

# Nishat (Chunian) Limited



## INTERIM FINANCIAL INFORMATION

Half Year Ended 31 December 2012

(Unaudited)



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## Company Information

<b>Board of Directors:</b>	Mr. Shahzad Saleem Ms. Farhat Saleem Mr. Yahya Saleem Mr. Manzoor Ahmed Mr. Aftab Ahmad Khan Mr. Mushtaq Ahmad Mr. Manzar Mushtaq	Chief Executive/Chairman  Nominee NIT
<b>Audit Committee:</b>	Mr. Aftab Ahmad Khan Mr. Shahzad Saleem Mr. Manzar Mushtaq	Chairman Member Member
<b>HR&amp;R Committee:</b>	Mr. Mushtaq Ahmad Mr. Shahzad Saleem Mr. Manzar Mushtaq	Chairman Member Member
<b>Company Secretary &amp; CFO:</b>	Mr. Ahmad Subhani	
<b>Head of Internal Audit:</b>	Mr. Saqib Riaz	
<b>Bankers to the Company:</b>	Allied Bank Limited Askari Bank Limited Al Baraka Bank (Pakistan) Limited Bank Alfalah Limited Barclays Bank plc, Pakistan Bank Islami Pakistan Limited Bank AlHabib Limited Burj 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 NIB Bank Limited Pak Brunei Investment Company 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	
<b>Auditors:</b>	Riaz Ahmad & Company Chartered Accountants	
<b>Registered &amp; Head Office:</b>	31-Q, Gulberg-II, Lahore, Pakistan. Phone : 35761730-39 Fax : 35878696-97 Web : <a href="http://nishat.net">http://nishat.net</a> & <a href="http://www.nishatchunian.com">www.nishatchunian.com</a>	
<b>Share Registrar:</b>	Hameed Majeed Associates (Pvt) Limited 1st Floor, H.M. House 7-Bank Square, Lahore Ph: 042 37235081-2 Fax: 042 37358817	
<b>Mills:</b>	Spinning 1, 4 & 5 49th Kilometre, Multan Road, Bhai Pheru, Tehsil Chunian, District Kasur.  Dyeing & Printing 4th Kilometre, Manga Road, Raiwind.	Spinning 2, 3 & Weaving 49th Kilometre, Multan Road, Kamogal, Tehsil Pattoki, District Kasur.



## Directors' Report

We are pleased to present the un-audited financial information of Nishat (Chunian) Limited for the half year ended 31 December 2012. Sales during the half year have been Rs. 9,672 million as compared to Rs. 8,255 million during the corresponding half year, registering an increase of 17.16%. During the half year, your Company's gross profit margin has significantly increased from 8.47% in the corresponding half year to 16.10% in the current half year. Increase is mainly due to the better profitability of the Spinning division where gross profit margins have significantly increased from 9.46% in the corresponding half year to 18.50% in the current half year. Net profit after tax for the current half year is Rs. 989.8 million as compared to a net profit of Rs. 47.9 million in the corresponding half year.

Due to the increasing volumes of export sales in Spinning through the growing Chinese market, your Company's Directors, in the last quarter, had approved an investment in a new state of the art automated spinning unit with a capacity of 22,000 spindles, for which civil work has been started and letters of credit of plant and machinery have been opened. This new capacity is expected to commission by the end of this calendar year. Your Company had also, during the last quarter, initiated acquisition of assets of Taj Textile Mills Limited related to spinning production through court auction which is pending decision of the Lahore High Court. The next date of hearing is 21 March 2013 and we are expecting a favourable outcome.

Towards another step to combat the energy crisis and reduce reliance on expensive fossil fuels, the construction of 14 MW Grid has been completed and its commissioning is expected shortly on completion of source feed line by LESCO. The Board of Directors of your Company's subsidiary, Nishat Chunian Power Limited, in its meeting held on 14 February 2013, has announced an interim dividend of Rs. 2 per share, which will result in income of Rs. 375 million in the quarter ending 31 March 2013. Due to the expected dividend income and the growing profitability specifically in spinning division, your Company expects improved profitability in the rest of the year as compared to the previous year.

The consolidated condensed interim financial information comprising Nishat (Chunian) Limited and Nishat Chunian Power Limited is annexed with separate interim condensed financial information of your Company in accordance with the requirements of International Accounting Standard 27 (Consolidated and Separate Financial Statements), 34 (Interim Financial Reporting) and applicable provisions of Companies Ordinance 1984.

The Directors wish to express their appreciation to the dedicated employees who continue to play a pivotal role in the success of the Company.

On behalf of the Board

Shahzad Saleem  
Chief Executive / Chairman

Lahore: 25 February 2013



## 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 2012 and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of profit or loss and other 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 profit or loss and other comprehensive income for the quarters ended 31 December 2012 and 31 December 2011 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 2012.

### *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 2012 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Lahore  
Dated: 25 February 2013

RIAZ AHMAD & COMPANY  
Chartered Accountants

Name of engagement partner:  
Syed Mustafa Ali



## Unconsolidated Condensed Interim Balance Sheet

	Note	Un-audited 31 December 2012 Rupees	Audited 30 June 2012 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital	5	<u>2,500,000,000</u>	<u>1,950,000,000</u>
Issued, subscribed and paid-up share capital	6	1,819,860,280	1,654,418,440
Reserves		<u>4,914,071,114</u>	<u>4,420,575,587</u>
Total equity		6,733,931,394	6,074,994,027
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	7	3,680,064,902	3,985,589,955
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,321,555,829	1,105,047,161
Accrued mark-up		157,923,464	144,471,269
Short term borrowings		7,332,244,766	5,349,510,524
Current portion of long term financing		1,397,508,439	1,023,341,772
		<u>10,209,232,498</u>	<u>7,622,370,726</u>
TOTAL LIABILITIES		13,889,297,400	11,607,960,681
CONTINGENCIES AND COMMITMENTS	8		
TOTAL EQUITY AND LIABILITIES		<u>20,623,228,794</u>	<u>17,682,954,708</u>

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

Chief Executive



as at 31 December 2012

	Note	Un-audited 31 December 2012 Rupees	Audited 30 June 2012 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets	9	6,509,328,289	6,076,549,160
Investment in subsidiary company		1,875,858,200	1,875,858,200
Long term loans to employees		3,311,661	3,365,003
Long term security deposits		2,531,259	2,286,909
		<u>8,391,029,409</u>	<u>7,958,059,272</u>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		549,030,833	523,273,790
Stock-in-trade		7,026,841,443	4,010,713,332
Trade debts		3,066,639,892	3,027,856,152
Loans and advances		537,419,447	172,732,886
Short term loans to subsidiary company		-	1,132,500,000
Short term prepayments		4,458,573	266,428
Accrued interest		2,925,140	5,965,255
Other receivables		940,206,987	771,096,062
Short term investments		57,243,590	32,494,520
Cash and bank balances		47,433,480	47,997,011
		<u>12,232,199,385</u>	<u>9,724,895,436</u>
<b>TOTAL ASSETS</b>		<u><u>20,623,228,794</u></u>	<u><u>17,682,954,708</u></u>

Director





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

For the Half Year Ended 31 December 2012

Note	Half Year Ended		Quarter Ended	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
..... R u p e e s .....				
SALES	9,671,950,480	8,255,050,406	4,945,518,257	4,120,393,060
COST OF SALES	10 (8,114,730,297)	(7,555,452,632)	(4,219,714,730)	(3,781,262,100)
GROSS PROFIT	1,557,220,183	699,597,774	725,803,527	339,130,960
DISTRIBUTION COST	(247,636,981)	(239,470,466)	(129,082,315)	(124,155,141)
ADMINISTRATIVE EXPENSES	(74,236,255)	(67,256,437)	(38,700,237)	(37,980,239)
OTHER OPERATING EXPENSES	(60,169,136)	(8,774,045)	(36,920,765)	(7,509,045)
	(382,042,372)	(315,500,948)	(204,703,317)	(169,644,425)
	1,175,177,811	384,096,826	521,100,210	169,486,535
OTHER OPERATING INCOME	532,910,757	409,835,316	463,230,219	351,115,042
PROFIT FROM OPERATIONS	1,708,088,568	793,932,142	984,330,429	520,601,577
FINANCE COST	(599,397,565)	(648,133,226)	(297,628,746)	(330,093,531)
PROFIT BEFORE TAXATION	1,108,691,003	145,798,916	686,701,683	190,508,046
TAXATION	(118,869,948)	(97,816,263)	(72,207,828)	(56,636,319)
PROFIT AFTER TAXATION	989,821,055	47,982,653	614,493,855	133,871,727
		(Restated)		(Restated)
BASIC EARNINGS PER SHARE	5.44	0.25	3.38	0.74
DILUTED EARNINGS PER SHARE	5.44	0.25	3.38	0.74

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

Chief Executive

Director



**Unconsolidated Condensed Interim Statement of  
Profit or Loss and Other Comprehensive Income (Un-audited)**  
For the Half Year Ended 31 December 2012

	Half Year Ended		Quarter Ended	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
..... R u p e e s .....				
PROFIT AFTER TAXATION	989,821,055	47,982,653	614,493,855	133,871,727
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Other comprehensive income for the period	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>989,821,055</b>	<b>47,982,653</b>	<b>614,493,855</b>	<b>133,871,727</b>

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

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Chief Executive

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Director



## Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)

For the Half Year Ended 31 December 2012

	Note	Half Year Ended	
		31 December 2012 Rupees	31 December 2011 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash utilized in operations	11	(1,833,833,531)	(1,024,887,589)
Finance cost paid		(585,945,370)	(634,072,152)
Income tax paid		(118,612,215)	(128,813,365)
Net decrease in long term loans to employees		924,000	488,029
Net increase in long term security deposits		(244,350)	(914,467)
<b>Net cash utilized in operating activities</b>		<b>(2,537,711,466)</b>	<b>(1,788,199,544)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property, plant and equipment		(695,641,406)	(234,598,718)
Proceeds from sale of property, plant and equipment		4,257,762	19,878,237
Proceeds from sale of shares of subsidiary company		-	92,440,170
Short term loans to subsidiary company		(810,000,000)	(1,638,894,249)
Repayment of short term loans by subsidiary company		1,942,500,000	848,894,249
Short term investment made		(24,749,070)	-
Dividend received from subsidiary company		375,171,640	187,585,821
Interest income received		20,322,032	2,180,013
<b>Net cash from / (used in) investing activities</b>		<b>811,860,958</b>	<b>(722,514,477)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long term financing		500,000,000	1,200,000,000
Repayment of long term financing		(431,358,386)	(2,032,304,665)
Short term borrowings - net		1,982,734,242	3,665,829,102
Dividends paid		(326,088,879)	(325,193,973)
<b>Net cash from financing activities</b>		<b>1,725,286,977</b>	<b>2,508,330,464</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(563,531)</b>	<b>(2,383,557)</b>
Cash and cash equivalents at the beginning of the period		47,997,011	135,023,284
<b>Cash and cash equivalents at the end of the period</b>		<b>47,433,480</b>	<b>132,639,727</b>

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 2012

	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 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
Transactions with owners:							
Preference shares converted into ordinary shares	32,500	(32,500)	-	-	-	-	-
Preference dividend for the half year ended 31 December 2011	-	-	-	-	(2,531,824)	(2,531,824)	(2,531,824)
Final dividend for the year ended 30 June 2011 @ Rupees 2 per ordinary share	-	-	-	-	(324,180,698)	(324,180,698)	(324,180,698)
	32,500	(32,500)	-	-	(326,712,522)	(326,712,522)	(326,712,522)
Profit for the half year ended 31 December 2011	-	-	-	-	47,982,653	47,982,653	47,982,653
Other comprehensive income for the half year ended 31 December 2011	-	-	-	-	-	-	-
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
Transactions with owners:							
Preference shares converted into ordinary shares	33,482,450	(33,482,450)	-	-	-	-	-
Preference dividend for the half year ended 30 June 2012	-	-	-	-	(2,065,151)	(2,065,151)	(2,065,151)
	33,482,450	(33,482,450)	-	-	(2,065,151)	(2,065,151)	(2,065,151)
Profit for the half year ended 30 June 2012	-	-	-	-	651,348,076	651,348,076	651,348,076
Other comprehensive income for the half year ended 30 June 2012	-	-	-	-	-	-	-
Total comprehensive income for the half year ended 30 June 2012	-	-	-	-	651,348,076	651,348,076	651,348,076
Balance as at 30 June 2012 (Audited)	1,654,418,440	-	1,654,418,440	1,629,221,278	2,791,354,309	4,420,575,587	6,074,994,027
Transactions with owners:							
Final dividend for the year ended 30 June 2012 @ Rupees 2 per ordinary share	-	-	-	-	(330,883,688)	(330,883,688)	(330,883,688)
Issue of bonus shares	165,441,840	-	165,441,840	(165,441,840)	-	(165,441,840)	-
	165,441,840	-	165,441,840	(165,441,840)	(330,883,688)	(496,325,528)	(330,883,688)
Profit for the half year ended 31 December 2012	-	-	-	-	989,821,055	989,821,055	989,821,055
Other comprehensive income for the half year ended 31 December 2012	-	-	-	-	-	-	-
Total comprehensive income for the half year ended 31 December 2012	-	-	-	-	989,821,055	989,821,055	989,821,055
Balance as at 31 December 2012 (Un-audited)	1,819,860,280	-	1,819,860,280	1,463,779,438	3,450,291,676	4,914,071,114	6,733,931,394

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 2012

### 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 2012 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 2012.

### 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 2012.

### 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 2012.

### 5 AUTHORIZED SHARE CAPITAL

Un-audited 31 December 2012	Audited 30 June 2012		Un-audited 31 December 2012	Audited 30 June 2012
			Rupees	Rupees
230,000,000	175,000,000	Ordinary shares of Rupees 10 each	2,300,000,000	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>250,000,000</u>	<u>195,000,000</u>		<u>2,500,000,000</u>	<u>1,950,000,000</u>



5.1 During the half year ended 31 December 2012, the Company by way of special resolution passed in Annual General Meeting of the shareholders of the Company held on 30 October 2012 has increased its authorized share capital by Rupees 550 million divided into 55 million ordinary shares of Rupees 10 each. The new shares shall rank pari passu with the existing shares.

## 6 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

Un-audited 31 December 2012	Audited 30 June 2012		Un-audited 31 December 2012	Audited 30 June 2012
(Number of shares)			Rupees	Rupees
94,720,922	94,720,922	Ordinary shares of Rupees 10 each fully paid in cash	947,209,220	947,209,220
86,040,841	69,496,657	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	860,408,410	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
<b>181,986,028</b>	<b>165,441,844</b>		<b>1,819,860,280</b>	<b>1,654,418,440</b>

6.1 16,544,184 ordinary shares of Rupees 10 each were issued as fully paid bonus shares during the half year ended 31 December 2012 in pursuance of 10% bonus issue approved in Annual General Meeting of the shareholders of the Company held on 30 October 2012.

	Un-audited 31 December 2012	Audited 30 June 2012
	Rupees	Rupees
<b>7 LONG TERM FINANCING</b>		
From banking companies / financial institutions - secured		
Long term loans (Note 7.1)	3,253,814,902	3,439,339,955
Long term musharaka (Note 7.2)	207,500,000	265,000,000
Privately placed term finance certificates - secured (Note 7.3)	218,750,000	281,250,000
	<b>3,680,064,902</b>	<b>3,985,589,955</b>



	Un-audited 31 December 2012 Rupees	Audited 30 June 2012 Rupees
<b>7.1 Long term loans</b>		
Opening balance	4,160,181,727	3,747,993,816
Add: Obtained during the period / year	500,000,000	3,050,000,000
Less: Repayments during the period / year	280,108,386	2,637,812,089
Closing balance	4,380,073,341	4,160,181,727
Less: Current portion shown under current liabilities	1,126,258,439	720,841,772
	<u>3,253,814,902</u>	<u>3,439,339,955</u>
<b>7.2 Long term musharaka</b>		
Opening balance	442,500,000	585,000,000
Add: Obtained during the period / year	-	-
Less: Repayments during the period / year	88,750,000	142,500,000
Closing balance	353,750,000	442,500,000
Less: Current portion shown under current liabilities	146,250,000	177,500,000
	<u>207,500,000</u>	<u>265,000,000</u>
<b>7.3 Privately placed term finance certificates - secured</b>		
Opening balance	406,250,000	500,000,000
Add: Obtained during the period / year	-	-
Less: Repayments during the period / year	62,500,000	93,750,000
Closing balance	343,750,000	406,250,000
Less: Current portion shown under current liabilities	125,000,000	125,000,000
	<u>218,750,000</u>	<u>281,250,000</u>

## 8 CONTINGENCIES AND COMMITMENTS

### Contingencies

There is no significant change in the status of contingencies as disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2012 except for the following:

- i) Guarantees of Rupees 284.004 million (30 June 2012: Rupees 258.639 million) have been issued by the banks of the Company to Director, Excise and Taxation, Karachi against disputed amount of infrastructure cess, Sui Northern Gas Pipelines Limited against gas connections and disputed amount of gas infrastructure development cess and Shell Pakistan Limited against purchase of furnace oil.
- ii) Post dated cheques have been issued to custom authorities in respect of duties amounting to Rupees 77.019 million (30 June 2012: Rupees 58.709 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 23.848 million (30 June 2012: Rupees 18.792 million) is payable on this account but the management of the Company is confident that payment of electricity duty will not be required.

- iv) The Company has not recognised fuel adjustment charges amounting to Rupees 21.148 million (30 June 2012: Rupees 20.867 million) till 30 June 2012 notified by National Electric Power Regulatory Authority (NEPRA), as the Company has obtained stay against payment of such charges from Honourable Islamabad High Court, Islamabad. Further, the Company has not recognized fuel adjustment charges for the period from July 2012 to December 2012, as the amount of fuel adjustment charges relating to this period is not quantifiable as the rates of fuel adjustment charges are not notified by NEPRA. The management based on advice of the legal counsel, believes that it has strong grounds of appeal and payment / accrual of such charges will not be required.

#### Commitments

- i) Contracts for capital expenditure are amounting to Rupees 563.100 million (30 June 2012: Rupees 282.462 million).
- ii) Letters of credit other than for capital expenditure are amounting to Rupees 25.227 million (30 June 2012: Rupees 29.113 million).
- iii) Outstanding foreign currency forward contracts of Rupees 2,799.911 million (30 June 2012: Rupees 2,892.672 million).

	Un-audited 31 December 2012 <u>Rupees</u>	Audited 30 June 2012 <u>Rupees</u>
<b>9 FIXED ASSETS</b>		
Property, plant and equipment:		
Operating fixed assets (Note 9.1)	5,847,110,240	5,972,783,496
Capital work-in-progress (Note 9.2)	660,801,970	101,499,938
	<u>6,507,912,210</u>	<u>6,074,283,434</u>
Intangible asset:		
Computer software (Note 9.3)	1,416,079	2,265,726
	<u>6,509,328,289</u>	<u>6,076,549,160</u>
<b>9.1 Operating fixed assets</b>		
Opening book value	5,972,783,496	6,152,148,025
Add: Cost of additions during the period / year (Note 9.1.1)	136,339,374	384,198,432
	<u>6,109,122,870</u>	<u>6,536,346,457</u>
Less: Book value of deletions during the period / year (Note 9.1.2)	2,740,026	14,504,320
	<u>6,106,382,844</u>	<u>6,521,842,137</u>
Less: Depreciation charged during the period / year	259,272,604	549,058,641
Closing book value	<u>5,847,110,240</u>	<u>5,972,783,496</u>





	Un-audited 31 December 2012	Audited 30 June 2012
	Rupees	Rupees
<b>9.1.1 Cost of additions during the period / year</b>		
Free hold land	79,895,422	20,833,541
Buildings on freehold land	2,953,042	35,857,024
Plant and machinery	36,113,018	252,310,076
Electric installations	4,391,559	21,556,542
Factory equipment	751,277	20,343,941
Furniture, fixtures and equipment	796,849	2,731,495
Office equipment	2,832,847	5,470,590
Motor vehicles	8,605,360	25,095,223
	<u>136,339,374</u>	<u>384,198,432</u>
<b>9.1.2 Book value of deletions during the period / year</b>		
Cost of deletions		
Plant and machinery	-	22,796,425
Office equipment	652,712	359,122
Furniture, fixtures and equipment	123,900	-
Motor vehicles	5,353,686	14,130,173
	<u>6,130,298</u>	<u>37,285,720</u>
Less: Accumulated depreciation	3,390,272	22,781,40
Book value of deletions during the period / year	<u>2,740,026</u>	<u>14,504,320</u>
<b>9.2 Capital work-in-progress</b>		
Civil works on freehold land	47,961,464	17,946,371
Electric installations	155,968,168	79,919,018
Mobilization advance	28,915,037	634,823
Letters of credit	72,746,302	40,226
Advances for capital expenditure	355,210,999	2,959,500
	<u>660,801,970</u>	<u>101,499,938</u>
<b>9.3 Computer software</b>		
Opening book value	2,265,726	3,965,021
Less: Amortization charged during the period / year	849,647	1,699,295
Closing book value	<u>1,416,079</u>	<u>2,265,726</u>



Un-audited			
Half Year Ended		Quarter Ended	
31 December 2012	31 December 2011	31 December 2012	31 December 2011

..... R u p e e s .....

## 10 COST OF SALES

Raw materials consumed	5,653,093,266	5,034,264,871	2,756,690,456	2,526,285,520
Packing materials consumed	292,108,111	195,152,673	155,374,687	82,560,319
Stores, spare parts and loose tools consumed	473,792,988	403,764,817	234,808,076	219,855,568
Salaries, wages and other benefits	607,077,149	472,361,647	331,464,510	238,509,543
Fuel and power	1,138,473,212	855,241,859	639,083,585	483,518,244
Insurance	16,718,188	15,332,255	9,023,423	7,776,890
Postage and telephone	243,616	240,686	124,131	105,065
Travelling and conveyance	7,434,903	7,016,468	3,697,592	3,353,521
Vehicles' running and maintenance	10,431,882	9,417,312	5,697,911	4,706,995
Entertainment	2,452,530	1,670,935	763,641	638,311
Depreciation on operating fixed assets	257,042,811	264,575,542	128,866,360	130,568,637
Repair and maintenance	9,231,349	18,457,326	2,800,717	8,808,385
Other factory overheads	29,433,383	17,861,348	14,603,739	8,969,628
	<u>8,497,533,388</u>	<u>7,295,357,739</u>	<u>4,282,998,828</u>	<u>3,715,656,626</u>
Work-in-process:				
Opening stock	380,749,192	629,297,302	519,314,303	538,082,298
Closing stock	(606,216,814)	(461,269,090)	(606,216,814)	(461,269,090)
	<u>(225,467,622)</u>	<u>168,028,212</u>	<u>(86,902,511)</u>	<u>76,813,208</u>
Cost of goods manufactured	<u>8,272,065,766</u>	<u>7,463,385,951</u>	<u>4,196,096,317</u>	<u>3,792,469,834</u>
Finished goods and waste - opening stocks:				
Finished goods	412,367,556	770,989,076	587,928,375	662,581,413
Waste	32,878,314	40,151,200	38,271,377	45,284,448
	<u>445,245,870</u>	<u>811,140,276</u>	<u>626,199,752</u>	<u>707,865,861</u>
	<u>8,717,311,636</u>	<u>8,274,526,227</u>	<u>4,822,296,069</u>	<u>4,500,335,695</u>
Finished goods and waste - closing stocks:				
Finished goods	(560,403,599)	(663,346,134)	(560,403,599)	(663,346,134)
Waste	(42,177,740)	(55,727,461)	(42,177,740)	(55,727,461)
	<u>(602,581,339)</u>	<u>(719,073,595)</u>	<u>(602,581,339)</u>	<u>(719,073,595)</u>
Cost of sales	<u><u>8,114,730,297</u></u>	<u><u>7,555,452,632</u></u>	<u><u>4,219,714,730</u></u>	<u><u>3,781,262,100</u></u>



	Un-audited	
	Half Year Ended	
	31 December 2012	31 December 2011
	Rupees	Rupees
<b>11 CASH UTILIZED IN OPERATIONS</b>		
Profit before taxation	1,108,691,003	145,798,916
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	259,272,604	271,154,937
Amortization on intangible asset	849,647	849,647
Gain on sale of property, plant and equipment	(1,517,736)	(9,542,317)
Gain on sale of shares of subsidiary company	-	(25,530,150)
Interest income on loans to subsidiary company	(15,175,265)	(5,616,448)
Return on bank deposits	(2,106,652)	(1,266,332)
Finance cost	599,397,565	648,133,226
Dividend income	(375,171,640)	(187,585,821)
Working capital changes (Note 11.1)	(3,408,073,057)	(1,861,283,247)
	<u>(1,833,833,531)</u>	<u>(1,024,887,589)</u>
<b>11.1 Working capital changes</b>		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(25,757,043)	(96,430,951)
Stock-in-trade	(3,016,128,111)	(2,106,269,268)
Trade debts	(38,783,740)	409,503,591
Loans and advances	(365,557,219)	(394,415,209)
Short term prepayments	(4,192,145)	(2,790,768)
Other receivables	(169,368,658)	16,015,795
	<u>(3,619,786,916)</u>	<u>(2,174,386,810)</u>
Increase in current liabilities:		
Trade and other payables	211,713,859	313,103,563
	<u>(3,408,073,057)</u>	<u>(1,861,283,247)</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		Weaving		Processing and Home Textile		Power Generation		Elimination of Inter-segment transactions		Total - Company	
	(Un-audited)		(Un-audited)		(Un-audited)		(Un-audited)		(Un-audited)		(Un-audited)	
	Half year ended	31 December	Half year ended	31 December	Half year ended	31 December	Half year ended	31 December	Half year ended	31 December	Half year ended	31 December
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Sales:												
External Inter-segment	5,500,413,706	4,507,197,707	1,139,896,752	1,326,202,974	2,941,640,022	2,421,649,725	753,249,698	546,211,329	(3,673,814,294)	(3,210,022,216)	9,671,950,480	8,255,050,406
	1,106,566,893	1,167,056,146	1,813,997,701	1,496,754,742	-	-	-	-	-	-	-	-
Cost of sales	6,696,980,601	5,674,253,852	2,853,894,453	2,822,957,716	2,941,640,022	2,421,649,725	753,249,698	546,211,329	(3,673,814,294)	(3,210,022,216)	9,671,950,480	8,255,050,406
	(5,457,805,300)	(5,137,486,389)	(2,743,921,778)	(2,649,499,145)	(2,677,814,564)	(2,238,182,277)	(909,002,949)	(740,307,037)	3,673,814,294	3,210,022,216	(8,114,730,297)	(7,555,452,632)
Gross profit / (loss)	1,239,175,301	536,767,463	209,972,675	173,458,571	263,825,458	183,467,448	(155,753,251)	(194,095,708)	-	-	1,557,220,183	689,597,774
Distribution cost	(137,598,123)	(103,112,348)	(39,784,522)	(59,429,874)	(70,254,336)	(78,928,244)	(2,308,803)	(3,018,235)	-	-	(247,636,981)	(239,470,466)
Administrative expenses	(28,896,457)	(38,796,245)	(14,224,378)	(11,887,297)	(28,806,617)	(13,554,660)	-	-	-	-	(74,236,255)	(67,236,437)
	(166,494,580)	(141,908,593)	(54,008,900)	(71,317,171)	(99,060,953)	(90,482,904)	(2,308,803)	(3,018,235)	-	-	(321,873,236)	(306,726,903)
Profit / (loss) before taxation and unallocated income and expenses	1,072,680,721	394,858,870	155,963,775	102,141,400	164,764,505	92,984,544	(158,062,054)	(197,113,943)	-	-	1,235,346,947	392,870,871
Unallocated income and expenses:												
Other operating expenses											(60,169,136)	(8,774,045)
Finance cost											532,910,757	409,835,316
Taxation											(599,397,565)	(648,133,226)
Profit after taxation											(118,869,948)	(87,816,263)
											989,821,055	47,982,653

	Spinning		Weaving		Processing and Home Textile		Power Generation		Total - Company	
	(Audited)		(Audited)		(Audited)		(Audited)		(Audited)	
	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December
Total assets for reportable segments	10,407,984,511	6,714,562,194	1,932,201,215	2,090,539,826	3,762,072,818	3,804,791,067	1,278,646,070	1,177,194,299	17,380,904,614	13,787,087,386
Unallocated assets:										
Long term investment									1,875,858,200	1,875,858,200
Short term loans to subsidiary company									-	1,132,500,000
Other receivables									940,206,987	771,096,062
Short term investments									57,243,500	32,494,520
Cash and bank balances									47,433,480	47,997,011
Other corporate assets									321,581,923	35,921,329
Total assets as per balance sheet									20,623,228,794	17,682,954,708



### 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:

#### i. Transactions

	Un-audited	
	Half Year Ended	
	31 December 2012	31 December 2011
	Rupees	Rupees
Purchase of goods and services from related parties	39,075,105	3,229,245
Sale of goods and services to related parties	11,473,595	4,327,127
Donations to related party	1,786,978	2,100,000
Insurance premium paid to associated company	32,046,823	-
Insurance claims received from associated company	7,714,303	-
Contribution to employees' provident fund	13,659,781	12,259,211
Remuneration paid to key management personnel	29,562,300	27,859,500
Common facilities cost charged to subsidiary company	900,000	900,000
Mark-up on short term loans to subsidiary company	15,175,265	5,616,448
Short term loans to subsidiary company	810,000,000	1,638,894,249
Repayment of short term loans by subsidiary company	1,942,500,000	848,894,249
Dividend received from subsidiary company	375,171,640	187,585,821
Dividend paid to related parties	55,046,759	55,046,760

#### ii. Period end balances

	As at 31 December 2012 (Un-Audited)			
	Subsidiary company	Associated companies	Other related parties	Total
	-----Rupees-----			
Trade and other payables	-	3,483,141	846,453	4,329,594
Long term investment	1,875,858,200	-	a-	1,875,858,200
Trade debts	-	-	6,538,266	6,538,266
Loans and advances	-	-	542,579	542,579
Other receivables	728,949	3,072,385	-	3,801,334
Accrued interest	2,922,520	-	-	2,922,520
Bank balances	-	11,428,577	-	11,428,577

	As at 30 June 2012 (Audited)			
	Subsidiary company	Associated companies	Other related parties	Total
	-----Rupees-----			
Trade and other payables	903,552	3,492,459	156,537	4,552,548
Long term investment	1,875,858,200	-	-	1,875,858,200
Short term loans	1,132,500,000	-	-	1,132,500,000
Other receivables	-	-	8,092,179	8,092,179
Accrued interest	5,921,392	-	-	5,921,392
Bank balances	-	10,127,683	-	10,127,683



#### 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 2012.

#### 15 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard (IAS) 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 annual audited financial statements of preceding financial year, whereas, the unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of profit or loss and other 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, wherever necessary, for the purpose of comparison, however, no significant re-arrangements have been made. Basic and diluted earnings per share for the half year and quarter ended 31 December 2011 have been restated as a result of bonus issue during the current period.

#### 16 DATE OF AUTHORIZATION FOR ISSUE

This unconsolidated condensed interim financial information was approved by the Board of Directors and authorized for issue on 25 February 2013.

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

\_\_\_\_\_  
Director



*NISHAT (CHUNIAN) LIMITED AND ITS  
SUBSIDIARY COMPANY*

*CONSOLIDATED CONDENSED INTERIM  
FINANCIAL INFORMATION*

*HALF YEAR ENDED 31 DECEMBER 2012  
(UNAUDITED)*





## Consolidated Condensed Interim Balance Sheet

	Note	Un-audited 31 December 2012	Audited 30 June 2012
		Rupees	Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital		2,500,000,000	1,950,000,000
Issued, subscribed and paid-up share capital		1,819,860,280	1,654,418,440
Reserves		6,443,519,173	5,601,064,258
Equity attributable to equity holders of the Holding Company		8,263,379,453	7,255,482,698
Non-controlling interest		3,270,924,815	2,936,659,488
<b>Total equity</b>		<b>11,534,304,268</b>	<b>10,192,142,186</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing		16,067,485,119	16,883,650,748
<b>CURRENT LIABILITIES</b>			
Trade and other payables		3,069,410,853	2,128,109,025
Accrued mark-up		755,345,883	880,447,496
Short term borrowings		12,682,142,188	11,179,263,338
Derivative financial instruments		-	35,090,368
Current portion of long term financing		2,381,880,612	1,936,563,768
		18,888,779,536	16,159,473,995
<b>Total liabilities</b>		<b>34,956,264,655</b>	<b>33,043,124,743</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	5		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>46,490,568,923</b>	<b>43,235,266,929</b>

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

Chief Executive



as at 31 December 2012

	Un-audited 31 December 2012 Rupees	Audited 30 June 2012 Rupees
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Fixed assets	21,786,924,676	21,885,703,745
Long term loans to employees	3,311,662	4,220,799
Long term security deposits	2,636,259	2,391,909
	<u>21,792,872,597</u>	<u>21,892,316,453</u>
<b>CURRENT ASSETS</b>		
Stores, spare parts and loose tools	1,021,866,845	941,317,825
Stock-in-trade	7,818,675,340	4,387,426,935
Trade debts	13,708,324,357	14,738,386,180
Loans and advances	713,835,082	176,328,163
Short term deposit and prepayments	85,695,249	1,361,373
Accrued interest	69,315	70,511
Other receivables	1,236,417,281	977,770,869
Derivative financial instrument	4,828,049	-
Short term investments	57,243,589	32,494,520
Cash and bank balances	50,741,219	87,794,100
	<u>24,697,696,326</u>	<u>21,342,950,476</u>
<b>TOTAL ASSETS</b>	<u><u>46,490,568,923</u></u>	<u><u>43,235,266,929</u></u>

Director



**Consolidated Condensed Interim Profit and Loss Account (Un-audited)**  
For the Half Year Ended 31 December 2012

	Half Year Ended		Quarter Ended	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
	----- Rupees -----			
SALES	21,948,393,538	18,819,864,948	11,959,814,791	8,460,582,661
COST OF SALES	(17,688,143,770)	(15,457,916,673)	(9,806,213,581)	(6,870,682,796)
GROSS PROFIT	4,260,249,768	3,361,948,275	2,153,601,210	1,589,899,865
DISTRIBUTION COST	(247,636,981)	(239,470,465)	(129,082,315)	(124,155,140)
ADMINISTRATIVE EXPENSES	(107,318,912)	(94,079,649)	(53,643,503)	(47,056,471)
OTHER OPERATING EXPENSES	(61,916,114)	(16,087,565)	(37,659,743)	(14,822,565)
	(416,872,007)	(349,637,679)	(220,385,561)	(186,034,176)
	3,843,377,761	3,012,310,596	1,933,215,649	1,403,865,689
OTHER OPERATING INCOME	208,173,650	233,904,289	100,054,214	357,183,452
PROFIT FROM OPERATIONS	4,051,551,411	3,246,214,885	2,033,269,863	1,761,049,141
FINANCE COST	(1,891,121,473)	(2,257,379,103)	(886,296,798)	(1,122,316,452)
PROFIT BEFORE TAXATION	2,160,429,938	988,835,782	1,146,973,065	638,732,689
PROVISION FOR TAXATION	(127,861,930)	(103,808,821)	(78,784,364)	(60,232,845)
PROFIT AFTER TAXATION	2,032,568,008	885,026,961	1,068,188,701	578,499,844
EARNINGS PER SHARE - BASIC	7.36	(Restated) 2.15	3.64	(Restated) 2.02
EARNINGS PER SHARE - DILUTED	7.36	2.11	3.64	1.99

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

Chief Executive

Director



**Consolidated Condensed Interim Statement of  
Profit or Loss and Other Comprehensive Income (Un-audited)**  
For the Half Year Ended 31 December 2012

	Half Year Ended		Quarter Ended	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
	----- Rupees -----			
PROFIT AFTER TAXATION	2,032,568,008	885,026,961	1,068,188,701	578,499,844
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Other comprehensive income for the period	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>2,032,568,008</b>	<b>885,026,961</b>	<b>1,068,188,701</b>	<b>578,499,844</b>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Equity holders of parent	1,338,780,443	383,624,208		
Non controlling interest	693,787,565	501,402,753		
	<b>2,032,568,008</b>	<b>885,026,961</b>		

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

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

\_\_\_\_\_  
Director



## Consolidated Condensed Interim Cash Flow Statement (Un-audited)

For the Half Year Ended 31 December 2012

	Note	Half Year Ended	
		31 December 2012 Rupees	31 December 2011 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from / (used in) operations	6	2,363,593,096	(1,629,618,682)
Finance cost paid		(2,016,223,086)	(2,192,079,011)
Taxes paid		(119,137,860)	(228,786,784)
Long term deposits - net		(244,350)	(914,467)
Long term loans to employees		909,137	1,167,693
		(2,134,696,159)	(2,420,612,569)
<b>Net cash from / (used in) operating activities</b>		<b>228,896,937</b>	<b>(4,050,231,251)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(696,519,558)	(242,801,157)
Proceeds from sale of property, plant and equipment		4,257,762	20,452,236
Short term investment made		(24,749,069)	-
Mark-up income received		2,170,950	2,230,658
<b>Net cash used in investing activities</b>		<b>(714,839,915)</b>	<b>(220,118,263)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long term financing		500,000,000	1,200,000,000
Repayment of long term financing		(870,848,784)	(2,534,930,596)
Short term borrowings - net		1,502,878,850	6,043,463,049
Increase in non controlling interest		-	66,910,020
Dividend paid		(683,139,969)	(546,163,981)
<b>Net cash from financing activities</b>		<b>448,890,097</b>	<b>4,229,278,492</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(37,052,881)</b>	<b>(41,071,022)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		<b>87,794,100</b>	<b>174,324,811</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>50,741,219</b>	<b>133,253,789</b>

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

Chief Executive

Director



## Consolidated Condensed Interim Statement of Changes in Equity (Un-audited)

For the Half Year Ended 31 December 2012

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY							Non-Controlling Interests	TOTAL EQUITY
	SHARE CAPITAL		RESERVES			Shareholders' Equity			
	Ordinary Shares	Preference Shares	Total	General Reserve	Unappropriated profit	Total	Shareholders' Equity		
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
Preference shares converted into ordinary shares Final dividend for the year ended 30 June 2011 @ Rupees 2 per ordinary share	32,500	(32,500)	-	-	-	-	-	-	-
Dividend paid to non-controlling interest	-	-	-	-	(324,180,698)	(324,180,698)	(324,180,698)	-	(324,180,698)
Preference dividend for the half year ended 31 December 2011	-	-	-	-	-	-	(2,531,824)	(179,761,118)	(179,761,118)
Disposal of interest to non-controlling interest	-	-	-	-	(2,531,824)	(2,531,824)	-	66,910,020	(2,531,824)
Total comprehensive income for the half year ended 31 December 2011	-	-	-	-	383,624,208	383,624,208	383,624,208	501,402,753	66,910,020
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
Preference shares converted into ordinary shares	33,482,450	(33,482,450)	-	-	-	-	-	(269,641,679)	(269,641,679)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	-
Preference dividend for the half year ended 30 June 2012	-	-	-	-	(2,065,151)	(2,065,151)	(2,065,151)	-	(2,065,151)
Disposal of interest to non-controlling interest	-	-	-	-	(2,885,331)	(2,885,331)	-	28,813,847	(2,885,331)
Total comprehensive income for the half year ended 30 June 2012	-	-	-	-	861,505,711	861,505,711	861,505,711	483,003,633	1,344,509,344
Balance as at 30 June 2012 (Audited)	1,654,418,440	-	1,654,418,440	1,629,221,278	3,971,842,980	5,601,064,258	7,255,482,698	2,936,659,488	10,192,142,186
Issue of bonus shares	165,441,840	-	165,441,840	(165,441,840)	-	(165,441,840)	-	-	-
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	(359,522,238)	(359,522,238)
Final dividend for the year ended 30 June 2012	-	-	-	-	-	-	-	-	-
@ Rupees 2 per ordinary share	-	-	-	-	(330,883,688)	(330,883,688)	(330,883,688)	-	(330,883,688)
Total comprehensive income for the half year ended 31 December 2012	-	-	-	-	1,338,780,443	1,338,780,443	1,338,780,443	693,787,565	2,032,568,008
Balance as at 31 December 2012 (Un-audited)	1,819,860,280	-	1,819,860,280	1,463,779,438	4,979,739,735	6,443,519,173	8,263,379,453	3,270,924,815	11,534,304,268

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

Chief Executive

Director



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

For the Half Year Ended 31 December 2012

### 1. GROUP INFORMATION

The Group consists of:

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

#### Nishat (Chunian) Limited

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, fabrics and made-ups made from raw cotton, synthetic fibre and cloth and to generate, accumulate, distribute, supply and sell electricity.

#### Nishat Chunian Power Limited

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. 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 2012 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 audited annual published financial statements of the Group for the year ended 30 June 2012.

### 3. ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of this consolidated condensed interim financial information are the same as applied in the preparation of the preceding audited annual published financial statements of the Group for the year ended 30 June 2012.

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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 2012.

## 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 2012 except for the following:

- i) Guarantees of Rupees 284.004 million (30 June 2012: Rupees 258.639 million) have been issued by the banks of the Company to Director, Excise and Taxation, Karachi against disputed amount of infrastructure cess, Sui Northern Gas Pipelines Limited against gas connections and disputed amount of gas infrastructure development cess and Shell Pakistan Limited against purchase of furnace oil.
- ii) Post dated cheques have been issued to custom authorities in respect of duties amounting to Rupees 77.019 million (30 June 2012: Rupees 58.709 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 23.848 million (30 June 2012: Rupees 18.792 million) is payable on this account but the management of the Company is confident that payment of electricity duty will not be required.
- iv) The Company has not recognised fuel adjustment charges amounting to Rupees 21.148 million (30 June 2012: Rupees 20.867 million) till 30 June 2012 notified by National Electric Power Regulatory Authority (NEPRA), as the Company has obtained stay against payment of such charges from Honourable Islamabad High Court, Islamabad. Further, the Company has not recognized fuel adjustment charges for the period from July 2012 to December 2012, as the amount of fuel adjustment charges relating to this period is not quantifiable as the rates of fuel adjustment charges are not notified by NEPRA. The management based on advice of the legal counsel, believes that it has strong grounds of appeal and payment / accrual of such charges will not be required.

#### Commitments

- i) Contracts for capital expenditure are amounting to Rupees 563.100 million (30 June 2012: Rupees 282.462 million).
- ii) Letters of credit other than for capital expenditure are amounting to Rupees 25.227 million (30 June 2012: Rupees 29.113 million).
- iii) Outstanding foreign currency forward contracts of Rupees 2,799.911 million (30 June 2012: Rupees 2,892.672 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 Rupees 45 million (30 June 2012: Rupees 45 million) as required under the terms of the Operation and Maintenance Agreement.
- ii) Letter of guarantee of Rs 1,031,988 (30 June 2012: 1,031,988) 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 2012	Audited 30 June 2012
Commitments	Rupees	Rupees
i) Letter of credit other than for capital expenditure	57,675,645	29,684,959
ii) The company has 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 2012	Un-audited 31 December 2011
	Rupees	Rupees
<b>6. CASH GENERATED FROM/ (USED IN) OPERATIONS</b>		
Profit before taxation	2,160,429,938	988,835,782
Adjustment for non cash charges and other items:		
Depreciation on operating assets	791,470,454	730,398,956
Amortization on intangible assets	1,088,147	1,088,148
Gain on sale of operating fixed assets	(1,517,736)	(9,698,978)
Interest on bank deposits	(2,169,754)	(1,215,687)
Finance costs	1,891,121,473	2,257,379,103
Cash flows from operating activities before working capital changes	4,840,422,522	3,966,787,324
(Increase) / decrease in current assets		
- Stores, spare parts and loose tools	(80,549,020)	(242,166,322)
- Stock in trade	(3,431,248,405)	(1,908,471,757)
- Trade debts	1,030,061,823	(3,710,503,417)
- Loans and advances	(537,506,919)	(367,950,199)
- Short term deposits and prepayments	(84,333,876)	1,463,696
- Other receivables	(307,288,900)	(31,147,613)
Increase in current liabilities		
- Trade and other payables	934,035,871	662,369,606
	(2,476,829,426)	(5,596,406,006)
Cash generated from / (used in) operations	2,363,593,096	(1,629,618,682)



## 7. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, other related companies, key management personnel and post employment benefit plan. The Group in the normal course of business carried out transactions with various related parties. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in this financial information are as follows:

i. Transactions	Un-audited	
	Half Year Ended	
	31 December 2012	31 December 2011
	Rupees	Rupees
Purchase of goods and services from related parties	39,075,105	3,229,245
Sale of goods and services to related parties	11,473,595	4,327,127
Donations to related party	3,533,956	2,100,000
Insurance premium paid to associated company	120,043,473	-
Insurance claims received from associated company	20,681,303	-
Contribution to employees' provident fund	14,534,869	12,906,711
Remuneration paid to key management personnel	42,818,621	38,228,414
Dividend paid to related parties	55,046,759	55,046,760

ii. Period end balances	As at 31 December 2012 (Un-Audited)		
	Associated companies	Other related parties	Total
	----- Rupees -----		
Trade and other payables	142,085,129	846,453	142,931,582
Trade debts	-	6,538,266	6,538,266
Loans and advances	-	542,579	542,579
Other receivables	3,072,385	-	3,072,385
Bank balances	11,578,635	-	11,578,635

	As at 30 June 2012 (Audited)		
	Associated companies	Other related parties	Total
	----- Rupees -----		
Trade and other payables	43,859,866	156,537	44,016,403
Other receivables	-	8,092,179	8,092,179
Bank balances	10,241,000	-	10,241,000

## 8. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison, however, no significant re-arrangements have been made. Basic and diluted earnings per share for the half year and quarter ended 31 December 2011 have been restated as a result of bonus issue during the current period.

## 9. DATE OF AUTHORIZATION FOR ISSUE

This consolidated condensed interim financial information was approved by the Board of Directors and authorized for issue on 25 February 2013.

Chief Executive

Director

