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Company Information

Board of Directors:	Mr. Muhammad Saleem Mrs. Farhat Saleem Mr. Shahzad Saleem Mr. Manzoor Ahmed Mr. Aftab Ahmad Khan Mr. Manzar Mushtaq Mr. Mushtaq Ahmad	Chairman Chief Executive Nominee NIT
Audit Committee:	Mr. Aftab Ahmad Khan Mr. Shahzad Saleem Mr. Manzar Mushtaq	Chairman Member Member
Company Secretary:	Mr. Ahmad Subhani	
Bankers to the Company:	Al Baraka Islamic Bank Allied Bank Limited Askari Bank Limited Atlas Bank Limited Bank Alfalah Limited Bank Islami Pakistan Limited Barclays Bank PLC, Pakistan Citibank N.A. Dawood Islamic Bank Limited Deutsche Bank AG Dubai Islamic Bank Pakistan Limited Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank HSBC Bank Middle East Limited JS Bank Limited KASB Bank Limited Meezan Bank Limited National Bank of Pakistan NB Bank Limited Pakistan Kuwait Investment Company (Pvt) Limited SAMBA Bank Limited Saudi Pak Industrial and Agricultural Investment Company Limited Standard Chartered Bank Pakistan Limited The Bank of Punjab The Royal Bank of Scotland Limited United Bank Limited	
Auditors:	Riaz Ahmad & Company Chartered Accountants	
Registered & Head Office:	31-Q, Gulberg-II, Lahore, Pakistan. Phone : 35761730-39 Fax : 35878696-97 Web : http://nishat.net & www.nishatchunian.com	
Share Registrar:	Hameed Majeed Associates (Pvt) Limited 1st Floor, H.M. House 7-Bank Square, Lahore Ph : 042 37235081-2 Fax : 042 37358817	
Mills:	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. Home Textile Division 4th Kilometre, Manga Road, Raiwind.	



Directors' Report

We are pleased to present the un-audited financial results of Nishat (Chunian) Limited (the Company), for the half year ended 31 December 2010. Sales are Rs. 8,477 million as compared to Rs. 6,090 million during corresponding period last year. This shows an increase of 39%. Major reasons for increase in Sales are record high cotton prices and volume increase in sales. With the increase in sales, gross profit margin improved to 18% from 15% during corresponding period. Financial charges are increased by 25% as compared to corresponding period, because of additional working capital lines required to finance cotton purchases at higher prices. Company earned a before-tax profit of Rs. 611 million as compared to the Rs. 202 million during corresponding period. After the tax provision of Rs. 92 million, the Company has earned a net profit of Rs. 518 million for the half year. We expect further improvement in profitability during second half of the year as we have already covered cotton for rest of the year at average rate of around PKR 8,500 per maund. Our spinning business is the main source of this half year's profitability whereas our Home Textiles Division is operating at break even.

Nishat Chunian Power Limited is fully operational and is dispatching electricity to National Grid as per the requirements of NDTC. NCPL has a net profit of PKR 914 million during the half year ended 31 December 2010.

The directors wish to express their appreciation to the team of dedicated employees who continue to play pivotal role for the success and growth of the group companies.

On behalf of the Board

Shahzad Saleem
Chief Executive

Lahore: 28 February 2011



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

Introduction

We have reviewed the accompanying unconsolidated condensed interim balance sheet of NISHAT (CHUNIAN) LIMITED as at 31 December 2010 and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim cash flow statement and unconsolidated condensed interim statement of changes in equity together with the notes forming part thereof (herein after referred to as "unconsolidated condensed interim financial information"), for the half year then ended. Management is responsible for the preparation and presentation of this unconsolidated condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this unconsolidated condensed interim financial information based on our review. The figures of the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income for the quarters ended 31 December 2010 and 31 December 2009 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended 31 December 2010.

Scope of Review

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

Conclusion

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

Lahore
Dated: 28 February 2011

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Syed Mustafa Ali



Unconsolidated Condensed Interim Balance Sheet

		Un-audited	(Restated) Audited
	Note	31 December 2010	30 June 2010
		Rupees	Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	5	<u>1,950,000,000</u>	<u>1,950,000,000</u>
Issued, subscribed and paid-up share capital	6	1,654,418,440	1,654,418,440
Reserves		<u>3,120,744,618</u>	<u>2,842,451,462</u>
Total equity		4,775,163,058	4,496,869,902
NON-CURRENT LIABILITIES			
Long term financing	7	4,314,125,763	2,729,938,648
CURRENT LIABILITIES			
Trade and other payables		994,056,655	662,321,821
Accrued mark-up		300,089,007	216,443,282
Short term borrowings		7,436,970,384	4,667,797,672
Current portion of long term financing		1,552,045,831	1,542,866,668
		<u>10,283,161,877</u>	<u>7,089,429,443</u>
Total liabilities		14,597,287,640	9,819,368,091
CONTINGENCIES AND COMMITMENTS	8		
TOTAL EQUITY AND LIABILITIES		<u>19,372,450,698</u>	<u>14,316,237,993</u>

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

Chief Executive



as at 31 December 2010

			(Restated)
	Note	Un-audited 31 December 2010 Rupees	Audited 30 June 2010 Rupees
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	9	6,273,186,993	5,970,253,169
Investment in subsidiary company		1,873,469,390	1,873,469,390
Long term loans		454,425,357	390,111,778
Long term security deposits		1,095,442	1,095,442
		<u>8,602,177,182</u>	<u>8,234,929,779</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		432,872,537	378,850,373
Stock-in-trade		8,046,696,754	3,262,817,564
Trade debts		1,141,753,608	1,518,724,508
Loans and advances		399,227,573	234,065,387
Short term prepayments		2,717,519	194,704
Other receivables		461,328,138	341,809,768
Accrued interest		34,054,744	5,571,439
Cash and bank balances		70,356,433	90,774,521
Non-current asset held for sale	10	10,589,007,306 181,266,210	5,832,808,264 248,499,950
		<u>10,770,273,516</u>	<u>6,081,308,214</u>
TOTAL ASSETS		<u><u>19,372,450,698</u></u>	<u><u>14,316,237,993</u></u>

Director



Unconsolidated Condensed Interim Profit and Loss Account (Un-audited)

For the Half Year Ended 31 December 2010

Note	Half Year Ended		Quarter Ended	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
		(Restated)		(Restated)
 R u p e e s			
SALES	8,476,548,747	6,089,929,710	4,656,325,808	3,234,736,346
COST OF SALES	11 (6,938,903,739)	(5,094,569,447)	(4,045,526,449)	(2,713,820,235)
GROSS PROFIT	1,537,645,008	995,360,263	610,799,359	520,916,111
DISTRIBUTION COST	(353,748,611)	(176,587,130)	(252,359,784)	(98,569,572)
ADMINISTRATIVE EXPENSES	(64,839,401)	(63,539,265)	(33,857,924)	(31,565,965)
OTHER OPERATING EXPENSES	(48,970,628)	(13,965,883)	(18,701,717)	(6,682,957)
	(467,558,640)	(254,092,278)	(304,919,425)	(136,818,494)
	1,070,086,368	741,267,985	305,879,934	384,097,617
OTHER OPERATING INCOME	207,158,137	59,262,824	184,159,508	32,612,078
PROFIT FROM OPERATIONS	1,277,244,505	800,530,809	490,039,442	416,709,695
FINANCE COST	(666,403,821)	(533,159,005)	(395,176,174)	(267,003,484)
PROFIT BEFORE TAXATION	610,840,684	267,371,804	94,863,268	149,706,211
TAXATION	(91,900,369)	(61,500,000)	(53,377,369)	(33,500,000)
PROFIT AFTER TAXATION	518,940,315	205,871,804	41,485,899	116,206,211
EARNINGS PER SHARE - BASIC	3.25	1.79	0.25	1.00
EARNINGS PER SHARE - DILUTED	3.14	1.48	0.25	0.82

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

Chief Executive

Director



Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited)

For the Half Year Ended 31 December 2010

Note	Half Year Ended		Quarter Ended	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
		(Restated)		(Restated)
 R u p e e s			
PROFIT AFTER TAXATION	518,940,315	205,871,804	41,485,899	116,206,211
OTHER COMPREHENSIVE INCOME				
Reclassification adjustment for gain on quanto interest rate swap entered into as part of cash flow hedge	-	(4,435,005)	-	(4,435,005)
Deferred income tax relating to other comprehensive income	-	1,552,252	-	1,552,252
Net loss recognized in other comprehensive income	-	(2,882,753)	-	(2,882,753)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	518,940,315	202,989,051	41,485,899	113,323,458

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

Chief Executive

Director



Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)

For the Half Year Ended 31 December 2010

	Note	Half Year Ended	
		31 December 2010 Rupees	30 June 2010 Rupees (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash utilized in operations	12	(2,893,983,640)	(92,201,243)
Finance cost paid		(582,758,096)	(558,521,291)
Income tax paid		(146,195,053)	(64,313,186)
Net (increase) / decrease in long term loans to employees		(1,731,937)	559,390
Net cash utilized in operating activities		(3,624,668,726)	(714,476,330)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(576,568,114)	(90,255,740)
Capital expenditure on intangible asset		-	(2,966,944)
Proceeds from sale of property, plant and equipment		20,010,430	1,953,397
Proceeds from sale of non-current asset held for sale		100,431,572	-
Long term loan to subsidiary company		(85,000,000)	-
Repayment of long term loan by subsidiary company		22,000,000	-
Interest received on long term loan to subsidiary company		5,571,439	-
Investment in shares of subsidiary company		-	(685,577,510)
Net cash used in investing activities		(513,554,673)	(776,846,797)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		2,364,963,500	500,000,000
Repayment of long term financing		(771,597,222)	(766,261,978)
Short term borrowings - net		2,769,172,712	1,396,002,296
Proceeds from issuance of ordinary shares		-	411,782,359
Dividends paid		(244,733,679)	(4,816,109)
Net cash from financing activities		4,117,805,311	1,536,706,568
Net (decrease) / increase in cash and cash equivalents		(20,418,088)	45,383,441
Cash and cash equivalents at the beginning of the period		90,774,521	29,445,865
Cash and cash equivalents at the end of the period		70,356,433	74,829,306

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

Chief Executive

Director



**Unconsolidated Condensed Interim
Statement of Changes in Equity (Un-audited)**
For the Half Year Ended 31 December 2010

	SHARE CAPITAL			RESERVES				TOTAL EQUITY
	Ordinary Shares	Preference Shares	Total	Capital	Revenue		Total	
				Hedging Reserve	General Reserve	Unappro- priated Profit		
..... R u p e e s								
Balance as on 30 June 2009- (audited)	827,209,220	413,604,610	1,240,813,830	2,882,753	1,629,221,278	229,553,070	1,861,657,101	3,102,470,931
Effect of change in accounting policy (Note 3.1)	-	-	-	-	-	(10,997,727)	(10,997,727)	(10,997,727)
Balance as on 30 June 2009 - restated	827,209,220	413,604,610	1,240,813,830	2,882,753	1,629,221,278	218,555,343	1,850,659,374	3,091,473,204
Ordinary shares issued	413,604,610	-	413,604,610	-	-	-	-	413,604,610
Share issuance cost - net	-	-	-	-	-	(1,822,251)	(1,822,251)	(1,822,251)
Preference dividend for the half year ended 31 December 2009	-	-	-	-	-	(31,275,307)	(31,275,307)	(31,275,307)
Total comprehensive income for the half year ended 31 December 2009 - restated	-	-	-	(2,882,753)	-	205,871,804	202,989,051	202,989,051
Balance as on 31 December 2009 - restated (un-audited)	1,240,813,830	413,604,610	1,654,418,440	-	1,629,221,278	391,329,589	2,020,550,867	3,674,969,307
Balance as on 30 June 2010 - restated	1,585,526,670	68,891,770	1,654,418,440	-	1,629,221,278	1,213,230,184	2,842,451,462	4,496,869,902
Preference shares converted into ordinary shares	10,810,590	(10,810,590)	-	-	-	-	-	-
Preference dividend for the half year ended 31 December 2010	-	-	-	-	-	(2,818,158)	(2,818,158)	(2,818,158)
Dividend on ordinary shares for the year ended 30 June 2010 @ Rupees 1.50 per share	-	-	-	-	-	(237,829,001)	(237,829,001)	(237,829,001)
Total comprehensive income for the half year ended 31 December 2010	-	-	-	-	-	518,940,315	518,940,315	518,940,315
Balance as on 31 December 2010- (un-audited)	1,596,337,260	58,081,180	1,654,418,440	-	1,629,221,278	1,491,523,340	3,120,744,618	4,775,163,058

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

Chief Executive

Director



Selected Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)

For the Half Year Ended 31 December 2010

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, printing, 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, accumulate, distribute, supply and sell electricity.

2. BASIS OF PREPARATION

This unconsolidated condensed interim financial information is un-audited but subject to limited scope review by the statutory auditors and is being submitted to shareholders, as required by section 245 of the Companies Ordinance, 1984. This unconsolidated condensed interim financial information of the company for the half year ended 31 December 2010 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This unconsolidated condensed interim financial information should be read in conjunction with the preceding audited annual published financial statements of the company for the year ended 30 June 2010.

3. ACCOUNTING POLICIES AND COMPUTATION METHODS

The accounting policies and the methods of computation adopted in the preparation of this unconsolidated condensed interim financial information are the same as those applied in the preparation of the preceding audited annual published financial statements of the company for the year ended 30 June 2010 except for the change in accounting policy as referred to in note 3.1.

3.1 During the half year ended 31 December 2010, the company has changed its accounting policy for measurement of cost of raw material of spinning segment. Previously, cost of raw material of spinning segment was measured using annual average cost formula. Now, it is measured using monthly moving average cost formula. This change in accounting policy has been accounted for retrospectively in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Had there been no change in this accounting policy, the figures recognized in this unconsolidated condensed interim financial information would have been different as follows:

	Rupees
Decrease in un-appropriated profit as at 30 June 2009	(10,997,727)
Increase in profit for the half year ended 31 December 2009	65,693,363
Increase in profit for the half year ended 30 June 2010	9,663,620
	<hr/>
Increase in stock-in-trade as at 30 June 2010	64,359,256
	<hr/>
Increase in profit for the half year ended 31 December 2010	457,469,980
	<hr/>
Increase in stock-in-trade as at 31 December 2010	457,469,980
	<hr/>

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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



During preparation of this unconsolidated condensed interim financial information, the significant judgments made by the management in applying the company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the company for the year ended 30 June 2010.

5. AUTHORIZED SHARE CAPITAL

Un-audited 31 December 2010	Audited 30 June 2010		Un-audited 31 December 2010	Audited 30 June 2010
(Number of shares)			Rupees	Rupees
175,000,000	175,000,000	Ordinary shares of Rupees 10 each	1,750,000,000	1,750,000,000
20,000,000	20,000,000	15% non-voting cumulative convertible preference shares of Rupees 10 each	200,000,000	200,000,000
<u>195,000,000</u>	<u>195,000,000</u>		<u>1,950,000,000</u>	<u>1,950,000,000</u>

6. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

Un-audited 31 December 2010	Audited 30 June 2010		Un-audited 31 December 2010	Audited 30 June 2010
(Number of shares)			Rupees	Rupees
Ordinary shares				
88,912,804	87,831,745	Ordinary shares of Rupees 10 each fully paid in cash	889,128,040	878,317,450
69,496,657	69,496,657	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	694,966,570	694,966,570
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>159,633,726</u>	<u>158,552,667</u>		<u>1,596,337,260</u>	<u>1,585,526,670</u>
Preference shares				
5,808,118	6,889,177	15% non-voting cumulative convertible preference shares of Rupees 10 each fully paid in cash	58,081,180	68,891,770
<u>165,441,844</u>	<u>165,441,844</u>		<u>1,654,418,440</u>	<u>1,654,418,440</u>

6.1 During the half year ended 31 December 2010, 1,081,059 preference shares were converted into ordinary shares of Rupees 10 each at par, on request of the preference shareholders.



	Un-audited 31 December 2010 Rupees	Audited 30 June 2010 Rupees
7. LONG TERM FINANCING		
From banking companies - secured		
Long term loans (Note 7.1)	3,940,375,763	2,284,938,648
Long term musharika (Note 7.2)	373,750,000	445,000,000
	<u>4,314,125,763</u>	<u>2,729,938,648</u>
7.1 Long term loans		
Opening balance	3,685,305,316	4,536,161,180
Add: Obtained during the period / year	2,364,963,500	890,900,000
Less: Repaid during the period / year	(700,347,222)	(1,741,755,864)
Closing balance	5,349,921,594	3,685,305,316
Less: Current portion shown under current liabilities	(1,409,545,831)	(1,400,366,668)
	<u>3,940,375,763</u>	<u>2,284,938,648</u>
7.2 Long term musharika		
Opening balance	587,500,000	250,000,000
Add: Obtained during the period / year	-	400,000,000
Less: Repaid during the period / year	(71,250,000)	(62,500,000)
Closing balance	516,250,000	587,500,000
Less: Current portion shown under current liabilities	(142,500,000)	(142,500,000)
	<u>373,750,000</u>	<u>445,000,000</u>

8. CONTINGENCIES AND COMMITMENTS

Contingencies

There is no significant change in the status of contingencies since the last audited annual financial statements of the company for the year ended 30 June 2010 except for:

- i) Post dated cheques have been issued to custom authorities in respect of duties amounting to Rupees 919.098 million (30 June 2010: Rupees 36.933 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 appealed against the Government of Punjab in the Honourable Lahore High Court, Lahore against imposition of electricity duty on internal generation and the writ petition has been accepted. However, the Company has fully provided its liability in respect of generation for the current period. As at the reporting date, an amount of Rupees 9.997 million is payable on this account but the management is confident that payment of electricity duty will not be required.
- iii) The company has given following guarantees on behalf of Nishat Chunian Power Limited - subsidiary company:



- Performance guarantee of NIL (Pak Rupees NIL) [30 June 2010: USD 1 million (Pak Rupees 85.60 million)] in favour of Private Power and Infrastructure Board (Government of Pakistan) to secure performance of Nishat Chunian Power Limited under Implementation Agreement and Power Purchase Agreement.
- The company has issued irrevocable standby letter of credit of Rupees 642.406 million (30 June 2010: Rupees 642.406 million) for equity injection, in accordance with Project Funds Agreement, in favour of security trustee of syndicated lenders of Nishat Chunian Power Limited.

Commitments

- i) Contracts for capital expenditure amounted to Rupees 82.655 million (30 June 2010: Rupees 377.382 million).
- ii) Letters of credit other than for capital expenditure amounted to Rupees 65.972 million (30 June 2010: Rupees 68.954 million).
- iii) Outstanding foreign currency forward contracts of Rupees 3,099.002 million (30 June 2010: Rupees 3,031.700 million).
- iv) Outstanding balance under agreement for subordinated loan to subsidiary company amounting to Rupees 1,028.361 million (30 June 2010: Rupees 413.361 million).

	Un-audited 31 December 2010	Audited 30 June 2010
	Rupees	Rupees
9. FIXED ASSETS		
Property, plant and equipment:		
Operating assets (Note 9.1)	6,142,565,661	5,593,337,106
Capital work-in-progress (Note 9.2)	126,378,180	371,396,520
	<u>6,268,943,841</u>	<u>5,964,733,626</u>
Intangible asset:		
Computer software (Note 9.3)	4,243,152	527,600
Intangible asset in progress - ERP system	-	4,991,943
	<u>4,243,152</u>	<u>5,519,543</u>
	<u>6,273,186,993</u>	<u>5,970,253,169</u>
9.1 Operating assets		
Opening book value	5,593,337,106	5,905,713,184
Add: Cost of additions during the period / year (Note 9.1.1)	821,586,454	210,444,087
	<u>6,414,923,560</u>	<u>6,116,157,271</u>
Less: Book value of deletions during the period / year (Note 9.1.2)	(21,681,086)	(5,352,722)
	<u>6,393,242,474</u>	<u>6,110,804,549</u>
Less: Depreciation charged during the period / year	(250,676,813)	(517,467,443)
Closing book value	<u>6,142,565,661</u>	<u>5,593,337,106</u>



	Un-audited 31 December 2010 Rupees	Audited 30 June 2010 Rupees
9.1.1 Cost of additions during the period / year		
Building on freehold land	819,418	43,196,901
Plant and machinery	788,320,487	145,798,692
Electric installations	480,000	198,900
Factory equipment	669,600	-
Furniture, fixtures and equipment	1,186,050	27,700
Office equipment	2,124,567	7,556,137
Motor vehicles	27,986,332	13,665,757
	<u>821,586,454</u>	<u>210,444,087</u>
9.1.2 Book value of deletions during the period / year		
Cost of deletions		
Plant and machinery	71,961,984	9,857,222
Motor vehicles	9,674,401	7,374,265
Office equipment	75,000	24,000
	<u>81,711,385</u>	<u>17,255,487</u>
Less: Accumulated depreciation	(60,030,299)	(11,902,765)
Book value of deletions during the period / year	<u>21,681,086</u>	<u>5,352,722</u>
9.2 Capital work-in-progress		
Plant and machinery	3,760,096	210,460,088
Civil works on freehold land	59,617,948	37,164,500
Mobilization advance	1,666,947	2,188,766
Unallocated expenses	3,116,351	125,558
Letters of credit	79,388	120,928,608
Advance against purchase of assets	58,137,450	529,000
	<u>126,378,180</u>	<u>371,396,520</u>
9.3 Computer software		
Opening book value	527,600	923,300
Add: Transfer from intangible asset in progress	4,991,943	-
Less: Amortization charged during the period / year	(1,276,391)	(395,700)
Closing book value	<u>4,243,152</u>	<u>527,600</u>

10. NON-CURRENT ASSET HELD FOR SALE

This represents that portion of investment in shares of Nishat Chunian Power Limited- subsidiary company which is non-strategic and over and above 51 % stake in the subsidiary company. During the half year ended 31 December 2010 , the company has disposed off 6,873,374 ordinary shares of subsidiary company in excess of their carrying amount. Subsequently to the reporting period, 6,592,476 further shares of the subsidiary company have been sold in excess of their carrying amount. The Company expects to complete the sale transaction before financial year ending on 30 June 2011.



Un-audited			
Half Year Ended		Quarter Ended	
31 December 2010	31 December 2009	31 December 2010	31 December 2009

(Restated)

(Restated)

..... R u p e e s

11. COST OF SALES

Raw materials consumed	5,732,791,593	3,552,992,949	3,514,653,648	1,978,687,182
Packing materials consumed	171,540,788	191,278,660	63,427,818	94,464,846
Stores, spare parts and loose tools consumed	246,480,224	314,699,682	56,875,162	157,522,188
Salaries, wages and other benefits	420,669,915	357,678,478	222,321,303	183,878,545
Fuel and power	780,711,976	490,127,500	462,199,075	252,344,882
Insurance	12,885,277	11,458,849	6,981,676	5,788,145
Postage and telephone	207,989	154,442	119,436	74,840
Travelling and conveyance	5,901,970	3,541,555	2,883,756	2,022,903
Vehicles' running and maintenance	7,013,314	5,417,853	3,081,266	2,837,589
Entertainment	1,187,354	968,892	237,090	509,573
Depreciation on operating assets	249,917,920	252,492,930	131,792,911	126,379,834
Repair and maintenance	11,792,910	6,514,292	6,958,338	2,510,099
Other factory overheads	51,976,758	37,505,470	23,443,721	19,807,288
	<u>7,693,077,988</u>	<u>5,224,831,552</u>	<u>4,494,975,200</u>	<u>2,826,827,914</u>
Work-in-process:				
Opening stock	466,561,040	304,749,505	506,541,355	351,539,799
Closing stock	(583,787,038)	(342,036,854)	(583,787,038)	(342,036,854)
	<u>(117,225,998)</u>	<u>(37,287,349)</u>	<u>(77,245,683)</u>	<u>9,502,945</u>
Cost of goods manufactured	<u>7,575,851,990</u>	<u>5,187,544,203</u>	<u>4,417,729,517</u>	<u>2,836,330,859</u>
Finished goods and waste - opening stocks:				
Finished goods	681,133,741	361,764,128	941,446,511	329,249,381
Waste	36,816,119	22,083,974	41,324,144	25,077,553
	<u>717,949,860</u>	<u>383,848,102</u>	<u>982,770,655</u>	<u>354,326,934</u>
	<u>8,293,801,850</u>	<u>5,571,392,305</u>	<u>5,400,500,172</u>	<u>3,190,657,793</u>
Finished goods and waste - closing stocks:				
Finished goods	(1,285,256,455)	(450,623,800)	(1,285,256,455)	(450,623,800)
Waste	(69,717,268)	(26,256,943)	(69,717,268)	(26,256,943)
	<u>(1,354,973,723)</u>	<u>(476,880,743)</u>	<u>(1,354,973,723)</u>	<u>(476,880,743)</u>
Cost of sales - own manufactured	<u>6,938,828,127</u>	<u>5,094,511,562</u>	<u>4,045,526,449</u>	<u>2,713,777,050</u>
Opening stock of purchased finished goods	75,612	-	-	79,500
Finished goods purchased	-	137,388	-	43,188
Closing stock of purchased finished goods	-	(79,503)	-	(79,503)
Cost of sales - purchased finished goods	<u>75,612</u>	<u>57,885</u>	<u>-</u>	<u>43,185</u>
	<u>6,938,903,739</u>	<u>5,094,569,447</u>	<u>4,045,526,449</u>	<u>2,713,820,235</u>



	Un-audited	
	Half Year Ended	
	31 December 2010	31 December 2009
		(Restated)
	Rupees	Rupees
12. CASH UTILIZED IN OPERATIONS		
Profit before taxation	610,840,684	267,371,804
Adjustments for non cash charges and other items:		
Depreciation on operating assets	250,676,813	257,557,072
Amortization on intangible asset	1,276,391	138,497
Loss / (gain) on sale of property, plant and equipment	1,670,656	(1,012,538)
Gain on sale of non-current asset held for sale	(32,110,235)	-
Reversal of impairment loss on non-current asset held for sale	(1,087,597)	-
Interest income on long term loan to subsidiary company	(34,054,744)	-
Finance cost	666,403,821	533,159,005
Working capital changes (Note 12.1)	(4,357,599,429)	(1,149,415,083)
	<u>(2,893,983,640)</u>	<u>(92,201,243)</u>
12.1 Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(54,022,164)	(9,245,342)
Stock-in-trade	(4,783,879,190)	(1,819,993,809)
Trade debts	376,970,900	518,739,674
Loans and advances	(164,743,827)	68,689,632
Short term prepayments	(2,522,815)	(1,565,357)
Other receivables	(65,223,686)	(30,993,374)
	<u>(4,693,420,782)</u>	<u>(1,274,368,576)</u>
Increase in current liabilities:		
Trade and other payables	335,821,353	124,953,493
	<u>(4,357,599,429)</u>	<u>(1,149,415,083)</u>

13. SEGMENT INFORMATION

13.1 The company has four reportable operating segments. The following summary describes the operation in each of the company's reportable segments:

Spinning:	Production of different quality of yarn using natural and artificial fibers.
Weaving:	Production of different quality of greige fabric using yarn.
Processing and Home Textile:	Processing of greige fabric for production of printed and dyed fabric and manufacturing of home textile articles.
Captive Power:	Generation and distribution of power.

Transactions among the operating segments are recorded at arm's length prices using admissible valuation methods. Inter segment sales and purchases have been eliminated from the total.



	Spinning (Un-audited)		Weaving (Un-audited)		Home Textile (Un-audited)		Captive Power (Un-audited)		Elimination of inter-segment transactions (Un-audited)		Total - Company (Un-audited)	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009	31 December 2010	31 December 2009	31 December 2010	31 December 2009	31 December 2010	31 December 2009	31 December 2010	31 December 2009
13.2	-----Rupees----- Restated											
Sales	6,306,317,734	4,110,594,395	2,631,811,629	1,823,974,871	2,452,762,358	1,979,162,791	589,249,850	454,690,961	(3,503,592,824)	(2,278,483,308)	8,476,548,747	6,089,929,710
Cost of sales	(5,004,871,727)	(3,524,464,696)	(2,501,274,135)	(1,636,655,345)	(2,326,453,507)	(1,757,349,140)	(609,897,194)	(454,593,574)	3,503,592,824	2,278,483,308	(6,938,903,739)	(5,094,569,447)
Gross profit / (loss)	1,301,446,007	586,129,699	130,537,494	187,319,526	126,308,851	221,813,651	(20,647,344)	97,387	-	-	1,537,645,008	995,360,263
Distribution cost	(219,512,581)	(85,224,834)	(38,739,513)	(26,806,870)	(95,496,517)	(64,555,426)	-	-	-	-	(353,748,611)	(176,587,130)
Administrative expenses	(34,642,104)	(34,016,012)	(14,007,061)	(13,015,593)	(13,054,123)	(14,081,367)	(3,136,113)	(2,426,293)	-	-	(64,839,401)	(63,539,265)
	(254,154,685)	(119,240,846)	(52,746,574)	(39,822,463)	(108,550,640)	(78,636,793)	(3,136,113)	(2,426,293)	-	-	(418,588,012)	(240,126,395)
Profit / (loss) before taxation and unallocated income and expenses	1,047,291,322	466,888,853	77,790,920	147,497,063	17,758,211	143,176,858	(23,783,457)	(2,328,906)	-	-	1,119,056,996	755,233,868
Unallocated income and expenses:												
Other operating expenses											(48,970,628)	(13,965,883)
Other operating income											207,158,137	59,262,824
Finance cost											(666,403,821)	(533,159,005)
Taxation											(91,900,369)	(61,500,000)
Profit after taxation											518,940,315	205,871,804
13.3 Segment assets	-----Rupees----- Restated											
	Spinning (Un-audited)		Weaving (Un-audited)		Home Textile (Un-audited)		Captive Power (Un-audited)		Elimination of inter-segment transactions (Un-audited)		Total - Company (Un-audited)	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009	31 December 2010	31 December 2009	31 December 2010	31 December 2009	31 December 2010	31 December 2009	31 December 2010	31 December 2009
Total assets for reportable segments	7,037,399,907	5,264,190,554	3,973,777,501	1,560,731,297	3,082,640,646	2,572,181,675	1,590,890,451	729,421,115	15,884,708,505	10,126,524,641	1,873,469,390	1,873,469,390
Unallocated assets:											461,328,138	341,809,768
Long term investment											70,356,433	90,774,521
Other receivables											1,282,588,232	1,883,659,673
Cash and bank balances											19,372,450,698	14,316,237,993
Other corporate assets												
Total assets as per balance sheet												



14. TRANSACTIONS WITH RELATED PARTIES

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

	Un-audited Half Year Ended	
	31 December 2010 Rupees	31 December 2009 Rupees
Purchase of goods and services from related parties	70,814,192	88,143,309
Sale of goods and services to related parties	77,516,146	111,839,902
Contribution to employees' provident fund	11,443,961	9,393,865
Remuneration paid to key management personnel	24,750,000	22,380,284
Mark-up on long term loan to subsidiary company	5,571,439	-
	Unaudited 31 December 2009 Rupees	Audited 30 June 2009 Rupees
Period end balances:		
Bank balances with related party	12,745,036	45,571,235
Due from related party	63,160	-
Long term loan to subsidiary company	449,638,960	386,638,960
Due from subsidiary company	3,503,572	2,485,000
Accrued interest on long term loan to subsidiary company	34,054,744	5,571,439
Due to related parties	994,177	3,694,000

15. FINANCIAL RISK MANAGEMENT

The company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the company for the year ended 30 June 2010.

16. CORRESPONDING FIGURES

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

17. AUTHORIZED FOR ISSUE

This unconsolidated condensed interim financial information was approved by the Board of Directors and authorized for issue on 28 February 2011.

Chief Executive

Director

NISHAT (CHUNIAN) LIMITED AND ITS
SUBSIDIARY COMPANY

INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION

HALF YEAR ENDED 31 DECEMBER 2010
(UNAUDITED)



Interim Condensed Consolidated Balance Sheet

		Un-audited	(Restated) Audited
	Note	31 December 2010	30 June 2010
		Rupees	Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	5	1,950,000,000	1,950,000,000
Issued, subscribed and paid up share capital	6	1,654,418,440	1,654,418,440
Reserves		3,797,385,321	2,822,689,888
Equity attributable to equity holders of the parent		5,451,803,761	4,477,108,328
Non-controlling interest		1,825,390,252	1,540,327,620
Total equity		7,212,834,756	5,953,076,692
NON-CURRENT LIABILITIES			
Long term financing	7	19,136,403,547	17,721,442,341
CURRENT LIABILITIES			
Trade and other payables		1,524,653,121	1,532,750,774
Accrued mark-up		1,026,498,502	776,990,805
Short term borrowings	8	11,096,029,440	6,492,739,649
Current portion of non-current liabilities		1,973,109,603	1,953,143,926
		15,620,290,666	10,755,625,154
TOTAL LIABILITIES		7,277,194,013	6,017,435,948
CONTINGENCIES AND COMMITMENTS			
	9	-	-
TOTAL EQUITY AND LIABILITIES		42,033,888,226	34,494,503,443

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

Chief Executive



as at 31 December 2010

		Un-audited 31 December 2010	(Restated) Audited 30 June 2010
	Note	Rupees	Rupees
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	10	23,945,719,282	24,027,092,110
Long term loans		4,938,650	3,633,468
Long term security deposits		1,200,442	1,200,442
		<u>23,951,858,374</u>	<u>24,031,926,020</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		688,013,900	599,399,344
Stock-in-trade		8,633,752,210	3,568,457,819
Trade debts		7,350,729,461	3,251,175,130
Loans and advances		532,383,162	770,678,338
Short term prepayments		2,717,519	194,704
Other receivables		698,820,426	488,784,940
Short term investment		29,659,841	131,890,238
Cash and bank balances		145,953,332	1,651,996,910
		<u>18,082,029,852</u>	<u>10,462,577,423</u>
TOTAL ASSETS		<u><u>42,033,888,226</u></u>	<u><u>34,494,503,443</u></u>

Director



Interim Condensed Consolidated Profit and Loss Account (Un-audited)
For the Half Year Ended 31 December 2010

	Half Year Ended		Quarter Ended	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
	Rupees	(Restated) Rupees	Rupees	(Restated) Rupees
SALES	16,925,459,199	6,089,929,710	9,365,709,267	3,234,736,346
COST OF SALES	13,118,068,235	5,094,569,447	7,460,957,765	2,779,513,598
GROSS PROFIT	3,807,390,964	995,360,263	1,904,751,502	455,222,748
DISTRIBUTION AND SELLING EXPENSES	353,748,611	176,587,130	252,359,784	98,569,572
ADMINISTRATIVE EXPENSES	84,014,149	65,068,443	48,259,853	33,095,143
OTHER OPERATING EXPENSES	82,598,035	13,965,883	50,329,124	6,682,957
	520,360,795	255,621,456	350,948,761	138,347,672
	3,287,030,169	739,738,807	1,553,802,741	316,875,076
OTHER OPERATING INCOME	200,779,016	61,687,053	168,873,254	35,036,308
PROFIT FROM OPERATIONS	3,487,809,185	801,425,860	1,722,675,995	351,911,384
FINANCE COST	1,953,123,185	533,159,005	1,123,919,270	267,003,484
PROFIT BEFORE TAXATION	1,534,686,000	268,266,855	598,756,725	84,907,900
PROVISION FOR TAXATION	101,514,517	61,500,000	62,991,517	33,500,000
PROFIT AFTER TAXATION	1,433,171,483	206,766,855	535,765,208	51,407,900
EARNINGS PER SHARE - BASIC	8.96	2.03	3.34	0.41
EARNINGS PER SHARE - DILUTED	8.66	1.61	3.24	0.39

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

Chief Executive

Director



Interim Condensed Consolidated Statement of Comprehensive Income (Un-audited)

For the Half Year Ended 31 December 2010

	Half Year Ended		Quarter Ended	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
	Rupees	(Restated) Rupees	Rupees	(Restated) Rupees
PROFIT AFTER TAXATION	1,433,171,483	206,766,857	535,765,208	117,624,063
OTHER COMPREHENSIVE INCOME				
Fair value of quanto interest rate swap entered into as part of cash flow hedge	-	(4,435,005)	-	(4,435,005)
Deferred income tax relating to quanto interest rate swap entered into as part of cash flow hedge	-	1,552,252	-	1,552,252
Other comprehensive income / (loss) for the period, net of tax	-	(2,882,753)	-	(2,882,753)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,433,171,483	203,884,104	535,765,208	114,741,310
SHARE OF PROFIT ATTRIBUTABLE TO:				
Equity holders of parent	1,215,342,591	203,508,307		
Minority interest	217,828,892	375,797		
	1,433,171,483	203,884,104		

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

Chief Executive

Director



Interim Condensed Consolidated Cash Flow Statement (Un-audited)

For the Half Year Ended 31 December 2010

	Note	31 December 2010	(Restated) 31 December 2009
		Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash utilized in operations	6	(5,089,629,414)	(326,766,045)
Finance cost paid		(1,857,108,335)	(1,145,588,081)
Income tax paid		(147,967,310)	(74,744,815)
Net (increase) / decrease in long term loans		(1,723,540)	766,089
Retirement benefits paid		(352,895)	-
Net cash utilized in operating activities		(7,096,781,494)	(1,546,332,852)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(409,320,581)	(6,710,404,942)
Proceeds from sale of property, plant and equipment		20,010,430	1,953,399
Investment made		(315,772,760)	-
Disposal of investment		424,152,807	-
Profit on bank deposit received		5,379,846	-
Interest received on long term loan to subsidiary company		5,571,439	-
Net cash used in investing activities		(269,978,819)	(6,708,451,543)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		2,364,963,500	6,118,356,213
Repayment of long term financing		(930,036,617)	(766,261,978)
Short term borrowings - net		4,603,289,791	1,396,002,296
Proceeds from issuance of ordinary shares		-	411,782,359
Shares issued to non controlling interests		-	1,176,455,523
Increase in non-controlling interests		67,233,740	-
Dividends paid		(244,733,679)	(4,816,109)
Net cash generated from financing activities		5,860,716,735	8,331,518,304
Net (decrease) / increase in cash and cash equivalents		(1,506,043,578)	76,733,909
Cash and cash equivalents at the beginning of the period		1,651,996,910	34,178,708
Cash and cash equivalents at the end of the period		145,953,332	110,912,617

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 (Un-audited)

For the Half Year Ended 31 December 2010

HOLDING COMPANY'S EQUITY

	SHARE CAPITAL			RESERVES			Total	Equity of Holding Company	Non Controlling Interests	TOTAL EQUITY
	Ordinary Shares	Preference Shares	Total	Capital	Revenue					
				Hedging Reserve	General Reserve	Unappropriated Profit				
R u p e e s										
Balance as at 30 June 2009 - (audited)	827,209,220	413,604,610	1,240,813,830	2,882,753	1,629,221,278	227,706,940	1,859,810,971	3,100,624,801	359,011,447	3,459,636,248
Effect of change in accounting policy	-	-	-	-	-	(10,997,727)	(10,997,727)	(10,997,727)	-	(10,997,727)
	827,209,220	413,604,610	1,240,813,830	2,882,753	1,629,221,278	216,709,213	1,848,813,244	3,089,627,074	359,011,447	3,448,638,521
Issue of ordinary share capital (Net)	413,604,610	-	413,604,610	-	-	-	-	413,604,610	-	413,604,610
Shares issuance cost	-	-	-	-	-	(1,822,251)	(1,822,251)	(1,822,251)	-	(1,822,251)
Preference dividend	-	-	-	-	-	(31,275,307)	(31,275,307)	(31,275,307)	-	(31,275,307)
Total comprehensive income for the half year ended 31 December 2009	-	-	-	(2,882,753)	-	203,508,307	200,625,554	200,625,554	375,797	201,001,351
Minority interest arising investment in subsidiary company	-	-	-	-	-	-	-	-	1,176,455,523	1,176,455,523
Balance as at 31 December 2009 - restated (unaudited)	1,240,813,830	413,604,610	1,654,418,440	-	1,629,221,278	387,119,962	2,016,341,240	3,670,759,680	1,535,842,767	5,206,602,447
Balance as at 30 June 2010 - restated	1,585,526,670	68,891,770	1,654,418,440	-	1,629,221,278	1,193,468,610	2,822,689,888	4,477,108,328	1,540,327,620	6,017,435,948
Preference dividend for the half year ended 31 December 2010	-	-	-	-	-	(2,818,158)	(2,818,158)	(2,818,158)	-	(2,818,158)
Dividend on ordinary shares for the year ended 30 June 2010 @ Rupees 1.50 per share	-	-	-	-	-	(237,829,000)	(237,829,000)	(237,829,000)	-	(237,829,000)
Non controlling interests	-	-	-	-	-	-	-	-	67,233,740	67,233,740
Total comprehensive income for the half year ended 31 December 2010	-	-	-	-	-	1,215,342,591	1,215,342,591	1,215,342,591	217,828,892	1,433,171,483
Balance as at 31 December 2010 - (unaudited)	1,585,526,670	68,891,770	1,654,418,440	-	1,629,221,278	2,168,164,043	3,797,385,321	5,451,803,761	1,825,390,252	7,277,194,013

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 (Un-audited)

For the Quarter Ended 30 September 2010

1. GROUP INFORMATION

The Group comprises of Nishat (Chunian) Limited as holding company and Nishat Chunian Power Limited as subsidiary.

Nishat (Chunian) Limited (“the Holding Company”) 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, printing, stitching, processing, doubling, sizing, buying, selling and otherwise dealing in yarn, fabric and made-ups made from raw cotton, synthetic fibre and cloth and to generate, accumulate, distribute, supply and sell electricity.

Nishat Chunian Power Limited (the Subsidiary Company) is a public limited Company incorporated in Pakistan under the Companies Ordinance, 1984. It was listed on the Lahore and Karachi Stock Exchanges on 22 October 2009. 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 and to generate, sell and supply electricity. Its registered office is situated at 31-Q, Gulberg II, Lahore. As per terms of the Power Purchase Agreement (PPA) with National Transmission and Despatch Company Limited (NTDCL), the required commercial operation date of the power project was 30 June 2010. However, it commenced its commercial operations on 21 July 2010.

2. BASIS OF PREPARATION

This consolidated condensed interim financial information is un-audited and is being submitted to shareholders, as required by section 245 of the Companies Ordinance, 1984. This consolidated condensed interim financial information of the group for the half year ended 31 December 2010 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 “Interim Financial Reporting” and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This consolidated condensed interim financial information should be read in conjunction with the preceding audited annual published financial statements of the group for the year ended 30 June 2010.

3. ACCOUNTING POLICIES AND COMPUTATION METHODS

The accounting policies and the methods of computation adopted in the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of the preceding audited annual published financial statements of the group for the year ended 30 June 2010 except for the change in accounting policy as referred to in note 3.1.

3.1 During the half year ended 31 December 2010, the parent company has changed its accounting policy for measurement of cost of raw material of spinning segment. Previously, cost of raw material of spinning segment was measured using annual average cost formula. Now, it is measured using monthly moving average cost formula. This change in accounting policy has been accounted for retrospectively in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”. Had there been no change in this accounting policy, the figures recognized in this unconsolidated condensed interim financial information would have been different as follows:



	Rupees
Decrease in un-appropriated profit as at 30 June 2009	(10,997,727)
Increase in profit for the half year ended 31 December 2009	65,693,363
Increase in profit for the half year ended 30 June 2010	9,663,620
Increase in stock-in-trade as at 30 June 2010	64,359,256
Increase in profit for the half year ended 31 December 2010	457,469,980
Increase in stock-in-trade as at 31 December 2010	457,469,980

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

During preparation of this consolidated condensed interim financial information, the significant judgments made by the management in applying the group's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the group for the year ended 30 June 2010.

5. CONTINGENCIES AND COMMITMENTS

Holding Company

Contingencies

- i) Post dated cheques have been issued to custom authorities in respect of duties amounting to Rupees 919.098 million (30 June 2010: Rupees 36.933 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 appealed against the Government of Punjab in the Honourable Lahore High Court, Lahore against imposition of electricity duty on internal generation and the writ petition has been accepted. However, the Company has fully provided its liability in respect of generation for the current period. As at the reporting date, an amount of Rupees 9.997 million is payable on this account but the management is confident that payment of electricity duty will not be required.
- iii) The company has given following guarantees on behalf of Nishat Chunian Power Limited - subsidiary company:
 - Performance guarantee of NIL (Pak Rupees NIL) [30 June 2010: USD 1 million (Pak Rupees 85.60 million)] in favour of Private Power and Infrastructure Board (Government of Pakistan) to secure performance of Nishat Chunian Power Limited under Implementation Agreement and Power Purchase Agreement.
 - The company has issued irrevocable standby letter of credit of Rupees 642.406 million (30 June 2010: Rupees 642.406 million) for equity injection, in accordance with Project Funds Agreement, in favour of security trustee of syndicated lenders of Nishat Chunian Power Limited.



Commitments

- i) Commitments in respect of capital expenditure are Rupees 82.655 million (30 June 2010: Rupees 377.382 million).
- ii) Letters of credit other than for capital expenditure are Rupees 65.972 million (30 June 2010: Rupees 68.954 million).
- iii) Outstanding forwards contracts of Rupees 3099.002 million (30 June 2010: Rupees 3,031.7 million).
- iv) Outstanding balance under agreement for subordinated loan to subsidiary company amounting to Rupees 1028.361 million (30 June 2010 : Rupees 413.361 million)

Subsidiary Company

Contingencies

The company has issued following irrevocable standby letters of credit in favour of:

- National Transmission and Despatch Company Limited for USD 5,369,650 (June 30, 2010: USD 5,369,650) equivalent to Rs 461,252,935 (June 30, 2010: Rs 459,642,040) as required under the terms of the Power Purchase Agreement.
- Wartsila Pakistan (Private) Limited for Rs 45,000,000 (June 30, 2010: Rs 45,000,000) as required under the terms of the Operations and Maintenance Agreement.

	Un-audited 31 December 2010	Audited 30 June 2010
	Rupees	Rupees
Commitments in respect of		
(i) Letter of credit other than capital expenditure	11,259,353	-
(ii) Other contractors	1,872,716	11,776,902
(iii) The 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. July 21, 2010. Under the terms of the Fuel Supply Agreement, the company is not required to buy any minimum quantity of oil from SPL.		
(iv) The company has also entered into an agreement with Wartsila Pakistan (Private) Limited for the operations and maintenance ('O&M') of the power station which shall remain in effect until earlier of the end of five years period starting from the Commercial Operations Date of the power station i.e. July 21, 2010 or the last day of the month in which the running hours of the first generator set reaches 35,000 hours. Under the terms of the O&M agreement, the 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.		



	(Restated)	
	Un-audited 31 December 2010	Un-audited 31 December 2009
	Rupees	Rupees
6 CASH (USED IN) / GENERATED FROM OPERATIONS		
Profit before taxation	1,534,686,000	268,266,855
Adjustments for non cash charges and other items:		
Depreciation on operating assets	613,238,908	257,627,459
Amortization on intangible asset	1,514,891	-
Loss / (gain) on sale of property, plant and equipment	1,670,656	(1,012,538)
Profit on bank deposits	(14,039,636)	-
Profit on investment	(3,913,969)	-
Provision for employees retirement benefits	566,699	-
Finance cost	1,953,123,185	533,159,005
Working capital changes (Note 12.1)	(9,176,476,148)	(1,384,806,826)
	<u>(5,089,629,414)</u>	<u>(326,766,045)</u>
Working capital changes (Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(88,614,556)	(225,297,424)
Stock-in-trade	(5,065,294,391)	(1,838,198,947)
Trade debts	(4,099,554,331)	518,739,674
Loans and advances	238,713,535	65,123,549
Short term prepayments	(2,522,815)	(1,565,357)
Other receivables	(145,079,716)	(38,105,946)
	<u>(9,162,352,274)</u>	<u>(1,519,304,451)</u>
Increase / (decrease) in current liabilities:		
Trade and other payables	(14,123,874)	134,497,625
	<u>(9,176,476,148)</u>	<u>(1,384,806,826)</u>



7 TRANSACTIONS WITH RELATED PARTIES

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

	Un-audited 31 December 2010	Un-audited 31 December 2009
	Rupees	Rupees
Purchase of goods and services from related parties	71,714,192	88,143,309
Sale of goods and services to related parties	77,516,146	111,839,902
Contribution to staff retirement benefits	12,010,660	9,852,250
Remuneration paid to key management personnel	37,381,838	31,985,246
Share issuance cost	-	2,407,904
Long term financing repaid	63,796,486	-
Short term borrowings acquired	2,007,349,083	-
Short term borrowings repaid	1,247,074,838	-
Mark up on long term financing	454,403,891	-
Mark up on short term borrowings	51,459,628	-
Purchase of goods and services	900,000	-
Bank charges and financing fee	4,988,000	-

The holding company, Nishat (Chunian) Limited has provided, on behalf of the subsidiary company, irrevocable standby letters of credit of Rs 642,406,196 (June 30, 2010: Rs 410,000,000) for equity injection and Nil (June 30, 2010: Rs 147,120,000) for positive cost overrun, in accordance with the Project Funds Agreement, in favour of security trustee of syndicated lenders of the company.

All transactions with related parties have been carried out on commercial terms and conditions.

Long term financing from related parties	6,137,815,437	6,201,611,923
Short term borrowings from related parties	1,024,258,980	263,972,507
Mark up payable to related parties	272,695,619	220,336,000
Due to related parties	994,177	3,881,941
Bank balances with related party	12,745,036	45,571,235
Due from related party	63,160	-

8 FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the audited published financial statements of the group for the year ended 30 June 2010.

9 CORRESPONDING FIGURES

Corresponding figures have been re-arranged / re-grouped wherever necessary for the purpose of comparison.

10 AUTHORISED FOR ISSUE

This consolidated financial information was approved by the Board of Directors and authorised for issue on 28 February 2011.

Chief Executive

Director