

## NISHAT POWER LIMITED

THIRD QUARTER REPORT  
For the Period Ended  
March 31, 2018

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# CORPORATE PROFILE

<b>BOARD OF DIRECTORS</b>	Mian Hassan Mansha Mr. Khalid Qadeer Qureshi Mr. Ahmad Aqeel Mr. Yousaf Bashir Mr. Ghazanfar Hussain Mirza Mr. Mahmood Akthar Mr. Shahzad Ahmad Malik	Chief Executive/Director Chairman
<b>AUDIT COMMITTEE</b>	Mr. Yousaf Bashir Mr. Shahzad Ahmad Malik Mr. Ahmad Aqeel	Member Member Member/Chairman
<b>HUMAN RESOURCE &amp; REMUNERATION COMMITTEE</b>	Mian Hassan Mansha Mr. Ahmad Aqeel Mr. Ghazanfar Husain Mirza	Member Member/Chairman Member
<b>CHIEF FINANCIAL OFFICER</b>	Mr. Tanvir Khalid	
<b>COMPANY SECRETARY</b>	Mr. Khalid Mahmood Chohan	
<b>BANKERS OF THE COMPANY</b>	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	
<b>AUDITORS</b>	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](http://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, 2018.

### FINANCIAL AND OPERATIONAL RESULTS:

During the period, the Company had turnover of Rs 11,952 million (March 2017: Rs 10,862 million), against operating cost of Rs 8,755 million (March 2017: Rs 8,007 million) resulting in a gross profit of Rs 3,198 million (March 2017: Rs 2,855 million). The Company earned profit before tax of Rs 2,416 million compared to Rs 2,142 million in the same period last year.

The current period's net profit after tax amounts to Rs 2,416 million resulting earnings per share of Rs 6.82 compared to profit after tax of Rs 2,145 million and earnings per share of Rs 6.06 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 10 to this Condensed Interim Financial Information for further details. Based on the favourable Expert determination and International Arbitration Award, 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 2018 stand at Rs 11,517 million (June 2017: Rs 8,944 million), out of which overdue receivables are Rs 10,832 million (June 2017: Rs 6,381 million).

The plant operated at optimal efficiency and dispatched 853 GWh of electricity to its customer NTDCL during the period, with 66.44% average capacity factor.

The management of the company had applied to the SECP for the exemption from the requirements of section 237 of the Ordinance, in respect of consolidating LSPPL. The SECP, vide its letter EMD/233/744/2009-1446 dated May 29, 2017, granted the exemption from consolidation of LSPPL in its financial statements for the year ended June 30, 2017 till third quarter of financial year ending June 30, 2018, under Section 237(8) of the Ordinance based on the fact that investment of the company in LSPPL is negligible in percentage of the total assets of the company and will not be a value addition in any way for the users of the company's financial statements. For details please refer note 9.1

Financial statements of LSPPL for the year ended June 30, 2017, are available to members at registered office of the company and will be sent to members on request without any cost.

### ACKNOWLEDGEMENTS

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

For and on behalf of Board of Directors



Chief Executive Officer  
Lahore: April 24, 2018

  
Director

## مجلس نظماء کی رپورٹ:

نشاط پاور لمیٹڈ (کمپنی) کی مجلس نظماء ۳۱ مارچ 2018 مختتمہ مدت کے لئے عبوری مالیاتی گوشوارے کی رپورٹ پیش کرتی ہے۔  
مالیاتی اور کاروباری نتائج:

حالیہ مدت کے دوران کمپنی کو 8,755 ملین روپے (مارچ 2017: 8,007 ملین روپے) کی آپریٹنگ لاگت کے عوض 11,952 ملین روپے (مارچ 2017 : 10,862 ملین روپے) کی وصولیاں ہوئیں ہیں، جس کے نتیجے میں 3,198 ملین روپے (مارچ 2017: 2,855 ملین روپے) کا مجموعی منافع ہوا ہے۔ کمپنی نے گزشتہ سال اسی مدت میں 2,142 ملین روپے کے مقابلے میں 2,416 ملین روپے قبل از ٹیکس منافع کمایا ہے۔

گزشتہ سال کی اسی مدت میں 6.06 روپے فی حصص آمدن اور 2,145 ملین روپے بعد از ٹیکس منافع کے مترادف 6.82 روپے فی حصص آمدن اور 2,416 ملین روپے بعد از ٹیکس خالص منافع ہوا ہے۔

تجارتی قرضوں میں نیشنل ٹرانسمیشن اینڈ ڈسٹری بیوٹن کمپنی لمیٹڈ ('NTDCL') کی طرف سے کپسٹی پریچر پرائس میں منہا کردہ 816 ملین روپے کی رقم شامل ہے۔ مزید تفصیلات کے لیے ان عبوری مالیاتی گوشوارے کا نوٹ 10 ملاحظہ کریں۔ کمپنی کے قانونی وکیل کے مشورہ کے مطابق، انتظامیہ محسوس کرتی ہے کہ ایسی رقوم کی واپسی کا امکان ہے۔ چنانچہ اس مالیاتی گوشوارے میں مذکورہ بالا رقم کے لئے کوئی گنجائش نہیں رکھی گئی ہے۔

NTDCL اپنی ادائیگی کی ذمہ داریوں پر مسلسل نادہندگی پر کار بند 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 2018 کو NTDCL سے کل وصولی 11,517 ملین روپے (جون 2017: 8,944 ملین روپے) ہے، جن میں سے 10,832 ملین روپے (جون 2017: 6,381 ملین روپے) وصولی واجب الادا اور خارج المعیاد ہیں۔  
حالیہ مدت کے دوران پلانٹ زیادہ سے زیادہ باکفایت کارکردگی پر چلایا گیا اور اپنے صارف NTDCL کو اوسط 66.44 فیصد صلاحیت کے ساتھ 853 GWh بجلی ترسیل کی گئی۔

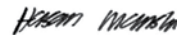
کمپنی کی انتظامیہ نے اپنے مکمل ملکیتی ذیلی ادارہ یعنی لال بیرو سولر پاور (پرائیویٹ) لمیٹڈ ('LSPPL') کے اہتمام شدہ گوشوارے کے سلسلے میں آرڈیننس کی دفعہ 237 کے تقاضوں سے رعایت کے لئے ایس ای سی پی کو درخواست گزاری تھی۔ ایس ای سی پی نے اپنے خط EMD/233/744/2002-1446، کی رو سے 30 جون 2018 کو ختم ہونے والے سال کی تیسری سہ ماہی تک کے مالی گوشواروں میں LSPPL کے انجماد سے استثناء کی منظوری دی ہے، آرڈیننس کی دفعہ (8) 237 کے تحت اس حقیقت پر مبنی کہ LSPPL میں کمپنی کی سرمایہ کاری کمپنی کے مجموعی اثاثوں کی شرح میں نہ ہونے کے برابر ہے اور کمپنی کے مالی گوشواروں کا صارفین کے لئے کسی بھی طرح سے قدر کا اضافہ نہیں ہوگا۔ برائے مہربانی نوٹ 9.1 ملاحظہ فرمائیں۔ کمپنی نے مزید رعایت کے لیے ایس ای سی پی میں درخواست دائر کرنے کا فیصلہ کیا ہے۔

اظہار تشکر

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

برائے اور منجانب بورڈ آف ڈائریکٹرز

  
ڈائریکٹر



چیف ایگزیکٹو آفیسر

لاہور 24 اپریل، 2018ء

# CONDENSED INTERIM BALANCE SHEET (Un-audited)

## AS AT MARCH 31, 2018

	Note	Un-audited March 31, 2018 (Rupees in thousand)	Audited June 30, 2017
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Authorised share capital 500,000,000 (June 30, 2017: 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, 2017: 354,088,500) ordinary shares of Rs 10 each		3,540,885	3,540,885
Revenue reserve: Un-appropriated profit		12,065,333	10,357,312
		15,606,218	13,898,197
<b>NON-CURRENT LIABILITY</b>			
Long term financing - secured	6	3,582,523	5,092,325
<b>CURRENT LIABILITIES</b>			
Current portion of long term financing - secured	6	1,976,362	1,765,368
Short term borrowings - secured		4,074,966	1,798,577
Trade and other payables		438,488	523,546
Accrued finance cost		183,640	185,182
		6,673,456	4,272,673
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7	25,862,197	23,263,195

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

*Harish Manish*  
CHIEF EXECUTIVE

Note	Un-audited March 31, 2018	Audited June 30, 2017
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(Rupees in thousand)

## ASSETS

### NON-CURRENT ASSETS

Fixed assets	8	10,865,048	11,387,160
Long term investments	9	1,000	1,343
Long term loans and advances		1,281	2,794
		10,867,329	11,391,297

### CURRENT ASSETS

Stores, spares and loose tools		747,576	662,292
Inventories		994,808	975,559
Trade debts - secured	10	11,516,594	8,944,440
Advances, deposits, prepayments and other receivables		1,203,336	1,102,623
Income tax receivable		28,599	24,783
Cash and bank balances		503,955	162,201
		14,994,868	11,871,898
		25,862,197	23,263,195

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR



CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)  
FOR THE QUARTER AND PERIOD ENDED MARCH 31, 2018

	Note	Quarter ended		Period ended	
		March 31, 2018 (Rupees in thousand)	March 31, 2017 (Rupees in thousand)	March 31, 2018 (Rupees in thousand)	March 31, 2017 (Rupees in thousand)
Sales		3,903,143	3,965,553	11,952,120	10,862,070
Cost of sales	11	(2,862,225)	(2,956,580)	(8,754,522)	(8,006,601)
<b>Gross profit</b>		<b>1,040,918</b>	<b>1,008,973</b>	<b>3,197,598</b>	<b>2,855,469</b>
Administrative expenses		(111,075)	(48,437)	(266,205)	(176,450)
Other expenses		(384)	-	(3,601)	-
Other income		4,448	-	36,153	17,263
Finance cost		(187,115)	(192,466)	(546,904)	(554,379)
Share of loss of associate		-	(5)	(843)	(59)
<b>Profit before taxation</b>		<b>746,792</b>	<b>768,065</b>	<b>2,416,198</b>	<b>2,141,844</b>
Taxation		-	-	-	2,714
<b>Profit for the period</b>		<b>746,792</b>	<b>768,065</b>	<b>2,416,198</b>	<b>2,144,558</b>
Earnings per share - basic and diluted (in Rupees)		2.109	2.169	6.824	6.057

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

# CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited) FOR THE QUARTER AND PERIOD ENDED MARCH 31, 2018

	Quarter ended		Period ended	
	March 31, 2018 (Rupees in thousand)	March 31, 2017	March 31, 2018 (Rupees in thousand)	March 31, 2017
Profit for the period	746,792	768,065	2,416,198	2,144,558
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Items that will not be reclassified subsequently to profit or loss	-	-	-	-
	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>746,792</b>	<b>768,065</b>	<b>2,416,198</b>	<b>2,144,558</b>

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

*Hasan Mansha*  
CHIEF EXECUTIVE

*Samir*  
CHIEF FINANCIAL OFFICER

*Jalal Khan*  
DIRECTOR

## CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited) FOR THE PERIOD ENDED MARCH 31, 2018

	Note	Period ended	
		March 31, 2018	March 31, 2017
(Rupees in thousand)			
<b>Cash flows from operating activities</b>			
Cash generated from operations	12	804,656	1,253,103
Finance cost paid		(548,445)	(562,929)
Income tax paid		(3,817)	(5,316)
Long term loans and advances - net		1,513	1,554
Retirement benefits paid		(14,863)	(12,567)
<b>Net cash inflow from operating activities</b>		<b>239,044</b>	<b>673,845</b>
<b>Cash flows from investing activities</b>			
Purchase of fixed assets		(169,208)	(711,654)
Proceeds from disposal of operating fixed assets		518	1,400
Long term investment purchased		(500)	-
Profit on bank deposits received		1,937	24,931
<b>Net cash outflow from investing activities</b>		<b>(167,253)</b>	<b>(685,323)</b>
<b>Cash flows from financing activities</b>			
Repayment of long term financing		(1,298,808)	(1,117,301)
Dividend paid		(707,618)	(1,201,963)
<b>Net cash outflow from financing activities</b>		<b>(2,006,426)</b>	<b>(2,319,264)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(1,934,635)</b>	<b>(2,330,742)</b>
Cash and cash equivalents at the beginning of the period		(1,636,376)	673,994
<b>Cash and cash equivalents at the end of the period</b>	13	<b>(3,571,011)</b>	<b>(1,656,748)</b>

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

## CONDENSED STATEMENT OF CHANGES IN EQUITY (Un-audited) FOR THE QUARTER AND PERIOD ENDED MARCH 31, 2018

	Share capital	Revenue reserve: Un-appropriated profit	Total
	(Rupees in thousand)		
Balance as on June 30, 2016 (audited)	3,540,885	8,710,194	12,251,079
Profit for the period	-	2,144,558	2,144,558
Other comprehensive income for the period	-	-	-
<b>Total comprehensive income for the period</b>	-	2,144,558	2,144,558
Dividend to equity holders of the company:			
Final dividend for the year ended June 30, 2016 @ Rupees 1.5 per share	-	(531,133)	(531,133)
Interim dividend for the first quarter ended September 30, 2016 @ Rupee 1 per share	-	(354,089)	(354,089)
Interim dividend for the half year ended December 31, 2016 @ Rupee 1 per share	-	(354,089)	(354,089)
<b>Total contributions by and distributions to owners of the company recognised directly in equity</b>	-	(1,239,311)	(1,239,311)
Balance as on March 31, 2017 (un-audited)	3,540,885	9,615,441	13,156,326
Balance as on July 01, 2017 (audited)	3,540,885	10,357,312	13,898,197
Profit for the period	-	2,416,198	2,416,198
Other comprehensive income for the period	-	-	-
<b>Total comprehensive income for the period</b>	-	2,416,198	2,416,198
Dividend to equity holders of the company:			
Final dividend for the year ended June 30, 2017 @ Rupees 2 per share	-	(708,177)	(708,177)
<b>Total contributions by and distributions to owners of the company recognised directly in equity</b>	-	(708,177)	(708,177)
<b>Balance as on March 31, 2018 (un-audited)</b>	<b>3,540,885</b>	<b>12,065,333</b>	<b>15,606,218</b>

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited) FOR THE QUARTER AND PERIOD ENDED MARCH 31, 2018

## 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 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

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed."

The company is required to issue condensed interim consolidated financial information along with its condensed interim separate financial information in accordance with the requirements of approved accounting standards. However, it has not presented such condensed interim consolidated financial information for the reasons explained in note 9.1 to this condensed interim financial information.

## 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, 2017.

### 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 for accounting periods beginning on July 01, 2017 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 except for:

- IAS 7, 'Cashflow statements: Disclosure initiative' (effective for periods beginning on or after January 1, 2017). This amendment requires disclosure to explain changes in liabilities for which cash flows have been, or will be classified as financing activities in the statement of cash flows. The amendment only covers balance sheet items for which cash flows are classified as financing activities. In case other items are included within the reconciliation, the changes in liabilities arising from financing activities will be identified separately. A reconciliation of the opening to closing balance is not specifically required but instead the information can be provided in other ways. In the first year of adoption, comparative information need not be provided. The application of this amendment does not have any material impact on the company's financial statements.

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

The following amendments and interpretations to existing standards have been published and are mandatory for the company's accounting periods beginning on or after July 01, 2018 or later periods, and the company has not early adopted them:

	Effective date (accounting periods beginning on or after)
<b>Other standards or interpretations</b>	
IFRS 9, 'Financial instruments'	July 01, 2018
IFRS 15, 'Revenue from contracts with customers'	July 01, 2018
Amendments to IFRS 15, 'Revenue from contracts with customers' on gross versus net revenue presentation	July 01, 2018
IFRS 16 'Leases'	January 01, 2019
IFRIC 23	January 01, 2019

The company will apply these standards/amendments from their respective effective dates and has yet to assess the impact of these amendments on its financial statements.

#### 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, 2017.

#### 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, 2017.

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 March 31, 2018 (Rupees in thousand)	Audited June 30, 2017
Opening balance	6,857,693	8,376,352
Less: Repayments during the period/year	1,298,809	1,518,659
	5,558,884	6,857,693
Less: Current portion shown under current liabilities	1,976,362	1,765,368
	3,582,522	5,092,325

## 7. CONTINGENCIES AND COMMITMENTS

### 7.1 Contingencies

- (i) There is no significant change in contingencies from the preceding annual published financial statements of the company for the year ended June 30, 2017.
- (ii) The banks have issued the following on behalf of the company:
- Letter of guarantee of Rs 9.5 million (June 30, 2017: Rs 9 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.
  - Letters of guarantee of Rs 190.682 million (June 30, 2017: Rs 190.484 million) in favour of fuel suppliers.
  - Letter of guarantee of Rs 1.5 million (June 30, 2017: 0.5 million) in favour of Punjab Revenue Authority, Lahore.

### 7.2 Commitments

- (i) Letters of credit and contracts for capital and other than capital expenditure aggregating to Rs 235.531 million (June 30, 2017: Rs 63.602 million).
- (ii) The amount of future payments under operating lease and the period in which these payments will become due are as follows:

	Un-audited March 31, 2018 (Rupees in thousand)	Audited June 30, 2017
Not later than one year	3,894	3,115
	3,894	3,115
<b>8. FIXED ASSETS</b>		
<b>Property, plant and equipment:</b>		
Operating fixed assets	10,692,584	11,290,732
Capital work-in-progress	21,832	-
Major spare parts and standby equipment	145,980	90,645
	10,860,396	11,381,377
<b>Intangible asset:</b>		
Computer software	4,652	5,783
	10,865,048	11,387,160
<b>8.1 Operating fixed assets</b>		
Opening book value	11,290,732	11,505,661
Additions during the period/year - note 8.1.1	92,041	782,426
Book value of deletions during the period/year	(489)	(12,918)
Depreciation charged during the period/year	(689,700)	(984,437)
	10,692,584	11,290,732



	Un-audited March 31, 2018 (Rupees in thousand)	Audited June 30, 2017
<b>8.1.1 Additions during the period / year</b>		
Buildings and roads on freehold land	-	607
Plant and machinery	83,553	714,665
Computer equipment	1,716	1,525
Furniture and fixtures	43	1,381
Office equipment	331	15,592
Vehicles	6,398	48,656
	92,041	782,426
<b>9. LONG TERM INVESTMENTS</b>		
Investment in associate	-	843
Investment in subsidiary - note 9.1	1,000	500
	1,000	1,343
<b>9.1</b>		
<b>Subsidiary</b>		
<b>Unquoted:</b>		
<b>Lalpir Solar Power (Private) Limited</b>		
100,000 (June 30, 2017: 50,000) fully paid ordinary shares of Rs 10 each [Equity held 100% (June 30, 2017: 100%)] - Cost	1,000	500

The company directly holds 100% shares in wholly owned subsidiary, Lalpir Solar Power (Private) Limited ('LSPPL'). LSPPL is a private limited company incorporated in Pakistan to build, own, operate and maintain or invest in a solar power project. The investment in LSPPL is accounted for using cost method.

The management of the company had applied to the SECP for the exemption from the requirements of section 237 of the repealed Ordinance, in respect of consolidating LSPPL. The SECP, vide its letter EMD/233/744/2009-1446 dated May 29, 2017, granted the exemption from consolidation of LSPPL in its financial statements for the year ended June 30, 2017 till third quarter of financial year ending June 30, 2018, under Section 237(8) of the repealed Ordinance based on the fact that investment of the company in LSPPL is negligible in percentage of the total assets of the company and will not be a value addition in any way for the users of the company's financial statements.

Relevant period accounts of LSPPL are available to members at registered office of the company without any cost.

LSPPL's profit/(loss), revenue and its assets and liabilities as per un-audited financial statements for the period ended March 31, 2018, are as under:

Name	Percentage interest held	March 31, 2018 (Rupees in thousand)			
		Assets	Liabilities	Revenues	Profit
Lalpir Solar Power (Private) Limited	100%	5,270	4,936	-	8

#### 10. TRADE DEBTS - SECURED

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 and subsequent to the period end, the Supreme Court of Pakistan has disposed off the petitions filed before it. During the financial year 2014, the company in consultation with NTDC, appointed an Expert for dispute resolution under the PPA.

During the financial year 2016, the Expert gave his determination whereby the aforesaid amount was determined to be payable to the company by NTDC. Pursuant to the Expert's determination, the company demanded the payment of the aforesaid amount of Rs 816.033 million from NTDC that has not yet been paid by NTDC. The company filed a request for arbitration in the London Court of International Arbitration ('LCIA'), whereby an Arbitrator was appointed. In November 2015, the Government of Pakistan ('GOP') through Private Power & Infrastructure Board ('PPIB') filed a case in the court of Senior Civil Judge, ("Civil Case 2015"), Lahore, against the aforementioned decision of the Expert, praying it to be illegal, which is pending adjudication. Furthermore, NTDC also filed a stay application in the LCIA before the Arbitrator to stay the arbitration proceedings. During the financial year 2017, in response to NTDC's stay application in the LCIA, the Arbitrator through his ruling dated July 8, 2016, declared that the arbitration shall proceed and denied NTDC's request for a stay.

Consequently, invitation to participate in arbitration was issued to the PPIB/GOP. PPIB filed separate Civil Suit before the Civil Judge, Lahore, seeking inter alia that the parties should be restrained from participating in the arbitration proceedings in the LCIA ("Civil Case 2016"). The company filed applications in the Civil Court where the company prayed that the Civil Court, Lahore, lacks the jurisdiction in respect of the cases filed by PPIB. In respect of the aforementioned applications, through its orders dated April 18, 2017, the Civil Court, Lahore rejected company's pray and granted the pray of PPIB whereby, the court accepted PPIB's applications for interim relief in 2015 and 2016 civil suits. Being aggrieved, the company challenged before the Additional District Judge, Lahore against the aforementioned orders of the Civil Court and continued to take part in the arbitration proceedings. Furthermore, in response to the company's continued participation in the arbitration proceedings, PPIB filed contempt petition before Lahore High Court ('LHC') in respect of the decision of the Civil Court, Lahore and the LHC passed an order in those proceedings favouring NTDC.

The company challenged the LHC's order before the Division Bench of LHC, which decided the matter in favour of the company through its order dated May 31, 2017 whereby, the aforementioned order of the LHC was suspended. As a consequence of the aforementioned order of Division Bench of LHC, the Arbitrator on June 8, 2017, declared his Partial Final Award on the aforementioned matter and decided the matter principally in company's favour and declared that the above mentioned Expert's determination is final and binding on all parties ('Partial Final Award'). However, the matter of determining the appropriate quantum and form of the company's claim was deferred by the Arbitrator for consideration on October 01, 2017. Aggrieved by the Partial Final Award, the NTDC challenged the Arbitrator's decision in Lahore Civil Court ("Civil Case 2017"), which suspended the Partial Final Award on July 10, 2017. In response to this decision of Civil Court, the company filed a revision petition in District Court ("District Case 2017") and the District Court while granting interim relief to the company, suspended the Civil Court's order on August 12, 2017. Along with challenging the Partial Final Award in Civil Court, Lahore, the NTDC also challenged the same, on July 06, 2017, in Commercial Court of England. As per advice of foreign counsel, the company has also filed a case in Commercial Court of England against NTDC on August 14, 2017. The Commercial Court of England has issued an interim favourable decision, thereby preventing NTDC from pursuing case in Pakistan Civil Courts against Partial Final Award and taking any steps outside England to set aside Partial Final Award or any other award issued by the arbitrator. The hearing took place on both the said cases in London in December 2017, and the parties await judgment from the London Courts.

Pursuant to the above mentioned anti-suit injunction filed by the company in Commercial Court of England, District court, in the matter of District Case 2017, adjourned the proceeding on January 04, 2018.

During the current period, the District Judge, Lahore, through his order dated July 8, 2017, set-aside the aforementioned orders of the Civil Judge, Lahore, dated April 18, 2017 and accepted company's appeals but dismissed the company's revision petitions concerning the issue of jurisdiction. Aggrieved by this decision, the company filed writ petitions before the LHC, which announced a favourable decision and suspended the proceedings of Civil Case 2015 & 2016 till the final decision of LHC; and GOP/PPIB filed revision petitions in the LHC, which are currently pending adjudication.

On October 29, 2017, Arbitrator declared his Final Award whereby he has ordered NTDC to pay to the company the following: i) Rs 816.033 million pursuant to Expert's determination; ii) Rs 189.385 million being Pre award interest; iii) Rs 9.203 million for breach of arbitration agreement; iv) Rs 1.684 million and USD 612,310 for the company's cost of proceedings; v) GBP 30,157 for company's LCIA cost of Arbitration and vi) Interest at KIBOR + 4.5% compounded semiannually from the date of Final Award until payment of these amounts by NTDC. On November 24, 2017, NTDC challenged Final Award in Commercial Court of England, which is pending adjudication. On November 29, 2017, company filed an application before Lahore High Court for implementation of Final Award that is also pending adjudication.

Subsequent to the period end, NTDC has withdrawn its petitions dated July 06, 2017 and November 24, 2017 filed before Commercial Court of England pertaining to Partial Final Award and Final Award respectively.

Based on the favourable Expert's determination and Arbitration Award, management strongly feels that under the terms of the PPA and Implementation Agreement, the above amount is likely to be recovered by the company. Consequently, no provision for the above mentioned amount has been made in these financial statements.

	Un-audited Quarter ended		Un-audited Period ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	(Rupees in thousand)		(Rupees in thousand)	
<b>11. COST OF SALES</b>				
Raw materials consumed	2,363,744	2,507,780	7,396,126	6,666,080
Salaries and other benefits	64,771	58,068	205,653	172,972
Repairs and maintenance	3,376	12,309	12,134	23,680
Stores, spares and loose tools consumed	161,506	96,257	309,190	276,500
Electricity consumed in-house	214	-	3,119	884
Insurance	40,816	40,820	122,805	122,453
Travelling and conveyance	5,400	4,587	14,938	14,528
Printing and stationery	186	136	529	602
Postage and telephone	176	171	457	431
Vehicle running expenses	588	555	1,578	1,657
Entertainment	49	33	822	471
Depreciation on operating fixed assets	215,596	232,790	670,923	710,454
Amortization of intangible asset	377	377	1,131	1,131
Fee and subscription	941	895	3,138	2,721
Miscellaneous	4,485	1,802	11,979	12,037
	<b>2,862,225</b>	<b>2,956,580</b>	<b>8,754,522</b>	<b>8,006,601</b>

	Un-audited Period ended	
	March 31, 2018	March 31, 2017
	(Rupees in thousand)	
<b>12. CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	2,416,198	2,141,844
Adjustment for non cash charges and other items:		
Depreciation on operating fixed assets	689,700	725,135
Amortization on intangible assets	1,131	1,131
Profit on bank deposits	(1,908)	(15,046)
Finance cost	546,904	554,379
Provision for employee retirement benefits	14,863	12,567
Gain on disposal of operating fixed assets	(29)	-
Share of loss of associate	843	59
Profit before working capital changes	3,667,702	3,420,069
Effect on cash flow due to working capital changes:		
<b>(Increase) / decrease in current assets</b>		
Stores, spares and loose tools	(85,284)	(101,351)
Inventories	(19,249)	(248,688)
Trade debts	(2,572,154)	(2,313,695)
Advances, deposits, prepayments and other receivables	(100,742)	248,004
	(2,777,429)	(2,415,730)
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	(85,617)	248,764
	(2,863,046)	(2,166,966)
	<b>804,656</b>	<b>1,253,103</b>

	Un-audited Period ended	
	March 31, 2018 (Rupees in thousand)	March 31, 2017
13. CASH AND CASH EQUIVALENTS		
Cash and bank balances	503,955	225,598
Short term borrowings - secured	(4,074,966)	(1,882,346)
	<u>(3,571,011)</u>	<u>(1,656,748)</u>

#### 14. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise the holding company, subsidiaries and associates of holding company, subsidiary company, associated undertakings, directors and key management personnel of the company, its subsidiary company and its holding company and post employment benefit plan (provident fund). The company in the normal course of business carries out transactions with various related parties. Significant related party transactions during the period include:

Relationship with the company	Nature of transactions	Un-audited Period ended	
		March 31, 2018 (Rupees in thousand)	March 31, 2017
i. Holding company	Dividends paid	361,241	632,216
ii. Associated undertakings	Purchases of goods and services	36,236	35,390
	Rental expense	9,346	9,346
	Insurance premium	124,760	124,143
iii. Post employment benefit plan	Expense charged in respect of retirement benefit plan	14,863	12,567
iv. Key management personnel	Salaries and other employee benefits	23,278	21,929
		<u>Un-audited March 31, 2018 (Rupees in thousand)</u>	<u>Audited June 30, 2018</u>
Period / year end balances			
Net receivable/(payable) to related parties		(1,707)	(5,225)

15. DATE OF AUTHORISATION FOR ISSUE

This condensed financial information was authorized for issue on April 24, 2018 by the Board of Directors of the Company.

16. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim balance sheet has been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER








  
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