



PAKGEN POWER LIMITED

FIRST QUARTERLY  
REPORT

FOR THE PERIOD ENDED  
MARCH 31  
2015

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and Other Comprehensive Income
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# COMPANY PROFILE

## THE COMPANY

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.

## BOARD OF DIRECTORS

Mian Hassan Mansha	Chairman
Mr. Ghazanfar Hussain Mirza	Chief Executive Officer
Mr. Shahid Malik	
Dr. Arif Bashir	
Mr. Aurangzeb Feroz	
Mr. Kamran Rasool	
Mr. Khawaja Muhammad Younas	
Mr. Mahmood Akhtar	

## AUDIT COMMITTEE

Mr. Aurangzeb Feroz	Chairman
Mr. Shahid Malik	
Mr. Khawaja Muhammad Younus	

## CHIEF FINANCIAL OFFICER

Mr. Khalid Qadeer Qureshi

## COMPANY SECRETARY

Mr. Khalid Mahmood Chohan

## BANKERS OF THE COMPANY

Habib Bank Limited  
The Bank of Punjab  
Silk Bank Limited  
United Bank Limited  
Allied Bank Limited  
National Bank of Pakistan  
Bank Alfalah Limited  
Faysal Bank Limited  
Askari Bank Limited  
Habib Metropolitan Bank Limited  
NIB Bank Limited  
MCB Bank Limited  
Bank Islami Pakistan Limited  
KASB Bank Limited  
Al Baraka Bank (Pakistan) Limited

## AUDITOR OF THE COMPANY

Riaz Ahmad & Co.  
Chartered Accountants

**LEGAL ADVISOR OF  
THE COMPANY**

Mr. M. Aurangzeb Khan  
Advocate High Court

**REGISTERED OFFICE**

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

**HEAD OFFICE**

1-B, Aziz Avenue, Gulberg-V,  
Lahore- Pakistan  
Tel: 042-35717090-96  
Fax: 042-35717239

**SHARE REGISTRAR**

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

**PLANT**

Mehmood Kot, Muzaffargarh,  
Punjab - Pakistan.

# 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 2015.

We report that during the period under review power plant by achieving all the operating standards dispatched 245,200 MWH of electricity as compared with 509,143 MWH dispatched during the corresponding three months of the previous financial year. Resultantly the capacity factor remained at 32.6% as against 67.7% demonstrated in the comparable three months of the previous financial year.

## Financial Results:

The financial results of the Company for period ended 31 March 2015 are as follows:

Financial Highlights	PERIOD ENDED	
	31 March 2015	31 March 2014
Revenue (Rs '000')	3,319,444	9,813,793
Gross profit (Rs '000')	579,424	531,390
Gross profit ratio to revenue (%)	17.45%	5.41%
After tax profit (Rs '000')	450,372	344,364
After tax profit ratio to revenue (%)	13.57%	3.51%
Earnings per share (Rs)	1.21	0.93

The Company has posted after tax profit of Rs.450.372 million as against Rs 344.364 million earned in the comparative period. The net profits of the Company demonstrated the Earning per Share of Rs. 1.21 as against Rs. 0.93 earned per share in the corresponding previous period. Main reason for variation in net profit for period ended 31 March 2015 in Comparison with period ended 31 March 2014 is decrease in delta loss by Rupees 385.375 Million and due to decrease in net electricity supplied to WAPDA by 263 Gwh and decrease in fuel consumption 2.59 grams per kWh.

## Operational Results:

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 2015 an amount of Rupees 7.746 billion is outstanding against WAPDA of this Rupees 1.78 billion is classified overdue. Despite frequent follow-up with the concerned ministry of government of Pakistan it is regretted there has been no improvement in the situation and this has resulted in irregular supply of fuel which has affected plant operations.

## Significant event during the period:

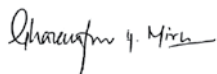
On 7th February, 2015 the complex tripped on failure of main station transformer which has being shifted to WAPDA's transformer repairing workshop in Lahore for inspection and repair. The repairing timeline will be available after WAPDA completes disassembling the unit and completes its inspection. The management is currently making estimation for costs of the complex closure due to aforesaid event. The management believes that any losses due to closure are adequately covered under insurance policies of the company.

### **Corporate Objective:**

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/pet 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.

### **For and on behalf of the Board of Directors**



**(Ghazanfar Hussain Mirza)**

Chief Executive Officer

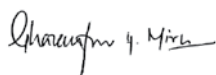
Lahore: April 27, 2015

# CONDENSED INTERIM BALANCE SHEET

As at 31 March 2015

	Note	<b>Un-audited 31 March 2015 (Rupees in thousand)</b>	Audited 31 December 2014
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital 400,000,000 (2014: 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		10,648,604	10,570,314
<b>Total Equity</b>		<b>14,486,379</b>	<b>14,408,089</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		965,916	1,176,151
Accrued mark-up		51,103	102,694
Short-term borrowings		3,504,468	5,270,337
		4,521,487	6,549,182
<b>Total liabilities</b>		<b>4,521,487</b>	<b>6,549,182</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	5		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>19,007,866</b>	<b>20,957,271</b>

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



**CHIEF EXECUTIVE**

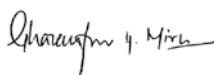
	Note	Un-audited 31 March 2015 (Rupees in thousand)	Audited 31 December 2014
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	8,191,503	8,462,919
Long term investment		2,389	2,389
long term security deposits		300	300
		<u>8,194,192</u>	<u>8,465,608</u>
<b>CURRENT ASSETS</b>			
Stores, spare parts and other consumables		792,089	796,713
Fuel stock		191,785	470,121
Trade debts		7,746,354	8,009,287
Advances and short-term prepayments		845,227	538,785
Other receivables		153	187,617
Sales tax recoverable		983,525	994,153
Cash and bank balances		254,541	1,494,987
		<u>10,813,674</u>	<u>12,491,663</u>
<b>TOTAL ASSETS</b>		<u><u>19,007,866</u></u>	<u><u>20,957,271</u></u>

  
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**DIRECTOR**

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE QUARTER ENDED 31 MARCH 2015 (UN-AUDITED)

	Note	Quarter Ended	
		31 March 2015 (Rupees in thousand)	31 March 2014
REVENUE		3,319,444	9,813,793
COST OF SALES	7	(2,740,020)	(9,282,403)
GROSS PROFIT		579,424	531,390
ADMINISTRATIVE EXPENSES		(36,214)	(36,845)
OTHER OPERATING EXPENSES		(568)	(448)
OTHER OPERATING INCOME		542,642	494,097
		4,215	3,529
PROFIT FROM OPERATIONS		546,857	497,626
FINANCE COST		(96,485)	(153,262)
PROFIT BEFORE TAXATION		450,372	344,364
TAXATION		-	-
PROFIT AFTER TAXATION		450,372	344,364
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		450,372	344,364
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)		1.21	0.93

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



CHIEF EXECUTIVE

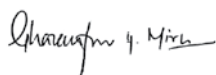


DIRECTOR

## CONDENSED INTERIM CASH FLOW STATEMENT FOR THE QUARTER ENDED 31 MARCH 2015 (UN-AUDITED)

Note	<b>31 March 2015 (Rupees in thousand)</b>	31 March 2014	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash generated from operations</b>	8	532,497	554,480
Finance cost paid		(148,076)	(162,450)
Interest income received		3,817	3,132
Income tax paid		(1,382)	(3,997)
Gratuity paid		(2,741)	(2,734)
<b>Net cash generated from operating activities</b>		384,115	388,431
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property, plant and equipment		141,351	(54,277)
<b>Net cash used in investing activities</b>		141,351	(54,277)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid		(43)	(829)
<b>Net cash used in financing activities</b>		(43)	(829)
<b>Net increase / (decrease) in cash and cash equivalents</b>		525,423	333,325
<b>Cash and cash equivalents at beginning of the period</b>		(3,775,350)	(6,269,333)
<b>Cash and cash equivalents at end of the period</b>		(3,249,927)	(5,936,008)
<b>CASH AND CASH EQUIVALENTS</b>			
Cash in hand		353	300
Cash at banks		254,188	1,493,781
Short-term borrowings		(3,504,468)	(7,430,089)
		(3,249,927)	(5,936,008)

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 2015 (UN-AUDITED)

	SHARE CAPITAL	RESERVES		TOTAL EQUITY
		Capital	Revenue	
		Retained payments reserve	Un- appropriated profit	
(-----Rupees in thousand-----)				
<b>Balance as at 01 January 2014 (Audited)</b>	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
<b>Balance as at 31 March 2014 - (Un-audited)</b>	<b>3,720,816</b>	<b>116,959</b>	<b>10,302,568</b>	<b>14,140,343</b>
Balance as at 01 January 2015 (Audited)	3,720,816	116,959	10,570,314	14,408,089
Transactions with owners - Final dividend for the year ended 31 December 2014 @ Rupees 1per share	-	-	(372,082)	(372,082)
Profit for the quarter ended 31 March 2015	-	-	450,372	450,372
Other comprehensive income for the quarter ended 31 March 2015	-	-	-	-
Total comprehensive income for the quarter ended 31 March 2015	-	-	450,372	450,372
<b>Balance as at 31 March 2015 - (Un-audited)</b>	<b>3,720,816</b>	<b>116,959</b>	<b>10,648,604</b>	<b>14,486,379</b>

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 2015 (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 2015 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 2014.

## 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, 2014.

## 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, 2014.

## 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 2014.

### 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 134.58 million (31 Dec 2014: Rupees 1,514 million).

	<b>Un-audited 31 March 2015 (Rupees in thousand)</b>	Audited 31 December 2014
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating fixed assets (Note 6.1)	7,236,420	7,358,455
Capital work-in-progress	955,083	1,104,464
	<u>8,191,503</u>	<u>8,462,919</u>
<b>6.1 Operating fixed assets</b>		
Opening Book value	7,358,455	7,514,382
Add: Cost of Additions during the period / year (Note 6.1.1)	8,030	364,313
Less: Book value of deletions during the period/year(6.1.2)	-	590
Less: Depreciation charged during the period / year	130,065	519,650
	<u>7,236,420</u>	<u>7,358,455</u>
<b>6.1.1 Cost of additions</b>		
Freehold Land	-	124,582
Buildings on Freehold Land	-	1,896
Plant and Machinery	8,030	232,269
Office Equipment	-	2,934
Telephone installation	-	2,632
	<u>8,030</u>	<u>364,313</u>
<b>6.1.2 Book value of Deletions</b>		
	<u>-</u>	<u>590</u>
<b>7. COST OF SALES</b>		
Fuel consumed	2,349,629	8,987,636
Operation and maintenance costs	75,772	97,407
Insurance cost	82,298	79,544
Liquidated damages	105,367	4
Depreciation	126,954	117,812
	<u>2,740,020</u>	<u>9,282,403</u>

	<b>Quarter Ended</b>	
	<b>31 March 2015 (Rupees in thousand)</b>	31 March 2014
<b>8. CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	450,372	344,364
Adjustment for non - cash charges and other items:		
Depreciation	130,065	121,324
Provision for gratuity	2,741	2,734
Interest income	(3,817)	(3,132)
Finance cost	96,485	153,262
<b>Cash flows from operating activities before working capital changes</b>	<b>675,846</b>	<b>618,552</b>
(Increase) / decrease in current assets:		
Stores, spare parts and other consumables	4,624	(73,054)
Fuel stock	278,336	40
Trade debts	262,933	(490,635)
Advances and short-term prepayments	(305,060)	336,281
Other receivables	187,464	277,795
Sales tax recoverable	10,628	(94,100)
	438,925	(43,673)
(Decrease) / increase trade and other payables	(582,274)	(20,399)
	<u>532,497</u>	<u>554,480</u>

#### 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:

Associated company	Nature of transaction	Quarter Ended	
		31 March 2015 (Rupees in thousand)	31 March 2014
Adamjee Insurance Company Limited	Insurance premium	98	67
Security General Insurance Company Limited	Insurance premium	93,813	92,130
Lalpir Power Limited	Share of expenses Share of rental income	72,586 398	64,258 397
Nishat (Aziz Avenue) hotels and properties Limited	Rent	1,570	1,570
Pakistan Aviators and Aviation (Private) Limited	Flying services	13,251	8,586
<b>STAFF RETIREMENT BENEFIT PLANS</b>			
Provident fund	Contribution made	3,293	2,993
Gratuity fund	Contribution made	2,741	2,734
<b>KEY MANAGEMENT PERSONNEL</b>	Remuneration	2,319	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 2014.

## 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.

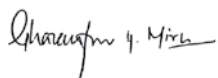
Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison however, no significant re-arrangements have been made.

12. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorized for issue on 27 April 2015 by the Board of Directors of the Company.

13. GENERAL

Figures have been rounded off to the nearest thousand Rupees.



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CHIEF EXECUTIVE



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DIRECTOR





NISHAT

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