

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 (UN-AUDITED)

**BETTER  
-  
STARTS  
TODAY**



# BETTER - STARTS TODAY

We always imagine the future to be bigger, brighter and better – yet we are here; now and today. That’s where Reon comes in, because we make it better - today.

With renewable energy solutions for everyone, we embrace the future with open arms and bright ideas, because tomorrow can only be better if it starts today.

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## Vision

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

## 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 and 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

Shahid Hamid Pracha (Chairman)  
Inam ur Rahman (Chief Executive)  
Shafiq Ahmed  
Abdul Samad Dawood  
Shahzada Dawood  
Dr. Jawaid Abdul Ghani  
Hasan Reza Ur Rahim

## Board Audit Committee

Dr. Jawaid Abdul Ghani (Chairman)  
Shafiq Ahmed  
Hasan Reza Ur Rahim

## Human Resource and Remuneration Committee

Shahid Hamid Pracha (Chairman)  
Abdul Samad Dawood

## CFO and Company Secretary

Hafsa Shamsie

## Auditors

Deloitte Yousuf Adil  
(Chartered Accountants)

## Bankers

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

## Legal Advisor

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  
Ph# : 021-111-111-500

## Registered / Head Office

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

## Lahore Office

01-Canal Park, Near Jail Road Underpass  
Gulberg 2, Lahore-54000  
Ph# : 042-35959146-9  
Fax# : 042-35959145

## Mills

Dawoodabad  
District Vehari  
Ph# : 067- 3353347, 3353145, 3353246  
Fax# : 067- 3354679

Dawoodpur  
District Attock  
Ph# : 057-2641074-6  
Fax# : 057-2641073

## Directors' Review

For The Nine Months Ended September 30, 2015

The Directors are pleased to present the un-audited financial information of Dawood Lawrencepur Limited for the nine months ended September 30, 2015.

### OPERATING RESULTS

Renewable energy business turnover of the Company for the nine months ended September 30, 2015 was Rs 147.12 million as against Rs 88.23 million for the similar period last year on back of growth in renewable energy business. Textiles sales, shown as discontinued operations, were Rs 14.64 million as compared to Rs 55.02 million for the similar period last year in line with expectation given the difficult competitive landscape of the worsted fabric industry and the strategic intent of the Company to exit this sector. Fixed costs associated with renewable energy business have led to an increase in the operating loss of the Company to Rs 165.79 million as compared to a loss of Rs 154.39 million last year. Other operating income was healthy given the receipt of dividend income from the Company's long term investment.

The summary of operating results is as follows:

	Nine months ended September 30, 2015 Rupees (million)	Nine months ended September 30, 2014 Rupees (million)
Sales	147.12	88.23
Operating Loss	(165.79)	(154.39)
Share of profit from associate	1,022.36	80.43
Profit after taxation from continuing operations	704.74	119.11
Loss from discontinued operations	(60.73)	208.55
Profit for the quarter	644.12	89.44

### EARNINGS PER SHARE

Earnings per share on a standalone basis for the nine months were Rs 10.90 per share as compared to earnings of Rs 1.51 per share in September 2014. Earnings per share for the Group were Rs 0.56 as compared to earnings per share of Rs 6.06 for the similar period last year.

### PROGRESS REVIEW

Following the successful installation of a number of solar projects for big names like Nobel Group, there has been similar interest exhibited by other large industry names. Internally, the major focus of the business has been on developing the technical and commercial capability to consistently deliver quality products and solutions. Reon – the renewable energy subsidiary - aims to position itself as the leading provider of renewable energy solutions, with best-in-class technology and health and safety standards. This year has seen certain movements in the macro-economic environment – especially the decrease in oil prices has slowed down growth for the entire renewables industry. However the sector continues its upward trend despite these short term challenges.

The Lawrencepur brand licensing arrangement continues to reap benefits for the shareholders in the form of royalty income. The Company continues to work towards its strategic intent firstly of focusing on the renewables market by transferring its renewable energy business to its wholly owned subsidiary, Reon Energy Limited and secondly of liquidating its textile assets for which negotiations are underway with prospective bidders.

The Tenaga Generasi Wind Power Project is proceeding as per plan. Post Project Commencement Date (PCD), Mobilization and Performance Bonds have been submitted by the Offshore and Onshore contractors and the order for the main Wind Turbine Generators, including towers and blades, has been placed. The detailed design has been initiated and approval obtained for the base electrical design from NTDC, which is a requirement under the EPA. A team of Contractors has mobilized at Site and work has commenced on the development of the temporary facility, initial test piles and the internal road. The Project Schedule is being closely monitored with an objective of achieving Project COD by early Q4, 2016.

## BUSINESS OUTLOOK

As the course evolves for Reon, the focus is now slowly shifting towards large scale industrial and commercial sectors, a highly energy-dependent sector, while building capability to cater to the target customers. The increasing viability of solar power is soon expected to make it the most attractive energy solution for businesses. However, as observed in more developed economies, the mass conversion to renewable sources has always come about with government support. For sustainable long term economic growth, it is imperative that policy makers enable programs that support the energy demand of large scale businesses. Only then will corporations be able to set time-bound renewable energy targets for creating self-sustaining ventures. The Company is actively lobbying with the government directly and through other channels to positively influence short and long term policy.

Under the Wind Energy Purchase Agreement, NTDC will purchase power from the Company for twenty years post commencement of operations and has committed to ensure grid connection availability to the Project by December 2015 as power transmission is the Government's responsibility. It is proposed that interconnection for Tenaga will be through the existing transmission line for that area thereby shortening the construction time of the transmission line.

Energy through wind projects is fast getting to be a mature and proven technology in Pakistan. The Company remains optimistic about Wind Energy given its cost competitiveness over other conventional energy forms and the promise of energy security, and is committed to deliver the Project within budgeted time and cost.

On Behalf of the Board



INAM UR RAHMAN  
Chief Executive

Karachi:  
October 21, 2015

# Condensed Interim Balance Sheet (Unaudited)

As At September 30, 2015

		(Unaudited) September 30, 2015	(Audited) December 31, 2014
Note		----- Rupees in '000 -----	
<b>ASSETS</b>			
<b>Non-current assets</b>			
	Property, plant and equipment	4 140,543	144,696
	Intangible assets	5 12,365	14,191
	Long term investments	6 670,409	459,043
	Long term deposits	10,544	10,544
		<u>833,861</u>	<u>628,474</u>
<b>Current assets</b>			
	Stores and spares	13,009	12,000
	Stock-in-trade	7 235,825	280,519
	Trade debts	8 91,768	51,533
	Loans and advances	9 206,637	51,117
	Deposits, prepayments and other receivables	10 903,851	82,535
	Cash and bank balances	8,067	20,303
		1,459,157	498,007
		<u>2,293,018</u>	<u>1,126,481</u>
<b>SHARE CAPITAL AND RESERVES</b>			
	Share capital	590,578	590,578
	Reserves	216,184	217,432
	Accumulated profits / (losses)	598,933	(45,079)
		<u>1,405,695</u>	<u>762,931</u>
<b>LIABILITIES</b>			
<b>Non current liabilities</b>			
	Deferred liabilities	11 2,405	17,748
<b>Current liabilities</b>			
	Running finance	12 560,148	178,491
	Trade and other payables	165,173	139,216
	Accrued markup	9,780	5,132
	Provision for taxation	13 149,817	22,963
		884,918	345,802
		<u>2,293,018</u>	<u>1,126,481</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
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The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

  
INAM UR RAHMAN  
Chief Executive

  
SHAFIQ AHMED  
Director



# Condensed Interim Profit and Loss Account (Unaudited)

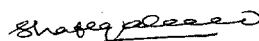
For The Nine Months Ended September 30, 2015

	Quarter Ended		Nine Months Ended	
	Sep 30, 2015	Sep 30, 2014	Sep 30, 2015	Sep 30, 2014
Note	-----Rupees in '000-----			
<b>CONTINUING OPERATIONS</b>				
Sales - net	62,383	28,012	147,120	88,229
Cost of goods sold	<u>(63,296)</u>	<u>(23,533)</u>	<u>(124,534)</u>	<u>(75,264)</u>
Gross profit	(913)	4,479	22,586	12,965
Other income	938,355	1,190	1,022,358	80,428
Selling and distribution expenses	27,764	31,291	85,126	76,937
Administrative expenses	24,189	33,087	103,253	90,418
Finance cost	9,847	9,257	24,968	25,748
Workers welfare fund	-	(1,777)	-	2,081
	<u>(61,800)</u>	<u>(71,858)</u>	<u>(213,347)</u>	<u>(195,184)</u>
Profit / (loss) before taxation	875,642	(66,189)	831,597	(101,791)
Taxation	(118,130)	(638)	(126,855)	(17,321)
Profit / (loss) after taxation from continuing operations	<u>757,512</u>	<u>(66,827)</u>	<u>704,742</u>	<u>(119,112)</u>
<b>DISCONTINUED OPERATIONS</b>				
(Loss) / profit from discontinued operations	15.1 (21,922)	(16,440)	(60,730)	208,548
Profit / (loss) for the period	<u>735,590</u>	<u>(83,267)</u>	<u>644,012</u>	<u>89,436</u>
<b>Earnings per share - Basic and diluted</b>				
Continuing operations (Rs.)	<u>12.83</u>	<u>(1.13)</u>	<u>11.93</u>	<u>(2.02)</u>
Discontinued operations (Rs.)	<u>(0.37)</u>	<u>(0.28)</u>	<u>(1.03)</u>	<u>3.53</u>

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.



INAM UR RAHMAN  
Chief Executive



SHAFIQ AHMED  
Director

# Condensed Interim Statement of Comprehensive Income (Unaudited)

For The Nine Months Ended September 30, 2015

	Quarter Ended		Nine Months Ended	
	Sep 30, 2015	Sep 30, 2014	Sep 30, 2015	Sep 30, 2014
-----Rupees in '000-----				
Profit / (loss) after taxation	735,590	(83,267)	644,012	89,436
Other comprehensive income				
Items that will be reclassified subsequently to profit or loss				
(deficit) / surplus on remeasurement of 'available for sale' investments	(792)	(362)	(1,248)	1,772
Total comprehensive income / (loss)	<u>734,798</u>	<u>(83,629)</u>	<u>642,764</u>	<u>91,208</u>

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

  
INAM UR RAHMAN  
Chief Executive

  
SHAFIQ AHMED  
Director

# Condensed Interim Cash Flow Statement (Unaudited)

For The Nine Months Ended September 30, 2015

	Nine months ended September 30, 2015			Nine months ended September 30, 2014		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	Rupees in '000					
	(Un-audited)					
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>						
(Loss) / profit before taxation	831,597	(60,730)	770,867	(101,791)	208,548	106,757
Adjustments for :						
Depreciation	5,873	13,990	19,863	3,162	2,603	5,765
Amortization	3,346	-	3,346	467	-	467
Provision for gratuity	4,748	-	4,748	5,966	-	5,966
Provision against doubtful debts	414	1,021	1,434	-	-	-
Reversal of provision against doubtful debts	-	-	-	(347)	(1,020)	(1,367)
Reversal of provision against stock in trade	-	(3,000)	(3,000)	-	-	-
Provision against stock in trade	221	468	689	2,218	-	2,218
Provision against stores and spares	-	-	-	-	-	-
Finance cost	24,970	50	25,020	25,748	2	25,750
(Gain) / loss on disposal of property, plant and equipment	(695)	(8)	(703)	(89)	(251,027)	(251,116)
Dividend income	(1,013,965)	-	(1,013,965)	(77,932)	-	(77,932)
Operating loss before working capital changes	(143,492)	(48,209)	(191,701)	(142,598)	(40,894)	(183,492)
<b>(Increase) / decrease in current assets</b>						
Stores and spares	(1,009)	-	(1,009)	-	121	121
Stock in trade	37,814	6,880	44,694	(106,653)	47,313	(59,340)
Trade debts	(51,165)	10,930	(40,235)	(4,423)	60,316	55,893
Loans and advances	(32,678)	85	(32,593)	255	(17)	238
Deposits, prepayments and other receivables	(9,548)	6,605	(2,943)	(9)	(2,075)	(2,084)
<b>Increase/ (decrease) in current liabilities</b>						
Trade and other payables	(29,902)	55,859	25,957	13,211	17,823	31,034
	(86,488)	80,359	(6,129)	(97,619)	123,481	25,862
Cash (used in) / generated from operations	(229,980)	32,150	(197,830)	(240,217)	82,587	(157,630)
Gratuity paid	(2,705)	-	(2,705)	(1,604)	(530)	(2,134)
Finance cost paid	(20,374)	-	(20,374)	(21,954)	(2)	(21,956)
Tax paid	(25,274)	-	(25,274)	(10,739)	-	(10,739)
<b>Net cash (used in) / generated from operating activities</b>	<b>(278,333)</b>	<b>32,150</b>	<b>(246,183)</b>	<b>(274,514)</b>	<b>82,055</b>	<b>(192,459)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Payment for purchase of items of property, plant and equipment	(15,281)	-	(15,281)	(13,700)	-	(13,700)
Sale proceeds from disposal of items of property, plant and equipment	1,600	8	1,608	540	251,069	251,609
Payment for purchase of software	-	-	-	(13,669)	-	(13,669)
Investment in subsidiary	(212,614)	-	(212,614)	(10,000)	-	(10,000)
Dividend received	78,782	-	78,782	77,932	-	77,932
<b>Net cash (used in) / generated from investing activities</b>	<b>(147,513)</b>	<b>8</b>	<b>(147,505)</b>	<b>41,103</b>	<b>251,069</b>	<b>292,172</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Payment of dividend	(205)	-	(205)	(151)	-	(151)
Net cash used in financing activities	(205)	-	(205)	(151)	-	(151)
<b>Net (decrease) / increase in cash and cash equivalent (A+B+C)</b>	<b>(426,051)</b>	<b>32,158</b>	<b>(393,893)</b>	<b>(233,562)</b>	<b>333,124</b>	<b>99,562</b>
Cash and cash equivalent at beginning of the period			(158,188)	-	-	(241,452)
Cash and cash equivalent at end of the period	(426,051)	32,158	(552,081)	(233,562)	333,124	(141,890)
<b>Cash and cash equivalent</b>						
Cash and bank balances			8,067			6,193
Running finance			(560,148)			(148,083)
			(552,081)			(141,890)

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.

  
INAM UR RAHMAN  
Chief Executive

  
SHAFIQ AHMED  
Director

## Condensed Interim Statement of Changes in Equity (Unaudited)

For The Nine Months Ended September 30, 2015

	Ordinary shares	Capital Reserves			Capital redemption reserve fund	Accumulated profit / (loss)	Unrealized gain on remeasurement of available for sale investments	Total
		Merger reserve	Share premium reserve	Capital reserve				
Balance as at January 01, 2014	590,578	10,521	136,865	33,311	25,969	49,027	7,508	853,779
Profit after tax for the nine months ended September 30, 2014	-	-	-	-	-	89,436	-	89,436
Other comprehensive income	-	-	-	-	-	-	1,772	1,772
Total comprehensive income	590,578	10,521	136,865	33,311	25,969	138,463	9,280	944,987
Balance at September 30, 2014 (Un-audited)	590,578	10,521	136,865	33,311	25,969	(45,079)	10,766	762,931
Balance as at December 31, 2014 (Audited)	590,578	10,521	136,865	33,311	25,969	644,012	-	644,012
Profit after tax for the nine months ended September 30, 2015	-	-	-	-	-	-	(1,248)	(1,248)
Other comprehensive income	-	-	-	-	-	644,012	(1,248)	642,764
Total comprehensive income / (loss)	590,578	10,521	136,865	33,311	25,969	598,933	9,518	1,405,695
Balance at September 30, 2015 (Un-audited)	590,578	10,521	136,865	33,311	25,969	598,933	9,518	1,405,695

..... Rupees in '000 .....

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

  
INAM UR RAHMAN  
Chief Executive

  
SHAFIQ AHMED  
Director

# Notes to the Condensed Interim Financial Information (Unaudited)

For The Nine Months Ended September 30, 2015

## 1 GENERAL INFORMATION

- 1.1 Dawood Lawrencepur Limited, (the Company) was incorporated in Pakistan in the year 2004, as a public listed company 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 Company are listed on the Karachi and Lahore Stock Exchanges. The Company is engaged in the business of trading and marketing of renewable energy solutions, mainly solar, to commercial and industrial consumers, along with the trading 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). Plant and Machinery of LWTM, DL and DCM was sold in prior years. The results of all these textile units are shown under 'discontinued operations'.
- 1.3 The Company is in the process of selling DL and DCM assets. Shareholders' approval for sale of land and building had been obtained in 2014.
- 1.4 The 'Lawrencepur' brand name continues to operate under license.

## 2 BASIS OF PREPARATION

This condensed interim financial information has been prepared on the historical cost convention except that certain investments are carried at fair value and staff retirement benefits have been measured at present value. All amounts are in Pak Rupees which is the functional and presentation currency of the Company unless stated otherwise.

### 2.1 Statement of compliance

This condensed interim financial information 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. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

The disclosures in the condensed interim financial information do not include the information reported for full annual financial statements and should therefore be read in conjunction with financial statements for the year ended December 31, 2014.

This condensed interim financial information is presented in Pak Rupees, which is the functional and presentation currency of the Company and rounded off to the nearest thousand of rupees.

# Notes to the Condensed Interim Financial Information (Unaudited)

For The Nine Months Ended September 30, 2015

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND RISK MANAGEMENT POLICIES

3.1 The accounting policies, underlying estimates and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of annual audited financial statements of the Company for the year ended December 31, 2014.

3.2 The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the financial statements of the Company for the year ended December 31, 2014.

Note	(Un-audited)	(Audited)	
	September 30, 2015	December 31, 2014	
	Rupees in '000		
<b>4</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>		
Operating assets	4.2	139,017	144,696
Capital work in progress		1,526	-
		<u>140,543</u>	<u>144,696</u>

4.1 Additions and disposals during the period are as follows:

	(Un-audited)		(Un-audited)	
	September 30, 2015		September 30, 2014	
	Acquisition at cost	Disposal at written down value	Acquisition at cost	Disposal at written down value
.....Rupees in '000.....				
Promotional and demo projects	-	-	2,449	-
Furniture, fixture and office equipment	1,249	-	3,797	-
Computers	389	-	1,255	29
Tools and equipment	1,795	-	3,700	-
Vehicles	11,847	905	2,500	467
	<u>15,280</u>	<u>905</u>	<u>13,701</u>	<u>496</u>

4.2 Land and building and plant and machinery of 'Burewala Textile Mills' with book value of 75.47 million are pledged with commercial banks against various funded and non-funded bank facilities.

4.3 Property, plant and equipment include assets having carrying value amounting to Rs. 93.89 million (December 31, 2014: Rs. 107.89 million) held as idle assets which relate to discontinued units of Dawood Cotton Mills, Burewala Textile Mills and Lawrencepur Woolen and Textile Mills.

# Notes to the Condensed Interim Financial Information (Unaudited)

For The Nine Months Ended September 30, 2015

		(Un-audited) September 30, 2015	(Audited) December 31, 2014
	Note	Rupees in '000	
<b>5</b>	<b>INTANGIBLE ASSETS</b>		
	Softwares	5.1 <u>12,365</u>	<u>14,191</u>
5.1	This includes amount related to Enterprise Resource Program implemented during the period.		
		(Un-audited) September 30, 2015	(Audited) December 31, 2014
	Note	Rupees in '000	
<b>6</b>	<b>LONG TERM INVESTMENTS</b>		
	Investments in related parties at cost	6.1 <u>658,436</u>	445,822
	Other investments - available for sale	6.5 <u>11,973</u>	<u>13,221</u>
		<u>670,409</u>	<u>459,043</u>
6.1	Investments in related parties - at cost		
	<b>Subsidiary - unquoted</b>		
	Tenaga Generasi Limited		
	Percentage holding 73.28% (2014: 100%)		
	54,861,425 (2014: 34,600,000) fully paid ordinary shares of Rs. 10/- each	6.2 <u>573,142</u>	370,528
		6.3	
	<b>Wholly owned subsidiary - unquoted</b>		
	Reon Energy Limited		
	Percentage holding 100% (2014: 100%)		
	2,000,000 (2014: 1,000,000) fully paid ordinary shares of Rs. 10/- each	6.4 <u>20,000</u>	10,000
	<b>Associated Company - quoted</b>		
	Dawood Hercules Corporation Limited		
	Percentage holding 16.19% (2014: 16.19%)		
	77,931,896 (2014: 77,931,896) fully paid ordinary shares of Rs. 10/- each	6.5 <u>65,294</u>	65,294
	Market value Rs. 8,211 million (2014: 6,586 million)		
		<u>658,436</u>	<u>445,822</u>
6.2	During the period, Tenaga Generasi Limited offered 20.26 million shares of Rs. 10 each which were fully subscribed by the Company.		

# Notes to the Condensed Interim Financial Information (Unaudited)

For The Nine Months Ended September 30, 2015

- 6.3 The Company has pledged 34,599,995 shares (2014: nil) of 'Tenaga Generasi Limited' with a commercial bank against various banking arrangements.
- 6.4 During the period, Reon Energy Limited offered 1 million shares of Rs. 10 each which were fully subscribed by the Company.
- 6.5 The Company has pledged 73,000,000 shares (2014: 18 million) of 'Dawood Hercules Corporation Limited' with a commercial bank against various banking arrangements.
- 6.6 Other investments - Available for sale investments

	Sep 30, 2015	Dec 31, 2014	Name of Investee	(Un-audited)	(Audited)
				Sep 30, 2015	Dec 31, 2014
	Number of shares / Units			Rupees in '000	
Listed securities	200,000	200,000	National Investment (Unit) Trust	11,958	13,206
Un-listed securities	1,500	1,500	Asian Co-operative Society Limited	15	15
				11,973	13,221

## 6.6.1 Reconciliation between fair value and cost of investments classified as 'available for sale'

	(Un-audited) September 30, 2015	(Audited) December 31, 2014
	Rupees in '000	
Cost of investments	2,455	2,455
Surplus on remeasurement of investments as at September 30 / December 31	9,518	10,766
Fair value of investments	11,973	13,221

## 7 STOCK-IN-TRADE

Renewable energy - continuing operations		141,475	179,289
Textile - discontinued operations	7.1	94,350	101,230
		235,825	280,519

- 7.1 The stock of textile has been written down to net realisable value by Rs. 468,151.



# Notes to the Condensed Interim Financial Information (Unaudited)

For The Nine Months Ended September 30, 2015

## 8 TRADE DEBTS

This includes an amount of Rs. 8.43 million on account of contract work-in-progress which has been recognised on the basis of stage of completion.

	(Un-audited) September 30, 2015	(Audited) December 31, 2014
--	---------------------------------------	-----------------------------------

## 9 LOANS AND ADVANCES

	(Un-audited) September 30, 2015	(Audited) December 31, 2014
Advance Tax	157,059	37,634
Loans and advances to employees	3,854	4,435
Advances to suppliers	45,724	9,048
	<u>206,637</u>	<u>51,117</u>

## 10 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

It includes an amount of Rs. 61.77 million receivable from Federal Board of Revenue (FBR) on account of income tax refundable. It also includes dividend of Rs. 818.28 million receivable from 'Dawood Hercules Corporation Limited'.

		(Un-audited) September 30, 2015	(Audited) December 31, 2014
--	--	---------------------------------------	-----------------------------------

## 11 DEFERRED LIABILITIES

Note Rupees in '000

Staff retirement gratuity	11.1	2,405	17,748
Deferred taxation	11.2	-	-
		<u>2,405</u>	<u>17,748</u>

11.1 The amount of employee retirement benefit obligation is based on the estimated expense for the fiscal year 2015 i.e. 8.95 million as calculated by the independent valuer in its report for the year December 2014. The expenses for the 9 months have been recorded proportionately over the period. During the current period, this amount was further adjusted to reflect the transfer of Company employees to its wholly owned subsidiary 'Reon Energy Limited'.

11.2 Deferred tax asset works out to Rs. 436.98 million (2014: Rs. 362.87 million). It is likely that the income of the Company will be taxable based on turnover tax and under final tax regime in future, hence as a matter of prudence, deferred tax asset has not been recognized.

## 12 RUNNING FINANCE

The Company has arranged running finance of Rs. 650 million (Dec 2014: 400 million) under a mark-up arrangement. The facility is subject to markup @ 3 month KIBOR + 1% (Dec 2014: 3 month KIBOR + 1.1%) which is determined at the start of each quarter and is payable on a quarterly basis in arrears. The running finance under mark-up arrangement is secured by way of pledge over Company's investment in a related party and equitable mortgage over property at Burewala Textile Mills.

# Notes to the Condensed Interim Financial Information (Unaudited)

For The Nine Months Ended September 30, 2015

## 13 PROVISION FOR TAXATION

It includes tax provision of Rs. 126.85 million with respect to dividend income against shares of Dawood Hercules Corporation Limited during the current period.

## 14 CONTINGENCIES AND COMMITMENTS

There is no material change in contingencies and commitments since financial year ended December 31, 2014 except the following:

### 14.1 Contingencies

- a) The Company is contingently liable against following guarantees and counter guarantees:
  - Rupee denominated bank guarantees of Rs. 68.31 million (December 2014: Rs.128.13 million) favoring various local vendors.
  - A bank guarantee of USD 1,732,500 (December 2014: Nil) favoring National Transmission and Dispatch Company issued on behalf of a subsidiary 'Tenaga Generasi Limited'.
  - The Company is contingently liable to provide support to its subsidiary, Tenaga Generasi Limited, for an amount of USD 13 million (2014: Nil) to finance Project cost overruns.
- b) The Company has filed an appeal with ATIR against the order of CIR(A) in sales tax audit case.
- c) Other contingencies remains as disclosed in the annual audited financial statements of the Company for the year ended December 31, 2014.

### 14.2 Commitments

The Company is committed, as 'Sponsor', to make further equity contribution under the 'Sponsor Support Agreement' dated March 11, 2015 for an amount of up to USD 16.33 million (2014: Nil) to its subsidiary, Tenaga Generasi Limited.

## 15 SEGMENT REPORTING

Management has determined the operating segments for allocation of resources and assessment of performance. The Company is organized into the following two reportable operating segments:

- Renewable energy solutions - continuing operations
- Textile - discontinued operations.

Segment analysis is as under:

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

For The Nine Months Ended September 30, 2015

	Renewable energy - continuing operations		Textile - discontinued operations		Others		Total	
	September 30,		September 30,		September 30,		September 30,	
	2015	2014	2015	2014	2015	2014	2015	2014
<b>15.1 Segment results</b>	Rupees in '000-----							
	(un-audited)-----							
Revenue	147,120	88,229	14,639	55,016	-	-	161,759	143,245
Cost of goods sold	(124,534)	(75,264)	(10,279)	(47,388)	-	-	(134,813)	(122,652)
Segment gross profit	22,586	12,965	4,360	7,628	-	-	26,946	20,593
Administrative expenses	(103,253)	(90,418)	(74,084)	(58,363)	-	-	(177,337)	(148,781)
Selling and distribution expenses	(85,126)	(76,937)	(271)	(734)	-	-	(85,397)	(77,671)
Finance cost	-	-	(50)	(2)	(24,968)	(25,748)	(25,018)	(25,750)
Other income	-	-	9,315	260,019	1,022,358	80,428	1,031,673	340,447
Workers' welfare fund	-	-	-	-	-	(2,081)	-	(2,081)
Taxation	-	-	-	-	(126,855)	(17,321)	(126,855)	(17,321)
Segment net profit	(165,793)	(154,390)	(60,730)	208,548	870,535	35,278	644,012	89,436
<b>15.2 Segment assets</b>	Rupees in '000-----							
	(un-audited)-----							
	Renewable energy - continuing operations		Textile - discontinued operations		Others		Total	
	Sep 30, 2015		Sep 30, 2015		Sep 30, 2015		Sep 30, 2015	
	Dec 31, 2014		Dec 31, 2014		Dec 31, 2014		Dec 31, 2014	
Segment assets	1,306,532	309,684	295,645	323,226	690,841	493,571	2,293,018	1,126,481
Segment liabilities	53,033	70,794	114,545	86,170	719,745	206,586	887,323	363,550

# Notes to the Condensed Interim Financial Information (Unaudited)

For The Nine Months Ended September 30, 2015

## 16 TRANSACTIONS WITH RELATED PARTIES

The Company carries out transactions with various related parties. Related parties comprise of subsidiary companies, associated undertakings, directors, key management personnel and others. Transactions with related parties are carried at agreed terms, except those with employees which carried out as per terms of employment.

	(Un-audited) September 30, 2015	(Un-audited) September 30, 2014
	Rupees in '000	
<b>Tenaga Generasi Limited - Subsidiary company</b>		
Reimbursable expenses to the Company	32,131	8,723
Equity Arrangement Fee	89,355	-
Subscription of ordinary shares	202,614	-
<b>Reon Energy Limited - Subsidiary company</b>		
Reimbursable expenses to the Company	2,796	-
Reimbursable expenses by the Company	19,662	-
Transfer of employees benefits	17,494	
Subscription of ordinary shares	10,000	
<b>Dawood Hercules Corporation Limited - Associated company (Common Directorship)</b>		
Dividend income	1,013,115	77,932
Reimbursable expenses to the Company	-	65
Reimbursable expenses by the Company	1,632	4,436
<b>D H Fertilizer Limited - Associated company (Common Directorship)</b>		
Reimbursable expenses by the Company	-	2,766
<b>Sach International (Private) Limited - Associated company (Common Directorship)</b>		
Sale of fabric	709	37,758
Reimbursable expenses to the Company	630	490
Royalty charged by the Company	6,435	5,461
Penalty charges against overdue receivables	367	747
<b>Cyan Limited - Associated company (Common Directorship)</b>		
Reimbursable expenses to the Company	-	100

# Notes to the Condensed Interim Financial Information (Unaudited)

For The Nine Months Ended September 30, 2015

	(Un-audited) September 30, 2015	(Un-audited) September 30, 2014
	Rupees in '000	
<b>Other Related Parties</b>		
<b>The Dawood Foundation</b>		
Rental charges paid	3,984	3,622
Sale of energy	-	206
Reimbursable expenses by the Company	1,169	1,350
<b>Inbox Business Technologies (Private) Limited</b>		
Hardware maintenance charges paid	95	279
<b>Pebbles (Private) Limited</b>		
Penalty charges against overdue receivables	-	122
<b>National Database and Registration Authority (NADRA)</b>		
Verification charges	10	10
<b>Key management personnel</b>		
Salaries and employee benefits	20,071	23,899

## 17 DATE OF AUTHORIZATION FOR ISSUE

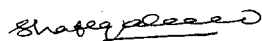
This condensed interim financial information was authorized for issue on October 21, 2015 by the Board of Directors of the Company.

## 18 GENERAL

Figures have been rounded off to the nearest thousand of rupees.



INAM UR RAHMAN  
Chief Executive



SHAFIQ AHMED  
Director

Condensed Interim  
Consolidated  
Financial Information  
(Unaudited)

# Condensed Interim Consolidated Balance Sheet (Unaudited)

As At September 30, 2015

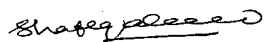
	(Unaudited) September 30, 2015	(Audited) December 31, 2014 (Restated)	(Audited) December 31, 2013 (Restated)
Note	-----	Rupees in '000	-----
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5 2,680,050	334,604	205,533
Intangible assets	6 35,938	37,063	24,124
Long term prepayments	7 -	44,701	29,357
Long term investments	8 4,390,708	4,939,421	4,615,752
Long term deposits	10,544	10,544	10,544
	<u>7,117,240</u>	<u>5,366,333</u>	<u>4,885,309</u>
<b>Current assets</b>			
Stores and spares	13,009	12,000	36,582
Stock-in-trade	9 235,825	280,519	261,306
Trade debts	10 91,768	51,533	94,882
Loans and advances	11 207,800	51,588	42,301
Deposits, prepayments and other receivables	12 905,101	79,419	95,147
Short term investments	13 199,039	72,001	107,624
Cash and bank balances	130,933	49,047	35,415
	<u>1,783,475</u>	<u>596,107</u>	<u>673,257</u>
Asset held for Sale	-	-	194,529
	<u>8,900,715</u>	<u>5,962,440</u>	<u>5,753,095</u>
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	590,578	590,578	590,578
Reserves	213,952	210,692	207,962
Accumulated loss	4,794,683	4,765,985	4,549,834
	<u>5,599,213</u>	<u>5,567,255</u>	<u>5,348,374</u>
Non-controlling interest	184,253	-	-
<b>LIABILITIES</b>			
<b>Non current liabilities</b>			
Long term debt	14 2,118,353	-	-
Deferred liabilities	15 24,859	20,329	11,388
<b>Current liabilities</b>			
Running finance	16 560,148	178,491	261,708
Trade and other payables	17 227,809	167,774	113,171
Accrued markup	34,764	5,132	5,131
Provision for taxation	18 151,316	23,459	13,323
	<u>974,037</u>	<u>374,856</u>	<u>393,333</u>
	<u>8,900,715</u>	<u>5,962,440</u>	<u>5,753,095</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			

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The annexed notes from 1 to 24 form an integral part of this condensed interim consolidated financial information.



INAM UR RAHMAN  
Chief Executive



SHAFIQ AHMED  
Director

# Condensed Interim Consolidated Profit and Loss Account (Unaudited)

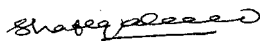
For The Nine Months Ended September 30, 2015

	Quarter Ended		Nine Months Ended	
	Sep 30, 2015	Sep 30, 2014	Sep 30, 2015	Sep 30, 2014
Note	-----Rupees in '000-----			
<b>CONTINUING OPERATIONS</b>				
Sales - net	62,383	28,012	147,120	88,229
Cost of goods sold	(63,296)	(23,533)	(124,534)	(75,264)
Gross profit	(913)	4,479	22,586	12,965
Other income	5,726	3,541	15,468	9,880
Selling and distribution expenses	27,764	31,291	85,126	76,937
Administrative expenses	88,574	37,274	183,788	103,634
Finance cost	9,853	9,261	24,982	25,941
Workers welfare fund	-	(1,777)	-	2,081
	(126,191)	(76,049)	(293,896)	(208,593)
	(121,378)	(68,029)	(255,842)	(185,748)
Share of profit from investment in an associate	137,694	139,503	462,052	404,462
Profit before taxation	16,316	71,474	206,210	218,714
Taxation	(118,293)	(33,515)	(127,856)	(69,389)
(Loss) / profit after taxation from continuing operations	(101,977)	37,959	78,354	149,325
<b>DISCONTINUED OPERATIONS</b>				
(Loss) / profit from discontinued operations	21.1 (21,922)	(16,440)	(60,730)	208,548
(Loss) / profit for the period	(123,899)	21,519	17,624	357,873
Attributable to:				
Equity holders of the Holding Company	(108,359)	21,519	33,164	357,873
Non-controlling interest	(15,540)	-	(15,540)	-
	(123,899)	21,519	17,624	357,873
<b>Earnings per share - Basic and diluted</b>				
Continuing operations (Rs.)	(1.46)	0.64	1.59	2.53
Discontinued operations (Rs.)	(0.37)	(0.28)	(1.03)	3.53

The annexed notes from 1 to 24 form an integral part of this condensed interim consolidated financial information.



INAM UR RAHMAN  
Chief Executive



SHAFIQ AHMED  
Director



# Condensed Interim Consolidated Statement of Comprehensive Income (Unaudited)

For The Nine Months Ended September 30, 2015

	Quarter Ended		Nine Months Ended	
	Sep 30, 2015	Sep 30, 2014	Sep 30, 2015	Sep 30, 2014
	-----Rupees in '000-----			
(Loss) / profit after taxation	(108,359)	21,519	33,164	357,873
<b>Other comprehensive income</b>				
Items that will be reclassified subsequently to profit or loss				
Surplus / deficit on remeasurement of 'available for sale' investments	1,272	(444)	2,343	2,220
Total comprehensive (loss) / income	<u>(107,087)</u>	<u>21,075</u>	<u>35,507</u>	<u>360,093</u>

The annexed notes from 1 to 24 form an integral part of this condensed interim consolidated financial information.

  
 INAM UR RAHMAN  
 Chief Executive

  
 SHAFIQ AHMED  
 Director

# Condensed Interim Consolidated Cash Flow Statement (Unaudited)

For The Nine Months Ended September 30, 2015

	Nine months ended September 30, 2015			Nine months ended September 30, 2014		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	Rupees in '000					
	(Un-audited)					
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>						
(Loss) / profit before taxation	206,210	(60,730)	145,480	218,714	208,548	427,262
<b>Adjustments for :</b>						
Depreciation	12,376	13,990	26,367	3,502	2,603	6,105
Amortization	3,380	-	3,380	546	-	546
Provision for gratuity	7,219	-	7,219	6,660	-	6,660
Provision against doubtful debts	414	1,021	1,434	-	-	-
Reversal of provision against doubtful debts	-	-	-	(347)	(1,020)	(1,367)
Reversal of provision against stock in trade	-	(3,000)	(3,000)	2,218	-	2,218
Provision against stock in trade	-	468	468	-	-	-
Finance cost	24,981	50	25,031	25,940	-	25,940
(Gain) / loss on disposal of property, plant and equipment	(695)	(8)	(703)	(220)	(251,027)	(251,247)
Dividend income	(850)	-	(850)	-	-	-
Interest income	(801)	-	(801)	(843)	-	(843)
Share of profit from associates	(462,052)	-	(462,052)	(404,462)	-	(404,462)
Gain on sale of short term investments	(3,108)	-	(3,108)	(1,383)	-	(1,383)
Unrealised gain on remeasurement of short-term investments	(2,052)	-	(2,052)	(5,027)	-	(5,027)
Operating loss before working capital changes	(214,978)	(48,209)	(263,187)	(154,702)	(40,896)	(195,598)
<b>(Increase) / decrease in current assets</b>						
Stores and spares	(1,009)	-	(1,009)	-	121	121
Stock in trade	37,814	6,880	44,694	(106,653)	47,315	(59,338)
Trade debts	(51,165)	10,930	(40,235)	(4,423)	60,316	55,893
Loans and advances	(32,565)	85	(32,480)	169	(17)	152
Deposits, prepayments and other receivables	(11,067)	6,605	(4,462)	1,211	(2,075)	(864)
<b>Increase / (decrease) in current liabilities</b>						
Trade and other payables	166	55,859	56,025	16,694	17,823	34,517
	(57,826)	80,359	22,533	(93,002)	123,483	30,481
Cash (used in) / generated from operations	(272,804)	32,150	(240,654)	(247,704)	82,587	(165,117)
Gratuity paid	14,697	-	14,697	(1,604)	(530)	(2,134)
Finance cost paid	(20,385)	-	(20,385)	(22,146)	(2)	(22,148)
Tax paid	(25,855)	-	(25,855)	(10,879)	-	(10,879)
Net cash (used in) / generated from operating activities	(304,347)	32,150	(272,197)	(282,333)	82,055	(200,278)

  
INAM UR RAHMAN  
Chief Executive

  
SHAFIQ AHMED  
Director

	Nine months ended September 30, 2015			Nine months ended September 30, 2014		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	Rupees in '000					
	(Un-audited)					
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Payment for purchase of items of property, plant and equipment	(15,943)	-	(15,943)	(13,700)	-	(13,700)
Sale proceeds from disposal of items of property, plant and equipment	1,600	8	1,608	1,114	251,069	252,183
Capital work in progress	(2,583,742)	-	(2,583,742)	(34,251)	-	(34,251)
Payment for purchase of software	(750)	-	(750)	(86)	-	(86)
Sales proceed from short term investments - net	(121,878)	-	(121,878)	29,250	-	29,250
Interest received	1,162	-	1,162	1,053	-	1,053
Dividend received	78,782	-	78,782	77,932	-	77,932
<b>Net cash (used in) / generated from investing activities</b>	<b>(2,640,769)</b>	<b>8</b>	<b>(2,640,761)</b>	<b>61,312</b>	<b>251,069</b>	<b>312,381</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Long term loan received	2,413,306	-	2,413,306	-	-	-
Issue of share capital	200,086	-	200,086	-	-	-
Payment of dividend	(205)	-	(205)	(151)	-	(151)
<b>Net cash used in financing activities</b>	<b>2,613,187</b>	<b>-</b>	<b>2,613,187</b>	<b>(151)</b>	<b>-</b>	<b>(151)</b>
<b>Net (decrease) / increase in cash and cash equivalent</b>	<b>(331,929)</b>	<b>32,158</b>	<b>(299,771)</b>	<b>(221,172)</b>	<b>333,124</b>	<b>111,952</b>
Cash and cash equivalent at beginning of the period			(129,444)			(226,293)
Cash and cash equivalent at end of the period	<u>(331,929)</u>	<u>32,158</u>	<u>(429,215)</u>	<u>(221,172)</u>	<u>333,124</u>	<u>(114,341)</u>
<b>Cash and cash equivalent</b>						
Cash and bank balances			130,933			33,742
Running finance			(560,148)			(148,083)
			<u>(429,215)</u>			<u>(114,341)</u>

The annexed notes from 1 to 24 form an integral part of this condensed interim consolidated financial information.

# Condensed Interim Consolidated Statement of Changes in Equity (Unaudited)

For The Nine Months Ended September 30, 2015

	Ordinary shares	Capital Reserves				Rupees in '000	Accumulated profit / (loss)	Unrealized gain on remeasurement of available for sale investments	Total
		Merger reserve	Share premium reserve	Capital reserve	Capital redemption reserve fund				
Balance at December 31, 2013 - as previously reported	590,578	10,521	136,865	33,311	25,969	4,549,834	1,616	5,348,694	
Effect of restatement - note 4	-	-	-	-	-	(320)	-	(320)	
<b>Balance at December 31, 2013 - restated</b>	<b>590,578</b>	<b>10,521</b>	<b>136,865</b>	<b>33,311</b>	<b>25,969</b>	<b>4,549,514</b>	<b>1,616</b>	<b>5,348,374</b>	
Profit after tax for the period ended September 30, 2014	-	-	-	-	-	357,873	-	357,873	
Other comprehensive income	-	-	-	-	-	-	2,220	2,220	
Total comprehensive income	-	-	-	-	-	357,873	2,220	360,093	
<b>Balance at September 30, 2014 (Unaudited)</b>	<b>590,578</b>	<b>10,521</b>	<b>136,865</b>	<b>33,311</b>	<b>25,969</b>	<b>4,907,387</b>	<b>3,836</b>	<b>5,708,467</b>	
Balance at December 31, 2014 - as previously reported	590,578	10,521	136,865	33,311	25,969	4,765,985	4,943	5,568,172	
Effect of restatement - note 4	-	-	-	-	-	(917)	-	(917)	
<b>Balance at December 31, 2014 - restated</b>	<b>590,578</b>	<b>10,521</b>	<b>136,865</b>	<b>33,311</b>	<b>25,969</b>	<b>4,765,068</b>	<b>4,943</b>	<b>5,567,255</b>	
Profit after tax for the period ended September 30, 2015	-	-	-	-	-	33,164	-	33,164	
Share issue cost	-	-	-	-	-	(3,289)	-	(3,289)	
- Holding Company share	-	-	-	-	-	(260)	-	(260)	
- Non-controlling interest	-	-	-	-	-	-	2,343	2,343	
Other comprehensive loss	-	-	-	-	-	-	2,343	2,343	
Total comprehensive loss	-	-	-	-	-	29,615	2,343	31,958	
<b>Balance at September 30, 2015 (Unaudited)</b>	<b>590,578</b>	<b>10,521</b>	<b>136,865</b>	<b>33,311</b>	<b>25,969</b>	<b>4,794,683</b>	<b>7,286</b>	<b>5,599,213</b>	

The annexed notes from 1 to 24 form an integral part of this condensed interim consolidated financial information.



INAM UR RAHMAN  
Chief Executive



SHAFIQ AHMED  
Director

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

For The Nine Months Ended September 30, 2015

## 1 GENERAL INFORMATION

The "Group" consists of :

- (i) Dawood Lawrencepur Limited (incorporated in Pakistan) - The Holding Company
- (ii) Tenaga Generasi Limited (incorporated in Pakistan) - a Subsidiary Company (TGL)
- (iii) Reon Energy Limited (incorporated in Pakistan) - a wholly owned Subsidiary Company (Reon)

### 1.1 Holding company

Dawood Lawrencepur Limited, (the Holding Company) was incorporated in Pakistan in the year 2004, as a public listed company 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 the Karachi and Lahore Stock Exchanges. The Holding Company is engaged in the business of trading and marketing of renewable energy solutions, mainly solar, to commercial and industrial consumers, along with the trading 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.

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). Plant & machinery of LWTM, DL and DCM was sold in prior years. The results of all these textile units are shown under 'discontinued operations'.

The Holding Company is in the process of selling DL and DCM assets. Shareholders' approval for sale of land and building had been obtained in 2014.

The 'Lawrencepur' brand name continues to operate under license.

### 1.2 Subsidiary companies

- 1.2.1 Tenaga Generasi Limited (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 TGL is situated at 3rd Floor, Dawood Centre, M.T. Khan Road, Karachi, in the province of Sindh.

TGL is setting up a 49.5 MW wind power plant at Gharo Sindh. The project has achieved Financial Close in March 2015 and has received the Government of Pakistan Guarantee. The Plant is expected to be operational in late 2016.

- 1.2.2 Reon Energy Limited (Reon) was incorporated in Pakistan 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 the Reon is situated at 3rd Floor, Dawood Centre, M.T.Khan Road, Karachi in the province of Sindh.

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

For The Nine Months Ended September 30, 2015

## 1.3 Associated companies

The Holding Company also has investment in an associate 'Dawood Hercules Corporation Limited' where it holds ownership of 16.19 % (2014: 16.19%).

## 2 BASIS OF PREPARATION

This condensed interim consolidated financial information has been prepared on the historical cost convention except that certain investments are carried at fair value and staff retirement benefits have been measured at present value. All amounts are in Pakistani Rupees which is the functional and presentation currency of the Holding Company unless stated otherwise.

### 2.1 Statement of compliance

This condensed interim consolidated financial information 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. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

The disclosures in the condensed interim consolidated financial information do not include the information reported for full annual consolidated financial statements and should therefore be read in conjunction with the consolidated financial statements for the year ended December 31, 2014.

This condensed interim consolidated financial information is presented in Pak Rupees, which is the functional and presentation currency of the Holding Company and rounded off to the nearest thousand of rupee.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND RISK MANAGEMENT POLICIES

3.1 The accounting policies, underlying estimates and methods of computation adopted in the preparation of this condensed interim consolidated financial information are the same as those applied in the preparation of annual audited consolidated financial statements of the Holding Company for the year ended December 31, 2014.

3.2 The financial risk management objectives and policies adopted by the Holding Company are consistent with those disclosed in the consolidated financial statements of the Holding Company for the year ended December 31, 2014.

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

For The Nine Months Ended September 30, 2015

## 4 PRIOR PERIOD ADJUSTMENTS

- 4.1 In the current period, TGL has rectified prior period error related to the recognition of transaction costs on issuance of equity and loan which previously were being capitalised in capital work in progress. As a result of this rectification, the transaction cost relating to loan are capitalised as 'transaction cost of borrowings' and shown separately on balance sheet whereas transaction cost relating to issuance of equity is adjusted through statement of changes in equity. Consequently, the comparative figures in this condensed interim consolidated financial information have been restated in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', details of which are as follows:

### Effect on balance sheet

	December 31, 2014	Upto December 31, 2013
	Rupees in '000	

### Property and equipment - capital work in progress

As previously reported	235,527	186,756
Effect of restatement	<u>(45,618)</u>	<u>(29,676)</u>
Restated amount	<u>189,909</u>	<u>157,080</u>

### Transaction cost of borrowings

As previously reported	-	-
Effect of restatement	<u>44,701</u>	<u>29,357</u>
Restated amount	<u>44,701</u>	<u>29,357</u>

### Accumulated loss

As previously reported	4,765,985	4,549,834
Effect of restatement	<u>(917)</u>	<u>(320)</u>
Restated amount	<u>4,765,068</u>	<u>4,549,514</u>

	(Un-audited) September 30, 2015	(Audited) December 31, 2014 (Restated)
Note	Rupees in '000	

## 5 PROPERTY, PLANT AND EQUIPMENT

Operating assets	5.1	174,276	147,625
Capital work in progress	5.2	<u>2,505,774</u>	<u>186,979</u>
		<u>2,680,050</u>	<u>334,604</u>

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

For The Nine Months Ended September 30, 2015

## 5.1 Operating assets

Following is the cost of assets that have been added and net book value of the assets that were disposed-off during the period ended September 30, 2015.

	(Un-audited)		(Un-audited)	
	Nine Months ended September 30, 2015		Nine Months ended September 30, 2014	
	Acquisition at cost	Disposal at written down value	Acquisition at cost	Disposal at written down value
	.....Rupees in '000.....			
Leasehold land	38,194	-	-	-
Promotional and demo projects	-	-	2,449	-
Furniture, fixture and office equipment	1,249	-	3,797	-
Computers	939	37	1,255	29
Tools and equipment	1,908	-	3,700	-
Vehicles	11,847	905	2,500	910
	<u>54,137</u>	<u>942</u>	<u>13,701</u>	<u>939</u>

## 5.2 Capital work in progress

Following are the details of the additions to and transfer from work in process during the period ended September 30, 2015.

	Note	(Un-audited)		(Un-audited)	
		Nine Months ended September 30, 2015		Nine Months ended September 30, 2014	
		Addition	Deletions	Addition	Deletions
		.....Rupees in '000.....			
EPC Cost		2,069,566	-	-	-
Professional fee		232,391	-	20,623	-
Travelling, boarding and lodging		9,605	-	45	-
Advances		4,018	-	-	-
Lease hold land		-	23,296	-	-
Borrowing cost	5.6	24,984	-	-	-
Promotional and demo projects		1,526	-	-	-
		<u>2,342,090</u>	<u>23,296</u>	<u>20,668</u>	<u>-</u>

5.3 Land and building and plant and machinery of 'Burewala Textile Mills' with book value of 75.47 million are pledged with commercial banks against various funded and non-funded bank facilities.

5.4 Property, plant and equipment include assets having carrying value amounting to Rs. 93.89 million (December 31, 2014: Rs. 107.89 million) held as idle assets which relate to discontinued units of Dawood Cotton Mills, Burewala Textile Mills and Lawrencepur Woolen and Textile Mills.

5.5 Leasehold land of TGL charged in favor of commercial banks against various banking arrangements.



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

For The Nine Months Ended September 30, 2015

- 5.6 The Company has arranged foreign currency loans from International Finance Corporation (IFC) and Overseas Private Investment Corporation (OPIC) under mark-up arrangements. The facilities are subject to markup @ 3 months LIBOR + 5% (Dec 2014: Nil) which are payable on a quarterly basis in arrears.

The Company has also arranged local currency loans from Habib Bank Limited and Soneri Bank Limited under mark-up arrangements. The facilities are subject to markup @ 3 months KIBOR + 3% (Dec 2014: Nil) which are payable on a quarterly basis in arrears.

	Note	(Un-audited) September 30, 2015	(Audited) December 31, 2014
Rupees in '000			
<b>6</b>	<b>INTANGIBLE ASSETS</b>		
	Goodwill	22,834	22,834
	Softwares	13,104	646
	Capital work in progress	-	13,583
		<u>35,938</u>	<u>37,063</u>
<b>7</b>	<b>LONG TERM PREPAYMENTS</b>		
	Opening balance	44,701	29,357
	Additions during the period / year	250,253	15,344
	Adjusted during the period / year	(294,954)	-
		<u>-</u>	<u>44,701</u>
<b>8</b>	<b>LONG TERM INVESTMENTS</b>		
	Share of investment in an associate	8.1 4,378,735	4,926,200
	Other investments - available for sale	8.4 11,973	13,221
		<u>4,390,708</u>	<u>4,939,421</u>
<b>8.1</b>	<b>Share of investment in an associate</b>		
	<b>Associated Company - quoted</b>		
	Dawood Hercules Corporation Limited		
	Opening Balance	8.2 4,926,200	4,605,789
	Add: Share of profit after taxation	462,052	398,274
	Share of other comprehensive income	3,598	69
		<u>5,391,850</u>	<u>5,004,132</u>
	Less: Dividend	(1,013,115)	(77,932)
		<u>4,378,735</u>	<u>4,926,200</u>
<b>8.2</b>	The Holding Company has pledged 73 million (2014: 18 million) shares of 'Dawood Hercules Corporation Limited' with a commercial bank against various funded and non-funded bank facilities.		

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

For The Nine Months Ended September 30, 2015

8.3 The Holding Company has pledged 34,599,995 (2014: Nil) shares of TGL with a commercial bank against various funded and non-funded bank facilities.

## 8.4 Other investments - Available for sale investments

	2015 Number of shares / Units	2014	Name of Investee	(Un-audited)	(Audited)
				September 30, 2015	December 31, 2014
				Rupees in '000	
Listed securities	200,000	200,000	National Investment (Unit) Trust	11,958	13,206
Un-listed securities	1,500	1,500	Asian Co-operative Society Limited	15	15
				<u>11,973</u>	<u>13,221</u>

### 8.4.1 Reconciliation between fair value and cost of investments classified as 'available for sale'

Cost of investments	2,455	2,455
Surplus on remeasurement of investments as at Sep 30/Dec 31	9,518	10,766
Fair value of investments	<u>11,973</u>	<u>13,221</u>

	Note	(Un-audited)	(Audited)
		September 30, 2015	December 31, 2014
		Rupees in '000	
9	STOCK-IN-TRADE		
	Renewable energy - continuing operations	141,475	179,289
	Textile - discontinued operations	94,350	101,230
		<u>235,825</u>	<u>280,519</u>

9.1 The stock of textile has been written down to net realisable value by Rs. 468,151.

## 10 TRADE DEBTS

This includes an amount of Rs. 8.43 million on account of contract work-in-progress which has been recognised on the basis of stage of completion.

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

For The Nine Months Ended September 30, 2015

	(Un-audited) September 30, 2015	(Audited) December 31, 2014
	Rupees in '000	
<b>11 LOANS AND ADVANCES</b>		
Advance Tax	158,055	37,826
Loans and advances to employees	4,021	4,714
Advances to suppliers	45,724	9,048
	<u>207,800</u>	<u>51,588</u>

## 12 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

It includes an amount of Rs. 61.77 million receivable from Federal Board of Revenue (FBR) on account of income tax refundable. It also includes dividend of Rs. 818.28 million receivable from 'Dawood Hercules Corporation Limited'.

## 13 SHORT TERM INVESTMENTS

During the period, the Company purchased and redeemed investment units amounting to Rs. 335.50 million and Rs. 213.62 million respectively.

		(Un-audited) September 30, 2015	(Audited) December 31, 2014
<b>14 LONG TERM DEBT</b>	Note	Rupees in '000	
Long term debt			
Foreign currency debt		2,101,426	-
Local currency debt		311,880	-
		2,413,306	-
Transaction costs		(294,953)	-
		<u>2,118,353</u>	<u>-</u>

## 15 DEFERRED LIABILITIES

Staff retirement gratuity		24,859	20,329
Deferred taxation	15.1	-	-
		<u>24,859</u>	<u>20,329</u>

15.1 Deferred tax asset works out to Rs. 436.98 million (2014: Rs. 362.87 million). It is likely that the income of the Company will be taxable based on turnover tax and under final tax regime in future, hence as a matter of prudence, deferred tax asset has not been recognized.

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

For The Nine Months Ended September 30, 2015

## 16 RUNNING FINANCE

The Holding Company has arranged running finance of Rs. 650 million (Dec 2014: 400 million) under a mark-up arrangement. The facility is subject to markup @ 3 months KIBOR + 1% (Dec 2014: 3 month KIBOR + 1.1%) which is determined at the start of each quarter and is payable on a quarterly basis in arrears. The running finance under mark-up arrangement is secured by way of pledge over the Holding Company's investment in a related party and equitable mortgage over property at Burewala Textile Mills.

	(Un-audited) September 30, 2015	(Audited) December 31, 2014
	Rupees in '000	
<b>17 TRADE AND OTHER PAYABLES</b>		
Trade payables	37,152	29,582
Accrued expenses	51,052	32,762
Due to Islamic development bank	25,969	25,969
Advances from customer	68,536	32,209
Unclaimed dividend	29,261	29,466
Deposits	377	2,477
Other payable	15,462	15,309
	<u>227,809</u>	<u>167,774</u>

## 18 PROVISION FOR TAXATION

It includes tax provision of Rs. 126.85 million with respect to dividend income against shares of Dawood Hercules Corporation Limited during the current period.

## 19 CONTINGENCIES AND COMMITMENTS

There is no material change in contingencies and commitments since financial year ended December 31, 2014 except the following;

### 19.1 Contingencies

- a) The Holding Company is contingently liable against following guarantees and counter guarantees:
  - Rupee denominated bank guarantees of Rs. 68.31 million (December 2014: Rs.128.13 million) favoring various local vendors.
  - A bank guarantee of USD 1,732,500 (December 2014: Nil) favoring National Transmission and Dispatch Company issued on behalf of TGL.
  - The Holding Company is contingently liable to provide support to TGL for an amount of USD 13 million (2014: Nil) to finance Project cost overruns.

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

For The Nine Months Ended September 30, 2015

- b) The Holding Company has filed an appeal with ATIR against the order of CIR(A) in sales tax audit case.
- c) Other contingencies remains as disclosed in the annual audited consolidated financial statements of the Holding Company for the year ended December 31, 2014.

## 19.2 Commitments

The Holding Company is committed, as 'Sponsor', to make further equity contribution under the 'Sponsor Support Agreement' dated March 11, 2015 for an amount of up to USD 16.33 million (2014: Nil) to TGL.

## 20 ADMINISTRATIVE EXPENSES

It includes Rs. 51.85 million in respect of net exchange loss on retranslation of foreign currency loan outstanding as on September 30, 2015.

## 21 SEGMENT REPORTING

Management has determined the operating segments for allocation of resources and assessment of performance. The Group is organized into the following three reportable operating segments:

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

Segment analysis is as under:

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

For The Nine Months Ended September 30, 2015

	Renewable energy - continuing operations		Textile - discontinued operations		Alternate Energy		Others		Total	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
	Rupees in '000									
----- (un-audited) -----										
<b>21.1 Segment results</b>										
Revenue	147,120	88,229	14,639	55,016	-	-	-	-	-	161,759
Cost of goods sold	(124,534)	(75,264)	(10,279)	(47,388)	-	-	-	-	-	(134,813)
Segment gross profit	22,586	12,965	4,360	7,628	-	-	-	-	-	26,946
Administrative expenses	(107,430)	(90,418)	(74,084)	(58,363)	(76,358)	(13,216)	-	-	-	(257,872)
Selling and distribution expenses	(85,126)	(76,937)	(271)	(734)	-	-	-	-	-	(85,397)
Finance cost	-	-	(50)	(2)	(11)	(192)	(24,971)	(25,749)	(25,032)	(25,943)
Other income	-	-	9,315	260,019	5,961	7,384	9,507	2,496	24,783	269,899
Workers' welfare fund	-	-	-	-	-	-	-	(2,081)	-	(2,081)
Profit from associate	-	-	-	-	-	-	462,052	404,462	462,052	404,462
Taxation	-	-	-	-	(917)	(353)	(126,939)	(69,036)	(127,856)	(69,389)
Segment net profit	(169,970)	(154,390)	(60,730)	208,548	(71,325)	(6,377)	319,649	310,092	17,624	357,873
-----										
<b>21.2 Segment assets</b>										
Segment assets	1,321,078	305,943	295,645	323,226	2,850,018	326,486	4,433,974	5,006,785	8,900,715	5,962,440
Segment liabilities	52,959	158,051	114,545	-	2,230,000	30,550	719,745	206,584	3,117,249	395,185
-----										

	Renewable energy - continuing operations		Textile - discontinued operations		Alternate Energy		Others		Total	
	Sep 30, 2015	Dec 31, 2014	Sep 30, 2015	Dec 31, 2014	Sep 30, 2015	Dec 31, 2014	Sep 30, 2015	Dec 31, 2014	Sep 30, 2015	Dec 31, 2014
	Rupees in '000									
-----										
<b>21.2 Segment assets</b>										
Segment assets	1,321,078	305,943	295,645	323,226	2,850,018	326,486	4,433,974	5,006,785	8,900,715	5,962,440
Segment liabilities	52,959	158,051	114,545	-	2,230,000	30,550	719,745	206,584	3,117,249	395,185
-----										

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

For The Nine Months Ended September 30, 2015

## 22 TRANSACTIONS WITH RELATED PARTIES

The Group carries out transactions with various related parties. Related parties comprise of associated undertakings, directors, key management personnel and others. Transactions with related parties are carried at agreed terms, except those with employees which carried out as per terms of employment.

	(Un-audited) September 30, 2015	(Un-audited) September 30, 2014
	Rupees in '000	
<b>Dawood Hercules Corporation Limited - Associated company (Common Directorship)</b>		
Dividend income	1,013,115	77,932
Reimbursable expenses to the Company	-	65
Reimbursable expenses by the Company	1,683	4,568
<b>D H Fertilizer Limited - Associated company (Common Directorship)</b>		
Reimbursable expenses by the Company	-	2,802
<b>Sach International (Private) Limited - Associated company (Common Directorship)</b>		
Sale of fabric	709	37,758
Reimbursable expenses to the Company	630	490
Royalty charged by the Company	6,435	5,461
Penalty charges against overdue receivables	367	747
<b>Cyan Limited - Associated company (Common Directorship)</b>		
Reimbursable expenses to the Company	-	100
<b>Engro Powergen Limited - Associated company (Common Directorship)</b>		
Project Management fees	9,600	3,200
Reimbursable expenses by the Company	19,560	6,461

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

For The Nine Months Ended September 30, 2015

(Un-audited) (Un-audited)  
September 30, September 30,  
2015 2014  
Rupees in '000

## Other related parties

### The Dawood Foundation

Rental charges paid	3,984	3,622
Sales of energy	-	206
Reimbursable expenses by the Company	1,169	1,350

### Inbox Business Technologies (Private) Limited

Hardware maintenance charges paid	95	279
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### Pebbles (Private) Limited

Penalty charges against overdue receivables	-	122
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### National Database and Registration Authority (NADRA)

Verification charges	10	10
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### Key management personnel

Salaries and employee benefits	30,085	32,886
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## 23 DATE OF AUTHORIZATION FOR ISSUE

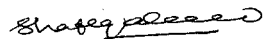
This condensed interim consolidated financial information was authorized for issue on October 21, 2015 by the Board of Directors of the Holding Company.

## 24 GENERAL

Figures have been rounded off to the nearest thousand of rupees.



INAM UR RAHMAN  
Chief Executive



SHAFIQ AHMED  
Director



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