Yunus Energy Limited

Financial Statements
For the year ended June 30, 2018

YUNUS ENERGY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

	Note	2018	2017
		Rupees	
ASSETS			
Non-current assets			
Property, plant and equipment	4	**10,296,638,807**	10,691,524,376
Current assets			
Debtor - secured - considered good		**1,418,554,375**	941,794,663
Prepayments		**15,773,053**	12,643,561
Advances		**18,313,814**	16,929,259
Other receivables	5	**332,979,182**	167,684,233
Tax refundable	6	**14,324,573**	31,474,412
Cash and bank balances	7	**295,489,519**	974,340,433
		2,095,434,516	2,144,866,561
TOTAL ASSETS		12,392,073,323	12,836,390,937
EQUITY AND LIABILITIES			
EQUITY			
Issued, subscribed and paid-up capital	8	**3,057,625,000**	3,057,625,000
Accumulated profit / (loss)		**1,061,693,443**	542,717,005
		4,119,318,443	3,600,342,005
LIABILITIES			
Non current liabilities			
Loan from financial institutions	9	**7,189,907,184**	7,785,348,235
Liability against land lease	10	**45,936,000**	34,800,000
Staff gratuity	11	**12,411,000**	7,754,000
		7,248,254,184	7,827,902,235
Current liabilities			
Current portion of loan from financial institutions		**648,110,531**	632,724,051
Current portion of liability against land lease		**1,392,000**	13,920,000
Accrued and other payables	12	**340,394,688**	747,349,813
Provision for taxation		**34,603,477**	14,152,833
		1,024,500,696	1,408,146,697
CONTINGENCIES AND COMMITMENTS	13		
TOTAL EQUITY AND LIABILITIES		12,392,073,323	12,836,390,937

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

R/A

Chief Executive Officer **Director**

YUNUS ENERGY LIMITED
STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018	2017
		——— Rupees ———	
Sale of electricity - Net	14	2,601,285,233	1,865,024,618
Cost of generation	15	(610,625,034)	(448,850,661)
Gross profit		1,990,660,199	1,416,173,957
Administrative expenses	16	(96,949,237)	(71,748,453)
Finance costs	17	(791,425,607)	(655,884,840)
Other expenses		(11,672,658)	-
		1,090,612,697	688,540,664
Other income	18	135,740,839	45,654,301
Workers' Profit Participation Fund	19	-	-
Profit / (loss) before taxation		1,226,353,536	734,194,965
Taxation	20	(20,450,644)	(14,152,833)
Profit for the year after taxation		1,205,902,892	720,042,132

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

Chief Executive Officer **Director**

YUNUS ENERGY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
	Rupees	
Profit for the year after taxation	**1,205,902,892**	720,042,132
Other comprehensive income		
Item not to be re-classified to profit and loss account in subsequent period		
Gain on remeasurement of defined benefit plan for the year	**1,039,171**	-
Total comprehensive income for the year	**1,206,942,063**	720,042,132

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

Chief Executive Officer **Director**

YUNUS ENERGY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2018

	Issued, subscribed and paid up capital	Accumulated profit / (loss)	Total
	----------	Rupees ----------	
Balance at July 01, 2016	3,057,625,000	(177,325,127)	2,880,299,873
Profit for the year after taxation	-	720,042,132	720,042,132
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	720,042,132	720,042,132
Balance at June 30, 2017	3,057,625,000	542,717,005	3,600,342,005
Profit for the year after taxation	-	**1,205,902,892**	**1,205,902,892**
Other comprehensive income	-	**1,039,171**	**1,039,171**
Total comprehensive income for the year	-	**1,206,942,063**	**1,206,942,063**
Interim dividend paid	-	**(687,965,625)**	**(687,965,625)**
Balance at June 30, 2018	**3,057,625,000**	**1,061,693,443**	**4,119,318,443**

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

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Chief Executive Officer **Director**

YUNUS ENERGY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
	Rupees	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year before taxation	1,226,353,536	734,194,965
Adjustments for		
Depreciation	404,842,665	337,942,029
Finance costs	777,107,427	641,566,660
Amortization of debt arrangement fee	14,318,180	14,318,180
Gain on disposal of fixed assets	-	(689,346)
Provision for staff gratuity	5,721,171	2,396,612
Provision for leave encashment	4,535,173	2,474,665
Operating profit before working capital changes	2,432,878,152	1,732,203,765
(Increase) / decrease in current assets		
Debtor	(476,759,712)	(941,794,663)
Prepayments	(3,129,492)	(12,643,561)
Advances	(1,384,555)	(16,929,259)
Other receivables	(165,294,949)	(44,767,565)
Decrease in current liabilities		
Accrued and other payables	(406,955,125)	(80,000,619)
	1,379,354,319	636,068,098
Tax refunded	17,149,839	90,861,613
Taxes paid	-	(2,678,418)
Gratuity paid	(25,000)	(498,675)
Leave encashment paid	(4,535,173)	(756,836)
Finance costs paid	(777,107,427)	(815,893,114)
Net cash generated from / (used in) operating activities	614,836,558	(92,897,332)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to operating fixed assets / capital work in progress - net	(9,957,096)	(24,429,761)
Sale proceeds from disposal of fixed assets	-	1,494,000
Advance to contractors	-	8,086,405
Net cash used in investing activities	(9,957,096)	(14,849,356)

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	2018	2017
	——— Rupees ———	
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Liability against land lease	(1,392,000)	-
Loan (repaid) / obtained from financial institutions	(594,372,751)	1,030,232,058
Dividend paid	(687,965,625)	-
Net cash (used in) / generated from financing activities	(1,283,730,376)	1,030,232,058
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(678,850,914)	922,485,370
Cash and cash equivalents at beginning of the year	974,340,433	51,855,063
Cash and cash equivalents at end of the year	295,489,519	974,340,433

CHANGES ARISING FROM FINANCING ACTIVITIES

	2017	Financing cash inflows	Financing cash outflows	Non-cash changes	2018
	———	———	Rupees	———	———
Liability against land lease	48,720,000	-	(1,392,000)	-	47,328,000
Loan from financial institutions	8,418,072,286	-	(594,372,751)	14,318,180	7,838,017,715
Dividend payable	-	-	(687,965,625)	687,965,625	-

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

Chief Executive Officer **Director**

YUNUS ENERGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 Yunus Energy Limited (the Company) was incorporated on May 11, 2011 as a public unlisted company limited by shares under the provisions of the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The plant is located approximately 80 KM east of Karachi at Deh Kohistan, Taluka Jhimpir, District Thatta Sindh Province, Pakistan. The registered office of the Company is situated at 7-A, Muhammad Ali Housing Society, Abdul Aziz Haji Hashim Tabba Street, Karachi, in the province of Sindh. The Company is engaged in the generation of electricity and the supply of electric power to national grid.

1.2 The Reliability Run Test (RRT) of the plant was successfully completed on September 15, 2016 and the Company has achieved Commercial Operation Date (COD) on September 16, 2016.

2. BASIS OF PREPARATION

2.1 Statement of compliance

During the year 2017, the Companies Act, 2017 (the Act) was enacted and promulgated by the SECP on May 30, 2017, which has been applied by the Company from the current year. These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017. In case requirements differ, the provisions of, or directives issued under the Companies Act, 2017 shall prevail. Due to application of the Act, certain disclosures to the financial statements have been enhanced from previous year.

On January 16, 2012, SECP vide SRO 24 (I) 2012 had granted waivers to all IPPs from the requirement of IFRIC 4 "Determining whether an arrangement contains a lease" and IFRIC 12 " Service Concession Agreements". Further, SECP through the aforementioned SRO has also allowed the IPPs to continue capitalising the exchange differences, and not to recognise embedded derivatives under IAS 39 where these are not closely related to the host contract.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees which is the Company's functional and presentation currency. All amounts have been rounded to the nearest Rupee.

2.4 Uses of estimates and judgements

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates underlying the assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

a) determining the residual values and useful lives of the property, plant and equipment (note 3.1);
b) accounting for staff retirement benefits (notes 3.7); and
c) provision for taxation including deferred tax (note 3.9);

2.5 The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

A significant area requiring the use of management estimates in these financial statements relate to the useful life and salvage value of property, plant and equipment. These estimates are reviewed at each reporting period and adjusted to reflect the best estimate.

2.6 INITIAL APPLICATION OF STANDARDS AND AMENDMENTS TO EXISTING STANDARDS

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

Following standards and amendments are either not relevant to the Company's operations and are not expected to have impact on the Company's financial statements other than certain additional disclosures.

- Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative

- Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealised losses

2.5.2 New accounting standards and amendments that are not yet effective

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

	Effective from accounting 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 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

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	Effective from accounting period beginning on or after:
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture	Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.
Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Amendments regarding long-term interests in associates and joint ventures	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.
IFRS 16 'Leases': This standard will supersede IAS 17 'Leases' upon its effective date.	January 01, 2019
IFRS 4 'Insurance Contracts': Amendments regarding the interaction of IFRS 4 and IFRS 9.	An entity choosing to apply the overlay approach retrospectively to qualifying financial assets does so when it first applies IFRS 9. An entity choosing to apply the deferral approach does so for annual periods beginning on or after 1 January 2018.
Amendments to IAS 19 'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements.	January 01, 2019
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

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'

2.5.3 New disclsoure requirement due to adoption of Companies Act, 2017

Due to adoption of the Companies Act, 2017 certain new and enhanced disclosures have become applicable, which are in addition to those required by the International Accounting Standards. The relevant notes have been updated accordingly.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies as set out below are consistently applied / adopted for all periods presented in these financial statements.

3.1 Property, plant and equipment

3.1.1 Operating assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset. When major parts of an item of plant and equipment have different useful lives, they are accounted for as separate items of plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and its cost can be reliably measured. Cost incurred to replace a component of an item of property, plant and equipment is capitalized and the asset so replaced is retired from use. Normal repairs and maintenance are charged to the profit and loss account during the period in which they are incurred.

Leasehold land is amortized over the period of lease i.e. 29 years and 8 months using straight line basis.

Depreciation on power generation plant and machinery and building and civil works is calculated using straight line method over the useful life of twenty years.

Depreciation on remaining items of property, plant and equipment is charged to profit and loss account applying the reducing balance method.

Depreciation is charged from the month when the asset is available for use and ceased from the month of disposal to profit and loss account at the rate specified in note 4 to the financial statements.

Depreciation method and useful lives of each part of property, plant and equipment that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each reporting date.

3.1.2 Capital work-in-progress

Capital work-in-progress, including capital expenditure not allocated to a specific asset, is stated at cost less accumulated impairment losses, if any. Cost consists of expenditure incurred for the acquisition of the specific asset including non refundable taxes and duties, dismantling and refurbishment of the asset so acquired and expenditure incurred for the construction, installation (including the advances given for such purposes), borrowing cost and exchange differences arising on foreign currency financings / contributions to the extent these are regarded as adjustment to interest costs for qualifying assets if its recognition criteria is met.

The cost under this head is transferred to specific operating fixed assets when the asset is available for intended use.

3.1.3 Borrowings and related costs

All interest bearing borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing borrowings are subsequently measured at amortized cost using the effective interest rate method.

Borrowing costs directly attributable to the acquisition, construction or installation of qualifying assets, that necessarily take substantial period of time to get ready for their intended use, are capitalized as a part of cost of those assets, until such time as the assets are substantially ready for intended use.

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All other borrowing costs are recognized as an expense in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with borrowing of funds and exchange difference arising on foreign currency funding to the extent those are regarded as adjustment to the interest cost, net of related interest income, if any.

3.2 Cash and cash equivalents

Cash and cash equivalents comprises of cash in hand and bank balances.

3.3 Accrued and other payables

Liabilities payable for accrued expenses are carried in the balance sheet at cost which is the fair value of the consideration to be paid in future for goods or services received whether billed to the Company or not.

3.4 Financial instruments

All financial assets and liabilities are initially measured at fair value, and subsequently measured at fair value or amortized cost as the case may be. The Company derecognizes the financial assets and financial liabilities when it ceases to be a party to such contractual provisions of the instruments.

3.5 Off-setting of financial assets and financial liabilities

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

3.6 Impairment

3.6.1 Financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. If any such evidence exists for assets carried at amortised cost, the loss is recognised in profit or loss. Impairment losses recognised in the profit and loss account are not reversed through the profit and loss account.

3.6.2 Non financial assets

The carrying amounts of the Company's non financial assets are reviewed at each reporting date to determine whether there is any indication of impairment loss. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. Non financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

3.7 Staff retirement benefits

Defined Benefit Plan

The Company operates an unfunded gratuity scheme for its confirmed employees who have completed the minimum qualifying period of service as defined under the scheme. The Company's obligation under the scheme is determined through actuarial valuation carried out at each year end under the Projected Unit Credit Method. The most recent valuation of the scheme was carried out as at June 30, 2018.

Remeasurement changes which comprise actuarial gains and losses and the return on plan assets, if any, (excluding interest) are recognized immediately in other comprehensive income.

3.8 Provisions

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Subsequently, provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

3.9 Taxation

The profits and gains of the power project are exempt from tax under Clause 132 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. However, tax on other income has been recorded in these financial statements.

3.10 Foreign currency translation

Transactions in foreign currencies are translated into Pakistani Rupees on the basis of rates of exchange on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees at the rates of exchange prevailing on the balance sheet date. All exchange differences are charged to capital work in progress in accordance with the requirements of SRO 24 (I) 2012 issued by SECP, which allowed the IPPs to continue capitalising the exchange differences. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

3.11 Revenue recognition

Revenue from sale of energy is recognised on transmission of electricity to Central Power Purchasing Agency (CPPA) on a monthly basis.

Income from bank deposits is recognized on a time apportioned basis under the effective yield method.

Income arising from temporary unutilised interest bearing financings are netted off against the relevant borrowing cost / capital work-in-progress.

3.12 Share capital

Ordinary shares are classified as equity and recognised at their face value.

4. PROPERTY, PLANT AND EQUIPMENT

	Note	2018	2017
		Rupees	
Operating fixed assets	4.1	10,295,568,799	10,691,524,376
Capital work in progress	4.2	1,070,008	-
		10,296,638,807	10,691,524,376

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4.1 Operating fixed assets

Particulars	Cost at July 01, 2017	Additions	Cost at June 30, 2018	Accumulated depreciation at July 1, 2017	Depreciation for the year	Accumulated depreciation at June 30, 2018	Carrying value at June 30, 2018	Annual rate of depreciation
	----------	----------	----------	Rupees	----------	----------	----------	%
Leasehold land *	54,810,000	-	54,810,000	16,994,164	1,837,208	18,831,372	35,978,628	3.35
Building & civil works	1,737,651,753	-	1,737,651,753	52,594,798	63,113,757	115,708,555	1,621,943,198	5
Plant and machinery	9,228,337,473	-	9,228,337,473	279,330,553	335,186,671	614,517,224	8,613,820,249	5-10
Furniture and fixtures	2,476,201	-	2,476,201	94,078	476,425	570,503	1,905,698	20
Computer equipment	2,140,926	2,790,808	4,931,734	690,854	943,988	1,634,842	3,296,892	33
Vehicles	23,525,653	6,096,280	29,621,933	7,795,627	3,268,127	11,063,754	18,558,179	20-50
Arms and weapons	370,000	-	370,000	287,556	16,489	304,045	65,955	20
	11,049,312,006	8,887,088	11,058,199,094	357,787,630	404,842,665	762,630,295	10,295,568,799	

* Land measuring 696 acres is provided by Alternative Energy Development Board for project site located at Jhimpir on lease term of 29 years and 8 months ending in 2038.

For comparative period:

Particulars	Cost at July 01, 2016	Additions / (disposals)/ transfers	Cost at June 30, 2017	Accumulated depreciation at July 1, 2016	Depreciation for the year	Accumulated depreciation at June 30, 2017	Carrying value at June 30, 2017	Annual rate of depreciation
	------	------	------	Rupees	------	------	------	%
Leasehold land	54,810,000	-	54,810,000	15,156,957	1,837,207	16,994,164	37,815,836	3.35
Building & civil works	-	1,737,651,753	1,737,651,753	-	52,594,798	52,594,798	1,685,056,955	5
Plant and machinery	371,026	9,228,296,447 (330,000)	9,228,337,473	67,713	279,329,809 (66,969)	279,330,553	8,949,006,920	5-10
Furniture and fixtures	-	2,476,201	2,476,201	-	94,078	94,078	2,382,123	20
Computer equipment	835,934	1,304,992	2,140,926	417,047	273,807	690,854	1,450,072	33
Vehicles	23,087,928	1,930,000 (1,492,275)	23,525,653	4,954,560	3,791,719 (950,652)	7,795,627	15,730,026	20-50
Arms and weapons	370,000	-	370,000	266,945	20,611	287,556	82,444	20
	79,474,888	10,971,659,393 (1,822,275)	11,049,312,006	20,863,222	337,942,029 (1,017,621)	357,787,630	10,691,524,376	

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	Note	2018	2017
		Rupees	

4.1.1 Depreciation charged for the year has been allocated as under:

	Note	2018	2017
Cost of generation	15	400,137,635	333,761,815
Administrative expenses	16	4,705,030	4,180,214
		404,842,665	337,942,029

4.2 Capital work in progress

	Note	2018	2017
Opening balance		-	10,945,855,019
Additions during the year			
Plant and machinery	4.2.1	1,070,008	1,113,076
Borrowing cost - net		-	25,929,664
Debt arrangement fee		-	3,579,545
Technical and professional fee		-	12,246,084
Salaries and benefits	4.2.2	-	11,981,588
Transportation cost		-	3,164,394
Profit on un-utilized funds		-	(2,454,015)
		1,070,008	55,560,336
Revenue earned during test run period - net	4.2.3	-	(82,268,625)
Transferred to operating assets		-	(10,919,146,730)
Closing balance		1,070,008	-

4.2.1 It includes Rs. 1,054,500 paid for letter of intent (LOI) for 30 MW solar power project.

4.2.2 It includes Rs. Nil (2017 : Rs. 1,374,613) in respect of staff retirement benefits.

4.2.3 It consist of net revenue earned from electricity produced during Reliability Test Run of seven days.

5. OTHER RECEIVABLES

Considered good

	Note	2018	2017
From CPPA against			
Sindh infrastructure development cess	5.1	85,656,154	85,656,154
Delayed energy payment		60,389,958	5,462,056
Workers' Profit Participation Fund	12.2	98,027,425	36,709,748
Withholding tax on dividend		51,597,420	-
Others	5.2	37,308,225	37,308,225
		332,979,182	165,136,183
Others		-	2,548,050
		332,979,182	167,684,233

5.1 It represents receivable from Central Power Purchasing Authority (CPPA). As per the decision of CPPA, any tax or duties of a non-refundable nature imposed on the Company for import of plant and equipment, up to the commencement of commercial operations, is refundable from the power purchaser (CPPA).

5.2 It represents payment for shipments by the Company on behalf of the Contractors and receivable from power purchaser (CPPA).

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	Note	2018	2017
		Rupees	

6. TAX REFUNDABLE

	Note	2018	2017
Sindh sales tax		-	21,064,969
Federal excise duty		-	5,361,081
Withholding tax		14,324,573	5,048,362
		14,324,573	31,474,412

7. CASH AND BANK BALANCES

	Note	2018	2017
Bank balances			
- current account		-	262,421
- savings accounts	7.1	293,718,264	972,955,490
		293,718,264	973,217,911
Cash in hand		1,771,255	1,122,522
		295,489,519	974,340,433

7.1 These carry mark-up ranging from 3.75% to 5% per annum (June 30, 2017: 3.75% to 5%).

8. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

8.1 Authorized capital

2018	2017		2018	2017
Number of shares			Rupees	
400,000,000	400,000,000	Ordinary shares of Rs. 10 each	4,000,000,000	4,000,000,000

8.2 Issued, subscribed and paid-up capital

2018	2017		2018	2017
Number of shares			Rupees	
305,762,500	305,762,500	Ordinary shares of Rs. 10 each fully paid in cash	3,057,625,000	3,057,625,000

8.3 The Company has one class of ordinary shares which carries no right to fixed income. The holders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

8.4 The shares of the Company are held by following associated companies / persons:

	2018	2017	2018	2017
	Number of shares		Rupees	
Directors / Individuals	64,000	64,000	640,000	640,000
Lucky Textile Mills Limited	61,136,500	61,136,500	611,365,000	611,365,000
Yunus Textile Mills Limited	61,136,500	61,136,500	611,365,000	611,365,000
Lucky Cement Limited	61,136,500	61,136,500	611,365,000	611,365,000
Gadoon Textile Mills Limited	61,136,500	61,136,500	611,365,000	611,365,000
Lucky Energy (Private) Limited	61,152,500	61,152,500	611,525,000	611,525,000
	305,762,500	305,762,500	3,057,625,000	3,057,625,000

	Note	2018	2017
		Rupees	

9. LOAN FROM FINANCIAL INSTITUTIONS

Secured
At amortized cost

	Note	2018	2017
Principal amount of loan	9.1	**7,947,790,448**	8,542,163,199
Unamortized debt arrangement fee	9.2	**(109,772,733)**	(124,090,913)
		7,838,017,715	8,418,072,286
Less: Current portion shown under current liabilities		**(648,110,531)**	(632,724,051)
		7,189,907,184	7,785,348,235

9.1 The Company has availed syndicated term finance facility from Habib Bank Limited as lead arranger, amounting to Rs. 8,542 million against total facility of Rs. 10,500 million at mark-up rate of 3 months KIBOR plus 300bps per annum payable semi-annually. The loan is repayable in 20 semi-annual instalments commencing from the date of commencement of commercial operation or twenty-four months from the date of first draw down, whichever is earlier. The facility is secured by registered pari passu charge by way of hypothecation on property, all present and future, fixed and current, tangible and intangible assets, undertakings and properties of the Company (excluding mortgaged immoveable property). The Company has also created a lien on their project accounts and deposit accounts and has the right of set-off, transfer and appropriation in the event of a default.

	Note	2018	2017
		Rupees	
9.2 Debt arrangement fee			
Transaction cost	9.2.1	**157,500,000**	157,500,000
Less: Amortization to date		**(47,727,267)**	(33,409,087)
		109,772,733	124,090,913

9.2.1 This represent arrangement fees paid against facility agreement signed in November 2014 for the syndicated term finance of Rs. 10,500 million. Total arrangement fees amounts to Rs. 157.5 million which is being amortized over the tenure of loan ending 2026 using the effective interest rate method.

	2018	2017
	Rupees	

10. LIABILITY AGAINST LAND LEASE

	2018	2017
Liability under leasehold land	**47,328,000**	48,720,000
Less: Current portion shown under current liabilities	**1,392,000**	13,920,000
	45,936,000	34,800,000

10.1 This represents amount payable to Board of Revenue, Government of Sindh on behalf of Alternate Energy Development Board (AEDB) against project land in installments between 2018 to 2038.

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11. STAFF GRATUITY

The Projected Unit Credit method based on following significant assumptions was used for valuation of the scheme. The basis of recognition together with details as per actuarial valuation are as under:

	2018	2017
Withdrawal rates	Low	Low
Discount rate	8.75%	7.75%
Salary increase rate	7.75%	6.75%
Mortality rates	Adjusted SLIC 2001-05	Adjusted SLIC 2001-05

11.1 Liability recognised in the balance sheet

Present value of defined benefit obligation	12,411,000	7,754,000

11.2 Movement in the net liability is as follows:

Opening balance	7,754,000	4,481,450
Expense charged in profit and loss	5,721,171	3,771,225
Other Comprehensive income	(1,039,171)	-
Paid during the year	(25,000)	(498,675)
Closing balance	12,411,000	7,754,000

11.3 Expense charged in profit and loss

Current service cost	5,122,562	3,771,225
Interest cost	598,609	-
	5,721,171	3,771,225

11.4 Sensitivity analysis

The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

	Increase / (decrease) in defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
	%	Rupees	
Discount rate	1	580,946	1,484,681
Salary increase rate	1	641,094	1,552,346

In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the repoting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

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11.5 The gratuity scheme exposes the Company to the following risks:

Longevity Risks: The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over due entire retiree population.

Salary Increase Risk: The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

Withdrawal Risk: The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

	Note	2018	2017
		Rupees	
12. ACCRUED AND OTHER PAYABLES			
Payable to contractors	12.1	**182,842,781**	695,536,425
Accrued expenses		**93,072,634**	15,071,933
Sales tax		**3,100,696**	-
Withholding tax		**60,900**	31,707
Workers' Profit Participation Fund	12.2	**61,317,677**	36,709,748
		340,394,688	747,349,813

12.1 Payable to contractors

	2018	2017
Descon Engineering FZE	-	183,072,856
Nordex Energy GmBH	-	227,782,749
Descon Engineering Limited	**145,978,906**	202,164,818
Descon Integrated Project (Private) Limited	**35,831,439**	49,622,690
Nordex Pakistan (Private) Limited	**1,032,436**	32,893,312
	182,842,781	695,536,425

12.1.1 It represents retention of 5% of the agreement price, which will be paid upon issuance of Provisional Acceptance Certificate (PAC).

12.2 This represents amount payable to Workers' Profit Participation Fund (WPPF) @ 5% of the net profit for the year and is a pass-through item under the provisions of PPA.

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingency

The company has no contingency as at June 30, 2018 and June 30, 2017.

13.2 Commitment

The company has no capital commitment as at June 30, 2018 and June 30, 2017.

	2018	2017
	Rupees	
14. SALE OF ELECTRICITY		
Gross sales	**3,013,341,426**	2,146,851,992
Sales tax	**(412,056,193)**	(281,827,374)
Net sales	**2,601,285,233**	1,865,024,618

	Note	2018	2017
		——— Rupees ———	

15. COST OF GENERATION

	Note	2018	2017
Depreciation	4.1.1	400,137,635	333,761,815
Operation and maintenance		109,007,668	54,099,857
Salaries and allowances	15.1	20,874,687	9,175,495
Travelling		8,493,876	5,278,569
Permits and licenses		1,133,728	683,579
Legal, technical and consultancy		3,982,570	3,540,000
Vehicles running and maintenance		1,462,772	1,391,647
Electricity		5,682,521	3,280,224
Project insurance		56,356,191	35,378,864
Others		3,493,386	2,260,611
		610,625,034	448,850,661

15.1 This includes staff retirement gratuity amounting to Rs. 1.245 million (2017: Rs. 1.635 million) and leave encashment amounting to Rs. 0.935 million (2017: Rs. 0.445 million).

16. ADMINISTRATIVE EXPENSES

	Note	2018	2017
		——— Rupees ———	
Salaries and allowances	16.1	53,949,354	46,256,135
Depreciation	4.1.1	4,705,030	4,180,214
Legal, technical and consultancy		8,007,760	5,019,487
Travelling		189,912	72,375
Insurance		1,316,434	732,447
Entertainment		252,454	471,044
Vehicles running and maintenance		1,129,958	886,965
Corporate social responsibility cost	16.2	25,232,095	10,978,077
Auditors' remuneration	16.3	1,417,848	1,151,400
General		748,392	2,000,309
		96,949,237	71,748,453

16.1 This includes salary of Chief Executive Officer amounting to Rs. 33.125 million (2017: Rs. 25 million), staff retirement gratuity amounting to Rs. 4.476 million (2017: Rs. 0.761 million) and leave encashment amounting to Rs. 3.6 million (2017: Rs. 2.025 million).

16.2 These represent expenses incurred for relocation and welfare of people who were originally positioned at the Jhimphir area assigned to the Company for the project.

16.3 Auditors' remuneration

	2018	2017
	——— Rupees ———	
Annual audit fee	944,000	726,000
Interim review	174,000	174,000
Other certification	162,000	162,000
Out of pocket	137,848	89,400
	1,417,848	1,151,400

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	2018	2017
	Rupees	

17. FINANCE COST

Mark up on loan from financial institutions	776,206,720	796,740,749
Bank charges	900,707	61,977
Amortization of debt arrangement fee	14,318,180	10,738,635
	791,425,607	807,541,361
Less: amount included in the cost of qualifying assets	-	(151,656,521)
	791,425,607	655,884,840

18. OTHER INCOME

Profit on bank deposits	73,812,937	39,502,899
Delayed energy payment	61,927,902	5,462,056
Gain on disposal of operating fixed assets	-	689,346
	135,740,839	45,654,301

19. WORKERS' PROFIT PARTICIPATION FUND

Provision for Workers' Profit Participation Fund	61,317,677	36,709,748
Workers' Profit Participation Fund recoverable from CPPA	(61,317,677)	(36,709,748)
	-	-

19.1 The Company is required to pay 5% of its profits to the Workers' Profit Participation Fund. However, such payments do not affect the Company's overall profitability because the Company is entitled to recover this amount after payment from CPPA as a pass-through item under PPA.

	2018	2017
	Rupees	

20. TAXATION

Current	22,143,881	14,152,833
Prior year	(1,693,237)	-
	20,450,644	14,152,833

20.1 The Income Tax Appellate Tribunal (ITAT) Lahore Bench, in one of its decision, has allowed relief to set-off interest income against interest expense to one of the energy companies. Considering this, the company also intends to contest the applicability of tax on interest income on the same ground.

20.2 Management assessed that tax provision made in the financial statements is sufficient. Comparison of tax as per financial statements and latest tax assessment is below:

	As per financial statements	As per latest tax assessment
Tax Year 2017	14,152,833	-
Tax Year 2016	13,121,278	-
Tax Year 2015	-	-

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21. REMUNERATION OF CEO, DIRECTOR AND EXECUTIVES

The aggregate amount charged in the financial statements for the year for remuneration, including benefits, to CEO and executives of the Company were as follows:

	2018		2017	
	Rupees			
	CEO	Executives	CEO	Executives
Remuneration	20,000,000	12,535,040	20,000,000	9,435,630
House rent	8,000,000	3,133,760	8,000,000	2,358,908
Utilities	2,000,000	1,566,880	2,000,000	1,179,454
Bonus	3,125,000	1,433,600	3,125,000	1,360,556
Medical	-	1,566,880	-	1,179,454
Leave encashment	2,500,000	1,263,333	2,500,000	1,107,083
	35,625,000	21,499,493	35,625,000	16,621,085
Number of persons	1	8	1	8

21.1 No remuneration or any other amount was paid to directors during the year.

21.2 The Company also provides vehicles for use to Chief Executive and Executives as per Company policy.

22. RELATED PARTY

The related parties comprise group companies, associated undertakings and key management personnel of the Company. The group / associated undertakings / companies are considered as such due to common directorship. The Company continues to have a policy whereby all transactions with related parties / undertakings are entered on commercial / agreed basis.

22.1 Name and nature of relationship

a) The Holding Company

Y.B. Holdings (Private) Limited - Ultimate Parent Company

b) Directors / Individual shareholders

Name	% shares held in the Company
Mr. Muhammad Yunus	0.0026%
Mr. Muhammad Sohail	0.0026%
Mr. Muhammad Ali	0.0026%
Mr. Imran Yunus	0.0026%
Mr. Javed Yunus	0.0026%
Mrs. Rahila Aleem	0.0026%
Mrs. Mariam Tabba Khan	0.0026%
Ms. Zulekha	0.0026%

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c) **Associated Companies due to significant influence**

Name	% shares held in the Company
Lucky Textile Mills Limited	19.9948%
Yunus Textile Mills Limited	19.9948%
Lucky Cement Limited	19.9948%
Gadoon Textile Mills Limited	19.9948%
Lucky Energy (Private) Limited	20.0000%

d) **Associated Companies due to common directorship**

All Pakistan Cement Manufacturer Association
Asrit Kedam Hydro Power Project Limited
Aziz Tabba Foundation (Trustee)
Childlife Foundation (Trustee)
Cirin Pharmaceuticals (Private) Limited
Energas Terminal (Private) Limited
Fashion Textile Mills (Private) Limited
FITE Development & Management Company
ICI Pakistan Limited
Karachi Education Initiative
Kia Lucky Motors Pakistan Limited
LCL Holdings Limited
Lucky 1888 Mills Pakistan (Private) Limited
Lucky Air (Private) Limited
Al Shumookh Lucky Investments Limited
Lucky Auto Industries (Private) Limited
Lucky Commodities (Private) Limited
Lucky Electric Power Company Limited
Lucky Entertainment (Private) Limited
Lucky Exim (Private) Limited
Lucky Foods (Private) Limited
Lucky Holdings Limited
Lucky Knits (Private) Limited
Lucky Landmark (Private) Limited
Lucky Paragon Readymix Limited
Lucky Wind Power Limited
Luckyone (Private) Limited
NutriCo International (Private) Limited
NutriCo Morinaga (Private) Limited
NutriCo Pakistan (Private) Limited
Pakistan Business Council
Pakistan International Airlines Corporation Limited
Security Electric Power Company Limited
Trade Development Authority of Pakistan
Triple Tree (Private) Limited
Y.B. Holdings (Private) Limited
Y.B. Pakistan Limited
Yunus Wind Power Limited

e) **Companies incorporated outside Pakistan considered as associate due to common directorship**

Name of Company	Registered address	Country of incorporation
LCL Investment Holdings Limited	St Louis Business Centre Cnr Desroches & St Louis Streets Port Louis, Mauritius.	Republic of Mauritius
Lucky Al Shumookh Holdings Limited	Sajjad Haider & Co., Suite 8A, Dubai Creek Tower, Bani Yas Street P.O. Box 3251, Dubai, United Arab Emirates.	Republic of Iraq
Al-Mabrooka Cement Manufacturing Co Limited	Al Ta'leemi Street, Al Buradeyah, Basra, Iraq.	Republic of Iraq
Lucky Rawji Holdings Limited	Trident Chambers, P.O.Box 146, Road Town Tortola, British Virgin Island.	Democratic Republic of Congo
Nyumba Ya Akiba S.A.	1087, coin des Avenues Bas- Congo et Marche, Kinshasa/ Gombe, Democratic Republic of Congo.	Democratic Republic of Congo

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22.2 Transactions with related parties

Payments to key management personnel have been disclosed in note 20 and other related party transactions have been reported in relevant notes. Related party transactions not reported else where are as follows:

Nature of relationship	Nature of transactions	2018	2017
		Rupees	
Associated undertakings			
Gadoon Textile Mills Limited	Reimbursement of expenses paid on behalf of company	**12,381,547**	4,482,490
	Purchase of vehicle	**6,096,280**	-
	Dividend paid	**137,557,125**	-
Lucky Energy (Private) Limited	Dividend paid	**137,593,125**	-
Lucky Textile Mills Limited	Dividend paid	**137,557,125**	-
Yunus Textile Mills Limited	Dividend paid	**137,557,125**	-
Lucky Cement Limited	Dividend paid	**137,557,125**	-
Director / individual shareholders	Dividend paid	**144,000**	-

23. PRODUCTION CAPACITY

Installed capacity	**438,000,000 kWh**
Average utilisable capacity*	**135,780,000 kWh**
Actual production including NPMV**	**137,119,108 kWh**

* Average utilisable capacity has been assessed at 31% of the installed capacity on the basis of award of tariff dated 21-nov-2013 by NEPRA in the upfront tariff determination.

** It includes non-project missed volumes (NPMV) which is compensation of loss of revenue due to Non Project Events (NPEs) solely attributable to the power purchaser.

24. FINANCIAL INSTRUMENTS

24.1 Financial instruments by category

Financial assets as per balance sheet

Loans and receivables at amortized cost

	2018	2017
	Rupees	
Debtor	**1,418,554,375**	941,794,663
Other receivables	**332,979,182**	167,684,233
Bank balances	**293,718,264**	973,217,911
	2,045,251,821	2,082,696,807

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	2018	2017
	Rupees	
Financial liabilities as per balance sheet		
Financial liabilities as per amortized cost		
Loan from financial institutions	**7,838,017,715**	8,418,072,286
Liability against land lease	**47,328,000**	48,720,000
Staff gratuity	**12,411,000**	7,754,000
Accrued and other payables	**340,394,688**	747,349,813
	8,238,151,403	9,221,896,099

24.2 Financial risk management

The objective of the Company's overall financial risk management is to minimize earnings volatility and provide maximum return to shareholders. The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework and policies.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

24.2.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial asset fails to meet its contractual obligations. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentration of credit risk indicate the relative sensitivity of the Company's performance for developments affecting a particular industry. 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	
Debtor	**1,418,554,375**	941,794,663
Other receivables	**332,979,182**	167,684,233
Bank balances	**293,718,264**	973,217,911
	2,045,251,821	2,082,696,807

The Company's product is sold to a single customer - CPPA, which represents 100% of debtors. Although, there is a concentration of credit risk but it is completely backed by guarantee of Government of Pakistan.

Bank balances are held only with reputable banks having credit rating from AAA to AA.

The credit quality of other receivables can be assessed with reference to the historical performance and there are no defaults in recent history.

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24.2.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due.

Exposure to liquidity risk

Management of the Company's liquidity risk is mainly driven by the tariff of electricity which is revised in a way that the Company is compensated for all expenses plus return on investment. The time lag between supply of electricity and payment from CPPA is approximately 2 months and is adequate to meet the debt commitments related to loan. The payment from CPPA is backed by guarantee from Government of Pakistan if the power purchaser (CPPA) fails to pay its dues. The company also has a Sponsor Support Agreement (SSA) which provides for payment of outstanding loan installment amount if the Company fails to pay. Considering the aforementioned factors, the Company is not exposed to any material liquidity risk at year end.

24.2.3 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise of foreign currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within an acceptable range.

24.2.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in the market interest rates. The Company is mainly exposed to interest rate risk in respect of loan from financial institutions and bank balances.

Management of the Company estimates that 1% increase in the market interest rate with respect to loan from financial institutions, with all other factors remaining constant, would increase the Company's finance cost by 70.699 million and a 1% decrease would result in a decrease in the Company's finance cost by the same amount. However, this risk is mitigated as a pass through in NEPRA approved tariff.

As at June 30, 2018, Rs. 293.718 million (2017: 972.955 million) interest-bearing financial assets are on fixed interest rates, hence management believes that the Company is not materially exposed to significant interest rate changes.

24.2.3.2 Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into are denominated in foreign currencies.

The Company is not exposed to any foreign currency risk as the Company, in agreement with the counter party, determines the exchange rate at the date of transaction and any change in the exchange rate would not effect profit and loss account.

24.2.3.3 Equity price risk

Equity price risk is the risk of loss arising from movements in prices of equity investments. The Company is not exposed to any equity price risk as the Company does not have any investment in equity shares.

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24.2.3.4 Fair value of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The carrying values of the financial assets and financial liabilities approximate their fair values.

25. CAPITAL RISK MANAGEMENT

The Company when managing capital i.e., its shareholders' equity is to safeguard its ability to continue as a going concern so that it can continue to provide return to the shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its business.

As per the requirements of policy for Renewable Energy Year 2006 and Section 12.3 (c) of Implementation Agreement, the lead sponsors i.e., Lucky Energy (Private) Limited shall not transfer at least 20% of the equity of the project and must together hold 51% of the equity with other sponsors prior to CoD. Even tough CoD is achieved but the management expects to retain it's shareholding in the foreseeable future. As at June 30, 2018, equity of the Company held by its related parties are disclosed in Note 8.3 and 21. The Company is not externally exposed to regulatory capital requirements as on June 30, 2018.

26. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the date of statement of assets and liabilities. The estimated fair value of all other financial assets and financial liabilities is considered not significantly different from book value.

IFRS 13 has established the following three levels:

Level 1: Quoted prices in active markets for identical assets or liabilities;

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2018 and 2017 there are no financial assets or liabilities which can be classified under the above levels. The carrying value of financial instruments approximate their fair values.

27. SIGNIFICANT CONTRACTS

27.1 The Company has entered into Energy Purchase agreement (EPA) on March 26, 2014 with NTDC (through its central Power Purchasing Agency) on behalf of ex-WAPDA Distribution Companies (the power purchaser) for the sale of its entire energy generation. The term of EPA is 20 years.

27.2 The Company had entered into a two years warranty period O&M contract with a consortium of NORDEX Pakistan (Private) Limited, and Descon Engineering Limited on August 28, 2011 as amended and restated time to time.The two year O&M contract carries a value of US$0.8 million form Descon Engineering Limited and €0.96 million from NORDEX Pakistan (Private) Limited. In addition, the company had also entered into an eight years O&M Contract with the same consortium to be kicked-in after expiry of two years warranty period O&M contract, having US$ 1.90 million per annum payable as O&M fee.

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28. GENERAL

28.1 Number of employees

	2018	2017
	No. of employees	
Number of employees as at June 30	23	23
Average number of employees	23	19

28.2 Figures have been rounded off to the nearest Rupee.

29. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purposes of comparison and to reflect the substance of the transactions. No significant rearrangements or reclassifications were made in these financial statements except the following:

Reclassified from	Reclassified to	2017
Cost of generation - salaries and allowances	Administrative expenses - salaries and allowances	15,750,000

30. DATE OF AUTHORISATION FOR ISSUE

The financial statements were authorized for issued by the Board of Directors in their meeting held on ______________.

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Chief Executive Officer **Director**