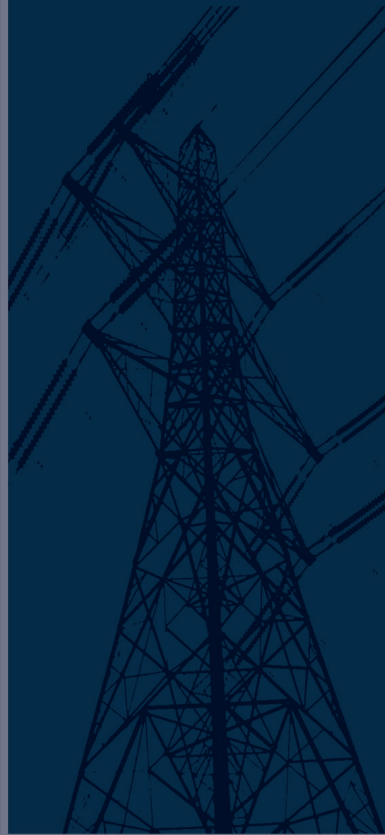


Nishat Chunian Power Limited



Interim Financial Information
Quarter Ended 30 September 2011
(Unaudited)



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Company Information

Board of Directors:	Mr. Muhammad Saleem Mr. Shahzad Saleem (Nominee NCL) Mr. Yahya Saleem Mrs. Farhat Saleem Mr. Wasif M. Khan Mr. Mushtaq Ahmad Mr. Badar ul Hassan Mr. Manzar Mushtaq	Director Chairman Chief Executive Director Director Director Director Director
Audit Committee:	Mr. Shahzad Saleem Mr. Mushtaq Ahmad Mr. Badar ul Hassan	Chairman Member Member
Chief Financial Officer:	Ms. Sonia Karim	
Company Secretary:	Mr. Muhammad Hamed	
Bankers to the Company:	Allied Bank Limited Habib Bank Limited United Bank Limited National Bank of Pakistan Faysal Bank Limited Summit Bank Limited (Formerly Arif Habib Bank Limited) Bank Alfalah Limited Askari Bank Limited Habib Metropolitan Bank Limited Al Baraka Bank (Pakistan) Limited	
Auditors:	A.F. Ferguson & Co. 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	
Mill:	66-km, Multan Road, Pattoki Kasur.	



Directors' Report

The Board of Directors is pleased to present the financial statements of the company for the quarter ended September 30, 2011. Turnover for the period was Rs. 6.225 billion with an after tax profit of Rs. 580.002 million and earnings per share (EPS) of Rs. 1.579.

However, we would like to highlight that the thermal efficiency and variable O&M in the tariff is levelized with constant payments over a 25 year period. As the initial maintenance costs are low and the plant efficiency for new equipment is high, the profit for the initial years will be on the higher side. We foresee a negative impact on the profit in later years due to plant aging and higher maintenance costs.

Another important aspect is that the long term loan for the plant is for a period of 10 years from Commercial Operations Date and the tariff structure is such that principal payment is being received as part of the revenue. Therefore the profit for the first ten years is overstated and we foresee a drop in the profit from the eleventh year onwards due to this reason.

Circular debt remained a major threat to the companies operating in power sector. National Transmission and Despatch Company Limited (NTDCL) remained unable to meet its obligations to make payments to company on time. As of September 30, 2011, total receivables from NTDCL were Rs. 9.910 billion out of which Rs. 6.018 billion was overdue. The company continues to take up the matter of overdue receivables not only with NTDCL but also with the Ministry of Water & Power of the Government of Pakistan through Private Power & Infrastructure Board (PIB).

Due to increased pressure on international oil prices and delayed payments from NTDCL, working capital requirements of the company has increased substantially and the company is doing its best to arrange adequate working capital finance facilities. During the quarter ended September 30, 2011, the company expanded its existing portfolio of banks by procuring working capital lines.

In the present circumstances when the country is facing severe shortage of power, the company continues to perform at high dispatch levels. During the quarter ended September 30, 2011, average availability of the plant was 84.24% with average capacity factor of 78.65%.

On behalf of the Board

Lahore: 29 October 2011

Yahya Saleem
Chief Executive



Condensed Interim Balance Sheet

	Note	Unaudited 30 September 2011 Rupees	Audited 30 June 2011 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 385,000,000 (30 June 2011: 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
Unappropriated profit		<u>1,800,948,180</u>	<u>1,220,946,168</u>
		5,474,417,570	4,894,415,558
NON-CURRENT LIABILITIES			
Long term financing-Secured	5	13,595,658,704	13,811,282,788
CURRENT LIABILITIES			
Current portion of long term financing-Secured		1,002,580,078	1,034,722,060
Short term borrowings-Secured		5,616,385,423	3,611,299,988
Trade and other payables		1,056,535,251	670,804,107
Accrued finance cost		797,434,141	762,295,525
Provision for taxation		10,405,943	8,009,911
		<u>8,483,340,836</u>	<u>6,087,131,591</u>
TOTAL LIABILITIES		<u>22,078,999,540</u>	<u>19,898,414,379</u>
CONTINGENCIES AND COMMITMENTS	6	-	-
TOTAL EQUITY AND LIABILITIES		<u>27,553,417,110</u>	<u>24,792,829,937</u>

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

Chief Executive



as at 30 September 2011

	Note	Unaudited 30 September 2011 Rupees	Audited 30 June 2011 Rupees
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	7	16,528,045,177	16,756,207,774
Long term loans to executives		349,107	2,092,525
Long term security deposits		5,000	105,000
		<u>1,528,399,284</u>	<u>16,758,405,299</u>
CURRENT ASSETS			
Stores and spare		376,521,993	246,430,257
Inventories		283,216,013	665,370,607
Trade debts		9,910,602,777	6,909,141,190
Loans, advances, deposits, prepayments and other receivables		454,078,310	174,181,057
Cash and bank balances		598,733	39,301,527
		<u>11,025,017,826</u>	<u>8,034,424,638</u>
TOTAL ASSETS		<u><u>27,553,417,110</u></u>	<u><u>24,792,829,937</u></u>

Director



Condensed Interim Profit and Loss Account (Unaudited)

For the Quarter Ended 30 September 2011

	Note	30 September 2011	30 September 2010
		Rupees	Rupees
Sales		6,224,624,941	3,739,526,992
Cost of sales	8	4,813,043,345	2,763,733,180
Gross profit		1,411,581,596	975,793,812
Administrative expenses		17,746,980	4,772,819
Other operating expenses		-	2,000,000
		17,746,980	6,772,819
		1,393,834,616	969,020,993
Other operating income		5,586,384	11,407,133
Profit from operations		1,399,421,000	980,428,126
Finance cost		817,022,956	560,476,268
Profit before taxation		582,398,044	419,951,858
Taxation		2,396,032	1,093,286
Profit after taxation		580,002,012	418,858,572
Earning per share-basic and diluted	9	1.579	1.140

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

Chief Executive

Director



Condensed Interim Statement of Comprehensive Income (Unaudited)

For the Quarter Ended 30 September 2011

	30 September 2011	30 September 2010
	Rupees	Rupees
Profit after taxation	580,002,012	418,858,572
Other comprehensive income	-	-
Total comprehensive income	<u>580,002,012</u>	<u>418,858,572</u>

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

Chief Executive

Director



Condensed Interim Cash Flow Statement (Unaudited)

For the Quarter Ended 30 September 2011

	Note	30 September 2011	30 September 2010
		Rupees	Rupees
Cash generated from operations	10	(1,008,333,210)	(1,852,804,462)
Long term security deposits - net		100,000	68,170
Retirement benefits paid		(187,586)	(166,992)
Finance cost paid		(781,884,340)	(423,627,275)
Taxes paid		(2,286,365)	(1,127,013)
		(784,258,291)	(424,853,110)
Net cash used in operating activities		(1,792,591,501)	(2,277,657,572)
CASH FLOWS FROM INVESTING ACTIVITIES			
Property, plant and equipment - net		(5,199,080)	65,065,171
Proceeds from sale of property, plant and equipment		25,000	-
Long term loans to executives - net		1,743,148	-
Net cash (used in) / from investing activities		(3,430,662)	65,065,171
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(247,766,066)	(88,000,000)
Subordinated loan obtain		-	85,000,000
Net cash (used in) financing activities		(247,766,066)	(3,000,000)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(2,043,788,229)	(2,215,592,401)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		(3,571,998,461)	1,561,222,389
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	11	(5,615,786,690)	(654,370,012)

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

Chief Executive

Director



Condensed Interim Statement of Changes in Equity (Unaudited)

For the Quarter Ended 30 September 2011

	SHARE CAPITAL	UNAPPROPRIATED PROFIT / (ACCUMULATED LOSS)	TOTAL
 Rupees		
Balance as at 30 June 2010 (audited)	3,673,469,390	(24,139,607)	3,649,329,783
Total comprehensive profit for the quarter ended 30 September 2010	-	418,858,572	418,858,572
Balance as at 30 September 2010	3,673,469,390	394,718,965	4,068,188,355
Total comprehensive profit for the nine months ended 30 June 2011	-	1,193,574,850	1,193,574,850
Interim dividend for the year ended June 30, 2011 at the rate of Rupee 1 per share	-	(367,347,647)	(367,347,647)
Balance as at 30 June 2011 (audited)	3,673,469,390	1,220,946,168	4,894,415,558
Total comprehensive profit for the quarter ended 30 September 2011	-	580,002,012	580,002,012
	<u>3,673,469,390</u>	<u>1,800,948,180</u>	<u>5,474,417,570</u>

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

Chief Executive

Director



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

For the Quarter Ended 30 September 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.

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 2011.

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 annual published financial statements of the company for the year ended 30 June 2011.

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 year ended 30 June 2011.

	Unaudited 30 September 2011	Audited 30 June 2011
	Rupees	Rupees
5 Long term financing - secured		
Opening balance	14,846,004,848	15,401,780,951
Disbursements during the period/year	-	-
	14,846,004,848	15,401,780,951
Less: Repayments during the period/year	247,766,066	555,776,103
	14,598,238,782	14,846,004,848
Less: Current portion shown under current liabilities	1,002,580,078	1,034,722,060
	13,595,658,704	13,811,282,788



6 Contingencies and commitments

6.1 Contingencies

The following have been issued by the bank on behalf of the company:

- (i) Irrevocable standby letter of credit of Rs 45,000,000 (30 June 2011: Rs. 45,000,000) in favour of Wartsila Pakistan (Private) Limited as required under the terms of the Operations and Maintenance Agreement.
- (ii) Letter of guarantee of Rs 1,031,988 (30 June 2011: Rs. 1,131,988) in favour of Director, Excise and Taxation, Karachi under direction of Sindh High Court in respect of suit filed for levy of infrastructure cess.

	Unaudited 30 September 2011	Audited 30 June 2011
	Rupees	Rupees

6.2 Commitments in respect of

- (i) Letters of credit other than for capital expenditure 67,931,311 290,593,989
- (ii) Other contractors 969,814 1,024,098
- (iii) 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.
- (iv) 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 30 September 2011	Audited 30 June 2011
	Rupees	Rupees

7 FIXED ASSETS

Property, plant and equipment	16,526,256,427	16,754,299,774
Operating fixed assets (Note 7.1)	-	-
Capital work-in-progress (Note 7.2)	1,788,750	1,908,000
Intangible assets		
	<u>16,528,045,177</u>	<u>16,756,207,774</u>



	Unaudited 30 September 2011	Audited 30 June 2011
	Rupees	Rupees
7.1 Operating fixed assets		
Opening written down value	16,754,299,774	76,599,079
Add: Additions during the period/year (Note 7.1.1)	5,199,080	17,933,466,748
	<u>16,759,498,854</u>	<u>18,010,065,827</u>
Less: Disposals during the period/year (at book value)	32,356	-
	<u>16,759,466,498</u>	<u>18,010,065,827</u>
Less: Depreciation charged during the period/year	233,210,071	1,255,766,053
	<u>16,526,256,427</u>	<u>16,754,299,774</u>
7.1.1 Following is the detail of additions during the period/year		
Factory building	653,614	169,176,376
Factory equipment	38,500	-
Plant & machinery	-	17,751,513,234
Electric installations	-	2,535,539
Office equipment	465,563	4,271,160
Furniture and fittings	84,400	190,252
Vehicles	3,957,003	5,780,187
	<u>5,199,080</u>	<u>17,933,466,748</u>
7.2 Capital work in progress		
Buildings and roads	-	147,976,279
Plant and machinery	-	15,430,454,882
Electric installations	-	2,535,539
Advance for purchase of assets	-	5,140,364
Unallocated expenditures	-	2,341,755,136
	<u>-</u>	<u>17,927,862,200</u>
Transferred to operating fixed assets	-	(17,927,862,200)
	<u>-</u>	<u>-</u>



	Quarter Ended	
	30 September 2011	30 September 2010
	Rupees	Rupees
8 COST OF SALES		
Raw materials consumed	4,443,071,692	2,534,750,872
Salaries and other benefits	3,625,513	3,088,331
Operations and maintenance	70,357,904	51,830,625
Stores and spares consumed	23,933,788	1,693,065
Electricity consumed in-house	672,704	1,004,833
Insurance	36,653,805	27,099,470
Travelling and conveyance	996,763	128,320
Postage and telephone	442,326	63,320
Repairs and maintenance	10,616	-
Entertainment	81,637	16,996
Depreciation on operating fixed assets	232,777,378	143,584,103
Fee and subscription	86,000	-
Miscellaneous	333,218	473,245
	<u>4,813,043,345</u>	<u>2,763,733,180</u>
9 EARNING/(LOSS) PER SHARE		
9.1 Basic earnings per share		
Net profit for the period (Rupees)	580,002,012	418,858,572
Weighted average number of ordinary shares (Number)	367,346,939	367,346,939
Earnings per share (Rupees)	1.579	1.140

9.2 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 30 September 2011 and 30 September 2010 which would have any effect on the earnings per share if the option to convert is exercised.



	Quarter Ended	
	30 September 2011	30 September 2010
	Rupees	Rupees
10 CASH USED IN OPERATIONS		
Profit before taxation	582,398,044	980,428,126
Adjustments for non cash charges and other items:		
Depreciation on operating fixed assets	233,210,071	143,776,469
Amortization on intangible asset	119,250	-
Loss on sale of fixed assets	7,356	-
Profit on bank deposits	(50,645)	-
Unrealised loss on derivative financial instrument	3,570,611	-
Finance cost	817,022,956	-
Provision for employee retirement benefits	290,099	250,877
Profit before working capital changes	<u>1,636,567,743</u>	<u>1,124,455,472</u>
Effect on cash flow due to working capital changes:		
Increase in stores and spare	(130,091,736)	(2,525,117)
Decrease/(increase) in inventories	382,154,594	(32,674,920)
Increase in trade debts	(3,001,461,587)	(2,665,297,258)
Decrease/(increase) in loans, advances, deposits, prepayments and other receivables	(282,908,004)	327,445,796
Increase in current liability:		
Increase/(Decrease) in trade and other payables	387,405,780	(604,208,435)
	<u>(2,644,900,953)</u>	<u>(2,977,259,934)</u>
Cash used in operations	<u>(1,008,333,210)</u>	<u>(1,852,804,462)</u>
11 CASH AND CASH EQUIVALENTS		
Cash and bank balances	598,733	65,294,456
Short term borrowings - secured	(5,616,385,423)	(719,664,468)
	<u>(5,615,786,690)</u>	<u>(654,370,012)</u>



12 Transactions with related parties

The related parties comprise the holding company, associated undertakings, other related parties and key management personnel. The company in the normal course of business carries out transactions with various related parties. Significant transactions with related parties are as follows:

		Quarter Ended	
		30 September 2011	30 September 2010
		Rupees	Rupees
Relationship with the company	Nature of transactions		
i. Holding company	Subordinated loan proceeds	-	85,000,000
	Mark up on subordinated loan	-	14,098,758
ii. Key management personnel	Salaries and other employee benefits	6,297,499	4,925,918
iii. Other related parties	Long term financing repaid	42,648,784	35,433,315
	Short term borrowings acquired	-	670,955,962
	Short term borrowings repaid	-	637,058,745
	Mark up on long term financing	-	83,930,679
	Mark up on short term borrowings	-	6,178,199
	Contribution towards staff retirement benefits	290,099	250,877

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

	Unaudited 30 September 2011	Audited 30 June 2011
	Rupees	Rupees
Period end balances		
Long term financing from related parties	-	2,555,491,033
Short term borrowings from related parties	-	550,716,697
Mark up payable to related parties	-	105,875,205
Due from holding company	-	463,835
Due to holding company	1,340,769	-

National Bank Limited ceased to be a related party from August 22, 2011.

13 Date of authorisation for issue

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



14 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

