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## Company Information

<b>Board of Directors:</b>	Mr. Muhammad Saleem Mrs. Farhat Saleem Mr. Shahzad Saleem Mr. Manzoor Ahmed Mr. Aftab Ahmad Khan Mr. Manzar Mushtaq Mr. Mehmood Akhtar	Chairman Chief Executive Nominee NIT
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<b>Audit Committee:</b>	Mr. Aftab Ahmad Khan Mr. Shahzad Saleem Mr. Manzar Mushtaq	Chairman Member Member
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<b>Chief Financial Officer:</b>	Mr. Ahmad Subhani
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<b>Bankers to the Company:</b>	Allied Bank Limited Askari Bank Limited Atlas Bank Limited Bank Alfalah Limited Barclays Bank plc Citibank N.A. Dawood Islamic Bank Limited Deutsche Bank AG Dubai Islamic Bank Pakistan Limited Faysal Bank Limited Habib Bank Limited HSBC Bank Middle East Ltd. Meezan Bank Limited National Bank of Pakistan NB Bank Limited Standard Chartered Bank Pakistan Limited The Bank of Punjab The Royal Bank of Scotland Limited United Bank Limited
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<b>Auditors:</b>	Riaz Ahmad & Company Chartered Accountants
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<b>Registered &amp; Head Office:</b>	31-Q, Gulberg-II, Lahore, Pakistan. Phone : 5761730-39 Fax : 5878696-97 Web : <a href="http://nishat.net">http://nishat.net</a> & <a href="http://www.nishatchunian.com">www.nishatchunian.com</a>
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<b>Mills:</b>	Spinning 1, 4 & 5 49th Kilometre, Multan Road, Bhai Pheru, Tehsil Chunian, District Kasur.  Spinning 2, 3 & Weaving 49th Kilometre, Multan Road, Kamogal, Tehsil Pattoki, District Kasur.  Dyeing & Printing 4th Kilometre, Manga Road, Raiwind.
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## Directors' Report

We are pleased to present the interim financial information for the half year ended 31 December 2008 duly reviewed by the auditors. The Company's sales are Rs. 4,580 million as compared to Rs. 3,910 million during the corresponding period, which shows an increase of 17%. Company's gross profit margin has improved to 18.0% as compared to 9.5% during corresponding period. The major reason for improvement in gross margin is significant appreciation in value of US \$ against Pak Rupee. Despite drastic increase in borrowing cost, the Company earned a net profit of Rs. 150.7 million during the period as compared to a loss of Rs. 74.7 million in the corresponding period.

Textile industry is currently under severe pressure. Worldwide economic crisis and looming recession has dropped the demand of textile products. High cost of production along with exorbitantly high borrowing costs have put the textile industry on the brink of collapse. Gas and electricity load shedding has further exacerbated the already gloomy situation. In this scenario we are striving to maintain the trend of profitability achieved in the first half year.

The letters of the credit for our power project subsidiary "Nishat Chunian Power Limited" have been opened and construction at site is in progress. The expected Commercial Operation Date of the project is March 31, 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 the Board

Shahzad Saleem  
Chief Executive

Lahore: 26 February 2009



## Report to the Members on Review of Interim Financial Information

### *Introduction*

We have reviewed the accompanying interim condensed balance sheet of NISHAT (CHUNIAN) LIMITED as at 31 December 2008, and the related interim condensed profit and loss account, interim condensed cash flow statement and interim condensed statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the “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 standards 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 2008 and 2007 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 2008.

### *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: 26 February 2009

RIAZ AHMAD & COMPANY  
Chartered Accountants



## Interim Condensed Balance Sheet

	Note	Unaudited 31 December 2008 Rupees	Audited 30 June 2008 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital 130,000,000 (30 June 2008: 80,000,000) ordinary shares of Rupees 10 each		<u>1,300,000,000</u>	<u>800,000,000</u>
Issued, subscribed and paid up share capital 82,720,922 (30 June 2008: 75,200,838) ordinary shares of Rupees 10 each	5	827,209,220	752,008,380
Reserves		<u>1,933,135,970</u>	<u>1,848,185,650</u>
<b>TOTAL EQUITY</b>		<b>2,760,345,190</b>	<b>2,600,194,030</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	6	3,051,149,535	2,586,389,516
Deferred tax liability		6,664,968	4,640,017
		<u>3,057,814,503</u>	<u>2,591,029,533</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		411,231,700	378,616,664
Accrued mark-up		176,590,068	119,822,439
Short term borrowings	7	4,889,923,238	3,190,716,138
Current portion of non-current liabilities		1,014,107,216	1,957,737,473
		<u>6,491,852,222</u>	<u>5,646,892,714</u>
<b>TOTAL LIABILITIES</b>		<b>9,549,666,725</b>	<b>8,237,922,247</b>
CONTINGENCIES AND COMMITMENTS	8	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>12,310,011,915</u></b>	<b><u>10,838,116,277</u></b>

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

Chief Executive



## as at 31 December 2008

	Note	Unaudited 31 December 2008 Rupees	Audited 30 June 2008 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets	9	6,040,056,614	6,259,570,155
Investment in subsidiary - at cost	10	708,856,841	211,732,800
Long term loans		8,344,922	8,129,672
Long term security deposits		1,022,942	895,942
		<u>6,758,281,319</u>	<u>6,480,328,569</u>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		314,356,876	271,716,246
Stock-in-trade	11	3,398,612,595	2,482,843,357
Trade debts		1,295,468,721	1,311,338,154
Loans and advances		287,267,604	113,811,784
Short term deposits and prepayments		7,448,426	936,821
Other receivables		200,924,330	158,895,492
Cash and bank balances		47,652,044	18,245,854
		<u>5,551,730,596</u>	<u>4,357,787,708</u>
<b>TOTAL ASSETS</b>		<u><u>12,310,011,915</u></u>	<u><u>10,838,116,277</u></u>

Director



## Interim Condensed Profit and Loss Account (Unaudited)

For the Half Year Ended 31 December 2008

Note	Half Year Ended		Quarter Ended	
	31 December	31 December	31 December	31 December
	2008	2007	2008	2007
	Rupees	Rupees	Rupees	Rupees
Sales	4,580,142,271	3,910,395,564	1,988,168,416	1,906,960,663
Cost of sales	12 3,755,718,752	3,539,440,432	1,630,984,828	1,819,903,854
Gross profit	824,423,519	370,955,132	357,183,588	87,056,809
Distribution cost	141,550,602	87,151,100	57,475,783	41,531,363
Administrative expenses	69,901,298	64,259,885	36,269,238	35,793,912
Other operating expenses	14,517,513	3,402,673	6,495,736	(2,395,307)
	225,969,413	154,813,658	100,240,757	74,929,968
	598,454,106	216,141,474	256,942,831	12,126,841
Other operating income	13 94,937,068	24,562,454	56,048,734	6,694,205
Profit from operations	693,391,174	240,703,928	312,991,565	18,821,046
Finance cost	510,674,817	291,455,678	277,802,171	143,731,961
Profit/(loss) before taxation	182,716,357	(50,751,750)	35,189,394	(124,910,915)
Provision for taxation	14 32,021,279	24,000,000	7,021,279	4,000,000
Profit/(loss) after taxation	150,695,078	(74,751,750)	28,168,115	(128,910,915)
Earnings per share				
- Basic and diluted	15 1.82	(0.90)	0.34	(1.56)

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

Chief Executive

Director





## Interim Condensed Cash Flow Statement (Unaudited)

For the Half Year Ended 31 December 2008

	Half Year Ended	
	31 December 2008	31 December 2007
	Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before taxation	182,716,357	(50,751,750)
Adjustments for non cash charges and other items:		
Depreciation	291,039,847	308,794,626
Gain on sale of operating fixed assets	(52,063)	(735,020)
Provision for employee benefits	2,194,494	2,145,920
Finance cost	510,674,817	291,455,678
<b>Cash flows from operating activities before adjustment of working capital changes</b>	<b>986,573,452</b>	<b>550,909,454</b>
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(42,640,630)	(35,251,607)
Stock in trade	(915,769,238)	(390,635,930)
Trade debts	15,869,433	(209,388,511)
Loans and advances	(173,455,820)	(330,605,043)
Short term deposits and prepayments	(6,511,605)	(7,482,326)
Other receivables	(35,310,546)	(4,951,641)
Increase in current liabilities		
Trade and other payables	25,680,508	181,849,370
<b>Effect on cash flows due to working capital changes</b>	<b>(1,132,137,898)</b>	<b>(796,465,688)</b>
<b>Cash used in operations</b>	<b>(145,564,446)</b>	<b>(245,556,234)</b>
Long term security deposits-net	(127,000)	-
Finance cost paid	(453,907,188)	(248,143,757)
Income tax paid	(22,485,566)	(35,594,875)
	(476,519,754)	(283,738,632)
<b>Net cash used in operating activities</b>	<b>(622,084,200)</b>	<b>(529,294,866)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(81,269,667)	(155,398,065)
Proceeds from sale of property, plant and equipment	9,795,424	1,790,999
Long term loans-net	(215,250)	3,191,473
Investment in subsidiary company	(497,124,041)	(160,000,000)
<b>Net cash used in investing activities</b>	<b>(568,813,534)</b>	<b>(310,415,593)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from long term financing	500,000,000	1,600,000,000
Repayment of long term financing	(978,870,238)	(537,203,572)
Repayment of long term murabaha	-	(481,250,000)
Dividend paid	(32,938)	(108,540,193)
<b>Net cash (used in) / from financing activities</b>	<b>(478,903,176)</b>	<b>473,006,235</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,669,800,910)</b>	<b>(366,704,224)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b> (Note 16)	<b>(3,172,470,284)</b>	<b>(2,562,922,045)</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b> (Note 16)	<b>(4,842,271,194)</b>	<b>(2,929,626,269)</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 2008

	SHARE CAPITAL	HEDGING RESERVE	REVENUE RESERVES			TOTAL RESERVES	TOTAL EQUITY
			General Reserve	Un-appropriated Profit	Sub Total		

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Balance as on 30 June 2007	752,008,380	-	1,629,221,278	304,968,709	1,934,189,987	1,934,189,987	2,686,198,367
Final dividend for the year ended 30 June 2007 @ Rs 1.5 per share	-	-	-	(112,801,257)	(112,801,257)	(112,801,257)	(112,801,257)
Loss for the half year ended 31 December 2007	-	-	-	(74,751,750)	(74,751,750)	(74,751,750)	(74,751,750)
<b>Balance as on 31 December 2007</b>	<b>752,008,380</b>	<b>-</b>	<b>1,629,221,278</b>	<b>117,415,702</b>	<b>1,746,636,980</b>	<b>1,746,636,980</b>	<b>2,498,645,360</b>
Fair value (net of deferred tax) of quanto interest rate swap entered into as part of cash flow hedge	-	8,617,175	-	-	-	8,617,175	8,617,175
Profit for the half year ended 30 June 2008	-	-	-	92,931,495	92,931,495	92,931,495	92,931,495
<b>Balance as on 30 June 2008</b>	<b>752,008,380</b>	<b>8,617,175</b>	<b>1,629,221,278</b>	<b>210,347,197</b>	<b>1,839,568,475</b>	<b>1,848,185,650</b>	<b>2,600,194,030</b>
Fair value (net of deferred tax) of quanto interest rate swap entered into as part of cash flow hedge	-	9,456,082	-	-	-	9,456,082	9,456,082
Bonus shares issued @ 10%	75,200,840	-	-	(75,200,840)	(75,200,840)	(75,200,840)	-
Profit for the half year ended 31 December 2008	-	-	-	150,695,078	150,695,078	150,695,078	150,695,078
<b>Balance as on 31 December 2008</b>	<b>827,209,220</b>	<b>18,073,257</b>	<b>1,629,221,278</b>	<b>285,841,435</b>	<b>1,915,062,713</b>	<b>1,933,135,970</b>	<b>2,760,345,190</b>

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

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Chief Executive

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Director



## Selected Notes to the Interim Condensed Financial Information (Unaudited)

For the Half Year Ended 31 December 2008

### 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 the 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 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 Standard (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 2008.

### 3. ACCOUNTING POLICIES AND COMPUTATION METHODS

Accounting policies and method of computations adopted for the preparation of this interim condensed financial information are the same as applied in the preparation of the preceding annual financial statements of the company for the year ended 30 June 2008.

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Judgments and estimates made by the management in the preparation of this interim condensed financial information are the same as those applied to the annual financial statements of the company for the year ended 30 June 2008.

### 5. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

Unaudited 31 December 2008	Audited 30 June 2008		Unaudited 31 December 2008	Audited 30 June 2008
			Rupees	Rupees
12,000,000	12,000,000	Ordinary shares of Rupees 10 each fully paid in cash	120,000,000	120,000,000
69,496,657	61,976,573	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	694,966,570	619,765,730
1,224,265	1,224,265	Ordinary shares of Rupees 10 each issued as fully paid for consideration other than cash to members of Umer Fabrics Limited as per the Scheme of arrangement as approved by the Honourable Lahore High Court, Lahore.	12,242,650	12,242,650
<u>82,720,922</u>	<u>75,200,838</u>		<u>827,209,220</u>	<u>752,008,380</u>



	Unaudited 31 December 2008	Audited 30 June 2008
	Rupees	Rupees
<b>6. LONG TERM FINANCING</b>		
From banking companies - secured		
Long term loans (Note 6.1)	2,832,399,535	2,336,389,516
Long term musharika (Note 6.2)	218,750,000	250,000,000
	<u>3,051,149,535</u>	<u>2,586,389,516</u>
<b>6.1 LONG TERM LOANS</b>		
Opening balance	4,294,126,989	3,537,700,799
Add: Obtained during the period / year	500,000,000	2,000,000,000
Less: Repaid during the period / year	(978,870,238)	(1,243,573,810)
	<u>3,815,256,751</u>	<u>4,294,126,989</u>
Closing balance	3,815,256,751	4,294,126,989
Less: Current portion shown under current liabilities	(982,857,216)	(1,957,737,473)
	<u>2,832,399,535</u>	<u>2,336,389,516</u>
<b>6.2 LONG TERM MUSHARIKA</b>		
Opening balance	250,000,000	-
Add: Obtained during the period / year	-	250,000,000
	<u>250,000,000</u>	<u>250,000,000</u>
Closing balance	250,000,000	250,000,000
Less: Current portion shown under current liabilities	(31,250,000)	-
	<u>218,750,000</u>	<u>250,000,000</u>
<b>7. SHORT TERM BORROWINGS</b>		
Short term running finances	2,196,423,238	627,434,495
Export finances-preshipment / SBP refinance	1,893,500,000	1,583,281,643
Other short term finances	800,000,000	980,000,000
	<u>4,889,923,238</u>	<u>3,190,716,138</u>

## 8. CONTINGENCIES AND COMMITMENTS

### Contingencies

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

Post dated cheques have been issued to custom authorities in respect of duties amounting to Rupees 33.770 million (30 June 2008: Rupees 23.793 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.



### Commitments

- i) Commitments in respect of capital expenditure are Rupees 50.18 million (30 June 2008: Rupees 171.090 million).
- ii) Letters of credit other than for capital expenditure are Rupees 39.91 million (30 June 2008: Rupees 151.583 million).
- iii) Quanto (interest rate) swap of Rupees 500 million (outstanding notional amount) (30 June 2008: Rupees 500 million) as on 31 December 2008.
- iv) Outstanding forward contracts of Rupees 829.500 million (30 June 2008: Rupees 439.705 million).

	Unaudited 31 December 2008	Audited 30 June 2008
	Rupees	Rupees
<b>9. FIXED ASSETS</b>		
Property, plant and equipment		
Operating assets (Note 9.1)	5,844,036,140	6,067,386,394
Capital work in progress (Note 9.2)	194,621,474	190,864,761
Intangible assets in progress	1,399,000	1,319,000
	<u>6,040,056,614</u>	<u>6,259,570,155</u>
<b>9.1 Operating Assets</b>		
Opening book value	6,067,386,394	6,389,949,755
Add: Cost of additions during the period / year (Note 9.1.1)	77,432,954	309,087,531
	<u>6,144,819,348</u>	6,699,037,286
Less: Book value of deletions during the period / year (Note 9.1.2)	9,743,361	5,320,536
	<u>6,135,075,987</u>	6,693,716,750
Less: Depreciation charged during the period / year	291,039,847	626,330,356
	<u>5,844,036,140</u>	<u>6,067,386,394</u>
<b>9.1.1 Cost of additions during the period/year</b>		
Building on freehold land	30,712,747	95,068,296
Plant and machinery	41,427,167	192,238,853
Electric installations	67,230	1,350,102
Factory equipment	-	5,000,667
Furniture and fixtures	889,595	2,802,852
Office equipment	2,753,135	3,182,627
Vehicles	1,583,080	9,444,134
	<u>77,432,954</u>	<u>309,087,531</u>



	Unaudited 31 December 2008	Audited 30 June 2008
	Rupees	Rupees
<b>9.1.2 Book value of deletions during the period / year</b>		
Cost of deletions		
Plant and machinery	13,491,708	-
Furniture and fixtures	-	834,619
Office Equipment	-	31,979
Vehicles	13,176,874	11,987,470
	<u>26,668,582</u>	<u>12,854,068</u>
Less Accumulated Depreciation	(16,925,221)	(7,533,532)
Book value of deletions during the period / year	<u>9,743,361</u>	<u>5,320,536</u>
<b>9.2 Capital work in progress</b>		
Plant, machinery and equipment	156,809,366	147,861,191
Civil works on freehold land	37,509,094	42,187,474
Mobilization advance	303,014	816,096
	<u>194,621,474</u>	<u>190,864,761</u>
<b>10. INVESTMENT IN SUBSIDIARY - AT COST</b>		
Nishat Chunian Power Limited 70,485,684 (30 June 2008: 21,173,280) ordinary shares of Rupees 10 each	704,856,840	211,732,800
Advance for purchase of shares	4,000,001	-
	<u>708,856,841</u>	<u>211,732,800</u>
<b>11. STOCK IN TRADE</b>		
Raw materials	2,521,405,647	1,834,860,154
Work in process	188,987,210	195,443,205
Finished goods - own produced	647,649,941	421,026,976
Finished goods - trading stock	-	6,412,705
Waste	40,569,797	25,100,317
	<u>3,398,612,595</u>	<u>2,482,843,357</u>



	Unaudited Half Year Ended		Unaudited Quarter Ended	
	31 December 2008	31 December 2007	31 December 2008	31 December 2007
	Rupees	Rupees	Rupees	Rupees
<b>12. COST OF SALES</b>				
Raw material consumed	2,735,205,702	2,473,458,561	1,145,754,385	1,312,025,312
Packing materials consumed	111,330,311	118,969,059	53,563,038	53,751,616
Stores, spare parts and loose tools	121,418,994	98,083,424	62,013,362	43,693,752
Salaries, wages and other benefits	291,170,011	298,858,678	157,932,366	155,123,546
Fuel and power	372,817,543	263,597,193	201,367,955	133,864,517
Insurance	13,349,398	9,755,787	6,773,351	5,007,530
Postage and telephone	291,094	229,871	121,376	94,629
Travelling and conveyance	4,303,206	5,918,395	2,034,383	2,620,130
Vehicle running	5,674,879	4,222,161	2,835,502	1,982,265
Entertainment	873,400	537,680	541,741	313,052
Depreciation	285,797,219	302,650,066	144,057,741	152,354,064
Repair and maintenance	8,912,848	7,895,320	4,354,583	5,863,225
Other factory overheads	21,540,086	23,939,439	9,864,796	11,097,387
	<u>3,972,684,691</u>	<u>3,608,115,634</u>	<u>1,791,214,579</u>	<u>1,877,791,025</u>
Work-in-process				
Opening stock	195,443,205	268,870,213	200,399,594	230,927,759
Closing stock	(188,987,211)	(263,772,143)	(188,987,211)	(263,772,143)
	<u>6,455,994</u>	<u>5,098,070</u>	<u>11,412,383</u>	<u>(32,844,384)</u>
Cost of goods manufactured	<u>3,979,140,685</u>	<u>3,613,213,704</u>	<u>1,802,626,962</u>	<u>1,844,946,641</u>
Finished goods and waste-opening stocks				
Finished goods	421,026,976	513,446,035	490,158,095	561,523,592
Waste	25,100,317	12,493,371	26,307,112	17,410,505
	<u>446,127,293</u>	<u>525,939,406</u>	<u>516,465,207</u>	<u>578,934,097</u>
	<u>4,425,267,978</u>	<u>4,139,153,110</u>	<u>2,319,092,169</u>	<u>2,423,880,738</u>
Finished goods and waste-closing stocks				
Finished goods	(647,649,894)	(586,806,055)	(647,649,894)	(586,806,055)
Waste	(40,569,890)	(21,560,466)	(40,569,890)	(21,560,466)
	<u>(688,219,784)</u>	<u>(608,366,521)</u>	<u>(688,219,784)</u>	<u>(608,366,521)</u>
Cost of sales-own manufactured	<u>3,737,048,194</u>	<u>3,530,786,589</u>	<u>1,630,872,385</u>	<u>1,815,514,217</u>
Opening stock of purchased finished goods	6,412,705	1,670,072	59,822	4,263,611
Add: Finished goods purchased	12,257,853	11,654,978	52,621	4,797,233
Less: Closing stock of purchased finished goods	-	(4,671,207)	-	(4,671,207)
Cost of sales-purchased finished goods	<u>18,670,558</u>	<u>8,653,843</u>	<u>112,443</u>	<u>4,389,637</u>
	<u>3,755,718,752</u>	<u>3,539,440,432</u>	<u>1,630,984,828</u>	<u>1,819,903,854</u>



	Unaudited Half Year Ended		Unaudited Quarter Ended	
	31 December 2008	31 December 2007	31 December 2008	31 December 2007
	Rupees	Rupees	Rupees	Rupees
<b>13. OTHER OPERATING INCOME</b>				
Income from financial assets				
Return on bank deposits	24,295	12,479	175	12,478
Exchange gain - net	87,208,701	16,776,613	53,014,899	3,145,369
Income from non financial assets				
Gain on sale of property, plant and equipment	52,063	735,020	(121,320)	160,815
Sale of scrap	7,425,771	6,899,488	3,061,922	3,291,852
Others	226,238	138,854	93,058	83,691
	<u>94,937,068</u>	<u>24,562,454</u>	<u>56,048,734</u>	<u>6,694,205</u>
<b>14. TAXATION</b>				
Current	28,000,000	24,000,000	3,000,000	4,000,000
Deferred	4,021,279	-	4,021,279	-
	<u>32,021,279</u>	<u>24,000,000</u>	<u>7,021,279</u>	<u>4,000,000</u>

#### 15. EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share.

	Unaudited 31 December 2008	Audited 30 June 2008
	Rupees	Rupees
<b>16. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	47,652,044	18,245,854
Short term borrowings	(4,889,923,238)	(3,190,716,138)
	<u>(4,842,271,194)</u>	<u>(3,172,470,284)</u>

#### 17. TRANSACTIONS WITH RELATED PARTIES

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

	Unaudited 31 December 2008	Unaudited 31 December 2007
	Rupees	Rupees
Purchase of goods and services	32,975,021	14,954,725
Sale of goods and services	47,450,726	82,975,753
Insurance premium paid	16,791,029	15,277,718
Insurance claim received	1,554,395	22,673,549
Contribution to employees' provident fund	10,285,679	9,071,309
Long term investment in subsidiary	497,124,041	160,000,000
Remuneration paid to key management personnels	20,246,479	23,001,354





#### 18. EVENTS AFTER THE BALANCE SHEET DATE

The shareholders of the company in extraordinary general meeting held on 02 February 2009 have approved the issuance of non-voting, cumulative, convertible preference shares of Rs.10 each in proportion of 1 preference share for 2 ordinary shares held, subject to the approval of Securities and Exchange Commission of Pakistan and Stock Exchanges, where the company is listed, in place of previous decision of Board of Directors for right issue of ordinary shares in their meeting held on 08 October 2008.

#### 19. CORRESPONDING FIGURES

Corresponding figures have been rearranged / regrouped wherever necessary for the purpose of comparison. However, no significant rearrangement / regrouping have been made except for grouping of stock of lycra of Rupees 35,380,408 in raw material stock. Previously as at 30 June 2008, it was grouped in stores.

#### 20. AUTHORISED FOR ISSUE

This interim condensed financial information was approved by the Board of Directors and authorised for issue on 26 February 2009.

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

\_\_\_\_\_  
Director



**NISHAT (CHUNIAN) LIMITED**

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**Interim Condensed Consolidated  
Financial Information  
Half Year ended 31 December 2008  
(Unaudited)**



## Interim Condensed Consolidated Balance Sheet

	Note	Unaudited 31 December 2008 <u>Rupees</u>	Audited 30 June 2008 <u>Rupees</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital 130,000,000 (30 June 2008: 80,000,000) ordinary shares of Rupees 10 each		<u>1,300,000,000</u>	<u>800,000,000</u>
Issued, subscribed and paid up share capital 82,720,922 (30 June 2008: 75,200,838) ordinary shares of Rupees 10 each		827,209,220	752,008,380
Reserves		<u>1,933,135,970</u>	1,848,185,650
Minority interest		<u>2,760,345,190</u> 176,214,220	2,600,194,030 52,933,200
<b>TOTAL EQUITY</b>		<b>2,936,559,410</b>	<b>2,653,127,230</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term financing		3,051,149,535	2,586,389,516
Long term murabaha		3,524,284,205	1,048,318,127
Deferred tax liability		6,664,968	4,640,017
		<u>6,582,098,708</u>	3,639,347,660
<b>CURRENT LIABILITIES</b>			
Trade and other payables		417,905,694	382,825,333
Accrued mark-up		326,027,887	151,730,763
Short term borrowings		4,889,923,239	3,190,716,138
Current portion of non-current liabilities		1,014,107,216	1,957,737,473
		<u>6,647,964,036</u>	5,683,009,707
<b>TOTAL LIABILITIES</b>		<b>13,230,062,744</b>	<b>9,322,357,367</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	5	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>16,166,622,154</b></u>	<u><b>11,975,484,597</b></u>

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

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



## as at 31 December 2008

	Note	Unaudited 31 December 2008 Rupees	Audited 30 June 2008 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets	6	10,586,175,854	7,595,030,770
Long term loans		10,416,085	9,706,688
Long term security deposits		1,022,942	895,942
		<u>10,597,614,881</u>	<u>7,605,633,400</u>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		314,356,876	271,716,246
Stock in trade		3,398,612,593	2,482,843,357
Trade debts		1,295,468,721	1,311,338,154
Loans and advances		287,267,604	114,414,578
Short term deposits and prepayments		7,448,426	936,821
Other receivables		210,965,115	159,147,351
Cash and bank balances		54,887,938	29,454,690
		<u>5,569,007,273</u>	<u>4,369,851,197</u>
<b>TOTAL ASSETS</b>		<u><u>16,166,622,154</u></u>	<u><u>11,975,484,597</u></u>

Director



## Interim Condensed Consolidated Profit and Loss Account (Unaudited)

For the Half Year Ended 31 December 2008

	Half Year Ended		Quarter Ended	
	31 December	31 December	31 December	31 December
	2008	2007	2008	2007
	Rupees	Rupees	Rupees	Rupees
Sales	4,580,142,271	3,910,395,564	1,988,168,416	1,906,960,663
Cost of sales	3,755,718,752	3,539,440,432	1,630,984,828	1,819,903,854
Gross profit	824,423,519	370,955,132	357,183,588	87,056,809
Distribution cost	141,550,602	87,151,100	57,475,783	41,531,363
Administrative expenses	69,901,298	64,259,885	36,269,238	35,793,912
Other operating expenses	14,517,513	3,402,673	6,495,736	(2,395,307)
	225,969,413	154,813,658	100,240,757	74,929,968
	598,454,106	216,141,474	256,942,831	12,126,841
Other operating income	94,937,068	24,562,454	56,048,734	6,694,205
Profit from operations	693,391,174	240,703,928	312,991,565	18,821,046
Finance cost	510,674,817	291,455,678	277,802,171	143,731,961
Profit / (loss) before taxation	182,716,357	(50,751,750)	35,189,394	(124,910,915)
Provision for taxation	32,021,279	24,000,000	7,021,279	4,000,000
Profit / (loss) after taxation	150,695,078	(74,751,750)	28,168,115	(128,910,915)
Earnings per share - Basic and diluted	1.82	(0.90)	0.34	(1.56)

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

Chief Executive

Director



## Interim Condensed Consolidated Cash Flow Statement (Unaudited)

For the Half Year Ended 31 December 2008

	Note	31 December 2008	31 December 2007
		Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash used in operations	7	(34,755,758)	(243,729,440)
Long term security deposits - net		(127,000)	-
Finance cost paid		(453,907,188)	(248,143,757)
Taxes paid		(22,485,566)	(35,594,875)
		(476,519,754)	(283,738,632)
Net cash used in operating activities		(511,275,512)	(527,468,072)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(3,291,928,291)	(258,297,992)
Long term loans - net		(709,397)	1,791,473
Proceeds from sale of property, plant and equipment		9,795,425	1,790,999
Net cash used in investing activities		(3,282,842,263)	(254,715,520)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long term financing and murabaha		2,975,966,078	1,600,000,000
Repayment of long term financing and murabaha		(978,870,238)	(1,018,453,572)
Shares issued to minority shareholders		123,281,020	40,000,000
Dividend paid		(32,938)	(108,540,193)
Net cash generated from financing activities		2,120,343,922	513,006,235
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(1,673,773,853)</b>	<b>(269,177,357)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	8	<b>(3,161,261,448)</b>	<b>(2,562,922,045)</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	8	<b>(4,835,035,301)</b>	<b>(2,832,099,402)</b>

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

Chief Executive

Director



## Interim Condensed Consolidated Statement of Changes in Equity (Unaudited)

For the Half Year Ended 31 December 2008

	HOLDING COMPANY'S EQUITY						MINORITY INTEREST	TOTAL EQUITY
	SHARE CAPITAL	HEDGING RESERVE	REVENUE RESERVES		TOTAL RESERVES	TOTAL EQUITY OF HOLDING COMPANY		
			General Reserve	Unappropriated Profit/(Loss)				
..... Rupees .....								
Balance as at 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
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)
Loss for the half year ended 31 December 2007	-	-	-	(74,751,750)	(74,751,750)	(74,751,750)	-	(74,751,750)
Balance as at 31 December 2007	752,008,380	-	1,629,221,278	117,415,702	1,746,636,980	2,498,645,360	-	2,498,645,360
Fair value (net of deferred tax) of quanto interest rate swap entered into as part of cash flow hedge	-	8,617,175	-	-	8,617,175	8,617,175	-	8,617,175
Net Profit for the Half Year ended 30 June 2008	-	-	-	92,931,495	92,931,495	92,931,495	52,933,200	145,864,695
Balance as at 30 June 2008	752,008,380	8,617,175	1,629,221,278	210,347,197	1,848,185,650	2,600,194,030	52,933,200	2,653,127,230
Fair value (net of deferred tax) of quanto interest rate swap entered into as part of cash flow hedge	-	9,456,082	-	-	9,456,082	9,456,082	-	9,456,082
Bonus shares issued	75,200,840	-	-	(75,200,840)	(75,200,840)	-	-	-
Profit for the half year ended 31 December 2008	-	-	-	150,695,078	150,695,078	150,695,078	-	150,695,078
Minority Interest	-	-	-	-	-	-	123,281,020	123,281,020
<b>Balance as at 31 December 2008</b>	<b>827,209,220</b>	<b>18,073,257</b>	<b>1,629,221,278</b>	<b>285,841,435</b>	<b>1,933,135,970</b>	<b>2,760,345,190</b>	<b>176,214,220</b>	<b>2,936,559,410</b>

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

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

\_\_\_\_\_  
Director





## Selected Notes to the Interim Condensed Consolidated Financial Information (Unaudited)

For the Half Year Ended 31 December 2008

### 1. THE GROUP AND ITS OPERATIONS

The Group consists of:

Holding Company	- Nishat (Chunian) Limited
Subsidiary Company	- Nishat Chunian Power Limited

#### Nishat (Chunian) Limited

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 fibre and cloth to generate electricity for internal use.

#### Nishat Chunian Power Limited

Nishat Chunian Power Limited is an unlisted public limited company incorporated in Pakistan under the Companies Ordinance, 1984. The principal activity of the Company is to build, own, operate and maintain a fuel fired power station based on Reciprocating Engine Technology having gross capacity of 200 MW ISO in Jamber Kalan, Tehsil Pattoki, District Kasur, Punjab, Pakistan. The expected project commissioning date is 31 March 2010. Its registered office is situated at 31-Q, Gulberg II, Lahore. Nishat (Chunian) Limited holds 80% of the share capital of Nishat Chunian Power Limited.

### 2. STATEMENT OF COMPLIANCE

This interim condensed consolidated financial information is unaudited 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 Standard (IAS) - 34 "Interim Financial Reporting" as applicable in Pakistan and notified by the Securities and Exchange Commission of Pakistan (SECP). This interim consolidated financial information should be read in conjunction with the annual financial statements for the year ended 30 June 2008.

### 3. ACCOUNTING POLICIES AND COMPUTATION METHODS

The accounting policies and methods of computation adopted for the preparation of these interim condensed consolidated financial information are the same as applied in the preparation of preceding annual published financial statements of the holding company for the year ended 30 June 2008.

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Judgments and estimates made by the management in the preparation of this interim condensed consolidated financial information are the same as those applied to the annual financial statements of the holding company for the year ended 30 June 2008.

### 5. CONTINGENCIES AND COMMITMENTS

#### Contingencies

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

Post dated cheques have been issued to custom authorities in respect of duties amounting to Rupees 33.770 million (30 June 2008: Rupees 23.793 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.



### Commitments

- i) Commitments in respect of capital expenditure are Rupees 10,729.106 million (30 June 2008: Rupees 13,191.704 million).
- ii) Letters of credit other than for capital expenditure are Rupees 39.91 million (30 June 2008: Rupees 151.583 million).
- iii) Quanto (interest rate) swap entered by the Holding company of Rupees 500 million (30 June 2008: Rupees 500 million) as on 31 December 2008.
- iv) Outstanding forwards contracts of Rupees 829.5 million (30 June 2008: Rupees 439.705 million).

	Unaudited 31 December 2008	Audited 30 June 2008
	Rupees	Rupees
<b>6. FIXED ASSETS</b>		
Property, plant and equipment		
Operating assets	5,913,501,871	6,139,633,290
Capital work in progress	4,671,274,983	1,454,078,480
	10,584,776,854	7,593,711,770
Intangible assets in progress	1,399,000	1,319,000
	<u>10,586,175,854</u>	<u>7,595,030,770</u>
	Unaudited 31 December 2008	Unaudited 31 December 2007
	Rupees	Rupees
<b>7. CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	182,716,357	(50,751,750)
Add/(less) adjustment for non cash charges and other items:		
Depreciation	291,039,847	308,794,626
Gain on sale of operating fixed assets	(52,063)	(735,020)
Provision for Employee benefits	2,194,494	2,145,920
Finance costs	510,674,817	291,455,678
Cash flows from operating activities before working capital changes	986,573,452	550,909,454
(Increase)/decrease in current assets		
- Stores, spare parts and loose tools	(42,640,630)	(35,251,607)
- Stock in trade	(915,769,238)	(390,635,930)
- Trade debts	15,869,433	(209,388,511)
- Loans and advances	(173,455,820)	(332,212,585)
- Short term deposits and prepayments	(6,511,605)	(7,482,326)
- Other receivables	(44,496,678)	(4,963,326)
Increase in current liabilities		
- Trade and other payables	145,675,328	185,295,391
Effect on cash flows due to working capital changes	(1,021,329,210)	(794,638,894)
Cash used in operations	<u>(34,755,758)</u>	<u>(243,729,440)</u>



	Unaudited 31 December 2008	Audited 30 June 2008
	Rupees	Rupees
<b>8. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	54,887,938	29,454,690
Short term borrowings	(4,889,923,239)	(3,190,716,138)
	<u>(4,835,035,301)</u>	<u>(3,161,261,448)</u>

#### 9. 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.

	Unaudited 31 December 2008	Unaudited 31 December 2007
	Rupees	Rupees
Purchase of goods and services	32,975,021	14,954,725
Sale of goods and services	47,450,726	82,975,753
Insurance premium paid	16,791,029	15,277,718
Insurance claim received	1,554,395	22,673,549
Contribution to employees' provident fund	10,648,850	9,145,309
Remuneration paid to key management personnels	26,786,179	24,333,354

#### 10. EVENTS AFTER THE BALANCE SHEET DATE

The shareholders of the holding company in extraordinary general meeting held on 02 February 2009 have approved the issuance of non-voting, cumulative, convertible preference shares of Rs.10 each in proportion of 1 preference share for 2 ordinary shares held, subject to the approval of Securities and Exchange Commission of Pakistan and Stock Exchanges, where the holding company is listed, in place of previous decision of Board of Directors for right issue of ordinary shares in their meeting held on 08 October 2008.

#### 11. CORRESPONDING FIGURES

Corresponding figures have been rearranged / regrouped wherever necessary for the purpose of comparison. However, no significant rearrangement / regrouping have been made except for grouping of stock of lycra of Rupees 35,380,408 in raw material stock. Previously as at 30 June 2008, it was grouped in stores.

#### 12. AUTHORISED FOR ISSUE

This interim condensed consolidated financial information was approved by the Board of Directors and authorised for issue on 26 February 2009.

Chief Executive

Director