Brief Profile

Nishat Chunian Power Limited (the Company) is a public limited Company incorporated in Pakistan under the Companies Ordinance, 1984. It was listed on the Karachi and Lahore Stock Exchanges on 22 October 2009.

The principal activity of the Company is to build, own, operate and maintain a fuel fired power station based on Reciprocating Engine Technology having gross capacity of 200 MW ISO in Jamber Kalan, Tehsil Pattoki, District Kasur, Punjab, Pakistan and to generate, sell and supply electricity. As per terms of the Power Purchase Agreement (PPA) with National Transmission and Dispatch Company Limited (NTDCL), the required Commercial Operation Date of the power project was 30 June, 2010. At the balance sheet date, the power project was under testing and commissioning and had not commenced commercial operations. The Commercial Operations Date was subsequently declared on July 21, 2010 with a delay of 21 days only from the committed date of June 30, 2010.

The plant has been procured from Wartsila Finland, who together with Wartsila Pakistan was also the turn key EPC contractor for the project. The Operations and Maintenance Agreement is also with Wartsila Pakistan.

The project has been financed in 80:20 debt equity ratio with Nishat (Chunian) Limited (NCL) as the principal sponsor. The debt has been raised from a consortium of local banks.

Contents

Company Information

Board of Directors:	Mr. Muhammad Saleem	Director
	Mr. Shahzad Saleem (Nominee NCL)	Chairman
	Mr. Yahya Saleem	Chief Executive
	Mr. Aftab Ahmad Khan	Director
	Mr. Mehmood Akhtar	Director
	Mr. Badar ul Hassan	Director
	Mr. Fareed Verdag (Nominee ABL)	Director
	Syed Hasan Irtiza Kazmi (Nominee NBP)	Director
Audit Committee:	Mr. Shahzad Saleem	Chairman
	Mr. Aftab Ahmad Khan	Member
	Mr. Badar ul Hassan	Member
Chief Financial Officer:	Ms. Sonia Karim	
Company Secretary:	Mr. Abdul Khaliq	
Bankers to the Company:	Allied Bank Limited	
	Summit Bank Limited (Formerly Arif Habib Bank Limited)	
	Faysal Bank Limited	
	Habib Bank Limited	
	National Bank of Pakistan	
	United Bank Limited	
	Bank Alfalah Limited	
Auditors:	Riaz Ahmad & Company	
	Chartered Accountants	
Registered & Head Office:	31 -Q, Gulberg II,	
	Lahore, Pakistan.	
	Ph: 042-35761730	
	Fax: 042-35878696-97	
	www.nishatchunian.com	
Share Registrar:	Hameed Majeed Associates (Pvt) Limited	
	1st Floor, H.M. House	
	7-Bank Square, Lahore	
	Ph: 042 37235081-2	
	Fax: 042 37358817	
Mill:	66-km, Multan Road, Pattoki	
	Kasur.	

Notice of Annual General Meeting

Notice is hereby given that the 3rd Annual General Meeting of the Shareholders of Nishat Chunian Power Limited will be held at the Registered Office of the Company, 31-Q, Gulberg II, Lahore on 30th October 2010 at 10.00 A.M to transact the following business:-

Ordinary Business:

1. To confirm the minutes of the last General Meeting.
2. To receive and adopt audited accounts of the Company for the year ended 30 June 2010 together with Directors' and Auditors' reports thereon.
3. To appoint Auditors and fix their remuneration. M/s Riaz Ahmad & Company, Chartered Accountants retire and in their place the company received a notice under section 253(2) of the companies Ordinance, 1984 from a shareholder for appointing M/s A.F. Ferguson & Co., Chartered Accountants as Auditor for the year ending on 30 June 2011. The Audit Committee and the Board of Directors have also recommended to appoint M/s A.F. Ferguson & Co., Chartered Accountant as the Auditor for the year 2010-2011.
4. To transact any other business with the permission of the Chair.

Special Business:

5. To seek the consent of shareholders for transmission of quarterly accounts through website in compliance with Section 245 of the Companies Ordinance, 1984 and Securities Exchange Commission of Pakistan's (SECP) Circular No.19 of 2004 and if deemed fit passed the following resolution with or without modification:

   RESOLVED THAT:

   a) Consent be and is hereby granted to place the quarterly accounts of the Company on the website, pursuant to the Securities & Exchange Commission of Pakistan (SECP) Circular No.19 of 2004 dated 14 April 2004.

   b) The Chief Executive and the Company Secretary be and are hereby authorized severally or jointly, to apply SECP for its consent for such placing of the quarterly accounts on the website and to do all necessary acts, deeds and things in connection therewith and ancillary thereto including consultation with the Stock Exchanges on which the Company is listed.

By Order of the Board

ABDUL KHALIQ
Company Secretary

Lahore: 05 October 2010

Notes:

1. The Members' Register will remain closed from 28-10-2010 to 03-11-2010 (both days inclusive).Transfers received at Hameed Majeed Associate (Pvt) Limited, H.M. House, 7-Bank Square, Lahore, the Registrar and share transfer office of the Company by the close of business on 27-10-2010 will be considered in time for attending the AGM.
2. A member eligible to attend and vote at this meeting may appoint another member as proxy to attend and vote in the meeting. Proxies in order to be effective must be received by the company at the Registered Office not later than 48 hours before the time for holding the meeting.
3. Shareholders are requested to immediately notify the change in address, if any.
4. CDC account holders will further have to follow the guidelines as laid down in circular No.1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan:

   a. For attending the meeting
      i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
      ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signatures of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

   b. For Appointing Proxies
      i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
      ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
      iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
      iv) The proxy shall produce his original CNIC or original passport at the time of the Meeting.
      v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signatures shall be submitted (unless it has been provided earlier) along with proxy form to the company.

STATEMENT UNDER SECTION 160(1)(B) OF THE COMPANIES ORDINANCE, 1984
This statement sets out the material facts concerning the Special Business, given in agenda item No.4 (Placement of Quarterly accounts on Website) to be transacted at the Annual General Meeting of the Company to be held on 30 October 2010.

The Securities & Exchange Commission of Pakistan (SECP) vide Circular No.19 of 2004 has allowed the listed Companies to place the quarterly accounts on their websites instead of sending the same to each shareholder by post. We appreciate this decision which would ensure prompt disclosure of information to the shareholders, besides saving of costs associated with printing and dispatch of the accounts by post.

The Company will place its accounts at www.nishatchunian.com. Prior permission of the SECP would be sought for transmitting the quarterly accounts through Company's website after the approval of the shareholders. The company, however, will supply the copies of accounts to the shareholders on demand at their registered address, free of cost, within one week of receiving such request. The Directors of the Company have no interest in the above resolution that would need a further disclosure.

Directors' Report

We are pleased to present our audited financial statements for the year ended on 30 June 2010. Nishat Chunian Power Ltd. commenced commercial operations on July 21, 2010. The commercial operations date committed by Wartsila the EPC contractor, was March 31, 2010. However, operations started on July 21, 2010 due to a delay in testing and commissioning. The Required Commercial Operations Date committed under the Power Purchase Agreement was June 30, 2010 so the plant faced a delay of 21 days only. The tariff is currently under review by the National Electric Power Regulatory Authority for trueing up.

The Company has declared a loss of PKR 7,757,170/- after taxation for the year after incorporating pre-production administrative and other operating expenses.

The Operations and Maintenance contract is with Wartsila Pakistan (Private) Limited. The plant is experiencing good capacity utilization. Delay in payments from WAPDA and circular debt continues to be an issue as faced by all other Independent Power Producers. Power shortage also remains to be a serious challenge for the country. In view of the overall situation, the management expects high capacity utilization and looks forward to a profitable operations year ahead.

Dividend

At the reporting date the Company has not achieved its commercial operations, hence the Board of Directors has not recommended any pay out.

Corporate Governance

As required by the Code of Corporate Governance, Directors are pleased to report that:

a. The financial statements prepared by the management of the Company present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
b. Proper books of accounts have been maintained by the Company.
c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgement.
d. The international Accounting Standards, as applicable in Pakistan have been followed in preparation of financial statements.
e. The system of internal controls is sound in design and has been effectively implemented and monitored.
f. There are no doubts upon the Company's ability to continue as a going concern.
g. There has been no material departure from the best practices of Corporate Governance as detailed in the listing regulations of the stock exchanges.
h. The value of investment of contributory provident fund as at 30 June 2010 amounts to Rupees 6.578 million (based on un-audited financial statements).
i. The pattern of shareholding as at 30 June 2010 is annexed.
j. Information about outstanding taxes and levies is given in Notes to the Accounts.

Auditors

M/s Riaz Ahmad & Company, Chartered Accountants retire and in their place the company received a notice under section 253(2) of the companies Ordinance, 1984 from a shareholder for appointing M/s A.F. Ferguson & Co., Chartered Accountants as Auditor for the year ending on 30 June 2011. The Audit Committee and the Board of Directors have also recommended to appoint M/s A.F. Ferguson & Co., Chartered Accountant as the Auditor for the year 2010-2011.

Board Meetings

During the year under review Six (6) meeting were held. Attendance by each director is as follows:

Name of Director		Attendance
Mr. Muhammad Saleem		4
Mr. Shahzad Saleem (Nominee NCL)(Chairman)		5
Mr. Yahya Saleem	(Chief Executive)	3
Mr. Aftab Ahmad Khan		5
Mr. Mehmood Akhtar		5
Mr. Badar ul Hassan		6
Mr. Fareed Vardag	(Nominee ABL)	0
Syed Hasan Irtiza Kazmi	(Nominee NBP)	1
(Appointed in place of Ms. Fareena Lodhi)		
Ms. Fareena Loodhi	(Resigned)	2

This director report has been signed by the chairman instead of chief executive, as the chief executive is not for the time being in Pakistan.

On behalf of the Board

Shahzad Saleem
Chairman

Lahore: 05 October 2010

Financial Highlights

	2008	2009	2010
		(Rupees)	
Capital	264,666,000	1,797,364,860	3,673,469,390
Accumulated Loss	(762,879)	(2,307,663)	(24,139,607)
Net Worth	263,903,121	1,795,057,197	3,649,329,783
Long Term Liabilities	1,048,318,127	7,114,484,369	15,378,142,653
Current Liabilities	36,116,993	320,985,606	3,675,555,511
Total Equity & Liabilities	1,348,338,241	9,230,527,172	22,703,027,947
Fixed Assets	1,334,697,736	9,217,914,140	18,063,633,338
Long Term Deposits & Advances	1,577,016	105,000	265,650
Current Assets	12,063,489	12,508,032	4,639,128,959
Total Assets	1,348,338,241	9,230,527,172	22,703,027,947
Current Ratio	0.33	0.04	1.26
Leverage (Total Liab./Net Worth)	4.11	4.14	5.22
Long Term Debt: Equity	79.89:20.11	80.02:19.98	82.84:17.16
EPS	(0.06)	(0.02)	(0.02)

Statement of Compliance

with the Code of Corporate Governance for the year ended 30 June 2010

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of Karachi Stock Exchange (Guarantee) Limited and Lahore Stock Exchange (Guarantee) Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes five independent non-executive directors.

2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. A casual vacancy occurred during the year under review and was filled up same day by the Directors.

5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and employees of the Company.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Board arranged orientation courses for its directors during the year to apprise them of their duties and responsibilities.

10. The appointment of CFO, Company Secretary and head of Internal Audit including their remuneration and terms & conditions of their appointment have been duly approved by the Board.

11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the Code.

15. The Board has formed an audit committee. It comprises three members, of whom two are non-executive directors.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final

results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has set-up an effective internal audit function with suitably qualified and experienced staff, conversant with the policies and procedures of the Company and involved in the internal audit function on a full time basis.

18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.

19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

20. We confirm that all other material principles contained in the Code have been complied with.

Shahzad Saleem
Chairman

Lahore: 05 October 2010

Statement of Compliance

with the Best Practices on Transfer Pricing

The Company has fully complied with the best practices of Transfer Pricing as contained in the related Listing Regulations of the Karachi and Lahore Stock Exchanges.

Shahzad Saleem
Chairman

Lahore: 05 October 2010

Review Report

to the members on Statement of Compliance with best practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of NISHAT CHUNIAN POWER LIMITED ("the Company") for the year ended 30 June 2010, to comply with the Listing Regulations of the respective Stock Exchanges, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the statement of compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Listing Regulations of the Karachi and Lahore Stock Exchanges require the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 30 June 2010.

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Syed Mustafa Ali

LAHORE: 05 October 2010

Auditors’ Report to the Members

We have audited the annexed balance sheet of NISHAT CHUNIAN POWER LIMITED as at 30 June 2010 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;

(b) in our opinion:

  i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes as stated in Note 2.1(d)(i) with which we concur;

  ii) the expenditure incurred during the year was for the purpose of the company's business; and

  iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at 30 June 2010 and of the loss, its comprehensive loss, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Syed Mustafa Ali

LAHORE: 05 October 2010

Balance Sheet as at

	Note	2010 Rupees	2009 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL			
Authorized share capital 385,000,000 (2009: 385,000,000) ordinary shares of Rupees 10 each		3,850,000,000	3,850,000,000
Issued, subscribed and paid up share capital	3	3,673,469,390	1,797,364,860
Accumulated loss		(24,139,607)	(2,307,663)
Total equity		3,649,329,783	1,795,057,197
NON-CURRENT LIABILITIES			
Long term financing	4	14,991,503,693	7,114,484,369
Subordinated loan	5	386,638,960	-
CURRENT LIABILITIES			
Trade and other payables	6	872,913,953	5,096,657
Accrued mark-up	7	566,118,962	240,937,288
Short term borrowings	8	1,824,941,977	-
Current portion of non-current liabilities	9	410,277,258	74,951,661
Provision for taxation		1,303,361	-
		3,675,555,511	320,985,606
TOTAL LIABILITIES		19,053,698,164	7,435,469,975
CONTINGENCIES AND COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		22,703,027,947	9,230,527,172

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

Statement under section 241 (2) of the Companies Ordinance, 1984.
These financial statements have been signed by two directors instead of chief executive and one director, as the chief executive is not for the time being in Pakistan.

DIRECTOR

30 June 2010

	Note	2010 Rupees	2009 Rupees
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	11	18,063,633,338	9,217,914,140
Long term loans to executives	12	160,650	-
Long term security deposits		105,000	105,000
		18,063,898,988	9,218,019,140
CURRENT ASSETS			
Spare parts		220,548,971	-
Stock-in-trade	13	305,640,255	-
Trade debts	14	1,732,450,622	-
Loans and advances	15	536,612,951	2,320,481
Interest accrued		2,190,102	2,488,041
Other receivables	16	106,637,634	299,840
Short term investment	17	131,890,238	-
Sales tax refundable		40,173,324	2,302,415
Advance income tax		1,762,473	364,412
Cash with banks	18	1,561,222,389	4,732,843
		4,639,128,959	12,508,032
TOTAL ASSETS		22,703,027,947	9,230,527,172

DIRECTOR

Profit and Loss Account
for the year ended 30 June 2010

	Note	2010 Rupees	2009 Rupees
Administrative expenses	19	(5,795,808)	(2,158,387)
Other operating expenses	20	(3,614,503)	-
Other operating income	21	2,956,502	613,603
Loss before taxation		(6,453,809)	(1,544,784)
Provision for taxation	22	(1,303,361)	-
Loss after taxation		(7,757,170)	(1,544,784)
Loss per share - basic and diluted	23	(0.02)	(0.02)

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

Statement under section 241 (2) of the Companies Ordinance, 1984.
These financial statements have been signed by two directors instead of chief executive and one director, as the chief executive is not for the time being in Pakistan.

DIRECTOR

DIRECTOR

Statement of Comprehensive Income

for the year ended 30 June 2010

	Note	2010 Rupees	2009 Rupees
Loss after taxation		(7,757,170)	(1,544,784)
Other comprehensive income		-	-
Total comprehensive loss		(7,757,170)	(1,544,784)

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

Statement under section 241 (2) of the Companies Ordinance, 1984.
These financial statements have been signed by two directors instead of chief executive and one director, as the chief executive is not for the time being in Pakistan.

DIRECTOR

DIRECTOR

Cash Flow Statement
for the year ended 30 June 2010

	Note	2010 Rupees	2009 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	24	(2,075,992,865)	(7,030,092)
Finance cost paid		(1,563,489,650)	(415,385,133)
Income tax paid		(1,398,061)	(347,482)
Net increase in investment at fair value through profit or loss		(131,226,152)	-
Net (increase) / decrease in long term loans to executives		(160,650)	1,433,295
Increase in long term security deposits		-	(105,000)
NET CASH USED IN OPERATING ACTIVITIES		(3,772,267,378)	(421,434,412)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(6,957,198,690)	(7,258,858,344)
NET CASH USED IN INVESTING ACTIVITIES		(6,957,198,690)	(7,258,858,344)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of share capital		1,876,104,530	1,532,698,860
Share issuance cost		(14,074,774)	-
Long term financing obtained		8,212,344,921	6,141,117,903
Subordinated loan obtained		386,638,960	-
Short term borrowings obtained		1,824,941,977	-
NET CASH FROM FINANCING ACTIVITIES		12,285,955,614	7,673,816,763
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		1,556,489,546	(6,475,993)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		4,732,843	11,208,836
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	18	1,561,222,389	4,732,843

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

Statement under section 241 (2) of the Companies Ordinance, 1984.
These financial statements have been signed by two directors instead of chief executive and one director, as the chief executive is not for the time being in Pakistan.

DIRECTOR

DIRECTOR

Statement of Changes in Equity
for the year ended 30 June 2010

	SHARE CAPITAL	ACCUMULATED LOSS	TOTAL
		Rupees	
Balance as at 30 June 2008	264,666,000	(762,879)	263,903,121
Issuance of ordinary shares	1,532,698,860	-	1,532,698,860
Total comprehensive loss for the year ended 30 June 2009	-	(1,544,784)	(1,544,784)
Balance as at 30 June 2009	1,797,364,860	(2,307,663)	1,795,057,197
Issuance of ordinary shares	1,876,104,530	-	1,876,104,530
Share issuance cost	-	(14,074,774)	(14,074,774)
Total comprehensive loss for the year ended 30 June 2010	-	(7,757,170)	(7,757,170)
Balance as at 30 June 2010	3,673,469,390	(24,139,607)	3,649,329,783

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

Statement under section 241 (2) of the Companies Ordinance, 1984.
These financial statements have been signed by two directors instead of chief executive and one director, as the chief executive is not for the time being in Pakistan.

DIRECTOR

DIRECTOR

Notes to the Financial Statements
for the year ended 30 June 2010

1 THE COMPANY AND ITS OPERATIONS

1.1 Nishat Chunian Power Limited (the Company) is a public limited Company incorporated in Pakistan under the Companies Ordinance, 1984. Subsequently, on 22 October 2009, it was listed on the Lahore and Karachi Stock Exchanges. The principal activity of the Company is to build, own, operate and maintain a fuel fired power station based on Reciprocating Engine Technology having gross capacity of 200 MW ISO in Jamber Kalan, Tehsil Pattoki, District Kasur, Punjab, Pakistan and to generate, sell and supply electricity. Its registered office is situated at 31-Q, Gulberg II, Lahore. As per terms of the Power Purchase Agreement (PPA) with National Transmission and Dispatch Company Limited (NTDCL), the required Commercial Operation Date of the power project was 30 June 2010. However, as at the balance sheet date, the power project was in trial run phase and not commenced commercial operations. Subsequently on 21 July 2010, it commenced commercial operations.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

a) Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

b) Accounting convention

These financial statements have been prepared under the historical cost convention except for the certain financial instruments carried at fair value.

c) Critical accounting estimates and judgements

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements 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. The area where various assumptions and estimates are significant to the Company's financial statements or where judgements were exercised in application of accounting policy is as follows:

Useful lives, pattern of economic benefits and impairment

Estimates with respect to residual values, depreciable lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of assets for possible impairments on an annual basis. Any change in the estimates in the future might affect the carrying amount of the respective item of property, plant and equipment, with the corresponding effect on the depreciation charge and impairment.

Taxation

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

d) Standards and amendments to published approved accounting standards that are effective in current year

i) Changes in accounting policies and disclosures arising from standards and amendments to published approved accounting standards that are effective in the current year

IAS 1 (Revised) 'Presentation of Financial Statements' (effective for annual periods beginning on or after 01 January 2009).The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the Company presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. As the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

IFRS 7 (Amendment) 'Financial instruments: Disclosures' (effective for annual periods beginning on or after 01 January 2009). This amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

ii) Other amendment to published approved accounting standards that are effective in the current year

IAS 23 (Amendment) 'Borrowing Costs' (effective for annual periods beginning on or after 01 January 2009). It requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The Company's accounting policy on borrowing cost, as disclosed in note 2.10, complies with the above mentioned requirements to capitalize borrowing cost and hence this change has not impacted the Company's accounting policy.

e) Standards, interpretations and amendments to published approved accounting standards that are effective in current year but not relevant

There are other new standards, interpretations and amendments to the published approved accounting standards that are mandatory for accounting periods beginning on or after 01 July 2009 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

f) Standards and amendments to published approved accounting standards that are not yet effective but relevant

Following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2010 or later periods:

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 January 2013). IFRS 9 has superseded the IAS 39 'Financial Instruments: Recognition and Measurement'. It requires that all equity investments are to be measured at fair value while eliminating the cost model for unquoted equity investments. Certain categories of financial instruments available under IAS 39 will be eliminated. Moreover, it also amends certain disclosure requirements relating to financial instruments under IFRS 7. The management of the Company is in the process of evaluating impacts of the aforesaid standard on the Company's financial statements.

There are other amendments resulting from annual Improvements projects initiated by International Accounting Standards Board in April 2009 and May 2010, specifically in IFRS 7 'Financial Instruments: Disclosures', IAS 1 'Presentation of Financial Statements', IAS 7 'Statement of Cash Flows', IAS 24 'Related Party Disclosures' and IAS 36 'Impairment of Assets' that are considered relevant to the Company's financial statements. These amendments are unlikely to have a significant impact on the Company's financial statements and have therefore not been analyzed in detail.

g) Standards, interpretations and amendments to published approved accounting standards that are not effective in current year and not considered relevant

There are other accounting standards, amendments to published approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after 01 July 2010 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

h) Exemption from applicability of IFRIC 4 'Determining whether an Arrangement contains a Lease'

On 22 June 2009, the Securities and Exchange Commission of Pakistan (SECP) exempted the application of International Financial Reporting Interpretation Committee (IFRIC) 4 ' Determining whether an Arrangement contains a Lease' for power sector companies where Letter of Intent (LOI) is issued by the Government on or before 30 June 2010. However, the SECP made it mandatory to disclose the impact of the application of IFRIC 4 on the results of the companies. Consequently, the Company has been exempted from the application of IFRIC 4 to its financial statements.

Under IFRIC 4 the consideration required to be made by the lessee, National Transmission and Dispatch Company Limited (NTDCL), for the right to use the asset is to be accounted for as a finance lease under IAS 17 ' Leases'. If the Company were to follow IFRIC 4 and IAS 17, the effect on the financial statements would be the derecognition of land and capital work-in-progress of Rupees 71,016,715 (2009: Rupees 71,016,715) and Rupees 17,984,649,259 (2009: Rupees 9,142,050,121) respectively, currently reported under property, plant and equipment and the recognition of current assets of Rupees 18,055,665,972 in work-in-progress under inventory. As at balance sheet date, it has no effect on the profit or loss of the Company as the Company had not yet commenced commercial operations and the Capacity Test of the power station were being carried out as required under the terms of the Power Purchase Agreement with NTDCL.

2.2 Fixed assets

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any identified impairment loss, except freehold land and capital work in progress, which are stated at cost less any identified impairment loss.

Capital work in progress consists of expenditure incurred and advances made in respect of assets in the course of their construction and installation. Transfers are made to relevant assets category as and when assets are available for use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and cost of the item can be measured reliably.

Depreciation is calculated on the basis of reducing balance method so as to write off the cost of an asset over its useful life at the rates given in Note 11.1 to the financial statements. Depreciation on additions is charged from the month in which the assets are available for use and on deletions upto the month in which the assets are deleted. The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant.

An item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the profit and loss account in the year the asset is derecognized.

Intangible asset

Expenditure incurred to acquire computer software are capitalized as intangible assets and stated at cost less accumulated amortization and any identified impairment loss. Intangible assets are amortized using the straight line method over a period of five years.

Amortization on additions to intangible assets is charged from the month in which an asset is acquired or capitalized, while no amortization is charged for the month in which the asset is disposed off.

2.3 Inventories

Inventories, except for stock in transit are stated at lower of cost and net realizable value. Cost is determined as follows:

Stores and spare parts

Usable stores and spare parts are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

Stock in trade

Stock in trade except for those in transit are valued principally at lower of moving average cost and net realizable value. Materials in transit are stated at cost comprising invoice value plus other charges paid thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less cost necessarily to be incurred in order to make a sale.

2.4 Trade debts and other receivables

Trade debts and other receivables are recognized initially at invoice value, which approximates fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade debts and other receivables is established when there is objective evidence that the company will not be able to collect all the amount due according to the original terms of the receivable. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade debt is impaired. The provision is recognized in the profit and loss account. When a trade debt is uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the profit and loss account.

2.5 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

2.6 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax.

2.7 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest method. Finance costs are accounted for on an accrual basis and are reported under accrued finance costs to the extent of the amount remaining unpaid.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

2.8 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value which is normally the transaction cost.

2.9 Revenue recognition

Revenue is recognized when it is probable that economic benefits will flow to the company and the revenue can be measured reliably.

Revenue on account of energy is recognized on transmission of electricity to National Transmission and Dispatch Company Limited, whereas on account of capacity is recognized when due.

Return on bank deposits is accrued on time proportion basis by reference to the principal outstanding and the applicable rate of return.

2.10 Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed in the profit and loss account in the period in which they arise.

2.11 Employees' retirement benefit - defined contribution plan

The Company operates a funded provident fund scheme covering all permanent employees. Equal monthly contributions are made both by the Company and employees at the rate of 8.33 percent of the basic salary to the fund.

2.12 Impairment

a) Financial assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flow of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on a individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

b) Non financial assets

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit and loss account.

2.13 Taxation

Current

The Company's profits and gains from electric power generation are exempt from tax under clause (132), Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Company is also exempt from minimum tax on turnover under clause (11A), Part IV of the Second Schedule to the Income Tax Ordinance, 2001. However, full provision is made in the profit and loss account on income from sources not covered under the above clause at current rates of taxation after taking into account, tax credits and rebates available, if any.

Deferred

Deferred tax has not been provided in these financial statements as the Company's management believes that the temporary differences will not reverse in the foreseeable future due to the fact that the profits and gains of the Company derived from electric power generation are exempt from tax subject to the conditions and limitations provided for in terms of clause (132), Part I of the Second Schedule to the Income Tax Ordinance, 2001.

2.14 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

2.15 Financial instruments

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise advances, deposits, other receivables and cash and cash equivalents in the balance sheet.

c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the balance sheet date.

d) Held to maturity

Financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity are classified as held to maturity and are stated at amortized cost.

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized on trade date – the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit and loss account. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest rate method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the profit and loss account in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the profit and loss account as part of other income when the Company's right to receive payments is established.

Changes in the fair value of securities classified as available-for-sale are recognized in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the profit and loss account as gains and losses from investment securities. Interest on available-for-sale securities calculated using the effective interest rate method is recognized in the profit and loss account. Dividends on available-for-sale equity instruments are recognized in the profit and loss account when the Company's right to receive payments is established.

The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (and for unlisted securities), the Company measures the investments at cost less impairment in value, if any.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from equity and recognized in the profit and loss account. Impairment losses recognized in the profit and loss account on equity instruments are not reversed through the profit and loss account.

Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the profit and loss account.

2.16 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set off and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

2.17 Foreign currencies

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into Pak Rupees at the spot rate. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on date of transaction or the date when the fair values are determined.

2.18 Dividend and other appropriations

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

2.19 Related party transactions and transfer pricing

Transactions and contracts with the related parties are carried out at an arm's length price determined in accordance with comparable price method.

	2010	2009
	(Number of Shares)	
3 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL		
367,346,939 (2009: 179,736,486) ordinary shares of Rupees 10 each fully paid in cash	3,673,469,390	1,797,364,860

	2010	2009
	(Number of Shares)	
Opening balance	179,736,486	26,466,600
Add: Shares issued during the year	187,610,453	153,269,886
	367,346,939	179,736,486

	2010	2009
	(Number of Shares)	
3.1 Ordinary shares of the company held by the related parties as at year end are as follows:		
Nishat (Chunian) Limited - holding company	212,346,934	143,789,183
National Bank of Pakistan	30,000,000	17,973,649
Allied Bank Limited	44,260,774	17,973,649
Directors	5	5
	286,607,713	179,736,486

	2010 Rupees	2009 Rupees
4 LONG TERM FINANCING - SECURED		
Senior facility (Note 4.1)	12,025,399,410	7,114,484,369
Term finance facility (Note 4.2)	2,966,104,283	-
	14,991,503,693	7,114,484,369

	2010 Rupees	2009 Rupees
4.1 Senior facility		
Long term financing under mark-up arrangement obtained from following banks:		
National Bank of Pakistan - related party	2,126,621,256	1,237,542,379
Habib Bank Limited	2,847,987,474	1,657,326,235
Allied Bank Limited - related party	2,847,987,474	1,657,326,235
United Bank Limited	2,847,987,473	1,657,326,235
Faysal Bank Limited	1,283,918,671	747,144,809
Summit Bank Limited (Formerly Arif Habib Bank Limited)	399,999,998	232,770,137
	12,354,502,346	7,189,436,030
Less: Current portion shown under current liabilities (Note 9)	329,102,936	74,951,661
	12,025,399,410	7,114,484,369

4.1.1 This represents long term financing obtained from a consortium of banks led by United Bank Limited (Agent Bank). The portion of long term financing from Faysal Bank Limited is on murabaha basis. The total project financing facility amounts to Rupees 12,354,502,346. The financing is secured to the extent of Rupees 18,119,516,987 against first joint pari passu charge on mortgaged immovable property, mortgage project receivables (excluding mortgaged energy payment receivables), hypothecation of all present and future assets and all properties of the Company (excluding working capital hypothecated property), lien over project bank accounts and pledge of shares of holding company in Nishat Chunian Power Limited.

4.1.2 It carries mark-up at the rate of three months KIBOR plus three percent per annum payable on quarterly basis. The effective mark-up rate during the year ended 30 June 2010 ranged from 15.34% to 15.77% (2009: 15.77% to 18.52%) per annum.

4.1.3 The finance is repayable in forty unequal quarterly installments commencing from 30 September 2010.

	2010 Rupees	2009 Rupees
4.2 Term finance facility		
Long term financing under mark-up arrangement obtained from following banks:		
National Bank of Pakistan - related party	524,537,732	-
Habib Bank Limited	702,465,461	-
Allied Bank Limited - related party	702,465,461	-
United Bank Limited	702,465,461	-
Faysal Bank Limited	415,344,490	-
	3,047,278,605	-
Less: Current portion shown under current liabilities (Note 9)	81,174,322	-
	2,966,104,283	-

4.2.1 This represents long term financing obtained from a consortium of banks led by United Bank Limited (Agent Bank). The total project financing facility amounts to Rupees 3,047,278,605. The financing is secured to the extent of Rupees 4,332,000,000 against first joint pari passu charge on mortgaged immovable property, mortgage project receivables (excluding mortgaged energy payment receivables), hypothecation of all present and future assets and all properties of the Company (excluding working capital hypothecated property), lien over project bank accounts and pledge of shares of holding company in Nishat Chunian Power Limited.

4.2.2 It carries mark-up at the rate of three months KIBOR plus three percent per annum payable on quarterly basis. The effective mark-up rate during the year ended 30 June 2010 ranged from 15.34% to 15.62% (2009: Nil) per annum.

4.2.3 The finance is repayable in forty unequal quarterly installments commencing from 30 September 2010.

5 SUBORDINATED LOAN - UNSECURED

5.1 The Company has received this subordinated loan from its holding company during the year as per subordinated loan agreement by and between the Company (Borrower), Nishat (Chunian) Limited - the holding company (Lender) and United Bank Limited (Agent Bank). This loan is unsecured and subordinate to the prior payment in full of the secured obligations to the finance parties i.e. senior facility, term finance facility and working capital facility lenders. The total amount of subordinated loan facility is Rupees 800 million. It carries markup at the rate of three months KIBOR plus 2% per annum, payable on quarterly basis. The effective mark-up rate during the year ended 30 June 2010 ranged from 14.33% to 14.34% (2009: Nil) per annum. The bullet principal repayment date is five year after the last principal disbursement date, as the maturity period of the subordinated loan is five years.

	2010 Rupees	2009 Rupees
6 TRADE AND OTHER PAYABLES		
Creditors	76,292,193	1,342,240
Payable to equipment suppliers	789,674,902	-
Accrued liabilities (Note 6.1)	2,795,000	110,000
Retention money	3,115,782	1,936,840
Income tax deducted at source	3,219	-
Commitment fee (Note 6.2)	468,901	1,707,577
Other accrued liabilities	563,956	-
	872,913,953	5,096,657

6.1 It includes Rupees 2,485,000 (2009: Nil) payable to the holding company which is in the ordinary course of business and interest free.

6.2 It includes Rupees 80,344 (2009: Rupees 293,931) and Rupees 107,597 (2009: Rupees 393,634) payable to National Bank of Pakistan - related party and Allied Bank Limited - related party respectively.

	2010 Rupees	2009 Rupees
7 ACCRUED MARK-UP		
Long term financing (Note 7.1)	534,813,597	240,937,288
Subordinated loan (Note 7.2)	5,571,439	-
Short term borrowings (Note 7.3)	25,733,926	-
	566,118,962	240,937,288

7.1 Accrued mark-up on long term financing includes Rupees 92.082 million (2009: Rupees 41.473 million) and Rupees 123.317 million (2009: Rupees 55.541 million) payable to National Bank of Pakistan - related party and Allied Bank Limited - related party respectively.

7.2 It is payable to Nishat (Chunian) Limited - holding company.

7.3 Accrued mark-up on short term borrowings includes Rupees 3.361 million (2009: Nil) and Rupees 1.576 million (2009: Nil) payable to National Bank of Pakistan - related party and Allied Bank Limited - related party respectively.

	2010 Rupees	2009 Rupees
8 SHORT TERM BORROWINGS		
Working capital finance from:		
Consortium of banks (Note 8.1)	1,328,684,977	-
Bank Alfalah Limited (Note 8.2)	496,257,000	-
	1,824,941,977	-

	2010 Rupees	2009 Rupees
8.1 This working capital financing under mark-up arrangement has been obtained from consortium of following financial institutions:		
National Bank of Pakistan - related party	179,975,898	-
Habib Bank Limited	443,087,939	-
Allied Bank Limited - related party	83,996,609	-
United Bank Limited	441,650,107	-
Faysal Bank Limited	179,974,424	-
	1,328,684,977	-

8.1.1 The total amount of working capital finance facility from consortium of financial institutions is Rupees 2,215,333,334. It is secured to the extent of Rupees 2,953,777,779 against first priority hypothecation charge ranking pari passu on all present and future energy payment account and facility accounts, all amounts standing to the credit of the energy payment account and facility accounts, fuel stocks, inventory and energy payment receivables. This facility is further secured against hypothecation second charge ranking pari passu on all present and future assets and properties of the Company [excluding mortgaged project receivables, mortgaged energy payment receivables and hypothecated assets (first charge)].

8.1.2 It carries mark-up at the rate of three months KIBOR plus two percent per annum payable on quarterly basis. The rates of mark-up ranged from 14.34% to 14.28% (2009: Nil) per annum on the balance outstanding.

8.2 The total amount of murabaha finance facility is Rupees 1,000,000,000. The purpose of the financing facility is to purchase furnace oil, diesel oil and / or other petroleum products. It is secured to the extent of Rupees 1,333,333,334 against first pari passu hypothecation charge over fuel stock of the Company and first pari passu assignment of receivables by National Transmission and Dispatch Company Limited (NTDCL) pertaining to fuel cost component of energy payment price.

8.2.1 It carries profit at the rate of three months KIBOR plus two percent per annum payable on maturity of the respective murabaha transaction. The rate of profit during the year was 14.30% (2009: Nil) per annum on the balance outstanding.

		2010 Rupees	2009 Rupees
9	CURRENT PORTION OF NON-CURRENT LIABILITIES		
	Senior facility (Note 4.1)	329,102,936	74,951,661
	Term finance facility (Note 4.2)	81,174,322	-
		410,277,258	74,951,661

10 CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

Irrevocable letter of credit of USD 5,369,650 (2009: USD 5,369,650) equivalent to Rupees 459,642,040 (2009: Rupees 436,552,545) in favour of National Transmission and Dispatch Company Limited (NTDCL) as required under the Power Purchase Agreement (PPA).

Payment guarantee of Rupees 163,373,400 (2009: Rupees 312,139,296) equivalent to USD 1,922,040 (2009: USD 3,844,080) in favour of Wartsila Pakistan (Private) Limited to secure payment obligation by the Company under construction services contract.

As per terms of PPA with NTDCL (the power purchaser), the required commercial operations date of the power project was 30 June 2010. However, the Company achieved commercial operations subsequent to the reporting date i.e. on 21 July 2010. Consequently, the power purchaser has raised liquidated damages against the Company for not meeting the required commercial operation date in accordance with section 9.4 of the PPA, which are estimated at USD 331,207 equivalent to Rupees 28.351 million.

The Company's management has requested in writing to the power purchaser for extension in the required commercial operation date on the basis that the delay in commissioning was due to circumstances beyond the Company's control, which is under consideration of the power purchaser. The Company's management is confident, based on advice of the legal counsel, that there are meritorious grounds that the power purchaser would not press for recovery of liquidated damages against the Company as it has not yet initiated any recovery proceedings from other Independent Power Producers facing similar issue.

Consequently, no provision has been made in these financial statements for the above mentioned liquidated damages that may be raised by the power purchaser.

	2010 Rupees	2009 Rupees
10.2 Commitments		
Equipment supply contract with Wartsila Finland OY for Euro Nil (2009: Euro 54,936,404)	-	6,307,797,907
Construction services contract with Wartsila Pakistan (Private) Limited for USD Nil (2009: USD 9,225,792)	-	749,134,310
Other contractors and consultants	11,776,902	18,754,894

The Company has entered into a contract for purchase of fuel oil from Shell Pakistan Limited (SPL) for a period of 10 years starting from the commercial operations date of the power station. Under the terms of the fuel supply agreement, the Company is not required to buy any minimum quantity of oil from SPL.

The Company has also entered into an agreement with Wartsila Pakistan (Private) Limited for the operations and maintenance (O&M) of the power station which shall remain in effect until earlier of the end of five years 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 Wholesale Price Index.

	2010 Rupees	2009 Rupees
11 FIXED ASSETS		
Property, plant and equipment		
Operating fixed assets (Note 11.1)	76,599,079	75,864,019
Capital work-in-progress (Note 11.2)	17,984,649,259	9,142,050,121
	18,061,248,338	9,217,914,140
Intangible asset under development - computer software	2,385,000	-
	18,063,633,338	9,217,914,140

11.1 OPERATING FIXED ASSETS

Description	Freehold land	Office equipment	Furniture & Fittings	Motor vehicles	Computer equipment	Total operating fixed assets
At 01 July 2008						
Cost	70,016,715	65,862	-	2,238,501	71,074	72,392,152
Accumulated depreciation	-	(698)	-	(129,108)	(15,450)	(145,256)
Net book value	70,016,715	65,164	-	2,109,393	55,624	72,246,896
Year ended 30 June 2009						
Opening net book value	70,016,715	65,164	-	2,109,393	55,624	72,246,896
Additions	1,000,000	168,000	24,800	2,830,194	148,250	4,171,244
Depreciation charge	-	(23,209)	(2,480)	(490,130)	(38,302)	(554,121)
Closing net book value	71,016,715	209,955	22,320	4,449,457	165,572	75,864,019
At 30 June 2009						
Cost	71,016,715	233,862	24,800	5,068,695	219,324	76,563,396
Accumulated depreciation	-	(23,907)	(2,480)	(619,238)	(53,752)	(699,377)
Net book value	71,016,715	209,955	22,320	4,449,457	165,572	75,864,019
Year ended 30 June 2010						
Opening net book value	71,016,715	209,955	22,320	4,449,457	165,572	75,864,019
Additions	-	167,035	382,700	563,956	719,496	1,833,187
Depreciation charge	-	(35,273)	(5,684)	(865,992)	(191,178)	(1,098,127)
Closing net book value	71,016,715	341,717	399,336	4,147,421	693,890	76,599,079
At 30 June 2010						
Cost	71,016,715	400,897	407,500	5,632,651	938,820	78,396,583
Accumulated depreciation	-	(59,180)	(8,164)	(1,485,230)	(244,930)	(1,797,504)
Net book value	71,016,715	341,717	399,336	4,147,421	693,890	76,599,079
Annual rate of depreciation (%)	-	10	10	20	30	

	2010 Rupees	2009 Rupees
11.1.1 The depreciation charge for the year has been allocated as follows:		
Unallocated expenditures	947,311	498,084
Administrative expenses (Note 19)	150,816	56,037
	1,098,127	554,121

	2010 Rupees	2009 Rupees
11.2 Capital work-in-progress		
It comprises of:		
Buildings	154,700,000	26,842,483
Plant and machinery	15,411,234,758	5,687,350,178
Electric installations	2,535,539	-
Advance for purchase of assets	5,565,079	2,378,106,915
Unallocated expenditures (Note 11.2.1)	2,410,613,883	1,049,750,545
	17,984,649,259	9,142,050,121

	2010 Rupees	2009 Rupees
11.2.1 Unallocated expenditures		
Unallocated expenditure incurred to date:		
Raw material consumed (Note 11.2.2)	1,409,700,618	-
Spares consumed	364,048	-
Salaries, wages and other benefits (Note 11.2.3)	47,802,226	25,740,283
Electricity consumed in-house	8,034,830	-
Insurance	156,586,086	152,551,709
Traveling and conveyance	7,253,686	4,985,364
Entertainment	734,246	479,684
Vehicle running and maintenance	2,759,713	1,217,809
Fuel and power	571,022	416,872
Postage and telephone	1,349,661	236,681
Printing and stationery	1,263,362	299,907
Advertisement	153,998	56,403
Legal and professional charges	16,712,608	13,409,258
Consultancy charges	16,153,464	6,629,869
Fee and subscription	33,545,411	28,914,566
Mark-up on financing		
Long term financing (Note 11.2.4)	2,529,824,081	678,059,343
Subordinated loan (Note 11.2.5)	7,149,256	-
Short term borrowing (Note 11.2.6)	29,757,330	-
Bank charges and financing fee (Note 11.2.7)	218,747,858	127,016,162
Bank guarantee commission	9,674,009	8,746,286
Payment under O&M Agreement	26,500,000	-
Depreciation	1,570,448	623,137
Miscellaneous	914,570	367,212
	4,527,122,531	1,049,750,545
Sale of trial production (Note 11.2.8)	(1,494,773,577)	-
Scrap sales	(3,793,103)	-
Delay liquidated damages recovered (Note 11.2.9)	(617,941,968)	-
	2,410,613,883	1,049,750,545

	2010 Rupees	2009 Rupees
11.2.2 Raw Material Consumed		
Opening balance as on 01 July	-	-
Add: Purchased during the year	1,715,340,873	-
Available for consumption	1,715,340,873	-
Less: Consumed during the year	1,409,700,618	-
Closing balance as on 30 June	305,640,255	-

11.2.3 Salaries and other benefits include Rupees 868,472 (2009: Rupees 556,390) in respect of provident fund contribution by the Company during the year.

11.2.4 Mark-up on long term financing includes Rupees 437,685,814 (2009: Rupees 117,707,456) and Rupees 586,163,493 (2009: Rupees 157,634,727) which relates to National Bank of Pakistan - related party and Allied Bank Limited - related party respectively.

11.2.5 It relates to Nishat (Chunian) Limited - holding company.

11.2.6 Mark-up on short term borrowings includes Rupees 3,894,175 (2009: Nil) and Rupees 1,831,252 (2009: Nil) which relates to National Bank of Pakistan - related party and Allied Bank Limited - related party respectively.

11.2.7 Bank charges and financing fee includes Rupees 31,827,005 (2009: Rupees 18,916,726) and Rupees 50,013,744 (2009: Rupees 35,046,102) which relates to National Bank of Pakistan - related party and Allied Bank Limited - related party respectively.

11.2.8 It is exclusive of sales tax amounting to Rupees 239,163,772

11.2.9 This represents net liquidated damages recovered by the Company from Wartsila Pakistan (Private) Limited for delay in achieving commercial operations.

	2010 Rupees	2009 Rupees
12 LONG TERM LOANS TO EXECUTIVES		
Considered good:		
Executives (Note 12.1)	690,837	-
Less: Current portion shown under current assets (Note 15)	530,187	-
	160,650	-

	2010 Rupees	2009 Rupees
12.1 Reconciliation of carrying amount of loans to executives:		
Opening balance	-	2,177,016
Disbursements	1,114,077	-
Less: Repayments	423,240	1,433,295
Transferred to loan and advances	-	743,721
Closing balance	690,837	-

12.2 These represent car and house construction loans to executives, payable in 30 monthly installments. These carry interest at the rate 13.50% per annum (2009: 13.50% per annum). These loans are secured to the extent of balance standing to the credit of relevant executives in their provident fund trust account.

12.3 Maximum aggregate balance due from the executive at the end of any month during the year is Rupees 881,207 (2009: Rupees 2,127,016).

12.4 The fair value adjustment in accordance with the requirements of IAS 39 arising in respect of executive loan is not considered material and hence not recognized.

	2010 Rupees	2009 Rupees
13 STOCK-IN-TRADE		
Furnace oil	300,294,853	-
Diesel	4,344,982	-
Lubricating oil	1,000,420	-
	305,640,255	-

	2010 Rupees	2009 Rupees
14 TRADE DEBTS		
Trade receivable from NTDCL - secured		
Considered good	1,732,450,622	-

14.1 The trade debts are secured by a guarantee from the Government of Pakistan under the Implementation Agreement. These are in the normal course of business and interest free, however, a penal mark-up at the rate of three months KIBOR plus 4.5% is charged in case the amounts are not paid within due dates.

	2010 Rupees	2009 Rupees
15 LOANS AND ADVANCES		
Considered good:		
Current portion of long term loans to executives (Note 12)	530,187	-
Recoverable from ex-executive on full and final settlement	-	743,721
Advances to suppliers	536,081,915	1,479,725
Advances against expenses	849	5,217
Other advances	-	91,818
	536,612,951	2,320,481

	2010 Rupees	2009 Rupees
16 OTHER RECEIVABLES		
Delay liquidated damages	106,610,061	-
Insurance claim receivable	4,500	24,710
Others	23,073	275,130
	106,637,634	299,840

	2010 Rupees	2009 Rupees
17 SHORT TERM INVESTMENT		
Financial asset at fair value through profit or loss 1,281,585.1829 units of UBL Liquidity Plus Fund, an open - end money market fund	131,226,152	-
Add: Unrealized fair value gain	664,086	-
	131,890,238	-

17.1 Fair value of this investment is determined using redemption price.

	2010 Rupees	2009 Rupees
18 CASH WITH BANKS		
On current accounts (Note 18.1)	546,338	51,910
On saving accounts (Note 18.2)	1,560,676,051	4,680,933
	1,561,222,389	4,732,843

18.1 Cash with banks on current accounts includes an amount of Rupees 509,508 (2009: Rupees 37,722) with MCB Bank Limited - an associated undertaking.

18.2 The effective interest rate on saving accounts ranged from 5% to 5.50% (2009: 5% to 5.50%) per annum.

	2010 Rupees	2009 Rupees
19 ADMINISTRATIVE EXPENSES		
Salaries and other benefits (Note 19.1)	3,267,181	1,853,403
Common facilities cost (Note 19.2)	1,800,000	-
Insurance	18,901	9,222
Vehicle running and maintenance	54,120	19,025
Auditors' remuneration (Note 19.3)	401,200	210,000
Fee and subscription	103,590	10,700
Depreciation (Note 11.1.1)	150,816	56,037
	5,795,808	2,158,387

19.1 Salaries and other benefits includes Rupees 85,892 (2009: Rupees 56,553) in respect of provident fund contribution by the Company during the year.

19.2 This represents common facilities cost charged to the Company by the holding company.

	2010 Rupees	2009 Rupees
19.3 Auditors' remuneration		
Statutory audit	250,000	100,000
Half yearly review	75,000	-
Audit of interim financial statements	-	100,000
Employees provident fund audit and certificates	65,000	-
Out of pocket expenses	11,200	10,000
	401,200	210,000

20 OTHER OPERATING EXPENSES

This represents the loss arising out of translation of foreign currency transactions in the functional currency, entered into by the Company in connection with the import of plant and machinery that has been recognized in accordance with the requirements of International Accounting Standard (IAS) 21 'The Effects of Changes in Foreign Exchange Rates.

	2010 Rupees	2009 Rupees
21 OTHER OPERATING INCOME		
Income from financial assets:		
Return on bank deposits	843,618	351,199
Unrealized fair value gain on revaluation of financial asset at fair value through profit or loss	664,086	-
Gain on redemption of financial asset at fair value through profit or loss	1,390,810	-
Markup on loan to executives	57,988	262,404
	2,956,502	613,603

	2010 Rupees
22 PROVISION FOR TAXATION	
For the period - current	1,034,776
Prior period - current	268,585
	1,303,361

	2010 Rupees
22.1 Relationship between tax expense and accounting profit	
Loss for the year before taxation	(6,453,809)
Tax at the applicable rate of 35%	(2,258,833)
Effect of items not deductible for tax purposes	3,293,609
Effect of change in prior period's tax	268,585
Tax expense	1,303,361

	2010 Rupees	2009 Rupees
23 LOSS PER SHARE - BASIC AND DILUTED		
There is no dilutive effect on the basic loss per share which is based on:		
Loss after taxation attributable to ordinary shareholders (Rupees)	(7,757,170)	(1,544,784)
Weighted average number of shares (Number)	331,505,272	94,871,747
Loss per share - basic (Rupees)	(0.02)	(0.02)

	2010 Rupees	2009 Rupees

24 CASH USED IN OPERATIONS

	2010 Rupees	2009 Rupees
Loss before taxation	(6,453,809)	(1,544,784)
Adjustments for non cash charges and other items:		
Depreciation	150,816	56,037
Unrealized fair value gain on revaluation of financial asset at fair value through profit or loss	(664,086)	-
Cash flows from operating activities before working capital changes	(6,967,079)	(1,488,747)
(Increase) / decrease in current assets:		
Spare parts	(220,548,971)	-
Stock-in-trade	(305,640,255)	-
Trade debts	(1,732,450,622)	-
Loans and advances	(534,292,470)	(1,573,966)
Interest accrued	297,939	(2,488,041)
Other receivables	(106,337,794)	(299,840)
Sales tax refundable	(37,870,909)	(2,067,486)
Increase in current liability:		
Trade and other payables	867,817,296	887,988
	(2,069,025,786)	(5,541,345)
Cash used in operations	(2,075,992,865)	(7,030,092)

25 REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

The aggregate amount for the year in respect of remuneration including certain benefits to chief executive, director and executives of the Company is as follows:

	30 June 2010			30 June 2009		
	Chief Executive	Director	Executive	Chief Executive	Director	Executive
	Rupees					
Managerial remuneration	-	2,800,000	9,272,484	1,820,000	2,800,000	5,571,095
Contribution to provident fund	-	-	772,398	151,615	-	388,191
House rent	-	1,120,000	3,708,276	728,000	1,120,000	2,228,438
Medical allowance	-	280,000	927,240	182,000	280,000	557,110
Others	-	-	98,908	246,035	-	326,909
	-	4,200,000	14,779,306	3,127,650	4,200,000	9,071,743
No. of persons	1	1	8	1	1	9

25.1 The Company has also provided to a director and five executives with free use of Company's maintained cars.

26 UNUTILIZED CREDIT FACILITIES

The Company has total credit facilities amounting to Rupees 19,417 million (2009: Rupees 12,355 million) out of which Rupees 1,804 million (2009: Rupees 5,165 million) remained unutilized at the end of the year.

27 TRANSACTIONS WITH RELATED PARTIES

The Company is in the normal course of business carried out transactions with the holding company, associated companies, key management personnel and retirement benefit plan. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

Holding company

Nishat (Chunian) Limited has entered into following transactions on behalf of the Company:

Performance guarantee of USD 1,000,000 (2009: USD 1,000,000) equivalent to Rupees 85,600,000 (2009: Rupees 81,300,000) in favour of Private Power and Infrastructure Board to secure performance of the Company under Implementation Agreement and Power Purchase Agreement.

Irrevocable standby letters of credit of Rupees 642,406,196 (2009: Rupees 882,876,060) for equity injection and Rupees Nil (2009: Rupees 147,120,000) for positive cost overrun, in accordance with Project Funds Agreement, in favour of security trustee of syndicated lenders of the Company.

	2010 Rupees	2009 Rupees
Bridge finance obtained	-	210,853,032
Mark-up paid on bridge finance	-	354,859
Subordinated loan obtained	386,638,960	-
Mark-up expense on subordinated loan	6,794,397	-
Associated company		
Share issuance cost	753,538	-
Other related parties		
Contribution to employees' provident fund	954,364	612,943
Share issuance cost	1,654,366	-

All transactions with related parties have been carried out on commercial terms and conditions.

28 FINANCIAL RISK MANAGEMENT

28.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. The Company's finance department evaluates and hedges financial risks. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

a) Market risk

i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD) and Euro. Currently, the Company's foreign exchange risk exposure is restricted to bank balances, the amounts receivable / payable from / to the foreign entities. The Company's exposure to currency risk was as follows:

	2010 Rupees	2009 Rupees
Other receivable - Euro	993,570	-
Trade and other payable - USD	1,945,811	-
Trade and other payable - Euro	5,872,900	-
Net exposure - USD	(1,945,811)	-
Net exposure - Euro	(4,879,330)	-
The following significant exchange rates were applied during the year:		
Rupees per US Dollar		
Average rate	84.16	78.89
Reporting date rate	85.60	81.30
Rupees per Euro		
Average rate	116.24	108.00
Reporting date rate	104.58	114.82

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD and Euro with all other variables held constant, the impact on loss after taxation for the year would have been Rupees 8.328 million and Rupees 25.514 million (2009: Nil and Nil) respectively higher / lower, mainly as a result of exchange losses / gains on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to equity price risk since there are no investments in equity securities. The Company is also not exposed to commodity price risk since it does not hold any financial instrument based on commodity prices.

iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant long-term interest-bearing asset. The Company's interest rate risk arises from long term financing and short term borrowings. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk. Borrowings obtained at fixed rate expose the Company to fair value interest rate risk.

At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments was as follows:

	2010 Rupees	2009 Rupees
Floating rate instruments		
Financial assets		
Bank balances- saving accounts	1,560,676,051	4,680,933
Financial liabilities		
Long term financing	15,401,780,951	7,189,436,030
Subordinated loan	386,638,960	-
Short term borrowings	1,824,941,977	-

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, loss after taxation for the year would have been Rupees 80 (2009: Rupees 4,987) lower / higher, mainly as a result of higher / lower interest income and capital work-in-progress would have been Rupees 160.526 million (2009: Rupees 71.855 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of liabilities outstanding at balance sheet dates were outstanding for the whole year.

b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2010 Rupees	2009 Rupees
Security deposits	105,000	105,000
Trade debts	1,732,450,622	-
Loans and advances	536,612,951	2,320,481
Interest accrued	2,190,102	2,488,041
Other receivables	106,637,634	299,840
Short term investment	131,890,238	-
Bank balances	1,561,222,389	4,732,843
	4,071,108,936	9,946,205

The age of trade receivables as at balance sheet date is as follows:

	2010 Rupees	2009 Rupees
Not past due	1,732,450,622	-
Past due 0 - 30 days	-	-
	1,732,450,622	-

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (If available) or to historical information about counterparty default rate:

	Rating			2010	2009
	Short Term	Long Term	Agency	Rupees	
Banks					
National Bank of Pakistan	A-1+	AAA	JCR-VIS	4,792	-
Askari Bank Limited	A1+	AA	PACRA	7,880	-
Bank Alfalah Limited	A1+	AA	PACRA	9,500	-
Faysal Bank Limited	A-1+	AA	PACRA	-	954
Habib Bank Limited	A-1+	AA+	JCR-VIS	-	502
MCB Bank Limited	A1+	AA+	PACRA	509,508	37,722
United Bank Limited	A-1+	AA+	JCR-VIS	1,560,690,709	4,693,665
				1,561,222,389	4,732,843
Short term investment					
UBL Liquidity Plus Fund	AA+		JCR-VIS	131,890,238	-
				1,693,112,627	4,732,843

Due to the Company's long standing business relationships with these counter parties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly the credit risk is minimal.

c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the Company's business, the finance department maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors the forecasts of the Company's cash and cash equivalents on the basis of expected cash flow. This is generally carried out in accordance with practice and limits set by the Company. The Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet its liabilities, monitoring balance sheet liquidity ratios against internal and external regulatory requirements, and maintaining debt financing plans. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2010

	Carrying Amount	Contractual cash flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
	Rupees					
Non-derivative financial liabilities:						
Long term financing	15,401,780,951	32,368,882,874	1,911,073,892	1,366,715,004	2,792,911,402	26,298,182,576
Subordinated loan	386,638,960	652,418,524	33,423,850	27,398,296	55,402,079	536,194,299
Trade and other payables	872,913,953	872,913,953	872,913,953	-	-	-
Short term borrowings	1,824,941,977	1,965,138,340	1,965,138,340	-	-	-
	18,486,275,841	35,859,353,691	4,782,550,035	1,394,113,300	2,848,313,481	26,834,376,875

Contractual maturities of financial liabilities as at 30 June 2009

	Carrying Amount	Contractual cash flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
	Rupees					
Long term financing	7,189,436,030	14,647,765,691	812,483,664	562,227,686	1,444,481,935	11,828,572,406
Trade and other payables	5,096,657	5,096,657	5,096,657	-	-	-
	7,194,532,687	14,652,862,348	817,580,321	562,227,686	1,444,481,935	11,828,572,406

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark-up rates effective as at 30 June. The rates of interest / mark-up have been disclosed in note 4, note 5 and note 8 to these financial statements.

28.2 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values. The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped in to levels 1 to 3 based on the degree to which fair value is observable:

	Level 1	Level 2	Level 3	Total
	Rupees			
As at 30 June 2010				
Assets				
Short term investment	131,890,238	-	-	131,890,238

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial instruments held by the Company is the current bid price. These financial instruments are classified under level 1 in above referred table.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value a financial instrument are observable, those financial instruments are classified under level 2 in above referred table. The Company has no such type of financial instruments as on 30 June 2010.

If one or more of the significant inputs is not based on observable market data, the financial instrument is classified under level 3. The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments. The Company has no such type of financial instruments as on 30 June 2010.

28.3 Financial instruments by categories

	Loans and receivables	At fair value through profit or loss	Total
		Rupees	
As at 30 June 2010			
Assets as per balance sheet			
Security deposits	105,000	-	105,000
Trade debts	1,732,450,622	-	1,732,450,622
Loans and advances	536,612,951	-	536,612,951
Interest accrued	2,190,102	-	2,190,102
Other receivables	106,637,634	-	106,637,634
Short term investment	-	131,890,238	131,890,238
Cash and bank balances	1,561,222,389	-	1,561,222,389
	3,939,218,698	131,890,238	4,071,108,936

	Financial liabilities at amortized cost
	Rupees
Liabilities as per balance sheet	
Long term financing	15,401,780,951
Subordinated loan	386,638,960
Trade and other payables	872,913,953
Accrued mark-up	566,118,962
Short term borrowings	1,824,941,977
	19,052,394,803

	Loans and receivables
	Rupees
As at 30 June 2009	
Assets as per balance sheet	
Security deposits	105,000
Loans and advances	2,320,481
Interest accrued	2,488,041
Other receivables	299,840
Cash and bank balances	4,732,843
	9,946,205

	Financial liabilities at amortized cost
	Rupees
Liabilities as per balance sheet	
Long term financing	7,189,436,030
Trade and other payables	5,096,657
Accrued mark-up	240,937,288
	7,435,469,975

29 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital. Borrowings represent long term financing, short term borrowings and subordinated loan obtained by the Company as referred to in notes 4, 5 and 8 respectively. Total capital includes 'total equity' as shown in the balance sheet plus 'borrowings'. The Company's Strategy, which was unchanged from last year, was to maintain a gearing ratio of 80% debt and 20% equity.

		2010	2009
Borrowings	Rupees	17,613,361,888	7,189,436,030
Total equity	Rupees	3,649,329,783	1,795,057,197
Total capital employed	Rupees	21,262,691,671	8,984,493,227
Gearing ratio	Percentage	82.84	80.02

30 EVENTS AFTER THE REPORTING PERIOD

The Company commenced commercial operations from 21 July 2010.

31 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 05 October 2010 by the Board of Directors of the Company.

32 CORRESPONDING FIGURES

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

33 GENERAL

Figures have been rounded off to nearest of Rupee.

Statement under section 241 (2) of the Companies Ordinance, 1984.
These financial statements have been signed by two directors instead of chief executive and one director, as the chief executive is not for the time being in Pakistan.

DIRECTOR DIRECTOR

Categories of Shareholders
as on 30 June 2010

	Categories of Shareholders	Number of Shareholders	Total Shares Held	Percentage
A)	Directors/Chief Executive Officer and their spouse and minor Children			
	1) Mr. Shahzad Saleem - Chairman / Director (Nominee NCL)	-	-	0.00
	2) Mr. Muhamamd Saleem - Director	1	1	0.00
	3) Mr. Yahya Saleem - Chief Executive / Director	1	1	0.00
	4) Mr. Aftab Ahmad Khan - Director	1	1	0.00
	5) Mr. Mehmood Akhtar - Director	1	1	0.00
	6) Mr. Badar ul Hassan - Director	1	1	0.00
	7) Mr. Fareed Vardag - Director (Nominee ABL)	-	-	0.00
	8) Syed Hasan Irtiza Kazmi - Director (Nominee NBP)	-	-	0.00
	Total	5	5	0.00
B)	Executives			
	N/A	-	-	-
C)	Associated Companies, Undertakings and related parties	-	-	-
D)	Public Sectors Companies & Corporations	-	-	-
E)	NIT and IDBP (ICP UNIT)	2	3,037,501	0.83
F)	Banks, Development Financial Institutions & Non-Banking Financial Institutions	11	103,070,599	28.06
H)	Insurance Companies	1	20,000,000	5.44
I)	Modarabas & Mutual Funds	8	14,486,973	3.94
J)	*Shareholding 10% or more	1	212,346,934	57.81
K)	Joint Stock Companies	18	2,131,374	0.58
L)	Others	-	-	-
M)	General Public	1,040	12,273,553	3.34
Total		1,086	367,346,939	100.00

* Shareholders having 10% or above shares

Name of Shareholder	Shares held	%
Nishat (Chunian) Limited	212,346,934	57.81
Total	212,346,934	57.81

INFORMATION UNDER CLAUSE XIX(j) OF THE CODE OF CORPORATE GOVERNANCE

All trade in the Company's shares, carried out by its Directors , CEO ,CFO, Company Secretary and their spouses and minor children during the year July 01, 2009 to June 30, 2010:

Sale	Purchase
Nil	Nil

Pattern of Shareholding

as at 30 June 2010

Number of Shareholders	Shareholding From	Shareholding To	Total Shares Held	Percentage of Total Capital
38	1	100	1,153	0.00
653	101	500	323,733	0.09
159	501	1000	156,699	0.04
113	1001	5000	311,260	0.08
32	5001	10000	289,467	0.08
10	10001	15000	121,260	0.03
10	15001	20000	190,500	0.05
3	20001	25000	62,000	0.02
5	25001	30000	147,000	0.04
1	30001	35000	35,000	0.01
2	35001	40000	77,501	0.02
10	45001	50000	497,000	0.14
1	50001	55000	55,000	0.01
1	60001	65000	62,717	0.02
3	70001	75000	224,799	0.06
2	75001	80000	158,749	0.04
1	85001	90000	90,000	0.02
2	95001	100000	200,000	0.05
1	100001	105000	105,000	0.03
1	105001	110000	110,000	0.03
2	125001	130000	255,500	0.07
2	145001	150000	299,705	0.08
1	150001	155000	152,000	0.04
1	160001	165000	164,207	0.04
1	170001	175000	175,000	0.05
1	180001	185000	181,648	0.05
1	195001	200000	200,000	0.05
1	200001	205000	205,000	0.06
1	235001	240000	236,853	0.06
2	240001	245000	484,177	0.13
2	245001	250000	500,000	0.14
1	250001	255000	250,358	0.07
1	310001	315000	311,594	0.08
1	375001	380000	379,456	0.10
1	695001	700000	700,000	0.19
1	745001	750000	750,000	0.20
1	880001	885000	880,688	0.24
1	1335001	1340000	1,340,000	0.36
1	1495001	1500000	1,500,000	0.41
1	2590001	2595000	2,590,313	0.71
1	2900001	2905000	2,904,073	0.79
1	2995001	3000000	3,000,000	0.82
1	3085001	3090000	3,088,131	0.84
1	3345001	3350000	3,346,409	0.91
1	4595001	4600000	4,600,000	1.25
1	4710001	4715000	4,710,874	1.28
1	4995001	5000000	5,000,000	1.36
1	5990001	5995000	5,995,000	1.63
1	9915001	9920000	9,917,500	2.70
1	17635001	17640000	17,637,525	4.80
1	19995001	20000000	20,000,000	5.44
1	29995001	30000000	30,000,000	8.17
1	30025001	30030000	30,025,156	8.17
1	212345001	212350000	212,346,934	57.81
1,086			367,346,939	100.00

Proxy Form

The Company Secretary,
Nishat Chunian Power Limited
31-Q, Gulberg-II,
Lahore.

I / We ____

of ____ being a member(s) of

Nishat Chunian Power Limited, and a holder of ______________________________ Ordinary shares

as per Share Register Folio No. ____

(in case of Central Depository System Account Holder A/c No. ______________________________

Participant I.D. No. ______________________) hereby appoint ______________________

of ____ another member of the Company as per

Share Register Folio No. ______________________ (or failing him / her ______________________

of ______________________________ another member of the Company) as my / our Proxy to attend and vote for me / us and on my / our behalf at Annual General Meeting of the Company, to be held on 30 October 2010 (Saturday) at 10:00 a.m. at the Registered Office of the Company (31-Q, Gulberg II, Lahore) and at any adjournment thereof.

As witness my hand this ______________________ day of ______________________ 2010

signed by the said ____ in presence

of ____

Witness

Signature

Signature

Affix Rs. 5/-
Revenue
Stamp

Notes:

1. Proxies, in order to be effective, must be received at the Company's Registered Office / Head Office not less than 48 hours before the meeting duly stamped, signed and witnessed.

2. Signature must agree with the specimen signature registered with the Company.