



3rd QUARTER  
**REPORT**

March 31,

**2023**

(un-audited)

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**KOT ADDU POWER  
COMPANY LIMITED**

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## Company Information

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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 Ajnum
GM Legal / Company Secretary	Mr. A. Anthony Rath
Head of Internal Audit	Mr. Sikandar Usmani
Auditors	A.F. Ferguson & Co. Chartered Accountants
Legal Advisor	Cornelius, Lane & Mufti
Bankers	<u>Conventional</u> Allied Bank Limited Askari Bank Limited Bank Al-Habib Limited Habib Bank Limited Habib Metropolitan Bank Limited MCB Bank Limited National Bank of Pakistan Samba Bank Limited Standard Chartered Bank (Pakistan) Limited United Bank Limited  <u>Islamic</u> AlBaraka Bank (Pakistan) Limited Askari Bank Limited-IBD Bank Alfalah Limited BankIslami Pakistan Limited Dubai Islamic Bank Pakistan Limited 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 34168271
Registered Office	Office No. 309, 3rd Floor, Evacuee Trust Complex Agha Khan Road, F-5/1, Islamabad, Pakistan
Corporate Office	5 B/3, Gulberg III, Lahore 54660, Pakistan Tel: +92 (0)42 3577 2912-6, Fax: +92 (0)42 3577 2922
Power Project	Kot Addu Power Complex, Kot Addu District Muzaffargarh, Punjab, Pakistan Tel: +92 (0)66 230 1047-9 Fax: +92 (0)66 230 1025
Email	Info@kapco.com.pk
Website	www.kapco.com.pk

## Directors' Report

for the nine month ended March 31, 2023

We are pleased to present the financial statements (un-audited) for the period ended March 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's Power Purchase Agreement (PPA) expired on October 24, 2022 (PPA Expiry). Following the PPA Expiry, the Power Plant was put into preservation mode by following preservation protocols. Matters are being progressed for tariff determination by the National Electric Power Regulatory Authority (NEPRA) and renewal/extension of the PPA.

For the nine month period, the turnover was Rs. 25,298 Million; cost of sales were Rs. 24,929 Million; and profit after tax stood at Rs. 3,875 Million (compared to Rs. 8,227 Million in the corresponding period last year) giving an EPS of Rs. 4.40 (Rs. 9.35 in the corresponding period last year). The decrease in profit is due to PPA Expiry.

Due to technical issues on the national transmission line, the Power System of the Country tripped on January 23, 2023, which caused a Country-wide blackout. The System Operator, Power Purchaser and GoP requested the Company to start its facility to support System restoration. The Company assented to the request in the larger national interest notwithstanding that there was no contractual obligation on it to do so; and its Power Plant was in preservation mode. The Company has submitted revised tariff petition before the National Electric Power Regulatory Authority (NEPRA) (review Note 2.3 of the Financial Statements for details).

On March 31, 2023, Company's receivables (including overdue receivables) from the Power Purchaser were Rs. 34,944 Million. The Company continues to actively pursue the Power Purchaser and concerned Ministries in the Government of Pakistan for settlement of the outstanding receivables. It may be noted that receivables from the Power Purchaser are secured by a Sovereign Guarantee.

The Company continues to view investment options for diversification of its portfolio.

The Financial Statements have been prepared on going concern basis (review Note 2.3 of the Financial Statements for details).

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


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

Category	Names
Independent Directors	<ul style="list-style-type: none"><li>Mr. Aqeel Ahmed Nasir</li><li>Mr. Hafiz Muhammad Yousaf</li><li>Mr. Saad Iqbal</li><li>Ms. Mahwish Humayun Khan</li></ul>
Executive Director	<ul style="list-style-type: none"><li>Mr. Aftab Mahmood Butt (Chief Executive)</li></ul>
Non-Executive Directors	<ul style="list-style-type: none"><li>Lt. General (Retd) Sajjad Ghani</li><li>Mr. Naveed Asghar Chaudhry</li><li>Mr. Jamil Akhtar</li></ul>

#### Committees of the Board of Directors:

Audit Committee	<ul style="list-style-type: none"><li>Mr. Hafiz Muhammad Yousaf (Chairman)</li><li>Mr. Naveed Asghar Chaudhry</li></ul>	<ul style="list-style-type: none"><li>Mr. Saad Iqbal</li><li>Mr. Jamil Akhtar</li></ul>
HR Committee	<ul style="list-style-type: none"><li>Mr. Aqeel Ahmed Nasir (Chairman)</li><li>Mr. Jamil Akhtar</li></ul>	<ul style="list-style-type: none"><li>Mr. Aftab Mahmood Butt</li><li>Ms. Mahwish Humayun Khan</li></ul>
Investment Committee	<ul style="list-style-type: none"><li>Mr. Hafiz Muhammad Yousaf (Chairman)</li><li>Mr. Naveed Asghar Chaudhry</li></ul>	<ul style="list-style-type: none"><li>Mr. Saad Iqbal</li><li>Mr. Jamil Akhtar</li></ul>

On behalf of the Board

  
Aftab Mahmood Butt  
Chief Executive  
Islamabad: April 26, 2023

  
Hafiz Muhammad Yousaf  
Director

31 مارچ 2023 کو ختم ہونے والی مدت کے لیے (نیر آڈٹ شدہ) مالیاتی گوشواروں کے ساتھ ڈائریکٹرز کی رپورٹ پیش خدمت ہے۔

کھٹی کی بنیادی سرگرمیوں میں دیہات کے کھڑکٹ اور 1600 میگا واٹ، نیم پبلک صلاحیت کے حامل گیس پائپ لائن پاور پلانٹ کی تکمیت، آپریشن اور دیگر بحال شامل ہیں۔

کھٹی کے کھٹی خریداری معاہدے (پنی ٹائی) کی مدت 24 اکتوبر 2022 کو پوری ہو چکی ہے (PPA Expiry)۔ کھٹی خریداری معاہدے کی مدت پوری ہونے کے بعد پلانٹ کو محفوظ کر دیا گیا ہے۔ پنی ٹائی کے تجدید یا توسیع اور نیرف کے تعین کے لیے پیش الیکٹریک پاور ریگولیٹری اتھارٹی (نہرا) کی طرف سے معاملات طے کیے جا رہے ہیں۔

زیر جائزہ مالی مدت کے دوران کھٹی کاروباری حجم 25,298 ملین روپے اور فروخت کی لاگت 24,929 ملین روپے رہی۔ گیس کی ادائیگی کے بعد منافع رقم 3,875 ملین روپے ہے (پچھلے سال کی اسی مدت کے دوران منافع 8,227 ملین روپے تھا)۔ اس طرح ہر حصص پر آمدن 4.40 روپے رہی (پچھلے سال کی اسی مدت کے دوران فی حصص آمدن 9.35 روپے تھی)۔ منافع میں کمی کی وجہ سے کھٹی خریداری معاہدے کی مدت کا ختم ہوا ہے۔

23 جنوری 2023 کو ٹھیکے دو جو بات کی بنا پر پینٹل ٹرانسمیشن لائن، ملک کا پاور سٹمپ کر گیا جس کی وجہ سے پورے ملک میں بجلی کی فراہمی مہلک ہو گئی۔ سسٹم آپریشن اور بحال کے خریداری اور حکومت نے کھٹی سے درخواست کی کہ تمام کی بحالی میں معاونت کے لیے پلانٹ کو چلایا جائے۔ اس سے قطع نظر کھٹی پر نہ تو کوئی معاہدہ جاری ذمہ داری تھی اور پاور پلانٹ بھی محفوظ حالت پر منتقل کر دیا گیا تھا۔ کھٹی نے ملک کے وسیع تر مفاد میں اس درخواست کو قبول کرتے ہوئے پلانٹ چلایا۔ کھٹی نے نظر ثانی شدہ نیرف پینٹل ٹرانسمیشن پاور ریگولیٹری اتھارٹی (نہرا) کو مطلع کر دیا ہے۔ (تفصیل کے لیے مالیاتی گوشواروں کا نوٹ 2.3 ملاحظہ کریں)

31 مارچ 2023 کو پاور خریداری کی وجہ سے، دیہات (ادارہ) (شمول زائد کامیاب معاہدات) 34,944 ملین روپے تھی۔ کھٹی دیہات (ادارہ) کی وصولی کے لئے کھٹی خریداری اور وفاقی حکومت کے محتاج وزارتوں سے رابطے میں ہے۔ یہاں یہ بات قابل ذکر ہے کہ کھٹی خریداری کے ذمہ دیہات (ادارہ) کو رقم گارنٹی شدہ ہیں۔

کھٹی اپنے سرمایہ کاری کے پورٹ فولیو میں توسیع کے لیے مختلف آپشنز پر غور کر رہی ہے۔

مالیاتی گوشوارے جاری کاروباری بنیاد پر تیار کیے گئے ہیں (تفصیل کے لیے مالیاتی گوشواروں کا نوٹ 2.3 ملاحظہ کریں)

کھٹی نے کاروباری ضابطہ انتظام اور انصرام پر مندرجہ ذیل کے مطابق عملدرآمد کیا ہے:

کھٹی نے کارپوریٹ گورننس کے ضابطہ اخلاق کے تقاضوں کی مندرجہ ذیل طریقے سے 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 آف ڈائریکٹرز کی تشکیل درج ذیل ہے:

کمیٹھی	نام
خود مختار ڈائریکٹرز	• جناب عتیق احمد ناصر • جناب سعید اقبال
ایگزیکٹو ڈائریکٹرز	• جناب آفتاب محمود بٹ (چیف ایگزیکٹو)
نان ایگزیکٹو ڈائریکٹرز	• لیفٹیننٹ جنرل (ر) سجاد نقوی • جناب جمیل اختر

بورڈ آف ڈائریکٹرز کی کمیٹیاں:	آؤٹ کمیٹی	ایچ آر کمیٹی	سرمایہ کاری کمیٹی
	• جناب حافظ محمد یوسف (چیئر مین) • جناب نوید اصغر فرج پوری	• جناب عتیق احمد ناصر (چیئر مین) • جناب جمیل اختر	• جناب حافظ محمد یوسف (چیئر مین) • جناب سعید اقبال
	• جناب آفتاب محمود بٹ	• جناب عتیق احمد ناصر (چیئر مین) • جناب آفتاب محمود بٹ	• جناب حافظ محمد یوسف (چیئر مین) • جناب نوید اصغر فرج پوری

مفتاحی بورڈ

*Amir*

آفتاب محمود بٹ  
چیف ایگزیکٹو آفیسر

اسلام آباد: 26 اپریل 2023ء

  
حافظ محمد یوسف  
ڈائریکٹر

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

	Un-audited March 31, 2023	Audited June 30, 2022
Note	(Rupees in thousand)	
<b>EQUITY AND LIABILITIES</b>		
<b>CAPITAL AND RESERVES</b>		
Authorised capital 3,600,000,000 (June 30, 2022: 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, 2022: 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 profit	56,660,508	59,348,925
	65,907,491	68,595,908
<b>NON-CURRENT LIABILITIES</b>		
Deferred taxation	2,246,229	677,510
Staff retirement benefits	713,967	1,204,680
	2,960,196	1,882,190
<b>CURRENT LIABILITIES</b>		
Lease liabilities	-	3,434
Contract liability	-	4,613,061
Finances under mark-up arrangements - secured	32,616,095	37,370,346
Trade and other payables	9,232,282	21,470,058
Provision for taxation - net	-	1,855,133
Unclaimed dividend	1,012,005	971,233
	42,860,382	66,283,265
<b>CONTINGENCIES AND COMMITMENTS</b>	6	
	111,728,069	136,761,363

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.



Aftab Mahmood Butt  
Chief Executive Officer



M. Rabnawaz Anjum  
Chief Financial Officer

		Un-audited March 31, 2023	Audited June 30, 2022
	Note	(Rupees in thousand)	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	1,931,244	2,237,359
Intangible assets		-	1,720
Right of use assets		-	2,220
Long term deposits		9,515	21,128
Staff retirement benefits - Pension		730,015	721,960
		<b>2,670,774</b>	<b>2,984,387</b>
<b>CURRENT ASSETS</b>			
Stores and spares		3,889,925	3,698,057
Stock-in-trade		11,650,901	6,235,956
Trade debts	8	34,943,924	62,154,482
Investments at fair value	9	50,610,342	54,067,311
Income tax due from Government		386,922	-
Loans, advances, deposits, prepayments and other receivables	10	6,556,924	6,602,988
Cash and bank balances		1,018,357	1,018,182
		<b>109,057,295</b>	<b>133,776,976</b>
		<b>111,728,069</b>	<b>136,761,363</b>



Hafiz Muhammad Yousaf  
Director

## Condensed Interim Statement of Profit or Loss

for the three-month and nine-month period ended March 31, 2023 (Un-audited)

	Note	Three-month ended		Nine-month ended	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
		(Rupees in thousand)		(Rupees in thousand)	
Sales	11	128,450	23,356,869	25,297,939	77,088,300
Cost of sales	12	(909,191)	(21,065,475)	(24,928,808)	(71,666,635)
Gross (loss) / profit		(780,741)	2,291,394	369,131	5,421,665
Administrative expenses		(122,730)	(436,875)	(683,922)	(718,815)
Other expenses		(477,368)	(247)	(746,668)	(128,409)
Other income	13	3,886,271	2,569,032	11,588,511	9,114,580
Operating profit		2,505,432	4,423,304	10,527,052	13,689,021
Finance cost		(1,455,722)	(992,766)	(4,600,133)	(2,574,244)
Profit before tax		1,049,710	3,430,538	5,926,919	11,114,777
Taxation		(360,706)	(810,706)	(2,051,971)	(2,887,283)
Profit for the period		689,004	2,619,832	3,874,948	8,227,494
Earnings per share					
- basic and diluted Rupees		0.78	2.98	4.40	9.35

The annexed notes 1 to 20 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 nine-month period ended March 31, 2023 (Un-audited)

	Three-month ended		Nine-month ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	(Rupees in thousand)		(Rupees in thousand)	
Profit for the period	689,004	2,619,832	3,874,948	8,227,494
- Items that will not be reclassified to statement of profit or loss:				
Re-measurement of net benefit obligation - net of tax	-	-	38,534	-
- Items that may be reclassified subsequently to statement of profit or loss	-	-	-	-
Other comprehensive income for the period - net of tax	-	-	38,534	-
Total comprehensive income for the period	689,004	2,619,832	3,913,482	8,227,494

The annexed notes 1 to 20 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 Changes in Equity

for the nine-month period ended March 31, 2023 (Un-audited)

	Share capital	Capital reserve	Un-appropriated profit	Total
	(Rupees in thousand)			
Balance as at June 30, 2021				
Audited	8,802,532	444,451	55,976,628	65,223,611
Profit for the period	-	-	8,227,494	8,227,494
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	8,227,494	8,227,494
Transactions with owners:				
Final dividend for the year ended June 30, 2021 - Rs 3.50 per share	-	-	(3,080,886)	(3,080,886)
Interim dividend for the year ending June 30, 2022 - Rs 4.00 per share	-	-	(3,521,013)	(3,521,013)
Balance as at March 31, 2022				
Un-audited	<u>8,802,532</u>	<u>444,451</u>	<u>57,602,223</u>	<u>66,849,206</u>
Balance as at June 30, 2022				
Audited	8,802,532	444,451	59,348,925	68,595,908
Profit for the period	-	-	3,874,948	3,874,948
Other comprehensive income for the period	-	-	38,534	38,534
Total comprehensive income for the period	-	-	3,913,482	3,913,482
Transactions with owners:				
Final dividend for the year ended June 30, 2022 - Rs 4.00 per share	-	-	(3,521,013)	(3,521,013)
Interim dividend for the year ending June 30, 2023 - Rs 3.50 per share	-	-	(3,080,886)	(3,080,886)
Balance as at March 31, 2023				
Un-audited	<u>8,802,532</u>	<u>444,451</u>	<u>56,660,508</u>	<u>65,907,491</u>

The annexed notes 1 to 20 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 nine-month period ended March 31, 2023 (Un-audited)

	Note	Nine-month ended	
		March 31, 2023	March 31, 2022
		(Rupees in thousand)	
<b>Cash flows from operating activities</b>			
Cash generated from operations	15	12,807,649	47,902,173
Finance cost paid		(5,151,769)	(5,667,584)
Taxes paid		(2,744,289)	(6,768,174)
Staff retirement benefits paid		(490,927)	(27,907)
<b>Net cash generated from operating activities</b>		<b>4,420,664</b>	<b>35,438,508</b>
<b>Cash flows from investing activities</b>			
Fixed capital expenditure		(3,329)	(67,474)
Income on bank deposits received		50,600	7,010
Income on investments		3,903,343	610,950
Net decrease / (increase) in long term loans and deposits		11,613	(12,217)
Investments in PIBs and Sukuks - net		2,933,721	(28,656,920)
Proceeds from sale of property, plant and equipment		2,374	1,915
<b>Net cash generated from / (used in) investing activities</b>		<b>6,898,322</b>	<b>(28,116,736)</b>
<b>Cash flows from financing activities</b>			
Repayment of lease liabilities		(3,434)	(6,198)
Dividend paid		(6,561,126)	(10,834,926)
<b>Net cash used in financing activities</b>		<b>(6,564,560)</b>	<b>(10,841,124)</b>
<b>Net increase / (decrease) in cash and cash equivalents during the period</b>		<b>4,754,426</b>	<b>(3,519,352)</b>
Cash and cash equivalents at beginning of the period		(36,352,164)	(34,973,811)
<b>Cash and cash equivalents at end of the period</b>	16	<b>(31,597,738)</b>	<b>(38,493,163)</b>

The annexed notes 1 to 20 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

## Notes to and Forming Part of the Condensed Interim Financial Statements

for the three-month and nine-month period ended March 31, 2023 (Un-audited)

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### 1. Legal status and nature of business

Kot Addu Power Company Limited (the Company or KAPCO), was incorporated in Pakistan on April 25, 1996 as a public limited company under the Companies Ordinance, 1984 (now Companies Act, 2017). The Company was listed on April 18, 2005 on Pakistan Stock Exchange Limited. The principal activities of the Company are to own, operate and maintain a multi-fuel fired power station with fifteen generating units with a nameplate capacity of 1,600 MW in Kot Addu, District Muzaffargarh, Punjab, Pakistan and to sell the electricity produced therefrom to a single customer, Pakistan Water and Power Development Authority (WAPDA) under a Power Purchase Agreement (PPA), which was extended by 16 months during the year ended June 30, 2021 and has expired on October 24, 2022. 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.

A special purpose vehicle was incorporated in 2014 under the name of KAPCO Energy (Private) Limited (KEPL). Later on KEPL was put into liquidation under the Easy Exit Scheme of SECP. The liquidation application of KEPL was withdrawn and KEPL has been restored now to explore investments in the energy sector of Pakistan. Share capital of KEPL has not been subscribed by the Company until March 31, 2023, therefore, consolidation is not required in financial statements of the Company.

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

### 2. Basis of preparation and measurement

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;
- 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.

2.2 These condensed interim financial statements are un-audited and are being submitted to the members of the Company as required by Section 237 of the Companies Act, 2017.

## Notes to and Forming Part of the Condensed Interim Financial Statements

for the three-month and nine-month period ended March 31, 2023 (Un-audited)

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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, 2022.

The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of preceding annual published financial statements of the Company for the year ended June 30, 2022. Furthermore, the basis of significant estimates are same as those that were applied to the preceding financial statements for the year ended June 30, 2022. It is to be noted that the latest actuarial valuation with respect to employee benefits was carried out as at October 24, 2022.

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. Further, the figures have been rounded off to the nearest thousand rupee unless otherwise specified.

### 2.3 Impact on Going Concern Assumption due to expiry of PPA and Generation License

The PPA of the Company was initially for a term of 25 years and was due to expire on June 26, 2021. Pursuant to the terms of the Third Amendment to the PPA and Master Agreement (together, the 'Agreements'), the pending dispute of liquidated damages imposed by the Power Purchaser relating to the outages due to fuel shortages during the period 2008-2016 were treated as Other Force Majeure Event (OFME) under the PPA; and consequently, the term of the PPA was agreed to be extended by 485 days (approximately 16 months). Accordingly, the pending dispute of liquidated damages were settled and the term of the PPA was extended till October 24, 2022.

The Management has taken up the matter of renewal / extension of PPA beyond the extended term with the relevant Authorities and initiated the formalities in this respect in order to supply electricity to CPPA-G after expiry of the PPA.

The pending extension/renewal of the PPA indicates the existence of material uncertainty that may cast significant doubt on the entity'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.

The following developments and facts, as explained below, mitigate the above-mentioned risk:

The Company's generation license issued by the National Electric Power Regulatory Authority (NEPRA) was set to expire on September 21, 2021. On September 8, 2022, NEPRA has extended the generation license of the Company for a period of three years from the date of expiry i.e. September 21, 2021, keeping in view the remaining useful life and critical importance of the Power Plant in the System.

## Notes to and Forming Part of the Condensed Interim Financial Statements

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The latest annual revision of Indicative Generation Capacity Expansion Plan (IGCEP) (2022-2031) has been approved by NEPRA on February 01, 2023. Keeping in view the strengths of the Power Plant and the System constraints, two energy blocks of the Company's Power Plant have been retained in the System till the financial year 2026 in the approved IGCEP for 2022-2023.

On January 23, 2023, there was country-wide blackout. The System Operator, CPPA-G and Government of Pakistan (GoP) requested the Company to provide emergency generation for the System restoration from blackout. The Board of Directors of the Company approved the support of System Operator in the larger interest of the Country for the restoration of the national grid by necessary operations through its black-start facility. Subsequently, the System Operator has re-emphasized the significance of the Company's Power Plant and its black-start facility and requested the Ministry/CPPA-G to expedite the renewal of the Company's PPA prior to summer season for ensuring the system stability and reliability. The National Transmission and Dispatch Company Limited (NTDC)'s board of directors has also specifically confirmed and conveyed the generation requirements and retention of the Company's Power Plant (including its Switchyard facility) in the System to CPPA-G.

It is pertinent to note that the actual generated electricity for 2021-22 (42.4% load factor) is more than 6 times higher as compared to the projected generation of the corresponding period in approved IGCEP for 2021-2030 (6.9% load factor). Operating profile of the Power Plant has revalidated the critical importance of the Power Plant in the region for ensuring the System stability and electricity demand.

Based on the positive progress, including the issuance of generation license by NEPRA, inclusion of the Company's Power Plant in the approved IGCEP for 2022-2031 and keeping in view the System constraints and energy security requirements, Management of the Company believes that the PPA will be extended / renewed for an additional term. Additionally, the Power Purchaser has committed in the Master Agreement to consent for the extension of the PPA for an additional term subject to agreement on the terms and conditions and completion of legal and corporate formalities. Furthermore, the Company has submitted revised Tariff Petition with NEPRA in accordance with the legal and regulatory requirements in line with System requirements as confirmed by System Operator and NTDC.

Some other factors which support Management's stance for extension of the PPA are as follows:

- the Company's Power Plant has certain distinct capabilities such as being able to run on multi fuel, having black start facility, optimum size machines and lesser ramp-up/ramp down time, providing an extensive fuel storage facility at its Power Complex and the Company's contribution to the National Power;
- the Power Plant's strategic mid Country location; and its capability of being a major feeding source for distribution companies of Central and Lower Punjab. In addition, it is also a major Reactive Power source helping in maintaining the voltage profile of the area;

## Notes to and Forming Part of the Condensed Interim Financial Statements

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- the remaining useful life of the Power Plant of at least 10 years as per the life assessment study carried out by an independent foreign consultant in June 2021;
- recent generation trend in summer as well as winter season evidencing need of KAPCO to the national power System; and
- GoP is the major shareholder of the Company (through WAPDA) so ultimate beneficial ownership lies with GoP.

Furthermore, the Competitive Trading Bilateral Contracts Market (CTBCM) has been formally introduced by NEPRA, initially for a trial period of six months, by issuance of Market Operator license to CPPA-G on May 31, 2022. Under this arrangement, the Company has the option to participate in the Market by selling electricity to Bulk Power Consumers (BPC) through wheeling arrangements and/or participate as Merchant Plant. The Company intends to take full advantage of CTBCM once it is fully implemented, after the trial period, in the interest of its shareholders.

Notwithstanding, as elaborated above, the Company has sound financial position and as per 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 34,944 million as at March 31, 2023 backed by GoP Guarantee which will be realised in normal course of business; and
- investments of PIBs and Sukuks of Rs 50,610 million as at March 31, 2023.

The Company can also utilize its strong financial position for diversification of its operations. The Company is currently evaluating different investment options. WAPDA, being a major shareholder, strongly supports plans for diversification. The Company has initiated legal and corporate formalities including but not limited to carrying out due diligence exercise for any shortlisted companies / projects and obtaining approvals, consents and permissions in accordance with contractual, legal and regulatory requirements.

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

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

2.5 New accounting standards / amendments and International Financial Reporting Standards (IFRS) interpretations that are effective

Certain standards, amendments and interpretations to the approved accounting standards are effective for the accounting periods beginning on or

## Notes to and Forming Part of the Condensed Interim Financial Statements

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after July 01, 2022 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.

### 2.6 New accounting standards / amendments and IFRS interpretations that are not yet effective

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, 2023, 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 except for the following:

In respect of companies holding financial assets due from the Government of Pakistan ('GoP'), SECP through SRO 67(I)/2023 dated January 20, 2023, partially modified its previous SRO 1177(I)/2021 dated September 13, 2021 and notified that the requirements contained in IFRS-9 with respect to application of Expected Credit Losses (ECL) method shall not be applicable till December 31, 2024 and that such companies shall follow relevant requirements of IAS-39 in respect of above referred financial assets during the exemption period. Accordingly, the Company has not followed the requirements of IFRS-9 with respect to application of ECL in respect of trade debts and other receivables due from CPPA-G. The Management of the Company believes that the application of this ECL model will not have any material impact on the Company.

	Note	Un-audited March 31, 2023	Audited June 30, 2022
		(Rupees in thousand)	
3. Contract liability			
Opening balance	3.1	4,613,061	19,128,298
Less: Amount recognised as revenue in CPP during the period		(4,613,061)	(14,515,237)
		-	4,613,061
Less: Current portion of contract liability		-	(4,613,061)
		-	-

- 3.1 The Company signed a Master Agreement and the Third Amendment to the Power Purchase Agreement on February 11, 2021 with Power Purchaser which later became binding on May 21, 2021. Pursuant to the terms and approval of these Agreements, the outages due to fuel shortage during the period 2008 to 2016 were treated as Other Force Majeure Event (OFME) under the PPA and consequently, existing Term of PPA was extended by 485 days (approximately 16 months). Pursuant to a letter of understanding signed by both parties on March 30, 2021, it was agreed to treat the already received amount of Rs 19,287 million representing Capacity Purchase Price (CPP) of



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the OFME period (485 days) as advance against future CPP. During the OFME extension period, no CPP invoice was to be raised. Accordingly, this advance has been adjusted, and the related revenue has been recorded over the period from June 27, 2021 to October 24, 2022 upon satisfaction of the underlying performance obligation i.e. ensuring the availability of the Plant.

4. Finances under mark-up arrangements	Note	Un-audited	Audited
		March 31, 2023	June 30, 2022
- secured		(Rupees in thousand)	
- Under conventional finances	4.1	15,131,630	16,507,171
- Under Islamic finances	4.1	17,484,465	20,863,175
		<u>32,616,095</u>	<u>37,370,346</u>

4.1 Finances under mark-up arrangements available from various commercial banks amount to Rs 20,470 million (June 30, 2022: Rs 20,440 million) and finances available under musharika and murabaha arrangements amount to Rs 18,675 million (June 30, 2022: Rs 24,575 million). The rate of mark-up ranges from 14.26 percent to 20.06 percent (June 30, 2022: 7.7 percent to 14.9 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 24 percent (June 30, 2022: 20 percent to 24 percent) per annum on the balances unpaid.

### Letter of credit and bank guarantees

4.2 Of the aggregate facility of Rs 430 million (June 30, 2022: Rs 392 million) for opening letters of credit and Rs 2,504 million (June 30, 2022: Rs 2,504 million) for guarantees, the amounts utilised as at March 31, 2023 were Rs 85 million (June 30, 2022: Rs 233 million) and Rs 2,504 million (June 30, 2022: Rs 2,504 million) respectively.

4.3 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, 2022: Rs 90,792 million) and ranking charge over current assets up to a limit of Nil (June 30, 2022: Rs 4,001 million).

## 5. Trade and other payables

Trade and other payables include an amount of Rs 6,454 million (June 30, 2022: Rs 16,912 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 37 million (June 30, 2022: Rs 7 million) payable to CPPA-G, an associated undertaking, against import of electricity.

## 6. Contingencies and commitments

### 6.1 Contingencies

There has been no significant change in the status of the contingent liabilities disclosed as at June 30, 2022 except the following:

### 6.1.1 Income Tax

- (i) The Deputy Commissioner Inland Revenue (DCIR) issued order dated June 10, 2021 for non-payment of third quarter advance tax under section 147 of the Income Tax Ordinance, 2001 for TY 2021 by creating a demand of Rs 1,510 million. The Company filed appeal before Commissioner Inland Revenue Appeals (CIR-A) which was decided against the Company vide order dated April 19, 2022. Being aggrieved, the Company filed appeal before Appellate Tribunal Inland Revenue (ATIR) which was decided in favour of the Company vide order dated September 07, 2022, whereby, the entire demand has been deleted.
- (ii) The Additional Commissioner Inland Revenue amended the assessment of tax year 2021 vide order dated February 26, 2022 and created a demand of Rs 6,788 million on account of chargeability of tax on True up income and Late payment income from CPPA-G and inadmissibility of few deductions. Being aggrieved, the Company filed appeal before CIR-A who vide order dated December 29, 2022 deleted the demand in majority of the issues while remanded back on remaining issues.
- (iii) The DCIR initiated proceedings under section 205(1B) by alleging short payment of advance tax for fourth quarter of June 2015, in August 2020. The DCIR passed order dated March 31, 2023 creating demand on account of default surcharge amounting to Rs 69 million. Being aggrieved, the Company is in the process of filing appeal before CIR-A.

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

### 6.1.2 Sales Tax

- (i) The DCIR issued an assessment order dated September 30, 2021 raising a demand of Rs 15,110 million mainly on account of alleged non compliance of section 73 of Sales Tax Act, 1990. The Company filed appeal before CIR-A who remanded back the case vide order dated January 28, 2022. The DCIR issued order dated March 29, 2022 and created a demand of Rs 155 million. The Company filed appeal before CIR-A which was decided in favour of the Company except for Rs 1 million issue vide order dated September 29, 2022. Being aggrieved, the Company has filed appeal before ATIR.
- (ii) The DCIR issued an assessment order dated August 05, 2020 by rejecting the credit notes claimed by the Company in returns for the periods from October 2014 to November 2016 and created a demand of Rs 1,110 million. The case underwent multiple rounds of assessment and was finally decided vide DCIR order dated September 26, 2022 whereby demand has been reduced to Rs 30 million. Being aggrieved, the Company has filed appeal before Commissioner Inland Revenue (Appeals) (CIR-A) which is pending adjudication.
- (iii) Additional Commissioner Punjab Revenue Authority (AC-PRA) issued a combined show cause notice for the financial years from 2016 to 2021

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alleging short deduction/payment of withholding sales tax. AC-PRA issued order dated September 28, 2022 whereby demand of Rs 1,028 million was created. Being aggrieved, the Company has filed appeal before Commissioner Appeals Punjab Revenue Authority which is pending adjudication.

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

### 6.1.3 Others

- (i) Sui Northern Gas Pipelines Limited (SNGPL) has raised claims of late payment surcharge amounting to Rs 767 million (June 30, 2022: Rs 768 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.

- (ii) The Company has provided bank guarantees in favour of Sui Northern Gas Pipelines Limited on account of payment of dues against gas sales etc., amounting to Rs 2,504 million (June 30, 2022: Rs 2,504 million).

### 6.2 Commitments

- (i) Contracts for capital expenditure are Rs 8 million (June 30, 2022: Rs 11 million).
- (ii) Letters of credit other than for capital expenditure Rs 85 million (June 30, 2022: Rs 233 million).
- (iii) Contracts for car ijarah are Rs 71 million (June 30, 2022: Rs 133 million).

	Un-audited March 31, 2023	Audited June 30, 2022
Note	(Rupees in thousand)	
7. Property, plant and equipment		
Opening Net Book Value (NBV)	2,237,359	3,068,225
Add: Additions / transfers during the period / year	7.1 5,526	95,469
	2,242,885	3,163,694
Less: Disposals during the period / year (at NBV)	1,956	2,109
Depreciation charged during the period / year	309,685	924,226
	311,641	926,335
	1,931,244	2,237,359

## Notes to and Forming Part of the Condensed Interim Financial Statements

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		Un-audited March 31, 2023	Audited June 30, 2022
	Note	(Rupees in thousand)	
7.1	Following is the detail of additions / transfers during the period / year		
	Additions:		
	Buildings on freehold land	-	665
	Auxiliary plant and machinery	3,047	1,699
	Office equipment	282	31,345
	Vehicles	-	57,999
		3,329	91,708
	Transfers (at NBV):		
	Vehicles	2,197	3,761
		5,526	95,469
8.	Trade debts		
	Trade debts	8.1 35,410,571	62,504,238
	Less: Provision for doubtful debts	466,647	349,756
		34,943,924	62,154,482

8.1 These are considered good except Rs 467 million (June 30, 2022: Rs 350 million) which are considered doubtful. Trade debts include an overdue amount of Rs 31,287 million (June 30, 2022: Rs 47,465 million) receivable from CPPA-G, which is a related party of the Company. The maximum aggregate amount outstanding during the period was Rs 61,562 million (June 30, 2022: Rs 116,885 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 March 31, 2023		Audited June 30, 2022	
	Cost	Carrying Value	Cost	Carrying Value
	(Rupees in thousand)			
9.	Investments at fair value			
	Fair value through profit or loss - Government Securities			
	Pakistan Investment Bond	23,831,000	23,318,634	26,831,000
	GoP Ijarah Sukuk	27,417,400	27,291,708	27,417,400
		51,248,400	50,610,342	54,248,400
				26,680,747
				27,386,564
				54,067,311

## Notes to and Forming Part of the Condensed Interim Financial Statements

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Particulars of debt securities are as follows:

	Maturity	Next Coupon Reset Date	Effective Yield	Un-audited	Audited
				March 31, 2023	June 30, 2022
				(Rupees in thousand)	
Pakistan Investment					
Bond	18-Jun-30	18-Jun-23	17.551%	23,318,634	26,680,747
GoP Ijarah Sukuk	09-Dec-25	09-Jun-23	16.423%	7,754,638	7,745,323
GoP Ijarah Sukuk	29-Oct-26	29-Apr-23	15.590%	19,537,070	19,641,241
				<u>50,610,342</u>	<u>54,067,311</u>

### 10. Loans, advances, deposits, prepayments and other receivables

These include an advance of Rs 1 million (June 30, 2022: Rs 2,382 million) paid to Pakistan State Oil Company Limited (PSO). Further, advances to suppliers include amount due for more than a year from WAPDA, an associated undertaking, amounting to Rs 1 million (June 30, 2022: Rs 1 million). These are in the normal course of business and are interest free.

Note	Three-month ended		Nine-month ended		
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	
		(Rupees in thousand)		(Rupees in thousand)	
11. Sales					
Energy Purchase Price (EPP)	11.1	150,345	23,540,523	24,213,784	79,918,093
Sales tax		(21,895)	(3,364,854)	(3,463,143)	(11,490,618)
Net Energy Purchase Price		128,450	20,175,669	20,750,641	68,427,475
Capacity Purchase Price (CPP)		-	3,181,200	4,547,298	8,660,825
		<u>128,450</u>	<u>23,356,869</u>	<u>25,297,939</u>	<u>77,088,300</u>

11.1 EPP for the quarter ended March 31, 2023 pertains to energy generation for black start recovery performed during Country wide Black out.

Note	Three-month ended		Nine-month ended		
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	
		(Rupees in thousand)		(Rupees in thousand)	
12. Cost of sales					
Fuel cost	12.1	227,949	20,268,599	22,380,519	69,023,968
Salaries, wages and benefits		415,682	406,139	1,311,327	1,535,377
Plant maintenance		15,598	63,457	189,091	210,242
Gas turbines overhauls		2,153	62,640	279,482	105,742
Repair and renewals		34,512	60,585	78,999	138,916
Plant insurance		213,297	-	404,685	-
Depreciation on property, plant and equipment		-	202,904	282,985	649,745
Amortisation on intangible assets		-	1,151	1,720	2,645
		<u>909,191</u>	<u>21,065,475</u>	<u>24,928,808</u>	<u>71,666,635</u>

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12.1 It includes cost of electricity consumed for plant auxiliary and control room operations etc, during the period when plant was not in commercial operation.

	Three-month ended		Nine-month ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	(Rupees in thousand)		(Rupees in thousand)	
<b>13. Other Income</b>				
True-up income	3,269	-	45,476	747,369
Interest on late payment				
- CPPA-G	1,762,870	1,123,336	5,387,373	5,905,120
Interest on PIBs and Sukuks	2,098,403	1,428,332	6,053,948	2,421,690
Others	21,729	17,364	101,714	40,401
	<u>3,886,271</u>	<u>2,569,032</u>	<u>11,588,511</u>	<u>9,114,580</u>

	Nine-month ended	
	March 31, 2023	March 31, 2022
	(Rupees in thousand)	

### 14. Transactions with related parties

Relationship with the Company	Percentage of shareholding	Nature of transaction		
<b>i. Associated undertakings</b>				
- CPPA-G	0%	Sale of electricity	25,297,939	77,088,300
- CPPA-G	0%	Purchase of electricity	356,338	172,748
- WAPDA	40%	Purchase of services	-	603
- CPPA-G	0%	Interest income on late payments	5,387,373	5,905,120
- CPPA-G	0%	True-up income	45,476	747,369
- CPPA-G	0%	Provision for doubtful debts	117,263	32,738
- CPPA-G	0%	Bad debts written off	97,398	-
- WAPDA	40%	Dividend paid	2,657,333	4,428,889
- KAPCO Employees Empowerment Trust	5%	Dividend paid	361,893	603,155
<b>ii. Post retirement benefit plans</b>				
- KAPCO employees provident fund trust	0%	Contributions paid	39,552	38,167
<b>iii. Key management personnel (including directors)</b>				
	0%	Compensation	312,094	398,799

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

## Notes to and Forming Part of the Condensed Interim Financial Statements

for the three-month and nine-month period ended March 31, 2023 (Un-audited)

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 March 31, 2023	Audited June 30, 2022
	(Rupees in thousand)	
<b>Period end balances</b>		
<b>Associated Undertakings</b>		
Receivable from related parties	35,143,409	63,703,243
Payable to related parties	157,322	1,785,508

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

	Nine-month ended	
	March 31, 2023	March 31, 2022
	(Rupees in thousand)	
<b>15. Cash generated from operations</b>		
Profit before tax	5,926,919	11,114,777
Adjustments for:		
- Depreciation on property, plant and equipment	309,685	699,018
- Amortisation on intangible assets	1,720	2,646
- Depreciation on right of use assets	22	1,234
- Bad debts written off	97,398	-
- Provision for doubtful debts	117,263	304,293
- Disposal of property plant and equipment	(418)	190
- Income on bank deposits	(50,600)	(7,010)
- Interest income on investment at fair value	(6,053,948)	(2,421,690)
- Fair value loss on investment at fair value	523,249	128,219
- Staff retirement benefits accrued	49,674	96,223
- Finance cost	4,600,133	2,574,244
- Amortisation of contract liability	(4,613,061)	(10,896,370)
<b>Profit before working capital changes</b>	<b>908,036</b>	<b>1,595,774</b>
Effect on cash flow due to working capital changes:		
- Increase in stores and spares	(191,868)	(224,184)
- Increase in stock-in-trade	(5,414,945)	(1,023,449)
- Decrease in trade debts	26,995,897	47,877,862
- Decrease in loans, advances, deposits, prepayments and other receivables	2,196,669	1,422,417
- Decrease in trade and other payables	(11,686,140)	(1,746,247)
	<b>11,899,613</b>	<b>46,306,399</b>
<b>Cash generated from operations</b>	<b>12,807,649</b>	<b>47,902,173</b>

## Notes to and Forming Part of the Condensed Interim Financial Statements

for the three-month and nine-month period ended March 31, 2023 (Un-audited)

		March 31, 2023	March 31, 2022
	Note	(Rupees in thousand)	
<b>16. Cash and cash equivalents</b>			
Cash and bank balances		1,018,357	1,483,872
Finances under mark-up arrangements			
- secured	4	(32,616,095)	(39,977,035)
		<u>(31,597,738)</u>	<u>(38,493,163)</u>

### 17. 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 March 31, 2023:

	Level 1	Level 2	Level 3	Total
	Un-audited			
	(Rupees in thousand)			
<b>Assets:</b>				
Investments at fair value	50,610,342	-	-	50,610,342

The following is categorization of assets which are disclosed at fair value as at June 30, 2022:

	Level 1	Level 2	Level 3	Total
	Audited			
	(Rupees in thousand)			
<b>Assets:</b>				
Investments at fair value	54,067,311	-	-	54,067,311



**Notes to and Forming Part of the Condensed Interim Financial Statements**  
for the three-month and nine-month period ended March 31, 2023 (Un-audited)

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**18. Date of authorisation for issue**

These condensed interim financial statements were authorised for issue on April 26, 2023 by the Board of Directors of the Company.

**19. Events after the reporting date**

No significant events have occurred subsequent to March 31, 2023, other than those mentioned elsewhere in these condensed interim financial statements.

**20. Corresponding figures**

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim statement of financial position 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, condensed interim statement of changes in equity 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.



Aftab Mahmood Butt  
Chief Executive Officer



M. Rabnawaz Anjum  
Chief Financial Officer



Hafiz Muhammad Yousaf  
Director