								
Murata 7-II	1	8,440	7,437	1,003	1,500	497	Negotiation	H.A. Haq Spinning Mills (Private) Limited
Toyoda CM-10 Combers	4	7,929	7,026	903	1,333	430	Negotiation	Lyallpur Textiles
Lap Former	1	1,111	1,017	94	333	239	Negotiation	Lyallpur Textiles
Crossroll MK-4	4	8,807	7,563	1,244	4,000	2,756	Negotiation	Colony Mills Limited
Crossroll MK-4	4	8,807	7,570	1,237	3,900	2,663	Negotiation	Beacon Impex (Private) Limited
Crossroll MK-4	1	2,202	1,892	310	1,000	690	Negotiation	Colony Mills Limited
Scutcher	1	3,244	2,773	471	600	129	Negotiation	Colony Mills Limited
Scutcher	1	3,244	2,776	468	600	132	Negotiation	Meo Engineering Co.
Scutcher	1	2,422	2,084	338	600	262	Negotiation	Colony Mills Limited
Scutcher	1	2,422	2,085	337	600	263	Negotiation	Pride Spinning Mills (Private) Limited
Scutcher	1	3,244	2,777	467	600	133	Negotiation	Allah Wasaya Textile & Finishing Mills Limited
Crossroll MK-4	4	9,151	7,852	1,299	3,900	2,601	Negotiation	Beacon Impex (Private) Limited
Crossroll MK-4	10	22,877	19,632	3,245	10,000	6,755	Negotiation	Pride Spinning Mills (Private) Limited
Crossroll MK-4	4	9,151	7,844	1,307	3,900	2,593	Negotiation	Beacon Impex (Private) Limited
Crossroll MK-4	4	9,151	7,848	1,303	3,900	2,597	Negotiation	Beacon Impex (Private) Limited
Crossroll MK-4	2	4,575	3,925	650	1,950	1,300	Negotiation	Beacon Impex (Private) Limited
Crosroll Filter	1	2,422	2,087	335	833	498	Negotiation	Allah Wasaya Textile & Finishing Mills Limited
Auto Bale Plucker with Condenser	1	325	252	73	500	427	Negotiation	Olympia Textile Mills Limited
Sliver Cans	70	400	276	124	145	21	Negotiation	Fazli Corporation
Tsudakoma Airjet Looms	20	46,228	33,877	12,351	21,696	9,345	Negotiation	Shabbir Industries
Tsudakoma Airjet Looms	8	22,300	17,329	4,971	8,678	3,707	Negotiation	Valitex Private Limited
Sizing & Warping Machine	1	32,623	23,283	9,340	21,025	11,685	Negotiation	Mag Textile Corporation
Tsudakoma Airjet Looms	6	13,869	10,227	3,642	6,509	2,867	Negotiation	Valitex Private Limited
Sonic System Complete-Loptex Sorter	1	1,683	954	729	2,769	2,040	Negotiation	Tritex Cotton Mills Limited
Fiber Detection & Rejection System	1	1,499	944	555	2,507	1,952	Negotiation	American Plant & Equipment
Tsudakoma Airjet Looms	4	10,386	7,611	2,775	4,339	1,564	Negotiation	Valitex Private Limited
Compressor ZR-315 Atlas Copco	1	10,166	7,566	2,600	2,600	-	Negotiation	Engro Foods Limited
Quilting Machine	1	990	511	479	108	(371)	Negotiation	Mr. Ashiq Hussain, Faisalabad
Stitching Machines	1	9,477	5,608	3,869	1,621	(2,248)	Negotiation	Mr. Ashiq Hussain, Faisalabad
Jigger Machine 'JU' Complete	1	478	378	100	105	5	Negotiation	Mr. Muhammad Rafique, Faisalabad
Boiler	1	11,250	9,423	1,827	3,300	1,473	Negotiation	Haroon Textile Industries
Gas Turbine Centaur-40	1	210,324	110,687	99,637	109,563	9,926	Negotiation	Abbott Laboratories (Pakistan) Limited
Assets written off		169,585	169,585	-	-	-		
		650,782	492,699	158,083	225,014	66,931		
Electric Installation								
Transformer	1	3,000	2,438	562	812	250	Negotiation	Energia Switchgear
		3,000	2,438	562	812	250		
Vehicles								
Toyota Corolla LE-11-8258	1	1,460	369	1,091	1,475	384	Insurance Claim	Adamjee Insurance Company Limited
Suzuki Cultus LEA-08-1031	1	684	380	304	310	6	Holding Company Policy	Mr. Muhammad Ishfaq (Company's Employee)
Honda Civic LZA-0700	1	1,294	1,024	270	1,094	824	Negotiation	Argosy Enterprises
Mitsubishi Van LEA-9770	1	1,591	1,116	475	1,129	654	Negotiation	Mr. Rehan Sabri, Lahore
Suzuki Cultus LEA-06-9388	1	616	445	171	237	66	Holding Company Policy	Mr. Pervaiz Akhtar (Company's Employee)
Suzuki Alto AEN-607	1	496	428	68	91	23	Holding Company Policy	Mr. Muneer-ud-Din Pasha (Company's Employee)
Suzuki Alto LEE-08-5361	1	594	366	228	307	79	Holding Company Policy	Mr. Bashir Ahmad Shahid (Company's Employee)
Honda City LZK-9370	1	849	686	163	226	63	Holding Company Policy	Mr. Kashif Mufti (Company's Employee)
Honda Civic LEC-6775	1	1,407	907	500	682	182	Holding Company Policy	Mr. Ali Imran (Company's Employee)
Honda Civic LEF-9162	1	1,674	1,000	674	915	241	Holding Company Policy	Mr. Muhammad Hussain Chaudhary (Company's Employee)
Suzuki Cultus LZQ-7615	1	650	517	133	552	419	Negotiation	Mr. Muhammad Azam, Lahore
Toyota Corolla LEC-09-9645	1	1,289	670	619	854	235	Holding Company Policy	Mr. Muhammad Sharif Zafar (Company's Employee)
Honda Civic LEF-08-8244	1	1,779	1,059	720	983	263	Holding Company Policy	Mr. Saqib Nisar (Company's Employee)
Toyota Corolla LEA-2185	1	1,298	754	544	741	197	Holding Company Policy	Mr. Muhammad Faisal Chaudhary (Company's Employee)
Honda Civic Oriel LED-5127	1	1,405	898	507	683	176	Holding Company Policy	Mr. Salman Kiyani (Company's Employee)
Honda City LED-5307	1	918	589	329	452	123	Holding Company Policy	Mr. Zaheer Ahmad (Company's Employee)
Toyota Corolla LEC-08-7024	1	1,388	851	537	1,431	894	Negotiation	Mr. Najam Yousaf, Lahore
Honda Civic LEE-9339	1	1,418	985	433	911	478	Negotiation	Mr. Farhan Makhdoom Khan, Toba Tek Singh
Suzuki Cultus LWQ-5819	1	218	44	174	571	397	Negotiation	Mr. Muhammad Idrees, Lahore
Suzuki Cultus LEE-9558	1	788	483	305	411	106	Holding Company Policy	Mr. Asif Afzal (Company's Employee)
Suzuki Cultus LEF-3144	1	788	478	310	418	108	Holding Company Policy	Mr. Adeel Rizvi (Company's Employee)
Suzuki Cultus LED-5233	1	616	428	188	254	66	Holding Company Policy	Mr. Usman Mannan Malik (Company's Employee)
Honda City LED-5308	1	918	586	332	452	120	Holding Company Policy	Mr. Azmat Ali (Company's Employee)
Honda Civic LEE-4416	1	1,405	977	428	578	150	Holding Company Policy	Mr. Muhammad Adil Ghani (Company's Employee)
Suzuki Cultus LEF-9537	1	898	534	364	500	136	Holding Company Policy	Mr. Muhammad Anwar (Company's Employee)
Honda Civic LEF-9688	1	1,777	1,068	709	959	250	Holding Company Policy	Mr. Hafeez-ur-Rehman Siddiqui (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 LEA-8455	1	654	433	221	301	80	Holding Company Policy	Mr. Umer Farooq Bajwa (Company's Employee)
Suzuki Cultus LEC-7661	1	669	430	239	323	84	Holding Company Policy	Mr. Muhammad Rehan Khan (Company's Employee)
Suzuki Cultus LED-7932	1	694	440	254	346	92	Holding Company Policy	Mian Kashif Qayyum (Company's Employee)
Suzuki Cultus LEB-2757	1	619	444	175	238	63	Holding Company Policy	Mr. Nasir Shah (Company's Employee)
Suzuki Cultus LEA-8453	1	654	433	221	301	80	Holding Company Policy	Mr. Shafqat Aziz (Company's Employee)
Honda Civic LEE-4784	1	1,568	982	586	795	209	Holding Company Policy	Sheikh Naveed Akhtar (Company's Employee)
Honda City LEB-3995	1	1,353	776	577	791	214	Holding Company Policy	Mr. Jafar Ali Mirza (Company's Employee)
Suzuki Alto LEA-2597	1	514	337	177	242	65	Holding Company Policy	Mr. Naseer Ahmad (Company's Employee)
Honda City LED-9875	1	932	586	346	474	128	Holding Company Policy	Mr. Zahid Iqbal Khokhar (Company's Employee)
Toyota Corolla LEE-09-1098	1	1,287	636	651	887	236	Holding Company Policy	Mr. Khalid Mahmood (Company's Ex-Employee)
Toyota Corolla LEA-09-4816	1	1,696	1,255	441	1,125	684	Negotiation	Mr. Asim Mumtaz
Suzuki Alto LEA-08-1022	1	537	536	1	57	56	Subsidiary Company Policy	Mr. Raheel Samuel (Company's Employee)
		39,395	24,930	14,465	23,096	8,631		
Furniture, Fixture and Office Equipment								
Photostate Machine	1	257	123	134	22	(112)	Negotiation	Orbit Business Services
		257	123	134	22	(112)		
Aggregate of other items of property, plant and equipment with individual book values not exceeding Rupees 50,000		949	675	274	569	295	Negotiation	
		694,383	520,865	173,518	249,513	75,995		

		Note	2013	2012
			(Rupees in thousand)	
14.1.3	**Depreciation charge for the year has been allocated as follows:**			
	Cost of sales	30	2,329,522	2,135,478
	Distribution cost	31	9,186	13,475
	Administrative expenses	32	92,626	86,189
			2,431,334	2,235,142

14.1.4 Operating fixed assets having cost of Rupees 2.832 million (2012: Rupees 2.436 million) have been fully depreciated and are still in use of the Holding Company.

		2013	2012
14.2	**Capital work-in-progress**		
	Building on freehold land	726,231	735,805
	Plant and machinery	1,025,001	1,246,125
	Electric installations	-	912
	Unallocated expenses	4,010	34,079
	Letters of credit against machinery	7,522	1,048
	Advances against furniture and office equipment	-	448
	Advances against vehicles	5,167	5,773
	Advances to contractors	114,613	11,644
		1,882,544	2,035,834

14.3 Borrowing cost of Rupees 14.285 million (2012: Rupees 19.027 million) was capitalized during the year using the capitalization rate ranging from 11.45% to 11.60% (2012: 11.45% to 14.08%) per annum.

15 INVESTMENT PROPERTIES

	Land	Buildings	Total
		(Rupees in thousand)	
At 30 June 2011			
Cost	75,388	92,138	167,526
Accumulated depreciation	-	(40,692)	(40,692)
Net book value	75,388	51,446	126,834
Year ended 30 June 2012			
Opening net book value	75,388	51,446	126,834
Transferred from operating fixed assets	120,279	-	120,279
Depreciation charge	-	(5,144)	(5,144)
Closing net book value	195,667	46,302	241,969
At 30 June 2012			
Cost	195,667	92,138	287,805
Accumulated depreciation	-	(45,836)	(45,836)
Net book value	195,667	46,302	241,969
Year ended 30 June 2013			
Opening net book value	195,667	46,302	241,969
Transferred from operating fixed assets:			
Cost	119,104	61,535	180,639
Accumulated depreciation	-	(18,977)	(18,977)
	119,104	42,558	161,662
Depreciation charge	-	(8,886)	(8,886)
Closing net book value	314,771	79,974	394,745
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

15.1 Depreciation at the rate of 10 percent per annum on buildings amounting to Rupees 8.886 million (2012: Rupees 5.144 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 861.080 million (2012: Rupees 549.427 million). The valuation has been carried out by an independent valuer.

15.2 Land and building having book value of Rupees 239.383 million (2012: Rupees 186.020 million) and Rupees 27.128 million (2012: Rupees 30.142 million) respectively have been given on operating lease by the Holding Company to Nishat Hospitality (Private) Limited - Subsidiary Company.

15.3 Land and building having book value of Rupees 65.741 million (2012: Rupees Nil) and Rupees 38.303 million (2012: Rupees Nil) respectively have been given on operating lease by the Holding Company to Nishat Linen (Private) Limited - Subsidiary Company.

		Note	2013	2012
			(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 (2012: 137,574,201) fully paid ordinary shares of Rupees 10 each. Equity held 31.40% (2012: 31.40%)		15,682,924	10,951,710
	Lalpir Power Limited - unquoted 109,393,555 (2012: 110,498,540) fully paid ordinary shares of Rupees 10 each. Equity held 32% (2012: 32%)	16.1 and 16.2	3,581,599	3,896,359
	Pakgen Power Limited - quoted 102,524,728 (2012: 102,524,728) fully paid ordinary shares of Rupees 10 each. Equity held 27.55% (2012: 27.55%)	16.1	4,032,880	3,836,929
	Nishat Paper Products Company Limited - unquoted 11,634,199 (2012:11,634,199) fully paid ordinary shares of Rupees 10 each. Equity held 25% (2012: 25%)		70,465	93,030
	Nishat Dairy (Private) Limited - unquoted 30,000,000 (2012: Nil) fully paid ordinary shares of Rupees 10 each. Equity held 10.60% (2012: Nil)		272,218	-
			23,640,086	18,778,028
	Available for sale			
	Associated companies (Others)			
	Adamjee Insurance Company Limited - quoted 36,337 (2012: 36,337) fully paid ordinary shares of Rupees 10 each. Equity held 0.03% (2012: 0.03%)		2,774	2,774
	MCB Bank Limited - quoted 73,272,629 (2012: 66,611,481) fully paid ordinary shares of Rupees 10 each. Equity held 7.24% (2012: 7.24%)		12,476,198	12,476,198
	Other			
	Habib Bank Limited - quoted 191 (2012: 174) fully paid ordinary shares of Rupees 10 each		12	12
			12,478,984	12,478,984
	Less: Impairment loss recognized	16.3	(1,403,363)	(1,403,363)
	Add: Fair value adjustment		6,702,373	8
			17,777,994	11,075,629
			41,418,080	29,853,657

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 The Holding Company is in the process of divesting 10% of its shareholding representing 12,154,839 ordinary shares of Rupees 10 each in Lalpir Power Limited whereby 75% of the total offer for sale has been made through Book Building Process to Institutional Investors and High Net Worth Individuals and remaining 25% offer for sale has been made to the general public. Subsequent to the reporting period, ordinary shares of Lalpir Power Limited will list on the Karachi Stock Exchange Limited and Lahore Stock Exchange Limited.

		Note	2013	2012
16.3	**Impairment loss recognized**			
	Balance as on 01 July		1,403,363	458,767
	Add: Impairment loss recognized during the year	33	-	944,596
	Balance as on 30 June		1,403,363	1,403,363

16.4 **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		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	(Rupees in thousand)											
Cost	3,418,145	3,418,145	116,342	116,342	300,000	-	1,822,629	1,822,629	1,272,194	1,272,194	6,929,310	6,629,310
Share of post acquisition reserves:												
As at 01 July	7,533,565	6,673,459	(23,312)	(12,006)	-	-	2,073,730	2,335,679	2,564,735	2,821,571	12,148,718	11,818,703
Share of profit / (loss) after income tax	1,727,681	1,298,063	(22,565)	(11,306)	(27,782)	-	426,629	345,793	503,525	409,575	2,607,488	2,042,125
Share of other comprehensive income / (loss)	3,209,894	(437,957)	-	-	-	-	(895)	-	-	-	3,208,999	(437,957)
Dividend received	(206,361)	-	-	-	-	-	(342,545)	(607,742)	(307,574)	(666,411)	(856,480)	(1,274,153)
As at 30 June	4,731,214	860,106	(22,565)	(11,306)	(27,782)	-	83,189	(261,949)	195,951	(256,836)	4,960,007	330,015
	12,264,779	7,533,565	(45,877)	(23,312)	(27,782)	-	2,156,919	2,073,730	2,760,686	2,564,735	17,108,725	12,148,718
	15,682,924	10,951,710	70,465	93,030	272,218	-	3,979,548	3,896,359	4,032,880	3,836,929	24,038,035	18,778,028
Classified as held for sale	-	-	-	-	-	-	(397,949)	-	-	-	(397,949)	-
As at 30 June	15,682,924	10,951,710	70,465	93,030	272,218	-	3,581,599	3,896,359	4,032,880	3,836,929	23,640,086	18,778,028

16.4.1 Share of loss from Nishat Dairy (Private) Limited - associated company amounting to Rupees 27.782 million (2012: Nil) is based on un-audited financial statements of associated company.

16.4.2 Aggregate market value of investments in D.G. Khan Cement Company Limited and Pakgen Power Limited - quoted associated companies as on 30 June 2013 was Rupees 11,514 million (2012: Rupees 5,418 million) and Rupees 2,515 million (2012: Rupees 1,311 million) respectively.

16.4.3 Summarized financial information of associated companies:

Name of associated company	Annual/ Half yearly	Status	Assets	Liabilities	Net assets	Revenues	Profit / (loss)
			(Rupees in thousand)				
30 June 2013							
D.G. Khan Cement Company Limited	Annual	Audited	63,526,719	15,528,505	47,998,214	24,915,924	5,502,169
Nishat Paper Products Company Limited	Annual	Audited	1,930,009	1,648,907	281,102	1,848,740	(90,261)
Nishat Dairy (Private) Limited	Annual	Un-audited	2,663,713	83,361	2,580,352	37,090	(244,559)
Lalpir Power Limited	Half yearly	Reviewed	18,911,390	6,475,303	12,436,087	17,108,149	614,038
Pakgen Power Limited	Half yearly	Reviewed	18,577,496	3,938,525	14,638,971	16,889,765	1,022,523
30 June 2012							
D.G. Khan Cement Company Limited	Annual	Audited	50,685,198	17,754,566	32,930,632	22,949,853	4,108,118
Nishat Paper Products Company Limited	Annual	Audited	1,774,872	1,403,509	371,363	1,745,412	(45,225)
Lalpir Power Limited	Half yearly	Un-audited	19,879,468	7,703,347	12,176,121	18,458,479	727,079
Pakgen Power Limited	Half yearly	Reviewed	21,542,170	7,614,629	13,927,541	13,998,409	1,225,757

16.5 Adamjee Insurance Company Limited is associated company due to common directorship.

		Note	2013	2012
			(Rupees in thousand)	
17	**LONG TERM LOANS**			
	Considered good:			
	Executives - secured	17.1 and 17.2	104,373	57,771
	Other employees - secured	17.2	15,183	15,882
			119,556	73,653
	Less: Current portion shown under current assets	22		
	Executives		27,277	17,178
	Other employees		6,620	6,365
			33,897	23,543
			85,659	50,110

		2013	2012
17.1	Reconciliation of carrying amount of loans to executives:		
	Balance as on 01 July	57,771	35,226
	Add: Disbursements	70,402	39,175
	Transferred from other employees during the year	3,230	2,616
		131,403	77,017
	Less: Repayments	27,030	19,246
	Balance as on 30 June	104,373	57,771

17.1.1 Maximum aggregate balance due from executives at the end of any month during the year was Rupees 104.373 million (2012: Rupees 58.597 million).

17.2 These represent interest free house construction loans given to executives and employees of Nishat Mills Limited - Holding Company and Nishat Linen (Private) Limited - Subsidiary Company and are secured against balance to the credit of employee in the provident fund trusts of the respective companies. These are recoverable in equal monthly installments.

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	2013	2012
18	**LONG TERM DEPOSITS AND PREPAYMENTS**			
	Security deposits		60,655	42,338
	Prepayments		-	1,537
			60,655	43,875
	Less: Current portion shown under current assets	23	-	1,230
			60,655	42,645
19	**STORES, SPARE PARTS AND LOOSE TOOLS**			
	Stores	19.1	1,089,460	830,988
	Spare parts	19.2	735,354	599,180
	Loose tools		6,950	7,561
			1,831,764	1,437,729
	Less: Provision for slow moving items	19.3	16,403	13,309
			1,815,361	1,424,420

19.1 This includes stores in transit of Rupees 99.475 million (2012: Rupees 157.307 million).

19.2 This includes spare in transit of Rupees 0.835 million (2012: Rupees 0.848 million).

		Note	2013 (Rupees in thousand)	2012
19.3	**Provision for slow moving, obsolete and damaged store items**			
	Balance as on 01 July		13,309	17,989
	Provision made / (reversed) during the year	33	3,094	(4,680)
	Balance as on 30 June		16,403	13,309

20 STOCK IN TRADE

	Note	2013	2012
Raw materials		7,865,794	6,340,442
Work in process		1,604,239	1,757,058
Finished goods	20.2	3,338,107	2,451,771
		12,808,140	10,549,271

20.1 Stock in trade of Rupees 315.900 million (2012: Rupees 274.935 million) is being carried at net realizable value.

20.2 Finished goods include stock in transit of Rupees 522.773 million (2012: Rupees 522.616 million).

20.3 The aggregate amount of write-down of inventories to net realizable value recognized as an expense during the year was Rupees 2.567 million (2012: Rupees 19.967 million)

20.4 Finished goods include stock of Rupees 205.383 million (2012: Rupees 99.453 million) which is in the possession of stockists of Nishat Linen (Private) Limited - Subsidiary Company.

21 TRADE DEBTS

	Note	2013	2012
Considered good:			
Secured		9,431,001	11,896,277
Unsecured:			
- Related parties	21.1 and 21.3	201	280
- Other	21.2	2,589,326	2,299,807
		12,020,528	14,196,364
Considered doubtful:			
Others - unsecured		131,758	131,758
Less: Provision for doubtful debts			
As at 01 July		131,758	131,758
Add: Provision for the year		-	-
As at 30 June		131,758	131,758
		-	-

21.1 This represents amount due from following related parties:

	2013	2012
Lalpir Power Limited - associated company	-	69
D.G. Khan Cement Company Limited - associated company	-	6
Nishat Dairy (Private) Limited - associated company	34	-
Nishat Hotel & Properties Limited	167	205
	201	280

21.2 As at 30 June 2013, trade debts due from other than related parties of Rupees 309.402 million (2012: Rupees 10,737 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:

	2013	2012
	(Rupees in thousand)	
Upto 1 month	244,602	2,139,937
1 to 6 months	63,036	8,595,300
More than 6 months	1,764	1,884
	309,402	10,737,121

21.3 As at 30 June 2013, trade debts due from related parties amounting to Rupees 0.201 million (2012: Rupees 0.280 million) were past due but not impaired. The ageing analysis of these trade debts is as follows:

Upto 1 month	34	267
1 to 6 months	167	-
More than 6 months	-	13
	201	280

21.4 As at 30 June 2013, trade debts of Rupees 131.758 million (2012: 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 13.76% to 17.80% (2012: 16.28% to 18.06%) per annum.

21.6 Included in trade debts of Nishat Power Limited - Subsidiary Company is an amount of Rupees 816.041 million (2012: Rupees 599.749 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 corporation on extension of credit term with NTDCL whereby it was agrees 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 term of the MoU, subsequent to the year end, the Subsidiary Company applied for withdrawal of the aforesaid petition which is pending adjudication before Supreme Court of Pakistan, and initiated the process of appointment of Expert for dispute resolution under PPA. Based on the advice of the Subsidiary Company's legal counsel, management feels that there are meritorious grounds to support the Subsidiary 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.

		Note	2013	2012
			(Rupees in thousand)	
22	**LOANS AND ADVANCES**			
	Considered good:			
	Employees - interest free:			
	– Executives		1,515	147
	– Other employees		6,681	8,581
			8,196	8,728
	Current portion of long term loans	17	33,897	23,543
	Advances to suppliers		387,413	1,178,706
	Letters of credit		1,284	1,208
	Income tax		1,044,820	722,527
	Other advances		51,960	23,813
			1,527,570	1,958,525
	Considered doubtful:			
	Others		108	108
	Less: Provision for doubtful debts		108	108
			-	-
			1,527,570	1,958,525
23	**SHORT TERM DEPOSITS AND PREPAYMENTS**			
	Deposits		17,566	8,667
	Prepayments - including current portion	18	68,037	66,657
			85,603	75,324
24	**OTHER RECEIVABLES**			
	Considered good:			
	Export rebate and claims		387,103	411,300
	Sales tax refundable		605,267	284,832
	Markup rate support receivable from financial institutions		-	31,666
	Workers' Profit Participation Fund and Workers' Welfare Fund receivable	24.1	135,115	200,018
	Miscellaneous receivables		138,411	41,822
			1,265,896	969,638

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 and Workers' Welfare Fund are recoverable from NTDCL as a pass through item.

25 ACCRUED INTEREST

This represents interest receivable on term deposit receipts and saving accounts.

		Note	2013	2012
			(Rupees in thousand)	
26	**SHORT TERM INVESTMENTS**			
	Available for sale			
	Associated company (Other)			
	Security General Insurance Company Limited - unquoted 10,226,244 (2012: 10,226,244) fully paid ordinary shares of Rupees 10 each. Equity held 15.02% (2012: 15.02%)	26.1	11,188	11,188
	Others			
	Nishat (Chunian) Limited - quoted 24,764,653 (2012: 22,513,321) fully paid ordinary shares of Rupees 10 each. Equity held 13.61% (2012: 13.61%)		242,750	242,750
	Pakistan Strategic Allocation Fund - quoted 582,716 (2012: 500,000) units.		1,715	1,715
	MCB Cash Management Optimizer - quoted 8,976,636 (2012: Nil) units.		900,000	-
			1,155,653	255,653
	Add: Fair value adjustment		3,207,226	1,333,440
			4,362,879	1,589,093

26.1 Fair value per share of Rupees 192.61 (2012: Rupees 116.69) has been calculated by an independent valuer on the basis of dividend stream method. Security General Insurance Company Limited is associated company due to common directorship.

		Note	2013	2012
27	**CASH AND BANK BALANCES**			
	With banks:			
	On current accounts Including US$ 19,965 (2012: US$ 85,870), Euro Nil (2012: Euro 980.1) and UAE Dirhams 3,928,979 (2012: UAE Dirhams 1,181,902)	27.1	236,978	231,747
	Term deposit receipts	27.2	1,000,000	2,195,020
	On PLS saving accounts Including US$ 68,842 (2012: US$ 11,280)	27.3 and 27.4	3,952,074	61,840
			5,189,052	2,488,607
	Cash in hand			
	Including UAE Dirhams 38,700 (2012: UAE Dirhams 13,988)		13,072	12,059
			5,202,124	2,500,666

27.1 Cash at banks includes balance of Rupees 21.763 million (2012: Rupees 58.721 million) with MCB Bank Limited - associated company.

27.2 These represent deposits with banking companies having maturity period ranging from 30 to 42 days and carry rate of profit ranging from 9.30% to 10.15% (2012: 11.50% to 13.50%) per annum.

27.3 Rate of profit on Pak Rupees bank deposits and US Dollar bank deposit ranges from 5% to 10% (2012: 4.56% to 10.00%) per annum and 0.01% to 0.07% (2012: 0.08% to 0.15%) per annum respectively.

27.4 These include deposits of Rupees 3,698.338 million (2012: Rupees 50.344 million) with MCB Bank Limited - associated company.

		Note	2013	2012
			(Rupees in thousand)	
28	**NON-CURRENT ASSET HELD FOR SALE**			
	Lalpir Power Limited - unquoted			
	12,154,839 fully paid ordinary shares of Rupees 10 each	16.2	397,949	-
	Less: Impairment loss	33	130,542	-
			267,407	-
29.	**SALES**			
	Export	29.3	39,572,443	34,708,340
	Local	29.1	40,464,167	33,373,134
	Export rebate		164,523	156,636
			80,201,133	68,238,110

		Note	2013	2012
29.1	**Local sales**			
	Sales	29.2	44,135,936	35,987,664
	Less: Sales tax		3,503,890	2,605,376
	Less: Discount		245,950	96,692
			40,386,096	33,285,596
	Processing income		77,396	86,078
	Doubling income		675	1,460
			40,464,167	33,373,134

29.2 This includes sale of Rupees 2,663.729 million (2012: Rupees 1,415.287 million) made to direct exporters against special purchase order (SPO). Further, local sales includes waste sale of Rupees 1,239.489 million (2012: Rupees 1,216.028 million).

29.3 Exchange gain due to currency rate fluctuations relating to export sales amounting to Rupees 230.142 million (2012: Rupees 162.952 million) has been included in export sales.

		Note	2013	2012
30	**COST OF SALES**			
	Raw materials consumed		49,100,364	41,614,503
	Processing charges		266,662	168,787
	Salaries, wages and other benefits	30.1	3,100,581	2,464,311
	Stores, spare parts and loose tools consumed		4,254,151	3,630,066
	Packing materials consumed		876,468	764,188
	Repair and maintenance		629,759	643,051
	Fuel and power		4,712,184	4,059,130
	Insurance		187,745	191,463
	Other factory overheads		397,014	298,404
	Depreciation	14.1.3	2,329,522	2,135,478
			65,854,450	55,969,381
	Work-in-process			
	Opening stock		1,757,058	1,534,635
	Closing stock		(1,604,239)	(1,757,058)
			152,819	(222,423)
	Cost of goods manufactured		66,007,269	55,746,958
	Finished goods			
	Opening stock		2,451,771	2,850,493
	Closing stock		(3,338,107)	(2,451,771)
			(886,336)	398,722
			65,120,933	56,145,680

30.1 Salaries, wages and other benefits include provident fund contribution of Rupees 82.081 million (2012: Rupees 67.820 million).

		Note	2013	2012
			(Rupees in thousand)	
31	**DISTRIBUTION COST**			
	Salaries and other benefits	31.1	256,777	203,086
	Outward freight and handling		1,516,296	1,420,684
	Sales promotion		320,262	45,717
	Commission to selling agents		529,103	624,604
	Rent, rates and taxes		89,257	36,755
	Insurance		20,645	15,934
	Traveling and conveyance		98,624	90,718
	Vehicles' running		20,867	17,736
	Entertainment		5,288	4,621
	Advertisement		75,787	70,927
	Postage, telephone and telegram		91,805	82,816
	Electricity and gas		20,587	13,320
	Fuel cost		37,463	-
	Printing and stationery		4,117	2,932
	Repair and maintenance		134,517	79,746
	Fee and subscription		2,088	2,319
	Depreciation	14.1.3	9,186	13,475
			3,232,669	2,725,390

31.1 Salaries and other benefits include provident fund contributions of Rupees 11.675 million (2012: Rupees 9.425 million).

		Note	2013	2012
32.	**ADMINISTRATIVE EXPENSES**			
	Salaries and other benefits	32.1	664,812	515,642
	Rent, rates and taxes		60,274	46,066
	Legal and professional		23,088	20,746
	Insurance		5,420	4,585
	Traveling and conveyance		38,887	37,039
	Vehicles' running		53,896	44,490
	Entertainment		21,822	18,162
	Auditors' remuneration	32.2	7,136	6,217
	Advertisement		684	478
	Postage, telephone and telegram		9,236	7,994
	Electricity and gas		15,698	16,857
	Printing and stationery		17,577	14,866
	Repair and maintenance		15,478	17,509
	Fee and subscription		7,346	10,890
	Depreciation	14.1.3	92,626	86,189
	Miscellaneous		23,371	23,682
			1,057,351	871,412

32.1 Salaries and other benefits include provident fund contributions of Rupees 24.242 million (2012: Rupees 20.288 million).

32.2 Auditors' remuneration

	2013	2012
Riaz Ahmad and Company		
Audit fee	3,224	2,604
Half yearly review	507	461
Reimbursable expenses	99	90
	3,830	3,155
A.F. Ferguson and Company		
Statutory audit fee	1,375	1,200
Half yearly review	650	600
Tax services	125	615
Other certification services	165	100
Reimbursable expenses	254	169
	2,569	2,684
Griffin Nagda and Company		
Audit fee	711	366
Reimbursable expenses	26	12
	737	378
	7,136	6,217

		Note	2013	2012
			(Rupees in thousand)	
33	**OTHER EXPENSES**			
	Workers' profit participation fund		337,404	225,897
	Workers' welfare fund		52,361	85,711
	Provision for slow moving, obsolete and damaged store items	19.3	3,094	-
	Bad debts written off		8,968	13,759
	Impairment loss on operating fixed assets	33.2	29,068	-
	Impairment loss on equity investments	16.3	-	944,596
	Impairment loss on non-current asset held for sale	28	130,542	-
	Depreciation on investment properties		8,886	5,144
	Net exchange loss including gain on forward contracts		-	34,820
	Exchange loss		-	595
	Donation	33.1	3,005	650
	Others		-	-
			573,328	1,311,172

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

33.2 Amount of impairment on operating fixed assets of Nishat Power Limited - Subsidiary Company is net of insurance claim of Rs 133.534 million. The impairment loss has been recognized in respect of damage to rotor and diaphragm which are part of the steam turbine at the power plant of Subsidiary Company. The recoverable amount of the aforesaid assets has been determined as being equal to the salvage value at which the assets can be sold in an active market.

		Note	2013	2012
34.	**OTHER INCOME**			
	Income from financial assets			
	Dividend income	34.1	1,008,593	811,493
	Profit on deposits with banks		131,849	178,016
	Net exchange gain including loss on forward contracts		53,315	-
			1,193,757	989,509
	Income from non financial assets			
	Gain on sale of property, plant and equipment		75,995	27,277
	Scrap sales		134,090	129,499
	Rental income from investment properties		35,828	27,561
	Other		25,922	-
			271,835	184,337
			1,465,592	1,173,846

		2013	2012
34.1	**Dividend income**		
	From related parties / associated companies		
	MCB Bank Limited	922,569	735,750
	Nishat (Chunian) Limited	45,027	45,027
	Adamjee Insurance Company Limited	91	36
	Security General Insurance Company Limited	40,905	30,679
		1,008,592	811,492
	Others		
	Habib Bank Limited	1	1
		1,008,593	811,493

		Note	2013	2012
			(Rupees in thousand)	
35	**FINANCE COST**			
	Mark-up on:			
	Long term financing		2,026,860	2,526,613
	Liabilities against assets subject to finance lease		20,569	30,466
	Short term borrowings		1,598,639	1,784,949
	Interest on workers' profit participation fund	9.4	6,332	6,492
	Bank charges and commission		206,163	225,026
			3,858,563	4,573,546
36.	**TAXATION**			
	Current - for the year		593,478	617,543
	Deferred		623	150
	Prior year adjustment		(38,180)	(25,023)
			555,921	592,670

36.1 Provision for income tax is made in accordance with the relevant provisions of Income Tax Ordinance, 2001.

36.2 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.

37	**EARNINGS PER SHARE - BASIC AND DILUTED**		2013	2012
	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)	8,533,409	4,236,352
	Weighted average number of ordinary shares	(Numbers)	351,599,848	351,599,848
	Earnings per share	(Rupees)	24.27	12.05

		Note	2013	2012
			(Rupees in thousand)	
38	**CASH GENERATED FROM OPERATIONS**			
	Profit before taxation		10,431,369	5,826,881
	Adjustments for non-cash charges and other items:			
	Depreciation		2,440,220	2,240,286
	Provision for slow moving stores, spare parts and loose tools		3,094	-
	Net exchange (gain) / loss on forward contracts		(53,315)	34,820
	Gain on sale of property, plant and equipment		(75,995)	(27,277)
	Dividend Income		(1,008,593)	(811,493)
	Profit on deposits with banks		(131,849)	(178,016)
	Share of profit from associated companies		(2,607,488)	(2,042,125)
	Impairment loss on operating fixed assets		29,068	-
	Impairment loss on investment		-	944,596
	Impairment loss on non-current asset held for sale		130,542	-
	Finance cost		3,858,563	4,573,546
	Working capital changes	38.1	1,399,871	(4,493,196)
			14,415,487	6,068,022

		2013	2012
		(Rupees in thousand)	
38.1	**Working capital changes**		
	(Increase) / decrease in current assets:		
	- Stores, spare parts and loose tools	(394,035)	(46,630)
	- Stock in trade	(2,258,869)	357,351
	- Trade debts	2,175,836	(5,386,387)
	- Loans and advances	763,602	(1,043,992)
	- Short term deposits and prepayments	(11,509)	(9,188)
	- Other receivables	(162,724)	269,917
		112,301	(5,858,929)
	Increase in trade and other payables	1,287,570	1,365,733
		1,399,871	(4,493,196)

39. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Nishat Mills Limited - Holding Company has proposed a cash dividend for the year ended 30 June 2013 of Rupees 4.00 per share (2012: Rupees 3.50 per share) at their meeting held on 25 September 2013. The Board of Directors also proposed to transfer Rupees 7,127 million (2012: Rupees 3,005 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.

40. 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	
	2013	2012	2013	2012	2013	2012
	(Rupees in thousand)					
Managerial remuneration	13,253	8,691	5,810	4,931	252,224	191,311
Allowances						
Cost of living allowance	-	-	7	7	951	756
House rent	4,867	3,476	905	807	66,899	51,125
Conveyance	-	-	-	-	381	316
Medical	1,217	869	474	398	19,569	14,817
Utilities	-	-	984	779	25,715	18,915
Special allowance	-	-	2	2	516	408
Contribution to provident fund	-	-	451	379	20,111	15,209
Leave encashment	-	-	-	-	8,594	4,107
	19,337	13,036	8,633	7,303	394,960	296,964
Number of persons	1	1	2	2	241	188

40.1 Chief Executive Officer, two directors 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.

40.2 Aggregate amount charged in these consolidated financial statements for meeting fee to one director (2012: one director) of the Holding Company was Rupees 120,000 (2012: Rupees 50,000).

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

41 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 management 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:

	2013	2012
	(Rupees in thousand)	
Associated companies		
Investment made	300,000	-
Purchase of goods and services	39,850	60,165
Sale of goods and services	1,935	6,373
Rental income	335	3,112
Sale of operating fixed assets	1,388	479
Purchase of operating fixed assets	-	900
Rent paid	12,461	12,475
Dividend paid	110,419	104,115
Insurance premium paid	101,305	78,684
Insurance claim received	18,859	18,229
Profit on term deposit receipt	5,035	2,945
Subscription paid	1,250	1,525
Other related parties		
Purchase of goods and services	91,383	17,204
Sale of goods and services	28,335	13,829
Group's contribution to provident fund trust	118,104	97,568

42 PROVIDENT FUND RELATED DISCLOSURES

The following information is based on financial statements of the provident fund for the years ended 30 June 2013 and 30 June 2012:

	Nishat Mills Limited *		Nishat Power Limited **		Nishat Linen (Private) Limited **		Nishat Hospitality (Private) Limited **	
	2013	2012	2013	2012	2013	2012	2013	2012
	(Rupees in thousand)							
Size of the fund - total assets	2,205,980	1,849,253	18,252	11,021	8,906	31	740	187
Cost of investments made	1,983,215	1,699,852	13,478	8,412	7,971	-	740	187
Percentage of investments made	89.90%	91.92%	73.84%	76.33%	89.50%	-	100%	100%
Fair value of investments	2,718,024	1,796,817	14,258	8,700	7,971	-	740	187
Break up of investments								
Special accounts in scheduled bank	393,959	623,325	1,202	1,708	-	-	740	187
Certificates of Investment	-	-	6,500	-	-	-	-	-
Mutual funds	410,822	2,322	5,776	6,704	-	-	-	-
Term deposit receipts	-	-	-	-	7,971	-	-	-
Listed securities	1,161,424	1,057,195	-	-	-	-	-	-
Term finance certificate	17,010	17,010	-	-	-	-	-	-
	1,983,215	1,699,852	13,478	8,412	7,971	-	740	187

	Nishat Mills Limited		Nishat Power Limited		Nishat Linen (Private) Limited		Nishat Hospitality (Private) Limited	
	2013	2012	2013	2012	2013	2012	2013	2012
	(Percentage)							
Special accounts in scheduled bank	20%	37%	9%	20%	-	-	100%	100%
Certificates of Investment	-	-	48%	-	-	-	-	-
Mutual funds	21%	-	43%	80%	-	-	-	-
Term deposit receipts	-	-	-	-	100%	-	-	-
Listed securities	58%	62%	-	-	-	-	-	-
Term finance certificate	1%	1%	-	-	-	-	-	-
	100%	100%	100%	100%	100%	-	100%	100%

* Under a specific order issued by the Director (Enforcement), SECP, The Nishat Mills Employees Provident Fund Trust has been allowed time limit up to 17 September 2014 to regularize its investments in compliance with section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

** 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.

	2013	2012
43 NUMBER OF EMPLOYEES		
Number of employees as on June 30	17,376	16,903
Average number of employees during the year	17,325	16,403

44 PLANT CAPACITY AND ACTUAL PRODUCTION

			2013	2012
			(Figures in thousand)	
a)	**Holding Company - Nishat Mills Limited**			
	Spinning			
	100 % plant capacity converted to 20s count based on 3 shifts per day for 1,095 shifts (2012: 1,098 shifts)	(Kgs.)	66,944	67,265
	Actual production converted to 20s count based on 3 shifts per day for 1,095 shifts (2012: 1,098 shifts)	(Kgs.)	57,823	57,868
	Weaving			
	100 % plant capacity at 50 picks based on 3 shifts per day for 1,095 shifts (2012: 1,098 shifts)	(Sq.Mt.)	240,728	235,840
	Actual production converted to 50 picks based on 3 shifts per day for 1,095 shifts (2012: 1,098 shifts)	(Sq.Mt.)	231,278	226,014
	Dyeing and Finishing			
	Production capacity for 3 shifts per day for 1,095 shifts (2012: 1,098 shifts)	(Mt.)	54,000	54,000
	Actual production on 3 shifts per day for 1,095 shifts (2012: 1,098 shifts)	(Mt.)	52,757	51,696
	Power Plant			
	Generation capacity	MWH	469	488
	Actual generation	MWH	297	297

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.

b)	**Subsidiary Company - Nishat Power Limited**			
	Installed capacity [Based on 8,760 hours (2012: 8,784 hours)]	MWH	1,711	1,716
	Actual energy delivered	MWH	1,276	1,063
c)	**Subsidiary Company - Nishat Hospitality (Private) Limited**		**No. of rooms letable**	
	Nishat Suites		12	12

44.1 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.

45 SEGMENT INFORMATION

	Spinning		Weaving		Processing and Home Textile		Garments		Power Generation		Hotel		Elimination of inter-segment transactions		Total - Group	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	(Rupees in thousand)															
Sales																
External	15,215,278	13,524,830	10,887,991	9,551,518	23,791,392	19,639,404	5,198,025	4,387,922	25,088,302	21,120,288	20,145	14,148	-	-	80,201,133	68,238,110
Intersegment	2,933,665	2,331,952	7,364,880	7,124,400	824,340	671,088	-	1,449	4,673,911	4,057,216	2,330	402	(15,799,126)	(14,186,507)	-	-
	18,148,943	15,856,782	18,252,871	16,675,918	24,615,732	20,310,492	5,198,025	4,389,371	29,762,213	25,177,504	22,475	14,550	(15,799,126)	(14,186,507)	80,201,133	68,238,110
Cost of sales	(15,065,796)	(14,449,584)	(16,606,182)	(14,627,447)	(20,430,142)	(17,591,772)	(4,081,434)	(3,436,056)	(24,724,984)	(20,220,856)	(11,521)	(6,472)	15,799,126	14,186,507	(65,120,933)	(56,145,680)
Gross profit	3,083,147	1,407,198	1,646,689	2,048,471	4,185,590	2,718,720	1,116,591	953,315	5,037,229	4,956,648	10,954	8,078	-	-	15,080,200	12,092,430
Distribution cost	(468,456)	(344,444)	(558,434)	(478,245)	(1,850,315)	(1,640,125)	(350,037)	(258,264)	(5,427)	(4,312)	-	-	-	-	(3,232,669)	(2,725,390)
Administrative expenses	(224,952)	(201,260)	(201,132)	(175,679)	(436,239)	(330,152)	(68,225)	(58,484)	(124,203)	(100,927)	(2,600)	(4,910)	-	-	(1,057,351)	(871,412)
	(693,408)	(545,704)	(759,566)	(653,924)	(2,286,554)	(1,970,277)	(418,262)	(316,748)	(129,630)	(105,239)	(2,600)	(4,910)	-	-	(4,290,020)	(3,596,802)
Profit before taxation and unallocated income and expenses	2,389,739	861,494	887,123	1,394,547	1,899,036	748,443	698,329	636,567	4,907,599	4,851,409	8,354	3,168	-	-	10,790,180	8,495,628
Unallocated income and expenses:																
Other expenses															(573,328)	(1,311,172)
Other income															1,465,592	1,173,846
Finance cost															(3,858,563)	(4,573,546)
Share of profit from associated companies															2,607,488	2,042,125
Taxation															(555,921)	(592,670)
Profit after taxation															9,875,448	5,234,211

45.1 Reconciliation of reportable segment assets and liabilities

	Spinning		Weaving		Processing and Home Textile		Garments		Power Generation		Hotel		Total - Group	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	(Rupees in thousand)													
Total assets for reportable segments:	10,609,892	8,318,490	6,244,741	5,072,193	13,413,578	10,034,118	2,076,043	2,290,564	25,020,952	31,383,994	502,698	218,040	57,867,904	57,317,399
Unallocated assets:														
Long term investments													41,418,080	29,853,657
Other receivables													1,265,896	969,638
Cash and bank balances													5,202,124	2,500,666
Other corporate assets													5,771,037	2,330,177
Total assets as per balance sheet													111,525,041	92,971,537
Total liabilities for reportable segments	591,260	669,175	402,874	335,568	1,354,680	1,107,878	215,212	298,414	16,941,373	13,795,049	33,369	27,978	19,538,768	16,234,062
Unallocated liabilities:														
Deferred income tax													500,188	310,455
Provision for taxation													815,722	746,726
Other corporate liabilities													17,570,311	22,460,704
Total liabilities as per balance sheet													38,424,989	39,751,947

45.2 Geographical information

The Group's revenue from external customers by geographical location is detailed below:

	2013	2012
	(Rupees in thousand)	
Europe	11,713,870	13,065,129
Asia, Africa and Australia	21,842,089	16,969,499
United States of America and Canada	6,181,007	4,830,348
Pakistan	40,464,167	33,373,134
	80,201,133	68,238,110

45.3 Almost all of the non-current assets of the Group as at reporting dates are located and operating in Pakistan.

45.4 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.

46 FINANCIAL RISK MANAGEMENT

46.1 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 and AED. Currently, the Group's foreign exchange risk exposure is restricted to bank balances, the amounts receivable / payable from / to the foreign entities. The Group's exposure to currency risk was as follows:

	2013	2012
Cash at banks - USD	268,807	97,150
Cash at banks - Euro	-	980
Cash at banks - AED	3,967,679	1,181,902
Trade debts - USD	47,924,031	26,780,312
Trade debts - Euro	1,007,454	2,278,161
Trade debts - AED	1,684,169	-
Trade and other payables - USD	1,311,326	4,700,199
Trade and other payables - Euro	46,059	97,984
Trade and other payables - AED	98,380	-
Net exposure - USD	46,881,512	22,177,263
Net exposure - Euro	961,395	2,181,157
Net exposure - AED	5,553,468	1,181,902

The following significant exchange rates were applied during the year:

	2013	2012
Rupees per US Dollar		
Average rate	96.90	89.92
Reporting date rate	99.15	94.58
Rupees per Euro		
Average rate	125.19	119.01
Reporting date rate	128.79	117.58
Rupees per AED		
Average rate	25.85	24.41
Reporting date rate	26.20	25.40

Sensitivity Analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD, Euro and AED with all other variables held constant, the impact on profit after taxation for the year would have been higher / lower by Rupees 220.460 million, Rupees 5.816 million and Rupees 7.275 (2012: Rupees 96.375 million, Rupees 11.792 million and Rupees 1.501 million) 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	
	2013	2012	2013	2012
	(Rupees in thousands)			
KSE 100 (5% increase)	-	515,016	963,214	19,791
KSE 100 (5% decrease)	-	(515,016)	(963,214)	(19,791)

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 has no interest bearing assets except for term deposit receipts and bank balances in saving accounts. The Group's interest rate risk arises from long term financing, liabilities against assets subject to finance lease, short term borrowings, term deposit receipts 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:

	2013	2012
	(Rupees in thousand)	
Fixed rate instruments		
Financial assets		
Bank balance - saving account	3,945,964	-
Financial liabilities		
Long term financing	1,481,386	1,732,567
Liabilities against assets subject to finance lease	58,312	91,636
Floating rate instruments		
Financial assets		
Bank balances- saving accounts	6,110	61,840
Term deposit receipts	1,000,000	2,195,020
Trade debts - overdue	140,692	8,084,833
Financial liabilities		
Long term financing	14,620,253	14,971,076
Liabilities against assets subject to finance lease	78,280	110,666
Short term borrowings	14,397,313	16,289,529

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 272.559 million (2012: Rupees 207.640 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:

Investments	22,140,873	12,664,722
Loans and advances	179,712	106,194
Deposits	78,221	51,005
Trade debts	12,020,528	14,196,364
Other receivables	138,411	41,822
Accrued interest	9,302	50,233
Bank balances	5,189,052	2,488,607
	39,756,099	29,598,947

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			2013	2012
	Short term	Long term	Agency	(Rupees in thousand)	
Banks					
National Bank of Pakistan	A-1+	AAA	JCR-VIS	12,517	5,263
Allied Bank Limited	A1+	AA+	PACRA	-	916
Askari Bank Limited	A1+	AA	PACRA	466	501,202
Bank Alfalah Limited	A1+	AA	PACRA	1,222	3,456
Faysal Bank Limited	A1+	AA	PACRA	522	2,237
Habib Bank Limited	A-1+	AAA	JCR-VIS	10,236	6,701
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	10,565	109
JS Bank Limited	A1	A+	PACRA	11	250,011
KASB Bank Limited	A3	BBB	PACRA	500,080	24
MCB Bank Limited	A1+	AAA	PACRA	3,720,101	401,085
NIB Bank Limited	A1+	AA -	PACRA	180	172
Samba Bank Limited	A-1	AA -	JCR-VIS	34,645	54,109
Silkbank Limited	A-2	A -	JCR-VIS	6,447	54
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	3,198	5,118
United Bank Limited	A-1+	AA+	JCR-VIS	66,139	2,893
Al-Baraka Bank (Pakistan) Limited	A1	A	PACRA	35	408
Citibank N.A.	P-2	A3	Moody's	804	25,375
Deutsche Bank AG	P-1	A2	Moody's	391	18,361
HSBC Bank Middle East Limited	P-1	A2	Moody's	11,226	8,633
Bank Islami Pakistan Limited	A1	A	PACRA	169	300
Meezan Bank Limited	A-1+	AA	JCR-VIS	5,720	6,125
Dubai Islamic Bank Pakistan Limited	A-1	A	JCR-VIS	204	583
The Bank of Punjab	A1+	AA-	PACRA	680,421	1,164,577
Soneri Bank Limited	A1+	AA-	PACRA	313	114
Summit Bank Limited	A-3	A-	JCR-VIS	2	7
Burj Bank Limited	A-1	A	JCR-VIS	20,063	43
First Women Bank Limited	A2	A-	PACRA	-	1
JP Morgan Chase Bank	P-1	Aa1	Moody's	435	709
Habib Bank AG Zurich, UAE	Not Available			102,940	27,996
Mashreq Bank, UAE	Not Available			-	2,025
				5,189,052	2,488,607
Investments					
Adamjee Insurance Company Limited	AA		PACRA	2,764	2,116
Security General Insurance Company Limited	A		JCR-VIS	1,969,677	1,193,300
Habib Bank Limited	A-1+	AAA	JCR-VIS	23	20
Pakistan Strategic Allocation Fund	4 Star	3 Star	PACRA	6,602	4,285
Nishat (Chunian) Limited	A-	A-2	JCR-VIS	1,479,688	391,506
MCB Bank Limited	A1+	AAA	PACRA	17,775,207	11,073,494
MCB - Cash Management Optimizer	AA(f)		PACRA	906,912	-
				22,140,873	12,664,721
				27,329,925	15,153,328

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 counterparties 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 2013, the Group had Rupees 24,529 million (2012: Rupees 21,648 million) available borrowing / financing limits from financial institutions and Rupees 5,202.124 million (2012: Rupees 2,500.666 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 2013:

	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	16,101,639	9,885,005	1,395,958	1,167,578	2,773,064	4,548,405
Liabilities against assets subject to finance lease	136,592	152,545	41,505	40,613	70,427	-
Trade and other payables	4,477,625	4,477,625	4,477,625	-	-	-
Short term borrowings	14,397,313	15,729,678	15,202,195	527,483	-	-
Accrued mark-up	779,822	779,822	779,822	-	-	-
	35,892,991	31,024,675	21,897,105	1,735,674	2,843,491	4,548,405

Contractual maturities of financial liabilities as at 30 June 2012:

	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	16,936,293	18,066,544	1,060,680	1,195,667	2,357,071	13,453,126
Liabilities against assets subject to finance lease	202,302	242,580	43,964	43,056	83,626	71,934
Trade and other payables	3,475,674	3,475,674	3,475,674	-	-	-
Short term borrowings	16,289,529	17,320,439	16,808,570	511,869	-	-
Accrued mark-up	908,865	908,865	908,865	-	-	-
	37,812,663	40,014,102	22,297,753	1,750,592	2,440,697	13,525,060

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, note 6 and note 11 to these consolidated financial statements.

46.2 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 2013				
Assets				
Available for sale financial assets	20,171,196	-	1,969,677	22,140,873
As at 30 June 2012				
Assets				
Available for sale financial assets	11,471,421	-	1,193,300	12,664,721

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 2012.

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.

46.3 Financial instruments by categories

	Loans and receivables	Available for sale	Total
	(Rupees in thousand)		
As at 30 June 2013			
Assets as per balance sheet			
Investments	-	22,140,873	22,140,873
Loans and advances	179,712	-	179,712
Deposits	78,221	-	78,221
Trade debts	12,020,528	-	12,020,528
Other receivables	138,411	-	138,411
Accrued interest	9,302	-	9,302
Cash and bank balances	5,202,124	-	5,202,124
	17,628,298	22,140,873	39,769,171

	Financial liabilities at amortized cost
Liabilities as per balance sheet	(Rupees in thousand)
Long term financing	16,101,639
Liabilities against assets subject to finance lease	136,592
Accrued mark-up	779,822
Short term borrowings	14,397,313
Trade and other payables	4,477,625
	35,892,991

	Loans and receivables	Available for sale	Total
	(Rupees in thousand)		
As at 30 June 2012			
Assets as per balance sheet			
Investments	-	12,664,721	12,664,721
Loans and advances	106,194	-	106,194
Deposits	51,005	-	51,005
Trade debts	14,196,364	-	14,196,364
Other receivables	41,822	-	41,822
Accrued interest	50,233	-	50,233
Cash and bank balances	2,500,666	-	2,500,666
	16,946,284	12,664,721	29,611,005

	Financial liabilities at amortized cost
	(Rupees in thousand)
Liabilities as per balance sheet	
Long term financing	16,936,293
Liabilities against assets subject to finance lease	202,302
Accrued mark-up	908,865
Short term borrowings	16,289,529
Trade and other payables	3,475,674
	37,812,663

46.4 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, liabilities against assets subject to finance lease and short term borrowings obtained by the Group as referred to in note 5, note 6 and note 11 respectively. Total capital employed includes 'total equity' as shown in the balance sheet plus 'borrowings'.

		2013	2012
Borrowings	Rupees in thousand	30,635,544	33,428,124
Total equity	Rupees in thousand	73,100,052	53,219,590
Total capital employed	Rupees in thousand	103,735,596	86,647,714
Gearing ratio	Percentage	29.53	38.58

47 DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on 25 September 2013 by the Board of Directors.

48 CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant re-arrangements have been made except those required by revised Fourth Schedule to the Companies Ordinance, 1984.

49 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, 2013

Number of Shareholders	Shareholding From	Shareholding To	Total Shares Held
4,224	1	100	145,832
4,073	101	500	1,054,325
1,232	501	1,000	954,400
1,349	1,001	5,000	3,259,310
287	5,001	10,000	2,224,589
111	10,001	15,000	1,438,048
65	15,001	20,000	1,191,054
54	20,001	25,000	1,265,512
39	25,001	30,000	1,116,208
19	30,001	35,000	613,361
13	35,001	40,000	501,931
10	40,001	45,000	428,121
25	45,001	50,000	1,239,040
7	50,001	55,000	363,963
9	55,001	60,000	534,000
11	60,001	65,000	696,526
9	65,001	70,000	609,829
9	70,001	75,000	653,175
7	75,001	80,000	546,347
4	80,001	85,000	329,272
7	85,001	90,000	618,500
2	90,001	95,000	187,000
13	95,001	100,000	1,292,842
8	100,001	105,000	817,848
5	105,001	110,000	542,750
3	110,001	115,000	343,500
3	115,001	120,000	354,880
2	120,001	125,000	247,000
1	125,001	130,000	127,368
1	130,001	135,000	134,500
1	135,001	140,000	137,081
2	140,001	145,000	286,222
4	145,001	150,000	595,500
1	150,001	155,000	151,000
3	160,001	165,000	490,500
1	165,001	170,000	168,000
1	170,001	175,000	171,515
2	175,001	180,000	354,459
1	185,001	190,000	185,363
1	190,001	195,000	194,889
2	195,001	200,000	400,000
1	200,001	205,000	203,000
1	210,001	215,000	211,300
4	215,001	220,000	869,047
2	225,001	230,000	451,000
2	230,001	235,000	467,213
1	240,001	245,000	240,450
1	255,001	260,000	260,000
2	270,001	275,000	542,000
1	275,001	280,000	280,000
2	285,001	290,000	574,433
1	290,001	295,000	292,001
1	295,001	300,000	300,000
1	305,001	310,000	307,092
2	310,001	315,000	624,670
1	320,001	325,000	325,000
2	330,001	335,000	665,653
1	345,001	350,000	350,000
1	360,001	365,000	361,000
3	365,001	370,000	1,101,965

Number of Shareholders	Shareholding From	To	Total Shares Held
1	370,001	375,000	371,193
1	380,001	385,000	380,500
2	385,001	390,000	775,716
1	390,001	395,000	395,000
1	395,001	400,000	396,000
1	400,001	405,000	404,000
1	435,001	440,000	436,000
1	445,001	450,000	450,000
2	450,001	455,000	905,500
1	465,001	470,000	466,777
1	485,001	490,000	488,000
1	490,001	495,000	494,950
4	495,001	500,000	2,000,000
1	520,001	525,000	523,000
1	555,001	560,000	559,000
1	565,001	570,000	570,000
1	590,001	595,000	594,500
2	595,001	600,000	1,200,000
1	605,001	610,000	610,000
1	630,001	635,000	633,500
1	650,001	655,000	650,173
2	695,001	700,000	1,400,000
2	715,001	720,000	1,438,345
1	750,001	755,000	754,318
1	770,001	775,000	774,200
1	775,001	780,000	775,895
1	820,001	825,000	825,000
1	825,001	830,000	826,500
1	855,001	860,000	859,000
1	860,001	865,000	862,310
1	870,001	875,000	873,500
1	895,001	900,000	900,000
1	930,001	935,000	932,000
1	960,001	965,000	962,360
1	995,001	1,000,000	1,000,000
1	1,035,001	1,040,000	1,037,980
1	1,060,001	1,065,000	1,061,285
1	1,145,001	1,150,000	1,150,000
1	1,175,001	1,180,000	1,175,133
1	1,185,001	1,190,000	1,187,000
1	1,250,001	1,255,000	1,251,500
1	1,255,001	1,260,000	1,258,650
1	1,315,001	1,320,000	1,318,187
1	1,365,001	1,370,000	1,369,000
1	1,405,001	1,410,000	1,405,800
2	1,420,001	1,425,000	2,850,000
1	1,440,001	1,445,000	1,443,000
1	1,480,001	1,485,000	1,482,500
1	1,680,001	1,685,000	1,683,235
1	1,695,001	1,700,000	1,700,000
1	1,830,001	1,835,000	1,831,640
1	1,865,001	1,870,000	1,869,829
1	1,875,001	1,880,000	1,876,618
1	2,145,001	2,150,000	2,148,000
1	2,170,001	2,175,000	2,172,706
1	2,185,001	2,190,000	2,187,500
1	2,530,001	2,535,000	2,534,000
1	2,565,001	2,570,000	2,569,000
1	2,605,001	2,610,000	2,610,000
1	2,640,001	2,645,000	2,643,500

Pattern of Holding

of the Shares held by the Shareholders of Nishat Mills Limited as at June 30, 2013

Number of Shareholders	Shareholding From	Shareholding To	Total Shares Held
1	2,645,001	2,650,000	2,649,000
1	2,695,001	2,700,000	2,700,000
1	2,835,001	2,840,000	2,839,871
1	2,840,001	2,845,000	2,842,841
1	2,945,001	2,950,000	2,950,000
1	3,180,001	3,185,000	3,180,500
1	3,245,001	3,250,000	3,250,000
1	3,775,001	3,780,000	3,776,125
1	3,835,001	3,840,000	3,836,500
1	4,100,001	4,105,000	4,100,529
1	4,780,001	4,785,000	4,785,000
1	5,895,001	5,900,000	5,900,000
1	6,450,001	6,455,000	6,450,913
1	8,080,001	8,085,000	8,082,999
1	13,840,001	13,845,000	13,844,092
1	15,075,001	15,080,000	15,075,149
1	15,495,001	15,500,000	15,500,000
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
11,743		Total	351,599,848

Sr. No.	Categories of Shareholders	Shares Held	Percentage
1	**Directors, CEO, their Spouse and Minor Children**	88,669,938	25.22
2	**Associated Companies, Undertakings and Related Parties**	31,548,378	8.97
3	**NIT and ICP**	10,180,596	2.90
4	**Banks Development Financial Institutions, Non banking Financial Institutions**	26,036,541	7.41
5	**Insurance Companies**	18,012,798	5.12
6	**Modarabas and Mutual Funds**	32,627,388	9.28
7	**Share Holders Holding 10% and above**	88,864,588	25.27
8	**General Public**		
	Local	89,859,899	25.56
	Foreign	56,049,492	15.94
9	**Others**		
	Investment Companies	366,327	0.10
	Joint Stock Companies	34,057,367	9.69
	Provident / Pension Funds And Miscellaneous	5,920,098	1.68

Information Under Clause (J)

of Sub-Regulation (XVI) of Regulation 35 of Chapter (XI) of Listing Regulations of the Karachi Stock Exchange Limited as at June 30, 2013

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 LIMITED	110	0.00
	Prudential Stocks Fund Ltd (03360)	23,500	0.01
	CDC - TRUSTEE PAKISTAN STOCK MARKET FUND	216,000	0.06
	MCBFSL - TRUSTEE JS VALUE FUND	1,369,000	0.39
	CDC - TRUSTEE PAKISTAN CAPITAL MARKET	64,500	0.02
	CDC - TRUSTEE PICIC INVESTMENT FUND	1,425,000	0.41
	CDC - TRUSTEE JS LARGE CAP. FUND	1,425,000	0.41
	CDC - TRUSTEE PICIC GROWTH FUND	2,649,000	0.75
	CDC - TRUSTEE PAK STRATEGIC ALLOC. FUND	68,300	0.02
	CDC - TRUSTEE ATLAS STOCK MARKET FUND	700,000	0.20
	CDC - TRUSTEE MEEZAN BALANCED FUND	333,000	0.09
	CDC - TRUSTEE JS ISLAMIC FUND	500,000	0.14
	CDC - TRUSTEE UNIT TRUST OF PAKISTAN	559,000	0.16
	CDC - TRUSTEE JS AGGRESSIVE ASSET ALLOCATION FUND	151,000	0.04
	ASIAN STOCK FUND LIMITED	1,175,133	0.33
	CDC - TRUSTEE AKD INDEX TRACKER FUND	41,447	0.01
	SAFEWAY MUTUAL FUND LIMITED	1,150,000	0.33
	CDC-TRUSTEE PAK. INT. ELEMENT ISLAMIC FUND	59,500	0.02
	MC FSL - TRUSTEE JS KSE-30 INDEX FUND	8,974	0.00
	CDC - TRUSTEE AL MEEZAN MUTUAL FUND	826,500	0.24
	CDC - TRUSTEE MEEZAN ISLAMIC FUND	3,836,500	1.09
	CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	825,000	0.23
	CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	700,000	0.20
	CDC - TRUSTEE UBL SHARIA STOCK FUND	610,000	0.17
	CDC - TRUSTEE NAFA STOCK FUND	92,000	0.03
	CDC - TRUSTEE NAFA MULTI ASSET FUND	89,000	0.03
	CDC - TRUSTEE MCB DYNAMIC STOCK FUND	225,500	0.06
	CDC - TRUSTEE ASKARI ASSET ALLOCATION FUND	107,500	0.03
	CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND	488,000	0.14
	CDC - TRUSTEE APF-EQUITY SUB FUND	60,000	0.02
	CDC - TRUSTEE JS PENSION SAVINGS FUND	12,000	0.00
	CDC - TRUSTEE HBL - STOCK FUND	1,869,829	0.53
	CDC - TRUSTEE NAFA ISLAMIC MULTI ASSET FUND	52,000	0.01
	CDC - TRUSTEE APIF - EQUITY SUB FUND	100,000	0.03
	MC FSL - TRUSTEE JS GROWTH FUND	3,180,500	0.90
	CDC - TRUSTEE HBL MULTI - ASSET FUND	280,000	0.08
	CDC - TRUSTEE MCB DYNAMIC ALLOCATION FUND	1,000	0.00
	CDC - TRUSTEE JS ISLAMIC PENSION SAV FUND	67,500	0.02
	CDC - TRUSTEE IGI STOCK FUND	396,000	0.11
	CDC - TRUSTEE ABL INCOME FUND	61,000	0.02
	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	2,842,841	0.81
	CDC - TRUSTEE ABL STOCK FUND	523,000	0.15
	MC FSL-TRUSTEE ASKARI ISLAMIC ASSET FUND	106,000	0.03
	CDC - TRUSTEE FIRST HABIB STOCK FUND	38,959	0.01
	CDC - TRUSTEE LAKSON EQUITY FUND	50,000	0.01
	CDC - TRUSTEE CROSBY DRAGON FUND	103,777	0.03
	MCBFSL-TRUSTEE URSF-EQUITY SUB FUND	122,000	0.03
	MCBFSL-TRUSTEE UIRSF-EQUITY SUB FUND	100,000	0.03
	CDC-TRUSTEE PAKISTAN PREMIER FUND	97,500	0.03
	CDC-TRUSTEE NAFA SAVINGS PLUS FUND	453,000	0.13
	CDC - TRUSTEE AKD AGGRESSIVE INCOME FUND	11,500	0.00
	CDC - TRUSTEE PICIC INCOME FUND - MT	203,000	0.06
	CDC-TRUSTEE HBL ISLAMIC STOCK FUND	436,000	0.12
	CDC-TRUSTEE MEEZAN CAPITAL PROTECTED FUND	32,000	0.01
	CDC - TRUSTEE PICIC STOCK FUND	113,500	0.03
	CDC - TRUSTEE HBL IPF EQUITY SUB FUND	72,000	0.02
	CDC - TRUSTEE HBL PF EQUITY SUB FUND	64,000	0.02
	CDC - TRUSTEE ASKARI EQUITY FUND	101,000	0.03
	MCBFSL - TRUSTEE NAMCO BALANCED FUND	500	0.00
	CDC - TRUSTEE KSE MEEZAN INDEX FUND	311,500	0.09
	MCBFSL - TRUSTEE PAK OMAN ADVANTAGE FUND	110,000	0.03
	MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSETS FUND	110,000	0.03
	CDC-TRUSTEE FIRST HABIB ISLAMIC BALANCED FUND	13,000	0.00
	CDC - TRUSTEE ATLAS INCOME FUND - MT	234,000	0.07
	CDC - TRUSTEE KASB INCOME OPPORTUNITY FUND	5,000	0.00
	MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	570,000	0.16

Information Under Clause (J)

of Sub-Regulation (XVI) of Regulation 35 of Chapter (XI) of Listing Regulations of the Karachi Stock Exchange Limited as at June 30, 2013

Sr. No.	Categories of Shareholders		Shares Held	Percentage
(III)	**DIRECTORS, CEO, THEIR SPOUSE AND MINOR CHILDREN**			
1.	MIAN UMER MANSHA	CHIEF EXECUTIVE OFFICER / CHAIRMAN	44,292,572	12.60
2.	MIAN HASSAN MANSHA	DIRECTOR	44,372,016	12.62
3.	MR. KHALID QADEER QURESHI	DIRECTOR	725	0.00
4.	MR. MUHAMMAD AZAM	DIRECTOR	500	0.00
5.	MS. NABIHA SHAHNAWAZ CHEEMA	DIRECTOR	3,625	0.00
6.	MR. MAQSOOD AHMED	DIRECTOR	500	0.00
(IV)	**EXECUTIVES**		NIL	-
(V)	**PUBLIC SECTOR, COMPANIES AND CORPORATIONS**			
	JOINT STOCK COMPANIES		34,057,367	9.69
(VI)	**SHAREHOLDERS HOLDING FIVE PERCENT OR MORE VOTING INTEREST 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	CHIEF EXECUTIVE OFFICER / CHAIRMAN	44,292,572	12.60
4.	MIAN HASSAN MANSHA	DIRECTOR	44,372,016	12.62
5.	D. G. KHAN CEMENT COMPANY LIMITED	ASSOCIATED COMPANY	30,289,501	8.61
(VII)	**BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE INSTITUTIONS, INSURANCE COMPANIES, TAKAFUL,MODARABAS AND PENSION FUNDS**			
1.	INVESTMENT COMPANIES		366,327	0.10
2.	INSURANCE COMPANIES		18,012,798	5.12
3.	FINANCIAL INSTITUTIONS		26,036,541	7.41
4.	MODARABAS COMPANIES		5,128	0.00
5.	PENSION / PROVIDENT FUNDS		5,755,098	1.64

Information Under Clause (I)

of Sub-Regulation (XVI) of Regulation 35 of Chapter (XI) of Listing Regulations of the Karachi Stock Exchange Limited as at June 30, 2013

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 failling 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 October 31, 2013 (Thursday), at 3.00 p.m. at Registered Office, Nishat House, 53-A, Lawrence Road, Lahore.

as witness may hand this ______________ day of ______ 2013

Signed by the said member ______________________

in presence of ______________________________

Please
affix
revenue
stamp
Rs. 5

Signature of witness...

Signature(s) of Members(s)

Name...

Address...

....

CNIC # ....

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
COCG	Code of Corporate Governance
COO	Chief Operating Officer
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
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

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E-mail: nishat@nishatmills.com