

# Annexure

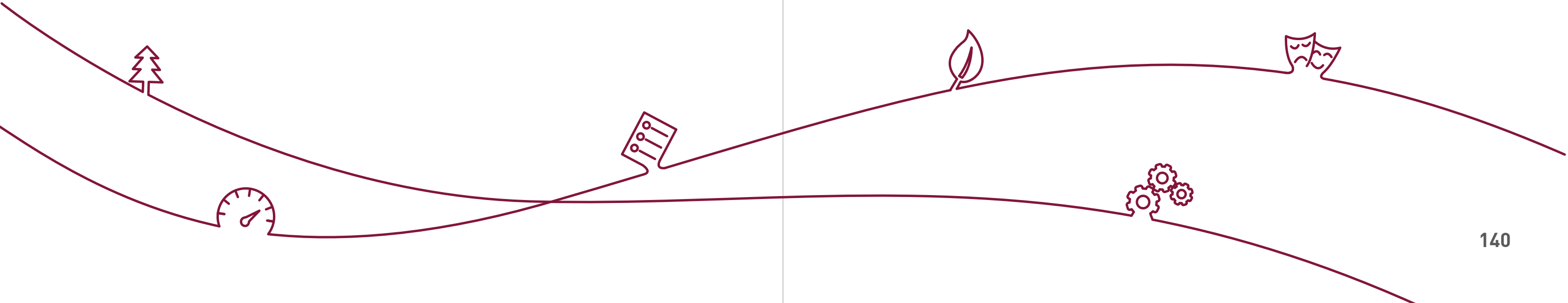


K-Electric Head Office, Karachi

# Management Approach

Performance Area	Approach
Economic Performance	<p>Until recently, the company has been trying to enhance its economic performance to emerge from the losses encountered in the previous years. The situation was shifted in the past three years, securing a positive impact on the overall net profit of K-Electric Limited.</p> <p>Our performance on the economic level was rewarded in various forums after the issuance of the AZM Sukuk. Our future plans include resorting to the model of utilizing Sukuk to fund the working capital requirements of the company.</p>
Society Performance	<p>K-Electric Limited is characterized by providing a basic need to its clients. The large client base entails a commitment on our behalf to engage with their communities. Chief amongst our commitments to the community is the “Empowering Through Power” programme. The programme has a recorded impact on a total of 3,453,739 people.</p> <p>Our performance has been tremendous in this area and we plan on maintaining this performance, improving the quality of our social investments, and developing our social investment monitoring and control mechanisms.</p>
Labor	<p>Following a significant labor force restructuring to ensure a sustainable and empowered workforce going forward, we have enhanced our internal systems and regulations to ensure the bi-annual appraisals are conducted in accordance with utmost accuracy and professionalism. We have maintained transparency with our employees and the public alike when it comes to salary disclosures. Another key focus for KE is protecting our employees against corruption. This is maintained through adherence to strict anti-corruption policies.</p>

Human Rights	<p>K-Electric Limited highly honors human rights and adheres to the internationally agreed upon standards of responsible labor practices. The company is committed by policy to operate on a non-discriminatory base, securing equal opportunities to all its employees.</p> <p>Over the past few years, the gender balance was enhanced, which – in its turn had a positive impact on the performance of the whole company. We have managed to build a comfortable work environment that is considerate of human and labor rights.</p> <p>The health and safety of our employees is a priority at K-Electric Limited. The years 2013-2014 have witnessed a significant decline in the number of injuries occurring on working hours. The number of trainings delivered to the employees has also witnessed a significant increase. Moreover, the comprehensive Safety Management System (SMS) was designed, incorporating a safety culture amongst the employees.</p>
Environmental Footprint	<p>Energy reduction is becoming a matter of higher significance now. Therefore, a variety of systems are being implemented to reduce our GHG emissions. To complement the implemented systems is an installation of monitoring techniques to monitor the reduction of the emissions. K-Electric Limited has also focused on solid waste management through the reduction of waste as a first resort and the healthy disposal of the remains.</p>
Product and Client Responsibility	<p>Although we deal with a standard product, our focus on quality still permeates every aspect of our business. In developing an extraordinary network of contacts and business relationships over the years, KE seeks to identify ways to improve both the reliability and efficiency of the power that it delivers to the homes, businesses, and industries of Karachi. Client safety and privacy is taken for granted in KE, and their interest represents the basis of our advertising strategy. The management has applied an even stringer and more rigorous system for communication with customers to be able to gain their feedback on the spot.</p>



# GRI Reference Table

The table below summarizes KE's materiality position in relation to each of the GRI G3.1 indicators and guidelines.

- Indicates an indicator that is not material to KE.
- Indicates an indicator that is material to KE.

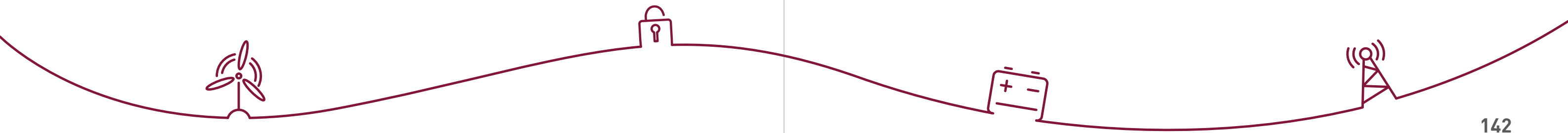
Disclosure indicators are further highlighted according to the reporting level of each indicator, as follows:  
**N** – Not Reported (Indicators that are relevant to KE cases that are confidential, and/or cases where KE lacks relevant information at the moment and is committed to address this in future reporting)  
**P** – Partially Reported (Indicates cases where only part of the indicator may be relevant, and/or cases where KE compiles some but not all relevant information and is working towards reporting fully on them in the future)

**F** – Fully Reported

Disclosure on Management Approach on page 139 & 140

Standard Disclosures: Profile Disclosures				
1. Strategy and Analysis				
Profile Disclosure	Description	Operational Materiality/ Products and Services Extended Materiality	Report Section/ Reference	Reporting Level
1.1	Statement on sustainability from the most senior decision-maker of the organization.		P 7	F
1.2	Description of key impacts, risks, and opportunities.		P 87	F
1.2	Description of key impacts, risks, and opportunities.		P 87	F
2. Organizational Profile				
2.1	Name of the organization.		K-Electric Ltd., (KE)	F
2.2	Primary activities.		P 26	F
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.		P 26	F

2.4	Location of organization's headquarters.		Karachi, Pakistan	F
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.		Pakistan	F
2.6	Nature of ownership and legal form.		P 13	F
2.7	Target audience and affected stakeholders; Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).		P 128-130	F
2.8	Scale of the reporting organization.		P 26, 32-36, 66	F
2.9	Significant changes during the reporting period regarding size, structure, or ownership.		P 27-28	F
2.10	Awards received in the reporting period.		P 57-58	F
3. Report Parameters				
Profile Disclosure	Description	Materiality	Disclosure Section/Ref.	Reporting Level
3.1	Reporting period (e.g, fiscal/calendar year) for information provided.		2013/2014	F
3.2	Date of most recent previous report (if any).		2013 (Covering 2009 to 2012)	F
3.3	Reporting cycle (annual, biennial, etc.)		Every 2 Years	F
3.4	Contact point for questions regarding the report or its contents.		KE's CSR Manager	F
3.5	Process for defining report content.		Stakeholders Feedback, P 128-136	F



3.6	Boundary of the report (e.g. countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	•	Operations in Pakistan	F
3.7	State any specific limitations on the scope or boundary of the report.	•	None	F
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	•	Reporting on Consolidated Level	F
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	•	GRI 3.1 guidelines and explanatory guide	F
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g. mergers/ acquisitions, change of base years/periods, nature of business, measurement methods).	•	None  None	F
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	•		F
3.12	Table identifying the location of the Standard Disclosures in the report.	•	P 144-159	F
3.13	Policy and current practice with regard to seeking external assurance for the report.	•	Limited Independent Assurance by KPMG	F

4. Governance				
Profile Disclosure	Description	Materiality	Disclosure Page Number/Ref.	Reporting Level
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	•	P 13-17	F
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	•	P 13-17	F
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	•	P 13-17	F
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	•	P 17-22	F
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	•	P 17-20, 66-67	F
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	•	P 18	F
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	•	P 17-20	F
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	•	P 11	F

4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	•	P 11	F
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	•	P. 17-20, KE has to abide by external ESG standards; is regularly audited by relevant authorities and external auditors against these standards.	F
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	•	P. 21	F
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	•	P 57-58, 61-62	F
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organisations.	•	P 135-136	F
4.14	List of stakeholder groups engaged by the organization.	•	P 128-130	F
4.15	Basis for identification and selection of stakeholders with whom to engage.	•	P 128-130	F

4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	•	P 128-130	F
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	•	P 134	F

Standard Disclosures: Performance Indicators				
Economic				
Performance Indicator	Description	Materiality	Disclosure Page Number/Ref.	Impact
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	•	P 61-322, 141-144	F
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	•	Not Calculated	N
EC3	Coverage of the organization's defined benefit plan obligations.	•	P 74, 141-144	F
EC4	Significant financial assistance received from government.	•	None	



Market Presence				
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	•	Generally KE provides salaries that are well above minimum wage salaries. We maintain a minimum entry wage for our “workmen” that is twice the national minimum wage. This is the case for both men and women.	F
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	•	P 83-84	F
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	•	P 69-70, 83-87, 95	F
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	•	P 41-47, 53-56, 89-90	F
Environmental				
Performance Indicator	Description	Materiality	Disclosure Page Number/Ref.	Reporting Level
	Material			
EN1	Materials used by weight or volume.	•	P 117-118	F
EN2	Percentage of materials used that are recycled input materials.	•	KE’s operations are based on burning most of its material input (fuel); other material used are of lesser materiality to the organization’s operations and have less of an impact on its environmental foot print.	F

	Energy			
EN3	Direct energy consumption by primary energy source.	•	P 111-118	F
EN4	Indirect energy consumption by primary source.	•	Indirect energy use is of low materiality to KE’s operations	N
EN5	Energy saved due to conservation and efficiency improvements.	•	P 16-20, 65-67, 78-79	F
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	•	P 33-48, 103-108, 121-124	F
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	•	Indirect energy use is of low materiality to KE’s operations	N
Water				
EN8	Total water withdrawal by source.	•	P 118	F
EN9	Water sources significantly affected by withdrawal of water.	•	P 118	F
EN10	Percentage and total volume of water recycled and reused.	•	P 118, 111-115 Our target for 2015-16 is zero discharge of waste water and to use 100% recycled water in our plant operations.	F
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	•	NA	F

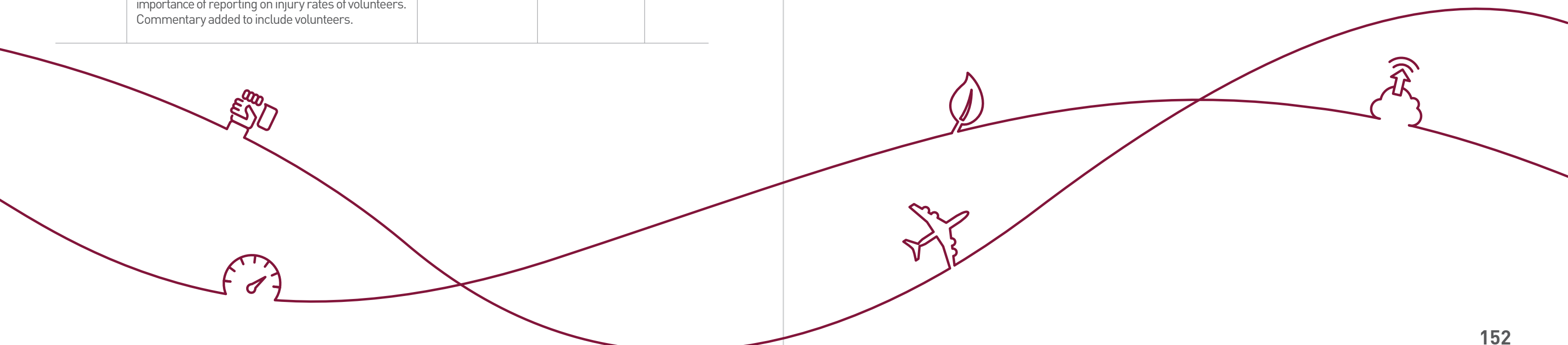
	Biodiversity			
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	•	NA	F
EN13	Habitats protected or restored.	•	NA	F
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	•	NA	F
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	•	NA	F
	Emissions, Effluents and Waste			
EN16	Total direct and indirect greenhouse gas emissions by weight.	•	P 111-115	F
EN17	Other relevant indirect greenhouse gas emissions by weight.	•	P 113-117	F
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	•	P 111	F
EN19	Emissions of Ozone-depleting substances by weight.	•	P 113-117	F
EN20	NOx, SOx, and other significant air emissions by type and weight.	•	P 113-117	F
EN21	Total water discharge by quality and destination.	•	P 113-117	F
EN22	Total weight of waste by type and disposal method.	•	P 119	F
EN23	Total number and volume of significant spills.	•	None	F
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	•	Hazardous substances are neither imported nor exported by the organization	F

EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	•	P 106-106, 118-119	F
	Products and Services			
EN26	Initiatives to mitigate environmental impacts of activities, products and services, and extent of impact mitigation.	•	P 105-106	F
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	•	NA	F
	Compliance			
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	•	None	F
	Transport			
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	•	P 118	P
	Overall			
EN30	Total environmental protection expenditures and investments by type.	•	P 117	F
Environmental				
Performance Indicator	Description	Materiality	Disclosure Page Number/Ref.	Reporting Level
	Employment			
LA1	Total workforce by employment type, employment contract, and region.	•	P 67-70	F



LA2	Total number and rate of employee turnover by age group, gender, and region.	•	P 69-70	F
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	•	P 74	F
Labor/Management Relations				
LA4	Percentage of employees covered by collective bargaining agreements.	•	57%	F
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	•	Follow the local labor regulations	F
Occupational Health and Safety				
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	•	0.4%; total no. of Employees in HSEQ Department	F
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region. Commentary added to describe the importance of reporting on injury rates of volunteers. Commentary added to include volunteers.	•	P 75-76, Volunteers Non Existent	F

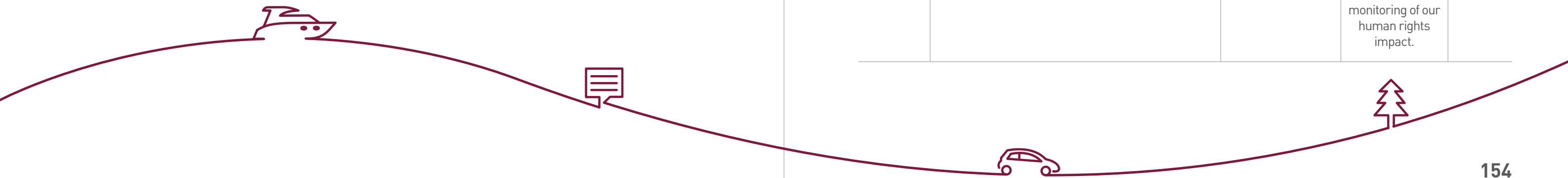
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, volunteers, or community members regarding serious diseases.	•	P 44-45, Volunteers Non Existent	F
LA9	Health and safety topics covered in formal agreements with trade unions.	•	(Not Covered) For safety KE has an independent policy	F
Training and Education				
LA10	Average hours of training per year per employee by employee category. Commentary added to include volunteers.	•	P 73, Volunteers Non Existent	F
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings. Commentary added to include volunteers.	•	P 73, Volunteers Non Existent	F
LA12	Percentage of employees receiving regular performance and career development reviews.	•	100%	F





Diversity and Equal Opportunity				
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	•	See P 13-17 for a discussion on re-governance at KE; See Pages: 67-70 for a breakdown of employment by gender and age group; ethnicity not tracked.	F
LA14	Ratio of basic salary of men to women by employee category.	•	P 71	F
Diversity and Human Rights				
Performance Indicator	Description	Materiality	Disclosure Page Number/Ref.	Reporting Level
Diversity and Equal Opportunity				
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	•	Almost 80% of KE financing entails adhering to respective IFC guidelines on this aspect.	F
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	•	Suppliers have not been scrutinized for HR and subsequent actions; no actions based on human rights performance were needed before.	F

HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	•	None	F
Non-Discrimination				
HR4	Total number of incidents of discrimination and actions taken.	•	P 74	F
Child Labor				
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	•	As per Factories Act, KE only employs adults above 18 years of age. KE does not enter into supplier agreements where child labour is employed.	F
Forced and Compulsory Labor				
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	•	NA	F
Security Practice				
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	•	Impact Assessment which includes social impact is done for all our operational insulations (grid stations and plants); our relationship with the IFC requires extensive monitoring of our human rights impact.	F

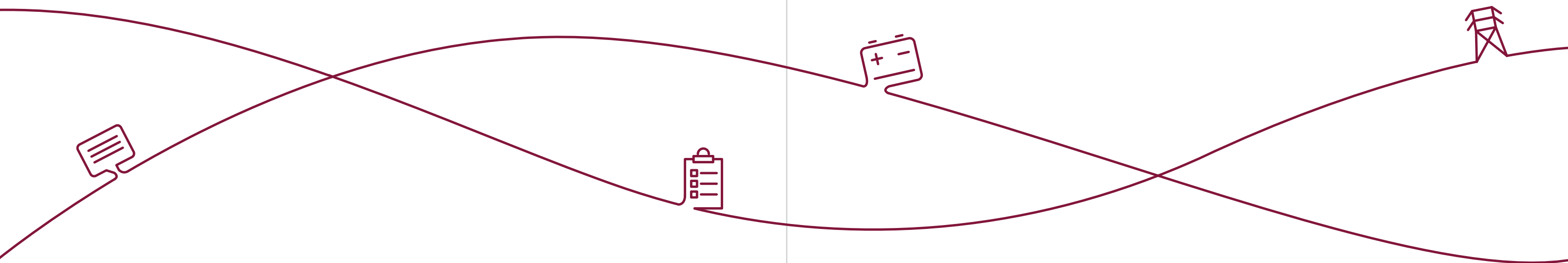


	Indigenous Rights			
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	•	None	F
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	•	NA	N
HR11	Number of grievances related to human rights filed, addressed, and resolved through formal grievance mechanisms.	•	None	F
Social – Society				
Performance Indicator	Description	Materiality	Disclosure Page Number/Ref.	Reporting Level
	Community			
S01	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	•	P 87-100	F
	Corruption			
S02	Percentage and total number of business units analyzed for risks related to corruption.	•	P 17-19	F
S03	Percentage of employees trained in organization's anti-corruption policies and procedures.	•	None; KE doesn't hold anti-corruption training.	N
S04	Actions taken in response to incidents of corruption. Commentary added to include volunteers and members of governance bodies.	•	P 68	F
	Public Policy			
S05	Public policy positions and participation in public policy development and lobbying.	•	P 139-140	F
S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	•	None	F

	Anti-Competitive Behavior			
S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	•	None	F
	Compliance			
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	•	None	F
Social – Product Responsibility				
Performance Indicator	Description	Materiality	Disclosure Page Number/Ref.	Reporting Level
	Customer Health and Safety			
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	•	We do not report on this as we have thus far been unable to gather data because our product's nature doesn't follow any direct consumer interaction or normal product life cycle, but regular public safety sessions are held at schools and through advertising awareness campaigns as a general policy. Yet we will be able to report on this in 2016.	N
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	•	None	F

Product and Service Labeling				
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	•	NA	F
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	•	NA	F
PR5	Practices related to beneficiary satisfaction, including results of surveys measuring beneficiary satisfaction.	•	P 47-48, 134	F
Marketing Communications				
PR6	Programs for adherence to laws, standards, and voluntary codes related to fundraising, marketing communications, including advertising, promotion, and sponsorship.	•	P 82-84, 132	F

PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	•	None	F
Customer Privacy				
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	•	None	F
Compliance				
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	•	None	F



# Annex Financial Summary

## SIX YEARS' PERFORMANCE

Description	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
<b>OPERATIONAL PERFORMANCE</b>						
Units generated (million units) - Gross	8,262	7,964	7,828	8,029	8,567	8,709
Units purchased (million units)	7,005	7,842	7,605	7,230	7,257	7,282
Units sent out (million units)	14,648	15,215	14,830	14,619	15,155	15,332
Units sold (million units)	9,396	9,905	10,059	10,277	10,942	11,453
T&D loss	35.9%	34.9%	32.2%	29.7%	27.8%	25.3%
<b>SUMMARY OF PROFIT &amp; LOSS ACCOUNT (PKR IN MILLIONS)</b>						
Revenue	85,224	103,937	130,721	162,816	188,999	194,708
Purchase of electricity & consumption of fuel and oil	52,372	97,062	115,990	133,255	146,179	147,307
Gross Profit / (Loss)	(6,632)	(4,052)	249	16,260	28,820	32,418
O&M expenses	14,855	19,305	24,296	25,519	29,301	31,230
Financial charges	5,590	6,624	5,127	7,702	13,960	11,275
Other charges / (income)	(2,142)	(4,517)	(4,638)	(6,230)	(4,444)	(4,679)
Profit / (Loss) before taxation	(15,451)	(14,737)	(10,054)	2,569	4,001	9,575
Profit / (Loss) after taxation	(15,485)	(14,641)	(9,394)	2,620	6,826	12,887
<b>SUMMARY OF BALANCE SHEET</b>						
Non-current assets	63,018	141,726	167,594	170,610	165,332	173,144
Current assets	48,918	65,803	68,759	101,668	113,547	133,171
<b>Total assets</b>	<b>131,936</b>	<b>207,629</b>	<b>236,353</b>	<b>272,278</b>	<b>278,879</b>	<b>306,316</b>
Share capital & reserves	(82)	31,301	26,504	41,642	53,714	70,967
Long term liabilities	71,767	82,832	89,179	94,308	64,506	60,114
Current liabilities	60,261	93,497	120,670	146,329	160,600	175,234
<b>Total equity &amp; liabilities</b>	<b>131,936</b>	<b>207,629</b>	<b>236,353</b>	<b>272,278</b>	<b>278,879</b>	<b>306,316</b>
<b>SUMMARY OF CASH FLOW STATEMENT</b>						
Net cash generated from / (used in) operating activities	2,218	2,541	10,077	(9,427)	1,412	14,324
Net cash used in investing activities	(20,922)	(13,523)	(30,731)	(3,558)	(3,133)	(5,578)
Net cash generated from / (used in) financing activities	18,385	11,901	18,891	16,156	(3,034)	(1,998)
<b>Net (decrease) / increase in cash and cash equivalent</b>	<b>(2,318)</b>	<b>919</b>	<b>(1,762)</b>	<b>3,042</b>	<b>(4,755)</b>	<b>3,750</b>
Cash and cash equivalent at the beginning of the year	(2,053)	(4,371)	(3,452)	(5,214)	(2,173)	(6,927)
<b>Cash and cash equivalent at the end of the year</b>	<b>(4,371)</b>	<b>(3,452)</b>	<b>(5,214)</b>	<b>(2,173)</b>	<b>(6,927)</b>	<b>(3,178)</b>

## K-ELECTRIC LIMITED

(FORMERLY KARACHI ELECTRIC SUPPLY COMPANY LIMITED)

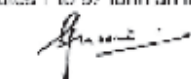
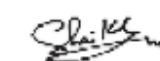
### BALANCE SHEET

AS AT 30 JUNE 2014

At 30 June 2014

		2014	2013 (Restated)	2012 (Restated)
	Nota	(Rupees in '000)		
<b>ASSETS</b>				
Operating fixed assets	4	170,286,970	164,681,401	170,423,386
Intangible assets	5	378,230	504,023	19,117
		170,663,200	165,185,224	170,442,503
Long term investments	6	-	-	-
Long term loans and advances	7	29,376	41,271	49,234
Long term deposits and prepayments	8	105,816	104,594	118,701
Deferred tax asset		2,345,773	-	-
		173,114,165	165,332,038	170,610,438
<b>CURRENT ASSETS</b>				
Due from the Government	9	-	317,750	317,750
Stores, spare parts and loose tools	10	5,968,300	4,607,043	4,414,562
Trade debts	11	75,704,095	62,845,643	49,381,277
Loans and advances	12	1,485,855	418,979	501,007
Trade deposits and short term prepayments	13	2,218,028	2,736,436	2,214,649
Other receivables	14	44,240,998	38,490,053	41,519,735
Derivative financial assets	15	1,862,728	2,523,003	2,135,048
Taxation-net	20	1,037,924	610,957	-
Cash and bank balances	16	653,473	730,336	1,183,765
		133,171,401	113,547,127	101,667,778
<b>TOTAL ASSETS</b>		<b>306,315,566</b>	<b>278,679,165</b>	<b>272,273,211</b>
<b>EQUITY AND LIABILITIES</b>				
<b>SHARE CAPITAL AND RESERVES</b>				
Share capital	17	98,281,551	98,281,551	92,957,819
<b>Reserves</b>				
Capital reserves	18	509,172	509,172	509,172
Share premium		1,500,000	1,500,000	-
Revenue reserve	19	5,372,356	5,372,356	5,372,356
Accumulated losses		(59,742,221)	(74,674,804)	(83,617,318)
Other reserves		(369,662)	(490,403)	(621,373)
		(52,720,245)	(87,783,738)	(78,411,163)
<b>TOTAL EQUITY</b>		<b>43,511,306</b>	<b>28,477,815</b>	<b>14,516,786</b>
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>				
	20	27,425,967	25,236,527	27,095,003
		70,967,273	53,714,342	41,641,889
<b>LIABILITIES</b>				
<b>NON-CURRENT LIABILITIES</b>				
Long term financing	21	18,231,351	24,801,683	49,183,478
Long term deposits	22	5,885,741	5,114,912	4,754,318
Deferred liabilities	23	4,948,221	5,299,082	5,673,957
Deferred revenue	24	16,303,048	15,600,186	16,103,412
Deferred tax liability	20	14,767,933	3,588,800	14,581,660
		60,114,334	49,504,744	84,307,819
<b>CURRENT LIABILITIES</b>				
Current maturity of long term financing	33	9,928,007	14,561,682	14,217,317
Trade and other payables	25	110,406,240	98,214,810	98,882,023
Accrued mark-up	26	5,719,543	5,776,415	3,739,614
Short term borrowings	27	43,286,450	37,608,465	23,423,575
Short term deposits	28	5,883,741	6,085,699	5,387,090
Taxation - net		-	-	661,926
Provisions	30	9,978	9,973	9,978
		175,233,559	190,680,079	148,324,525
<b>CONTINGENCIES AND COMMITMENTS</b>	32			
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>306,315,566</b>	<b>278,679,165</b>	<b>272,273,211</b>

The annexed notes 1 to 57 form an integral part of these financial statements.


Nayyer Hussain  
Chief Executive Officer

Mubasher H. Shalikh  
Director



## K-ELECTRIC LIMITED

(FORMERLY KARACHI ELECTRIC SUPPLY COMPANY LIMITED)

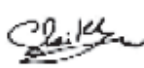
## PROFIT &amp; LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2014

		2014	2013 (Restated)
	Note	(Rupees in '000)	
REVENUE			
Sale of energy – net	34	139,112,606	119,165,872
Tariff adjustment	35	55,377,622	70,015,105
Rental of meters and equipment		218,087	217,591
		194,708,315	189,398,568
EXPENDITURE			
Purchase of electricity	36	(82,970,897)	(76,371,645)
Consumption of fuel and oil	37	(64,335,938)	(67,807,841)
		(147,306,835)	(144,179,486)
Expenses incurred in generation, transmission and distribution	38	(14,983,057)	(13,939,481)
GROSS PROFIT		32,418,423	29,019,678
Consumers services and administrative expenses	39	(16,247,074)	(15,301,832)
Other operating expenses	40	(1,483,990)	(646,507)
Other income	41	6,162,939	5,090,344
		(11,568,125)	(10,857,995)
OPERATING PROFIT		20,850,298	17,961,583
Finance cost	42	(11,275,212)	(13,990,441)
PROFIT BEFORE TAXATION		9,575,086	4,001,242
Taxation			
- Prior	43	-	1,823,518
- Deferred	43	3,312,149	1,000,760
		3,312,149	2,824,278
NET PROFIT FOR THE YEAR		12,887,235	6,825,560
		(Rupees)	
EARNING PER SHARE - BASIC / DILUTED	44	0.47	0.26
		(Rupees in '000)	
Earning Before Interest, Tax, Depreciation and Amortization (EBITDA)		30,158,619	20,902,772

The annexed notes 1 to 57 form an integral part of these financial statements.

  
 Nayyer Hussain  
 Chief Executive Officer

  
 Mubasher H. Sheikh  
 Director

## K-ELECTRIC LIMITED


(FORMERLY KARACHI ELECTRIC SUPPLY COMPANY LIMITED)

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013 (Restated)
	(Rupees in '000)	
Net profit for the year	12,887,235	6,825,560
Items that are or may be reclassified to profit and loss account		
Net changes in fair value of cash flow hedges reclassified to profit and loss account	130,908	130,913
Items that will never be reclassified to profit and loss		
Effect of change in accounting policy with respect to accounting for actuarial gains and losses	-	312,408
Remeasurements of defined benefit liabilities (actuarial gains and losses)	250,455	-
Total comprehensive income for the year	13,268,698	7,268,871

The annexed notes 1 to 57 form an integral part of these financial statements.

  
 Nayyer Hussain  
 Chief Executive Officer

  
 Mubasher H. Sheikh  
 Director

# K-ELECTRIC LIMITED


## CONDENSED INTERIM BALANCE SHEET

### AS AT 31 DECEMBER 2014

		December 2014 (Un-Audited)	June 2014 (Audited)
	Note	(Rupees in '000)	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	170,220,122	170,286,970
Intangible assets		254,968	378,230
		170,475,088	170,665,200
Long-term investments	20.6	-	-
Long-term loans to employees		28,768	29,378
Long-term deposits		6,080	105,816
Deferred tax assets	6	7,140,158	2,345,773
		177,650,094	173,144,185
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		8,195,878	5,988,300
Trade debts	7	78,093,466	75,704,095
Loans and advances		1,513,008	1,485,855
Trade deposits and short term prepayments		4,901,583	2,218,028
Other receivables	8	33,847,558	44,240,998
Derivative financial assets		1,750,405	1,882,728
Taxation-net		1,185,005	1,037,924
Cash and bank balances		1,435,446	653,473
		126,902,247	133,171,401
<b>TOTAL ASSETS</b>		<b>308,552,341</b>	<b>308,315,586</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital		125,000,000	125,000,000
Issued, subscribed and paid up capital		96,261,551	98,281,551
<b>Reserves</b>			
Capital reserves		509,172	509,172
Share premium		1,500,000	1,500,000
Revenue reserves		5,372,356	5,372,356
Other reserve		(294,098)	(359,552)
		7,087,430	7,021,976
Accumulated losses		(45,729,568)	(59,742,221)
		57,619,313	43,541,306
<b>SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>		<b>29,547,355</b>	<b>27,425,987</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing	9	8,283,489	18,231,391
Long-term deposits		8,299,784	5,885,741
Employee retirement benefits	10	5,131,552	4,846,221
Deferred revenue		18,832,101	18,303,048
Deferred tax liability		14,294,832	14,787,833
		50,641,738	60,114,334
<b>CURRENT LIABILITIES</b>			
Current maturity of long term financing	9.1	19,701,931	9,928,007
Trade and other payables	11	94,883,820	108,739,580
Accrued mark-up		5,849,078	5,719,543
Short term borrowings	12	44,778,894	44,968,130
Short term deposits		6,540,838	5,883,741
Provisions		9,978	9,978
		171,743,935	175,233,959
<b>CONTINGENCIES AND COMMITMENTS</b>	13		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>308,552,341</b>	<b>308,315,586</b>

The annexed notes 1 to 24 form an integral part of this condensed interim financial information.

  
Muhammad Iqbal Ishaq  
Chief Executive Officer

  
Mubasher H. Shaker  
Director

# K-ELECTRIC LIMITED

## CONDENSED INTERIM PROFIT & LOSS ACCOUNT (UN-AUDITED)

### FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2014

		Six Months Period Ended		Three Months Period Ended	
		31 December 2014	31 December 2013	31 December 2014	31 December 2013
	Note	(Rupees in '000)			
<b>REVENUE</b>					
Sale of energy-net	14	74,643,712	68,413,331	33,049,029	34,727,155
Tariff adjustment		26,051,018	27,078,743	11,839,920	11,552,240
Rental of meters and equipment		110,022	108,953	55,180	54,494
		100,804,752	95,601,027	44,944,129	46,333,889
<b>EXPENDITURE</b>					
Purchase of electricity	15	(37,872,727)	(40,065,495)	(17,182,677)	(21,228,900)
Consumption of fuel and oil	16	(33,277,639)	(32,958,909)	(11,824,870)	(13,145,475)
		(71,150,366)	(73,024,404)	(28,987,547)	(34,373,483)
Expenses incurred in generation, transmission and distribution		(7,774,228)	(7,353,562)	(3,958,568)	(3,485,410)
<b>GROSS PROFIT</b>		<b>21,880,158</b>	<b>15,253,061</b>	<b>11,998,214</b>	<b>8,475,024</b>
Consumers services and administrative expenses		(10,297,904)	(7,288,275)	(5,200,807)	(3,992,873)
Other operating expenses		(1,151,296)	(575,356)	(508,357)	(494,857)
Other income		3,018,350	2,701,749	1,515,910	1,702,858
		(8,432,850)	(5,162,882)	(4,193,254)	(2,785,074)
<b>OPERATING PROFIT</b>		<b>13,447,308</b>	<b>10,090,179</b>	<b>7,804,960</b>	<b>5,690,950</b>
Finance cost	17	(5,439,462)	(5,826,533)	(2,702,294)	(2,981,512)
<b>PROFIT BEFORE TAXATION</b>		<b>8,007,846</b>	<b>4,263,646</b>	<b>5,102,666</b>	<b>2,709,438</b>
Deferred taxation	18	5,267,484	484,354	5,025,890	241,312
<b>NET PROFIT FOR THE PERIOD</b>		<b>13,275,330</b>	<b>4,748,000</b>	<b>10,128,556</b>	<b>2,950,750</b>
<b>Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)</b>					
		<b>18,159,015</b>	<b>14,624,824</b>	<b>10,150,342</b>	<b>7,991,812</b>
(Rupees)					
<b>EARNINGS PER SHARE - BASIC / DILUTED</b>		<b>0.48</b>	<b>0.17</b>	<b>0.37</b>	<b>0.11</b>

The annexed notes 1 to 24 form an integral part of this condensed interim financial information.

  
Muhammad Iqbal Ishaq  
Chief Executive Officer

  
Mubasher H. Shaker  
Director


## K-ELECTRIC LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2014

	Six Months Period Ended		Three Months Period Ended	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	(Rupees in '000)			
Net profit for the period	13,275,330	4,715,000	10,128,556	2,970,750
Items that are or may be reclassified to profit and loss account				
Net changes in fair value of cash flow hedges reclassified to profit and loss account	65,454	65,454	32,727	32,727
Items that will never be reclassified to profit and loss account				
Remeasurement of defined benefit liabilities (actuarial gains and losses)	(141,390)	-	(141,390)	-
Total comprehensive income for the period	13,199,394	4,780,454	10,019,893	3,003,477

The annexed notes 1 to 24 form an integral part of this condensed interim financial information.

  
Muhammad Tayyab Tareen  
Chief Executive Officer


  
Muassher H. Sheikh  
Director


## K-ELECTRIC LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2014

	31 December 2014	31 December 2013
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	8,007,846	4,233,648
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation and amortization	4,711,707	4,604,645
Provision for retirement benefits	459,864	421,139
Provision for slow moving stores	40,853	-
Provision for debts considered doubtful	4,750,109	3,001,513
Gain on sale of fixed assets	(38,133)	(59,002)
Finance costs	5,439,482	5,825,535
Amortization of deferred revenue	(638,047)	(587,108)
Return on bank deposits	(185,274)	(181,073)
Operating profit before working capital changes	22,547,207	17,233,335
<b>Working capital changes</b>		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(268,031)	(205,135)
Trade debts	(7,139,480)	(7,285,077)
Loans and advances	(27,151)	(75,390)
Trade deposits and short term prepayments	(2,863,655)	687,930
Other receivables	10,393,440	(1,861,205)
	275,123	(11,813,907)
(Increase) / decrease in current liabilities		
Trade and other payables	(13,875,944)	7,795,391
Short-term deposits	656,895	(317,753)
	(13,219,049)	7,477,638
<b>Cash generated from operations</b>	9,603,281	12,840,066
Retirement benefits paid	(415,943)	(418,108)
Income tax paid	(127,061)	(77,252)
Receipts in deferred revenue	968,100	801,679
Finance cost paid	(5,272,433)	(5,655,475)
Interest received on bank deposits	185,274	181,073
<b>Net cash generated from operating activities</b>	4,941,198	7,675,235
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure incurred	(4,560,272)	(2,875,410)
Proceeds from disposal of fixed assets	74,810	125,700
Long term loans to employees	808	7,485
Long-term deposits	99,736	(501)
<b>Net cash used in investing activities</b>	(4,385,118)	(2,741,516)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Syndicated loan for PKR 7,700 million term facility	5,428,826	-
Payment of long term financing - net	(5,462,541)	(7,053,069)
Short term borrowing (repaid) / acquired	(1,974,879)	1,999,236
Security deposit from consumers	434,043	361,731
<b>Net cash used in financing activities</b>	(1,574,551)	(4,677,002)
<b>Net (decrease) / increase in cash and cash equivalent</b>	(1,018,471)	259,427
Cash and cash equivalent at beginning of the period	(3,177,811)	(6,927,479)
<b>Cash and cash equivalent at end of the period</b>	(4,196,282)	(6,668,052)

The annexed notes 1 to 24 form an integral part of this condensed interim financial information.

  
Muhammad Tayyab Tareen  
Chief Executive Officer

  
Muassher H. Sheikh  
Director