

LALPIR POWER LIMITED



SECY/STOCKEXC/

August 27, 2021

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, 2021**

Dear Sir,

In compliance with the related provisions of Companies Act 2017, and 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 **Lalpir Power Limited ("the Company")** for the half year ended June 30, 2021 with review report of external auditors.

Thanking you

Yours truly,


KHALID MAHMOOD CHOCHAN
COMPANY SECRETARY

HEAD OFFICE

: 1-B, AZIZ AVENUE, CANAL BANK, GULBERG V, LAHORE. TEL: +92-42-35717090-96, 35717159-63, FAX: +92-42-35717239, WEBSITE: www.lalpir.com, E-MAIL: lalpir@lalpir.com

REGISTERED OFFICE

: NISHAT HOUSE, 53/A, LAWRENCE ROAD, LAHORE. TEL: 111-113-333 FAX: +92-42-36367414

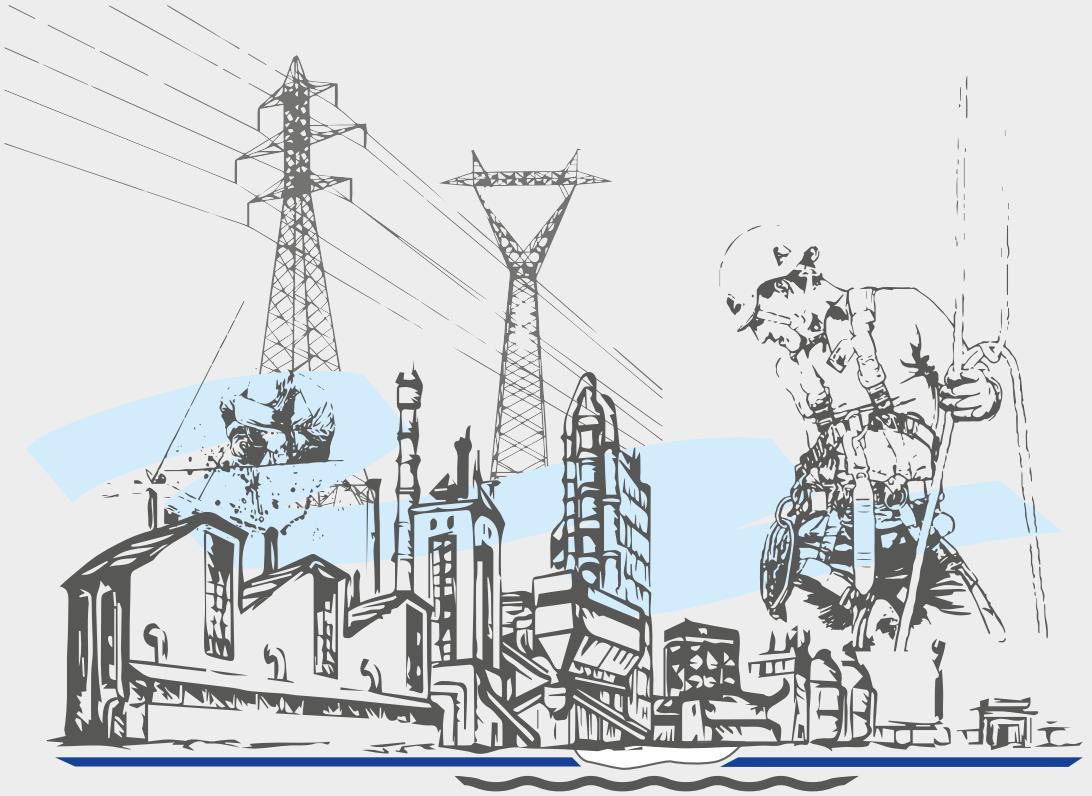
POWER STATIONS

: LALPIR THERMAL POWER STATIONS, P.O. BOX NO. 89, MUZAFFARGARH. PC-34200, PAKISTAN. TEL: +92-66-2300030 FAX: +92-66-2300260, www.lalpir.com



N I S H A T

LALPIR POWER LIMITED



ALWAYS AND EVERYWHERE
WELL CONNECTED

HALF YEARLY REPORT
FOR THE QUARTER ENDED
30 JUNE 2021

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COMPANY PROFILE

THE COMPANY

Lalpir Power Limited ("the Company") was incorporated in Pakistan on 8 May 1994 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The registered office is situated at 53-A, Lawrence Road, Lahore. The principal activities of the Company are to own, operate and maintain an oil fired power station ("the Complex") having gross capacity of 362 MW in Mehmood Kot, Muzaffargarh, Punjab, Pakistan.

BOARD OF DIRECTORS

Mian Hassan Mansha	Chairman
Mr. Aurangzeb Firoz	
Mr. Jawaidd Iqbal	
Mr. Muhammad Azam	
Mr. Inayat Ullah Niazi	
Mrs. Hajra Arham	
Mr. Mahmood Akhtar	

CHIEF EXECUTIVE OFFICER

Mr. Mahmood Akhtar

AUDIT COMMITTEE

Mr. Jawaidd Iqbal	Chairman
Mr. Inayat Ullah Niazi	
Mrs. Hajra Arham	

HUMAN RESOURCE & REMUNERATION(HR &R) COMMITTEE

Mr. Jawaidd Iqbal	Chairman
Mian Hassan Mansha	
Mr. Inayat Ullah Niazi	

CHIEF FINANCIAL OFFICER

Mr. Awais Majeed Khan

COMPANY SECRETARY

Mr. Khalid Mahmood Chohan

BANKERS OF THE COMPANY

Habib Bank Limited
The Bank of Punjab
United Bank Limited
Allied Bank Limited
National Bank of Pakistan
Bank Alfalah Limited
Faysal Bank Limited
Askari Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Bank Islami Pakistan Limited
Standard Chartered Bank (Pakistan) Limited
Al Baraka Bank (Pakistan) Limited
Meezan Bank Limited
Silk Bank Limited

AUDITOR OF THE COMPANY

Riaz Ahmad & Co.
Chartered Accountants

LEGAL ADVISOR OF THE COMPANY

Mr. M. Aurangzeb Khan
Advocate High Court

REGISTERED OFFICE

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

HEAD OFFICE

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

SHARE REGISTRAR

CDC Share Registrar Services Limited
CDC House,99-B, Block-B, S.M.C.H.S
Shahra-e-Faisal, Karachi – 74400
Tel: (92-21) 111-111-500
Fax: (92-21) 34326053

PLANT

Mehmood Kot, Muzaffargarh,
Punjab – Pakistan.

DIRECTORS' REPORT

The Directors of **Lalpir Power Limited** ("the Company") are pleased to present their report together with the Condensed Interim Financial Information for the half year ended June 30, 2021.

We report that during the period under review power plant dispatched 340,560 MWH of electricity as compared with 61,198 MWH dispatched during the corresponding six months of the previous financial year.

OPERATIONAL FINANCIAL RESULTS:

The financial results of the Company for period ended June 30, 2021 are as follows:

Financial Highlights	HALF YEAR ENDED	
	30 June 2021	30 June 2020
Revenue (Rs '000')	7,560,888	4,856,542
Gross profit (Rs '000')	779,583	2,784,117
After tax profit (Rs '000')	262,857	1,835,033
Earnings per share (Rs)	0.69	4.83

The Company has posted after tax profit of Rs. 262.857 million as against Rs.1,835.033 million earned in the comparative period. The net profits of the Company demonstrated the Earning per Share of Rs.0.69 as against Rs.4.83 per share earned in the comparable previous period. The major reason of decrease in profit is non-issuance of Capacity Purchase Price invoice starting from 26-03-21 to 30-06-21, pursuant to PPA Amendment signed as per note 1.2 of the annexed financial statements for the half year ended June 30, 2021.

Our sole customer Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) remains unable to meet its obligations in accordance with the Power Purchase Agreement (PPA) which are secured under a sovereign guarantee of Government of Pakistan. As on June 30, 2021, an amount of Rs.15.043 billion was outstanding against CPPA-G.

During the period under review the Company entered into "Master Agreement" and "PPA Amendment Agreement" with CPPA-G in order to get payment of its overdue receivables as on November 30, 2020 amounting to Rs.15.483 billion. The Company has received first installment of 40% amounting to Rs.6.193 billion in the breakup of 1/3rd cash, 1/3rd in the form of tradeable Ijarah Sukuk, and 1/3rd in the form of tradeable Pakistan Investment Bonds (PIBs) on June 04, 2021. Remaining second installment of 60% amounting to Rs.9.290 billion is expected in December 2021 i.e. within six months after the date of first installment. According to the agreement, the Company has voluntarily reduced its Capacity Purchase Price (CPP) and Variable O&M by 11%. Furthermore, 50% of the reduced CPP shall not be indexed with USD Exchange rate and US CPI. Whereas remaining 50% of reduced CPP shall continue to be indexed with USD Exchange rate and US CPI. Moreover, the parties have agreed in good faith to attempt to amicably resolve the outstanding ICC Award / Expert's determination.

Accordingly, the Company entered into another "PPA Amendment Agreement" with CPPA-G on April 20, 2021. Under this PPA Amendment Agreement, amongst resolution of disputes, the shutdown period of the complex on account of non-availability of fuel has been treated as Other Force Majeure Event under the Power Purchase Agreement and Term of the PPA has been extended by 248 days. During this extended period the Company will issue Energy Purchase Price invoices only and will not issue Capacity Purchase Price invoices amounting Rs.3,893 million approximately, for these 248 days, and accordingly Liquidated Damages imposed on the Company for this period have been waived by the Central Power Purchasing Agency (Guarantee) Limited. The Company would start issuing Capacity Purchase Price invoices from 28th November 2021 onwards. Moreover, The Company is entitled to send CPP invoices for these 248 days after completion of remaining seven years of the PPA term, at the indexation applicable for seventh year.

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)	Non-executive Directors	4
(iii)	Executive Directors	1

COMMITTEES OF THE BOARD:

Audit Committee of the Board:

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

Human Resource & Remuneration (HR&R) Committee:

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

DIRECTORS' REMUNERATION:

The company does not pay remuneration to its non-executive directors including independent directors except for meeting fee. Aggregate amount of remuneration paid to executive and non-executive directors have been disclosed in Note 9 of the annexed financial statements.

APPROPRIATIONS:

The Board of Directors has announced 1st Interim Cash Dividend at the rate of PKR 1/- per share (i.e. 10%) for the half year ended June 30, 2021.

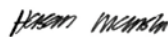
ACKNOWLEDGEMENT:

The board appreciates the management for establishing a modern and motivating working climate and promoting high levels of performance in all areas of the power plant. We also appreciate the efforts of the company's workforce for delivering remarkable results and we wish for their long relationship with the Company.

For and on behalf of the Board of Directors



Mr. Mahmood Akhtar
Chief Executive Officer
Lahore: 25 August 2021



Mian Hassan Mansha
Chairman

ڈائریکٹر ز پورٹ لال پیر پاور لیٹڈ

لال پیر پاور لیٹڈ "دی کمپنی" کے ڈائریکٹر 30 جون 2021ء مختتمہ ششماہی کے لئے محمد عبوری مالیاتی معلومات پر مشتمل اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔
ہم بیان کرتے ہیں کہ زیر جائزہ مدت کے دوران پاور پلانٹ نے گزشتہ مالی سال کی اسی ششماہی کے دوران 61,198 MWH ترسیل کے مقابلہ میں 340,560 MWH بجلی ترسیل کی گئی۔

آپریشنل مالیاتی نتائج:

30 جون 2021ء کو ختم ہونے والی مدت کے لئے کمپنی کے مالیاتی نتائج مندرجہ ذیل ہیں:

مالی جھلکیاں	30 جون 2021ء	30 جون 2020ء
محصولات (000 روپے)	7,560,888	4,856,542
مجموعی منافع (000 روپے)	779,583	2,784,117
بعد از ٹیکس منافع (000 روپے)	262,857	1,835,033
آمدن فی حصص (روپے)	0.69	4.83

کمپنی نے ٹیکس کے بعد منافع 262.857 ملین روپے درج کیا جبکہ تقابلی مدت میں 1,835.033 ملین روپے منافع حاصل ہوا تھا۔ کمپنی کے خالص منافع نے گزشتہ مدت میں 4.83 روپے فی حصص منافع کے مقابلے 0.69 روپے فی حصص منافع ظاہر کیا ہے۔ منافع میں کمی کی بڑی وجہ 30 جون 2021 کو ختم ہونے والی ششماہی کے منسلک مالی گوشواروں کے نوٹ 1.2 کے مطابق ترمیمی PPA دخط شدہ کی پیروی میں، 2021-03-26 سے شروع 2021-06-30 تک کپسٹی پر پرائس انوائس کا اجراء نہ ہونا ہے۔

ہمارا واحد صارف سنٹرل پاور پراجیکٹ انجنیری (گارنٹی) لمیٹڈ (CPPA-G) بجلی کی خریداری کے معاہدے (PPA) جو حکومت پاکستان کی ایک خود مختار ضمانت کے تحت حاصل کیا گیا کے مطابق اپنی ذمہ داریوں کو پورا کرنے کے قابل نہیں رہا۔ 30 جون 2021 کے مطابق سنٹرل پاور پراجیکٹ انجنیری (گارنٹی) لمیٹڈ (CPPA-G) کے ذمہ بقایا رقم 15.043 ملین روپے تھی۔

زیر جائزہ مدت کے دوران، کمپنی نے 30 نومبر 2020 کو اپنی واجب الادا وصول ہونے والی 15.483 ملین روپے کی ادائیگی حاصل کرنے کے لئے CPPA-G کے ساتھ "ماسٹر ایگریمنٹ" اور "PPA ترمیم شدہ معاہدہ" کیا۔ کمپنی نے 04 جون 2021 کو 40% کی پہلی قسط کی بریک اپ میں رقم 6.193 ملین روپے، 1/3rd کیش، بصورت قابل تجارت اجارہ سلوک، اور 1/3rd قابل تجارت پاکستان انویسٹمنٹ بانڈز (PIBs) کی شکل میں وصول کیا۔ باقی 60% فیصد کی دوسری قسط کی رقم 9.290 ملین روپے دسمبر 2021 میں یعنی پہلی قسط کی تاریخ کے بعد چھ ماہ کے اندر وصول ہونے کی توقع ہے۔ معاہدے کے مطابق، کمپنی نے رضا کارانہ طور پر اپنی کپسٹی پر پرائس (سی پی پی) اور متغیر ادائیگہ ایم بی 11 فیصد کی کردی ہے۔ مزید یہ کہ کم کردہ سی پی پی کا 50 فیصد امریکی ڈالر کی شرح تبادلہ اور یو ایس سی پی آئی کے ساتھ ترتیب دیا جانا جاری رہے گا۔ مزید یہ کہ، فریقین نے نیک نیتی سے اتفاق کیا ہے کہ بقایا آئی سی سی ایوارڈ/ماہر کے عزم کو خوش اسلوبی سے حل کرنے کی کوشش کی جائے۔

اس کے مطابق، کمپنی نے 20 اپریل 2021 کو CPPA-G کے ساتھ ایک اور "PPA ترمیمی معاہدہ" کیا۔ معاملات کی قرارداد کے درمیان، اس PPA ترمیمی معاہدہ کے تحت، ایندھن کی عدم دستیابی کے حوالے سے کمپلیکس کی شٹ ڈاؤن مدت کو بجلی کی خریداری کے معاہدے کے تحت دیگر فورس میچور ایونٹ کے طور پر خیال کیا گیا اور PPA کی شرائط میں 248 دن کی توسیع کی گئی ہے۔ اس توسیعی مدت کے دوران کمپنی صرف انرجی پراجیکٹ پرائس انوائسز جاری کرے گی اور ان 248 دنوں کے لئے کپسٹی پر پرائس انوائسز تقریباً 3,893 ملین روپے جاری نہیں کرے گی، اور اس کے مطابق اس مدت کے لئے کمپنی پر عائد لیکویڈیٹیشن نقصانات سنٹرل پاور پراجیکٹ انجنیری (گارنٹی) لمیٹڈ نے واپس لے لیے ہیں۔ کمپنی 29 نومبر 2021 سے کپسٹی پراجیکٹ پرائس انوائسز جاری کرنا شروع کرے گی۔ مزید برآں، کمپنی ساویس سال کے لئے قابل اطلاق انڈیکسیشن پر PPA غرم کے سات سالوں کی تعمیل کے بعد ان 248 دنوں کے لئے CPP انوائسز بھیجے گی اہل ہے۔

کارپوریٹ مقاصد:

ایک ذمہ دار اور قابل اعتماد توانائی کمپنی ہونے کے ناطے، ہم اعلیٰ کارکردگی اور پلانٹ کی دستیابی کو برقرار رکھتے ہوئے بجلی کے اخراجات کم کرنے میں قوم کو مہولت فراہم کرنا چاہتے ہیں۔

بورڈ کی تشکیل:

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

بورڈ کی کمیٹیاں:

بورڈ کی آڈٹ کمیٹی:

نمبر شمار	نام ڈائریکٹرز
1	جناب جاوید اقبال (رکن / چیئر مین)
2	جناب عنایت اللہ نیازی (رکن)
3	محترمہ ہاجرہ رحم (رکن)

ہیومن ریسورس اینڈ ریمنیشن (HR&R) کمیٹی:

نمبر شمار	نام رکن
1	میاں حسن منشاء (رکن)
2	جناب جاوید اقبال (رکن / چیئر مین)
3	جناب عنایت اللہ نیازی (رکن)

ڈائریکٹرز کا مشاہرہ:

کمپنی اپنے آزاد ڈائریکٹر سمیت نان ایگزیکٹو ڈائریکٹرز کو اجلاس فیس کے علاوہ کوئی مشاہرہ ادا نہیں کرتی ہے۔ ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کو ادا کئے جانے والے مشاہرہ کی مجموعی رقم منسلکہ مالی حسابات کے نوٹ 9 میں منکشف ہے۔

تصرفات

بورڈ آف ڈائریکٹرز نے 30 جون 2021 کو ختم ہونے والی ششماہی کے لئے 1/- روپے فی شیئر (یعنی 10%) کی شرح پر پہلا عبوری نقد منافع منقسمہ کا اعلان کیا ہے۔

اظہار تشکر

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

منجانب مجلس نظاماء

Hasan Mirza

میاں حسن منشاء

چیئر مین

Jahangir Khan

جناب محمود اختر

چیف ایگزیکٹو آفیسر

لاہور: 25 اگست 2021ء

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Lalpir Power Limited

Report on review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **LALPIR POWER LIMITED** as at 30 June 2021 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 2021 and 30 June 2020 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 2021.

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 1.2 to the condensed interim financial statements which highlights the signing of Master Agreement and PPA Amendment Agreements during the period to alter certain contractual arrangements for sale and purchase of electricity and to amicably resolve the disputes between the Parties. 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: 25 August 2021

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (Un-audited)

As at 30 June 2021

	Note	Un-audited 30 June 2021 (Rupees in thousand)	Audited 31 December 2020
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 500,000,000 (31 December 2020: 500,000,000) ordinary shares of Rupees 10 each		5,000,000	5,000,000
Issued, subscribed and paid-up share capital 379,838,733 (31 December 2020: 379,838,733) ordinary shares of Rupees 10 each		3,798,387	3,798,387
Capital reserve		107,004	107,004
Revenue reserve - un-appropriated profit		13,501,973	13,618,955
Total equity		17,407,364	17,524,346
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	4	27,046	54,453
Employee benefit - gratuity		19,468	17,284
Deferred income - Government grant		174	1,005
		46,688	72,742
CURRENT LIABILITIES			
Trade and other payables		1,484,710	999,793
Accrued mark-up / profit		148,937	219,509
Short term borrowings		7,124,327	10,980,235
Current portion of non-current liabilities		55,455	54,776
Unclaimed dividend		5,043	7,588
		8,818,472	12,261,901
Total liabilities		8,865,160	12,334,643
CONTINGENCIES AND COMMITMENTS			
	5		
TOTAL EQUITY AND LIABILITIES		26,272,524	29,858,989

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



CHIEF EXECUTIVE



DIRECTOR




CHIEF FINANCIAL OFFICER

	Note	Un-audited 30 June 2021 (Rupees in thousand)	Audited 31 December 2020
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	6	6,225,848	6,768,043
Investment properties		92,411	92,767
Long term investment		-	-
Long term loans to employees		10,829	15,494
Long term security deposits		350	350
		<u>6,329,438</u>	<u>6,876,654</u>
CURRENT ASSETS			
Stores, spare parts and other consumables		887,173	889,650
Fuel stock		1,363,467	1,018,582
Trade debts		15,042,911	18,831,180
Short term investment		-	5,733
Loans, advances and short term prepayments		416,637	325,522
Loan to associated company		350,000	350,000
Other receivables		411,129	478,722
Accrued interest		2,453	2,496
Sales tax recoverable		1,065,600	951,513
Cash and bank balances		403,716	128,937
		<u>19,943,086</u>	<u>22,982,335</u>
TOTAL ASSETS		<u><u>26,272,524</u></u>	<u><u>29,858,989</u></u>



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Half Year Ended 30 June 2021 (Un-audited)

	Note	Half Year Ended		Quarter Ended	
		30 June	30 June	30 June	30 June
		2021	2020	2021	2020
		(Rupees in thousand)		(Rupees in thousand)	
SALES		7,560,888	4,856,542	4,019,939	2,460,901
COST OF SALES	7	(6,781,305)	(2,072,425)	(4,520,407)	(1,050,225)
GROSS PROFIT / (LOSS)		779,583	2,784,117	(500,468)	1,410,676
ADMINISTRATIVE EXPENSES		(130,969)	(128,137)	(70,018)	(65,482)
OTHER EXPENSES		(1,308)	(1,622)	(531)	(1,120)
OTHER INCOME		41,884	24,749	32,875	10,436
PROFIT / (LOSS) FROM OPERATIONS		689,190	2,679,107	(538,142)	1,354,510
FINANCE COST		(426,333)	(844,074)	(208,554)	(360,537)
PROFIT / (LOSS) BEFORE TAXATION		262,857	1,835,033	(746,696)	993,973
TAXATION		-	-	-	-
PROFIT / (LOSS) AFTER TAXATION		262,857	1,835,033	(746,696)	993,973
OTHER COMPREHENSIVE INCOME:					
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS		-	-	-	-
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS		-	-	-	-
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD		262,857	1,835,033	(746,696)	993,973
EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED (RUPEES)		0.69	4.83	(1.97)	2.62

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 2021 (Un-audited)

	SHARE CAPITAL	RESERVES		TOTAL EQUITY
		Capital	Revenue	
		Retained payments reserve	Un- appropriated profit	
(-----Rupees in thousand-----)				
Balance as at 31 December 2019 - audited	3,798,387	107,004	10,921,948	14,827,339
Profit for the half year ended 30 June 2020	-	-	1,835,033	1,835,033
Other comprehensive income for the half year ended 30 June 2020	-	-	-	-
Total comprehensive income for the half year ended 30 June 2020	-	-	1,835,033	1,835,033
Balance as at 30 June 2020 - un-audited	3,798,387	107,004	12,756,981	16,662,372
Transactions with owners:				
First interim dividend for the year ended 31 December 2020 @ Rupees 1.25 per share	-	-	(474,798)	(474,798)
Second interim dividend for the year ended 31 December 2020 @ Rupee 1 per share	-	-	(379,839)	(379,839)
			(854,637)	(854,637)
Profit for the half year ended 31 December 2020	-	-	1,716,361	1,716,361
Other comprehensive income for the half year ended 31 December 2020	-	-	250	250
Total comprehensive income for the half year ended 31 December 2020	-	-	1,716,611	1,716,611
Balance as at 31 December 2020 - audited	3,798,387	107,004	13,618,955	17,524,346
Transaction with owners:				
Final dividend for the year ended 31 December 2020 @ Rupee 1 per share	-	-	(379,839)	(379,839)
Profit for the half year ended 30 June 2021	-	-	262,857	262,857
Other comprehensive income for the half year ended 30 June 2021	-	-	-	-
Total comprehensive income for the half year ended 30 June 2021	-	-	262,857	262,857
Balance as at 30 June 2021 - un-audited	3,798,387	107,004	13,501,973	17,407,364

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 30 June 2021 (Un-audited)

		Half Year Ended	
	Note	30 June 2021 (Rupees in thousand)	30 June 2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	8	4,980,232	3,540,711
Finance cost paid		(494,828)	(924,712)
Net decrease in long term loans to employees		4,665	6,289
Income tax paid		1,464	(4,767)
Gratuity paid		(5,227)	(3,840)
Net cash generated from operating activities		4,486,306	2,613,681
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on fixed assets		(14,617)	(7,327)
Proceeds from disposal of operating fixed assets		262	64
Interest received		38,935	23,719
Investment made in Pakistan Investment Bonds and Government Ijara Sukuks		(4,128,926)	-
Proceeds from sale of Pakistan Investment Bonds and Government Ijara Sukuks		4,152,937	-
Net cash from investing activities		48,591	16,456
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing obtained		-	53,866
Repayment of long term financing		(27,559)	-
Dividend paid		(382,384)	(115)
Net cash (used in) / from financing activities		(409,943)	53,751
Net increase in cash and cash equivalents		4,124,954	2,683,888
Cash and cash equivalents at beginning of the period		(10,845,565)	(13,624,704)
Cash and cash equivalents at end of the period		(6,720,611)	(10,940,816)
CASH AND CASH EQUIVALENTS			
Cash in hand		357	238
Cash at banks		403,359	102,292
Short term borrowings		(7,124,327)	(11,043,346)
		(6,720,611)	(10,940,816)

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

For the Half Year Ended 30 June 2021 (Un-audited)

1. THE COMPANY AND ITS OPERATIONS

1.1 Lalpir Power Limited ("the Company") was incorporated in Pakistan on 08 May 1994 under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017). The registered office of the Company is situated at 53-A, Lawrence Road, Lahore. The ordinary shares of the Company are listed on Pakistan Stock Exchange Limited. The principal activities of the Company are to own, operate and maintain a fuel fired power station ("the Complex") having gross capacity of 362 MW in Mehmood Kot, Muzaffargarh, Punjab, Pakistan. The Company has a Power Purchase Agreement (PPA) with its sole customer, Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) for 30 years which commenced from 06 November 1997. The PPA has been extended by a period of 248 days as per terms of the PPA Amendment Agreement dated 20 April 2021 referred to in note 1.2(a) to these condensed interim financial information.

1.2 Significant events occurred during the period

a) Master Agreement and PPA Amendment Agreements

During the year ended 31 December 2020, the Committee for negotiations with Independent Power Producers ("IPPs") notified by the Government of Pakistan (GoP) through notification number F.No.IPPs-1(12)/2019-20 dated 03 June 2020 and the IPPs representing the 1994 Power Policy projects, including the Company had several round of discussions. Therefore, on 18 August 2020, the Company in the larger national interest, voluntarily agreed to alter its existing contractual arrangements to the extent of, and strictly with respect to the matters listed under Memorandum of Understanding ("MoU"). In order to convert the MoU into binding agreement between the Company and CPPA-G (the "Parties"), the Government of Pakistan through notification number F.No.IPPs-1(12)/2020 (Vol-II) dated 07 October 2020 constituted Implementation Committee who had several round of discussions with the Parties. On 12 February 2021, the Parties have signed "Master Agreement" and "PPA Amendment Agreement" to alter certain contractual arrangements for sale and purchase of electricity, as desired by MoU.

Under the Master Agreement, the Parties, among other matters, have agreed on the following:

Competitive trading arrangement

The Government of Pakistan intends to create a competitive power market and the Company, without prejudice to the terms of its generation licence, shall actively support and participate in the competitive trading arrangements.

Assistance and support in tax issues

CPPA-G shall assist and support the Company in tax issues with Federal Board of Revenue including apportionment of input sales tax on Capacity Purchase Invoices, minimum tax on Capacity Purchase Price invoices and taxability of late payment charges.

Under the PPA Amendment Agreement, the Parties have agreed on the following:

Mechanism of settlement of long outstanding receivables

The total outstanding amount of Rupees 15,482.757 million as on 30 November 2020 will be paid in two installments without affecting the right of the Company

to receive late payment interest under the PPA. First installment of 40% of the aforementioned total outstanding amount shall be paid within 30 business days from the date of signing of PPA Amendment Agreement (Received by the Company on 04 June 2021). This installment comprises of 1/3rd in cash, 1/3rd in the form of tradeable 10 year floating rate Pakistan Investment Bonds (PIBs) and 1/3rd in the form of tradeable 5 year floating rate GoP Ijara Sukuks. Second installment of 60% of the aforementioned total outstanding amount shall be paid within six months after the date of first installment. This installment to be paid shall comprise of 1/3rd in cash, 1/3rd in the form of 10 year floating rate PIBs and 1/3rd in the form of 10 year floating rate GoP Ijara Sukuks.

Discounts in tariff components

The Company shall submit its invoices with tariff discount i.e.

- (a) on the basis of the applicable Capacity Purchase Price and Variable O&M reduced by 11%;
- (b) USD exchange rate and US CPI indexations shall apply on (i) reduced variable O&M and (ii) 50% of the reduced Escalable Component of the Capacity Purchase Price, and;
- (c) USD exchange rate applicable on remaining 50% of reduced Escalable Component of the Capacity Purchase Price shall not be less than the National Bank of Pakistan's TT/OD selling PKR/USD rate prevailing at the date of signing of the agreement and shall not exceed exchange rate of Rupees 168.60/USD. US CPI indexation shall be the rate applicable for the month of August 2020.

In the event of default by CPPA-G, the Company shall suspend giving tariff discounts from the date of default and the amendment shall terminate automatically, if not cured within a period of seventy days.

Resolution of disputes

The Parties shall in good faith attempt to amicably resolve the disputes as mentioned in note 1.2(b) to these condensed interim financial statements.

Abolition of Requirement of SBLC

The Parties agree that the requirement for "Company Letter of Credit" and "WAPDA Letter of Credit" is hereby deleted in its entirety.

During the period ended 30 June 2021, the Company has received first installment of 40% of total outstanding balance as on 30 November 2020 under the terms of PPA Amendment Agreement. Upon receipt of first installment, the Company has started giving tariff discounts to CPPA-G as mentioned above.

On 20 April 2021, the Parties have signed another PPA Amendment Agreement to change certain contractual arrangements for sale and purchase of electricity and to amicably resolve the disputes between the Parties. The Parties, among other matters, have agreed on the following;

Minimum load of the complex has been increased from 20% to 50% of the total capacity of the complex;

Different arbitration disputes as detailed in note 1.2(b) to these condensed interim financial statements have been resolved in the following manner;

- The Company has waived off interest on interest and in return would get payments based on First In First Out (FIFO) basis;

- The shutdown period of the complex on account of non-availability of fuel has been treated as Other Force Majeure Event under the PPA and term of the PPA has been extended by 248 days. During this extended period, the Company will issue Energy Purchase Price invoices only and will not issue Capacity Purchase Price invoices for these 248 days, and accordingly Liquidated Damages imposed on the Company for this period shall be withdrawn by the CPPA-G;
- The Company is entitled to procure fuel from any licensed Oil Marketing Company other than Pakistan State Oil Company Limited.

Upon execution of this Agreement, the Parties shall jointly approach the relevant courts to withdraw all pending litigations. The Company has started the necessary formalities in this regard.

During the period ended 30 June 2021, the Parties have started complying with the conditions stipulated in the abovementioned PPA Amendment Agreement.

b) Resolution of outstanding matters relating to International Chamber of Commerce (ICC) award / Expert's determination

Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) has raised invoices for liquidated damages to the Company from 11th to 22nd (up to August 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 3,343.482 million (2019: Rupees 3,343.369 million). Out of these, the Company has accepted and paid Rupees 35.465 million (2020: Rupees 35.341 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 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 filed case for arbitration in the International Chamber of Commerce (ICC) to resolve the following matters, as per the mechanism allowed by PPA for resolutions 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 3.334 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 order 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 192.813 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 683.173 million in unpaid interest on interest invoices is due at the date of the latest invoice submitted by the Company (till the date of request for arbitration).

An arbitrator was appointed to resolve the aforementioned matters and the various hearings on these matters were held. On 18 December 2020, the Arbitrator has issued Final Award in which he has declared CPPA-G’s attempt to set of amounts of Rupees 3.334 billion from Capacity Payments due to the Company as unlawful and directed CPPA-G that it cannot deduct amounts from invoices of the Company on the basis that the Company has procured fuel from suppliers other than PSO. The Arbitrator also ordered CPPA-G to pay to the Company: i) Rupees 192.813 million withheld from invoices of the Company; ii) Rupees 683.173 million being interest on delayed payments interest invoices; iii) interest on amounts awarded at the rate of State Bank of Pakistan’s treasury six month Base Rate plus 2% per annum compounded semi-annually from the date of award till the date of payment and iv) US\$ 432,296.745 (50% of the total amount awarded, being the share of the Company) in respect of cost of arbitration and Company’s legal costs together with interest at the rate of 4% per annum compounded quarterly from the date of award till the date of payment. Moreover, the Arbitrator also declare that CPPA-G is obliged to provide and maintain Letter of Credit under PPA.

During the year ended 31 December 2020, the Company in the larger national interest, voluntarily agreed to alter its existing contractual arrangements to the extent of, and strictly with respect to the matters listed under Memorandum of Understanding (“MoU”). During the period ended 30 June 2021, the Company has enter with CPPA-G into “Master Agreement” and “PPA Amendment Agreements” on the basis of MoU. Under the PPA Amendment Agreement the Parties have agreed in good faith to attempt to resolve the outstanding ICC Award / Expert’s determination.

On 20 April 2021, the Parties have signed another PPA Amendment Agreement to resolve the disputes relating to aforementioned ICC Award / Expert’s determination which are more fully explained in note 1.2(a) to these condensed interim financial statements. Upon execution of this Agreement, the Parties shall jointly approach the relevant courts to withdraw all pending litigations. The Company has started the necessary formalities in this regard.

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 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) 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 2020.

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 2020.

4. LONG TERM FINANCING

From banking company - secured

	Un-audited 30 June 2021 (Rupees in thousand)	Audited 31 December 2020
Loan under SBP Refinance Scheme (Note 4.1)	80,180	105,661
Less: Current portion shown under current liabilities	(53,134)	(51,208)
	<u>27,046</u>	<u>54,453</u>

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

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

There is no significant change in the status of contingencies as disclosed in the preceding audited annual published financial statements of the Company for the year ended 31 December 2020 except for the following:

- i) During the year ended 31 December 2019, Deputy Commissioner Inland Revenue (DCIR) has passed an order under section 11 of the Sales Tax Act, 1990 raising a demand on account of sales tax aggregating to Rupees 228.138 million against the Company. The Company filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] against the order of DCIR. On 12 September 2019, CIR(A) disposed-off the appeal whereby all the matters were decided in favor of the Company except the disallowance of input sales tax on certain purchases aggregating to Rupees 8.336 million. Being aggrieved by the order, the Company filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) challenging the disallowance of input sales tax. On 22 April 2021, ATIR remanded back the case to assessing officer for fresh consideration. Based on the tax advisor's opinion, the management is of the view that there are meritorious grounds available to defend the disallowance of input sales tax. Consequently, no provision for such disallowance has been made in these condensed interim financial statements.
- ii) DCIR has passed an order on 04 February 2020 under section 11 of the Sales Tax Act, 1990 whereby input sales tax on various furnace oil invoices was disallowed and sales tax refund amounting to Rupees 58.489 million was rejected. Being aggrieved with the order of DCIR, the Company filed appeal before CIR(A). On 28 April 2020, CIR(A) remanded back the case to assessing officer for fresh consideration. The DCIR reinitiated the remanded back proceedings and passed an order on 04 June 2020 whereby partial relief to the Company was granted and sales tax refund of Rupees 34.507 million was rejected. Being aggrieved with the remanded back proceedings of DCIR, the Company filed an appeal before CIR(A) on 11 June 2020. On 02 June 2021, CIR(A) passed an order whereby the decision of DCIR regarding rejection of sales tax refund of Rupees 34.507 was upheld. Being aggrieved with the order of CIR(A), the Company has filed appeal before ATIR which is pending for hearing. Based on the advice of the legal counsel, the management is of the view that reasonable legal and factual grounds exists to defend the disallowance of input sales tax. Consequently, no provision for such disallowance has been made in these condensed interim financial statements.
- iii) During the period ended 30 June 2021, tax authorities have completed assessment proceedings under section 122(1)/(5) of the Income Tax Ordinance, 2001 for the tax year 2018 and raised a demand of Rupees 10.680 million on account of tax on profit on debt. The Company has filed appeal against foregoing assessment proceedings before CIR(A), which is pending for hearing. Based on tax advisor's opinion, the management is confident that the matter will be decided in favour of the Company and accordingly no provision has been made in these condensed interim financial statements.
- iv) On 19 June 2021, Assistant Commissioner Inland Revenue (ACIR) passed an order under section 72B of the Sales Tax Act, 1990 for tax periods January 2017 to December 2017 whereby a demand of Rupees 4.612 million has been raised on account of suppression of sales and sales tax on sale of residue of extracts from furnace oil. Subsequent to the period ended 30 June 2021, the Company has filed an appeal before CIR(A) against the order of ACIR which is pending adjudication. No provision against this demand has been recognized in these condensed interim financial statements, as the Company, based on advice of the tax advisor, is confident of favorable outcome.

	Un-audited 30 June 2021 (Rupees in thousand)	Audited 31 December 2020
5.2 Commitments		
5.2.1 Commitments in respect of other than capital expenditure	165,880	18,735
6. FIXED ASSETS		
Operating fixed assets (Note 6.1)	6,224,677	6,767,565
Capital work-in-progress (Note 6.2)	1,171	478
	<u>6,225,848</u>	<u>6,768,043</u>
6.1 Operating fixed assets		
Opening book value	6,767,565	7,743,066
Add: Cost of additions during the period / year (Note 6.1.1)	13,924	130,956
Less: Book value of disposals during the period / year (Note 6.1.2)	234	8
Less: Depreciation charged during the period / year	556,578	1,106,449
Closing book value	<u>6,224,677</u>	<u>6,767,565</u>
6.1.1 Cost of additions		
Plant and machinery	1,419	126,517
Buildings on freehold land	1,607	-
Furniture and fittings	-	617
Vehicles	9,688	-
Office equipment	679	3,008
Electric equipment and appliances	531	814
	<u>13,924</u>	<u>130,956</u>
6.1.2 Book value of deletions		
Cost		
- Vehicles	1,554	136
- Office equipment	-	118
- Computer equipment	339	-
	<u>1,893</u>	<u>254</u>
Less: Accumulated depreciation	1,659	246
	<u>234</u>	<u>8</u>
6.2 Capital work-in-progress		
Plant and machinery	<u>1,171</u>	<u>478</u>

	Un-audited Half Year Ended		Un-audited Quarter Ended	
	30 June 2021 (Rupees in thousand)	30 June 2020	30 June 2021 (Rupees in thousand)	30 June 2020
7. COST OF SALES				
Fuel cost	5,624,111	976,438	3,900,542	590,582
Operation and maintenance costs	264,541	236,238	175,414	26,218
Insurance	375,803	352,185	187,893	176,084
Depreciation	516,760	507,440	258,166	258,707
Liquidated damages to CPPA-G	90	124	90	124
Others	-	-	(1,698)	(1,490)
	<u>6,781,305</u>	<u>2,072,425</u>	<u>4,520,407</u>	<u>1,050,225</u>

	Half Year Ended	
	30 June 2021 (Rupees in thousand)	30 June 2020
8. CASH GENERATED FROM OPERATIONS		
Profit before taxation	262,857	1,835,033
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	556,578	548,988
Depreciation on investment properties	356	356
Provision for gratuity	7,411	7,870
Gain on disposal of operating fixed assets	(28)	(56)
Interest income	(38,893)	(22,695)
Amortization of deferred income - Government grant	(2,077)	-
Gain on sale of Pakistan Investment Bonds	(1,294)	-
Gain on sale of Government Ijara Sukuks	(22,717)	-
Finance cost	426,333	844,074
Cash flows from operating activities before working capital changes	<u>1,188,526</u>	<u>3,213,570</u>
Working capital changes		
(Increase) / decrease in current assets:		
Stores, spare parts and other consumables	2,477	5,778
Fuel stock	(344,885)	228,358
Trade debts	3,788,269	(812,066)
Loans, advances and short-term prepayments	(92,578)	(2,474)
Other receivables	67,593	(78,359)
Sales tax recoverable	(114,087)	801,567
	<u>3,306,789</u>	<u>142,804</u>
Increase in trade and other payables	<u>484,917</u>	<u>184,337</u>
	<u>4,980,232</u>	<u>3,540,711</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 2021 (Rupees in thousand)	30 June 2020	30 June 2021 (Rupees in thousand)	30 June 2020
Associated companies	Insurance premium paid	381,459	358,620	189,517	174,417
	Insurance claims received	516	2,265	367	1,165
	Dividend paid	212,589	-	212,589	-
	Rent expense	3,140	3,140	1,570	1,570
	Boarding lodging services	43	43	43	-
	Purchase of stores	392	97	220	-
	Purchase of vehicle	7,708	-	6,508	-
	Repair and maintenance of vehicles	126	39	38	39
	Loan obtained	7,551,790	9,947,908	4,192,333	1,818,000
	Loan repaid	7,755,458	9,951,419	6,266,979	1,977,086
	Interest paid	73,415	111,156	39,302	9,413
	Loan made	-	350,000	-	350,000
	Loan recovered	-	350,000	-	350,000
Key management personnel	Interest charged	14,726	22,629	7,420	9,871
	Remuneration	13,007	10,650	8,142	6,060
Staff retirement benefits plans	Contribution to provident fund	10,921	10,503	5,404	5,196
	Contribution to gratuity fund	7,411	7,870	3,705	3,935

	Un-audited 30 June 2021 (Rupees in thousand)	Audited 31 December 2020
Period end balances:		
Short term loan receivable from associated company	350,000	350,000
Accrued interest on loan to associated company	2,453	2,496

10. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

Certain financial assets and financial liabilities are not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts. Judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in these condensed interim financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company classify its financial instruments into the following three levels. However, as at the reporting date, the Company has no such type of financial instruments which are required to be grouped into these levels. These levels are explained as under:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

11. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 31 December 2020.

12. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Company at their meeting held on 25 August 2021 has declared interim cash dividend of Rupee 1 per share. However, this event has been considered as a non-adjusting event under International Accounting Standard (IAS) 10 'Events after the Reporting Period' and has not been recognized in these condensed interim financial statements.

13. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 "Interim Financial Reporting", the condensed interim statement of financial position and condensed interim statement of changes in equity have been compared with balances of audited annual published financial statements of preceding financial year, whereas, the condensed interim statement of profit or loss and other comprehensive income and condensed interim statement of cash flows have been compared with the amounts of comparable period of immediately preceding financial year.

Corresponding figures have been re-arranged and reclassified, wherever necessary for the purpose of comparison, however, no significant re-arrangements and reclassifications have been made in these condensed interim financial statements.

14. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue on 25 August 2021 by the Board of Directors of the Company.

15. GENERAL

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



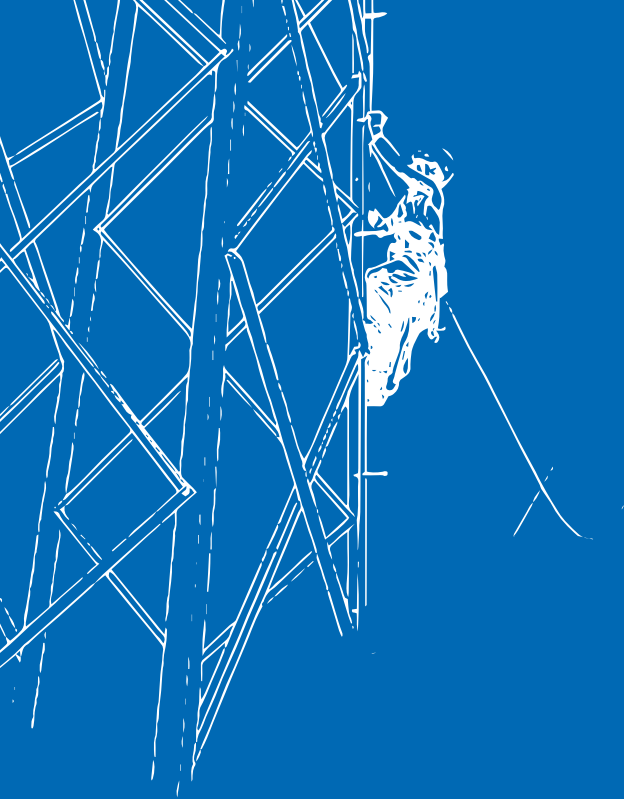
CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER



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