



**Interim Financial Information**  
Half Year Ended December 31, 2019  
(Unaudited)



Nishat Chunian Limited



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# COMPANY INFORMATION

## Board of Directors:

Mrs. Farhat Saleem (*Chairperson*)  
Mr. Shahzad Saleem (*Chief Executive*)  
Mr. Zain Shahzad  
Mr. Aftab Ahmad Khan  
Mr. Muhammad Ali Zeb  
Mr. Farrukh Ifzal  
Mr. Shoaib Ahmad Khan (*Independent*)  
Mr. Muhammad Zahid Khan (*Independent*)

## Audit Committee:

Mr. Shoaib Ahmad Khan (*Chairman*)  
Mr. Farrukh Ifzal (*Member*)  
Mr. Muhammad Ali Zeb (*Member*)

## HR & Remuneration Committee:

Mr. Shoaib Ahmad Khan (*Chairman*)  
Mr. Farrukh Ifzal (*Member*)  
Mr. Muhammad Zahid Khan (*Member*)

## CFO:

Mr. Babar Ali Khan

## Company Secretary:

Ms. Samina Aslam

## Head of Internal Audit:

Mr. Ahmad Bilal

## 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 Baraka Bank (Pakistan) Limited  
Bank Alfalah Limited  
Bank Al Habib Limited  
Bank Islami Pakistan Limited  
Dubai Islamic Bank Pakistan Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
Industrial and Commercial Bank of China (ICBC)  
JS Bank Limited  
MCB Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan  
Pak Kuwait Investment Company (Private) Limited  
Standard Chartered Bank Pakistan Limited  
SAMBAs Bank Limited  
Soneri Bank Limited  
The Bank of Punjab  
United Bank Limited  
MCB Islamic Bank Ltd.

## Auditors:

Riaz Ahmad & Company  
Chartered Accountants

## Registered & Head Office:

31-Q, Gulberg-II,  
Lahore, Pakistan.  
Phone : 042-35761730-39  
Fax : 042-35878696-97  
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

# DIRECTOR'S REPORT

## Dear Shareholders

The Board of Directors is pleased to announce the unaudited results of Nishat (Chunian) Limited ("the Company") for the half year ended on December 31, 2019.

## Operating Financial Results

Sales clocked in at Rs. 20.03 billion as compared to Rs. 19.32 billion during the corresponding period of previous fiscal year, registering an increase of 3.66%. Export of yarn and value-added sector drove this increase. Profit after tax of the Company for the first half year is 2.61%.

Financial Highlights	Half Year ended December 31		Increase / Decrease %
	2019	2018	
Sales (Rs.)	20,027,844,460	19,320,340,709	3.66%
Gross Profit (Rs.)	2,545,654,983	2,584,597,136	-1.51%
Profit After Taxation (Rs.)	522,185,921	2,018,075,923	-74.12%
Gross Profit %	12.71%	13.38%	
Profit After Tax %	2.61%	10.45%	
Earnings Per Share (Rs.)	2.17	8.40	

## Market Review and Future Prospects

During the year the industry faced a broad spectrum of challenges which includes skyrocketing interest rates and inflation which is a major impediment in the growth. Further problems such as uncertainty of electricity prices, China USA trade wars, poor cotton crop and recent pandemic of corona virus has further deteriorated the overall capacity. If the current situation persists the local industry will be tested to the limits. However, the situation in China presents an opportunity for local industry to fill in the vacuum, further the government decision to provide additional discounted loans to value added export sectors is commendable. If the contention of electricity prices and sales tax refunds is not amicably resolved it will further deteriorate the situation.

Despite all this, the management has very recently added new digital printing machines to its value-added business. Further, the management has decided to replace a sizeable number of looms to bring in more diversity in the weaving production line. In addition to this the management recurrently visits different textile units across the world in order to bring in latest management, technological and cost cutting ideas.

"The Linen Company (TLC)", is already successfully running 5 outlets in 4 major cities and further looking to expand its retail network by opening two more outlets in coming month.

## Subsidiary Companies and Consolidated Financial Statements

The Company's portfolio of subsidiary companies include Nishat Chunian Power Limited, NC Electric Company Limited, Nishat Chunian USA Inc. 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 Company Act, 2017.

## Acknowledgement

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

For and on behalf of the Board,

Chief Executive

Director

Date: 27th February 2020

# DIRECTOR'S REPORT

## محترم حصص یافتگان

بورڈ آف ڈائریکٹرز 31 دسمبر 2019 کو ختم ہونے والی ششماہی کے لئے نشاط (چونیاں) لمیٹڈ ("کمپنی") کے غیر نظر ثانی شدہ نتائج کا اعلان کرتے ہوئے خوشی محسوس کرتا ہے۔

## آپریٹنگ مالیاتی نتائج

گذشتہ مالی سال کی اسی ششماہی کے دوران 19.32 بلین روپے کے مقابلے اس ششماہی کے دوران حاصل ہونے والی آمدنی 20.03 بلین روپے ہے، جو 3.66 فیصد کا اضافہ ظاہر کر رہی ہے۔ یہ اضافہ بنیادی طور پر پاران کی برآمد اور ویلیو ایڈڈ سیکر کامز میں منت ہے۔ موجودہ ششماہی کے لئے کمپنی کا بعد از ٹیکس منافع 2.61 فیصد ہے۔

مالی جھلکیاں	31 دسمبر ششماہی		فیصد اضافہ / کمی
	2018	2019	
فروخت (روپے)	19,320,340,709	20,027,844,460	3.66 فیصد
جموئی منافع (روپے)	2,584,597,136	2,545,654,983	-1.51 فیصد
بعد از ٹیکس منافع (روپے)	2,018,075,923	522,185,921	-74.12 فیصد
جموئی منافع فیصد	13.38 فیصد	12.71 فیصد	
بعد از ٹیکس منافع فیصد	10.45 فیصد	2.61 فیصد	
ٹی شیئر آمدن (روپے)	8.40	2.17	

## مارکیٹ کا جائزہ اور مستقبل کے امکانات

سال کے دوران صنعت کو بہت سی مشکلات کا سامنا کرنا پڑا جس میں زیادہ شرح سود اور افراط زر شامل ہیں جو ترقی میں ایک بڑی رکاوٹ ہے۔ بجلی کی قیمتوں کی غیر یقینی صورتحال، چین امریکہ تجارتی جنگ، روٹی کی کم فصل اور کرنہ ناوائس کی حالیہ وبا کی بنیادی بیماری جیسے مزید مسائل نے جموئی صلاحیت کو مزید بگاڑ دیا ہے۔ اگر موجودہ صورتحال برقرار رہی تو مقامی صنعت کی بہت زیادہ آزمائش ہوگی۔ تاہم، چین کی صورتحال مقامی صنعت کے لئے غلامی پر کرنے کا ایک موقع پیش کرتی ہے، اس کے علاوہ ویلیو ایڈڈ برآمدی شعبوں کو زیادہ رعایتی قرضوں کی فراہمی کا حکومتی فیصلہ قابل ستائش ہے۔ اگر بجلی کی قیمتوں اور ویلیو ایڈڈ کی واہسی کے تنازعہ کو خوش اسلوبی سے حل کیا گیا تو صورتحال مزید خراب ہو جائے گی۔

ان سب کے باوجود، انتظامیہ نے حال ہی میں اپنے ویلیو ایڈڈ بزنس میں نئی ڈیجیٹل پریکٹس مشینیں شامل کی ہیں۔ مزید برآں، انتظامیہ نے ویلیو ایڈڈ پروڈکشن لائن میں مزید جدت لانے کے لئے بڑی تعداد میں اوزار کو تبدیل کرنے کا فیصلہ کیا ہے۔ اس کے علاوہ جدید فنی اور اخراجات کو کم کرنے کے لئے انتظامیہ دنیا بھر میں مختلف ٹیکنالوجیوں کا سواژہ دورہ کرتی رہتی ہے۔

"وی لیٹن کمپنی (TLC)" پچھلے ہی 14 اگست 2019 میں 5 آڈٹ لٹس چلا رہا ہے اور اگلے مہینے میں مزید دو (2) سٹورکول کرئیکل نیٹ ورک کو مزید فروغ دینے کا ارادہ رکھتی ہے۔

## ذیلی کمپنیاں اور شمال شدہ مالیاتی حسابات

نشاط چونیاں پاور لمیٹڈ، NC اینڈز کمپنی لمیٹڈ، نشاط چونیاں پوائس اسے انکار پور، سڈ کمپنی کی ذیلی کمپنیاں ہیں۔ لہذا، کمپنی نے چین الاقوامی مالیاتی رپورٹنگ معیارات کی ضروریات اور کنٹینر ایکٹ 2017ء کی قابل اطلاق دفعات کے مطابق اپنی الگ الگ منجمد مالی معلومات کے علاوہ میں ایشیا شمال شدہ منجمد عبوری مالیاتی معلومات منسلک کی ہیں۔

## انتظامیہ

ڈائریکٹرز شرمشا زین کا شکر یاد کرتے ہیں جو کمپنی کی کارروائیوں میں اہم کردار ادا کر رہے ہیں۔

## مخاطب بورڈ

# REVIEW REPORT

AUDITOR'S REPORT TO THE MEMBERS ON REVIEW OF UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

## Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of NISHAT (CHUNIAN) LIMITED as at 31 December 2019 and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim statement of cash flows, and notes to the unconsolidated condensed interim financial statements for the half year then ended (here-in-after referred to as the "unconsolidated condensed interim financial statements"). Management is responsible for the preparation and presentation of these unconsolidated condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these unconsolidated condensed interim financial statements based on our review. The figures of the unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement of comprehensive income for the quarters ended 31 December 2019 and 31 December 2018 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 2019.

## 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 statements 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 statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is Syed Mustafa Ali.

**RIAZ AHMAD & COMPANY**  
Chartered Accountants

**Date: 27 February 2020**

**LAHORE**

# UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	Un-audited 31 December 2019 Rupees	Audited 30 June 2019 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital		3,000,000,000	3,000,000,000
Issued, subscribed and paid-up share capital	4	2,401,190,290	2,402,215,560
Reserves		12,855,650,582	12,936,222,882
<b>Total equity</b>		<b>15,256,840,872</b>	<b>15,338,438,442</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	5	3,496,300,350	3,657,436,300
Lease liabilities	6	52,153,836	-
		3,548,454,186	3,657,436,300
<b>CURRENT LIABILITIES</b>			
Trade and other payables		3,752,850,685	2,842,610,390
Accrued mark-up / profit		482,390,601	431,379,587
Short term borrowings		24,485,460,880	20,091,978,160
Current portion of non-current liabilities		1,092,778,472	1,093,798,900
Unclaimed dividend		52,424,231	52,301,675
		29,865,904,869	24,512,068,712
<b>Total liabilities</b>		<b>33,414,359,055</b>	<b>28,169,505,012</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>48,671,199,927</b>	<b>43,507,943,454</b>

The annexed notes form an integral part of these unconsolidated condensed interim financial statements.

\_\_\_\_\_  
CHIEF EXECUTIVE

\_\_\_\_\_  
DIRECTOR



## UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	Un-audited 31 December 2019 Rupees	Audited 30 June 2019 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets	8	11,391,123,328	11,112,476,842
Right-of-use assets	9	67,086,574	-
Intangible asset	10	389,886	669,454
Long term investments		3,086,681,200	3,309,286,040
Long term loans to employees		13,112,944	15,916,295
Long term security deposits		27,061,345	26,120,190
		14,585,455,277	14,464,468,821
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		876,053,379	752,354,029
Stock-in-trade		19,069,410,696	15,721,247,262
Trade debts		5,805,760,780	6,426,369,277
Loans and advances		4,316,390,424	2,361,354,660
Short term prepayments		30,856,261	9,339,730
Other receivables		3,597,273,647	3,582,338,309
Accrued interest		312,443,727	152,055,594
Short term investments		20,969,280	20,687,395
Cash and bank balances		56,586,456	17,728,377
		34,085,744,650	29,043,474,633
<b>TOTAL ASSETS</b>		48,671,199,927	43,507,943,454

**CHIEF FINANCIAL OFFICER**

**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS**  
(UN-AUDITED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	----- Rupees -----			
REVENUE	20,027,844,460	19,320,340,709	10,479,290,785	10,093,488,953
COST OF SALES	(17,482,189,477)	(16,735,743,573)	(9,129,290,260)	(8,996,234,034)
GROSS PROFIT	2,545,654,983	2,584,597,136	1,350,000,525	1,097,254,919
DISTRIBUTION COST	(465,728,745)	(478,766,021)	(238,321,283)	(232,342,987)
ADMINISTRATIVE EXPENSES	(173,934,618)	(129,050,548)	(96,336,858)	(68,159,804)
OTHER EXPENSES	(72,208,169)	(106,740,833)	(4,876,330)	(58,567,856)
	(711,871,532)	(714,557,402)	(339,534,471)	(359,070,647)
	1,833,783,451	1,870,039,734	1,010,466,054	738,184,272
OTHER INCOME	219,626,563	1,308,395,587	131,085,935	1,119,973,625
PROFIT FROM OPERATIONS	2,053,410,014	3,178,435,321	1,141,551,989	1,858,157,897
FINANCE COST	(1,276,823,390)	(879,736,044)	(657,933,762)	(502,894,434)
PROFIT BEFORE TAXATION	776,586,624	2,298,699,277	483,618,227	1,355,263,463
TAXATION	(254,400,703)	(280,623,354)	(134,699,578)	(189,051,455)
PROFIT AFTER TAXATION	522,185,921	2,018,075,923	348,918,649	1,166,212,008
EARNINGS PER SHARE - BASIC AND DILUTED	2.17	8.40	1.45	4.85

The annexed notes form an integral part of these unconsolidated condensed interim financial statements.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

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

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	----- Rupees -----			
PROFIT AFTER TAXATION	522,185,921	2,018,075,923	348,918,649	1,166,212,008
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>522,185,921</b>	<b>2,018,075,923</b>	<b>348,918,649</b>	<b>1,166,212,008</b>

The annexed notes form an integral part of these unconsolidated condensed interim financial statements.

\_\_\_\_\_  
CHIEF EXECUTIVE

\_\_\_\_\_  
DIRECTOR

\_\_\_\_\_  
CHIEF FINANCIAL OFFICER

# UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS

(UN-AUDITED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

		HALF YEAR ENDED	
		31 December 2019	31 December 2018
		Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
	Note		
<b>Cash generated from / (utilized in) operations</b>	12	288,612,747	(2,715,547,219)
Finance cost paid		(1,221,335,368)	(736,775,343)
Income tax paid		(124,160,940)	(174,608,365)
Net decrease in long term loans to employees		2,333,829	1,012,600
Net increase in long term security deposits		(941,155)	(299,972,750)
<b>Net cash used in operating activities</b>		(1,055,490,887)	(3,925,891,077)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property, plant and equipment		(727,114,496)	(354,952,962)
Proceeds from disposal of operating fixed assets		12,162,829	851,813
Proceeds from sale of shares of subsidiary company		-	322,000,000
Loans to subsidiary companies		(6,722,704,698)	(2,507,248,555)
Repayment of loans from subsidiary companies		4,916,448,430	2,205,248,187
Dividend received from subsidiary company		-	281,378,730
Interest received		19,684,442	34,695,657
<b>Net cash used in investing activities</b>		(2,501,523,493)	(18,027,130)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long term financing		366,334,000	-
Repayment of long term financing		(546,899,450)	(719,555,700)
Repayment of lease liabilities		(13,383,876)	-
Payment for ordinary shares bought-back		(3,485,918)	-
Short term borrowings - net		4,393,482,720	5,558,113,677
Dividend paid		(600,175,017)	(948,946,647)
<b>Net cash from financing activities</b>		3,595,872,459	3,889,611,330
<b>Net increase / (decrease) in cash and cash equivalents</b>		38,858,079	(54,306,877)
<b>Cash and cash equivalents at the beginning of the period</b>		17,728,377	76,444,854
<b>Cash and cash equivalents at the end of the period</b>		56,586,456	22,137,977

The annexed notes form an integral part of these unconsolidated condensed interim financial statements.

\_\_\_\_\_  
CHIEF EXECUTIVE

\_\_\_\_\_  
DIRECTOR

\_\_\_\_\_  
CHIEF FINANCIAL OFFICER

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

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	SHARE CAPITAL	CAPITAL RESERVE		REVENUE RESERVES			TOTAL RESERVES	TOTAL EQUITY
		Share premium	General reserve	Un-appropriated profit	Sub - total			
Rupees								
<b>Balance as at 30 June 2018 (Audited)</b>	2,402,215,560	600,553,890	1,629,221,278	9,078,458,623	10,707,679,901	11,308,233,791	13,710,449,351	
Adjustment on adoption of IFRS 9	-	-	-	(5,288,510)	(5,288,510)	(5,288,510)	(5,288,510)	
Adjustment on adoption of IFRS 15	-	-	-	(213,095,381)	(213,095,381)	(213,095,381)	(213,095,381)	
<b>Adjusted total equity as at 01 July 2018</b>	2,402,215,560	600,553,890	1,629,221,278	8,860,074,732	10,489,296,010	11,089,849,900	13,492,065,460	
Transaction with owners:								
Final dividend for the year ended 30 June 2018 @ Rupees 4.00 per share	-	-	-	(960,886,224)	(960,886,224)	(960,886,224)	(960,886,224)	
Profit for the half year ended 31 December 2018	-	-	-	2,018,075,923	2,018,075,923	2,018,075,923	2,018,075,923	
Other comprehensive income for the half year ended 31 December 2018	-	-	-	-	-	-	-	
Total comprehensive income for the half year ended 31 December 2018	-	-	-	2,018,075,923	2,018,075,923	2,018,075,923	2,018,075,923	
<b>Balance as at 31 December 2018 (Un-audited)</b>	2,402,215,560	600,553,890	1,629,221,278	9,917,264,431	11,546,485,709	12,147,039,599	14,549,255,159	
Transaction with owners:								
Interim dividend for the year ended 30 June 2019 @ Rupees 1.50 per share	-	-	-	(360,332,334)	(360,332,334)	(360,332,334)	(360,332,334)	
Profit for the half year ended 30 June 2019	-	-	-	1,149,515,617	1,149,515,617	1,149,515,617	1,149,515,617	
Other comprehensive income for the half year ended 30 June 2019	-	-	-	-	-	-	-	
Total comprehensive income for the half year ended 30 June 2019	-	-	-	1,149,515,617	1,149,515,617	1,149,515,617	1,149,515,617	
<b>Balance as at 30 June 2019 (Audited)</b>	2,402,215,560	600,553,890	1,629,221,278	10,706,447,714	12,335,688,992	12,936,222,882	15,338,438,442	
Transactions with owners:								
Buy-back of ordinary shares	(1,025,270)	-	-	(2,460,648)	(2,460,648)	(2,460,648)	(3,485,918)	
Final dividend for the year ended 30 June 2019 @ Rupees 2.50 per share	-	-	-	(600,297,573)	(600,297,573)	(600,297,573)	(600,297,573)	
Profit for the half year ended 31 December 2019	(1,025,270)	-	-	(602,758,221)	(602,758,221)	(602,758,221)	(603,783,491)	
Other comprehensive income for the half year ended 31 December 2019	-	-	-	522,185,921	522,185,921	522,185,921	522,185,921	
Total comprehensive income for the half year ended 31 December 2019	-	-	-	522,185,921	522,185,921	522,185,921	522,185,921	
<b>Balance as at 31 December 2019 (Un-audited)</b>	2,401,190,290	600,553,890	1,629,221,278	10,625,875,414	12,255,096,692	12,855,650,582	15,256,840,872	

The annexed notes form an integral part of these unconsolidated condensed interim financial statements.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

## 1 THE COMPANY AND ITS OPERATIONS

Nishat (Chunian) Limited ("the Company") is a public limited company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017) and listed on Pakistan Stock Exchange Limited. 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.

- 1.1 The board of directors of Nishat (Chunian) Limited at their meeting held on 27 January 2020 have approved the Scheme for Compromises, Arrangements and Reconstruction (the "Scheme") under Sections 279 to 283 read with section 285 of the Companies Act, 2017 for amalgamation / merger between Nishat (Chunian) Limited and its Members and NC Electric Company Limited and its Members, with effect from the Effective Date, subject to obtaining all requisite permissions / approvals and sanction of the Scheme by the Honorable Lahore High Court, Lahore.

The principal object of this Scheme is to ensure and effect the merger / amalgamation of NC Electric Company Limited [NCECL] (wholly-owned subsidiary of NCL) into Nishat (Chunian) Limited [NCL] through the transfer and vesting in NCL of the undertaking and business of NCECL together with all the property, assets, rights and liabilities and obligations of every description of NCECL. As NCECL is the wholly-owned subsidiary of NCL, the issued, subscribed and paid-up share capital appearing in the books of NCECL will be set off against the respective investment appearing in the books of NCL. Each of the assets and liabilities of NCECL as per the financial statements as on the Effective Date, will form the assets and/or liabilities of corresponding nature in the books of NCL. Likewise, the accumulated losses of NCECL as on the Effective Date shall constitute as reserve of a corresponding nature of NCL. All inter-company balances shall stand eliminated as at the Effective Date without any fund movement. NCECL shall stand dissolved without winding up.

As of the date of authorization for issue of these unconsolidated condensed interim financial statements, necessary legal and corporate formalities are being fulfilled and are expected to be completed shortly.

## 2 BASIS OF PREPARATION

- 2.1 These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:
- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
  - Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- 2.2** These unconsolidated condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June 2019. These unconsolidated condensed interim financial statements are un-audited, however, have been subjected to limited scope review by the auditors and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Section 237 of the Companies Act, 2017.

### **3 ACCOUNTING POLICIES**

The accounting policies and methods of computations adopted for the preparation of these unconsolidated condensed interim financial statements 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 2019 except for the changes in accounting policies as stated in note 3.2 to these unconsolidated condensed interim financial statements.

#### **3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of these unconsolidated condensed interim financial statements 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 these unconsolidated condensed interim financial statements, 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 2019.

#### **3.2 Changes in accounting policies due to applicability of International Financial Reporting standards (IFRS) 16 'Leases'**

The Company has adopted IFRS 16 from 01 July 2019. The standard replaces IAS 17 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognized in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognized lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under IFRS 16 will be higher when compared to lease expenses under IAS 17, as the operating expense is now replaced by interest expense and depreciation in the statement of profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

### Impact of adoption

IFRS 16 has been adopted using the modified retrospective approach and as such the comparatives have not been restated. The impacts of adoption as at 01 July 2019 are as follows:

	Rupees
Right-of-use assets increased by	51,494,737
Lease liabilities increased by	51,494,737

### Right-of-use assets

A right-of-use asset is recognized at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is charged over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The Company has elected not to recognize a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are charged to income as incurred.

### Lease liabilities

A lease liability is recognized at the commencement date of a lease. The lease liability is initially recognized at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are re-measured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is re-measured, an adjustment is made to the corresponding right-of-use asset, or to statement of profit or loss if the carrying amount of the right-of-use asset is fully written down.



FOR THE HALF YEAR ENDED 31 DECEMBER 2019

**4 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL**

31 December 2019	30 June 2019		31 December 2019 Rupees	30 June 2019 Rupees
134,655,321	134,757,848	Ordinary shares of Rupees 10 each fully paid in cash	1,346,553,210	1,347,578,480
104,239,443	104,239,443	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	1,042,394,430	1,042,394,430
1,224,265	1,224,265	Ordinary shares of Rupees 10 each issued as fully paid for consideration other than cash to members of Umer Fabrics Limited as per the Scheme of Arrangement as approved by the Honourable Lahore High Court, Lahore	12,242,650	12,242,650
<u>240,119,029</u>	<u>240,221,556</u>		<u>2,401,190,290</u>	<u>2,402,215,560</u>
<b>4.1 Movement during the period / year:</b>				
240,221,556	240,221,556	At 01 July	2,402,215,560	2,402,215,560
(102,527)	-	Buy-back of ordinary shares of Rupees 10 each	(1,025,270)	-
<u>240,119,029</u>	<u>240,221,556</u>	At 30 June	<u>2,401,190,290</u>	<u>2,402,215,560</u>

4.1.1 During the half year ended 31 December 2019, the Company purchased and cancelled 102,527 ordinary shares. The buy-back and cancellation were approved by shareholders at their extra ordinary general meeting held on 31 August 2019. The ordinary shares were acquired at a price of Rupees 34 per ordinary share.

**5 LONG TERM FINANCING**

**From banking companies / financial institutions - secured**

	Un-audited 31 December 2019 Rupees	Audited 30 June 2019 Rupees
Long term loans (Note 5.1)	3,271,300,350	3,382,436,300
Long term musharaka (Note 5.2)	225,000,000	275,000,000
	<u>3,496,300,350</u>	<u>3,657,436,300</u>

**5.1 Long term loans**

Opening balance	4,376,235,200	5,698,259,100
Add: Obtained during the period / year	366,334,000	-
Less: Repayments during the period / year	496,899,450	1,322,023,900
	<u>4,245,669,750</u>	<u>4,376,235,200</u>
Less: Current portion shown under current liabilities	974,369,400	993,798,900
	<u>3,271,300,350</u>	<u>3,382,436,300</u>

**5.2 Long term musharaka**

Opening balance	375,000,000	475,000,000
Less: Repayments during the period / year	50,000,000	100,000,000
	<u>325,000,000</u>	<u>375,000,000</u>
Less: Current portion shown under current liabilities	100,000,000	100,000,000
	<u>225,000,000</u>	<u>275,000,000</u>

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Un-audited 31 December 2019 Rupees	Audited 30 June 2019 Rupees
<b>6 LEASE LIABILITIES</b>		
Total lease liabilities	70,562,908	-
Less: Current portion shown under current liabilities	18,409,072	-
	52,153,836	-

6.1 The interest expense on lease liabilities for the period is Rupees 4.477 million. The total cash outflow for leases for the half year ended 31 December 2019 amounted to Rupees 13.384 million.

6.2 Implicit rate against lease liabilities is 13.97% per annum.

## 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 2019 except for the following:

- i) On 13 January 2020, Power Division, Ministry of Energy, Government of Pakistan through a letter directed for forthwith billing to industrial electricity consumers belonging to the export-oriented sectors of financial cost surcharge, Neelum-Jhelum surcharge, taxes, fixed charges and positive fuel adjustment. By way of the aforesaid letter, it was clarified that concessionary rate of 7.5 cents / KWh for industrial electricity consumers belonging to the export oriented sectors notified through SRO 12(I)/2019 dated 01 January 2019 was only limited to the extent of schedule of tariff notified through SROs 1 to 10 dated 01 January 2019 and SRO 11(I)/2010 dated 01 January 2010 for K-Electric, as amended from time to time. Hence, billing of aforesaid charges to industrial electricity consumers has started. The Company, based on advice of the legal counsel, has not recognized such charges amounting to Rupees 158.808 million in these condensed interim financial statements as there exist meritorious grounds to defend the Company's stance.
- ii) Guarantees of Rupees 433.741 million (30 June 2019: Rupees 671.040 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connections, Shell Pakistan Limited against purchase of furnace oil, Lahore Electric Supply Company against electricity connections, Director Excise and Taxation, Karachi against infrastructure cess, Chairman Punjab Revenue Authority, Lahore against infrastructure cess, Director Pakistan Central Cotton Committee against cotton cess, and Nazir, Honourable High Court, Sindh against the notification in accordance with section 8 of OGRA Ordinance 2002, regarding system gas tariff on industrial and captive units.
- iii) Post dated cheques have been issued to custom authorities in respect of duties amounting to Rupees 4,020.689 million (30 June 2019: Rupees 3,544.173 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.

### Commitments

- i) Letters of credit other than for capital expenditure are amounting to Rupees 410.490 million (30 June 2019: Rupees 545.153 million).
- ii) Outstanding foreign currency forward contracts of Rupees 6,888.454 million (30 June 2019: Rupees 288.140 million).

## 8 FIXED ASSETS

Property, plant and equipment:

Operating fixed assets (Note 8.1)

Capital work-in-progress (Note 8.2)

	Un-audited 31 December 2019 Rupees	Audited 30 June 2019 Rupees
Operating fixed assets (Note 8.1)	10,894,455,577	10,820,177,910
Capital work-in-progress (Note 8.2)	496,667,751	292,298,932
	11,391,123,328	11,112,476,842

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Un-audited 31 December 2019 Rupees	Audited 30 June 2019 Rupees
<b>8.1 Operating fixed assets</b>		
Opening net book value	10,820,177,910	11,287,175,272
Add: Cost of additions during the period / year (Note 8.1.1)	522,745,677	463,082,248
Less: Book value of deletions during the period / year (Note 8.1.2)	7,547,991	3,008,939
Less: Book value of assets written off during the period / year (Note 8.1.3)	7,539,442	-
Less: Depreciation charged during the period / year	433,380,577	927,070,671
Closing net book value	<u>10,894,455,577</u>	<u>10,820,177,910</u>
<b>8.1.1 Cost of additions during the period / year</b>		
Freehold land	215,991,523	74,560,360
Buildings on freehold land	4,509,123	1,033,681
Plant and machinery	225,972,734	296,874,577
Standby generators	626,351	2,718,947
Electric installations	17,328,955	16,870,148
Factory equipment	1,129,937	4,277,001
Furniture, fixture and equipment	1,672,275	24,093,317
Office equipment	5,146,601	9,144,505
Motor vehicles	50,368,178	33,509,712
	<u>522,745,677</u>	<u>463,082,248</u>
<b>8.1.2 Book value of deletions during the period / year</b>		
<b>Cost of deletions</b>		
Plant and machinery	-	2,642,702
Electric installations	400,000	-
Furniture, fixture and equipment	3,749,529	-
Office equipment	639,304	925,080
Motor vehicles	9,695,355	3,178,470
	<u>14,484,188</u>	<u>6,746,252</u>
Less: Accumulated depreciation	6,936,197	3,737,313
Book value of deletions during the period / year	<u>7,547,991</u>	<u>3,008,939</u>
<b>8.1.3 Book value of assets written off during the period / year</b>		
<b>Cost of assets written off</b>		
Plant and machinery	2,415,293	-
Factory equipment	9,266,461	-
Electric installations	377,500	-
Furniture, fixture and equipment	2,337,411	-
Office equipment	4,078,590	-
Motor vehicles	43,069	-
	<u>18,518,324</u>	<u>-</u>
Less: Accumulated depreciation	10,978,882	-
Book value of assets written off during the period / year	<u>7,539,442</u>	<u>-</u>
<b>8.2 Capital work-in-progress</b>		
Civil works on freehold land	81,717,698	1,387,630
Plant and machinery	98,796,500	-
Electric installations	663,855	-
Advances for capital expenditures	306,639,751	281,131,433
Mobilization advances	8,849,947	9,779,869
	<u>496,667,751</u>	<u>292,298,932</u>

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

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

		<b>Buildings</b>
		<b>Rupees</b>
<b>9 RIGHT-OF-USE ASSETS</b>		
	Net carrying amount as at 01 July 2019	51,494,737
	Net carrying amount as at 31 December 2019	67,086,574
	Depreciation expense for the period ended 31 December 2019	12,383,202
	Addition during the period ended 31 December 2019	27,975,039
<b>9.1 Lease of buildings</b>		
	The Company obtained buildings on lease for its retail outlets. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Lease periods range from two to five years.	
<b>9.2</b>	There is no impairment against right-of-use asset.	
<b>10 INTANGIBLE ASSET</b>		
	Opening net book value	669,454
	Less: Amortization charged during the period / year	(279,568)
	Closing net book value	389,886
		Audited 30 June 2019 Rupees 1,228,590 (559,136) 669,454

UN-AUDITED					
		HALF YEAR ENDED		QUARTER ENDED	
		31 December 2019	31 December 2018	31 December 2019	31 December 2018
		Rupees			
<b>11 COST OF SALES</b>					
	Raw materials consumed	13,240,211,544	12,216,925,302	6,640,522,459	5,904,873,518
	Packing materials consumed	485,263,061	437,917,020	255,519,273	228,505,558
	Stores, spare parts and loose tools consumed	319,702,584	574,466,831	161,362,081	284,539,898
	Processing charges	89,516,555	243,597,371	15,177,258	88,698,867
	Salaries, wages and other benefits	1,331,338,735	1,164,926,233	659,217,625	570,869,110
	Fuel and power	1,959,782,210	1,782,375,553	899,337,038	879,369,250
	Insurance	30,808,764	22,213,070	15,914,693	12,198,701
	Postage and telephone	462,379	453,260	224,333	259,919
	Travelling and conveyance	961,555	1,565,462	426,651	697,504
	Vehicles' running and maintenance	19,516,850	13,830,208	8,311,674	7,206,916
	Entertainment	5,278,369	3,933,679	2,360,461	1,871,853
	Depreciation on operating fixed assets	429,186,352	455,126,772	214,832,711	227,794,538
	Repair and maintenance	228,621,763	172,901,236	117,408,503	89,461,242
	Other factory overheads	36,232,772	27,787,708	(11,089,554)	18,998,275
		18,176,883,493	17,118,019,705	8,979,525,206	8,315,345,149
	Work-in-process:				
	Opening stock	1,039,191,965	902,207,503	1,330,971,429	951,455,986
	Closing stock	(1,220,706,264)	(1,149,206,912)	(1,220,706,264)	(1,149,206,912)
		(181,514,299)	(246,999,409)	110,265,165	(197,750,926)
	Cost of goods manufactured	17,995,369,194	16,871,020,296	9,089,790,371	8,117,594,223
	Finished goods and waste - opening stocks:				
	Finished goods	2,538,481,385	2,133,406,564	3,049,583,422	3,127,364,813
	Waste	60,348,016	106,915,432	101,925,585	126,873,717
		2,598,829,401	2,240,321,996	3,151,509,007	3,254,238,530
		20,594,198,595	19,111,342,292	12,241,299,378	11,371,832,753
	Finished goods and waste - closing stocks:				
	Finished goods	(2,999,577,503)	(2,315,676,648)	(2,999,577,503)	(2,315,676,648)
	Waste	(112,431,615)	(59,922,071)	(112,431,615)	(59,922,071)
		(3,112,009,118)	(2,375,598,719)	(3,112,009,118)	(2,375,598,719)
		17,482,189,477	16,735,743,573	9,129,290,260	8,996,234,034

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	UN-AUDITED	
	HALF YEAR ENDED	
	31 December 2019	31 December 2018
	Rupees	Rupees
<b>12 CASH GENERATED FROM / (UTILIZED IN) OPERATIONS</b>		
Profit before taxation	776,586,624	2,298,699,277
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	433,380,577	458,406,025
Amortization on intangible asset	279,568	279,568
Depreciation on right-of-use asset	12,383,202	-
Loss / (gain) on sale of property, plant and equipment	2,924,604	(91,925)
Impact of derecognition of financial instrument carried at amortized cost	1,704,840	-
Gain on sale of shares of subsidiary company	-	(222,000,000)
Interest income on loans to subsidiary companies	(173,770,414)	(33,595,442)
Return on bank deposits	(6,584,046)	(292,839)
Reversal of allowance for expected credit losses	(4,030,467)	-
Finance cost	1,276,823,390	879,736,044
Dividend income	-	(281,378,730)
Working capital changes (Note 12.1)	(2,031,085,131)	(5,815,309,197)
	<u>288,612,747</u>	<u>(2,715,547,219)</u>
<b>12.1 Working capital changes</b>		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(123,699,350)	(110,477,873)
Stock-in-trade	(3,348,163,434)	(7,387,021,796)
Trade debts	624,638,964	1,931,155,662
Loans and advances	(148,309,974)	(971,652,582)
Short term prepayments	(21,516,531)	(27,482,151)
Other receivables	75,724,899	(272,328,772)
	<u>(2,941,325,426)</u>	<u>(6,837,807,512)</u>
Increase in current liabilities:		
Trade and other payables	910,240,295	1,022,498,315
	<u>(2,031,085,131)</u>	<u>(5,815,309,197)</u>

### 13 SEGMENT INFORMATION

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

Spinning - Zone 1, 2 and 3:	Production of different quality of yarn using natural and artificial fiber.
Weaving - Unit 1 and 2:	Production of different qualities of greige fabric using yarn.
Processing and Home Textile:	Processing greige fabric for production of printed and dyed fabric and manufacturing of home textile articles.
Power Generation:	Generation and distribution of power.

SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS  
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FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Zone-1 (10.3)		Zone-2 (12.1)		Zone-3 (23.8)		Wearing		Perencing and fitness Tests		Power Generation		Elimination of fire-escape		Total - Company	
	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	Unit-1 (1.2)	Unit-2 (14.4)	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19
Sales	5,446,500,000	5,797,854,348	5,397,474,000	5,797,854,348	5,397,474,000	5,797,854,348	1,953,930,731	1,845,572,291	4,699,644,947	4,238,845,144	-	-	-	-	9,485,917,680	9,485,917,680
- Local	78,474,000	78,474,000	78,474,000	78,474,000	78,474,000	78,474,000	863,156,114	863,156,114	600,693,524	287,010,024	-	-	-	-	9,541,766,000	8,471,230,020
Inter-segment	5,446,500,000	5,797,854,348	5,397,474,000	5,797,854,348	5,397,474,000	5,797,854,348	1,141,154,301	1,042,416,177	5,398,951,423	4,558,835,120	-	-	-	-	20,097,244,680	9,303,467,700
Cost of sales	(2,981,483,857)	(3,067,422,220)	(2,981,483,857)	(3,067,422,220)	(2,981,483,857)	(3,067,422,220)	(2,785,537,624)	(2,785,537,624)	(3,213,033,710)	(2,555,541,102)	(1,688,297,998)	(1,483,894,428)	(8,015,059,497)	(7,684,543,029)	(15,072,584,117)	(13,546,127,146)
Other income	(114,827,344)	(2,420,227,733)	(13,844,582,616)	(3,272,666,324)	(5,321,644,827)	(5,261,142,292)	(3,203,103,808)	(1,622,489,123)	(8,085,343,470)	(8,334,680,442)	(1,088,203,325)	(1,481,480,100)	(9,183,926,607)	(9,644,414,128)	(14,603,184,471)	(15,524,517,119)
Other profit / (loss)	512,072,892	(435,866,638)	620,431,282	(513,342,277)	701,882,025	(789,336,018)	800,933,333	(202,875,241)	795,533,444	(497,473,738)	(7,732,382)	2,483,200	-	-	2,446,654,935	(2,524,957,138)
Distribution cost	(87,287,325)	(60,003,915)	(3,733,146)	(3,079,483)	(3,079,483)	(51,643,083)	(4,330,358)	(1,888,371)	(205,382,271)	(254,244,898)	-	-	-	-	(642,378,161)	(493,708,021)
Administrative expenses	(114,444,546)	(66,544,671)	(1,330,671)	(1,330,671)	(1,330,671)	(1,330,671)	(4,415,138)	(89,484,428)	(898,861,388)	(288,944,111)	-	-	-	-	(883,663,296)	(873,832,669)
Profit / (loss) before taxation and non-deductible income and expenses	409,624,527	(249,288,647)	(379,100,308)	(471,033,356)	600,679,222	(714,671,650)	13,927,178	(89,542,201)	(485,251,951)	(98,471,387)	(7,732,382)	2,483,200	-	-	1,905,991,020	1,979,765,959
Unallocated income and expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Income tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit after taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(72,208,961)	29,626,568	1,309,396,397	(1,309,396,397)	(1,309,396,397)	(1,309,396,397)	(1,309,396,397)	(1,309,396,397)	(1,309,396,397)	(1,309,396,397)	(1,309,396,397)	(1,309,396,397)	(1,309,396,397)	(1,309,396,397)	(1,309,396,397)	(1,309,396,397)
	(254,600,200)	282,623,254	2,826,623,254	(2,826,623,254)	(2,826,623,254)	(2,826,623,254)	(2,826,623,254)	(2,826,623,254)	(2,826,623,254)	(2,826,623,254)	(2,826,623,254)	(2,826,623,254)	(2,826,623,254)	(2,826,623,254)	(2,826,623,254)	(2,826,623,254)
	592,189,641	2,134,073,902	2,134,073,902	2,134,073,902	2,134,073,902	2,134,073,902	2,134,073,902	2,134,073,902	2,134,073,902	2,134,073,902	2,134,073,902	2,134,073,902	2,134,073,902	2,134,073,902	2,134,073,902	2,134,073,902

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

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

133 Reconciliation of reportable segment assets and liabilities

	Zone-1 (1.5)		Zone-2 (A1.7)		Zone-3 (2.3.8)		Zone-4 (4.7.8)		Zone-5 (2.3.8)		Unit-1 (1.2)		Unit-2 (3.4.4)		Processing and Item Tests		Power Generation		Total - Company		
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)	
	30-Jun-19	31-Dec-19	30-Jun-19	31-Dec-19	30-Jun-19	31-Dec-19	30-Jun-19	31-Dec-19	30-Jun-19	31-Dec-19	30-Jun-19	31-Dec-19	30-Jun-19	31-Dec-19	30-Jun-19	31-Dec-19	30-Jun-19	31-Dec-19	30-Jun-19	31-Dec-19	
<b>Total assets for reportable segments</b>	6,619,706,936	5,796,000,374	8,151,974,033	7,064,051,598	9,881,180,046	8,598,741,295	3,376,310,041	3,472,238,893	1,222,806,895	1,453,933,100	61,901,701,855	61,031,660,854	2,261,457,910	1,964,682,284	37,753,677,298	34,451,038,158					
<b>Unallocated assets:</b>																					
Long term investments																				3,306,081,200	
Other investments																				3,300,296,000	
Stock investments																				3,000,000,000	
Cash and bank balances																				20,667,395	
Other corporate assets																				56,586,459	
<b>Total assets as per unconsolidated condensed interim statement of financial position</b>																				41,956,072,008	
<b>Total liabilities for reportable segments</b>	376,293,956	216,855,735	440,638,300	285,045,960	558,716,200	321,257,730	340,295,837	151,320,138	123,234,851	63,208,650	1,190,511,864	1,112,511,584	472,587,842	371,596,832	3,522,140,870	2,501,771,390					
<b>Unallocated liabilities:</b>																					
Long term financing																				4,570,668,750	
Accrued interest																				452,300,001	
Other long term liabilities																				20,667,395	
Other corporate liabilities																				353,698,854	
<b>Total liabilities as per unconsolidated condensed interim statement of financial position</b>																				5,314,359,055	
																					26,189,557,072

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

#### 14 RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

##### (i) Fair value hierarchy

Judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in these unconsolidated condensed interim financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table.

Recurring fair value measurements At 31 December 2019	Level 1	Level 2	Level 3	Total
--	---------	---------	---------	-------

----- Rupees -----

##### Financial assets

Derivative financial assets	-	111,786,719	-	111,786,719
-----------------------------	---	-------------	---	-------------

<b>Total financial assets</b>	-	111,786,719	-	111,786,719
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Recurring fair value measurements At 30 June 2019	Level 1	Level 2	Level 3	Total
--	---------	---------	---------	-------

----- Rupees -----

##### Financial liabilities

Derivative financial liabilities	-	18,467,940	-	18,467,940
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<b>Total financial liabilities</b>	-	18,467,940	-	18,467,940
------------------------------------	---	------------	---	------------

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the period. Further, there was no transfer in and out of level 3 measurements.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

**Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.



FOR THE HALF YEAR ENDED 31 DECEMBER 2019

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include the use of quoted market prices or dealer quotes for similar instruments.

15 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 2019	31 December 2018	31 December 2019	31 December 2018
	----- Rupees -----			
<b>Subsidiary companies</b>				
Sale of goods	586,084,501	684,604,634	251,287,128	401,047,591
Purchase of electricity and steam	877,242,412	1,520,917,594	825,545,858	766,913,005
Dividend income	-	281,378,730	-	281,378,730
Common facilities cost charged	9,600,000	9,600,000	4,800,000	4,800,000
Disbursements of loans	6,722,704,698	2,507,248,555	3,944,632,698	1,216,133,000
Repayments of loans	4,916,448,430	2,205,248,187	4,053,871,876	1,080,550,689
Interest income	173,770,414	28,153,788	102,804,663	14,500,433
<b>Associated undertakings</b>				
Mark up on borrowings	3,538,636	6,701,133	1,742,722	-
Long term loans repaid	15,031,250	-	5,031,250	-
Short term loans obtained	-	3,810,206	-	-
Short term loans repaid	10,396,890	414,237,167	-	-
Insurance premium paid	52,031,109	51,237,126	19,462,460	26,184,188
Insurance claims received	5,398,231	57,271,206	1,476,181	56,491,702
Dividend paid	3,246,250	5,200,000	3,246,250	5,200,000
Donations paid	1,304,000	4,250	794,000	4,250
<b>Other related parties</b>				
Purchase of goods	146,563,311	18,333,854	64,100,167	12,000,000
Sale of goods	1,428,518,676	1,266,512,259	811,126,116	790,056,974
Dividend paid	99,909,850	159,855,760	99,909,850	159,855,760
Proceeds from sale of investment in subsidiary company	-	322,000,000	-	322,000,000
Interest received on deferred payments against sale of investment in subsidiary company	-	5,441,654	-	5,441,654
Contribution to employee's provident fund trust	65,217,634	52,931,006	36,020,256	26,998,696
Remuneration of key management personnel and executives	78,824,184	88,374,924	39,412,092	44,187,462

FOR THE HALF YEAR ENDED 31 DECEMBER 2019

**ii. Period end balances**

As at 31 December 2019 (Un-audited)			
Subsidiary companies	Associated companies	Other related parties	Total
----- Rupees -----			
Long term financing	-	220,437,500	-
Accrued mark-up	-	1,704,190	-
Trade and other payables	-	13,044,794	-
Long term investments	3,086,681,200	-	-
Trade debts	687,337,605	-	151,687,876
Loans and advances	3,078,825,964	7,127,387	2,949,604
Other receivables	240,188,600	-	55,376,580
Bank balances	-	6,735,914	-
Accrued interest	312,443,727	-	-
			220,437,500
			1,704,190
			13,044,794
			3,086,681,200
			839,025,481
			3,088,902,955
			295,565,180
			6,735,914
			312,443,727

As at 30 June 2019 (Audited)			
Subsidiary companies	Associated companies	Other related parties	Total
----- Rupees -----			
Long term financing	-	235,468,750	-
Trade and other payables	-	-	724,420
Accrued mark-up / profit	-	1,795,912	-
Short term borrowings	-	10,396,890	-
Long term investments	3,309,286,040	-	-
Trade debts	1,065,349,117	-	109,025,662
Loans and advances	1,272,569,696	1,044,000	656,083
Other receivables	347,205,353	-	48,269,963
Bank balances	-	2,343,199	-
Accrued interest	152,055,594	-	-
			235,468,750
			724,420
			1,795,912
			10,396,890
			3,309,286,040
			1,174,374,779
			1,274,269,779
			395,475,316
			2,343,199
			152,055,594

**16 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 2019.

**17 CORRESPONDING FIGURES**

In order to comply with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting", the unconsolidated condensed interim statement of financial position 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 statement of profit or loss, unconsolidated condensed interim statement of comprehensive income and unconsolidated condensed interim statement of cash flows 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.

**18 DATE OF AUTHORIZATION FOR ISSUE**

These unconsolidated condensed interim financial statements were approved by the Board of Directors and authorized for issue on February 27, 2020.

\_\_\_\_\_  
CHIEF EXECUTIVE

\_\_\_\_\_  
DIRECTOR

\_\_\_\_\_  
CHIEF FINANCIAL OFFICER

NISHAT (CHUNIAN) LIMITED AND  
ITS SUBSIDIARY COMPANIES

CONSOLIDATED CONDENSED  
INTERIM FINANCIAL INFORMATION

HALF YEAR ENDED DECEMBER 31,  
2019 (UN-AUDITED)

# CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

	<b>Note</b>	<b>Un-audited December 31, 2019 Rupees</b>	<b>Audited June 30, 2019 Rupees</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital		3,000,000,000	3,000,000,000
Issued, subscribed and paid-up share capital		2,401,190,290	2,402,215,560
Reserves		18,645,386,703	18,039,573,965
Equity attributable to equity holders of the Holding Company		21,046,576,993	20,441,789,525
Non-controlling interest		8,045,423,686	7,018,945,192
<b>Total equity</b>		<b>29,092,000,679</b>	<b>27,460,734,717</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing		4,560,620,332	5,818,617,415
Lease Liabilities		52,153,839	-
		4,612,774,171	5,818,617,415
<b>CURRENT LIABILITIES</b>			
Trade and other payables		4,978,247,322	4,064,627,697
Unclaimed Dividend		71,616,231	183,500,761
Accrued mark-up		1,158,323,497	930,241,729
Short term borrowings		36,466,547,352	31,443,299,687
Current portion of long term financing		4,024,550,739	4,615,738,167
		46,699,285,141	41,237,408,041
<b>TOTAL LIABILITIES</b>		<b>51,312,059,312</b>	<b>47,056,025,456</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>80,404,059,991</b>	<b>74,516,760,173</b>

The annexed notes form an integral part of these consolidated condensed interim financial statements.

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**CHIEF EXECUTIVE**

**26** Nishat Chunian Limited

\_\_\_\_\_  
**DIRECTOR**

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

	Note	Un-audited December 31, 2019 Rupees	Audited June 30, 2019 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets		27,272,722,044	27,401,662,686
Intangible assets		6,762,887	9,199,454
Right-of-use assets		67,086,576	-
Long term investment		-	222,604,840
Long term loans to employees		15,607,944	18,964,295
Long term security deposits		27,161,345	26,225,190
		27,389,340,796	27,678,656,465
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		1,429,529,423	1,640,861,089
Stock-in-trade		20,262,550,814	18,074,711,590
Trade debts		24,761,440,163	21,008,395,745
Loans and advances		1,882,929,738	1,585,514,548
Short term deposits and prepayments		176,967,832	40,015,342
Other receivables		4,244,398,424	4,275,759,264
Short term investments		31,713,729	31,242,590
Cash and bank balances		225,189,072	181,603,540
		53,014,719,195	46,838,103,708
<b>TOTAL ASSETS</b>		<b>80,404,059,991</b>	<b>74,516,760,173</b>

**CHIEF FINANCIAL OFFICER**

Nishat Chunian Limited

**27**

# CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

(UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Half Year Ended		Quarter Ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	Rupees	Rupees	Rupees	Rupees
SALES	28,268,942,148	27,998,262,170	13,007,765,550	13,179,212,536
COST OF SALES	(22,373,783,229)	(22,762,105,670)	(9,921,282,589)	(10,849,002,976)
GROSS PROFIT	5,895,158,919	5,236,156,500	3,086,482,961	2,330,209,560
DISTRIBUTION COST	(559,053,494)	(557,926,532)	(283,173,633)	(274,688,460)
ADMINISTRATIVE EXPENSES	(275,459,042)	(239,460,657)	(146,282,728)	(118,513,676)
OTHER OPERATING EXPENSES	(72,807,169)	(110,926,343)	(4,286,525)	(60,846,836)
	(907,319,705)	(908,313,532)	(433,742,886)	(454,048,972)
	4,987,839,214	4,327,842,968	2,652,740,075	1,876,160,588
OTHER OPERATING INCOME	68,829,462	1,013,377,026	38,493,006	830,573,666
PROFIT FROM OPERATIONS	5,056,668,676	5,341,219,994	2,691,233,081	2,706,734,254
FINANCE COST	(2,565,703,173)	(1,607,868,229)	(1,327,805,427)	(872,120,423)
PROFIT BEFORE TAXATION	2,490,965,503	3,733,351,765	1,363,427,654	1,834,613,831
TAXATION	(254,663,092)	(280,623,354)	(134,961,967)	(186,232,960)
PROFIT AFTER TAXATION	2,236,302,411	3,452,728,411	1,228,465,687	1,648,380,871
PROFIT ATTRIBUTABLE TO:				
EQUITY HOLDERS OF THE HOLDING COMPANY	1,209,823,917	2,545,415,317	724,513,599	1,180,170,014
NON-CONTROLLING INTEREST	1,026,478,494	907,313,094	503,952,088	468,210,857
	2,236,302,411	3,452,728,411	1,228,465,687	1,648,380,871
EARNINGS PER SHARE - BASIC & DILUTED	5.04	10.60	3.02	4.91

The annexed notes form an integral part of these consolidated condensed interim financial statements.

\_\_\_\_\_  
CHIEF EXECUTIVE

\_\_\_\_\_  
DIRECTOR

\_\_\_\_\_  
CHIEF FINANCIAL OFFICER

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

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Half Year Ended		Quarter Ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	Rupees	Rupees	Rupees	Rupees
PROFIT AFTER TAXATION	2,236,302,411	3,452,728,411	1,228,465,687	1,648,380,871
OTHER COMPREHENSIVE INCOME	(1,252,959)	3,782,543	(195,412)	3,492,769
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>2,235,049,452</b>	<b>3,456,510,954</b>	<b>1,228,270,275</b>	<b>1,651,873,640</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>				
EQUITY HOLDERS OF THE HOLDING COMPANY	1,208,570,958	2,549,197,860	724,318,187	1,183,662,783
NON-CONTROLLING INTEREST	1,026,478,494	907,313,094	503,952,088	468,210,857
	<b>2,235,049,452</b>	<b>3,456,510,954</b>	<b>1,228,270,275</b>	<b>1,651,873,640</b>

The annexed notes form an integral part of these consolidated condensed interim financial statements.

\_\_\_\_\_  
CHIEF EXECUTIVE

\_\_\_\_\_  
DIRECTOR

\_\_\_\_\_  
CHIEF FINANCIAL OFFICER

# CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS

(UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Note	Half Year Ended	
		December 31, 2019	December 31, 2018
		Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash generated from / (used in) operations</b>	6	527,603,186	(1,192,309,645)
Net increase in long term security deposits		(936,155)	(2,472,750)
Net decrease in long term loans to employees		3,356,351	1,203,237
Net decrease in long term investment		220,900,000	-
Finance cost paid		(2,337,621,405)	(1,430,211,011)
Income tax paid		(124,160,938)	(165,814,809)
<b>Net cash used in operating activities</b>		(1,710,858,961)	(2,789,604,978)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property, plant and equipment		(1,081,683,866)	(923,464,559)
Proceeds from sale of property, plant and equipment		288,501,829	4,684,076
Proceeds from sale of shares of subsidiary company		-	322,000,000
Short term investments made		(471,139)	962,063
Profit on bank deposits received		10,741,356	996,039
<b>Net cash used in investing activities</b>		(782,911,820)	(594,822,381)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long term financing		366,334,000	-
Repayment of long term financing		(2,233,927,583)	(2,226,529,385)
Short term borrowings - net		5,023,247,665	6,620,901,041
Repayment of lease liabilities		(13,383,876)	-
Payment for ordinary shares bought-back		(3,485,918)	-
Dividend paid to non-controlling interest		-	(265,164,576)
Dividend paid		(600,175,016)	(948,946,647)
<b>Net cash generated from financing activities</b>		2,538,609,272	3,180,260,433
<b>Net increase / (decrease) in cash and cash equivalents</b>		44,838,491	(204,166,926)
<b>Impact of exchange translation</b>		(1,252,959)	3,782,543
<b>Cash and cash equivalents at the beginning of the year</b>		181,603,540	252,266,580
<b>Cash and cash equivalents at the end of the year</b>		225,189,072	51,882,197

The annexed notes form an integral part of these consolidated condensed interim financial statements.

\_\_\_\_\_  
CHIEF EXECUTIVE

\_\_\_\_\_  
DIRECTOR

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CHIEF FINANCIAL OFFICER



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

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY							NON-CONTROLLING INTEREST	TOTAL EQUITY
	Capital Reserve		REVENUE RESERVES		SHAREHOLDERS' EQUITY				
	Exchange Translation Reserve	Share Premium Reserve	General Reserve	Unappropriated profit	Total	Total			
<b>Balance as at June 30, 2018 - (audited)</b>	2,402,215,560	(6,678,937)	600,553,890	1,629,221,278	13,456,551,206	15,085,772,484	18,081,862,997	5,976,634,360	24,058,497,357
Adjustment on adoption of IFRS 9	-	-	-	-	(5,288,510)	(5,288,510)	(5,288,510)	-	(5,288,510)
Adjustment on adoption of IFRS 15	-	-	-	-	(213,095,381)	(213,095,381)	(213,095,381)	-	(213,095,381)
<b>Adjusted total equity as at 01 July 2018</b>	2,402,215,560	(6,678,937)	600,553,890	1,629,221,278	13,238,167,315	14,867,388,593	17,863,879,106	5,976,634,360	23,840,113,466
Total comprehensive income for the half year ended December 31, 2018	-	3,782,543	-	-	2,545,415,317	2,545,415,317	2,549,197,860	907,313,094	3,456,510,954
Final dividend for the year ended 30 June 2018 @ Rs. 4.00/ Ordinary share	-	-	-	-	(960,886,224)	(960,886,224)	(960,886,224)	-	(960,886,224)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	(269,641,678)	(269,641,678)
<b>Balance as at December 31, 2018 - (un-audited)</b>	2,402,215,560	(2,896,394)	600,553,890	1,629,221,278	14,827,696,408	16,451,917,686	19,451,790,742	6,614,305,776	26,066,096,518
Total comprehensive income for the half year ended June 30, 2019	-	(11,245,019)	-	-	1,361,576,136	1,361,576,136	1,350,331,117	764,161,655	2,114,492,772
Interim dividend for the year ended 30 June 2019 @ Rs. 1.50/ Ordinary share	-	-	-	-	(360,332,334)	(360,332,334)	(360,332,334)	-	(360,332,334)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	(359,522,239)	(359,522,239)
<b>Balance as at June 30, 2019 - (audited)</b>	2,402,215,560	(14,141,413)	600,553,890	1,629,221,278	15,823,940,210	17,453,161,488	20,441,789,525	7,018,945,192	27,460,734,717
Total comprehensive income for the half year ended December 31, 2019	-	(1,252,959)	-	-	1,209,823,917	1,209,823,917	1,208,570,958	1,026,478,494	2,235,049,452
Buy-back of ordinary shares	(1,025,270)	-	-	-	(2,460,648)	(2,460,648)	(3,485,918)	-	(3,485,918)
Final dividend for the year ended 30 June 2019 @ Rs. 2.50/ Ordinary share	-	-	-	-	(600,297,573)	(600,297,573)	(600,297,573)	-	(600,297,573)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	-
<b>Balance as at December 31, 2019 - (un-audited)</b>	2,401,190,290	(15,394,372)	600,553,890	1,629,221,278	16,431,005,807	18,060,227,185	21,046,576,993	8,045,423,686	29,092,000,679

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

## 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 repealed Companies Ordinance, 1984 (Now Companies Act, 2017) and is listed on the Pakistan Stock Exchange Limited. It's 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, 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 repealed Companies Ordinance, 1984 (Now Companies Act, 2017) and listed on the Pakistan 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 230 Fifth Avenue, Suite 1406, New York, NY 10001, USA. The principal business of the Nishat Chunian USA Inc. is to import home textile products and distribute to local retailers.

### NC Electric Company Limited

NC Electric Company Limited is a public limited company incorporated in Pakistan on 18 April 2014 under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017). The Company is a wholly owned subsidiary of Nishat (Chunian) Limited. It's registered office is situated at 31-Q, Gulberg II, Lahore. The principal objective of NC Electric Company Limited is to develop, own and operate a 46 MW and 8 TPH process steam coal fired electric power generation project at 49 KM, Multan Road, near Bhai Phero, District Kasur. NC Electric Company Limited commenced commercial operations from 01 May 2017.

## 2. BASIS OF PREPARATION

This consolidated condensed interim financial information is un-audited and is being submitted to shareholders as required by directives issued under the Companies Act, 2017. These consolidated condensed interim financial statements of the Group for the quarter ended 30 September 2019 have 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 Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 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 2019.

## 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 2019.

## 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 2019.

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

**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 2019 except for the following:

- i) On 13 January 2020, Power Division, Ministry of Energy, Government of Pakistan through a letter directed for forthwith billing to industrial electricity consumers belonging to the export-oriented sectors of financial cost surcharge, Neelum-Jhelum surcharge, taxes, fixed charges and positive fuel adjustment. By way of the aforesaid letter, it was clarified that concessionary rate of 7.5 cents / KWh for industrial electricity consumers belonging to the export oriented sectors notified through SRO 12(I)/2019 dated 01 January 2019 was only limited to the extent of schedule of tariff notified through SROs 1 to 10 dated 01 January 2019 and SRO 11(I)/2010 dated 01 January 2010 for K-Electric, as amended from time to time. Hence, billing of aforesaid charges to industrial electricity consumers has started. The Company, based on advice of the legal counsel, has not recognized such charges amounting to Rupees 158.808 million in these condensed interim financial statements as there exist meritorious grounds to defend the Company's stance.
- ii) Guarantees of Rupees 433.741 million (30 June 2019: Rupees 671.040 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connections, Shell Pakistan Limited against purchase of furnace oil, Lahore Electric Supply Company Limited against electricity connection, Director Excise and Taxation, Karachi against infrastructure cess, Chairman Punjab Revenue Authority, Lahore against infrastructure cess, Director Pakistan Central Cotton Committee against cotton cess, and Nazir, Honourable High Court, Sindh against the notification in accordance with section 8 of OGRA Ordinance 2002, regarding system gas tariff on industrial and captive units.
- iii) Post dated cheques have been issued to custom authorities in respect of duties amounting to Rupees 4420.312 million (30 June 2019: Rupees 3,544.173 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.

**Commitments**

- i) Letters of credit other than for capital expenditure are Rupees 410.490 million (30 June 2019: Rupees 545.153 million).
- ii) Outstanding foreign currency forward contracts of Rupees 6,888.454 million (30 June 2019: Rupees 288.140 million).

**Subsidiary Company**

**Contingencies**

There are no significant changes in contingencies from the preceding annual published financial statements of the company for the year ended June 30, 2019, except for the following:

**Contingent liabilities:**

- i) For the period from July 2015 to June 2016, the Company's case was selected for sales tax audit by Federal Board of Revenue ('the department'). The department conducted the audit and the Deputy Commissioner of Inland Revenue - Audit [DCIR (Audit)] issued the audit report on 18 September 2019 in which observations involving sales tax amounting to Rupees 530.207 million were raised and comments were sought thereon from the management of the Company. The main observation was apportionment of sales tax which is already decided in favour of the Company by the Honorable Lahore High Court, Lahore in the previous case. The Company submitted detailed reply on all the observations. DCIR (Audit) has further issued a show cause notice to the Company on 8 October 2019 with the same amount. The Company submitted detailed reply of the show cause notice but DCIR (Audit) issued final order on 27 November 2019 involving sales tax amounting to Rupees 530.207 million. The Company has filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR (Appeals)] against the above mentioned order of the DCIR (Audit) which is pending adjudication. The management of the Company considers that there exist meritorious grounds to defend the Company's stance. Consequently, no provision has been made in these condensed interim financial statements.
- ii) Guarantees of Rupees 19.151 million (30 June 2019: Rupees 20.978 million) are given by the banks of the Company to Director, Excise and Taxation, Karachi under direction of Sindh High Court in respect of suit filed for levy of infrastructure cess.

**Contingent assets:**

- iii) On 29 July 2017, the Company instituted arbitration proceedings against National Transmission and Despatch Company Limited (NTDC) / Government of Pakistan by filing a Request for Arbitration ('RFA') with the London Court of International Arbitration ('LCIA') (the 'Arbitration Proceedings') for disallowing delayed payment charges on outstanding delayed payment invoices and other deductions made from delay payment invoices. The Company believes it is entitled to claim delayed payment charges on outstanding delayed payments receivable from NTDC as per terms of the PPA and the other deductions made by NTDC. However, NTDC has denied this liability and objected on the maintainability of the arbitration proceedings, terming it against the PPA and refused to pay delayed payment charges on outstanding delayed payments receivable.

The LCIA appointed a sole Arbitrator and hearings were also held on 19 and 20 February 2018. On 16 April 2018, the Arbitrator has issued Final Partial Award in which he has rejected the NTDC's objection to the maintainability of the Arbitration Proceedings. Aggrieved of the decision, NTDC filed a civil suit against the Final Partial Award in the Court of Senior Civil Judge, Lahore. The civil suit is pending adjudication.

Hearings on merits were held in London and Final Partial Award dated 22 April 2019 was issued on 25 July 2019 in favour of the Company. The Company filed an application seeking interest on the amount awarded to the Company and costs of the arbitration. However, on 23 August 2019, NTDC filed another civil suit in the Court of the Senior Civil Judge, Lahore against the Final Partial Award. The second civil suit is also pending adjudication.

On 12 September 2019, the Memorandum of Corrections to the Final Partial Award has been issued which corrected the Final Partial Award to the amount of Rupees 1,518.767 million.

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

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

On 28 October 2019, the Arbitrator declared his Final Award whereby he ordered NTDC to pay to the Company in addition to the amount determined in Final Partial Award: i) Rupees 332.402 million being interest on Final Partial Award; ii) Rupees 27.302 million as the costs awarded in the Award; iii) Rupees 7.675 million as the amount of the costs awarded in respect of Interim Award and iv) Interest at KIBOR plus 4.5% per annum compounded semi-annually from the date of Final Award until payment of these amounts by NTDC that works out to Rupees 317.835 million upto 31 December 2019.

	Un-audited Half year ended December 31, 2019	Audited Year ended June 30, 2019
	Rupees	Rupees
<b>Commitments</b>		
Letter of credit other than for capital expenditure:	13,130,122	19,663,101
	Un-audited Half year ended December 31, 2019	Un-audited Half year ended December 31, 2018
	Rupees	Rupees
<b>6. CASH (USED IN) / GENERATED FROM OPERATIONS</b>		
<b>Profit before taxation</b>	2,490,965,503	3,733,351,765
Adjustment for non cash charges and other items:		
Provision for employee retirement	4,375,000	4,196,202
Depreciation on operating fixed assets	925,717,075	1,066,905,639
Amortization on intangible assets	2,436,568	2,436,268
Depreciation on right-of-use asset	12,383,204	-
Gain on sale of operating fixed assets	(3,594,396)	(3,600,188)
Gain on sale of shares of subsidiary company	-	(222,000,000)
Interest expense on sales tax refund bonds	1,704,840	-
Interest on bank deposits	(10,741,356)	(996,039)
Unrealised gain on derivative financial instrument	-	-
Finance costs	2,565,703,173	1,607,868,229
<b>Cash flows from operating activities before working capital changes</b>	5,988,949,611	6,188,161,876
<b>(Increase) / decrease in current assets</b>		
- Stores, spare parts and loose tools	211,331,666	(64,342,618)
- Stock in trade	(2,187,839,224)	(6,959,169,978)
- Trade debts	(3,753,044,418)	(242,893,083)
- Loans and advances	(297,415,190)	(1,424,593,132)
- Short term deposits and prepayments	(136,952,490)	(53,814,263)
- Other receivables	(99,141,314)	88,032,567
<b>Increase in current liabilities</b>		
- Trade and other payables	801,714,545	1,276,308,986
	(5,461,346,425)	(7,380,471,521)
<b>Net cash generated from operations</b>	527,603,186	(1,192,309,645)

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

**7. TRANSACTIONS WITH RELATED PARTIES**

The related parties comprise of associated undertakings, 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 these consolidated financial statements are as follows:

	Un-audited Half year ended December 31, 2019 Rupees	Un-audited Half year ended December 31, 2018 Rupees
<b>Associated company</b>		
Insurance premium paid	128,499,440	51,237,126
Insurance claims received	5,398,231	57,271,206
Donation paid to related parties	1,749,000	1,431,248
<b>Other related parties</b>		
Purchase of goods	146,563,311	18,333,854
Sale of goods	1,428,518,676	1,266,512,259
Contribution to employees' provident fund	69,592,634	57,127,208
Dividend paid to related parties	99,909,850	165,055,760
Remuneration paid to key management personnel	132,229,184	121,519,929
	<b>Un-audited Half year ended December 31, 2019 Rupees</b>	<b>Audited Year ended June 30, 2019 Rupees</b>
<b>Period end balances</b>		
Bank balances with related party	24,810,747	12,379,000
Due from related parties	151,687,876	109,025,662
Due to related parties	13,044,794	724,420

**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**

These consolidated condensed interim financial statements were approved and authorized for issue on February 27, 2020 by the Board of Directors.

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CHIEF EXECUTIVE

\_\_\_\_\_  
DIRECTOR

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CHIEF FINANCIAL OFFICER

# INVESTORS' EDUCATION

In pursuance of SRO 924(1)/2015 dated September 9<sup>th</sup>, 2015 issued by the Securities and Exchange Commission of Pakistan (SECP), the following informational message has been reproduced to educate investors:

[www.jamapunji.pk](http://www.jamapunji.pk)



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\*Mobile apps are also available for download for android and ios devices







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