



engro powergen qadirpur

our footprint



Financial Information for the Half Year
ended June 30, 2015

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COMPANY INFORMATION

Board of Directors	Khalid Siraj Subhani - Chairman Syed Mohammad Ali - Chief Executive Officer Aliya Yusuf Javed Akbar Ruhail Mohammad Shabbir Hashmi Shahid Hamid Pracha Vaqar Zakaria
Board Audit Committee	Aliya Yusuf - Chairperson Shabbir Hashmi Shahid Hamid Pracha
Company Secretary	Faryal Mazhar Habib
Chief Financial Officer	Farooq Barkat Ali
Corporate Audit Manager	Jaseem Ahmed Khan
Bankers / Development Finance Institution (DFI)	Allied Bank Ltd. Bank Alfalah Ltd. Bank Al-Habib Ltd. Burj Bank Ltd. Faysal Bank Ltd. Habibsons Bank Ltd. London National Bank of Pakistan NIB Bank Ltd Pak Kuwait Investment Company (Pvt) Ltd. Soneri Bank Ltd. The Bank of Punjab
Auditors	A.F. Ferguson & Co. Chartered Accountants State Life Building No. 1-C, I.I. Chundrigar Road Karachi-74000, Pakistan Telephone: +92(21) 32426682-6 - 32426711-5 Fax: +92(21) 32415007 / 32427938
Registered Office	4th Floor, The Harbour Front Building, HC-3, Marine Drive, Block-4, Clifton, Karachi – 75600, Pakistan UAN: + 111 211 211 PABX: + 92-21- 35297501-10
Plant	Engro Powergen Qadirpur Plant Site Deh Belo Sanghari Taluka, District Ghotki
Share Registrar	FAMCO Associates (Private) Limited 8-F, Next to Hotel Faran, Nursery, Block 6, P.E.C.H.S., Shahra-e-Faisal, Karachi Telephone: +92(21) 34380101-5 Fax: +92(21) 34380106
Website	www.engropowergen.com





engro powergen qadirpur

**DIRECTORS' REVIEW AND
CONDENSED INTERIM
FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2015**



ENGRO POWERGEN QADIRPUR LIMITED
DIRECTORS' REVIEW TO THE SHAREHOLDERS
ON UNAUDITED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE HALF YEAR ENDED JUNE 30, 2015

The Directors of Engro Powergen Qadirpur Limited (EPQL) are pleased to present the unaudited financial information and a review of the Company's performance for the half year ended June 30, 2015.

Market Review

The power sector of Pakistan is primarily operated through the National Transmission and Dispatch Company (NTDC) which is responsible for electricity distribution across Pakistan except for Karachi which is supplied by K-Electric Limited.

Pakistan faces chronic electricity shortage due to demand growth, limited addition in generation capacity, high transmission & distribution losses and the persistent issue of circular debt. The current demand-supply deficit is around 5,000 MW at peak demand levels.

The Government of Pakistan (GOP) is undertaking various initiatives to resolve power crises in the Country. Liquefied natural gas (LNG) based power generating projects are among some of the initiatives being under taken by the GOP. However, low cost power producers including EPQL Plant are expected to remain on high priority list of the power purchaser.

Safety and Operational Performance

The Company maintained its high level of commitment towards Health, Safety & Environment (HSE) standards. The Total Recordable Injury Rate (TRIR) for the period remained zero.

During 1H 2015 the EPQL Plant demonstrated a billable availability factor of 99.2%. It dispatched a total Net Electrical Output (NEO) of 609 GWh to the national grid with a load factor of 66% compared to 98% in the same period last year, showing a decline of 32%. The decline in load factor was primarily on account of a scheduled outage of 33 days conducted in April / May this year. This activity was completed within the allocated time.

Financial Performance

Despite lower NEO in 1H 2015, sales revenue for the period was PKR 6,681 Mn compared to PKR 6,516 Mn in the same period last year. The increase in sales revenue was mainly attributable to invoicing of Gas Infrastructure Development Cess (GIDC) amount applicable for prior years as explained in detail in note 5.3 of this condensed interim financial information.

Gross profit for the period stood at PKR 1,230 Mn as compared to PKR 1,448 Mn in the same period last year. The decline was mainly due to planned outages, lower demand due to WAPDA grid issues and increase in fixed costs during the period.

Finance cost was lower than last year due to improvement in working capital position, lower cost of running finance, and savings in interest charges due to timely payments to the fuel supplier. Other expenses for the period were PKR 1 Mn compared to PKR 106 Mn which mainly represents provision for insurance settlement in Q1 2014, similarly other income for the period was PKR 1 Mn compared to PKR 157 Mn last year which mainly represents insurance claim recorded in Q1 2014.

Overdue receivable from PEPCO stood at PKR 1,673 Mn as on June 30, 2015 vs PKR 1,210 Mn as on December 31, 2014. Similarly overdue payable to SNGPL on June 30, 2015 was PKR 250 Mn vs PKR 232 Mn as on December 31, 2014.

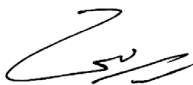
The Company earned a net profit of PKR 951 Mn for 1H 2015 as compared to PKR 1,088 Mn for the same period last year. Earnings per share is of PKR 2.94 for 1H 2015 as compared to PKR 3.36 in 1H 2014.

Dividend

The Board of Directors of the Company in its meeting held on August 7, 2015 has declared an interim cash dividend of PKR 1.00 per share (10%).

Near term Outlook

Despite the Country's natural gas crisis, Qadirpur Power Plant is expected to continue receiving unhindered fuel supply. This is because the Plant runs on permeate gas which is likely to remain available in the next few years. Furthermore, the Plant is expected to maintain a high dispatch rate due to its higher rank in PEPCO's merit order.



Khalid Siraj Subhani
Chairman

Karachi: August 7, 2015



Syed Muhammad Ali
Chief Executive Officer





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

Introduction

We have reviewed the accompanying condensed interim balance sheet of Engro Powergen Qadirpur Limited as at June 30, 2015 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows, together with the notes forming part thereof (here-in-after referred to as the "condensed interim financial information") for the half year then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

The figures of condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended June 30, 2015 and 2014 have not been reviewed as we are required to review only the cumulative figures for the half year ended June 30, 2015.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by 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 condensed interim financial information as of and for the half year ended June 30, 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

**Chartered Accountants
Karachi
Date: August 21, 2015**

Engagement Partner: Waqas A. Sheikh

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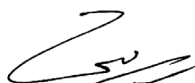


(Amounts in thousand)

ENGRO POWERGEN QADIRPUR LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT JUNE 30, 2015

		Unaudited June 30, 2015	Audited December 31, 2014
		Rupees	
ASSETS			
Non-current assets			
Property, plant and equipment	4	14,176,125	14,217,020
Intangible assets		81,301	81,585
Long term deposits		2,491	2,491
Long term loans and advances		31,089	28,214
		<u>14,291,006</u>	<u>14,329,310</u>
Current assets			
Inventories		382,085	383,460
Stores and spares		416,113	386,426
Trade debts	5	4,998,689	2,192,805
Short term investments		56,000	56,000
Loans, advances, deposits, prepayments and other receivables		1,464,041	1,628,013
Taxes recoverable		53,196	49,915
Balances with banks	6	65,107	2,701
		<u>7,435,231</u>	<u>4,699,320</u>
TOTAL ASSETS		<u><u>21,726,237</u></u>	<u><u>19,028,630</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital		3,238,000	3,238,000
Share premium		80,777	80,777
Maintenance reserve		227,182	227,182
Hedging reserve		(57,472)	(50,109)
Unappropriated profit		3,477,991	3,013,096
Remeasurement of retirement benefit obligation - Actuarial gain		373	373
Total equity		<u>6,966,851</u>	<u>6,509,319</u>
LIABILITIES			
Non-current liability			
Borrowings		7,017,919	7,713,518
Current liabilities			
Creditors, accrued and other liabilities		3,808,644	1,355,368
Accrued interest / mark-up		43,445	27,149
Current portion of long term borrowings		1,537,399	1,459,451
Short term borrowings		2,350,596	1,961,029
Retirement and other service benefits obligations		1,383	2,796
		<u>7,741,467</u>	<u>4,805,793</u>
Total Liabilities		<u>14,759,386</u>	<u>12,519,311</u>
Contingencies and Commitments	7		
TOTAL EQUITY AND LIABILITIES		<u><u>21,726,237</u></u>	<u><u>19,028,630</u></u>

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.



Khalid Siraj Subhani
Chairman



Syed Muhammad Ali
Chief Executive Officer



(Amounts in thousand except for earnings per share)

ENGRO POWERGEN QADIRPUR LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR ENDED JUNE 30, 2015

		Unaudited Quarter ended June 30, 2015	Unaudited Quarter ended June 30, 2014	Unaudited Half Year ended June 30, 2015	Audited Half Year ended June 30, 2014
	Note	Rupees			
Sales	8	4,186,842	3,290,737	6,681,095	6,516,121
Cost of sales		(3,563,988)	(2,606,447)	(5,450,808)	(5,067,943)
Gross profit		622,854	684,290	1,230,287	1,448,178
Administrative expenses		(31,454)	(43,418)	(74,962)	(78,060)
Other expenses		(940)	-	(1,434)	(105,764)
Other income		278	12,707	1,314	156,804
Profit from operations		590,738	653,579	1,155,205	1,421,158
Finance cost		(99,437)	(150,621)	(204,602)	(333,241)
Workers' profits participation fund and Workers' welfare fund	9	-	-	-	-
Profit before taxation		491,301	502,958	950,603	1,087,917
Taxation		(3)	(40)	(8)	(40)
Profit for the period		491,298	502,918	950,595	1,087,877
Earnings per share - basic and diluted	10	1.52	1.55	2.94	3.36

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.



Khalid Siraj Subhani
Chairman



Syed Muhammad Ali
Chief Executive Officer



(Amounts in thousand)

ENGRO POWERGEN QADIRPUR LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED JUNE 30, 2015

	Unaudited Quarter ended June 30, 2015	Unaudited Quarter ended June 30, 2014	Unaudited Half Year ended June 30, 2015	Audited Half Year ended June 30, 2014
	Rupees			
Profit for the period	491,298	502,918	950,595	1,087,877
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
- Hedging reserve - loss for the period	(10,302)	(8,608)	(8,797)	(38,374)
- Less: Transfers to profit or loss	849	902	1,434	902
	(9,453)	(7,706)	(7,363)	(37,472)
Items that will not be reclassified to profit or loss:				
- Remeasurement of retirement benefit obligation - Actuarial gain	-	362	-	362
Total comprehensive income for the period	<u>481,845</u>	<u>495,574</u>	<u>943,232</u>	<u>1,050,767</u>

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.



Khalid Siraj Subhani
Chairman



Syed Muhammad Ali
Chief Executive Officer



(Amounts in thousand)

ENGRO POWERGEN QADIRPUR LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED JUNE 30, 2015

	Reserves						Total
	Capital			Revenue			
	Share capital	Share premium	Maintenance reserve	Unappropriated profit	Hedging reserve	Remeasurement of retirement benefit obligation-Actuarial gain	
	Rupees						
Balance as at January 1, 2014 (Audited)	3,238,000	80,777	227,182	1,976,627	-	723	5,523,309
Total comprehensive income for the half year ended June 30, 2014	-	-	-	1,087,877	(37,472)	362	1,050,767
Transactions with owners							
1st Interim dividend for the year ended Decemeber 31, 2014 @ Rs. 1.54 per share	-	-	-	(498,652)	-	-	(498,652)
Balance as at June 30, 2014 (Audited)	3,238,000	80,777	227,182	2,565,852	(37,472)	1,085	6,075,424
Total comprehensive income for the half year ended December 31, 2014	-	-	-	932,944	(12,637)	(712)	919,595
Transactions with owners							
2nd Interim dividend for the year ended Decemeber 31, 2014 @ Rs. 1.50 per share	-	-	-	(485,700)	-	-	(485,700)
Balance as at December 31, 2014 (Audited)	3,238,000	80,777	227,182	3,013,096	(50,109)	373	6,509,319
Total comprehensive income for the half year ended June 30, 2015	-	-	-	950,595	(7,363)	-	943,232
Transactions with owners							
1st Interim dividend for the year ending December 31, 2015 @ Rs. 1.50 per share	-	-	-	(485,700)	-	-	(485,700)
Balance as at June 30, 2015 (Unaudited)	<u>3,238,000</u>	<u>80,777</u>	<u>227,182</u>	<u>3,477,991</u>	<u>(57,472)</u>	<u>373</u>	<u>6,966,851</u>

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.



Khalid Siraj Subhani
Chairman



Syed Muhammad Ali
Chief Executive Officer

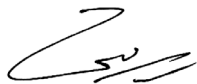


(Amounts in thousand)

ENGRO POWERGEN QADIRPUR LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED JUNE 30, 2015

	Note	Unaudited Half Year ended June 30, 2015	Audited Half Year ended June 30, 2014
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (utilised in) operations	11	1,320,709	(156,051)
Taxes paid		(3,289)	(2,356)
Long term loans and advances - net		(2,875)	(5,969)
Net cash generated from / (utilised in) operating activities		1,314,545	(164,376)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment and intangibles		(214,833)	(109,228)
Sale proceeds from disposal of property, plant and equipment		5,459	1,608
Investments made during the period		(50,000)	(900,000)
Proceeds from encashment of short term investments		50,000	911,366
Net cash utilised in investing activities		(209,374)	(96,254)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of long term borrowing		(731,328)	(680,931)
Finance cost paid		(215,304)	(240,769)
Dividends paid		(485,700)	(498,652)
Net cash utilised in financing activities		(1,432,332)	(1,420,352)
Net decrease in cash and cash equivalents		(327,161)	(1,680,982)
Cash and cash equivalents at beginning of the period		(1,902,328)	(664,795)
Cash and cash equivalents at end of the period	12	(2,229,489)	(2,345,777)

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.



Khalid Siraj Subhani
Chairman



Syed Muhammad Ali
Chief Executive Officer



ENGRO POWERGEN QADIRPUR LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2015

1. LEGAL STATUS AND OPERATIONS

- 1.1 The Company was incorporated in Pakistan, as an unlisted public company, on February 28, 2006 under the Companies Ordinance, 1984. Subsequently, the Company was formally listed on the Karachi and Islamabad stock exchanges of Pakistan. The Company is a subsidiary of Engro Powergen Limited which in turn is a wholly owned subsidiary of Engro Corporation Limited. The Company's registered office is located at 4th floor, Harbour Front Building, Plot Number HC-3, Block 4, Scheme Number 5, Clifton, Karachi.
- 1.2 The Company was established with the primary objective to undertake the business of power generation and sale. The Company has a 217.3 MW combine cycle power plant and commenced commercial operations on March 27, 2010. The electricity generated is transmitted to the National Transmission and Despatch Company (NTDC) under the Power Purchase Agreement (PPA) dated October 26, 2007. This agreement is for a period of 25 years.

2. BASIS OF PREPARATION

This condensed interim financial information is unaudited and has been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984 (the Ordinance). In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed. This condensed interim financial information has, however, been subjected to limited scope review by the auditors, as required under the Code of Corporate Governance, and should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2014.

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

During preparation of this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty are the same as those that apply to the annual financial statements for the year ended December 31, 2014.

3. ACCOUNTING POLICIES

- 3.1 The accounting policies applied and the methods of computation adopted in the preparation of this condensed interim financial information are consistent with those applied in the preparation of the annual financial statements for the year ended December 31, 2014.
- 3.2 There are certain new International Financial Reporting Standards (standards), amendments to published standards and interpretations that are mandatory for the financial year beginning on January 1, 2015. These are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are, therefore, not disclosed in this condensed interim financial information.
- 3.3 Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

4. PROPERTY, PLANT AND EQUIPMENT

	Unaudited June 30, 2015	Audited December 31, 2014
	Rupees	
Operating assets, at net book value (notes 4.1 & 4.2)	13,053,595	13,132,059
Capital work-in-progress	97,593	63,510
Capital spares	1,024,937	1,021,451
	<u>14,176,125</u>	<u>14,217,020</u>



(Amounts in thousand)

4.1 Additions to operating assets during the period / year were as follows:

	Unaudited June 30, 2015	Audited December 31, 2014
	Rupees	
Plant & machinery - including capitalization of exchange loss / (gain)	270,536	(375,104)
Buildings and civil works	690	2,222
Furniture, fixtures and equipments	4,143	2,908
	<u>275,369</u>	<u>(369,974)</u>

4.2 During the period, assets costing Rs. 11,955 (December 31, 2014: Rs. 14,084), having net book value of Rs. 4,423 (December 31, 2014: Rs. 3,073) were disposed-off for Rs. 5,459 (December 31, 2014: Rs. 7,195).

	Unaudited June 30, 2015	Audited December 31, 2014
	Rupees	

5. TRADE DEBTS - Secured

Considered good	<u>4,998,689</u>	<u>2,192,805</u>
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5.1 Trade debts, including delayed payment charges, are secured by a guarantee from the Government of Pakistan under the Implementation Agreement and as such are considered good.

5.2 Trade debts include:

- Rs. 4,323,824 (2014: Rs. 1,866,538) which are neither past due nor impaired; and
- Rs. 674,865 (2014: Rs. 326,267) which are overdue but not impaired. The overdue receivables carry mark-up at the rate of KIBOR plus 4.5% per annum. These receivables are overdue by upto 3 months.

5.3 Trade debts include receivable in respect of Gas Infrastructure Development Cess (GIDC) amounting to Rs. 2,360,591 for the period from January 2013 to December 2013 and from August 2014 to April 2015, which has been invoiced to National Transmission and Dispatch Company Limited (NTDC) during the period, as a pass-through item to be recovered from NTDC under the approved tariff. GIDC for the aforementioned period has also been billed to the Company by Sui Northern Gas Pipeline Limited (SNGPL) after the promulgation of Gas Infrastructure Development Cess Act, 2015. The Company has filed a writ petition thereagainst before the Honorable Lahore High Court which, among other grounds, includes devising the recovery mechanism of GIDC arrears. The Honorable Lahore High Court has directed National Electric Power Regulatory Authority (NEPRA) and Ministry of Petroleum & Natural Resources to devise an appropriate mechanism for such settlement of arrears.

	Unaudited June 30, 2015	Audited December 31, 2014
	Rupees	

6. BALANCES WITH BANKS

Deposit accounts:

- Foreign currency	2,731	2,701
- Local currency	<u>62,376</u>	<u>-</u>
	<u>65,107</u>	<u>2,701</u>

6.1 Foreign currency deposits carry return at the rate of 0.1% (2014: 0.2%) per annum.

6.2 Local currency deposits carry return at the rate of 5% (2014: 7.25%) per annum.



(Amounts in thousand)

	Unaudited June 30, 2015	Audited December 31, 2014
	Rupees	
7. CONTINGENCIES AND COMMITMENTS		
7.1 Contingent liabilities - Guarantees in favour of SNGPL in accordance with the terms of Gas Supply Agreement (GSA)	2,496,126	2,496,126
7.2 Commitments in respect of :		
- letter of credit in favour of Company's senior lenders	815,796	806,972
- others	86,001	121,928
	<u>901,797</u>	<u>928,900</u>

	Unaudited Quarter ended June 30, 2015	Unaudited Quarter ended June 30, 2014	Unaudited Half Year ended June 30, 2015	Audited Half Year ended June 30, 2014
	Rupees			
8. SALES				
Capacity purchase price	852,651	824,768	1,695,591	1,683,046
Energy purchase price (note 5.3)	3,334,191	2,465,969	4,985,504	4,833,075
	<u>4,186,842</u>	<u>3,290,737</u>	<u>6,681,095</u>	<u>6,516,121</u>

9. WORKERS' PROFITS PARTICIPATION FUND AND WORKERS' WELFARE FUND

Provision for				
- Workers' profits participation fund	24,565	25,148	47,530	54,396
- Workers' welfare fund	9,826	10,059	19,012	21,758
	<u>34,391</u>	<u>35,207</u>	<u>66,542</u>	<u>76,154</u>
Less:				
Recoverable from NTDC	<u>(34,391)</u>	<u>(35,207)</u>	<u>(66,542)</u>	<u>(76,154)</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

- 9.1 The Company is required to pay / contribute 5% of its profit to the Workers' profits participation fund and 2% of its profit to the Workers' welfare fund. However, such payment does not affect the Company's overall profitability as these are recoverable from NTDC as pass through items under the terms of the Power Purchase Agreement (PPA). The Company is currently contesting the applicability of Workers' welfare fund on its income at the Sindh High Court and Appellate Tribunal Inland Revenue.



(Amounts in thousand except for earnings per share)

10. EARNINGS PER SHARE

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

	Unaudited Quarter ended June 30, 2015	Unaudited Quarter ended June 30, 2014	Unaudited Half Year ended June 30, 2015	Audited Half Year ended June 30, 2014
	Rupees			
Profit for the period	491,298	502,918	950,595	1,087,877
	Number of shares			
Weighted average number of ordinary shares (In thousand)	<u>323,800</u>	<u>323,800</u>	<u>323,800</u>	<u>323,800</u>
	Rupees			
Earning per share - basic and diluted	<u>1.52</u>	<u>1.55</u>	<u>2.94</u>	<u>3.36</u>

11. CASH GENERATED FROM OPERATIONS

	Unaudited Half Year ended June 30, 2015	Audited Half Year ended June 30, 2014
	Rupees	
Profit before taxation	950,603	1,087,917
Adjustment for non-cash charges and other items:		
- Depreciation and amortization	356,469	354,774
- Reclassification of cash flow hedge to profit or loss	1,434	902
- Gain on redemption of investments	-	(11,366)
- Gain on disposal of property, plant and equipment	(1,036)	(635)
- Finance cost	231,600	265,022
Working capital changes (note 11.1)	(218,361)	(1,852,665)
	<u>1,320,709</u>	<u>(156,051)</u>

11.1 Working capital changes

Decrease / (Increase) in current assets:

Inventory and stores & spares - net	(28,312)	(34,261)
Trade debts	(2,805,884)	(2,897,816)
Loans, advances, deposits, prepayments and other receivables - net	163,972	354,860
	<u>(2,670,224)</u>	<u>(2,577,217)</u>

(Decrease) / Increase in current liabilities:

Creditors, accrued expenses and other liabilities	2,453,276	724,552
Retirement and other service benefits	(1,413)	-
	<u>(218,361)</u>	<u>(1,852,665)</u>

(Amounts in thousand)

	Unaudited Half Year ended June 30, 2015	Audited Half Year ended June 30, 2014
12. CASH AND CASH EQUIVALENTS	Rupees	
Balances with banks	65,107	172,994
Short term running finance	(2,350,596)	(2,569,457)
Short term investments	56,000	50,686
	<u>(2,229,489)</u>	<u>(2,345,777)</u>

13. FINANCIAL MANAGEMENT AND FINANCIAL INSTRUMENTS**13.1 Financial risk factors**

The Company's activities expose it to a variety of financial risks, market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

There have been no changes in the risk management policies during the period, consequently this condensed interim financial information does not include all the financial risk management information and disclosures required in the annual financial statements.

13.2 Fair value estimation

The carrying value of all financial assets and liabilities reflected in this condensed interim financial information approximate their fair values.

14. TRANSACTIONS WITH RELATED PARTIES

Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in this condensed interim financial information, are as follows:

Nature of relationship	Nature of transactions	Unaudited Half Year ended June 30, 2015	Audited Half Year ended June 30, 2014
		Rupees	
<i>Holding Company</i>	Purchase of services	30,787	27,862
	Services rendered	34,982	26,266
	Contribution for staff retirement benefits	25,507	14,688
	Payment of dividend	334,575	418,868
	Contribution for Corporate Social Responsibility (CSR) activities	3,907	3,360
<i>Associated undertakings</i>	Purchase of services	20,748	28,362
	Services rendered	9,404	6,821
	Contribution for CSR activities	4,000	3,500
<i>Key management personnel</i>	Managerial remuneration	36,391	32,239
	Retirement benefit schemes	2,930	2,387
	Other benefits	-	4,362
<i>Staff retirement benefits - Gratuity Fund</i>	Contribution	2,237	1,917



15. CORRESPONDING FIGURES

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

16. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorised for issue on August 7, 2015 by the Board of Directors of the Company.

17. NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors in its meeting held on August 7, 2015 have declared an interim cash dividend of Rs. 1 per share amounting to Rs. 323,800.



Khalid Siraj Subhani
Chairman



Syed Muhammad Ali
Chief Executive Officer



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