



**Interim Financial Information**  
Half Year Ended December 31, 2014  
(Unaudited)



Nishat Chunian Power Ltd



# CONTENTS

- 03 Company Information
- 04 Directors' Report
- 05 Auditors' Review Report
- 06 Condensed Interim Balance Sheet
- 08 Condensed Interim Profit and Loss Account
- 09 Condensed Interim Statement of Comprehensive Income
- 10 Condensed Interim Cash Flow Statement
- 11 Condensed Interim Statement of Changes in Equity
- 12 Notes to the Condensed Interim Financial Information



# COMPANY INFORMATION

## Board of Directors:

Mrs. Farhat Saleem

Director

Mr. Yahya Saleem

Chief Executive

Mr. Shahzad Saleem (Nominee NCL)

Chairman

Mr. Aftab Ahmad Khan

Director

Mr. Kamran Rasool

Director

Mr. Asad Farooq (Nominee ABL)

Director

Mr. Shahid Malik

Director

Mr. Wasif M. Khan

Director

## AUDIT COMMITTEE:

Mr. Wasif M. Khan

Chairman

Mr. Aftab Ahmad Khan

Member

Mr. Shahid Malik

Member

## HR & R COMMITTEE:

Mr. Shahzad Saleem

Chairman

Mr. Aftab Ahmad Khan

Member

Mr. Kamran Rasool

Member

## Chief Financial Officer:

Ms. Sonia Karim

## Head of Internal Audit:

M. Ibraheem Saleem

## Company Secretary:

Mr. Babar Ali Khan

## Bankers to the Company:

Habib Bank Limited

Burj Bank Limited

United Bank Limited

The Bank of Punjab

National Bank of Pakistan

Dubai Islamic Bank

Faysal Bank Limited

Barclays Bank PLC Pakistan

Summit Bank Limited

Allied Bank Limited

Sindh Bank Limited

Habib Metropolitan Bank Limited

Bank Alfalah Limited

Al Baraka Bank (Pakistan) Limited

Askari Bank Limited

Meezan Bank Limited

## Auditors:

A. F. Ferguson & Co.

Chartered Accountants

## Legal Advisers:

Raja Muhammad Akram & Co.

Advocates & Legal Consultants

Cornelius Lane & Mufti

Advocates & Solicitors

## Registered & Head office:

31-Q Gulberg II,

Lahore-Pakistan

Ph: 042-35761730

Fax: 042-35878696-97

www.nishat.net

## Share Registrar:

Hameed Majeed Associates (Pvt.) Limited

1st Floor, H.M House

7-Bank Square, Lahore

Ph: 042-37235081-2

Fax: 042-37358817

## Plant:

66-Km, Multan Road, Pattoki

Kasur

# DIRECTORS' REPORT

## Dear Shareholders

The board of directors is pleased to present the Condensed Interim Financial Information of the company for the quarter & half year ended December 31, 2014. For the half year, Turnover was Rs. 13.45 billion with an after tax profit of Rs. 1.63 billion and earnings per share (EPS) of Rs. 4.431.

Circular debt still presents a major challenge to the companies operating in the power sector. The "National Transmission and Despatch Company Limited" (NTDCL) has consistently been unable to meet its obligations to make timely payments to the company.

As on December 31, 2014, total receivables from NTDCL were Rs. 9.013 billion out of which Rs 5.271 billion were overdue. The company continues to take up the matter of overdue receivables not only with NTDCL but also with the Ministry of Water and Power of the Government of Pakistan through Private Power & Infrastructure Board (PPIB).

During half year ended December 31, 2014, availability of the plant was 93.58% with a capacity factor of 86.38%.

For and on behalf of the Board

Shahzad Saleem (Chairman)

Date: February 24, 2015  
Lahore.

# REVIEW REPORT

## AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

### Introduction

We have reviewed the accompanying condensed interim balance sheet of Nishat Chunian Power Limited as at December 31, 2014 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the half year then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2013 and 2014 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2014.

### Scope of Review

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

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended December 31, 2014 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

### Emphasis of matter

Without qualifying our conclusion, we draw attention to note 9 to the interim financial information, which describes the matter regarding recoverability of certain trade debts.

A.F. Ferguson & Co.  
Chartered Accountants,

Engagement Partner: Muhammad Masood  
Date: February 24, 2015  
Lahore.

# CONDENSED INTERIM BALANCE SHEET

AS AT DECEMBER 31, 2014

	Note	Un-audited December 31, 2014 Rupees	Audited June 30, 2014 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital 385,000,000 (June 30, 2014: 385,000,000) ordinary shares of Rs 10 each		<u>3,850,000,000</u>	<u>3,850,000,000</u>
Issued, subscribed and paid up share capital 367,346,939 (June 30, 2014: 367,346,939) ordinary shares of Rs 10 each		3,673,469,390	3,673,469,390
Revenue reserve: Un-appropriated profit		<u>3,716,567,077</u>	<u>3,374,592,028</u>
		7,390,036,467	7,048,061,418
<b>NON-CURRENT LIABILITY</b>			
Long term financing - secured	6	9,914,788,970	10,604,150,775
<b>CURRENT LIABILITIES</b>			
Current portion of long term financing - secured	6	1,328,896,589	1,232,844,273
Short term borrowings - secured		4,242,694,377	5,698,837,812
Trade and other payables		1,696,902,939	2,306,600,169
Derivative financial instruments		1,714,617	-
Accrued finance cost		<u>452,612,921</u>	<u>507,966,208</u>
		7,722,821,443	9,746,248,462
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7	<u>25,027,646,880</u>	<u>27,398,460,655</u>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

## Director

STATEMENT UNDER SECTION 241 (2) OF THE COMPANIES ORDINANCE, 1984

This Condensed Interim Financial Information has been signed by two directors instead of chief executive and one director, as the chief executive is for the time being not in Pakistan.





	Note	Un-audited December 31, 2014 Rupees	Audited June 30, 2014 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets	8	13,543,175,596	14,116,423,362
Long term loans to executives		6,628,421	419,499
Long term security deposits		105,000	105,000
		<u>13,549,909,017</u>	<u>14,116,947,861</u>
<b>CURRENT ASSETS</b>			
Stores and spares		1,096,275,062	916,391,733
Inventories		605,737,659	431,070,568
Trade debts	9	8,230,966,656	10,199,010,015
Loans, advances, deposits, prepayments and other receivables		657,072,477	676,051,026
Income tax receivable		15,957,500	15,670,781
Cash and bank balances		871,728,509	1,043,318,671
		11,477,737,863	13,281,512,794
		<u>25,027,646,880</u>	<u>27,398,460,655</u>

**Director**

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

FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2014

Note	Quarter ended		Half year ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	Rupees	Rupees	Rupees	Rupees
Sales	6,594,864,139	7,117,288,005	13,454,800,891	13,667,671,744
Cost of sales	10 (5,098,110,901)	(5,969,197,753)	(10,679,367,421)	(11,520,523,236)
<b>Gross profit</b>	1,496,753,238	1,148,090,252	2,775,433,470	2,147,148,508
Administrative expenses	(31,359,679)	(31,746,874)	(60,726,638)	(56,041,573)
Other expenses	(27,992,473)	(5,532,749)	(37,944,952)	(61,909,769)
Other income	10,421,228	31,619,436	19,189,961	38,854,884
Finance cost	(531,054,347)	(449,831,411)	(1,068,262,504)	(870,712,710)
<b>Profit before taxation</b>	916,767,967	692,598,654	1,627,689,337	1,197,339,340
Taxation	-	-	-	-
<b>Profit for the period</b>	916,767,967	692,598,654	1,627,689,337	1,197,339,340
Earnings per share - basic and diluted	2.496	1.885	4.431	3.259

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**Director**

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# CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

(UN-AUDITED)

FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2014

	Quarter ended		Half year ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	Rupees	Rupees	Rupees	Rupees
Profit for the period	916,767,967	692,598,654	1,627,689,337	1,197,339,340
<b>Other comprehensive income :</b>				
<i>Items that may be reclassified subsequently to profit or loss</i>	-	-	-	-
<i>Items that will not be reclassified to profit or loss</i>	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>916,767,967</b>	<b>692,598,654</b>	<b>1,627,689,337</b>	<b>1,197,339,340</b>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

**Director**

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# CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2014

	Note	Half year ended	
		December 31, 2014 Rupees	December 31, 2013 Rupees
<b>Cash flows from operating activities</b>			
Cash generated from/(used in) operations	11	4,843,299,751	(639,882,375)
Finance cost paid		(1,123,615,791)	(943,236,689)
Income tax paid		(286,719)	(552,536)
Retirement benefits paid		(1,550,412)	(999,489)
Net increase in long term loans to executives		(6,208,922)	(250,641)
<b>Net cash inflow/(outflow) from operating activities</b>		<b>3,711,637,907</b>	<b>(1,584,921,730)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(11,138,277)	(258,430,332)
Proceeds from disposal of property, plant and equipment		1,922,900	-
Profit on bank deposits received		623,121	374,896
<b>Net cash outflow from investing activities</b>		<b>(8,592,256)</b>	<b>(258,055,436)</b>
<b>Cash flows from financing activities</b>			
Repayment of long term financing		(593,309,489)	(510,640,578)
Dividend paid		(1,825,182,889)	(1,465,548,486)
<b>Net cash outflow from financing activities</b>		<b>(2,418,492,378)</b>	<b>(1,976,189,064)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,284,553,273</b>	<b>(3,819,166,230)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>(4,655,519,141)</b>	<b>265,827,463</b>
<b>Cash and cash equivalents at the end of the period</b>	12	<b>(3,370,965,868)</b>	<b>(3,553,338,767)</b>

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# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

(UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2014

	Share capital	Revenue reserve: Un-appropriated profit Rupees	Total
<b>Balance as on July 1, 2014 (audited)</b>	3,673,469,390	3,374,592,028	7,048,061,418
Profit for the period	-	1,627,689,337	1,627,689,337
Other comprehensive income for the period	-	-	-
<b>Total comprehensive income for the half year ended December 31, 2014</b>	-	1,627,689,337	1,627,689,337
Dividend to equity holders of the company:			
Final dividend for the year ended June 30, 2014 @ Rs 2 per ordinary share	-	(734,693,878)	(734,693,878)
Interim dividend @ Rs 1.5 per ordinary share	-	(551,020,410)	(551,020,410)
<b>Total contributions by and distributions to owners of the company recognised directly in equity</b>	-	(1,285,714,288)	(1,285,714,288)
<b>Balance as on December 31, 2014 (un-audited)</b>	<b>3,673,469,390</b>	<b>3,716,567,077</b>	<b>7,390,036,467</b>
<b>Balance as on July 1, 2013 (audited)</b>	3,673,469,390	3,596,282,092	7,269,751,482
Profit for the period	-	1,197,339,340	1,197,339,340
Other comprehensive income for the period	-	-	-
<b>Total comprehensive income for the half year ended December 31, 2013</b>	-	1,197,339,340	1,197,339,340
Dividend to equity holders of the company:			
Interim dividend @ Rs 2 per ordinary share	-	(734,693,878)	(734,693,878)
Final dividend for the year ended June 30, 2013 @ Rs 2 per ordinary share	-	(734,693,878)	(734,693,878)
Interim dividend @ Rs 1.5 per ordinary share	-	(551,020,398)	(551,020,398)
<b>Total contributions by and distributions to owners of the company recognised directly in equity</b>	-	(2,020,408,154)	(2,020,408,154)
<b>Balance as on December 31, 2013 (un-audited)</b>	<b>3,673,469,390</b>	<b>2,773,213,278</b>	<b>6,446,682,668</b>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

**Director**

**Director**

STATEMENT UNDER SECTION 241 (2) OF THE COMPANIES ORDINANCE, 1984

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FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2014

## 1. The company and its activities

Nishat Chunian Power Limited (the 'company') is a public limited company incorporated in Pakistan. The company is a subsidiary of Nishat (Chunian) Limited. The company's ordinary shares are listed on the Karachi, Lahore and Islamabad Stock Exchanges.

The principal activity of the company is to build, own, operate and maintain a fuel fired power station having gross capacity of 200 MW and net capacity of 195.722 MW at Jamber Kalan, Tehsil Pattoki, District Kasur, Punjab, Pakistan. The address of the registered office of the company is 31-Q, Gulberg II, Lahore. The company has a Power Purchase Agreement ('PPA') with its sole customer, National Transmission and Despatch Company Limited ('NTDC') for twenty five years which commenced from July 21, 2010.

## 2. Basis of preparation

This condensed interim financial information is un-audited and is being submitted to the members in accordance with section 245 of the Companies Ordinance, 1984. It has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. The figures for the half year ended December 31, 2014 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance. This condensed interim financial information does not include all the information required for annual financial statements and therefore, should be read in conjunction with the annual financial statements for the year ended June 30, 2014.

## 3. Significant accounting policies

3.1 The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the company for the year ended June 30, 2014.

### 3.2 Initial application of standards, amendments or an interpretation to existing standards

The following amendments to existing standards have been published that are applicable to the company's financial statements covering annual periods, beginning on or after the following dates:

#### 3.2.1 Standards, amendments and interpretations to approved accounting standards that are effective in the current year

Certain standards, amendments and interpretations to approved accounting standards are effective in the current year but are considered not to be relevant or to have any significant effect on the company's operations and are, therefore, not detailed in this condensed interim financial information.

#### 3.2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the company

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the company's accounting periods beginning on or

FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2014

after January 1, 2015 but are considered not to be relevant or to have any significant effect on the company's operations and are, therefore, not detailed in this condensed interim financial information.

#### **4. Accounting estimates**

The preparation of the condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, the significant judgments made by management in applying accounting policies and key sources of estimation were the same as those that were applied to the financial statements for the year ended June 30, 2014.

#### **5. Financial risk management**

##### **5.1 Financial risk factors**

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the company's annual financial statements as at June 30, 2014.

There have been no changes in the risk management department or in any risk management policies since year end.

##### **5.2 Liquidity risk**

Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

##### **5.3 Fair value estimation**

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the company's assets and liabilities that are measured at fair value at December 31, 2014.

FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2014

	Level 1	Level 2	Level 3	Total
	Rupees			
<b>Assets</b>	-	-	-	-
<b>Liabilities</b>				
<b>At fair value through profit or loss</b>				
Derivative financial instruments	-	1,714,617	-	1,714,617
	-	1,714,617	-	1,714,617

The following table presents the company's assets and liabilities that are measured at fair value at June 30, 2014.

	Level 1	Level 2	Level 3	Total
	Rupees			
<b>Assets</b>	-	-	-	-
<b>Liabilities</b>	-	-	-	-

During the period, there were no significant changes in the business or economic circumstances that affect the fair value of the company's financial assets and financial liabilities. Furthermore, there were no reclassifications of financial assets.

	Un-audited December 31, 2014	Audited June 30, 2014
	Rupees	
<b>6. Long term financing - secured</b>		
Opening balance	11,836,995,048	12,898,060,793
Less: Repayments during the period/year	593,309,489	1,061,065,745
	11,243,685,559	11,836,995,048
Less: Current portion shown under current liabilities	1,328,896,589	1,232,844,273
	9,914,788,970	10,604,150,775

## 7. Contingencies and commitments

### 7.1 Contingencies

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

NEPRA directed the company to submit consignment-wise record of CV for the period up to June 30, 2011. The company disputed such direction as it was not required to maintain consignment-



FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2014

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

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

"(ii) During the previous year, a sales tax demand of Rs 1,161.548 million was raised against the company through order dated November 28, 2013 by the Assistant Commissioner Inland Revenue ('ACIR') by disallowing input sales tax for the tax periods from July 2010 to June 2012. Such amount was disallowed on the grounds that the revenue derived by the company on account of 'capacity purchase price' was against a non-taxable supply and thus, the entire amount of input sales tax claimed by the company was required to be apportioned with only the input sales tax attributable to other revenue stream i.e. 'energy purchase price' admissible to the company. Against the aforesaid order, the company preferred an appeal before the Commissioner Inland Revenue (Appeals) ('CIR(A)') who vacated the ACIR's order on the issue regarding apportionment of input sales tax. However, the CIR(A) did not adjudicate upon the company's other grounds of appeal. Consequently, the company preferred an appeal before the Appellate Tribunal Inland Revenue ('ATIR') on the issues not adjudicated upon by the CIR(A) and the Department also preferred a second appeal before the ATIR against the CIR(A)'s order, which are both pending adjudication.

Furthermore, during the current period, the Deputy Commissioner Inland Revenue ('DCIR') issued a show cause notice dated November 11, 2014, whereby intentions have been shown to raise a sales tax demand of Rs 1,093.262 million by disallowing input sales tax claimed by the company for the tax periods from July 2010 to June 2012 on the abovementioned grounds of the ACIR. Aggrieved by this show cause notice, the company filed a writ petition before the Lahore High Court ('LHC'), whereby the LHC through its orders dated December 2, 2014 provided interim relief to the company to the extent that no final order shall be passed by the DCIR until the next hearing. Subsequent to period end, hearing was held on January 21, 2015 which has been adjourned till March 31, 2015 and the LHC through its order dated January 21, 2015 has provided that the interim relief shall continue till the date of next hearing."

Based on the advice of the company's legal counsel, management believes that there are meritorious grounds to defend the company's stance in respect of the abovementioned input sales tax claimed by the company. Consequently, no provision has been made in this condensed interim financial information.

(iii) The banks have issued the following on behalf of the company:

(a) Irrevocable standby letter of credit in favour of Wartsila Pakistan (Private) Limited for Rs 45,000,000 (June 30, 2014: Rs. 45,000,000) as required under the terms of the Operations and Maintenance Agreement.

(b) Letters of guarantee of Rs 6,031,988 (June 30, 2014: Rs. 5,031,988) in favour of Director, Excise and Taxation, Karachi under direction of Sindh High Court in respect of suit filed for levy of infrastructure cess.

(c) Standby letter of credit in favour of Industrial and Commercial Bank of China Limited, Karachi

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION  
(UN-AUDITED)

FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2014

Branch for Nil (June 30, 2014: Rs. 781,357,500) in order to secure payment against liability of the Company towards Hascol Petroleum Limited in respect of import of Furnace Oil. The said Standby Letter of Credit was cancelled on 20 August 2014 after the discharge of liability of the Company towards Hascol Petroleum Limited.

(d) Letter of guarantee of Rs 65,076,000 (June 30, 2014: Rs 65,076,000) in favour of Punjab Power Development Board, Energy Department, Government of the Punjab, Lahore, in respect of issuance of Letter of Interest to the company to set up a 660 MW Imported Coal Fired Power Plant at Rahim Yar Khan, Punjab.

		Un-audited December 31, 2014 Rupees	Audited June 30, 2014 Rupees
<b>7.2</b>	<b>Commitments in respect of</b>		
	Letters of credit and contracts other than for capital expenditure	58,168,974	262,653,932
		Un-audited December 31, 2014 Rupees	Audited June 30, 2014 Rupees
<b>8.</b>	<b>Fixed assets</b>		
	Property, plant and equipment:		
	- Operating fixed assets	- note 8.1 13,535,365,100	14,111,679,041
	- Capital work-in-progress	7,571,996	4,267,321
	Intangible asset - computer software	238,500	477,000
		<u>13,543,175,596</u>	<u>14,116,423,362</u>
<b>8.1</b>	<b>Operating fixed assets</b>		
	Opening book value	14,111,679,041	14,768,739,670
	Additions during the period/year	- note 8.1.1 7,833,600	514,908,597
	Book value of deletions during the period/year	(363,478)	(10,984,367)
	Depreciation charged during the period/year	(583,784,065)	(1,160,984,859)
	Closing book value	<u>13,535,365,100</u>	<u>14,111,679,041</u>
<b>8.1.1</b>	<b>Additions during the period/year</b>		
	Buildings on freehold land	4,797,571	7,781,000
	Plant and machinery	-	470,390,950
	Office equipment	877,849	-
	Computer equipment	-	1,244,383
	Vehicles	2,158,180	35,492,264
		<u>7,833,600</u>	<u>514,908,597</u>

FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2014

9. Included in trade debts is an amount of Rs 957.872 million relating to capacity purchase price not acknowledged by NTDC as the plant was not fully available for power generation. However, the sole reason of this under-utilization of plant capacity was non-availability of fuel owing to non-payment by NTDC.

“Since management considers that the primary reason for claiming these payments is that plant was available, however, could not generate electricity due to non-payment by NTDC, therefore, management believes that company cannot be penalized in the form of payment deductions due to NTDC’s default of making timely payments under the PPA. Hence, the company had taken up this issue at appropriate forums. On June 28, 2013, the company entered into a Memorandum of Understanding (‘MoU’) for cooperation on extension of credit terms with NTDC whereby it was agreed that the constitutional petition filed by the company before the Supreme Court of Pakistan on the abovementioned issue would be withdrawn unconditionally and it would be resolved through the dispute resolution mechanism under the PPA. Accordingly, as per terms of the MoU, the company applied for withdrawal of the aforesaid petition which is pending adjudication before Supreme Court of Pakistan. During the previous year, the company in consultation with NTDC, appointed an Expert for dispute resolution under the PPA. The proceedings before the Expert are under process.”

Based on the advice of the company’s legal counsel, management feels that there are meritorious grounds to support the company’s stance and such amounts are likely to be recovered. Consequently, no provision for the above mentioned amount has been made in this condensed interim financial information.

	Un-audited Quarter ended		Un-audited Half year ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	Rupees	Rupees	Rupees	Rupees
<b>10. Cost of sales</b>				
Raw materials consumed	4,616,076,725	5,375,532,673	9,699,890,521	10,429,030,062
Salaries and other benefits	11,418,033	5,558,897	19,848,081	11,989,735
Operations and maintenance	97,306,463	94,783,175	196,092,629	183,412,235
Insurance	42,565,819	48,967,242	85,107,366	98,295,671
Stores and spares consumed	44,513,099	86,525,749	90,511,547	132,578,896
Electricity consumed in-house	1,195,962	187,931	1,223,502	226,479
Travelling and conveyance	1,353,464	5,540,521	2,175,792	6,248,535
Repair and maintenance	65,460	36,353,942	429,784	36,702,183
Postage and telephone	547,968	838,565	1,077,410	1,066,278
Entertainment	440,827	203,020	601,253	326,849
Fee and subscription	225,000	1,240,976	3,001,107	4,855,629
Depreciation on operating fixed assets	282,402,081	300,137,364	578,822,176	589,003,139
Miscellaneous	-	13,327,698	586,253	26,787,545
	<u>5,098,110,901</u>	<u>5,969,197,753</u>	<u>10,679,367,421</u>	<u>11,520,523,236</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION  
(UN-AUDITED)

FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2014

	Un-audited Half year ended	
	December 31, 2014	December 31, 2013
	Rupees	Rupees
<b>11. Cash generated from/(used in) operations</b>		
Profit before taxation	1,627,689,337	1,197,339,340
Adjustment for non cash charges and other items:		
- Depreciation on operating fixed assets	583,784,065	590,967,876
- Amortization on intangible assets	238,500	238,500
- Profit on bank deposits	(731,142)	(342,068)
- Finance cost	1,068,262,504	870,712,710
- Profit on loan to executives	-	(45,969)
- Fair value loss on derivative financial instruments	1,714,617	3,347,892
- Provision for employee retirement benefits	1,550,412	1,202,704
- Profit on disposal of operating fixed assets	(1,559,422)	-
Profit before working capital changes	<u>3,280,948,871</u>	<u>2,663,420,985</u>

Effect on cash flow due to working capital changes:

**Decrease/(increase) in current assets :**

- Stores and spares	(179,883,329)	(164,476,808)
- Inventories	(174,667,091)	(154,663,028)
- Trade debts	1,968,043,359	(3,388,703,629)
- Loans, advances, deposits, prepayments and other receivables	19,086,570	181,937,384
	<u>1,632,579,509</u>	<u>(3,525,906,081)</u>

**(Decrease)/increase in current liabilities :**

- Trade and other payables	(70,228,629)	222,602,721
	<u>1,562,350,880</u>	<u>(3,303,303,360)</u>
	<u>4,843,299,751</u>	<u>(639,882,375)</u>

	Un-audited	
	December 31, 2014	December 31, 2013
	Rupees	Rupees
<b>12. Cash and cash equivalents</b>		
Cash and bank balances	871,728,509	156,285,559
Short term borrowings - secured	(4,242,694,377)	(3,709,624,326)
	<u>(3,370,965,868)</u>	<u>(3,553,338,767)</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION  
(UN-AUDITED)

FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2014

		Un-audited Half year ended	
		December 31, 2014 Rupees	December 31, 2013 Rupees
<b>13.</b>	<b>Transactions with related parties</b>		
	<b>Relationship with the company</b>		
	<b>Nature of transactions</b>		
	i. Holding company	12,296,223	9,000,000
	ii. Associated companies		
	Donations	26,848,000	41,848,000
	Insurance premium	85,864,759	98,473,092
	iii. Key management personnel	25,954,627	26,362,968
	iv. Post employment benefit plan	1,550,412	1,202,704
		Un-audited December 31, 2014 Rupees	Audited June 30, 2014 Rupees
	<b>Period end balances:</b>		
	Due to holding company	11,205,558	-
	Due to associated companies	97,544,570	962
	Due from associated companies	6,356,116	121,609

**14. Date of authorisation for issue**

This condensed interim financial information was authorised for issue on February 24, 2015 by the Board of Directors of the company.

**15. Event after the balance sheet date**

The Board of Directors have declared an interim dividend of Rs 2 per ordinary share, amounting to Rs 734,693,878 at their meeting held on February 24, 2015. This condensed interim financial information does not include the effect of the above interim dividend which will be accounted for in the period in which it is declared.

**Director**

**Director**

STATEMENT UNDER SECTION 241 (2) OF THE COMPANIES ORDINANCE, 1984

This Condensed Interim Financial Information has been signed by two directors instead of chief executive and one director, as the chief executive is for the time being not in Pakistan.

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