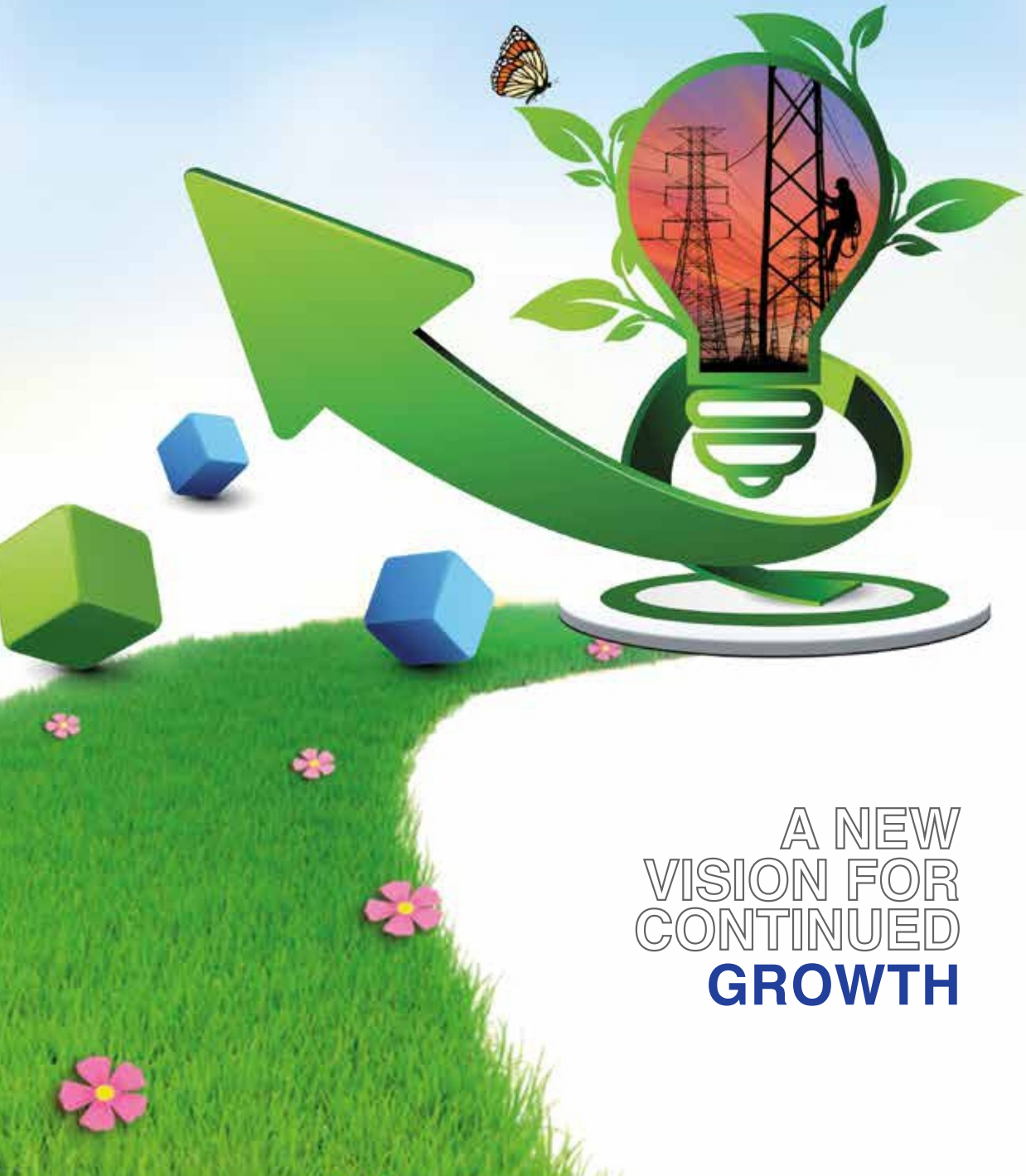




N I S H A T

LALPIR POWER LIMITED

**HALF YEARLY REPORT
FOR THE HALF YEAR ENDED
30 JUNE 2022**



A NEW
VISION FOR
CONTINUED
GROWTH

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COMPANY PROFILE

THE COMPANY

Lalpir Power Limited ("the Company") was incorporated in Pakistan on 8 May 1994 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017).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 362 MW in Mehmood Kot, Muzaffargarh, Punjab, Pakistan.

BOARD OF DIRECTORS

Mian Hassan Mansha	Chairman
Mr. Jawaid Iqbal	
Mr. Mahmood Akhtar	
Mr. Muhammad Azam	
Mr. Inayat Ullah Niazi	
Mrs. Hajra Arham	
Mr. Amir Mahmood	

CHIEF EXECUTIVE OFFICER Mr. Mahmood Akhtar

AUDIT COMMITTEE	Mr. Jawaid Iqbal	Chairman
	Mr. Inayat Ullah Niazi	
	Mrs. Hajra Arham	

HUMAN RESOURCE & REMUNERATION(HR &R) COMMITTEE	Mr. Jawaid Iqbal	Chairman
	Mian Hassan Mansha	
	Mr. Inayat Ullah Niazi	

CHIEF FINANCIAL OFFICER Mr. Awais Majeed Khan

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
- MCB Bank Limited
- Bank Islami Pakistan Limited
- Standard Chartered Bank (Pakistan) Limited
- Al Baraka Bank (Pakistan) Limited
- Meezan Bank Limited
- Silk Bank Limited

AUDITOR OF THE COMPANY	Riaz Ahmad & Co. Chartered Accountants
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LEGAL ADVISOR OF THE COMPANY	Mr. M. Aurangzeb Khan Advocate High Court
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REGISTERED OFFICE

53-A, Lawrence Road,
Lahore-Pakistan
UAN: +92 42-111-11-33-33
Fax: +92 42 36367414

HEAD OFFICE

1-B, Aziz Avenue, Gulberg-V,
Lahore- Pakistan
Tel: +92 42 35717090-96
Fax: +92 42 35717239

SHARE REGISTRAR

CDC Share Registrar Services 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 the Condensed Interim Financial Information for the half year ended June 30, 2022.

We report that during the period under review power plant dispatched 545,686 MWH of electricity as compared with 340,560 MWH dispatched during the corresponding period of the previous financial year.

OPERATIONAL FINANCIAL RESULTS:

The financial results of the Company for period ended June 30, 2022 are as follows:

Financial Highlights	PERIOD ENDED	
	30 June 2022	30 June 2021
Revenue (Rs '000')	21,941,875	7,560,888
Gross profit (Rs '000')	1,542,213	779,583
After tax profit (Rs '000')	1,437,283	262,857
Earnings per share (Rs)	3.78	0.69

The Company has posted after tax profit of Rs.1,437.283 million as against after tax profit Rs.262.857 million earned in the comparative period. The net profits of the Company demonstrated the Earning per Share of Rs.3.78 as against Rs.0.69 per share earned in the comparable previous period.

Our sole customer Central Power Purchasing Agency (Guarantee) Limited (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 June 30, 2022, an amount of Rs.11.692 billion was receivable from CPPA-G.

COMPOSITION OF BOARD:

Total number of Directors:	
(a) Male	6
(b) Female	1
Composition:	
(i) Independent Directors	2
(ii) Other Non-executive Directors	4
(iii) Executive Directors	1

COMMITTEES OF THE BOARD:

Audit Committee of the Board:

Sr. #	Name of Members
1.	Mr. Jawaid Iqbal (Member/Chairman)
2.	Mr. Inayat Ullah Niazi (Member)
3.	Mrs. Hajra Arham (Member)

Human Resource & Remuneration (HR&R) Committee:

Sr. #	Name of Members	
1.	Mian Hassan Mansha	(Member)
2.	Mr. Jawaid Iqbal	(Member/Chairman)
3.	Mr. Inayat Ullah Niazi	(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.

APPROPRIATIONS:

The Board of Directors has announced 1st Interim Cash Dividend at the rate of PKR 1.5 per share (i.e. 15%) for the half year ended June 30, 2022.

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 relationship with the Company.

For and on behalf of the Board of Directors



Mr. Mahmood Akhtar
Chief Executive Officer
Lahore: 19 August 2022



Mian Hassan Mansha
Chairman

ڈائریکٹرز رپورٹ لال پیر پاور لمیٹڈ

لال پیر پاور لمیٹڈ "دی کمپنی" کے ڈائریکٹرز 30 جون 2022ء تختہ ششماہی مدت کے لئے مجدد عبوری مالیاتی معلومات پر مشتمل اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

ہم بیان کرتے ہیں کہ زیر جائزہ مدت کے دوران پاور پلانٹ نے گزشتہ مالی سال کی اسی مدت کے دوران 340,560 MWH تریبل کے مقابلہ میں 545,686 MWH بجلی تریبل کی۔

آپریٹشل مالیاتی نتائج:

30 جون 2022ء کو ختم ہونے والی مدت کے لئے کمپنی کے مالیاتی نتائج مندرجہ ذیل ہیں:

مالی جھلکیاں	30 جون 2022ء تختہ ششماہی	30 جون 2021ء تختہ ششماہی
محصولات (000 روپے)	21,941,875	7,560,888
مجموعی منافع (000 روپے)	1,542,213	779,583
بعد از ٹیکس منافع (000 روپے)	1,437,283	262,857
آمدن فی حصص (روپے)	3.78	0.69

کمپنی نے ٹیکس کے بعد منافع 1,437,283 ملین روپے درج کیا جبکہ تقابلی مدت میں 262,857 ملین روپے منافع حاصل ہوا تھا۔ کمپنی کے خالص منافع نے گزشتہ مدت میں 0.69 روپے فی حصص منافع کے مقابلے 3.78 روپے فی حصص منافع ظاہر کیا ہے۔

ہماری واحد صارف سنٹرل پاور پراجیکٹس ایجنسی (گارنٹی) لمیٹڈ (CPPA-G) بجلی کی خریداری کے معاہدے (PPA) جو حکومت پاکستان کی ایک خود مختار ضمانت کے تحت حاصل کیا گیا کے مطابق اپنی ذمہ داریوں کو پورا کرنے کے قابل نہیں رہا۔ 30 جون 2022ء کے مطابق سنٹرل پاور پراجیکٹس ایجنسی (گارنٹی) لمیٹڈ (CPPA-G) کے ذمہ بقایا رقم 11.692 بلین روپے تھی۔

بورڈ کی تشکیل:

ڈائریکٹرز کی کل تعداد	
6	(a) مرد
1	(b) خاتون
	تشکیل
2	(i) آزاد ڈائریکٹرز
4	(ii) دیگر نان ایگزیکٹو ڈائریکٹرز
1	(iii) ایگزیکٹو ڈائریکٹرز

بورڈ کی کمیٹیاں:
بورڈ کی آڈٹ کمیٹی:

نمبر شمار	نام ڈائریکٹرز
1	جناب جاوید اقبال (رکن / چیئرمین)
2	جناب عنایت اللہ نیازی (رکن)
3	محترمہ ہاجرہ ارحم (رکن)

ہیومن ریسورس اینڈ ریمزیشن (HR&R) کمیٹی:

نمبر شمار	نام رکن
1	میاں حسن منشاء (رکن)
2	جناب جاوید اقبال (رکن / چیئرمین)
3	جناب عنایت اللہ نیازی (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 کئے تصرفات جانے والے مشاہرہ کی مجموعی رقم منسلکہ مالی حسابات کے نوٹ 9 میں منکشف ہے۔

تصرفات

بورڈ آف ڈائریکٹرز نے 30 جون 2022 کو ختم ہونے والی ششماہی کے لئے 1.5 روپے فی شیئر (یعنی % 15) کی شرح پر پہلا عبوری نقد منافع منقسمہ کا اعلان کیا ہے۔

اظہار تشکر

ہم، ایک جدید اور حوصلہ افزا کام کے ماحول کے قیام اور پاور پلانٹ کے تمام شعبوں میں اعلیٰ سطح کی کارکردگی کو فروغ دینے کے لئے 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 نفعیاء

Muhammad Nadeem

میاں حسن منشاء
چیئرمین

Muhammad Nadeem

جناب محمود اختر
چیف ایگزیکٹو آفیسر

لاہور: 19 اگست 2022ء

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF LALPIR POWER LIMITED

Report on review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of LALPIR POWER LIMITED as at 30 June 2022 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarters ended 30 June 2022 and 30 June 2021 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended 30 June 2022.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is Atif Anjum.



RIAZ AHMAD & COMPANY

Chartered Accountants

Lahore

Date: 20 August 2022

UDIN: RR202210132Xb6qkLP28

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (Un-audited) AS AT 30 JUNE 2022

	Note	Un-audited 30 June 2022 (Rupees in thousand)	Audited 31 December 2021
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 500,000,000 (31 December 2021: 500,000,000) ordinary shares of Rupees 10 each		5,000,000	5,000,000
Issued, subscribed and paid-up share capital 379,838,732 (31 December 2021: 379,838,732) ordinary shares of Rupees 10 each		3,798,387	3,798,387
Capital reserve		107,004	107,004
Revenue reserve - un-appropriated profit		13,105,582	11,668,299
Total equity		17,010,973	15,573,690
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	4	-	-
Employee benefit - gratuity		29,557	26,537
Deferred income - Government grant		-	-
		29,557	26,537
CURRENT LIABILITIES			
Trade and other payables		396,114	370,024
Accrued mark-up / profit		94,674	55,346
Short term borrowings		7,568,619	1,639,669
Current portion of non-current liabilities		27,728	55,458
Unclaimed dividend		5,484	7,747
		8,092,619	2,128,244
Total liabilities		8,122,176	2,154,781
CONTINGENCIES AND COMMITMENTS	5		
TOTAL EQUITY AND LIABILITIES		25,133,149	17,728,471

The annexed notes form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

	Note	Un-audited 30 June 2022 (Rupees in thousand)	Audited 31 December 2021
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	6	5,190,619	5,694,942
Long term investment		-	-
Long term loans to employees		19,029	12,636
Long term security deposits		1,850	350
		<u>5,211,498</u>	<u>5,707,928</u>
CURRENT ASSETS			
Stores, spare parts and other consumables		983,604	913,118
Fuel stock		2,584,868	2,597,661
Trade debts		11,692,166	5,633,622
Loans, advances, deposit and short term prepayments		1,571,836	363,263
Loan to associated company		-	350,000
Other receivables		212,513	289,871
Advance income tax		274,696	270,442
Accrued interest		-	3,123
Sales tax recoverable		1,600,182	1,487,421
Cash and bank balances		1,001,786	19,969
		<u>19,921,651</u>	<u>11,928,490</u>
Non-current assets classified as held for sale		-	92,053
		<u>19,921,651</u>	<u>12,020,543</u>
TOTAL ASSETS		<u><u>25,133,149</u></u>	<u><u>17,728,471</u></u>


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (Un-audited)
FOR THE HALF YEAR ENDED 30 JUNE 2022**

	Note	Half Year Ended		Quarter Ended	
		30 June 2022	30 June 2021	30 June 2022	30 June 2021
----- (Rupees in thousand) -----					
REVENUE FROM CONTRACT WITH CUSTOMER		21,941,875	7,560,888	17,111,512	4,019,939
COST OF SALES	7	(20,399,662)	(6,781,305)	(16,598,951)	(4,520,407)
GROSS PROFIT / (LOSS)		1,542,213	779,583	512,561	(500,468)
ADMINISTRATIVE EXPENSES		(85,976)	(130,969)	(30,696)	(70,018)
OTHER EXPENSES		(1,930)	(1,308)	(988)	(531)
OTHER INCOME		111,102	41,884	10,299	32,875
PROFIT / (LOSS) FROM OPERATIONS		1,565,409	689,190	491,176	(538,142)
FINANCE COST		(128,126)	(426,333)	(102,150)	(208,554)
PROFIT / (LOSS) BEFORE TAXATION		1,437,283	262,857	389,026	(746,696)
TAXATION		-	-	-	-
PROFIT / (LOSS) AFTER TAXATION		1,437,283	262,857	389,026	(746,696)
OTHER COMPREHENSIVE INCOME:					
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS		-	-	-	-
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS		-	-	-	-
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD		1,437,283	262,857	389,026	(746,696)
EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED (RUPEES)		3.78	0.69	1.02	(1.97)

The annexed notes form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited) FOR THE HALF YEAR ENDED 30 JUNE 2022

SHARE CAPITAL	RESERVES		TOTAL EQUITY
	Capital	Revenue	
	Retained payments reserve	Un- appropriated profit	

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

Balance as at 31 December 2020 - audited	3,798,387	107,004	13,618,955	17,524,346
Transaction with owners:				
Final dividend for the year ended 31 December 2020 @ Rupee 1 per share	-	-	(379,839)	(379,839)
Profit for the half year ended 30 June 2021	-	-	262,857	262,857
Other comprehensive income for the half year ended 30 June 2021	-	-	-	-
Total comprehensive income for the half year ended 30 June 2021	-	-	262,857	262,857
Balance as at 30 June 2021 - un-audited	3,798,387	107,004	13,501,973	17,407,364
Transactions with owners:				
First interim dividend for the year ended 31 December 2021 @ Rupee 1 per share	-	-	(379,839)	(379,839)
Second interim dividend for the year ended 31 December 2021 @ Rupee 1 per share	-	-	(379,839)	(379,839)
			(759,678)	(759,678)
Loss for the half year ended 31 December 2021	-	-	(1,069,140)	(1,069,140)
Other comprehensive loss for the half year ended 31 December 2021	-	-	(4,856)	(4,856)
Total comprehensive loss for the half year ended 31 December 2021	-	-	(1,073,996)	(1,073,996)
Balance as at 31 December 2021 - audited	3,798,387	107,004	11,668,299	15,573,690
Profit for the half year ended 30 June 2022	-	-	1,437,283	1,437,283
Other comprehensive income for the half year ended 30 June 2022	-	-	-	-
Total comprehensive income for the half year ended 30 June 2022	-	-	1,437,283	1,437,283
Balance as at 30 June 2022 - un-audited	3,798,387	107,004	13,105,582	17,010,973

The annexed notes form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited) FOR THE HALF YEAR ENDED 30 JUNE 2022

	Note	Half Year Ended	
		30 June 2022	30 June 2021
(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	8	(5,347,327)	4,980,232
Finance cost paid		(87,968)	(494,828)
Net increase in long term security deposits		(1,500)	-
Net (increase) / decrease in long term loans to employees		(6,393)	4,665
Income tax (paid) / received		(4,254)	1,464
Gratuity paid		(5,225)	(5,227)
Net cash (used in) / generated from operating activities		(5,452,667)	4,486,306
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on fixed assets		(15,938)	(14,617)
Proceeds from disposal of operating fixed assets		5,040	262
Proceeds from disposal of non-current assets classified as held for sale		180,000	-
Loan to associated company recovered		350,000	-
Interest received		16,425	38,935
Investment made in Pakistan Investment Bonds and Government Ijara Sukuks		-	(4,128,926)
Proceeds from sale of Pakistan Investment Bonds and Government Ijara Sukuks		-	4,152,937
Net cash from investing activities		535,527	48,591
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(27,730)	(27,559)
Dividend paid		(2,263)	(382,384)
Net cash used in financing activities		(29,993)	(409,943)
Net (decrease) / increase in cash and cash equivalents		(4,947,133)	4,124,954
Cash and cash equivalents at beginning of the period		(1,619,700)	(10,845,565)
Cash and cash equivalents at end of the period		(6,566,833)	(6,720,611)
CASH AND CASH EQUIVALENTS			
Cash in hand		320	357
Cash at banks		1,001,466	403,359
Short term borrowings		(7,568,619)	(7,124,327)
		(6,566,833)	(6,720,611)

The annexed notes form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) FOR THE HALF YEAR ENDED 30 JUNE 2022

1. THE COMPANY AND ITS OPERATIONS

- 1.1 Lalpir Power Limited ("the Company") was incorporated in Pakistan on 08 May 1994 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of the Company is situated at 53-A, Lawrence Road, Lahore. Head office of the Company is situated at 1-B, Aziz Avenue, Canal Road, Gulberg V, Lahore. The ordinary shares of the Company are listed on Pakistan Stock Exchange Limited. The principal activities of the Company are to own, operate and maintain a fuel fired power station ("the Complex") having gross capacity of 362 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 06 November 1997. As per the terms of PPA Amendment Agreement dated 20 April 2021, the agreement year that was ending on 25 March 2021 was extended by 248 days to 28 November 2021. Therefore, the existing term of PPA has been extended by 248 days to thirty years and two hundred forty-eight days ending on 28 November 2028.
- 1.2 Resolution of outstanding matters relating to International Chamber of Commerce (ICC) award /Expert's determination
- Under the terms and conditions mentioned in PPA Amendment Agreement dated 20 April 2021, the Company and CPPA-G (the "Parties") have agreed to resolve the disputes relating to International Chamber of Commerce (ICC) award / Expert's determination as fully explained in note 1.2(b) to the preceding audited annual published financial statements of the Company for the year ended 31 December 2021. On 29 June 2022, the Parties filed a joint application in Honourable Lahore High Court, Lahore to withdraw all pending litigations under the terms of above-mentioned PPA Amendment Agreement. On 04 July 2022, subsequent to the reporting period, the Honourable Lahore High Court, Lahore sanctioned the joint application to withdraw all pending litigations.

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 2021. These condensed interim financial statements are un-audited, however, have been subjected to limited scope review by the auditors and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019 and 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 2021.

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 2021.

4. LONG TERM FINANCING

From banking company - secured

Loan under State Bank of Pakistan (SBP) Refinance Scheme (Note 4.1)
Less: Current portion shown under current liabilities

Un-audited 30 June 2022 (Rupees in thousand)	Audited 31 December 2021
27,553	54,453
(27,553)	(54,453)
-	-

- 4.1 These finance facilities, aggregating to Rupees 110.234 million are obtained by the Company under SBP Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concerns (the Refinance Scheme). These finance facilities and short term borrowings from MCB Bank Limited - related party are secured against first joint pari passu hypothecation charge of Rupees 3,125 million over current assets of the Company. These finance facilities are payable in 8 equal quarterly instalments commenced from 01 January 2021 and ending on 01 October 2022. Mark-up is payable quarterly at the rate of SBP refinance rate plus 2.00% to 3.00% per annum. These finance facilities are recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustments are recognized at discount rates ranging from 7.51% to 8.48% per annum.

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 2021 except for the following:

- 5.1.1 Deputy Commissioner Inland Revenue (DCIR) issued order to the Company in which sales tax refund claims amounting to Rupees 910.122 million for the tax periods from November 2008 to July 2012 were rejected by apportioning input sales tax between capacity invoices and energy invoices and allowed input sales tax allocated to energy invoices only. Against aforesaid order, the Company filed appeal before Commissioner Inland Revenue (Appeals) [CIR(A)] which was decided in favour of the Company. Against the order of CIR(A), tax department filed appeal before the Appellate Tribunal Inland Revenue (ATIR). ATIR decided the case in favour of tax department and vacated the order passed by CIR(A). Against the decision of ATIR, the Company has filed reference application in the Honourable Lahore High Court (the Court) which has been decided in favour of the Company by the Court. However, department has filed petition for leave to appeal before Supreme Court of Pakistan. Further, DCIR issued show cause notice to the Company for the tax periods from August 2009 to December 2012 declaring refund claims amounting to Rupees 1,971.516 million being inadmissible on aforesaid grounds. The Company challenged the show cause notice before the Court along with reply of the show cause notice to DCIR. The Court has decided the case in favour of the Company. However, tax department has filed petition for leave to appeal before the Honourable Supreme Court of Pakistan as well as review application before the Court.

Further, on 25 May 2021, DCIR issued a show cause notice under section 11(2) of the Sales Tax Act, 1990 for the tax periods from July 2016 to March 2021 regarding the disallowance of input sales tax amounting to Rupees 632.049 million on similar grounds as explained above. The Company challenged the jurisdiction of DCIR by filing the writ petition before the Honourable Lahore High Court, Lahore (the Court). The Court vide order dated 02 August 2021 directed the Company to comply with the notice. On 03 August 2021, DCIR passed an assessment order against the Company by disallowing the input tax amounting to Rupees 632.049 million along with the default surcharge and penalty without providing any opportunity of being heard. Being aggrieved with the order of DCIR, the Company preferred an appeal before CIR(A). On 10 November 2021, CIR(A) annulled the order passed by DCIR and directed to allow reasonable time to the Company of being heard. Against the order of CIR(A), the Company has filed an appeal before ATIR which is pending for hearing.

On 08 April 2021, Assistant Commissioner Inland Revenue (ACIR) issued a show cause notice under section 11(2) of the Sales Tax Act, 1990 for the tax periods from January 2017 to December 2017 regarding the disallowance of input sales tax amounting to Rupees 699.763 million alongwith default surcharge and penalty on similar grounds as explained above. On 19 June 2021, ACIR passed a detailed order whereby the recoverability of sales tax claimed against capacity purchase price amounting to Rupees 699.763 million alongwith default surcharge and penalty was connected with the outcome of decision of Honourable Supreme Court in the same matter as disclosed above. Moreover, ACIR also raised a demand of Rupees 4.612 million on account of inadmissible claim of input sales tax and sales tax on sale of residue of extracts from furnace oil. Against the order of ACIR, the Company preferred an appeal before CIR(A). On 10 March 2022, CIR(A) passed an order whereby partial relief was provided to the Company. Being aggrieved with the order of CIR(A), the Company has filed an appeal before ATIR which is pending for hearing. The tax department has also filed an appeal before ATIR against the order of CIR(A).

Based on the advice of legal counsel, the management is of the view that there are meritorious grounds available to defend these cases. Consequently, no provision for these cases has been made in these condensed interim financial statements.

- 5.1.2 The tax authorities have completed assessment proceedings under section 122(5A) of the Income Tax Ordinance, 2001 for the tax years 2009 to 2014 creating a demand of Rupees 971.329 million on account of interest on delayed payments by CPPA-G not been offered for tax. As per tax authorities, interest on delayed payments falls under the head income from other sources and is not exempt from tax as the same is not covered under Clause 132, Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Company filed appeals against foregoing assessment proceedings before Commissioner Inland Revenue (Appeals) [CIR(A)], which were decided in favour of the Company. Against the orders of CIR(A), tax authorities filed appeals before the Appellate Tribunal Inland Revenue (ATIR). Through its orders dated 27 June 2022, ATIR has dismissed tax authorities' appeal for tax years 2009, 2010, 2012 and 2013. No proceedings against the orders passed by ATIR has been initiated by tax authorities. Further, the matter in respect of tax years 2011 and 2014 is pending adjudication. Based on tax advisor's opinion, the management is confident that the matter will be decided in favour of the Company and accordingly no provision has been made in these condensed interim financial statements.
- 5.1.3 During the year ended 31 December 2019, Deputy Commissioner Inland Revenue (DCIR) has passed an order under section 11 of the Sales Tax Act, 1990 raising a demand on account of sales tax aggregating to Rupees 228.138 million against the Company. The Company filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] against the order of DCIR. On 12 September 2019, CIR(A) disposed-off the appeal whereby all the matters were decided in favour of the Company except the disallowance of input sales tax on certain purchases aggregating to Rupees 8.336 million. Further, CIR(A) connected the decision regarding the adjustment of input sales tax in respect of building materials amounting to Rupees 7.982 million with the outcome of the appeal filed in Honourable Lahore High Court, Lahore as disclosed in note 12.1(v) of the preceding audited annual published financial statements of the Company for the year ended 31 December 2021. Being aggrieved with the order of CIR(A), the Company preferred an appeal before the Appellate Tribunal Inland Revenue (ATIR) challenging the disallowance of input sales tax. On 22 April 2021, ATIR remanded back the case to assessing officer for fresh consideration and to decide the case related to adjustment of input sales tax in respect of building materials in light with the judgment passed by Honourable Lahore High Court, Lahore after providing reasonable opportunity of being heard to the Company. The tax department has filed two sales tax references in Honourable Lahore High Court, Lahore against the order of ATIR which are in process of hearing. Based on the tax advisor's opinion, the management is of the view that there are meritorious grounds available to defend the disallowance of input sales tax. Consequently, no provision for such disallowance has been made in these condensed interim financial statements.
- 5.1.4 On 31 January 2022, Assistant Commissioner Inland Revenue (ACIR) passed an order under section 11(2) of the Sales Tax Act, 1990 for the tax period September 2013 raising a demand of Rupees 6.143 million on account of inadmissible input sales tax on various goods and services claimed alongwith default surcharge and penalty against the Company. Against the order of ACIR, the Company preferred an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)]. On 03 March 2022, CIR(A) remanded back the case to ACIR with the instructions to provide reasonable opportunity of being heard to the Company and then decide the case on merit. Based on the tax advisor's opinion, the management is of the view that there are meritorious grounds available to defend the disallowance of input sales tax. Consequently, no provision for such disallowance has been made in these condensed interim financial statements.
- 5.1.5 The banks of the Company have issued letters of guarantee in favour of Pakistan State Oil Company Limited (PSO) - fuel supplier for an amount of Rupees 2,000 million (31 December 2021: Rupees 1,000 million).
- 5.1.6 The Company has issued post dated cheque amounting to Rupees 0.165 million (31 December 2021: Rupees Nil) to Collector of Custom, Lahore under the direction of Honourable Lahore High Court, Lahore in respect of suit filed for custom duty.
- 5.1.7 Letter of guarantee of Rupees 1.062 million (31 December 2021: Rupees Nil) is given by the bank of the Company to Collector of Custom, Karachi under direction of Sindh High Court in respect of suit filed for custom duty.

5.2 Commitments

For capital expenditures

For other than capital expenditure

Un-audited 30 June 2022 (Rupees in thousand)	Audited 31 December 2021
103,777	-
111,491	166,526
<u>215,268</u>	<u>166,526</u>

	Un-audited 30 June 2022 (Rupees in thousand)	Audited 31 December 2021
6. FIXED ASSETS		
Operating fixed assets (Note 6.1)	5,182,397	5,694,942
Capital work-in-progress (Note 6.2)	8,222	-
	5,190,619	5,694,942
6.1 Operating fixed assets		
Opening book value	5,694,942	6,767,565
Add: Cost of additions during the period / year (Note 6.1.1)	7,716	16,447
Less: Book value of disposals / derecognitions during the period / year (Note 6.1.2)	-	233
Less: Depreciation charged during the period / year	520,261	1,088,837
Closing book value	5,182,397	5,694,942
6.1.1 Cost of additions		
Plant and machinery	-	1,419
Buildings on freehold land	-	1,607
Furniture and fittings	384	631
Vehicles	5,159	9,688
Office equipment	1,349	1,379
Electric equipment and appliances	824	1,723
	7,716	16,447
6.1.2 Book value of disposals / derecognitions		
Cost		
- Furniture and fittings	-	19
- Vehicles	3,805	14,843
- Office equipment	207	489
- Electric equipment and appliances	-	107
	4,012	15,458
Less: Accumulated depreciation	4,012	15,225
	-	233
6.2 Capital work-in-progress		
Office equipment	512	-
Buildings on freehold land	1,296	-
Advance against purchase of vehicle	6,414	-
	8,222	-

	Un-audited Half Year Ended		Un-audited Quarter Ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	----- (Rupees in thousand) -----			
7. COST OF SALES				
Fuel cost	19,224,499	5,624,111	15,982,433	3,900,542
Operation and maintenance costs	286,602	264,541	155,786	175,414
Insurance	374,510	375,803	187,255	187,893
Depreciation	514,051	516,760	273,477	258,166
Liquidated damages to CPPA-G	-	90	-	90
Others	-	-	-	(1,698)
	20,399,662	6,781,305	16,598,951	4,520,407

8. CASH (USED IN) / GENERATED FROM OPERATIONS

	Un-audited Half Year Ended	
	30 June 2022	30 June 2021
	(Rupees in thousand)	
Profit before taxation	1,437,283	262,857
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	520,261	556,578
Depreciation on investment properties	-	356
Provision for gratuity	8,245	7,411
Gain on disposal of operating fixed assets	(5,040)	(28)
Interest income	(13,302)	(38,893)
Amortization of deferred income - Government grant	(830)	(2,077)
Gain on sale of non-current assets classified as held for sale	(87,947)	-
Gain on sale of Pakistan Investment Bonds	-	(1,294)
Gain on sale of Government Ijara Sukuks	-	(22,717)
Finance cost	128,126	426,333
Cash flows from operating activities before working capital changes	1,986,796	1,188,526
Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and other consumables	(70,486)	2,477
Fuel stock	12,793	(344,885)
Trade debts	(6,058,544)	3,788,269
Loans, advances, deposit and short term prepayments	(1,208,573)	(92,578)
Other receivables	77,358	67,593
Sales tax recoverable	(112,761)	(114,087)
	(7,360,213)	3,306,789
Increase in trade and other payables	26,090	484,917
	(5,347,327)	4,980,232

9. TRANSACTIONS WITH RELATED PARTIES

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

Relationship with the Company	Nature of transaction	Un-audited Half Year Ended		Un-audited Quarter Ended	
		30 June 2022	30 June 2021	30 June 2022	30 June 2021
----- (Rupees in thousand) -----					
Associated companies	Insurance premium paid	370,936	372,297	185,536	186,255
	Dividend paid	-	185,241	-	185,241
	Rent expense	-	3,140	-	1,570
	Boarding lodging services	249	43	249	43
	Purchase of stores	354	392	248	220
	Purchase of vehicle	12,527	7,708	11,027	6,508
	Repair and maintenance of vehicles	68	126	35	38
	Reimbursement of rent	1,123	-	463	-
	Loan recovered	350,000	-	350,000	-
	Interest charged	12,193	14,726	2,380	7,420

Relationship with the Company	Nature of transaction	Un-audited Half Year Ended		Un-audited Quarter Ended	
		30 June 2022	30 June 2021	30 June 2022	30 June 2021
		----- (Rupees in thousand) -----			
Other related parties	Loans obtained	-	7,551,790	-	4,192,333
	Loans repaid	27,558	7,755,458	13,779	6,266,979
	Mark-up on borrowings	426	73,415	169	39,302
	Profit on bank deposits	752	6	747	1
	Insurance premium paid	9,433	9,162	3,768	3,262
	Insurance claims received	418	516	343	367
	Dividend paid	-	27,348	-	27,348
Key management personnel	Remuneration	14,607	13,007	9,250	8,142
Staff retirement benefits plans	Contribution to provident fund	11,468	10,921	5,735	5,404
	Contribution to gratuity fund	-	7,411	-	3,705
				Un-audited 30 June 2022	Audited 31 December 2021
				(Rupees in thousand)	
Period end balances:					
Short term loan receivable from associated company				-	350,000
Accrued interest on loan to associated company				-	3,123

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 equity 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. 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 2021.

12. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Company at their meeting held on 19 August 2022 has declared interim cash dividend of Rupees 1.5 per share. However, this event has been considered as a non-adjusting event under International Accounting Standard (IAS) 10 'Events after the Reporting Period' and has not been recognized in these condensed interim financial statements.

13. 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.

14. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue on 19 August 2022 by the Board of Directors of the Company.

15. GENERAL

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

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