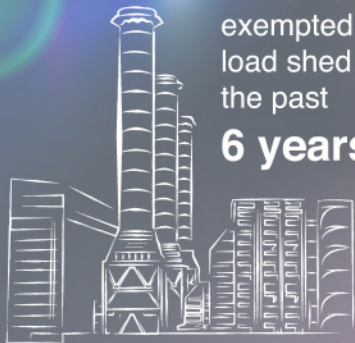


HALF YEARLY REPORT December 2015

Energising Karachi – Empowering Lives



Entire industry
exempted from
load shed for
the past
6 years



Serving over
22 million
lives spread across
Karachi and Gharo in
Sindh, and Hub, Uthal,
Vindar and Bela in Balochistan

Providing **24/7** customer
support through **800** field teams



24 HOURS
118 RESPONSE
CENTRE
99000
CUSTOMER CARE



Enabling NGOs
through our Social Investment
Programme that helps us
impact over **8 million** lives



Energy That Moves Life

Half Yearly Report
December 2015

K-Electric Limited

Company Information

Board of Directors (BOD)

Waqar Hassan Siddique	Chairman
Muhammad Tayyab Tareen	CEO
Aziz Moolji	
Chaudhary Khaqan Saadullah Khan	
Frederic Sicre	
Khalid Rafi	
Mubasher H. Sheikh	
Muhammad Zubair Motiwala	
Nayyer Hussain	
Noor Ahmed	
Omar Khan Lodhi	
Shan A. Ashary	
Zafar Abbas	

Board Audit Committee (BAC)

Khalid Rafi	Chairman
Aziz Moolji	Member
Mubasher H. Sheikh	Member
Nayyer Hussain	Member

Board Human Resource & Remuneration Committee (BHR&RC)

Omar Khan Lodhi	Chairman
Muhammad Tayyab Tareen	Member
Shan A. Ashary	Member

Board Finance Committee (BFC)

Shan A. Ashary	Chairman
Muhammad Tayyab Tareen	Member
Nayyer Hussain	Member
Aziz Moolji	Member

Chief Financial Officer

Syed Moonis Abdullah Alvi

Company Secretary

Muhammad Rizwan Dalia

Chief Internal Auditor

Khalilullah Shaikh

Legal Adviser

Abid S. Zuberi & Co.

External Auditors

KPMG Taseer Hadi & Company,
Chartered Accountants

Share Registrar

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block "B", SMCHS,
Main Shahrah-e-Faisal, Karachi. Office: 111-111-500

Bankers

Albaraka Bank (Pakistan) Limited
Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
Bank Islami Pakistan Limited
Bank of Punjab
Citibank N.A.
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
First Women Bank Limited
Habib Bank Limited
Industrial & Commercial Bank of China Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
NIB Bank Limited
Samba Bank Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
Summit Bank Limited
United Bank Limited

Registered Office

KE House, 39-B, Sunset Boulevard, Phase-II,
Defence Housing Authority, Karachi, Pakistan

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www.ke.com.pk
UAN: 111-537-211



K-Electric Limited

Directors' Review

I am pleased to present the Condensed Interim Financial Information (un-audited) of K-Electric Limited (KE) for the half year ended 31 December 2015 on behalf of the Board of Directors and in compliance of section 245 of the Companies Ordinance, 1984. Key operational and financial highlights are summarized below:

	JUL-DEC 2015	JUL-DEC 2014
	(UNITS - GWh)	
OPERATIONAL		
Units generated (net of auxiliary)	4,853	4,518
Units purchased	3,613	3,705
Total units available for distribution(sent out)	8,466	8,223
Units billed	6,583	6,269
Transmission & Distribution Losses	22.2%	23.8%
	(PKR - MILLIONS)	
FINANCIAL		
Revenue	96,879	100,695
Profit before taxation	11,923	8,008
Taxation - net	7,069	5,267
Net profit for the period	18,992	13,275
Earnings per share-BASIC/DILUTED	0.69	0.48
	(Rupees)	
Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)	21,196	18,159

FINANCIAL REVIEW:

During the current period the company earned profit before tax of PKR 11,923 million compared to the corresponding period, this growth of 49% profit before tax is attributed to the improvement in transmission and distribution losses and increase in unit sent out by 243 GWh which resulted in additional margins, and 46% reduction in financial charges. Power purchase and fuel cost also reduced considerably following declining oil prices.

Finance cost continued to decrease due to declining interest rates and prepayment of expensive foreign and local loans last year through the issuance of SUKUK at comparatively lower rates. Company has been able to reduce its debt burden through efficient working capital management despite non-payment of energy dues by Karachi Water & Sewerage Board and City District Government.

ACTIVITIES UNDER REVIEW

GENERATION EXPANSION and REHABILITATION

During the six month period under review, the generation fleet utilization improved by 7.4% as compared to corresponding period last year due to better gas availability. A number of reliability and efficiency enhancement initiatives undertaken last year produced positive results and contributed to enhanced capacity, efficiency and reliability.

Closing of cycle at S & K Stations: The project is in commissioning phase, at KGTPS, ST was successfully commissioned and synchronized on 5 December 2015, performance test will be completed shortly, whereas, SGTPS project is in final stage of mechanical completion and is likely to be completed in March 2016.

Closing of Open Cycle GTs-Korangi Combined Cycle Power Plant (KCCPP): The project to convert open cycle of GT-1 and GT-2 at KCCPP was successfully completed and Provisional Take-Over Certificate (PTOC) was issued on 30 May 2015. The combined cycle operation of all four (4) GTs has increased complex efficiency from 41.5% to 44.5% in addition to capacity enhancement by 27.5 MW.

BQPS-I Rehabilitation: Five (5) year rehabilitation plan of Unit 1,2,5 and 6 at BQPS-1 is in its first year of implementation. Successful completion of these jobs would ensure enhancement of total complex capacity by 47MW.

TRANSMISSION NETWORK

In order to enhance the capacity and reliability of EHT network and to meet the long term load evacuation requirement, following is the progress achieved during the period Jul-Dec 2015.

Transmission Project: (TP-1000): As stated in the last quarterly review, the Transmission Project (TP-1000) will increase the transmission capability by additional serving 1000 MVA through the EHT Network; representing a 30% increase over the existing transmission capacity. The Project is currently under basic design phase, five (05) out of eight (08) lands for new grid stations have been handed over to Siemens / Shanghai consortium and acquisition of the remaining three (03) lands is being actively pursued. Financing agreements are under process following which disbursement to commence according to delivery schedule specified in the contract.

AGA KHAN Grid Project (KE Dedicated Part): Advance payment of 10% has been made, material ordering completed and site activity has started from January 2016.

Lyari-Mauripur Underground Cable Project: Right of Way (RoW) acquisition, design review & environmental Impact Assessment is in progress, material ordering completed and site activity will start shortly.

Grid Expansion Projects:

- * Dhabeji Grid: Existing 20MVA transformer upgraded to 40MVA alongside construction of a new 11kV yard to cater increased loading requirements.
- * Qayumabad Grid: Has undergone a similar expansion in terms of new 40MVA Transformer and 11kV Yard installation to cater additional load growth. Completed in November 2015.

Capacity Enhancement / Restoration Projects: Include replacement of a faulty transformer with new 40 MVA transformers at Clifton, Gizri and West Wharf grid stations. Also, upgradation of a 20MVA Transformer at Federal-B Grid to 40 MVA and installation of fifty (50) new 11kV Switches at Gulshan, Airport, Qayumabad, Baldia, KDA and Defence Grids during the period.

GIS Rehabilitation Project: Embarked upon a major three (3) year project to rehabilitate old / fatigued GIS Bays across various key 220kV and 132kV grid locations encompassing a total of 85 GIS Bays. Estimated project scheme would cost PKR 2 billion.

S&K Expansion Projects: KGTPS and SGTPS Generation Expansion Projects include the following infrastructure:-

- * KGTPS-II New GIS Grid Station (14 Bays): GIS energized and commissioned, the old AIS being decommissioned and the supplies are being transferred to new GIS.
- * SGTPS-II New GIS portion (4 Additional Bays) for safe evacuation of Steam Turbine Load: Under Commissioning, expected to be energized in February 2016.

DISTRIBUTION

Key indicators: During the six month period under review, a further 1.6% reduction was achieved in Transmission & Distribution (T&D) Loss over corresponding period last year. Whereas Recovery Ratio (RR) excluding Public Sector Consumers (PSC) Jul - Dec 2015 stood at 91.5% (Jul - Dec 2014: 90.6%), the recoveries from PSC stood at 77.4% (Jul - Dec 2014; 67.5%). The low recovery ratio from PSC was mainly due to non-payment by Karachi Water & Sewerage Board (KWSB), City District Government Karachi (CDGK) & Sindh Police. On the other hand, even with a significant tariff increase in the residential segment, the Company managed to achieve an increase of 0.6% in RR over the same period last year.

Customer Facilitation: Customer service continued to be at the core of the Company's strategy and a number of initiatives have been taken to enhance customer satisfaction. KE became the first-ever distribution company in Pakistan to earn an ISO 9001- 2008 Certification for its Integrated Business Center (IBC) and till date Seventeen (17) IBCs and Four (4) departments have achieved the said certification. Moreover, KE has initiated e-Bill payment

solution with major banks at branch level through Utility Bill Control Switch (UBCS) aiming to eliminate manual processing, control invalid transaction processing and improve overall data processing standards ultimately leading to make the entire system cost effective, efficient and customer centric. Alongside, KE has also partnered with Easy paisa, besides NBP and HBL to accept new connection payments enabling consumers to pay 24/7 round the clock.

Network Health: As a part of on-going process for distribution system /network maintenance and upkeep, focused mini summer plan (MSP) was executed to enhance system performance & improve distribution network reliability. During the period under review, maintenance program was conducted on hotspots areas of Low Tension and High Tension networks catering to two hundred and fifty seven (257) feeders. MSP resulted in reduction of power interruptions and subsequent reduction in consumer complaints. Further, Company effectively executed preventive maintenance on an additional fifty four (54) feeders resulting in significant reduction in feeder tripping. Building up on the commitment to provide uninterrupted power, our teams are also working on a comprehensive maintenance plan as part of our upcoming summer preparations to further improve the distribution system. Over five hundred (500) feeders are being rehabilitated under various projects. Further, new feeders are also being added in the system to enhance system reliability.

Sustained T&D loss reduction especially in high loss areas through interalia installation of Aerial Bundled Cabling (ABC) has been among the key priority areas. During the period under review, ABC was successfully rolled out to additional three hundred and ninety eight (398) Pole Mounted Transformers (PMTs).

STRATEGY AND BUSINESS DEVELOPMENT

In relation to conversion of two (2) furnace oil-based units (210 MW x 2) out of six units of its 1,260 MW BQPS-1 to coal in Phase 1, the IPP M/s K-Energy (Pvt.) Ltd. has been granted Generation License and tariff has also been determined, however, K-Energy has filed a review petition on tariff determination which is under review by NEPRA.

In relation to developing a (350 x 2 MW) greenfield coal power project at Port Qasim, KE has signed a Joint Development Agreement (JDA) with China Datang Overseas Investment Co. Ltd (CDTO) and China Machinery Engineering Corporation (CMEC). Land has also been acquired by K-Electric for the Project and project studies including GIS, Geotechnical, Bathymetry and EIA are underway. Substantial progress has been made regarding debt financing, from both local and Chinese banks. Financial Close of Project is expected by third quarter 2016.

K-Electric is engaged with Sindh Nooriabad Power Company (Pvt.) Limited and Sindh Nooriabad Power Company Phase II (Private) Limited for 100 MW (2 X 50 MW) gas-fired power projects at Nooriabad, Sindh which have reached advance stage of construction. Power from these projects will be evacuated through 85 km transmission line being laid by Sindh Transmission & Dispatch Company (STDC). Project companies and STDC have filed their respective tariffs and are awaiting NEPRA's approval. The Power Purchase Agreements (PPAs) between KE and SNPC/SNPC II has been initiated in February 2016.

Alongside KE is pursuing 52 MW power off-take option from coal fired power plant being established by FFBL Power Company (FPCL). The project is in the advance stage of construction. KE and FPCL are in the process of negotiating a Power Purchase Agreement (PPA), which shall be finalized upon NEPRA's review decision regarding the project tariff and the project is expected to come online by early 2017.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

SIP EMPOWERMENT PROGRAM: KE extends support to welfare organization through subsidized or entirely free electricity, in order to expand their capacity. 'Kashif Iqbal Thalasemia Care Center (KITCC), was signed as the 14th partner of our Social Investment Program (SIP). The hospital impacts more than 10,000 individuals annually. With the inclusion of KITCC, the annual impact of the SIP is now on 3.45 Million individuals.

COMMUNITY ENGAGEMENT: KE in an attempt to bring the theft prone area of Altaf town consumers on our legal billing panel organized 10 New Connection camps through which the residents were offered low cost meters in soft installments payable in twelve months' time. Along with the New Connection camps; free eye and skin care camps were also organized for the locals to provide them with quality ophthalmic and derma care at their doorstep. Full area cleanup was also organized in order to contribute towards a healthy community and basic hygiene of the area. We have showcased this successful community model to all the relevant stakeholders and plan to replicate this in other areas as well.

AUDITORS' OBSERVATIONS

With respect to Auditors' Observations mentioned in the review report to the members as emphasis of matter without qualifying their report, it is informed that:

As explained in note 11.1.1 of this condensed interim financial information, the issue of late payment surcharge/ interest on delayed payments to / from government entities, which are part of the circular debt situation, is likely to be settled on net receivable / payable basis without accounting for any delayed payment surcharge / interest. The contention of the Company is duly supported by legal opinions in this respect. However, being prudent, the Company has made due provision on net basis in these interim condensed financial information after adjustment of all debts.

BOARD OF DIRECTORS (BOD)

As reported in last quarterly review, thirteen (13) directors, nine (9) representing KES Power, three (3) representing GOP and one (1) Independent director, were elected at the AGM of the Company held on 16 October 2015 and subsequently Mr. Waqar Hassan Siddique was elected as Chairman of the Board in place of Mr. Tabish Gauhar. Post balance sheet date, GOP has replaced and substituted one of its nominees on KE Board of Directors Mr. Iftikhar Aziz Siddiqui with Mr. Muhammad Zubair Motiwala.

ACKNOWLEDGEMENTS

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

Karachi, 23 February 2016



Muhammad Tayyab Tareen
Chief Executive Officer

K-Electric Limited

ڈائریکٹرز کی جائزہ رپورٹ

مجھے خوشی ہے کہ میں کمپنیز آرڈیننس 1984 کی سیکشن 245 کی تعمیل میں بورڈ آف ڈائریکٹرز کی جانب سے کے ایگزیکٹو لفٹیز (کے ای) کی مختصر عبوری مالی معلومات (غیر تصحیح شدہ) برائے ششماہی اکتوبر 31 دسمبر 2015 پیش کر رہا ہوں۔

جولائی-دسمبر 2014	جولائی-دسمبر 2015	
(یوٹس - گیگا واٹ آور)		
4,518	4,853	آپریٹس پیدا کیے گئے یوٹس کی تعداد (مجمعی یوٹس کے علاوہ)
3,705	3,613	خریدے گئے یوٹس کی تعداد
8,223	8,466	تقسیم کے لیے دستیاب کل یوٹس (بیجے گئے)
6,269	6,583	بل کیے گئے یوٹس کی تعداد
23.8%	22.2%	ترسیل اور تقسیم کے دوران نقصانات
(پاکستانی روپوں میں - ملین)		
100,695	96,879	بالی حاصل
8,008	11,923	فصل از ٹیکس منافع
5,267	7,069	ٹیکسیشن - خالص
13,275	18,992	خالص منافع
0.48	0.69	نی حصص آمدنی - بیسک / ڈائیویڈنڈ (روپے)
18,159	21,196	فصل از منافع آمدنی، فخر سودی (EBITDA)

مالی جائزہ

ایسے ہی عرصہ کے مقابلہ میں کمپنی نے موجودہ عرصہ کے دوران 11,923 ملین روپے بطور قبل از ٹیکس منافع کمایا۔ قبل از ٹیکس منافع میں یہ 49% اضافہ ترسیل اور تقسیم کے دوران ہونے والے نقصانات میں کمی، ترسیل کیے گئے یوٹس میں 243GWH کا اضافہ ہے جس کے نتیجہ میں اضافی منافع حاصل ہوا اور اسے ہی عرصہ کے لیے خالص چارجز میں 46% کمی ہوئی۔ بجلی کی خریداری اور ایندھن کی قیمتوں میں کمی کی وجہ سے عمل کے اخراجات میں بھی قابل ذکر کمی واقع ہوئی۔

مماثل مسابقتی عرصہ کے دوران سکوک کے ذریعے گزشتہ سال نسبتاً کم نرخوں پر بیگے غیر ملکی اور ملکی قرضوں کی واپس ادائیگی پر مالی اخراجات میں کمی واقع ہوئی۔ منافع کی سطح میں بہتری اور عمدہ کیش فلوز نے کمپنی کو اس قابل بنایا کہ وہ KWSB اور CDGK کی طرف سے ملز کی عدم ادائیگی کے باوجود قرضوں کے بوجھ کو مزید کم کر سکے۔

سرگرمیوں کا جائزہ

پیداواری صلاحیت میں اضافہ اور بحالی

جس چھ ماہ کے عرصہ کا جائزہ پیش کیا جا رہا ہے اس کے دوران پچھلے سال کے مقابلے میں پیداواری قابلیت کے استعمال میں بہتری آئی اور ٹیکس کی بہتر فراہمی کی وجہ سے بجلی کی پیداوار میں 7.4% کا اضافہ ہوا۔ مزید کفایت، کارکردگی اور قابل بھروسہ بنانے کے لیے گزشتہ برس کیے گئے اقدامات کے بھی مثبت نتائج برآمد ہوئے اور ان سے بھی محابلیں، کفایت، کارکردگی اور بھروسہ میں اضافہ ہوا۔

S&K اسٹیشنوں پر سائیکل کی بندش

KGTPS پر یہ پروجیکٹ ابھی کیشنگ کے مرحلے میں ہے اور ایک اسٹیم ٹرین 5 دسمبر 2015 کو کامیابی سے کیشنگ اور سٹرونگ ڈائون ہو کر کارکردگی کا ٹیسٹ جلد ہی کیا جائے گا جبکہ SGTPS کا پروجیکٹ میکانیکی تکمیل کے آخری مرحلے میں ہے اور امید ہے کہ یہ پروجیکٹ مارچ 2016 تک مکمل ہو جائے گا۔

کورنگی کمانڈو سائیکل پاور پلانٹ (KCCPP) پر اوپن سائیکل گیس ٹرہائن کی بندش

KCCPP پر گیس ٹرہائن نمبر 1 (GT-1) اور گیس ٹرہائن نمبر 2 (GT-2) کی کامیاب تھیب کے بعد 30 مئی 2015 کو پروڈنل ٹیک اور سرٹیفیکٹ (PTOC) جاری کیا گیا۔ چاروں گیس ٹرہائوں (GTs) کے کمانڈو سائیکل آپریشن کی کپیٹیس کثایت اور کارڈگی میں 41.5% سے 44.5% تک اضافہ ہوا ہے جبکہ پیداواری گھنٹوں میں 27.5MW کا اضافہ ہوا ہے۔

BQPS-I کی بحالی

BQPS-I کی پورٹ نمبر 1, 2, 5 اور 6 کی بحالی کے لیے پانچ سالہ منصوبہ عمل درآمد کے پہلے سال میں ہے۔ ان جابز کی کامیاب تکمیل کے بعد کپیٹیس کی مجموعی گھنٹوں میں 47MW اضافہ یقینی ہو جائے گا۔

ترسیل کابینہ ورک

ایکسٹرا ہائی ٹینشن (EHT) نیت ورک کی گھنٹوں قابل بھروسہ بنانے میں اضافہ کی غرض سے اور طویل البعید لوڈ ایج ایکٹیشن کی ضروریات کو پورا کرنے کے لیے جولائی-دسمبر 2015 کے دوران درج ذیل اقدامات کیے گئے۔

ٹرانسمیشن پروڈیجکٹ (TP-1000): جیسا کہ گزشتہ سہ ماہی کے جائزہ میں بیان کیا جا چکا ہے، ٹرانسمیشن پروڈیجکٹ (TP-1000) سے ترسیل کی صلاحیت میں اضافہ ہو گا اور EHT نیت ورک کے ذریعے بجلی کی فراہمی میں 1000MVA کا اضافہ ہو گا جو ترسیل کی موجودہ گھنٹوں کا 30% ہے۔ اس وقت یہ پروڈیجکٹ نئے گزڈ اسٹیشنوں کے لیے حاصل کیے گئے زمین کے آٹھ (08) قطعہات میں سے پانچ (05) قطعہات پر ڈیزائن کے مرحلہ میں ہے اور سیمس / شھنائی کنسورٹیم کے حوالے کیا جا چکا ہے جبکہ باقی تین (03) قطعہات کے حصول کے لیے سرگرمی سے کوششیں کی جارہی ہیں۔ ہائی ٹھان کے معاہدے بھی عمل درآمد کے مراحل میں ہیں اور معاہدے میں درج ذیل وری شیڈول کے مطابق رقم کی وصولی شروع ہو جائے گی۔

آٹانٹان گروپ پروڈیجکٹ (کے ایکٹرک کی جانب سے وقف شدہ حصہ): ادارے کی جانب سے 10% ڈیٹھی ادائیگی کی جا چکی ہے۔ ڈیزائن کے حوالے سے پیشکشوں کا جائزہ لیا جا رہا ہے، میٹرل کا آرڈر دیا جا چکا ہے جب کہ سائٹ پر سرگرمی کا آغاز بھی جنوری 2016 میں ہو چکا ہے۔

لیاری- ہاڑی پور انڈر گراؤڈ کیبل پروڈیجکٹ: راہداری کا حق Right of Way (RoW) کے حصول پر پیش رفت جاری ہے جب کہ ڈیزائن اور ماحولی اثرات کا جائزہ لیا جا رہا ہے۔ میٹرل کا آرڈر بھی دیا جا چکا ہے جبکہ سائٹ پر سرگرمی بھی جلد ہی شروع ہو جائے گی۔

گروڈ میں توسیع کا پروڈیجکٹ:

☆ دھابے بی گزڈ: دھابے بی میں 20MVA کے ٹرانسمارمر کو اپ گریڈ کر کے 40MVA کے ٹرانسمارمر میں تبدیل کرنے کے علاوہ لوڈ کی بڑھتی ہوئی ضروریات کو پورا کرنے کے لیے ایک ایک ایمل کی تعمیر کے ساتھ 11kV کا سوچ بھی نصب کیا گیا۔

☆ قیوم آباد گزڈ: دھابے بی طرزی کی ایک توسیع قیوم آباد گزڈ پر بھی کی گئی جہاں 40MVA کے ٹرانسمارمر کی تھیب کے علاوہ ایک یارڈ کی تعمیر کے ساتھ 11kV کا سوچ بھی نصب کیا گیا تاکہ علاقہ میں لوڈ کی بڑھتی ہوئی ضروریات کو پورا کیا جاسکے۔ یہ پروڈیجکٹ نومبر 2015 میں مکمل ہو۔

گھنٹوں میں اضافہ / بحالی کے پروڈیجکٹ: ان پروڈیجکٹس میں کلشن، گزڈری اور ویٹ دھارڈ گزڈ اسٹیشنز میں موجود خراب ٹرانسمارمرز کی 40MVA ٹرانسمارمرز سے تبدیلی، فیڈرل بی گزڈ میں 20MVA کے گزڈ کی 40MVA کے گزڈ میں اپ گریڈیشن اور گلشن، ایئر پورٹ، قیوم آباد، بلدیہ، کے ڈی اسے اور ڈنٹس کے علاقوں میں 11kV کے پچاس (50) نئے سوچز کی تھیب شامل ہیں۔

GIS کی بحالی کا پروڈیجکٹ: یہ ایک تین سالہ پروڈیجکٹ ہے جس کا مقصد کل 85 GIS Bay پر پھیلے ہوئے 220kV اور 132kV کے کلیدی گزڈ مقامات پر پرانے / فرسودہ GIS Bays کو بحال کرنا ہے۔ پروڈیجکٹ پر لاگت کا تخمینہ 2 ملین روپے ہے۔

S&K توسیعی پروڈیجکٹ: KGTPS اور SGTPS جزیرے کے توسیعی پروڈیجکٹس میں درج ذیل انفراسٹرکچر شامل ہیں:

☆ KGTPS-II یا GIS گزڈ اسٹیشن (Bays 14): GIS کو بجلی فراہم کر دی گئی ہے اور اس نے کام شروع کر دیا ہے جبکہ پرانے AIS کو بند کر کے تمام پلاسٹے GIS کو منتقل کی جارہی ہیں۔

تقسیم:

کلیدی اشارے: زیر نظر ششماہی کے دوران، گزشتہ سال کی اسی ششماہی کے مقابلہ میں، ترسیل اور تقسیم (T&D) کے دوران ہونے والے نقصانات میں مزید 1.6% کی کمی حاصل ہوئی۔ جولائی-دسمبر 2015 کے دوران پبلک سیکٹر کنزرویٹرز کے علاوہ ریکوری کا تناسب (RR) 91.5% رہا جبکہ جولائی-دسمبر 2014 کے دوران یہی تناسب 90.6% تھا۔ پبلک سیکٹر کنزرویٹرز سے ریکوری کے کم تناسب کی بنیادی وجہ کراچی وائر اینڈ سپورٹنگ بورڈ، علی ڈسٹرکٹ گورنمنٹ، کراچی (CDGK) اور سندھ پولیس کی جانب سے عدم اوائلی ہے۔ دوسری جانب، اگرچہ رہائشی صارفین کے لیے بھری میں قابل ذکر اضافہ ہوا ہے، ادارہ گزشتہ سال کے اسی عرصہ کے مقابلے میں ریکوری کے تناسب (RR) میں 0.6% اضافہ کر سکا۔

کنٹرول سٹیبلٹی: کنسٹرکشن کو ادارے کی حکمت عملی میں بنیادی اہمیت حاصل رہی اور کنسٹرز کے اطمینان میں اضافہ کے لیے متعدد اقدامات کئے گئے۔ کے الیکٹرک ISO-9001-2008 سرٹیفیکیشن حاصل کرنے والی پاکستان کی پہلی تقسیم کار کمپنی ہے جسے یہ سرٹیفیکیشن مربوط بزنس سینٹر (IBC) اور ایف بی سی (17) آئی بی سیز اور چار (04) ڈپارٹمنٹس پر سرٹیفیکیشن حاصل کر چکے ہیں۔ مزید برآں، کے الیکٹرک نے شہر کے بڑے پیکٹوں کے تعاون سے برانچ کی سطح پر پریوینٹیو کنٹرول سوئچ (UBCS) کے ذریعے کی ای ٹی بی بیٹ بھی شروع کی جس کا مقصد بلوں کی دستی تیار، کنٹرول، ناقص ٹرانزیشن پروسیجر کو ختم کرنا اور فٹا پروسیجر میں مجموعی طور پر بہتری لانا اور بالآخر تمام سسٹم کو پاکلیت، عمدہ کارکردگی کا حاصل بنانا کنٹرول سے متعلق بتاتا ہے۔ اسی کے ساتھ کے الیکٹرک ایڈیٹور اینڈ اینٹی پی اور اینٹی پی ایل کے ساتھ بھی شراکت داری کی تاکہ نئے کنکشن کی اوائلی قبول کی جاسکے اور صارفین کو اس قابل بنایا جاسکے کہ وہ دن کے کسی بھی حصہ میں (24/7) اوائلی کر سکیں۔

نیٹ ورک کی صحت: تقسیم کے کلام اینٹ ورک کی مینٹیننس اور نگہداشت کے جاری عمل کے طور پر مٹی سرپائن (MSP) پر عمل درآمد کیا گیا تاکہ سسٹم کی کارکردگی میں اضافہ اور تقسیم کے نیٹ ورک کو قابل بھروسہ ہونے میں بہتری لائی جاسکے۔ زیر نظر عرصہ کے دوران لو ٹینشن (Low Tension) اور ہائی ٹینشن (High Tension) والے علاقوں کے ہاٹ اسپاٹس پر مینٹیننس پروگرام پر عمل درآمد کیا گیا جن میں دو سو ستاون (257) فیڈرز شامل تھے۔ مٹی سرپروگرام (MSP) پر عمل درآمد کے نتیجے میں بجلی کی فراہمی میں قفل کے واقعات میں کمی آئی ہے اور صارفین کی جانب سے شکایات میں بھی کمی واقع ہوئی ہے۔ ادارے نے مزید چودہ (54) فیڈرز کے لیے مؤثر انداز میں پریوینٹیو مینٹیننس (preventive maintenance) پر عمل کیا جس سے فیڈرز کے ٹپ ہونے کے واقعات میں نمایاں کمی واقع ہوئی ہے۔

بجلی کی بلا قفل فراہمی کے عزم پر قائم رہتے ہوئے ہماری ٹیمیں مینٹیننس کے ایک جامع پروگرام پر عمل کر رہی ہیں جو آنے والے موسم گرما کے لیے ہماری تیاری کا حصہ ہے اور جس سے تقسیم کا نظام اور بھی بہتر ہو جائے گا۔ پانچ سو (500) سے زائد فیڈرز کو مختلف پروجیکٹس کے تحت بحال کیا جا رہا ہے۔ علاوہ ازیں، سسٹم کو مزید قابل بھروسہ بنانے کے لیے نئے فیڈرز بھی سسٹم میں شامل کیے جا رہے ہیں۔

ترسیل اور تقسیم کے دوران ہونے والے نقصانات میں، بالخصوص بہت زیادہ نقصان والے علاقوں میں من جملہ ایریل ہنڈل کیبل (ABC) کی بحیثیت علاقہ کی کلیدی ترجیحات میں شامل رہی ہے۔ زیر نظر عرصہ کے دوران مزید تین سو اٹھانوے (398) پول ماڈیٹڈ انسٹالیشنز (PMTs) کو اسے نیا ہی پر منتقل کیا گیا۔

حکمت عملی اور بزنس ڈیولپمنٹ

BQPS-1 میں نصب فریمز آگس سے چلنے والے 1,260MW کے چھ یونٹوں میں سے دو یونٹوں (210MWx2) کو کوسٹ سے چلنے والے یونٹوں میں تبدیلی کے لیے آئی پی پی (کے انرجی پرائیویٹ) لٹنڈا کو جزییشن لائنس مل چکا ہے اور بھری کا زمین بھی کیا جا چکا ہے۔ تاہم کے انرجی نے بھری کے زمین کے لیے ایک ریویو پیشینہ قائل کی ہے جو نیچے کے زیر غور ہے۔

گرین لیلڈ کول پاور پروجیکٹ (350 x 2) واقع بین قاسم کی ترقی کے سلسلہ میں کے الیکٹرک نے چائنا ڈیٹاگ اور سیز کمپنی لٹنڈا (CDTO) اور چائنا سٹیٹری انجینئرنگ کارپوریشن (CMEC) کے ساتھ ایک جوائنٹ ڈیولپمنٹ انگریڈینٹ (JDA) پر دستخط کیے ہیں۔ پروجیکٹ کے لیے کے الیکٹرک نے زمین حاصل کر لی ہے اور پروجیکٹ اسٹیلڈ

شٹا GIS، جیو ٹیکنالوجی، بیٹری میٹری اور EIA پر کام ہو رہا ہے۔ ڈیٹ ٹرانسنگ کے سلسلہ میں مقامی اور چینی ٹیکنوں کے ساتھ بھی خاص کام ہو چکا ہے۔ پروجیکٹ کے لیے امید ہے کہ اہل معاملات 2016 کی تیسری سہ ماہی تک انجام پائیں گے۔

کے الیکٹرک سندھ نوری آباد پاور کمپنی (پرائیویٹ) لٹنڈا اور سندھ نوری آباد کمپنی فیر الٹنڈا (پرائیویٹ) لٹنڈا سے نوری آباد سندھ میں 100MW (2x50MW) کے گیس سے چلنے والے پروجیکٹس کے لیے ہاٹ سٹ کے لیے ہاٹ سٹ کر رہا ہے جو اب تعمیر کے ایڈوانس مراحل میں ہے۔ ان پروجیکٹس کے پاور 85 کلومیٹر طویل ٹرانسمیشن لائنوں کے ذریعہ حاصل کی جائے

گی جس پر سندھ فرانسیشن اینڈ ڈیولپمنٹ کمپنی (STDC) کام کر رہی ہے۔ پروجیکٹ سے وابستہ کمپنیاں اور STDC نے نیچے کے پاس اپنے اپنے لمبے لمبے درخواستیں داخل کر رکھی ہیں اور اب نیچے کی منظوری کا انتظار ہے۔ کے الیکٹرک اور SNPC/SNPC II کے درمیان پاور پراجیکٹس انکریمنٹ پر امید ہے کہ فروری 2016 میں دستخط ہو جائیں گے۔

اسی کے ساتھ کے الیکٹرک کو نئے سے چلنے والے پلانٹس پر پیدا کی جانے والی 52MW بجلی کی خریداری کے لیے بات چیت کر رہا ہے۔ ان پلانٹس کو ایف ایف بی ایل پاور کمپنی (FPCL) قائم کر رہی ہے اور اب یہ پروجیکٹ بھی تعمیر کے ایڈوانسڈ مراحل میں ہے۔ کے الیکٹرک اور FPCL کے درمیان پاور پراجیکٹس انکریمنٹ (PPA) پر بات چیت جاری ہے جس پر نیچے کی جانب سے پروجیکٹ لمبے لمبے کے بعد دستخط ہو جائیں گے۔ امید ہے کہ یہ پروجیکٹ 2017 تک آن لائن ہو جائے گا۔

کارپوریٹ سوشل ریسپانسیبلٹی (CSR)

SIP اسپارٹس پروگرام: اس پروگرام کے تحت کے الیکٹرک علاقائی اداروں کو مفت یا ارزاں نرخوں پر بجلی کی فراہمی کی صورت میں سپورٹ فراہم کرتا ہے تاکہ ان کی کمپنیاں میں اضافہ ہو سکے۔ اس سلسلے میں کاشف اقبال تحصیل سیکرٹری کے ساتھ ایک معاہدے پر دستخط کیے جو ہمارے سوشل انویسٹمنٹ پروگرام کا چودھواں پارٹنر ہے۔ اس اسپارٹس سے سالانہ 10,000 سے زائد افراد فائدہ اٹھاتے ہیں۔ KITCC کی شمولیت کے بعد سوشل انویسٹمنٹ پروگرام کا دائرہ اب 3.45 ملین افراد تک ہو گیا ہے۔

کنڈوں کی بھرمار والے علاقے علاقہ ڈاون کو قانونی ہنگاموں پر لانے کے لیے نئے کنکشن کے 10 کیمپ لگائے گئے جن کے ذریعے کمپنوں کو کم قیمت میٹر ایک سال کے عرصہ میں قابل اوزارم اقساط میں پیش کیے گئے۔ نئے کنکشن کے لیے لگائے گئے کیمپوں کے ساتھ ہی آکھوں اور جلدی امراض کے لیے بھی کیمپ لگائے گئے جہاں مقامی آبادی کو معیاری بصری اور جلدی علاج ان کی دلچیز پر فراہم کیا گیا۔ مقامی آبادی کی صحت کے لیے پورے علاقہ کی صفائی کے لیے بھی ایک کیمپ لگایا گیا۔ ان کیمپوں کے ذریعے ہم نے قرائیٹیک ہولڈرز کو کامیاب کیسٹنٹی ڈائل پیش کیا۔ ارادہ ہے کہ اس ماڈل کے مطابق دیگر علاقوں میں بھی کام کیا جائے گا۔

آڈیٹرز کے مشاہدات:

اذا کمین کو پیش کی گئی رپورٹ میں آڈیٹرز کی جانب سے کسی کو انکیڈیشن کے بغیر رپورٹ پر زور دینے ہوئے مطلع کیا جاتا ہے کہ:

جیسا کہ نوٹ 11.1.1 میں واضح کیا گیا ہے کہ یہ مختصر عبوری مالی معلومات، تاخیر سے ادا کی جانے والی ادائیگیوں اور سرکاری اداروں کو اور سرکاری اداروں سے دیر سے کی جانے والی ادائیگیوں پر منافع جو سرنگر ڈیٹ پروجیکشن کا حصہ ہیں، اس بات کا امکان ہے کہ نیٹ ریونیو اتھل اپے اتھل کی بنیاد پر تاخیر سے ادا کی جانے والی ادائیگیوں کو منافع کو انکاؤنٹنگ میں لیے بغیر عمل ہو جائیں۔ کمپنی کے اس ارادے کو قانونی رائے بطور سپورٹ حاصل ہے۔ تاہم، جیسا کہ دائرہ بندی کا تقاضا ہے، کمپنی نے تمام قرضوں کی ایڈجسٹمنٹ کے بعد ان عبوری مالی معلومات میں نیٹ کی بنیاد پر رپورٹیں رکھ لی ہیں۔

بورڈ آف ڈائریکٹرز (BOD)

جیسا کہ گزشتہ سہ ماہی کے جائزہ میں رپورٹ کیا جا چکا ہے، تیرہ (13) ڈائریکٹروں میں سے نو (9) کے ای ایس پاور کی نمائندگی کرتے ہیں، تین (3) حکومت پاکستان کے نمائندے ہیں اور ایک (1) انڈیپنڈنٹ ڈائریکٹر ہے جن کا انتخاب کمپنی کے سالانہ اجلاس عام منعقدہ 16 اکتوبر 2015 میں کیا گیا تھا جس کے بعد دو فار حسن صدیقی کو جناب تاجپ گورہ کی جگہ بورڈ کا جنیئر مین منتخب کیا گیا تھا۔ بعد از مجلس شیٹ، GOP نے اپنے نامزد کردہ بورڈ کے ڈائریکٹرز میں جناب افتخار عزیز صدیقی کی جگہ محمد زبیر سولتی والا کو نامزد کیا ہے۔

اعترافات

بورڈ کمپنی کے تمام حصص یافتگان اور سٹریٹرز کان کے تعاون اور سپورٹ کے لیے شکر ہے ادا کرتا ہے اور کمپنی کے عملے کی کوششوں کو سراہتا ہے۔



محمد طیب ترین
چیف ایگزیکٹو آفیسر

کراچی، 23 فروری، 2016



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Auditor's Report to the Members on Review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of K-Electric Limited ("the Company") as at 31 December 2015 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six month period then ended (here-in-after referred as the "interim financial information"). Management is responsible for the preparation and presentation of this 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.

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 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 11.1.1 to the accompanying condensed interim financial information which describes that in view of the continuing circular debt situation and non recovery from various consumers in the public sector, the management considers that late payment surcharge / interest on delayed payment will ultimately be settled on net basis with similar treatment of receivables and payables without accounting for any delayed payment surcharge / interest.

Our conclusion is not qualified in respect of above matter.



KPMG Taseer Hadi & Co.

Other matters

The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended 31 December 2015, have not been reviewed and we do not express a conclusion on them.

Date: 23 February 2016

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Mahmood Hussain

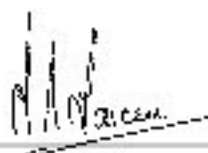
K-Electric Limited

Condensed Interim Balance Sheet

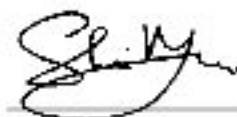
As at 31 December 2015

	Note	December 2015 (Un-Audited) (Rupees in '000)	June 2015 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	213,693,505	213,869,249
Intangible assets		43,027	134,152
		<u>213,736,532</u>	<u>214,003,401</u>
Long-term investment	19.9	-	-
Long-term loans		26,889	27,837
Long-term deposits		8,297	7,907
Deferred tax assets	5	20,811,433	14,646,433
		<u>234,583,151</u>	<u>228,685,578</u>
CURRENT ASSETS			
Stores, spare parts and loose tools	6	7,067,350	6,795,900
Trade debts	7	87,155,183	83,290,562
Loans and advances		935,477	798,387
Trade deposits and short term prepayments		4,169,843	5,771,338
Other receivables	8	13,972,358	39,451,720
Taxation		1,741,293	1,498,955
Cash and bank balances		436,162	1,267,633
		<u>115,477,666</u>	<u>138,874,495</u>
TOTAL ASSETS		<u>350,060,817</u>	<u>367,560,073</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid up capital		96,261,551	96,261,551
Reserves			
Capital reserves		509,172	509,172
Share premium		1,500,000	1,500,000
Revenue reserves		5,372,356	5,372,356
		7,381,528	7,381,528
Accumulated losses		(8,468,607)	(29,568,641)
		<u>95,174,472</u>	<u>74,074,438</u>
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		52,032,613	54,141,026
LIABILITIES			
NON-CURRENT LIABILITIES			
Long-term diminishing musharka		21,701,811	21,527,233
Long-term financing		5,246,714	6,571,714
Long-term deposits		6,981,702	6,712,048
Employee retirement benefits		5,414,997	5,521,630
Deferred revenue		17,631,432	17,300,219
Deferred tax liability		22,299,775	23,203,381
		<u>79,276,431</u>	<u>80,836,225</u>
CURRENT LIABILITIES			
Current maturity of long term financing		3,037,365	3,001,915
Trade and other payables	9	80,728,349	105,787,466
Accrued mark-up		5,544,694	5,866,849
Short-term borrowings - secured	10	27,512,997	36,743,121
Short-term deposits		6,743,918	7,099,055
Provisions		9,978	9,978
		<u>123,577,301</u>	<u>158,508,384</u>
TOTAL EQUITY AND LIABILITIES		<u>350,060,817</u>	<u>367,560,073</u>
CONTINGENCIES AND COMMITMENTS			
	11		

The annexed notes 1 to 23 form an integral part of this condensed interim financial information.



Muhammad Tayyab Tareen
Chief Executive Officer



Mubasher H. Sheikh
Director

K-Electric Limited

Condensed Interim Profit & Loss Account (Un-audited)

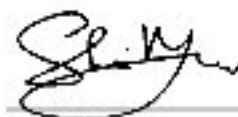
For the six months period ended 31 December 2015

	Note	Six Months Period Ended		Three Months Period ended	
		31 December 2015	31 December 2014	31 December 2015	31 December 2014
(Rupees in '000)					
REVENUE					
Sale of energy – net	12	86,177,028	74,643,712	40,353,613	33,049,029
Tariff adjustment	13	10,701,562	26,051,018	5,077,790	11,839,920
		<u>96,878,590</u>	<u>100,694,730</u>	<u>45,431,403</u>	<u>44,888,949</u>
EXPENDITURE					
Purchase of electricity	14	(29,927,687)	(37,872,727)	(14,007,607)	(17,162,677)
Consumption of fuel and oil	15	(29,622,530)	(33,277,639)	(12,840,886)	(11,824,670)
		<u>(59,550,217)</u>	<u>(71,150,366)</u>	<u>(26,848,493)</u>	<u>(28,987,347)</u>
Expenses incurred in generation, transmission and distribution		(9,724,495)	(7,774,228)	(5,301,367)	(3,958,568)
		<u>27,603,878</u>	<u>21,770,136</u>	<u>13,281,523</u>	<u>11,943,034</u>
GROSS PROFIT					
Consumers services and administrative expenses		(14,585,050)	(10,297,904)	(7,304,123)	(5,200,807)
Other operating expenses		(1,080,273)	(1,151,296)	(494,937)	(508,357)
Other income		2,929,096	3,126,372	1,400,944	1,571,090
		<u>(12,736,227)</u>	<u>(8,322,828)</u>	<u>(6,398,116)</u>	<u>(4,138,074)</u>
PROFIT BEFORE FINANCE COST		<u>14,867,651</u>	<u>13,447,308</u>	<u>6,883,407</u>	<u>7,804,960</u>
Finance cost	16	(2,944,636)	(5,439,462)	(1,273,531)	(2,702,294)
PROFIT BEFORE TAXATION		<u>11,923,015</u>	<u>8,007,846</u>	<u>5,609,876</u>	<u>5,102,666</u>
Taxation	17	7,068,606	5,267,484	6,838,064	5,025,890
NET PROFIT FOR THE PERIOD		<u>18,991,621</u>	<u>13,275,330</u>	<u>12,447,940</u>	<u>10,128,556</u>
Earning Before Interest, Tax, Depreciation and Amortization (EBITDA)		<u>21,195,950</u>	<u>18,159,015</u>	<u>10,265,962</u>	<u>10,150,342</u>
(Rupees)					
EARNING PER SHARE - BASIC/DILUTED		<u>0.69</u>	<u>0.48</u>	<u>0.45</u>	<u>0.37</u>

The annexed notes 1 to 23 form an integral part of this condensed interim financial information.



Muhammad Tayyab Tareen
Chief Executive Officer



Mubasher H. Sheikh
Director

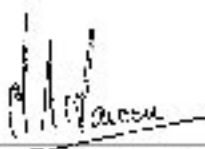
K-Electric Limited

Condensed Interim Statement of Comprehensive Income (Un-audited)

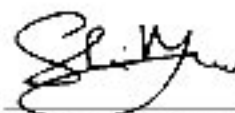
For the six months period ended 31 December 2015

	Six Months Period Ended		Three Months Period ended	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	(Rupees in '000)			
Net profit for the period	18,991,621	13,275,330	12,447,940	10,128,556
<i>Items that are or may be reclassified to profit and loss account</i>				
Net changes in fair value of cash flow hedges reclassified to profit and loss account	-	65,454	-	32,727
<i>Items that will never be reclassified to profit and loss account</i>				
Remeasurement of employee benefit liabilities (actuarial gains and losses)	-	(141,390)	-	(141,390)
Total comprehensive income for the period	18,991,621	13,199,394	12,447,940	10,019,893

The annexed notes 1 to 23 form an integral part of this condensed interim financial information.



Muhammad Tayyab Tareen
Chief Executive Officer



Mubasher H. Sheikh
Director

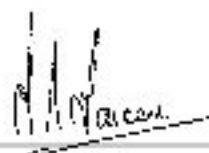
K-Electric Limited

Condensed Interim Statement of Changes in Equity (Un-audited)

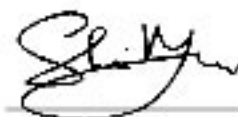
For the six months period ended 31 December 2015

	Issued, Subscribed and Paid-up Capital			Reserves				Total	
	Ordinary Shares	Transaction Costs	Total share Capital	Capital reserves		Revenue reserves			Accumulated Losses
				Capital reserves	Share premium	Revenue reserves	Other reserves		
	(Rupees in '000)								
Balance as at 30 June 2014	96,653,179	(391,628)	96,261,551	509,172	1,500,000	5,372,356	(359,552)	(59,742,221)	43,541,306
Total comprehensive income for the six months period ended 31 December 2014	-	-	-	-	-	-	-	13,275,330	13,275,330
Net Profit for the period	-	-	-	-	-	-	-	13,275,330	13,275,330
Other comprehensive income	-	-	-	-	-	-	-	-	-
Changes in fair value of cash flow hedges - net	-	-	-	-	-	-	65,454	-	65,454
Remeasurements of defined benefit liabilities	-	-	-	-	-	-	-	(141,390)	(141,390)
Total comprehensive income for the period	-	-	-	-	-	-	65,454	13,133,940	13,199,394
Incremental depreciation relating to surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	-	-	-	878,613	878,613
Balance as at 31 December 2014	96,653,179	(391,628)	96,261,551	509,172	1,500,000	5,372,356	(294,098)	(45,729,668)	57,619,313
Total comprehensive income for the six months period ended 30 June 2015	-	-	-	-	-	-	-	15,049,381	15,049,381
Net profit for the period	-	-	-	-	-	-	-	15,049,381	15,049,381
Other comprehensive income	-	-	-	-	-	-	-	-	-
Changes in fair value of cash flow hedges - net	-	-	-	-	-	-	294,098	-	294,098
Remeasurements of defined benefit liabilities	-	-	-	-	-	-	-	230,489	230,489
Total comprehensive income for the period	-	-	-	-	-	-	294,098	15,279,870	15,573,968
Incremental depreciation relating to surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	-	-	-	881,157	881,157
Balance as at 30 June 2015	96,653,179	(391,628)	96,261,551	509,172	1,500,000	5,372,356	-	(29,568,641)	74,074,438
Total comprehensive income for the six months period ended 31 December 2015	-	-	-	-	-	-	-	18,991,621	18,991,621
Net profit for the period	-	-	-	-	-	-	-	18,991,621	18,991,621
Other comprehensive income	-	-	-	-	-	-	-	-	-
Changes in fair value of cash flow hedges - net	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	-	18,991,621	18,991,621
Incremental depreciation relating to surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	-	-	-	2,108,413	2,108,413
Balance as at 31 December 2015	96,653,179	(391,628)	96,261,551	509,172	1,500,000	5,372,356	-	(8,468,607)	95,174,472

The annexed notes 1 to 23 form an integral part of this condensed interim financial information.



Muhammad Tayyab Tareen
Chief Executive Officer



Mubasher H. Sheikh
Director

K-Electric Limited

Condensed Interim Cash Flow Statement (Un-audited)

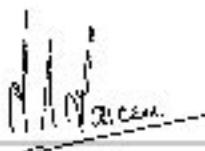
For the six months period ended 31 December 2015

31 December 2015 **31 December 2014**
(Rupees in '000)

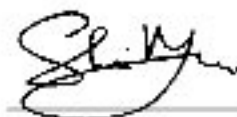
CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation	11,923,015	8,007,846
Adjustments for non-cash charges and other items:		
Depreciation and amortization	6,328,299	4,711,707
Provision for employee retirement benefits	395,555	459,884
Provision for slow moving stores, spares and loose tools	167,969	40,653
Provision for debts considered doubtful	7,791,194	4,750,109
Gain on sale of fixed assets	(34,255)	(38,133)
Finance costs	2,944,636	5,439,462
Amortization of deferred revenue	(689,850)	(639,047)
Return on bank deposits	(156,661)	(185,274)
Operating profit before working capital changes	28,669,902	22,547,207
Working capital changes		
(Increase) / decrease in current assets		
Stores, spares parts and loose tools	(439,419)	(268,031)
Trade debts	(11,655,815)	(7,139,480)
Loans and advances	(137,090)	(27,151)
Trade deposits and short term prepayments	1,601,495	(2,683,655)
Other receivables	25,479,362	10,393,440
	14,848,533	275,123
Increase / (decrease) in current liabilities		
Trade and other payables	(25,059,113)	(13,875,944)
Short-term deposits	(355,137)	656,895
	(25,414,250)	(13,219,049)
Cash generated from operations	18,104,185	9,603,281
Employee retirement benefits paid	(502,191)	(415,943)
Income tax paid	(242,338)	(127,081)
Receipts in deferred revenue	1,021,063	968,100
Finance cost paid	(3,266,792)	(5,272,433)
Interest received on bank deposits	156,661	185,274
Long term loans	948	608
Long-term deposits	(390)	99,736
	(2,833,039)	(4,561,739)
Net cash generated from operating activities	15,271,146	5,041,542
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure incurred	(6,123,528)	(4,560,272)
Proceeds from disposal of fixed assets	96,352	74,810
Net cash used in investing activities	(6,027,176)	(4,485,462)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of long term financing - net	(1,114,972)	(33,715)
Short term borrowing (repaid) / acquired	(11,846,206)	(1,974,879)
Security deposit from consumers	269,654	434,043
Net cash used in financing activities	(12,691,524)	(1,574,551)
Net decrease in cash and cash equivalent	(3,447,554)	(1,018,471)
Cash and cash equivalent at beginning of the period	(6,462,649)	(3,177,811)
Cash and cash equivalent at end of the period	(9,910,203)	(4,196,282)

The annexed notes 1 to 23 form an integral part of this condensed interim financial information.



Muhammad Tayyab Tareen
Chief Executive Officer



Mubasher H. Sheikh
Director

K-Electric Limited

Notes to the Condensed Interim Financial Information (Un-audited)

For the six months period ended 31 December 2015

1 THE COMPANY AND ITS OPERATIONS

K-Electric Limited "the Company" was incorporated as a limited liability company on 13 September 1913 under the repealed Indian Companies Act, 1882 (now Companies Ordinance, 1984). The Company is listed on Pakistan Stock Exchange.

The Company is principally engaged in the generation, transmission and distribution of electric energy to industrial and other consumers under the Electricity Act, 1910 and Nepra Act, 1997, as amended, to its licensed areas.

The registered office of the Company is situated at KE House, 39-B, Sunset Boulevard, Phase II, DHA, Karachi. KES Power Limited (the holding company) holds 66.40 percent (30 June 2015: 66.40 percent) shares in the Company.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

This condensed interim financial information of the Company for the six month period ended 31 December 2015 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provision 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 does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended 30 June 2015.

This condensed interim financial information is un-audited and is being submitted to the shareholders as required by listing regulations of Pakistan Stock Exchange vide section 245 of the Companies Ordinance, 1984. The figures for the six months period ended 31 December 2015 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance.

This condensed interim financial information is presented in Pakistan Rupees which is also the Company's functional currency and all financial information presented has been rounded off to the nearest thousand.

2.2 Accounting Estimates, Judgements And Financial Risk Management

The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments and estimates made by the management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended 30 June 2015.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2015.

3 ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the

year ended 30 June 2015 except for the following standards which became effective during the period.

IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements', IFRS 12 'Disclosure of Interests in Other Entities' and IFRS 13 'Fair Value Measurements'. These standards became applicable from 1 January 2015, as per the adoption status of IFRS in Pakistan.

The application of IFRS 10, IFRS 11 and IFRS 12 are not expected to have any impact on the financial information of the Company.

IFRS 13 'Fair Value Measurement', consolidates the guidance on how to measure fair value, which was spread across various IFRS, into one comprehensive standard. It introduces the use of an exit price, as well as extensive disclosure requirements, particularly the inclusion of non-financial instruments into the fair value hierarchy. The application of IFRS 13 did not have an impact on the condensed interim financial information of the Company, except certain additional disclosures as presented in note 20.

	Note	31 December 2015 (Un-Audited) (Rupees in '000)	30 June 2015 (Audited)
4			
PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	194,316,978	198,301,590
Capital work-in-progress		19,376,527	15,567,659
		<u>213,693,505</u>	<u>213,869,249</u>

4.1 Operating fixed assets

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

	Additions	Disposals	
		Cost	Accumulated depreciation
	(Rupees in '000)		
Plant and machinery	201,003	-	-
Transmission and distribution network	2,073,608	160,462	98,611
Others	40,050	1,522	1,275
	<u>2,314,661</u>	<u>161,984</u>	<u>99,886</u>

5 DEFERRED TAX ASSETS

Opening balance	14,646,433	2,345,773
Due to deductible temporary differences (mainly on account of carryforward of tax losses)	6,165,000	12,300,660
	<u>20,811,433</u>	<u>14,646,433</u>

5.1 DEFERRED TAXATION

Deferred credits:		
- accelerated tax depreciation	25,964,668	32,226,772
Deferred tax debits:		
- available tax losses	(120,415,963)	(131,636,680)
- provision for gratuity and compensated absences	(1,624,499)	(1,724,386)
- others	(13,222,670)	(13,967,505)
	<u>(135,263,132)</u>	<u>(147,328,571)</u>
	<u>(109,298,464)</u>	<u>(115,101,799)</u>

- 5.11** As at 31 December 2015, the Company has deferred tax debit, amounting to Rs. 109,298 million (30 June 2015: Rs. 115,102 million) out of which deferred tax asset amounting to Rs. 20,811 million (30 June 2015 : 14,646 million) has been recognized based on financial projections which indicate availability of taxable profits against which this asset is estimated to be realized, however, the balance amount will be recognized in future years to the extent and based on financial projections indicating availability of taxable profits. As at 31 December 2015, the Company's tax losses amounted to Rs. 401,348 million (30 June 2015: Rs. 411,364 million).

	Note	31 December 2015 (Un-Audited) (Rupees in '000)	30 June 2015 (Audited)
6 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores, spares and loose tools		8,018,815	7,579,396
Provision against slow moving and obsolete stores and spares	6.1	(951,465)	(783,496)
		<u>7,067,350</u>	<u>6,795,900</u>
6.1 Provision against slow moving and obsolete stores and spares			
Opening balance		783,496	696,793
Provision during the period		167,969	86,703
		<u>951,465</u>	<u>783,496</u>
7 TRADE DEBTS			
Considered good			
Secured – against deposits from consumers		1,149,051	1,194,067
Unsecured	7.1	86,006,132	82,096,495
		<u>87,155,183</u>	<u>83,290,562</u>
Considered doubtful		<u>42,624,101</u>	<u>36,164,740</u>
		<u>129,779,284</u>	<u>119,455,302</u>
Provision for impairment (against debts considered doubtful)	7.2	(42,624,101)	(36,164,740)
		<u>87,155,183</u>	<u>83,290,562</u>

- 7.1** This includes gross receivable of Rs. 49,585 million net of adjustment (30 June 2015: Rs. 46,529 million), due from Government and autonomous bodies, including Karachi Water and Sewerage Board (KW&SB) and City District Government Karachi (CDGK) amounting to Rs. 35,452 million (30 June 2015: Rs. 32,971 million) and Rs. 9,017 million (30 June 2015: Rs. 8,353 million) less unrecorded late payment surcharge from them of Rs. 3,309 million (30 June 2015: Rs. 3,058 million) and Rs. 1,385 million (30 June 2015: Rs. 1,291 million) respectively. It is Management's contention that the calculation of late payment surcharge on Public Sector Consumers should be made on the same basis as the accrued interest on delayed payments on account of circular debt situation. If the similar basis is adopted, then the above receivable amount would substantially increase. As of 31 December 2015, the Company received Rs. 7,056 million (30 June 2015 : Rs. 5,292 million) from Government of Sindh in the form of adjustment of electricity duty liability of the Company against receivable from KW&SB. Accordingly, the Company has adjusted its liability against KW&SB dues.

	Note	31 December 2015 (Un-Audited)	30 June 2015 (Audited)
(Rupees in '000)			
7.2 Provision for impairment (against debts considered doubtful)			
Opening balance		36,164,740	28,754,041
Provision made during the period / year		7,791,194	9,268,074
		43,955,934	38,022,115
Provision on debts written off during the period / year		(1,331,833)	(1,857,375)
		42,624,101	36,164,740
8 OTHER RECEIVABLES			
Considered good			
Sales tax - net		2,550,728	3,438,298
Due from the Government of Pakistan (GOP) in respect of:			
- Tariff adjustment and Others	8.1 & 8.2	11,077,957	35,661,271
- Interest receivable from GOP on demand finance liabilities		237,173	237,173
		11,315,130	35,898,444
Others		106,500	114,978
		13,972,358	39,451,720
Considered doubtful			
Sales tax		236,922	236,922
Provision for impairment		(236,922)	(236,922)
		-	-
Due from a Consortium of Suppliers of Power Plant		363,080	363,080
Provision for impairment		(363,080)	(363,080)
		-	-
		13,972,358	39,451,720

8.1 Tariff adjustment receivable includes certain adjustments to account for items including where the final determinations have not been notified / finalized by NEPRA as part of its tariff determination process. The quarterly determination of Schedule of Tariffs have been finalized up to the quarter April-June 2015 except for the matters as disclosed in notes 11.1.2 of the condensed interim financial information. Management has recognized tariff differential based on the petitions submitted to NEPRA in this regard.

8.2 The above includes Rs. 698 million (2015: Rs. 698 million) subsidy receivable in respect of subsidized electricity supplied to certain areas of Baluchistan for the period from December 2012 to June 2014. During the year ended 30 June 2014, there had been certain correspondence with Ministry of Water and Power whereby such claim for subsidy for the period December 2012 to June 2014 has been denied considering that the subsidized electricity is not applicable for the Company rather its only for Quetta Electric Supply Company Limited that supplied electricity in similar areas. The Company is of the view that the subsidized portion will be recovered from consumers in the event that it is not recovered from Government. The Government issued notification on 02 July 2015 which restored the subsidy for agriculture and tube well consumers in Baluchistan with retrospective effect from 01 January 2015, the Company will recover it accordingly.

31 December **30 June**
2015 **2015**
(Un-Audited) **(Audited)**
(Rupees in '000)

9 TRADE AND OTHER PAYABLES

Trade creditors

Power purchases	37,089,457	53,268,608
Fuel and gas	22,501,567	31,988,876
Others	4,708,233	3,010,122
	<u>64,299,277</u>	<u>88,267,606</u>

Murabaha finance facilities	1,500,000	2,425,000
Accrued expenses	2,571,900	2,832,421

Advances / credit balances of consumers

Energy	1,184,549	1,229,565
Others	1,366,820	1,493,365
	<u>2,551,369</u>	<u>2,722,930</u>

Other liabilities	9,805,803	9,539,509
	<u>80,728,349</u>	<u>105,787,466</u>

10 SHORT-TERM BORROWINGS – Secured

From banking companies

Bridge term finance facility	-	482,307
Bills payable	9,413,461	14,650,291
Short term running finances	10,346,365	7,730,282
Short term loan	-	2,506,740
Structured invoice financing	2,130,036	4,604,000

From others

KES Power Limited - holding company	45,068	45,068
KE Azm certificates	490,399	1,680,735
KE Azm Sukuk certificates	5,087,628	5,043,678
	<u>27,512,997</u>	<u>36,743,121</u>

11 CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

11.1.1 In respect of mark-up on the arrears payable to National Transmission and Dispatch Company (NTDC), a major government owned power supplier, the Company has reversed the mark-up accrued for the period from 1 July 2009 to 31 March 2010 amounting to Rs. 1,432 million during the year ended 30 June 2010 and has also not accrued mark-up amounting to Rs. 6,931 million for the period from 1 April 2010 to 30 June 2015 with the exception as mentioned below. Further, the Company has not accrued any mark-up on the overdue balances as per the power purchase agreement (PPA) with the exception as mentioned below. Clause 9.3 of the PPA clearly defines the mechanism for settlement of NTDC dues \ whereby Ministry of Finance (MOF) has to pay Company's tariff differential receivable directly to NTDC. Accordingly, MOF has been releasing Company's tariff differential receivable directly to NTDC and till 31 December 2015 MOF has released Rs. 329,069 million directly to NTDC from time to time since the date of signing of PPA on account of Company's tariff differential receivables. Management believes that overdue amount has only arisen due to circular debt situation caused by delayed settlement of the Company's tariff differential claims by the MOF, Government of Pakistan (GOP) as well as delayed settlement of energy dues (including Late Payment Surcharge due from KW&SB, CDGK, refer Note 7.1) by certain Public Sector Consumers. NTDC upto the period November 2015 has claimed an amount of Rs. 20,571 million on account of mark-up on arrears and delayed payments under PPA. The management has not acknowledged these claims as debts and considers the amount calculated to be much higher than the management's own calculations.

Management further believes that in view of continuing circular debt situation and non recovery from various consumers in the public sector, mark-up / financial charges would be payable only when the Company will receive similar claims from GoP and Public Sector consumers and will ultimately be settled on net basis. However, being prudent, the Company has made due provision on net basis in this condensed interim financial information.

In respect of interest payable to Sui Southern Gas Company Limited (SSGC), the Company decided not to account for / discontinue accrual of interest effective from 1 July 2010 till circular debt issue is settled and the Company is supplied with the gas as committed. The interest not accrued for the period as claimed by SSGC in their invoice from July 2010 to December 2015 amounts to Rs. 36,201 million (July 2010 to June 2015: Rs. 31,573 million) which is disputed by the management. In management's view the Company is not liable and will not pay any interest on the amount payable to SSGC based on the same principle that the reduction in gas supply, together with the delayed settlement of energy dues (including Late Payment Surcharge due from KW&SB, CDGK, refer Note 7.1) by Government Entities, have a direct impact on the liquidity of the Company.

During the year ended 30 June 2013, SSGC filed a Suit bearing number 1641/2012 in the Honourable High Court of Sindh at Karachi for recovery and damages amounting to Rs. 55,700 million including the alleged outstanding balance of approximately Rs. 45,700 million on account of alleged unpaid gas consumption charges and interest. The said suit is being contested on merits and the Company has disputed liability to pay any amounts of interest / late payment surcharge to SSGC on the ground that the Company's inability to charge interest / mark-up against KW&SB and other Government owned entities receivables on similar basis is unreasonable in light of interest / mark-up obligation on payables to SSGC and others.

The Company also filed a suit bearing number 91/2013 against SSGC in the Honourable High Court of Sindh at Karachi for recovery of damages / losses of Rs. 59,600 million resulting from SSGC's failure to comply with their legal obligation to allocate and supply the committed quantity of 276 MMCFD of natural gas to the Company.

The above suits no. 1641/2012, 91/2013 and 1389/2012 are all pending adjudications and are being rigorously pursued and contested on merits by legal counsel.

The Company has also obtained legal opinions in this respect which support the Company's position. The main arguments in the legal opinions supporting the Company's contentions are summarized below:

- The lawyer contends that they are confident that the Company will not be held liable by a competent court to the extent of amount due from KW&SB and other Government entities not received by the Company. The legal opinion effectively recognizes a right of set off based on various meetings with Government of Pakistan (GoP) and decisions taken in meetings with GoP on circular debt issue. In other words in view of involvement of the GoP, who is indirectly liable to pay the amounts due from KW&SB, etc., to the Company and entitled to receive the amount payable by the Company to SSGC (as the majority owner in SSGC), the Company would be legally entitled to the same treatment in respect of its receivables and payables.
- Another legal advisor contends that:
 - a. The Company's inability to charge interest / mark-up against KW&SB and other Government owned entities receivables on similar basis is unreasonable in light of interest / mark-up obligation on payables to SSGC. The lawyer also contends that in a court of law the Company's non-accrual of interest on payments to SSGC due to frustration of contract dated 30 June 2009 and recoverability of any interest / damages from the Federal Government is justifiable and the Company has good prospects of success on these grounds. Further, the lawyer contends that SSGC values its claims against the Company on a much higher basis based on inclusion of disputed interest upon interest as it is evident from the total amount claimed by SSGC in its recovery suit number 1641 of 2012 (SSGC vs KESC).
 - b. In case of NTDC, under the power purchase agreement interest can only become applicable if the party claiming interest can demonstrate that the defaulting party has breached the payment mechanism. Under the current mechanism the Company is only responsible directly to pay NTDC if the NTDC invoice (for any billing period) is higher than the amount of Company's tariff adjustment claim (subsidy). NTDC being a company wholly owned and controlled by GoP is only an extension of GoP and accordingly GoP will also be bound by the payment mechanism provided under the power purchase agreement and will therefore be liable for any interest on delayed current monthly

payment. Further, for mark-up on the outstanding principal reconciled arrears, the Company's liability will be subject to adjustment of KW&SB receivables and the Company's claim against the GoP for losses sustained by the Company as a result of non-payment or delayed payment of tariff differential.

Based on the above facts, the management believes that the circular debt issue will ultimately be settled on net basis without accounting for any delayed payment surcharge / interest. However, being prudent, the Company made due provision on net basis in this condensed interim financial information after adjustment of all debts.

- 11.1.2** During the year ended 30 June 2013, National Electric Power Regulatory Authority (NEPRA) issued a corrigendum vide its letter no. NEPRA/TRF-133/KESC-2009/10401-10404 dated 23 November 2012 whereby Schedule of Tariff (SoT) for the period July 2009 to March 2010 had to be adjusted by Rs. 2.79/kWh, an increase for all the categories of consumers uniformly (except for life line consumers). However, NEPRA believes, due to error, the SoT was inadvertently adjusted for four consumer categories and the effect of the error was carried forward in the subsequent determined SoTs up to quarter January 2012 – March 2012. Accordingly, NEPRA has issued a revised SoT which resulted in decrease of approximately Paisa 14/kWh in the determined tariff. The said corrigendum resulted in retrospective and unilateral decrease in previously determined rates of tariff for certain consumer categories resulting in a decrease in tariff differential claim amounting to Rs. 8,521 million from Ministry of Water and Power for the relevant period up till 31 December 2015.

The Company disagreed with the alleged corrigendum and filed a law suit against NEPRA and Ministry of Water and Power Pakistan (MoW&P) in the Honourable High Court of Sindh. According to the management, NEPRA had not followed its own prescribed review procedure in relation to the alleged corrigendum through not providing the Company an opportunity of being heard. Further, NEPRA while calculating the determination as given in the aforementioned alleged corrigendum has taken 25% Transmission and Distribution losses instead of 27% for July 2009 to December 2009 and made its calculation based on natural gas rate of Rs. 349.56/MMBTU instead of Rs.333.89/MMBTU. It was respectfully submitted that the two ignored factors would result in an increase of Rs. 0.1461/kWh and the net effect of alleged decrease in tariff by NEPRA and increase established by the Company would be negligible.

In response to suit filed by the Company to grant mandatory and permanent injunction to restrain NEPRA from adjusting the amount of tariff, the Honourable High Court of Sindh vide its order dated 4 June 2013 disposed off the above suit since the legal advisor of NEPRA submitted that determination was passed without hearing of the Company and that the fresh determination by NEPRA would be passed after notice and providing ample opportunity of hearing to the Company.

On 31 March 2014, NEPRA issued a decision in the matter of review of SoT attached with the quarterly adjustment decision for the period July 2009 to March 2012 in the matter of the Company. In the decision NEPRA upheld its original corrigendum after hearing the Company's contention and adjusted the SoT for the period July 2009 to March 2010 by Rs. 2.79/kWh for all the consumer categories uniformly (except for life line consumers), thereby reducing the tariff by Paisa 14/kWh.

The Company being aggrieved of the NEPRA's order as the contentions of the Company were rejected without any proper justification and basis, filed a suit No. 556/2014 in Honourable High Court of Sindh at Karachi to set-aside the impugned decision dated 31 March 2014 as the same was not made in accordance with the law. The Honourable High Court of Sindh on 7 April 2014 passed an interim order whereby the impugned decision / determination was suspended to the extent of reduction made by NEPRA through the impugned decision in all tariff determinations / schedule of tariff from July 2009 till September 2013. On 15 April 2014, Honourable High Court of Sindh further ordered that NEPRA should act in accordance with law and shall not effect the issuance of Schedule of Tariff in compliance with the earlier order dated 7 April 2014. After the issuance of ad interim order dated 7 April 2014, the Company wrote a letter to NEPRA for the re-issuance / notifications of all the determinations / SoTs for the period from April 2012 to September 2013 in supersession of the NEPRA's letter dated 31 March 2014, as a consequence of the said court order dated 7 April 2014.

Further, NEPRA issued quarterly SoT orders from the quarter ended December 2013 to the quarter ended 31 December 2014. In the said SoT, considering the above suit filed by the Company in Honourable High Court of Sindh and the Court's interim order dated 7 April 2014 and 15 April 2014, NEPRA excluded the reductions in respect of corrigendum till the final decision of the Honourable High Court of Sindh and worked out quarterly tariff adjustments after excluding the impact of reductions.

Based on opinion from legal advisor, management believes that the matter will ultimately be settled in favour of the Company.

- 11.1.3** NEPRA vide its determination order No. NEPRA/TRF-133/KESC-2009/12889-12892 dated 17 October 2014 adjusted the SoT with sharing of profit amount of Rs. 11,022 million in respect of earnings for the financial year ended 30 June 2012, 30 June 2013 and 30 June 2014 as per their own calculation significantly higher than the management's own calculation. The Company not agreeing with the calculation of sharing of profit carried out by NEPRA, filed suit No. 2138/2014 in Honourable High Court of Sindh and pleaded that NEPRA has misapplied the claw back formula as mentioned in MYT in determination dated 23 December 2009, amongst others NEPRA has unlawfully included 'accumulated losses' as part of reserve and failed to take in to account 'surplus on revaluation of fixed asset' from the reserve. On 19 June 2015, learned single judge of the Honourable High Court of Sindh passed an order against the Company's contention and the method adopted by the NEPRA was accepted. The Company, being aggrieved with the order, filed an appeal HCA No. 208/2015 before the learned double bench of Honourable High Court of Sindh. On hearing the Company's plea, the learned double bench suspended the impugned order passed by the learned single judge and issued notices to respondents for further proceedings. Being prudent the Company has maintained provision in the books of accounts.

Considering the above proceedings and the legal opinion received, management considers that the Company has a good case and expects favorable outcome of the case.

- 11.1.4** On 22 January 2015, NEPRA issued an order after issuing show cause notice under rule 4(8) and 4(9) of the NEPRA (Fines) Rules, 2002 regarding charging of meter rent by the Company. NEPRA, in its order, issued directives to stop charging meter rent and refund total amount collected to the consumers and also imposed a fine of Rs. 10 million. The Company being aggrieved with the decision, filed an application for review in NEPRA under Rule (5) of the NEPRA (Fines) Rules 2002 against the decision of NEPRA and challenged the order on various grounds including that the direction issued by NEPRA are ultravires. The review filed by the Company with NEPRA was dismissed in April 2015. The Company being aggrieved, filed CP No. 2256/2015 with the Honourable High Court of Sindh. The court granted stay against any coercive action by NEPRA in this matter. In consultation with lawyer, management considers that the case has good prospects.

- 11.1.5** NEPRA issued a decision in March 2015, regarding bank collection charges charged by the Company in its monthly electricity bill to consumers. Through this order, NEPRA restrained the Company from collecting bank charges and directed the Company to intimate them the amount collected from consumers since 2006 for adjustments and refund on the basis that it is included in MYT as operation and maintenance cost.

The Company refuted the above NEPRA's claim and filed review petition in response to above NEPRA's decision, stating that MYT was determined by NEPRA in 2002 and again re-determined in 2009, and at both times no such issues were raised. The Company further contended that bank charges are being collected as per the directives of State Bank of Pakistan and as per NEPRA's previous decision allowing the Company to charge bank collection charges.

NEPRA in response to the review petition issued a decision in October 2015 and up held its previous instance. These decisions have been impugned by the Company in the Honourable High Court of Sindh in suit No. 2123/2015. This suit along with injunction application came up for hearing on 17 November 2015 thereafter Honourable High Court of Sindh through its interim order has restrained NEPRA from taking any coercive actions. The matter is pending adjudication and the interim injunction continues to hold the field. In the light of contentions enumerated in suit No. 2123/2015 and based on legal counsel's opinion, management considers that the case has good prospects.

- 11.1.6** On 23 May 2015, GoP again promulgated the Gas Infrastructure Development Cess Act 2015 levying cess on gas consumers and made gas companies responsible to collect the cess. The Company again filed a suit in the Honourable High Court of Sindh challenging the GIDC Act 2015 and in its injunction application maintains that certain grounds were not taken into consideration while passing GIDC Act 2015. The Court through its order dated 16 July 2015 has restrained SSGC from making any demand on the Company and further directed that in the event if any demand has already been made in the bills then except for the disputed amount of GIDC, the Company is required to pay the remaining amounts according to the bills. At present, SSGC owes the Company a refund of Rs. 5,354 million representing GIDC illegally collected from the financial year 2011 onwards.

- 11.1.7** On 24 July 2015, the Company received show cause notice from NEPRA under sections 28 and 29 of the regulation of Generation, Transmission and Distribution of Electric Power Act 1997. The show cause has been issued in respect of several alleged non compliances with section 21(2)(b) of the NEPRA Act, rule 10 (b)(iii) of the NEPRA Licensing (Distribution) Rules, 1999 and other rules asking the Company to submit its explanations. As per the show cause notice NEPRA may take action against the Company as outlined in section 28 and 29 of the regulation of Generation, Transmission and Distribution of Electric Power Act 1997. The Company has filed a plaint in Honourable High Court of Sindh challenging various

contents of the impugned notice and clarified its stance and pleaded to the court to grant stay against the notice. The Court admitted the plaint and through its interim order dated 07 August 2015 restrained NEPRA from taking any coercive action against the Company. This interim order has been extended from date to date and continues to hold the field.

- 11.1.8** Claims not acknowledged as debts as disclosed in notes 32.2 and 32.3 to the annual financial statements of the Company for the year ended 30 June 2015 remain unchanged except as follows.

	Note	31 December 2015 (Un-Audited) (Rupees in '000)	30 June 2015 (Audited)
11.1.9			
Outstanding dues of property tax, water charges, ground rent and occupancy value		6,891,770	6,539,380
11.2			
Commitments			
11.2.1			
Guarantees from banks		249,892	228,434
11.2.2			
Transmission projects		1,790,219	1,719,250
11.2.3			
Transmission package (TP 1000)		33,232,481	-
11.2.4			
Outstanding letters of credit		4,642,900	2,280,788
11.2.5			
Extension of generation projects Combined Cycle Power Plant-II		732,028	538,502
11.2.6			
Generation projects KGTPS-II & SGTPS-II Steam Turbines		1,056,346	1,649,367
11.2.7	11.2.8	1,119,453	1,119,453
11.2.8			
The Company has not recorded any dividend on redeemable preference shares in view of accumulated losses and restrictions under loan covenants.			

	Note	31 December 2015 (Un-Audited) (Rupees in '000)	31 December 2014
12			
SALE OF ENERGY - net			
Residential		40,565,889	30,121,073
Commercial		18,631,887	18,084,366
Industrial		27,319,877	27,772,410
Karachi Nuclear Power Plant		74,271	72,048
Pakistan Steel Mills Corporation (Private) Limited		568,712	921,141
Fuel Surcharge Adjustment	12.1	(1,725,502)	(3,807,208)
Others		741,894	1,479,882
		86,177,028	74,643,712

- 12.1** This represents monthly Fuel Surcharge Adjustment (FSA) approved by NEPRA in its monthly tariff determinations. The said amount has been / will be passed on to the consumers subsequently as per notification by Ministry of Water and Power, Government of Pakistan.

13 TARIFF ADJUSTMENT

This represents tariff adjustment (subsidy) claim for variation in fuel prices, cost of power purchase and operation and maintenance cost, adjustments required as per NEPRA determination and those resulting in adjustment of tariff due from Government.

		31 December 2015	31 December 2014
	Note	(Un-Audited) (Rupees in '000)	
14 PURCHASE OF ELECTRICITY			
National Transmission and Dispatch Company		20,715,287	23,166,451
Independent Power Producers (IPPs)		8,204,856	13,505,651
Karachi Nuclear Power Plant		1,007,544	1,200,625
		<u>29,927,687</u>	<u>37,872,727</u>
15 CONSUMPTION OF FUEL AND OIL			
Natural gas		20,988,535	16,743,668
Furnace and other oils		8,633,995	16,533,971
		<u>29,622,530</u>	<u>33,277,639</u>
16 FINANCE COST			
Mark-up on borrowings		1,926,541	2,786,915
Late payment surcharge on delayed payments to creditors		65,609	372,578
Bank service, discounting charges and others		952,486	2,279,969
		<u>2,944,636</u>	<u>5,439,462</u>
17 TAXATION			
For the period:			
- Deferred			
Due to reversal of taxable temporary differences		903,606	473,099
Due to deductible temporary differences (mainly on account of carryforward of tax losses)	5.1.1	6,165,000	4,794,385
		<u>7,068,606</u>	<u>5,267,484</u>
18. TRANSMISSION AND DISTRIBUTION LOSSES			

The transmission and distribution losses for the current period were **22.24%** (30 June 2015: 23.70%). The trend of transmission and distribution losses over the years is as follows:

2005-2006	34.43%
2006-2007	34.23%
2007-2008	34.12%
2008-2009	35.85%
2009-2010	34.89%
2010-2011	32.20%
2011-2012	29.70%
2012-2013	27.82%
2013-2014	25.30%
2014-2015	23.70%
July - December 2015	22.24%

One of the factors attributable to these losses is the theft of electricity, which cannot be billed as it is subject to identification. This affects the profitability of the Company.

19 TRANSACTIONS / BALANCES WITH RELATED PARTIES

Related parties of the Company comprise of associated companies, state controlled entities, staff retirement benefit plans, and the Company's directors and key management personnel. Details of transactions / balances with related parties not disclosed elsewhere in this condensed interim financial information are as follows:

	31 December 2015	31 December 2014
	(Un-Audited) (Rupees in '000)	
19.1 BYCO Petroleum Pakistan Limited		
Purchases	476,500	4,528,821
Financial charges / Late payment surcharge	20,437	124,259
19.2 Government Related Entities		
19.2.1 National Transmission and Dispatch Company		
Purchases	20,715,287	23,166,451
19.2.2 Pakistan State Oil Company Limited		
Purchases	7,547,969	11,507,345
Late payment surcharge	34,179	185,369
19.2.3 Sui Southern Gas Company Limited		
Purchases	20,988,535	16,743,668
19.3 Key management personnel		
- Managerial remuneration	84,346	71,204
- Housing and other allowances	46,247	39,162
- Other allowances	116,919	51,144
- Retirement benefits	90,602	23,371
- Leave encashment	648	-
19.4 Provident Fund		
Contribution to provident fund	279,096	247,734
	31 December 2015	30 June 2015
	(Un-Audited) (Audited)	
	(Rupees in '000)	
19.5 BYCO Petroleum Pakistan Limited		
Amount payable included in creditors	440,426	1,725,250
19.6 Government Related Entities		
19.6.1 National Transmission and Dispatch Company		
Amount payable included in creditors	32,878,709	46,904,694
19.6.2 Pakistan State Oil Company Limited		
Amount payable included in creditors	540,511	4,053,658
19.6.3 Sui Southern Gas Company Limited		
Amount payable included in creditors	21,520,650	26,209,967
19.7 Provident Fund		
Payable to provident fund	26,138	11,585
19.8 KES Power Limited		
Short-term loan payable	45,088	45,088

31 December 2015 (Un-Audited)	30 June 2015 (Audited)
(Rupees in '000)	

19.9 Joint Venture**19.9.1 Long-term investment**

-	-
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The Company and the Aman Foundation have started the project of Karachi Organic Energy (Pvt.) Ltd. (KOEL) incorporated for set up and operation of a biogas project. The Company owned 50% of the total share capital of KOEL by virtue of investment in 1,010,790 ordinary shares having a face value of Rs.10 each which amounts to total investment of Rs. 10.108 million. KOEL is yet to commence operations and due to initial preliminary expenses currently has a negative equity. Accordingly, it is recorded at Nil value.

19.10 Aman Foundation

Donation Paid

6,258	-
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20 NON FINANCIAL ASSET FAIR VALUATION

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

20.1 The valuation of plant and machinery, transmission and grid equipment was carried out by Iqbal Nanjee and Company (Private) Limited during the year ended 30 June 2015 and valuation of leasehold land was carried out by Colliers International Pakistan (Pvt) Limited during the year ended 30 June 2014. These are summarised below. The resulting revaluation surplus is disclosed in annual financial statement for the year ended 30 June 2015. These valuations fall under level 3 hierarchy.

20.2 Valuation techniques and significant unobservable inputs

Valuation techniques used in measuring the fair value of lease hold land, plant and machinery, transmission and grid equipments as well as the significant unobservable inputs used are described as under:

Leasehold land

Market values of the properties were obtained by considering its size, nature and location, as well as the trend in the real estate and property sector. All relevant factors affecting the saleability of the asset, availability of the buyers and the assessment of its real value under prevailing economic condition were accounted for. The value of the land was assessed based on information available in current real estate market.

The estimated fair value of land would increase / (decrease) if selling prices for property of same nature in the immediate neighbourhood and adjoining areas increase / (decrease).

Grid equipment

For the valuation of grid stations equipment, the valuers referred to current cost from various manufacturers and also considered cost as incurred by the Company and the trend of prices of raw material i.e. copper and steel.

The estimated fair value of grid equipments would increase / (decrease) if current selling price of these equipments increase / (decrease).

Plant and machinery

The valuer approached vendors for current prices. In view of the technological developments, where costs were not up to date, indexation according to European Power Capital Cost Index (EPCCI) was considered.

The fair value of above mentioned assets would increase / (decrease) if indexation according to EPCCI increase / (decrease).

20.3 The difference between the opening and closing fair value of property, plant and equipment is the impact of depreciation net of deferred tax and additions and disposals during the period as shown in note 4.1.

20.4 The carrying amounts of financial assets and liabilities are reasonable approximation of fair value.

21 RECLASSIFICATION

Figures have been reclassified to reflect more appropriate presentation of events and transactions for the purpose of comparison. However, there are no material reclassification to report except for:

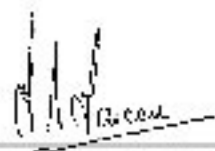
- Rental of meters and equipment amounting to Rs. 110.022 million for the six months period ended 31 December 2014 previously shown as part of revenue has been reclassified and shown under the head other income.

22 DATE OF AUTHORIZATION FOR ISSUE

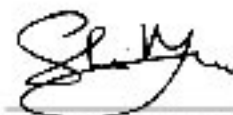
The condensed interim financial information was authorized for issue on 23 February 2016 by the Board of Directors of the Company.

23 GENERAL

All figures have been rounded off to the nearest thousand rupees.



Muhammad Tayyab Tareen
Chief Executive Officer










Mubasher H. Sheikh
Director





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