



2nd Quarter Report

December 31, 2014 (un-audited)

**KOT ADDU POWER
COMPANY LIMITED**

Board of Directors	Mr. Zafar Mahmood (Chairman) Mr. Aftab Mahmood Butt (Chief Executive) Syed Nizam Ahmad Shah, esq. Mr. Anwar-ul-Haq Mr. Tahir Mahmood Mr. Ali Sameer Farooqui Mr. Owais Shahid
Audit Committee	Syed Nizam Ahmad Shah, esq. (Chairman) Mr. Anwar-ul-Haq Mr. Tahir Mahmood Mr. Ali Sameer Farooqui Mr. Owais Shahid
HR Committee	Mr. Anwar-ul-Haq (Chairman) Mr. Owais Shahid Mr. Aftab Mahmood Butt
General Manager Finance/CFO	Mr. M. Mohtashim Aftab
Company Secretary	Mr. A. Anthony Rath
Auditors	A. F. Ferguson & Co. Chartered Accountants
Internal Auditors	Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants
Legal Advisor	Kabraji & Talibuddin
Bankers	Allied Bank Limited AlBaraka Bank (Pakistan) Limited Askari Bank Limited Bank Alfalah Limited BankIslami Pakistan Limited Burj Bank Limited Citibank, N.A. Dubai Islamic Bank Pakistan Limited 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 United Bank Limited
Share Registrar	THK Associates (Private.) Limited Second Floor, State Life Building No. 3 Dr. Ziauddin Ahmed Road Karachi 75530, Pakistan Tel: +92 (0)21 111 000 322 Fax: +92 (0)21 3565 5595
Registered Office	House No. 4, Street No. 54-A F-7/4, Islamabad 44210, Pakistan
Corporate Office	5 B/3, Gulberg III, Lahore 54660, Pakistan Tel: +92 (0)42 3577 2912-16 Fax: +92 (0)42 3577 2922
Power Project	Kot Addu Power Complex, Kot Addu District Muzaffargarh, Punjab, Pakistan Tel: +92 (0)66 230 1047-9 Fax: +92 (0)66 230 1025
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Website	www.kapco.com.pk

Directors' Report

for the half year ended December 31, 2014

We are pleased to present the financial statements (un-audited) for the half year ended December 31, 2014.

For the Half Year, the turnover was Rs. 58,399 Million; the cost of sales were Rs. 50,950 Million; and profit after tax was Rs. 4,833 Million (compared to Rs. 2,844 Million in the corresponding period last year). EPS stood at Rs. 5.49 (Rs. 3.23 in the corresponding period last year). Earning Before Interest Tax Depreciation & Amortization (EBITDA) for the half year is Rs. 12,661 Million (Compared to Rs. 7,406 Million in the corresponding period last year).

In the Second Quarter, the Power Plant generated 1,421 GWh of electricity (year to date generation level 3,598 GWh) at a load factor of 48 % (year to date load factor 60.7 %) with an overall availability of 87.4 % (year to date overall availability 90.2 %).

The fuel mix during the Second Quarter was 99.7% on Low Sulphur Furnace Oil (year to date LSFO fuel mix 93.1%); 0.3% on High Speed Diesel (year to date HSD fuel mix 1.4%); and NIL generation on Gas (year to date Gas fuel mix 5.5%).

The Company's sole offtaker continues to remain in default of its payment obligations towards the Company. On December 31, 2014, the overdue receivables from WAPDA were Rs. 70,225 Million (Rs. 41,551 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.

We draw your attention to Note 6.1(d) to the Financial Statements in respect of liquidated damages invoices raised for the Company's failure to dispatch electricity due to fuel oil shortage caused by the offtaker's payment default. The Company has disputed the claims for imposition of liquidated damages in accordance with the provisions of the Power Purchase Agreement.

Combustion inspection of six gas turbines; and one hot gas path inspection was carried out as per plan during the review period.

Following shareholder approval at the Annual General Meeting in October 2014, the final cash dividend of Rs. 3.75 per share (Rs. 10 each) was paid in November 2014; culminating in a full year 2013/14 cash dividend of Rs. 6.50 per share (Rs. 10 each).

Following the good performance of the Company, we announce an interim cash dividend of Rs. 4.00 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, 2015.

On behalf of the Board



Aftab Mahmood Butt
Chief Executive

Islamabad: February 18, 2015

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, 2014 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, 2013 and 2014 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2014.

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, 2014 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 6.1 (d) 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

Condensed Interim Balance Sheet

as at December 31, 2014 (Un-audited)

	December 31, 2014	June 30, 2014
	(Rupees in thousand)	
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Authorised capital 3,600,000,000 (June 30, 2014: 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, 2014: 880,253,228) ordinary shares of Rs 10 each	8,802,532	8,802,532
Capital reserve	444,451	444,451
Unappropriated profit	19,073,141	17,540,864
	28,320,124	26,787,847
NON-CURRENT LIABILITIES		
Long term finances	4 1,196,505	1,466,609
Liabilities against assets subject to finance lease	67,270	68,332
Deferred liabilities	3,271,897	3,602,025
	4,535,672	5,136,966
CURRENT LIABILITIES		
Current portion of long term liabilities	566,820	869,245
Finances under mark-up arrangements - secured	37,048,756	37,054,118
Trade and other payables	5 33,935,242	25,503,830
	71,550,818	63,427,193
CONTINGENCIES AND COMMITMENTS	6	
	104,406,614	95,352,006

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



Aftab Mahmood Butt
Chief Executive

		December 31, 2014	June 30, 2014
	Note	(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	14,882,751	15,755,465
Intangible assets		12,349	14,648
Assets subject to finance lease		87,848	90,934
Capital work-in-progress		730,232	80,060
Long term loans and deposits		40,119	53,120
		15,753,299	15,994,227
CURRENT ASSETS			
Stores and spares		4,373,150	3,912,837
Stock-in-trade		1,792,234	4,128,021
Trade debts	8	80,439,704	66,087,635
Loans, advances, deposits, prepayments and other receivables		1,570,771	1,898,851
Cash and bank balances		477,456	3,330,435
		88,653,315	79,357,779
		104,406,614	95,352,006



Syed Nizam Ahmad Shah
Director

Condensed Interim Profit and Loss Account

for the quarter and half year ended December 31, 2014 (Un-audited)

	Note	Quarter ended		Half year ended	
		December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
		(Rupees in thousand)		(Rupees in thousand)	
Sales		23,184,095	27,199,278	58,399,367	56,934,025
Cost of sales	9	(19,649,827)	(25,170,543)	(50,950,332)	(52,317,610)
Gross profit		3,534,268	2,028,735	7,449,035	4,616,415
Administrative expenses		(89,828)	(81,142)	(188,243)	(173,195)
Other operating expenses		-	(665)	(10,000)	(665)
Other income		2,210,328	923,796	3,840,304	1,573,907
Profit from operations		5,654,768	2,870,724	11,091,096	6,016,462
Finance cost		(2,230,943)	(959,591)	(4,105,473)	(1,765,322)
Profit before tax		3,423,825	1,911,133	6,985,623	4,251,140
Taxation		(1,000,154)	(793,110)	(2,152,396)	(1,407,288)
Profit for the period		2,423,671	1,118,023	4,833,227	2,843,852
Earnings per share					
- basic and diluted	Rupees	2.75	1.27	5.49	3.23

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, 2014 (Un-audited)

	Quarter ended		Half year ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	(Rupees in thousand)		(Rupees in thousand)	
Profit for the period	2,423,671	1,118,023	4,833,227	2,843,852
- Items that will not be reclassified to profit or loss	-	-	-	-
- Items that may be reclassified subsequently to profit or loss	-	-	-	-
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>2,423,671</u>	<u>1,118,023</u>	<u>4,833,227</u>	<u>2,843,852</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, 2014 (Un-audited)

		Half year ended	
		December 31, 2014	December 31, 2013
	Note	(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from / (used in) operations	11	8,371,282	(17,883,020)
Finance cost paid		(4,027,520)	(2,425,063)
Taxes paid		(2,217,897)	(1,686,307)
Staff retirement benefits paid		(319,652)	(16,755)
Net cash generated from / (used in) operating activities		1,806,213	(22,011,145)
Cash flows from investing activities			
Fixed capital expenditure		(833,145)	(755,219)
Income on bank deposits received		12,350	1,502
Net decrease / (increase) in long term loans and deposits		13,001	(1,948)
Proceeds from sale of property, plant and equipment		1,797	756
Net cash used in investing activities		(805,997)	(754,909)
Cash flows from financing activities			
Repayment of liabilities against assets subject to finance lease		(13,585)	(13,896)
Repayment of long term loans - unsecured		(270,104)	(350,703)
Repayment of long term loans - secured		(304,530)	(629,076)
Dividend paid		(3,259,614)	(3,855,807)
Net cash used in financing activities		(3,847,833)	(4,849,482)
Net decrease in cash and cash equivalents		(2,847,617)	(27,615,536)
Cash and cash equivalents at beginning of the period		(33,723,683)	(5,190,032)
Cash and cash equivalents at the end of the period	12	(36,571,300)	(32,805,568)

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, 2014 (Un-audited)

	Share Capital	Capital reserve	Un-appro- priated profit	Total
	(Rupees in thousand)			
Balance as at June 30, 2013	8,802,532	444,451	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 at December 31, 2013	8,802,532	444,451	15,110,767	24,357,750
Profit for the period	-	-	4,885,992	4,885,992
Other comprehensive loss for the period:- Re-measurement of net defined benefit obligation - net of tax	-	-	(35,199)	(35,199)
Total comprehensive income for the period	-	-	4,850,793	4,850,793
Interim dividend - Rs 2.75 per share	-	-	(2,420,696)	(2,420,696)
Balance as at June 30, 2014	8,802,532	444,451	17,540,864	26,787,847
Total comprehensive income for the period	-	-	4,833,227	4,833,227
Final dividend for the year ended June 30, 2014 - Rs 3.75 per share	-	-	(3,300,950)	(3,300,950)
Balance as at December 31, 2014	8,802,532	444,451	19,073,141	28,320,124

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, 2014 (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, 2014.

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, 2014.

2.1 Standards, amendments and interpretations to published approved accounting standards

2.1.1 Standards, amendments and interpretations to existing standards effective in current period

Certain standards, amendments and interpretations to approved accounting standards are effective for the accounting periods beginning on or after July 01, 2014 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in this condensed interim financial information.

2.1.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

There are certain standards, amendments to the approved accounting

Notes to and forming part of the Condensed Interim Financial Information for the quarter and half year ended December 31, 2014 (Un-audited)

standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 01, 2015 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in this condensed interim financial information.

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

4. Long term finances

Long term finances represent unsecured loan payable to associated undertaking amounting to Rs 1,737 million (June 30, 2014: Rs 2,007 million) out of which Rs 540 million (June 30, 2014: Rs 540 million) is included in current portion of long term liabilities. It carries a mark-up of 14% payable semi-annually.

5. Trade and other payables

Trade creditors include payable to Pakistan State Oil amounting to Rs 14,568 million (June 30, 2014: Rs 7,049 million).

6. Contingencies and commitments

6.1 Contingencies

There has been no change in the status of the contingent liabilities disclosed as at June 30, 2014 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 favor 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 appeals with the Appellate Tribunal Inland Revenue (ATIR) against the CIR(A) orders. The Company received favorable order from ATIR on these issues. Subsequently, the Company received appeal effect orders amounting to Rs 676 million which were adjusted against advance tax liability for the Tax Year 2014. Tax Department has a right to file an appeal before the High Court against the ATIR decision.

For the Tax Year 2011, Income Tax Department has also selected Company in total audit under section 214(c) and carried out the assessment on which they created a demand of Rs 159 million. Subsequently, CIR(A) decided certain issues in favor of the Company and thereby reducing the demand to Rs 71 million. Being aggrieved, the

Notes to and forming part of the Condensed Interim Financial Information for the quarter and half year ended December 31, 2014 (Un-audited)

Company has filed an appeal before ATIR which is pending for hearing.

For the Tax Year 2012, DCIR issued assessment order under section 122(5A) along with demand notice amounting to Rs 458 million which was later rectified to Rs 411 million. Subsequently, CIR(A) decided certain issues in favor of the Company and thereby reducing the demand to Rs 30 million. Both the Company and the Tax Department have filed appeals with ATIR against the CIR(A) order which is pending for hearing.

For the Tax Year 2013, DCIR issued assessment order under section 122(5A) along with demand notice amounting to Rs 203 million which was later rectified to Rs 199 million. Subsequently, CIR(A) decided certain issues in favor of the Company, some issues were upheld and others were remanded back to the DCIR. Appeal effect order was received from Additional Commissioner Inland Revenue (ACIR) reducing the demand to Rs 20 million. Being aggrieved, the Company has filed an appeal before 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) On the strength of an unfavorable decision by ATIR in the case of other Independent Power Producers, the Tax Department has issued a sales tax order against the Company for the financial period from June 2008 to June 2013 and created a demand of Rs 10,102 million by apportioning input sales tax between Capacity Invoices and Energy Invoices and allowed input sales tax allocated to Energy Invoices only. The refund claims of the Company during the period falling between the aforementioned period were also rejected by the Tax Authorities. Against the foregoing order, the Company filed an appeal before CIR(A) which was decided against the Company. However, CIR(A) reduced the demand by Rs 1,481 million relating to the tax periods beyond 5 years. Being aggrieved, the Company filed an appeal before ATIR against the foregoing order of CIR(A) which is pending for fixation. Further, in response to the writ petition filed by the Company, Lahore High Court in its order dated January 14, 2015 stayed the recovery of tax demand till adjudication by ATIR.

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.

Notes to and forming part of the Condensed Interim Financial Information for the quarter and half year ended December 31, 2014 (Un-audited)

- (c) 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 1,941 million up to December 31, 2014 (June 30, 2014: Rs 1,747 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 291 million (June 30, 2014: Rs 262 million) to the OEM out of the discount recognised up to December 31, 2014. 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.
- (d) WAPDA has raised invoices for liquidated damages to the Company for the years ended June 30, 2009 through 2014 (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 22,939 million (June 30, 2014: Rs 20,571 million). Estimated amount of liquidated damages (including un-invoiced liquidated damages till December 31, 2014) are not expected to exceed Rs 23,390 million as at December 31, 2014 (June 30, 2014: 22,773 million) based on the best estimate of the management of the Company.

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 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.

Notes to and forming part of the Condensed Interim Financial Information
for the quarter and half year ended December 31, 2014 (Un-audited)

(e) 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 46.53 million (June 30, 2014: Rs 46.45 million); and
- Punjab Power Development Board on account of Bhikki Coal Project amounting to Rs 65 million (June 30, 2014: Rs 65 million).

6.2 Commitments

- (a) Contracts for capital expenditure Rs 244 million (June 30, 2014: Rs 1,131 million).
- (b) Letters of credit other than for capital expenditure Rs 232 million (June 30, 2014: Rs 317 million).

		December 31, 2014	June 30, 2014
	Note	(Rupees in thousand)	
7. Property, plant and equipment			
Opening Net Book Value (NBV)		15,755,465	17,090,199
Add: Additions / transfers during the period	7.1	186,142	774,557
		15,941,607	17,864,756
Less: Disposals during the period (at NBV)		1,821	2,774
Depreciation charged during the period		1,057,035	2,106,517
		1,058,856	2,109,291
		14,882,751	15,755,465
7.1 Following is the detail of additions/transfers during the period			
Additions:			
Land		-	54,488
Buildings on freehold land		449	10,945
Gas turbine blading		169,033	670,143
Plant and machinery		1,250	-
Auxiliary plant and machinery		6,047	8,008
Office equipment		7,929	25,743
		184,708	769,327
Transfers:			
Vehicles		1,434	5,230
		186,142	774,557

Notes to and forming part of the Condensed Interim Financial Information
for the quarter and half year ended December 31, 2014 (Un-audited)

	Note	December 31, 2014 (Rupees in thousand)	June 30, 2014
8. Trade debts			
Trade debts	8.1	80,586,477	66,230,408
Less: Provision for doubtful debts		146,773	146,773
		<u>80,439,704</u>	<u>66,087,635</u>

8.1 These are considered good except Rs 147 million (June 30, 2014: Rs 147 million) which are considered doubtful. Trade debts include an overdue amount of Rs 70,225 million (June 30, 2014: Rs 50,779 million) 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.

	Quarter ended		Half year ended	
	December 31, 2014 (Rupees in thousand)	December 31, 2013	December 31, 2014 (Rupees in thousand)	December 31, 2013
9. Cost of sales				
Fuel cost	18,627,430	22,692,900	48,851,130	48,394,040
Salaries, wages and benefits	296,795	259,668	789,199	631,670
Plant maintenance	91,431	157,534	147,916	192,439
Gas turbines overhauls	96,176	863,528	109,613	1,063,549
Repair and renewals	31,408	673,622	34,620	1,002,585
Depreciation on property, plant and equipment	515,560	522,351	1,040,450	1,031,378
Amortisation on intangible assets	1,150	940	2,299	1,949
Reversal of provision for store obsolescence	(10,123)	-	(24,895)	-
	<u>19,649,827</u>	<u>25,170,543</u>	<u>50,950,332</u>	<u>52,317,610</u>

10. Transactions with related parties

Relationship with the Company	Nature of transaction		
i. Associated undertakings	Purchase of services	2,241	392
	Sale of electricity	58,399,367	56,934,025
	Interest expense	140,729	189,942
	Interest income on late payments	3,750,456	1,538,884
ii. Post retirement benefit plans	Expense charged	122,728	89,992
iii. Key management personnel	Compensation	124,115	99,081

All transactions with related parties have been carried out on mutually agreed terms and conditions.

Notes to and forming part of the Condensed Interim Financial Information
for the quarter and half year ended December 31, 2014 (Un-audited)

	December 31, 2014	June 30, 2014
	(Rupees in thousand)	
Period end balances		
Associated Undertakings		
Receivable from related parties	81,197,966	66,909,225
Payable to related parties	2,612,805	2,553,566

These are in the normal course of business and interest free except for long term finances referred to in note 4.

	Half Year ended	
	December 31, 2014	December 31, 2013
	(Rupees in thousand)	
11. Cash generated from operations		
Profit before tax	6,985,623	4,251,140
Adjustments for:		
- Depreciation on property, plant and equipment	1,057,035	1,048,178
- Depreciation on assets subject to finance lease	14,545	14,168
- Amortisation on intangible assets	2,299	1,949
- Write-down of property, plant and equipment	24	665
- Income on bank deposits	(12,350)	(1,502)
- Reversal of provision for store obsolescence	(24,895)	-
- Advances written off	-	78
- Staff retirement benefits accrued	102,622	75,898
- Finance cost	4,105,473	1,765,322
Profit before working capital changes	12,230,376	7,155,896
Effect on cash flow due to working capital changes:		
(Increase) / decrease in current assets		
- Stores and spares	(435,418)	262,027
- Stock-in-trade	2,335,787	(167,540)
- Trade debts	(14,352,069)	(21,504,209)
- Loans, advances, deposits, prepayments and other receivables	328,080	(766,617)
Increase / (decrease) in trade and other payables	8,264,526	(2,862,577)
	(3,859,094)	(25,038,916)
Cash generated from / (used in) operations	8,371,282	(17,883,020)

Notes to and forming part of the Condensed Interim Financial Information for the quarter and half year ended December 31, 2014 (Un-audited)

December 31, December 31,
2014 2013
(Rupees in thousand)

12. Cash and cash equivalents

Cash and bank balances	477,456	640,483
Finances under mark-up arrangements - secured	(37,048,756)	(33,446,051)
	<u>(36,571,300)</u>	<u>(32,805,568)</u>

13. Date of authorisation for issue

This condensed interim financial information was authorised for issue on February 18, 2015 by the Board of Directors of the Company.

14. 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-arrangements have been made.

15. Non-adjusting event after the balance sheet date

The Board of Directors of the Company have declared an interim cash dividend of Rs 4.00 per share (December 31, 2013: Rs 2.75 per share), amounting to Rs 3,521 million (December 31, 2013: Rs 2,421 million) at their meeting held on February 18, 2015. This condensed interim financial information does not include the effect of 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