



PAKGEN POWER LIMITED

HALF YEARLY  
REPORT  
FOR THE PERIOD ENDED JUNE 30,  
2016



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# COMPANY PROFILE

<b>THE COMPANY</b>	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.	
<b>BOARD OF DIRECTORS</b>	Mian Hassan Mansha Mr. Aurangzeb Feroz Mr. Khawaja Muhammad Younus Mr. Shahid Malik Dr. Arif Bashir Mr. Kamran Rasool Mr. Mahmood Akhtar	Chairman
<b>CHIEF EXECUTIVE OFFICER</b>	Mr. Ghazanfar Husain Mirza	
<b>AUDIT COMMITTEE</b>	Mr. Aurangzeb Feroz Mr. Shahid Malik Mr. Khawaja Muhammad Younus	Chairman
<b>HUMAN RESOURCE &amp; REMUNERATION COMMITTEE</b>	Mian Hassan Mansha Mr. Kamran Rasool Mr. Ghazanfar Husain Mirza	Chairman
<b>CHIEF FINANCIAL OFFICER</b>	Mr. Khalid Qadeer Qureshi	
<b>COMPANY SECRETARY</b>	Mr. Khalid Mahmood Chohan	
<b>BANKERS OF THE COMPANY</b>	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 Al Baraka Bank (Pakistan) Limited	
<b>AUDITOR OF THE COMPANY</b>	Riaz Ahmad & Co. Chartered Accountants	
<b>LEGAL ADVISOR OF THE COMPANY</b>	Mr. M. Aurangzeb Khan Advocate High Court	
<b>REGISTERED OFFICE</b>	53-A, Lawrence Road, Lahore-Pakistan UAN: 042-111-11-33-33	
<b>HEAD OFFICE</b>	1-B, Aziz Avenue, Gulberg-V, Lahore- Pakistan Tel: 042-35717090-96 Fax: 042-35717239	
<b>SHARE REGISTRAR</b>	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	
<b>PLANT</b>	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 2016.

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 Pakistan Stock exchange. The Sole purchaser of the power is Water and Power Development Authority (WAPDA).

## SIGNIFICANT EVENT DURING THE PERIOD

Plant operation restored on January 29, 2016 after a long interruption as a result of Generator Stepup Transformer (GSU) failure on February 7, 2015. Plant remained in operation most of the time in period under reference from 29 January 2016 onwards and dispatched 824,024 MWH of electricity as compared with 245,200 MWH dispatched during the corresponding six months of the previous financial year.

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 for deductible period and amount as per insurance policy. The net payable amount as full and final settlement of GSU transformer claim duly assessed by M/S Hamid Mukhtar & Co. (Pvt) Ltd (loss adjustor) is amounting to Rupees 502.662 million on account of property damage and Rupees 2,494.171 million on account of business interruption out of which partial payment of claim amounting to Rupees 1,230 million has been received from the insurance company upto this period.

The Company has posted after tax Profit of Rs. 98.622 million as against Loss of Rs. 455.500 million incurred in the comparative period. The net Profit of the Company demonstrated the Profit per Share of Rs. 0.27 as against Rs. (1.22) Loss per share in the previous period. The main reason of variation in Profit is decrease in Liquidated damages as plant resumed operations during the period under reference.

We report that during the period under review power plant by achieving all the operating standards dispatched 824,024 MWH of electricity as compared with 245,200 MWH dispatched during the corresponding six months of the previous financial year. Resultantly the capacity factor remained at 54.4% as against 16.2% demonstrated in the comparable six months of the previous financial year.

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. The Company disputes and rejects liquidated damages claimed 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.

### **Dividend Distribution**

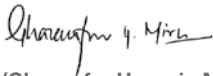
The Company continues to honor its commitment of safeguarding the shareholders' interests and takes immense pleasure in informing you that the Board, in their meeting held on August 23, 2016 has announced 1st Interim Cash Dividend at the rate of PKR 1/- per share (i.e. 10%) for the half year ended June 30, 2016 for which the date of entitlement has been fixed as 24 September 2016 to 30 September 2016.

### **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: 23 August 2016

## ڈائریکٹرز رپورٹ پاک جن پاور لمیٹڈ

پاک جن پاور لمیٹڈ "دی کمپنی" کے ڈائریکٹرز 30 جون 2016 مختصر ششماہی کے لئے آپ کی کمپنی کے آپریشنل اور مالیاتی نتائج پر مشتمل اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔  
آپ کی کمپنی 365 MW کی مجموعی صلاحیت کے برعکس 350.00 MW کی قابل اعتماد صلاحیت کے فزس آئل فائرڈ پاور پلانٹ سے بجلی پیدا کرنے میں مصروف رہی ہے۔ اس کے حصص پاکستان اسٹاک ایکسچینج میں درج ہیں۔ بجلی کا واحد خریدار واٹر اینڈ پاور ڈویلپمنٹ اتھارٹی (واپڈا) ہے۔  
مدت کے دوران اہم واقعہ

7 فروری 2015 سے جنریٹسٹیپ اپ (GSU) ٹرانسفا مرنا کامی کے نتیجے میں ایک طویل رکاوٹ کے بعد 29 جنوری 2016 کو پلانٹ آپریشن بحال ہوا۔ اس مدت کے دوران پلانٹ 29 جنوری 2016 سے ریفرنس کے تحت مدت میں زیادہ تر وقت آپریشن میں رہا اور گزشتہ مالی سال کے اسی چھ ماہ کے دوران 245,200 MWH ترسیل کے مقابلہ میں 824,024 MWH بجلی ترسیل کی۔

اس جبری بندش کی وجہ سے کمپنی کے مجموعی نفع کا نقصان اور ٹرانسفا مر کی تبدیلی پر اخراجات مناسب طور پر انشورنس پالیسی کے مطابق Deductible Period اور رقم کے سوائے انشورنس پالیسی کے تحت آتے ہیں۔ میسرز حامد مختار اینڈ کمپنی پرائیویٹ لمیٹڈ (نقصان Adjustor) کی طرف سے تعین کردہ GSU ٹرانسفا مر کلیم کی مکمل اور حتمی حل کے طور پر نقد قابل ادائیگی رقم جائیداد کے نقصان کی باہت 502.662 ملین روپے اور کاروبار میں رکاوٹ کی باہت 2494.171 ملین روپے کی رقم میں سے دعویٰ کی رقم کی جزوی ادائیگی 1,230 ملین روپے اس مدت تک انشورنس کمپنی سے وصول ہو چکی ہے۔

کمپنی نے تقابلی مدت میں 455.500 ملین روپے نقصان برداشت کرنے کے برعکس 98.622 ملین روپے بعد از ٹیکس منافع درج کیا ہے۔ کمپنی کا خالص منافع، گزشتہ مدت میں (1.22) روپے فی شیئر نقصان کے مقابلے میں 0.27 روپے فی شیئر منافع ظاہر کرتا ہے۔ منافع میں تبدیلی کی بنیادی وجہ زیر جائزہ مدت کے دوران پلانٹ کی کاروائیوں کا سلسلہ دوبارہ شروع ہونے سے نقصانات میں کمی ہے۔

ہم بیان کرتے ہیں کہ زیر جائزہ مدت کے دوران پاور پلانٹ نے گزشتہ مالی سال کے اسی چھ ماہ کے دوران 245,200 MWH ترسیل کے مقابلہ میں 824,024 MWH بجلی ترسیل کر کے تمام آپریٹنگ معیارات حاصل کیے ہیں۔ نتیجتاً گزشتہ مالی سال کے اسی چھ ماہ میں کپسٹی ٹیکسٹ 16.2 فیصد کے مقابلہ میں 54.4 فیصد پر برقرار رہا۔

آڈیٹری رپورٹ میں ان کے تبصرے سے ہم بیان کرتے ہیں کہ واپڈا نے کمپنی کو Liquidated Damages کی انوائسز جاری کی ہیں جسکی وجہ بجلی کی مطلوبہ مقدار فراہم نہ کرنا ہے۔ کمپنی واپڈا کی طرف سے اس دعویٰ کو مسترد کرتے ہوئے یہ موقف اختیار کرتی ہے کہ بجلی کی مطلوبہ مقدار فراہم نہ کرنا واپڈا کی طرف سے واجبات کی بروقت ادائیگی نہ ہونے کی بنیاد ہے۔ جس کی وجہ سے کمپنی اپنے ایندھن سپلائرز کو

بروقت ادائیگی نہ کر سکی اور یہ کہ ایندھن میں کمی کی وجہ سے بجلی کی مطلوبہ پیداوار حاصل ہو سکی۔ اس کے خلاف کمپنی نے واپڈا کو انوائس تنازعہ کا نوٹس جاری کر دیا ہے۔

واپڈا کے ساتھ ٹاٹھی کے بعد کمپنی نے PPA میں دیے گئے میکانزم کے تحت ماہر مقرر کیا ہے جس نے اپنا کام شروع کر دیا ہے۔ اس کے علاوہ، کمپنی کے ہاں دستیاب قانونی مشیر کے مطابق، اس طرح کے نقصانات کے لئے واپڈا کی طرف سے کسی بھی دعوئی کا دفاع کرنے کے لئے کافی وجوہات موجود ہیں۔

### منافع منقسمہ کی تقسیم

کمپنی اپنے حصص یافتگان کے مفادات کا تحفظ کرنے کے عزم کا پاس جاری رکھے ہوئے ہے اور آپ کو مطلع کرنے میں انتہائی خوشی محسوس کرتی ہے کہ بورڈ نے 23 اگست 2016 کو منعقدہ اپنے اجلاس میں 30 جون 2016 کو ختم ہونے والے نصف سال کے لئے پہلے عبوری نقد منافع منقسمہ بشرح - 1/ PKR فی شیئر (یعنی 10%) کا اعلان کیا ہے جس کے لئے استحقاق کی تاریخ 24 ستمبر 2016 تا 30 ستمبر 2016 مقرر کی گئی ہے۔

### اعتراف

ہم اپنے قابل قدر حصص یافتگان، واپڈا، مالیاتی اداروں، قرض دہندہ، پاکستان اسٹیٹ آئل اور دیگر سپلائرز، کے کمپنی میں ان کے اعتماد اور یقین اور ان کی قابل قدر حمایت کا شکریہ ادا کرنا چاہتے ہیں جنہوں نے کمپنی کو بہتر نتائج حاصل کرنے کے قابل بنایا ہے۔ ہم، ایک جدید اور حوصلہ افزاء کام کے ماحول کے قیام اور پاور پلانٹ کے تمام شعبوں میں اعلیٰ سطح کی کارکردگی کو فروغ دینے کے لئے بھی انتظامیہ کی تعریف کرتے ہیں۔ ہم قابل ذکر نتائج کی فراہمی کے لئے کمپنی کے ایگزیکٹوز اور تمام عملہ کی مسلسل حمایت، سخت محنت اور عزم کو بھی سراہتے ہیں اور ہم کمپنی کے ساتھ ان کے طویل تعلقات چاہتے ہیں۔

### منجانب

بورڈ آف ڈائریکٹرز

جناب حفصہ حسین مرزا

چیف ایگزیکٹو آفیسر

لاہور: 23 اگست 2016

# 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 2016 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 2016 and 30 June 2015 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 2016.

### **Scope of Review**

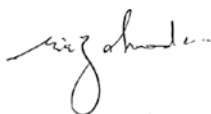
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible 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 2016 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

### **Emphasis of matter**

We draw attention to Note 6.1.1 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:**  
**Mubashar Mehmood**

Lahore: August 23, 2016

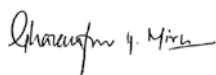


# CONDENSED INTERIM BALANCE SHEET

As at 30 June 2016

	Note	Un-audited 30 June 2016 (Rupees in thousand)	Audited 31 December 2015
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital 400,000,000 (31 December 2015: 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 2015: 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		11,150,416	11,423,876
<b>Total equity</b>		14,988,191	15,261,651
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITY</b>			
Long-term finance - secured	5	1,003,106	1,226,019
<b>CURRENT LIABILITIES</b>			
Trade and other payables		4,197,299	3,474,597
Accrued mark-up / profit		100,627	60,489
Short-term borrowings		8,476,328	5,080,859
Current portion of long-term finance	5	445,825	445,825
		13,220,079	9,061,770
<b>Total liabilities</b>		14,223,185	10,287,789
<b>CONTINGENCIES AND COMMITMENTS</b>	6		
<b>TOTAL EQUITY AND LIABILITIES</b>		29,211,376	25,549,440

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



CHIEF EXECUTIVE

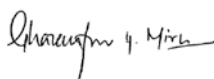
	Note	Un-audited 30 June 2016 (Rupees in thousand)	Audited 31 December 2015
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	9,798,519	10,018,982
Long-term investment		895	969
Long-term security deposit		300	300
		<u>9,799,714</u>	<u>10,020,251</u>
<b>CURRENT ASSETS</b>			
Stores, spare parts and other consumables		832,427	836,161
Fuel stock		214,483	186,875
Trade debts		14,207,999	10,833,800
Advances and short-term prepayments		729,206	297,907
Other receivables		2,040,367	2,286,015
Sales tax recoverable		1,374,016	1,087,628
Cash and bank balances		13,164	803
		<u>19,411,662</u>	<u>15,529,189</u>
<b>TOTAL ASSETS</b>		<u><u>29,211,376</u></u>	<u><u>25,549,440</u></u>

  
**DIRECTOR**

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE HALF YEAR ENDED 30 JUNE 2016 (UN-AUDITED)

Note	Half Year Ended		Quarter Ended	
	30 June 2016 (Rupees in thousand)	30 June 2015	30 June 2016 (Rupees in thousand)	30 June 2015
REVENUE	7,367,627	4,401,442	4,426,107	1,081,998
COST OF SALES	(6,874,634)	(4,471,646)	(3,866,363)	(1,731,626)
GROSS PROFIT / (LOSS)	492,993	(70,204)	559,744	(649,628)
ADMINISTRATIVE EXPENSES	(93,849)	(75,993)	(45,365)	(39,779)
OTHER EXPENSES	(1,039)	(147,715)	(546)	(147,147)
OTHER INCOME	1,306	5,896	728	1,681
PROFIT / (LOSS) FROM OPERATIONS	399,411	(288,016)	514,561	(834,873)
FINANCE COST	(300,715)	(166,393)	(167,615)	(69,908)
SHARE OF LOSS FROM ASSOCIATED COMPANY	(74)	(1,091)	(74)	(1,091)
PROFIT / (LOSS) BEFORE TAXATION	98,622	(455,500)	346,872	(905,872)
TAXATION	-	-	-	-
PROFIT / (LOSS) AFTER TAXATION	98,622	(455,500)	346,872	(905,872)
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	98,622	(455,500)	346,872	(905,872)
EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED (RUPEES)	0.27	(1.22)	0.94	(2.43)

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 2016 (UN-AUDITED)

	Note	Half Year Ended	
		30 June 2016 (Rupees in thousand)	30 June 2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash (utilized in) / generated from operations</b>	9	(2,353,786)	738,657
Finance cost paid		(260,577)	(276,745)
Interest income received		466	5,093
Income tax paid		(6,747)	(104,521)
Gratuity paid		(5,872)	(5,481)
<b>Net cash (utilized in) / generated from operating activities</b>		(2,626,516)	357,003
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property, plant and equipment		(162,844)	(1,959,405)
<b>Net cash used in investing activities</b>		(162,844)	(1,959,405)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long-term finance		-	1,783,300
Repayment of long term finance		(222,913)	-
Dividend paid		(370,835)	(371,121)
<b>Net cash (used in) / from financing activities</b>		(593,748)	1,412,179
<b>Net decrease in cash and cash equivalents</b>		(3,383,108)	(190,223)
<b>Cash and cash equivalents at beginning of the period</b>		(5,080,056)	(3,775,350)
<b>Cash and cash equivalents at end of the period</b>		(8,463,164)	(3,965,573)
<b>CASH AND CASH EQUIVALENTS</b>			
Cash in hand		285	300
Cash at banks		12,879	549
Short-term borrowings		(8,476,328)	(3,966,422)
		(8,463,164)	(3,965,573)

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 2016 (UN-AUDITED)

	RESERVES			TOTAL EQUITY
	Capital	Revenue		
	Retained payments reserve	Un- appropriated profit		
(-----Rupees in thousand-----)				
<b>Balance as at 31 December 2014 - audited</b>	3,720,816	116,959	10,570,314	14,408,089
Transactions 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
Transaction with owners - Interim dividend for the year ended 31 December 2015 @ Rupee 1 per share	-	-	(372,082)	(372,082)
Profit for the half year ended 31 December 2015	-	-	2,053,226	2,053,226
Other comprehensive income for the half year ended 31 December 2015	-	-	-	-
Total comprehensive income for the half year ended 31 December 2015	-	-	2,053,226	2,053,226
Balance as at 31 December 2015 - audited	3,720,816	116,959	11,423,876	15,261,651
Transaction with owners - Final dividend for the year ended 31 December 2015 @ Rupee 1 per share	-	-	(372,082)	(372,082)
Profit for the half year ended 30 June 2016	-	-	98,622	98,622
Other comprehensive income for the half year ended 30 June 2016	-	-	-	-
Total comprehensive income for the half year ended 30 June 2016	-	-	98,622	98,622
Balance as at 30 June 2016 - un-audited	3,720,816	116,959	11,150,416	14,988,191

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 2016 (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 Pakistan 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 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 2016 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 2015.

## 3. 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 2015.

## 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 31 December 2015.

	<b>Un-audited 30 June 2016 (Rupees in thousand)</b>	Audited 31 December 2015
<b>5. LONG-TERM FINANCE - SECURED</b>		
Opening balance	1,671,844	-
Add: Obtained during the period / year	-	1,783,300
Less: Repaid during the period / year	222,913	111,456
	1,448,931	1,671,844
Less: Current portion shown under current liabilities	445,825	445,825
	1,003,106	1,226,019

## 6. CONTINGENCIES AND COMMITMENTS

### 6.1 Contingencies

There is no significant change in the status of contingencies disclosed in the preceding audited annual published financial statements of the Company for the year ended 31 December 2015 except for the following:

**6.1.1** WAPDA has raised invoices for liquidated damages to the Company from 11th to 18th (up to April 2016) 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 6,403.218 million (31 December 2015: Rupees 5,657 million). Out of these the Company has accepted and paid Rupees 220 million (31 December 2015: Rupees 220 million) excluding liquidated damages (Rupees 3,943.528 million) invoiced on account of forced outage event during the financial year ended 31 December 2015. 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 supplier 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 has appointed mediation expert under the mechanism given in the PPA. 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.

	<b>Un-audited 30 June 2016 (Rupees in thousand)</b>	Audited 31 December 2015
<b>6.2 Commitments</b>		
<b>6.2.1</b> Commitments in respect of letters of credit for capital expenditure	7,904	-
<b>6.2.2</b> Commitments in respect of other than capital expenditure	26,923	285,284
<b>7. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating fixed assets (Note 7.1)	9,348,669	9,223,337
Capital work-in-progress (Note 7.2)	449,850	795,645
	<u>9,798,519</u>	<u>10,018,982</u>
<b>7.1 Operating fixed assets</b>		
Opening book value	9,223,337	7,358,455
Add: Cost of additions during the period / year (Note 7.1.1)	508,639	2,829,923
Less: Book value of derecognitions during the period / year (Note 7.1.2)	-	372,778
Less: Depreciation charged during the period / year	383,307	592,263
Closing book value	<u>9,348,669</u>	<u>9,223,337</u>
<b>7.1.1 Cost of additions</b>		
Buildings on freehold land	-	214,751
Plant and machinery	508,000	2,614,656
Office equipment	311	306
Furniture and fittings	314	49
Electric equipment and appliances	14	161
	<u>508,639</u>	<u>2,829,923</u>
<b>7.1.2 Book value of derecognitions</b>		
Plant and machinery		
- Cost	12,003	715,097
- Less: Accumulated depreciation	12,003	342,319
	<u>-</u>	<u>372,778</u>
<b>7.2 Capital work-in-progress</b>		
Plant and machinery	<u>449,850</u>	<u>795,645</u>



	Un-audited Half Year Ended		Un-audited Quarter Ended	
	30 June 2016 (Rupees in thousand)	30 June 2015	30 June 2016 (Rupees in thousand)	30 June 2015
8. COST OF SALES				
Fuel cost	5,339,020	2,325,713	3,443,962	(23,916)
Operation and maintenance costs	199,770	215,570	118,843	139,798
Insurance	224,587	161,967	112,293	79,669
Depreciation	381,473	261,069	208,556	134,115
Liquidated damages to WAPDA	729,784	1,507,327	(16,007)	1,401,960
Others	-	-	(1,284)	-
	<u>6,874,634</u>	<u>4,471,646</u>	<u>3,866,363</u>	<u>1,731,626</u>

	Un-audited Half Year Ended	
	30 June 2016 (Rupees in thousand)	30 June 2015
9. CASH (UTILIZED IN) / GENERATED FROM OPERATIONS		
Profit / (loss) before taxation	98,622	(455,500)
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation	383,307	265,749
Impairment loss on transformer	-	146,628
Provision for gratuity	5,872	5,481
Share of loss from associated company	74	1,091
Interest income	(466)	(5,093)
Finance cost	300,715	166,393
Cash flows from operating activities before working capital changes	788,124	124,749
(Increase) / decrease in current assets:		
Stores, spare parts and other consumables	3,734	(113,374)
Fuel stock	(27,608)	278,337
Trade debts	(3,374,199)	804,326
Advances and short-term prepayments	(424,552)	251,350
Other receivables	245,648	-
Sales tax recoverable	(286,388)	(16,489)
	(3,863,365)	1,204,150
Increase / (decrease) in trade and other payables	721,455	(590,242)
	<u>(2,353,786)</u>	<u>738,657</u>

10. INFORMATION FOR ALL SHARES ISLAMIC INDEX SCREENING

Description	Un-audited 30 June 2016		Audited 31 December 2015	
	Carried under		Carried under	
	Shariah non-compliant arrangements	Shariah compliant arrangements	Shariah non-compliant arrangements	Shariah compliant arrangements
	----- (Rupees in thousand) -----			
<b>10.1 Assets</b>				
<b>Loans and advances</b>				
Advances to suppliers	-	426,377	-	11,544
Long term security deposits	-	300	-	300
<b>Bank balances</b>	12,832	47	500	49
<b>10.2 Liabilities</b>				
<b>Loan and advances</b>				
Long term finance	1,448,931	-	1,671,844	-
Short term borrowings	8,226,328	250,000	5,080,859	-

Description	Un-audited 30 June 2016		Un-audited 30 June 2015	
	Carried under		Carried under	
	Shariah non-compliant arrangements	Shariah compliant arrangements	Shariah non-compliant arrangements	Shariah compliant arrangements
	----- (Rupees in thousand) -----			
<b>10.3 Income</b>				
Profit on deposits with banks	466	-	5,093	-

Description	(Un-audited) Half Year Ended	
	30 June 2016 (Rupees in thousand)	30 June 2015
	<b>10.4 Sources of other income</b>	
Profit of deposits with banks	466	5,093
Rental income	840	803

10.5 Whole revenue of the Company is from power generation.

## 10.6 Relationship with banks

Name	Relationship with	
	Non Islamic window operations	With Islamic windows operations
National Bank of Pakistan	✓	-
Allied Bank Limited	✓	-
Askari Bank Limited	✓	-
Bank Alfalah Limited	✓	-
Faysal Bank Limited	✓	-
Habib Bank Limited	✓	-
Habib Metropolitan Bank Limited	✓	-
MCB Bank Limited	✓	-
NIB Bank Limited	✓	-
United Bank Limited	✓	-
Al-Baraka Bank (Pakistan) Limited	-	✓
Bank Islami Pakistan Limited	-	✓
The Bank of Punjab	✓	-

## 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 2016 (Rupees in thousand)	30 June 2015	30 June 2016 (Rupees in thousand)	30 June 2015
Associated undertakings	Insurance premium	260,336	188,677	130,164	94,766
	Share of expenses	159,276	153,367	82,210	80,781
	Share of rental income	840	803	421	405
	Rent expense	3,139	3,139	1,569	1,569
	Flying services	27,338	22,115	13,665	8,864
	Dividend	249,961	199,038	249,961	199,038
	Boarding lodging services	-	152	-	152
	Purchase of stores	225	2,080	225	2,080
	Markup paid	7,466	-	7,466	-
	Loan obtained	1,000,000	-	1,000,000	-
	Stores and spares transferred to	1,182	-	1,182	-
	Stores and spares transferred from	3,370	-	3,370	-
	Insurance claim	2,996,833	-	2,996,833	-
Key management personnel	Remuneration	17,451	14,321	14,944	12,002

	<b>Un-audited 30 June 2016 (Rupees in thousand)</b>	Audited 31 December 2015
<b>Period end balances:</b>		
Insurance claim receivable from associated company	1,766,833	2,018,541
Short term loan payable to associated company	1,000,000	-

- 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 August 23, 2016 has proposed cash dividend of Rupees 1/- 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 2015.

The carrying values of all financial assets and financial liabilities reflected in this condensed interim financial information approximate their fair values.

## 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.

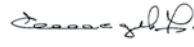
15. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorized for issue on August 23, 2016 by the Board of Directors of the Company.

16. GENERAL

Figures have been rounded off to the nearest thousand Rupees.

  
\_\_\_\_\_  
CHIEF EXECUTIVE

  
\_\_\_\_\_  
DIRECTOR

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