

1st Quarter Report

September 30, 2016

(un-audited)



**KOT ADDU
POWER COMPANY
LIMITED**

WASTE STORAGE TANK

Company Information

| | |
|-------------------------------|--|
| Board of Directors | Lt. General Muzammil Hussain (Retd) (Chairman) Mr. Aftab Mahmood Butt (Chief Executive) Mr. Anwar-ul-Haq Mr. Owais Shahid Mr. Aqeel Ahmed Nasir Mr. Badr ul Munir Murtiza |
| Audit Committee | Mr. Anwar-ul-Haq Mr. Owais Shahid Mr. Badr ul Munir Murtiza |
| HR Committee | Mr. Anwar-ul-Haq (Chairman) Mr. Aftab Mahmood Butt Mr. Aqeel Ahmed Nasir |
| General Manager Finance / CFO | Mr. M. Mohtashim Aftab |
| Company Secretary | Mr. A. Anthony Rath |
| Head of Internal Audit | Mr. Sikandar Usmani |
| Auditors | A. F. Ferguson & Co. Chartered Accountants |
| Internal Auditors | Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants |
| Legal Advisor | Cornelius, Lane & Muti |
| Bankers | Allied Bank Limited AlBaraka Bank (Pakistan) Limited Askari Bank Limited Bank Alfalah Limited Bank Al-Habib Limited BankIslami Pakistan Limited Citibank, N.A. Dubai Islamic Bank Pakistan Limited Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited MCB Bank Limited Meezan Bank Limited National Bank of Pakistan-IBD NIB Bank Limited Samba Bank Limited Standard Chartered Bank (Pakistan) Limited The Bank of Punjab United Bank Limited |
| Share Registrar | THK Associates (Private) Limited Second Floor, State Life Building No. 3 Dr. Ziauddin Ahmed Road Karachi 75530, Pakistan Tel: +92 (0)21 111 000 322 Fax: +92 (0)21 3565 5595 |
| Registered Office | House No. 4, Street No. 54-A F-7/4, Islamabad 44210, Pakistan |
| Corporate Office | 5 B/3, Gulberg III, Lahore 54660, Pakistan Tel: +92 (0)42 3577 2912-16 Fax: +92 (0)42 3577 2922 |
| Power Project | Kot Addu Power Complex, Kot Addu District Muzaffargarh, Punjab, Pakistan Tel: +92 (0)66 230 1047-9 Fax: +92 (0)66 230 1025 |
| Email | Info@kapco.com.pk |
| Website | www.kapco.com.pk |

Directors' Report

It pleases us to present the financial statements (un-audited) for the period ended September 30, 2016.

The principal activity of the Company is to own, operate and maintain a 1600 MW name plate capacity multi-fuel combined cycle gas turbine power plant at Kot Addu.

During the review period, the net output from the plant was 1,719 GWh of electricity, resulting in a load factor of 57.9% and an overall commercial availability of 94.4%.

Turnover for the review period was Rs. 17,725 Million and cost of sales were Rs. 14,387 Million. Profit after tax was Rs. 2,318 Million (compared to Rs. 2,107 Million in the corresponding period in 2015), delivering an earnings per share (EPS) of Rs. 2.63 (EPS Rs. 2.39 in corresponding period in 2015).

On September 30, 2016, the receivables from the Company's sole off-taker were Rs. 77,248 Million. The Company continues to actively pursue the off-taker and concerned Ministries in the Government of Pakistan for settlement of the outstandings.

As formerly reported, the off-taker continues to raise liquidated damages invoices for the Company's failure to dispatch due to fuel oil shortage caused by off-taker's payment defaults. The accumulated amount of liquidated damages invoiced to the Company amount to Rs. 27,898 Million for the period 2008-09 to 2015-16. As with previously raised invoices, the Company has disputed the claims for imposition of liquidated damages in accordance with the provisions of the Power Purchase Agreement.

The Power Plant is being operated and maintained in accordance with international standards. To this end, combustion inspections of four gas turbines were carried out as per plan; and major overhauling of two gas turbines is in progress as per plan.

On behalf of the Board



Aftab Mahmood Butt
Chief Executive

Islamabad: October 20, 2016

ہمیں 30 ستمبر 2016 کو ٹیم ہونے والی مدت تک کے مالیاتی گوشوارے (غیر تفتیح شدہ) پیش کرنے پر خوشی محسوس کر رہے ہیں۔

کمپنی کی بنیادی سرگرمی کوٹ ادو میں اپنے گیس فرنس آئل اور ڈیزل سے چلنے والے 1600 میگا واٹ کی استعداد کے حامل بجلی گھر/ پاور پلانٹ کی ملکیت، آپریشن اور دیکھ بھال و مرمت ہے۔

زیر جائزہ مدت کے دوران، پلانٹ سے بجلی کی مجموعی پیداوار 1,719 GWh رہی، جس کے نتیجے میں 57.9 فیصد لوڈ ٹھیکر اور مجموعی تجارتی دستیابی 94.4 فیصد رہی۔


جائزہ کی مدت میں کمپنی کا کاروباری حجم 17,725 ملین روپے رہا ہے جس میں فروخت کی لاگت 14,387 ملین روپے ہے۔ ٹیکس کی ادائیگی کے بعد منافع 2,318 ملین روپے (جبکہ 2015 میں اسی مدت میں 2,107 ملین روپے تھا)۔ اس طرح اس سال آمدن فی حصص (EPS) 2.63 روپے رہی ہے (جبکہ 2015 میں (EPS) 2.39 روپے تھی)۔

30 ستمبر 2016 تک خریدار کے ذمہ کمپنی کی واجب الادا رقم 77,248 ملین روپے تھی۔ کمپنی مذکورہ بتایا جات کے سلسلے میں متعلقہ خریدار اور حکومت پاکستان کی وزارتوں سے معاملات کے حل کیلئے مسلسل پیروی کر رہی ہے۔

جیسا کہ پہلے بتایا گیا ہے کہ بجلی کے خریدار کی جانب سے کمپنی کو بجلی کی عبوری عدم فراہمی کا ذمہ دار قرار دیتے ہوئے نقصانات کے ازالے کے لیے مسلسل انوائس موصول ہو رہی ہیں۔ کمپنی کا موقف ہے کہ بجلی کی عبوری فراہمی متاثر ہونے کی وجہ خریدار کی طرف سے اس کے واجبات کی بروقت ادائیگی نہ کرنا ہے جو کہ ایندھن کی عدم دستیابی کی وجہ بنا۔ 2008-09 سے 2015-16 تک کے سالوں کے لیے نقصانات کے ازالے کی مجموعی رقم 27,898 ملین روپے بنتی ہے۔ کمپنی نے بجلی کی خریداری کے معاہدے کی دفعات کے تحت ان انوائسوں پر اپنے اختلافات کا اظہار کیا ہے۔

بجلی گھر/ پاور پلانٹ کو بین الاقوامی معیارات کے مطابق چلایا جاتا ہے اور اس کی دیکھ بھال کی جاتی ہے۔ اس مقصد کے لیے منصوبے کے مطابق چار گیس ٹرانسوں کی حرارت پڑھری کا معائنہ کیا گیا اور دو گیس ٹرانسوں کی اور ہالٹ کا کام جاری ہے۔

منجانب بورڈ


آفتاب محمود بیٹ
چیف ایگزیکٹو

اسلام آباد: 20 اکتوبر 2016ء

Condensed Interim Balance Sheet
as at September 30, 2016 (Un-audited)

| | September 30, 2016 | June 30, 2016 |
|---|-----------------------|------------------|
| Note | (Rupees in thousand) | |
| EQUITY AND LIABILITIES | | |
| CAPITAL AND RESERVES | | |
| Authorised capital 3,600,000,000 (June 30, 2016: 3,600,000,000) ordinary shares of Rs 10 each | 36,000,000 | 36,000,000 |
| Issued, subscribed and paid up capital 880,253,228 (June 30, 2016: 880,253,228) ordinary shares of Rs 10 each | 8,802,532 | 8,802,532 |
| Capital reserve | 444,451 | 444,451 |
| Unappropriated profit | 24,026,429 | 21,708,105 |
| | 33,273,412 | 30,955,088 |
| NON-CURRENT LIABILITIES | | |
| Long term finances | 386,195 | 386,195 |
| Liabilities against assets subject to finance lease | 39,715 | 47,982 |
| Deferred liabilities | 2,423,593 | 2,508,136 |
| | 2,849,503 | 2,942,313 |
| CURRENT LIABILITIES | | |
| Current portion of long term liabilities | 570,396 | 569,057 |
| Finances under mark-up arrangements - secured | 40,188,109 | 41,346,145 |
| Trade and other payables | 24,171,642 | 16,397,140 |
| | 64,930,147 | 58,312,342 |
| CONTINGENCIES AND COMMITMENTS | | |
| | 6 | |
| | 101,053,062 | 92,209,743 |

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.



Aftab Mahmood Butt
Chief Executive

| | | September 30, 2016 | June 30, 2016 |
|---|------|-----------------------|------------------|
| | Note | (Rupees in thousand) | |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 7 | 12,362,309 | 12,632,019 |
| Intangible assets | | 8,413 | 9,527 |
| Assets subject to finance lease | | 53,638 | 53,140 |
| Capital work-in-progress | | 32,752 | 29,226 |
| Long term loans and deposits | | 43,064 | 31,859 |
| | | 12,500,176 | 12,755,771 |
| CURRENT ASSETS | | | |
| Stores and spares | | 4,390,246 | 4,361,205 |
| Stock-in-trade | | 3,519,467 | 3,134,827 |
| Trade debts | 8 | 77,247,643 | 69,376,790 |
| Loans, advances, deposits, prepayments and other receivables | | 2,698,397 | 1,983,500 |
| Cash and bank balances | | 697,133 | 597,650 |
| | | 88,552,886 | 79,453,972 |
| | | 101,053,062 | 92,209,743 |


Anwar-ul-Haq
Director

Condensed Interim Profit and Loss Account
for the quarter ended September 30, 2016 (Un-audited)

| | | Quarter ended | |
|--|--------|-----------------------|-----------------------|
| | | September 30, 2016 | September 30, 2015 |
| | Note | (Rupees in thousand) | |
| Sales | | 17,725,188 | 21,988,295 |
| Cost of sales | 9 | (14,386,523) | (18,927,429) |
| Gross profit | | 3,338,665 | 3,060,866 |
| Administrative expenses | | (102,487) | (153,543) |
| Other income | | 1,077,584 | 947,789 |
| Profit from operations | | 4,313,762 | 3,855,112 |
| Finance cost | | (955,270) | (840,449) |
| Profit before tax | | 3,358,492 | 3,014,663 |
| Taxation | | (1,040,168) | (907,414) |
| Profit for the period | | 2,318,324 | 2,107,249 |
| Earnings per share - basic and diluted | Rupees | 2.63 | 2.39 |

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.



Aftab Mahmood Butt
Chief Executive



Anwar-ul-Haq
Director

Condensed Interim Statement of Comprehensive Income
for the quarter ended September 30, 2016 (Un-audited)

| | Quarter ended | |
|---|-----------------------|-----------------------|
| | September 30, 2016 | September 30, 2015 |
| | (Rupees in thousand) | |
| Profit for the period | 2,318,324 | 2,107,249 |
| - Items that will not be reclassified to profit or loss | - | - |
| - Items that may be reclassified subsequently to profit or loss | - | - |
| Other comprehensive income for the period | - | - |
| Total comprehensive income for the period | 2,318,324 | 2,107,249 |

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.



Aftab Mahmood Butt
Chief Executive



Anwar-ul-Haq
Director

Condensed Interim Cash Flow Statement
for the quarter ended September 30, 2016 (Un-audited)

| | | Quarter ended September 30, 2016 | September 30, 2015 |
|--|------|--|-----------------------|
| | Note | (Rupees in thousand) | |
| Cash flows from operating activities | | | |
| Cash generated from operations | 11 | 3,164,685 | 4,404,841 |
| Finance cost paid | | (614,487) | (794,761) |
| Taxes paid | | (961,297) | (1,393,761) |
| Staff retirement benefits paid | | (8,431) | (11,597) |
| Net cash from operating activities | | 1,580,470 | 2,204,722 |
| Cash flows from investing activities | | | |
| Fixed capital expenditure | | (299,375) | (40,383) |
| Income on bank deposits received | | 2,670 | 2,950 |
| Net increase in long term loans and deposits | | (11,205) | (6,619) |
| Proceeds from sale of property, plant and equipment | | 318 | 268 |
| Net cash used in investing activities | | (307,592) | (43,784) |
| Cash flows from financing activities | | | |
| Repayment of liabilities against assets subject to finance lease | | (7,483) | (7,611) |
| Dividend paid | | (7,876) | (184,732) |
| Net cash used in financing activities | | (15,359) | (192,343) |
| Net increase in cash and cash equivalents | | 1,257,519 | 1,968,595 |
| Cash and cash equivalents at beginning of the period | | (40,748,495) | (32,196,606) |
| Cash and cash equivalents at the end of the period | 12 | (39,490,976) | (30,228,011) |

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.



Aftab Mahmood Butt
Chief Executive



Anwar-ul-Haq
Director

Condensed Interim Statement of Changes in Equity

for the quarter ended September 30, 2016 (Un-audited)

| | Share Capital | Capital reserve | Un-appro- priated profit | Total |
|---|----------------------|--------------------|--------------------------------|-------------|
| | (Rupees in thousand) | | | |
| Balance as at June 30, 2015 | 8,802,532 | 444,451 | 20,481,626 | 29,728,609 |
| Total comprehensive income for the period | - | - | 2,107,249 | 2,107,249 |
| Balance as at September 30, 2015 | 8,802,532 | 444,451 | 22,588,875 | 31,835,858 |
| Final dividend for the year ended June 30, 2015 - Rs 4.75 per share | - | - | (4,181,203) | (4,181,203) |
| Profit for the period | - | - | 6,963,802 | 6,963,802 |
| Other comprehensive gain: - Re-measurement of net defined benefit obligation - net of tax | - | - | 77,707 | 77,707 |
| Total comprehensive income for the period | - | - | 7,041,509 | 7,041,509 |
| Interim dividend for the year ended June 30, 2016 - Rs 4.25 per share | - | - | (3,741,076) | (3,741,076) |
| Balance as at June 30, 2016 | 8,802,532 | 444,451 | 21,708,105 | 30,955,088 |
| Total comprehensive income for the period | - | - | 2,318,324 | 2,318,324 |
| Balance as at September 30, 2016 | 8,802,532 | 444,451 | 24,026,429 | 33,273,412 |

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.



Aftab Mahmood Butt
Chief Executive



Anwar-ul-Haq
Director

1. Legal status and nature of business

Kot Addu Power Company Limited ('the Company'), was incorporated in Pakistan on April 25, 1996 as a public limited company under the Companies Ordinance, 1984. The Company was listed on April 18, 2005 on the Karachi, Islamabad and Lahore Stock Exchanges (now merged as Pakistan Stock Exchange Limited). The principal activities of the Company are to own, operate and maintain a multi-fuel fired power station with fifteen generating units with a nameplate capacity of 1,600 MW in Kot Addu, District Muzaffargarh, Punjab, Pakistan and to sell the electricity produced therefrom to a single customer, the Pakistan Water and Power Development Authority (WAPDA) under a Power Purchase Agreement (PPA). This agreement is for a term of 25 years which commenced from June 1996.

2. Basis of preparation

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where the requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the annual financial statements for the year ended June 30, 2016.

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the Company for the year ended June 30, 2016.

3. Income tax expense is recognised based on management's best estimate of the weighted average income tax rate expected for the full financial year.

4. Long term finances

Long term finances represent unsecured loan payable to associated undertaking amounting to Rs 926 million (June 30, 2016: Rs 926 million) out of which Rs 540 million (June 30, 2016: Rs 540 million) is included in current portion of long term liabilities. It carries a mark-up of 14% payable semi-annually.

5. Trade and other payables

Trade creditors include payable to Pakistan State Oil amounting to Rs 7,289 million (June 30, 2016: Rs 671 million) and Sui Northern Gas Pipelines Limited (SNGPL) amounting to Rs 3 million (June 30, 2016: Rs 82 million).

6. Contingencies and commitments

6.1 Contingencies

There has been no change in the status of the contingent liabilities disclosed as at June 30, 2016 except for the following:

- (a) For Tax Year 2015, Additional Commissioner Inland Revenue (ACIR) created a demand of Rs 149 million in July 2016. The Company filed appeal with Commissioner Inland Revenue (Appeals) which was decided in favour of the Company subsequent to the period end. Tax Department has the right to go in appeal with higher appellate forum.

The management is of the view that there are meritorious grounds available to defend the foregoing demands at higher forums as well. Consequently no provision for such demands has been made in this condensed interim financial information.

- (b) WAPDA has raised invoices for liquidated damages to the Company for the years ended June 30, 2009 through 2016 (after taking into account forced outage allowance stipulated under the terms of Power Purchase Agreement) on account of short supply of electricity by the Company, which was due to cash flow constraints of the Company as a result of default by WAPDA in making timely payments. Liquidated damages invoiced to the Company on account of fuel shortages amount to Rs 27,898 million (June 30, 2016: Rs 27,872 million). Estimated amount of liquidated damages (including un-invoiced liquidated damages till September 30, 2016) are not expected to exceed Rs 27,681 million as at September 30, 2016 (June 30, 2016: Rs 27,681 million) based on the best estimate of the management of the Company.

The Company disputes and rejects any claim on account of liquidated damages that may be raised by WAPDA on the premise that its failure to dispatch electricity was due to WAPDA's non-payment of dues on timely basis to the Company and consequential inability of the Company to make timely payments to its fuel supplier (PSO) that resulted in inadequate level of electricity production owing to shortage of fuel. In this regard, the Company has initiated the dispute resolution procedures specified in the Power Purchase Agreement.

According to legal advice available with the Company, there are adequate grounds to defend any claim by WAPDA for such liquidated damages since these conditions were imposed on the Company due to circumstances beyond its control. The ultimate outcome of the matter cannot presently be determined, and consequently no provision for such liquidated damages has been made in this condensed interim financial information.

Notes to and forming part of the Condensed Interim Financial Information
for the quarter ended September 30, 2016 (Un-audited)

- (c) The Company availed the scheduled outages according to the terms of PPA duly approved by WAPDA during 2016, however, WAPDA treated one event of schedule outage as forced outage. WAPDA also raised invoice for liquidated damages to the Company during current period for this event amounting to Rs. 46 million (June 30, 2016: Nil). As the said schedule outage event was approved by WAPDA therefore the Company does not agree with this claim and will dispute as per terms of PPA. Consequently no provision for these liquidated damages has been made in this condensed interim financial information.
- (d) The Company has provided bank guarantees in favor of following:
- Sui Northern Gas Pipelines Limited on account of payment of dues against gas sales etc., amounting to Rs 4,504 million (June 30, 2016: Rs 4,504 million);
 - Punjab Power Development Board on account of coal project amounting to Rs 65 million (June 30, 2016: Rs 65 million); and
 - Collector of Customs on account of temporary import of rental tools, amounting to Rs 39 million (June 30, 2016: Nil).

6.2 Commitments

- (a) Contracts for capital expenditure Rs 216 million (June 30, 2016: Rs 428 million).
- (b) Letters of credit other than for capital expenditure Rs 453 million (June 30, 2016: Rs 392 million).

| | | September 30, 2016 | June 30, 2016 |
|--|------|-----------------------|------------------|
| | Note | (Rupees in thousand) | |
| 7. Property, plant and equipment | | | |
| Opening Net Book Value (NBV) | | 12,632,019 | 14,038,572 |
| Add: Additions / transfers during the period | 7.1 | 289,893 | 821,721 |
| | | 12,921,912 | 14,860,293 |
| Less: Disposals during the period (at NBV) | | 318 | 5,654 |
| Depreciation charged during the period | | 559,285 | 2,222,620 |
| | | 559,603 | 2,228,274 |
| | | 12,362,309 | 12,632,019 |

Notes to and forming part of the Condensed Interim Financial Information
for the quarter ended September 30, 2016 (Un-audited)

| | Note | September 30, 2016 (Rupees in thousand) | June 30, 2016 |
|--|------|---|------------------|
| 7.1 Following is the detail of additions / transfers during the period | | | |
| Additions: | | | |
| Buildings on freehold land | | - | 22,036 |
| Gas turbine blading | | 284,367 | - |
| Plant and machinery | | - | 750,986 |
| Auxiliary plant and machinery | | 2,324 | 18,489 |
| Office equipment | | 2,884 | 18,960 |
| Vehicles | | - | 1,716 |
| | | 289,575 | 812,187 |
| Transfers: | | | |
| Vehicles | | 318 | 9,534 |
| | | 289,893 | 821,721 |
| 8. Trade debts | | | |
| Trade debts | 8.1 | 77,470,384 | 69,599,531 |
| Less: Provision for doubtful debts | | 222,741 | 222,741 |
| | | 77,247,643 | 69,376,790 |

8.1 These are considered good except Rs 223 million (June 30, 2016: Rs 223 million) which are considered doubtful. Trade debts include an overdue amount of Rs 68,050 million (June 30, 2016: Rs 58,646 million) receivable from WAPDA, which is a related party of the Company. The trade debts are secured by a guarantee from the Government of Pakistan under the Facilitation Agreement. These are in the normal course of business and are interest free, however, a penal mark-up of SBP discount rate plus 4 percent per annum is charged in case the amounts are not paid within due dates.

| | Quarter ended | |
|---|-----------------------|-----------------------|
| | September 30, 2016 | September 30, 2015 |
| | (Rupees in thousand) | |
| 9. Cost of sales | | |
| Fuel cost | 12,898,764 | 17,508,484 |
| Salaries, wages and benefits | 498,394 | 475,770 |
| Plant maintenance | 50,286 | 45,039 |
| Gas turbines overhauls | 200,749 | 75,357 |
| Repair and renewals | 106,605 | 275,779 |
| Depreciation on property, plant and equipment | 549,617 | 539,976 |
| Amortisation on intangible assets | 1,114 | 1,300 |
| Liquidated damages | 46 | - |
| Provision for store obsolescence | 80,948 | 5,724 |
| | 14,386,523 | 18,927,429 |

Notes to and forming part of the Condensed Interim Financial Information
for the quarter ended September 30, 2016 (Un-audited)

| | | Quarter ended September 30, 2016 | September 30, 2015 |
|------|---|--|-----------------------|
| | | (Rupees in thousand) | |
| 10. | Transactions with related parties | | |
| | Relationship with the Company Nature of transaction | | |
| i. | Associated undertakings | | |
| | Sale of electricity | 17,725,188 | 21,988,295 |
| | Interest expense | 32,424 | 51,331 |
| | Interest income on late payments | 1,066,083 | 934,137 |
| ii. | Post retirement benefit plans | | |
| | Expense charged | 43,649 | 54,050 |
| iii. | Key management personnel | | |
| | Compensation | 108,568 | 92,761 |

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

| | September 30, 2016 | June 30, 2016 |
|---------------------------------|-----------------------|------------------|
| | (Rupees in thousand) | |
| Period end balances | | |
| Associated Undertakings | | |
| Receivable from related parties | 77,806,942 | 70,377,854 |
| Payable to related parties | 1,648,921 | 1,380,443 |

They are in the normal course of business and interest free except for long term finances referred to in note 4.

| | Quarter ended September 30, 2016 | September 30, 2015 |
|--|--|-----------------------|
| | (Rupees in thousand) | |
| 11. | Cash generated from operations | |
| Profit before tax | 3,358,492 | 3,014,663 |
| Adjustments for: | | |
| - Depreciation on property, plant and equipment | 559,285 | 548,703 |
| - Amortisation on intangible assets | 1,114 | 1,300 |
| - Depreciation on assets subject to finance lease | 6,013 | 6,994 |
| - Income on bank deposits | (2,670) | (2,949) |
| - Provision for store obsolescence | 80,948 | 5,724 |
| - Staff retirement benefits accrued | 34,282 | 45,421 |
| - Finance cost | 955,270 | 840,449 |
| Profit before working capital changes (carried forward) | 4,992,734 | 4,460,305 |

Notes to and forming part of the Condensed Interim Financial Information
for the quarter ended September 30, 2016 (Un-audited)

| | Quarter ended | |
|---|-----------------------|-----------------------|
| | September 30, 2016 | September 30, 2015 |
| | (Rupees in thousand) | |
| Profit before working capital changes (brought forward) | 4,992,734 | 4,460,305 |
| Effect on cash flow due to working capital changes: | | |
| (Increase) / decrease in current assets | | |
| - Stores and spares | (109,989) | (6,749) |
| - Stock-in-trade | (384,640) | 735,693 |
| - Trade debts | (7,870,853) | 2,190,875 |
| - Loans, advances, deposits, prepayments and other receivables | (714,897) | (456,247) |
| Increase / (decrease) in trade and other payables | 7,252,330 | (2,519,036) |
| | (1,828,049) | (55,464) |
| Cash generated from operations | 3,164,685 | 4,404,841 |
| | September 30, 2016 | September 30, 2015 |
| | (Rupees in thousand) | |

12. Cash and cash equivalents

| | | |
|---|---------------------|---------------------|
| Cash and bank balances | 697,133 | 510,661 |
| Finances under mark-up arrangements - secured | (40,188,109) | (30,738,672) |
| | <u>(39,490,976)</u> | <u>(30,228,011)</u> |

13. Date of authorisation for issue

This condensed interim financial information was authorised for issue on October 20, 2016 by the Board of Directors of the Company.

14. Corresponding figures

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

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. However, no significant re-arrangements have been made.



Aftab Mahmood Butt
Chief Executive



Anwar-ul-Haq
Director