



NISHAT CHUNIAN LIMITED

Interim Financial Information

Nine months ended March 31, 2014
(Unaudited)

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COMPANY INFORMATION

Board of Directors:

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

Audit Committee:

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

HR&R Committee:

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

CFO/Company Secretary:

Mr. Saqib Riaz

Head of Internal Audit:

Mr. Ibraheem Saleem

Bankers to the Company:

Allied Bank Limited
Askari Bank Limited
Al Barka Bank (Pakistan) Limited
Bank Alfalah Limited
Barclays Bank plc, Pakistan
Bank Islami Pakistan Limited
Burj Bank Limited
Citibank N.A.
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
HSBC Bank Middle East Limited
Habib Metropolitan Bank Limited
JS Bank Limited
KASB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
NIB Bank Limited

Pak Brunei Investment Company Limited
Pak Kuwait Investment Company (Private) Limited
Standard Chartered Bank Pakistan Limited
Saudi Pak Industrial and Agriculture Investment Company Limited
SAMBA Bank Limited
Soneri Bank Limited
The Bank of Punjab
United Bank Limited

Auditors:

Riaz Ahmad & Company
Chartered Accountants

Registered & Head Office:

31-Q, Gulberg-II,
Lahore, Pakistan.
Phone : 35761730-39
Fax : 35878696-97
Web : www.nishat.net

Share Registrar:

Hameed Majeed Associates (Pvt) Limited
1st Floor, H.M. House
7-Bank Square, Lahore
Ph: 042 37235081-2 Fax: 042 37358817

Mills:

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

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

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

Dear Shareholders

We are pleased to announce the unaudited results for the nine months ended on March 31, 2014.

Revenues earned during these nine months were Rs. 17.2 billion, up by 12.7% from the corresponding period last year. Due to the overall depression in textile industry, sever foreign exchange fluctuation and increasing energy costs, our gross profits for this period declined by 34.08 % from the corresponding nine months of March 2013. Net profit after tax for the current period is Rs. 1,345 million compared to Rs. 1,723 million for the same period last year.

Financial Highlights	Nine Months Ended 31st March	
	2014	2013
Sales (Rs.)	17,227,642,781	15,281,639,480
Gross Profit (Rs.)	1,653,437,427	2,508,227,039
Profit After Taxation (Rs.)	1,345,009,670	1,723,079,378
Gross Profit %	9.60%	16.41%
Profit After Taxation %	7.81%	11.28%
Earnings Per Share (Rs.)	6.72	8.61

The acquisition process of Taj Textile's operating assets has been completed and the units have been renamed as NCL 7 & 8. Modernization of these spinning units is underway and estimated to be completed by the end of May 2014. Our brand new fully automated spinning unit NCL 6 equipped with 22,128 spindles has gone into production in January 2014. NCL 6 is the first mill in the world to install Toyota's longest ever 1824 spindle ring-frames making it the most modern and innovative spinning factory in the world.

The yarn market has seen a slump thereby affecting our profits and margins especially in the spinning division. The home textile division is running at full capacity as demand for our products is increasing. Higher energy costs also affected our home textile business adding to our cost of sales. However, the project of 14MW Grid station through WAPDA load is operational since January 2014 and we hope that it will help in reducing our energy costs in coming periods.

The Company's subsidiary, Nishat Chunian Power Limited has announced interim dividend of Rs. 1.5 per share in its BOD meeting held on 26th April, 2014.

Subsidiary Companies and Consolidated Financial Statements

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

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

On behalf of the Board

Lahore: 26 April 2014

Shahzad Saleem
Chairman/Chief Executive

UNCONSOLIDATED CONDENSED INTERIM BALANCE SHEET

As at March 31, 2014

	Note	(Unaudited) March 31, 2014 Rupees	(Audited) June 30, 2013 Rupees
EQUITY & LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized share capital	5	<u>2,500,000,000</u>	2,500,000,000
Issued, subscribed and paid up share capital	6	2,001,846,300	1,819,860,280
Reserves		6,999,462,762	6,200,411,169
Total equity		<u>9,001,309,062</u>	8,020,271,449
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	7	5,322,696,016	4,044,873,183
Redeemable Capital	8	<u>62,500,000</u>	156,250,000
		<u>5,385,196,016</u>	4,201,123,183
CURRENT LIABILITIES			
Trade and other payables		1,780,370,421	1,425,022,011
Accrued mark-up		265,332,205	164,249,549
Short term borrowings		11,208,004,623	6,493,965,784
Current portion of non-current liabilities		<u>1,741,050,110</u>	1,620,216,772
		<u>14,994,757,359</u>	9,703,454,116
TOTAL LIABILITIES		<u>20,379,953,375</u>	13,904,577,299
CONTINGENCIES AND COMMITMENTS	9		
TOTAL EQUITY AND LIABILITIES		<u>29,381,262,437</u>	21,924,848,748

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

	Note	(Unaudited) March 31, 2014 Rupees	(Audited) June 30, 2013 Rupees
ASSETS			
NON CURRENT ASSETS			
Fixed assets	10	9,332,429,619	7,635,608,369
Investment in subsidiary companies		1,886,681,200	1,886,681,200
Long term loans to employees		2,512,794	3,092,629
Long term security deposits		13,406,213	2,531,259
		11,235,029,826	9,527,913,457
CURRENT ASSETS			
Stores, spare parts and loose tools		872,959,497	569,177,807
Stock-in-trade		9,688,063,139	5,639,883,723
Trade debts		4,786,088,305	3,904,386,724
Loans and advances		1,036,164,865	782,917,291
Short term prepayments		11,745,118	340,213
Other receivables		1,605,502,076	1,158,829,645
Short term investments		82,680,128	82,162,359
Cash and bank balances		63,029,483	259,237,529
		18,146,232,611	12,396,935,291
TOTAL ASSETS		29,381,262,437	21,924,848,748

Director

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

For the Nine Months Ended March 31, 2014

	Note	Nine Months Ended		Quarter Ended	
		March 31,		March 31,	
		2014 Rupees	2013 Rupees	2014 Rupees	2013 Rupees
SALES		17,227,642,781	15,281,639,480	6,616,663,753	5,609,689,000
COST OF SALES	11	(15,574,205,354)	(12,773,412,441)	(6,167,988,653)	(4,658,682,144)
GROSS PROFIT		1,653,437,427	2,508,227,039	448,675,100	951,006,856
DISTRIBUTION COST		(506,697,413)	(386,349,524)	(210,029,124)	(138,712,543)
ADMINISTRATIVE EXPENSES		(113,417,090)	(114,400,380)	(37,276,087)	(40,164,125)
OTHER OPERATING EXPENSES		(98,228,311)	(104,810,542)	(9,121,812)	(44,641,406)
		(718,342,814)	(605,560,446)	(256,427,023)	(223,518,074)
		935,094,613	1,902,666,593	192,248,077	727,488,782
OTHER OPERATING INCOME		1,537,814,743	958,326,356	385,055,700	425,415,599
PROFIT FROM OPERATIONS		2,472,909,356	2,860,992,949	577,303,777	1,152,904,381
FINANCE COST		(1,042,824,704)	(930,522,419)	(421,355,352)	(331,124,854)
PROFIT BEFORE TAXATION		1,430,084,652	1,930,470,530	155,948,425	821,779,527
PROVISION FOR TAXATION		(85,074,982)	(207,391,152)	(77,580,844)	(88,521,204)
PROFIT AFTER TAXATION		1,345,009,670	1,723,079,378	78,367,581	733,258,323
EARNINGS PER SHARE - BASIC & DILUTED		6.72	(Restated) 8.61	0.39	(Restated) 3.66

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

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

For the Nine Months Ended March 31, 2014

	Nine Months Ended		Quarter Ended	
	March 31,		March 31,	
	2014 Rupees	2013 Rupees	2014 Rupees	2013 Rupees
PROFIT AFTER TAXATION	1,345,009,670	1,723,079,378	78,367,581	733,258,323
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,345,009,670	1,723,079,378	78,367,581	733,258,323

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

UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

For the Nine Months Ended March 31, 2014

	Note	Nine Months Ended	
		March 31, 2014 Rupees	March 31, 2013 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	13	(3,525,819,693)	(1,140,663,928)
Long term deposits - net		(10,874,954)	(244,350)
Long term loans to employees		579,835	(167,288)
Finance cost paid		(941,742,048)	(922,514,421)
Taxes paid		(290,207,363)	(192,851,199)
Net cash used in operating activities		(4,768,064,223)	(2,256,441,186)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(2,124,079,635)	(898,181,378)
Proceeds from sale of property, plant and equipment		2,445,240	4,949,495
Repayment of short term loan by subsidiary company		-	1,942,500,000
Short term loan given to subsidiary company		-	(810,000,000)
Short term investment made		(517,769)	(38,969,199)
Investment in subsidiary company		-	(10,823,000)
Dividend received from subsidiary company		1,031,722,010	750,343,280
Mark-up income received		4,853,218	21,805,468
Net cash (used in) / from investing activities		(1,085,576,936)	961,624,666
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		2,658,000,000	850,000,000
Repayment of long term financing		(1,353,093,829)	(1,126,427,162)
Short term borrowings - net		4,714,038,839	1,905,911,696
Dividend paid		(361,511,897)	(326,928,393)
Net cash from financing activities		5,657,433,113	1,302,556,141
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(196,208,046)	7,739,621
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		259,237,529	47,997,011
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		63,029,483	55,736,632

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 March 31, 2014

	Ordinary Share Capital	Reserves		Total	Total Equity
		General reserves	Unappropriated profit		
Rupees					
Balance as at 30 June 2012 - (audited)	1,654,418,440	1,629,221,278	2,791,354,309	4,420,575,587	6,074,994,027
Final dividend for the year ended 30 June 2012 @ Rupees 2 per ordinary share	-	-	(330,883,688)	(330,883,688)	(330,883,688)
Issue of bonus shares	165,441,840	-	(165,441,840)	(165,441,840)	-
Total comprehensive income for the nine months ended 31 March 2013	-	-	1,723,079,378	1,723,079,378	1,723,079,378
Balance as at 31 March 2013 - (un-audited)	1,819,860,280	1,629,221,278	4,018,108,159	5,647,329,437	7,467,189,717
Total comprehensive income for the quarter ended 30 June 2013	-	-	553,081,732	553,081,732	553,081,732
Balance as at 30 June 2013 - (audited)	1,819,860,280	1,629,221,278	4,571,189,891	6,200,411,169	8,020,271,449
Final dividend for the year ended 30 June 2013 @ Rupees 2 per ordinary share	-	-	(363,972,057)	(363,972,057)	(363,972,057)
Issue of bonus shares	181,986,020	-	(181,986,020)	(181,986,020)	-
Total comprehensive income for the nine months ended 31 March 2014	-	-	1,345,009,670	1,345,009,670	1,345,009,670
Balance as at 31 March 2014 - (un-audited)	2,001,846,300	1,629,221,278	5,370,241,484	6,999,462,762	9,001,309,062

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

Chief Executive

Director

For the Nine Months Ended March 31, 2014

1. THE COMPANY AND ITS OPERATIONS

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

2. BASIS OF PREPARATION

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 of the Company for the nine months ended 31 March 2014 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This unconsolidated condensed interim financial information should be read in conjunction with the audited annual published financial statements of the Company for the year ended 30 June 2013.

3. ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of this unconsolidated condensed interim financial information are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2013.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this unconsolidated condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of this unconsolidated condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2013.

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

For the Nine Months Ended March 31, 2014

5. AUTHORIZED SHARE CAPITAL

Un-audited 31 March 2014 (Number of shares)	Audited 30 June 2013		Un-audited 31 March 2014 Rupees	Audited 30 June 2013 Rupees
230,000,000	230,000,000	Ordinary shares of Rupees 10 each	2,300,000,000	2,300,000,000
20,000,000	20,000,000	Preference shares of Rupees 10 each	200,000,000	200,000,000
250,000,000	250,000,000		2,500,000,000	2,500,000,000

6. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

Un-audited 31 March 2014 (Number of shares)	Audited 30 June 2013		Un-audited 31 March 2014 Rupees	Audited 30 June 2013 Rupees
94,720,922	94,720,922	Ordinary shares of Rupees 10 each fully paid in cash	947,209,220	947,209,220
104,239,443	86,040,841	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	1,042,394,430	860,408,410
1,224,265	1,224,265	Ordinary shares of Rupees 10 each issued as fully paid for consideration other than cash to members of Umer Fabrics Limited as per the Scheme of arrangement as approved by the Honourable Lahore High Court, Lahore.	12,242,650	12,242,650
200,184,630	181,986,028		2,001,846,300	1,819,860,280

- 6.1 18,198,602 ordinary shares of Rupees 10 each were issued as fully paid bonus shares during the nine months ended 31 March 2014 in pursuance of 10% bonus issue approved in Annual General Meeting of the Company held on 30 th October 2013.

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

For the Nine Months Ended March 31, 2014

	Note	(Un-audited) March 31, 2014 Rupees	(Audited) June 30, 2013 Rupees
7. LONG TERM FINANCING			
From Banking Companies / financial institutions -Secured			
Long Term Loans	7.1	4,998,946,016	3,574,873,183
Long Term Musharaka	7.2	323,750,000	470,000,000
		5,322,696,016	4,044,873,183
7.1 - Long Term Loans			
Opening Balance		4,875,089,955	4,160,181,727
Add: Obtained during the period / year		2,658,000,000	1,842,000,000
Less : Repayments during the period / year		1,113,093,829	1,127,091,772
Closing balance		6,419,996,126	4,875,089,955
Less: Current portion shown under current liabilities		1,421,050,110	1,300,216,772
		4,998,946,016	3,574,873,183
7.2 - Long Term Musharaka			
Opening Balance		665,000,000	442,500,000
Add: Obtained during the period / year		–	400,000,000
Less : Repayments during the period / year		146,250,000	177,500,000
Closing balance		518,750,000	665,000,000
Less: Current portion shown under current liabilities		195,000,000	195,000,000
		323,750,000	470,000,000
8. REDEEMABLE CAPITAL			
Opening Balance		281,250,000	406,250,000
Add: Obtained during the period / year		–	–
Less : Repayments during the period / year		93,750,000	125,000,000
Closing balance		187,500,000	281,250,000
Less: Current portion shown under current liabilities		125,000,000	125,000,000
		62,500,000	156,250,000

For the Nine Months Ended March 31, 2014

9. CONTINGENCIES AND COMMITMENTS**Contingencies**

There is no significant change in the status of contingencies as disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2013 except for the following:

- i) Guarantees of Rupees 296.059 million (30 June 2013: Rupees 221.299 million) have been issued by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connection, Shell Pakistan Limited against purchase of furnace oil and Lahore Electric Supply Company against new connection.
- ii) Guarantees of Rupees 96 million (30 June 2013: Rupees 86 million) have been issued by the banks of the Company to Director, Excise and Taxation, Karachi against disputed amount of infrastructure cess.
- iii) Post dated cheques have been issued to custom authorities in respect of duties amounting to Rupees 376.348 million (30 June 2013: Rupees 154.347 million) on imported material availed on the basis of consumption and export plans. In the event the documents of exports are not provided on due dates, cheques issued as security shall be encashable.
- iv) Collector of Customs (Appeals) has passed an order to reject the duty draw back claims aggregating to Rupees 9.482 million (30 June 2013: Rupees 9.482 million) on blended grey fabrics exported under Duty and Tax Remission Rules for Export (DTRE) scheme. The department is of the view that the Company has not submitted Appendix-1 as per Rule 297-A of the above referred scheme. The Company considering that since it has taken benefit of remission of sales tax only, it is entitled to full duty draw back and filed appeal before Customs Appellate Tribunal Karachi Bench which has not been decided in favour of the Company. The Company has now preferred an appeal before Sindh High Court against the decision of Customs Appellate Tribunal. The Company also applied to Federal Board of Revenue (FBR) to constitute Alternate Dispute Resolution Committee (ADRC) in terms of section 195C of the Custom Act, 1969 to settle the dispute. ADRC vide its order dated 16 April 2008 has recommended the case in favour of the Company and forwarded the case to FBR. However, FBR has not accepted the recommendations of ADRC.
- v) The Company has filed an appeal before CIR(A) against the order of Additional Commissioner Inland Revenue (ACIR). ACIR has passed an order under section 122(5A) of the Income Tax Ordinance, 2001 for tax year 2006, 2007 and 2011 whereby a demand of Rupees 30.718 million (30 June 2013: 6.822 million) has been raised. No provision against the demand has been made in this unconsolidated condensed interim financial information as the Company is hopeful of a favourable outcome of appeal based on opinion of the legal advisor.

Commitments

- i) Contracts for capital expenditure are amounting to Rupees 198.663 million (30 June 2013: Rupees 913.661 million).
- ii) Letters of credit other than for capital expenditure are amounting to Rupees 369.187 million (30 June 2013: Rupees 197.348 million).
- iii) Outstanding foreign currency forward contracts of Rupees 2,140.764 million (30 June 2013: Rupees 3,350.847 million).

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

For the Nine Months Ended March 31, 2014

	Note	(Un-audited) March 31, 2014 Rupees	(Audited) June 30, 2013 Rupees
10. OPERATING FIXED ASSETS			
Property, plant and equipment			
Operating assets	10.1	8,480,143,856	5,986,747,224
Capital work in progress		852,285,763	1,648,294,714
		9,332,429,619	7,635,041,938
Intangible asset:			
Computer software		–	566,431
		9,332,429,619	7,635,608,369
10.1 Operating Assets			
Opening book value		5,986,747,224	5,972,783,496
Additions during the period / year	10.1.1	2,920,088,584	541,779,843
		8,906,835,808	6,514,563,339
Book value of deletions during the period / year	10.1.2	698,570	4,830,697
Less: Depreciation charged during the period / year		425,993,382	522,985,418
Closing book value		8,480,143,856	5,986,747,224
10.1.1 Cost of additions during the period / year			
Land		16,331,538	370,043,524
Building on freehold land		490,760,802	24,931,067
Plant and machinery		2,132,048,543	110,871,634
Electric installations		203,457,840	10,632,596
Factory equipment		46,409,744	1,615,546
Furniture and fixtures		6,224,259	1,906,888
Office equipment		8,445,764	7,659,019
Motor vehicles		16,410,094	14,119,569
		2,920,088,584	541,779,843
10.1.2 Book Value of deletions during the period / year			
Furniture and fixtures		–	123,900
Office equipment		150,750	1,017,480
Motor vehicles		2,997,125	9,529,506
Total Cost of Deletions		3,147,875	10,670,886
Less Accumulated Depreciation		2,449,305	5,840,189
		698,570	4,830,697

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

For the Nine Months Ended March 31, 2014

	Un-audited			
	Nine Months Ended March 31,		Quarter Ended March 31,	
	2014 Rupees	2013 Rupees	2014 Rupees	2013 Rupees
11. COST OF GOODS SOLD				
Raw material consumed	10,709,602,738	8,738,632,211	4,002,843,058	3,085,538,945
Packing materials consumed	481,030,653	462,461,903	172,275,625	170,353,792
Stores, spare parts and loose tools	892,475,301	718,580,831	324,941,157	244,787,843
Salaries, wages and other benefits	1,111,393,209	925,453,981	395,287,335	318,376,832
Fuel and power	2,379,484,991	1,834,821,890	850,858,948	696,348,678
Insurance	30,480,436	26,545,921	11,114,160	9,827,733
Postage and telephone	1,382,843	347,640	1,141,687	104,024
Travelling and conveyance	15,913,406	10,984,465	5,347,104	3,549,562
Vehicle running	18,779,597	16,173,104	6,530,656	5,741,222
Entertainment	4,005,383	3,442,903	1,289,146	990,373
Depreciation	418,876,729	382,470,815	182,566,009	125,428,004
Repair and maintenance	14,642,246	11,687,107	3,868,180	2,455,758
Other factory overheads	53,746,496	44,407,100	31,064,241	14,973,717
	16,131,814,028	13,176,009,871	5,989,127,306	4,678,476,483
Work-in-process				
Opening stock	376,405,750	380,749,192	678,704,918	606,216,814
Closing stock	(551,687,257)	(583,976,001)	(551,687,257)	(583,976,001)
	(175,281,507)	(203,226,809)	127,017,661	22,240,813
Cost of goods manufactured	15,956,532,521	12,972,783,062	6,116,144,967	4,700,717,296
Finished goods and waste-opening stocks				
Finished goods	478,795,009	412,367,556	921,564,243	560,403,599
Waste	54,134,534	32,878,314	45,536,153	42,177,740
	532,929,543	445,245,870	967,100,396	602,581,339
	16,489,462,064	13,418,028,932	7,083,245,363	5,303,298,635
Finished goods and waste-closing stocks				
Finished goods	(866,158,967)	(617,281,587)	(866,158,967)	(617,281,587)
Waste	(49,097,743)	(27,334,904)	(49,097,743)	(27,334,904)
	(915,256,710)	(644,616,491)	(915,256,710)	(644,616,491)
Cost of goods sold	15,574,205,354	12,773,412,441	6,167,988,653	4,658,682,144

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

For the Nine Months Ended March 31, 2014

12. OTHER OPERATING EXPENSES

Other operating expenses includes donations to Saleem Memorial Trust Hospital (SMTH) amounting to Rs. 20 million in which Mr. Shahzad Saleem, Chairman and Chief Executive, Mr. Yahya Saleem and Ms. Farhat Saleem are directors. This donation is conditional upon obtaining of certain legal formalities and approvals in connection with the establishment of this charitable hospital. If these conditions could not be fulfilled within one year, the contribution will be returned to the donor.

	(Un-audited)	
	Nine Months Ended	
	31 March 2014 Rupees	31 March 2013 Rupees
13. CASH USED IN OPERATIONS		
Profit before taxation	1,430,084,652	1,930,470,530
Adjustments for non cash charges and other items:		
Depreciation on operating assets	425,993,383	390,457,342
Amortization on intangible assets	566,432	1,274,471
Gain on sale of operating fixed assets	(1,746,670)	(1,702,060)
Interest income on loan to subsidiary company	-	(15,175,265)
Interest on bank deposits	(4,853,218)	(3,587,465)
Finance costs	1,042,824,704	930,522,419
Dividend income	(1,313,100,740)	(750,343,280)
Cash flows from operating activities before working capital changes	<u>1,579,768,543</u>	<u>2,481,916,692</u>
(Increase) / decrease in current assets		
- Stores, spare parts and loose tools	(303,781,690)	(103,380,476)
- Stock in trade	(4,048,179,416)	(2,951,901,182)
- Trade debts	(881,701,582)	(48,391,435)
- Loans and advances	(253,247,574)	(379,798,888)
- Short term deposits and prepayments	(11,404,905)	(8,451,799)
- Other receivables	39,838,681	(236,213,939)
Increase in current liabilities		
- Trade and other payables	352,888,250	105,557,099
Cash used in operations	<u>(3,525,819,693)</u>	<u>(1,140,663,928)</u>

For the Nine Months Ended March 31, 2014

14. SEGMENT INFORMATION

	Spinning		Weaving		Processing and Home textile		Power Generation		Elimination of inter-segment Transactions		Total Company	
	Nine Months Ended (Un-audited) 31 March 2014	Nine Months Ended (Un-audited) 31 March 2013	Nine Months Ended (Un-audited) 31 March 2014	Nine Months Ended (Un-audited) 31 March 2013	Nine Months Ended (Un-audited) 31 March 2014	Nine Months Ended (Un-audited) 31 March 2013	Nine Months Ended (Un-audited) 31 March 2014	Nine Months Ended (Un-audited) 31 March 2013	Nine Months Ended (Un-audited) 31 March 2014	Nine Months Ended (Un-audited) 31 March 2013	Nine Months Ended (Un-audited) 31 March 2014	Nine Months Ended (Un-audited) 31 March 2013
Sales	Riipes											
External	9,226,637,839	8,773,445,578	2,372,470,679	1,783,339,140	4,724,854,762	4,724,854,762	1,733,004,821	1,094,133,036	-	-	17,227,642,781	15,281,639,480
Internal	1,474,189,939	1,544,910,455	2,864,042,575	2,818,552,450	-	-	1,793,004,821	1,094,133,036	(6,131,237,335)	(5,457,595,941)	-	-
Cost of Sales	10,700,887,777	10,318,356,033	5,236,513,254	4,601,891,590	4,724,854,762	4,724,854,762	1,793,004,821	1,094,133,036	(6,131,237,335)	(5,457,595,941)	17,227,642,781	15,281,639,480
Gross profit / (loss)	(9,674,050,023)	(8,235,895,335)	(4,978,798,019)	(4,246,928,250)	(4,302,703,246)	(4,302,703,246)	(1,845,994,467)	(1,445,481,551)	6,131,237,335	5,457,595,941	(15,574,205,354)	(12,773,412,441)
	1,026,837,754	2,082,460,698	257,754,235	354,963,340	421,435,084	421,435,084	(52,389,646)	(51,348,515)	-	-	1,653,437,427	2,508,227,039
Distribution expenses	(210,884,911)	(216,804,386)	(52,749,571)	(60,563,768)	(108,881,370)	(108,881,370)	-	-	-	-	(506,637,413)	(386,349,524)
Administrative expenses	(39,017,085)	(44,679,778)	(23,288,236)	(22,476,822)	(47,364,838)	(43,909,059)	(3,166,931)	(3,334,721)	-	-	(113,417,990)	(114,400,390)
Profit / (loss) before taxation and un-allocated income and expenses	(249,901,996)	(261,584,164)	(76,017,813)	(83,040,590)	(291,027,763)	(291,027,763)	(3,166,931)	(3,334,721)	-	-	(820,114,503)	(500,749,904)
Un-allocated income and expenses	776,935,758	1,820,876,534	181,736,422	271,192,750	269,361,087	269,361,087	(55,756,577)	(54,683,236)	-	-	1,033,322,924	2,007,477,135
Other operating expenses	-	-	-	-	-	-	-	-	-	-	-	(68,228,311)
Other operating income	-	-	-	-	-	-	-	-	-	-	-	1,537,814,743
Finance cost	-	-	-	-	-	-	-	-	-	-	-	(908,326,356)
Provision for taxation	-	-	-	-	-	-	-	-	-	-	-	(1,042,824,704)
Profit after taxation	-	-	-	-	-	-	-	-	-	-	-	(85,074,982)
	-	-	-	-	-	-	-	-	-	-	-	(207,391,152)
	-	-	-	-	-	-	-	-	-	-	-	1,345,009,670
	-	-	-	-	-	-	-	-	-	-	-	1,723,079,378

For the Nine Months Ended March 31, 2014

14.1 Reconciliation of reportable segment assets

	Spinning		Weaving		Processing and Home Textile		Power Generation		Total Company	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	31 Mar 2014	30 Jun 2013	31 Mar 2014	30 Jun 2013	31 Mar 2014	30 Jun 2013	31 Mar 2014	30 Jun 2013	31 Mar 2014	30 Jun 2013
Total assets for reportable segments	5,986,898,046	9,076,070,829	2,425,383,385	2,654,255,116	5,180,951,002	4,064,524,679	1,786,383,115	1,483,285,882	25,388,666,548	17,288,136,506
Unallocated assets:										
Long term investments									1,886,681,200	1,886,681,200
Other receivables									1,605,502,076	1,158,829,645
Short term investment									82,680,128	82,162,359
Cash and bank balances									63,029,483	259,237,529
Other corporate assets									354,713,002	1,269,801,509
Total assets as per balance sheet									<u>29,381,262,437</u>	<u>21,924,848,748</u>
Total liabilities for reportable segments	1,009,663,619	670,195,995	258,343,055	73,449,571	388,453,835	270,305,156	155,049,388	42,886,113	1,791,510,002	1,057,430,835
Unallocated liabilities:										
Long term financing									5,322,166,016	4,044,873,183
Redeemable Capital									62,500,000	156,250,000
Accrued mark-up									265,332,205	164,249,549
Short term borrowings									11,208,004,623	6,483,865,784
Other corporate liabilities									1,729,910,529	1,987,807,948
Total liabilities as per balance sheet									<u>20,379,953,375</u>	<u>15,904,577,289</u>

Rupees

For the Nine Months Ended March 31, 2014

15. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise subsidiary companies, associated undertakings, other related parties, key management personnel and post employment benefit plan. The Company in the normal course of business carries out transactions with various related parties. Details of transactions with related parties are as follows:

	Un-audited Nine Months ended 31 March 2014 Rupees	Audited Nine Months ended 31 March 2013 Rupees
i. Transactions		
Subsidiary companies		
Short term loans	–	810,000,000
Repayment of short term loans	–	1,942,500,000
Common facilities cost	13,500,000	1,350,000
Markup on short term loan	–	15,175,265
Dividend income	1,313,100,740	750,343,280
Sale of goods	1,509,209,910	–
Associated companies		
Insurance premium paid	71,385,005	57,726,962
Insurance claims received	2,659,919	10,876,886
Donation made	22,818,183	2,779,978
Purchase of operating fixed asset	925,000	–
Other related parties		
Purchase of goods	43,050,346	55,146,354
Sale of goods	211,096,789	187,592,723
Contribution to employees' provident fund	22,687,086	20,313,374
Ordinary dividend paid	60,551,432	55,046,760
Remuneration of key management personnel	77,303,157	44,343,450

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

For the Nine Months Ended March 31, 2014

	As at 31 March 2014 (Un-audited)			Total
	Subsidiary company	Associated company	Other related Parties	
	Rupees			
ii. Period end balances				
Long term investments	1,886,681,200	-	-	1,886,681,200
Trade debts	1,015,831,909	-	22,467,153	1,038,299,062
Other receivables	260,275,325	-	-	260,275,325
Bank balances	-	45,026,957	-	45,026,957
Loans and advances	-	-	2,176,975	2,176,975

	As at 30 June 2013 (Audited)			Total
	Subsidiary company	Associated company	Other related Parties	
	Rupees			
Long term investments	1,886,681,200	-	-	1,886,681,200
Trade debts	337,974,868	-	102,181	338,077,049
Other receivables	1,507,000	-	2,684,361	4,191,361
Bank balances	-	14,952,578	-	14,952,578
Loans and advances	-	-	181,137	181,137

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 2013.

17. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard (IAS) 34 'Interim Financial Reporting', the unconsolidated condensed interim balance sheet and unconsolidated condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income and unconsolidated condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial period.

For the Nine Months Ended March 31, 2014

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison, however, no significant re-arrangements have been made. Basic and diluted earnings per share for the nine months and quarter ended 31 March 2013 have been restated as a result of bonus issue during the current period.

18. DATE OF AUTHORIZATION FOR ISSUE

This unconsolidated condensed interim financial information was approved by the Board of Directors and authorized for issue on 26 April 2014.

NISHAT (CHUNIAN) LIMITED AND ITS
SUBSIDIARY COMPANIES

CONSOLIDATED CONDENSED INTERIM
FINANCIAL INFORMATION

NINE MONTHS ENDED 31 MARCH 2014
(UN-AUDITED)

CONSOLIDATED CONDENSED INTERIM BALANCE SHEET

As at March 31, 2014

	Note	(Unaudited) March 31, 2014 Rupees	(Audited) June 30, 2013 Rupees
EQUITY & LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized share capital		2,500,000,000	2,500,000,000
Issued, subscribed and paid-up share capital		2,001,846,300	1,819,860,280
Reserves		8,533,422,315	8,013,542,833
Equity attributable to equity holders of the Holding Company		10,535,268,615	9,833,403,113
Non-controlling interest		3,304,107,326	3,552,270,788
Total equity		13,839,375,941	13,385,673,901
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing		16,252,611,153	15,881,868,234
Redeemable Capital		62,500,000	156,250,000
CURRENT LIABILITIES			
Trade and other payables		3,712,800,865	3,382,808,041
Accrued mark-up		718,223,587	683,900,614
Short term borrowings		16,479,238,431	6,498,176,644
Current portion of long term financing		2,928,503,960	2,681,282,514
		23,838,766,843	13,246,167,813
Total liabilities		40,153,877,996	29,284,286,047
CONTINGENCIES AND COMMITMENTS			
	5		
TOTAL EQUITY AND LIABILITIES		53,993,253,937	42,669,959,948

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

Chief Executive

	(Unaudited) March 31, 2014 Rupees	(Audited) June 30, 2013 Rupees
ASSETS		
NON CURRENT ASSETS		
Fixed assets	23,672,159,848	22,391,029,019
Long term loans to employees	3,849,363	3,474,134
Long term security deposits	13,511,213	2,636,259
	23,689,520,424	22,397,139,412
CURRENT ASSETS		
Stores, spare parts and loose tools	1,804,284,645	1,244,305,405
Stock-in-trade	11,036,274,686	6,331,973,069
Trade debts	14,059,048,586	9,452,690,417
Loans and advances	1,122,727,665	994,644,550
Short term deposits and prepayments	61,063,500	2,932,499
Accrued interest	4,155	161,854
Other receivables	1,802,962,287	1,620,867,710
Derivative financial instruments	-	2,362,939
Short term investments	87,712,117	82,162,359
Cash and bank balances	329,655,872	540,719,734
	30,303,733,513	20,272,820,536
TOTAL ASSETS	53,993,253,937	42,669,959,948

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

For the Nine Months Ended March 31, 2014

	Nine Months Ended		Quarter Ended	
	March 31,		March 31,	
	2014 Rupees	2013 Rupees	2014 Rupees	2013 Rupees
SALES	37,553,716,911	33,968,748,063	13,114,560,943	12,020,354,528
COST OF SALES	(32,299,431,937)	(27,603,777,810)	(11,228,937,729)	(9,915,634,038)
GROSS PROFIT	5,254,284,974	6,364,970,253	1,885,623,214	2,104,720,490
DISTRIBUTION COST	(601,326,811)	(386,349,524)	(261,229,838)	(138,712,543)
ADMINISTRATIVE EXPENSES	(199,551,214)	(161,969,740)	(63,557,880)	(54,650,829)
OTHER OPERATING EXPENSES	(160,977,818)	(107,581,520)	(9,961,550)	(45,665,406)
	(961,855,843)	(655,900,784)	(334,749,268)	(239,028,778)
	4,292,429,131	5,709,069,469	1,550,873,946	1,865,691,712
OTHER OPERATING INCOME	285,018,753	284,731,576	125,126,837	61,382,662
PROFIT FROM OPERATIONS	4,577,447,884	5,993,801,045	1,676,000,783	1,927,074,374
FINANCE COST	(2,415,949,533)	(2,782,001,160)	(923,573,208)	(875,704,421)
PROFIT BEFORE TAXATION	2,161,498,351	3,211,799,885	752,427,575	1,051,369,953
TAXATION	(85,668,140)	(221,671,929)	(78,167,086)	(93,809,999)
PROFIT AFTER TAXATION	2,075,830,211	2,990,127,956	674,260,489	957,559,954
PROFIT ATTRIBUTABLE TO:				
EQUITY HOLDERS OF THE HOLDING COMPANY	1,065,665,850	2,002,990,704		
NON-CONTROLLING INTEREST	1,010,164,361	987,137,252		
	2,075,830,211	2,990,127,956		
EARNINGS PER SHARE - BASIC & DILUTED	5.32	(Restated) 10.00	1.24	(Restated) 3.31

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

Chief Executive

Director

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

For the Nine Months Ended March 31, 2014

	Nine Months Ended		Quarter Ended	
	March 31,		March 31,	
	2014 Rupees	2013 Rupees	2014 Rupees	2013 Rupees
PROFIT AFTER TAXATION	2,075,830,211	2,990,127,956	674,260,489	957,559,954
OTHER COMPREHENSIVE INCOME / (LOSS)	171,709	(1,056,847)	598,794	(1,056,847)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	2,076,001,920	2,989,071,109	674,859,283	956,503,107
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
EQUITY HOLDERS OF THE HOLDING COMPANY	1,065,837,559	2,001,933,857		
NON-CONTROLLING INTEREST	1,010,164,361	987,137,252		
	2,076,001,920	2,989,071,109		

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

CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

For the Nine Months Ended March 31, 2014

	Note	Nine Months Ended	
		March 31, 2014 Rupees	March 31, 2013 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	6	(3,829,981,147)	3,901,915,338
Net increase in long term security deposits		(10,874,954)	(2,276,338)
Finance cost paid		(2,381,626,560)	(2,951,671,758)
Income tax paid		(290,244,478)	(193,513,285)
Long term loans to employees - net		(375,229)	688,508
Net cash (used in) / from operating activities		(6,513,102,368)	755,142,465
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(2,586,588,355)	(901,276,389)
Proceeds from sale of property, plant and equipment		2,445,240	5,598,495
Short term investments made		(5,549,758)	(38,969,199)
Profit on bank deposits received		6,123,238	3,734,428
Net cash used in investing activities		(2,583,569,635)	(930,912,665)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		2,658,000,000	850,000,000
Repayment of long term financing		(2,133,785,635)	(1,798,341,161)
Short term borrowings - net		9,981,061,787	2,179,443,614
Dividend paid to non-controlling interest		(1,258,327,823)	(741,958,988)
Dividends paid		(361,511,897)	(326,928,393)
Net cash from financing activities		8,885,436,432	162,215,072
Net decrease in cash and cash equivalents		(211,235,571)	(13,555,128)
Impact of exchange translation		171,709	–
Cash and cash equivalents at the beginning of the period		540,719,734	87,794,100
Cash and cash equivalents at the end of the period		329,655,872	74,238,972

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

Chief Executive

Director

For the Nine Months Ended March 31, 2014

1- GROUP INFORMATION

The Group consists of:

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

Nishat (Chunian) Limited

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

Nishat Chunian Power Limited

Nishat Chunian Power Limited ("the Subsidiary Company") is a public limited Company incorporated in Pakistan under the Companies Ordinance, 1984 and listed on the Lahore Stock Exchange (Guarantee) Limited and Karachi Stock Exchange (Guarantee) Limited. The principal activity of the Subsidiary Company is to build, own, operate and maintain a fuel fired power station having gross capacity of 200 MW and net capacity of 195.722 MW at Jamber Kalan, Tehsil Pattoki, District Kasur, Punjab, Pakistan. Its registered office is situated at 31-Q, Gulberg II, Lahore. The Subsidiary Company has commenced commercial operations from 21 July 2010 and the twenty five years term of the Power Purchase Agreement (PPA) with National Transmission and Despatch Company Limited starts from this date.

Nishat Chunian USA Incorporation

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

2- BASIS OF PREPARATION

This consolidated condensed interim financial information is un-audited and is being submitted to shareholders as required by section 245 of the Companies Ordinance, 1984. This consolidated condensed interim financial information of the Group for the nine months ended 31 March 2014 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This consolidated condensed interim financial information should be read in conjunction with the audited annual published financial statements of the Group for the year ended 30 June 2013.

3. ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of this consolidated condensed interim financial information are the same as applied in the preparation of the preceding audited annual published financial statements of the Group for the year ended 30 June 2013.

For the Nine Months Ended March 31, 2014

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this consolidated condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of this consolidated condensed interim financial information, the significant judgments made by the management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Group for the year ended 30 June 2013.

5. CONTINGENCIES AND COMMITMENTS

Holding Company

Contingencies

There is no significant change in the status of contingencies as disclosed in the preceding audited annual financial statements of the Company for the year ended 30 June 2013 except for the following:

- i) Guarantees of Rupees 296.059 million (30 June 2013: Rupees 221.299 million) have been issued by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connection, Shell Pakistan Limited against purchase of furnace oil and Lahore Electric Supply Company against new connection.
- ii) Guarantees of Rupees 96 million (30 June 2013: Rupees 86 million) have been issued by the banks of the Company to Director, Excise and Taxation, Karachi against disputed amount of infrastructure cess.
- iii) Post dated cheques have been issued to custom authorities in respect of duties amounting to Rupees 376.348 million (30 June 2013: Rupees 154.347 million) on imported material availed on the basis of consumption and export plans. In the event the documents of exports are not provided on due dates, cheques issued as security shall be encashable.
- iv) Collector of Customs (Appeals) has passed an order to reject the duty draw back claims aggregating to Rupees 9.482 million (30 June 2013: Rupees 9.482 million) on blended grey fabrics exported under Duty and Tax Remission Rules for Export (DTRE) scheme. The department is of the view that the Company has not submitted Appendix-1 as per Rule 297-A of the above referred scheme. The Company considering that since it has taken benefit of remission of sales tax only, it is entitled to full duty draw back and filed appeal before Customs Appellate Tribunal Karachi Bench which has not been decided in favour of the Company. The Company has now preferred an appeal before Sindh High Court against the decision of Customs Appellate Tribunal. The Company also applied to Federal Board of Revenue (FBR) to constitute Alternate Dispute Resolution Committee (ADRC) in terms of section 195C of the Custom Act, 1969 to settle the dispute. ADRC vide its order dated 16 April 2008 has recommended the case in favour of the Company and forwarded the case to FBR. However, FBR has not accepted the recommendations of ADRC.
- v) The Company has filed an appeal before CIR(A) against the order of Additional Commissioner Inland Revenue (ACIR). ACIR has passed an order under section 122(5A) of the Income Tax Ordinance, 2001 for tax year 2006, 2007 and 2011 whereby a demand of Rupees 30.718 million (30 June 2013: 6.822 million) has been raised. No provision against the demand has been made in this unconsolidated condensed interim financial information as the Company is hopeful of a favourable outcome of appeal based on opinion of the legal advisor.

For the Nine Months Ended March 31, 2014

Commitments

- i) Contracts for capital expenditure are amounting to Rupees 198.663 million (30 June 2013: Rupees 913.661 million).
- ii) Letters of credit other than for capital expenditure are amounting to Rupees 369.187 million (30 June 2013: Rupees 197.348 million).
- iii) Outstanding foreign currency forward contracts of Rupees 2,140.764 million (30 June 2013: Rupees 3,350.847 million).

Subsidiary Company - Nishat Chunian Power Limited**Contingencies****(a) The banks have issued the following on behalf of the subsidiary company:**

- i) Irrevocable standby letter of credit in favour of Wartsila Pakistan (Private) Limited for Rs 45,000,000 (30 June 2013: Rs 45,000,000) as required under the terms of the Operation and Maintenance Agreement.
- ii) Letter of guarantee of Rs 4,031,988 (30 June 2013: 2,031,988) in favour of Director, Excise and Taxation, Karachi under direction of Sindh High Court in respect of suit filed for levy of infrastructure cess.

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

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

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

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

For the Nine Months Ended March 31, 2014

	Unaudited March 31, 2014 Rupees	Audited June 30, 2013 Rupees
Commitments		
i) Letter of credit other than for capital expenditure	54,452,657	202,410,806
<p>ii) 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 from the commercial operation date 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 variable O&M fee depending on the net electrical output, both of which are adjustable according to the Consumer Price Index.</p>		
	Un-audited Nine Months Ended	
	March 31, 2014 Rupees	March 31, 2013 Rupees
6. CASH USED IN OPERATIONS		
Profit before taxation	2,161,498,351	3,211,799,885
Adjustments for non cash charges and other items:		
Depreciation on operating assets	1,303,834,774	1,202,624,831
Amortization on intangible assets	924,182	1,632,221
Gain on sale of operating fixed assets	(1,746,670)	(2,224,663)
Interest on bank deposits	(5,965,539)	(3,663,917)
Unrealised loss on derivative financial instruments	2,362,939	-
Finance costs	2,415,949,533	2,781,994,279
Cash flows from operating activities before working capital changes	5,876,857,570	7,192,162,636
(Increase) / decrease in current assets		
- Stores, spare parts and loose tools	(559,979,240)	(322,913,919)
- Stock in trade	(4,704,301,617)	(3,163,611,629)
- Trade debts	(4,606,358,169)	(277,081,920)
- Loans and advances	(128,083,115)	(7,948,795)
- Short term deposits and prepayments	(58,131,001)	(48,361,677)
- Other receivables	22,481,761	(369,503,386)
Increase in current liabilities		
- Trade and other payables	327,532,664	899,174,028
	(9,706,838,717)	(3,290,247,298)
Cash (used in) / generated from operations	(3,829,981,147)	3,901,915,338

For the Nine Months Ended March 31, 2014

7. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, other related companies, key management personnel and post employment benefit plan. The Group in the normal course of business carried out transactions with various related parties. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in this financial information are as follows:

		Un-audited Nine Months Ended	
		March 31, 2014	March 31, 2013
		Rupees	Rupees
i)	Transactions		
	Associated company		
	Insurance premium paid	189,108,072	192,800,601
	Insurance claims received	2,949,269	23,966,491
	Other related parties		
	Purchase of goods	43,050,346	55,146,354
	Sale of goods	211,096,789	187,592,723
	Contribution to employees' provident fund	24,637,605	20,313,374
	Donations made	22,818,183	5,550,956
	Dividend paid	60,551,432	55,046,760
	Remuneration paid to key management personnel	116,847,609	64,343,450
		Un-audited Nine Months ended 31 Mar 2014	Audited Year ended 30 Jun 2013
		Rupees	Rupees
ii)	Period end balances		
	Bank balances with related party	51,837,188	15,046,000
	Due from related parties	24,644,128	5,535,814
	Due to related parties	-	3,649,000

8. CORRESPONDING FIGURES

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

9. DATE OF AUTHORIZATION FOR ISSUE

This consolidated condensed interim financial information was approved and authorized for issue on 26 April 2014 by the Board of Directors of the holding company.



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