



Dawood Lawrencepur Limited

For The Nine Months Period Ended
September 30, 2017 (Un-audited)



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Our Vision

To give our customers an energy abundant future by harnessing the potential of the environment in a safe and sustainable manner.

Our Mission

We aim to be the leading renewable energy solutions company of Pakistan, with a turnover exceeding Rs.10 billion by 2020. We will achieve this by resolutely following our Core Values and by:

- ♦ Anticipating customer needs and consistently optimizing our products & services
- ♦ Building strategic partnerships with technology suppliers, vendors and financial institutions
- ♦ Becoming the employer of choice and developing a culture that inspires performance excellence and teamwork

Company Information

Board of Directors

Mr. Shahid Hamid Pracha (Chairman)
Mr. Mujtaba Haider Khan (CEO)
Mr. Shahzada Dawood
Mr. Abdul Samad Dawood
Mr. Shafiq Ahmed
Mr. Hasan Reza Ur Rahim
Mr. Shabbir Hussain Hashmi

Board Audit Committee

Mr. Shabbir Hussain Hashmi (Chairman)
Mr. Shahzada Dawood
Mr. Hasan Reza Ur Rahim

Human Resource and Remuneration Committee

Mr. Shahid Hamid Pracha (Chairman)
Mr. Abdul Samad Dawood
Mr. Hasan Reza Ur Rahim

Chief Financial Officer

Mr. Shafiq Ahmed

Company Secretary

Mr. Imran Chagani

Auditors

A. F. Ferguson & Co.
(Chartered Accountants)

Bankers

Bank Al-Habib Limited
Habib Bank Limited
National Bank of Pakistan
MCB Bank Limited
Standard Chartered Bank (Pakistan) Limited

Legal Adviser

Zia Law Associates
17, Second Floor
Shah Chiragh Chambers
The Mall, Lahore

Share Registrar

Central Depository Company of Pakistan
Ltd. CDC House, 99-B, Block B,
S.M.C.H.S
Main Shahra-e-Faisal
Karachi – 74400
Tel.: 021-111-111-500

Registered / Head Office

3rd Floor, Dawood Centre
M. T. Khan Road
Karachi-75530
Tel.: 021-35632200-9
Fax: 021- 35633970
E-mail: info.reon@dawoodhercules.com
Website: www.dawoodlawrencepur.com

Lahore Office

3rd floor, Asia House, 19-C/D, L Block,
Gulberg III, Main Feroz Pur Road, Lahore.
Tel.: 042-35861050-53
Fax.: 042-35861054

Mills

Dawoodabad
District Vehari
Tel.: 067- 3353347, 3353145, 3353246
Fax: 067- 3354679

Dawoodpur
District Attock
Tel.: 057-2641074-6
Fax: 057-2641073

Directors' Review Report

The Directors are pleased to present their report together with the unaudited unconsolidated condensed interim financial information of the Company and the unaudited consolidated condensed interim financial information of the Group for the nine months period ended September 30, 2017.

BUSINESS REVIEW

Solar Energy Business

The business continues to expand its footprint in the country with larger solar EPC projects including Servis Shoe Factory (1 MW grid tied) and Kohinoor Textile Mills (1 MW Grid Tied with Single Axis Tracking). Some key wins were also recorded in the private IPP space including a 5 MW Letter of Intent from Sindh Engro Coal Mining for their water pumping facility. Project construction is expected to commence in January 2018.

With improving competitiveness for solar and the threat of an increase in gas prices in the coming year, we can foresee the conversion towards renewable power accelerating in the wider industry. Reon is ready to ride the wave as the leading installer of Solar Power in the country for the Commercial and Industrial sector where it has an enviable record of delivery to leading names in the industrial and defence sector.

Wind Energy Project

The Government has by and large kept up with electricity payments for the wind power sector, and the sector has, till now, been largely insulated from the chronic circular debt concern. However, an inordinate delay in expanded transmission capacity to extract power from the Tenaga wind project has resulted in lower capacity utilization and energy sales during the most productive part of the wind season. Your Company is in touch with NTDC to expedite the completion of the transmission line so that energy sales are not constrained on this account next year.

FINANCIAL HIGHLIGHTS

The financial highlights of the Company are as under:

	Nine month period ended September 30, 2017	Nine month period ended September 30, 2016
	Rupees in thousands	
Revenue – net	58,467	319,262
Cost of revenue	(61,957)	(306,068)
Gross (loss)/ profit	(3,490)	13,194
Other Income	345,464	1,224,099
Profit before taxation - continued operations	259,210	1,141,808
Loss from discontinued operations	(16,930)	(25,224)
Taxation	(80,864)	(182,859)
Profit after taxation	161,416	933,725
Unappropriated profit brought forward	2,048,812	1,234,247
Unappropriated profit carried forward	1,914,939	1,872,683
Earnings per share - basis & diluted (Rupees)	2.73	15.81

Consolidated revenues were PKR 2,120 million as against PKR 376 million for 2016. The increase is mainly due to sale of energy by Tenaga Generasi Limited amounting to PKR 1,663 million. After considering, the share of profit from associate – Dawood Hercules Corporation Limited of PKR 389 million (2016: PKR 727 million), the consolidated profit after tax for the nine months period stood at PKR 332 million as against PKR 328 million for the similar period last year. Consolidated earnings per share attributable to the owners of the Group was PKR 3.63 as against PKR 5.55 for the comparative period last year.

FUTURE OUTLOOK

Solar power is increasingly a cost competitive energy solution that is economically beneficial and can offer tremendous environmental gains to the community. Both, industries and the government, are allocating significant funds in their budget for partial or complete conversion from conventional to solar energy. With regulatory support in the form of cheaper financing, declining capital expenditure and introduction of net-metering, the market for solar solutions is now ready to witness exponential growth.

The Government of Pakistan through NTDC has largely made electricity payments with some minor delays for the wind power sector, which till now, has not been impacted by the chronic circular debt concern.

Utilisation of renewable capacities where no fuel costs are involved will become even more important in future as the country's needs to conserve foreign exchange become more acute. However, the Government needs to follow this clear rationale.

Mujtaba Haider Khan
Chief Executive Officer

Karachi, October 28, 2017

حکومت پاکستان، NTDC کے ذریعے چند مواقع پر معمولی تاخیر سے قطع نظر باضابطہ اور باقاعدگی سے پن بجلی کے شعبہ کو ادائیگی کر رہی ہے جس کی بدولت یہ شعبہ ابھی تک گردش قرضہ جات کے بدترین خدشات سے محفوظ ہے۔

ملک کے افراط زر کو محفوظ رکھنے کے لئے قابل استعمال توانائی کی جانب زیادہ سے زیادہ انحصار ضروری ہوتا جا رہا ہے کیونکہ اس توانائی کے اندر روایتی توانائی کے ذرائع آئندہ سالوں میں جا کر مہنگے ہوتے جائیں گے۔

مجتبیٰ حیدر خان
چیف ایگزیکٹو آفیسر

کراچی: 28 اکتوبر 2017

مالیاتی نکات
کمپنی کے مالیاتی نکات درج ذیل ہیں۔

30 ستمبر 2016 کو ختم ہونے والے نو ماہ	30 ستمبر 2017 کو ختم ہونے والے نو ماہ	روپے ”ہزار“ میں	
319,262	58,467		آمدنی۔ خالص
(306,068)	(61,957)		آمدنی کی لاگت
13,194	(3,490)		مجموعی (خسارہ) / آمدنی
1,224,099	345,464		دیگر آمدنی
1,141,808	259,210		منافع قبل از ٹیکس۔ جاری کاروبار
(25,224)	(16,930)		خسارہ موقوف کاروبار
(182,859)	(80,864)		ٹیکس
933,725	161,416		منافع بعد از ٹیکس
1,234,247	2,048,812		غیر تخصیصی منافع brought forward
1,872,683	1,914,939		غیر تخصیصی منافع carried forward
15.81	2.73		نی حصص آمدنی Basic and Diluted

انضمامی آمدنی سال 2016 کے 376 ملین روپے کے مقابلے میں 2,120 ملین روپے رہی۔ اس اضافے کی بنیادی وجہ تیناگا جزا سی لیٹیڈ (TGL) کی جانب سے 1,663 ملین روپے کی توانائی کی فروخت تھی۔ شریک کار کمپنی، داؤد ہرکولیس کارپوریشن لیٹیڈ کی جانب سے 389 ملین روپے منافع کے حصے کو شمار کرنے کے بعد (جو کہ سال 2016 کے دوران 727 ملین روپے تھا)، نو ماہ کا مجموعی بعد از ٹیکس منافع 332 ملین روپے رہا جو کہ گزشتہ سال کی اسی مدت کے دوران 328 ملین روپے تھا۔ مجموعی نی حصص آمدنی گروپ کے مالکان کے تناسب سے 3.63 روپے رہی جو کہ گزشتہ سال کی اس مدت کے دوران 5.55 روپے تھی۔

مستقبل کے آثار

شمسی توانائی، توانائی کا ایک کم قیمت ذریعہ ہے جو کہ معاشی لحاظ سے متعدد فوائد کی حامل ہے اور معاشرے کو زبردست ماحولیاتی فوائد مہیا کرتی ہے۔ صنعتی شعبہ اور حکومت، دونوں ہی روایتی سے شمسی توانائی پر جزوی یا مکمل منتقلی کے لئے اپنے بجٹ کا ایک بڑا حصہ مختص کر رہے ہیں۔ سستی سرمایہ کاری، بنیادی اخراجات میں کمی اور نیٹ میٹرنگ متعارف کروانے کی شکل میں دستیاب قانونی معاونت کی بدولت قابل تجدید توانائی کے کاروبار میں زبردست اضافے کے امکانات روشن ہیں۔

ڈائریکٹرز کی جائزہ رپورٹ

ڈائریکٹرز مسرت کے ساتھ 30 ستمبر 2017 کو ختم ہونے والے نو ماہ کے لئے اپنی رپورٹ مع کمپنی کے غیر جانچ شدہ، مختصر عبوری مالیاتی حسابات اور گروپ کے غیر جانچ شدہ مختصر عبوری مالیاتی حسابات پیش کرتے ہیں۔

کاروبار کا جائزہ

شمسی توانائی کا کاروبار

شمسی توانائی کا کاروبار نسبتاً بڑے سولر EPC منصوبوں بشمول سروس شو فیکٹری (1MW Grid Tied) اور کوہ نور ٹیکسٹائل ملز (1 MW Grid Tied with Single Axis Tracking) کے ساتھ ملک میں اپنی بنیادیں مستحکم کر رہا ہے۔ نجی IPP کمپنیوں کے شعبہ میں بعض اہم کامیابیوں کا حصول بھی ممکن ہوا جس میں سندھ اینڈروکول مائننگ کمپنی کی جانب سے اس کی واٹر پمپنگ فیسیلٹی کے لئے 5 MW کے حصول کا لیٹر آف انٹینٹ (Letter of Intent) بھی شامل ہے۔ پروجیکٹ کی تعمیر جنوری 2017 میں شروع ہونے کی توقع ہے۔

آئندہ سال شمسی توانائی کے شعبے میں بڑھتی ہوئی مسابقت اور گیس کی قیمتوں میں اضافہ کے تناظر میں اس بات کی توقع ہے کہ صنعتی شعبہ زیادہ بڑے پیمانے پر شمسی توانائی کے ذرائع کی جانب منتقل ہونا شروع ہو جائے گا۔ ریون انرجی ملک میں تجارتی اور صنعتی شعبہ میں شمسی توانائی کی اہم تنصیب کار کمپنی کے طور پر یہ ذمہ داری نبھانے کے لئے تیار ہے کیونکہ ریون انرجی صنعتی اور دفاعی شعبے کے نمایاں اور بڑے ناموں کو قابل تجدید توانائی کی فراہمی کا قابل رشک ریکارڈ رکھتی ہے۔

پن بجلی کے منصوبے

حکومت نے پن بجلی کے شعبے کو بڑی حد تک ادائیگی کا تسلسل برقرار رکھا ہے جس کے باعث یہ شعبہ اب بھی بڑی حد تک گردشی قرضوں کے شدید خدشات سے محفوظ ہے تاہم تنگا ونڈ پروجیکٹ سے بجلی کی ترسیل کی گنجائش میں اضافے کے منصوبے میں ہونے والی غیر معمولی تاخیر کا نتیجہ ونڈ سیزن کے سب سے پیداواری حصے کے دوران گنجائش سے کم استفادے اور توانائی کی کم فروخت کی صورت میں برآمد ہوا ہے۔ آپ کی کمپنی ٹرا کسمیشن لائن کی جلد از جلد تکمیل کے لئے NTDC سے مسلسل رابطے میں ہے تاکہ آئندہ سال ٹرا کسمیشن لائن کی محدود گنجائش توانائی کی فروخت میں حائل نہ ہو۔

Unconsolidated Condensed Interim Balance Sheet

As at September 30, 2017

	Unaudited September 30, 2017	Audited December 31, 2016
Note	----- Rupees in '000 -----	
ASSETS		
Non-current assets		
Property, plant and equipment	76,490	86,873
Intangible assets	2,122	5,880
Long term investments	4 2,751,380	2,603,622
Long term deposits	2,778	2,778
	2,832,770	2,699,153
Current assets		
Stores and spares	7,789	7,789
Stock in trade	5 72,992	86,558
Trade debts	2,654	35,398
Loans and advances	106,882	2,595
Deposits, prepayments and other receivables	6 358,456	262,684
Taxes recoverable	28,068	59,891
Cash and bank balances	8,522	300,330
	585,363	755,245
TOTAL ASSETS	3,418,133	3,454,398
EQUITY AND LIABILITIES		
Equity		
Share capital	590,578	590,578
Capital reserve	206,666	206,666
Unrealized gain on remeasurement of available for sale investments	12,826	15,068
Unappropriated profit	1,914,939	2,048,812
	2,725,009	2,861,124
Current liabilities		
Short term borrowings	7 552,973	466,487
Trade and other payables	130,739	116,508
Accrued markup	9,412	10,279
	693,124	593,274
Contingencies and Commitments	8	
TOTAL EQUITY AND LIABILITIES	3,418,133	3,454,398

The annexed notes from 1 to 13 form an integral part of this unconsolidated condensed interim financial information.

Mujtaba Haider Khan
Chief Executive Officer

Shabbir Hussain Hashmi
Director

Shafiq Ahmed
Chief Financial Officer

Unconsolidated Condensed Interim Profit and Loss Account (Unaudited)

For the Quarter and Nine Month Period Ended September 30, 2017

	Quarter Ended		Nine month Ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016

Note -----Rupees in '000-----

CONTINUING OPERATIONS

Revenue - net	9	7,180	40,317	58,467	319,262
Cost of revenue		(6,427)	(33,735)	(61,957)	(306,068)
Gross profit / (loss)		753	6,582	(3,490)	13,194
Selling and distribution expenses		(2,662)	(1,729)	(13,018)	(14,394)
Administrative expenses		(9,730)	(17,880)	(43,583)	(60,068)
Other income		8,833	704,947	345,464	1,224,099
Finance cost		(9,761)	(11,516)	(26,163)	(21,023)
		(13,320)	673,822	262,700	1,128,614
(Loss) / profit before taxation		(12,567)	680,404	259,210	1,141,808
Taxation	10	(2,027)	(90,789)	(80,864)	(182,859)
(Loss) / profit after taxation		(14,594)	589,615	178,346	958,949
DISCONTINUED OPERATIONS					
Loss from discontinued operations		(5,075)	(6,128)	(16,930)	(25,224)
(Loss) / profit for the period		(19,669)	583,487	161,416	933,725
(Loss) / earning per share - Basic and diluted Continuing operations (Rs.)		(0.25)	9.98	3.02	16.24
Loss per share - Basic and diluted Discontinued operations (Rs.)		(0.09)	(0.10)	(0.29)	(0.43)

The annexed notes from 1 to 13 form an integral part of this unconsolidated condensed interim financial information.

Mujtaba Haider Khan
Chief Executive Officer

Shabbir Hussain Hashmi
Director

Shafiq Ahmed
Chief Financial Officer

Unconsolidated Condensed Interim Statement of Comprehensive Income (Unaudited)

For the Quarter and Nine Month Period Ended September 30, 2017

	Quarter Ended		Nine month Ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
	-----Rupees in '000-----			
(Loss) / profit for the period	(19,669)	583,487	161,416	933,725
Other comprehensive income				
Items that may be reclassified to profit and loss account				
(Loss) / gain on remeasurement of available for sale investments	(1,482)	1,668	(2,242)	2,050
Total comprehensive (loss) / income for the period	(21,151)	585,155	159,174	935,775

The annexed notes from 1 to 13 form an integral part of this unconsolidated condensed interim financial information.

Mujtaba Haider Khan
Chief Executive Officer

Shabbir Hussain Hashmi
Director

Shafiq Ahmed
Chief Financial Officer

Unconsolidated Condensed Interim Statement of Changes in Equity

For Nine Month Period Ended September 30, 2017

	Capital reserves				Unrealized gain / (loss) on remeasurement of available for sale investments	Unappropriated profit	Total
	Share capital	Merger reserve	Share premium reserve	Capital reserve			
	Rupees in '000						
Balance at January 01, 2016 (Audited)	590,578	10,521	136,865	33,311	25,969	206,666	1,234,247
Profit for the period	-	-	-	-	-	-	933,725
Other comprehensive income for the period	-	-	-	-	2,050	-	2,050
Total comprehensive income for period	-	-	-	-	2,050	-	933,725
Transactions with owners							
Final cash dividend for the year ended December 31, 2015 @ Rs. 5 per share	-	-	-	-	-	-	(295,289)
Balance at September 30, 2016 (Unaudited)	590,578	10,521	136,865	33,311	25,969	206,666	1,872,683
Balance at January 01, 2017 (Audited)	590,578	10,521	136,865	33,311	25,969	206,666	15,068
Profit for the period	-	-	-	-	-	-	161,416
Other comprehensive loss for the period	-	-	-	-	(2,242)	-	(2,242)
Total comprehensive (loss) / income for the period	-	-	-	-	(2,242)	-	161,416
Transactions with owners							
Final cash dividend for the year ended December 31, 2016 @ Rs. 5 per share	-	-	-	-	-	-	(295,289)
Balance at September 30, 2017 (Unaudited)	590,578	10,521	136,865	33,311	25,969	206,666	1,914,939

The annexed notes from 1 to 13 form an integral part of this unconsolidated condensed interim financial information.

Mujtaba Haider Khan
Chief Executive Officer

Shabbir Hussain Hashmi
Director

Shafiq Ahmed
Chief Financial Officer

Unconsolidated Condensed Interim Statement of Cash Flows (Unaudited)

For the Nine Month Period Ended September 30, 2017

	2017			2016		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Rupees in '000						
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit / (loss) before taxation	259,210	(16,930)	242,280	1,141,808	(25,224)	1,116,584
Adjustments for non-cash and other items:						
Depreciation	1,781	8,867	10,648	3,009	10,768	13,777
Amortization	3,795	-	3,795	3,894	-	3,894
Provision for gratuity	707	65	772	(2,211)	-	(2,211)
Gratuity transferred from subsidiary	731	-	731	-	-	-
Provision for onerous contract	148	-	148	-	-	-
Reversal of provision against trade debts	(286)	-	(286)	-	(1,100)	(1,100)
Provision against stock in trade	1,737	-	1,737	-	-	-
Provision against trade debts	2,561	-	2,561	4,629	-	4,629
Finance cost	26,163	-	26,163	21,023	-	21,023
Gain on disposal of property, plant and equipment	-	-	-	(13)	-	(13)
Dividend income	(312,628)	-	(312,628)	(1,208,844)	-	(1,208,844)
Interest Income	(2,070)	-	(2,070)	(332)	-	(332)
Capital gain on sale of investments - held for trading	-	-	-	(3,749)	-	(3,749)
	(18,151)	(7,998)	(26,149)	(40,786)	(15,556)	(56,342)
Working capital changes						
Decrease / (increase) in current assets						
Stores and spares	-	-	-	1,092	-	1,092
Stock in trade	(8,082)	19,911	11,829	99,982	15,541	115,523
Trade debts	30,744	(71)	30,673	(21,294)	2,449	(18,835)
Loans and advances	(104,236)	(50)	(104,286)	47,641	534	48,175
Deposits, prepayments and other receivables	(94,736)	(1,240)	(95,976)	(765,697)	2,433	(763,264)
(Decrease) / increase in current liabilities						
Trade and other payables	5,164	422	5,586	(50,186)	37,509	(12,677)
	(171,146)	18,972	(152,174)	(668,452)	58,466	(629,986)
Cash (used in) / generated from operations	(189,297)	10,974	(178,323)	(729,238)	42,910	(686,328)
Gratuity paid	(678)	-	(678)	-	-	-
Finance costs paid	(27,030)	-	(27,030)	(6,570)	-	(6,570)
Taxes paid	(49,041)	-	(49,041)	(71,628)	-	(71,628)
Net cash (used in) / generated from operating activities	(266,046)	10,974	(255,072)	(807,436)	42,910	(764,526)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of property, plant and equipment	(265)	-	(265)	(3,135)	-	(3,135)
Sale proceeds from disposal of property, plant and equipment	-	-	-	47	-	47
Sale proceeds from disposal of 'held for sale' assets	-	-	-	17,088	-	17,088
Purchase of intangible assets	(37)	-	(37)	-	-	-
Capital work in progress	-	-	-	(1,078)	-	(1,078)
Investment in a wholly owned subsidiary	(150,000)	-	(150,000)	(1,215,145)	-	(1,215,145)
Advance against purchase of shares	-	-	-	(347,336)	-	(347,336)
Sales proceeds from disposal of short-term investments	-	-	-	543,595	-	543,595
Interest received	2,070	-	2,070	332	-	332
Dividend received	312,628	-	312,628	1,208,844	-	1,208,844
Net cash generated from investing activities	164,396	-	164,396	203,212	-	203,212
CASH FLOWS FROM FINANCING ACTIVITIES						
Payment of dividend	(287,618)	-	(287,618)	(287,576)	-	(287,576)
Net cash used in financing activities	(287,618)	-	(287,618)	(287,576)	-	(287,576)
Net (decrease) / increase in cash and cash equivalents	(389,268)	10,974	(378,294)	(891,800)	42,910	(848,890)
Cash and cash equivalents at beginning of the period	-	-	(166,157)	-	-	(3,394)
Cash and cash equivalents at end of the period	-	-	(544,451)	-	-	(852,284)
Cash and cash equivalents:						
Cash and bank balances	-	-	8,522	-	-	13,850
Short term borrowings	-	-	(552,973)	-	-	(866,134)
	-	-	(544,451)	-	-	(852,284)

The annexed notes from 1 to 13 form an integral part of this unconsolidated condensed interim financial information.

Mujtaba Haider Khan
Chief Executive Officer

Shabbir Hussain Hashmi
Director

Shafiq Ahmed
Chief Financial Officer

Notes to the Unconsolidated Condensed Interim Financial Information (Unaudited)

For the Nine Month Period Ended September 30, 2017

1. LEGAL STATUS AND OPERATIONS

- 1.1 Dawood Lawrencepur Limited (the Company) was incorporated in Pakistan in 2004 as a public listed Company. It was formed as a result of a Scheme of Arrangement for Amalgamation under the provisions of the Companies Ordinance, 1984 between Dawood Cotton Mills Limited, Dilon Limited, Burewala Textile Mills Limited and Lawrencepur Woolen and Textile Mills Limited. The shares of the Company are listed on Pakistan Stock Exchange. The Company is currently engaged in the business of trading and marketing of renewable energy solutions, mainly solar, to commercial and industrial consumers, along with the legacy textile business. The registered office of the Company is situated at 3rd Floor, Dawood Centre, M.T.Khan Road, Karachi in the province of Sindh.
- 1.2 In prior years, the Company suspended operations of Lawrencepur Woolen and Textile Mills Limited (LWTM), Burewala Textile Mills Limited (BTM), Dilon Limited (DL) and Dawood Cotton Mills Limited (DCM) and sold assets of LWTM. DL and DCM property was sold in 2015. The results of discontinued operations include LWTM and BTM.
- 1.3 The 'Lawrencepur' brand name continues to operate under license.

2. BASIS OF PREPARATION

- 2.1 This unconsolidated condensed interim financial information of the Company for the nine month period ended September 30, 2017 is unaudited and has been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984 (the Ordinance), as required by circular CLD/CCD/PR(11)/2017 dated July 20, 2017 issued by the Securities and Exchange Commission of Pakistan (SECP) and continuation of said circular issued on October 04, 2017. In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed. This unconsolidated condensed interim financial information does 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, 2016.
- 2.2 The preparation of this unconsolidated condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements 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.
- 2.3 During the preparation of this unconsolidated condensed interim financial information, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that were applied to financial statements of the Company for the year ended December 31, 2016.

Notes to the Unconsolidated Condensed Interim Financial Information (Unaudited)

For the Nine Month Period Ended September 30, 2017

3. ACCOUNTING POLICIES

- 3.1 The accounting policies and the methods of computation adopted in the preparation of this unconsolidated condensed interim financial information are consistent with those applied in the preparation of the financial statements for the year ended December 31, 2016.
- 3.2 There were certain new standards, amendments and interpretations to the approved accounting standards that are mandatory for the financial year beginning January 1, 2017. These are considered not to be relevant or have any significant effect on the Company's financial reporting and operations and, therefore, not disclosed in this unconsolidated condensed interim financial information.
- 3.3 Taxes on income in the interim period are accrued using tax rate that would be applicable to expected total annual profit or loss.

4. LONG TERM INVESTMENTS

		Unaudited September 30, 2017	Audited December 31, 2016
Investment in related parties at cost	4.1	2,736,099	2,586,099
Other investments		15,281	17,523
		<u>2,751,380</u>	<u>2,603,622</u>

Note ----- Rupees in '000 -----

- 4.1 Includes Rs. 150 million paid during the period for subscription of 15 million ordinary shares of Reon Energy Limited at Rs. 10 each.

		Unaudited September 30, 2017	Audited December 31, 2016
		-----	-----
		----- Rupees in '000 -----	

5. STOCK IN TRADE

Renewable Energy

Finished goods	48,537	52,816
Provision for slow moving and obsolete items	<u>(18,222)</u>	<u>(16,484)</u>
	30,315	36,332

Textile

Finished goods	54,528	62,077
Provision for slow moving and obsolete items	<u>(11,851)</u>	<u>(11,851)</u>
	42,677	50,226
	<u>72,992</u>	<u>86,558</u>

Notes to the Unconsolidated Condensed Interim Financial Information (Unaudited)

For the Nine Month Period Ended September 30, 2017

6. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Includes amount receivable from Reon Energy Limited and Tenaga Generasi Limited amounting to Rs. 292.48 million and Rs. 42.78 million (December 31, 2016: Rs. 207 million and Rs 24.26 million) respectively.

7. SHORT TERM BORROWINGS

This represents utilized portion of running finance facilities obtained from the financial institutions of Rs. 1,150 million (December 31, 2016: 1,150 million). The facilities are subject to mark-up ranging from 3 months KIBOR + 0.65% to 0.9% per annum (December 31, 2016: 3 months KIBOR + 0.9% to 1%) which is determined at the start of each quarter and is payable on quarterly basis in arrears. The running finance under mark-up arrangement is secured by way of deposit of title deeds of land and pledge over Company's investment in related parties.

8. CONTINGENCIES AND COMMITMENTS

There is no material change in contingencies and commitments since financial year ended December 31, 2016 except the following:

The Company has obtained stay from the Honorable High Court of Sindh with regards to the amendment inserted through Finance Act, 2017 relating to the taxation of undistributed profits as stated in section 5A in Income Tax Ordinance, 2001. Had the provision been made, net profit for the period would have reduced by Rs. 93.17 million. No provision for tax in accordance with the provisions of section 5A has been accounted for in this unconsolidated condensed interim financial information as the management is confident that the matter will be decided in favor of the Company.

9. REVENUE - NET

	Unaudited For the nine month period ended September 30, 2017	Unaudited September 31, 2016
	----- Rupees in '000 -----	
<i>Renewable energy</i>		
Project revenue	57,871	141,795
Solar lights	-	1,467
Energy Sale	130	224
Others	466	175,776
	58,467	319,262
<i>Textile- discontinued operations</i>		
Fabric	6,678	13,761
Related to discontinued operations	(6,678)	(13,761)
	58,467	319,262

10. TAXATION

Represents ' Super Tax for rehabilitation of temporary displaced persons at the rate of 3% on specified income for the tax year 2017 (i.e. for the year ended December 31, 2016) levied through Finance Act 2017.

Notes to the Unconsolidated Condensed Interim Financial Information (Unaudited)

For the Nine Month Period Ended September 30, 2017

11. SEGMENT REPORTING

Management has determined the operating segments for allocation of resources and assessment of performance which are organized into the following two reportable operating segments;

- Renewable energy solutions
- Textile - discontinued operations

Segment analysis is as under;

	----- Unaudited -----						Total
	Renewable energy		Textile - discontinued operations		Unallocated		
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016	
11.1 Segment results	Rupees in '000-----						
Revenue	58,467	319,262	6,678	13,761	-	65,145	333,023
Cost of goods sold	(61,957)	(306,068)	(7,613)	(13,920)	-	(69,570)	(319,988)
Segment gross profit	(3,490)	13,194	(935)	(159)	-	(4,425)	13,035
Administrative expenses	(43,583)	(60,068)	(46,456)	(51,493)	-	(90,039)	(111,561)
Selling and distribution expenses	(13,018)	(14,394)	(95)	(29)	-	(13,113)	(14,423)
Finance cost	-	-	-	(17)	(26,163)	(26,163)	(21,040)
Other income	-	-	30,556	26,616	345,464	376,020	1,250,715
Taxation	-	-	-	-	(80,864)	(80,864)	(182,859)
Segment net (loss) / profit	(60,091)	(61,268)	(16,930)	(25,082)	238,437	161,416	933,867
	----- Rupees in '000-----						
	Unaudited September 30, 2017	Audited December 31, 2016	Unaudited September 30, 2017	Audited December 31, 2016	Unaudited September 30, 2017	Audited December 31, 2016	
11.2 Segment assets	439,346	347,400	218,884	137,275	2,759,903	2,969,723	3,454,398
Segment liabilities	43,410	30,427	81,218	12,965	568,495	549,882	593,274

Notes to the Unconsolidated Condensed Interim Financial Information (Unaudited)

For the Nine Month Period Ended September 30, 2017

12. TRANSACTIONS WITH RELATED PARTIES

Transaction with related parties, other than those which have been disclosed elsewhere in this unconsolidated condensed interim financial information, are as follows:

Relationship	Nature of transaction	Nine months period ended		
		September 30, 2017 Unaudited	September 30, 2016 Unaudited	
----- Rupees in '000' -----				
a. Subsidiary Company				
Tenaga Generasi Limited	Reimbursable expenses incurred by the Company	5,530	138,675	
	Reimbursement of SBLC commission	21,808	-	
	Interest on reimbursement of expenses and loan	8,675	-	
	Short term loan disbursed	105,000	-	
	Equity arrangement fee	-	17,426	
	Subscription of ordinary shares	-	609,310	
	Advance against issuance of shares capital	-	747,171	
	Transfer of fixed asset by the Company	-	368	
	Reon Energy Limited	Subscription of ordinary shares	150,000	206,000
		Sales of fixed assets by the Company	-	17,503
Sales of renewable energy products by the Company		74,401	174,899	
Interest on reimbursement of expenses		4,648	-	
Purchase of renewable energy products by the Company		133	8,190	
Bid Bond of SECMC		5,250	-	
Short term loan obtained		80,000	-	
Short term loan repaid		80,000	-	
Interest on short term loan obtained		186	-	
Short term loan		7,000	-	
Interest on loan		37	-	
Reimbursable expenses incurred by the Company		35,189	106,295	
Reimbursable expenses incurred on behalf of the Company		16,881	21,541	
Mozart (Private) Limited	Reimbursable expenses incurred by the Company	0.39	-	
Abrax (Private) Limited	Reimbursable expenses incurred by the Company	1	-	
Greengo (Private) Limited	Reimbursable expenses incurred by the Company	2	-	

Notes to the Unconsolidated Condensed Interim Financial Information (Unaudited)

For the Nine Month Period Ended September 30, 2017

Relationship	Nature of transaction	Nine months period ended	
		September 30, 2017 Unaudited	September 30, 2016 Unaudited
----- Rupees in '000' -----			
b. Associated Companies			
Dawood Hercules Corporation Limited	Dividend income	311,728	1,207,944
	Reimbursable expenses incurred by the Company	23	-
	Reimbursable expenses on behalf of the Company	-	1,999
Sach International (Private) Limited	Sale of fabric	477	161
	Reimbursable expenses incurred on behalf of the Company	1,956	217
	Reimbursable expenses incurred by the Company	123	-
	Royalty charged by the Company	7,629	10,417
	Penalty charged against overdue receivables	6	304
The Dawood Foundation	Rental charges	5,440	3,287
	Maintenance and utility charges payable	877	-
	Reimbursable expenses by the Company	-	3,037
Cyan Limited	Reimbursable expenses to the Company	-	145
c. Key management personnel	Salaries and benefits	8,931	16,652
d. Directors	Directors' meeting fee	1,300	900

13. DATE OF AUTHORIZATION FOR ISSUE

This unconsolidated condensed interim financial information was authorized for issue on October 28, 2017 by the Board of Directors of the Company.

Mujtaba Haider Khan
Chief Executive Officer

Shabbir Hussain Hashmi
Director

Shafiq Ahmed
Chief Financial Officer

Consolidated Condensed Interim Balance Sheet

As at September 30, 2017

	Unaudited September 30, 2017	Audited December 31, 2016
Note ----- Rupees in '000 -----		
ASSETS		
Non-current assets		
Property, plant and equipment	11,051,981	11,405,112
Intangible assets	25,467	29,267
Long term investments	8,798,118	8,708,829
Long term loans	-	49
Long term deposits	4,428	2,778
	19,879,994	20,146,035
Current assets		
Stores and spares	47,290	47,258
Stock in trade	114,364	149,447
Trade debts	808,310	326,655
Loans and advances	5,867	19,581
Deposits, prepayments and other receivables	169,141	338,671
Taxes recoverable	31,032	62,465
Cash and bank balances	798,454	798,854
	1,974,458	1,742,931
TOTAL ASSETS	21,854,452	21,888,966
EQUITY AND LIABILITIES		
Equity		
Share capital	590,578	590,578
Capital reserves	206,666	206,666
Unrealized gain on remeasurement of available for sale investments	12,826	14,157
Unappropriated profits	9,017,389	9,083,774
Non controlling interest	825,704	708,256
	10,653,163	10,603,431
Non-current liabilities		
Borrowings	7,738,596	8,471,798
Deferred taxation	1,307,631	1,078,251
Staff retirement gratuity	24,962	23,612
Current liabilities		
Trade and other payables	390,426	811,030
Short term borrowing	552,973	466,487
Current portion of long term borrowing	1,035,514	293,487
Accrued markup	151,187	140,870
	2,130,100	1,711,874
Contingencies and Commitments	8	
TOTAL EQUITY AND LIABILITIES	21,854,452	21,888,966

The annexed notes from 1 to 13 form an integral part of this consolidated condensed interim financial information.

Mujtaba Haider Khan
Chief Executive Officer

Shabbir Hussain Hashmi
Director

Shafiq Ahmed
Chief Financial Officer

Consolidated Condensed Interim Profit and Loss Account (Unaudited)

For the Quarter and Nine Month Period Ended September 30, 2017

	Quarter ended		Nine month ended		
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016	
Note	-----Rupees in '000-----				
CONTINUING OPERATIONS					
Revenue - net	9	716,884	314,247	2,119,995	376,118
Cost of revenue		(301,348)	(315,200)	(1,021,714)	(361,288)
Gross profit / (loss)		415,536	(953)	1,098,281	14,830
Selling and distribution expenses		(43,551)	(24,949)	(119,065)	(77,029)
Administrative expenses		(58,248)	(40,646)	(187,825)	(137,151)
Other income		17,403	12,535	69,331	33,024
Operating profit / (loss)		(84,396)	(53,060)	(237,559)	(181,156)
		331,140	(54,013)	860,722	(166,326)
Finance cost		(196,769)	(11,523)	(580,300)	(21,066)
		134,371	(65,536)	280,422	(187,392)
Share of profit from investment in an associate		196,595	71,762	389,047	726,660
Profit before taxation		330,966	6,226	669,469	539,268
Taxation	10	(35,973)	(84,236)	(320,399)	(185,974)
Profit / (loss) after taxation		294,993	(78,010)	349,070	353,294
DISCONTINUED OPERATIONS					
Loss from discontinued operations		(5,075)	(6,128)	(16,930)	(25,224)
Profit / (loss) for the period		289,918	(84,138)	332,140	328,070
Earning / (loss) per share - Basic and diluted Continuing operations (attributable to the owners of the Holding Company)		4.14	(1.32)	3.92	5.98
Loss per share - Basic and diluted Discontinued operations (attributable to the owners of the Holding Company)		(0.09)	(0.10)	(0.29)	(0.43)
Profit / (loss) attributable to:					
Owners of the Holding Company		239,266	(84,866)	214,692	330,078
Non controlling interest		50,652	728	117,448	(2,008)
		289,918	(84,138)	332,140	328,070

The annexed notes from 1 to 13 form an integral part of this consolidated condensed interim financial information.

Mujtaba Haider Khan
Chief Executive Officer

Shabbir Hussain Hashmi
Director

Shafiq Ahmed
Chief Financial Officer

Consolidated Condensed Interim Statement of Comprehensive Income (Unaudited)

For the Quarter and Nine Month Period Ended September 30, 2017

	Quarter ended		Nine month ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
-----Rupees in '000-----				
Profit / (Loss) for the period	289,918	(84,138)	332,140	328,070
Other comprehensive income				
Items that may be reclassified subsequently through profit and loss account				
(Loss) / gain on remeasurement of available for sale investments	(1,070)	6,408	(1,331)	(3,721)
Share of other comprehensive income from investment in associate	789	-	789	-
Total comprehensive income / (loss) for the period	<u>289,637</u>	<u>(77,730)</u>	<u>331,598</u>	<u>324,349</u>
Total comprehensive income / (loss) attributable to:				
- Continuing operations	294,712	(71,602)	348,528	349,573
- Discontinued operations	(5,075)	(6,128)	(16,930)	(25,224)
	<u>289,637</u>	<u>(77,730)</u>	<u>331,598</u>	<u>324,349</u>
Total comprehensive income / (loss) attributable to:				
- Owners of the Holding Company	238,985	(78,458)	214,150	326,357
- Non-controlling interest	50,652	728	117,448	(2,008)
	<u>289,637</u>	<u>(77,730)</u>	<u>331,598</u>	<u>324,349</u>

The annexed notes from 1 to 13 form an integral part of this consolidated condensed interim financial information.

Mujtaba Haider Khan
Chief Executive Officer

Shabbir Hussain Hashmi
Director

Shafiq Ahmed
Chief Financial Officer

Consolidated Condensed Interim Statement of Changes in Equity

For the Nine Month Period Ended September 30, 2017

	Share capital		Capital reserves			Unrealized gain / (loss) on remeasurement of available for sale investments	Unappropriated profit	Non controlling interest	Total
	Mergers reserve	Share premium reserve	Capital reserve	Capital redemption reserve fund	Total				
	10,521	136,865	33,311	25,969	206,666	9,297	5,964,172	301,436	7,072,149
Balance at January 01, 2016 (Audited)	590,578								
Profit for the period	-	-	-	-	-	-	330,078	(2,008)	328,070
Share issue cost	-	-	-	-	-	-	(4,335)	-	(4,335)
Shares purchase during the period	-	-	-	-	-	-	335,968	335,968	335,968
Other comprehensive profit for the period	-	-	-	-	-	-	-	-	-
Total comprehensive profit for the nine month ended September 30, 2016	-	-	-	-	-	(3,721)	-	-	(3,721)
	-	-	-	-	-	(3,721)	325,743	333,960	655,982
Transactions with owners									
Final cash dividend for the year ended December 31, 2015 @ Rs. 5 per share	-	-	-	-	-	-	(295,289)	-	(295,289)
Balance at September 30, 2016 (Unaudited)	590,578	10,521	136,865	33,311	25,969	206,666	5,576	5,994,626	635,396
	590,578	10,521	136,865	33,311	25,969	206,666	14,157	9,083,774	708,256
Balance at January 01, 2017 (Audited)									
Profit for the period	-	-	-	-	-	-	214,692	117,448	332,140
Other comprehensive loss for the period	-	-	-	-	-	(1,331)	789	-	(542)
Total comprehensive income for the nine month ended September 30, 2017	-	-	-	-	-	(1,331)	215,481	117,448	331,598
Transactions with owners									
Final cash dividend for the year ended December 31, 2016 @ Rs. 5 per share	-	-	-	-	-	-	(295,289)	-	(295,289)
Effect of other transaction of associate	-	-	-	-	-	-	13,423	-	13,423
Balance at September 30, 2017 (Unaudited)	590,578	10,521	136,865	33,311	25,969	206,666	12,826	9,017,389	825,704
	590,578	10,521	136,865	33,311	25,969	206,666	12,826	9,017,389	825,704

Rupees in '000-

The annexed notes from 1 to 13 form an integral part of this consolidated condensed interim financial information.

Mujtaba Haider Khan
Chief Executive Officer

Shabbir Hussain Hashmi
Director

Shafiq Ahmed
Chief Financial Officer

Consolidated Condensed Interim Statement of Cash Flows (Unaudited)

For the Nine Month Period Ended September 30, 2017

	2017			2016		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
-----Rupees in '000-----						
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit / (loss) before taxation	669,469	(16,930)	652,539	539,268	(25,224)	514,044
Adjustments for non-cash and other items:						
Depreciation	408,582	8,867	417,449	9,727	10,768	20,495
Amortization	4,042	-	4,042	4,093	-	4,093
Provision for gratuity	7,948	65	8,013	3,425	-	3,425
Reversal of provision for stock in trade	(16,189)	-	(16,189)	-	-	-
Reversal of provision for doubtful debts	(286)	-	(286)	-	(1,100)	(1,100)
Provision for onerous contract	148	-	148	-	-	-
Provision for stock in trade	1,737	-	1,737	-	-	-
Provision for doubtful debts	4,318	-	4,318	4,629	-	4,629
Finance costs	580,300	-	580,300	21,066	-	21,066
Gain / (loss) on disposal of property, plant and equipment	298	-	298	(3)	-	(3)
Share of profit from associate	(389,047)	-	(389,047)	(726,660)	-	(726,660)
Dividend income	(900)	-	(900)	(900)	-	(900)
Gain on sale of short term investment	-	-	-	(9,502)	-	(9,502)
Interest income	-	-	-	(9,464)	-	(9,464)
	1,270,420	(7,998)	1,262,422	(164,321)	(15,556)	(179,877)
Working capital changes						
Decrease / (increase) in current assets						
Stores and spares	(32)	-	(32)	926	-	926
Long term deposits	(1,650)	-	(1,650)	-	-	-
Stock in trade	29,624	19,911	49,535	(34,848)	15,541	(19,307)
Trade debts	(485,412)	(71)	(485,483)	(77,520)	2,449	(75,071)
Loans and advances	13,764	(50)	13,714	29,699	534	30,233
Deposits, prepayments and other receivables	170,566	(1,240)	169,326	(1,108,750)	2,433	(1,106,317)
	-	-	-	-	-	-
(Decrease) / increase in current liabilities						
Trade and other payables	(427,256)	422	(426,834)	48,929	37,509	86,438
	(700,396)	18,972	(681,424)	(1,141,565)	58,466	(1,083,099)
Cash generated / (used in) from operations	570,024	10,974	580,998	(1,305,886)	42,910	(1,262,976)
Long term loan	49	-	49	-	-	-
Gratuity paid	(7,341)	-	(7,341)	(1,227)	-	(1,227)
Finance costs paid	(569,983)	-	(569,983)	(205,638)	-	(205,638)
Taxes paid	(59,586)	-	(59,586)	(74,453)	-	(74,453)
Net cash (used in) / generated from operating activities	(66,837)	10,974	(55,863)	(1,587,204)	42,910	(1,544,294)

Consolidated Condensed Interim Statement of Cash Flows (Unaudited)

For the Nine Month Period Ended September 30, 2017

	2017			2016		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
-----Rupees in '000-----						
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of property, plant and equipment	(65,245)	-	(65,245)	(8,497)	-	(8,497)
Addition to intangible assets	(242)	-	(242)	(157)	-	(157)
Sale proceeds from disposal of property, plant and equipment	629	-	629	428	-	428
Additions to capital work-in-progress	-	-	-	(5,894,674)	-	(5,894,674)
Interest received	-	-	-	9,898	-	9,898
Sales proceeds from disposal of short-term investments - net	-	-	-	954,396	-	954,396
Dividend received	312,628	-	312,628	1,208,844	-	1,208,844
Net cash generated from / (used in) investing activities	247,770	-	247,770	(3,729,762)	-	(3,729,762)
CASH FLOWS FROM FINANCING ACTIVITIES						
Payment of dividend	(287,618)	-	(287,618)	(287,576)	-	(287,576)
Issue of fully paid ordinary shares in cash	-	-	-	335,969	-	335,969
Proceeds from borrowings	8,825	-	8,825	4,432,808	-	4,432,808
Transaction cost paid	-	-	-	(4,335)	-	(4,335)
Net cash (used in) / generated from financing activities	(278,793)	-	(278,793)	4,476,864	-	4,476,864
Net (decrease) / increase in cash and cash equivalents	(97,860)	10,974	(86,886)	(840,102)	42,910	(797,192)
Cash and cash equivalents at beginning of the period			332,367			498,078
Cash and cash equivalents at end of the period			245,481			(299,114)
Cash and cash equivalents:						
Cash and bank balances			798,454			567,020
Short term borrowings			(552,973)			(866,134)
			245,481			(299,114)

The annexed notes from 1 to 13 form an integral part of this consolidated condensed interim financial information.

Mujtaba Haider Khan
Chief Executive Officer

Shabbir Hussain Hashmi
Director

Shafiq Ahmed
Chief Financial Officer

Notes to the Consolidated Condensed Interim Financial Information (Unaudited)

For the Nine Month Period Ended September 30, 2017

1. LEGAL STATUS AND OPERATIONS

- 1.1 Dawood Lawrencepur Limited (the Holding Company) was incorporated in Pakistan in the year 2004 as a public listed company. It was formed as a result of a Scheme of Arrangement for Amalgamation in terms of the provisions of the Companies Ordinance, 1984 between Dawood Cotton Mills Limited, Dilon Limited, Burewala Textile Mills Limited and Lawrencepur Woolen and Textile Mills Limited. The shares of the Holding Company are listed on Pakistan Stock Exchange. The Holding Company is currently engaged in the business of trading and marketing of renewable energy solutions, mainly solar, to commercial and industrial consumers, along with the legacy textile business. The registered office of the Holding Company is situated at 3rd Floor, Dawood Centre, M.T.Khan Road, Karachi in the province of Sindh.
- 1.2 In prior years, the Holding Company suspended operations of Lawrencepur Woolen and Textile Mills Limited (LWTM), Burewala Textile Mills Limited (BTM), Dilon Limited (DL) and Dawood Cotton Mills Limited (DCM) and sold certain assets of LWTM. DL and DCM property was sold in 2015. The results of discontinued operations include LWTM and BTM.
- 1.3 The 'Lawrencepur' brand name continues to operate under license with associated Company.
- 1.4 The "Group" consists of:

The Holding Company: Dawood Lawrencepur Limited (incorporated in Pakistan)

Subsidiary Companies: Companies in which the Holding Company owns over 50% of voting rights, or Companies directly controlled by the Holding Company.

	Period Ended	Percentage of direct holding	
		2017	2016
-Reon Energy Limited (note 1.5.1)	Sep 30	100%	100%
-Tenega Generasi Limited (note 1.5.2)	Sep 30	75%	75%
-Mozart (Private) Limited (note 1.5.3)	Sep 30	100%	0%

Associated Company:

- Dawood Hercules Corporation Limited (note 1.6)	Sep 30	16.19%	16.19%
--------------------------------------------------	--------	--------	--------

1.5 Subsidiary companies

1.5.1 Reon Energy Limited (Reon)

Reon was incorporated on September 15, 2014 under the Companies Ordinance, 1984 as a public unlisted company to carry out the business of trading and marketing of renewable energy solutions, mainly solar, to commercial and industrial consumers. The registered office of Reon is situated at 3rd Floor, Dawood Centre, M.T. Khan Road, Karachi in the province of Sindh. Reon is a wholly owned subsidiary of the Holding Company.

Notes to the Consolidated Condensed Interim Financial Information (Unaudited)

For the Nine Month Period Ended September 30, 2017

1.5.2 Tenaga Generasi Limited (TGL)

TGL was incorporated in Pakistan on December 01, 2005 under the Companies Ordinance, 1984 as a public unlisted company to primarily carry out the business of power generation as an independent power producer using wind energy. The registered office of the Subsidiary Company is situated at 3rd Floor, Dawood Centre, M.T. Khan Road, Karachi, in the province of Sindh.

TGL has set up a 49.5 MW Wind Power Plant at Gharo, Sindh. The project achieved 'Financial Close' in March 2015 and has received the Government of Pakistan Guarantee. The Plant commenced commercial operations on October 11, 2016. The electricity generated is transmitted to the National Transmission and Dispatch Company (NTDC) under the Energy Purchase Agreement (EPA) dated December 29, 2015. The EPA is for 20 years.

1.5.3 Mozart (Private) Limited

Mozart (Private) Limited (MPL) was incorporated in Pakistan on October 4, 2016 under the Companies Ordinance, 1984 as a private limited company to manage investments in associated companies. The registered office of MPL is situated at 3rd Floor, Dawood Centre, M.T. Khan Road, Karachi in the province of Sindh. MPL is a wholly owned subsidiary of the Holding Company.

1.6 Associated company

Dawood Hercules Corporation Limited (DHCL) was incorporated in Pakistan on April 17, 1968 as a public limited company under the Companies Act 1913 (now Companies Ordinance, 1984) (the Ordinance) and its shares are quoted on Pakistan Stock Exchange Limited. The principal activity of DHCL is to manage investments in its subsidiary and associated companies. The registered office of DHCL is situated at Dawood Center, M.T. Khan Road, Karachi. The Holding Company holds ownership of 16.19% (2016: 16.19%) in DHCL.

2. BASIS OF PREPARATION

- 2.1 This consolidated condensed interim financial information of the Company for the nine month period ended September 30, 2017 is unaudited and has been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984 (the Ordinance), as required by circular CLD/CCD/PR(11)/2017 dated July 20, 2017 issued by the Securities and Exchange Commission of Pakistan (SECP) and continuation of said circular issued on October 04, 2017. In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed. This consolidated condensed interim financial information does 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, 2016.

Notes to the Consolidated Condensed Interim Financial Information (Unaudited)

For the Nine Month Period Ended September 30, 2017

- 2.2 The preparation of this consolidated condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Holding Company's accounting policies. Estimates and judgements 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.
- 2.3 During the preparation of this consolidated condensed interim financial information, the significant judgements made by management in applying the Holding Company's accounting policies and the key sources of estimation and uncertainty were the same as those that were applied to financial statements of the Holding Company for the year ended December 31, 2016.

3. BASIS OF CONSOLIDATION

The condensed interim financial information of the subsidiary companies have been consolidated on a line by line basis. The carrying value of investments held by the Holding Company is eliminated against the subsidiaries' portion of equity held by Holding Company.

Non-controlling interest has been presented as a separate item in this consolidated condensed interim financial information. All material intercompany balances and transactions have been eliminated.

The consolidated condensed interim financial information is presented in Pakistan Rupees, which is the Holding Company's functional currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income, except where such gains and losses are directly attributable to the acquisition, construction or production of a qualifying asset, in which case, such gain and losses are capitalized as part of the cost of that asset.

4. ACCOUNTING POLICIES

- 4.1 The accounting policies and the methods of computation adopted in the preparation of this consolidated condensed interim financial information are consistent with those applied in the preparation of the financial statements of the group for the year ended December 31, 2016.
- 4.2 There are certain new International Financial Reporting Standards, amendments to published standards and interpretations that are mandatory for the financial year beginning January 1, 2017. These are considered not to be relevant or have any significant effect on the Holding Company's financial reporting and operations and, therefore, not disclosed in this consolidated condensed interim financial information.
- 4.3 Taxes on income in the interim period are accrued using tax rate that would be applicable to expected total annual profit or loss.

Notes to the Consolidated Condensed Interim Financial Information (Unaudited)

For the Nine Month Period Ended September 30, 2017

	Unaudited September 30, 2017	Audited December 31, 2016
	-----Rupees in '000-----	
5. LONG TERM INVESTMENTS		
Share of investment in an associate (note 5.1)	8,782,837	8,691,306
Other investments	15,281	17,523
	<u>8,798,118</u>	<u>8,708,829</u>
5.1 Share of investment in an associate		
Associated company - quoted		
Dawood Hercules Corporation Limited		
Opening balance	8,691,306	5,337,092
Add: Share of profit after taxation	389,047	4,138,901
Share of other comprehensive income	789	(741)
Other equity transaction	13,423	579,863
	403,259	4,718,023
Less: Dividend	(311,728)	(1,363,809)
	<u>8,782,837</u>	<u>8,691,306</u>
6. CASH AND BANK BALANCES		
Cash in hand	352	462
Cheques in hand	14,000	109,500
Current accounts	21,730	10,101
Deposit accounts (note 6.1)	-	403,661
Deposit accounts - foreign currency	762,372	275,130
	<u>798,454</u>	<u>798,854</u>

- 6.1 The rates of profits on the deposit account ranges from 3.75% to 5.05% per annum (Dec 2016: 3.7% to 6.5%)

7. SHORT TERM BORROWING

This represents utilized portion of running finance facilities obtained from the financial institutions of Rs. 1,150 million (December 31, 2016: 1,150 million). The facilities are subject to mark-up ranging from 3 months KIBOR + 0.65% to 0.9% per annum (December 31, 2016: 3 months KIBOR + 0.9% to 1%) which is determined at the start of each quarter and is payable on quarterly basis in arrears. The running finance under mark-up arrangement is secured by way of deposit of title deeds of land and pledge over Company's investment in related parties.

8. CONTINGENCIES AND COMMITMENTS

There is no material change in contingencies and commitments since financial year ended December 31, 2016 except the following:

Notes to the Consolidated Condensed Interim Financial Information (Unaudited)

For the Nine Month Period Ended September 30, 2017

The Company has obtained stay order from the Honorable High Court of Sindh, with regards to the amendment inserted through Finance Act, 2017 relating to the taxation of undistributed profits as stated in section 5A in Income Tax Ordinance, 2001. Had the provision been made, net profit for the period would have reduced by Rs. 93.17 million. No provision for tax in accordance with the provisions of section 5A has been accounted for in this consolidated condensed interim financial information as the management is confident that the matter will be decided in favor of the Company.

Unaudited For the nine month period ended September 30, 2017	Unaudited September 30, 2016
-----Rupees in '000-----	

9. REVENUE - NET

Renewable energy

Project revenue	456,709	195,388
Solar lights	-	1,467
Energy sale	130	-
Alternate energy	1,662,690	-
Others	466	179,263
	<u>2,119,995</u>	<u>376,118</u>

Textile

Fabric	6,678	13,761
	<u>2,126,673</u>	<u>389,879</u>

Less:

Related to discontinued operations	6,678	13,761
	<u>2,119,995</u>	<u>376,118</u>

10. TAXATION

Includes 'Super Tax for rehabilitation of temporary displaced persons' at the rate of 3% on specified income for the tax year 2017 (i.e. for the year ended December 31, 2016) levied through Finance Act 2017.

Notes to the Consolidated Condensed Interim Consolidated Financial Information (Unaudited)

For the Nine Month Period Ended September 30, 2017

11 SEGMENT REPORTING

Management has determined the operating segments for allocation of resources and assessment of performance which are organized into the following three reportable operating segments;

- Renewable energy solutions
- Alternate energy
- Textile - discontinued operations

Segment analysis is as under;

	Unaudited									
	Renewable energy		Textile - discontinued operations		Alternate Energy		Unallocated		Total	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
11.1 Segment results										
Revenue	457,305	376,118	6,678	13,761	1,662,690	-	-	-	2,126,673	389,879
Cost of goods sold	(407,865)	(361,288)	(7,613)	(14,061)	(613,849)	-	-	-	(1,029,327)	(375,349)
Segment gross profit / (loss)	49,440	14,830	(935)	(300)	1,048,841	-	-	-	1,097,346	14,530
Dividend income	-	-	-	-	-	-	-	900	-	-
Selling and distribution expenses	(117,581)	(77,029)	(95)	(29)	(1,484)	-	-	-	(119,160)	(77,058)
Administrative expenses	(129,123)	(114,781)	(46,456)	(51,493)	(58,702)	(22,370)	-	-	(234,281)	(188,644)
Other income	13,231	-	30,556	26,616	22,364	15,796	32,836	17,228	99,887	59,640
Finance costs	(18,079)	-	-	(18)	(536,058)	(6)	-	(26,163)	(580,300)	(21,084)
Profit from associate	-	-	-	-	-	-	-	389,047	389,047	726,660
Taxation	-	-	-	-	-	(2,546)	-	(315,230)	(320,399)	(185,974)
Segment (loss) / profit	(202,112)	(176,980)	(16,930)	(25,224)	469,792	(9,126)	81,390	539,400	332,140	328,070
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	September 30, 2017	December 31, 2016	September 30, 2017	December 31, 2016	September 30, 2017	December 31, 2016	September 30, 2017	December 31, 2016	September 30, 2017	December 31, 2016
11.2 Segment assets	303,725	632,205	218,884	137,276	12,484,272	12,013,353	8,847,571	9,106,132	21,854,452	21,888,966
Segment liabilities	107,987	176,513	81,218	12,965	9,119,206	9,541,042	1,892,878	1,555,015	11,201,289	11,285,535

Notes to the Consolidated Condensed Interim Financial Information (Unaudited)

For the Nine Month Period Ended September 30, 2017

12 TRANSACTIONS WITH RELATED PARTIES

Transaction with related parties, other than those which have been disclosed elsewhere in this consolidated condensed interim financial information, are as follows:

Relationship	Nature of transaction	Unaudited	Unaudited
		Nine month period ended September 30, 2017	September 30, 2016
-----Rupees in '000'-----			
a. Associated companies			
Dawood Hercules Corporation Limited	Dividend income	311,728	1,207,944
	Reimbursable expenses incurred on behalf of the Company	58	2,164
	Reimbursable expenses incurred by the Company	8,064	-
Sach International (Private) Limited	Sale of fabric	477	161
	Reimbursable expenses incurred by the Company	123	217
	Reimbursable expenses incurred on behalf of the Company	1,956	-
	Royalty charged by the Company	7,629	10,417
	Penalty charged against overdue receivables	6	304
The Dawood Foundation	Rental charges paid	5,440	4,930
	Maintenance and utility charges	877	-
	Reimbursable expenses incurred on behalf of the Company	-	1,486
	Security deposit	-	1,550
Cyan Limited	Reimbursable expenses incurred by the Company	-	145
Engro Powergen Limited	Project management fee	3,600	9,600
	Reimbursable expenses incurred on behalf of the Company	7,214	36,036
International Finance Corporation	Commitment fee	434	5,584
	Borrowing cost charged to the Company	102,652	59,085
	Borrowing received	280,620	1,355,608
	Repayment of loan	89,814	-
	Issue of shares	-	335,968
	Supervision fees	3,078	-
	Commitment fee	434	-
c. Key management personnel	Salaries and benefits	70,805	75,858
d. Director	Director's meeting fee	1,800	1,250

13. DATE OF AUTHORIZATION FOR ISSUE

This consolidated condensed interim financial statement was authorized for issue on October 28, 2017 by the Board of Directors of the Holding Company.

Mujtaba Haider Khan
Chief Executive Officer

Shabbir Hussain Hashmi
Director

Shafiq Ahmed
Chief Financial Officer

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





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







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