



3rd Quarter Report

March 31, 2017 (un-audited)

KOT ADDU POWER COMPANY LIMITED

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Company Information

Board of Directors	Lt. General (Retd) Muzammil Hussain (Chairman) Mr. Aftab Mahmood Butt (Chief Executive) Mr. Anwar-ul-Haq Mr. Owais Shahid Mr. Aqeel Ahmed Nasir Mr. Badr ul Munir Murtiza Mr. Saad Iqbal
Audit Committee	Mr. Anwar-ul-Haq (Chairman) Mr. Owais Shahid (Member) Mr. Badr ul Munir Murtiza (Member) Mr. Saad Iqbal (Member)
HR Committee	Mr. Aqeel Ahmed Nasir (Chairman) Mr. Aftab Mahmood Butt (Member) Mr. Anwar-ul-Haq (Member)
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 Chartered Accountants
Legal Advisor	Cornelius, Lane & Multi
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 First Floor, 40-C, Block-6 P.E.C.H.S. Karachi 75400, Pakistan Tel: +92 (0)21 111 000 322 Fax: +92 (0)21 34168271
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

We are pleased to present the financial statements (un-audited) for the period ended March 31, 2017.

For the nine month period, the Company's turnover was Rs. 54,200 Million, the cost of sales stood at Rs. 44,577 Million, and profit after tax was Rs. 6,760 Million (compared to Rs. 6,204 Million in the corresponding period last year), which resulted in an earnings per share (EPS) of Rs. 7.68 (EPS of Rs. 7.05 in the corresponding period of the previous year).

During the third quarter, the Power Plant generated 1,927.7 GWh of electricity (year to date generation level 4,802 GWh) at a load factor of 66.7% (year to date load factor 54.5%) and with an overall commercial availability of 97.1% (year to date overall availability 96.0%).

The off-taker continues to remain in default of its payment obligations. On March 31, 2017, the overdue receivables from the off-taker were Rs. 72,433 Million. The Company continues to pursue the off-taker and concerned Ministries in the Government of Pakistan for resolution of the matter.

The off-taker raises liquidated damages invoices for the Company's failure to dispatch due to fuel oil shortage (as it raises with other IPPs) consequently caused by the 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.

During the third quarter, combustion inspection of six gas turbines; hot gas path inspection of two gas turbines; and minor inspection on one steam turbine was carried out as per plan.

On behalf of the Board



Aftab Mahmood Butt
Chief Executive

Islamabad; April 21, 2017

ہمیں 31 مارچ 2017ء کو ختم ہونے والی مدت کے مالیاتی گوشوارے (غیر آڈٹ شدہ) پیش کرنے پر خوشی محسوس ہو رہی ہے۔

کمپنی کا کاروباری حجم ان نو ماہ کے دوران 54,200 ملین روپے تھا جس میں فروخت کی لاگت 44,577 ملین روپے شامل تھی اور ٹیکس کی ادائیگی کے بعد منافع کی رقم 6,760 ملین روپے بنتی ہے (جبکہ گزشتہ سال اسی مدت کے دوران منافع کی رقم 6,204 ملین روپے تھی) جس کے نتیجے میں اس سال آمدن 7.68 روپے فی حصص (EPS) رہی ہے (جبکہ گزشتہ سال اسی مدت کے دوران یہ آمدن 7.05 روپے فی حصص تھی)۔

اس بجلی گھر کی مجموعی پیداوار تیسری سہ ماہی کے دوران 1,927.7 GWh تھی (جبکہ سال بھر کی مجموعی پیداواری سطح 4,802 GWh ہے) جس کی وجہ سے 66.7 فیصد لوڈ فیڈر رہا ہے (جبکہ سال بھر کا لوڈ فیڈر 54.5 فیصد ہے) اور مجموعی تجارتی دستیابی 97.1 فیصد رہی ہے (جبکہ سال بھر کی مجموعی تجارتی دستیابی 96.0 فیصد ہے)۔

بجلی کا خریدار ادارہ ہماری کمپنی کی واجب الادا رقم کی ادائیگی میں مسلسل تاخیر رہا ہے۔ 31 مارچ 2017ء تک کمپنی کے متعلقہ خریداروں کے ذمہ واجب الادا رقم 72,433 ملین روپے تھی۔ کمپنی مذکورہ اپنی رقم کے بقایا جات وصول کرنے کے لیے حکومت پاکستان کی متعلقہ وزارتوں سے اس معاملے پر بات کر رہی ہے۔

دوسرے آئی ٹی بی (IPPs) کی طرح بجلی کے خریداری کی جانب سے کمپنی کو بھی بجلی کی عبوری عدم فراہمی کا ذمہ دار قرار دیتے ہوئے نقصانات کے ازالے کے لیے مسلسل انوائس موصول ہو رہی ہیں۔ حالانکہ ایسا کمپنی کے واجب الادا رقم کی عدم ادائیگی کی وجہ سے ہوا ہے۔ مالی سال 2008-09 سے 2015-16 تک کے لیے نقصانات کے ازالے کی مجموعی رقم 27,898 ملین روپے بنتی ہے۔ کمپنی بجلی کی خریداری کے معاہدے کی دفعات کے مطابق ان انوائسوں پر پہلے ہی اپنے تنفیقات کا اظہار کر چکی ہے۔

اس بجلی گھر کو بین الاقوامی معیارات کے مطابق چلایا جاتا ہے اور اس کی دیکھ بھال کی جاتی ہے۔ اس مقصد کے لیے منصوبے کے مطابق چھ گیس ٹربائنوں کی حرارت پذیری کا معائنہ دو گیس ٹربائنوں کی ہات گیس پائپ کا معائنہ اور ایک سٹیم ٹربائن کا معمولی معائنہ کیا جا چکا ہے۔

منجانب بورڈ



آفتاب محمود
چیف ایگزیکٹو

اسلام آباد : 21 اپریل 2017ء

Condensed Interim Balance Sheet
as at March 31, 2017 (Un-audited)

	Note	March 31, 2017 (Rupees in thousand)	June 30, 2016
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		20,502,179	21,708,105
		29,749,162	30,955,088
NON-CURRENT LIABILITIES			
Long term finances	4	193,097	386,195
Liabilities against assets subject to finance lease		39,306	47,982
Deferred liabilities		2,246,127	2,508,136
		2,478,530	2,942,313
CURRENT LIABILITIES			
Current portion of long term liabilities		494,148	569,057
Finances under mark-up arrangements - secured		46,383,038	41,346,145
Trade and other payables	5	33,877,478	16,397,140
		80,754,664	58,312,342
CONTINGENCIES AND COMMITMENTS			
	6		
		112,982,356	92,209,743

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



Aftab Mahmood Butt
Chief Executive

		March 31, 2017	June 30, 2016
	Note	(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	11,367,046	12,632,019
Intangible assets		10,065	9,527
Assets subject to finance lease		66,412	53,140
Capital work-in-progress		29,319	29,226
Long term loans and deposits		38,125	31,859
		11,510,967	12,755,771
CURRENT ASSETS			
Stores and spares		4,265,724	4,361,205
Stock-in-trade		6,558,165	3,134,827
Trade debts	8	84,777,781	69,376,790
Loans, advances, deposits, prepayments and other receivables	9	5,238,937	1,983,500
Cash and bank balances		630,782	597,650
		101,471,389	79,453,972
		112,982,356	92,209,743


Anwar-ul-Haq
Director

Condensed Interim Profit and Loss Account

for the quarter and nine months ended March 31, 2017 (Un-audited)

	Note	Quarter ended		Nine months ended	
		March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
		(Rupees in thousand)		(Rupees in thousand)	
Sales		21,283,844	13,502,688	54,200,218	47,937,147
Cost of sales	10	(17,620,178)	(10,930,804)	(44,577,714)	(39,032,740)
Gross profit		3,663,666	2,571,884	9,622,504	8,904,407
Administrative expenses		(99,398)	(97,527)	(316,784)	(369,085)
Other income		1,252,865	988,465	3,555,529	2,958,650
Profit from operations		4,817,133	3,462,822	12,861,249	11,493,972
Finance cost		(1,095,528)	(733,404)	(3,059,043)	(2,446,327)
Profit before tax		3,721,605	2,729,418	9,802,206	9,047,645
Taxation		(1,132,954)	(856,565)	(3,041,840)	(2,843,872)
Profit for the period		2,588,651	1,872,853	6,760,366	6,203,773
Earnings per share					
- basic and diluted Rupees		2.94	2.13	7.68	7.05

Appropriations have been reflected in the statement of changes in equity.

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, 2017 (Un-audited)

	Quarter ended		Nine months ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	(Rupees in thousand)		(Rupees in thousand)	
Profit for the period	2,588,651	1,872,853	6,760,366	6,203,773
- 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	<u>2,588,651</u>	<u>1,872,853</u>	<u>6,760,366</u>	<u>6,203,773</u>

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, 2017 (Un-audited)

		Nine months ended	
		March 31, 2017	March 31, 2016
	Note	(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	12	7,368,001	7,589,554
Finance cost paid		(2,843,739)	(2,319,491)
Taxes paid		(4,600,025)	(4,153,610)
Staff retirement benefits paid		(32,193)	(34,887)
Net cash (use in) / generated from operating activities		(107,956)	1,081,566
Cash flows from investing activities			
Fixed capital expenditure including intangible assets		(456,049)	(60,432)
Income on bank deposits received		13,179	14,303
Net increase in long term loans and deposits		(6,266)	(568)
Proceeds from sale of property, plant and equipment		2,262	3,194
Net cash used in investing activities		(446,874)	(43,503)
Cash flows from financing activities			
Repayment of liabilities against assets subject to finance lease		(23,125)	(25,705)
Repayment of long term loans - unsecured		(270,104)	(270,104)
Dividend paid		(4,155,702)	(4,336,720)
Net cash used in financing activities		(4,448,931)	(4,632,529)
Net decrease in cash and cash equivalents		(5,003,761)	(3,594,466)
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	13	(45,752,256)	(35,791,072)

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, 2017 (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	-	-	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 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
Profit for the period	-	-	2,867,278	2,867,278
Other comprehensive gain for the period:				
- Re-measurement of net defined benefit obligation - net of tax	-	-	77,707	77,707
Total comprehensive income for the period	-	-	2,944,985	2,944,985
Balance as at June 30, 2016	8,802,532	444,451	21,708,105	30,955,088
Total comprehensive income for the period	-	-	6,760,366	6,760,366
Final dividend for the year ended June 30, 2016 - Rs 4.75 per share	-	-	(4,181,203)	(4,181,203)
Interim dividend for the year ended June 30, 2017 - Rs 4.30 per share	-	-	(3,785,089)	(3,785,089)
Balance as at March 31, 2017	8,802,532	444,451	20,502,179	29,749,162

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 Pakistan Stock Exchange. 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, 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. Further, the basis of significant estimates are same as those that were applied to the financial statements for the year ended June 30, 2016, except for estimation of provision for taxation as referred to in note 3.

2.1 Standards, amendments and interpretations to published approved accounting standards

2.1.1 Standards, amendments and interpretations to existing standards effective in current period

Certain standards, amendments and interpretations to approved accounting standards are effective for the annual periods beginning on or after January 1, 2016 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in this condensed interim financial information.

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

Certain standards, amendments to the approved accounting standards and interpretations are mandatory for the annual periods beginning on or after

January 1, 2017 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in this condensed interim financial information.

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 656 million (June 30, 2016: Rs 926 million) out of which Rs 463 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 and other payables include payable to Pakistan State Oil amounting to Rs 11,715 million (June 30, 2016: Rs 671 million) and Sui Northern Gas Pipelines Limited (SNGPL) Rs 1,578 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) Before introduction of amendments in Finance Act 2006, the Company had not established Workers' Profit Participation Fund under the Companies Profit (Workers' Participation) Act, 1968 (the Act) based on the opinion of the legal advisor that it did not employ any person who fell under the definition of Worker as defined in the Act.

Further, the question whether a company to which the Act and its scheme applies but which does not employ any worker is nevertheless obliged to establish and pay contributions into the Fund under the Act and thereafter transfer the same to the Fund established under the WWF Ordinance, 1971 is subjudice before the Sindh High Court as the Supreme Court of Pakistan accepted the petition of another company and remanded the case to the Sindh High Court for fresh decision in accordance with its order.

Certain amendments were introduced in Finance Act 2006, to relax the conditions of payment of interest and penalty for companies defaulting in

creating Fund under the Act. If it is established that Workers' Profit Participation Fund (WPPF) is applicable to the Company and Company makes the principal payment on or before the date which is yet to be decided by the Federal Government, no such penalty may be imposed and the Company may not be liable to pay interest.

In case this liability materializes, the cumulative amount of contributions to WPPF would be Rs 3,463 million (2015: Rs 3,463 million) upto June 30, 2006. However, it is not certain at the moment that any penalties will be levied on non-payment of WPPF as the relaxation provided under the Finance Act 2006 is still applicable. If it is established that the scheme is applicable to the Company and the Company is liable to pay contribution to the Workers' Welfare Fund, then these amounts would be recoverable from WAPDA as a pass through item under the provisions of Power Purchase Agreement.

In view of the foregoing, the Company did not make any provision for Workers' Profit Participation Fund and interest thereon in the financial statements up to June 30, 2006.

Subsequent to the amendments in Finance Act 2006, the Company had established the KAPCO Workers' Participation Fund in March 2008 to allocate the amount of annual profits stipulated by the Act for distribution amongst workers eligible to receive such benefits under the Act.

During the period ended March 31, 2017, the Honorable Supreme Court of Pakistan decided that amendments in Workers' Welfare Fund Ordinance, 1971 and Companies Profit (Workers Participation) Act, 1968 cannot be introduced through Finance Act, thereby, the said amendments made through the Finance Act 2006 are void ab initio. Subsequently, the Commissioner Inland Revenue (Peshawar) filed review petition in the Honorable Supreme Court of Pakistan against the said decision in case of another Company, which is pending adjudication. The ultimate outcome of the matter cannot presently be determined, and consequently no impact of the said decision has been made in this condensed interim financial information.

- (b) 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 during 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.

- (c) For Tax Year 2014, Additional CIR 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. The Additional Commissioner Inland Revenue (ACIR) further amended the assessment order by disallowing certain repair and maintenance expenses by treating them as a capital expenditure and issued a combined appeal effect order of Rs 284 million. Company filed an appeal with CIR(A) against the appeal effect order. The CIR(A) reduced the demand to Rs 116 million. The appeal effect granted by Additional Commissioner Inland Revenue (ACIR) failed to consider the impact of compensation for delayed refund as directed by CIR(A). During the period ended March 31, 2017, the CIR(A) incorporated the effect of the same and resultantly, reduced the demand to Rs 9 million. Both the Company and the Tax Department filed an appeal with ATIR which was heard during March-17 and order of the same is awaited.

The Management is of the view that there are meritorious grounds available to defend the foregoing demand. Consequently, no provision 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 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 March 31, 2017) are not expected to exceed Rs 27,681 million as at March 31, 2017 (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.

- (e) Tax Department had issued a sales tax order against the Company for the financial period June 2008 to June 2013 creating 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 pertaining to the aforementioned period were also rejected by the Tax Authorities. The Commissioner Inland Revenue (Appeals) decided the appeal partially in favor of KAPCO by deleting the demand to the extent of demand relating to the tax periods beyond limitation of five years and rejected the other grounds. KAPCO being aggrieved filed an appeal and stay application at Appellate Tribunal Inland Revenue (ATIR). The appeal was heard at ATIR and was decided against KAPCO vide order dated May 04, 2015. KAPCO being aggrieved filed writ petition before Honorable Lahore High Court.

The tax department had also raised a demand for tax year 2014, which included a demand of Rs. 2,933 million pertaining to the aforementioned issue of apportionment of input tax. The Company had filed an appeal before CIR(A) who had remanded back the demand of Rs. 2,933 million till adjudication of petition from Lahore High Court on inadmissibility of input tax.

The Lahore High Court vide its judgment dated October 31, 2016 decided the case in favor of the Company. Subsequently, Refund Process Order (RPO) amounting to Rs 396 million were issued by Tax Department relating to sales tax refunds which were rejected earlier due to apportionment issue.

During the period ended March 31, 2017, the Tax Department, being aggrieved, filed an appeal in the Honorable Supreme Court of Pakistan.

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

- (f) The Company has provided following bank guarantees in favour of :
- Sui Northern Gas Pipelines Limited on account of payment of dues against gas sales, amounting to Rs 1,030 million (June 30, 2016: Rs 4,504 million);
 - Punjab Power Development Board on account of coal project amounting to Nil (June 30, 2016: Rs 65 million);
 - Collector of Customs on account of temporary import of rental tools, amounting to Rs 1 million (June 30, 2016: Nil); and

Notes to and forming part of the Condensed Interim Financial Information
for the quarter and nine months ended March 31, 2017 (Un-audited)

- Suppliers on account of equipment hired for use, amounting to Rs 1 million (June 30, 2016: Nil).

6.2 Commitments

- (i) Contracts for capital expenditure Rs 119 million (June 30, 2016: Rs 428 million).
- (ii) Letters of credit other than for capital expenditure Rs 128 million (June 30, 2016: Rs 392 million).

	Note	March 31, 2017	June 30, 2016
(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	442,250	821,721
		13,074,269	14,860,293
Less: Disposals during the period (at NBV)		2,262	5,654
Depreciation charged during the period		1,704,961	2,222,620
		1,707,223	2,228,274
		11,367,046	12,632,019
7.1 Following is the detail of additions / transfers during the period			
Additions:			
Buildings on freehold land		23,299	22,036
Gas turbine blading		349,675	-
Plant and machinery		23,196	750,986
Auxiliary plant and machinery		36,271	18,489
Office equipment		7,866	18,960
Vehicles		-	1,716
		440,307	812,187
Transfers:			
Vehicles		1,943	9,534
		442,250	821,721
8. Trade debts			
Trade debts	8.1	85,000,522	69,599,531
Less: Provision for doubtful debts		222,741	222,741
		84,777,781	69,376,790

Notes to and forming part of the Condensed Interim Financial Information
for the quarter and nine months ended March 31, 2017 (Un-audited)

- 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 72,433 million (June 30, 2016: Rs 58,646 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.
9. Included in loans, advances, deposits, prepayments and other receivables is sales tax recoverable amounting to Rs 3,029 million (June 30, 2016: Rs. 775 million). This amount mainly represents the differential of 20% input sales tax and 17% output sales tax on sales of electricity produced from Low Sulphur Furnace Oil (LSFO) for the period October, 2015 till period end, booked as recoverable from Tax Department.

	Quarter ended		Nine months ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	(Rupees in thousand)		(Rupees in thousand)	
10. Cost of sales				
Fuel cost	16,490,339	8,818,686	40,059,546	34,119,558
Salaries, wages and benefits	335,109	317,047	1,178,660	1,100,384
Plant maintenance	60,756	51,296	237,659	184,837
Gas turbines overhauls	55,012	508,674	861,034	635,950
Repair and renewals	116,060	681,073	406,196	1,339,569
Depreciation on property, plant and equipment	562,964	549,412	1,674,038	1,639,314
Amortisation on intangible assets	1,211	1,149	3,439	3,743
Liquidated damages	-	-	46	-
Provision for store obsolescence	(1,273)	3,467	157,096	9,385
	<u>17,620,178</u>	<u>10,930,804</u>	<u>44,577,714</u>	<u>39,032,740</u>

11. Transactions with related parties

Relationship with the Company Nature of transaction

i. Associated undertakings	Receipt of services	1,000	1,402
	Sale of electricity	54,200,218	47,937,147
	Interest expense	87,404	144,585
	Interest income on late payments	3,484,083	2,884,094
ii. Post retirement benefit plans	Expense charged	132,914	163,397
iii. Key management personnel	Compensation	198,059	178,704

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, 2017 (Un-audited)

	March 31, 2017	June 30, 2016
	(Rupees in thousand)	
Period end balances		
Associated Undertakings		
Receivable from related parties	85,786,248	70,377,854
Payable to related parties	1,670,801	1,380,443

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

	March 31, 2017	March 31, 2016
	(Rupees in thousand)	
12. Cash generated from operations		
Profit before tax	9,802,206	9,047,645
Adjustments for:		
- Depreciation on property, plant and equipment	1,704,961	1,666,099
- Depreciation on assets subject to finance lease	13,003	20,709
- Amortisation on intangible assets	3,439	3,743
- Profit on disposal of property, plant and equipment	-	(433)
- Income on bank deposits	(13,179)	(14,303)
- Provision for store obsolescence	157,096	9,385
- Staff retirement benefits accrued	102,310	136,264
- Finance cost	3,059,043	2,446,327
Profit before working capital changes	14,828,879	13,315,436
Effect on cash flow due to working capital changes:		
(Increase) / decrease in current assets		
- Stores and spares	(61,615)	312,209
- Stock-in-trade	(3,423,338)	280,204
- Trade debts	(15,400,991)	4,669,502
- Loans, advances, deposits, prepayments and other receivables	(2,282,521)	(1,261,997)
Increase / (decrease) in trade and other payables	13,707,587	(9,725,800)
	(7,460,878)	(5,725,882)
Cash generated from operations	7,368,001	7,589,554

Notes to and forming part of the Condensed Interim Financial Information
for the quarter and nine months ended March 31, 2017 (Un-audited)

	March 31, 2017	March 31, 2016
	(Rupees in thousand)	
13. Cash and cash equivalents		
Cash and bank balances	630,782	549,311
Finances under mark-up arrangements - secured	(46,383,038)	(36,340,383)
	<u>(45,752,256)</u>	<u>(35,791,072)</u>

14. Date of authorisation for issue

This condensed interim financial information was authorised for issue on April 21, 2017 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