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FUTURE



LALPIR POWER LIMITED

HALF YEARLY REPORT
FOR THE PERIOD ENDED JUNE 30, 2018

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COMPANY PROFILE

THE COMPANY	Lalpir Power Limited (“the Company”) was incorporated in Pakistan on 8 May 1994 under the Companies Ordinance, 1984. The registered office is situated at 53-A, Lawrence Road, Lahore. The principal activities of the Company are to own, operate and maintain an oil fired power station (“the Complex”) having gross capacity of 362 MW in Mehmood Kot, Muzaffargarh, Punjab, Pakistan.	
BOARD OF DIRECTORS	Mian Hassan Mansha Mr. Khalid Qadeer Qureshi Mr. Aurangzeb Firoz Mr. Jawaid Iqbal Mr. Muhammad Azam Mr. Mahmood Akhtar Mr. Inayat Ullah Niazi	Chairman Chief Executive Officer
AUDIT COMMITTEE	Mr. Jawaid Iqbal Mr. Inayat Ullah Niazi Mr. Mahmood Akhtar	Chairman
HUMAN RESOURCE & REMUNERATION(HR &R) COMMITTEE	Mr. Jawaid Iqbal Mian Hassan Mansha Mr. Mahmood Akhtar	Chairman
CHIEF FINANCIAL OFFICER	Mr. Awais Majeed Khan	
COMPANY SECRETARY	Mr. Khalid Mahmood Chohan	
BANKERS OF THE COMPANY	Habib Bank Limited The Bank of Punjab United Bank Limited Allied Bank Limited National Bank of Pakistan Bank Alfalah Limited Faysal Bank Limited Askari Bank Limited Habib Metropolitan Bank Limited NIB Bank Limited MCB Bank Limited (Formerly NIB Bank Limited) Bank Islami Pakistan Limited Standard Chartered Bank (Pakistan) Limited Al Baraka Bank (Pakistan) Limited Pakbrunei Investment company Meezan Bank Limited Silk Bank Limited	
AUDITOR OF THE COMPANY	Riaz Ahmad & Co. Chartered Accountants	
LEGAL ADVISOR OF THE COMPANY	Mr. M. Aurangzeb Khan Advocate High Court	
REGISTERED OFFICE	53-A, Lawrence Road, Lahore-Pakistan UAN: 042-111-11-33-33	
HEAD OFFICE	1-B, Aziz Avenue, Gulberg-V, Lahore- Pakistan Tel: 042-35717090-96 Fax: 042-35717239	
SHARE REGISTRAR	Central Depository Company of Pakistan Limited CDC House,99-B, Block-B, S.M.C.H.S Shahra-e-Faisal, Karachi – 74400 Tel: (92-21) 111-111-500 Fax: (92-21) 34326053	
PLANT	Mehmood Kot, Muzaffargarh, Punjab – Pakistan.	

DIRECTORS' REPORT

The Directors of **Lalpir Power Limited** ("the Company") are pleased to present their report together with operational and financial results of your Company for the Half year ended 30 June 2018.

Your Company is engaged in power generation with a net capacity of 350.00 MW furnace oil fired power plant against a gross capacity of 362 MW. Its shares are listed on the Pakistan Stock exchange. The sole purchaser of the power is Central Power Purchasing Agency (Guarantee) Limited (CPPA-G). We report that during the period under review power plant, by achieving all the operating standards, dispatched 524,230 MWH of electricity as compared with 834,459 MWH dispatched during the corresponding six months of the previous financial year. Resultantly, the capacity factor remained at 34.5% as against 54.9% demonstrated in the comparable six months of the previous financial year.

Operation Financial Results:

The financial results of the Company for period ended 30 June 2018 are as follows:

Financial Highlights	HALF YEAR ENDED	
	30 June 2018	30 June 2017
Revenue (Rs '000')	8,795,558	10,470,415
Gross profit (Rs '000')	1,078,467	1,062,068
Gross profit ratio to revenue (%)	12.26	10.14
After tax profit (Rs '000')	599,431	627,206
After tax profit ratio to revenue (%)	6.82	5.99
Earnings per share (Rs)	1.58	1.65

The Company has posted after tax profit of Rs. 599.431 million as against Rs 627.206 million earned in the comparative period. The net profits of the Company demonstrated the Earning per Share of Rs 1.58 as against Rs. 1.65 earned per share in the previous period.

The conclusions and recommendations of Justice (R) Tassaduq Husain Jilani are not yet implemented. Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) is discussing the matter within government bodies to find a way forward.

Other significant matters

Due to induction of new and large size power generation facilities in the country, Lalpir Power Plant was dispatched less compared to past. The dispatch will depend on national demand, availability of RLNG and coal based plants in the system.

Acknowledgement

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

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

For and on behalf of the Board of Directors



(Mr. Khalid Qadeer Qureshi)

Chief Executive Officer

Lahore: 20 August 2018

ڈائریکٹرز رپورٹ لال پیر پاور لمیٹڈ

لال پیر پاور لمیٹڈ "کمپنی" کے ڈائریکٹرز 30 جون 2018 مختصر ششماہی کے لئے آپ کی کمپنی کے آپریشنل اور مالیاتی نتائج پر مشتمل اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

آپ کی کمپنی 362 MW کی مجموعی صلاحیت کے برعکس 350.00 MW کی خالص صلاحیت کے ساتھ فرنس آئل فائرڈ پاور پلانٹ سے بجلی پیدا کرنے میں مصروف ہے۔ اس کے حصص پاکستان اسٹاک ایکسچینج میں درج ہیں۔ بجلی کا واحد خریدار سنٹرل پاور پراجیکٹ انجنیسی (گارنٹی) لمیٹڈ (CPPA-G) ہے۔

ہم بیان کرتے ہیں کہ زیرِ جائزہ مدت کے دوران پاور پلانٹ نے گزشتہ مالی سال کی اسی ششماہی کے دوران 834,459 MWH تزیل کے مقابلے میں بجلی 524,230 MWH تزیل کے تمام آپریٹنگ معیارات حاصل کئے ہیں۔ نتیجے میں صلاحیتی عنصر گزشتہ مالی سال کی ششماہی میں ظاہر کردہ 54.9 فیصد کے مقابلے 34.5 فیصد رہا ہے۔

مالیاتی نتائج:

30 جون 2018ء کو ختم ہونے والی ششماہی کے لئے کمپنی کے مالیاتی نتائج مندرجہ ذیل ہیں:

مالی جھلکیاں	30 جون 2018ء مختصر ششماہی	30 جون 2017ء مختصر ششماہی
محصولات (000 روپے)	8,795,558	10,470,415
خام منافع (000 روپے)	1,078,467	1,062,068
خام منافع تناسب محصولات (فیصد)	12.26	10.14
بعد از ٹیکس منافع (000 روپے)	599,431	627,206
بعد از ٹیکس منافع تناسب محصولات (فیصد)	6.82	5.99
آمدن فی حصص (روپے)	1.58	1.65

کمپنی نے تقابلی مدت میں 627.206 ملین روپے منافع کے برعکس 599.431 ملین روپے بعد از ٹیکس منافع درج کیا ہے۔ کمپنی کا خالص منافع، گزشتہ مدت میں 1.65 روپے فی شیئر آمدن کے مقابلے میں 1.58 روپے فی شیئر آمدن ظاہر کرتا ہے۔ جسٹس ریٹائرڈ تصدق حسین جیلانی کے نتائج اور سفارشات ابھی تک لاگو نہیں کی گئی ہیں۔ سنٹرل پاور پراجیکٹ انجنیسی (گارنٹی) لمیٹڈ (CPPA-G) مسائل کو حل کرنے کے لئے حکومتی اداروں کے ساتھ تبادلہ خیال کر رہا ہے۔

دیگر اہم معاملات

ملک میں نئی اور بڑے سائز کی پاور جنریشن سہولیات کی انڈکشن کی وجہ سے، لال پیر پاور پلانٹ نے ماضی کے مقابلے کم تزیل کی۔ تزیل کا انحصار قومی طلب RLNG کی دستیابی اور نظام میں کونڈ پرنٹی پلائٹس پر ہوگا۔

اظہار تشکر

ہم اپنے قابل قدر حصص داران CPPA-G، مالی اداروں، قرض دہندگان، پاکستان اسٹیٹ آئل اور دیگر سپلائرز کے کمپنی پر اعتماد اور یقین اور ان کے قابل قدر تعاون کے شکر گزار ہیں جس نے کمپنی کو بہتر نتائج کے حصول کے قابل بنایا ہے۔

ہم، ایک جدید اور حوصلہ افزاء کام کے ماحول کے قیام اور پاور پلانٹ کے تمام شعبوں میں اعلیٰ سطح کی کارکردگی کو فروغ دینے کے لئے بھی انتظامیہ کی تعریف کرتے ہیں۔ ہم قابل ذکر نتائج کی فراہمی کے لئے کمپنی کے تمام عملہ کی مسلسل حمایت، سخت محنت اور عزم کو بھی سراہتے ہیں اور ہم کمپنی کے ساتھ ان کے طویل تعلقات چاہتے ہیں۔

منجانب بورڈ آف ڈائریکٹرز

جناب خالد قدرتی
چیف ایگزیکٹو آفیسر

لاہور: 20 اگست 2018ء

INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF LALPIR POWER LIMITED REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of LALPIR POWER LIMITED as at 30 June 2018 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of cash flows, and condensed interim statement of changes in equity, and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed 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 condensed interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and other comprehensive income and the notes forming part thereof for the quarters ended 30 June 2018 and 30 June 2017 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended 30 June 2018.

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 condensed 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 condensed interim financial statements are 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 6.1.1 to the condensed interim financial statements which describes the uncertainty regarding outcome of claims lodged by Central Power Purchasing Agency (Guarantee) Limited, which have been disputed by the company. Our conclusion is not qualified in respect of this matter.

The engagement partner on the audit resulting in this independent auditors' report is Mubashar Mehmood.



RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Mubashar Mehmood

Lahore: August 20, 2018

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Note	Un-audited 30 June 2018 (Rupees in thousand)	Audited 31 December 2017
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 500,000,000 (31 December 2017: 500,000,000) ordinary shares of Rupees 10 each		5,000,000	5,000,000
Issued, subscribed and paid-up share capital 379,838,733 (31 December 2017: 379,838,733) ordinary shares of Rupees 10 each		3,798,387	3,798,387
Capital reserve		107,004	107,004
Revenue reserve - un-appropriated profit		9,118,504	8,898,912
Total equity		13,023,895	12,804,303
LIABILITIES			
NON-CURRENT LIABILITIES			
Long-term financing	5	-	230,423
Employee benefit - gratuity		42,229	38,280
		42,229	268,703
CURRENT LIABILITIES			
Trade and other payables		639,347	1,271,586
Unclaimed dividend		7,533	2,775
Accrued mark-up / interest		171,603	108,270
Short-term borrowings		13,270,561	8,664,776
Current portion of long-term financing	5	506,930	553,015
		14,595,974	10,600,422
Total liabilities		14,638,203	10,869,125
CONTINGENCIES AND COMMITMENTS			
	6		
TOTAL EQUITY AND LIABILITIES		27,662,098	23,673,428

The annexed notes form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

	Note	Un-audited 30 June 2018 (Rupees in thousand)	Audited 31 December 2017
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	8,562,609	9,018,793
Investment property		10,077	10,118
Long-term loans		32,626	64,118
Long term security deposit		300	300
		<u>8,605,612</u>	<u>9,093,329</u>
CURRENT ASSETS			
Stores, spare parts and other consumables		961,479	947,439
Fuel stock		609,475	299,334
Trade debts		13,310,894	10,849,196
Loans, advances and short-term prepayments		2,665,458	439,597
Other receivables		266,744	246,449
Sales tax recoverable		1,126,093	1,797,462
Cash and bank balances		116,343	622
		<u>19,056,486</u>	<u>14,580,099</u>
TOTAL ASSETS		<u><u>27,662,098</u></u>	<u><u>23,673,428</u></u>



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**
FOR THE HALF YEAR ENDED 30 JUNE 2018 (UN-AUDITED)

	Note	Half Year Ended		Quarter Ended	
		30 June	30 June	30 June	30 June
		2018	2017	2018	2017
		(Rupees in thousand)		(Rupees in thousand)	
REVENUE		8,795,558	10,470,415	5,546,829	6,114,543
COST OF SALES	8	(7,717,091)	(9,408,347)	(5,100,009)	(5,604,111)
GROSS PROFIT		1,078,467	1,062,068	446,820	510,432
ADMINISTRATIVE EXPENSES		(112,576)	(84,933)	(37,767)	(19,905)
OTHER EXPENSES		(1,952)	(8,135)	(1,217)	(7,596)
OTHER INCOME		31,885	28,963	23,916	27,378
PROFIT FROM OPERATIONS		995,824	997,963	431,752	510,309
FINANCE COST		(396,393)	(370,757)	(213,725)	(203,051)
PROFIT BEFORE TAXATION		599,431	627,206	218,027	307,258
TAXATION		-	-	-	-
PROFIT AFTER TAXATION		599,431	627,206	218,027	307,258
OTHER COMPREHENSIVE INCOME:					
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT AND LOSS ACCOUNT		-	-	-	-
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT AND LOSS ACCOUNT		-	-	-	-
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		599,431	627,206	218,027	307,258
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)		1.58	1.65	0.58	0.81

The annexed notes form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 30 JUNE 2018 (UN-AUDITED)

	Note	Half year Ended	
		30 June 2018 (Rupees in thousand)	30 June 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash utilized in operations	9	(3,529,489)	(1,656,423)
Finance cost paid		(333,060)	(334,052)
Interest income received		29,306	23,051
Net decrease / (increase) in long term loans		45,028	(1,651)
Income tax paid		(11,156)	(6,791)
Gratuity paid		(3,067)	(2,377)
Net cash used in operating activities		(3,802,438)	(1,978,243)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(38,819)	(57,087)
Proceeds from disposal of operating fixed assets		7	19,929
Net cash used in investing activities		(38,812)	(37,158)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term financing		(276,508)	(276,508)
Dividend paid		(372,306)	(377,627)
Net cash used in financing activities		(648,814)	(654,135)
Net decrease in cash and cash equivalents		(4,490,064)	(2,669,536)
Cash and cash equivalents at beginning of the period		(8,664,154)	(8,130,115)
Cash and cash equivalents at end of the period		(13,154,218)	(10,799,651)
CASH AND CASH EQUIVALENTS			
Cash in hand		308	461
Cash at banks		116,035	199,099
Short-term borrowings		(13,270,561)	(10,999,211)
		(13,154,218)	(10,799,651)

The annexed notes form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 JUNE 2018

SHARE CAPITAL	RESERVES		TOTAL EQUITY	
	Capital	Revenue		
	Retained payments reserve	Un- appropriated profit		
(-----Rupees in thousand-----)				
Balance as at 31 December 2016 - audited	3,798,387	107,004	8,713,239	12,618,630
Transaction with owners - Final dividend for the year ended 31 December 2016 @ Rupee 1 per share	-	-	(379,839)	(379,839)
Profit for the half year ended 30 June 2017	-	-	627,206	627,206
Other comprehensive income for the half year ended 30 June 2017	-	-	-	-
Total comprehensive income for the half year ended 30 June 2017	-	-	627,206	627,206
Balance as at 30 June 2017 - un-audited	3,798,387	107,004	8,960,606	12,865,997
Transaction with owners - Interim dividend for the year ended 31 December 2017 @ Rupee 1 per share	-	-	(379,839)	(379,839)
Profit for the half year ended 31 December 2017	-	-	345,134	345,134
Other comprehensive loss for the half year ended 31 December 2017	-	-	(26,989)	(26,989)
Total comprehensive income for the half year ended 31 December 2017	-	-	318,145	318,145
Balance as at 31 December 2017 - audited	3,798,387	107,004	8,898,912	12,804,303
Transaction with owners - Final dividend for the year ended 31 December 2017 @ Rupee 1 per share	-	-	(379,839)	(379,839)
Profit for the half year ended 30 June 2018	-	-	599,431	599,431
Other comprehensive income for the half year ended 30 June 2018	-	-	-	-
Total comprehensive income for the half year ended 30 June 2018	-	-	599,431	599,431
Balance as at 30 June 2018 - un-audited	3,798,387	107,004	9,118,504	13,023,895

The annexed notes form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE HALF YEAR ENDED 30 JUNE 2018 (UN-AUDITED)

1. THE COMPANY AND ITS OPERATIONS

Lalpir Power Limited (“the Company”) was incorporated in Pakistan on 08 May 1994 under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017). The registered office of the Company is situated at 53-A, Lawrence Road, Lahore and head office is situated at 1-B, Aziz Avenue, Gulberg V, Lahore. The ordinary shares of the Company are listed on Pakistan Stock Exchange Limited. The principal activities of the Company are to own, operate and maintain an oil fired power station (“the Complex”) having gross capacity of 362 MW in Mehmood Kot, Muzaffargarh, Punjab, Pakistan.

2. BASIS OF PREPARATION

2.1 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; 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.

2.2 These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 31 December 2017. These condensed interim financial statements are un-audited, however, have been subjected to limited scope review by the auditors and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2017 and Section 237 of the Companies Act, 2017.

3. ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of these condensed interim financial statements are same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 31 December 2017.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

During preparation of these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 31 December 2017.

	Un-audited 30 June 2018 (Rupees in thousand)	Audited 31 December 2017
5. LONG TERM FINANCING		
Opening balance	783,438	1,336,453
Less: Repaid during the period / year	276,508	553,015
	506,930	783,438
Less: Current portion shown under current liabilities	506,930	553,015
	-	230,423

6. CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

There is no significant change in the status of contingencies as disclosed in the preceding audited annual published financial statements of the Company for the year ended 31 December 2017 except for the following:

- 6.1.1** Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) has raised invoices for liquidated damages to the Company from 11th to 21st (up to April 2018) agreement year (after taking into account forced outage allowance stipulated under the terms of Power Purchase Agreement - PPA) on account of short supply of electricity by the Company, which was due to cash constraints of the Company as a result of default by CPPA-G in making timely payments. Liquidated damages invoiced to the Company amounts to Rupees 3,343.150 million (31 December 2017: Rupees 3,343 million). Out of these, the Company has accepted and paid Rupees 35.179 million (31 December 2017: Rupees 34.82 million). The Company disputes and rejects balance claims on account of liquidated damages that are raised by CPPA-G on the premise that its failure to dispatch electricity was due to CPPA-G 's non-payment of dues on timely basis to the Company and consequential inability of the Company to make timely payments to its fuel supplier that resulted in inadequate level of electricity production owing to shortage of fuel. Against these the Company has raised invoice dispute notices to CPPA-G. The Company appointed mediation expert under the mechanism given in the Power Purchase Agreement (PPA). On 22 June 2017, the mediation expert gave his decision in favour of the Company. However, this decision is not binding on either party. The Company is in the process of negotiation with CPPA-G to settle the issue. The ultimate outcome of the matter cannot presently be determined, and consequently, no provision for such liquidated damages has been made in these condensed interim financial statements.

	Un-audited 30 June 2018 (Rupees in thousand)	Audited 31 December 2017
6.2 Commitments		
6.2.1 Commitments in respect of letters of credit for capital expenditure	692,683	37,899
6.2.2 Commitments in respect of other than capital expenditure	6,882	234,797

	Un-audited 30 June 2018 (Rupees in thousand)	Audited 31 December 2017
7. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (Note 7.1)	8,332,163	8,793,917
Capital work-in-progress (Note 7.2)	230,446	224,876
	<u>8,562,609</u>	<u>9,018,793</u>
7.1 Operating fixed assets		
Opening book value	8,793,917	9,632,917
Add: Cost of additions during the period / year (Note 7.1.1)	33,249	187,014
Less: Book value of disposals / derecognitions during the period / year (Note 7.1.2)	682	33,799
Less: Depreciation charged during the period / year	494,321	992,215
Closing book value	<u>8,332,163</u>	<u>8,793,917</u>
7.1.1 Cost of additions		
Buildings on freehold land	54	39,953
Plant and machinery	23,508	104,755
Furniture and fittings	100	42
Vehicles	8,476	36,196
Office equipment	1,073	2,571
Electric equipment and appliances	2	3,437
Telephone installations	36	-
Clinical equipment	-	60
	<u>33,249</u>	<u>187,014</u>
7.1.2 Book value of disposals / derecognitions		
Cost		
- Plant and machinery	720	32,467
- Vehicles	-	22,634
- Office equipment	65	-
- Electric equipment and appliances	-	1,067
	<u>785</u>	<u>56,168</u>
Less: Accumulated depreciation	103	22,369
	<u>682</u>	<u>33,799</u>
7.2 Capital work-in-progress		
Civil works	-	39,588
Plant and machinery	230,446	195,829
Others	-	-
	<u>230,446</u>	<u>235,417</u>

	Un-audited Half Year Ended		Un-audited Quarter Ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	(Rupees in thousand)		(Rupees in thousand)	
8. COST OF SALES				
Fuel cost	6,796,056	8,548,450	4,600,627	5,151,650
Operation and maintenance costs	223,743	223,880	136,375	124,277
Insurance	220,537	216,663	110,240	108,318
Depreciation	476,700	419,210	254,015	221,114
Liquidated damages to CPPA-G	55	144	38	123
Others	-	-	(1,286)	(1,371)
	<u>7,717,091</u>	<u>9,408,347</u>	<u>5,100,009</u>	<u>5,604,111</u>

	Half year Ended	
	30 June 2018	30 June 2017
(Rupees in thousand)		
9. CASH UTILIZED IN OPERATIONS		
Profit before taxation	599,431	627,206
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	494,321	436,398
Depreciation on investment property	41	41
Provision for gratuity	7,016	5,917
Loss on disposal / derecognition of operating fixed assets	675	6,292
Impairment loss on long term investment in associated company	-	842
Interest income	(29,306)	(23,051)
Finance cost	396,393	370,757
Cash flows from operating activities before working capital changes	<u>1,468,571</u>	<u>1,424,402</u>
Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and other consumables	(14,040)	3,363
Fuel stock	(310,141)	(2,547)
Trade debts	(2,461,698)	(2,153,314)
Loans, advances and short-term prepayments	(2,228,241)	(341,842)
Other receivables	(20,295)	(31,596)
Sales tax recoverable	671,369	(358,186)
	<u>(4,363,046)</u>	<u>(2,884,122)</u>
Decrease in trade and other payables	(635,014)	(196,703)
	<u>(3,529,489)</u>	<u>(1,656,423)</u>

10. TRANSACTIONS WITH RELATED PARTIES

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

Relationship with the Company	Nature of transaction	(Un-audited) Half Year Ended		(Un-audited) Quarter Ended	
		30 June 2018 (Rupees in thousand)	30 June 2017	30 June 2018 (Rupees in thousand)	30 June 2017
Associated companies	Insurance premium	263,583	262,870	127,876	124,785
	Insurance claims	4,309	1,002	199	1,002
	Dividend paid	196,645	196,646	196,645	196,646
	Share of expenses	-	181,002	(160)	94,982
	Share of rental income	-	846	-	(250)
	Rent expense	3,140	3,140	1,570	2,465
	Boarding lodging services	64	441	47	441
	Purchase of stores	171	132	26	132
	Interest charged	29,080	22,283	22,371	13,175
	Loan made	1,870,000	1,000,000	1,270,000	1,000,000
	Stores and spares transferred to	-	19,521	-	19,521
Stores and spares transferred from	-	4,026	-	4,026	
Key management personnel	Remuneration	12,308	4,414	4,748	3,018
Staff retirement benefits plans	Contribution to provident fund	9,070	16,423	4,581	12,290
	Contribution to gratuity fund	7,016	11,834	3,508	8,875
Period end balances:				Un-audited 30 June 2018 (Rupees in thousand)	
Short term loans receivable from associated companies		1,870,000		Audited 31 December 2017 -	

11. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

Certain financial assets and financial liabilities are not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts. Judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in these condensed interim financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company classify its financial

instruments into the following three levels. However, as at the reporting date, the Company has no such type of financial instruments which are required to be grouped into these levels. These levels are explained as under:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

12. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 31 December 2017.

13. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 "Interim Financial Reporting", the condensed interim statement of financial position and condensed interim statement of changes in equity have been compared with balances of audited annual published financial statements of preceding financial year, whereas, the condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of cash flows have been compared with the amounts of comparable period of immediately preceding financial year.

Corresponding figures have been re-arranged and reclassified, wherever necessary for the purpose of comparison, however, no significant re-arrangements and reclassifications have been made in these condensed interim financial statements.

14. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue on 20 August 2018 by the Board of Directors of the Company.

15. GENERAL

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

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