



INTERIM FINANCIAL INFORMATION
FOR THE QUARTER ENDED
SEPTEMBER 30, 2017
(UNAUDITED)



NISHAT
CHUNIAN
POWER LTD.

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COMPANY INFORMATION

Board of Directors:

Mrs. Farhat Saleem
Chairperson
Mr. Shahzad Saleem
Chief Executive
Mr. Zain Shahzad (Nominee NCL)
Director
Mr. Syed Tariq Ali (Nomine ABL)
Director
Mr. Aftab Ahmad Khan
Director
Mr. Muhammad Ali Zeb
Director
Mr. Kamran Rasool
Director
Mr. Muhammad Azam
Independent Director

AUDIT COMMITTEE:

Mr. Muhammad Azam
Chairman
Mr. Aftab Ahmad Khan
Member
Mr. Muhammad Ali Zeb
Member

HR & R COMMITTEE:

Mrs. Farhat Saleem
Chairperson
Mr. Aftab Ahmad Khan
Member
Mr. Kamran Rasool
Member

CHIEF FINANCIAL OFFICER/MANAGING DIRECTOR:

Mr. Farrukh Ifzal

COMPANY SECRETARY:

Mr. Muhammad Bilal

BANKERS TO THE COMPANY:

Allied Bank Limited
Askari Bank Limited

Habib Bank Limited
United Bank Limited
National Bank of Pakistan
Faysal Bank Limited
Summit Bank Limited
Sindh Bank Limited
Bank Alfalah Limited
Habib Metropolitan Bank Limited
Al Baraka Bank (Pakistan) Limited
Meezan Bank Limited
The Bank of Punjab
Dubai Islamic Bank Pakistan 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 Raod, Pattoki
Kasur.

DIRECTORS' REPORT

FOR THE QUARTER ENDED SEPTEMBER 30, 2017

Dear Shareholders

The board of directors is pleased to present the Condensed Interim Financial Information of the company for the first quarter ended September 30, 2017. For the three months, turnover was PKR 4.69 billion (2016: PKR 3.74 billion) with an after tax profit of PKR 0.90 billion (2016: PKR 0.74 billion) and earnings per share (EPS) of Rs. 2.44 (2016: PKR 2.00).

Circular debt still presents a major challenge to the companies operating in the power sector. "NTDCL/CPPA-G (Power Purchaser)" has consistently been unable to meet its obligations to make timely payments to the company.

As on September 30, 2017, total receivables from Power Purchaser were PKR 10.24 billion out of which PKR 5.94 billion were overdue. The company continues to take up the matter of overdue receivables not only with Power Purchaser but also with the Ministry of Water and Power through Private Power & Infrastructure Board (PPIB) by giving notices of default pursuant to provisions of Power Purchase and Implementation Agreements.

Included in trade debts is an amount of PKR 966 million deducted by Power Purchaser from the Capacity Purchase Price invoices. Please refer note 8 to this Condensed Interim Financial Information for further details. Based on the advice of the company's legal counsel, Expert's determination and LCIA's Partial Award, management feels that such amounts are likely to be recovered. Consequently, no provision for the above mentioned amount has been made in this Condensed Interim Financial Information.

During three months ended September 30, 2017, availability of the plant was 92.3% with a capacity factor of 84.9%.

Acknowledgement

We wish to record our appreciation of the commitment of our employees to the Company For on behalf of Board.

Director

Director

DIRECTORS' REPORT

FOR THE QUARTER ENDED SEPTEMBER 30, 2017

30 ستمبر 2017 مختصر سرمایہ کے لئے مجلس نصاب کی رپورٹ

بورڈ آف ڈائریکٹرز 30 ستمبر 2017 مختصر بجلی سرمایہ کے لئے کمپنی کی متحد عبوری مالی معلومات پیش کرتے ہوئے خوشی محسوس کرتا ہے۔ سرمایہ کے لئے کل وصولی 4.69 بلین روپے (2016 : 3.74 بلین روپے) معاہدہ از نیگیس منافع 0.90 بلین روپے (2016 : 0.74 بلین روپے) اور نی ٹیٹر آمدنی (EPS) 2.44 روپے (2016 : 2.00 روپے) تھی۔

گردشی قرضے اب بھی کمپنی کے شعبے میں کام کرنے والی کمپنیوں کے لیے ایک بڑا چیلنج ہے۔ "G-CPPA/NTDCL (پاور پراجیکٹ)" مسلسل کمپنی کو بروقت ادائیگی کی اپنی ذمہ داریوں کو پورا کرنے کے قابل نہیں رہا ہے۔

30 ستمبر 2017ء کی حیثیت کے مطابق پاور پراجیکٹ سے کل واجب الادا 10.24 بلین روپے تھے جس میں سے 5.94 بلین روپے زائد المعیاد واجب الادا تھے۔ کمپنی نے زائد المعیاد واجب الادا کا معاملہ نہ صرف پاور پراجیکٹ کے ساتھ بلکہ پرائیویٹ پاور اینڈ انفراسٹرکچر بورڈ (بی پی آئی بی) کے ذریعے پاور پراجیکٹ اینڈ ایجنڈا ایگزیکیوشن معاہدوں کی شرائط کی عدم تعمیل کا نوٹس دیتے ہوئے حکومت پاکستان کی پانی اور بجلی کی وزارت کے ہاں بھی اجاگر کیا ہے۔

تعمارتی قرض میں شامل 966 ملین روپے کی کھپائی پراجیکٹ پرائس کی مدد میں پاور پراجیکٹ کرنے کوئی کی ہے۔ مزید تفصیلات کے لیے براہ مہربانی متحد عبوری مالی معلومات کا نوٹ 8 ملاحظہ کریں۔ کمپنی کے قانونی وکیل اور ماہرین کے مشورہ اور LCIA کے جزی فیصلہ کی بنیاد پر انتظامیہ محسوس کرتی ہے کہ اس طرح کی قوم کی واجب کا قوی امکان ہے۔ چنانچہ متحد عبوری مالی معلومات میں مذکورہ رقم کے لئے کوئی شرائط نہیں رکھی گئی ہیں۔

30 ستمبر 2017ء کو ختم ہونے والی سرمایہ کے دوران، پلانٹ کی دستیابی 92.3 فیصد کے صلاحیتی عنصر کے ساتھ 84.9 فیصد تھی۔

اعتماد و تفکر

ہم کمپنی کے لئے اپنے ملازمین کی کوششوں کو سراہتے ہیں۔

مختص پاور

ڈائریکٹر

ڈائریکٹر

NISHAT CHUNIAN POWER LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

AS AT SEPTEMBER 30, 2017

	Note	Un-Audited September 30, 2017	Audited June 30, 2017
(Rupees in thousand)			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 385,000,000 (30 June 2016: 385,000,000) Ordinary shares of Rupees 10 each		3,850,000	3,850,000
Issued, subscribed and paid up share capital 367,346,939 (2017: 367,346,939) ordinary shares of Rs 10 each		3,673,469	3,673,469
Unappropriated profit		6,412,698	5,516,819
		10,086,167	9,190,288
NON-CURRENT LIABILITIES			
Long term financing-Secured	5	5,043,101	5,573,611
CURRENT LIABILITIES			
Current portion of long term financing-Secured	5	2,007,694	1,933,775
Short term borrowings-secured		6,606,888	6,043,219
Short term loan from holding company - unsecured		150,000	350,000
Trade and other payables		276,994	467,193
Accrued finance cost		236,670	255,569
Derivative financial instruments		-	-
		9,278,246	9,049,756
CONTINGENCIES AND COMMITMENTS	6	-	-
TOTAL EQUITY AND LIABILITIES		24,407,514	23,813,655

The annexed notes 1 -16 form an integral part of this condensed interim financial information.

Director

Chief Financial Officer

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.

NISHAT CHUNIAN POWER LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

AS AT SEPTEMBER 30, 2017

	Note	Un-Audited September 30, 2017	Audited June 30, 2017
(Rupees in thousand)			
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	7	11,863,466	11,999,856
Long term loans		4,829	5,000
Long term security deposits		105	105
		11,868,401	12,004,961
CURRENT ASSETS			
Stores and spares		531,112	631,469
Inventories		952,066	846,831
Trade debts	8	9,723,582	9,052,621
Loans, advances, deposits, prepayments and other receivables		1,316,784	1,150,763
Income tax receivable		12,158	11,450
Cash and bank balances		3,411	115,560
		12,539,113	11,808,694
TOTAL ASSETS		24,407,514	23,813,655

Director

NISHAT CHUNIAN POWER LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2017

	Note	Quarter Ended	
		September 30,	September 30,
		2017	2016
(Rupees in thousand)			
Sales		4,687,505	3,744,864
Cost of sales	9	<u>(3,487,203)</u>	<u>(2,719,842)</u>
Gross profit		1,200,302	1,025,022
Administrative expenses		(38,015)	(34,738)
Other operating expenses		(5,042)	(9,648)
Other operating income		8,267	23,831
Profit from operations		<u>1,165,513</u>	<u>1,004,467</u>
Finance cost		(269,634)	(268,691)
Profit before taxation		<u>895,879</u>	<u>735,776</u>
Provision for taxation		<u>-</u>	<u>-</u>
Profit for the quarter		<u>895,879</u>	<u>735,776</u>
Earnings per share - basic and diluted (in Rupees)	10	<u>2.44</u>	<u>2.00</u>

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Director

Chief Financial Officer

Director

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NISHAT CHUNIAN POWER LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2017

	Quarter Ended	
	September 30, 2017	September 30, 2016
Profit after taxation	895,879	735,776
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>	-	-
<i>Items that will not be reclassified subsequently to profit or loss</i>	-	-
Total comprehensive income	895,879	735,776

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

Director

Chief Financial Officer

Director

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NISHAT CHUNIAN POWER LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2017

	Share Capital	Unappropriated Profit	Total
	(Rupees in thousand)		
Balance as on June 30, 2016 (Audited)	3,673,469	3,619,108	7,292,577
Profit for the year		2,999,751	2,999,751
Other comprehensive income for the year		-	-
Total comprehensive income for the year	-	2,999,751	2,999,751
Dividend to equity holders of the company:			
Final dividend for the year ended June 30, 2016 @ Rs. 1.50 per share	-	(551,020)	(551,020)
Interim dividend for the first quarter ended September 30, 2016 @ Rs. 1.50 per share	-	(551,020)	(551,020)
Total distributions to owners of the company recognized directly in equity	-	(1,102,040)	(1,102,040)
Balance as on June 30, 2017 (Audited)	3,673,469	5,516,819	9,190,288
Profit for the year (un-Audited)		895,879	895,879
Other comprehensive income for the year		-	-
Total comprehensive income for the year	-	895,879	895,879
Balance as at September 30, 2017 (Un-Audited)	3,673,469	6,412,698	10,086,167

The annexed notes 1 -16 form an integral part of this condensed interim financial information.

Director

Chief Financial Officer

Director

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

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NISHAT CHUNIAN POWER LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2017

Note	Quarter Ended		
	September 30,	September 30,	
	2017	2016	
	(Rupees in thousand)		
Cash flow from operating activities			
Cash generated from operations	11	422,950	696,032
Finance cost paid		(288,534)	(293,062)
Net income tax refund (paid) / refund		(708)	-
Retirement benefits paid		(1,838)	(1,785)
Net cash inflow from operating activities		131,870	401,185
Cash flows from investing activities			
Purchase of fixed assets		(152,798)	(95,337)
Proceeds from disposal of property, plant and equipment		1,504	1,780
Profit on bank deposits received		307	410
Long term loans to executives- net		171	212
Net cash outflow from investing activities		(150,817)	(92,936)
Cash flows from financing activities			
Repayment of long term financing		(456,591)	(392,971)
Short term borrowings from holding company		750,000	-
Repayment of short term borrowings from holding company		(950,000)	-
Dividend paid		(280)	(615,008)
Net cash outflow from financing activities		(656,871)	(1,007,979)
Net (decrease) / increase in cash and cash equivalents		(675,818)	(699,730)
Cash and cash equivalents at the beginning of the period		(5,927,659)	(4,098,317)
Cash and cash equivalents at the end of the period	12	(6,603,477)	(4,798,047)

The annexed notes 1 -16 form an integral part of this condensed interim financial information.

Director

Chief Financial Officer

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.

FOR THE QUARTER ENDED SEPTEMBER 30, 2017

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 Pakistan Stock Exchange Limited.

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 with its sole customer, National Transmission and Dispatch Company Limited ('NTDCL') for twenty five years which commenced from 21 July 2010.

2. Basis of preparation

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. During the year, the Companies Ordinance, 1984 (hereinafter referred to as the 'Ordinance') has been repealed after the enactment of the Companies Act, 2017. However, as allowed by the Securities and Exchange Commission of Pakistan ('SECP') vide Circular No. 23/2017 dated October 04, 2017 and further clarified by ICAP through its circular No 17/2017 dated October 06, 2017, annual and interim financial statements of the companies for financial year and interim periods ending on or before December 31, 2017, shall be prepared in accordance with the provisions of the repealed Ordinance. Accordingly, these financial statements have been prepared in accordance with the requirements of the International Financial Reporting Standards ('IFRSs') issued by the International Accounting Standards Board ('IASB') as are notified under the repealed Ordinance, provisions of and directives issued under the repealed Ordinance. 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 statement for the year ended June 30, 2017.

3. Basis of measurement

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, 2017.

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, 2017.

		Un-Audited	Audited
		September 30,	June 30, 2017
		2017	
		(Rupees in thousand)	
5. Long term financing - secured			
Senior facility	- note 5.1	5,680,803	6,049,161
Term finance facility	- note 5.2	1,369,992	1,458,225
		7,050,795	7,507,386
Less: Current portion shown under current liabilities		2,007,694	1,933,775
		5,043,101	5,573,611

FOR THE QUARTER ENDED SEPTEMBER 30, 2017

5.1	Senior facility	Un-Audited	Audited
		September 30, 2017	June 30, 2017
(Rupees in thousand)			
Long term financing under mark-up arrangement obtained from following banks:			
Lender			
	National Bank of Pakistan	977,855	1,041,262
	Habib Bank Limited	1,309,551	1,394,466
	Allied Bank Limited	1,309,551	1,394,466
	United Bank Limited	1,309,551	1,394,465
	Faysal Bank Limited	590,367	628,648
	Summit Bank Limited	76,637	81,592
	Sindh Bank Limited	107,292	114,263
		5,680,803	6,049,161
	Less: Current portion shown under current liabilities	1,619,721	1,560,087
		<u>4,061,082</u>	<u>4,489,074</u>

5.2 Term finance facility

Long term financing under mark-up arrangement obtained from following banks:

5.2	Term finance facility	Un-Audited	Audited
		September 30, 2017	June 30, 2017
(Rupees in thousand)			
Long term financing under mark-up arrangement obtained from following banks:			
Lender			
	National Bank of Pakistan	235,821	251,009
	Habib Bank Limited	315,814	336,153
	Allied Bank Limited	315,814	336,153
	United Bank Limited	315,814	336,153
	Faysal Bank Limited	186,730	198,756
		1,369,992	1,458,225
	Less: Current portion shown under current liabilities	387,972	373,688
		<u>982,020</u>	<u>1,084,537</u>

6. Contingencies and commitments

6.1 Contingencies

There is no significant change in contingencies from the preceding annual published financial statements of the company for the year ended June 30, 2017 except a letter of guarantee of Rs.500,000 issued in favour of Punjab Revenue Authority, Lahore under direction of Lahore High Court in respect of suit filed for levy of infrastructure cess.

6.2 Commitments

(i) Letters of credit and contracts other than for capital expenditure aggregate to Rs 262 Million (June 30, 2017: Rs 38.068 million).

7.	Fixed assets	Un-Audited	Audited
		September 30, 2017	June 30, 2017
(Rupees in thousand)			
Property, plant and equipment:			
	Operating fixed assets	11,844,507	11,980,793
	Capital work-in-progress	2,882	1,907
		11,847,389	11,982,700
Intangible asset:			
	Computer software	16,077	17,156
		<u>11,863,466</u>	<u>11,999,856</u>

FOR THE QUARTER ENDED SEPTEMBER 30, 2017

7.1	Operating fixed assets	Un-Audited	Audited
		September 30, 2017	June 30, 2017
(Rupees in thousand)			
	Opening written down value	11,980,793	12,648,543
	Add: Additions during the period/year	151,824	573,223
		12,132,617	13,221,766
	Less: Disposals during the period/year (at book value)	256	88,325
		12,132,361	13,133,441
	Less: Depreciation charged during the period/year	287,854	1,152,648
		11,844,507	11,980,793
7.1.1 Additions during the period			
	Buildings on freehold land	-	5,016
	Plant & machinery	147,541	556,217
	Office equipment	261	-
	Computer equipment	240	1,215
	Electric Installations	923	-
	Vehicles	2,859	10,775
		151,824	573,223

8. Trade debts

Included in trade debts is an amount of Rs 966 million relating to capacity purchase price not acknowledged by NTDC during 2012 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 above mentioned 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 financial year 2014, the company in consultation with NTDC, appointed an Expert for dispute resolution under the PPA.

In the financial year 2016, the Expert had given his determination whereby the aforesaid amount was determined to be payable to the company by NTDC. Pursuant to the Expert's determination, the company demanded the payment of the aforesaid amount of Rs 966 million from NTDC that has not yet been paid by NTDC. Under the terms of PPA, the company had filed petition for arbitration in The London Court of International Arbitration ('LCIA'), during the pendency of the Expert's determination whereby an Arbitrator was appointed and the proceedings are ongoing. In October 2015, the Government of Pakistan ('GOP') through Private Power & Infrastructure Board ('PPIB') had filed a suit for declaration and permanent injunction along with an application for interim relief in the court of Senior Civil Judge, Lahore seeking suspension of the aforementioned decision of the Expert, praying it to be illegal (herein after referred to as "civil suit 2015") and obtained an interim order suspending the Expert's determination. Furthermore, NTDC filed an application for clarification of the aforementioned interim order and a stay application in the LCIA before the Arbitrator to stay the arbitration proceedings on the basis of the aforementioned interim order. During the year, in response to NTDC's stay application, the Arbitrator through his ruling dated July 8, 2016 declared that the arbitration shall proceed and has denied NTDC's request for a stay. Also, the Arbitrator ordered NTDC to withdraw the abovementioned application filed in the court of Senior Civil Judge, Lahore and has refrained it from taking any further steps therein to disrupt the arbitration proceedings.

FOR THE QUARTER ENDED SEPTEMBER 30, 2017

Consequently, notices of arbitration were issued to the relevant parties including PPIB. In response to the aforementioned Arbitrator's order dated July 8, 2016, the company and PPIB filed separate applications before the Civil Judge, Lahore. In its application, the company prayed that the Civil Court, Lahore lacks the jurisdiction in respect of the case against the Expert's determination. Meanwhile, GOP through PPIB filed a suit in Civil Court, Lahore (herein after referred to as "civil suit 2016") praying it to restrain the participation in arbitration proceedings, Expert's determination and interim order of the Arbitrator. On April 18, 2017, the Civil Court, Lahore, through an interim order granted the plea of PPIB, whereby the court suspended the arbitration proceedings and restrained participating in the arbitration proceedings. Being aggrieved, the company filed appeal before the Additional District Judge, Lahore against the aforementioned orders of the Civil Court and filed revision petition for lack of jurisdiction by Civil Court in respect of civil suit 2015 and civil suit 2016 and continued to take part in the arbitration proceedings, while NTDC and PPIB did not participate in any subsequent arbitration proceedings pursuant to the decisions of the Civil Court, Lahore dated April 18, 2017. Furthermore, in response to the company's continued participation in the arbitration proceedings, PPIB filed a contempt petition before Lahore High Court ('LHC') in respect of the decision of the Civil Court, Lahore, against which the company filed an intra court appeal in LHC. On May 31, 2017, LHC has suspended the contempt of court orders.

On June 8, 2017, the Arbitrator declared his Partial Final Award wherein he decided the matter principally in the company's favor and declared that the above mentioned Expert's determination is final and binding on all parties while deferring the quantum and security form of the company's claim to October 01, 2017. Later, on July 19, 2017, in order for interim measures, Arbitrator ordered the NTDC to provide security of claim paying Rs 966 million in LCIA's account by August 04, 2017, which was extended to August 21, 2017 that has not yet been paid by NTDC. On July 8, 2017, the Additional District Judge in his order accepted the company's prayer for vacating the orders of the Civil Court, Lahore for the civil suit 2015 and civil suit 2016, however, dismissed the company's revision regarding lack of jurisdiction by Civil Court. The company filed a writ petition in Lahore High Court ('LHC') regarding the lack of jurisdiction by Civil and District courts (herein after referred to as "trial courts"). On the other hand, GOP through PPIB filed revision petitions in LHC challenging the above mentioned orders of Additional District Judge for the civil suit 2015 and civil suit 2016. NTDC also challenged the Partial Final Award in Lahore Civil Court, and the same was suspended by the Civil Court on July 10, 2017. The Civil Court's order was challenged by the company in the District Court by filing a revision petition. The District Court, on August 12, 2017, ordered for the suspension of the Civil Court's order of July 10, 2017 and proceedings are still ongoing.

In response to the revision petition filed by PPIB before LHC against the abovementioned orders of the trial courts with respect to civil suit 2015 and civil suit 2016, LHC on August 4, 2017, suspended the Expert's determination which was later on vacated on October 05, 2017 while the case is pending adjudication. Furthermore, in response to the company's writ petition, LHC on September 7, 2017, suspended impugned orders and proceedings of trial courts for the time being while the case is pending adjudication.

On July 6, 2017, NTDC also initiated proceedings challenging the Partial Final Award in London which are pending before the Commercial Court in London. Meanwhile, the Company has filed for an anti suit injunction against NTDC in the Commercial Court in London where on August 14, 2017, an order was issued to NTDC restraining it from pursuing the proceedings initiated in the Civil Court challenging the Partial Final Award and taking any steps or participating in any court outside England which seeks to set aside the Partial Final Award of the Arbitrator. Further the Company on June 17, 2017 has filed for implementation of Partial Award in LHC.

Based on the advice of the company's legal counsel, Expert's determination and Arbitration Award, management strongly feels that under the terms of the PPA and the Implementation Agreement, there are meritorious grounds to support the company's stance the amount is likely to be recovered. Consequently, no provision for the above mentioned amount has been made in these financial statements.

FOR THE QUARTER ENDED SEPTEMBER 30, 2017

	Un-Audited	
	Quarter ended	
	September 30, 2017	September 30, 2016
	(Rupees in thousand)	
9. Cost of sales		
Raw materials consumed	3,057,783	2,276,365
Salaries and other benefits	39,532	34,252
Stores and spares consumed	44,919	52,677
Electricity consumed in-house	-	629
Insurance	41,989	43,012
Travelling and conveyance	4233	4,369
Postage and telephone	673	711
Repairs and maintenance	6,721	9,348
Entertainment	25	107
Depreciation on operating fixed assets	283,231	290,908
Amortization	903	301
Fee and subscription	2,941	2,832
Miscellaneous	4,252	4,331
	3,487,203	2,719,842
10. Earnings per share		
Net profit for the year	Rupees in thousand 895,879	735,776
Weighted average number of ordinary shares	Number 367,346,939	367,346,939
Earnings per share	Rupees 2.44	2.00
10.1 Diluted earnings per share		
A diluted earnings per share has not been presented as the company does not have any convertible instruments in issue as at September 30, 2017, and September 30, 2016, which would have any effect on the earnings per share if the option to convert is exercised.		
11. Cash generated from operations		
	Un-Audited	
	Quarter ended	
	September 30, 2017	September 30, 2016
	(Rupees in thousand)	
Profit before taxation	895,879	735,776
Adjustment for non cash charges and other items:		
Depreciation on operating fixed assets	287,854	295,547
Amortization on intangible assets	1,078	476
Profit on bank deposits	(307)	(410)
Finance cost	269,634	268,691
Loss on derivative financial instrument	-	(1,713)
Provision for employee retirement benefits	1,838	1,785
(Profit) / loss on disposal of operating fixed assets	(1,248)	8,463
Profit before working capital changes	1,454,729	1,308,615
Effect on cash flow due to working capital changes:		
Decrease / (increase) in current assets :		
Stores and spares	100,357	43,163
Inventories	(105,235)	(264,312)
Trade debts	(670,961)	(755,600)
Loans, advances, deposits, prepayments and other receivables	(166,021)	(23,981)
	(841,860)	(1,000,730)
Increase/ (decrease) in current liabilities :		
Trade and other payables	(189,919)	388,147
	(1,031,779)	(612,583)
	422,950	696,032

FOR THE QUARTER ENDED SEPTEMBER 30, 2017

12. Cash and cash equivalents

Bank balances	3,411	2,699
Short term borrowings - secured	(6,606,888)	(4,800,747)
	<u>(6,603,477)</u>	<u>(4,798,047)</u>

13. Transactions with related parties

Relationship with the company	Nature of transactions		
Holding company	Dividends Paid	-	328,275
	Common facilities cost	4,500	4,500
	Borrowings	750,000	-
	Repayment Borrowings	(950,000)	-
	Interest Paid	792	-
Associated Undertakings	Insurance premium paid	51,452	50,327
	Donations	4,752	1,175
	Reimbursement of miscellaneous expenses etc.	-	293
Key management personnel	Salaries and other employee benefits	10,394	8,684
	Expense charged in respect of retirement benefit plan	1,838	1,785

14. Date of authorization for issue

These financial statements were authorized for issue on October 26, 2017 by the Board of Directors of the company.

15. Events after the balance sheet date

The Board of Directors of the Company has proposed a final cash dividend for the year ended June 30, 2017 of Rs. 1.00 per ordinary share amounting to Rs.367.347 million in its meeting held on September 22, 2017 for approval of the members at the Annual General Meeting held on October 23, 2017, accordingly, dividend appropriation has not been recognized in these financial statements as dividend was declared after the reporting period of this condensed interim financial information.

16. Corresponding figures

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

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purposes of comparison. However, no significant reclassifications have been made.

Director

Chief Financial Officer

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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