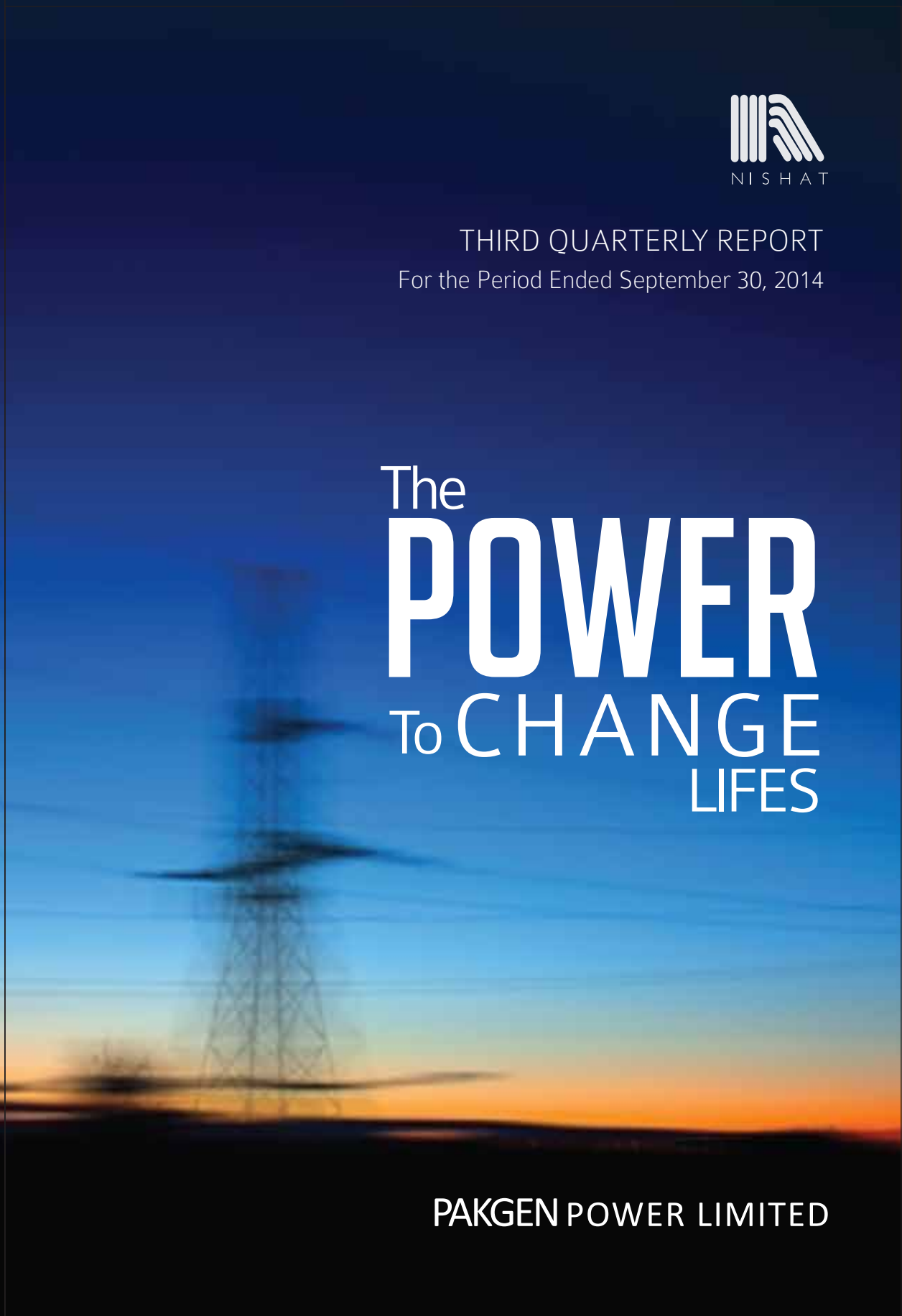


NISHAT

THIRD QUARTERLY REPORT

For the Period Ended September 30, 2014

The POWER To CHANGE LIFES

PAKGEN POWER LIMITED

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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 Mr. Ghazanfar Hussian Mirza Mr. Shahid Malik, Dr. Arif Bashir Mr. Aurangzeb Feroz Mr. Kamran Rasool Mr. Khawja Muhammad Younis Mr. Mahmood Akhtar	Chairman Chief Executive Officer
AUDIT COMMITTEE	Mr. Aurangzeb Feroz Mr. Khawja Muhammad Younis Mr. Mahmood Akhtar	Chairman
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 KASB Bank 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.	

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 September 2014.

Your Company is engaged in power generation with a dependable capacity of 350.00 MW furnace oil fired power plant against a gross capacity of 365 MW. Its shares are listed on the Karachi and Lahore Stock Exchanges. The Sole purchaser of the power is Water and Power Development Authority (WAPDA). We report that during the period under review power plant by achieving all the operating standards dispatched 1,527,532 MVH of electricity as compared with 1,409,840 MWH dispatched during the corresponding nine months of the previous financial year. Resultantly the capacity factor remained at 67.00 % as against 61.50% demonstrated in the comparable nine months of the previous financial year.

Financial Results:

The financial results of the Company for period ended 30 September 2014 are as follows:

	Period Ended	
Financial Highlights	**30 September 2014**	30 September 2013
Revenue (Rs '000')	28,341,476	26,778,790
Gross profit (Rs '000')	993,477	1,858,941
Gross profit ratio to revenue (%)	3.51	6.94
Pre-tax profit (Rs '000')	419,273	1,106,109
After tax profit (Rs '000')	419,273	1,106,109
After tax profit ratio to revenue (%)	1.48	4.13
Earnings per share (Rs)	1.13	2.97

The Company has posted after tax profit of Rs.419.273 million as against Rs. 1, 106.109 million earned in the comparative period. The net profits of the Company demonstrated the Earning per Share of Rs 1.13 as against Rs. 2.97 earned per share in the previous period despite several negative factors effecting profitability.

Main reason for variation in net profit for period ended 30th Sep 2014 in Comparison with period ended 30th Sep 2013 is increase in delta loss by Rupees 569.099 Million due to increase in net electricity supplied to WAPDA by 117.69 GWH and increase in fuel consumption 4.75 grams per kwh.

Projects:

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

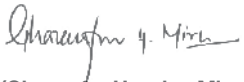
iWater: This project has been commissioned at LalPir. The project has proved 1.1°C improvement in cooling water temperature. It is being replicated at PakGen this year it its annual outage. In this project VVVF will be installed on cooling tower fans and some of the pumps in BOP area. The project has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

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 Hussian Mirza)
Chief Executive Officer
Lahore: October 27, 2014

CONDENSED INTERIM BALANCE SHEET
As at 30 September 2014

	Note	Un-audited 30 September 2014	Audited 31 December 2013
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 400,000,000 (31 December 2013: 400,000,000) ordinary shares of Rupees 10 each		4,000,000	4,000,000
Issued, subscribed and paid up share capital 372,081,591 (31 December 2013: 372,081,591) ordinary shares of Rupees 10 each		3,720,816	3,720,816
Capital reserve		116,959	116,959
Revenue Reserve-Un-appropriated profit		10,377,477	10,516,326
Total equity		14,215,252	14,354,101
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		162,215	313,471
Accrued mark-up / Interest		85,043	114,281
Short-term borrowings		6,675,802	6,529,932
		6,923,060	6,957,684
Total liabilities		6,923,060	6,957,684
CONTINGENCIES AND COMMITMENTS	5		
TOTAL EQUITY AND LIABILITIES		21,138,312	21,311,785

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

CHIEF EXECUTIVE

	Note	Un-audited 30 September 2014	Audited 31 December 2013
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	8,181,590	8,203,680
Long-term security deposit		300	-
		8,181,890	8,203,680
CURRENT ASSETS			
Stores, spare parts and other consumables		742,428	744,513
Fuel stock		926,615	337,516
Trade debts		8,762,885	10,046,693
Advances and short-term prepayments		600,827	730,203
Other receivables		157,185	434,980
Sales tax recoverable		980,621	553,601
Cash and bank balances		785,861	260,599
		12,956,422	13,108,105
TOTAL ASSETS		21,138,312	21,311,785



DIRECTOR

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
For the Period Ended 30 September 2014 (Un-Audited)

	Note	Period Ended		Quarter Ended	
		30 September 2014	30 September 2013	30 September 2014	30 September 2013
		(Rupees in thousand)		(Rupees in thousand)	
REVENUE		28,341,476	26,778,790	10,727,195	9,889,025
COST OF SALES	7	(27,347,999)	(24,919,849)	(10,742,689)	(9,623,016)
GROSS PROFIT / (LOSS)		993,477	1,858,941	(15,494)	266,009
ADMINISTRATIVE EXPENSES		(130,372)	(97,794)	(59,038)	(45,260)
OTHER EXPENSES		(1,533)	(1,728)	(615)	(473)
		861,572	1,759,419	(75,147)	220,276
OTHER INCOME		12,730	16,066	5,528	2,149
PROFIT FROM OPERATIONS		874,302	1,775,485	(69,619)	222,425
FINANCE COST		(455,029)	(669,366)	(128,164)	(138,829)
PROFIT /(LOSS) BEFORE TAXATION		419,273	1,106,119	(197,783)	83,596
TAXATION		-	-	-	-
PROFIT / (LOSS) AFTER TAXATION		419,273	1,106,119	(197,783)	83,596
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		419,273	1,106,119	(197,783)	83,596
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)		1.13	2.97	(0.53)	0.22

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 2014 (Un-Audited)

	Note	Period Ended 30 September 2014	30 September 2013
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		419,273	1,106,119
Adjustment for non-cash charges and other items:			
Depreciation		375,718	393,231
Provision for gratuity		8,201	6,064
Interest income		(11,540)	(13,996)
Finance cost		455,029	669,366
Cash flows from operating activities before working capital changes		1,246,681	2,160,784
(Increase) / decrease in current assets:			
Stores, spare parts and other consumables		2,085	(29,196)
Fuel stock		(589,099)	(456,278)
Trade debts		1,283,808	3,698,801
Advances and short-term prepayments		144,349	74,162
Other receivables		277,795	115,376
Sales tax recoverable		(427,020)	(90,263)
		691,918	3,312,602
Increase / (decrease) in trade and other payables		(150,124)	(417,643)
Cash generated from Operating Activities		1,788,475	5,055,743
Finance cost paid		(484,267)	(815,259)
Interest income received		11,540	13,996
Income tax paid		(14,973)	(13,195)
Gratuity paid		(8,201)	(6,064)
Cash Flow Generated from Operating Activities		1,292,574	4,235,221
CASH FLOWS FROM INVESTING ACTIVITIES			
Long Term Loans To Employees		(300)	-
Capital expenditure on property, plant and equipment		(353,628)	(418,892)
Net cash used in investing activities		(353,928)	(418,892)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(559,254)	(498,256)
Net cash used in financing activities		(559,254)	(498,256)
Net increase / (decrease) in cash and cash equivalents		379,392	3,318,073
Cash and cash equivalents at beginning of the period		(6,269,333)	(8,596,997)
Cash and cash equivalents at end of the period	8	(5,889,941)	(5,278,924)

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 Period Ended 30 September 2014 (Un-Audited)

	SHARE CAPITAL	RESERVES		TOTAL EQUITY
		Capital	Revenue	
		Retained payments reserve	Un-appropriated profit	
	(- - - - - - - - - - - -Rupees in thousand - - - - - - - - - - - -)			
Balance as at 31 December 2012 (audited)	3,720,816	116,959	10,150,755	13,988,530
Transaction with owners-Final dividend for the period ended 31 December 2012@ Rupee 1 per share	-	-	(372,082)	(372,082)
Profit for the period ended 30 September 2013	-	-	1,106,119	1,106,119
Other Comprehensive income for the period ended 30 September 2013	-	-	-	-
Total comprehensive income for the period ended 30 September 2013	-	-	1,106,119	1,106,119
Transaction with owners-Interim dividend for the year ended 31 December 2013 @ Rupee 1 per share	-	-	(372,082)	(372,082)
Balance as at 30 September 2013 (Un-audited)	3,720,816	116,959	10,512,710	14,350,485
Balance as at 31 December 2013 (audited)	3,720,816	116,959	10,516,326	14,354,101
Final dividend for the year ended 31 December 2013 @ Rupee 1.5 per share	-	-	(558,122)	(558,122)
Interim dividend @ Rupee 1 per share	-	-	-	-
Transaction with owners directly recognized in equity	-	-	(558,122)	(558,122)
Profit for the period ended 30 September 2014	-	-	419,273	419,273
Other Comprehensive income for the period ended 30 September 2014	-	-	-	-
Total comprehensive income for the period ended 30 September 2014	-	-	419,273	419,273
Balance as at 30 September 2014 (Un-audited)	3,720,816	116,959	10,377,477	14,215,252

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 2014 (Un-Audited)

1. THE COMPANY AND ITS OPERATIONS

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

2. BASIS OF PREPARATION

This condensed interim financial information is un-audited 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 nine months period ended 30 September 2014 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 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 audited annual published financial statements of the Company for the year ended 31 December 2013 and interim financial statements for the period ended 30 June 2014.

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 2013 and half yearly published financial statements of the Company for the period ended 30 June 2014.

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 2013.

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

There is no change in the contingencies disclosed in the preceding audited annual published financial statements of the Company for the year ended 31 December 2013 .

5.2 Commitments

5.2.1 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 2013, except for the commitments for letters of credit as at reporting date are amounting to Rupees 377.552 million (30 September 2013: Rupees 246.247 million).

	Un-audited 30 September 2014	Audited 31 December 2013
	(Rupees in thousand)	
6. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (Note 6.1)	7,286,746	7,514,382
Capital work-in-progress (Note 6.2)	894,844	689,298
	8,181,590	8,203,680
6.1 Operating fixed assets		
Opening book value	7,514,382	6,934,052
Add: Cost of additions during the period / year (Note 6.1.1)	148,082	1,096,891
Less: Depreciation charged during the period / year	(375,718)	(516,561)
Closing book value	7,286,746	7,514,382
6.1.1 Cost of additions		
Freehold land	-	90,559
Electric equipment and appliances	2,626	36,510
Furniture and fixtures	-	-
Vehicle	-	-
Building	1,896	1,896
Plant and machinery	140,650	955,536
Office equipment	2,910	2,866
	148,082	1,096,891
6.2 Capital work-in-progress		
Civil work	212,449	207,901
Plant and machinery	682,395	479,159
Others	-	2,238
	894,844	698,298

7. COST OF SALES

	(Un-audited) Nine Months Ended		(Un-audited) Quarter Ended	
	30 September 2014	30 September 2013	30 September 2014	30 September 2013
	(Rupees in thousand)		(Rupees in thousand)	
Fuel consumed	26,388,882	23,951,645	10,462,517	9,308,453
Operation and maintenance costs	353,977	350,673	70,068	120,096
Insurance cost	240,058	233,039	80,996	79,536
Depreciation	364,832	384,378	128,858	114,817
Others	250	114	250	114
	27,347,999	24,919,849	10,742,689	9,623,016

8. CASH AND CASH EQUIVALENTS

	(Un-audited) Nine Months Ended	
	30 September 2014	30 September 2013
	(Rupees in thousand)	
Cash and bank balances	785,861	19,503
Short-term borrowings	(6,675,802)	(5,298,427)
	(5,889,941)	(5,278,924)

9. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprise of associated undertakings 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) Nine Months Ended		(Un-audited) Quarter Ended	
		30 September 2014	30 September 2013	30 September 2014	30 September 2013
		(Rupees in thousand)		(Rupees in thousand)	
Relationship with the Company	**Nature of transaction**				
Associated undertakings	Insurance premium	286,700	298,331	102,269	93,668
	Share of expenses	218,357	171,819	70,984	61,069
	Flying Services	37,929	-	16,913	-
	share of rental income	1,191	-	395	-
	Dividend paid	297,960	670,338	-	102,524
	Interest Income				
	Rent Expense	4,709	4,709	1,570	1,570
Key management personnel	Remuneration	15,271	13,159	3,661	5,117

9.1 The Company shares premises, employees and other common costs with its associated company, Lalpir Power Limited on fifty-fifty basis in accordance with “Shared Facilities Agreement”.

10. 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 27 October 2014.

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 2013.

12. 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.

13. GENERAL

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

CHIEF EXECUTIVE **DIRECTOR**

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PAKGEN POWER LIMITED

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