



NISHAT
CHUNIAN
POWER LTD.

Interim Financial Information
Half Year Ended December 31,
(Unaudited)

20
20

Contents

Company Information	02
Directors' Review Report	03
Auditor's Review Report	07
Condensed Interim Statement of Financial Position	08
Condensed Interim Statement Profit or Loss Account	10
Condensed Interim Statement of Comprehensive Income	11
Condensed Interim Statement of Changes in Equity	12
Condensed Interim Statement of Cash Flows	13
Selected Notes to the Condensed Interim	
Financial Statements	15

Company Information

Board of Directors:

Mrs. Farhat Saleem
Chairperson
Mrs. Ayesha Shahzad
Director
Mr. Farrukh Ifzal
Chief Executive Officer
Mr. Aftab Ahmad Khan
Director
Mr. Muhammad Azam
Director
Mr. Muhammad Ashraf
Director
Mr. Babar Ali Khan
Director
Mr. Rehmat Naveed Elahi
Director

AUDIT COMMITTEE AND HR & R COMMITTEE:

Mr. Muhammad Azam
Chairman
Mr. Aftab Ahmad Khan
Member
Mr. Rehmat Naveed Elahi
Member

CHIEF EXECUTIVE OFFICER:

Mr. Farukh Ifzal

CHIEF FINANCIAL OFFICER:

Mr. Muhammad Bilal

COMPANY SECRETARY:

Mr. Syed Tasawar Hussain

BANKERS TO THE COMPANY:

Al Baraka Bank (Pakistan) Limited
Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
BankIslami Pakistan Limited
Dubai Islamic Bank Pakistan Limited

Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Pak Oman Investment Company
Limited
Pak Libya Holding Company Limited
Sindh Bank Limited
Summit Bank Limited
The Bank of Punjab

AUDITORS:

Riaz Ahmad & Company
Chartered Accountants

LEGAL ADVISERS:

Ahmad & Pansota
Advocates & Solicitors

REGISTERED & HEAD OFFICE:

31-Q, Gulberg-II, Lahore, Pakistan.
Phone : 042-35761730
Fax : 042-35878696-97
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SHARE REGISTRAR:

Hameed Majeed Associates (Pvt)
Limited
1st Floor, H.M. House
7-Bank Square, Lahor
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PLANT:

66-Km, Multan Road, Pattoki
Kasur.

Directors' Report

DIRECTORS' REVIEW REPORT

Dear Shareholders,

The Board is pleased to present condensed interim un-audited financial information of the company for the quarter and half year ended December 31, 2020. For the half year, turnover was PKR 5.80 billion (2019: PKR 7.78 billion) with profit after-tax of PKR 1.43 billion (2019: PKR 2.10 billion) and an Earning Per Share (EPS) of PKR 3.88 (2019: PKR 5.71).

The tariff component of long term loan ceased from July 21, 2020 after completing 10 years from Commercial Operation Date (July 21, 2010) and long-term loan of the company was completely paid off during the current period. Since, the tariff structure was such that principal payments were being received as part of the revenue therefore, our profits for the first ten years were overstated in compliance with the accounting standards. Consequently, we anticipate a drop in the profits from current financial year and onwards.

Plant Performance

During the period ended December 31, 2020, the capacity factor of the plant was 31.22% (2019: 29.65%) with the availability factor of 97.37% (2019: 85.47%). During the period Company dispatched 269,879 MWH (2019: 256,247 MWH) to the Power Purchaser.

Significant Development

On August 13, 2020, the Company, in the larger national interest, voluntarily agreed to alter its existing contractual arrangement with respect to matters contained in the Memorandum of Understanding ("MOU"). Thereafter, Government of Pakistan ("GOP") constituted the Implementation Committee to, inter-alia, convert the MoU into a binding agreement between the parties. The Company and the Implementation Committee made detailed deliberations to convert the MoU into binding agreement. Therefore, on February 11, 2021, the Company and the Central Power Purchasing Agency (Guarantee) Limited ('CPPA-G') signed "Master Agreement" and "PPA Amendment Agreement" to alter certain contractual arrangements for sale and purchase of electricity. The payment of receivables is an integral part of the Master & PPA Amendment Agreement and that the total outstanding overdue amount as on November 30, 2020 will be paid in two instalments, of 40% and 60%. Each instalment will comprise one third each of, cash, PIBs and Ijara Sukuks. Under these agreements, the Company and CPPA-G have agreed on the following matters majorly:

- Mechanism of settlement of long outstanding receivables
- Discounts and sharing of saving, in tariff components
- Reduction in the delay payment rate
- Resolution of disputes mentioned in notes 5.1.1(iv), 5.1.2(i), and note 7 of condensed interim financial statement for half year ended December 31, 2020.

Along with signing of the above agreements, the Company, National Transmission and Dispatch Company Limited ('NTDC') and CPPA-G have entered into a "Novation Agreement to the Power Purchase Agreement" to transfer the rights, obligations and liabilities of NTDC under the Power Purchase Agreement ('PPA') in favour of CPPA-G whereby making CPPA-G the Power Purchaser under the PPA. The Company's Implementation Agreement with GOP through Private Power Infrastructure Board ('PPIB') and GOP's Guarantee has also been amended to effect the PPA novation.

Circular Debt

Circular debt has always been a major issue for companies operating in the power sector. Liquidity management remained challenging during the period. As of December 31, 2020, our total receivables from Power Purchaser have amplified to PKR 18.94 billion, out of which PKR 16.49 billion were overdue which includes delayed payment invoices unpaid since August 2014.

In order to resolve the issue of overdue receivable the Company and CPPA-G have agreed a payment mechanism in Master Agreement whereby the total overdue receivables as on November 30, 2020 will be paid to company in two instalments as agreed in the Master Agreement.

Directors' Report

Agreed Mechanism for Solution of Pending Issues

- i. Trade debts include an amount of Rs 966 million relating to capacity purchase price not acknowledged by Power Purchaser. The Company and CPPA-G have signed "PPA Amendment Agreement" wherein settlement of this matter has been agreed. Under the agreed settlement the company will be able to recover disputed capacity revenue by invoking Force Majeure event under the PPA whereby the term of the PPA will be extended by the disputed time period, but will have to forego other amounts awarded such as Arbitration costs, pre and post award interests. Such agreement will not have any material impact on Company's existing capacity receivables, as the amounts to be forgone had not been recognized by the Company on prudence basis.

Please refer to note 7 of Condensed Interim Financial Statements for the half year ended December 31, 2020, for further details.

- ii. London Court of International Arbitration ('LCIA') has made an award in favour of the company, where it has entitled the company to claim delayed payment charges on delay payments receivables and the other deductions made by Power Purchaser under the terms of the PPA.

Pursuant to the "Master Agreement" signed between CPPA-G and the Company, the CPPA-G shall ensure that all payments of the invoices shall follow the PPA mandated "First In First Out" ('FIFO') principle. As long as this principle is followed by CPPA-G in relation to past and future payments, the Company in consideration thereof has agreed to forego and waive all of its claims of delayed payment charges on delayed payment invoices and it shall withdraw all such invoices. However, this will have no impact on the existing revenue and receivables of the Company, as the Company has not recognized the income and corresponding receivable for the said amount on the prudence basis.

Please refer to note 5.1.2 of Condensed Interim Financial Statements for the half year ended December 31, 2020 for further details.

- iii. In March 2020, Committee for the Power Sector Audit, Circular Debt Resolution and Future Roadmap constituted by Ministry of Energy vide its notification No. IPP-01(12)/2017 dated 07 August 2019 prepared a report, through which, it was alleged that savings were made by the Independent Power Producers ('IPPs'), including the Company, in the tariff components in violation of applicable Power Policies, tariff determined by National Electric Power Regulatory Authority ('NEPRA') and the relevant project agreements. The Company rejected such claims and discussions were made with the GOP to resolve the dispute. Therefore, in the Master Agreement signed between the company and CPPA-G, it has been agreed that this matter will be resolved through arbitration under the Arbitration Submission Agreement signed between the Company and GOP.

Please refer to note 5.1.1(iv), of Condensed Interim Financial Statements for the half year ended December 31, 2020 for further details.

Acknowledgement

The Directors would also like to express their deep appreciation for the services, loyalty, and effort rendered by the employees of the Company and hope that they will continue to do so in the future.

Dated: February 25, 2021
Lahore

Chief Executive Officer

Director

مجلس نصاب کی جائزہ رپورٹ

محترم مھمن داران،

بورڈ 31 دسمبر، 2020 کو ختم ہونے والی سہ ماہی اور ششماہی کے لئے غیر محاسب شدہ عبوری مالیاتی گوشوارے پیش کرنے پر خوش ہے۔ ششماہی کے دوران، وصولی 5.80 ارب (2019: 7.78 ارب)، ٹیکس کے بعد منافع 1.43 ارب (2019: 2.10 ارب) اور فی شیئر آمدنی 3.88 روپے (2019: 5.71 روپے) ہے۔

کمرشل آپریشن کی تاریخ (21 جولائی، 2010) سے 10 سال مکمل کرنے کے بعد 21 جولائی، 2020 سے ٹیرف میں طویل مدتی قرض کا جزو ختم ہو گیا اور موجودہ مدت کے دوران کمپنی کا طویل مدتی قرض مکمل طور پر ادا کر دیا گیا ہے۔ چونکہ، ہمارا ٹیرف کا ڈھانچہ اس طرح کا تھا کہ طویل مدتی قرض کی اصل ادائیگی وصولی کے ایک حصے کے طور پر وصول کیا جا رہی تھی، لہذا پہلے دس سالوں میں ہمارا منافع اکاؤنٹنگ معیارات کی تعمیل میں بڑھا ہوا تھا۔ چونکہ ٹیرف میں طویل مدتی قرض کا جزو ختم ہو گیا اسلئے ہم موجودہ مالی سال اور اس کے بعد کے منافع میں کمی کی توقع کرتے ہیں۔

پلانٹ کی کارکردگی

31 دسمبر، 2020 کو اختتام پذیر مدت کے دوران، پلانٹ کا صلاحیتی عنصر 31.22% (2019: 29.65%) تھا جبکہ موجودگی کا عنصر 97.37% (2019: 85.47%) تھا۔ ششماہی کے دوران کمپنی نے 269,879 میگا واٹ (2019: 256,247 میگا واٹ) بجلی پاور پیدا کر لی۔

اہم پیش رفت

13 اگست، 2020 کو، کمپنی وسیع تر قومی مفاد میں، رضا کارانہ طور پر مفاہمت کی یادداشت ('ایم او یو') میں شامل امور کے سلسلے میں اپنے موجودہ پاور پر چیز معاہدے میں ردوبدل کرنے پر رضامند ہو گئی۔ اس کے بعد، حکومت پاکستان ('جی او پی') نے مفاہمت نامے کو فریقین کے مابین ایک لازمی معاہدے میں تبدیل کئے جانے کے لئے عمل درآمد کی تشکیل دی۔ کمپنی اور عملدرآمد کمپنی نے مفاہمت نامہ کو ایک پابند معاہدے میں تبدیل کرنے کے لئے تفصیلی تبادلہ خیال کیا۔ لہذا، 11 فروری 2021 کو، کمپنی اور انٹر نل پاور پر چیزنگ ایجنسی ('گارنٹی لمیٹڈ' ('سی پی پی اے-جی')) نے 'ماسٹر ایگریمنٹ' اور 'پی پی اے' سے ترمیمی معاہدہ 'پردہ خط' کی تکمیل کی خرید و فروخت کے لئے کئے گئے موجودہ پاور پر چیز معاہدے کے کچھ معاملات میں ردوبدل کیا جاسکے۔ وصول کنندگان کی ادائیگی ماسٹر ایگریمنٹ 'پی پی اے' سے ترمیمی معاہدے کا لازمی جزو ہے اور یہ کہ 30 نومبر 2020 کو باقی واجب الادا رقم دستوں میں ادا کی جائے گی جو کہ 40% اور 60% ہو گی۔ ہر قسط میں ایک تہائی نقد، ایک تہائی پی آئی بی اور ایک تہائی ایچ اے اسکو س شامل ہوں گے۔ ان معاہدوں کے تحت، کمپنی اور سی پی پی اے-جی نے مندرجہ ذیل اہم امور پر اتفاق کیا ہے:

(۱) طویل مدتی بقایا وصولیوں کے تصفیہ کا طریقہ کار۔

(۲) ٹیرف کے اجزاء میں چھوٹ اور بچت کی تقسیم۔

(۳) تاخیر سے ادائیگی میں شرح سود میں کمی۔

(۴) جن تنازعات کا ذکر عبوری مالیاتی گوشواروں برائے ششماہی 31 دسمبر، 2020 کے نوٹ نمبر (iv) 5.1.1، (i) 5.1.2 اور نمبر 7 میں کیا گیا ہے ان کا تصفیہ۔

مذکورہ معاہدوں پر دستخط کرنے کے ساتھ ساتھ، کمپنی، نیشنل ٹرانسمیشن اینڈ ڈسٹریбуٹن کمپنی لمیٹڈ ('این ٹی ڈی سی') اور سی پی پی اے-جی نے 'بجلی کی خریداری کے معاہدے' میں نوٹس معاہدہ 'کیا ہے' نوٹس معاہدہ کا مقصد پی پی اے کے تحت این ٹی ڈی سی کے حقوق اور ذمہ داریاں سی پی پی اے-جی کو منتقل کرنا اور سی پی پی اے-جی کو پاور خریدار بنانا ہے۔ اسی نوٹس معاہدے کے تحت چینی کے پی پی آئی بی کے ذریعے حکومت پاکستان کے ساتھ کئے گئے عمل درآمدی معاہدے اور حکومت پاکستان کی گارنٹی میں بھی ترمیم کی گئی ہے۔

گردشی خرچے

گردشی خرچے بجلی کے شعبے میں کام کرنے والی کمپنیوں کے لئے ہمیشہ ایک اہم مسئلہ رہا ہے۔ ششماہی کے دوران لیکویڈیٹی مینجمنٹ چیلنج رہا۔ 31 دسمبر، 2020

تک، پاور خریدار سے ہمارے وصول کردہ قابل وصولات 18.94 ارب ہو چکے ہیں، جن میں سے 16.49 ارب واجب الادا ہے، جس میں اگست 2014 سے تاخیر سے ادائیگی کے انوکس بلا معاوضہ شامل ہیں۔

طویل مدتی بقایا وصولیوں کے مسئلہ کو حل کرنے کے لئے کمپنی اور سی پی پی اے۔ جی نے 'ماسٹر ایگریمنٹ' کے تحت ادائیگیوں کے طریقہ کار پر اتفاق کیا ہے جس کے تحت 30 نومبر 2020 کو باقی واجب الادا رقم دو قسطوں میں ادا کی جائے گی۔

ذریعہ التواء مسائل کے حل کا متفقہ طریقہ کار

(۱) تجارتی قرضوں میں 966 ملین روپے کی رقم شامل ہے جو کے بجلی خریدار نے تسلیم نہیں کی ہے۔ کمپنی اور سی پی پی اے۔ جی نے 'پی پی اے ترمیمی معاہدہ' پر دستخط کیے ہیں جس میں اس معاملے کو حل کرنے پر اتفاق کیا گیا ہے۔ معاہدہ طے پانے کے تحت، کمپنی پی پی اے کے تحت نورس میجور ایونٹ کی درخواست کے ذریعے تنازعہ رقم وصول کر سکے گی جس کے تحت پی پی اے کی مدت تنازعہ مدت سے بڑھادی جائے گی، لیکن کمپنی کو باقی ایوارڈ کردہ رقم سے پیچھے ہٹنا پڑے گا، جیسا کہ ثالثی اخراجات اور ایوارڈ سے پہلے اور بعد کا سود۔ اس طرح کے معاہدے کا کمپنی کے موجودہ استعداد کار کے قابل وصول پر کوئی اثر نہیں پائے گا، کیوں کہ معافی کی جانے والی رقم کو کمپنی نے کتابوں میں ریکارڈ نہیں کیا تھا۔ مزید تفصیلات کے لئے براہ کرم 31 دسمبر 2020 کو ختم ہوئی ششماہی کے عبوری مالیاتی گوشوارے کے 7 نمبر نوٹ کو دیکھیں۔

(۲) لندن کوٹ آف اینٹرپرائز ٹاٹا (ایل سی آئی اے) نے کمپنی کے حق میں ایک ایوارڈ دیا ہے، جہاں اس نے کمپنی کو پی پی اے کی شرائط کے تحت تاخیر سے ادائیگی کی وصولیوں اور پاور خریدار کے ذریعہ کی جانے والی دیگر کٹوتیوں پر دعویٰ کرنے کا حق دیا ہے۔ سی پی پی اے۔ جی اور کمپنی کے مابین دستخط شدہ 'ماسٹر ایگریمنٹ' کے مطابق، سی پی پی اے۔ جی یقینی بنائے گا کہ انوکس کی تمام ادائیگی پی پی اے کے لازمی 'فرسٹ ان فرسٹ آؤٹ' ('فیو') اصول پر کرے گی۔ جب تک کہ اس اصول کی پیروی ماضی اور آئندہ ادائیگیوں کے سلسلے میں سی پی پی اے۔ جی کرے گی، کمپنی مؤخر ادائیگی کے انوائسز پر ادائیگی کے تاخیر سے متعلق اپنے تمام دعوؤں کو ترک، اور ان سے متعلقہ تمام رسیدوں کو واپس لے لے گی۔ تاہم، اس کا کمپنی کے موجودہ قابل وصول پر کوئی اثر نہیں پڑے گا، کیوں کہ رقم کو کمپنی نے کتابوں میں ریکارڈ نہیں کیا تھا۔ مزید تفصیلات کے لئے براہ کرم 31 دسمبر 2020 کو ختم ہوئی ششماہی کے عبوری مالیاتی گوشوارے کے 5.1.2 نمبر نوٹ کو دیکھیں۔

(۳) مارچ 2020 میں، وزارت توانائی کی کمیٹی برائے پاور سیکٹر آڈٹ، سرکلر ڈیٹ ریزولوشن اور آئندہ روڈ میپ نے اپنے نوٹیفکیشن نمبر آئی پی پی (12)/01(12) مورخہ 07 اگست 2019 کو ایک رپورٹ تیار کی، جس کے ذریعے یہ الزام لگایا گیا کہ قابل اطلاق پاور پالیسی، نیشنل الیکٹرک پاور ریگولیٹری اتھارٹی ('نپیرا') کے ذریعے طے شدہ ٹیرف اور اس سے متعلقہ معاہدوں کی خلاف ورزی کرتے ہوئے ٹیرف میں کمپنی سیت آزدی بجلی پروڈیوسرز (آئی پی پی) نے بچت کی ہے۔ کمپنی نے اس طرح کے دعوؤں کو مسترد کر دیا ہے اور تنازعہ کو حل کرنے کے لئے جی او پی کے ساتھ بات چیت کی گئی ہے۔ لہذا، کمپنی اور سی پی پی اے۔ جی کے مابین دستخط شدہ معاہدے میں، اس بات پر اتفاق کیا گیا ہے کہ کمپنی اور جی او پی کے مابین ہونے والے ثالثی کے معاہدے کے تحت اس معاملے کو ثالثی کے ذریعے حل کیا جائے گا۔ مزید تفصیلات کے لئے براہ کرم 31 دسمبر 2020 کو ختم ہوئی ششماہی کے عبوری مالیاتی گوشوارے کے 5.1.1 (iv) نمبر نوٹ کو دیکھیں۔

اظہار تشکر

ڈائریکٹرز اس موقع پر ہمارے قابل قدر شیئر ہولڈرز کا شکریہ ادا کرتے ہیں جو ہماری کمپنی پر بھروسہ رکھتے ہیں اور کمپنی کے ملازمین کی خدمات، وفاداری، اور کوششوں کے لیے ان سے اظہار تشکر کرنا چاہتے ہیں اور امید کرتے ہیں کہ وہ اس کام کو مستقبل میں جاری رکھیں گے۔

بتاریخ: 25 فروری، 2021

ڈائریکٹر

چیف ایگزیکٹو

Independent Auditor's Review Report

To the members of Nishat Chunian Power Limited

Report on review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of NISHAT CHUNIAN POWER LIMITED as at December 31, 2020 and the related condensed interim statement of profit or loss, condensed interim statement of 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 condensed interim statement of comprehensive income for the quarters ended December 31, 2020 and December 31, 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 December 31, 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

Without qualifying our conclusion, we draw attention to notes 5.1.2 and 7 to the accompanying condensed interim financial statements, which describe the matters relating to litigations with Central Power Purchasing Agency (Guarantee) Limited on account of recoverability of delayed payment charges and capacity revenue respectively.

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

RIAZ AHMAD & COMPANY

Chartered Accountants

Lahore

Date: February 25, 2021

Condensed Interim Statement of Financial Position

AS AT DECEMBER 31, 2020 (UN-AUDITED)

	Note	Un-audited December 31, 2020 (Rupees in thousand)	Audited June 30, 2020
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
385,000,000 (2020: 385,000,000)			
ordinary shares of Rs 10 each		3,850,000	3,850,000
Issued, subscribed and paid-up share capital			
367,346,939 (2020: 367,346,939)			
ordinary shares of Rs 10 each		3,673,469	3,673,469
Revenue reserve - un-appropriated profit		16,717,846	15,292,471
TOTAL EQUITY		20,391,315	18,965,940
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing - secured	4	33,581	728,548
Deferred income - Government grant		1,025	637
		34,606	729,185
CURRENT LIABILITIES			
Trade and other payables		653,820	593,183
Accrued mark-up / profit		214,421	377,662
Short term loan from holding company - unsecured		580,000	-
Short term borrowings		10,168,823	9,705,011
Current portion of non-current liabilities		34,605	560,785
Unclaimed dividend		18,761	18,940
		11,670,430	11,255,581
TOTAL LIABILITIES		11,705,036	11,984,766
CONTINGENCIES AND COMMITMENTS	5		
TOTAL EQUITY AND LIABILITIES		32,096,351	30,950,706

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

CHIEF EXECUTIVE

DIRECTOR

Condensed Interim Statement of Financial Position

FOR THE HALF YEAR ENDED DECEMBER 31, 2020 (UN-AUDITED)

	Note	Un-audited December 31, 2020 (Rupees in thousand)	Audited June 30, 2020
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	10,153,733	10,567,872
Intangible assets		2,176	4,217
Long term loans to employees		2,065	2,447
Long term security deposits		100	100
		10,158,074	10,574,636
CURRENT ASSETS			
Stores and spares		453,131	468,803
Inventories		1,530,540	153,368
Trade debts	7	18,935,760	19,006,151
Loans, advances, deposits, prepayments and other receivables		968,427	697,322
Income tax receivable		49,820	48,080
Bank balances		599	2,346
		21,938,277	20,376,070
TOTAL ASSETS		32,096,351	30,950,706

CHIEF FINANCIAL OFFICER

Condensed Interim Statement of Profit or Loss

FOR THE HALF YEAR ENDED DECEMBER 31, 2020 (UN-AUDITED)

Note	Half Year Ended		Quarter Ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	(Rupees in thousand)			
Sales	5,803,591	7,782,328	1,379,541	2,356,291
Cost of sales	8 (3,843,907)	(4,496,388)	(641,416)	(712,201)
Gross profit	1,959,684	3,285,940	738,125	1,644,090
Administrative expenses	(63,901)	(76,169)	(34,004)	(37,389)
Other expenses	-	(599)	-	(191)
Other income	16,814	22,661	3,063	10,022
Profit from operations	1,912,597	3,231,833	707,184	1,616,532
Finance cost	(487,222)	(1,133,982)	(241,391)	(586,587)
Profit before taxation	1,425,375	2,097,851	465,793	1,029,945
Taxation	-	-	-	-
Profit after taxation	1,425,375	2,097,851	465,793	1,029,945
Earnings per share - basic and diluted (Rupees)	3.88	5.71	1.27	2.80

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

Condensed Interim Statement of Comprehensive Income

FOR THE HALF YEAR ENDED DECEMBER 31, 2020 (UN-AUDITED)

Note	Half Year Ended		Quarter Ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	(Rupees in thousand)			
Profit after taxation	1,425,375	2,097,851	465,793	1,029,945
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	1,425,375	2,097,851	465,793	1,029,945

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 DECEMBER 31, 2020 (UN-AUDITED)

	Share Capital	Revenue Reserve Un-appropriated Profit	Total
	(Rupees in thousand)		
Balance as at June 30, 2019 - (audited)	3,673,469	10,686,701	14,360,170
Profit for the period	-	2,097,851	2,097,851
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	2,097,851	2,097,851
Balance as at December 31, 2019 - (un-audited)	3,673,469	12,784,552	16,458,021
Profit for the period	-	2,507,919	2,507,919
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	2,507,919	2,507,919
Balance as at June 30, 2020 - (audited)	3,673,469	15,292,471	18,965,940
Profit for the period	-	1,425,375	1,425,375
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	1,425,375	1,425,375
Balance as at December 31, 2020 - (un-audited)	3,673,469	16,717,846	20,391,315

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

FOR THE HALF YEAR ENDED DECEMBER 31, 2020 (UN-AUDITED)

		Half Year Ended	
		December 31, 2020	December 31, 2019
	Note	(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	9	824,466	722,646
Finance cost paid		(648,326)	(974,761)
Net decrease in long term loans to employees		397	553
Income tax paid		(1,740)	(2,589)
Decrease in long term security deposits		-	5
Retirement benefit paid		(3,837)	(4,375)
Profit on bank deposits received		1,619	3,845
Net cash generated from / (used in) operating activities		172,579	(254,676)
Cash flows from investing activities			
Capital expenditure on property, plant and equipment		(727)	(40,281)
Proceeds from disposal of property, plant and equipment		3,821	276,339
Net cash from investing activities		3,094	236,058
Cash flows from financing activities			
Proceeds from long term financing		51,641	-
Repayment of long term financing		(1,272,694)	(1,256,351)
Short term loans from holding company obtained		1,397,000	4,349,758
Repayment of short term loans from holding company		(817,000)	(3,349,758)
Dividend paid		(179)	(299,362)
Net cash used in financing activities		(641,232)	(555,713)
Net decrease in cash and cash equivalents		(465,559)	(574,331)
Cash and cash equivalents at the beginning of the period		(9,702,665)	(10,621,245)
Cash and cash equivalents at the end of the period		(10,168,224)	(11,195,576)
Cash and cash equivalents			
Cash and bank balances		599	148,007
Short term borrowings		(10,168,823)	(11,343,583)
		(10,168,224)	(11,195,576)

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

Notes to and Forming Part of the Condensed Interim Financial Information

FOR THE HALF YEAR ENDED DECEMBER 31, 2020 (UN-AUDITED)

1 THE COMPANY AND ITS OPERATIONS

Nishat Chunian Power Limited ('the Company') is a public Company limited by shares incorporated in Pakistan on February 23, 2007 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Company is a subsidiary of Nishat (Chunian) Limited. The Company's ordinary shares are listed on the Pakistan Stock Exchange Limited.

The principal activity of the Company is to build, own, operate and maintain a fuel fired power station having gross capacity of 200 MW and net capacity of 195.722 MW at Jamber Kalan, Tehsil Pattoki, District Kasur, Punjab, Pakistan. The address of the registered office of the Company is 31-Q, Gulberg II, Lahore. On November 13, 2007, the Company entered into a Power Purchase Agreement ('PPA') with its sole customer, National Transmission and Dispatch Company Limited ('NTDC') for twenty five years which commenced from July 21, 2010. Subsequent to the reporting period, the Company, NTDC and Central Power Purchasing Agency (Guarantee) Limited ('CPPA-G') have entered into a 'Novation Agreement' to transfer the rights, obligations and liabilities of NTDC under the PPA (as amended by the 'PPA Amendment Agreement') in favour of CPPA-G.

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 June 30, 2020. 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)

Notes to and Forming Part of the Condensed Interim Financial Information

FOR THE HALF YEAR ENDED DECEMBER 31, 2020 (UN-AUDITED)

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 June 30, 2020.

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 June 30, 2020.

	Note	Un-audited December 31, 2020 (Rupees in thousand)	Audited June 30, 2020
4. LONG TERM FINANCING-SECURED			
From banking companies			
Senior facility	4.1	-	1,126,820
Term finance facility	4.2	-	145,874
Loan under SBP Refinance Scheme	4.3	64,683	15,399
		64,683	1,288,093
Less: Current portion shown under current liabilities		(31,102)	(559,703)
		33,581	728,390

Notes to and Forming Part of the Condensed Interim Financial Information

FOR THE HALF YEAR ENDED DECEMBER 31, 2020 (UN-AUDITED)

	Un-audited December 31, 2020 (Rupees in thousand)	Audited June 30, 2020
4.1. The reconciliation of carrying amounts is as follows:		
Opening balance	1,126,820	2,676,418
Less: Repaid during the period / year	(1,126,820)	(1,549,598)
	-	1,126,820
Less: Current portion shown under current liabilities	-	(556,510)
	-	570,310
4.2. The reconciliation of carrying amounts is as follows:		
Opening balance	145,874	650,351
Less: Repaid during the period / year	(145,874)	(504,477)
	-	145,874
Less: Current portion shown under current liabilities	-	(145,874)
	-	-
4.3. The reconciliation of carrying amounts is as follows:		
Opening balance	15,557	-
Add: Amount received during the period / year	51,641	17,225
Less: Effect of discounting during the period / year	(4,653)	(1,827)
Present value of loan obtained during the period / year	46,988	15,398
Add: Unwinding of discount during the period / year	2,459	158
Less: Payments made during the period / year	(321)	-
	64,683	15,557
Less: Current portion shown under current liabilities	(31,102)	(3,193)
	33,581	12,364

Notes to and Forming Part of the Condensed Interim Financial Information

FOR THE HALF YEAR ENDED DECEMBER 31, 2020 (UN-AUDITED)

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 June 30, 2020 except for the following:

5.1.1 Contingent liabilities:

- i) For the period July 2013 to June 2014, Company's case was selected for audit by the Federal Board of Revenue ('tax department'), which selection was objected to, on jurisdictional basis, by Company by way of filing a writ petition before the Honourable Lahore High Court on November 20, 2015. While, the Honourable Lahore High Court has allowed the tax department to proceed with audit proceedings, it has been directed that no adjudication order, consequent to conduct of audit, shall be passed after confronting the audit report. The audit proceedings were completed by the tax department during the financial year 2016 and audit report thereof was submitted to the Company seeking explanations in regard to the issues raised therein. In the subject audit report, an aggregate amount of Rupees 631.769 million primarily including a disallowance of input sales tax of Rupees 622.263 million has been confronted on the grounds that the revenue derived by the Company on account of 'capacity purchase price' was against a non-taxable supply. The Honourable Lahore High Court through its order dated January 9, 2017 has allowed initiation of adjudication proceedings after issuance of audit report. On May 17, 2017, the Deputy Commissioner Inland Revenue ('DCIR') issued a show cause notice as to why sales tax of the aforesaid amount of Rupees 631.769 million along with default surcharge should not be recovered from the Company. The Company filed a representation in this regard with the Chairman, Federal Board of Revenue. The Chairman, Federal Board of Revenue disposed of the case on the grounds that it did not invoke any provision of section 7 of the Federal Board of Revenue Act, 2007 as no issue of misadministration is involved therein. The Company then challenged the show cause notice before the Honourable Lahore High Court, Lahore. The Honourable Lahore High Court, Lahore declared on November 9, 2018 that the show cause notice was issued without having jurisdiction. The tax department filed appeal before Supreme Court of Pakistan. Subsequent to the reporting period, Honourable Supreme Court of Pakistan has decided the appeal in favour of tax department. On January 21, 2021, Assistant Commissioner Inland Revenue - Audit ('ACIR - Audit') has issued notice to the Company requiring to submit reply of the show cause notice. The Company is in the process of complying with the requirements of show cause notice. Management believes that there are strong grounds to believe that the case will be decided in favour of the Company. Therefore, no provision has been made in these condensed interim financial statements.
- ii) During the year ended June 30, 2019, the Commissioner Inland Revenue ('CIR') has

Notes to and Forming Part of the Condensed Interim Financial Information

FOR THE HALF YEAR ENDED DECEMBER 31, 2020 (UN-AUDITED)

raised a demand of Rupees 104.977 million against the Company through his order dated April 16, 2019, mainly on account of input tax claimed on inadmissible expenses in sales tax return for the various tax periods and sales tax default on account of suppression of sales related to various tax periods. The Company filed application for grant of stay before the Appellate Tribunal Inland Revenue ('ATIR') against recovery of the aforesaid demand that was duly granted. Further, the Company has filed appeals before Commissioner Inland Revenue (Appeals) ['CIR(A)'] and ATIR against the order. ATIR decided the case against the Company vide its order dated May 6, 2020. The Company has filed sales tax reference before the Honourable Lahore High Court, Lahore which is pending adjudication. Subsequent to the reporting period, the Honourable Lahore High Court, Lahore on an application of the Company provided interim relief by restricting tax department from taking any coercive action against the Company subject to furnishing of the bank guarantee of disputed amount. Therefore, no provision has been made in these condensed interim financial statements.

- iii) An amendment order dated August 31, 2017 was issued by the DCIR under section 122 of the Income Tax Ordinance, 2001 for tax year 2014 whereby income tax of Rupees 191.536 million was levied on other income, interest on delayed payments from CPPA-G, minimum tax on capacity sales, scrap sales, sale proceeds of fixed assets' disposal and WWF was also levied of Rupees 12.946 million. Against the aforesaid order, the Company preferred an appeal on September 25, 2017 before the CIR(A) and the learned CIR(A) passed an order on February 2, 2018, declaring that the levy of income tax on interest on delayed payments from CPPA-G and minimum tax on capacity sales is not justified, while directing the Company to pay income tax aggregating to Rupees 1.466 million on profit on debt, miscellaneous income, capital gain on disposal of securities, minimum tax on scrap sales and fixed assets' disposal and WWF of Rupees 4.552 million. The Company and tax department both have filed appeals on March 8, 2018 and March 26, 2018 respectively, before the ATIR against the order of CIR(A). Subsequent to the reporting period, ATIR decided the case in favour of tax department and dismissed Company's appeal to grant relief. Further, all relieves granted by CIR(A) have been vacated and original order of DCIR has been upheld. The Company, being aggrieved by the ATIR's decision, filed income tax reference before the Honourable Lahore High Court, Lahore. The Honourable Lahore High Court, Lahore vide its order dated January 25, 2021 provided interim relief to the Company and suspended the order of ATIR subject to furnishing of the bank guarantee of disputed amount, and the case is pending adjudication. Management has strong grounds to believe that the case will be decided in favour of the Company. Therefore, no provision has been made in these condensed interim financial statements.
- iv) In March 2020, Committee for the Power Sector Audit, Circular Debt Resolution and Future Roadmap constituted by Ministry of Energy vide its notification No. IPP-01(12)/2017 dated August 7, 2019 issued a report, through which, it was alleged that savings were made by the Independent Power Producers ('IPPs'), including the

Notes to and Forming Part of the Condensed Interim Financial Information

FOR THE HALF YEAR ENDED DECEMBER 31, 2020 (UN-AUDITED)

Company, in the tariff components in violation of applicable Power Policies, tariff determined by National Electric Power Regulatory Authority ('NEPRA') and the relevant project agreements. The Company rejected such claims and discussions were made with the Government of Pakistan ('GoP') to resolve the dispute.

As mentioned in note 14, subsequent to the reporting period, Company and CPPA-G have signed "Master Agreement" and "PPA Amendment Agreement" wherein it has been agreed that the abovementioned dispute will be resolved through arbitration under the Arbitration Submission Agreement between the Company and GoP. Management believes that there are strong grounds that the matter will ultimately be decided in Company's favour. Furthermore, its financial impact cannot be reasonably estimated at this stage, hence, no provision in this respect has been made in these condensed interim financial statements.

- v) Guarantees of Rupees 19.167 million (June 30, 2020: Rupees 19.152 million) are given by the banks of the Company to Director, Excise and Taxation, Karachi under direction of Sindh High Court in respect of suit filed for levy of infrastructure cess.

5.1.2 Contingent Assets:

On July 29, 2017, the Company instituted arbitration proceedings against CPPA-G / Government of Pakistan by filing a Request for Arbitration ('RFA') with the London Court of International Arbitration ('LCIA') (the 'Arbitration Proceedings') for disallowing delayed payment charges on outstanding delayed payment invoices and other deductions made from delayed payment invoices. The Company believes it is entitled to claim delayed payment charges on outstanding delayed payments receivable from CPPA-G as per terms of the PPA and the other deductions made by CPPA-G. However, CPPA-G has denied this liability and objected on the maintainability of the arbitration proceedings, terming it against the PPA and refused to pay delayed payment charges on outstanding delayed payments receivable.

The LCIA appointed a sole Arbitrator and hearings were also held on February 19 and February 20, 2018. On April 16, 2018, the Arbitrator has issued Final Partial Award in which he has rejected the CPPA-G's objection to the maintainability of the Arbitration Proceedings. Aggrieved of the decision, CPPA-G filed a civil suit against the Final Partial Award in the Court of Senior Civil Judge, Lahore. The civil suit is pending adjudication.

Hearings on merits were held in London and Final Partial Award dated April 22, 2019 was issued on July 25, 2019 in favour of the Company. The Company filed an application seeking interest on the amount awarded to the Company and costs of the arbitration. However, on August 23, 2019, CPPA-G filed another civil suit in the Court of the Senior Civil Judge, Lahore against the Final Partial Award. The second civil suit is also pending adjudication.

Notes to and Forming Part of the Condensed Interim Financial Information

FOR THE HALF YEAR ENDED DECEMBER 31, 2020 (UN-AUDITED)

On September 12, 2019, the Memorandum of Corrections to the Final Partial Award has been issued which corrected the Final Partial Award to the amount of Rupees 1,518.767 million.

On October 28, 2019, the Arbitrator declared his Final Award whereby he ordered CPPA-G to pay to the Company in addition to the amount determined in Final Partial Award: i) Rupees 332.402 million being interest on Final Partial Award; ii) Rupees 27.302 million as the costs awarded in the Award; iii) Rupees 7.675 million as the amount of the costs awarded in respect of Interim Award; and iv) Interest at KIBOR plus 4.5% per annum compounded semi-annually from the date of Final Award until payment of these amounts by CPPA-G that works out to Rupees 850.673 million upto December 31, 2020.

As mentioned in note 14, subsequent to the reporting period, the Company and CPPA-G have signed "Master Agreement". Under this agreement, CPPA-G shall ensure that all invoices shall follow the power purchase agreement's mandated "First In First Out" ('FIFO') payment principle at the time of payment by the CPPA-G. As long as this principle is followed by CPPA-G in relation to past and future payments, the Company in consideration thereof has agreed to forego and waive all of its claims of delayed payment charges on delayed payment invoices and it shall withdraw all such invoices. However, this will have no impact on the existing revenue and receivables of the Company, as the Company has not recognized the income and corresponding receivable for the said amount on the prudence basis.

		Un-audited December 31, 2020 (Rupees in thousand)	Audited June 30, 2020
	Note		
5.2. Commitments			
Commitments in respect of other than capital expenditure		40,476	-
6. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1	10,007,059	10,364,069
Capital work-in-progress	6.2	1,844	1,907
Major spare parts and standby equipment		144,830	201,896
		10,153,733	10,567,872

Notes to and Forming Part of the Condensed Interim Financial Information

FOR THE HALF YEAR ENDED DECEMBER 31, 2020 (UN-AUDITED)

	Note	Un-audited December 31, 2020 (Rupees in thousand)	Audited June 30, 2020
6.1. Operating fixed assets			
Opening book value		10,364,069	11,188,998
Add: Cost of additions during the period / year	6.1.1	57,856	182,416
Add: Adjustments		-	370
Less: Book value of disposals / derecognitions during the period / year		-	(269,820)
Less: Depreciation charged during the period / year		(414,866)	(737,895)
		10,007,059	10,364,069
6.1.1 Cost of additions			
Plant and machinery		57,171	178,046
Vehicles		-	3,604
Computer equipment		685	766
		57,856	182,416
6.2. Capital work-in-progress			
Plant and machinery		1,844	1,907

7. TRADE DEBTS

These represent trade receivables from CPPA-G and are considered good. These are secured by a guarantee from the Government of Pakistan (GoP) under the Implementation Agreement and are in the normal course of business and interest free, however, a delayed payment mark-up at the rate of three months KIBOR plus 4.5% is charged in case the amounts are not paid within due dates. The rate of delayed payment mark-up charged during the year on outstanding amounts ranged from 11.53% to 18.41% (June 30, 2020: 10.64% to 18.42%) per annum. Trade debts include unbilled receivables of Rupees 1,070.210 million (June 30, 2020: Rupees 1,261.689 million).

Included in trade debts is an amount of Rupees 966.166 million relating to capacity purchase price not acknowledged by CPPA-G as the plant was not fully available for power generation. However, the sole reason of this under-utilization of plant capacity

Notes to and Forming Part of the Condensed Interim Financial Information

FOR THE HALF YEAR ENDED DECEMBER 31, 2020 (UN-AUDITED)

was non-availability of fuel owing to non-payment by CPPA-G.

Since management considers that the primary reason for claiming these payments is that plant was available, however, could not generate electricity due to non-payment by CPPA-G, therefore, management believes that Company cannot be penalized in the form of payment deductions due to CPPA-G's default of making timely payments under the PPA. Hence, the Company had taken up this issue at appropriate forums.

On June 28, 2013, the Company entered into a Memorandum of Understanding ('MoU') for cooperation on extension of credit terms with CPPA-G whereby it was agreed that the constitutional petition filed by the Company before the Honourable Supreme Court of Pakistan on the abovementioned issue would be withdrawn unconditionally and it would be resolved through the dispute resolution mechanism under the PPA. Accordingly, as per terms of the MoU, the Company applied for withdrawal of the aforesaid petition in 2013 and on January 25, 2018, the Honourable Supreme Court of Pakistan disposed off the petitions filed before it. During the financial year 2014, the Company in consultation with CPPA-G, appointed an Expert for dispute resolution under the PPA.

During the financial year 2016, the Expert gave his determination whereby the aforesaid amount was determined to be payable to the Company by CPPA-G. Pursuant to the Expert's determination, the Company demanded the payment of the aforesaid amount of Rupees 966.166 million from CPPA-G that has not yet been paid by CPPA-G. The Company filed a request for arbitration in the London Court of International Arbitration ('LCIA'), whereby an Arbitrator was appointed.

In October 2015, GoP through Private Power & Infrastructure Board ('PPIB') filed a case in the Court of Senior Civil Judge, ("Civil Case 2015"), Lahore, against the aforementioned decision of the Expert, praying it to be illegal, which is pending adjudication.

Consequently, invitation to participate in arbitration was issued to the PPIB / GoP. PPIB filed separate Civil Suit before the Civil Judge, Lahore, seeking inter alia that the parties should be restrained from participating in the arbitration proceedings in the LCIA ("Civil Case 2016"). The Company filed applications in the Civil Court where the Company prayed that the Civil Court, Lahore lacks the jurisdiction in respect of the cases filed by PPIB. In respect of the aforementioned applications, through its orders dated April 18, 2017, the Civil Court, Lahore rejected Company's pray and granted the pray of PPIB whereby, the Court accepted PPIB's applications for interim relief in 2015 and 2016 Civil Suits. Being aggrieved, the Company challenged before the Additional District Judge, Lahore against the aforementioned orders of the Civil Court and continued to take part in the arbitration proceedings. Furthermore, in response to the Company's continued participation in the arbitration proceedings, PPIB filed contempt petition before Honourable Lahore High Court in respect of the decision of the Civil Court, Lahore and

Notes to and Forming Part of the Condensed Interim Financial Information

FOR THE HALF YEAR ENDED DECEMBER 31, 2020 (UN-AUDITED)

the Honourable Lahore High Court passed an order in those proceedings. The Company challenged the Honourable Lahore High Court's order before the Division Bench of Honourable Lahore High Court, which decided the matter in favour of the Company through its order dated May 31, 2017 whereby, the aforementioned order of the Honourable Lahore High Court was suspended.

The Arbitrator, on June 08, 2017, declared his Final Partial Award and decided the matter principally in Company's favour and declared that the above mentioned Expert's determination is final and binding on all parties ("Final Partial Award").

Aggrieved by the Final Partial Award, CPPA-G challenged the Arbitrator's decision in Lahore Civil Court ("Civil Case 2017"), which suspended the Final Partial Award on 10 July 2017. In response to this decision of Civil Court, the Company filed a revision petition in District Court and the District Court ("District Case 2017") while granting interim relief to the Company, suspended the Civil Court's order on August 12, 2017. Along with challenging the Final Partial Award in Lahore Civil Court, CPPA-G also challenged the same, on July 6, 2017, in Commercial Court of England. As per advice of foreign legal counsel, the Company also filed a case for anti suit injunction in Commercial Court of England against CPPA-G on August 14, 2017.

The District Judge, Lahore through its order dated July 8, 2017 set-aside the aforementioned orders of the Civil Judge, Lahore dated April 18, 2017 and accepted Company's appeals but dismissed the Company's revision petitions concerning the issue of jurisdiction. Aggrieved by this decision, (i) the Company filed writ petitions before the Honourable Lahore High Court, which announced a favourable decision and suspended the proceedings of Civil Cases 2015 and 2016 till the final decision of Honourable Lahore High Court; and (ii) GOP / PPIB filed revision petitions in the Honourable Lahore High Court, which are currently pending adjudication.

On October 29, 2017, the Arbitrator declared his Final Award whereby he ordered CPPA-G to pay to the Company: i) Rupees 966.166 million pursuant to Expert's determination; ii) Rupees 224.229 million being Pre-award interest; iii) Rupees 9.203 million for breach of arbitration agreement; iv) Rupees 1.684 million and USD 612,311 for the Company's cost of proceedings; v) GBP 30,157 for Company's LCIA cost of arbitration and vi) Interest at KIBOR + 4.5% compounded semi-annually from the date of Final Award until payment of these amounts by CPPA-G ("the Final Award") that works out to Rupees 511.435 million upto December 31, 2020.

On November 24, 2017, CPPA-G challenged the Final Award in Commercial Court of England. On November 29, 2017, the Company filed an application before Lahore High Court for implementation of Final Award that is also pending adjudication. During the hearing held in December 2017 in London, CPPA-G withdrew its petitions dated July 6, 2017 and November 24, 2017 filed before Commercial Court of England against the

Notes to and Forming Part of the Condensed Interim Financial Information

FOR THE HALF YEAR ENDED DECEMBER 31, 2020 (UN-AUDITED)

Company, pertaining to Final Partial Award and Final Award respectively.

On May 4, 2018, Commercial Court of England issued a favourable decision in the case of anti suit injunction, thereby preventing CPPA-G from pursuing case in Pakistan Civil Courts against Partial Final Award/Final Award and taking any steps outside England to set aside Partial Final Award/Final Award issued by the Arbitrator. Aggrieved by this decision, CPPA-G had sought permission to file an appeal before the Court of Appeals, London, which was rejected by the Court on October 4, 2018.

As mentioned in note 14, subsequent to the reporting period, the Company and CPPA-G have signed "PPA Amendment Agreement" and the Company is in the process of settlement of this matter under which it will be able to recover disputed capacity revenue by invoking Force Majeure event under the PPA whereby the term of the PPA will be extended by the disputed time period, but will have to forego other amounts awarded such as Arbitration costs, pre and post award interests. Such agreement will not have any material impact on Company's existing capacity receivables, as the amounts to be forgone had not been recognized by the Company on prudence basis.

	Half Year Ended		Quarter Ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	(Rupees in thousand)			
8. COST OF SALES				
Raw material consumed	3,151,773	3,761,660	315,678	400,434
Salaries and other benefits	72,113	70,091	37,302	34,499
Stores and spares consumed	49,570	100,334	33,501	46,429
Electricity consumed in-house	9,311	7,615	7,697	7,025
Insurance	120,784	124,631	59,994	65,839
Travelling and conveyance	9,441	10,340	4,577	3,852
Postage and telephone	1,792	1,822	876	923
Repair and maintenance	5,112	18,386	3,733	8,457
Entertainment	44	73	14	4
Depreciation	413,495	390,922	175,955	141,981
Amortization	1,807	1,807	904	904
Fee and subscription	2,086	1,729	(1,694)	(1,646)
Miscellaneous	6,579	6,978	2,879	3,500
	3,843,907	4,496,388	641,416	712,201

Notes to and Forming Part of the Condensed Interim Financial Information

FOR THE HALF YEAR ENDED DECEMBER 31, 2020 (UN-AUDITED)

**Un-audited
Half Year Ended
December 31, December 31,
2020 2019
(Rupees in thousand)**

9. CASH GENERATED FROM OPERATIONS

Profit before taxation	1,425,375	2,097,851
Adjustments for non-cash charges and other items:		
Depreciation	414,866	392,827
Amortization on intangible assets	2,041	2,157
Amortization of deferred income - Government grant	(1,843)	-
Profit on bank deposits	(1,619)	(3,845)
Finance cost	487,222	1,133,982
Provision for employee retirement benefit	3,837	4,375
Gain on disposal of property, plant and equipment	(3,821)	(6,519)
Cash flows from operating activities before working capital changes	2,326,058	3,620,828
Working capital changes		
(Increase) / decrease in current assets:		
Stores and spares	15,672	58,609
Inventories	(1,377,172)	804,159
Trade debts	70,391	(3,947,039)
Loans, advances, deposits, prepayments and other receivables	(172,769)	(95,675)
	(1,463,878)	(3,179,946)
(Decrease) / increase in trade and other payables	(37,714)	281,764
	824,466	722,646

Notes to and Forming Part of the Condensed Interim Financial Information

FOR THE HALF YEAR ENDED DECEMBER 31, 2020 (UN-AUDITED)

	Un-audited December 31, 2020 (Rupees in thousand)	Audited June 30, 2020
10. INFORMATION FOR ALL SHARES ISLAMIC INDEX SCREENING		
Description		
i) Loans obtained as per Islamic mode:	14,054,165	5,440,842
ii) Shariah complaint bank balances	97	593

	Un-audited Half Year Ended December 31, 2020 (Rupees in thousand)	December 31, 2019
iii) Revenue earned from a shariah complaint business	4,963,260	6,900,237
iv) Mark-up paid on Islamic mode of financing	227,749	226,922
v) Profits earned or interest paid on any conventional loan / advance:		
Profit paid on loans from parent company	5,410	13,382
Interest paid on loans	414,110	734,415
Profit earned on deposits with banks	1,619	3,845

Relationship with Shariah Compliant Banks

Name	Relationship
Al-Baraka Bank (Pakistan) Limited	Bank balance and short term borrowings
MCB Islamic Bank Limited	Bank balance and short term borrowings
Meezan Bank Limited	Bank balance and short term borrowings
Dubai Islamic Bank Pakistan Limited	Bank balance and short term borrowings
Bank Islami Pakistan Limited	Bank balance

11. TRANSACTIONS WITH RELATED PARTIES

The related parties include the holding company and associates of the holding company, related parties on the basis of common directorship, key management personnel of the

Notes to and Forming Part of the Condensed Interim Financial Information

FOR THE HALF YEAR ENDED DECEMBER 31, 2020 (UN-AUDITED)

Company and its holding company and post employment benefit plan (Provident Fund). Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of that company. The Company in the normal course of business carries out transactions with various related parties. Details of transactions with related parties are as follows:

		Un-audited Half Year Ended December 31, 2020		Un-audited Quarter Ended December 31, 2020	
		December 31, 2019		December 31, 2019	
		(Rupees in thousand)			
i)	Transactions:				
	Holding company				
	Common facilities cost	9,900	9,000	4,950	4,500
	Reimbursement of expenses	625	667	589	575
	Disbursement of loans	1,397,000	4,349,758	1,047,000	2,840,308
	Repayment of loans	817,000	3,349,758	467,000	2,840,308
	Mark-up on loans	354	17,272	265	3,890
	Associated undertaking				
	Donations paid	-	445	-	-
	Key management personnel Remuneration to chief executive officer, directors and executives	33,640	53,405	17,135	24,991
	Repayment of long term loans	397	352	205	172
	Mark-up on long term loans	77	118	32	60
	Post employment benefit plan				
	Company's contribution to provident fund trust	3,837	4,375	1,814	2,299

Notes to and Forming Part of the Condensed Interim Financial Information

FOR THE HALF YEAR ENDED DECEMBER 31, 2020 (UN-AUDITED)

	Un-audited December 31, 2020 (Rupees in thousand)	Audited June 30, 2020
ii) Period end balances:		
Holding company		
Short term loans from holding company - unsecured	580,000	-
Accrued mark-up	265	5,322
Other related parties		
Loan to key management personnel	2,065	3,177

12. 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,

Notes to and Forming Part of the Condensed Interim Financial Information

FOR THE HALF YEAR ENDED DECEMBER 31, 2020 (UN-AUDITED)

the instrument is included in level 3. This is the case for unlisted equity securities.

13. 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 June 30, 2020.

14. EVENTS AFTER THE REPORTING PERIOD

The Committee for negotiations with Independent Private Power Producers ('IPPs'), notified by Government of Pakistan vide notification number F.No.IPPs-1(12)/2019-20 dated June 3, 2020 (the 'Committee') and the IPPs representing the 2002 Power Policy projects, including the Company had several rounds of discussions. Thereafter, on August 13, 2020, the Company in the larger national interest signed a Memorandum of Understanding ('MoU').

Thereafter, Government of Pakistan through notification number F.No.IPPs-1(12)/2020 (Vol-II) dated October 7, 2020 constituted the Implementation Committee to, inter-alia, convert the MoU into a binding agreement between the parties. The Company and the Implementation Committee made detailed deliberations to convert the MoU into binding agreement and therefore, the Company and the CPPA-G have signed "Master Agreement" and "PPA Amendment Agreement" to alter certain contractual arrangements for sale and purchase of electricity. Under these agreements, the Company and CPPA-G have agreed on the following matters majorly:

- Mechanism of settlement of long outstanding receivables;
- Discounts and sharing of saving, in tariff components;
- Reduction in the delay payment rate;
- Resolution of disputes mentioned in notes 5.1.1(iv), 5.1.2(i), and note 7;

Based on the above, management has assessed the accounting implications of these developments on these condensed interim financial statements, including the impairment of tangible and intangible assets under IAS 36, 'Impairment of assets'. However, according to management's assessment, there is no significant impact of the abovementioned agreements on these condensed interim financial statements.

15. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34

Notes to and Forming Part of the Condensed Interim Financial Information

FOR THE HALF YEAR ENDED DECEMBER 31, 2020 (UN-AUDITED)

"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, condensed interim statement of 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.

16. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were approved by the Board of Directors and authorized for issue on February 25, 2021.

17. GENERAL

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER



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