



LALPIR POWER LIMITED

HALF YEARLY REPORT

FOR THE HALF YEAR ENDED

JUNE 30

2015

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COMPANY PROFILE

THE COMPANY

Lalpir Power Limited ("the Company") was incorporated in Pakistan on 8 May 1994 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 362 MW in Mehmood Kot, Muzaffargarh, Punjab, Pakistan.

BOARD OF DIRECTORS

Mian Hassan Mansha	Chairman
Mr. Aurangzeb Feroz	Chief Executive Officer
Mr. Kamran Rasool	
Mr. Khalid Qadeer Qureshi	
Mr. Mahmood Akhtar	
Mr. Saeed Ahmed Alvi	
Mr. Jawaid Iqbal	

AUDIT COMMITTEE

Mr. Jawaid Iqbal	Chairman
Mr. Kamran Rasool	
Mr. Mahmood Akhtar	

CHIEF FINANCIAL OFFICER

Mr. Khalid Qadeer Qureshi

COMPANY SECRETARY

Mr. Khalid Mahmood Chohan

BANKERS OF THE COMPANY

Habib Bank Limited
 The Bank of Punjab
 United Bank Limited
 Allied Bank Limited
 National Bank of Pakistan
 Bank Alfalah Limited
 Faysal Bank Limited
 Askari Bank Limited
 Habib Metropolitan Bank Limited
 NIB Bank Limited
 MCB Bank Limited
 Bank Islami Pakistan Limited
 KASB Bank Limited
 Standard Chartered Bank (Pakistan) Limited
 Al Baraka Bank (Pakistan) Limited
 Pakbrunei Investment company

AUDITOR OF THE COMPANY

Riaz Ahmad & Co.
 Chartered Accountants

LEGAL ADVISOR OF
THE COMPANY

Mr. M. Aurangzeb Khan
Advocate High Court

REGISTERED OFFICE

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

HEAD OFFICE

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

SHARE REGISTRAR

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

PLANT

Mehmood Kot, Muzaffargarh,
Punjab – Pakistan.

DIRECTORS' REPORT

The Directors of **Lalpir Power Limited** ("the Company") are pleased to present their report together with operational and financial results of your Company for the Half year ended 30 June 2015.

Your Company is engaged in power generation with a net capacity of 350.00 MW furnace oil fired power plant against a gross capacity of 362 MW. The Sole purchaser of the power is Water and Power Development Authority (WAPDA). We report that during the period under review power plant, by achieving all the operating standards, dispatched 1,039,285 MWH of electricity as compared with 1,057,169 MWH dispatched during the corresponding six months of the previous financial year. Resultantly the capacity factor remained at 68.8% as against 69.9% demonstrated in the comparable six months of the previous financial year.

Financial Results:

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

Financial Highlights	HALF YEAR ENDED	
	30 June 2015	30 June 2014
Revenue (Rs '000')	12,360,264	19,448,688
Gross profit (Rs '000')	1,154,564	860,442
Gross profit ratio to revenue (%)	9.34	4.42
Pre-tax profit (Rs '000')	635,930	331,003
After tax profit (Rs '000')	635,930	331,003
After tax profit ratio to revenue (%)	5.15	1.70
Earnings per share (Rs)	1.67	0.87

The Company has posted after tax profit of Rs. 635.930 million as against Rs 331.003 million earned in the comparative period. The net profits of the Company demonstrated the Earning per Share of Rs 1.67as against Rs. 0.87 earned per share in the previous period.

Main reason for variation in net profit for period ended 30th June-15 in Comparison with period ended 30th June-14 is decrease in delta loss of Rupees 634.226 Million (I.e. decrease in fuel consumption by 6 g/Kwh).

With respect to auditor's comments in review report we report that WAPDA has raised invoices for liquidate damages to the company on account of short supply of electricity by the company. Liquidate damages invoiced to the company amounts to rupees 3,339 Million. The Company disputes and rejects balance claims on account of liquidated damages that are raised by WAPDA on the premise that its failure to dispatch electricity was due to WAPDA's non-payment of dues on timely basis to the Company and consequential inability of the Company to make timely payments to its fuel suppliers that resulted in inadequate level of electricity production owing to shortage of fuel.

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

Dividend Distribution

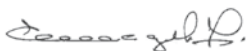
The Company continues to honor its commitment of safeguarding the shareholders' interests and takes immense pleasure in informing you that the Board has announced 1st Interim Cash Dividend @ of PKR Rs. 1/- per share (i.e. 10%) for the half year ended June 30, 2015 for which the date of entitlement has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

Acknowledgement

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

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

For and on behalf of the Board of Directors



(Mr. Aurangzeb Feroz)

Chief Executive Officer
Lahore: 26 August 2015

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

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

Scope of Review

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

Conclusion

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

Emphasis of matter

We draw attention to Note 6.1.1 to the condensed interim financial information which describes the uncertainty regarding outcome of claims lodged by Water and Power Development Authority (WAPDA), which have been disputed by the company. Our conclusion is not qualified in respect of this matter.



RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Muhammad Atif Mirza

Lahore: 26 August 2015

CONDENSED INTERIM BALANCE SHEET

As at 30 June 2015

	Note	Un-audited 30 June 2015 (Rupees in thousand)	Audited 31 December 2014
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 500,000,000 (31 December 2014: 500,000,000) ordinary shares of Rupees 10 each		5,000,000	5,000,000
Issued, subscribed and paid-up share capital 379,838,732 (31 December 2014: 379,838,732) ordinary shares of Rupees 10 each		3,798,387	3,798,387
Capital reserve		107,004	107,004
Revenue reserve - un-appropriated profit		8,649,037	8,392,946
Total equity		12,554,428	12,298,337
LIABILITIES			
NON-CURRENT LIABILITIES			
Long-term financing	5	1,548,430	1,813,876
Employee benefit - gratuity		28,108	17,937
		1,576,538	1,831,813
CURRENT LIABILITIES			
Trade and other payables		1,954,671	1,203,913
Accrued mark-up / profit		151,209	193,634
Short-term borrowings		7,331,507	7,918,600
Current portion of long-term financing	5	442,409	176,963
		9,879,796	9,493,110
Total liabilities		11,456,334	11,324,923
CONTINGENCIES AND COMMITMENTS			
	6		
TOTAL EQUITY AND LIABILITIES		24,010,762	23,623,260

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



CHIEF EXECUTIVE

	Note	Un-audited 30 June 2015 (Rupees in thousand)	Audited 31 December 2014
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	10,713,041	11,048,768
Long term investment		1,299	2,389
Long-term loans to employees		50,834	49,256
Long term security deposit		300	300
		<hr/>	<hr/>
		10,765,474	11,100,713
CURRENT ASSETS			
Stores, spare parts and other consumables		897,116	881,470
Fuel stock		1,219,870	337,226
Trade debts		8,641,060	8,480,277
Loans, advances and short-term prepayments		504,317	482,249
Other receivables		177,162	145,329
Sales tax recoverable		1,610,412	1,563,648
Cash and bank balances		195,351	632,348
		<hr/>	<hr/>
		13,245,288	12,522,547
TOTAL ASSETS			
		<hr/>	<hr/>
		24,010,762	23,623,260


DIRECTOR

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

	Note	Half Year Ended		Quarter Ended	
		30 June	30 June	30 June	30 June
		2015	2014	2015	2014
		(Rupees in thousand)		(Rupees in thousand)	
REVENUE		12,360,264	19,448,688	6,308,154	10,561,051
COST OF SALES	8	(11,205,700)	(18,588,361)	(5,814,415)	(10,285,752)
GROSS PROFIT		1,154,564	860,327	493,739	275,299
ADMINISTRATIVE EXPENSES		(81,584)	(61,656)	(46,182)	(29,101)
OTHER EXPENSES		(4,259)	(922)	(3,741)	(473)
		1,068,721	797,749	443,816	245,725
OTHER INCOME		2,168	18,955	4,557	11,299
PROFIT FROM OPERATIONS		1,070,889	816,704	448,373	257,024
FINANCE COST		(433,868)	(485,701)	(196,674)	(248,840)
SHARE OF LOSS OF ASSOCIATED COMPANY		(1,091)	-	-	-
PROFIT BEFORE TAXATION		635,930	331,003	251,699	8,184
TAXATION		-	-	-	-
PROFIT AFTER TAXATION		635,930	331,003	251,699	8,184
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		635,930	331,003	251,699	8,184
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)		1.67	0.87	0.66	0.02

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



CHIEF EXECUTIVE



DIRECTOR

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

		Half Year Ended	
	Note	30 June 2015 (Rupees in thousand)	30 June 2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	9	1,063,489	2,297,348
Finance cost paid		(476,293)	(557,243)
Interest income received		67	244
Long-term loans to employees - net		(2,795)	2,742
Income tax paid		(3,097)	(111,167)
Gratuity paid		4,690	5,243
Net cash generated from operating activities		586,061	1,637,167
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(65,776)	(1,826,982)
Proceeds from disposal of operating fixed assets		9,239	11,000
Net cash used in investing activities		(56,537)	(1,815,982)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term financing		-	1,990,839
Dividend paid		(379,428)	(568,564)
Net cash (used in) / from financing activities		(379,428)	1,422,275
Net increase in cash and cash equivalents		150,096	1,243,460
Cash and cash equivalents at beginning of the period		(7,286,252)	(9,539,907)
Cash and cash equivalents at end of the period		(7,136,156)	(8,296,447)
CASH AND CASH EQUIVALENTS			
Cash in hand		7	610
Cash at banks		195,344	1,488
Short-term borrowings		(7,331,507)	(8,298,545)
		(7,136,156)	(8,296,447)

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


CHIEF EXECUTIVE


DIRECTOR

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 JUNE 2015 (UN-AUDITED)

	SHARE CAPITAL	RESERVES		TOTAL EQUITY
		Capital	Revenue	
		Retained payments reserve	Un- appropriated profit	
(-----Rupees in thousand-----)				
Balance as at 31 December 2013 - audited	3,798,387	107,004	8,178,692	12,084,083
Transactions with owners - Final dividend for the year ended 31 December 2013 @ Rupees 1.5 per share	-	-	(569,758)	(569,758)
Profit for the half year ended 30 June 2014	-	-	331,003	331,003
Other comprehensive income for the half year ended 30 June 2014	-	-	-	-
Total comprehensive income for the half year ended 30 June 2014	-	-	331,003	331,003
Balance as at 30 June 2014 - un-audited	3,798,387	107,004	7,939,937	11,845,328
Profit for the half year ended 31 December 2014	-	-	461,738	461,738
Other comprehensive loss for the half year ended 31 December 2014	-	-	(8,729)	(8,729)
Total comprehensive income for the half year ended 31 December 2014	-	-	453,009	453,009
Balance as at 31 December 2014 - audited	3,798,387	107,004	8,392,946	12,298,337
Transactions with owners - Final dividend for the year ended 31 December 2014 @ Rupee 1 per share	-	-	(379,839)	(379,839)
Profit for the half year ended 30 June 2015	-	-	635,930	635,930
Other comprehensive income for the half year ended 30 June 2015	-	-	-	-
Total comprehensive income for the half year ended 30 June 2015	-	-	635,930	635,930
Balance as at 30 June 2015 - un-audited	3,798,387	107,004	8,649,037	12,554,428

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


CHIEF EXECUTIVE


DIRECTOR

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE HALF YEAR ENDED 30 JUNE 2015 (UN-AUDITED)

1. THE COMPANY AND ITS OPERATIONS

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 ordinary shares of the Company are listed on Karachi Stock Exchange Limited and Lahore Stock Exchange Limited of Pakistan. 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.

2. BASIS OF PREPARATION

This condensed interim financial information is unaudited but subject to limited scope review by the statutory auditors and is being submitted to shareholders as required by section 245 of the Companies Ordinance, 1984. This condensed interim financial information of the Company for the half year ended 30 June 2015 has been prepared in accordance with the requirements of International Accounting Standards (IAS) 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information should be read in conjunction with the preceding audited annual published financial statements of the Company for the year ended 31 December 2014.

3. ACCOUNTING POLICIES

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

During preparation of this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and key sources of estimation and uncertainty were the same as those that were applied in the preceding audited annual published financial statements of the Company for the year ended 31 December 2014.

5. LONG-TERM FINANCING

Long term loan
Less: Current portion shown under current liabilities

Un-audited 30 June 2015 (Rupees in thousand)	Audited 31 December 2014
1,990,839	1,990,839
442,409	176,963
<u>1,548,430</u>	<u>1,813,876</u>

6. CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

There is no change in the contingencies disclosed in the preceding audited annual published financial statements of the Company for the year ended 31 December 2014 except following;

- 6.1.1** WAPDA has raised invoices for liquidated damages to the Company from 11th to 18th (up to May 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 3,339.429 million (31 December 2014: Rupees 3,296 million). Out of these the Company has accepted and paid Rupees 20.224 million (31 December 2014: Rupees 19.86 million). The Company disputes and rejects balance claims on account of liquidated damages that are raised by WAPDA on the premise that its failure to despatch electricity was due to WAPDA's non-payment of dues on timely basis to the Company and consequential inability of the Company to make timely payments to its fuel suppliers that resulted in inadequate level of electricity production owing to shortage of fuel. Against these the Company has raised invoice dispute notices to WAPDA. The Company after mediation with WAPDA has appointed the expert, under the mechanism given in the PPA, who has commenced his work. Further, according to legal advice available with the Company, there are adequate grounds to defend any claim by WAPDA for such liquidated damages since these conditions were imposed on the Company due to circumstances beyond its control. The ultimate outcome of the matter cannot presently be determined, and consequently, no provision for such liquidated damages has been made in this condensed interim financial information.
- 6.1.2** The Inspecting Additional Commissioner of Income Tax (IACIT) passed reassessment orders under section 66A of the Income Tax Ordinance, 1979 (ITO, 79) for the assessment years 1995-1996, 1996-1997 and 1997-1998 creating tax demands aggregating of Rupees 781 million by treating the assessment orders earlier passed by the Deputy Commissioner of Income Tax (DCIT), as erroneous and prejudicial to the interest of Federal Board of Revenue. Completed assessments were reopened on the ground that while framing the assessments under section 52/86, the assessing officer failed to take cognizance of the fact that the Company failed to withhold tax, as required under section 50(3) of the ITO, 79, at the time of issuance of the shares to its parent company against project development expenditure incurred by parent company. The said reassessments made by IACIT were contested by the Company in Appellate Tribunal Inland Revenue (ATIR), Lahore. ATIR remanded back the case to the IACIT for re-examination with specific directions. The Company filed tax reference before the honourable Lahore High Court, Lahore against the decision of ATIR which has been rejected. Thereafter, the Company has filed petition in the honourable Supreme Court of Pakistan against ATIR's decision and tax reference rejection by the honourable Lahore High Court, Lahore. Meanwhile after rejection of reference by the honourable Lahore High Court, Additional Commissioner Inland Revenue (ACIR) has issued notice in compliance with the order of ATIR. No provision is required as per legal advice which states that department has acted against the explicit provisions of law. Accordingly, the management is confident for favourable outcome.

- 6.1.3** Deputy Commissioner Inland Revenue (DCIR) issued order to the Company in which sales tax refund claims amounting to Rupees 910.122 million for the tax periods from November 2008 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 order, the Company filed appeal before Commissioner Inland Revenue (Appeals) [CIR(A)] which was decided in favour of the Company. Against the order of CIR(A), tax department filed appeal before the 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 August 2009 to December 2012 declaring refund claims amounting to Rupees 1,971.516 million being inadmissible on aforesaid grounds. The Company challenged the show cause 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 rejection has been made in this condensed interim financial information.
- 6.1.4** The tax authorities have completed assessment proceedings under section 122(5A) of the Income Tax Ordinance, 2001 for the tax years 2009 to 2013 creating a demand of Rupees 790.551 million on account of interest on delayed payments by WAPDA not been offered for tax and clubbed with capacity purchase price and energy purchase price under the head income from business. As per tax authorities, interest on delayed payments falls under the head income from other sources and is not exempt from tax as the same is not covered under clause 132, Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Company filed appeals against foregoing assessment proceedings before Commissioner Inland Revenue (Appeals) [CIR(A)], which were decided in favour of the Company. Against the orders of CIR(A), tax authorities have filed appeals before the Appellate Tribunal Inland Revenue (ATIR) which are in the process of hearing. Based on management assessment, on tax advisor's opinion and CIR(A)'s decision in favour of the Company, the management is confident that the matter will be decided in favour of the Company and accordingly no provision has been made in this condensed interim financial information.
- 6.1.5** Post dated cheques amounting to Rupees 772 million (31 December 2014: Rupees 164 million) were issued in favour of fuel suppliers against purchase of fuel.

6.2 Commitments

There is no change in the commitments disclosed in the preceding audited annual published financial statements of the Company for the year ended 31 December 2014, except for the commitments for letters of credit as at reporting date are amounting to Rupees 54.956 million (31 December 2014: Rupees 97.700 million).

7. PROPERTY, PLANT AND EQUIPMENT

	Un-audited 30 June 2015 (Rupees in thousand)	Audited 31 December 2014
Operating fixed assets (Note 7.1)	10,175,578	10,231,231
Capital work-in-progress (Note 7.2)	537,463	817,537
	<u>10,713,041</u>	<u>11,048,768</u>
7.1 Operating fixed assets		
Opening book value	10,231,231	7,732,229
Add: Cost of additions during the period / year (Note 7.1.1)	345,849	3,020,705
Less: Book value of deletions / derecognitions during the period / year (Note 7.1.2)	12,461	4,481
Less: Depreciation charged during the period / year	389,041	517,222
Closing book value	<u>10,175,578</u>	<u>10,231,231</u>
7.1.1 Cost of additions		
Buildings on freehold land	-	2,728
Plant and machinery	344,874	2,975,575
Furniture and fixtures	5	1,113
Vehicles	77	29,061
Office equipment	893	5,060
Electric equipment and appliances	-	7,168
	<u>345,849</u>	<u>3,020,705</u>
7.1.2 Book value of deletions / derecognitions		
Cost		
- Plant and machinery	46,276	41,990
- Vehicles	16,015	14,754
- Furniture and fixtures	59	-
	<u>62,350</u>	<u>56,744</u>
Less: Accumulated depreciation	49,889	52,263
	<u>12,461</u>	<u>4,481</u>
7.2 Capital work-in-progress		
Civil works	1,113	-
Plant and machinery	536,298	816,932
Others	52	605
	<u>537,463</u>	<u>817,537</u>

	(Un-audited) Half Year Ended		(Un-audited) Quarter Ended	
	30 June 2015 (Rupees in thousand)	30 June 2014	30 June 2015 (Rupees in thousand)	30 June 2014
8. COST OF SALES				
Fuel cost	10,476,564	17,985,971	5,437,831	9,966,968
Operation and maintenance costs	203,131	214,440	119,315	132,945
Insurance	158,058	154,751	79,018	77,363
Depreciation	365,366	230,586	177,832	119,671
Liquidated damages to WAPDA	502	115	47	86
Others	2,079	2,498	372	(11,281)
	<u>11,205,700</u>	<u>18,588,361</u>	<u>5,814,415</u>	<u>10,285,752</u>

	Un-audited Half Year Ended	
	30 June 2015 (Rupees in thousand)	30 June 2014
9. CASH GENERATED FROM OPERATIONS		
Profit before taxation	635,930	331,003
Adjustments for non-cash charges and other items:		
Depreciation	389,041	244,022
Provision for gratuity	5,481	5,468
(Gain) / Loss on disposal of operating fixed assets	3,222	(6,520)
Share of loss from associated company	1,091	-
Interest income	(67)	(244)
Finance cost	433,868	485,701
Cash flows from operating activities before working capital changes	<u>1,468,566</u>	<u>1,059,430</u>
(Increase) / decrease in current assets:		
Stores, spare parts and other consumables	(15,646)	(144,524)
Fuel stock	(882,644)	(180,932)
Trade debts	(160,783)	873,238
Loans, advances and short-term prepayments	(17,754)	(137,231)
Other receivables	(31,833)	(16,550)
Sales tax recoverable	(46,764)	(68,239)
	<u>(1,155,424)</u>	<u>325,762</u>
Increase in trade and other payables	<u>750,347</u>	<u>912,156</u>
	<u>1,063,489</u>	<u>2,297,348</u>

10. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of associated undertakings, key management personnel and staff retirement benefit plans. Transactions with related parties include expenses charged between these parties. The Company in the normal course of business carries out transactions with these related parties. Details of transactions with related parties are as follows:

Relationship with the Company	Nature of transaction	(Un-audited) Half Year Ended		(Un-audited) Quarter Ended	
		30 June 2015	30 June 2014	30 June 2015	30 June 2014
		(Rupees in thousand)		(Rupees in thousand)	
Associated undertakings	Insurance premium	194,624	196,595	91,993	93,699
	Insurance claims	1,317	11,028	1,317	-
	Dividend paid	196,183	416,827	196,183	416,827
	Share of expenses	153,367	147,373	80,781	83,115
	Flying services	-	1,814	-	728
	Share of rental income	803	1,567	405	1,170
	Rent expense	3,140	3,156	1,570	1,586
	Boarding lodging services	377	-	377	-
	Purchase of stores	458	-	458	-
	Sale of operating fixed assets	60	-	60	-
Key management personnel	Remuneration	3,554	3,437	2,280	1,222
Staff retirement benefits plans	Contribution to provident fund	13,226	12,163	9,933	6,177
	Contribution to gratuity fund	10,962	10,935	8,221	5,467

Period end balances:

	Un-audited 30 June 2015 (Rupees in thousand)	Audited 31 December 2014
Payable to related party	-	4,961
Receivable from related party	36	-

10.1 The Company shares premises, employees and other common costs with its associated company, Pakgen Power Limited on fifty-fifty basis in accordance with "Shared Facilities Agreement".

11. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 31 December 2014.

12. EVENTS AFTER THE REPORTING PERIOD

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

13. CORRESPONDING FIGURES

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

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

14. DATE OF AUTHORISATION FOR ISSUE

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

15. GENERAL

Figures have been rounded off to the nearest thousand Rupees.


CHIEF EXECUTIVE


DIRECTOR

BOOK POST

PRINTED MATTER

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