

# Chairman's Review

*In the name of Allah, the Benevolent, the Merciful.*

I am pleased to present the Annual Report of Kot Addu Power Company Limited for the financial year ended June 30, 2008.

It is heartening to note that the Company achieved a new record of delivering 8,863 GWh of electricity to its customer (WAPDA). The Company's contribution is significant as this represents 25.5% of the total electricity produced by the Independent Power Producers and approximately 9.5% of the total energy generated in Pakistan.

The Country has since last year experienced power shortages, which is manifested in load-shedding. This power shortage has placed the Company, like other IPPs, in a strategic position with its customer. To this end, the Power Plant is operated and maintained at the highest international standards which delivers high availability in a safe manner. At the year end, the Company achieved over three million man hours worked (1068 days) without a Lost Time Accident. This achievement is no coincidence, but is the result of the priority that the Company places on all aspects of safety at the Power Plant.

The Company's following accreditations to the Integrated Management System were renewed for three years (upto 2010) during the year:

**ISO-9001:2000**  
Quality Management System

**ISO-14001:2004**  
Environmental Management System

**OHSAS-18001:1999**  
Occupational Health and Safety Assessment Series

The Company's Community Relations and Social Action Plan continues to support the local communities around the Kot Addu vicinity with the primary focus on health care, education and safety. With a view to ensuring safety, the Company proposes to set-up for the Kot Addu

town a fully integrated fire fighting facility, which will include a fire fighting tender, station and fire-suits for the fire fighters. This project will be undertaken jointly with International Power plc.

The energy demand in Pakistan is on the increase. A challenge for the Company is not only to continue to provide reliable and economical power to its customer, but also to look at other avenues for enhancing its generation capabilities, which in-turn will add to shareholder value. To meet this challenge, the Company continues to pursue its proposed capacity expansion project, and to consider any other avenues for capacity expansion within the energy sector.

The Company's financial performance has improved over the previous year. The Company's profit before tax stands at Rs. 8,059 Million; while profit after tax is at Rs. 7,966 Million; leading to earnings per share (EPS) of Rs. 9.05 (2007; Rs. 5.67 per share). For further details kindly view the Directors Report and the audited financial statements.

In February 2008 the Board announced an Interim Dividend of Rs. 3.25 per share, which was paid in April 2008. Recognizing the free cash flow, the Board has decided to recommend a final dividend of Rs. 2.20 per share for the year ended June 30, 2008.

I would like to thank the employees whose teamwork, perseverance and dedication has contributed towards the Company attaining its objectives.

August 28, 2008  
Lahore



**Shakil Durrani\***  
(Chairman)

\*Mr. Shakil Durrani was appointed Director in place of Mr. Tariq Hamid on October 6, 2007 and elected Chairman of the Board of Directors on October 22, 2007.