

Nishat (Chunian) Limited



Interim Financial Information
Half Year Ended 31 December 2011
(Unaudited)



Contents

Company Information	3
Directors' Report	4
Review Report to the Members	5
Balance Sheet	6 - 7
Profit and Loss Account	8
Statement of Comprehensive Income	9
Cash Flow Statement	10
Statement of Changes in Equity	11
Notes to the Financial Information	12 - 21
Consolidated Balance Sheet	24 - 25
Consolidated Profit and Loss Account	26
Consolidated Statement of Comprehensive Income	27
Consolidated Cash Flow Statement	28
Consolidated Statement of Changes in Equity	29
Notes to the Consolidated Financial Information	30 - 33



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 Ahmed	Chairman Chief Executive Nominee NIT
Audit Committee:	Mr. Aftab Ahmad Khan Mr. Shahzad Saleem Mr. Manzar Mushtaq	Chairman Member Member
Company Secretary & CFO:	Mr. Ahmad Subhani	
Bankers to the Company:	Allied Bank Limited Askari Bank Limited AlBarka Bank (Pakistan) Limited Bank Alfalah Limited Barclays Bank plc, Pakistan Bank Islami Pakistan Limited Bank AlHabib Limited Buri Bank Limited Citibank N.A. Deutsche Bank AG Dubai Islamic Bank Pakistan Limited Faysal Bank Limited Habib Bank Limited HSBC Bank Middle East Limited Habib Metropolitan Bank Limited JS Bank Limited KASB Bank Limited Meezan Bank Limited National Bank of Pakistan NB Bank Limited Pak Kuwait Investment Company (Private) Limited Standard Chartered Bank Pakistan Limited Saudi Pak Industrial and agriculture Investment Company Limited SAMBA Bank Limited Summit Bank Limited Soneri Bank Limited The Bank of Punjab 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. Dyeing & Printing 4th Kilometre, Manga Road, Raiwind.	



Directors' Report

We are pleased to present the un-audited financial statements of Nishat (Chunian) Limited for the half year ended December 31, 2011. Sales are Rs. 8,255 million as compared to Rs. 8,476 million during corresponding period, showing a decrease of 3%. Company's gross margin dropped to 8.5% as compared to 18% during corresponding half year. Major reasons for drop in gross profit margin are decrease in spinning margins and increased fuel costs because of gas load shedding. Company's finance cost remained almost same as during corresponding period. Company earned a profit before tax of Rs. 146 million as compared to 611 million during corresponding half year. After tax provision of Rs. 98 million, the Company earned a net profit of Rs. 48 million during half year.

We have already procured cotton for our requirements till August 2012. We expect improvement in profitability of the Company during second half of the year.

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

On behalf of the Board

Shahzad Saleem
Chief Executive

Lahore: 28 February 2012



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 2011 and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim cash flow statement, unconsolidated condensed interim statement of changes in equity and notes to the accounts for the half year then ended (herein after referred to as "unconsolidated condensed interim financial information"). 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 2011 and 31 December 2010 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 2011.

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 as of and for the half year ended 31 December 2011 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 2012

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Syed Mustafa Ali



Unconsolidated Condensed Interim Balance Sheet

	Note	Un-audited 31 December 2011 Rupees	Audited 30 June 2011 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>3,771,292,662</u>	<u>4,050,022,531</u>
Total equity		5,425,711,102	5,704,440,971
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	7	2,963,684,369	3,333,932,201
CURRENT LIABILITIES			
Trade and other payables		1,207,453,239	892,831,127
Accrued mark-up		205,474,503	191,413,429
Short term borrowings		8,274,444,861	4,608,615,759
Current portion of long term financing		<u>1,037,004,782</u>	<u>1,499,061,615</u>
		<u>10,724,377,385</u>	<u>7,191,921,930</u>
TOTAL LIABILITIES		13,688,061,754	10,525,854,131
CONTINGENCIES AND COMMITMENTS			
	8		
TOTAL EQUITY AND LIABILITIES		<u>19,113,772,856</u>	<u>16,230,295,102</u>

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

Chief Executive



as at 31 December 2011

	Note	Un-audited 31 December 2011 Rupees	Audited 30 June 2011 Rupees
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	9	6,167,287,938	6,215,029,724
Investment in subsidiary company		1,875,858,200	1,942,768,220
Long term loans to employees		2,926,455	3,289,666
Long term security deposits		2,009,909	1,095,442
		<u>8,048,082,502</u>	<u>8,162,183,052</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		544,944,054	448,513,103
Stock-in-trade		6,619,328,184	4,513,058,916
Trade debts		1,735,140,422	2,144,644,013
Loans and advances		603,917,454	209,627,063
Short term loan to subsidiary company		790,000,000	-
Short term prepayments		3,169,956	379,188
Other receivables		629,872,612	614,891,305
Accrued interest		6,677,945	1,975,178
Cash and bank balances		132,639,727	135,023,284
		<u>11,065,690,354</u>	<u>8,068,112,050</u>
TOTAL ASSETS		<u><u>19,113,772,856</u></u>	<u><u>16,230,295,102</u></u>

Director



Unconsolidated Condensed Interim Profit and Loss Account (Un-audited)
For the Half Year Ended 31 December 2011

Note	Half Year Ended		Quarter Ended	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
..... R u p e e s				
SALES	8,255,050,406	8,476,548,747	4,120,393,060	4,656,325,808
COST OF SALES	10 (7,555,452,632)	(6,938,903,739)	(3,781,262,100)	(4,045,526,449)
GROSS PROFIT	699,597,774	1,537,645,008	339,130,960	610,799,359
DISTRIBUTION COST	(239,470,466)	(353,748,611)	(124,155,141)	(252,359,784)
ADMINISTRATIVE EXPENSES	(67,256,437)	(64,839,401)	(37,980,239)	(33,857,924)
OTHER OPERATING EXPENSES	(8,774,045)	(48,970,628)	(7,509,045)	(18,701,717)
	(315,500,948)	(467,558,640)	(169,644,425)	(304,919,425)
	384,096,826	1,070,086,368	169,486,535	305,879,934
OTHER OPERATING INCOME	409,835,316	207,158,137	351,115,042	184,159,508
PROFIT FROM OPERATIONS	793,932,142	1,277,244,505	520,601,577	490,039,442
FINANCE COST	(648,133,226)	(666,403,821)	(330,093,531)	(395,176,174)
PROFIT BEFORE TAXATION	145,798,916	610,840,684	190,508,046	94,863,268
TAXATION	(97,816,263)	(91,900,369)	(56,636,319)	(53,377,369)
PROFIT AFTER TAXATION	47,982,653	518,940,315	133,871,727	41,485,899
BASIC EARNINGS PER SHARE	0.28	3.25	0.82	0.25
DILUTED EARNINGS PER SHARE	0.28	3.14	0.81	0.25

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 2011

	Half Year Ended		Quarter Ended	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
 R u p e e s			
PROFIT AFTER TAXATION	47,982,653	518,940,315	133,871,727	41,485,899
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>47,982,653</u>	<u>518,940,315</u>	<u>133,871,727</u>	<u>41,485,899</u>

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 2011

	Note	Half Year Ended	
		31 December 2011 Rupees	31 December 2010 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash utilized in operations	11	(1,024,887,589)	(2,893,983,640)
Finance cost paid		(634,072,152)	(582,758,096)
Income tax paid		(128,813,365)	(146,195,053)
Net decrease / (increase) in long term loans to employees		488,029	(1,731,937)
Net increase in long term security deposits		(914,467)	-
Net cash utilized in operating activities		(1,788,199,544)	(3,624,668,726)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(234,598,718)	(576,568,114)
Proceeds from sale of property, plant and equipment		19,878,237	20,010,430
Proceeds from sale of shares of subsidiary company		92,440,170	100,431,572
Long term loan to subsidiary company		-	(85,000,000)
Repayment of long term loan by subsidiary company		-	22,000,000
Short term loan to subsidiary company		(1,638,894,249)	-
Repayment of short term loan by subsidiary company		848,894,249	-
Dividend income from subsidiary company		187,585,821	-
Interest income received		2,180,013	5,571,439
Net cash used in investing activities		(722,514,477)	(513,554,673)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		1,200,000,000	2,364,963,500
Repayment of long term financing		(2,032,304,665)	(771,597,222)
Short term borrowings - net		3,665,829,102	2,769,172,712
Dividends paid		(325,193,973)	(244,733,679)
Net cash from financing activities		2,508,330,464	4,117,805,311
Net decrease in cash and cash equivalents		(2,383,557)	(20,418,088)
Cash and cash equivalents at the beginning of the period		135,023,284	90,774,521
Cash and cash equivalents at the end of the period		132,639,727	70,356,433

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 2011

	SHARE CAPITAL			REVENUE RESERVES			TOTAL EQUITY
	Ordinary Shares	Preference Shares	Total	General Reserve	Unappropriated Profit	Total	
..... R u p e e s							
Balance as at 30 June 2010 - (audited)	1,585,526,670	68,891,770	1,654,418,440	1,629,221,278	1,205,077,780	2,834,299,058	4,488,717,498
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)
Final 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 at 31 December 2010 - (un-audited)	1,596,337,260	58,081,180	1,654,418,440	1,629,221,278	1,483,370,936	3,112,592,214	4,767,010,654
Preference shares converted into ordinary shares	24,566,230	(24,566,230)	-	-	-	-	-
Preference dividend for the half year ended 30 June 2011	-	-	-	-	(2,209,085)	(2,209,085)	(2,209,085)
Total comprehensive income for the half year ended 30 June 2011	-	-	-	-	939,639,402	939,639,402	939,639,402
Balance as at 30 June 2011 - (audited)	1,620,903,490	33,514,950	1,654,418,440	1,629,221,278	2,420,801,253	4,050,022,531	5,704,440,971
Preference shares converted into ordinary shares	32,500	(32,500)	-	-	-	-	-
Final dividend on ordinary shares for the year ended 30 June 2011 @ Rupees 2 per share	-	-	-	-	(324,180,698)	(324,180,698)	(324,180,698)
Preference dividend for the half year ended 31 December 2011	-	-	-	-	(2,531,824)	(2,531,824)	(2,531,824)
Total comprehensive income for the half year ended 31 December 2011	-	-	-	-	47,982,653	47,982,653	47,982,653
Balance as at 31 December 2011 - (un-audited)	1,620,935,990	33,482,450	1,654,418,440	1,629,221,278	2,142,071,384	3,771,292,662	5,425,711,102

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 2011

1 THE COMPANY AND ITS OPERATIONS

Nishat (Chunian) Limited ("the 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 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 2011 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 audited annual published financial statements of the Company for the year ended 30 June 2011.

3 ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of this unconsolidated condensed interim financial information are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2011.

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 2011.

5 AUTHORIZED SHARE CAPITAL

Un-audited 31 December 2011	Audited 30 June 2011		Un-audited 31 December 2011	Audited 30 June 2011
			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 2011	Audited 30 June 2011		Un-audited 31 December 2011	Audited 30 June 2011
(Number of shares)			Rupees	Rupees
Ordinary shares				
91,372,677	91,369,427	Ordinary shares of Rupees 10 each fully paid in cash	913,726,770	913,694,270
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>162,093,599</u>	<u>162,090,349</u>		<u>1,620,935,990</u>	<u>1,620,903,490</u>
Preference shares				
3,348,245	3,351,495	15% non-voting cumulative convertible preference shares of Rupees 10 each fully paid in cash	33,482,450	33,514,950
<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 2011, 3,250 preference shares were converted into ordinary shares of Rupees 10 each at par, on request of the preference shareholders.

	Un-audited 31 December 2011	Audited 30 June 2011
	Rupees	Rupees
7 LONG TERM FINANCING		
From banking companies / financial institutions - secured		
Long term loans (Note 7.1)	2,266,184,369	2,485,182,201
Long term musharaka (Note 7.2)	353,750,000	442,500,000
Privately placed term finance certificates - secured (Note 7.3)	343,750,000	406,250,000
	<u>2,963,684,369</u>	<u>3,333,932,201</u>



	Un-audited 31 December 2011 Rupees	Audited 30 June 2011 Rupees
7.1 Long term loans		
Opening balance	3,747,993,816	3,685,305,316
Add: Obtained during the period / year	1,200,000,000	2,114,963,500
Less: Repayments during the period / year	1,929,804,665	2,052,275,000
Closing balance	3,018,189,151	3,747,993,816
Less: Current portion shown under current liabilities	752,004,782	1,262,811,615
	<u>2,266,184,369</u>	<u>2,485,182,201</u>
7.2 Long term musharaka		
Opening balance	585,000,000	587,500,000
Add: Obtained during the period / year	-	140,000,000
Less: Repayments during the period / year	71,250,000	142,500,000
Closing balance	513,750,000	585,000,000
Less: Current portion shown under current liabilities	160,000,000	142,500,000
	<u>353,750,000</u>	<u>442,500,000</u>
7.3 Privately placed term finance certificates - secured		
Opening balance	500,000,000	-
Add: Obtained during the period / year	-	500,000,000
Less: Repayments during the period / year	31,250,000	-
Closing balance	468,750,000	500,000,000
Less: Current portion shown under current liabilities	125,000,000	93,750,000
	<u>343,750,000</u>	<u>406,250,000</u>

8 CONTINGENCIES AND COMMITMENTS

Contingencies

There is no significant change in the status of contingencies as disclosed in the preceding audited annual financial statements of the Company for the year ended 30 June 2011 except for the following:

- i) Guarantees of Rupees 56.000 million (30 June 2011: Rupees 48.000 million) are given by banks of the Company to Director, Excise and Taxation, Karachi against disputed amount of infrastructure cess.
- ii) Post dated cheques have been issued to custom authorities in respect of duties amounting to Rupees 48.324 million (30 June 2011: Rupees 927.402 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.



- iii) The Company preferred appeal 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, Government of Punjab has moved to the Honourable Supreme Court of Pakistan against the order of Honourable Lahore High Court, Lahore. The Company has fully provided its liability in respect of electricity duty on internal generation. As at the reporting date, an amount of Rupees 13.874 million (30 June 2011: Rupees 9.120 million) is payable on this account but the management of the Company is confident that payment of electricity duty will not be required.

Commitments

- i) Contracts for capital expenditure are amounting to Rupees 44.000 million (30 June 2011: Rupees 39.329 million).
- ii) Letters of credit other than for capital expenditure are amounting to Rupees 526.634 million (30 June 2011: Rupees 171.715 million).
- iii) Outstanding foreign currency forward contracts of Rupees 1,505.280 million (30 June 2011: Rupees 1,461.410 million).

	Un-audited 31 December 2011 <u>Rupees</u>	Audited 30 June 2011 <u>Rupees</u>
9 FIXED ASSETS		
Property, plant and equipment:		
Operating fixed assets (Note 9.1)	5,992,948,128	6,152,148,025
Capital work-in-progress (Note 9.2)	171,224,436	58,916,678
	<u>6,164,172,564</u>	6,211,064,703
Intangible asset:		
Computer software (Note 9.3)	3,115,374	3,965,021
	<u>6,167,287,938</u>	<u>6,215,029,724</u>
9.1 Operating fixed assets		
Opening book value	6,152,148,025	5,593,337,106
Add: Cost of additions during the period / year (Note 9.1.1)	122,290,960	1,202,870,016
	<u>6,274,438,985</u>	6,796,207,122
Less: Book value of deletions during the period / year (Note 9.1.2)	10,335,920	108,129,265
	<u>6,264,103,065</u>	6,688,077,857
Less: Depreciation charged during the period / year	271,154,937	535,929,832
Closing book value	<u>5,992,948,128</u>	<u>6,152,148,025</u>



	Un-audited 31 December 2011	Audited 30 June 2011
	Rupees	Rupees
9.1.1 Cost of additions during the period / year		
Buildings on freehold land	18,044,200	78,835,068
Plant and machinery	66,441,341	1,067,176,440
Electric installations	14,508,603	5,248,385
Factory equipment	4,581,682	6,868,621
Furniture, fixtures and equipment	846,467	6,256,770
Office equipment	2,956,679	5,161,455
Motor vehicles	14,911,988	33,323,277
	<u>122,290,960</u>	<u>1,202,870,016</u>
9.1.2 Book value of deletions during the period / year		
Cost of deletions		
Plant and machinery	22,796,425	258,009,907
Office equipment	304,200	93,000
Motor vehicles	6,982,363	35,385,017
	<u>30,082,988</u>	<u>293,487,924</u>
Less: Accumulated depreciation	19,747,068	185,358,659
Book value of deletions during the period / year	<u>10,335,920</u>	<u>108,129,265</u>
9.2 Capital work-in-progress		
Plant and machinery	93,382,112	4,119,409
Civil works on freehold land	10,021,706	18,758,137
Mobilization advance	7,742,445	-
Letters of credit	58,269,172	35,364,132
Advance against purchase of assets	1,809,001	675,000
	<u>171,224,436</u>	<u>58,916,678</u>
9.3 Computer software		
Opening book value	3,965,021	527,600
Add: Cost of additions during the period / year	-	5,664,316
Less: Amortization charged during the period / year	849,647	2,226,895
Closing book value	<u>3,115,374</u>	<u>3,965,021</u>



Un-audited			
Half Year Ended		Quarter Ended	
31 December 2011	31 December 2010	31 December 2011	31 December 2010

..... R u p e e s

10 COST OF SALES

Raw materials consumed	5,034,264,871	5,732,791,593	2,526,285,520	3,514,653,648
Packing materials consumed	195,152,673	171,540,788	82,560,319	63,427,818
Stores, spare parts and loose tools consumed	403,764,817	246,480,224	219,855,568	56,875,162
Salaries, wages and other benefits	472,361,647	420,669,915	238,509,543	222,321,303
Fuel and power	855,241,859	780,711,976	483,518,244	462,199,075
Insurance	15,332,255	12,885,277	7,776,890	6,981,676
Postage and telephone	240,686	207,989	105,065	119,436
Travelling and conveyance	7,016,468	5,901,970	3,353,521	2,883,756
Vehicles' running and maintenance	9,417,312	7,013,314	4,706,995	3,081,266
Entertainment	1,670,935	1,187,354	638,311	237,090
Depreciation on operating fixed assets	264,575,542	249,917,920	130,568,637	131,792,911
Repair and maintenance	18,457,326	11,792,910	8,808,385	6,958,338
Other factory overheads	17,861,348	51,976,758	8,969,628	23,443,721
	<u>7,295,357,739</u>	<u>7,693,077,988</u>	<u>3,715,656,626</u>	<u>4,494,975,200</u>
Work-in-process:				
Opening stock	629,297,302	466,561,040	538,082,298	506,541,355
Closing stock	(461,269,090)	(583,787,038)	(461,269,090)	(583,787,038)
	<u>168,028,212</u>	<u>(117,225,998)</u>	<u>76,813,208</u>	<u>(77,245,683)</u>
Cost of goods manufactured	<u>7,463,385,951</u>	<u>7,575,851,990</u>	<u>3,792,469,834</u>	<u>4,417,729,517</u>
Finished goods and waste - opening stocks:				
Finished goods	770,989,076	681,133,741	662,581,413	941,446,511
Waste	40,151,200	36,816,119	45,284,448	41,324,144
	<u>811,140,276</u>	<u>717,949,860</u>	<u>707,865,861</u>	<u>982,770,655</u>
	<u>8,274,526,227</u>	<u>8,293,801,850</u>	<u>4,500,335,695</u>	<u>5,400,500,172</u>
Finished goods and waste - closing stocks:				
Finished goods	(663,346,134)	(1,285,256,455)	(663,346,134)	(1,285,256,455)
Waste	(55,727,461)	(69,717,268)	(55,727,461)	(69,717,268)
	<u>(719,073,595)</u>	<u>(1,354,973,723)</u>	<u>(719,073,595)</u>	<u>(1,354,973,723)</u>
Cost of sales - own manufactured goods	<u>7,555,452,632</u>	<u>6,938,828,127</u>	<u>3,781,262,100</u>	<u>4,045,526,449</u>
Cost of sales - purchased finished goods	-	75,612	-	-
	<u>7,555,452,632</u>	<u>6,938,903,739</u>	<u>3,781,262,100</u>	<u>4,045,526,449</u>



	Un-audited	
	Half Year Ended	
	31 December 2011	31 December 2010
	Rupees	Rupees
11 CASH UTILIZED IN OPERATIONS		
Profit before taxation	145,798,916	610,840,684
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	271,154,937	250,676,813
Amortization on intangible asset	849,647	1,276,391
(Gain) / loss on sale of property, plant and equipment	(9,542,317)	1,670,656
Gain on sale of shares of subsidiary company	(25,530,150)	(32,110,235)
Reversal of impairment loss on investment in subsidiary company	-	(1,087,597)
Interest income on long term loan to subsidiary company	-	(34,054,744)
Interest income on short term loan to subsidiary company	(5,616,448)	-
Interest on bank deposits	(1,266,332)	-
Finance cost	648,133,226	666,403,821
Dividend income	(187,585,821)	-
Working capital changes (Note 11.1)	(1,861,283,247)	(4,357,599,429)
	<u>(1,024,887,589)</u>	<u>(2,893,983,640)</u>
11.1 Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(96,430,951)	(54,022,164)
Stock-in-trade	(2,106,269,268)	(4,783,879,190)
Trade debts	409,503,591	376,970,900
Loans and advances	(394,415,209)	(164,743,827)
Short term prepayments	(2,790,768)	(2,522,815)
Other receivables	16,015,795	(65,223,686)
	<u>(2,174,386,810)</u>	<u>(4,693,420,782)</u>
Increase in current liabilities:		
Trade and other payables	313,103,563	335,821,353
	<u>(1,861,283,247)</u>	<u>(4,357,599,429)</u>

12 SEGMENT INFORMATION

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

Spinning:	Production of different quality of yarn using natural and artificial fiber.
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.
Power Generation:	Generation and distribution of power.



1.2.2 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)		Processing and Home Textile (Un-audited)		Power Generation (Un-audited)		Elimination of Inter-segment transactions (Un-audited)		Total - Company (Un-audited)	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010	31 December 2011	31 December 2010	31 December 2011	31 December 2010	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Sales:	4,507,197,707	5,050,782,234	1,326,202,974	973,004,155	2,421,649,725	2,452,762,358	546,211,329	589,249,850	(3,210,022,216)	(3,503,592,824)	8,255,050,406	8,476,548,747
External Intersegment	1,167,056,145	1,255,535,500	1,496,754,742	1,658,807,474	-	-	-	-	(3,210,022,216)	(3,503,592,824)	-	-
Cost of sales	5,674,253,852	6,306,317,734	2,822,957,716	2,631,811,629	2,421,649,725	2,452,762,358	546,211,329	589,249,850	(3,210,022,216)	(3,503,592,824)	8,255,050,406	8,476,548,747
Gross profit / (loss)	(5,137,486,389)	(5,004,871,727)	(2,649,499,145)	(2,501,274,135)	(2,238,182,277)	(2,326,453,507)	(740,307,037)	(609,897,194)	3,210,022,216	3,503,592,824	(7,555,452,632)	(6,938,903,739)
Distribution cost	536,767,463	1,301,446,007	173,458,571	130,537,494	183,467,448	126,308,851	(194,095,708)	(20,647,344)	-	-	699,597,774	1,537,645,008
Administrative expenses	(103,112,348)	(219,512,581)	(59,429,874)	(38,739,513)	(76,928,244)	(95,496,517)	(3,018,235)	(3,136,113)	-	-	(239,470,466)	(353,748,611)
Finance cost	(38,796,243)	(34,642,104)	(11,887,297)	(14,007,061)	(13,554,660)	(13,054,123)	(3,018,235)	(3,136,113)	-	-	(67,236,437)	(64,839,401)
Taxation	(141,908,593)	(254,154,685)	(71,317,171)	(52,746,574)	(90,482,904)	(108,550,640)	(3,018,235)	(3,136,113)	-	-	(306,726,903)	(418,588,012)
Profit / (loss) before taxation and unallocated income and expenses	394,858,870	1,047,291,322	102,141,400	77,790,920	92,984,544	17,758,211	(197,115,943)	(23,783,457)	-	-	392,870,871	1,119,056,996
Unallocated income and expenses:												
Other operating expenses											(8,774,045)	(48,970,628)
Other operating income											409,835,316	207,158,137
Finance cost											(648,133,226)	(666,403,821)
Taxation											(97,816,263)	(91,900,369)
Profit after taxation											47,982,653	518,940,315

12.3 Reconciliation of reportable segment assets

	Spinning (Un-audited)		Weaving (Un-audited)		Processing and Home Textile (Un-audited)		Power Generation (Un-audited)		Total - Company (Un-audited)	
	31 December 2011	30 June 2011	31 December 2011	30 June 2011	31 December 2011	30 June 2011	31 December 2011	30 June 2011	31 December 2011	30 June 2011
Total assets for reportable segments	8,813,133,659	6,685,083,743	2,241,278,752	2,221,645,903	3,197,392,855	3,627,551,305	1,045,749,915	980,234,252	15,297,555,181	13,514,515,203
Unallocated assets:										
Long term investment									1,875,858,200	1,942,768,220
Other receivables									629,872,612	614,891,305
Cash and bank balances									132,639,727	135,023,284
Other corporate assets									1,177,847,136	23,097,090
Total assets as per balance sheet									19,113,772,856	16,230,295,102



13 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 2011	31 December 2010
	Rupees	Rupees
Purchase of goods and services from related parties	3,229,245	70,814,192
Sale of goods and services to related parties	4,327,127	77,516,146
Contribution to employees' provident fund	12,259,211	11,443,961
Remuneration paid to key management personnel	27,859,500	24,750,000
Common facilities cost charged to subsidiary company	900,000	900,000
Mark-up on long term loan to subsidiary company	-	5,571,439
Mark-up on short term loan to subsidiary company	5,616,448	-
Short term loan to subsidiary company	1,638,894,249	-
Repayment of short term loan by subsidiary company	848,894,249	-
Long term loan to subsidiary company	-	85,000,000
Repayment of long term loan by subsidiary company	-	22,000,000
Dividend received from subsidiary company	187,585,821	-
Ordinary dividend paid to related parties	55,046,760	41,285,070
	Unaudited	Audited
	31 December	30 June
	2011	2011
	Rupees	Rupees
Period end balances:		
Bank balances with related party	43,885,677	48,364,037
Due from subsidiary company	1,180,744	-
Due to subsidiary company	-	463,835
Short term loan to subsidiary company	790,000,000	-
Accrued interest on short term loan to subsidiary company	5,616,448	-
Due from related parties	963,578	725,000
Due to related party	-	229,476

14 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 2011.



15 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 'Interim Financial Reporting', the unconsolidated condensed interim balance sheet and unconsolidated condensed interim statement of changes in equity have been compared with the balances of preceding audited annual financial statements for the year ended 30 June 2011, whereas, the unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income and unconsolidated condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.

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.

16 DATE OF AUTHORIZATION FOR ISSUE

This unconsolidated condensed interim financial information was approved by the Board of Directors and authorized for issue on 28 February 2012.

Chief Executive

Director

NISHAT (CHUNIAN) LIMITED AND ITS
SUBSIDIARY COMPANY

INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION

HALF YEAR ENDED 31 DECEMBER 2011
(UNAUDITED)



Interim Condensed Consolidated Balance Sheet

	Note	Un-audited 31 December 2011 Rupees	Audited 30 June 2011 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital		1,950,000,000	1,950,000,000
Issued, subscribed and paid-up share capital		1,654,418,440	1,654,418,440
Reserves		4,744,509,029	4,687,597,343
Equity attributable to equity holders of the Holding Company		6,398,927,469	6,342,015,783
Non-controlling interest		2,694,483,687	2,305,932,032
Total equity		9,093,411,156	8,647,947,815
NON-CURRENT LIABILITIES			
Long term financing		16,335,476,758	17,145,214,989
CURRENT LIABILITIES			
Trade and other payables		2,184,251,363	1,563,171,399
Accrued mark-up		1,019,009,046	953,708,954
Short term borrowings		14,263,378,796	8,219,915,747
Current portion of long term financing		2,008,591,309	2,533,783,675
		19,475,230,514	13,270,579,775
TOTAL LIABILITIES		35,810,707,272	30,415,794,764
CONTINGENCIES AND COMMITMENTS	5	-	-
TOTAL EQUITY AND LIABILITIES		44,904,118,428	39,063,742,579

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

Chief Executive



as at 31 December 2011

	Note	Un-audited 31 December 2011 Rupees	Audited 30 June 2011 Rupees
ASSETS			
NON-CURRENT ASSETS			
Fixed assets		22,463,657,798	22,963,097,004
Long term loans		4,214,498	5,382,191
Long term security deposits		2,114,909	1,200,442
		<u>22,469,987,205</u>	<u>22,969,679,637</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		937,109,682	694,943,360
Stock-in-trade		7,086,901,280	5,178,429,523
Trade debts		12,764,288,620	9,053,785,203
Loans and advances		777,735,425	284,807,263
Short term prepayments		6,435,943	7,899,639
Other receivables		727,344,987	697,212,345
Accrued interest		1,061,497	2,660,798
Cash and bank balances		133,253,789	174,324,811
		<u>22,434,131,223</u>	<u>16,094,062,942</u>
TOTAL ASSETS		<u><u>44,904,118,428</u></u>	<u><u>39,063,742,579</u></u>

Director



Interim Condensed Consolidated Profit and Loss Account (Un-audited)
For the Half Year Ended 31 December 2011

	Half Year Ended		Quarter Ended	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
	----- Rupees -----			
SALES	18,819,864,948	16,925,459,199	8,460,582,661	9,365,709,267
COST OF SALES	(15,457,916,673)	(13,118,068,235)	(6,870,682,796)	(7,460,957,765)
GROSS PROFIT	3,361,948,275	3,807,390,964	1,589,899,865	1,904,751,502
DISTRIBUTION COST	(239,470,465)	(353,748,611)	(124,155,140)	(252,359,784)
ADMINISTRATIVE EXPENSES	(94,079,649)	(84,014,149)	(47,056,471)	(48,259,853)
OTHER OPERATING EXPENSES	(16,087,565)	(82,598,035)	(14,822,565)	(50,329,124)
	(349,637,679)	(520,360,795)	(186,034,176)	(350,948,761)
	3,012,310,596	3,287,030,169	1,403,865,689	1,553,802,741
OTHER OPERATING INCOME	233,904,289	200,779,016	357,183,452	168,873,254
PROFIT FROM OPERATIONS	3,246,214,885	3,487,809,185	1,761,049,141	1,722,675,995
FINANCE COST	(2,257,379,103)	(1,953,123,185)	(1,122,316,452)	(1,123,919,270)
PROFIT BEFORE TAXATION	988,835,782	1,534,686,000	638,732,689	598,756,725
PROVISION FOR TAXATION	(103,808,821)	(101,514,517)	(60,232,845)	(62,991,517)
PROFIT AFTER TAXATION	885,026,961	1,433,171,483	578,499,844	535,765,208
EARNINGS PER SHARE - BASIC	5.46	8.96	3.57	3.34
EARNINGS PER SHARE - DILUTED	5.35	8.66	3.50	3.24

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 2011

	Half Year Ended		Quarter Ended	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
	----- Rupees -----			
PROFIT AFTER TAXATION	885,026,961	1,433,171,483	578,499,844	535,765,208
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>885,026,961</u>	<u>1,433,171,483</u>	<u>578,499,844</u>	<u>535,765,208</u>
SHARE OF PROFIT ATTRIBUTABLE TO:				
Equity holders of parent	383,624,208	1,215,342,591		
Non controlling interest	<u>501,402,753</u>	<u>217,828,892</u>		
	<u>885,026,961</u>	<u>1,433,171,483</u>		

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 2011

	Note	Half Year Ended	
		31 December 2011 Rupees	31 December 2010 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	6	(1,627,388,024)	(5,084,965,073)
Long term deposits - net		(914,467)	-
Net decrease / (increase) in long term loan to employees		1,167,693	(1,305,182)
Finance cost paid		(2,192,079,011)	(1,703,615,488)
Taxes paid		(228,786,784)	(147,967,310)
		(2,420,612,569)	(1,852,887,980)
Net cash used in operating activities		(4,048,000,593)	(6,937,853,053)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(242,801,157)	(555,062,057)
Proceeds from sale of property, plant and equipment		20,452,236	20,010,430
Disposal of short term Investment		-	106,144,366
Net cash used in investing activities		(222,348,921)	(428,907,261)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		1,200,000,000	2,364,963,501
Repayment of long term financing		(2,534,930,596)	(930,036,617)
Short term borrowings - net		6,043,463,049	4,603,289,791
Increase in non controlling interest		66,910,020	67,233,740
Dividends paid		(546,163,981)	(244,733,679)
Net cash from financing activities		4,229,278,492	5,860,716,736
NET DECREASE IN CASH AND CASH EQUIVALENTS		(41,071,022)	(1,506,043,578)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		174,324,811	1,651,996,910
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		133,253,789	145,953,332

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 2011

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY						Shareholders' Equity	Non- Controlling Interests	TOTAL EQUITY
	SHARE CAPITAL			RESERVES					
	Ordinary Shares	Preference Shares	Sub Total	General Reserve	Unappropriated profit	Sub Total			
..... Rupees									
Balance as at 30 June 2010 (audited)	1,585,526,670	68,891,770	1,654,418,440	1,629,221,278	1,185,316,206	2,814,537,484	4,468,955,924	1,540,327,620	6,009,283,544
Final dividend for the year ended 30 June 2010 @ Rupees 1.50 per ordinary share	-	-	-	-	(237,829,001)	(237,829,001)	(237,829,001)	-	(237,829,001)
Preference shares converted into ordinary shares	10,810,590	(10,810,590)	-	-	-	-	-	-	-
Non controlling interest	-	-	-	-	-	-	-	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 (un-audited)	1,596,337,260	58,081,180	1,654,418,440	1,629,221,278	2,162,829,796	3,792,051,074	5,446,469,514	1,825,390,252	7,271,859,766
Dividend paid to non -controlling interest	-	-	-	-	-	-	-	(170,367,208)	(170,367,208)
Preference shares converted into ordinary shares	24,566,230	(24,566,230)	-	-	-	-	-	-	-
Preference dividend for the year ended 30 June 2011	-	-	-	-	(5,027,243)	(5,027,243)	(5,027,243)	-	(5,027,243)
Disposal of interest to non-controlling interest	-	-	-	-	61,431,552	61,431,552	61,431,552	151,271,331	212,702,883
Total comprehensive income for the half year ended 30 June 2011	-	-	-	-	839,141,960	839,141,960	839,141,960	499,637,657	1,338,779,617
Balance as at 30 June 2011 (audited)	1,620,903,490	33,514,950	1,654,418,440	1,629,221,278	3,058,376,065	4,687,597,343	6,342,015,783	2,305,932,032	8,647,947,815
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	(179,761,118)	(179,761,118)
Preference shares converted into ordinary shares	32,500	(32,500)	-	-	-	-	-	-	-
Final dividend for the year ended 30 Jun 2011 @ Rupees 2.00 per ordinary share	-	-	-	-	(324,180,698)	(324,180,698)	(324,180,698)	-	(324,180,698)
Preference dividend for the year ended 30 June 2011	-	-	-	-	(2,531,824)	(2,531,824)	(2,531,824)	-	(2,531,824)
Disposal of interest to non controlling interest	-	-	-	-	-	-	-	66,910,020	66,910,020
Total comprehensive income for the half year ended 31 December 2011	-	-	-	-	383,624,208	383,624,208	383,624,208	501,402,753	885,026,961
Balance as at 31 December 2011 (un-audited)	1,620,935,990	33,482,450	1,654,418,440	1,629,221,278	3,115,287,751	4,744,509,029	6,398,927,469	2,694,483,687	9,093,411,156

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 Half Year Ended 31 December 2011

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 and listed on the Lahore Stock Exchange (Guarantee) Limited and Karachi Stock Exchange (Guarantee) Limited. The principal activity of the Subsidiary Company is to build, own, operate and maintain a fuel fired power station having gross capacity of 200 MW and net capacity of 195.722 MW at Jamber Kalan, Tehsil Pattoki, District Kasur, Punjab, Pakistan. Its registered office is situated at 31-Q, Gulberg II, Lahore. The Subsidiary Company has commenced commercial operations from 21 July 2010 and the twenty five years term of the Power Purchase Agreement (PPA) with National Transmission and Despatch Company Limited starts from this date.

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 condensed consolidated financial information should be read in conjunction with the annual published financial statements of the Group for the year ended 30 June 2011.

3 ACCOUNTING POLICIES AND COMPUTATION METHODS

The accounting policies and methods of computation adopted for the preparation of this interim condensed consolidated financial information are the same as applied in the preparation of preceding annual published financial statements of the group for the year ended 30 June 2011.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Judgements 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 published financial statements of the Group for the year ended 30 June 2011.

5 CONTINGENCIES AND COMMITMENTS

Holding Company

Contingencies

There is no significant change in the status of contingencies as disclosed in the preceding audited annual financial statements of the Company for the year ended 30 June 2011 except for the following:

- i) Guarantees of Rupees 56.000 million (30 June 2011: Rupees 48.000 million) are given by banks of the Company to Director, Excise and Taxation, Karachi against disputed amount of infrastructure cess.



- ii) Post dated cheques have been issued to custom authorities in respect of duties amounting to Rupees 48.324 million (30 June 2011: Rupees 927.402 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.
- iii) The Company preferred appeal 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, Government of Punjab has moved to the Honourable Supreme Court of Pakistan against the order of Honourable Lahore High Court, Lahore. The Company has fully provided its liability in respect of electricity duty on internal generation. As at the reporting date, an amount of Rupees 13.874 million (30 June 2011: Rupees 9.120 million) is payable on this account but the management of the Company is confident that payment of electricity duty will not be required.

Commitments

- i) Contracts for capital expenditure are amounting to Rupees 44.000 million (30 June 2011: Rupees 39.329 million).
- ii) Letters of credit other than for capital expenditure are amounting to Rupees 526.634 million (30 June 2011: Rupees 171.715 million).
- iii) Outstanding foreign currency forward contracts of Rupees 1,505.280 million (30 June 2011: Rupees 1,461.410 million).

Subsidiary Company

Contingencies

The banks have issued the following on behalf of the company:

- i) Irrevocable standby letter of credit in favour of Wartsila Pakistan (Private) Limited for Rs 45,000,000 (June 30, 2011: Rs 45,000,000) as required under the terms of the Operation and Maintenance Agreement.
- ii) Letter of guarantee of Rs 1,031,988 (June 30, 2011: 1,131,988) in favour of Director, Excise and Taxation, Karachi under direction of Sindh High Court in respect of suit filed for levy of infrastructure cess.

	Un-audited 31 December 2011	Audited 30 June 2011
	Rupees	Rupees
Commitments in respect of:		
i) Letters of credit other than for capital expenditure	161,971,054	290,593,989
ii) Other contractors	-	1,024,098
iii) The company has also entered into an agreement with Wartsila Pakistan (Private) Limited for the operations and maintenance ('O&M') of the power station for a five years period starting from the Commercial Operations Date of the power station i.e. July 21, 2010. 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.		



	Un-audited 31 December 2011	Un-audited 31 December 2010
	Rupees	Rupees
6 CASH USED IN OPERATIONS		
Profit before taxation	988,835,782	1,534,686,000
Add/(less) adjustment for non cash charges and other items:		
Depreciation / Amortization	731,487,104	614,753,799
Gain on sale of operating fixed assets	(9,698,978)	1,670,656
Profit on sale of investment	-	(3,913,969)
Finance costs	2,257,379,103	1,953,123,185
Cash flows from operating activities before working capital changes	3,968,003,011	4,100,319,671
(Increase)/decrease in current assets		
- Stores, spare parts and loose tools	(242,166,322)	(88,614,556)
- Stock in trade	(1,908,471,757)	(5,065,294,391)
- Trade debts	(3,710,503,417)	(4,099,554,331)
- Loans and advances	(367,950,199)	284,747,969
- Short term deposits and prepayments	1,463,696	(2,522,815)
- Other receivables	(30,132,642)	(210,035,487)
Increase/(decrease) in current liabilities		
- Trade and other payables	662,369,606	(4,011,133)
	(5,595,391,035)	(9,185,284,744)
Cash used in operations	(1,627,388,024)	(5,084,965,073)



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	
	Half Year Ended	
	31 December 2011	31 December 2010
	Rupees	Rupees
Purchase of goods and services from related parties	3,229,245	71,714,192
Sale of goods and services to related parties	4,327,127	77,516,146
Contribution to staff retirement benefits	12,906,711	12,010,660
Remuneration paid to key management personnel	38,228,414	37,381,838
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
Bank charges and financing fee	8,449	4,988,000
Ordinary dividend paid to related parties	55,046,760	41,285,070

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

	Un-audited	Audited
	31 December	30 June
	2011	2011
	Rupees	Rupees
Period end balances:		
Long term financing from related parties	-	2,555,491,033
Short term borrowings from related parties	-	550,716,697
Mark up payable to related parties	-	127,184,471
Due to related parties	-	229,476
Bank balances with related party	43,947,838	48,466,370
Due from related party	963,578	725,000

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 2011.

9 CORRESPONDING FIGURES

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

10 AUTHORISED FOR ISSUE

This interim condensed consolidated financial information was approved by the Board of Directors and authorised for issue on 28 February 2012.

10.1 Event after the balance sheet date

The Board of Directors of the Subsidiary Company has declared an interim dividend of Rs 1.5 per ordinary share at its meeting held on 28 February 2012. This interim condensed consolidated financial information does not include the effect of the above interim dividend which will be accounted for in the period in which it is declared.

Chief Executive

Director

