



1st QUARTER REPORT

September 30, 2019
(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. Aqeel Ahmed Nasir Mr. Hafiz Muhammad Yousaf Mr. Saad Iqbal Mr. Muhammad Arshad Ch. Mr. Muhammad Ikram Khan Ms. Zunaira Azhar
Audit Committee	Mr. Hafiz Muhammad Yousaf (Chairman) Mr. Saad Iqbal Mr. Muhammad Arshad Ch. Mr. Muhammad Ikram Khan
HR Committee	Mr. Aqeel Ahmed Nasir (Chairman) Mr. Aftab Mahmood Butt Mr. Muhammad Ikram Khan
LDS Committee	Mr. Aqeel Ahmed Nasir (Chairman) Mr. Aftab Mahmood Butt Mr. Saad Iqbal
General Manager Finance / CFO	Mr. M. Mohtashim Aftab
Company Secretary	Mr. A. Anthony Rath
Head of Internal Audit	Mr. Sikandar Usmani
Auditors	Deloitte Yousuf Adil Chartered Accountants
Internal Auditors	EY Ford Rhodes Chartered Accountants
Legal Advisor	Cornelius, Lane & Mufti
Bankers	<u>Conventional</u> Allied Bank Limited Askari Bank Limited Bank Al-Habib Limited Citibank, N.A. Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited MCB Bank Limited National Bank of Pakistan Samba Bank Limited Standard Chartered Bank (Pakistan) Limited United Bank Limited <u>Islamic</u> AlBaraka Bank (Pakistan) Limited Askari Bank Limited-IBD Bank Alfalah Limited BankIslami Pakistan Limited Dubai Islamic Bank Pakistan Limited Meezan Bank Limited National Bank of Pakistan-IBD Standard Chartered Bank (Pakistan) Limited-IBD The Bank of Punjab-IBD
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	Office No. 309, 3rd Floor, Evacuee Trust Complex Agha Khan Road, F-5/1, Islamabad, Pakistan
Corporate Office	5 B/3, Gulberg III, Lahore 54660, Pakistan Tel: +92 (0)42 3577 2912-6 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

We are pleased to present the financial statements (un-audited) for the first quarter ended September 30, 2019.

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.

The net output from the plant was 2,101 GWh of electricity, resulting in a load factor of 70.7% and an overall commercial availability of 96.7%.

Turnover for the review period was Rs. 35,365 Million and cost of sales were Rs. 30,141 Million. Profit after tax for the period was Rs. 5,033 Million (compared to Rs. 2,741 Million in the corresponding period in 2018), delivering an earnings per share (EPS) of Rs. 5.72 (EPS Rs. 3.11 (adjusted, reference Note 2.3) in corresponding period in 2018).

On September 30, 2019, the receivables (including overdue receivables) from the Company's off-taker were Rs. 132,155 Million. The Company continues to actively pursue the off-taker and concerned Ministries in the Government of Pakistan for settlement of the outstanding receivables.

During the review period, Combustion Inspection of four Gas Turbines were carried out as per plan and major overhauling of two Gas Turbines are in progress.

The Company has complied with the requirements of the Regulations in the following manner:

- The total number of directors are eight (8) as per the following:
 - Male: Seven (7)
 - Female: One (1)
- The composition of board is as follows:

Category	Names
Independent Directors	<ul style="list-style-type: none">Mr. Aqeel Ahmed NasirMr. Hafiz Muhammad YousafMr. Saad IqbalMs. Zunaira Azhar
Executive Directors	<ul style="list-style-type: none">Mr. Aftab Mahmood Butt(Chief Executive)
Non-Executive Directors	<ul style="list-style-type: none">Lt. General Muzammil Hussain (Retd)Mr. Muhammad Arshad ChaudhryMr. Muhammad Ikram Khan

Committees of the Board:

Audit Committee	<ul style="list-style-type: none">Mr. Hafiz Muhammad Yousaf (Chairman)Mr. Muhammad Arshad Ch.	<ul style="list-style-type: none">Mr. Saad IqbalMr. Muhammad Ikram Khan
HR Committee	<ul style="list-style-type: none">Mr. Aqeel Ahmed Nasir (Chairman)Mr. Muhammad Ikram Khan	<ul style="list-style-type: none">Mr. Aftab Mahmood Butt
Lds Committee	<ul style="list-style-type: none">Mr. Aqeel Ahmed Nasir (Chairman)Mr. Saad Iqbal	<ul style="list-style-type: none">Mr. Aftab Mahmood Butt



Aftab Mahmood Butt
Chief Executive

Islamabad: October 28, 2019

KOT ADDU POWER COMPANY LIMITED

On behalf of the Board



Hafiz Muhammad Yousaf
Director

ہمیں 30 ستمبر 2019 کو ختم ہونے والی پہلی سہ ماہی تک کے مالیاتی گوشوارے (غیر تصحیح شدہ) پیش کرنے پر خوشی محسوس ہو رہی ہے۔

کمپنی کی بنیادی سرگرمی کوٹ اڈو میں اپنے گیس، فزرنس 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 و جائزہ مدت کے دوران، پلانٹ سے بجلی کی مجموعی پیداوار 2,101 GWh رہی، جس کے نتیجے میں 70.7 فیصد لوڈ فیکٹر اور مجموعی تجارتی دستیابی 96.7 فیصد رہی۔

جائزے کی مدت میں کمپنی کا کاروباری حجم 35,365 ملین روپے رہا ہے جس میں فروخت کی لاگت 30,141 ملین روپے ہے۔ ٹیکس کی ادائیگی کے بعد منافع 5,033 ملین روپے رہا ہے (جبکہ 2018 میں اسی مدت میں منافع 2,741 ملین روپے تھا)۔ اس طرح اس سال آمدنی فی حصص (EPS) 5.72 روپے رہی ہے (جبکہ 2018 میں آمدنی فی حصص (EPS) 3.11 روپے تھی)۔ تعلق شدہ، بحوالہ نوٹ نمبر 2.3)۔

30 ستمبر 2019 تک خریدار کے ذمہ کمپنی کی واجب الادا رقم (بشمول زمانہ المعیاد واجب الادا رقم) 132,155 ملین روپے تھی۔ کمپنی مذکورہ بتایا جات کے سلسلے میں متعلقہ خریدار اور حکومت پاکستان کی وزارتوں سے معاملات کے حل کے لیے مسلسل پیروی کر رہی ہے۔

زیر و جائزہ مدت کے دوران منصوبے کے مطابق چار گیس ٹرپائمنٹوں کی حرارت پذیری کا معائنہ کیا گیا۔ اور دو گیس ٹرپائمنٹوں کا تصحیحی معائنہ اور مرمت کا کام جاری ہے۔

کمپنی نے مندرجہ ذیل انداز میں قوانین کے تقاضوں کی تعمیل کی ہے:

1- مندرجہ ذیل ترتیب سے ڈائریکٹرز کی کل تعداد آٹھ (8) ہے:

(a) مزد سات (7)

(b) خواتین ایک (1)

2- بورڈ کی ترتیب کی درج ذیل ہے:


نام	کمپنی
• جناب حافظ محمد یوسف • جناب عقیل احمد ناصر • محترمہ مزونہ بیگم	خود مختار ڈائریکٹرز
• جناب آفتاب محمود بٹ (چیف ایگزیکٹو)	ایگزیکٹو ڈائریکٹرز
• جناب محمد ارشد چوہدری • لیفٹیننٹ جنرل مرزا حسین (ریٹائرڈ) • جناب محمد اکرام خان	نان ایگزیکٹو ڈائریکٹرز

بورڈ کی کمیٹیاں:

• جناب حافظ محمد یوسف (چیئر مین) • جناب عقیل احمد ناصر • جناب محمد اکرام خان	آڈٹ کمیٹی
• جناب عقیل احمد ناصر (چیئر مین) • جناب محمد اکرام خان	ایچ آر کمیٹی
• جناب عقیل احمد ناصر (چیئر مین) • جناب آفتاب محمود بٹ • جناب محمد اکرام خان	LDs کمیٹی

منجانب بورڈ


حافظ محمد یوسف
ڈائریکٹر


آفتاب محمود بٹ
چیف ایگزیکٹو آفیسر

اسلام آباد: 28 اکتوبر 2019ء

Condensed Interim Balance Sheet

as at September 30, 2019 (Un-audited)

	September 30, 2019	June 30, 2019
Note	(Rupees in thousand)	
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Authorised capital		
3,600,000,000 (June 30, 2019: 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, 2019: 880,253,228) ordinary shares of Rs 10 each	8,802,532	8,802,532
Capital reserve	444,451	444,451
Unappropriated profit	36,947,426	31,914,164
	46,194,409	41,161,147
NON-CURRENT LIABILITIES		
Liabilities against assets subject to finance lease	22,538	25,106
Deferred liabilities	1,986,883	1,762,224
	2,009,421	1,787,330
CURRENT LIABILITIES		
Current portion of long term liabilities	12,705	12,976
Finances under mark-up arrangements - secured	54,501,569	54,180,294
Provision for taxation - net	994,955	641,741
Trade and other payables	48,277,381	40,138,658
Unclaimed dividend	1,276,720	1,344,900
	105,063,330	96,318,569
CONTINGENCIES AND COMMITMENTS		
	153,267,160	139,267,046

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



Aftab Mahmood Butt
Chief Executive Officer



M. Mohtashim Aftab
Chief Financial Officer

		September 30, 2019	June 30, 2019
	Note	(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	5,785,849	6,337,095
Intangible assets		3,606	4,252
Assets subject to finance lease		30,953	34,721
Capital work-in-progress		4,988	4,988
Long term loans and deposits		22,117	25,395
Post retirement benefits		339,293	348,784
		6,186,806	6,755,235
CURRENT ASSETS			
Stores and spares		3,372,005	3,465,081
Stock-in-trade		8,020,568	9,466,456
Trade debts	8	132,155,406	115,798,387
Loans, advances, deposits, prepayments and other receivables		2,252,289	2,431,965
Cash and bank balances		1,280,086	1,349,922
		147,080,354	132,511,811
		<u>153,267,160</u>	<u>139,267,046</u>


 Hafiz Muhammad Yousaf
 Director

Condensed Interim Profit and Loss Account
for the quarter ended September 30, 2019 (Un-audited)

	Note	Quarter ended	
		September 30, 2019	September 30, 2018 (Restated)
		(Rupees in thousand)	
Sales		35,365,481	31,595,289
Cost of sales	9	(30,141,137)	(27,978,068)
Gross profit		5,224,344	3,617,221
Administrative expenses		(206,845)	(176,980)
Other income		4,367,353	2,529,228
Profit from operations		9,384,852	5,969,469
Finance cost		(2,292,069)	(2,098,764)
Profit before tax		7,092,783	3,870,705
Taxation		(2,059,521)	(1,130,089)
Profit for the period		5,033,262	2,740,616
Earnings per share - basic and diluted	Rupees	5.72	3.11

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



Aftab Mahmood Butt
Chief Executive Officer



M. Mohtashim Aftab
Chief Financial Officer



Hafiz Muhammad Yousaf
Director

Condensed Interim Statement of Comprehensive Income
for the quarter ended September 30, 2019 (Un-audited)

	Quarter ended	
	September 30, 2019	September 30, 2018 (Restated)
	(Rupees in thousand)	
Profit for the period	5,033,262	2,740,616
- 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	5,033,262	2,740,616

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



Aftab Mahmood Butt
Chief Executive Officer



M. Mohtashim Aftab
Chief Financial Officer



Hafiz Muhammad Yousaf
Director

Condensed Interim Cash Flow Statement
for the quarter ended September 30, 2019 (Un-audited)

	Note	Quarter ended	
		September 30, 2019	September 30, 2018 (Restated)
(Rupees in thousand)			
Cash flows from operating activities			
Cash generated from operations	11	3,102,145	105,373
Finance cost paid		(1,891,282)	(966,492)
Taxes paid		(1,506,712)	(972,789)
Staff retirement benefits paid		(10,744)	(9,232)
Net cash used in operating activities		(306,593)	(1,843,140)
Cash flows from investing activities			
Fixed capital expenditure		(19,442)	(2,873)
Income on bank deposits received		1	2
Net increase in long term loans and deposits		3,278	2,288
Proceeds from sale of property, plant and equipment		2,664	1,741
Net cash (used in) / generated from investing activities		(13,499)	1,158
Cash flows from financing activities			
Repayment of liabilities against assets subject to finance lease		(2,839)	(4,274)
Dividend paid		(68,180)	(23,555)
Net cash used in financing activities		(71,019)	(27,829)
Net decrease in cash and cash equivalents during the period		(391,111)	(1,869,811)
Cash and cash equivalents at the beginning of the period		(52,830,372)	(49,189,644)
Cash and cash equivalents at the end of the period	12	(53,221,483)	(51,059,455)

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



Aftab Mahmood Butt
Chief Executive Officer



M. Mohtashim Aftab
Chief Financial Officer



Hafiz Muhammad Yousaf
Director

Condensed Interim Statement of Changes in Equity

for the quarter ended September 30, 2019 (Un-audited)

	Share Capital	Capital reserve	Un-appro- priated profit	Total
	(Rupees in thousand)			
Balance as at June 30, 2018	8,802,532	444,451	25,845,905	35,092,888
Impact of change in accounting policy- IFRS 15 (net of tax)	-	-	(1,851,655)	(1,851,655)
Adjusted balance as at June 30, 2018	8,802,532	444,451	23,994,250	33,241,233
Total comprehensive income for the period (earlier reported)	-	-	3,115,597	3,115,597
Adjustment of True-up Income (Note 2.3)	-	-	(374,981)	(374,981)
Balance as at September 30, 2018	8,802,532	444,451	26,734,866	35,981,849
Final dividend for the year ended June 30, 2018 - Rs 4.80 per share	-	-	(4,225,215)	(4,225,215)
Profit for the period	-	-	10,370,924	10,370,924
Other comprehensive income: - Re-measurement of net defined benefit obligation - net of tax	-	-	353,969	353,969
Total comprehensive income for the period	-	-	10,724,893	10,724,893
Interim dividend for the year ended June 30, 2019 - Rs 1.50 per share	-	-	(1,320,380)	(1,320,380)
Balance as at June 30, 2019	8,802,532	444,451	31,914,164	41,161,147
Total comprehensive income for the period	-	-	5,033,262	5,033,262
Balance as at September 30, 2019	8,802,532	444,451	36,947,426	46,194,409

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



Aftab Mahmood Butt
Chief Executive Officer



M. Mohtashim Aftab
Chief Financial Officer



Hafiz Muhammad Yousaf
Director

Notes to and forming part of the Condensed Interim Financial Information
for the quarter ended September 30, 2019 (Un-audited)

1. Legal status and nature of business

Kot Addu Power Company Limited (the Company or KAPCO), was incorporated in Pakistan on April 25, 1996 as a public limited company under the Companies Ordinance, 1984 (now Companies Act, 2017). The Company was listed on April 18, 2005 on 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).

2. Basis of preparation

2.1 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 Act, 2017. In case where the requirements differ, the provisions of or directives issued under the Companies Act, 2017 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, 2019.

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, 2019. Further, the basis of significant estimates are same as those that were applied to the financial statements for the year ended June 30, 2019, except for estimation of provision for taxation as referred to in note 4.

2.2 Expiry of PPA and going concern assumption

The existing PPA is for the term of 25 years which will expire on June 26, 2021. As per the stipulations of PPA relating to renewal, the Company has taken-up the matter for new or renewal/extension of PPA with WAPDA and other relevant quarters of the Government of Pakistan (GOP/Government).

Currently, the Government is in the process of implementing reforms in the energy sector and formulating a new energy policy for issuance and renewal of power purchase contracts. Under the new energy policy, a merchant market contracts regime on competitive pricing mechanism (take & pay basis) is expected to be introduced, for both new and renewal cases. Since, the timeframe and structure of the new energy policy is being finalised, therefore, the terms and conditions of sale/purchase of electricity by the Company and the level of plant utilisation beyond June 26, 2021, will be determined after the promulgation of the said policy. It is expected that the plant will be technically and commercially viable under the new regime.

Notes to and forming part of the Condensed Interim Financial Information
for the quarter ended September 30, 2019 (Un-audited)

2.3 Restatement of prior period True-up Income

True-up income results from change in US Dollar - Pak Rupee exchange rate exceeding the threshold defined in PPA, compared to the rates used for indexation calculation of relevant CPP invoices, under section 13.4 (iv) of Part II of Schedule 6 of PPA. Previously the Company recorded True-up Income on the basis of total CPP amount (including the CPP amount not yet realized) as on reporting date. The basis were reassessed keeping in view the requirements of IFRS 15 'Revenue from Contracts with Customers' as at June 30, 2019 and it was concluded that True-up income contained variable consideration subject to significant uncertainties attributable to factors beyond the Company's influence, therefore True-up income is recognised to the extent of firmed up consideration i.e. upon receipts of relevant underlying CPP invoices by the reporting date. Accordingly, for proper comparison purposes, following restatements are being made in the financial results for the quarter ended September 30, 2018.

	Previously Reported	Impact of Restatement	Restated Amounts
	(Rupees in thousand)		
Other income	3,072,679	(543,451)	2,529,228
Profit after tax	3,115,597	(374,981)	2,740,616
Earnings per share - Rupees	3.54	(0.43)	3.11

3. Standards, amendments and interpretations to published approved accounting standards

3.1 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, 2019 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.

3.2 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, 2019 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.

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

Notes to and forming part of the Condensed Interim Financial Information
for the quarter ended September 30, 2019 (Un-audited)

5. Trade and other payables

Trade and other payables include payable to Pakistan State Oil Company Limited (PSO) amounting to Rs 1,038 million (June 30, 2019: Rs 4,105 million) and Sui Northern Gas Pipelines Limited (SNGPL) amounting to Rs 24,614 million (June 30, 2019: Rs 15,053 million) against fuel supplies.

6. Contingencies and commitments

6.1 Contingencies

- (a) There has been no significant change in the status of the contingent liabilities disclosed as at June 30, 2019 except for the following:
- (i) 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.

Later on the Tax Department filed miscellaneous application for rectification before ATIR which was decided against the Company. Being aggrieved, the Company filed reference with the Honorable Lahore High Court (LHC) against this order.

The LHC issued an order dated December 05, 2018 wherein it was held that the miscellaneous applications filed by the Tax Department at ATIR for recalling the earlier orders (which were in favor of KAPCO) are set aside and remanded back to ATIR with the direction that these miscellaneous applications will be deemed pending before ATIR and ATIR after allowing proper opportunity of being heard to both the parties shall decide in detail these applications.

The management is of the view that instead of being remanded back to ATIR, case should have been decided in favor of the Company. Being aggrieved, the Company applied for leave of appeal before Honorable Supreme Court of

Notes to and forming part of the Condensed Interim Financial Information
for the quarter ended September 30, 2019 (Un-audited)

Pakistan who vide order dated 21 August 2019 remanded the case back to Lahore High Court to decide the same afresh after addressing the question of law involved therein.

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 these financial statements.

- (ii) Additional Commissioner Inland Revenue amended the assessment of tax year 2018 and issued an order by disallowing certain expenses, on April 23, 2019 creating a demand of Rs 277 million. The Company filed an appeal before CIR(A). CIR(A) issued an order dated July 23, 2019 wherein all the issues, except disallowance of acquisition cost amounting to Rs 297 million, were decided in Company's favor. The Company filed an appeal before ATIR against disallowance of acquisition cost which is pending adjudication.

The management is of the view that there are meritorious grounds available to defend the foregoing demand. Consequently no provision for such demand has been made in these financial statements.

- (b) The Company has provided bank guarantee in favor of Sui Northern Gas Pipelines Limited on account of payment of dues against gas sales etc., amounting to Rs 4 million (June 30, 2019: Rs 4 million).

6.2 Commitments

- (i) Contracts for capital expenditure Rs 4 million (June 30, 2019: Rs 21 million).
(ii) Letters of credit other than for capital expenditure Rs 778 million (June 30, 2019: Rs 128 million).
(iii) Contracts for car ijara are Rs 64 million (June 30, 2019: Rs 59 million).

	September 30, 2019	June 30, 2019
Note	(Rupees in thousand)	
7. Property, plant and equipment		
Opening Net Book Value (NBV)	6,337,095	8,564,577
Add: Additions / transfers during the period	7.1 19,868	89,752
	<u>6,356,963</u>	<u>8,654,329</u>
Less: Disposals / adjustments during the period (at NBV)	416	12,375
Depreciation charged during the period	570,698	2,304,859
	<u>571,114</u>	<u>2,317,234</u>
	<u>5,785,849</u>	<u>6,337,095</u>

Notes to and forming part of the Condensed Interim Financial Information
for the quarter ended September 30, 2019 (Un-audited)

		September 30, 2019	June 30, 2019
	Note	(Rupees in thousand)	
7.1	Following is the detail of additions / transfers during the period		
	Additions:		
	Buildings on freehold land	-	13,861
	Gas turbine blading	-	63,117
	Auxiliary plant and machinery	19,448	4,829
	Office equipment	-	3,632
	Furniture and fixtures	-	311
		19,448	85,750
	Transfers:		
	Vehicles	420	4,002
		19,868	89,752
8.	Trade debts		
	Trade debts	132,384,508	116,027,489
	Less: Provision for doubtful debts	229,102	229,102
		132,155,406	115,798,387

8.1 These are considered good except Rs 229 million (June 30, 2019: Rs 229 million) which are considered doubtful. Trade debts include an overdue amount of Rs 110,725 million (June 30, 2019: Rs 94,071 million) receivable from WAPDA, which is a related party of the Company. The maximum aggregate amount outstanding during the period was Rs 133,026 million (June 30, 2019: Rs 131,988 million). 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.

		September 30, 2019	September 30, 2018
		(Rupees in thousand)	
9.	Cost of sales		
	Fuel cost	28,529,201	26,591,516
	Salaries, wages and benefits	642,533	591,945
	Plant maintenance	46,271	55,328
	Gas turbines overhauls	350,997	30,964
	Repair and renewals	22,264	148,550
	Depreciation on property, plant and equipment	549,224	556,200
	Amortisation on intangible assets	647	851
	Provision for store obsolescence	-	2,714
		30,141,137	27,978,068

Notes to and forming part of the Condensed Interim Financial Information
for the quarter ended September 30, 2019 (Un-audited)

		Quarter ended	
		September 30, 2019	September 30, 2018 (Restated)
		(Rupees in thousand)	
10. Transactions with related parties			
Relationship with the Company	Nature of transaction		
i. Associated undertakings			
- WAPDA	Sale of electricity	35,365,481	31,595,289
- WAPDA	Interest expense	45	-
- WAPDA	Interest income on late payments	3,259,881	2,277,145
- WAPDA	True-up income	1,095,766	241,382
ii. Post retirement benefit plans			
- KAPCO employees pension fund trust	Contributions paid	3,839	7,679
- KAPCO employees pension fund trust	Contributions paid	11,734	10,597
iii. Key management personnel			
	Compensation	148,977	141,794

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

	September 30, 2019	June 30, 2019
	(Rupees in thousand)	
Period end balances		
Associated Undertakings		
Receivable from related parties	132,680,360	116,195,070
Payable to related parties	2,125,941	1,493,621

These are in the normal course of business and interest free.

Notes to and forming part of the Condensed Interim Financial Information
for the quarter ended September 30, 2019 (Un-audited)

	Quarter ended	
	September 30, 2019	September 30, 2018 (Restated)
	(Rupees in thousand)	
11. Cash generated from operations		
Profit before tax	7,092,783	3,870,705
Adjustments for:		
- Depreciation on property, plant and equipment	570,698	576,152
- Amortisation on intangible assets	647	851
- Depreciation on assets subject to finance lease	3,341	4,209
- Write-down of property, plant and equipment	-	1,265
- Gain on sale of fixed assets	(2,248)	-
- Income on bank deposits	(1)	(2)
- Provision for store obsolescence	-	2,714
- Staff retirement benefits accrued	45,297	41,981
- Finance cost	2,292,069	2,098,764
Profit before working capital changes	10,002,586	6,596,639
Effect on cash flow due to working capital changes:		
Decrease / (increase) in current assets		
- Stores and spares	93,076	(85,386)
- Stock-in-trade	1,445,888	3,271,232
- Trade debts	(16,357,019)	(14,091,762)
- Loans, advances, deposits, prepayments and other receivables	179,676	1,088,442
Increase in trade and other payables	7,737,938	3,326,208
	(6,900,441)	(6,491,266)
Cash generated from operations	3,102,145	105,373
12. Cash and cash equivalents		
Cash and bank balances	1,280,086	656,216
Finances under mark-up arrangements - secured	(54,501,569)	(51,715,671)
	(53,221,483)	(51,059,455)
13. Date of authorisation for issue		
This condensed interim financial information was authorised for issue on October 28, 2019 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, except for the restatement as mentioned in note 2.3.



Aftab Mahmood Butt
Chief Executive Officer



M. Mohtashim Aftab
Chief Financial Officer



Hafiz Muhammad Yousaf
Director