



NISHAT CHUNIAN POWER LIMITED

Interim Financial Information

Quarter Ended 30 September 2013
(Unaudited)

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Board of Directors

Director

Mrs. Farhat Saleem

Chairman

Mr. Shahzad Saleem
(Nominee NCL)

Chief Executive

Mr. Yahya Saleem

Director

Sahibzada Rafat Raof Ali
(Nominee NBP)

Directors

Mr. Wasif M. Khan
Mr. Aftab Ahmad Khan
Mr. Shahid Malik
Mr. Kamran Rasool

Audit Committee:

Chairman

Mr. Wasif M. Khan

Members

Mr. Aftab Ahmad Khan
Mr. Shahid Malik

HR & R Committee:

Chairman

Mr. Shahzad Saleem

Members

Mr. Aftab Ahmad Khan
Mr. Kamran Rasool

Chief Financial Officer:

Ms. Sonia Karim

Head of Internal Audit:

Mr. Saqib Riaz

Company Secretary:

Mr. Babar Ali Khan

Bankers to the Company:

Allied Bank Limited
Habib Bank Limited
United Bank Limited
National Bank of Pakistan
Faysal Bank Limited
Summit Bank Limited
Sindh Bank Limited
Bank Alfalah Limited
Askari Bank Limited
Habib Metropolitan Bank Limited
Al Baraka Bank (Pakistan) Limited
Meezan Bank Limited
Burj Bank Limited
Dubai Islamic Bank Limited

Auditors:

A.F. Ferguson & Co. Chartered
Accountants

Legal Advisers:

Raja Muhammad Akram & Co.
Advocates & Legal Consultants

Cornelius Lane & Mufti
Advocates & Solicitors

Registered & Head Office:

31 - Q, Gulberg II, Lahore, Pakistan.
Ph: 042-35761730
Fax: 042-35878696-97
www.nishat.net

Share Registrar:

Hameed Majeed Associates (Pvt)
Limited
1st Floor, H.M. House
7-Bank Square, Lahore
Ph: 042 37235081-2
Fax: 042 37358817

Plant:

66-km, Multan Road, Pattoki
Kasur.

Dear Shareholder,

Our board is pleased to present our condensed interim financial information for the quarter ending on 30th September 2013. We have had a successful quarter with turnover for the period of Rs. 6.55 billion with an after tax profit of Rs. 504.74 Million

Profitability

Sales have improved due to increase in electricity dispatched as the plant was running on a higher plant factor compared to the quarter ended 30th September 2012. The top line also increased due to a rise in fuel prices, devaluation of the Pakistani rupee against US dollar and inflation.

We would like to mention here 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, the profit for the initial years 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 10 year period starting 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.

During the quarter ended 30th September 2013, availability of the plant was 80.05% with capacity factor of 82.11%.

Circular Debt

As of 30th September 2013, total receivables from NTDCL were Rs. 7.511 Billion out of which Rs. 4.955 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 Government of Pakistan through the Private Power & Infrastructure Board (PPIB).

Pending Issues

An amount of Rs 957 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 maintains the view that this amount should be payable by NTDCL. However, as part of the settlement with the GOP at the time of payment of Rs. 6.8 bn in June 2013, the IPPs withdrew their case of with-held capacity payments from the Supreme Court of Pakistan. NTDC and the IPPs have now agreed to appoint Justice Sair Ali as the expert for mediation on this issue.

CONDENSED INTERIM BALANCE SHEET

As at September 30, 2013

	Note	(Unaudited) 30 Sep, 2013 Rupees	(Audited) 30 Jun, 2013 Rupees
EQUITY & LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized share capital			
385,000,000 (30 June 2012: 385,000,000)			
Ordinary shares of Rupees 10 each		3,850,000,000	3,850,000,000
Issued, subscribed and paid up share capital		3,673,469,390	3,673,469,390
Unappropriated profit		3,366,328,910	3,596,282,092
		7,039,798,300	7,269,751,482
NON-CURRENT LIABILITIES			
Long term financing-Secured	5	11,545,903,817	11,836,995,051
CURRENT LIABILITIES			
Current portion of long term financing-Secured	5	1,101,624,980	1,061,065,742
Short term borrowings-secured		2,145,114,721	4,210,860
Trade and other payables		2,797,851,556	1,938,833,399
Accrued finance cost		419,800,930	519,651,065
		6,464,392,187	3,523,761,066
CONTINGENCIES AND COMMITMENTS	6		
TOTAL EQUITY AND LIABILITIES		25,050,094,304	22,630,507,599

The annexed notes form an integral part of this Condensed Interim Financial Information.

Director

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

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

	Note	(Unaudited) 30 Sep, 2013 Rupees	(Audited) 30 Jun, 2013 Rupees
ASSETS			
Non current assets			
Fixed assets	7	14,582,175,886	14,772,193,670
Long term loans to executive		897,737	381,506
Long term security deposits		105,000	105,000
		14,583,178,623	14,772,680,176
CURRENT ASSETS			
Stores and spares		886,076,228	675,127,598
Inventories		1,094,852,221	419,779,447
Trade debts		7,511,292,035	5,812,566,330
Advances, deposits, prepayments & other receivables		948,962,711	664,427,747
Income tax receivable		13,731,553	13,525,039
Derivative Financial Instruments		6,934,203	2,362,939
Cash and bank balances		5,066,731	270,038,323
		10,466,915,681	7,857,827,423
TOTAL ASSETS		25,050,094,304	22,630,507,599

Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

For the quarter ended September 30, 2013

	Note	30 Sep, 2013 Rupees	Restated 30 Sep, 2012 Rupees
SALES		6,550,383,739	5,262,146,524
COST OF SALES	8	5,551,325,483	3,977,017,196
GROSS PROFIT		999,058,256	1,285,129,328
ADMINISTRATIVE EXPENSES		24,294,699	18,139,391
OTHER OPERATING EXPENSES	9	56,377,020	1,008,000
		80,671,719	19,147,391
OTHER OPERATING INCOME		918,386,537	1,265,981,937
		7,235,448	53,457,067
PROFIT FROM OPERATIONS		925,621,985	1,319,439,004
FINANCE COST		420,881,299	718,074,025
PROFIT BEFORE TAXATION		504,740,685	601,364,979
PROVISION FOR TAXATION		-	2,415,446
PROFIT AFTER TAXATION		504,740,685	598,949,533
EARNINGS PER SHARE - BASIC	10	1.374	1.630
EARNINGS PER SHARE - DILUTED	10	1.374	1.630

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CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

For the quarter ended September 30, 2013

	30 Sep, 2013 Rupees	Restated 30 Sep, 2012 Rupees
PROFIT AFTER TAXATION	504,740,685	598,949,533
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME	504,740,685	598,949,533

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CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

For the quarter ended September 30, 2013

	Note	30 Sep, 2013 Rupees	Restated 30 Sep, 2012 Rupees
Cash (used in)/generated from operations	11	(1,530,731,108)	3,282,952,394
Long term security deposits-net		-	-
Retirement benefits paid		(126,063)	(397,661)
Finance cost paid		(520,731,434)	(747,016,845)
Taxes paid		(206,514)	-
		(521,064,011)	(747,414,506)
Net cash generated from/(used in) operating activities		(2,051,795,119)	2,535,537,888
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments against purchase of Property, plant and equipment - net		(103,271,259)	(763,728)
Proceeds from sale of property, plant and equipment		-	-
Profit on bank deposits received		369,196	218
Long term loans to executives- net		(516,231)	-
Net cash used in investing activities		(103,418,294)	(763,510)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(250,531,996)	(215,624,082)
Repayment of short term borrowing from holding company		-	(1,132,500,000)
Dividend paid		(130,046)	(308,235)
Net Cash used in financing activities		(250,662,042)	(1,348,432,317)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(2,405,875,455)	1,186,342,061
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		265,827,463	(5,789,955,725)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	12	(2,140,047,992)	(4,603,613,664)

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CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

For the quarter ended September 30, 2013

	Share capital	Unappropriated profit Restated	Total
		Rupees	
Balance as at 30 June 2012- Restated	3,673,469,390	2,328,177,918	6,001,647,308
Profit for the Period- Restated	-	598,949,533	598,949,533
Balance as at 30 September 2012- Restated	3,673,469,390	2,927,127,451	6,600,596,841
Total comprehensive income for the nine months ended June 30, 2013- Restated	-	2,138,542,408	2,138,542,408
Dividend to equity holders of the company:			
Final dividend for the year ended June 30, 2012 @ Rs. 2 per share	-	(734,693,878)	(734,693,878)
Interim dividend @ Rs. 2 per share	-	(734,693,878)	(734,693,878)
Balance as at June 30, 2013	3,673,469,390	3,596,282,103	7,269,751,493
Other comprehensive income for the for the quarter ended 30 September, 2013	-	504,740,685	504,740,685
2nd Interim dividend @ Rs. 2 per share	-	(734,693,878)	(734,693,878)
Balance as at quarter ended 30 September, 2013	3,673,469,390	3,366,328,910	7,039,798,300

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NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

For the quarter ended September 30, 2013

1. The company and its activities

Nishat Chunian Power Limited (the 'company') is a public limited company incorporated in Pakistan. The company is a subsidiary of Nishat (Chunian) Limited. The company's ordinary shares are listed on the Karachi 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 (NTDCL) for twenty five years which commenced 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 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 2013.

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 2013.

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 30 June 2013.

	(Un-audited) 30 Sep, 2013	(Audited) 30 Jun, 2013
	Rupees	Rupees
5 Long term finances - Secured		
Senior facility (Note 5.1)	10,196,007,894	10,398,126,373
Term finance facility (Note 5.2)	2,451,520,903	2,499,934,420
	12,647,528,797	12,898,060,793
Less: Current portion shown under current liabilities	1,101,624,980	1,061,065,742
	11,545,903,817	11,836,995,051

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

For the quarter ended September 30, 2013

	(Un-audited) 30 Sep, 2013 Rupees	(Audited) 30 Jun, 2013 Rupees
5.1 Senior facility		
Long term financing under mark-up arrangement obtained from following banks:		
National Bank of Pakistan - related party	1,755,072,080	1,789,863,401
Habib Bank Limited	2,350,405,974	2,396,998,777
Allied Bank Limited	2,350,405,974	2,396,998,777
United Bank Limited	2,350,405,973	2,396,998,776
Faysal Bank Limited	1,059,600,908	1,080,605,695
Summit Bank Limited	137,608,779	140,336,593
Sindh Bank Limited	192,508,206	196,324,354
	10,196,007,894	10,398,126,373
Less: Current portion shown under current liabilities	888,743,834	856,022,379
	9,307,264,060	9,542,103,994
5.2 Term finance facility		
Long term financing under mark-up arrangement obtained from following banks:		
National Bank of Pakistan - related party	421,988,071	430,321,643
Habib Bank Limited	565,130,067	576,290,459
Allied Bank Limited	565,130,066	576,290,458
United Bank Limited	565,130,067	576,290,459
Faysal Bank Limited	334,142,632	340,741,401
	2,451,520,903	2,499,934,420
Less: Current portion shown under current liabilities	212,881,146	205,043,363
	2,238,639,757	2,294,891,057

6 CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

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

- (i) Irrevocable standby letter of credit in favour of Wartsila Pakistan (Private) Limited for Rs 45,000,000 (30 June 2013: Rs 45,000,000) as required under the terms of the Operation and Maintenance Agreement.
- (ii) Letter of guarantee of Rs 4,031,988 (30 June 2013: 2,031,988) in favour of Director, Excise and Taxation, Karachi under direction of Sindh High Court in respect of suit filed for levy of infrastructure cess.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

For the quarter ended September 30, 2013

- (b) NEPRA has imposed on the Company, a liability of Calorific Value Refund to the Power Purchaser in the sum of Rs 243.70 million against Company's acknowledged liability of Rs 81.21 million . The Company filed review petition against the said decision before NEPRA which was heard on 26 March 2013 and decision is pending before Authority. Company also filed writ petition before Honourable Islamabad High court who ordered respondents to pass some appropriate orders in the matter of review petition, till then no coercive measure/ recovery/ adjustment shall be made in pursuance to the impugned order. Company has not provided provision for Rs 162.50 million on the pretext that there are enough grounds to believe that the decision will be in favor of the company.

	(Un-audited) 30 Sep, 2013 Rupees	(Audited) 30 Jun, 2013 Rupees
6.2 Commitments		
(i) Letter of credit other than for capital expenditure	122,314,878	202,410,806
7 Fixed Assets		
Operating fixed assets (Note 7.1)	14,578,841,136	14,768,739,670
Capital work-in-progress - advance to supplier	2,500,000	2,500,000
Intangible assets	834,750	954,000
	14,582,175,886	14,772,193,670
7.1 Operating fixed assets		
Opening written down value	14,768,739,670	15,824,496,605
Add: Additions during the period/year (Note 7.1.1)	103,271,259	47,106,151
	14,872,010,929	15,871,602,756
Less: Disposals during the period/year (at book value)	(3,462,504)	(126,397)
	14,868,548,425	15,871,476,359
Less: Depreciation charged during the period/year	(289,707,289)	(1,102,736,689)
	14,578,841,136	14,768,739,670
7.1.1 Following is the detail of additions during the period/year		
Factory building	-	1,126,206
Factory equipment	-	1,319,125
Plant & machinery	98,684,408	40,245,800
Electric installations	-	78,500
Office equipment	251,761	26,000
Furniture and fittings	-	64,500
Vehicles	4,335,090	4,246,020
	103,271,259	47,106,151

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

For the quarter ended September 30, 2013

	(Un-audited) 30 Sep, 2013 Rupees	Restated (Un-audited) 30 Sep, 2012 Rupees
8 COST OF SALES		
Raw material consumed	5,053,497,389	3,593,307,717
Salaries and other benefits	6,430,838	3,856,016
Operations and maintenance	88,629,060	69,545,197
Store, spares and loose tools consumed	46,053,147	22,402,302
Electricity consumed in - house	38,548	243,047
Insurance	49,328,429	40,285,012
Travelling and conveyance	708,014	532,926
Postage and telephone	227,713	361,093
Repair & Maintenance	348,241	56,337
Entertainment	123,829	91,432
Depreciation on operating fixed assets	288,865,775	244,911,889
Fee & Subscription	3,614,653	2,114,378
Miscellaneous	13,459,846	(690,150)
	5,551,325,483	3,977,017,196

9. Other operating expenses includes donations to Saleem Memorial Trust Hospital (SMTH) amounting to Rs. 40 million in which Mr. Shahzad Saleem, Chairman and Chief Executive, Mr. Yahya Saleem and Ms. Farhat Saleem are also directors. This donation is conditional upon obtaining of certain legal approvals in connection with the establishment of this charitable hospital. If these conditions could not be fulfilled within one year, the contribution will be returned to the donor.

	(Un-audited) 30 Sep, 2013 Rupees	Restated (Un-audited) 30 Sep, 2012 Rupees
10 EARNING/(LOSS) PER SHARE		
10.1 Basic earnings per share		
Net profit for the period (Rupees)	504,740,685	598,949,533
Weighted average number of ordinary shares (Number)	367,346,939	367,346,939
Earnings per share (Rupees)	1.374	1.630

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 30 September 2013 and 30 September 2012 which would have any effect on the earnings per share if the option to convert is exercised.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

For the quarter ended September 30, 2013

	(Un-audited) 30 Sep, 2013 Rupees	Restated (Un-audited) 30 Sep, 2012 Rupees
11 CASH (USED IN) / GENERATED FROM OPERATIONS		
Profit before taxation	504,740,685	601,364,979
Adjustments for non cash charges and other items:		
Depreciation on operating fixed assets	289,707,289	245,625,501
Amortization on intangible asset	119,250	119,250
Gain on sale of fixed assets	3,462,505	-
Profit on bank deposits	(207,333)	(218)
Unrealised (gain)/loss on derivative financial instrument	(4,571,264)	(38,071,306)
Provision for employee retirement benefits	518,043	397,661
Finance Cost	420,881,299	718,074,025
Profit before working capital changes	1,214,650,474	1,527,509,892
Effect on cash flow due to working capital changes:		
Increase in stores and spare parts	(210,948,630)	(25,098,017)
Increase in stock-in-trade	(675,072,774)	(112,363,980)
Increase in trade debts	(1,698,725,705)	1,301,134,639
increase in loans and advances & other receivables	(284,696,818)	(151,237,066)
Increase in current liability:		
Trade and other payables	124,062,344	743,006,926
	(2,745,381,583)	1,755,442,502
	(1,530,731,108)	3,282,952,394
	(Unaudited) 30 Sep, 2013 Rupees	(Audited) 30 Jun, 2013 Rupees
12 CASH AND CASH EQUIVALENTS		
Cash and bank balances	5,066,731	2,843,296
Short term borrowings - secured	(2,145,114,721)	(4,606,456,960)
	(2,140,047,992)	(4,603,613,664)

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

For the quarter ended September 30, 2013

13 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.

Relationship with the Company	Nature of transactions	(Un-audited)	(Un-audited)
		30 Sep, 2013	30 Sep, 2012
		Rupees	Rupees
(i) Holding Company	Short term loan acquired	-	860,000,000
	Short term loan repaid	-	1,992,500,000
	Mark up on short term loan	-	15,018,171
	Purchase of goods and services	4,991,406	450,000
(ii) Associated undertakings	Reimbursement of common lab expenses	45,412	-
(iii) Post employment benefit plan	Expense charged in respect of retirement benefit plan	518,043	397,661

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

14 Date of authorisation for issue

This Condensed Interim Financial Information was authorised for issue on 30 October 2013 by the Board of Directors of the company.

- 14.1 The Board of Directors has declared an interim dividend of Rupees 1.5 per ordinary share (30 September 2012: Rupees 0), amounting to Rs. 551,020,409 (30 September 2012: Rs. 0) at its meeting held on 30 October 2013. This condensed interim financial information does not include the effect of the above interim dividend which will be accounted for in the period in which it is declared.

Director

Director

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