



NISHAT

LALPIR POWER LIMITED

HALF YEARLY REPORT
FOR THE HALF YEAR ENDED
JUNE 30, 2023



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THE COMPANY	Lalpir Power Limited (“the Company”) was incorporated in Pakistan on 8 May 1994 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017).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 Mr. Zaheer Ahmad Ghanghro Mr. Mahmood Akhtar Mr. Muhammad Azam Mr. Inayat Ullah Niazi Mrs. Hajra Arham Mr. Amir Mahmood	Chairman
CHIEF EXECUTIVE OFFICER	Mr. Mahmood Akhtar	
AUDIT COMMITTEE	Mr. Zaheer Ahmad Ghanghro Mr. Inayat Ullah Niazi Mrs. Hajra Arham	Chairman
HUMAN RESOURCE & REMUNERATION(HR &R) COMMITTEE	Mian Hassan Mansha Mrs. Hajra Arham Mr. Inayat Ullah Niazi	Chairperson
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	
LEGAL ADVISOR OF THE COMPANY	Mr. M. Aurangzeb Khan Advocate High Court	
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, 2023.

We report that during the period under review power plant dispatched 106,159 MWh of electricity as compared with 545,686 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, 2023 are as follows:

Financial Highlights	HALF YEAR ENDED	
	30 June 2023	30 June 2022
Revenue (Rs '000')	8,490,773	21,941,875
Gross profit (Rs '000')	2,545,749	1,542,213
After tax profit (Rs '000')	2,196,185	1,437,283
Earnings per share (Rs)	5.78	3.78

The Company has posted after tax profit of Rs. 2,196.185 million as against after tax profit Rs. 1,437.283 million earned in the comparative period. The net profits of the Company demonstrated the Earning per Share of Rs. 5.78 as against Rs.3.78 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, 2023, an amount of Rs.9.635 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. Zaheer Ahmad Ghanghro (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.	Mrs. Hajra Arham (Member/Chairperson)
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 8 of the annexed financial statements.

APPROPRIATIONS:

The Board of Directors has announced 1st Interim Cash Dividend at the rate of PKR 15/- per share for the half year ended June 30, 2023.

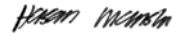
ACKNOWLEDGEMENT:

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: 9 August 2023



Mian Hassan Mansha
Chairman

ڈائریکٹرز رپورٹ لال پیر پاور لمیٹڈ

لال پیر پاور لمیٹڈ "دی کمپنی" کے ڈائریکٹرز 30 جون 2023ء مختتمہ ششماہی کے لئے منجمد 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 ششماہی کے دوران 545,686 MWh ترسیل کے مقابلہ میں 106,159 MWh بجلی ترسیل کی۔

آپریشنل مالیاتی نتائج:

30 جون 2023ء کو ختم ہونے والی مدت کے لئے کمپنی کے مالیاتی نتائج مندرجہ ذیل ہیں:

مالی بھٹکیاں	30 جون 2023ء	30 جون 2022ء
محصولات (000 روپے)	8,490,773	21,941,875
مجموعی منافع (000 روپے)	2,545,749	1,542,213
بعد از ٹیکس منافع (000 روپے)	2,196,185	1,437,283
آمدنی فی حصص (روپے)	5.78	3.78

کمپنی نے ٹیکس کے بعد منافع 2,196,185 ملین روپے درج کیا جبکہ تقابلی مدت میں 1,437,283 ملین روپے منافع حاصل ہوا تھا۔ کمپنی کے خالص منافع نے گزشتہ مدت میں 3.78 روپے فی حصص منافع کے مقابلے 5.78 روپے فی حصص منافع ظاہر کیا ہے۔

ہمارا واحد صارف سنٹرل پاور پراجیکٹ 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 میں ناکام رہا ہے۔ 30 جون 2023 کے مطابق CPPA-G کے ذمہ بقا بقا رقم 9.635 ملین 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 ظہیر احمد گھانگرو (رکن / چیئر مین)
2	جناب عنایت اللہ نیازی (رکن)
3	محترمہ باجرہ ارحم (رکن)

ہیومن ریسورس اینڈ ریمنٹیشن (HR&R) کمیٹی:

نمبر شمار	نام رکن
1	میاں حسن منشا (رکن)
2	محترمہ باجرہ ارحم (رکن / چیئر پرسن)
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 جانے والے مشاہرہ کی مجموعی رقم منسلکہ مالی حسابات کے نوٹ 8 میں منکشف ہے۔

تصرفات

بورڈ آف ڈائریکٹرز نے 30 جون 2023 کو ختم ہونے والی ششماہی کے لئے -/15 روپے فی شیئر کی شرح پر پہلے عبوری نقد منافع منقسمہ کا اعلان کیا ہے۔

اظہار تشکر

ہم، ایک جدید اور حوصلہ افزاء کام کے ماحول کے قیام اور پاور پلانٹ کے تمام شعبوں میں اعلیٰ سطح کی کارکردگی کو فروغ دینے کے لئے بھی انتظامیہ کی تعریف کرتے ہیں۔ ہم قابل ذکر نتائج کی فراہمی کے لئے کمپنی کے تمام عملہ کی مسلسل حمایت، سخت محنت اور عزم کو بھی سراہتے ہیں اور ہم کمپنی کے ساتھ ان کے طویل تعلقات چاہتے ہیں۔

منجانب مجلس انضمام

Hasan Mirza

میاں حسن منشا
چیئر مین

Jalaluddin

(جناب محمود اختر)
چیف ایگزیکٹو آفیسر

لاہور: 9 اگست 2023ء

INDEPENDENT AUDITORS' 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 2023 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 2023 and 30 June 2022 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 2023.

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: 09 August 2023

UDIN: RR20231013217PCHVdnS

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (Un-audited)

As at 30 June 2023

	Note	Un-audited 30 June 2023 (Rupees in thousand)	Audited 31 December 2022
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 500,000,000 (31 December 2022: 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 2022: 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		15,251,448	13,814,941
Total equity		19,156,839	17,720,332
LIABILITIES			
NON-CURRENT LIABILITIES			
Employee benefit - gratuity		27,340	25,207
CURRENT LIABILITIES			
Trade and other payables		1,947,353	496,802
Accrued mark-up / profit		96,495	176,998
Short term borrowings		956,784	4,546,222
Unclaimed dividend		6,957	5,908
		3,007,589	5,225,930
Total liabilities		3,034,929	5,251,137
CONTINGENCIES AND COMMITMENTS	4		
TOTAL EQUITY AND LIABILITIES		22,191,768	22,971,469

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

	Note	Un-audited 30 June 2023 (Rupees in thousand)	Audited 31 December 2022
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	5	4,410,883	4,718,642
Long term investment		-	-
Long term loans to employees		10,199	15,068
Long term security deposits		1,850	1,850
		<u>4,422,932</u>	<u>4,735,560</u>
CURRENT ASSETS			
Stores, spare parts and other consumables		859,204	1,130,372
Fuel stock		2,450,999	1,871,923
Trade debts		9,635,375	12,449,518
Short term investment		-	5,116
Loans, advances, deposit and short term prepayments		123,198	399,091
Other receivables		455,167	301,420
Advance income tax		278,186	273,885
Sales tax recoverable		1,968,196	1,801,849
Cash and bank balances		1,998,511	2,735
		<u>17,768,836</u>	<u>18,235,909</u>
TOTAL ASSETS		<u>22,191,768</u>	<u>22,971,469</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 2023

	Note	Half Year Ended		Quarter Ended	
		30 June	30 June	30 June	30 June
		2023	2022	2023	2022
		(Rupees in thousand)		(Rupees in thousand)	
REVENUE FROM CONTRACT WITH CUSTOMER		8,490,773	21,941,875	5,879,091	17,111,512
COST OF SALES	6	(5,945,024)	(20,399,662)	(4,576,580)	(16,598,951)
GROSS PROFIT		2,545,749	1,542,213	1,302,511	512,561
ADMINISTRATIVE EXPENSES		(92,604)	(85,976)	(32,259)	(30,696)
OTHER EXPENSES		(2,454)	(1,930)	(1,145)	(988)
OTHER INCOME		7,709	111,102	5,848	10,299
PROFIT FROM OPERATIONS		2,458,400	1,565,409	1,274,955	491,176
FINANCE COST		(262,215)	(128,126)	(102,118)	(102,150)
PROFIT BEFORE TAXATION		2,196,185	1,437,283	1,172,837	389,026
TAXATION		-	-	-	-
PROFIT AFTER TAXATION		2,196,185	1,437,283	1,172,837	389,026
OTHER COMPREHENSIVE INCOME:					
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS		-	-	-	-
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS		-	-	-	-
		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		2,196,185	1,437,283	1,172,837	389,026
EARNINGS PER SHARE					
- BASIC AND DILUTED (RUPEES)		5.78	3.78	3.09	1.02

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 2023

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

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

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
Transactions with owners:				
Interim dividend for the year ended 31 December 2022 @ Rupees 1.5 per share	-	-	(569,758)	(569,758)
Profit for the half year ended 31 December 2022	-	-	1,270,090	1,270,090
Other comprehensive income for the half year ended 31 December 2022	-	-	9,027	9,027
Total comprehensive income for the half year ended 31 December 2022	-	-	1,279,117	1,279,117
Balance as at 31 December 2022 - audited	3,798,387	107,004	13,814,941	17,720,332
Transaction with owners:				
Final dividend for the year ended 31 December 2022 @ Rupee 2 per share	-	-	(759,678)	(759,678)
Profit for the half year ended 30 June 2023	-	-	2,196,185	2,196,185
Other comprehensive income for the half year ended 30 June 2023	-	-	-	-
Total comprehensive income for the half year ended 30 June 2023	-	-	2,196,185	2,196,185
Balance as at 30 June 2023 - un-audited	3,798,387	107,004	15,251,448	19,156,839

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 2023

	Note	Half Year Ended	
		30 June 2023 (Rupees in thousand)	30 June 2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	7	6,885,047	(5,347,327)
Finance cost paid		(342,718)	(87,968)
Net increase in long term security deposits		-	(1,500)
Net decrease / (increase) in long term loans to employees		4,869	(6,393)
Income tax paid		(4,301)	(4,254)
Gratuity paid		(5,981)	(5,225)
Net cash generated from / (used in) operating activities		6,536,916	(5,452,667)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on fixed assets		(205,044)	(15,938)
Proceeds from disposal of operating fixed assets		47	5,040
Proceeds from disposal of non-current assets classified as held for sale		-	180,000
Loan to associated company recovered		-	350,000
Interest received		6,808	16,425
Net cash (used in) / from investing activities		(198,189)	535,527
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		-	(27,730)
Dividend paid		(758,629)	(2,263)
Net cash used in financing activities		(758,629)	(29,993)
Net increase / (decrease) in cash and cash equivalents		5,580,098	(4,947,133)
Cash and cash equivalents at beginning of the period		(4,538,371)	(1,619,700)
Cash and cash equivalents at end of the period		1,041,727	(6,566,833)
CASH AND CASH EQUIVALENTS			
Cash in hand		392	320
Cash at banks		1,998,119	1,001,466
Short term borrowings		(956,784)	(7,568,619)
		1,041,727	(6,566,833)

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 2023

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.

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 2022. 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 2022.

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 2022.

4. CONTINGENCIES AND COMMITMENTS

4.1 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 2022 except for the following:

- 4.1.1 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 in note 12.1 (ii) to the published annual audited financial statements of the Company for the year ended 31 December 2022. 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 in note 12.1 (ii) to the published annual financial statements of the Company for the year ended 31 December 2022. 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 Commissioner Inland Revenue (Appeals) [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 filed an appeal before Appellate Tribunal Inland Revenue (ATIR). The tax department has also filed an appeal before ATIR against the order of CIR(A) which is pending adjudication. On 13 June 2022, ATIR passed an order and decided the case in favour of the Company. Being aggrieved with the order of ATIR, on 28 December 2022, the tax department filed reference in Honourable Lahore High Court, Lahore which is in process of hearing. 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.
- 4.1.2 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. Further, the matter in respect of tax years 2011 and 2014 is pending adjudication. Aggrieved with the order of ATIR, the tax department has filed four references in Honourable Lahore High Court, Lahore for the aforesaid tax years during the half year ended 30 June 2023, which are in process of hearing. 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.

- 4.1.3 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 2,300 million (31 December 2022: Rupees 500 million).

	Un-audited 30 June 2023 (Rupees in thousand)	Audited 31 December 2022
4.2 Commitments		
For other than capital expenditure	98,656	436,588
5. FIXED ASSETS		
Operating fixed assets (Note 5.1)	4,359,825	4,674,573
Capital work-in-progress (Note 5.2)	51,058	44,069
	<u>4,410,883</u>	<u>4,718,642</u>
5.1 Operating fixed assets		
Opening book value	4,674,573	5,694,942
Add: Cost of additions during the period / year (Note 5.1.1)	198,055	19,417
Less: Book value of disposals / derecognitions during the period / year (Note 5.1.2)	47	299
Less: Depreciation charged during the period / year	512,756	1,039,487
Closing book value	<u>4,359,825</u>	<u>4,674,573</u>
5.1.1 Cost of additions		
Buildings on freehold land	-	1,296
Plant and machinery	191,996	-
Furniture and fittings	79	1,249
Vehicles	-	10,923
Office equipment	4,919	4,719
Electric equipment and appliances	1,061	1,230
	<u>198,055</u>	<u>19,417</u>
5.1.2 Book value of disposals / derecognitions		
Cost		
- Plant and machinery	41,625	-
- Furniture and fittings	-	29
- Vehicles	-	13,362
- Office equipment	1,756	421
- Electric equipment and appliances	15	38
	<u>43,396</u>	<u>13,850</u>
Less: Accumulated depreciation	43,349	13,551
	<u>47</u>	<u>299</u>
5.2 Capital work-in-progress		
Plant and machinery	<u>51,058</u>	<u>44,069</u>

	Un-audited Half Year Ended		Un-audited Quarter Ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	(Rupees in thousand)		(Rupees in thousand)	
6. COST OF SALES				
Fuel cost	3,843,779	19,224,499	3,610,003	15,982,433
Operation and maintenance costs	1,051,886	286,602	425,805	155,786
Insurance	543,219	374,510	271,609	187,255
Depreciation	506,140	514,051	269,163	273,477
	<u>5,945,024</u>	<u>20,399,662</u>	<u>4,576,580</u>	<u>16,598,951</u>

	Un-audited Half Year Ended	
	30 June 2023	30 June 2022
	(Rupees in thousand)	
7. CASH GENERATED FROM / (USED IN) OPERATIONS		
Profit before taxation	2,196,185	1,437,283
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	512,756	520,261
Provision for gratuity	8,114	8,245
Gain on disposal of operating fixed assets	-	(5,040)
Interest income	(6,808)	(13,302)
Amortization of deferred income - Government grant	-	(830)
Gain on sale of non-current assets classified as held for sale	-	(87,947)
Finance cost	262,215	128,126
Cash flows from operating activities before working capital changes	<u>2,972,462</u>	<u>1,986,796</u>
Working capital changes		
Decrease / (increase) in current assets:		
Stores, spare parts and other consumables	271,168	(70,486)
Fuel stock	(579,076)	12,793
Trade debts	2,814,143	(6,058,544)
Loans, advances, deposit and short term prepayments	275,893	(1,208,573)
Other receivables	(153,747)	77,358
Sales tax recoverable	(166,347)	(112,761)
Increase in trade and other payables	<u>1,450,551</u>	<u>26,090</u>
	<u>6,885,047</u>	<u>(5,347,327)</u>

8. 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 2023	30 June 2022	30 June 2023	30 June 2022
		(Rupees in thousand)		(Rupees in thousand)	
Associated companies	Insurance premium paid	539,158	370,936	269,392	185,536
	Insurance claims received	15	-	15	-
	Dividend paid	243,597	-	243,597	-
	Boarding lodging services	393	249	393	249
	Purchase of stores	-	354	-	248
	Purchase of vehicles	-	12,527	-	11,027
	Repair and maintenance of vehicles	85	68	75	35
	Reimbursement of expenses	-	1,123	-	463
	Loan recovered	-	350,000	-	350,000
	Interest charged	-	12,193	-	2,380
Other related parties	Loans repaid	-	27,558	-	13,779
	Mark-up on borrowings paid	-	426	-	169
	Profit on bank deposits received	6,266	752	5,269	747
	Insurance premium paid	8,318	9,433	31	3,768
	Insurance claims received	896	418	752	343
	Dividend paid	54,697	-	54,697	-
Key management personnel	Remuneration	16,619	14,607	10,863	9,250
Staff retirement benefits plans	Contribution to provident fund	12,530	11,468	6,182	5,735

9. 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.

10. 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 2022.

11. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Company at their meeting held on 9th August 2023 has declared interim cash dividend of Rupee 15/- 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.

12. DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX

Description

Loans / advances obtained as per Islamic mode:

	Un-audited 30 June 2023 (Rupees in thousand)	Audited 31 December 2022
Loans	249,814	1,600,162
Advances	-	-

Shariah compliant bank deposits / bank balances:

Bank balances	849	110
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	Un-audited Half Year Ended	
	30 June 2023 (Rupees in thousand)	30 June 2022
Profit earned from shariah compliant bank deposits / bank balances:		
Profit on deposits with banks	-	-
Revenue earned from shariah compliant business	7,435,117	21,712,045
Gain / (loss) or dividend earned from shariah compliant investments	-	-
Exchange gain earned	-	-
Mark-up paid on Islamic mode of financing	169,670	49,267
Profits earned or interest paid on any conventional loan or advance:		
Profits earned	6,738	13,302
Interest paid on loans	168,079	27,833

Relationship with shariah compliant banks

Name	Relationship
Faysal Bank Limited	Bank balance and short term borrowings
Meezan Bank Limited	Short term borrowings

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 9th August 2023 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

BOOK POST

PRINTED MATTER

UPC



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