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Annual Report 20

NISHAT

Nishat Power Limite

CONTENTS

CORPORATE PROFILE

BOARD OF DIRECTORS	Mian Hassan Mansha	Chairman /Chief Executive
	Mr. Khalid Qadeer Qureshi	
	Mr. Shahid Zulfiqar Khan	
	Mr. Mahmood Akhtar	
	Mr. Shahzad Ahmad Malik	
	Ms.. Nabiha Shahnawaz Cheema	
	Mr. Badar-ul-Hassan	
AUDIT COMMITTEE	Mr. Khalid Qadeer Qureshi	Member / Chairman
	Mr. Shahzad Ahmad Malik	Member
	Ms. Nabiha Shahnawaz Cheema	Member
CHIEF FINANCIAL OFFICER	Mr. Tanvir Khalid	
COMPANY SECRETARY	Mr. Khalid Mahmood Chohan	
BANKERS OF THE COMPANY	Habib Bank Limited United Bank Limited Allied Bank Limited National Bank of Pakistan Bank Alfalah Limited Faysal Bank Limited Askari Bank Limited Habib Metropolitan Bank Limited Soneri Bank Limited Silk Bank Limited BankIslami Pakistan Limited Meezan Bank Limited HSBC Bank Middle East Limited	
AUDITORS OF THE COMPANY	A. F. Ferguson & Co. Chartered Accountants	
LEGAL ADVISOR OF THE COMPANY	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.	

VISION STATEMENT

ENLIGHTEN THE FUTURE THROUGH EXCELLENCE, COMMITMENT, INTEGRITY AND HONESTY

MISSION STATEMENT

TO BECOME LEADING POWER PRODUCER WITH SYNERGY OF CORPORATE CULTURE AND VALUES THAT RESPECT COMMUNITY AND ALL OTHER STAKEHOLDERS.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that Annual General Meeting of the members of Nishat Power Limited (the Company) will be held on October 31, 2011 (Monday) at 2:30 p.m. at registered office 53-A Lawrence Road, Lahore to transact the following business:

1. To confirm minutes of the last Meeting.

2. To receive and adopt the Audited Accounts of the Company for the year ended June 30, 2011 together with Directors' and Auditors' reports thereon.

3. To appoint External Auditors of the Company for the year 2011-12 and fix their remuneration.

4. Any other matter with the permission of the chair

BY ORDER OF THE BOARD

LAHORE
September 05, 2011

KHALID MAHMOOD CHOHAN
(Company Secretary)

NOTES: -

1. The Share Transfer Books of the Company will remain closed from 24-10-2011 to 31-10-2011 (both days inclusive). Physical transfers/CDS transactions/IDs. received in order at Share Registrar, Hameed Majeed Associates (Pvt) Ltd, HM House, 7-Bank Square, Lahore upto 1:00 p.m. on 22-10-2011 will be considered in time for attending of meeting.

2. A member eligible to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must reach the Company's Registered Office not later than 48 hours before the time for holding the meeting. Proxies of the Members through CDS shall be accompanied with attested copies of their CNIC. The shareholders through CDC are requested to bring original CNIC, Account Number and Participant Account Number to produce at the time of attending the meeting.

3. Shareholders are requested to immediately notify the change of address, if any.

DIRECTORS' REPORT

The Board of Directors of Nishat Power Limited (The Company) is pleased to present Annual Report with the Audited Financial Statements of the Company together with Auditors' Report thereon for the financial year ended June 30, 2011.

PRINCIPAL ACTIVITY:

The principal activity of the Company is to build, own, operate and maintain a fuel fired power plant based on Reciprocating Engine Technology having gross capacity of 200MW ISO in Jamber Kalan, Tehsil Pattoki, District Kasur, Punjab, Pakistan.

FINANCIAL RESULTS:

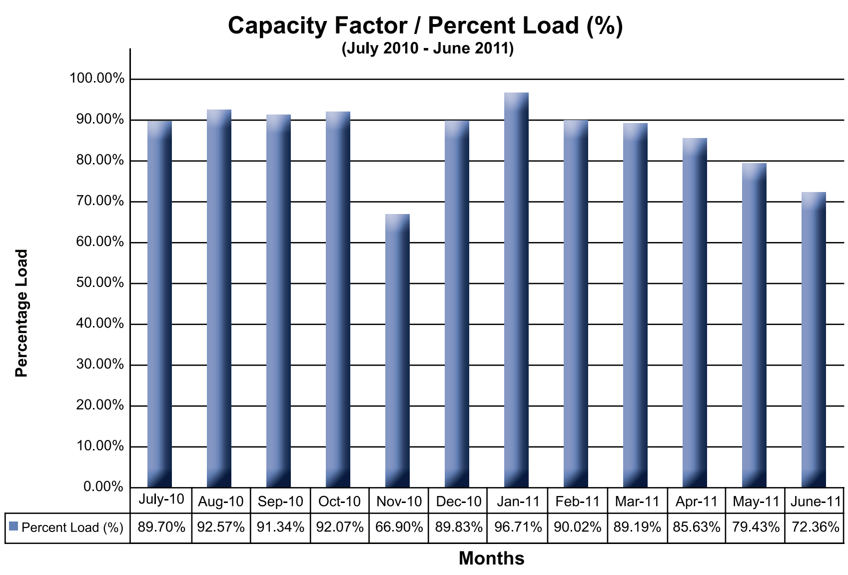
By the grace of Almighty Allah, the company has successfully completed its first year of commercial operations after achieving COD on 9th June 2010. This was only possible due to the trust invested by our shareholders, sponsors, lenders and other stakeholders. The Company had turnover of Rs 20,986.89 million (2010: Rs 1,018.36 million) during the first complete year of operations against operating cost of Rs 16,119.39 million (2010: Rs 795.52 million) resulting in a gross profit of Rs 4,867.50 million (2010: Rs 222.84 million). The Company earned profit before tax of Rs 1,892.82 million compared to Rs 72.20 million last year.

The current year's net profit after tax amounts to Rs 1,879.08 million resulting earnings per share of Rs 5.307 compared to previous year's profit after tax of Rs 47.18 million and earnings per share of Rs 0.135.

NTDCL, the Company's sole customer continues to default on its payment obligations. The Company took up the matter not only with NTDCL, but also with the concerned Ministries in the Government of Pakistan, as a result of which the total receivables from NTDCL on June 30, 2011 reduced to Rs. 6,374.21 million, out of which overdue receivables were Rs 4,440.01 million.

OPERATIONS AND SIGNIFICANT EVENTS:

a) **Operational results:**
The plant operated at an optimal efficiency with 86.31% average capacity factor and dispatched 1.473 GWh of electricity to its customer (NTDCL) during the year.



b) Upgraded Credit Rating:

The Pakistan Credit Rating Agency (PACRA) has upgraded the long-term entity rating of the Company to “AA” (Double A) (Previous: AA-), while maintaining short-term rating at “A1+” (A one plus). These ratings denote a very low expectation of credit risk and minimization of operational risks. (PACRA – Press Release April 14, 2011)

c) Payment of Liquidated Damages

During the year, Company paid liquidated damages to NTDCL for delay in achieving Commercial Operations Date (COD). These liquidated damages have been paid from liquidated damages recovered from Engineering, Procurement & Construction (EPC) contractor last year.

KEY OPERATING AND FINANCIAL DATA:

Fiscal year ending June 30,	2011	2010
	(Rupees in Millions)	
Turnover	**20,986.89**	1,018.36
Net profit	**1,879.08**	47.18
Total non-current assets	**15,844.74**	16,667.31
Issued, subscribed and paid up capital	**3,540.89**	3,540.89
Long term financing	**13,222.10**	14,163.54
Short term financing	**3,193.80**	2,792.53
Generation (MWH)	**1,473,018**	342,937
Earnings per share-basic and diluted (Rs.)	**5.307**	0.135
Share prices (Market value rupees per share)	**15.44**	9.94

INTERNAL AUDIT AND CONTROL:

The Board has set up an independent audit function headed by a qualified person reporting to the Audit Committee. The scope of internal auditing within the Company is clearly defined which broadly involves review and evaluation of its’ internal control system.

CORPORATE SOCIAL RESPONSIBILITY:

During the year the Company has made contribution in the Prime Minister Flood Relief Fund for the flood victims in August 2010.

ENVIRONMENTAL PROTECTION MEASURES:

Environmental monitoring for Emissions from Diesel Generators and testing of waste water is conducted on quarterly basis for compliance of National Environmental Quality Standards (NEQS).

CORPORATE AND FINANCIAL FRAMES WORK:

The Company Management is fully cognizant of its responsibility as recognized by the formulated Companies Ordinance provisions and Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan (SECP). The following comments are acknowledgement of Company's commitment to high standards of Corporate Governance and continuous improvement.

- The financial statements, prepared by the management of the company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- The system of internal control, which is in place, is being continuously reviewed internally. The process will continue and any weakness in controls will be removed.
- There are no doubts upon Company's ability to continue as going concern.
- There has been no material departure from the best practices of corporate governance as detailed in the listing regulations.
- Value of investments in respect of retirement benefits fund:
  Provident Fund: 30th June, 2011 is Rs. 5,713,080
- During the year under review, four meetings of the Board of Directors were held, attendance position was as under:

Sr. #	Name of Directors		No. of Meetings Attended
1	Mian Hassan Mansha	(Chief Executive/Director)	4
2	Mian Raza Mansha		1
3	Mr. Khalid Qadeer Qureshi		3
4	Mr. Aftab Ahmad Khan		3
5	Mr. Shahzad Ahmad Malik		4
6	Mr. Muhammad Shahzad Sadiq	(ABL)	3
7	Syed Hasan Irtiza Kazmi	(NBP)	1
8	Syed Iqbal Ashraf	(NBP)	1
9	Mr. Shahid Zulfiqar Khan		1
10	Mr. Mahmood Akhtar		1
11	Ms. Nabiha Shahnawaz Cheema		1

Syed Iqbal Ashraf appointed in place of Syed Hassan Irtiza Kazmi on October 27, 2010.

Mr. Shahid Zulfiqar Khan and Mr. Mahmood Akhtar appointed in place of Mian Raza Mansha and Mr. Aftab Ahmad Khan respectively on February 25, 2011.

Ms. Nabiha Shahnawaz Cheema appointed in place of Mr. Muhammad Shahzad Sadiq Nominee Allied Bank Limited on March 31, 2011.

CORPORATE GOVERNANCE:

The Statement of Compliance with the best practices of Code of Corporate Governance is annexed.

PATTERN OF SHAREHOLDING:

The statement of pattern of shareholding as on June 30, 2011 is attached.

RELATED PARTIES:

The transactions between the related parties were carried out at arm's length prices determined in accordance with the comparable uncontrolled prices method. The Company has fully complied with the best practices on transfer pricing as contained in the Listing Regulations of Stock Exchanges in Pakistan.

DIVIDENDS:

Due to cash flow constraints and increased receivables, the Board has decided not to declare any dividend for the year.

AUDITORS:

The present auditors M/s A. F. Ferguson, Chartered Accountants retire and being eligible, offer themselves for re-appointment for the year 2011-12. The Audit Committee of the Board has recommended the reappointment of the retiring auditors.

ACKNOWLEDGEMENT:

The Board of Directors appreciate the valued shareholders, NTDCL, PPIB, Financial Institution, Wartsila and other business partners for their trust and continued support to the Company.

The Board also recognized the contribution made by a very dedicated team of professionals and engineers who served the Company with full enthusiasm. We appreciate all of our employees for demonstration of their commitment and responsibility to ensure and maintain safe and reliable operations of the power complex and we hope that the same spirit of devotion shall remain intact in the future ahead to the Company to achieve successful results for the Company and its shareholders.

CHIEF EXECUTIVE OFFICER
Lahore: September 5th, 2011

PATTERN OF SHAREHOLDINGS
AS ON JUNE 30, 2011

NUMBER OF SHAREHOLDERS	SHAREHOLDING FROM	SHAREHOLDING TO	TOTAL NUMBER OF SHARES HELD	PERCENTAGE OF TOTAL CAPITAL
169	1	100	8,652	0.00
1982	101	500	963,442	0.27
597	501	1000	582,806	0.16
806	1001	5000	2,280,633	0.64
287	5001	10000	2,402,757	0.68
78	10001	15000	1,028,916	0.29
79	15001	20000	1,468,677	0.41
66	20001	25000	1,586,455	0.45
37	25001	30000	1,066,364	0.30
18	30001	35000	604,012	0.17
20	35001	40000	781,370	0.22
16	40001	45000	691,328	0.20
28	45001	50000	1,388,800	0.39
8	50001	55000	411,866	0.12
13	55001	60000	752,935	0.21
10	60001	65000	631,595	0.18
3	65001	70000	208,940	0.06
7	70001	75000	518,197	0.15
3	75001	80000	232,300	0.07
7	80001	85000	586,000	0.17
4	85001	90000	354,759	0.10
3	90001	95000	281,646	0.08
26	95001	100000	2,591,350	0.73
3	100001	105000	307,882	0.09
2	105001	110000	217,000	0.06
2	110001	115000	223,694	0.06
1	115001	120000	120,000	0.03
5	120001	125000	621,755	0.18
1	125001	130000	130,000	0.04
1	140001	145000	142,500	0.04
2	145001	150000	299,500	0.08
1	165001	170000	170,000	0.05
1	170001	175000	175,000	0.05
1	175001	180000	176,531	0.05
1	185001	190000	188,588	0.05
8	195001	200000	1,600,000	0.45
2	200001	205000	407,500	0.12
1	210001	215000	213,566	0.06
1	220001	225000	222,619	0.06
2	245001	250000	500,000	0.14
1	270001	275000	275,000	0.08
1	290001	295000	295,000	0.08
5	295001	300000	1,500,000	0.42
3	300001	305000	906,077	0.26
1	345001	350000	350,000	0.10
1	370001	375000	374,000	0.11
2	395001	400000	799,341	0.23
1	415001	420000	420,000	0.12
2	495001	500000	1,000,000	0.28
1	540001	545000	545,000	0.15
1	560001	565000	564,746	0.16

NUMBER OF SHAREHOLDERS	SHAREHOLDING FROM	TO	TOTAL NUMBER OF SHARES HELD	PERCENTAGE OF TOTAL CAPITAL
1	565001	570000	569,744	0.16
1	595001	600000	599,382	0.17
1	615001	620000	619,499	0.17
1	625001	630000	628,793	0.18
1	650001	655000	651,000	0.18
1	670001	675000	672,500	0.19
1	675001	680000	676,316	0.19
1	720001	725000	723,946	0.20
1	750001	755000	751,000	0.21
1	760001	765000	763,599	0.22
1	770001	775000	775,000	0.22
1	795001	800000	800,000	0.23
1	840001	845000	844,500	0.24
1	845001	850000	850,000	0.24
1	895001	900000	900,000	0.25
2	995001	1000000	2,000,000	0.56
1	1000001	1005000	1,002,708	0.28
1	1045001	1050000	1,049,689	0.30
1	1095001	1100000	1,100,000	0.31
1	1135001	1140000	1,137,869	0.32
1	1195001	1200000	1,200,000	0.34
1	1215001	1220000	1,220,000	0.34
1	1495001	1500000	1,500,000	0.42
1	1645001	1650000	1,645,504	0.46
1	1670001	1675000	1,671,522	0.47
1	1805001	1810000	1,807,627	0.51
1	2000001	2005000	2,004,168	0.57
1	2060001	2065000	2,064,007	0.58
1	2095001	2100000	2,100,000	0.59
1	2200001	2205000	2,200,877	0.62
1	2345001	2350000	2,350,000	0.66
1	2995001	3000000	3,000,000	0.85
1	3145001	3150000	3,145,149	0.89
1	3195001	3200000	3,200,000	0.90
1	3795001	3800000	3,800,000	1.07
1	3825001	3830000	3,826,488	1.08
1	4155001	4160000	4,158,245	1.17
1	4495001	4500000	4,500,000	1.27
1	4555001	4560000	4,560,000	1.29
1	4610001	4615000	4,615,000	1.30
1	4950001	4955000	4,951,000	1.40
1	5405001	5410000	5,408,850	1.53
1	5995001	6000000	5,999,999	1.69
1	7645001	7650000	7,645,149	2.16
1	13645001	13650000	13,645,116	3.85
1	29995001	30000000	30,000,000	8.47
1	180585001	180590000	180,585,155	51.00
Total 4,369			**354,088,500**	**100.00**

Categories of Members		Shares Held	Percentage
1.	**DIRECTORS, CEO, THEIR SPOUSE AND MINOR CHILDREN**	1,502	0.00
2.	**ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES** (Also included in Joint Stock Companies & Financial Institutions)	194,278,071	54.87
3.	**NIT AND ICP**	Nil	Nil
4.	**BANKS, DEVELOPMENT FINANCIAL INSTIRUTIONS, NON BANKING FINANCIAL INSTITUTIONS**	73,641,918	20.80
5.	**INSURANCE COMPANIES**	6,762,732	1.91
6.	**MODARABAS AND MUTUAL FUNDS**	22,428,976	6.33
7.	**SHAREHOLDERS HOLDING 10% OR MORE** (Also included in Joint Stock Companies & Financial Institutions)	216,041,805	61.01
8.	**GENERAL PUBLIC**		
	Local	51,671,624	14.59
	Foreign	250,000	0.07
9.	**OTHERS**		
	Investment Companies	619,499	0.17
	Joint Stock Companies	196,842,414	55.59
	Pension Fund and Miscelaneous	1,869,835	0.53

INFORMATION UNDER CLAUSE XIX (I) OF THE CODE OF CORPORATE GOVERNANCE AS ON JUNE 30, 2011

			SHARES HELD	%
(A)	**ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES**			
	1. NISHAT MILLS LIMITED		180,632,955	51.01
	2. NATIONAL BANK OF PAKISTAN		13,645,116	3.86
(B)	**NIT & ICP**		NIL	
(C)	**DIRECTORS, CEO, THEIR SPOUSE AND MINOR CHILDREN**			
	1. Mian Hassan Mansha	CHIEF EXECUTIVE / DIRECTOR	1	0.00
	2. Mr. Khalid Qadeer Qureshi	DIRECTOR	1	0.00
	3. Mr. Mahmood Akthar	DIRECTOR	1,000	0.0003
	4. Mr.Shahzad Ahmad Malik	DIRECTOR	500	0.0001
(D)	**EXECUTIVES**		NIL	
(E)	**PUBLIC SECTOR, COMPANIES AND CORPORATIONS**			
	JOINT STOCK COMPANIES		196,842,414	55.59
(F)	**BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE INSTITUTIONS, INSURANCE COMPANIES, MODARABAS AND MUTUAL FUNDS**			
	1. INVESTMENT COMPANIES		619,499	0.17
	2. INSURANCE COMPANIES		6,762,732	1.91
	3. FINANCIAL INSTITUTIONS		73,641,918	20.80
	4. MODARABAS, MUTUAL FUNDS & LEASING COMPANIES, ETC.,		22,428,976	6.33
(G)	**SHAREHOLDERS HOLDING TEN PERCENT OR MORE VOTING INTREST IN THE LISTED COMPANY**			
	1. NISHAT MILLS LIMITED		180,632,955	51.01
	2. ALLIED BANK LIMITED		35,405,850	10.00

INFORMATION UNDER CLAUSE XIX (j) OF THE CODE OF CORPORATE GOVERNANCE

NAME OF CEO/DIRECTOR/CFO/COMPANY SECRETARY AND THEIR SPOUSE AND MINOR CHILDREN		NO. OF SHARES	DATE	RATE (RS.)
1. Mr.Shahzad Ahmad Malik	DIRECTOR	500	02.02.2011	10.00
2. Mr. Mahmood Akthar	DIRECTOR	1,000	03.06.2011	17.24

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2011

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of Karachi and Lahore Stock Exchanges respectively for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner: -

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes independent non-executive directors.

2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. Four casual vacancies occurred in the board and were filled up same day.

5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and employees of the Company.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by one of the directors present elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. No orientation course has been arranged during the year.

10. The appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment have been duly approved by the Board.

11. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the Code.

15. The audit committee is continued and it comprises 3 members, of whom, two are non-executive directors including the Chairman of the committee.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has set-up an effective internal audit function who is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company and it is involved in the internal audit function on a full time basis.

18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

20. We confirm that all other material principles contained in the Code have been substantially complied with.

(MIAN HASSAN MANSHA)
CHIEF EXECUTIVE
NIC Number: 35202-1479111-5

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES ON TRANSFER PRICING FOR THE YEAR ENDED: JUNE 30, 2011

The Company has fully complied with the best practices on Transfer Pricing as contained in the related Listing Regulations of the Karachi and Lahore Stock Exchanges.

(MIAN HASSAN MANSHA)
CHIEF EXECUTIVE
NIC Number: 35202-1479111-5

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Nishat Power Limited ('the company') to comply with the Listing Regulation No. 35 of The Karachi Stock Exchange (Guarantee) Limited and The Lahore Stock Exchange (Guarantee) Limited, where the company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the company personnel and review of various documents prepared by the company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the company's corporate governance procedures and risks.

Further, Sub-Regulation (xiii a) of Listing Regulation 35 notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee.

We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the company for the year ended June 30, 2011.

A.F. Ferguson & Co.
Chartered Accountants

Lahore: September 05, 2011

Engagement Partner: Muhammad Masood

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Nishat Power Limited ('the company') as at June 30, 2011 and the related profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;

b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

   (ii) the expenditure incurred during the year was for the purpose of the company's business; and

   (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2011 and of the profit, total comprehensive income, changes in equity and its cash flows for the year then ended; and

d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Lahore: September 05, 2011

A. F. Ferguson & Co.
Chartered Accountants

Engagement Partner: Muhammad Masood

BALANCE SHEET AS AT JUNE 30, 2011

	Note	2011 Rupees	2010 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
500,000,000 (2010: 500,000,000) ordinary shares of Rs 10 each		**5,000,000,000**	5,000,000,000
Issued, subscribed and paid up share capital			
354,088,500 (2010: 354,088,500) ordinary shares of Rs 10 each	5	**3,540,885,000**	3,540,885,000
Un-appropriated profit	6	**1,953,460,494**	74,377,044
		5,494,345,494	3,615,262,044
NON-CURRENT LIABILITIES			
Long term financing - secured	7	**12,605,115,121**	13,424,261,241
Subordinated loan - unsecured	8	**818,220,000**	472,885,200
		13,423,335,121	13,897,146,441
CURRENT LIABILITIES			
Current portion of long term financing - secured	7	**616,988,100**	739,279,559
Short term borrowings - secured	9	**3,193,798,359**	2,792,525,237
Trade and other payables	10	**370,010,137**	771,809,081
Accrued finance cost	11	**644,619,685**	601,095,161
Provision for taxation		**27,568,533**	19,480,357
		4,852,984,814	4,924,189,395
CONTINGENCIES AND COMMITMENTS	12		
		23,770,665,429	22,436,597,880

The annexed notes 1 to 34 form an integral part of these financial statements.

	Note	2011 Rupees	2010 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	**15,844,744,046**	16,667,306,028
CURRENT ASSETS			
Stores, spares and loose tools	14	**422,653,832**	215,483,099
Inventories	15	**1,012,346,882**	354,478,068
Trade debts	16	**6,374,208,099**	2,668,598,305
Advances, deposits, prepayments and other receivables	17	**104,903,112**	756,058,316
Cash and bank balances	18	**11,809,458**	1,774,674,064
		7,925,921,383	5,769,291,852
		23,770,665,429	22,436,597,880

CHIEF EXECUTIVE **DIRECTOR**

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2011

	Note	2011 Rupees	2010 Rupees
Sales	19	**20,986,893,733**	1,018,364,764
Cost of sales	20	**(16,119,394,375)**	(795,520,877)
Gross profit		**4,867,499,358**	222,843,887
Administrative expenses	21	**(47,523,647)**	(17,203,547)
Other operating expenses	22	**(50,466,814)**	(5,451,809)
Other operating income	23	**37,590,434**	52,052,736
Profit from operations		**4,807,099,331**	252,241,267
Finance cost	24	**(2,914,276,577)**	(180,041,242)
Profit before taxation		**1,892,822,754**	72,200,025
Taxation	25	**(13,739,304)**	(25,023,320)
Profit after taxation		**1,879,083,450**	47,176,705
Earnings per share - basic and diluted	26	**5.307**	0.135

The annexed notes 1 to 34 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2011

	2011 Rupees	2010 Rupees
Profit after taxation	**1,879,083,450**	47,176,705
Other comprehensive income	**-**	-
Total comprehensive income for the year	**1,879,083,450**	47,176,705

The annexed notes 1 to 34 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2011

	Share capital	Share deposit money	Un-appropriated profit	Total
	.... Rupees			
Balance as on July 01, 2009 - restated	2,912,500,000	-	27,200,339	2,939,700,339
Receipt of share deposit money	-	628,385,000	-	628,385,000
Issuance of ordinary shares against share deposit money	628,385,000	(628,385,000)	-	-
Total comprehensive income for the year ended June 30, 2010	-	-	47,176,705	47,176,705
Balance as on June 30, 2010	3,540,885,000	-	74,377,044	3,615,262,044
Total comprehensive income for the year ended June 30, 2011	-	-	1,879,083,450	1,879,083,450
Balance as on June 30, 2011	3,540,885,000	-	1,953,460,494	5,494,345,494

The annexed notes 1 to 34 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2011

	Note	2011 Rupees	2010 Rupees
Cash flows from operating activities			
Cash generated from / (used in) operations	27	**1,666,408,751**	(2,982,833,667)
Finance cost paid		**(2,870,752,053)**	-
Taxes paid		**(5,651,128)**	(7,543,635)
Retirement benefits paid		**(1,538,541)**	(891,038)
Net cash outflow from operating activities		**(1,211,532,971)**	(2,991,268,340)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(383,789,692)**	(1,751,651,568)
Proceeds from disposal of operating fixed assets		**797,833**	-
Profit on bank deposits received		**26,489,881**	52,052,736
Net cash outflow from investing activities		**(356,501,978)**	(1,699,598,832)
Cash flows from financing activities			
Proceeds from long term financing		**-**	2,513,554,546
Repayment of long term financing		**(941,437,579)**	-
Proceeds from subordinated loans		**345,334,800**	472,885,200
Proceeds from issuance of share capital		**-**	628,385,000
Net cash (outflow)/inflow from financing activities		**(596,102,779)**	3,614,824,746
Net decrease in cash and cash equivalents		**(2,164,137,728)**	(1,076,042,426)
Cash and cash equivalents at the beginning of the year		**(1,017,851,173)**	58,191,253
Cash and cash equivalents at the end of the year	28	**(3,181,988,901)**	(1,017,851,173)

The annexed notes 1 to 34 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

1. THE COMPANY AND ITS ACTIVITIES

Nishat Power Limited ('the company') is a public limited company incorporated in Pakistan. The company is a subsidiary of Nishat Mills Limited. The company's ordinary shares are listed on the Karachi Stock Exchange (Guarantee) Limited and Lahore Stock Exchange (Guarantee) 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.

2. BASIS OF PREPARATION

2.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by Securities and Exchange Commission of Pakistan differ with the requirements of IFRS or IFAS, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives prevail.

2.2 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:

2.2.1 Amendments to published standards effective in current year

New and amended standards, and interpretations mandatory for the first time for the financial year beginning July 01, 2010 but not currently relevant to the company (although they may affect the accounting for future transactions and events).

- Amendment to IFRS 2, 'Share-based payments – Group cash-settled payment transactions'. These amendments provide a clear basis to determine the classification of share-based payment awards in consolidated and separate financial statements. The amendment incorporates IFRIC 8, 'Scope of IFRS 2', and IFRIC 11, 'IFRS 2 – Group and treasury share transactions', into the standard; expands on the guidance given in IFRIC 11 to address plans that were not considered in the interpretation; and clarifies the definitions section of IFRS 2. The amended definitions remove inconsistencies between Appendix A, defined terms and the main body of the standard. The original wording was inconsistent regarding the treatment of equity instruments of other entities in the group.

- IFRS 5 (Amendment), 'Measurement of non-current assets (or disposal groups) classified as held-for-sale'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1.

- IAS 1 (Amendment), 'Presentation of Financial Statements'. The amendment is part of the International Accounting Standard Board's (IASB) annual improvements project published in April 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time.

- Classification of rights issues' (Amendment to IAS 32), issued in October 2009. For rights issues offered for a fixed amount of foreign currency, current practice appears to require such issues to be accounted for as derivative liabilities. The amendment states that if such rights are issued pro rata to all the entity's existing shareholders in the same class for a fixed amount of currency, they should be classified as equity regardless of the currency in which the exercise price is denominated.

- IAS 36 (amendment), 'Impairment of assets'. The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of IFRS 8, 'Operating Segments' (that is, before the aggregation of segments with similar economic characteristics).

- IAS 38 (Amendment), 'Intangible Assets'. The amendment is part of the IASB's annual improvements project published in April 2009 and the company will apply IAS 38 (Amendment) from the date IFRS 3 (Revised) is adopted. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives.

- IFRIC 19, 'Extinguishing financial liabilities with equity instruments'. This clarifies the requirements of IFRSs when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully or partially.

2.2.2 Standards, amendments and interpretations to existing standards that are not yet effective

The following amendments and interpretations to existing standards have been published and are mandatory for the company's accounting periods beginning on or after their respective effective dates:

- IFRIC 4, 'Determining Whether an Arrangement Contains a Lease' is applicable for periods beginning on or after January 1, 2006, however, Independent Power Producers (IPPs), whose letter of intent has been be signed on or before June 30, 2010, have been exempted from its application by the Securities and Exchange Commission of Pakistan (SECP). This interpretation provides guidance on determining whether arrangements that do not take the legal form of a lease should, nonetheless, be accounted for as a lease in accordance with International Accounting Standard (IAS) 17, 'Leases'.

Consequently, the company is not required to account for a portion of its Power Purchase Agreement (PPA) with National Transmission and Despatch Company Limited (NTDCL) as a lease under IAS - 17. If the company were to follow IFRIC - 4 and IAS - 17, the effect on the financial statements would be as follows:

	2011 Rupees	2010 Rupees
De-recognition of property, plant and equipment	**(15,769,284,199)**	(16,659,642,726)
Recognition of lease debtor	**16,089,787,553**	16,663,573,976
Increase in un-appropriated profit at the beginning of the year	**3,931,250**	-
Increase in profit for the year	**223,821,056**	3,931,250
Increase in un-appropriated profit at the end of the year	**227,752,306**	3,931,250

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

The following amendments and interpretations to existing standards have been published and are mandatory for the company's accounting periods beginning on or after January 1, 2011 or later periods, but the company has not early adopted them:

- IFRS 7, 'Disclosures on transfers of financial assets' (Amendment), issued on 8 October 2010. The new disclosure requirements apply to transferred financial assets. An entity transfers a financial asset when it transfers the contractual rights to receive cash flows of the asset to another party. These amendments are as part the IASBs comprehensive review of off balance sheet activities. The amendments will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitization of financial asset. The company will apply these amendments for the financial reporting period commencing on July 1, 2011. It is not expected to have any material impact on the company's financial statements.

- IFRS 9, 'Financial Instruments', issued in December 2009. This addresses the classification and measurement of financial assets and is likely to affect the company's accounting for its financial assets. The standard is not applicable until January 1, 2013 but is available for early adoption. IFRS 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. The company has not yet decided when to adopt IFRS 9.

- FRS 12 - 'Disclosures of interests in other entities'. This is applicable on accounting periods beginning on or after January 01, 2013. This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The company will apply this standard from July 01, 2013.

- IFRS 13 - 'Fair value measurement'. This is applicable on accounting periods beginning on or after January 01, 2013. This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The company will apply this standard from July 01, 2013.

- IAS 1 (amendments), effective January 01, 2011, clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. It is not expected to have any material impact on the company's financial statements.

- IAS 1 - 'Financial statement presentation' (Amendment). This is applicable on accounting periods beginning on or after July 01, 2012. The main change resulting from these amendment is a requirement for entities to group items presented in Other comprehensive income (OCI) on the basis of whether they are potentially recycled to profit or loss (reclassification adjustments). The amendment does not address which items are presented in OCI. The Company will apply this amendment from January 01, 2013 and does not expect to have a material impact on its financial statements.

- IAS 12, 'Amendment to Deferred Taxation', issued on 23 December 2010. This amendment requires the entity holding investment properties measured at fair value in territories where there is no capital gains tax or where the capital gains rate is different from the income tax rate. This amendment is likely to reduce the deferred tax assets and liabilities recognised by the entity on such investments. The amendment is effective for annual periods beginning on or after January 01, 2012. Earlier adoption is permitted. The amendments should be applied retrospectively to the earliest comparative period presented. It is not expected to have any material impact on the company's financial statements.

- IAS 19 - ‘Employee benefits’(Amendment). This is applicable on accounting periods beginning on or after January 01, 2013. The amendment will eliminate the corridor approach and calculate finance costs on a net funding basis. The Company will apply this amendment from July 01, 2013 and has yet to assess its full impact. It is not expected to have any material impact on the company’s financial statements.

- IAS 24 (revised), ‘Related party disclosures’, issued in November 2009. It supersedes IAS 24, ‘Related party disclosures’, issued in 2003. The revised IAS 24 is required to be applied from July 01, 2011. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. It is not expected to have any material impact on the company’s financial statements.

- ‘Prepayments of a minimum funding requirement’ (Amendments to IFRIC 14), issued in November 2009. The amendments correct an unintended consequence of IFRIC 14, ‘IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction’. Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct the problem. The amendments are effective for annual periods beginning January 1, 2011. Earlier application is permitted. The amendments should be applied retrospectively to the earliest comparative period presented. It is not expected to have any material impact on the company’s financial statements.

3. BASIS OF MEASUREMENT

3.1 These financial statements have been prepared under the historical cost convention.

3.2 The company’s significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment and estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

a) Provision for taxation

The company takes into account the current income tax law and the decisions taken by appellate authorities. Instances where the company’s view differs from the view taken by the income tax department at the assessment stage and where the company considers that its views on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

b) **Useful lives and residual values of property, plant and equipment**

The company reviews the useful lives of property, plant and equipment on regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

4.1 Taxation

Current

The profits and gains of the company derived from electric power generation are exempt from tax in terms of Clause (132) of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the conditions and limitations provided therein.

Under clause 11(v) of Part IV of the Second Schedule to the Income Tax Ordinance, 2001, the company is also exempt from levy of minimum tax on 'turnover' under section 113 of the Income Tax Ordinance, 2001. However, full provision is made in the profit and loss account on income from sources not covered under the above clauses at current rates of taxation after taking into account, tax credits and rebates available, if any.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity.

Deferred tax has not been provided in these financial statements as the company's management believes that the temporary differences will not reverse in the foreseeable future due to the fact that the profits and gains of the company derived from electric power generation are exempt from tax subject to the conditions and limitations provided for in terms of clause 132 of Part I of the Second Schedule to the Income Tax Ordinance, 2001.

4.2 Property, plant and equipment

4.2.1 Operating fixed assets

Operating fixed assets except freehold land are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost less any identified impairment loss.

Depreciation on operating fixed assets is charged to profit and loss account, on the straight line method so as to write off the cost of an asset over its estimated useful life at the annual rates mentioned in note 13.1 after taking into account their residual values.

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant. The company's estimate of the residual value of its operating fixed assets as at June 30, 2011 has not required any adjustment as its impact is considered insignificant.

Depreciation on additions to operating fixed assets is charged from the month in which the asset is available for use, while no depreciation is charged for the month in which the asset is disposed off.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 4.3).

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repair and maintenance costs are included in the profit and loss account during the period in which they are incurred.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

4.2.2 Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use.

4.3 Impairment of non-financial assets

Assets that have an indefinite useful life, for example land, are not subject to depreciation/ amortization and are tested annually for impairment. Assets that are subject to depreciation/ amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

4.4 Leases

The company is the lessee:

4.4.1 Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit on a straight line basis over the lease term.

4.5 Stores, spares and loose tools

Stores, spares and loose tools are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

4.6 Inventories

Inventories except for those in transit are valued principally at lower of moving average cost and net realizable value. Materials in transit are stated at cost comprising invoice value plus other charges paid thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make a sale. Provision is made in the financial statements for obsolete and slow moving inventories based on management's estimate.

4.7 Financial instruments

4.7.1 Financial assets

The company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

b) **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise advances, deposits and other receivables and cash and cash equivalents in the balance sheet.

c) **Available-for-sale financial assets**

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the balance sheet date.

d) **Held to maturity**

Financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity are classified as held to maturity and are stated at amortised cost.

All financial assets are recognised at the time when the company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognised on trade-date – the date on which the company commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit and loss account. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest rate method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the profit and loss account in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit and loss account as part of other income when the company's right to receive payments is established.

Changes in the fair value of securities classified as available-for-sale are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the profit and loss account as gains and losses from investment securities. Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit and loss account. Dividends on available-for-sale equity instruments are recognised in the profit and loss account when the company's right to receive payments is established.

The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (and for unlisted securities), the company measures the investments at cost less impairment in value, if any.

The company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from equity and recognised in the profit and loss account. Impairment losses recognised in the profit and loss account on equity instruments are not reversed through the profit and loss account. Impairment testing of trade debts and other receivables is described in note 4.8.

4.7.2 Financial liabilities

All financial liabilities are recognised at the time when the company becomes a party to the contractual provisions of the instrument.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit and loss account.

4.7.3 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.8 Trade debts and other receivables

Trade debts and other receivables are recognised initially at invoice value, which approximates fair value, and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade debts and other receivables is established when there is objective evidence that the company will not be able to collect all the amount due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade debt is impaired. The provision is recognised in the profit and loss account. When a trade debt is uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the profit and loss account.

4.9 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, if any.

4.10 Employees' retirement benefits - Defined contribution plan

There is an approved defined contributory provident fund for all employees. Equal monthly contributions are made both by the company and employees to the fund at the rate of 9.5 percent of the basic salary. Retirement benefits are payable to staff on completion of prescribed qualifying period of service under the scheme.

4.11 Trade and other payables

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

4.12 Provisions

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

4.13 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

4.14 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest method. Finance costs are accounted for on an accrual basis and are reported under accrued finance cost to the extent of the amount remaining unpaid.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

4.15 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which case such costs are capitalised as part of the cost of the asset upto the date of commissioning of the related asset.

4.16 Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the company and the revenue can be measured reliably.

Revenue on account of energy is recognised on transmission of electricity to National Transmission and Despatch Company Limited (NTDCL), whereas on account of capacity is recognised when due. Income on bank deposits is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

4.17 Foreign currency transactions and translation

a) Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the company's functional and presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account.

4.18 Dividend

Dividend distribution to the company's members is recognised as a liability in the period in which the dividends are approved.

5. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

This represents 354,088,500 (2010: 354,088,500) ordinary shares of Rs 10 each fully paid in cash. Ordinary shares of the company held by related parties as at year end are as follows:

		2011	2010
		(Number of shares)	
Nishat Mills Limited - holding company		**180,632,955**	201,288,498
National Bank of Pakistan		**13,645,116**	30,553,600
Allied Bank Limited	- note 5.1	**-**	55,324,148
		194,278,071	287,166,246

5.1 Allied Bank Limited ceased to be a related party from March 31, 2011.

6. In accordance with the terms of agreement with the lenders of long term finances, there are certain restrictions on the distribution of dividends by the company.

	2011 Rupees	2010 Rupees
7. LONG TERM FINANCING - SECURED		
Long term financing under mark-up arrangement obtained from following banks:		
Lender		
National Bank of Pakistan - related party	**2,294,725,258**	2,458,113,834
Habib Bank Limited	**3,059,910,614**	3,277,781,764
Allied Bank Limited	**3,059,910,614**	3,277,781,764
United Bank Limited	**3,005,384,066**	3,219,372,826
Faysal Bank Limited	**1,802,172,669**	1,930,490,612
	13,222,103,221	14,163,540,800
Less: Current portion shown under current liabilities	**616,988,100**	739,279,559
	12,605,115,121	13,424,261,241

7.1 This represents long term financing obtained from a consortium of banks led by Habib Bank Limited (Agent Bank). The portion of long term financing from Faysal Bank Limited is on murabaha basis. The original project financing facility was Rs 12,259,509,600. During the previous year, the company obtained a term finance facility of Rs 1,904,031,200 to cover the additional cost of the power project from the lenders of the original project finance facility on the same terms and conditions.

7.2 The overall financing is secured against registered first joint parri passu charge on immovable property, mortgage of project receivables, hypothecation of all present and future assets and all properties of the company (excluding the mortgaged immovable property), lien over project bank accounts and pledge of shares held by the holding company in Nishat Power Limited. It carries mark-up at the rate of three months Karachi Inter-Bank Offered Rate (KIBOR) plus three percent per annum, payable on quarterly basis. The effective mark-up rate charged during the year on the outstanding balance was 15.29% to 16.52% (2010:15.34% to 15.77%) per annum. The finance is repayable in thirty six quarterly instalments ending on July 01, 2020.

8. These represent two subordinated loans from the holding company, Nishat Mills Limited, for Rs 568.22 million (2010: Rs 568.22 million) and Rs 250 million (2010: Nil) respectively. These are unsecured and carry mark-up at the rate of three months KIBOR plus 2% per annum, payable quarterly. The effective mark-up rate charged on the outstanding balance during the year ranges from 14.29% to 15.52% (2010: 14.34% to 14.6%) per annum. The loans of Rs 568.22 million and Rs 250 million are repayable on July 05, 2015 and July 29, 2015 respectively, subject to approval from the lenders of the long term financing facility in accordance with the Subordinated Loan Agreement.

9. SHORT TERM BORROWINGS - SECURED

		2011 Rupees	2010 Rupees
Short term borrowings under mark-up arrangements obtained as under:			
Short term running finances	- note 9.1	**1,267,196,707**	1,792,525,237
Short term finances	- note 9.2	**1,926,601,652**	1,000,000,000
		3,193,798,359	2,792,525,237

9.1 Short term running finance facilities available from various commercial banks under mark-up arrangements amount to Rs 4,822.88 million (2010: Rs 2,572.88 million) at mark-up rate of three months KIBOR plus 2% per annum, payable quarterly, on the balance outstanding. The aggregate running finances are secured against first parri passu assignment of the present or future energy payment price of the tariff, first parri passu hypothecation charge on the fuel stock and inventory, ranking charge over all present and future project assets (including moveable/immoveable assets) of the company. The effective mark-up rate charged during the year on the outstanding balance ranges from 14.29% to 15.62% (2010: 14.12% to 14.75%) per annum. Included in the above are running finances from the following related parties:

		2011 Rupees	2010 Rupees
National Bank of Pakistan		-	256,991,000
Allied Bank Limited	- note 9.1.1	-	333,368,203
		-	590,359,203

9.1.1 Allied Bank Limited ceased to be a related party from March 31, 2011.

9.2 This represents murabaha and term finance facilities aggregating Rs 2,050 million (2010: Rs 1,000 million) under mark-up arrangements from commercial banks at mark-up rates ranging from three to six months KIBOR plus 2% per annum, to finance the procurement of multiple oils from the fuel suppliers. Mark-up is payable at the maturity of the respective murabaha transaction / term finance facility. The aggregate facilities are secured against first pari passu charge on current assets comprising of fuel stocks, inventories and assignment of energy payment receivables from NTDCL. The effective mark-up rate charged during the year on the outstanding balance ranges from 14.24 % to 15.79 % (2010: 14.18% to 14.85%) per annum.

Of the aggregate facilities of Rs 1,100 million (2010: Rs 0.67 million) for opening letters of credit and guarantees, the amount utilised at June 30, 2011 was Rs 84.33 million (2010: Rs 0.67 million). The aggregate facilities for opening letters of credit and guarantees are secured by ranking charge on current assets comprising of fuel stocks and inventories of the company.

		2011 Rupees	2010 Rupees

10. TRADE AND OTHER PAYABLES

		2011 Rupees	2010 Rupees
Creditors	- note 10.1	**153,474,704**	33,427,926
Payable to contractors		**47,740,879**	725,065,446
Retention money		**204,683**	2,240,895
Workers' profit participation fund	- note 10.2	**94,668,941**	3,610,001
Workers' welfare fund	- note 10.2	**-**	1,444,001
Withholding tax payable		**813,927**	694,057
Sales tax payable		**67,217,225**	-
Other accrued liabilities		**5,889,778**	5,326,755
		370,010,137	771,809,081

10.1 Included is an amount of Rs 10,197,185 (2010: Rs 14,503,447) payable to Adamjee Insurance Company Limited, a related party. This relates to normal business of the company and is interest free.

10.2 Workers' Profit Participation Fund (WPPF) and Workers' Welfare Fund (WWF)

	2011	2010	2011	2010
	Rupees		Rupees	
	WPPF		WWF	
Opening balance	**3,610,001**	-	**1,444,001**	-
Provision / (write back) for the year - note 17.1	**94,641,138**	3,610,001	**(1,444,001)**	1,444,001
Interest for the year - note 24	**33,307**	-	**-**	-
	98,284,446	3,610,001	**-**	1,444,001
Less: Payments	**3,615,505**	-	**-**	-
Closing balance	**94,668,941**	3,610,001	**-**	1,444,001

The balance in respect of Workers' Welfare Fund which had been provided for in the previous year, has now been written back based on the advice of the company's consultant.

11. ACCRUED FINANCE COST

Accrued mark-up / interest on:

		2011 Rupees	2010 Rupees
Long term financing - secured	- note 11.1	**478,980,157**	541,683,647
Subordinated loans - unsecured	- note 11.2	**31,659,959**	16,906,488
Short term borrowings - secured	- note 11.3	**133,979,569**	42,505,026
		644,619,685	601,095,161

		2011 Rupees	2010 Rupees
11.1 Included are amounts of accrued mark-up of the following related parties:			
National Bank of Pakistan		**79,345,423**	94,010,395
Allied Bank Limited	- note 11.1.1	**-**	125,358,539
		79,345,423	219,368,934

11.1.1 Allied Bank Limited ceased to be a related party from March 31, 2011.

11.2 This amount is payable to holding company, Nishat Mills Limited.

11.3 Included are amounts of accrued mark-up of the following related parties:

		2011 Rupees	2010 Rupees
National Bank of Pakistan		**14,312,988**	6,728,819
Allied Bank Limited	- note 11.3.1	**-**	6,656,183
		14,312,988	13,385,002

11.3.1 Allied Bank Limited ceased to be a related party from March 31, 2011.

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

Irrevocable standby letter of credit issued by bank on behalf of the company in favour of Wartsila Pakistan (Private) Limited for Rs 45,000,000 (2010: Rs 45,000,000) as required under the terms of the Operation and Maintenance Agreement.

		2011 Rupees	2010 Rupees
12.2	**Commitments in respect of**		
(i)	Letters of credit other than for capital expenditure	**39,327,984**	672,219
(ii)	Other contractors	**2,670,000**	1,331,303

iii) The amount of future payments under operating lease and the period in which these payments will become due are as follows:

	2011 Rupees	2010 Rupees
Not later than one year	**7,269,150**	-

iv) The company has entered into a contract for purchase of fuel oil from Shell Pakistan Limited ('SPL') for a period of ten years starting from the Commercial Operations Date of the power station i.e. June 09, 2010. Under the terms of the Fuel Supply Agreement, the company is not required to buy any minimum quantity of oil from SPL.

(v) The company has also entered into an agreement with Wartsila Pakistan (Private) Limited for the operations and maintenance ('O&M') of the power station for a five years period starting from the Commercial Operations Date of the power station i.e. June 09, 2010. Under the terms of the O&M agreement, the company is required to pay a monthly fixed O&M fee and a variable O&M fee depending on the net electrical output, both of which are adjustable according to the Wholesale Price Index.

		2011 Rupees	2010 Rupees
13. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	- note 13.1	**15,843,065,046**	16,667,306,028
Capital work-in-progress - advance to supplier		**1,679,000**	-
		15,844,744,046	16,667,306,028

13.1 Operating fixed assets

(Rupees)

	Freehold land	Buildings and roads on freehold land	Plant and machinery	Improvements on leasehold land	Electric installations	Computer equipment	Furniture and fixtures	Office equipment	Vehicles	Total
COST										
Balance as at July 01, 2009	80,685,850	-	-	-	155,000	557,975	372,350	967,000	5,621,811	88,359,986
Additions during the year	-	178,436,328	16,440,045,042	-	-	588,645	837,327	195,458	1,409,382	16,621,512,182
Balance as at June 30, 2010	80,685,850	178,436,328	16,440,045,042	-	155,000	1,146,620	1,209,677	1,162,458	7,031,193	16,709,872,168
Balance as at July 01, 2010	80,685,850	178,436,328	16,440,045,042	-	155,000	1,146,620	1,209,677	1,162,458	7,031,193	16,709,872,168
Additions during the year	-	6,790,882	304,490,749	35,405,743	506,000	787,767	4,584,147	22,637,061	6,908,343	382,110,692
Disposal during the year	-	-	-	-	-	-	-	-	(840,699)	(840,699)
Balance as at June 30, 2011	80,685,850	185,227,210	16,744,535,791	35,405,743	661,000	1,934,387	5,793,824	23,799,519	13,098,837	17,091,142,161
DEPRECIATION										
Balance as at July 01, 2009	-	-	-	-	17,330	170,448	20,099	66,977	727,008	1,001,862
Charge for the year	-	430,202	39,094,292	-	15,523	401,484	120,979	116,286	1,385,512	41,564,278
Balance as at June 30, 2010	-	430,202	39,094,292	-	32,853	571,932	141,078	183,263	2,112,520	42,566,140
Balance as at July 01, 2010	-	430,202	39,094,292	-	32,853	571,932	141,078	183,263	2,112,520	42,566,140
Charge for the year	-	7,340,257	1,194,299,901	881,994	33,268	415,016	260,211	754,146	2,021,577	1,206,006,370
Disposal during the year	-	-	-	-	-	-	-	-	(495,395)	(495,395)
Balance as at June 30, 2011	-	7,770,459	1,233,394,193	881,994	66,121	986,948	401,289	937,409	3,638,702	1,248,077,115
Book value as at June 30, 2010	80,685,850	178,006,126	16,400,950,750	-	122,147	574,688	1,068,599	979,195	4,918,673	16,667,306,028
Book value as at June 30, 2011	80,685,850	177,456,751	15,511,141,598	34,523,749	594,879	947,439	5,392,535	22,862,110	9,460,135	15,843,065,046
Annual depreciation rate %	-	4 to 4.1	4 to 32	10	10	33	10	10	20	

13.1.1 Improvements on leasehold property represents costs of improvement incurred on property owned by Nishat Hotels and Properties Limited, a related party.

13.1.2 The depreciation charge for the year has been allocated as follows:

		2011 Rupees	2010 Rupees
Unallocated expenditure		**-**	1,748,910
Cost of sales	- note 20	**1,203,025,028**	39,580,196
Administrative expenses	- note 21	**2,981,342**	235,172
		1,206,006,370	41,564,278

13.1.3 Disposal of operating fixed assets

Detail of operating fixed assets sold during the year is as follows:

	(Rupees)				
Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
Vehicles sold to:					
Outside party, Argosy Enterprises	342,559	201,858	140,701	583,000	Bid
Holding company, Nishat Mills Limited	498,140	293,537	204,603	214,833	Negotiation
	840,699	495,395	345,304	797,833	

There were no disposals of operating fixed assets in the previous year.

	2011 Rupees	2010 Rupees
14. STORES, SPARES AND LOOSE TOOLS		
Stores	**2,428,850**	611,782
Spares [including in transit Rs 9.633 million (2010: Rs 3.685 million)]	**417,326,952**	214,858,806
Loose tools	**2,898,030**	12,511
	422,653,832	215,483,099

Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

15. INVENTORIES		
Furnace oil	**987,470,692**	345,734,252
Diesel	**8,001,825**	6,788,752
Lubricating oil	**16,874,365**	1,955,064
	1,012,346,882	354,478,068

16. These represent trade receivables from NTDCL and are considered good. These are secured by a guarantee from the Government of Pakistan under the Implementation Agreement and are in the normal course of business and interest free, however, a delayed payment mark-up at the rate of three months KIBOR plus 4.5% is charged in case the amounts are not paid within due dates. The effective rate of delayed payment mark-up charged during the year on outstanding amounts ranges from 16.75% to 18.22% (2010:16.68% to 17.32%) per annum.

		2011 Rupees	2010 Rupees

17. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

		2011 Rupees	2010 Rupees
Advances - considered good:			
- To employees		**64,101**	271,080
- To suppliers		**3,192,495**	640,448,149
Balances with statutory authorities:			
- Sales tax recoverable		**-**	38,372,840
- Federal excise duty recoverable		**-**	20,861,627
- Customs duty recoverable		**-**	85,280
Claims recoverable from NTDCL for pass through items:			
- Workers' Profit Participation Fund	- note 17.1	**98,251,139**	3,610,001
- Workers' Welfare Fund	- note 17.1	**-**	1,444,001
Letters of credit - margins, deposits, opening charges etc		**105,258**	3,658
Interest receivable	- note 17.2	**89,806**	277,822
Security deposits		**175,000**	175,000
Prepayments		**1,396,122**	3,109
Other receivables		**1,629,191**	50,505,749
		104,903,112	756,058,316

17.1 Workers' Profit Participation Fund (WPPF) and Workers' Welfare Fund (WWF)

	WPPF		WWF	
	2011 Rupees	2010 Rupees	2011 Rupees	2010 Rupees
Opening balance	**3,610,001**	-	**1,444,001**	-
Provision/(write back) for the year	**94,641,138**	3,610,001	**(1,444,001)**	1,444,001
Closing balance	**98,251,139**	3,610,001	**-**	1,444,001

Under section 9.3(a) of the Power Purchase Agreement (PPA) with NTDCL, payments to Workers' Profit Participation Fund and Workers' Welfare Fund are recoverable from NTDCL as a pass through item.

The balance in respect of Workers' Welfare Fund which had been provided for in the previous year, has now been written back based on the advice of the company's consultant.

17.2 This is receivable from a related party, MCB Bank Limited.

			2011 Rupees	2010 Rupees
18.	**CASH AND BANK BALANCES**			
	Cash at bank:			
	- On saving accounts	- note 18.1&18.2	**10,461,066**	1,774,056,989
	- On current accounts [including USD 2,000 (2010: USD 2,000) & Euro 980.1 (2010: Euro 980.1)]	- note 18.3	**1,284,731**	523,614
			11,745,797	1,774,580,603
	Cash in hand		**63,661**	93,461
			11,809,458	1,774,674,064

18.1 Cash with banks in saving accounts includes an amount of Rs 853,243 (2010: Rs 19,578) with MCB Bank Limited, a related party, which bears mark-up at the rate of 5.00% per annum.

18.2 Profit on balances in saving accounts ranges from 5% to 10% (2010: 5% to 10%) per annum.

		2011 Rupees	2010 Rupees
18.3	Includes accounts with the following related parties:		
	MCB Bank Limited	**13,800**	13,800
	National Bank of Pakistan	**926,399**	132,203
		940,199	146,003

19.	**SALES**			
	Energy purchase price	- note 19.1 & 19.2	**16,302,088,711**	849,916,739
	Capacity purchase price	- note 19.2	**4,684,805,022**	168,448,025
			20,986,893,733	1,018,364,764

19.1 Energy purchase price is exclusive of sales tax amounting to Rs 2,689,374,560 (2010: Rs 135,916,950)

19.2 Included in energy purchase price and capacity purchase price are amounts of Rs 18,999,599 and Rs 92,799,191 respectively which represent differential amounts of sales for the month of June 2010 due to change in tariff. These were not recognised in the previous year as the revised tariff was provisionally approved by National Electric Power Regulator Authority (NEPRA) through its decision dated August 27, 2010 and was subject to notification by the Federal Government as required by section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997. Consequently, it had not became part of the PPA signed between the company and NTDCL. However, during the current period, the revised tariff was notified by the Federal Government and became part of the PPA. Under these circumstances, the differential amount of sales relating to the previous year, due to change in tariff has been claimed and recognised in the current year.

20. COST OF SALES

		2011 Rupees	2010 Rupees
Raw materials consumed		**14,398,241,855**	729,320,336
Salaries and other benefits	- note 20.1	**22,010,576**	1,152,227
Operation and maintenance		**271,610,802**	14,062,280
Stores, spares and loose tools consumed		**66,455,915**	972,754
Electricity consumed in-house		**2,058,692**	384,198
Insurance	- note 20.2	**144,945,971**	8,992,095
Travelling and conveyance		**2,300,147**	110,313
Rent, rates and taxes		**46,669**	40,000
Printing and stationery		**401,901**	23,346
Postage and telephone		**308,969**	9,568
Vehicle running expenses		**1,581,242**	133,657
Entertainment		**199,418**	62,309
Depreciation on operating fixed assets	- note 13.1.2	**1,203,025,028**	39,580,196
Fee and subscription		**3,222,401**	-
Miscellaneous		**2,984,789**	677,598
		16,119,394,375	795,520,877

20.1 Salaries and other benefits include Rs 1,021,220 (2010: Rs 42,679) in respect of provident fund contribution by the company.

20.2 Includes amounts charged by the following related parties for insurance of the company's assets:

	2011 Rupees	2010 Rupees
Adamjee Insurance Company Limited	**144,769,639**	8,992,095
Security General Insurance Company Limited	**176,332**	-
	144,945,971	8,992,095

		2011 Rupees	2010 Rupees

21. ADMINISTRATIVE EXPENSES

		2011 Rupees	2010 Rupees
Salaries and other benefits	- note 21.1 & 21.2	**20,627,196**	3,459,373
Travelling and conveyance		**6,681,114**	523,023
Entertainment		**388,151**	208,792
Rent, rates and taxes	- note 21.3	**4,272,412**	100,000
Printing and stationery		**594,399**	855,555
Postage and telephone		**531,064**	413,400
Vehicle running expenses	- note 21.4	**1,037,788**	117,949
Legal and professional charges	- note 21.5	**6,373,492**	4,737,785
Advertisement		**57,259**	345,193
Fee and subscription		**1,747,404**	861,271
Depreciation on operating fixed assets	- note 13.1.2	**2,981,342**	235,172
Miscellaneous		**2,232,026**	5,346,034
		47,523,647	17,203,547

21.1 Salaries and other benefits include Rs 517,321 (2010: Rs 87,792) in respect of provident fund contribution by the company.

21.2 Includes amount of Rs 338,259 (2010: Rs 19,874) charged by a related party, Adamjee Insurance Company Limited for group life and health insurance of employees.

21.3 Includes rent expense of Rs 4,153,800 (2010: Nil) charged by a related party, Nishat Hotels and Properties Limited for lease of property to the company.

21.4 Includes amount of Rs 106,788 (2010: Rs 44,267) charged by a related party, Security General Insurance Company Limited for insurance of company owned vehicles.

21.5 Legal and professional charges include the following in respect of auditors' services for:

	2011 Rupees	2010 Rupees
Statutory audit	**1,000,000**	700,000
Half yearly review	**500,000**	250,000
Tax services	**100,000**	300,000
Other assurance services	**270,000**	905,000
Reimbursement of expenses	**120,097**	117,468
	1,990,097	2,272,468

22. OTHER OPERATING EXPENSES

		2011 Rupees	2010 Rupees
Donation	- note 22.1	**2,000,000**	-
Interest on delayed payment	- note 22.2	**16,667,560**	-
Exchange loss		**31,799,254**	5,451,809
		50,466,814	5,451,809

22.1 None of the directors and their spouses had any interest in the donee.

22.2 This represents interest on delayed payment charged by NTDCL as per terms of the PPA.

		2011 Rupees	2010 Rupees
23. OTHER OPERATING INCOME			
Income from financial assets:			
Profit on bank deposits	- note 23.1	**26,489,881**	52,052,736
Income from non-financial assets:			
Gain on disposal of operating fixed assets		**452,529**	-
Scrap sales		**10,648,024**	-
		37,590,434	52,052,736

23.1 Includes an amount of Rs 120,380 (2010: Rs 490,810) from MCB Bank Limited, a related party.

24. FINANCE COST

Interest / mark-up on:			
- Long term financing - secured	- note 24.1	**2,198,646,109**	155,738,876
- Subordinated loans - unsecured	- note 24.2	**120,907,100**	4,087,283
- Short term borrowings - secured	- note 24.3	**586,098,579**	19,644,552
- Workers' Profit Participation Fund	- note 10.2	**33,307**	-
Bank charges and commission		**4,617,163**	570,531
Financing fee and charges		**3,974,319**	-
		2,914,276,577	180,041,242

24.1 Includes mark-up charged by the following related parties:

National Bank of Pakistan	**381,761,957**	358,335,607
Allied Bank Limited	**380,765,625**	477,823,520
	762,527,582	836,159,127

24.2 This represents mark-up on subordinated loans from holding company, Nishat Mills Limited.

24.3 Includes mark-up charged by the following related parties:

National Bank of Pakistan	**57,725,088**	15,038,035
Allied Bank Limited	**56,498,079**	11,832,964
	114,223,167	26,870,999

		2011 Rupees	2010 Rupees

25. This represents provision for current taxation for the year.

25.1 Relationship between tax expense and accounting profit

	2011 Rupees	2010 Rupees
Profit for the year before taxation	**1,892,822,754**	72,200,025
Tax at the applicable rate of 35% (2010: 35%)	**662,487,964**	25,270,009
Tax effect of exempt income as referred to in note 4.1	**(649,331,312)**	(7,051,551)
Tax effect of items taxable under the law	**-**	6,804,862
Others	**582,652**	-
	13,739,304	25,023,320

26. EARNINGS PER SHARE

26.1 Basic earnings per share

		2011	2010
Net profit for the year	**Rupees**	**1,879,083,450**	47,176,705
Weighted average number of ordinary shares	**Number**	**354,088,500**	349,314,168
Earnings per share	**Rupees**	**5.307**	0.135

26.2 Diluted earnings per share

A diluted earnings per share has not been presented as the company does not have any convertible instruments in issue as at June 30, 2011 and June 30, 2010 which would have any effect on the earnings per share if the option to convert is exercised.

	2011 Rupees	2010 Rupees
27. CASH GENERATED FROM/(USED IN) OPERATIONS		
Profit before taxation	**1,892,822,754**	72,200,025
Adjustment for non cash charges and other items:		
Depreciation on operating fixed assets	**1,206,006,370**	39,815,368
Profit on bank deposits	**(26,489,881)**	(52,052,736)
Finance cost	**2,914,276,577**	185,493,051
Provision for employee retirement benefits	**1,538,541**	891,038
Profit on disposal of operating fixed assets	**(452,529)**	-
Profit before working capital changes	**5,987,701,832**	246,346,746
Effect on cash flow due to working capital changes:		
Increase in stores, spares and loose tools	**(207,170,733)**	(215,483,099)
Increase in inventories	**(657,868,814)**	(354,349,333)
Increase in trade debts	**(3,705,609,794)**	(2,668,598,305)
Decrease/(increase) in advances, deposits, prepayments and other receivables	**651,155,204**	(747,472,429)
(Decrease)/increase in trade and other payables	**(401,798,944)**	756,722,753
	(4,321,293,081)	(3,229,180,413)
	1,666,408,751	(2,982,833,667)
28. CASH AND CASH EQUIVALENTS		
Cash and bank balances	**11,809,458**	1,774,674,064
Short term borrowings - secured	**(3,193,798,359)**	(2,792,525,237)
	(3,181,988,901)	(1,017,851,173)

29. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

29.1 The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits, to the Chief Executive, full time working Directors and Executives of the company is as follows:

	Chief Executive		Director		Executives	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
	(Rupees)					
Short term employee benefits						
Managerial remuneration	**6,988,800**	6,660,000	**1,744,284**	-	**9,870,336**	7,660,674
Cost of living allowance	**-**	-	**5,700**	-	**51,300**	45,983
Housing rent	**-**	-	**513,972**	-	**3,387,360**	2,223,162
Conveyance	**-**	-	**3,600**	-	**32,400**	29,042
Medical expenses	**-**	-	**174,432**	-	**987,048**	766,074
Utilities	**-**	-	**174,432**	-	**987,048**	766,074
Bonus	**-**	-	**336,480**	-	**2,942,755**	-
Leave encashment	**-**	-	**-**	-	**485,403**	-
	6,988,800	6,660,000	**2,952,900**	-	**18,743,650**	11,491,009
Post employment benefits						
Contribution to provident fund	**-**	-	**-**	-	**967,433**	727,764
	6,988,800	6,660,000	**2,952,900**	-	**19,711,083**	12,218,773
Number of persons	**1**	**1**	**1**	**-**	**9**	**9**

29.2 The director and certain executives are provided with company maintained vehicles.

30. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise the holding company, associated undertakings, other related parties and key management personnel. The company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables and remuneration of key management personnel is disclosed in note 29. Other significant transactions with related parties are as follows:

Relationship with the company	Nature of transactions	2011 Rupees	2010 Rupees
i. Holding company	Receipt of share deposit money	**-**	510,885,000
	Shares issued	**-**	510,885,000
	Purchases of operating fixed assets	**2,386,381**	35,308
	Subordinated loan proceeds	**345,334,800**	472,885,200
ii. Associated undertakings	Purchases of goods and services	**207,920**	76,352
	Insurance claim received	**300,324**	-
iii. Other related parties	Receipt of share deposit money	**-**	117,500,000
	Shares issued	**-**	117,500,000
	Disbursement of long term financing	**-**	1,017,929,531
	Long term financing repaid	**334,023,402**	-
	Short term borrowings acquired	**2,027,513,037**	872,532,782
	Short term borrowings repaid	**2,062,462,798**	282,173,579
	Bank charges and financing fee	**18,539**	22,022,528
	Bank guarantee commission	**410,245**	231,977
	Purchases of goods and services	**7,824,105**	2,156,740
	Contribution towards staff retirement benefits	**1,538,541**	891,038

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

		2011 MWH	2010 MWH
31.	**CAPACITY AND PRODUCTION**		
	Installed capacity [based on 8,760 hours (2010: 8,760 hours)]	**1,710,872**	1,710,872
	Actual energy delivered	**1,473,018**	342,937

Under utilisation of available capacity is due to less demand by NTDCL.

32. FINANCIAL RISK MANAGEMENT

32.1 Financial risk factors

The company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD) and EURO. Currently, the company's foreign exchange risk exposure is restricted to bank balances and the amounts receivable / payable from / to the foreign entities.

At June 30, 2011 if the Rupee had weakened/strengthened by 5% against the USD with all other variables held constant, the impact on post tax profit for the year would have been Rs 8,585 (2010: Rs 4,233,481) lower/higher, mainly as a result of exchange gains/losses on translation of USD denominated financial instruments.

At June 30, 2011 if the Rupee had weakened/strengthened by 5% against the EURO with all other variables held constant, the impact on post tax profit for the year would have been Rs 6,106 (2010: Rs 30,765,815) lower/higher, mainly as a result of exchange gains/losses on translation of EURO denominated financial instruments.

Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The company is not exposed to equity price risk since there are no investments in equity instruments traded in the market at the reporting date. The company is also not exposed to commodity price risk since it does not hold any financial instrument based on commodity prices.

(iii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The company has no significant long-term interest-bearing assets. The company's interest rate risk arises from long term financing, subordinated loans and short term borrowings. Borrowings obtained at variable rates expose the company to cash flow interest rate risk.

At the balance sheet date, the interest rate profile of the company's interest bearing financial instruments was:

	2011 Rupees	2010 Rupees
Fixed rate instruments		
Financial assets		
Bank balances - savings accounts	**10,461,066**	1,774,056,989
Financial liabilities	**-**	-
Net exposure	**10,461,066**	1,774,056,989
Floating rate instruments		
Financial assets		
Trade debts - overdue	**4,440,006,018**	68,611,398
Financial liabilities		
Long term financing	**(13,222,103,221)**	(14,163,540,800)
Subordinated loans	**(818,220,000)**	(472,885,200)
Short term borrowings	**(3,193,798,359)**	(2,792,525,237)
	(17,234,121,580)	(17,428,951,237)
Net exposure	**(12,794,115,562)**	(17,360,339,839)

Fair value sensitivity analysis for fixed rate instruments

The company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit or loss of the company.

Cash flow sensitivity analysis for variable rate instruments

If interest rates on variable rate financial instruments, at the year end date, fluctuates by 1% higher / lower with all other variables held constant, post tax profit for the year would have been Rs 472,167 (2010: Rs 477,505) lower / higher, mainly as a result of higher / lower interest expense on floating rate instruments.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from deposits with banks, trade and other receivables.

(i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2011 Rupees	2010 Rupees
Trade debts	**6,374,208,099**	2,668,598,305
Advances, deposits and other receivables	**100,209,237**	56,283,653
Bank balances	**11,745,797**	1,774,580,603
	6,486,163,133	4,499,462,561

The age of trade receivables at balance sheet date is as follows:

The age of trade debts

- Not past due	**1,934,202,081**	2,599,986,907
- Past due 0 - 180 days	**4,440,006,018**	68,611,398
	6,374,208,099	2,668,598,305

There is no impairment loss of trade receivables as at June 30, 2011 (2010: Nil)

The management estimates the recoverability of trade receivable on the basis of financial position and past history of its customer based on the objective evidence that it will not receive the amount due. A provision for doubtful debts is established when there is objective evidence that the company will not be able to collect all the amount due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade debt is impaired. The provision is recognised in the profit and loss account. The provision is written off by the company when it expects that it cannot recover the balance due. Any subsequent repayments in relation to amount written off, are credited directly to income statement.

(ii) Credit quality of major financial assets

The credit quality of major financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating		Rating	2011	2010
	Short term	Long term	Agency	Rupees	Rupees
Shell Pakistan Limited	Not Available			**2,828,955**	557,861,824
NTDCL	Not Available			**6,374,208,099**	2,668,598,305
National Bank of Pakistan	A-1+	AAA	JCR-VIS	**926,403**	133,273
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	**-**	5,000
Bank Alfalah Limited	A1+	AA	PACRA	**99**	1
Faysal Bank Limited	A1+	AA	PACRA	**5,000**	323
United Bank Limited	A-1+	AA+	JCR-VIS	**18,937**	-
Bank Islami Pakistan Limited	A1	A	PACRA	**3,815**	-
MCB Bank Limited	A1+	AA+	PACRA	**3,548,469**	33,378
Askari Bank Limited	A1+	AA	PACRA	**330,952**	-
Meezan Bank Limited	A-1	AA-	JCR-VIS	**364**	-
Habib Bank Limited	A-1+	AA+	JCR-VIS	**6,871,367**	1,774,408,628
The Bank of Punjab	A1+	AA-	PACRA	**40,391**	-
				6,388,782,851	5,001,040,732

Due to the company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the company. Accordingly, the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the company's businesses, the Board maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors the forecasts of the company's cash and cash equivalents (note 28) on the basis of expected cash flow. This is generally carried out in accordance with practice and limits set by the company. The company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet its liabilities, monitoring balance sheet liquidity ratios against internal and external regulatory requirements, and maintaining debt financing plans.

The table below analyses the company's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows as the impact of discounting is not significant.

The following are the contractual maturities of financial liabilities as at June 30, 2011.

	Carrying amount	Less than one year	One to five years	More than five years
	(R u p e e s)			
Long term financing	13,222,103,221	616,988,100	5,747,422,539	6,857,692,582
Subordinated loans	818,220,000	-	818,220,000	-
Short term borrowings	3,193,798,359	3,193,798,359		
Trade and other payables	274,527,269	274,527,269	-	-
Accrued finance cost	644,619,685	644,619,685	-	-
	18,153,268,534	**4,729,933,413**	**6,565,642,539**	**6,857,692,582**

The following are the contractual maturities of financial liabilities as at June 30, 2010.

	Carrying amount	Less than one year	One to five years	More than five years
	(R u p e e s)			
Long term financing	14,163,540,800	739,279,559	3,102,995,048	10,321,266,193
Subordinated loan	472,885,200	-	472,885,200	-
Short term borrowings	2,792,525,237	2,792,525,237	-	-
Trade and other payables	766,061,022	766,061,022	-	-
Accrued finance cost	601,095,161	601,095,161	-	-
	18,796,107,420	4,898,960,979	3,575,880,248	10,321,266,193

32.2 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. No quoted financial instrument is held by the company.

The financial instruments that are not traded in active market are carried at cost and are tested for impairment according to IAS 39 'Financial Instruments : Recognition and Measurement'.

The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

32.3 Financial instruments by categories

	Loans and receivables	
	2011 Rupees	2010 Rupees
Assets as per balance sheet		
Trade debts	**6,374,208,099**	2,668,598,305
Advances, deposits and other receivables	**100,209,237**	56,283,653
Cash and bank balances	**11,809,458**	1,774,674,064
	6,486,226,794	4,499,556,022

	Financial liabilities at amortised cost	
	2011 Rupees	2010 Rupees
Liabilities as per balance sheet		
Long term financing	**13,222,103,221**	14,163,540,800
Subordinated loans	**818,220,000**	472,885,200
Short term borrowings	**3,193,798,359**	2,792,525,237
Trade and other payables	**274,527,269**	766,061,022
Accrued finance cost	**644,619,685**	601,095,161
	18,153,268,534	18,796,107,420

32.4 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

32.5 Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders through repurchase of shares, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings including current and non-current borrowings, as disclosed in note 7 & 8, less cash and cash equivalents as disclosed in note 28. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

The company's strategy, which was unchanged from last year, was to maintain a gearing ratio of 80% debt and 20% equity. The gearing ratio as at June 30, 2011 and June 30, 2010 is as follows:

		2011 Rupees	2010 Rupees
Borrowings - note 7 & 8		**14,040,323,221**	14,636,426,000
Less: Cash and cash equivalents - note 28		**(3,181,988,901)**	(1,017,851,173)
Net debt		**17,222,312,122**	15,654,277,173
Total equity		**5,494,345,494**	3,615,262,044
Total capital		**22,716,657,616**	19,269,539,217
Gearing ratio	**Percentage**	**75.81**	81.24

33. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 05, 2011 by the Board of Directors of the company.

34. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. Significant re-arrangement made is of exchange loss of Rs 5,451,809 previously classified in finance cost, now reclassified in other operating expenses.

The above figure has been re-arranged as the reclassification made is considered more appropriate for the purposes of presentation.

CHIEF EXECUTIVE **DIRECTOR**

FORM OF PROXY

I/We, ____

of ____________________________ CDC A/C NO. / FOLIO NO. _______________________

being a shareholder of the Nishat Power Limited (The Company) do hereby appoint.

Mr./Miss/Ms. ____

of __________________________ CDC A/C NO. / FOLIO NO. _____________________ and

or failing him/her ______________________________ of _____________________________

who is/are also a shareholder of the said Company, as my/our proxy in my/our absence and to vote for me/us at the Annual General Meeting of the Company to be held on 31 October 2011 (Monday) at 2:30 PM. at Nishat House, 53-A, Lawrence Road, Lahore and at any adjournment thereof in the same manner as I/we myself/ourselves would vote if personally present at such meeting.

As witness my/our hands in this day of_______________2011.

Revenue Stamp of Rs. 5/-

Signature ________________________________

Address _________________________________

____

No. of shares held _________________________

Witness:-

Name ___________________________________

Address _________________________________

____

IMPORTANT:

a. This instrument appointing a proxy, duly completed, must be received at the registered Office of the Company at Nishat House, 53-A, Lawrence Road, Lahore not later than 48 hours before the time of holding the Annual General Meeting. For Appointing Proxies

b. Attested copies of the CNIC or the passport of beneficial owners shall be furnished with the proxy form.

c. The proxy shall produce his original CNIC or original passport at the time of the Meeting.

d. In case of corporate entity, the Board's resolution / power of attorney with specimen signature shall be furnished along with proxy form to the Company.

AFFIX
CORRECT
POSTAGE

The Company Secretary

NISHAT POWER LIMITED
Nishat House,
53 - A, Lawrence Road, Lahore.