



Interim Financial Information
Half Year Ended December 31, 2018
(Unaudited)



Nishat Chunian Limited

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COMPANY INFORMATION

Board of Directors:

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

Audit Committee:

Mr. Shoaib Ahmad Khan (*Chairman*)
Mr. Zain Shahzad (*Member*)
Mr. Muhammad Ali Zeb (*Member*)

HR & R Committee:

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

CFO:

Mr. Babar Ali Khan

Company Secretary:

Mr. Awais Mahmood

Head of Internal Audit:

Mr. Ahmad Bilal

Mills:

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

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

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

Bankers to the Company:

Allied Bank Limited
Askari Bank Limited
Al Baraka Bank (Pakistan) Limited
Bank Alfalah Limited
Bank Islami Pakistan Limited
Burj Bank Limited
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Industrial and Commercial Bank of China (ICBC)
Meezan Bank Limited
National Bank of Pakistan
NIB Bank Limited
Pak Kuwait Investment Company (Private) Limited
Standard Chartered Bank Pakistan Limited
SAMBAA 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

DIRECTOR'S REPORT

Dear Shareholders

The Board of Directors is pleased to announce the unaudited results of Nishat (Chunian) Limited ("the Company") for the half year ended on December 31, 2018.

Operating Financial Results

Revenues earned during these six months period are Rs. 19.32 billion as compared to Rs. 16.84 billion during the corresponding six months of previous fiscal year, registering an increase of 14.75%. The increase in turnover is mainly driven by yarn sales in local market, whereas there is marginal increase in exports as well. Gross Margin increased significantly to 13.38% as compared to 8.23% in corresponding period of the preceding year. Profit after tax of the Company increased to 10.45% from 2.92 % in the current half year ended 31 December 2018 as compared to the corresponding half of the last year. Gain on disposal of subsidiary, exchange gain and dividend income have also contributed to this favorable variance.

Financial Highlights	Half Year ended December 31		Increase / Decrease %
	2018	2017	
Sales (Rs.)	19,320,340,709	16,836,839,203	14.75%
Gross Profit (Rs.)	2,584,597,136	1,384,988,840	86.62%
Profit After Taxation (Rs.)	2,018,075,923	492,072,854	310.12%
Gross Profit %	13.38%	8.23%	
Profit After Tax %	10.45%	2.92%	
Earnings Per Share (Rs.)	8.40	2.05	

Market Review and Future Prospects

The management is devoted to value creation through adoption of advance technology and further diversification in business. Yarn export market in the previous years was heavily dependent on Chinese market, tariff talks between USA and China will have direct impact on the sector. Spinning division has seen significant increase in turnover, this is a direct result of major capex investments over last few years to enhance and diversify existing capacity with improvisation of overall efficiency. Given current circumstances, the Company is looking to consolidate its core operations by revisiting Company's structure and focusing on bringing further efficiency in the operations.

However, the management is very keen to look for new avenues if the right opportunity arises. Company's constant focus on replacement and upgradation of existing machinery to modernize the overall process will positively impact the bottom line in the coming periods. Also, the devaluation trend of Pak Rupee against USD and Euro has created some breathing space for the export sector. The current devaluation of Pak Rupee presents an opportunity for the value added sector, the management is committed to take full advantage of the situation. Further, Government's initiative to reduce power cost will make Pakistani market more competitive. The Government's decision to expedite sales tax refunds in form of promissory note is a step towards right direction, although the detailed procedures to avail this benefit is still awaited.

"The Linen Company (TLC)", has successfully launched its retail outlet in Karachi and is further looking to expand its retail network. The brand has expanded to 4 cities and operating 5 outlets.

The Company has successfully completed all the transactions regarding disposal of its cinema business by formalizing all the required statutory approvals. This fact has already been communicated through stock exchange.

Subsidiary Companies and Consolidated Financial Statements

The Company's portfolio of subsidiary companies include Nishat Chunian Power Limited, NC Electric Company Limited, Nishat Chunian USA Inc. Therefore, the Company has annexed consolidated condensed interim financial information in addition to its separate condensed interim financial information, in accordance with the requirements of International Financial Reporting Standards and applicable provisions of the Company Act, 2017.

Acknowledgement

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

For and on behalf of the Board,

Chief Executive
Date: 27th February 2019

Director

DIRECTOR'S REPORT

محترم حصص یافتگان

بورڈ آف ڈائریکٹرز 31 دسمبر 2018 کو ختم ہونے والی ششماہی کے لئے نشاط (چونیاں) کمپنی ("کمپنی") کے غیر نظر بنائی شدہ نتائج کا اعلان کرتے ہوئے فوجی مہینوں کرتا ہے۔

آپریٹنگ مالیاتی نتائج

گزشتہ مالی سال کی اسی ششماہی کے دوران 16,84,16,84 روپے کے مقابلے میں ششماہی کے دوران حاصل ہونے والی آمدنی 19,32,19,32 روپے ہے، جو 14,75,14,75 فیصد کا اضافہ ظاہر کرتی ہے۔ لیکن اس میں اضافہ بنیادی طور پر مقامی مارکیٹ میں پارن کی فروخت کے ذریعے ممکن ہوا ہے، جبکہ برآمدات میں مارشل اضافہ بھی ہوا ہے۔ مجموعی نتائج گزشتہ سال کی اسی مدت میں 8.23 فیصد کے مقابلے میں نمایاں طور پر 13.38 فیصد تک زیادہ ہوئے۔ کمپنی کا بعد از ٹیکس نتائج گزشتہ مالی سال کی اسی ششماہی میں 2.92 فیصد سے بڑھ کر 31 دسمبر 2018 کو ختم ہونے والے موجودہ ششماہی میں 10.45 فیصد ہو گیا۔ ذیلی کمپنی کے ڈیپنڈنٹ پر آمدنی، ایکٹیوٹیگ میں اور یو پیو پیڈ آمدنی نے بھی اس سال کا تغیر میں حصہ الا ہے۔

مالی پھلکیاں	31 دسمبر ختم شدہ ششماہی		فیصد اضافہ / کمی
	2017	2018	
فروخت (روپے)	16,836,839,203	19,320,340,709	14.75 فیصد
مجموعی نتائج (روپے)	1,384,988,840	2,584,597,136	86.62 فیصد
بعد از ٹیکس نتائج (روپے)	492,072,854	2,018,075,923	310.12 فیصد
مجموعی نتائج فیصد	8.23 فیصد	13.38 فیصد	
بعد از ٹیکس نتائج فیصد	2.92 فیصد	10.45 فیصد	
ذیلی کمپنی آمدن (روپے)	2.05	8.40	

مستقبل کے امکانات

انتظامیہ کو بار بار اس وجہ سے کیا جانے لگا ہے اور مزید توسیع کو مانگنے کے لئے ذریعے قدر تحقیق کرنے کے لئے پرعزم ہے۔ گزشتہ سالوں میں ایران کی برآمدات چھٹی مارکیٹ بہت زیادہ اٹھنا کرتی تھی، امریکہ اور چین کے درمیان صرف مذاکرات اس سیکٹر پر براہ راست اثرات ڈالیں گے۔ سیٹنگ ڈو این نے فران اور میں نمایاں اضافہ دیکھا ہے، یہ موجودہ صلاحیت کو بڑھانے اور مجموعی کارکردگی کو بہتر بنانے کے لئے گزشتہ چند سالوں سے اہم کیمپس سرپا کھولنے کی کارروائی کا براہ راست نتیجہ ہے۔ اس وقت موجودہ حالات کے پیش نظر کمپنی، اپنی ساخت و نظر بنانی اور اپریٹنگ کو مزید فروغ دینے پر توجہ مرکوز کر کے اپنے بنیادی آپریشن کو مضبوط بنانے کی کوشش کر رہی ہے۔

تاہم، انتظامیہ کا ترجیحی مقصد ہر وقت سے ڈیویڈنڈوں کو جاری رکھنا ہے۔ مجموعی پراسس کو چھلانے کے لئے موجودہ ششماہی کی تہہ پٹی اور اپریٹنگ پر کمپنی کی مستقل توجہ آئندہ مدت میں چلانی پر مثبت اثر انداز ہوگی۔ مزید برآں، امریکی ڈالر اور یورو کے برعکس پاکستانی روپیہ کی قدر میں کمی کے رحمان نے برآمدات کے شعبہ کے لئے کچھ آسانیاں پیدا کی ہیں۔ پاکستانی روپیہ کی قدر میں حالیگی نے وطنی پیداوار کے شعبہ کے لئے ایک موقع پیش کیا ہے، انتظامیہ صورت حال سے عمل فائدہ اٹھانے کے لئے پُر ہمت رہے۔ مزید برآں بجلی کی قیمت کم کرنے کے حکمتی اقدامات پاکستانی مارکیٹ کو مزید کھولنے کا کامیاب ہے۔ پروماٹری ٹوب کی صورت میں سیکورٹس کی واکسی کو تیز کرنے کیلئے حکومت کا فیصلہ سبب مست کی طرف ایک قدم ہے، اگرچہ اس سے استفادہ حاصل کرنے کے لئے تقابلی پروڈیوٹرز کا بھی انتظار کیا جا رہا ہے۔

"دی لیٹن کمپنی (TLC)" نے کراچی میں اپنی ریشل آڈسٹ کا کامیابی سے افتتاح کیا ہے اور مختلف شعبوں میں مزید سٹور کھول کر ریشل سبب وک کو مزید فروغ دینے کا ارادہ رکھتی ہے۔ 4 ماہ 4 شعبوں میں سیکل چکا ہے اور 5 آڈٹ لیس چلا رہا ہے۔ کمپنی نے اپنے سہ ماہی کارڈنگ کرنے کے سلسلہ میں تمام توفیقی منظور حاصل کرنے کے بعد رازد سیکٹرز کو پاپ سیکل تک پہنچایا ہے۔ اس خبر کے بارے میں اسٹاک ایکٹیوٹیگ کو مطلع ہی کر دیا ہے۔

ذیلی کمپنیاں اور اشتغال شدہ مالیاتی حسابات

نشاط چونیاں پاور ہولڈنگ INC ایکٹر کمپنی لیٹنڈ اور نشاط چونیاں ایس ایس اے انکار پورہ کمپنی کی ذیلی کمپنیاں ہیں۔ لہذا، کمپنی نے بین الاقوامی مالیاتی رپورٹنگ معیارات کی ضروریات اور کنٹریا ایکٹ 2017 کی قابل اطلاق دفعات کے مطابق اپنی انگ، انڈیا اور یورپی مالیات کے علاوہ اشتغال شدہ جمہوریہ مالیاتی معلومات شمسک کی ہیں۔

انتظامیہ

ڈائریکٹرز شرملا مین کا شہریہ ادا کرتے ہیں جو کمپنی کی کارروائیوں میں اہم کردار ادا کرتے ہیں۔

منجانب بورڈ

ڈائریکٹر

چیف ایگزیکٹو
27 فروری 2019ء

REVIEW REPORT

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

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of NISHAT (CHUNIAN) LIMITED as at 31 December 2018 and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim statement of cash flows, and notes to the unconsolidated condensed interim financial statements for the half year then ended (here-in-after referred to as the "unconsolidated condensed interim financial statements"). Management is responsible for the preparation and presentation of these unconsolidated condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these unconsolidated condensed interim financial statements based on our review. The figures of the unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement of comprehensive income for the quarters ended 31 December 2018 and 31 December 2017 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended 31 December 2018.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of unconsolidated condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated condensed interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

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

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Mubashar Mehmood

Date: 27 February 2019

LAHORE

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	Un-audited 31 December 2018 Rupees	Audited 30 June 2018 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital		3,000,000,000	3,000,000,000
Issued, subscribed and paid-up share capital		2,402,215,560	2,402,215,560
Reserves		12,145,821,257	11,308,233,791
Total equity		14,548,036,817	13,710,449,351
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	4	4,206,348,250	4,756,266,450
CURRENT LIABILITIES			
Trade and other payables		3,249,879,032	2,238,596,263
Accrued mark-up		354,056,383	211,095,682
Short term borrowings		22,580,105,533	17,021,991,856
Current portion of long term financing		1,247,355,150	1,416,992,650
Unclaimed dividend		50,145,911	38,206,334
Total liabilities		27,481,542,009	20,926,882,785
		31,687,890,259	25,683,149,235
CONTINGENCIES AND COMMITMENTS			
	5		
TOTAL EQUITY AND LIABILITIES		46,235,927,076	39,393,598,586

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

CHIEF EXECUTIVE

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UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	Un-audited 31 December 2018 Rupees	Audited 30 June 2018 Rupees
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	6	11,255,430,560	11,359,643,510
Intangible asset	7	949,022	1,228,590
Investments in subsidiary companies		3,086,681,200	3,186,681,200
Long term loans to employees		13,199,164	13,940,372
Long term security deposits		323,620,190	23,647,440
		14,679,880,136	14,585,141,112
CURRENT ASSETS			
Stores, spare parts and loose tools		797,221,195	686,743,322
Stock-in-trade		18,842,843,115	10,447,356,778
Trade debts		4,954,139,182	8,124,577,164
Loans and advances		3,138,658,190	1,865,276,632
Short term prepayments		30,936,029	3,453,878
Other receivables		3,688,952,198	3,522,638,415
Accrued interest		60,471,942	60,317,256
Short term investments		20,687,112	21,649,175
Cash and bank balances		22,137,977	76,444,854
		31,556,046,940	24,808,457,474
TOTAL ASSETS		46,235,927,076	39,393,598,586

CHIEF FINANCIAL OFFICER

Nishat Chunian Limited

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

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	Note	HALF YEAR ENDED		QUARTER ENDED	
		31 December 2018	31 December 2017	31 December 2018	31 December 2017
----- Rupees -----					
REVENUE		19,320,340,709	16,836,839,203	10,093,488,953	8,468,799,006
COST OF SALES	8	(16,735,743,573)	(15,451,850,363)	(8,996,234,034)	(7,614,996,483)
GROSS PROFIT		2,584,597,136	1,384,988,840	1,097,254,919	853,802,523
DISTRIBUTION COST		(478,766,021)	(430,959,007)	(232,342,987)	(224,428,191)
ADMINISTRATIVE EXPENSES		(129,050,548)	(104,945,005)	(68,159,804)	(56,637,851)
OTHER EXPENSES		(106,740,833)	(24,253,656)	(58,567,856)	(18,969,167)
		(714,557,402)	(560,157,668)	(359,070,647)	(300,035,209)
		1,870,039,734	824,831,172	738,184,272	553,767,314
OTHER INCOME		1,308,395,587	479,046,915	1,119,973,625	460,083,544
PROFIT FROM OPERATIONS		3,178,435,321	1,303,878,087	1,858,157,897	1,013,850,858
FINANCE COST		(879,736,044)	(638,217,027)	(502,894,434)	(330,493,178)
PROFIT BEFORE TAXATION		2,298,699,277	665,661,060	1,355,263,463	683,357,680
TAXATION		(280,623,354)	(173,588,206)	(189,051,455)	(96,145,480)
PROFIT AFTER TAXATION		2,018,075,923	492,072,854	1,166,212,008	587,212,200
EARNINGS PER SHARE - BASIC AND DILUTED		8.40	2.05	4.85	2.44

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

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

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	----- Rupees -----			
PROFIT AFTER TAXATION	2,018,075,923	492,072,854	1,166,212,008	587,212,200
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Other comprehensive income for the period	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	2,018,075,923	492,072,854	1,166,212,008	587,212,200

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS

(UN-AUDITED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

		HALF YEAR ENDED		
		31 December 2018	31 December 2017	
Note	Rupees	Rupees	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES				
	Cash utilized in operations	9	(2,715,547,219)	(2,422,150,697)
	Finance cost paid		(736,775,343)	(633,159,353)
	Income tax paid		(174,608,365)	(115,942,962)
	Net decrease / (increase) in long term loans to employees		1,012,600	167,693
	Net increase in long term security deposits		(299,972,750)	(1,413,000)
	Net cash utilized in operating activities		(3,925,891,077)	(3,172,498,319)
CASH FLOWS FROM INVESTING ACTIVITIES				
	Capital expenditure on property, plant and equipment		(354,952,962)	(236,609,637)
	Proceeds from sale of property, plant and equipment		851,813	3,826,602
	Proceeds from sale of shares of subsidiary company		322,000,000	-
	Capital expenditure on intangible asset		-	(257,650)
	Refund of advance for purchase of shares of subsidiary company		-	237,112,338
	Loans and advances to subsidiary companies		(2,507,248,555)	(2,814,907,000)
	Repayment of loans from subsidiary companies		2,205,248,187	3,461,760,376
	Dividend received from subsidiary company		281,378,730	187,585,818
	Interest received		34,695,657	2,534,420
	Net cash (used in) / from investing activities		(18,027,130)	841,045,267
CASH FLOWS FROM FINANCING ACTIVITIES				
	Proceeds from long term financing		-	2,076,300,000
	Repayment of long term financing		(719,555,700)	(720,148,200)
	Short term borrowings - net		5,558,113,677	1,633,411,762
	Dividend paid		(948,946,647)	(577,303,418)
	Net cash from financing activities		3,889,611,330	2,412,260,144
	Net (decrease) / increase in cash and cash equivalents		(54,306,877)	80,807,092
	Cash and cash equivalents at the beginning of the period		76,444,854	44,549,361
	Cash and cash equivalents at the end of the period		22,137,977	125,356,453

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

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

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

SHARE CAPITAL	CAPITAL RESERVE		REVENUE RESERVES			TOTAL RESERVES	TOTAL EQUITY
	Share premium	General reserve	Un-appropriated profit	Total			
-----Rupees-----							
2,402,215,560	600,553,890	1,629,221,278	7,375,984,055	9,005,205,333	9,605,759,223	12,007,974,883	
-	-	-	(660,609,279)	(660,609,279)	(660,609,279)	(660,609,279)	
-	-	-	492,072,854	492,072,854	492,072,854	492,072,854	
-	-	-	492,072,854	492,072,854	492,072,854	492,072,854	
2,402,215,560	600,553,890	1,629,221,278	7,207,447,630	8,836,668,908	9,437,222,798	11,839,438,358	
-	-	-	1,871,010,993	1,871,010,993	1,871,010,993	1,871,010,993	
-	-	-	1,871,010,993	1,871,010,993	1,871,010,993	1,871,010,993	
2,402,215,560	600,553,890	1,629,221,278	9,078,486,623	10,707,679,901	11,308,233,791	13,710,449,351	
-	-	-	(6,506,852)	(6,506,852)	(6,506,852)	(6,506,852)	
-	-	-	(213,095,381)	(213,095,381)	(213,095,381)	(213,095,381)	
2,402,215,560	600,553,890	1,629,221,278	8,858,856,390	10,488,077,668	11,088,631,558	13,490,847,118	
-	-	-	(960,886,224)	(960,886,224)	(960,886,224)	(960,886,224)	
-	-	-	2,018,075,923	2,018,075,923	2,018,075,923	2,018,075,923	
-	-	-	2,018,075,923	2,018,075,923	2,018,075,923	2,018,075,923	
2,402,215,560	600,553,890	1,629,221,278	9,916,046,089	11,545,267,367	12,145,821,257	14,548,036,817	

Balance as at 30 June 2017 (Audited)

Transaction with owners:

Final dividend for the year ended 30 June 2017 @Rupees 2.75 per share

Profit for the half year ended 31 December 2017

Other comprehensive income for the half year ended 31 December 2017

Total comprehensive income for the half year ended 31 December 2017

Balance as at 31 December 2017 (Un-audited)

Profit for the half year ended 30 June 2018

Other comprehensive income for the half year ended 30 June 2018

Total comprehensive income for the half year ended 30 June 2018

Balance as at 30 June 2018 (Audited)

Adjustment on adoption of IFRS 9 (Note 3.2.1)

Adjustment on adoption of IFRS 15 (Note 3.2.2)

Adjusted total equity as at 01 July 2018

Transaction with owners:

Final dividend for the year ended 30 June 2018 @Rupees 4 per share

Profit for the half year ended 31 December 2018

Other comprehensive income for the half year ended 31 December 2018

Total comprehensive income for the half year ended 31 December 2018

Balance as at 31 December 2018 (Un-audited)

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

1 THE COMPANY AND ITS OPERATIONS

Nishat (Chunian) Limited ("the Company") is a public limited company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017) and listed on Pakistan Stock Exchange Limited. Its registered office is situated at 31-Q, Gulberg II, Lahore. The Company is engaged in the business of spinning, weaving, dyeing, printing, stitching, processing, doubling, sizing, buying, selling and otherwise dealing in yarn, fabric and made-ups made from raw cotton, synthetic fiber and cloth, and to generate, accumulate, distribute, supply and sell electricity.

2 BASIS OF PREPARATION

2.1 These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 These unconsolidated condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June 2018. These unconsolidated condensed interim financial statements are un-audited, however, have been subjected to limited scope review by the auditors and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2017 and Section 237 of the Companies Act, 2017.

3 ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of these unconsolidated condensed interim financial statements are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2018 except for the changes in accounting policies as stated in note 3.2 to these unconsolidated condensed interim financial statements.

3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

During preparation of these unconsolidated condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2018.

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

3.2 CHANGES IN ACCOUNTING POLICIES DUE TO APPLICABILITY OF CERTAIN INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The following changes in accounting policies have taken place effective from 01 July 2018:

3.2.1 IFRS 9 “Financial Instruments”

The Company has adopted IFRS 9 “Financial Instruments” from 01 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the Company makes an irrevocable election on initial recognition to present gains and losses on equity instruments in other comprehensive income. Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the Company's own credit risk to be presented in other comprehensive income (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the Company. New impairment requirements use an ‘expected credit loss’ (ECL) model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

The Company has adopted IFRS 9 without restating the prior year results.

Key changes in accounting policies resulting from application of IFRS 9

i) **Classification and measurement of financial instruments**

IFRS 9 largely retains the existing requirements in IAS 39 “Financial Instruments: Recognition and Measurement” for the classification and measurement of financial liabilities. However, it replaces the previous IAS 39 categories for financial assets i.e. loans and receivables, fair value through profit or loss (FVTPL), available for sale and held to maturity with the categories such as amortised cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVTOCI).

Investments and other financial assets

a) **Classification**

From 01 July 2018, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or
- those to be measured at amortised cost

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

b) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortised cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through other comprehensive income (FVTOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/ (other expenses) and impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other income / (other expenses) in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

Fair value through other comprehensive income (FVTOCI)

Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Fair value through profit or loss (FVTPL)

Changes in the fair value of equity investments at fair value through profit or loss are recognised in other income/ (other expenses) in the statement of profit or loss as applicable.

Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

ii) Impairment

From 01 July 2018, the Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade debts and other receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

iii) Hedge accounting

IFRS 9 requires that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

There is no impact of the said change on these unconsolidated condensed interim financial statements as there is no hedge activity carried on by the Company during the period ended 31 December 2018.

iv) Impacts of adoption of IFRS 9 on these unconsolidated condensed interim financial statements as on 01 July 2018

On 01 July 2018, the Company's management has assessed which business models apply to the financial assets held by the Company at the date of initial application of IFRS 9 (01 July 2018) and has classified its financial instruments into appropriate IFRS 9 categories. The main effects resulting from this reclassification are as follows:

Financial assets (01 July 2018)

	Trade debts categorized as	
	Loans and receivables	Amortised cost
	----- Rupees -----	
Opening balance (before reclassification)	8,124,577,164	-
Adjustment on adoption of IFRS 9:		
Reclassification of trade debts	(8,124,577,164)	8,124,577,164
Recognition of expected life time credit losses on trade debts	-	(6,506,852)
Opening balance (after reclassification)	-	8,118,070,312

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

The impact of these changes on the Company's reserves and equity is as follows:

Reserves and equity (01 July 2018)

	Effect on un- appropriated profit	Effect on total equity
----- Rupees -----		
Opening balance (before reclassification)	9,078,458,623	13,710,449,351
Adjustment on adoption of IFRS 9 due to recognition of expected life time credit losses on trade debts	(6,506,852)	(6,506,852)
Opening balance (after reclassification)	9,071,951,771	13,703,942,499

Reclassifications of financial instruments on adoption of IFRS 9

As on 01 July 2018, the classification and measurement of financial instruments of the Company were as follows:

	Measurement category		Carrying amounts		
	Original	New	Original	New	Difference
	(IAS 39)	(IFRS 9)	Rupees		
Non-current financial assets					
Long term loans to employees	Loans and receivables	Amortised cost	16,813,010	16,813,010	-
Long term security deposits	Loans and receivables	Amortised cost	23,647,440	23,647,440	-
Current financial assets					
Trade debts	Loans and receivables	Amortised cost	8,124,577,164	8,118,070,312	6,506,852
Loans and advances	Loans and receivables	Amortised cost	515,390,587	515,390,587	-
Other receivables	Loans and receivables	Amortised cost	254,785,016	254,785,016	-
Other receivables	At fair value through profit or loss	At fair value through profit or loss	8,493,361	8,493,361	-
Accrued interest	Loans and receivables	Amortised cost	60,317,256	60,317,256	-
Short term investments	Loans and receivables	Amortised cost	21,649,175	21,649,175	-
Cash and bank balances	Loans and receivables	Amortised cost	76,444,854	76,444,854	-
Non-current financial liabilities					
Long term financing	Amortised cost	Amortised cost	4,756,266,450	4,756,266,450	-

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	Measurement category		Carrying amounts		
	Original (IAS 39)	New (IFRS 9)	Original	New	Difference
Rupees					
Current financial liabilities					
Trade and other payable	Amortised cost	Amortised cost	2,050,238,119	2,050,238,119	-
Accrued mark-up	Amortised cost	Amortised cost	211,095,682	211,095,682	-
Short term borrowings	Amortised cost	Amortised cost	17,021,991,856	17,021,991,856	-
Current portion of long term financing	Amortised cost	Amortised cost	1,416,992,650	1,416,992,650	-
Unclaimed dividend	Amortised cost	Amortised cost	38,206,334	38,206,334	-

3.2.2 IFRS 15 'Revenue from Contracts with Customers'

The Company has adopted IFRS 15 from 01 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an Company's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the Company's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

The Company has adopted IFRS 15 by applying the modified retrospective approach according to which the Company is not required to restate the prior year results.

i) Key changes in accounting policies resulting from application of IFRS 15

The Company recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

a) Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery. Otherwise, control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
- the Company's performance creates and enhances an asset that the customer controls as the Company performs; or
- the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

b) Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered.

c) Interest

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

d) Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

ii) Impacts of adoption of IFRS 15 on these unconsolidated condensed interim financial statements as on 01

The following adjustments were made to the amounts recognized in the unconsolidated condensed interim financial statements at 01 July 2018:

Statement of financial position

	30 June 2018 Reported	Adjustment	30 June 2018 Restated
Rupees			
Current assets			
Stock in trade	10,447,356,778	1,008,464,541	11,455,821,319
Trade debts	8,124,577,164	(1,232,775,468)	6,891,801,696
Current liabilities			
Trade and other payables	2,238,596,263	(11,215,546)	2,227,380,717
Equity			
Reserves	11,308,233,791	(213,095,381)	11,095,138,410

3.2.3 Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables generally do not include amounts over due by 365 days.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	Un-audited 31 December 2018 Rupees	Audited 30 June 2018 Rupees
4 LONG TERM FINANCING		
From banking companies / financial institutions - secured		
Long term loans (Note 4.1)	3,881,348,250	4,381,266,450
Long term musharaka (Note 4.2)	325,000,000	375,000,000
	4,206,348,250	4,756,266,450
4.1 Long term loans		
Opening balance	5,698,259,100	5,071,663,000
Add: Obtained during the period / year	-	2,076,300,000
Less: Repayments during the period / year	669,555,700	1,449,703,900
Closing balance	5,028,703,400	5,698,259,100
Less: Current portion shown under current liabilities	1,147,355,150	1,316,992,650
	3,881,348,250	4,381,266,450
4.2 Long term musharaka		
Opening balance	475,000,000	580,000,000
Add: Obtained during the period / year	-	-
Less: Repayments during the period / year	50,000,000	105,000,000
Closing balance	425,000,000	475,000,000
Less: Current portion shown under current liabilities	100,000,000	100,000,000
	325,000,000	375,000,000
5 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 2018 except for the following:

- i) Guarantees of Rupees 650.886 million (30 June 2018: Rupees 609.109 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connections, Shell Pakistan Limited against purchase of furnace oil, Lahore Electric Supply Company against electricity connections, Director Excise and Taxation, Karachi against infrastructure cess, Chairman Punjab Revenue Authority, Lahore against infrastructure cess, Director Pakistan Central Cotton Committee against cotton cess and Nazir, Honourable High Court, Sindh against the notification in accordance with section 8 of OGRA Ordinance 2002, regarding system gas tariff on industrial and captive units.
- ii) Post dated cheques have been issued to custom authorities in respect of duties amounting to Rupees 3,755.189 million (30 June 2018: Rupees 3,234.598 million) on imported material availed on the basis of consumption and export plans. In the event the documents of exports are not provided on due dates, cheque issued as security shall be encashable.
- iii) The Company has issued cross corporate guarantees of Rupees 9.55 billion (30 June 2018: Rupees 9.25 billion) on behalf of NC Electric Company Limited - wholly-owned subsidiary company to secure the obligations of subsidiary company towards its lenders.

Commitments

- i) Letters of credit other than for capital expenditure are amounting to Rupees 531.079 million (30 June 2018: Rupees 1,265.473 million).
- ii) Outstanding foreign currency forward contracts of Rupees 167.988 million (30 June 2018: Rupees 418.294 million).

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	Un-audited 31 December 2018 Rupees	Audited 30 June 2018 Rupees
6 FIXED ASSETS		
Property, plant and equipment:		
Operating fixed assets (Note 6.1)	11,059,015,170	11,287,175,272
Capital work-in-progress (Note 6.2)	196,415,390	72,468,238
	<u>11,255,430,560</u>	<u>11,359,643,510</u>
6.1 Operating fixed assets		
Opening net book value	11,287,175,272	11,719,057,304
Add: Cost of additions during the period / year (Note 6.1.1)	231,005,810	615,992,663
Less: Book value of deletions during the period / year (Note 6.1.2)	759,887	45,823,260
Less: Depreciation charged during the period / year	458,406,025	1,002,051,435
Closing net book value	<u>11,059,015,170</u>	<u>11,287,175,272</u>
6.1.1 Cost of additions during the period / year		
Freehold land	-	10,806,400
Buildings on freehold land	1,033,681	91,707,904
Plant and machinery	194,574,001	421,689,770
Electric installations	5,908,598	24,437,172
Factory equipment	2,726,301	11,668,521
Furniture, fixture and equipment	12,078,202	23,803,595
Office equipment	3,770,130	11,322,593
Motor vehicles	10,914,897	20,556,708
	<u>231,005,810</u>	<u>615,992,663</u>
6.1.2 Book value of deletions during the period / year		
Cost of deletions		
Plant and machinery	-	121,810,851
Electric installations	-	10,000
Furniture, fixture and equipment	-	619,756
Office equipment	466,700	1,154,420
Motor vehicles	1,039,594	27,437,810
	<u>1,506,294</u>	<u>151,032,837</u>
Less: Accumulated depreciation	746,407	105,209,577
Book value of deletions during the period / year	<u>759,887</u>	<u>45,823,260</u>
6.2 Capital work-in-progress		
Civil works on freehold land	2,210	2,210
Advances for capital expenditures	186,888,003	72,289,204
Letters of credit	9,525,177	39,324
Mobilization advances	-	137,500
	<u>196,415,390</u>	<u>72,468,238</u>

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

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	Un-audited 31 December 2018 Rupees	Audited 30 June 2018 Rupees
7 INTANGIBLE ASSET		
Opening net book value	1,228,590	2,688,540
Add: Cost of additions during the period / year	-	257,650
Less: Amortization charged during the period / year	279,568	1,717,600
Closing net book value	949,022	1,228,590

	UN-AUDITED			
	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	----- Rupees -----			
8 COST OF SALES				
Raw materials consumed	12,216,925,302	11,227,253,997	5,904,873,518	5,528,898,338
Packing materials consumed	437,917,020	415,899,157	228,505,558	210,411,190
Stores, spare parts and loose tools consumed	574,466,831	487,323,575	284,539,898	252,681,940
Processing charges	243,597,371	53,134,008	88,698,867	33,182,361
Salaries, wages and other benefits	1,164,926,233	1,209,242,975	570,869,110	602,499,201
Fuel and power	1,782,375,553	1,551,880,612	879,369,250	801,913,344
Insurance	22,213,070	18,174,263	12,198,701	9,105,344
Postage and telephone	453,260	347,896	259,919	183,341
Travelling and conveyance	1,565,462	1,655,765	697,504	822,902
Vehicles' running and maintenance	13,830,208	11,305,657	7,206,916	5,902,911
Entertainment	3,933,679	4,314,350	1,871,853	1,746,653
Depreciation on operating fixed assets	455,126,772	490,003,716	227,794,538	247,202,206
Repair and maintenance	172,901,236	161,758,332	89,461,242	84,623,382
Other factory overheads	27,787,708	35,063,992	18,998,275	17,242,747
	17,118,019,705	15,667,358,295	8,315,345,149	7,796,415,860
Work-in-process:				
Opening stock	902,207,503	681,950,465	951,455,986	718,394,071
Closing stock	(1,149,206,912)	(765,855,138)	(1,149,206,912)	(765,855,138)
	(246,999,409)	(83,904,673)	(197,750,926)	(47,461,067)
Cost of goods manufactured	16,871,020,296	15,583,453,622	8,117,594,223	7,748,954,793
Finished goods and waste - opening stocks:				
Finished goods	2,133,406,564	1,058,655,750	3,127,364,813	1,057,530,842
Waste	106,915,432	78,504,641	126,873,717	77,274,498
	2,240,321,996	1,137,160,391	3,254,238,530	1,134,805,340
	19,111,342,292	16,720,614,013	11,371,832,753	8,883,760,133
Finished goods and waste - closing stocks:				
Finished goods	(2,315,676,648)	(1,195,208,435)	(2,315,676,648)	(1,195,208,435)
Waste	(59,922,071)	(73,555,215)	(59,922,071)	(73,555,215)
	(2,375,598,719)	(1,268,763,650)	(2,375,598,719)	(1,268,763,650)
	16,735,743,573	15,451,850,363	8,996,234,034	7,614,996,483

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	UN-AUDITED	
	HALF YEAR ENDED	
	31 December 2018	31 December 2017
	Rupees	Rupees
9 CASH UTILIZED IN OPERATIONS		
Profit before taxation	2,298,699,277	665,661,060
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	458,406,025	493,278,018
Amortization on intangible asset	279,568	1,438,032
Gain on sale of property, plant and equipment	(91,925)	(877,949)
Gain on sale of shares of subsidiary company	(222,000,000)	-
Interest income on loans to subsidiary companies	(33,595,442)	(40,636,458)
Profit on bank deposits	(292,839)	(490,336)
Finance cost	879,736,044	638,217,027
Dividend income	(281,378,730)	(187,585,820)
Credit balances written back	-	(417,222)
Working capital changes (Note 9.1)	(5,815,309,197)	(3,990,737,049)
	<u>(2,715,547,219)</u>	<u>(2,422,150,697)</u>
9.1 Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(110,477,873)	(128,763,331)
Stock-in-trade	(7,387,021,796)	(2,904,114,922)
Trade debts	1,931,155,662	(1,214,710,348)
Loans and advances	(971,652,582)	(1,286,644,797)
Short term prepayments	(27,482,151)	(15,766,601)
Other receivables	(272,328,772)	6,116,239
	<u>(6,837,807,512)</u>	<u>(5,543,883,760)</u>
Increase in current liabilities:		
Trade and other payables	1,022,498,315	1,553,146,711
	<u>(5,815,309,197)</u>	<u>(3,990,737,049)</u>
10 SEGMENT INFORMATION		
10.1 The Company has following reportable operating segments. The following summary describes the operation in each of the Company's reportable segments:		
Spinning - Zone 1, 2 and 3:		Production of different quality of yarn using natural and artificial fiber.
Weaving - Unit 1 and 2:		Production of different qualities of greige fabric using yarn.
Dyeing:		Producing dyed fabric using different qualities of grey fabric.
Home Textile:		Manufacturing of home textile articles using processed fabric produced from greige fabric.
Power Generation:		Generation and distribution of power.

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

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

112 SELECTED INFORMATION

	Spinning		Weaving		Dyeing	Home Textile	Power Generation	Elimination of Investment	Total - Company
	(Rs. in Lakhs)	Half Year Ended	(Rs. in Lakhs)	Half Year Ended					
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17	31-Dec-18
Share									
Share	2,599,796.22	3,306,074.00	86,154.10	71,967,898.00	5,724,007.90	5,400,234.47	-	-	15,224,225.70
Share premium	135,292.26	37,333.86	2,783,539.00	4,421,249.00	2,335,141.39	3,305,371.25	-	-	13,224,225.70
Other reserves	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00	-	-	13,224,225.70
Other income	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00	-	-	13,224,225.70
Other expenses	(7,000,000.00)	(7,000,000.00)	(7,000,000.00)	(7,000,000.00)	(7,000,000.00)	(7,000,000.00)	-	-	(7,000,000.00)
Other profit/(loss)	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00	-	-	13,224,225.70
Administrative expenses	(1,000,000.00)	(1,000,000.00)	(1,000,000.00)	(1,000,000.00)	(1,000,000.00)	(1,000,000.00)	-	-	(1,000,000.00)
Administrative income	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00	-	-	13,224,225.70
Profit/(loss) before tax and	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00	-	-	13,224,225.70
unallocated income and expenses	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00	-	-	13,224,225.70
Other income	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00	-	-	13,224,225.70
Other expenses	(1,000,000.00)	(1,000,000.00)	(1,000,000.00)	(1,000,000.00)	(1,000,000.00)	(1,000,000.00)	-	-	(1,000,000.00)
Income tax	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00	-	-	13,224,225.70
Income tax expense	(1,000,000.00)	(1,000,000.00)	(1,000,000.00)	(1,000,000.00)	(1,000,000.00)	(1,000,000.00)	-	-	(1,000,000.00)
Profit after taxation	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00	-	-	13,224,225.70

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

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

9.3 Reconciliation of reportable segment assets and liabilities

	Zone-1		Zone-2		Zone-3		Wings		Dwelling		Homes		Power		Retail	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	30-Jun-18	30-Jun-18	30-Jun-18	30-Jun-18	30-Jun-18	30-Jun-18	30-Jun-18	30-Jun-18	30-Jun-18	30-Jun-18	30-Jun-18	30-Jun-18	30-Jun-18	30-Jun-18	30-Jun-18	30-Jun-18
Total assets for reportable segments	6,111,131,320	4,791,138,117	7,469,802,823	5,865,081,107	5,053,527,882	7,094,250,223	3,403,118,856	2,647,392,251	1,658,228,103	1,664,702,282	4,418,229,667	2,879,647,778	2,020,746,638	1,932,218,818	37,862,164,690	31,938,308,303
Assets for segments:																
Long term investments															3,066,681,200	3,148,661,200
Other receivables															3,088,652,198	3,522,038,415
Cash and bank balances															1,815,301,699	1,917,678,659
Other corporate assets															22,157,917	76,444,654
Total assets as per statement of financial position															67,252,927,076	70,333,383,526
Assets for other segments:																
Long term investments															2,407,718,060	2,053,366,250
Other receivables															6,403,703,600	6,173,265,900
Cash and bank balances															22,896,058,533	17,211,981,896
Other corporate assets															370,306,983	223,616,347
Total liabilities as per statement of financial position	352,543,716	113,108,026	447,916,527	153,152,252	539,698,091	67,536,145	466,830,702	153,917,222	67,769,098	10,517,366	662,153,147	368,715,226	538,652,911	681,723,897	31,887,860,258	25,533,182,275

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

11 RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

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

Recurring fair value measurements At 31 December 2018	Level 1	Level 2	Level 3	Total
--	---------	---------	---------	-------

----- Rupees -----

Financial assets

Derivative financial assets	-	3,127,365	-	3,127,365
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Total financial assets	-	3,127,365	-	3,127,365
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Recurring fair value measurements At 30 June 2018	Level 1	Level 2	Level 3	Total
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----- Rupees -----

Financial assets

Derivative financial assets	-	8,493,361	-	8,493,361
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Total financial assets	-	8,493,361	-	8,493,361
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The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

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

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

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

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

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

(ii) Valuation techniques used to determine fair values

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

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

12 TRANSACTIONS WITH RELATED PARTIES

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

i. Transactions

	UN-AUDITED			
	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
	----- Rupees -----			
Subsidiary companies				
Sale of goods	684,604,634	492,984,652	401,047,591	243,343,603
Purchase of electricity and steam	1,520,917,594	1,360,178,454	766,913,005	716,320,937
Long term security deposit made to subsidiary company	297,500,000	-	297,500,000	-
Cost of investment in subsidiary company disposed of	100,000,000	-	100,000,000	-
Dividend income	281,378,730	187,585,820	281,378,730	187,585,820
Common facilities cost charged	9,600,000	9,600,000	4,800,000	4,800,000
Refund of advance for purchase of shares	-	237,112,338	-	237,112,338
Disbursements of loans	2,507,248,555	2,814,907,000	1,216,133,000	1,351,800,000
Repayments of loans	2,205,248,187	3,461,760,376	1,080,550,689	1,388,661,138
Interest on loans	28,153,788	40,636,458	14,500,433	33,255,973
Associated undertakings				
Insurance premium paid	51,237,126	49,553,230	26,184,188	20,131,208
Insurance claims received	57,271,206	2,160,590	56,491,702	835,715
Dividend paid	5,200,000	3,575,000	5,200,000	-
Donations paid	4,250	9,241	4,250	-
Other related parties				
Purchase of goods	18,333,854	3,495,254	12,000,000	2,785,079
Sale of goods	1,266,512,259	765,555,221	790,056,974	386,242,829
Dividend paid	159,855,760	109,900,835	159,855,760	109,900,835
Proceeds from sale of investment in subsidiary company	322,000,000	-	322,000,000	-
Interest received on deferred payments against sale of investment in subsidiary company	5,441,653	-	5,441,653	-
Contribution to employee's provident fund trust	52,931,006	52,120,426	26,998,696	25,812,352
Remuneration of key management personnel	88,374,924	52,091,048	44,187,462	26,045,524

ii. Period end balances

	As at 31 December 2018 (Un-audited)			
	Subsidiary companies	Associated companies	Other related parties	Total
	----- Rupees -----			
Trade and other payables	-	-	4,000,369	4,000,369
Long term investments	3,086,681,200	-	-	3,086,681,200
Trade debts	610,359,416	-	67,127,135	677,486,551
Loans and advances	810,169,188	6,152,628	-	816,321,816
Other receivables	168,969,871	199,280	44,085,684	213,254,835
Accrued interest	60,471,942	-	-	60,471,942

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

As at 30 June 2018 (Audited)			
Subsidiary companies	Associated companies	Other related parties	Total
----- Rupees -----			

Long term financing	-	240,500,000	-	240,500,000
Trade and other payables	-	-	925,877	925,877
Accrued mark-up	-	3,822,861	-	3,822,861
Short term borrowings	-	1,551,888,431	-	1,551,888,431
Long term investments	3,186,681,200	-	-	3,186,681,200
Trade debts	811,797,986	-	39,471,265	851,269,251
Loans and advances	508,168,820	2,003,394	-	510,172,214
Other receivables	162,119,504	48,519,453	44,298,020	254,936,977
Bank balances	-	18,577,753	-	18,577,753
Accrued interest	60,317,256	-	-	60,317,256

13 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2018.

14 EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Company at their meeting held on February 27, 2019 has declared interim cash dividend of Rupees 1.50 per ordinary share (30 June 2018: Rupees 4.00) for the half year ended December 31, 2018.

15 CORRESPONDING FIGURES

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

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

16 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were approved by the Board of Directors and authorized for issue on February 27, 2019.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

NISHAT (CHUNIAN) LIMITED AND
ITS SUBSIDIARY COMPANIES

CONSOLIDATED CONDENSED
INTERIM FINANCIAL INFORMATION

HALF YEAR ENDED DECEMBER 31,
2018 (UN-AUDITED)

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

	Un-audited December 31, 2018	Audited June 30, 2018
	Rupees	Rupees
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital	3,000,000,000	3,000,000,000
Issued, subscribed and paid-up share capital	2,402,215,560	2,402,215,560
Reserves	17,048,356,840	15,679,647,437
Equity attributable to equity holders of the Holding Company	19,450,572,400	18,081,862,997
Non-controlling interest	6,614,305,776	5,976,634,360
Total equity	26,064,878,176	24,058,497,357
LIABILITIES		
NON-CURRENT LIABILITIES		
Long term financing	8,149,440,560	10,481,386,830
Deferred Revenue	-	2,972,000
	8,149,440,560	10,484,358,830
CURRENT LIABILITIES		
Trade and other payables	4,378,065,134	3,178,485,746
Unclaimed Dividend	70,122,013	53,705,334
Accrued mark-up	777,612,438	570,404,272
Short term borrowings	31,992,441,810	25,510,180,650
Current portion of long term financing	4,580,602,417	4,675,185,917
	41,798,843,812	33,987,961,919
TOTAL LIABILITIES	49,948,284,372	44,472,320,749
CONTINGENCIES AND COMMITMENTS		
TOTAL EQUITY AND LIABILITIES	76,013,162,548	68,530,818,106

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

CHIEF EXECUTIVE

DI RECTOR

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

	Un-audited December 31, 2018	Audited June 30, 2018
Note	Rupees	Rupees
ASSETS		
NON-CURRENT ASSETS		
Fixed assets	27,813,296,156	28,359,395,549
Intangible assets	11,634,758	19,714,770
Long term loans to employees	16,693,990	17,897,227
Long term security deposits	26,225,190	23,752,440
Deferred income tax asset	-	8,793,557
	27,867,850,094	28,429,553,543
CURRENT ASSETS		
Stores, spare parts and loose tools	1,426,839,048	1,364,302,917
Stock-in-trade	20,718,284,138	12,756,423,851
Trade debts	18,196,033,542	19,204,333,280
Loans and advances	3,039,807,349	1,619,392,876
Short term deposits and prepayments	84,311,806	30,497,543
Other receivables	4,596,936,746	4,841,867,825
Short term investments	31,217,628	32,179,691
Cash and bank balances	51,882,197	252,266,580
	48,145,312,454	40,101,264,563
TOTAL ASSETS	76,013,162,548	68,530,818,106

CHIEF FINANCIAL OFFICER

Nishat Chunian Limited

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CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

(UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	Half Year Ended		Quarter Ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	Rupees	Rupees	Rupees	Rupees
SALES	27,998,262,170	25,968,138,870	13,179,212,536	12,637,793,312
COST OF SALES	(22,762,105,670)	(21,990,527,231)	(10,849,002,976)	(10,480,123,668)
GROSS PROFIT	5,236,156,500	3,977,611,639	2,330,209,560	2,157,669,644
DISTRIBUTION COST	(557,926,532)	(500,261,644)	(274,688,460)	(253,775,952)
ADMINISTRATIVE EXPENSES	(239,460,657)	(260,083,458)	(118,513,676)	(154,519,621)
OTHER OPERATING EXPENSES	(110,926,343)	(31,034,694)	(60,846,836)	(20,708,567)
	(908,313,532)	(791,379,796)	(454,048,972)	(429,004,140)
	4,327,842,968	3,186,231,843	1,876,160,588	1,728,665,504
OTHER OPERATING INCOME	1,013,377,026	304,861,753	830,573,666	276,980,345
PROFIT FROM OPERATIONS	5,341,219,994	3,491,093,596	2,706,734,254	2,005,645,849
FINANCE COST	(1,607,868,229)	(1,353,116,298)	(872,120,423)	(698,010,621)
PROFIT BEFORE TAXATION	3,733,351,765	2,137,977,298	1,834,613,831	1,307,635,228
TAXATION	(280,623,354)	(176,870,096)	(186,232,960)	(97,522,979)
PROFIT AFTER TAXATION	3,452,728,411	1,961,107,202	1,648,380,871	1,210,112,249
PROFIT ATTRIBUTABLE TO:				
EQUITY HOLDERS OF THE HOLDING COMPANY	2,545,415,317	1,107,222,417	1,180,170,014	794,580,977
NON-CONTROLLING INTEREST	907,313,094	853,884,785	468,210,857	415,531,272
	3,452,728,411	1,961,107,202	1,648,380,871	1,210,112,249
EARNINGS PER SHARE - BASIC & DILUTED	10.60	4.61	4.91	3.31

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

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

FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	Half Year Ended		Quarter Ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	Rupees	Rupees	Rupees	Rupees
PROFIT AFTER TAXATION	3,452,728,411	1,961,107,202	1,648,380,871	1,210,112,249
OTHER COMPREHENSIVE INCOME	3,782,543	842,372	3,492,769	769,344
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	3,456,510,954	1,961,949,574	1,651,873,640	1,210,881,593
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
EQUITY HOLDERS OF THE HOLDING COMPANY	2,549,197,860	1,108,064,789	1,183,662,783	795,350,321
NON-CONTROLLING INTEREST	907,313,094	853,884,785	468,210,857	415,531,272
	3,456,510,954	1,961,949,574	1,651,873,640	1,210,881,593

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS

(UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	Note	Half Year Ended	
		December 31, 2018	December 31, 2017
		Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	6	(1,192,309,645)	281,549,766
Net increase in long term security deposits		(2,472,750)	(1,413,000)
Finance cost paid		(1,430,211,011)	(1,359,227,059)
Income tax paid		(165,814,809)	(115,942,964)
Net increase in long term loans to employees		1,203,237	911,231
Net cash used in operating activities		(2,789,604,978)	(1,194,122,026)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(923,464,559)	(355,000,111)
Capital expenditure on intangible assets		-	(2,105,019)
Proceeds from sale of property, plant and equipment		4,684,076	5,561,647
Proceeds from sale of shares of subsidiary company		322,000,000	-
Short term investments made		962,063	(9,351,921)
Profit on bank deposits received		996,039	910,684
Net cash used in investing activities		(594,822,381)	(359,984,720)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		-	2,076,300,000
Repayment of long term financing		(2,226,529,385)	(2,522,237,622)
Short term borrowings - net		6,620,901,041	2,754,002,123
Dividend paid to non-controlling interest		(265,164,576)	(165,133,475)
Dividend paid		(948,946,647)	(577,303,418)
Net cash generated from financing activities		3,180,260,434	1,565,627,609
Net decrease in cash and cash equivalents		(204,166,926)	11,520,863
Impact of exchange translation		3,782,543	842,372
Cash and cash equivalents at the beginning of the year		252,266,580	247,054,434
Cash and cash equivalents at the end of the year		51,882,197	259,417,669

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

(UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY							NON-CONTROLLING INTEREST	TOTAL EQUITY
	Capital Reserve		REVENUE RESERVES		SHAREHOLDERS' EQUITY				
	Exchange Translation Reserve	Share Premium Reserve	General Reserve	Unappropriated profit	Total				
Balance as at June 30, 2017 - (audited)	2,402,215,560	600,553,890	1,629,221,278	10,313,009,675	11,942,230,953	14,943,964,399	4,489,481,958	19,433,446,357	
Total comprehensive income for the half year ended December 31, 2017	-	842,372	-	1,107,222,417	1,107,222,417	1,108,064,789	853,884,785	1,961,949,574	
Dividend paid to non-controlling interest	-	-	-	-	-	-	(179,742,838)	(179,742,838)	
Final dividend for the year ended 30 June 2017 @ Rs. 2.79/Ordinary share	-	-	-	(660,609,279)	(660,609,279)	(660,609,279)	-	(660,609,279)	
Balance as at December 31, 2017 - (un-audited)	2,402,215,560	600,553,890	1,629,221,278	10,759,622,813	12,388,844,091	15,391,419,909	5,163,623,905	20,555,043,814	
Dividend paid to non-controlling interest	-	-	-	-	-	-	(18,281)	(18,281)	
Total comprehensive income for the half year ended June 30, 2018	-	(6,485,305)	-	2,696,928,393	2,696,928,393	2,690,443,088	813,028,736	3,503,471,824	
Balance as at June 30, 2018 - (audited)	2,402,215,560	600,553,890	1,629,221,278	13,456,551,206	15,085,772,484	18,081,862,997	5,976,634,360	24,058,497,357	
Adjustment on adoption of IFRS 9	-	-	-	(6,506,852)	(6,506,852)	(6,506,852)	-	(6,506,852)	
Adjustment on adoption of IFRS 15	-	-	-	(213,095,381)	(213,095,381)	(213,095,381)	-	(213,095,381)	
Adjusted total equity as at 01 July 2018	2,402,215,560	600,553,890	1,629,221,278	13,236,948,973	14,866,170,251	17,862,260,764	5,976,634,360	23,838,895,124	
Total comprehensive income for the half year ended December 31, 2018	-	3,782,543	-	2,545,415,317	2,545,415,317	2,549,197,860	907,313,094	3,456,510,954	
Dividend paid to non-controlling interest	-	-	-	-	-	-	(269,641,678)	(269,641,678)	
Final dividend for the year ended 30 June 2018 @ Rs. 4.00/Ordinary share	-	-	-	(960,886,224)	(960,886,224)	(960,886,224)	-	(960,886,224)	
Balance as at December 31, 2018	2,402,215,560	600,553,890	1,629,221,278	14,821,478,066	16,450,699,344	19,450,572,400	6,614,305,776	26,064,878,176	

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

FOR THE HALF YEAR ENDED DECEMBER 31, 2018

1. GROUP INFORMATION

The Group consists of:

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

Nishat (Chunian) Limited

Nishat (Chunian) Limited ("the Holding Company") is a public limited Company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017) and is listed on the Pakistan Stock Exchange Limited. 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, cloth and to generate, accumulate, distribute, supply and sell electricity.

Nishat Chunian Power Limited

Nishat Chunian Power Limited ("the Subsidiary Company") is a public limited Company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017) and listed on the Pakistan Stock Exchange (Guarantee) Limited. The principal activity of the Subsidiary Company is to build, own, operate and maintain a fuel fired power station having gross capacity of 200 MW and net capacity of 195.722 MW at Jamber Kalan, Tehsil Pattoki, District Kasur, Punjab, Pakistan. Its registered office is situated at 31-Q, Gulberg II, Lahore. The Subsidiary Company has commenced commercial operations from 21 July 2010 and the twenty five years term of the Power Purchase Agreement (PPA) with National Transmission and Despatch Company Limited starts from this date.

Nishat Chunian USA Incorporation

Nishat Chunian USA Inc. is a foreign subsidiary incorporated under the Business Corporation Laws of the State of New York. The registered office of Nishat Chunian USA Inc. is situated at 230 Fifth Avenue, Suite 1406, New York, NY 10001, USA. The principal business of the Nishat Chunian USA Inc. is to import home textile products and distribute to local retailers.

NC Electric Company Limited

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

2. BASIS OF PREPARATION

This consolidated condensed interim financial information is un-audited and is being submitted to shareholders as required by directives issued under the Companies Act, 2017. These consolidated condensed interim financial statements of the Group for the half year ended 31 December 2018 have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed. This consolidated condensed interim financial information should be read in conjunction with the audited annual published financial statements of the Group for the year ended 30 June 2018.

FOR THE HALF YEAR ENDED DECEMBER 31, 2018

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 2018 except for the adoption of IFRS-9 & IFRS-15. The group has adapted these changes without restating the prior year results and its impact can be seen in statement of changes in equity.

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 2018.

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 2018 except for the following:

- i) Guarantees of Rupees 630.454 million (30 June 2018: Rupees 609.109 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connections, Shell Pakistan Limited against purchase of furnace oil, Lahore Electric Supply Company Limited against electricity connection, Director Excise and Taxation, Karachi against infrastructure cess, Chairman Punjab Revenue Authority, Lahore against infrastructure cess, Director Pakistan Central Cotton Committee against cotton cess, and Nazir, Honourable High Court, Sindh against the notification in accordance with section 8 of OGRA Ordinance 2002, regarding system gas tariff on industrial and captive units.
- ii) Post dated cheques have been issued to custom authorities in respect of duties amounting to Rupees 3755.189 million (30 June 2018: Rupees 3,234.598 million) on imported material availed on the basis of consumption and export plans. In the event the documents of exports are not provided on due dates, cheque issued as security shall be encashable.

Commitments

- i) Letters of credit other than for capital expenditure are Rupees 999.055 million (30 June 2018: Rupees 1,265.473 million).
- ii) Outstanding foreign currency forward contracts of Rupees 167.988 million (30 June 2018: Rupees 418.294 million).

Subsidiary Company

Contingencies

There are no significant changes in contingencies from the preceding annual published financial statements of the company for the year ended June 30, 2018, except for the following:

- i) letters of guarantee of nil (June 30, 2018: Rs 31.342 million) in favour of various fuel suppliers of the company.
- ii) The Commissioner Inland Revenue ('CIR') issued a show cause notice dated December 20, 2018, whereby intentions were shown to raise a sales tax demand of Rs 361.649 million that includes default surcharge thereon for the tax periods from July 2014 to June 2017. The CIR has alleged that the value of supplies made by the company to NTDC/Central Power Purchasing Agency (Guarantee) Limited is understated by Rs 1,576.561 million resulting in evasion of sales tax amounting to Rs 268.015 million and intends to disallow input sales tax aggregating to 93.24 million claimed by the company mainly on account of insurance expense and items not directly related to production process. Subsequent to reporting date, company has submitted its reply with the CIR to the aforesaid show cause notice and no order has yet been passed by the CIR. Based on facts and legal grounds, company is confident that no adverse order shall be passed by the CIR.

Commitments

Letter of credit other than for capital expenditure:

Un-audited Half year ended December 31, 2018	Audited Year ended June 30, 2018
Rupees	Rupees
424,180,123	144,073,101

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

FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	Un-audited Half year ended December 31, 2018	Un-audited Half year ended December 31, 2017
	Rupees	Rupees
6. CASH (USED IN) / GENERATED FROM OPERATIONS		
Profit before taxation	3,733,351,765	2,137,977,298
Adjustment for non cash charges and other items:		
Provision for employee retirement	4,196,202	3,964,825
Depreciation on operating fixed assets	1,066,905,638	1,149,763,541
Amortization on intangible assets	2,436,268	3,594,731
Gain on sale of operating fixed assets	(3,600,188)	(2,086,863)
Gain on sale of shares of subsidiary company	(222,000,000)	-
Interest on bank deposits	(996,039)	(910,684)
Finance costs	1,607,868,229	1,353,116,298
Cash flows from operating activities before working capital changes	6,188,161,876	4,645,419,147
(Increase) / decrease in current assets		
- Stores, spare parts and loose tools	(64,342,618)	(185,015,495)
- Stock in trade	(6,959,169,978)	(2,628,193,591)
- Trade debts	(242,893,083)	(2,960,736,629)
- Loans and advances	(1,424,593,132)	(1,380,881,321)
- Short term deposits and prepayments	(53,814,263)	(98,093,750)
- Other receivables	88,032,567	579,691,905
Increase in current liabilities		
- Trade and other payables	1,276,308,986	2,309,359,500
	(7,380,471,521)	(4,363,869,381)
Net cash (used in) / generated from operations	(1,192,309,645)	281,549,766

7. TRANSACTIONS WITH RELATED PARTIES

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

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

FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	Un-audited Half year ended December 31, 2018	Un-audited Half year ended December 31, 2017
	Rupees	Rupees
Associated company		
Insurance premium paid	51,237,126	132,984,968
Insurance claims received	57,271,206	2,160,590
Other related parties		
Purchase of goods	18,333,854	3,495,254
Sale of goods	1,266,512,259	765,555,221
Contribution to employees' provident fund	57,127,208	56,085,251
Dividend paid to related parties	165,055,760	109,900,835
Remuneration paid to key management personnel	121,519,929	109,941,303
Donation paid to related parties	1,431,248	4,911,562
	Un-audited Half year ended December 31, 2018	Audited Year ended June 30, 2018
	Rupees	Rupees
Period end balances		
Due from related parties	67,127,135	39,471,265
Due to related parties	4,000,369	925,877

8. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Holding Company at their meeting held on February 27, 2019 has declared interim cash dividend of Rupees 1.50 per ordinary share (30 June 2018: Rupees 4.00) for the half year ended December 31, 2018. The Board of Directors of Nishat Chunion Power Limited (the Subsidiary Co) at their meeting held on February 27, 2019 has declared interim cash dividend of Rupees 1.00 per ordinary share (30 June 2018: Rupees 1.50) for the half year ended December 31, 2018.

9. CORRESPONDING FIGURES

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

10. DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were approved and authorized for issue on February 27, 2019 by the Board of Directors.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

INVESTORS' EDUCATION

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

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