



KOT ADDU POWER COMPANY LIMITED

2nd Quarter Report

December 31, 2013 (un-audited)



Company Information



Board of Directors
 Syed Raghib Abbas Shah, esq. (Chairman)
 Mr. Aftab Mahmood Butt (Chief Executive)
 Syed Nizam Ahmad Shah, esq.
 Mr. Anwar-ul-Haq
 Mr. Tahir Mahmood
 Syed Zia Ijaz, esq.
 Mr. Ali Sameer Farooqui

Audit Committee
 Syed Nizam Ahmad Shah, esq. (Chairman)
 Mr. Anwar-ul-Haq
 Mr. Tahir Mahmood
 Syed Zia Ijaz, esq.
 Mr. Ali Sameer Farooqui

HR Committee
 Mr. Anwar-ul-Haq (Chairman)
 Syed Zia Ijaz, esq.
 Mr. Aftab Mahmood Butt

Chief Financial Officer/
 General Manager Finance
 Mr. M. Mohtashim Aftab

Company Secretary/
 Legal Counsel
 Mr. A. Anthony Rath

Auditors
 A. F. Ferguson & Co.
 Chartered Accountants

Legal Advisor
 Kabraji & Talibuddin

Bankers
 Allied Bank Limited
 AlBaraka Bank (Pakistan) Limited
 Askari Bank Limited
 Bank Alfalah Limited
 BankIslami Pakistan Limited
 Citibank, N.A.
 Faysal Bank Limited
 Habib Bank Limited
 Habib Metropolitan Bank Limited
 MCB Bank Limited
 Meezan Bank Limited
 National Bank of Pakistan-IBD
 NIB Bank Limited
 Samba Bank Limited
 Standard Chartered Bank (Pakistan) Limited
 The Bank of Punjab

Share Registrar
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 Fax: +92 (0)21 3565 5595

Registered Office
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Power Project
 Kot Addu Power Complex, Kot Addu
 District Muzaffargarh, Punjab, Pakistan
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Directors' Report

for the half year ended December 31, 2013

We are pleased to present the financial statements (un-audited) for the half year ended December 31, 2013.

For the Half Year, the turnover was Rs. 56,934 Million; cost of sales were Rs. 52,318 Million; and profit after tax was Rs. 2,844 Million (compared to Rs. 3,683 Million in the corresponding period last year). The profit after tax compared to the corresponding period last year was impacted due to the cost of gas turbines overhauling and repair and renewals (for details you may view Note 9 of the Financial Statements). EPS stood at Rs. 3.23 (Rs. 4.18 in the corresponding period last year).

In the Second Quarter, the Power Plant generated 1430 GWh of electricity (year to date generation level 3115 GWh) at a load factor of 48.3% (year to date load factor 52.5%) with an overall availability of 61.9% (year to date overall availability 68.3%). The fuel mix during the Second Quarter was 96.6% on Low Sulphur Furnace Oil (year to date LSFO fuel mix 96.3%); 2.1% on High Speed Diesel (year to date HSD fuel mix 2.1%); and 1.3% on generation on Gas (year to date Gas fuel mix 1.6%).

The Company's sole customer (WAPDA) continues to remain in default of its payment obligations towards the Company. On December 31, 2013, the overdue receivables from WAPDA were Rs. 41,551 Million (Rs. 47,926 Million in the corresponding period last year). The Company continues to pursue WAPDA and concerned Ministries in the Government of Pakistan for resolution of the matter.

As with other IPPs, WAPDA has raised invoices for liquidated damages to the Company of the amount of Rs. 20,571 Million for the years ended June 2009, June 2010, June 2011, June 30, 2012 and June 30, 2013. The Company has disputed the liquidated damages invoices where these relate to WAPDA's default in making timely payment to the Company in accordance with contractual provisions. For details you may refer to Note 5.1(c) of the Financial Statements.

During the Second Quarter, combustion inspection of two gas turbines; and two hot gas path inspections were carried out. Major Overhauling of four gas turbines and one steam turbine were also carried out.

Following shareholder approval at the Annual General Meeting in October 2013, the final cash dividend of Rs. 4.50 per share (Rs. 10 each) was paid in November 2013; resulting in a full year 2012/13 cash dividend of Rs. 7.50 per share (Rs. 10 each).

Owing to the performance of the Company, we announce an interim cash dividend of Rs. 2.75 per share (Rs. 10 each), which will be paid to the shareholders whose names appear on the Company's Register of Members on March 13, 2014.

On behalf of the Board



Aftab Mahmood Butt
Chief Executive

Lahore: February 28, 2014

KOT ADDU POWER COMPANY LIMITED

Auditors' Report to the Members on Review of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of Kot Addu Power Company Limited as at December 31, 2013 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity for the half year then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2012 and 2013 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2013.

Scope of review

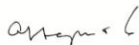
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended December 31, 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of matter

We draw attention to note 5.1(c) to the financial statements which describes the uncertainty regarding the outcome of certain claims lodged by WAPDA, which have been disputed by the company. Our opinion is not qualified in respect of this matter.



A. F. Ferguson & Co.
Chartered Accountants

Lahore: February 18, 2014

Name of engagement partner: Imran Farooq Mian

KOT ADDU POWER COMPANY LIMITED

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Condensed Interim Balance Sheet

as at December 31, 2013 (un-audited)

	December 31, 2013	June 30, 2013
		Re-stated
Note	(Rupees in thousand)	
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Authorised capital		
3,600,000,000 (June 30, 2013: 3,600,000,000)		
ordinary shares of Rs 10 each	36,000,000	36,000,000
Issued, subscribed and paid up capital		
880,253,228 (June 30, 2013: 880,253,228)		
ordinary shares of Rs 10 each	8,802,532	8,802,532
Capital reserve	444,451	444,451
Unappropriated profit	15,110,767	16,228,055
	24,357,750	25,475,038
NON-CURRENT LIABILITIES		
Long term finances	4 1,736,712	2,311,346
Liabilities against assets subject to finance lease	74,276	81,445
Deferred liabilities	3,807,170	3,830,698
	5,618,158	6,223,489
CURRENT LIABILITIES		
Current portion of long term liabilities	1,582,080	1,987,055
Finances under mark-up arrangements - secured	33,446,051	5,544,967
Trade and other payables	19,021,727	22,993,279
	54,049,858	30,525,301
CONTINGENCIES AND COMMITMENTS		
5	84,025,766	62,223,828

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.



Aftab Mahmood Butt
Chief Executive

		December 31, 2013	June 30, 2013 Re-stated
	Note	(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	16,801,716	17,090,199
Intangible assets		12,579	14,528
Assets subject to finance lease		101,638	109,751
Capital work-in-progress		5,494	10,547
Long term loans and deposits		58,757	56,809
		16,980,184	17,281,834
CURRENT ASSETS			
Stores and spares		3,870,449	4,132,476
Stock-in-trade		4,365,802	4,198,262
Trade debts	7	55,723,634	34,219,425
Loans, advances, deposits, prepayments and other receivables	8	2,445,214	2,036,896
Cash and bank balances		640,483	354,935
		67,045,582	44,941,994
		84,025,766	62,223,828



Syed Nizam Ahmad Shah
Director

Condensed Interim Profit and Loss Account

for the quarter and half year ended December 31, 2013 (Un-audited)

	Note	Quarter ended		Half year ended	
		December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
		(Rupees in thousand)		(Rupees in thousand)	
Sales		27,199,278	19,188,299	56,934,025	48,578,298
Cost of sales	9	(25,170,543)	(16,154,867)	(52,317,610)	(42,409,999)
Gross profit		2,028,735	3,033,432	4,616,415	6,168,299
Administrative expenses		(81,142)	(102,842)	(173,195)	(172,652)
Other operating expenses		(665)	(24,762)	(665)	(24,762)
Other income		923,796	1,261,013	1,573,907	3,053,175
Profit from operations		2,870,724	4,166,841	6,016,462	9,024,060
Finance cost		(959,591)	(1,288,805)	(1,765,322)	(3,555,011)
Profit before tax		1,911,133	2,878,036	4,251,140	5,469,049
Taxation		(793,110)	(948,833)	(1,407,288)	(1,785,732)
Profit for the period		1,118,023	1,929,203	2,843,852	3,683,317
Earnings per share					
- basic and diluted	Rupees	1.27	2.19	3.23	4.18

Appropriations have been reflected in the statement of changes in equity.

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.



Aftab Mahmood Butt
Chief Executive



Syed Nizam Ahmad Shah
Director

Condensed Interim Statement of Comprehensive Income

for the quarter and half year ended December 31, 2013 (Un-audited)

	Quarter ended		Half year ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	(Rupees in thousand)		(Rupees in thousand)	
Profit for the period	1,118,023	1,929,203	2,843,852	3,683,317
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>1,118,023</u>	<u>1,929,203</u>	<u>2,843,852</u>	<u>3,683,317</u>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.



Aftab Mahmood Butt
Chief Executive



Syed Nizam Ahmad Shah
Director

Condensed Interim Cash Flow Statement

for the half year ended December 31, 2013 (Un-audited)

		Half year ended	
		December 31, 2013	December 31, 2012
Note		(Rupees in thousand)	
Cash flows from operating activities			
Cash (used in)/generated from operations	11	(17,883,020)	676,272
Finance cost paid		(2,425,063)	(2,032,096)
Taxes paid		(1,686,307)	(67,495)
Staff retirement benefits paid		(16,755)	(92,599)
Net cash used in operating activities		(22,011,145)	(1,515,918)
Cash flows from investing activities			
Fixed capital expenditure		(755,219)	(348,447)
Income on bank deposits received		1,502	3,045
Net increase in long term loans and deposits		(1,948)	(4,700)
Proceeds from sale of property, plant and equipment		756	7,047
Net cash used in investing activities		(754,909)	(343,055)
Cash flows from financing activities			
Repayment of liabilities against assets subject to finance lease		(13,896)	(14,687)
Repayment of long term loans-unsecured		(350,703)	(350,703)
Repayment of long term loans-secured		(629,076)	(324,546)
Dividend paid		(3,855,807)	(2,730,672)
Net cash used in financing activities		(4,849,482)	(3,420,608)
Net decrease in cash and cash equivalents		(27,615,536)	(5,279,581)
Cash and cash equivalents at beginning of the period		(5,190,032)	(19,742,779)
Cash and cash equivalents at the end of the period	12	(32,805,568)	(25,022,360)

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.



Aftab Mahmood Butt
Chief Executive



Syed Nizam Ahmad Shah
Director

Condensed Interim Statement of Changes in Equity

for the half year ended December 31, 2013 (Un-audited)

	Share Capital	Capital reserve	Un-appro- priated profit	Total
	(Rupees in thousand)			
Balance as on June 30, 2012	8,802,532	444,451	14,402,413	23,649,396
-As previously reported - audited				
Effect of retrospective change in accounting policy (note - 2)	-	-	34,392	34,392
Balance as on June 30, 2012 (re-stated)	8,802,532	444,451	14,436,805	23,683,788
Total comprehensive income for the period	-	-	3,683,317	3,683,317
Final dividend for the year ended June 30, 2012 - Rs 3.15 per share			(2,772,798)	(2,772,798)
Balance as on December 31, 2012 (re-stated)	8,802,532	444,451	15,347,324	24,594,307
Profit for the period	-	-	3,670,664	3,670,664
Other comprehensive income for the period:				
Re-measurement of actuarial losses on retirement benefit plans (note-2)	-	-	(149,173)	(149,173)
Total comprehensive income for the period	-	-	3,521,491	3,521,491
Interim dividend - Rs 3.00 per share	-	-	(2,640,760)	(2,640,760)
Balance as on June 30, 2013 (re-stated)	8,802,532	444,532	16,228,055	25,475,038
Total comprehensive income for the period	-	-	2,843,852	2,843,852
Final dividend for the year ended June 30, 2013 - Rs 4.50 per share			(3,961,140)	(3,961,140)
Balance as on December 31, 2013	8,802,532	444,451	15,110,767	24,357,750

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.



Aftab Mahmood Butt
Chief Executive



Syed Nizam Ahmad Shah
Director

Notes to and forming part of the Condensed Interim Financial Information

for the quarter and half year ended December 31, 2013 (Un-audited)

1. Legal Status and nature of business

Kot Addu Power Company Limited ("The Company"), was incorporated in Pakistan on April 25, 1996 as a public limited company under the Companies Ordinance, 1984. The Company was listed on April 18, 2005 on the Karachi, Islamabad and Lahore Stock Exchanges. The principal activities of the Company are to own, operate and maintain a multi-fuel fired power station with fifteen generating units with a nameplate capacity of 1,600 MW in Kot Addu, District Muzaffargarh, Punjab, Pakistan and to sell the electricity produced therefrom to a single customer, the Pakistan Water and Power Development Authority (WAPDA) under a Power Purchase Agreement (PPA). This agreement is for a term of 25 years which commenced from June 1996.

2. Basis of preparation

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 'Interim Financial Reporting' and provisions of and directives issued under The Companies Ordinance, 1984. In case where the requirements differ, the provisions of or directives issued under The Companies Ordinance, 1984 have been followed.

This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the annual financial statements for the year ended June 30, 2013.

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the Company for the year ended June 30, 2013 except for accounting policy adopted for retirement benefits.

In pursuance of amendments in International Accounting Standard 19 'Employee Benefits' that are effective from financial years beginning on or after January 1, 2013, the Company has changed its accounting policy in respect of recognition of actuarial losses/gains arising from retirement benefit plans during the current period. The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognized immediately in other comprehensive income with no subsequent recycling to profit and loss account; to immediately recognize all past service costs in profit and loss account; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability/asset. This change has now eliminated the corridor approach and calculates finance costs on a net funding basis.

The Company has applied this change in accounting policy retrospectively in accordance with International Accounting Standard - 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and recorded un-recognised actuarial losses net of taxes associated with these retirement benefit plans by

Notes to and forming part of the Condensed Interim Financial Information
for the quarter and half year ended December 31, 2013 (Un-audited)

adjusting the opening balance of accumulated profit and retirement benefits including pension fund, medical and free electricity for the prior period presented. The effect on the condensed interim profit and loss account and the condensed interim statement of comprehensive income for the quarter ended December 31, 2013 has not been disclosed separately since it is the company's practice to carry out the actuarial valuation on an annual basis. However, the impact on this condensed interim financial information is considered immaterial.

Effects of change in accounting policy are as follows :

	June 30, 2013	June 30, 2012
	(Rupees in thousand)	
Impact on balance sheet		
Deferred liabilities	(173,910)	52,109
Loans, advances, prepayments and other receivables	59,129	(17,717)
Unappropriated profit	(114,781)	34,392
Impact on other comprehensive income		
Actuarial losses recognized / (reversed) net of tax	(149,173)	141,365

3. Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

4. Long term finances

Long term finances include unsecured loan payable to associated undertaking amounting to Rs 2,357.519 million (June 30, 2013: Rs 2,708.222 million) out of which Rs 621 million (June 30, 2013: Rs 701 million) is included in current portion of long term liabilities. It carries a mark-up of 14% payable semi-annually.

5. Contingencies and commitments

- 5.1 Contingencies

There has been no change in the status of the contingent liabilities disclosed as at June 30, 2013 except for the following:

- (a) Income Tax department carried out assessment for the Tax Years 2009, 2010 and 2011 based on which they created a demand of Rs 1,027 million. Subsequently, Commissioner Inland Revenue - Appeals CIR(A) decided certain issues in favour of the Company while remaining issues were remanded back to the Deputy Commissioner Inland Revenue (DCIR) for reconsideration. Both the Company and the Tax Department filed appeal with the Appellate Tribunal Inland Revenue (ATIR) against the CIR(A) orders. The

Notes to and forming part of the Condensed Interim Financial Information
for the quarter and half year ended December 31, 2013 (Un-audited)

Company received favourable order from ATIR on these issues. Subsequently, the Company has received appeal effect orders amounting to Rs 676 million which were adjusted against advance tax liability for the tax year 2014. The Tax Department has a right to file an appeal before the High Court against the ATIR decision.

For the tax year 2012, the DCIR issued assessment order and demand notice amounting to Rs 458 million which was later rectified to Rs 411 million. The Company filed appeal with CIR(A). Subsequently, CIR(A) decided certain issues in favour of the company and thereby reducing the demand to Rs 30 million. Being aggrieved, the company has filed an appeal with ATIR which is pending for hearing.

The management is of the view that there are meritorious grounds available to defend the foregoing demands. Consequently no provision for such demands has been made in this condensed interim financial information.

- (b) The Company has a 'Long Term Supply Agreement' (LTSA) with one of the Original Equipment Manufacturers (OEM) for the supply of spares to the Company. According to the terms of LTSA, the Company has availed discount amounting to Rs 2,159.192 million up to December 31, 2013 (June 30, 2013: Rs 1,704.588 million). This discount is contingent upon the Company procuring at least a specified amount of spares from the OEM during the tenure of LTSA. Inability of the Company to achieve the desired level of purchases would result in payment of compensation fee amounting to Rs 323.879 million (June 30, 2013: Rs 255.688 million) to the OEM out of the discount recognised up to December 31, 2013. The management of the Company feels that the minimum specified level of purchases will be achieved during the contractual period and no compensation fee would be payable to the OEM, consequently no provision for compensation fee as referred above has been made in this condensed interim financial information.
- (c) WAPDA has raised invoices for liquidated damages to the Company for the years ended June 30, 2009, 2010, 2011, 2012 and 2013 (after taking into account forced outage allowance stipulated under the terms of Power Purchase Agreement) on account of short supply of electricity by the Company, which was due to cash flow constraints of the Company as a result of default by WAPDA in making timely payments. Liquidated damages invoiced to the Company amount to Rs 20,571 million out of which Rs 20,400 million relate to short supply of electricity resulting from default of WAPDA in making timely payments whereas the remaining amount of Rs 171 million has already been accrued by the Company in its financial statements.

The Company disputes and rejects any claim on account of liquidated damages raised by WAPDA on the premise that its failure to dispatch electricity was due to WAPDA's non-payment of dues on timely basis to the Company

Notes to and forming part of the Condensed Interim Financial Information
for the quarter and half year ended December 31, 2013 (Un-audited)

and consequential inability of the Company to make timely payments to its fuel supplier (PSO) that resulted in inadequate level of electricity production owing to shortage of fuel. In this regard, the Company has initiated the dispute resolution procedures specified in the Power Purchase Agreement.

According to legal advice available with the Company, there are adequate grounds to defend any claim by WAPDA for such liquidated damages since these conditions were imposed on the Company due to circumstances beyond its control. The ultimate outcome of the matter cannot presently be determined, and consequently, no provision for such liquidated damages has been made in this condensed interim financial information.

- (d) The Company has provided following bank guarantees in favour of:

Sui Northern Gas Pipelines Limited on account of payment of dues against gas sales etc., amounting to Rs 536.476 million (June 30, 2013: Rs 536.276 million).

Custom Authorities for import of professional equipment, tools etc amounting to Rs 23.845 million (June 30, 2013: Nil)

5.2 Commitments

- (i) Contracts for capital expenditure Rs 366.965 million (June 30, 2013: Rs 632.414 million).
- (ii) Letters of credit other than for capital expenditure Rs 182.482 million (June 30, 2013: Rs 428.005 million).

		December 31, 2013	June 30, 2013
	Note	(Rupees in thousand)	
6. Property, plant and equipment			
Opening book value		17,090,199	18,264,486
Add: Additions/transfers during the period	6.1	761,116	867,024
		17,851,315	19,131,510
Less: Disposals during the period (at book value)		1,421	41,496
Depreciation charged during the period		1,048,178	1,999,815
		1,049,599	2,041,311
		16,801,716	17,090,199

Notes to and forming part of the Condensed Interim Financial Information
for the quarter and half year ended December 31, 2013 (Un-audited)

		December 31, 2013	June 30, 2013
	Note	(Rupees in thousand)	
6.1	Following is the detail of additions/transfers during the period		
Additions:			
Land		64,017	-
Buildings on freehold land		11,836	17,382
Plant and machinery		-	44,021
Gas turbine blading		670,143	760,335
Auxiliary plant and machinery		5,065	34,543
Office equipment		9,027	5,427
		<u>760,088</u>	<u>861,708</u>
Transfers:			
Vehicles		1,028	5,316
		<u>761,116</u>	<u>867,024</u>
7.	Trade debts		
Trade debts	7.1	55,794,939	34,290,730
Less: Provision for doubtful debts		<u>71,305</u>	<u>71,305</u>
		<u>55,723,634</u>	<u>34,219,425</u>

7.1 These represent amounts receivable from associated undertaking. These are considered good except for Rs 71.305 million which is considered doubtful. Out of the total good trade debts, Rs 41,551 million (June 30, 2013: Rs 21,188 million) is an overdue amount receivable from WAPDA. The trade debts are secured by a guarantee from the Government of Pakistan under the Facilitation Agreement. These are in the normal course of business and are interest free, however, a penal mark-up of SBP discount rate plus 4 percent per annum is charged in case the amounts are not paid within due dates.

8. Loans, advances, deposits, prepayments and other receivables

Loans, advances, deposits include advance paid to Pakistan State Oil amounting to Rs 520.378 million (June 30, 2013: Included in trade and other payables Rs 4,391 million).

Notes to and forming part of the Condensed Interim Financial Information
for the quarter and half year ended December 31, 2013 (Un-audited)

	Quarter ended		Half year ended	
	December 31,	December 31,	December 31,	December 31,
	2013	2012	2013	2012
	(Rupees in thousand)		(Rupees in thousand)	
9. Cost of sales				
Fuel cost	22,692,900	15,291,820	48,394,040	40,632,569
Salaries, wages and benefits	259,668	217,894	631,670	533,533
Plant maintenance	157,534	80,530	192,439	116,340
Gas turbines overhauls	863,528	40,645	1,063,549	89,086
Repair and renewals	673,622	15,976	1,002,585	25,952
Depreciation on property, plant and equipment	522,351	492,295	1,031,378	981,162
Amortisation on intangible assets	940	690	1,949	1,323
Provision for store obsolescence	-	15,017	-	30,034
	<u>25,170,543</u>	<u>16,154,867</u>	<u>52,317,610</u>	<u>42,409,999</u>
10. Transactions with related parties				
Relationship with the Company	Nature of transaction			
i. Associated undertakings	Purchase of services		392	1,359
	Sale of electricity		56,934,025	48,578,298
	Interest expense		189,942	239,309
	Interest income on late payments		1,538,884	3,034,864
ii. Post retirement benefit plans	Expense charged		89,992	73,328
iii. Key management personnel	Compensation		99,081	95,400

All transactions with related parties have been carried out in normal course of business.

	December 31, 2013	June 30, 2013
	(Rupees in thousand)	
Period end balances		
Associated Undertakings		
Receivable from related parties	56,037,197	35,003,154
Payable to related parties	483,498	352,584

These are in the normal course of business.

Notes to and forming part of the Condensed Interim Financial Information
for the quarter and half year ended December 31, 2013 (Un-audited)

	Half Year ended	
	December 31, 2012	December 31, 2011
	(Rupees in thousand)	
11. Cash generated from operations		
Profit before tax	4,251,140	5,469,049
Adjustments for :		
- Depreciation on property, plant and equipment	1,048,178	997,916
- Amortisation on intangible assets	1,949	1,323
- Depreciation on assets subject to finance lease	14,168	11,321
- Write-down of property, plant and equipment	665	24,762
- Income on bank deposits	(1,502)	(3,045)
- Provision for store obsolescence	-	30,034
- Advances written off	78	56
- Bad debts written off	-	663
- Provision for doubtful debts	-	813
- Staff retirement benefits accrued	75,898	60,267
- Finance cost	1,765,322	3,555,011
Profit before working capital changes	7,155,896	10,148,170
Effect on cash flow due to working capital changes		
Decrease/(Increase) in current assets		
- Stores and spares	262,027	(313,457)
- Stock in trade	(167,540)	208,863
- Trade debts	(21,504,209)	11,875,430
- Loans, advances, deposits, prepayments and other receivables	(766,617)	293,135
Decrease in trade and other payables	(2,862,577)	(21,535,869)
	(25,038,916)	(9,471,898)
Cash generated from operations	(17,883,020)	676,272
	December 31, 2013	December 31, 2012
	(Rupees in thousand)	
12. Cash and cash equivalents		
Cash and bank balances	640,483	387,005
Finances under mark-up arrangements - secured	(33,446,051)	(25,409,365)
	(32,805,568)	(25,022,360)

Notes to and forming part of the Condensed Interim Financial Information
for the quarter and half year ended December 31, 2013 (Un-audited)

13. Corresponding figures

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

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. However, no significant re-classifications have been made except:

Description	Quarter ended	Half years ended	Reclassified	
	December 31, 2012	December 31, 2012	From	To
	(Rupees in thousand)			

Differential payable to WAPDA	47,406	87,617	Administrative expenses	Sales
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14. Date of authorisation for issue

This condensed interim financial information was authorised for issue on February 18, 2014 by the Board of Directors of the Company.

15. Non-adjusting event after the balance sheet date

The Board of Directors of the Company have declared an interim cash dividend of Rs 2.75 per share (December 31, 2012: Rs 3 per share), amounting to Rs 2,421 million (December 31, 2012: Rs 2,640.760 million) at their meeting held on February 18, 2014. This condensed interim financial information does not include the effect of the above interim cash dividend which will be accounted for in the period in which it is declared.



Aftab Mahmood Butt
Chief Executive



Syed Nizam Ahmad Shah
Director