



INTERIM FINANCIAL INFORMATION
FOR THE QUARTER AND NINE
MONTHS ENDED MARCH 31, 2018
(UNAUDITED)



NISHAT
CHUNIAN
POWER LTD.

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COMPANY INFORMATION

Board of Directors:

Mrs. Farhat Saleem
Chairperson
Mr. Shahzad Saleem
Chief Executive
Mrs. Ayesha Shahazad
Director
Mr. Zain Shahzad
Director
Mr. Aftab Ahmad Khan
Director
Mr. Syed Tariq Ali
Director
Mr. Muhammad Azam
Independent Director
Mr. Muhammad Ali Zeb (Resigned on 18-04-2018)
Director

AUDIT COMMITTEE:

Mr. Muhammad Azam
Chairman
Mr. Aftab Ahmad Khan
Member
Mr. Zain Shahzad
Member

HR & R COMMITTEE:

Mr. Muhammad Azam
Chairman
Mr. Aftab Ahmad Khan
Member
Mr. Zain Shahzad
Member

CHIEF FINANCIAL OFFICER/MANAGING DIRECTOR:

Mr. Farrukh Ifzal

COMPANY SECRETARY:

Mr. Muhammad Bilal

BANKERS TO THE COMPANY:

Allied Bank Limited
Askari Bank Limited

Habib Bank Limited
United Bank Limited
National Bank of Pakistan
Faysal Bank Limited
Summit Bank Limited
Sindh Bank Limited
Bank Alfalah Limited
Habib Metropolitan Bank Limited
Al Baraka Bank (Pakistan) Limited
Meezan Bank Limited
The Bank of Punjab
Dubai Islamic Bank Pakistan Limited

AUDITORS:

A.F. Ferguson & Co.
Chartered Accountants

LEGAL ADVISERS:

Raja Muhammad Akram & Co.
Advocates & Legal Consultants

Cornelius Lane & Mufti
Advocates & Solicitors

REGISTERED & HEAD OFFICE:

31-Q, Gulberg II,
Lahore, Pakistan.
Ph: 042-35761730
Fax: 042-35878696-97
www.nishat.net

SHARE REGISTRAR:

Hameed Majeed Associates (Pvt) Limited
1st Floor, H.M. House
7-Bank Square, Lahore
Ph: 042 37235081-2
Fax: 042 37358817

PLANT:

66-Km, Multan Raod, Pattoki
Kasur.

DIRECTOR'S REVIEW

FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2018

The board of directors is pleased to present the Condensed Interim Financial Information of the company for the quarter & nine months ended March 31, 2018. For the nine months, turnover was Rs. 12.25 billion (2017: 11.61 billion) with an after tax profit of Rs. 2.58 billion (2017: 2.13 billion) and earnings per share (EPS) of Rs. 7.01 (2017: 5.81).

Circular debt still presents a major challenge to the companies operating in the power sector. "NTDCL/CPPA-G (Power Purchaser)" has consistently been unable to meet its obligations to make timely payments to the company.

As on March 31, 2018, our total receivables from Power Purchaser have amplified to PKR 12.2 billion, out of which PKR 8.35 billion were overdue. The company continues to take up the matter of overdue receivables not only with Power Purchaser but also with the Ministry of Water and Power through Private Power & Infrastructure Board (PPIB) by giving notices of default pursuant to provisions of Power Purchase and Implementation Agreements.

Included in trade debts is an amount of PKR 966 million deducted by Power Purchaser from the Capacity Purchase Price invoices. Based on the advice of the company's legal counsel, expert determination and Arbitrator's declaration in the Final Award wherein NTDCL has been ordered to pay pursuant to the Expert's determination, management feels that such amounts are likely to be recovered. Consequently, no provision for the above mentioned amount has been made in this Condensed Interim Financial Information. Please refer note 8 to this Condensed Interim Financial Statements for further details.

During nine months ended March 31, 2018, availability of the plant was 92.11% with a capacity factor of 66.94%.

Acknowledgement

We wish to record our appreciation of the commitment of our employees to the Company For on behalf of Board.

Date: April 26, 2018
Lahore

Chief Executive

Director

DIRECTOR'S REVIEW

FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2018

مجلس انصاء کی رپورٹ

بورڈ آف ڈائریکٹرز 31 مارچ 2018 بمطابق سہ ماہی اور نو ماہی کے لئے کمپنی کی تجدیدوری مالی معلومات پیش کرتے ہوئے خوش محسوس کرتا ہے۔ نو ماہی کے لئے کل وصولی 12.25 بلین روپے (2017: 11.61 بلین روپے) معاہدہ انریکس منافع 2.58 بلین روپے (2017: 2.13 بلین روپے) اور فی شیئر آمدنی (EPS) 7.01 روپے (2017: 5.81 روپے) تھی۔

گردشی قرضے اب بھی کمپنی کے شعبے میں کام کرنے والی کمپنیوں کے لیے ایک بڑا چیلنج ہے۔ "NTDCL/CPPA-G" (پاور پراجیکٹرز) مسلسل کمپنی کو بروقت ادائیگی کی اپنی ذمہ داریوں کو پورا کرنے کے قابل نہیں رہا ہے۔

31 مارچ 2018ء کی حیثیت کے مطابق پاور پراجیکٹرز سے ہمارے کل واجب الادا 12.2 بلین پاکستانی روپے سے تجاوز کر گئے جس میں سے 8.35 بلین روپے زائد المعایر واجب الادا تھے۔ کمپنی نے زائد المعایر واجب الادا کا معاملہ نہ صرف پاور پراجیکٹرز کے ساتھ بلکہ پرائیویٹ پاور اینڈ انفراسٹرکچر بورڈ (پی پی آئی پی) کے ذریعے پاور پراجیکٹرز اینڈ ایپلی میٹیشن معاہدوں کی شرائط کی عدم تعمیل کا نوٹس دیتے ہوئے حکومت پاکستان کی پالی اور بجلی کی وزارت کے ہاں بھی جا کر کیا ہے۔

تجارتی قرض میں شامل 966 بلین روپے کی کچھٹی پراجیکٹرز پر ایس کی مد میں پاور پراجیکٹرز نے کوئی کی ہے۔ کمپنی کے قانونی وکیل اور ماہرین کے مشورہ اور LCIA کے جزی فیصلہ کی بنیاد پر انتظامیہ محسوس کرتی ہے کہ اس طرح کی قوم کی وابستگی کا قوی امکان ہے۔ چنانچہ تجدیدوری مالی معلومات میں مذکورہ رقم کے لئے کوئی شرائط نہیں رکھی گئی ہیں۔ مزید تفصیلات کے لیے براہ مہربانی تجدیدوری مالی معلومات کا نوٹ 8 ملاحظہ کریں۔

31 مارچ 2018ء کو ختم ہونے والی نو ماہی کے دوران، پلانٹ کی دستیابی 66.94 فیصد کے عملاتی عنصر کے ساتھ 92.11 فیصد تھی۔

اظہار تقرر

ہم کمپنی کے لئے اپنے ملازمین کی کوششوں کو سراہتے ہیں۔

منجانب بورڈ

تاریخ: 26 اپریل 2018ء

لاہور

(ڈائریکٹر)

(چیف ایگزیکٹو)

NISHAT CHUNIAN POWER LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

AS AT MARCH 31, 2018

		Un-audited March 31, 2018 (Rupees in thousand)	Audited June 30, 2017
	NOTE		
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
385,000,000 (2017: 385,000,000)			
ordinary shares of Rs 10 each		<u>3,850,000</u>	<u>3,850,000</u>
Issued, subscribed and paid up share capital			
367,346,939 (2017: 367,346,939)			
ordinary shares of Rs 10 each		3,673,469	3,673,469
Unappropriated profit		<u>7,724,511</u>	<u>5,516,819</u>
		11,397,980	9,190,288
NON-CURRENT LIABILITIES			
Long term financing-Secured	5	3,920,472	5,573,611
CURRENT LIABILITIES			
Current portion of long term financing - secured	5	2,164,116	1,933,775
Short term borrowings - secured		8,389,140	6,043,219
Short term loan from holding company - unsecured		-	350,000
Trade and other payables		451,276	452,099
Unclaimed Dividend		15,666	15,094
Accrued finance cost		<u>239,894</u>	<u>255,569</u>
		11,260,092	9,049,756
CONTINGENCIES AND COMMITMENTS			
	6	-	-
		<u>26,578,544</u>	<u>23,813,655</u>

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

Chief Executive

Chief Financial Officer

NISHAT CHUNIAN POWER LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

AS AT MARCH 31, 2018

		Un-audited March 31, 2018 (Rupees in thousand)	Audited June 30, 2017
	NOTE		
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	7	11,465,260	11,999,856
Long term loans		4,289	5,000
Long term security deposits		105	105
		11,469,654	12,004,961
CURRENT ASSETS			
Stores and spares		697,032	631,469
Inventories		700,566	846,831
Trade debts	8	11,553,314	9,052,621
Loans, advances, deposits, prepayments and other receivables		1,473,006	1,150,763
Income tax receivable		12,453	11,450
Short term investments		669,000	-
Cash and bank balances		3,518	115,560
		15,108,890	11,808,694
		26,578,544	23,813,655

Director

NISHAT CHUNIAN POWER LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2018

	Note	Quarter ended		Nine months ended	
		March 31, 2018 (Rupees in thousand)	March 31, 2017 (Rupees in thousand)	March 31, 2018 (Rupees in thousand)	March 31, 2017 (Rupees in thousand)
Sales		3,773,531	4,186,598	12,249,055	11,605,523
Cost of sales	9	(2,650,246)	(3,119,414)	(8,727,802)	(8,537,308)
Gross profit		1,123,285	1,067,184	3,521,254	3,068,215
Administrative expenses		(46,872)	(47,508)	(172,362)	(127,374)
Other operating expenses		(4,761)	(1,553)	(11,542)	(20,900)
Other operating income		14,538	10,582	26,858	29,557
Finance cost		(256,275)	(274,903)	(789,169)	(814,932)
Profit before taxation		829,915	753,802	2,575,039	2,134,565
Taxation		-	-	-	-
Profit after taxation		829,915	753,802	2,575,039	2,134,565
Earnings per share - basic and diluted (in Rupees)		2.26	2.05	7.01	5.81

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

Chief Executive

Chief Financial Officer

Director

NISHAT CHUNIAN POWER LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2018

	Quarter ended		Nine months ended	
	March 31,	March 31,	March 31,	March 31,
	2018	2017	2018	2017
	(Rupees in thousand)		(Rupees in thousand)	
Profit after taxation	829,915	753,802	2,575,039	2,134,565
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
	-	-	-	-
<i>Items that will not be reclassified subsequently to profit or loss</i>				
	-	-	-	-
	-	-	-	-
Total comprehensive income	829,915	753,802	2,575,039	2,134,565

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

Chief Executive

Chief Financial Officer

Director

NISHAT CHUNIAN POWER LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2018

	Share capital	Revenue reserve: Un-appropriated profit (Rupees in thousand)	Total
Balance as on July 1, 2016 (audited)	3,673,469	3,619,107	7,292,576
Profit for the period	-	2,134,565	2,134,565
Other comprehensive income for the period	-	-	-
Total comprehensive income for the nine months ended March 31, 2017	-	2,134,565	2,134,565
Dividend to equity holders of the company:			
Final dividend for the year ended June 30, 2016 @ Rs 1.5 per share	-	(551,020)	(551,020)
Interim dividend for the first quarter ended September 30, 2016 @ Rs 1.5 per share	-	(551,020)	(551,020)
Total distributions to owners of the company recognized directly in equity	-	(1,102,041)	(1,102,041)
Balance as on March 31, 2017 (un-audited)	3,673,469	4,651,631	8,325,101
Balance as on July 1, 2017 (audited)	3,673,469	5,516,819	9,190,288
Profit for the period	-	2,575,039	2,575,039
Other comprehensive income for the period	-	-	-
Total comprehensive income for the nine months ended March 31, 2018	-	2,575,039	2,575,039
Dividend to equity holders of the company:			
Final dividend for the year ended June 30, 2017 @ Rs. 1 per share	-	(367,347)	(367,347)
Total distributions to owners of the company recognized directly in equity	-	(367,347)	(367,347)
Balance as on March 31, 2018 (un-audited)	3,673,469	7,724,511	11,397,980

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

Chief Executive

Chief Financial Officer

Director

NISHAT CHUNIAN POWER LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2018

Note	Nine Months		
	March 31, 2018	March 31, 2017	
	(Rupees in thousand)		
Cash flows from operating activities			
Cash generated from operations	11	1,405,019	1,434,866
Retirement benefits paid		(6,017)	(5,624)
Finance cost paid		(804,843)	(830,713)
Taxes refund / (paid)		(1,003)	3,871
Long term loans to executives - net		711	(882)
Net cash inflow from operating activities		593,866	601,518
Cash flows from investing activities			
Capital expenditure		(255,502)	(233,202)
Proceeds from sale of property, plant and equipment		10,861	94,840
Gain/(Loss) on derivative financial instruments paid		851	(1,713)
Profit on bank deposits received		535	463
Net cash outflow from investing activities		(243,255)	(139,612)
Cash flows from financing activities			
Repayment of long term financing		(1,422,799)	(1,224,553)
Short term investments		(669,000)	-
Receipt of short term loans from holding company		-	4,150,000
Repayment of short term loans from holding company		(350,000)	(3,500,000)
Dividend paid		(366,775)	(1,743,098)
Net cash outflow from financing activities		(2,808,573)	(2,317,651)
Net (decrease)/increase in cash and cash equivalents		(2,457,963)	(1,855,745)
Cash and cash equivalents at the beginning of the period		(5,927,659)	(4,098,317)
Cash and cash equivalents at the end of the period	12	(8,385,622)	(5,954,062)

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

Chief Executive

Chief Financial Officer

Director

FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2018

1. The company and its activities

Nishat Chunian Power Limited (the 'company') is a public limited company incorporated in Pakistan. The company is a subsidiary of Nishat (Chunian) 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 and net capacity of 195.722 MW at Jamber Kalan, Tehsil Pattoki, District Kasur, Punjab, Pakistan. The address of the registered office of the company is 31-Q, Gulberg II, Lahore. The company has a Power Purchase Agreement with its sole customer, National Transmission and Dispatch Company Limited ('NTDCL') for twenty five years which commenced from 21 July 2010.

2. Basis of preparation

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

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

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

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed. This condensed interim financial information does not include all the information required for annual financial statements and therefore, should be read in conjunction with the annual financial statement for the year ended June 30, 2017.

3. Significant accounting policies

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the company for the year ended June 30, 2017.

4. Accounting estimates

The preparation of the condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, the significant judgments made by management in applying accounting policies and key sources of estimation were the same as those that were applied to the financial statements for the year ended June 30, 2017.

5. Long term financing-Secured

	Un-audited March 31, 2018	Audited June 30, 2017
	(Rupees in thousand)	
Senior facility	4,901,308	6,049,162
Term finance facility	1,183,279	1,458,224
	6,084,587	7,507,386
Less: Current portion shown under current liabilities	2,164,116	1,933,775
	3,920,472	5,573,611

FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2018

6. Contingency and Commitments

6.1 Contingencies

There are no significant changes in contingencies from the preceding annual published financial statements of the company for the year ended June 30, 2017, except for the following:

(i) During the period, the Deputy Commissioner Inland Revenue has issued an amended assessment order dated August 31, 2017 under section 122 of the Income Tax Ordinance, 2001 for Tax Year 2014 whereby income tax of Rs 191.536 million has been levied on other income, interest on delayed payments from NTDC, minimum tax on capacity sales, scrap sales and sale proceeds of fixed assets' disposal, and has also levied Workers' Welfare Fund (WWF) of Rs 12.946 million. Against the aforesaid order, the company preferred an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] and the learned CIR(A) passed an order on February 2, 2018, declaring that the levy of income tax on interest on delayed payments from NTDC and minimum tax on capacity sales is not justified, while directing the company to pay income tax aggregating to Rs 1.466million on profit on debt, miscellaneous income, capital gain on disposal of securities, minimum tax on scrap sales and disposal of fixed assets and WWF amounting to Rs 4.552 million. The company is in the process of filing an appeal before the Appellate Tribunal Inland Revenue against the order of CIR(A).

The management considers that there exist meritorious grounds to defend the company's stance and the ultimate decision from the appellate authorities would be in the company's favour. Consequently, no provision has been made in these financial statements for the aggregate amount of Rs 6.018 million.

6.2 Commitments

Letters of credit and contracts other than for capital expenditure aggregate to Rs 165.854 million (2017: Rs 38.068 million).

	Un-audited March 31, 2018 (Rupees in thousand)	Audited June 30, 2017
7. Fixed Assets		
Operating fixed assets	11,422,805	11,980,793
Capital work-in-progress	28,534	1,907
Intangible assets	13,921	17,156
	<u>11,465,260</u>	<u>11,999,856</u>
7.1 Operating fixed assets		
Opening written down value	11,980,793	12,648,543
Add: Additions during the period/year - note 10.2	228,875	573,223
Less: Disposals during the period/year (at book value)	8,537	88,325
Less: Depreciation charged during the period/year	778,326	1,152,648
	<u>11,422,805</u>	<u>11,980,793</u>
7.2 Following is the detail of additions during the period/year		
Electric Installations	923	-
Buildings on freehold land	-	5,016
Plant & machinery	219,968	556,217
Factory Equipment	846	-
Office equipment	148	-
Computer equipment	680	1,215
Vehicles	6,310	10,775
	<u>228,875</u>	<u>573,223</u>

FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2018

8. Trade debts

Included in trade debts is an amount of Rs 966.166 million relating to capacity purchase price owed by NTDC during 2012 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 the 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 above mentioned issue would be withdrawn unconditionally and it would be resolved through the dispute resolution mechanism under the PPA. Accordingly, as per terms of the MoU, the company applied for withdrawal of the aforesaid petition and the Supreme Court disposed off the petitions filed before it on January 25, 2018. 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 had given 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 966.166 million from NTDC that has not yet been paid by NTDC. Under the terms of PPA, the company initiated arbitration in The London Court of International Arbitration ('LCIA'), during the pendency of the Expert's determination, whereby an Arbitrator was appointed. In October 2015, the Government of Pakistan ('GOP') through Private Power & Infrastructure Board ('PPIB') filed a suit for declaration and permanent injunction along with an application for interim relief in the court of Senior Civil Judge, Lahore seeking suspension of the aforementioned decision of the Expert, praying that it should be declared to be illegal (hereinafter referred to as "civil suit 2015") and obtained an interim order suspending the Expert's determination. Furthermore, NTDC filed an application for clarification of the aforementioned interim order and a stay application in the LCIA before the Arbitrator to stay the arbitration proceedings on the basis of the aforementioned interim order. During the last financial year, in response to NTDC's stay application, the Arbitrator through his ruling dated July 8, 2016 declared that the arbitration shall proceed and has denied NTDC's request for a stay. Also, the Arbitrator ordered NTDC to withdraw the abovementioned application filed in the court of Senior Civil Judge, Lahore and has refrained it from taking any further steps therein to disrupt the arbitration proceedings.

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, while NTDC and PPIB did not participate in any subsequent arbitration proceedings pursuant to the decisions of the Civil Court, Lahore dated April 18, 2017. Furthermore, in response to the company's continued participation in the arbitration proceedings, PPIB filed a contempt petition before Lahore High Court ('LHC') in respect of the decision of the Civil Court, Lahore, and LHC passed an order in those proceedings favouring NTDC.

FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2018

The company challenged the LHC's order before the Division Bench of LHC, which decided the matter in favour of the company through its order dated May 31, 2017 whereby, the aforementioned order of the LHC was suspended. As a consequence of the aforementioned order of Division Bench of LHC, the Arbitrator on June 8, 2017, declared his Partial Final Award on the aforementioned matter and decided the matter principally in company's favour and declared that the above mentioned Expert's determination is final and binding on all parties ('Partial Final Award'). However, the matter of determining the appropriate quantum and form of the company's claim was deferred by the Arbitrator for consideration on October 01, 2017. On June 17, 2017, the company filed an application in LHC for enforcement of Partial Award that is pending adjudication.

Later, on July 19, 2017, in order for interim measures, the Arbitrator ordered NTDC to provide security of claim, paying Rs 966.166 million in LCIA's account by August 04, 2017, which was extended to August 21, 2017 that has not yet been paid by NTDC. Aggrieved by the Partial Final Award, the NTDC challenged the Arbitrator's decision in Lahore Civil Court ("Civil Case 2017"), which suspended the Partial Final Award on July 10, 2017. In response to this decision of Civil Court, the company filed a revision petition in District Court ("District Case 2017") and the District Court while granting interim relief to the company, suspended the Civil Court's order on August 12, 2017. Alongwith challenging the Partial Final Award in Civil Court, Lahore, the NTDC also challenged the same, on July 06, 2017, in Commercial Court of England. As per advice of foreign counsel, the company has also filed a case in Commercial Court of England against NTDC on August 14, 2017. The Commercial Court of England has issued an interim favourable decision, thereby preventing NTDC from pursuing case in Pakistan Civil Courts against Partial Final Award and taking any steps outside England to set aside Partial Final Award or any other award issued by the arbitrator. The matter was pending adjudication in London Courts, however on March 14, 2018, NTDC discontinued its cases from London Courts and wishes to challenge them in the Courts of Pakistan. London Courts, however on March 14, 2018, NTDC discontinued its cases from London Courts and wishes to challenge them in the Courts of Pakistan.

Pursuant to anti-suit injunction filed by the company in Commercial Court of England, the District Court, in the matter of District Case 2017, adjourned the proceedings on January 04, 2018. During the current period, the District Judge, Lahore, through his order dated July 8, 2017, set-aside the aforementioned orders of the Civil Judge, Lahore, dated April 18, 2017 and accepted company's appeal but dismissed the company's revision petitions concerning the issue of jurisdiction. Aggrieved by this decision, the company filed writ petitions before the Lahore High Court ('LHC'), which announced a favourable decision and suspended the proceedings of Civil Case 2015 and 2016 till the final decision of LHC; and GOP/ PPIB filed revision petitions in LHC, which are currently pending adjudication.

On October 29, 2017, the Arbitrator declared the Final Award wherein he has ordered NTDC to pay: i) Rs 966.166 million pursuant to Expert's determination; ii) Pre award interest of Rs 224.23 million; iii) Rs 9.203 million for breach of arbitration agreement; iv) Rs 1.684 million and USD 612,310 for cost of proceedings; v) GBP 30,157 for LCIA cost of Arbitration and vi) Interest at KIBOR + 4.5% compounded semiannually until payment of these amounts by NTDC. On November 24, 2017, NTDC challenged Final Award in Commercial Court of London, which was latter withdrawn on March 14, 2018 as stated above. On November 29, 2017, company filed an application before Lahore High Court for implementation of Final Award that is pending adjudication.

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

FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2018

	Un-audited Quarter ended		Un-audited Nine months ended	
	March 31, 2018 (Rupees in thousand)	March 31, 2017 (Rupees in thousand)	March 31, 2018 (Rupees in thousand)	March 31, 2017 (Rupees in thousand)
9. Cost of sales				
Raw material consumed	2,237,060	2,706,429	7,523,421	7,234,450
Salaries and other benefits	42,665	40,421	115,643	110,035
Store, spares and loose tools consumed	65,859	43,500	138,818	134,217
Electricity consumed in - house	345	179	1,768	709
Insurance	41,188	41,429	124,251	126,555
Travelling and conveyance	4,380	3,727	12,805	12,204
Postage and telephone	681	661	2,042	1,859
Repair & Maintenance	14,409	4,946	26,697	45,152
Entertainment	53	7	117	119
Depreciation on operating fixed assets	239,239	272,653	764,642	853,078
Amortization on Intangible	903	903	2,710	2,108
Fee & Subscription	194	142	3,199	3,423
Miscellaneous	3,270	4,416	11,690	13,398
	2,650,246	3,119,414	8,727,802	8,537,308

10. Basic and Diluted earnings per share

Net profit for the period (Rupees)	829,915	753,802	2,575,039	2,134,565
Weighted average number of ordinary shares (Number)	367,346,939	367,346,939	367,346,939	367,346,939
Earnings per share (Rupees)	2.26	2.05	7.01	5.81

11. Cash generated from operations

Profit before taxation		2,575,039	2,134,565
- Depreciation on operating fixed assets		778,326	866,354
- Amortization on intangible assets		3,235	2,633
- Gain on disposal of operating fixed assets		(2,324)	(6,571)
- Profit on bank deposits		(682)	(463)
- Fair value (gain)/loss on derivative financial instruments		(851)	-
- Provision for employee retirement benefits		6,017	5,624
- Finance cost		789,169	814,932
Profit before working capital changes		4,147,930	3,817,074

Effect on cash flow due to working capital changes:

(Increase)/ decrease in current assets:

- Stores and spares	(65,563)	51,105
- Inventories	146,265	(327,866)
- Trade debts	(2,500,693)	(2,335,430)
- Loans, advances, deposits, prepayments and other receivables	(322,096)	133,681
	(2,742,087)	(2,478,509)

Increase/(decrease) in current liabilities:

Trade and other payables	(823)	96,301
	(2,742,910)	(2,382,208)
	1,405,019	1,434,866

FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2018

	Un-audited	
	Nine months ended	
	March 31,	March 31,
	2018	2017
	(Rupees in thousand)	
12. Cash and cash equivalents		
Cash and bank balances	3,518	170,910
Short term borrowings - secured	(8,389,140)	(6,124,972)
	<u>(8,385,622)</u>	<u>(5,954,062)</u>

13. Transactions with related parties

Relationship with the Company	Nature of transactions		
(i) Holding Company	Dividend Paid	187,586	562,757
	Common facilities cost	13,500	13,500
	Reimbursement of expenses	2,943	5,311
	Disbursement of loans	1,150,000	4,150,000
	Repayment of loans	1,500,000	3,500,000
	Mark up on loans	1,049	2,319
(ii) Associated Undertakings	Donations	5,082	13,275
	Insurance premium paid	124,562	127,866
	Services	50	-
(iii) Key management personnel	Salaries and other employee benefits	16,022	14,632
(iv) Post employment benefit plan	Expense charged in respect of		
	retirement benefit plan	6,017	5,624

All transactions with related parties have been carried out on commercial terms and conditions.

14. Date of authorization for issue

This condensed interim financial information was authorized for issue on April 26, 2018 by the Board of Directors of the company.

Chief Executive

Chief Financial Officer

Director



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