



**Interim Financial Statements**  
Half Year Ended 31 December 2007  
(Unaudited)



| Nishat Chunian Ltd



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# COMPANY INFORMATION

<b>Board of Director:</b>	Mr. Muhammad Saleem Mrs. Farhat Saleem Mr. Shahzad Saleem Mr. Manzoor Ahmed Mr. Aftab Ahmad Khan Mr. Manzar Mushtaq Mrs. Nabiha Samad	Chairman  Chief Executive Nominee NIT
<b>Audit Committee:</b>	Mr. Aftab Ahmad Khan Mr. Shahzad Saleem Mr. Manzar Mushtaq	Chairman Member Member
<b>Company Secretary:</b>	Mr. Farrukh Ifzal	
<b>Bankers to the Company:</b>	ABN AMRO Bank Pakistan Limited Allied Bank Limited Askari Bank Limited Atlas Bank Limited Bank Alfalah Limited Citibank N.A. Deutsche Bank AG Dubai Islamic Bank Pakistan Limited Faysal Bank Limited Habib Bank Limited Hong Kong & Shanghai Banking Corporation Limited Meezan Bank Limited National Bank of Pakistan NIB Bank Limited Standard Chartered Bank Pakistan Limited The Bank of Punjab United Bank Limited	
<b>Auditors:</b>	Riaz Ahmad & Company Chartered Accountants	
<b>Registered &amp; Head Office:</b>	31-Q Gulberg-II, Lahore, Pakistan. Phone :5761730-39 Fax :5878696-97 Web :www.nishatchunian.com	
<b>Mills:</b>	Spinning 1, 4 & 5 49th Kilometre, Multan Road, Bhai Pheru, Tehsil Chunian, District Kasur.  Spinning 2, 3 & Weaving 49th Kilometer, Multan Road, Kamogal, Tehsil Pattoki, District Kasur.  Dyeing & Printing 4th Kilometer, Manga Road, Raiwind.	

# DIRECTORS' REPORT

We are pleased to present the un-audited financial information for the half year ended 31 December 2007. The Company's sales are Rs. 3,910.40 million as compared to Rs. 3,489.49 million during the corresponding period last year, which shows an increase of 12%. However, the Company's profitability has further deteriorated because of a number of factors, which have resulted into a loss before tax of Rs. 50.75 million. Loss after tax Rs. 74.75 million because of the tax provision of Rs. 24 million.

Slump in the prices of textiles, record high cotton prices and increased cost of production have eroded the gross margin. Gross margin is reduced to 9.49% as compared to 12.24% during the corresponding period last year. Profit from operations is reduced to Rs. 240.70 million as compared to Rs. 297.66 million during corresponding period.

We are taking steps to improve the profitability of the Company. The directors look forward to the rest of year with an expectation of improvement in financial results.

Our power projects, Nishat Chunian Power Limited has successfully achieved the financial closing on January 3, 2008. Letters of credit for the import of machinery will be established this year in September. Commercial operations date of the projects is 31 March 2010.

The directors wish to express their appreciation to the team of dedicated managers, officers and staff, who continue to play pivotal role for the success and growth of the Company.

On behalf of Board

Lahore : 27 February 2008

**Shahzad Saleem**  
Chief Executive

## ***Introduction***

We have reviewed the accompanying interim condensed balance sheet of NISHAT (CHUNIAN) LIMITED as at 31 December 2007, and the related interim condensed profit and loss account, interim condensed cash flow statement and interim condensed statement of change in equity together with the notes forming part thereof (here-in-after referred to as “interim financial information”), for the period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standard as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the interim condensed profit and loss account for the quarters ended 31 December 2007 and 31 December 2006 have not been reviewed by us and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended 31 December 2007.

## ***Scope of Review***

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

## ***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Lahore: 27 February 2008

**RIAZ AHMAD & COMPANY**  
Chartered Accountants

# INTERIM CONDENSED BALANCE SHEET

	Note	Unaudited 31 December 2007 Rupees	Audited 30 June 2007 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorised share capital</b>			
80,000,000 (30 June 2007: 80,000,000) ordinary Shares of Rupees 10 each			
		<b>800,000,000</b>	<b>800,000,000</b>
<b>Issued, subscribed and paid up share capital</b>			
75,200,838 (30 June 2007: 75,200,838) ordinary shares of rupees 10 each			
		<b>752,008,380</b>	<b>752,008,380</b>
<b>Revenue reserve</b>			
		<b>1,746,636,980</b>	<b>1,934,189,987</b>
<b>TOTAL EQUITY</b>		<b>2,498,645,360</b>	<b>2,686,198,367</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	5	<b>2,995,256,751</b>	2,509,126,989
Long term murabaha	6	-	475,000,000
		<b>2,995,256,751</b>	<b>2,984,126,989</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		<b>511,030,063</b>	322,773,709
Accrued mark-up		<b>147,079,249</b>	103,767,328
Short term borrowings	7	<b>2,981,351,101</b>	2,623,592,501
Current portion of non-current liabilities		<b>1,605,240,476</b>	1,034,823,810
		<b>5,244,700,889</b>	<b>4,084,957,348</b>
<b>TOTAL LIABILITIES</b>		<b>8,239,957,640</b>	<b>7,069,084,337</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	8	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>10,738,603,000</b>	<b>9,755,282,704</b>

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

Chief Executive

		<b>Unaudited</b>	Audited
		<b>31 December</b>	30 June
	Note	<b>2007</b>	2007
		<b>Rupees</b>	Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
<b>Fixed assets</b>	9	<b>6,389,774,277</b>	6,544,226,817
<b>Long term investment</b>	10	<b>160,000,000</b>	-
<b>Long term loans</b>		<b>3,741,756</b>	6,933,229
<b>Long term security deposits</b>		<b>718,942</b>	718,942
		<b>6,554,234,975</b>	6,551,878,988
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		<b>268,525,924</b>	233,274,317
Stock in trade		<b>2,190,538,291</b>	1,799,902,361
Trade debts		<b>1,051,501,396</b>	842,112,885
Loans and advances		<b>475,216,327</b>	144,611,284
Short term deposits and prepayments		<b>9,608,824</b>	2,126,498
Other receivables		<b>137,252,431</b>	120,705,915
Cash and bank balances		<b>51,724,832</b>	60,670,456
		<b>4,184,368,025</b>	3,203,403,716
<b>TOTAL ASSETS</b>		<b>10,738,603,000</b>	<b>9,755,282,704</b>

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**Director**



# INTERIM CONDENSED PROFIT AND LOSS ACCOUNT (UNAUDITED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2007

	Note	Half Year Ended		Quarter Ended	
		31 December	31 December	31 December	31 December
		2007	2006	2007	2006
		Rupees	Rupees	Rupees	Rupees
Sales		3,910,395,564	3,489,493,832	1,906,960,663	1,724,694,923
Cost of sales	11	3,539,440,432	3,062,285,036	1,819,903,854	1,563,357,566
<b>Gross profit</b>		<b>370,955,132</b>	<b>427,208,796</b>	<b>87,056,809</b>	<b>161,337,357</b>
Distribution and selling expenses		87,151,100	90,496,098	41,531,363	42,318,245
Administrative expenses		64,259,885	59,505,985	35,793,912	32,990,613
Other operating expenses		3,402,673	9,856,750	(2,395,307)	4,476,396
		<u>154,813,658</u>	<u>159,858,833</u>	<u>74,929,968</u>	<u>79,785,254</u>
		216,141,474	267,349,963	12,126,841	81,552,103
Other operating income		24,562,454	30,316,854	6,694,205	17,722,363
<b>Profit from operations</b>		<b>240,703,928</b>	<b>297,666,817</b>	<b>18,821,046</b>	<b>99,274,466</b>
Finance cost		291,455,678	314,546,396	143,731,961	159,195,763
<b>Loss before taxation</b>		<b>(50,751,750)</b>	<b>(16,879,579)</b>	<b>(124,910,915)</b>	<b>(59,921,297)</b>
Provision for taxation		24,000,000	46,000,000	4,000,000	23,000,000
<b>Loss after taxation</b>		<b>(74,751,750)</b>	<b>(62,879,579)</b>	<b>(128,910,915)</b>	<b>(82,921,297)</b>
<b>Earning per share - Basic and diluted</b>		<b>(0.99)</b>	<b>(0.84)</b>	<b>(1.71)</b>	<b>(1.10)</b>

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

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Chief Executive

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Director

# INTERIM CONDENSED CASH FLOW STATEMENT (UNAUDITED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2007

	31 December 2007	31 December 2006
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>Rupees</b>	<b>Rupees</b>
<b>Loss before taxation</b>	<b>(50,751,750)</b>	<b>(16,879,579)</b>
Adjustment for non cash charges and other items:		
Depreciation	<b>308,794,626</b>	326,055,694
(Gain)/Loss on sale of operating fixed assets	<b>(735,020)</b>	70,347
Provision for employee benefits	<b>2,145,920</b>	1,412,553
Finance Cost	<b>291,455,678</b>	314,546,396
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>550,909,454</b>	<b>625,205,411</b>
<b>BEFORE WORKING CAPITAL CHANGES</b>		
<b>(INCREASE)/DECREASE IN CURRENT ASSETS</b>		
Stores, spare parts and loose tools	<b>(35,251,607)</b>	4,491,921
Stock in trade	<b>(390,635,930)</b>	(720,060,780)
Trade debts	<b>(209,388,511)</b>	(54,823,282)
Loans and advances	<b>(330,605,043)</b>	(195,478,452)
Short term deposit and prepayments	<b>(7,482,326)</b>	(10,535,256)
Other receivables	<b>(4,951,641)</b>	13,842,425
<b>INCREASE IN CURRENT LIABILITIES</b>		
Trade and other payables	<b>181,849,370</b>	75,907,134
<b>EFFECT ON CASH FLOWS DUE TO</b>		
<b>WORKING CAPITAL CHANGES</b>	<b>(796,465,688)</b>	<b>(886,656,290)</b>
<b>CASH USED IN OPERATIONS</b>	<b>(245,556,234)</b>	<b>(261,450,879)</b>
Long term security deposits - net	-	10,003
Finance cost paid	<b>(248,143,757)</b>	(302,985,072)
Income tax paid	<b>(35,594,875)</b>	(35,829,390)
	<b>(283,738,632)</b>	<b>(338,804,459)</b>
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(529,294,866)</b>	<b>(600,255,338)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	<b>(155,398,065)</b>	(106,491,325)
Long term loans - net	<b>3,191,473</b>	542,069
Long term investment made	<b>(160,000,000)</b>	-
Proceeds from sale of property, plant and equipment	<b>1,790,999</b>	3,490,000
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(310,415,593)</b>	<b>(102,459,256)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from long term financing	<b>1,600,000,000</b>	150,000,000
Proceeds from long term murabaha obtained	-	475,000,000
Repayment of long term financing	<b>(537,203,572)</b>	(269,928,500)
Repayment of long term murabaha	<b>(481,250,000)</b>	(306,250,000)
Dividend paid	<b>(108,540,193)</b>	(67,434,835)
<b>NET CASH FROM / (USED IN) FINANCING ACTIVITIES</b>	<b>473,006,235</b>	<b>(18,613,335)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(366,704,224)</b>	<b>(721,327,929)</b>
<b>CASH AND CASH EQUIVALENTS AT</b>		
<b>BEGINNING OF THE PERIOD</b>	<b>(2,562,922,045)</b>	<b>(2,263,942,634)</b>
<b>CASH AND CASH EQUIVALENTS AT</b>		
<b>THE END OF THE PERIOD</b>	<b>(2,929,626,269)</b>	<b>(2,985,270,563)</b>

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

**Chief Executive**

**Director**

# INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2007

	SHARE CAPITAL	REVENUE RESERVES		TOTAL RESERVED	TOTAL EQUITY
		GENERAL RESERVES	ACCUMULATED PROFIT / (LOSS)		
Balance as on 30 June 2006	752,008,380	1,492,221,278	544,613,079	2,036,834,357	2,788,842,737
Transfer to general reserve	-	137,000,000	(137,000,000)	-	-
Final dividend for the year ended 30 June 2006@1.5 per share	-	-	(112,801,257)	(112,801,257)	(112,801,257)
Net loss of the half year ended 31 December 2006	-	-	(62,879,579)	(62,879,579)	(62,879,579)
Balance as on 31 December 2006	752,008,380	1,629,221,278	231,932,243	1,861,153,521	2,613,161,901
Net profit for the half year ended 30 June 2007	-	-	73,036,466	73,036,466	73,036,466
Balance as on 30 June 2007	752,008,380	1,629,221,278	304,968,709	1,934,189,987	2,686,198,367
Final Dividend for the year ended 30 June 2007 @ 1.5 per share	-	-	(112,801,257)	(112,801,257)	(112,801,257)
Net loss for the half year ended 31 December 2007	-	-	(74,751,750)	(74,751,750)	(74,751,750)
<b>Balance as on 31 December 2007</b>	<b>752,008,380</b>	<b>1,629,221,278</b>	<b>117,415,702</b>	<b>1,746,636,980</b>	<b>2,498,645,360</b>

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Chief Executive

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Director

## 1. THE COMPANY AND ITS OPERATIONS

Nishat (Chunian) Limited is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984 and is listed on the Lahore and Karachi Stock Exchanges. Its registered office is situated at 31-Q, Gulberg II, Lahore. The Company is engaged in business of spinning, weaving, dyeing, stitching, processing, doubling, sizing, buying, selling and otherwise dealing in yarn, fabric and made-ups made from raw cotton, synthetic fiber and cloth and to generate electricity for internal use.

## 2. STATEMENT OF COMPLIANCE

This interim financial information is unaudited but is subject to limited scope review by the Auditors and is being submitted to the shareholders, as required under section 245 of the Companies Ordinance, 1984 and has been prepared in accordance with the International Accounting Standards (IAS) - 34 "Interim Financial Reporting" as applicable in Pakistan and notified by the Securities and Exchange Commission of Pakistan (SECP). This interim financial information should be read in conjunction with the annual financial statements for the year ended 30 June 2007.

## 3. ACCOUNTING POLICIES AND COMPUTATION METHODS

Accounting policies and method of computations adopted for the preparation of this interim financial information are the same as applied in the preparation of preceding annual financial statements of the company for the year ended 30 June 2007, except for the adoption of policy of long term investment made in Nishat Chunain Power Limited (Subsidiary company) as disclosed in note 3.1

### 3.1 Long term investments

Long term investment in subsidiary is accounted for at cost in accordance with IAS- 27 "consolidated and Separate Financial Statements".

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Judgements and estimates made by the management in the preparation of the interim condensed financial information are the same as those applied to the annual financial statements for the year ended 30 June 2007.

## 5. LONG TERM FINANCING

	Unaudited 31 December 2007	Audited 30 June 2007
	Rupees	Rupees
Opening balance	3,537,700,799	3,675,450,001
Add: Obtained during the period/year	1,600,000,000	650,000,000
Less: Repaid during the period/year	(537,203,572)	(787,749,202)
Closing balance	4,600,497,227	3,537,700,799
Less: Current portion shown under current liabilities	(1,605,240,476)	(1,028,573,810)
	<u>2,995,256,751</u>	<u>2,509,126,989</u>

	Unaudited 31 December 2007	Audited 30 June 2007
	Rupees	Rupees
<b>6. LONG TERM MURABAHA</b>		
Opening balance	481,250,000	318,750,000
Add: Obtained during the period/year	-	475,000,000
Less: Repaid during the period/year	<u>(481,250,000)</u>	<u>(312,500,000)</u>
Closing balance	-	481,250,000
Less: Current portion shown under current liabilities	-	<u>(6,250,000)</u>
	<u>-</u>	<u>475,000,000</u>
<b>7. SHORT TERM BORROWINGS</b>		
Short term running finances	787,959,429	612,349,121
Export finance-preshipment/SBP refinance	1,724,062,593	1,331,243,380
Other short term finances	<u>469,329,079</u>	<u>680,000,000</u>
	<u>2,981,351,101</u>	<u>2,623,592,501</u>
<b>8. CONTINGENCIES AND COMMITMENTS</b>		
<b>Contingencies</b>		
There is no change in contingencies since the last annual audited financial statements except for:		
i) Post dated cheques have been issued to custom authorities in respect of duties amounting to Rupees 37.058 million (June 30 2007: RS. 32.535 million) on imported material availed on the basis of consumption and export plans. In the event the documents of exports are not provided on due dates cheque issued as security shall be encashable.		
ii) The company has applied to Alternate Dispute Resolution Committee for resolution of their dispute with collector of customs regarding rejection of Duty Drawback claims of Rupees 9.482 million on blended grey fabrics exported under Duty and Tax Remission Rules for Export (DTRE) scheme.		
<b>Commitments</b>		
i) Commitments in respect of capital expenditure are Rupees 103.125 million (30 June 2007: Rupees 133.068 million)		
ii) Letter of credit other than for capital expenditure are Rupees 138.734 million (30 June 2007: Rupees 55.913 million)		
<b>8. FIXED ASSETS</b>		
Property, plant, equipment		
Operating assets (Note 9.1)	6,231,632,764	6,389,949,755
Capital Work in progress (Note 9.2)	156,942,513	153,148,062
Intangible assets in progress	<u>1,199,000</u>	<u>1,129,000</u>
	<u>6,389,774,277</u>	<u>6,544,226,817</u>

	Unaudited 31 December 2007	Audited 30 June 2007
	Rupees	Rupees
<b>9.1 OPERATING ASSETS</b>		
Opening book value	6,389,949,755	6,680,266,277
Cost of additions during the period/year (Note 9.1.1)	<u>151,533,614</u>	<u>388,035,146</u>
	6,541,483,369	7,068,301,423
Book value of deletion during the period/year (Note 9.1.2)	<u>1,055,979</u>	<u>16,961,353</u>
	6,540,427,390	7,051,340,070
Less: Depreciation charge during the period/year	<u>308,794,626</u>	<u>661,390,315</u>
Closing book value	<u>6,231,632,764</u>	<u>6,389,949,755</u>
<b>9.1.1 Cost of additions during the period/year</b>		
Building of freehold land	10,923,367	149,250,488
Plant and machinery	125,112,721	201,904,845
Electric installations	-	2,281,522
Factory equipment	4,004,301	2,051,654
Furniture and fixtures	2,513,457	4,305,289
Office equipment	2,276,873	6,986,672
Motor vehicles	6,702,895	21,254,676
	<u>151,533,614</u>	<u>388,035,146</u>
<b>9.1.2 Cost of deletions during the period/year</b>		
Plant and machinery	-	65,350,326
Office equipment	-	22,673
Vehicles	3,000,119	11,589,431
	<u>3,000,119</u>	<u>76,962,430</u>
Less: Accumulated depreciation	<u>(1,944,140)</u>	<u>(60,001,077)</u>
Book value of the deletions during the period / year	<u>1,055,979</u>	<u>16,961,353</u>
<b>9.2 CAPITAL WORK IN PROGRESS</b>		
Plant, machinery and equipment	77,367,202	77,455,265
Civil works on freehold land	75,917,263	60,422,297
Advance for purchase of assets	3,658,048	15,270,500
	<u>156,942,513</u>	<u>153,148,062</u>
<b>10. LONG TERM INVESTMENT</b>		
Subsidiary Company		
Nishat Chunian Power Limited		
1,000,000 ordinary shares of Rupees 10 each	10,000,000	-
Advance for purchase of shares	150,000,000	-
	<u>160,000,000</u>	<u>-</u>

	Unaudited		Unaudited	
	Half Year Ended		Quarter Ended	
	31 December 2007	31 December 2006	31 December 2007	31 December 2006
	Rupees	Rupees	Rupees	Rupees
<b>11. COST OF SALES</b>				
Raw material consumed	2,473,458,561	2,274,867,106	1,312,025,312	1,151,375,717
Packing material consumed	118,969,059	86,879,165	53,751,616	42,779,899
Stores, spare parts and loose tools	98,083,424	84,457,204	43,693,752	43,342,113
Salaries, wages and other benefits	298,858,678	263,497,681	155,123,546	142,153,321
Fuel and power	263,597,193	272,779,813	133,864,517	136,073,185
Insurance	9,755,787	8,760,312	5,007,530	4,425,465
Postage and telephone	229,871	440,755	94,629	258,166
Travelling and conveyance	5,918,395	5,488,119	2,620,130	2,700,878
Vehicle running	4,222,161	4,608,652	1,982,265	2,482,106
Entertainment	537,680	483,371	313,052	240,663
Depreciation	302,650,066	320,042,291	152,354,064	160,900,811
Repair and maintenance	7,895,320	5,565,295	5,863,225	3,153,014
Other factory overheads	23,939,439	16,419,052	11,097,387	8,602,665
	3,608,115,634	3,344,288,816	1,877,791,025	1,698,488,003
Work-in-process				
Opening stock	268,870,213	179,358,235	230,927,759	192,597,443
Closing stock	(263,772,143)	(178,007,928)	(263,772,143)	(178,007,928)
	5,098,070	1,350,307	(32,844,384)	14,589,515
<b>Cost of goods manufactured</b>	3,613,213,704	3,345,639,123	1,844,946,641	1,713,077,518
Finished goods and waste-opening stocks				
Finished goods	513,446,035	342,593,878	561,523,592	473,698,196
Waste	12,493,371	18,305,043	17,410,505	26,873,912
	525,939,406	360,898,921	578,934,097	500,572,108
	4,139,153,110	3,706,538,044	2,423,880,738	2,213,649,626
Finished goods and waste-closing stocks				
Finished goods	(586,806,055)	(636,286,795)	(586,806,055)	(636,286,795)
Waste	(21,560,466)	(27,967,738)	(21,560,466)	(27,967,738)
	(608,366,521)	(664,254,533)	(608,366,521)	(664,254,533)
<b>Cost of Sales-own manufactured</b>	3,530,786,589	3,042,283,511	1,815,514,217	1,549,395,093
Opening stock of purchase finished goods	1,670,072	4,625,201	4,263,611	13,257,353
Add: Finished goods purchased	11,654,978	21,642,938	4,797,233	6,971,734
Less: Closing stock of purchased finished goods	(4,671,207)	(6,266,614)	(4,671,207)	(6,266,614)
<b>Cost of sales-purchased finished goods</b>	8,653,843	20,001,525	4,389,637	13,962,473
	3,539,440,432	3,062,285,036	1,819,903,854	1,563,357,566

## 12. TAXATION

The company is under the ambit of final tax upto the extent of export sales under Section 169 of the Income Tax Ordinance, 2001. Provision of Income Tax is made accordingly. Provision for Income Tax for income which is not subject to final tax and provision for deferred taxation are not considered necessary due to available losses of Rupees 94.726 milion as on 31 December 2007.

<b>Unaudited</b>	Audited
<b>31 December</b>	30 June
<b>2007</b>	2007
<b>Rupees</b>	Rupees

## 13. CASH AND CASH EQUIVELENTS

Cash and bank balances	<b>51,724,832</b>	60,670,456
Short term borrowings	<b><u>(2,981,351,101)</u></b>	<u>(2,623,592,501)</u>
	<b><u>(2,929,626,269)</u></b>	<u>(2,562,922,045)</u>

## 14. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of subsidiary, associated undertakings, other related parties, key management personnel and provident fund trust. The company in the normal course of business carries out transactions with related parties.

	<b>Unaudited</b>	Unaudited
	<b>31 December</b>	31 December
	<b>2007</b>	2006
	<b>Rupees</b>	Rupees
Purchase of goods and services	<b>14,954,725</b>	4,616,073
Sale of goods and services	<b>82,975,753</b>	22,859,208
Insurance premium paid	<b>15,277,718</b>	12,221,486
Insurance claim received	<b>22,673,549</b>	1,045,530
Contribution to employees' provident fund	<b>9,071,309</b>	12,427,080
Long term investment in subsidiary	<b>160,000,000</b>	-

## 15. AUTHORISED FOR ISSUE

This interim financial information was approved by the Board of Directors and authorised for issue on 27 February 2008.

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director



NISHAT (CHUNIAN) LIMITED

INTERIM CONDENSED CONSOLIDATED  
FINANCIAL INFORMATION

HALF YEAR ENDED 31 DECEMBER 2007  
(UNAUDITED)

# INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Note	31 December 2007	30 June 2007
		<u>Rupees</u>	<u>Rupees</u>
<b>EQUITY AND LIABILITIES</b>			
SHARE CAPITAL AND RESERVES			
<b>Authorised share capital</b>			
80,000,000 (30 June 2007: 80,000,000) ordinary shares of Rupees 10 each		<u>800,000,000</u>	<u>800,000,000</u>
<b>Issued, subscribed and paid up share capital</b>			
75,200,838 (30 June 2007: 75,200,838) ordinary shares of Rupees 10 each		752,008,380	752,008,380
<b>Revenue reserves</b>		<u>1,746,636,980</u>	<u>1,934,189,987</u>
<b>Equity attributable to equityholders of parent</b>		<u>2,498,645,360</u>	<u>2,686,198,367</u>
<b>Minority interest</b>		<u>40,000,000</u>	<u>-</u>
<b>TOTAL EQUITY</b>		<u>2,538,645,360</u>	<u>2,686,198,367</u>
<b>NON-CURRENT LIABILITIES</b>			
Long term financing		<u>2,995,256,751</u>	2,509,126,989
Long term murabaha		-	475,000,000
		<u>2,995,256,751</u>	2,984,126,989
<b>CURRENT LIABILITIES</b>			
Trade and other payables		<u>514,476,084</u>	322,773,709
Accrued mark-up		<u>147,079,249</u>	103,767,328
Short term borrowings		<u>2,981,351,101</u>	2,623,592,501
Current portion of non-current liabilities		<u>1,605,240,476</u>	1,034,823,810
		<u>5,248,146,910</u>	4,084,957,348
<b>TOTAL LIABILITIES</b>		<u>8,243,403,661</u>	7,069,084,337
<b>CONTINGENCIES AND COMMITMENTS</b>	5	-	-
<b>TOAL EQUITY AND LIABILITIES</b>		<u>10,782,049,021</u>	<u>9,755,282,704</u>

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

**Chief Executive**

	31 December 2007	30 June 2007
Note	<u>Rupees</u>	<u>Rupees</u>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
<b>Fixed assets</b>	<b>6,492,674,204</b>	6,544,226,817
<b>Long term loans</b>	<b>5,141,756</b>	6,933,229
<b>Long term security deposits</b>	<b>718,942</b>	718,942
	<b>6,498,534,902</b>	6,551,878,988
<b>CURRENT ASSETS</b>		
Stores, spare parts and loose tools	<b>268,525,924</b>	233,274,317
Stock in trade	<b>2,190,538,291</b>	1,799,902,361
Trade debts	<b>1,051,501,396</b>	842,112,885
Loans and advances	<b>476,823,869</b>	144,611,284
Short term deposits and prepayments	<b>9,608,824</b>	2,126,498
Other receivables	<b>137,264,116</b>	120,705,915
Cash and bank balances	<b>149,251,699</b>	60,670,456
	<b>4,283,514,119</b>	3,203,403,716
<b>TOTAL ASSETS</b>	<b>10,782,049,021</b>	<b>9,755,282,704</b>

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 Director

**INTERIM CONDENSED CONSOLIDATED  
PROFIT AND LOSS ACCOUNT (UNAUDITED)**

FOR THE HALF YEAR ENDED 31 DECEMBER 2007

	Half Year Ended		Quarter Ended	
	31 December 2007	31 December 2006	31 December 2007	31 December 2006
	Rupees	Rupees	Rupees	Rupees
Sales	3,910,395,564	3,489,493,832	1,906,960,663	1,724,694,923
Cost of sales	3,539,440,432	3,062,285,036	1,819,903,854	1,563,357,566
<b>Gross profit</b>	<b>370,955,132</b>	<b>427,208,796</b>	<b>87,056,809</b>	<b>161,337,357</b>
Distribution and selling expenses	87,151,100	90,496,098	41,531,363	42,318,245
Administrative expenses	64,259,885	59,505,985	35,793,912	32,990,613
Other operating expenses	3,402,673	9,856,750	(2,395,307)	4,476,396
	<b>154,813,658</b>	<b>159,858,833</b>	<b>74,929,968</b>	<b>79,785,254</b>
	<b>216,141,474</b>	<b>267,349,963</b>	<b>12,126,841</b>	<b>81,552,103</b>
Other operating income	24,562,454	30,316,854	6,694,205	17,722,363
<b>Profit from operations</b>	<b>240,703,928</b>	<b>297,666,817</b>	<b>18,821,046</b>	<b>99,274,466</b>
Finance cost	291,455,678	314,546,396	143,731,961	159,195,763
<b>Loss before taxation</b>	<b>(50,751,750)</b>	<b>(16,879,579)</b>	<b>(124,910,915)</b>	<b>(59,921,297)</b>
Provision for taxation	24,000,000	46,000,000	4,000,000	23,000,000
<b>Loss after taxation</b>	<b>(74,751,750)</b>	<b>(62,879,579)</b>	<b>(128,910,915)</b>	<b>(82,921,297)</b>
Earning per share - Basic and diluted	(0.99)	(0.84)	(1.71)	(1.10)

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

Chief Executive

Director

**INTERIM CONDENSED CONSOLIDATED  
CASH FLOW STATEMENT (UNAUDITED)**

FOR THE HALF YEAR ENDED 31 DECEMBER 2007

	<b>31 December 2007</b>	<b>31 December 2006</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Loss before taxation</b>	<b>(50,751,750)</b>	<b>(16,879,579)</b>
Adjustment for non cash charges and other Items:		
Depreciation	<b>308,794,626</b>	326,055,694
(Gain)/Loss on sale of operating fixed assets	<b>(735,020)</b>	70,347
Provision for employee benefits	<b>2,145,920</b>	1,412,553
Finance cost	<b>291,455,678</b>	314,546,396
<b>CASH FLOW FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES (INCREASE)/DECREASE IN CURRENT ASSETS</b>	<b>550,909,454</b>	<b>625,205,411</b>
Stores, spare parts and loose tools	<b>(35,251,607)</b>	4,491,921
Stock in trade	<b>(390,635,930)</b>	(720,060,780)
Trade debts	<b>(209,388,511)</b>	(54,823,282)
Loans and advances	<b>(332,212,585)</b>	(195,478,452)
Short term deposit and prepayments	<b>(7,482,326)</b>	(10,535,256)
Other receivables	<b>(4,963,326)</b>	13,842,425
<b>INCREASE IN CURRENT LIABILITIES</b>		
Trade and other payables	<b>185,295,391</b>	75,907,134
<b>EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES</b>	<b>(794,638,894)</b>	<b>(886,656,290)</b>
	<b>(243,729,440)</b>	<b>(261,450,879)</b>
<b>CASH USED IN OPERATIONS</b>		
Long term security deposits - net	-	10,003
Finance cost paid	<b>(248,143,757)</b>	(302,985,072)
Income tax paid	<b>(35,594,875)</b>	(35,829,390)
	<b>(283,738,632)</b>	<b>(338,804,459)</b>
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(527,468,072)</b>	<b>(600,255,338)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	<b>(258,297,992)</b>	(106,491,325)
Long term loans - net	<b>1,791,473</b>	542,069
Proceeds from sale of property, plant and equipment	<b>1,790,999</b>	3,490,000
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(254,715,520)</b>	<b>(102,459,256)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from long term financing	<b>1,600,000,000</b>	150,000,000
Proceeds from long term murabaha	-	475,000,000
Repayments of long term financing	<b>(537,203,572)</b>	(269,928,500)
Repayment of long term murabaha	<b>(481,250,000)</b>	(306,250,000)
Proceed from minority shareholders	<b>40,000,000</b>	-
Dividend paid	<b>(108,540,193)</b>	(67,434,835)
<b>NET CASH FROM / (USED IN) FINANCING ACTIVITIES</b>	<b>513,006,235</b>	<b>(18,613,335)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(269,177,357)</b>	<b>(721,327,929)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>(Note 7) (2,562,922,045)</b>	<b>(2,263,942,634)</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>(Note 7) (2,832,099,402)</b>	<b>(2,985,270,563)</b>

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

Chief Executive

Director

**INTERIM CONDENSED CONSOLIDATED  
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**

FOR THE HALF YEAR ENDED 31 DECEMBER 2007

	SHARE CAPITAL	HOLDING COMPANY'S EQUITY		TOTAL RESERVES	SHARE HOLDERS' EQUITY	MINORITY INTEREST	TOTAL EQUITY
		REVENUE GENERAL RESERVE	RESERVES ACCUMULATED PROFIT / (LOSS)				
				Rupees			
Balance as on 30 June 2006	752,008,380	1,492,221,278	544,613,079	2,036,834,357	2,788,842,737	-	2,788,842,737
Transfer to general reserve	-	137,000,000	(137,000,000)	-	-	-	-
Final dividend for the year ended 30 June 2006 @ 1.5 per share	-	-	(112,801,257)	(112,801,257)	(112,801,257)	-	(112,801,257)
Net Loss of the Half Year ended 31 December 2006	-	-	(62,879,579)	(62,879,579)	(62,879,579)	-	(62,879,579)
Balance as on 31 December 2006	752,008,380	1,629,221,278	231,932,243	1,861,153,521	2,613,161,901	-	2,613,161,901
Net profit for the half year ended 30 June 2007	-	-	73,036,466	73,036,466	73,036,466	-	73,036,466
Balance as on 30 June 2007	752,008,380	1,629,221,278	304,968,709	1,934,189,987	2,686,198,367	-	2,686,198,367
Equity portion attributable to minority shareholders						40,000,000	40,000,000
Net profit for the half year ended 31 December 2007	-	-	(74,751,750)	(74,751,750)	(74,751,750)	-	(74,751,750)
Final Dividend for the year ended 30 June 2007 @ 1.5 per share	-	-	(112,801,257)	(112,801,257)	(112,801,257)	-	(112,801,257)
<b>Balance as on 31 December 2007</b>	<b>752,008,380</b>	<b>1,629,221,278</b>	<b>117,415,702</b>	<b>1,746,636,980</b>	<b>2,498,645,360</b>	<b>40,000,000</b>	<b>2,538,645,360</b>

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director

## 1. GROUP INFORMATION

The group comprises of nishat (Chunian) Limited as holding company and Nishat Chunian Power Limited as its subsidiary.

Nishat (Chunian) Limited is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984 and is listed on the Lahore and Karachi Stock Exchanges. Its registered office is situated at 31-Q, Gulberg II, Lahore. The Company is engaged in business of spinning, weaving, dyeing, stitching, processing, doubling, sizing, buying, selling and otherwise dealing in yarn, fabric and made ups made from raw cotton, synthetic fiber and cloth and to generate electricity for internal use.

Nishat Chunian Power Limited is an unlisted public limited company incorporated under the Companies Ordinance, 1984. The main object of the company is to set up and operate 200MW power plant and to sell electricity to National Transmission and Despatch Company Limited. The expected project commissioning date is March 2010.

## 2. STATEMENT OF COMPLIANCE

These financial statements are unaudited and being submitted to the shareholders, as required under Section 245 of Companies Ordinance, 1984 and have been prepared in accordance with the International Accounting Standard (IAS) - 34 "Interim Financial Reporting" as applicable in Pakistan and notified by the Securities and Exchange Commission of Pakistan (SECP).

## 3. ACCOUNTING POLICIES AND COMPUTATION METHODS

Accounting policies and method of computations adopted for the preparation of this interim financial information are the same as applied in the preparation of preceding annual financial statements of the holding company for the year ended 30 June 2007.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Judgments and estimates made by the management in the preparation of this condensed interim financial information are the same as those applied to the annual financial statements of the holding company for the year ended 30 June 2007.

## 5. CONTINGENCIES AND COMMITMENTS

### CONTINGENCIES

There is no change in contingencies since the last annual audited financial statements except for:

- i) Post dated cheques have been issued to custom authorities in respect of duties amounting to Rupees 37.058 million (June 30 2007: RS. 32.535 million) on imported material availed on the basis of consumption and export plans. In the event the documents of exports are not provided on due dates cheque issued as security shall be encashable.
- ii) The company has applied to Alternate Dispute Resolution Committee for resolution of their dispute with collector of customs regarding rejection of Duty Drawback

claims of Rupees 9.482 million on blended grey fabrics exported under Duty and Tax Remission Rules for Export (DTRE) scheme.

#### Commitments

- i) Commitments in respect of capital expenditure are Rupees 103.125 million (30 June 2007: Rupees 133.068 million)
- ii) Letter of credit other than for capital expenditure are Rupees 138.734 million (30 June 2007: Rupees 55.913 million)

	<b>Unaudited</b>	Audited
	<b>31 December</b>	30 June
	2007	2007
	<b>Rupees</b>	Rupees
<b>6. FIXED ASSETS</b>		
Property, plant and equipment		
Operating assets	<b>6,293,348,933</b>	6,389,949,755
Capital work in progress	<b>198,126,271</b>	153,148,062
Intangible assets in progress	<b>1,199,000</b>	1,129,000
	<b><u>6,492,674,204</u></b>	<u>6,544,226,817</u>
<b>7. CASH AND CASH EQUIVELENTS</b>		
Cash and bank balances	<b>149,251,699</b>	60,670,456
Short term borrowings	<b><u>(2,981,351,101)</u></b>	<u>(2,623,592,501)</u>
	<b><u>(2,832,099,402)</u></b>	<u>(2,562,922,045)</u>

#### 8. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated undertakings, other related parties, key management personnel and provident fund trust. The company in the normal course of business carries out transactions with related parties.

	<b>31 December</b>	31 December
	2007	2006
	<b>Rupees</b>	Rupees
Purchase of goods and services	<b>14,954,725</b>	4,616,073
Sale of goods and services	<b>82,975,753</b>	22,859,208
Insurance premium paid	<b>15,277,718</b>	12,221,486
Insurance claim received	<b>22,673,549</b>	1,045,530
Contribution to employees' provident fund	<b>9,071,309</b>	12,427,080

#### 9. AUTHORISED FOR ISSUE

This interim consolidated financial information was approved by the Board of Directors and authorised for issue on 27 February 2008.

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director



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