



NISHAT

PAKGEN POWER LIMITED

HALF YEARLY
REPORT

FOR THE HALF YEAR ENDED
JUNE 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. Muhammad Younas	
Mr. Mahmood Akhtar	

AUDIT COMMITTEE

Mr. Aurangzeb Feroz	Chairman
Mr. Shahid Malik	
Mr. Khawaja Mohammad 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 duly reviewed by statutory auditors for the Half year ended 30 June 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).

Financial Results:

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

Financial Highlights	HALF YEAR ENDED	
	30 June 2015	30 June 2014
Revenue (Rs '000')	4,401,442	17,614,281
Gross (Loss)/profit (Rs '000')	(70,204)	1,008,971
Gross (Loss)/profit ratio to revenue (%)	(1.60)	5.73
Pre-tax (Loss)/profit (Rs '000')	(455,500)	617,056
After tax (Loss)/profit (Rs '000')	(455,500)	617,056
After tax (Loss)/profit ratio to revenue (%)	(1.03)	3.50
(Loss)/Earnings per share (Rs)	(1.22)	1.66

The Company has posted after tax Loss of Rs. (455.500) million as against Rs 617.056 million earned in the comparative period. The net Loss of the Company demonstrated the Loss per Share of Rs. (1.22) as against Rs. 1.66 earned per share in the previous period.

With respect to auditor's comments in their report we report that WAPDA has raised invoices for liquidate damages to the company on account of short supply of electricity by the company. Liquidate damages invoiced to the company amounts to rupees 2,460 Million.

The Company disputes and rejects balance claims on account of liquidated damages that are raised by WAPDA on the premise that its failure to dispatch electricity was due to WAPDA's non-payment of dues on timely basis to the Company and consequential inability of the Company to make timely payments to its fuel suppliers that resulted in inadequate level of electricity production owing to shortage of fuel. Against these the Company has raised invoice dispute notices to WAPDA.

The Company after mediation with WAPDA has appointed the expert under the mechanism given in the PPA who has commenced his work. Further, according to legal advice available with the Company, there are adequate grounds to defend any claim by WAPDA for such liquidated damages.

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's loss of gross profit and costs for replacement of transformer due to this forced outage are adequately covered under the insurance policy except deductible period / amount as per insurance policy. The insurance company has been intimated about this 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.

Dividend Distribution

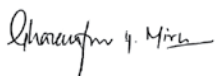
The Company continues to honor its commitment of safeguarding the shareholders' interests and takes immense pleasure in informing you that the Board in their meeting held on 26 August 2015 has announced 1st Interim Cash Dividend @ of PKR Rs. 1/- per share (i.e. 10%) for the half year ended June 30, 2015 for which the date of entitlement has been fixed as 5th October to 11th October 2015.

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: August 26, 2015

AUDITORS' REPORT TO THE MEMBERS

ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of PAKGEN POWER LIMITED as at 30 June 2015 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (herein after referred to as "condensed interim financial information"), for the half year then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended 30 June 2015 and 30 June 2014 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended 30 June 2015.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended 30 June 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of matters

We draw attention to Note 2 to the condensed interim financial information which describes that the Complex of the Company tripped during the period due to failure of main station transformer. Our conclusion is not qualified in respect of this matter.

Further, we draw attention to Note 7.1.1 to the condensed interim financial information which describes the uncertainty regarding outcome of claims lodged by Water and Power Development Authority (WAPDA), which have been disputed by the company. Our conclusion is not qualified in respect of this matter.



RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Muhammad Atif Mirza

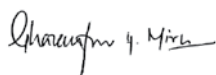
Lahore: August 26, 2015

CONDENSED INTERIM BALANCE SHEET

As at 30 June 2015

	Note	Un-audited 30 June 2015 (Rupees in thousand)	Audited 31 December 2014
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized 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		9,742,732	10,570,314
Total equity		13,580,507	14,408,089
LIABILITIES			
NON-CURRENT LIABILITY			
Long-term finance - secured	6	1,448,931	-
CURRENT LIABILITIES			
Trade and other payables		586,870	1,176,151
Accrued mark-up / interest		42,003	102,694
Short-term borrowings		3,966,422	5,270,337
Current portion of long-term finance		334,369	-
		4,929,664	6,549,182
Total liabilities		6,378,595	6,549,182
CONTINGENCIES AND COMMITMENTS			
	7		
TOTAL EQUITY AND LIABILITIES		19,959,102	20,957,271

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



CHIEF EXECUTIVE

	Note	Un-audited 30 June 2015 (Rupees in thousand)	Audited 31 December 2014
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	10,059,607	8,462,919
Long-term investment		1,299	2,389
Long-term security deposit		300	300
		<u>10,061,206</u>	<u>8,465,608</u>
CURRENT ASSETS			
Stores, spare parts and other consumables		910,087	796,713
Fuel stock		191,784	470,121
Trade debts		7,204,961	8,009,287
Advances and short-term prepayments		391,956	538,785
Other receivables		187,617	187,617
Sales tax recoverable		1,010,642	994,153
Cash and bank balances		849	1,494,987
		<u>9,897,896</u>	<u>12,491,663</u>
TOTAL ASSETS		<u><u>19,959,102</u></u>	<u><u>20,957,271</u></u>



DIRECTOR

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE HALF YEAR ENDED 30 JUNE 2015 (UN-AUDITED)

	Note	Half Year Ended		Quarter Ended	
		30 June	30 June	30 June	30 June
		2015	2014	2015	2014
		(Rupees in thousand)		(Rupees in thousand)	
REVENUE		4,401,442	17,614,281	1,081,998	7,800,488
COST OF SALES	9	(4,471,646)	(16,605,331)	(1,731,626)	(7,322,928)
GROSS (LOSS) / PROFIT		(70,204)	1,008,950	(649,628)	477,560
ADMINISTRATIVE EXPENSES		(75,993)	(71,334)	(39,779)	(34,489)
OTHER EXPENSES		(147,715)	(897)	(147,147)	(449)
		(293,912)	936,719	(836,554)	442,622
OTHER INCOME		5,896	7,202	1,681	3,673
(LOSS) / PROFIT FROM OPERATIONS		(288,016)	943,921	(834,873)	446,295
FINANCE COST		(166,393)	(326,865)	(69,908)	(173,603)
SHARE OF LOSS OF ASSOCIATED COMPANY		(1,091)	-	-	-
(LOSS) / PROFIT BEFORE TAXATION		(455,500)	617,056	(904,781)	272,692
TAXATION		-	-	-	-
(LOSS) / PROFIT AFTER TAXATION		(455,500)	617,056	(904,781)	272,692
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD		(455,500)	617,056	(904,781)	272,692
(LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)		(1.22)	1.66	(2.43)	0.73

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



CHIEF EXECUTIVE



DIRECTOR

CONDENSED INTERIM CASH FLOW STATEMENT FOR THE HALF YEAR ENDED 30 JUNE 2015 (UN-AUDITED)

		Half Year Ended	
Note	30 June 2015 (Rupees in thousand)	30 June 2014	
CASH FLOWS FROM OPERATING ACTIVITIES			
	Cash generated from operations	738,657	2,005,825
	Finance cost paid	(276,745)	(359,850)
	Interest income received	5,093	6,406
	Income tax paid	(104,521)	(312,699)
	Gratuity paid	(5,481)	(5,468)
	Net cash generated from operating activities	357,003	1,334,214
CASH FLOWS FROM INVESTING ACTIVITIES			
	Capital expenditure on property, plant and equipment	(1,959,405)	(279,740)
	Net cash used in investing activities	(1,959,405)	(279,740)
CASH FLOWS FROM FINANCING ACTIVITIES			
	Proceeds from long-term finance	1,783,300	-
	Dividend paid	(371,121)	(555,975)
	Net cash from / (used in) financing activities	1,412,179	(555,975)
	Net (decrease) / increase in cash and cash equivalents	(190,223)	498,499
	Cash and cash equivalents at beginning of the period	(3,775,350)	(6,269,333)
	Cash and cash equivalents at end of the period	(3,965,573)	(5,770,834)
CASH AND CASH EQUIVALENTS			
	Cash in hand	300	174
	Cash at banks	549	1,422,591
	Short-term borrowings	(3,966,422)	(7,193,599)
		(3,965,573)	(5,770,834)

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 HALF YEAR ENDED 30 JUNE 2015 (UN-AUDITED)

SHARE CAPITAL	RESERVES		TOTAL EQUITY	
	Capital	Revenue		
	Retained payments reserve	Un- appropriated profit		
(-----Rupees in thousand-----)				
Balance as at 31 December 2013 - 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 half year ended 30 June 2014	-	-	617,056	617,056
Other comprehensive income for the half year ended 30 June 2014	-	-	-	-
Total comprehensive income for the half year ended 30 June 2014	-	-	617,056	617,056
Balance as at 30 June 2014 - un-audited	3,720,816	116,959	10,575,260	14,413,035
Loss for the half year ended 31 December 2014	-	-	(4,946)	(4,946)
Other comprehensive income for the half year ended 31 December 2014	-	-	-	-
Total comprehensive income for the half year ended 31 December 2014	-	-	(4,946)	(4,946)
Balance as at 31 December 2014 - audited	3,720,816	116,959	10,570,314	14,408,089
Transaction with owners - Final dividend for the year ended 31 December 2014 @ Rupee 1 per share	-	-	(372,082)	(372,082)
Loss for the half year ended 30 June 2015	-	-	(455,500)	(455,500)
Other comprehensive income for the half year ended 30 June 2015	-	-	-	-
Total comprehensive loss for the half year ended 30 June 2015	-	-	(455,500)	(455,500)
Balance as at 30 June 2015 - un-audited	3,720,816	116,959	9,742,732	13,580,507

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 HALF YEAR ENDED 30 JUNE 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. 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's loss of gross profit and costs for replacement of transformer due to this forced outage are adequately covered under the insurance policy except deductible period / amount as per insurance policy. The insurance company has been intimated about this 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.

3. BASIS OF PREPARATION

This condensed interim financial information is unaudited but subject to limited scope review by the statutory auditors 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 half year ended 30 June 2015 has been prepared in accordance with the requirements of International Accounting Standards (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 published financial statements of the Company for the year ended 31 December 2014.

4. ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of this condensed interim financial information are same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 31 December 2014.

5. 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 31 December 2014.

6. LONG-TERM FINANCE - SECURED

This represents Syndicated Term Finance facility obtained from NIB Bank Limited for the purpose to finance the change of turbine rotors for the Complex against sanctioned limit of Rupees 3,000 million. This facility consists of Rupees 244.300 million transferred from short term finance (obtained for advance payment to supplier) and remaining Rupees 1,539 million were drawdown during the period. This facility carries mark-up at the rate of three months KIBOR plus 2.25% per annum payable quarterly. This facility is repayable in sixteen equal quarterly instalments with a grace period of six months and is secured by the way of first pari passu charge over present and future plant and machinery of the Company amounting to Rupees 4,000 million and first pari passu hypothecation charge over present and future current assets amounting to Rupees 4,000 million.

7. CONTINGENCIES AND COMMITMENTS

7.1 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 except following:

7.1.1 WAPDA has raised invoices for liquidated damages to the Company from 11th to 17th (up to January 2015) agreement year (after taking into account forced outage allowance stipulated under the terms of Power Purchase Agreement) on account of short supply of electricity by the Company, which was due to cash constraints of the Company as a result of default by WAPDA in making timely payments. Liquidated damages invoiced to the Company amounts to Rupees 2,460 million (31 December 2014: Rupees 2,460 million). Out of these the Company has accepted and paid Rupees 220 million (31 December 2014: Rupees 220 million). The Company disputes and rejects balance claims on account of liquidated damages that are raised by WAPDA on the premise that its failure to dispatch electricity was due to WAPDA's non-payment of dues on timely basis to the Company and consequential inability of the Company to make timely payments to its fuel suppliers that resulted in inadequate level of electricity production owing to shortage of fuel. Against these the Company has raised invoice dispute notices to WAPDA. The Company after mediation with WAPDA has appointed the expert under the mechanism given in the PPA who has commenced his work. Further, according to legal advice available with the Company, there are adequate grounds to defend any claim by WAPDA for such liquidated damages since these conditions were imposed on the Company due to circumstances beyond its control. The ultimate outcome of the matter cannot presently be determined, and consequently, no provision for such liquidated damages has been made in this condensed interim financial information.

7.1.2 Deputy Commissioner Inland Revenue (DCIR) issued orders to the Company in which sales tax refund claims amounting to Rupees 1,486.302 million for the tax periods July 2009 and January 2010 to July 2012 were rejected by apportioning input sales tax between capacity invoices and energy invoices and allowed input sales tax allocated to energy invoices only. Against aforesaid orders, the Company filed appeals before Commissioner Inland Revenue (Appeals) [CIR(A)], which were decided in favour of the Company. Against the orders CIR(A), tax department has filed appeals before Appellate Tribunal Inland Revenue

(ATIR) ATIR decided the case in favour of tax department and vacated the order passed by CIR(A). Against the decision of ATIR, the Company has filed reference application in the honourable Lahore High Court (“the Court”) which is in the process of hearing. Further, DCIR has issued show cause notice to the Company for the tax periods from July 2009 to December 2012 declaring refund claims amounting to Rupees 2,374.766 million being inadmissible on same grounds. The Company has challenged the notice before the Court along with reply of the show cause notice to DCIR. The Court as an interim relief, stayed the proceedings of the show cause notice during the pendency of the proceedings before the Court. The management is of the view that there are meritorious grounds available to defend the foregoing rejection. Consequently, no provision for such rejections has been made in this condensed interim financial information.

7.1.3 The tax authorities have carried out assessment proceedings under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2013 and 2014 by creating (among others) a demand of Rupees 492.835 million on account of interest on delayed payments by WAPDA not been offered for tax and clubbed with capacity purchase price and energy purchase price under the head income from business. As per tax authorities, interest on delayed payments falls under the head income from other sources and is not exempt from tax as the same is not covered under clause 132, Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Company filed appeals against foregoing assessment proceedings before Commissioner Inland Revenue (Appeals) [CIR(A)], which were decided in favour of the Company. Against the decisions of CIR(A), tax authorities have filed appeals before ATIR which are in the process of hearings. Based on management assessment, on tax advisor’s opinion and CIR(A),s decision in favour of the Company, the management is confident that the matter will be decided in favour of the Company and accordingly no provision has been made in this condensed interim financial information.

7.1.4 Post dated cheques amounting to Rupees Nil (31 December 2014: Rupees 455 million) were issued in favour of fuel suppliers against purchase of fuel.

7.2 Commitments

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 294 million (31 December 2014: Rupees 1,514 million).

8. PROPERTY, PLANT AND EQUIPMENT

	Un-audited 30 June 2015 (Rupees in thousand)	Audited 31 December 2014
Operating fixed assets (Note 8.1)	6,994,478	7,358,455
Capital work-in-progress (Note 8.2)	3,065,129	1,104,464
	<u>10,059,607</u>	<u>8,462,919</u>

	Un-audited 30 June 2015 (Rupees in thousand)	Audited 31 December 2014
8.1 Operating fixed assets		
Opening book value	7,358,455	7,514,382
Add: Cost of additions during the period / year (Note 8.1.1)	48,400	364,313
Less: Book value of derecognitions during the period / year (Note 8.1.2)	-	590
Less: Depreciation charged during the period / year	265,749	519,650
Less: Impairment loss on transformer (Note 2 and Note 8.1.3)	146,628	-
Closing book value	<u>6,994,478</u>	<u>7,358,455</u>
8.1.1 Cost of additions		
Freehold land	-	124,582
Buildings on freehold land	-	1,896
Plant and machinery	48,400	232,269
Office equipment	-	2,934
Electric equipment and appliances	-	2,632
	<u>48,400</u>	<u>364,313</u>
8.1.2 Book value of derecognitions		
Cost		
- Buildings on freehold land	-	1,625
- Plant and machinery	13,703	60,428
	<u>13,703</u>	<u>62,053</u>
Less: Accumulated depreciation	13,703	61,463
	<u>-</u>	<u>590</u>
8.1.3 Impairment loss on transformer		
Cost	270,315	-
Less: Accumulated depreciation	123,687	-
	<u>146,628</u>	<u>-</u>
8.2 Capital work-in-progress		
Civil works	215,238	212,253
Plant and machinery	2,849,842	892,162
Others	49	49
	<u>3,065,129</u>	<u>1,104,464</u>

	Un-audited Half Year Ended		Un-audited Quarter Ended	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	(Rupees in thousand)		(Rupees in thousand)	
9. COST OF SALES				
Fuel cost	2,325,713	15,926,365	(23,916)	6,938,729
Operation and maintenance costs	215,570	283,909	139,798	186,502
Insurance	161,967	159,062	79,669	79,518
Depreciation	261,069	235,974	134,115	118,162
Liquidated damages to WAPDA	1,507,327	21	1,401,960	17
	<u>4,471,646</u>	<u>16,605,331</u>	<u>1,731,626</u>	<u>7,322,928</u>

	Quarter Ended	
	30 June 2015	30 June 2014
(Rupees in thousand)		
10. CASH GENERATED FROM OPERATIONS		
(Loss) / Profit before taxation	(455,500)	617,056
Adjustments for non-cash charges and other items:		
Depreciation	265,749	243,075
Impairment loss on transformer	146,628	-
Provision for gratuity	5,481	5,468
Share of loss from associated company	1,091	-
Interest income	(5,093)	(6,406)
Finance cost	166,393	326,865
Cash flows from operating activities before working capital changes	124,749	1,186,058
(Increase) / decrease in current assets:		
Stores, spare parts and other consumables	(113,374)	228
Fuel stock	278,337	(179,019)
Trade debts	804,326	638,673
Advances and short-term prepayments	251,350	460,895
Other receivables	-	(32,637)
Sales tax recoverable	(16,489)	(209,089)
	1,204,150	679,051
(Decrease) / Increase in trade and other payables	(590,242)	140,716
	<u>738,657</u>	<u>2,005,825</u>

11. 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 June 2015	30 June 2014	30 June 2015	30 June 2014
		(Rupees in thousand)		(Rupees in thousand)	
Associated undertakings	Insurance premium	188,677	184,431	94,766	92,234
	Share of expenses	153,367	147,373	80,781	83,115
	Share of rental income	803	796	405	399
	Rent expense	3,139	3,139	1,569	1,569
	Flying services	22,115	21,016	8,864	12,430
	Dividend	184,112	297,960	184,112	297,960
	Boarding lodging services	152	-	152	-
	Purchase of stores	2,080	-	2,080	-
	Interim payment received against insurance policy	293,929	-	293,929	-
	Key management personnel	Remuneration	14,321	11,610	12,002

11.1 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".

12. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Company at their meeting held on 26 August 2015 (2014: 27 August 2014) has proposed cash dividend of Rupees 1/- (2014: Rupee Nil) per share. However, this event has been considered as a non-adjusting event under International Accounting Standard (IAS) 10 'Events after the Reporting Period' and has not been recognized in this condensed interim financial information.

13. 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.

14. 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 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 amounts of comparable period of immediately preceding financial year.


Corresponding figures have been re-arranged and reclassified, wherever necessary for the purpose of comparison, however, no significant re-arrangements and reclassifications have been made in this condensed interim financial information.

14. DATE OF AUTHORISATION FOR ISSUE

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

15. GENERAL

Figures have been rounded off to the nearest thousand Rupees.


CHIEF EXECUTIVE


DIRECTOR



53-A, Lawrence Road, Lahore
Tel: 042-36367812-16
Fax: 042-36367414
UAN: 042-111-11-33-33

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