



Interim Financial Information
Half Year Ended December 31, 2014
(Unaudited)



| Nishat Chunian Ltd

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Information

COMPANY INFORMATION

Board of Directors:

Mr. Shahzad Saleem (*Chief Executive/Chairman*)
Ms. Farhat Saleem
Mr. Yahya Saleem
Mr. M. Imran Rafiq (*Nominee NIT*)
Mr. Aftab Ahmad Khan
Mr. Shahid A. Malik
Mr. Kamran Rasool

AUDIT COMMITTEE:

Mr. Aftab Ahmad Khan (*Chairman*)
Mr. Shahzad Saleem (*Member*)
Mr. Yahya Saleem (*Member*)

HR & R COMMITTEE:

Mr. Yahya Saleem (*Chairman*)
Mr. Shahzad Saleem (*Member*)
Mr. Kamran Rasool (*Member*)

CFO / Company Secretary:

Mr. Saqib Riaz

Head of Internal Audit:

Mr. Ibraheem Saleem

Mills:

Spinning 1, 4, 5, 7 & 8
49th Kilometre, Multan Road,
Bhai Pheru, Tehsil Chunian,
District Kasur.

Dyeing & Printing
4th Kilometre, Manga Road,
Raiwind.

Spinning 2, 3, 6 & Weaving
49th Kilometre, Multan Road,
Kamogal, Tehsil Pattoki,
District Kasur.

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
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
KASB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
NIB Bank Limited
Pak Kuwait Investment Company (Private)
Limited
Standard Chartered Bank Pakistan 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

DIRECTORS' REPORT

Dear Shareholders

The Board of Directors is pleased to announce the unaudited results for the half year ended on December 2014.

Operating Financial Results

Revenues earned during this half year are Rs. 11.3 billion as compared to Rs. 10.6 billion during the corresponding previous half year, registering an increase of 6.5%. Gross profit for this period is 8.5% as compared to 11.4% during the corresponding previous half year. Net profit after tax for current period is Rs.325.5 million compared to net profit of Rs. 1,267 million for the same period last year.

The margins were adversely affected due to a general stagnation in the textile industry. However, the situation has improved in the second quarter as compared to the first quarter of this year.

The major factors contributing to net profit are the dividend income and tax incentives on capital expenditures on plant & machinery in this period.

Financial Highlights	Half Year ended December 2014		Increase / Decrease %
	2014	2013	
Sales (Rs.)	11,300,854,580	10,610,979,028	+6.50%
Gross Profit (Rs.)	956,693,242	1,204,762,327	-20.59%
Profit after tax (Rs.)	325,499,234	1,266,642,089	-74.30%
Gross Profit %	8.47%	11.35%	
Profit after tax %	2.88%	11.94%	
Earnings per share (Rs.)	1.63	6.33	

Future Prospects

Spinning, Weaving and Home Textile divisions are facing low margins due to an overall slump in the textile business. The management is taking measures to further control cost of production to cope with this situation.

The Company's subsidiary, Nishat Chunian Power Limited has announced interim dividend of Rs. 2.0 per share in its BOD meeting held on February 24, 2015.

Subsidiary Companies and Consolidated Financial Statements

Nishat Chunian USA Inc., NC Electric Company Limited 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
Shahzad Saleem
Chairman
24 February 2015
Lahore

REVIEW REPORT

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 2014 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 2014 and 31 December 2013 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 2014.

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 2014 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

24 February 2015
Lahore

NISHAT (CHUNIAN) LIMITED

UNCONSOLIDATED CONDENSED INTERIM BALANCE SHEET AS AT 31 DECEMBER 2014

	Un-audited Note 31 December 2014	Audited 30 June 2014	Un-audited Note 31 December 2014	Audited 30 June 2014
	Rupees	Rupees	Rupees	Rupees
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorized share capital	2,500,000,000	2,500,000,000	8	9,382,006,140
Issued, subscribed and paid-up share capital	2,001,846,300	2,001,846,300		1,986,318,705
Reserves	6,541,064,231	6,415,749,627		3,054,223
Total equity	8,542,910,531	8,417,595,927		20,744,440
LIABILITIES				
NON-CURRENT LIABILITIES				
Long term financing	3,767,702,178	4,691,031,413		783,869,896
Redeemable capital	-	31,250,000		10,365,986,118
CURRENT LIABILITIES	3,767,702,178	4,722,281,413		4,029,473,125
Trade and other payables	2,446,080,855	1,485,564,889		1,263,333,639
Accrued mark-up	247,375,691	210,934,620		24,138,379
Short term borrowings	12,823,489,692	9,180,243,052		1,374,977,473
Current portion of non-current liabilities	1,933,395,955	1,924,341,777		4,516,530
Total liabilities	17,450,342,193	12,801,084,338		67,268,048
	21,218,044,371	17,523,365,751		17,913,583,208
CONTINGENCIES AND COMMITMENTS				14,548,838,170
TOTAL EQUITY AND LIABILITIES	29,760,954,902	25,940,961,678		29,760,954,902
				25,940,961,678

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

Chief Executive

Director

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

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

Note	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	----- Rupees -----			
SALES	11,300,854,580	10,610,979,028	5,990,733,830	5,445,421,283
COST OF SALES	9 (10,344,161,338)	(9,406,216,701)	(5,440,144,792)	(4,946,935,206)
GROSS PROFIT	956,693,242	1,204,762,327	550,589,038	498,486,077
DISTRIBUTION COST	(359,859,562)	(296,668,289)	(204,267,384)	(142,599,451)
ADMINISTRATIVE EXPENSES	(91,742,908)	(76,141,003)	(51,984,372)	(46,044,737)
OTHER EXPENSES	(44,531,178)	(89,106,499)	(43,382,178)	(53,713,824)
	(496,133,648)	(461,915,791)	(299,633,934)	(242,358,012)
	460,559,594	742,846,536	250,955,104	256,128,065
OTHER INCOME	686,481,712	1,152,759,043	773,540,057	1,070,328,447
PROFIT FROM OPERATIONS	1,147,041,306	1,895,605,579	1,024,495,161	1,326,456,512
FINANCE COST	(690,517,887)	(621,469,352)	(381,842,221)	(327,225,118)
PROFIT BEFORE TAXATION	456,523,419	1,274,136,227	642,652,940	999,231,394
TAXATION	(131,024,185)	(7,494,138)	(78,666,564)	43,601,577
PROFIT AFTER TAXATION	325,499,234	1,266,642,089	563,986,376	1,042,832,971
EARNINGS PER SHARE - BASIC AND DILUTE	1.63	6.33	2.82	5.21

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

Chief Executive

Director

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

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

HALF YEAR ENDED		QUARTER ENDED	
31 December 2014	31 December 2013	31 December 2014	31 December 2013

----- Rupees -----

PROFIT AFTER TAXATION 325,499,234 1,266,642,089 563,986,376 1,042,832,971

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	-	-	-	-

TOTAL COMPREHENSIVE INCOME FOR THE PERIOD 325,499,234 1,266,642,089 563,986,376 1,042,832,971

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

Chief Executive

Director

UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT

(UN-AUDITED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

		HALF YEAR ENDED	
		31 December 2014	31 December 2013
		Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
	Cash utilized in operations		
	Finance cost paid		
	Income tax paid		
	Net decrease / (increase) in long term loans to employees		
	Net decrease / (increase) in long term security deposits		
	Net cash utilized in operating activities		
		(2,309,215,631)	(4,469,694,246)
CASH FLOWS FROM INVESTING ACTIVITIES			
	Capital expenditure on property, plant and equipment	(318,305,854)	(1,899,262,759)
	Proceeds from sale of property, plant and equipment	14,249,600	446,901
	Short term investments made	18,142,282	1,053,122
	Investment in subsidiary company	(515,914,476)	-
	Dividend received from subsidiary company	656,550,370	771,446,685
	Interest income received	928,598	3,213,761
	Net cash used in investing activities	(144,349,480)	(1,123,102,290)
CASH FLOWS FROM FINANCING ACTIVITIES			
	Proceeds from long term financing	-	1,658,000,000
	Repayment of long term financing and redeemable capital	(945,525,057)	(1,016,358,386)
	Short term borrowings - net	3,643,246,640	5,111,117,237
	Dividend paid	(195,127,099)	(357,947,325)
	Net cash from financing activities	2,502,594,484	5,394,811,526
	Net increase / (decrease) in cash and cash equivalents	49,029,373	(197,985,010)
	Cash and cash equivalents at the beginning of the period	18,238,675	259,237,529
	Cash and cash equivalents at the end of the period	67,268,048	61,252,519

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

Chief Executive

Director

NISHAT CHUNIAN LIMITED

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

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	REVENUE RESERVES		TOTAL EQUITY
	General reserve	Un-appropriated profit	
Rupees			
Balance as at 30 June 2013 (Audited)	1,629,221,278	4,571,189,891	6,200,411,169
Transactions with owners:			
Final dividend for the year ended 30 June 2013 @ Rupees 2 per share	-	(363,972,057)	(363,972,057)
Issue of bonus shares during the period	181,986,020	(181,986,020)	(181,986,020)
	181,986,020	(545,958,077)	(363,972,057)
Profit for the half year ended 31 December 2013	-	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	-	-	-
Balance as at 31 December 2013 (Un-audited)	1,629,221,278	1,266,642,089	1,266,642,089
Loss for the half year ended 30 June 2014	2,001,846,300	5,291,873,903	6,921,095,181
Other comprehensive loss for the half year ended 30 June 2014	-	(505,345,554)	(505,345,554)
Total comprehensive loss for the half year ended 30 June 2014	-	-	-
Balance as at 30 June 2014 (Audited)	1,629,221,278	4,786,528,349	6,415,749,627
Transaction with owners:			
Final dividend for the year ended 30 June 2014 @ Rupees 1 per share	-	(200,184,630)	(200,184,630)
Profit for the half year ended 31 December 2014	-	325,499,234	325,499,234
Other comprehensive income for the half year ended 31 December 2014	-	-	-
Total comprehensive income for the half year ended 31 December 2014	-	325,499,234	325,499,234
Balance as at 31 December 2014 (Un-audited)	1,629,221,278	4,911,842,953	6,541,064,231

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

Chief Executive

Director

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

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, Karachi and Islamabad 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 2014 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 ‘Interim Financial Reporting’ and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This unconsolidated condensed interim financial information should be read in conjunction with the preceding audited annual published financial statements of the Company for the year ended 30 June 2014.

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 2014.

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 2014.

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	Un-audited 31 December 2014 Rupees	Audited 30 June 2014 Rupees
5 LONG TERM FINANCING		
From banking companies / financial institutions - secured		
Long term loans (Note 5.1)	3,550,202,178	4,416,031,413
Long term musharaka (Note 5.2)	217,500,000	275,000,000
	<u>3,767,702,178</u>	<u>4,691,031,413</u>
5.1 Long term loans		
Opening balance	6,020,373,190	4,875,089,955
Add: Obtained during the period / year	-	2,658,000,000
Less: Repayments during the period / year	<u>785,525,057</u>	<u>1,512,716,765</u>
Closing balance	5,234,848,133	6,020,373,190
Less: Current portion shown under current liabilities	<u>1,684,645,955</u>	<u>1,604,341,777</u>
	<u>3,550,202,178</u>	<u>4,416,031,413</u>
5.2 Long term musharaka		
Opening balance	470,000,000	665,000,000
Add: Obtained during the period / year	-	-
Less: Repayments during the period / year	<u>97,500,000</u>	<u>195,000,000</u>
Closing balance	372,500,000	470,000,000
Less: Current portion shown under current liabilities	<u>155,000,000</u>	<u>195,000,000</u>
	<u>217,500,000</u>	<u>275,000,000</u>

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	Un-audited 31 December 2014 Rupees	Audited 30 June 2014 Rupees
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6 REDEEMABLE CAPITAL

Privately placed term finance certificates - secured

Opening balance	156,250,000	281,250,000
Less: Repayments during the period / year	62,500,000	125,000,000
Closing balance	93,750,000	156,250,000
Less: Current portion shown under current liabilities	93,750,000	125,000,000
	-	31,250,000

7 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 2014 except for the following:

- i) Guarantees of Rupees 314.130 million (30 June 2014: Rupees 269.059 million) have been issued by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connections, Shell Pakistan Limited against purchase of furnace oil and Lahore Electric Supply Company Limited against electricity connection.
- ii) Post dated cheques have been issued to custom authorities in respect of duties amounting to Rupees 312.129 million (30 June 2014: Rupees 292.511 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 is in appeal before Commissioner Inland Revenue [CIR(A)] against the order of Additional Commissioner Inland Revenue (ACIR). ACIR has passed an order under section 122(5A) of the Income Tax Ordinance, 2001 for tax year 2013 whereby a demand of Rupees 27.845 million has been raised. No provision against the demand has been made in this condensed interim financial information as the Company is hopeful of a favourable outcome of appeal based on opinion of the tax advisor.
- iv) The Company is in appeal before CIR(A) against the order of ACIR. ACIR has passed an order under section 122(5A) of the Income Tax Ordinance, 2001 for tax year 2012 whereby a demand of Rupees 125.162 million has been raised. No provision against the demand has been made in this condensed interim financial information as the Company is hopeful of a favourable outcome of appeal based on opinion of the tax advisor.
- v) The Company has impugned selection its tax affairs for audit in terms of section 214C of the Income Tax Ordinance, 2001 for tax year 2013. The matter has been raised before the Member Inland Revenue Taxpayers Audit for exclusion of the Company's name from list of cases selected for audit.

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

Commitments

- i) Contracts for capital expenditure are amounting to Rupees 283.412 million (30 June 2014: Rupees 128.530 million).
- ii) Letters of credit other than for capital expenditure are amounting to Rupees 372.106 million (30 June 2014: Rupees 269.393 million)
- iii) Outstanding foreign currency forward contracts of Rupees 960.762 million (30 June 2014: Rupees 2,874.933 million).

	Un-audited 31 December 2014 Rupees	Audited 30 June 2014 Rupees
8 FIXED ASSETS		
Property, plant and equipment:		
Operating fixed assets (Note 8.1)	8,980,355,070	8,512,710,263
Capital work-in-progress (Note 8.2)	334,509,479	860,189,843
	9,314,864,549	9,372,900,106
Intangible asset:		
Computer software (Note 8.3)	7,668,239	9,106,034
	9,322,532,788	9,382,006,140
	Un-audited	Audited
	31 December	30 June
	2014	2014
	Rupees	Rupees

8.1 Operating fixed assets

Opening book value	8,512,710,263	5,986,747,224
Add: Cost of additions during the period / year (Note 8.1.1)	843,986,218	3,143,607,044
Less: Book value of deletions during the period / year (Note 8.1.2)	7,171,495	4,737,776
Less: Depreciation charged during the period / year	369,169,916	612,906,229
Closing book value	8,980,355,070	8,512,710,263

8.1.1 Cost of additions during the period / year

Freehold land	38,377,128	16,331,538
Buildings on freehold land	260,801,473	654,202,667
Plant and machinery	372,823,359	2,148,057,522
Standby equipment	-	2,845,255
Electric installations	117,763,953	227,233,720
Factory equipment	27,053,078	48,812,684
Furniture, fixtures and equipment	10,464,199	8,990,058
Office equipment	3,860,944	10,361,431
Motor vehicles	12,842,084	26,772,169
	843,986,218	3,143,607,044

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

8.1.2 Book value of deletions during the period / year

Cost of deletions

Office equipment	43,000	374,142
Furniture, fixtures and equipment	201,036	-
Electric installations	-	3,876,413
Motor vehicles	18,297,927	8,576,652
	<u>18,541,963</u>	<u>12,827,207</u>
Less: Accumulated depreciation	11,370,468	8,089,431
Book value of deletions during the period / year	<u>7,171,495</u>	<u>4,737,776</u>

8.2 Capital work-in-progress

Civil works on freehold land	232,161,834	172,681,787
Plant and machinery	-	258,722,704
Mobilization advances	3,709,609	8,030,572
Letters of credit	94,669,568	16,384,824
Advances for capital expenditures	3,968,468	30,066,886
Unallocated expenditures	-	374,303,070
	<u>334,509,479</u>	<u>860,189,843</u>

8.3 Intangible asset - Computer software

Opening book value	9,106,034	566,431
Add: Cost of additions during the period / year	-	9,585,298
Less: Amortization charged during the period / year	1,437,795	1,045,695
Closing book value	<u>7,668,239</u>	<u>9,106,034</u>

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

UN-AUDITED			
HALF YEAR ENDED		QUARTER ENDED	
31 December 2014	31 December 2013	31 December 2014	31 December 2013

----- Rupees -----

9 COST OF SALES

Raw materials consumed	6,862,776,805	6,706,759,679	3,689,668,384	3,598,568,578
Packing materials consumed	332,227,685	308,755,028	182,015,895	174,183,362
Stores, spare parts and loose tools consumed	492,622,342	567,534,143	208,781,394	324,359,424
Salaries, wages and other benefits	925,206,485	716,105,874	504,462,683	401,312,542
Fuel and power	1,563,866,151	1,528,626,045	833,138,599	778,970,746
Insurance	20,948,584	19,366,276	10,633,919	10,519,612
Postage and telephone	3,705,742	241,156	255,945	121,180
Travelling and conveyance	10,987,511	10,566,302	5,363,302	4,664,787
Vehicles' running and maintenance	12,850,905	12,248,941	6,823,260	6,672,921
Entertainment	3,395,046	2,716,237	1,275,848	1,114,978
Depreciation on operating fixed assets	365,933,520	236,310,721	187,701,592	117,220,333
Repair and maintenance	128,195,504	10,774,065	121,962,527	7,624,701
Other factory overheads	37,930,785	22,682,255	28,665,568	7,363,990
	10,760,647,065	10,142,686,722	5,780,748,916	5,432,697,154

Work-in-process:

Opening stock	507,370,103	376,405,750	575,142,405	528,035,858
Closing stock	(555,432,408)	(678,704,918)	(555,432,408)	(678,704,918)
	(48,062,305)	(302,299,168)	19,709,997	(150,669,060)
Cost of goods manufactured	10,712,584,760	9,840,387,554	5,800,458,913	5,282,028,094

Finished goods and waste - opening stocks:

Finished goods	695,735,249	478,795,009	699,445,158	596,007,735
Waste	39,999,009	54,134,534	44,398,401	35,999,773
	735,734,258	532,929,543	743,843,559	632,007,508
Finished goods and waste - opening stocks:	11,448,319,018	10,373,317,097	6,544,302,472	5,914,035,602

Finished goods and waste - closing stocks:

Finished goods	(1,053,775,036)	(921,564,243)	(1,053,775,036)	(921,564,243)
Waste	(50,382,644)	(45,536,153)	(50,382,644)	(45,536,153)
	(1,104,157,680)	(967,100,396)	(1,104,157,680)	(967,100,396)
	10,344,161,338	9,406,216,701	5,440,144,792	4,946,935,206

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

UN-AUDITED		
HALF YEAR ENDED		
31 December 2014	31 December 2013	
Rupees	Rupees	
Profit before taxation	456,523,419	1,274,136,227
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	369,169,916	241,678,826
Amortization on intangible asset	1,437,795	566,431
Gain on sale of property, plant and equipment	(7,078,105)	(299,020)
Return on bank deposits	(928,598)	(3,213,761)
Finance cost	690,517,887	621,469,352
Dividend income	(656,550,370)	(1,031,722,010)
Working capital changes (Note 10.1)	(2,313,951,248)	(4,799,902,475)
	(1,460,859,304)	(3,697,286,430)

10.1 Working capital changes

(Increase) / decrease in current assets:

Stores, spare parts and loose tools	(18,747,085)	(279,312,986)
Stock-in-trade	(3,348,890,279)	(6,258,999,347)
Trade debts	452,655,744	145,093,571
Loans and advances	(677,334,937)	(474,422,204)
Short term prepayments	(23,271,747)	(5,380,060)
Other receivables	346,178,621	234,528,569
	(3,269,409,683)	(6,638,492,457)

Increase in current liabilities:

Trade and other payables	955,458,435	1,838,589,982
	(2,313,951,248)	(4,799,902,475)

11 SEGMENT INFORMATION

11.1 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.

11.3 Reconciliation of reportable segment assets and liabilities

	Spinning		Weaving		Processing and Home Textile		Power Generation		Total - Company	
	Un-audited 31 December 2014	Audited 30 June 2014	Un-audited 31 December 2014	Audited 30 June 2014	Un-audited 31 December 2014	Audited 30 June 2014	Un-audited 31 December 2014	Audited 30 June 2014	Un-audited 31 December 2014	Audited 30 June 2014
Total assets for reportable segments	13,132,256,803	12,756,045,200	2,072,625,668	2,785,696,015	4,443,284,651	4,067,899,200	1,942,592,580	1,502,578,060	21,590,759,702	21,112,418,475
----- Rupees -----										
Unallocated assets:										
Investments in subsidiary companies									2,502,233,181	1,966,318,705
Other receivables									1,374,977,473	1,655,844,130
Short term investments									4,516,530	22,658,812
Cash and bank balances									67,268,048	18,238,675
Other corporate assets									4,221,199,968	1,145,482,881
Total assets as per balance sheet									29,760,954,902	25,940,961,678
Total liabilities for reportable	1,040,927,725	710,393,170	138,343,658	72,227,540	489,226,706	256,063,020	154,271,235	56,513,482	1,822,768,721	1,095,197,212
Unallocated liabilities:										
Long term financing									5,607,348,133	6,490,373,190
Redeemable capital									93,750,000	156,250,000
Accrued mark-up									247,375,691	210,934,620
Short term borrowings									12,823,489,692	9,180,243,052
Other corporate liabilities									623,312,134	390,367,677
Total liabilities as per balance sheet									21,218,044,371	17,523,365,751

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

12 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:

i. Transactions

UN-AUDITED			
HALF YEAR ENDED		QUARTER ENDED	
31 December 2014	31 December 2013	31 December 2014	31 December 2013

----- Rupees -----

Subsidiary companies

Sale of goods	616,030,863	785,085,120	317,928,888	635,250,873
Dividend income	656,550,370	1,031,722,010	375,171,640	1,031,722,010
Common facilities cost charged	9,000,000	9,000,000	4,500,000	4,500,000
Investment made	615,551,980	-	505,748,728	-

Associated undertakings

Insurance premium paid	53,003,172	38,153,247	18,320,739	6,001,160
Insurance claims received	6,279,445	1,780,349	4,140,380	646,140
Donation paid	1,848,000	21,480,000	1,848,000	21,480,000
Purchase of operating fixed asset	-	925,000	-	925,000

Other related parties

Purchase of goods	5,408,635	29,787,300	1,763,758	24,948,675
Sale of goods	429,184,184	82,286,256	172,099,789	52,109,046
Dividend paid	33,303,285	60,551,432	33,303,285	60,551,432
Contribution to employee's provident fund	37,647,396	13,589,374	28,847,958	6,439,663
Remuneration of key management personnel	70,875,300	51,535,438	70,875,300	51,535,438

ii. Period end balances

As at 31 December 2014 (Un-audited)			
Subsidiary companies	Associated companies	Other related parties	Total

----- Rupees -----

Trade and other payables	-	11,355,712	-	11,355,712
Long term investment	2,502,233,181	-	-	2,502,233,181
Trade debts	450,007,161	-	22,694,461	472,701,622
Loans and advances	-	-	2,341,165	2,341,165
Other receivables	13,259,056	1,885,835	-	15,144,891
Short term borrowing	-	26,816,215	-	26,816,215

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

As at 30 June 2014 (Audited)			
Subsidiary companies	Associated companies	Other related parties	Total

----- Rupees -----

Trade and other payables	-	1,438,593	-	1,438,593
Long term investment	1,986,318,705	-	-	1,986,318,705
Trade debts	613,576,538	-	32,500,266	646,076,804
Loans and advances	-	-	3,178,353	3,178,353
Other receivables	281,378,730	103,060	3,179,649	284,661,439
Bank balances	-	5,993,000	-	5,993,000

13 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 2014.

14 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.

15 DATE OF AUTHORIZATION FOR ISSUE

This unconsolidated condensed interim financial information was approved by the Board of Directors and authorized for issue on Feb 24, 2015.

Chief Executive

Director

CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

(UN-AUDITED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	Half Year Ended		Quarter Ended	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	Rupees	Rupees	Rupees	Rupees
SALES	24,861,767,905	24,439,155,968	12,610,237,261	12,643,346,999
COST OF SALES	<u>(20,983,399,074)</u>	<u>(21,070,494,208)</u>	<u>(10,435,303,358)</u>	<u>(11,009,915,420)</u>
GROSS PROFIT	3,878,368,830	3,368,661,760	2,174,933,902	1,633,431,579
DISTRIBUTION COST	<u>(418,476,335)</u>	<u>(340,096,973)</u>	<u>(227,452,775)</u>	<u>(166,042,524)</u>
ADMINISTRATIVE EXPENSES	<u>(166,761,124)</u>	<u>(135,993,334)</u>	<u>(91,967,588)</u>	<u>(80,274,433)</u>
OTHER OPERATING EXPENSES	<u>(82,476,130)</u>	<u>(151,016,268)</u>	<u>(71,374,651)</u>	<u>(59,246,573)</u>
	<u>(667,713,589)</u>	<u>(627,106,575)</u>	<u>(390,795,014)</u>	<u>(305,563,530)</u>
	3,210,655,241	2,741,555,185	1,784,138,888	1,327,868,049
OTHER OPERATING INCOME	49,275,699	159,891,916	127,565,311	70,225,872
PROFIT FROM OPERATIONS	<u>3,259,930,940</u>	<u>2,901,447,101</u>	<u>1,911,704,199</u>	<u>1,398,093,921</u>
FINANCE COST	<u>(1,762,988,214)</u>	<u>(1,492,376,325)</u>	<u>(915,275,034)</u>	<u>(777,152,411)</u>
PROFIT BEFORE TAXATION	<u>1,496,942,726</u>	<u>1,409,070,776</u>	<u>996,429,165</u>	<u>620,941,510</u>
TAXATION	<u>(131,024,185)</u>	<u>(7,501,054)</u>	<u>(78,666,564)</u>	<u>43,594,661</u>
PROFIT AFTER TAXATION	<u>1,365,918,541</u>	<u>1,401,569,722</u>	<u>917,762,601</u>	<u>664,536,171</u>
PROFIT ATTRIBUTABLE TO:				
EQUITY HOLDERS OF THE HOLDING COMPANY	528,608,210	816,566,828	422,222,821	331,470,464
NON-CONTROLLING INTEREST	<u>837,310,331</u>	<u>585,002,894</u>	<u>495,539,780</u>	<u>333,065,707</u>
	<u>1,365,918,541</u>	<u>1,401,569,722</u>	<u>917,762,601</u>	<u>664,536,171</u>
EARNINGS PER SHARE - BASIC & DILUTED	<u>2.64</u>	<u>4.08</u>	<u>2.11</u>	<u>1.66</u>

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

CHIEF EXECUTIVE

DIRECTOR

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

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	Half Year Ended		Quarter Ended	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	Rupees	Rupees	Rupees	Rupees
PROFIT AFTER TAXATION	1,365,918,541	1,401,569,722	917,762,601	664,536,171
OTHER COMPREHENSIVE INCOME	330,442	-	127,985	114,472
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	1,366,248,983	1,401,569,722	917,890,586	664,650,643
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
EQUITY HOLDERS OF THE HOLDING COMPANY	528,938,652	816,566,828		
NON-CONTROLLING INTEREST	837,310,331	585,002,894		
	1,366,248,983	1,401,569,722		

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 2014

	Half Year Ended		
	31 December 2014	31 December 2013	
Note	Rupees	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	6	2,453,687,649	(4,284,302,807)
Net increase in long term security deposits		388,227	(50,000)
Finance cost paid		(1,781,900,430)	(1,486,414,057)
Income tax paid		(196,336,149)	(229,536,945)
Long term loans to employees		(5,404,212)	(25,710)
Net cash (used in) / from operating activities		<u>470,435,085</u>	<u>(6,000,329,519)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(341,511,842)	(2,157,692,800)
Proceeds from sale of property, plant and equipment		16,172,500	446,901
Short term investments made		12,110,294	1,053,122
Profit on bank deposits received		2,061,751	3,717,681
Net cash used in investing activities		(311,167,297)	(2,152,475,096)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		-	1,658,000,000
Repayment of long term financing		(1,538,834,546)	(1,526,998,964)
Short term borrowings - net		2,405,319,170	8,816,530,703
Dividend paid to non-controlling interest		(893,061,988)	-
Dividends paid		(195,127,099)	(1,073,152,531)
Net cash from / (used in) financing activities		<u>(221,704,463)</u>	<u>7,874,379,208</u>
Net decrease in cash and cash equivalents		(62,436,675)	(278,425,407)
Impact of exchange translation		330,442	770,503
Cash and cash equivalents at the beginning of the year		1,067,350,401	540,719,734
Cash and cash equivalents at the end of the year		<u>1,005,244,169</u>	<u>263,064,830</u>

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 2014

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY						NON-CONTROLLING INTEREST	TOTAL EQUITY
	Share Capital	Capital reserve		REVENUE RESERVES		SHAREHOLDERS' EQUITY		
		Exchange Translation Reserve	General reserve	Unappropriated profit	Total			
Balance as at 30 June 2013 - (audited)	1,819,860,280	56,555	1,629,221,278	6,384,265,000	8,013,486,278	9,833,403,113	3,552,270,788	13,385,673,901
Total comprehensive income for the quarter ended 31 December 2013	-	770,503	-	816,566,828	816,566,828	817,337,331	595,002,894	1,402,340,225
Final dividend for the year ended 30 Jun 2013 @ Rupees 2 per ordinary share	-	-	-	(363,972,057)	(363,972,057)	(363,972,057)	-	(363,972,057)
Bonus shares issued during the year	181,986,020	-	-	(181,986,020)	(181,986,020)	-	-	-
Dividend paid to non-controlling interest	-	-	-	-	-	-	(998,686,144)	(998,686,144)
Balance as at 31 December 2013 - (un-audited)	2,001,846,300	827,058	1,629,221,278	6,654,873,751	8,284,036,029	10,286,768,387	3,148,587,538	13,435,355,925
Total comprehensive income for the half year ended 30 June 2014	-	(883,915)	-	(176,145,923)	(176,145,923)	(177,029,839)	833,983,938	656,954,100
Dividend paid to non-controlling interest	-	-	-	-	-	-	(539,283,358)	(539,283,358)
Balance as at 30 June 2014 - (audited)	2,001,846,300	(56,857)	1,629,221,278	6,478,727,828	8,107,949,106	10,109,736,549	3,443,288,118	13,553,026,667
Total comprehensive income for the quarter ended 31 December 2014	-	330,442	-	528,608,210	528,608,210	528,938,652	837,310,331	1,366,248,983
Dividend paid to non-controlling interest	-	-	-	-	-	-	(629,100,000)	(629,100,000)
Final dividend for the year ended 30 Jun 2014 @ Rupees 1 per ordinary share	-	-	-	(200,184,630)	(200,184,630)	(200,184,630)	-	(200,184,630)
Balance as at 31 December 2014 - (un-audited)	2,001,846,300	273,585	1,629,221,278	6,807,151,408	8,436,372,686	10,438,492,571	3,651,498,449	14,089,991,020

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

CHIEF EXECUTIVE

DIRECTOR

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

1. GROUP INFORMATION

The Group consists of:

Holding Company	-	Nishat (Chunian) Limited
Subsidiary Companies	-	Nishat Chunian Power Limited
	-	Nishat Chunian USA Inc.
	-	NC Electric Company 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 Karachi, Lahore and Islamabad 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, Karachi Stock Exchange (Guarantee) Limited and Islamabad 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.

Nishat Chunian Electric Company

NC Electric Company Limited is a public limited company incorporated in Pakistan on 18 April 2014 under the Companies Ordinance, 1984. The Company is a wholly owned subsidiary of Nishat (Chunian) Limited. Its registered office is situated at 31- Q, Gulberg II, Lahore. The principal objects of the Company are to develop, design, construct, own and acquire coal powered power generation complexes and thermal, hydel, solar and wind energy projects in Pakistan and to carry on the business of electricity generation, transmission and distribution in Pakistan.

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 quarter ended 30 September 2014 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

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

financial statements of the Group for the year ended 30 June 2014.

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 2014.

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 2014.

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 2014 except for the following:

- i) Post dated cheques have been issued to custom authorities in respect of duties amounting to Rupees 312.129 million (30 June 2014: Rupees 292.511 million) on imported material availed on the basis of consumption and export plans. In the event the documents of exports are not provided on due dates, cheque issued as security shall be encashable.
- ii) Guarantees of Rupees 314.130 million (30 June 2014: Rupees 269.059 million) have been issued by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connections, Shell Pakistan Limited against purchase of furnace oil and Lahore Electric Supply Company Limited against electricity connection.

The Company is in appeal before Commissioner Inland Revenue [CIR(A)] against the order of Additional Commissioner Inland Revenue (ACIR). ACIR has passed an order under section 122(5A) of the Income Tax Ordinance, 2001 for tax year 2013 whereby a demand of Rupees 27.845 million has been raised. No provision against the demand has been made in this condensed interim financial information as the Company is hopeful of a favourable outcome of appeal based on opinion of the tax advisor.

The Company is in appeal before CIR(A) against the order of ACIR. ACIR has passed an order under section 122(5A) of the Income Tax Ordinance, 2001 for tax year 2012 whereby a demand of Rupees 125.162 million has been raised. No provision against the demand has been made in this condensed interim financial information as the Company is hopeful of a favourable outcome of appeal based on opinion of the tax advisor.

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

The Company has impugned selection its tax affairs for audit in terms of section 214C of the Income Tax Ordinance, 2001 for tax year 2013. The matter has been raised before the Member Inland Revenue Taxpayers Audit for exclusion of the Company's name from list of cases selected for audit

Commitments

- i) Contracts for capital expenditure are amounting to Rupees 283.412 million (30 June 2014: Rupees 128.530 million).
- ii) Letters of credit other than for capital expenditure are amounting to Rupees 372.106 million (30 June 2014: Rupees 269.393 million).
- iii) Outstanding foreign currency forward contracts of Rupees 960.762 million (30 June 2014: Rupees 2,874.933 million).

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 Calorific 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 condensed interim financial information.

- ii) During the previous year, a sales tax demand of Rs 1,161.548 million was raised against the company through order dated November 28, 2013 by the Assistant Commissioner Inland Revenue ('ACIR') by disallowing input sales tax for the tax periods from July 2010 to June 2012. Such amount was disallowed on the grounds that the revenue derived by the company on account of 'capacity purchase price' was against a non-taxable supply and thus, the entire amount of input sales tax claimed by the company was required to be apportioned with only the input sales tax attributable to other revenue stream i.e. 'energy purchase price' admissible to the company. Against the

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

aforesaid order, the company preferred an appeal before the Commissioner Inland Revenue (Appeals) ('CIR(A)') who vacated the ACIR's order on the issue regarding apportionment of input sales tax. However, the CIR(A) did not adjudicate upon the company's other grounds of appeal. Consequently, the company preferred an appeal before the Appellate Tribunal Inland Revenue ('ATIR') on the issues not adjudicated upon by the CIR(A) and the Department also preferred a second appeal before the ATIR against the CIR(A)'s order, which are both pending adjudication.

Furthermore, during the current period, the Deputy Commissioner Inland Revenue ('DCIR') issued a show cause notice dated November 11, 2014, whereby intentions have been shown to raise a sales tax demand of Rs 1,093.262 million by disallowing input sales tax claimed by the company for the tax periods from July 2010 to June 2012 on the abovementioned grounds of the ACIR. Aggrieved by this show cause notice, the company filed a writ petition before the Lahore High Court ('LHC'), whereby the LHC through its orders dated December 2, 2014 provided interim relief to the company to the extent that no final order shall be passed by the DCIR until the next hearing. Subsequent to period end, hearing was held on January 21, 2015 which has been adjourned till March 31, 2015 and the LHC through its order dated January 21, 2015 has provided that the interim relief shall continue till the date of next hearing."

Based on the advice of the company's legal counsel, management believes that there are meritorious grounds to defend the company's stance in respect of the abovementioned input sales tax claimed by the company. Consequently, no provision has been made in this condensed interim financial information.

- (iii) The banks have issued the following on behalf of the company:
 - (a) Irrevocable standby letter of credit in favour of Wartsila Pakistan (Private) Limited for Rs 45,000,000 (June 30, 2014: Rs 45,000,000) as required under the terms of the Operations and Maintenance Agreement.
 - (b) Letters of guarantee of Rs 6,031,988 (June 30, 2014: Rs 5,031,988) in favour of Director, Excise and Taxation, Karachi under direction of Sindh High Court in respect of suit filed for levy of infrastructure cess.
 - (c) Standby letter of credit in favour of Industrial and Commercial Bank of China Limited, Karachi Branch for Nil (June 30, 2014: 781,357,500) in order to secure payment against liability of the Company towards Hascol Petroleum Limited in respect of import of Furnace Oil. The said Standby Letter of Credit was cancelled on 20 August 2014 after the discharge of liability of the Company towards Hascol Petroleum Limited.
 - (d) Letter of guarantee of Rs 65,076,000 (June 30, 2014: Rs 65,076,000) in favour of Punjab Power Development Board, Energy Department, Government of the Punjab, Lahore, in respect of issuance of Letter of Interest to the company to set up a 660 MW Imported Coal Fired Power Plant at Rahim Yar Khan, Punjab.

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	Un-audited December 31,	Audited June 30,
	2014	2014
Commitments in respect of	Rupees	Rupees
Letters of credit and contracts other than for capital expenditure	58,168,974	262,653,932
	Un-audited Half year ended 31 December 2014	Un-audited Half year ended 31 December 2013
	Rupees	Rupees
6. CASH USED IN OPERATIONS		
Profit before taxation	1,496,942,726	1,409,070,776
Adjustment for non cash charges and other items:		
Depreciation on operating assets	953,919,665	832,646,700
Amortization on intangible assets	1,676,295	804,932
Gain on sale of operating fixed assets	(8,637,527)	(299,019)
Interest on bank deposits	(1,659,740)	(3,555,829)
Unrealised loss on derivative financial instrument	1,714,617	3,347,892
Finance costs	<u>1,762,988,214</u>	<u>1,492,376,325</u>
Cash flows from operating activities before working capital changes	4,206,944,250	3,734,391,777
(Increase) / decrease in current assets		
- Stores, spare parts and loose tools	(198,630,414)	(443,789,794)
- Stock in trade	(3,574,790,099)	(6,802,571,922)
- Trade debts	2,184,132,310	(3,221,102,254)
- Loans and advances	(1,003,706,100)	(288,715,507)
- Short term deposits and prepayments	(102,122,109)	(104,240,806)
- Other receivables	53,061,688	326,614,918
Increase in current liabilities	-	
- Trade and other payables	888,798,123	2,515,110,781
	<u>(1,753,256,601)</u>	<u>(8,018,694,584)</u>
Cash generated from operations	<u>2,453,687,649</u>	<u>(4,284,302,807)</u>

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:

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	Un-audited 31 December 2014 Rupees	Un-audited 31 December 2013 Rupees
Associated company		
Insurance premium paid	138,867,931	136,626,339
Insurance claims received	6,279,445	1,780,349
Purchase of Fixed Assets	-	925,000
Other related parties		
Purchase of goods	5,408,635	29,787,300
Sale of goods	429,184,184	82,286,256
Contribution to employees' provident fund	20,374,110	14,792,078
Dividend paid to other related parties	33,303,285	60,551,432
Remuneration paid to key management personnel	96,829,927	77,898,406
Donation to related parties	28,696,000	63,328,000

	Un-audited Quarter ended 31 December 2014 Rupees	Audited Year ended 30 June 2014 Rupees
Period end balances		
Bank balances with related party	1,577,915	5,993,381
Due from related parties	25,035,626	5,535,814
Due to related parties	-	462,089

8. EVENTS AFTER BALANCE SHEET DATE

The Board of Directors' of Nishat Chunian Power Limited (the Subsidiary Co) at their meeting held on February 24, 2015 had declared interim cash dividend of Rupees 2 per ordinary share (30 June 2014: Rupees 2) for the half year ended December 31, 2014.

9. CORRESPONDING FIGURES

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

10. DATE OF AUTHORIZATION FOR ISSUE

This consolidated condensed interim financial information was approved and authorized for issue on February 24, 2015 by the Board of Directors.

Chief Executive

Director



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