



N I S H A T

LALPIR POWER LIMITED



HALF YEARLY
REPORT
FOR THE HALF YEAR ENDED
JUNE 30, 2024



Growth - Expansion - Progress



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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Lalpir Power Limited (“the Company”) was incorporated in Pakistan on 8 May 1994 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017).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. Zaheer Ahmad Ghanghro	
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. Zaheer Ahmad Ghanghro	Chairman
Mr. Inayat Ullah Niazi	
Mrs. Hajra Arham	

HUMAN RESOURCE & REMUNERATION(HR &R) COMMITTEE

Mian Hassan Mansha	
Mrs. Hajra Arham	Chairperson
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
MCB Islamic 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, 2024.

We report that during the period under review power plant dispatched 198,443 MWh of electricity as compared with 106,159 MWh dispatched during the corresponding period of the previous financial year.

OPERATION FINANCIAL RESULTS:

The financial results of the Company for the half year ended June 30, 2024 are as follows:

Financial Highlights	HALF YEAR ENDED	
	30 June 2024	30 June 2023
Revenue (Rs '000')	13,462,797	8,490,773
Gross profit (Rs '000')	3,964,359	2,545,749
After tax profit (Rs '000')	3,051,312	2,196,185
Earnings per share (Rs)	8.03	5.78

The Company has posted after tax profit of Rs 3,051.312 million as against after tax profit Rs 2,196.185 million earned in the comparative period. The net profits of the Company demonstrated the Earning per Share of Rs 8.03 as against Rs 5.78 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, 2024, an amount of Rs 14.856 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 condensed interim financial statements.

APPROPRIATIONS:

The Board of Directors has announced 2nd Interim Cash Dividend at the rate of PKR 2/- per share (i.e. 20%) for the half year ended June 30, 2024.

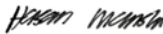
ACKNOWLEDGEMENT:

The Board of Directors 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: 28 August 2024



Mian Hassan Mansha
Chairman

ڈائریکٹرز رپورٹ لال پیر پاور لمیٹڈ

لال پیر پاور لمیٹڈ "کمپنی" کے ڈائریکٹرز 30 جون 2024ء مختتمہ ششماہی 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 ششماہی کے دوران 106,159 MWh ترسیل کے مقابلہ میں 198,443 MWh بجلی ترسیل کی۔

آپریشنل مالیاتی نتائج:

30 جون 2024ء کو ختم ہونے والی مدت کے لئے کمپنی کے مالیاتی نتائج مندرجہ ذیل ہیں:

مالی جھلکیاں	30 جون 2024ء مختتمہ ششماہی	30 جون 2023ء مختتمہ ششماہی
محصولات (000 روپے)	13,462,797	8,490,773
مجموعی منافع (000 روپے)	3,964,359	2,545,749
بعد از ٹیکس منافع (000 روپے)	3,051,312	2,196,185
آمدن فی حصص (روپے)	8.03	5.78

کمپنی نے بعد از ٹیکس منافع 3,051,312 ملین روپے درج کیا جبکہ تقابلی مدت میں 2,196,185 ملین روپے منافع حاصل ہوا تھا۔ کمپنی کے خالص منافع نے گزشتہ مدت میں 5.78 روپے فی حصص منافع کے مقابلہ میں 8.03 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 ہے مطابق اپنی ذمہ داریوں کو پورا کرنے میں ناکام رہا ہے۔ 30 جون 2024 کو CPPA-G کے ذمہ بقایا رقم 14,856 ملین روپے تھی۔

بورڈ کی تفصیل:

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

بورڈ کی کمیٹیاں:

بورڈ کی آڈٹ کمیٹی:

نمبر شمار	نام ڈائریکٹرز
1	جناب ظہیر احمد گھگرو (رکن/چیرمین)
2	جناب عنایت اللہ نیازی (رکن)
3	محترمہ ہاجرہ ارم (رکن)

ہیومن ریسورس اینڈ ریسٹریکشن (HR&R) کمیٹی:

نمبر شمار	نام رکن
1	میاں حسن منشاء (رکن)
2	مستز مہ ہاجرہ 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 2024 کو ختم ہونے والی ششماہی کے لئے -/ 2 روپے فی شیئر (یعنی 20%) کی شرح پر دوسرے 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 انتظامیہ کی تعریف کرتے ہیں۔ ہم قابل ذکر نتائج کی فراہمی کے لئے کمپنی کے تمام عملی مسلسل سخت محنت اور عزم کو سراہتے ہیں اور ہم کمپنی کے ساتھ ان کے طویل تعلقات چاہتے ہیں۔

منجانب مجلس نظاماء

Hasan Muneer

میاں حسن منشاء

چیئر مین

Junaid Akhtar

جناب محمود اختر

چیف ایگزیکٹو آفیسر

لاہور: 28 اگست 2024ء

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 2024 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 2024 and 30 June 2023 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 2024.

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: 29 August 2024

UDIN: RR202410132U9K2Ayxjd

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

AS AT 30 JUNE 2024

	Note	Un-audited 30 June 2024 (Rupees in thousand)	Audited 31 December 2023
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 500,000,000 (31 December 2023: 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 2023: 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		14,225,707	11,934,073
Total equity		18,131,098	15,839,464
LIABILITIES			
NON - CURRENT LIABILITIES			
Employee benefit - gratuity		50,897	39,324
CURRENT LIABILITIES			
Trade and other payables		1,575,761	726,133
Accrued mark-up / profit		345,920	163,512
Short term borrowings		6,558,866	5,260,489
Unclaimed dividend		11,352	10,999
		8,491,899	6,161,133
Total liabilities		8,542,796	6,200,457
CONTINGENCIES AND COMMITMENTS			
	4		
TOTAL EQUITY AND LIABILITIES		26,673,894	22,039,921

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



CHIEF EXECUTIVE



DIRECTOR

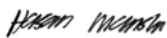


CHIEF FINANCIAL OFFICER

	Note	Un-audited 30 june 2024 (Rupees in thousand)	Audited 31 December 2023
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	5	3,484,660	3,981,300
Long term investment		-	-
Long term loans to employees		42,421	13,407
Long term security deposits		1,850	1,850
		<u>3,528,931</u>	<u>3,996,557</u>
CURRENT ASSETS			
Stores, spare parts and other consumables		870,806	808,318
Fuel stock		2,523,243	2,467,534
Trade debts		14,856,339	10,270,511
Short term investment		-	849,995
Loans, advances and short term prepayments		107,375	65,698
Other receivables		700,096	621,863
Accrued interest		-	19
Advance income tax		281,793	280,167
Sales tax recoverable		2,365,029	2,266,320
Cash and bank balances		1,440,282	412,939
		<u>23,144,963</u>	<u>18,043,364</u>
TOTAL ASSETS		<u><u>26,673,894</u></u>	<u><u>22,039,921</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 2024

		Half Year Ended		Quarter Ended	
	Note	30 June 2024	30 June 2023	30 June 2024	30 June 2023
		(Rupees in thousand)			
REVENUE FROM CONTRACT WITH CUSTOMER		13,462,797	8,490,773	4,660,330	5,879,091
COST OF SALES	6	(9,498,438)	(5,945,024)	(2,567,597)	(4,576,580)
GROSS PROFIT		3,964,359	2,545,749	2,092,733	1,302,511
ADMINISTRATIVE EXPENSES		(119,678)	(92,604)	(63,657)	(32,259)
OTHER EXPENSES		(2,774)	(2,454)	(1,303)	(1,145)
OTHER INCOME		10,837	7,709	2,346	5,848
PROFIT FROM OPERATIONS		3,852,744	2,458,400	2,030,119	1,274,955
FINANCE COST		(801,432)	(262,215)	(426,068)	(102,118)
PROFIT BEFORE INCOME TAX AND FINAL TAX		3,051,312	2,196,185	1,604,051	1,172,837
FINAL TAX		-	-	-	-
PROFIT BEFORE INCOME TAX TAXATION		3,051,312	2,196,185	1,604,051	1,172,837
		-	-	-	-
PROFIT AFTER TAXATION		3,051,312	2,196,185	1,604,051	1,172,837
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		3,051,312	2,196,185	1,604,051	1,172,837
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)		8.03	5.78	4.22	3.09

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

FOR THE HALF YEAR ENDED 30 JUNE 2024

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

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

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

@ Rupees 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

-	-	-	-
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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

Transaction with owners - Interim dividend for
the year ended 31 December 2023

@ Rupees 15 per share

- - (5,697,585) (5,697,585)

Profit for the half year ended 31 December 2023

- - 2,381,582 2,381,582

Other comprehensive income for the half
year ended 31 December 2023

-	-	(1,372)	(1,372)
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Total comprehensive income for the half
year ended 31 December 2023

- - 2,380,210 2,380,210

Balance as at 31 December 2023 - audited

3,798,387 107,004 11,934,073 15,839,464

Transaction with owners - Interim dividend for
the quarter ended 31 March 2024

@ Rupees 2 per share

- - (759,678) (759,678)

Profit for the half year ended 30 June 2024

-	-	3,051,312	3,051,312
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Other comprehensive income for the half
year ended 30 June 2024

- - - -

Total comprehensive income for the half
year ended 30 June 2024

- - 3,051,312 3,051,312

Balance as at 30 June 2024 - un-audited

3,798,387 107,004 14,225,707 18,131,098

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 2024

		Half Year Ended	
	Note	30 June 2024 (Rupees in thousand)	30 June 2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	7	308,108	6,885,047
Finance cost paid		(619,024)	(342,718)
Net (increase) / decrease in long term loans to employees		(29,014)	4,869
Income tax paid		(1,626)	(4,301)
Gratuity paid		-	(5,981)
Net cash (used in) / generated from operating activities		(341,556)	6,536,916
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on fixed assets		(27,006)	(205,044)
Proceeds from disposal of operating fixed assets		-	47
Proceeds from disposal of short term investment		849,995	5,116
Interest received		6,858	6,808
Net cash generated from / (used in) investing activities		829,847	(193,073)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(759,325)	(758,629)
Net cash used in financing activities		(759,325)	(758,629)
Net (decrease) / increase in cash and cash equivalents		(271,034)	5,585,214
Cash and cash equivalents at beginning of the period		(4,847,550)	(4,543,487)
Cash and cash equivalents at end of the period		(5,118,584)	1,041,727
CASH AND CASH EQUIVALENTS			
Cash in hand		554	392
Cash at banks		1,439,728	1,998,119
Short term borrowings		(6,558,866)	(956,784)
		(5,118,584)	1,041,727

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 2024

1. THE COMPANY AND ITS OPERATIONS

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. 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 agreement dated 20 April 2021, the agreement year that ended on 25 March 2021 was extended by 248 days to 28 November 2021.

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 2023. 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. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information 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 2023 except for the change in accounting policy of taxation and levy made in accordance with "Application Guidance on Accounting for Minimum Taxes and Final Taxes" issued by the Institute of Chartered Accountants of Pakistan through circular No. 7/2024 dated 15 May 2024. This change has been explained in note 3.1 to these condensed interim financial statements.

3.1 Taxation and levy

Current

Income (profit and gains) of the Company derived from power generation are exempt from income tax under Clause 132 of Part I and Clause 11A of Part IV of Second Schedule to the Income Tax Ordinance, 2001. This exemption is available till the term of Power Purchase Agreement (PPA). However, full provision for current tax and levy is made in the statement of profit or loss and other comprehensive income on income from sources not covered under the above clauses at current rates of taxation after taking into account, tax credits and rebates available, if any.

Final taxes levied under the Income Tax Ordinance, 2001 and any excess over the amount designated as provision for current tax are charged as levy in statement of profit or loss and other comprehensive income. The charge for current tax and levy also includes adjustments, where considered necessary, to provision for tax and levy made in previous years arising from assessments framed during the year for such years. Previously, component representing levy was included in provision for current tax and was not separately charged in statement of profit or loss and other comprehensive income. This change in accounting policy has no financial and reclassification impacts on these condensed interim financial statements.

Deferred

Deferred tax is accounted for using the liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax has not been provided in these condensed interim financial statements as the management believes that the temporary differences will not reverse in the foreseeable future due to the fact that the Company remains exempt from taxation under Clause 132 of Part I and Clause 11A of Part IV of Second Schedule to the Income Tax Ordinance, 2001.

3.2 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 2023.

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 2023 except for the following:

- 4.1.1 On 17 April 2024, Deputy Commissioner Inland Revenue (DCIR) passed an order for tax periods from January 2018 to December 2018 whereby sales tax demand of Rupees 15.675 million alongwith default surcharge and penalty were raised on various issues under relevant provisions of the Sales Tax Act, 1990. The Company paid the impugned sales tax demand of Rupees 15.675 million. However, being aggrieved, the Company has filed an appeal before the learned Commissioner Inland Revenue - Appeals [CIR(A)] against the order passed by DCIR on 14 May 2024 which has not yet been taken up for the adjudication. Based on tax advisor's opinion, there exists reasonable grounds to defend the Company's stance. Hence, no provision has been made in these condensed interim financial statements.
- 4.1.2 The Company identified certain sales tax invoices relating to tax periods from July 2010 to September 2017 where the Company duly discharged the liabilities by making payments to suppliers whereas input sales tax aggregating to Rupees 95.166 million was not adjusted against the output sales tax for the respective tax periods. The Company filed application to Federal Board of Revenue ("the Board") to condone the time limits regarding the above explained matter. In response to the Company's application, the Board called for a report on factual merits of the Company's application. DCIR, in accordance with the directions of the Board, issued letters to the Company to submit relevant documentary evidence in order to prepare the report for the Board. On 22 April 2019, the Company duly complied with those letters by submitting all the necessary / relevant data. On 30 June 2024, Commissioner Inland Revenue submitted report on factual merits of the Company's application and recommended that condonation in respect of input sales tax amounting to Rupees 86.114 million be allowed to the Company. On 22 July 2024, subsequent to the reporting period, the Board has condoned the time limit to adjust the aforementioned input sales tax amounting to Rupees 86.114 million. The Company is continuously following up with the Board and is in the process of submitting evidences relating to remaining amount of Rupees 9.052 million to authorities for expeditious disposal of the case. Based on the advise of the tax advisor, the management expects favorable outcome of the matter. Hence, no provision has been made in these condensed interim financial statements.
- 4.1.3 Letter of guarantee of Rupees Nil (31 December 2023: Rupees 1.062 million) is given by the bank of the Company to Collector of Custom, Karachi under direction of the Honourable Sindh High Court (the Court) in respect of suit filed for custom duty. On 18 March 2024, the Court decided the case in favour of the Company.
- 4.1.4 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 1,500 million (31 December 2023: Rupees Nil).

	Un-audited 30 June 2024 (Rupees in thousand)	Audited 31 December 2023
4.2 Commitments		
For other than capital expenditure	59,260	109,318
5. FIXED ASSETS		
Operating fixed assets (Note 5.1)	3,484,468	3,981,123
Capital work-in-progress (Note 5.2)	192	177
	<u>3,484,660</u>	<u>3,981,300</u>
5.1 Operating fixed assets		
Opening book value	3,981,123	4,674,573
Add: Cost of additions during the period / year (Note 5.1.1)	26,991	354,224
Less: Book value of disposals / derecognitions during the period / year (Note 5.1.2)	-	47
Less: Depreciation charged during the period / year	523,646	1,047,627
Closing book value	<u>3,484,468</u>	<u>3,981,123</u>
5.1.1 Cost of additions		
Plant and machinery	-	342,840
Furniture and fittings	203	534
Vehicles	23,842	494
Office equipment	2,946	8,964
Electric equipment and appliances	-	1,392
	<u>26,991</u>	<u>354,224</u>
5.1.2 Book value of disposals / derecognitions		
Cost		
- Plant and machinery	-	136,949
- Furniture and fittings	-	58
- Vehicles	-	2,797
- Office equipment	563	2,337
- Electric equipment and appliances	-	273
	<u>563</u>	<u>142,414</u>
Less: Accumulated depreciation	563	142,367
	<u>-</u>	<u>47</u>
5.2 Capital work-in-progress		
Plant and machinery	<u>192</u>	<u>177</u>

	Un-audited Half Year Ended		Un-audited Quarter Ended	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	(Rupees in thousand)			
6. COST OF SALES				
Fuel cost	7,852,763	3,843,779	1,748,549	3,610,003
Operation and maintenance costs	397,604	1,051,886	195,199	425,805
Insurance	732,389	543,219	366,194	271,609
Depreciation	515,405	506,140	257,379	269,163
Liquidated damages to CPPA-G	277	-	277	-
	<u>9,498,438</u>	<u>5,945,024</u>	<u>2,567,598</u>	<u>4,576,580</u>

	Un-audited Half Year Ended	
	30 June 2024	30 June 2023
	(Rupees in thousand)	
7. CASH GENERATED FROM OPERATIONS		
Profit before taxation	3,051,312	2,196,185
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	523,646	512,756
Provision for gratuity	11,573	8,114
Interest income	(6,839)	(6,808)
Finance cost	801,432	262,215
Cash flows from operating activities before working capital changes	4,381,124	2,972,462
Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and other consumables	(62,488)	271,168
Fuel stock	(55,709)	(579,076)
Trade debts	(4,585,828)	2,814,143
Loans, advances and short term prepayments	(41,677)	275,893
Other receivables	(78,233)	(153,747)
Sales tax recoverable	(98,709)	(166,347)
	(4,922,644)	2,462,034
Increase in trade and other payables	849,628	1,450,551
	<u>308,108</u>	<u>6,885,047</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:

i) Transactions:

		Un-audited Half Year Ended		Un-audited Quarter Ended	
		30 June 2024	30 June 2023	30 June 2024	30 June 2023
		(Rupees in thousand)			
Relationship with the Company	Nature of transaction				
Associated companies	Insurance premium paid	734,286	547,476	363,199	269,423
	Insurance claims received	409	911	236	767
	Dividend paid	298,880	298,294	298,880	298,294
	Boarding lodging services	850	393	850	393
	Purchase of vehicles	23,637	-	-	-
	Repair and maintenance of vehicles	722	85	518	75
	Profit on bank deposit	4,815	6,266	2,099	5,269
Other related parties	Dividend paid	52,003	52,896	52,003	52,896
Key management personnel	Remuneration	18,924	16,619	12,240	10,863
Staff Retirement benefits Plans	Contribution to Provident fund	14,059	12,530	6,904	6,182
	Benefit paid on behalf of Gratuity fund	11,573	8,114	5,787	4,057

	Un-audited 30 June 2024	Audited 31 December 2023
	(Rupees in thousand)	
Period end balances:		
Payable to related companies		
- Entities on the basis of common directorship	971	124
- Group Entity	1,187	54
Balances with bank:		
- Group Entity	1,439,704	412,395
Staff retirement benefit plans	50,987	39,324

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 2023.

11. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Company at their meeting held on 28 August 2024 has declared interim cash dividend of Rupees 2/- 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. 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 the balances of annual audited 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 balances of comparable period of immediately preceding financial year.

Corresponding figures have been re-arranged and reclassified, wherever necessary for

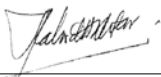
the purpose of comparison, however, no significant re-arrangements and reclassifications have been made in these condensed interim financial statements.

13. DATE OF AUTHORISATION FOR ISSUE

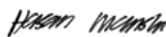
These condensed interim financial statements were authorized for issue on 28 August 2024 by the Board of Directors of the Company.

14. GENERAL

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER



N I S H A T

LALPIR POWER LIMITED

Contact Us

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