



2nd **QUARTER** REPORT

December 31, 2023 (un-audited)

KOT ADDU POWER COMPANY LIMITED

Company Information

Board of Directors

Lt. General (Retd) Sajjad Ghani (Chairman)
 Mr. Aftab Mahmood Butt (Chief Executive)
 Mr. Aqeel Ahmed Nasir
 Mr. Hafiz Muhammad Yousaf
 Mr. Saad Iqbal
 Mr. Naveed Asghar Chaudhry
 Mr. Jamil Akhtar
 Ms. Mahwish Humayun Khan

Audit Committee

Mr. Hafiz Muhammad Yousaf (Chairman)
 Mr. Saad Iqbal
 Mr. Naveed Asghar Chaudhry
 Mr. Jamil Akhtar

HR Committee

Mr. Aqeel Ahmed Nasir (Chairman)
 Mr. Aftab Mahmood Butt
 Mr. Jamil Akhtar
 Ms. Mahwish Humayun Khan

Investment Committee

Mr. Hafiz Muhammad Yousaf (Chairman)
 Mr. Saad Iqbal
 Mr. Naveed Asghar Chaudhry
 Mr. Jamil Akhtar

GM Finance / CFO

Mr. Muhammad Rabnawaz Ajum

Company Secretary / Head Legal Counsel

Mr. A. Anthony Rath

Head of Internal Audit

Mr. Sikandar Usmani

Auditors

A.F. Ferguson & Co.
 Chartered Accountants

Legal Advisor

Cornelius, Lane & Mufi

Bankers

Conventional

Askari Bank Limited
 Bank Al-Habib Limited
 Habib Bank Limited
 Habib Metropolitan Bank Limited
 MCB Bank Limited
 National Bank of Pakistan
 United Bank Limited

Islamic

AlBaraka Bank (Pakistan) Limited
 Askari Bank Limited-IBD
 Bank Alfalah Limited
 Dubai Islamic Bank Pakistan Limited
 Faysal Bank 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
 Plot No. 32-C, Jami Commercial Street 2, DHA, Phase-VII, Karachi 75500, Pakistan
 Tel: +92 (0)21 111 000 322, Fax: +92 (0)21 34158271

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 54650, 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

Half Year ended December 31, 2023

We are pleased to present the financial statements (un-audited) for the second quarter ended December 31, 2023.

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 Company continues to pursue the National Electric Power Regulatory Authority (NEPRA) for, (a) the determination of final tariff following the hearing of the Company's tariff petition in October 2023; and (b) identification of the power purchaser with which it will sign the energy purchase agreement. As previously advised, NEPRA in August 2023 approved a provisional tariff for the Company for 500 MWs on 'take and pay' basis following inclusion of the Company in the Indicative Generation Capacity Expansion Plan (IGCEP) (2022-2031) till 2026 by NEPRA due to system requirements of the National Transmission and Dispatch Company (NTDC). Unfortunately, due to regulatory impediments the Company has not been in a position to sign an energy purchase agreement with a power purchaser.

Notwithstanding the aforementioned material uncertainty, it is comforting to note that the Company has a sound financial position and sufficient liquidity and reserves to meet its operational expenditures and discharge its liabilities for the foreseeable future. As on December 31, 2023, the receivables due from the Power Purchaser stand at Rs. 18,973 Million, which are backed by a GoP Guarantee; and the Company's investments in PIBs and Sukuks stand at Rs. 47,647 Million (at book value). For further details of the impact of going concern assumptions due to expiry of the power purchase agreement kindly refer to Note 4 of the Financial Statements.

Due to the absence of an operating regime, there was no turnover for the period (2022: Rs.25,169 Million); and the cost of sales stand at Rs. 1,923 Million (2022: Rs. 24,020 Million) resulting in a gross loss of Rs. 1,923 Million. The primary reason for the gross loss is the continued classification of fixed expenses including insurance premium and salaries in cost of sales. Further, the statement of profit or loss was charged with items such as (i) power plant insurance cost (ii) contributions under the law to the Workers' Profit Participation Fund (WPPF) and Workers' Welfare Fund (WWF) (iii) income tax and (iv) regulatory fees, which were previously pass through items under the PPA. However, the operating profit for the six months period stands at Rs. 5,927 Million (2022: Rs. 8,022 Million); and profit before tax is Rs. 3,655 Million (2022: Rs. 4,877 Million). Profit after tax for the period is Rs. 2,441 Million (2022: Rs.3,186 Million), which gives earnings per share (EPS) of Rs. 2.77 per share of Rs. 10 each (2022: Rs. 3.62 per share).

To realign/right size the Company's human resource across all sections in accordance with the new indicative operating regime of the Company under IGCEP for 500 MWs, the Company successfully announced a Voluntary Severance Scheme (Scheme) to all employees in December 2023. Under the Scheme selected employees were paid severance package duly approved by the Board, in addition to retirement benefits (where applicable) on severance in January 2024. The financial impact of the Scheme is Rs. 212 Million. For details you may review Note 15.1 of the Financial Statements.

The Company is viewing different investment options for diversification of its portfolio. The Pakistan Water and Power Development Authority (WAPDA) being a major shareholder strongly supports the diversification plans of the Company and is in the process of seeking approval for the Government of Pakistan to support the Company's plans.

We are pleased to announce an interim cash dividend of Rs. 4.50 per share, which will be paid to the shareholders whose names appear on the Company's Register of Members on March 11, 2024.

The Company has complied with the requirements of the Code of Corporate Governance in the following manner:

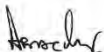
1. The total number of Directors are eight (8) as per the following detail:
 - a) Male: Seven (7)
 - b) Female: One (1)
2. The composition of the Board of Directors is as follows:

Category	Names
Independent Directors	• Mr. Aqeel Ahmed Nasir • Mr. Hafiz Muhammad Yousaf • Mr. Saad Iqbal • Ms. Mahwish Humayun Khan
Executive Director	• Mr. Aftab Mahmood Butt (Chief Executive)
Non-Executive Directors	• Lt. General (Retd) Sajjad Ghani • Mr. Naveed Asghar Chaudhry • Mr. Jamil Akhtar

Committees of the Board of Directors:

Audit Committee	• Mr. Hafiz Muhammad Yousaf (Chairman) • Mr. Naveed Asghar Chaudhry	• Mr. Saad Iqbal • Mr. Jamil Akhtar
HR Committee	• Mr. Aqeel Ahmed Nasir (Chairman) • Mr. Jamil Akhtar	• Mr. Aftab Mahmood Butt • Ms. Mahwish Humayun Khan
Investment Committee	• Mr. Hafiz Muhammad Yousaf (Chairman) • Mr. Naveed Asghar Chaudhry	• Mr. Saad Iqbal • Mr. Jamil Akhtar

On behalf of the Board



Aftab Mahmood Butt
Chief Executive
Islamabad; February 26, 2024



Hafiz Muhammad Yousaf
Director

31 دسمبر 2023 کو ختم ہونے والی ششماہی کے مالیاتی گوشواروں (غیر آڈٹ شدہ) کے ساتھ ڈائریکٹرز کی رپورٹ پیش خدمت ہے۔

کمپنی کی بنیادی سرگرمیوں میں پنجاب کے شہر کوٹ ادو میں 1600 میگا واٹ، نیم پلیٹ صلاحیت کے حامل ملٹی فیلو سے چلنے والے پاور پلانٹ کی مکملیت، آپریشن اور دیکھ بھال شامل ہیں۔

کمپنی (الف) اکتوبر 2023 میں تحریف پیشین کی ساعت کے بعد حتمی حریف کے تین اور (ب) بجلی کے خریداری کی شناخت جس کے ساتھ وہ توانائی کی خریداری کے معاہدے پر دستخط کرے گی، کے لیے ٹینڈر ایکٹریک پاور ریگولیٹری اتھارٹی (نہرا) سے رابطے میں ہے۔ میجر انٹرنیشنل ٹرانسمیشن اینڈ ڈسٹری بیوٹن کمپنی (ایم ٹی ڈی سی) کے نظام کی ضروریات کی وجہ سے 2026 تک کمپنی کو اشاراتی جزیعہ پیش کی گئی تو دستی منصوبے (آئی سی ای پی) (2022-2031) میں شامل کرنے کے بعد اگست 2023 میں کمپنی کے لیے ایک اینڈ پے کی بنیاد پر باضمی حریف کی منظوری دی گئی۔ بد قسمتی سے، ریگولیٹری رکاوٹوں کی وجہ سے کمپنی بجلی کے خریدار کے ساتھ توانائی کی خریداری کے معاہدے پر دستخط کرنے کی پوزیشن میں نہیں تھی۔

مذکورہ بالا مالی غیر یقینی صورتحال کے باوجود، یہ امر اطمینان بخش ہے کہ کمپنی کے پاس اپنے آپریٹنگ اخراجات کو پورا کرنے اور مستقبل قریب کے لئے اپنی ذمہ داریوں کو ادا کرنے کے لئے ایک مستحکم مالی پوزیشن اور کافی رقمات اور ذخائر موجود ہیں۔ 31 دسمبر 2023 تک، بجلی کے خریداری کی جانب سے واجب الادا رقمات 18,973 ملین روپے ہیں، جس کے لیے حکومت پاکستان کی گارنٹی موجود ہے۔ اور پی آئی بیٹل اور سکس میں کمپنی کی سرمایہ کاری 47,647 ملین روپے (بک ویلو پر) ہے۔ بجلی کی خریداری کے معاہدے کی میعاد ختم ہونے کی وجہ سے خدشات کے مفروضے کے اثرات کے بارے میں مزید تفصیلات کے لئے براہ کرم مالیاتی گوشواروں کا نوٹ 4 ملاحظہ کریں۔

آپریٹنگ نظام کی عدم موجودگی کی وجہ سے، زیر جائزہ مدت کے دوران کوئی کاروبار ٹیکس ہوا (2022: 25,169 ملین روپے) جبکہ اخراجات 1,923 ملین روپے (2022: 24,020 ملین روپے) رہے، جس کے نتیجے میں مجموعی نقصان 1,923 ملین روپے رہا۔ مجموعی نقصان کی بنیادی وجہ انشورنس پریمیم اور پنچو ایلو سمیت طے شدہ اخراجات کی مسلسل ادائیگی ہے۔ مزید برآں، نقصان کے گوشواروں میں (1) پاور پلانٹ کی انشورنس لاگت (2) قانون کے تحت ورکرز پرافٹ پارتنرشپ فنڈ اور ورکرز ویلفیئر فنڈ کے لئے ادائیگی (3) انکم ٹیکس اور (4) ریگولیٹری فیس وغیرہ پر آنے والے اخراجات بھی شامل ہیں، یہاں لیسے اخراجات ہیں جو پہلے ہی پی اے کے تحت طے شدہ ہیں۔ چھ ماہ کی مدت کے دوران آپریٹنگ منافع 5,927 ملین روپے (2022: 8,022 ملین روپے) رہا۔ اور ٹیکس منافع 3,655 ملین روپے (2022: 4,877 ملین روپے) ہے۔ اس مدت کے لئے بعد از ٹیکس منافع 2,441 ملین روپے (2022: 3,186 ملین روپے) ہے، جس سے 10 روپے کے بر حصص پر آمد 2,77 روپے بنتی ہے۔

آئی سی ای پی کے تحت 500 میگا واٹ بجلی کی پیداوار کے لیے کمپنی کے نئے اشاراتی آپریٹنگ نظام کے مطابق تمام شعبوں میں کمپنی کے آسانی وسائل کو دوبارہ ترتیب دینے/ڈیزائن سازنگ کے لئے، کمپنی نے دسمبر 2023 میں تمام ملازمین کے لئے رضا کارانہ ریٹائرمنٹ سکیم کا اعلان کیا۔ سکیم کے تحت منتخب ملازمین کو جنوری 2024 میں ریٹائرمنٹ کے فوائد (جہاں قابل اطلاق تھے) کے علاوہ پورڈگی کی جانب سے منظور شدہ ریٹائرمنٹ پیکیج کی ادائیگی کی گئی تھی۔ اس سکیم پر مالی اخراجات 212 ملین روپے آئے۔ تفصیلات کے لئے مالیاتی گوشواروں کا نوٹ 15.1 ملاحظہ فرمائیں۔

کمپنی اپنے پورٹ فولیو کے تنوع کے لئے سرمایہ کاری کے مختلف آپشنز پر غور کر رہی ہے۔ واپے ایک بڑا شیئر ہولڈر ہونے کا، کمپنی کے تنوع کے منصوبوں کا بھرپور دعائی ہے اور کمپنی کے منصوبوں کی حکومت پاکستان سے منظوری حاصل کرنے کے لیے سرگرم عمل میں ہے۔

ہم یہ اعلان کرنے میں خوش محسوس کر رہے ہیں کہ 4.50 روپے فی حصص کی پیش ڈیویڈنڈ دیا جائے گا، جو کہ ایسے شیئرز ہولڈرز کو ادا کیا جائے گا جن کے نام کمپنی کے رجسٹر آف ممبرز میں 11 مارچ 2024 کو موجود ہوں گے۔

کمپنی نے مندرجہ ذیل طریقے سے کوڈ آف کارپوریٹ گورننس کے تقاضوں کی تعمیل کی ہے:

1. درج ذیل تفصیل کے مطابق ڈائریکٹرز کی کل تعداد آٹھ (8) ہے:

- (a) مرد: سات (7)
(b) خاتون: ایک (1)

2. بورڈ کا مجموعہ اس طرح سے ہے:

نام	کلیئرنگ
• جناب عقیل احمد ناصر • جناب سعد اقبال • محترمہ مبشہا ہمایوں خان	خود بخیر ڈائریکٹرز
• جناب آفتاب محمود بٹ (چیف ایگزیکٹو)	ایگزیکٹو ڈائریکٹر
• جناب نوید اصغر چوہدری • جناب عقیل احمد ناصر (ر) سیانوی • جناب عقیل اختر	نان ایگزیکٹو ڈائریکٹرز

• جناب حافظ محمد یوسف (چئیر مین) • جناب عقیل احمد ناصر • جناب نوید اصغر چوہدری • جناب عقیل اختر	آڈٹ کمیٹی
• جناب آفتاب محمود بٹ • جناب عقیل احمد ناصر (چئیر مین) • جناب عقیل اختر • محترمہ مبشہا ہمایوں خان	ایچ آر کمیٹی
• جناب حافظ محمد یوسف (چئیر مین) • جناب عقیل احمد ناصر • جناب عقیل اختر	سرمایہ کاری کمیٹی

منجانب بورڈ

حافظ محمد یوسف
ڈائریکٹر

آفتاب محمود بٹ
چیف ایگزیکٹو افسر

اسلام آباد: 26 فروری 2024ء

**Independent Auditor's Review Report
to the Members of Kot Addu Power Company Limited
Report on Review of Interim Financial Statements**

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Kot Addu Power Company Limited as at December 31, 2023 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three-month period ended December 31, 2023 and December 31, 2022 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended December 31, 2023.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

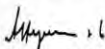
Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matter

We draw attention to note 4 to the interim financial statements, which describes the pending matter of Power Purchase Agreement (PPA) extension / renewal with Power Purchaser. As stated in note 4, these events or conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

The engagement partner on the audit resulting in this independent auditor's report is Amer Raza Mir.



A.F. Ferguson & Co.
Chartered Accountants

Lahore

Date: February 28, 2024

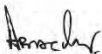
UDIN: RR202310118dDEGq5mk8

A.F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
308-Upper Mall, Shahr-e-Quaid-e-Azam, P.O. Box 39, Lahore-54000, Pakistan.
Tel: +92 (42) 3519 9343-50 / Fax: +92 (42) 3519 9351 www.pwc.com/pk

Condensed Interim Statement of Financial Position
as at December 31, 2023 (Un-audited)

	Un-audited December 31, 2023	Audited June 30, 2023
Note	(Rupees in thousand)	
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Authorised capital 3,600,000,000 (June 30, 2023: 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, 2023: 880,253,228) ordinary shares of Rs 10 each	8,802,532	8,802,532
Capital reserve	444,451	444,451
Revenue reserve: un-appropriated profits	55,023,712	56,836,744
	64,270,695	66,083,727
NON-CURRENT LIABILITIES		
Deferred liabilities		
Deferred taxation	2,272,784	2,100,017
Staff retirement benefits	793,814	839,622
	3,066,598	2,939,639
CURRENT LIABILITIES		
Finances under mark-up arrangements - secured	7 14,276,126	22,153,719
Trade and other payables	8 7,853,669	9,614,950
Unclaimed dividend	1,113,964	1,056,126
	23,243,759	32,824,795
CONTINGENCIES AND COMMITMENTS		
	9	
	90,581,052	101,848,161

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.



Aftab Mahmood Butt
Chief Executive Officer



M. Rabnawaz Anjum
Chief Financial Officer

ASSETS

NON-CURRENT ASSETS

Property, plant and equipment
Long term deposits
Staff retirement benefits - Pension

Un-audited
December 31,
2023
Note
(Rupees in thousand)

Audited
June 30,
2023

10	1,929,046	1,931,244
	8,011	9,351
	1,170,855	1,011,912
	3,107,912	2,952,507

CURRENT ASSETS

Stores and spares
Stock-in-trade
Trade debts
Investments at fair value
Income tax due from Government
Loans, advances, deposits, prepayments
and other receivables
Cash and bank balances

	3,955,663	3,927,475
	11,300,471	11,565,471
11	18,973,431	26,611,385
12	47,647,176	50,101,538
	55,024	18,021
13	4,344,957	4,751,983
	1,196,418	1,919,781
	87,473,140	98,895,654
	90,581,052	101,848,161


Hafiz Muhammad Yousaf
Director

Condensed Interim Statement of Profit or Loss

for the three-month and six-month period ended December 31, 2023 (Un-audited)

	Note	Three-month ended		Six-month ended	
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
		(Rupees in thousand)		(Rupees in thousand)	
Sales	14	-	2,279,131	-	25,169,489
Cost of sales	15	(1,117,704)	(2,705,565)	(1,923,366)	(24,019,617)
Gross (loss) / profit		(1,117,704)	(426,434)	(1,923,366)	1,149,872
Administrative expenses		(158,008)	(385,407)	(342,433)	(561,192)
Other operating expenses		(148,696)	(70,117)	(285,126)	(269,300)
Other income	16	4,094,587	3,876,536	8,477,483	7,702,240
Operating profit		2,670,179	2,994,578	5,926,558	8,021,620
Finance cost		(952,352)	(1,265,998)	(2,271,433)	(3,144,411)
Profit before tax		1,717,827	1,728,580	3,655,125	4,877,209
Taxation		(458,918)	(652,218)	(1,214,532)	(1,691,265)
Profit for the period		1,258,909	1,076,362	2,440,593	3,185,944
Earnings per share					
- basic and diluted Rupees		1.43	1.22	2.77	3.62

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.



Aftab Mahmood Butt
Chief Executive Officer



M. Rabnawaz Anjum
Chief Financial Officer



Hafiz Muhammad Yousaf
Director

Condensed Interim Statement of Comprehensive Income

for the three-month and six-month period ended December 31, 2023 (Un-audited)

	Three-month ended December 31, 2023, December 31, 2022 (Rupees in thousand)		Six-month ended December 31, 2023, December 31, 2022 (Rupees in thousand)	
Profit for the period	1,258,909	1,076,362	2,440,593	3,185,944
- Items that will not be reclassified subsequently to profit or loss	-	-	-	-
Re-measurement of net benefit obligation - net of tax	147,641	38,534	147,641	38,534
- Items that may be reclassified subsequently to profit or loss	-	-	-	-
Other comprehensive income for the period - net of tax	147,641	38,534	147,641	38,534
Total comprehensive income for the period	1,406,550	1,114,896	2,588,234	3,224,478

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.



Attab Mahmood Butt
Chief Executive Officer



M. Rabnawaz Anjum
Chief Financial Officer



Hafiz Muhammad Yousaf
Director

Condensed Interim Statement of Changes in Equity

for the six-month period ended December 31, 2023 (Un-audited)

	Share capital	Capital reserve	Revenue Reserve: Un-appropriated profits	Total
	(Rupees in thousand)			
Balance as at June 30, 2022				
Audited	8,802,532	444,451	59,348,925	68,595,908
Total comprehensive income for the period				
Profit for the period	-	-	3,185,944	3,185,944
Other comprehensive income for the period	-	-	38,534	38,534
Total comprehensive income for the period	-	-	3,224,478	3,224,478
Transactions with owners:				
Final dividend for the year ended June 30, 2022 - Rs 4.00 per share	-	-	(3,521,013)	(3,521,013)
Balance as at December 31, 2022				
Un-audited	8,802,532	444,451	59,052,390	68,299,373
Balance as at June 30, 2023				
Audited	8,802,532	444,451	56,836,744	66,083,727
Total comprehensive income for the period				
Profit for the period	-	-	2,440,593	2,440,593
Other comprehensive income for the period	-	-	147,641	147,641
Total comprehensive income for the period	-	-	2,588,234	2,588,234
Transactions with owners:				
Final dividend for the year ended June 30, 2023 - Rs 5.00 per share	-	-	(4,401,266)	(4,401,266)
Balance as at December 31, 2023				
Un-audited	8,802,532	444,451	55,023,712	64,270,695

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.



Aftab Mahmood Butt
Chief Executive Officer



M. Rabnawaz Anjum
Chief Financial Officer



Hafiz Muhammad Yousaf
Director

Condensed Interim Statement of Cash Flows

for the six-month period ended December 31, 2023 (Un-audited)

		Six-month ended December 31, 2023	December 31, 2022
	Note	(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	18	7,702,081	9,914,764
Finance cost paid		(3,679,370)	(3,822,315)
Taxes paid		(1,078,766)	(2,738,379)
Staff retirement benefits paid		(225,371)	(481,604)
Net cash generated from operating activities		2,718,574	2,872,466
Cash flows from investing activities			
Fixed capital expenditure		(5,683)	(3,329)
Income on bank deposits received		93,077	50,600
Income on investments		5,709,109	3,903,342
Net decrease / (increase) in long term loans and deposits		1,340	(177)
Investments disposed-off during the period		2,979,000	2,933,721
Proceeds from sale of property, plant and equipment		2,241	2,374
Net cash generated from investing activities		8,779,084	6,886,531
Cash flows from financing activities			
Repayment of lease liabilities		-	(1,343)
Dividend paid		(4,343,428)	(3,474,707)
Net cash used in financing activities		(4,343,428)	(3,476,050)
Net increase in cash and cash equivalents during the period		7,154,230	6,282,947
Cash and cash equivalents at beginning of the period		(20,233,938)	(36,352,164)
Cash and cash equivalents at the end of the period	19	(13,079,708)	(30,069,217)

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.



Attab Mahmood Butt
Chief Executive Officer



M. Rabnawaz Anjum
Chief Financial Officer



Hafiz Muhammad Yousaf
Director

Notes to the Condensed Interim Financial Statements

for the six-month period ended December 31, 2023 (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 and aggregate nameplate capacity of 1,600 MW in Kot Addu, District Muzaffargarh, Punjab, Pakistan and to sell the electricity produced there from to a single customer, Pakistan Water and Power Development Authority (WAPDA) under a Power Purchase Agreement (PPA), which was initially for a period of 25 years. WAPDA irrevocably transferred all of its rights, obligations and liabilities under the PPA to Central Power Purchasing Agency Guarantee Limited (CPPA-G) (Power Purchaser) thereunder via Novation Agreement which became effective on May 21, 2021 after approval from the relevant authorities. The PPA was extended by 16 months from June 26, 2021, pursuant to the terms of Master Agreement and the Third Amendment to the PPA, which expired on October 24, 2022.

The Company has a plant site at Kot Addu (Muzaffargarh), a corporate office located in Lahore and registered office located in Islamabad.

A Special Purpose Vehicle was incorporated in 2014 under the name of KAPCO Energy (Private) Limited (KEPL) for establishment of a coal power project. However, the project was called off and KEPL was put into liquidation under the Easy Exit Scheme of SECP. Subsequently, the liquidation application of KEPL was withdrawn for exploring investments opportunities. However, the share capital of KEPL has not yet been subscribed by the Company, therefore, the Company has not prepared consolidated financial statements.

2. Statement of Compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

Notes to the Condensed Interim Financial Statements

for the six-month period ended December 31, 2023 (Un-audited)

3. Basis of Presentation and Measurement

These condensed interim financial statements are un-audited but subject to limited scope review. These condensed interim financial statements do 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, 2023.

These condensed interim financial statements have been prepared under the historic cost convention except certain employee benefits which are recognized on present value and investments which are measured at fair value. The financial statements are prepared in Pak Rupees, which is the functional currency of the Company. Figures have been rounded off to the nearest thousand rupee unless otherwise specified.

4. Impact on Going Concern Assumption due to expiry of PPA

The PPA of the Company was initially for a term of 25 years, which expired on June 26, 2021. Pursuant to the terms of the Third Amendment to the PPA and Master Agreement (together, the 'Agreements'), the term of the PPA was extended for a period of 16 months which expired on October 24, 2022.

The generation license of the Company expired on September 21, 2021, which has been extended by National Electric Power Regulatory Authority (NEPRA) for a period of three years from the date of its expiry.

The Company also took up the matter of renewal / extension of PPA beyond its expiry with the relevant Authorities and submitted application for Reference Tariff as well as Provisional Tariff before NEPRA.

Based on the critical strengths of the Power Plant and System requirements of National Transmission and Dispatch Company (NTDC), the Power Plant was included in the approved Indicative Generation Capacity Expansion Plan (IGCEP) (2022-2031) till 2026. In line with the approved IGCEP (2022-2031) and the valid generation license of the Company, NEPRA approved the Provisional Tariff on August 4, 2023 for 500 MW capacity on Take-and-Pay basis. However, the Company has filed a review petition against provisional Tariff before NEPRA for positive revisions on certain matters.

On October 03, 2023, NEPRA conducted a public hearing on Final Tariff petition, the decision on which is expected in due course. The Company is also discussing the legal formalities with the Power Purchaser regarding finalization of PPA, which is dependent upon issuance of the Final Tariff by NEPRA.

The pending renewal / extension of the PPA indicates the existence of material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

In addition, the Management of the Company has also decided to take the following steps:

Notes to the Condensed Interim Financial Statements

for the six-month period ended December 31, 2023 (Un-audited)

- Cost optimization / rationalization for managing the total cost of the Company including the plant maintenance activities, insurance and headcount rationalization in line with the 500MW expected generation capacity;
- Investment of surplus funds for generating sufficient income;
- Exploring opportunities for diversification of its operations especially in renewable energy sector; and
- Participation in the Competitive Trading Bilateral Contracts Market (CTBCM) once it is implemented by the Government of Pakistan (GoP).

Notwithstanding, as elaborated above, based on the Management's forecasts, the Company has sufficient liquidity and reserves to meet the operational expenditures and discharge its liabilities for the foreseeable future even at zero load factor. Further, the Company draws strength from the following:

- Receivables from the Power Purchaser of Rs 18,973 million as at December 31, 2023 backed by GoP Guarantee which will be realized in normal course of business; and
- Investments of PIBs and Sukuks of Rs 47,647 million (at book value) as at December 31, 2023.

Based on foregoing, Management is confident that the Company will continue as a going concern in the foreseeable future. Thus, these financial statements have been prepared on a going concern basis and consequently, do not require adjustment relating to the realization of its assets and liquidation of liabilities.

5. Standards, amendments and interpretations to published accounting standards

5.1 Standards, amendments to published standards and interpretations that are effective in the current period

Certain standards, amendments and interpretations to the approved accounting standards are effective for the accounting periods beginning on or after July 01, 2023 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements.

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

There are certain standards, amendments to accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 01, 2024, but are considered not to be relevant to the Company's operations and are, therefore, not detailed in these condensed interim financial statements. Further, these standards, interpretations and the amendments are not expected to have significant impact on the Company's condensed interim financial statements other than certain disclosures.

6. Significant accounting policies, estimates, judgements and financial risk management

Notes to the Condensed Interim Financial Statements

for the six-month period ended December 31, 2023 (Un-audited)

The preparation of these condensed interim financial statements is in conformity with the approved accounting and reporting standards as applicable in Pakistan. Interim reporting requires management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on the historical experience and other factors, including reasonable expectations of future events. Revision to accounting estimates are recognized prospectively commencing from the period of revision.

Accounting policies, judgements and estimates made by the management in the preparation of these condensed interim financial statements are the same as those applied to the audited financial statements as at and for the year ended June 30, 2023.

The Company's financial risk management objectives and policies are consistent with those disclosed in the audited financial statements as at and for the year ended June 30, 2023.

Income tax expense is recognized in each interim period based on best estimate of the weighted average annual income tax rate expected for the full financial year. Amounts accrued for the income tax expense in one interim period may have to be adjusted in a subsequent interim period of that financial year if the estimate of the annual income tax rate changes.

	Un-audited December 31, 2023	Audited June 30, 2023
Note	(Rupees in thousand)	
7. Finances under mark-up arrangements secured		
- Under conventional finances	8,276,126	8,586,689
- Under islamic finances	6,000,000	13,567,030
7.1	<u>14,276,126</u>	<u>22,153,719</u>

7.1 Finances under mark-up arrangements available from various conventional banks amount to Rs 15,500 million (June 30, 2023: Rs 19,995 million) and finances available under musharika and murabaha arrangements amount to Rs 7,500 million (June 30, 2023: Rs 18,675 million). The rate of mark-up ranges from 21.78 percent to 25.90 percent (June 30, 2023: 14.26 percent to 25.08 percent) per annum on the balances outstanding. In the event, the Company fails to pay the balances on the expiry of the quarter, year or earlier demand, mark-up is to be computed at the rate of 20 percent to 25 percent (June 30, 2023: 20 percent to 30 percent) per annum on the balances unpaid.

7.2 Letter of credit and bank guarantees

Of the aggregate facility of Rs 400 million (June 30, 2023: Rs 405 million) for opening letters of credit and Rs 2,507 million (June 30, 2023: Rs 2,504 million) for guarantees, the amounts utilised as at December 31, 2023 were Rs Nil (June 30, 2023: Rs 29 million) and Rs 2,507 million (June 30, 2023: Rs 2,504 million) respectively.

Notes to the Condensed Interim Financial Statements

for the six-month period ended December 31, 2023 (Un-audited)

- 7.3 The aggregate running finances, short term finances and letters of credit and guarantees are secured by joint pari passu charge over current assets up to a limit of Rs 67,200 million (June 30, 2023: Rs 67,200 million).

8. Trade and other payables

Trade and other payables include an amount of Rs 5,953 million (June 30, 2023: Rs 6,454 million) payable to the fuel suppliers on account of fuel supplies and late payment surcharge on credit supplies of fuel. Further, included in it is an amount of Rs 44 million (June 30, 2023: Rs 35 million) payable to CPPA-G, an associated undertaking, against import of electricity.

9. Contingencies and commitments

9.1 Contingencies

- (a) There has been no significant change in the status of the contingent liabilities disclosed as at June 30, 2023 except the following:
- (i) The Deputy Commissioner Inland Revenue (DCIR) initiated proceedings under sections 147/205 alleging that the Company had not paid advance tax liability to the tune of 90% of the tax liability for tax year 2015 and raised a tax demand amounting to Rs 69 million. Being aggrieved, the Company filed an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)]. The CIR(A) remanded back the issue to the DCIR vide order dated May 26, 2023 on the grounds that there are computational errors in the above order that need to be corrected. Being further aggrieved, the Company filed an appeal before the Appellate Tribunal Inland Revenue which was decided against the Company vide order dated September 21, 2023. Being aggrieved, Company has filed reference in Lahore High Court which is pending adjudication.
- (ii) The tax department created sales tax demand of Rs 2,933 million for the financial period July 2013 to June 2014 pertaining to the issue of apportionment of input tax against Capacity Purchase Price and Energy Purchase Price (EPP) and allowed input against EPP only. Being aggrieved, the Company filed an appeal before CIR(A), which was remanded back vide order dated April 29, 2016. Being aggrieved, the tax department filed an appeal before ATIR which was rejected vide order dated October 24, 2023.
- (iii) The DCIR amended the assessment for tax year 2017 vide order dated June 23, 2023 and created a demand of Rs 322 million by disallowing certain expenses. Being aggrieved, the Company filed an appeal before CIR(A), which was decided in favour vide order dated December 04, 2023 whereby demand of Rs 149 million was deleted and remaining issues were remanded back to DCIR.

The management and the taxation expert of the Company believe that there are meritorious grounds available to defend the above mentioned demands relating to the respective cases, consequently, no provision has been recorded in these financial statements with respect to above matters.

- (b) Sui Northern Gas Pipelines Limited (SNGPL) has raised claims of late payment surcharge amounting to Rs 778 million (June 30, 2023: Rs 823

Notes to the Condensed Interim Financial Statements

for the six-month period ended December 31, 2023 (Un-audited)

million). The Management is of the view that these claims are not as per the underlying agreements, therefore such claims have been disputed.

The Management and the legal advisor of the Company believe that there are meritorious grounds available to defend the foregoing claims. Consequently, no provision has been recorded in these financial statements.

- (c) The Company had provided bank guarantees in favour of Sui Northern Gas Pipelines Limited (SNGPL) on account of payment of dues against gas sales etc., amounting to Rs 2,500 million in prior years, which was due to expire on June 09, 2023. SNGPL issued encashment notice for the bank guarantee on June 07, 2023 for recovery of outstanding late payment surcharge balances. Subsequently, the Company obtained stay order from the Honorable Civil Court against the said encashment notice based on the premise that late payment surcharge is disputed and is not covered in the said bank guarantee. The stay was vacated by Civil Court on December 2, 2023. Aggrieved by the decision the Company filed stay application with Honourable Lahore High Court which has been granted and still valid.

The Management and the legal advisor of the Company believe that there are meritorious grounds available to defend the foregoing case. Consequently, no provision has been recorded in these financial statements.

9.2 Commitments

- (i) Contracts for capital expenditure are Nil (June 30, 2023: Rs 4 million).
- (ii) Letters of credit other than for capital expenditure are Nil (June 30, 2023: Rs 29 million).
- (iii) Contracts for car ljarah are Rs 59 million (June 30, 2023: Rs 69 million).

		Un-audited December 31, 2023	Audited June 30, 2023
	Note	(Rupees in thousand)	
10. Property, plant and equipment			
Opening Net Book Value (NBV)		1,931,244	2,237,359
Add: Additions / transfers during the period	10.1	5,682	15,074
		1,936,926	2,252,433
Less: Disposals during the period (at NBV)		2,198	1,956
Depreciation charged during the period		5,682	319,233
		7,880	321,189
		1,929,046	1,931,244

Notes to the Condensed Interim Financial Statements

for the six-month period ended December 31, 2023 (Un-audited)

		Un-audited December 31, 2023	Audited June 30, 2023
	Note	(Rupees in thousand)	
10.1 Following is the detail of additions / transfers during the period			
Additions:			
Gas turbine blading		2,573	9,548
Auxiliary plant and machinery		3,109	3,046
Office equipment		5,682	282
			12,876
Transfers:			
Vehicles		-	2,198
		5,682	15,074
11. Trade debts			
Trade debts	11.1	19,442,440	27,071,127
Less: Provision for doubtful debts		469,009	459,742
		18,973,431	26,611,385

11.1 These are considered good except Rs 469 million (June 30, 2023: Rs 460 million) which are considered doubtful. Trade debts include an overdue amount of Rs 15,743 million (June 30, 2023: Rs 22,418 million) receivable from CPPA-G, which is a related party of the Company. The maximum aggregate amount outstanding during the period was Rs 27,071 million (June 30, 2023: Rs 62,504 million). The trade debts are Pakistani rupee denominated and 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 late payment surcharge of SBP discount rate plus 4 percent per annum is charged in case the amounts are not paid within due dates (25~30 days from invoice date) as prescribed in the PPA i.e. default by CPPA-G in timely payment, except for weekly RLNG fuel invoices, due in 03 days, which are subject to markup of 1 month Kibor plus 2 percent per annum for first 30 days, after which markup will be SBP discount rate plus 4 percent per annum.

	Un-audited December 31, 2023		Audited June 30, 2023	
	Cost	Carrying Value	Cost	Carrying Value
	(Rupees in thousand)			
12. Investments at fair value				
Fair value through profit or loss - Government Securities				
Pakistan Investment Bond	23,831,000	23,268,588	23,831,000	22,837,248
GoP Ijarah Sukuk	24,417,400	24,378,588	27,417,400	27,264,291
	48,248,400	47,647,176	51,248,400	50,101,538

Notes to the Condensed Interim Financial Statements

for the six-month period ended December 31, 2023 (Un-audited)

Particulars of debt securities are as follows:

	Maturity	Effective Yield	Un-audited December 31, 2023 (Rupees in thousand)	Audited June 30, 2023
Pakistan Investment Bond	18-Jun-30	22.055%	23,268,588	22,837,248
GoP Ijarah Sukuk	09-Dec-25	21.226%	7,723,588	7,746,875
GoP Ijarah Sukuk	29-Oct-26	22.288%	16,655,000	19,517,415
			<u>47,647,176</u>	<u>50,101,538</u>

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

Advances to suppliers include amount due for more than a year from WAPDA, an associated undertaking, amounting to Nil (June 30, 2023: Rs 1 million). These are in the normal course of business and are interest free.

		Three-month ended		Six-month ended	
	Note	December 31, 2023 (Rupees in thousand)	December 31, 2022	December 31, 2023 (Rupees in thousand)	December 31, 2022
14. Sales					
Energy Purchase Price under the PPA		-	1,565,119	-	24,085,334
Sales tax		-	(225,095)	-	(3,463,143)
Net Energy Purchase Price		-	1,340,024	-	20,622,191
Capacity Purchase Price under the PPA - net		-	939,107	-	4,547,298
		-	<u>2,279,131</u>	-	<u>25,169,489</u>
15. Cost of sales					
Fuel cost		-	1,476,153	-	21,873,368
Electricity import for self consumption		155,224	130,411	302,569	261,288
Salaries, wages and benefits		353,494	419,526	763,869	913,559
Voluntary Severance Scheme	15.1	212,188	-	212,188	-
Plant maintenance		6,029	124,191	19,027	173,493
Gas turbines overhauls		-	270,493	-	277,329
Repair and renewals		-	22,160	11,397	44,487
Plant insurance	15.2	123,119	191,388	343,634	191,388
Provision for net realizable value (NRV) against fuel stock		265,000	-	265,000	-
Depreciation on property, plant and equipment		2,650	70,813	5,682	282,985
Amortisation on intangible assets		-	430	-	1,720
		<u>1,117,704</u>	<u>2,705,565</u>	<u>1,923,366</u>	<u>24,019,617</u>

Notes to the Condensed Interim Financial Statements

for the six-month period ended December 31, 2023 (Un-audited)

15.1 As explained in note 4, NEPRA approved Provisional Tariff of the Company for 500MW capacity on Take-and-Pay basis. Therefore to align manpower with expected future requirements, Voluntary Severance Scheme (VSS) was announced and offered to all employees of the Company during the period ended December 31, 2023. Subsequent to the period end, applications of 125 employees were accepted by the Company under the scheme, accordingly, it is treated as an adjusting event and related expense has been recorded in these condensed interim financial statements.

15.2 The Plant insurance was a pass-through item till expiry of the PPA. Thereafter, the Company has recorded an expense in respect of the same.

	Three-month ended		Six-month ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	(Rupees in thousand)		(Rupees in thousand)	
16. Other Income				
Interest on late payment				
- CPPA-G	791,079	1,767,441	2,044,284	3,624,503
Interest on PIBs and Sukuks	2,764,451	1,997,599	5,631,841	3,955,545
Fair value gain on investments at fair value	390,595	-	524,639	-
Income on bank deposits	93,077	50,599	93,077	50,600
Scrap sales	-	8,924	102,100	10,403
True-up income	-	42,207	-	42,207
Exchange gain	385	-	13,909	-
Others	55,000	9,766	67,633	18,982
	<u>4,094,587</u>	<u>3,876,536</u>	<u>8,477,483</u>	<u>7,702,240</u>

	Six-month ended	
	December 31, 2023	December 31, 2022
	(Rupees in thousand)	

17. Transactions with related parties

Relationship with the Company	Percentage of shareholding	Nature of transaction		
i. Associated undertakings				
- CPPA-G	0%	Sale of electricity	-	25,169,489
- CPPA-G	0%	Purchase of electricity	302,569	261,288
- WAPDA	40%	Purchase of services	370	-
- CPPA-G	0%	Interest income on late payments	2,044,284	3,624,503
- CPPA-G	0%	True-up income	-	42,207
- CPPA-G	0%	Provision for doubtful debts	9,267	112,261

Notes to the Condensed Interim Financial Statements

for the six-month period ended December 31, 2023 (Un-audited)

			Six-month ended	
			December 31, 2023	December 31, 2022
(Rupees in thousand)				
Relationship with the Company	Percentage of shareholding	Nature of transaction		
- CPPA-G	0%	Bad debts written off	-	112,261
- WAPDA	40%	Dividend paid	1,771,556	97,398
- KAPCO Employees Empowerment Trust	5%	Dividend paid	241,262	1,417,245
				193,010
ii. Post retirement benefit plans				
- KAPCO employees pension fund trust	0%	Contributions paid	-	-
- KAPCO employees provident fund trust	0%	Contributions paid	18,494	26,578
iii. Key management personnel (including directors)				
	0%	Compensation	109,145	217,552

Sale and purchase transactions with related parties are carried out on mutually agreed terms.

As per Company policy, Company transport, education of children, club charges, medical facility, house loan subsidy, security and utilities are provided to the employees. Further, a company maintained vehicle is provided to the Chairman of the Board of Directors, and the directors are entitled for corporate club memberships.

	Un-audited December 31, 2023	Audited June 30, 2023
(Rupees in thousand)		
Period end balances		
Associated Undertakings		
Receivable from related parties	18,973,431	26,884,618
Payable to related parties	44,300	36,824

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

Notes to the Condensed Interim Financial Statements

for the six-month period ended December 31, 2023 (Un-audited)

	Six-month ended December 31, 2023	December 31, 2022
	(Rupees in thousand)	
18. Cash generated from operations		
Profit before tax	3,655,125	4,877,209
Adjustments for:		
- Depreciation on property, plant and equipment	5,683	309,685
- Amortisation on intangible assets	-	1,720
- Depreciation on right of use assets	-	22
- Bad debts written off	-	97,398
- Provision for doubtful debts	9,267	112,261
- Disposal of property, plant and equipment	(43)	(418)
- Income on bank deposits	(93,077)	(50,600)
- Interest income on investment at fair value	(5,631,841)	(3,955,545)
- Fair value gain or loss on investment at fair value	(524,639)	182,465
- Provision for net realizable value (NRV) against fuel stock	265,000	-
- Staff retirement benefits accrued	168,261	40,469
- Finance cost	2,271,433	3,144,411
- Amortisation of contract liability	-	(4,613,061)
Profit before working capital changes	125,169	146,016
Effect on cash flow due to working capital changes:		
- Increase in stores and spares	(28,188)	(81,879)
- Increase in stock-in-trade	-	(5,415,619)
- Decrease in trade debts	7,628,687	24,164,436
- Decrease in loans, advances, deposits, prepayments and other receivables	329,757	802,964
- Decrease in trade and other payables	(353,344)	(9,701,154)
	7,576,912	9,768,748
Cash generated from operations	7,702,081	9,914,764

	December 31, 2023	December 31, 2022
	(Rupees in thousand)	
19. Cash and cash equivalents		
Cash and bank balances	1,196,418	1,073,754
Finances under mark-up arrangements		
- secured	(14,276,126)	(31,142,971)
	(13,079,708)	(30,069,217)

Notes to the Condensed Interim Financial Statements

for the six-month period ended December 31, 2023 (Un-audited)

20. Fair values of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. The carrying values of all financial assets and liabilities reflected in these financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

Specific valuation techniques used to value financial instruments include:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following is categorization of assets which are disclosed at fair value as at December 31, 2023:

	Level 1	Level 2	Level 3	Total
	Un-audited			
	(Rupees in thousand)			
Assets:				
Investments at fair value	47,647,176	-	-	47,647,176

The following is categorization of assets which are disclosed at fair value as at June 30, 2023:

	Level 1	Level 2	Level 3	Total
	Audited			
	(Rupees in thousand)			
Assets:				
Investments at fair value	50,101,538	-	-	50,101,538

Notes to the Condensed Interim Financial Statements

for the six-month period ended December 31, 2023 (Un-audited)

21. Date of authorisation for issue

These condensed interim financial statements were authorised for issue on February 26, 2024 by the Board of Directors of the Company.

22. Subsequent events after the reporting date

No event subsequent to the period ended December 31, 2023, other than those mentioned elsewhere in these condensed interim financial statements except for the following:

- (i) The Company sold all its investments in Government securities and re-invested them into multiple Mutual Funds amounting to a total of Rs. 47,647 million during the month of January 2024.
- (ii) The Board of Directors of the Company has declared an interim dividend for the period ended December 31, 2023 of Rs 4.50 (December 31, 2022: Rs. 3.50) per share amounting to Rs 3,961 million (December 31, 2022: Rs. 3,081 million) at their meeting held on February 26, 2024. These condensed interim financial statements do not reflect this declared dividend.

23. Corresponding figures

In order to comply with the requirements of IAS 34 - 'Interim Financial Reporting', the condensed interim statement of financial position 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 statement of profit or loss, condensed interim statement of comprehensive income and condensed interim statement of cash flows 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.



Attab Mahmood Butt
Chief Executive Officer



M. Rabnawaz Anjum
Chief Financial Officer



Hafiz Muhammad Yousaf
Director