



FIRST QUARTERLY REPORT

For The Period Ended March 31, 2014

The **POWER** To CHANGE LIFES

PAKGEN POWER LIMITED

CONTENTS

02	Company Profile
03	Directors' Report
04	Condensed Interim Balance Sheet
06	Condensed Interim Profit and Loss Account and Other Comprehensive Income
07	Condensed Interim Cash Flow Statement
08	Condensed Interim Statement of Changes in Equity
09	Selected Notes to the Condense Interim Financial Information

COMPANY PROFILE

THE COMPANY	<p>Pakgen Power Limited ("the Company") was incorporated in Pakistan on 22 June 1995 under the Companies Ordinance, 1984. The registered office is situated at 53-A, Lawrence Road, Lahore. The principal activities of the Company are to own, operate and maintain an oil fired power station ("the Complex") having gross capacity of 365 MW in Mehmood Kot, Muzaffargarh, Punjab, Pakistan.</p>	
BOARD OF DIRECTORS	<p>Mian Hassan Mansha Mr. Shahid Zulfiqar Khan Mr. Aurangzeb Feroz Mr. Kamran Rasool Mr. Khalid Qadeer Qureshi Mr. Mahmood Akhtar Mr. Shahid Malik Dr. Arif Bashir</p>	<p>Chairman Chief Executive Officer</p>
AUDIT COMMITTEE	<p>Mr. Aurangzeb Feroz Mr. Mark Nicholas Cutis Mr. Mahmood Akhtar</p>	<p>Chairman</p>
CHIEF FINANCIAL OFFICER	Mr. Khalid Qadeer Qureshi	
COMPANY SECRETARY	Mr. Khalid Mahmood Chohan	
BANKERS OF THE COMPANY	<p>Al Baraka Bank (Pakistan) Limited Allied Bank Limited Askari Bank Limited Bank Alfalah Limited Bank Islami Pakistan Limited Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited KASB Bank Limited MCB Bank Limited National Bank of Pakistan NIB Bank Limited Silk Bank Limited The Bank of Punjab United Bank Limited</p>	
AUDITOR OF THE COMPANY	<p>Riaz Ahmad & Co. Chartered Accountants</p>	
LEGAL ADVISOR OF THE COMPANY	<p>Mr. M. Aurangzeb Khan Advocate High Court</p>	
REGISTERED OFFICE	<p>53-A, Lawrence Road, Lahore-Pakistan UAN: 042-111-11-33-33</p>	
HEAD OFFICE	<p>1-B, Aziz Avenue, Gulberg-V, Lahore- Pakistan Tel: 042-35717090-96 Fax: 042-35717239</p>	
SHARE REGISTRAR	<p>Central Depository Company of Pakistan Limited CDC House, 99-B, Block-B, S.M.C.H.S Shahra-e-Faisal, Karachi-74400 Tel: (92-21) 111-111-500 Fax: (92-21) 34326053</p>	
PLANT	<p>Mehmood Kot, Muzaffargarh, Punjab - Pakistan.</p>	

DIRECTORS' REPORT

The Directors of **Pakgen Power Limited “the Company”** are pleased to present their report together with operational and financial results of your Company for the period ended 31 March 2014.

We report that during the period under review power plant by achieving all the operating standards dispatched 509,143 MWH of electricity as compared with 329,638 MWH dispatched during the corresponding three months of the previous financial year. Resultantly the capacity factor remained at 67.7% as against 43.6% demonstrated in the comparable three months of the previous financial year.

Operation Financial Results:

The financial results of the Company for period ended 31 March 2014 are as follows:

Financial Highlights	PERIOD ENDED	
	31 March 2014	31 March 2013
Revenue (Rs '000')	9,813,793	6,743,583
Gross profit (Rs '000')	531,394	850,095
Gross profit ratio to revenue (%)	5.41%	12.61%
After tax profit (Rs '000')	344,364	577,051
After tax profit ratio to revenue (%)	3.51%	8.56%
Earnings per share (Rs)	0.93	1.55

The Company has posted after tax profit of Rs.344.364 million as against Rs 577.051 million earned in the comparative period. The net profits of the Company demonstrated the Earning per Share of Rs. 0.93 as against Rs. 1.55 earned per share in the corresponding previous period. Main reason for variation in net profit for period ended 31 March 2014 in Comparison with period ended 31 March 2013 is increase in delta loss by Rupees 250.134 Million and due to increase in net electricity supplied to WAPDA by 180 Gwh and increase in fuel consumption 3.14 grams per kwh.

Our customer WAPDA remains unable to meet its obligations to the Company in accordance with the Power Purchase Agreement (PPA) which are secured under a sovereign guarantee of GOP. As on 31 March 2014 an amount of Rupees 10.537 billion is outstanding against WAPDA of this Rupees 6.815 billion is classified overdue. The Company had been in constant follow-up with all the key stakeholders in the power sector for early release of the entire outstanding amounts.

The Company had signed a Memorandum of Understanding to convert its Plant to coal. Company is keen to convert its plant to coal in order to supply energy to national grid at cheaper fuel cost. However, GOP, failed to approve guidelines for coal/per coke conversion of power plants of the IPP's existing oil fired units by the Private Power infrastructure Board (PPIB) in consultation with NTDC/IPP's, guidelines for coal/pet coke conversion of power plants of the sellers from NEPRA, further, new tariff or up front tariff after conversion for existing plants has not yet been announced by NEPRA.

The Company continued to remain proactive in maintaining and expanding its corporate Social Responsibility program. Our focus had been to support health and education program particularly in the areas where our plants are located in the province of Punjab.

Dividends

The Board of Directors take pleasure to recommend, to the shareholders of the Company an interim cash dividend of Nil % i.e. Rupee Nil per ordinary share, amounting to Rupees Nil Million.

For and on behalf of the Board of Directors



(Shahid Zulfiqar Khan)
Chief Executive Officer
Lahore: April 24, 2014

CONDENSED INTERIM BALANCE SHEET

As at 31 March 2014

	Note	Un-audited 31 March 2014 (Rupees in thousand)	Audited 31 December 2013
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 400,000,000 (2013: 400,000,000) ordinary shares of Rupees 10 each		4,000,000	4,000,000
Issued, subscribed and paid up share capital		3,720,816	3,720,816
Capital reserve		116,959	116,959
Un-appropriated profit		10,302,568	10,516,326
Total Equity		14,140,343	14,354,101
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		850,365	313,471
Accrued mark-up		105,093	114,281
Short-term borrowings		7,430,089	6,529,932
		8,385,547	6,957,684
Total liabilities		8,385,547	6,957,684
CONTINGENCIES AND COMMITMENTS			
	5		
TOTAL EQUITY AND LIABILITIES		22,525,890	21,311,785

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



CHIEF EXECUTIVE

	Note	Un-audited 31 March 2014 (Rupees in thousand)	Audited 31 December 2013
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	8,136,633	8,203,680
CURRENT ASSETS			
Stores, spare parts and other consumables		817,567	744,513
Fuel stock		337,476	337,516
Trade debts		10,537,328	10,046,693
Advances and short-term prepayments		397,919	730,203
Other receivables		157,185	434,980
Sales tax recoverable		647,701	553,601
Cash and bank balances		1,494,081	260,599
		14,389,257	13,108,105
TOTAL ASSETS		22,525,890	21,311,785



 DIRECTOR

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE QUARTER ENDED 31 MARCH 2014 (UN-AUDITED)

		Quarter Ended	
	Note	31 March 2014 (Rupees in thousand)	31 March 2013
REVENUE		9,813,793	6,743,583
COST OF SALES	7	(9,282,399)	(5,893,488)
GROSS PROFIT		531,394	850,095
ADMINISTRATIVE EXPENSES		(36,845)	(22,254)
OTHER OPERATING EXPENSES		(452)	(627)
		494,097	827,214
OTHER OPERATING INCOME		3,529	10,784
PROFIT FROM OPERATIONS		497,626	837,998
FINANCE COST		(153,262)	(260,947)
PROFIT BEFORE TAXATION		344,364	577,051
TAXATION		-	-
PROFIT AFTER TAXATION		344,364	577,051
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		344,364	577,051
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)		0.93	1.55

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



CHIEF EXECUTIVE



DIRECTOR

CONDENSED INTERIM CASH FLOW STATEMENT FOR THE QUARTER ENDED 31 MARCH 2014 (UN-AUDITED)

	Note	31 March 2014 (Rupees in thousand)	31 March 2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	8	554,480	(294,907)
Finance cost paid		(162,450)	(292,858)
Interest income received		3,132	10,396
Income tax paid		(3,997)	(4,769)
Gratuity paid		(2,734)	(2,021)
Net cash generated from / (used in) operating activities		388,431	(584,159)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(54,277)	(121,720)
Net cash used in investing activities		(54,277)	(121,720)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(829)	(371,214)
Net cash used in financing activities		(829)	(371,214)
Net increase / (decrease) in cash and cash equivalents		333,325	(1,077,093)
Cash and cash equivalents at beginning of the period		(6,269,333)	(8,596,997)
Cash and cash equivalents at end of the period		(5,936,008)	(9,674,090)
CASH AND CASH EQUIVALENTS			
Cash in hand		300	16
Cash at banks		1,493,781	8,114
Short-term borrowings		(7,430,089)	(9,682,220)
		(5,936,008)	(9,674,090)

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



CHIEF EXECUTIVE



DIRECTOR

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 MARCH 2014 (UN-AUDITED)

	SHARE CAPITAL	RESERVES		TOTAL EQUITY
		Capital	Revenue	
		Retained payments reserve	Un- appropriated profit	
(-----Rupees in thousand-----)				
Balance as at 01 January 2013 (Audited)	3,720,816	116,959	10,150,755	13,988,530
Transactions with owners - Final dividend for the year ended 31 December 2012 @ Rupee 1 per share	-	-	(372,081)	(372,081)
Profit for the quarter ended 31 March 2013	-	-	577,051	577,051
Other comprehensive income for the quarter ended 31 March 2013	-	-	-	-
Total comprehensive income for the quarter ended 31 March 2013	-	-	577,051	577,051
Balance as at 31 March 2013 - (Un-audited)	3,720,816	116,959	10,355,725	14,193,500
Balance as at 01 January 2014 (Audited)	3,720,816	116,959	10,516,326	14,354,101
Transactions with owners - Final dividend for the year ended 31 December 2013 @ Rupees 1.5 per share	-	-	(558,122)	(558,122)
Profit for the quarter ended 31 March 2014	-	-	344,364	344,364
Other comprehensive income for the quarter ended 31 March 2014	-	-	-	-
Total comprehensive income for the quarter ended 31 March 2014	-	-	344,364	344,364
Balance as at 31 March 2014 - (Un-audited)	3,720,816	116,959	10,302,568	14,140,343

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



CHIEF EXECUTIVE



DIRECTOR

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER ENDED 31 MARCH 2014 (UN-AUDITED)

1. THE COMPANY AND ITS OPERATIONS

Pakgen Power Limited ("the Company") was incorporated in Pakistan on 22 June 1995 under the Companies Ordinance, 1984. The registered office of the Company is situated at 53-A, Lawrence Road, Lahore. The ordinary shares of the Company are listed on Karachi Stock Exchange Limited and Lahore Stock Exchange Limited of Pakistan. The principal activities of the Company are to own, operate and maintain an oil fired power station ("the Complex") having gross capacity of 365 MW in Mehmood Kot, Muzaffargarh, Punjab, Pakistan.

2. BASIS OF PREPARATION

This condensed interim financial information is unaudited and is being submitted to shareholders as required by the Section 245 of the Companies Ordinance, 1984. This condensed interim financial information of the Company for the quarter ended 31 March 2014 has been prepared in accordance with requirements of 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. This condensed interim financial information should be read in conjunction with the preceding audited annual financial statements of the Company for the year ended 31 December 2013.

3. ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of this condensed interim financial information are same as applied in the preparation of the preceding annual published financial statements of the Company for the year ended 31st December, 2013.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this condensed interim financial information in conformity with 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 expectations of future events that are believed to be reasonable under the circumstances.

During preparation of this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 31st December, 2013.

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

There is no change in the contingencies disclosed in the preceding audited annual published financial statements of the Company for the year ended 31 December 2013.

5.2 Commitment

5.2.1 The Company has entered into a contract for a period of thirty years for purchase of oil from Pakistan State Oil Company Limited (PSO). Under the terms of Fuel Supply Agreement (FSA), the Company is not required to buy any minimum quantity of oil from PSO.

5.2.2 Commitments for capital expenditure as at reporting date are amounting to Rupees 1,695 million (31 Dec 2013: Rupees 1,901 million).

	Un-audited 31 March 2014 (Rupees in thousand)	Audited 31 December 2013
6. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (Note 6.1)	7,393,537	7,514,382
Capital work-in-progress	743,096	689,298
	<u>8,136,633</u>	<u>8,203,680</u>
6.1 Operating fixed assets		
Opening Book value	7,514,382	6,934,052
Add: Cost of Additions during the period / year (Note 6.1.1)	479	1,096,891
Less: Depreciation charged during the period / year	121,324	516,561
	<u>7,393,537</u>	<u>7,514,382</u>
6.1.1 Cost of additions		
Freehold Land	-	90,559
Buildings on Freehold Land	-	7,637
Plant and Machinery	-	955,536
Furniture and fittings	-	1,523
Vehicles	-	2,260
Office Equipment	395	2,866
Electric equipment and appliances	84	36,510
	<u>479</u>	<u>1,096,891</u>

	Quarter Ended 31 March 2014 (Rupees in thousand)	31 March 2013
7. COST OF SALES		
Fuel consumed	8,987,636	5,584,653
Operation and maintenance costs	97,407	132,263
Insurance cost	79,544	78,311
Depreciation	117,812	98,261
	<u>9,282,399</u>	<u>5,893,488</u>

8. CASH GENERATED FROM OPERATIONS

	Quarter Ended	
	31 March 2014 (Rupees in thousand)	31 March 2013
Profit before taxation	344,364	577,051
Adjustment for non - cash charges and other items:		
Depreciation	121,324	100,910
Provision for gratuity	2,734	2,021
Interest income	(3,132)	(10,396)
Finance cost	153,262	260,947
Cash flows from operating activities before working capital changes	618,552	930,533
(Increase) / decrease in current assets:		
Stores, spare parts and other consumables	(73,054)	70,098
Fuel stock	40	82,472
Trade debts	(490,635)	(1,442,366)
Advances and short-term prepayments	336,281	157,123
Other receivables	277,795	(174)
Sales tax recoverable	(94,100)	(32,224)
	(43,673)	(1,165,071)
(Decrease) / increase trade and other payables	(20,399)	(60,369)
	554,480	(294,907)

9. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprise of associated undertakings, other related group companies and key management personnel. Transactions with related parties include expenses charged between these companies. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

		Quarter Ended	
		31 March 2014 (Rupees in thousand)	31 March 2013
Associated company	Nature of transaction		
Nishat Mills Limited	Dividend Paid	-	102,524
Adamjee Insurance Company Limited	Dividend Paid Insurance premium	- 67	25,631 103,499
Security General Insurance Company Limited	Dividend Paid Insurance premium	- 92,130	6,407 -
Stanhope Investments	Dividend Paid	-	96,117

		Quarter Ended	
		31 March 2014 (Rupees in thousand)	31 March 2013
Associated company	Nature of transaction		
Engen (Private) Limited	Dividend Paid	-	64,077
Lalpir Power Limited	Share of expenses	64,258	50,714
	Share of rental income	397	388
Nisaht (Aziz Avenue) hotels and properties Limited	Rent	1,570	1,570
Pakistan Aviators and Aviation (Private) Limited	Flying services	8,586	-
STAFF RETIREMENT BENEFIT PLANS			
Provident fund	Contribution made	2,993	2,745
Gratuity fund	Contribution made	2,734	2,021
KEY MANAGEMENT PERSONNEL	Remuneration	5,730	5,730

- 9.1 The Company shares premises, employees and other common costs with its associated company, Lalpir Power Limited on fifty-fifty basis in accordance with "Shared Facilities Agreement".

10. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual financial statements of the Company for the year ended 31 December 2013.

11. 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 balances of audited annual financial statements of preceding financial year, whereas, the condensed interim profit and loss account, condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison however, no significant re-arrangements have been made.

12. DATE OF AUTHORISATION FOR ISSUE

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

13. GENERAL

Figures have been rounded off to the nearest thousand Rupees.



CHIEF EXECUTIVE



DIRECTOR

BOOK POST

PRINTED MATTER

UPC



N I S H A T

PAKGEN POWER LIMITED

53 - A, Lawrence Road, Lahore. Tel: 042 - 36367812 - 16

Fax: 042 - 36367414 | UAN: 042 - 111-11-33-33