



NISHAT POWER LIMITED

HALF YEARLY REPORT
For the Half Year Ended
31 December 2015



CONTENTS

Nishat Power Limited	Page No.
Corporate Profile	3
Directors' Report	5
Auditors' Report to the Members on Review of Interim Financial Information	7
Condensed Interim Balance Sheet	8-9
Condensed Interim Profit and Loss Account	10
Condensed Interim Statement of Comprehensive Income	11
Condensed Interim Cash Flow Statement	12
Condensed Interim Statement of Changes in Equity	13
Selected Notes to the Condensed Interim Financial Information	14



CORPORATE PROFILE

BOARD OF DIRECTORS	Mian Hassan Mansha Mr. Khalid Qadeer Qureshi Mr. Ahmad Aqeel Mr. Asad Farooq Mr. Saeed Ahmed Alvi Mr. Mahmood Akthar Mr. Shahzad Ahmad Malik	Chief Executive/Director Chairman
AUDIT COMMITTEE	Mr. Khalid Qadeer Qureshi Mr. Shahzad Ahmad Malik Mr. Ahmad Aqeel	Member Member / Chairman Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	Mr. Saeed Ahmad Alvi Mian Hassan Mansha Mr. Khalid Qadeer Qureshi	Member/Chairman Member Member
CHIEF FINANCIAL OFFICER	Mr. Tanvir Khalid	
COMPANY SECRETARY	Mr. Khalid Mahmood Chohan	
BANKERS OF THE COMPANY	Habib Bank Limited United Bank Limited Allied Bank Limited National Bank of Pakistan Bank Alfalah Limited Faysal Bank Limited Askari Bank Limited Habib Metropolitan Bank Limited Soneri Bank Limited Silk Bank Limited BankIslami Pakistan Limited Meezan Bank Limited HSBC Bank Middle East Limited Dubai Islamic Bank Pakistan Limited Burj Bank Limited Albaraka Bank Pakistan Limited First Women Bank Limited The Bank of Punjab MCB Bank Limited Pak Kuwait Investment Co. Limited Pak Brunei Investment Co. Limited	
AUDITORS	A. F. Ferguson & Co. Chartered Accountants	
LEGAL ADVISOR	Cornelius, Lane & Mufti Advocates & Solicitors	

REGISTERED OFFICE

53 - A, Lawrence Road, Lahore - Pakistan
UAN: 042-111-11-33-33

HEAD OFFICE

1-B, Aziz Avenue, Canal Bank,
Gulberg-V, Lahore - Pakistan
Tel: +92-42-35717090-96, 35717159-63
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Website: www.nishatpower.com

SHARE REGISTRAR

Hameed Majeed Associates (Pvt.) Ltd.
Financial & Management Consultants
H.M. House, 7-Bank Square, Lahore - Pakistan.
Tel: 042-37235081-2

PLANT

66-K.M, Multan Road, Jambar Kalan,
Tehsil Pattoki, District Kasur, Punjab - Pakistan.

DIRECTORS' REPORT

The Board of Directors of Nishat Power Limited (the Company) is pleased to present their report together with the Condensed Interim Financial Information for the half year ended December 31, 2015 subject to limited review by external auditors.

FINANCIAL AND OPERATIONAL RESULTS:

During the period, the Company had turnover of Rs 8,490 million (Dec 2014: Rs 13,438 million), against operating cost of Rs 6,281 million (Dec 2014: Rs 10,612 million) resulting in a gross profit of Rs 2,209 million (December 2014: Rs 2,826 million). The Company earned profit before tax of Rs 1,664 million compared to Rs 1,903 million in the same period last year.

The current period's net profit after tax amounts to Rs 1,664 million resulting earnings per share of Rs 4.69 compared to profit after tax of Rs 1,903 million and earnings per share of Rs 5.37 in the same period last year.

Included in trade debts is an amount of Rs 816 million deducted by National Transmission & Dispatch Company Limited ('NTDCL') from the Capacity Purchase Price invoices. Please refer note 9 to this Condensed Interim Financial Information for further details. Based on the advice of the company's legal counsel and Expert's determination, management feels that such amounts are likely to be recovered. Consequently, no provision for the abovementioned amount has been made in this Condensed Interim Financial Information.

NTDCL continues to default on its payment obligations. The Company took up the matter with NTDCL and Private Power & Infrastructure Board ('PPIB') by giving notices of default pursuant to provisions of Power Purchase Agreement and Implementation Agreement. Total receivables from NTDCL on December 31, 2015 stand at Rs 8,014 million (June 2015: Rs 8,050 million), out of which overdue receivables are Rs 6,639 million (June 2015: Rs 5,584 million).

The plant operated at optimal efficiency and dispatched 703 GWh of electricity to its customer NTDCL during the period, with 81.55% average capacity factor.

Operations & Maintenance Agreement ('OMA') with Wartsila Pakistan (Pvt) Limited has expired on December 31, 2015 and the management has opted not to renew the OMA and have hired experienced staff of Wartsila to manage operations and maintenance of the plant with effect from January 01, 2016.

DIVIDENDS

The directors have recommended an interim cash dividend of 20% i.e. Rupees 2 per ordinary share, amounting to Rs 708.177 million.

ACKNOWLEDGEMENTS

The board appreciates the efforts of the Company's workforce.



Chief Executive Officer

Lahore: February 19, 2016

مجلس نضمام کی رپورٹ:

نشاط پاور لمیٹڈ (کمپنی) کی مجلس نضمام 31 دسمبر 2015 مختتمہ ششماہی کے لئے بیرونی محاسب کی طرف سے نظر ثانی کئے ہوئے عبوری مالیاتی گوشوارے کی رپورٹ پیش کرتی ہے۔

مالیاتی اور کاروباری نتائج:

حالیہ مدت کے دوران کمپنی کو 6,281 ملین روپے (دسمبر 2014: 10,612 ملین روپے) کی کاروباری لاگت کے عوض 8,490 ملین روپے (دسمبر 2014: 13,438 ملین روپے) کی وصولیاں ہوئیں، جس کے نتیجے میں 2,209 ملین روپے (دسمبر 2014: 2,826 ملین روپے) کا مجموعی منافع ہوا۔ کمپنی نے گزشتہ سال اسی مدت میں 1,903 ملین روپے کے مقابلے میں 1,664 ملین روپے قبل از ٹیکس منافع کمایا۔

گزشتہ سال کی اسی مدت میں 5.37 روپے فی حصص آمدن اور 1,903 ملین روپے قبل از ٹیکس منافع کے مترادف 4.69 روپے فی حصص آمدن اور 1,664 ملین روپے قبل از ٹیکس خالص منافع ہوا۔

تجارتی وصولیوں میں نیشنل ٹرانسمیشن اینڈ ڈسٹریبیوٹن کمپنی لمیٹڈ ('NTDCL') کی طرف سے Capacity Purchase Price میں منہا کردہ 816 ملین روپے کی رقم شامل ہے۔ مزید تفصیلات کے لیے ان عبوری مالیاتی گوشوارے کا نوٹ 9 ملاحظہ کریں۔ کمپنی کے قانونی وکیل کے مشورہ اور ایکسپرسٹ کے تعین کے مطابق انتظامیہ محسوس کرتی ہے کہ ایسی رقوم کی واپسی کا امکان ہے۔ چنانچہ اس مجموعی مالیاتی گوشوارے میں مذکورہ بالا رقم کے لئے کوئی Provision نہیں رکھی گئی ہے۔

NTDCL اپنی ادائیگی کی ذمہ داریوں پر مسلسل نادرہنگی پر کاربند ہے۔ کمپنی نے بجلی کی خریداری کے معاہدے اور Implementation Agreement کے تحت NTDCL اور پرائیویٹ پاور اینڈ انفراسٹرکچر بورڈ ('پنی پی آئی بی') کے ہاں معاملہ اجاگر کیا ہے۔ 31 دسمبر 2015 کو NTDCL سے کل واجب الوصول 8,014 ملین روپے (جون 2015: 8,050 ملین روپے) ہے، جن میں سے 6,639 ملین روپے (جون 2015: 5,584 ملین روپے) کی واجب الوصول رقم خارج المعیاد ہے۔

حالیہ مدت کے دوران پلانٹ زیادہ سے زیادہ باکفایت کارکردگی پر چلایا گیا اور اپنے صارف NTDCL کو اوسط 81.55 فیصد صلاحیت کے ساتھ 703GWh بجلی ترسیل کی گئی۔

واٹرٹیل پاکستان (پرائیویٹ) لمیٹڈ کے ساتھ Operations & Maintenance Agreement ('OMA') 31 دسمبر 2015 کو ختم ہو گیا ہے اور انتظامیہ نے OMA کی تجدید نہیں کی اور پلانٹ کے آپریشن اور دیکھ بھال کا انتظام کرنے کے لئے کم جنوری 2016 سے واٹرٹیل کے تجربہ کار عملے کی خدمات حاصل کر لی ہیں۔

منافع منقسمہ

مجلس نضمام نے 20 فیصد عبوری نقد منافع منقسمہ یعنی کہ 2 روپے فی عام حصص 708.177 ملین روپے رقم کی سفارش کی ہے۔

اظہار تشکر

بورڈ کمپنی کی افرادی قوت کی کوششوں کی تعریف کرتا ہے۔

برائے اور منجانب بورڈ آف ڈائریکٹرز

چیف ایگزیکٹو آفیسر

لاہور: 19 فروری، 2016

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of Nishat Power Limited as at December 31, 2015 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the half year then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2014 and 2015 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2015.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended December 31, 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of matter

Without qualifying our conclusion, we draw attention to note 9 to the interim financial information, which describes the matter regarding recoverability of certain trade debts.

Chartered Accountants,

Lahore: February 19, 2016

Engagement Partner: Amer Raza Mir

In case of any discrepancy on the Company's website, the auditors shall only be responsible in respect of the information contained in the hard copies of the audited financial statements available at the Company's registered office.

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

As at December 31, 2015

	Note	Un-audited December 31, 2015 (Rupees in thousand)	Audited June 30, 2015
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised share capital 500,000,000 (June 30, 2015: 500,000,000) ordinary shares of Rs 10 each		5,000,000	5,000,000
Issued, subscribed and paid up share capital 354,088,500 (June 30, 2015: 354,088,500) ordinary shares of Rs 10 each		3,540,885	3,540,885
Revenue reserve: Un-appropriated profit		8,762,121	8,072,183
		12,303,006	11,613,068
NON-CURRENT LIABILITY			
Long term financing - secured	6	7,645,584	8,376,351
CURRENT LIABILITIES			
Current portion of long term financing - secured	6	1,408,551	1,306,427
Short term borrowings - secured		-	932,163
Trade and other payables		484,291	531,198
Accrued finance cost		219,200	270,493
		2,112,042	3,040,281
CONTINGENCIES AND COMMITMENTS			
	7		
		22,060,632	23,029,700

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.


CHIEF EXECUTIVE

	Note	Un-audited December 31, 2015	Audited June 30, 2015
(Rupees in thousand)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	11,905,580	12,318,559
Long term investment		1,002	1,299
Long term loans and advances		3,655	1,264
		11,910,237	12,321,122
CURRENT ASSETS			
Stores, spares and loose tools		527,331	605,756
Inventories		484,808	1,268,908
Trade debts	9	8,014,051	8,049,605
Advances, deposits, prepayments and other receivables		615,153	671,874
Income tax receivable		12,420	8,954
Cash and bank balances		496,632	103,481
		10,150,395	10,708,578
		22,060,632	23,029,700


DIRECTOR

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2015

	Note	Quarter ended		Half year ended	
		December 31, 2015 (Rupees in thousand)	December 31, 2014 (Rupees in thousand)	December 31, 2015 (Rupees in thousand)	December 31, 2014 (Rupees in thousand)
Sales		3,961,693	6,421,926	8,490,286	13,438,306
Cost of sales	10	(2,968,982)	(4,853,742)	(6,280,700)	(10,612,401)
Gross profit		992,711	1,568,184	2,209,586	2,825,905
Administrative expenses		(48,614)	(44,322)	(99,713)	(90,001)
Other expenses		(1,327)	-	(1,327)	(89)
Other income		11,364	4,633	18,233	7,458
Finance cost		(220,429)	(417,305)	(462,800)	(840,483)
Share of loss of associate		-	-	(297)	(111)
Profit before taxation		733,705	1,111,190	1,663,682	1,902,679
Taxation		-	-	-	-
Profit for the period		733,705	1,111,190	1,663,682	1,902,679
Earnings per share - basic and diluted (in Rupees)		2.072	3.138	4.698	5.373

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.


CHIEF EXECUTIVE


DIRECTOR

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2015

	Quarter ended		Half year ended	
	December 31, 2015 (Rupees in thousand)	December 31, 2014	December 31, 2015 (Rupees in thousand)	December 31, 2014
Profit for the period	733,705	1,111,190	1,663,682	1,902,679
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Items that will not be reclassified subsequently to profit or loss	-	-	-	-
	-	-	-	-
Total comprehensive income for the period	733,705	1,111,190	1,663,682	1,902,679

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.


CHIEF EXECUTIVE


DIRECTOR

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2015

	Note	Half year ended	
		December 31, 2015	December 31, 2014
(Rupees in thousand)			
Cash flows from operating activities			
Cash generated from operations	11	3,513,473	4,561,243
Finance cost paid		(514,093)	(880,505)
Income tax (paid)/refunded - net		(3,466)	22,487
Long term loans and advances - net		(2,391)	-
Retirement benefits paid		(4,606)	(2,377)
Net cash inflow from operating activities		2,988,917	3,700,848
Cash flows from investing activities			
Purchase of property, plant and equipment		(71,970)	(21,484)
Proceeds from disposal of operating fixed assets		484	74
Long term investment purchased		-	(2,500)
Profit on bank deposits received		12,865	5,797
Net cash outflow from investing activities		(58,621)	(18,113)
Cash flows from financing activities			
Repayment of long term financing		(628,643)	(777,193)
Dividend paid		(976,339)	(953,729)
Net cash outflow from financing activities		(1,604,982)	(1,730,922)
Net increase in cash and cash equivalents		1,325,314	1,951,813
Cash and cash equivalents at the beginning of the period		(828,682)	(2,002,603)
Cash and cash equivalents at the end of the period	12	496,632	(50,790)

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.


CHIEF EXECUTIVE


DIRECTOR

CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2015

	Share capital	Revenue reserve: Un-appropriated profit	Total
(Rupees in thousand)			
Balance as on July 01, 2014 (audited)	3,540,885	6,814,438	10,355,323
Profit for the period	-	1,902,679	1,902,679
Other comprehensive income for the period	-	-	-
Total comprehensive income for the half year ended December 31, 2014	-	1,902,679	1,902,679
Dividend to equity holders of the company:			
Final dividend for the year ended June 30, 2014 @ Rupee 1 per ordinary share	-	(354,089)	(354,089)
Interim dividend @ Rupee 1 per ordinary share	-	(354,089)	(354,089)
Total contributions by and distributions to owners of the company recognised directly in equity	-	(708,178)	(708,178)
Balance as on December 31, 2014 (un-audited)	3,540,885	8,008,939	11,549,824
Balance as on July 01, 2015 (audited)	3,540,885	8,072,183	11,613,068
Profit for the period	-	1,663,682	1,663,682
Other comprehensive income for the period	-	-	-
Total comprehensive income for the half year ended December 31, 2015	-	1,663,682	1,663,682
Dividend to equity holders of the company:			
Final dividend for the year ended June 30, 2015 @ Rupees 1.75 per ordinary share	-	(619,655)	(619,655)
Interim dividend @ Rupee 1 per ordinary share	-	(354,089)	(354,089)
Total contributions by and distributions to owners of the company recognised directly in equity	-	(973,744)	(973,744)
Balance as on December 31, 2015 (un-audited)	3,540,885	8,762,121	12,303,006

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.


CHIEF EXECUTIVE


DIRECTOR

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2015

1. THE COMPANY AND ITS ACTIVITIES

Nishat Power Limited (the 'company') is a public limited company incorporated in Pakistan. The company is a subsidiary of Nishat Mills Limited. The company's ordinary shares are listed on the Karachi Stock Exchange Limited and Lahore Stock Exchange Limited (now merged as Pakistan 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 in Jamber Kalan, Tehsil Pattoki, District Kasur, Punjab, Pakistan. The address of the registered office of the company is 53-A, Lawrence Road, Lahore. The company has a Power Purchase Agreement ('PPA') with its sole customer, National Transmission and Dispatch Company Limited ('NTDC') for twenty five years which commenced from June 09, 2010.

2. BASIS OF PREPARATION

This condensed interim financial information is un-audited 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. The figures for the half year ended December 31, 2015 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance. 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 June 30, 2015.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 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 June 30, 2015.

3.2 Initial application of standards, amendments or an interpretation to existing standards

The following amendments to existing standards have been published that are applicable to the company's financial statements covering annual periods, beginning on or after the following dates:

3.2.1 Standards, amendments and interpretations to approved accounting standards that are effective in the current period

Certain standards, amendments and interpretations to approved accounting standards are effective in the current year but are considered not to be relevant or to have any significant effect on the company's operations and are, therefore, not detailed in this condensed interim financial information.

3.2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the company

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the company's accounting periods beginning on or after January 1, 2016 but are considered not to be relevant or to have any significant effect on the company's operations and are, therefore, not detailed in this condensed interim financial information.

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 June 30, 2015.

5. FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the company's annual financial statements as at June 30, 2015.

There have been no changes in the risk management department since year end or in any risk management policies.

5.2 Fair value estimation

The carrying values of all financial assets and liabilities reflected in the condensed interim financial information approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

During the period, there were no significant changes in the business or economic circumstances that affect the fair value of the company's financial assets and financial liabilities. Furthermore, there were no reclassifications of financial assets.

6. LONG TERM FINANCING - SECURED

	Un-audited December 31, 2015 (Rupees in thousand)	Audited June 30, 2015
Opening balance	9,682,778	10,806,632
Less: Repayments during the period / year	628,643	1,123,854
	9,054,135	9,682,778
Less: Current portion shown under current liabilities	1,408,551	1,306,427
	<u>7,645,584</u>	<u>8,376,351</u>

7. CONTINGENCIES AND COMMITMENTS

There is no significant change in the contingencies from the preceding annual published financial statements of the company for the year ended June 30, 2015 except for the following:

7.1 Contingencies

- (i) In financial year 2014, a sales tax demand of Rs 1,218.132 million was raised against the company through order dated December 11, 2013 by the Assistant Commissioner Inland Revenue ('ACIR') disallowing input sales tax for the tax periods of July 2010 through June 2012. The disallowance was made on the grounds that, revenue derived by the company on account of 'capacity purchase price' was not chargeable to sales tax, 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. The CIR(A), however, did not adjudicate upon other grounds of appeal agitated by the company which have been further agitated before Appellate Tribunal Inland Revenue ('ATIR') by the company. Moreover, the department, too, has assailed before ATIR the relief extended by CIR(A) and such litigation is presently pending.

Furthermore, during the financial year 2015, the Deputy Commissioner Inland Revenue ('DCIR') issued a show cause notice dated August 19, 2014 whereby intentions were shown to disallow input sales tax for the tax periods of July 2009 to June 2013 on similar grounds, as explained above. The company agitated the initiation of such proceedings through institution of a writ petition before the Lahore High Court ('LHC') in respect whereof, through order dated December 14, 2015, interim relief has been granted directing the department to halt the proceedings for the time being.

For the period July 2013 to June 2014, company's case selected for audit by 'Federal Board of Revenue' ('FBR'), which selection was objected to, on jurisdictional basis, by company by way of filing a writ petition before LHC. While, LHC has allowed the department to proceed with audit proceedings, it has been directed that no adjudication order, consequent to conduct of audit, shall be passed after confronting the audit report.. The audit proceedings were completed by department and subsequent to period end, report thereof has been submitted to the company seeking explanations in regard to the issues raised therein. In the subject audit report, inter-alia, primarily a disallowance of input sales tax aggregating to Rs 596.091 million has been confronted on same grounds as explained above.

Based on the advice of the company's legal counsel, management considers that there exist meritorious grounds to support the company's stance that input sales tax incurred by the company is not legally required to be attributed to revenue representing 'capacity purchase price' and thus disallowance proposed by department would not be upheld by appellate authorities/courts. Consequently, no provision has been made in this condensed interim financial information on such account.

- (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 Nil (June 30, 2015: Rs 45 million).
 - (b) Letter of guarantee of Rs 6.5 million (June 30, 2015: Rs 5.5 million) 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) Letters of guarantee aggregating Rs 540.484 million (June 30, 2015: 350 million) in favor of fuel suppliers.

7.2 Commitments

- (i) Letters of credit and contracts for capital expenditure aggregating Nil (June 30, 2015: 78.998 million).
- (ii) Letters of credit and contracts other than for capital expenditure aggregating Rs 82.295 million (June 30, 2015: Rs 178.745 million).
- (iii) The amount of future payments under operating lease and the period in which these payments will become due are as follows:

	Un-audited December 31, 2015 (Rupees in thousand)	Audited June 30, 2015
Not later than one year	12,461	15,577
Later than one year and not later than five years	58,932	77,640
	71,393	93,217
8. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets	11,819,164	12,292,319
Capital work-in-progress	66,838	5,227
Major spare parts and standby equipment	19,577	21,013
	11,905,580	12,318,559
8.1 Operating fixed assets		
Opening book value	12,292,319	13,239,574
Additions during the period/year	11,795	67,273
Book value of deletions during the period/year	(444)	(591)
Depreciation charged during the period/year	(484,505)	(1,013,937)
	11,819,165	12,292,319
8.1.1 Additions during the period / year		
Plant and machinery	1,436	6,755
Computer equipment	2,329	19,840
Furniture and fixtures	159	1,887
Office equipment	45	594
Vehicles	7,826	38,197
	11,795	67,273

9. TRADE DEBTS

- 9.1 Included in trade debts is an amount of Rs 816.033 million relating to capacity purchase price not acknowledged by NTDC as the plant was not fully available for power generation. However, the sole reason of this under-utilization of plant capacity was non-availability of fuel owing to non-payment by NTDC.

Since management considers that the primary reason for claiming these payments is that plant was available, however, could not generate electricity due to non-payment by NTDC, therefore, management believes that company cannot be penalized in the form of payment deductions due

to NTDC's default of making timely payments under the PPA. Hence, the company had taken up this issue at appropriate forums. On June 28, 2013, the company entered into a Memorandum of Understanding ('MoU') for cooperation on extension of credit terms with NTDC whereby it was agreed that the constitutional petition filed by the company before the Supreme Court of Pakistan on the abovementioned issue would be withdrawn unconditionally and it would be resolved through the dispute resolution mechanism under the PPA. Accordingly, as per terms of the MoU, the company applied for withdrawal of the aforesaid petition which is pending adjudication before Supreme Court of Pakistan. During the financial year 2014, the company in consultation with NTDC, appointed an Expert for dispute resolution under the PPA.

During the current period, the Expert has given his determination whereby the aforesaid amount has been determined to be payable to the company by NTDC. Pursuant to the Expert's determination, the company has demanded the payment of the aforesaid amount of Rs 816.033 million from NTDC that has not yet been paid by NTDC. Consequently, under the terms of PPA, the company has filed petition for arbitration in The London Court of International Arbitration ('LCIA'), whereby an arbitrator has been appointed and the matter is pending arbitration. Further, during the current period, the Government of Pakistan ('GOP') through Private Power & Infrastructure Board ('PIIB') has filed a case in the Court of Senior Civil Judge, Lahore against the aforementioned decision of the Expert, praying it to be illegal. This case is also pending adjudication.

Based on the advice of the company's legal counsel and Expert's determination, management feels that the above amount is likely to be recovered by the company. Consequently, no provision for the above mentioned amount has been made in this condensed interim financial information.

	Un-audited Quarter ended		Un-audited Half year ended	
	December 31, 2015 (Rupees in thousand)	December 31, 2014 (Rupees in thousand)	December 31, 2015 (Rupees in thousand)	December 31, 2014 (Rupees in thousand)
10. COST OF SALES				
Raw materials consumed	2,450,822	4,419,141	5,223,931	9,727,326
Salaries and other benefits	10,379	8,800	24,660	21,346
Operation and maintenance	88,547	(26,915)	172,024	67,022
Stores, spares and loose tools consumed	131,234	150,818	297,798	183,967
Electricity consumed in-house	193	674	193	674
Insurance	40,792	41,149	81,606	82,308
Travelling and conveyance	201	276	202	445
Printing and stationery	183	95	273	199
Postage and telephone	60	187	98	358
Vehicle running expenses	413	655	766	1,104
Entertainment	140	214	396	258
Depreciation on operating fixed assets	244,156	256,590	475,439	523,374
Fee and subscription	925	1,039	1,856	1,831
Miscellaneous	938	1,019	1,459	2,189
	2,968,983	4,853,742	6,280,701	10,612,401

	Un-audited Half year ended	
	December 31, 2015	December 31, 2014
(Rupees in thousand)		
11. CASH GENERATED FROM OPERATIONS		
Profit before taxation	1,663,682	1,902,679
Adjustment for non cash charges and other items:		
Depreciation on operating fixed assets	484,505	528,281
Profit on bank deposits	(16,444)	(7,457)
Finance cost	462,800	840,483
Provision for employee retirement benefits	3,440	3,300
Share of loss of associate	297	111
Gain on disposal of operating fixed assets	(40)	-
Profit before working capital changes	2,598,240	3,267,397
Effect on cash flow due to working capital changes:		
(Increase) / decrease in current assets		
Stores, spares and loose tools	78,425	(136,637)
Inventories	784,100	(74,543)
Trade debts	35,554	2,117,734
Advances, deposits, prepayments and other receivables	60,300	(96,685)
	958,379	1,809,869
(Decrease) / increase in current liabilities		
Trade and other payables	(43,146)	(516,023)
	915,233	1,293,846
	3,513,473	4,561,243
12. CASH AND CASH EQUIVALENTS		
Cash and bank balances	496,632	469,060
Short term investments	-	100,622
Short term borrowings - secured	-	(620,472)
	496,632	(50,790)

13. TRANSACTIONS WITH RELATED PARTIES

	Relationship with the company	Nature of transactions	Un-audited Half year ended	
			December 31, 2015 Rupees	December 31, 2014 Rupees
i.	Holding company	Dividends paid	496,741	361,266
ii.	Associated undertakings	Purchases of goods and services	22,441	21,251
		Rental expense	6,231	6,231
		Insurance premium	82,380	82,639
iii.	Post employment benefit plan	Expense charged in respect of retirement benefit plan	3,440	3,300
iv.	Key management personnel	Salaries and other employee benefits	14,900	23,978
	Period end balances			
	Payable to related parties			
	- Associated undertakings		15,934	3,118
	Receivable from related parties			
	- Associated undertakings		31,539	8,340

14. DATE OF AUTHORISATION FOR ISSUE

This condensed financial information was authorized for issue on February 19, 2016 by the Board of Directors of the company.

15. EVENTS AFTER THE BALANCE SHEET DATE

- 15.1** The Board of Directors have proposed an interim cash dividend of Rupees 2 per ordinary share, amounting to Rs 708.177 million at their meeting held on February 19, 2016. 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.
- 15.2** The Company has incorporated a wholly owned subsidiary, Lalpir Solar Power (Private) Limited ('LSPPL'), and has agreed to take up 50,000 shares of Rs 10 each of initial paid up share capital. Subsequent to period end, company has deposited share deposit money with LSPPL with respect to the shares taken up.


CHIEF EXECUTIVE


DIRECTOR



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