

- 02 Company Information
- 03 Directors' Report
- 04 Condensed Interim Balance Sheet
- 06 Condensed Interim Profit and Loss Account
- 07 Condensed Interim Statement of Comprehensive Income
- 08 Condensed Interim Cash Flow Statement
- 09 Condensed Interim Statement of Changes in Equity
- 10 Notes to the Condensed Interim Financial Information

THIS PAGE
HAS BEEN
INTENTIONALLY
LEFT BLANK

COMPANY INFORMATION

Board of Directors

Mrs. Farhat Saleem
Director
Mr. Yahya Saleem
Chief Executive
Mr. Shahzad Saleem (Nominee NCL)
Chairman
Mr. Aftab Ahmad Khan
Director
Mr. Asad Farooq (Nominee ABL)
Director
Mr. Shahid Malik
Director
Mr. Wasif M. Khan
Director
Mr. Kamran Rasool
Director

Audit Committee:

Mr. Wasif M. Khan
Chairman
Mr. Aftab Ahmad Khan
Member
Mr. Shahid Malik
Member

HR & R Committee:

Mr. Shahzad Saleem
Chairman
Mr. Aftab Ahmad Khan
Member
Mr. Kamran Rasool
Member

Chief Financial Officer:

Ms. Sonia Karim

Head Of Internal Audit:

Mr. Muhammad Ibraheem Saleem

Company Secretary:

Mr. Babar Ali Khan

Bankers to the Company:

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
Burj Bank Limited
The Bank of Punjab
Dubai Islamic Bank Limited
Barclays Bank PLC Pakistan
Allied Bank Limited
Habib Metropolitan Bank Limited
Al Baraka Bank (Pakistan) Limited
Meezan Bank Limited

Auditors:

A.F. Ferguson & Co. Chartered
Accountants

Legat Advisers:

Raja Muhammad Akram & Co.
Advocates & Legal Consultants

Cornelius Lane & Mufti
Advocates & Solicitors

Registered & Head Office:

31-Q Gulberg-II
Lahore-Pakistan
Phone: 35761730-39
Fax: 35878696-97
www.nishat.net

Share Registrar:

Hameed Majeed Associates (Pvt) Limited
7-Bank Square, Lahore.
Ph: 042-37235081-2
Fax: 042-37358817

Plant:

66-km, Multan Road, Pattoki
Kasur,

DIRECTORS' REPORT

Dear Shareholders

The board of directors is pleased to present the Condensed Interim Financial Information of the company for the quarter ended September 30, 2014. For the quarter, Turnover was Rs. 6.860 billion with an after tax profit of Rs. 711 million and earnings per share (EPS) of Rs. 1.935.

Circular debt still presents a major challenge to the companies operating in the power sector. The "National Transmission and Despatch Company Limited" (NTDCL) has consistently been unable to meet its obligations to make timely payments to the company.

As on September 30, 2014, total receivables from NTDCL were Rs 11.144 billion out of which Rs 5.237 billion were overdue. The company continues to take up the matter of overdue receivables not only with NTDCL but also with the Ministry of Water and Power of the Government of Pakistan through Private Power & Infrastructure Board (PPIB)

During quarter ended September 30, 2014, availability of the plant was 92.75% with a capacity factor of 87.73%.

For and on behalf of the Board

Yahya Saleem (CEO)

Date: October 29, 2014
Lahore.

CONDENSED INTERIM BALANCE SHEET

As at September 30, 2014

	NOTE	Un-audited September 30, 2014	Audited June 30, 2014
Rupees			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 385,000,000 (30 June 2013: 385,000,000)		3,850,000,000	3,850,000,000
Ordinary shares of Rupees 10 each			
Issued, subscribed and paid up share capital		3,673,469,390	3,673,469,390
Unappropriated profit		4,085,513,398	3,374,592,028
		7,758,982,788	7,048,061,418
NON-CURRENT LIABILITIES			
Long term financing-Secured	5	10,265,934,007	10,604,150,775
CURRENT LIABILITIES			
Current portion of long term financing-Secured	5	1,279,969,746	1,232,844,273
Short term borrowings-secured		6,240,567,455	5,698,837,812
Trade and other payables		1,987,843,859	2,306,600,169
Derivative Financial Instruments		4,028,479	-
Accrued finance cost		553,633,195	507,966,208
		10,066,042,734	9,746,248,462
CONTINGENCIES AND COMMITMENTS			
	6		
		28,090,959,529	27,398,460,655

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

Chief Executive

04

	NOTE	Un-audited September 30, 2014	Audited June 30, 2014
Rupees			
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	7	13,819,203,286	14,116,423,362
Long term loans		80,541	419,499
Long term security deposits		105,000	105,000
		13,819,388,827	14,116,947,861
CURRENT ASSETS			
Stores and spares		920,538,337	916,391,733
Stock-in-trade		1,398,133,886	431,070,568
Trade debts		10,570,183,421	10,199,010,015
Advances, deposits, prepayments, & other receivables		850,171,505	676,051,026
Income tax receivable		15,892,525	15,670,781
Cash and bank balances		516,651,028	1,043,318,671
		14,271,570,702	13,281,512,794
		28,090,959,529	27,398,460,655

Director

05

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)

For the Quarter Ended September 30, 2014

	Note	September 30, 2014	September 30, 2013
Rupees			
Sales		6,859,936,752	6,550,383,739
Cost of sales	8	5,581,256,520	5,551,325,483
GROSS PROFIT		1,278,680,232	999,058,256
Administrative expenses		29,366,959	24,294,699
Other operating expenses		9,952,479	56,377,020
		39,319,438	80,671,719
		1,239,360,794	918,386,537
Other operating income		8,768,733	7,235,448
PROFIT FROM OPERATIONS		1,248,129,527	925,621,985
Finance cost		537,208,157	420,881,299
PROFIT BEFORE TAXATION		710,921,370	504,740,685
Provision for taxation		-	-
PROFIT AFTER TAXATION		710,921,370	504,740,685
Earnings per share - basic	9	1.935	1.374
Earnings per share - diluted	9	1.935	1.374

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

Chief Executive

Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)

For the Quarter Ended September 30, 2014

	September 30, 2014	September 30, 2013
Rupees		
Profit after taxation	710,921,370	504,740,685
Other comprehensive income	-	-
Total comprehensive income	710,921,370	504,740,685

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

CHIEF EXECUTIVE

DIRECTOR

CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited)

For the Quarter Ended September 30, 2014

Note	September 30, 2014	September 30, 2013	
Rupees			
CASH GENERATED FROM / (USED IN) OPERATIONS	10	265,973,885	(1,530,731,108)
Retirement benefits paid	(717,680)	(126,063)	
Finance cost paid	(491,541,170)	(520,731,434)	
Taxes paid	-	(206,514)	
	(492,258,850)	(521,064,011)	
Net cash used in operating activities	(226,284,965)	(2,051,795,119)	
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments against purchase of Property, plant and equipment - net	(2,159,208)	(103,271,259)	
Proceeds from sale of property, plant and equipment	997,899	-	
Profit on bank deposits received	198,837	369,196	
Long term loans to executives- net	338,958	(516,231)	
Net cash used in investing activities	(623,514)	(103,418,294)	
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing	(291,091,295)	(250,531,996)	
Dividend paid	(550,397,512)	(130,046)	
Net Cash used in financing activities	(841,488,807)	(250,662,042)	
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,068,397,286)	(2,405,875,455)	
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	(4,655,519,141)	265,827,463	
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	11	(5,723,916,427)	(2,140,047,992)

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

Chief Executive

Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)

For the Quarter Ended September 30, 2014

	SHARE CAPITAL	UNAPPROPRIATED PROFIT	TOTAL
Rupees			
Balance as on 1 July 2013 (Audited)	3,673,469,390	3,596,282,092	7,269,751,482
Total comprehensive income for the year ended June 30, 2014	-	2,900,758,908	2,900,758,908
Dividend to equity holders of the company:			
2nd Interim dividend 2013 @ Rs. 2 per share	-	(734,693,878)	(734,693,878)
Final dividend 2013 @ Rs. 2 per share	-	(734,693,878)	(734,693,878)
1st Interim dividend 2014 @ Rs. 1.5 per share	-	(551,020,398)	(551,020,398)
2nd Interim dividend 2014 @ Rs. 1.5 per share	-	(551,020,409)	(551,020,409)
3rd Interim dividend 2014 @ Rs. 1.5 per share	-	(551,020,409)	(551,020,409)
Balance as at 30 June, 2014 (Audited)	3,673,469,390	3,374,592,028	7,048,061,418
Balance as on 1 July 2014 (Audited)	3,673,469,390	3,374,592,028	7,048,061,418
Total comprehensive income for the quarter ended 30 September 2014	-	710,921,370	710,921,370
Balance as at 30 September 2014 (Un-audited)	3,673,469,390	4,085,513,398	7,758,982,788

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

CHIEF EXECUTIVE

DIRECTOR

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the Quarter Ended September 30, 2014

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, Lahore and Islamabad Stock Exchanges.

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 and 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 2014.

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 2014.

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 2014

5 LONG TERM FINANCING - SECURED

	Un-Audited September 30, 2014 Rupees	Audited June 30, 2014 Rupees
Senior facility (Note 5.1)	9,307,264,002	9,542,103,996
Term finance facility (Note 5.2)	2,238,639,751	2,294,891,052
	11,545,903,753	11,836,995,048
Less: Current portion shown under current liabilities	1,279,969,746	1,232,844,273
	10,265,934,007	10,604,150,775

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the Quarter Ended September 30, 2014

5.1 Senior facility

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

	Un-Audited September 30, 2014 Rupees	Audited June 30, 2014 Rupees
National Bank of Pakistan	1,602,089,657	1,642,513,501
Habib Bank Limited	2,145,530,752	2,199,666,664
Allied Bank Limited	2,145,530,752	2,199,666,664
United Bank Limited	2,145,530,751	2,199,666,663
Faysal Bank Limited	967,239,851	991,645,194
Summit Bank Limited	125,559,266	128,783,298
Sindh Bank	175,782,973	180,162,012
	9,307,264,002	9,542,103,996
Less: Current portion shown under current liabilities	1,032,624,750	994,605,938
	8,274,639,252	8,547,498,058

5.2 Term finance facility

	Un-Audited September 30, 2014 Rupees	Audited June 30, 2014 Rupees
National Bank of Pakistan	385,344,164	395,026,877
Habib Bank Limited	516,056,230	529,023,404
Allied Bank Limited	516,056,229	529,023,404
United Bank Limited	516,056,230	529,023,404
Faysal Bank Limited	305,126,898	312,793,963
	2,238,639,751	2,294,891,052
Less: Current portion shown under current liabilities	247,344,996	238,238,335
	1,991,294,755	2,056,652,717

6 CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

(i) National Electric Power Regulatory Authority (NEPRA) issued an order dated 8th February, 2013 through which it has raised a demand of Rs 243.702 million payable by the company to NTDC for the period upto June 30, 2011 in respect of Calorific Value ('CV') adjustment on fuel consumed for power generation as per the terms of the PPA and various CV adjustment mechanisms prescribed by NEPRA. The first such CV adjustment mechanism was announced by NEPRA in March 2009 and as per this mechanism, the company has already made a provision of Rs 81.211 million in its financial statements for the above CV adjustment. In July 2011, NEPRA revised its CV adjustment mechanism and directed all Independent Power Producers ('IPPs') to maintain consignment-wise CV record of the fuel received and consumed for power generation. Consequently, the company started maintaining such CV record after such direction was received from NEPRA.

NEPRA directed the company to submit consignment-wise record of CV for the period upto June 30, 2011. The company disputed such direction as it was not required to maintain consignment-wise record prior to July 2011. However, NEPRA computed retrospectively and determined Rs 243.702 million payable by the company to NTDC for the period upto June 30, 2011 in respect of CV adjustment on the basis of the mechanism directed by it in July 2011. The company filed a Motion for Leave for Review before NEPRA requesting it to reconsider its decision, which was decided against the company. Consequently, the company filed a writ petition before the Islamabad High Court against NEPRA's decision on the grounds that change in CV adjustment mechanism in July 2011 cannot be applied retrospectively and credible information is also not available from any source upon which CV adjustment computations can be made. The case is pending adjudication before Islamabad High Court.

Based on the advice of the company's legal counsel, management feels that there are meritorious grounds to support the company's stance and the aforesaid NEPRA's decision is likely to be revoked. Under these circumstances, no provision of the balance amount of Rs 162.491 million has been made in this condensed interim financial information.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the Quarter Ended September 30, 2014

- (ii) During the current year, a sales tax demand of Rs. 1,161,548 million was raised against the company through order dated November 28, 2013 by the Assistant Commissioner Inland Revenue ('ACIR') by disallowing input sales tax for the tax periods from July 2010 to June 2012. Such amount was disallowed on the grounds that the revenue derived by the company on account of 'capacity purchase price' was against a non-taxable supply and thus, the entire amount of input sales tax claimed by the company was required to be apportioned with only the input sales tax attributable to other revenue stream i.e. 'energy purchase price' admissible to the company. Against the aforesaid order, the company preferred an appeal before the Commissioner Inland Revenue (Appeals) ('CIR(A)') who vacated the ACIR's order on the issue regarding apportionment of input sales tax. However, the CIR(A) did not adjudicate upon the company's other grounds of appeal. Consequently, the company preferred an appeal before Appellate Tribunal Inland Revenue ('ATIR') in the issue not adjudicated upon by the CIR(A) and the department also preferred a second appeal before the ATIR against the CIR(A)'s order, which are both pending adjudication.

Based on the advice of the company's legal counsel, management believes that there are meritorious grounds to defend the company's stance in respect of the above-mentioned input sales tax claimed by the company. Consequently, no provision has been made in this condensed interim financial information.

(ii) **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 (30 June 2014: Rs 45,000,000) as required under the terms of the Operation and Maintenance Agreement.
- (b) Letter of guarantee of Rs 6,031,988 (30 June 2014: 5,031,988) in favour of Director, Excise and Taxation, Karachi under direction of Sindh High Court in respect of suit filed for levy of infrastructure cess.
- (c) Standby letter of credit in favour of Hascol Petroleum Limited for Rs 388,125,000 (2014:Rs 781,357,500) in order to secure payment against liability of the company towards Hascol Petroleum Limited in respect of import of furnace oil.
- (d) Letter of guarantee of Rs 65,076,000 (2014: Rs 65,076,000) in favour of Punjab Power Development Board, Energy Department, Government of the Punjab, Lahore, in respect of issuance of Letter of Interest to the company to set up a 660 MW Imported Coal Fired Power Plant in Jhang, Punjab.

	Un-Audited September 30, 2014 Rupees	Audited June 30, 2014 Rupees
6.2 Commitments		
Letter of credit other than for capital expenditure	157,787,603	262,653,932
7 Fixed Assets		
Operating fixed assets	13,814,720,666	14,111,679,041
Capital work-in-progress-Advance to supplier	4,124,870	4,267,321
Intangible assets	357,750	477,000
	<u>13,819,203,286</u>	<u>14,116,423,362</u>
7.1 Operating fixed assets		
Opening written down value	14,111,679,041	18,038,232,343
Add: Additions during the period/year (Note 7.1.1)	2,301,659	514,908,597
	<u>14,113,980,700</u>	<u>18,553,140,940</u>
Less: Disposals during the period/year (at book value)	(363,476)	(451,876,687)
	<u>14,113,617,224</u>	<u>18,101,264,253</u>
Less: Depreciation charged during the period/year	(298,896,558)	(3,989,585,212)
	<u>13,814,720,666</u>	<u>14,111,679,041</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the Quarter Ended September 30, 2014

	Un-Audited September 30, 2014 Rupees	Audited June 30, 2014 Rupees
7.1.1 Following is the detail of additions during the period/year		
Factory building	-	7,781,000
Plant & machinery	-	470,390,950
Office equipment	143,479	1,244,383
Vehicles	2,158,180	35,492,264
	<u>2,301,659</u>	<u>514,908,597</u>

	Un-Audited September 30, 2014 Rupees	Un-Audited September 30, 2013 Rupees
8 COST OF SALES		
Raw material consumed	5,083,813,796	5,053,497,389
Salaries and other benefits	8,430,048	6,430,838
Operations and maintenance	98,786,166	88,629,060
Store, spares and loose tools consumed	45,998,448	46,053,147
Electricity consumed in - house	27,540	38,548
Insurance	42,541,547	49,328,429
Travelling and conveyance	822,328	708,014
Postage and telephone	529,442	227,713
Repair & Maintenance	364,324	348,241
Entertainment	160,426	123,829
Depreciation on operating fixed assets	296,420,095	288,865,775
Fee & Subscription	2,776,107	3,614,653
Miscellaneous	586,253	13,459,846
	<u>5,581,256,520</u>	<u>5,551,325,483</u>

9 EARNING/(LOSS) PER SHARE

9.1 Basic earnings per share

Net profit for the period (Rupees)	710,921,370	504,740,685
Weighted average number of ordinary shares	367,346,939	367,346,939
Earnings per share (Rupees)	1.935	1.374

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 2014 and 30 September 2013 which would have any effect on the earnings per share if the option to convert is exercised.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the Quarter Ended September 30, 2014

	Un-Audited September 30, 2014 Rupees	Un-Audited September 30, 2013 Rupees
10 CASH GENERATED / (USED IN) FROM OPERATIONS		
Profit before taxation	710,921,370	504,740,685
Adjustments for non cash charges and other items:		
Depreciation on operating fixed assets	298,896,558	289,707,289
Amortization on intangible asset	119,250	119,250
(Gain) / Loss on disposal of fixed assets	(634,422)	3,462,505
Profit on bank deposits	(202,992)	(207,333)
Unrealised loss / (Gain) on derivative financial instrument	4,028,479	(4,571,264)
Provision for employee retirement benefits	717,680	518,043
Finance Cost	537,208,157	420,881,299
Profit before working capital changes	1,551,054,080	1,214,650,474
Effect on cash flow due to working capital changes:		
Increase in stores and spare parts	(4,146,604)	(210,948,630)
Increase in stock-in-trade	(967,063,318)	(675,072,774)
Increase in trade debts	(371,173,406)	(1,698,725,705)
Increase in loans and advances & other receivables	(174,338,067)	(284,696,818)
Increase in trade and other payables	231,641,200	124,062,344
	(1,285,080,195)	(2,745,381,583)
	265,973,885	(1,530,731,108)

11 CASH AND CASH EQUIVALENTS

	Un-audited September 30, 2014 Rupees	Audited June 30, 2014 Rupees
Cash and bank balances	516,651,028	1,043,318,671
Short term borrowings - secured	(6,240,567,455)	(5,698,837,812)
	(5,723,916,427)	(4,655,519,141)

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.

Relationship with the Company	Nature of transactions	Un-audited September 30, 2014 Rupees	Un-audited September 30, 2013 Rupees
(i) Holding Company	Purchase of goods & services	4,972,931	4,991,406
(ii) Associated Undertakings	Reimbursement of common lab etc expenses etc.	-	45,412
(iii) Post employment benefit plan	Expense charged in respect of retirement benefit plan	717,680	518,043

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

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the Quarter Ended September 30, 2014

13 Date of authorisation for issue

This Condensed Interim Financial Information was authorised for issue on October 29, 2014 by the Board of Directors of the Company.

- 13.1 The Board of Directors has declared an interim dividend of Rs. 1.5 per ordinary share (Sep 30, 2013: Rs. 1.5), amounting to Rs. 551,020,409 (Sep 30, 2013: 551,020,409) at its meeting held on October 29, 2014. 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.

Chief Executive

Director