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## Company Information

<b>Board of Directors:</b>	Mrs. Farhat Saleem	Director
	Mr. Shahzad Saleem (Nominee NCL)	Chairman
	Mr. Yahya Saleem	Chief Executive
	Sahibzada Rafat Raouf Ali (Nominee NBP)	Director
	Mr. Wasif M. Khan	Director
	Mr. Mushtaq Ahmad	Director
	Mr. Badar ul Hassan	Director

Mr. Manzar Mushtaq

Director

<b>Audit Committee:</b>	Mr. Wasif M. Khan	Chairman
	Mr. Mushtaq Ahmad	Member
	Mr. Badar ul Hassan	Member

<b>HR &amp; R Committee:</b>	Mr. Shahzad Saleem	Chairman
	Mr. Mushtaq Ahmad	Member
	Mr. Badar ul Hassan	Member

**Chief Financial Officer:** Ms. Sonia Karim

**Head of Internal Audit:** Mr. Saqib Riaz

**Company Secretary:** Mr. Khadim Hussain

**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  
Meezan Bank 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, 2012. Turnover for the period was Rs. 5.262 billion with an after tax profit of Rs. 589 million and Earnings per Share (EPS) of Rs. 1.604.

We would like to highlight that the thermal efficiency and variable O&M in the tariff is levelized 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 after commercial operations will be higher than the average over the life of the project. We foresee a negative impact on profitability 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) stayed unable to meet its obligations to make payments to company on time. With the receivables situation consistently deteriorating, the Company was forced to call upon the Sovereign Guarantee. The Government of Pakistan was however, unable to pay against the Guarantee call, as a result of which nine IPPs filed a suit in the Supreme Court of Pakistan. Under the directives of the Supreme Court, three payments have been made and further payments are in the pipeline. This has improved the liquidity situation for the Company for the time being.

An amount of Rs. 776.070 million relating to capacity purchase price is currently not acknowledged by NTDCL as the plant had reduced generation. However, the sole reason of this reduced generation was non-availability of fuel owing to non-payment by NTDCL. The Company is therefore of the view, that this amount should be payable by NTDCL.

As of September 30, 2012, total receivables from NTDCL were Rs. 10.409 billion out of which Rs. 6.035 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 (PPIB).

During the quarter ended September 30, 2012 availability of the plant was 95.69% with capacity factor of 60.01%.

On behalf of the Board

Shahzad Saleem  
Chairman

Lahore: 25 October 2012



## Condensed Interim Balance Sheet

	Note	Unaudited 30 September 2012 Rupees	Audited 30 June 2012 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital 385,000,000 (30 June 2012: 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>2,916,729,570</u>	<u>2,327,677,462</u>
		<b>6,590,198,960</b>	<b>6,001,146,852</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term financing-Secured	5	12,647,528,800	12,898,060,792
<b>CURRENT LIABILITIES</b>			
Current portion of long term financing-Secured	5	948,129,907	913,221,997
Short term borrowings-secured		4,606,456,960	5,829,752,814
Short term loan from holding company-unsecured		-	1,132,500,000
Trade and other payables		1,766,664,105	1,023,965,414
Derivative Financial Instruments		-	35,090,369
Accrued finance cost		712,954,801	741,897,621
Provision for taxation		14,352,216	11,936,770
		<b>8,048,557,989</b>	<b>9,688,364,985</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	6	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>27,286,285,749</b></u>	<u><b>28,587,572,629</b></u>

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

Chief Executive



## as at 30 September 2012

	Note	Unaudited 30 September 2012 Rupees	Audited 30 June 2012 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets	7	15,572,314,058	15,817,295,081
Long term loans		855,797	855,796
Long term security deposits		105,000	105,000
		<u>15,573,274,855</u>	<u>15,818,255,877</u>
<b>CURRENT ASSETS</b>			
Stores and spares		443,142,052	418,044,035
Stock-in-trade		479,180,156	376,713,603
Trade debts		10,409,395,389	11,710,530,028
Loans, advances, prepayments, deposits & other receivables		375,469,063	224,231,997
Derivative Financial Instruments		2,980,937	-
Cash and bank balances		2,843,296	39,797,089
		<u>11,713,010,894</u>	<u>12,769,316,752</u>
<b>TOTAL ASSETS</b>		<u><u>27,286,285,749</u></u>	<u><u>28,587,572,629</u></u>

Director



## Condensed Interim Profit and Loss Account (Unaudited)

For the Quarter Ended 30 September 2012

	Note	30 September 2012 Rupees	30 September 2011 Rupees
SALES		5,262,146,524	6,224,624,941
COST OF SALES	8	3,986,914,622	4,813,043,345
GROSS PROFIT		1,275,231,902	1,411,581,596
ADMINISTRATIVE EXPENSES		18,139,391	17,746,980
OTHER OPERATING EXPENSES		1,008,000	-
		19,147,391	17,746,980
		1,256,084,511	1,393,834,616
OTHER OPERATING INCOME		53,457,067	5,586,384
PROFIT FROM OPERATIONS		1,309,541,578	1,399,421,000
FINANCE COST		718,074,025	817,022,956
PROFIT BEFORE TAXATION		591,467,553	582,398,044
PROVISION FOR TAXATION		2,415,446	2,396,032
PROFIT AFTER TAXATION		589,052,107	580,002,012
EARNINGS PER SHARE - BASIC	9	1.604	1.579
EARNINGS PER SHARE - DILUTED	9	1.604	1.579

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 2012

	30 September 2012	30 September 2011
	Rupees	Rupees
PROFIT AFTER TAXATION	589,052,107	580,002,012
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME	<u>589,052,107</u>	<u>580,002,012</u>

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director



## Condensed Interim Cash Flow Statement (Unaudited)

For the Quarter Ended 30 September 2012

	Note	30 September 2012	30 September 2011
		Rupees	Rupees
Cash generated from operations	10	3,282,952,394	(1,008,333,211)
Long term security deposits-net		-	100,000
Retirement benefits paid		(397,661)	(187,586)
Finance cost paid		(747,016,845)	(781,884,340)
Taxes paid		-	(2,286,365)
		(747,414,506)	(784,258,291)
Net cash generated from /(used) in operating activities		2,535,537,888	(1,792,591,502)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Property, plant and equipment - net		(763,728)	(5,199,080)
Proceeds from sale of property, plant and equipment		-	25,000
Profit on bank deposits received		218	-
Long term loans to executives- net		-	1,743,148
Net cash used in investing activities		(763,510)	(3,430,661)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long term financing		(215,624,082)	(247,766,066)
Repayment of short term borrowing from holding company		(1,132,500,000)	-
Unclaimed dividend paid		(308,235)	-
Net cash used in financing activities		(1,348,432,317)	(247,766,066)
<b>NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>1,186,342,061</b>	<b>(2,043,788,229)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		<b>(5,789,955,725)</b>	<b>(3,571,998,461)</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	11	<b>(4,603,613,664)</b>	<b>(5,615,786,690)</b>

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

Chief Executive

Director





## Condensed Interim Statement of Changes in Equity (Unaudited)

For the Quarter Ended 30 September 2012

	SHARE CAPITAL	UNAPPROPRIATED PROFIT / (ACCUMULATED LOSS)	TOTAL
	..... Rupees .....		
Balance as at 30 June 2011	3,673,469,390	1,220,946,168	4,894,415,558
Total comprehensive income for the quarter ended 30 September, 2011	-	580,002,012	580,002,012
Balance as at 30 September 2011	3,673,469,390	1,800,948,180	5,474,417,570
Total comprehensive income for the nine months ended June 30, 2012	-	1,445,096,630	1,445,096,630
Dividend to equity holders of the company: Final dividend for the year ended June 30, 2011 @ Rs 1 per share	-	(367,346,939)	(367,346,939)
Interim dividend @ Rs 1.5 per share	-	(551,020,409)	(551,020,409)
Balance as at 30 June 2012	3,673,469,390	2,327,677,462	6,001,146,853
Total comprehensive income for the quarter ended 30 September, 2012	-	589,052,107	589,052,107
<b>Balance as at 30 September 2012</b>	<b>3,673,469,390</b>	<b>2,916,729,569</b>	<b>6,590,198,960</b>

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

Chief Executive

Director



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

For the Quarter Ended 30 September 2012

### 1. The company and its activities

Nishat Chunion Power Limited (the 'company') is a public limited company incorporated in Pakistan. The company is a subsidiary of Nishat (Chunion) Limited. The company's ordinary shares are listed on the Karachi Stock Exchange Limited and Lahore 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 Despatch Company Limited ('NTDC') for twenty five years which commenced from July 21, 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 has 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 statement for the year ended 30 June 2012.

### 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 2012.

4. 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 30 June 2012.

	Unaudited 30 September 2012	Audited 30 June 2012
	Rupees	Rupees
<b>5 LONG TERM FINANCING - SECURED</b>		
Senior facility	10,960,918,482	11,134,874,752
Term finance facility	2,634,740,225	2,676,408,037
	<u>13,595,658,707</u>	<u>13,811,282,789</u>
Less: Current portion shown under current liabilities	<u>948,129,907</u>	<u>913,221,997</u>
	<u>12,647,528,800</u>	<u>12,898,060,792</u>



	Unaudited 30 September 2012	Audited 30 June 2012
	Rupees	Rupees
<b>5.1 Senior facility</b>		
Long term financing under mark-up arrangement obtained from following banks:		
National Bank of Pakistan - related party	1,886,738,664	1,916,682,331
Habib Bank Limited	2,526,734,871	2,566,835,659
Allied Bank Limited	2,526,734,871	2,566,835,659
United Bank Limited	2,526,734,870	2,566,835,658
Faysal Bank Limited	1,139,092,818	1,157,170,900
Summit Bank Limited	354,882,388	360,514,545
	<u>10,960,918,482</u>	<u>11,134,874,752</u>
Less: Current portion shown under current liabilities	<u>736,748,379</u>	<u>736,748,379</u>
	<u>10,224,170,103</u>	<u>10,398,126,373</u>

<b>5.2 Term finance facility</b>		
Long term financing under mark-up arrangement obtained from following banks:		
National Bank of Pakistan - related party	453,526,193	460,698,606
Habib Bank Limited	607,366,194	616,971,551
Allied Bank Limited	607,366,193	616,971,550
United Bank Limited	607,366,194	616,971,551
Faysal Bank Limited	359,115,451	364,794,779
	<u>2,634,740,225</u>	<u>2,676,408,037</u>
Less: Current portion shown under current liabilities	<u>176,473,617</u>	<u>176,473,617</u>
	<u>2,458,266,608</u>	<u>2,499,934,420</u>

## 6 CONTINGENCIES AND COMMITMENTS

### 6.1 Contingencies

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, 2012: Rs 45,000,000) as required under the terms of the Operation and Maintenance Agreement.
- (b) Letter of guarantee of Rs 1,031,988 (June 30, 2012: 1,031,988) in favour of Director, Excise and Taxation, Karachi under direction of Sindh High Court in respect of suit filed for levy of infrastructure cess.

	Unaudited 30 September 2012	Audited 30 June 2012
	Rupees	Rupees
<b>6.2 Commitments</b>		
(i) Letter of credit other than for capital expenditure	37,010,800	29,684,959



(ii) The Company has also entered into an agreement with Wartsila Pakistan (Private) Limited for the operations and maintenance (O&M) of the power station which shall remain in effect until earlier of the end of five years from the commercial operation date i.e. 21 July 2010 or the last day of the month in which the running hours of the first generator set reaches 35,000 hours. Under the terms of the O&M agreement, the Company is required to pay a monthly fixed O&M fee and variable O&M fee depending on the net electrical output, both of which are adjustable according to the Wholesale Price Index.

	Unaudited 30 September 2012	Audited 30 June 2012
	Rupees	Rupees
<b>7 Fixed Assets</b>		
Operating fixed assets	15,571,002,308	15,815,864,081
Intangible assets	1,311,750	1,431,000
	<u>15,572,314,058</u>	<u>15,817,295,081</u>
<b>7.1 Operating fixed assets</b>		
Opening written down value	15,815,864,081	16,754,299,774
Add: Additions during the period/year (Note 7.1.1)	763,728	17,339,790
	<u>15,816,627,809</u>	<u>16,771,639,564</u>
Less: Disposals during the period/year (at book value)	-	(1,100,313)
	<u>15,816,627,809</u>	<u>16,770,539,251</u>
Less: Depreciation charged during the period/year	(245,625,501)	(954,675,170)
	<u>15,571,002,308</u>	<u>15,815,864,081</u>
<b>7.1.1 Following is the detail of additions during the period/year</b>		
Factory building	-	1,269,620
Factory equipment	26,000	1,625,372
Plant & machinery	300,000	-
Electric installations	78,500	-
Office equipment	294,728	6,281,225
Furniture and fittings	64,500	346,825
Vehicles	-	7,816,748
	<u>763,728</u>	<u>17,339,790</u>



	Quarter Ended	
	30 September 2012	30 September 2011
	Rupees	Rupees
<b>8 COST OF SALES</b>		
Raw material consumed	3,603,205,143	4,443,071,692
Salaries and other benefits	3,856,016	3,625,513
Operations and maintenance	69,545,197	70,357,904
Store, spares and loose tools consumed	22,402,302	23,933,788
Electricity consumed in - house	243,047	672,704
Insurance	40,285,012	36,653,805
Travelling and conveyance	532,926	996,763
Postage and telephone	361,093	442,326
Repair & Maintenance	56,337	10,616
Entertainment	91,432	81,637
Depreciation on operating fixed assets	244,911,889	232,777,378
Fee & Subscription	2,114,378	86,000
Miscellaneous	(690,150)	333,218
	<u>3,986,914,622</u>	<u>4,813,043,345</u>

## 9 EARNING PER SHARE

### 9.1 Basic earnings per share

Net profit for the period (Rupees)	589,052,107	580,002,012
Weighted average number of ordinary shares (Number)	367,346,939	367,346,939
Earnings per share (Rupees)	1.604	1.579

### 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 2012 and 30 September 2011 which would have any effect on the earnings per share if the option to convert is exercised.



	Quarter Ended	
	30 September 2012	30 September 2011
	Rupees	Rupees
<b>10 CASH (USED IN) / GENERATED FROM OPERATIONS</b>		
Profit before taxation	591,467,553	582,398,044
Adjustments for non cash charges and other items:		
Depreciation on operating fixed assets	245,625,501	233,210,071
Amortization on intangible asset	119,250	119,250
Gain on sale of fixed assets	-	7,356
Profit on bank deposits	(218)	(50,645)
Unrealised (gain)/loss on derivative financial instrument	(38,071,306)	3,570,611
Provision for employee retirement benefits	397,661	290,099
Finance Cost	718,074,025	817,022,956
Profit before working capital changes	1,517,612,466	1,636,567,742
Effect on cash flow due to working capital changes:		
Increase in stores and spare parts	(25,098,017)	(130,091,736)
(Increase)/decrease in stock-in-trade	(102,466,553)	382,154,594
Decrease/(increase) in trade debts	1,301,134,639	(3,001,461,587)
Increase in loans and advances & other receivables	(151,237,066)	(282,908,004)
Increase in current liability:		
Trade and other payables	743,006,926	387,405,780
	1,765,339,929	(2,644,900,953)
	3,282,952,394	(1,008,333,211)
<b>11 CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	2,843,296	598,733
Short term borrowings - secured	(4,606,456,960)	(5,616,385,423)
	(4,603,613,664)	(5,615,786,690)



## 12 Transactions with related parties

Related parties comprise of subsidiary, associated undertakings, other related parties, key management personnel and provident fund trust. The company in the normal course of business carries out transactions with related parties.

		Quarter Ended	
		30 September 2012	30 September 2011
		Rupees	Rupees
Relationship with the company	Nature of transactions		
(i) Holding Company	Subordinated Loan proceeds	-	85,000,000
	Markup on subordinated loan	-	14,098,758
	Short term loan received from holding company	860,000,000	-
	Short term loan repaid to holding company	1,992,500,000	-
	Markup on short term loan from holding company	15,018,171	-
	Purchase of goods and services	450,000	450,000
(ii) Post employment benefit plan	Expense charged in respect of retirement benefit plan	397,661	250,877

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

## 13 Date of authorisation for issue

These financial statements were authorised for issue on October 25, 2012 by the Board of Directors of the company.

\_\_\_\_\_  
Chief Executive

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Director