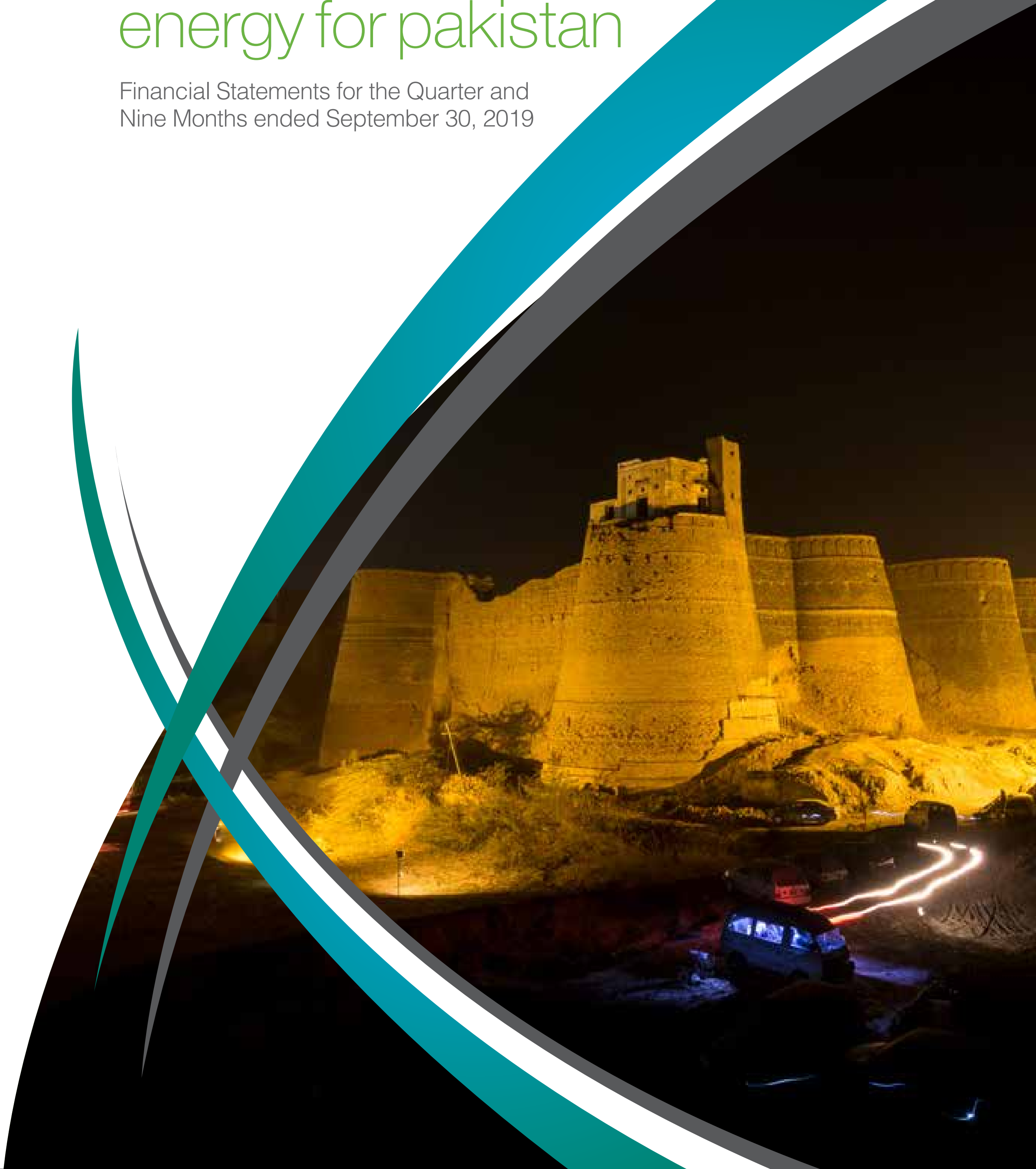
engro powergen qadirpur

energy for pakistan

Financial Statements for the Quarter and Nine Months ended September 30, 2019



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COMPANY INFORMATION

Board of Directors	Ahsan Zafar Syed - Chairman Shahab Qader - Chief Executive Officer Hasnain Moochhala Shabbir Hashmi Vaqar Zakaria Fauzia Viqar Kaiser Bengali
Board Audit Commitee	Kaiser Bengali - Chairperson Hasnain Moochhala Shabbir Hashmi
Company Secretary	Khawaja Haider Abbas
Chief Financial Officer	Rabia Wafah Khan
Corporate Audit Manager	Syed Zaib Zaman Shah
Bankers / Development Finance Institution (DFI)	Albaraka Bank Ltd. Allied Bank Ltd. Bank Alfalah Ltd. Faysal Bank Ltd. Habibsons Bank Ltd. London National Bank of Pakistan MCB Bank Ltd. Pak Kuwait Investment Company (Pvt) Ltd. Soneri Bank Ltd. The Bank of Punjab
Auditors	A.F. Ferguson & Co., Chartered Accountants State Life Building No. 1-C I.I. Chundrigar Road Karachi-74000, Pakistan Tel: +92 (21) 32426682-5 / 32426711-5 Fax: +92 (21) 32415007 / 32427938
Registered Office	16th Floor, The Harbor Front Building, HC-3, Marine Drive, Block 4, Clifton, Karachi-75600, Pakistan UAN: +92 (21) 111-211-211 PABX: +92 (21) 35297875-84
Plant	Engro Powergen Qadirpur Plant Site Deh Belo Sanghari Taluka, District Ghotki, Sindh
Share Registrar	FAMCO Associates (Private) Limited 8-F, Next to Hotel Faran, Nursery, Block 6, P.E.C.H.S., Shahra-e-Faisal, Karachi, Pakistan Tel: +92 (21) 34380101 - 5 Fax: +92 (21) 34380106
Website	www.engroenergy.com

engro powergen qadirpur

DIRECTORS' REVIEW AND CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

ENGRO POWERGEN QADIRPUR LIMITED
DIRECTORS' REVIEW TO THE SHAREHOLDERS
NINE MONTHS ENDED SEPTEMBER 30, 2019

The Directors of Engro Powergen Qadirpur Limited (EPQL) are pleased to present the unaudited financial information and a review of the Company's performance for the nine months ended September 30, 2019.

Operating Performance

The EPQL Plant demonstrated a billable availability factor of 100% in 9M 2019 compared to 99.8% in the same period last year. It dispatched a total Net Electrical Output (NEO) of 970 GwH to the national grid with a load factor of 69.6% compared to 83% in 9M 2018. The decline in load factor this year was primarily on account of lower demand and Gas curtailment due to depletion of Qadirpur Gas Field.

The Company maintained its high level of commitment towards Health, Safety & Environment (HSE) standards.

Financial Performance

Sales revenue for the period was PKR 10,835 Mn compared to PKR 8,407 Mn in the same period last year. The increase in sales revenue is mainly attributable to a higher USD indexation and higher gas price vs last year.

Gross profit for the period stood at PKR 2,794 Mn as compared to PKR 2,243 Mn in the same period last year. Net finance cost for the period stood at PKR 68 Mn in 9M 2019 vs PKR 165 Mn in 9M 2018. The decrease in net financing cost is on account of higher interest income earned on receivables from Power Purchaser on account of rising circular debt.

Overdue receivable from NTDC stood at an alarming level of PKR 9,580 Mn as on September 30, 2019 vs PKR 6,133 Mn as on December 31, 2018. Similarly, overdue payable to SNGPL on September 30, 2019 was PKR 6,625 Mn vs PKR 3,605 Mn as on December 31, 2018. The Company is putting its most effort to manage liquidity in the ongoing scenario.

The Company earned a net profit of PKR 2,610 Mn in 9M, 2019 as compared to PKR 1,923 Mn in 9M 2018. Earnings per share were PKR 8.06 vs PKR 5.94 when compared to the same period last year.

Near Term Outlook

As envisaged in the Implementation Agreement' EPQL is facing gas curtailment from Qadirpur gas field and has made its Plant available on mixed mode i.e. comingling of gas and HSD from September 7, 2018 onwards. To cater to further gas curtailment, EPQL has formally kick started the process of finding a long-term alternate fuel option by engaging PPIB and other stakeholders. The management has held discussions with Gas suppliers to arrange a viable alternate fuel source and will soon present its proposal to the PPIB for finalization.

Shahab Qader
Chief Executive Officer

Ahsan Zafar Syed
Chairman

Karachi: October 16, 2019

(Amounts in thousand)

ENGRO POWERGEN QADIRPUR LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2019

	Note	Unaudited September 30, 2019	Audited December 31, 2018
		Rupees	
ASSETS			
Non-current assets			
Property, plant and equipment	4	13,515,520	13,664,179
Intangible assets		71,406	70,945
Long term loans and advances		53,708	100,057
Long term deposits		2,574	2,574
		13,643,208	13,837,755
Current assets			
Inventories		884,899	895,149
Trade debts	5	10,488,493	7,421,800
Contract asset		122,265	179,905
Short term investment	6	49,963	50,004
Loans, advances, deposits and prepayments		159,400	130,540
Other receivables		2,466,910	1,581,560
Taxes recoverable		65,022	64,152
Balances with banks	7	31,274	12,740
		14,268,226	10,335,850
TOTAL ASSETS		27,911,434	24,173,605
EQUITY AND LIABILITIES			
Equity			
Share capital		3,238,000	3,238,000
Share premium		80,777	80,777
Maintenance reserve		227,182	227,182
Hedging reserve		13,546	14,199
Unappropriated profit		10,097,198	7,972,617
Total Equity		13,656,703	11,532,775
LIABILITIES			
Non-current liability			
Borrowings	8	-	758,568
Current liabilities			
Trade and other payables		8,361,225	5,241,411
Unclaimed dividend		23,553	23,933
Accrued interest / mark-up		154,254	53,892
Short term borrowings	9	2,758,464	3,758,495
Dividend payable		485,700	-
Current portion of long term borrowings	8	2,471,535	2,804,531
		14,254,731	11,882,262
Total Liabilities		14,254,731	12,640,830
Contingencies and Commitments	10		
TOTAL EQUITY AND LIABILITIES		27,911,434	24,173,605

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

Rabia Wafah Khan	**Shahab Qader**	**Ahsan Zafar Syed**
Chief Financial Officer	Chief Executive Officer	Chairman

(Amounts in thousand except for earnings per share)

ENGRO POWERGEN QADIRPUR LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

		Quarter ended		Nine months ended	
		September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
	Note	Rupees			
Sales	11	3,601,656	2,374,508	10,835,384	8,406,930
Cost of sales		(2,877,167)	(1,937,002)	(8,041,438)	(6,164,260)
Gross profit		724,489	437,506	2,793,946	2,242,670
Administrative expenses		(24,330)	(22,555)	(60,549)	(89,099)
Other expenses		(13,272)	(25,314)	(105,888)	(65,830)
Other income		52,272	291	53,721	1,420
Profit from operations		739,159	389,928	2,681,230	2,089,161
Finance cost		3,735	(55,621)	(68,287)	(165,030)
Workers' profits participation fund and Workers' welfare fund	12	-	-	-	-
Profit before taxation		742,894	334,307	2,612,943	1,924,131
Taxation		-	(82)	(2,662)	(272)
Profit for the period		742,894	334,225	2,610,281	1,923,859
Earnings per share - basic and diluted	13	2.29	1.03	8.06	5.94

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

Rabia Wafah Khan	**Shahab Qader**	**Ahsan Zafar Syed**
Chief Financial Officer	Chief Executive Officer	Chairman

(Amounts in thousand)

ENGRO POWERGEN QADIRPUR LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

	Quarter ended		Nine months ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
	Rupees			
Profit for the period	742,894	334,225	2,610,281	1,923,859
Other comprehensive income / (loss) :				
Item that may be reclassified subsequently to profit or loss:				
Hedging reserve - gain for the period	-	-	-	64,679
Less: Reclassified to profit or loss	(220)	(221)	(653)	(653)
	(220)	(221)	(653)	64,026
Total comprehensive income for the period	742,674	334,004	2,609,628	1,987,885

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

Rabia Wafah Khan
Chief Financial Officer

Shahab Qader
Chief Executive Officer

Ahsan Zafar Syed
Chairman

(Amounts in thousand)

ENGRO POWERGEN QADIRPUR LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

		Reserves				
		Capital		Revenue		
	Share capital	Share premium	Maintenance reserve	Unappropriated profit	Hedging reserve	Total
	Rupees					
Balance as at January 1, 2018 (Audited)	3,238,000	80,777	227,182	6,316,404	(49,606)	9,812,757
Total comprehensive income for the nine months ended September 30, 2018	-	-	-	1,923,859	64,026	1,987,885
Transactions with owners						
Final dividend for the year ended December 31, 2017 @ Rs. 1.50 per share	-	-	-	(485,700)	-	(485,700)
1st interim dividend for the year ended December 31, 2018 @ Rs. 1.50 per share	-	-	-	(485,700)	-	(485,700)
Balance as at September 30, 2018 (Unaudited)	3,238,000	80,777	227,182	7,268,863	14,420	10,829,242
Total comprehensive income for the three months ended December 31, 2018	-	-	-	703,754	(221)	703,533
Balance as at December 31, 2018 (Audited)	3,238,000	80,777	227,182	7,972,617	14,199	11,532,775
Total comprehensive income for the nine months ended September 30, 2019	-	-	-	2,610,281	(653)	2,609,628
1st interim dividend for the year ended December 31, 2019 @ Rs. 1.50 per share	-	-	-	(485,700)	-	(485,700)
Balance as at September 30, 2019 (Unaudited)	3,238,000	80,777	227,182	10,097,198	13,546	13,656,703

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

Rabia Wafah Khan	Shahab Qader	Ahsan Zafar Syed
Chief Financial Officer	Chief Executive Officer	Chairman

(Amounts in thousand)

ENGRO POWERGEN QADIRPUR LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

	Note	Nine months ended September 30, 2019	Nine months ended September 30, 2018
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	14	2,833,881	3,164,164
Taxes paid		(3,532)	(1,450)
Finance income received		10,935	939
Long term loans, advances and deposits - net		70,283	(46,963)
Net cash generated from operating activities		2,911,567	3,116,691
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(22,947)	(137,739)
Purchase of intangible assets		(21,673)	-
Investment made during the period		(49,963)	-
Net cash utilised in investing activities		(94,583)	(137,739)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of long term borrowing		(1,511,359)	(1,040,218)
Finance cost paid		(336,684)	(266,521)
Dividends paid		(380)	(482,148)
Net cash utilised in financing activities		(1,848,423)	(1,788,887)
Net (decrease) / increase in cash and cash equivalents		968,561	1,190,065
Cash and cash equivalents at beginning of the period		(3,695,751)	(3,151,263)
Cash and cash equivalents at end of the period	15	(2,727,190)	(1,961,198)

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

Rabia Wafah Khan	**Shahab Qader**	**Ahsan Zafar Syed**
Chief Financial Officer	Chief Executive Officer	Chairman

1. LEGAL STATUS AND OPERATIONS

1.1 Engro Powergen Qadirpur Limited (the Company), is a public listed company, incorporated in Pakistan, under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017), and its shares are quoted on the Pakistan Stock Exchange Limited. The Company is a subsidiary of Engro Energy Limited, which is a wholly owned subsidiary of Engro Corporation Limited. Engro Corporation Limited is a subsidiary of Dawood Hercules Corporation Limited (the Ultimate Parent Company).The Company's registered office is located at 16th floor, Harbour Front Building, Plot Number HC-3, Marine Drive, Block 4, Scheme No. 5, Clifton, Karachi.

1.2 The Company was established with the primary objective to undertake the business of power generation and sale. The Company owns a 217.3 MW combined cycle power plant located in District of Ghotki, Sindh and commenced commercial operations therefrom on March 27, 2010. The electricity generated is transmitted to the National Transmission and Despatch Company (NTDC) under the Power Purchase Agreement (PPA) dated October 26, 2007. This PPA is for a period of 25 years.

2. BASIS OF PREPARATION

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

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

- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements do not include all the information required for annual financial statements and therefore should be read in conjunction with the audited annual financial statements of the Company for the year ended December 31, 2018.

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

During preparation of these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty are the same as those that were applied to the financial statements for the year ended December 31, 2018, except for the following:

2.2 **Initial application of standards, amendments or an interpretation to existing standards.**

(a) Standards, interpretations and amendments to published approved accounting and reporting standards that became effective during the period

The following accounting standards became effective for the first time for the nine months ended September 30, 2019 and are relevant to the Company.

IFRS 9 'Financial instruments' (effective for reporting periods ending on or after June 30, 2019)

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities and replaces the related guidance in IAS 39 that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. It retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair Value through Profit or Loss (FVPL). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI, not recycling.

The standard also includes an expected credit losses (ECL) model that replaces the current incurred loss impairment model. The ECL model involves a three-stage approach whereby financial assets move through the three stages as their credit quality changes. The stage dictates how an entity measures impairment losses and applies the effective interest rate method. A simplified approach is permitted for financial assets that do not have a significant financing component (e.g. trade receivables). On initial recognition, entities will record a day-1 loss equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired.

For financial liabilities, there are no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss.

IFRS 9 also relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes.

The adoption of IFRS 9 from January 1, 2019 by the Company has resulted in change in accounting policies. There is no retrospective impact of the application of this standard on the financial statements of the Company.

(Amounts in thousand)

Furtermore, on January 1, 2019, the management has assessed which business models apply to the financial assets held by the Company and has classified its financial instruments into the appropriate IFRS 9 categories. The main effects resulting from the reclassification as at that date are as follows:

	Classfication & Measurement category		Carrying amount	
	Original	New	Original	New
	IAS 39	IFRS 9	Rupees	
Non-current financial assets				
Long term loans and advances	Loans and Receivables	Amortized Cost	100,057	100,057
Long term deposits	Loans and Receivables	Amortized Cost	2,574	2,574
Current financial assets				
Trade debts	Loans and Receivables	Amortized Cost	7,421,800	7,421,800
Contract asset	Loans and Receivables	Amortized Cost	179,905	179,905
Short term investment	Held to Maturity	Amortized Cost	50,004	50,004
Loans to employees	Loans and Receivables	Amortized Cost	41,053	41,053
Other receivables	Loans and Receivables	Amortized Cost	1,581,560	1,581,560
Balances with banks	Loans and Receivables	Amortized Cost	12,740	12,740
Current financial liabilities				
Borrowings	Amortized Cost	Amortized Cost	6,563,026	6,563,026
Trade and other payables	Amortized Cost	Amortized Cost	4,790,300	4,790,300
Unclaimed dividend	Amortized Cost	Amortized Cost	23,933	23,933
Accrued interest / mark-up	Amortized Cost	Amortized Cost	53,892	53,892

During the period, the SECP through its SRO 985 (I) / 2019 dated September 2, 2019 has granted exemption of the said standard uptil June 30, 2021 to the Companies holding financial assets from the Government of Pakistan. Accordingly, the standard has no impact on the condensed interim financial information.

IFRS 15 'Revenue from contracts with customers' (effective from accounting period beginning on or after July 1, 2018)

This standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations.

The Company is engaged in the business of power generation and sale. Sales to National Transmission and Despatch Company (NTDC), the sole customer of the Company, are governed by the Power Purchase Agreement. The Company has assessed that the performance obligations in the contract with the customer are the following:

- Making Capacity available to NTDC; and
- Delivering Net Electrical Output (NEO) to NTDC.

The Company has concluded that the impact of this standard is not material on the condensed interim financial statements.

IFRS 16 'Leases' (effective for accounting periods beginning on or after January 1, 2019)

This standard replaces the existing guidance on accounting for leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an arrangement contains a Lease', SIC-15 'Operating Leases Incentive and SIC-27 'Evaluating the substance of transactions involving the legal form of a Lease'. IFRS 16 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right-of-use of the underlying asset and a lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases.

The SECP through its S.R.O. 986 (I)/2019 dated September 2, 2019 extended its exemption from requirements of IFRS 16 to all companies that have executed their power purchase agreements before January 1, 2019. Accordingly, the Company has prepared these condensed interim financial statements consistent with prior years. Apart from the above, the adoption of IFRS 16 does not have any significant impact on the condensed interim financial statements of the Company during the current period.

3. ACCOUNTING POLICIES

3.1 The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual financial statements for the year ended December 31, 2018, except for the following:

3.1.1 Revenue Recognition

The Company recognises revenue when the following performance obligations are satisfied:

- Capacity revenue is recognised based on the capacity made available to NTDC; and
- Energy revenue is recognised based on the Net Electrical Output (NEO) delivered to NTDC.

Capacity and Energy revenue is recognised based on the rates determined under the mechanism laid down in the PPA.

3.1.2 Trade debts and other receivables

Trade debts and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Company holds the trade debts and other receivables with the objective to collect contractual cash flows and, therefore, measures them subsequently at amortised cost using effective interest method. Provision for impairment is recognized for lifetime expected credit losses under the simplified model for trade debts, excluding receivables from the Government of Pakistan as mentioned in note 2.2 of these condensed interim financial statements. For all other receivables, expected credit losses are recognised based on 12 month expected credit losses, and the receivables are assesed for significant increase in credit risk, in the event of which life time expected credit losses are recognised.

The amount of the provision is charged to the statement of profit or loss and other comprehensive income. Trade debts and other receivables considered irrecoverable are written-off.

3.1.3 Leases

The Company recognised leases as a right-of-use asset and corresponding liability at the date at which the leased asset is available for use by the Company, except for the assets under the Power Purchase Agreement (PPA) which are exempted from the applicability of this standard as explained in note 2.2. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constance period rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight line basis.

(Amounts in thousand)

3.2 Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

	Unaudited September 30, 2019	Audited December 31, 2018
	Rupees	
4. PROPERTY, PLANT AND EQUIPMENT		
Operating assets, at net book value (notes 4.1 and 4.2)	13,175,718	13,322,804
Capital work-in-progress	50,272	34,601
Capital spares	289,530	306,774
	13,515,520	13,664,179

4.1 Major additions to operating assets during the period / year were as follows:

	Rate of depreciation (%)	Unaudited September 30, 2019	Audited December 31, 2018
		Rupees	
Plant & machinery - including capitalisation of exchange loss	4 - 16	449,308	1,134,280
Freehold land	-	-	26,938
Buildings & civil works	2.5 - 8	3,160	63,010
Furniture, fixtures and equipment	15 - 25	184	19,264
		452,652	1,243,492

4.2 During the period, assets costing Nil (December 31, 2018: Rs. 5,612), having net book value of Nil (December 31, 2018: Rs. 4,856) were written-off.

	Unaudited September 30, 2019	Audited December 31, 2018
	Rupees	
5. TRADE DEBTS - Secured		
Considered good	10,488,493	7,421,800

5.1 Trade debts, including delayed payment charges, are secured by a guarantee from the Government of Pakistan under the Implementation Agreement and as such are considered good.

(Amounts in thousand)

5.2 Trade debts include:

- Rs. 2,373,249 (December 31, 2018: Rs. 2,636,879) which is neither past due nor impaired; and
- Rs. 8,115,244 (December 31, 2018: Rs. 4,784,921) which is overdue but not impaired. The overdue receivables carry mark-up at the rate of KIBOR plus 4.5% per annum. The ageing of overdue receivables is as follows:

	Unaudited September 30, 2019	Audited December 31, 2018
	Rupees	
- Upto 3 months	2,824,941	2,649,792
- 3 to 6 months	5,290,303	2,135,129
	8,115,244	4,784,921

6. SHORT TERM INVESTMENT

- Amortised cost

Investments have been made in conventional Treasury Bills. The rate of mark-up on this investment is 13.60% (December 31, 2018: 10.28%) per annum.

	Unaudited September 30, 2019	Audited December 31, 2018
	Rupees	
7. BALANCES WITH BANKS		
Current accounts:		
- Local currency	2,511	2,357
Deposit accounts:		
- Foreign currency (note 7.1)	4,302	3,757
- Local currency (note 7.2)	24,461	6,626
	31,274	12,740

7.1 Foreign currency deposits carry return at the rate of 0.1% (December 31, 2018: 0.1%) per annum.

7.2 Local currency deposits carry return at the rate of 11.25% (December 31, 2018: 8%) per annum.

7.3 The Company maintains its bank balances under the conventional banking terms only.

(Amounts in thousand)

	Unaudited September 30, 2019	Audited December 31, 2018
	Rupees	
8. BORROWINGS - Secured		
Long term borrowings	2,471,535	3,563,099
Less: Current portion shown under current liabilities	2,471,535	2,804,531
	-	758,568

8.1 The Company entered into a financing agreement with a consortium comprising of international financial institutions amounting to USD 144,000. The finance carries markup at the rate of six months LIBOR plus 3% payable semi-annually over a period of twelve years. The principal is repayable in twenty semi-annual instalments commencing from December 15, 2010. As at September 30, 2019, the outstanding balance of the borrowing was USD 15,849 (December 31, 2018: USD 25,722).

The borrowing is secured by an equitable mortgage on the immovable property and the hypothecation of current and future assets of the Company, except receivables from NTDC in respect of Energy Purchase Price. Further, the Company has also extended a letter of credit in favour of the senior lenders, as referred to in note 10.

9. SHORT TERM BORROWINGS

The available facilities under these mark-up arrangements aggregate to Rs. 5,000,000 (December 31, 2018: Rs. 4,500,000). The facilities carry mark-up at the rate of 3 - 6 month KIBOR plus 0.0% - 0.5% (December 31, 2018: 3 - 6 month KIBOR plus 0.0% - 0.5%). The facilities are secured by (i) lien over Energy Purchase Price (EPP) account and charge over present and future receivables from the Power Purchaser in respect of EPP; and (ii) first charge over current assets of the Company and subordinated charge over present and future plant, machinery, equipment and other movable assets and immovable properties of the Company. The use of these facilities are restricted for payments of operations and maintenance cost of the power plant and payments to fuel suppliers against purchase of fuel.

	Unaudited September 30, 2019	Audited December 31, 2018
	Rupees	
10. CONTINGENCIES AND COMMITMENTS		
10.1 Contingent liabilities - Guarantee in favour of Sui Northern Gas Pipelines Limited in accordance with the terms of Gas Supply Agreement (GSA)	2,496,126	2,496,126
10.2 Commitments in respect of :		
- letter of credit in favour of senior lenders (note 8.1)	1,255,379	1,115,804
- others	30,672	148,105
	1,286,051	1,263,909

(Amounts in thousand except for earnings per share)

	Unaudited Quarter ended		Unaudited Nine months ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
	Rupees			
11. SALES				
Capacity purchase price	944,104	732,610	3,691,568	3,053,050
Energy purchase price (note 11.1)	2,657,552	1,641,898	7,143,816	5,353,880
	3,601,656	2,374,508	10,835,384	8,406,930

11.1 Energy purchase price is net of sales tax of Rs. 1,216,352 (2018: Rs. 910,160) for current period's sales invoices.

	Unaudited Quarter ended		Unaudited Nine months ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
	Rupees			
12. WORKERS' PROFITS PARTICIPATION FUND AND WORKERS' WELFARE FUND				
Provision for				
- Workers' profits participation fund	37,145	16,716	130,647	96,207
- Workers' welfare fund	-	-	-	-
	37,145	16,716	130,647	96,207
Less:				
Recoverable from CPPA	(37,145)	(16,716)	(130,647)	(96,207)
	-	-	-	-

13. EARNINGS PER SHARE

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

	Unaudited Quarter ended		Unaudited Nine months ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
	Rupees			
Profit for the period	742,894	334,225	2,610,281	1,923,859
	Number of shares			
Weighted average number of ordinary shares (in thousand)	323,800	323,800	323,800	323,800
	Rupees			
Earnings per share - basic and diluted	2.29	1.03	8.06	5.94

(Amounts in thousand)

		Unaudited Nine months ended September 30, 2019	Unaudited Nine months ended September 30, 2018
		Rupees	
14.	**CASH GENERATED FROM OPERATIONS**		
	Profit before taxation	2,612,943	1,924,131
	Adjustment for non-cash charges and other items:		
	- Depreciation	599,026	564,339
	- Amortisation	7,495	7,363
	- Provisions	27,585	70,750
	- Write-off of property, plant and equipment	-	4,856
	- Reclassification of cash flow hedge to profit or loss	(653)	(653)
	- Amortisation of transaction cost	6,092	6,091
	- Finance income	(10,935)	(939)
	- Finance cost	437,046	324,034
	Working capital changes (note 14.1)	(844,718)	264,192
		2,833,881	3,164,164
14.1	**Working capital changes**		
	Decrease / (Increase) in current assets:		
	Inventories	10,250	(3,073)
	Trade debts and contract asset	(3,009,053)	(265,025)
	Other receivables	(885,350)	(395,883)
	Loans, advances, deposits and prepayments	(52,794)	(76,966)
		(3,936,947)	(740,947)
	(Decrease) / Increase in current liabilities:		
	Trade and other payables	3,092,229	1,005,139
		(844,718)	264,192
15.	**CASH AND CASH EQUIVALENTS**		
	Balances with banks	31,274	24,343
	Short term borrowings	(2,758,464)	(2,035,129)
	Short term investments	-	49,588
		(2,727,190)	(1,961,198)

16. FINANCIAL MANAGEMENT AND FINANCIAL INSTRUMENTS

16.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

There have been no changes in the risk management policies during the period, consequently these condensed interim financial statements do not include all the financial risk management information and disclosures required in the annual financial statements.

(Amounts in thousand)

16.2 **Fair value estimation**

The carrying value of all financial assets and liabilities reflected in these condensed interim financial statements approximate their fair values.

17. TRANSACTIONS WITH RELATED PARTIES

Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these condensed interim financial statements, are as follows:

		Unaudited	
		Nine months ended	
		September 30, 2019	September 30, 2018
		Rupees	
Nature of relationship	**Nature of transactions**		
Holding Company	Purchase of services	112,362	122,504
	Services rendered	33,660	17,269
	Contribution for Corporate Social Responsibility (CSR) activities	8,325	3,608
	Dividend paid	-	334,575
Associated undertakings	Purchase of services	4,956	53,706
	Services rendered	288,411	28,324
	Contribution for CSR activities	6,000	5,000
	Operation and maintenance fee	798,080	-
Key management personnel	Managerial remuneration, including bonuses	15,058	28,532
	Contribution / Charge for retirement benefit schemes	957	2,300
Staff retirement benefits	Managed and operated by Engro Corporation Limited		
	- Gratuity fund	6,817	10,280
	- Provident fund	18,926	31,969
	- Pension fund	-	749

(Amounts in thousand)

18. CORRESPONDING FIGURES

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

Corresponding figures have been rearranged and reclassified for better presentation, wherever considered necessary. Following major reclassification has been made during the period:

Description	Reclassified		Amount
	From	To	(Rupees)
Legal and professional services	Cost of sales	Other expenses	20,889
Legal and professional services	Administrative expenses	Other expenses	27,850
Contributions for corporate social responsibility	Administrative expenses	Other expenses	11,828
Trade debts	Trade debts	Contract asset	179,905
Other receivable	Loans, advances, deposits, prepayments and other receivable	Other receivable	1,581,560

19. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on October 16, 2019 by the Board of Directors of the Company.

Rabia Wafah Khan
Chief Financial Officer

Shahab Qader
Chief Executive Officer

Ahsan Zafar Syed
Chairman

مستقبل قریب کا منظر نامہ

امپلیمنٹیشن ایگریمنٹ کے مطابق ای پی کیو ایل کو اب قادر پور گیس فیلڈ میں گیس ختم ہونے کے باعث گیس کی کمی کا سامنا کرنا پڑ رہا ہے اور اس کا پلانٹ مکس موڈ پر دستیاب ہے یعنی 7 ستمبر 2018 سے گیس اور HSD کی ملاوٹ کے بعد سے۔ گیس کی مزید کمی کو پورا کرنے کیلئے PPIB اور دیگر اسٹیک ہولڈرز کی شمولیت سے طویل مدتی متبادل ایندھن تلاش کرنے کیلئے کام کا باقاعدہ آغاز کر دیا ہے۔ انتظامیہ نے گیس سپلائی کرنے والوں کے ساتھ متبادل کے طور پر ایک قابلِ عمل ذریعے پر تبادلہء خیال کیا اور جلد ہی اسے حتمی شکل دینے کیلئے PPIB کو منصوبہ پیش کرے گی۔

احسان ظفر سید
ڈائریکٹر

شہاب قادر
چیف ایگزیکٹو آفیسر

16 اکتوبر 2019

اینگرو پاورجین قادر پور لمیٹڈ

حصص یافتگان کیلئے ڈائریکٹرز کا تجزیہ

30 ستمبر 2019 کو ختم ہونے والی نو ماہی کیلئے

اینگرو پاورجین قادر پور لمیٹڈ (EPQL) کے ڈائریکٹرز انتہائی مسرت کے ساتھ غیر آڈٹ شدہ مالیاتی معلومات اور 30 ستمبر 2019 کو ختم ہونے والی نو ماہی کیلئے کمپنی کی کارکردگی کا جائزہ پیش کرتے ہیں۔

آپریٹنگ کارکردگی

ای پی کیو ایل نے 2019 کی نو ماہی میں اہم عناصر کی 100 فیصد دستیابی ممکن بنائی جو کہ گزشتہ سال کی اسی مدت میں 99.8 فیصد تھی۔ اس کے ذریعے 69.6 فیصد کے لوڈ فیکٹر کے ساتھ 970 گیگا واٹ فی گھنٹہ کا مجموعی نیٹ الیکٹریکل آؤٹ پُٹ (NEO) قومی گرڈ کو دیا گیا، جو کہ 2018 کی نو ماہی میں 83 فیصد تھا۔ اس سال لوڈ فیکٹر میں کمی بجلی کے مطالبہ میں کمی اور قادر پور گیس فیلڈ میں گیس کی قلت کے باعث تھی۔

کمپنی نے صحت، تحفظ اور ماحول (HSE) کے اعلیٰ معیار کو برقرار رکھا۔

مالیاتی کارکردگی

اس مدت کیلئے فروخت کی آمدن 10,835 ملین پاکستانی روپے تھی جو گزشتہ سال اسی مدت میں 8,407 ملین پاکستانی روپے تھی۔ فروخت کی آمدنی میں اضافہ بنیادی طور پر گزشتہ سال کے مقابلے میں امریکی ڈالر کی قیمت میں اضافے اور گیس کی قیمت میں اضافے کی وجہ سے ہے۔

مجموعی منافع 2,794 ملین پاکستانی روپے رہا جو کہ گزشتہ سال اسی مدت میں 2,243 ملین پاکستانی روپے تھا۔ 2019 کی نو ماہ کی مدت کیلئے مجموعی مالیاتی اخراجات 68 ملین پاکستانی روپے ہے جو کہ 2018 کی نو ماہی میں 165 ملین پاکستانی روپے تھی۔ مجموعی مالیاتی اخراجات میں کمی گردشی قرضے کی وجہ سے پاور پرچیزر سے وصول شدہ آمدنی پر حاصل ہونے والی زیادہ سودی آمدنی کے باعث ہے۔

30 ستمبر 2019 کو NTDC سے واجب الادا رقم 9,580 ملین پاکستانی روپے ہے جو کہ 31 دسمبر 2018 کو 6,133 ملین پاکستانی روپے تھی۔ اسی طرح 30 ستمبر 2019 کو SNGPL کو واجب الادا رقم 6,625 ملین پاکستانی روپے تھی، جو 31 دسمبر 2018 کو 3,605 ملین پاکستانی روپے تھی۔ کمپنی موجودہ صورتحال میں لیکویڈیٹی مینیج کرنے کی پوری کوشش کر رہی ہے۔

کمپنی نے 2019 کی نو ماہی میں 2,610 ملین پاکستانی روپے کا مجموعی منافع کمایا جو 2018 کی نو ماہی میں 1,923 ملین پاکستانی روپے تھا۔ گزشتہ سال کی اسی مدت کے مقابلے میں فی حصص آمدنی 8.06 پاکستانی روپے تھی جو کہ گزشتہ سال 5.94 پاکستانی روپے تھی۔

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