FINANCIAL STATEMENTS

for the period July - December

2007

KARACHI ELECTRIC SUPPLY COMPANY LTD.

(Formerly Karachi Electric Supply Corporation Ltd.)

KARACHI ELECTRIC SUPPLY COMPANY LIMITED
(Formerly The Karachi Electric Supply Corporation Limited)

FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2007

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Company Information

BOARD OF DIRECTORS

CHAIRMAN
Mr. Abdulaziz Hamad Aljomaih

VICE CHAIRMAN
Mr. Naser Al-Marri

CHIEF EXECUTIVE OFFICER
Syed Muhammad Amjad

DIRECTORS
Mr. Shan A. Ashary
Mr. Reyadh S. Al-Edrissi
Mr. Peter Hertog
Mr. Ariful Islam
Mr. Fazal Ahmad Khan
Mr. M. Ismail Qureshi
Mr. Mubasher H. Sheikh
Mr. Imran Siddiqui
Mr. S.M. Akhtar Zaidi

CHIEF FINANCIAL OFFICER
Mr. Mohammad Asghar

EXECUTIVE DIRECTOR (LEGAL) & COMPANY SECRETARY
Ms. Uzma Amjad Ali

BOARD's AUDIT COMMITTEE (BAC)
(constituted in compliance with Code of Corporate Governance)

Mr. Naser Al-Marri	…	Chairman
Mr. Shan A. Ashary	…	Member
Mr. Mubasher H. Sheikh	…	Member
Mr. Fazal Ahmad Khan	...	Member

BANKERS
National Bank of Pakistan
Habib Bank Limited
United Bank Limited
MCB Bank Limited (formerly Muslim Commercial Bank Ltd.)
Allied Bank Limited
First Women Bank Limited
Mybank Limited (formerly Bolan Bank)
Citi Bank N.A.
Standard Chartered Bank
Askari Bank (formerly Askari Commercial Bank Ltd.)
KASB Limited
Faysal Bank Limited

AUDITORS
M/s. Ford Rhodes Sidat Hyder & Co.

REGISTERED OFFICE
2nd Floor, Pakistan Handicraft Building, Abdullah Haroon Road, Karachi.

Brief Review

I am pleased to present Half Yearly Financial Statements of the Company for the period ended 31 December 2007 on behalf of Board of Directors. Key operational and financial results are listed below:

	Jul-Dec 2007	Jul-Dec 2006
	(In Millions KwH)	
Units generated KESC	**4,483**	4,120
Unites sent out KESC	**4,138**	3,790
Units purchased	**3,432**	3,457
Total units available for distribution	**7,570**	7,247
Units billed (including interdepartmental consumption)	**5,192**	4,784
Transmission & Distribution Losses %	**31.4%**	34.0%
	(Rupees in Million)	
FINANCIAL		
Sale of Energy	**26,176**	22,439
Other Revenue	**1,588**	870
Gross Revenue	**27,764**	23,309
Cost of fuel & power purchase after tariff adjustment	**25,551**	21,562
Depreciation	**1,775**	1,737
Provision for doubtful debts	**1,294**	1,058
Operation & maintenance expenses	**4,258**	3,769
Finance cost	**935**	505
Other expenses	**94**	112
Total cost of sales	**33,907**	28,743
(Loss) before tax	**(6,143)**	(5,434)
Loss per share	**Re. 0.48**	Re. 0.43

KESC own generation has increased by 8.8% during the period Jul-Dec 2007 over the corresponding period last year. Total KESC units sent out registered an increase of 9.2% outpacing 8.8% increase in units generated, which is attributable to 0.3% reduction in auxiliary consumption. Power purchase decreased by 0.73% over corresponding period last year due to short supply from WAPDA and non-commissioning of DHA Cogen Power Plant. Peak demand has increased by 6.43% to 2365 MW as compared to 2222 MW in Jul-Dec 2006. Total units available for sale increased by 4.4%, whereas units sold increased by 8.5%, the additional units sold were contributed through significant reduction in T&D losses by 2.6% from 34% in Jul-Dec 2006 to 31.4% in Jul-Dec 2007. The achievement even surpassed the target of T&D losses at 31.7% set for the period under review.

Revenue from sale of energy has gone up by 16.65% due to collective impact of 8.5% increase in sales, enhancement of average selling rate by Ps 35 /kwh (7.6%) on account of tariff increase allowed from 24 February 2007 and favourable sale mix.

Increase in revenue was more than offset by phenomenal increase in fuel bill by 20.69% outbalancing 8.5% increase achieved in units sent out. Availability of gas for power generation decreased to 199 mmcfd depicting 67.5% of total requirement of 295 mmcfd during the period under review as compared to availability of 223 mmcfd during Jul-Dec 2006 constituting 81.7% of total requirement of 273 mmcfd. Short supply of gas compelled the Company to use expensive furnace oil to facilitate our valuable consumers as much as possible. Consequently, fuel bill spiralled by Rs.3100 million over corresponding period last year which adversely impacted the bottom line of P&L account. Cost of power purchases increased by 7.07% despite 0.73% decrease in number of units purchased which is exclusively attributable to steep rise in furnace oil price registered during the period under review. Transmission & Distribution expenses increased by 23.28% to ensure maintenance and operation of dilapidated T&D network inherited to the new management, whereas administrative and consumer services expenses increased by approximately 21%. Loss before tax, as a result of cumulative impact of contributing factors as above, increased by 13.05% from Rs.5,434 million to Rs.6,143 million, which is mainly attributable to inflated fuel bill due to short supply of gas, partly offset by increased revenue through additional number of units generated and sold. It is pertinent to underscore that cost of fuel & power purchase, depreciation, provision for bad debts and financial charges collectively constitute approximately 86% (Rs.29,648 million) of total expenditures (Rs.34,491 million) of the Company which are, by and large, beyond the control of Management.

Activities under Review

Generation

Injection of efficient & economical generation in KESC system has been an integral component of turnaround strategy of the new management from day one. Contract for new power plant - Phase-I of 220 MW was awarded in January 2007 and first two Gas Turbines (GTs) of 48 MW each are likely to be commissioned in March 2008. Third & forth GTs would be commissioned in April & September 2008 respectively whereas combined cycle is expected to be operational by July 2009. Contract for setting up of 560 MW power plant - phase-II at BQPS is likely to be awarded in near future. Fresh injection of efficient & economical generation shall help redress the electricity supply deficit faced by city of Karachi and shall also significantly contribute to profitability of the Company benefiting all the stakeholders.

Transmission & Distribution

Strategic Plan was prepared and being implemented in a phased and prioritized manner for rehabilitation of transmission & distribution system. A number of critically important projects have already been commissioned or are in the final stage of completion which have relatively improved network reliability, reduced technical losses and enhanced transmission & distribution capacity.

It is informed that:

i. All contingent liabilities have been disclosed in note no.15.1. It is also clarified that after resolution of the disputes it is expected that there will be no financial impact in this regard.

ii. The main factors responsible for T&D losses are old and outdated distribution network and theft of electricity. T&D system improvement is being carried out with the help of financial improvement plan financed by GOP as well as through capex budget of the Company. As a result of technical & administrative measures adopted by the Company in a structured & focused manner, T&D losses have reduced to 31.4% from 34% in corresponding period last year and it is expected that after completion of network improvement, the T&D losses shall reduce further to a reasonable level.

iii. Pending clarification from Securities & Exchange Commission of Pakistan (SECP) with regard to classification of Redeemable Preference Shares (RPS), RPS have been treated as part of equity pursuant to the requirements of and approvals under the Companies Ordinance 1984.

iv. Accrual of Rs.474 million on account of tariff adjustment is based on determination made by NEPRA dated 14 September 2006 which has been duly disclosed in note 8.2. Whereas the provision of Rs.583.846 million in respect of O&M contractor has been written back as the matter is subjudice and the amount is covered under contingent liabilities disclosed in note 15.1

Future Prospects

Commissioning of eleven new grid stations in a phased manner by September 2008 and establishment of computerized system for management of modern power generation, transmission & distribution network known as SCADA and substantial augmentation & expansion of distribution system (in HT as well as LT sections) shall significantly improve network capacity & reliability and reduce system overloading & T&D losses and shall substantially contribute to operational & financial viability of the Company.

The structured & systematic turnaround strategy adopted by Company shall be continued and reinforced in future. Each issue shall be addressed with concentration on improving core activity of the Company and bridging the prevailing electricity demand & supply gap. The Company shall continue to pursue the objective of improving output & service and relationship with the customers. Improving & expanding network infrastructure, further reducing technical & administrative losses, developing human resource capital of the Company and improving quality & standard of customer service shall continue to be the main focus of the management aiming to benefit all the stakeholders. The concerted efforts of the management are likely to produce improved operating & financial results in future and add value to shareholders investment in the Company.

Acknowledgements

The Board wishes to extend its gratitude to the GOP, shareholders and customers for their cooperation and support and appreciation to the employees of the Company.

Syed Muhammad Amjad
Chief Executive Officer

Karachi, 12 February, 2008

REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying interim condensed balance sheet of THE KARACHI ELECTRIC SUPPLY COMPANY LIMITED (formerly The Karachi Electric Supply Corporation Limited) as at December 31, 2007 and the related interim condensed profit and loss account, interim condensed cash flow statement and interim condensed statement of changes in equity, together with the notes forming part thereof (here-in-after referred to as "interim financial information") for the half year then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the interim condensed interim profit and loss account for the quarters ended December 31, 2007 and 2006 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2007.

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, 2007 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Other matters

Without qualifying our review report, we draw attention to the following matters:

(i) the ultimate outcome of contingencies, arising from various matters discussed in note 15.1 to the accompanying interim condensed financial statements, cannot presently be determined and, hence, pending the resolution thereof, no provision has been made for the same in the accompanying interim condensed financial statements;

(ii) as referred to in note 21 to the interim condensed financial statements, transmission and distribution losses are approximately 31.40% (June 30, 2007: 34.23%) of the total electricity generated during the period. The management of the Company maintains that one of the factors attributable to these losses is the alleged theft of electricity, which has directly affected the profitability of the Company. These factors, in view of the management, if controlled effectively, may enable the Company to minimize its overall losses. The amount of theft, however, remains indeterminate;

(iii) as fully explained in note 10.1 to the accompanying interim condensed financial statements, redeemable preference shares have been treated as part of equity in view of the requirements of the Companies Ordinance, 1984 and, as such, the matter of its classification will be dealt with in accordance with the clarification from the Securities and Exchange Commission of Pakistan; and

(iv) the Company has recorded tariff adjustment of Rs.474.000 million, as discussed in note 8.2, and written back a sum of Rs.583.846 million due to the O&M Contractor, as discussed in note 13.4 to the accompanying interim condensed financial statements, during the current period.

Ford Rhodes Sidat Hyder & Co.
Chartered Accountants

Karachi: 12 February, 2008

INTERIM CONDENSED BALANCE SHEET
AS AT DECEMBER 31, 2007
(Un-audited)

	Note	December 31, 2007 (Un-audited)	June 30, 2007 (Audited)
ASSETS		(Rupees in Thousand)	
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	4	**59,122,438**	50,769,714
Intangible - software		**39,119**	-
Long-term loans		**106,415**	113,981
Long-term deposits		**18,937**	18,700
Due from the Government		**1,031,469**	1,110,813
		60,318,378	52,013,208
CURRENT ASSETS			
Current portion of amount due from the Government		**317,375**	317,375
Stores, spares and loose tools	5	**4,549,949**	4,668,113
Trade debts	6	**11,118,321**	8,640,510
Loans and advances	7	**386,175**	293,518
Trade deposits and prepayments		**52,998**	28,270
Accrued interest on bank deposits		**-**	6,868
Other receivables	8	**8,049,737**	6,529,655
Taxation - net		**264,255**	278,486
Short-term investment	9	**1,769,637**	607,717
Cash and bank balances		**2,210,525**	3,937,319
		28,718,972	25,307,831
TOTAL ASSETS		**89,037,350**	77,321,039
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	10	**52,068,169**	50,594,063
Reserves			
Capital reserves		**509,172**	509,172
Revenue reserves		**5,372,356**	5,372,356
		5,881,528	5,881,528
Accumulated losses		**(41,069,123)**	(34,793,268)
Unrealised loss on cross currency swap		**(43,125)**	-
		16,837,449	21,682,323
ADVANCE AGAINST REDEEMABLE PREFERENCE SHARE CAPITAL		**-**	1,478,193
NON-CURRENT LIABILITIES			
Long-term financing	11	**7,379,960**	1,136,813
Long-term deposits		**3,479,893**	3,353,849
Deferred liabilities		**4,630,323**	4,389,582
Deferred revenue		**7,484,435**	6,979,190
Specific grant from the Government of Pakistan	12	**5,859,554**	4,702,421
		28,834,165	20,561,855
CURRENT LIABILITIES			
Trade and other payables	13	**31,996,166**	22,098,688
Accrued mark-up		**1,161,420**	917,581
Short-term borrowings	14	**6,941,275**	7,596,128
Short-term deposits		**2,483,500**	2,175,989
Provisions		**466,000**	492,907
Current maturity of long-term financing		**317,375**	317,375
		43,365,736	33,598,668
CONTINGENCIES AND COMMITMENTS	15		
TOTAL EQUITY AND LIABILITIES		**89,037,350**	77,321,039

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.

SYED MUHAMMAD AMJAD
Chief Executive Officer

S. MOHAMMAD AKHTAR ZAIDI
Director

INTERIM CONDENSED PROFIT AND LOSS ACCOUNT FOR THE HALF-YEAR ENDED DECEMBER 31, 2007 (Un-audited)

	Note	Half-Year Ended		Quarter Ended	
		December 31 2007	December 31, 2006	**December 31, 2007**	December 31, 2006
		(Rupees in Thousand)			
REVENUE					
Sale of energy - net		**26,175,627**	22,439,184	**12,470,998**	10,691,712
Rental of meters and equipment		**100,243**	98,701	**50,194**	49,256
		26,275,870	22,537,885	**12,521,192**	10,740,968
EXPENDITURE					
Purchase of electricity	16	**(16,169,330)**	(15,102,099)	**(7,198,017)**	(7,330,246)
Consumption of fuel and oil	17	**(18,087,941)**	(14,987,783)	**(8,420,445)**	(6,467,274)
		(34,257,271)	(30,089,882)	**(15,618,462)**	(13,797,520)
Tariff adjustment on account of increase in fuel prices and cost of power purchase		**8,706,243**	8,528,028	**4,699,098**	4,555,307
		(25,551,028)	(21,561,854)	**(10,919,364)**	(9,242,213)
Expenses incurred in generation, transmission & distribution		**(4,595,824)**	(3,861,777)	**(2,262,838)**	(1,869,086)
		(3,870,982)	(2,885,746)	**(661,010)**	(370,331)
Consumers services and administrative expenses		**(2,732,116)**	(2,701,404)	**(1,348,981)**	(1,259,246)
Other operating income		**1,488,378**	770,805	**1,049,079**	387,683
Other operating expenses		**(93,657)**	(111,830)	**(43,926)**	(52,936)
		(1,337,395)	(2,042,429)	**(343,828)**	(924,499)
OPERATING LOSS		**(5,208,377)**	(4,928,175)	**(1,004,838)**	(1,294,830)
Finance costs	18	**(934,894)**	(505,468)	**(490,294)**	(302,249)
LOSS BEFORE TAXATION		**(6,143,271)**	(5,433,643)	**(1,495,132)**	(1,597,079)
Taxation	19	**(132,584)**	(114,251)	**(62,962)**	(54,781)
LOSS FOR THE PERIOD		**(6,275,855)**	(5,547,894)	**(1,558,094)**	(1,651,860)
LOSS PER SHARE (Rupees)		**(0.48)**	(0.43)	**(0.12)**	(0.13)

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.

SYED MUHAMMAD AMJAD
Chief Executive Officer

S. MOHAMMAD AKHTAR ZAIDI
Director

INTERIM CONDENSED CASH FLOW STATEMENTS
FOR THE HALF-YEAR ENDED DECEMBER 31, 2007
(Un-audited)

	Note	Half Year Ended December 31, 2007	Half Year Ended December 31, 2006
		(Rupees in Thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash utilized / generated from operations	20	**2,954,700**	(3,547,447)
Payment to worker's profit participation fund		**-**	(100)
Payment in respect of fatal accident cases		**(26,907)**	(1,250)
Deferred liabilities paid		**(123,485)**	(103,581)
Income tax paid		**(118,354)**	(154,644)
Receipt in deferred revenue		**761,983**	926,100
Issuance cost on preference capital		**(4,086)**	-
Interest on running finance facilities		**(463,496)**	(117,504)
Interest received on bank deposits		**48,343**	42,446
Net cash generated from / (used in) operating activities		**3,028,698**	(2,955,980)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		**(10,167,642)**	(3,870,759)
Proceeds from disposal of fixed assets		**629**	3,250
Long-term loans		**7,566**	630
Long-term deposits		**(237)**	(10,316)
Net cash used in investing activities		**(10,159,684)**	(3,877,195)
CASH FLOWS FROM FINANCING ACTIVITIES			
Paid against long term financing		**(32,656)**	(79,344)
Specific grant from the Government of Pakistan-net		**1,156,866**	3,179,739
Receipt against redeemable preference shares capital		**-**	1,496,836
Receipt from IFC and Syndicate loans		**5,970,711**	-
Security deposit from consumers		**126,044**	155,396
Net cash generated from financing activities		**7,220,965**	4,752,627
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**89,979**	(2,080,548)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		**(3,051,092)**	(874,868)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		**(2,961,113)**	(2,955,416)

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.

SYED MUHAMMAD AMJAD
Chief Executive Officer

S. MOHAMMAD AKHTAR ZAIDI
Director

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED DECEMBER 31, 2007 (Un-audited)

	Issued, Subscribed and paid-up Capital		RESERVES				
	Ordinary Shares	Preference Shares	Capital reserves	Revenue reserves	Accumulated losses	Unrealised loss on cross currecy Swap	Total
	-----(Rupees in thousand)-----						
Balance as at June 30, 2006	46,084,762	-	509,172	5,372,356	(22,686,001)	-	29,280,289
Issue of 849,613,330 redeemable preference shares at Rs.3.5 each - net	-	2,973,646	-	-	-	-	2,973,646
Net loss for the half-year ended December 31, 2006	-	-	-	-	(5,547,894)	-	(5,547,894)
Balance as at December 31, 2006	46,084,762	2,973,646	509,172	5,372,356	(28,233,895)	-	26,706,041
Balance as at June 30, 2007	46,084,762	4,509,301	509,172	5,372,356	(34,793,268)	-	21,682,323
Issue of 422,340,723 redeemable preference shares at Rs.3.5 each - net	-	1,474,106	-	-	-	-	1,474,106
Unrealised loss on cross currency swap	-	-	-	-	-	(43,125)	(43,125)
Net loss for the half-year ended December 31, 2007	-	-	-	-	(6,275,855)	-	(6,275,855)
Balance as at December 31, 2007	**46,084,762**	**5,983,407**	**509,172**	**5,372,356**	**(41,069,123)**	**(43,125)**	**16,837,449**

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.

SYED MUHAMMAD AMJAD
Chief Executive Officer

S. MOHAMMAD AKHTAR ZAIDI
Director

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED DECEMBER 31, 2007 (Un-audited)

1. THE COMPANY AND ITS OPERATIONS

The Karachi Electric Supply Company Limited [formerly The Karachi Electric Supply Corporation Limited] (the Company) was incorporated as a limited liability Company on September 13,1913 under the Indian Companies Act, 1882. The Company is listed on Karachi, Lahore and Islamabad stock exchanges.

The Company is principally engaged in the generation, transmission and distribution of electric energy to industrial and other consumers under the Electricity Act, 1910, as amended to-date, to its licensed areas.

The registered office of the Company is situated at 2nd Floor, Handicraft Chamber, Abdullah Haroon Road, Karachi.

2. STATEMENT OF COMPLIANCE

These interim condensed financial statements are un-audited but subjected to a limited scope review by the auditors and are being submitted to the shareholders as required under section 245 of the Companies Ordinance ,1984 and have been prepared in accordance with the requirements of the international Accounting Standard 34,"Interim Financial Reporting" as applicable in Pakistan.

3. ACCOUNTING POLICIES

The accounting policies adopted and methods of computation followed for the preparation of these six months interim condensed financial statements are the same as those applied in the preparation of the preceding annual published financial statements of the Company for the year ended June 30, 2007 except for intangible assets which are stated at cost less accumulated amortisation and accumulated impairment losses , if any. Intangible assets are amortised using the straight line method from the date an asset is available for use over its estimated useful life over which economic benefits are expected to flow to the Company .The useful life and amortization method is reviewed and adjusted , if appropriate, at each balance sheet date. Further, the Company uses cross currency swaps to hedge its risks associated with interest rate and currency fluctuations. Such derivative financial instruments are stated at fair value.

4. PROPERTY, PLANT AND EQUIPMENT

	Note	December 31, 2007 (Un-audited)	June 30, 2007 (Audited)
		(Rupees in Thousand)	
Operating fixed assets	4.1	**39,106,719**	39,874,984
Capital work-in-progress	4.2	**20,015,719**	10,894,730
		59,122,438	50,769,714

4.1 Operating fixed assets

Following are the major additions and disposals of fixed assets during the current period:

	Additions	Disposals	
		Cost	Accumulated depreciation
	----------------------(Rupees in thousand)---------------------		
Leasehold land	1,059	-	-
Buildings on leasehold land	506	-	-
Plant and machinery	270,226	-	-
Transmission and distribution network	690,558	-	-
Furniture, air-conditioners and office equipment	8,654	-	-
Tools and general equipment	7,125	-	-
Computers and related equipment	20,509	-	-
Vehicles	8,897	1,964	1,335
	1,007,534	**1,964**	**1,335**

4.2 Capital work-in-progress

	Note	As at December 31, 2007 (Un-audited)	Additions / (transfer)	As at June 30, 2007 (Audited)
		----------------------(Rupees in thousand)---------------------		
Leasehold land		**-**	(1,058)	1,058
Plant and machinery	4.2.1 & 4.2.2	**10,824,880**	6,382,267 (270,226)	4,712,839
Transmission and distribution network		**8,904,851**	3,579,425 (690,558)	6,015,984
Renewals of mains and services		**101,420**	25,600	75,820
Vehicles		**29,277**	20,707 (8,897)	17,467
Furnitures, tools, computers and others		**155,291**	120,017 (36,288)	71,562
		20,015,719	10,128,016 (1,007,027)	10,894,730

4.2.1 This includes an aggregate sum of Rs.9,421.032 million incurred by the company on the 220MW Combined Cycle Power Plant at Korangi, Karachi.

4.2.2 During the period under review, a sum of Rs. 240.360 million (June 30, 2007: Rs.Nil), representing interest on borrowings has been capitalized and included in the project cost of the Combined Cycle Power Plant.

	Note	December 31, 2007 (Un-audited)	June 30, 2007 (Audited)
		(Rupees in Thousand)	
5. STORES, SPARES AND LOOSE TOOLS			
In hand			
Stores, spares and loose tools		**5,265,840**	5,461,138
In transit			
Stores		**178,503**	57,969
		5,444,343	5,519,107
Provision against slow moving and obsolete stores, spares and loose tools	5.1	**(894,394)**	(850,994)
		4,549,949	4,668,113

5.1 During the current period, a further sum of Rs.43.400 (June 30, 2007: Rs.50.000) million has been provided by the Company against slow moving and obsolete stock.

	Note	December 31, 2007	June 30, 2007
6. TRADE DEBTS			
Considered good			
Secured - against deposits from consumers		**613,313**	604,934
Unsecured		**10,505,008**	8,035,576
		11,118,321	8,640,510
Considered doubtful		**14,038,765**	13,389,552
		25,157,086	22,030,062
Provision against debts considered doubtful	6.1	**(14,038,765)**	(13,389,552)
		11,118,321	8,640,510
6.1 Provision against debts considered doubtful			
Opening balance		**13,389,552**	12,530,667
Provision made during the current period		**1,293,959**	1,881,461
		14,683,511	14,412,128
Provision written off during the current period		**(644,746)**	(1,022,576)
		14,038,765	13,389,552

6.2 Energy sales to and purchase from WAPDA, PASMIC and KANUPP are recorded through their respective accounts to facilitate recovery of energy dues by offsetting receivables against liabilities for purchase of energy.

	Note	December 31, 2007	June 30, 2007
7. LOANS AND ADVANCES			
Loans - secured			
Considered good			
Current portion of long term loans due from employees		**10,543**	10,543
Advances - unsecured			
Considered good			
Employees		**16,452**	22,883
Contractors and Suppliers	7.1	**359,180**	260,092
		375,632	282,975
Considered doubtful			
Contractors and Suppliers		**130,339**	130,340
Provision against advances considered doubtful		**(130,339)**	(130,340)
		-	-
		386,175	293,518

7.1 This includes a sum of Rs.138.658 (June 30, 2007: Rs.116.398) million, representing advance extended to Siemens Pakistan Engineering Limited.

	Note	December 31, 2007 (Un-audited)	June 30, 2007 (Audited)
		(Rupees in Thousand)	
8. OTHER RECEIVABLES			
Rebate due on electricity duty		**85,380**	77,910
Sales tax-net	8.1	**2,499,608**	2,987,464
Due from the Government in respect of:			
- sales tax on selected classes of consumers		**939,601**	450,541
- tariff adjustment	8.2	**3,690,636**	2,258,390
- provision against Sabah Shipyard		**409,168**	409,168
		5,039,405	3,118,099
Employees' Provident Fund		**54,024**	7,528
Accrued income for TV license fees collection charges		**4,414**	4,414
Insurance claim		**3,826**	7,028
Others		**363,080**	327,212
		8,049,737	6,529,655

8.1 Included herein is a sum of Rs.2,095.602 (June 30, 2007: Rs.2,612.964) million, representing sales tax-net, claimed by the Company as refundable on account of excess input credits.

8.2 This includes a sum of Rs.474.000 million accrued by the company in the light of the legal opinion the Company obtained in respect of the determination made by NEPRA, dated September 14, 2006, regarding removal of the maximum limit of 4% on quarterly tariff adjustment on account of variation in fuel prices and costs of power purchases. The same is currently pending notification by the GoP (note 15.1.2)

	Note	December 31, 2007 (Un-audited)	June 30, 2007 (Audited)
		(Rupees in Thousand)	
9. SHORT-TERM INVESTMENT			
Held to maturity			
Term Deposit Receipts (TDR)	9.1	**1,769,637**	607,717

9.1 These represents TDR (having a face value of Rs.1,769.637 [June 30, 2007: Rs.602.238] million, including interest accrued thereon of Rs.Nil [June 30, 2007: Rs.5.479 million] placed with commercial banks on a short term basis. The rate of return thereon ranges between 5.00% and 7.90% (June 30, 2007: 5.00% and 7.90%) per annum, due on maturity. These will mature latest by January 15, 2008.

10. SHARE CAPITAL

December 31, 2007 (Un-audited) (Number of shares)	June 30, 2007 (Audited) (Number of shares)		Note	December 31, 2007 (Un-audited) (Rupees in thousand)	June 30, 2007 (Audited) (Rupees in thousand)
		Authorized Share Capital			
25,714,285,714	25,714,285,714	Ordinary shares of Rs. 3.5 each fully paid		**90,000,000**	90,000,000
2,857,142,857	2,857,142,857	Redeemable Preference shares of Rs.3.5 each fully paid		**10,000,000**	10,000,000
28,571,428,571	28,571,428,571			**100,000,000**	100,000,000
		Issued, Subscribed and Paid-up Capital			
		Issued for cash			
45,371,105	45,371,105	Ordinary shares of Rs.10 each fully paid		**453,711**	453,711
1,714,285,714	1,291,944,991	Redeemable Preference shares of Rs.3.5 each fully paid - net	10.1 & 10.2	**5,983,407**	4,509,301
1,759,656,819	1,337,316,096			**6,437,118**	4,963,012
		Issued for consideration other than cash			
304,512,300	304,512,300	Ordinary shares of Rs.10 each fully paid		**3,045,123**	3,045,123
1,783,456,000	1,783,456,000	Ordinary shares of Rs.10 each fully paid		**17,834,560**	17,834,560
6,534,077,300	6,534,077,300	Ordinary shares of Rs.10 each fully paid		**65,340,773**	65,340,773
4,366,782,389	4,366,782,389	Ordinary shares of Rs.3.5 each fully paid		**15,283,738**	15,283,738
12,988,827,989	12,988,827,989			**101,504,194**	101,504,194
14,748,484,808	14,326,144,085			**107,941,312**	106,467,206
		Issued as bonus shares			
132,875,889	132,875,889	Ordinary shares of Rs.10 each fully paid as bonus shares		**1,328,759**	1,328,759
14,881,360,697	14,459,019,974			**109,270,071**	107,795,965
-	-	**Reduction in capital**		**(57,201,902)**	(57,201,902)
14,881,360,697	14,459,019,974			**52,068,169**	50,594,063

10.1 As part of the process of the Company's privatization, the GoP and the new owners agreed to inject additional equity by issuing Redeemable Preference Shares (RPS) in the aggregate value of Rs.6,000 million. In this respect, a Subscription Agreement was executed between the President of Pakistan, on behalf of the GoP, the Company and the KES Power Limited on November 14, 2005 to issue the RPS, amounting to Rs.6,000 million, divided into 1,714,285,714 preference shares of Rs.3.50 each as right to the existing Ordinary shareholders of the Company. The issue of Redeemable Preference Shares was finalized by the Board of Directors of the Company and NOC was obtained from the Securities and Exchange Commission of Pakistan, vide Letter No. EMD/CI/16/2004-4417, dated November 07, 2005.

During the current period, 422,340,723 preference shares have been allotted to the existing shareholders, against advance against redeemable preference shares of Rs.1,478,193,000. These are cumulative redeemable preference shares, issued by way of right issue to the existing shareholders carrying a dividend of 3 percent per financial year to be declared on the face value of Rupees 3.50 per Redeemable Preference Share and are redeemable within a period of 90 days from 7 years after November 28, 2005. The shareholders, interalia, have the right to convert these into Ordinary shares in the ratio of 3 Ordinary shares for every 4 Preference Shares held, if the Company fails to redeem these shares.

The issue of redeemable preference Shares by way of right, offered to the minority shareholders of the Company, was under subscribed by 18.980 million shares, amounting to Rs.66.432 million. Under the terms of the RPS Subscription Agreement, in case of under subscription, the balance of redeemable preference shares were required to be subscribed by the Ultimate Parent Company of the Company, KES Power Limited. The said undersubscribed shares were, thereafter, subscribed by the KES Power Limited.

The above referred Preference shares (the shares) have been treated as part of equity on the following basis:

- The shares were issued under the provisions of section 86 of the Companies Ordinance, 1984 (the Ordinance) read with section 90 of the Ordinance and the Companies Share Capital (Variation in Rights and Privileges) Rules, 2000.
- The finalized capital of the Company and the issue of the shares were duly approved by the shareholders of the Company at the Extraordinary General Meeting held on March 02, 2006.
- Return of allotment of shares was filed under section 73(1) of the Ordinance.
- The Company is required to set-up a reserve for redemption of preference shares under section 85 of the Ordinance in respect of the shares redeemed which effectively makes Preference shares a part of equity.
- Dividend on the shares is appropriation of profit both under the Ordinance and the tax laws.
- The requirements of the Ordinance take precedence over the requirements of International Accounting Standards.
- The shareholders have the right to convert these shares into Ordinary shares.

The matter regarding the classification of preference share capital as either debt or equity instrument has recently been examined by the Institute of Chartered Accountants of Pakistan (ICAP) as a result of which the ICAP has advised the Securities and Exchange Commission of Pakistan (SECP) to make necessary amendments in the Companies Ordinance, 1984, and / or to issue a clarification in order to remove the inconsistency between the Companies Ordinance, 1984 and the International Accounting Standards. Pending the decision of the SECP in this matter, the preference share capital has been classified as equity in these annual financial statements.

10.2 This is stated net of Rs.16.593 (June 30, 2007: Rs.12.505) million representing transaction costs incurred on issue of redeemable preference shares.

	Note	December 31, 2007 (Un-audited)	June 30, 2007 (Audited)
		(Rupees in Thousand)	
11. LONG-TERM FINANCING			
Secured			
GoP Loan for the electrification of Hub Area		**26,000**	26,000
Due to the Oil and Gas companies		**1,316,188**	1,428,188
Current maturity thereof shown under current liabilities		**(317,375)**	(317,375)
		998,813	1,110,813
Loan - IFC	11.1	**2,767,500**	-
Syndicate term loan	11.2	**3,220,761**	-
Due to gas company	11.4	**6,366,886**	-
Currenty maturity thereof shown under trade creditors		**(6,000,000)**	-
		366,886	-
		7,379,960	1,136,813

11.1 This represents utilised portion (USD45.000 million) of loan agreement, signed on March 22, 2007, amounting to USD125 million with International Finance Corporation (IFC), for the purposes of capital expenditure on power generation, transmission and network improvement project. The said financing is available for a period of 10 years, with 3 years grace period, having an availability period upto March 31, 2010. It carries interest rate at 3 Months LIBOR + 2.85% up to the project completion date, thereafter, 3 months LIBOR + 2.5%. Under the terms of the IFC loan agreement, the Company has executed a cross currency swap with Citibank N.A., (hedging bank) to hedge the Company's foreign currency payment obligation to IFC up to USD125 million in principal together with LIBOR interest accruing thereon. Pursuant to the agreement, the Company's foreign currency's obligations have been converted into hedged PKR amount and the interest accruing thereon has been paid to the hedging bank at KIBOR -0.10 %. In this regard, the Company has accrued interest of Rs.112.682 million (June 30, 2007: Nil).

11.2 This represents utilised portion of a Syndicate term loan agreement, signed on May 23, 2007, amounting to Rs.8,000 million with a consortium of local banks and financial institutions, for the purposes of utilization for 220 MW Korangi Generation Project. The said loan is available for 9 years with a 3 years grace period, having an availability period of 2 years from the effective date, carrying mark-up at the rate of 6 months KIBOR + 3%. To date, a sum of Rs.3,220.761 million has been disbursed to the Company. In this regard, the Company has accrued interest amounted to Rs.127.677 million (2007:Nil) million.

11.3 The above two facilities are secured by the following security package:-

(a) a mortgage (by deposit of title deeds) over all land and buildings located at the Bin Qasim Plant and the Korangi Plant (including without limitation, all fixed assets relating to the Generation Expansion);

(b) a hypothecation over all movable fixed assets whether now or at any time in the future located at the Bin Qasim Plant and the Korangi Plant (including without limitation, all movable assets relating to Generation Expansion);

(c) an exclusive hypothecation over all receivables from certain customers of the Company selected by the Lenders, IFC and ADB, together with a notice to such customers;

(d) a hypothecation over all receivables payable to the Borrower under the Project Documents (other than the Share Purchase Agreement) together with a notice to other contracting party(ies); and

(e) a hypothecation over all receivables payable to the Borrower under all insurance and reinsurance policies of all insurable assets that are subject to the security.

11.4 This represents amount due by virtue of an agreement the Company signed with the Sui Southern Gas Company Limited. Under the terms of the agreement, the Company has undertaken to pay the amount outstanding in sixteen monthly installments, commencing November 01, 2007. The first 15 installments shall be of Rs.500.000 million whereas the sixteenth installment will comprise the remaining amount. Against this, the Company has agreed to furnish an irrevocable revolving letter of credit. Currently, firm quotations for furnishing the Irrevocable Letter of Credit from different banks, equivalent to one month Company's billing, have been received.

	Note	**December 31, 2007 (Un-audited)**	**June 30, 2007 (Audited)**
		(Rupees in Thousand)	
12. SPECIFIC GRANT FROM THE GOVERNMENT OF PAKISTAN			
Opening balance		**4,702,421**	1,985,878
Received during the current period / year	12.1	**1,650,000**	3,970,105
Interest accrued on grant received from the GoP		**271**	4,861
		6,352,692	5,960,844
Transfer to deferred revenue	12.2	**(339,161)**	(940,032)
Interest on bank borrowings	12.3	**(153,977)**	(318,391)
		5,859,554	4,702,421

12.1 This represents amount received from the GoP under the FIP during the current period.

12.2 Out of the total receipts from the GoP under the FIP, the Company transferred a sum of Rs.339.161 (June 30, 2007: Rs. 940.032) million to deferred revenue against work completed during the current period.

12.3 This represents interest on funds borrowed under the Syndicated Finance Agreement from commercial banks in respect of the FIP.

12.4 Included in specific grants is sum of Rs.6,180.529 (June 30, 2007: Rs.3,965.265) million pertaining to expenditure incurred on FIP classified as capital work-in-progress.

	Note	December 31, 2007 (Un-audited)	June 30, 2007 (Audited)
		(Rupees in Thousand)	
13. TRADE AND OTHER PAYABLES			
Creditors			
Power purchases		**14,710,399**	7,020,439
Fuel	13.1	**9,531,468**	8,859,340
Others		**4,315,993**	2,736,246
		28,557,860	18,616,025
Murabaha			
Murabaha term finance	13.2	**750,000**	750,000
Accrued liabilities			
Accrued expenses	13.3 & 13.4	**1,078,004**	1,378,866
		30,385,864	20,744,891
Advances/credit balances of consumers			
Energy		**247,569**	381,752
Others		**489,779**	408,097
		737,348	789,849
Other liabilities			
Unclaimed and unpaid dividend		**650**	650
Employee related dues		**62,076**	71,463
Electricity duty		**544,926**	280,664
Tax deducted at source		**95,888**	99,845
PTV license fee		**22,068**	22,451
Fair value of cross currency swap	11.1	**25,575**	-
Payable to the then Managing Agent, PEA (Private) Limited		**29,254**	29,295
Others		**92,517**	59,580
		872,954	563,948
		31,996,166	22,098,688

13.1 Included herein is a sum of Rs.81.035 (June 30, 2007: Rs.322.662) million representing financial charges due to a creditor for making late payment in respect of gas purchases.

13.2 This represents a short term murabaha term finance arranged from a bank to meet the working capital requirements of the Company. It carries mark-up at the rate of 3 months KIBOR + 2%, payable quarterly, and is secured against first pari passu charge on the current assets of the Company, aggregating to Rs.1,000.000 million, with 25% margin.

13.3 Included herein is an aggregate sum of Rs.552.096 (June 30, 2007: Rs.519.895) million, representing (a) outstanding claims / dues of property taxes, water charges, ground rent and occupancy value payable to various government authorities and (b) accrual in respect of these charges recorded by the Company pertaining to a number of prior years.

In addition to the above, claims in respect of property tax, ground rent and occupancy value payable to various government authorities, aggregating to Rs.3,977.873 (June 30, 2007: Rs.3,977.873) million, have not been acknowledged by the Company as debts and, hence, these have been disclosed under 'contingencies'. (note 15.1.3)

13.4 This is stated net of a sum of Rs.583.846 million due to the O&M Contractor written back during the current period on account of facts disclosed in note 15.1.1.

	Note	December 31, 2007 (Un-audited)	June 30, 2007 (Audited)
		(Rupees in Thousand)	
14. SHORT TERM BORROWINGS			
Short term borrowings			
Bridge term finance facility	14.1	**3,000,000**	3,000,000
Short term running finances			
From commercial bank - secured	14.2	**3,941,275**	4,596,128
		6,941,275	7,596,128

14.1 This represents a bridge term finance facility arranged by the Company under the Bridge Term Finance Agreement, executed between the Company and a Consortium of local commercial banks, for the purposes of financing its short term funding requirement. Under the terms of the said agreement, the Company has acquired a term finance facility of Rs.3,000 million to finance the short term funding needs of the Company. The said facility carries mark-up at KIBOR + 1% with a cap of 20%, payable monthly in arrears and is secured against standby letters of credit amounting to USD 50.000 million, issued in favour of the Company by the Gulf International Bank.

14.2 The Company has arranged various facilities for short term running finances from commercial banks, on mark-up basis to the extent of Rs.4,600.000 (June 2007: Rs.5,350.000) million.

The facilities are secured against joint pari passu charge over current assets together with pari passu charge on book debts and receivables of the Company. In addition, demand promissory notes in respect of the above mentioned facilities have also been furnished by the Company.

The rates of mark-up in respect of running finances range between 1-3 month KIBOR + 1.25% to KIBOR + 1.5% per annum (June 2007: KIBOR +1.25% and KIBOR + 1.5% per annum), payable quarterly.

The purchase prices are repayable on various dates, latest by May 28, 2008.

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

15.1.1 The Company had entered into a contract with Siemens Pakistan Engineering Limited (the Contractor) on December 01, 2005 for the Operation & Management (O&M) of the Company.

During the period under review, the Company and the Contractor ran into some disputes and notice of termination of O&M contract was received by the Company from the Contractor. While negotiations were underway to resolve the disputes, the Contractor filed a suit against the Company in respect of non-payment of O&M fees amounting to Rs.1,987.254 million and termination charges under clause 8.3 of O&M contract of Rs.984.000 million. The Contractor filed another suit against the Company seeking certain declarations on the SAP Software System installed at the Company's premises.

The Company has also filed a suit against the Contractor seeking damages and for return of all properties of the Company removed by the Contractors including keys of the SAP software. The Company has claimed damages due to failure of the Contractor to fullfil its obligations under the O&M agreement. The aggregate sum claimed by the company on account of the above amounts to Rs.56,985.811 million.

The Company is confident that the outcome of the above cases will be in its favour. Accordingly, no provision has been made in these financial statements for the above referred sums.

15.1.2 The NEPRA determined NTDC tariff for sale of power to Company on marginal cost basis effective from July 2004. The NTDC raised the bills on monthly/daily marginal cost basis from time to time but KESC refused to acknowledge the same and approached NEPRA. The NEPRA decided that the rate of Rs.3.69 per kWh, the rate on which Company was paying to NTDC, should be maintained till a mechanism for calculation on hourly marginal cost basis is put into place by NTDC. The decision was conveyed vide letter No. NEPRA/Director (accord)/2261, dated May 09, 2006. Thereafter, the Authority devised a mechanism for calculation of sale rate on marginal cost to Company as intimated in their letter dated February 21, 2007.

Now, as per NTDC, the total claim on account of power purchases for the period from July 2004 to December 2007 works out to Rs.65,095.000 million on daily marginal cost basis. Out of the above claim, the Company has recorded a sum of Rs.49,722.000 million @ Rs.3.69/kWh and has not acknowledged the remaining balance of Rs.15,373.000 million. Besides, NTDC has also claimed the amount for the months of April and May 2006 on marginal cost basis and use of system charge from July 2004 amounting to Rs.3,934.000 million which has not been accepted by KESC on the plea that the payment of Rs.3.69/kWh is inclusive of all charges. The total disputed amount works out to Rs.19,307.000 million.

The management is also of the view that the average tariff should be applied on power sale to KESC as applicable to other DISCOs. The marginal cost as presently billed to KESC by NTDC is neither comparable to the billing to other DISCOs, nor fair since its economic and social impact will jeopardize the commercial viability of the company and will be seen by the consumer as discriminatory in nature.

However, the management is confident that the ultimate outcome of the matter will not result in any financial impact since the disputed amount of Rs.19,307 million will be a pass through item as per NEPRA determination regarding the removal of capping on 4% tariff adjustment on account of variation in fuel price and cost of power purchase. In such case additional tariff due to marginal cost will be charged to consumer or paid by the GoP as a tariff subsidy. Accordingly, no provision has been made by the Company for the above referred sum in these financial statements.

In the meantime, the Company during the current period recorded a sum of Rs.474.000 million as due from the Government on account of tariff adjustment arising from the removal of capping of 4% on quarterly tariff adjustment due to variation in fuel price and costs of power purchases as discussed in note 8.2.

15.1.3 Other contingencies, as disclosed in note 30.1.3 to 30.1.5 in the annual financial statements of the Company for the year ended June 30, 2007, have remained unchanged.

	Note	December 31, 2007 (Un-audited)	June 30, 2007 (Audited)
		(Rupees in Thousand)	
15.2 Commitments			
15.2.1 Contracts with respect to Transmission and Distribution Projects		**5,856,000**	5,664,000
15.2.2 Commitment for payment in respect of Combined Cycle Power Plant		**3,740,888**	6,615,184
15.2.3 Outstanding Letters of Credit		**3,296,609**	4,021,205
15.2.4 SAP implementation cost		**21,276**	-

15.2.5 Other commitments, as disclosed in notes 30.2.4 to 30.2.6 in the annual financial statements of the Company for the year ended June 30, 2007, have remained unchanged.

	Note	December 31, 2007 (Un-audited)	December 31, 2006 (Un-audited)
		(Rupees in Thousand)	
16. PURCHASE OF ELECTRICITY			
National Transmission and Despatch Company		**8,552,410**	9,952,329
Independent Power Producers (IPPs)		**6,424,773**	5,005,746
Karachi Nuclear Power Plant		**1,000,549**	56,588
Pakistan Steel Mills Corporation (Private) Limited		**191,598**	87,436
		16,169,330	15,102,099
17. CONSUMPTION OF FUEL AND OIL			
Natural gas		**8,179,426**	10,378,925
Furnace and other oils		**9,908,515**	4,608,858
		18,087,941	14,987,783
18. FINANCE COSTS			
Mark-up / interest on short term borrowings		**477,144**	287,731
Late payment surcharge on delayed payment to creditors		**449,458**	213,612
Others		**8,292**	4,125
		934,894	505,468
19. TAXATION			
Current		**132,584**	114,251

19.1 Deferred tax asset, amounting to Rs.21,793 (June 30, 2007: Rs.19,630) million, has not been recognized in these financial statements as the Company is of the view that it is not probable that sufficient taxable profit will be available in the foreseeable future against which deductible temporary differences, unused tax losses and unused tax credits can be utilized.

At the period end, the Company's assessed tax losses amounted to Rs.73,179 (June 30, 2007: Rs.70,233) million.

	Note	December 31, 2007 (Un-audited)	December 31, 2006 (Un-audited)
		(Rupees in Thousand)	
20. CASH (UTILIZED) / GENERATED FROM OPERATIONS			
Loss before taxation		**(6,143,271)**	(5,433,643)
Adjustments for non-cash charges and other items:			
Depreciation		**1,775,170**	1,737,220
Provision for deferred liabilities		**364,225**	278,293
Provision for slow moving stores, spares and loose tools		**43,400**	50,000
Amortization of deferred revenue		**(256,741)**	(224,100)
Provision for unpaid property taxes		**21,000**	-
Provision for debts considered doubtful - net		**1,293,959**	1,057,948
Gain on disposal of fixed assets		**-**	(3,154)
Tariff adjustment accrued		**(2,041,356)**	(465,000)
Interest on consumer deposits		**85,197**	81,460
Finance costs		**477,145**	498,412
Provision against fatal accident cases		**-**	10,000
Return on bank deposits		**(41,484)**	(41,418)
Working capital changes	20.1	**7,377,456**	(1,093,465)
		2,954,700	(3,547,447)

20.1 Working Capital Changes

	December 31, 2007	December 31, 2006
(Increase) / decrease in current assets		
Stores, spares and loose tools	**74,764**	(524,689)
Trade debts	**(3,771,771)**	(881,878)
Loans and advances	**(92,657)**	(2,877,688)
Trade deposits and prepayments	**(24,728)**	(187,913)
Other receivables	**521,275**	(427,948)
	(3,293,117)	(4,900,116)
Increase / (decrease) in current liabilities		
Trade and other payables	**10,363,057**	3,617,524
Short-term deposits	**307,516**	189,127
	7,377,456	(1,093,465)

21. TRANSMISSION AND DISTRIBUTION LOSSES

21.1 The transmission and distribution losses were 31.40% (June 2007: 34.23%). The trend of transmission and distribution losses over the years is as follows:

1999-2000	40.23%
2000-2001	36.81%
2001-2002	41.11%
2002-2003	40.78%
2003-2004	37.84%
2004-2005	34.23%
2005-2006	34.43%
2006-2007	34.23%
July to December 2007	31.40%

21.2 One of the factors attributable to these losses is the theft of electricity, which cannot be billed as it is subject to identification, which has directly affected the profitability of the Company. No consideration has been given to units over billed in prior years and corrected during the year in the determination of transmission and distribution losses percentage as disclosed in paragraph 21.1 above.

22. TRANSACTIONS / BALANCES WITH RELATED PARTIES

The following table provides the total amount of transactions / balances which have been entered into with related parties during the six months ended December 31, 2007 and December 31, 2006:

	Note	December 31, 2007 (Un-audited)	December 31, 2006 (Un-audited)
		(Rupees in Thousand)	
22.1 National Transmission and Despatch Company, a major supplier			
Sales		**12,990**	18,550
Purchases		**8,552,410**	9,952,329
Amount payable included in creditors		**12,521,870**	4,121,581
22.2 Pakistan State Oil Company Limited, a major supplier			
Purchases		**9,908,515**	5,141,874
Amount payable included in creditors		**438,552**	170,377
22.3 Sui Southern Gas Company Limited, a major supplier			
Purchases		**8,179,426**	10,378,925
Amount payable		**9,459,801**	5,130,495
22.4 Karachi Nuclear Power Plant, a major supplier			
Sales		**24,074**	73,799
Purchases		**1,000,549**	56,588
Amount receivable included in debtors		**-**	48,299
Amount payable included in creditors		**649,567**	-
22.5 Pakistan Steel Mills Corporation (Private) Limited, a major supplier			
Sales		**346,980**	453,144
Purchases		**191,598**	87,436
Amount receivable included in debtors		**82,060**	68,803
22.6 Gul Ahmed Energy Limited, a major supplier			
Purchases		**3,433,975**	137,682
Amount payable included in creditors		**1,032,866**	22,349
22.7 Tapal Energy (Private) Limited			
Purchases		**2,887,103**	2,208,528
Amount payable included in creditors		**499,571**	316,230
22.8 Anoud Power Generation Limited, a major supplier			
Purchases		**101,350**	137,682
Amount payable included in creditors		**6,522**	22,349

23. CORRESPONDING FIGURES

Following corresponding figures have been reclassified for the purposes of better presentation:

To	From	(Rupees in thousand)
Consumer service and administrative expenses	Generation, transmission and distribution expenses	20,452
Finance cost	Other charges	18,718

24. DATE OF AUTHORIZATION FOR ISSUE

These interim condensed financial statements were authorized for issue on 12 February, 2008 by the Board of Directors of the Company.

25. GENERAL

Figures have been rounded off to the nearest thousand rupees.

SYED MUHAMMAD AMJAD
Chief Executive Officer

S. MOHAMMAD AKHTAR ZAIDI
Director

کراچی میں
بجلی کا بحران ......
آپ
کیا کر سکتے ہیں

اگر ہر صارف 100 واٹس

کے ایک بلب کو بند رکھے تو اس سے ہر روز
200 میگا واٹس بجلی بچائی جا سکتی ہے

بجلی بچانے کے چند اقدامات


اس امر کا اطمینان کر لیں کہ آپ کا ریفریجریٹر درست درجہ حرارت پر ہے۔ اگر یہ مطلوبہ درجہ حرارت سے 1 ڈگری سینٹی گریڈ بھی کم ہوا تو آپ کا خرچ 2-4 فیصد بڑھ سکتا ہے۔


اس بات کو یقینی بنائیں کہ اگر آپ ٹی وی یا کمپیوٹر استعمال نہیں کر رہے ہیں تو یہ بند ہیں۔


بیک اپ پاور سپلائی پر چلنے والے آلات کی اوور چارجنگ سے گریز کریں۔


بجلی کی بچت کے لیے استری اور دیگر ہیٹنگ آلات کو بند رکھیں۔ ان سے جھلنے کا خطرہ بھی رہتا ہے۔


اطمینان کر لیں کہ خالی کمروں میں بتیاں بند ہیں۔ انرجی سیورز کے استعمال سے بجلی کی 15 فیصد بچت کی جا سکتی ہے۔


اپنے اے سی کے بیرونی حصے کو چھپر (کھپریل) سے ڈھک دیں۔ کمپریسر کو اوور لوڈ ہونے سے بچائیں۔

ہر سال مجرمانہ طور پر **10** ارب روپے سے زیادہ کی بجلی چوری کر لی جاتی ہے۔
بجلی کی چوری کے خاتمے کے لیے ہمارے ساتھ تعاون کریں اور ہم سے 118 پر رابطہ کریں

آیئے ہم سب مل کر کراچی کو روشنیوں کا شہر بنائیں

کراچی الیکٹرک سپلائی کمپنی لمیٹڈ
(سابقہ کراچی الیکٹرک سپلائی کارپوریشن لمیٹڈ)

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