

Nishat Chunian Power Limited



Interim Financial Information
Nine Months Ended 31 March 2011
(Unaudited)



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Company Information

Board of Directors:	Mr. Muhammad Saleem	Director
	Mr. Shahzad Saleem (Nominee NCL)	Chairman
	Mr. Yahya Saleem	Chief Executive
	Mr. Mushtaq Ahmad	Director
	Mr. Manzar Mushtaq	Director
	Mr. Badar ul Hassan	Director
	Mr. Fareed Verdag (Nominee ABL) Syed Iqbal Ashraf (Nominee NBP)	Director Director

Audit Committee:	Mr. Shahzad Saleem	Chairman
	Mr. Mushtaq Ahmad	Member
	Mr. Badar ul Hassan	Member

Chief Financial Officer: Ms. Sonia Karim

Company Secretary: Mr. Abdul Khaliq

Bankers to the Company:	Allied Bank Limited	(ABL)
	Summit Bank Limited (Formerly Arif Habib Bank Ltd.)	(SBL)
	Faysal Bank Limited	(FBL)
	Habib Bank Limited	(HBL)
	National Bank of Pakistan	(NBP)
	United Bank Limited	(UBL)
	Bank Alfalah Limited	(BAFL)
	Habib Metropolitan Bank	(HMBL)
	MCB Bank Limited	(MCB)
	Askari Bank Limited	(AKBL)

Auditors: A.F. Ferguson & Company
Chartered Accountants

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

The Board of Directors is pleased to present the financial statements of the company for nine months ended March 31, 2011. Turnover for the period was PKR 14,047.902 million with an after tax profit of PKR 1,532.66 million and earnings per share (EPS) of PKR 4.1722. In the present circumstances where the country is facing severe shortage of power, the company is constantly performing at high dispatch levels, maintaining an average plant factor of 87.15%.

Circular debt remained a major threat to the power sector. National Transmission and Despatch Company Limited (NTDCL) remained unable to meet its obligations to make payments on time. As on March 31 2011, total receivables from NTDCL as per books of accounts were PKR 8,697.672 million out of which PKR 4,378.57 million was overdue. Due to increased pressure on international oil prices and delayed payments from NTDCL, working capital requirements of the company increased substantially and the company is doing its best to arrange adequate working capital lines.

The Board of Directors of the company in its meeting held on 29 April 2011 has declared interim dividend of Rupee 1 per share.

On behalf of the Board

Shahzad Saleem
Chairman

Lahore: 29 April 2011



Interim Condensed Balance Sheet

		Unaudited 31 March 2011 Rupees	Audited 30 June 2010 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL			
Authorized share capital 385,000,000 (30 June 2010: 385,000,000) ordinary shares of Rupees 10 each		<u>3,850,000,000</u>	<u>3,850,000,000</u>
Issued, subscribed and paid up share capital		3,673,469,390	3,673,469,390
Accumulated profit/(loss)		<u>1,508,516,975</u>	(24,139,607)
Total equity		<u>5,181,986,365</u>	<u>3,649,329,783</u>
NON-CURRENT LIABILITIES			
Long term financing	5	14,699,744,203	14,991,503,693
Subordinated loan	6	449,638,960	386,638,960
CURRENT LIABILITIES			
Trade and other payables		1,097,889,804	872,913,953
Accrued mark-up		764,403,027	566,118,962
Short term borrowings		4,215,524,832	1,824,941,977
Current portion of non-current liabilities		447,864,408	410,277,258
Sales tax payable		6,951,761	-
Provision for taxation		13,588,365	1,303,361
		<u>6,546,222,196</u>	<u>3,675,555,511</u>
TOTAL LIABILITIES		<u>21,695,605,360</u>	<u>19,053,698,164</u>
CONTINGENCIES AND COMMITMENTS	7		
TOTAL EQUITY AND LIABILITIES		<u>26,877,591,725</u>	<u>22,703,027,947</u>

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

Chief Executive



as at 31 March 2011

	Note	Unaudited 31 March 2011 Rupees	Audited 30 June 2010 Rupees
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	8	17,500,841,438	18,063,633,338
Long term loans to executives		142,052	160,650
Long term security deposits		205,000	105,000
		<u>17,501,188,490</u>	<u>18,063,898,988</u>
CURRENT ASSETS			
Spare parts		247,255,916	220,548,971
Stock-in-trade		475,859,942	305,640,255
Trade debts		8,424,102,671	1,732,450,622
Loans and advances		71,871,686	536,612,951
Interest accrued		292,285	2,190,102
Other receivables		150,918,069	106,637,634
Short term investment		-	131,890,238
Sales tax refundable		-	40,173,324
Advance income tax		5,376,206	1,762,473
Cash and bank balances		726,460	1,561,222,389
		<u>9,376,403,235</u>	<u>4,639,128,959</u>
TOTAL ASSETS		<u><u>26,877,591,725</u></u>	<u><u>22,703,027,947</u></u>

Director



Interim Condensed Profit and Loss Account (Unaudited)

For the Nine Months Ended 31 March 2011

	Note	Nine Months Ended		Quarter Ended	
		31 March	Restated 31 March	31 March	Restated 31 March
		2011	2010	2011	2010
		Rupees	Rupees	Rupees	Rupees
Sales		14,047,902,184	-	5,598,991,732	-
Cost of sales	9	(10,359,377,060)	-	(4,180,212,564)	-
Gross profit		3,688,525,124	-	1,418,779,168	-
Administrative expenses		(30,613,620)	(2,291,800)	(11,438,872)	(762,623)
Other operating expenses		(35,671,032)	-	(2,043,625)	-
Other operating income		35,100,014	2,424,230	7,424,391	-
Profit/(loss) from operations		3,657,340,486	132,430	1,412,721,062	(762,623)
Finance cost		(2,112,398,899)	-	(791,624,791)	-
Profit/(loss) before taxation		1,544,941,587	132,430	621,096,271	(762,623)
Provision for taxation		(12,285,005)	-	(2,670,857)	-
Profit/(loss) after taxation		1,532,656,582	132,430	618,425,414	(762,623)
Earnings/(loss) per share					
- basic and diluted	10	4.1722	0.0004	1.6835	(0.0021)

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

Chief Executive

Director



Interim Condensed Statement of Comprehensive Income (Unaudited)

For the Nine Months Ended 31 March 2011

	Nine Months Ended		Quarter Ended	
	31 March 2011	Restated 31 March 2010	31 March 2011	Restated 31 March 2010
	Rupees	Rupees	Rupees	Rupees
Profit/(loss) after taxation	1,532,656,582	132,430	618,425,414	(762,623)
Other comprehensive income/(loss)	-	-	-	-
Total comprehensive income/ (loss) for the period	<u>1,532,656,582</u>	<u>132,430</u>	<u>618,425,414</u>	<u>(762,623)</u>

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

Chief Executive

Director



Interim Condensed Cash Flow Statement (Unaudited)

For the Nine Months Ended 31 March 2011

	Note	Nine Months Ended	
		31 March 2011	Restated 31 March 2010
		Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	11	(2,016,250,306)	(393,068,321)
Finance cost paid		(2,062,036,242)	(1,065,354,930)
Taxes paid		(3,613,734)	(1,364,371)
Retirement benefits paid		(593,437)	(701,571)
Net increase in long term security deposits		(100,000)	-
Net cash outflow from operating activities		(4,082,593,719)	(1,460,489,193)
Cash flows from investing activities			
Property, plant and equipment - net		167,386,915	(6,854,750,396)
Investments made		(315,772,760)	-
Disposal of investment		454,470,217	-
Profit on bank deposits received		16,174,118	8,198,698
Loans recovered from employees		428,785	340,973
Net cash inflow/(outflow) from investing activities		322,687,275	(6,846,210,725)
Cash flows from financing activities			
Proceeds from long term financing		-	6,324,649,032
Repayment of long term financing		(254,172,340)	-
Proceeds from subordinated loan		85,000,000	-
Repayment of subordinated loan		(22,000,000)	-
Proceeds from issuance of share capital		-	1,876,104,530
Share issuance cost		-	(14,153,862)
Net cash (outflow)/inflow from financing activities		(191,172,340)	8,186,599,700
Net decrease in cash and cash equivalents		(3,951,078,784)	(120,100,218)
Cash and cash equivalents at the beginning of the period		(263,719,588)	4,732,843
Cash and cash equivalents at the end of the period	12	(4,214,798,372)	(115,367,375)

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

Chief Executive

Director



Interim Condensed Statement of Changes in Equity (Unaudited)

For the Nine Months Ended 31 March 2011

	SHARE CAPITAL	ACCUMULATED PROFIT/ (LOSS)	TOTAL EQUITY
 Rupees		
Balance as at 30 June 2009 (Audited)	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 income for the period	-	132,430	132,430
Balance as at 31 March 2010 (Restated)	3,673,469,390	(16,250,007)	3,657,219,383
Total comprehensive loss for the period	-	(7,889,600)	(7,889,600)
Balance as at 30 June 2010 (Audited)	3,673,469,390	(24,139,607)	3,649,329,783
Total comprehensive income for the period	-	1,532,656,582	1,532,656,582
Balance as at 31 March 2011	3,673,469,390	1,508,516,975	5,181,986,365

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

Chief Executive

Director



Selected Notes to and Forming Part of the Interim Condensed Financial Information (Unaudited)

For the Nine Months Ended 31 March 2011

1. The company and its activities

Nishat Chunian Power Limited ('the company') is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984. The company's ordinary shares are listed on the Karachi Stock Exchange (Guarantee) Limited and Lahore Stock Exchange (Guarantee) Limited. The company is a subsidiary of Nishat (Chunian) 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 in 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 commenced commercial operations from 21 July 2010.

2. Basis of preparation

This condensed interim financial information is unaudited 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. 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 30 June 2010 and interim financial statements for the period ended 31 December 2010.

3. Significant accounting policies

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 half yearly published financial statements of the company for the period ended 31 December 2010.

4. The preparation of the condensed interim financial information requires management to make judgements, 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 judgements 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 period ended 31 December 2010.

	Unaudited 31 March 2011	Audited 30 June 2010
	Rupees	Rupees
5. Long term financing - secured		
Opening balance	15,401,780,951	7,189,436,030
Disbursements during the period/year	-	8,212,344,921
	15,401,780,951	15,401,780,951
Less: Repayments during the period/year	254,172,340	-
	15,147,608,611	15,401,780,951
Less: Current portion shown under current liabilities	447,864,408	410,277,258
	14,699,744,203	14,991,503,693



	Unaudited 31 March 2011	Audited 30 June 2010
	Rupees	Rupees
6. SUBORDINATED LOAN - UNSECURED		
Opening balance	386,638,960	-
Disbursements during the period/year	85,000,000	386,638,960
	471,638,960	386,638,960
Less: Repayments during the period/year	22,000,000	-
	449,638,960	386,638,960

7. Contingencies and commitments

7.1 Contingencies

- (i) The company has issued following irrevocable standby letter of credit in favour of:
- Wartsila Pakistan (Private) Limited for Rs 45,000,000 (June 30, 2010: Rs 45,000,000) as required under the terms of the Operations and Maintenance Agreement.

	Unaudited 31 March 2011	Audited 30 June 2010
	Rupees	Rupees

7.2 Commitments in respect of

- (i) Other contractors
- | | | |
|--|-----------|------------|
| | 1,872,716 | 11,776,902 |
|--|-----------|------------|
- (ii) The company has entered into a contract for purchase of fuel oil from Shell Pakistan Limited ('SPL') for a period of ten years starting from the Commercial Operations Date of the power station i.e. 21 July 2010. Under the terms of the Fuel Supply Agreement, the company is not required to buy any minimum quantity of oil from SPL.
- (iii) 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 period starting from the Commercial Operations Date of the power station 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 a variable O&M fee depending on the net electrical output, both of which are adjustable according to the Wholesale Price Index.



	Unaudited 31 March 2011	Audited 30 June 2010
	Rupees	Rupees
8. FIXED ASSETS		
Property, plant and equipment		
Operating fixed assets (Note 8.1)	17,498,814,188	76,599,079
Capital work-in-progress (Note 8.2)	-	17,984,649,259
Intangible assets	2,027,250	-
	17,500,841,438	18,061,248,338
Intangible asset under development - computer software	-	2,385,000
	17,500,841,438	18,063,633,338
8.1 Operating fixed assets		
Opening written down value	76,599,079	75,864,019
Add: Additions during the period/year (Note 8.1.1)	17,965,480,496	1,833,187
	18,042,079,575	77,697,206
Less: Disposals during the period/year (at book value)	-	-
	18,042,079,575	77,697,206
Less: Depreciation charged during the period/year	543,265,387	1,098,127
	17,498,814,188	76,599,079
8.1.1 Following is the detail of additions during the period/year		
Factory building	169,487,077	-
Factory equipment	3,318,526	-
Plant & machinery	17,784,111,531	-
Electric installations	2,535,539	-
Office equipment	783,134	886,531
Furniture and fittings	190,252	382,700
Vehicles	5,054,437	563,956
	17,965,480,496	1,833,187
8.2 Capital work in progress		
Buildings and roads	147,156,323	154,700,000
Plant and machinery	15,431,274,838	15,411,234,758
Electric installations	2,535,539	2,535,539
Advance for purchase of assets	5,140,364	5,565,079
Unallocated expenditures	2,374,664,134	2,410,613,883
	17,960,771,198	17,984,649,259
Transferred to operating fixed assets	(17,960,771,198)	-
	-	17,984,649,259



	Nine Months Ended		Quarter Ended	
	31 March	Restated	31 March	Restated
	2011	2010	2011	2010
	Rupees	Rupees	Rupees	Rupees
9 COST OF SALES				
Raw material consumed	9,474,998,797	-	3,870,106,605	-
Salaries and other benefits	8,857,942	-	2,907,587	-
Operations and maintenance	195,381,978	-	76,691,072	-
Insurance	95,759,800	-	34,027,807	-
Store, spares and loose tools consumed	32,057,395	-	13,659,496	-
Electricity consumed in house	3,435,092	-	444,383	-
Travelling and conveyance	1,724,923	-	758,914	-
Rent, rates and taxes	178,097	-	62,397	-
Printing and stationery	132,145	-	81,220	-
Postage and telephone	1,175,198	-	507,244	-
Entertainment	193,653	-	86,483	-
Fee and Subscription	1,112,141	-	771,141	-
Depreciation	542,039,189	-	179,994,008	-
Miscellaneous	2,330,710	-	114,208	-
	10,359,377,060	-	4,180,212,564	-

	Nine Months Ended		Quarter Ended	
	31 March	Restated	31 March	Restated
	2011	2010	2011	2010
	Rupees	Rupees	Rupees	Rupees
10 EARNINGS/(LOSS) PER SHARE				
10.1 Basic earnings per share				
Net profit for the period (Rupees)	1,532,656,582	132,430	618,425,414	(762,623)
Weighted average number of ordinary shares (Number)	367,346,939	319,295,465	367,346,939	367,346,939
Earnings per share (Rupees)	4.1722	0.0004	1.6835	(0.0021)

10.2 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 31 March 2011 and 31 March 2010 which would have any effect on the earnings per share if the option to convert is exercised.



	Nine Months Ended	
	31 March 2011	Restated 31 March 2010
	Rupees	Rupees
11 CASH USED IN OPERATIONS		
Profit before taxation	3,657,340,486	132,430
Adjustments for non cash charges and other items:		
Depreciation on operating fixed assets	542,968,644	108,124
Amortization on intangible asset	357,750	-
Profit on bank deposits	(14,331,921)	(5,710,657)
Profit on investment	(6,751,599)	-
Provision for employee retirement benefits	807,437	701,571
	<u>4,180,390,797</u>	<u>(4,768,532)</u>
Profit before working capital changes		
Effect on cash flow due to working capital changes:		
Increase in stores and spare parts	(26,706,945)	(225,093,680)
Increase in stock-in-trade	(170,219,688)	(140,839,365)
Increase in trade debts	(6,691,652,049)	(547,246)
Decrease/(increase) in loans and advances	464,331,078	(3,921,135)
Increase in other receivables	(44,280,435)	(3,704)
Decrease/(increase) in sales tax refundable	47,125,085	(27,309,048)
Decrease in trade and other payables	224,761,851	9,414,389
	<u>(6,196,641,103)</u>	<u>(388,299,789)</u>
Cash used in operations	<u>(2,016,250,306)</u>	<u>(393,068,321)</u>
12 CASH AND CASH EQUIVALENTS		
Cash and bank balances	726,460	6,022,625
Short term borrowings - secured	(4,215,524,832)	(121,390,000)
	<u>(4,214,798,372)</u>	<u>(115,367,375)</u>



		Nine Months Ended	
		31 March 2011	Restated 31 March 2010
		Rupees	Rupees
13 Transactions with related parties			
Relationship with the company	Nature of transactions		
i. Holding company	Subordinated loan proceeds	85,000,000	35,000,000
	Subordinated loan repaid	22,000,000	-
	Mark up on subordinated loan	51,195,225	1,222,958
ii. Associated undertakings	Share issuance cost	-	753,538
iii. Key management personnel	Salaries and other employee benefits	18,965,160	14,160,298
iv. Other related parties	Share issuance cost	-	1,654,366
	Long term financing repaid	102,343,884	-
	Short term borrowings acquired	5,152,431,887	24,110,040
	Short term borrowings repaid	4,148,704,407	-
	Mark up on long term financing	950,935,001	792,291,185
	Mark up on short term borrowings	88,161,580	801,775
	Purchase of goods and services	1,350,000	-
	Bank charges and financing fee	4,988,000	81,652,808
	Contribution towards staff retirement benefits	807,437	701,571

The holding company, Nishat (Chunian) Limited has provided, on behalf of the company, irrevocable standby letters of credit of Rs 642,406,196 (30 June 2010: Rs 410,000,000) for equity injection and Nil (30 June 2010: Rs 147,120,000) for positive cost overrun, in accordance with the Project Funds Agreement, in favour of security trustee of syndicated lenders of the company.

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

	Unaudited 31 March 2011	Audited 30 June 2010
	Rupees	Rupees
Period end balances		
Long term financing from related parties	6,099,268,039	6,201,611,923
Subordinated loans from holding company	449,638,960	386,638,960
Short term borrowings from related parties	1,003,727,480	263,972,507
Mark up payable to related parties	291,502,211	220,336,000
Mark up payable to holding company	17,140,483	5,571,439
Due to holding company	3,867,564	2,485,000
Due to related parties	-	187,941



14 The Board of Directors of the company in its meeting held on 29 April 2011 has declared interim dividend of Rupee 1 per share.

15 **Date of authorisation for issue**

This condensed interim financial information was authorised for issue on 29 April 2011 by the Board of Directors of the company.

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.

Comparative figures have been re-arranged/reclassified, wherever necessary, for the purpose of comparison. However no significant reclassification have been made.

Chief Executive

Director