



KOHINOOR
ENERGY LIMITED



Half Yearly **Report**

2023

July-December (Un-Audited)

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CORPORATE INFORMATION

Board of Directors

Mr. M. Naseem Saigol
Chairman / Non-Executive

Mr. Muhammad Zeid Yousuf Saigol
Chief Executive Officer

Mr. Muhammad Murad Saigol
Executive

Syed Manzar Hassan
Non-Executive

Mr. Muhammad Omer Farooq
Independent

Ms. Sadaf Kashif
Independent

Mr. Faisal Riaz
Independent

Company Secretary

Khawaja Safee Sultan

Audit Committee

Mr. Muhammad Omer Farooq
Chairman

Syed Manzar Hassan

Ms. Sadaf Kashif

HR & Remuneration Committee

Mr. Faisal Riaz
Chairman

Mr. Muhammad Zeid Yousuf Saigol

Syed Manzar Hassan

Management

Mr. Muhammad Zeid Yousuf Saigol
Chief Executive Officer

Mr. Ghazanfar Ali Zaidi
General Manager Technical

Mr. Muhammad Ashraf
Chief Financial Officer

Auditors

A. F. Ferguson & Co.
Chartered Accountants

Legal Advisor

LMA | Ebrahim Hosain

Bankers

Bank Alfalah Limited

Askari Bank Limited

AL Baraka Bank (Pakistan) Limited

Habib Bank Limited

MCB Bank Limited

Faysal Bank Limited

National Bank of Pakistan

Dubai Islamic Bank Pakistan Limited

Registered Office

301, 3RD Floor, Green Trust Tower,
Blue Area Islamabad, Pakistan.
Tel : +92-51-2813021-2
Fax : +92-51-2813023

Project/Head Office

Post Office Raja Jang, Near Tablighi Ijtima,
Raiwind Bypass, Lahore, Pakistan.
Tel : +92-42-35392317
Fax : +92-42-35393415-7

Shares Registrar

M/S. Corplink (Pvt.) Ltd.
Wings Arcade, 1-K, Commercial, Model Town, Lahore,
Pakistan.
Tel : +92-42-35839182, 35887262, 35916719
Fax : +92-42-35869037

Lahore Office

PEL Factory, 14-KM Ferozepur Road,
Lahore, Postcode 54760, Pakistan.
Tel : +92-42-35920117-8

Company Registration No.

0032461 of 1993-94

Company NTN

0656788-6

Website

www.kel.com.pk

DIRECTORS' REVIEW

The Board of Directors present you the brief report together with the operational and financial results of the Company reviewed by the statutory auditors, for the 2nd quarter / half year ended December 31, 2023.

The Company is engaged in electricity generation from a furnace oil fired power plant having net capacity of 124 MW. Central Power Purchase Agency (CPPA) is the exclusive purchaser of the electricity being generated at the power plant. We report that during the HY under review, the power plant on lower demand from the CPPA, by operated at 19.11% capacity factor and delivered 104,642 MWh of electricity, while during the corresponding half year the power plant by operating at 30.69% capacity factor delivered 168,042 MWh of electricity.

We report that during the half-year ended Dec 31, 2023, the sales revenue of the Company stood at Rs. 5.150 billion as compared to Rs. 7.039 billion during the corresponding six months of the last year. During the 2nd quarter ended Dec 31, 2023 the Company posted net profit after tax of Rs. 180.8 million as compared to net profit after tax of Rs. 198.8 million posted during the corresponding 2nd quarter of the last FY. Overall the Company, during the half year ended Dec 31, 2023 earned Rs. 757.29 million net profit after tax by demonstrating earnings per share (EPS) of Rs. 4.47 as compared to Rs. 775.59 million earned with an EPS of Rs. 4.58 during the corresponding period of six months.

This is with respect to the major maintenance work, we report that during the half year under review three major maintenances occurred while during the corresponding HY of the previous FY no engine was overhauled under 8k major maintenance program as compared. The maintenance work has been done within the budgeted numbers.

Further with respect to the matters related to, disputes with WAPDA on imposition of liquidated damages as detailed in Notes 7.1.(i) and 7.1.(ii), and sales tax demand raised by the Federal Board of Revenue (the FBR) as detailed in Note 7.1.(iii) and 7.1.(iv) to the financial information, the status is same as reported in the earlier report.

The Board extends its appreciation to the CPPA, financial institutions, Pakistan State Oil Company, Wartsila and other suppliers as well as the valued shareholders of the Company for their consistent support that resulted in successful and smooth operations. The Board also appreciates the hard work

and dedication of the management and employees of the Company which resulted in the safe, efficient and smooth operations of the power complex and the board is confident for their continued efforts and enthusiasm in the future.

For and on behalf of the Board



M. Zeid Yousuf Saigol
Chief Executive Officer



Syed Manzar Hassan
Director

Lahore:
February 23, 2024

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF KOHINOOR ENERGY LIMITED REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

Introduction

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

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

Scope of Review

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

Conclusion

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

Emphasis of Matter

We draw attention to notes 7.1 (i) and 7.1 (ii) to the interim financial statements, which describe the uncertainties regarding the outcome of certain claims by WAPDA 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 auditor's report is Amer Raza Mir.



A. F. Ferguson & Co.
Chartered Accountants
Lahore

Date: February 27, 2024

UDIN: RR202310118DQ8PY10Vh

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	Un-audited December 31, 2023	Audited June 30, 2023
(Rupees in thousand)			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 170,000,000 (June 30, 2023: 170,000,000) ordinary shares of Rs. 10 each		1,700,000	1,700,000
Issued, subscribed and paid up capital 169,458,614 (June 30, 2023: 169,458,614) ordinary shares of Rs. 10 each		1,694,586	1,694,586
Un-appropriated profit		2,835,944	3,688,506
		4,530,530	5,383,092
CURRENT LIABILITIES			
Short term finances - secured	6	3,095,513	998,481
Trade and other payables		292,937	550,831
Accrued finance cost		44,568	112,768
Unclaimed dividend		62,468	31,526
Employee benefits		610	9,473
Provision for taxation - net		35,119	48,398
		3,531,215	1,751,477
CONTINGENCIES AND COMMITMENTS			
	7	8,061,745	7,134,569

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

AS AT DECEMBER 31, 2023 (Un-Audited)

	Note	Un-audited December 31, 2023	Audited June 30, 2023
(Rupees in thousand)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	2,516,160	2,363,748
Intangible assets		1,825	2,080
Long term loans and deposits		144	144
		2,518,129	2,365,972
CURRENT ASSETS			
Stores, spares and loose tools		364,294	339,645
Stock in trade		380,572	984,130
Trade debts		2,042,369	2,320,379
Loans, advances, deposits, prepayments and other receivables		521,441	903,426
Short term investment		2,213,318	-
Cash and bank balances	9	21,622	221,017
		5,543,616	4,768,597
		8,061,745	7,134,569



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE MONTH AND SIX MONTH PERIOD ENDED
DECEMBER 31, 2023 (Un-Audited)

	Note	Three month period ended		Six month period ended	
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
(Rupees in thousand)					
Revenue		1,215,675	1,155,361	5,149,884	7,038,980
Cost of sales	10	(896,011)	(765,571)	(4,113,042)	(5,837,870)
Gross profit		319,664	389,790	1,036,842	1,201,110
Administrative expenses		(92,318)	(70,876)	(164,818)	(140,151)
Other expenses		(842)	(5,042)	(842)	(10,084)
Other income		5,026	1,500	5,183	2,739
Operating Profit		231,530	315,372	876,365	1,053,614
Finance costs		(50,035)	(116,170)	(118,113)	(277,247)
Profit before taxation		181,495	199,202	758,252	776,367
Taxation		(700)	(435)	(958)	(782)
Profit after tax for the period		180,795	198,767	757,294	775,585
Other comprehensive income:					
Items that will not be reclassified subsequently to profit or loss		-	-	-	-
Items that may be reclassified subsequently to profit or loss		-	-	-	-
Total other comprehensive income		-	-	-	-
Total comprehensive income for the period		180,795	198,767	757,294	775,585
Earnings per share - basic and diluted - (in Rupees)		1.07	1.17	4.47	4.58

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Director

Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2023

	Share Capital	Un- appropriated Profit	Total
	(Rupees in thousand)		
Balance as at July 01, 2022	1,694,586	3,216,520	4,911,106
Transactions with owners in their capacity as owners:			
Interim dividend for the year ended June 30, 2023			
First interim dividend at the rate of Rs. 1.50 per share	-	(254,188)	(254,188)
Total comprehensive income for the six month period ended December 31, 2022	-	775,585	775,585
Balance as at December 31, 2022	<u>1,694,586</u>	<u>3,737,917</u>	<u>5,432,503</u>
Balance as at July 01, 2023	1,694,586	3,688,506	5,383,092
Transactions with owners in their capacity as owners:			
Interim dividends for the year ended June 30, 2024			
First interim dividend at the rate of Rs. 4.00 per share	-	(677,834)	(677,834)
Second interim dividend at the rate of Rs. 5.50 per share	-	(932,022)	(932,022)
		(1,609,856)	(1,609,856)
Total comprehensive income for the six month period ended December 31, 2023	-	757,294	757,294
Balance as at December 31, 2023	<u>1,694,586</u>	<u>2,835,944</u>	<u>4,530,530</u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2023

	Note	Six month period ended	
		December 31, 2023	December 31, 2022
(Rupees in thousand)			
Cash flows from operating activities			
Cash generated from operations	11	2,084,416	1,783,452
Employee benefits paid		(20,003)	(17,675)
Finance costs paid		(186,313)	(279,620)
Income tax paid		(14,238)	(3,722)
Net cash generated from operating activities		1,863,862	1,482,435
Cash flows from investing activities			
Purchase of property, plant and equipment		(374,235)	(70,575)
Profit on bank deposits received		1,292	2,698
Income on short term investment		3,892	-
Receipts against repayment of loans and advances		-	180
Short term investments made		(2,213,318)	-
Proceeds from disposal of operating fixed assets		993	1,888
Net cash used in investing activities		(2,581,376)	(65,809)
Cash flows from financing activities			
Dividend paid		(1,578,913)	(253,842)
Repayment of long term finances		-	(28,700)
Net cash used in financing activities		(1,578,913)	(282,542)
Net (decrease) / increase in cash and cash equivalents		(2,296,427)	1,134,084
Cash and cash equivalents at the beginning of the period		(777,464)	(3,227,427)
Cash and cash equivalents at the end of the period	12	(3,073,891)	(2,093,343)

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Director

Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE THREE MONTH AND SIX MONTH PERIOD ENDED DECEMBER 31, 2023 (Un-Audited)

1 Legal status and nature of business

Kohinoor Energy Limited (the 'Company') was incorporated in Pakistan on April 26, 1994 as a public limited company under the repealed Companies Ordinance, 1984 (the Ordinance) repealed with the enactment of the Companies Act, 2017 on May 30, 2017. The Company is listed on the Pakistan Stock Exchange. The principal activities of the Company are to own, operate and maintain a power plant of 124 MW capacity in Lahore and to sell the electricity produced therefrom to a sole customer, the Water and Power Development Authority (WAPDA) under a Power Purchase Agreement (PPA), for a term of 30 years which commenced from June 19, 1997. Subsequently, WAPDA has 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 and Amendment Agreement to the Implementation Agreement which became effective on February 11, 2021 after approval from the relevant authorities.

The address of the registered office of the Company is 301, 3rd Floor, Green Trust Tower, Blue Area, Islamabad and the Company's power plant has been set up at Post Office Raja Jang, Near Tablighi Ijtima, Raiwind Bypass, Lahore.

2 Statement of Compliance

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

-International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

-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.

3 Basis of preparation and measurement

These condensed interim financial statements are un-audited but subject to limited scope review. These condensed interim financial statements do not include all the information and disclosures required in an audited financial statements and therefore should be read in conjunction with the Company's annual audited financial statements for the year ended June 30, 2023.

The figures of the six months ended December 31, 2023 are being submitted to the shareholders, and have been subjected to limited scope review by the statutory auditors in accordance with Section 237 of the Companies Act, 2017.

These condensed interim financial statements are prepared in Pak Rupees, which is the functional currency of the Company. Figures have been rounded off to the nearest thousand rupee unless otherwise specified.

4 Standards, amendments and interpretations to published accounting standards

4.1 Initial application of standards, amendments or interpretations to existing standards

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates as detailed below:

4.1.1 Standards, amendments and interpretations to existing standards that are effective in current period

Certain standards, amendments and interpretations to accounting standards are effective for accounting periods beginning on July 1, 2023 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim financial statements.

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

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 1, 2024, but are considered not to be relevant or material to the Company's operations and are, therefore, not detailed in these condensed interim financial statements.

5 Significant accounting policies, estimates, judgements and financial risk management

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

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

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

6 Short term finances - secured

Short term borrowings under mark-up and Shariah arrangements obtained as under:

		<u>Un-audited</u>	<u>Audited</u>
		<u>December</u>	<u>June</u>
		<u>31, 2023</u>	<u>30, 2023</u>
		<u>(Rupees in thousand)</u>	
Under mark up arrangements - secured	- note 6.1	1,496,508	498,481
Under arrangements permissible under Shariah - secured	- note 6.2	1,599,005	500,000
		<u>3,095,513</u>	<u>998,481</u>

6.1 Markup Arrangements

Short term finances available from commercial banks under mark up arrangements amount to Rs. 4,000 million (June 30, 2023: Rs. 4,000 million). The rates of mark up for finances under mark up arrangement ranged from 22.66% to 23.61% per annum (June 30, 2023: 12.64% to 21.98% per annum). Various sub facilities comprising money market loans and letters of guarantee have also been utilized during the period. The security and other agreements, negotiable instruments and documents to be executed by the Company in favor of the bank shall be in the form and substance satisfactory to the bank. The Company shall execute or cause to be executed all such instruments, deeds or documents, which the bank may in its sole discretion require. Out of the aggregate running finances availed by the Company, Rs. 4,601 million are secured by joint pari passu charge and Rs. 334 million are secured by ranking charge, over current assets.

6.2 Arrangements permissible under Shariah

Short term finances available from commercial banks under mark up arrangements out of which finances available from Islamic banks under Islamic arrangements amount to Rs. 3,150 million (June 30, 2023: Rs. 3,150 million). The rates of mark up for finances under arrangements permissible under shariah ranged from 22.31% to 23.64% per annum (June 30, 2023: 14.40% to 21.98% per annum) on the balances outstanding.

- 6.3** Of the aggregate facility of Rs. 1,075 million (June 30, 2023: Rs. 975 million) for opening letters of credit and Rs. 10 million (June 30, 2023: Rs. 10 million) for guarantees, the amount utilized as at December 31, 2023 was Rs. 176.94 million (June 30, 2023: Rs. 158.68 million) and Rs. 6.46 million (June 30, 2023: Rs. 6.46 million) respectively.

7 Contingencies and Commitments

7.1 Contingencies

- (i) CPPA-G (formerly WAPDA) imposed Liquidated Damages (LDs) on the Company amounting to Rs. 353.85 million (June 30, 2023: Rs. 353.85 million) during the period from 2011 to 2013 because of failure to dispatch electricity due to CPPA-G's non-payment of dues on timely basis and consequential inability of the Company to make advance payments to its fuel supplier - Pakistan State Oil Company Limited (PSO), that resulted in inadequate level of electricity production owing to shortage of fuel.

The Company disputed and rejected the claim on account of LDs because under the terms of PPA, no LDs can be charged to the Company due to the reasons caused solely by the Power Purchaser i.e. CPPA-G.

According to legal advisors of the Company, there are adequate grounds to defend the claim for such LDs, therefore no provision has been made in these condensed interim financial statements.

- (ii) CPPA-G (formerly WAPDA) imposed LDs on the Company amounting to Rs 179.32 million (June 30, 2023: Rs 179.32 million) due to incorrect calculation from 2011 till April 2018. The Company has disputed these LDs because CPPA-G has ignored certain factors applicable for the calculation of LDs under the terms of the PPA.

For settlement of the dispute, several discussions were held between the officials of CPPA-G and the Company. Consequent to the mutual discussion, CPPA-G has agreed to calculate the LDs using a model consistent with the terms of the PPA. However, the said model has not yet been applied to recalculate the LDs imposed prior to April 2018. Resultantly, there have been no disputed LDs since May 2018.

Management is confident that the LDs imposed prior to April 2018 will also be revised by CPPA-G. The impact of LDs calculated under the agreed model for the period preceding April 2018 has been assessed to be insignificant and therefore, no provision has been made in these condensed interim financial statements.

- (iii) A sales tax demand of Rs. 505.41 million was raised against the Company through order dated August 29, 2014 by the Assistant Commissioner Inland Revenue ('ACIR') by disallowing input sales tax for the tax periods from August, 2009 to June, 2013. Such amount was disallowed on the grounds that the revenue derived by the Company on account of 'capacity purchase price' was against a non-taxable supply and thus, the entire amount of input sales tax claimed by the Company was required to be apportioned with only the input sales tax attributable to other revenue stream i.e. 'energy purchase price' admissible to the Company. Against the aforesaid order, the Company preferred an appeal before the Commissioner Inland Revenue (Appeals) ('CIR(A)') who vide its order dated November 6, 2014, upheld the ACIR's order on the issue regarding apportionment of input sales tax with the caveat that tax demand pertaining to period of show cause notice beyond the limitation of five years cannot be sustained and reduced from the tax demand. Subsequently, the Company preferred an appeal before the Appellate Tribunal Inland Revenue ('ATIR'). Additionally, the Company had filed an application with the Lahore High Court seeking a stay in recovery of tax arrears, default surcharge and penalty.

The Lahore High Court, in its order dated December 31, 2014, stayed the recovery of the tax demand along with default surcharge and penalty till adjudication by the ATIR, subject to deposit of Rs. 10 million with the Tax Department which the Company duly submitted on January 7, 2015. The ATIR vide its order dated May 4, 2015, upheld the CIR(A)'s order on the issue regarding apportionment of input sales tax. Thereafter, the Company filed an appeal against the decision of ATIR in the Lahore High Court.

The Lahore High Court vide its judgment dated October 31, 2016 has decided the case in favor of the Company. Subsequently, the tax department being aggrieved, filed a leave for appeal before the Supreme Court of Pakistan. The management is of the view that there are meritorious grounds available to defend the foregoing demands in the Supreme Court of Pakistan. Consequently, no provision for such demand has been made in these condensed interim financial statements.

(iv) A sales tax demand of Rs. 184.13 million was raised against the Company through order dated August 27, 2019 mainly by the Deputy Commissioner Inland Revenue ('DCIR') on account of inadmissible input tax related to 'capacity purchase price', sales tax default on account of suppression of sales related to tax periods from July, 2015 to June, 2016 and inadmissible input tax claimed by the Company. Against the aforesaid order, the Company preferred an appeal before Commissioner Inland Revenue (Appeals) ('CIR(A)') on September 16, 2019. Out of Rs. 184.13 million, CIR(A) through order dated July 08, 2021 has deleted the demand of Rs. 152.95 million raised on account of inadmissible input tax related to 'capacity purchase price', whereas the remaining demand of Rs. 31.18 million raised related to sales tax default on account of suppression of sales for the tax periods from July, 2015 to June, 2016 and inadmissible input tax claimed by the Company have been remanded back to the DCIR. The management is of the view that there are meritorious grounds available to defend the foregoing demand. Consequently no provision for such demand has been made in these condensed interim financial statements.

(v) The Company has issued the following guarantee in favor of:

Sui Northern Gas Pipelines Limited on account of payment of dues against gas sales etc., amounting to Rs. 6.46 million (June 30, 2023: Rs 6.46 million).

7.2 Commitments

- (i) Letters of credit / bank contracts other than capital expenditure are Rs. 10.71 million (June 30, 2023: Rs 40.34 million).
- (ii) Letters of credit / bank contracts for capital expenditure are Rs. 166.23 million (June 30, 2023: Rs 118.34 million).

Un-audited	Audited
December	June
31, 2023	30, 2023
(Rupees in thousand)	

8 Property, plant and equipment

Operating fixed assets	- note 8.1	2,206,818	2,290,383
Major spare parts and standby equipment		309,342	73,365
		<u>2,516,160</u>	<u>2,363,748</u>

	<u>Un-audited</u> <u>December</u> <u>31, 2023</u>	<u>Audited</u> <u>June</u> <u>30, 2023</u>
	(Rupees in thousand)	
8.1 Operating fixed assets		
Opening net book value	2,290,383	2,624,932
Additions during the period / year - note 8.1.1	138,258	93,197
	<u>2,428,641</u>	<u>2,718,129</u>
Disposals during the period / year (at net book value) - note 8.1.2	1,835	4,742
Depreciation charged during the period / year	219,988	423,004
	<u>(221,823)</u>	<u>(427,746)</u>
	<u>2,206,818</u>	<u>2,290,383</u>
8.1.1 Additions during the period / year		
Plant and machinery	129,737	63,116
Electric appliances and equipment	531	545
Computers	1,176	2,663
Vehicles	6,814	26,873
	<u>138,258</u>	<u>93,197</u>
8.1.2 Disposals during the period / year		
Office appliances and equipment	39	-
Vehicles	1,796	4,742
	<u>1,835</u>	<u>4,742</u>
9 Cash and bank balances		
Balance at banks in:		
Current accounts	1,659	1,173
Saving accounts		
- Under interest / mark up arrangements - note 9.2	243	201,395
- Retention account - Onshore	18,959	17,089
- Under arrangements permissible under Shariah - note 9.2	29	22
	<u>19,231</u>	<u>218,506</u>
Cash in hand	20,890	219,679
	<u>732</u>	<u>1,338</u>
	<u>21,622</u>	<u>221,017</u>

- 9.2** The balance in savings bank accounts bear mark up at rates ranging from 20.10% to 20.50% per annum (June 30, 2023: 12.25% to 19.50% per annum) and balance in accounts under arrangements permissible under Shariah bear profit at the rates ranging from 4.29% to 8.76% per annum (June 30, 2023: 3.25% to 20.50%).

Un-audited		Un-audited	
Three month period ended		Six month period ended	
December	December	December	December
31, 2023	31, 2022	31, 2023	31, 2022

10 Cost of sales

(Rupees in thousand)

Raw material consumed	528,461	530,037	3,443,790	5,357,310
Salaries, wages and benefits	55,455	50,685	105,349	113,207
Stores and spares consumed	120,124	20,933	195,300	51,024
Depreciation on operating fixed assets	110,965	103,466	215,784	205,560
Fee and subscription	1,502	1,276	2,579	2,496
Insurance	34,859	27,421	70,023	52,384
Travelling, conveyance and entertainment	9,416	7,552	19,104	15,616
Repairs and maintenance	5,366	2,816	8,424	5,509
Communication charges	604	440	1,142	2,422
Electricity consumed in-house	20,016	15,591	32,793	22,154
Environmental expenses	238	225	463	419
Contracted services	8,003	4,011	16,262	8,254
Miscellaneous	1,002	1,118	2,029	1,515
	896,011	765,571	4,113,042	5,837,870

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

11 Cash generated from operations

Profit before taxation	758,252	776,367
Adjustment for non-cash charges and other items:		
- Depreciation / amortization	220,243	210,286
- Exchange Loss	-	10,084
- Loss / (Gain) on disposal of property, plant and equipment	842	(41)
- Income on bank deposits	(1,292)	(2,698)
- Income on short term investment	(3,892)	-
- Provision for employee retirement benefits	11,140	10,487
- Finance costs	118,113	277,247
Profit before working capital changes	<u>1,103,406</u>	<u>1,281,732</u>
Effect on cash flow due to working capital changes:		
- Increase in stores, spares and loose tools	(24,649)	(47,759)
- Decrease in stock in trade	603,558	48,073
- Decrease in trade debts	278,010	453,937
- Decrease in loans, advances, deposits, prepayments and other receivables	381,985	319,675
- Decrease in trade and other payables	(257,894)	(272,206)
	981,010	501,720
	<u><u>2,084,416</u></u>	<u><u>1,783,452</u></u>

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

12 Cash and cash equivalents

Cash and bank balances	- note 9	21,622	1,745,590
Short term finances - secured	- note 6	(3,095,513)	(3,838,933)
		<u>(3,073,891)</u>	<u>(2,093,343)</u>

13 Transactions with related parties

The related parties comprise associated undertakings, other related companies, key management personnel, inclusive of directors, and their close family members and post retirement benefit plan. The Company in the normal course of business carries out transactions with various related parties. The transactions with related parties, other than those which have been specifically disclosed elsewhere in these condensed interim financial statements are as follows:

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

Relationship with the Company	Nature of transaction		
i) Associated undertakings and other related parties	Purchase of services	-	154
	Purchase of goods	149	6,979
	Dividend paid	939,118	148,364
ii) Key management personnel	Dividend paid	60,011	9,475
	Salaries and other employee benefits	59,333	62,457
iii) Post retirement benefit plan	Expense charged	7,388	7,505

All transactions with related parties are carried out on mutually agreed terms and conditions.

	Un-audited	Audited
	December 31, 2023	June 30, 2023
(Rupees in thousand)		
Period / year end balances		
Receivable from related parties	-	-
Payable to related parties	-	-

14 Date of authorization for issue

These condensed interim financial statements were authorized for issue on Feb 23, 2024 by the Board of Directors of the Company.

15 Event after the reporting date

The Board of Directors have approved an interim cash dividend for the period ended December 31, 2023 of Rs Nil per share, amounting to Rs Nil at their meeting held on Feb 23, 2024. These condensed interim financial statements do not include the effect of the above dividend which will be accounted for in the period in which it is approved.

16 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 the condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of the preceding financial year, whereas, the condensed interim statement of profit or loss and other comprehensive income and the 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.



Chief Executive Officer



Director



Chief Financial Officer

“ SAY NO TO CORRUPTION”

Contribution to Social Welfare

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