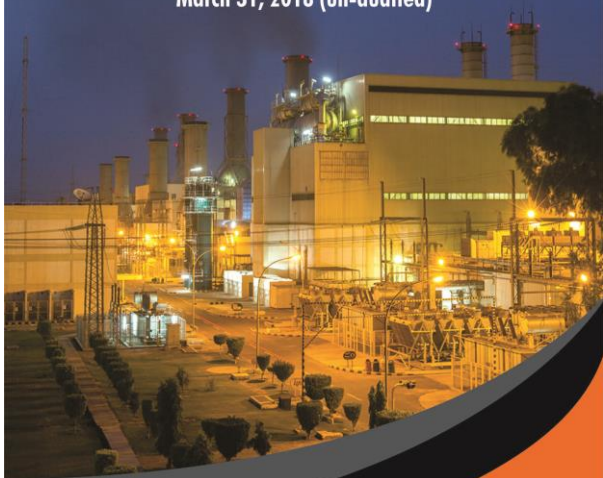


3rd Quarter Report

March 31, 2018 (un-audited)



KOT ADDU POWER COMPANY LIMITED

Company Information

Board of Directors	<p>Lt. General (Retd) Muzammil Hussain (Chairman)</p> <p>Mr. Aftab Mahmood Butt (Chief Executive)</p> <p>Mr. Owais Shahid</p> <p>Mr. Aqeel Ahmed Nasir</p> <p>Mr. Saad Iqbal</p> <p>Mr. Muhammad Arshad Ch.</p> <p>Mr. Muhammad Ikram Khan¹</p>
Audit Committee	<p>Mr. Owais Shahid (Chairman)</p> <p>Mr. Saad Iqbal</p> <p>Mr. Muhammad Arshad Ch.</p> <p>Mr. Muhammad Ikram Khan</p>
HR Committee	<p>Mr. Aqeel Ahmed Nasir (Chairman)</p> <p>Mr. Aftab Mahmood Butt</p> <p>Mr. Muhammad Ikram Khan</p>
General Manager Finance / CFO	Mr. M. Mohtashim Aftab
Company Secretary	Mr. A. Anthony Rath
Head of Internal Audit	Mr. Sikandar Usmani
Auditors	<p>Deloitte Yousuf Adil</p> <p>Chartered Accountants</p>
Internal Auditors	<p>EY Ford Rhodes</p> <p>Chartered Accountants</p>
Legal Advisor	Cornelius, Lane & Mufti
Bankers	<p>Conventional</p> <p>Allied Bank Limited</p> <p>Askari Bank Limited</p> <p>Bank Al-Habib Limited</p> <p>Citibank, N.A.</p> <p>Faysal Bank Limited</p> <p>Habib Bank Limited</p> <p>Habib Metropolitan Bank Limited</p> <p>MCB Bank Limited</p> <p>National Bank of Pakistan</p> <p>Samba Bank Limited</p> <p>Standard Chartered Bank (Pakistan) Limited</p> <p>United Bank Limited</p> <p>Islamic</p> <p>AlBaraka Bank (Pakistan) Limited</p> <p>Askari Bank Limited-IBD</p> <p>Bank Alfalah Limited</p> <p>BankIslami Pakistan Limited</p> <p>Dubai Islamic Bank Pakistan Limited</p> <p>Meezan Bank Limited</p> <p>National Bank of Pakistan-IBD</p> <p>Standard Chartered Bank (Pakistan) Limited-IBD</p> <p>The Bank of Punjab-IBD</p>
Share Registrar	<p>THK Associates (Private) Limited</p> <p>First Floor, 40-C, Block-6</p> <p>P.E.C.H.S.</p> <p>Karachi 75400, Pakistan</p> <p>Tel: +92 (0)21 111 000 322</p> <p>Fax: +92 (0)21 34168271</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 2912-6</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

¹Appointed Director of the Company in place of Mr. Anwar-ul-Haq on April 3, 2018

Directors' Report

It pleases us to present the financial statements (un-audited) for the period ended March 31, 2018.

For the nine month period, the Company's turnover was Rs. 61,606 Million, the cost of sales stood at Rs. 51,782 Million, and profit after tax was Rs. 6,603 Million (compared to Rs. 6,760 Million in the corresponding period last year), which resulted in an earnings per share (EPS) of Rs. 7.50 (EPS of Rs. 7.68 in the corresponding period of the previous year).

During the third quarter, the Power Plant generated 1,685 GWh of electricity (year to date generation level 5,173 GWh) at a load factor of 58.3% (year to date load factor 58.7%) and with an overall commercial availability of 97.3% (year to date overall availability 96.9%).

The off-taker continues to remain in default of its payment obligations. On March 31, 2018, the overdue receivables from the off-taker were Rs. 90,497 Million. The Company continues to pursue the off-taker and concerned Ministries in the Government of Pakistan for resolution of the matter.

On March 29, 2018, the Company commenced arbitration proceedings in Singapore against the Pakistan Water and Power Development Authority ("WAPDA") and Central Power Purchasing Agency Guarantee Limited ("CPPA-G") under the arbitration rules of the International Chamber of Commerce. Additionally, the Government of Pakistan has also been made a party to the arbitration as it has issued a Guarantee in favour of the Company and has entered in the Facilitation Agreement with the Company. The arbitration has been commenced pursuant to the Power Purchase Agreement dated June 27, 1996 (as amended) ("PPA") between the Company and WAPDA. CPPA-G has been named as a respondent in its capacity as the current market operator and power purchaser implementing and administering the PPA signed between WAPDA and the Company. The Company has commenced arbitration to, *inter alia*, nullify the liquidated damages of Rs. 27,727,118,565 wrongfully imposed by WAPDA/CPPA-G; and to enforce its right to claim Rs. 2,446,520,553 comprising the Company's net losses not otherwise covered by late payment interest.

During the third quarter, as per plan, combustion inspection of six Gas Turbines; hot gas path inspection of one Gas Turbine; and major overhauling of one Gas Turbine were carried out.

On behalf of the Board



Aftab Mahmood Butt
Chief Executive
Lahore: April 25, 2018



Muhammad Ikram Khan
Director

ہمیں 31 مارچ 2018 کو شتم ہونے والی مدت کے بالائی گوشوارے (غیر متفق شدہ) پیش کرنے پر خوشی محسوس ہو رہی ہے۔

ان 9 مہینوں کے دوران کمپنی کا کاروباری حجم 61,606 ملین روپے تھا جس میں فروخت کی لاگت 51,782 ملین روپے تھی۔ ٹیکس کی ادائیگی کے بعد منافع 6,603 ملین روپے رہا ہے (جبکہ گزشتہ سال اسی مدت کے دوران یہ منافع 6,760 ملین روپے تھا)۔ اس طرح اس سال آمدن فی حصص (EPS) 7.50 روپے رہی ہے (جبکہ گزشتہ سال اسی مدت کے دوران یہ آمدن 7.68 روپے فی حصص تھی)۔

تیسری سہ ماہی کے دوران اس بجلی گھر کی مجموعی پیداوار 1,685 GWh تھی (جبکہ سال بھر کی مجموعی پیداواری سطح 5,173 GWh تھی) جس کے نتیجے میں 58.3 فیصد لوڈ فیکٹر رہا ہے (اس طرح سال بھر کا لوڈ فیکٹر 58.7 فیصد رہا ہے) اور مجموعی تجارتی دستیابی 97.3 فیصد رہی ہے (جبکہ سال بھر کی مجموعی تجارتی دستیابی 96.9 فیصد تھی)۔

بجلی کا خریدار ادارہ کمپنی کی واجب الادا رقوم کی ادائیگی کے ضمن میں مسلسل تا دہندہ رہا ہے۔ 31 مارچ 2018 تک کمپنی کے متعلقہ خریداروں کے ذمہ واجب الادا رقم 90,497 ملین روپے تھی۔ کمپنی مذکورہ بتایا جات کی رقوم وصول کرنے کے لیے حکومت پاکستان کی متعلقہ وزارتوں سے اس معاملے پر بات کر رہی ہے۔

کمپنی نے 29 مارچ 2018 کو پاکستان وائریڈ پاور ڈیولپمنٹ اتھارٹی ("وائیڈ") اور سنٹرل پاور پراجیکٹس ایجنسی گارنٹی لیونڈ ("CPPA-G") کے خلاف سنگاپور میں بین الاقوامی ایوان تجارت (International Chamber of Commerce) کے ثالثی قواعد کے تحت ثالثی کی کارروائی کا آغاز کیا۔ اس کے علاوہ حکومت پاکستان بھی ثالثی کے لیے ایک فریق بن گئی کیونکہ اس نے کمپنی کے حق میں گارنٹی جاری کی تھی اور کمپنی کے ساتھ کبوتی معاہدہ (Facilitation Agreement) کیا ہوا تھا۔ کمپنی اور وائیڈ کے درمیان بجلی کے معاہدہ خریداری مورخہ 27 جون 1996 (ترمیم شدہ) ("PPA") کے مطابق ثالثی کی کارروائی شروع کی گئی۔ CPPA-G کو اس کی موجودہ مارکیٹ آپریٹر اور بجلی کے خریدار کی حیثیت میں مدعا علیہ کے طور پر نامزد کیا گیا ہے۔ CPPA-G اپنی اسی موجودہ حیثیت میں کمپنی اور WAPDA کے درمیان ہونے والے PPA کے نافذ العمل ہونے اور انتظامی امور کا ذمہ دار ہے۔ کمپنی نے بین الاقوامی ثالثی کا آغاز کیا اور 72,727,118,565 روپے کے ہرجانے کے دعوے (Liquidated Damages) کو رد کر دیا جو کہ وائیڈ / CPPA-G نے غلط طور پر عائد کیے تھے، اور ماسوائے تاخیر سے ادائیگی پر ہرجانہ کی رقم کے علاوہ کمپنی کے خالص نقصانات پر مبنی 2,446,520,553 روپے کا دعویٰ کرنے کے حق کو نافذ کر دیا۔

تیسری سہ ماہی کے دوران منصوبے کے مطابق 6 گیس ٹربائنوں کے چلنے کی حالت کا معائنہ کیا گیا، ایک گیس ٹربائن کے ہاٹ گیس کے راستے کا معائنہ کیا گیا اور ایک اسٹیم ٹربائن کی اور ہالنگ کا کام مکمل کیا گیا۔

منجانب بورڈ

محمد اکرم خان
ڈائریکٹر

آفتاب محمود
چیف ایگزیکٹو


لاہور: 25 اپریل 2018ء

Condensed Interim Balance Sheet

as at March 31, 2018 (Un-audited)

	Note	March 31, 2018	June 30, 2017
(Rupees in thousand)			
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
3,600,000,000 (June 30, 2017: 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, 2017: 880,253,228)			
ordinary shares of Rs 10 each		8,802,532	8,802,532
Capital reserve		444,451	444,451
Unappropriated profit		21,848,782	23,256,226
		31,095,765	32,503,209
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		42,175	64,161
Deferred liabilities		1,887,831	2,138,546
		1,930,006	2,202,707
CURRENT LIABILITIES			
Current portion of long term liabilities		209,415	411,635
Finances under mark-up arrangements - secured		47,660,359	46,133,174
Trade and other payables	5	48,814,846	34,749,856
		96,684,620	81,294,665
CONTINGENCIES AND COMMITMENTS			
	6		
		129,710,391	116,000,581

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


M. Mohtashim Aftab
Chief Financial Officer

KOT ADDU POWER COMPANY LIMITED


Aftab Mahmood Butt
Chief Executive

		March 31, 2018	June 30, 2017
	Note	(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	9,047,713	10,813,412
Intangible assets		7,602	9,577
Assets subject to finance lease		40,824	63,615
Capital work-in-progress		89,571	71,383
Long term loans and deposits		34,453	30,622
Post retirement benefits		45,957	58,876
		9,266,120	11,047,485
CURRENT ASSETS			
Stores and spares		4,285,541	4,264,752
Stock-in-trade		6,885,489	5,914,402
Trade debts	8	104,665,556	89,987,164
Loans, advances, deposits, prepayments and other receivables		4,003,581	4,157,060
Cash and bank balances		604,104	629,718
		120,444,271	104,953,096
		129,710,391	116,000,581


 Muhammad Ikram Khan
 Director

Condensed Interim Profit and Loss Account

for the quarter and nine months ended March 31, 2018 (Un-audited)

		Quarter ended		Nine months ended	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Note		(Rupees in thousand)			
Sales		21,590,430	21,283,844	61,606,053	54,200,218
Cost of sales	10	(18,417,308)	(17,620,178)	(51,782,408)	(44,577,714)
Gross profit		3,173,122	3,663,666	9,823,645	9,622,504
Administrative expenses		(87,770)	(99,398)	(316,361)	(316,784)
Other operating expenses		(1,067)	-	(64,698)	-
Other income		1,735,642	1,252,865	4,718,509	3,555,529
Profit from operations		4,819,927	4,817,133	14,161,095	12,861,249
Finance cost		(1,608,933)	(1,095,528)	(4,693,489)	(3,059,043)
Profit before tax		3,210,994	3,721,605	9,467,606	9,802,206
Taxation		(1,003,464)	(1,132,954)	(2,864,745)	(3,041,840)
Profit for the period		2,207,530	2,588,651	6,602,861	6,760,366
Earnings per share					
- basic and diluted	Rupees	2.51	2.94	7.50	7.68

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.


M. Mohtashim Aftab
Chief Financial Officer


Aftab Mahmood Butt
Chief Executive


Muhammad Ikram Khan
Director

Condensed Interim Statement of Comprehensive Income
for the quarter and nine months ended March 31, 2018 (Un-audited)

	Quarter ended March 31, 2018	Quarter ended March 31, 2017	Nine months ended March 31, 2018	Nine months ended March 31, 2017
	(Rupees in thousand)			
Profit for the period	2,207,530	2,588,651	6,602,861	6,760,366
- Items that will not be reclassified to profit or loss	-	-	-	-
- Items that may be reclassified subsequently to profit or loss	-	-	-	-
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	2,207,530	2,588,651	6,602,861	6,760,366

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


M. Mohtashim Aftab
Chief Financial Officer



Aftab Mahmood Butt
Chief Executive


Muhammad Ikram Khan
Director

Condensed Interim Cash Flow Statement
for the nine months ended March 31, 2018 (Un-audited)

		Nine months ended	
		March 31, 2018	March 31, 2017
	Note	(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	12	9,182,515	7,368,001
Finance cost paid		(2,785,398)	(2,843,739)
Taxes paid		(3,547,300)	(4,600,025)
Staff retirement benefits paid		(13,024)	(32,193)
Net cash generated from / (used in) operating activities		2,836,793	(107,956)
Cash flows from investing activities			
Fixed capital expenditure		(48,379)	(456,049)
Income on bank deposits received		22,403	13,179
Net increase in long term loans and deposits		(3,831)	(6,266)
Proceeds from sale of property, plant and equipment		11,708	2,262
Net cash used in investing activities		(18,099)	(446,874)
Cash flows from financing activities			
Repayment of liabilities against assets subject to finance lease		(19,381)	(23,125)
Repayment of long term loans - unsecured		(193,097)	(270,104)
Dividend paid		(4,159,015)	(4,155,702)
Net cash used in financing activities		(4,371,493)	(4,448,931)
Net decrease in cash and cash equivalents		(1,552,799)	(5,003,761)
Cash and cash equivalents at beginning of the period		(45,503,456)	(40,748,495)
Cash and cash equivalents at the end of the period	13	(47,056,255)	(45,752,256)

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


M. Mohtashim Aftab
Chief Financial Officer



Aftab Mahmood Butt
Chief Executive



Muhammad Ikram Khan
Director

Condensed Interim Statement of Changes in Equity
for the nine months ended March 31, 2018 (Un-audited)

	Share Capital	Capital reserve	Un-appro- priated profit	Total
	(Rupees in thousand)			
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
Transaction with owners:				
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
Profit for the period	-	-	2,686,683	2,686,683
Other comprehensive gain for the period:				
- Re-measurement of net defined benefit obligation - net of tax	-	-	67,364	67,364
Total comprehensive income for the period	-	-	2,754,047	2,754,047
Balance as at June 30, 2017	8,802,532	444,451	23,256,226	32,503,209
Total comprehensive income for the period	-	-	6,602,861	6,602,861
Transaction with owners:				
Final dividend for the year ended June 30, 2017 - Rs 4.75 per share	-	-	(4,181,203)	(4,181,203)
Interim dividend for the year ending June 30, 2018 - Rs 4.35 per share	-	-	(3,829,102)	(3,829,102)
Balance as at March 31, 2018	8,802,532	444,451	21,848,782	31,095,765

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


M. Mohtashim Aftab
Chief Financial Officer


Aftab Mahmood Butt
Chief Executive


Muhammad Ikram Khan
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 Act, 2017. The Companies Act, 2017 has been enacted on May 30, 2017 and in terms of Securities and Exchange Commission of Pakistan circular 23 dated October 4, 2017, the Companies Act, 2017 is applicable for the financial statements which close after December 31, 2017. Therefore, these financial statements have been prepared 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, 2017.

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, 2017. Further, the basis of significant estimates are same as those that were applied to the financial statements for the year ended June 30, 2017, except for estimation of provision for taxation as referred to in note 4.

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, 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.

3.2 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, 2018 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.

5. Trade and other payables

Trade and other payables include payable to Pakistan State Oil (PSO) amounting to Rs 24,540 million (June 30, 2017: Rs 16,899 million) and Sui Northern Gas Pipelines Limited (SNGPL) amounting to Rs 2,098 million (June 30, 2017: Rs 1,266 million) against fuel supplies.

6. Contingencies and commitments

6.1 Contingencies

There has been no change in the status of the contingent liabilities disclosed as at June 30, 2017 except for the following:

- (a) During the period, Deputy Commissioner Inland Revenue (DCIR) issued notice for payment of left over balance of Workers' Profit Participation Fund (WPPF) towards WWF for tax year 2016 and subsequently issued recovery notice amounting to Rs 707 million. The Company filed an appeal before Commissioner Inland Revenue Appeals who remanded back the case to Commissioner Inland Revenue for fresh proceeding after providing the Company an opportunity of being heard. Proper reply has been filed by the Company in response to fresh notice issued by Commissioner. No order has yet been received by the Company.

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) During the period Additional Commissioner Inland Revenue issued an assessment order creating a demand of Rs 1,162 million for tax year 2016. The Company filed an appeal before Commissioner Inland Revenue (Appeals) who reduced the demand to Rs 779 million. Against the decision of CIR-A, both the Company and the department preferred an appeal before Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication.

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) Based on advice of Company's legal counsel, the Company did not make any contribution to Workers' Profit Participation Fund for the year ended June 30, 2017 and during the period ended March 31, 2018. Further, the contribution of WPPF for the year ended June 30, 2016 amounting to Rs 684 million has been refunded by the WPPF Trust to the Company during the period.

In case the liability materializes, the cumulative principal amount of WPPF for the years up to June 30, 2006, for the year ended June 30, 2016 and June 30, 2017 and for period ended March 31, 2018 would amount to Rs 5,324 million (June 30, 2017: Rs 4,167 million). If it is established that the WPPF is applicable to the Company and accordingly the Company is liable to pay contribution to the WWF, then these amounts would be recoverable from WAPDA as a pass-through item under the provisions of the Power Purchase Agreement.

- (d) WAPDA had raised invoices for liquidated damages to the Company for the years ended June 30, 2009 through 2017 (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 amounted to Rs 27,898 million (June 30, 2017: Rs 27,898 million). Estimated amount of liquidated damages (including un-invoiced liquidated damages till March 31, 2018) are not expected to exceed Rs 27,681 million as at March 31, 2018 (June 30, 2017: 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 and has commenced proceedings for Arbitration in Singapore under the rules of International Chamber of Commerce.

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 these financial statements.

- (e) The Company has provided following bank guarantees in favour of:
- Sui Northern Gas Pipelines Limited on account of payment of dues against gas sales etc., amounting to Rs 12,304 million (June 30, 2017: Rs 1,030 million);

Notes to and forming part of the Condensed Interim Financial Information
for the quarter and nine months ended March 31, 2018 (Un-audited)

- Collector of Customs on account of temporary import of rental tools, amounting to Rs 44 million (June 30, 2017: Nil); and
- Suppliers on account of equipment hired for use, amounting Nil (June 30, 2017: Rs 1 million).

6.2 Commitments

- (a) Contracts for capital expenditure Rs 52 million (June 30, 2017: Rs 139 million).
- (b) Letters of credit other than for capital expenditure Rs 386 million (June 30, 2017: Rs 316 million).

	Note	March 31, 2018	June 30, 2017
(Rupees in thousand)			
7. Property, plant and equipment			
Opening Net Book Value (NBV)		10,813,412	12,632,019
Add: Additions / transfers during the period	7.1	27,170	465,730
		10,840,582	13,097,749
Less: Disposals during the period (at NBV)		77,324	4,265
Depreciation charged during the period		1,715,545	2,280,072
		1,792,869	2,284,337
		9,047,713	10,813,412
7.1 Following is the detail of additions / transfers during the period			
Additions:			
Buildings on freehold land		1,040	39,948
Gas turbine blading		2,632	349,675
Plant and machinery		474	23,196
Auxiliary plant and machinery		824	38,167
Office equipment		-	10,837
		4,970	461,823
Transfers / adjustments(at NBV):			
Vehicles		22,200	3,907
		27,170	465,730
8. Trade debts			
Trade debts	8.1	104,899,619	90,221,227
Less: Provision for doubtful debts		234,063	234,063
		104,665,556	89,987,164

Notes to and forming part of the Condensed Interim Financial Information
for the quarter and nine months ended March 31, 2018 (Un-audited)

8.1 These are considered good except Rs 234 million (June 30, 2017: Rs 234 million) which are considered doubtful. Trade debts include an overdue amount of Rs 90,497 million (June 30, 2017: Rs 76,896 million) receivable from WAPDA, which is a related party of the Company. The trade debts are secured by a guarantee from the Government of Pakistan under the Facilitation Agreement. These are in the normal course of business and are interest free, however, a penal mark-up of SBP discount rate plus 4 percent per annum is charged in case the amounts are not paid within due dates.

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

Included in loans, advances, deposits, prepayments and other receivables is sales tax recoverable amounting to Rs 2,719 million (June 30, 2017: Rs 3,085 million). This amount mainly represents the differential of 20% input sales tax and 17% output sales tax on sales of electricity produced from Furnace Oil. During the period ended March 31, 2018, Sales Tax Refund Payment Orders (RPO) of Rs 1,393 million were issued by FBR.

	Quarter ended		Nine months ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	(Rupees in thousand)			
10. Cost of sales				
Fuel cost	16,897,542	16,490,339	47,564,826	40,059,546
Salaries, wages and benefits	335,639	335,109	1,207,040	1,178,660
Plant maintenance	81,461	60,756	213,797	237,659
Gas turbines overhauls	494,849	55,012	656,027	861,034
Repair and renewals	37,328	116,060	430,845	406,196
Depreciation on property, plant and equipment	557,471	562,964	1,679,620	1,674,038
Amortisation on intangible assets	1,078	1,211	3,249	3,439
Liquidated damages	-	-	-	46
Provision for store obsolescence	11,940	(1,273)	27,004	157,096
	<u>18,417,308</u>	<u>17,620,178</u>	<u>51,782,408</u>	<u>44,577,714</u>

11. Transactions with related parties

Relationship with the Company	Nature of transaction		
i. Associated undertakings	Purchase of services	1,940	1,000
	Sale of electricity	61,606,053	54,200,218
	Interest expense	33,570	87,404
	Interest income on late payments	4,630,889	3,484,083
ii. Post retirement benefit plans	Expense charged	108,614	132,914
iii. Key management personnel	Compensation	227,188	198,059

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, 2018 (Un-audited)

	March 31, 2018	June 30, 2017
	(Rupees in thousand)	
Period end balances		
Associated Undertakings		
Receivable from related parties	105,175,883	90,596,622
Payable to related parties	1,153,972	1,083,806

These are in the normal course of business and interest free except for loans included in current liabilities.

	March 31, 2018	March 31, 2017
	(Rupees in thousand)	
12. Cash generated from operations		
Profit before tax	9,467,606	9,802,206
Adjustments for:		
- Depreciation on property, plant and equipment	1,715,545	1,704,961
- Depreciation on assets subject to finance lease	13,589	13,003
- Amortisation on intangible assets	3,249	3,439
- Loss on disposal of fixed assets	64,838	-
- Income on bank deposits	(22,403)	(13,179)
- Provision for store obsolescence	27,004	157,096
- Staff retirement benefits accrued	77,403	102,310
- Finance cost	4,693,489	3,059,043
Profit before working capital changes	16,040,320	14,828,879
Effect on cash flow due to working capital changes:		
(Increase) / decrease in current assets		
- Stores and spares	(47,793)	(61,615)
- Stock-in-trade	(971,087)	(3,423,338)
- Trade debts	(14,678,392)	(15,400,991)
- Loans, advances, deposits, prepayments and other receivables	533,860	(2,282,521)
Increase in trade and other payables	8,305,607	13,707,587
	(6,857,805)	(7,460,878)
Cash generated from operations	<u>9,182,515</u>	<u>7,368,001</u>

Notes to and forming part of the Condensed Interim Financial Information
for the quarter and nine months ended March 31, 2018 (Un-audited)

	March 31, 2018	March 31, 2017
	(Rupees in thousand)	
13. Cash and cash equivalents		
Cash and bank balances	604,104	630,782
Finances under mark-up arrangements - secured	(47,660,359)	(46,383,038)
	<u>(47,056,255)</u>	<u>(45,752,256)</u>


14. Date of authorisation for issue

This condensed interim financial information was authorised for issue on April 25, 2018 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.


M. Mohtashim Aftab
Chief Financial Officer


Aftab Mahmood Butt
Chief Executive


Muhammad Ikram Khan
Director