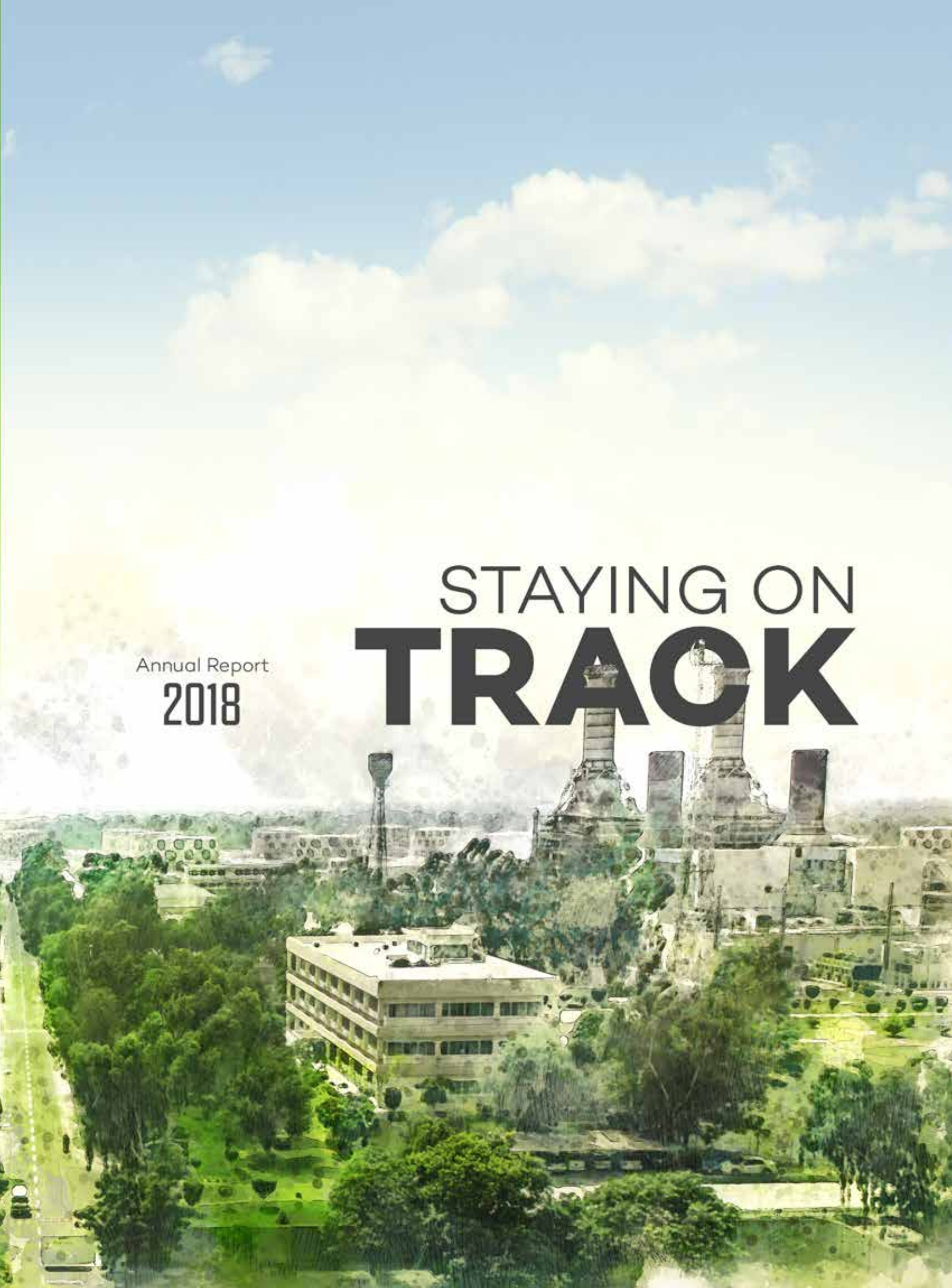


Annual Report
2018

STAYING ON **TRACK**



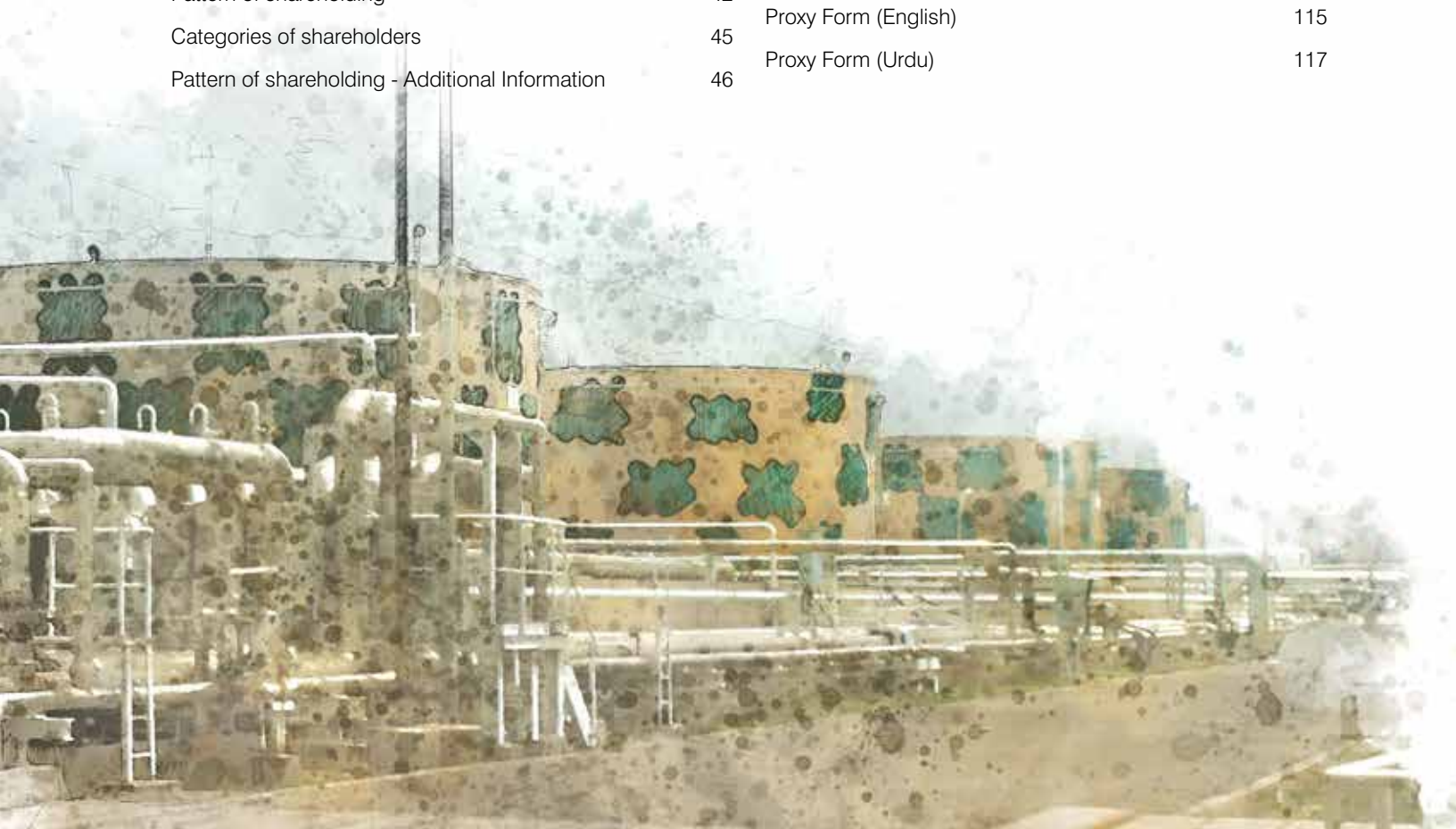
STAYING ON **TRACK**

We at KAPCO instill a continued strength and fervor amongst our people as we maintain course, stay on track, and accelerate towards a bright future for all.



CONTENTS

Key Figures	3	Corporates Holding 10,000 and More Shares	48
Vision	4	Highlights	52
Mission	4	Organizational Structure	53
Company Information	6	Executive & Management Committees	55
Notice of 22 nd Annual General Meeting	9	Statement of Compliance with Listed companies	56
Profile of the Board of Directors	12	Independent Auditor's Review Report to the Members	
Code of Conduct	14	Review Report on the Statement of Compliance contained	
Operational Highlights	20	in Listed Companies (Code of Corporate Governance)	
WhistleBlowing Policy	22	Regulations, 2017	58
Board Committees	24	Independent Auditor's Report to the Members	
Chairman's Review	27	Report on the Audit of the Financial Statements	60
Directors' Report	29	Statement of Financial Position	66
Directors' Report (Urdu)	37	Profit and Loss Account	68
Social Action Programme	38	Statement of Comprehensive Income	69
Key Operating and Financial Data	40	Statement of Cash Flows	70
Pattern of shareholding	42	Statement of Changes in Equity	71
Categories of shareholders	45	Notes to and Forming Part of the Financial Statements	72
Pattern of shareholding - Additional Information	46	Proxy Form (English)	115
		Proxy Form (Urdu)	117







KEY FIGURES

TURNOVER

RS. **91,916** MILLION

GROSS PROFIT

RS. **13,379** MILLION

PROFIT AFTER TAX

RS. **10,617** MILLION

EARNING PER SHARE

RS. **12.06**

VISION

To be a leading power generation company, driven to exceed our shareholders' expectations and meet our customer's requirements

MISSION

- To be a responsible corporate citizen
- To maximise shareholders' return
- To provide reliable and economical power for our customer
- To excel in all aspects relating to safety, quality and environment
- To create a work environment which fosters pride, job satisfaction and equal opportunity for career growth for the employees





COMPANY INFORMATION

BOARD OF DIRECTORS

Lt. General (Retd) Muzammil Hussain
(Chairman)

Mr. Aftab Mahmood Butt
(Chief Executive)

Mr. Owais Shahid
Mr. Aqeel Ahmed Nasir
Mr. Saad Iqbal
Mr. Muhammad Arshad Ch¹
Mr. Muhammad Ikram Khan²

AUDIT COMMITTEE

Mr. Owais Shahid
(Chairman)

Mr. Saad Iqbal
Mr. Muhammad Arshad Ch
Mr. Muhammad Ikram Khan

HR COMMITTEE

Mr. Aqeel Ahmed Nasir
(Chairman)

Mr. Aftab Mahmood Butt
Mr. Muhammad Ikram Khan

LDS COMMITTEE

Mr. Aqeel Ahmed Nasir
(Chairman)

Mr. Aftab Mahmood Butt
Mr. Saad Iqbal

GENERAL MANAGER FINANCE / CFO

Mr. M. Mohtashim Aftab

COMPANY SECRETARY

Mr. A. Anthony Rath

HEAD OF INTERNAL AUDIT

Mr. Sikandar Usmani

AUDITORS

Deloitte Yousuf Adil
Chartered Accountants

INTERNAL AUDITORS

EY Ford Rhodes
Chartered Accountants

LEGAL ADVISOR

Cornelius, Lane & Mufti

¹ Appointed director on October 10, 2017 in place of Mr. Badr-ul-Munir Murtiza

² Appointed director on April 3, 2018 in place of Mr. Anwar-ul-Haq

BANKS

Conventional

Allied Bank Limited
 Askari Bank Limited
 Bank Al-Habib Limited
 Citibank, N.A.
 Faysal Bank 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

Islamic

AlBaraka Bank (Pakistan) Limited
 Askari Bank Limited-IBD
 Bank Alfalah Limited
 BankIslami Pakistan Limited
 Dubai Islamic Bank Pakistan Limited
 Meezan Bank Limited
 National Bank of Pakistan-IBD
 Standard Chartered Bank (Pakistan) Limited-IBD
 The Bank of Punjab - IBD

SHARES REGISTRAR

THK Associates (Private) Limited
 First Floor, 40-C, Block-6
 P.E.C.H.S. Karachi 75400, Pakistan
 Tel: +92 (0)21 111 000 322
 Fax: +92 (0)21 34168271

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 2912-6
 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

E-MAIL

info@kapco.com.pk

WEBSITE

www.kapco.com.pk



NOTICE OF 22ND ANNUAL GENERAL MEETING

Notice is hereby given that the 22nd Annual General Meeting of Kot Addu Power Company Limited will be held at the Islamabad Serena Hotel, Khayban-e-Suhrawardy, Islamabad on Tuesday, October 23, 2018 at 10.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To confirm the Minutes of the Ninth Extraordinary General Meeting of the Company held on October 2, 2018.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended June 30, 2018 together with Directors' and Auditor's Reports thereon.
3. To approve the final cash dividend of Rs. 4.80 per share, that is, 48% for the year ended June 30, 2018 as recommended by the Board of Directors. This is in addition to the interim dividend of Rs. 4.35 per share, that is, 43.50% already paid making a total cash dividend of Rs. 9.15 per share, that is, 91.50% during the year.
4. To appoint Auditors and fix their remuneration for the year ending June 30, 2019. The present Auditors, Messrs. Deloitte Yousuf Adil, Chartered Accountants, retired and being eligible, offer themselves for reappointment.
5. To transact any other business with the permission of the Chairman.

Lahore
September 5, 2018

By Order of the Board



A. Anthony Rath
Company Secretary

NOTES:

1. The share transfer books of the Company will remain closed from October 17, 2018 to October 23, 2018 (both days inclusive). Transfers received in order at the office of the Company's Shares Registrar, THK Associates (Private) Limited at the close of business on October 16, 2018 will be treated in time for purposes of payment of the final cash dividend (subject to approval of the Members) and to attend and vote at the Meeting.
 2. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on his/her behalf, provided such proxy is also a Member.
 3. An instrument of proxy and the Power of Attorney or other authority (if any) under which it is signed, or a Notary Public certified copy of such Power of Attorney, in order to be valid, must be deposited with the Company's Registrar, THK Associates (Private) Limited not later than (48) forty-eight hours before the time of holding the Meeting.
 4. CDC account holders will in addition have to follow the under mentioned guidelines as laid down in Circular No.1 dated January 26, 2000 of the Securities & Exchange Commission of Pakistan for attending the Meeting:
 - (i) In case of individuals: The account holder or sub account holder and / or the person whose securities are registered on CDS; and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the Meeting. The Members are also required to bring their Participants' I.D. number and account numbers in CDS.
 - (ii) In case of corporate entity: The Board of Directors Resolution / Power of Attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of Meeting.
- 5. E-Dividend (Mandatory)**
- In pursuance of Section 242 of the Companies Act, 2017 and Circular No. 18/2017 dated August 1, 2017, it is mandatory for all listed companies to pay dividend only by way of electronic mode, directly into the bank accounts of entitled shareholders.
- Keeping in view the same, all cash dividend, if declared by the Company in future will be directly transferred in bank account of the shareholders. In order to enable the Company to follow the directives of the regulators in regard to payment of dividend only through electronic mode, shareholders are requested to provide/update your IBAN to our Share Registrar. Accordingly, all CDC shareholders are requested to send their IBAN details directly to their concerned Stock Broker / Central Depository Company of Pakistan Limited. In case of non-availability/incorrect IBAN, the Company will not be in a position to pay the cash dividend of such shareholders.
- 6. Submission of copy of CNIC (Mandatory)**
- The Securities and Exchange Commission of Pakistan (SECP) vide their SRO 779(i) 2011 dated August 18, 2011 has directed the company to print your CNIC number on your dividend warrants and if your CNIC number is not available in our records, your dividend warrant will not be issued / dispatched to you. In order to comply

with the regulatory requirement, you are requested to kindly send photocopy of your CNIC to your Participant / Investor Account Services or to us (in case of physical shareholding) immediately to Company's Shares Registrar, THK Associates (Private) Limited.

7. Transmission of Annual Financial Statements through E-Mail:

SECP vide SRO 787(1)/2014 dated September 8, 2014 has provided an option to receive audited financial statements electronically through email. Hence, members who hold shares in physical form and are interested in receiving the annual reports electronically in future are required to submit their e-mail addresses and consent for electronic transmission to the Shares Registrar of the Company. CDC shareholders are requested to submit their email address and consent directly to their broker (Participant)/CDC Investor Account Services.

8. In compliance with SECP notification No. 634(1)/2014 dated July 10, 2014, the audited financial statements and reports of the Company for year ended June 30, 2018 are being placed on the Company's website: www.kapco.com.pk for the information and review of shareholders.

9. The correspondence address of the Company's Registrar, THK Associates (Private) Limited is as follows:

THK Associates (Private) Limited
First Floor, 40-C, Block-6
P.E.C.H.S
Karachi 75400, Pakistan

Consent for Video Conference Facility

Members can also avail video conference facility in {name of cities where facility can be provided keeping in view geographical dispersal of members}. In this regard please fill the following and submit to the Company's Corporate Office at 5-B/3, Gulberg III, Lahore 54660 10 days before holding of the AGM.

If the Company receives consent from Members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of the Meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city.

The Company will intimate Members regarding venue of video conference facility at least 5 days before the date of the AGM along with complete information necessary to enable them to access such facility.

I/We, _____ of _____, being a member of Kot Addu Power Company Limited, holder of _____ Ordinary Share(s) as per Register Folio No. _____ hereby opt for video conference facility at _____.

Signature of Member

PROFILE OF THE BOARD OF DIRECTORS



Lt General Muzammil Hussain (Retd)

Chairman

Lt General Muzammil Hussain joined the Pakistan Army in 1976 and graduated with distinction from PMA. Underwent his grooming in an Infantry Battalion. Having been employed on exalted positions including his employment in Interior Sindh on anti-dacoit operations in 1992; and the Gulf War 1 in Saudi Arabia. He has attended courses in France and Indonesia. General Hussain has been privileged to commanded his parent Unit. His youth witnessed his distinctive representation of Army in sports like Athletics, basket Ball, Squash and Tennis. His employment as Defence Attache in Jakarta exposed him to diplomacy for over three years. He has had the privilege of being instructor in Army Command and Staff College, Quetta and later on also as a Chief Instructor.

He commanded an Infantry brigade and then as a Maj General went on to command most prestigious division in Gilgit Baltistan. His passion for adventurism lead him to phenomenal support of Gilgit Political Govt. and supported them in exploring Energy resources. His popularity with the people of Gilgit gives him a unique distinction.

He commanded 30 Corps Gujranwala and supported the successful conduct of 2013 election in Gujranwala Division. He is a regular speaker in seminars on Pakistan Successful transition to democracy and economic positive trajectory in Universities in UK.



Mr. Aftab Mahmood Butt

Chief Executive

Mr. Aftab Mahmood Butt has been the Company's Chief Executive since August 1, 2008. Prior to being appointed Chief Executive, he was a Director of the Company (appointment: July 2007). From January 2007 to July 2008, Mr. Butt held the position of General Manager Finance, Corporate Planning & Performance Monitoring in Pakistan Electric Power (Private) Limited (PEPCO). His other professional experience includes the position of Member Finance & Secretary Board in the Corporate and Industrial Restructuring Corporation, Ministry of Finance, Government of Pakistan.

Mr. Butt is a Fellow Member of the Institute of Chartered Accountants of Pakistan. He has more than 15 years experience in the corporate and finance sector in senior management positions. Mr. Butt served has previously served on the Board of Directors of Central Power Purchasing (Guarantee) Limited, the Lahore Stock Exchange (Guarantee) Limited, and the Lahore Electric Supply Company Limited.



Mr. Owais Shahid

Director

Mr. Owais Shahid has been a Director since September 2014. Mr. Shahidis Chief, Corporate & Investment Banking Group in Allied Bank Limited (ABL). His portfolio includes Financial Institutions, Corporate, International Banking, Investment Banking, Capital Markets, Middle Markets and Home Remittances. He joined ABL in 2005 and has led its investment banking team as Head Syndications and then as Group Head Investment Banking. He established it as a leading investment banking outfit in Pakistan.

His Corporate & Investment Banking experience spans over 17 years and includes numerous innovative and unique transactions in syndications, M&A, listings, project financing and capital markets. With strong credit background and substantial corporate finance & advisory experience, he has led a number of landmark transactions and has executed over 500 investment banking transactions valuing over USD 40 Billion with ABL being in a lead role. These transactions also include various first of its kind, largest and award-winning transactions concluded in history of Pakistans investment banking industry. In recognition of ABLs market leadership in investment banking in Pakistan, ABL was honored with over 35 investment banking awards from internationally recognized institutions.

Mr. Owais also represents ABL on the Boards of Hub Power, Kot Addu Power and Narowal Energy and is Member Trustee Member of Friends of IBA Trust. Previously, he has served on the Boards of Atlas Power and First Receivable Securitization Company. Prior to joining ABL, he has worked for National Bank of Pakistan, Standard Chartered Modaraba and Emirates Bank International. His qualifications include BBA (Hons) & MBA from IBA, Karachi and Chartered Financial Analyst from CFA Institute, USA.



Mr. Aqeel Ahmed Nasir

Director

Mr. Aqeel Ahmed Nasir has been a Director since March 2015. Mr. Nasir is the Company Secretary & Chief Legal Counsel of United Bank Limited (UBL). Mr. Nasir has to his credit 20 years experience in the legal and financial sector of both the public and private sector.

Mr. Nasir is a Master of Laws (LL.M.) from the University of London, England. He is a director on the Board of Directors of the United Executor and Trustee Limited (a wholly owned subsidiary of UBL). He is also a director of the Pakistan Institute of Corporate Governance. His previous employments include Sui Southern Gas Company Limited, and Pakistan PTA Limited – ICI worldwide Group Company.



Mr. Saad Iqbal

Director

Mr. Saad Iqbal was appointed Director on November 4, 2016. Mr. Iqbal is a graduate of Curry College, USA in Business Communication. He also holds a Postgraduate Diploma in "International Business Management" (2009) from Kingston University, United Kingdom.

Mr. Iqbal is the Chief Executive of Gul Ahmed Bio Films Limited, Swift Textile Mills (Private) Limited and Metro Solar Power Limited. His other directorships are on the Board of Directors of Millat Tractors Limited, Metro Property Network (Pvt.) Limited, Gul Ahmed CBMC Glass Company Limited, Metro Power Limited, Metro Wind Power Limited and JDSN Electric Limited.



Mr. Muhammad Arshad CH.

Director

Mr. Muhammad Arshad Chaudhry has been Director since October 10, 2017. He is the Member (Power) WAPDA. Mr. Arshad has more than 30 years experience as Professional Engineer in Planning, Construction/Development, Rehabilitation and Operation & Maintenance of Hydel/Thermal power plants under the flag of Pakistan Water and Power Development Authority (WAPDA).

Mr. Arshad is a B.Sc. Engineering (Mechanical). He also attended various trainings/short courses in China and Germany. He also a Member on the Board of Directors of Neelum Jhelum Hydropower Company Limited.



Mr. Muhammad Ikram Khan

Director

Mr. Muhammad Ikram Khan has been Director since April 3, 2018. Mr. Khan is Member Finance of the Pakistan Water and Power Development Authority (WAPDA). He is also a Member on the Board of Directors of Neelum Jhelum Hydropower Company Limited. He has more than 30 years of experience in the field of budget, accounts and audit.

Mr. Khan joined Pakistan Audit and Accounts Service Group and has served in various senior positions in Audit and Accounts field including Member Finance in Pakistan Railway, Rector in Pakistan Audit & Accounts Academy, Deputy Auditor General (Admin & Coordination), Director General PT & T Audit, Director General Audit Customs & Petroleum and Director General Income Tax Audit. He also holds an LL.B degree. He has attended numerous professional trainings both locally and internationally in the field of Audit Accounts and Budget.



Mr. M. Mohtashim Aftab

GM Finance / CFO



Mr. A. Anthony Rath

Company Secretary

CODE OF CONDUCT

INTRODUCTION

This Code of Conduct (this “Code”) establishes a standard of conduct for Directors and employees of the Company; deters wrongdoing and promotes honest and ethical conduct of Directors and employees. It also promotes compliance with applicable laws, rules and regulations which apply to the Company, its Directors and employees.

This Code is not meant to cover all possible situations that may occur. It is designed to provide a frame of reference against which to measure activities. You should seek guidance when in doubt about the proper course of action in a given situation, as it is ultimately your responsibility to.

You should always be guided by the following basic principles:

- Avoid any conduct that could damage or risk the Company or its reputation.
- Act legally and honestly.
- Put the Company’s interests ahead of personal or other interests.

This Code is a living document, which may change over time.

This Code is not an employment contract between you and the Company. Violations of this Code may lead to disciplinary action and also culminate in termination of employment.

This Code does not supersede, change or alter any Company policies and procedures already in place or which may be put in place, from time to time.

This Code is not intended to and does not create any rights in any employee, customer, supplier, competitor, shareholder or any other person or entity.

SCOPE

This Code applies to the Company’s Directors to the extent of carrying out their director-related activities.

For the purposes of this Code, references to “employee(s)” include officers, staff, trainees, temporary employees, and contract employees (including those employed by third party contractors).



SECTION I

Compliance with laws, rules and regulations

The Company, its Directors and employees are bound by the law. Compliance with all applicable laws and regulations must not be compromised. No one will be subject to retaliation because of a good faith report of a suspected violation. If an employee fails to comply with an applicable law, rule or regulation, he/she may be subject to disciplinary measures, upto and including termination of employment.

To avoid inadvertent violations, you are encouraged to ask questions when there is uncertainty. To encourage open communication, you may discuss the matter with the Company Secretary.

SECTION II

Conflicts of Interest

A conflict of interest occurs when your personal interests (financial or other) interfere, or even appear to interfere, in any way, with the interests of the Company. Conflicts of interest can also arise when you take actions or have interests, or a member of your family has interests, that may make it difficult for you to perform your duties to the Company objectively and effectively. When a potential conflict of interest arises, it is important that you act with great care to avoid even the appearance that your actions were not in the best interest of the Company.



CODE OF CONDUCT

Some examples for avoiding conflicts of interest are as follow:

- You will deal with all suppliers, customers, and all other persons doing business with the Company in a completely fair and objective manner without favour or preference based upon personal financial or relationship considerations.
- You will not accept from or give to any supplier or, customer any gift or entertainment except as allowed under Section III (Gifts, Meals and Entertainment) below.
- You will not do business on behalf of the Company with a member of your family or a close relative, unless the transaction is disclosed in writing, to the Chief Executive, who determines that the transaction is on arms-length terms and is consistent with the purposes of this Principle. A close relative would include a spouse, parent, parent-in-law, sibling, sibling-in-law, child or son/ daughter-in-law.
- You will not, directly or indirectly, have a financial interest with any individual, firm or company which does or seeks to do business with the Company whether as a customer, supplier, contractor, sub-contractor or service provider.
- You will not use your position in the Company to gain an unfair advantage over a customer, supplier, contractor or service provider including to the extent of obtaining any goods or services on credit, rebate or discount which is not available generally.

Conflicts of interest may not always be clear-cut. If in doubt you should consult with the Company Secretary. If an actual or potential conflict of interest arises, you are required to intimate the same in writing to the Company Secretary (or with respect to the Company Secretary, the Chief Executive) forthwith; and the Company Secretary is to report the same to the Chief Executive. The Company Secretary shall maintain a record of such reporting.

SECTION III Gifts, Meals and Entertainment

You will not seek, accept, offer, promise, or give (directly or indirectly) anything of value including payments, fees, loans, services, entertainment, favours or gifts from or to any person or firm as a condition or result of doing business with the Company.

You may accept gifts, services or other items of value under the following circumstances:

- You may accept meals, travel, lodging, refreshment, or other normal business courtesies of reasonable value either in the course of a business meeting or to satisfy a reasonable business purpose of the Company.
- You may accept meals and entertainment, such as the occasional sporting event, provided that you do not do so frequently or under circumstances where your judgment could be influenced, or where the cumulative value of the entertainment is excessive. Any meals and entertainment involving substantial travel or an extended number of days cannot be accepted without the permission of the Chief Executive.
- You may accept discounts or rebates on merchandise or services that do not exceed those available to members of the general public.
- You may accept gifts of reasonable value including for commonly-recognised events or occasions, such as a promotion, new job, wedding, retirement, birthday or holiday.
- You may receive awards from civic, charitable, educational or religious organisations of reasonable value in recognition of services and accomplishments.
- You may receive gifts, gratuities, amenities or favours received because of family or personal relationships when the circumstances make it clear that it is those relationships rather than business of the Company that are the motivating factor.

If you receive gifts, services or other items of value under the above, you are required to intimate the same in writing to the Company Secretary (or with respect to the Company Secretary, the Chief Executive) forthwith. The Company Secretary shall maintain a record of such receivings.

If you are offered gifts, services or other items of value not in conformity with the exceptions noted above, or if either arrives at your office or home, you must report it to your superior in writing with a copy to the Company Secretary (or with respect to the Company Secretary, the Chief Executive).

SECTION IV

Outside directorships and other outside activities

Outside of the Company, no activities shall be pursued if such activities will interfere with the employee's responsibilities for the Company, or if they create risks for the Company's reputation or if they in any other way are likely to conflict with the interests of the Company.

Unless requested by the Company to take up a particular position or activity, an employee shall pursue outside activities and positions at his own risk and within his spare time only subject to the condition that such position or activity do not in any manner whatsoever adversely impact the employee in the performance of his official duties and responsibilities and provided further that it is permissible to so do in terms of the employees employment contract with the Company.

An employee will not seek directorship in any company (public or private) without the prior written consent of the Chief Executive (and in case of the Chief Executive, the Board of Directors); and the directorships in other companies shall be capped at 4.

You will not participate, directly or indirectly, in a joint venture, partnership or other business arrangement with the Company.

SECTION V

Corporate Opportunities

When presented with opportunities related to the Company's business interests, you must first offer those opportunities to the Company. You will not take for yourself personally, or for members of your family and friends opportunities that are discovered through the use of Company property, information or position; nor use Company property, information, or position for personal gain. You may participate in such opportunities only with the prior written approval of the Chief Executive (or, with respect to the Directors, written approval of the Board of Directors).

SECTION VI

Fair Dealing

You will deal honestly and ethically with the Company and with the Company's customers, suppliers, employees and other stakeholders.

You will treat people fairly. You must not take unfair advantage of anyone through manipulation, concealment, abuse of privileged or otherwise undisclosed information, misrepresentation of material facts or any other unfair-dealing practices.

You are prohibited from taking any action (or inaction) to improperly influence, coerce, manipulate or mislead the Company's internal or external auditors; or to prevent such persons from performing a diligent audit of the Company in accordance with their respective mandates.

SECTION VII

Accuracy and Integrity of Books, Records and Accounts

All Company books, records and accounts must accurately reflect the nature of the transactions recorded. Books and records include but are not limited to ledgers, vouchers, bills, invoices, time sheets, expense reports, payroll and benefits records and other essential Company data. All assets and liabilities of the Company must be properly recorded in the regular books of account. No undisclosed or unrecorded fund or asset shall be established in any amount for any purpose. No transaction or arrangement shall be structured to circumvent the Company's internal control systems. No false or artificial entries shall be made for any purpose. No payment shall be made, nor purchase price agreed to with the intention or understanding that any part of such payment is to be used for any purpose other than that described in the document supporting the payment.

CODE OF CONDUCT

SECTION VIII

Protection and Proper use of Company Assets

You are expected to protect the Company's assets and ensure their efficient use, and are prohibited from engaging in theft, carelessness, or waste. All Company assets should be used for legitimate business purposes, but incidental personal use may be permitted if ancillary to a business purpose. You are prohibited from making any improper use of Company property such as Company funds, software, e-mail systems, voice mail systems, computer networks, Company vehicles, rental cars rented on behalf of the Company, and facilities for personal benefit or profit.

SECTION IX

Insider Trading

You, your spouse or minor children shall not trade in or recommend to any third party the purchase or sale of the Company's shares (or any other equity or debt securities of the Company) while you are in possession of material non-public information regarding the financial, operational or other prospects of the Company that have not been publicly disclosed and disseminated.

You, your spouse or minor children shall also similarly abstain from trading in, or recommending the purchase or sale of the securities of any other company that issues publicly-traded shares/securities of which you may have obtained material non-public information as a result of your employment by or affiliation with the Company.

You shall not pass-on, tip or disclose any material non-public information to third parties except when done so for valid business purposes (and covered by an appropriate confidential disclosure agreement) under proper authorisation.

As per the securities laws, the communication by an "insider" of purchase or sale of a security while in possession of "material non-public information" is illegal and a crime and is subject to substantial fines, damages, imprisonment and other proceedings. "Insiders" include employee's relatives and other who have access to a Director or an employee. Any use by the "insider" of this information for trading securities or by disclosure by way of "tips" to third parties is dubbed as "insider trading".

The Company shall impose a 'closed period', from time to time, during which the Directors and certain identified employees shall be prohibited directly or indirectly, from engaging in transactions involving the Company's shares (or any other equity or debt securities of the Company).

In the absence of the above conditions, you may make investments in listed securities (including those of the Company).

SECTION X

Workplace Harassment

The Company is an equal opportunity employer and is committed to cultivating a diverse work environment where individual differences are appreciated and respected. It is the Company's policy, through responsible management, to recruit, hire, train, and promote persons regardless of their cast, colour, sex or religion.

You will maintain an environment that is free from harassment in which all employees are equally respected. Workplace harassment would include but not be limited to sexual harassment, disparaging comments and insinuations based on gender, religion, race and ethnicity.

SECTION XI

Families and Relatives

Family members may be hired as employees or consultants only if the appointment is based on qualifications, performance, skills and experience and provided that there is no direct reporting relationship between the employee and his or her relative. These principles of fair employment will apply to all aspects of employment, including compensation, promotions and transfers, as well as in case that the relationship develops after the respective employee has joined the Company.

If your spouse, your children, parents, or in-laws, or someone else with whom you have a family relationship is a customer or supplier of the Company or is employed by one, you must disclose the situation to the Company Secretary (or, with respect to the Company Secretary, to the Chief Executive) so that the Company may assess the nature and extent of any concern and how it can be resolved. If you have any doubt as to whether or not conduct or a relationship would be considered an actual or apparent conflict of interest or could be expected to give rise to such a conflict, you should consult with the Company Secretary.

SECTION XII

Weapons, Workplace Violence, Drugs, Alcohol and Gambling

You will not display and/or carry weapons or explosives on Company premises (including the residential colony), unless as a security personnel you have a licensed weapon. Similarly, the Company will not tolerate any level of violence in the workplace or in any work-related setting or the residential colony.

Without prejudice to the contents of the preceding paragraph, in case of a licensed weapon, you shall be required to give

written notice to the Security Manager and provide him with a true copy of the license (and renewal thereof). Further, it shall be your obligation to ensure that such licensed weapon is duly and properly secured in a safe and secure place.

The use of alcohol and illegal drugs is strictly prohibited in the workplace; and all forms of gambling on Company premises is forbidden.

SECTION XIII

Confidential Information

For the purposes of this Code, Confidential Information of the Company includes all non-public information, correspondence, documents, papers, records, drawings and data (collectively, the "Confidential Information").

You must maintain the confidentiality of Confidential Information entrusted to you by the Company or which comes to your knowledge on account of the position you hold. You may disclose Confidential Information if you are duly authorised by the Company or legally mandated to do so. Prior to making a disclosure of any Confidential Information which is legally mandated, you are required to consult with the Company Secretary.

You shall not keep or make or keep for personal use copies of any Confidential Information. All Confidential Information should be surrendered to the Company when you cease (for whatever reason) to be a Director or employee (as the case may be) of the Company.

The Company respects that third parties have a similar interest in protecting their confidential information. In case that third parties including suppliers or customers share with the Company confidential information, such information shall be treated with the same care as if it was the Company's confidential information.

SECTION XIV

Responding to Inquiries from the Press and Others

Those of you who are not official spokespersons of the Company shall not speak with any third party as Company representatives. Officer(s) authorised by the Chief Executive shall respond to requests for financial or other information about the Company from the media (print or electronic), financial analysts, or the public. Requests for information from regulators or the government should be referred to the Company Secretary. In each of these instances the Officer(s) authorised or the Company Secretary (as the case may be) shall in a timely manner seek instructions from the Chief Executive and intimate him the details of the responses made.

SECTION XV

Accountability for Adherence to the Code

Each of us is responsible for our decision-making and for adherence to the Principles set forth in this Code.

Internal Investigations

The Company will promptly investigate all alleged violations and potential violations of this Code, or of any related Company standard, policy or procedure. Any allegations will be treated confidentially, to the extent consistent with the Company's interests and its legal obligations.

No person covered by this Code may conduct his/her own investigation. Each of us is expected to cooperate in the investigation of an alleged violation of this Code.

If the Company determines that corrective action is necessary to fix a problem and avoid the likelihood of its recurrence, the Company will promptly decide what steps to take, including legal proceedings when appropriate.

Disciplinary Action

Appropriate disciplinary action will be taken for violation of this Code, or any related Company standard, policy or procedure, including for:

- Authorisation of or participation in violations.
- Failure to report a violation or potential violation.
- Refusal to cooperate in the investigation of an alleged violation.
- Failure by a violator's supervisor(s) to detect and report a violation, if such failure reflects inadequate supervision or lack of oversight.

SECTION XVI

Waivers and Amendments

The Board of Directors may waive or amend a provision of this Code subject to any applicable regulation/law.

ACKNOWLEDGEMENT

I have received and read the Code of Conduct of the Company (the "Code"), and I understand its contents. I agree to comply fully with the standards contained in the Code and the Company's related policies and procedures.

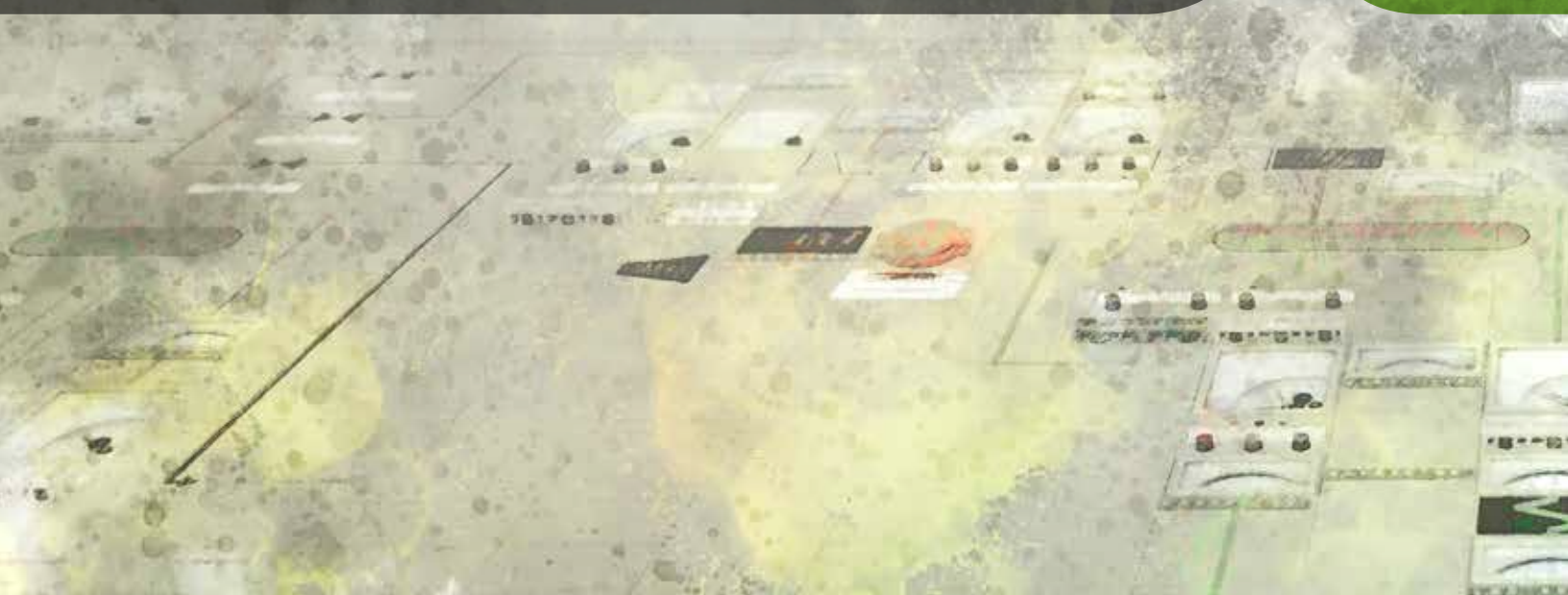
OPERATIONAL HIGHLIGHTS

ELECTRICITY SOLD

7,437 GW

CUMULATIVE LOAD FACTOR

63.3%





COMMERCIAL AVAILABILITY

96.7%

THERMAL EFFICIENCY

44.0%

WHISTLEBLOWING POLICY & PROCEDURE

1. POLICY STATEMENT

1.1 The Company is committed to achieving and maintaining high standards of behaviour at work from its employees. Employees are expected to conduct themselves with integrity, impartiality and honesty. The Company seeks to develop a culture where inappropriate behaviour at all levels is challenged. To achieve this, the Company encourages reporting of genuine concerns of malpractices, illegal acts or failures to comply with recognised standards of work without fear of reprisal or victimisation.

This Policy is accompanied by a Procedure that should be followed when “blowing the whistle”.

1.2 The Company will not tolerate harassment or victimisation of a genuine whistle blower (including informal pressures) and will treat such conduct as gross misconduct, which if proven, may result in dismissal.

1.3 The Board of Directors reserves the right to amend this Policy and Procedure as necessary to meet any change in requirements.

1.4 If there is anything which you think the Company should know about, kindly use the Procedure. By knowing of a malpractice at an early stage, the Company can take necessary steps to safeguard the interests of others and protect the organisation. Please do not hesitate to “blow the whistle” on wrongdoing.

2. WHAT IS WHISTLEBLOWING?

2.1 This Policy is designed to deal with concerns raised in relation to specific issues which are detailed in paragraph 2.2 below.

The Company’s other policies and procedures deal with matters not covered by paragraph 2.2 below. The relevant policy should be followed where appropriate.

2.2 Whistleblowing is specific and means a disclosure of information made by an employee where he/she reasonably believes that one or more of the following matters is happening now, took place in the past or is likely to happen in the future:

- incorrect financial reporting;
- unlawful activity;
- danger to health and safety of any individual;
- activity not in line with Company policy, including the Code of Conduct;
- activity, which otherwise amounts to serious improper conduct; or
- deliberate concealment of information tending to show any of the above.

2.3 This Policy does not extend to mismanagement which may arise from error of judgment or incompetence.

2.4 This Policy does extend to matters arising out of a personal grievance which should continue to be pursued through your line managers in accordance with your local grievance procedure.

2.5 Only genuine concerns should be reported. Disclosures must be made in good faith with a reasonable belief that any information and/or allegation is substantially true, and that the disclosure is not made for personal gain.

Malicious or false allegations will be treated as a serious disciplinary offence.

3. WHO DOES THE POLICY APPLY TO?

3.1 This Policy applies to all officers, staff, trainees, temporary employees, and contract employees (including those employed by third party contractors).

4. THE COMPANY’S WHISTLEBLOWING PROCEDURE

4.1 If you wish to disclose information as contemplated in this Policy you may send a written communication to the Disciplinary Committee at the address and e-mail notified by the Company.

All incidences of whistleblowing to the Disciplinary Committee are to be reported by the Disciplinary Committee to the Members of the HR Committee of the Board of Directors at the immediately next Board Meeting.

- 4.2 The Disciplinary Committee shall consist on three (3) members; and one of its members will act as Coordinator. The Chief Executive will appoint the members of the Disciplinary Committee. To avoid a conflict of interest, if a whistleblowing instance involves a member of the Disciplinary Committee, the Chief Executive will reconstitute the Disciplinary Committee.
- 4.3 Anonymous allegations are not automatically disregarded but given the safeguards which are in place for those making allegations under this Policy, anonymous allegations are less powerful than those from named individuals.
- 4.4 The Disciplinary Committee will decide how the investigation should proceed.
- 4.5 If you are unhappy with the response that you receive you may report the matter to the Chairman of the Audit Committee. This option will not apply where an allegation has been dismissed following an investigation.
- 4.6 If in doubt, you should speak to the Company Secretary. Your conversation will be treated in absolute confidence.

THE INVESTIGATION

- 4.7 The Disciplinary Committee will decide how to respond in a responsible and appropriate manner under this Policy. An investigation will be conducted as speedily and sensitively as possible. An official written record will be kept at each stage of the procedure.

A decision as to whether a preliminary investigation should be carried out will be made within two (2) weeks of the complaint having been received.

Where this is not possible, the employee making the complaint will receive an explanation of the delay.

- 4.8 You are entitled to be accompanied by a work colleague throughout the proceedings when reporting your concerns.

OUTCOME OF THE INVESTIGATION

- 4.9 If there is a case to answer, and if appropriate, the disciplinary proceedings will be initiated against the person(s) who are the subject of the allegation(s).
- 4.10 You will be informed of the outcome of the investigation within 5 working days of completion of the investigation (including any disciplinary investigation). However, the exact nature of any disciplinary action taken against any person will remain confidential.
- 4.11 Whether there was a case to answer or not, and provided that your disclosure was made in good faith because you reasonably believed it to be true, the Company will ensure that you are protected from reprisal or victimisation as a result of your complaint.
- 4.12 Only where it is established that your allegations were false and made maliciously will disciplinary action be taken against you. Such disclosures will be treated as gross misconduct and may result in your dismissal without notice or payment in lieu of notice.
- 4.13 If, as a result of investigations you are implicated in some way in any wrong doings disciplinary action may be taken against you. The fact that you have blown the whistle will be taken into account if an action is considered.

BOARD COMMITTEES

AUDIT COMMITTEE

During the year, four meetings of the Audit Committee were held, attendance of these meetings is as follows:

Name of Director	No. of Meetings Attended
Mr. Owais Shahid	3
Mr. Saad Iqbal	4
Mr. Muhammad Arshad Chaudhry ¹	3
Mr. Muhammad Ikram Khan ²	1
Mr. Anwar-ul-Haq ³	3
Mr. Badr-ul-Munir Murtiza ⁴	1

The Audit Committee among other things is responsible for recommending to the Board of Directors' the appointment of External Auditors and for considering any questions of resignation or removal of the External Auditors and their audit fees.

The Audit Committee's responsibilities also include the following:

- a. determination of appropriate measures to safeguard the Company's assets;
- b. review of preliminary announcements of results prior to publication;
- c. review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors;
- d. Facilitating the external audit and discussion with the External Auditors on major observations arising from interim and final audits and any matter that the External Auditors may wish to highlight (in the absence of management, where necessary);
- e. Review of the Management Letter issued by the External Auditors and Management's response thereto;
- f. Ensuring coordination between the Internal Auditors and External Auditors of the Company;
- g. Review of the scope and extent of Internal Audit ensuring that the Internal Audit function has adequate resources and is appropriately placed within the Company;
- h. Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- i. Ascertaining that the internal control systems including financial and operational controls, accounting system for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and reporting structure are adequate and effective;
- j. Review of the Company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;
- k. Determination of compliance with relevant statutory requirements;
- l. Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and
- m. Consideration of any other issue or matter on its own or as may be assigned by the Board of Directors.

¹ Appointed Member Audit Committee on October 10, 2017

² Appointed Member Audit Committee on April 18, 2018

³ Ceased to be a Member of Audit Committee

⁴ Ceased to be a Member of Audit Committee

HR COMMITTEE

During the year, five meetings of the HR Committee were held, attendance of these meetings is as follows:

Name of Director	No. of Meetings Attended
Mr. Aqeel Ahmed Nasir	3
Mr. Aftab Mahmood Butt	4
Mr. Muhammad Ikram Khan ¹	3
Mr. Anwar-ul-Haq ²	1

The HR Committee will review and make recommendations, where appropriate, to the Board of Directors to ensure that the Company's Human Resources policies are aligned with its overall business objectives; Departmental/Divisional team performances are in line with business results for each year; and the remuneration philosophy, strategy and framework is in place.

The HR Committee's responsibilities shall also include the following:

- a. provide general guidelines for HR policies including terms of employment and HR Head Count and to make recommendations for Board of Directors' approval;
- b. determine a comprehensive compensation philosophy, strategy and framework and to make recommendation for Board of Directors' approval;
- c. review a graphical presentation on the overall Departmental/Divisional team performances vis-à-vis overall commercial results of the Company after the close of a financial year of the Company and to appraise the Board of Directors' on the overall performances with regards to the Human Resource Key Performance Indicators;
- d. review periodically the monitoring and enforcement of and compliance with the Company's Code of Conduct;
- e. periodically review appointments, exits, retirements and promotions in the Company;
- f. review the Company's overall remuneration competitiveness with the market and to make recommends to the Board of Directors for appropriate actions, if required;
- g. review collective bargaining mandates and tentative settlements and to make recommendations to the Board of Directors;
- h. recommend to the Board of Directors the selection, evaluation, compensation and succession planning of the Chief Executive;
- i. review with the Chief Executive and recommend to the Board of Directors the selection, evaluation and compensation of a General Manager(s) or to recommend his removal;
- j. review with the Chief Executive and recommend to the Board of Directors the selection, evaluation, and compensation of the Company Secretary or to recommend his removal;
- k. review with the Chief Executive and recommend to the Board of Directors the selection, evaluation, and compensation of the Head of Internal Audit or to recommend his removal; and
- l. consideration of any other issue or matter as may be assigned by the Board of Directors.

¹ Appointed Member HR Committee on April 25, 2018

² Ceased to be a Member of HR Committee



CHAIRMAN'S REVIEW

I AM PLEASED TO PRESENT THE ANNUAL REPORT OF YOUR COMPANY FOR THE FINANCIAL YEAR ENDED ON JUNE 30, 2018.

Your Company's profit before tax for the year is Rs. 15,808 Million; and profit after tax is Rs. 10,617 Million bringing its earnings per share (EPS) for the year to Rs. 12.06 per share of Rs. 10 each. Your Board of Directors has recommended a final cash dividend of Rs. 4.80 per share, which will be in addition to the interim dividend of Rs. 4.35 per share paid to entitled shareholders in May 2018. Subject to shareholders approval at the AGM, the total cash dividend for the year will be Rs. 9.15 per share, which is a good return.

Your Board of Directors is cognizant of your Company's obligation to be compliant with the Listed Companies (Code of Corporate Governance) Regulations, 2017 and the Companies Act, 2017. To this end, as appropriate, policies and procedures have been put in place. The skill set of your Board of Directors is varied and includes engineering, financial, banking and legal experience. These skill sets complement one another for informed decision making at the Board level.

A formal mechanism for the annual evaluation of the Board of Directors and Committees of the Board of Directors has been approved by the Board of Directors and is in place. A self-assessment questionnaire covers the attributes/skill sets of professional experience, Company knowledge, industry knowledge, governance issues, specific competency, business judgement, strategic vision, attendance, meeting preparation, team player, active participation and overall contribution. I am pleased to report, on the basis of feedback, that your Board of Directors and the Board Committees are performing their respective functions in a professional manner.

The Committees of the Board of Directors have met over the review period and your Board of Directors have received recommendations and updates, as appropriate, from these meetings in accordance with the Terms of Reference of these Committees.

The Directors' Report amongst other matters also discusses the overdue receivables of your Company (Rs. 95,976 Million); and the arbitration proceedings commenced by your Company in respect of the liquidated damages claims of the power purchaser. Your Board of Directors is cognizant of these matters and they are being actively pursued.

Your Company continues to be compliant with the following accreditations to the Integrated Management System:

ISO 9001:2015

Quality Management System

ISO 14001:2015

Environmental Management System

OHSAS 18001:2007

Occupational Health and Safety Assessment Series
(Occupational Health and Safety Management System)

It is reassuring that your Company continues to support the local communities of the Kot Addu area through its Social Action Programme particularly via its free medical/eye camp.

Your Board of Directors recognizes the contribution of Company employees to the continued success of your Company.

Lt. General Muzammil Hussain (Retd)

Chairman, Board of Directors

September 5, 2018

Lahore



DIRECTORS' REPORT

IT PLEASES US TO PRESENT THE DIRECTORS' REPORT TOGETHER WITH THE FINANCIAL STATEMENTS (AUDITED) FOR THE YEAR ENDED JUNE 30, 2018.

PRINCIPLES ACTIVITIES OF THE COMPANY

The principal activities of the Company are the ownership, operation and maintenance of the 1600 MW nameplate capacity gas, furnace oil and diesel fired power plant at Kot Addu, Punjab. The Company continues to sell the electrical energy produced from its power plant to its sole customer, the Pakistan Water and Power Development Authority (WAPDA).

The Company is listed on the Pakistan Stock Exchange; and is a KSE 100 and KSE 30 index company.

FINANCIAL HIGHLIGHT

Turnover for the year stood at Rs. 91,916 Million (2017: Rs. 81,847 Million); and the cost of sales were Rs. 78,537 Million (2017: Rs. 67,667 Million). The gross profit earned is Rs. 13,379 Million (2017: Rs. 14,180 Million); and profit before tax is Rs. 15,808 Million (2017: Rs. 14,073 Million). Tax provision is Rs. 5,191 Million; and profit after tax is Rs. 10,617 Million (2017: Rs. 9,447 Million) resulting earnings per share (EPS) of Rs. 12.06 per share of Rs. 10 each (2017: Rs. 10.73 per share) for the year.

As in previous years, the power purchaser's payment default towards the Company continues. On June 30, 2018, the overdue receivables were Rs. 95,976 Million (for details refer to Note 21.1 to the Financial Statements). The payables of the Company to Pakistan State Oil Company Limited for fuel oil supplies on June 30, 2018 were Rs. 27,067 Million. The Company continues to pursue the power purchaser and the concerned Ministries of the Government of Pakistan for resolution of the matter.

The Company has fully discharged its obligation under the Note Agreement with its creditor (WAPDA) in accordance with the provisions of the Note Agreement. The long term loan now stands fully paid.

OPERATIONAL HIGHLIGHT

During the year, the Company sold 7,437 GWh of electricity to its customer, representing a cumulative load factor of 63.3%; overall commercial availability of 96.7%; and thermal efficiency of 44.0%.

The Company's power complex continues to be maintained at the highest international standards in accordance with the Original Equipment Manufacturers recommendations to assure technical availability of the power complex in accordance with the provisions of the PPA. To this end, during the year, two Major Overhauls; thirteen Combustion Inspections; and four Hot Gas Path Inspections were duly carried out.

LIQUIDATED DAMAGES – ARBITRATION PROCEEDINGS

Liquidated damages claims have been against the Company for the years ended June 30, 2009 through 2016 of the amount of Rs. 27,898 Million, which the Company has disputed in accordance with the provisions of the Power Purchase Agreement dated June 27, 1996 (as amended) between the Company and WAPDA. The Company contends, *inter alia*, that its failure to dispatch electricity was due to its sole customer's non-payment of dues on a timely basis to it.

On March 29, 2018 the Company commenced arbitration proceedings in Singapore against WAPDA and the Central Power Purchasing (Guarantee) Limited (CPPA(G)) under the arbitration rules of the International Chamber of Commerce. Additionally, the Government of Pakistan has also been made a party to the arbitration as it has issued a Guarantee in favour of the Company and has entered in the Facilitation Agreement with the Company. The arbitration has been commenced pursuant to the provisions of the PPA. CPPA(G) has been named as a respondent in its capacity as the current market operator and power purchaser implementing and administering the PPA. The Company has commenced arbitration to, *inter alia*, nullify the liquidated damages of Rs. 27,727 Million wrongfully imposed by WAPDA/CPPA(G); and

to enforce its right to claim Rs. 2,446 Million comprising the Company's net losses not otherwise covered by late payment interest. For details you may refer to Note 12.1(vi) of the Financial Statements.

Owing to WAPDA Nominee Directors' conflict of interest, the Board of Directors has constituted an LDs Committee of the Board of Directors. The LDs Committee works closely with the Management on the LDs issue and the arbitration proceedings. The Members of the LDs Committee are:

Mr. Aqeel Ahmed Nasir
Mr. Aftab Mahmood Butt
Mr. Saad Iqbal

ACQUISITION OF SHARES IN THE HUB POWER COMPANY LIMITED (DEFUNCT TRANSACTION)

On October 27, 2017, the Company disclosed signing of the Share Purchase Agreements (SPAs) for the acquisition by the Company of 201,084,105 shares (approximately 17.37 percent) in the Hub Power Company Limited offered for sale by Dawood Hercules Corporation Limited and other shareholders (Transaction). The completion of the Transaction was conditional upon fulfilment of requisite corporate and regulatory conditions precedent. Since the time allowed for the completion of the condition precedents stated in the SPAs were not completed/fulfilled, the parties mutually agreed to terminate the SPAs and further processing of the Transaction.

SOCIAL ACTION PROGRAMME

As part of the Company's Social Action Programme, a two day free medical/eye camp was arranged in March 2018 at Kot Addu with the usual vigour and enthusiasm. Major activities included free medical consultancy, medication, free diagnostic tests and eye surgeries. Forty volunteers of different section including doctors we participated in the camp.

These doctors included a medical specialist, gynaecologist, paediatrician, ultra sound specialist, cardiologist, neurologist, pathologist and eye specialists. For patient facilitation there was a pharmacy, laboratory and ultra sound facility. Around 3,794 patients received medical assistance, 61 eye surgeries were conducted, 186 ultrasound tests were carried out and 325 laboratory tests were completed.

Other activities of the Social Action Programme included the following:

1. Sponsored Thal Jeep Rally organized by DCO Office, Muzaffargarh.
2. Donation to Agha Khan Hospital and Medical College Foundation, sponsored annual Golf Tournament held by Agha Khan University Hospital to raise fund for Pediatric Congenital Heart Disease Programme.
3. KAPCO Iftar Dastarkhawan, which provided free iftari to the deserving in the Kot Addu area during the holy month of Ramadan.

The Social Action Programme was completed at a cost of Rs. 5,082 Million.



DIRECTORS' TRAINING

During the year, Mr. Muhammad Arshad Chaudhry (Director) participated and passed in the assessments carried out by the Pakistan Institute of Corporate Governance under its Corporate Governance Leadership Skills – Directors Education Program.

DIRECTORS' REMUNERATION

Non-executive Directors and the Independent Directors are entitled to a Directors' fee for meetings attended.

BOARD OF DIRECTORS COMPOSITION

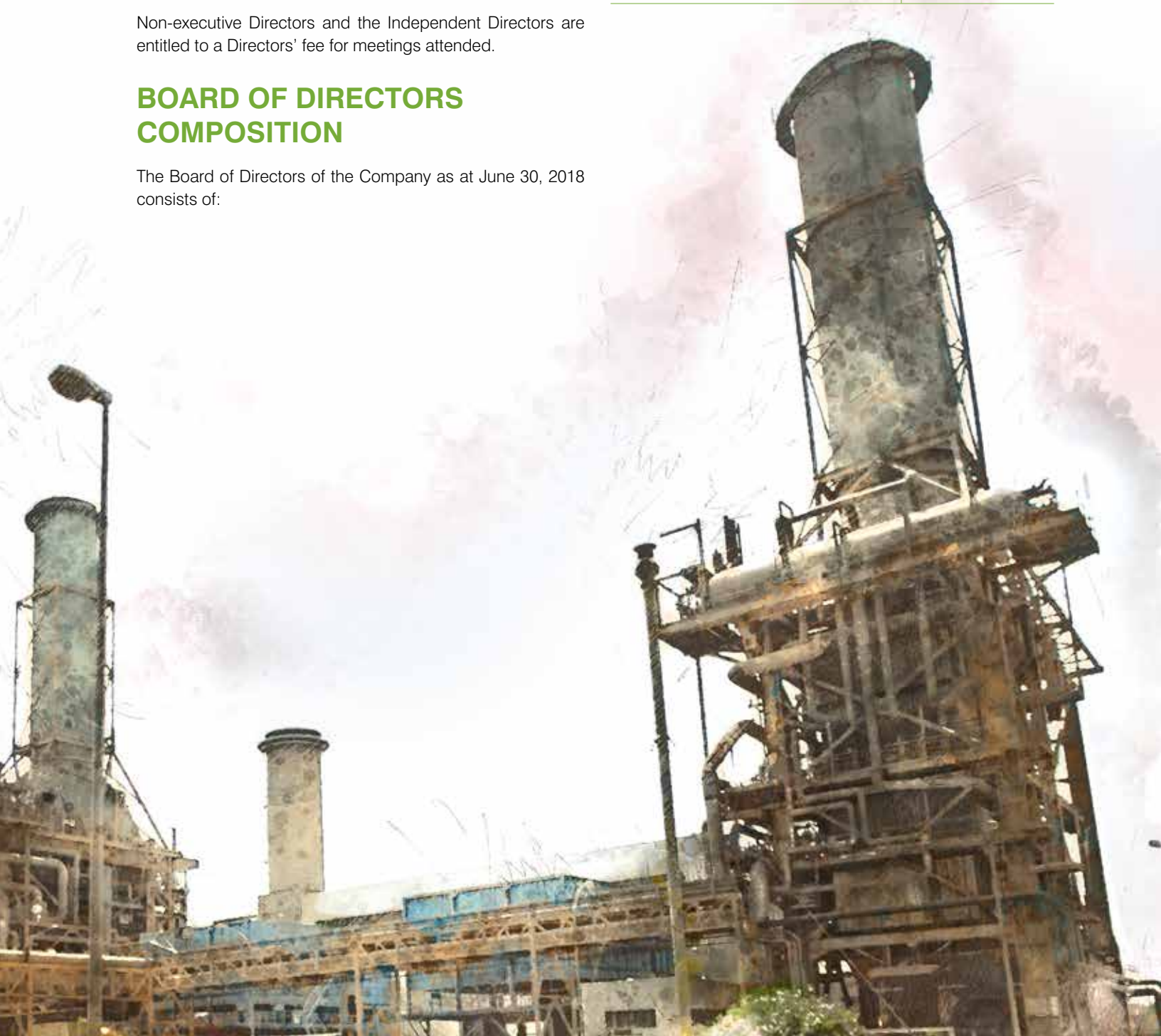
The Board of Directors of the Company as at June 30, 2018 consists of:

TOTAL NUMBER OF DIRECTORS:

(a) Male	07
(b) female	–

COMPOSITION

(i) Independents Directors	03
(ii) Non-executive Directors	03
(iii) Executive Directors	01



The names of the Directors as at June 30, 2018 are as follows:

1. **Lt. General Muzammil Hussain (Retd)**
2. **Mr. Aftab Mahmood Butt**
3. **Mr. Owais Shahid**
4. **Mr. Aqeel Ahmed Nasir**
5. **Mr. Saad Iqbal**
6. **Mr. Muhammad Arshad Chaudhry**
7. **Mr. Muhammad Ikram Khan**

CHANGE ON BOARD OF DIRECTORS'

Two casual vacancies on the Board of Directors' caused by the resignation of Mr. Badr-ul-Munir Murtiza and Mr. Anwar-ul-Haq were respectively filled-in by the appointment of Mr. Muhammad Arshad Chaudhry and Mr. Muhammad Ikram Khan.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

As required by the Code of Corporate Governance, we are pleased to report the following:

- a) The financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- b) Proper books of accounts of the Company have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and any changes in accounting policies have been disclosed in the financial statements. The accounting estimates are based on reasonable and prudent judgement.
- d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there-from has been adequately disclosed and explained.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There are no significant doubts upon the Company's ability to continue as a going concern.
- g) Key operating and financial data for the last six years is annexed.

h) The pattern of shareholding as at June 30, 2018 is annexed.

i) Except as disclosed in the pattern of shareholding, the Directors, Chief Executive, General Manager Finance/ CFO, the Company Secretary, Head of Internal Audit, their spouses and minor children have not traded in the shares of the Company.

j) The value of investments (at cost) of Pension Fund and Provident Fund as at June 30, 2017 is as follows:

	Rs. in Million
Pension Fund	2,940
Provident Fund	868

k) Information about outstanding taxes and levies is given in the Notes to the Financial Statements.

l) During the year, Eight (8) meetings of the Board of Directors were held, attendance of these meetings is as follows:

NAME OF DIRECTOR	NO OF MEETING ATTENDED
Lt. General Muzammil Hussain (Retd)	7
Mr. Aftab Mahmood Butt	8
Mr. Owais Shahid	6
Mr. Aqeel Ahmed Nasir	6
Mr. Saad Iqbal	7
Mr. Muhammad Arshad Chaudhry ¹	6
Mr. Muhammad Ikram Khan ²	2
Mr. Anwar-ul-Haq	6
Mr. Badr-ul-Munir Murtiza	2

m) During the year, four meetings of the Audit Committee were held, attendance of these meetings is as follows:

NAME OF DIRECTOR	NO OF MEETING ATTENDED
Mr. Owais Shahid	3
Mr. Saad Iqbal	4
Mr. Muhammad Arshad Chaudhry ³	3
Mr. Muhammad Ikram Khan ⁴	1
Mr. Anwar-ul-Haq	3
Mr. Badr-ul-Munir Murtiza	1

¹Appointed director on October 10, 2017 in place of Mr. Badr-ul-Munir Murtiza

²Appointed director on April 3, 2018 in place of Mr. Anwar-ul-Haq

³Appointed Member Audit Committee On October 10, 2017

⁴Appointed Member Audit Committee on April 18, 2018

- n) During the year, five meetings of the HR Committee were held, attendance of these meetings is as follows:

NAME OF DIRECTOR	NO OF MEETING ATTENDED
Mr. Aqeel Ahmed Nasir	5
Mr. Aftab Mahmood Butt	5
Mr. Muhammad Ikram Khan ⁵	2
Mr. Anwar-ul-Haq	3

- 1 Appointed director on October 10, 2017 in place of Mr. Badr-ul-Munir Murtiza
 2 Appointed director on April 3, 2018 in place of Mr. Anwar-ul-Haq
 3 Appointed Member Audit Committee On October 10, 2017
 4 Appointed Member Audit Committee on April 18, 2018
 5 Appointed Member HR Committee on April 25, 2018

- o) During the year, two meetings of the LDs Committee were held, attendance of these meetings is as follows:

NAME OF DIRECTOR	NO OF MEETING ATTENDED
Mr. Aqeel Ahmed Nasir	2
Mr. Aftab Mahmood Butt	2
Mr. Saad Iqbal	2

CHAIRMAN'S REVIEW

The accompanied Chairman's Review is endorsed by the Board of Directors.

APPROPRIATIONS

The Directors are pleased to recommend a final dividend of Rs. 4.80 per share. This will be paid to the shareholders on the Company's Register of Members on October 16, 2018. An Interim Dividend of Rs. 4.35 per share was approved by the Board of Directors on February 22, 2018 and was dispatched in May 2018. The total dividend to be approved by the shareholders at the Annual General Meeting on October 23, 2018 will be Rs. 9.15 per share i.e. 91.50% for the year ended June 30, 2018. These financial statements do not reflect this proposed dividend:

The net profit for the year is appropriated as follows.

	Rs. '000
Net Profit for the year	10,617,085
Other comprehensive income/(loss)	(17,101)
Un-appropriated profit brought forward	23,256,226
Profit available for appropriation	33,856,210

APPROPRIATIONS

	Rs. '000
Final dividend for the year ended	
June 30, 2017 Rs. 4.75 per share	(4,181,203)
Interim dividend for the year ended	
June 30, 2018 Rs. 4.35 per share	(3,829,102)
	(8,010,305)
Un-appropriated profit carried forward	(25,845,905)
Basic Earnings Per Share (Rupees)	12.06

The Directors draw your attention to the last paragraph of the Auditors Report relating to Note 12.1(vi) to the Financial Statements

AUDITORS

The present auditors, Deloitte Yousuf Adil., Chartered Accountants, retire and being eligible, offer themselves for reappointment. The Board of Directors recommends the appointment of Deloitte Yousuf Adil, Chartered Accountants, Chartered Accountants, as auditors of the Company for the next year, as suggested by the Audit Committee.

APPRECIATION

We take this opportunity to thank the employees of the Company for making this a successful year for the Company.

By Order of the Board



Aftab Mahmood Butt
Chief Executive



Owais Shahid
Director

Dated: September 5, 2018
Place: Lahore

⁵Appointed Member HR Committee on April 25, 2018

ڈائریکٹرز آپ کی توجہ مالیاتی گوشواروں کے نوٹ (vi) 12.1 سے متعلق آڈیٹرز کی رپورٹ کے آخری پیرے پر مہذول کرانا چاہتے ہیں۔

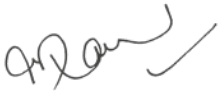
آڈیٹرز

ریٹائرڈ ہونے والے آڈیٹرز ڈیلائٹ یوسف عادل، چارٹرڈ اکاؤنٹنٹس نے دوبارہ تقرری کی درخواست دی ہے۔ بورڈ آف ڈائریکٹرز آڈٹ کمیٹی کی تجویز پر ڈیلائٹ یوسف عادل، چارٹرڈ اکاؤنٹنٹس کو اگلے سال کے لیے کمیٹی کا آڈیٹر مقرر کرنے کی سفارش کرتا ہے۔

اظہار تشکر

ہم اس موقع پر کمیٹی کے تمام ملازمین کا شکریہ ادا کرتے ہیں جنہوں نے کمیٹی کی کامیابی کے لیے کام کیا۔

بجلم بورڈ



اولیں شاہد
ڈائریکٹر



آفتاب محمود
چیف ایگزیکٹو

تاریخ: 5 ستمبر 2018
مقام: لاہور۔

ڈائریکٹرز کے نام	اجلاس میں شرکت کی تعداد
جناب محفل احمد ناصر	2
جناب آفتاب محمود بٹ	2
جناب سعد اقبال	2

چیئرمین کا جائزہ

چیئرمین کے منسلکہ جائزے کی بورڈ آف ڈائریکٹرز نے تائید کی ہے۔

مالیاتی کارکردگی

ڈائریکٹرز بخوشی 80 . 4 روپے فی شیئر کے حتمی منافع کی سفارش کرتے ہیں۔ یہ منافع 16 اکتوبر 2018 کو کمیٹی ممبران کے رجسٹر پر اندراج شدہ حصص مالکان کو ادا کیا جائے گا۔ 22 فروری 2018 کو بورڈ آف ڈائریکٹرز کی جانب سے 4.35 روپے فی شیئر کا عبوری منافع منظور کیا گیا تھا اور اس کی ترسیل مئی 2018 میں کی گئی تھی۔ 23 اکتوبر 2018 کے سالانہ عمومی اجلاس میں حصص مالکان کی طرف سے منظور کردہ کل منافع 9.15 روپے فی شیئر یعنی 30 جون 2018 کو ختم ہونے والے سال کے لیے 91.50 فیصد ہو جائے گا۔ یہ مالیاتی گوشوارے اس مجوزہ منافع کی عکاسی نہیں کرتے:-

000 روپے	
10,617,085	سال کے لیے خالص منافع
(17,101)	دیگر جامع فوائد / نقصان
23,256,226	غیر منقسمہ منافع
33,856,203	تقسیم کے لیے دستیاب منافع
	رقوم کی تقسیم
	30 جون 2017 کو ختم ہونے والے سال کے لیے حتمی منافع
(4,181,203)	بجساب 4.75 روپے فی حصص
	30 جون 2018 کو ختم ہونے والے سال کے لیے عبوری منافع
(3,829,102)	بجساب 4.35 روپے فی حصص
(8,010,305)	
25,845,905	غیر منقسمہ منافع (اگلے سال کے لیے)
12.06	فی حصص بنیادی آمدن (روپے)

(m) اس سال کے دوران آڈٹ کمیٹی کے چار اجلاس ہوئے جن میں ڈائریکٹرز کی حاضری درج ذیل رہی:-

ڈائریکٹرز کے نام	اجلاس میں شرکت کی تعداد
جناب اویس شاہد	3
جناب سعد اقبال	4
جناب محمد ارشد چودھری ³	3
جناب محمد اکرام خان ⁴	1
جناب بدرالمنی مرتضیٰ	3
جناب انوار الحق	1

(n) اس سال کے دوران ایچ آر کمیٹی کے پانچ اجلاس ہوئے جن میں ڈائریکٹرز کی حاضری کی تفصیل درج ذیل ہے:-

ڈائریکٹرز کے نام	اجلاس میں شرکت کی تعداد
جناب عقیل احمد ناصر	5
جناب آفتاب محمود بٹ	5
جناب محمد اکرام خان ⁵	2
جناب انوار الحق	3

- 1- جناب بدرالمنیر مرتضیٰ کی جگہ 10 اکتوبر 2017 کو ڈائریکٹر مقرر ہوئے۔
- 2- جناب انوار الحق کی جگہ 3 اپریل 2018 کو ڈائریکٹر مقرر ہوئے۔
- 3- 10 اکتوبر 2017 کو ممبر آڈٹ کمیٹی مقرر ہوئے۔
- 4- 18 اپریل 2018 کو ممبر آڈٹ کمیٹی مقرر ہوئے۔
- 5- 25 اپریل 2018 کو ممبر ایچ آر کمیٹی مقرر ہوئے۔
- 6- سال کے دوران نقصانات کے ازالے کی کمیٹی کے دو اجلاس منعقد ہوئے، ان اجلاسوں میں حاضری اس طرح رہی:-

(e) اندرونی کنٹرول کا نظام مضبوط بنیادوں پر استوار ہے اور موثر طریقے سے رو بہ عمل ہے جس کی مسلسل نگرانی کی جاتی ہے۔

(f) کمپنی کے قائم نہ رہنے کے حوالے سے کسی بھی قسم کا کوئی خدشہ نہیں پایا جاتا۔

(g) گزشتہ 6 برس کے مالی اور انتظامی امور سے متعلق اعداد و شمار کا خلاصہ اس رپورٹ کے ساتھ منسلک ہے۔

(h) ضابطہ برائے تجارتی انتظام و انصرام کے تحت 30 جون 2018 تک حصص یافتگان کی تفصیل منسلک ہے۔

(i) کمپنی کے ڈائریکٹرز، چیف ایگزیکٹو، جنرل منیجر فنانس/سی ایف او، کمپنی سیکرٹری، ان کی بیویاں/شوہرا اور بچوں نے کمپنی کے شیئرز کا تجارتی لین دین نہیں کیا ہے۔ ماسوائے اسکے جو ظاہر کیا گیا ہے۔

(j) 30 جون 2017 تک پنشن فنڈ اور پراویڈنٹ فنڈ کی سرمایہ کاری کی تفصیل کچھ یوں ہے:

پنشن فنڈ	ملین روپے
پنشن فنڈ	2,940
پراویڈنٹ فنڈ	868

(k) واجب الادا ٹیکسوں اور لیویز کے بارے میں معلومات مالیاتی گوشواروں کی تفصیل میں دی گئی ہیں۔

(l) اس سال کے دوران بورڈ آف ڈائریکٹرز کے آٹھ اجلاس منعقد ہوئے تھے جن میں ڈائریکٹرز کی حاضری درج ذیل رہی ہے:-

ڈائریکٹرز کے نام	اجلاس میں شرکت کی تعداد
جناب لیفٹیننٹ جنرل منزل حسین (ریٹائرڈ)	7
جناب آفتاب محمود بٹ	8
جناب اویس شاہد	6
جناب عقیل احمد ناصر	6
جناب سعد اقبال	7
جناب محمد ارشد چودھری ¹	6
جناب محمد اکرام خان ²	2
جناب انوار الحق	6
جناب بدرالمنیر مرتضیٰ	2

ترتیب	
3	غیر جانبدار ڈائریکٹرز
3	غیر انتظامی ڈائریکٹرز
1	انتظامی ڈائریکٹرز

30 جون 2018ء کے مطابق بورڈ آف ڈائریکٹرز ان افراد پر مشتمل ہے:-

- 1- لیفٹیننٹ جنرل (ر) منزل حسین
- 2- جناب آفتاب محمود
- 3- جناب اویس شاہد
- 4- جناب عقیل احمد ناصر
- 5- جناب سہرا قبال
- 6- جناب محمد ارشد چودھری
- 7- جناب محمد اکرام خان

بورڈ آف ڈائریکٹرز میں تبدیلی

بورڈ آف ڈائریکٹرز میں جناب بدر المنیر مرتضیٰ اور جناب انوار الحق کے استعفیوں کی وجہ سے دو اسامیاں خالی ہوئی تھیں جن پر بالترتیب جناب محمد ارشد چودھری اور جناب محمد اکرام خان کی تقرری عمل میں آچکی ہے۔

ضابطہ برائے تجارتی انتظام و انصرام (کوڈ آف کارپوریٹ گورننس) کی تعمیل

ضابطہ برائے تجارتی انتظام و انصرام کے تحت ہمیں درج ذیل امور پیش کرتے ہوئے مسرت ہو رہی ہے:

- (a) کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے تمام معاملات کو واضح طور پر پیش کرتے ہیں جیسے کہ سرگرمیوں کے نتائج، رقم کی آمد و رفت اور کاروباری سرمایہ میں ہونے والی تبدیلیاں۔
- (b) حسابداری کے مناسب کھاتے رکھے گئے ہیں۔
- (c) مالیاتی گوشواروں کی تیاری کے لیے ہمیشہ مناسب اور متعلقہ اکاؤنٹنگ پالیسیوں پر عمل کیا جاتا ہے اور پالیسیوں میں ہونے والی کسی بھی تبدیلی کو مالیاتی گوشواروں میں ظاہر کیا جاتا ہے۔ حسابداری کے گوشوارے ہمیشہ انتہائی منطقی اور محتاط اندازوں پر مشتمل ہوتے ہیں۔
- (d) پاکستان میں لاگو 'انٹرنیشنل فنانشل رپورٹنگ سٹینڈرڈز' کو مالیاتی گوشواروں کی تیاری کے لیے بروئے کار لایا جاتا ہے اور ان میں ہونے والی کسی بھی تبدیلی کو مناسب طور پر ظاہر کیا جاتا ہے اور اس کی وضاحت کی جاتی ہے۔

سماجی اقدام کارپورگرام

کمپنی کے سماجی پروگرام کے حصے کے طور پر کوٹ ادو میں مارچ 2018 میں دو روزہ مفت میڈیکل/آنکھوں کے معائنے کے لیے کمپ روایتی جوش و خروش کے ساتھ لگایا گیا۔ اس کمپ کی اہم سرگرمیوں میں مفت طبی معائنے، ادویات کی فراہمی، مفت تشخیصی ٹیسٹ اور آنکھوں کی سرجری شامل تھیں۔ مختلف شعبوں کے ڈاکٹروں سمیت 40 رضا کاروں نے اس کمپ میں حصہ لیا۔ ان ڈاکٹروں میں ایک میڈیکل اسپیشلسٹ، ماہر امراض نسوان، بچوں کے امراض کے ماہر، الٹراساؤنڈ اسپیشلسٹ، ماہر امراض دل، دماغی امراض کے ماہر، پتھالوجسٹ، اور آنکھوں کے ماہر ڈاکٹر شامل تھے۔ مریضوں کی سہولت کے لیے ایک فارمیسی، لیبارٹری اور الٹراساؤنڈ کا مرکز بھی قائم کیا گیا تھا۔ کمپ میں 794, 3 مریضوں کو طبی امداد مہیا کی گئی، آنکھوں کے 61 آپریشن ہوئے، 186 الٹراساؤنڈ ٹیسٹ اور 325 لیبارٹری ٹیسٹ بھی کیے گئے۔

سماجی اقدام کے پروگرام میں مندرجہ ذیل سرگرمیاں بھی شامل تھیں:-

- 1- ڈی سی او آفس مظفر گڑھ کے زیر انتظام ہونے والی تھل جیپ ریلی کی سپانسرشپ
- 2- آغا خان ہسپتال اور میڈیکل کالج فاؤنڈیشن کے لیے چندے کی فراہمی، آغا خان یونیورسٹی ہسپتال کی طرف سے نوزائیدہ بچوں میں دل کے امراض کے پروگرام کی فنڈ ریزنگ کے لیے منعقدہ سالانہ گالف ٹورنامنٹ کی سپانسرشپ
- 3- کینکرو افکار دسترخوان کا قیام، جہاں کوٹ ادو کے علاقے میں ماہ رمضان کے دوران مستحق افراد کو مفت افطاری فراہم کی گئی۔

سماجی اقدام کا یہ پروگرام 5,082 ملین روپے کی لاگت سے مکمل کیا گیا۔

ڈائریکٹرز کی ترتیب

اس سال کے دوران کمپنی کے ڈائریکٹر جناب محمد ارشد چودھری نے پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس کی جانب سے اس کے کارپوریٹ گورننس لیڈرشپ سکول۔ ڈائریکٹرز ایجوکیشن پروگرام کے تحت منعقدہ جائزوں میں شرکت کی اور ان میں کامیابی حاصل کی۔

ڈائریکٹرز کا معاوضہ

غیر انتظامی ڈائریکٹرز اور غیر جانبدار ڈائریکٹرز اجلاسوں میں شرکت کے لیے ڈائریکٹرز فیس لینے کا استحقاق رکھتے ہیں۔

بورڈ آف ڈائریکٹرز کی ترتیب

30 جون 2018 تک بورڈ آف ڈائریکٹرز کی نوعیت اس طرح سے ہے:-

ڈائریکٹرز کی مجموعی تعداد	
مرد	7
خواتین	0

ڈائریکٹرز رپورٹ

ہمیں ڈائریکٹرز رپورٹ کے ساتھ 30 جون 2018 کو ختم ہونے والے سال کے مالیاتی گوشواروں (تمتیح شدہ) پیش کرنے میں خوشی محسوس ہو رہی ہے۔

کمپنی کی بنیادی سرگرمیاں

کمپنی کی بنیادی سرگرمیوں میں کوٹ ادو پنجاب میں اپنے گیس، فرنس آئل اور ڈیزل سے چلنے والے 1600 میگا واٹ کی استعداد کے حامل بجلی گھر/پاور پلانٹ کی ملکیت، آپریشن اور دیکھ بھال و مرمت شامل ہے۔ کمپنی اپنے واحد کسٹمر/حصارف پاکستان وائٹرائیڈ پاور ڈیولپمنٹ اتھارٹی (واپڈا) کو اپنے بجلی گھر/پاور پلانٹ سے پیدا کردہ بجلی فروخت کر رہی ہے۔

کمپنی پاکستان اسٹاک ایکسچینج میں مندرج/رجسٹرڈ ہے اور اسے کے ایس ای 100 اور کے ایس ای 30 انڈیکس کمپنی ہونے کا اعزاز بھی حاصل ہے۔

مالیاتی کارکردگی

اس سال کمپنی کا کاروباری حجم 91,916 ملین روپے (2017: 81,847 ملین روپے) رہا ہے جس میں فروخت کی لاگت 78,537 ملین روپے ہے (2017: 67,667 ملین روپے)۔ منافع کی مجموعی رقم 13,379 ملین روپے (2017: 14,180 ملین روپے) ہے اور ٹیکس کی ادائیگی سے قبل منافع کی رقم 15,808 ملین روپے ہے (2017: 14,073 ملین روپے)۔ ٹیکس کی رقم 5,191 ملین روپے ہے اور ٹیکس کی ادائیگی کے بعد منافع کی رقم 10,617 ملین روپے (2017: 9,447 ملین روپے) ہے۔ اس طرح اس سال دس روپے کے ہر حصص پر آمدن 12.06 روپے فی حصص رہی (2017: 10.73 روپے فی حصص) تھی۔

پچھلے سال کی طرف اس سال بھی بجلی کا خریدار اداہ کمپنی کی واجب الادا رقم کی ادائیگی میں ناکام رہا۔ 30 جون 2018 کو واجب الادا رقم، 95,976 ملین روپے تھی (مزید تفصیلات کے لیے مالیاتی گوشوارے کا نوٹ 21.1 دیکھیں)۔ 30 جون 2018 تک تیل کی فراہمی کی مد میں کمپنی کے ذمہ پاکستان سٹیٹ آئل کمپنی لمیٹڈ کی قابل ادا رقم 27,067 ملین روپے تھی۔ کمپنی اس ضمن میں بجلی کے خریدار اور حکومت پاکستان کی متعلقہ وزارتوں سے مل کر اس معاملے کے حل کے لیے مسلسل کوشش کر رہی ہے۔

کمپنی نے خریدار ادارے واپڈا کے ساتھ معاہدے (Note Agreement) کی شکوے کے مطابق اپنی ذمہ داریاں پوری کر دی ہیں۔ عرصہ طویل کا قرضہ مکمل طور پر ادا ہو چکا ہے۔

آپریٹیشنل کاموں پر ایک نظر

اس سال کے دوران کمپنی نے اپنے صارف کو 7,437 GWh بجلی فروخت کی ہے۔ یہ پیداوار 63.3 فیصد مجموعی لوڈ فیٹر کی نمائندگی کرتی ہے۔ کمپنی کی مجموعی تجارتی دستیابی 96.7 فیصد اور تھرمل استعداد 44 فیصد رہی ہے۔

کمپنی کے پاور پمپس کی دیکھ بھال و مرمت اس کے اصل تیار کنندہ کی سفارشات کے مطابق اعلیٰ ترین عالمی معیارات کے مطابق کی جاتی ہے، اس طرح سے پی پی اے کے قواعد کے مطابق پاور پمپس کی فنی دستیابی یقینی بناتی ہے۔ اس سال کے دوران مہینوں کی بڑے پیمانے پر اور ہانگ کی

گئی، 13 بازرگارت پذیری (فیول جلنے کی جگہ) کا معاہدہ کیا گیا؛ اور گرم گیس کے راستوں کا بھی 4 باکمل طور پر معاہدہ کیا گیا۔

نقصانات کا ازالہ۔۔ ٹائلی کا عمل

بجلی کے خریدار ادارے کے ساتھ نقصانات کے ازالے کا معاملہ بھی برقرار ہے۔ 30 جون 2009 سے 30 جون 2016 تک ختم ہونے والے سالوں کے لیے بجلی کے خریدار کا نقصانات کے ازالے کی مد میں 7,898 ملین روپے کا مطالبہ ہے۔ کمپنی نے بجلی کی خریداری کے معاہدے کی دفعات کے مطابق ان انوائسز پر اپنے تحفظات کا اظہار کیا ہے۔ کمپنی نے اپنا مؤقف بیان کرتے ہوئے یہ بتایا کہ بجلی کی فراہمی میں تعطل کی وجہ خریدار کی طرف سے اس کے واجبات کی عدم ادائیگی ہے۔

29 مارچ 2018 کو کمپنی نے انٹرنیشنل چیئیر آف کامرس کے قوانین کے مطابق سنگا پور میں واپڈا (Wapda) اور سنٹرل پاور پراجیکٹ ایجنسی (گارنٹی) لمیٹڈ (CPPA-G) کے خلاف ٹائلی کے عمل کا آغاز کیا۔ مزید برآں حکومت پاکستان کو بھی اس میں فریق بنایا گیا ہے کیونکہ حکومت پاکستان نے کمپنی کو ضمانت دی تھی اور اس نے کمپنی کے ساتھ سہولت کاری کا معاہدہ بھی کیا تھا۔ ٹائلی کا یہ عمل پی پی اے کی دفعات کے تحت شروع کیا گیا ہے۔ کمپنی کی طرف سے ٹائلی کے اس عمل کو شروع کرنے کا مقصد 27,727 ملین روپے کے نقصانات سے چھٹکارا حاصل کرنا ہے جو کہ غلط طور پر واپڈا CPPA-G کی طرف سے کمپنی کے کھاتے میں ڈالے گئے ہیں، اس کے علاوہ کمپنی خالص نقصانات کی مد میں 2,446 ملین روپے بھی حاصل کرنا چاہتی ہے جو کہ واجبات کی تاخیر سے ادائیگی کے جرمانہ کے علاوہ ہے۔ مزید تفصیلات مالیاتی گوشواروں کی شق (vi) 12.1 میں دیکھی جاسکتی ہیں۔

واپڈا کے ساتھ مفادات کے اس تنازع کو حل کرنے کے لیے بورڈ آف ڈائریکٹرز نے نقصانات کے ازالے کی کمیٹی (LDs Committee) قائم کی ہے۔ یہ کمیٹی نقصانات کے ازالے اور ٹائلی کے عمل کے حوالے سے انتظامیہ کے ساتھ مل کر کام کرے گی۔ اس کمیٹی کے ممبران حسب ذیل ہیں۔

جناب عقیل احمد ناصر

جناب آفتاب محمود بٹ

جناب سعد اقبال

حب پاور کمپنی لمیٹڈ کے شیئرز کی خریداری (کا عدم معاملہ)

کمپنی نے 27 اکتوبر 2017 کو حب پاور کمپنی کے 201,084,105 حصص (تقریباً 17.37 فیصد) خریدنے کے معاہدے پر دستخط کی اطلاع دی۔ یہ حصص داؤد ہرکولیس کارپوریشن لمیٹڈ اور دیگر حصص مالکان کی طرف سے بیچے جانے تھے۔ اس فروخت کی تکمیل کچھ بنیادی کاروباری اور قانونی شرائط کی تکمیل سے وابستہ تھی، چونکہ معاہدے میں دی گئی مدت کے دوران یہ شرائط پوری نہیں ہوئیں اس لیے فریقین نے باہمی رضامندی سے حصص کی خریداری کے اس معاہدے کو ختم کر دیا۔

SOCIAL ACTION PROGRAMME





KOT ADDU POWER COMPANY LIMITED

KEY OPERATING AND FINANCIAL DATA OF THE LAST SIX YEARS

Financial Year Ending June 30,		2018	2017	2016	2015	2014	2013
Turnover	PKR in Million	91,916	81,847	64,178	101,481	113,206	97,533
Net profit	PKR in Million	10,617	9,447	9,071	9,799	7,730	7,354
Assets	PKR in Million	138,446	116,001	92,213	96,262	95,352	62,224
Dividends	PKR in Million	8,010	7,966	7,922	6,822	6,382	5,414
EPS	PKR per share	12.06	10.73	10.31	11.13	8.78	8.35
Net Output	GWh	7,437	7,335	6,583	6,934	6,479	5,521
Thermal Efficiency	%	44.0	43.7	44.0	44.2	43.7	44.0
Load Factor	%	63.3	62.4	55.8	59.0	55.1	47.0
Availability	%	86.0	84.3	81.9	85.5	80.2	91.7



PATTERN OF SHAREHOLDING

As on June 30, 2018

No of Share Holders	Having Share		Share Hold	Percentage
	From	To		
534	1	100	25786	0.0029
48251	101	500	24022005	2.7290
2467	501	1000	2421965	0.2751
3036	1001	5000	8184553	0.9298
868	5001	10000	6889864	0.7827
331	10001	15000	4295529	0.4880
203	15001	20000	3768339	0.4281
158	20001	25000	3694046	0.4197
90	25001	30000	2572248	0.2922
68	30001	35000	2261596	0.2569
71	35001	40000	2731447	0.3103
46	40001	45000	1987868	0.2258
54	45001	50000	2660321	0.3022
35	50001	55000	1849920	0.2102
34	55001	60000	1993133	0.2264
16	60001	65000	1009200	0.1146
14	65001	70000	952550	0.1082
18	70001	75000	1328500	0.1509
16	75001	80000	1262500	0.1434
7	80001	85000	580600	0.0660
13	85001	90000	1147000	0.1303
6	90001	95000	557477	0.0633
28	95001	100000	2795745	0.3176
13	100001	105000	1339566	0.1522
13	105001	110000	1412300	0.1604
1	110001	115000	115000	0.0131
6	115001	120000	711000	0.0808
5	120001	125000	614000	0.0698
6	125001	130000	771000	0.0876
3	130001	135000	396470	0.0450
9	135001	140000	1238200	0.1407
3	140001	145000	430000	0.0488
9	145001	150000	1347000	0.1530
7	150001	155000	1072500	0.1218
4	155001	160000	632167	0.0718
5	160001	165000	809500	0.0920
2	165001	170000	334000	0.0379
2	170001	175000	348500	0.0396
3	175001	180000	533100	0.0606
2	180001	185000	368000	0.0418
2	185001	190000	378000	0.0429
5	190001	195000	963120	0.1094
9	195001	200000	1799761	0.2045
2	200001	205000	404500	0.0460
5	205001	210000	1040500	0.1182
1	210001	215000	211000	0.0240
4	215001	220000	876500	0.0996
2	220001	225000	448491	0.0510
2	225001	230000	458500	0.0521
4	230001	235000	931800	0.1059
1	235001	240000	240000	0.0273
1	240001	245000	243000	0.0276

No of Share Holders	Having Share		Share Hold	Percentage
	From	To		
7	245001	250000	1748000	0.1986
1	250001	255000	250500	0.0285
1	255001	260000	260000	0.0295
3	260001	265000	789000	0.0896
3	265001	270000	801763	0.0911
1	270001	275000	275000	0.0312
1	285001	290000	287832	0.0327
4	295001	300000	1197000	0.1360
1	300001	305000	305000	0.0346
2	305001	310000	612500	0.0696
2	320001	325000	648000	0.0736
1	325001	330000	328000	0.0373
2	335001	340000	672000	0.0763
1	350001	355000	351239	0.0399
1	355001	360000	358333	0.0407
3	360001	365000	1087678	0.1236
2	375001	380000	760000	0.0863
1	380001	385000	385000	0.0437
1	390001	395000	393500	0.0447
1	395001	400000	400000	0.0454
1	400001	405000	403500	0.0458
2	410001	415000	822934	0.0935
2	415001	420000	838500	0.0953
1	425001	430000	430000	0.0488
1	435001	440000	440000	0.0500
1	445001	450000	450000	0.0511
3	460001	465000	1389653	0.1579
1	465001	470000	466000	0.0529
1	470001	475000	475000	0.0540
1	475001	480000	477000	0.0542
2	480001	485000	965000	0.1096
1	490001	495000	495000	0.0562
7	495001	500000	3500000	0.3976
1	515001	520000	515500	0.0586
1	520001	525000	524500	0.0596
1	530001	535000	534500	0.0607
1	550001	555000	552000	0.0627
1	585001	590000	590000	0.0670
1	600001	605000	601000	0.0683
1	605001	610000	610000	0.0693
1	620001	625000	623784	0.0709
2	655001	660000	1311500	0.1490
1	675001	680000	676000	0.0768
1	705001	710000	710000	0.0807
1	730001	735000	735000	0.0835
1	745001	750000	746000	0.0847
1	780001	785000	783000	0.0890
1	825001	830000	826000	0.0938
1	835001	840000	840000	0.0954
1	840001	845000	842500	0.0957
1	870001	875000	871409	0.0990
1	885001	890000	885500	0.1006

PATTERN OF SHAREHOLDING

As on June 30, 2018

No of Share Holders	Having Share		Share Hold	Percentage
	From	To		
1	970001	975000	973127	0.1106
2	995001	1000000	2000000	0.2272
1	1000001	1005000	1004700	0.1141
1	1030001	1035000	1031000	0.1171
1	1145001	1150000	1146530	0.1302
1	1150001	1155000	1151400	0.1308
1	1165001	1170000	1166500	0.1325
2	1170001	1175000	2349608	0.2669
1	1180001	1185000	1181944	0.1343
1	1245001	1250000	1250000	0.1420
1	1280001	1285000	1280500	0.1455
1	1295001	1300000	1298500	0.1475
1	1330001	1335000	1330700	0.1512
1	1360001	1365000	1364400	0.1550
1	1385001	1390000	1387500	0.1576
1	1495001	1500000	1500000	0.1704
2	1505001	1510000	3014500	0.3425
1	1695001	1700000	1700000	0.1931
1	1725001	1730000	1728500	0.1964
1	1780001	1785000	1784000	0.2027
1	1970001	1975000	1974000	0.2243
1	1995001	2000000	2000000	0.2272
1	2120001	2125000	2120500	0.2409
1	2150001	2155000	2153679	0.2447
1	2180001	2185000	2183000	0.2480
1	2210001	2215000	2212500	0.2513
1	2495001	2500000	2500000	0.2840
1	2530001	2535000	2530500	0.2875
1	2680001	2685000	2682000	0.3047
1	2995001	3000000	3000000	0.3408
1	3235001	3240000	3236394	0.3677
1	3780001	3785000	3784500	0.4299
1	4940001	4945000	4941500	0.5614
1	5005001	5010000	5007671	0.5689
1	5045001	5050000	5050000	0.5737
1	5090001	5095000	5091000	0.5784
1	5585001	5590000	5589000	0.6349
1	5730001	5735000	5731000	0.6511
1	6190001	6195000	6192000	0.7034
1	7045001	7050000	7046000	0.8005
1	7465001	7470000	7469500	0.8486
1	9130001	9135000	9131721	1.0374
1	15435001	15440000	15436000	1.7536
1	15660001	15665000	15662000	1.7793
1	22615001	22620000	22619000	2.5696
1	48250001	48255000	48252429	5.4817
1	78400001	78405000	78402000	8.9068
1	87995001	88000000	88000000	9.9971
1	354310001	354315000	354311133	40.2510
56630	Company Total		880253228	100.0000

CATEGORIES OF SHAREHOLDERS

As on June 30, 2018

Particulars	No of Folio	Balance Share	Percentage
DIRECTORS, CEO, SPOUSE & CHILDREN	7	3788003	0.4303
ASSOCIATED COMPANIES	2	402563562	45.7327
BANKS, DFI & NBF	20	234309047	26.6184
INSURANCE COMPANIES	18	22459104	2.5514
MUTUAL FUNDS	36	12814565	1.4558
GENERAL PUBLIC (LOCAL)	53678	114126291	12.9652
GENERAL PUBLIC (FOREIGN)	2560	22038377	2.5036
OTHERS	186	13989993	1.5893
FOREIGN COMPANIES	57	37377338	4.2462
APPROVED FUND	66	16786948	1.9071
Company Total	56630	880253228	100.0000

PATTERN OF SHAREHOLDING

ADDITIONAL INFORMATION

As on June 30, 2018

Shareholders Category	No. of Shares Held
Associated Companies	
Pakistan Water and Power Development Authority	354,311,133
KAPCO Employees Empowerment Trust	48,252,429
Mutual Funds	
FIRST EQUITY MODARABA	6,000
TRUSTEE CHERAT CEMENT CO.LTD.EMP:PRO.FND	15,000
FIRST ALNOOR MODARABA	8,000
UNICOL LIMITED EMPLOYEES PROVIDENT FUND	1,000
CDC - TRUSTEE FIRST DAWOOD MUTUAL FUND	20,000
CDC - TRUSTEE ALFALAH GHP VALUE FUND	656,000
CDC - TRUSTEE AKD INDEX TRACKER FUND	100,779
CDC - TRUSTEE NAFA STOCK FUND	1,507,000
CDC - TRUSTEE NAFA MULTI ASSET FUND	108,000
CDC - TRUSTEE MCB DCF INCOME FUND	15,000
CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	2,212,500
CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND	1,784,000
CDC - TRUSTEE ALFALAH GHP STOCK FUND	885,500
CDC - TRUSTEE ALFALAH GHP ALPHA FUND	676,000
CDC - TRUSTEE NIT STATE ENTERPRISE FUND	623,784
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	13,170
CDC-TRUSTEE NAFA ASSET ALLOCATION FUND	166,000
CDC-TRUSTEE NAFA SAVINGS PLUS FUND - MT	161,500
CDC - TRUSTEE KSE MEEZAN INDEX FUND	783,000
CDC - TRUSTEE LAKSON INCOME FUND - MT	8,000
CDC - TRUSTEE FAYSAL SAVINGS GROWTH FUND - MT	46,500
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	287,832
CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - II	9,900
CDC - TRUSTEE NAFA ISLAMIC STOCK FUND	655,500
CDC - TRUSTEE NAFA INCOME OPPORTUNITY FUND - MT	249,500
CDC-TRUSTEE NITPF EQUITY SUB-FUND	43,000
CDC-TRUSTEE NITPF EQUITY SUB-FUND	8,000
MCBFSL - TRUSTEE NAFA INCOME FUND - MT	123,000
CDC - TRUSTEE NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND	81,600
CDC - TRUSTEE FAYSAL MTS FUND - MT	42,000
CDC - TRUSTEE NAFA ISLAMIC ENERGY FUND	466,000
CDC - TRUSTEE PAKISTAN INCOME FUND - MT	2,500
CDC - TRUSTEE UBL INCOME OPPORTUNITY FUND - MT	13,500
CDC - TRUSTEE ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND	840,000
CDC - TRUSTEE ALFALAH GHP ISLAMIC VALUE FUND	128,500
CDC - TRUSTEE ALFALAH CAPITAL PRESERVATION FUND II	67,000
Directors, CEO, their spouses and minor children	
Lt. General Muzammil Hussain (Retd)	1
Mr. Aftab Mahmood Butt	1,000
Mr. Owais Shahid	1

Shareholders Category	No. of Shares Held
Mr. Aqeel Ahmed Nasir	500
Mr. Saad Iqbal	3,784,500
Mr. Muhammad Arshad Ch.	2,000
Mr. Muhammad Ikram Khan	1
Executives	365,325
Public Sector Companies and Corporations	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Approved Funds (Pension Funds, Provident Funds, Gratuity Funds etc.)	273,555,099
Shareholders holding 5% or more voting interest	
Pakistan Water and Power Development Authority	354,311,133
Allied Bank Limited	88,000,000
United Bank Limited - Trading Portfolio	79,422,000
KAPCO Employees Empowerment Trust	48,252,429

None of the CEO, Directors, CFO, Company Secretary, Head of Internal Auditors and their spouses and minor children have traded in the shares of the Company during the year ended June 30, 2018, except the following:

Name	No of shares purchased	No. of share
Mr. Muhammad Mohtashim Aftab	2,000	-

Detail of Purchase / Sale of shares by Executives and their spouses or minor children during the period from July 1, 2017 to June 30, 2018 except the closed periods determined by the Company:

Name	No of shares purchased	No. of share
Mr. Muhammad Ahmed Javed	-	3,500

CORPORATE HOLDING 10,000 AND MORE SHARES

As on June 30, 2018

NAME	NO. OF SHARES
TRUSTEE-THE PAKISTAN MEMON EDUCATIONAL & WELAFRE SOCIETY	10000
TRUSTEES OF FAROUKH&ROSHEN KARANI TRUST	10000
BANDENAWAZ (PVT) LTD	10000
MERIN (PRIVATE) LIMITED	10000
SIKANDAR (PVT) LTD. (8512)	10000
NOOR AUTOMOBILES (PVT) LIMITED	10000
PERIDOT PRODUCTS (PVT) LIMITED	10000
BANDENAWAZ (PVT) LTD.	10000
RIAZ AHMED SECURITIES (PVT) LTD.	10000
MUHAMMAD BASHIR KASMANI (PRIVATE) LIMITED	10000
CMA SECURITIES (PVT) LIMITED	10000
THE TRUSTEES, ZOROASTRIAN CO-OP. HOUSING SOCIETY	10000
TRUSTEE-ALCATEL-LUCENT PAKISTAN LIMITED GRATUITY FUND TRUST	10000
TRUSTEES OF GREAVES PAKISTAN (PVT) LTD. EMP PROVIDENT FUND	10000
TRUSTEE - GREAVES PAKISTAN (PVT) LTD. - STAFF GRATUITY FUND	10000
ZAFAR MOTI CAPITAL SECURITIES (PVT) LTD.	11100
DARSON SECURITIES (PVT) LIMITED	11100
AL-FARAN MULTIPURPOSE COOPERATIVE SOCIETY LIMITED	12300
TRUSTEES OF DHORAJI FOUNDATION	13000
SUNRAYS TEXTILE MILLS LIMITED	13000
SIDDIQ LEATHER WORKS (PVT) LTD	13000
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	13170
CDC - TRUSTEE UBL INCOME OPPORTUNITY FUND - MT	13500
ENGRO FERTILIZERS LIMITED NON-MPT EMPLOYEES GRATUITY FUND	13940
RELIANCE SECURITIES LIMITED	14500
TRUSTEES THALL LIMITED- EMPLOYEES PROVIDENT FUND	14500
TRUSTEE CHERAT CEMENT CO.LTD.EMP:PRO.FND	15000
CDC - TRUSTEE MCB DCF INCOME FUND	15000
THE PAKISTAN MEMON WOMEN EDUCATIONAL SOC	15000
TRUSTEE KARACHI PARS ANJUMAN TRUST FUND	15000
TRUSTEE-ALCATEL-LUCENT PAKISTAN LTD EMPLOYEES PROVIDENT FUND	15000
TRUSTEES OF MIRPURKHAS SUGAR MILLS LIMITED EMP GRATUITY FUND	15000
TRUSTEES OF ZENSOFT (PVT) LTD EMPL. PROVIDENT FUND	15000
ZAFAR SECURITIES (PVT) LTD.	17500
DOSSA COTTON & GENERAL TRADING (PVT) LIMITED	17500
MULTILINE SECURITIES (PVT) LIMITED	17500
PAKISTAN HERALD PUBLICATIONS (PVT) LTD. STAFF PENSION FUND	19000
ADAMJEE LIFE ASSURANCE CO.LTD - DGF	20000
CDC - TRUSTEE FIRST DAWOOD MUTUAL FUND	20000
THE PAKISTAN MEMON WOMEN EDUCATIONAL SOCIETY	20000
NAEEM TEXTILE MILLS (PVT) LTD.	20000
ORIENTAL SECURITIES (PVT) LTD.	20000
MUHAMMAD SALIM KASMANI SECURITIES (PVT.) LTD.	20000
TRUSTEES WAH NOBEL P. LTD. MANG.STAFF PF	20000
CDC - TRUSTEE AGPF EQUITY SUB-FUND	20400
TRUSTEE PAK TOBACCO CO LTD STAFF DEF CONTRI PEN FD (1384-1)	20583
TRUSTEES JAMIA MASJID REHMANIA TRUST	21500
CDC - TRUSTEE AGIPF EQUITY SUB-FUND	22600
JUPITER TEXTILE MILLS (PVT) LTD	25000
AL-RAHIM TRADING COMPANY (PRIVATE) LIMITED	25000
THE AL-MALIK CHARITABLE TRUST	25000
FIRST CREDIT & INVESTMENT BANK LIMITED	25000
ABRIS (PVT) LIMITED	25000
TRUSTEES NRL OFFICERS PROVIDENT FUND	25000
TRUSTEES CRESCENT STEEL&ALLIED PROD SPF	25000
ISHARES III PLC-ISHARES MSCI EM SMALL CAP UCITS ETF	25587
MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES (PVT) LTD.	26000
FLOAT SECURITIES (PVT) LIMITED	28000
PAKISTAN REINSURANCE COMPANY LIMITED	30000
ALPHA BETA FINANCE LIMITED	30000
TRUSTEES LEINER PAK GELATINE LTD EMPLOYEES PROVIDENT FUND	30000
TRUSTEE OF PTC EMPLOYEES PROVIDEND FUND	30600
AKY SECURITIES (PVT) LTD.	32000

NAME	NO. OF SHARES
TRUSTEES OF KHATIDA ADAMJEE FOUNDATION	33000
F & B BULK STORAGE (PTIVATE) LIMITED	34000
SHAKOO (PVT) LTD.	34500
SITARA CHEMICAL INDUSTRIES LIMITED	35000
TRUSTEES THE AGA KHAN UNIVERSITY EMP G.F	35000
TRUSTEES FEROSZONS LABORATORIES LTD EPF	35000
RAFI SECURITIES (PRIVATE) LIMITED	35450
YOUSUF YAQOOB KOLIA AND COMPANY (PVT) LTD	35500
TRUSTEE PAK TOBACCO CO. LTD EMPLOYEES PROVIDENT FUND(1385-5)	39280
TRUSTEE-SULAIMANIYAH TRUST	40000
MERCHANT CONSTRUCTION CO.(PVT) LIMTIED	40000
HAMID ADAMJEE TRUST	40000
TRUSTEES OF ARL MANAGEMENT STAFF PENSION FUND	40000
CDC - TRUSTEE FAYSAL MTS FUND - MT	42000
TRUSTEE PAK TOBACCO CO. LTD MANAGEMENT PROV FUND (1386-2)	42418
CDC-TRUSTEE NITIPF EQUITY SUB-FUND	43000
PGIM STRATEGIC INVESTMENTS INC.	44000
SHADAB INNOVATIONS (PRIVATE) LIMITED	45000
MOHAMAD AMIN BROS (PVT) LIMITED	45000
CDC - TRUSTEE FAYSAL SAVINGS GROWTH FUND - MT	46500
TRUSTEE PAK TOBACCO CO LTD EMPLOYEES GRATUITY FUND(1383-4)	49921
TRUSTEES SAEEDA AMIN WAKF	50000
FRAMROZE E.DINSHAW (PVT) LIMITED	50000
AVI DINSHAW (PVT) LIMITED	50000
TRUSTEE MOMIN ADAMJEE WELFARE TRUST	50000
ASIA INSURANCE COMPANY LTD	50000
SURAJ COTTON MILLS LIMITED	50000
TRUSTEES OF MIRPURKHAS SUGAR MILLS LTD EMP PROVIDENT FUND	50000
ABBASI & COMPANY (PRIVATE) LIMITED	50500
KIRAN FOUNDATION	50500
TRUSTEE OF PTC MANAGEMENT PROVIDENT FUND	52909
ZAHID LATIF KHAN SECURITIES (PVT) LTD.	53000
CREDIT SUISSE (HONG KONG) LIMITED	55000
TRUSTEES OF GHORI TRUST	57000
SIDDIQ LEATHER WORKS (PVT.) LIMITED	57000
IRFAN MAZHAR SECURITIES (PVT) LTD.	61000
MUHAMMAD TARIQ MOTI SECURITIES (PVT) LTD.	65000
PEARL ENGINEERING (PVT) LTD	66000
CDC - TRUSTEE ALFALAH CAPITAL PRESERVATION FUND II	67000
LEGAL & GENERAL ASSURANCE (PENSIONS MANAGEMENT) LTD	68000
TRUSTEES OF NEW JUBILEE INS CO.LTD S.PF	75000
TRUSTEE NEW JUBILEE INS CO.LTD EMP G.F	75000
GPH SECURITIES (PVT.) LTD.	75500
ISMALIA YOUTH SERVICES	80000
TRUSTEES OF SAMAD CHARITABLE TRUST	80000
CDC - TRUSTEE NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND	81600
STATE STR MSCI EME MKTS SMALL CAP INDEX NON-LEND COMM TRT FD	82500
TRUSTEES AL-BADER WELFARE TRUST	87000
M. N. TEXTILES (PRIVATE) LIMITED	90000
TRUSTEE OF PTC STAFF PENSION FUND	91977
PUB INSTITUTIONAL FUND UMBRELLA - PUB EQUITIES EMG MKTS 2	92000
ELLCOT SPINNING MILLS. LIMITED	95000
KODVAWALA TRUST	100000
SIDDIQ LEATHER WORKS (PVT) LIMITED	100000
PREMIER FASHIONS (PVT) LTD	100000
TRUSTEES MCB EMPLOYEES FOUNDATION	100000
TARIIC HOLDING COMPANY BSC (CLOSED)	100000
TRUSTEES OF PARKE DAVIS PENSION FUND	100000
CDC - TRUSTEE AKD INDEX TRACKER FUND	100779
GULREZ SECURITIES (PRIVATE) LIMITED	101500
TRUSTEES-ICI M.S.D.C SUPERANNUATION FUND	102874
TRUSTEES OF PAKISTAN HUMAN DEVELOPMENT FUND	104000
ANAM FABRICS (PVT) LTD.	105500

CORPORATE HOLDING 10,000 AND MORE SHARES

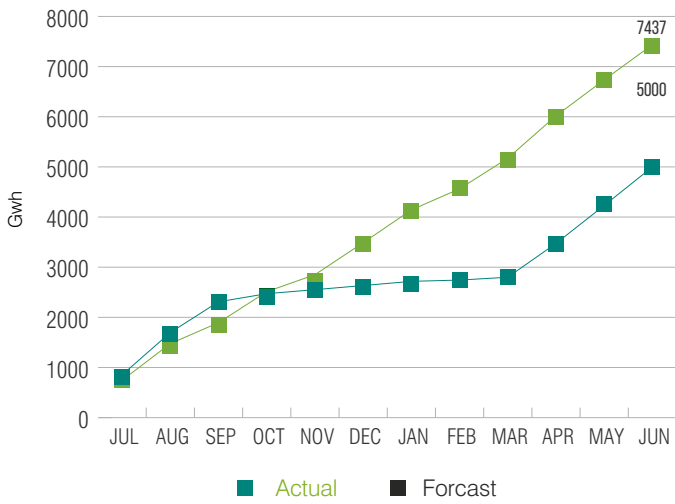
As on June 30, 2018

NAME	NO. OF SHARES
CDC - TRUSTEE NAFA MULTI ASSET FUND	108000
TRUSTEES OF HAJI MOHAMMED WELFARE TRUST	110000
CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM	110000
TRUSTEE - BANK ALFALAH LTD EMPLOYEES PROVIDENT FUND TRUST	110000
CDC - TRUSTEE NAFA PENSION FUND EQUITY SUB-FUND ACCOUNT	116500
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO	122000
MCBFSL - TRUSTEE NAFA INCOME FUND - MT	123000
RELIANCE INSURANCE COMPANY LTD.	125000
CDC - TRUSTEE ALFALAH GHP ISLAMIC VALUE FUND	128500
VANGUARD TOTAL WORLD STOCK INDEX FUND	130000
PREMIER INSURANCE LIMITED	130470
AUSTRALIAN CATHOLIC SUPERANNUATION AND RETIREMENT FUND	137000
CRESCENT STEEL AND ALLIED PRODUCTS LTD.	140000
TRUSTEES FAUJI FERTILIZER BIN QASIM LTD. EMP. GRATUITY FUND	140000
ISHARES MSCI EMERGING MARKETS SMALL-CAP ETF	142000
TRUSTEES HOMMIE&JAMSHED NUSSERWANJEE C.T	150000
ABRIS (PVT) LTD	150000
COLLEGE RETIREMENT EQUITIES FUND	151500
STA STR GBL ADVI TRT COM INVST FDS FOR TAX EXEM RETIR PLNS	155000
EMERGING MKTS SML CAPITALIZATION EQTY INDX NON-LENDABLE FD B	156667
CITY OF NEW YORK GROUP TRUST	161000
CDC-TRUSTEE NAFA SAVINGS PLUS FUND - MT	161500
CDC-TRUSTEE NAFA ASSET ALLOCATION FUND	166000
CDC - TRUSTEE NAFA ISLAMIC PENSION FUND EQUITY ACCOUNT	168000
SPDR S&P EMERGING MARKETS SMALL CAP ETF	173500
ALFALAH INSURANCE COMPANY LIMITED	179500
PARAMETRIC TMEHC FUND LP	183000
UBL INSURERS LIMITED	185000
EJAZ AHMED HOLDING (PRIVATE) LIMITED	191000
TRUSTEE NATIONAL REFINERY LTD. MANAGEMENT STAFF PENSION FUND	199761
ALI HUSAIN RAJABALI LIMITED	200000
E VAN TR C CIT FOR EM BEN PLN EVTC PARA SE COR EQT FD	203500
CAPITAL ONE EQUITIES LIMITED.	206500
SKYLINE ENTERPRISES (PVT) LTD	207500
SUNSUPER SUPERANNUATION FUND	211000
GOOD HOMES (PVT) LTD	218000
CUMBERLAND (PVT) LIMITED	220000
EATON VANCE TRT CO CM TRT FD-PARMTD STR EME MKT EQT CM TRT F	223491
KAPITALFORENINGEN LAERERNES PENSION INVEST [1547-5]	231000
HABIB BANK AG ZURICH, ZURICH, SWITZERLAND	231800
MCKINLEY CAPITAL MEASA FUND OEIC LIMITED	234000
QUADRIA WELFARE TRUST	235000
GLOBAL ADVANTAGE FUNDS-EMERGING MARKETS HIGH VALUE TEILFONDS	243000
CDC - TRUSTEE NAFA INCOME OPPORTUNITY FUND - MT	249500
EFU LIFE ASSURANCE LTD	250000
TRUSTEES ALOO&MINOCHER DINSHAW CHR.TRUST	250000
MARIAM ALI MUHAMMAD TABBA FOUNDATION	250000
TRUSTEES FAUJI FERTILIZER BIN QASIM LTD. PROVIDENT FUND	250000
ADVANCE SERIES TRUST - AST PARAMETRIC EMERGING MKTS EQT PRTF	250500
NRTHRN TRST COLLECTVE EME MKT SMAL CAP INDEX FUND-NON-LENDING	260000
EDULJEE DINSHAW (PVT.) LIMITED	264000
EMERGING MARKETS SMALL CAPITALIZATION EQUITY INDEX FUND	266263
ALPHA BETA FINANCE LIMITED	270000
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	287832
GLOBE MANAGERMENTS (PRIVATE) LIMITED	305000
STATE STREET DICIPLINED EMERGING MARKETS EQUITY FUND	305500
CS CAPITAL (PVT) LTD	307000
PAIR INVESTMENT COMPANY LIMITED	323000
TRUSTEES MOHAMAD AMIN WAKF ESTATE	325000
STA STR GBL ADVI TRT COM INVST FDS FOR TAX EXEM RETIR PLNS	328000
TRUSTEE-JS BANK LIMITED. STAFF PROVIDENT FUND	335500
EMERGING MKTS SML CAPITALIZATION EQTY INDEX NON-LENDABLE FD	351239
ATLAS INSURANCE LIMITED	361778
SOORTY ENTERPRISES (PVT) LTD.	380000
BANK AL-HABIB LIMITED-ISLAMIC BANKING DIVISION	403500
TRUSTEE PAK TOBACCO CO LTD STAFF PENSION FUND [1390-2]	410934
ISHARES PLC-ISHARES CORE MSCI EM IMI UCITS ETF	419000

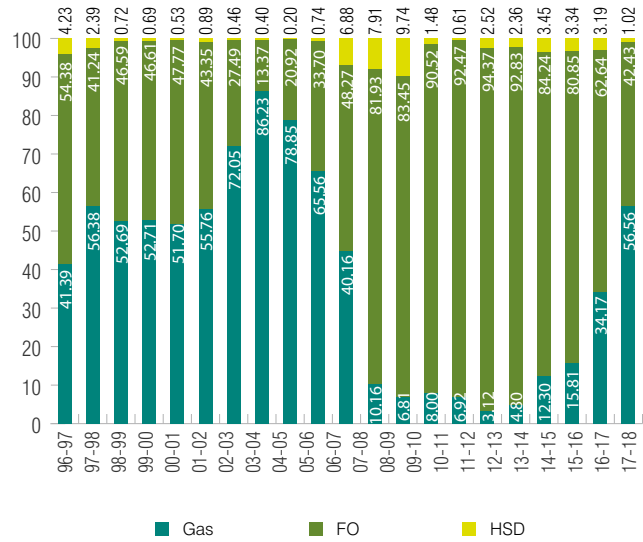
NAME	NO. OF SHARES
TRUSTEES WORLD MEMON FND.COMM.CEN.TRUST	430000
EFU GENERAL INSURANCE LIMITED	450000
TRUSTEE HBL EMPLOYEES GRATUITY FUND TRUST	462000
UPS GROUP TRUST	464653
CDC - TRUSTEE NAFA ISLAMIC ENERGY FUND	466000
SURAJ COTTON MILLS LTD.	475000
EATON VANCE INTL IRLND F.P.EATN V.INTL IRLND PRAMTRIC E.M.F	484500
THE BANK OF KHYBER	500000
LUCKY TEX PAKISTAN (PVT.) LIMITED	500000
PAK BRUNEI INVESTMENT COMPANY LIMITED	515500
GLOBAL X FUNDS-GLOBAL X MSCI PAKISTAN ETF	524500
EATON VANCE COLLECTIVE INV TRT FOR EMP BENEFIT PLANS	534500
HABIBSONS BANK LTD - CLIENT ACCOUNT	552000
CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM	601000
TAHAFFUZ (PRIVATE) LIMITED	610000
CDC - TRUSTEE NIT STATE ENTERPRISE FUND	623784
CDC - TRUSTEE NAFA ISLAMIC STOCK FUND	655500
CDC - TRUSTEE ALFALAH GHP VALUE FUND	656000
CDC - TRUSTEE ALFALAH GHP ALPHA FUND	676000
WESTBURY (PRIVATE) LTD	735000
CDC - TRUSTEE KSE MEEZAN INDEX FUND	783000
TCM INVESTMENT FUNDS LUX - TCM GLOB FRONTR HI DIVDEND EQUITY	826000
CDC - TRUSTEE ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND	840000
FLEXSHARES MORNINGSTAR EMERGING MARKETS FACTOR TILT INDEX FD	842500
MORGAN STANLEY MAURITIUS COMPANY LIMITED(1130-1)	871409
CDC - TRUSTEE ALFALAH GHP STOCK FUND	885500
DEUTSCHE BANK AG LONDON BRANCH	973127
SAMBA BANK LIMITED	1000000
MCB ISLAMIC BANK LIMITED	1000000
GLOBAL X FUNDS - GLOBAL X MSCI PAKISTAN ETF	1004700
BULK MANAGEMENT PAKISTAN (PVT.) LTD.	1031000
THE AGA KHAN UNIVERSITY FOUNDATION	1146530
EMPLOYEES OLD AGE BENEFITS INSTITUTION	1151400
VANGUARD FTSE ALL-WORLD EX-US SMALL CAP INDEX FUND	1174608
THE BANK OF PUNJAB, TREASURY DIVISION.	1175000
NATIONAL INSURANCE COMPANY LIMITED	1181944
PARAMETRIC EMERGING MARKETS FUND	1364400
TRUSTEE- HBL EMPLOYEES PENSION FUND TRUST	1387500
CDC - TRUSTEE NAFA STOCK FUND	1507000
JUBILEE LIFE INSURANCE COMPANY LIMITED	1700000
PARAMETRIC TAX-MANAGED EMERGING MARKETS FUND	1728500
CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND	1784000
HABIB BANK AG ZURICH, DEIRA DUBAI	2120500
FAYSAL BANK LIMITED	2183000
CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	2212500
SAUDI PAK INDUSTRIAL & AGRICULTURAL INVESTMENT CO. LTD.- PMD	2500000
ASKARI BANK LIMITED	2530500
ADAMJEE LIFE ASSURANCE COMPANY LIMITED	2682000
CIM INVESTMENT FUND ICAV	3000000
STATE LIFE INSURANCE CORP. OF PAKISTAN	3236394
PAKISTAN KUWAIT INVESTMENT CO. (PVT) LTD.	4941500
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	5007671
TRUSTEE-MCB EMPLOYEES PENSION FUND	5050000
NATIONAL BANK OF PAKISTAN	5589000
ADAMJEE INSURANCE COMPANY LIMITED	5731000
JUBILEE GENERAL INSURANCE COMPANY LIMITED	6192000
TRUSTEE - MCB PROVIDENT FUND PAK STAFF	7046000
BANK AL HABIB LIMITED	7469500
VANGUARD EMERGING MARKETS STOCK INDEX FUND	9131721
MCB BANK LIMITED - TREASURY	15662000
HABIB BANK LIMITED-TREASURY DIVISION	22619000
KAPCO EMPLOYEES EMPOWERMENT TRUST	48252429
UNITED BANK LIMITED - TRADING PORTFOLIO	78402000
ALLIED BANK LIMITED	88000000
THE PAKISTAN WATER & POWER DEVELOPMENT AUTHORITY	354311133

HIGHLIGHTS

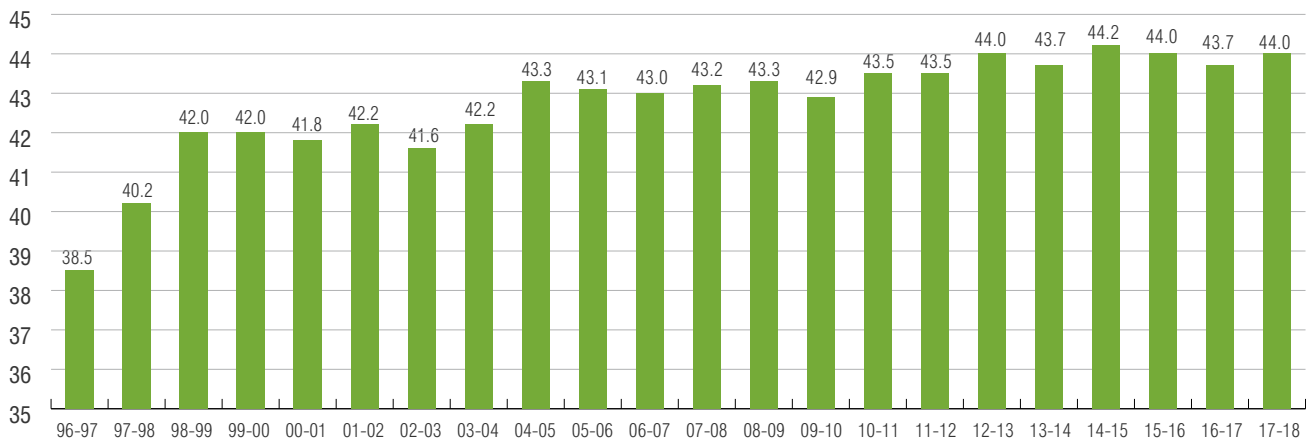
Complex Net Output - Actual v Forecast 2017 / 2018



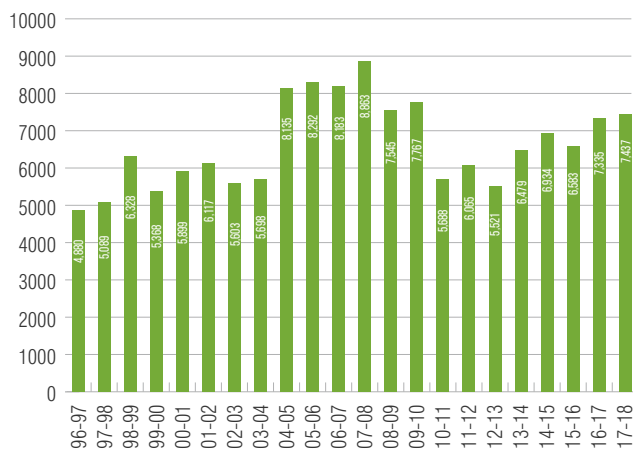
Generation By Fuel %



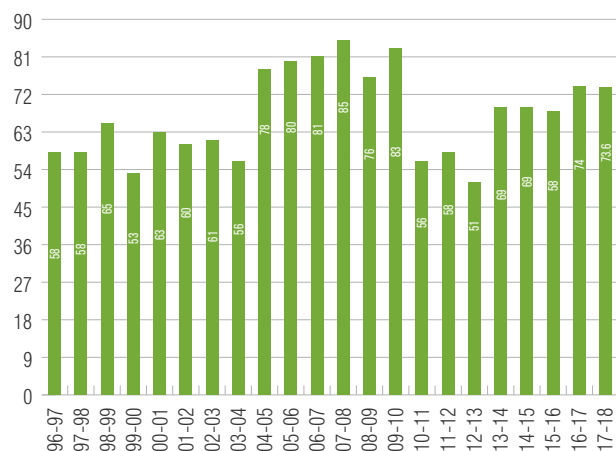
THERMAL EFFICIENCY %



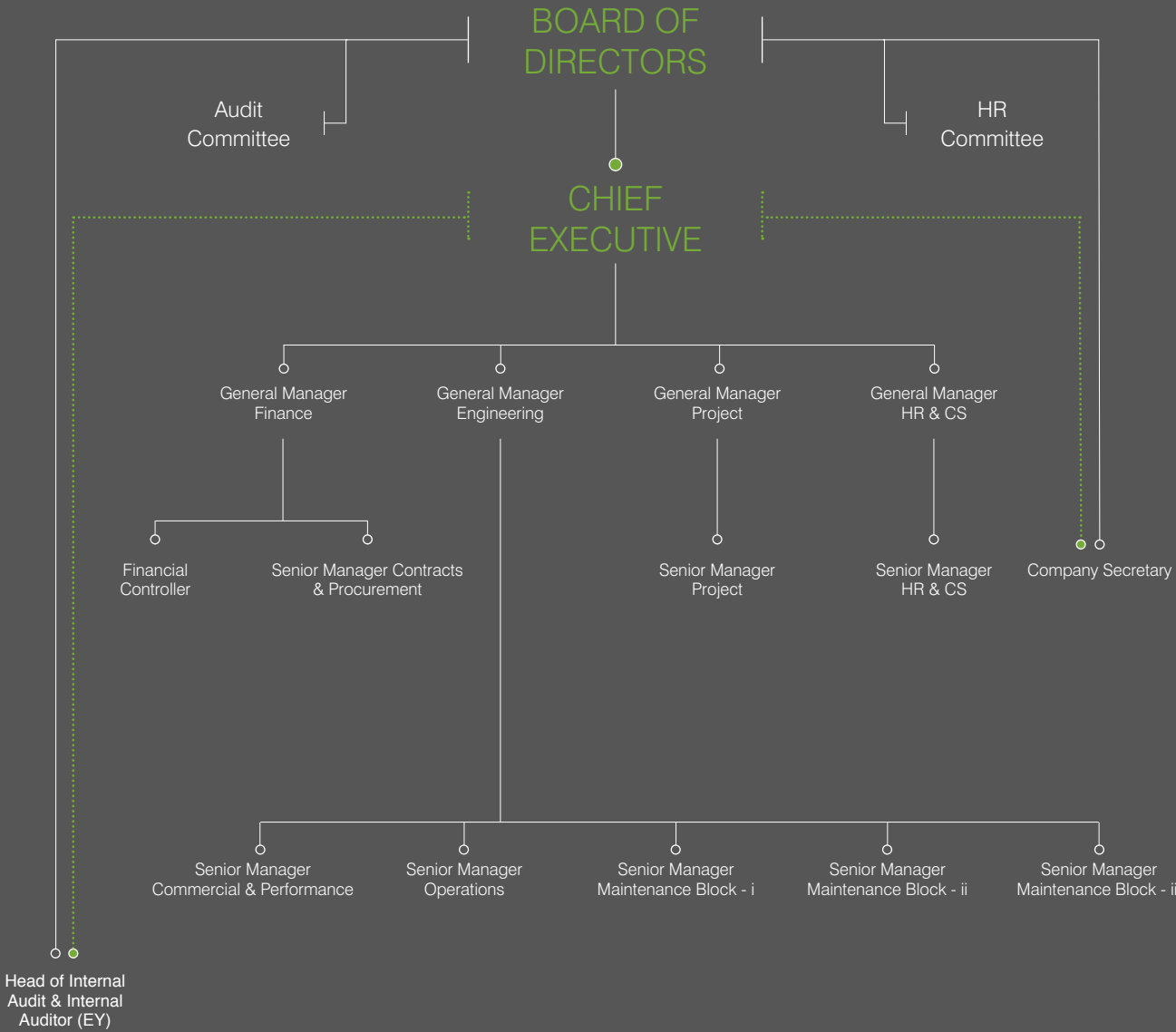
Net Output GWH



Plant Utilisation %



ORGANIZATIONAL STRUCTURE*



— Functional Reporting
..... Administrative Reporting

* Board of Directors' and Senior Management of the Company.



Mr. Aftab Mahmood Butt

Chief Executive



Mr. Khalid Pervaiz Bajwa

GM Engineering



Mr. M. Mohtashim Aftab

GM Finance / CFO

EXECUTIVE & MANAGEMENT COMMITTEES

EXECUTIVE COMMITTEE

The Executive Committee consists of the Departmental Heads and is chaired by the Chief Executive. Its function include formulating, reviewing, communicating and managing the delivery of the Company's strategy; agreeing and recommending the Business Plan to the Board of Directors; and managing the delivery of the agreed Business Plan. The Executive Committee meets from time to time to coordinate activities and to take up any matters/issues.

MANAGEMENT COMMITTEE

The Management Committee consists of the Departmental Heads and the Senior Managers and is chaired by the Chief Executive. Its function include in-depth Departmental reviews so as to create synergies within the Company. The Management Committee meets regularly.

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

Name of Company / Kot Addu Power Company Limited

Year Ended / June 30, 2018

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven (7) as per the following:
 - a) Male: Seven (7)
 - b) Female: Nil
2. The composition of board is as follows:

Category	Names
Independent Directors	<ul style="list-style-type: none"> • Mr. Owais Shahid • Mr. Aqeel Ahmed Nasir • Mr. Saad Iqbal
Executive Directors	<ul style="list-style-type: none"> • Mr. Aftab Mahmood Butt (Chief Executive)
Non-Executive Directors	<ul style="list-style-type: none"> • Lt. General Muzammil Hussain (Retd) • Mr. Muhammad Arshad Chaudhry • Mr. Muhammad Ikram Khan

3. The Directors have confirmed that none of them is serving as a director on more than five listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant

policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The Meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The Board of Directors have a formal policy and transparent procedures for remuneration of directors and accordance with the Act and these Regulations.
9. The Board has arranged Directors Training program for the following:

Mr. Muhammad Arshad Chaudhry
(Non-Executive Director)
10. The Board has approved the appointment of the Internal Auditors of the Company including their remuneration and terms and conditions of employment. The Board has also approved the appointment of Head of Internal Audit to act as coordinator between the Internal Auditors and the Board of Directors. The Company's CFO and Company Secretary were appointed prior to the listing of the Company.
11. Chief Executive Officer and Chief Finance Officer duly endorsed the financial statements before approval of the Board.
12. The Board has formed Committees comprising of members given below:

AUDIT COMMITTEE

Mr. Owais Shahid	Chairman
Mr. Saad Iqbal	Member
Mr. Muhammad Arshad Chaudhry	Member
Mr. Muhammad Ikram Khan	Member

HR COMMITTEE

Mr. Aqeel Ahmed Nasir	Chairman
Mr. Aftab Mahmood Butt	Member/Chief Executive
Mr. Muhammad Ikram Khan	Member

LDS COMMITTEE

Mr. Aqeel Ahmed Nasir	Chairman
Mr. Aftab Mahmood Butt	Member/Chief Executive
Mr. Saad Iqbal	Member


13. The terms of reference of the aforesaid Committees have been formed, documented and advised to the Committee for compliance.
14. The frequency of meetings for the year ended June 30, 2018 of the Committees were as follows:
- | | |
|-----------------|------|
| Audit Committee | Four |
| HR Committee | Five |
| LDs Committee | Two |
15. The Board has outsourced the internal audit function to EY Ford Rhodes, Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services.
18. We confirm that all other requirements of the Regulations have been complied with.

For and on behalf of the Board



Aftab Mahmood Butt
Chief Executive



Owais Shahid
Director

Dated: September 5, 2018
Place: Lahore

INDEPENDENT AUDITOR'S
REVIEW REPORT
TO THE MEMBERS OF KOT ADDU
POWER COMPANY LIMITED

**REVIEW REPORT ON THE
STATEMENT OF COMPLIANCE
CONTAINED IN LISTED
COMPANIES (CODE OF
CORPORATE GOVERNANCE)
REGULATIONS, 2017**

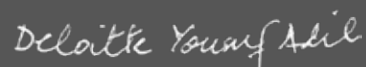
We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Kot Addu Power Company Limited for the year ended June 30, 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulation is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2018.



Chartered Accountants
Engagement Partner: Rana M. Usman Khan

Date: September 5, 2018
Lahore

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KOT ADDU POWER COMPANY LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the annexed financial statements of Kot Addu Power Company Limited (the Company) which comprise the statement of financial position as at June 30, 2018, and the statement of profit and loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit and loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matter(s):

Key audit matter	How the matter was addressed in our audit
<p>Circular Debt</p> <p>As described in Note 1 (Legal status and nature of business), the Company has a Power Purchase Agreement (PPA) to sell the electricity produced to a single customer, WAPDA.</p> <p>Continuous delays by WAPDA in settlement of invoices raised by the Company under the PPA, have resulted in buildup of trade debts aggregating to Rs.115.5 billion (Note 21). The Company has financed these trade debts balances via short term financing arrangements of Rs.49.9 billion (Note 10), trade and other payables of Rs. 49.8 billion (Note 11) and own sources.</p> <p>In view of the significance and monetary value of the trade debts, the various financing arrangements there against and the consequential impact on the operations of the Company, we have identified this area as a Key Audit Matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> assessed if appropriate recognition policies are applied for trade debts and trade creditors through comparison with applicable accounting standards and industry practices. checked invoices raised by and invoices received by the Company during the year in accordance with relevant agreements. obtained direct confirmations of trade debt and major trade creditor balances. made inquiries with management of the Company and read minutes of Board and committees formed thereunder to ascertain actions taken and planned for remediation and management of circular debt. reviewed Facilitation Agreement and assessed whether trade debts are secured against guarantee from the Government of Pakistan. assessed adequacy of the related disclosures in the financial statements.

Key audit matter	How the matter was addressed in our audit
<p>Contingencies</p> <p>As described in Note 12.1(vi) (Contingencies and commitments) and Note 31.2 (Significant transactions during the year), WAPDA had raised invoices for liquidated damages to the Company aggregating to Rs 27.9 billion up to June 30, 2016. In accordance with the PPA, the Company, to safeguard its interests, has now commenced arbitration proceedings in the International Chamber of Commerce (ICC) against these claims.</p> <p>Further, as described in Note 12 Contingencies and commitments, the Company has several ongoing litigations, claims and tax matters, attributable to its business activities, for which ultimate outcomes and consequential financial exposures, if any, cannot be reliably predicted.</p> <p>We note that management judgements and estimation are required in:</p> <ul style="list-style-type: none"> - predicting likely outcomes for these litigations, claims and tax matters, which, in certain cases may incorporate complex assumptions and inputs of external legal counsels / tax consultants; and - assessing adequacy of associated provisions and related disclosures in the financial statements. <p>In view of the significance of such litigations and management judgement and estimation involved, we have identified this area as a Key Audit Matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • read minutes of Board and committees formed thereunder, made inquiries with management and reviewed relevant correspondence to identify and evaluate contingencies. • analyzed legal and professional expenses incurred during the year to support the completeness of contingencies identified. • met / corresponded with management, internal and external legal counsels and tax advisor to understand ongoing and potential legal and tax matters impacting the Company. • assessed and challenged management's conclusions through understanding precedents, if any, set in similar cases. • assessed adequacy of the related disclosures in the financial statements.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

Management is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance opinion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge

obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND BOARD OF DIRECTORS FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud

may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them

all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

OTHER MATTER

The annual financial statements of the Company for the year ended June 30, 2017 were audited by another firm of Chartered Accountants who vide their report dated August 22, 2017 expressed an unmodified opinion thereon.

The engagement partner on the audit resulting in this independent auditor's report is Rana M. Usman Khan.

Deloitte Young & Adil

Chartered Accountants
Engagement Partner: Rana M. Usman Khan

Date: September 5, 2018
Lahore

FINANCIAL **STATEMENTS**

For the year ended June 30, 2018

STATEMENT OF FINANCIAL POSITION

As at June 30, 2018

	Note	2018 (Rupees in thousand)	2017
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
3,600,000,000 (2017: 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 (2017: 880,253,228) ordinary shares of Rs 10 each	5	8,802,532	8,802,532
Capital reserve	6	444,451	444,451
Unappropriated profit		25,845,905	23,256,226
		35,092,888	32,503,209
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance lease	7	38,487	64,161
Deferred liabilities	8	2,710,085	2,138,546
		2,748,572	2,202,707
CURRENT LIABILITIES			
Current portion of long term liabilities	9	15,960	411,635
Finances under mark-up arrangements - secured	10	49,874,599	46,133,174
Provision for taxation - net		296,738	—
Trade and other payables	11	49,754,942	34,169,485
Unclaimed dividend		662,289	580,371
		100,604,528	81,294,665
CONTINGENCIES AND COMMITMENTS			
	12	138,445,988	116,000,581

The annexed notes 1 to 43 form an integral part of these financial statements.



Aftab Mahmood Butt
Chief Executive Officer



M. Mohtahsim Aftab
Chief Financial Officer



Owais Shahid
Director

	Note	2018 (Rupees in thousand)	2017
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	8,564,577	10,813,412
Intangible assets	14	7,462	9,577
Assets subject to finance lease	15	51,747	63,615
Capital work-in-progress	16	7,327	71,383
Long term loans and deposits	17	31,821	30,622
Post retirement benefits	18	–	58,876
		8,662,934	11,047,485
CURRENT ASSETS			
Stores and spares	19	4,248,855	4,264,752
Stock-in-trade	20	6,717,597	5,914,402
Trade debts	21	115,472,114	89,987,164
Income tax refundable		–	275,542
Loans, advances, deposits, prepayments and other receivables	22	2,659,533	3,881,518
Cash and bank balances	23	684,955	629,718
		129,783,054	104,953,096
		138,445,988	116,000,581



Aftab Mahmood Butt
Chief Executive Officer



M. Mohtasim Aftab
Chief Financial Officer



Owais Shahid
Director

STATEMENT OF PROFIT AND LOSS

For the year ended June 30, 2018

	Note	2018 (Rupees in thousand)	2017
Sales	24	91,915,894	81,846,981
Cost of sales	25	(78,536,832)	(67,666,625)
Gross profit		13,379,062	14,180,356
Administrative expenses	26	(465,787)	(451,839)
Other operating expenses	27	(371,085)	(221,708)
Other income	28	9,453,211	4,991,238
Profit from operations		21,995,401	18,498,047
Finance cost	29	(6,187,594)	(4,424,942)
Profit before tax		15,807,807	14,073,105
Taxation	30	(5,190,722)	(4,626,056)
Profit for the year		10,617,085	9,447,049
Earnings per share	Rupees 39	12.06	10.73

The annexed notes 1 to 43 form an integral part of these financial statements.



Aftab Mahmood Butt
Chief Executive Officer



M. Mohtasim Aftab
Chief Financial Officer



Owais Shahid
Director

STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2018

	2018	2017
	(Rupees in thousand)	
Profit for the year	10,617,085	9,447,049
Items that will not be reclassified subsequently to profit or loss:		
- Re-measurement (losses) / gains on net defined benefit obligation - net of tax	(17,101)	67,364
Other comprehensive (loss) / income for the year - net of tax	(17,101)	67,364
Total comprehensive income for the year	10,599,984	9,514,413

The annexed notes 1 to 43 form an integral part of these financial statements.



Aftab Mahmood Butt
Chief Executive Officer



M. Mohtahsim Aftab
Chief Financial Officer



Owais Shahid
Director

STATEMENT OF CASH FLOWS

For the year ended June 30, 2018

	Note	2018 (Rupees in thousand)	2017
Cash flows from operating activities			
Cash generated from operations	37	12,208,836	13,741,691
Finance cost paid		(3,368,218)	(3,913,563)
Taxes paid		(4,151,558)	(5,609,280)
Staff retirement benefits paid		(4,876)	(46,171)
Net cash generated from operating activities		4,684,184	4,172,677
Cash flows from investing activities			
Fixed capital expenditure including intangibles		(81,687)	(494,280)
Income on bank deposits received		32,968	22,093
Net (increase) / decrease in long term loans and deposits		(1,199)	1,237
Proceeds from sale of property, plant and equipment		17,210	8,161
Net cash used in investing activities		(32,708)	(462,789)
Cash flows from financing activities			
Repayment of liabilities against assets subject to finance lease		(23,082)	(32,547)
Repayment of long term loans - unsecured		(386,195)	(540,207)
Dividend paid		(7,928,387)	(7,892,095)
Net cash used in financing activities		(8,337,664)	(8,464,849)
Net decrease in cash and cash equivalents		(3,686,188)	(4,754,961)
Cash and cash equivalents at beginning of the year		(45,503,456)	(40,748,495)
Cash and cash equivalents at the end of the year	38	(49,189,644)	(45,503,456)

The annexed notes 1 to 43 form an integral part of these financial statements.



Aftab Mahmood Butt
Chief Executive Officer



M. Mohtahsim Aftab
Chief Financial Officer



Owais Shahid
Director

STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2018

	Share capital	Capital reserve	Un- appropriated profit	Total
	(Rupees in thousand)			
Balance as at June 30, 2016	8,802,532	444,451	21,708,105	30,955,088
Final dividend for the year ended June 30, 2016 - Rs 4.75 per share	-	-	(4,181,203)	(4,181,203)
Profit for the year	-	-	9,447,049	9,447,049
Other comprehensive income:				
- Re-measurement of net defined benefit obligation - net of tax	-	-	67,364	67,364
Total comprehensive income for the year	-	-	9,514,413	9,514,413
Interim dividend for the year ended June 30, 2017 - Rs 4.30 per share	-	-	(3,785,089)	(3,785,089)
Balance as at June 30, 2017	8,802,532	444,451	23,256,226	32,503,209
Final dividend for the year ended June 30, 2017 - Rs 4.75 per share	-	-	(4,181,203)	(4,181,203)
Profit for the year	-	-	10,617,085	10,617,085
Other comprehensive income:				
- Re-measurement of net defined benefit obligation - net of tax	-	-	(17,101)	(17,101)
Total comprehensive income for the year	-	-	10,599,984	10,599,984
Interim dividend for the year ended June 30, 2018 - Rs 4.35 per share	-	-	(3,829,102)	(3,829,102)
Balance as at June 30, 2018	8,802,532	444,451	25,845,905	35,092,888

The annexed notes 1 to 43 form an integral part of these financial statements.



Aftab Mahmood Butt
Chief Executive Officer



M. Mohtahsim Aftab
Chief Financial Officer



Owais Shahid
Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2018

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). The PPA is for a term of 25 years which commenced from June 1996 and formal negotiations for its renewal can commence after the expiry of 23rd contract year.

2 Basis of preparation

2.1 These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) and 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 provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2018

The following standards, amendments and interpretations are effective for the year ended June 30, 2018. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Standards or Interpretations

Effective from annual period beginning on or after:

– Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative	January 01, 2017
– Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealised losses	January 01, 2017

Certain annual improvements have also been made to a number of IFRSs.

The Companies Act, 2017 (the Act) has also brought certain changes with regard to preparation and presentation of annual financial statements of the Company. Further, the disclosure requirements contained in the fourth schedule to the Act have been revised, resulting in the:

- elimination of duplicative disclosures with the IFRS disclosure requirements; and
- incorporation of certain additional disclosures.

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

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Standards or Interpretations	Effective from annual period beginning on or after:
– Amendments to IFRS 2 ‘Share-based Payment’ - Clarification on the classification and measurement of share-based payment transactions.	January 01, 2018
– IFRS 4 ‘Insurance Contracts’: Amendments regarding the interaction of IFRS 4 and IFRS 9.	January 01, 2018
– IFRS 9 ‘Financial Instruments’ - This standard will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.	July 01, 2018
– Amendments to IFRS 9 ‘Financial Instruments’ - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities.	January 01, 2019
– IFRS 15 ‘Revenue’ - This standard will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.	July 01, 2018
– IFRS 16 ‘Leases’: This standard will supersede IAS 17 ‘Leases’ upon its effective date.	January 01, 2019
– Amendments to IAS 19 ‘Employee Benefits’ - Amendments regarding plan amendments, curtailments or settlements.	January 01, 2019
– Amendments to IAS 28 ‘Investments in Associates and Joint Ventures’ Amendments regarding long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	January 01, 2019
– Amendments to IAS 40 ‘Investment Property’: Clarification on transfers of property to or from investment property.	January 01, 2018. Earlier application is permitted.
– IFRIC 22 ‘Foreign Currency Transactions and Advance Consideration’: Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 01, 2018. Earlier application is permitted.
– IFRIC 23 ‘Uncertainty over Income Tax Treatments’: Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 ‘Income Taxes’.	January 01, 2019

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 17 – Insurance Contracts

2.4 Standards, amendments and interpretations to existing standards that are not yet effective but applicable / relevant to the Company’s operations

- ### 2.4.1
- IFRIC 4, ‘Determining Whether an Arrangement Contains a Lease’ is applicable for annual periods beginning on or after January 1, 2006, however, SECP granted waiver from the application of IFRIC 4 to all companies including power sector companies. This interpretation provides guidance on determining whether arrangements that do not take the legal form of a lease should, nonetheless, be accounted for as a lease in accordance with IAS 17, ‘Leases’.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2018

Consequently, the Company is not required to account for a portion of its Power Purchase Agreement (PPA) as a lease under IAS 17. If the Company were to follow IFRIC 4 and IAS 17, the effect on the financial statements would be as follows:

	2018	2017
	(Rupees in thousand)	
De-recognition of property, plant and equipment	(8,513,350)	(10,753,978)
Recognition of lease debtor	4,079,254	4,994,783
Decrease in deferred tax liability	554,388	725,880
Decrease in unappropriated profit at the beginning of the year	(5,033,315)	(4,358,107)
Increase / (decrease) in profit for the year	1,153,607	(675,208)
Decrease in un-appropriated profit at the end of the year	(3,879,708)	(5,033,315)

2.4.2 IFRS 2 (Amendment), 'Share-based Payment – Group Cash-settled Share-based Payment Transactions' effective for annual periods beginning on or after January 1, 2010.

The IASB amended IFRS 2 whereby an entity receiving goods or services is to apply this IFRS in accounting for group cash-settled share-based payment transactions in its financial statements when that entity has no obligation to settle the share-based payment transaction.

On August 14, 2009, the Government of Pakistan (GOP) launched Benazir Employees' Stock Option Scheme ("the Scheme") for employees of certain State Owned Enterprises (SOEs) and non-State Owned Enterprises where GOP holds significant investment (non-SOEs). The Scheme is applicable to permanent and contractual employees who were in employment of these entities, on the date of launch of the scheme, subject to completion of five years vesting period by all contractual employees and by permanent employees in certain instances.

The Scheme provides for a cash payment to employees on retirement or termination based on the price of shares of respective entities. To administer this scheme, GOP transferred 12% of its investment in such SOEs and non-SOEs to a Trust Fund created for the purpose by each of such entities. The eligible employees would be allotted units by each Trust Fund in proportion to their respective length of service. On retirement or termination such employees would be entitled to receive such amounts from Trust Fund in exchange for the surrendered units as would be determined based on market price for listed entities or breakup value for non-listed entities. The shares relating to the surrendered units would be transferred back to GOP.

The Scheme also provides that 50% of dividend related to shares transferred to the respective Trust Fund would be distributed amongst the unit-holder employees. The balance 50% dividend would be transferred by the respective Trust Fund to Central Revolving Fund managed by the Privatization Commission of Pakistan for payment to employees against surrendered units. The deficit, if any, in Trust Fund to meet the re-purchase commitments would be met by GOP.

The Scheme, developed in compliance with stated GOP Policy of empowerment of employees of SOEs need to be accounted for by the covered entities, including the Company, under the provisions of amended IFRS 2. However, keeping in the view the difficulties that may be faced by entities covered under the scheme, the SECP on receiving representations from some of entities covered under the Scheme and after having consulted the Institute of Chartered Accountants of Pakistan (ICAP), has granted exemption to such entities from the application of IFRS 2 to the Scheme.

Had the exemption not been granted, the staff costs of the Company for the year would have been higher by Rs 1,135 million (2017: Rs 1,833 million), profit after taxation would have been lower by Rs 727 million (2017: Rs 1,210 million), retained earnings would have been lower by Rs 727 million (2017: Rs 1,210 million), earnings per share would have been lower by Rs 0.83 per share (2017: Rs 1.37 per share) and reserves would have been higher by Rs 1,135 million (2017: Rs 1,833 million).

3 Basis of measurement

These financial statements have been prepared under the historical cost convention except for recognition of certain employee retirement benefits at present value.

The Company's significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

(a) Staff retirement benefits

The Company uses the valuation performed by an independent actuary as the present value of its retirement benefit obligations. The valuation is based on assumptions as mentioned in note 4.2.

(b) Provision for taxation

The Company takes into account the current income tax law and the decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment and appellate stage and where the Company considers that its views on items of material nature are in accordance with law, the amounts are disclosed as contingent liabilities.

(c) Useful life and residual values of property, plant and equipment

The Company reviews the useful lives of property, plant and equipment on regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

4 Significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Taxation

Current

Provision for current tax is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing current tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Previously, income of the Company derived from the power station up to June 27, 2006 was exempt from income tax under clause 138 of the Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Company was also exempt from minimum tax under clause 13(A) of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 for the period it continued to be entitled to exemption under clause 138 of the Part I of the Second Schedule i.e. up to June 27, 2006. Thereafter, the income of the Company is taxable under the provisions of the Income Tax Ordinance, 2001.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2018

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

4.2 Staff retirement benefits

The main features of the schemes operated by the Company for its employees are as follows:

- (a) The Company operates an approved funded defined benefit pension scheme for all employees with a qualifying service period of ten years. Monthly contribution is made to the fund on the basis of actuarial recommendation. The latest actuarial valuation was carried out as at June 30, 2018. The actual return on plan assets during the year is Rs 22 million (2017: Rs 364 million). The actual return on plan assets represents the difference between the fair value of plan assets at beginning of the year and end of the year after adjustments for contributions made by the Company as reduced by benefits paid during the year.

The future contribution rate includes allowances for deficit and surplus. Projected unit credit method, using the following significant assumptions, is used for valuation of the scheme:

- Discount rate: 10.00 percent per annum (2017: 9.25 percent per annum).
- Expected rate of increase in salary level: 9.50 percent per annum (2017: 8.75 percent per annum).
- Expected rate of increase in pension: 5.50 percent per annum (2017: 5.50 percent per annum).

Plan assets include long-term Government bonds, term finance certificates of financial institutions, investment in mutual funds and term deposits with banks. Return on Government bonds and debt is at fixed and floating rates.

The Company is expected to contribute Rs 85 million to the pension fund in the next year ending June 30, 2019.

- (b) The Company also operates an approved funded contributory provident fund for all employees. Equal monthly contributions are made by both the Company and the employees to the fund.
- (c) The Company provides medical facilities to its retired employees and eligible dependent family members along with free electricity. Provisions are made annually to cover the obligation on the basis of actuarial valuation and are charged to income. The latest actuarial valuation was carried out as at June 30, 2018.

Projected unit credit method, using the following significant assumptions, is used for valuation of these schemes:

- Discount rate: 10.00 percent per annum (2017: 9.25 percent per annum).
- Expected rate of increase in medical cost: 7.75 percent per annum (2017: 7.00 percent per annum).
- Expected rate of increase in electricity benefit: 10.00 percent per annum (2017: 9.25 percent per annum).

Retirement benefits are payable to all regular employees on completion of prescribed qualifying period of service under these schemes.

The Company's policy with regard to actuarial (gains / losses) is to immediately recognise all actuarial losses and gains in other comprehensive income under IAS 19, 'Employee benefits'.

4.3 Property, plant and equipment

Property, plant and equipment except freehold land are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost less any identified impairment loss. Cost represents the acquisition price of assets transferred to the Company in accordance with the Transfer Agreement signed between WAPDA and the Company on June 26, 1996 based on a valuation by M/s Stone and Webster using depreciated replacement cost basis.

Depreciation on all property, plant and equipment is charged to profit and loss account on the straight line method so as to write off the depreciable amount of an asset over the economic useful life or the remaining term of PPA, whichever is lower using the annual rates mentioned in note 13 after taking their residual values into account.

The assets' residual values and estimated useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant. The Company's estimate of the residual value of its property, plant and equipment as at June 30, 2018 has not required any adjustment.

Depreciation on additions to property, plant and equipment is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed off.

The Company assesses at each balance sheet date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in income currently. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Major plant modifications and improvements are capitalised. Overhauls, maintenance and repairs are charged to income as and when incurred. The gain or loss on disposal or retirement of an asset, represented by the difference between the sale proceeds and the carrying amount of the asset, is recognised as an income or expense.

Blades for Gas Turbines are considered a separate category of assets. All blades are depreciated at the annual rate as mentioned in note 13 regardless of whether they are in use or not. Refurbishment costs are accrued and charged to profit and loss account.

4.4 Intangible assets

Expenditure incurred to acquire computer software are capitalised as intangible assets and stated at cost less accumulated amortization and any identified impairment loss. Intangible assets are amortized using the straight line method so as to write off the depreciable amount of an asset over its estimated useful life at the annual rates mentioned in note 14.

Amortization on additions to intangible assets is charged from the month in which an asset is acquired or capitalised, while no amortization is charged for the month in which the asset is disposed off.

The Company assesses at each balance sheet date whether there is any indication that intangible asset may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in income currently. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2018

an impairment loss is recognised, the amortization charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

4.5 Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss.

4.6 Leases

The Company is the lessee:

Finance leases

Leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. At inception finance leases are capitalised at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets.

The related rental obligations, net of finance charges, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and long term depending upon the timing of the payment.

Assets acquired under a finance lease are depreciated over the useful life of the asset on a straight line method so as to write off the depreciable amount of an asset over its estimated useful life at the annual rates mentioned in note 15. Depreciation of leased assets is charged to profit and loss account.

Depreciation on additions to leased assets is charged from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed off.

Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit on a straight line basis over the lease term. The assets acquired under Ijarah agreement where the terms of agreement meet the conditions of recognition of Ijarah financing specified in Islamic Financial Accounting Standard (IFAS) 2- Ijarah, are classified as operating lease.

4.7 Stores and spares

Usable stores and spares are valued principally at weighted average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

Refurbishable items are valued at the lower of cost and net realisable value. Cost of refurbishment is charged to the profit and loss account as it is incurred. The item is charged to the profit and loss account when, upon inspection, it cannot be refurbished. Certain items are identified by the management for provisioning purposes and specific provision is recognized based on management's best estimate.

4.8 Stock-in-trade

Stock-in-trade except for those in transit are valued at lower of cost based on First In First Out (FIFO) and net realisable value.

Materials in transit are stated at cost comprising invoice value plus other charges paid thereon.

Net realisable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make a sale. Provision is made in the financial statements for obsolete and slow moving stock-in-trade based on management's best estimate.

4.9 Financial instruments

4.9.1 Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise advances, deposits and other receivables and cash and cash equivalents in the balance sheet.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the balance sheet date.

(d) Held to maturity

Financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity are classified as held to maturity and are stated at amortized cost.

All financial assets are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognised on trade date – the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit and loss account. Financial assets carried at fair value through profit and loss account are initially recognised at fair value and transaction costs are expensed in the profit and loss account.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held to maturity investments are carried at amortized cost using the effective interest rate method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the profit and loss account in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit and loss account as part of other income when the Company's right to receive payments is established.

Changes in the fair value of securities classified as 'available-for-sale' are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the profit and loss account as gains and losses from investment securities. Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit and loss account. Dividends on available-for-sale equity instruments are recognised in the profit and loss account when the Company's right to receive payments is established.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2018

The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (and for unlisted securities), the Company determines the fair value of financial assets using valuation techniques based on assumptions that are dependent on market conditions existing at balance sheet date.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from equity and recognised in the profit and loss account. Impairment losses recognised in the profit and loss account on equity instruments are not reversed through the profit and loss account.

4.9.2 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability and the difference in respective carrying amounts is recognised in the profit and loss account.

4.10 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognised amount and the Company intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously.

4.11 Long term loans and deposits

Loans and deposits are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in non-current assets for having maturities greater than 12 months after the balance sheet date. Initially they are recognised at fair value and subsequently stated at amortized cost.

4.12 Trade debts

Trade debts are carried at amount to be received less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

4.13 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and finances under mark-up arrangements. In the balance sheet, finances under mark-up arrangements are included in current liabilities.

4.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method. Finance costs are accounted for on an accrual basis and are reported under accrued finance costs to the extent of the amount remaining unpaid.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

4.15 Trade and other payables

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and/or services received, whether or not billed to the Company.

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

4.16 Derivative financial instruments

These are initially recorded at fair value on the date a derivative contract is entered into and are remeasured to fair value at subsequent reporting dates.

4.17 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees (PKR), which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into PKR using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

4.18 Borrowing costs

Mark-up, interest and other charges on borrowings are capitalised up to the date of commissioning of the related property, plant and equipment, acquired out of the proceeds of such borrowings. All other mark-up, interest and other charges are charged to income.

4.19 Revenue recognition

Revenue on account of energy is recognised on transmission of electricity to WAPDA, whereas on account of capacity is recognised when due.

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

True-up income is recognized on the capacity invoices based on exchange rate movement exceeding threshold defined in PPA

4.20 Dividend

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which the dividends are approved.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2018

5 Issued, subscribed and paid up capital

2018 (Number of shares)		2017	
2018 (Rupees in thousand)		2017 (Rupees in thousand)	
253,000	253,000	Ordinary shares of Rs 10 each fully paid in cash	2,530
880,000,228	880,000,228	Ordinary shares of Rs 10 each issued as fully paid for consideration other than cash	8,800,002
880,253,228	880,253,228		8,802,532

5.1 There has been no movement in the ordinary share capital of the Company.

Ordinary shares of the Company held by associated undertakings are as follows:

	2018 (Number of share)	2017
Pakistan Water and Power Development Authority (WAPDA)	354,311,133	354,311,133
KAPCO Employees Empowerment Trust [Formed under Benazir Employees' Stock Option Scheme (BESOS)]	48,252,429	48,252,429
	402,563,562	402,563,562

6 Capital reserve

This represents the value of fuel stock taken over by the Company at the time of take over of Kot Addu Gas Turbine Power Station from WAPDA. The value of stock was not included in the valuation of assets at the time of take over.

	2018 (Rupees in thousand)	2017
7 Liabilities against assets subject to finance lease		
Present value of minimum lease payments	54,447	89,601
Current portion shown under current liabilities	(15,960)	(25,440)
	38,487	64,161

Minimum lease payments have been discounted at an implicit interest rate ranging from 7.46 percent to 9.06 percent (2017: 6.55 percent to 8.66 percent) per annum to arrive at their present value. The lessee has the option to purchase the assets after expiry of the lease term.

Taxes, repairs, replacements and insurance costs are to be borne by the lessee.

The amount of future payments of the lease and the period in which these payments will become due are as follows:

	Minimum lease payment	Future finance charge	Present value of lease liability	
	(Rupees in thousand)			
2018				
Not later than one year	19,338	3,378	15,960	
Later than one year and not later than five years	42,377	3,890	38,487	
	61,715	7,268	54,447	
2017				
Not later than one year	30,083	4,643	25,440	
Later than one year and not later than five years	70,693	6,532	64,161	
	100,776	11,175	89,601	
	Note	2018 (Rupees in thousand)	2017	
8	Deferred Liabilities			
	Deferred taxation	8.1	1,892,254	1,425,370
	Staff retirement benefits	8.2	817,831	713,176
			2,710,085	2,138,546
8.1	Deferred taxation			
	The liability for deferred taxation comprises of timing differences relating to:			
	Accelerated tax depreciation		1,202,852	1,663,232
	Provision for store obsolescence		(93,424)	(82,425)
	Provision for doubtful debts		(71,817)	(70,219)
	Write back of unpaid liabilities		(937)	(58,338)
	Unrealized true-up income		871,914	—
	Liabilities against assets subject to finance lease		(16,334)	(26,880)
			1,892,254	1,425,370
8.2	Staff retirement benefits			
	These are composed of:			
	Pension	18.1	118,562	—
	Medical	8.2.1	157,161	141,430
	Free electricity	8.2.1	510,575	538,693
	Other long term employee benefits		31,533	33,053
			817,831	713,176

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2018

8.2.1

	Post retirement medical		Post retirement free electricity	
	2018	2017	2018	2017
	(Rupees in thousand)			
The amounts recognised in the balance sheet are as follows:				
Present value of defined benefit obligation as at June 30	157,161	141,430	510,575	538,693
Liability as at July 1	141,430	139,060	538,693	495,210
Charge to profit and loss account	16,918	16,520	64,241	58,411
Benefits paid during the year	(2,341)	(1,268)	(5,824)	(5,150)
Remeasurement loss / (gain) recognised in other comprehensive income	1,154	(12,882)	(86,535)	(9,778)
Liability as at June 30	157,161	141,430	510,575	538,693
The movement in the present value of defined benefit obligation is as follows:				
Present value of defined benefit obligation as at July 1	141,430	139,060	538,693	495,210
Current service cost	3,714	3,874	13,941	13,388
Interest cost for the year	13,204	12,646	50,300	45,023
Benefits paid during the year	(2,341)	(1,268)	(5,824)	(5,150)
Remeasurement loss / (gain) recognised in other comprehensive income	1,154	(12,882)	(86,535)	(9,778)
Present value of defined benefit obligation as at June 30	157,161	141,430	510,575	538,693

The present value of defined benefit obligation, the fair value of plan assets and the surplus or deficit of post retirement medical is as follows:

	Post retirement medical				
	2018	2017	2016	2015	2014
	(Rupees in thousand)				
As at June 30					
Present value of defined benefit obligations	157,161	141,430	139,060	157,628	136,820
Fair value of plan assets	—	—	—	—	—
Deficit	157,161	141,430	139,060	157,628	136,820
Experience adjustment on obligation - loss / (gain)	1,154	(12,882)	(38,751)	(685)	18,241

The present value of defined benefit obligation, the fair value of plan assets and the surplus or deficit of post retirement free electricity is as follows:

	Post retirement free electricity				
	2018	2017	2016	2015	2014
	(Rupees in thousand)				
As at June 30					
Present value of defined benefit obligations	510,575	538,693	495,210	508,307	479,337
Fair value of plan assets	—	—	—	—	—
Deficit	510,575	538,693	495,210	508,307	479,337
Experience adjustment on obligation - (gain) / loss	(86,535)	(9,778)	(77,281)	(47,735)	65,972

Year end sensitivity analysis on present value of defined benefit obligation:

	Post retirement medical		Post retirement free electricity	
	2018	2017	2018	2017
	(Rupees in thousand)			
Discount rate +0.50%	143,904	129,333	466,225	490,036
Discount rate -0.50%	171,605	155,158	561,001	594,225
Increase in medical cost / electricity benefit +0.50%	159,846	144,383	519,639	551,378
Increase in medical cost / electricity benefit -0.50%	154,064	138,593	501,847	526,534

	Note	2018	2017
		(Rupees in thousand)	
9 Current portion of long term liabilities			
Long term loan	9.1	—	386,195
Liabilities against assets subject to finance lease	7	15,960	25,440
		15,960	411,635

9.1 This represents loan from WAPDA at an annual interest rate of 14%, payable in equal semi annual installments upto June 30, 2018. This loan has been repaid and settled during the year.

	Note	2018	2017
		(Rupees in thousand)	
10 Finances under mark-up arrangements - secured			
- Under conventional finances		30,635,440	30,295,320
- Under islamic finances		19,239,159	15,837,854
	10.1	49,874,599	46,133,174

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2018

- 10.1** Finances under mark up arrangements available from various commercial banks amount to Rs 39,317 million (2017: Rs 39,250 million) and finances available under musharika and murabaha arrangements amount to Rs 22,250 million (2017: Rs 19,950 million). The rate of mark-up ranges from 6.41 percent to 9.42 percent (2017: 6.27 percent to 8.78 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 (2017: 20 percent to 24 percent) per annum on the balances unpaid.
- 10.2** **Letters of credit and bank guarantees**
Of the aggregate facility of Rs 2,523 million (2017: Rs 2,669 million) for opening letters of credit and Rs 12,304 million (2017: Rs 1,031 million) for guarantees, the amounts utilised as at June 30, 2018 were Rs 178 million (2017: Rs 317 million) and Rs 12,304 million (2017: Rs 1,031 million) respectively.
- 10.3** 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 105,200 million (2017: Rs 72,800 million), ranking joint pari passu charge over current assets upto a limit of Nil (2017: Rs 6,000 million), joint pari passu charge over plant and machinery up to a limit of Nil (2017: Rs 6,000 million) and ranking charge over current assets up to a limit of Rs 2,533 million (2017: Rs 10,801 million).

	Note	2018 (Rupees in thousand)	2017
11			
Trade and other payables			
Trade creditors	11.1	31,314,040	18,173,889
Accrued liabilities		335,217	350,452
Liquidated damages		55,568	226,883
Markup accrued on:			
- Long term loan - unsecured		—	593
- Finances under markup arrangements - secured		732,953	422,826
- Liabilities against assets subject to finance lease		349	322
- Credit supplies of raw material		16,363,928	13,854,113
		17,097,230	14,277,854
Deposits - interest free repayable on demand	11.2	470	438
Workers' Welfare Fund	11.3	285,515	609,567
Differential payable to WAPDA	11.4	639,179	470,136
Provident fund payable		12,414	11,487
Others		15,309	48,779
		49,754,942	34,169,485

- 11.1** Trade creditors include payable to Pakistan State Oil Company Limited (PSO) amounting to Rs 27,067 million (2017: Rs 16,899 million) and Sui Northern Gas Pipelines Limited (SNGPL) amounting to Rs 4,227 million (2017: Rs 1,266 million).
- 11.2** These represent security deposits received against rent and utility charges of shops rented out in colony. None of these amounts is utilizable for Company or other purpose. This amount is kept in separate bank account especially maintained for such purpose.

	2018	2017
	(Rupees in thousand)	
11.3	Movement in Workers' Welfare Fund is as follows:	
Opening balance	609,567	296,849
Provision made during the year	285,515	310,290
	895,082	607,139
Payments made during the year	(609,588)	–
Adjustment	21	2,428
Closing balance	285,515	609,567

11.4 This represents income tax differential payable to WAPDA in accordance with clause 6.7 and 6.15(a) of Part I of Schedule 6 of PPA on account of difference in income tax rate as provided for in the PPA and the current tax rate as applicable to the Company.

12 Contingencies and commitments

12.1 Contingencies

(i) Income tax returns of the Company for tax years 2003 to 2007 were filed, wherein, only normal tax depreciation was claimed. However, the aforesaid returns were revised thereby depreciation and initial allowance earlier claimed in respect of assets in the original income tax returns for tax periods upto June 27, 2006 were not claimed being the date upto which Company was exempt from levy of income tax.

Tax depreciation in income tax return for tax year 2008 was also claimed with resultant written down value carried forward from tax year 2007, as computed in the revised return of income in accordance with position explained above. Such return and revised returns for tax year 2003 to 2007 were amended by Tax Authorities by restoring the earlier position and were also endorsed by Commissioner Inland Revenue (Appeals) [CIR(A)]. The Company preferred appeal before Income Tax Appellate Tribunal (ITAT) [now Appellate Tribunal Inland Revenue (ATIR)] against the decision of CIR(A) which was decided in Company's favor in April 2012. No appeal was filed by the Tax Department before High Court within the time stipulated under law.

Tax Department had filed miscellaneous application for rectification before ATIR which was decided against the Company. Being aggrieved, the Company filed reference with the Honorable Lahore High Court (LHC) against this order. The LHC granted interim relief to the Company and restrained Tax Department from passing any order on the basis of aforementioned ATIR order.

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 these financial statements.

(ii) The Tax Department issued a sales tax order against the Company for the financial period from June 2008 to June 2013 and created a demand of Rs 10,102 million by apportioning input sales tax between Capacity invoices and Energy invoices and allowed input sales tax allocated to Energy invoices only. The refund claims of the Company during the period falling between the aforementioned period were also rejected by the Tax Authorities. Against the foregoing order, the Company filed an appeal before CIR(A) which was partially decided against the Company. However, CIR(A) instructed the Tax Department to rectify the demand by deleting the sales tax liability in respect of tax periods beyond five years, resulting in reduction of demand to the tune of Rs 1,481 million. Being aggrieved, the Company filed an appeal before ATIR against the CIR(A) order which was also decided against the Company. The Company filed petition with LHC against ATIR decision.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2018

Tax Department also created a demand of Rs 2,933 million for the financial period July 2013 to June 2014 pertaining to aforementioned issue of apportionment of input tax. The Company filed an appeal before CIR(A) who remanded back the demand of Rs 2,933 million till adjudication of petition from LHC on inadmissibility of input tax on Capacity invoices.

The LHC vide its judgement dated October 31, 2016 decided the case in favor of the Company and Company has received the Refund Process Orders (RPOs) from Federal Board of Revenue (FBR) out of the refunds which were withheld by the Tax Department due to above mentioned apportionment issue. The Tax Department has filed an intra-court appeal in LHC against the decision of LHC, which is pending adjudication. 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 these financial statements.

(iii) Additional Commissioner Inland Revenue amended the assessment of tax year 2016 and issued order on October 13, 2017 creating a demand of Rs 1,162 million which was later reduced to Rs 1,077 million through rectification order. The Company filed an appeal before CIR(A) who vide order dated January 11, 2018 reduced the demand to Rs 779 million. Being aggrieved with the order of the CIR(A), both department and KAPCO filed an appeal before the ATIR which is pending adjudication. 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 financial statements.

(iv) Additional Commissioner Inland Revenue amended the assessment of tax year 2017 and issued an order on April 23, 2018 creating a demand of Rs 741 million. KAPCO filed an appeal before CIR(A) which is pending adjudication. 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 financial statements.

(v) Before introduction of amendments in Finance Act 2006, the Company had not established Workers' Profit Participation Fund under the Companies Profit (Workers' Participation) Act, 1968 (the Act) based on the opinion of the legal advisor that it did not employ any person who fell under the definition of Worker as defined in the Act.

Further, the question whether a company to which the Act and its scheme applies but which does not employ any worker is nevertheless obliged to establish and pay contributions into the Fund under the Act and thereafter transfer the same to the Fund established under the WWF Ordinance, 1971 is subjudice before the Sindh High Court as the Supreme Court of Pakistan accepted the petition of another company and remanded the case to the Sindh High Court for fresh decision in accordance with its order.

Certain amendments were introduced in Finance Act 2006, to relax the conditions of payment of interest and penalty for companies defaulting in creating Fund under the Act. If it is established that Workers' Profit Participation Fund (WPPF) is applicable to the Company and the Company makes the principal payment on or before the date which is yet to be decided by the Federal Government, no such penalty may be imposed and the Company may not be liable to pay interest.

In view of the foregoing, the Company did not make any provision for Workers' Profit Participation Fund and interest thereon in the financial statements up to June 30, 2006.

Subsequent to the amendments in Finance Act 2006, the Company had established the KAPCO Workers' Profit Participation Fund in March 2008 to allocate the amount of annual profits stipulated by the Act for distribution amongst workers eligible to receive such benefits under the Act. Accordingly contributions to WPPF were duly made up to the year ended June 30, 2016.

In 2017, the Honorable Supreme Court of Pakistan decided that amendments in Workers' Welfare Fund Ordinance, 1971 and Companies Profit (Workers Participation) Act, 1968 cannot be introduced through Finance Act, thereby, the said amendments made through the Finance Act 2006 are void ab initio. Subsequently, the Commissioner Inland Revenue (Peshawar) filed review petition in the Honorable Supreme Court of Pakistan against the said decision in case of another company, which is pending adjudication.

In light of the above decision and based on advice of Company's legal counsel, the Company did not make any contribution to Workers' Profit Participation Fund for the year ended June 30, 2017. Further, the contribution of WPPF for the year ended June 30, 2016 amounting to Rs 684 million had been refunded by the WPPF trust to the Company during the year.

In case the liability materializes, the cumulative principal amount of WPPF for the year ended June 30, 2016 and for the year ended June 30, 2017 would amount to Rs 1,388 million (2017: Rs 704 million). If it is established that the scheme is applicable to the Company and the Company is liable to pay contribution to the Workers' Welfare Fund, then these amounts would be recoverable from WAPDA as a pass-through item under the provisions of PPA.

- (vi) WAPDA had raised invoices for liquidated damages to the Company for the years ended June 30, 2009 through 2016 (after taking into account forced outage allowance stipulated under the terms of PPA) 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. Liquidated damages invoiced to the Company amount to Rs 27,898 million (2017: Rs 27,898 million). Estimated amount of liquidated damages (including un-invoiced liquidated damages till June 30, 2018) are not expected to exceed Rs 27,681 million as at June 30, 2018 (2017: Rs 27,681 million) based on the best estimate of the management of the Company.

The Company disputes and rejects any claim on account of liquidated damages that may be 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 PPA and has commenced proceedings for Arbitration in Singapore under the rules of International Chamber of Commerce.

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 these financial statements.

- (vii) The Company has provided bank guarantees in favor of following:

Sui Northern Gas Pipelines Limited on account of payment of dues against gas sales etc., amounting to Rs 12,304 million (2017: Rs 1,030 million);

Suppliers on account of equipment hired for use, amounting to Nil (2017: Rs 1 million).

12.2 Commitments

- (i) Contracts for capital expenditure are Rs 107 million (2017: Rs 139 million).
- (ii) Letters of credit other than for capital expenditure are Rs 178 million (2017: Rs 316 million).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2018

13. Property, plant and equipment

	Freehold land	Buildings on freehold land	Plant and machinery	Gas turbine blading	Auxiliary plant and machinery	Office equipment	Fixtures and fittings	Vehicles	Total
(Rupees in thousand)									
Net carrying value basis									
Year ended June 30, 2018									
Opening net book value (NBV)	100,773	187,430	7,623,819	2,766,485	75,471	43,649	101	15,684	10,813,412
Additions (at cost)	-	98,947	-	2,632	3,415	6,678	-	-	111,672
Transfers from leased assets at NBV	-	-	-	-	-	-	-	21,478	21,478
Disposals / adjustments (at NBV)	-	-	-	(75,896)	-	(177)	-	(18,832)	(94,905)
Depreciation charge	-	(49,706)	(1,462,034)	(738,875)	(19,111)	(16,446)	(37)	(871)	(2,287,080)
Closing net book value (NBV)	100,773	236,671	6,161,785	1,954,346	59,775	33,704	64	17,459	8,564,577
Gross carrying value basis									
As at June 30, 2018									
Cost	100,773	879,800	35,513,576	9,041,203	408,306	159,268	17,831	90,555	46,211,312
Accumulated depreciation	-	(643,129)	(29,351,791)	(7,086,857)	(348,531)	(125,564)	(17,767)	(73,096)	(37,646,735)
Net book value (NBV)	100,773	236,671	6,161,785	1,954,346	59,775	33,704	64	17,459	8,564,577
Depreciation rate % per annum	-	4 - 32.43	4 - 29.27	10-29.27	20-32.43	20-32.43	20	25-31.58	
Net carrying value basis									
Year ended June 30, 2017									
Opening net book value (NBV)	100,773	188,751	9,059,268	3,156,293	60,201	49,699	145	16,889	12,632,019
Additions (at cost)	-	39,948	23,196	349,675	38,167	10,837	-	-	461,823
Transfers from leased assets at NBV	-	-	-	-	-	-	-	3,907	3,907
Disposals / adjustments (at NBV)	-	-	-	-	-	(24)	-	(4,241)	(4,265)
Depreciation charge	-	(41,269)	(1,458,645)	(739,483)	(22,897)	(16,863)	(44)	(871)	(2,280,072)
Closing net book value (NBV)	100,773	187,430	7,623,819	2,766,485	75,471	43,649	101	15,684	10,813,412
Gross carrying value basis									
As at June 30, 2017									
Cost	100,773	780,853	35,513,576	9,257,689	404,891	154,838	17,831	77,347	46,307,798
Accumulated depreciation	-	(593,423)	(27,889,757)	(6,491,204)	(329,420)	(111,189)	(17,730)	(61,663)	(35,494,386)
Net book value (NBV)	100,773	187,430	7,623,819	2,766,485	75,471	43,649	101	15,684	10,813,412
Depreciation rate % per annum	-	4 - 24.49	4 - 23.09	10 - 21.06	20-24.49	20-24.49	20	25	

The cost of fully depreciated assets which are still in use as at June 30, 2018 is Rs 3,134 million (2017: Rs 3,117 million).

13.1 The depreciation charge for the year has been allocated as follows:

	Note	2018 (Rupees in thousand)	2017
Cost of sales	25	2,236,466	2,237,888
Administration expenses	26	50,614	42,184
		2,287,080	2,280,072

13.2 Disposal of property, plant and equipment of book value exceeding Rs 500,000

2018

Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (Loss)	Mode of disposal
Vehicles	Employees						
Toyota Camery	Mr. Khalid Pervaiz Bajwa	10,193	(8,154)	2,039	2,039	-	Company Policy
BMW X5 50i	Mr. Aftab Mahmood Butt	21,742	(17,394)	4,348	4,348	-	Company Policy
Toyota Camery	Mr. Mohtashim Aftab	10,201	(8,161)	2,040	2,040	-	Company Policy
Honda Civic Prosmatic	Mr. Waheed Sohail	2,508	(2,007)	501	501	-	Company Policy
Honda Civic Prosmatic	Mr. Rabnawaz Anjum	2,508	(2,007)	501	501	-	Company Policy
Honda Civic Prosmatic	Mr. Nadeem Mukhtar Rana	2,040	(1,632)	408	408	-	Company Policy
Honda Civic Prosmatic	Mr. Adolf Anthony Rath	2,509	(2,007)	502	502	-	Company Policy
Honda Civic Prosmatic	Mr. Ghulam Rasool Saber	2,510	(2,008)	502	502	-	Company Policy
Honda Civic Prosmatic	Mr. Jamal Younus	2,510	(2,008)	502	502	-	Company Policy

2017

Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (Loss)	Mode of disposal
Vehicles	Employees						
Toyota Corolla GLi	Mr. Muhammad Khan	1,887	(660)	1,227	1,227	-	Company Policy
Toyota Corolla GLi	Mr. Ehsan ul Haq	1,775	(1,095)	680	680	-	Company Policy
Honda Civic Prosmatic	Mr. Aftab Mahmood Butt	2,509	(2,007)	502	502	-	Company Policy

- Due to change in threshold of disposal disclosure, as required by fourth schedule of Companies Act, 2017, comparative disclosure has been changed.

		2018	2017
		(Area in Kanals)	
13.3	Location and area of freehold land		
Description	Location		
Plant site	Kot Addu, District Muzaffargarh, Pakistan	3081	3081
Corporate office	Lahore, Pakistan	2	2
Land (Plot)	Islamabad, Pakistan	1	1

		2018	2017
		(Rupees in thousand)	
13.4	Assets not in possession of the Company		
Description	Party		
Blades & vanes	Siemens AG, Germany	246,786	120,649
Buckets & nozzles	GE Middle East, FZE	96,124	-
Blades & vanes	Ethos Energy Italia, Italy	28,480	-
Buckets & nozzles	Gulf Turbine Services LLC	-	85,124
		371,390	205,773

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2018

		2018	2017
		(Rupees in thousand)	
14	Intangible assets - computer software		
	Net carrying value basis		
	Year ended June 30		
	Opening net book value (NBV)	9,577	9,527
	Additions (at cost)	2,027	4,739
	Amortization charge	(4,142)	(4,689)
	Closing net book value	7,462	9,577
	Gross carrying value basis		
	Cost	60,621	58,594
	Accumulated amortization	(53,159)	(49,017)
	Net book value	7,462	9,577
	Amortization rate % per annum	25-32.43	20-23.15

14.1 Amortization charge for the year has been allocated to cost of sales.

14.2 The cost of intangible assets as on June 30, 2018 include fully amortized assets amounting to Rs 46 million (2017: Rs 37 million).

		2018	2017
		(Rupees in thousand)	
15	Assets subject to finance lease		
	Net carrying value basis		
	Year ended June 30		
	Opening net book value (NBV)	63,615	53,140
	Additions (at cost)	26,640	30,877
	Disposals (at NBV)	(24,246)	(3,907)
	Depreciation charge	(14,262)	(16,495)
	Closing net book value	51,747	63,615
	Gross carrying value basis		
	Cost	87,618	155,525
	Accumulated depreciation	(35,871)	(91,910)
	Net book value	51,747	63,615
	Depreciation rate % per annum	25-32.43	25

15.1 Depreciation charge for the year has been allocated to administrative expenses.

15.2 The cost of fully depreciated assets which are still in use as at June 30, 2018 is Rs 9 million (2017: Rs 92 million).

	Note	2018 (Rupees in thousand)	2017
16	Capital work-in-progress		
	Civil works	–	33,646
	Others	7,327	37,737
		7,327	71,383
17	Long term loans and deposits		
	Loans to employees - considered good	17.1 28,351	29,378
	Security deposits	14,638	14,815
		42,989	44,193
	Receivable within one year	(11,168)	(13,571)
		31,821	30,622

17.1 These represent unsecured loans to non-executive employees for the purchase of plot, car, construction of house etc. and are repayable in monthly installments over a maximum period of 120 months. These loans carry interest of 9 percent per annum (2017: 9 percent per annum). Included in loans to employees are loans amounting to Rs 0.199 million (2017: Rs 0.408 million) given to employees who were victims of flood. These are interest free and repayable up to 10 years. Details of loans exceeding Rs 1 million are as follows:

Employee name	Loan amount Amount	Amount outstanding at year end
	(Rupees in thousand)	
Mr. Muhammad Mahfooz	1,500	1,336
Mr. Ghulam Farid	1,400	663
Mr. Zubair Mehmood	1,372	617
Mr. Muhammad Ijaz Ahmed Shamim	1,341	938
Mr. Liaqat Ali	1,131	939
Mr. Shaukat Ali	1,060	86
Mr. Saeed Ur Rehman	1,042	877

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2018

	Note	2018 (Rupees in thousand)	2017
18	Post retirement benefits		
	Pension (liability) / asset	18.1	(118,562) 58,876
18.1	Pension		
	The amounts recognised in the balance sheet are as follows:		
	Fair value of plan assets	2,819,945	2,939,808
	Present value of defined benefit obligation (Liability) / asset as at June 30	(2,938,507) (118,562)	(2,880,932) 58,876
	Asset as at July 1	58,876	3,467
	Charge to profit and loss account	(70,147)	(62,196)
	Contribution paid by the Company	3,614	39,753
	Remeasurement (loss) / gain recognised in other comprehensive income (Liability) / asset as at June 30	(110,905) (118,562)	77,852 58,876
	The movement in the present value of defined benefit obligation is as follows:		
	Present value of defined benefit obligation as at July 1	2,880,932	2,621,615
	Current service cost	74,313	72,638
	Interest cost for the year	263,992	233,835
	Benefits paid during the year	(145,209)	(89,453)
	Remeasurement (gain) / loss on obligation	(135,521)	42,297
	Present value of defined benefit obligation as at June 30	2,938,507	2,880,932
	The movement in fair value of plan assets is as follows:		
	Fair value as at July 1	2,939,808	2,625,082
	Expected return on plan assets	268,158	244,277
	Contribution paid by the Company	3,614	39,753
	Benefits paid during the year	(145,209)	(89,453)
	Remeasurement (loss) / gain on plan assets	(246,426)	120,149
	Fair value as at June 30	2,819,945	2,939,808
		2018	2017
	Plan assets are comprised as follows:		
	Mutual funds	44%	62%
	Interest bearing instruments	41%	35%
	Other	15%	3%
		100%	100%

The present value of defined benefit obligation, the fair value of plan assets and the surplus or deficit of pension fund is as follows:

	2018	2017	2016	2015	2014
	(Rupees in thousand)				
As at June 30					
Fair value of plan assets	2,819,945	2,939,808	2,625,082	2,196,875	1,643,694
Present value of defined benefit obligations	(2,938,507)	(2,880,932)	(2,621,615)	(2,350,904)	(1,932,096)
(Deficit) / surplus	(118,562)	58,876	3,467	(154,029)	(288,402)
Experience adjustment on obligation - (gain) / loss	(135,521)	42,297	43,258	142,695	(6,660)
Experience adjustment on plan assets - (loss) / gain	(246,426)	120,149	46,775	40,567	24,222

Year end sensitivity analysis on present value of defined benefit obligation:

	Note	2018	2017
		(Rupees in thousand)	
Discount rate + 0.50%		2,794,022	2,743,691
Discount rate - 0.50%		3,096,643	3,067,052
Increase in salary level + 0.50%		2,961,904	2,931,789
Increase in salary level - 0.50%		2,915,735	2,864,495
Increase in pension + 0.50%		3,036,000	3,000,284
Increase in pension - 0.50%		2,848,539	2,803,285
19 Stores and spares			
Stores and spares	19.2	4,560,270	4,539,501
Provision for store obsolescence	19.3	(311,415)	(274,749)
		4,248,855	4,264,752

19.1 Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

19.2 Stores and spares include items in transit amounting to Rs 9 million (2017: Rs 15 million) and items valuing Rs 57 million (2017: Rs 61 million) which are being held by the following suppliers for inspection / refurbishment purposes.

	2018	2017
	(Rupees in thousand)	
GE International, USA	3,204	—
GE Middle East, UAE	48,646	—
Ethos Energy, Italy	3,494	—
Allweiler GmBH, Germany	1,961	—
Siemens, Germany	—	15,665
MJB International Limited LLC, UAE	—	45,087
	57,305	60,752

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2018

	Note	2018 (Rupees in thousand)	2017
19.3	Provision for store obsolescence		
	Opening balance as at July 1	274,749	125,018
	Provision for the year	39,779	160,362
		314,528	285,380
	Stores written off against provision	(3,113)	(10,631)
	Closing balance as at June 30	311,415	274,749
20	Stock-in-trade		
	Furnace oil	5,836,742	5,205,488
	Diesel	870,102	697,911
	Coal	10,753	11,003
		6,717,597	5,914,402
21	Trade debts		
	Trade debts	21.1 115,711,504	90,221,227
	Provision for doubtful debts	21.2 (239,390)	(234,063)
		115,472,114	89,987,164

21.1 These are considered good except Rs 239 million (2017: Rs 234 million) which are considered doubtful. Trade debts include an overdue amount of Rs 95,976 million (2017: Rs 76,896 million) receivable from WAPDA. The maximum aggregate amount outstanding during the year was Rs 116,360 million (2017: Rs 95,339 million). 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. Aging analysis of trade receivables is given in note 40.1(b). Due to delays in settlement by WAPDA, the Company has financed the trade debts via short term financing arrangements (Note 10), trade creditors (Note 11) and from own sources.

		2018 (Rupees in thousand)	2017
21.2	Provision for doubtful debts		
	Opening balance as at July 1	234,063	222,741
	Provision for the year	5,327	12,044
		239,390	234,785
	Trade debts written off against provision	—	(722)
	Closing balance as at June 30	239,390	234,063

	Note	2018 (Rupees in thousand)	2017
22	Loans, advances, deposits, prepayments and other receivables		
	Loans to employees - considered good	10,302	8,851
	Advances to suppliers - considered good	14,477	53,794
	Sales tax claims recoverable from Government	1,504,051	3,085,171
	Prepayments	20,482	5,376
	Claims recoverable from WAPDA as pass through items:		
	- Workers' Welfare Fund	285,515	609,566
	- Workers' Profit Participation Fund	790,390	-
		1,075,905	609,566
	Security deposits	3,682	7,041
	Refundable from Workers' Profit Participation Fund	19,610	-
	Insurance claim receivable - net of provision:		
	-Insurance claim receivable	-	94,274
	-Provision for insurance claim receivable	-	(18,481)
		-	75,793
	Other receivables	11,024	35,926
		2,659,533	3,881,518

22.1 Advances to suppliers include amounts due from WAPDA amounting to Rs 1 million (2017: Rs 1 million). These are in the normal course of business and are interest free.

22.2 Under section 14.2(a) of Part III of Schedule 6 to Power Purchase Agreement (PPA) with WAPDA, payments to Workers' Welfare Fund and Workers' Profit Participation Fund are recoverable from WAPDA as pass through items.

22.3 All the security deposits are non-interest bearing.

	2018 (Rupees in thousand)	2017
22.4	Movement in Workers' Profit Participation Fund	
	Opening refundable at July 1	(836)
	Provision / adjustment for the year	836
		-
	Payments made during the year	-
	Closing refundable as at June 30	-

22.5 Net amount of insurance claim receivable was recovered and settled during the year.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2018

	Note	2018 (Rupees in thousand)	2017
22.6	Provision for insurance claim		
	Opening balance as at July 1	18,481	94,274
	Provision for the year	–	–
		18,481	94,274
	Write off / reversal of provision	(18,481)	(75,793)
	Closing balance as at June 30	–	18,481
23	Cash and bank balances		
	At banks on:		
	- Current accounts	193,148	223,219
	- Savings accounts	491,581	406,206
		23.1	629,425
	In hand	226	293
		684,955	629,718

23.1 Included in these are total restricted funds of Rs 11 million (2017: Rs 47 million) held by banks under lien as margin against letters of credit. The balances in savings accounts are placed under markup arrangements and bear mark up ranging from 4.0 percent to 5.5 percent (2017: 4.0 percent to 5.5 percent) per annum.

	Note	2018 (Rupees in thousand)	2017
24	Sales		
	Energy purchase price	86,673,231	75,345,365
	Sales tax	(12,709,470)	(11,321,795)
	Net energy purchase price	73,963,761	64,023,570
	Capacity purchase price	17,952,133	17,823,411
		91,915,894	81,846,981
25	Cost of sales		
	Fuel cost	73,032,960	62,063,351
	Salaries, wages and benefits	25.1	1,543,934
	Plant maintenance	298,301	299,357
	Gas turbines overhauls	765,822	902,393
	Repair and renewals	523,799	452,043
	Depreciation on property, plant and equipment	13.1	2,237,888
	Amortization on intangible assets	14.1	4,689
	Liquidated damages	–	2,608
	Provision for store obsolescence	19.3	160,362
		78,536,832	67,666,625

	2018	2017
	(Rupees in thousand)	
25.1 Salaries, wages and benefits		
Salaries, wages and benefits include following in respect of retirement benefits:		
Pension		
Current service cost	74,313	72,638
Net interest income for the year	(4,166)	(10,442)
	70,147	62,196
Medical		
Current service cost	3,714	3,874
Net interest cost for the year	13,204	12,646
	16,918	16,520
Free electricity		
Current service cost	13,941	13,388
Net interest cost for the year	50,300	45,023
	64,241	58,411

In addition to above, salaries, wages and benefits also include Rs 42 million (2017: Rs 40 million) in respect of provident fund contribution by the Company.

25.2 Cost of sales include Rs 728 million (2017: Rs 875 million) for stores and spares consumed.

	Note	2018	2017
		(Rupees in thousand)	
26 Administrative expenses			
Travelling		25,809	22,737
Motor vehicles running		46,317	43,174
Postage, telephone and telex		15,095	12,420
Legal and professional charges		41,583	39,660
LDs arbitration cost		28,625	5,572
Computer charges		18,771	27,160
Auditors' remuneration	26.1	5,113	4,889
Printing, stationery and periodicals		16,382	17,277
Repairs and maintenance infrastructure		70,855	78,130
Training expenses		15,910	10,046
Rent, rates and taxes		14,176	21,752
Depreciation on property, plant and equipment	13.1	50,614	42,184
Depreciation on assets subject to finance lease	15.1	14,262	16,495
Infrastructure cost		37,319	43,105
Education fee		29,627	29,637
Bad debts written off		471	763
Provision for doubtful debts	21.2	5,327	12,044
Other expenses		29,531	24,794
		465,787	451,839

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2018

	Note	2018 (Rupees in thousand)	2017
26.1 Auditors' remuneration			
The charges for auditors' remuneration include the following in respect of auditors' services for:			
Statutory audit		2,850	2,849
Half yearly review		1,050	934
Workers' Profit Participation Fund audit, Employees Provident and Pension Fund audit, special reports and certificates		830	806
Out of pocket expenses		383	300
		5,113	4,889
27 Other operating expenses			
Loss on disposal / scrap of property, plant and equipment		73,795	–
Project development cost		–	221,708
Charges associated to acquisition of shares	31.3	297,290	–
		371,085	221,708
28 Other income			
Income from financial assets			
Income on bank deposits		32,968	22,093
Interest on loans to employees		2,722	2,860
Interest on late payment - WAPDA		6,434,932	4,824,635
		6,470,622	4,849,588
Income from non-financial assets			
True-up income	28.1	2,906,381	–
Profit on disposal of property, plant and equipment		–	3,896
Colony electricity		5,691	6,318
Provisions and unclaimed balances written back		18,030	75,793
Scrap sales		20,708	35,445
House rent recovery		10,398	10,694
Others		21,381	9,504
		2,982,589	141,650
		9,453,211	4,991,238

28.1 It represents true-up income resulting from change in US Dollar - Pak Rupee exchange rate exceeding the threshold defined in PPA, compared to the rates used for indexation calculation of relevant CPP invoices, under section 13.4 (iv) of Part II of Schedule 6 to PPA.

	2018	2017
	(Rupees in thousand)	
29 Finance cost		
Interest and mark up including commitment charges on		
- long term loan from WAPDA - unsecured	39,958	109,960
- finances under markup arrangements - secured	2,971,886	2,854,340
- credit supplies of raw material	3,115,353	1,423,797
- car ijarah	4,805	-
- liabilities against assets subject to finance lease	5,750	4,494
Exchange loss	16,214	1,305
Bank and other charges	33,628	31,046
	6,187,594	4,424,942
30 Taxation		
Current tax		
- Current year	4,718,808	5,042,433
- Prior year	5,030	(423)
	4,723,838	5,042,010
Deferred tax	466,884	(415,954)
	5,190,722	4,626,056

30.1 Management is of view that the income tax provision for the year is sufficient to discharge the tax liability. Comparison of tax provision as per accounts viz a viz tax assessments for last three years is as follows:

Year	Tax assessments	Accounts
	(Rupees in thousand)	
2014-15	5,429,788	5,447,287
2015-16	5,029,463	4,988,044
2016-17	5,075,925	5,042,433

	2018	2017
	% age	% age
30.2 Tax charge reconciliation		
Numerical reconciliation between the applicable tax rate and the average effective tax rate		
Applicable tax rate	30.00	31.00
Super tax	3.00	3.00
Effect of change in tax rate	-	0.28
Effect of tax credit	-	(1.41)
Permanent differences	-	0.03
Others	(0.16)	(0.03)
Average effective tax rate	32.84	32.87

30.3 It represents tax expense pertaining to super tax, which has been levied at the rate of 3% for the tax year 2018 on all the persons having taxable income of Rs 500 million or above.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2018

30.4 Section 5A of Income Tax Ordinance, 2001 imposed income tax at the rate of 5% on accounting profit before tax where the Company derives profit for a tax year but does not distribute at least twenty percent of its after tax profits within six months of the end of the tax year through cash or bonus shares. The Company has distributed the requisite amount of dividend during the year and accordingly no provision has been recognized in these financial statements.

31 Significant transactions during the year

31.1 As referred in note 28.1, the Company has recognized true-up income during the year amounting to Rs 2,906 million (2017: Nil), resulting from change in US Dollar-Pak Rupee exchange rate exceeding the threshold defined in PPA, as compared to rates used for indexation calculation of relevant CPP invoices, under section 13.4 (iv) of Part II of Schedule 6 to PPA.

31.2 As referred in note 12.1 (vi), WAPDA had raised invoices for liquidated damages to the Company amounting to Rs 27,898 million (2017: Rs 27,898 million). The Company disputed these liquidated damages and decided to commence arbitration proceedings, under PPA, against WAPDA, Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) and GOP in International Chamber of Commerce (ICC) Singapore, to nullify the liquidated damages and to recover the business losses suffered thereon.

31.3 During the year, the Company entered into share purchase agreements for the acquisition of 201,084,105 shares (approximately 17.37%) in Hub Power Company Limited that were offered for sale by Dawood Hercules Corporation Limited and other shareholders. The conditions stated in the Share purchase agreements could not be initiated and therefore the parties mutually agreed to terminate the transaction.

32 Remuneration of Directors, Chief Executive and Executives

32.1 The aggregate amount charged in the financial statements for the year for remuneration including certain benefits to the chief executive and executives of the Company is as follows:

	Note	Chief Executive		Executives	
		2018	2017	2018	2017
(Rupees in thousand)					
Managerial remuneration		49,381	41,828	296,293	277,540
Bonus		21,285	19,800	80,793	79,527
Reimbursable expenses		3,003	2,576	23,781	24,631
Contribution to provident & pension funds and other retirement benefit plans		4,938	4,183	39,522	39,122
Leave passage		4,167	3,300	15,833	15,619
Other perquisites	32.1.1	1,133	1,408	19,356	15,775
		83,907	73,095	475,578	452,214
Number of persons		1	1	54	52

-Due to change in definition of "executives" in fourth schedule of Companies Act, 2017, comparative figures have been changed.

32.1.1 This includes Company transport, education of children, club charges and utilities provided to the employees as per Company policy.

32.2 Remuneration to other directors

Aggregate amount charged in the financial statements for the year for fee to 6 directors (2017: 6 directors) is Rs 11 million (2017: Rs 6 million). No other perquisite is provided to other directors.

33 Transactions with related parties

The related parties comprise associated undertakings, key management personnel and post retirement benefit plans. The Company in the normal course of business carries out transactions with various related parties. Amounts due to / from related parties are shown under payables and receivables and remuneration of the key management personnel is disclosed in note 32. Other significant transactions with related parties are as follows:

Relationship with the Company	Nature of transaction	2018 (Rupees in thousand)	2017
i. Associated undertakings			
-WAPDA	Sale of goods and electricity	91,915,894	81,846,981
-WAPDA	Interest expense	39,958	109,960
-WAPDA	Interest income on late payment	6,434,932	4,824,635
-WAPDA	True-up income	2,906,381	–
-WAPDA	Bad debts written off	471	763
-WAPDA	Provision for doubtful debts	5,327	12,044
-WAPDA	Dividend paid	3,224,231	3,206,516
-BESOS	Dividend paid	439,097	436,684
-WAPDA	Purchase of services	3,893	1,000
ii. Post retirement benefit plans			
-KAPCO employees pension fund trust	Expense charged	70,147	62,196
-KAPCO employees post retirement medical plan	Expense charged	16,918	16,520
-KAPCO employees post retirement electricity plan	Expense charged	64,241	58,411
-KAPCO employees provident fund trust	Expense charged	41,918	40,128

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

34 Non-adjusting events after the balance sheet date

34.1 The Board of Directors of the Company have proposed a final dividend for the year ended June 30, 2018 of Rs 4.80 (2017: Rs 4.75) per share amounting to Rs 4,225 million (2017: Rs 4,181 million) at their meeting held on September 05, 2018 for approval of members at the Annual General Meeting to be held on October 23, 2018. These financial statements do not reflect this dividend payable.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2018

	2018 MWh	2017 MWh
35 Capacity and production		
Annual dependable capacity [based on 8,760 hours (2017: 8,760 hours)]	11,756,064	11,756,064
Actual energy delivered	7,436,756	7,334,896

Capacity for the power plant taking into account all the planned scheduled outages is 10,654,791 MWh (2017: 10,631,395 MWh). Actual energy delivered by the plant is dependent on the load demanded by WAPDA and the plant availability.

36 Rates of exchange

Liabilities in foreign currencies as on June 30, 2018 have been translated into Rupees at USD 0.8224 (2017: USD 0.9528), EURO 0.7064 (2017: EURO 0.8354), GBP 0.6273 (2017: GBP 0.7356) and YEN 90.9835 (2017: YEN 106.9862) equal to Rs 100.

	Note	2018 (Rupees in thousand)	2017
37 Cash generated from operations			
Profit before tax		15,807,807	14,073,105
Adjustments for:			
- Depreciation on property, plant and equipment		2,287,080	2,280,072
- Amortization on intangible assets		4,142	4,689
- Depreciation on assets subject to finance lease		14,262	16,495
- Profit on disposal of property, plant and equipment		–	(3,896)
- Loss on disposal of property, plant and equipment		73,795	–
- Income on bank deposits		(32,968)	(22,093)
- Bad debts written off		471	763
- Provision for store obsolescence		39,779	160,362
- Provision for doubtful debts		5,327	12,044
- Staff retirement benefits accrued		151,306	137,127
- Provision for insurance claim written back		–	(75,793)
- Finance cost		6,187,594	4,424,942
Profit before working capital changes		24,538,595	21,007,817
Effect on cash flow due to working capital changes:			
- Increase in stores and spares		(23,882)	(63,909)
- Increase in stock-in-trade		(803,195)	(2,779,575)
- Increase in trade debts		(25,490,748)	(20,623,181)
- Decrease/ (Increase) in loans, advances, deposits, prepayments and other receivables		1,221,985	(1,822,225)
- Decrease in trade and other payables		12,766,081	18,022,764
		(12,329,759)	(7,266,126)
		12,208,836	13,741,691
38 Cash and cash equivalents			
Cash and bank balances	23	684,955	629,718
Finances under mark up arrangements - secured	10	(49,874,599)	(46,133,174)
		(49,189,644)	(45,503,456)

		2018	2017	
		(Rupees in thousand)		
39	Earnings per share			
39.1	Basic earnings per share			
	Profit for the year	Rupees in thousand	10,617,085	9,447,049
	Weighted average number of ordinary shares	Numbers	880,253,228	880,253,228
	Earnings per share	Rupees	12.06	10.73

39.2 Diluted earnings per share

Diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2018 and June 30, 2017 which would have any effect on the basic earnings per share.

40 Financial risk management

40.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the management in accordance with the Financial Risk Management Policy approved by the Board of Directors. This policy covers specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of this policy.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD), Great Britain Pound (GBP) and Euro. Currently, the Company's foreign exchange risk exposure is restricted to the amounts receivable/payable from/to the foreign entities. The Company's exposure to currency risk is as follows:

	2018	2017
Trade and other payables - USD	(169,086)	(569,661)
Advances to suppliers - USD	—	—
Net exposure - USD	(169,086)	(569,661)
Trade and other payables - GBP	(96,807)	(5,920)
Advances to suppliers - GBP	—	—
Net exposure - GBP	(96,807)	(5,920)
Trade and other payables - Euro	(633,027)	(791,542)
Advances to suppliers - Euro	—	—
Net exposure - Euro	(633,027)	(791,542)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2018

	2018	2017
	(Rupees in thousand)	
The following exchange rates were applied during the year:		
Rupees per USD		
Average rate	110.33	104.67
Reporting date rate	121.60	105.00
Rupees per GBP		
Average rate	148.88	132.34
Reporting date rate	159.41	136.68
Rupees per Euro		
Average rate	131.87	114.00
Reporting date rate	141.57	120.14

If the functional currency, at reporting date, had fluctuated by 5% against the USD, GBP and Euro with all other variables held constant, the impact on profit after taxation for the year would have been Rs 4 million (2017: Rs 5 million) respectively lower/higher, mainly as a result of exchange gains/losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

(ii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant long-term interest-bearing assets. The Company's interest rate risk arises from short term financing. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk.

At the balance sheet date, the interest rate profile of the Company's interest bearing financial instruments is:

	2018	2017
	(Rupees in thousand)	
Financial assets		
Fixed rate instruments		
Staff Loans	28,351	29,378
Floating rate instruments		
Bank balances - savings accounts	491,581	406,206
Financial liabilities		
Fixed rate instruments		
Long term loan - WAPDA	-	386,195
Floating rate instruments		
Liabilities against assets subject to finance lease	54,447	89,601
Finances under mark-up arrangements - secured	49,874,599	46,133,174
	49,929,046	46,222,775

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

If interest rates on late payments, liabilities against assets subject to finance lease and finances under mark-up arrangement, at the year end date, fluctuate by 1% higher/lower with all other variables held constant, profit after taxation for the year would have been Rs 46 million (2017: Rs 56 million) higher/lower, mainly as a result of higher/lower interest expense on floating rate borrowings.

(iii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to equity price risk since there are no investments in equity securities.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Company's credit risk is primarily attributable to its trade debts and its balances at banks. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2018	2017
	(Rupees in thousand)	
Long term loans and deposits	31,821	30,622
Trade debts	115,472,114	89,987,164
Loans, advances, deposits, prepayments and other receivables		
Loans to employees - considered good	10,302	8,851
Claims recoverable from WAPDA as pass through items:		
- Workers' Welfare Fund	285,515	609,566
- Workers' Profit Participation Fund	790,390	-
Security deposits	3,682	7,041
Insurance claim receivable	-	75,793
Other receivables	5,042	6,922
Balances with banks	684,729	629,425
	117,283,595	91,355,384

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The Company believes that it is not exposed to major concentration of credit risk and the risk attributable to trade debts, Workers' Welfare Fund and Workers' Profit Participation Fund receivable from WAPDA is mitigated by guarantee from the Government of Pakistan under the Facilitation Agreement. Age analysis of trade receivable balances is as follows:

	2018	2017
	(Rupees in thousand)	
Not yet due	20,136,960	13,091,341
Due past 90 days	33,179,128	31,611,497
Due past 90 to 180 days	20,921,396	12,463,493
Due past 181 to 365 days	11,767,698	9,863,912
Due past 365 days	29,466,932	22,956,921
	115,472,114	89,987,164

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2018

The credit quality of bank balances that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating		Rating Agency	2018	2017
	Short term	Long term		(Rupees in thousand)	
- National Bank of Pakistan	A-1+	AAA	JCR-VIS	105	149
- Habib Bank Limited	A-1+	AAA	JCR-VIS	672,820	604,530
- MCB Bank Limited	A1+	AAA	PACRA	11,265	24,632
- Faysal Bank Limited	A-1+	AA	JCR-VIS	1	75
- Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	1	1
- Bank of Punjab	A1+	AA-	PACRA	–	26
- Askari Bank Limited	A-1+	AA	JCR-VIS	387	–
- AlBaraka Bank (Pakistan) Limited	A-1	A	PACRA	144	6
- Citibank N.A.	A-1	A	Standard & Poor's	6	6
				684,729	629,425

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company. Accordingly, the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At June 30, 2018, the Company had borrowing limits available from financial institutions at Rs 61,567 million (2017: Rs 59,200 million) and Rs 684 million (2017: Rs 629 million) in cash and bank balances. The Company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements.

The following are the contractual maturities of financial liabilities as at June 30, 2018:

	Carrying amount	Less than one year	One to five years	More than five years
Liabilities against assets subject to finance lease	54,447	15,960	38,487	–
Car Ijarah	68,101	15,784	52,317	–
Finances under mark-up arrangements				
- secured	49,874,599	49,874,599	–	–
Trade and other payables	49,469,427	49,469,427	–	–
Unclaimed dividend	662,289	662,289	–	–
	100,128,863	100,038,059	90,804	–

The following are the contractual maturities of financial liabilities as at June 30, 2017:

	Carrying amount	Less than one year (Rupees in thousand)	One to five years	More than five years
Current portion - Long term loan				
- unsecured	386,195	386,195	–	–
Liabilities against assets subject to finance lease	89,601	25,440	64,161	–
Finances under mark-up arrangements				
- secured	46,133,174	46,133,174	–	–
Trade and other payables	33,559,918	33,559,918	–	–
Unclaimed dividend	580,371	580,371	–	–
	80,749,259	80,685,098	64,161	–

40.2 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).

As of reporting date, there were no Level 1, 2 or 3 assets or liabilities during prior or current year.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended June 30, 2018

		Loans and receivables	
		2018	2017
		(Rupees in thousand)	
40.3	Financial instruments by categories		
	Financial assets as per statement of financial position		
	Long term loans and deposits	31,821	30,622
	Trade debts	115,472,114	89,987,164
	Loans, advances, deposits, prepayments and other receivables		
	Loans to employees - considered good	10,302	8,851
	Claims recoverable from WAPDA as pass through items:		
	- Workers' Welfare Fund	285,515	609,566
	- Workers' Profit Participation Fund	790,390	—
	Security deposits	3,682	7,041
	Insurance claim receivable	—	75,793
	Other receivables	5,042	6,922
	Cash and bank balances	684,955	629,718
		117,283,821	91,355,677

		Financial liabilities at amortized cost	
		2018	2017
		(Rupees in thousand)	
	Financial liabilities as per balance sheet		
	Long term loan - WAPDA	—	386,195
	Liabilities against assets subject to finance lease	54,447	89,601
	Finances under mark-up arrangements - secured	49,874,599	46,133,174
	Trade and other payables	49,469,427	33,559,918
	Unclaimed dividend	662,289	580,371
		100,060,762	80,749,259

40.4 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders through repurchase of shares, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio.

This ratio is calculated as debt divided by total capital. Debt is calculated as total borrowings including current and non-current borrowings. Total capital is calculated as 'equity' shown in the balance sheet plus debt. The gearing ratios as at year ended June 30, 2018 and June 30, 2017 are as follows:

		2018	2017
(Rupees in thousand)			
Total equity		35,092,888	32,503,209
Total debt		–	386,195
Total capital		35,092,888	32,889,404
Gearing ratio	Percentage	0%	1%

41 Number of employees

	At year end		Average	
	2018	2017	2018	2017
Head office	9	9	9	8
Plant	591	609	598	595
	600	618	607	603

42 Corresponding figures

The preparation and presentation of these financial statements for the year ended June 30, 2018 is in accordance with requirements in Companies Act, 2017. The fourth schedule to the Companies Act, 2017 has introduced certain presentation and classification requirements for the elements of financial statements. Accordingly, the corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of Companies Act, 2017. Following major reclassifications due to Companies Act, 2017 together with other changes have been made during the year:

Reclassified from	Reclassified to	Reason	(Rupees in thousand)
Trade and other payables	Unclaimed dividend (Presented on face of statement of financial position)	Companies Act, 2017	580,371
Accrued liabilities	Provident fund payable	Companies Act, 2017	11,487
Accrued liabilities	Credit supplies of raw material	For better presentation	83,413
Legal and professional charges	LDs arbitration cost	For better presentation	5,572

43 Date of authorisation for issue

These financial statements were approved and authorised for issue on September 05, 2018 by the Board of Directors of the Company.



Aftab Mahmood Butt
Chief Executive Officer



M. Mohtahsim Aftab
Chief Financial Officer



Owais Shahid
Director

CONSENT FOR VIDEO CONFERENCE FACILITY

Members can also avail video conference facility in {name of cities where facility can be provided keeping in view geographical dispersal of members}. In this regard please fill the following and submit to the attention of the Company Secretary at Company's Corporate Office at 5-B/3, Gulberg III, Lahore 54660 10 days before holding of the AGM.

If the Company receives consent from Members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of the Meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city.

The Company will intimate Members regarding venue of video conference facility at least 5 days before the date of the AGM along with complete information necessary to enable them to access such facility.

I/We, _____ of _____, being a member of Kot

Addu Power Company Limited, holder of _____ Ordinary Share(s) as per Register

Folio No. _____ hereby opt for video conference facility at _____ .

Signature of the Member



PROXY FORM

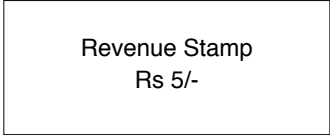
I/We _____ of _____
 being a Member _____ Member of Kot Addu Power Company Limited (the "Company")
 holding _____ shares hereby appoint _____ of _____
 who is also a Member of the Company, as my/our proxy to vote for me/us, and on my/our behalf at the 22nd Annual
 General Meeting of the Company to be held on Tuesday, October 23, 2018 at 10:00 am at Islamabad Serena
 Hotel and any adjournment thereof.

Signed this _____ day of _____ 2018

Folio No.	CDC Account No.
	Participant I.D. Account No.

Witnesses:

1. Signature _____
 Name: _____
 CNIC: _____
 Address: _____



2. Signature _____
 Name: _____
 CNIC: _____
 Address: _____

The Signature should agree with the
 Specimen signature registered with
 the Company

Note:

1. This Proxy, duly completed, signed and witnessed, must be deposited at the offices of the Company's Registrar, THK Associates (Private) Limited, First Floor, 40-C, Block-6, P.E.C.H.S. Karachi 75400, Pakistan. not later than forty-eight (48) hours before the time appointed for the Meeting.
2. No person shall act as proxy is not a Member of the Company (except that a corporation may appoint a person who is not a Member).
3. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a Member with Company's Registrar, all such instruments or proxies shall be regarded invalid.
4. The Proxy shall produce his/her original CNIC or original passport at the time of Meeting.
5. In case of individual CDC Account holders, attested copy of CNIC or passport (as the case may be of the beneficial owner will have to be provided with this Proxy).
6. In case of a corporate entity, the Board of Directors Resolution/Power of Attorney with specimen signature of the nominee shall be submitted alongwith the Proxy (unless it has been provided earlier).



THK Associates (Private) Limited
Registrar for: Kot Addu Power Company Limited
First Floor, 40-C, Block-6, P.E.C.H.S.
Karachi 75400, Pakistan
Tel: +92 (0)21 111 000 322
Fax: +92 (0)21 34168271

AFFIX
CORRECT
POSTAGE

پراکسی فارم

22 ویں سالانہ اجلاس عام
کوٹ اوپاڈاکر کمپنی لمیٹڈ

میں / ہم: _____ ولدیت: _____
کوٹ اوپاڈاکر کمپنی لمیٹڈ (فولیو نمبر / سی ڈی سی / اکاؤنٹ نمبر / شیئرز کا شمار) بذریعہ ہذا تقرر کرتا ہوں۔
ولدیت: _____ فولیو نمبر / سی ڈی سی اکاؤنٹ نمبر: _____ یا اس کی
ناکامی میں _____ ولدیت: _____
فولیو نمبر / سی ڈی سی اکاؤنٹ نمبر: _____ جو کہ میری / ہماری غیر موجودگی میں میرے / ہمارے پراکسی (نمائندے) کے طور پر کمپنی کی 22 ویں سالانہ
جنرل میٹنگ کی 23 اکتوبر 2018 بروز منگل دن 10:00 بجے بمقام سرینا ہوٹل اسلام آباد والی میٹنگ میں شرکت کرے گا اور میری / ہماری جگہ ووٹ استعمال کرے گا۔

ریونیو

مہر

میں بطور گواہ اس _____ دن _____ 2018

دستخط کمپنی کے پاس موجود نمونہ
کے دستخط کے مطابق ہونا چاہئے

دستخط منظور کنندہ: _____

گواہان:

1- دستخط _____ 2- دستخط _____
نام _____ نام _____
پتہ _____ پتہ _____
شناختی کارڈ / پاسپورٹ نمبر _____ شناختی کارڈ / پاسپورٹ نمبر _____

خصوصی ہدایت:

- 1- یہ پراکسی فارم باقاعدہ طور پر مکمل کر کے، دستخط اور مہر کے بعد میٹنگ کے انعقاد سے کم از کم 48 گھنٹے پہلے کمپنی کے شیئرز رجسٹرار کے دفتری ایچ کے ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، پہلی منزل، 40-C، پی۔ای۔سی۔ایچ۔ایس، کراچی پہنچ جانے چاہئیں۔
- 2- اگر ایک ممبر ایک سے زائد پراکسی (نامزدگی) یا پراکسی (نامزدگی) کے آلات مقرر کر کے کمپنی کے پاس جمع کرواتا ہے تو ایسے تمام پراکسی (نامزدگی) کے آلات کو غیر قانونی تصور کیا جائیگا۔

- 3- سی ڈی سی / شیئرز ہولڈر اپنی پراکسی (نمائندہ) مقرر کرنے کا مجاز ہے۔ اس پراکسی (نمائندہ) کو میٹنگ میں شرکت کے وقت اپنی اصلی کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی کاپی لازمی دکھانا ہوگی۔



AFFIX
CORRECT
POSTAGE

THK Associates (Private) Limited
Registrar for: Kot Addu Power Company Limited
First Floor, 40-C, Block-6, P.E.C.H.S.
Karachi 75400, Pakistan
Tel: +92 (0)21 111 000 322
Fax: +92 (0)21 34168271

www.jamapunji.pk

**Jama
Punji**

سرمایہ کاری سمجھداری کے ساتھ



**Be aware, Be alert,
Be safe**

Learn about investing at
www.jamapunji.pk

Key features:

- Licensed Entities Verification
- Scam meter*
- Jamapunji games*
- Tax credit calculator*
- Company Verification
- Insurance & Investment Checklist
- FAQs Answered
- Online Quizzes

- Stock trading simulator
(based on live feed from PSX)
- Knowledge center
- Risk profiler*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

jamapunji.pk

[@jamapunji_pk](https://twitter.com/jamapunji_pk)

*Mobile apps are also available for download for android and ios devices

Information and enquiries may be addressed to:

Mr. A. Anthony Rath
Company Secretary

Corporate Office:

Kot Addu Power Company Limited
5 B/3, Gulberg III, Lahore 54660, Pakistan

www.kapco.com.pk



Power Plant:

Kot Addu Power Complex
Kot Addu, District Muzaffargarh
Punjab, Pakistan

Corporate Office:

5 B/3, Gulberg III
Lahore 54660, Pakistan

Registered Office:

House No. 4, Street No. 54-A
F-7/4, Islamabad 44210, Pakistan

