

KOT ADDU POWER COMPANY LIMITED

3rd Quarter Report

**March 31, 2014
(un-audited)**



Company Information

Board of Directors	Syed Raghob Abbas Shah, esq (Chairman) Mr. Aftab Mahmood Butt (Chief Executive) Syed Nizam Ahmad Shah, esq Mr. Anwar-ul-Haq Mr. Tahir Mahmood Syed Zia Ijaz, esq Mr. Ali Sameer Farooqui
Audit Committee	Syed Nizam Ahmad Shah, esq (Chairman) Mr. Anwar-ul-Haq Mr. Tahir Mahmood Syed Zia Ijaz, esq Mr. Ali Sameer Farooqui
HR Committee	Mr. Anwar-ul-Haq (Chairman) Syed Zia Ijaz, esq Mr. Aftab Mahmood Butt
CFO/GM Finance	Mr. M. Mohtashim Aftab
Company Secretary	Mr. A. Anthony Rath
External Auditors	A. F. Ferguson & Co. Chartered Accountants
Internal Auditors	Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants
Legal Advisor	Kabraji & Talibuddin
Bankers	Allied Bank Limited AlBaraka Bank (Pakistan) Limited Askari Bank Limited Bank Alfalah Limited BankIslami Pakistan Limited Citibank, N.A. Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited MCB Bank Limited Meezan Bank Limited National Bank of Pakistan-IBD NIB Bank Limited Samba Bank Limited Standard Chartered Bank (Pakistan) Limited The Bank of Punjab
Share Registrar	THK Associates (Private) Limited Ground Floor, State Life Building No. 3 Dr. Ziauddin Ahmed Road Karachi 75530, Pakistan Tel: +92 (0)21 111 000 322 Fax: +92 (0)21 3565 5595
Registered Office	House No. 4, Street No. 54-A F-7/4, Islamabad 44210, Pakistan
Corporate Office	5 B/3, Gulberg III, Lahore 54660, Pakistan Tel: +92 (0)42 3577 2912-16 Fax: +92 (0)42 3577 2922
Power Project	Kot Addu Power Complex, Kot Addu District Muzaffargarh, Punjab, Pakistan Tel: +92 (0)66 230 1047-9 Fax: +92 (0)66 230 1025
Email	Info@kapco.com.pk
Website	www.kapco.com.pk

Directors' Report

We are pleased to present the financial statements (un-audited) for the period ended March 31, 2014.

For the nine month period, the Company's turnover was Rs. 82,833 Million (Rs. 71,145 Million in July '12 - March '13); and profit after tax was Rs. 5,214 Million. The ensuing earnings per share were Rs. 5.92 per share (Rs. 10 each) (Rs. 6.42 per share in the corresponding period of the previous year).

The Company's sole customer (WAPDA) remains in payment default to the Company. On March 31, 2014, the overdue amount from WAPDA was Rs. 52,821 Million. For details you may review Note 8 to the Financial Statements. The Company continues to pursue WAPDA and concerned Ministries in the Government of Pakistan for resolution of the matter.

During the third quarter (January 1 to March 31, 2014, the Power Plant generated 1406 GWh of electricity (year to date generation level 4,520 GWh) at a load factor of 48.7 % (year to date load factor 51.3%) with an overall availability of 89.2% (year to date overall availability 75.1%). The fuel mix during the third quarter was 99.4% on Low Sulphur Furnace Oil (year to date LSFO fuel mix 97.3%); 0.6% on High Speed Diesel (year to date HSD fuel mix 1.6%); and no generation on Gas (year to date Gas fuel mix 1.1%).

Combustion Inspections of three (3) Gas Turbines were successfully carried out during the Third Quarter as per plan.

Dispatches of the interim cash dividend of Rs. 2.75 per share (Rs. 10 each) were completed on April 11, 2014 to shareholders whose names appeared on the Company's Register of Members on March 13, 2014.

On behalf of the Board



Aftab Mahmood Butt
Chief Executive

Lahore: April 18, 2014

Condensed Interim Balance Sheet

as at March 31, 2014 (Un-audited)

	March 31, 2014	June 30, 2013
Note	Re-stated	
	(Rupees in thousand)	
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Authorised capital 3,600,000,000 (June 30, 2013: 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, 2013: 880,253,228) ordinary shares of Rs 10 each	8,802,532	8,802,532
Capital reserve	444,451	444,451
Unappropriated profit	15,060,480	16,228,055
	24,307,463	25,475,038
NON-CURRENT LIABILITIES		
Long term finances	4 1,736,713	2,311,346
Liabilities against assets subject to finance lease	68,561	81,445
Deferred liabilities	3,763,781	3,830,698
	5,569,055	6,223,489
CURRENT LIABILITIES		
Current portion of long term liabilities	1,274,373	1,987,055
Finances under mark-up arrangements - secured	30,294,994	5,544,967
Trade and other payables	5 27,494,313	22,993,279
	59,063,680	30,525,301
CONTINGENCIES AND COMMITMENTS		
	6	
	88,940,198	62,223,828

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



Aftab Mahmood Butt
Chief Executive

		March 31, 2014	June 30, 2013
	Note	Re-stated	
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	16,290,962	17,090,199
Intangible assets		11,634	14,528
Assets subject to finance lease		91,976	109,751
Capital work-in-progress		10,020	10,547
Long term loans and deposits		56,140	56,809
		<u>16,460,732</u>	<u>17,281,834</u>
CURRENT ASSETS			
Stores and spares		4,010,864	4,132,476
Stock-in-trade		3,265,553	4,198,262
Trade debts	8	63,527,058	34,219,425
Loans, advances, deposits, prepayments and other receivables		1,286,702	2,036,896
Cash and bank balances		389,289	354,935
		<u>72,479,466</u>	<u>44,941,994</u>
		<u>88,940,198</u>	<u>62,223,828</u>



Syed Nizam Ahmad Shah
Director

Condensed Interim Profit and Loss Account

for the quarter and nine months ended March 31, 2014 (Un-audited)

	Note	Quarter ended		Nine months ended	
		March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
		(Rupees in thousand)		(Rupees in thousand)	
Sales		25,899,903	22,566,441	82,833,928	71,144,740
Cost of sales	9	(22,252,508)	(19,418,901)	(74,570,118)	(61,828,900)
Gross profit		3,647,395	3,147,540	8,263,810	9,315,840
Administrative expenses		(83,849)	(76,004)	(257,044)	(248,656)
Other operating expenses		-	-	(665)	(24,762)
Other income		1,245,621	1,329,526	2,819,528	4,382,702
Profit from operations		4,809,167	4,401,062	10,825,629	13,425,124
Finance cost		(1,332,926)	(1,372,960)	(3,098,248)	(4,927,971)
Profit before tax		3,476,241	3,028,102	7,727,381	8,497,153
Taxation		(1,105,832)	(1,056,647)	(2,513,120)	(2,842,378)
Profit for the period		2,370,409	1,971,455	5,214,261	5,654,775
Earnings per share - basic and diluted	Rupees	2.69	2.24	5.92	6.42

Appropriations have been reflected in the statement of changes in equity.

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



Aftab Mahmood Butt
Chief Executive



Syed Nizam Ahmad Shah
Director

Condensed Interim Statement of Comprehensive Income
for the quarter and nine months ended March 31, 2014 (Un-audited)

	Quarter ended		Nine months ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	(Rupees in thousand)		(Rupees in thousand)	
Profit for the period	2,370,409	1,971,455	5,214,261	5,654,775
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	2,370,409	1,971,455	5,214,261	5,654,775

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



Aftab Mahmood Butt
Chief Executive



Syed Nizam Ahmad Shah
Director

Condensed Interim Cash Flow Statement

for the nine months ended March 31, 2014 (Un-audited)

	Note	Nine months ended	
		March 31, 2014	March 31, 2013
		(Rupees in thousand)	
Cash flows from operating activities			
Cash (used in) / generated from operations	11	(13,082,306)	2,020,778
Finance cost paid		(3,511,113)	(2,877,264)
Taxes paid		(2,095,071)	(853,268)
Staff retirement benefits paid		(25,603)	(102,038)
Net cash used in operating activities		(18,714,093)	(1,811,792)
Cash flows from investing activities			
Fixed capital expenditure		(777,541)	(409,672)
Income on bank deposits received		16,370	4,370
Net decrease / (increase) in long term loans and deposits		669	(3,623)
Proceeds from sale of property, plant and equipment		3,521	83,268
Net cash used in investing activities		(756,981)	(325,657)
Cash flows from financing activities			
Repayment of liabilities against assets subject to finance lease		(22,787)	(22,411)
Repayment of long term loans - unsecured		(350,703)	(350,703)
Repayment of long term loans - secured		(933,606)	(629,076)
Dividend paid		(3,937,503)	(2,760,300)
Net cash used in financing activities		(5,244,599)	(3,762,490)
Net decrease in cash and cash equivalents		(24,715,673)	(5,899,939)
Cash and cash equivalents at beginning of the period		(5,190,032)	(19,742,779)
Cash and cash equivalents at the end of the period	12	(29,905,705)	(25,642,718)

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



Aftab Mahmood Butt
Chief Executive



Syed Nizam Ahmad Shah
Director

Condensed Interim Statement of Changes in Equity

for the nine months ended March 31, 2014 (Un-audited)

	Share Capital	Capital reserve	Un-appro- priated profit	Total
	(Rupees in thousand)			
Balance as on June 30, 2012 -As previously reported - audited	8,802,532	444,451	14,402,413	23,649,396
Effect of retrospective change in accounting policy (note - 2)	-	-	34,392	34,392
Balance as on June 30, 2012 (re-stated)	8,802,532	444,451	14,436,805	23,683,788
Total comprehensive income for the period	-	-	5,654,775	5,654,775
Final dividend for the year ended June 30, 2012 - Rs 3.15 per share	-	-	(2,772,798)	(2,772,798)
Interim dividend - Rs 3.00 per share	-	-	(2,640,760)	(2,640,760)
Balance as on March 31, 2013 (re-stated)	8,802,532	444,451	14,678,022	23,925,005
Profit for the period	-	-	1,699,206	1,699,206
Other comprehensive income for the period: Re-measurement of actuarial losses on retirement benefit plans (note-2)	-	-	(149,173)	(149,173)
Total comprehensive income for the period	-	-	1,550,033	1,550,033
Balance as on June 30, 2013 (re-stated)	8,802,532	444,451	16,228,055	25,475,038
Total comprehensive income for the period	-	-	5,214,261	5,214,261
Final dividend for the year ended June 30, 2013 - Rs 4.50 per share	-	-	(3,961,140)	(3,961,140)
Interim dividend - Rs 2.75 per share	-	-	(2,420,696)	(2,420,696)
Balance as on March 31, 2014	8,802,532	444,451	15,060,480	24,307,463

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



Aftab Mahmood Butt
Chief Executive



Syed Nizam Ahmad Shah
Director

Notes to and forming part of the Condensed Interim Financial Information

for the quarter and nine months ended March 31, 2014 (Un-audited)

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. 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 Ordinance, 1984. In case where the requirements differ, the provisions of or directives issued under The Companies Ordinance, 1984 have been followed.

This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the annual financial statements for the year ended June 30, 2013.

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, 2013 except for accounting policy adopted for retirement benefits.

In pursuance of amendments in International Accounting Standard 19 'Employee Benefits' that are effective from financial years beginning on or after January 1, 2013, the Company has changed its accounting policy in respect of recognition of actuarial losses/gains arising from retirement benefit plans during the current period. The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognized immediately in other comprehensive income with no subsequent recycling to profit and loss account; to immediately recognize all past service costs in profit and loss account; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability/asset. This change has now eliminated the corridor approach and calculates finance costs on a net funding basis.

The Company has applied this change in accounting policy retrospectively in accordance with International Accounting Standard - 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and recorded un-recognised actuarial losses net of taxes associated with these retirement benefit plans by

Notes to and forming part of the Condensed Interim Financial Information
for the quarter and nine months ended March 31, 2014 (Un-audited)

adjusting the opening balance of accumulated profit and retirement benefits including pension fund, medical and free electricity for the prior period presented. The effect on the condensed interim profit and loss account and the condensed interim statement of comprehensive income for the quarter ended March 31, 2014 has not been disclosed separately since it is the Company's practice to carry out the actuarial valuation on an annual basis. However, the impact on this condensed interim financial information is considered immaterial.

Effects of change in accounting policy are as follows:

	June 30, 2013	June 30, 2012
	(Rupees in thousand)	
Impact on balance sheet		
Deferred liabilities	(173,910)	52,109
Loans, advances, deposits, prepayments and other receivables	59,129	(17,717)
Unappropriated profit	(114,781)	34,392
Impact on other comprehensive income		
Actuarial losses (reversed) / recognized - net of tax	(149,173)	141,365

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

4. **Long term finances**

Long term finances include unsecured loan payable to associated undertaking amounting to Rs 2,357.519 million (June 30, 2013: Rs 2,708.222 million) out of which Rs 620.806 million (June 30, 2013: Rs 701.405 million) is included in current portion of long term liabilities. It carries a mark-up of 14% payable semi-annually.

5. **Trade and other payables**

Trade creditors include payable to Pakistan State Oil amounting to Rs 5,909 million (June 30, 2013: Rs 4,391 million).

6. **Contingencies and commitments**

6.1 **Contingencies**

There has been no change in the status of the contingent liabilities disclosed as at June 30, 2013 except for the following:

(a) Income Tax department carried out assessment for the Tax Years 2009, 2010 and 2011 based on which they created a demand of Rs 1,027 million.

Notes to and forming part of the Condensed Interim Financial Information for the quarter and nine months ended March 31, 2014 (Un-audited)

Subsequently, Commissioner Inland Revenue - Appeals CIR(A) decided certain issues in favour of the Company while remaining issues were remanded back to the Deputy Commissioner Inland Revenue (DCIR) for reconsideration. Both the Company and the Tax Department filed appeal with the Appellate Tribunal Inland Revenue (ATIR) against the CIR(A) orders. The Company received favourable order from ATIR on these issues. Subsequently, the Company has received appeal effect orders amounting to Rs 676 million which were adjusted against advance tax liability for the tax year 2014. The Tax Department has a right to file a reference before the High Court against the ATIR decision.

For the Tax Year 2011, Income Tax department has also selected Company in total audit under section 214 (c) and carried out the assessment on which they created a demand of Rs 159 million. Company filed an appeal with CIR(A) which is pending for hearing.

For the Tax Year 2012, DCIR issued assessment order and demand notice amounting to Rs 458 million which was later rectified to Rs 411 million. The Company filed appeal with CIR(A). Subsequently, CIR(A) decided certain issues in favour of the Company and thereby reducing the demand to Rs 30 million. Being aggrieved, the Company has filed an appeal with ATIR which is pending for hearing.

For the Tax Year 2013, DCIR issued assessment order under section 122(5A) along with demand notice under section 122(9) amounting to Rs 203 million. Being aggrieved, the Company has filed an appeal with CIR(A) which is pending for hearing.

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) The Company has received a Sales Tax show cause notice under section 11(4) of Sales Tax Act, 1990, subsequent to the period end, relating to financial period June 2008 to June 2013. Based on the strength of an unfavourable decision by ATIR against different other IPPs, the tax department intends to apportion the input sales tax in the proportion of Capacity invoices and Energy Invoices by disallowing the input tax relating to capacity portion amounting to Rs 10,102.246 million. Subsequently, the Company intends to file a writ petition before Lahore High Court for the grant of stay order against the proceedings of this show cause notice.

The management is of the view that the claim of tax authorities is baseless and 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.

Notes to and forming part of the Condensed Interim Financial Information for the quarter and nine months ended March 31, 2014 (Un-audited)

- (c) The Company has a 'Long Term Supply Agreement' (LTSA) with one of the Original Equipment Manufacturers (OEM) for the supply of spares to the Company. According to the terms of LTSA, the Company has availed discount amounting to Rs 1,737.561 million up to March 31, 2014 (June 30, 2013: Rs 1,704.588 million). This discount is contingent upon the Company procuring at least a specified amount of spares from the OEM during the tenure of LTSA. Inability of the Company to achieve the desired level of purchases would result in payment of compensation fee amounting to Rs 260.634 million (June 30, 2013: Rs 255.688 million) to the OEM out of the discount recognised up to March 31, 2014. The management of the Company feels that the minimum specified level of purchases will be achieved during the contractual period and no compensation fee would be payable to the OEM, consequently no provision for compensation fee as referred above has been made in this condensed interim financial information.
- (d) WAPDA has raised invoices for liquidated damages to the Company for the years ended June 30, 2009, 2010, 2011, 2012 and 2013 (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, which was due to cash flow constraints of the Company as a result of default by WAPDA in making timely payments. Estimated amount of liquidated damages (including un-invoiced liquidated till March 31, 2014) are not expected to exceed Rs 21,732 million as at March 31, 2014 (June 30, 2013: Rs 19,917 million) based on the best estimate of the management of the Company.

The Company disputes and rejects any claim on account of liquidated damages 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.

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 this condensed interim financial information.

- (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 46.454 million (June 30, 2013: Rs 536.276 million).

Notes to and forming part of the Condensed Interim Financial Information
for the quarter and nine months ended March 31, 2014 (Un-audited)

6.2 Commitments

- (i) Contracts for capital expenditure Rs 581.569 million (June 30, 2013: Rs 632.414 million).
- (ii) Letters of credit other than for capital expenditure Rs 215.464 million (June 30, 2013: Rs 428.005 million).

	Note	March 31, 2014	June 30, 2013
(Rupees in thousand)			
7. Property, plant and equipment			
Opening book value		17,090,199	18,264,486
Add: Additions/transfers during the period	7.1	781,697	867,024
		<u>17,871,896</u>	<u>19,131,510</u>
Less: Disposals during the period (at book value)		1,421	41,496
Depreciation charged during the period		1,579,513	1,999,815
		<u>1,580,934</u>	<u>2,041,311</u>
		<u>16,290,962</u>	<u>17,090,199</u>
7.1 Following is the detail of additions/transfers during the period			
Additions:			
Land		64,017	-
Buildings on freehold land		12,506	17,382
Plant and machinery		-	44,021
Gas turbine blading		670,143	760,335
Auxiliary plant and machinery		6,941	34,543
Office equipment		25,040	5,427
		<u>778,647</u>	<u>861,708</u>
Transfers:			
Vehicles		3,050	5,316
		<u>781,697</u>	<u>867,024</u>
8. Trade debts			
Trade debts	8.1	63,598,363	34,290,730
Less: Provision for doubtful debts		71,305	71,305
		<u>63,527,058</u>	<u>34,219,425</u>

Notes to and forming part of the Condensed Interim Financial Information
for the quarter and nine months ended March 31, 2014 (Un-audited)

- 8.1 These represent amounts receivable from associated undertaking and are considered good except for Rs 71.305 million (June 30, 2013: Rs 71.305 million) which is considered doubtful. Out of the total good trade debts, Rs 52,821 million (June 30, 2013: Rs 21,188 million) is an overdue amount receivable from WAPDA. 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.

	Quarter ended		Nine months ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	(Rupees in thousand)		(Rupees in thousand)	
9. Cost of sales				
Fuel cost	21,294,321	18,566,485	69,688,362	59,199,054
Salaries, wages and benefits	246,026	213,911	877,696	747,444
Plant maintenance	61,053	46,491	253,492	162,831
Gas turbines overhauls	31,258	64,243	1,094,807	153,329
Repair and renewals	95,895	21,824	1,098,480	47,776
Depreciation on property, plant and equipment	523,014	490,240	1,554,387	1,471,343
Amortisation on intangible assets	940	690	2,894	2,072
Provision for store obsolescence	-	15,017	-	45,051
	<u>22,252,507</u>	<u>19,418,901</u>	<u>74,570,118</u>	<u>61,828,900</u>

10. Transactions with related parties

Relationship with the Company Nature of transaction

i. Associated undertakings	Purchase of services	485	1,359
	Sale of electricity	82,833,928	71,144,740
	Interest expense	272,455	346,371
	Interest income on late payments	2,747,406	4,355,016
ii. Post retirement benefit plans	Expense charged	135,385	110,233
iii. Key management personnel	Compensation	142,298	124,410

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

Notes to and forming part of the Condensed Interim Financial Information
for the quarter and nine months ended March 31, 2014 (Un-audited)

	March 31, 2014	June 30, 2013
	(Rupees in thousand)	
Period end balances		
Associated undertakings:		
Receivable from related parties	64,088,145	35,003,154
Payable to related parties	423,231	352,584

These are in the normal course of business.

	Nine months ended	
	March 31, 2014	March 31, 2013
	(Rupees in thousand)	
11. Cash generated from operations		
Profit before tax	7,727,381	8,497,153
Adjustments for:		
- Depreciation on property, plant and equipment	1,579,513	1,496,539
- Amortisation on intangible assets	2,894	2,072
- Depreciation on assets subject to finance lease	21,045	18,676
- Write-down of property, plant and equipment	665	24,762
- Profit on disposal of property, plant and equipment	(2,766)	(3,414)
- Income on bank deposits	(16,370)	(4,370)
- Provision for store obsolescence	-	45,051
- Advances written off	78	56
- Bad debts written off	-	663
- Provision for doubtful debts	-	813
- Staff retirement benefits accrued	114,089	90,401
- Finance cost	3,098,248	4,927,971
Profit before working capital changes	12,524,777	15,096,373
Effect on cash flow due to working capital changes (Increase)/decrease in current assets		
- Stores and spares	121,612	(292,066)
- Stock in trade	932,709	(603,230)
- Trade debts	(29,307,633)	7,914,739
- Loans, advances, deposits, prepayments and other receivables	385,235	(116,951)
Increase / (decrease) in trade and other payables	2,260,994	(19,978,087)
	(25,607,083)	(13,075,595)
Cash (used in) / generated from operations	(13,082,306)	2,020,778

Notes to and forming part of the Condensed Interim Financial Information
for the quarter and nine months ended March 31, 2014 (Un-audited)

Nine months ended
March 31, March 31,
2014 2013
(Rupees in thousand)

12. Cash and cash equivalents

Cash and bank balances	389,289	332,379
Finances under mark-up arrangements - secured	<u>(30,294,994)</u>	<u>(25,975,097)</u>
	<u>(29,905,705)</u>	<u>(25,642,718)</u>

13. 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-classifications have been made except:

Description	Quarter ended	Nine months ended	Reclassified	
	March 31, 2013	March 31, 2013	From	To
	(Rupees in thousand)			
Differential payable to WAPDA	49,133	136,750	Administrative expenses	Sales

14. Date of authorisation for issue

This condensed interim financial information was authorised for issue on April 18, 2014 by the Board of Directors of the Company.



Aftab Mahmood Butt
Chief Executive



Syed Nizam Ahmad Shah
Director