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# COMPANY INFORMATION

## Board of Directors:

Mr. Shahzad Saleem Ms. Farhat Saleem Mr. Yahya Saleem	<i>Chief Executive/Chairman</i>
Mr. M. Imran Rafique Mr. Aftab Ahmad Khan Mr. Shahid A. Malik Mr. Kamran Rasool	<i>Nominee NIT</i>

## Audit Committee:

Mr. Aftab Ahmad Khan	<i>Chairman</i>
Mr. Shahzad Saleem	<i>Member</i>
Mr. Yahya Saleem	<i>Member</i>

## HR&R Committee:

Mr. Yahya Saleem	<i>Chairman</i>
Mr. Shahzad Saleem	<i>Member</i>
Mr. Kamran Rasool	<i>Member</i>

## CFO/Company Secretary:

Mr. Saqib Riaz

## Head of Internal Audit:

Mr. Ibraheem Saleem

## Bankers to the Company:

Allied Bank Limited  
Askari Bank Limited  
Al Barka Bank (Pakistan) Limited  
Bank Alfalah Limited  
Barclays Bank plc, Pakistan  
Bank Islami Pakistan Limited  
Burj Bank Limited  
Citibank N.A.  
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  
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 : www.nishat.net

## 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

## Dear Shareholders

The Board of Directors is pleased to announce the unaudited results for the half year ended on December 2013.

## Operating Financial Results

The Company's profit after tax for the current period has increased to Rs. 1,267 million from Rs. 990 million for the same period last year. Revenues earned during this half year have been Rs. 10,611 million as compared to Rs. 9,672 million during the corresponding half year, registering an increase of 9.71%. Demand for our products in the home textile division is increasing and we are running at full capacity.

The profits and margins of the spinning division were adversely affected due to a slump in the yarn market. Higher energy costs also affected our business, adding to our cost of sales.

To reduce overall energy costs and reliance on furnace oil for electricity production, we have set up a captive 14MW Grid station which has started operations.

In this prevailing situation, the major factors contributing to increased net profit are dividend income and tax incentives on capital expenditures on plant & machinery in this period.

Financial Highlights	Half Year ended December 2013		Increase / Decrease %
	2013	2012	
Sales (Rs.)	10,610,979,028	9,671,950,480	9.71%
Gross Profit (Rs.)	1,204,762,327	1,557,220,183	-22.63%
Profit after tax (Rs.)	1,266,642,089	989,821,055	27.97%
Gross Profit %	11.35%	16.10%	
Profit after tax %	11.94%	10.23%	
Earnings per share (Rs.)	6.33	4.94	

## Future Prospects

Our brand new, fully automated spinning unit NCL 6, equipped with 22,128 spindles, has started operations in January 2014. The acquisition process of Taj Textile's operating assets (38,000 spindles capacity) has also been completed; however, modernization of these spinning units is underway and production will commence in mid April 2014.

The management has approved a 40 MW Coal fired power plant to overcome the existing energy dilemma. The project will take approximately 24 months after which the increased efficiency and availability of relatively cheaper energy will further boost the profitability of the Company.

## Subsidiary Companies and Consolidated Financial Statements

Nishat Chunian USA Inc. and Nishat Chunian Power Limited are subsidiary companies of the Company. Therefore, the Company has annexed consolidated condensed interim financial information in addition to its separate condensed interim financial information, in accordance with the requirements of International Financial Reporting Standards and applicable provisions of the Companies Ordinance 1984.

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

On behalf of the Board

Yahya Saleem  
Director

Lahore: 18 February 2014

## Introduction

We have reviewed the accompanying unconsolidated condensed interim balance sheet of NISHAT (CHUNIAN) LIMITED as at 31 December 2013 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 2013 and 31 December 2012 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 2013.

## 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 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

### **RIAZ AHMAD & COMPANY**

Chartered Accountants

Name of engagement partner:

Mubashar Mehmood

Date:

LAHORE

# UNCONSOLIDATED CONDENSED INTERIM BALANCE SHEET

As at December 31, 2013

	Note	(Unaudited) December 31, 2013 Rupees	(Audited) June 30, 2013 Rupees
<b>EQUITY &amp; LIABILITIES</b>			
<b>SHARE CAPITAL &amp; RESERVES</b>			
Authorized share capital	5	2,500,000,000	2,500,000,000
Issued, subscribed and paid-up share capital	6	2,001,846,300	1,819,860,280
Reserves		6,921,095,182	6,200,411,169
Total equity		8,922,941,482	8,020,271,449
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	7	4,607,348,126	4,044,873,183
Redeemable capital	8	93,750,000	156,250,000
		4,701,098,126	4,201,123,183
<b>CURRENT LIABILITIES</b>			
Trade and other payables		3,269,636,724	1,425,022,011
Accrued mark-up		242,735,796	164,249,549
Short term borrowings		11,605,083,021	6,493,965,784
Current portion of non-current liabilities		1,761,883,443	1,620,216,772
		16,879,338,984	9,703,454,116
<b>Total liabilities</b>		<b>21,580,437,110</b>	<b>13,904,577,299</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	9		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>30,503,378,592</b>	<b>21,924,848,748</b>

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

## Statement under section 241(2) of the Companies Ordinance, 1984

This consolidated condensed interim financial information has been signed by two directors instead of chief executive and one director as the chief executive is not available for the time being in Pakistan.

Director

	Note	(Unaudited) December 31, 2013 Rupees	(Audited) June 30, 2013 Rupees
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Fixed assets	10	9,292,477,990	7,635,608,369
Investment in subsidiary companies		1,886,681,200	1,886,681,200
Long term loans to employees		2,867,697	3,092,629
Long term security deposits		2,581,259	2,531,259
		<b>11,184,608,146</b>	<b>9,527,913,457</b>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		848,490,793	569,177,807
Stock-in-trade		11,898,883,070	5,639,883,723
Trade debts		3,759,293,153	3,904,386,724
Loans and advances		1,257,954,727	782,917,291
Short term prepayments		5,720,273	340,213
Other receivables		1,406,066,674	1,158,829,645
Short term investments		81,109,237	82,162,359
Cash and bank balances		61,252,519	259,237,529
		<b>19,318,770,446</b>	<b>12,396,935,291</b>
<b>TOTAL ASSETS</b>		<b>30,503,378,592</b>	<b>21,924,848,748</b>

# UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

For the Half year Ended December 31, 2013

	Note	Half year Ended		Quarter Ended	
		December 31, 2013 Rupees	December 31, 2012 Rupees	December 31, 2013 Rupees	December 31, 2012 Rupees
SALES		10,610,979,028	9,671,950,480	5,445,421,283	4,945,518,257
COST OF SALES	11	(9,406,216,701)	(8,114,730,297)	(4,946,935,206)	(4,219,714,730)
<b>GROSS PROFIT</b>		<b>1,204,762,327</b>	<b>1,557,220,183</b>	<b>498,486,077</b>	<b>725,803,527</b>
DISTRIBUTION COST		(296,668,289)	(247,636,981)	(142,599,451)	(129,082,315)
ADMINISTRATIVE EXPENSES		(76,141,003)	(74,236,255)	(46,044,737)	(38,700,237)
OTHER EXPENSES		(89,106,499)	(60,169,136)	(53,713,824)	(36,920,765)
		(461,915,791)	(382,042,372)	(242,358,012)	(204,703,317)
		<b>742,846,536</b>	<b>1,175,177,811</b>	<b>256,128,065</b>	<b>521,100,210</b>
OTHER INCOME		1,152,759,043	532,910,757	1,070,328,447	463,230,219
<b>PROFIT FROM OPERATIONS</b>		<b>1,895,605,579</b>	<b>1,708,088,568</b>	<b>1,326,456,512</b>	<b>984,330,429</b>
FINANCE COST		(621,469,352)	(599,397,565)	(327,225,118)	(297,628,746)
<b>PROFIT BEFORE TAXATION</b>		<b>1,274,136,227</b>	<b>1,108,691,003</b>	<b>999,231,394</b>	<b>686,701,683</b>
TAXATION		(7,494,138)	(118,869,948)	43,601,577	(72,207,828)
<b>PROFIT AFTER TAXATION</b>		<b>1,266,642,089</b>	<b>989,821,055</b>	<b>1,042,832,971</b>	<b>614,493,855</b>
EARNINGS PER SHARE - BASIC AND DILUTED		6.33	(Restated) 4.94	5.21	(Restated) 3.07

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

## Statement under section 241(2) of the Companies Ordinance, 1984

This consolidated condensed interim financial information has been signed by two directors instead of chief executive and one director as the chief executive is not available for the time being in Pakistan.

Director

Director



# UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

For the Half year Ended December 31, 2013

	Half year Ended		Quarter Ended	
	December 31, 2013 Rupees	December 31, 2012 Rupees	December 31, 2013 Rupees	December 31, 2012 Rupees
PROFIT AFTER TAXATION	1,266,642,089	989,821,055	1,042,832,971	614,493,855
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>1,266,642,089</b>	<b>989,821,055</b>	<b>1,042,832,971</b>	<b>614,493,855</b>

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

## Statement under section 241(2) of the Companies Ordinance, 1984

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Director

Director

# UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

For the Half year Ended December 31, 2013

	Note	Half year ended	
		December 31, 2013 Rupees	December 31, 2012 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash utilized in operations	12	(3,697,286,430)	(1,833,833,531)
Finance cost paid		(542,983,105)	(585,945,370)
Income tax paid		(228,984,411)	(118,612,215)
Net (increase) / decrease in long term loans to employees		(390,300)	924,000
Net increase in long term security deposits		(50,000)	(244,350)
<b>Net cash utilized in operating activities</b>		<b>(4,469,694,246)</b>	<b>(2,537,711,466)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property, plant and equipment		(1,899,262,759)	(695,641,406)
Proceeds from sale of property, plant and equipment		446,901	4,257,762
Short term loans made to subsidiary company		-	(810,000,000)
Repayment of short term loans by subsidiary company		-	1,942,500,000
Short term investments made		1,053,122	(24,749,070)
Dividend received from subsidiary company		771,446,685	375,171,640
Interest income received		3,213,761	20,322,032
<b>Net cash (used in) / from investing activities</b>		<b>(1,123,102,290)</b>	<b>811,860,958</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long term financing		1,658,000,000	500,000,000
Repayment of long term financing and redeemable capital		(1,016,358,386)	(431,358,386)
Short term borrowings - net		5,111,117,237	1,982,734,242
Dividends paid		(357,947,325)	(326,088,879)
<b>Net cash from financing activities</b>		<b>5,394,811,526</b>	<b>1,725,286,977</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(197,985,010)</b>	<b>(563,531)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>259,237,529</b>	<b>47,997,011</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>61,252,519</b>	<b>47,433,480</b>

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

## Statement under section 241(2) of the Companies Ordinance, 1984

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Director

Director

# UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

For the Half year Ended December 31, 2013

	Ordinary	Reserves		Total	Total Equity
	Share Capital	General reserves	Unappropriated profit		
	Rupees				
<b>Balance as at 30 June 2012 (Audited)</b>	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 share	-	-	(330,883,688)	(330,883,688)	(330,883,688)
Issue of bonus shares during the period	165,441,840	-	(165,441,840)	(165,441,840)	-
	165,441,840	-	(496,325,528)	(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
<b>Balance as at 31 December 2012 (Un-audited)</b>	1,819,860,280	1,629,221,278	3,284,849,836	4,914,071,114	6,733,931,394
Profit for the half year ended 30 June 2013	-	-	1,286,340,055	1,286,340,055	1,286,340,055
Other comprehensive income for the half year ended 30 June 2013	-	-	-	-	-
Total comprehensive income for the half year ended 30 June 2013	-	-	1,286,340,055	1,286,340,055	1,286,340,055
<b>Balance as at 30 June 2013 (Audited)</b>	1,819,860,280	1,629,221,278	4,571,189,891	6,200,411,169	8,020,271,449
Transactions with owners:					
Final dividend for the year ended 30 June 2013 @ Rupees 2 per share	-	-	(363,972,056)	(363,972,056)	(363,972,056)
Issue of bonus shares during the period	181,986,020	-	(181,986,020)	(181,986,020)	-
	181,986,020	-	(545,958,076)	(545,958,076)	(363,972,056)
Profit for the half year ended 31 December 2013	-	-	1,266,642,089	1,266,642,089	1,266,642,089
Other comprehensive income for the half year ended 31 December 2013	-	-	-	-	-
Total comprehensive income for the half year ended 31 December 2013	-	-	1,266,642,089	1,266,642,089	1,266,642,089
<b>Balance as at 31 December 2013 (Un-audited)</b>	<b>2,001,846,300</b>	<b>1,629,221,278</b>	<b>5,291,873,904</b>	<b>6,921,095,182</b>	<b>8,922,941,482</b>

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

## Statement under section 241(2) of the Companies Ordinance, 1984

This consolidated condensed interim financial information has been signed by two directors instead of chief executive and one director as the chief executive is not available for the time being in Pakistan.

Director

Director

For the Half year Ended December 31, 2013

**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 2013 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 2013.

**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 2013.

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

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 2013.

For the Half year Ended December 31, 2013

5. AUTHORIZED SHARE CAPITAL

Un-audited 31 December 2013 (Number of shares)	Audited 30 June 2013		Un-audited 31 December 2013 Rupees	Audited 30 June 2013 Rupees
230,000,000	230,000,000	Ordinary shares of Rupees 10 each	2,300,000,000	2,300,000,000
20,000,000	20,000,000	preference shares of Rupees 10 each	200,000,000	200,000,000
<b>250,000,000</b>	<b>250,000,000</b>		<b>2,500,000,000</b>	<b>2,500,000,000</b>

6. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

Un-audited 31 December 2013 (Number of shares)	Audited 30 June 2013		Un-audited 31 December 2013 Rupees	Audited 30 June 2013 Rupees
94,720,922	94,720,922	Ordinary shares of Rupees 10 each fully paid in cash	947,209,220	947,209,220
104,239,443	86,040,841	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	1,042,394,430	860,408,410
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>200,184,630</b>	<b>181,986,028</b>		<b>2,001,846,300</b>	<b>1,819,860,280</b>

- 6.1 18,198,602 ordinary shares of Rupees 10 each were issued as fully paid bonus shares during the half year ended 31 December 2013 in pursuance of 10% bonus issue approved in Annual General Meeting of the Company held on 30 October 2013.

SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

For the Half year Ended December 31, 2013

	Note	(Un-audited) December 31, 2013 Rupees	(Audited) June 30, 2013 Rupees
<b>7. LONG TERM FINANCING</b>			
From banking companies / financial institutions - secured			
Long term loans	7.1	4,154,848,126	3,574,873,183
Long term musharaka	7.2	452,500,000	470,000,000
		<b>4,607,348,126</b>	<b>4,044,873,183</b>
<b>7.1 Long term loans</b>			
Opening balance		4,875,089,955	4,160,181,727
Add: Obtained during the period / year		1,658,000,000	1,842,000,000
Less: Repayments during the period / year		856,358,386	1,127,091,772
Closing balance		5,676,731,569	4,875,089,955
Less: Current portion shown under current liabilities		1,521,883,443	1,300,216,772
		<b>4,154,848,126</b>	<b>3,574,873,183</b>
<b>7.2 Long term musharaka</b>			
Opening balance		665,000,000	442,500,000
Add: Obtained during the period / year		-	400,000,000
Less: Repayments during the period / year		97,500,000	177,500,000
Closing balance		567,500,000	665,000,000
Less: Current portion shown under current liabilities		115,000,000	195,000,000
		<b>452,500,000</b>	<b>470,000,000</b>
<b>8 REDEEMABLE CAPITAL</b>			
Privately placed term finance certificates - secured			
Opening balance		281,250,000	406,250,000
Less: Repayments during the period / year		62,500,000	125,000,000
Closing balance		218,750,000	281,250,000
Less: Current portion shown under current liabilities		125,000,000	125,000,000
		<b>93,750,000</b>	<b>156,250,000</b>

For the Half year Ended December 31, 2013

**9. 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 2013 except for the following:

- i) Guarantees of Rupees 96 million (30 June 2013: Rupees 86 million) have been issued by the 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 466.601 million (30 June 2013: Rupees 154.347 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) Collector of Customs (Appeals) has passed an order to reject the duty draw back claims aggregating to Rupees 9.482 million (30 June 2013: Rupees 9.482 million) on blended grey fabrics exported under Duty and Tax Remission Rules for Export (DTRE) scheme. The department is of the view that the Company has not submitted Appendix-1 as per Rule 297-A of the above referred scheme. The Company considering that since it has taken benefit of remission of sales tax only, it is entitled to full duty draw back and filed appeal before Customs Appellate Tribunal Karachi Bench which has not been decided in favour of the Company. The Company has now preferred an appeal before Sindh High Court against the decision of Customs Appellate Tribunal. The Company also applied to Federal Board of Revenue (FBR) to constitute Alternate Dispute Resolution Committee (ADRC) in terms of section 195C of the Custom Act, 1969 to settle the dispute. ADRC vide its order dated 16 April 2008 has recommended the case in favour of the Company and forwarded the case to FBR. However, FBR has not accepted the recommendations of ADRC.
- iv) The Company has filed appeals before CIR(A) against the orders of Additional Commissioner Inland Revenue (ACIR). ACIR has passed orders under section 122(5A) of the Income Tax Ordinance, 2001 for tax years 2006, 2007 and 2011 whereby demands of Rupees 30.718 million (30 June 2013: Rupees 6.822 million) have been raised. No provision against the demands has been made in this unconsolidated condensed interim financial information as the Company is hopeful of a favourable outcome of appeal based on opinion of the legal advisor.

**Commitments**

- i) Contracts for capital expenditure are amounting to Rupees 164.035 million (30 June 2013: Rupees 913.661 million).
- ii) Letters of credit other than for capital expenditure are amounting to Rupees 608.625 million (30 June 2013: Rupees 197.348 million).
- iii) Outstanding foreign currency forward contracts of Rupees 960.762 million (30 June 2013: Rupees 3,350.847 million).

SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

For the Half year Ended December 31, 2013

	Note	(Un-audited) December 31, 2013 Rupees	(Audited) June 30, 2013 Rupees
<b>10. OPERATING FIXED ASSETS</b>			
Property, plant and equipment:			
Operating fixed assets	10.1	8,340,325,840	5,986,747,224
Capital work-in-progress	10.2	952,152,150	1,648,294,714
		<b>9,292,477,990</b>	7,635,041,938
Intangible asset:			
Computer software	10.3	-	566,431
		<b>9,292,477,990</b>	<b>7,635,608,369</b>
<b>10.1 Operating Assets</b>			
Opening book value		5,986,747,224	5,972,783,496
Add: Cost of additions during the period / year	10.1.1	2,595,405,323	541,779,843
		<b>8,582,152,547</b>	6,514,563,339
Less: Book value of deletions during the period / year	10.1.2	147,881	4,830,697
		<b>8,582,004,666</b>	6,509,732,642
Less: Depreciation charged during the period / year		241,678,826	522,985,418
Closing book value		<b>8,340,325,840</b>	5,986,747,224
<b>10.1.1 Cost of additions during the period / year</b>			
Freehold land		16,331,538	370,043,524
Buildings on freehold land		451,309,569	24,931,067
Plant and machinery		2,094,490,471	110,871,634
Electric installations		14,511,941	10,632,596
Factory equipment		1,022,255	1,615,546
Furniture, fixtures and equipment		3,686,692	1,906,888
Office equipment		3,487,801	7,659,019
Motor vehicles		10,565,056	14,119,569
		<b>2,595,405,323</b>	541,779,843



For the Half year Ended December 31, 2013

	(Un-audited) December 31, 2013 Rupees	(Audited) June 30, 2013 Rupees
<b>10.1.2 Book Value of deletions during the period / year</b>		
<b>Cost of deletions</b>		
Office equipment	40,000	1,017,480
Furniture, fixtures and equipment	-	123,900
Motor vehicles	450,740	9,529,506
	<b>490,740</b>	10,670,886
Less: Accumulated depreciation	<b>342,859</b>	5,840,189
Book value of deletions during the period / year	<b>147,881</b>	4,830,697
<b>10.2 Capital work-in-progress</b>		
Civil works on freehold land	84,917,712	284,232,370
Electric installations	113,809,022	112,384,022
Mobilization advance	37,389,696	41,355,035
Letters of credit	73,984,138	771,403,466
Stores held for capitalization	48,056,074	-
Advances for capital expenditure	593,995,508	438,919,821
	<b>952,152,150</b>	1,648,294,714
<b>10.3 Computer software</b>		
Opening book value	566,431	2,265,726
Less: Amortization charged during the period / year	566,431	1,699,295
Closing book value	-	566,431

## SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

For the Half year Ended December 31, 2013

	Un-Audited			
	Half year Ended		Quarter Ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	Rupees	Rupees	Rupees	Rupees
<b>11. COST OF SALES</b>				
Raw materials consumed	6,706,759,679	5,653,093,266	3,598,568,578	2,756,690,456
Packing materials consumed	308,755,028	292,108,111	174,183,362	155,374,687
Stores, spare parts and loose tools consumed	567,534,143	473,792,988	324,359,424	234,808,076
Salaries, wages and other benefits	716,105,874	607,077,149	401,312,542	331,464,510
Fuel and power	1,528,626,045	1,138,473,212	778,970,746	639,083,585
Insurance	19,366,276	16,718,188	10,519,612	9,023,423
Postage and telephone	241,156	243,616	121,180	124,131
Travelling and conveyance	10,566,302	7,434,903	4,664,787	3,697,592
Vehicles' running and maintenance	12,248,941	10,431,882	6,672,921	5,697,911
Entertainment	2,716,237	2,452,530	1,114,978	763,641
Depreciation on operating fixed assets	236,310,721	257,042,811	117,220,333	128,866,360
Repair and maintenance	10,774,065	9,231,349	7,624,701	2,800,717
Other factory overheads	22,682,255	29,433,383	7,363,990	14,603,739
	10,142,686,722	8,497,533,388	5,432,697,154	4,282,998,828
Work-in-process:				
Opening stock	376,405,750	380,749,192	528,035,858	519,314,303
Closing stock	(678,704,918)	(606,216,814)	(678,704,918)	(606,216,814)
	(302,299,168)	(225,467,622)	(150,669,060)	(86,902,511)
Cost of goods manufactured	9,840,387,554	8,272,065,766	5,282,028,094	4,196,096,317
Finished goods and waste - opening stocks:				
Finished goods	478,795,009	412,367,556	596,007,735	587,928,375
Waste	54,134,534	32,878,314	35,999,773	38,271,377
	532,929,543	445,245,870	632,007,508	626,199,752
	10,373,317,097	8,717,311,636	5,914,035,602	4,822,296,069
Finished goods and waste - closing stocks:				
Finished goods	(921,564,243)	(560,403,599)	(921,564,243)	(560,403,599)
Waste	(45,536,153)	(42,177,740)	(45,536,153)	(42,177,740)
	(967,100,396)	(602,581,339)	(967,100,396)	(602,581,339)
	9,406,216,701	8,114,730,297	4,946,935,206	4,219,714,730

For the Half year Ended December 31, 2013

	Note	Un-audited Half year ended	
		December 31, 2013 Rupees	December 31, 2012 Rupees
<b>12 CASH UTILIZED IN OPERATIONS</b>			
Profit before taxation		1,274,136,227	1,108,691,003
Adjustments for non-cash charges and other items:			
Depreciation on operating fixed assets		241,678,826	259,272,604
Amortization on intangible asset		566,431	849,647
Gain on sale of property, plant and equipment		(299,020)	(1,517,736)
Interest income on loans to subsidiary company		-	(15,175,265)
Return on bank deposits		(3,213,761)	(2,106,652)
Finance cost		621,469,352	599,397,565
Dividend income		(1,031,722,010)	(375,171,640)
Working capital changes	12.1	(4,799,902,475)	(3,408,073,057)
		<b>(3,697,286,430)</b>	<b>(1,833,833,531)</b>
<b>12.1 Working capital changes</b>			
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		(279,312,986)	(25,757,043)
Stock-in-trade		(6,258,999,347)	(3,016,128,111)
Trade debts		145,093,571	(38,783,740)
Loans and advances		(474,422,204)	(365,557,219)
Short term prepayments		(5,380,060)	(4,192,145)
Other receivables		234,528,569	(169,368,658)
		<b>(6,638,492,457)</b>	<b>(3,619,786,916)</b>
Increase in current liabilities:			
Trade and other payables		1,838,589,982	211,713,859
		<b>(4,799,902,475)</b>	<b>(3,408,073,057)</b>

### 13 SEGMENT INFORMATION

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

Spinning:	Production of different quality of yarn using natural and artificial 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.

For the Half year Ended December 31, 2013

13.2. SEGMENT INFORMATION

	Spinning				Weaving				Processing and Item Tests				Power Generation (Un-audited) Half Year Ended	Elimination of Inter-segment Transactions (Un-audited) Half Year Ended	Total Company (Un-audited) Half Year Ended		
	Zone - 1		Zone - 2		Block 1		Block 2		Half Year Ended		Half Year Ended					Half Year Ended	
	31-Dec-13	31-Dec-12	31-Dec-13	31-Dec-12	31-Dec-13	31-Dec-12	31-Dec-13	31-Dec-12	31-Dec-13	31-Dec-12	31-Dec-13	31-Dec-12				31-Dec-13	31-Dec-12
Sales																	
External	3,117,151,110	3,348,973,236	253,580,720	227,386,645	68,845,104	555,112,521	286,022,150	217,864,235	3,411,996,175	2,895,118,038	-	-	-	-	77,598,862,839	73,941,164,637	
- Export	1,114,563,110	1,265,385,110	106,778,110	101,485,110	31,845,110	31,845,110	15,422,555	15,422,555	1,114,563,110	1,265,385,110	-	-	-	-	10,610,978,038	9,674,590,480	
- Local	2,002,588,000	2,083,588,126	146,802,610	125,901,535	37,000,000	523,267,411	270,599,595	202,441,680	2,297,433,065	1,629,732,928	-	-	-	-	71,987,884,801	64,266,574,157	
- Inter-shipment	3,884,617,40	3,826,345,114	1,761,581,838	2,061,071,132	12,185,916,016	9,222,332,489	286,022,150	217,864,235	3,438,610,224	2,941,604,022	-	-	-	-	10,610,978,038	9,674,590,480	
21,02,02,130	205,586,029	205,586,029	797,631,427	993,389,886	2,113,407,885	1,813,597,721	286,022,150	217,864,235	3,438,610,224	2,941,604,022	1,086,581,702	-	-	-	10,610,978,038	9,674,590,480	
3,88,64,63,879	3,74,95,65,073	2,57,36,26,265	2,98,076,478	3,33,103,844	2,736,031,190	2,736,031,190	286,022,150	217,864,235	3,438,610,224	2,941,604,022	1,086,581,702	-	-	-	10,610,978,038	9,674,590,480	
3,88,64,63,879	3,74,95,65,073	2,57,36,26,265	2,98,076,478	3,33,103,844	2,736,031,190	2,736,031,190	286,022,150	217,864,235	3,438,610,224	2,941,604,022	1,086,581,702	-	-	-	10,610,978,038	9,674,590,480	
Cost of sales	1,052,462,246	702,056,650	801,524,213	477,128,022	1,616,672,736	1,498,488,156	13,801,184	14,586,519	13,557,211	12,862,821	12,715,626	-	-	-	3,206,786,237	3,157,220,185	
Gross profit / (loss)	(667,313,336)	(72,101,416)	(64,938,366)	(68,496,377)	(18,827,632)	(18,827,632)	(12,724,661)	(2,748,284)	(133,009,792)	(70,254,336)	(17,134,264)	-	-	-	(296,668,238)	(247,636,931)	
Distribution cost	(2,979,143)	(3,763,931)	(4,308,263)	(3,547,253)	(14,077,913)	(13,287,900)	(1,226,455)	(1,049,313)	(2,977,520)	(2,800,117)	(2,306,703)	-	-	-	(78,141,020)	(74,286,523)	
Administrative expenses	(177,933,518)	(195,892,911)	(173,133,811)	(162,474,426)	(1,325,272,821)	(1,215,514,420)	(1,724,111)	(1,616,252)	(1,667,252)	(1,549,623)	(1,549,623)	-	-	-	(17,829,921)	(17,829,921)	
Profit / (loss) before taxation and unallocated income and expenses	4,14,69,965	626,136,238	231,018,862	376,488,423	1,47,702,889	144,460,628	8,865,071	11,92,027	89,138,800	164,794,505	(29,461,362)	158,082,054	-	-	811,953,035	1,27,82,46,947	
Unallocated income and expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Profit after taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

For the Half year Ended December 31, 2013

13.3 Reconciliation of reportable segment assets and liabilities

	Spinning		Weaving		Processing and Home Textile		Power Generation		Total Company	
	(Un-audited) 31, Dec 2013	(Audited) 30 Jun 2013	(Un-audited) 31, Dec 2013	(Audited) 30 Jun 2013	(Un-audited) 31, Dec 2013	(Audited) 30 Jun 2013	(Un-audited) 31, Dec 2013	(Audited) 30 Jun 2013	(Un-audited) 31, Dec 2013	(Audited) 30 Jun 2013
<b>Total assets for reportable segments</b>	12,765,159,199	9,076,070,829	2,739,280,582	2,654,255,116	4,485,909,193	4,054,524,679	1,287,031,414	1,483,285,882	21,272,380,388	17,268,166,506
<b>Unallocated assets</b>	Rupees									
Investments in subsidiary companies										
Other receivables									1,886,681,200	1,886,681,200
Short term investments									1,406,066,674	1,158,829,645
Cash and bank balances									81,109,237	82,162,359
Other corporate assets									61,282,519	259,237,529
									5,795,888,574	1,289,801,509
<b>Total assets as per balance sheet</b>									<u>30,533,378,592</u>	<u>21,924,848,748</u>
<b>Total liabilities for reportable segments</b>	1,740,927,725	670,185,995	258,343,055	73,443,571	589,226,706	270,935,156	304,271,235	42,896,113	2,892,769,721	1,057,430,835
Unallocated liabilities:										
Long term financing									6,244,231,569	5,540,089,955
Redeemable capital									218,750,000	281,250,000
Accrued mark-up									242,735,796	164,249,549
Short term borrowings									11,605,083,021	6,493,955,784
Other corporate liabilities									376,868,003	367,591,176
<b>Total liabilities as per balance sheet</b>									<u>21,580,437,110</u>	<u>13,904,577,299</u>

SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

For the Half year Ended December 31, 2013

**14 TRANSACTIONS WITH RELATED PARTIES**

Related parties comprise subsidiary companies, associated undertakings, other related parties, 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		Quarter Ended	
	December 31, 2013 Rupees	December 31, 2012 Rupees	December 31, 2013 Rupees	December 31, 2012 Rupees
<b>i. Transactions</b>				
<b>Subsidiary companies</b>				
Sale of goods	785,085,120	-	635,250,873	-
Dividend income	1,031,722,010	375,171,640	1,031,722,010	375,171,640
Common facilities cost	9,000,000	900,000	4,500,000	450,000
Mark up on short term loan	-	15,175,265	-	157,096
Short term loans	-	810,000,000	-	809,440,000
Repayment of short term loans	-	1,942,500,000	-	250,000,000
<b>Associated companies</b>				
Insurance premium paid	38,153,247	32,046,823	6,001,160	1,292,508
Insurance claims received	1,780,349	7,714,303	646,140	4,374,550
Donation made	21,480,000	1,786,978	21,480,000	1,786,978
Purchase of operating fixed asset	925,000	-	925,000	-
<b>Other related parties</b>				
Purchase of goods	29,787,300	39,075,105	24,948,675	34,120,740
Sale of goods	82,286,256	11,473,595	52,109,046	(14,371,788)
Ordinary dividend paid	60,551,432	55,046,759	60,551,432	55,046,759
Contribution to employee's provident fund	13,589,374	13,659,781	6,439,663	7,272,798
Remuneration of key management personnel	51,535,438	29,562,30	51,535,438	29,562,300
	<b>As at 31 December 2013 (Un-audited)</b>			
	<b>Subsidiary companies</b>	<b>Associated companies</b>	<b>Other related parties</b>	<b>Total</b>
	<b>Rupees</b>			
<b>ii. Period end balances</b>				
Trade and other payables	-	6,040,591	80,558	6,121,149
Long term investments	1,886,681,200	-	-	1,886,681,200
Trade debts	336,733,963	-	12,028,692	348,762,655
Other receivables	260,422,014	160,880	1,814,845	262,397,739
Bank balances	-	3,985,562	-	3,985,562

For the Half year Ended December 31, 2013

	As at 30 June 2013 (Un-audited)			Total
	Subsidiary companies	Associated companies	Other related parties	
	Rupees			
Long term investments	1,886,681,200	-	-	1,886,681,200
Trade debts	337,974,868	-	102,181	334,307,282
Loans and advances	-	-	181,137	181,137
Other receivables	1,507,000	-	2,684,361	4,422,287
Bank balances	-	14,952,578	-	14,952,578

#### 15 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2013.

#### 16 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 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 2012 have been restated as a result of bonus issue during the current period.

#### 17 DATE OF AUTHORIZATION FOR ISSUE

This unconsolidated condensed interim financial information was approved by the Board of Directors and authorized for issue on Feb 18, 2014.

#### 18 STATEMENT UNDER SECTION 241(2) OF THE COMPANIES ORDINANCE, 1984

This condensed interim financial information has been signed by two directors instead of chief executive and one director as the chief executive is not for the time being in Pakistan.

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

#### Statement under section 241(2) of the Companies Ordinance, 1984

This consolidated condensed interim financial information has been signed by two directors instead of chief executive and one director as the chief executive is not available for the time being in Pakistan.

Director

Director





NISHAT (CHUNIAN) LIMITED AND ITS  
SUBSIDIARY COMPANIES

CONSOLIDATED CONDENSED INTERIM  
FINANCIAL INFORMATION

HALF YEARLY ENDED 31 DECEMBER 2013  
(UN-AUDITED)

# CONSOLIDATED CONDENSED INTERIM BALANCE SHEET

As at December 31, 2013

	Note	(Unaudited) December 31, 2013 Rupees	(Audited) June 30, 2013 Rupees
<b>EQUITY &amp; LIABILITIES</b>			
<b>SHARE CAPITAL &amp; RESERVES</b>			
Authorized share capital		2,500,000,000	2,500,000,000
Issued, subscribed and paid-up share capital		2,001,846,300	1,819,860,280
Reserves		8,284,922,088	8,013,542,833
Equity attributable to equity holders of the Holding Company		10,286,768,388	9,833,403,113
Non-controlling interest		3,148,587,538	3,552,270,788
<b>Total equity</b>		<b>13,435,355,926</b>	<b>13,385,673,901</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing		15,944,783,747	16,038,118,234
<b>CURRENT LIABILITIES</b>			
Trade and other payables		6,177,424,491	3,382,808,041
Accrued mark-up		689,862,882	683,900,614
Short term borrowings		15,314,707,347	6,498,176,644
Derivative financial instruments		984,953	-
Current portion of long term financing		2,905,618,037	2,681,282,514
		25,088,597,710	13,246,167,813
<b>Total liabilities</b>		<b>41,033,381,457</b>	<b>29,284,286,047</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	5		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>54,468,737,383</b>	<b>42,669,959,948</b>

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

## Statement under section 241(2) of the Companies Ordinance, 1984

This consolidated condensed interim financial information has been signed by two directors instead of chief executive and one director as the chief executive is not available for the time being in Pakistan.

Director

	Note	(Unaudited) December 31, 2013 Rupees	(Audited) June 30, 2013 Rupees
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Fixed assets		23,715,122,306	22,391,029,019
Long term loans to employees		3,499,844	3,474,134
Long term security deposits		2,686,259	2,636,259
		<b>23,721,308,409</b>	<b>22,397,139,412</b>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		1,688,095,199	1,244,305,405
Stock-in-trade		13,134,544,991	6,331,973,069
Trade debts		12,673,792,671	9,452,690,417
Loans and advances		1,283,360,057	994,644,550
Short term deposit and prepayments		107,173,305	2,932,499
Accrued interest		-	161,854
Other receivables		1,516,288,683	1,620,867,710
Derivative financial instrument		-	2,362,939
Short term investments		81,109,237	82,162,359
Cash and bank balances		263,064,830	540,719,734
		<b>30,747,428,974</b>	<b>20,272,820,536</b>
<b>TOTAL ASSETS</b>		<b>54,468,737,383</b>	<b>42,669,959,948</b>

# CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

For the Half year Ended December 31, 2013

	Note	Half year Ended		Quarter Ended	
		December 31, 2013 Rupees	December 31, 2012 Rupees	December 31, 2013 Rupees	December 31, 2012 Rupees
SALES		24,439,155,968	21,948,393,538	12,643,346,999	11,959,814,791
COST OF SALES		(21,070,494,208)	(17,688,143,770)	(11,009,915,420)	(9,806,213,581)
<b>GROSS PROFIT</b>		<b>3,368,661,760</b>	<b>4,260,249,768</b>	<b>1,633,431,579</b>	<b>2,153,601,210</b>
DISTRIBUTION COST		(340,096,973)	(247,636,981)	(166,042,524)	(129,082,315)
ADMINISTRATIVE EXPENSES		(135,993,334)	(107,318,912)	(80,274,433)	(53,643,503)
OTHER OPERATING EXPENSES		(151,016,268)	(61,916,114)	(59,246,573)	(37,659,743)
		(627,106,576)	(416,872,007)	(305,563,531)	(220,385,561)
		2,741,555,184	3,843,377,761	1,327,868,048	1,933,215,649
OTHER OPERATING INCOME		159,891,916	208,173,650	70,225,872	100,054,214
<b>PROFIT FROM OPERATIONS</b>		<b>2,901,447,100</b>	<b>4,051,551,411</b>	<b>1,398,093,920</b>	<b>2,033,269,863</b>
FINANCE COST		(1,492,376,325)	(1,891,121,473)	(777,152,411)	(886,296,798)
<b>PROFIT BEFORE TAXATION</b>		<b>1,409,070,776</b>	<b>2,160,429,938</b>	<b>620,941,510</b>	<b>1,146,973,065</b>
TAXATION		(7,501,054)	(127,861,930)	43,594,661	(78,784,364)
<b>PROFIT AFTER TAXATION</b>		<b>1,401,569,722</b>	<b>2,032,568,008</b>	<b>664,536,171</b>	<b>1,068,188,701</b>
PROFIT ATTRIBUTABLE TO:					
EQUITY HOLDERS OF THE HOLDING COMPANY		816,566,828	1,338,780,443		
NON-CONTROLLING INTEREST		585,002,894	693,787,565		
		1,401,569,722	2,032,568,008		
			(Restated)		(Restated)
EARNINGS PER SHARE - BASIC & DILUTED		4.08	6.69	1.66	3.31

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

## Statement under section 241(2) of the Companies Ordinance, 1984

This consolidated condensed interim financial information has been signed by two directors instead of chief executive and one director as the chief executive is not available for the time being in Pakistan.

Director

Director

CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

For the Half year Ended December 31, 2013

	Half year Ended		Quarter Ended	
	December 31, 2013 Rupees	December 31, 2012 Rupees	December 31, 2013 Rupees	December 31, 2012 Rupees
PROFIT AFTER TAXATION	1,401,569,722	2,032,568,008	664,536,171	1,068,188,701
OTHER COMPREHENSIVE INCOME	770,503	-	114,472	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>1,402,340,225</b>	<b>2,032,568,008</b>	<b>664,650,643</b>	<b>1,068,188,701</b>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
EQUITY HOLDERS OF THE HOLDING COMPANY	817,337,331	1,338,780,443		
NON-CONTROLLING INTEREST	585,002,894	693,787,565		
	<b>1,402,340,225</b>	<b>2,032,568,008</b>		

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

**Statement under section 241(2) of the Companies Ordinance, 1984**

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Director

Director

# CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

For the Half year Ended December 31, 2013

	Note	Half year ended	
		December 31, 2013 Rupees	December 31, 2012 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash (used in) / generated from operations	6	(4,284,302,807)	2,363,593,096
Finance cost paid		(1,486,414,057)	(2,016,223,086)
Income tax paid		(229,536,945)	(119,137,860)
Long term deposits		(50,000)	(244,350)
Long term loans to employees		(25,710)	909,137
<b>Net cash (used in) / from operating activities</b>		<b>(6,000,329,519)</b>	<b>228,896,937</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property, plant and equipment		(2,157,692,800)	(696,519,558)
Proceeds from sale of property, plant and equipment		446,901	4,257,762
Short term investments made		1,053,122	(24,749,069)
Profit on bank deposits received		3,717,681	2,170,950
<b>Net cash used in investing activities</b>		<b>(2,152,475,096)</b>	<b>(714,839,915)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long term financing		1,658,000,000	500,000,000
Repayment of long term financing		(1,526,998,964)	(870,848,784)
Short term borrowings - net		8,816,530,703	1,502,878,850
Dividends paid		(1,073,152,531)	(683,139,969)
<b>Net cash from financing activities</b>		<b>7,874,379,208</b>	<b>448,890,097</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(278,425,407)</b>	<b>(37,052,881)</b>
<b>Impact of exchange translation</b>		<b>770,503</b>	<b>-</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>540,719,734</b>	<b>87,794,100</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>263,064,830</b>	<b>50,741,219</b>

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

## Statement under section 241(2) of the Companies Ordinance, 1984

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Director

Director

# CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

For the Half year Ended December 31, 2013

	Attributable to Equity Holders of The Holding Company						Non controlling interest	Total equity		
	Share Capital		Revenue Reserves		Shareholders Equity	Total reserves				
	Ordinary share	Total	General reserve	Unappropriated profit						
<b>Balance as at 30 June 2012 - (audited)</b>	1,654,418,440	1,654,418,440	-	1,629,221,278	3,971,842,980	5,601,064,258	5,601,064,258	7,255,482,698	2,936,659,488	10,192,142,186
Total comprehensive income for the half year ended 31 December 2012	-	-	-	-	1,338,780,443	1,338,780,443	1,338,780,443	1,338,780,443	693,787,565	2,032,568,008
Final dividend for the year ended 30 Jun 2012 @ Rupees 2 per ordinary share	-	-	-	-	(330,883,688)	(330,883,688)	(330,883,688)	(330,883,688)	(359,522,238)	(330,883,688)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	(359,522,238)	(359,522,238)
Bonus shares issued during the year	165,441,840	165,441,840	-	(165,441,840)	(165,441,840)	(165,441,840)	(165,441,840)	-	-	-
<b>Balance as at 31 December 2012 - (un-audited)</b>	1,819,860,280	1,819,860,280	-	1,629,221,278	4,814,297,895	6,443,519,173	6,443,519,173	8,263,379,453	3,270,924,815	11,534,304,268
Total comprehensive income for the half year ended 30 June 2013	-	-	-	-	1,569,967,105	1,569,967,105	1,569,967,105	1,569,967,105	640,888,210	2,210,855,315
Other comprehensive income for the half year ended 30 June 2013	-	-	-	-	-	-	-	-	-	-
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	56,555	56,555
<b>Balance as at 30 June 2013 - (audited)</b>	1,819,860,280	1,819,860,280	-	1,629,221,278	6,384,265,000	8,013,486,278	8,013,486,278	9,633,403,113	3,552,270,788	13,395,673,901
Total comprehensive income for the half year ended 31 December 2013	-	-	-	-	816,586,828	816,586,828	816,586,828	817,337,331	585,002,894	1,402,340,225
Ordinary dividend @ Rs. 2 per share	-	-	-	-	(363,972,056)	(363,972,056)	(363,972,056)	(363,972,056)	-	(363,972,056)
Issue of bonus shares	181,986,020	181,986,020	-	-	(181,986,020)	(181,986,020)	(181,986,020)	(181,986,020)	-	-
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	(988,686,144)	(988,686,144)
<b>Balance as at 31 December 2013 - (un-audited)</b>	2,001,846,300	2,001,846,300	-	1,629,221,278	6,654,873,752	8,284,085,030	8,284,085,030	10,286,788,398	3,146,587,538	13,433,355,926

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

## Statement under section 241(2) of the Companies Ordinance, 1984

This consolidated condensed interim financial information has been signed by two directors instead of chief executive and one director as the chief executive is not available for the time being in Pakistan.

**Chief Executive**

**Director**

For the Half year Ended December 31, 2013

## 1- GROUP INFORMATION

The Group consists of:

Holding Company	-	Nishat (Chunian) Limited
Subsidiary Companies	-	Nishat Chunian Power Limited
	-	Nishat Chunian USA Inc.

### 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.

### Nishat Chunian USA Incorporation

Nishat Chunian USA Inc. is a foreign subsidiary incorporated under the Business Corporation Laws of the State of New York. The registered office of Nishat Chunian USA Inc. is situated at Suite No. 639, 7 West, 34th Street New York, NY 10001, USA. The principal business of the Subsidiary Company is to import home textile products and distribute to local retailer.

## 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 2013 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 2013.

## 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 2013.

## 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



For the Half year Ended December 31, 2013

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 2013.

## 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 2013 except for the following:

- i) Guarantees of Rupees 96 million (30 June 2013: Rupees 86 million) have been issued by the 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 466.601 million (30 June 2013: Rupees 154.347 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) Collector of Customs (Appeals) has passed an order to reject the duty draw back claims aggregating to Rupees 9.482 million (30 June 2013: Rupees 9.482 million) on blended grey fabrics exported under Duty and Tax Remission Rules for Export (DTRE) scheme. The department is of the view that the Company has not submitted Appendix-1 as per Rule 297-A of the above referred scheme. The Company considering that since it has taken benefit of remission of sales tax only, it is entitled to full duty draw back and filed appeal before Customs Appellate Tribunal Karachi Bench which has not been decided in favour of the Company. The Company has now preferred an appeal before Sindh High Court against the decision of Customs Appellate Tribunal. The Company also applied to Federal Board of Revenue (FBR) to constitute Alternate Dispute Resolution Committee (ADRC) in terms of section 195C of the Custom Act, 1969 to settle the dispute. ADRC vide its order dated 16 April 2008 has recommended the case in favour of the Company and forwarded the case to FBR. However, FBR has not accepted the recommendations of ADRC.
- vi) The Company has filed appeals before CIR(A) against the orders of Additional Commissioner Inland Revenue (ACIR). ACIR has passed orders under section 122(5A) of the Income Tax Ordinance, 2001 for tax years 2006, 2007 and 2011 whereby demands of Rupees 30.718 million (30 June 2013: Rupees 6.822 million) have been raised. No provision against the demands has been made in this consolidated condensed interim financial information as the Company is hopeful of a favourable outcome of appeal based on opinion of the legal advisor.

#### Commitments

- i) Contracts for capital expenditure are amounting to Rupees 164.035 million (30 June 2013: Rupees 913.661 million).
- ii) Letters of credit other than for capital expenditure are amounting to Rupees 608.625 million (30 June 2013: Rupees 197.348 million).
- iii) Outstanding foreign currency forward contracts of Rupees 960.762 million (30 June 2013: Rupees 3,350.847 million).

For the Half year Ended December 31, 2013

**Subsidiary Company**
**Contingencies**

- i) National Electric Power Regulatory Authority (NEPRA) issued an order dated 8th February, 2013 through which it has raised a demand of Rs 243.702 million payable by the company to NTDC for the period up to June 30, 2011 in respect of Caloric Value (CV) adjustment on fuel consumed for power generation as per the terms of the PPA and various CV adjustment mechanisms prescribed by NEPRA. The first such CV adjustment mechanism was announced by NEPRA in March 2009 and as per this mechanism, the company has already made a provision of Rs 81.211 million in its financial statements for the above CV adjustment. In July 2011, NEPRA revised its CV adjustment mechanism and directed all Independent Power Producers (IPPs) to maintain consignment-wise CV record of the fuel received and consumed for power generation. Consequently, the company started maintaining such CV record after such direction was received from NEPRA.

NEPRA directed the company to submit consignment-wise record of CV for the period up to June 30, 2011. The company disputed such direction as it was not required to maintain consignment-wise record prior to July 2011. However, NEPRA computed retrospectively and determined Rs 243.702 million payable by the company to NTDC for the period up to June 30, 2011 in respect of CV adjustment on the basis of the mechanism directed by it in July 2011. The company filed a Motion for Leave for Review before NEPRA requesting it to reconsider its decision, which was decided against the company. Consequently, the company filed a writ petition before the Islamabad High Court against NEPRA's decision on the grounds that change in CV adjustment mechanism in July 2011 cannot be applied retrospectively and credible information is also not available from any source upon which CV adjustment computations can be made. The case is pending adjudication before Islamabad High Court.

Based on the advice of the company's legal counsel, management feels that there are meritorious grounds to support the company's stance and the aforesaid NEPRA's decision is likely to be revoked. Under these circumstances, no provision of the balance amount of Rs 162.491 million has been made in this consolidated condensed interim financial information.

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

- ii) Irrevocable standby letter of credit in favour of Wartsila Pakistan (Private) Limited for Rs 45,000,000 (June 30, 2013: Rs 45,000,000) as required under the terms of the Operations and Maintenance Agreement.
- iii) Letter of guarantee of Rs 4,031,988 (June 30, 2013: Rs 2,031,988) 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 December 31, 2013	Audited Jun 30, 2013
Note	Rupees	Rupees
<b>Commitments in respect of</b>		
i) Letters of credit and contracts other than for capital expenditure	<b>174,514,763</b>	202,410,806
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.		

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

For the Half year Ended December 31, 2013

	Note	Un-audited Half year ended December 31, 2013 Rupees	Un-audited Half year ended December 31, 2012 Rupees
<b>6. CASH USED IN OPERATIONS</b>			
<b>Profit before taxation</b>		<b>1,409,070,776</b>	2,160,429,938
Adjustment for non cash charges and other items:			
Depreciation on operating assets		832,646,700	791,470,454
Amortization on intangible assets		804,932	1,088,147
Gain on sale of operating fixed assets		(299,019)	(1,517,736)
Interest on bank deposits		(3,555,829)	(2,169,754)
Unrealised gain on derivative financial instrument		3,347,892	-
Finance costs		1,492,376,325	1,891,121,473
<b>Cash flows from operating activities before working capital changes</b>		<b>3,734,391,777</b>	<b>4,840,422,522</b>
<b>(Increase) / decrease in current assets</b>			
- Stores, spare parts and loose tools		(443,789,794)	(80,549,020)
- Stock in trade		(6,802,571,922)	(3,431,248,405)
- Trade debts		(3,221,102,254)	1,030,061,823
- Loans and advances		(288,715,507)	(537,506,919)
- Short term deposits and prepayments		(104,240,806)	(84,333,876)
- Other receivables		326,614,918	(307,288,900)
Increase in current liabilities			
- Trade and other payables		2,515,110,781	934,035,871
		(8,018,694,584)	(2,476,829,426)
<b>Cash (used in)/generated from operations</b>		<b>(4,284,302,807)</b>	<b>2,363,593,096</b>

**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:

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

For the Half year Ended December 31, 2013

	Un-audited December 31, 2013 Rupees	Un-audited December 31, 2012 Rupees
<b>Associated company</b>		
Insurance premium paid	136,626,339	120,043,473
Insurance claims received	1,780,349	20,681,303
Purchase of fixed assets from associated company	925,000	-
<b>Other related parties</b>		
Purchase of goods	29,787,300	39,075,105
Sale of goods	82,286,256	11,473,595
Contribution to employees' provident fund	14,792,078	14,534,869
Dividend paid to other related parties	60,551,432	55,046,759
Remuneration paid to key management personnel	77,898,406	42,818,621
Donations to related parties	63,328,000	3,533,956
	Un-audited December 31, 2013 Rupees	Audited June 30, 2013 Rupees
<b>Period end balances</b>		
Bank balances with related party	3,985,562	15,046,000
Due from related parties	16,282,640	5,535,814
Due to related parties	118,390,530	3,649,000

**8. CORRESPONDING FIGURES**

Corresponding figures have been rearranged / regrouped wherever necessary for the purpose of comparison. However, no significant rearrangements / regroupings have been made.

**9. DATE OF AUTHORIZATION FOR ISSUE**

This consolidated condensed interim financial information was approved and authorized for issue on February 18, 2014 by the Board of Directors of the parent company.

**10. Statement under section 241(2) of the Companies Ordinance, 1984**

This consolidated condensed interim financial information has been signed by two directors instead of chief executive and one director as the chief executive is not available for the time being in Pakistan.

Director

Director