



GIVING LIGHT TO YOUR DREAMS

THIRD QUARTERLY REPORT
FOR THE PERIOD ENDED SEPTEMBER 30, 2014

LALPIR POWER LIMITED

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COMPANY PROFILE

THE COMPANY

Lalpir Power Limited (“the Company”) was incorporated in Pakistan on 8 May 1994 under the Companies Ordinance, 1984. The registered office is situated at 53-A, Lawrence Road, Lahore. The principal activities of the Company are to own, operate and maintain an oil fired power station (“the Complex”) having gross capacity of 362 MW in Mehmood Kot, Muzaffargarh, Punjab, Pakistan.

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

Mr. Aurangzeb Feroz	Chairman
Mr. Jawed Iqbal	
Mr. Mahmood Akhtar	

CHIEF FINANCIAL OFFICER

Mr. Khalid Qadeer Qureshi

COMPANY SECRETARY

Mr. Khalid Mahmood Chohan

BANKERS OF THE COMPANY

Habib Bank Limited
 The Bank of Punjab
 United Bank Limited
 Allied Bank Limited
 National Bank of Pakistan
 Bank Alfalah Limited
 Faysal Bank Limited
 Askari Bank Limited
 Habib Metropolitan Bank Limited
 NIB Bank Limited
 MCB Bank Limited
 Bank Islami Pakistan Limited
 KASB Bank Limited
 Standard Chartered Bank (Pakistan) Limited
 Al Baraka Bank (Pakistan) Limited
 Pakbrunei Investment company
 Meezan Bank 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 **Lalpir 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 net capacity of 350.00 MW furnace oil fired power plant against a gross capacity of 362 MW. The Sole purchaser of the power is Water and Power Development Authority (WAPDA). We report that during the period under review power plant, by achieving all the operating standards, dispatched 1,264,868 MWH of electricity as compared with 1,387,112 MWH dispatched during the corresponding nine months of the previous financial year. Resultantly the capacity factor remained at 55.50% as against 60.70% 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:

Financial Highlights	PERIOD ENDED	
	30 September 2014	30 September 2013
Revenue (Rs '000')	23,903,682	26,100,644
Gross profit (Rs '000')	1,318,282	1,435,273
Gross profit ratio to revenue (%)	5.51	5.50
Pre-tax profit (Rs '000')	498,253	610,363
After tax profit (Rs '000')	498,253	610,363
After tax profit ratio to revenue (%)	2.08	2.33
Earnings per share (Rs)	1.31	1.61

The Company has posted after tax profit of Rs.498.253 million as against Rs .610.363 million earned in the comparative period. The net profits of the Company demonstrated the Earning per Share of Rs. 1.31 as against Rs 1.61 earned per share in the previous period despite several negative factors effecting profitability.

Main reason for variation in net profit for period ended 30 September 2014 in comparison with period ended 30 September 2013 is increase in operation and maintenance cost of Rupees 104.460 million due to major overhauling at Lalpir plant.

We feel proud that all improvement projects have been successfully completed at Lalpir Site and we will achieve better results in next quarter.

Acknowledgement

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

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

For and on behalf of the Board of Directors



(Mr. Aurangzeb Feroz)
Chief Executive Officer
Lahore: 27 October 2014

CONDENSED INTERIM BALANCE SHEET

As at 30 September 2014

	Note	Un-audited 30 September 2014 (Rupees in thousand)	Restated Audited 31 December 2013
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 500,000,000 (31 December 2013: 500,000,000) ordinary shares of Rupees 10 each		5,000,000	5,000,000
Issued, subscribed and paid up share capital ordinary shares of Rupees 10 each		3,798,387	3,798,387
Capital reserve		107,004	107,004
Revenue reserve - un-appropriated profit		8,107,187	8,178,692
TOTAL EQUITY		12,012,578	12,084,083
LIABILITIES			
NON - CURRENT LIABILITIES			
Long Term Financing		1,990,839	-
Provision for gratuity		28,760	20,222
CURRENT LIABILITIES			
Trade and other payables		562,405	518,297
Accrued mark-up / interest		145,591	183,054
Short-term borrowings		9,452,355	9,544,784
		10,160,351	10,246,135
Total liabilities		12,179,950	10,266,357
CONTINGENCIES AND COMMITMENTS	6		
TOTAL EQUITY AND LIABILITIES		24,192,528	22,350,440

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


CHIEF EXECUTIVE

	Note	Un-audited 30 September 2014 (Rupees in thousand)	Restated Audited 31 December 2013
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	10,211,144	8,363,469
Long-term loans to employees		64,460	43,029
		<u>10,275,604</u>	<u>8,406,498</u>
CURRENT ASSETS			
Stores, spare parts and other consumables		1,216,237	809,593
Fuel stock		457,446	455,110
Trade debts		9,428,314	10,190,266
Advances and short-term prepayments		1,201,598	776,199
Other receivables		105,702	343,175
Sales tax recoverable		1,502,491	1,364,722
Cash and bank balances		5,136	4,877
		<u>13,916,924</u>	<u>13,943,942</u>
TOTAL ASSETS		<u><u>24,192,528</u></u>	<u><u>22,350,440</u></u>



 DIRECTOR

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 30 SEPTEMBER 2014 (UN-AUDITED)

	Note	Restated		Restated	
		Period Ended		Quarter Ended	
		30 September 2014 (Rupees in thousand)	30 September 2013	30 September 2014 (Rupees in thousand)	30 September 2013
REVENUE		23,903,682	26,100,644	4,454,994	8,992,495
COST OF SALES	8	(22,585,400)	(24,665,371)	(3,997,154)	(8,749,735)
GROSS PROFIT		1,318,282	1,435,273	457,840	242,760
ADMINISTRATIVE EXPENSES		(113,025)	(104,608)	(51,369)	(37,697)
OTHER EXPENSES		(1,730)	(18,017)	(693)	(479)
OTHER INCOME		1,203,527	1,312,648	405,778	204,584
		19,629	21,145	674	1,744
PROFIT FROM OPERATIONS		1,223,156	1,333,793	406,452	206,328
FINANCE COST		(724,903)	(723,430)	(239,202)	(210,003)
PROFIT / (LOSS) BEFORE TAXATION		498,253	610,363	167,250	(3,675)
TAXATION		-	-	-	-
PROFIT / (LOSS) AFTER TAXATION		498,253	610,363	167,250	(3,675)
OTHER COMPREHENSIVE INCOME / (LOSS)		-	-	-	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD		498,253	610,363	167,250	(3,675)
EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED (RUPEES)		1.31	1.61	0.44	(0.01)

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	30 September 2014 (Rupees in thousand)	30 September 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	498,253	610,363
Adjustment for non cash charges and other items:		
Depreciation	370,021	312,907
Provision for gratuity	8,201	6,064
Gain on disposal of property, plant and equipment	(6,520)	(650)
Interest income	(506)	(10,600)
Finance cost	724,903	723,430
Cash flows from operating activities before working capital changes	1,594,352	1,641,514
(Increase) / decrease in current assets:		
Stores, spare parts and other consumables	(406,644)	(41,866)
Fuel stock	(2,336)	(1,052,525)
Trade debts	761,952	2,137,005
Advances and short-term prepayments	(283,978)	257,681
Other receivables	237,473	57,934
Sales tax recoverable	(137,769)	(462,666)
	168,698	895,563
Increase / (decrease) trade and other payables	43,362	(488,257)
Cash generated from operations	1,806,412	2,048,820
Finance cost paid	(762,366)	(795,972)
Interest income received	506	10,600
Income tax paid	(141,421)	(15,662)
Gratuity paid	337	(8,889)
Net cash generated from operating activities	903,468	1,238,897
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	(2,222,177)	(413,555)
Proceeds from sale of property, plant and equipment	11,001	706
Long term loans	(21,431)	(28,257)
Net cash used in investing activities	(2,232,607)	(441,106)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long term financing	1,990,839	-
Dividend paid	(569,012)	(574,124)
Net cash used in financing activities	1,421,827	(574,124)
Net increase/(decrease)in cash and cash equivalents	92,688	223,667
Cash and cash equivalents at beginning of the period	(9,539,907)	(8,752,038)
Cash and cash equivalents at end of the period	9	(8,528,372)

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	Reserve for issuance of bonus shares	Un- appropriated profit	

(-----Rupees in thousand-----)

Balance as at 31 December 2012 audited(Restated)	3,453,079	107,004	345,308	8,296,497	12,201,888
Bonus shares issued during the period	345,308		(345,308)		-
Transaction with owners-Final dividend for the period ended 31 December 2012@ Rupee 1 per share	-	-		(379,839)	(379,839)
Profit for the period ended 30 September 2013	-	-	-	610,363	610,363
Other Comprehensive income for the period ended 30 September 2013	-	-	-	-	-
Total comprehensive income for the period ended 30 September 2013	-	-		610,363	610,363
Transaction with owners-Interim dividend for the year ended 31 december 2013 @ rupee 1 per share				(379,839)	(379,839)
Balance as at 30 September 2013 (Un-audited)	3,798,387	107,004	-	8,147,183	12,052,574
Balance as at 31 December 2013 (audited)	3,798,387	107,004	-	8,178,692	12,084,083
Final dividend for the year ended 31 December 2013 @ Rupee 1.5 per share	-	-	-	(569,758)	(569,758)
Interim dividend @ Rupee 1 per share	-	-	-	-	-
Transaction with owners directly recognized in equity	-	-		(569,758)	(569,758)
Profit for the period ended 30 September 2014	-	-	-	498,253	498,253
Other Comprehensive income for the period ended 30 September 2014			-	-	-
Total comprehensive income for the period ended 30 September 2014	-	-	-	498,253	498,253
Balance as at 30 September 2014 (Un-audited)	3,798,387	107,004	-	8,107,187	12,012,578

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

Lalpir Power Limited (“the Company”) was incorporated in Pakistan on 08 May 1994 under the Companies Ordinance, 1984. The registered office of the Company is situated at 53-A, Lawrence Road, Lahore. The ordinary shares of the Company are listed on Karachi Stock Exchange Limited and Lahore Stock Exchange Limited of Pakistan. The principal activities of the Company are to own, operate and maintain an oil fired power station (“the Complex”) having gross capacity of 362 MW in Mehmood Kot, Muzaffargarh, Punjab, Pakistan.

2. BASIS OF PREPARATION

This condensed interim financial information is un-audited. This condensed interim financial information for the nine months period ended 30 September 2014 has been prepared in accordance with the requirements of the 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 the audited annual 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 methods of computation adopted for the preparation of this condensed interim financial information are same as applied in the preparation of the preceding audited annual financial statements of the Company for the year ended 31 December 2013.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this condensed interim financial information in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires 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 key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual financial statements of the Company for the year ended 31 December 2013

5. LONG TERM FINANCE- SECURED

This represents Syndicated Medium Term Finance facility obtained through Standard Chartered Bank (Pakistan) Limited (lead arranger) for the purpose to finance the change of turbine rotors for the Complex. This facility consists of two parts Rupees 207.047 million on mark-up basis whereas remaining Rupees 1,783.792 million represents Islamic facility (Diminishing Musharaka Finance) and carries mark-up at the rate of one month KIBOR plus 2.75% per annum payable monthly. This finance is repayable in forty five equal monthly installments with a grace period of fifteen months and is secured by the way of parri passu charge over present and future fixed assets (excluding land and buildings) of the Company amounting to Rupees 4,000 million.

6. CONTINGENCIES AND COMMITMENTS

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

COMMITMENTS

There is no change in the commitments disclosed in the preceding audited annual published financial statements of the Company for the year ended 31 December 2013, except for the commitments for letters of credit as at reporting date are amounting to Rupees 1,145.01 million (30 September 2013: Rupees 200.39 million).

	Un-audited 30 September 2014 (Rupees in thousand)	Audited 31 December 2013
7. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (Note 7.1)	7,513,250	7,732,229
Capital work-in-progress (Note 7.2)	2,697,894	631,240
	<u>10,211,144</u>	<u>8,363,469</u>
7.1 Operating fixed assets		
Opening book value	7,732,229	7,044,274
Add: Cost of addition during the period / year (Note 7.1.1)	155,522	1,126,032
Less: Book value of deletions / derecognition during the period / year (Note 7.1.2)	4,480	55
Less: Depreciation charged during the period / year	(370,021)	(438,022)
Closing book value	<u>7,513,250</u>	<u>7,732,229</u>
7.1.1 Cost of additions		
Buildings on freehold land	-	295,857
Plant and machinery	114,264	744,388
Furniture and fixtures	265	2,910
Vehicles	29,026	31,772
Office equipment	4,908	10,623
Electric equipment and appliances	7,059	40,482
	<u>155,522</u>	<u>1,126,032</u>
7.1.2 Book value of deletions / derecognition		
Cost		
- Plant and machinery	23,273	43,184
- Vehicles	13,441	1,664
- Electric equipment and appliances	-	1,867
	<u>36,714</u>	<u>46,715</u>
Less: Accumulated depreciation	32,234	46,660
	<u>4,480</u>	<u>55</u>
7.2 Capital work-in-progress		
Civil Work	4,174	49,221
Plant and machinery	2,693,720	577,557
Others	-	4,462
	<u>2,697,894</u>	<u>631,240</u>

8. 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	21,619,264	23,854,140	3,633,293	8,502,038
Operation and maintenance costs	383,361	280,801	168,921	70,258
Insurance cost	233,793	233,347	79,042	77,380
Depreciation	348,732	296,968	118,146	101,194
Others	250	115	(2,248)	(1,135)
	<u>22,585,400</u>	<u>24,665,371</u>	<u>3,997,154</u>	<u>8,749,735</u>

9. CASH AND CASH EQUIVALENTS	Un-audited Nine Months Ended	
	30 September 2014	30 September 2013
	(Rupees in thousand)	
Cash and bank balances	5,136	16,648
Short-term borrowings	(9,452,355)	(8,545,020)
	<u>(9,447,219)</u>	<u>(8,528,372)</u>

10. TRANSACTIONS WITH RELATED PARTIES

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

Relationship with the Company	Nature of transaction	(Un-audited) Nine Months Ended		(Un-audited) Quarter Ended		
		30 Sept. 2014	30 Sept. 2013	30 Sept. 2014	30 Sept. 2013	
		(Rupees in thousand)		(Rupees in thousand)		
Associated undertakings	Insurance premium	299,507	315,253	102,912	93,195	
	Insurance claim received	11,036	-	8	-	
	Dividend paid	416,827	844,896	-	177,763	
	Share of expenses	218,357	171,819	70,984	61,069	
	Share of Rental Income	1,979	-	412	-	
	Rent Expenses	5,636	4,710	2,480	1,570	
Key management personnel	Flying services	2,388	4,865	574	1,881	
	Remuneration	4,660	3,782	1,223	2,088	
	Staff Retirement benefits plans	Contribution to provident funds	18,290	-	6127	-
		Contribution to gratuity funds	16,402	-	5467	-

11. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was approved by the Board of Directors of the Company and authorized for issue on 27 October 2014.

12. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual financial statements of the Company for the year ended 31 December 2013

13. CORRESPONDING FIGURES

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

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

14. GENERAL

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



CHIEF EXECUTIVE



DIRECTOR

BOOK POST

PRINTED MATTER

UPC



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