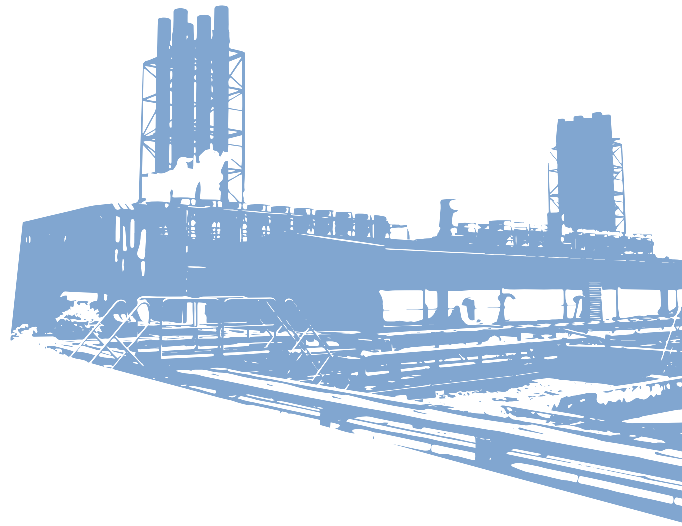
NISHAT

PAKGEN POWER LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED
DECEMBER 31
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 Younas	
Mr. Mahmood Akhtar	

AUDIT COMMITTEE

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

CHIEF FINANCIAL OFFICER

Mr. Khalid Qadeer Qureshi

COMPANY SECRETARY

Mr. Khalid Mahmood Chohan

BANKERS OF THE COMPANY

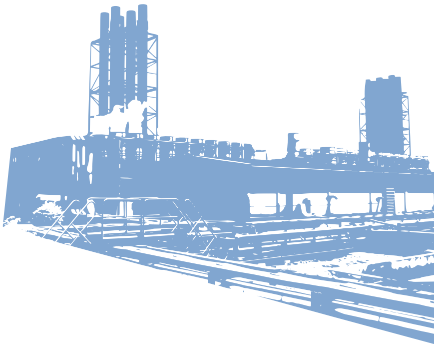
Habib Bank Limited
The Bank of Punjab
Silk Bank Limited
United Bank Limited
Allied Bank Limited
National Bank of Pakistan
Bank Alfalah Limited
Faysal Bank Limited
Askari Bank Limited
Habib Metropolitan Bank Limited
NIB Bank Limited
MCB Bank Limited
Bank Islami Pakistan Limited
Al Baraka Bank (Pakistan)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

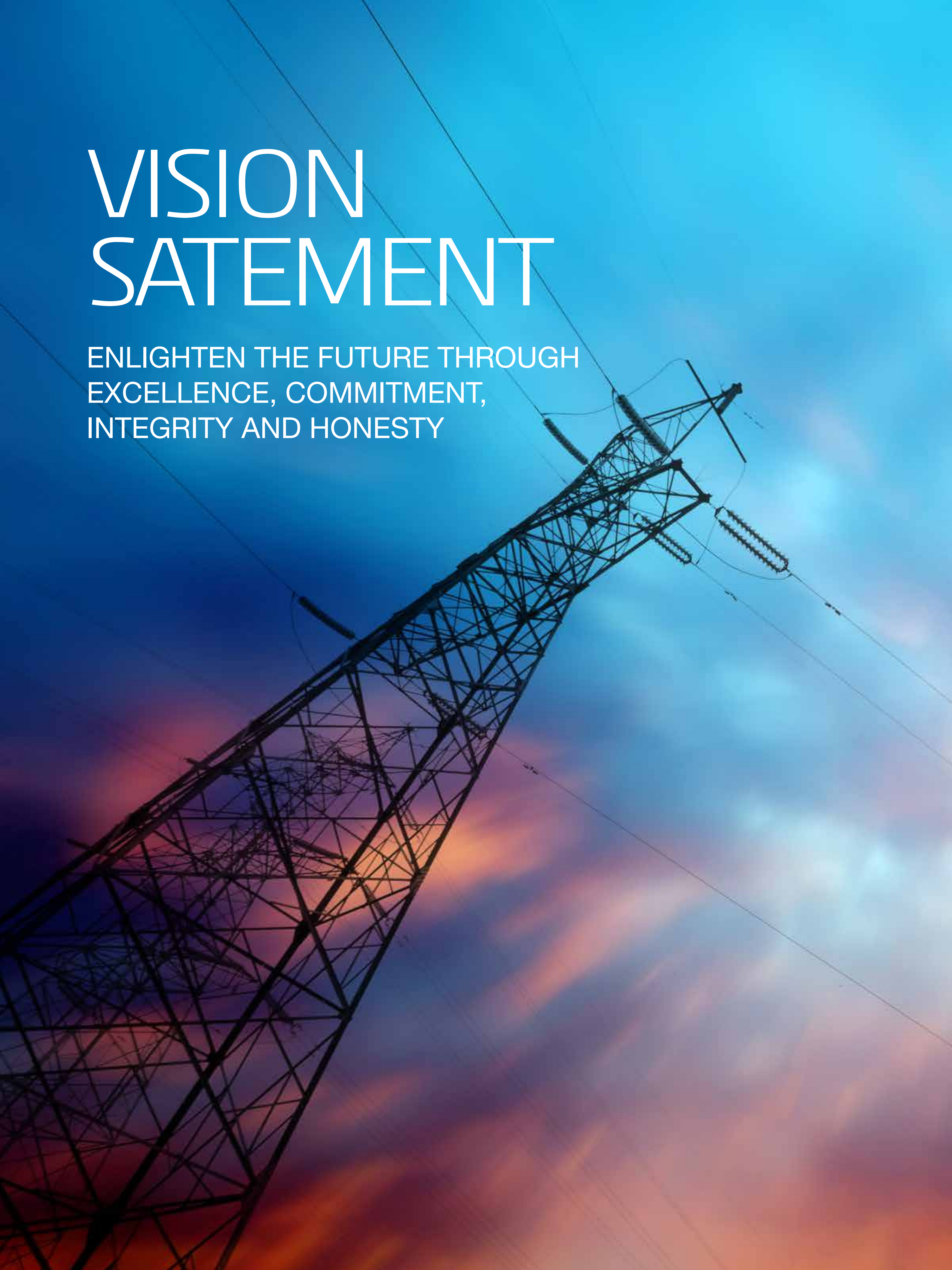
Central Depository Company of Pakistan Limited
CDC House,99-B, Block-B, S.M.C.H.S
Shahra-e-Faisal, Karachi – 74400
Tel: (92-21) 111-111-500
Fax: (92-21) 34326053

PLANT

Mehmood Kot, Muzaffargarh,
Punjab – Pakistan.

VISION SATEMENT

ENLIGHTEN THE FUTURE THROUGH
EXCELLENCE, COMMITMENT,
INTEGRITY AND HONESTY



MISSION STATEMENT

TO BECOME LEADING POWER PRODUCER WITH SYNERGY OF CORPORATE CULTURE AND VALUES THAT RESPECT COMMUNITY AND ALL OTHER STAKE HOLDERS

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that Annual General Meeting of the Shareholders of Pakgen Power Limited ("the Company") will be held on April 30, 2016 (Saturday) at 11:30 A.M. at Nishat Hotel, 9-A, Gulberg III, Mian Mahmood Ali Kasuri Road, Lahore to transact the following business:

1. To receive and adopt the Audited Financial Statements of the Company for the year ended December 31, 2015 together with the Directors' and Auditors' reports thereon.

2. To approve Final Cash Dividend @ 10% [i.e. Re.1/- (Rupee One Only) Per Ordinary Share] as recommended by the Board of Directors, in addition to 10% interim dividend already paid.

3. To appoint statutory Auditors for the year ended December 31, 2016 and fix their remuneration.

4. **Special Business:**

   To consider and if deemed fit, to pass the following resolutions as special resolutions under Section 208 of the Companies Ordinance, 1984, with or without modification, addition(s) or deletion(s), as recommended by the directors.

A) **RESOLVED THAT** "pursuant to the requirements of Section 208 of the Companies Ordinance, 1984, and subject to the shareholders' approval and subject to the compliance with all statutory and legal requirements, Pakgen Power Limited ("the Company") be and is hereby authorized to invest up to Rs. 270,270,000 (Rupees Two Hundred Seventy Million Two Hundred Seventy Thousand only) by way of acquisition, from time to time, of 27,027,000 ordinary shares of the face value of PKR 10 each of Lalpir Solar Power (Private) Limited.

FURTHER RESOLVED that the above said resolution of investment shall be valid for 3 years and any two of Chief Executive Officer and/or Chief Financial Officer and/or Company Secretary of the Company be and are hereby jointly empowered and authorized to undertake the decision of said investment of shares as and when deemed appropriate and necessary in the best interest of the Company and its shareholders.

FURTHER RESOLVED that any two of the Chief Executive Officer and/or Chief Financial Officer and/or Company Secretary of the Company be and are hereby jointly authorized to take all steps and actions necessary, incidental and ancillary for the acquisition of shares of Lalpir Solar including execution of any and all documents and agreements as may be required in this regard and to do all acts, matters, deeds and things as may be necessary or expedient for the purpose of giving effect to the spirit and intent of the special resolution for making investment from time to time.

FURTHER RESOLVED that any two of Chief Executive Officer and/or Chief Financial Officer and/or Company Secretary of the Company be and are hereby authorized jointly to dispose off through any mode, a part or all of equity investments made by the Company from time to time as and when deemed appropriate and necessary in the best interest of the Company and its shareholders.

B) **RESOLVED** that pursuant to the requirements of Section 208 of the Companies Ordinance, 1984, Pakgen Power Limited ("the Company") be and is hereby authorized to extend a loan as running finance facility of up to PKR 1,000,000,000/- (PKR One Billion Only), to Lalpir Power Limited ("Lalpir"), an associated company, as and when required by Lalpir, provided that the return on such running finance shall be equivalent to the average borrowing cost of the Company for each month with minimum rate of one (1) month KIBOR + 0.50% and that such loan shall be for a period of one year renewable by the members of the Company".

FURTHER RESOLVED, “that the Chairman and/or Company Secretary of the Company be and are hereby singly empowered and authorized to undertake the decision of said investment as and when required by Lalpir and to take all steps and actions necessary, incidental and ancillary including execution of any and all documents and agreements as may be required in this regard and to do all acts, matters, deeds and things as may be necessary or expedient for the purpose of giving effect to the spirit and intent of this special resolution”.

By order of the Board

LAHORE
April 05, 2016

(KHALID MAHMOOD CHOHAN)
COMPANY SECRETARY

NOTES:

1. **BOOK CLOSURE NOTICE:-**

   The Share Transfer Books of the Company shall remain closed for entitlement of Final Cash Dividend @ Re.1/- (Rupee One Only) per share i.e. 10% and attending of AGM from 23-04-2016 to 30-04-2016 (both days inclusive). Physical transfers/CDS transactions/IDs, received in order at Share Registrar, Central Depository Company of Pakistan, CDC House, 99-B, Block ‘B’, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi, up to 1:00 p.m. on 22-04-2016 will be considered in time for the entitlement of said 10% Final Cash Dividend and attending of AGM.

2. A member eligible to attend and vote at this meeting may appoint another member his / her proxy to attend and vote instead of him/her. Proxies in order to be effective must reach the Company’s registered office not less than 48 hours before the time for holding the meeting. Proxies of the Members through CDC shall be accompanied with attested copies of their CNIC. In case of corporate entity, the Board’s Resolution/power of attorney with specimen signature shall be furnished along with proxy form to the Company. The shareholder through CDC are requested to bring original CNIC, Account Number and Participant Account Number to produce at the time of attending the meeting.

3. Shareholders are requested to immediately notify the change in address, if any.

4. **Submission of copy of CNIC (Mandatory):**

   The Securities and Exchange Commission of Pakistan (SECP) vide their S.R.O. 779 (i) 2011 dated August 18, 2011 has directed the company to print your Computerized National Identity Card (CNIC) number on your dividend warrants and if your CNIC number is not available in our records, your dividend warrant will not be issued / dispatched to you. In order to comply with this regulatory requirement, you are requested to kindly send photocopy of your CNIC to your Participant / Investor Account Services or to us (in case of physical shareholding) immediately to Company’s Share Registrar, Central Depository Company of Pakistan, CDC House, 99-B, Block ‘B’, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi,

5. Dividend Mandate (Optional):

Under Section 250 of the Companies Ordinance, 1984 a shareholder may, if so desires, direct the Company to pay dividend through his/ her/its bank account. In pursuance of the directions given by the Securities and Exchange Commission of Pakistan (SECP) vide Circular Number 18 of 2012 dated June 05, 2012, kindly authorize the company for direct credit of your cash dividend in your bank account (please note that giving bank mandate for dividend payments is optional, in case you do not wish to avail this facility please ignore this notice, dividend will be paid to you through dividend warrant at your registered address). If you want to avail the facility of direct credit of dividend amount in your bank account, please provide following information to Company's Share Registrar, Central Depository Company of Pakistan, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi,

Bank Account Details of Shareholder

Title of Bank Account
Bank Account Number
Bank's name
Branch name and address
Cell number of shareholder
Landline number of shareholder, if any

It is stated that the above-mentioned information is correct and in case of any change therein, I / we will immediately intimate to the company and the concerned share registrar.

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Name, signature, folio # and CNIC number of shareholder

Notes:

(1) Those shareholders, who hold shares in book entry form in their CDS accounts, will provide the above dividend mandate information directly to their respective Participant / CDC Investor Account Services Department.

(2) If dividend mandate information has already been provided by you, ignore this request.

6. Transmission of Annual Financial Statements Through Email:

In pursuance of the directions given by the Securities and Exchange Commission of Pakistan (SECP) vide SRO 787 (I)/2014 dated September 8, 2014, those shareholders who desire to receive Annual Financial Statements in future through email instead of receiving the same by Post are advised to give their formal consent along with their valid email address on a standard request form which is available at the Company's website i.e. www.lalpir.com and send the said form duly signed by the shareholder along with copy of his CNIC to the Company's Share Registrar, Central Depository Company of Pakistan, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi, Please note that giving email address for receiving of Annual Financial Statements instead of receiving the same by post is optional, in case you do not wish to avail this facility please ignore this notice, Financial Statements will be sent to you at your registered address.

7. Submission of Zakat Declaration (Form-CZ-50):

All Shareholders, physical and CDC account holders /Sub account holders, requiring exemption of Zakat deduction under Zakat & Usher Ordinance, 1980 are requested to submit immediately certified copies of their Zakat Declarations (Form CZ-50) to Company's Office at 53-A, Lawrence Road, Lahore or Company's Share Registrar, Central Depository Company of Pakistan, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi, irrespective of the claim in account opening form.

STATEMENT UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE, 1984.

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on April 30, 2016.

A) Lalpir Solar Power (Pvt.) Limited incorporated on November 19, 2015 as a wholly owned subsidiary of Nishat Power Limited (Lalpir Solar) as an Independent Power Producer (IPP) under the Punjab Power Generation Policy 2006 (Revised 2009) (the "Provincial Policy"), promulgated by Government of Punjab (GoPb) in line with the stipulations of Federal Policy for Development of Renewable Energy for Power Generation 2006, (the "Federal Policies") and (collectively the "Policies") and Alternate Energy Development Board (AEDB) and the prevailing NEPRA Act and Rules and NEPRA Upfront Tariff with review determination dated May 25, 2015.

The principal activity of Lalpir Solar to build, own, operate and maintain or invest in a solar power project having gross capacity upto 20 MWp with net estimated generation capacity of approx 19 MWp with photovoltaic technology which uses PV Modules, Inverters, Combiner Boxes, Switchgear Cabinets, Transformer(s), High Voltage Switchyard, Cables, Metering, Cable Trays, Communication System, Earthing System, Lighting System, Protection Relays, Fire Protection/ Prevention System, Monitoring and Control System and civil infrastructure etc. The project site is located at Mehmood Kot, Dist. Muzaffar Garh.

Nishat Group Companies & Associates (Nishat) has submitted Expression of Interest (EOI) to Punjab Power Development Board (PPDB)/ AEDB to conduct feasibility study and then develop, construct, own, operate and maintain Solar Power Project ("the Project") for grid-connected photovoltaic (PV) modules solar power plant for project site at Mehmood Kot, Dist. Muzaffar Garh, Province of Punjab, Pakistan (the "Site").

Based on proposed plant capacity i.e., upto 20 MWp and notional project cost i.e. US $ 1.56 Million / MW, the total project cost is estimated around US$ 31.20 Million. The Project financing is based on 75 % Debt and 25% Equity. The equity will be apportioned in terms of joint venture agreement executed among consortium members.

Nishat Power Limited (NPL) shall be the main sponsor of the project with equity stake of 34% finally. NPL shall hold, until the sixth (6th) anniversary of successful commissioning of the Project, not less than 20% (twenty percent) of the total issued and paid up share capital of the Lalpir Solar.

The consortium members shall collectively hold at least 51% (fifty-one percent) of the total issued and paid up share capital of Lalpir Solar, until the sixth (6th) anniversary of successful commissioning of the Project.

After issuance of LOI, Lalpir Solar will complete the feasibility study considering the validity of upfront tariff upto 31-12-2015 and forecasting the timeline of project as stated in terms and conditions of NEPRA upfront tariff, subject to any delay on the part of any Government department which would not be counted towards the delay in completion of feasibility study, since few parts of feasibility study would require proper feedback/response from Government departments, including but not limited to;

1. Environmental Impact Assessment with the help of EPA
2. Interconnection study is complete with timely feedback from NTDC.
3. Assistance from Government providing necessary information regarding load on national grid relevant to renewable projects.

The directors have carried out their due diligence for the proposed investment and duly signed recommendation of due diligence report shall be available for inspection of members in the general meeting.

Information for making equity investment in Lalpir Solar Power (Private) Limited as required under Clause (a) of sub-regulation (1) of regulation 3 of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012.

Ref. No.	Requirement	Information
I	Name of associated company	Lalpir Solar Power (Private) Limited, wholly owned subsidiary of Nishat Power Limited, an associated company
	Criteria of associated relationship	Equity Share holding above 20%
II	Purpose	To earn dividend income as well as prospective capital gains
	Benefits	Dividend income as well as prospective capital gains
	Period of investment	Long term investment
III	Maximum amount of investment	270,270,000 Million
IV	Maximum price/share	Rs.10/- share.
V	Maximum number of shares to be acquired	27,027,000 Million ordinary shares
VI	Shareholding before investment	Nil No. of shares:
		Shareholding percentage: N/A
	Shareholding after investment	No. of shares: 27,027,000 million Shares Shareholding percentage: upto 33% Max
VII	Requirement in case of investment in listed associated company	Not Applicable
VIII	Fair market value of shares	Since the project is green field project, the Par value of its share is the fair value

Ref. No.	Requirement	Information
IX	Break-up value of shares	Rs. 10 per share
X	Earnings per share for the last three years	Not Applicable
XI	Sources of fund from which shares will be acquired	Own funds of the Company
XII	Requirements if shares are intended to be acquired using borrowed funds	Not Applicable
XIII	Salient features of agreement(s) entered into with the associated company	A Joint Venture Agreement has been executed to invest in associated company.
XIV	Direct/Indirect interest of directors in the associated company	The Directors have no interest in proposed associated company.
XV	Any other important detail	NIL
XVI	Description of the project	As stated above Paragraph
	Starting date of work	The Letter of Interest (LoI) to be awarded and feasibility consultant yet to be appointed. The Project Company is required to conduct feasibility study as stated above and subsequently the Construction & Development Works will start based on feasibility study.
	Completion of work	Based on Project feasibility i.e 08 Months from Letter of Support (LoS) which will be awarded after approval of feasibility study.
	Commercial operations date	To be decided subsequent to approval of feasibility study and approval of upfront tariff
	Expected time by which the project shall start paying return on investment	ROI will starts right from Commercial Operation Date "COD'

B) Lalpir Power Limited ("the Company") was incorporated in Pakistan on 08 May 1994 under the Companies Ordinance, 1984. The registered office of the Company 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 362 MW in Mehmood Kot, Muzaffargarh, Punjab, Pakistan. It is currently listed on the Pakistan Stock Exchange Limited.

Pakgen Power Limited has a persistent problem with its trade debt balances which fluctuate routinely due to delay in payments from the WAPDA. This creates liquidity problems for Pakgen Power Limited due to which it has to borrow funds from Banks and Financial Institutions to meet its working capital requirements.

The Company feels that it can benefit itself from this opportunity by lending funds at a rate higher than the interest payable by the Company on its borrowing. The average borrowing rate of the Company was 9.40% per annum for the year ended December 31, 2015. Lalpir Power Limited will invest surplus funds available in order to enhance its profitability and good financial management.

Information for extending running finance facility to Lalpir Power Limited as required under Clause (a) of sub-regulation (1) of regulation 3 of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012.

Ref. No.	Requirement	Information
i	Name of associated company	Lalpir Power Limited
	Criteria of associated relationship	Common Directorship
ii	Amount of loans and advances	Rs. 1,000,000,000/- (Rupees One Billion Only)
iii	Purpose Benefits	Both the companies are located in one place and they have some common facilities. The expenses of the facilities are shared between the companies according to share facility agreement. To cover DR and CR side of such transaction companies required the approval of board. For smooth running of company's operations
iv	Details of existing loans	Nil
v	Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements	Audited Financial Statements for the year ended December 31, 2015 showed: Rs. in million Balance Sheet: Assets Property, plant & equipment 10,246 Inventories 1,340 Trade debts 6,677 Other assets 3,223 21,486 Liabilities Borrowings 8,499 Trade and Other payables 443 Other liabilities 159 9,101 Equity 12,386 Current Ratio 1:1.44 Profit & loss: Sales 22,078 Gross Profit 2,039 Gross Profit Ratio 9.23% Net Profit after tax 850 Net Profit after tax Ratio 3.85% EPS 2.24
vi	Average borrowing cost of the investing company	9.33%

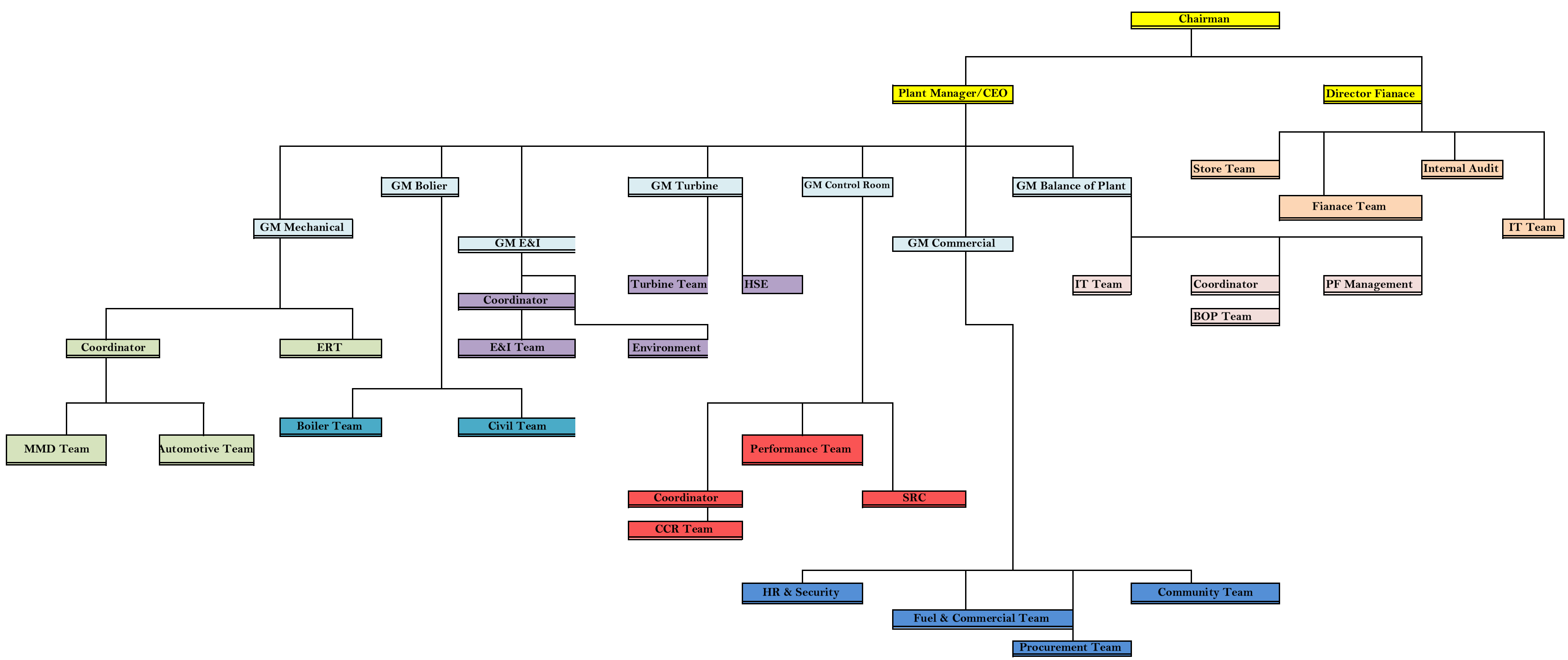
vii	Rate of interest, mark up, profit, fees or commission etc. to be charged	1 Month KIBOR + 0.50%
viii	Sources of funds from where loans or advances will be given	Surplus funds of the company.
ix	Where loans or advances are being granted using borrowed funds; justification for granting loan or advance out of borrowed funds; detail of guarantees/assets pledged for obtaining such funds, if any; and repayment schedules of borrowing of the investing company.	For smooth running of the company's operation.
x	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any.	Nil
xi	If the loans or advances carry conversion feature:	Not applicable
xii	Repayment schedule and terms of loans or advances to be given to the investee company.	Repayment of loan will be within three years with payment of interest on quarterly basis.
xiii	Salient feature of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment	Agreement will be executed before extending the loan on the basis of the terms and conditions as approved by the shareholders.
xiv	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associates company or associated undertaking or the transaction under consideration:	Five directors of Lalpir Power Limited, Mian Hassan Mansha currently holds 3.93% shares, Mr. Aurangzeb Firoz currently holds 0.03% shares, Mr. Khalid Qadeer Qureshi currently holds 0.00% shares, Mr. Kamran Rasool currently holds 0.00% shares, Mr. Mahmood Akhtar currently holds 0.00% shares, in Pakgen Power Limited. The directors of the associated company are interested in the investing company to the extent of their shareholding as under:- Name — % of Shareholding Mian Hassan Mansha — 6.84 Mr. Aurangzeb Firoz — 0.00 Mr. Kamran Rasool — 0.00 Mr. Mahmood Akhtar — 0.00 The companies holding shares of Pakgen Power Limited are interested in Lalpir Power Limited to the extent of their shareholding as follows:- % Nishat Mills Limited — 27.55 Engen (Pvt) Limited — 17.33 Security General Insurance Co. Ltd. — 1.72 Adamjee Insurance Co. Ltd. — 6.89

xv	Any other important details necessary for the members to understand the transaction:	None
xvi	In case of investment in a project of an associated company or associated undertaking that has not commenced operations:	Not applicable
	Starting date of work	Not applicable
	Completion of work	Not applicable
	Commercial operations date	Not applicable
	Expected time by which the project shall start paying return on investment	Not applicable

Statement Under Rule 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012

Name of Investee Company	:	Nishat Energy Limited
Total Investment Approved	:	Equity investment of Rs 4,875,000,000 (Rupees Four Billion Eight Hundred Seventy Five Million Only) was approved by members in EOGM held on August 22, 2014 for the period of (3) years.
Amount of Investment Made to date	:	PKR 2,500,000/-
Reason for not having made complete Investment so far where resolution Required to be implemented in Specified time.	:	The Investment in Nishat Energy is based on certain milestones which have not yet been accomplished. The first such milestone is conducting Feasibility Study. Nishat Energy has submitted its partial feasibility report to Punjab Power Development Board. Remaining portion of Feasibility Report Shall be Submitted Soon.
Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company.	:	Nishat Energy Limited has issued paid-up share capital of 1,000,000 shares of Rs 10 each amounting to Rs 10,000,000 (Rupees ten million).

ORGANIZATION CHART



DIRECTOR'S PROFILE

Mian Hassan Mansha
Chairman

Mr. Hassan Mnasha has over 12 years of professional managerial experience. He has completed his education from USA and presently serving on the Board of Nishat Millis Limited, Security General Insurance Company Limited, Pakistan Aviators and Aviation (Pvt) Limited, Adamjee Insurance company Limited and Pakgen Power Limited. He is also the Chief Executive of Nishat Power Limited.

Mr. Ghazanfar Hussain Mirza
Chief Executive Officer

Mr. Ghazanfar Hussain Mirza has 35 years of experience in business development, business and corporate management in an engineering, technical and multinational environment. He has been Managing Director of Wartsila Corporation (Finland) companies in Pakistan and Saudi Arabia. Mr. Mirza has a bachelor's degree in Mechanical Engineering from NED University of Engineering & Technology.

Mr. Khawaja Muhammad Younas
Director

Mr. Khawaja Muhammad Younas holds B.Sc (Hons) degree from Bahauddin Zakariya University. He is managing the family owned business as Director in the name and style of Mahmood Group of Industries and running ginning, spinning, weaving, garments and leather tannery since 1977. He has a vast experience in leading different Government, Semi Government and Public Limited Companies. He holds Directorship of Mahmood Textile Mills Limited, Masood Spinning Mills Limited, Masood Fabrics Limited, Roomi Enterprises (Pvt) Limited, Roomi Foods (Pvt) Limited, He is also CEO of Roomi Fabrics Limited., Tritex Cotton Mills Limited, and Khawaja Tanneries (Pvt) Limited. He also holds other positions such as Chairman of Multan Dry Port Trust, he is also a Director of Punjab Social Security Health Management Company, and Member of Board of Director of Textile College (Bahauddin Zakriya University, Multan). Formerly, he was also director of Northern Power Generation Company Limited.

Mr. Kamran Rasool
Director

Mr. Kamran Rasool holds a Post Graduate Diploma in Development Administration from Manchester University and MA in English from Punjab University. He was associated with Govt. of Pakistan as secretary Defense (2007-2008), cabinet secretary (2006-2007), secretary Industries and Production (2005-2006). Mr. Rasool is also acting as the Adviser to President at MCB Bank Limited. He also holds Directorship in Pakistan Agricultural Storage and Services Corporation Limited.

Mr. Shahid Malik
Director

Mr. Shahid Malik is Group Head of Corporate Communication & Marketing/Special Projects. Previously he was High Commissioner of Pakistan to India; High Commissioner of Pakistan to Canada – concurrently accredited as High Commissioner to Trinidad & Tobago, High Commissioner to Guyana, and Ambassador to Venezuela. He has also served as Additional Foreign Secretary, and Director General Ministry of Foreign Affairs; Minister (Political)/Counselor, Embassy of Pakistan, Washington; Charge d'Affaires, Embassy of Pakistan, Rome and Second Secretary in Pakistan Embassy, Tokyo.

Dr. Arif Bashir
Director

Dr. Arif basher holds PHD in chemical Engineering. He has been 31 years diversified experience in the fields of project and production management, research and development, power generation and contractual management. Widely travelled on the globe, represented Pakistan in various international conferences. He is member of Chief Minister of Punjab committee on the" Fast Track Coal based power generation Plants ". He is also serving as a director of DG Khan Cement Company Limited.

Mr. Mahmood Akhtar
Director

Mr. Mehmood Akhtar an MBA from Punjab University and brings on board with him over 36 years of managerial experience spread across various industries.

Mr. Aurangzeb Firoz
Director

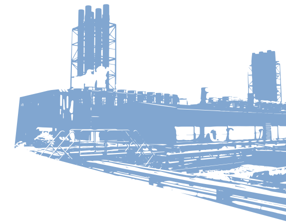
Mr. Aurangzeb Firoz currently heading the organization as the Director of Pakgen Power Limited. He is a graduate of the Lahore American School and University of London and has played a fundamental role in the planning and operation of the company.

His prime experience is focused in the areas of finance, business strategy and operation management. Apart from Pakgen power limited, Mr. Aurangzeb Firoz is also director of the City Schools Group and has been Instrumental in providing strategic and operational support in driving business expansion into Arab States for City Schools' (pvt) Ltd .

Mr. Aurangzeb Firoz holds directorships of Educational System (Pvt) Limited, City APIIT (PAKISTAN) (Pvt) Limited, Engen (Pvt) Limited, Pakgen Power Limited and City Hospitality Management Services (Pvt) Limited. His primary interest remains in the development of the new projects, especially in power & Energy and Educational Sector of Pakistan.

DIRECTORS' REPORT

The Directors are pleased to present the Annual Report and the audited financial statements of the Company for the year ended December 31, 2015 together with the auditors' report thereon.



GENERAL

Pakgen Power Limited ("the Company") was incorporated in Pakistan on 22 June 1995 under the Companies Ordinance, 1984. The shares of the Company are listed on the Karachi, and Lahore Stock Exchanges. The principal activities of the Company are to own, operate and maintain an oil fired power station ("the Complex") with a dependable capacity of 350 MW against a gross capacity of 365 MW in Mehmood Kot, Muzaffargarh, Punjab, Pakistan. The Sole purchaser of the power is Water and Power Development Authority (WAPDA).

FINANCE

We report that during the year 2015 the total sales revenue of the Company was Rupees 6.523 billion (2014: Rupees 34.923 billion) and operating costs were Rupees 4.544 billion (2014: Rupees 33.608 billion), resulting in gross profit of Rupees 1.979 billion (2014: Rupees 1.316 billion). The Company earned a net profit of Rupees 1,598 Million resulting in earnings per share of Rupees 4.29 per share as compared to a net profit of Rupees 612.110 million and earnings per share of Rupees 1.65 last year.

Main reason for variation in net profit for period ended 31 December 2015 in Comparison with period ended 31 December 2014 is decrease in delta loss by Rupees 2007 Million as plant was under forced outage due to failure of main stream transformer.

Our sole customer WAPDA remains unable to meet its obligations in accordance with the Power Purchase Agreement (PPA) which are secured under a sovereign guarantee of Government of Pakistan. As on 31 December 2015 an amount of Rupees 10.834 billion was outstanding against WAPDA of this Rupees 7.074 billion was classified overdue. Despite frequent follow-up with the concerned Ministry of Government of Pakistan it is regretted there has been no improvement in the situation and this has resulted in irregular supply of fuel which has affected Plant Operations. In addition, WAPDA has failed to provide its obligatory Letter of Credit for Rupees 2,789 billion as required under the PPA. The Company is persistently pursuing WAPDA/NTDC and the Government of Pakistan for early retirement of the entire outstanding amounts. The Company is also pursuing WAPDA for establishing the letter of credit as required under its Power Purchase Agreement.

With respect to auditor's comments in respect of recognition of receivable from the insurance company, we explain that full and final settlement of claim from the insurance company is under process. Based on the correspondence with the insurance company, we are certain that loss of gross profit, property damage and restoration costs of the Complex and the expected benefits from the improvement projects except deductibles under insurance policy will be fully received in the financial year ending on 31 December 2016.

With respect to auditor's comments in their report we wish to explain that WAPDA has raised invoices for liquidate damages to the company on account of short supply of electricity by the company. We are of the view that since technically the plant was available to deliver electricity as per WAPDA's requirement and the failure to deliver was consequential only to financial constrains caused by default in payments by WAPDA, therefore WAPDA cannot claim the liquidate damages which are triggered as a result of its own default.

Resultantly we have disputed the said invoices of liquidate damages raised by WAPDA. Based on the strength of the case, management and the legal counsel of the company are confident that the matter will be settled in company's favor therefore no provision has been made in these financial statements.

OPERATIONS AND SIGNIFICANT EVENTS

During the year, the Complex tripped due to failure of main station transformer on 07 February 2015. The transformer was shifted to WAPDA transformers' repair workshop in Lahore for inspection and repair where it was reported as non-repairable. Accordingly, the Company imported a new transformer which was under the process of erection and installation as at 31 December 2015. Subsequent to the reporting date, after installation of transformer, the Complex has resumed its normal operations from 29 January 2016 and the management of the Company has intimated WAPDA accordingly.

Under the terms of Power Purchase Agreement (PPA), the Company intimated to WAPDA about the forced outage. After the above referred event, the Company raised invoices for capacity purchase price only. WAPDA suspended the payments of these invoices and imposed liquidated damages to the Company for the forced outage period. Subsequently, on resumption of the Complex operations, capacity payments of the aforesaid invoices have been acknowledged by WAPDA and the Company has to pay liquidated damages to WAPDA for the forced outage period. Un-paid capacity payments will be first adjusted towards liquidated damages. The Company has recognized revenue related to capacity purchase price and related liquidated damages as per PPA in these financial statements.

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 estimated loss of gross profit, property damage and restoration costs of the Complex amounting to Rupees 2,478.061 million and Rupees 490.480 million respectively upto the reporting date have been recognized as receivable from insurance company out of which partial payment of claim amounting to Rupees 950 million has been received from the insurance company during the year. Further, an amount of Rupees 280 million has been received subsequent to reporting date. The assessment of total loss due to this forced outage and full and final settlement of claim from the insurance company is under process. Based on the correspondence and negociation with the insurance company, we are confident that loss of gross profit, property damage and restoration costs of the Complex except deductibles under insurance policy will be fully received in the financial year ending on 31 December 2016.

CORPORATE OBJECTIVE

Being a responsible and reliable energy company, we aim to facilitate the nation in reducing its cost of energy. To accomplish this objective 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.

PROJECTS:

Projects:

We would also like to inform you that in order to improve efficiency of the project, we are going to carry out following projects:

1. Turbine Retrofit: This project activity includes the replacement of existing turbine rotor and blades with the improved design rotor, efficient blades and advanced seals. This will not only recover permanent aged deterioration but also bring the benefit of new technology. The Improvement in Heat Rate for HIP & LP Turbine efficiency by 1.5% is guaranteed by supplier. Contract signed with Sojitz Machinery Corporation, Osaka and advance payment made by a letter of credit established through NIB Bank Limited for the import of equipment. Project has been executed in October 2015.

2. iWater: This project has been commissioned at LalPir last year. The project has proved 1.1oC improvement in cooling water temperature. It has been replicated at PakGen this year during its annual outage. In this project VVVF has been installed on cooling tower fans and some of the pumps in BOP area. The project has a potential of RS. 70M per annum savings with a pay back of 3 years.

3. VVVF at Boiler Feed Pumps: Boiler feed pumps at Pakgen Power Limited was designed to run at fixed speed. To get the benefit of margin available in design and actual capacity especially at part load, company decided to put variable frequency drives at all boiler feed pumps. The project has 5,428 MWh saving of auxiliary load resulting $ 930,000 annual savings. Pay back of the project is about 2.5 years..This project was completed at Lalpir last year and proved savings better than expectation.

We believe that foregoing arrangements shall be very beneficial for improvement in the efficiency of the project and reducing delta loss.

LALPIR SOLAR POWER (PVT) LIMITED:

During the year Board of Directors of the Company has approved investment in the Lalpir Solar Power (Pvt) Limited (LPSL). The principal activity of LSPL will be to build, own, operate and maintain or invest in a solar power project having gross capacity upto 20 MWp with net estimated generation capacity of approx 19 MWp at project site located at Mehmood Kot, Dist. Muzaffar Garh.

Nishat Group Companies & Associates (Nishat) has submitted Expression of Interest (EOI) to Punjab Power Development Board (PPDB)/ Alternate Energy Development Board (AEDB) to conduct feasibility study. Subsequent to approval from PPDB and/or AEDB Nishat will submit a performance guarantee in favour of PPDB/AEDB to show the commitment and agree to complete the feasibility study within stipulated time frame.

Consortium members (Lalpir Power Limited, Pakgen Power Limited and Nishat power Limited and any other appropriate investor) can share the equity stake subsequently. The consortium members shall collectively hold at least 51% (fifty-one percent) of the total issued and paid up share capital of Lalpir Solar, until the sixth (6th) anniversary of successful commissioning of the Project.

The management has decided to continue with solar project despite a downward revision of upfront tariff by NEPRA.

CREDIT RATINGS

The Company has continuously been receiving “AA” (Double A) as long term rating and “A1+” (A One Plus) as short term rating by PACRA. These ratings reflect the Company’s financial management strength and denote very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments.

HUMAN RESOURCES

The Company has employed experienced and qualified human resources to meet the challenges ahead and to achieve its management objectives. The Company offers an encouraging work environment and employs a dedicated management team and workforce who are instrumental in achieving higher levels of productivity through continuous growth and expansion. The Company has transparent Human Resource policies, including succession planning, hiring, developing and retaining the best talent.

INTERNAL AUDIT AND CONTROL:

The board has set up an independent audit function headed by a qualified person reporting to the Audit Committee. The scope of internal auditing within the Company is clearly defined which broadly involves review and evaluation of its’ internal control system.

ENVIRONMENT HEALTH AND SAFETY

Pakgen Power Limited is proud of its commitment to protecting the environment and enhancing the health and safety of its employees. We continued our pursuit of Health, Safety and Environment (HSE) excellence remaining true to our corporate values. We recognize and applaud the exceptional efforts of our employees for the work they do to protect the environment and to promote health and safety.

Health and safety excellence, integrated with our business goals, positions our Company for continued leadership and future growth. The Company continues to maintain the safer work place for all of the employees. 'Put Safety First' is among the highest priorities of our Company's management. A complete medical checkup of the employees is carried out every year and where required a full concentration is given to any required medical treatment.

SOCIAL RESPONSIBILITY AND COMMUNITY WELFARE

Company since inception has consistently worked for the uplift of communities that are influenced directly or indirectly by our business. The Corporate Social Responsibility (CSR) program is based on the principles of transparency, accountability, integrity and sustainability. Community and stakeholder needs are carefully assessed and strategic support is extended in line with the Company's Policies, Code of Business Ethics and business objectives. The Company takes its responsibilities to the society seriously. We want to be perceived as a good neighbor within the communities where we are present, and to contribute to worthy causes wherever and whenever we can.

Our CSR program has focused on Healthcare, education, environment and infrastructure. The initiatives undertaken seek to ensure that there is clear value addition and that the real impact is made at the grassroots level.

CSR INITIATIVES:

- The company is managing a clinic that is fully equipped with emergency facilities and diagnostics laboratory for the local community. Additionally company also arranges special eye camp for the local community on annual basis.
- Supporting operational expenses to CARE Foundation for the five adopted government schools of local community.
- Continuing support to TCF schools in local community, started from primary level and being upgraded to metric level.
- Company also running a little angle program for the free education to the house maids working in employee's community.
- The company has upgraded many local government institutions like Vocational Training Institute and higher secondary school.
- Extensive Plantation of trees. The Company has built/upgrade the infrastructure in the surrounding community like building houses damaged by flood, roads, bridges, drinking water etc. on as and when required basis.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Company Management is fully cognizant of its responsibility as recognized by the formulated Companies Ordinance provisions and Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan (SECP). The following comments are acknowledgement of Company's commitment to high standards of Corporate Governance and continuous improvement.

o The financial statements, prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

o Proper books of account of the Company have been maintained.

- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

- International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.

- The system of internal control is sound in design and has been effectively implemented and monitored.

- There are no doubts upon Company's ability to continue as going concern.

- All the directors on the Board are fully conversant with their duties and responsibilities as directors of corporate bodies. The directors were apprised of their duties and responsibilities through orientation courses.

- The key operating and financial data of last six years is attached to the report.

During the year under review, Five Board of Directors Meetings were held, attendance position was as under:-

Sr. #	Name of Directors		No. of Meetings Attended
1	Mian Hassan Mansha	(Director/Chairman)	5
2	Mr. Aurangzeb Firoz		4
3	Mr. Shahid Malik		3
4	Mr. Kamran Rasool		3
5	Dr. Arif Bashir		3
6	Mr. Mahmood Akhtar		5
7	Khawaja Mohammad Younus		3
8	Mr. Ghazanfar Hussain Mirza CEO		4

During the year under review, Four Audit Committee Meetings were held, attendance position was as under:-

Sr. #	Name of Directors		No. of Meetings Attended
1.	Mr. Aurangzeb Firoz	(Member/ Chairman)	3
2.	Mr. Shahid Malik	(Member)	3
3.	Mr. Khawaja Mohammad Younas	(Member)	3

During the year under review, one Human Resource & Remuneration (HR&R) Committee meeting was held, attendance position was as under:-

Sr. #	Name of Directors		No. of Meetings Attended
1.	Mian Hassan Mansha	(Member/Chairman)	1
2.	Mr. Kamran Rasool	(Member)	0
3.	Mr. Ghazanfar Hussain Mirza	(Member)	1

CORPORATE GOVERNANCE:

The Statement of Compliance with the best practices of Code of Corporate Governance is annexed.

PATTERN OF SHAREHOLDING:

The statement of pattern of shareholding as on 31 December 2015 is attached.

Trading In The Shares Of The Company

All the trades in the shares of the listed Company, carried out by its directors, executives and their spouses and minor children during the year ended December 31,2015 is annexed to this report.

RELATED PARTIES

Related party transactions were placed before the Audit Committee and approved by the Board. These transactions were in line with the requirements of IFRS and the Companies Ordinance, 1984. The Company maintains a record of all such transactions.

APPROPRIATION

The Board of Directors take pleasure to recommend, to the shareholders of the Company for approval in the ensuing Annual General Meeting, a final dividend at the rate of Rupee 1 per ordinary share of Rupees 10/ each (i.e. @ 10%) which will be paid to those shareholders whose names would appear on members' register on the date as mentioned in the notice of AGM. This dividend, together with the interim dividend which has already paid @10% shall make the cumulative dividend distribution for the financial year 2015 @ 20%.

AUDITORS

The present auditors M/s Riaz Ahmad and Company, Chartered Accountants retired and being eligible, offer themselves for re-appointment for the year 2016. The Audit Committee of the Board has recommended the reappointment of the retiring auditors.

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: 05 April 2016

FINANCIAL DATA

	2015	2014	2013	2012	2011	2010
Dispatch Level %	8	63	65	56	60	51
Dispatch (GWH)	245	1,906	1,981	1,725	1,844	1,571
Revenue (Rupees.000)						
Revenue	6,523,043	34,922,901	37,743,681	33,718,174	31,303,251	20,506,732
Cost of Sales	(4,543,926)	(33,607,721)	(35,611,924)	30,612,069	28,997,530	17,958,606
Gross Profit	1,979,117	1,315,180	2,131,757	3,106,105	2,305,721	2,548,126
Profitability (Rupees.000)						
Profit/(Loss) before Tax	1,597,726	612,110	1,109,735	2,030,910	1,368,223	1,551,001
Provision for Income Tax	-	-	-	-	-	13,557
Profit/(Loss) after Tax	1,597,726	612,110	1,109,735	2,030,910	1,368,223	1,537,444
Financial Position (Rupees.000)						
Non Current Assets	10,020,251	8,465,608	8,203,680	8,088,987	7,637,432	7,603,829
Current Assets	15,529,189	12,491,663	13,108,105	15,536,799	14,224,302	11,716,942
Less; Current Liabilities	9,061,770	6,549,182	6,957,684	9,637,256	8,601,828	5,568,680
Net Working Capital	6,467,419	5,942,481	6,150,421	5,899,543	5,622,474	6,148,262
Capital Employed	16,487,670	14,408,089	14,354,101	13,988,530	13,259,906	13,752,091
Less; Long Term Loans	1,226,019	-	-	-	-	-
Less; Differed Liabilities	-	-	-	-	-	-
Share Holders Equity	15,261,651	14,408,089	14,354,101	13,988,530	13,259,906	13,752,091
Represented by (Rupees.000)						
Share Capital	3,720,816	3,720,816	3,720,816	3,720,816	3,720,816	3,720,816
Capital Reserves	116,959	116,959	116,959	116,959	116,959	116,959
Un-appropriated profit	11,423,876	10,570,314	10,516,326	10,150,755	9,422,131	9,914,316
	15,261,651	14,408,089	14,354,101	13,988,530	13,259,906	13,752,091
Dividends (Rupees.000)	372,082	372,082	930,204	1,116,246	2,448,530	1,375,561
Earning Per Share (Rupees)	4.29	1.65	2.98	5.46	3.68	4.13
Delta Loss (Rupees.000)	93,205	2,100,494	1,689,168	1,038,203	1,703,868	860,711
Ratios:						
Return on assets	0.06	0.03	0.05	0.09	0.06	0.08
Break up value per share of						
Rs. 10 each- Rupees	41.02	38.72	38.58	37.60	35.64	36.96
Current Ratio	1.71	1.91	1.88	1.61	1.65	2.10
Net Profit / (Loss) to sales (%age)	24.49%	1.75%	2.94%	6.02%	4.37%	7.50%

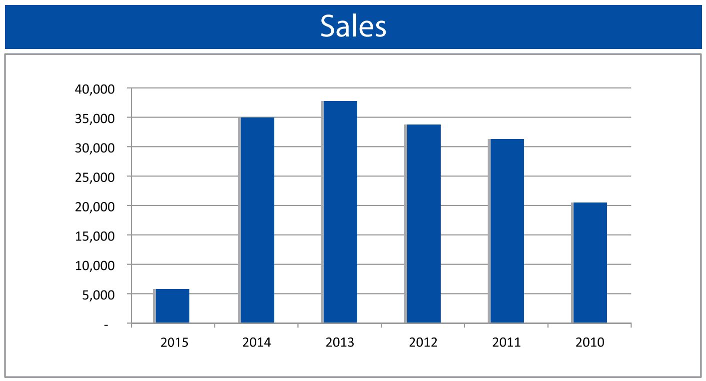
VERTICAL ANALYSIS

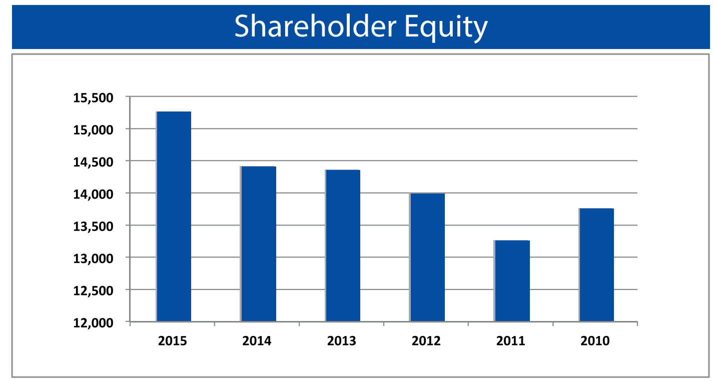
	2015	% of Turnover	2014	% of Turnover	2013	% of Turnover
Revenue	6,523,043	100	34,922,901	100	37,743,681	100
Cost of Sales	(4,543,926)	(69.66)	(33,607,721)	(96.23)	(35,587,989)	(94.29)
Gross Profit	1,979,117	30.34	1,315,180	3.77	2,155,692	5.71
Administration Expenses	(153,920)	(2.36)	(146,638)	(0.42)	(162,035)	(0.43)
Other operating Expenses	(2,569)	(0.04)	(2,341)	(0.01)	(67,658)	(0.18)
Other income	97,555	1.50	24,447	0.07	18,403	0.05
Finance Cost.	(321,037)	(4.92)	(578,427)	(1.66)	(834,667)	(2.21)
share of loss of associated compnay	(1,420)	0.03	(111)	-	-	-
Profit for the year	1,597,726	24.49	612,110	1.75	1,109,735	2.94

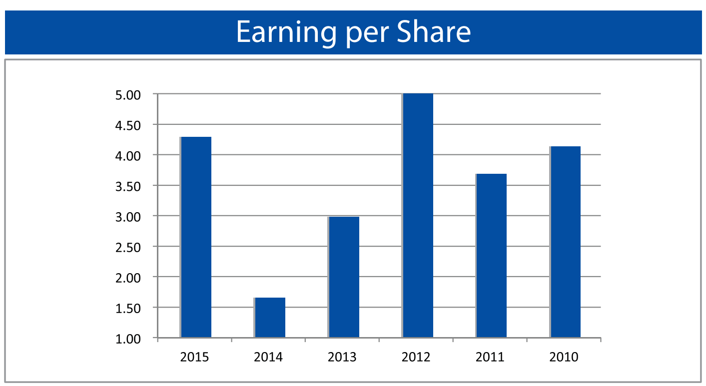
HORIZONTAL ANALYSIS

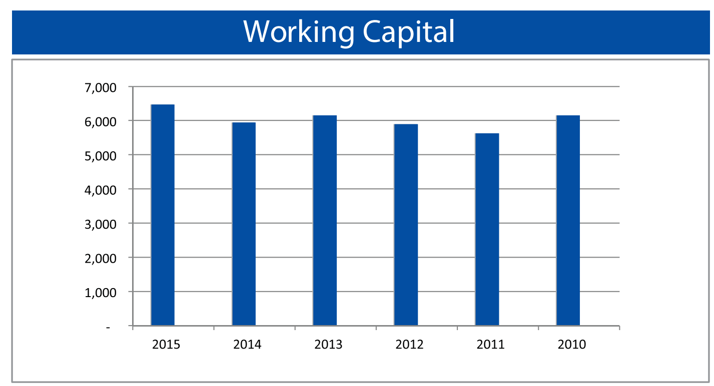
	2015	15 v 14	2014	14 v 13	2013	13 v 12
Revenue	6,523,043	(81.32)	34,922,901	(7.47)	37,743,681	20.57
Cost of Sales	(4,543,926)	(86.48)	(33,607,721)	(5.56)	(35,587,989)	22.76
Gross Profit	1,979,117	50.48	1,315,180	(38.99)	2,155,692	(6.51)
Administration Expenses	(153,920)	4.97	(146,638)	(9.50)	(162,035)	16.57
Other operating Expenses	(2,569)	9.74	(2,341)	(96.54)	(67,658)	18.66
Other income	97,555	299.05	24,447	32.84	18,403	(71.72)
Finance Cost.	(321,037)	(44.50)	(578,427)	(30.70)	(834,667)	3.49
share of loss of associated compnay	(1,420)	-	(111)	-	-	-
Profit for the year	1,597,726	161.02	612,110	(44.84)	1,109,735	(18.89)

PERFORMANCE REVIEW









PATTERN OF SHAREHOLDINGS
As at December 31, 2015

# of Shareholders	Shareholdings' Slab			Total Shares Held
187	1	to	100	3,726
521	101	to	500	252,308
274	501	to	1000	269,655
447	1001	to	5000	1,363,867
181	5001	to	10000	1,552,516
61	10001	to	15000	820,504
40	15001	to	20000	743,500
30	20001	to	25000	734,500
24	25001	to	30000	706,500
14	30001	to	35000	470,000
8	35001	to	40000	304,500
4	40001	to	45000	168,800
25	45001	to	50000	1,248,500
5	50001	to	55000	272,000
6	55001	to	60000	350,000
5	60001	to	65000	317,500
4	65001	to	70000	274,490
5	70001	to	75000	374,500
5	75001	to	80000	392,500
2	80001	to	85000	166,500
3	85001	to	90000	266,500
2	90001	to	95000	188,000
28	95001	to	100000	2,798,500
1	100001	to	105000	102,000
2	105001	to	110000	213,500
1	110001	to	115000	115,000
2	125001	to	130000	255,500
1	130001	to	135000	132,500
1	135001	to	140000	140,000
2	145001	to	150000	300,000
1	150001	to	155000	155,000
1	155001	to	160000	156,000
1	160001	to	165000	165,000
1	165001	to	170000	166,000
1	170001	to	175000	175,000
2	190001	to	195000	385,500
3	195001	to	200000	600,000
1	200001	to	205000	204,500
2	205001	to	210000	416,000
1	225001	to	230000	230,000
2	230001	to	235000	467,500
1	235001	to	240000	240,000
1	240001	to	245000	243,000
2	245001	to	250000	500,000
1	255001	to	260000	257,000
1	265001	to	270000	267,000
1	270001	to	275000	275,000
1	290001	to	295000	291,500
2	295001	to	300000	600,000
1	300001	to	305000	303,000
1	305001	to	310000	308,500
1	325001	to	330000	329,500
1	345001	to	350000	350,000
1	445001	to	450000	450,000
1	450001	to	455000	450,198

# of Shareholders	Shareholdings' Slab			Total Shares Held
1	460001	to	465000	464,500
1	470001	to	475000	472,500
1	495001	to	500000	500,000
2	525001	to	530000	1,056,315
2	535001	to	540000	1,072,500
1	570001	to	575000	575,000
1	605001	to	610000	607,000
1	620001	to	625000	621,000
1	625001	to	630000	630,000
1	670001	to	675000	672,500
1	695001	to	700000	700,000
1	720001	to	725000	722,500
1	725001	to	730000	726,500
1	750001	to	755000	753,237
1	760001	to	765000	762,000
1	785001	to	790000	787,500
1	870001	to	875000	871,500
1	895001	to	900000	900,000
2	995001	to	1000000	2,000,000
1	1000001	to	1005000	1,001,500
1	1045001	to	1050000	1,050,000
1	1050001	to	1055000	1,052,631
1	1075001	to	1080000	1,079,500
1	1115001	to	1120000	1,115,500
1	1195001	to	1200000	1,200,000
1	1220001	to	1225000	1,221,500
1	1295001	to	1300000	1,300,000
1	1570001	to	1575000	1,575,000
1	1710001	to	1715000	1,714,000
1	1775001	to	1780000	1,775,500
1	1900001	to	1905000	1,901,500
1	2105001	to	2110000	2,108,500
1	2225001	to	2230000	2,225,500
1	2570001	to	2575000	2,575,000
1	2995001	to	3000000	3,000,000
1	3195001	to	3200000	3,200,000
1	3270001	to	3275000	3,270,845
1	3405001	to	3410000	3,406,500
1	3545001	to	3550000	3,550,000
1	3995001	to	4000000	3,997,000
1	4405001	to	4410000	4,407,500
1	5235001	to	5240000	5,240,000
1	5665001	to	5670000	5,667,500
1	6405001	to	6410000	6,407,296
1	7135001	to	7140000	7,139,000
1	8080001	to	8085000	8,082,500
1	11985001	to	11990000	11,986,000
1	13730001	to	13735000	13,732,500
1	14630001	to	14635000	14,631,340
1	20745001	to	20750000	20,747,000
1	25630001	to	25635000	25,631,181
1	64385001	to	64390000	64,387,954
1	102520001	to	102525000	102,524,228
1979				**372,081,591**

Categories of Shareholders

As at December 2015

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
Directors and their spouse(s) and minor children			
MIAN HASSAN MANSHA	1	14,631,340	3.93
AURANGZEB FIROZ	2	100,000	0.03
KHAWAJA MUHAMMAD YOUNUS	1	5,000	0.00
MAHMOOD AKHTAR	1	500	0.00
KAMRAN RASOOL.	1	1,000	0.00
SHAHID MALIK	1	500	0.00
ARIF BASHIR	1	1,000	0.00
Associated Companies, undertakings and related parties			
NISHAT MILLS LIMITED	1	102,524,228	27.55
SECURITY GENERAL INSURANCE CO LTD	1	6,407,296	1.72
ADAMJEE INSURANCE COMPANY LIMITED	1	25,631,181	6.89
Engen (Private) Limited	3	64,476,954	17.33
Executives		-	-
KHALID QADEER QURESHI	1	500	0.00
Public Sector Companies and Corporations	1	3,406,500	0.92
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	17	18,117,500	4.87
Mutual Funds			
CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	1	5,667,500	1.52
CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	1	530,000	0.14
CDC - TRUSTEE MCB PAKISTAN ISLAMIC STOCK FUND	1	607,000	0.16
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1	1,300,000	0.35
CDC - TRUSTEE MEEZAN BALANCED FUND	1	291,500	0.08
CDC - TRUSTEE ALFALAH GHP VALUE FUND	1	106,000	0.03
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	35,000	0.01
CDC-TRUSTEE PAK. INT. ELEMENT ISLAMIC ASSET ALLOCATION FUND	1	722,500	0.19
CDC - TRUSTEE AL MEEZAN MUTUAL FUND	1	230,000	0.06
CDC - TRUSTEE MEEZAN ISLAMIC FUND	1	1,714,000	0.46
CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	1	1,050,000	0.28
CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	1	235,000	0.06
CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	1	1,775,500	0.48
CDC - TRUSTEE ALFALAH GHP STOCK FUND	1	1,221,500	0.33
CDC - TRUSTEE ALFALAH GHP ALPHA FUND	1	726,500	0.20
CDC - TRUSTEE ABL STOCK FUND	1	871,500	0.23
MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	1	464,500	0.12
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	1	25,000	0.01
CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - I	1	500	0.00
CDC - TRUSTEE NAFA ISLAMIC STOCK FUND	1	672,500	0.18
CDC - TRUSTEE NAFA STOCK FUND	1	2,225,500	0.60
CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND	1	1,079,500	0.29
CDC - TRUSTEE PAKISTAN SARMAYA MEHFOOZ FUND	1	537,000	0.14

Categories of Shareholders		Shareholders	Shares Held	Percentage
General Public				
	a. Local	1847	30,825,453	8.28
	b. Foreign	1	9,500	0.00
Foreign Companies		6	8,525,000	2.29
OTHERS		69	75,330,139	20.25
	Totals	**1979**	**372,081,591**	**100.00**

Share holders holding 5% or more	Shares Held	Percentage
NISHAT MILLS LIMITED	102,524,228	27.55
ADAMJEE INSURANCE COMPANY LIMITED	25,631,181	6.89
ENGEN PRIVATE LIMITED	64,476,954	17.33
MASOOD FABRICS LTD	20,747,000.00	5.58

All Trades carried out by Directors ,CEO,CFO,Company Secretary,Exrcutives,their Spouse(s) and minor Children during the year 2015 are given as under:-

Name	Status	No. of Shares	Purchase/ Sale
NIL	NIL	NIL	NIL

Statement of Compliance with the Code of Corporate Governance (CCG)
[See clause 5.19.23]

Name of Company: Pakgen Power Limited

Year ended: December 31, 2015.

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No.5.19 of listing regulations of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent Directors	Mr. Khawaja Muhammad Younas
Executive Directors	Mr. Ghazanfar Hussain Mirza - CEO
Non Executive Directors	Mian Hassan Mansha
	Mr. Aurangzeb Firoz
	Mr. Kamran Rasool
	Mr. Shahid Malik
	Dr. Arif Bashir
	Mr. Mahmood Akhtar

   The independent directors meets the criteria of independence under clause 5.19.1.(b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. Two casual vacancies occurred on the Board during the year.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of

employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.

8. The meetings of the board were presided over by the Chairman and in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Board arranged following training programmes for its Directors during the year.

   Orientation Course: -

   All the directors on the Board are fully conversant with their duties and responsibilities as directors of corporate bodies. The directors were apprised of their duties and responsibilities through orientation courses

   Directors' Training Programme: -

   (i) One (1) Director of the Company is exempt from directors training programme due to 14 years of education and 15 years of experience on the board of a listed company.

   (ii) Four directors Mr. Aurangzeb Firoz and Dr. Arif Bashir and Mr. Kamran Rasool and Mr. Mahmood Akhtar has completed the directors training programme from the Institute of Chartered Accountants of Pakistan.

10. No new appointment of CFO, Company Secretary and Head of Internal Audit has been approved by the board. The remuneration of CFO, was revised during the year after due approval of the Board.

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.

13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

14. The company has complied with all the corporate and financial reporting requirements of the CCG.

15. The board has formed an Audit Committee. It comprises of 3 members of whom 2 are non-executive directors and one is independent director.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The board has formed an HR and Remuneration Committee. It comprises 3 members of whom 2 are non-executive directors and the chairman of the committee is a Non Executive director.

18. The board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company

19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim/final financial results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange.

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.

23. We confirm that all other material principles enshrined in the CCG have been complied.

GHAZANFAR HUSSAIN MIRZA
CHIEF EXECUTIVE
NIC Number: 35201-1478495-9

Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of PAKGEN POWER LIMITED ("the Company") for the year ended 31 December 2015 to comply with the Code contained in the Regulations of Pakistan Stock Exchange Limited, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the statement of compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company personnel and reviews of various documents prepared by the Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 31 December 2015.

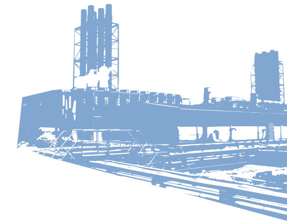
RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Mubashar Mehmood

Date: 5 April 2016
LAHORE

FINANCIAL HIGHLIGHTS

NISHAT



AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of PAKGEN POWER LIMITED as at 31 December 2015 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;

(b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

   ii) the expenditure incurred during the year was for the purpose of the company's business; and

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

(c) in our opinion, and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at 31 December 2015 and of the profit, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

We draw attention to note 2 to the financial statements regarding recognition of receivable from the insurance company in respect of loss of gross profit, property damage and restoration costs incurred due to failure of main station transformer. Our opinion is not qualified in respect of this matter.

Further, we draw attention to note 10.1.3 to the financial statements which explains the uncertainty regarding outcome of claims lodged by Water and Power Development Authority (WAPDA), which have been disputed by the company. Our opinion is not qualified in respect of this matter.

RIAZ AHMAD & COMPANY
Chartered Accountants

Date: 05 April 2016
LAHORE

Name of engagement partner:
Mubashar Mehmood

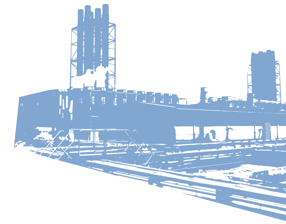
BALANCE SHEET
As at 31 December 2015

	Note	2015	2014
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 400,000,000 (2014: 400,000,000) ordinary shares of Rupees 10 each		4,000,000	4,000,000
Issued, subscribed and paid-up share capital	4	3,720,816	3,720,816
Capital reserve	5	116,959	116,959
Revenue reserve - un-appropriated profit		11,423,876	10,570,314
Total equity		15,261,651	14,408,089
LIABILITIES			
NON-CURRENT LIABILITY			
Long-term finance - secured	6	1,226,019	-
CURRENT LIABILITIES			
Trade and other payables	7	3,474,597	1,176,151
Accrued mark-up / interest	8	60,489	102,694
Short-term borrowings	9	5,080,859	5,270,337
Current portion of long-term finance	6	445,825	-
		9,061,770	6,549,182
Total liabilities		10,287,789	6,549,182
CONTINGENCIES AND COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		25,549,440	20,957,271

The annexed notes form an integral part of these financial statements.

Ghanam y. Mirza

CHIEF EXECUTIVE



	Note	2015	2014
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11	10,018,982	8,462,919
Long-term investment	12	969	2,389
Long-term security deposit		300	300
		10,020,251	8,465,608
CURRENT ASSETS			
Stores, spare parts and other consumables		836,161	796,713
Fuel stock	13	186,875	470,121
Trade debts	14	10,833,800	8,009,287
Advances and short-term prepayment	15	297,907	538,785
Other receivables	16	2,286,015	187,617
Sales tax recoverable		1,087,628	994,153
Cash and bank balances	17	803	1,494,987
		15,529,189	12,491,663
TOTAL ASSETS		25,549,440	20,957,271

DIRECTOR

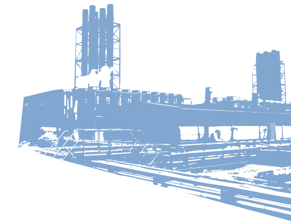
PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2015

	Note	2015	2014
		(Rupees in thousand)	
REVENUE	18	6,523,043	34,922,901
COST OF SALES	19	(4,543,926)	(33,607,721)
GROSS PROFIT		1,979,117	1,315,180
ADMINISTRATIVE EXPENSES	20	(153,895)	(146,638)
OTHER EXPENSES	21	(2,594)	(2,341)
OTHER INCOME	22	97,555	24,447
PROFIT FROM OPERATIONS		1,920,183	1,190,648
FINANCE COST	23	(321,037)	(578,427)
SHARE OF LOSS FROM ASSOCIATED COMPANY	12	(1,420)	(111)
PROFIT BEFORE TAXATION		1,597,726	612,110
TAXATION	24	-	-
PROFIT AFTER TAXATION		1,597,726	612,110
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT AND LOSS ACCOUNT		-	-
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT AND LOSS ACCOUNT		-	-
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,597,726	612,110
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	25	4.29	1.65

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**



CASH FLOW STATEMENT

for the year ended 31 December 2015

	Note	2015	2014
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	26	773,838	4,446,522
Finance cost paid		(493,457)	(620,265)
Interest income received		5,299	13,848
Long-term security deposit made		-	(300)
Income tax paid		(116,899)	(31,132)
Gratuity paid		(11,045)	(10,401)
Net cash generated from operating activities		157,736	3,798,272
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(2,390,889)	(749,228)
Proceeds from disposal of operating fixed assets		-	5,430
Long-term investment made		-	(2,500)
Net cash used in investing activities		(2,390,889)	(746,298)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term finance		1,783,300	-
Repayment of long-term finance		(111,456)	-
Dividend paid		(743,397)	(557,991)
Net cash from / (used in) financing activities		928,447	(557,991)
Net (decrease) / increase in cash and cash equivalents		(1,304,706)	2,493,983
Cash and cash equivalents at beginning of the year		(3,775,350)	(6,269,333)
Cash and cash equivalents at end of the year		(5,080,056)	(3,775,350)
CASH AND CASH EQUIVALENTS			
Cash in hand		101	427
Cash at banks		702	1,494,560
Short-term borrowings		(5,080,859)	(5,270,337)
		(5,080,056)	(3,775,350)

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	SHARE CAPITAL	RESERVES		TOTAL EQUITY
		Capital	Revenue	
		Retained payments reserve	Un-appropriated profit	
	(- - - - - - - -Rupees in thousand		- - - - - -)	
Balance as at 31 December 2013	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 year ended 31 December 2014	-	-	612,110	612,110
Other comprehensive income for the year ended 31 December 2014	-	-	-	-
Total comprehensive income for the year ended 31 December 2014	-	-	612,110	612,110
Balance as at 31 December 2014	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)
Interim dividend for the year ended 31 December 2015 @ Rupee 1 per share	-	-	(372,082)	(372,082)
Transactions with owners of the Company recognised directly in equity	-	-	(744,164)	(744,164)
Profit for the year ended 31 December 2015	-	-	1,597,726	1,597,726
Other comprehensive income for the year ended 31 December 2015	-	-	-	-
Total comprehensive income for the year ended 31 December 2015	-	-	1,597,726	1,597,726
Balance as at 31 December 2015	3,720,816	116,959	11,423,876	15,261,651

The annexed notes form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

1. THE COMPANY AND ITS OPERATIONS

Pakgen Power Limited ("the Company") was incorporated in Pakistan on 22 June 1995 under the Companies Ordinance, 1984. The registered office of the Company is situated at 53-A, Lawrence Road, Lahore. The ordinary shares of the Company are listed on 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. SIGNIFICANT EVENT DURING THE YEAR

During the year, the Complex tripped due to failure of main station transformer on 07 February 2015. The transformer was shifted to WAPDA transformers' repair workshop in Lahore for inspection and repair where it was reported as non-repairable. Accordingly, the Company imported a new transformer which was under the process of erection and installation as at 31 December 2015. Subsequent to the reporting date, after installation of transformer, the Complex has resumed its normal operations from 29 January 2016 and the management of the Company has intimated WAPDA.

Under the terms of Power Purchase Agreement (PPA), the Company intimated to WAPDA about the forced outage. After the above referred event, the Company raised invoices for capacity purchase price only. WAPDA suspended the payments of these invoices and imposed liquidated damages to the Company for the forced outage period. Subsequently, on resumption of the Complex operations, capacity payments of the aforesaid invoices have acknowledged by WAPDA and the Company has to pay liquidated damages to WAPDA for the forced outage period. Unpaid capacity payments will be first adjusted towards liquidated damages. The Company has recognized revenue related to capacity purchase price and related liquidated damages as per PPA in these financial statements.

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 estimated loss of gross profit, property damage and restoration costs of the Complex amounting to Rupees 2,478.061 million and Rupees 490.480 million respectively upto the reporting date have been recognized as receivable from insurance company (Note 16.3) out of which partial payment of claim amounting to Rupees 950 million has been received from the insurance company during the year. Further, an amount of Rupees 280 million has been received subsequent to reporting date. Full and final settlement of claim from the insurance company is under process. Based on the correspondence with the insurance company, the management is virtually certain that loss of gross profit, property damage and restoration costs of the Complex except deductibles under insurance policy will be fully received in the financial year ending on 31 December 2016.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated:

3.1 Basis of preparation

a) Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

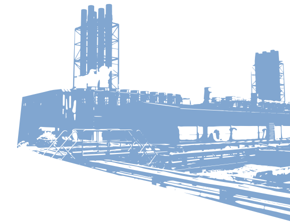
Securities and Exchange Commission of Pakistan (SECP) granted waiver to all companies from the requirements of International Financial Reporting Interpretation Committee (IFRIC) 4 'Determining Whether an Arrangement Contains a Lease' through its notification, S.R.O.24(1)/2012 dated 16 January 2012. Therefore, the Company is not required to account for the portion of its Power Purchase Agreement (PPA) with Water and Power Development Authority (WAPDA) as a lease under International Accounting Standard (IAS) 17 'Leases'. Further, SECP has also granted waiver for the requirements of IAS 21 'The Effects of Changes in Foreign Exchange Rates' in respect of accounting principle of capitalization of exchange differences to power sector companies.

However, if the Company followed IFRIC 4 and IAS 17, the effect on the financial statements would be as follows:

	2015	2014
	(Rupees in thousand)	
De-recognition of property, plant and equipment	(10,007,044)	(8,384,782)
Recognition of lease debtor	4,431,856	4,486,472
	(5,575,188)	(3,898,310)
Decrease in un-appropriated profit at the beginning of the year	(3,898,310)	(3,543,588)
Decrease in profit for the year	(1,676,878)	(354,722)
Decrease in un-appropriated profit at the end of the year	(5,575,188)	(3,898,310)

b) Accounting convention

These financial statements have been prepared on historical cost basis, except for recognition of certain financial instruments at fair value.



c) Critical accounting estimates and judgments

The preparation of financial statements 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. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

Taxation

In making the estimate for income tax payable by the Company, the Company takes into account the applicable tax laws and the decisions by appellate authorities on certain issues in the past.

Useful lives, pattern of economic benefits and impairment

Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of the assets for possible impairments on an annual basis. If such indication exist assets recoverable amount is estimated in order to determine the extent of impairment loss, if any. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.

Provisions for doubtful debts

The Company reviews its receivables against any provision required for any doubtful balances on an ongoing basis. The provision is made while taking into consideration expected recoveries, if any.

Provision for obsolescence of stores, spares parts and other consumables

Provision for obsolescence of stores, spares parts and other consumables is made on the basis of management's estimate of net realizable value and ageing analysis prepared on an item-by-item basis.

d) Standards and amendments to published approved standards that are effective in current year and are relevant to the Company

The following standards and amendments to published approved standards are mandatory for the Company's accounting periods beginning on or after 01 January 2015:

IFRS 12 'Disclosures of Interests in Other Entities' (effective for annual periods beginning on or after 01 January 2015). This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles. This standard does not have significant impact on these financial statements, except for certain additional disclosures.

IFRS 13 'Fair value Measurement' (effective for annual periods beginning on or after 01 January 2015). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. This standard does not have significant impact on these financial statements, except for certain additional disclosures.

On 12 December 2013, IASB issued Annual Improvements to IFRSs: 2010 – 2012 Cycle, incorporating amendments to six IFRSs more specifically in IFRS 13 'Fair Value Measurement' and IAS 24 'Related Party Disclosures', which are considered relevant to the Company's financial statements. These amendments are effective for annual periods beginning on or after 01 July 2014. These amendments are unlikely to have a significant impact on the Company's financial statements.

On 12 December 2013, IASB issued Annual Improvements to IFRSs: 2011 – 2013 Cycle, incorporating amendments to four IFRSs more specifically in IFRS 13 'Fair Value Measurement', which is considered relevant to the Company's financial statements. These amendments are effective for annual periods beginning on or after 01 July 2014. These amendments are unlikely to have a significant impact on the Company's financial statements.

e) Standards and amendments to published standards that are effective in current year but not relevant to the Company

There are standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 January 2015 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

f) Standards and amendments to published approved accounting standards that are not yet effective but relevant to the Company

Following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 January 2016 or later periods:

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 January 2018). A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 'Financial Instruments: Recognition and Measurement'. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized. It introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 01 January 2017). IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are: identify the contract with the customer; identify the performance obligations in the contract; determine the transaction price; allocate the transaction price to the performance obligations in the contracts; and recognize revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IFRS 16 'Lease' (effective for annual periods beginning on or after 01 January 2019). IFRS 16 specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16 approach to lessor accounting substantially unchanged from its predecessor, IAS 17 'Leases'. IFRS 16 replaces IAS 17, IFRIC 4 'Determining Whether an Arrangement Contains a Lease', SIC-15 'Operating Leases–Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

IAS 16 (Amendments) 'Property, Plant and Equipment' (effective for annual periods beginning on or after 01 January 2016). The amendments clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment; and add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset. However, the amendments are not expected to have a material impact on the Company's financial statements.

On 25 September 2014, IASB issued Annual Improvements to IFRSs: 2012 – 2014 Cycle, incorporating amendments to four IFRSs more specifically in IAS 19 'Employee Benefits' and IAS 34 'Interim Financial Reporting', which are considered relevant to the Company's financial statements. These amendments are effective for annual periods beginning on or after 01 January 2016. These amendments are unlikely to have a significant impact on the Company's financial statements and have therefore not been analyzed in detail.

g) Standard and amendments to published standards that are not yet and not considered relevant to the Company

There are other standard and amendments to published standards that are mandatory for accounting periods beginning on or after 01 January 2016 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

3.2 Property, plant and equipment

3.2.1 Operating fixed assets

Operating fixed assets, except freehold land are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land is stated at cost less impairment loss, if any. Residual values and estimated useful lives are reviewed at each reporting date, with the effect of changes in estimate accounted for on prospective basis.

Depreciation is charged to income applying the straight line method whereby cost of an asset less its residual value is written off over its estimated useful life at the rates given in Note 11.1. Depreciation on additions is charged for the full month in which the asset is available for use and on deletion up to the month immediately preceding the deletion.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are included in the profit and loss account during the period in which they are incurred.

The Company assesses at each reporting date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in income currently. The recoverable amount is higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated remaining useful life.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

3.2.2 Capital work-in-progress

Capital work-in-progress is stated at cost less identified impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use.

3.3 Leases

The Company is the lessee:

3.3.1 Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to income on a straight line basis over the lease term.

3.4 Investments

Classification of an investment is made on the basis of intended purpose for holding such investment. Management determines the appropriate classification of its investments at the time of purchase and re-evaluates such designation on regular basis.

Investments are initially measured at fair value plus transaction costs directly attributable to acquisition, except for "Investment at fair value through profit or loss" which is initially measured at fair value.

The Company assesses at the end of each reporting period whether there is any objective evidence that investments are impaired. If any such evidence exists, the Company applies the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' to all investments, except investment accounted for under equity method for associate, which is tested for impairment in accordance with the provisions of IAS 36 'Impairment of Assets'.

3.4.1 Investment at fair value through profit or loss

Investments classified as held-for-trading and those designated as such are included in this category. Investments are classified as held-for-trading if these are acquired for the purpose of selling in the short term. Gains or losses on investments held-for-trading are recognized in profit and loss account.

3.4.2 Held-to-maturity

Investments with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments that are intended to be held to maturity are subsequently measured at amortized cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization, using the effective interest method, of any difference between the initially recognized amount and the maturity amount. For investments carried at amortized cost, gains and losses are recognized in profit and loss account when the investments are de-recognized or impaired, as well as through the amortization process.

3.4.3 Investment in associate - (with significant influence)

Investment in associate is valued using equity method in accordance with the IAS 28 "Investments in Associates and Joint Ventures".

3.4.4 Available-for-sale

Investments intended to be held for an indefinite period of time, which may be sold in response to need for liquidity, or changes to interest rates or equity prices are classified as available-for-sale. After initial recognition, investments which are classified as available-for-sale are measured at fair value. Gains or losses on available-for-sale investments are recognized directly in other comprehensive income until the investment is sold, de-recognized or is determined to be impaired, at which time the cumulative gain or loss previously reported in other comprehensive income is included in profit and loss account. These are sub-categorized as under:

Quoted

For investments that are actively traded in organized capital markets, fair value is determined by reference to stock exchange quoted market bids at the close of business on the balance sheet date. Fair value of investments in open-end mutual funds is determined using redemption price.

Unquoted

Fair value of unquoted investments is determined on the basis of appropriate valuation techniques as allowed by IAS 39 'Financial Instruments: Recognition and Measurement'.

3.5 Foreign currency translation

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. Transactions in foreign currency are converted in Pak Rupees at the rates of exchange prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies at the reporting date are translated into Pak Rupees at the rate of exchange prevailing on that date. Net exchange differences are recognized as income or expense in the period in which they arise.

3.6 Employee benefits

3.6.1 Defined contribution plan

The Company contributes towards a funded contributory provident fund scheme being maintained by Lalpir Power Limited – associated company at the rate of 10% of basic salary of employees.

3.6.2 Defined benefit plan

The Company contributes (as per actuarial valuation) towards a gratuity fund scheme being maintained by Lalpir Power Limited – associated company on fifty-fifty basis in accordance with "Shared Facilities Agreement".

3.7 Inventories

Inventories, except in transit are stated at lower of cost and net realizable value. Cost is determined as follows:

3.7.1 Fuel stock

Cost is determined on the basis of first-in-first-out method.

3.7.2 Stores, spare parts and other consumables

Cost is determined on the basis of average cost method, less allowance for obsolete and slow moving items. Cost in relation to items in transit comprises of invoice value and other charges incurred thereon up to the reporting date.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

3.8 Financial instruments

3.8.1 Recognition and de-recognition

Financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and de-recognized when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of financial assets and financial liabilities is included in the profit and loss account.

Financial instruments carried on the balance sheet include deposits, trade debts, accrued mark-up / interest, other receivables, cash and bank balances, long-term finance, short-term borrowings and trade and other payables. The particular recognition methods adopted are disclosed in the individual policy statement associated with each item.

3.8.2 Derivative financial instruments

Derivative financial instruments are initially recognized at fair value and are subsequently re-measured at their fair value. Fair value of the derivative financial instrument is determined using estimated discounted future cash flows. Derivatives are carried as assets where fair value is positive and as liabilities where fair value is negative.

Derivatives embedded in other financial instruments or non-derivative host contracts are traced as separate derivatives when their risks and economic characteristics are not closely related to those of host contracts and the host contracts are not carried at fair value with unrealized gains or losses reported in the profit and loss account.

If the fair value of an embedded derivative that is required to be separated cannot be reliably measured, the entire combined contract is treated as a financial instrument held for trading. The combined contract is measured at fair value if the fair value of the combined instrument can be reliably measured.

Changes in fair value of derivative financial instruments are recognized in the profit and loss account.

3.8.3 Offsetting

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet, if the Company has a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.9 Cash and cash equivalents

Cash and cash equivalents comprise cash, balance with banks in current, saving and deposit accounts and short-term borrowings under mark up arrangements.

3.10 Provision

A provision is recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

3.11 Taxation

3.11.1 Current

Income (profit and gains) of the Company derived from power generation are exempt from income tax under Clause 132 of Part I and Clause 11A of Part IV of Second Schedule to the Income Tax Ordinance, 2001. This exemption is available till the term of Power Purchase Agreement (PPA). However, full provision is made in the profit and loss account on income from sources not covered under the above clauses at current rates of taxation after taking into account, tax credits, and rebates available, if any.

3.11.2 Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

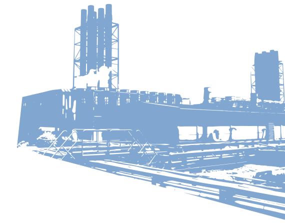
Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the profit and loss account, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax has not been provided in these financial statements as the management believes that the temporary differences will not reverse in the foreseeable future due to the fact that the Company remains exempt from taxation under Clause 132 of Part I and Clause 11A of Part IV of Second Schedule to the Income Tax Ordinance, 2001.

3.12 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest method. Finance costs are accounted for on an accrual basis and are reported under accrued mark-up / profit to the extent of the amount remaining unpaid.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.



3.13 Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed in the profit and loss account in the period in which they arise.

3.14 Trade debts and other receivables

Trade debts and other receivables are recognized initially at invoice value, which approximates fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade debts and other receivables is established when there is objective evidence that the Company will not be able to collect the entire amount due according to the original terms of the receivable. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade debt is impaired. The provision is recognized in the profit and loss account. When a trade debt is uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the profit and loss account.

3.15 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value which is normally the transaction cost.

3.16 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the reporting date, which are classified as non-current assets. Loans and receivables comprise trade debts, deposits, other receivables and bank balances in the balance sheet.

3.17 Impairment

3.17.1 Financial assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

3.17.2 Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit and loss account.

3.18 Revenue

3.18.1 Sale of electricity

Revenue from sale of electricity to the Water and Power Development Authority (WAPDA), the sole customer of the Company, is recorded on the basis of output delivered and capacity available at rates specified under the Power Purchase Agreement (PPA). PPA is a contract over a period of 30 years.

3.18.2 Interest income

Interest income is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

3.18.3 Rental income

Rental income is recognized on accrual basis.

3.19 Dividend and other appropriations

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

3.20 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax.

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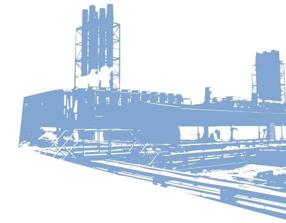


4. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2015	2014		2015	2014
(Number of Shares)			(Rupees in thousand)	
370,586,125	370,586,125	Ordinary shares of Rupees 10 each fully paid-up in cash	3,705,861	3,705,861
1,495,466	1,495,466	Ordinary shares of Rupees 10 each issued as fully paid-up for consideration other than cash	14,955	14,955
372,081,591	372,081,591		3,720,816	3,720,816

4.1 Ordinary shares of the Company held by associated companies:

	2015	2014
	(Number of shares)	
Nishat Mills Limited	102,524,228	102,524,228
Adamjee Insurance Company Limited	25,631,181	25,631,181
Security General Insurance Company Limited	6,407,296	6,407,296
Engen (Private) Limited	64,476,954	64,388,454
Masood Fabrics Limited	20,747,000	-
Masood Spinning Mills Limited	13,732,500	-
Roomi Enterprises (Private) Limited	7,139,000	-
Roomi Fabrics Limited	8,082,500	-
	248,740,659	198,951,159

4.2 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to remain as a going concern and continue to provide returns for shareholders and benefits for other stakeholders. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders keeping in view its cash flow requirements to maintain its operating capacity in terms of PPA. No changes were made in the objectives, policies or processes from previous year. The Company monitors capital using a gearing ratio, which is net debt divided by the total capital plus net debt. The Company includes within net debt long-term finance, short-term borrowings, less cash and bank balances. Capital includes equity attributable to the equity holders.

	2015	2014
	(Rupees in thousand)	
Long-term finance	1,671,844	-
Short-term borrowings	5,080,859	5,270,337
Cash and bank balances	(803)	(1,494,987)
Net debt	6,751,900	3,775,350
Equity	15,261,651	14,408,089
Equity and net debt	22,013,551	18,183,439
Gearing ratio	30.67%	20.76%

5. CAPITAL RESERVE

This represents the Retained Payments Fund ("the reserve") maintained under clause 9.11 of the PPA. Initially the reserve was established at one twenty fourth of the annual operating and maintenance budget of the Company's first year of operations less fuel expenses. The reserve can only be utilized to pay expenses on major maintenance for proper operation of the Complex in case of non availability of sufficient funds. The reserve fund needs to be replenished for the monies utilized by the Company.

	2015	2014
	(Rupees in thousand)	
6. LONG TERM FINANCE		
From banking company - secured		
Long term loan (Note 6.1)	1,671,844	-
Less: Current portion shown under current liabilities	445,825	-
	1,226,019	-

6.1 This represents syndicated term finance facility obtained from NIB Bank Limited to finance the replacement of turbine rotors of the Complex against sanctioned limit of Rupees 3,000 million. This facility carries mark-up at the rate of three months KIBOR plus 2.25% per annum payable quarterly. The effective mark-up rate charged during the year is ranged from 8.75% to 11.88% per annum. 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.

	2015	2014
	(Rupees in thousand)	
7. TRADE AND OTHER PAYABLES		
Creditors (Note 7.1)	142,660	1,094,768
Accrued liabilities (Note 7.2)	3,244,359	44,364
Workers' profit participation fund payable (Note 7.3)	79,886	30,606
Unclaimed dividend	6,011	5,244
Income tax deducted at source	733	845
Others	948	324
	3,474,597	1,176,151

7.1 These include an amount of Rupees 26.069 million payable to Security General Insurance Company Limited - associated company in the ordinary course of business.

7.2 These include liquidated damages of Rupees 3,198.828 million imposed by WAPDA on account of forced outage (Note 2).

	2015	2014
	(Rupees in thousand)	

7.3 Workers' profit participation fund payable

	2015	2014
Opening balance	30,606	157,033
Allocation for the year (Note 21.2)	79,886	30,606
Payments made during the year	(30,606)	(157,033)
Closing balance	79,886	30,606

8. ACCRUED MARK-UP / PROFIT

	2015	2014
Long-term finance	2,004	-
Short term borrowings	58,485	102,694
	60,489	102,694

9. SHORT TERM BORROWINGS

From banking companies

	2015	2014
Working capital finances - secured (Note 9.1)	5,080,859	5,026,037
Short term finance - secured (Note 9.2)	-	244,300
	5,080,859	5,270,337

9.1 The Company has total working capital finance facilities of Rupees 8,727 million (2014: Rupees 10,472 million) available from commercial banks out of which Rupees 3,646 million (2014: Rupees 5,446 million) remained unutilized at year end. These facilities carry mark-up at average offer rate for 1 month to 3 months KIBOR plus 0.40% to 2.50% (2014: 1 month to 6 months KIBOR plus 0.45% to 2.50%) per annum payable monthly / quarterly (2014: quarterly / semi-annually). The effective interest rate during the year ranges from 6.89% to 11.90% (2014: from 10.07 % to 12.94%) per annum. These facilities are secured by way of charge to the extent of Rupees 14,017 million (2014: Rupees 15,368 million) on the present and future current assets of the Company.

9.2 This syndicated term finance facility of Rupees 3,000 million was obtained from NIB Bank Limited for advance payment to supplier against import of turbine rotors. This facility carried mark-up at the rate of 3 months KIBOR plus 2.25% (2014: 3 months KIBOR plus 2.25%) per annum payable quarterly. The effective interest rate charged during the year was 8.75% to 11.88% (2014: 12.32% to 12.43%) per annum. This facility has been transferred to syndicated term finance facility (Note 6). This facility was secured by way of first charge ranking pari passu over all present and future fixed assets (excluding land and building) amounting to Rupees 4,000 million (2014: Rupees 4,000 million).

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

10.1.1 Up to the year ended 31 December 2002, the Company had recorded the provision for workers' profits participation fund and paid to the Federal Treasury contributions on its annual profit as per the provisions of the Companies Profits (Workers' Participation) Act, 1968 (the Act).

Based on legal advice, the Company has filed a petition on 15 April 2004 in the Lahore High Court challenging the application of the Act to the Company on the grounds that since inception the Company has not employed any person who falls within the definition of the term "Worker" as per the provisions of the Act. The Company asserts that it had erroneously deposited in the past certain sums with Federal Treasury as contributions of Workers' Profit Participation Fund (WPPF) and Workers' Welfare Fund (WWF), although it was not obligated to make such payments. The petition was filed subsequent to the Company's receipt of the Federal Board of Revenue's Income Tax / Wealth Tax Circle's letter dated 30 March 2004 directing the Company to allocate five percent of its net profit towards the WPPF and deposit the un-utilized amount of the WPPF in the Federal Treasury. The petition had been filed against the Labour, Manpower and Overseas Pakistani Division of Ministry of Labour, Manpower and Overseas Pakistanis.

Management, based on legal advice, asserts that if the Company does not succeed in the above petition and it is held that the scheme is applicable to the Company, any payments that the Company is ultimately required to make under the provision of the Act are considered as pass through items recoverable from WAPDA under the provisions of the Power Purchase Agreement (PPA). Consequently, there will be no impact on its financial position and its results of operations, even if it does not succeed in the above petition.

Consequent to the amendments that have been made in the Act through the Finance Act, 2006, the Company is required to pay 5% of its profits to WPPF from the financial year 2006. The Company established a workers' profit participation fund to comply with the requirements of the Companies Profit (Workers' Participation) Act, 1968.

The changes to the law will not affect the aforementioned petition filed by the Company. The Company expects a favourable outcome of the matter.

10.1.2 The banks of the Company have issued a letter of credit in favour of Water and Power Development Authority (WAPDA) for an amount of Rupees 651 million (2014: Rupees 651 million) to meet its obligations under the Power Purchase Agreement (PPA).

10.1.3 WAPDA has raised invoices for liquidated damages to the Company from 11th to 18th (up to December 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 5,657 million (2014: Rupees 2,460 million). Out of these the Company has accepted and paid Rupees 220 million (2014: Rupees 220 million) excluding liquidated damages invoiced during the year on account of forced outage (Note 2). 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. Currently, 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 these financial statements.

10.1.4 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 appeal 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 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 aforesaid grounds. The Company 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 these financial statements.

10.1.5 The tax authorities have carried out assessment proceedings under section 122(5A) of the Income Tax Ordinance, 2001 for the tax years 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. 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 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 these financial statements.

10.1.6 During the year, Deputy Commissioner Inland Revenue (DCIR), through as assessment order, rejected the deferred sales tax refund claims of different tax periods amounting to Rupees 44.816 million on the grounds that the Company has failed to prove admissibility of refund claims in the light of objection raised by Sales Tax Automated Refund Repository (STARR). The Company filed an appeal before CIR (A) which has been taken up for hearing but decision is awaited. The management is of the view that there are meritorious grounds available to defend the foregoing rejection. Consequently, no provision for such rejection has been made in these financial statements.

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

10.2 Commitments

10.2.1 The Company has entered into a contract for a period of thirty years for purchase of fuel from Pakistan State Oil Company Limited (PSO). Under the terms of Fuel Supply Agreement (FSA), the Company is not required to buy any minimum quantity of fuel from PSO.

	2015	2014
	(Rupees in thousand)	
10.2.2 Commitments in respect of letters of credit for capital expenditure	-	1,513,838
10.2.3 Commitments in respect of other than capital expenditure	285,284	-

11. PROPERTY, PLANT AND EQUIPMENT

	2015	2014
Operating fixed assets (Note 11.1)	9,223,337	7,358,455
Capital work-in-progress (Note 11.2)	795,645	1,104,464
	10,018,982	8,462,919

11.1 Operating fixed assets

Reconciliation of carrying amounts of operating fixed assets at the beginning and at the end of the year is as follows:

Description	Freehold land	Buildings on freehold land	Air strip	Plant and machinery	Furniture and fittings	Vehicles	Office equipment	Electric equipment and appliances	Total
	Rupees in thousand								
At 01 January 2014									
Cost	127,190	738,678	23,807	11,277,291	4,416	7,598	23,556	110,865	12,313,401
Accumulated depreciation	-	(307,707)	(18,966)	(4,411,965)	(2,135)	(4,363)	(11,246)	(42,637)	(4,799,019)
Net book value	127,190	430,971	4,841	6,865,326	2,281	3,235	12,310	68,228	7,514,382
Year ended 31 December 2014									
Opening net book value	127,190	430,971	4,841	6,865,326	2,281	3,235	12,310	68,228	7,514,382
Additions	124,582	1,896	-	232,269	-	-	2,934	2,632	364,313
Derecognitions:									
Cost	-	(1,625)	-	(60,428)	-	-	-	-	(62,053)
Accumulated depreciation	-	1,035	-	60,428	-	-	-	-	61,463
	-	(590)	-	-	-	-	-	-	(590)
Depreciation charge	-	(22,020)	(1,193)	(482,954)	(270)	(1,515)	(3,561)	(8,137)	(519,650)
Closing net book value	251,772	410,257	3,648	6,614,641	2,011	1,720	11,683	62,723	7,358,455
At 31 December 2014									
Cost	251,772	738,949	23,807	11,449,132	4,416	7,598	26,490	113,497	12,615,661
Accumulated depreciation	-	(328,692)	(20,159)	(4,834,491)	(2,405)	(5,878)	(14,807)	(50,774)	(5,257,206)
Net book value	251,772	410,257	3,648	6,614,641	2,011	1,720	11,683	62,723	7,358,455
Year ended 31 December 2015									
Opening net book value	251,772	410,257	3,648	6,614,641	2,011	1,720	11,683	62,723	7,358,455
Additions	-	214,751	-	2,614,656	49	-	306	161	2,829,923
Reclassification adjustments:									
Cost	-	-	-	107,246	-	-	-	(107,246)	-
Accumulated depreciation	-	-	-	(44,780)	-	-	-	44,780	-
	-	-	-	62,466	-	-	-	(62,466)	-
Derecognitions:									
Cost	-	-	-	(715,097)	-	-	-	-	(715,097)
Accumulated depreciation	-	-	-	342,319	-	-	-	-	342,319
	-	-	-	(372,778)	-	-	-	-	(372,778)
Depreciation charge	-	(26,502)	(298)	(561,214)	(358)	(718)	(2,947)	(226)	(592,263)
Closing net book value	251,772	598,506	3,350	8,357,771	1,702	1,002	9,042	192	9,223,337
At 31 December 2015									
Cost	251,772	953,700	23,807	13,455,937	4,465	7,598	26,796	6,412	14,730,487
Accumulated depreciation	-	(355,194)	(20,457)	(5,098,166)	(2,763)	(6,596)	(17,754)	(6,220)	(5,507,150)
Net book value	251,772	598,506	3,350	8,357,771	1,702	1,002	9,042	192	9,223,337
Annual rate of depreciation (%)		2.6--10	5	2.6--33.3	10	20	10--33.3	10	

11.1.1 Detail of operating fixed assets, exceeding the book value of Rupees 50,000 disposed of during the year is as follows:

2015

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain	Mode of disposal	Particulars of purchasers
	------------- Rupees in thousand	---------------					
Plant and machinery							
Transformer	270,316	123,688	146,628	463,414	316,786	Insurance Claim	Security
Plant and machinery							
Turbine rotor & blade	421,954	195,804	226,150	-	(226,150)	(Note 11.1.4)	Written off
Aggregate of other items of property, plant and equipment with individual book values not exceeding Rupees 50,000	22,827	22,827	-	-	-	(Note 11.1.4)	Written off
	715,097	342,319	372,778	463,414	90,636		

2014

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain	Mode of disposal	Particulars of purchasers
	------------- Rupees in thousand	---------------					
Buildings on freehold land							
House	1,625	1,035	590	5,430	4,840	Negotiation	Mr. Bilal Ahmad Masood, Islamabad
Aggregate of other items of property, plant and equipment with individual book values not exceeding Rupees 50,000	60,248	60,248	-	-	-	(Note 11.1.4)	Written off
	61,873	61,283	590	5,430	4,840		

11.1.2 The depreciation charge for the year has been allocated as follows:

	2015	2014
	(Rupees in thousand)	
Cost of sales (Note 19)	587,716	504,974
Administrative expenses (Note 20)	4,547	14,676
	592,263	519,650

11.1.3 Property, plant and equipment include operating fixed assets costing Rupees 46.482 million (2014: Rupees 76.401 million) which are fully depreciated but still in the use of the Company.

11.1.4 These represent operating fixed assets derecognized during the year due to replacement of assets as per requirement of IAS 16 "Property, Plant and Equipment".

	2015	2014
	(Rupees in thousand)	
11.2 Capital work-in-progress		
Civil works	-	212,253
Plant and machinery (Note 11.2.1)	795,645	892,162
Others	-	49
	795,645	1,104,464

11.2.1 This includes borrowing cost amounting to Rupees 130.215 million (2014: Rupees 30.251 million) capitalized during the year using capitalization rates ranging from 8.75% to 11.88% (2014: 12.32% to 12.43%) per annum.

	2015	2014
	(Rupees in thousand)	
12. LONG-TERM INVESTMENT		
Associated company - under equity method		
Nishat Energy Limited - unquoted 250,000 (2014: 250,000) fully paid ordinary shares of Rupees 10 each Equity held 25% (2014: 25%) at cost	2,500	2,500
Share of reserve		
As at 01 January	(111)	-
Less: Share of loss	(1,420)	(111)
As at 31 December	(1,531)	(111)
Carrying amount under equity method	969	2,389

12.1 Summary of financial information of associated company as per un-audited financial statements for the year / period:

	2015	2014
	(Rupees in thousand)	
Non-current assets	2,897	-
Current assets	977	9,558
Total assets	3,874	9,558
Liabilities	-	-
Net assets	3,874	9,558
Loss for the year / period	5,684	442

12.2 Nishat Energy Limited is a public limited company incorporated in Pakistan and having its principal place of business in the Province of Punjab, Pakistan. The principal activity of Nishat Energy Limited is to build, own, operate and maintain coal power station.

12.3 Nishat Energy Limited is an unlisted company therefore, no quoted market price available for its shares.

12.4 There are no contingent liabilities relating to the Company's interest in the Nishat Energy Limited.

12.5 Provision for taxation is nil in the financial statements of Nishat Energy Limited.

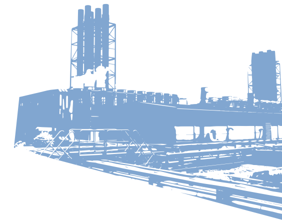
	2015	2014
	(Rupees in thousand)	

13. FUEL STOCK

	2015	2014
Furnace oil	179,253	458,612
Diesel	7,622	11,509
	186,875	470,121

14. TRADE DEBTS

	2015	2014
Other than related parties - Considered good	10,833,800	8,009,287
	10,833,800	8,009,287
	10,833,800	8,009,287



14.1 These represent receivables from Water and Power Development Authority (WAPDA), the Company's sole customer, and are backed by sovereign guarantee of Government of Pakistan. This includes an overdue amount of Rupees 8,991 million (2014: Rupees 2,437 million) on which a penal mark-up at the rate of State Bank of Pakistan (SBP) discount rate plus 2% per annum compounded semi-annually is charged in case the amounts are not paid within due dates. The penal mark-up rate charged during the year ranges from 8.50% to 12% (2014: 11.50% to 12%) per annum.

14.2 As at 31 December, age analysis of trade debts was as follows:

	2015	2014
	(Rupees in thousand)	
Neither past due nor impaired	1,223,032	5,087,247
Past due but not impaired:		
- 26 to 90 days	611,439	1,595,964
- 91 to 180 days	918,816	682,148
- 181 to 365 days	6,459,607	605,476
- above 365 days	1,620,906	38,452
	9,610,768	2,922,040
	10,833,800	8,009,287

15. ADVANCES AND SHORT-TERM PREPAYMENT

Advances to suppliers - considered good	13,304	371,217
Advance income tax - net	282,123	165,224
Short-term prepayment	2,480	2,344
	297,907	538,785

16. OTHER RECEIVABLES

Recoverable from WAPDA as pass through item:		
Workers' profit participation fund (Note 16.1)	267,321	187,435
Workers' welfare fund (Note 16.2)	-	-
Receivable from insurance company (Note 16.3)	2,018,541	-
Others	153	182
	2,286,015	187,617

16.1 Workers' profit participation fund

Opening balance	187,435	434,798
Allocation for the year (Note 21.2)	79,886	30,606
Amount received during the year	-	(277,969)
Closing balance	267,321	187,435

	2015	2014
	(Rupees in thousand)	
16.2 Workers' welfare fund		
Considered doubtful	5,135	5,135
Provision for doubtful receivable	(5,135)	(5,135)
	-	-

16.2.1 Provision for Workers' Welfare Fund has not been made in these financial statements based on the advice of legal counsel of the Company.

	2015	2014
	(Rupees in thousand)	
16.3 Receivable from insurance company		
Property damage (Note 16.3.2)	463,414	-
Restoration cost (Note 16.3.2)	27,066	-
	490,480	-
Business interruption loss (Note 16.3.3)	2,478,061	-
	2,968,541	-
Less: Partial payament received against insurance claim	950,000	-
	2,018,541	-

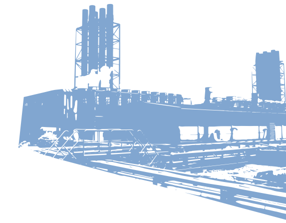
16.3.1 As explained in Note 2 to these financial statements, during the year the Complex tripped due to failure of main station transformer. The loss of gross profit, property damage and restoration costs incurred up to 31 December 2015 have been recognised as insurance claim receivable.

16.3.2 This represents property damage and the Complex restoration costs incurred upto 31 December 2015 less deductibles as per insurance policy.

16.3.3 This represents amount recognised as receivable from insurance company against loss of gross profit for the period from 07 February 2015 to 31 December 2015 after taking into account deductibles period as per insurance policy.

	2015	2014
	(Rupees in thousand)	
17. CASH AND BANK BALANCES		
Cash in hand	101	427
Cash at banks - saving accounts (Note 17.1)	702	1,494,560
	803	1,494,987

17.1 Saving accounts carry mark-up at the rates ranging from 4% to 6.50% (2014: from 6% to 6.50%) per annum.



	2015	2014
	(Rupees in thousand)	

18. REVENUE

	2015	2014
Energy	3,034,517	35,996,915
Sales tax	(385,471)	(5,178,093)
	2,649,046	30,818,822
Capacity	3,873,997	4,104,079
	6,523,043	34,922,901

19. COST OF SALES

	2015	2014
Fuel cost (Note 19.1)	2,342,186	32,292,584
Operation and maintenance costs (Note 19.2)	506,703	488,222
Insurance	386,554	321,030
Depreciation (Note 11.1.2)	587,716	504,974
Liquidated damages to WAPDA (Note 19.3)	720,767	397
Others	-	514
	4,543,926	33,607,721

19.1 Fuel cost

	2015	2014
Opening stock	470,121	337,516
Purchased during the year	2,058,940	32,425,189
	2,529,061	32,762,705
Closing stock	(186,875)	(470,121)
	2,342,186	32,292,584

19.2 Operation and maintenance costs

	2015	2014
Salaries, wages and other benefits (Note 19.2.1)	179,958	164,667
Repair and maintenance (Note 19.2.2)	152,542	116,547
Stores and spare parts consumed	78,615	160,421
Fee and subscription	4,990	4,518
Electricity consumed in-house	90,598	42,069
	506,703	488,222

19.2.1 Salaries, wages and other benefits include provident fund contribution and provision for gratuity of Rupees 10.139 million (2014: Rupees 9.456 million) and Rupees 8.434 million (2014: Rupees 8.107 million) respectively charged by Lalpir Power Limited - associated company in accordance with "Shared Facilities Agreement".

19.2.2 This is net off restoration cost of Rupees 27.066 million recoverable from the insurance company.

	2015	2014
	(Rupees in thousand)	

19.3 Liquidated damages to WAPDA

Liquidated damages claimed by WAPDA	3,198,828	397
Less: Business interruption loss receivable from insurance company (Note 16.3)	2,478,061	-
	720,767	397

20. ADMINISTRATIVE EXPENSES

Salaries and other benefits (Note 20.1)	55,699	46,590
Travelling, conveyance and entertainment	53,505	54,623
Communication and utilities	1,394	1,336
Insurance	4,967	4,864
Legal and professional charges	10,329	5,575
Printing and stationery	2,651	3,102
Office rent	6,278	6,278
Depreciation (Note 11.1.2)	4,547	14,676
Community welfare	5,360	6,562
Security services	79	310
General expenses	9,086	2,722
	153,895	146,638

20.1 Salaries and other benefits include provident fund contribution and provision for gratuity of Rupees 3.138 million (2014: Rupees 2.675 million) and Rupees 2.611 million (2014: Rupees 2.294 million) respectively charged by Lalpir Power Limited - associated company in accordance with "Shared Facilities Agreement".

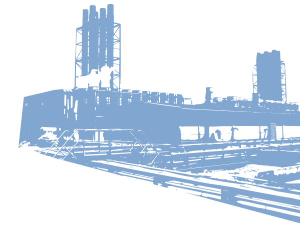
	2015	2014
	(Rupees in thousand)	

21. OTHER EXPENSES

Auditors' remuneration (Note 21.1)	2,594	2,341
Workers' profit participation fund (Note 21.2)	-	-
	2,594	2,341

21.1 Auditors' remuneration

Statutory audit	1,906	1,733
Half yearly review	550	500
Other certifications and reporting	50	25
Out of pocket expenses	88	83
	2,594	2,341



	2015	2014
	(Rupees in thousand)	
21.2 Workers' profit participation fund		
Allocation for workers' profit participation fund (Note 7.3)	79,886	30,606
Allocation to workers' profit participation fund recoverable from WAPDA (Note 16.1)	(79,886)	(30,606)
	-	-

22. OTHER INCOME

	2015	2014
Income from financial assets		
Interest income	5,299	13,848
Income from assets other than financial assets		
Gain on disposal of operating fixed assets	90,636	4,840
Rental income	1,620	1,585
Scrap sales	-	4,174
	97,555	24,447

23. FINANCE COST

	2015	2014
Mark-up on short-term borrowings	315,307	573,772
Bank charges and commission	5,730	4,655
	321,037	578,427

24. TAXATION

Provision for taxation has not been made in these financial statements as the total income of the Company except other income is exempt from levy of income tax under clause 132 of Part I and clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001. No provision for taxation is required against other income due to availability of tax credits. The numerical reconciliation between the average tax rate and the applicable tax rate has not been presented in these financial statements being impracticable.

25. EARNINGS PER SHARE - BASIC AND DILUTED

	2015	2014
There is no dilutive effect on the basic earnings per share which is based on:		
Profit after taxation attributable to ordinary shareholders (Rupees in thousand)	1,597,726	612,110
Weighted average number of shares (Number)	372,081,591	372,081,591
Earnings per share - basic (Rupees)	4.29	1.65

	2015	2014
	(Rupees in thousand)	

26. CASH GENERATED FROM OPERATIONS

	2015	2014
Profit before taxation	1,597,726	612,110
Adjustments for non-cash charges and other items:		
Depreciation	592,263	519,650
Provision for gratuity	11,045	10,401
Gain on disposal of operating fixed assets	(90,636)	(4,840)
Share of loss from associated company	1,420	111
Interest income	(5,299)	(13,848)
Finance cost	321,037	578,427
Cash flows from operating activities before working capital changes	2,427,556	1,702,011
(Increase) / decrease in current assets:		
Stores, spare parts and other consumables	(39,448)	(52,200)
Fuel stock	283,246	(132,605)
Trade debts	(2,824,513)	2,037,406
Advances and short-term prepayments	357,777	222,550
Other receivables	(1,634,984)	247,363
Sales tax recoverable	(93,475)	(440,552)
	(3,951,397)	1,881,962
Increase in trade and other payables	2,297,679	862,549
	773,838	4,446,522

27. PROVIDENT FUND RELATED DISCLOSURES

The Company shares employees and other common costs including expense of provident fund with its associated company, Lalpir Power Limited on fifty-fifty basis in accordance with "Shared Facilities Agreement". The Company contributes to provident fund maintained by Lalpir Power Limited - associated company as disclosed in note 3.6.1. Provident fund, its investments and other matters are managed by Lalpir Power Limited - associated company. Therefore, provident fund related disclosures are presented in the financial statements of Lalpir Power Limited - associated company.

28. NUMBER OF EMPLOYEES

	2015	2014
Number of employees as on December 31	172	166
Average number of employees during the year	171	167

29. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of associated companies and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of significant transactions with related parties other than those which have been specifically disclosed elsewhere in these financial statements, except for remuneration to key management personnel is disclosed in note 30, are as follows:

Associated company	Nature of transaction	2015	2014
		(Rupees in thousand)	
Nishat Mills Limited	Dividend	205,048	153,786
	Purchase of stores	2,092	311
Adamjee Insurance Company Limited	Dividend	51,262	38,447
	Insurance premium	935	1,931
Security General Insurance Company Limited	Dividend	12,815	9,611
	Insurance premium	448,350	371,887
	Insurance claim received	950,000	-
Engen (Private) Limited	Dividend	128,865	96,115
Lalpir Power Limited	Share of expenses	312,286	306,890
	Share of rental income	1,620	1,585
	Stores and spare parts transferred to	26,348	15,307
	Stores and spare parts transferred from	21,521	23,046
Pakistan Aviators and Aviation (Private) Limited	Flying services	49,245	50,755
Nishat (Aziz Avenue) Hotels and Properties Limited	Rent expense	6,278	6,278
Nishat Hospitality (Private) Limited	Boarding lodging services	152	172
Nishat Energy Limited	Investment made	-	2,500
Masood Fabrics Limited	Dividend	41,372	-
Masood Spinning Mills Limited	Dividend	26,455	-
Roomi Enterprises (Private) Limited	Dividend	7,036	-
Roomi Fabrics Limited	Dividend	16,240	-

29.1 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”.

30. REMUNERATION OF CHIEF EXECUTIVE, EXECUTIVE DIRECTOR AND EXECUTIVES

Aggregate amounts charged in these financial statements in respect of remuneration, including all benefits to the chief executive, executive director and executives of the Company are as follows:

	2015			2014		
	Chief Executive	Executive Director	Executives	Chief Executive	Executive Director	Executives
	(- - - - - - - - - - - Rupees in thousand			- - - - - - - - - - - -)		
Managerial remuneration	9,275	5,097	131,568	10,395	4,854	118,477
Medical expenses	8	75	3,977	35	70	3,718
Bonus	1,948	1,070	27,990	742	971	24,046
Retirement benefits	843	463	11,586	945	441	10,370
	12,074	6,705	175,121	12,117	6,336	156,611
Number of persons	1	1	133	2	1	128

30.1 The Company provides to chief executive, director and certain executives with free use of the Company maintained cars.

30.2 Meeting fee of Rupees 250,000 (2014: Rupees 475,000) was paid to non-executive directors of the Company during the year.

31. FINANCIAL RISK MANAGEMENT

31.1 Financial risk factors

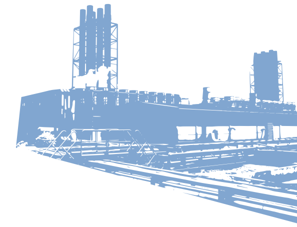
The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors (the Board). The Company's finance department evaluates and hedges financial risks. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.



The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD). As on reporting date, the Company's foreign exchange risk exposure is restricted to payables only. The Company's exposure to currency risk was as follows:

	2015	2014
Trade and other payable		
- USD	27,900	-
Net exposure - USD	27,900	-

The following significant exchange rates were applied during the year:

Rupees per US Dollar

	2015	2014
Average rate	102.94	100.92
Reporting date rate	104.80	100.60

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 0.146 million (2014: Rupees Nil) respectively lower / higher, mainly as a result of exchange losses / gains on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. The sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to equity price risk since there are no investments in equity securities except for investment in associate accounted for under equity method. The Company is also not exposed to commodity price risk since it does not hold any financial instrument based on commodity prices.

(iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's interest rate risk arises from bank balances in saving accounts, past due trade debts, long-term finance and short-term borrowings. Financial instruments obtained at variable rates expose the Company to cash flow interest rate risk. Financial instruments obtained, if any, at fixed rate expose the Company to fair value interest rate risk.

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments was as follows:

	2015	2014
	(Rupees in thousand)	
Floating rate instruments		
Financial assets		
Bank balances- saving accounts	702	1,494,560
Trade debts - past due	8,991,258	2,436,583
	8,991,960	3,931,143
Financial liabilities		
Long-term finance	(1,671,844)	-
Short-term borrowings	(5,080,859)	(5,270,337)
	(6,752,703)	(5,270,337)
Net exposure	2,239,257	(1,339,194)

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the reporting date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 22.393 million (2014: Rupees 13.392 million lower / higher) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of assets and liabilities outstanding at reporting dates were outstanding for the whole year.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2015	2014
	(Rupees in thousand)	
Long-term security deposit	300	300
Trade debts	10,833,800	8,009,287
Other receivables	2,286,015	187,617
Bank balances	702	1,494,560
	13,120,817	9,691,764

Age analysis of trade debts as at reporting date is given in note 14.2.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (If available) or to historical information about counterparty default rate:

	Rating			2015	2014
	Short Term	Long Term	Agency	(Rupees in thousand)	
WAPDA	Not available			1,223,032	5,087,247
National Bank of Pakistan	A-1+	AAA	PACRA	349	377
Habib Bank Limited	A-1+	AAA	JCR-VIS	174	1,171
MCB Bank Limited	A1+	AAA	PACRA	4	1,107,305
United Bank Limited	A-1+	AA+	JCR-VIS	36	341
The Bank of Punjab	A1+	AA-	PACRA	89	385,311
Allied Bank Limited	A1+	AA+	PACRA	1	55
Al Baraka Bank (Pakistan) Limited	A1	A	PACRA	49	-
				1,223,764	6,581,807

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. As 31 December 2015, the Company had Rupees 3,646 million (2014: Rupees 5,502 million) available borrowing limits from financial institutions and Rupees 0.803 million (2014: Rupees 1.495 million) cash and bank balances to meet the short-term funding requirements due to delay in payments by WAPDA. Management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amounts disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 31 December 2015:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 Years	More than 2 Years
	(- - - - - - - - - - - - - - - Rupees in thousand					- - - - - - - - - - - - - - -)
Non-derivative financial liabilities:						
Long-term finance	1,671,844	1,963,615	293,424	283,698	538,219	848,274
Trade and other payables	3,393,978	3,393,978	3,393,978	-	-	-
Accrued mark-up / interest	60,489	60,489	60,489	-	-	-
Short-term borrowings	5,080,859	5,252,400	4,733,909	518,491	-	-
	10,207,170	10,670,482	8,481,800	802,189	538,219	848,274

Contractual maturities of financial liabilities as at 31 December 2014:

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 Years	More than 2 Years
	(- - - - - - - - -	- - - - - - Rupees in thousand	- - - - - - - - - - - - - -)			
Non-derivative financial liabilities:						
Trade and other payables	1,145,545	1,145,545	1,145,545	-	-	-
Accrued mark-up / interest	102,694	102,694	102,694	-	-	-
Short-term borrowings	5,270,337	6,010,794	5,966,916	43,878	-	-
	6,518,576	7,259,033	7,215,155	43,878	-	-

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at 31 December. The rates of interest / mark up have been disclosed in note 6 and note 9 to these financial statements.

31.2 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

31.3 Financial instruments by categories

	Loans and receivables	
	2015	2014
	(Rupees in thousand)	
Assets as per balance sheet		
Long-term security deposit	300	300
Trade debts	10,833,800	8,009,287
Other receivables	2,286,015	187,617
Cash and bank balances	803	1,494,987
	13,120,918	9,692,191

	Financial liabilities at amortized cost	
	2015	2014
	(Rupees in thousand)	
Liabilities as per balance sheet		
Long-term finance	1,671,844	-
Trade and other payables	3,393,978	1,145,545
Accrued mark-up / interest	60,489	102,694
Short-term borrowings	5,080,859	5,270,337
	10,207,170	6,518,576

	2015 MWH	2014 MWH
32. CAPACITY AND ACTUAL PRODUCTION		
Installed capacity based on 8,760 (2014: 8,760) hours	3,197,400	3,197,400
Actual energy delivered	245,200	1,906,961

Output produced by the Complex is dependent on the load demanded by WAPDA and Complex availability. During the year, energy delivery was low due to forced outage as explained in note 2 to these financial statements.

33. UNUTILIZED CREDIT FACILITIES

	Non-funded		Funded	
	2015	2014	2015	2014
	(Rupees in thousand)		(Rupees in thousand)	
Total facilities	3,032,441	3,993,640	8,727,220	10,771,720
Utilized at the end of the year	676,893	3,712,243	5,080,859	5,270,328
Unutilized at the end of the year	2,355,548	281,397	3,646,361	5,501,392

34. SEGMENT INFORMATION

These financial statements have been prepared on the basis of single reportable segment. Revenue from sale of electricity relates to WAPDA, the Company's sole customer in Pakistan. All non-current assets of the Company as at reporting date were located in Pakistan.

35. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors have proposed final cash dividend for the year ended 31 December 2015 of Rupee 1 per share (2014: Rupee 1 per share). However, this event has been considered as non-adjusting event under IAS 10 'Event after Reporting Period' and has not been recognized in these financial statements.

36. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 5th April 2016 by the Board of Directors of the Company.

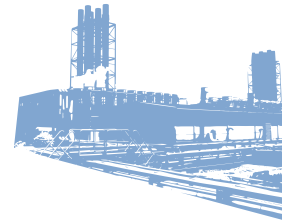
37. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified to reflect more appropriate presentation of events and transactions for the purpose of comparison. However, no significant rearrangement and reclassification have been made in these financial statements.

38. GENERAL

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

CHIEF EXECUTIVE **DIRECTOR**



FORM OF PROXY

I/We, ____ of

__________________________ CDC A/C NO. /FOLIO NO. ______________________________

being a shareholder of the Pakgen Power Limited (The Company) do hereby appoint.

Mr./Miss/Ms. ____

of__________________________ CDCA/CNO./FOLIONO.________________________and

or failing him/her ____________________________ of ____________________________

who is/are also a shareholder of the said Company, as my/our proxy in my/our absence and to vote for me/us at the Annual General Meeting of the Company to be held on 30th April 2016 (Saturday) at 11:30 a.m. at Nishat Hotel, 9-A, Mian Mahmood Ali Kasuri Road, Gulberg III, Lahore and at any adjournment thereof in the same manner as I/we myself/ourselves would vote if personally present at such meeting.

As witness my/our hands in this day of__________2016.

Revenue
Stamp
of Rs. 5/-

Signature ________________________

Address ________________________

____

No. of shares held ________________

Witness:-

Name ________________________

Address ________________________

____

IMPORTANT:

a. This instrument appointing a proxy, duly completed, must be received at the registered Office of the Company at Nishat House, 53- A, Lawrence Road, Lahore not later than 48 hours before the time of holding the Annual General Meeting. For Appointing Proxies.

b. Attested copies of the CNIC or the passport of beneficial owners shall be furnished with the proxy form.

c. The proxy shall produce his original CNIC or original passport at the time of the Meeting.

d. In case of corporate entity, the Board's resolution / power of attorney with specimen signature shall be furnished along with proxy form to the Company

نمائندگی کا فارم (پراکسی فارم)

غیر معمولی اجلاسِ عام

کمپنی سیکرٹری

53۔اے، لارنس روڈ،

لاہور، پاکستان۔

میں/ہم ۔۔۔۔۔۔۔۔۔۔۔کا/کے ۔۔۔۔۔۔۔۔۔۔بحثیت رکن پاک جن پاور لمیٹڈ اور حامل عامل حصص بمطابق شیئر رجسٹرار فولیو نمبر۔۔۔۔۔۔۔اور/یا سی ڈی سی پارٹیسپنٹ آئی ڈی نمبر۔۔۔۔۔اور ذیلی اکاؤنٹ نمبر۔۔۔۔۔۔۔۔۔۔ محترم/محترمہ کو اپنے/ہمارے ایماء پر۔۔۔۔۔۔۔۔۔۔۔۔کے۔۔۔۔۔۔۔کا پاک جن پاور لمیٹڈ 30 اپریل 2016ء نشاط ہوٹل 9۔اے، میاں محمود قصوری روڈ گلبرگ 3، لاہور پر ہونے والے غیر معمولی اجلاسِ عام میں حق رائے دہی استعمال کرنے یا کسی بھی التواء کی صورت میں ۔۔۔۔۔۔۔کے۔۔۔۔۔۔۔۔میں اپنا/ہمارا بطور نمائندہ (پراکسی) مقرر کرتا/کرتے ہیں۔

آج بروز۔۔۔۔۔۔۔بتاریخ۔۔۔۔۔۔۔2016ء کو دستخط کیے گئے۔

گواہ:

دستخط۔۔۔۔۔۔۔۔۔۔۔۔

نام۔۔۔۔۔۔۔۔۔۔۔۔۔

پتہ۔۔۔۔۔۔۔۔۔۔۔۔۔

سی این آئی سی نمبر۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

AFFIX
CORRECT
POSTAGE

The Company Secretary

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NISHAT

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