



NISHAT POWER LIMITED

THIRD QUARTER REPORT
For the Period Ended
31 March 2016



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CORPORATE PROFILE

BOARD OF DIRECTORS

Mian Hassan Mansha	Chief Executive/Director
Mr. Khalid Qadeer Qureshi	Chairman
Mr. Ahmad Aqeel	
Mr. Asad Farooq	
Mr. Ghazanfar Husain Mirza	
Mr. Mahmood Akthar	
Mr. Shahzad Ahmad Malik	

AUDIT COMMITTEE

Mr. Khalid Qadeer Qureshi	Member
Mr. Shahzad Ahmad Malik	Member / Chairman
Mr. Ahmad Aqeel	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Ghazanfar Husain Mirza	Member/Chairman
Mian Hassan Mansha	Member
Mr. Khalid Qadeer Qureshi	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
Fax: +92-42-35717239
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 period ended March 31, 2016.

FINANCIAL AND OPERATIONAL RESULTS:

During the period, the Company had turnover of Rs 11,443 million (Mar 2015: Rs 18,117 million), against operating cost of Rs 8,091 million (Mar 2015: Rs 14,332 million) resulting in a gross profit of Rs 3,352 million (Mar 2015: Rs 3,785 million). The Company earned profit before tax of Rs 2,555 million compared to Rs 2,519 million in the same period last year.

The current period's net profit after tax amounts to Rs 2,555 million resulting earnings per share of Rs 7.22 compared to profit after tax of Rs 2,519 million and earnings per share of Rs 7.11 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 March 31, 2016 stand at Rs 8,000 million (June 2015: Rs 8,050 million), out of which overdue receivables are Rs 7,501 million (June 2015: Rs 5,584 million).

The plant operated at optimal efficiency and dispatched 979 GWh of electricity to its customer NTDCL during the period, with 75.98% average capacity factor.

DIVIDENDS

The directors have recommended an interim cash dividend of 15% i.e. Rupees 1.50 per ordinary share, amounting to Rs 531.133 million.

ACKNOWLEDGEMENTS

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



Chief Executive Officer

Lahore: April 22, 2016

مجلس نطماء کی رپورٹ:

نشاط پاور لمیٹڈ (کمپنی) کی مجلس نطماء 31 مارچ ۲۰۱۲ کے لئے عبوری مالیاتی گوشوارے کی رپورٹ پیش کرتی ہے۔
مالیاتی اور کاروباری نتائج:

حالیہ مدت کے دوران کمپنی کو 8,091 ملین روپے (مارچ 2015: 14,332 ملین روپے) کی کاروباری لاگت کے عوض 11,443 ملین روپے (مارچ 2015: 18,117 ملین روپے) کی وصولیاں ہوئیں، جس کے نتیجے میں 3,352 ملین روپے (مارچ 2015: 3,785 ملین روپے) کا مجموعی منافع ہوا۔ کمپنی نے گزشتہ سال اسی مدت میں 2,555 ملین روپے کے مقابلے میں 2,519 ملین روپے قبل از ٹیکس منافع کمایا۔

گزشتہ سال کی اسی مدت میں 7.11 روپے فی حصص آمدن اور 2,519 ملین روپے قبل از ٹیکس منافع کے مترادف 7.22 روپے فی حصص آمدن اور 2,555 ملین روپے قبل از ٹیکس خالص منافع ہوا۔

تجارتی وصولیوں میں نیشنل ٹرانسمیشن اینڈ ڈسٹری بیوٹن 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 ایکسپٹ کے تعین کے مطابق انتظامیہ محسوس کرتی ہے کہ ایسی رقم 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 نادہندگی پر کاربند ہے۔ کمپنی نے بجلی کی خریداری کے معاہدے اور Implementation Agreement کے تحت NTDCL اور پرائیویٹ پاور اینڈ انفراسٹرکچر بورڈ ('پی پی آئی بی') کے ہاں معاملہ اجاگر کیا ہے۔ 31 مارچ 2016 کو NTDCL سے کل واجب الوصول 8,000 ملین روپے (جون 2015: 8,050 ملین روپے) ہے، جن میں سے 7,501 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 75.98 فیصد صلاحیت کے ساتھ 979 GWh بجلی ترسیل کی گئی۔

منافع منقسمہ

مجلس نطماء نے 15 فیصد عبوری نقد منافع منقسمہ یعنی کہ 1.5 روپے فی عام حصص 531.133 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: 22 اپریل 2016

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

As at March 31, 2016

	Note	Un-audited March 31, 2016	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		8,945,355	8,072,183
		12,486,240	11,613,068
NON-CURRENT LIABILITY			
Long term financing - secured	6	7,259,050	8,376,351
CURRENT LIABILITIES			
Current portion of long term financing - secured	6	1,462,569	1,306,427
Short term borrowings - secured		46,976	932,163
Trade and other payables		335,798	531,198
Accrued finance cost		206,663	270,493
		2,052,006	3,040,281
CONTINGENCIES AND COMMITMENTS			
	7		
		21,797,296	23,029,700

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


CHIEF EXECUTIVE

	Note	Un-audited March 31, 2016	Audited June 30, 2015
(Rupees in thousand)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	11,693,331	12,318,559
Long term investment		910	1,299
Long term loans and advances		3,392	1,264
		11,697,633	12,321,122
CURRENT ASSETS			
Stores, spares and loose tools		484,823	605,756
Inventories		656,663	1,268,908
Trade debts	9	8,000,148	8,049,605
Advances, deposits, prepayments and other receivables		666,404	671,874
Income tax receivable		14,575	8,954
Cash and bank balances		277,050	103,481
		10,099,663	10,708,578
		21,797,296	23,029,700


DIRECTOR

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND PERIOD ENDED MARCH 31, 2016

	Note	Quarter ended		Period ended	
		March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
		(Rupees in thousand)		(Rupees in thousand)	
Sales		2,952,362	4,678,867	11,442,648	18,117,173
Cost of sales	10	(1,809,881)	(3,719,611)	(8,090,582)	(14,332,012)
Gross profit		1,142,481	959,256	3,352,066	3,785,161
Administrative expenses		(50,898)	(47,347)	(150,611)	(137,348)
Other expenses		(880)	(449)	(2,504)	(649)
Other income		7,947	25,479	26,180	32,937
Finance cost		(207,238)	(320,482)	(670,038)	(1,160,965)
Profit before taxation		891,412	616,457	2,555,093	2,519,136
Taxation		-	-	-	-
Profit for the period		891,412	616,457	2,555,093	2,519,136
Earnings per share - basic and diluted (in rupees)		2.52	1.74	7.22	7.11

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 PERIOD ENDED MARCH 31, 2016

	Quarter ended		Period ended	
	March 31, 2016 (Rupees in thousand)	March 31, 2015	March 31, 2016 (Rupees in thousand)	March 31, 2015
Profit for the period	891,412	616,457	2,555,093	2,519,136
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	891,412	616,457	2,555,093	2,519,136

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 PERIOD ENDED MARCH 31, 2016

Note	Period ended	
	March 31, 2016	March 31, 2015
(Rupees in thousand)		
Cash flows from operating activities		
Cash generated from operations	11 4,456,198	5,730,474
Finance cost paid	(733,868)	(1,247,282)
Income tax (paid)/refunded - net	(5,621)	20,517
Long term loans and advances - net	(2,128)	-
Retirement benefits paid	(9,441)	(4,744)
Net cash inflow from operating activities	3,705,140	4,498,965
Cash flows from investing activities		
Purchase of property, plant and equipment	(79,894)	(48,794)
Proceeds from disposal of operating fixed assets	484	-
Investments made	(500)	(2,500)
Profit on bank deposits received	28,225	11,279
Net cash outflow from investing activities	(51,685)	(40,015)
Cash flows from financing activities		
Repayment of long term financing	(961,159)	(1,123,854)
Dividend paid	(1,633,540)	(1,341,039)
Net cash outflow from financing activities	(2,594,699)	(2,464,893)
Net increase in cash and cash equivalents	1,058,756	1,994,057
Cash and cash equivalents at the beginning of the period	(828,682)	(2,002,604)
Cash and cash equivalents at the end of the period	12 230,074	(8,547)

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 PERIOD ENDED MARCH 31, 2016

	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	-	2,519,136	2,519,136
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	2,519,136	2,519,136
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 for the first quarter ended September 30, 2014 @ Rupee 1 per share	-	(354,089)	(354,089)
Interim dividend for the half year ended December 31, 2014 @ Rupee 1.75 per share	-	(619,655)	(619,655)
Total contributions by and distributions to owners of the company recognised directly in equity	-	(1,327,833)	(1,327,833)
Balance as on March 31, 2015 (un-audited)	3,540,885	8,005,741	11,546,626
Balance as on July 01, 2015 (audited)	3,540,885	8,072,183	11,613,068
Profit for the period	-	2,555,093	2,555,093
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	2,555,093	2,555,093
Dividend to equity holders of the company:			
Final dividend for the year ended June 30, 2015 @ Rupee 1.75 per ordinary share	-	(619,655)	(619,655)
Interim dividend for the first quarter ended September 30, 2015 @ Rupee 1 per share	-	(354,089)	(354,089)
Interim dividend for the half year ended December 31, 2015 @ Rupees 2 per share	-	(708,177)	(708,177)
Total contributions by and distributions to owners of the company recognised directly in equity	-	(1,681,921)	(1,681,921)
Balance as on March 31, 2016 (un-audited)	3,540,885	8,945,355	12,486,240

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 PERIOD ENDED MARCH 31, 2016

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 Despatch 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. 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.

Un-audited **Audited**
March 31, **June 30,**
2016 **2015**
(Rupees in thousand)

6. LONG TERM FINANCING - SECURED

Opening balance	9,682,778	10,806,632
Less: Repayments during the period / year	961,159	1,123,854
	8,721,619	9,682,778
Less: Current portion shown under current liabilities	1,462,569	1,306,427
	7,259,050	8,376,351

7. CONTINGENCIES AND COMMITMENTS

There is no significant change in 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 and input sales tax incurred by the company is not legally required to be attributed to revenue representing 'capacity purchase price'. 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) as required under the terms of the Operation and Maintenance Agreement.
 - (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) Letter of guarantee of Rs 190.685 million (June 30, 2015: 350 million) in favor of a fuel supplier.

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 140.153 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:

	Note	Un-audited March 31, 2016 (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		60,360	77,640
		<u>72,821</u>	<u>93,217</u>
8. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	8.1	11,600,153	12,292,319
Capital work-in-progress		72,822	5,227
Major spare parts and standby equipment		20,356	21,013
		<u>11,693,331</u>	<u>12,318,559</u>
8.1 Operating fixed assets			
Opening book value		12,292,320	13,239,575
Additions during the period/year	8.1.1	12,955	67,273
Book value of deletions during the period/year		(444)	(591)
Depreciation charged during the period/year		(704,678)	(1,013,937)
Closing book value		<u>11,600,153</u>	<u>12,292,320</u>
8.1.1 Additions during the period / year			
Plant and machinery		1,436	6,755
Computer equipment		3,182	19,840
Furniture and fixtures		236	1,887
Office equipment		200	594
Vehicles		7,901	38,197
		<u>12,955</u>	<u>67,273</u>
9. TRADE DEBTS			

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 ('PPIB') 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 Period ended	
	March 31, 2016 (Rupees in thousand)	March 31, 2015 (Rupees in thousand)	March 31, 2016 (Rupees in thousand)	March 31, 2015 (Rupees in thousand)
10. COST OF SALES				
Raw materials consumed	1,443,659	3,112,597	6,667,590	12,839,923
Salaries and other benefits	42,660	9,809	67,320	31,155
Operation and maintenance	577	82,341	172,601	149,363
Stores, spares and loose tools consumed	57,599	217,853	355,397	401,820
Electricity consumed in-house	496	337	689	1,011
Insurance	40,816	40,258	122,422	122,566
Travelling and conveyance	5,590	50	5,792	495
Printing and stationery	214	112	487	311
Postage and telephone	87	43	185	401
Vehicle running expenses	486	518	1,252	1,622
Entertainment	205	218	601	476
Depreciation on operating fixed assets	215,580	253,944	691,019	777,318
Fee and subscription	883	1,015	2,739	2,846
Miscellaneous	1,029	516	2,488	2,705
	1,809,881	3,719,611	8,090,582	14,332,012

	Un-audited Period ended	
	March 31, 2016 (Rupees in thousand)	March 31, 2015
11. CASH GENERATED FROM OPERATIONS		
Profit before taxation	2,555,093	2,519,136
Adjustment for non cash charges and other items:		
Depreciation on operating fixed assets	704,678	784,678
Profit on bank deposits	(24,157)	(18,812)
Finance cost	670,038	1,160,965
Provision for employee retirement benefits	7,040	4,744
Share of loss from associated companies	889	649
Gain on disposal of operating fixed assets	(40)	-
Profit before working capital changes	3,913,541	4,451,360
Effect on cash flow due to working capital changes:		
(Increase) / decrease in current assets		
Stores, spares and loose tools	120,933	(173,104)
Inventories	612,245	(61,580)
Trade debts	49,457	2,669,290
Advances, deposits, prepayments and other receivables	1,402	(203,573)
	784,037	2,231,033
(Decrease) / increase in current liabilities		
Trade and other payables	(241,380)	(951,919)
	542,657	1,279,114
	4,456,198	5,730,474
12. CASH AND CASH EQUIVALENTS		
Cash and bank balances	277,050	218,225
Short term borrowings - secured	(46,976)	(226,772)
	230,074	(8,547)

13. TRANSACTIONS WITH RELATED PARTIES

Relationship with the company	Nature of transactions	Un-audited Period ended	
		March 31, 2016 Rupees	March 31, 2015 Rupees
i. Holding company	Dividends paid	858,006	677,374
i. Associated undertakings	Purchases of goods and services	35,330	32,039
	Rental expense	9,346	9,346
	Insurance premium	123,437	123,460
ii. Post employment benefit plan	Expense charged in respect of retirement benefit plan	7,040	4,744
iii. Key management personnel	Salaries and other employee benefits	88,677	52,778
Period end balances			
Net payable to related parties		1,918	-
Net receivable from related parties		-	1,058

14. DATE OF AUTHORISATION FOR ISSUE

This condensed financial information was authorized for issue on April 22, 2016 by the Board of Directors of the Company.

15. EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors have proposed an interim cash dividend of Rupees 1.50 per ordinary share, amounting to Rs 531.133 million at their meeting held on April 22, 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.


CHIEF EXECUTIVE


DIRECTOR

Consolidated Condensed Interim Financial Information

For the Quarter and Period Ended March 31, 2016



DIRECTORS' REPORT

The Board of Directors of Nishat Power Limited (the Company) is pleased to present their report together with the Consolidated Condensed Interim Financial Information for the period ended March 31, 2016.

FINANCIAL AND OPERATIONAL RESULTS:

During the period, the Group had turnover of Rs 11,443 million (Mar 2015: Rs 18,117 million), against operating cost of Rs 8,091 million (Mar 2015: Rs 14,332 million) resulting in a gross profit of Rs 3,352 million (Mar 2015: Rs 3,785 million). The Group earned profit before tax of Rs 2,555 million compared to Rs 2,519 million in the same period last year.

The current period's net profit after tax amounts to Rs 2,555 million resulting earnings per share of Rs 7.22 compared to profit after tax of Rs 2,519 million and earnings per share of Rs 7.11 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 Consolidated 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 March 31, 2016 stand at Rs 8,000 million (June 2015: Rs 8,050 million), out of which overdue receivables are Rs 7,501 million (June 2015: Rs 5,584 million).

The plant operated at optimal efficiency and dispatched 979 GWh of electricity to its customer NTDCL during the period, with 75.98% average capacity factor.

DIVIDENDS

The directors have recommended an interim cash dividend of 15% i.e. Rupees 1.50 per ordinary share, amounting to Rs 531.133 million.

ACKNOWLEDGEMENTS

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



Chief Executive Officer

Lahore: April 22, 2016

CONSOLIDATED CONDENSED INTERIM BALANCE SHEET (Un-audited)

As at March 31, 2016

	Note	Un-audited March 31, 2016	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		8,945,355	8,072,183
Equity attributable to equity holders of the Holding Company		12,486,240	11,613,068
Non-controlling interest		-	-
Total Equity		12,486,240	11,613,068
NON-CURRENT LIABILITY			
Long term financing - secured	6	7,259,050	8,376,351
CURRENT LIABILITIES			
Current portion of long term financing - secured	6	1,462,569	1,306,427
Short term borrowings - secured		46,976	932,163
Trade and other payables		335,798	531,198
Accrued finance cost		206,663	270,493
		2,052,006	3,040,281
CONTINGENCIES AND COMMITMENTS			
	7	21,797,296	23,029,700

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


CHIEF EXECUTIVE

	Note	Un-audited March 31, 2016	Audited June 30, 2015
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	11,693,331	12,318,559
Long term investment		861	1,299
Long term loans and advances		3,392	1,264
		11,697,584	12,321,122
CURRENT ASSETS			
Stores, spares and loose tools		484,823	605,756
Inventories		656,663	1,268,908
Trade debts	9	8,000,148	8,049,605
Advances, deposits, prepayments and other receivables		665,953	671,874
Income tax receivable		14,575	8,954
Cash and bank balances		277,550	103,481
		10,099,712	10,708,578
		21,797,296	23,029,700


DIRECTOR

**CONSOLIDATED CONDENSED INTERIM
PROFIT AND LOSS ACCOUNT (UN-AUDITED)**
FOR THE QUARTER AND PERIOD ENDED MARCH 31, 2016

	Note	Quarter ended		Period ended	
		March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
		(Rupees in thousand)		(Rupees in thousand)	
Sales		2,952,362	4,678,867	11,442,648	18,117,173
Cost of sales	10	(1,809,881)	(3,719,611)	(8,090,582)	(14,332,012)
Gross profit		1,142,481	959,256	3,352,066	3,785,161
Administrative expenses		(51,349)	(47,347)	(151,062)	(137,348)
Other expenses		(429)	(449)	(2,053)	(649)
Other income		7,947	25,479	26,180	32,937
Finance cost		(207,238)	(320,482)	(670,038)	(1,160,965)
Profit before taxation		891,412	616,457	2,555,093	2,519,136
Taxation		-	-	-	-
Profit for the period		891,412	616,457	2,555,093	2,519,136
Share of profit attributable to:					
Equity holders of holding company		891,412	616,457	2,555,093	2,519,136
Non-controlling interest		-	-	-	-
		891,412	616,457	2,555,093	2,519,136
Earnings per share - basic and diluted (in rupees)		2.52	1.74	7.22	7.11

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


CHIEF EXECUTIVE


DIRECTOR

CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE QUARTER AND PERIOD ENDED MARCH 31, 2016

	Quarter ended		Period ended	
	March 31, 2016 (Rupees in thousand)	March 31, 2015	March 31, 2016 (Rupees in thousand)	March 31, 2015
Profit for the period	891,412	616,457	2,555,093	2,519,136
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	891,412	616,457	2,555,093	2,519,136
Share of total comprehensive income attributable to:				
Equity holders of holding company	891,412	616,457	2,555,093	2,519,136
Non-controlling interest	-	-	-	-
	891,412	616,457	2,555,093	2,519,136

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


CHIEF EXECUTIVE


DIRECTOR

**CONSOLIDATED CONDENSED INTERIM
CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2016**

	Note	Period ended	
		March 31, 2016 (Rupees in thousand)	March 31, 2015
Cash flows from operating activities			
Cash generated from operations	11	4,456,198	5,730,474
Finance cost paid		(733,868)	(1,247,282)
Income tax (paid)/refunded - net		(5,621)	20,517
Long term loans and advances - net		(2,128)	-
Retirement benefits paid		(9,441)	(4,744)
Net cash inflow from operating activities		3,705,140	4,498,965
Cash flows from investing activities			
Purchase of property, plant and equipment		(79,894)	(48,794)
Proceeds from disposal of operating fixed assets		484	-
Investments made		-	(2,500)
Profit on bank deposits received		28,225	11,279
Net cash outflow from investing activities		(51,185)	(40,015)
Cash flows from financing activities			
Repayment of long term financing		(961,159)	(1,123,854)
Dividend paid		(1,633,540)	(1,341,039)
Net cash outflow from financing activities		(2,594,699)	(2,464,893)
Net increase in cash and cash equivalents		1,059,256	1,994,057
Cash and cash equivalents at the beginning of the period		(828,682)	(2,002,604)
Cash and cash equivalents at the end of the period	12	230,574	(8,547)

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


CHIEF EXECUTIVE


DIRECTOR

CONSOLIDATED CONDENSED
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
 FOR THE PERIOD ENDED MARCH 31, 2016

	Share capital	Revenue reserve: Un-appropriated profit	Non--controlling interest	Total
(Rupees in thousand)				
Balance as on July 01, 2014 (audited)	3,540,885	6,814,438	-	10,355,323
Profit for the period	-	2,519,136	-	2,519,136
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	2,519,136	-	2,519,136
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 for the first quarter ended September 30, 2014 @ Rupee 1 per share	-	(354,089)	-	(354,089)
Interim dividend for the half year ended December 31, 2014 @ Rupee 1.75 per share	-	(619,655)	-	(619,655)
Total contributions by and distributions to owners of the company recognised directly in equity	-	(1,327,833)	-	(1,327,833)
Balance as on March 31, 2015 (un-audited)	3,540,885	8,005,741	-	11,546,626
Balance as on July 01, 2015 (audited)	3,540,885	8,072,183	-	11,613,068
Profit for the period	-	2,555,093	-	2,555,093
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	2,555,093	-	2,555,093
Dividend to equity holders of the company:				
Final dividend for the year ended June 30, 2015 @ Rupee 1.75 per ordinary share	-	(619,655)	-	(619,655)
Interim dividend for the first quarter ended September 30, 2015 @ Rupee 1 per share	-	(354,089)	-	(354,089)
Interim dividend for the half year ended December 31, 2015 @ Rupees 2 per share	-	(708,177)	-	(708,177)
Total contributions by and distributions to owners of the company recognised directly in equity	-	(1,681,921)	-	(1,681,920)
Balance as on March 31, 2016 (un-audited)	3,540,885	8,945,355	-	12,486,240

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


CHIEF EXECUTIVE


DIRECTOR

NOTES TO AND FORMING PART OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER AND PERIOD ENDED MARCH 31, 2016

1. THE GROUP AND ITS OPERATIONS

The group consists of Nishat Power Limited (the 'holding company') and its wholly owned subsidiary Lalpir Solar Power (Pvt) Limited.

Nishat Power Limited (the 'holding 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 holding 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 Despatch Company Limited ('NTDC') for twenty five years which commenced from June 09, 2010.

Lalpir Solar Power (Pvt) Limited (the 'LSPPL') is a private limited company incorporated in Pakistan. The company is a wholly owned subsidiary of Nishat Power Limited. LSPPL was incorporated on November 19, 2015. The principal activity of LSPPL will be to build, own, operate and maintain or invest in a solar power project having gross capacity upto 20 MWp with net estimated generation capacity of approx 19 MWp. The project site is located at Mehmood Kot, Dist. Muzaffar Garh. The address of the registered office of the company is 53-A, Lawrence Road, Lahore.

2. BASIS OF PREPARATION

This consolidated 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. This consolidated 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 consolidated 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 consolidated 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 consolidated condensed interim financial information.

3.2.3 Consolidation

a) **Subsidiary**

Subsidiary is that entity in which Holding Company directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors. The condensed interim financial information of the subsidiary companies is included in this consolidated condensed interim financial information from the date control commences until the date that control ceases.

The assets and liabilities of Subsidiary Company has been consolidated on a line by line basis and carrying value of investments held by the Holding Company is eliminated against Holding Company's share in paid up capital of the Subsidiary Company.

Intragroup balances and transactions have been eliminated.

Non-controlling interest is that part of net results of the operations and of net assets of Subsidiary Company attributable to interest which are not owned by the Holding Company. Noncontrolling interest is presented as separate item in this consolidated condensed interim financial information.

b) **Associate**

Associate is the entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investment in associate is accounted for using the equity method of accounting and is initially recognized at cost.

The Group's share of its associate's post-acquisition profits or losses, movement in other comprehensive income, and its share of post-acquisition movement in reserves is recognized in the consolidated profit and loss account, consolidated statement of comprehensive income and reserves respectively. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

4. ACCOUNTING ESTIMATES

The preparation of the consolidated 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 consolidated 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 consolidated 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 consolidated 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.

Un-audited **Audited**
March 31, **June 30,**
2016 **2015**
(Rupees in thousand)

6. LONG TERM FINANCING - SECURED

Opening balance	9,682,778	10,806,632
Less: Repayments during the period / year	961,159	1,123,854
	8,721,619	9,682,778
Less: Current portion shown under current liabilities	1,462,569	1,306,427
	7,259,050	8,376,351

7. CONTINGENCIES AND COMMITMENTS

There is no significant change in 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 and input sales tax incurred by the company is not legally required to be attributed to revenue representing 'capacity purchase price'. Consequently, no provision has been made in this consolidated 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) as required under the terms of the Operation and Maintenance Agreement.
 - (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) Letter of guarantee of Rs 190.685 million (June 30, 2015: 350 million) in favor of a fuel supplier.

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 140.153 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:

	Note	Un-audited March 31, 2016 (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		60,360	77,640
		<u>72,821</u>	<u>93,217</u>
8. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	8.1	11,600,153	12,292,319
Capital work-in-progress		72,822	5,227
Major spare parts and standby equipment		20,356	21,013
		<u>11,693,331</u>	<u>12,318,559</u>
8.1 Operating fixed assets			
Opening book value		12,292,320	13,239,575
Additions during the period/year	8.1.1	12,955	67,273
Book value of deletions during the period/year		(444)	(591)
Depreciation charged during the period/year		(704,678)	(1,013,937)
Closing book value		<u>11,600,153</u>	<u>12,292,320</u>
8.1.1 Additions during the period / year			
Plant and machinery		1,436	6,755
Computer equipment		3,182	19,840
Furniture and fixtures		236	1,887
Office equipment		200	594
Vehicles		7,901	38,197
		<u>12,955</u>	<u>67,273</u>
9. TRADE DEBTS			

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 ('PPIB') 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 consolidated condensed interim financial information.

	Un-audited Quarter ended		Un-audited Period ended	
	March 31, 2016 (Rupees in thousand)	March 31, 2015	March 31, 2016 (Rupees in thousand)	March 31, 2015
Raw materials consumed	1,443,659	3,112,597	6,667,590	12,839,923
Salaries and other benefits	42,660	9,809	67,320	31,155
Operation and maintenance	577	82,341	172,601	149,363
Stores, spares and loose tools consumed	57,599	217,853	355,397	401,820
Electricity consumed in-house	496	337	689	1,011
Insurance	40,816	40,258	122,422	122,566
Travelling and conveyance	5,590	50	5,792	495
Printing and stationery	214	112	487	311
Postage and telephone	87	43	185	401
Vehicle running expenses	486	518	1,252	1,622
Entertainment	205	218	601	476
Depreciation on operating fixed assets	215,580	253,944	691,019	777,318
Fee and subscription	883	1,015	2,739	2,846
Miscellaneous	1,029	516	2,488	2,705
	1,809,881	3,719,611	8,090,582	14,332,012

10. COST OF SALES

	Un-audited Period ended	
	March 31, 2016 (Rupees in thousand)	March 31, 2015
11. CASH GENERATED FROM OPERATIONS		
Profit before taxation	2,555,093	2,519,136
Adjustment for non cash charges and other items:		
Depreciation on operating fixed assets	704,678	784,678
Profit on bank deposits	(24,157)	(18,812)
Finance cost	670,038	1,160,965
Provision for employee retirement benefits	7,040	4,744
Share of loss from associated companies	438	649
Gain on disposal of operating fixed assets	(40)	-
Profit before working capital changes	3,913,090	4,451,360
Effect on cash flow due to working capital changes:		
(Increase) / decrease in current assets		
Stores, spares and loose tools	120,933	(173,104)
Inventories	612,245	(61,580)
Trade debts	49,457	2,669,290
Advances, deposits, prepayments and other receivables	1,853	(203,573)
	784,488	2,231,033
(Decrease) / increase in current liabilities		
Trade and other payables	(241,381)	(951,919)
	543,107	1,279,114
	<u>4,456,197</u>	<u>5,730,474</u>
	Un-audited March 31, 2016 (Rupees in thousand)	Un-audited March 31, 2015
12. CASH AND CASH EQUIVALENTS		
Cash and bank balances	277,550	218,225
Short term borrowings - secured	(46,976)	(226,772)
	<u>230,574</u>	<u>(8,547)</u>

13. TRANSACTIONS WITH RELATED PARTIES

Relationship with the company	Nature of transactions	Un-audited Period ended	
		March 31, 2016 Rupees	March 31, 2015 Rupees
i. Holding company	Dividends paid	858,006	677,374
i. Associated undertakings	Purchases of goods and services	35,330	32,039
	Rental expense	9,346	9,346
	Insurance premium	123,437	123,460
ii. Post employment benefit plan	Expense charged in respect of retirement benefit plan	7,040	4,744
iii. Key management personnel	Salaries and other employee benefits	88,677	52,778
Period end balances			
	Net payable to related parties	1,918	-
	Net receivable from related parties	-	1,058

14. DATE OF AUTHORISATION FOR ISSUE

This consolidated condensed financial information was authorized for issue on April 22, 2016 by the Board of Directors of the Group.

15. EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors of the Holding Company has proposed an interim cash dividend of Rupees 1.5 per ordinary share, amounting to Rs 531.133 million at their meeting held on April 22, 2016. This consolidated 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





N I S H A T

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