

# Nishat (Chunian) Limited



**Interim Financial Information**  
Quarter Ended 30 September 2011  
(Unaudited)



## 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              | 10-16 |
| Consolidated Balance Sheet                      | 18-19 |
| Consolidated Profit and Loss Account            | 20    |
| Consolidated Statement of Comprehensive Income  | 21    |
| Consolidated Cash Flow Statement                | 22    |
| Consolidated Statement of Changes in Equity     | 23    |
| Notes to the Consolidated Financial Information | 24-31 |



## Company Information

|                                      |  |  |
|--------------------------------------|--|--|
| <b>Board of Directors:</b>           | Mr. Muhammad Saleem<br>Mrs. Farhat Saleem<br>Mr. Shahzad Saleem<br>Mr. Manzoor Ahmed<br>Mr. Aftab Ahmad Khan<br>Mr. Manzar Mushtaq<br>Mr. Mushtaq Ahmed  | Chairman<br>Chief Executive<br>Nominee NIT |
| <b>Audit Committee:</b>              | Mr. Aftab Ahmad Khan<br>Mr. Shahzad Saleem<br>Mr. Manzar Mushtaq   | Chairman<br>Member<br>Member               |
| <b>Company Secretary:</b>            | Mr. Ahmad Subhani  |  |
| <b>Bankers to the Company:</b>       | Allied Bank Limited<br>Askari Bank Limited<br>AlBarka Bank (Pakistan) Limited<br>Bank Alfalah Limited<br>Barclays Bank plc, Pakistan<br>Bank Islami Pakistan Limited<br>Bank AlHabib Limited<br>Burj Bank Limited<br>Citibank N.A.<br>Deutsche Bank AG<br>Dubai Islamic Bank Pakistan Limited<br>Faysal Bank Limited<br>Habib Bank Limited<br>HSBC Bank Middle East Limited<br>Habib Metropolitan Bank Limited<br>JS Bank Limited<br>KASB Bank Limited<br>Meezan Bank Limited<br>National Bank of Pakistan<br>NIB Bank Limited<br>Pak Kuwait Investment Company (Private) Limited<br>Standard Chartered Bank Pakistan Limited<br>Saudi Pak Industrial and agriculture Investment Company Limited<br>SAMBA Bank Limited<br>Summit Bank Limited<br>The Bank of Punjab<br>United Bank Limited |  |
| <b>Auditors:</b>                     | Riaz Ahmad & Company<br>Chartered Accountants  |  |
| <b>Registered &amp; Head Office:</b> | 31-Q, Gulberg-II,<br>Lahore, Pakistan.<br>Phone : 35761730-39<br>Fax : 35878696-97<br>Web : <a href="http://nishat.net">http://nishat.net</a> & <a href="http://www.nishatchunian.com">www.nishatchunian.com</a>   |  |
| <b>Share Registrar:</b>              | Hameed Majeed Associates (Pvt) Limited<br>1st Floor, H.M. House<br>7-Bank Square, Lahore<br>Ph: 042 37235081-2<br>Fax: 042 37358817  |  |
| <b>Mills:</b>                        | Spinning 1, 4 & 5<br>49th Kilometre, Multan Road,<br>Bhai Pheru, Tehsil Chunian,<br>District Kasur.<br><br>Spinning 2, 3 & Weaving<br>49th Kilometre, Multan Road,<br>Kamogal, Tehsil Pattoki,<br>District Kasur.<br><br>Dyeing & Printing<br>4th Kilometre, Manga Road,<br>Raiwind.   |  |



## Directors' Report

We are pleased to present the un-audited financial statements of Nishat (Chunian) Limited for the quarter ended 30 September 2011. Sales during the quarter are PKR 4,135 million as compared to PKR 3,820 million during corresponding quarter. Despite increase in sales by 8.24%, the Company's gross margin has significantly decreased to 8.72% as compared to 24.26% during corresponding quarter. Major reason for drop in profitability is decrease in spinning and power division margins. Spinning division operating margin decreased to 3.78% from 24.72% during corresponding quarter, because of higher cotton prices and comparatively low yarn prices. Increased use of furnace oil and diesel because of gas load shedding resulted in operating loss of PKR 46 million in power division as compared to a profit of PKR 6 million during corresponding quarter. The Company has a loss before tax of PKR 45 million during the quarter. Loss after tax is PKR 86 million because of tax provision of 41 million as the Company is under presumptive tax regime. For rest of the year we expect improvement in profitability of the Company.

On behalf of the Board

Shahzad Saleem  
Chief Executive

Lahore: 29 October 2011



## Interim Condensed Balance Sheet

|  | Note | Unaudited<br>30 September<br>2011<br>Rupees | Audited<br>30 June<br>2011<br>Rupees |
|--|------|---|--------------------------------------|
| <b>EQUITY AND LIABILITIES</b>                |      |   |                                      |
| <b>SHARE CAPITAL AND RESERVES</b>            |      |   |                                      |
| Authorized share capital                     | 5    | <u>1,950,000,000</u>                        | <u>1,950,000,000</u>                 |
| Issued, subscribed and paid up share capital | 6    | 1,654,418,440                               | 1,654,418,440                        |
| Reserves                                     |      | 3,964,133,457                               | 4,050,022,531                        |
| <b>Total equity</b>                          |      | <u>5,618,551,897</u>                        | <u>5,704,440,971</u>                 |
| <b>NON-CURRENT LIABILITIES</b>               |      |   |                                      |
| Long term financing                          | 7    | 2,988,585,118                               | 3,333,932,201                        |
| <b>CURRENT LIABILITIES</b>                   |      |   |                                      |
| Trade and other payables                     |      | 1,010,780,569                               | 892,831,127                          |
| Accrued mark-up                              |      | 159,206,962                                 | 191,413,429                          |
| Short term borrowings                        | 8    | 3,863,465,184                               | 4,608,615,759                        |
| Current portion of non-current liabilities   |      | 1,480,676,494                               | 1,499,061,615                        |
|  |      | <u>6,514,129,209</u>                        | <u>7,191,921,930</u>                 |
| <b>TOTAL LIABILITIES</b>                     |      | <u>9,502,714,327</u>                        | <u>10,525,854,131</u>                |
| <b>CONTINGENCIES AND COMMITMENTS</b>         | 9    | -   | -                                    |
| <b>TOTAL EQUITY AND LIABILITIES</b>          |      | <u>15,121,266,224</u>                       | <u>16,230,295,102</u>                |

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

Chief Executive



## as at 30 September 2011

|                                     | Note | Unaudited<br>30 September<br>2011<br>Rupees | Audited<br>30 June<br>2011<br>Rupees |
|-------------------------------------|------|---|--------------------------------------|
| <b>ASSETS</b>                       |      |   |                                      |
| <b>NON-CURRENT ASSETS</b>           |      |   |                                      |
| Fixed assets                        | 10   | 6,129,778,911                               | 6,215,029,724                        |
| Investment in subsidiary company    |      | 1,942,768,220                               | 1,942,768,220                        |
| Long term loans                     |      | 2,408,113                                   | 3,289,666                            |
| Long term security deposits         |      | 2,009,909                                   | 1,095,442                            |
|                                     |      | <u>8,076,965,153</u>                        | <u>8,162,183,052</u>                 |
| <b>CURRENT ASSETS</b>               |      |   |                                      |
| Stores, spare parts and loose tools |      | 505,368,484                                 | 448,513,103                          |
| Stock-in-trade                      |      | 3,629,115,514                               | 4,513,058,916                        |
| Trade debts                         |      | 1,930,017,957                               | 2,144,644,013                        |
| Loans and advances                  |      | 208,506,005                                 | 209,627,063                          |
| Short term prepayments              |      | 10,999,066                                  | 379,188                              |
| Other receivables                   |      | 612,611,600                                 | 614,891,305                          |
| Accrued interest                    |      | 2,564,987                                   | 1,975,178                            |
| Cash and bank balances              |      | 145,117,458                                 | 135,023,284                          |
|                                     |      | <u>7,044,301,071</u>                        | <u>8,068,112,050</u>                 |
| <b>TOTAL ASSETS</b>                 |      | <u><u>15,121,266,224</u></u>                | <u><u>16,230,295,102</u></u>         |

Director



## Interim Condensed Profit and Loss Account (Unaudited)

For the Quarter Ended 30 September 2011

|                                       | Note | 30 September<br>2011<br>Rupees | 30 September<br>2010<br>Rupees |
|---------------------------------------|------|--------------------------------|--------------------------------|
| Sales                                 |      | 4,134,657,346                  | 3,820,222,939                  |
| Cost of sales                         | 11   | 3,774,190,532                  | 2,893,377,290                  |
| Gross profit                          |      | 360,466,814                    | 926,845,649                    |
| Distribution and selling expenses     |      | 115,315,325                    | 101,388,827                    |
| Administrative expenses               |      | 29,276,198                     | 30,981,477                     |
| Other operating expenses              |      | 1,265,000                      | 30,268,911                     |
|                                       |      | 145,856,523                    | 162,639,215                    |
|                                       |      | 214,610,291                    | 764,206,434                    |
| Other operating income                |      | 58,720,274                     | 22,998,629                     |
| Profit from operations                |      | 273,330,565                    | 787,205,063                    |
| Finance cost                          |      | 318,039,695                    | 271,227,647                    |
| (Loss) / profit before taxation       |      | (44,709,130)                   | 515,977,416                    |
| Provision for taxation                |      | 41,179,944                     | 38,523,000                     |
| (Loss) / profit after taxation        |      | (85,889,074)                   | 477,454,416                    |
| (Loss) / earnings per share - basic   |      | (0.53)                         | 3.01                           |
| (Loss) / earnings per share - diluted |      | (0.52)                         | 2.89                           |

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

Chief Executive

Director



## Interim Condensed Statement of Comprehensive Income (Unaudited)

For the Quarter Ended 30 September 2011

|   | 30 September<br>2011 | 30 September<br>2010 |
|---|----------------------|----------------------|
|   | Rupees               | Rupees               |
| (Loss) / profit after taxation                        | (85,889,074)         | 477,454,416          |
| Other comprehensive income                            | -                    | -                    |
| Total comprehensive (loss) /<br>income for the period | <u>(85,889,074)</u>  | <u>477,454,416</u>   |

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

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Chief Executive

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Director





## Interim Condensed Cash Flow Statement (Unaudited)

For the Quarter Ended 30 September 2011

|   | Note | 30 September<br>2011   | 30 September<br>2010 |
|---|------|------------------------|----------------------|
|   |      | Rupees                 | Rupees               |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                         |      |                        |                      |
| Cash generated from operations                                      | 12   | 1,621,059,433          | 232,541,432          |
| Long term deposits - net  |      | (914,467)              | -                    |
| Finance cost paid   |      | (350,246,162)          | (316,507,753)        |
| Taxes paid  |      | (102,384,948)          | (12,736,214)         |
|   |      | (453,545,577)          | (329,243,967)        |
| <b>Net cash generated from / (used in)<br/>operating activities</b> |      | <b>1,167,513,856</b>   | <b>(96,702,535)</b>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                         |      |                        |                      |
| Purchase of property, plant and equipment                           |      | (54,199,500)           | (270,738,868)        |
| Proceeds from sale of property, plant and equipment                 |      | 4,604,175              | 1,350,000            |
| Long term loans - net   |      | 881,553                | (84,765,670)         |
| Mark-up income received   |      | 176,868                | -                    |
| <b>Net cash used in investing activities</b>                        |      | <b>(48,536,904)</b>    | <b>(354,154,538)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                         |      |                        |                      |
| Proceeds from long term financing                                   |      | -                      | 770,000,000          |
| Repayment of long term financing                                    |      | (363,732,203)          | (300,733,093)        |
| Short term borrowings - net   |      | (745,150,575)          | (75,773,642)         |
| <b>Net cash (used in) / from financing activities</b>               |      | <b>(1,108,882,778)</b> | <b>393,493,265</b>   |
| <b>NET INCREASE / (DECREASE) IN<br/>CASH AND CASH EQUIVALENTS</b>   |      | <b>10,094,174</b>      | <b>(57,363,808)</b>  |
| <b>CASH AND CASH EQUIVALENTS AT<br/>THE BEGINNING OF THE PERIOD</b> |      | <b>135,023,284</b>     | <b>90,774,521</b>    |
| <b>CASH AND CASH EQUIVALENTS AT<br/>THE END OF THE PERIOD</b>       |      | <b>145,117,458</b>     | <b>33,410,713</b>    |

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

Chief Executive

Director



## Interim Condensed Statement of Changes in Equity (Unaudited)

For the Quarter Ended 30 September 2011

|   | SHARE CAPITAL   |                   |               | RESERVES        |                       |               | TOTAL EQUITY  |
|---|-----------------|-------------------|---------------|-----------------|-----------------------|---------------|---------------|
|   | Ordinary Shares | Preference Shares | Total         | General Reserve | Unappropriated Profit | Total         |               |
| ..... R u p e e s .....   |                 |                   |               |                 |                       |               |               |
| Balance as at 30 June 2010<br>- restated (audited)                                | 1,585,526,670   | 68,891,770        | 1,654,418,440 | 1,629,221,278   | 1,205,077,780         | 2,834,299,058 | 4,488,717,498 |
| Total comprehensive income for the quarter ended 30 Sep 2010                      | -               | -                 | -             | -               | 477,454,416           | 477,454,416   | 477,454,416   |
| Balance as at 30 September 2010<br>(un-audited)                                   | 1,585,526,670   | 68,891,770        | 1,654,418,440 | 1,629,221,278   | 1,682,532,196         | 3,311,753,474 | 4,966,171,914 |
| Final dividend for the year ended 30 Jun 2010<br>@ Rupees 1.50 per ordinary share | -               | -                 | -             | -               | (237,829,001)         | (237,829,001) | (237,829,001) |
| Preference shares converted into ordinary shares                                  | 35,376,820      | (35,376,820)      | -             | -               | -                     | -             | -             |
| Preference dividend for the year ended 30 June 2011                               | -               | -                 | -             | -               | (5,027,243)           | (5,027,243)   | (5,027,243)   |
| Total comprehensive income for the nine months ended 30 June 2011                 | -               | -                 | -             | -               | 981,125,301           | 981,125,301   | 981,125,301   |
| Balance as at 30 June 2011<br>(audited)   | 1,620,903,490   | 33,514,950        | 1,654,418,440 | 1,629,221,278   | 2,420,801,253         | 4,050,022,531 | 5,704,440,971 |
| Total comprehensive loss for the quarter ended 30 September 2011                  | -               | -                 | -             | -               | (85,889,074)          | (85,889,074)  | (85,889,074)  |
| Balance as at 30 September 2011<br>(un-audited)                                   | 1,620,903,490   | 33,514,950        | 1,654,418,440 | 1,629,221,278   | 2,334,912,179         | 3,964,133,457 | 5,618,551,897 |

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

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Chief Executive

\_\_\_\_\_  
Director



## Selected Notes to the Interim Condensed Financial Information (Unaudited)

For the Quarter Ended 30 September 2011

### 1. THE COMPANY AND ITS OPERATIONS

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

### 2. STATEMENT OF COMPLIANCE

This interim condensed financial information is unaudited 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 financial information should be read in conjunction with the annual financial statements for the year ended 30 June 2011.

### 3. ACCOUNTING POLICIES AND COMPUTATION METHODS

Accounting policies and methods of computation adopted for the preparation of this interim condensed financial information are the same as applied in the preparation of the preceding annual financial statements of the company for the year ended 30 June 2011.

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Judgements and estimates made by the management in the preparation of this interim condensed financial information are the same as those applied to the annual financial statements for the year ended 30 June 2011.

|   | Unaudited<br>30 September<br>2011 | Audited<br>30 June<br>2011 |
|---|-----------------------------------|----------------------------|
|   | Rupees                            | Rupees                     |
| <b>5. AUTHORIZED SHARE CAPITAL</b>  |                                   |                            |
| 175,000,000 Ordinary shares of Rupees10 each  | 1,750,000,000                     | 1,750,000,000              |
| 20,000,000 15 % non-voting cumulative convertible Preference shares of Rupees 10 each | 200,000,000                       | 200,000,000                |
|   | <u>1,950,000,000</u>              | <u>1,950,000,000</u>       |



|  | Unaudited<br>30 September<br>2011 | Audited<br>30 June<br>2011 |
|--|-----------------------------------|----------------------------|
|  | Rupees                            | Rupees                     |
| <b>6. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL</b>   |                                   |                            |
| 91,369,427 Ordinary shares of Rupees 10 each fully paid in cash  | 913,694,270                       | 913,694,270                |
| 69,496,657 Ordinary shares of Rupees 10 each issued as fully paid bonus shares   | 694,966,570                       | 694,966,570                |
| 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                 |
| 3,351,495 15% non-voting cumulative convertible preference shares of Rupees 10 each fully paid in cash   | 33,514,950                        | 33,514,950                 |
|  | <u>1,654,418,440</u>              | <u>1,654,418,440</u>       |
| <b>7. LONG TERM FINANCING</b>  |                                   |                            |
| From Banking Companies / financial institution -Secured  |                                   |                            |
| Long Term Loans  | 3,408,636,612                     | 3,747,993,816              |
| Long Term Musharika  | 560,625,000                       | 585,000,000                |
| Privately placed term finance certificates   | 500,000,000                       | 500,000,000                |
|  | <u>4,469,261,612</u>              | <u>4,832,993,816</u>       |
| Less: Current portion shown under current liabilities  | 1,480,676,494                     | 1,499,061,615              |
| Non-current portion  | <u>2,988,585,118</u>              | <u>3,333,932,201</u>       |
| <b>8. SHORT TERM BORROWINGS</b>  |                                   |                            |
| Short term running finances  | 624,986,915                       | 1,401,961,600              |
| Export finances-preshipment/SBP refinance  | 2,526,317,303                     | 2,432,805,740              |
| Other short term finances  | 712,160,966                       | 773,848,419                |
|  | <u>3,863,465,184</u>              | <u>4,608,615,759</u>       |
| <b>9. CONTINGENCIES AND COMMITMENTS</b>  |                                   |                            |
| Contingencies:<br>There is no change in contingencies since the last audited financial statements.   |                                   |                            |
| Commitments:   |                                   |                            |
| i) Commitments in respect of capital expenditure are Rupees 40.947 million (30 June 2011: Rupees 39.329 million).  |                                   |                            |



- ii) Letters of credit other than for capital expenditure are Rupees 201.139 million (30 June 2011: Rupees 171.715 million).
- iii) Outstanding forwards contracts of Rupees Nil (30 June 2011: Rupees 1,461.41 million).
- iv) Post dated cheques have been issued to custom authorities in respect of duties amounting to Rupees 929.450 million (30 June 2011: Rupees 927.402 million) on account of 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.

|  | Unaudited<br>30 September<br>2011 | Audited<br>30 June<br>2011 |
|--|-----------------------------------|----------------------------|
|  | Rupees                            | Rupees                     |
| <b>10. OPERATING FIXED ASSETS</b>                            |                                   |                            |
| Property, plant and equipment:                               |                                   |                            |
| Operating assets (10.1)                                      | 6,064,831,255                     | 6,152,148,025              |
| Capital work in progress                                     | 61,407,460                        | 58,916,678                 |
|  | <u>6,126,238,715</u>              | <u>6,211,064,703</u>       |
| Intangible asset:  |                                   |                            |
| Computer software  | 3,540,196                         | 3,965,021                  |
|  | <u>6,129,778,911</u>              | <u>6,215,029,724</u>       |
| <b>10.1 Operating Assets</b>                                 |                                   |                            |
| Opening book value   | 6,152,148,025                     | 5,593,337,106              |
| Additions during the period/year (10.1.1)                    | 51,708,718                        | 1,202,870,016              |
|  | <u>6,203,856,743</u>              | <u>6,796,207,122</u>       |
| Book value of deletions during the period/year (10.1.2)      | 4,108,192                         | 108,129,265                |
| Less: Depreciation charged during the period/year            | 134,917,296                       | 535,929,832                |
| Closing book value   | <u>6,064,831,255</u>              | <u>6,152,148,025</u>       |
| <b>10.1.1 Cost of additions during the period/year</b>       |                                   |                            |
| Building on freehold land                                    | 582,216                           | 78,835,068                 |
| Plant and Machinery  | 37,042,487                        | 1,067,176,440              |
| Electric Installations                                       | -                                 | 5,248,385                  |
| Factory equipment  | 4,581,682                         | 6,868,621                  |
| Furniture and fixtures                                       | 607,327                           | 6,256,770                  |
| Office Equipment   | 1,062,858                         | 5,161,455                  |
| Motor Vehicles   | 7,832,148                         | 33,323,277                 |
|  | <u>51,708,718</u>                 | <u>1,202,870,016</u>       |
| <b>10.1.2 Book Value of deletions during the period/year</b> |                                   |                            |
| Machinery and Electric Installation                          | 9,857,222                         | 258,009,907                |
| Office equipment   | 108,750                           | 93,000                     |
| Vehicles   | 4,073,983                         | 35,385,017                 |
| Total Cost of Deletions                                      | <u>14,039,955</u>                 | <u>293,487,924</u>         |
| Less Accumulated Depreciation                                | <u>(9,931,763)</u>                | <u>(185,358,659)</u>       |
|  | <u>4,108,192</u>                  | <u>108,129,265</u>         |



|   | Unaudited<br>30 September<br>2011 | Unaudited<br>30 September<br>2010 |
|---|-----------------------------------|-----------------------------------|
|   | Rupees                            | Rupees                            |
| <b>11. COST OF SALES</b>                        |                                   |                                   |
| Raw material consumed                           | 2,507,979,351                     | 2,218,137,945                     |
| Packing materials consumed                      | 112,592,354                       | 108,112,970                       |
| Stores, spare parts and loose tools             | 183,909,249                       | 189,605,062                       |
| Salaries, wages and other benefits              | 233,852,104                       | 198,348,612                       |
| Fuel and power                                  | 371,723,615                       | 318,512,901                       |
| Insurance                                       | 7,555,365                         | 5,903,601                         |
| Postage and telephone                           | 135,621                           | 88,553                            |
| Travelling and conveyance                       | 3,662,947                         | 3,018,214                         |
| Vehicle running                                 | 4,710,317                         | 3,932,048                         |
| Entertainment                                   | 1,032,624                         | 950,264                           |
| Depreciation                                    | 134,006,905                       | 118,125,009                       |
| Repair and maintenance                          | 9,648,941                         | 4,834,572                         |
| Other factory overheads                         | 8,891,718                         | 28,533,037                        |
|   | <b>3,579,701,111</b>              | <b>3,198,102,788</b>              |
| Work-in-process                                 |                                   |                                   |
| Opening stock                                   | 629,297,302                       | 466,561,040                       |
| Closing stock                                   | (538,082,298)                     | (506,541,355)                     |
|   | <b>91,215,004</b>                 | <b>(39,980,315)</b>               |
| Cost of goods manufactured                      | <b>3,670,916,115</b>              | <b>3,158,122,473</b>              |
| Finished goods and waste-opening stocks         |                                   |                                   |
| Finished goods                                  | 770,989,077                       | 681,133,741                       |
| Waste   | 40,151,201                        | 36,816,119                        |
|   | <b>811,140,278</b>                | <b>717,949,860</b>                |
|   | <b>4,482,056,393</b>              | <b>3,876,072,333</b>              |
| Finished goods and waste-closing stocks         |                                   |                                   |
| Finished goods                                  | (662,581,413)                     | (941,446,511)                     |
| Waste   | (45,284,448)                      | (41,324,144)                      |
|   | <b>(707,865,861)</b>              | <b>(982,770,655)</b>              |
| Cost of goods sold-own manufactured             | <b>3,774,190,532</b>              | <b>2,893,301,678</b>              |
| Opening stock of purchased finished goods       | -                                 | 75,612                            |
| Add: Finished goods purchased                   | -                                 | -                                 |
| Less: Closing stock of purchased finished goods | -                                 | -                                 |
| Cost of sales-purchased finished goods          | -                                 | 75,612                            |
|   | <b>3,774,190,532</b>              | <b>2,893,377,290</b>              |



|  | Unaudited<br>30 September<br>2011 | Unaudited<br>30 September<br>2010 |
|--|-----------------------------------|-----------------------------------|
|  | Rupees                            | Rupees                            |
| <b>12. CASH GENERATED FROM OPERATIONS</b>                              |                                   |                                   |
| (Loss) / profit before taxation  | (44,709,130)                      | 515,977,416                       |
| Add / (less) adjustment for non cash<br>charges and other items:       |                                   |                                   |
| Depreciation on operating assets                                       | 134,917,296                       | 120,764,067                       |
| Amortization on intangible assets                                      | 424,824                           | -                                 |
| Gain on sale of operating fixed assets                                 | (495,983)                         | (810,497)                         |
| Gain on fair value adjustment of held<br>for sale investment           | -                                 | (2,500,000)                       |
| Interest income on loan to subsidiary company                          | (766,677)                         | -                                 |
| Finance costs  | 318,039,695                       | 271,227,647                       |
| Cash flows from operating activities<br>before working capital changes | 407,410,025                       | 904,658,633                       |
| (Increase) / decrease in current assets                                |                                   |                                   |
| - Stores, spare parts and loose tools                                  | (56,855,381)                      | 3,222,316                         |
| - Stock in trade   | 883,943,402                       | (746,602,311)                     |
| - Trade debts  | 214,626,056                       | 202,338,345                       |
| - Loans and advances   | 1,121,058                         | 5,020,823                         |
| - Short term deposits and prepayments                                  | (10,619,878)                      | (7,968,244)                       |
| - Other receivables  | 63,484,709                        | 9,937,123                         |
| Increase / (decrease) in current liabilities                           |                                   |                                   |
| - Trade and other payables   | 117,949,442                       | (138,065,253)                     |
| Cash generated from operations   | 1,621,059,433                     | 232,541,432                       |

### 13. SEGMENT INFORMATION

|  | Spinning                   |                      | Weaving                    |                      | Processing and Home Textile |                      | Power Generation           |                      | Elimination of inter-segment transactions |                      | Total - Company            |                      |
|--|----------------------------|----------------------|----------------------------|----------------------|-----------------------------|----------------------|----------------------------|----------------------|---|----------------------|----------------------------|----------------------|
|  | (Un-audited) Quarter ended | (Audited) Year ended | (Un-audited) Quarter ended | (Audited) Year ended | (Un-audited) Quarter ended  | (Audited) Year ended | (Un-audited) Quarter ended | (Audited) Year ended | (Un-audited) Quarter ended                | (Audited) Year ended | (Un-audited) Quarter ended | (Audited) Year ended |
| Sales  | 2,766,012,514              | 2,643,375,245        | 1,527,646,887              | 1,284,723,201        | 1,336,615,375               | 1,301,018,948        | 272,598,327                | 300,022,195          | (1,768,215,757)                           | (1,709,516,650)      | 4,134,657,346              | 3,820,222,939        |
| Cost of Sales  | (2,598,183,618)            | (1,973,586,898)      | (1,405,187,509)            | (1,157,709,650)      | (1,221,785,099)             | (1,179,373,677)      | (317,250,063)              | (292,223,715)        | 1,768,215,757                             | 1,709,516,650        | (3,774,190,532)            | (2,893,377,290)      |
| Gross profit / (loss)  | 167,828,896                | 670,388,347          | 122,459,378                | 127,013,551          | 114,830,276                 | 121,645,271          | (44,651,736)               | 7,798,480            | -   | -                    | 360,466,814                | 926,845,649          |
| Distribution Cost  | (51,159,961)               | (51,258,898)         | (29,104,745)               | (24,907,001)         | (35,050,619)                | (25,222,928)         | -                          | -                    | -   | -                    | (115,315,325)              | (101,388,827)        |
| Admin Cost   | (12,098,010)               | (14,813,402)         | (7,670,208)                | (7,197,920)          | (8,113,876)                 | (7,289,220)          | (1,394,104)                | (1,680,935)          | -   | -                    | (29,276,198)               | (30,981,477)         |
| Profit / (loss) before taxation and un-allocated income and expenses | (63,257,971)               | (66,072,300)         | (36,774,953)               | (32,104,921)         | (43,164,495)                | (32,512,148)         | (1,394,104)                | (1,680,935)          | -   | -                    | (144,591,529)              | (132,370,504)        |
| Un-allocated income and expenses                                     | 104,570,925                | 604,316,047          | 85,684,425                 | 94,908,630           | 71,665,781                  | 89,133,123           | (46,045,840)               | 6,117,545            | -   | -                    | 215,875,291                | 794,475,345          |
| Other operating expenses   |                            |                      |                            |                      |                             |                      |                            |                      |   |                      | (1,265,000)                | (30,268,911)         |
| Finance cost   |                            |                      |                            |                      |                             |                      |                            |                      |   |                      | 58,720,274                 | 22,908,629           |
| Provision for taxation   |                            |                      |                            |                      |                             |                      |                            |                      |   |                      | (318,059,935)              | (271,227,647)        |
| Profit after taxation  |                            |                      |                            |                      |                             |                      |                            |                      |   |                      | (41,179,944)               | (38,523,000)         |
|  |                            |                      |                            |                      |                             |                      |                            |                      |   |                      | (85,889,074)               | 477,454,416          |



### 13.1 Reconciliation of reportable segment assets and liabilities

|   | Spinning                   |                      | Weaving                    |                      | Processing and Home Textile |                      | Power Generation           |                      | Total - Company            |                      |
|---|----------------------------|----------------------|----------------------------|----------------------|-----------------------------|----------------------|----------------------------|----------------------|----------------------------|----------------------|
|   | (Un-audited) Quarter ended | (Audited) Year ended | (Un-audited) Quarter ended | (Audited) Year ended | (Un-audited) Quarter ended  | (Audited) Year ended | (Un-audited) Quarter ended | (Audited) Year ended | (Un-audited) Quarter ended | (Audited) Year ended |
| Total assets for reportable segments      | 5,761,829,426              | 6,685,083,743        | 2,389,934,449              | 2,221,645,903        | 3,283,203,874               | 3,627,551,305        | 963,387,493                | 980,234,252          | 12,398,355,242             | 13,514,515,203       |
| Unallocated assets:                       |                            |                      |                            |                      |                             |                      |                            |                      |                            |                      |
| Long term investments                     |                            |                      |                            |                      |                             |                      |                            |                      | 1,942,768,220              | 1,942,768,220        |
| Other receivables                         |                            |                      |                            |                      |                             |                      |                            |                      | 612,611,600                | 614,891,305          |
| Cash and bank balances                    |                            |                      |                            |                      |                             |                      |                            |                      | 145,117,458                | 135,023,284          |
| Other corporate assets                    |                            |                      |                            |                      |                             |                      |                            |                      | 22,413,704                 | 23,097,090           |
| Total assets as per balance sheet         |                            |                      |                            |                      |                             |                      |                            |                      | 15,121,266,224             | 16,230,295,102       |
| Total liabilities for reportable segments | 176,208,071                | 22,767,665           | 105,296,027                | 101,660,656          | 178,434,781                 | 161,988,376          | 125,271,903                | 98,969,476           | 585,211,782                | 385,386,173          |
| Unallocated liabilities:                  |                            |                      |                            |                      |                             |                      |                            |                      | 8,917,502,545              | 10,140,467,958       |
| Total liabilities as per balance sheet    |                            |                      |                            |                      |                             |                      |                            |                      | 9,502,714,327              | 10,525,854,131       |





#### 14. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of subsidiary, associated undertakings, other related parties, key management personnel and provident fund trust. The company in the normal course of business carries out transactions with related parties.

|   | Unaudited<br>30 September<br>2011 | Unaudited<br>30 September<br>2010 |
|---|-----------------------------------|-----------------------------------|
|   | Rupees                            | Rupees                            |
| Purchase of goods and services            | 1,546,197                         | 31,681,990                        |
| Sale of goods and services                | -                                 | 55,267,285                        |
| Contribution to employees' provident fund | 5,952,627                         | 5,480,759                         |
| Subordinated loan given to subsidiary     | 545,000,000                       | 85,000,000                        |
| Subordinated loan received back           | 545,000,000                       | -                                 |
| Markup charged on loan to subsidiary      | 767,677                           | 14,098,758                        |

#### 15. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the audited published financial statements of the Company for the year ended 30 June 2011

#### 16. CORRESPONDING FIGURES

Corresponding figures have been re-arranged / re-grouped wherever necessary for the purpose of comparison.

#### 17. AUTHORISED FOR ISSUE

This financial information was approved by the Board of Directors and authorised for issue on 29 October 2011.

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

\_\_\_\_\_  
Director

NISHAT (CHUNIAN) LIMITED AND ITS  
SUBSIDIARY COMPANY

INTERIM CONDENSED CONSOLIDATED  
FINANCIAL INFORMATION

QUARTER ENDED 30 SEPTEMBER 2011  
(UNAUDITED)



## Interim Condensed Consolidated Balance Sheet

|  | Note | Unaudited<br>30 September<br>2011<br><u>Rupees</u> | Audited<br>30 June<br>2011<br><u>Rupees</u> |
|--|------|--|---|
| <b>EQUITY AND LIABILITIES</b>                                |      |  |   |
| <b>SHARE CAPITAL AND RESERVES</b>                            |      |  |   |
| Authorized share capital                                     | 5    | <u>1,950,000,000</u>                               | <u>1,950,000,000</u>                        |
| Issued, subscribed and paid-up share capital                 | 6    | 1,654,418,440                                      | 1,654,418,440                               |
| Reserves   |      | 4,908,471,333                                      | 4,687,597,343                               |
| Equity attributable to equity holders of the Holding Company |      | <u>6,562,889,773</u>                               | <u>6,342,015,783</u>                        |
| Non-controlling interest                                     |      | 2,579,170,980                                      | 2,305,932,032                               |
| Total equity   |      | <u>9,142,060,753</u>                               | <u>8,647,947,815</u>                        |
| <b>NON-CURRENT LIABILITIES</b>                               |      |  |   |
| Long term financing  | 7    | 16,584,243,822                                     | 17,145,214,989                              |
| <b>CURRENT LIABILITIES</b>                                   |      |  |   |
| Trade and other payables                                     |      | 2,076,380,994                                      | 1,563,171,399                               |
| Accrued mark-up  |      | 956,641,103  | 953,708,954                                 |
| Short term borrowings  | 8    | 9,479,850,607                                      | 8,219,915,747                               |
| Current portion of long term financing                       |      | 2,483,256,572                                      | 2,533,783,675                               |
|  |      | <u>14,996,129,276</u>                              | <u>13,270,579,775</u>                       |
| TOTAL LIABILITIES  |      | <u>31,580,373,098</u>                              | <u>30,415,794,764</u>                       |
| CONTINGENCIES AND COMMITMENTS                                | 9    | -  | -   |
| <b>TOTAL EQUITY AND LIABILITIES</b>                          |      | <u><u>40,722,433,851</u></u>                       | <u><u>39,063,742,579</u></u>                |

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

Chief Executive



## as at 30 September 2011

|                                     | Note | Unaudited<br>30 September<br>2011<br>Rupees | Audited<br>30 June<br>2011<br>Rupees |
|-------------------------------------|------|---|--------------------------------------|
| <b>ASSETS</b>                       |      |   |                                      |
| <b>NON-CURRENT ASSETS</b>           |      |   |                                      |
| Fixed assets                        | 10   | 22,649,683,594                              | 22,963,097,004                       |
| Long term loans                     |      | 2,757,220                                   | 5,382,191                            |
| Long term security deposits         |      | 2,014,909                                   | 1,200,442                            |
|                                     |      | <u>22,654,455,723</u>                       | <u>22,969,679,637</u>                |
| <b>CURRENT ASSETS</b>               |      |   |                                      |
| Stores, spare parts and loose tools |      | 881,890,477                                 | 694,943,360                          |
| Stock-in-trade                      |      | 3,912,331,527                               | 5,178,429,523                        |
| Trade debts                         |      | 11,840,620,734                              | 9,053,785,203                        |
| Loans and advances                  |      | 550,183,817                                 | 284,807,263                          |
| Short term prepayments              |      | 121,642,258                                 | 7,899,639                            |
| Other receivables                   |      | 613,028,137                                 | 697,212,345                          |
| Accrued interest                    |      | 2,564,987                                   | 2,660,798                            |
| Cash and bank balances              |      | 145,716,191                                 | 174,324,811                          |
|                                     |      | <u>18,067,978,128</u>                       | <u>16,094,062,942</u>                |
| <b>TOTAL ASSETS</b>                 |      | <u><u>40,722,433,851</u></u>                | <u><u>39,063,742,579</u></u>         |

Director



## Interim Condensed Consolidated Profit and Loss Account (Unaudited)

For the Quarter Ended 30 September 2011

|                                  | Note | 30 September<br>2011 | 30 September<br>2010 |
|----------------------------------|------|----------------------|----------------------|
|                                  |      | Rupees               | Rupees               |
| Sales                            |      | 10,359,282,287       | 7,559,749,932        |
| Cost of sales                    | 11   | 8,587,233,877        | 5,657,110,470        |
| Gross profit                     |      | 1,772,048,410        | 1,902,639,462        |
| Distribution cost                |      | 115,315,325          | 101,388,827          |
| Administrative expenses          |      | 47,023,178           | 35,754,296           |
| Other operating expenses         |      | 1,265,000            | 32,268,911           |
|                                  |      | 163,603,503          | 169,412,034          |
|                                  |      | 1,608,444,907        | 1,733,227,428        |
| Other operating income           |      | 64,306,658           | 31,905,762           |
| Profit from operations           |      | 1,672,751,565        | 1,765,133,190        |
| Finance cost                     |      | 1,135,062,651        | 831,703,916          |
| Profit before taxation           |      | 537,688,914          | 933,429,274          |
| Taxation                         |      | 43,575,976           | 39,616,287           |
| Profit after taxation            |      | 494,112,938          | 893,812,987          |
| Share of profit attributable to: |      |                      |                      |
| Equity holders of parent         |      | 220,873,990          | 717,096,555          |
| Non-controlling interest         |      | 273,238,948          | 176,716,432          |
|                                  |      | 494,112,938          | 893,812,987          |
| Earnings per share - basic       |      | 3.05                 | 5.64                 |
| Earnings per share - diluted     |      | 2.99                 | 5.40                 |

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

Chief Executive

Director



## Interim Condensed Consolidated Statement of Comprehensive Income (Unaudited)

For the Quarter Ended 30 September 2011

|   | 30 September<br>2011 | 30 September<br>2010 |
|---|----------------------|----------------------|
|   | Rupees               | Rupees               |
| Profit after taxation                       | 494,112,938          | 893,812,987          |
| Other comprehensive income                  | -                    | -                    |
| Total comprehensive income for the quarter  | <u>494,112,938</u>   | <u>893,812,987</u>   |
| Total comprehensive income attributable to: |                      |                      |
| Equity holders of parent                    | 220,873,990          | 717,096,555          |
| Non-controlling interest                    | <u>273,238,948</u>   | <u>176,716,432</u>   |
|   | <u>494,112,938</u>   | <u>893,812,987</u>   |

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

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

\_\_\_\_\_  
Director



## Interim Condensed Consolidated Cash Flow Statement (Unaudited)

For the Quarter Ended 30 September 2011

|  | Note | 30 September<br>2011 | 30 September<br>2010 |
|--|------|----------------------|----------------------|
|  |      | Rupees               | Rupees               |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>              |      |                      |                      |
| Cash generated from / (used in) operations               | 12   | 551,620,168          | (1,708,724,431)      |
| Net increase in long term security deposits              |      | (814,467)            | -                    |
| Finance cost paid  |      | (1,132,130,502)      | (748,662,347)        |
| Income tax paid  |      | (43,575,976)         | (13,863,227)         |
|  |      | (1,176,520,945)      | (762,525,574)        |
| Net cash used in operating activities                    |      | (624,900,777)        | (2,471,250,005)      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>              |      |                      |                      |
| Capital expenditure on property, plant and equipment     |      | (59,398,579)         | (205,673,698)        |
| Sale proceed of property, plant and equipment            |      | 4,629,175            | 1,350,000            |
| Short term investments                                   |      | -                    | 96,821,728           |
| Long term loans - net                                    |      | 2,624,971            | 302,500              |
| Net cash used in investing activities                    |      | (52,144,433)         | (107,199,470)        |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>              |      |                      |                      |
| Proceeds from long term financing                        |      | -                    | 770,000,000          |
| Repayment of long term financing                         |      | (611,498,270)        | (388,733,092)        |
| Short term borrowings - net                              |      | 1,259,934,860        | 643,890,826          |
| Net cash from financing activities                       |      | 648,436,590          | 1,025,157,734        |
| Net decrease in cash and cash equivalents                |      | (28,608,620)         | (1,553,291,741)      |
| Cash and cash equivalents at the beginning of the period |      | 174,324,811          | 1,651,996,910        |
| Cash and cash equivalents at the end of the period       |      | 145,716,191          | 98,705,169           |

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 (Unaudited) For the Quarter Ended 30 September 2011

|   | ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY |                      |               |                    |                               |               |                        | Non-<br>controlling<br>Interest | TOTAL<br>EQUITY |
|---|---|----------------------|---------------|--------------------|-------------------------------|---------------|------------------------|---------------------------------|-----------------|
|   | SHARE CAPITAL   |                      |               | RESERVES           |                               |               | Shareholders<br>Equity |                                 |                 |
|   | Ordinary<br>shares                                    | Preference<br>shares | Sub total     | General<br>Reserve | Unappropri-<br>ated<br>Profit | Sub Total     |                        |                                 |                 |
| ..... R u p e e s .....   |   |                      |               |                    |                               |               |                        |                                 |                 |
| Balance as at 30 June 2010<br>- restated (audited)                                    | 1,585,526,670   | 68,891,770           | 1,654,418,440 | 1,629,221,278      | 1,185,316,206                 | 2,814,537,484 | 4,468,955,924          | 1,540,327,620                   | 6,009,283,544   |
| Total comprehensive income<br>for the quarter<br>ended 30 September 2010              | -   | -                    | -             | -                  | 717,096,555                   | 717,096,555   | 717,096,555            | 176,716,432                     | 893,812,987     |
| Balance as at 30 September 2010<br>(un-audited)                                       | 1,585,526,670   | 68,891,770           | 1,654,418,440 | 1,629,221,278      | 1,902,412,761                 | 3,531,634,039 | 5,186,052,479          | 1,717,044,052                   | 6,903,096,531   |
| Final dividend for the year<br>ended 30 June 2010<br>@ Rupees 1.50 per ordinary share | -   | -                    | -             | -                  | (237,829,001)                 | (237,829,001) | (237,829,001)          | -                               | (237,829,001)   |
| Dividend paid to<br>non-controlling interest  | -   | -                    | -             | -                  | -                             | -             | -                      | (170,367,208)                   | (170,367,208)   |
| Preference shares<br>converted into ordinary shares                                   | 35,376,820  | (35,376,820)         | -             | -                  | -                             | -             | -                      | -                               | -               |
| Preference dividend for the<br>year ended 30 June 2011                                | -   | -                    | -             | -                  | (5,027,243)                   | (5,027,243)   | (5,027,243)            | -                               | (5,027,243)     |
| Disposal of interest to<br>non-controlling interest                                   | -   | -                    | -             | -                  | 61,431,552                    | 61,431,552    | 61,431,552             | 218,505,071                     | 279,936,623     |
| Total comprehensive income for the nine<br>months ended 30 June 2011                  | -   | -                    | -             | -                  | 1,337,387,996                 | 1,337,387,996 | 1,337,387,996          | 540,750,117                     | 1,878,138,113   |
| Balance as at 30 June 2011<br>(audited)   | 1,620,903,490   | 33,514,950           | 1,654,418,440 | 1,629,221,278      | 3,058,376,065                 | 4,687,597,343 | 6,342,015,783          | 2,305,932,032                   | 8,647,947,815   |
| Total comprehensive<br>income for the quarter<br>ended 30 September 2011              | -   | -                    | -             | -                  | 220,873,990                   | 220,873,990   | 220,873,990            | 273,238,948                     | 494,112,938     |
| Balance as at 30 September 2011<br>(un-audited)                                       | 1,620,903,490   | 33,514,950           | 1,654,418,440 | 1,629,221,278      | 3,279,250,055                 | 4,908,471,333 | 6,562,889,773          | 2,579,170,980                   | 9,142,060,753   |

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 (Unaudited)

For the Quarter Ended 30 September 2011

### 1. GROUP INFORMATION

The Group comprises of Nishat (Chunian) Limited as holding company and Nishat Chunian Power Limited as subsidiary.

Nishat (Chunian) Limited (“the Holding Company”) is a public limited Company incorporated in Pakistan under the Companies Ordinance, 1984 and is listed on the Lahore and Karachi Stock Exchanges. Its registered office is situated at 31-Q, Gulberg II, Lahore. The Company is engaged in business of spinning, weaving, dyeing, printing, stitching, processing, doubling, sizing, buying, selling and otherwise dealing in yarn, 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 (“the Subsidiary Company”) is a public limited Company incorporated in Pakistan under the Companies Ordinance, 1984 and listed on the Lahore and Karachi Stock Exchanges. The principal activity of the Subsidiary Company is to build, own, operate and maintain a fuel fired power station having gross capacity of 200 MW and net capacity of 195.722 MW at Jamber Kalan, Tehsil Pattoki, District Kasur, Punjab, Pakistan. Its registered office is situated at 31-Q, Gulberg II, Lahore. The Subsidiary Company has commenced commercial operations from 21 July 2010 and the twenty five years term of the Power Purchase Agreement (PPA) with National Transmission and Despatch Company Limited starts from this date.

### 2. STATEMENT OF COMPLIANCE

This interim condensed financial information is unaudited 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 annual financial statements for the year ended 30 June 2011.

### 3. ACCOUNTING POLICIES AND COMPUTATION METHODS

The accounting policies and methods of computation adopted for the preparation of this interim condensed consolidated financial information are the same as applied in the preparation of preceding annual published financial statements of the group for the year ended 30 June 2011.

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Judgements and estimates made by the management in the preparation of this interim condensed consolidated financial information are the same as those applied to the annual financial statements for the year ended 30 June 2011.

|   | Unaudited<br>30 September<br>2011 | Audited<br>30 June<br>2011 |
|---|-----------------------------------|----------------------------|
| <b>5. AUTHORIZED SHARE CAPITAL</b>  |                                   |                            |
| 175,000,000 Ordinary shares of Rupees<br>10 each  | 1,750,000,000                     | 1,750,000,000              |
| 20,000,000 15 % non-voting cumulative<br>convertible Preference shares of Rupees<br>10 each | 200,000,000                       | 200,000,000                |
|   | <u>1,950,000,000</u>              | <u>1,950,000,000</u>       |



|  | Unaudited<br>30 September<br>2011 | Audited<br>30 June<br>2011 |
|--|-----------------------------------|----------------------------|
|  | Rupees                            | Rupees                     |
| <b>6. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL</b>   |                                   |                            |
| 91,369,427 Ordinary shares of Rupees 10 each fully paid in cash  | 913,694,270                       | 913,694,270                |
| 69,496,657 Ordinary shares of Rupees 10 each issued as fully paid bonus shares   | 694,966,570                       | 694,966,570                |
| 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                 |
| 3,351,495 15% non-voting cumulative convertible preference shares of Rupees 10 each fully paid in cash   | 33,514,950                        | 33,514,950                 |
|  | <u>1,654,418,440</u>              | <u>1,654,418,440</u>       |
| <b>7. LONG TERM FINANCING</b>  |                                   |                            |
| From banking companies - secured   |                                   |                            |
| Long term loans  | 18,006,875,394                    | 18,593,998,664             |
| Long term musharika  | 560,625,000                       | 585,000,000                |
| Privately placed term finance certificates   | 500,000,000                       | 500,000,000                |
|  | <u>19,067,500,394</u>             | <u>19,678,998,664</u>      |
| Less: Current portion shown under current liabilities  | 2,483,256,572                     | 2,533,783,675              |
| Non-current portion  | <u>16,584,243,822</u>             | <u>17,145,214,989</u>      |
| <b>8. SHORT TERM BORROWINGS</b>  |                                   |                            |
| From banking companies - secured   |                                   |                            |
| <i>Nishat Chunian Limited - Holding Company</i>  |                                   |                            |
| Short term running finances  | 624,986,915                       | 1,401,961,600              |
| Export finances-preshipment/SBP refinance  | 2,526,317,303                     | 2,432,805,740              |
| Other short term finances  | 712,160,966                       | 773,848,419                |
| <i>Nishat Chunian Power Limited - Subsidiary Company</i>   |                                   |                            |
| Short term running finances  | 4,417,387,423                     | 2,611,299,988              |
| Short term finance   | 1,198,998,000                     | 1,000,000,000              |
|  | <u>9,479,850,607</u>              | <u>8,219,915,747</u>       |
| <b>9. CONTINGENCIES AND COMMITMENTS</b>  |                                   |                            |
| <u>Holding Company</u>   |                                   |                            |
| Contingencies:   |                                   |                            |
| There is no change in contingencies since the last audited financial statements.   |                                   |                            |



**Commitments:**

- i) Commitments in respect of capital expenditure are Rupees 40.947 million (30 June 2011: Rupees 39.329 million).
- ii) Letters of credit other than for capital expenditure are Rupees 201.139 million (30 June 2011: Rupees 171.715 million).
- iii) Outstanding forwards contracts of Rupees Nil (30 June 2011: Rupees 1,461.41 million).
- iv) Post dated cheques have been issued to custom authorities in respect of duties amounting to Rupees 929.450 million (30 June 2011: Rupees 927.402 million) on account of 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.

**Subsidiary Company**

**Contingencies:**

There is no change in contingencies since the last audited financial statements.

|  | Unaudited<br>30 September<br>2011 | Audited<br>30 June<br>2011 |
|--|-----------------------------------|----------------------------|
|  | Rupees                            | Rupees                     |
| Commitments:   |                                   |                            |
| Letters of credit other than for capital expenditure | 67,931,311                        | 290,593,989                |
| Other contractors                                    | 969,814                           | 1,024,098                  |

The company has entered into a contract for purchase of fuel oil from Shell Pakistan Limited ('SPL') for a period of ten years starting from the Commercial Operations Date of the power station i.e. 21 July 2010. Under the terms of the Fuel Supply Agreement, the company is not required to buy any minimum quantity of oil from SPL.

The company has also entered into an agreement with Wartsila Pakistan (Private) Limited for the Operations and Maintenance ('O&M') of the power station which shall remain in effect until earlier of the end of five years period starting from the Commercial Operations Date of the power station i.e. 21 July 2010 or the last day of the month in which the running hours of the first generator set reaches 35,000 hours. Under the terms of the O&M agreement, the company is required to pay a monthly fixed O&M fee and a variable O&M fee depending on the net electrical output, both of which are adjustable according to the Wholesale Price Index.

|                                   | Unaudited<br>30 September<br>2011 | Audited<br>30 June<br>2011 |
|-----------------------------------|-----------------------------------|----------------------------|
|                                   | Rupees                            | Rupees                     |
| <b>10. OPERATING FIXED ASSETS</b> |                                   |                            |
| Property, plant and equipment:    |                                   |                            |
| Operating assets (10.1)           | 22,582,947,188                    | 22,898,307,305             |
| Capital work in progress          | 61,407,460                        | 58,916,678                 |
|                                   | <u>22,644,354,648</u>             | <u>22,957,223,983</u>      |
| Computer software                 | 5,328,946                         | 5,873,021                  |
|                                   | <u>22,649,683,594</u>             | <u>22,963,097,004</u>      |



|  | Unaudited<br>30 September<br>2011 | Audited<br>30 June<br>2011 |
|--|-----------------------------------|----------------------------|
|  | Rupees                            | Rupees                     |
| <b>10.1 Opening book value</b>                                   | <b>22,898,307,305</b>             | <b>5,669,936,185</b>       |
| Additions during the<br>period/year (Note 10.1.1)                | 56,907,798                        | 19,127,252,342             |
|  | <u>22,955,215,103</u>             | <u>24,797,188,527</u>      |
| Book value of deletions during the<br>period/year (Note 10.1.2)  | 4,140,548                         | 108,129,265                |
| Depreciation charged during<br>the period/year                   | 368,127,367                       | 1,790,751,957              |
| Closing book value   | <u>22,582,947,188</u>             | <u>22,898,307,305</u>      |
| <b>10.1.1 Additions during the period/year</b>                   |                                   |                            |
| Building on freehold land  | 1,235,830                         | 248,011,444                |
| Plant and Machinery  | 37,042,487                        | 18,809,605,252             |
| Electric Installations   | -                                 | 7,783,924                  |
| Factory Equipments   | 4,620,182                         | 6,868,621                  |
| Furniture & fixtures   | 691,727                           | 6,447,022                  |
| Office equipment   | 1,528,421                         | 9,432,615                  |
| Motor Vehicles   | 11,789,151                        | 39,103,464                 |
|  | <u>56,907,798</u>                 | <u>19,127,252,342</u>      |
| <b>10.1.2 Book value of deletions<br/>during the period/year</b> |                                   |                            |
| Machinery and Electric Installation                              | 2,495,351                         | 94,224,857                 |
| Furniture, fixtures and office equipment                         | 69,902                            | 65,118                     |
| Vehicles   | 1,575,295                         | 13,839,290                 |
|  | <u>4,140,548</u>                  | <u>108,129,265</u>         |



|   | Unaudited<br>30 September<br>2011 | Unaudited<br>30 September<br>2010 |
|---|-----------------------------------|-----------------------------------|
|   | Rupees                            | Rupees                            |
| <b>11. COST OF SALES</b>                        |                                   |                                   |
| Raw material consumed                           | 6,951,051,044                     | 4,752,888,817                     |
| Packing materials consumed                      | 112,592,354                       | 108,112,970                       |
| Stores, spare parts and loose tools             | 207,843,037                       | 191,298,127                       |
| Salaries, wages and other benefits              | 237,477,617                       | 201,436,943                       |
| Fuel and power                                  | 372,396,319                       | 319,517,734                       |
| Insurance                                       | 44,209,170                        | 33,003,071                        |
| Postage and telephone                           | 577,947                           | 112,296                           |
| Travelling and conveyance                       | 4,659,710                         | 3,146,534                         |
| Vehicle running                                 | 4,710,317                         | 3,932,048                         |
| Entertainment                                   | 1,114,261                         | 967,260                           |
| Depreciation                                    | 366,784,283                       | 261,709,112                       |
| Repair and maintenance                          | 80,017,461                        | 56,665,197                        |
| Other factory overheads                         | 9,310,936                         | 29,045,858                        |
|   | <b>8,392,744,456</b>              | <b>5,961,835,967</b>              |
| Work-in-process                                 |                                   |                                   |
| Opening stock                                   | 629,297,302                       | 466,561,040                       |
| Closing stock                                   | (538,082,298)                     | (506,541,354)                     |
|   | <b>91,215,004</b>                 | <b>(39,980,314)</b>               |
| Cost of goods manufactured                      | <b>8,483,959,460</b>              | <b>5,921,855,653</b>              |
| Finished goods and waste-opening stocks         |                                   |                                   |
| Finished goods                                  | 770,989,077                       | 681,133,741                       |
| Waste   | 40,151,201                        | 36,816,119                        |
|   | <b>811,140,278</b>                | <b>717,949,860</b>                |
|   | <b>9,295,099,738</b>              | <b>6,639,805,513</b>              |
| Finished goods and waste-closing stocks         |                                   |                                   |
| Finished goods                                  | (662,581,413)                     | (941,446,511)                     |
| Waste   | (45,284,448)                      | (41,324,144)                      |
|   | <b>(707,865,861)</b>              | <b>(982,770,655)</b>              |
| Cost of goods sold-own manufactured             | <b>8,587,233,877</b>              | <b>5,657,034,858</b>              |
| Opening stock of purchased finished goods       | -                                 | 75,612                            |
| Add: Finished goods purchased                   | -                                 | -                                 |
| Less: Closing stock of purchased finished goods | -                                 | -                                 |
| Cost of sales-purchased finished goods          | -                                 | 75,612                            |
|   | <b>8,587,233,877</b>              | <b>5,657,110,470</b>              |



|  | Unaudited<br>30 September<br>2011 | Unaudited<br>30 September<br>2010 |
|--|-----------------------------------|-----------------------------------|
|  | Rupees                            | Rupees                            |
| <b>12. CASH GENERATED FROM /<br/>(USED IN) OPERATIONS</b>              |                                   |                                   |
| Profit before taxation   | 537,688,914                       | 933,429,274                       |
| Add / (less) adjustment for non<br>cash charges and other items:       |                                   |                                   |
| Depreciation / Amortization  | 368,671,441                       | 264,540,536                       |
| Gain on sale of operating fixed assets                                 | (488,627)                         | (810,497)                         |
| Finance costs  | 1,135,062,651                     | 831,703,916                       |
| Cash flows from operating activities<br>before working capital changes | <u>2,040,934,379</u>              | <u>2,028,863,229</u>              |
| (Increase)/decrease in current assets                                  |                                   |                                   |
| - Stores, spare parts and loose tools                                  | (186,947,117)                     | 697,199                           |
| - Stock in trade   | 1,266,097,996                     | (779,277,231)                     |
| - Trade debts  | (2,786,835,531)                   | (2,462,958,913)                   |
| Loans and advances   | (265,376,554)                     | 276,390,416                       |
| - Short term deposits and prepayments                                  | (113,742,619)                     | (7,968,244)                       |
| - Other receivables  | 84,280,019                        | (24,261,458)                      |
| Increase/(decrease) in current liabilities                             |                                   |                                   |
| - Trade and other payables   | 513,209,595                       | (740,209,429)                     |
|  | <u>(1,489,314,211)</u>            | <u>(3,737,587,660)</u>            |
| Cash generated from /(used in) Operations                              | <u><u>551,620,168</u></u>         | <u><u>(1,708,724,431)</u></u>     |



### 13. SEGMENT INFORMATION

|   | Spinning                   |                      | Weaving                    |                      | Processing and Home Textile |                      | Power Generation           |                      | Elimination of inter-segment transactions |                      | Total - Group              |                      |
|---|----------------------------|----------------------|----------------------------|----------------------|-----------------------------|----------------------|----------------------------|----------------------|---|----------------------|----------------------------|----------------------|
|   | (Un-audited) Quarter ended | (Audited) Year ended | (Un-audited) Quarter ended | (Audited) Year ended | (Un-audited) Quarter ended  | (Audited) Year ended | (Un-audited) Quarter ended | (Audited) Year ended | (Un-audited) Quarter ended                | (Audited) Year ended | (Un-audited) Quarter ended | (Audited) Year ended |
| Sales   | 2,786,012,514              | 2,643,975,245        | 1,527,646,887              | 1,284,723,201        | 1,336,615,375               | 1,301,018,948        | 6,497,223,298              | 4,039,549,187        | (1,768,215,757)                           | (1,709,516,650)      | 10,359,282,287             | 7,559,749,931        |
| Cost of sales   | (2,598,183,618)            | (1,973,586,899)      | (1,405,187,509)            | (1,157,709,650)      | (1,221,785,099)             | (1,179,373,677)      | (5,130,293,408)            | (3,055,956,893)      | 1,798,215,757                             | 1,709,516,650        | (8,587,233,877)            | (5,657,110,469)      |
| Gross profit  | 187,828,896                | 670,388,346          | 122,459,378                | 127,013,551          | 114,830,276                 | 121,645,271          | 1,366,929,890              | 983,592,294          | -   | -                    | 1,772,048,410              | 1,902,639,462        |
| Distribution cost   | (51,159,901)               | (51,258,898)         | (29,104,745)               | (24,907,001)         | (35,050,619)                | (25,222,928)         | -                          | -                    | -   | -                    | (115,315,325)              | (101,388,827)        |
| Administrative expenses   | (12,098,010)               | (8,837,189)          | (7,670,208)                | (4,294,042)          | (8,113,876)                 | (4,348,509)          | (19,141,084)               | (18,274,556)         | -   | -                    | (47,023,178)               | (35,734,296)         |
|   | (63,257,971)               | (60,096,087)         | (36,774,953)               | (29,201,043)         | (43,164,495)                | (29,571,437)         | (19,141,084)               | (18,274,556)         | -   | -                    | (162,338,509)              | (137,143,123)        |
| Profit before taxation and undistributed income and expenses            | 104,570,925                | 610,292,259          | 85,684,425                 | 97,812,508           | 71,665,781                  | 92,073,834           | 1,347,788,776              | 965,317,738          | -   | -                    | 1,809,709,907              | 1,765,496,339        |
| Other operating expenses  |                            |                      |                            |                      |                             |                      |                            |                      |   |                      | (1,265,000)                | (32,268,911)         |
| Other operating income  |                            |                      |                            |                      |                             |                      |                            |                      |   |                      | 64,306,658                 | 31,905,762           |
| Finance cost  |                            |                      |                            |                      |                             |                      |                            |                      |   |                      | (1,135,062,651)            | (831,703,916)        |
| Provision for taxation  |                            |                      |                            |                      |                             |                      |                            |                      |   |                      | (43,575,976)               | (39,616,287)         |
| Profit after taxation   |                            |                      |                            |                      |                             |                      |                            |                      |   |                      | 494,112,938                | 893,812,987          |
| <b>13.1 Reconciliation of reportable segment assets and liabilities</b> |                            |                      |                            |                      |                             |                      |                            |                      |   |                      |                            |                      |
|   | Spinning                   |                      | Weaving                    |                      | Processing and Home Textile |                      | Power Generation           |                      | Total - Group                             |                      |                            |                      |
|   | (Un-audited) Quarter ended | (Audited) Year ended | (Un-audited) Quarter ended | (Audited) Year ended | (Un-audited) Quarter ended  | (Audited) Year ended | (Un-audited) Quarter ended | (Audited) Year ended | (Un-audited) Quarter ended                | (Audited) Year ended |                            |                      |
| Total assets for reportable segments                                    | 5,781,829,426              | 6,685,083,743        | 2,389,934,449              | 2,221,645,903        | 3,283,203,874               | 3,627,551,305        | 28,516,804,603             | 25,637,888,778       | 39,951,772,352                            | 38,172,169,729       |                            |                      |
| Undistributed assets:   |                            |                      |                            |                      |                             |                      |                            |                      |   |                      |                            |                      |
| Other receivables   |                            |                      |                            |                      |                             |                      |                            |                      | 613,028,137                               | 694,150,949          |                            |                      |
| Cash and bank balances  |                            |                      |                            |                      |                             |                      |                            |                      | 145,716,191                               | 174,324,811          |                            |                      |
| Other corporate assets  |                            |                      |                            |                      |                             |                      |                            |                      | 11,917,171                                | 23,097,090           |                            |                      |
| Total assets as per balance sheet                                       |                            |                      |                            |                      |                             |                      |                            |                      | 40,722,433,851                            | 39,063,742,579       |                            |                      |
| Total liabilities for reportable segments                               | 176,209,071                | 22,767,665           | 105,296,027                | 101,660,656          | 178,434,781                 | 161,986,376          | 22,204,271,443             | 19,997,383,855       | 22,664,211,322                            | 20,283,800,552       |                            |                      |
| Undistributed liabilities:  |                            |                      |                            |                      |                             |                      |                            |                      |   |                      |                            |                      |
| Total liabilities as per balance sheet                                  |                            |                      |                            |                      |                             |                      |                            |                      | 8,916,161,776                             | 10,131,994,212       |                            |                      |
|   |                            |                      |                            |                      |                             |                      |                            |                      | 31,580,373,098                            | 30,415,794,764       |                            |                      |



#### 14. TRANSACTIONS WITH RELATED PARTIES

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.

|   | Unaudited<br>30 September<br>2011 | Unaudited<br>30 September<br>2010 |
|---|-----------------------------------|-----------------------------------|
|   | Rupees                            | Rupees                            |
| Purchase of goods and services            | 1,546,197                         | 31,681,990                        |
| Sale of goods and services                | -                                 | 55,267,285                        |
| Contribution to employees' provident fund | 6,242,726                         | 5,731,636                         |

#### 15. FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the audited published financial statements of the Company for the year ended 30 June 2011.

#### 16. CORRESPONDING FIGURES

Corresponding figures have been re-arranged / re-grouped wherever necessary for the purpose of comparison.

#### 17. AUTHORISED FOR ISSUE

This financial information was approved by the Board of Directors and authorised for issue on 29 October 2011.

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

\_\_\_\_\_  
Director



