

PAKGEN POWER LIMITED



SECY/STOCKEXC/

August 25, 2020

The General Manager,
Pakistan Stock Exchange Limited,
Stock Exchange Building,
Stock Exchange Road,
KARACHI.

SUB:-

**SUBMISSION OF HALF YEARY ACCOUNTS
FOR THE PERIOD ENDED JUNE 30, 2020**

Dear Sir,

In compliance with the provisions of Section 237 of the Companies Act 2017, read with PSX Notice No. PSX/N-4207 dated July 13, 2018 and PSX/N-4952 dated August 29, 2018, we are pleased to submit through PUCAR Financial Statements of **Pakgen Power Limited ("the Company")** for the half year ended June 30, 2020 with review report of external auditors.

Thanking you

Yours truly,


KHALID MAHMOOD CHOCHAN
COMPANY SECRETARY

HEAD OFFICE

REGISTERED OFFICE

POWER STATIONS

: 1-B, AZIZ AVENUE, CANAL BANK, GULBERG V, LAHORE. TEL: +92-42-35717090-96, 35717159-63, FAX: 92-42-35717239, WEBSITE: www.pakgenpower.com, E-MAIL: pakgen@lalpir.com
: NISHAT HOUSE, 53/A, LAWRENCE ROAD, LAHORE. TEL: 111-113-333 FAX: +92-42-36387414
: LALPIR THERMAL POWER STATIONS, P.O. BOX NO. 89, MUZAFFARGARH. PC-34200, PAKISTAN. TEL: 92-66-2300030, FAX: 92-66-2300260, www.pakgenpower.com



N I S H A T

PAKGEN POWER
LIMITED

HALF YEARLY REPORT
FOR THE QUARTER ENDED
30 JUNE 2020

TOWARDS A MORE
**POWERFUL
CONNECT**

CONTENTS

02	Company Profile
04	Directors' Report
06	Directors' Report (Urdu)
05	Auditors' Report to the Members on Review of Condensed Interim Financial Information
08	Condensed Interim Statement of Financial Position
10	Condensed Interim Statement of Profit or Loss Account and Other Comprehensive Income
11	Condensed Interim Statement of Cash Flows
12	Condensed Interim Statement of Changes in Equity
13	Selected Notes to the Condensed Interim Financial Information

COMPANY PROFILE

THE COMPANY	Pakgen Power Limited (“the Company”) was incorporated in Pakistan on 22 June 1995 under the 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 365 MW in Mehmood Kot, Muzaffargarh, Punjab, Pakistan.	
BOARD OF DIRECTORS	Mr. Ghazanfar Hussain Mirza Mr. Aurangzeb Firoz Mrs. Sadia Younas Mansha Mr. Samir Mustapha Chinoy Mr. Shahid Malik Dr. Arif Bashir Mr. Farrukh Ifzal	Chairman
CHIEF EXECUTIVE OFFICER	Mian Hassan Mansha	
AUDIT COMMITTEE	Mr. Farrukh Ifzal Mr. Aurangzeb Firoz Mr. Shahid Malik	Chairman
HUMAN RESOURCE & REMUNERATION(HR &R) COMMITTEE	Mr. Samir Mustapha Chinoy Mian Hassan Mansha Mr. Ghazanfar Hussain Mirza	Chairman
CHIEF FINANCIAL OFFICER	Mr. Tanvir Khalid	
COMPANY SECRETARY	Mr. Khalid Mahmood Chohan	
BANKERS OF THE COMPANY	Habib Bank Limited The Bank of Punjab Silk Bank Limited 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 Islamic Pakistan Limited Bank Al-Habib Limited Al Baraka Bank (Pakistan) 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 Shakra-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 **Pakgen Power Limited “the Company”** are pleased to present their report together with the Condensed Interim Financial Information for the Half year ended June 30, 2020.

Operation Financial Results:

We report that during the period under review power plant by achieving all the operating standards dispatched 60,028 MWH of electricity as compared with 234,258 MWH dispatched during the corresponding period of the previous financial year. Resultantly, the capacity factor remained at 3.9% as against 15.4% demonstrated in the comparable six months of the previous financial year.

The financial results of the Company for period ended June 30, 2020 are as follows:

Financial Highlights	PERIOD ENDED	
	30 June 2020	30 June 2019
Revenue (Rs '000')	4,993,768	6,734,197
Gross (Loss)/ profit (Rs '000')	3,017,523	2,000,722
After tax (Loss)/ profit (Rs '000')	2,256,473	1,323,908
Earnings per share (Rs)	6.06	3.56

The Company has posted after tax profit of Rupees 2.256 billion as against Rupees 1.323 billion profit earned in the comparative period. The net profits of the Company demonstrated the earnings per Share of Rs.6.06 as against Rs.3.56 per share in the corresponding previous period.

Major reason for variation in net profit for period ended June 30, 2020 in Comparison with period ended June 30, 2019 is increase in revenue due to increase in Delayed Payment Interest by Rupees 221 Million and increase in Capacity Payments Revenue by Rs. 573 Million.

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. The Company took up the matter with CPPA-G and Private Power & Infrastructure Board ('PPIB') by giving notices of default pursuant to provisions of Power Purchase Agreement and Implementation Agreement. As on June 30, 2020, an amount of Rupees 21.566 billion was outstanding against CPPA-G.

During the period, Company produced and sold electricity in the month of January 2020 and June 2020. The plant remained on standby mode during the months of February to May 2020 due to low national demand. This was as per instructions of National Power Control Center (NPCC).

Corporate objectives:

Being a responsible and reliable energy company, we aim to facilitate the nation in reducing its cost of energy by maintaining high efficiency and availability of plant.

COMPOSITION OF BOARD:

Total number of Directors:	
(a) Male	6
(b) Female:	1
Composition:	
(i) Independent Directors	2
(ii) Other Non-executive Directors	5
(iii) Executive Directors	0

COMMITTEES OF THE BOARD:

Audit Committee of the Board:

Sr. #	Name of Member	
1	Mr. Farrukh Afzal	(Member/ Chairman)
2	Mr. Aurangzeb Firoz	(Member)
3	Mr. Shahid Malik	(Member)

Human Resource & Remuneration (HR&R) Committee:

Sr. #	Name of Member	
1	Mr. Mian Hassan Mansha	Member/Chairman
2	Mr. Samir Mustapha Chinoy	Member
3	Mr. Ghazanfar Hussain Mirza	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 on July 09, 2020 declared an Interim Cash Dividend of 12.5% i.e. Rupees 1.25 (Rupee one and paise twenty five only) per ordinary share of Rupees 10/ each. This will be paid to the shareholders on the Company's register of members at the close of business on July 30, 2020

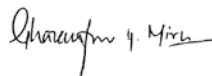
Acknowledgement:

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. Mian Hassan Mansha
Chief Executive Officer
Lahore: August 18, 2020



Mr. Ghazanfar Hussain Mirza
Director

ڈائریکٹر رپورٹ پاک جن پاور لمیٹڈ

پاک جن پاور لمیٹڈ "کمپنی" کے ڈائریکٹر 30 جون 2020 مختتمہ ششماہی کے لئے منجند عبوری مالیاتی معلومات پر مشتمل اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

آپریٹل اور مالیاتی نتائج:

ہم بیان کرتے ہیں کہ زیر جائزہ مدت کے دوران باور پلانٹ نے گزشتہ مالی سال کی اسی ششماہی کے دوران 234,258 MWH ترسیل کے مقابلے میں بجلی کی 60,028 MWH ترسیل کے تمام آپریٹنگ معیارات حاصل کئے ہیں۔ نتیجے میں صلاحیتی عنصر گزشتہ مالی سال کی ششماہی میں ظاہر کردہ 15.4 فیصد کے مقابلے 3.9 فیصد رہا ہے۔

مالیاتی نتائج:

30 جون 2020 کو ختم ہونے والی ششماہی کے لئے کمپنی کے مالیاتی نتائج مندرجہ ذیل ہیں:

مالی جھلکیاں	30 جون 2020 مختتمہ ششماہی	30 جون 2019 مختتمہ ششماہی
محصولات (000 روپے)	4,993,768	6,734,197
مجموعی (نقصان)/ منافع (000 روپے)	3,017,523	2,000,722
بعد از ٹیکس (نقصان)/ منافع (000 روپے)	2,256,473	1,323,908
آمدن فی حصص (روپے)	6.06	3.56

کمپنی نے تقابلی مدت میں 1.323 بلین روپے منافع کے برعکس 2.256 بلین روپے بعد از ٹیکس منافع درج کیا ہے۔ کمپنی کا خالص منافع، گزشتہ مدت میں 3.56 روپے فی شیئر آمدن کے مقابلے میں 6.06 روپے فی شیئر آمدن ظاہر کرتا ہے۔

30 جون 2019 مختتمہ مدت کے مقابلے میں 30 جون 2020 مختتمہ مدت کے لئے خالص منافع میں تغیرات کی اہم وجوہات 221 ملین روپے تک تاخیری ادائیگی انٹریسٹ (DPI) میں اضافہ اور 573 ملین روپے تک کپسٹی ادائیگیوں کی وصولی میں اضافہ ہیں۔

ہماری واحد صارف سینٹرل 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 کے قابل نہیں رہی۔ کمپنی نے بجلی کی خریداری کے معاہدے اور معاہدے کے نفاذ کی پروڈیوزر پر عمل کرتے ہوئے ناؤ ہندگی کے نوٹس دیتے ہوئے CPPA-G اور پرائیویٹ پاور اینڈ انفراسٹرکچر بورڈ (PPIB) کے ہاں معاملہ اجا کر کیا ہے۔ 30 جون 2020 کو CPPA-G کے ذمہ بقایا رقم 21.566 بلین روپے تھی۔

مدت کے دوران، کمپنی نے جنوری 2020 اور جون 2020 کے مہینوں میں بجلی پیداوار فروخت کی۔ قومی طلب کی کمی کی وجہ سے پلانٹ فروری تا مئی 2020 کے مہینوں میں سٹینڈ بائی موڈ پر رہا۔ یہ نیشنل پاور کنٹرول سنٹر (NPCC) کی ہدایات کے مطابق کیا گیا تھا۔

کارپوریٹ مقاصد:

ایک ذمہ دار اور قابل بھروسہ توانائی کمپنی ہونے کی حیثیت سے، ہمارا مقصد پلانٹ کی اعلیٰ کارکردگی اور دستیابی کو برقرار رکھتے ہوئے توانائی کے اخراجات کو کم کرنے میں قوم کو سہولت پہنچانا ہے۔

بورڈ کی تشکیل:

ڈائریکٹرز کی کل تعداد	
(a) مرد	6
(b) خاتون	1
تشکیل	
(i) آزاد ڈائریکٹرز	2
(ii) دیگر نان ایگزیکٹو ڈائریکٹرز	5
(iii) ایگزیکٹو ڈائریکٹرز	0

بورڈ کی کمیٹیاں:

بورڈ کی آڈٹ کمیٹی:

نمبر شمار	نام رکن
1	جناب فرخ افصال (رکن/چیئر مین)
2	جناب اورنگ فیروز (رکن)
3	جناب شاہد ملک (رکن)

ہیومن ریسورس اینڈ ریمنٹیشن (HR&R) کمیٹی:

نمبر شمار	نام رکن
1	میاں حسن منشاء (رکن)
2	جناب سمیر مصطفیٰ چنائے (رکن/چیئر مین)
3	جناب غففر حسین مرزا (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 منسلک مالی حسابات کے نوٹ 9 میں منکشف ہے۔

تصرفات

بورڈ آف ڈائریکٹرز نے 09 جولائی 2020 کو 12.5% عبوری نقد منافع منقسمہ یعنی ہر ایک / 10 روپے کے 1.25 روپے (ایک روپیہ اور بچیس پیسے صرف) فی عام شیئر کا اعلان کیا ہے۔ یہ منافع منقسمہ 30 جولائی 2020 کو کاروبار کے اختتام پر کمپنی کے رجسٹرڈ ممبران میں درج حصص داران کو ادا کیا جائے گا۔

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۔

مخائب مجلس نظماء

Ghaffar Hussain

غففر حسین مرزا

ڈائریکٹر

Mian Hassan

میاں حسن منشاء

چیف ایگزیکٹو آفیسر

لاہور: 18 اگست 2020ء

INDEPENDENT AUDITORS' REVIEW REPORT

TO THE MEMBERS OF PAKGEN POWER LIMITED REPORT ON

REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **PAKGEN POWER LIMITED** as at 30 June 2020 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 2020 and 30 June 2019 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 2020.

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.

Emphasis of matter

We draw attention to Note 5.1.1 to the condensed interim financial statements which describes the uncertainty regarding outcome of claims lodged by Central Power Purchasing Agency (Guarantee) Limited, which have been disputed by the Company. Our conclusion is not qualified in respect of this matter.

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



RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore: 18 August 2020

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

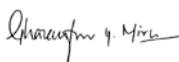
As at 30 June 2020

	Note	Un-audited 30 June 2020 (Rupees in thousand)	Audited 31 December 2019
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 400,000,000 (31 December 2019: 400,000,000) ordinary shares of Rupees 10 each		4,000,000	4,000,000
Issued, subscribed and paid-up share capital 372,081,591 (31 December 2019: 372,081,591) ordinary shares of Rupees 10 each		3,720,816	3,720,816
Capital reserve		116,959	116,959
Revenue reserve - un-appropriated profit		17,472,760	15,216,287
Total equity		21,310,535	19,054,062
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term finance	4	36,606	-
Employee benefit - gratuity		10,733	20,941
		47,339	20,941
CURRENT LIABILITIES			
Trade and other payables		522,159	525,088
Accrued mark-up / profit		238,672	313,770
Short term borrowings		9,507,347	11,535,517
Current portion of long term finance	4	12,202	-
Unclaimed dividend		5,601	5,676
		10,285,981	12,380,051
Total liabilities		10,333,320	12,400,992
CONTINGENCIES AND COMMITMENTS			
	5		
TOTAL EQUITY AND LIABILITIES		31,643,855	31,455,054

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



CHIEF EXECUTIVE



DIRECTOR

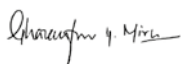


CHIEF FINANCIAL OFFICER

	Note	Un-audited 30 June 2020 (Rupees in thousand)	Audited 31 December 2019
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	6	6,376,960	6,809,174
Long term investment		-	-
Long term loans to employees		14,293	22,561
Long term security deposit		300	300
		<u>6,391,553</u>	<u>6,832,035</u>
CURRENT ASSETS			
Stores, spare parts and other consumables		854,471	834,763
Fuel stock		201,867	416,965
Trade debts		21,566,375	20,586,064
Loans, advances and short term prepayments		473,860	458,752
Loans to associated companies		850,000	1,009,086
Other receivables		515,594	357,642
Accrued interest		3,929	12,506
Sales tax recoverable		679,245	795,266
Short term investment		5,499	-
Cash and bank balances		101,462	151,975
		<u>25,252,302</u>	<u>24,623,019</u>
TOTAL ASSETS		<u><u>31,643,855</u></u>	<u><u>31,455,054</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 2020**

	Note	Half Year Ended		Quarter Ended	
		30 June	30 June	30 June	30 June
		2020	2019	2020	2019
		(Rupees in thousand)		(Rupees in thousand)	
SALES		4,993,768	6,734,197	2,362,287	3,172,476
COST OF SALES	7	(1,976,245)	(4,733,475)	(855,597)	(2,177,142)
GROSS PROFIT		3,017,523	2,000,722	1,506,690	995,334
ADMINISTRATIVE EXPENSES		(114,741)	(94,907)	(56,739)	(27,148)
OTHER EXPENSES		(1,295)	(1,388)	(787)	(906)
OTHER INCOME		38,297	77,439	12,404	47,959
PROFIT FROM OPERATIONS		2,939,784	1,981,866	1,461,568	1,015,239
FINANCE COST		(683,311)	(657,958)	(295,944)	(338,105)
PROFIT BEFORE TAXATION		2,256,473	1,323,908	1,165,624	677,134
TAXATION		-	-	-	-
PROFIT AFTER TAXATION		2,256,473	1,323,908	1,165,624	677,134
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 FOR THE PERIOD		2,256,473	1,323,908	1,165,624	677,134
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)		6.06	3.56	3.13	1.82

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 2020

	SHARE CAPITAL	RESERVES		TOTAL EQUITY
		Capital	Revenue	
		Retained payments reserve	Un- appropriated profit	
(----- Rupees in thousand -----)				
Balance as at 31 December 2018 - audited	3,720,816	116,959	12,855,905	16,693,680
Transaction with owners - Final dividend for the year ended 31 December 2018 @ Rupee 1.5 per share	-	-	(558,122)	(558,122)
Profit for the half year ended 30 June 2019	-	-	1,323,908	1,323,908
Other comprehensive income for the half year ended 30 June 2019	-	-	-	-
Total comprehensive income for the half year ended 30 June 2019	-	-	1,323,908	1,323,908
Balance as at 30 June 2019 - un-audited	3,720,816	116,959	13,621,691	17,459,466
Profit for the half year ended 31 December 2019	-	-	1,587,133	1,587,133
Other comprehensive income for the half year ended 31 December 2019	-	-	7,463	7,463
Total comprehensive income for the half year ended 31 December 2019	-	-	1,594,596	1,594,596
Balance as at 31 December 2019 - audited	3,720,816	116,959	15,216,287	19,054,062
Profit for the half year ended 30 June 2020	-	-	2,256,473	2,256,473
Other comprehensive income for the half year ended 30 June 2020	-	-	-	-
Total comprehensive income for the half year ended 30 June 2020	-	-	2,256,473	2,256,473
Balance as at 30 June 2020 - un-audited	3,720,816	116,959	17,472,760	21,310,535

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 2020

	Note	30 June 2020 (Rupees in thousand)	30 June 2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	8	2,503,309	609,878
Finance cost paid		(758,409)	(567,106)
Interest income received		46,107	68,728
Net decrease / (increase) in long term loans to employees		11,197	(126)
Income tax paid		(5,995)	(2,739)
Gratuity paid		(17,408)	(7,704)
Net cash generated from operating activities		1,778,801	100,931
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on fixed assets		(3,464)	(2,504)
Loan to / (from) associated companies - net		159,086	(833,481)
Investment made		(5,499)	-
Net cash generated from / (used in) investing activities		150,123	(835,985)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term finance obtained		48,808	-
Repayment of long term finance		-	(222,913)
Dividend paid		(75)	(550,967)
Net cash from / (used in) financing activities		48,733	(773,880)
Net increase / (decrease) in cash and cash equivalents		1,977,657	(1,508,934)
Cash and cash equivalents at beginning of the period		(11,383,542)	(11,090,622)
Cash and cash equivalents at end of the period		(9,405,885)	(12,599,556)
CASH AND CASH EQUIVALENTS			
Cash in hand		321	214
Cash at banks		101,141	300,051
Short term borrowings		(9,507,347)	(12,899,821)
		(9,405,885)	(12,599,556)

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 2020

1. THE COMPANY AND ITS OPERATIONS

Pakgen Power Limited ("the Company") was incorporated in Pakistan on 22 June 1995 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 Company's ordinary shares 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 365 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 01 February 1998.

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 2019. 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 2019.

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 2019.

	Un-audited 30 June 2020 (Rupees in thousand)	Audited 31 December 2019
4. LONG TERM FINANCE		
Opening balance	-	334,369
Add: Obtained during the period / year	48,808	-
Less: Repaid during the period / year	-	334,369
	48,808	-
Less: Current portion shown under current liabilities	12,202	-
	36,606	-

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 2019 except for the following:

- 5.1.1** Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) has raised invoices for liquidated damages to the Company from 11th to 22nd (up to September 2019) agreement year (after taking into account forced outage allowance stipulated under the terms of Power Purchase Agreement) on account of short supply of electricity by the Company, which was due to cash constraints of the Company as a result of default by CPPA-G in making timely payments. Liquidated damages invoiced to the Company amounts to Rupees 6,266.265 million (31 December 2019: Rupees 6,266.108 million). Out of these, the Company has accepted and paid Rupees 4,006.589 million (31 December 2019: Rupees 4,006.432 million). The Company disputes and rejects balance claims on account of liquidated damages that are raised by CPPA-G on the premise that its failure to dispatch electricity was due to CPPA-G's non-payment of dues on timely basis to the Company and consequential inability of the Company to make timely payments to its fuel supplier that resulted in inadequate level of electricity production owing to shortage of fuel. Against these the Company has raised invoice dispute notices to CPPA-G. The Company appointed mediation expert under the mechanism given in the Power Purchase Agreement (PPA). On 22 June 2017, the mediation expert gave his decision in favour of the Company. However, this decision is not binding on either party.

During the year ended 31 December 2018, the Company has filed case for arbitration in the International Chamber of Commerce (ICC) to resolve the following matters, as per the mechanism allowed by PPA for resolution of disputes:

- On various occasions, CPPA-G has sought to set off amounts allegedly owed to it as liquidated damages against amounts it must pay to the Company as part of its obligations to make capacity payments. On 8 January 2018, CPPA-G wrote to the Company, threatening to set off a total of Rupees 2.425 billion which it considers as allegedly due to it, against capacity payment invoices to be issued by the Company. The far-reaching implications of CPPA-G's threat to take unilateral action left the Company with no option but to approach the courts of Pakistan for interim relief, until the matter gets resolved finally through arbitration, in accordance with the provisions of the PPA. In its orders dated 16 January 2018, the Lahore High Court suspended the legal effect of CPPA-G's 8 January 2018 letter on an interim basis.

- CPPA-G sent a number of letters to the Company, purporting to deduct amounts from the energy payments due to the Company on the basis that it had procured fuel from suppliers other than the Pakistan State Oil Company Limited ("PSO"). Amounts withheld on this account from the invoices of the Company totaled Rupees 36.023 million. PPA does not allow CPPA-G to dispute invoices on the basis that fuel was procured from a provider other than PSO. Neither is CPPA-G permitted to retroactively dispute invoices, many months or years after they have become due.
- CPPA-G is required to provide and renew a Letter of Credit. Letter of Credit must allow access to "immediately available funds", which "shall be in an amount equal to an aggregate of two (2) Months of capacity payments plus energy payments". CPPA-G has failed to renew the Letters of Credit, following their expiry on 23 December 2010.
- In addition to its persistent failure to make timely energy and capacity payments, CPPA-G has also failed to comply with its obligation to pay interest to the Company. PPA provides that "Late payments shall bear interest". As a result, a total of Rupees 877.899 million in unpaid interest is due at the date of the latest invoice submitted by the Company (till the date of request for arbitration).

An arbitrator has been appointed and the case is still pending for hearing. The ultimate outcome of the matter cannot presently be determined, and consequently, no provision for such liquidated damages has been made in these condensed interim financial statements.

5.1.2 On 28 September 2018, the Company has challenged, before Honourable Lahore High Court, Lahore, the vires of clauses (h) and (i) to sub-section (1) of section 8 of the Sales Tax Act, 1990 whereby claim of input sales tax in respect of building materials has been disallowed. The Honourable Lahore High Court, Lahore on 24 October 2019 has passed order against the Company and the Company being aggrieved with the order has preferred Intra Court Appeal before the Honourable Lahore High Court, Lahore. The Company has claimed input sales tax amounting to Rupees 2.801 million paid on such goods in its respective monthly sales tax returns. On 29 January 2020, the Honorable Lahore High Court, Lahore has modified its earlier order dated 24 October 2019 and remanded back the case to assessing / adjudicating officer to interpret clauses (h) and (i) to sub-section (1) of section 8 of the Sales Tax Act, 1990 on case to case basis.

	Un-audited 30 June 2020 (Rupees in thousand)	Audited 31 December 2019
5.2 Commitments		
5.2.1 Commitments in respect of other than capital expenditure	20,059	10,163
6. FIXED ASSETS		
Operating fixed assets (Note 6.1)	6,372,918	6,760,597
Capital work-in-progress (Note 6.2)	4,042	48,577
	<u>6,376,960</u>	<u>6,809,174</u>

	Un-audited 30 June 2020 (Rupees in thousand)	Audited 31 December 2019
6.1 Operating fixed assets		
Opening book value	6,760,597	7,634,699
Add: Cost of additions during the period / year (Note 6.1.1)	47,999	52,198
Less: Book value of derecognitions during the period / year (Note 6.1.2)	-	20,042
Less: Depreciation charged during the period / year	435,678	906,258
Closing book value	6,372,918	6,760,597
6.1.1 Cost of additions		
Plant and machinery	46,858	49,635
Office equipment	625	1,289
Furniture and fittings	139	618
Vehicles	4	155
Electric equipment and appliances	373	501
	47,999	52,198
6.1.2 Book value of derecognitions		
Plant and machinery		
- Cost	-	25,255
- Less: Accumulated depreciation	-	5,213
	-	20,042
6.2 Capital work-in-progress		
Plant and machinery	4,042	48,577

7. COST OF SALES

	Un-audited Half Year Ended		Un-audited Quarter Ended	
	30 June 2020 (Rupees in thousand)	30 June 2019	30 June 2020 (Rupees in thousand)	30 June 2019
Fuel cost	981,706	3,745,153	376,710	1,624,858
Operation and maintenance costs	219,432	252,521	93,939	172,686
Insurance	366,311	284,086	183,152	142,043
Depreciation	408,638	451,696	203,123	238,940
Liquidated damages to CPPA-G	158	19	158	10
Others	-	-	(1,485)	(1,395)
	<u>1,976,245</u>	<u>4,733,475</u>	<u>855,597</u>	<u>2,177,142</u>

8. CASH GENERATED FROM OPERATIONS

	Un-audited Half Year Ended	
	30 June 2020 (Rupees in thousand)	30 June 2019
Profit before taxation	2,256,473	1,323,908
Adjustments for non-cash charges and other items:		
Depreciation	435,678	453,318
Loss on derecognition of operating fixed assets	-	58
Provision for gratuity	7,200	7,668
Interest income	(37,530)	(76,670)
Finance cost	683,311	657,958
Cash flows from operating activities before working capital changes	<u>3,345,132</u>	<u>2,366,240</u>
Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and other consumables	(19,708)	(46,505)
Fuel stock	215,098	(114,518)
Trade debts	(980,311)	(1,671,190)
Loan, advances and short-term prepayments	(12,042)	(12,185)
Other receivables	(157,952)	56,395
Sales tax recoverable	116,021	(39,031)
	<u>(838,894)</u>	<u>(1,827,034)</u>
Increase / (decrease) in trade and other payables	<u>(2,929)</u>	<u>70,672</u>
	<u>2,503,309</u>	<u>609,878</u>

9. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of associated companies, key management personnel and staff retirement benefit plans. 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 2020 (Rupees in thousand)	30 June 2019	30 June 2020 (Rupees in thousand)	30 June 2019
Associated companies	Insurance premium	368,016	334,295	181,374	166,352
	Insurance claims	420	525	203	144
	Rent expense	3,139	3,139	1,569	1,569
	Flying services	41,500	36,830	21,310	18,722
	Dividend	-	300,928	-	300,928
	Boarding lodging services	-	33	-	33
	Purchase of stores	-	145	-	145
	Loan made	3,486,000	3,044,962	2,168,000	2,312,100
	Loan recovered	3,645,086	2,211,481	2,327,086	1,499,481
	Interest charged	36,253	74,013	11,742	45,242
	Loan obtained	-	314,308	-	166,520
	Loan repaid	-	314,308	-	166,520
Key management personnel	Interest paid	-	1,043	-	664
	Remuneration	12,232	15,870	7,219	4,842
Staff retirement benefits plans	Contribution to provident fund	7,858	8,499	3,734	4,056
	Contribution to gratuity fund	7,201	7,668	3,601	3,834

Period end balances:

	Un-audited 30 June 2020 (Rupees in thousand)	Audited 31 December 2019
Short term loans receivable from associated companies	850,000	1,009,086
Accrued interest on loan to associated companies	3,929	12,506

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. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Company at their meeting held on 09 July 2020 has declared cash dividend of Rupees 1.25 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. 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 2019.

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

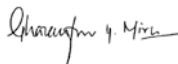
These condensed interim financial statements were authorized for issue on 18 August 2020 by the Board of Directors of the Company.

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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