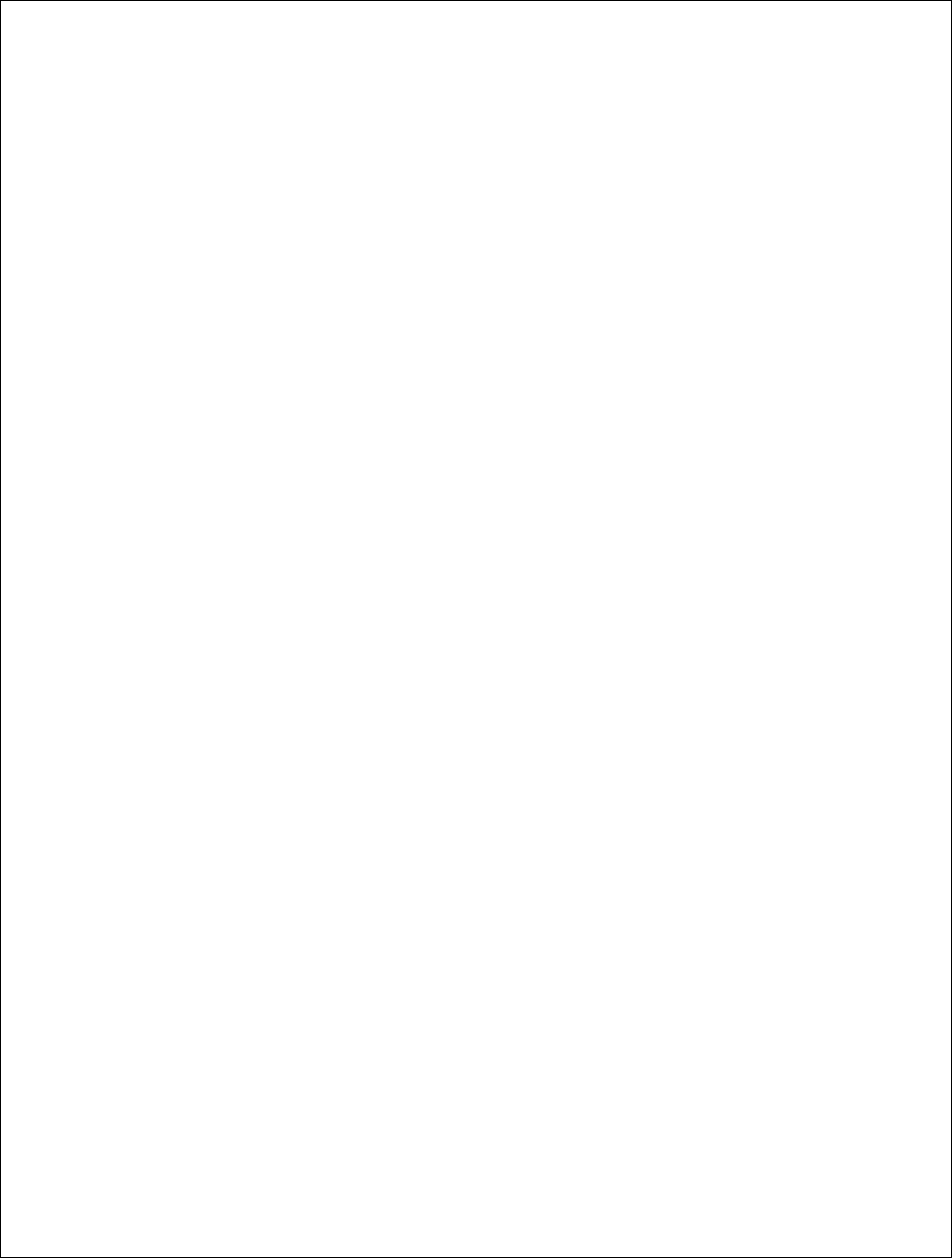




engro powergen qadirpur



**Financial Information for the Quarter  
and Nine Months ended September 30, 2014**



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## COMPANY INFORMATION

<b>Board of Directors</b>	Muhammad Aliuddin Ansari (Chairman) Syed Muhammad Ali (Chief Executive Officer) Aliya Yousuf Javed Akbar Ruhail Mohammed Shabbir Hashmi Shahid Hamid Pracha Vaqar Zakaria
<b>Board Audit Committee</b>	Shahid Hamid Pracha (Chairman) Aliya Yousuf Shabbir Hashmi
<b>Company Secretary</b>	Faryal Mazhar Habib
<b>Chief Financial Officer</b>	Atif Kaludi
<b>Corporate Audit Manager</b>	Jaseem Ahmed Khan
<b>Bankers / Development Finance Institution (DFI)</b>	Allied Bank Ltd. Bank Alfalah Ltd. Burj Bank Ltd. Habib Allied International Bank PLC, London Habib Metropolitan Bank Ltd. Industrial and Commercial Bank of China Ltd. KASB Bank Ltd. National Bank of Pakistan Ltd. NIB Bank Ltd Soneri Bank Ltd. The Bank of Punjab Pak Kuwait Investment Company (Pvt) Ltd.
<b>Auditors</b>	A.F. Ferguson & Co. Chartered Accountants State Life Building No. 1-C, I.I. Chundrigar Road Karachi
<b>Registered Office</b>	4th Floor, The Harbour Front Building, HC-3, Marine Drive, Block-4, Clifton, Karachi – 75600, Pakistan UAN: + 111 211 211 PABX: + 92-21- 35297501- 10
<b>Plant</b>	Engro Powergen Qadirpur Plant Site Deh Belo Sanghari Taluka, District Ghotki
<b>Share Registrar</b>	FAMCO Associates (Private) Limited 8-F, Next to Hotel Faran, Nursery, Block 6, P.E.C.H.S., Shahra-e-Faisal, Karachi Tel: +92-21-34380101-5 Fax: +92-21-34380106
<b>Website</b>	<a href="http://www.engropowergen.com">www.engropowergen.com</a>





engro powergen qadirpur

**DIRECTORS' REPORT AND  
CONDENSED INTERIM  
FINANCIAL INFORMATION (UNAUDITED)  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014**



**ENGRO POWERGEN QADIRPUR LIMITED  
DIRECTORS' REPORT TO THE SHAREHOLDERS  
ON UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014**

The Directors of Engro Powergen Qadirpur Limited, a subsidiary of Engro Corporation Limited, are pleased to present the unaudited financial information and a review of the Company's performance for the nine months ended September 30, 2014.

During current quarter, Engro Powergen Limited and Engro Corporation Limited, as approved by their respective Board of Directors, made an offer aggregating to 25% of the total shareholding in the Company, totaling to 80,950 shares of Rs. 10 each, to institutional investors and general public through private placement and offer for sale. The Karachi Stock Exchange (KSE) has approved the Company's application for formal listing and as of September 30, 2014, the Company is provisionally listed on the KSE.

**Company's operating performance**

During nine months ended September 30, 2014, Qadirpur Plant demonstrated a billable availability of 100%. It dispatched a total net electrical output of 1300 GWh to the national grid with a load factor of 93.6% as compared to 90.6% in the same period last year.

The Company continues to focus on Plant performance improvement initiatives to ensure its reliability and availability to the national grid and ensure maximum benefit for all stakeholders.

**Financial update**

The total amount billed during nine months ended September 30, 2014 to Pakistan Electric Power Company (PEPCO) was PKR 9,808,815 (including taxes) against which the total receipts from PEPCO during the period were PKR 8,859,040. Overdues from PEPCO stood at PKR 1,342,537 as on September 30, 2014 against overdues of PKR 1,203,997 as on December 31, 2013.

Overdue amount payable to SNGPL as on September 30, 2014 was PKR 595,714 against PKR 927,583 as of December 31, 2013.

**Results for the period**

The Company earned a net profit of PKR 1,552,887 for nine months ended September 30, 2014 as compared to PKR 1,578,137 for the same period last year. Earnings per share is of PKR 4.80 for nine months ended September 30, 2014 as compared to PKR 4.87 last year.

**Near term outlook**

Despite the country's natural gas crisis, Qadirpur Power Plant is expected to continue receiving unhindered fuel supply. This is because the Plant runs on permeate gas which is likely to remain available in the near future. Furthermore, the Plant is expected to maintain a high dispatch rate due to its higher rank in PEPCO's merit order.



**Muhammad Aliuddin Ansari**  
Chairman



**Syed Muhammad Ali**  
Chief Executive Officer

Karachi: October 17, 2014

(Amounts in thousand)

**ENGRO POWERGEN QADIRPUR LIMITED**  
**CONDENSED INTERIM BALANCE SHEET (UNAUDITED)**  
**AS AT SEPTEMBER 30, 2014**

		Unaudited September 30, 2014	Audited December 31, 2013
	Note	Rupees	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	14,557,218	15,233,998
Intangible assets		78,733	83,967
Long term deposits		2,491	2,491
Long term loans and advances	5	22,512	16,941
		<u>14,660,954</u>	<u>15,337,397</u>
<b>Current assets</b>			
Inventories		385,334	366,431
Stores and spares		376,113	367,678
Trade debts	6	2,122,218	476,333
Derivative financial asset		4,556	-
Loans, advances, deposits, prepayments and other receivables	7	1,818,051	2,223,730
Taxes recoverable		47,845	43,901
Short term investments		56,000	-
Balances with banks	8	177,946	217,674
		<u>4,988,063</u>	<u>3,695,747</u>
<b>TOTAL ASSETS</b>		<b><u>19,649,017</u></b>	<b><u>19,033,144</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		3,238,000	3,238,000
Share premium		80,777	80,777
Maintenance reserve	9	227,182	227,182
Hedging reserve		(32,632)	-
Unappropriated profit		3,030,862	1,976,627
Remeasurement of retirement benefit obligation - actuarial gain		1,085	723
		<u>6,545,274</u>	<u>5,523,309</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long term borrowings	10	8,633,775	9,586,454
<b>Current liabilities</b>			
Creditors, accrued and other liabilities	11	1,690,419	1,593,488
Accrued interest / mark-up		156,859	41,792
Current portion of long term borrowings	10	1,429,862	1,405,632
Short term borrowings		1,192,828	882,469
		<u>4,469,968</u>	<u>3,923,381</u>
<b>Total liabilities</b>		<u>13,103,743</u>	<u>13,509,835</u>
<b>Contingencies and Commitments</b>	12		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>19,649,017</u></b>	<b><u>19,033,144</u></b>

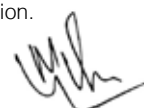
The annexed notes 1 to 25 form an integral part of this condensed interim financial information.



**Muhammad Aliuddin Ansari**  
Chairman



engro.powergen.qadirpur



**Syed Muhammad Ali**  
Chief Executive Officer

(Amounts in thousand except for earnings per share)

**ENGRO POWERGEN QADIRPUR LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014**

	Note	Quarter ended		Nine months ended	
		September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
		<b>Rupees</b>			
Sales	13	2,745,730	2,895,260	9,261,851	8,074,211
Cost of sales	14	(2,138,292)	(2,216,004)	(7,206,235)	(6,088,709)
<b>Gross profit</b>		<u>607,438</u>	<u>679,256</u>	<u>2,055,616</u>	<u>1,985,502</u>
Administrative expenses	15	(33,500)	(35,067)	(111,560)	(88,383)
Other expenses	16	-	-	(105,639)	(12,207)
Other income	17	776	12,459	157,455	20,701
<b>Profit from operations</b>		<u>574,714</u>	<u>656,648</u>	<u>1,995,872</u>	<u>1,905,613</u>
Finance cost	18	(109,698)	(124,216)	(442,939)	(327,343)
Workers' profits participation fund and workers' welfare fund	19	-	-	-	-
<b>Profit before taxation</b>		<u>465,016</u>	<u>532,432</u>	<u>1,552,933</u>	<u>1,578,270</u>
Taxation	20	(6)	(115)	(46)	(133)
<b>Profit for the period</b>		<u>465,010</u>	<u>532,317</u>	<u>1,552,887</u>	<u>1,578,137</u>
<b>Earnings per share</b> - basic and diluted	21	<u>1.44</u>	<u>1.64</u>	<u>4.80</u>	<u>4.87</u>

The annexed notes 1 to 25 form an integral part of this condensed interim financial information.



**Muhammad Aliuddin Ansari**  
Chairman



**Syed Muhammad Ali**  
Chief Executive Officer



(Amounts in thousand)

**ENGRO POWERGEN QADIRPUR LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014**

	Quarter ended		Nine months ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
	Rupees			
<b>Profit for the period</b>	465,010	532,317	1,552,887	1,578,137
<b>Other comprehensive income / (loss):</b>				
Item that may be reclassified subsequently to profit or loss				
- Hedging reserve - gain / (loss) for the period	4,556	-	(33,818)	-
- Transfers to profit and loss	284	-	1,186	-
	4,840	-	(32,632)	-
Item that will not be reclassified to profit or loss				
- Remeasurement of retirement benefit obligation - actuarial gain	-	-	362	566
<b>Total comprehensive income for the period</b>	<u>469,850</u>	<u>532,317</u>	<u>1,520,617</u>	<u>1,578,703</u>

The annexed notes 1 to 25 form an integral part of this condensed interim financial information.



**Muhammad Aliuddin Ansari**  
Chairman



**Syed Muhammad Ali**  
Chief Executive Officer

(Amounts in thousand)

**ENGRO POWERGEN QADIRPUR LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014**

	Reserves						Remeasurement of retirement benefit obligation - Actuarial gain	Total
	Capital			Revenue				
	Share capital	Share premium	Maintenance reserve (note 9)	Hedging reserve	Unappropriated profit / (Accumulated loss)			
Rupees								
<b>Balance as at January 1, 2013 (audited)</b>	3,238,000	80,777	227,182	-	3,212,299	-	6,758,258	
Total comprehensive income for the nine months ended September 30, 2013	-	-	-	-	1,578,137	-	1,578,137	
Remeasurement of retirement benefit obligation - Actuarial gain	-	-	-	-	-	566	566	
<b>Transactions with owners</b>								
Final dividend @ Rs. 2.15 per share	-	-	-	-	(696,170)	-	(696,170)	
Interim dividend @ Rs. 6.17 per share	-	-	-	-	(1,997,846)	-	(1,997,846)	
<b>Balance as at September 30, 2013 (unaudited)</b>	<u>3,238,000</u>	<u>80,777</u>	<u>227,182</u>	<u>-</u>	<u>2,096,420</u>	<u>566</u>	<u>5,642,945</u>	
Total comprehensive loss for the three months ended December 31, 2013	-	-	-	-	(119,793)	-	(119,793)	
Remeasurement of retirement benefit obligation - Actuarial gain	-	-	-	-	-	157	157	
<b>Balance as at December 31, 2013 (audited)</b>	<u>3,238,000</u>	<u>80,777</u>	<u>227,182</u>	<u>-</u>	<u>1,976,627</u>	<u>723</u>	<u>5,523,309</u>	
Total comprehensive income for the nine months ended September 30, 2014	-	-	-	-	1,552,887	-	1,552,887	
Remeasurement of retirement benefit obligation - Actuarial gain	-	-	-	-	-	362	362	
Hedging reserve	-	-	-	(32,632)	-	-	(32,632)	
Interim dividend @ Rs.1.54 per share	-	-	-	-	(498,652)	-	(498,652)	
<b>Balance as at September 30, 2014 (unaudited)</b>	<u>3,238,000</u>	<u>80,777</u>	<u>227,182</u>	<u>(32,632)</u>	<u>3,030,862</u>	<u>1,085</u>	<u>6,545,274</u>	

The annexed notes 1 to 25 form an integral part of this condensed interim financial information.



**Muhammad Aliuddin Ansari**  
Chairman



**Syed Muhammad Ali**  
Chief Executive Officer



(Amounts in thousand)

**ENGRO POWERGEN QADIRPUR LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014**

	Note	Nine months ended	
		September 30, 2014	September 30, 2013
		Rupees	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	22	1,326,468	4,962,113
Taxes paid during the period		(3,990)	(8,069)
Long term loans and advances - net		(5,571)	1,051
Net cash generated from operating activities		1,316,907	4,955,095
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment - net		(141,881)	(77,648)
Sale proceeds from disposal of property, plant and equipment		2,169	5,607
Purchase of intangible assets		(201)	(2,799)
Investments made during the period		(950,000)	(1,410,000)
Proceeds from encashment of short term investments		962,426	1,426,830
Net cash used in investing activities		(127,487)	(58,010)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(498,652)	(2,694,016)
Repayment of long term borrowings		(680,931)	(605,263)
Finance cost paid		(303,924)	(416,898)
Net cash used in financing activities		(1,483,507)	(3,716,177)
Net (decrease) / increase in cash and cash equivalents		(294,087)	1,180,908
Cash and cash equivalents at beginning of the period		(664,795)	(2,262,276)
Cash and cash equivalents at end of the period	23	(958,882)	(1,081,368)

The annexed notes 1 to 25 form an integral part of this condensed interim financial information.



**Muhammad Aliuddin Ansari**  
Chairman



**Syed Muhammad Ali**  
Chief Executive Officer



**ENGRO POWERGEN QADIRPUR LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014**

**1. LEGAL STATUS AND OPERATIONS**

- 1.1** The Company was incorporated in Pakistan on February 28, 2006 under the Companies Ordinance, 1984 as an unlisted public limited company. The Company is a subsidiary of Engro Powergen Limited which in turn is a wholly owned subsidiary of Engro Corporation Limited. The Company's registered office is located at 4th floor, Harbour Front Building, Plot Number HC-3, Block 4, Scheme Number 5, Clifton, Karachi.
- 1.2** The Company was established with the primary objective of undertaking the business of power generation and sale. The Company has a 217.3 MW combine cycle power plant and commenced commercial operations on March 27, 2010. The electricity generated is transmitted to the National Transmission and Despatch Company (NTDC) under the Power Purchase Agreement (PPA) dated October 26, 2007. This agreement is for a period of 25 years.
- 1.3** During current quarter, Engro Powergen Limited and Engro Corporation Limited, as approved by their respective Board of Directors, made an offer aggregating to 25% of the total shareholding in the Company, totalling to 80,950 shares of Rs. 10 each, to institutional investors and general public through private placement and offer for sale. The Karachi Stock Exchange (KSE) has approved the Company's application for formal listing and as of September 30, 2014, the company is provisionally listed on the KSE.

**2. BASIS OF PREPARATION**

This condensed interim financial information of the Company is unaudited and has been prepared in accordance with the requirements of the International Accounting Standard 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 does not include all the information required for annual financial statements and therefore should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2013.

The preparation of condensed interim financial information in conformity with the above requirements 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. The areas involving a higher degree of judgment or complexity, or areas where assumption and estimates are significant to the condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended December 31, 2013.

**3. ACCOUNTING POLICIES**

- 3.1** The significant accounting policies applied in the preparation of these condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended December 31, 2013.

**4. PROPERTY, PLANT AND EQUIPMENT**

	<b>Unaudited September 30, 2014</b>	<b>Audited December 31, 2013</b>
	<b>Rupees</b>	
Operating assets, at net book value - (note 4.1 & 4.2)	13,459,745	14,206,132
Capital work-in-progress (note 4.3)	30,206	106,293
Capital spares	1,067,267	921,573
	<u>14,557,218</u>	<u>15,233,998</u>



(Amounts in thousand)

4.1 Major additions to operating assets during the period / year were as follows:

	Rate of depreciation (%)	Unaudited September 30, 2014	Audited December 31, 2013
		Rupees	
Plant & machinery - including (exchange gain) / exchange loss	3.6 - 14.2	(291,983)	1,047,427
Buildings	2.5 - 8	1,502	2,001
Furniture, fixtures and equipments	15 - 25	2,364	58,319
		<u>(288,117)</u>	<u>1,107,747</u>

4.2 During the period, operating assets costing Rs. 5,214 having net book value of Rs. 1,257 have been sold at an amount of Rs. 2,169.

	Unaudited September 30, 2014	Audited December 31, 2013
	Rupees	
4.3 Capital work-in-progress comprise of:		
Plant and machinery	1,998	90,025
Building and civil works	13,993	419
Furniture, fixtures and equipments	4,911	885
Intangibles	9,304	14,964
	<u>30,206</u>	<u>106,293</u>

## 5 LONG TERM LOANS AND ADVANCES - Considered good

Executives	47,762	26,781
Less: Current portion shown under current assets (note 7)	(25,250)	(9,840)
	<u>22,512</u>	<u>16,941</u>

## 6 TRADE DEBTS - Secured

Considered good	<u>2,122,218</u>	<u>476,333</u>
-----------------	------------------	----------------

6.1 Trade debts are secured by a guarantee from the Government of Pakistan under the Implementation Agreement.



(Amounts in thousand)

Unaudited September 30, 2014	Audited December 31, 2013
------------------------------------	---------------------------------

Rupees

**7 LOANS, ADVANCES, DEPOSITS,  
PREPAYMENTS AND OTHER RECEIVABLES**

Current portion of long term loans and advances to executives and other employees - considered good (note 5)	25,250	9,840
Advances and deposits	5,010	9,167
Prepayments	98,193	63,852
Delayed payment charges from CPPA	873,566	729,986
Sales tax refundable	-	30,043
Receivable from associated undertakings		
- Engro Polymer & Chemicals Limited	19	6
- Engro Powergen Limited	-	8,821
- Engro Corporation Limited	2,376	442
- Sindh Engro Coal Mining Company Limited	74	906
Security deposits	1,296	2,516
Insurance claim receivable (note 17.1)	501,094	380,512
Reimbursable cost from NEPRA in respect of		
- Workers' profits participation fund	150,859	267,525
- Workers' welfare fund	160,314	129,244
Others (note 7.1)	-	590,870
	<u>1,818,051</u>	<u>2,223,730</u>

**7.1** As at December 31, 2013, the Company was required to pay for a minimum quantity of gas (take or pay gas) agreed under section 3.3 of the Gas Supply Agreement (GSA), which was adjusted against gas purchased during the current year.

**8 BALANCES WITH BANKS**

Foreign currency	2,750	2,816
Local currency (note 8.1)	175,196	214,858
	<u>177,946</u>	<u>217,674</u>

**8.1** Includes Rs. Nil (December 31, 2013: Rs. 50,606) deposited in a scheduled bank in respect of maintenance reserve (note 9).

**9 MAINTENANCE RESERVE**

**9.1** In accordance with the Power Purchase Agreement (PPA), the Company is required to establish and maintain a separate reserve fund (the Fund) with a depository institution for payment of major maintenance expenses. Any interest income resulting from the depository arrangements of the Fund shall remain in the Fund.



(Amounts in thousand)

Under the PPA, 1/24th of the annual operating and maintenance budget of the Power Plant less fuel expenses is to be deposited into the Fund on each capacity payment date until such reserve equals to nine such deposits. After the second agreement year and thereafter the Fund may be re-established at such other level that the Company and NTDC mutually agree.

In 2012, the Company due to uncertain cash flows resulting from delayed payments by NTDC has, as per flexibility available under the PPA, reduced the amount deposited to Rs. 50,000, which has been invested in Term Deposit Receipts as at September 30, 2014. Till such time the amount is deposited again to the required level, the Company has unutilized short term financing available to meet any unexpected maintenance requirement that may arise in the foreseeable future.

	<b>Unaudited September 30, 2014</b>	<b>Audited December 31, 2013</b>
	<b>Rupees</b>	
<b>10 LONG TERM BORROWINGS - Secured</b>		
Long term borrowings	10,063,637	10,992,086
Less: Current portion shown under current liabilities	<u>(1,429,862)</u>	<u>(1,405,632)</u>
	<u>8,633,775</u>	<u>9,586,454</u>

**10.1** The Company entered into a financing agreement with consortium comprising of international financial institutions amounting to USD 144,000. The finance carries markup at the rate of six months LIBOR plus 3% payable semi-annually over a period of twelve years. The principal is repayable in twenty semi-annual instalments commencing from December 15, 2010. As at September 30, 2014, the outstanding balance of the borrowing was USD 98,472 (December 31, 2013: USD 105,015).

The borrowing is secured by an equitable mortgage on the immovable property and the hypothecation of current and future assets of the Company, except receivables from NTDC in respect of Energy Purchase Price. Further, the Company has also extended a letter of credit in favour of the senior lenders, as referred to in note 12.

	<b>Unaudited September 30, 2014</b>	<b>Audited December 31, 2013</b>
	<b>Rupees</b>	
<b>11 CREDITORS, ACCRUED AND OTHER LIABILITIES</b>		
Creditors	384,793	294,178
Accrued and other liabilities (note 11.1)	936,331	1,142,526
Provision for insurance settlement	105,591	-
Security deposits	566	566
Payable to associated undertakings		
- Staff retirement benefit funds	3,662	5,521
Provision against sales tax recoverable	3,810	3,810
Provision against HSD tariff adjustments	-	5,000
Sales tax payable	15,831	-
Withholding tax payable	1,874	4,719
Workers' profits participation fund	77,647	7,924
Workers' welfare fund	160,314	129,244
	<u>1,690,419</u>	<u>1,593,488</u>

**11.1** Includes accrual of gas charges amounting to Rs. 606,448 (December 31, 2013: Rs. 94,116).



(Amounts in thousand)

	Unaudited September 30, 2014	Audited December 31, 2013
	Rupees	
<b>12 CONTINGENCIES AND COMMITMENTS</b>		
Contingent liabilities - guarantees (note 12.1)	2,496,126	2,496,126
Commitments in respect of :		
- letter of credit in favour of Company's senior lenders (note 12.2)	823,818	843,872
- others	47,185	133,271
	<u>871,003</u>	<u>977,143</u>

**12.1** Represents bank guarantee provided to Sui Northern Gas Pipelines Limited (SNGPL) equivalent to the value of three months contractual quantities of gas, in accordance with the terms of Gas Supply Agreement between the Company and SNGPL.

**12.2** A Corporate Guarantee amounting to USD 10,000 has been issued by Engro Corporation Limited, Holding Company, in favour of the Company's bank to secure the repayment of foreign currency borrowings to its senior lenders.

**12.3** Gas Infrastructure Development Cess (GIDC), which was enacted under the GIDC Act, 2011 on December 15, 2011, was not charged last year by SNGPL subsequent to the decision of the Peshawar High Court and Islamabad High Court, which had declared the levy of GIDC as unconstitutional. However, on December 30, 2013, the Honourable Supreme Court suspended the earlier decision of the Peshawar High Court. As a result, SNGPL on January 1, 2014 has invoiced to the Company the entire GIDC for the year ended December 31, 2013 amounting to Rs. 1,462,315.

During January 2014, the Company filed a writ petition against imposition of GIDC before the Honourable High Court of Lahore, based on which interim relief was granted for the period till December 2013. Accordingly, SNGPL has charged GIDC on invoices for the period subsequent to December 2013. The Company has also included GIDC in invoices raised by it for the period subsequent to December 2013, which have been accepted by the NTDC.

During September 2014, GIDC Ordinance was promulgated after which SNGPL has charged GIDC, both principal and interest on GIDC aggregating to Rs. 1,869,781, in September 2014 invoice, pertaining to the year 2013 as well as for August and September 2014. Subsequently, on October 10, 2014, the Company filed a writ petition against this demand of SNGPL before the Honourable High Court of Lahore and has obtained stay on the same. Accordingly, the Company has not recorded the corresponding liability in these financial statements.

	Quarter ended		Nine months ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
	Rupees			
<b>13 SALES</b>				
Capacity purchase price	832,428	817,601	2,515,474	2,445,741
Energy purchase price	1,913,302	2,077,659	6,746,377	5,628,470
	<u>2,745,730</u>	<u>2,895,260</u>	<u>9,261,851</u>	<u>8,074,211</u>



(Amounts in thousand)

	Quarter ended		Nine months ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
<b>14 COST OF SALES</b>				
Gas and fuel oil consumed	1,780,778	1,901,578	6,179,356	5,136,963
Salaries, wages and staff welfare	82,765	69,804	243,582	211,580
Insurance	34,602	34,001	104,313	98,515
Travelling expenses	5,216	3,652	9,559	8,549
Communication, transport and other office expenses	11,729	11,769	39,750	38,432
Depreciation / amortisation	174,713	173,240	525,638	511,064
Repairs and maintenance	28,222	5,533	37,566	31,897
Purchased services	7,402	5,238	15,743	15,591
Legal and professional services	857	1,498	9,297	5,074
Stores and spares consumed	4,865	4,848	19,927	15,662
Security related expenses	7,143	4,843	21,504	15,382
	<u>2,138,292</u>	<u>2,216,004</u>	<u>7,206,235</u>	<u>6,088,709</u>
<b>15 ADMINISTRATIVE EXPENSES</b>				
Salaries, wages and staff welfare	20,390	14,594	57,029	39,616
Traveling expenses	1,250	2,283	2,708	5,163
Communication, transport and other office expenses	5,641	6,898	14,382	13,065
Purchased services	2,736	2,226	8,360	6,377
Contributions for corporate social responsibilities (CSR)	1,724	4,129	11,340	9,849
Legal and professional services	286	2,015	11,524	4,623
Depreciation / amortisation	1,368	2,922	5,217	8,467
Auditors' remuneration	105	-	1,000	1,223
	<u>33,500</u>	<u>35,067</u>	<u>111,560</u>	<u>88,383</u>
<b>16 OTHER EXPENSES</b>				
Provision for insurance settlement	-	-	105,591	-
Exchange Loss	-	-	48	12,207
	<u>-</u>	<u>-</u>	<u>105,639</u>	<u>12,207</u>



(Amounts in thousand)

	Quarter ended		Nine months ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
<b>17 OTHER INCOME</b>				
<b>Financial assets</b>				
Exchange gain	125	-	-	-
Gain on redemption of mutual fund securities	374	12,459	12,426	16,830
<b>Non financial assets</b>				
Gain on disposal of property, plant and equipment	277	-	912	-
Insurance claim (note 17.1)	-	-	144,117	3,871
	<u>776</u>	<u>12,459</u>	<u>157,455</u>	<u>20,701</u>

**17.1** Last year, on October 12, 2013, the plant was shut down due to breakdown in a machinery which was critical to the operations of the plant. After a series of repair activities the plant operations were resumed on December 27, 2013. The cost of new equipment, repair expenditure due to machinery breakdown and loss of profit due to business interruption are covered under the Company's insurance policy. The insurance company has principally agreed to the settlement of repairs expenditure, cost of new equipment and business interruption loss suffered by the Company, upon submission of the claim alongwith necessary supports. Accordingly, as at December 31, 2013, the Company recorded receivable of Rs. 380,512 from the insurance company in respect of repairs expenditure and loss due to business interruption.

During the period, the Company purchased the new equipment i.e. Gas Turbine Gen Rotor. The cost (net off deductibles) of the equipment has been principally agreed to be reimbursed by the insurance company amounting to Rs. 144,117 which has been recognised as insurance claim receivable. The Company has filed the insurance claim alongwith supporting documents with the insurance company, which is under their review. Further, the Company has recognised a provision for settlement of claim (note 16), in respect of old equipment to be returned to the Insurance Company under the concept of subrogation.

During September 2014, the insurance company has approved a partial payment of Rs. 205,400 which is expected to be received by the Company within 2014.

(Amounts in thousand)

**18 FINANCE COST**

	Quarter ended		Nine months ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Interest / markup on				
- long term borrowings	86,446	104,342	259,151	308,751
- short term borrowings	71,584	39,616	159,840	184,438
Financial / bank charges	20,667	21,541	172,474	406,391
	178,697	165,499	591,465	899,580
Less				
Interest income on bank deposits	(565)	(7,866)	(4,560)	(11,465)
Delayed payment charges - overdue receivables	(68,434)	(33,417)	(143,966)	(560,772)
	<u>109,698</u>	<u>124,216</u>	<u>442,939</u>	<u>327,343</u>

**19 WORKERS' PROFITS PARTICIPATION FUND  
AND WORKERS' WELFARE FUND**

Provision for				
- workers' profits participation fund	23,251	26,622	77,647	78,914
- workers' welfare fund	9,300	10,649	31,059	31,565
	32,551	37,271	108,706	110,479
Recoverable from NTDC	(32,551)	(37,271)	(108,706)	(110,479)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**19.1** The Company is required to pay 5% of its profits to the workers' profits participation fund and 2% of its profits to the workers' welfare fund. However, such payments will not affect the Company's overall profitability as they are recoverable from NTDC as pass through items under the terms of the Power Purchase Agreement (PPA). The Company is currently contesting the applicability of workers' welfare fund on its income at the Honourable Sindh High Court and Appellate Tribunal Inland Revenue.

(Amounts in thousand except for earnings per share)

	Quarter ended		Nine months ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
<b>20 TAXATION</b>	<b>Rupees</b>			
For the period	6	115	46	133
	<u>6</u>	<u>115</u>	<u>46</u>	<u>133</u>
<b>21 EARNINGS PER SHARE</b>				
Profit for the period	<u>465,010</u>	<u>532,317</u>	<u>1,552,887</u>	<u>1,578,137</u>
	<b>— Number of Shares —</b>		<b>— Number of Shares —</b>	
Weighted average number of ordinary shares (In thousand) - for basic and diluted	<u>323,800</u>	<u>323,800</u>	<u>323,800</u>	<u>323,800</u>
	<b>Rupees</b>		<b>Rupees</b>	
Earning per share - basic and diluted	<u>1.44</u>	<u>1.64</u>	<u>4.80</u>	<u>4.87</u>

	Nine months ended	
	September 30, 2014	September 30, 2013
<b>22 CASH GENERATED FROM OPERATIONS</b>	<b>Rupees</b>	
Profit before taxation	1,552,933	1,578,270
Adjustment for non-cash charges and other items		
- Depreciation / amortisation	530,855	519,531
- Gain on redemption of mutual fund securities	(12,426)	(16,830)
- Finance cost	425,083	499,281
- Gain on disposal of property, plant and equipment.	(912)	(3,871)
- Reclassification of cash flow hedge to profit and loss	1,186	-
- Loss on forward contracts	-	12,395
Working capital changes (note 22.1)	(1,170,251)	2,373,337
	<u>1,326,468</u>	<u>4,962,113</u>



(Amounts in thousand)

Nine Months ended	
September 30, 2014	September 30, 2013
Rupees	

## 22.1 Working capital changes

(Increase)/decrease in current assets

Inventory & stores and spares - net	(27,338)	(53,841)
Trade debts	(1,645,885)	4,709,415
Loans, advances, deposits, prepayments and other receivables - net	405,679	67,659
	(1,267,544)	4,723,233

Increase/(decrease) in current liabilities

Creditors, accrued and other liabilities	97,293	(2,353,715)
Retirement and other service benefits obligations	-	3,819
	(1,170,251)	2,373,337

## 23 CASH AND CASH EQUIVALENT

Balances with banks (note 8)	177,946	320,169
Short term investment	56,000	-
Short term borrowings	(1,192,828)	(1,401,537)
	(958,882)	(1,081,368)



(Amounts in thousand)

## 24 TRANSACTIONS WITH RELATED PARTIES

Details of transactions with related parties during the period are as follows:

Nature of relationship	Nature of transactions	Nine months ended	
		September 30, 2014	September 30, 2013
<b>Holding Company</b>			
	Purchase of services	46,528	32,251
	Payment for CSR	5,040	4,080
	Services rendered	46,547	27,202
	Dividend payment	468,160	2,529,280
<b>Associated undertakings</b>			
	Purchase of services	43,074	48,747
	Services rendered	9,451	10,313
	Payment for CSR	3,500	8,000
<b>Key management personnel</b>			
	Managerial remuneration	48,401	27,414
	Retirement benefit schemes	3,823	2,509
	Other benefits	4,363	150
<b>Staff retirement benefits</b>		28,559	24,293

## 25 DATE OF AUTHORIZATION FOR ISSUE

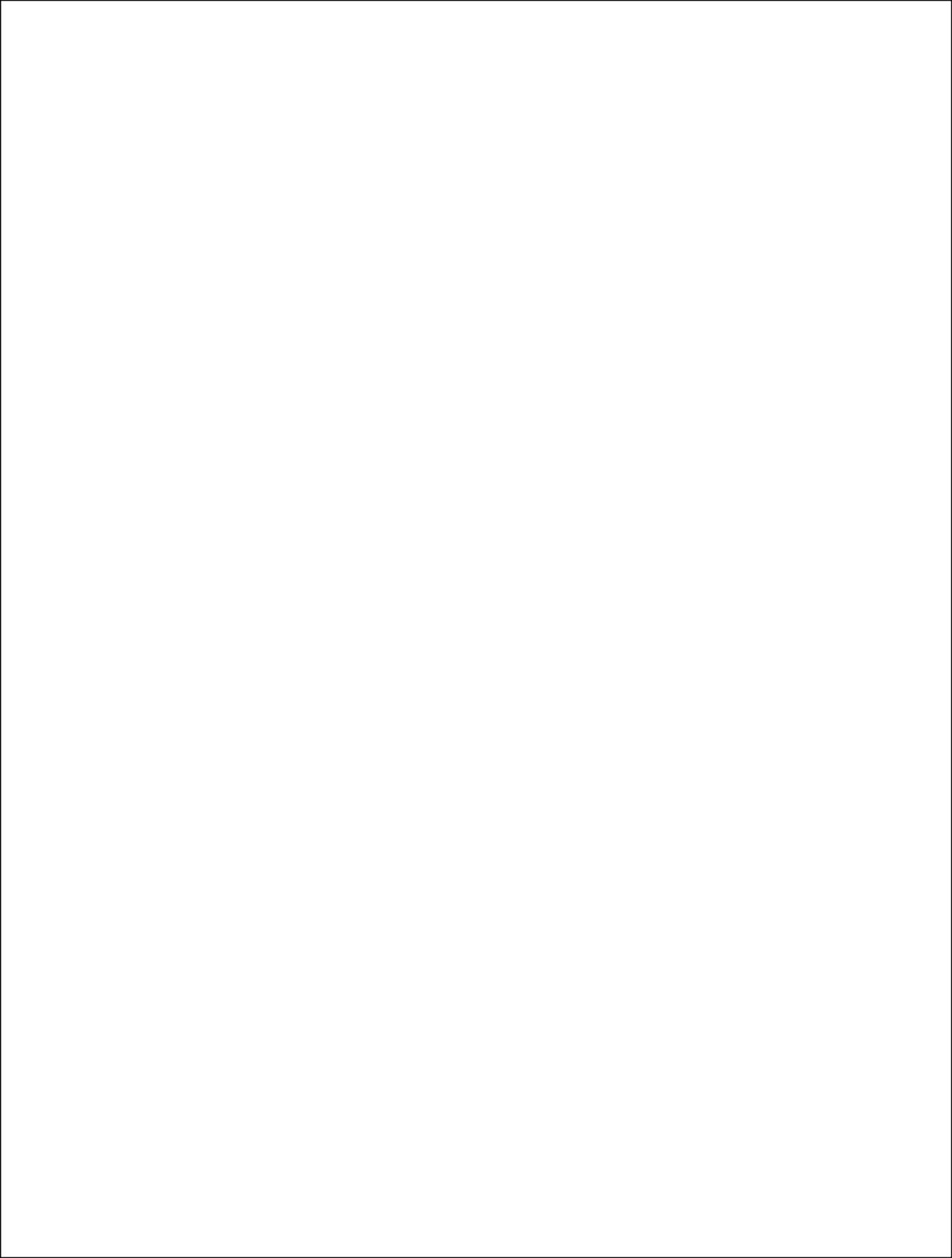
This condensed interim financial information was authorized for issue on October 17, 2014 by the Board of Directors of the Company.



**Muhammad Aliuddin Ansari**  
Chairman



**Syed Muhammad Ali**  
Chief Executive Officer





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