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# COMPANY PROFILE

|                                |                                                                                                                                                                                                                                                                                                                                                                                                     |                                              |
|--------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|
| <b>THE COMPANY</b>             | <p>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.</p> |                                              |
| <b>BOARD OF DIRECTORS</b>      | <p>Mian Hassan Mansha<br/>Mr. Aurangzeb Feroz<br/>Mr. Shahid Malik<br/>Mr. Hassan Nawaz Tarar<br/>Dr. Arif Bashir<br/>Mr. Badar-ul-Hassan<br/>Mr. Farrukh Ifzal</p>                                                                                                                                                                                                                                 | Chairman                                     |
| <b>CHIEF EXECUTIVE OFFICER</b> | Mr. Ghazanfar Hussain Mirza                                                                                                                                                                                                                                                                                                                                                                         |                                              |
| <b>AUDIT COMMITTEE</b>         | <p>Mr. Aurangzeb Feroz<br/>Mr. Shahid Malik<br/>Mr. Farrukh Ifzal</p>                                                                                                                                                                                                                                                                                                                               | Chairman                                     |
| <b>HR &amp; R COMMITTEE</b>    | <p>Mian Hassan Mansha<br/>Dr. Arif Bashir<br/>Mr. Badar-ul-Hassan</p>                                                                                                                                                                                                                                                                                                                               | <p>Chairman/member<br/>Member<br/>Member</p> |
| <b>CHIEF FINANCIAL OFFICER</b> | Mr. Khalid Qadeer Qureshi                                                                                                                                                                                                                                                                                                                                                                           |                                              |
| <b>COMPANY SECRETARY</b>       | Mr. Khalid Mahmood Chohan                                                                                                                                                                                                                                                                                                                                                                           |                                              |
| <b>BANKERS OF THE COMPANY</b>  | <p>Habib Bank Limited<br/>The Bank of Punjab<br/>Silk Bank Limited<br/>United Bank Limited<br/>Allied Bank Limited<br/>National Bank of Pakistan<br/>Bank Alfalah Limited<br/>Faysal Bank Limited<br/>Askari Bank Limited<br/>Habib Metropolitan Bank Limited<br/>NIB Bank Limited<br/>MCB Bank Limited<br/>Bank Islami Pakistan Limited<br/>Al Baraka Bank (Pakistan) Limited</p>                  |                                              |
| <b>AUDITOR OF THE COMPANY</b>  | <p>Riaz Ahmad &amp; Co.<br/>Chartered Accountants</p>                                                                                                                                                                                                                                                                                                                                               |                                              |

**LEGAL ADVISOR OF  
THE COMPANY**

Mr. M. Aurangzeb Khan  
Advocate High Court

**REGISTERED OFFICE**

53-A, Lawrence Road,  
Lahore-Pakistan  
UAN: 042-111-11-33-33

**HEAD OFFICE**

1-B, Aziz Avenue, Gulberg-V,  
Lahore- Pakistan  
Tel: 042-35717090-96  
Fax: 042-35717239

**SHARE REGISTRAR**

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

**PLANT**

Mehmood Kot, Muzaffargarh,  
Punjab - Pakistan.

# DIRECTORS' REPORT

The Directors of **Pakgen Power Limited “the Company”** are pleased to present their report together with operational and financial results of your Company for the period ended 30 Sep 2017.

Your Company is engaged in power generation with a dependable capacity of 350.00 MW furnace oil fired power plant against a gross capacity of 365 MW. Its shares are listed on the Pakistan Stock exchange. The Sole purchaser of the power is Central Power Purchasing Authority Guarantee Limited (CPPA-G). We report that during the period under review power plant by achieving all the operating standards dispatched 1,265,515.600 MWH of electricity as compared with 1,268,567 MWH dispatched during the corresponding nine months of the previous financial year. Resultantly the capacity factor remained at 55.5% as against 55.5% demonstrated in the comparable nine months of the previous financial year.

## Financial Results:

The financial results of the Company for the Period ended 30 September 2017 are as follows:

| Financial Highlights                  | Period Ended      |                   |
|---------------------------------------|-------------------|-------------------|
|                                       | 30 September 2017 | 30 September 2016 |
| Revenue (Rs '000')                    | 15,953,413        | 12,003,199        |
| Gross profit (Rs '000')               | 1,668,436         | 953,959           |
| Gross profit ratio to revenue (%)     | 10.46             | 7.95              |
| After tax profit (Rs '000')           | 1,002,634         | 339,358           |
| After tax profit ratio to revenue (%) | 6.28              | 2.83              |
| Earnings per share (Rs)               | 2.69              | 0.91              |

The Company has posted after tax Profit of Rs. 1,002.634 million as against Profit of Rs. 339.358 million incurred in the comparative period. The net Profit of the Company demonstrated the Profit per Share of Rs. 2.69 as against Rs. 0.91 Profit per share in the previous period. The main reason of variation in Profit is decrease in Liquidated damages as plant resumed operations during the period under reference.

As earlier reported that CPPA-G has raised invoices for liquidate damages to the company on account of short supply of electricity by the company. The Company had disputed and rejected balance claims on account of liquidated damages that were raised by CPPA-G on the premise that its failure to dispatch electricity was due to CPPA-G's non-payment of dues on timely basis to the Company and consequential inability of the Company to make timely payments to its fuel suppliers that resulted in inadequate level of electricity production owing to shortage of fuel.

The Company and CPPA-G appointed former Chief Justice of Pakistan, Justice Tassaduq Husain Jilani as The Expert, under the mechanism given in the PPA. After a comprehensive process including written statements and arguments, On 22 June 2017, The Honourable Expert, issued his conclusions and recommendations. The conclusion upheld Company's position that CPPA-G cannot claim liquidated damages for a caused by CPPA-G. Company has requested CPPA-G to withdraw its invoices for liquidated damages and waiting for a formal response.

## Other significant matters

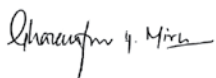
On 30 September 2016, Company had entered into an agreement with General Electric (GE) for their assistance in improvement in plant performance. The project, called PEPI, has been rolled out in the first six months of 2017. Dedicated teams from both side are working on possible areas of improvement some of which will be implemented in the one month planned shutdown in November 2017. When successfully implemented, these measures will help reduce the fuel losses (Delta Loss). The gain will be shared equally by both of the companies.

### Acknowledgement

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

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

For and on behalf of the Board of Directors



(Ghazanfar Hussain Mirza)

Chief Executive Officer

Lahore: October 23, 2017

## ڈائریکٹرز رپورٹ پاک جن پاور لمیٹڈ

پاک جن پاور لمیٹڈ "کمپنی" کے ڈائریکٹرز 30 ستمبر 2017 مختتمہ مدت کے لئے آپ کی کمپنی کے آپریشنل اور مالیاتی نتائج پر مشتمل اپنی رپورٹ پیش کرتے ہوئے خوش محسوس کر رہے ہیں۔

آپ کی کمپنی 365 MW کی مجموعی صلاحیت کے برعکس 350.00 MW کی خالص صلاحیت کے ساتھ فرنس آئل فائرڈ پاور پلانٹ سے بجلی پیدا کرنے میں مصروف ہے۔ اس کے حصص پاکستان اسٹاک ایکسچینج میں درج ہیں۔ بجلی کا واحد خریدار سنٹرل پاور پراجیکٹنگ اتھارٹی گارنٹی لمیٹڈ (سی پی اے-جی) ہے۔

ہم بیان کرتے ہیں کہ زیر جائزہ مدت کے دوران پاور پلانٹ نے گزشتہ مالی سال کی اسی نو ماہی کے دوران 1,268,567 MWH ترسیل کے مقابلے میں بجلی کی 1,265,515 MWH ترسیل کے تمام آپریٹنگ معیارات حاصل کئے ہیں۔ نتیجے میں صلاحیتی عنصر گزشتہ مالی سال کی نو ماہی میں ظاہر کردہ 55.5 فیصد کے مقابلے 55.5 فیصد برقرار رہا ہے۔

مالیاتی نتائج:

30 ستمبر 2017 کو ختم ہونے والی مدت کے لئے کمپنی کے مالیاتی نتائج مندرجہ ذیل ہیں:

| مالی جھلکیاں                           | 30 ستمبر 2017 مختتمہ نو ماہی | 30 ستمبر 2016 مختتمہ نو ماہی |
|----------------------------------------|------------------------------|------------------------------|
| محصولات (000 روپے)                     | 15,953,413                   | 12,003,199                   |
| خام منافع (000 روپے)                   | 1,668,436                    | 953,959                      |
| خام منافع تناسب محصولات (فیصد)         | 10.46                        | 7.95                         |
| بعد از ٹیکس منافع (000 روپے)           | 1,002,634                    | 339,358                      |
| بعد از ٹیکس منافع تناسب محصولات (فیصد) | 6.28                         | 2.83                         |
| آمدن فی حصص (روپے)                     | 2.69                         | 0.91                         |

کمپنی نے تقابلی مدت میں 339.358 ملین روپے منافع کے برعکس 1,002.634 ملین روپے بعد از ٹیکس منافع درج کیا ہے۔ کمپنی کا خالص منافع، گزشتہ مدت میں 0.91 روپے فی شیئر منافع کے مقابلے میں 2.69 روپے فی شیئر منافع ظاہر کرتا ہے۔ منافع میں فرق کی بڑی وجہ لیکویڈیٹڈ نقصانات میں کمی ہے کیونکہ پلانٹ کے آپریٹرز زیر جائزہ مدت کے دوران دوبارہ شروع ہوئے۔

جیسا کہ پہلے بیان کیا گیا ہے کہ سی پی اے-جی نے کمپنی کی طرف سے بجلی کی فراہمی میں قلت کے سبب کمپنی کو لیکویڈیٹی نقصانات پہنچانے کے لئے انوائسز اٹھائی ہیں۔ کمپنی پریسز پر سی پی اے-جی کے لیکویڈیٹی نقصانات پر تنازعہ رکھتی ہے اور دعوے کو مسترد کرتی ہے کیونکہ بجلی کی ترسیل میں یہ ناکامی کمپنی کے واجبات سی پی اے-جی کی طرف سے بروقت ادائیگی نہ ہونے اور کمپنی کی اپنے ایندھن سپلائرز کو بروقت ادائیگیوں کی نااہلیت کی وجہ سے تھی جس کے نتیجے میں ایندھن کی قلت کے سبب بجلی کی پیداوار کی ناکافی سطح رہی ہے۔

کمپنی اور سی پی پی اے۔ جی نے PPA میں دیئے گئے میکانزم کے تحت، سابقہ چیف جسٹس پاکستان، جسٹس تصدق حسین جیلانی کو بطور ایکسپرسٹ مقرر کیا ہے۔ تحریری بیانات اور دلائل سمیت ایک جامع عمل کے بعد 22 جون 2017 کو معزز ماہر نے اپنے نتائج اور سفارشات جاری کی ہیں۔ نتیجہ کمپنی کی حیثیت کو قائم رکھتا ہے کہ سی پی پی اے۔ جی کی جانب سے نقصانات کی بدولت سی پی پی اے۔ جی لیکویڈیٹی نقصانات کا دعویٰ نہیں کر سکتا ہے۔

کمپنی نے سی پی پی اے۔ جی سے لیکویڈیٹی نقصانات کے لئے اپنی انوائسز واپس لینے کی درخواست کی ہے اور رسی جواب کا انتظار کر رہی ہے۔

#### دیگر اہم معاملات

30 ستمبر 2016 کو کمپنی نے پلانٹ کی کارکردگی میں بہتری میں اپنی مدد کے لئے جنرل الیکٹریک (جی ای) کے ساتھ ایک معاہدہ کیا تھا۔ PEPI منصوبے کو 2017 کے پہلے چھ مہینوں میں ختم کر دیا گیا ہے۔ دونوں طرف سے وقف شدہ ٹیمیں، بہتری کے ممکنہ شعبوں پر کام کر رہی ہیں جن میں سے کچھ نومبر 2017 میں ایک مہینہ کی مقررہ بندش میں لاگو کیے جائیں گے۔ جب کامیابی سے اطلاق ہوا، تو ان اقدامات سے ایندھن کے نقصانات (ڈیٹا نقصان) کو کم کرنے میں مدد ملے گی۔ فائدہ میں دونوں کمپنیاں مساوی طور پر شریک ہوں گی۔

#### اظہار تشکر

ہم اپنے قابل قدر حصص داران، سی پی پی اے۔ جی، مالی اداروں، قرض دہندگان، پاکستان اسٹیٹ آئل اور دیگر سپلائرز کے کمپنی پر اعتماد اور یقین اور ایک قابل قدر تعاون کے شکر گزار ہیں جس نے کمپنی کو بہتر نتائج کے حصول کے قابل بنایا ہے۔

ہم، ایک جدید اور حوصلہ افزاء کام کے ماحول کے قیام اور پاور پلانٹ کے تمام شعبوں میں اعلیٰ سطح کی کارکردگی کو فروغ دینے کے لئے بھی انتظامیہ کی تعریف کرتے ہیں۔ ہم قابل ذکر نتائج کی فراہمی کے لئے کمپنی کے تمام عملہ کی مسلسل حمایت، سخت محنت اور عزم کو بھی سراہتے ہیں اور ہم کمپنی کے ساتھ ان کے طویل تعلقات چاہتے ہیں۔

منجانب بورڈ آف ڈائریکٹرز



جناب غففر حسین مرزا

چیف ایگزیکٹو آفیسر

لاہور:

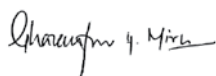
23 اکتوبر 2017ء

# CONDENSED INTERIM BALANCE SHEET

As at 30 September 2017

|                                                                                                                                  | Note | Un-audited<br>30 September<br>2017<br>(Rupees in thousand) | Audited<br>31 December<br>2016 |
|----------------------------------------------------------------------------------------------------------------------------------|------|------------------------------------------------------------|--------------------------------|
| <b>EQUITY AND LIABILITIES</b>                                                                                                    |      |                                                            |                                |
| <b>SHARE CAPITAL AND RESERVES</b>                                                                                                |      |                                                            |                                |
| Authorised share capital<br>400,000,000 (31 December 2016: 400,000,000)<br>ordinary shares of Rupees 10 each                     |      | 4,000,000                                                  | 4,000,000                      |
| Issued, subscribed and paid up share capital<br>372,081,591 (31 December 2016: 372,081,591)<br>ordinary shares of Rupees 10 each |      | 3,720,816                                                  | 3,720,816                      |
| Capital reserve                                                                                                                  |      | 116,959                                                    | 116,959                        |
| Revenue Reserve-Un-appropriated profit                                                                                           |      | 11,455,072                                                 | 11,196,602                     |
| <b>Total equity</b>                                                                                                              |      | <b>15,292,847</b>                                          | <b>15,034,377</b>              |
| <b>LIABILITIES</b>                                                                                                               |      |                                                            |                                |
| <b>Non Current Liability</b>                                                                                                     |      |                                                            |                                |
| Long term finance - secured                                                                                                      | 5    | 445,825                                                    | 780,194                        |
| <b>CURRENT LIABILITIES</b>                                                                                                       |      |                                                            |                                |
| Trade and other payables                                                                                                         |      | 2,725,028                                                  | 1,521,863                      |
| Accrued mark-up / profit                                                                                                         |      | 117,267                                                    | 87,211                         |
| Short-term borrowings                                                                                                            |      | 8,042,591                                                  | 7,249,291                      |
| Current portion of long - term finance                                                                                           | 5    | 445,825                                                    | 445,825                        |
|                                                                                                                                  |      | 11,330,711                                                 | 9,304,190                      |
| <b>Total liabilities</b>                                                                                                         |      | <b>11,776,536</b>                                          | <b>10,084,384</b>              |
| <b>CONTINGENCIES AND COMMITMENTS</b>                                                                                             |      |                                                            |                                |
|                                                                                                                                  | 6    |                                                            |                                |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                                                                              |      | <b>27,069,383</b>                                          | <b>25,118,761</b>              |

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



CHIEF EXECUTIVE

|                                           | Note | Un-audited<br>30 September<br>2017<br>(Rupees in thousand) | Audited<br>31 December<br>2016 |
|-------------------------------------------|------|------------------------------------------------------------|--------------------------------|
| <b>ASSETS</b>                             |      |                                                            |                                |
| <b>NON-CURRENT ASSETS</b>                 |      |                                                            |                                |
| Property, plant and equipment             | 7    | 8,777,012                                                  | 9,369,818                      |
| Long term investment                      |      | -                                                          | 842                            |
| Long-term security deposit                |      | 300                                                        | 300                            |
|                                           |      | 8,777,312                                                  | 9,370,960                      |
| <b>CURRENT ASSETS</b>                     |      |                                                            |                                |
| Stores, spare parts and other consumables |      | 857,334                                                    | 836,954                        |
| Fuel stock                                |      | 422,063                                                    | 319,573                        |
| Trade debts                               |      | 14,396,258                                                 | 11,634,502                     |
| Advances and short-term prepayments       |      | 377,362                                                    | 349,090                        |
| Other receivables                         |      | 105,879                                                    | 293,319                        |
| Sales tax recoverable                     |      | 2,020,817                                                  | 1,723,285                      |
| Cash and bank balances                    |      | 112,358                                                    | 591,078                        |
|                                           |      | 18,292,071                                                 | 15,747,801                     |
| <b>TOTAL ASSETS</b>                       |      | <b>27,069,383</b>                                          | <b>25,118,761</b>              |

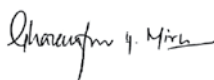
  
 DIRECTOR

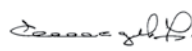
## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

### FOR THE PERIOD ENDED 30 SEPTEMBER 2017 (UN-AUDITED)

|                                                          | Note | Period Ended                 |                              | Quarter Ended                |                              |
|----------------------------------------------------------|------|------------------------------|------------------------------|------------------------------|------------------------------|
|                                                          |      | 30 September                 | 30 September                 | 30 September                 | 30 September                 |
|                                                          |      | 2017<br>(Rupees in thousand) | 2016<br>(Rupees in thousand) | 2017<br>(Rupees in thousand) | 2016<br>(Rupees in thousand) |
| REVENUE                                                  |      | 15,953,413                   | 12,003,199                   | 5,443,136                    | 4,635,572                    |
| COST OF SALES                                            | 8    | (14,284,977)                 | (11,049,240)                 | (4,851,216)                  | (4,174,606)                  |
| GROSS PROFIT / (LOSS)                                    |      | 1,668,436                    | 953,959                      | 591,920                      | 460,966                      |
| ADMINISTRATIVE EXPENSES                                  |      | (155,966)                    | (162,488)                    | (58,698)                     | (68,639)                     |
| OTHER EXPENSES                                           |      | (12,708)                     | (2,105)                      | (1,059)                      | (1,066)                      |
| OTHER INCOME                                             |      | 6,469                        | 2,567                        | 1,214                        | 1,261                        |
| PROFIT / (LOSS) FROM OPERATIONS                          |      | 1,506,231                    | 791,933                      | 533,377                      | 392,522                      |
| FINANCE COST                                             |      | (503,597)                    | (452,489)                    | (176,128)                    | (151,774)                    |
| SHARE OF LOSS OF ASSOCIATED COMPANY                      |      | -                            | (86)                         | -                            | (12)                         |
| PROFIT / (LOSS) BEFORE TAXATION                          |      | 1,002,634                    | 339,358                      | 357,249                      | 240,736                      |
| TAXATION                                                 |      | -                            | -                            | -                            | -                            |
| PROFIT / (LOSS) AFTER TAXATION                           |      | 1,002,634                    | 339,358                      | 357,249                      | 240,736                      |
| OTHER COMPREHENSIVE INCOME                               |      | -                            | -                            | -                            | -                            |
| TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD       |      | 1,002,634                    | 339,358                      | 357,249                      | 240,736                      |
| EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED (RUPEES) |      | 2.69                         | 0.91                         | 0.96                         | 0.65                         |

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

  
CHIEF EXECUTIVE

  
DIRECTOR

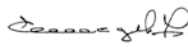
## CONDENSED INTERIM CASH FLOW STATEMENT

### FOR THE PERIOD ENDED 30 SEPTEMBER 2017 (UN-AUDITED)

| Note                                                                       | 30 September<br>2017<br>(Rupees in thousand) | 30 September<br>2016 |
|----------------------------------------------------------------------------|----------------------------------------------|----------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                |                                              |                      |
| Profit before taxation                                                     | 1,002,634                                    | 339,358              |
| Adjustment for non-cash charges and other items:                           |                                              |                      |
| Depreciation                                                               | 599,449                                      | 575,273              |
| Provision for gratuity                                                     | 8,875                                        | 8,808                |
| share of loss from associated company                                      | -                                            | 86                   |
| Impairment loss on long term investment in associated company              | 842                                          | -                    |
| Interest income                                                            | (5,202)                                      | (1,300)              |
| Finance cost                                                               | 503,597                                      | 452,489              |
| <b>Cash flows from operating activities before working capital changes</b> | 2,110,195                                    | 1,374,714            |
| (Increase) / decrease in current assets:                                   |                                              |                      |
| Stores, spare parts and other consumables                                  | (20,380)                                     | (26,747)             |
| Fuel stock                                                                 | (102,490)                                    | (176,806)            |
| Trade debts                                                                | (2,761,756)                                  | (3,985,394)          |
| Advances and short-term prepayments                                        | (20,103)                                     | (36,619)             |
| Other receivables                                                          | 187,440                                      | 1,808,970            |
| Sales tax recoverable                                                      | (297,532)                                    | (498,805)            |
|                                                                            | (3,014,821)                                  | (2,915,401)          |
| Increase / (decrease) in trade and other payables                          | 1,033,931                                    | 347,414              |
| <b>Cash (used in) / generated from Operating Activities</b>                | 129,305                                      | (1,193,273)          |
| Finance cost paid                                                          | (473,541)                                    | (436,616)            |
| Interest income received                                                   | 5,202                                        | 1,300                |
| Income tax paid                                                            | (8,169)                                      | (9,698)              |
| Gratuity paid                                                              | (8,875)                                      | (8,808)              |
| <b>Net cash used in operating activities</b>                               | (356,078)                                    | (1,647,095)          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                |                                              |                      |
| Capital expenditure on property, plant and equipment                       | (6,643)                                      | (143,175)            |
| <b>Net cash used in investing activities</b>                               | (6,643)                                      | (143,175)            |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                |                                              |                      |
| Dividend paid                                                              | (574,929)                                    | (372,149)            |
| Repayment of long term finance                                             | (334,369)                                    | (334,369)            |
| <b>Net cash used in financing activities</b>                               | (909,298)                                    | (706,518)            |
| <b>Net increase / (decrease) in cash and cash equivalents</b>              | (1,272,019)                                  | (2,496,788)          |
| <b>Cash and cash equivalents at beginning of the period</b>                | (6,658,213)                                  | (5,080,056)          |
| <b>Cash and cash equivalents at end of the period</b>                      | 9                                            | (7,930,233)          |
|                                                                            |                                              | (7,576,844)          |

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

  
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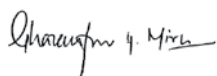
  
DIRECTOR

# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

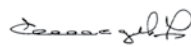
FOR THE PERIOD ENDED 30 SEPTEMBER 2017 (UN-AUDITED)

|                                                                        | SHARE<br>CAPITAL | RESERVES                        |                               | TOTAL<br>EQUITY |
|------------------------------------------------------------------------|------------------|---------------------------------|-------------------------------|-----------------|
|                                                                        |                  | Capital                         | Revenue                       |                 |
|                                                                        |                  | Retained<br>payments<br>reserve | Un-<br>appropriated<br>profit |                 |
| (-----Rupees in thousand-----)                                         |                  |                                 |                               |                 |
| <b>Balance as at 31 December 2015 (audited)</b>                        | 3,720,816        | 116,959                         | 11,423,876                    | 15,261,651      |
| Transaction with owners:                                               |                  |                                 |                               |                 |
| Final dividend for the year ended 31 December 2015 @ Rupee 1 per share | -                | -                               | (372,082)                     | (372,082)       |
| Interim dividend @ Rupee 1 per share                                   | -                | -                               | (372,082)                     | (372,082)       |
| Transaction with owners directly recognized in equity                  | -                | -                               | (744,164)                     | (744,164)       |
| Profit for the period ended 30 September 2016                          | -                | -                               | 339,358                       | 339,358         |
| Other Comprehensive income for the period ended 30 September 2015      | -                | -                               | -                             | -               |
| Total comprehensive income for the period ended 30 September 2016      | -                | -                               | 339,358                       | 339,358         |
| <b>Balance as at 30 September 2016 (Un-audited)</b>                    | 3,720,816        | 116,959                         | 11,019,070                    | 14,856,845      |
| Balance as at 31 December 2016 (audited)                               | 3,720,816        | 116,959                         | 11,196,602                    | 15,034,377      |
| Final dividend for the year ended 31 December 2016 @ Rupee 1 per share | -                | -                               | (372,082)                     | (372,082)       |
| Interim Dividend @ Rupee 1 per Share                                   | -                | -                               | (372,082)                     | (372,082)       |
| Transaction with owners directly recognized in equity                  | -                | -                               | (744,164)                     | (744,164)       |
| Profit for the period ended 30 September 2017                          | -                | -                               | 1,002,634                     | 1,002,634       |
| Other Comprehensive income for the period ended 30 September 2017      | -                | -                               | -                             | -               |
| Total comprehensive income for the period ended 30 September 2017      | -                | -                               | 1,002,634                     | 1,002,634       |
| <b>Balance as at 30 September 2017 (Un-audited)</b>                    | 3,720,816        | 116,959                         | 11,455,072                    | 15,292,847      |

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



CHIEF EXECUTIVE



DIRECTOR

# SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

## FOR THE PERIOD ENDED 30 SEPTEMBER 2017 (UN-AUDITED)

### 1. THE COMPANY AND ITS OPERATIONS

Pakgen Power Limited ("the Company") was incorporated in Pakistan on 22 June 1995 under the repealed Companies Ordinance, 1984. The registered office of the Company is situated at 53-A, Lawrence Road, Lahore. The Company's ordinary shares are listed on the Karachi Stock Exchange Limited and Lahore Stock Exchange Limited. The principal activities of the Company are to own, operate and maintain an oil fired power station ("the Complex") having gross capacity of 365 MW in Mehmood Kot, Muzaffargarh, Punjab, Pakistan.

### 2. BASIS OF PREPARATION

This condensed interim financial information is un-audited and is being submitted to shareholders as required by section 245 of the repealed Companies Ordinance, 1984. This condensed interim financial information of the Company for the nine months period ended 30 September 2017 has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the repealed Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the repealed Companies Ordinance, 1984 have been followed. This condensed interim financial information should be read in conjunction with audited annual published financial statements of the Company for the year ended 31 December 2016 and interim financial statements for the period ended 30 June 2017.

The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017 on 30 May 2017. SECP vide its Circular 23 of 2017 and its press release dated 04 October 2017 in continuation of circular No 17 of 2017 dated 20 July 2017, has clarified that the companies whose financial year, including quarterly and other interim period, closes on or before 31 December 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. The Companies Act, 2017 requires enhanced disclosures about Companies Operations and has also enhanced the definition of related parties.

### 3. ACCOUNTING POLICIES

The accounting policies and method of computations adopted for the preparation of this condensed interim financial information are the same as applied in the preparation of the preceding annual published financial statements of the company for the year ended 31 December 2016 and half yearly published financial statements of the Company for the period ended 30 June 2017.

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 31 December 2016.

## 5. LONG-TERM FINANCE - SECURED

|                                                       | Un-audited<br>30 September<br>2017<br>(Rupees in thousand) | Audited<br>31 December<br>2016 |
|-------------------------------------------------------|------------------------------------------------------------|--------------------------------|
| Opening balance                                       | 1,226,019                                                  | 1,671,844                      |
| Add: Obtained during the period / year                | -                                                          | -                              |
| Less: Repaid during the period / year                 | 334,369                                                    | 445,825                        |
|                                                       | 891,650                                                    | 1,226,019                      |
| Less: Current portion shown under current liabilities | 445,825                                                    | 445,825                        |
|                                                       | 445,825                                                    | 780,194                        |

## 6. CONTINGENCIES AND COMMITMENTS

### 6.1 Contingencies

**6.1.1** There is no significant change in the status of contingencies disclosed in the preceding audited annual published financial statements of the Company for the year ended 31 December 2016 and half yearly published financial statements of the Company for the period ended 30 June 2017 except the following:

**6.1.2** The bank of the Company has issued a letter of guarantee in favour of Pakistan State Oil Company Limited (PSO) - fuel supplier for an amount of Rupees 1,500 million.

### 6.2 Commitments

**6.2.1** There is no change in the commitments disclosed in the preceding audited annual published financial statements of the Company for the year ended 31 December 2016, except for the commitments for letters of credit as at reporting date as per below Note 6.2.2.

|                                                                                  | Un-audited<br>30 September<br>2017<br>(Rupees in thousand) | Audited<br>31 December<br>2016 |
|----------------------------------------------------------------------------------|------------------------------------------------------------|--------------------------------|
| <b>6.2.2</b> Commitments in respect of letters of credit for capital expenditure | 58,637                                                     | 43,832                         |
| <b>6.2.3</b> Commitments in respect of other than capital expenditure            | 15,885                                                     | 279,302                        |
| <b>7. PROPERTY, PLANT AND EQUIPMENT</b>                                          |                                                            |                                |
| Operating fixed assets (Note 7.1)                                                | 8,743,730                                                  | 9,298,612                      |
| Capital work-in-progress (Note 7.2)                                              | 33,282                                                     | 71,206                         |
|                                                                                  | 8,777,012                                                  | 9,369,818                      |

|                                                                             | Un-audited<br>30 September<br>2017<br>(Rupees in thousand) | Audited<br>31 December<br>2016 |
|-----------------------------------------------------------------------------|------------------------------------------------------------|--------------------------------|
| <b>7.1 Operating fixed assets</b>                                           |                                                            |                                |
| Opening book value                                                          | 9,298,612                                                  | 9,223,337                      |
| Add: Cost of additions during the period /<br>year (Note 7.1.1)             | 54,357                                                     | 923,988                        |
| Less: Book value of derecognitions during the<br>period / year (Note 7.1.2) | 9,790                                                      | 28,350                         |
| Less: Depreciation charged during the period / year                         | 599,449                                                    | 820,363                        |
| Closing book value                                                          | 8,743,730                                                  | 9,298,612                      |
| <b>7.1.1 Cost of additions</b>                                              |                                                            |                                |
| Buildings on freehold land                                                  | 7,844                                                      | -                              |
| Plant and machinery                                                         | 46,384                                                     | 920,993                        |
| Office equipment                                                            | 47                                                         | 1,186                          |
| Furniture and fittings                                                      | -                                                          | 595                            |
| Electric equipment and appliances                                           | 83                                                         | 1,214                          |
|                                                                             | 54,357                                                     | 923,988                        |
| <b>7.1.2 Book value of disposals / derecognitions</b>                       |                                                            |                                |
| Plant and machinery                                                         |                                                            |                                |
| - Cost                                                                      | 19,211                                                     | 64,660                         |
| - Less: Accumulated depreciation                                            | 9,421                                                      | 36,310                         |
|                                                                             | 9,790                                                      | 28,350                         |
| <b>7.2 Capital work-in-progress</b>                                         |                                                            |                                |
| Plant and machinery                                                         | 26,658                                                     | 71,206                         |
| Others                                                                      | 6,625                                                      | -                              |
|                                                                             | 33,282                                                     | 71,206                         |

|                                 | Un-audited<br>Nine Months Ended              |                      | Un-audited<br>Quarter Ended                  |                      |
|---------------------------------|----------------------------------------------|----------------------|----------------------------------------------|----------------------|
|                                 | 30 September<br>2017<br>(Rupees in thousand) | 30 September<br>2016 | 30 September<br>2017<br>(Rupees in thousand) | 30 September<br>2016 |
| <b>8. COST OF SALES</b>         |                                              |                      |                                              |                      |
| Fuel consumed                   | 12,927,296                                   | 9,134,458            | 4,446,441                                    | 3,795,438            |
| Operation and maintenance costs | 445,132                                      | 298,359              | 113,828                                      | 98,589               |
| Liquidated damages to WAPDA     | 90                                           | 729,814              | 27                                           | 30                   |
| Insurance cost                  | 339,124                                      | 336,881              | 114,537                                      | 112,294              |
| Depreciation                    | 573,335                                      | 549,728              | 176,383                                      | 168,255              |
|                                 | 14,284,977                                   | 11,049,240           | 4,851,216                                    | 4,174,606            |

|    |                                  | Un-audited<br>Nine Months Ended              |                      |
|----|----------------------------------|----------------------------------------------|----------------------|
|    |                                  | 30 September<br>2017<br>(Rupees in thousand) | 30 September<br>2016 |
| 9. | <b>CASH AND CASH EQUIVALENTS</b> |                                              |                      |
|    | Cash in hand                     | -                                            | -                    |
|    | Cash and bank balances           | 112,358                                      | 15,541               |
|    | Short-term borrowings            | (8,042,591)                                  | (7,592,385)          |
|    |                                  | <u>(7,930,233)</u>                           | <u>(7,576,844)</u>   |

#### 10. TRANSACTIONS WITH RELATED PARTIES

The 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 transactions with related parties are as follows:

|                                  |                                       | (Un-audited)<br>Nine Months Ended       |                 | (Un-audited)<br>Quarter Ended           |                 |
|----------------------------------|---------------------------------------|-----------------------------------------|-----------------|-----------------------------------------|-----------------|
|                                  |                                       | 30 Sep.<br>2017<br>(Rupees in thousand) | 30 Sep.<br>2016 | 30 Sep.<br>2017<br>(Rupees in thousand) | 30 Sep.<br>2016 |
| Relationship with<br>the Company | Nature of<br>transaction              |                                         |                 |                                         |                 |
| Associated<br>companies          | Insurance premium                     | 393,038                                 | 416,527         | 132,708                                 | 156,191         |
|                                  | Share of expenses                     | 273,678                                 | 239,932         | 92,676                                  | 80,656          |
|                                  | Flying Services                       | 50,936                                  | 28,377          | 17,541                                  | 1,039           |
|                                  | share of rental income                | 1,267                                   | 1,267           | 421                                     | 427             |
|                                  | Dividend paid                         | 184,112                                 | 249,961         | (56,002)                                | -               |
|                                  | Insurance Claim                       | -                                       | 2,996,833       | -                                       | -               |
|                                  | Rent Expense                          | 4,709                                   | 4,709           | 1,570                                   | 1,570           |
|                                  | Purchase of stores                    | 58                                      | 897             | 58                                      | 672             |
|                                  | Markup paid                           | 39,348                                  | 11,350          | 17,065                                  | 3,884           |
|                                  | Loan obtained                         | 1,000,000                               | 1,000,000       | -                                       | -               |
|                                  | Boarding and lodging                  | 666                                     | -               | 349                                     | -               |
|                                  | Stores and spares<br>transferred to   | -                                       | 2,289           | (4,026)                                 | 1,107           |
|                                  | Stores and spares<br>transferred from | -                                       | 5,554           | (19,521)                                | 2,184           |
|                                  | Remuneration                          | 16,400                                  | 14,708          | 3,973                                   | 3,928           |

- 10.1 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".

#### 11. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was approved by the Board of Directors of the Company and authorized for issue on 23 October 2017.

#### 12. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 31 December 2016.

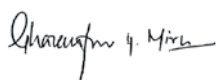
#### 13. CORRESPONDING FIGURES

In order to comply with requirements of International Accounting Standard 34 "Interim Financial Reporting", the condensed interim balance sheet and condensed interim statement of changes in equity have been compared with the balances of audited annual published financial statements of preceding financial year, whereas, the condensed interim profit and loss account, condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison, however, no significant re-arrangements have been made.

#### 14. GENERAL

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

  
CHIEF EXECUTIVE

  
DIRECTOR





