



## Contents

Company Information	2
Directors' Report	3
Balance Sheet	4 - 5
Profit and Loss Account	6
Statement of Comprehensive Income	7
Cash Flow Statement	8
Statement of Changes in Equity	9
Notes to the Financial Information	10 - 19
Consolidated Balance Sheet	22 - 23
Consolidated Profit and Loss Account	24
Consolidated Statement of Comprehensive Income	25
Consolidated Cash Flow Statement	26
Consolidated Statement of Changes in Equity	27
Notes to the Consolidated Financial Information	28 - 32



## Company Information

<b>Board of Directors:</b>	Mr. Muhammad Saleem Mrs. Farhat Saleem Mr. Shahzad Saleem Mr. Manzoor Ahmed Mr. Aftab Ahmad Khan Mr. Manzar Mushtaq Mr. Mehmood Akhtar	Chairman Chief Executive Nominee NIT
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<b>Audit Committee:</b>	Mr. Aftab Ahmad Khan Mr. Shahzad Saleem Mr. Manzar Mushtaq	Chairman Member Member
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<b>Company Secretary:</b>	Mr. Ahmad Subhani
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<b>Bankers to the Company:</b>	Allied Bank Limited Askari Bank Limited Atlas Bank Limited Bank Alfalah Limited Barclays Bank plc Citibank N.A. Dawood Islamic Bank Limited Deutsche Bank AG Dubai Islamic Bank Pakistan Limited Faysal Bank Limited Habib Bank Limited HSBC Bank Middle East Ltd. Meezan Bank Limited National Bank of Pakistan NB Bank Limited Standard Chartered Bank Pakistan Limited The Bank of Punjab The Royal Bank of Scotland Limited United Bank Limited Bank Islami Pakistan Limited Pakistan Kuwait Investment Company Limited SAMBA Bank Limited
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<b>Auditors:</b>	Riaz Ahmad & Company Chartered Accountants
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<b>Registered Office:</b>	31-Q, Gulberg-II, Lahore, Pakistan. Phone : 5761730-39 Fax : 5878696-97 Web : <a href="http://nishat.net">http://nishat.net</a> & <a href="http://www.nishatchunian.com">www.nishatchunian.com</a>
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<b>Mills:</b>	Spinning 1, 4 & 5 49th Kilometre, Multan Road, Bhai Pheru, Tehsil Chunian, District Kasur.  Spinning 2, 3 & Weaving 49th Kilometre, Multan Road, Kamogal, Tehsil Pattoki, District Kasur.  Home Textile Division 4th Kilometre, Manga Road, Raiwind.
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## Directors' Report

We are pleased to present the un-audited financial information of the Company for the nine months ended on March 31, 2010. Sales are Rs. 9,411 million as compared to Rs. 6,896 million during corresponding period last year, which shows a growth of 36%. Reasons for growth in sales are higher product prices and increase in volume of sales of Home Textiles Division. The gross profit margin has improved to 17% as compared to 14% during corresponding period last year. For the 3rd Quarter this year gross profit margin is even higher at 20%, this is attributable to a very steep rise in price of raw cotton which subsequently led to increase in yarn prices. During the period, financial charges remained almost unchanged in absolute terms however are improved to 9% of sales as compared to 12% during corresponding period last year. The company has a net profit of Rs. 400 million during nine months as compared to a loss of Rs. 42 million during corresponding period last year. We expect our profitability to further improve in the next quarter as cotton prices have further increased and we have already covered our cotton requirement at lower prices for the fiscal year.

Nishat Chunian Power Limited is currently under testing phase and we are hopeful to start commercial operations by June 30, 2010. The directors wish to express their appreciation to the dedicated employees who continue to play pivotal role in the success of the Company.

On behalf of the Board

Shahzad Saleem  
Chief Executive

Lahore: 24 April 2010



## Unconsolidated Condensed Interim Balance Sheet

	Note	Un-audited 31 March 2010 Rupees	Audited 30 June 2009 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital	5	<u>1,950,000,000</u>	<u>1,750,000,000</u>
Issued, subscribed and paid up share capital	6	1,654,418,440	1,240,813,830
Reserves		<u>2,225,716,143</u>	<u>1,861,657,101</u>
<b>TOTAL EQUITY</b>		<b>3,880,134,583</b>	<b>3,102,470,931</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	7	3,052,825,000	3,181,905,316
Deferred tax liability		-	1,552,252
		<u>3,052,825,000</u>	<u>3,183,457,568</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		613,957,071	454,523,239
Accrued mark-up		197,799,909	171,523,906
Short term borrowings	8	5,145,373,382	3,500,578,041
Current portion of non-current liabilities		1,421,674,442	1,604,255,864
<b>TOTAL LIABILITIES</b>		<u>7,378,804,804</u>	<u>5,730,881,050</u>
		<u>10,431,629,804</u>	<u>8,914,338,618</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	9		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>14,311,764,387</u></u>	<u><u>12,016,809,549</u></u>

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

Chief Executive



as at 31 March 2010

	Note	Un-audited 31 March 2010 Rupees	Audited 30 June 2009 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets	10	5,835,366,174	5,927,347,672
Investment in subsidiary - at cost	11	1,873,469,390	1,437,891,880
Long term loans		3,035,439	3,537,975
Long term security deposits		1,095,442	1,082,942
		<u>7,712,966,445</u>	<u>7,369,860,469</u>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		417,489,327	333,919,097
Stock in trade		4,128,421,196	2,183,103,730
Trade debts		1,227,373,692	1,516,728,987
Non-current asset classified as held for sale - Investment in subsidiary		250,000,000	-
Loans and advances		158,828,780	372,218,019
Short term deposits and prepayments		6,132,549	487,724
Other receivables		376,673,192	211,045,658
Cash and bank balances		33,879,206	29,445,865
		<u>6,598,797,942</u>	<u>4,646,949,080</u>
<b>TOTAL ASSETS</b>		<u><u>14,311,764,387</u></u>	<u><u>12,016,809,549</u></u>

Director



**Unconsolidated Condensed Interim Profit and Loss Account (Un-audited)**  
For the Nine Months Ended 31 March 2010

	Note	Nine Months Ended		Quarter Ended	
		31 March 2010	31 March 2009	31 March 2010	31 March 2009
		Rupees	Rupees	Rupees	Rupees
Sales		9,411,394,536	6,896,301,154	3,321,464,826	2,316,158,883
Cost of sales	12	7,814,512,875	5,929,547,651	2,654,250,065	2,173,828,899
Gross profit		1,596,881,661	966,753,503	667,214,761	142,329,984
Distribution cost		283,792,846	196,791,377	107,205,716	55,240,775
Administrative expenses		96,779,171	99,681,565	33,239,906	29,780,267
Other operating expenses		37,155,678	7,190,712	23,189,795	(7,326,801)
		417,727,695	303,663,654	163,635,417	77,694,241
		1,179,153,966	663,089,849	503,579,344	64,635,743
Other operating income		129,942,819	152,198,016	70,679,995	57,260,948
Profit from operations		1,309,096,785	815,287,865	574,259,339	121,896,691
Finance cost		816,057,432	808,183,387	282,898,427	297,508,570
Profit / (loss) before taxation		493,039,353	7,104,478	291,360,912	(175,611,879)
Provision for taxation		93,000,000	49,000,000	31,500,000	16,978,721
Profit / (loss) after taxation		400,039,353	(41,895,522)	259,860,912	(192,590,600)
Earnings / (loss) per share - basic		4.05	(0.51)	2.09	(2.33)
Earnings per share - diluted		2.85	-	1.57	-

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 Nine Months Ended 31 March 2010

	Nine Months Ended		Quarter Ended	
	31 March 2010	31 March 2009	31 March 2010	31 March 2009
	Rupees	Rupees	Rupees	Rupees
Profit/(loss) after taxation	400,039,353	(41,895,522)	259,860,912	(192,590,600)
Other comprehensive income				
Fair value of quanto interest rate swap entered into as part of cash flow hedge	(4,435,005)	8,547,639	-	8,547,639
Deferred income tax relating to quanto interest rate swap entered into as part of cash flow hedge	1,552,252	(2,643,689)	-	(2,643,689)
Other comprehensive income / (loss) for the period, net of tax	(2,882,753)	5,903,950	-	5,903,950
Total comprehensive income For the period	397,156,600	(35,991,572)	259,860,912	(186,686,650)

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 Nine Months Ended 31 March 2010

	Note	31 March 2010	31 March 2009
		Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	13	144,699,542	775,146,051
Long term deposits - net		(12,500)	(127,000)
Finance cost paid		(789,781,430)	(718,315,799)
Taxes paid		(112,985,482)	(48,462,008)
		(902,779,412)	(766,904,807)
<b>Net cash (used in) / generated from operating activities</b>		<b>(758,079,870)</b>	<b>8,241,244</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(294,674,247)	(193,643,066)
Long term loans - net		502,536	4,292,000
Long term investment		(435,577,510)	(756,900,520)
Short term investment		(250,000,000)	-
Proceeds from sale of property, plant and equipment		2,667,139	10,163,945
<b>Net cash used in investing activities</b>		<b>(977,082,082)</b>	<b>(936,087,641)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long term financing and musharika		1,090,900,000	1,047,333,333
Repayment of long term financing and musharika		(1,402,561,738)	(1,140,299,142)
Issue of ordinary share capital		411,782,359	-
Dividend paid		(5,320,669)	(30,035)
<b>Net Cash from/(used in) financing activities</b>		<b>94,799,952</b>	<b>(92,995,844)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(1,640,362,000)</b>	<b>(1,020,842,241)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		<b>(3,471,132,176)</b>	<b>(3,172,470,284)</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>(5,111,494,176)</b>	<b>(4,193,312,525)</b>

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

Chief Executive

Director





**Unconsolidated Condensed Interim  
Statement of Changes in Equity (Un-audited)**  
For the Nine Months Ended 31 March 2010

	SHARE CAPITAL			RESERVES			TOTAL EQUITY	
	Ordinary Shares	Preference Shares	Total	Hedging Reserve	Revenue Reserves			Total
					General Reserve	Unappro- priated Profit		
..... R u p e e s .....								
Balance as at 30 June 2008 - (audited)	752,008,380	-	752,008,380	8,617,175	1,629,221,278	210,347,197	1,848,185,650	2,600,194,030
Bonus Shares issued @10%	75,200,840	-	75,200,840	-	-	(75,200,840)	(75,200,840)	-
Total comprehensive income for the nine months ended 31 March 2009	-	-	-	5,903,950	-	(41,895,522)	(35,991,572)	(35,991,572)
Balance as at 31 March 2009 - (un-audited)	827,209,220	-	827,209,220	14,521,125	1,629,221,278	93,250,835	1,736,993,238	2,564,202,458
15% non-voting cumulative convertible preference shares issued	-	413,604,610	413,604,610	-	-	-	-	413,604,610
Shares issuance cost, net	-	-	-	-	-	(3,667,721)	(3,667,721)	(3,667,721)
Preference dividend for the year ended 30 June 2009	-	-	-	-	-	(5,269,209)	(5,269,209)	(5,269,209)
Total comprehensive income for the quarter ended 30 June 2009	-	-	-	(11,638,372)	-	145,239,165	133,600,793	133,600,793
Balance as at 30 June 2009 - (audited)	827,209,220	413,604,610	1,240,813,830	2,882,753	1,629,221,278	229,553,070	1,861,657,101	3,102,470,931
Issue of ordinary share capital	413,604,610	-	413,604,610	-	-	-	-	413,604,610
Shares issuance cost	-	-	-	-	-	(1,822,251)	(1,822,251)	(1,822,251)
Preference Dividend	-	-	-	-	-	(31,275,307)	(31,275,307)	(31,275,307)
Total comprehensive income for the nine months ended 31 March 2010	-	-	-	(2,882,753)	-	400,039,353	397,156,600	397,156,600
Balance as at 31 March 2010 - (un-audited)	1,240,813,830	413,604,610	1,654,418,440	-	1,629,221,278	596,494,865	2,225,716,143	3,880,134,583

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

Chief Executive

Director



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

For the Nine Months Ended 31 March 2010

### 1. THE COMPANY AND ITS OPERATIONS

Nishat (Chunian) Limited is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984 and is listed on the Lahore and Karachi Stock Exchanges. Its registered office is situated at 31-Q, Gulberg II, Lahore. The Company is engaged in the business of spinning, weaving, dyeing, 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. STATEMENT OF COMPLIANCE

This unconsolidated condensed interim financial information is un-audited and is being submitted to shareholders as required by section 245 of the Companies Ordinance, 1984. This unconsolidated condensed interim financial information has been prepared in accordance with the International Accounting Standard (IAS) 34 "Interim Financial Reporting" as applicable in Pakistan and notified by the Securities and Exchange Commission of Pakistan (SECP). This unconsolidated condensed interim financial information should be read in conjunction with the audited annual published financial statements for the year ended 30 June 2009.

### 3. ACCOUNTING POLICIES AND COMPUTATION METHODS

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 2009.

The following accounting policies have been adopted during the period:

#### Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker who is responsible for allocating resources and assessing performance of the operating segments.

#### Non-current assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less cost to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

The following amendments to published approved accounting standards and standards relevant to the company have been adopted in the current period:

IFRS 8 'Operating Segments' introduces the 'management approach' to segment reporting. It requires presentation and disclosure of segment information based on internal reports regularly reviewed by the Company's chief operating decision maker in order to assess each segment's performance and to allocate resources to them. The adoption of IFRS 8 has resulted in certain additional disclosures in the unconsolidated condensed interim financial information. Accounting policy of segment reporting stated above has been adopted during the period.

IAS 1 (Revised) 'Presentation of Financial Statements'. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in



equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in performance statement. Companies can choose whether to present one performance statement (the statement of comprehensive income) or two statements (profit and loss account and statement of comprehensive income). The company has preferred to present two statements; a profit and loss account and a statement of comprehensive income. In this unconsolidated condensed interim financial information, comparative information has been re-presented in conformity with the revised standard. Since this change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

In addition to above, there are other new standards and amendments to published approved accounting standards which are mandatory for financial statements for annual periods beginning on or after 01 January 2009 and are also relevant to the Company. However, the adoption of these new standards and amendments to standards did not have any significant impact on this unconsolidated condensed interim financial information of the company, therefore, are not analyzed in detail.

#### 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 2009.

#### 5. AUTHORIZED SHARE CAPITAL

Un-audited 31 March 2010	Audited 30 June 2009		Un-audited 31 March 2010	Audited 30 June 2009
(Number of shares)			Rupees	Rupees
150,000,000	130,000,000	Ordinary shares of Rupees 10 each	1,500,000,000	1,300,000,000
45,000,000	45,000,000	15% non-voting cumulative convertible preference shares of Rupees 10 each	450,000,000	450,000,000
<u>195,000,000</u>	<u>175,000,000</u>		<u>1,950,000,000</u>	<u>1,750,000,000</u>

5.1 The company has increased its authorized share capital by Rupees 200,000,000 divided into 20 million ordinary shares of Rupees 10 each by way of special resolution of its members in the Extra Ordinary General Meeting dated 20 August 2009.



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

Un-audited 31 March 2010	Audited 30 June 2009		Un-audited 31 March 2010	Audited 30 June 2009
(Number of shares)			Rupees	Rupees
<b>(Ordinary shares)</b>				
53,360,461	12,000,000	Ordinary shares of Rupees 10 each fully paid in cash	533,604,610	120,000,000
69,496,657	69,496,657	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	694,966,570	694,966,570
1,224,265	1,224,265	Ordinary shares of Rupees 10 each issued as fully paid for consideration other than cash to members of Umer Fabrics Limited as per the Scheme of arrangement as approved by the Honourable Lahore High Court, Lahore	12,242,650	12,242,650
<u>124,081,383</u>	<u>82,720,922</u>		<u>1,240,813,830</u>	<u>827,209,220</u>
<b>(Preference shares)</b>				
41,360,461	41,360,461	15% non-voting cumulative convertible preference shares of Rupees 10 each fully paid in cash	413,604,610	413,604,610
<u>165,441,844</u>	<u>124,081,383</u>		<u>1,654,418,440</u>	<u>1,240,813,830</u>

6.1 During the nine months ended 31 March 2010, the Company has made a right issue of 41,360,461 ordinary shares at par, amounting to Rupees 413,604,610.

	Un-audited 31 March 2010	Audited 30 June 2009
	Rupees	Rupees
<b>7. LONG TERM FINANCING</b>		
From banking companies-secured		
Long term loans (7.1)	2,512,200,000	2,994,405,316
Long term musharika (7.2)	540,625,000	187,500,000
	<u>3,052,825,000</u>	<u>3,181,905,316</u>



	Un-audited 31 March 2010	Audited 30 June 2009
	Rupees	Rupees
<b>7.1 Long term loans</b>		
Opening Balance	4,536,161,180	4,294,126,989
Add: Obtained during the period/year	690,900,000	1,537,333,333
Less: Repaid during the period/year	(1,355,686,738)	(1,295,299,142)
Closing balance	3,871,374,442	4,536,161,180
Less: Current portion shown under current liabilities	(1,359,174,442)	(1,541,755,864)
	<u>2,512,200,000</u>	<u>2,994,405,316</u>
<b>7.2 Long term musharika</b>		
Opening Balance	250,000,000	250,000,000
Add: Obtained during the period/year	400,000,000	-
Less: Repaid during the period/year	(46,875,000)	-
Closing balance	603,125,000	250,000,000
Less: Current portion shown under current liabilities	(62,500,000)	(62,500,000)
	<u>540,625,000</u>	<u>187,500,000</u>
<b>8. SHORT TERM BORROWINGS</b>		
From banking companies - secured		
Short term running finances	196,656,315	1,212,392,470
Export finances-preshipment/SBP refinance	3,764,717,067	1,008,185,571
Other short term finances	1,184,000,000	1,280,000,000
	<u>5,145,373,382</u>	<u>3,500,578,041</u>

## 9. CONTINGENCIES AND COMMITMENTS

### Contingencies

There are no changes in contingencies since the last annual audited financial statements of the company except for:

- i) The Company has given following guarantees on behalf of Nishat Chunian Power Limited - Subsidiary Company:
  - Performance guarantee of USD 1 million (Pak Rupees 84.20 million) [30 June 2009: USD 1 million (Pak Rupees 81.100 million)] in favour of Private Power and Infrastructure Board (Government of Pakistan) to secure performance of Nishat Chunian Power Limited under Implementation Agreement and Power Purchase Agreement.
  - The Company has issued irrevocable standby letters of credit of Rupees 642.406 million (30 June 2009: Rupees 888.876 million) for equity injection and NIL (30 June 2009: Rupees 147.120 million) for positive cost overrun, in accordance with Project Funds Agreement, in favour of security trustee of syndicated lenders of Nishat Chunian Power Limited.
- ii) Post dated cheques have been issued to custom authorities in respect of duties amounting to Rupees 32.407 million (30 June 2009: Rupees 24.689 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) Commitments in respect of capital expenditure are Rupees 64.207 million (30 June 2009: Rupees 19.499 million).
- ii) Letters of credit other than for capital expenditure are Rupees 109.872 million (30 June 2009: Rupees 291.489 million).
- iii) Quanto (interest rate) swap of Rupees Nil (30 June 2009: Rupees 500 million) as on 31 March 2010.
- iv) Outstanding forwards contracts of Rupees 2,040.41 million (30 June 2009: Rupees 1,131.288 million).

	Un-audited 31 March 2010	Audited 30 June 2009
	Rupees	Rupees
<b>10. FIXED ASSETS</b>		
Property, plant and equipment		
Operating assets (10.1)	5,550,465,534	5,905,713,184
Capital work in progress(10.2)	277,726,045	20,711,188
	5,828,191,579	5,926,424,372
Intangible asset - computer software	3,082,652	923,300
Intangible asset in progress - ERP system	4,091,943	-
	5,835,366,174	5,927,347,672
<b>10.1 Operating assets</b>		
Opening book value	5,905,713,184	6,067,386,394
Additions during the period/year (10.1.1)	35,001,050	386,194,676
	5,940,714,234	6,453,581,070
Book value of deletions during the period/year (10.1.2)	4,533,816	10,707,695
Less: Depreciation charged during the period/year	385,714,884	537,160,191
Closing book value	5,550,465,534	5,905,713,184
<b>10.1.1 Cost of additions during the period / year</b>		
Building on freehold land	5,885,758	50,229,330
Plant and Machinery	19,531,228	306,220,996
Electric Installations	111,900	9,694,793
Factory Equipment	1,110,832	78,100
Furniture and fixtures	12,200	1,110,918
Office Equipment	3,254,771	3,279,498
Motor Vehicles	5,094,361	15,581,041
	35,001,050	386,194,676



	Un-audited 31 March 2010	Audited 30 June 2009
	Rupees	Rupees
<b>10.1.2 Cost of deletions during the period / year</b>		
Machinery and electric installation	9,825,410	13,491,708
Office equipment	24,000	-
Vehicles	5,151,645	16,111,871
<b>Total cost of deletions</b>	<b>15,001,055</b>	<b>29,603,579</b>
Less: accumulated depreciation	(10,467,239)	(18,895,884)
	<b>4,533,816</b>	<b>10,707,695</b>
<b>10.2 Capital work in progress</b>		
Plant, machinery and equipment	228,907,011	2,245,715
Civil works on freehold land	45,443,727	18,162,458
Mobilization advance	3,375,307	303,015
	<b>277,726,045</b>	<b>20,711,188</b>
<b>11. INVESTMENT IN SUBSIDIARY - AT COST</b>		
Nishat Chunian Power Limited-quoted 187,346,939 (June 30 2009: 143,789,188) fully paid ordinary shares of Rupees 10 each. Equity held 57.81% (30 June 2009: 80%)	<b>1,873,469,390</b>	<b>1,437,891,880</b>

11.1 The Company has to maintain at least 51% holding in the share capital of Nishat Chunian Power Limited (NCPL) during the period of first six years from the date of commercial operations of NCPL. Moreover, the Company has pledged its 187,354,914 (30 June 2009: 13,497,966) shares to lenders of NCPL for the purpose of securing finance. NCPL will be engaged in production and dispatch of electricity to WAPDA.



	Un-audited Nine Months Ended		Un-audited Quarter Ended	
	31 March 2010 Rupees	31 March 2009 Rupees	31 March 2010 Rupees	31 March 2009 Rupees
<b>12. COST OF SALES</b>				
Raw material consumed	5,530,599,038	3,841,866,703	1,963,522,555	1,266,184,639
Packing materials consumed	273,816,394	167,559,300	82,537,734	56,228,989
Stores, spare parts and loose tools	556,651,586	431,896,474	190,342,075	150,953,848
Salaries, wages and other benefits	549,438,372	461,340,853	191,759,894	170,170,842
Fuel and power	848,933,541	600,365,205	358,806,041	227,547,662
Insurance	17,491,540	20,436,224	6,032,691	7,086,826
Postage and telephone	238,723	340,635	84,281	49,541
Travelling and conveyance	5,933,597	5,683,703	2,392,042	1,380,497
Vehicle running	8,781,937	8,269,672	3,364,084	2,594,793
Entertainment	1,516,810	1,244,301	547,918	370,901
Depreciation	378,249,390	394,675,967	125,756,460	108,878,748
Repair and maintenance	11,707,090	14,611,296	5,192,798	5,698,441
Other factory overheads	49,640,367	33,010,965	12,134,897	11,470,879
	<u>8,232,998,385</u>	<u>5,981,301,298</u>	<u>2,942,473,470</u>	<u>2,008,616,606</u>
Work-in-process				
Opening stock	304,749,505	195,443,205	342,036,854	188,987,211
Closing stock	(489,232,555)	(278,252,434)	(489,232,555)	(278,252,434)
	<u>(184,483,050)</u>	<u>(82,809,229)</u>	<u>(147,195,701)</u>	<u>(89,265,223)</u>
Cost of goods manufactured	8,048,515,335	5,898,492,069	2,795,277,769	1,919,351,383
Finished goods and waste-opening stocks				
Finished goods	361,764,128	421,026,976	450,623,800	647,649,894
Waste	22,083,974	25,100,317	26,256,943	40,569,890
	<u>383,848,102</u>	<u>446,127,293</u>	<u>476,880,743</u>	<u>688,219,784</u>
	<u>8,432,363,437</u>	<u>6,344,619,362</u>	<u>3,272,158,512</u>	<u>2,607,571,167</u>
Finished goods and waste-closing stocks				
Finished goods	(597,038,771)	(427,321,787)	(597,038,771)	(427,321,787)
Waste	(20,976,033)	(20,872,877)	(20,976,033)	(20,872,877)
	<u>(618,014,804)</u>	<u>(448,194,664)</u>	<u>(618,014,804)</u>	<u>(448,194,664)</u>
Cost of goods sold -own manufactured	7,814,348,633	5,896,424,698	2,654,143,708	2,159,376,503
Opening stock of purchased finished goods	-	6,412,705	79,503	-
Add: Finished goods purchased	2,185,397	26,710,248	2,048,009	14,452,396
Less: Closing stock of purchased finished goods	(2,021,155)	-	(2,021,155)	-
Cost of sales-purchased finished goods	164,242	33,122,953	106,357	14,452,396
	<u>7,814,512,875</u>	<u>5,929,547,651</u>	<u>2,654,250,065</u>	<u>2,173,828,899</u>





	Un-audited 31 March 2010	Un-audited 31 March 2009
	Rupees	Rupees
<b>13. CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	493,039,353	7,104,478
Add/(less) adjustment for non cash charges and other items:		
Depreciation	385,714,884	401,679,235
(Gain)/Loss on sale of operating fixed assets	(1,726,278)	(420,584)
Finance costs	816,057,432	808,183,387
Cash flows from operating activities before working capital changes	1,693,085,391	1,216,546,516
(Increase)/decrease in current assets		
- Stores, spare parts and loose tools	(83,570,230)	(29,229,001)
- Stock in trade	(1,945,317,466)	(349,032,418)
- Trade debts	289,355,295	(27,571,543)
- Loans and advances	213,389,239	(50,299,485)
- Short term deposits and prepayments	(5,644,825)	(642,103)
- Other receivables	(150,077,057)	(53,530,950)
Increase in current liabilities		
- Trade and other payables	133,479,195	68,905,035
Cash generated from operations	144,699,542	775,146,051

#### 14. SEGMENT INFORMATION

14.1 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 fibres
Weaving:	Production of different quality of greige fabric using yarn
Home Textile:	Processing of greige fabric for production of dyed fabric and manufacturing of home textiles articles
Captive power:	Generation and distribution of power

Transactions among the operating segments are recorded at arm's length prices using admissible valuation methods. Inter segment sales and purchases have been eliminated from the total.

## 14.2 Segment Information

	Spinning (Un-audited)			Weaving (Un-audited)			Home Textile Division (Un-audited)			Captive Power (Un-audited)			Elimination of Inter-segment transactions (Un-audited)			Total - Company (Un-audited)		
	Nine Months ended			Nine Months ended			Nine Months ended			Nine Months ended			Nine Months ended			Nine Months ended		
	31 March 2010	31 March 2009	Rupees	31 March 2010	31 March 2009	Rupees	31 March 2010	31 March 2009	Rupees	31 March 2010	31 March 2009	Rupees	31 March 2010	31 March 2009	Rupees	31 March 2010	31 March 2009	Rupees
Sales	6,597,395,323	5,031,279,629	2,934,503,794	2,753,158,618	3,046,378,247	1,258,731,345	719,148,148	638,121,357	(3,886,030,976)	(2,784,989,795)	9,411,394,536	6,896,501,154	7,814,512,875	5,329,547,651				
Cost of goods sold	5,487,626,453	4,676,255,893	2,690,040,587	2,232,499,107	2,762,387,183	1,139,517,490	760,489,628	646,264,956	(3,886,030,976)	(2,784,989,795)								
Gross Profit	1,109,768,870	355,023,736	244,463,207	520,659,511	283,991,064	99,213,855	(41,341,480)	(8,143,599)			1,596,881,661	966,753,503						
Distribution cost	145,275,465	86,377,710	37,954,413	71,932,093	100,562,968	38,481,574	-	-			283,792,846	196,791,377						
Administrative expenses	50,953,241	55,465,459	20,004,884	21,069,920	22,050,365	19,511,906	3,770,681	3,634,280			96,779,171	99,681,565						
Finance cost	377,488,260	403,549,912	108,597,354	119,211,033	108,318,096	168,391,259	56,098,243	63,890,354			650,461,953	755,042,558						
Profit before taxation and unallocated income and expenses	573,676,966	545,393,081	166,556,651	212,213,046	230,931,429	226,384,739	59,868,924	67,524,634	(101,210,404)	(75,668,233)	565,847,691	(84,761,997)						
Unallocated financial charges					53,059,635	(127,170,884)					165,595,479	53,140,829						
Other operating expenses											37,155,678	7,190,712						
Taxation											129,942,819	152,198,016						
PROFIT AFTER TAXATION											93,000,000	49,000,000						
											400,039,353	(41,895,522)						

## 14.3 Segment assets

	Spinning			Weaving			Home Textile Division			Captive Power			Total - Company		
	Audited			Audited			Audited			Audited			Audited		
	31 March 2010	30 June 2009	Rupees	31 March 2010	30 June 2009	Rupees	31 March 2010	30 June 2009	Rupees	31 March 2010	30 June 2009	Rupees	31 March 2010	30 June 2009	Rupees
Segment assets	5,960,392,115	4,852,059,313	1,754,809,712	1,804,893,843	2,435,539,933	1,841,668,577	736,481,437	774,970,508	10,887,223,197	9,273,592,241	3,424,541,190	2,743,217,308			
Unallocated assets											14,311,764,387	12,016,809,549			





#### 15. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise subsidiary company, associated undertakings, other related companies and key management personnel. The Company in the normal course of business carried out transactions with various related parties. Details of transactions with related parties are as follows:

	Un-audited 31 March 2010	Un-audited 31 March 2009
	Rupees	Rupees
Purchase of goods and services	134,510,401	64,922,282
Sale of goods and services	152,763,285	90,019,745
Contribution to employees' provident fund	14,838,826	13,535,762
Long term investment in subsidiary	685,577,510	756,900,520
Remuneration to key management personnel	32,735,330	29,439,372
Subordinated Loan to Nishat Chunian Power Limited - subsidiary company	35,000,000	-
Mark up on Subordinated loan to NCPL	1,222,958	-

#### 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 2009.

#### 17. CORRESPONDING FIGURES

Corresponding figures have been re-arranged / re-grouped wherever necessary for the purpose of comparison. However, no significant re-arrangements / re-groupings have been made.

#### 18. AUTHORISED FOR ISSUE

This unconsolidated condensed interim financial information was approved by the Board of Directors and authorised for issue on 24 April 2010.

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

\_\_\_\_\_  
Director



NISHAT (CHUNIAN) LIMITED AND ITS  
SUBSIDIARY COMPANY

INTERIM CONDENSED CONSOLIDATED  
FINANCIAL INFORMATION

NINE MONTHS ENDED 31 MARCH 2010  
(UN-AUDITED)



## Interim Condensed Consolidated Balance Sheet

	Note	Un-audited 31 March 2010 <u>Rupees</u>	Audited 30 June 2009 <u>Rupees</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital		<u>1,950,000,000</u>	<u>1,750,000,000</u>
Issued, subscribed and paid up share capital		1,654,418,440	1,240,813,830
Reserves		<u>2,222,709,449</u>	1,859,810,971
Minority Interest		3,877,127,889 <u>1,535,429,761</u>	3,100,624,801 359,011,447
<b>TOTAL EQUITY</b>		<b>5,412,557,650</b>	<b>3,459,636,248</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term financing		3,052,825,000	3,106,953,655
Long term murabaha		13,176,978,478	7,189,436,030
Deferred tax liability		-	1,552,252
		<u>16,229,803,478</u>	10,297,941,937
<b>CURRENT LIABILITIES</b>			
Trade and other payables		628,468,118	459,619,896
Accrued mark-up		705,041,870	412,461,194
Short term borrowings		5,266,763,382	3,500,578,041
Current portion of non-current liabilities		<u>1,723,781,026</u>	1,679,207,525
		<u>8,324,054,396</u>	6,051,866,656
<b>Total Liabilities</b>		<b>24,553,857,874</b>	<b>16,349,808,593</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	5		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>29,966,415,524</b></u>	<u><b>19,809,444,841</b></u>

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

Chief Executive



as at 31 March 2010

	Note	Un-audited 31 March 2010 Rupees	Audited 30 June 2009 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed Assets	6	23,239,557,309	15,145,261,812
Long term loans		3,115,937	3,537,975
Long term security deposits		1,200,442	1,187,942
		<u>23,243,873,688</u>	<u>15,149,987,729</u>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		642,583,008	333,919,097
Stock in trade		4,269,260,560	2,183,103,730
Trade debts		1,227,920,938	1,516,728,987
Loans and advances		164,648,925	374,538,500
Short term deposits and prepayments		6,164,050	487,724
Other receivables		372,062,524	216,500,366
Cash and bank balances		39,901,831	34,178,708
		<u>6,722,541,836</u>	<u>4,659,457,112</u>
<b>TOTAL ASSETS</b>		<u><u>29,966,415,524</u></u>	<u><u>19,809,444,841</u></u>

Director



**Interim Condensed Consolidated Profit and Loss Account (Un-audited)**  
For the Nine Months Ended 31 March 2010

	Nine Months Ended		Quarter Ended	
	31 March	31 March	31 March	31 March
	2010	2009	2010	2009
	Rupees	Rupees	Rupees	Rupees
Sales	9,411,941,782	6,896,301,154	3,322,012,072	2,316,158,883
Cost of sales	7,815,085,002	5,929,547,651	2,654,822,192	2,173,828,899
Gross profit	1,596,856,780	966,753,503	667,189,880	142,329,984
Distribution cost	283,792,845	196,791,377	107,205,715	55,240,775
Administrative expenses	99,070,971	100,662,713	35,531,706	30,761,415
Other operating expenses	37,155,680	7,190,712	23,189,797	(7,326,801)
	420,019,496	304,644,802	165,927,218	78,675,389
	1,176,837,284	662,108,701	501,262,662	63,654,595
Other operating income	132,367,049	152,198,016	73,104,225	57,260,948
Profit from operations	1,309,204,333	814,306,717	574,366,887	120,915,543
Finance cost	817,280,390	808,183,387	284,121,385	297,508,570
Profit before taxation	491,923,943	6,123,330	290,245,502	(176,593,027)
Provision for taxation	93,000,000	49,000,000	31,500,000	16,978,721
Profit after taxation	398,923,943	(42,876,670)	258,745,502	(193,571,748)
Earnings / (loss) per share - basic	4.03	(0.51)	2.62	(2.33)
Earnings per share - diluted	2.84	-	1.56	-
Attributable to:				
The holding company				
- Nishat (Chunian) Limited	398,878,789	(42,680,440)		
Minority interest	45,154	(196,230)		
	398,923,943	(42,876,670)		

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

Chief Executive

Director





## Interim Condensed Consolidated Statement of Comprehensive Income (Un-audited)

For the Nine Months Ended 31 March 2010

	Nine Months Ended		Quarter Ended	
	31 March 2010	31 March 2009	31 March 2010	31 March 2009
	Rupees	Rupees	Rupees	Rupees
Profit after taxation	398,923,943	(42,876,670)	258,745,502	(193,571,748)
Other comprehensive income				
Fair value of quanto interest rate swap entered into as part of cash flow hedge	(4,435,005)	8,547,639	-	8,547,639
Deferred income tax relating to quanto Interest rate swap entered into as part of cash flow hedge	1,552,252	(2,643,689)	-	(2,643,689)
Other comprehensive (Loss) / income for the period, net of tax	(2,882,753)	5,903,950	-	5,903,950
Total comprehensive Income for the period	396,041,190	(36,972,720)	258,745,502	(187,667,798)
Share of profit attributable to:				
Equity holders of parent	395,996,036	(36,776,490)		
Minority interest	45,154	(196,230)		
	396,041,190	(36,972,720)		

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

Chief Executive

Director



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

For the Nine Months Ended 31 March 2010

	Note	31 March 2010	31 March 2009
		Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash (used in)/generated from operations	7	(241,698,020)	918,246,891
Long term security deposits - net		(12,500)	(127,000)
Finance cost paid		(1,855,136,360)	(718,315,799)
Taxes paid		(114,349,854)	(48,462,008)
		(1,969,498,714)	(766,904,807)
<b>Net cash (used in)/generated from operating activities</b>		<b>(2,211,196,734)</b>	<b>151,342,084</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(7,148,176,805)	(4,767,987,976)
Long term loans - net		422,038	4,143,861
Proceeds from sale of property, plant and equipment		2,667,139	10,163,945
<b>Net cash used in investing activities</b>		<b>(7,145,087,628)</b>	<b>(4,753,680,170)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long term financing and murabaha		7,415,549,032	4,567,712,505
Repayment of long term financing and murabaha		(1,402,561,738)	(1,140,299,142)
Ordinary share capital issued of the Holding Company		411,782,359	-
Proceeds from short term financing		121,390,000	-
Shares issued to minority shareholders		1,176,373,160	189,028,909
Dividend paid		(5,320,669)	(30,035)
<b>Net cash generated from financing activities</b>		<b>7,717,212,144</b>	<b>3,616,412,237</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(1,639,072,218)</b>	<b>(985,925,849)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>		<b>(3,466,399,333)</b>	<b>(3,161,261,448)</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	8	<b>(5,105,471,551)</b>	<b>(4,147,187,297)</b>

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

Chief Executive

Director



## Interim Condensed Consolidated Statement of Changes in Equity (Un-audited) For the Nine Months Ended 31 March 2010

	HOLDING COMPANY'S EQUITY								MINORITY INTEREST	TOTAL EQUITY
	SHARE CAPITAL			RESERVES			Total Reserves	Total Equity of Holding Company		
	Share Capital	Preference Shares	Total	Capital Reserves	Revenue Reserves					
				Hedging Reserve	General Reserve	Unappropriated Profit/(Loss)				
R u p e e s										
Balance as at 30 June 2008	752,008,380	-	752,008,380	8,617,175	1,629,221,278	209,736,894	1,847,575,347	2,599,583,727	52,780,624	2,652,364,351
Bonus shares issued	75,200,840	-	75,200,840	-	-	(75,200,840)	(75,200,840)	-	-	-
Total comprehensive income for the nine months ended 31 March 2009	-	-	-	5,903,950	-	(42,680,440)	(36,776,490)	(36,776,490)	(196,230)	(36,972,720)
Minority interest arising on investment in subsidiary company	-	-	-	-	-	-	-	-	189,225,139	189,225,139
<b>Balance as at 31 March 2009</b>	<b>827,209,220</b>	<b>-</b>	<b>827,209,220</b>	<b>14,521,125</b>	<b>1,629,221,278</b>	<b>91,855,614</b>	<b>1,735,598,017</b>	<b>2,562,807,237</b>	<b>241,809,533</b>	<b>2,804,616,770</b>
15% non-voting cumulative convertible preference shares issued	-	413,604,610	413,604,610	-	-	-	-	413,604,610	-	413,604,610
Shares issuance cost, net	-	-	-	-	-	(3,667,721)	(3,667,721)	(3,667,721)	-	(3,667,721)
Total comprehensive income for the nine months ended 30 June 2009	-	-	-	(11,638,372)	-	144,788,256	133,149,884	133,149,884	(112,727)	133,037,157
Preference dividend for the year ended 30 June 2009	-	-	-	-	-	(5,269,209)	(5,269,209)	(5,269,209)	-	(5,269,209)
Minority interest arising on investment in subsidiary company	-	-	-	-	-	-	-	-	117,314,641	117,314,641
<b>Balance as at 30 June 2009</b>	<b>827,209,220</b>	<b>413,604,610</b>	<b>1,240,813,830</b>	<b>2,882,753</b>	<b>1,629,221,278</b>	<b>227,706,940</b>	<b>1,859,810,971</b>	<b>3,100,624,801</b>	<b>359,011,447</b>	<b>3,459,636,248</b>
Issuance of ordinary share capital	413,604,610	-	413,604,610	-	-	-	-	413,604,610	-	413,604,610
Shares issuance cost	-	-	-	-	-	(1,822,251)	(1,822,251)	(1,822,251)	-	(1,822,251)
Preference dividend	-	-	-	-	-	(31,275,307)	(31,275,307)	(31,275,307)	-	(31,275,307)
Minority interest arising on investment in subsidiary company	-	-	-	-	-	-	-	-	1,176,373,160	1,176,373,160
Total comprehensive income for the nine months ended 31 March 2010	-	-	-	(2,882,753)	-	398,878,789	395,996,036	395,996,036	45,154	396,041,190
<b>Balance as at 31 March 2010</b>	<b>1,240,813,830</b>	<b>413,604,610</b>	<b>1,654,418,440</b>	<b>-</b>	<b>1,629,221,278</b>	<b>593,488,171</b>	<b>2,222,709,449</b>	<b>3,877,127,889</b>	<b>1,535,429,761</b>	<b>5,412,557,650</b>

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

Chief Executive

Director



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

For the Nine Months Ended 31 March 2010

### 1. GROUP INFORMATION

The Group consists of:

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

#### Nishat (Chunian) Limited

Nishat (Chunian) Limited is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984 and is listed on the Lahore and Karachi Stock Exchanges. Its registered office is situated at 31-Q Gulberg II, Lahore. The Company is engaged in the business of spinning, weaving, dyeing, stitching, processing, doubling, sizing, buying, selling and otherwise dealing in yarn, fabric and made-ups made from raw cotton, synthetic fibre and cloth and to generate, accumulate, distribute, supply and sell electricity.

#### Nishat Chunian Power Limited

Nishat Chunian Power Limited is a public listed company incorporated in Pakistan under the Companies Ordinance, 1984 and is listed on the Lahore and Karachi stock exchanges. The principal activity of the Company will be to build, own, operate and maintain a fuel fired power station based on Reciprocating Engine Technology having gross capacity of 200 MW ISO in Jamber Kalan, Tehsil Pattoki, District Kasur, Punjab, Pakistan. Its registered office is situated at 31-Q, Gulberg II, Lahore.

### 2. STATEMENT OF COMPLIANCE

This interim condensed consolidated financial information is un-audited and is being submitted to the shareholders, as required under section 245 of the Companies Ordinance 1984 and has been prepared in accordance with the International Accounting Standard (IAS) - 34 "Interim Financial Reporting" as applicable in Pakistan and notified by the Securities and Exchange Commission of Pakistan (SECP). This interim condensed consolidated financial information should be read in conjunction with the audited annual published financial statements for the year ended 30 June 2009.

### 3. ACCOUNTING POLICIES AND COMPUTATION METHODS

The accounting policies and methods of computation adopted for the preparation of this interim condensed consolidated financial information is the same as applied in the preparation of preceding annual published financial statements of the holding company for the year ended 30 June 2009.

The following accounting policies have been adopted during the period:

IAS 1 (Revised) 'Presentation of Financial Statements'. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in performance statement. Companies can choose whether to present one performance statement (the statement of comprehensive income) or two statements (profit and loss account and statement of comprehensive income). The group has preferred to present two statements; a profit and loss account and a statement of comprehensive income. In this interim condensed consolidated financial information, comparative information has been re-presented in conformity with the revised standard. Since this change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.



In addition to above, there are other new standards and amendments to published approved accounting standards which are mandatory for financial statements for annual periods beginning on or after 01 January 2009 and are also relevant to the group. However, the adoption of these new standards and amendments to standards did not have any significant impact on this interim condensed consolidated financial information of the group, therefore, are not analyzed in detail.

#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this interim condensed consolidated 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 interim condensed consolidated 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 2009.

#### 5. CONTINGENCIES AND COMMITMENTS

##### Contingencies

There is no change in contingencies since the last audited financial statements except for:

##### Holding Company

- i) The Holding Company has given following guarantees on behalf of Nishat Chunian Power Limited - Subsidiary Company:
  - Performance guarantee of USD 1 million (Pak Rupees 84.20 million) [30 June 2009: USD 1 million (Pak Rupees 81.100 million)] in favour of Private Power and Infrastructure Board (Government of Pakistan) to secure performance of Nishat Chunian Power Limited under Implementation Agreement and Power Purchase Agreement.
  - The Company has issued irrevocable standby letters of credit of Rupees 642.406 million (30 June 2009: Rupees 888.876 million) for equity injection and NIL (30 June 2009: Rupees 147.120 million) for positive cost overrun, in accordance with Project Funds Agreement, in favour of security trustee of syndicated lenders of Nishat Chunian Power Limited.

Post dated cheques have been issued to custom authorities in respect of duties amounting to Rupees 32.407 million (30 June 2009: Rupees 24.689 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) Commitments in respect of capital expenditure are Rupees 64.207 million (30 June 2009: Rupees 19.499 million).
- ii) Letters of credit other than for capital expenditure are Rupees 109.872 million (30 June 2009: Rupees 291.489 million).
- iii) Outstanding foreign currency forward contracts of Rupees 2,040.41 million (30 June 2009: Rupees 1,131.288 million).



### Subsidiary Company

#### Contingencies

Irrevocable letter of credit of USD 5,369,650 (30 June 2009: USD 5,369,650) equivalent to Rupees 452,124,530 (30 June 2009: Rupees 436,552,545) in favour of National Transmission and Despatch Company as required under the Power Purchase Agreement.

Payment guarantee of USD 3,844,080 (30 June 2009: USD 3,844,080) equivalent to Rupees 323,671,536 (30 June 2009: Rupees 312,139,296) in favour of Wartsila Pakistan (Private) Limited to secure payment obligation by the Company under construction services contract.

	Un-audited 31 March 2010	Audited 30 June 2009
	Rupees	Rupees
<b>Commitments</b>		
Equipment supply contract with Wartsila Finland OY EURO 5,872,900 (30 June 2009: EURO 54,936,404)	662,815,494	6,307,797,907
Construction supply contract with Wartsila Pakistan (Private) Limited USD 1,922,040 (30 June 2009: 9,225,792)	161,643,564	749,134,310
Other contractors	4,041,789	18,754,894
	Un-audited 31 March 2010	Audited 30 June 2009
	Rupees	Rupees
<b>6. FIXED ASSETS</b>		
Property, plant and equipment		
Operating assets	5,626,034,243	5,981,577,203
Capital work in progress	17,606,348,471	9,162,761,309
	<u>23,232,382,714</u>	<u>15,144,338,512</u>
Intangible Asset - computer software	3,082,652	923,300
Intangible asset in progress - ERP system	4,091,943	-
	<u>23,239,557,309</u>	<u>15,145,261,812</u>



	Un-audited 31 March 2010	Un-audited 31 March 2009
	Rupees	Rupees
<b>7. CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	491,923,943	6,319,559
Add/(less) adjustment for non cash charges and other items:		
Depreciation	385,823,008	401,679,235
(Gain)/Loss on sale of operating fixed assets	(1,726,278)	(420,584)
Finance costs	816,057,432	808,183,387
Cash flows from operating activities before working capital changes	1,692,078,105	1,215,761,597
(Increase)/decrease in current assets		
- Stores, spare parts and loose tools	(308,663,910)	(29,229,001)
- Stock in trade	(2,086,156,830)	(349,032,422)
- Trade debts	288,808,049	(27,571,543)
- Loans and advances	209,889,575	(50,299,481)
- Short term deposits and prepayments	(5,676,326)	(642,103)
- Other receivables	(174,870,267)	(62,171,864)
Increase in current liabilities		
- Trade and other payables	142,893,584	221,431,708
Cash used in working capital	(1,933,776,125)	(297,514,706)
Net cash (used in)/generated from operations	(241,698,020)	918,246,891
	Un-audited 31 March 2010	Audited 30 June 2009
	Rupees	Rupees
<b>8. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	39,901,831	34,178,708
Short term borrowings	(5,145,373,382)	(3,500,578,041)
	(5,105,471,551)	(3,466,399,333)
<b>9. TRANSACTIONS WITH RELATED PARTIES</b>		
Related parties comprise of subsidiary, associated undertakings, other related parties, key management personnel and provident fund trust. The group in the normal course of business carries out transactions with related parties.		
Purchase of goods and services	134,510,401	64,922,282
Sale of goods and services	152,763,285	90,019,745
Contribution to employees' provident fund	15,540,397	13,964,601
Remuneration to key management personnel	46,895,628	36,662,373



#### 10. FINANCIAL RISK MANAGEMENT

The group's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the group for the year ended 30 June 2009.

#### 11. SEGMENT INFORMATION

As the subsidiary company has not started its operations, there are no operating results to be reported under IFRS-8 "Operating Segments". The operating results remain the same as disclosed in note 14 of separate interim financial statements of the holding company.

#### 12. CORRESPONDING FIGURES

Corresponding figures have been re-arranged/regrouped for the purpose of comparison. However, no significant re-arrangements / re-groupings have been made.

#### 13. AUTHORISED FOR ISSUE

This financial information was approved by the Board of Directors and authorised for issue on 24 April 2010.

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

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Director