

Half Yearly Report
For the Half Year Ended
December 31, 2013



NISHAT POWER LIMITED

CONTENTS

Nishat Power Limited	Page No.
Corporate Profile	2-3
Directors' Report	4
Auditors' Report to the Members on Review of Interim Financial Information	5
Condensed Interim Balance Sheet	6-7
Condensed Interim Profit and Loss Account	8
Condensed Interim Statement of Comprehensive Income	9
Condensed Interim Cash Flow Statement	10
Condensed Interim Statement of Changes in Equity	11
Selected Notes to the Condensed Interim Financial Information	12-19

CORPORATE PROFILE

BOARD OF DIRECTORS	Mian Hassan Mansha Mr. Khalid Qadeer Qureshi Mr. Shahid Zulfiqar Khan Mr. Mahmood Akhtar Mr. Shahzad Ahmad Malik Mr. Saeed Ahmed Alvi Mr. Badar-ul-Hassan	Chairman /Chief Executive
AUDIT COMMITTEE	Mr. Khalid Qadeer Qureshi Mr. Shahzad Ahmad Malik Mr. Saeed Ahmed Alvi	Member / Chairman Member Member
HUMAN RESOURCE & REMUNERATION COMMITTEE	Mian Hassan Mansha Mr. Shahid Zulfiqar Khan Mr. Khalid Qadeer Qureshi	Member Member / Chairman Member
CHIEF FINANCIAL OFFICER	Mr. Tanvir Khalid	
COMPANY SECRETARY	Mr. Khalid Mahmood Chohan	
BANKERS OF THE COMPANY	Habib Bank Limited United Bank Limited Allied Bank Limited National Bank of Pakistan Bank Alfalah Limited Faysal Bank Limited Askari Bank Limited Habib Metropolitan Bank Limited Soneri Bank Limited Silk Bank Limited BankIslami Pakistan Limited Meezan Bank Limited HSBC Bank Middle East Limited Dubai Islamic Bank Pakistan Limited Burj Bank Limited Albaraka Bank Pakistan Limited First Women Bank Limited The Bank of Punjab MCB Bank Limited Pak Kuwait Investment Co. (Pvt) Limited	
AUDITORS	A. F. Ferguson & Co. Chartered Accountants	

LEGAL ADVISOR

Cornelius, Lane & Mufti
Advocates & Solicitors

REGISTERED OFFICE

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

HEAD OFFICE

1-B, Aziz Avenue, Canal Bank,
Gulberg-V, Lahore - Pakistan
Tel: +92-42-35717090-96, 35717159-63
Fax: +92-42-35717239
Website: www.nishatpower.com

SHARE REGISTRAR

Hameed Majeed Associates (Pvt.) Ltd.
Financial & Management Consultants
H.M. House, 7-Bank Square, Lahore - Pakistan.
Tel: 042-37235081-2

PLANT

66-K.M, Multan Road, Jambar Kalan,
Tehsil Pattoki, District Kasur, Punjab - Pakistan.

DIRECTORS' REPORT

The Board of Directors of Nishat Power Limited (the Company) is pleased to present their report together with the Condensed Interim Financial Information of the Company for the half year ended December 31, 2013 subject to limited review by external auditors.

FINANCIAL RESULTS:

During the period, the Company had turnover of Rs 13,782.614 million (Dec 2012: Rs 12,619.408 million), against operating cost of Rs 11,634.039 million (Dec 2012: Rs 10,025.868 million) resulting in a gross profit of Rs 2,148.575 million (Dec 2012: Rs 2,593.539 million). The Company earned profit before tax of Rs 1,335.383 million compared to Rs 1,342.464 million in the same period last year.

The current period's net profit after tax amounts to Rs 1,335.383 million resulting earnings per share of Rs 3.771 compared to profit after tax of Rs 1,336.875 million and earnings per share of Rs 3.776 in the same period last year.

Included in trade debts is an amount of Rs 816.041 million deducted by National Transmission & Dispatch Company Limited (NTDCL) from the Capacity Purchase Price (CPP) invoices, as the plant was not fully available for power generation. Please refer note 9 to this Condensed Interim Financial Information for further details. With the consent of NTDCL, the company has taken up this matter to the Expert as per dispute resolution mechanism envisaged in Power Purchase Agreement. Based on the advice of the company's legal counsel, management feels that there are meritorious grounds to support the company's stance and such amounts are likely to be recovered. Consequently, no provision for the abovementioned amount has been made in this Condensed Interim Financial Information.

Total receivables from NTDCL on December 31, 2013 stand at Rs 9,254.582 million, out of which overdue receivables are Rs 4,541.235 million.

The plant operated at optimal efficiency and dispatched 729.314 GW of electricity to its customer (NTDCL) during the period, with 84.56% average capacity factor.

KEY OPERATING AND FINANCIAL DATA:

	HALF YEAR ENDED	
	December 31, 2013	December 31, 2012
(Rupees in Million)		
Turnover	13,782.61	12,619.41
Profit after tax	1,335.38	1,336.88
Total non-current assets	13,647.63	14,417.49
Issued, subscribed and paid up capital	3,540.89	3,540.89
Long term financing	11,308.21	12,204.91
Short term financing	2,077.17	4,732.78
Generation (MW)	729,314	649,651
Earnings per share-basic and diluted (Rs.)	3.771	3.776

DIVIDENDS

The directors have recommended an interim cash dividend of 10% i.e. Rupee 1 per ordinary share, amounting to Rs. 354.088 million.



Chief Executive Officer

Lahore: February 13, 2014

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

Introduction

We have reviewed the accompanying condensed interim balance sheet of Nishat Power Limited as at December 31, 2013 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 half year then ended (here-in-after referred to 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. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2012 and 2013 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2013.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended December 31, 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of matter

Without qualifying our conclusion, we draw attention to note 9 to the interim financial information, which describes the matter regarding recoverability of certain trade debts.

Chartered Accountants,

Lahore, February 13, 2014

Engagement Partner: Muhammad Masood

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

AS AT DECEMBER 31, 2013

	Note	Un-audited December 31, 2013	Audited June 30, 2013
-----Rupees-----			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 500,000,000 (June 30, 2013: 500,000,000) ordinary shares of Rs 10 each		5,000,000,000	5,000,000,000
Issued, subscribed and paid up share capital 354,088,500 (June 30, 2013: 354,088,500) ordinary shares of Rs 10 each		3,540,885,000	3,540,885,000
Revenue reserve: Un-appropriated profit		5,940,667,384	5,667,550,334
		9,481,552,384	9,208,435,334
NON-CURRENT LIABILITY			
Long term financing - secured	6	10,265,841,925	10,806,632,070
CURRENT LIABILITIES			
Current portion of long term financing - secured	6	1,042,371,325	966,796,170
Short term borrowings - secured		2,077,170,454	2,458,285,347
Trade and other payables		2,167,196,474	1,589,487,875
Accrued finance cost		387,190,483	479,067,116
		5,673,928,736	5,493,636,508
CONTINGENCIES AND COMMITMENTS			
	7		
		25,421,323,045	25,508,703,912

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.


CHIEF EXECUTIVE

	Note	Un-audited December 31, 2013	Audited June 30, 2013
		-----Rupees-----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	13,647,632,648	13,990,852,039
CURRENT ASSETS			
Stores, spares and loose tools	9	664,552,502	528,523,805
Inventories		1,234,601,924	718,694,960
Trade debts		9,254,582,265	5,794,382,448
Advances, deposits, prepayments and other receivables		414,756,279	504,285,754
Income tax receivable		26,796,329	24,791,049
Cash and bank balances		178,401,098	3,947,173,857
		11,773,690,397	11,517,851,873
		25,421,323,045	25,508,703,912


DIRECTOR

CONDENSED INTERIM

PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2013

	Note	Quarter ended		Half year ended	
		December 31, 2013 Rupees	December 31, 2012 Rupees	December 31, 2013 Rupees	December 31, 2012 Rupees
Sales		7,202,694,545	6,873,536,449	13,782,613,791	12,619,407,833
Cost of sales	10	(5,978,525,968)	(5,479,289,773)	(11,634,038,912)	(10,025,868,355)
Gross profit		1,224,168,577	1,394,246,676	2,148,574,879	2,593,539,478
Administrative expenses		(24,782,317)	(18,611,521)	(54,345,688)	(46,859,691)
Other expenses		(11,090,109)	(9,004,394)	(16,881,026)	(9,336,596)
Other income		2,319,082	1,911,945	22,882,766	15,969,746
Finance cost		(396,820,050)	(540,067,610)	(764,848,381)	(1,210,848,772)
Profit before taxation		793,795,183	828,475,096	1,335,382,550	1,342,464,165
Taxation		-	(669,181)	-	(5,589,411)
Profit for the period		793,795,183	827,805,915	1,335,382,550	1,336,874,754
Earnings per share - basic and diluted		2.242	2.338	3.771	3.776

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.


CHIEF EXECUTIVE


DIRECTOR

**CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (UN-AUDITED)**
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2013

Nishat Power Limited
Half Yearly Report 2014

	Quarter ended		Half year ended	
	December 31, 2013 Rupees	December 31, 2012 Rupees	December 31, 2013 Rupees	December 31, 2012 Rupees
Profit for the period	793,795,183	827,805,915	1,335,382,550	1,336,874,754
Other comprehensive income:				
Items that will not be reclassified to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Total comprehensive income for the period	793,795,183	827,805,915	1,335,382,550	1,336,874,754

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.


CHIEF EXECUTIVE


DIRECTOR

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2013

		Half year ended	
	Note	December 31, 2013	December 31, 2012
		-----Rupees-----	
Cash flows from operating activities			
Cash (used in) / generated from operations	11	(1,176,327,185)	4,199,060,899
Finance cost paid		(856,725,014)	(1,367,509,128)
Taxes paid		(2,005,280)	(4,278,858)
Retirement benefits paid		(2,048,150)	(1,666,749)
Net cash (outflow) / inflow from operating activities		(2,037,105,629)	2,825,606,164
Cash flows from investing activities			
Fixed capital expenditure		(194,912,469)	(20,289,466)
Proceeds from disposal of operating fixed assets		144,306	-
Profit on bank deposits received		17,203,095	15,969,746
Net cash outflow from investing activities		(177,565,068)	(4,319,720)
Cash flows from financing activities			
Repayment of long term financing		(465,214,990)	(400,201,424)
Repayment of subordinated loans		-	(218,220,000)
Dividend paid		(707,772,179)	(354,281,756)
Net cash outflow from financing activities		(1,172,987,169)	(972,703,180)
Net (decrease) / increase in cash and cash equivalents		(3,387,657,866)	1,848,583,264
Cash and cash equivalents at the beginning of the period		1,488,888,510	(6,562,274,490)
Cash and cash equivalents at the end of the period	12	(1,898,769,356)	(4,713,691,226)

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.


CHIEF EXECUTIVE


DIRECTOR

CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2013

	Share capital	Revenue reserve: Un-appropriated profit	Total
 Rupees		
Balance as on July 1, 2013 (audited)	3,540,885,000	5,667,550,334	9,208,435,334
Profit for the period	-	1,335,382,550	1,335,382,550
Other comprehensive income for the period	-	-	-
Total comprehensive income for the half year ended December 31, 2013	-	1,335,382,550	1,335,382,550
Dividend to equity holders of the company:			
Final dividend for the year ended June 30, 2013 @ Rupees 2 per ordinary share	-	(708,177,000)	(708,177,000)
Interim dividend @ Rupee 1 per ordinary share	-	(354,088,500)	(354,088,500)
Total contributions by and distributions to owners of the company recognised directly in equity	-	(1,062,265,500)	(1,062,265,500)
Balance as on December 31, 2013 (un-audited)	3,540,885,000	5,940,667,384	9,481,552,384
Balance as on July 1, 2012 (audited)	3,540,885,000	3,636,260,004	7,177,145,004
Profit for the period	-	1,336,874,754	1,336,874,754
Other comprehensive income for the period	-	-	-
Total comprehensive income for the half year ended December 31, 2012	-	1,336,874,754	1,336,874,754
Dividend to equity holders of the company:			
Final dividend for the year ended June 30, 2012 @ Rupee 1 per ordinary share	-	(354,088,500)	(354,088,500)
Total contributions by and distributions to owners of the company recognised directly in equity	-	(354,088,500)	(354,088,500)
Balance as on December 31, 2012 (un-audited)	3,540,885,000	4,619,046,258	8,159,931,258

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.


CHIEF EXECUTIVE


DIRECTOR

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2013

1. THE COMPANY AND ITS ACTIVITIES

Nishat Power Limited (the 'company') is a public limited company incorporated in Pakistan. The company is a subsidiary of Nishat Mills Limited. The company's ordinary shares are listed on the Karachi Stock Exchange Limited and Lahore Stock Exchange Limited.

The principal activity of the company is to build, own, operate and maintain a fuel fired power station having gross capacity of 200 MW in Jamber Kalan, Tehsil Pattoki, District Kasur, Punjab, Pakistan. The address of the registered office of the company is 53-A, Lawrence Road, Lahore. The company has a Power Purchase Agreement ('PPA') with its sole customer, National Transmission and Despatch Company Limited ('NTDC') for twenty five years which commenced from June 09, 2010.

2. BASIS OF PREPARATION

This condensed interim financial information is un-audited and is being submitted to the members in accordance with section 245 of the Companies Ordinance, 1984. It has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. The figures for the half year ended December 31, 2013 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance. This condensed interim financial information does not include all the information required for annual financial statements and therefore, should be read in conjunction with the annual financial statements for the year ended June 30, 2013.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the company for the year ended June 30, 2013.

3.2 Initial application of standards, amendments or an interpretation to existing standards

The following amendments to existing standards have been published that are applicable to the company's financial statements covering annual periods, beginning on or after the following dates:

3.2.1 Standards, amendments and interpretations to approved accounting standards that are effective in the current year

Certain standards, amendments and interpretations to approved accounting standards are effective in the current year but are considered not to be relevant or to have any significant effect on the company's operations and are, therefore, not detailed in this condensed interim financial information.

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

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the company's accounting periods beginning on or after January 1, 2014 but are considered not to be relevant or to have any significant effect on the company's operations and are, therefore, not detailed in this condensed interim financial information.

4. ACCOUNTING ESTIMATES

The preparation of the condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, the significant judgments made by management in applying accounting policies and key sources of estimation were the same as those that were applied to the financial statements for the year ended June 30, 2013.

5. FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the company's annual financial statements as at June 30, 2013.

There have been no changes in the risk management department since year end or in any risk management policies.

5.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash outflows for financial liabilities.

5.3 Fair value estimation

The carrying values of all financial assets and liabilities reflected in the interim financial information approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

During the period, there were no significant changes in the business or economic circumstances that affect the fair value of the company's financial assets and financial liabilities. Furthermore, there were no reclassifications of financial assets.

6. LONG TERM FINANCING - SECURED

	Un-audited December 31, 2013 Rupees	Audited June 30, 2013 Rupees
Opening balance	11,773,428,240	12,605,115,123
Less: Repayments during the period/year	465,214,990	831,686,883
	11,308,213,250	11,773,428,240
Less: Current portion shown under current liabilities	1,042,371,325	966,796,170
	10,265,841,925	10,806,632,070

7. CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

- (i) National Electric Power Regulatory Authority ('NEPRA') issued an order dated February 8, 2013 through which it has raised a demand of Rs 290.423 million payable by the company to NTDC for the period upto June 30, 2011 in respect of Calorific Value ('CV') adjustment on fuel consumed for power generation as per the terms of the PPA and various CV adjustment mechanisms prescribed by NEPRA. The first such CV adjustment mechanism was announced by NEPRA in March 2009 and as per this mechanism, the company has already made a provision of Rs 20.332 million in its financial statements for the above CV adjustment. In July 2011, NEPRA revised its CV adjustment mechanism and directed all Independent Power Producers ('IPPs') to maintain consignment-wise CV record of the fuel received and consumed for power generation. Consequently, the company started maintaining such CV record after such direction was received from NEPRA.

NEPRA directed the company to submit consignment-wise record of CV for the period upto June 30, 2011. The company disputed such direction as it was not required to maintain consignment-wise record prior to July 2011. However, NEPRA computed retrospectively and determined Rs 290.423 million payable by the company to NTDC for the period upto June 30, 2011 in respect of CV adjustment on the basis of the mechanism directed by it in July 2011. The company filed a Motion for Leave for Review before NEPRA requesting it to reconsider its decision, which was decided against the company. Consequently, the company filed a writ petition before the Islamabad High Court against NEPRA's decision on the grounds that change in CV adjustment mechanism in July 2011 cannot be applied retrospectively and credible information is also not available from any source upon which CV adjustment computations can be made. The case is pending adjudication before Islamabad High Court.

Based on the advice of the company's legal counsel, management feels that there are meritorious grounds to support the company's stance and the aforesaid NEPRA's decision is likely to be revoked. Under these circumstances, no provision of the balance amount of Rs 270.092 million has been made in this condensed interim financial information.

- (ii) The banks have issued the following on behalf of the company:
- (a) Irrevocable standby letter of credit in favour of Wartsila Pakistan (Private) Limited for Rs 45,000,000 (June 30, 2013: Rs 45,000,000) as required under the terms of the Operation and Maintenance Agreement.
 - (b) Letter of guarantee of Rs 3,500,000 (June 30, 2013: Rs 1,500,000) in favour of Director, Excise and Taxation, Karachi under direction of Sindh High Court in respect of suit filed for levy of infrastructure cess.

	Un-audited December 31, 2013 Rupees	Audited June 30, 2013 Rupees
7.2 Commitments in respect of		
(i) Letters of credit and contracts for capital expenditure	44,778,713	16,015,799
(ii) Letters of credit and contracts other than for capital expenditure	-	200,327,496

- (iii) The amount of future payments under operating lease and the period in which these payments will become due are as follows:

	Un-audited December 31, 2013 Rupees	Audited June 30, 2013 Rupees
Not later than one year	15,317,138	13,499,850
Later than one year and not later than five years	66,201,188	67,499,250
	81,518,326	80,999,100

- (iv) The company has a contract for purchase of fuel oil from Shell Pakistan Limited ('SPL') for a period of ten years starting from the Commercial Operations Date of the power station i.e. June 09, 2010. Under the terms of the Fuel Supply Agreement, the company is not required to buy any minimum quantity of oil from SPL.
- (v) The company has an agreement with Wartsila Pakistan (Private) Limited for the operations and maintenance ('O&M') of the power station for a period of five years starting from the Commercial Operations Date of the power station i.e. June 09, 2010. Under the terms of the O&M agreement, the company is required to pay a monthly fixed O&M fee and a variable O&M fee depending on the net electrical output, both of which are adjustable according to the Wholesale Price Index.

	Note	Un-audited December 31, 2013 Rupees	Audited June 30, 2013 Rupees
8. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	8.1	13,647,632,648	13,841,219,695
Capital work-in-progress - advance to supplier		-	149,632,344
		13,647,632,648	13,990,852,039
8.1 Operating fixed assets			
Opening book value		13,841,219,695	14,930,587,851
Additions during the period/year	8.1.1	344,544,813	139,490,627
Book value of deletions during the period/year		(144,306)	(454,879)
Depreciation charged during the period/year		(537,987,554)	(1,065,802,652)
Impairment charged during the period/year		-	(162,601,252)
Closing book value		13,647,632,648	13,841,219,695
8.1.1 Additions during the period/year			
Plant and machinery		341,598,744	131,294,585
Computer equipment		348,475	196,600
Furniture and fixtures		16,300	13,000
Office equipment		246,866	214,804
Vehicles		2,334,428	7,771,638
		344,544,813	139,490,627

9. Included in trade debts is an amount of Rs 816.041 million relating to capacity purchase price not acknowledged by NTDC as the plant was not fully available for power generation. However, the sole reason of this under-utilization of plant capacity was non-availability of fuel owing to non-payment by NTDC.

Since management considers that the primary reason for claiming these payments is that plant was available, however, could not generate electricity due to non-payment by NTDC, therefore, management believes that company cannot be penalized in the form of payment deductions due to NTDC's default of making timely payments under the PPA. Hence, the company had taken up this issue at appropriate forums. On June 28, 2013, the company entered into a Memorandum of Understanding ('MoU') for cooperation on extension of credit terms with NTDC whereby it was agreed that the constitutional petition filed by the company before the Supreme Court of Pakistan on the abovementioned issue would be withdrawn unconditionally and it would be resolved through the dispute resolution mechanism under the PPA. Accordingly, as per terms of the MoU, during the current period, the company applied for withdrawal of the aforesaid petition which is pending adjudication before Supreme Court of Pakistan, and initiated the process of appointment of an expert for dispute resolution under the PPA. Based on the advice of the company's legal counsel, management feels that there are meritorious grounds to support the company's stance and such amounts are likely to be recovered. Consequently, no provision for the above mentioned amount has been made in this condensed interim financial information.

	Un-audited Quarter ended		Un-audited Half year ended	
	December 31, 2013 Rupees	December 31, 2012 Rupees	December 31, 2013 Rupees	December 31, 2012 Rupees
10. COST OF SALES				
Raw materials consumed	5,500,648,366	5,043,689,872	10,597,060,812	9,192,347,567
Salaries and other benefits	7,641,602	5,682,057	18,459,006	14,295,334
Operation and maintenance	77,687,661	88,450,211	169,506,686	159,654,068
Stores, spares and loose tools consumed	86,249,003	26,601,646	222,249,119	47,318,271
Electricity consumed				
in-house	82,669	32,829	82,707	212,289
Insurance	42,498,148	38,592,031	85,126,469	77,075,683
Travelling and conveyance	1,850,026	608,215	2,582,157	864,081
Rent, rates and taxes	135,000	135,000	270,000	270,000
Printing and stationery	128,392	87,332	235,300	153,531
Postage and telephone	49,606	74,589	115,144	137,953
Vehicle running expenses	738,654	418,499	1,411,445	658,656
Entertainment	27,528	126,889	237,342	344,806
Depreciation on operating fixed assets	259,223,947	272,308,967	533,377,680	528,840,263
Fee and subscription	849,317	1,487,950	1,935,965	2,026,000
Miscellaneous	716,049	993,686	1,389,080	1,669,853
	5,978,525,968	5,479,289,773	11,634,038,912	10,025,868,355

	Un-audited Half year ended	
	December 31, 2013 Rupees	December 31, 2012 Rupees
11. CASH (USED IN) / GENERATED FROM OPERATIONS		
Profit before taxation	1,335,382,550	1,342,464,165
Adjustment for non cash charges and other items:		
- Depreciation on operating fixed assets	537,987,554	533,383,029
- Profit on bank deposits	(22,224,082)	(15,969,746)
- Finance cost	764,848,381	1,210,848,772
- Provision for employee retirement benefits	2,048,150	1,666,749
Profit before working capital changes	2,618,042,553	3,072,392,969
Effect on cash flow due to working capital changes:		
- Increase in stores, spares and loose tools	(136,028,697)	(21,686,667)
- Increase in inventories	(515,906,964)	(486,869,657)
- Increase in trade debts	(3,460,199,817)	(363,971,211)
- Decrease in advances, deposits, prepayments and other receivables	94,550,462	1,081,227,872
- Increase in trade and other payables	223,215,278	917,967,593
	(3,794,369,738)	1,126,667,930
	(1,176,327,185)	4,199,060,899

	Un-audited	
	December 31, 2013 Rupees	December 31, 2012 Rupees
12. CASH AND CASH EQUIVALENTS		
Cash and bank balances	178,401,098	19,088,416
Short term borrowings - secured	(2,077,170,454)	(4,732,779,642)
	(1,898,769,356)	(4,713,691,226)

13. TRANSACTIONS WITH RELATED PARTIES

Relationship with the company	Nature of transactions	Un-audited Half year ended	
		December 31, 2013 Rupees	December 31, 2012 Rupees
i. Holding company	Markup on subordinated loans	-	11,925,454
ii. Associated undertakings	Purchases of goods and services	2,588,871	-
	Rental expense	6,281,111	-
	Insurance premium	85,296,002	-
iii. Key management personnel	Salaries and other employee benefits	32,420,118	26,889,590
iv. Post employment plan	Expense charged in respect of retirement benefit plan	2,048,150	1,666,749
Period end balances:		Un-audited December 31, 2013 Rupees	Audited June 30, 2013 Rupees
Payable to related parties		15,913,655	3,115,349

14. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on February 13, 2014 by the Board of Directors of the company.

15. EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors have declared an interim dividend of Rupee 1 per ordinary share, amounting to Rupees 354,088,500 at their meeting held on February 13, 2014. This condensed interim financial information does not include the effect of the above interim dividend which will be accounted for in the period in which it is declared.

16. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim balance sheet and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim profit and loss account, condensed interim statement of comprehensive income and condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.


CHIEF EXECUTIVE


DIRECTOR



53-A, Lawrence Road, Lahore.

Te: 042-6367812-16

Fax: 042-6367414

UAN: 042-111-11-33-33