Energy That Moves Life

QUARTERLY REPORT JAN-MAR 2014

Formerly Karachi Electric Supply Company Limited

Company Information

Board of Directors (BOD)
Chairman
Tabish Gauhar

Chief Executive Officer
Nayyer Hussain

Independent Director
Khalid Rafi

Non-Executive Directors
Frederic Sicre
Mubasher H. Sheikh
Muhammad Tayyab Tareen
Muhammad Zargham Eshaq Khan
Noor Ahmed
Omar Khan Lodhi
Shan A. Ashary
Sohail Akber Shah
Wahid Hamid

Executive Director
Syed Arshad Masood Zahidi

Board Audit Committee (BAC)

Khalid Rafi	Chairman
Mubasher H. Sheikh	Member
Muhammad Tayyab Tareen	Member
Tabish Gauhar	Member
Wahid Hamid	Member

Board Human Resource & Remuneration Committee (BHR&RC)

Tabish Gauhar	Chairman
Shan A. Ashary	Member
Muhammad Tayyab Tareen	Member

Board Finance Committee (BFC)

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

Chief Financial Officer
Syed Moonis Abdullah Alvi

Company Secretary
Muhammad Rizwan Dalia

Chief Internal Auditor
Khalilullah Shaikh

Legal Adviser
Abid S. Zuberi & Co.

External Auditors
KPMG Taseer Hadi & Company,
Chartered Accountants

Share Registrar
Central Depository Company of Pakistan Limited

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

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

Website
www.ke.com.pk

K-Electric Limited

(Formerly: Karachi Electric Supply Company Limited)

Brief Review

I am pleased to present the Condensed Interim Financial Information (un-audited) of K-Electric Limited (KE) for the nine (9) months ended 31 March 2014 on behalf of the Board of Directors. Key operational and financial results are summarized below:

		JUL-MAR 2014 (Nine Months)	JUL-MAR 2013 (Nine Months)
OPERATIONAL		(UNITS- GWh)	
Units generated (net of auxiliary)		5,487	5,545
Units purchased		5,448	5,386
Total units available for distribution		10,935	10,931
Units billed		8,195	7,894
Transmission & Distribution Losses %		25.1%	27.8%
		(PKR- MILLIONS)	
			Restated
FINANCIAL			
Revenue		138,347	136,004
Profit before taxation		5,536	1,956
Taxation		734	2,575
Profit for the period		6,270	4,531
Earning per share -BASIC/DILUTED	(Rupees)	0.23	0.17
Earning before Interest, Tax, Depreciation and Amortization (EBITDA)		20,707	19,182

FINANCIAL REVIEW:

KE revenue increased by 1.8% during the period due to reduction in Transmission and Distribution (T&D) losses. The T&D losses decreased to 25.1% as compared to 27.8% during corresponding period showing a reduction of 2.7%. The improvement in T&D and efficient generation of electricity contributed towards improvement of 8% in EBITDA. Finance cost, though still high on account of circular debt, witnessed significant reduction mainly due to repayments of long term financing principal amount.

There is serious concern regarding non-resolution of power sector circular debt issues by the Government, as receivables from provincial and federal government rose to Rs 83 billion including Karachi Water and Sewerage Board and City District Government Karachi amounting to Rs 28 billion and Rs 7 billion respectively. These receivable are significantly hampering the ability of the Company to operate efficiently. The Company is working closely with the concerned government departments for timely realization of dues.

FINANCING

LAUNCH OF KE SUKUKS

As stated in the previous report SUKUK issue of your Company of up to PKR 6 billion was oversubscribed within twelve (12) business hours of commencement of its subscription period on 24 February 2014 which is testament of investors' confidence in the Company.

ACTIVITIES UNDER REVIEW

GENERATION EXPANSION and REHABILITATION

Closing of Cycle at Korangi Combined Cycle Power Plant (KCCPP)

KE signed EPC contract with M/s. IEG for installation of Heat Recovery Steam Generators (HRSG) and Steam Turbine at the station so that the remaining two (2) Gas Turbines (GTs) can also operate in combined cycle mode. Upon completion of the project the station efficiency will increase to 45.5% from 42% and the installed capacity will increase by approx 27MW. Notice to Proceed (NTP) was issued in January 2013. Project has achieved significant progress in the review quarter, major civil works are completed and installation of machinery and equipment is in progress.

9.56 MW x 2 Waste Heat Recovery Project at SGTPS & KGTPS (GE-JB)
Thirty-two (32) gas engines of 2.739 MW each are installed at SGTPS & KGTPS stations, pursuing the policy of continued investment for improving efficiency and enhancing capacity, KE signed an EPC Contract with M/s. Descon on 12 October 2013 for setting up Steam Turbine (ST) at these sites. The successful completion of these projects will enhance the capacity by 9.56 MW at each of these stations and the efficiency of the stations will increase from 37% to 42%. NTP was issued on 12 Dec 2013 for KGTPS and on 26 Feb 2014 for SGTPS, whereas design reviews and equipment ordering is in progress.

TRANSMISSION NETWORK

Capacity Enhancement
During the period, capacity of five (5) power transformers of 30 MVA each and nine (9) power transformers of 20 MVA each was enhanced to 35 MVA and 23 MVA respectively, resulting in a total capacity addition of 52 MVA in the system. The said capacity addition was achieved by converting these transformers from ONAN to ONAF through installation of fans with auto control system. With 45 MVA capacity additions by using this method in previous quarters, cumulative addition of 97 MVA has been achieved during June 2013 to March 2014. Alongside, erection of two (2) mobile grids of 20 MVA each at KDA and Port Qasim grid is completed providing additional 40 MVA transmission capacity.

SITE and Korangi (S&K) Expansion Projects
EPC for KGTPS and SGTPS Generation Expansion Projects signed on 12 October 2013 properly described under Generation Review above, also includes the following transmission infrastructure:-

i) For KGTPS a new 132 kV GIS (14 bays) for which NTP has been issued on 12 December 2013 and commissioning is scheduled on 12 June 2015. Basic design package is under Owner's / Owner's Engineer review.

ii) For SGTPS four (04) additional 132 kV GIS bays have been included for safe evacuation of Steam Turbine (ST) Load. NTP has been issued on 26 February 2014 and commissioning is scheduled on 26 August 2015.

Agha Khan Grid project
K-Electric had signed a joint venture with Agha Khan Hospital and Medical College Foundation (AKHMCF) on 1 February 2013 to establish 132 kV Agha Khan Grid station. The project is likely to be completed by end of year 2014.

Transmission Package
Revised scope of transmission package has been finalized and project development and financing arrangement for 1st phase of the package are underway.

DISTRIBUTION

Transmission & Distribution Loss
The trend of minimizing T&D losses has gained momentum despite the odds and challenges presented by the prevailing economic conditions and unstable law and order situation in the city. The Company maintained its strict focus on installation of "Aerial Bundled Cabling" (ABC), as a means towards sustainable loss reduction in high loss areas despite external challenges. ABC has successfully been rolled-out to an additional thirty-four (34) Pole Mounted Transformers (PMTs) during the period resulting in significant reduction in losses on those PMTs.

Recovery Ratio
The recovery ratio, excluding Public Sector Consumers (PSC), during the period under review stood at 93% showing an improvement of 2.9% over the same period last year; while recoveries from PSC stood at 66%. The low recovery ratio from PSC was mainly due to non-payment by Karachi Water and Sewerage Board (KWSB) and City District Government Karachi (CDGK) despite consistent efforts of the management and engaging all the stakeholders. The resulting financial imbalances and liquidity crunch hamper new long-term capital intensive projects in the generation, transmission and loss reduction areas.

Moreover, the tariff increase as a result of reduction in Government's subsidy and excessive consumption of expensive furnace oil due to gas shortage has considerably eroded the consumers' propensity to pay. The Company undertook a number of measures for the low income groups like Rebate/Amnesty Scheme, easy installments of arrears and recovery camps which have yielded significant success to reduce the recovery gap.

Customer Facilitation
The Company is taking forward its resolve to provide seamless quality service to its valued customers through an exclusive online customer portal. The bandwidth of services offered at this portal will be broadened to include more options of online payment, prior information of customized outages and load shed schedule, and priority handling of complaints relating to billing and technical issues.

Network Health
System improvement and upkeep of distribution network are on-going processes. The Company is consistently adding capacity to the distribution system alongside preventive maintenance program conducted on Low Tension and High Tension networks. Since initiation of the program, preventive maintenance on 115 feeders has so far been completed bringing down the instances of feeder tripping by more than 45%.

Optimization
In order to achieve maximum utilization of available resources, the Company has streamlined current processes along with implementation of SAP ISU across all IBCs. The system is being leveraged to monitor operational KPIs in order to increase efficiency and to facilitate consumer experience. Furthermore, consumer centric projects like mobile meter reading to reduce billing errors, and Smart Grid System to reduce Aggregate Technical and Commercial (AT&C) loss and minimize outage response time are being implemented.

CORPORATE SOCIAL RESPONSIBILITY (CSR) and Sustainability Management
In line with the existing SEEDS framework, we have continued working towards Stakeholder Engagement and Enrichment.

The first KE Pride of Karachi Awards Ceremony was conducted with twenty five (25) recipients selected for categories including Literature, Performing & Visual Arts, Social Change-makers, Arts & Architecture and Sports. The ceremony was used to officially unveil K-Electric's new identity. KE's first Family Gala was held for all employees and their families at the Expo Center in four (4) halls. The two-day event included attractions for all ages like free games and food, live entertainment, lucky draws and fireworks displays. The gala was attended by over 31,000 people.

KE hosted a delegation from ADB for extensive visits to Company's installations, presentations on different aspects of the business, including KE's core operations and Sustainability Policy and presenting an extensive report tracking KE's ESG progress since the management change. In support to our strategic partner, TCF, their Rahbar Mentoring program was promoted through the AZM communication channels. Sponsorship was provided to NAPA's International Theatre Festival to help promote the art form in the city. Support was also provided to the All Pakistan Music Conference's Annual Festival. KE won the Corporate Social Responsibility Award 2014 from the National Forum for Environment and Health for support to the education sector. The ceremony was part of the 6th International CSR Summit.

STRATEGY AND BUSINESS DEVELOPMENT
In line with Company's vision to provide affordable, reliable and uninterrupted power supply to the citizens of Karachi, KE has embarked upon long term, sustainable and economical options for generation of power. With signing of EPC contract between K-Energy (Pvt) Ltd and HEI and subsequent approval by NEPRA of the transaction structure through modification in KE's generation license, KE has made progress on the coal conversion project in relation to its 1,260 MW (210 MW x 6) Bin Qasim Power Plant-I, starting with 420 MW in the first phase.

Realizing Coal as affordable fuel source for base load operation, KE has conceived setting up a 660 MW Coal based Power Plant at one of its power plant sites in Korangi. KE has already engaged potential EPC contractors and is currently reviewing options for execution of this project.

AGREEMENT WITH SSGC FOR STABLE GAS SUPPLY
The Company has signed an agreement with SSGC for stable gas supply and repayment of outstanding amounts. Signing of this agreement is a major achievement in the interest of KE consumers whereby SSGC shall maintain minimum gas supply of 210 MMCFD to KE during summer and 130 MMCFD in winter. This will help KE to run its efficient generation plants in order to maintain the current scheduled load shed regime.

BOARD OF DIRECTORS (BOD)
One (1) of the three (3) GOP nominees on KE BOD, Mr. Saifullah Chattha, Secretary, Ministry of Water & Power, GOP has been replaced and substituted with Mr. Sohail Akber Shah, Additional Secretary (Power), Ministry of Water & Power, GOP. The Board wishes to place on record appreciation of services of the outgoing director and welcomes the incoming one.

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

Nayyer Hussain
Chief Executive Officer

Karachi, 24 April 2014

K-Electric Limited

(Formerly Karachi Electric Supply Company Limited)

Condensed Interim Balance Sheet

As at 31 March 2014

	Note	31 March 2014 (Un-Audited)	30 June 2013 (Audited) (Restated)
		(Rupees in '000)	
ASSETS			
Property, plant and equipment	4	162,812,774	164,681,401
Intangible assets		342,097	504,823
		163,154,871	165,186,224
Long term loans and advances		31,841	41,220
Long term deposits and prepayments		105,530	104,594
		163,292,242	165,332,038
CURRENT ASSETS			
Due from the Government		317,750	317,750
Stores, spare parts and loose tools		5,505,132	4,607,043
Trade debts	5	69,222,375	62,843,648
Loans and advances		1,228,433	418,979
Trade deposits and short term prepayments		2,630,578	2,736,495
Other receivables	6	42,223,430	38,498,853
Derivative financial assets		1,902,395	2,523,006
Taxation-net		947,646	810,957
Cash and bank balances		822,656	790,396
		124,800,395	113,547,127
TOTAL ASSETS		288,092,637	278,879,165
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		96,261,551	96,261,551
Reserves			
Capital reserves		509,172	509,172
Share premium		1,500,000	1,500,000
Revenue reserves		5,372,356	5,372,356
Accumulated losses		(67,040,423)	(74,674,804)
Other reserve		(392,279)	(490,460)
		(60,051,174)	(67,783,736)
TOTAL EQUITY		36,210,377	28,477,815
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		23,872,377	25,236,527
		60,082,754	53,714,342
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	7	17,923,023	24,901,685
Long term deposits		5,601,983	5,114,912
Deferred liabilities		5,345,311	5,299,062
Deferred revenue		15,516,144	15,600,186
Deferred tax liability		12,854,354	13,588,899
		57,240,815	64,504,744
CURRENT LIABILITIES			
Current maturity of long term financing		12,006,958	14,964,692
Trade and other payables	8	108,442,059	96,214,810
Accrued mark-up		5,724,096	5,776,415
Short term borrowings	9	38,769,506	37,608,485
Short term deposits		5,816,471	6,085,699
Provisions		9,978	9,978
		170,769,068	160,660,079
CONTINGENCIES AND COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		288,092,637	278,879,165

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

Nayyer Hussain
Chief Executive Officer

Mubasher H. Sheikh
Director

K-Electric Limited

(Formerly Karachi Electric Supply Company Limited)

Condensed Interim Profit & Loss Account (Un-Audited)

For the nine months period ended 31 March 2014

	Note	Nine Months Period Ended 31 March 2014	Nine Months Period Ended 31 March 2013 (Restated)	Three Months Period Ended 31 March 2014	Three Months Period Ended 31 March 2013 (Restated)
		(Rupees in '000)			
REVENUE					
Sale of energy – net		97,691,109	78,977,415	29,277,778	22,643,713
Tariff adjustment		40,492,280	56,863,675	13,413,537	18,960,056
Rental of meters and equipment		163,500	163,126	54,547	54,281
		138,346,889	136,004,216	42,745,862	41,658,050
EXPENDITURE					
Purchase of electricity	11	(62,514,938)	(58,904,086)	(22,449,443)	(21,069,004)
Consumption of fuel and oil	12	(43,494,269)	(46,481,783)	(10,535,360)	(10,708,059)
		(106,009,207)	(105,385,869)	(32,984,803)	(31,777,063)
Expenses incurred in generation, transmission and distribution		(11,106,164)	(10,525,650)	(3,752,602)	(3,440,202)
GROSS PROFIT		21,231,518	20,092,697	6,008,457	6,440,785
Consumers services and administrative expenses		(11,270,646)	(11,084,020)	(3,981,371)	(3,902,933)
Other operating expenses		(687,874)	(183,981)	(112,518)	(117,012)
Other operating income		4,567,318	3,677,823	1,865,569	1,111,608
		(7,391,202)	(7,590,178)	(2,228,320)	(2,908,337)
OPERATING PROFIT		13,840,316	12,502,519	3,780,137	3,532,448
Finance costs	13	(8,304,629)	(10,546,935)	(2,478,096)	(2,426,255)
PROFIT BEFORE TAXATION		5,535,687	1,955,584	1,302,041	1,106,193
Taxation -					
- Prior		-	1,823,548	-	-
- Deferred		734,543	751,936	250,189	249,730
		734,543	2,575,484	250,189	249,730
NET PROFIT FOR THE PERIOD		6,270,230	4,531,068	1,552,230	1,355,923
		(Rupees)			
EARNING PER SHARE - BASIC / DILUTED		0.23	0.17	0.06	0.05
		(Rupees in '000)			
Earning Before Interest, Tax, Depreciation and Amortization (EBITDA)		20,707,506	19,182,010	6,082,682	5,778,184

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

Nayyer Hussain
Chief Executive Officer

Mubasher H. Sheikh
Director

K-Electric Limited

(Formerly Karachi Electric Supply Company Limited)

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the nine months period ended 31 March 2014

	Nine Months Period Ended		Three Months Period Ended	
	31 March 2014	31 March 2013 (Restated)	31 March 2014	31 March 2013 (Restated)
	(Rupees in '000)			
Net profit for the period	6,270,230	4,531,068	1,552,230	1,355,923
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	98,181	98,186	32,727	32,722
Items that will never be reclassified to profit and loss account				
Effect of change in accounting policy with respect to accounting for actuarial gains and (losses)	-	348,958	-	116,319
Total comprehensive income for the period	6,368,411	4,978,212	1,584,957	1,504,964

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

Nayyer Hussain
Chief Executive Officer

Mubasher H. Sheikh
Director

K-Electric Limited

(Formerly Karachi Electric Supply Company Limited)

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

For the nine months period ended 31 March 2014

	Issued, Subscribed and Paid-up Capital				Reserves						Equity
	Ordinary shares	Redeemable preference shares	Transaction costs	Total share capital	Capital reserves	Share premium	Revenue reserves	Accumulated losses	Other reserves	Total	Total
	(Rupees in '000)										
Balance as at 30 June 2012 as previously reported	87,271,178	6,000,000	(313,229)	92,957,949	509,172	-	5,372,356	(82,854,798)	(621,373)	(77,594,643)	15,363,306
Effect of retrospective change in accounting policy with respect to accounting for actuarial gains and / (losses)	-	-	-	-	-	-	-	(518,552)	-	(518,552)	(518,552)
Effect of retrospective change in accounting policy with respect to accounting for depreciation of major spare parts, servicing and stand by equipments	-	-	-	-	-	-	-	(297,968)	-	(297,968)	(297,968)
Balance as at 30 June 2012 restated	87,271,178	6,000,000	(313,229)	92,957,949	509,172	-	5,372,356	(83,671,318)	(621,373)	(78,411,163)	14,546,786
Total comprehensive income for the nine month period ended 31 March 2013											
Net profit for the period - restated	-	-	-	-	-	-	-	4,531,068	-	4,531,068	4,531,068
Other comprehensive income											
Changes in fair value of cash flow hedges - net	-	-	-	-	-	-	-	-	98,186	98,186	98,186
Total comprehensive income / (loss) for the period	-	-	-	-	-	-	-	4,531,068	98,186	4,629,254	4,629,254
Effect of retrospective change in accounting policy with respect to accounting for actuarial gains and losses	-	-	-	-	-	-	-	348,958	-	348,958	348,958
Incremental depreciation relating to surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	-	-	-	1,396,451	-	1,396,451	1,396,451
Transaction with owners recorded directly in equity											
Issuance of 1,394,857,142 ordinary shares @ Rs 3.5 each	4,882,001	-	(33,477)	4,848,524	-	-	-	-	-	-	4,848,524
Cancellation of 1,714,285,713 redeemable preference shares	-	(6,000,000)	-	(6,000,000)	-	-	-	-	-	-	(6,000,000)
Issuance of 1,285,714,284 ordinary shares in lieu of cancellation of redeemable preference shares	4,500,000	-	(44,922)	4,455,078	-	-	-	-	-	-	4,455,078
Share premium on issuance of ordinary shares in lieu of cancellation of redeemable preference shares	-	-	-	-	-	1,500,000	-	-	-	1,500,000	1,500,000
Balance as at 31 March 2013 restated	96,653,179	-	(391,628)	96,261,551	509,172	1,500,000	5,372,356	(77,394,841)	(523,187)	(70,536,500)	25,725,051
Total comprehensive income for the three month period ended 30 June 2013											
Net profit for the period	-	-	-	-	-	-	-	2,141,613	-	2,141,613	2,141,613
Other comprehensive income											
Changes in fair value of cash flow hedges - net	-	-	-	-	-		-	-	32,727	32,727	32,727
Total comprehensive income / (loss) for the period	-	-	-	-	-	-	-	2,141,613	32,727	2,174,340	2,174,340
Effect of retrospective change in accounting policy with respect to accounting for actuarial gains and losses	-	-	-	-	-	-	-	116,319	-	116,319	116,319
Incremental depreciation relating to surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	-	-	-	462,105	-	462,105	462,105
Balance as at 30 June 2013 restated	96,653,179	-	(391,628)	96,261,551	509,172	1,500,000	5,372,356	(74,674,804)	(490,460)	(67,783,736)	28,477,815
Total comprehensive income for the nine month period ended 31 March 2014											
Net profit for the period	-	-	-	-	-	-	-	6,270,230	-	6,270,230	6,270,230
Other comprehensive income											
Changes in fair value of cash flow hedges - net	-	-	-	-	-	-	-	-	98,181	98,181	98,181
Total comprehensive income / (loss) for the period	-	-	-	-	-	-	-	6,270,230	98,181	6,368,411	6,368,411
Incremental depreciation relating to surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	-	-	-	-	1,364,151	-	1,364,151	1,364,151
Balance as at 31 March 2014	96,653,179	-	(391,628)	96,261,551	509,172	1,500,000	5,372,356	(67,040,423)	(392,279)	(60,051,174)	36,210,377

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

Nayyer Hussain
Chief Executive Officer

Mubasher H. Sheikh
Director

K-Electric Limited

(Formerly Karachi Electric Supply Company Limited)

Condensed Interim Cash Flow Statement (Un-Audited)

For the nine months period ended 31 March 2014

	Nine Months Period Ended	
	31 March 2014	31 March 2013 (Restated)
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	5,535,687	1,955,584
Adjustments for non-cash charges and other items:		
Depreciation and amortization	6,867,190	6,679,491
Provision for deferred liabilities	638,111	764,599
Provision for slow moving stores, spare parts and loose tools	141,466	50,453
Provision for debts considered doubtful	4,418,424	4,444,420
Gain on sale of fixed assets	(108,193)	(150,775)
Finance costs	8,304,629	10,546,935
Amortization of deferred revenue	(896,909)	(869,649)
Return on bank deposits	(250,234)	(275,276)
Operating profit before working capital changes	24,650,171	23,145,782
Working capital changes		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(1,039,555)	(408,587)
Trade debts	(10,797,151)	(10,497,718)
Loans and advances	(809,454)	(22,128)
Trade deposits and prepayments	105,917	283,441
Other receivables	(3,724,577)	(5,168,911)
	(16,264,820)	(15,813,903)
Increase / (decrease) in current liabilities		
Trade and other payables	13,528,566	7,285,797
Short term deposits	(269,227)	380,439
	13,259,339	7,666,236
Cash generated from operations	21,644,690	14,998,115
Deferred liabilities paid	(591,861)	(627,818)
Advance tax	(136,689)	(74,984)
Receipts in deferred revenue	812,867	662,103
Finance cost paid	(8,298,781)	(8,710,630)
Interest received on bank deposits	250,234	275,276
Net cash from operating activities	13,680,460	6,522,062
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure incurred	(4,922,670)	(2,671,593)
Proceed from disposal of fixed assets	212,529	180,698
Long term loans	9,379	15,109
Long term deposits	(936)	14,108
Net cash used in investing activities	(4,701,698)	(2,461,678)
CASH FLOWS FROM FINANCING ACTIVITIES		
Subscription of shares	-	4,882,000
Payment of long term financing - net	(10,594,594)	(14,642,708)
Transaction cost for capital issuance	-	(78,397)
KE Azm Sukuk Certificates receipts net off transaction cost	5,640,618	-
Short term borrowing acquired	901,608	3,013,617
Security deposit from consumers	487,071	245,055
Net cash used in financing activities	(3,565,297)	(6,580,433)
Net increase / (decrease) in cash and cash equivalent	5,413,465	(2,520,049)
Cash and cash equivalent at beginning of the period	(6,927,479)	(2,172,509)
Cash and cash equivalent at end of the period	(1,514,014)	(4,692,558)

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

Nayyer Hussain
Chief Executive Officer

Mubasher H. Sheikh
Director

1. THE COMPANY AND ITS OPERATIONS

1.1 K-Electric Limited (formerly Karachi Electric Supply Company Limited) "the Company" was incorporated as a limited liability company on 13 September 1913 under the repealed Indian Companies Act, 1882 (now Companies Ordinance, 1984). The Company is listed on Karachi, Lahore and Islamabad Stock Exchanges.

On 16 January 2014 the Company after obtaining all necessary statutory approvals has changed its name from Karachi Electric Supply Company Limited to K-Electric Limited.

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

The registered office of the Company is situated at KE House (formerly KESC House), 39-B, Sunset Boulevard, Phase II, DHA, Karachi. KES Power Limited (the holding company) holds 69.20 percent (30 June 2013: 69.20 percent) shares in the Company.

2. BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information has been prepared in condensed form in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting and is being submitted to shareholders in accordance with the requirements of section 245 of the Companies Ordinance, 1984. This condensed interim financial information does not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended 30 June 2013.

3. ACCOUNTING POLICIES

The accounting policies and method of computation adopted in the preparation of these condensed interim financial information are the same as those applied in the preparation of the annual financial statments for the year ended 30 June 2013 except as mentioned below:

Amendments to certain existing standards and new interpretations on approved accounting standards effective during the period either were not relevant to the Company's operations or did not have any significant impact on the accounting policies of the Company except where changes affected presentation and disclosure in this condensed interim financial information.

3.1 Change in accounting policy - Employee retirement and other service benefits

International Accounting Standard (IAS 19) (revised) 'Employee benefits' amends the accounting for employment benefits which became effective to the Company from 1 July 2013. The changes introduced by the IAS 19 (revised) are as follows:

(a) The standard requires past service cost to be recognized immediately in profit or loss;

(b) The standard replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit assets or liability and the discount rate, measured at the beginning of the year;

(c) There is new term "remeasurement". This is made up of actuarial gains and losses, the differences between actual investment returns and return implied by the net interest cost; and

(d) The amendment requires an entity to recognize remeasurements immediately in other comprehensive income. Actuarial gains or losses beyond corridor limits were previously amortized over the expected future services of the employees.

Revised accounting policy as a result of amendment to IAS 19 is as follows:

3.2 Employee retirement and other service benefits

The Company operates an approved unfunded defined benefit gratuity scheme for all its employees, offers post retirement medical coverage to its eligible employees and their dependents and provides rebate on their electricity bills to its eligible retired employees. Provisions are made to cover the obligations on the basis of actuarial valuation and are charged to Profit and loss account using the Project Unit Credit Method. Actuarial gains and losses are recognized immediately in other comprehensive income.

3.3 Effect of change in accounting policy

This change in accounting policy has been accounted for retrospectively in accordance with IAS 8 "Accounting policies, Changes in Accounting Estimates and Errors", these have resulted in adjustment of prior year financial statements.

Effects of retrospective application of change in accounting policy are as follows:

Un-recognized actuarial gains and losses of prior periods have been recognized in the statement of financial position through other comprehensive income. The cumulative balance for un-recognized actuarial losses that existed as at 30 June, 2012 as well as the actual amounts recognized for the year ended 30 June, 2013 have been presented and disclosed as part of the statement of changes in equity, while the corresponding period adjustment through other comprehensive income is presented and disclosed as part of the Statement of Comprehensive Income. The balance sheet also presents the prior year numbers as restated, due to the said change.

	As at 30 June 2013		
	As previously reported	Effect of change	As Restated
	(Rs in 000)		
Effect on statement of financial position			
Increase in payable to deferred liabilities	5,245,788	53,274	5,299,062
Increase in accumulated losses	74,267,606	53,274	74,320,880

	Nine months period ended on 31 March 2014	Three months period ended on 30 June 2013	Nine months period ended on 31 March 2013	Prior to July 01, 2012
		(Rs in 000)		
Effect on other comprehensive Income				
Actuarial gains / (losses) reclassified to other comprehensive income	-	116,319	348,958	(518,552)

3.4 Change in accounting policy - Property, Plant and Equipment

During the current period, Company with effect from 01 July 2013 adopted the amendments to International Financial Reporting Standards (IFRS) (IAS 16) which clarifies the accounting of spare parts, stand-by equipment and servicing equipment and recognized major spare parts, stand-by equipment and servicing equipment as property, plant and equipment as they meet the definition of property, plant and equipment as per IAS 16 and depreciate these spares over the remaining useful lives of the plant and machinery to which they belong. Previously these were classified as consumable spares / inventory under the then relevant provisions of IAS 16.

Changes in accounting policy of property, plant and equipment is as follows:

3.5 Property, Plant and Equipment

Initial recognition

The cost of an item of property, plant and equipment is recognized as an asset if it is probable that future economic benefits associated with the item will flow to the entity and the cost of such item can be measured reliably. Recognition of the cost in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by the Management. Major spare parts, stand-by equipment and servicing equipment are also recognized in property, plant and equipment when they meet the definition of property, plant and equipment.

Depreciation

Depreciation is charged to profit and loss account, applying the straight line method whereby costs of assets, less their residual values, is written off over their estimated useful lives. Depreciation on transmission and distribution network related major spare parts, stand-by equipment and servicing equipment is charged after one year from the date of purchase of such spares.

3.6 Effect of change in accounting policy

This change in accounting policy has been accounted for retrospectively in accordance with IAS 8 "Accounting policies, Changes in Accounting Estimates and Errors", these have resulted in adjustment of prior year / period financial statements.

Effects of retrospective application of change in accounting policy are as follows:

Depreciation on major spare parts, stand-by equipments and servicing equipments of prior periods have been recorded by adjusting the appropriate line items of condensed interim profit and loss account. The cumulative depreciation balance that existed as at 30 June 2012 and as well the depreciation amount for the financial year ended 30 June, 2013 have been presented and disclosed as part of the statement of changes in equity. While the corresponding period adjustments has been incorporated through adjusting the appropriate line items of condensed interim profit and loss account.

The Statement of Financial Position also presents the prior year numbers as restated due to the said change.

	As at 30 June 2013		
	As previously reported	Effect of change	As Restated
	(Rupees in '000)		
Effect on statement of financial position			
Increase in operating fixed assets	163,011,738	1,669,663	164,681,401
Increase in accumulated losses	74,267,606	353,924	74,621,530
Decrease in stores, spares and loose tools	6,630,630	2,023,587	4,607,043

	Nine months period ended on 31 March 2014	Three months period ended on 30 June 2013	Nine months period ended on 31 March 2013	Prior to July 01, 2012
	(Rupees in '000)			
Effect on condensed Interim Profit and Loss account				
Depreciation	(49,221)	(13,989)	(41,967)	(297,968)

	As at 30 June 2013		
	As previously reported	Effect of change	As Restated
	(Rupees in '000)		
Total effect of changes in accounting policy			
Accumulated losses	74,267,606	407,198	74,674,804

		31 March 2014 (Un-audited)	30 June 2013 (Audited) (Restated)
		(Rupees in '000)	
4.	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	151,639,664	155,260,215
	Capital work-in-progress	11,173,110	9,421,186
		162,812,774	164,681,401

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

	Additions	Transfer In	Transfer from	Disposals	
				Cost	Accumulated depreciation
	(Rupees in '000)				
Building on freehold land	101,287	-	-	61,142	54,872
Plant and machinery	836,403	-	-	271	58
Transmission and distribution network	1,879,588	-	-	299,017	209,595
Others	159,165	-	-	26,743	18,313
Capital work-in-progress	4,817,526	-	2,976,443	-	-
Major spare parts, stand-by equipments and servicing equipments	735,880	-	175,718	-	-
	8,529,849	-	3,152,161	387,173	282,838

5. TRADE DEBTS

	Note	31 March 2014 (Un-audited)	30 June 2013 (Audited)
		(Rupees in '000)	
Considered good			
Secured – against deposits from consumers		576,357	629,323
Unsecured		68,646,018	62,214,325
	5.1	69,222,375	62,843,648
Considered doubtful		27,102,045	23,150,546
		96,324,420	85,994,194
Provision for impairment (against debts considered doubtful)	*5.2*	(27,102,045)	(23,150,546)
		69,222,375	62,843,648

5.1 This includes gross receivable of Rs. 39,337 million (30 June 2013: Rs. 33,127 million) due from Government and autonomous bodies, including Karachi Water and Sewerage Board and City District Government Karachi amounting to Rs. 28,187 million (30 June 2013: Rs. 23,047 million) and Rs. 7,258 million (30 June 2013 : Rs. 6,064 million) less unrecorded late payment surcharge from them of Rs. 2,340 million (30 June 2013: Rs 1,950 million) and Rs. 1,013 million (30 June 2013: Rs. 857 million) respectively. It is Management's contention that the calculation of late payment surcharge on Public Sector Consumers should be made on the same basis as the accrued interest on delayed payments on account of circular debt situation. If the similar basis is adopted, then the above receivable amount would substantially increase.

5.2 Provision for impairment (against debts considered doubtful)

		31 March 2014	30 June 2013
Opening balance		23,150,546	17,682,730
Provision made during the period / year		4,418,424	6,155,460
		27,568,970	23,838,190
Provision on debts written off during the period / year		(466,925)	(687,644)
		27,102,045	23,150,546

6. OTHER RECEIVABLES

	Note	31 March 2014	30 June 2013
Considered good			
Sales tax - net		6,188,729	5,431,920
Due from the Government of Pakistan in respect of:			
- Tariff adjustment and others	*6.1*	35,694,910	32,704,935
- Interest receivable from GoP on demand finance liabilities		237,173	237,173
		35,932,083	32,942,108
Others		102,618	124,825
		42,223,430	38,498,853
Considered doubtful			
Sales tax		236,922	232,050
Provision for impairment		(236,922)	(232,050)
		-	-
Due from a Consortium of Suppliers of Power Plant		363,080	363,080
Provision for impairment		(363,080)	(363,080)
		-	-
		42,223,430	38,498,853

6.1 The amount has been adjusted on account of certain NEPRA determinations which the Company is not in agreement with and has taken up with relevant authorities for resolution. These also include certain adjustments relating to NEPRA.

	Note	31 March 2014 (Un-audited)	30 June 2013 (Audited)
7. LONG-TERM FINANCING		(Rupees in '000)	
From banking companies and financial institutions - Secured			
International Finance Corporation (IFC)		5,960,552	7,094,755
Syndicate term loan		2,880,000	3,840,000
Asian Development Bank (ADB)		7,590,967	9,016,526
Foreign currency term loan		381,445	769,904
Syndicated commercial facility		354,167	708,333
Syndicated structured term finance facility		5,525,000	6,800,000
Structured Islamic Term Financing - Musharakah		1,350,000	1,800,000
Faysal Bank Limited - medium term loan		1,462,500	1,800,000
		25,504,631	31,829,518
Current maturity shown under current liabilities		(8,084,759)	(8,288,096)
		17,419,872	23,541,422
Others - Secured			
Due to oil and gas companies		517,750	606,938
Current maturity shown under current liabilities		(517,750)	(606,938)
		-	-
Unsecured			
GoP loan for the electrification of Hub Area		26,000	26,000
Gul Ahmed Energy Limited	7.1	997,679	-
Karachi Nuclear Power Plant		539,263	989,263
BYCO Petroleum Pakistan limited		199,658	669,658
		1,736,600	1,658,921
Current maturity thereof shown under current liabilities			
Due to Gul Ahmed Energy Limited		(520,528)	-
Due to Karachi Nuclear Power Plant		(539,263)	(600,000)
Due to BYCO Petroleum Pakistan Limited		(199,658)	(669,658)
		(1,259,449)	(1,269,658)
Due to the Government and autonomous bodies - related parties		2,145,000	5,745,000
Current maturity thereof shown under current liabilities		(2,145,000)	(4,800,000)
		-	945,000
		17,923,023	24,901,685

7.1 This represents remaining amount of outstanding Non Esclable Capacity Purchase Price Component (NEC FEI outstanding amount) under schedule 6 of Power Purchase Agreement payable to Gul Ahmed Energy Limited (GAEL), the Company earlier disputed its obligation under PPA to pay this amount to GAEL by raising dispute invoice notices. Company during the current period by entering an agreement with GAEL agreed to settle this outstanding amount in 30 equal monthly settlement installments starting from September 2013.

		31 March 2014 (Un-audited)	30 June 2013 (Audited)
8. TRADE AND OTHER PAYABLES	*Note*	(Rupees in '000)	
Trade creditors			
Power purchases		42,734,276	31,161,135
Fuel and gas		38,301,175	47,715,353
Others		4,981,752	3,538,889
		86,017,203	82,415,377
Murabaha finance facilities	*8.1*	3,886,670	1,500,000
Accrued expenses		2,355,420	2,059,114
Advances / credit balances of consumers			
Energy		483,746	646,923
Others		989,013	1,142,066
		1,472,759	1,788,989
Other liabilities		14,710,007	8,451,330
		108,442,059	96,214,810

8.1 During the current period the company has obtained financing facilities under Islamic mode of financing from banks for payment to fuel suppliers and working capital needs to the extent of Rs. 2,386 million (30 June,2013: 1,500 million). These facilities carry profit rate of three to six month KIBOR plus 1.50% to 2.00% p.a. (30 June, 2013: 1.70% to 1.75% p.a.). These are secured under joint parri passu charge on company's current assets and specific gird stations via letters of Hypothecation.

9. SHORT-TERM BORROWINGS – Secured			
From banking companies			
Short term borrowings			
Bridge term finance facility		1,871,108	2,032,922
Bills payable		24,993,148	20,886,303
Short term running finances		2,336,670	7,717,875
Short term loan		-	2,500,000
Structured invoice financing		2,245,000	2,500,000
From others			
KES Power Limited - holding company		45,358	45,572
KESC Azm Certificates		1,637,604	1,925,813
KE Azm Sukuk Certificates	*9.1*	5,640,618	-
		38,769,506	37,608,485

9.1 During the current period, the Company offered Azm Sukuk Certificates to general public amounting to Rs 6,000 million. The issue was fully subscribed and the amount of Rs 5,640 million represents the subscription money, net off the transaction costs. The frequency of profit payment of these certificates is ranging from one to three months at 1 month Kibor + 100 bps per annum to 3 month Kibor + 275 bps per annum. These certificates are issued for a tenure from thirteen to sixty months and are structured in such a way to redeem 100% of the principal amount at the end of the respective tenures. The Sukuk holders, however, may ask the Company for Early Purchase Option after 26 December, 2014. In that case, the certificates shall be redeemed in accordance with the discount rates on face value, varied according to the terms of the respective certificates' tenure. These certificates are secured by way of exclusive hypothecation charge on the unencumbered grid stations of total value of Rs 8,103 million and relevant insurance rights.

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

10.1.1 Contingencies as disclosed in notes 31.1 and 42 to the annual financial statements of the Company for the year ended 30 June 2013 remain unchanged, except for certain updations as mentioned below ;

10.1.2 During last year National Electric Power Regulatory Authority (NEPRA) issued a corrigendum vide its letter no.NEPRA/TRF-133/KESC-2009/10401-10404 dated 23 November 2012 whereby Schedule of Tariff (SoT) for the period July 2009 to March 2010 had to be adjusted by Rs. 2.79/kWh, an increase for all the categories of consumer uniformly (except for life line consumers). However NEPRA believes, due to error, the SoT was inadvertently adjusted for four consumer categories and the effect of the error was carried forward in the subsequent determined SoTs up to quarter January 2012 – March 2012.

Accordingly, NEPRA has issued a revised SoT which resulted in decrease of approximately Paisa 14/kWh in the determined tariff. The said corrigendum resulted in retrospective and unilateral decrease in previously determined rates of tariff for certain consumer categories resulting in a decrease in tariff differential claim amounting to Rs. 5,842 million from Ministry of Water and Power Pakistan (MoW&P) for the relevant period ended 31 March 2014.

The Company disagreed with the alleged corrigendum and filed a law suit against NEPRA and MoW&P in the Honorable High Court of Sindh based on the grounds that NEPRA did not follow its own prescribed review procedure in relation to the alleged corrigendum by not providing the Company an opportunity of being heard. Further, NEPRA while calculating the determination as given in the aforementioned alleged corrigendum has taken 25% Transmission and Distribution losses instead of 27% for July 2009 to December 2009 and made its calculation based on natural gas rate of Rs. 349.56/MMBTU instead of Rs. 333.89/MMBTU. It was respectfully submitted that the two ignored factors would results in an increase of Paisa 14.61/kWh and the net effect of alleged decrease in tariff by NEPRA and increase established by the Company would be negligible.

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

In pursuance of the said Honorable High Court of Sindh decision, NEPRA issued a notice to the Company for hearing which was held on 30 September, 2013. Afterwards on 31 March 2014, NEPRA issued its decision and maintained its earlier stance and reached the same conclusion as it had previously reached vide its earlier decision dated 20.11.2012 which was set-aside by Honorable High Court of Sindh in Suit No. 1740/2012.

The Company being aggrieved of the NEPRA's order as the contentions of the Company were rejected without any proper justification and basis with respect to Transmission and Distribution losses which were erroneously calculated at 25% instead of 27% and the price of natural gas which was incorrectly calculated at the rate of Rs. 333.98 / MMBTU instead of Rs. 349.56 / MMBTU, filed a suit No 556/2014 in Honorable High Court of Sindh at Karachi to set aside the impugned decision dated 31 March 2014 as the same was not made in accordance with the law. The Honorable High Court of Sindh dated 7 April 2014 passed an interim order whereby "the impugned decision/ determination was suspended to the extent of reduction made by NEPRA through the impugned decision in all tariff determinations/schedule of tariff from July 2009 till September 2013". On 15 April 2014, Honorable High Court of Sindh further ordered that NEPRA should act in accordance with law and shall not effect the issuance of Schedule of Tariff in compliance with the earlier order dated 7 April 2014. The case is pending at court of law.

10.1.3 As per the Gas infrastructure and Development Cess Act, 2011 (the Act), certain Companies as specified in the Act (including Sui Southern Gas Company) shall collect and pay Gas infrastructure and Development Cess (GIDC) in such manner as the Federal Government may prescribe. As per the second schedule of the Act, GIDC of Rs. 27 per MMBTU was applicable on the Company. Through Finance Bill 2012-2013, an amendment was made to the Act whereby the rate of GIDC applicable on the Company was increased to Rs. 100 per MMBTU. On 10 October 2012, the Company filed a suit bearing number 1389/2012 wherein it has impugned the Act on the ground that the rate of GIDC has been enhanced without any lawful justification and authority. The Honorable High Court of Sindh at Karachi vide its ad-interim order dated 10 October 2012 has restrained SSGC from charging GIDC above Rs. 27 per MMBTU. Consequently, on account of High Court order SSGC invoices the Company at Rs. 27 per MMBTU and accordingly the Company continues to record GIDC at Rs. 27 per MMBTU.

In a similar suit filed in the Peshawar High Court, the Court had granted an order on the levy of GIDC, which was then challenged in the Supreme Court of Pakistan. The Supreme Court has recently issued an interim injunction setting aside the order granted by Peshawar High Court. However, this has no bearing on the ad-interim injunction presently operating in favor of company's suit number 1389/2012. However, the final judgment in the appeal pending before the Honorable Supreme Court will have a direct bearing on suit number 1389/2012 and therefore the company has also filed intervener application in Civil Appeal number 1540/2013.

The matter of applicability of receiving Rs. 73 per MMBTU is pending with the competent court. The amount of differential of GIDC of Rs. 73 per MMBTU from 10 October 2012 to 31 March 2014 amounts to Rs. 5,790 million. The likelihood of incurrence of liability on account of GIDC differential is low and accordingly no liability has been booked in this regard. Further, in case the GIDC is made applicable the same is recoverable by them through tariff adjustment.

10.2 Claims not acknowledged as debts

Claims not acknowledged as debts as disclosed in notes 31.2 and 31.3 to the annual financial statements for the year ended 30 June 2013 have remain unchanged.

10.3	Commitments	Note	31 March 2014 (Un-audited)	30 June 2013 (Audited)
			(Rupees in '000)	
	Guarantees from banks		234,886	49,611
	Contracts with respect to Transmission Projects		1,479,278	1,479,378
	Outstanding Letters of Credit		3,319,960	1,683,962
	Payment in respect of maintenance of Combined Cycle Power Plant (220MW)		407,000	197,599
	Payment in respect of extension of Combined Cycle Power Plant (220 MW)		210,039	1,187,374
	Dividend on Preference Shares	*10.3.1*	1,119,453	1,119,453

10.3.1 The Company has not recorded any dividend on redeemable preference shares in view of accumulated losses and restriction on dividend placed by Senior lenders which are part of loan covenants.

		31 March 2014	31 March 2013
		(Un-audited)	
		(Rupees in '000)	
11.	PURCHASE OF ELECTRICITY		
	National Transmission and Despatch Company	40,975,838	39,842,692
	Independent Power Producers (IPPs)	19,028,405	15,477,008
	Karachi Nuclear Power Plant	2,510,695	3,584,386
		62,514,938	58,904,086
12.	CONSUMPTION OF FUEL AND OIL		
	Natural gas	21,909,049	21,666,007
	Furnace and other oils	21,585,220	24,815,776
		43,494,269	46,481,783
13.	FINANCE COSTS		
	Mark-up / interest on:		
	Mark-up / interest on short / long term borrowings	4,315,630	5,030,796
	Late payment surcharge on delayed payments to creditors	1,244,458	2,962,940
	Bank service, discounting charges and others	2,744,541	2,553,199
		8,304,629	10,546,935

14. TRANSMISSION AND DISTRIBUTION LOSSES

The transmission and distribution losses for the current period were 25.07% (30 June 2013: 27.82%). The trend of transmission and distribution losses over the years / period is as follows:

2001-2002	41.11%
2002-2003	40.78%
2003-2004	37.84%
2004-2005	34.23%
2005-2006	34.43%
2006-2007	34.23%
2007-2008	34.12%
2008-2009	35.85%
2009-2010	34.89%
2010-2011	32.20%
2011-2012	29.70%
2012-2013	27.82%
31 March 2014	25.07%

The company has been following a comprehensive plan focused towards the transmission and distribution network to improve reliability and reduce technical and distribution losses.

15. TRANSACTIONS / BALANCES WITH RELATED PARTIES

Related parties of the Company comprise of associated companies, state-controlled entities, staff retirement benefit plans, and the Company's directors and key management personnel.

Details of transactions / balances with related parties not disclosed elsewhere in the financial statements are as follows:

		31 March 2014	31 March 2013
		(Un-audited) (Rupees in '000)	
15.1	KES Power Limited, Parent Company		
	Reversal of accrued mark up	-	80,346
15.2	Government related entities, associated company and major suppliers		
	Purchase	84,492,675	100,749,059
	Late payment surcharge	1,002,470	1,294,226

		31 March 2014 (Un-audited)	30 June 2013 (Audited)
		(Rupees in '000)	
15.3	Government related entities and associated company Amount Payable included in		
	- Trade and other payables	72,294,374	68,441,702
	- Long term financing	2,344,658	6,414,658
15.4	Provident Fund		
	- Contribution to Provident Fund	367,838	491,213
	- Payable to Provident Fund	14,651	79,143
	These amounts have been settled subsequently.		
	KES Power Limited, Parent Company		
	Short term loan	45,358	45,572

16. Reclassification

Certain prior period figures have been reclassified to reflect more appropriate presentations of events and transactions for the purpose of comparisons. Major reclassifications made are as follows :

- Rs. 843 million has been reclassified in nine months period ended 31 March, 2013 from expenses incurred in generation, transmission and distribution to consumers services and administrative expenses.

17. GENERAL

The condensed interim financial information was authorized for issue on 24 April 2014 by the Board of Directors of the Company.

Nayyer Hussain
Chief Executive Officer

Mubasher H. Sheikh
Director