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COMPANY PROFILE

THE COMPANY

Lalpir Power Limited ("the Company") was incorporated in Pakistan on 8 May 1994 under the Companies Ordinance, 1984. The registered office is situated at 53-A, Lawrence Road, Lahore. The principal activities of the Company are to own, operate and maintain an oil fired power station ("the Complex") having gross capacity of 362 MW in Mehmood Kot, Muzaffargarh, Punjab, Pakistan.

BOARD OF DIRECTORS

| | |
|---------------------------|-------------------------|
| Mian Hassan Mansha | Chairman |
| Mr. Aurangzeb Feroz | Chief Executive Officer |
| Mr. Jawaid Iqbal | |
| Mr. Khalid Qadeer Qureshi | |
| Mr. Mahmood Akhtar | |
| Mr. Kamran Rasool | |
| Mr. Muhammad Azam | |

AUDIT COMMITTEE

| | |
|--------------------|----------|
| Mr. Jawaid Iqbal | Chairman |
| Mr. Kamran Rasool | |
| Mr. Mahmood Akhtar | |

HR & R COMMITTEE

| | |
|--------------------|-----------------|
| Mian Hassan Mansha | Member/Chairman |
| Mr. Kamran Rasool | Member |
| Mr. Mahmood Akhtar | Member |

CHIEF FINANCIAL OFFICER

Mr. Khalid Qadeer Qureshi

COMPANY SECRETARY

Mr. Khalid Mahmood Chohan

BANKERS OF THE COMPANY

Habib Bank Limited
The Bank of Punjab
United Bank Limited
Allied Bank Limited
National Bank of Pakistan
Bank Alfalah Limited
Faysal Bank Limited
Askari Bank Limited
Habib Metropolitan Bank Limited
NIB Bank Limited
MCB Bank Limited
Bank Islami Pakistan Limited
Standard Chartered Bank (Pakistan) Limited
Al Baraka Bank (Pakistan) Limited
Pakbrunei Investment company
Meezan Bank Limited

AUDITOR OF THE COMPANY

Riaz Ahmad & Co.
Chartered Accountants

**LEGAL ADVISOR OF
THE COMPANY**

Mr. M. Aurangzeb Khan
Advocate High Court

REGISTERED OFFICE

53-A, Lawrence Road,
Lahore-Pakistan
UAN: 042-111-11-33-33

HEAD OFFICE

1-B, Aziz Avenue, Gulberg-V,
Lahore- Pakistan
Tel: 042-35717090-96
Fax: 042-35717239

SHARE REGISTRAR

Central Depository Company of Pakistan Limited
CDC House,99-B, Block-B, S.M.C.H.S
Shahra-e-Faisal, Karachi – 74400
Tel: (92-21) 111-111-500
Fax: (92-21) 34326053

PLANT

Mehmood Kot, Muzaffargarh,
Punjab – Pakistan.



DIRECTORS' REPORT

The Directors of **Lalpir Power Limited** ("the Company") are pleased to present their report together with operational and financial results of your Company for the Period ended 30 Sep 2017.

Your Company is engaged in power generation with a net capacity of 350.00 MW furnace oil fired power plant against a gross capacity of 362 MW. The Sole purchaser of the power is Central Power Purchasing Authority Guarantee Limited (CPPA-G). We report that during the period under review power plant, by achieving all the operating standards, dispatched 1,246,957.700 MWH of electricity as compared with 1,372,332.100 MWH dispatched during the corresponding nine months of the previous financial year. Resultantly the capacity factor remained at 54.4% as against 59.8% demonstrated in the comparable nine months of the previous financial year.

Financial Results:

The financial results of the Company for the Period ended 30 September 2017 are as follows:

| Financial Highlights | PERIOD ENDED | |
|---------------------------------------|-------------------|-------------------|
| | 30 September 2017 | 30 September 2016 |
| Revenue (Rs '000') | 15,654,271 | 12,291,875 |
| Gross profit (Rs '000') | 1,470,321 | 1,457,944 |
| Gross profit ratio to revenue (%) | 9.39 | 11.86 |
| After tax profit (Rs '000') | 774,483 | 761,661 |
| After tax profit ratio to revenue (%) | 5 | 6.2 |
| Earnings per share (Rs) | 2.04 | 2.01 |

The Company has posted after tax profit of Rs. 774.483 million as against Rs 761.661 million earned in the comparative period. The net profits of the Company demonstrated the Earning per Share of Rs 2.04 as against Rs. 2.01 earned per share in the comparable previous period.

As earlier reported that CPPA-G has raised invoices for liquidate damages to the company on account of short supply of electricity by the company. The Company had disputed and rejected balance claims on account of liquidated damages that were raised by CPPA-G on the premise that its failure to dispatch electricity was due to CPPA-G's non-payment of dues on timely basis to the Company and consequential inability of the Company to make timely payments to its fuel suppliers that resulted in inadequate level of electricity production owing to shortage of fuel.

The Company and CPPA-G appointed former Chief Justice of Pakistan, Justice Tassaduq Husain Jilani as The Expert, under the mechanism given in the PPA. After a comprehensive process including written statements and arguments, On 22 June 2017, The Honourable Expert, issued his conclusions and recommendations. The conclusion upheld Company's position that CPPA-G cannot claim liquidated damages for a caused by CPPA-G. Company has requested CPPA-G to withdraw its invoices for liquidated damages and waiting for a formal response.

Other significant matters

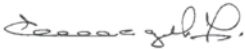
On 30 September 2016, Company had entered into an agreement with General Electric (GE) for their assistance in improvement in plant performance. The project, called PEPI, has been rolled out in the first six months of 2017. Dedicated teams from both side are working on possible areas of improvement some of which will be implemented in the one month planned shutdown in October 2017. When successfully implemented, these measures will help reduce the fuel losses (Delta Loss). The gain will be shared equally by both of the companies.

Acknowledgement

We wish to thank our valuable shareholders, CPPA-G, financial institutions, lenders, Pakistan State Oil and other suppliers for their trust and faith in the Company and their valuable support that enabled the Company to achieve better results.

We also appreciate the management for establishing a modern and motivating working climate and promoting high levels of performance in all areas of the power plant. We also take this opportunity to thank our executives and staff members for their consistent support, hardworking and commitment for delivering remarkable results and we wish for their long life relationship with the Company.

For and on behalf of the Board of Directors



(Mr. Aurangzeb Feroz)
Chief Executive Officer
Lahore: October 23, 2017



ڈائریکٹرز رپورٹ لال پیر پاور لمیٹڈ

لال پیر پاور لمیٹڈ "کمپنی" کے ڈائریکٹرز 30 ستمبر 2017 مختتمہ مدت کے لئے آپ کی کمپنی کے آپریشنل اور مالیاتی نتائج پر مشتمل اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

آپ کی کمپنی 362 MW کی مجموعی صلاحیت کے برعکس 350.00 MW کی خالص صلاحیت کے ساتھ فرانس آئل فائرڈ پاور پلانٹ سے بجلی پیدا کرنے میں مصروف ہے۔ بجلی کا واحد خریدار سنٹرل پاور پراجیکٹ اتھارٹی گارنٹی لمیٹڈ (سی پی پی اے۔ جی) ہے۔

ہم بیان کرتے ہیں کہ زیر جائزہ مدت کے دوران پاور پلانٹ نے گزشتہ مالی سال کی اسی نو ماہی کے دوران 1,372,332.100 MWH ترسیل کے مقابلے میں بجلی کی 1,246,957.700 MWH ترسیل کے تمام آپریٹنگ معیارات حاصل کئے ہیں۔ نتیجے میں صلاحیتی عنصر گزشتہ مالی سال کی نو ماہی میں ظاہر کردہ 59.8 فیصد کے مقابلے 54.4 فیصد رہا ہے۔

مالیاتی نتائج:

30 ستمبر 2017ء کو ختم ہونے والی مدت کے لئے کمپنی کے مالیاتی نتائج مندرجہ ذیل ہیں:

| مالی جھلکیاں | 30 ستمبر 2017 مختتمہ نو ماہی | 30 ستمبر 2016 مختتمہ نو ماہی |
|--|------------------------------|------------------------------|
| محصولات (000 روپے) | 15,654,271 | 12,291,875 |
| خام منافع (000 روپے) | 1,470,321 | 1,457,944 |
| خام منافع تناسب محصولات (فیصد) | 9.39 | 11.86 |
| بعد از ٹیکس منافع (000 روپے) | 774,483 | 761,661 |
| بعد از ٹیکس منافع تناسب محصولات (فیصد) | 5 | 6.2 |
| آمدن فی حصص (روپے) | 2.04 | 2.01 |

کمپنی نے تقابلی مدت میں 761.661 ملین روپے آمدنی کے مقابلے 774.483 ملین روپے بعد از ٹیکس منافع درج کیا ہے۔ کمپنی کا خالص منافع، گزشتہ مدت میں 2.01 روپے فی شیئر آمدن کے مقابلے میں 2.04 روپے فی شیئر آمدن ظاہر کرتا ہے۔

جیسا کہ پہلے بیان کیا گیا ہے کہ سی پی پی اے۔ جی نے کمپنی کی طرف سے بجلی کی فراہمی میں قلت کے سبب کمپنی کو لیکویڈیٹی نقصانات پہنچانے کے لئے انوائسز اٹھائی ہیں۔ کمپنی پریسمس پرس پی پی اے۔ جی کے لیکویڈیٹی نقصانات پر متنازعہ کر سکتی ہے اور دعوے کو مسترد کرتی ہے کیونکہ بجلی کی ترسیل میں یہ ناکامی کمپنی کے واجبات سی پی پی اے۔ جی کی طرف سے بروقت ادائیگی نہ ہونے اور کمپنی کی اپنے ایندھن سپلائرز کو بروقت ادائیگیوں کی نااہلیت کی وجہ سے تھی جس کے نتیجے میں ایندھن کی قلت کے سبب بجلی کی پیداوار کی ناکافی سطح رہی ہے۔

کمپنی اور سی پی پی اے۔ جی نے PPA میں دیئے گئے میکانزم کے تحت، سابقہ چیف جسٹس پاکستان، جسٹس تصدق حسین جیلانی کو بطور ایکسپٹ مقرر کیا ہے۔ تحریری بیانات اور دلائل سمیت ایک جامع عمل کے بعد 22 جون 2017 کو معزز ماہر نے اپنے نتائج اور سفارشات جاری کی ہیں۔ نتیجہ کمپنی کی حیثیت کو قائم رکھتا ہے کہ سی پی پی اے۔ جی کی جانب سے نقصانات کی بدولت سی پی پی اے۔ جی لیکویڈیٹی نقصانات کا دعویٰ نہیں کر سکتا ہے۔

کمپنی نے سی پی پی اے۔ جی سے لیکویڈیٹی نقصانات کے لئے اپنی انوائسز واپس لینے کی درخواست کی ہے اور ریکی جواب کا انتظار کر رہی ہے۔

دیگر اہم معاملات

30 ستمبر 2016 کو، کمپنی نے پلانٹ کی کارکردگی میں بہتری میں اپنی مدد کے لئے جنرل الیکٹرک (جی ای) کے ساتھ ایک معاہدہ کیا تھا۔ PEPI منصوبے کو 2017 کے پہلے چھ مہینوں میں ختم کر دیا گیا ہے۔ دونوں طرف سے وقف شدہ ٹیمیں بہتری کے ممکنہ شعبوں پر کام کر رہے ہیں جن میں سے کچھ اکتوبر 2017 میں ایک مہینہ کی مقررہ بندش میں لاگو کیے جائیں گے۔ جب کامیابی سے اطلاق ہوا، تو ان اقدامات سے ایندھن کے نقصانات (ڈیٹا نقصان) کو کم کرنے میں مدد ملے گی۔ فائدہ میں دونوں کمپنیاں مساوی طور پر شریک ہوں گی۔

اظہار تشکر

ہم اپنے قابل قدر حصہ داران، سی پی پی اے۔ جی، مالی اداروں، قرض دہندگان، پاکستان اسٹیٹ آنیل اور دیگر سپلائرز کے کمپنی پر اعتماد اور یقین اور انک کے قابل قدر تعاون کے شکر گزار ہیں جس نے کمپنی کو بہتر نتائج کے حصول کے قابل بنایا ہے۔ ہم، ایک جدید اور حوصلہ افزاء کام کے ماحول کے قیام اور پاور پلانٹ کے تمام شعبوں میں اعلیٰ سطح کی کارکردگی کو فروغ دینے کے لئے بھی انتظامیہ کی تعریف کرتے ہیں۔ ہم قابل ذکر نتائج کی فراہمی کے لئے کمپنی کے تمام عملہ کی مسلسل حمایت، سخت محنت اور عزم کو بھی سراہتے ہیں اور ہم کمپنی کے ساتھ ان کے طویل تعلقات چاہتے ہیں۔

منجانب بورڈ آف ڈائریکٹرز



جناب اورنگ زیب فیروز

چیف ایگزیکٹو آفیسر

لاہور:

23 اکتوبر 2017ء



CONDENSED INTERIM BALANCE SHEET

As at 30 September 2017

| | Note | Un-audited 30 September 2017 (Rupees in thousand) | Audited 31 December 2016 |
|--|------|--|--------------------------------|
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorized share capital 500,000,000 (31 December 2016: 500,000,000) ordinary shares of Rupees 10 each | | 5,000,000 | 5,000,000 |
| Issued, subscribed and paid-up share capital 379,838,733 (31 December 2016: 379,838,733) | | 3,798,387 | 3,798,387 |
| Ordinary shares of Rupees 10 each | | 107,004 | 107,004 |
| Revenue reserve - Un Appropriated Profit | | 8,728,044 | 8,713,239 |
| Total Equity | | 12,633,435 | 12,618,630 |
| LIABILITIES | | | |
| NON - CURRENT LIABILITIES | | | |
| Long - Term Financing | 5 | 368,677 | 783,438 |
| Employee benefit - gratuity | | 24,392 | 19,207 |
| | | 393,069 | 802,645 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 1,220,638 | 1,116,226 |
| Accrued mark-up / profit | | 143,911 | 95,424 |
| Short-term borrowings | | 9,906,785 | 8,631,862 |
| Current portion of long- term finance | 5 | 553,015 | 553,015 |
| | | 11,824,349 | 10,396,527 |
| Total liabilities | | 12,217,418 | 11,199,172 |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 6 | | |
| TOTAL EQUITY AND LIABILITIES | | 24,850,853 | 23,817,802 |

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

CHIEF EXECUTIVE

| | Note | Un-audited 30 September 2017 (Rupees in thousand) | Audited 31 December 2016 |
|--|------|--|--------------------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 7 | 9,294,350 | 9,868,334 |
| Investment property | 8 | 10,139 | 10,201 |
| Long-term loans to employees | | 55,830 | 54,076 |
| Long term investment | | - | 842 |
| Long Term security deposit | | 300 | 300 |
| | | <hr/> 9,360,619 | <hr/> 9,933,753 |
| CURRENT ASSETS | | | |
| Stores, spare parts and other consumables | | 970,424 | 976,655 |
| Fuel stock | | 250,013 | 349,471 |
| Trade debts | | 10,888,030 | 8,596,673 |
| Loans, advances and short-term prepayments | | 1,501,033 | 1,101,782 |
| Other receivables | | 93,609 | 237,654 |
| Sales tax recoverable | | 1,687,403 | 2,120,067 |
| Cash and bank balances | | 99,721 | 501,747 |
| | | <hr/> 15,490,233 | <hr/> 13,884,049 |
| TOTAL ASSETS | | <hr/> 24,850,853 | <hr/> 23,817,802 |



DIRECTOR



CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 30 SEPTEMBER 2017 (UN-AUDITED)

| | Note | Period Ended | | Quarter Ended | |
|---|------|------------------------------|--------------|------------------------------|--------------|
| | | 30 September | 30 September | 30 September | 30 September |
| | | 2017 (Rupees in thousand) | 2016 | 2017 (Rupees in thousand) | 2016 |
| REVENUE | | 15,654,271 | 12,291,875 | 5,183,856 | 4,487,249 |
| COST OF SALES | 9 | (14,183,950) | (10,833,931) | (4,775,603) | (4,040,518) |
| GROSS PROFIT | | 1,470,321 | 1,457,944 | 408,253 | 446,731 |
| ADMINISTRATIVE EXPENSES | | (164,725) | (163,190) | (79,792) | (73,671) |
| OTHER OPERATING EXPENSES | | (9,194) | (2,105) | (1,059) | (1,066) |
| OTHER INCOME | | 47,149 | 7,974 | 18,186 | 1,086 |
| PROFIT FROM OPERATIONS | | 1,343,551 | 1,300,623 | 345,588 | 373,080 |
| FINANCE COST | | (569,068) | (538,876) | (198,311) | (183,771) |
| SHARE OF LOSS OF ASSOCIATED COMPANY | | - | (86) | - | (12) |
| PROFIT BEFORE TAXATION | | 774,483 | 761,661 | 147,277 | 189,297 |
| TAXATION | | - | - | - | - |
| PROFIT AFTER TAXATION | | 774,483 | 761,661 | 147,277 | 189,297 |
| OTHER COMPREHENSIVE INCOME | | - | - | - | - |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | | 774,483 | 761,661 | 147,277 | 189,297 |
| EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES) | | 2.04 | 2.01 | 0.39 | 0.50 |

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

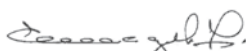

CHIEF EXECUTIVE


DIRECTOR

CONDENSED INTERIM CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2017 (UN-AUDITED)

| Note | Period Ended | |
|--|--|----------------------|
| | 30 September 2017 (Rupees in thousand) | 30 September 2016 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 774,483 | 761,661 |
| Adjustments for non cash charges and other items: | | |
| Depreciation on operating fixed assets | 656,779 | 615,096 |
| Depreciation on investment property | 62 | 62 |
| Provision for gratuity | 8,875 | 8,808 |
| Share of loss from associated company | - | 86 |
| Impairment loss on long term investment in associated company | 841 | - |
| Loss on disposal of property, plant and equipment | 6,292 | - |
| Interest income | (40,129) | (121) |
| Finance cost | 569,068 | 538,876 |
| Cash flows from operating activities before working capital changes | 1,976,271 | 1,924,468 |
| (Increase) / decrease in current assets: | | |
| Stores, spare parts and other consumables | 6,231 | (40,562) |
| Fuel stock | 99,458 | 199,574 |
| Trade debts | (2,291,357) | (1,871,487) |
| Loans, advances and short-term prepayments | (390,524) | (771,750) |
| Other receivables | 144,045 | 143,602 |
| Sales tax recoverable | 432,664 | (428,201) |
| | (1,999,483) | (2,768,824) |
| Increase in trade and other payables | (52,854) | (129,337) |
| Cash utilized in operations | (76,066.46) | (973,693) |
| Finance cost paid | (520,581) | (546,063) |
| Interest income received | 40,129 | 121 |
| Income tax paid | (8,727) | (7,433) |
| Gratuity paid | (3,690) | 6,453 |
| Net cash used in operating activities | (568,935) | (1,520,615) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Capital expenditure on property, plant and equipment | (109,017) | (56,337) |
| Proceeds from sale of property, plant and equipment | 19,930 | 1,094 |
| Long term loans | (1,754) | (364) |
| Net cash used in investing activities | (90,842) | (55,607) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayment of long term loan | (414,761) | (414,761) |
| Dividends paid | (602,412) | (379,899) |
| Net cash used in financing activities | (1,017,173) | (794,660) |
| Net (decrease) / increase in cash and cash equivalents | (1,676,950) | (2,370,882) |
| Cash and cash equivalents at beginning of the period | (8,130,115) | (5,928,467) |
| Cash and cash equivalents at end of the period 10 | (9,807,064) | (8,299,349) |

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



CHIEF EXECUTIVE



DIRECTOR
LALPIR POWER LIMITED



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2017 (UN-AUDITED)

| | SHARE CAPITAL | RESERVES | | TOTAL EQUITY |
|---|------------------|---------------------------------|-------------------------------|-------------------|
| | | Capital | Revenue | |
| | | Retained payments reserve | Un- appropriated profit | |
| (-----Rupees in thousand-----) | | | | |
| Balance as at 31 December 2015 - audited | 3,798,387 | 107,004 | 8,480,672 | 12,386,063 |
| Transaction with owners: | | | | |
| Final dividend for the period ended 31 December 2015 @ Rupee 1 per share | - | - | (379,839) | (379,839) |
| Interim dividend @ Rupee 1 per share | - | - | (379,839) | (379,839) |
| | | | (759,678) | (759,678) |
| Profit for the period ended 30 September 2016 | - | - | 761,661 | 761,661 |
| Other Comprehensive income for the period ended 30 September 2016 | - | - | - | - |
| Total comprehensive income for the period ended 30 September 2016 | - | - | 761,661 | 761,661 |
| Transaction with owners-Interim dividend for the year ended 31 december 2015 @ rupee 1 per share | - | - | - | - |
| Balance as at 30 September 2016 (Un-audited) | 3,798,387 | 107,004 | 8,482,655 | 12,388,046 |
| Balance as at 31 December 2016 (audited) | 3,798,387 | 107,004 | 8,713,239 | 12,618,630 |
| Final dividend for the year ended 31 December 2016 @ Rupee 1 per share | - | - | (379,839) | (379,839) |
| Interim Dividend @ Rupee 1 per Share | - | - | (379,839) | (379,839) |
| Transaction with owners directly recognized in equity | - | - | (759,678) | (759,678) |
| Profit for the period ended 30 September 2017 | - | - | 774,483 | 774,483 |
| Other Comprehensive income for the period ended 30 September 2017 | - | - | - | - |
| Total comprehensive income for the period ended 30 September 2017 | - | - | 774,483 | 774,483 |
| Balance as at 30 September 2017 (Un-audited) | 3,798,387 | 107,004 | 8,728,044 | 12,633,435 |

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


CHIEF EXECUTIVE


DIRECTOR

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 SEPTEMBER 2017 (UN-AUDITED)

1. THE COMPANY AND ITS OPERATIONS

Lalpir Power Limited ("the Company") was incorporated in Pakistan on 08 May 1994 under the repealed Companies Ordinance, 1984. The registered office of the Company is situated at 53-A, Lawrence Road, Lahore. The ordinary shares of the Company are listed on Karachi Stock Exchange Limited and Lahore Stock Exchange Limited of Pakistan. The principal activities of the Company are to own, operate and maintain an oil fired power station ("the Complex") having gross capacity of 362 MW in Mehmood Kot, Muzaffargarh, Punjab, Pakistan.

2. BASIS OF PREPARATION

This condensed interim financial information is un-audited. This condensed interim financial information for the nine months period ended 30 September 2017 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 repealed Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the repealed Companies Ordinance, 1984 have been followed. This condensed interim financial information should be read in conjunction with the audited annual financial statements of the Company for the year ended 31 December 2016 and interim financial statements for the period ended 30 June 2017.

The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017 on 30 May 2017. SECP vide its Circular 23 of 2017 and its press release dated 04 October 2017 in continuation of circular No 17 of 2017 dated 20 July 2017, has clarified that the companies whose financial year, including quarterly and other interim period, closes on or before 31 December 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. The Companies Act, 2017 requires enhanced disclosures about Companies Operations and has also enhanced the definition of related parties.

3. ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of this condensed interim financial information are same as applied in the preparation of the preceding audited annual financial statements of the Company for the year ended 31 December 2016.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this condensed interim financial information in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual financial statements of the Company for the year ended 31 December 2016



5. LONG TERM FINANCING

| | Un-audited 30 September 2017 (Rupees in thousand) | Audited 31 December 2016 |
|---|--|--------------------------------|
| Opening balance | 1,336,453 | 1,889,468 |
| Less: Repaid during the period / year | 414,761 | 553,015 |
| | 921,692 | 1,336,453 |
| Less: Current portion shown under current liabilities | 553,015 | 553,015 |
| | 368,677 | 783,438 |

6. CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

6.1.1 There is no significant change in the status of contingencies disclosed in the preceding audited annual published financial statements of the Company for the year ended 31 December 2016 and half yearly published financial statements of the Company for the period ended 30 June 2017 except the following:

6.1.2 The bank of the Company has issued a letter of guarantee in favour of Pakistan State Oil Company Limited (PSO) - fuel supplier for an amount of Rupees 1,500 million.

6.2 Commitments

6.2.1 The Company has entered into a contract for a period of thirty years for purchase of fuel from Pakistan State Oil Company Limited (PSO). Under the terms of Fuel Supply Agreement (FSA), the Company is not required to buy any minimum quantity of fuel from PSO.

6.2.2 Commitments in respect of letters of credit for capital expenditure

| | |
|---------|--------|
| 212,110 | 34,251 |
|---------|--------|

6.2.3 Commitments in respect of other than capital expenditure

| | |
|--------|---------|
| 14,820 | 291,260 |
|--------|---------|

7. PROPERTY, PLANT AND EQUIPMENT

| | Un-audited 30 September 2017 (Rupees in thousand) | Audited 31 December 2016 |
|-------------------------------------|--|--------------------------------|
| Operating fixed assets (Note 7.1) | 9,071,998 | 9,632,917 |
| Capital work-in-progress (Note 7.2) | 222,352 | 235,417 |
| | 9,294,350 | 9,868,334 |

| | Un-audited 30 September 2017 (Rupees in thousand) | Audited 31 December 2016 |
|--|--|--------------------------------|
| 7.1 Operating fixed assets | | |
| Opening book value | 9,632,917 | 9,649,568 |
| Add: Cost of addition during the period / year (Note 7.1.1) | 122,082 | 817,771 |
| Less: Book value of deletions / derecognition during the period / year (Note 7.1.2) | 26,222 | 6,388 |
| Less: Depreciation charged during the period / year | 656,779 | 828,034 |
| Closing book value | 9,071,998 | 9,632,917 |
| 7.1.1 Cost of additions | | |
| Buildings on freehold land | 39,953 | 2,354 |
| Plant and machinery | 43,095 | 784,716 |
| Furniture and fixtures | 36 | 532 |
| Vehicles | 36,196 | 20,542 |
| Office equipment | 1,951 | 5,040 |
| Electric equipment and appliances | 845 | 4,583 |
| Telephone installation | 6 | 4 |
| | 122,082 | 817,771 |
| 7.1.2 Book value of disposals / derecognitions | | |
| Cost | | |
| - Plant and machinery | 12,495 | 39,657 |
| - Vehicles | 22,634 | 3,222 |
| | 35,129 | 42,879 |
| Less: Accumulated depreciation | 8,908 | 36,491 |
| | 26,222 | 6,388 |
| 7.2 Capital work-in-progress | | |
| Civil Work | - | 39,588 |
| Plant and machinery | 205,562 | 195,829 |
| Others | 16,790 | - |
| | 222,352 | 235,417 |
| 8. INVESTMENT PROPERTY | | |
| Opening net book value | 10,201 | 10,284 |
| Less: Depreciation charged during the period / year | 62 | 83 |
| | 10,139 | 10,201 |



9. COST OF SALES

| | (Un-audited) Nine Months Ended | | (Un-audited) Quarter Ended | |
|---------------------------------|--|----------------------|--|----------------------|
| | 30 September 2017 (Rupees in thousand) | 30 September 2016 | 30 September 2017 (Rupees in thousand) | 30 September 2016 |
| Fuel cost | 12,912,005 | 9,646,707 | 4,363,555 | 3,659,842 |
| Operation and maintenance costs | 331,637 | 301,329 | 107,757 | 106,745 |
| Insurance cost | 326,931 | 324,995 | 110,268 | 108,332 |
| Depreciation | 600,674 | 560,782 | 181,464 | 165,582 |
| Liquidated damages to WAPDA | 12,703 | 118 | 12,559 | 20 |
| | <u>14,183,950</u> | <u>10,833,931</u> | <u>4,775,603</u> | <u>4,040,521</u> |

10. CASH AND CASH EQUIVALENTS

| | Un-audited Nine Months Ended | |
|------------------------|--|----------------------|
| | 30 September 2017 (Rupees in thousand) | 30 September 2016 |
| Cash and bank balances | 99,721 | 136,421 |
| Short-term borrowings | (9,906,785) | (8,435,770) |
| | <u>(9,807,064)</u> | <u>(8,299,349)</u> |

11. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of associated companies, key management personnel and staff retirement benefit plans. The Company in the normal course of business carries out transactions with these related parties. Details of transactions with related parties are as follows:

| Relationship with the Company | Nature of transaction | (Un-audited) Nine Months Ended | | (Un-audited) Quarter Ended | |
|------------------------------------|---------------------------------------|---|-----------------|---|-----------------|
| | | 30 Sep. 2017 (Rupees in thousand) | 30 Sep. 2016 | 30 Sep. 2017 (Rupees in thousand) | 30 Sep. 2016 |
| Associated companies | Insurance premium | 391,110 | 388,421 | 128,240 | 122,455 |
| | Insurance claim received | 1,621 | 1,279 | 619 | 456 |
| | Dividend paid | 196,646 | 212,590 | - | - |
| | Share of expenses | 273,678 | 239,932 | 92,676 | 80,149 |
| | Share of Rental Income | 1,267 | 1,267 | 421 | 427 |
| | Bording lodging services | 655 | 377 | 214 | 304 |
| | Purchase of stores | 321 | 1,944 | 189 | - |
| | Rent Expenses | 4,710 | 4,710 | 1,570 | 1,570 |
| | Flying services | - | 871 | - | - |
| | Interest Charged | 39,348 | 11,350 | 17,065 | 3,884 |
| | Loan made | 1,000,000 | 1,000,000 | - | - |
| | Stores and spares ransferred to | - | 5,554 | (19,521) | 2,184 |
| | Stores and spares transferred from | - | 2,289 | (4,026) | 1,107 |
| Key management personnel | Remuneration | 5,864 | 5,208 | 1,450 | 1,399 |
| Staff Retirement benefits plans | Contribution to provident funds | 24,530 | 22,462 | 8,107 | 7,598 |
| | Contribution to gratuity funds | 17,751 | 17,616 | 5,917 | 5,872 |

12. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was approved by the Board of Directors of the Company and authorized for issue on 23 October 2017.

13. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual financial statements of the Company for the year ended 31 December 2016

14. CORRESPONDING FIGURES

In order to comply with 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 audited annual financial statements of preceding financial year, whereas, the condensed interim profit and loss account, 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 purpose of comparison, however, no significant re-arrangements have been made.

15. GENERAL

Figures have been rounded off to the nearest thousand Rupees, unless otherwise stated.


CHIEF EXECUTIVE
DIRECTOR



