



FIRST QUARTER REPORT
For the Period Ended September 30, 2018



POWERING
A CONNECTED LIFE

CONTENTS

Nishat Power Limited	Page No.
Corporate Profile	2
Directors' Report	4
Directors' Report (Urdu)	6
Condensed Interim Statement of Financial Position	8-9
Condensed Interim Statement of Profit or Loss	10
Condensed Interim Statement of Comprehensive Income	11
Condensed Interim Statement of Cash Flows	12
Condensed Interim Statement of Changes in Equity	13
Notes to the Condensed Interim Financial Information	14-20

CORPORATE PROFILE

BOARD OF DIRECTORS

Mian Hassan Mansha	Chief Executive/Director
Mr. Khalid Qadeer Qureshi	Chairman
Mr. Ahmad Aqeel	
Mr. Yousaf Bashir	
Mr. Ghazanfar Hussain Mirza	
Mr. Mahmood Akthar	
Mr. Shahzad Ahmad Malik	

AUDIT COMMITTEE

Mr. Yousuf Bashir	Member
Mr. Shahzad Ahmad Malik	Member
Mr. Ahmad Aqeel	Member / Chairman

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mian Hassan Mansha	Member
Mr. Ahmad Aqeel	Member / Chairman
Mr. Ghazanfar Hussain Mirza	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
Dubai Islamic Bank Pakistan Limited
Albaraka Bank Pakistan Limited
The Bank of Punjab
MCB Bank Limited
Pak Kuwait Investment Co. Limited
Pak Brunei Investment Co. Limited
MCB Islamic Bank Limited
Bank Al-Habib 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 September 30, 2018.

FINANCIAL AND OPERATIONAL RESULTS:

During the period, the Company had turnover of Rs 5,846 million (September 2017: Rs 4,564 million), against operating cost of Rs 4,569 million (September 2017: Rs 3,441 million) resulting in a gross profit of Rs 1,277 million (September 2017: Rs 1,123 million). The Company earned profit before tax of Rs 984 million compared to Rs 860 million in the same period last year.

The current period's net profit after tax amounts to Rs 984 million resulting earnings per share of Rs 2.779 compared to profit after tax of Rs 860 million and earnings per share of Rs 2.429 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 Final 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 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 September 30, 2018 stand at Rs 14,800 million (June 2018: Rs 13,047 million), out of which overdue receivables are Rs 10,565 million (June 2018: Rs 9,562 million).

The plant operated at optimal efficiency and dispatched 316 GWh of electricity to its customer NTDCL during the period, with 73.37% (September 2017: 84.81%) average capacity factor.

The management of the company had applied to the Securities & Exchange Commission of Pakistan ('SECP') for the exemption from the requirements of section 228(7) of the Companies Act, 2018, in respect of consolidating Lalpir Solar Power (Pvt) Limited ('LSPPL'), a wholly owned subsidiary of the Company. The SECP, vide its letter EMD/233/744/09-1501 dated June 06, 2018, granted the exemption from consolidation of LSPPL in its financial statements for the year ended June 30, 2018 till third quarter of financial year ending June 30, 2019, under Section 228(7) of the Companies Act, 2018 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.

Financial statements of LSPPL for the year ended June 30, 2018, will be available to members at registered office of the company and will be sent to members on request without any cost.


Information under Regulation 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2018

Name of Investee Company	:	Nishat Energy Limited
Total Investment Approved	:	Equity investment of Rs 4,875,000,000 (Rupees Four Billion Eight Hundred Seventy Five Million Only) was approved by members in EOGM held on August 22, 2014 for the period of three (3) years, which expired in August 2017.
Amount of Investment Made to date	:	PKR 2,500,000/-
Reason for not having made complete Investment so far where resolution Required to be implemented in Specified time.	:	<p>NEL's Grid Interconnection Study has not been approved by NTDC, which is a precondition for applying to NEPRA for upfront tariff and generation license. Consequently, existing upfront tariff for power generation on imported / local coal expired on October 14, 2016. Further, as per decision of NEPRA regarding cessation of upfront tariff on imported / local coal, NEPRA decided not to extend the existing upfront tariff beyond 14th October 2016.</p> <p>In view of the aforesaid reasons, the NEL is not considered as a going concern and, hence, complete investment could not be achieved. Furthermore, investment period of three years, allowed by members, have also expired in August 2017.</p>
Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company.	:	NEL is no longer considered a going concern by its management based on the audited financial statements for the year ended June 30, 2017, therefore NEL's financial statements have been prepared using non-going concern basis of accounting on the basis of estimated realizable / settlement values of the assets and liabilities respectively.

ACKNOWLEDGEMENTS

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

For and on behalf of Board of Directors


Chief Executive Officer
Lahore: October 22, 2018


Director

مجلس نظام کی رپورٹ:

نشاط پاور لمیٹڈ (کمپنی) کی مجلس نظام 30 ستمبر 2018 مختتمہ مدت کے لئے منجمد عبوری مالیاتی گوشوارے کی رپورٹ پیش کرتی

ہے۔

مالیاتی اور کاروباری نتائج:

حالیہ مدت کے دوران کمپنی کو 4,569 ملین روپے (ستمبر 2017: 3,441 ملین روپے) کی آپرٹنگ لاگت کے عوض 5,846 ملین روپے (ستمبر 2017: 4,564 ملین روپے) کی وصولیاں ہوئیں تھیں، جس کے نتیجے میں 1,277 ملین روپے (ستمبر 2017: 1,123 ملین روپے) کا مجموعی منافع ہوا ہے۔ کمپنی نے گزشتہ سال اسی مدت میں 860 ملین روپے کے مقابلے میں 984 ملین روپے قبل از ٹیکس منافع کمایا ہے۔

گزشتہ سال کی اسی مدت میں 2,429 روپے فی حصص آمدن اور 860 ملین روپے قبل از ٹیکس منافع کے مترادف موجودہ مدت میں 2,779 روپے فی حصص آمدن اور 984 ملین روپے قبل از ٹیکس خالص منافع ہوا ہے۔

تجارتی قرضوں میں نیشنل ٹرانسمیشن اینڈ ڈسپچ کمپنی لمیٹڈ ('NTDCL') کی طرف سے کسپسٹی پراجیکٹس میں منہا کردہ 816 ملین روپے کی رقم شامل ہے۔ مزید تفصیلات کے لیے ان منجمد عبوری مالیاتی گوشوارے کا نوٹ 10 ملاحظہ کریں۔ کمپنی کے قانونی وکیل کے مشورہ، ایکسپرسٹ کے تعین اور آرٹریکشن ایوارڈ کے مطابق، انتظامیہ محسوس کرتی ہے کہ PPA اور امپلیمینٹیشن معاہدہ کی شرائط کے تحت ایسی رقم کی واپسی کا امکان ہے۔ چنانچہ اس عبوری مالیاتی گوشوارے میں مذکورہ بالا رقم کے لئے کوئی گنجائش 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۔ 30 ستمبر 2018 کو NTDCL سے کل وصولی 14,800 ملین روپے (جون 2018: 13,047 ملین روپے) ہے، جن میں سے 10,568 ملین روپے (جون 2018: 9,562 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 73.37 فیصد صلاحیت کے ساتھ 316 GWh بجلی ترسیل کی گئی۔

کمپنی کی انتظامیہ نے اپنے مکمل ملکیتی ذیلی ادارہ یعنی لال پیر سولر پاور (پرائیویٹ) لمیٹڈ ('LSPPL') کے اشمال شدہ گوشوارے کے سلسلے میں کمپنیز ایکٹ 2017، کی دفعہ (3) 228 کے تقاضوں سے رعایت کے لئے ایس ای سی پی کو درخواست گزاری تھی۔ ایس ای سی پی نے اپنے خط 1501-2009/744/233 EMD مورخہ 06 جون 2018، کی رو سے کمپنیز ایکٹ 2017، کی دفعہ (3) 228 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، 30 جون 2018 کو ختم ہونے والے سال کے لئے LSPPL کے مالی گوشوارے کمپنی کے رجسٹرڈ دفتر میں ارکان کے لئے دستیاب ہو گئے اور ارکان کی درخواست پر بغیر قیمت ارکان کو ارسال کئے جائیں گے۔


کمپنیز (ایسوسی ایٹڈ کمپنیوں یا ایسوسی ایٹڈ انڈر ٹیکنگز میں سرمایہ کاری) ریگولیشنز 2017ء کی دفعہ 4(2) کے تحت معلومات


نشاط انرجی لمیٹڈ	نام انویسٹی کمپنی:
4,875,000,000 روپے (چار بلین آٹھ سو چھتر بلین روپے صرف) کی ایکویٹی سرمایہ کاری برائے مدت تین (3) سال 22 اگست 2014 کو منعقدہ EOGM میں ارکان کی طرف سے منظوری کی گئی، جس کی مدت اگست 2017 میں ختم ہوگئی۔	کل سرمایہ کاری منظور شدہ
-/2,500,000 روپے پاکستانی	تاریخ کی گئی سرمایہ کاری کی رقم
NEL کی گروڈ انٹر کنکشن سٹڈی NTDCL سے منظور نہیں کرائی گئی، جو اپ فرنٹ ٹیرف اور جزییشن لائسنس کے لئے نیہرا کو درخواست گزارنے میں لازمی شرط ہے۔ نتیجتاً، درآمدہ / مقامی کوئلہ پر بجلی پیدا کرنے کا موجودہ اپ فرنٹ ٹیرف 14 اکتوبر 2016 کو ختم ہو گیا۔ اس کے علاوہ، درآمدہ / مقامی کوئلہ پر اپ فرنٹ ٹیرف کے خاتمہ کے سلسلہ میں نیہرا کے فیصلہ کے مطابق، نیہرا نے موجودہ اپ فرنٹ ٹیرف کو 14 اکتوبر 2016 سے آگے توسیع نہ کرنے کا فیصلہ کیا ہے۔	سرمایہ کاری مکمل نہ کئے جانے کی وجہ جہاں کہیں قرار دیا مقررہ مدت میں نافذ کئے جانے کی ضرورت ہو۔
مذکورہ بالا وجوہات کے مد نظر، NEL کو ایک گونگ کنسرن کی حیثیت خیال نہیں کیا گیا اور اس لئے مکمل سرمایہ کاری حاصل نہیں کی جاسکتی تھی۔ اس کے علاوہ، ارکان کی طرف سے دی گئی اجازت کی تین سالوں کی مدت کی سرمایہ کاری بھی اگست 2017 کو اختتام پذیر ہوگئی۔	
NEL، 30 جون 2017 کو ختم ہونے والے سال کے لئے نظر ثانی شدہ مالی گوشواروں کی بنیاد پر اس کی انتظامیہ کی طرف سے زیادہ عرصہ گونگ کنسرن خیال نہیں کی گئی ہے، اس لئے NEL کے مالی گوشوارے بالترتیب اثاثوں اور واجبات کی متوقع وصولی / تصفیہ اقدار کی بنیاد پر اکاؤنٹنگ پرمیٹی نان گونگ کنسرن حیثیت استعمال کرتے ہوئے تیار کئے گئے ہیں۔	ایسی کمپنی میں سرمایہ کاری کی منظوری: کیلئے پاس شدہ قرار داد کی تاریخ تک ایسوسی ایٹڈ کمپنی یا ایسوسی ایٹڈ انڈر ٹیکنگ کی مالی سسٹمٹنس میں مادی تبدیلی

اظہار تشکر

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

برائے اور منجانب بورڈ آف ڈائریکٹرز


ڈائریکٹر


چیف ایگزیکٹو آفیسر

لاہور: 22 اکتوبر 2018ء

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (Un-audited) AS AT SEPTEMBER 30, 2018

	Note	Un-audited September 30, 2018 (Rupees in thousand)	Audited June 30, 2018
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised share capital 500,000,000 (June 30, 2018: 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, 2018: 354,088,500) ordinary shares of Rs 10 each		3,540,885	3,540,885
Revenue reserve: Un-appropriated profit		13,844,441	12,860,551
		17,385,326	16,401,436
NON-CURRENT LIABILITY			
Long term financing - secured	6	2,477,018	3,040,170
CURRENT LIABILITIES			
Current portion of long term financing - secured	6	2,130,856	2,052,155
Short term borrowings - secured		5,613,226	4,578,891
Trade and other payables		409,651	637,586
Unclaimed dividend		15,330	15,001
Accrued finance cost		208,613	182,486
		8,377,676	7,466,119
CONTINGENCIES AND COMMITMENTS			
	7	28,240,020	26,907,725

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


CHIEF EXECUTIVE

Note	Un-audited September 30, 2018	Audited June 30, 2018
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(Rupees in thousand)

ASSETS

NON-CURRENT ASSETS

Fixed assets	8	10,538,502	10,658,095
Long term investments	9	1,000	1,000
Long term loans and advances		159	231
		<u>10,539,661</u>	<u>10,659,326</u>

CURRENT ASSETS

Stores, spares and loose tools		825,232	924,777
Inventories		1,505,270	1,569,339
Trade debts - secured	10	14,302,168	12,328,941
Advances, deposits, prepayments and other receivables		994,675	1,254,999
Income tax receivable		30,970	30,038
Cash and bank balances		42,044	140,305
		<u>17,700,359</u>	<u>16,248,399</u>
		<u>28,240,020</u>	<u>26,907,725</u>


CHIEF FINANCIAL OFFICER


DIRECTOR

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-audited)
FOR THE QUARTER ENDED SEPTEMBER 30, 2018

	Note	Quarter ended	
		September 30, 2018	September 30, 2017
		(Rupees in thousand)	
Sales		5,846,191	4,564,303
Cost of sales	11	(4,569,478)	(3,440,988)
Gross profit		1,276,713	1,123,315
Administrative expenses		(71,670)	(77,891)
Other expenses		(1,366)	(2,621)
Other income		1,821	1,053
Finance cost		(221,608)	(183,817)
Share of loss of associate		-	(9)
Profit before taxation		983,890	860,030
Taxation		-	-
Profit for the period		983,890	860,030
Earnings per share - basic and diluted (in Rupees)		2.779	2.429

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 ENDED SEPTEMBER 30, 2018

	Quarter ended	
	September 30, 2018	September 30, 2017
	(Rupees in thousand)	
Profit for the period	983,890	860,030
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	983,890	860,030

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 CASH FLOWS (Un-audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2018

		Quarter ended	
	Note	September 30, 2018 (Rupees in thousand)	September 30, 2017
Cash flows from operating activities			
Cash (used in)/generated from operations	12	(316,968)	200,983
Finance cost paid		(195,480)	(194,109)
Income tax paid		(933)	(896)
Long term loans and advances		72	985
Retirement benefits paid		(5,330)	(4,934)
Net cash outflow from operating activities		(518,639)	2,029
Cash flows from investing activities			
Purchase of fixed assets		(130,389)	(13,552)
Proceeds from disposal of operating fixed assets		36	34
Profit on bank deposits received		866	918
Net cash outflow from investing activities		(129,487)	(12,600)
Cash flows from financing activities			
Repayment of long term financing		(484,451)	(416,750)
Dividend paid		(19)	(41)
Net cash outflow from financing activities		(484,470)	(416,791)
Net decrease in cash and cash equivalents		(1,132,596)	(427,362)
Cash and cash equivalents at the beginning of the period		(4,438,586)	(1,636,376)
Cash and cash equivalents at the end of the period	13	(5,571,182)	(2,063,738)

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 CHANGES IN EQUITY (Un-audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2018

	Share capital	Revenue reserve: Un-appropriated profit	Total
	(Rupees in thousand)		
Balance as on June 30, 2017 (audited)	3,540,885	10,357,312	13,898,197
Profit for the period	-	860,030	860,030
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	860,030	860,030
Total contributions by and distributions to owners of the company recognised directly in equity	-	-	-
Balance as on September 30, 2017 (un-audited)	3,540,885	11,217,342	14,758,227
Balance as on June 30, 2018 (audited)	3,540,885	12,860,551	16,401,436
Profit for the period	-	983,890	983,890
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	983,890	983,890
Total contributions by and distributions to owners of the company recognised directly in equity	-	-	-
Balance as on September 30, 2018 (un-audited)	3,540,885	13,844,441	17,385,326

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 ENDED SEPTEMBER 30, 2018

1. THE COMPANY AND ITS ACTIVITIES

Nishat Power Limited (the 'company') is a public company limited by shares incorporated in Pakistan on February 23, 2007 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The company is a subsidiary of Nishat Mills Limited, Pakistan. 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

This condensed interim financial information has 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 9.2 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, 2018.

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)
Other standards or interpretations	
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, 2018.

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, 2018.

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
September 30,
2018
(Rupees in thousand)

Audited
June 30,
2018

6. LONG TERM FINANCING - SECURED

The reconciliation of the carrying amount is as follows:

Opening balance	5,092,325	6,857,693
Less: Repayments during the period/year	484,451	1,765,368
	4,607,874	5,092,325
Less: Current portion shown under current liabilities	2,130,856	2,052,155
	2,477,018	3,040,170

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, 2018.
- (ii) The banks have issued the following on behalf of the company:
 - (a) Letter of guarantee of Rs 11 million (June 30, 2018: Rs 11 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.
 - (b) Letters of guarantee of Rs 100.198 million (June 30, 2018: Rs 190.484 million) in favour of fuel suppliers.

- (c) Letter of guarantee of Rs 1.5 million (June 30, 2018: 1.5 million) in favour of Punjab Revenue Authority, Lahore.

7.2 Commitments

- (i) Letters of credit and contracts for other than capital expenditure aggregating Rs 53.305 million (June 30, 2018: Rs 140.210 million).
- (ii) The amount of future payments under non-cancellable operating lease and the period in which these payments will become due are as follows:

	Un-audited September 30, 2018 (Rupees in thousand)	Audited June 30, 2018
Not later than one year	3,894	3,894
8. FIXED ASSETS		
Property, plant and equipment:		
Operating fixed assets - note 8.1	10,311,868	10,449,604
Capital work-in-progress	41,200	14,284
Major spare parts and standby equipment	181,536	189,932
	10,534,604	10,653,820
Intangible asset:		
Computer software	3,898	4,275
	10,538,502	10,658,095
8.1 Operating fixed assets		
Opening book value	10,449,604	11,290,732
Additions during the period/year - note 8.1.1	111,869	135,930
Book value of deletions during the period/year	(36)	(1,048)
Depreciation charged during the period/year	(249,569)	(976,010)
Closing book value	10,311,868	10,449,604
8.1.1 Additions during the period / year		
Plant and machinery	107,901	118,222
Computer equipment	421	3,137
Furniture and fixtures	443	1,287
Office equipment	-	3,929
Vehicles	3,104	9,355
	111,869	135,930

		Un-audited September 30, 2018 (Rupees in thousand)	Audited June 30, 2018
9.	Long term investments		
	Investment in associate	- note 9.1	-
	Investment in subsidiary	- note 9.2	1,000
		1,000	1,000
9.1	Related party - Associate		
	Unquoted: Nishat Energy Limited		
	250,000 (June 30, 2018: 250,000) fully paid ordinary shares of Rs 10 each [Equity held 25% (2018: 25%)] - Cost	2,500	2,500
	Opening balance	-	843
	Share of loss for the period/ year	-	(843)
	Closing balance	-	-

The company directly holds 25% ordinary shares in Nishat Energy Limited ('NEL'). NEL is an unquoted public company limited by shares incorporated in Pakistan to build, own, operate and maintain a coal fired power station. The address of the registered office of NEL is 1-B, Aziz Avenue, Canal Bank, Gulberg V, Lahore. The investment in NEL is accounted for using equity method. NEL is no longer considered a going concern by its management based on the audited financial statements for the year ended June 30, 2017.

		Un-audited September 30, 2018 (Rupees in thousand)	Audited June 30, 2018
9.2	Subsidiary		
	Unquoted: Lalpir Solar Power (Private) Limited		
	100,000 (June 30, 2018: 100,000) fully paid ordinary shares of Rs 10 each [Equity held 100% (June 30, 2018: 100%)] - Cost	1,000	1,000

The company directly holds 100% shares in its wholly owned subsidiary, Lalpir Solar Power (Private) Limited ('LSPPL'). LSPPL is a private company limited by shares incorporated in Pakistan to build, own, operate and maintain or invest in a solar power project. The address of the registered office of LSPPL is 1-B, Aziz Avenue, Canal Bank, Gulberg V, Lahore. 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 228(7) of the Companies Act, 2017, in respect of consolidating LSPPL. The SECP, vide its letter EMD/233/744/09-1501 dated June 06, 2018, granted the exemption from consolidation of LSPPL in its financial statements for the year ended June 30, 2018 till third quarter of financial year ending June 30, 2019, under section 228(7) of the Companies Act, 2017 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 loss, revenue and its assets and liabilities as per un-audited condensed interim financial information for the quarter ended September 30, 2018 are as under:

Name	Percentage interest held	(Rupees in thousand)			
		Assets	Liabilities	Revenues	Profit
Lalpir Solar Power (Private) Limited	100%	4,874	4,700	-	1

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 in 2013 and on January 25, 2018, the Supreme Court 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 LCIA, whereby an Arbitrator was appointed.

In October 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.

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 LHC in respect of the decision of the Civil Court, Lahore and the LHC passed an order in those proceedings. 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.

The Arbitrator, on June 08, 2017, declared his Partial Final Award 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 ("Final Partial Award").

Aggrieved by the Partial Final Award, NTDC challenged the Arbitrator's decision in Lahore Civil Court ("Civil Case 2017"), which suspended the Final Partial Award on July 10, 2017. In response to this decision of Civil Court, the company filed a revision petition in District Court and the District Court ("District Case 2017") while granting interim relief to the company, suspended the Civil Court's order on August 12, 2017. Alongwith challenging the Final Partial Award in Lahore Civil Court, NTDC also challenged the same, on July 06, 2017, in Commercial Court of England. As per advice of foreign legal counsel, the company also filed a case for anti suit injunction in Commercial Court of England against NTDC on August 14, 2017.

The District Judge, Lahore through its 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, (i) the company filed writ petitions before the LHC, which announced a favourable decision and suspended the proceedings of Civil Cases 2015 and 2016 till the final decision of LHC; and (ii) GOP/PPIB filed revision petitions in the LHC, which are currently pending adjudication.

On October 29, 2017, the Arbitrator declared his Final Award whereby he ordered NTDC to pay to the company: 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 ("the Final Award") that works out to Rs 109.306 million upto September 30, 2018.

On November 24, 2017, NTDC challenged the Final Award in Commercial Court of England. On November 29, 2017, company filed an application before Lahore High Court for implementation of Final Award that is also pending adjudication. During the hearing held in December 2017 in London, NTDC withdrew its petitions dated July 06, 2017 and November 24, 2017 filed before Commercial Court of England against the company, pertaining to Partial Final Award and Final Award respectively.

On May 4, 2018, Commercial Court of England issued a favourable decision in the case of anti suit injunction, thereby preventing NTDC from pursuing case in Pakistan Civil Courts against Partial Final Award/Final Award and taking any steps outside England to set aside Partial Final Award/Final Award issued by the Arbitrator. Aggrieved by this decision, NTDC has sought permission to file an appeal before the Court of Appeals, London, which has been rejected subsequent to reporting date.

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 of Rs 816.033 million is likely to be recovered by the company. Consequently, no provision for this amount has been made in these financial statements.

Further, on prudence basis, the company has not recognised the abovementioned amounts in this condensed interim financial information for Pre-award interest, breach of arbitration agreement, company's cost of proceedings, company's LCIA cost of Arbitration and interest thereon on all these amounts as per Final Award due to its uncertainty since its enforcement proceedings are pending adjudication in Lahore High Court. These amounts as per Final Award would be recognized when it attains finality and it is certain.

Un-audited
Quarter ended
September 30, 2018 September 30, 2017
(Rupees in thousand)

11. COST OF SALES

Raw materials consumed	4,063,592	2,994,481
Salaries and other benefits	82,206	73,723
Repairs and maintenance	6,098	5,134
Stores, spares and loose tools consumed	100,349	65,785
Electricity consumed in-house	1,202	252
Insurance	51,498	41,133
Travelling and conveyance	6,091	4,734
Printing and stationery	181	198
Postage and telephone	198	113
Vehicle running expenses	558	475
Entertainment	1,037	346
Depreciation on operating fixed assets	242,731	242,631
Amortization of intangible asset	377	377
Fee and subscription	1,017	1,236
Miscellaneous	12,343	10,370
	<u>4,569,478</u>	<u>3,440,988</u>

12. CASH (USED IN) / GENERATED FROM OPERATIONS

Profit before taxation	983,890	860,030
Adjustment for non cash charges and other items:		
Depreciation on operating fixed assets	249,569	247,224
Amortization on intangible assets	377	377
Profit on bank deposits	(192)	(828)
Finance cost	221,608	183,817
Provision for employee retirement benefits	5,330	4,934
Gain on disposal of operating fixed assets	-	(29)
Share of loss of associate	-	9
Profit before working capital changes	<u>1,460,582</u>	<u>1,295,534</u>
Effect on cash flow due to working capital changes:		
Decrease/ (increase) in current assets		
Stores, spares and loose tools	99,545	(123,357)
Inventories	64,069	(138,690)
Trade debts	(1,973,227)	(669,107)
Advances, deposits, prepayments and other receivables	259,998	(40,369)
	<u>(1,549,615)</u>	<u>(971,523)</u>
Increase/(decrease) in current liabilities		
Trade and other payables	(228,264)	(122,987)
Unclaimed dividend	329	(41)
	<u>(227,935)</u>	<u>(123,028)</u>
	<u>(1,777,550)</u>	<u>(1,094,551)</u>
	<u>(316,968)</u>	<u>200,983</u>

	Un-audited Quarter ended	
	September 30, 2018	September 30, 2017
	(Rupees in thousand)	
13. CASH AND CASH EQUIVALENTS		
Cash and bank balances	42,044	137,439
Short term borrowings - secured	(5,613,226)	(2,201,177)
	<u>(5,571,182)</u>	<u>(2,063,738)</u>

14. TRANSACTIONS WITH RELATED PARTIES

The related parties include the holding company, subsidiaries and associates of the holding company, group companies, related parties on the basis of common directorship, key management personnel of the 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:

		Un-audited Quarter ended	
		September 30, 2018	September 30, 2017
		(Rupees in thousand)	
Relationship with the company	Nature of transactions		
i. Associated undertakings	Purchases of goods and services	13,519	12,029
	Rental expense	3,115	3,115
	Insurance premium	52,722	41,974
	Interest on deposit accounts	405	278
ii. Post employment benefit plan	Expense charged in respect of retirement benefit plan	5,330	4,934
iii. Key management personnel	Salaries and other employee benefits	10,696	10,126
Period end balances			
Payable to related parties			
- Associated companies		31,943	5,289
Receivable from related parties			
- Subsidiary company		4,373	4,373
- Associated company		13,083	23,448

15. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorized for issue on October 22, 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 financial position has been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year. Corresponding figures have been reclassified wherever necessary to reflect better presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan. Reclassifications made are as follows:

	Rupees in thousand
Wages of contractual employees previously included under the sub head "Salaries and other benefits" in "Cost of sales" have been reclassified to sub head "Miscellaneous" in "Cost of sales"	6,358
Salaries of employees of purchase department previously included under the sub head "Salaries and other benefits" in "Cost of sales" have been reclassified to sub head "Salaries and other benefits" in "Administrative expenses"	2,662

The above reclassifications do not have any material effect on information presented in the condensed interim statement of financial position, condensed interim statement of profit or loss and condensed interim statement of cash flows.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER









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N I S H A T

Nishat POWER LIMITED

53-A, Lawrence Road, Lahore. Te: 042-6367812-16

Fax: 042-6367414 UAN: 042-111-11-33-33