



PAKGEN POWER LIMITED

THIRD QUARTERLY  
REPORT

FOR THE PERIOD ENDED  
SEPTEMBER 30  
2015

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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 Younus	
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" is pleased to present their report together with operational and financial results of your Company for the period ended 30 September 2015.

Your Company is engaged in power generation with a dependable capacity of 350.00 MW furnace oil fired power plant against a gross capacity of 365 MW. Its shares are listed on the Karachi and Lahore Stock Exchanges. The Sole purchaser of the power is Water and Power Development Authority (WAPDA).

## Operation Financial Results:

The financial results of the Company for period ended 30 September 2015 are as follows:

Financial Highlights	PERIOD ENDED	
	30 September 2015	30 September 2014
Revenue (Rs '000')	5,464,619	28,341,476
Gross (Loss)/profit (Rs '000')	(260,389)	993,477
Gross (Loss)/profit ratio to revenue (%)	(4.76)	3.51
Pre-tax (Loss)/profit (Rs '000')	(788,373)	419,273
After tax (Loss)/profit (Rs '000')	(788,373)	419,273
After tax (Loss)/profit ratio to revenue (%)	(14.43)	1.48
(Loss)/Earnings per share (Rs)	(2.12)	1.13

## SIGNIFICANT EVENT DURING THE PERIOD

The Complex tripped on failure of main station transformer on 07 February 2015 which has been shifted to WAPDA transformers' repair workshop in Lahore for inspection and repair. The management of the Company has decided to replace the transformer with new one. Accordingly, a letter of credit of Euro 3,494,500 has been established for import of transformer. The new transformer is expected to be delivered to the Company by year end.

Under the terms of Power Purchase Agreement (PPA), WAPDA has been intimated about the forced outage and WAPDA has suspended Capacity Purchase Price payments for the period of this forced outage. Capacity payments will be made after restoration of supply of electricity by the Company. Further, the Company has to pay liquidated damages to WAPDA for the period of this forced outage and unpaid capacity payments will be first adjusted towards liquidated damages. The Company has recognized revenue related to capacity purchase price and liquidated damages as per PPA in this condensed interim financial information.

The company has posted after tax loss of Rupees. (788.373) million as against profit of Rupees.419.273 million earned in the comparative period. The net loss of the company demonstrated loss per share of Rupees. (2.12) as against earnings per share of Rupees 1.13 in the previous period.

However after the settlement of loss with the insurance company this loss will be converted in profit of Rupees 763.576 million

	Rupees (million)
Estimated claim up to September 2015	1,551.949
Loss for the period ended 30th Sep 2015	(788.373)
Profit after the settlement of insurance claim	763.576


The insurance company has been intimated about the forced outage but claim has not been finalized yet and will be filed immediately after assessment of business and property loss after restoration of the Complex.

### **Acknowledgement**

We wish to thank our valuable shareholders, WAPDA, financial institutions, lenders, Pakistan State Oil and other suppliers for their trust and faith in the Company and their valuable support that enabled the Company to achieve better results.

We also appreciate the management for establishing a modern and motivating working climate and promoting high levels of performance in all areas of the power plant. We also take this opportunity to thank our executives and staff members for their consistent support, hardworking and commitment for delivering remarkable results and we wish for their long life relationship with the Company.

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



**(Ghazanfar Hussain Mirza)**

Chief Executive Officer

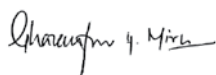
Lahore: October 26, 2015

# CONDENSED INTERIM BALANCE SHEET

As at 30 September 2015

	Note	Un-audited 30 September 2015 (Rupees in thousand)	Audited 31 December 2014
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital 400,000,000 (31 December 2014: 400,000,000) ordinary shares of Rupees 10 each		4,000,000	4,000,000
Issued, subscribed and paid up share capital 372,081,591 (31 December 2014: 372,081,591) ordinary shares of Rupees 10 each		3,720,816	3,720,816
Capital reserve		116,959	116,959
Revenue Reserve-Un-appropriated profit		9,037,777	10,570,314
<b>Total equity</b>		<b>12,875,552</b>	<b>14,408,089</b>
<b>LIABILITIES</b>			
<b>Non Current Liability</b>			
Long term financing		1,448,931	-
<b>CURRENT LIABILITIES</b>			
Trade and other payables		3,527,133	1,176,151
Accrued mark-up / Interest		58,685	102,694
Current portion of long term financing		334,369	-
Short-term borrowings		4,169,827	5,270,337
		8,090,014	6,549,182
<b>Total liabilities</b>		<b>9,538,945</b>	<b>6,549,182</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	5		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>22,414,497</b>	<b>20,957,271</b>

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



CHIEF EXECUTIVE

	Note	<b>Un-audited 30 September 2015 (Rupees in thousand)</b>	Audited 31 December 2014
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	9,863,241	8,462,919
Long term investment		1,298	2,389
Long-term security deposit		300	300
		9,864,839	8,465,608
<b>CURRENT ASSETS</b>			
Stores, spare parts and other consumables		831,622	796,713
Fuel stock		191,785	470,121
Trade debts		9,900,818	8,009,287
Advances and short-term prepayments		547,028	538,785
Other receivables		30,758	187,617
Sales tax recoverable		1,046,584	994,153
Cash and bank balances		1,063	1,494,987
		12,549,658	12,491,663
<b>TOTAL ASSETS</b>		22,414,497	20,957,271

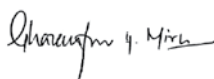

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**DIRECTOR**

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 30 SEPTEMBER 2015 (UN-AUDITED)

	Note	Period Ended		Quarter Ended	
		30 Sep. 2015 (Rupees in thousand)	30 Sep. 2014	30 Sep. 2015 (Rupees in thousand)	30 Sep. 2014
REVENUE		5,464,619	28,341,476	1,063,177	10,727,195
COST OF SALES	7	(5,725,008)	(27,347,999)	(1,253,362)	(10,742,689)
GROSS (LOSS) / PROFIT		(260,389)	993,477	(190,185)	(15,494)
ADMINISTRATIVE EXPENSES		(142,792)	(130,372)	(66,799)	(59,038)
OTHER OPERATING EXPENSES		(148,208)	(1,533)	(493)	(615)
		(551,389)	861,572	(257,477)	(75,147)
OTHER INCOME		6,505	12,730	609	5,528
(LOSS)/PROFIT FROM OPERATIONS		(544,884)	874,302	(256,868)	(69,619)
FINANCE COST		(242,398)	(455,029)	(76,005)	(128,164)
SHARE OF LOSS OF ASSOCIATED COMPANY		(1,091)	-	-	-
(LOSS)/PROFIT BEFORE TAXATION		(788,373)	419,273	(332,873)	(197,783)
TAXATION		-	-	-	-
(LOSS) / PROFIT AFTER TAXATION		(788,373)	419,273	(332,873)	(197,783)
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(788,373)	419,273	(332,873)	(197,783)
(LOSS)/EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)		(2.12)	1.13	(0.89)	(0.53)

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


  
CHIEF EXECUTIVE

  
DIRECTOR

## CONDENSED INTERIM CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2015 (UN-AUDITED)

Note	<b>30 September 2015 (Rupees in thousand)</b>	30 September 2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) / profit before taxation	(788,373)	419,273
Adjustment for non-cash charges and other items:		
Depreciation	397,735	375,718
Provision for gratuity	8,222	8,201
Share of loss from associated company	1,091	-
Impairment loss on transformer	146,628	-
Interest income	(5,294)	(11,540)
Finance cost	242,398	455,029
<b>Cash flows from operating activities before working capital changes</b>	<b>2,407</b>	<b>1,246,681</b>
<b>(Increase) / decrease in current assets:</b>		
Stores, spare parts and other consumables	(34,909)	2,085
Fuel stock	278,336	(589,099)
Trade debts	(1,891,531)	1,283,808
Advances and short-term prepayments	102,209	144,349
Other receivables	156,859	277,795
Sales tax recoverable	(52,431)	(427,020)
	(1,441,467)	691,918
Increase / (decrease) in trade and other payables	1,978,583	(150,124)
<b>Cash generated from Operating Activities</b>	<b>539,523</b>	<b>1,788,475</b>
Finance cost paid	(286,407)	(484,267)
Interest income received	5,294	11,540
Income tax paid	(110,452)	(14,973)
Gratuity paid	(8,222)	(8,201)
<b>Cash Flow Generated from Operating Activities</b>	<b>139,736</b>	<b>1,292,574</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Long term loans to employee	-	(300)
Capital expenditure on property, plant and equipment	(1,944,685)	(353,628)
<b>Net cash used in investing activities</b>	<b>(1,944,685)</b>	<b>(353,928)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(371,765)	(559,254)
Long Term Financing	1,783,300	-
<b>Net cash used in financing activities</b>	<b>1,411,535</b>	<b>(559,254)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(393,414)</b>	<b>379,392</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>(3,775,350)</b>	<b>(6,269,333)</b>
<b>Cash and cash equivalents at end of the period</b>	<b>8 (4,168,764)</b>	<b>(5,889,941)</b>

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


  
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**CHIEF EXECUTIVE**

  
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**DIRECTOR**

CONDENSED INTERIM STATEMENT OF  
CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 SEPTEMBER 2015 (UN-AUDITED)

	SHARE CAPITAL	RESERVES		TOTAL EQUITY
		Capital	Revenue	
		Retained payments reserve	Un- appropriated profit	
(-----Rupees in thousand-----)				
<b>Balance as at 31 December 2013 (audited)</b>	3,720,816	116,959	10,516,326	14,354,101
Transaction with owners-Final dividend for the year ended 31 December 2013@ Rupee 1.5 per share	-	-	(558,122)	(558,122)
(Loss) for the period ended 30 September 2014	-	-	419,273	419,273
Other Comprehensive income for the period ended 30 September 2014	-	-	-	-
Total comprehensive income for the period ended 30 September 2014	-	-	419,273	419,273
Balance as at 30 September 2014 (Un-audited)	3,720,816	116,959	10,377,477	14,215,252
<b>Balance as at 31 December 2014 (audited)</b>	3,720,816	116,959	10,570,314	14,408,089
Final dividend for the year ended 31 December 2014 @ Rupee 1 per share	-	-	(372,082)	(372,082)
Interim dividend @ Rupee 1 per share	-	-	(372,082)	(372,082)
Transaction with owners directly recognized in equity	-	-	(744,164)	(744,164)
Profit for the period ended 30 September 2015	-	-	(788,373)	(788,373)
Other Comprehensive income for the period ended 30 September 2015	-	-	-	-
Total comprehensive income for the period ended 30 September 2015	-	-	(788,373)	(788,373)
<b>Balance as at 30 September 2015 (Un-audited)</b>	3,720,816	116,959	9,037,777	12,875,552

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 PERIOD ENDED 30 SEPTEMBER 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 Company’s ordinary shares are listed on the Karachi Stock Exchange Limited and Lahore Stock Exchange Limited. 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 un-audited and is being submitted to shareholders as required by section 245 of the Companies Ordinance, 1984. This condensed interim financial information of the Company for the nine months period ended 30 September 2015 has been prepared in accordance with the 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 audited annual published financial statements of the Company for the year ended 31 December 2014 and interim financial statements for the period ended 30 June 2015.

## 3. ACCOUNTING POLICIES

The accounting policies and method of computations adopted for the preparation of this condensed interim financial information are the same as applied in the preparation of the preceding annual published financial statements of the company for the year ended 31 December 2014 and half yearly published financial statements of the Company for the period ended 30 June 2015.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the 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 the 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 31 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 and half yearly published financial statements of the Company for the period ended 30 June 2015..

## 5.2 Commitments

5.2.1 There is no change in the commitments disclosed in the preceding audited annual published financial statements of the Company for the year ended 31 December 2014, except for the commitments for letters of credit as at reporting date are amounting to Rupees 298.64 million (30 September 2014: Rupees 377.552 million).

	<b>Un-audited 30 September 2015 (Rupees in thousand)</b>	Audited 31 December 2014
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating fixed assets (Note 6.1)	7,084,135	7,358,455
Capital work-in-progress (Note 6.2)	2,779,106	1,104,464
	<u>9,863,241</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)	270,043	364,313
Less: Book Value of derecognition during the period / year (Note 6.1.2)	-	590
Less: Impairment loss on transformer during the period/year (6.1.3)	146,628	-
Less: Depreciation charged during the period / year	397,735	519,650
	<u>7,084,135</u>	<u>7,358,455</u>
<b>6.1.1 Cost of additions</b>		
Freehold Land	-	124,582
Electric equipment and appliances	-	2,632
Building	214,746	1,896
Plant and machinery	55,297	232,269
Office equipment	-	2,934
	<u>270,043</u>	<u>364,313</u>
<b>6.1.2 Book value of derecognitions</b>		
Cost		
- Buildings on freehold land	-	1,625
- Plant and machinery	14,363	60,428
	<u>14,363</u>	<u>62,053</u>
Less: Accumulated depreciation	14,363	61,463
	<u>-</u>	<u>590</u>

	<b>Un-audited 30 September 2015 (Rupees in thousand)</b>	Audited 31 December 2014
<b>6.1.3 Impairment loss on transformer</b>		
Cost	270,315	-
	123,687	-
Less: Accumulated Depreciation	146,628	-
<b>6.2 Capital work-in-progress</b>		
Civil work	215,238	212,253
Plant and machinery	2,563,868	892,162
Others	-	49
	<u>2,779,106</u>	<u>1,104,464</u>

	<b>Un-audited Nine Months Ended</b>		<b>Un-audited Quarter Ended</b>	
	<b>30 Sep. 2015 (Rupees in thousand)</b>	30 Sep. 2014	<b>30 Sep. 2015 (Rupees in thousand)</b>	30 Sep. 2014
<b>7. COST OF SALES</b>				
Fuel consumed	2,326,012	26,388,882	299	10,462,517
Operation and maintenance costs	308,346	353,977	92,776	70,068
Liquidated damages	2,433,212	-	925,885	-
Insurance cost	274,286	240,058	112,319	80,996
Depreciation	379,371	364,832	118,302	128,858
Others	3,781	250	3,781	250
	<u>5,725,008</u>	<u>27,347,999</u>	<u>1,253,362</u>	<u>10,742,689</u>

	<b>Un-audited Quarter Ended</b>	
	<b>30 September 2015 (Rupees in thousand)</b>	30 September 2014
<b>8. CASH AND CASH EQUIVALENTS</b>		
Cash in hand	1,063	785,861
Cash and bank balances	(4,169,827)	(6,675,802)
Short-term borrowings	(4,168,764)	(5,889,941)
	<u>(4,168,764)</u>	<u>(5,889,941)</u>

## 9. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of associated undertakings and key management personnel. Transactions with related parties include expenses charged between these parties. The Company in the normal course of business carries out transactions with these related parties. Detail of transactions with related parties are as follows:

Relationship with the Company	Nature of transaction	(Un-audited) Half Year Ended		(Un-audited) Quarter Ended	
		30 Sep. 2015 (Rupees in thousand)	30 Sep. 2014	30 Sep. 2015 (Rupees in thousand)	30 Sep. 2014
Associated undertakings	Insurance premium	318,806	286,700	130,129	102,269
	Share of expenses	229,310	218,357	75,943	70,984
	Flying Services	30,980	37,929	8,865	16,913
	share of rental income	1,210	1,191	407	395
	Dividend paid	184,112	297,960	-	-
	Interest Income				
	Interim payment received against insurance policy	610,000	-	316,071	-
Key management personnel	Rent Expense	4,709	4,709	1,570	1,570
	Remuneration	20,259	15,271	5,938	3,661

- 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. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was approved by the Board of Directors of the Company and authorized for issue on 26 October 2015.

## 11. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 31 December 2014.

## 12. CORRESPONDING FIGURES

In order to comply with 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 the balances of audited annual published 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.

### 13. GENERAL

Figures have been rounded off to the nearest thousand Rupees, unless otherwise stated.

  
CHIEF EXECUTIVE

  
DIRECTOR





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