



GIVING LIGHT TO YOUR DREAMS

HALF YEARLY REPORT

FOR THE HALF YEAR ENDED JUNE 30, 2014

LALPIR POWER LIMITED

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COMPANY PROFILE

THE COMPANY

Lalpir Power Limited ("the Company") was incorporated in Pakistan on 8 May 1994 under the Companies Ordinance, 1984. The registered office is situated at 53-A, Lawrence Road, Lahore. The principal activities of the Company are to own, operate and maintain an oil fired power station ("the Complex") having gross capacity of 362 MW in Mehmood Kot, Muzaffargarh, Punjab, Pakistan.

BOARD OF DIRECTORS

Mian Hassan Mansha	Chairman
Mr. Aurangzeb Feroz	Chief Executive Officer
Mr. Jawed Iqbal	
Mr. Omar Liaqat	
Mr. Aurangzeb Feroz	
Mr. Kamran Rasool	
Mr. Khalid Qadeer Qureshi	
Mr. Mahmood Akhtar	
Mr. Saeed Ahmed Alvi	

AUDIT COMMITTEE

Mr. Aurangzeb Feroz	Chairman
Mr. Jawed Iqbal	
Mr. Mahmood Akhtar	

CHIEF FINANCIAL OFFICER

Mr. Khalid Qadeer Qureshi

COMPANY SECRETARY

Mr. Khalid Mahmood Chohan

BANKERS OF THE COMPANY

Habib Bank Limited
The Bank of Punjab
United Bank Limited
Allied Bank Limited
National Bank of Pakistan
Bank Alfalah Limited
Faysal Bank Limited
Askari Bank Limited
Habib Metropolitan Bank Limited
NIB Bank Limited
MCB Bank Limited
Bank Islami Pakistan Limited
KASB Bank Limited
Standard Chartered Bank (Pakistan) Limited
Al Baraka Bank (Pakistan) Limited
Pakbrunei Investment company

AUDITOR OF THE COMPANY

Riaz Ahmad & Co.
Chartered Accountants

LEGAL ADVISOR OF THE COMPANY

Mr. M. Aurangzeb Khan
Advocate High Court

REGISTERED OFFICE

53-A, Lawrence Road,
Lahore-Pakistan
UAN: 042-111-11-33-33

HEAD OFFICE

1-B, Aziz Avenue, Gulberg-V,
Lahore- Pakistan
Tel: 042-35717090-96
Fax: 042-35717239

SHARE REGISTRAR

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block-B, S.M.C.H.S
Shahra-e-Faisal, Karachi – 74400
Tel: (92-21) 111-111-500
Fax: (92-21) 34326053

PLANT

Mehmood Kot, Muzaffargarh,
Punjab – Pakistan.

DIRECTORS' REPORT

The Directors of **Lalpir Power Limited “the Company”** are pleased to present their report together with operational and financial results of your Company for the period ended 30 June 2014.

Your Company is engaged in power generation with a net capacity of 350.00 MW furnace oil fired power plant against a gross capacity of 362 MW. The Sole purchaser of the power is Water and Power Development Authority (WAPDA). We report that during the period under review power plant, by achieving all the operating standards, dispatched 1,057,169 MWH of electricity as compared with 901,632 MWH dispatched during the corresponding six months of the previous financial year. Resultantly the capacity factor remained at 69.9% as against 59.4% demonstrated in the comparable six months of the previous financial year.

Financial Results:

The financial results of the Company for period ended 30 June 2014 are as follows:

Financial Highlights	HALF YEAR ENDED	
	30 June 2014	30 June 2013
Revenue (Rs '000')	19,448,688	17,108,149
Gross profit (Rs '000')	860,442	1,192,513
Gross profit ratio to revenue (%)	4.42	6.97
Pre-tax profit (Rs '000')	331,003	614,038
After tax profit (Rs '000')	331,003	614,038
After tax profit ratio to revenue (%)	1.70	3.58
Earnings per share (Rs)	0.87	1.62

The Company has posted after tax profit of Rs. 331.003 million as against Rs 614.038 million earned in the comparative period. The net profits of the Company demonstrated the Earning per Share of Rs. 0.87 as against Rs. 1.62 earned per share in the previous period.

Main reason for variation in net profit for period ended 30th June-14 in Comparison with period ended 30th June-13 is increase in delta loss of Rupees 185.13 Million (I.e. Increase in fuel consumption by 1.15 g/Kwh).

With respect to auditor's comments in auditor's report we report that WAPDA has raised invoices for liquidate damages to the company on account of short supply of electricity by the company. Liquidate damages invoiced to the company amounts to rupees 3,295 Million. We are of the view that since technically the plant was available to deliver electricity as per WAPDA's requirement and the failure to deliver was consequential only to financial constrains caused by default in payments by WAPDA, therefore WAPDA cannot claim the liquidate damages which are triggered as a result of its own default.

Resultantly we have disputed the said invoices of liquidate damages raised by WAPDA. Based on the strength of the case, management and the legal counsel of the company are confident that the matter will be settled in company's favor therefore no provision has been made in these financial statements.

Projects:

We would also like to inform you that in order to improve efficiency of the project, we are in completion stage of following project.

1. Turbine Retrofit:

This project activity includes the replacement of existing turbine rotor and blades with the improved design rotor, efficient blades and advanced seals. This will not only recover permanent aged deterioration but also bring the benefit of new technology. The Improvement in Heat Rate for HIP & LP Turbine efficiency by 1.5% is guaranteed by supplier. Contract signed with Sojitz Machinery Corporation, Osaka. Router arrived at site and replacement process is under process, and it will be completed in September 2014. Quarter starting from October 2014 will show improved results.

2. Cooling Tower Improvement Project:

This project was implemented at PakGen last year. The project proved 1.2 oC improvements in cooling water temperature. It is being replicated at LalPir this year. Cooling towers fills will be replaced and Nozzle design will be changed as per SPIG proposal. The Project has potential of Rs. 71 million annual savings with a payback of 1.2 years. The project will be executed in September 2014.

3. VVVF at Small VFD:

Small BFP has been installed to cater low load requirement of the plant. Addition of VVVF will bring further savings in Heat Rate as well as startup MDI. Project has a potential savings of Rs.19M with a payback of 4 years. The project will be commissioned in September 2014.

We believe that foregoing arrangements shall be very beneficial for improvement in the efficiency of the project and reducing delta loss.

Acknowledgement

We wish to thank our valuable shareholders, WAPDA, financial institutions, lenders, Pakistan State Oil and other suppliers for their trust and faith in the Company and their valuable support that enabled the Company to achieve better results.

We also appreciate the management for establishing a modern and motivating working climate and promoting high levels of performance in all areas of the power plant. We also take this opportunity to thank our executives and staff members for their consistent support, hardworking and commitment for delivering remarkable results and we wish for their long life relationship with the Company.

For and on behalf of the Board of Directors



(Mr. Khalid Qadeer Quershi)

Chief Financial Officer

Lahore: 27 August 2014

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of LALPIR POWER LIMITED as at 30 June 2014 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (herein after referred to as "condensed interim financial information"), for the half year then ended. 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 condensed interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended 30 June 2014 and 30 June 2013 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended 30 June 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 condensed 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 condensed interim financial information as of and for the half year ended 30 June 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 6.1.1 to the condensed interim financial information which explains the uncertainty regarding outcome of claims lodged by Water and Power Development Authority (WAPDA), which have been disputed by the company. Our conclusion is not qualified in respect of this matter.



RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Muhammad Atif Mirza

Lahore: 27 August 2014

CONDENSED INTERIM BALANCE SHEET

As at 30 June 2014

	Note	Un-audited 30 June 2014 (Rupees in thousand)	Audited 31 December 2013
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 500,000,000 (31 December 2013: 500,000,000) ordinary shares of Rupees 10 each		5,000,000	5,000,000
Issued, subscribed and paid-up share capital 379,838,732 (31 December 2013: 379,838,732) ordinary shares of Rupees 10 each		3,798,387	3,798,387
Capital reserve		107,004	107,004
Revenue reserves		7,939,937	8,178,692
Total equity		11,845,328	12,084,083
LIABILITIES			
NON-CURRENT LIABILITIES			
Long-term finance - secured	5	1,990,839	-
Provision for gratuity		30,933	20,222
		2,021,772	20,222
CURRENT LIABILITIES			
Trade and other payables		1,431,647	518,297
Accrued interest / profit		149,126	183,054
Short-term borrowings		8,298,545	9,544,784
		9,879,318	10,246,135
Total liabilities		11,901,090	10,266,357
CONTINGENCIES AND COMMITMENTS			
	6		
TOTAL EQUITY AND LIABILITIES		23,746,418	22,350,440

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

Statement under section 241(2) of the Companies Ordinance, 1984

This condensed interim financial information has been signed by two directors instead of chief executive and one director as the chief executive is not for the time being in Pakistan.



DIRECTOR

	Note	Un-audited 30 June 2014 (Rupees in thousand)	Audited 31 December 2013
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	9,979,563	8,363,469
Long-term loans to employees		39,543	43,029
		<u>10,019,106</u>	<u>8,406,498</u>
CURRENT ASSETS			
Stores, spare parts and other consumables		954,117	809,593
Fuel stock		636,042	455,110
Trade debts		9,317,028	10,190,266
Loans, advances and short-term prepayments		1,025,341	776,199
Other receivables		359,725	343,175
Sales tax recoverable		1,432,961	1,364,722
Cash and bank balances		2,098	4,877
		<u>13,727,312</u>	<u>13,943,942</u>
TOTAL ASSETS		<u><u>23,746,418</u></u>	<u><u>22,350,440</u></u>



 DIRECTOR

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE HALF YEAR ENDED 30 JUNE 2014 (UN-AUDITED)

	Note	Half Year Ended		Quarter Ended	
		30 June	30 June	30 June	30 June
		2014	2013	2014	2013
		(Rupees in thousand)		(Rupees in thousand)	
REVENUE		19,448,688	17,108,149	10,561,051	9,032,118
COST OF SALES	8	(18,588,246)	(15,923,819)	(10,285,666)	(8,459,926)
GROSS PROFIT		860,442	1,184,330	275,385	572,192
ADMINISTRATIVE EXPENSES		(61,656)	(58,728)	(29,101)	(32,601)
OTHER EXPENSES		(1,037)	(17,538)	(559)	(16,170)
		797,749	1,108,064	245,725	523,421
OTHER INCOME		18,955	19,401	11,299	11,609
PROFIT FROM OPERATIONS		816,704	1,127,465	257,024	535,030
FINANCE COST		(485,701)	(513,427)	(248,840)	(259,653)
PROFIT BEFORE TAXATION		331,003	614,038	8,184	275,377
TAXATION		-	-	-	-
PROFIT AFTER TAXATION		331,003	614,038	8,184	275,377
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		331,003	614,038	8,184	275,377
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)		0.87	1.62	0.02	0.72

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

Statement under section 241(2) of the Companies Ordinance, 1984

This condensed interim financial information has been signed by two directors instead of chief executive and one director as the chief executive is not for the time being in Pakistan.



DIRECTOR



DIRECTOR

CONDENSED INTERIM CASH FLOW STATEMENT FOR THE HALF YEAR ENDED 30 JUNE 2014 (UN-AUDITED)

		Half Year Ended	
	Note	30 June 2014 (Rupees in thousand)	30 June 2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	9	2,297,348	5,830,116
Finance cost paid		(557,243)	(530,912)
Interest income received		244	7,451
Long-term loans to employees - net		2,742	(10,544)
Income tax paid		(111,167)	(9,980)
Gratuity paid		5,243	(10,909)
Net cash generated from operating activities		1,637,167	5,275,222
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(1,826,982)	(329,020)
Proceeds from sale of property, plant and equipment		11,000	-
Net cash used in investing activities		(1,815,982)	(329,020)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term finance		1,990,839	-
Dividend paid		(568,564)	(725,144)
Net cash from / (used in) financing activities		1,422,275	(725,144)
Net increase in cash and cash equivalents		1,243,460	4,221,058
Cash and cash equivalents at beginning of the period		(9,539,907)	(8,752,038)
Cash and cash equivalents at end of the period		(8,296,447)	(4,530,980)
CASH AND CASH EQUIVALENTS			
Cash in hand		610	209
Cash at banks		1,488	632,489
Short-term borrowings		(8,298,545)	(5,163,678)
		(8,296,447)	(4,530,980)

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

Statement under section 241(2) of the Companies Ordinance, 1984

This condensed interim financial information has been signed by two directors instead of chief executive and one director as the chief executive is not for the time being in Pakistan.



DIRECTOR



DIRECTOR

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 JUNE 2014 (UN-AUDITED)

	SHARE CAPITAL	RESERVES			TOTAL EQUITY
		Capital	Revenue		
		Retained payments reserve	Reserve for issuance of bonus shares	Un- appropriated profit	
(-----Rupees in thousand-----)					
Balance as at 31 December 2012 - audited	3,453,079	107,004	345,308	8,296,497	12,201,888
Transactions with owners:					
Bonus shares issued during the period	345,308	-	(345,308)	-	-
Final dividend for the year ended 31 December 2012 @ Rupee 1 per share	-	-	-	(379,839)	(379,839)
	345,308	-	(345,308)	(379,839)	(379,839)
Profit for the half year ended 30 June 2013	-	-	-	614,038	614,038
Other comprehensive income for the half year ended 30 June 2013	-	-	-	-	-
Total comprehensive income for the half year ended 30 June 2013	-	-	-	614,038	614,038
Balance as at 30 June 2013 - un-audited	3,798,387	107,004	-	8,530,696	12,436,087
Transaction with owners - Interim dividend for the year ended 31 December 2013 @ Rupee 1 per share					
	-	-	-	(379,839)	(379,839)
Profit for the half year ended 31 December 2013	-	-	-	30,653	30,653
Other comprehensive loss for the half year ended 31 December 2013	-	-	-	(2,818)	(2,818)
Total comprehensive income for the half year ended 31 December 2013	-	-	-	27,835	27,835
Balance as at 31 December 2013 - audited	3,798,387	107,004	-	8,178,692	12,084,083
Transaction with owners - Final dividend for the year ended 31 December 2013 @ Rupees 1.5 per share					
	-	-	-	(569,758)	(569,758)
Profit for the half year ended 30 June 2014	-	-	-	331,003	331,003
Other comprehensive income for the half year ended 30 June 2014	-	-	-	-	-
Total comprehensive income for the half year ended 30 June 2014	-	-	-	331,003	331,003
Balance as at 30 June 2014 - un-audited	3,798,387	107,004	-	7,939,937	11,845,328

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

Statement under section 241(2) of the Companies Ordinance, 1984

This condensed interim financial information has been signed by two directors instead of chief executive and one director as the chief executive is not for the time being in Pakistan.


DIRECTOR


DIRECTOR

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE HALF YEAR ENDED 30 JUNE 2014 (UN-AUDITED)

1. THE COMPANY AND ITS OPERATIONS

Lalpir Power Limited ("the Company") was incorporated in Pakistan on 08 May 1994 under the Companies Ordinance, 1984. The registered office of the Company is situated at 53-A, Lawrence Road, Lahore. The ordinary shares of the Company are listed on Karachi Stock Exchange Limited and Lahore Stock Exchange Limited of Pakistan. The principal activities of the Company are to own, operate and maintain an oil fired power station ("the Complex") having gross capacity of 362 MW in Mehmood Kot, Muzaffargarh, Punjab, Pakistan.

2. BASIS OF PREPARATION

This condensed interim financial information is unaudited but subject to limited scope review by the statutory auditors and is being submitted to shareholders as required by section 245 of the Companies Ordinance, 1984. This condensed interim financial information of the Company for the half year ended 30 June 2014 has been prepared in accordance with the requirements of International Accounting Standards (IAS) 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. This condensed interim financial information should be read in conjunction with the preceding audited annual published financial statements of the Company for the year ended 31 December 2013.

3. ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of this condensed interim financial information are same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 31 December 2013.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this condensed interim financial information in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and key sources of estimation and uncertainty were the same as those that were applied in the preceding audited annual published financial statements of the Company for the year ended 31 December 2013.

5. LONG-TERM FINANCE - SECURED

This represents Syndicated Medium Term Finance facility obtained through Standard Chartered Bank (Pakistan) Limited (lead arranger) for the purpose to finance the change of turbine rotors for the Complex. This facility consists of two parts Rupees 207.047 million on mark-up basis whereas remaining Rupees 1,783.792 million represents Islamic facility (Diminishing Musharaka Finance) and carries mark-up at the rate of one month KIBOR plus 2.75% per annum payable monthly. This finance is repayable in forty five equal monthly installments with a grace period of fifteen months and is secured by the way of parri passu charge over present and future fixed assets (excluding land and buildings) of the Company amounting to Rupees 4,000 million.

6. CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

There is no change in the contingencies disclosed in the preceding audited annual published financial statements of the Company for the year ended 31 December 2013 except followings;

- 6.1.1** Water and Power Development Authority (WAPDA) has raised invoices for liquidated damages to the Company from 11th to 17th (up to April 2014) agreement year (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 constraints of the Company as a result of default by WAPDA in making timely payments. Liquidated damages invoiced to the Company amounts to Rupees 3,295.010 million. Out of these the Company has accepted and paid Rupees 19.303 million.

The Company disputes and rejects balance claims on account of liquidated damages that are raised by WAPDA on the premise that its failure to despatch 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. Against these the Company has raised invoice dispute notices to WAPDA.

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.

- 6.1.2** Post dated cheques amounting to Rupees 1,041 million (31 December 2013: Rupees 706 million) were issued in favour of Attock Petroleum Limited against purchase of fuel.

6.2 Commitments

There is no change in the commitments disclosed in the preceding audited annual published financial statements of the Company for the year ended 31 December 2013, except for the commitments for letters of credit as at reporting date are amounting to Rupees 288.408 million (31 December 2013: Rupees 1,926 million).

7. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets (Note 7.1)	7,624,621	7,732,229
Capital work-in-progress (Note 7.2)	2,354,942	631,240

Un-audited
30 June
2014
(Rupees in thousand)

Audited
31 December
2013

9,979,563

8,363,469

7.1 Operating fixed assets

Opening book value	7,732,229	7,044,274
Add: Cost of additions during the period / year (Note 7.1.1)	140,894	1,126,032
Less: Book value of deletions / derecognitions during the period / year (Note 7.1.2)	4,480	55
Less: Depreciation charged during the period / year	244,022	438,022
Closing book value	7,624,621	7,732,229

7.1.1 Cost of additions

Buildings on freehold land	-	295,857
Plant and machinery	101,246	744,388
Furniture and fixtures	-	2,910
Vehicles	29,010	31,772
Office equipment	4,029	10,623
Electric equipment and appliances	6,609	40,482
	140,894	1,126,032

7.1.2 Book value of deletions / derecognitions

Cost		
- Plant and machinery	23,273	43,184
- Vehicles	13,441	1,664
- Electric equipment and appliances	-	1,867
	36,714	46,715
Less: Accumulated depreciation	32,234	46,660
	4,480	55

7.2 Capital work-in-progress

Civil works	2,728	49,221
Plant and machinery	2,348,452	577,557
Others	3,762	4,462
	2,354,942	631,240

	(Un-audited) Half Year Ended		(Un-audited) Quarter Ended	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
	(Rupees in thousand)		(Rupees in thousand)	
8. COST OF SALES				
Fuel cost	17,985,971	15,352,102	9,966,968	8,149,512
Operation and maintenance costs	214,440	218,726	132,945	132,138
Insurance	154,751	155,967	77,363	77,807
Depreciation	230,586	195,774	119,671	99,219
Others	2,498	1,250	(11,281)	1,250
	<u>18,588,246</u>	<u>15,923,819</u>	<u>10,285,666</u>	<u>8,459,926</u>

	Un-audited Half Year Ended	
	30 June 2014	30 June 2013
	(Rupees in thousand)	
9. CASH GENERATED FROM OPERATIONS		
Profit before taxation	331,003	614,038
Adjustments for non-cash charges and other items:		
Depreciation	244,022	205,934
Provision for gratuity	5,468	4,042
Gain on disposal of property, plant and equipment	(6,520)	-
Interest income	(244)	(7,451)
Finance cost	485,701	513,427
Cash flows from operating activities before working capital changes	1,059,430	1,329,990
(Increase) / decrease in current assets:		
Stores, spare parts and other consumables	(144,524)	18,237
Fuel stock	(180,932)	(124,937)
Trade debts	873,238	4,144,327
Loans, advances and short-term prepayments	(137,231)	101,645
Other receivables	(16,550)	26,457
Sales tax recoverable	(68,239)	(152,978)
	325,762	4,012,751
Increase in trade and other payables	912,156	487,375
	<u>2,297,348</u>	<u>5,830,116</u>

10. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of associated undertakings, key management personnel and staff retirement benefit plans. Transactions with related parties include expenses charged between these parties. The Company in the normal course of business carries out transactions with these related parties. Details of transactions with related parties are as follows:

Relationship with the Company	Nature of transaction	(Un-audited) Half Year Ended		(Un-audited) Quarter Ended	
		30 June 2014 (Rupees in thousand)	30 June 2013	30 June 2014 (Rupees in thousand)	30 June 2013
Associated undertakings	Insurance premium	196,595	222,058	93,699	103,437
	Insurance claim	11,028	-	-	-
	Dividend paid	416,827	667,133	416,827	349,451
	Share of expenses	147,373	110,750	83,115	60,036
	Flying services	1,814	2,984	728	1,852
	Share of rental income	1,567	1,575	1,170	1,187
	Rent expense	3,156	3,140	1,586	1,570
Key management personnel	Remuneration	3,437	1,694	1,222	847
Staff retirement benefits plans	Contribution to provident fund	12,163	14,021	6,177	6,963
	Contribution to gratuity fund	10,935	14,952	5,467	14,558

Period end balances:

	Un-audited 30 June 2014 (Rupees in thousand)	Audited 31 December 2013
Payable to related parties	4,961	5,005

- 10.1 The Company shares premises, employees and other common costs with its associated company, Pakgen Power Limited on fifty-fifty basis in accordance with "Shared Facilities Agreement".

11. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 31 December 2013.

12. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Company at their meeting held on 27 August 2014 (2013: 22 August 2013) has proposed cash dividend of Rupees Nil (2013: Rupee 1) per share. However, this event has been considered as a non-adjusting event under International Accounting Standard (IAS) 10 "Events after the Reporting Period" and has not been recognized in this condensed interim financial information.

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 balances of audited annual published financial statements of preceding financial year, whereas, the condensed interim profit and loss account, 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 and reclassified, wherever necessary for the purpose of comparison. However, no re-arrangement and reclassification have been made in this condensed interim financial information, except provident fund contribution and provision for gratuity amounting to Rupees 4.718 million and Rupees 3.466 million respectively have been reclassified from administrative expenses to cost of sales.

14. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorized for issue on 27 August 2014 by the Board of Directors of the Company.

15. GENERAL

Figures have been rounded off to the nearest thousand Rupees.

16. STATEMENT UNDER SECTION 241(2) OF THE COMPANIES ORDINANCE, 1984

This condensed interim financial information has been signed by two directors instead of chief executive and one director as the chief executive is not for the time being in Pakistan.



DIRECTOR



DIRECTOR

BOOK POST

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UPC



LALPIR POWER LIMITED

53 - A, Lawrence Road, Lahore. Tel: 042 - 36367812 - 16

Fax: 042 - 363674141 UAN: 042 - 111-11-33-33