



## **3rd Quarter Report**

**March 31, 2016 (un-audited)**

**KOT ADDU POWER COMPANY LIMITED**

## Company Information

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

We are pleased to present the financial statements (un-audited) of the Company for the period ended March 31, 2016.

For the nine month period, the Company's turnover was Rs. 47,937 Million, the cost of sales stood at Rs. 39,033 Million, and profit after tax was Rs. 6,204 Million (compared to Rs. 7,122 Million in the corresponding period of last year), which resulted in an earnings per share of Rs. 7.05 per share (Rs. 10 each) (Rs. 8.09 per share in the corresponding period of last year). Earning Before Interest Tax Depreciation & Amortization (EBITDA) for the nine months is Rs. 13,185 Million (compared to Rs. 17,241 Million in the corresponding period of last year).

During the third quarter, the Power Plant generated 1,490 GWh of electricity (year to date generation level 4,860 GWh) at a load factor of 51.0% (year to date load factor 54.9%) and with an overall commercial availability of 95.2% (year to date overall availability 94.5%).

The off-taker continues to remain in default of its payment obligations. On March 31, 2016, the overdue receivables from the off-taker were Rs. 60,582 Million (Rs. 53,689 Million in the corresponding period of last year). The Company continues to pursue the off-taker and concerned Ministries in the Government of Pakistan for resolution of the matter.

As previously reported, the accumulated amount of liquidated damages invoiced to the Company by the off-taker amounts to Rs. 27,872 Million (period 2008-09 to 2014-15), which have been disputed by the Company in accordance with the provisions of the Power Purchase Agreement (PPA). For details you may view Note 6.1 (d) of the financial statements.

During the third quarter, major overhauling and associated repairs and renewals of three (3) gas turbines were carried out as per plan. The year-to-date financial impact of these activities is Rs. 1,450 Million; and this has adversely effected the year-to-date earnings of the Company.

On behalf of the Board



Aftab Mahmood Butt  
Chief Executive

Lahore: April 21, 2016

ہم 31 مارچ 2016 کو ختم ہونے والی مدت تک کے مالی نتائج (غیر تصفیہ شدہ) پیش کرنے پر خوش محسوس کر رہے ہیں۔

نوامہ کی اس مدت کے دوران کمپنی کا کاروباری حجم 47,937 ملین روپے تھا جس میں فروخت کی لاگت 39,033 ملین روپے تھی اور ٹیکس کی کوٹنی کے بعد منافع کی رقم 6,204 ملین روپے تھی (جبکہ گزشتہ سال اس کے مقابلے میں اسی مدت کے دوران ہونے والا منافع 7,122 ملین روپے تھا)۔ اس طرح اس مدت میں آمدن فی حصص (10 روپے فی حصص) کے حساب سے 7.05 روپے رہی ہے (جبکہ گزشتہ سال اسی مدت میں ہونے والی آمدن فی حصص 8.09 روپے تھی)۔ نوامہ کے اس عرصے میں شرح سود ٹیکس اور فرسودگی سے پہلے کی آمدن (EBITDA) 13,185 ملین روپے ہے (جبکہ گزشتہ سال اسی مدت میں ہونے والی آمدن 17,241 ملین روپے تھی)۔

موجودہ سال کی تیسری سہ ماہی کے دوران پاور پلانٹ نے 51.0 فیصد کی اوسط شرح (سال کے آغاز سے آپ تک کی اوسط شرح 54.9 فیصد) کے حساب سے 95.2 فیصد کی تجارتی دستیابی (Commercial Availability) (سال کے آغاز سے آپ تک کی مجموعی دستیابی 94.5 فیصد) کے ساتھ 1,490 GWh (سال کے آغاز سے آپ تک پیداوار سطح 4,860 GWh) بجلی پیدا کی۔

بجلی کا خریدار واجب الادا رقم کی ادائیگی کی ذمہ داریوں کو پورا کرنے میں مسلسل تا کام رہا ہے۔ 31 مارچ 2016 کو بجلی کے خریدار سے زائد المیاد واجب الادا رقم 60,582 ملین روپے تھی (گزشتہ سال اسی مدت کے دوران یہ رقم 53,689 ملین روپے تھی)۔ کمپنی بجلی کے خریدار اور حکومت پاکستان کی متعلقہ وزارتوں سے معاملات کے حل کے لیے مسلسل پیروی کر رہی ہے۔

جیسا کہ پہلے بتایا گیا ہے کہ بجلی کے خریدار کی جانب سے کمپنی کو بجلی کی جزوی عدم فراہمی کا ذمہ دار ٹھہراتے ہوئے جرمانے کی مجموعی رقم کا حجم 27,872 ملین روپے ہو گیا ہے، جبکہ 2008-09 سے 2014-15 کے دورانیہ کا ہے۔ کمپنی نے بجلی کی خریداری کے معاہدے (PPA) کے تحت جرمانے کی اس رقم پر اپنے اختلاف کا اظہار کیا ہے۔ مزید تفصیلات کے لیے مالیاتی نتائج کا نوٹ 6.1(d) ملاحظہ کریں۔

تیسری (3) سہ ماہی کے دوران منصوبے کے مطابق تین ٹیس ٹریڈن کی مکمل اور پائلٹ معد متعلقہ مرمت و تجدیری عمل کو عملی جامہ پہنایا گیا۔ موجودہ مالی سال کے دوران ان سرگرمیوں کا ایک مجموعی اثر 1,450 ملین روپے باجس سے کمپنی کی آمدن پر منفی اثرات مرتب ہوئے۔

منجانب بورڈ



آفتاب محمود  
چیف ایگزیکٹو

لاہور : 21 اپریل 2016ء

**Condensed Interim Balance Sheet**  
as at March 31, 2016 (Un-audited)

	Note	March 31, 2016 (Rupees in thousand)	June 30, 2015
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Authorised capital			
3,600,000,000 (June 30, 2015: 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, 2015: 880,253,228)			
ordinary shares of Rs 10 each		8,802,532	8,802,532
Capital reserve		444,451	444,451
Unappropriated profit		18,763,120	20,481,626
		28,010,103	29,728,609
<b>NON-CURRENT LIABILITIES</b>			
Long term finances	4	656,298	926,402
Liabilities against assets subject to finance lease		43,722	58,561
Deferred liabilities		2,938,006	3,075,197
		3,638,026	4,060,160
<b>CURRENT LIABILITIES</b>			
Current portion of long term liabilities		564,020	567,241
Finances under mark-up arrangements - secured		36,340,383	32,871,918
Trade and other payables	5	21,949,592	29,034,166
		58,853,995	62,473,325
<b>CONTINGENCIES AND COMMITMENTS</b>			
	6		
		90,502,124	96,262,094

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.



Aftab Mahmood Butt  
Chief Executive

		March 31, 2016	June 30, 2015
	Note	(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	13,147,342	14,038,572
Intangible assets		10,641	13,193
Assets subject to finance lease		57,270	79,146
Capital work-in-progress		16,645	726,221
Long term loans and deposits		36,953	36,385
		13,268,851	14,893,517
CURRENT ASSETS			
Stores and spares		4,159,914	4,481,508
Stock-in-trade		3,258,819	3,539,023
Trade debts	8	66,399,591	71,069,093
Loans, advances, deposits, prepayments and other receivables	9	2,865,638	1,603,641
Cash and bank balances		549,311	675,312
		77,233,273	81,368,577
		90,502,124	96,262,094

  
 Anwar-ul-Haq  
 Director

**Condensed Interim Profit and Loss Account**  
for the quarter and nine months ended March 31, 2016 (Un-audited)

	Note	Quarter ended		Nine months ended	
		March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
		(Rupees in thousand)		(Rupees in thousand)	
Sales		13,502,688	16,337,073	47,937,147	74,736,440
Cost of sales	10	(10,930,804)	(13,096,155)	(39,032,740)	(64,046,485)
Gross profit		2,571,884	3,240,918	8,904,407	10,689,955
Administrative expenses		(97,527)	(77,563)	(369,085)	(265,826)
Other operating expenses		-	-	-	(10,000)
Other income		988,465	1,380,766	2,958,650	5,221,089
Profit from operations		3,462,822	4,544,121	11,493,972	15,635,218
Finance cost		(733,404)	(1,161,021)	(2,446,327)	(5,266,494)
Profit before tax		2,729,418	3,383,100	9,047,645	10,368,724
Taxation		(856,565)	(1,094,058)	(2,843,872)	(3,246,454)
Profit for the period		1,872,853	2,289,042	6,203,773	7,122,270
Earnings per share					
- basic and diluted	Rupees	2.13	2.60	7.05	8.09

The annexed notes 1 to 15 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 and nine months ended March 31, 2016 (Un-audited)

	Quarter ended		Nine months ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	(Rupees in thousand)		(Rupees in thousand)	
Profit for the period	1,872,853	2,289,042	6,203,773	7,122,270
- 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	1,872,853	2,289,042	6,203,773	7,122,270

The annexed notes 1 to 15 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 nine months ended March 31, 2016 (Un-audited)

		Nine months ended	
		March 31, 2016	March 31, 2015
	Note	(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	12	7,589,554	11,560,628
Finance cost paid		(2,319,491)	(5,634,428)
Taxes paid		(4,153,610)	(3,547,136)
Staff retirement benefits paid		(34,887)	(329,819)
Net cash generated from operating activities		1,081,566	2,049,245
Cash flows from investing activities			
Fixed capital expenditure including intangible assets		(60,432)	(889,674)
Income on bank deposits received		14,303	14,274
Net (increase) / decrease in long term loans and deposits		(568)	12,878
Proceeds from sale of property, plant and equipment		3,194	2,874
Net cash used in investing activities		(43,503)	(859,648)
Cash flows from financing activities			
Repayment of liabilities against assets subject to finance lease		(25,705)	(20,470)
Repayment of long term loans - unsecured		(270,104)	(270,104)
Repayment of long term loans - secured		-	(304,530)
Dividend paid		(4,336,720)	(3,272,065)
Net cash used in financing activities		(4,632,529)	(3,867,169)
Net decrease in cash and cash equivalents		(3,594,466)	(2,677,572)
Cash and cash equivalents at beginning of the period		(32,196,606)	(33,723,683)
Cash and cash equivalents at the end of the period	13	(35,791,072)	(36,401,255)

The annexed notes 1 to 15 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 nine months ended March 31, 2016 (Un-audited)

	Share Capital	Capital reserve	Un-appro- priated profit	Total
	(Rupees in thousand)			
Balance as at June 30, 2014	8,802,532	444,451	17,540,864	26,787,847
Total comprehensive income for the period	-	-	7,122,270	7,122,270
Final dividend for the year ended June 30, 2014 - Rs 3.75 per share	-	-	(3,300,950)	(3,300,950)
Interim dividend for the year June 30, 2015 - Rs 4.00 per share	-	-	(3,521,013)	(3,521,013)
Balance as at March 31, 2015	8,802,532	444,451	17,841,171	27,088,154
Profit for the period	-	-	2,676,439	2,676,439
Other comprehensive loss for the period:				
- Re-measurement of net defined benefit obligation - net of tax	-	-	(35,984)	(35,984)
Total comprehensive income for the period	-	-	2,640,455	2,640,455
Balance as at June 30, 2015	8,802,532	444,451	20,481,626	29,728,609
Total comprehensive income for the period	-	-	6,203,773	6,203,773
Final dividend for the year ended June 30, 2015 - Rs 4.75 per share	-	-	(4,181,203)	(4,181,203)
Interim dividend for the year ended June 30, 2016 - Rs 4.25 per share	-	-	(3,741,076)	(3,741,076)
Balance as at March 31, 2016	8,802,532	444,451	18,763,120	28,010,103

The annexed notes 1 to 15 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 including financial risk management information and therefore should be read in conjunction with the annual financial statements for the year ended June 30, 2015.

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, 2015. Further, the basis of significant estimates are same as those that were applied to the financial statements for the year ended June 30, 2015, except for estimation of provision for taxation as referred to in note 3.

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. Furthermore, no provision has been recognised in respect of tax on undistributed reserves as introduced by Finance Act, 2015 since the Company has distributed the requisite amount of dividend within the stipulated time period from preceding year end.

4. Long term finances

Long term finances represent unsecured loan payable to associated undertaking amounting to Rs 1,196 million (June 30, 2015: Rs 1,467 million) out of which Rs 540 million (June 30, 2015: 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 and other payables include payable to Pakistan State Oil amounting to Rs Nil

(June 30, 2015: Rs 6,409 million) and Sui Northern Gas Pipelines Limited amounting to Rs 1,820 million (June 30, 2015: Rs 4,605 million) including disputed amounts of Rs Nil (June 30, 2015: Rs 3,026 million) on account of provisional price of Regasified Liquefied Natural Gas (RLNG) and Rs 165 million (June 30, 2015: Rs 648 million) on account of Gas Infrastructure Development Cess (GIDC).

## 6. Contingencies and commitments

### 6.1 Contingencies

There has been no change in the status of the contingent liabilities disclosed as at June 30, 2015 except for the following:

- (a) Income tax returns of the Company for tax years 2003 to 2007 were filed, wherein, only normal tax depreciation was claimed. However, the aforesaid returns were revised thereby depreciation and initial allowance earlier claimed in respect of assets in the original income tax returns for tax periods upto June 27, 2006 were not claimed being the date upto which Company was exempt from levy of income tax.

Tax depreciation in income tax return for tax year 2008 was also claimed with resultant written down value carried forward from tax year 2007, as computed in the revised return of income in accordance with position explained above. Such return and revised returns for tax year 2003 to 2007 were amended by Tax Authorities by restoring the earlier position and were also endorsed by Commissioner Inland Revenue (Appeals) [CIR(A)]. The Company preferred appeal before Income Tax Appellate Tribunal (ITAT) [now Appellate Tribunal Inland Revenue (ATIR)] against the decision of CIR(A) which was decided in Company's favor in April 2012. No appeal was filed by the Tax Department before High Court within the time stipulated under law.

Tax Department had filed miscellaneous application for rectification before ATIR which was decided against the Company through order received in July 2015. Aggregate exposure amounts to Rs 1,611 million. The Company has filed reference with Lahore High Court against the aforementioned ATIR order.

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

- (b) Company's appeals with Appellate Tribunal Inland Revenue (ATIR) for Tax Years 2011, 2012 & 2013 against orders of Commissioner Inland Revenue Appeals [CIR(A)] are pending for hearing. Aggregate demand for these years amounts to Rs 116 million.

For Tax Year 2014, Additional DCIR issued demand notice amounting to Rs 98 million. Company filed an appeal before CIR(A) who decided some of the issues in favor of the Company whereas others were upheld. Being aggrieved, both the Company and Tax Department have filed appeal with ATIR in respect of issues decided against them. In appeal effect order Additional Commissioner Inland Revenue (ACIR) has increased the demand to Rs 284 million by disallowing certain repair and maintenance expenses and treating them as a capital expenditure. Company filed an appeal with CIR(A) against the appeal effect order. Hearing was conducted and order is awaited.

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

- (c) On the strength of an unfavorable decision by ATIR in the case of other Independent Power Producers, the Tax Department issued a sales tax order against the Company for the financial period from June 2008 to June 2013 and created a demand of Rs 10,102 million by apportioning input sales tax between Capacity invoices and Energy invoices and allowed input sales tax allocated to Energy invoices only. The refund claims of the Company during the period falling between the aforementioned period were also rejected by the Tax Authorities. Against the foregoing order, the Company filed an appeal before CIR(A) which was decided against the Company. However, CIR(A) instructed the Tax Department to rectify the demand by deleting the sales tax liability in respect of tax periods beyond 5 years, resulting in reduction of demand to the tune of Rs 1,481 million. Being aggrieved, the Company filed an appeal before ATIR against the CIR(A) order which was also decided against the Company. The Company has filed petition with Lahore High Court (LHC) against ATIR decision. Further, in response to the writ petition filed by the Company, LHC has stayed the recovery of tax demand till adjudication of the case.

Tax department also conducted an audit for Tax Year 2014 during the period and created a demand of Rs 2,940 million through an assessment order. Out of this total demand, Rs 2,933 million relates to apportionment of input sales tax between Capacity invoices and Energy invoices. The Company has filed an appeal before CIR(A) against the order. The hearing has been conducted, however order is awaited.

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

- (d) WAPDA has raised invoices for liquidated damages to the Company for the years ended June 30, 2009 through 2015 (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 amount to Rs 27,872 million (June 30, 2015: Rs 22,939 million). Estimated amount of liquidated damages (including un-invoiced liquidated damages till March 31, 2016) are not expected to exceed Rs 27,682 million as at March 31, 2016 (June 30, 2015: 25,958 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.

- (e) 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, 2015: Rs 47 million);
  - Punjab Power Development Board on account of Coal Project amounting to Rs 65 million (June 30, 2015: Rs 65 million); and
  - Collector of Customs on account of temporary import of rental tools, amounting to Rs 62 million (June 30, 2015: Rs 1 million).

## 6.2 Commitments

- (a) Contracts for capital expenditure Rs 418 million (June 30, 2015: Rs 82 million).
- (b) Letters of credit other than for capital expenditure Rs 369 million (June 30, 2015: Rs 490 million).

**Notes to and forming part of the Condensed Interim Financial Information**  
for the quarter and nine months ended March 31, 2016 (Un-audited)

	Note	March 31, 2016 (Rupees in thousand)	June 30, 2015
<b>7. Property, plant and equipment</b>			
Opening Net Book Value (NBV)		14,038,572	15,755,465
Add: Additions / transfers during the period	7.1	777,630	394,258
		<u>14,816,202</u>	<u>16,149,723</u>
Less: Disposals during the period (at NBV)		2,761	6,015
Depreciation charged during the period		1,666,099	2,105,136
		<u>1,668,860</u>	<u>2,111,151</u>
		<u>13,147,342</u>	<u>14,038,572</u>
<b>7.1 Following is the detail of additions / transfers during the period</b>			
<b>Additions:</b>			
Buildings on freehold land		8,690	4,588
Gas turbine blading		-	179,089
Plant and machinery		750,986	170,909
Auxiliary plant and machinery		4,893	12,893
Office equipment		4,681	21,910
Fixtures and fittings		-	185
Vehicles		1,716	2,641
		<u>770,966</u>	<u>392,215</u>
<b>Transfers:</b>			
Vehicles		6,664	2,043
		<u>777,630</u>	<u>394,258</u>
<b>8. Trade debts</b>			
Trade debts	8.1	66,576,492	71,245,994
Less: Provision for doubtful debts		176,901	176,901
		<u>66,399,591</u>	<u>71,069,093</u>
<b>8.1</b> These are considered good except Rs 177 million (June 30, 2015: Rs 177 million) which are considered doubtful. Trade debts include an overdue amount of Rs 60,582 million (June 30, 2015: Rs 59,243 million) receivable from WAPDA. 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.			

**Notes to and forming part of the Condensed Interim Financial Information  
for the quarter and nine months ended March 31, 2016 (Un-audited)**

**9. Loans, advances, deposits, prepayments and other receivables**

Advances to suppliers include advance paid to Pakistan State Oil amounting to Rs 1,105 million (June 30, 2015: Rs Nil) against fuel supplies.

	Quarter ended		Nine months ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	(Rupees in thousand)		(Rupees in thousand)	
<b>10. Cost of sales</b>				
Fuel cost	8,818,686	11,865,409	34,119,558	60,716,539
Salaries, wages and benefits	317,047	300,308	1,100,384	1,089,506
Plant maintenance	51,296	36,603	184,837	184,518
Gas turbines overhauls	508,674	119,713	635,950	229,326
Repair and renewals	681,073	260,112	1,339,569	294,732
Depreciation on property, plant and equipment	549,412	515,784	1,639,314	1,556,024
Amortisation on intangible assets	1,149	940	3,743	3,449
Provision/(reversal of provision) for store obsolescence	3,467	(2,714)	9,385	(27,609)
	<u>10,930,804</u>	<u>13,096,155</u>	<u>39,032,740</u>	<u>64,046,485</u>

**11. Transactions with related parties**

Relationship with the Company	Nature of transaction		
i. Associated undertakings	Purchase of services	1,402	2,241
	Sale of electricity	47,937,147	74,736,440
	Interest expense	144,585	201,514
	Interest income on late payments	2,884,094	5,119,554
ii. Post retirement benefit plans	Expense charged	163,397	182,555
iii. Key management personnel	Compensation	178,704	161,545

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



Notes to and forming part of the Condensed Interim Financial Information  
for the quarter and nine months ended March 31, 2016 (Un-audited)

	March 31, 2016	June 30, 2015
	(Rupees in thousand)	
Period end balances		
Associated Undertakings		
Receivable from related parties	67,061,022	72,141,188
Payable to related parties	1,997,105	1,697,864

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

	March 31, 2016	March 31, 2015
	(Rupees in thousand)	
12. Cash generated from operations		
Profit before tax	9,047,645	10,368,724
Adjustments for:		
- Depreciation on property, plant and equipment	1,666,099	1,580,949
- Amortisation on intangible assets	3,743	3,449
- Depreciation on assets subject to finance lease	20,709	21,514
- Write-down of property, plant and equipment	-	25
- Profit on disposal of property, plant and equipment	(433)	(692)
- Income on bank deposits	(14,303)	(14,274)
- Provision / (reversal of provision) for store obsolescence	9,385	(27,609)
- Staff retirement benefits accrued	136,264	153,603
- Finance cost	2,446,327	5,266,494
Profit before working capital changes	13,315,436	17,352,183
Effect on cash flow due to working capital changes		
Decrease / (increase) in current assets		
- Stores and spares	312,209	(200,403)
- Stock-in-trade	280,204	405,779
- Trade debts	4,669,502	3,854,851
- Loans, advances, deposits, prepayments and other receivables	(1,261,997)	(3,827,351)
Decrease in trade and other payables	(9,725,800)	(6,024,431)
	(5,725,882)	(5,791,555)
Cash generated from operations	7,589,554	11,560,628

**Notes to and forming part of the Condensed Interim Financial Information**  
for the quarter and nine months ended March 31, 2016 (Un-audited)

	March 31, 2016	March 31, 2015
	(Rupees in thousand)	
13. Cash and cash equivalents		
Cash and bank balances	549,311	953,704
Finances under mark-up arrangements - secured	(36,340,383)	(37,354,959)
	<u>(35,791,072)</u>	<u>(36,401,255)</u>

14. Date of authorisation for issue

This condensed interim financial information was authorised for issue on April 21, 2016 by the Board of Directors of the Company.

15. Corresponding figures

In order to comply with the requirements of International Accounting Standard 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