

HALF YEARLY REPORT

FOR THE PERIOD ENDED
DECEMBER 31, 2019



N I S H A T

NISHAT POWER LIMITED

CONTENTS

Nishat Power Limited	Page No.
Corporate Profile	2
Directors' Report	4
Directors' Report (Urdu)	6
Unconsolidated Condensed Interim Statement of Financial Position	8-9
Unconsolidated Condensed Interim Statement of Profit or Loss	10
Unconsolidated Condensed Interim Statement of Comprehensive Income	11
Unconsolidated Condensed Interim Statement of Cash Flows	12
Unconsolidated Condensed Interim Statement of Changes in Equity	13
Selected Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Information	14-24
Nishat Power Limited and Its Subsidiary	
Directors' Report	26
Directors' Report (Urdu)	27
Consolidated Condensed Interim Statement of Financial Position	28-29
Consolidated Condensed Interim Statement of Profit or Loss	30
Consolidated Condensed Interim Statement of Comprehensive Income	31
Consolidated Condensed Interim Statement of Cash Flows	32
Consolidated Condensed Interim Statement of Changes in Equity	33
Selected Notes to and Forming Part of the Consolidated Condensed Interim Financial Information	34-44

CORPORATE PROFILE

BOARD OF DIRECTORS

Mian Hassan Mansha	Chairman
Mr. Ghazanfar Hussain Mirza	Chief Executive
Mr. Ahmad Aqeel	
Mr. Yousuf Bashir	
Mr. Mahmood Akthar	
Mr. Shahzad Ahmad Malik	
Mr. Norez Abdullah	

AUDIT COMMITTEE

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

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
Bank Islami Pakistan Limited
Meezan Bank Limited
Dubai Islamic Bank Pakistan Limited
Albaraka Bank Pakistan Limited
The Bank of Punjab
MCB Bank Limited
MCB Islamic Bank Limited
Pak Brunei Investment Co. 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 half year ended December 31, 2019.

FINANCIAL AND OPERATIONAL RESULTS:

During the period, the Company had turnover of Rs 7,262 million (December 2018: Rs 8,918 million), against operating cost of Rs 3,925 million (December 2018: Rs 6,440 million) resulting in a gross profit of Rs 3,337 million (December 2018: Rs 2,477 million). The Company earned profit before tax of Rs 2,497 million compared to Rs 1,899 million in the same period last year.

The current period's net profit after tax amounts to Rs 2,497 million resulting earnings per share of Rs 7.05 compared to profit after tax of Rs 1,899 million and earnings per share of Rs 5.36 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 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 including WPPF on December 31, 2019 stand at Rs 19,132 million (June 2019: Rs 16,045 million), out of which overdue receivables are Rs 17,178 million (June 2019: Rs 13,145 million).

The plant operated at optimal efficiency and dispatched 223 GWh (December 2018: 422 GWh) of electricity to its customer NTDCL during the period, with 25.81% (December 2018: 48.95%) average capacity factor.

COMPOSITION OF BOARD:

Total number of Directors:	
(a) Male	7
(b) Female:	0
Composition:	
(i) Independent Directors	2
(ii) Other Non-executive Directors	3
(iii) Executive Directors	2

COMMITTEES OF THE BOARD:

Audit Committee of the Board:

Sr. #	Name of Directors
1	Mr. Ahmad Aqeel (Chairman)
2	Mr. Yousuf Bashir
3	Mr. Shahzad Ahmad Malik

Human Resource and Remuneration Committee:

Sr. #	Name of Directors
1	Mr. Ahmad Aqeel (Chairman)
2	Mian Hassan Mansha
3	Mr. Ghazanfar Hussain Mirza

DIRECTORS' REMUNERATION:

The company only pays meeting fee in terms of remuneration to its non-executive and independent directors. Aggregate amount of remuneration paid to executive and non-executive directors have been disclosed in note 13 of the annexed condensed interim financial information.

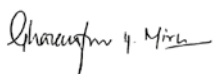
DIVIDENDS

The directors have recommended an interim cash dividend of 10% i.e. Rupee 1 per ordinary share, amounting to Rs 354.089 million.

ACKNOWLEDGEMENTS

We wish to place on record our gratitude towards Company employees for their commitment towards progress of the Company.

For and on behalf of Board of Directors



Chief Executive Officer
Lahore: February 13, 2020



Director

مجلس نظماء کی رپورٹ:

نشاط پاور لمیٹڈ (کمپنی) کی مجلس نظماء 31 دسمبر 2019 مختتمہ ششماہی کے لئے بیرونی محاسب کی طرف سے ریو کی گئی عبوری مالیاتی گوشوارے کی رپورٹ پیش کرتی ہے۔

مالیاتی اور کاروباری نتائج:

حالیہ مدت کے دوران کمپنی کو 3,925 ملین روپے (دسمبر 2018: 6,440 ملین روپے) کی آپریٹنگ لاگت کے عوض 7,262 ملین روپے (دسمبر 2018 : 8,918 ملین روپے) کی وصولیاں ہوئیں ہیں، جس کے نتیجے میں 3,337 ملین روپے (دسمبر 2018: 2,477 ملین روپے) کا مجموعی منافع ہوا ہے۔ کمپنی نے گزشتہ سال اسی مدت میں 1,899 ملین روپے کے مقابلے میں 2,497 ملین روپے قبل از ٹیکس منافع کمایا ہے۔

گزشتہ سال کی اسی مدت میں 5.36 روپے فی حصص آمدن اور 1,899 ملین روپے بعد از ٹیکس منافع کے مترادف 7.05 روپے فی حصص آمدن اور 2,497 ملین روپے بعد از ٹیکس خالص منافع ہوا ہے۔

تجارتی قرضوں میں نیشنل ٹرانسمیشن اینڈ ڈسٹریбуٹن کمپنی لمیٹڈ (NTDCL) کی طرف سے کمپنی پر چارجز پرائس 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، ایکسپٹ کے تعین اور آرہٹیشن ایوارڈ کے مطابق، انتظامیہ محسوس کرتی ہے کہ PPA اور امپلی منٹیشن 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 دسمبر 2019 کو NTDCL سے کل وصولی بشمول WPPF کے 19,132 ملین روپے (جون 2019: 16,045 ملین روپے) ہے، جن میں سے 17,178 ملین روپے (جون 2019: 13,145 ملین روپے) وصولی واجب الادا اور خارج المیعاد ہیں۔

حالیہ مدت کے دوران پلانٹ زیادہ سے زیادہ باکفایت کارکردگی پر چلایا گیا اور اپنے صارف NTDCL کو اوسط 25.81 فیصد (دسمبر 2018 : 48.95 فیصد) صلاحیت کے ساتھ 223 GWh (دسمبر 2018 : 422 GWh) بجلی ترسیل کی گئی۔

بورڈ کی ترتیب:

ڈائریکٹرز کی کل تعداد

7	(a) مرد
0	(b) عورت

ترتیب

2	(i) آزاد ڈائریکٹرز
3	(ii) دیگر نان ایگزیکٹو
2	(iii) ایگزیکٹو

بورڈ کی کمیٹیاں

بورڈ کی آڈٹ کمیٹی

نمبر شمار	نام ڈائریکٹر
1	جناب احمد عقیل (آزاد ڈائریکٹر) چیئر مین
2	جناب یوسف بشیر (آزاد ڈائریکٹر)
3	جناب شہزاد احمد ملک (نان ایگزیکٹو ڈائریکٹر)

ہیومن ریسورس اینڈ ریمنٹیشن کمیٹی:

نمبر شمار	نام ڈائریکٹر
1	جناب احمد عقیل (آزاد ڈائریکٹر) چیئر مین
2	میاں حسن منشا (نان ایگزیکٹو ڈائریکٹر)
3	جناب غضنفر حسین مرزا (ایگزیکٹو ڈائریکٹر)

ڈائریکٹرز کا مشاہرہ:

کمپنی اپنے نان ایگزیکٹو ڈائریکٹرز سمیت آزاد ڈائریکٹرز کو اجلاس فیس کے علاوہ مشاہرہ ادا نہیں کرتی ہے۔ ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز ادا کئے گئے مشاہرہ کی مجموعی رقم منسلکہ مالی حسابات کے نوٹ 13 میں منکشف کی گئی ہے۔

اظہار تشکر

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

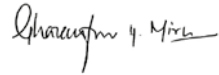
منافع منقسمہ

مجلس نظام نے 10 فیصد عبوری نقد منافع منقسمہ یعنی کہ 1 روپے فی عام حصص 354.089 ملین روپے رقم کی سفارش کی ہے۔

برائے اور منجانب بورڈ آف ڈائریکٹرز



ڈائریکٹر



چیف ایگزیکٹو آفیسر

لاہور: 13 فروری 2020

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF NISHAT POWER LIMITED REPORT ON REVIEW OF UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Nishat Power Limited as at December 31, 2019 and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim statement of cash flows and notes to the unconsolidated financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these unconsolidated financial statements based on our review. The figures of the unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement of comprehensive income for the three-month periods ended December 31, 2018 and 2019 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended December 31, 2019.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Khurram Akbar Khan.

Emphasis of matter

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

A.F. Ferguson & Co.
Chartered Accountants,

Lahore: February 13, 2020

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (Un-audited) AS AT DECEMBER 31, 2019

	Note	Un-audited December 31, 2019 (Rupees in thousand)	Audited June 30, 2019
--	------	--	-----------------------------

EQUITY AND LIABILITIES

CAPITAL AND RESERVES

Authorised share capital 500,000,000 (June 30, 2019: 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, 2019: 354,088,500) ordinary shares of Rs 10 each		3,540,885	3,540,885
Capital reserve		3,153,633	3,153,633
Revenue reserve: Un-appropriated profits		14,910,818	12,414,201
		21,605,336	19,108,719

NON-CURRENT LIABILITY

Long term financing - secured	6	-	654,638
-------------------------------	---	---	---------

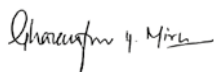
CURRENT LIABILITIES

Current portion of long term financing - secured	6	1,892,270	2,385,532
Short term borrowings - secured		6,152,022	6,420,312
Trade and other payables		433,248	261,601
Unclaimed dividend		19,585	21,666
Accrued markup		317,509	233,908

CONTINGENCIES AND COMMITMENTS

	7	8,814,634	9,323,019
		30,419,970	29,086,376

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



CHIEF EXECUTIVE

Note	Un-audited December 31, 2019	Audited June 30, 2019
------	------------------------------------	-----------------------------

(Rupees in thousand)

ASSETS

NON-CURRENT ASSETS

Fixed assets	8	9,679,155	10,005,584
Long term investments		1,000	1,000
Long term loans and advances		4,600	6
		<u>9,684,755</u>	<u>10,006,590</u>

CURRENT ASSETS

Stores, spares and loose tools		684,627	757,521
Inventories		525,793	1,719,399
Trade debts	9	18,802,003	15,643,517
Advances, deposits, prepayments and other receivables		600,638	904,445
Income tax receivable		36,424	34,128
Cash and bank balances		85,730	20,776
		<u>20,735,215</u>	<u>19,079,786</u>
		<u><u>30,419,970</u></u>	<u><u>29,086,376</u></u>



CHIEF FINANCIAL OFFICER


DIRECTOR

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-audited) FOR THE THREE-MONTH AND SIX-MONTH PERIOD ENDED DECEMBER 31, 2019

	Note	Three-month period ended		Six-month period ended	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
		(Rupees in thousand)		(Rupees in thousand)	
Sales		2,309,644	3,071,379	7,262,159	8,917,570
Cost of sales	10	(724,823)	(1,870,804)	(3,924,998)	(6,440,282)
Gross profit		1,584,821	1,200,575	3,337,161	2,477,288
Administrative expenses		(100,831)	(59,922)	(176,367)	(131,592)
Other expenses		-	(1,596)	-	(2,962)
Other income		3,399	2,142	3,632	3,962
Finance cost		(328,770)	(226,410)	(667,809)	(448,018)
Profit before taxation		1,158,619	914,789	2,496,617	1,898,678
Taxation		-	-	-	-
Profit for the period		1,158,619	914,789	2,496,617	1,898,678
Earnings per share - basic and diluted (in Rupees)		3.272	2.584	7.051	5.362

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


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited) FOR THE THREE-MONTH AND SIX-MONTH PERIOD ENDED DECEMBER 31, 2019

	Three-month period ended		Six-month period ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	(Rupees in thousand)		(Rupees in thousand)	
Profit for the period	1,158,619	914,789	2,496,617	1,898,678
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	1,158,619	914,789	2,496,617	1,898,678

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


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited) FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2019

		Six-month period ended	
	Note	December 31, 2019	December 31, 2018
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	11	2,130,955	2,116,952
Finance cost paid		(584,208)	(419,433)
Income tax paid		(2,296)	(2,001)
Long term loans and advances - net		(4,594)	142
Retirement benefits paid		(13,049)	(10,635)
Net cash inflow from operating activities		1,526,808	1,685,025
Cash flows from investing activities			
Purchase of fixed assets		(45,168)	(221,475)
Proceeds from disposal of operating fixed assets		195	62
Profit on bank deposits received		2,339	1,305
Net cash outflow from investing activities		(42,634)	(220,108)
Cash flows from financing activities			
Repayment of long term financing		(1,147,900)	(987,481)
Dividend paid		(3,030)	(529,136)
Net cash outflow from financing activities		(1,150,930)	(1,516,617)
Net increase/(decrease) in cash and cash equivalents		333,244	(51,700)
Cash and cash equivalents at the beginning of the period		(6,399,536)	(4,438,586)
Cash and cash equivalents at the end of the period	12	(6,066,292)	(4,490,286)

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


CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER


DIRECTOR

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited) FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2019

	Share capital	Capital reserve: Maintenance reserve	Revenue reserve: Un-appropriated profits	Total
	(Rupees in thousand)			
Balance as on July 01, 2018 (audited)	3,540,885	-	12,860,551	16,401,436
Profit for the period	-	-	1,898,678	1,898,678
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	1,898,678	1,898,678
Total contributions by and distributions to owners of the company recognised directly in equity				
Final dividend for the year ended June 30, 2018 @ Rupees 1.5 per share	-	-	(531,133)	(531,133)
Balance as on December 31, 2018 (un-audited)	3,540,885	-	14,228,096	17,768,981
Balance as on July 01, 2019 (audited)	3,540,885	3,153,633	12,414,201	19,108,719
Profit for the period	-	-	2,496,617	2,496,617
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	2,496,617	2,496,617
Total contributions by and distributions to owners of the company recognised directly in equity	-	-	-	-
Balance as on December 31, 2019 (un-audited)	3,540,885	3,153,633	14,910,818	21,605,336

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


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2019

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. 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

2.1 Statement of compliance

This unconsolidated 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 applicable in Pakistan for interim financial reporting comprise of:

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

- 2.2 These unconsolidated condensed interim financial statements are un-audited and are being submitted to the members as required by section 237 of the Companies Act, 2017 (the "Act"). The figures for the six-month period ended December 31, 2019 have, however, been subjected to limited scope review by the auditors.

These unconsolidated condensed interim financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended June 30, 2019. Selected explanatory notes are included to explain events and transactions that are significant to and understanding of the changes in the company's financial position and performance since the last annual financial statements.

The company is required to issue consolidated condensed interim financial statements along with its unconsolidated condensed interim financial statements in accordance with the requirements of accounting and reporting standards as applicable in Pakistan. Consolidated condensed interim financial statements are prepared separately.

3. SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies and the methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of preceding annual published financial statements of the company for the year ended June 30, 2019 except for the adoption of new and amended standards as set out below:

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 accounting standards that are effective in the current period

Certain standards, amendments and interpretations to accounting standards are effective for accounting periods beginning on July 1, 2019 but are considered not to be relevant or to have any significant effect on the company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these unconsolidated condensed interim 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

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the company's accounting periods beginning on or after July 1, 2020 but are considered not to be relevant or to have any significant effect on the company's operations and are, therefore, not detailed in these unconsolidated condensed interim financial statements.

4. ACCOUNTING ESTIMATES

The preparation of the unconsolidated condensed interim financial statements 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 these unconsolidated condensed interim financial statements, 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, 2019.

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 unconsolidated condensed interim financial statements do 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, 2019.

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 these unconsolidated condensed interim financial statements 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
December 31,
2019
(Rupees in thousand)

Audited
June 30,
2019

6. LONG TERM FINANCING - SECURED

The reconciliation of the carrying amount is as follows:

Opening balance	3,040,170	5,092,325
Less: Repayments during the period/year	1,147,900	2,052,155
	1,892,270	3,040,170
Less: Current portion shown under current liabilities	1,892,270	2,385,532
	-	654,638

7. CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

There is no significant change in contingencies i.e. (contingent liabilities and contingent asset) from the preceding annual published financial statements of the company for the year ended June 30, 2019.

7.2 Commitments

- (i) Letters of credit and contracts for other than capital expenditure aggregating Rs 12.925 million (June 30, 2019: Rs 19.548 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
December 31,
2019
(Rupees in thousand)

Audited
June 30,
2019

Not later than one year

3,894	3,894
-------	-------

		Un-audited December 31, 2019 (Rupees in thousand)	Audited June 30, 2019
8. FIXED ASSETS			
Property, plant and equipment:			
Operating fixed assets	- note 8.1	9,559,832	9,809,491
Capital work-in-progress		22,259	21,726
Major spare parts and standby equipment		95,053	171,600
		9,677,144	10,002,817
Intangible asset:			
Computer software		2,011	2,767
		9,679,155	10,005,584
8.1 Operating fixed assets			
Opening book value		9,809,491	10,449,604
Additions during the period/year	- note 8.1.1	121,183	291,610
Book value of deletions during the period/year		(195)	(107,413)
Depreciation charged for the period/year		(370,647)	(824,310)
Closing book value		9,559,832	9,809,491
8.1.1 Additions during the period / year			
Buildings and roads on freehold land		1,346	17,161
Plant and machinery		108,649	172,420
Electric installations		-	383
Computer equipment		2,608	3,014
Furniture and fixtures		1,168	522
Office equipment		98	145
Vehicles		7,314	97,965
		121,183	291,610

9. Included in trade debts is an amount of Rs 816.033 million relating to capacity revenue 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 London Court of International Arbitration ('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 Lahore High Court ('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. Along with 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 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, (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 semi-annually from the date of Final Award until payment of these amounts by NTDC ("the Final Award") that works out to Rs 275.193 million up to December 31, 2019.

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 had sought permission to file an appeal before the Court of Appeals, London, which was rejected by the Court on October 04, 2018.

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 unconsolidated condensed interim financial statements.

Further, being prudent, the company has not recognised the abovementioned amounts in these unconsolidated condensed interim financial statements 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 it is pending adjudication as mentioned above. Such amounts as per Final Award would be recognized when it attains finality and its collectability is certain.

	Un-audited Quarter ended		Un-audited Half year ended	
	December 31, 2019 (Rupees in thousand)	December 31, 2018	December 31, 2019 (Rupees in thousand)	December 31, 2018
10. COST OF SALES				
Raw materials consumed	371,983	1,428,071	3,116,171	5,491,663
Salaries and other benefits	57,940	53,257	118,114	135,463
Repairs and maintenance	3,931	9,596	18,069	15,694
Stores, spares and loose tools consumed	34,655	104,000	134,248	204,349
Electricity consumed in-house	12,271	6,743	15,631	7,945
Insurance	66,968	54,205	134,504	105,703
Travelling and conveyance	6,162	6,060	11,960	12,151
Printing and stationery	157	276	362	457
Postage and telephone	169	187	325	385
Vehicle running expenses	999	857	2,139	1,415
Entertainment	569	546	611	1,583
Depreciation on operating fixed assets	156,103	192,878	346,863	435,609
Amortization of intangible asset	377	377	754	754
Fee and subscription	887	950	2,028	1,967
Miscellaneous	11,652	12,801	23,219	25,144
	724,823	1,870,804	3,924,998	6,440,282

	Un-audited Half year ended	
	December 31, 2019	December 31, 2018
	(Rupees in thousand)	
11. CASH GENERATED FROM OPERATIONS		
Profit before taxation	2,496,617	1,898,678
Adjustment for non cash charges and other items:		
Depreciation on operating fixed assets	370,648	449,492
Amortization on intangible assets	754	754
Profit on bank deposits	(672)	(731)
Finance cost	667,809	448,018
Provision for employee retirement benefits	12,999	10,635
Loss/(gain) on disposal of operating fixed assets	-	554
Profit before working capital changes	3,548,155	2,807,400
Effect on cash flow due to working capital changes:		
Decrease/(increase) in current assets		
Stores, spares and loose tools	72,894	129,744
Inventories	1,193,606	620,023
Trade debts	(3,158,486)	(1,314,397)
Advances, deposits, prepayments and other receivables	303,089	297,657
	(1,588,897)	(266,973)
Increase/(decrease) in current liabilities		
Trade and other payables	173,778	(426,294)
Unclaimed dividend	(2,081)	2,819
	171,697	(423,475)
	(1,417,200)	(690,448)
	2,130,955	2,116,952
12. CASH AND CASH EQUIVALENTS		
Cash and bank balances	85,730	19,633
Short term borrowings - secured	(6,152,022)	(4,509,919)
	(6,066,292)	(4,490,286)

13. TRANSACTIONS WITH RELATED PARTIES

The related parties include the holding company, subsidiaries and associates of the holding company, subsidiary, associate, 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). Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any director (whether executive or otherwise) of that company. The company in the normal course of business carries out transactions with various related parties. Significant related party transactions during the period are as below:

		Un-audited Half year ended	
		December 31, 2019	December 31, 2018
		(Rupees in thousand)	
Relationship with the company	Nature of transactions		
i. Holding company	Dividends paid	-	270,949
ii. Entities on the basis of common directorship	Purchases of goods and services	34,237	28,192
	Rental expense	6,231	6,231
	Insurance premium	133,779	105,834
iii. Group entity	Interest on deposit accounts	1,239	1,033
	Insurance premium	2,738	2,846
iv. Post employment benefit plan	Expense charged in respect of retirement benefit plan	12,999	10,635
v. Key management personnel	Remuneration	17,388	17,774
	Dividends	-	6

	Un-audited December 31, 2019	Audited June 30, 2019
	(Rupees in thousand)	

Period end balances

Payable to related parties

- Companies on basis of common directorship	-	736
- Group entity	6,291	6,290

Bank deposits with related parties

- Group entity	17,550	17,359
----------------	--------	--------

Receivable from related parties

- Subsidiary	4,373	4,373
- Group entity	923	673
- Entities on the basis of common directorship	1,302	-

14. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorised for issue on February 13, 2020 by the Board of Directors of the company.

15. EVENT AFTER THE REPORTING DATE

The Board of Directors have approved an interim cash dividend of Re 1 per ordinary share, amounting to Rs 354.089 at their meeting held on February 13, 2020. These unconsolidated condensed interim financial statements do not include the effect of the above dividend which will be accounted for in the period in which it is approved.

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.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

Consolidated Condensed
Interim Financial Information
for the Half Year Ended December 31, 2019

DIRECTORS' REPORT ON CONSOLIDATED ACCOUNTS

The Board of Directors of Nishat Power Limited (The Company) is pleased to present Consolidated Condensed Interim Financial Statement for the half year ended December 31, 2019.

PRINCIPAL ACTIVITY OF SUBSIDIARY COMPANY AND BRIEF OVER ITS OPERATIONS

In the financial year 2016, the Company incorporated a wholly owned subsidiary, Lalpir Solar Power (Private) Limited ('LSPPL'), since then the Company has taken up 100,000 shares of the LSPPL. The principal activity of LSPPL is 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 upto approx 19 MWp. The project site is located at Mehmood Kot, District Muzaffar Garh, Multan. The Company achieved various milestones like approval of Feasibility Study, No Objection Certificate ('NOC') from Environment Protection Agency (EPA) and approval of Grid Interconnection study from Multan Electric Power Company (MEPCO). However, the upfront solar tariff announced by National Electric Power Regulatory Authority (NEPRA) has expired on June 30, 2016. In previous financial year, LSPPL has obtained the approval from NTDCL for Grid Interconnection Study. During the year, the NEPRA has given generation license to LSPPL.

Later, LSPPL applied to Central Power Purchasing Agency (CPPA) for consent to Purchase Power from this project called, Power Acquisition Request (PAR). Once the PAR is given, LSPPL shall apply for the tariff as per policy announced by the government.

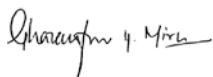
DIVIDENDS

The directors have recommended an interim cash dividend of 10% i.e. Rupee 1 per ordinary share, amounting to Rs 354.089 million.

ACKNOWLEDGEMENT:

The Board of Directors appreciates all its stakeholders for their trust and continued support to the Company.

For and on behalf of Board of Directors



Chief Executive Officer

Lahore: February 13, 2020

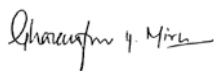


Director

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (Un-audited) AS AT DECEMBER 31, 2019

	Note	Un-audited December 31, 2019 (Rupees in thousand)	Audited June 30, 2019
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised share capital 500,000,000 (June 30, 2019: 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, 2019: 354,088,500) ordinary shares of Rs 10 each		3,540,885	3,540,885
Capital reserve		3,153,633	3,153,633
Revenue reserve: Un-appropriated profits		14,910,164	12,413,549
Attributable to owners of the parent		21,604,682	19,108,067
NON-CURRENT LIABILITY			
Long term financing - secured	6	-	654,638
CURRENT LIABILITIES			
Current portion of long term financing - secured	6	1,892,270	2,385,532
Short term borrowings - secured		6,152,022	6,420,312
Trade and other payables		433,294	261,684
Unclaimed dividend		19,585	21,666
Accrued markup		317,509	233,908
		8,814,680	9,323,102
CONTINGENCIES AND COMMITMENTS			
	7	30,419,362	29,085,807

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


CHIEF EXECUTIVE

Note	Un-audited December 31, 2019	Audited June 30, 2019
	(Rupees in thousand)	

ASSETS

NON-CURRENT ASSETS

Fixed assets	8	9,683,928	10,010,357
Investment accounted for under equity method		-	-
Long term loans and advances		4,600	6
		9,688,528	10,010,363

CURRENT ASSETS

Stores, spares and loose tools		684,627	757,521
Inventories		525,793	1,719,399
Trade debts	9	18,802,003	15,643,517
Advances, deposits, prepayments and other receivables		596,264	900,072
Income tax receivable		36,405	34,138
Cash and bank balances		85,742	20,797
		20,730,834	19,075,444
		30,419,362	29,085,807



CHIEF FINANCIAL OFFICER


DIRECTOR

CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-audited) FOR THE THREE-MONTH AND SIX-MONTH PERIOD ENDED DECEMBER 31, 2019

	Note	Three-month period ended		Six-month period ended	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
		(Rupees in thousand)		(Rupees in thousand)	
Sales		2,309,644	3,071,379	7,262,159	8,917,570
Cost of sales	10	(724,823)	(1,870,804)	(3,924,998)	(6,440,282)
Gross profit		1,584,821	1,200,575	3,337,161	2,477,288
Administrative expenses		(100,834)	(59,924)	(176,370)	(131,594)
Other expenses		-	(1,596)	-	(2,962)
Other income		3,400	2,145	3,633	3,965
Finance cost		(328,770)	(226,410)	(667,809)	(448,018)
Profit before taxation		1,158,617	914,790	2,496,615	1,898,679
Taxation		-	-	-	-
Profit for the period		1,158,617	914,790	2,496,615	1,898,679
Earnings per share - basic and diluted (in Rupees)		3.272	2.584	7.051	5.362

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


CHIEF EXECUTIVE

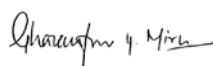

CHIEF FINANCIAL OFFICER


DIRECTOR

CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited) FOR THE THREE-MONTH AND SIX-MONTH PERIOD ENDED DECEMBER 31, 2019

	Three-month period ended		Six-month period ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	(Rupees in thousand)		(Rupees in thousand)	
Profit for the period	1,158,617	914,790	2,496,615	1,898,679
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Items that will not be reclassified subsequently to profit or loss	-	-	-	-
	-	-	-	-
Total comprehensive income for the period	1,158,617	914,790	2,496,615	1,898,679
Attributable to owners of the parent	1,158,617	914,790	2,496,615	1,898,679

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


CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER


DIRECTOR

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited) FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2019

		Six-month period ended	
	Note	December 31, 2019	December 31, 2018
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	11	2,130,938	2,116,952
Finance cost paid		(584,208)	(419,433)
Income tax paid		(2,267)	(2,001)
Long term loans and advances - net		(4,594)	142
Retirement benefits paid		(13,049)	(10,635)
Net cash inflow from operating activities		1,526,820	1,685,025
Cash flows from investing activities			
Purchase of fixed assets		(45,168)	(221,475)
Proceeds from disposal of operating fixed assets		195	62
Profit on bank deposits received		2,339	1,305
Net cash outflow from investing activities		(42,634)	(220,108)
Cash flows from financing activities			
Repayment of long term financing		(1,147,900)	(987,481)
Dividend paid		(3,030)	(529,136)
Net cash outflow from financing activities		(1,150,930)	(1,516,617)
Net increase/(decrease) in cash and cash equivalents		333,256	(51,700)
Cash and cash equivalents at the beginning of the period		(6,399,536)	(4,438,586)
Cash and cash equivalents at the end of the period	12	(6,066,280)	(4,490,286)

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


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited) FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2019

	Attributable to owners of the parent			
	Share capital	Capital reserve: Maintenance reserve	Revenue reserve: Un-appropriated profits	Total
	(Rupees in thousand)			
Balance as on July 01, 2018 (un-audited)	3,540,885	-	12,859,724	16,400,609
Profit for the period (un-audited)	-	-	1,898,679	1,898,679
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	1,898,679	1,898,679
Total contributions by and distributions to owners of the company recognised directly in equity				
Final dividend for the year ended June 30, 2018 @ Rupees 1.5 per share	-	-	(531,133)	(531,133)
Balance as on December 31, 2018 (un-audited)	3,540,885	-	14,227,270	17,768,155
Balance as on July 01, 2019 (audited)	3,540,885	3,153,633	12,413,549	19,108,067
Profit for the period	-	-	2,496,615	2,496,615
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	2,496,615	2,496,615
Total contributions by and distributions to owners of the company recognised directly in equity	-	-	-	-
Balance as on December 31, 2019 (un-audited)	3,540,885	3,153,633	14,910,164	21,604,682

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


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

NOTES TO AND FORMING PART OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2019

1. THE COMPANY AND ITS ACTIVITIES

The group comprises of Nishat Power Limited (the 'parent company') and Lalpir Solar Power (Private) Limited (the 'subsidiary').

The parent 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, hereinafter may be referred to as the 'Act'). It is a subsidiary of Nishat Mills Limited, Pakistan. The parent company's ordinary shares are listed on the Pakistan Stock Exchange Limited.

The principal activity of the parent 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 parent company is 53-A, Lawrence Road, Lahore. The parent 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.

The subsidiary was incorporated in Pakistan on November 19, 2015 as a private company limited by shares. It is a wholly owned subsidiary of Nishat Power Limited. The registered office of the subsidiary is situated at 53-A, Lawrence Road, Lahore.

The principal activity of the subsidiary is to build, own, operate and maintain or invest in a solar power project having gross capacity upto 20 MW. The project site is located at Mehmood Kot, District Muzaffargarh. During the year, subsidiary has obtained the approval (NOC) from NTDC for Grid Interconnection Study. Meanwhile, the upfront solar tariff announced by National Electric Power Regulatory Authority ('NEPRA') had already expired on June 30, 2016. However, the subsidiary will now pursue with Power Acquisition Request (PAR) pending at the Central Power Purchasing Agency (Guarantee) Limited and after getting required consents for Energy Purchase Agreement, the management shall try to get suitable tariff through new regime of competitive bidding, recently announced by NEPRA or as amended from time to time.

The subsidiary has received Generation License from NEPRA for its solar power plant.

The parent company has an associate, Nishat Energy Limited ('NEL'). The parent company directly holds 25% ordinary shares in NEL, which 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.

2. BASIS OF PREPARATION

2.1 Statement of compliance

This consolidated 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 applicable in Pakistan for interim financial reporting comprise of:

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

- 2.2** These consolidated condensed interim financial statements are un-audited and are being submitted to the members as required by section 237 of the Companies Act, 2017 (the "Act").

These consolidated condensed interim financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended June 30, 2019. Selected explanatory notes are included to explain events and transactions that are significant to and understanding of the changes in the company's financial position and performance since the last annual financial statements.

The company is required to issue consolidated condensed interim financial statements along with its consolidated condensed interim financial statements in accordance with the requirements of accounting and reporting standards as applicable in Pakistan. Consolidated condensed interim financial statements are prepared separately.

3. SIGNIFICANT ACCOUNTING POLICIES

- 3.1** The accounting policies and the methods of computation adopted in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of preceding annual published financial statements of the company for the year ended June 30, 2019 except for the adoption of new and amended standards as set out below:

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 accounting standards that are effective in the current period

Certain standards, amendments and interpretations to accounting standards are effective for accounting periods beginning on July 1, 2019 but are considered not to be relevant or to have any significant effect on the company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these consolidated condensed interim 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

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the company's accounting periods beginning on or after July 1, 2020 but are considered not to be relevant or to have any significant effect on the company's operations and are, therefore, not detailed in these consolidated condensed interim financial statements.

4. ACCOUNTING ESTIMATES

The preparation of the consolidated condensed interim financial statements 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 these consolidated condensed interim financial statements, 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, 2019.

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 statements do 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, 2019.

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 these consolidated condensed interim financial statements 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
December 31, June 30,
2019 2019
(Rupees in thousand)

6. LONG TERM FINANCING - SECURED

The reconciliation of the carrying amount is as follows:

Opening balance	3,040,170	5,092,325
Less: Repayments during the period/year	1,147,900	2,052,155
	1,892,270	3,040,170
Less: Current portion shown under current liabilities	1,892,270	2,385,532
	-	654,638

7. CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

There is no significant change in contingencies i.e. (contingent liabilities and contingent asset) from the preceding annual published financial statements of the company for the year ended June 30, 2019.

7.2 Commitments

- (i) Letters of credit and contracts for other than capital expenditure aggregating Rs 13.125 million (June 30, 2019: Rs 19.748 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 December 31, 2019 (Rupees in thousand)	Audited June 30, 2019
Not later than one year		3,894	3,894
8. FIXED ASSETS			
Property, plant and equipment:			
Operating fixed assets	- note 8.1	9,559,832	9,809,491
Capital work-in-progress		27,032	26,499
Major spare parts and standby equipment		95,053	171,600
		9,681,917	10,007,590
Intangible asset:			
Computer software		2,011	2,767
		9,683,928	10,010,357
8.1 Operating fixed assets			
Opening book value		9,809,491	10,449,604
Additions during the period/year	- note 8.1.1	121,183	291,610
Book value of deletions during the period/year		(195)	(107,413)
Depreciation charged for the period/year		(370,647)	(824,310)
Closing book value		9,559,832	9,809,491
8.1.1 Additions during the period / year			
Buildings and roads on freehold land		1,346	17,161
Plant and machinery		108,649	172,420
Electric installations		-	383
Computer equipment		2,608	3,014
Furniture and fixtures		1,168	522
Office equipment		98	145
Vehicles		7,314	97,965
		121,183	291,610

9. Included in trade debts is an amount of Rs 816.033 million relating to capacity revenue 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 London Court of International Arbitration ('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 Lahore High Court ('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. Along with 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 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, (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 semi-annually from the date of Final Award until payment of these amounts by NTDC ("the Final Award") that works out to Rs 275.193 million up to December 31, 2019.

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 had sought permission to file an appeal before the Court of Appeals, London, which was rejected by the Court on October 04, 2018.

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 consolidated condensed interim financial statements.

Further, being prudent, the company has not recognised the abovementioned amounts in these consolidated condensed interim financial statements 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 it is pending adjudication as mentioned above. Such amounts as per Final Award would be recognized when it attains finality and its collectability is certain..

	Un-audited Quarter ended		Un-audited Half year ended	
	December 31, 2019 (Rupees in thousand)	December 31, 2018	December 31, 2019 (Rupees in thousand)	December 31, 2018
10. COST OF SALES				
Raw materials consumed	371,983	1,428,071	3,116,171	5,491,663
Salaries and other benefits	57,940	53,257	118,114	135,463
Repairs and maintenance	3,931	9,596	18,069	15,694
Stores, spares and loose tools consumed	34,655	104,000	134,248	204,349
Electricity consumed in-house	12,271	6,743	15,631	7,945
Insurance	66,968	54,205	134,504	105,703
Travelling and conveyance	6,162	6,060	11,960	12,151
Printing and stationery	157	276	362	457
Postage and telephone	169	187	325	385
Vehicle running expenses	999	857	2,139	1,415
Entertainment	569	546	611	1,583
Depreciation on operating fixed assets	156,103	192,878	346,863	435,609
Amortization of intangible asset	377	377	754	754
Fee and subscription	887	950	2,028	1,967
Miscellaneous	11,652	12,801	23,219	25,144
	724,823	1,870,804	3,924,998	6,440,282

	Un-audited Half year ended	
	December 31, 2019	December 31, 2018
	(Rupees in thousand)	
11. CASH GENERATED FROM OPERATIONS		
Profit before taxation	2,496,615	1,898,679
Adjustment for non cash charges and other items:		
Depreciation on operating fixed assets	370,648	449,492
Amortization on intangible assets	754	754
Profit on bank deposits	(672)	(731)
Finance cost	667,809	448,018
Provision for employee retirement benefits	12,999	10,635
Loss/(gain) on disposal of operating fixed assets	-	554
Profit before working capital changes	3,548,153	2,807,401
Effect on cash flow due to working capital changes:		
Decrease/(increase) in current assets		
Stores, spares and loose tools	72,894	129,744
Inventories	1,193,606	620,023
Trade debts	(3,158,486)	(1,314,397)
Advances, deposits, prepayments and other receivables	303,090	297,657
	(1,588,896)	(266,973)
Increase/(decrease) in current liabilities		
Trade and other payables	173,762	(426,295)
Unclaimed dividend	(2,081)	2,819
	171,681	(423,476)
	(1,417,215)	(690,449)
	2,130,938	2,116,952
12. CASH AND CASH EQUIVALENTS		
Cash and bank balances	85,742	19,633
Short term borrowings - secured	(6,152,022)	(4,509,919)
	(6,066,280)	(4,490,286)

13. TRANSACTIONS WITH RELATED PARTIES

The related parties include the holding company, subsidiaries and associates of the holding company, subsidiary, associate, 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). Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any director (whether executive or otherwise) of that company. The company in the normal course of business carries out transactions with various related parties. Significant related party transactions during the period are as below:

		Un-audited Half year ended	
		December 31, 2019	December 31, 2018
		(Rupees in thousand)	
Relationship with the company	Nature of transactions		
i. Holding company	Dividends paid	-	270,949
ii. Entities on the basis of common directorship	Purchases of goods and services	34,237	28,192
	Rental expense	6,231	6,231
	Insurance premium	133,779	105,834
iii. Group entity	Interest on deposit accounts	1,239	1,033
	Insurance premium	2,738	2,846
iv. Post employment benefit plan	Expense charged in respect of retirement benefit plan	12,999	10,635
v. Key management personnel	Remuneration	17,388	17,774
	Dividends	-	6

Period end balances

Payable to related parties

- Companies on basis of common directorship	-	736
- Group entity	6,291	6,290

Bank deposits with related parties

- Group entity	17,550	17,359
----------------	--------	--------

Receivable from related parties

- Subsidiary	4,373	4,373
- Group entity	923	673
- Entities on the basis of common directorship	1,302	-

14. DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue on February 13, 2020 by the Board of Directors of the company.

15. EVENT AFTER THE REPORTING DATE

The Board of Directors have approved an interim cash dividend of Re 1 per ordinary share, amounting to Rs 354.089 at their meeting held on February 13, 2020. These consolidated condensed interim financial statements do not include the effect of the above dividend which will be accounted for in the period in which it is approved.

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.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

www.jamapunji.pk



Be aware, Be alert, Be safe

Learn about investing at
www.jamapunji.pk

Key features:

- Licensed Entities Verification
- Scam meter*
- Jamapunji games*
- Tax credit calculator*
- Company Verification
- Insurance & Investment Checklist
- FAQs Answered

- Stock trading simulator
(based on live feed from KSE)
- Knowledge center
- Risk profiler*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
- Online Quizzes



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

[jamapunji.pk](https://www.facebook.com/jamapunji.pk)

[@jamapunji_pk](https://twitter.com/jamapunji_pk)

*Mobile apps are also available for download for android and ios devices



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