



NISHAT

PAKGEN POWER LIMITED



HALF YEARLY REPORT

FOR THE HALF YEAR ENDED JUNE 30

2013

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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. Shahid Zulfiqar Khan	Chief Executive Officer
Mr. Mark Nicholas Cutis	
Mr. Omar Liaqat	
Mr. Aurangzeb Feroz	
Mr. Kamran Rasool	
Mr. Khalid Qadeer Qureshi	
Mr. Mahmood Akhtar	
Mr. Samir Hammami	Alternate Director

AUDIT COMMITTEE

Mr. Aurangzeb Feroz	Chairman
Mr. Mark Nicholas Cutis	
Mr. Mahmood Akhtar	

CHIEF FINANCIAL OFFICER

Mr. Khalid Qadeer Qureshi

COMPANY SECRETARY

Mr. Khalid Mahmood Chohan

BANKERS OF THE COMPANY

Habib Bank Limited
The Bank of Punjab
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
Standard Chartered Bank (Pakistan) 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.

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 2013.

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). We report that during the period under review power plant by achieving all the operating standards dispatched 878,880 MWH of electricity as compared with 668,483 MWH dispatched during the corresponding six months of the previous financial year. Resultantly the capacity factor remained at 57.8% as against 43.9% demonstrated in the comparable six months of the previous financial year.

Operation Financial Results:

The financial results of the Company for the half year ended 30 June 2013 are as follows:

Financial Highlights	HALF YEAR ENDED	
	30 JUNE 2013	30 JUNE 2012
Revenue (Rs '000')	16,889,765	13,998,409
Gross profit (Rs '000')	1,592,932	1,719,854
Gross profit ratio to revenue (%)	9.43%	12.28%
Pre-tax profit (Rs '000')	1,022,523	1,225,757
After tax profit (Rs '000')	1,022,523	1,225,757
After tax profit ratio to revenue (%)	6.05%	8.76%
Earnings per share (Rs)	2.75	3.29

The Company has posted after tax profit of Rs. 1,022,523 million as against Rs 1,225,757 million earned in the comparative period. Main reason for variation in net profit for period ended 30th June 2013 in Comparison with period ended 30th June 2012 is increase in delta loss by Rupees 187.549 million due to increase in net electricity supplied to WAPDA by 2103 Gwh and increase in fuel consumption 1.66 grams per kwh.

The net profits of the Company demonstrated the Earning per Share of Rs 2.75 as against Rs. 3.29 earned per share in the previous period despite several negative factors effecting profitability.

MOU (Memorandum of Understanding) has been signed between Government of Pakistan and the company to convert its oil fired plant into coal or petcoke on 28 June 2013. Conversion is expected to take place within three years subject to Board's formal approval and fulfillment of certain GOP obligations in streamlining the tariff approval process.

Dividend Distribution

The Company continues to honor it's commitment of safeguarding the shareholders' interests and takes immense pleasure in informing you that the Board in their meeting held on August 22, 2013 has announced 1st Interim Cash Dividend @ of PKR 1/- per share (i.e. 10%) for the half year ended June 30, 2013 for which the date of entitlement has been fixed as August 22, 2013.

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



(Shahid Zulfiqar Khan)

Chief Executive Officer

Lahore: August 22, 2013

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 2013 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 2013 and 30 June 2012 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 2013.

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 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.



RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Muhammad Atif Mirza

Date: 22 August 2013

LAHORE

CONDENSED INTERIM BALANCE SHEET

AS AT 30 JUNE 2013

Note	Un-audited 30 June 2013 (Rupees in thousand)	Audited 31 December 2012
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital 400,000,000 (31 December 2012: 400,000,000) ordinary shares of Rupees 10 each	<u>4,000,000</u>	<u>4,000,000</u>
Issued, subscribed and paid-up share capital 372,081,591 (31 December 2012: 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	<u>10,801,196</u>	<u>10,150,755</u>
Total equity	14,638,971	13,988,530
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	259,819	649,710
Accrued mark-up	260,563	276,682
Short-term borrowings	<u>3,418,143</u>	<u>8,710,864</u>
	3,938,525	9,637,256
Total liabilities	3,938,525	9,637,256
CONTINGENCIES AND COMMITMENTS		
	5	
TOTAL EQUITY AND LIABILITIES	<u>18,577,496</u>	<u>23,625,786</u>

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



CHIEF EXECUTIVE

	Note	Un-audited 30 June 2013 (Rupees in thousand)	Audited 31 December 2012
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	8,162,271	8,088,972
Long-term security deposit		15	15
		8,162,286	8,088,987
CURRENT ASSETS			
Stores, spare parts and other consumables		555,716	570,800
Fuel stock		212,504	312,842
Trade debts		7,711,117	12,770,094
Advances and short-term prepayments		711,731	561,750
Other receivables		430,793	495,043
Sales tax recoverable		786,213	712,403
Cash and bank balances		7,136	113,867
		10,415,210	15,536,799
TOTAL ASSETS		18,577,496	23,625,786



DIRECTOR

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE HALF YEAR ENDED 30 JUNE 2013 (UN-AUDITED)

	Note	Half Year Ended		Quarter Ended	
		30 June	30 June	30 June	30 June
		2013	2012	2013	2012
		(Rupees in thousand)		(Rupees in thousand)	
REVENUE		16,889,765	13,998,409	10,146,182	11,541,130
COST OF SALES	7	(15,296,833)	(12,284,177)	(9,403,345)	(10,764,339)
GROSS PROFIT		1,592,932	1,714,232	742,837	776,791
ADMINISTRATIVE EXPENSES		(52,534)	(65,092)	(30,280)	(45,525)
OTHER OPERATING EXPENSES		(1,255)	(22,155)	(628)	(21,554)
OTHER INCOME		1,539,143	1,626,985	711,929	709,712
PROFIT FROM OPERATIONS		1,553,060	1,681,085	715,062	763,256
FINANCE COST		(530,537)	(455,328)	(269,590)	(261,155)
PROFIT BEFORE TAXATION		1,022,523	1,225,757	445,472	502,101
TAXATION		-	-	-	-
PROFIT AFTER TAXATION		1,022,523	1,225,757	445,472	502,101
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,022,523	1,225,757	445,472	502,101
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)		2.75	3.29	1.20	1.35

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 2013 (UN-AUDITED)

HALF YEARLY REPORT 2013

	Note	Half Year Ended	
		30 June 2013 (Rupees in thousand)	30 June 2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	8	6,823,030	1,878,456
Finance cost paid		(546,656)	(474,605)
Interest income received		13,149	53,083
Income tax paid		(8,801)	(24,434)
Gratuity paid		(4,042)	(3,900)
Net cash generated from operating activities		6,276,680	1,428,600
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(348,364)	(463,692)
Net cash used in investing activities		(348,364)	(463,692)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(742,326)	(557,202)
Net cash used in financing activities		(742,326)	(557,202)
Net increase in cash and cash equivalents		5,185,990	407,706
Cash and cash equivalents at beginning of the period		(8,596,997)	(6,844,780)
Cash and cash equivalents at end of the period		(3,411,007)	(6,437,074)
CASH AND CASH EQUIVALENTS			
Cash in hand		147	63
Cash at banks		6,989	428,596
Short-term borrowings		(3,418,143)	(6,865,733)
		(3,411,007)	(6,437,074)

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



CHIEF EXECUTIVE



DIRECTOR

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED 30 JUNE 2013 (UN-AUDITED)

	SHARE CAPITAL	RESERVES		TOTAL EQUITY
		Capital	Revenue	
		Retained payments reserve	Un- appropriated profit	
(-----Rupees in thousand-----)				
Balance as at 31 December 2011 - audited	3,720,816	116,959	9,422,131	13,259,906
Transaction with owners - Final dividend for the year ended 31 December 2011 @ Rupees 1.5 per share	-	-	(558,122)	(558,122)
Profit for the half year ended 30 June 2012	-	-	1,225,757	1,225,757
Other comprehensive income for the half year ended 30 June 2012	-	-	-	-
Total comprehensive income for the half year ended 30 June 2012	-	-	1,225,757	1,225,757
Balance as at 30 June 2012 - un-audited	3,720,816	116,959	10,089,766	13,927,541
1st interim dividend for year ended 31 December 2012 @ Rupee 1 per share	-	-	(372,082)	(372,082)
2nd interim dividend for the year ended 31 December 2012 @ Rupee 1 per share	-	-	(372,082)	(372,082)
Transactions with owners of the Company recognized directly in equity	-	-	(744,164)	(744,164)
Profit for the half year ended 31 December 2012	-	-	805,153	805,153
Other comprehensive income for the half year ended 31 December 2012	-	-	-	-
Total comprehensive income for the half year ended 31 December 2012	-	-	805,153	805,153
Balance as at 31 December 2012 - audited	3,720,816	116,959	10,150,755	13,988,530
Transaction with owners - Final dividend for the year ended 31 December 2012 @ Rupee 1 per share	-	-	(372,082)	(372,082)
Profit for the half year ended 30 June 2013	-	-	1,022,523	1,022,523
Other comprehensive income for the half year ended 30 June 2013	-	-	-	-
Total comprehensive income for the half year ended 30 June 2013	-	-	1,022,523	1,022,523
Balance as at 30 June 2013 - un-audited	3,720,816	116,959	10,801,196	14,638,971

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 2013 (UN-AUDITED)

HALF YEARLY REPORT 2013

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 (Guarantee) Limited and Lahore Stock Exchange (Guarantee) 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 2013 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 2012.

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 2012.

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 2012.

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 2012.

5.2 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 2012, except for the commitments for letters of credit as at reporting date are amounting to Rupees 1,895 million (31 December 2012: Rupees 2,052 million).

	Un-audited 30 June 2013 (Rupees in thousand)	Audited 31 December 2012
6. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (Note 6.1)	7,194,134	6,934,052
Capital work-in-progress (Note 6.2)	968,137	1,154,920
	<u>8,162,271</u>	<u>8,088,972</u>
6.1 Operating fixed assets		
Opening book value	6,934,052	7,272,877
Add: Cost of additions during the period / year (Note 6.1.1)	535,147	25,550
Less: Book value of deletions / derecognitions during the period / year (Note 6.1.2)	-	-
Less: Depreciation charged during the period / year	275,065	364,375
Closing book value	<u>7,194,134</u>	<u>6,934,052</u>
6.1.1 Cost of additions		
Plant and machinery	513,115	19,576
Vehicles	2,260	-
Furniture and fixtures	1,523	977
Office equipment	2,621	-
Electric equipment and appliances	15,628	4,997
	<u>535,147</u>	<u>25,550</u>
6.1.2 Book value of deletions / derecognitions		
Fully depreciated plant and machinery having cost of Rupees 135.092 million (31 December 2012: Rupees Nil) have been deleted / derecognized during the period.		
6.2 Capital work-in-progress		
Civil works	194,115	26,406
Plant and machinery	773,437	1,126,706
Others	585	1,808
	<u>968,137</u>	<u>1,154,920</u>

	(Un-audited)		(Un-audited)	
	Half Year Ended		Quarter Ended	
	30 June	30 June	30 June	30 June
	2013	2012	2013	2012
	(Rupees in thousand)		(Rupees in thousand)	
7. COST OF SALES				
Fuel cost	14,643,192	11,791,849	9,058,539	10,530,526
Operation and maintenance costs	230,577	210,911	98,314	95,323
Insurance	153,503	104,301	75,192	50,029
Depreciation	269,561	177,116	171,300	88,461
	<u>15,296,833</u>	<u>12,284,177</u>	<u>9,403,345</u>	<u>10,764,339</u>

	(Un-audited)	
	HALF YEAR ENDED	
	30 June	30 June
	2013	2012
	(Rupees in thousand)	
8. CASH GENERATED FROM OPERATIONS		
Profit before taxation	1,022,523	1,225,757
Adjustments for non-cash charges and other items:		
Depreciation	275,065	182,672
Provision for gratuity	4,042	3,900
Provision for doubtful debts	-	20,993
Interest income	(13,149)	(53,083)
Finance cost	530,537	455,328
Cash flows from operating activities before working capital changes	<u>1,819,018</u>	<u>1,835,567</u>
(Increase) / decrease in current assets:		
Stores, spare parts and other consumables	15,084	308,082
Fuel stock	100,338	(395,665)
Trade debts	5,058,977	565,806
Advances and short-term prepayments	(141,180)	(266,071)
Other receivables	64,250	(61,491)
Sales tax recoverable	(73,810)	(110,153)
	<u>5,023,659</u>	<u>40,508</u>
(Decrease) / increase trade and other payables	<u>(19,647)</u>	<u>2,381</u>
	<u><u>6,823,030</u></u>	<u><u>1,878,456</u></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 companies. The Company in the normal course of business carries out transactions with these related parties. Detail of transactions with related parties are as follows:

		(Un-audited)		(Un-audited)	
		Half Year Ended		Quarter Ended	
		30 June	30 June	30 June	30 June
		2013	2012	2013	2012
		(Rupees in thousand)		(Rupees in thousand)	
Relationship with the Company	Nature of transaction				
Associated undertakings	Insurance premium	204,663	124,951	101,164	61,352
	Share of expenses	110,750	108,829	60,036	54,573
	Share of rental income	768	714	380	332
	Rent expense	3,139	3,139	1,570	1,570
	Dividend	567,814	442,136	273,058	442,136
Key management personnel	Remuneration	8,042	10,953	4,021	5,504
				Un-audited	Audited
				30 June	31 December
				2013	2012
				(Rupees in thousand)	

Period / year end balances:

Payable to associated undertaking	-	24,317
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- 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. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Company at their meeting held on August 22, (2012: 24 August 2012) has proposed cash dividend of Rupees1/- (2012: Rupee 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.

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 2012.

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

Corresponding figures have been re-arranged and reclassified to reflect more appropriate presentation of events and transactions for the purpose of comparison. However, no significant re-arrangement and reclassification have been made in this condensed interim financial information except for salaries and other benefits of Rupees 5.622 million from administrative expenses to cost of sales.

13. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorized for issue on August 22, 2013 by the Board of Directors of the Company.

14. GENERAL

Figures have been rounded off to the nearest thousand Rupees.



CHIEF EXECUTIVE



DIRECTOR



53 - A, Lawrence Road, Lahore

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