PAKGEN POWER LIMITED

NISHAT

SECY/STOCKEXC/

October 25, 2019

The General Manager,
Pakistan Stock Exchange Limited,
Stock Exchange Building,
Stock Exchange Road,
KARACHI.

SUB: TRANSMISSION OF QUARTERLY REPORT FOR THE PERIOD ENDED 30-09-2019

Dear Sir,

In compliance with the provisions of Section 237 of the Companies Act, 2017, read with PSX Notice No. PSX/N-4207 dated July 13, 2018 we have to inform you that the Quarterly Report of Pakgen Power Limited for the period ended September 30, 2019 together with Directors' report have been transmitted through PUCARS and also available on Company's website.

You may also please inform the TRE Certificate Holders of the Exchange accordingly.

Thanking you

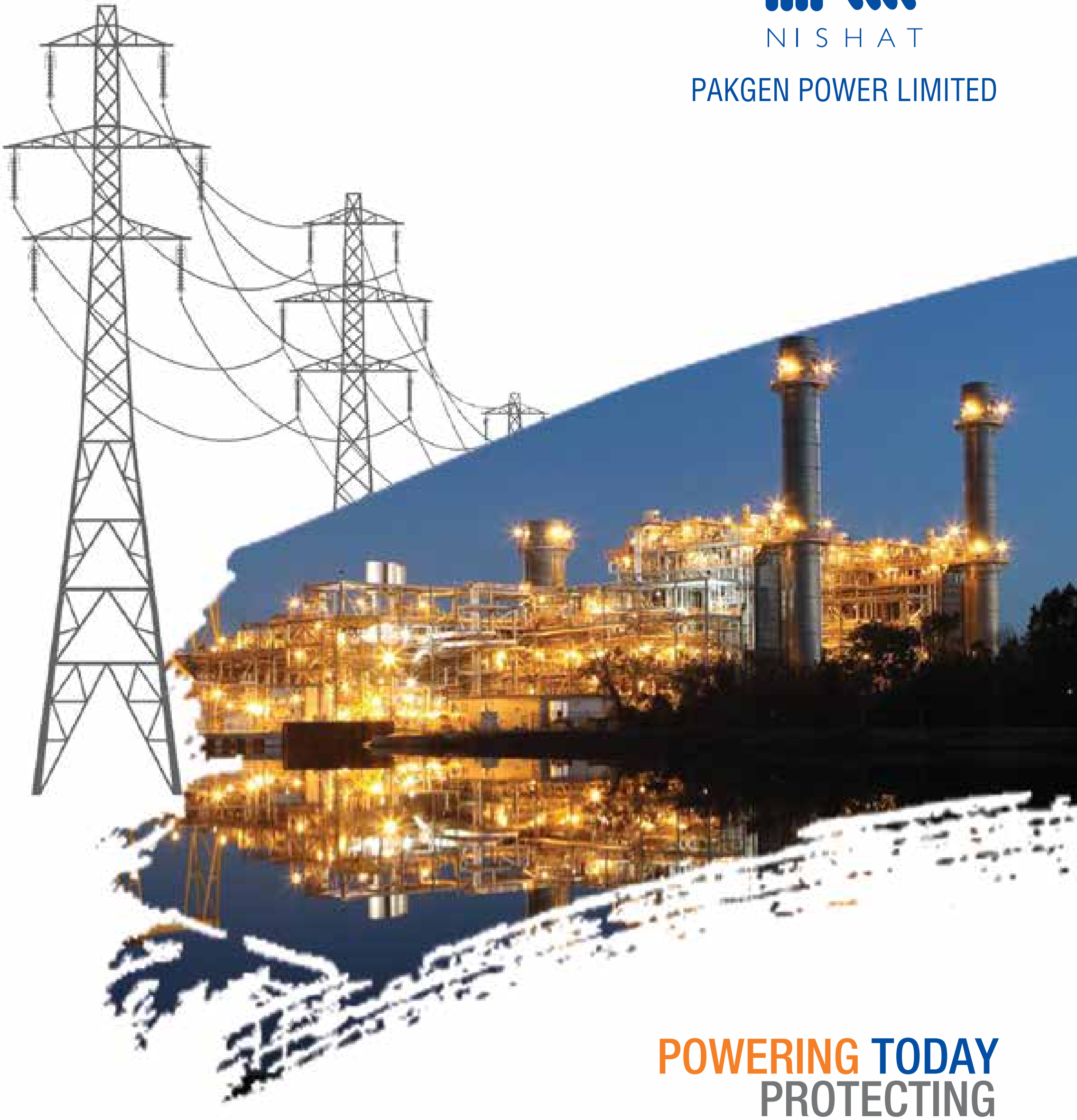
Yours truly,

KHALID MAHMOOD CHOHAN
COMPANY SECRETARY

HEAD OFFICE : 1-B, AZIZ AVENUE, CANAL BANK, GULBERG V, LAHORE. TEL:+92-42-35717090-96, 35717159-63, FAX: 92-42-35717239, WEBSITE: www.pakgenpower.com, E-MAIL:pakgen@lalpir.com
REGISTERED OFFICE : NISHAT HOUSE, 53/A, LAWRANCE ROAD, LAHORE. TEL: 111-113-333 FAX: +92-42-36367414
POWER STATIONS : LALPIR THERMAL POWER STATIONS, P.O. BOX NO. 89, MUZAFFARGARH. PC-34200, PAKISTAN. TEL: 92-66-2300030, FAX: 92-66-2300260, www.pakgenpower.com

NISHAT

PAKGEN POWER LIMITED



POWERING TODAY
PROTECTING
TOMORROW........!

THIRD QUARTERLY REPORT
FOR THE PERIOD ENDED
SEPTEMBER 30, 2019

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COMPANY PROFILE

THE COMPANY	Pakgen Power Limited ("the Company") was incorporated in Pakistan on 22 September 1995 under the Companies Ordinance, 1984 (Now Companied Act, 2017). 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	Mr. Ghazanfar Hussain Mirza — Chairman Mian Hassan Mansha Mr. Aurangzeb Firoz Mr. Shahid Malik Dr. Arif Bashir Mr. Farrukh Ifzal Mr. Hassan Nawaz Tarar
CHIEF EXECUTIVE OFFICER	Mian Hassan Mansha
AUDIT COMMITTEE	Mr. Farrukh Ifzal — Chairman Mr. Aurangzeb Firoz Mr. Shahid Malik
HUMAN RESOURCE & REMUNERATION(HR &R) COMMITTEE	Mr. Farrukh Ifzal — Chairman Mian Hassan Mansha Mr. Ghazanfar Hussain Mirza
CHIEF FINANCIAL OFFICER	Mr. Tanvir Khalid
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 MCB Bank Limited(Formerly NIB Bank Limited) Bank Islamic Pakistan Limited Al Baraka Bank (Pakistan) Limited
AUDITOR OF THE COMPANY	Riaz Ahmad & Co. Chartered Accountants
LEGAL ADVISOR OF THE COMPANY	Mr. M. Aurangzeb Khan Advocate High Court
REGISTERED OFFICE	53-A, Lawrence Road, Lahore-Pakistan UAN: 042-111-11-33-33
HEAD OFFICE	1-B, Aziz Avenue, Gulberg-V, Lahore- Pakistan Tel: 042-35717090-96 Fax: 042-35717239
SHARE REGISTRAR	Central Depository Company of Pakistan Limited CDC House, 99-B, Block-B, S.M.C.H.S Shahra-e-Faisal, Karachi-74400 Tel: (92-21) 111-111-500 Fax: (92-21) 34326053
PLANT	Mehmood Kot, Muzaffargarh, Punjab - Pakistan.

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 2019.

The 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 319.103 MWH of electricity as compared with 709.486 MWH dispatched during the corresponding nine months of the previous financial year. Resultantly the capacity factor remained at 13.9% as against 31.1% demonstrated in the comparable nine months of the previous financial year.

Financial Results:

The financial results of the Company for the period ended 30 Sep 2019 are as follows:

Financial Highlights	PERIOD ENDED 30 September 2019	PERIOD ENDED 30 September 2018
Revenue (Rs '000')	10,095,063	13,094,387
Gross profit (Rs '000')	3,217,696	1,658,476
Gross profit ratio to revenue (%)	31.87	12.66
After tax profit (Rs '000')	2,106,134	923,839
After tax profit ratio to revenue (%)	20.86	7.05
Earnings per share (Rs)	5.66	2.48

The Company has posted after tax Profit of Rs. 2.106 billion as against Profit of Rs. 923 million incurred in the comparative period. The net Profit of the Company demonstrated the Profit per Share of Rs. 5.66 as against Rs. 2.48 Profit per share in the previous period.

Our sole customer CPPA-G remains unable to meet its obligations in accordance with the Power Purchase Agreement (PPA) which are secured under a sovereign guarantee of Government of Pakistan. As on 30 Sep 2019, an amount of Rupees 20.089 billion (2018: 16.438 billion) was outstanding against CPPA-G of these Rupees 1.495 million (2018: 2.409 billion) was classified overdue. The Company is pursuing the matter, collectively with other IPPs on IPPAC (Independent Power Producer Advisory Council) platform, with the relevant authorities and ministries.

During the period, January to September 2019, Company produced and sold electricity for seven months except for the month of March 2019. The plant was on standby mode for the month of March due to low national demand which was as per the instructions of National Power Control Center (NPCC) and currently major overhauling activity is going on.

Corporate objectives:

Being a responsible and reliable energy company, we aim to facilitate the nation in reducing its cost of energy by maintaining high efficiency and availability of plant.

COMPOSITION OF BOARD:

Total number of Directors:		
(a)	Male	7
(b)	Female	0
Composition:		
(i)	Independent Directors	1
(ii)	Other Non-executive Directors	6
(iii)	Executive Directors	1

COMMITTEES OF THE BOARD:

Audit Committee of the Board:

Sr. #	Name of Member	
1	Mr. Farrukh Afzal	(Member/ Chairman)
2	Mr. Aurangzeb Firoz	(Member)
3	Mr. Shahid Malik	(Member)

Human Resource & Remuneration (HR&R) Committee:

Sr. #	Name of Member	
1	Mr. Farrukh Ifzal	Member/Chairman
2	Mian Hassan Mansha	Member
3	Mr. Ghazanfar Hussein Mirza	Member

DIRECTORS' REMUNERATION:

The company does not pay remuneration to its non-executive directors including independent directors except for meeting fee. Aggregate amount of remuneration paid to executive and non-executive directors have been disclosed in note 9 of the annexed financial statements.

ACKNOWLEDGEMENT:

The board appreciates 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 appreciate the efforts of the company's workforce for delivering remarkable results and we wish for their long life relationship with the Company.

For and on behalf of the Board of Directors

Mian Hassan Mansha
Chief Executive Officer
Lahore: 23rd October, 2019

Mr. Arif Bashir
Director

ڈائریکٹرز رپورٹ پاک جن پاور لمیٹڈ

پاک جن پاورلمیٹڈ "دی کمپنی" کے ڈائریکٹرز 30 ستمبر 2019ء مختتمہ مدت کے لئے آپ کی کمپنی کے آپریشنل اور مالیاتی نتائج پر مشتمل اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

آپ کی کمپنی 365 میگاواٹ کی مجموعی صلاحیت کے فرنس آئل فائرڈ پاور پلانٹ سے 350 میگاواٹ کی خالص صلاحیت کے ساتھ بجلی پیدا کرنے میں مصروف ہے۔اس کے حصص پاکستان اسٹاک ایکسچینج میں مندرج ہیں۔بجلی کا واحد خریدار سنٹرل پاور پرچیزنگ ایجنسی (گارنٹی) لمیٹڈ (CPPA-G) ہے۔ہم بیان کرتے ہیں کہ زیر جائزہ مدت کے دوران پاور پلانٹ نے گزشتہ مالی سال کی اسی نوماہی مدت کے دوران 709.486MWH ترسیل کے مقابلہ میں 319.103MWH بجلی ترسیل کر کے تمام آپریٹنگ معیارات حاصل کیے ہیں۔نتیجتاً گزشتہ مالی سال کی اسی نوماہی مدت میں کپیسٹی فیکٹر 31.1 فیصد کے مقابلہ میں 13.9 فیصد پر برقرار رہا۔

مالیاتی نتائج:

30 ستمبر 2019ء کو ختم ہونے والی مدت کے لئے کمپنی کے مالیاتی نتائج مندرجہ ذیل ہیں:

مالی جھلکیاں	30 ستمبر 2019 ء	30 ستمبر 2018 ء
محصولات (000روپے)	10,095,063	13,094,387
مجموعی منافع (000روپے)	3,217,696	1,658,476
مجموعی منافع تناسب محصولات (فیصد)	31.87	12.66
بعداز ٹیکس منافع (000روپے)	2,106,134	923,839
بعداز ٹیکس منافع تناسب محصولات (فیصد)	20.86	7.05
آمدن فی حصص (روپے)	5.66	2.48

کمپنی نے ٹیکس کے بعد منافع 2.106 بلین روپے درج کیا جبکہ تقابلی مدت میں 923 ملین روپے منافع حاصل ہوا تھا۔ کمپنی کے خالص منافع نے گزشتہ مدت میں 2.48 روپے فی حصص منافع کے مقابلے 5.66 روپے فی حصص منافع ظاہر کیا ہے۔

ہماری واحد CPPA-G بجلی کی خریداری کے معاہدے (PPA) جو حکومت پاکستان کی ایک خودمختار ضمانت کے تحت حاصل کیا گیا کے مطابق اپنی ذمہ داریوں کو پورا کرنے کے قابل نہیں رہا۔ 30 ستمبر 2019 کو سنٹرل پاور پرچیزنگ ایجنسی (گارنٹی) لمیٹڈ (CPPA-G) کے ذمہ بقایا رقم 20.089 بلین روپے (2018 16.438 بلین روپے) تھی جس میں 1.495 ملین روپے (2018: 2.409 بلین روپے) کی رقم زائدالمیعاد تھی۔کمپنی مجموعی طور پر دیگر آئی پی پیز کے ساتھ آئی پی پی اے سی

(آزاد پاور پروڈیوسرایڈوائزری کونسل) پلیٹ فارم پر متعلقہ اتھارٹیزاوروزارتوں کے ہاں معاملہ کی پیروی کررہی ہے۔

مدت کے دوران، جنوری تا ستمبر 2019، کمپنی نے مارچ2019 کے مہینہ کے سوائے سات مہینوں تک بجلی پیدا اور فروخت کی۔کم قومی طلب کی وجہ سے پلانٹ مارچ کے مہینہ کے لئے سٹینڈ بائی موڈ پر رہا۔یہ نیشنل پاورکنٹرول سنٹر(NPCC) کی ہدایات کے مطابق کیا گیا تھااور فی الحال اہم اوور ہالنگ سرگرمی جاری ہے۔

کارپوریٹ مقاصد:

ایک ذمہ داراورقابل اعتمادتوانائی کمپنی ہونے کے ناطے،ہم اعلیٰ کارکردگی اور پلانٹ کی دستیابی کو برقرار رکھتے ہوئے بجلی کےاخراجات کم کرنے میں قوم کوسہولت فراہم کرنا چاہتے ہیں۔

بورڈ کی تشکیل:

ڈائریکٹرز کی کل تعداد	
(a)مرد	7
(b)خاتون	0
تشکیل	
(i) آزادڈائریکٹرز	1
(ii)دیگرنان ایگزیکٹوڈائریکٹرز	6
(iii)ایگزیکٹوڈائریکٹرز	1

بورڈ کی کمیٹیاں:

بورڈ کی آڈٹ کمیٹی:

نمبرشمار	نام ڈائریکٹرز
1	جناب فرخ افضال (رکن/چیئرمین)
2	جناب اورنگ زیب فیروز (رکن)
3	جناب شاہدملک

ہیومن ریسورس اینڈ ریمنریشن (HR&R) کمیٹی:

نمبر شمار	نام رکن
1	جناب فرخ افضال (رکن/چیئرمین)
2	میاں حسن منشاء (رکن)
3	جناب غضنفر حسین مرزا (رکن)

ڈائریکٹرز کا مشاہرہ:

کمپنی اپنے آزاد ڈائریکٹرز سمیت نان ایگزیکٹو ڈائریکٹرز کو اجلاس فیس کے علاوہ کوئی مشاہرہ ادا نہیں کرتی ہے۔ ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کو ادا کیئے جانے والے مشاہرہ کی مجموعی رقم منسلکہ مالی حسابات کے نوٹ 9 میں منکشف ہے۔

اظہار تشکر

ہم، ایک جدید اور حوصلہ افزاء کام کے ماحول کے قیام اور پاور پلانٹ کے تمام شعبوں میں اعلی 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 مجلس نظماء

Hasan Mansha

(میاں حسن منشاء)

چیف ایگزیکٹو آفیسر

جناب عارف بشیر

ڈائریکٹر

لاہور: **23 اکتوبر 2019ء**

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

As at 30 September 2019

	Note	Un-audited 30 September 2019	Audited 31 December 2018
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 400,000,000 (31 December 2018: 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 2018: 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		14,403,917	12,855,905
Total equity		18,241,692	16,693,680
LIABILITIES			
Non Current Liability			
Long term finance - secured	4	-	-
Employee benefit-Gratuity		33,146	29,349
		33,146	29,349
CURRENT LIABILITIES			
Trade and other payables		146,540	527,540
Unclaimed dividend		8,361	6,732
Accrued mark-up / profit		348,584	126,510
Short-term borrowings		12,293,965	11,093,800
Current portion of long - term finance	4	-	334,369
		12,797,450	12,088,951
Total liabilities		12,797,450	12,088,951
CONTINGENCIES AND COMMITMENTS	5		
TOTAL EQUITY AND LIABILITIES		31,072,288	28,811,980

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

CHIEF EXECUTIVE	DIRECTOR	CHIEF FINANCIAL OFFICER

	Note	Un-audited 30 September 2019	Audited 31 December 2018
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	7,079,811	7,680,263
Long-term loans to employees		25,851	30,205
Long-term security deposit		300	300
		7,105,962	7,710,768
CURRENT ASSETS			
Stores, spare parts and other consumables		861,459	832,661
Fuel stock		304,405	516,398
Trade debts		20,088,911	16,939,272
Loans, advances and short-term prepayments		838,976	378,385
Loans to associated company		350,000	1,000,000
Other receivables		78,185	276,445
Accrued interest		4,114	9,258
Sales tax recoverable		1,288,612	1,145,615
Cash and bank balances		151,664	3,178
		23,966,326	21,101,212
TOTAL ASSETS		31,072,288	28,811,980

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER AND PERIOD ENDED 30 SEPTEMBER 2019

	Note	Period Ended		Quarter Ended	
		30 September 2019	30 September 2018	30 September 2019	30 September 2018
		(Rupees in thousand)		(Rupees in thousand)	
REVENUE		10,095,063	13,094,387	3,360,866	3,902,970
COST OF SALES	7	(6,877,367)	(11,435,911)	(2,143,892)	(3,313,757)
GROSS PROFIT		3,217,696	1,658,476	1,216,974	589,213
ADMINISTRATIVE EXPENSES		(150,508)	(175,620)	(55,601)	(91,367)
OTHER EXPENSES		(2,468)	(2,138)	(1,080)	(481)
OTHER INCOME		128,156	41,554	50,717	22,891
PROFIT FROM OPERATIONS		3,192,876	1,522,272	1,211,010	520,256
FINANCE COST		(1,086,742)	(598,433)	(428,784)	(224,129)
PROFIT BEFORE TAXATION BEFORE TAXATION		2,106,134	923,839	782,226	296,127
TAXATION		-	-	-	-
PROFIT AFTER TAXATION		2,106,134	923,839	782,226	296,127
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		2,106,134	923,839	782,226	296,127
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)		5.66	2.48	2.10	0.80

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

CHIEF EXECUTIVE | DIRECTOR | CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER AND PERIOD ENDED 30 SEPTEMBER 2019

	SHARE CAPITAL	RESERVES		TOTAL EQUITY
		Capital	Revenue	
		Retained payments reserve	Un-appropriated profit	
	(- - - - - - - - - - - - -Rupees in thousand	- - - - - - - - - - - -)		
Balance as at 31 December 2017 (audited)	3,720,816	116,959	11,766,415	15,604,190
Transaction with owners:				
Final dividend for the year ended 31 December 2017 @ Rupee 1 per share	-	-	(372,082)	(372,082)
Transaction with owners directly recognized in equity	-	-	(372,082)	(372,082)
Profit for the period ended 30 September 2018	-	-	923,839	923,839
Other Comprehensive income for the period ended 30 September 2018	-	-	-	-
Total comprehensive income for the period ended 30 September 2018	-	-	923,839	923,839
Balance as at 30 September 2018 (Un-audited)	3,720,816	116,959	12,318,172	16,155,947
Balance as at 31 December 2018 (audited)	3,720,816	116,959	12,855,905	16,693,680
Final dividend for the year ended 31 December 2018 @ Rupee 1.5 per share	-	-	(558,122)	(558,122)
Transaction with owners directly recognized in equity	-	-	(558,122)	(558,122)
Profit for the period ended 30 September 2019	-	-	2,106,134	2,106,134
Other Comprehensive income for the period ended 30 September 2019	-	-	-	-
Total comprehensive income for the period ended 30 September 2019	-	-	2,106,134	2,106,134
Balance as at 30 September 2019 (Un-audited)	3,720,816	116,959	14,403,917	18,241,692

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

CHIEF EXECUTIVE DIRECTOR CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2019

	Note	30 September 2019	30 September 2018
		Period Ended	
		(Rupees in thousand)	
Cash (used in) / generated from Operating Activities	8	21,101	(733,278)
Finance cost paid		(864,668)	(579,600)
Interest income received		127,009	40,311
Net increase/(decrease) in long term loans		4,354	(45,779)
Income tax paid		(17,274)	(8,790)
Gratuity paid		(7,704)	(10,525)
Net cash used in operating activities		(737,182)	(1,337,661)
CASH FLOWS FROM INVESTING ACTIVITIES			
Loan received from related party		650,000	200,000
Capital expenditure on property, plant and equipment		(78,780)	(22,564)
Net cash used in investing activities		571,220	177,436
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(556,493)	(370,176)
Interest income recovered from related party		5,144	-
Repayment of long term finance		(334,369)	(334,369)
Net cash used in financing activities		(885,718)	(704,545)
Net increase / (decrease) in cash and cash equivalents		(1,051,679)	(1,864,770)
Cash and cash equivalents at beginning of the period		(11,090,622)	(9,132,822)
Cash and cash equivalents at end of the period		(12,142,301)	(10,997,592)

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE QUARTER AND PERIOD ENDED 30 SEPTEMBER 2019

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 (Now Companies Act, 2017). The registered office of the Company is situated at 53-A, Lawrence Road, Lahore. The Company's ordinary shares are listed on Pakistan Stock Exchange Limited. The principal activities of the Company are to own, operate and maintain an oil fired power station ("the Complex") having gross capacity of 365 MW in Mehmood Kot, Muzaffargarh, Punjab, Pakistan. The Company has a Power Purchase Agreement (PPA) with its sole customer, Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) for 30 years which commenced from 01 February 1998.

2. BASIS OF PREPARATION

2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 31 December 2018. These condensed interim financial statements are un-audited and are being submitted to the members as required by Section 237 of the Companies Act, 2017.

3. ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of these condensed interim financial statements are same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 31 December 2018 except for the changes in accounting policies as stated in note 3.2 to these condensed interim financial statements.

3.1 Critical accounting estimates and judgments

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

During preparation of these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 31 December 2018.

3.2 Changes in accounting policies due to applicability of certain International Financial Reporting Standards (IFRS)

The following changes in accounting policies have taken place effective from 01 January 2019:

3.2.1 IFRS 9 "Financial Instruments"

The Company has adopted IFRS 9 "Financial Instruments" from 01 January 2019. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the Company makes an irrevocable election on initial recognition to present gains and losses on equity instruments in other comprehensive income. Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the Company's own credit risk to be presented in other comprehensive income (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the Company. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

The Company has adopted IFRS 9 without restating the prior year results. However, subsequent to the reporting period, the Securities and Exchange Commision of Pakistan (SECP) vide its communication has exempted the applicability of IFRS 9 in respect of debts due from Government of Pakistan to power supply companies for a limited period of three years i.e. till 30 June 2021. Hence, expected credit losses in respect of trade debts due from CPPA-G, the sole customer of the Company, which are backed by sovereign guarantee of Government of Pakistan have not been considered in these condensed interim financial statements.

Key changes in accounting policies resulting from application of IFRS 9

i) Classification and measurement of financial instruments

IFRS 9 largely retains the existing requirements in IAS 39 "Financial Instruments: Recognition and Measurement" for the classification and measurement of financial liabilities. However, it replaces the previous IAS 39 categories for financial assets i.e. loans and receivables, fair value through profit or loss (FVTPL), available for sale and held to maturity with the categories such as amortised cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVTOCI).

Investments and other financial assets

a) Classification

From 01 January 2019, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

- those to be measured at amortised cost

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

b) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortised cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the profit or loss.

Fair value through other comprehensive income (FVTOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impaiment losses), interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income / (other expenses) and impairment losses are presented as separate line item in the profit or loss.

Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other income / (other expenses) in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

Fair value through other comprehensive income (FVTOCI)

Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to statement of profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Fair value through profit or loss (FVTPL)

Changes in the fair value of equity investments at fair value through profit or loss are recognised in other income / (other expenses) in the profit or loss as applicable.

Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

ii) Impairment

From 01 January 2019, the Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For other receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

iii) Hedge accounting

IFRS 9 requires that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

There is no impact of the said change on these condensed interim financial statements as there is no hedge activity carried on by the Company during the period ended 30 September 2019.

iv) **Impacts of adoption of IFRS 9 on these condensed interim financial statements as on 01 January 2019**

On 01 January 2019, the Company's management has assessed which business models apply to the financial assets held by the Company at the date of initial application of IFRS 9 (01 January 2019) and has classified its financial instruments into appropriate IFRS 9 categories.

Reclassifications of financial instruments on adoption of IFRS 9

As on 01 January 2019, the classification and measurement of financial instruments of the Company were as follows:

	Measurement category		Carrying amounts		
	Original	New	Original	New	Difference
	(IAS 39)	(IFRS 9)	- - - - - - Rupees - - - - - -		
Non-current financial assets					
Long term loans to employees	Loans and receivables	Amortised cost	30,205	30,205	-
Long term security deposits	Loans and receivables	Amortised cost	300	300	-
Current financial assets					
Trade debts	Loans and receivables	Amortised cost	16,939,272	16,939,272	-
Loan to associated company	Loans and receivables	Amortised cost	1,000,000	1,000,000	-
Loans to employees	Loans and receivables	Amortised cost	15,520	15,520	-
Other receivables	Loans and receivables	Amortised cost	153	153	-
Accrued interest	Loans and receivables	Amortised cost	9,258	9,258	-
Cash and bank balances	Loans and receivables	Amortised cost	3,178	3,178	-
Non-current financial liabilities					
Long term finance - secured	Amortised cost	Amortised cost	-	-	-
Current financial liabilities					
Trade and other payables	Amortised cost	Amortised cost	-	-	-
Accrued mark-up / profit	Amortised cost	Amortised cost	-	-	-
Short term borrowings	Amortised cost	Amortised cost	-	-	-
Current portion of long term finance	Amortised cost	Amortised cost	-	-	-
Unclaimed dividend	Amortised cost	Amortised cost	-	-	-

3.2.2 IFRS 15 'Revenue from Contracts with Customers'

The Company has adopted IFRS 15 from 01 January 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in a Company's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the Company's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

The Company has adopted IFRS 15 by applying the modified retrospective approach according to which the Company is not required to restate the prior year results. The application of IFRS 15 does not have any impact on the revenue recognition policy of the Company and therefore, the cumulative effect of initially applying this standard as an adjustment to the opening balance of un-appropriated profit in the period of initial application is Rupees Nil.

i) **Key changes in accounting policies resulting from application of IFRS 15**

The Company recognises revenue as follows:

a) Sale of electricity

Revenue from sale of electricity to the CPPA-G, the sole customer of the Company, is recorded on the basis of net electrical output delivered and capacity made available at rates specified under the Power Purchase Agreement (PPA). PPA is a contract over a period of 30 years.

b) Interest

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

3.3 Exemption from applicability of certain requirements of IFRS 16

Subsequent to the reporting period, SECP vide its communication has extended the earlier exemption from the requirements of International Financial Reporting Interpretation Committee (IFRIC) 4 'Determining Whether an Arrangement Contains a Lease', now IFRS 16 'Leases' to all companies, which have entered into power purchase agreements before 01 January 2019. Therefore, the Company is not required to account for the portion of its Power Purchase Agreement (PPA) with CPPA-G as a lease under IFRS 16 'Leases'.

	Un-audited 30 September 2019	Audited 31 December 2018
	(Rupees in thousand)	
4. LONG-TERM FINANCE - SECURED		
Opening balance	334,369	780,194
Less: Repaid during the period / year	334,369	445,825
	-	334,369
Less: Current portion shown under current liabilities	-	334,369
	-	-

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

There is no significant change in the status of contingencies as disclosed in the preceding audited annual published financial statements of the Company for the year ended 31 December 2018 except for the following:

5.1.1 Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) has raised invoices for liquidated damages to the Company from 11th to 21st (up to April 2019) 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 CPPA-G in making timely payments. Liquidated damages invoiced to the Company amounts to Rupees 6,266.08 million (31 December 2018: Rupees 6,266.06 million). Out of these, the Company has accepted and paid Rupees 4,006.41 million (31 December 2018: Rupees 4,006.39 million). The Company disputes and rejects balance claims on account of liquidated damages that are 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 supplier that resulted in inadequate level of electricity production owing to shortage of fuel. Against these the Company has raised invoice dispute notices to CPPA-G. The Company appointed mediation expert under the mechanism given in the Power Purchase Agreement (PPA). On 22 June 2017, the mediation expert gave his decision in favour of the Company. However, this decision is not binding on either party.

The Company filed case for arbitration in the International Chamber of Commerce (ICC) to resolve the following matters, as per the mechanism allowed by PPA for resolutions of disputes:

- On various occasions, CPPA-G has sought to set off amounts allegedly owed to it as liquidated damages against amounts it must pay to the Company as part of its obligations to make capacity payments. On 8 January 2018, CPPA-G wrote to the Company, threatening to set off a total of Rupees 2.4 billion which it considers as allegedly due to it, against capacity payment invoices to be issued by the Company. The far-reaching implications of CPPA-G's threat to take unilateral action left the Company with no option but to approach the courts of Pakistan for interim relief, until the matter gets resolved finally through arbitration, in accordance with the provisions of the PPA. In its orders dated 16 January 2018, the Lahore High Court suspended the legal effect of CPPA-G's 8 January 2018 letter on an interim basis.

- In September and November 2015, CPPA-G sent a number of letters to the Company, purporting to deduct amounts from the energy payments due to the Company on the basis that it had procured fuel from suppliers other than the Pakistan State Oil Company Limited ("PSO"). Amounts withheld on this account from the invoices of the Company totaled Rupees 4.9 million. PPA does not allow CPPA-G to dispute invoices on the basis that fuel was procured from a provider other than PSO. Neither is CPPA-G permitted to retroactively dispute invoices, many months or years after they have become due.

- CPPA-G is required to provide and renew a Letter of Credit. Letter of Credit must allow access to "immediately available funds", which "shall be in an amount equal to an aggregate of two (2) Months of capacity payments plus energy payments". CPPA-G has failed to renew the Letters of Credit, following their expiry on 23 December 2010.

- In addition to its persistent failure to make timely energy and capacity payments, CPPA-G has also failed to comply with its obligation to pay interest to the Company. PPA provides that "Late payments shall bear interest". As a result, a total of Rupees 449.95 million in unpaid interest is due at the date of the latest invoice submitted by the Company (till the date of request for arbitration).

During the period ended 30 September 2019, an arbitrator has been appointed who will frame the case and the case is still pending for hearing. The ultimate outcome of the matter cannot presently be determined, and consequently, no provision for such liquidated damages has been made in these condensed interim financial statements.

	Un-audited 30 September 2019	Audited 31 December 2018
	(Rupees in thousand)	
5.2 Commitments		
5.2.1 Commitments in respect of letters of credit for capital expenditure	217,943	4,992
5.2.2 Commitments in respect of other than capital expenditure	17,201	7,455

	Un-audited 30 September 2019	Audited 31 December 2018
	(Rupees in thousand)	

6. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets (Note 6.1)	6,961,421	7,634,699
Capital work-in-progress (Note 6.2)	118,390	45,564
	7,079,811	7,680,263

6.1 Operating fixed assets

Opening book value	7,634,699	8,482,603
Add: Cost of additions during the period / year (Note 6.1.1)	5,954	75,528
Less: Book value of derecognitions during the period / year (Note 6.1.2)	58	1,915
Less: Depreciation charged during the period / year	679,174	921,517
Closing book value	6,961,421	7,634,699

6.1.1 Cost of additions

Plant and machinery	4,135	73,319
Office equipment	1,145	572
Furniture and fittings	461	557
Electric equipment and appliances	213	1,015
Vehicle	-	65
	5,954	75,528

6.1.2 Book value of derecognitions

Plant and machinery		
- Cost	1,245	5,254
- Less: Accumulated depreciation	1,187	3,339
	58	1,915

6.2 Capital work-in-progress

Plant and machinery	118,390	45,564
	118,390	45,564

	Un-audited Nine Months Ended		Un-audited Quarter Ended	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
	(Rupees in thousand)		(Rupees in thousand)	
7. COST OF SALES				
Fuel consumed	5,292,310	10,028,264	1,547,157	2,828,359
Operation and maintenance cost	433,172	386,601	180,651	152,588
Liquidated damages to WAPDA	28	260	9	209
Insurance cost	472,683	371,117	188,597	142,043
Depreciation	679,174	649,669	227,478	190,558
	6,877,367	11,435,911	2,143,892	3,313,757

	Un-audited Period Ended	
	30 September 2019	30 September 2018
	(Rupees in thousand)	
8. CASH UTILIZED IN OPERATIONS		
Profit before taxation	2,106,134	923,839
Adjustment for non-cash charges and other items:		
Depreciation	679,174	691,760
Provision for gratuity	11,502	10,525
Loss on derecognition of operating fixed assets	58	388
Interest income	(127,009)	(40,311)
Finance cost	1,086,742	598,433
Cash flows from operating activities before working capital changes	3,756,601	2,184,634
(Increase) / decrease in current assets:		
Stores, spare parts and other consumables	(28,800)	(15,736)
Fuel stock	211,993	(253,506)
Trade debts	(3,149,639)	(2,272,369)
Advances and short-term prepayments	(443,317)	(1,225,727)
Other receivables	198,260	292,879
Sales tax recoverable	(142,997)	1,051,593
	(3,354,500)	(2,422,866)
Decrease in trade and other payables	(381,000)	(495,046)
	21,101	(733,278)

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:

Relationship with the Company	Nature of transaction	(Un-audited) Nine Months Ended 30 September 2019	30 September 2018	(Un-audited) Quarter Ended 30 September 2019	30 September 2018
		(Rupees in thousand)		(Rupees in thousand)	
Associated undertakings	Insurance premium	639,083	436,355	304,788	164,669
	Flying Services	57,739	50,948	20,909	21,485
	Dividend paid	300,928	124,471	-	-
	Insurance Claim	494	433	(31)	69
	Rent Expense	4,709	4,709	1,570	1,570
	Purchase of stores	168	221	23	41
	Interest charged	123,331	35,095	49,318	20,382
	Loan made	3,044,962	1,000,000	-	-
	Loan recovered	3,235,876	-	1,024,395	-
	Interest paid	1,346	22,041	303	16,272
	Loan obtained	314,308	200,000	-	(670,000)
	Loan repaid	314,308	-	-	-
	Boarding and lodging	173	16	140	(1)
Key management personnel	Remuneration	20,643	21,866	4,773	5,802
Staff retirement benefits plans	Contribution to provident fund	12,433	12,802	3,934	4,219
	Contribution to gratuity fund	11,502	10,525	3,834	3,509

Period end balances:

	Un-audited 30 September 2019	Audited 31 December 2018
	(Rupees in thousand)	
Short term loan receivable from associated company	809,086	1,000,000
Accrued interest on loan to associated company	12,939	9,258

10. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

Certain financial assets and financial liabilities are not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts. Judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in these condensed interim financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company classify its financial instruments into the following three levels. However, as at the reporting date, the Company has no such type of financial instruments which are required to be grouped into these levels. These levels are explained as under:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

11. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 "Interim Financial Reporting", the condensed interim statement of financial position 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 statement of profit or loss and other comprehensive income and condensed interim statement of cash flows have been compared with the amounts 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 these condensed interim financial statements.

12. 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 2019.

13. 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 2018.

14. GENERAL

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

CHIEF EXECUTIVE	**DIRECTOR**	**CHIEF FINANCIAL OFFICER**

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