



N I S H A T

PAKGEN POWER LIMITED

**HALF YEARLY REPORT
FOR THE HALF YEAR ENDED
30 JUNE 2022**



A NEW
VISION FOR
CONTINUED
GROWTH

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COMPANY PROFILE

THE COMPANY	<p>Pakgen Power Limited ("the Company") was incorporated in Pakistan on 22 June 1995 under the repealed Companies Ordinance, 1984 now the Companies Act, 2017.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 365 MW in Mehmood Kot, Muzaffargarh, Punjab, Pakistan.</p>	
BOARD OF DIRECTORS	Mrs. Sadia Younas Mansha Dr. Arif Bashir Mr. Samir Mustapha Chinoy Mr. Shahid Malik Mr. Ghazanfar Hussain Mirza Mr. Farrukh Ifzal Mr. Amir Mahmood	Chairman
CHIEF EXECUTIVE OFFICER	Mian Hassan Mansha	
AUDIT COMMITTEE	Mr. Farrukh Ifzal Dr. Arif Bashir Mr. Shahid Malik	Chairman
HUMAN RESOURCE & REMUNERATION(HR &R) COMMITTEE	Mr. Samir Mustapha Chinoy Mian Hassan Mansha Mr. Ghazanfar Hussain Mirza	Chairman
CHIEF FINANCIAL OFFICER	Mr. Tanvir Khalid	
COMPANY SECRETARY	Mr. Khalid Mahmood Chohan	
BANKERS OF THE COMPANY	<p>Habib Bank Limited The Bank of Punjab Silk Bank Limited United Bank Limited Allied Bank Limited National Bank of Pakistan Bank Alfalah Limited Faysal Bank Limited Askari Bank Limited Habib Metropolitan Bank Limited MCB Bank Limited Bank Islamic Pakistan Limited Bank Al-Habib Limited Al Baraka Bank (Pakistan) Limited</p>	
AUDITOR OF THE COMPANY	Riaz Ahmad & Co. Chartered Accountants	
LEGAL ADVISOR OF THE COMPANY	Mr. M. Aurangzeb Khan Advocate High Court	
REGISTERED OFFICE	<p>53-A, Lawrence Road, Lahore-Pakistan UAN: +9242-111-11-33-33 Fax: +924236367414</p>	

HEAD OFFICE	1-B, Aziz Avenue, Gulberg-V, Lahore-Pakistan Tel: +9242-35717090-96 Fax: +9242-35717239
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 **Pakgen Power Limited** "the Company" are pleased to present their report together with the Condensed Interim Financial Information for the Half Year ended June 30, 2022.

We report that during the period under review power plant dispatched 821,210 MHW of electricity as compared with 314,591 MWH dispatched during the corresponding period of the previous financial year.

OPERATIONAL FINANCIAL RESULTS:

The financial results of the Company for period ended June 30, 2022 are as follows:

Financial Highlights	HALF YEAR ENDED	
	30 June 2022	30 June 2021
Revenue (Rs'000')	29,471,738	7,823,112
Gross profit (Rs'000')	1,365,911	1,457,124
After tax profit (Rs'000')	1,395.758	1,126.830
Earnings per share (Rs)	3.75	3.03

The Company has posted after tax profit of Rs.1,395.758 million as against after tax profit Rs.1,126.830 million earned in the comparative period. The net profits of the Company demonstrated the Earning per Share of Rs.3.75 as against Rs.3.03 per share earned in the comparable previous period.

Our sole customer Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) remains unable to meet its obligations in accordance with the Power Purchase Agreement (PPA) which are secured under a sovereign guarantee of Government of Pakistan. As on June 30, 2022 an amount of Rs.17.438 billion was receivable from CPPA-G.

COMPOSITION OF BOARD:

Total number of Directors:	
(a) Male	7
(b) Female	1
Composition:	
(i) Independent Directors	2
(ii) Non-executive Directors	5
(iii) Executive Director- (Chief Executive Officer)	1

COMMITTEES OF THE BOARD:

Audit Committee of the Board:

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

Human Resource & Remuneration (HR&R) Committee:

Sr. #	Name of Members
1	Mr. Samir Mustapha Chinoy (Member/Chairman)
2	Mian Hassan Mansha (Member)
3	Mr. Ghazanfar Hussain Mirza (Member)

DIRECTORS' REMUNERATION:

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

APPROPRIATIONS:

The Board of Directors has announced 1st Interim Cash Dividend at the rate of PKR 1.5/- per share (i.e. 15%) for the half year ended June 30, 2022.

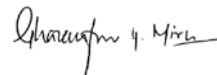
ACKNOWLEDGEMENT:

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



Mian Hassan Mansha
Chief Executive Officer
Lahore: 19 August 2022



Mr. Ghazanfar Hussain Mirza
Director

ڈائریکٹرز رپورٹ پاک جن پاور لمیٹڈ

پاک جن پاور لمیٹڈ "دی کمپنی" کے ڈائریکٹرز 30 جون 2022ء مختصر ششماہی مدت کے لئے مجملہ 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 مدت کے دوران 314,591 MWH ترسیل کے مقابلہ میں 821,210 MWH بجلی ترسیل کی گئی۔

آپریٹل مالیاتی نتائج:

30 جون 2022ء کو ختم ہونے والی مدت کے لئے کمپنی کے مالیاتی نتائج مندرجہ ذیل ہیں:

مالی جھلکیاں	30 جون 2022ء مختصر ششماہی	30 جون 2021ء مختصر ششماہی
محصولات (000 روپے)	29,471,738	7,823,112
مجموعی منافع (000 روپے)	1,365,911	1,457,124
بعد از ٹیکس منافع (000 روپے)	1,395,758	1,126,830
آمدن فی حصص (روپے)	3.75	3.03

کمپنی نے ٹیکس کے بعد منافع 1,395,758 ملین روپے درج کیا جبکہ تقابلی مدت میں 1,126,830 ملین روپے منافع حاصل ہوا تھا۔ کمپنی کے خالص منافع نے گزشتہ مدت میں 3.03 روپے فی حصص منافع کے مقابلے 3.75 روپے فی حصص منافع ظاہر کیا ہے۔

ہماری واحد صارف سنٹرل پاور پراجیکٹ ایجنسی (گارنٹی) لمیٹڈ (CPPA-G) بجلی کی خریداری کے معاہدے (PPA) جو حکومت پاکستان کی ایک خود مختار ضمانت کے تحت حاصل کیا گیا، کے مطابق اپنی ذمہ داریوں کو پورا کرنے کے قابل نہیں رہا۔ 30 جون 2022ء کے مطابق سنٹرل پاور پراجیکٹ ایجنسی (گارنٹی) لمیٹڈ (CPPA-G) کے ذمہ بقایا رقم 17.438 ملین روپے تھی۔

بورڈ کی تشکیل:

ڈائریکٹرز کی کل تعداد	
(a) مرد	7
(b) خاتون	1
تشکیل	
(i) آزاد ڈائریکٹرز	2
(ii) نان ایگزیکٹو ڈائریکٹرز	5
(iii) ایگزیکٹو ڈائریکٹرز (چیف ایگزیکٹو آفیسر)	1

بورڈ کی کمیٹیاں:

بورڈ کی آڈٹ کمیٹی:

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

ہیومن ریسورس اینڈ ریمزیشن (HR&R) کمیٹی:

نمبر شمار	نام رکن
1	جناب سید مصطفیٰ چنائے (رکن/چیئر مین)
2	میاں حسن منشاء (رکن)
3	جناب غففر حسین مرزا (رکن)

ڈائریکٹرز کا مشاہرہ:

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

تصرفات

بورڈ آف ڈائریکٹرز نے 30 جون 2022 کو ختم ہونے والی ششماہی کے لئے 1.5 روپے فی شیئر (یعنی % 15) 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 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 نظماء

Shiraz Mirza

غففر حسین مرزا

ڈائریکٹرز

Hasan Mirza

میاں حسن منشاء

چیف ایگزیکٹو آفیسر

لاہور: 19 اگست 2022ء

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF PAKGEN POWER LIMITED

Report on review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of PAKGEN POWER LIMITED as at 30 June 2022 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 2022 and 30 June 2021 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 2022.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

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



RIAZ AHMAD & COMPANY

Chartered Accountants

Lahore.

Date: 20 August 2022

UDIN: RR2022101323Ufgo2DCv


CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED) AS AT 30 JUNE 2022

	Note	Un-audited 30 June 2022 (Rupees in thousand)	Audited 31 December 2021
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 400,000,000 (31 December 2021: 400,000,000) ordinary shares of Rupees 10 each		4,000,000	4,000,000
Issued, subscribed and paid-up share capital 372,081,591 (31 December 2021: 372,081,591) ordinary shares of Rupees 10 each		3,720,816	3,720,816
Capital reserve		116,959	116,959
Revenue reserve - un-appropriated profit		20,122,370	18,726,612
Total equity		23,960,145	22,564,387
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	4	-	-
Employee benefit - gratuity		5,754	2,267
Deferred income - Government grant		-	-
		5,754	2,267
CURRENT LIABILITIES			
Trade and other payables		475,097	2,978,920
Accrued mark-up / profit		33,131	20,042
Short term borrowings		6,145,997	7,336
Current portion of non-current liabilities		24,970	49,943
Unclaimed dividend		7,424	8,019
		6,686,619	3,064,260
Total liabilities		6,692,373	3,066,527
CONTINGENCIES AND COMMITMENTS			
	5		
TOTAL EQUITY AND LIABILITIES		30,652,518	25,630,914

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



CHIEF EXECUTIVE



DIRECTOR

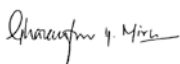


CHIEF FINANCIAL OFFICER

	Note	Un-audited 30 June 2022 (Rupees in thousand)	Audited 31 December 2021
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	6	4,816,640	5,268,482
Long term investment		-	-
Long term loans to employees		21,360	23,299
Long term security deposits		1,774	300
		<u>4,839,774</u>	<u>5,292,081</u>
CURRENT ASSETS			
Stores, spare parts and other consumables		775,702	737,817
Fuel stock		2,220,896	3,056,712
Trade debts		17,438,726	6,852,294
Loans, advances and short term prepayments		1,363,096	47,301
Loan to associated company		-	350,000
Other receivables		317,603	440,921
Advance income tax		279,720	249,321
Accrued interest		-	7,175
Sales tax recoverable		1,660,946	1,626,330
Cash and bank balances		1,756,055	6,970,962
		<u>25,812,744</u>	<u>20,338,833</u>
TOTAL ASSETS		<u><u>30,652,518</u></u>	<u><u>25,630,914</u></u>



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER


CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR ENDED 30 JUNE 2022

		Half Year Ended		Quarter Ended	
	Note	30 June 2022	30 June 2021	30 June 2022	30 June 2021
----- (Rupees in thousand) -----					
REVENUE FROM CONTRACT WITH CUSTOMER		29,471,738	7,823,112	19,118,045	4,169,808
COST OF SALES	7	(28,105,827)	(6,365,988)	(18,632,478)	(3,989,072)
GROSS PROFIT		1,365,911	1,457,124	485,567	180,736
ADMINISTRATIVE EXPENSES		(109,162)	(164,113)	(39,164)	(69,128)
OTHER EXPENSES		(1,929)	(1,393)	(987)	(532)
OTHER INCOME		187,273	52,993	55,113	37,732
PROFIT FROM OPERATIONS		1,442,093	1,344,611	500,529	148,808
FINANCE COST		(46,335)	(217,781)	(41,010)	(98,960)
PROFIT BEFORE TAXATION		1,395,758	1,126,830	459,519	49,848
TAXATION		-	-	-	-
PROFIT AFTER TAXATION		1,395,758	1,126,830	459,519	49,848
OTHER COMPREHENSIVE INCOME:					
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS		-	-	-	-
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS		-	-	-	-
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,395,758	1,126,830	459,519	49,848
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)		3.75	3.03	1.23	0.13

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF
CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED 30 JUNE 2022**

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

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

Balance as at 31 December 2020 - audited 3,720,816 116,959 18,796,628 22,634,403

Transaction with owners :

Final dividend for the year ended 31 December
2020 @ Rupee 1 per share - - (372,082) (372,082)

Profit for the half year ended 30 June 2021	-	-	1,126,830	1,126,830
Other comprehensive income for the half year ended 30 June 2021	-	-	-	-

Total comprehensive income for the half year ended 30 June 2021	-	-	1,126,830	1,126,830
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Balance as at 30 June 2021 - un-audited 3,720,816 116,959 19,551,376 23,389,151

Transactions with owners :

First interim dividend for the year ended 31 December 2021 @ Rupee 1 per share	-	-	(372,082)	(372,082)
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Second interim dividend for the year ended 31 December 2021 @ Rupee 1 per share	-	-	(372,082)	(372,082)
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- - (744,164) (744,164)

Loss for the half year ended 31 December 2021	-	-	(77,486)	(77,486)
Other comprehensive loss for the half year ended 31 December 2021	-	-	(3,114)	(3,114)

Total comprehensive loss for the half year ended 31 December 2021	-	-	(80,600)	(80,600)
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Balance as at 31 December 2021 - audited 3,720,816 116,959 18,726,612 22,564,387

Profit for the half year ended 30 June 2022	-	-	1,395,758	1,395,758
Other comprehensive income for the half year ended 30 June 2022	-	-	-	-

Total comprehensive income for the half year ended 30 June 2022	-	-	1,395,758	1,395,758
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Balance as at 30 June 2022 - un-audited 3,720,816 116,959 20,122,370 23,960,145

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER


CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE HALF YEAR ENDED 30 JUNE 2022

		Half Year Ended	
	Note	30 June 2022 (Rupees in thousand)	30 June 2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	8	(11,793,484)	6,148,799
Finance cost paid		(32,455)	(264,473)
Net increase in long term security deposits		(1,474)	-
Net decrease in long term loans to employees		1,939	4,242
Income tax paid		(30,399)	(212,196)
Gratuity paid		(2,023)	(5,555)
Net cash (used in) / generated from operating activities		(11,857,896)	5,670,817
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on fixed assets		(13,052)	(4,023)
Loan to associated company recovered		350,000	-
Interest received		192,948	17,216
Investment made in Pakistan Investment Bonds and Government Ijara Sukuks		-	(4,356,700)
Proceeds from sale of Pakistan Investment Bonds and Government Ijara Sukuks		-	4,382,035
Net cash from investing activities		529,896	38,528
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(24,973)	(22,390)
Dividend paid		(595)	(377,248)
Net cash used in financing activities		(25,568)	(399,638)
Net (decrease) / increase in cash and cash equivalents		(11,353,568)	5,309,707
Cash and cash equivalents at beginning of the period		6,963,626	(5,836,042)
Cash and cash equivalents at end of the period		(4,389,942)	(526,335)
CASH AND CASH EQUIVALENTS			
Cash in hand		211	239
Cash at banks		1,755,844	402,335
Short term borrowings		(6,145,997)	(928,909)
		(4,389,942)	(526,335)

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED 30 JUNE 2022

1. THE COMPANY AND ITS OPERATIONS

- 1.1.** Pakgen Power Limited ("the Company") was incorporated in Pakistan on 22 June 1995 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of the Company is situated at 53-A, Lawrence Road, Lahore. Head office of the Company is situated at 1-B, Aziz Avenue, Canal Road, Gulberg V, Lahore. The ordinary shares of the Company are listed on Pakistan Stock Exchange Limited. The principal activities of the Company are to own, operate and maintain a fuel fired power station ("the Complex") having gross capacity of 365 MW in Mehmood Kot, Muzaffargarh, Punjab, Pakistan. The Company has a Power Purchase Agreement (PPA) with its sole customer, Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) for 30 years which commenced from 01 February 1998. As per the terms of PPA Amendment Agreement dated 20 April 2021, the agreement year that was ending on 04 May 2021 was extended by 156 days to 07 October 2021. Therefore, the existing term of PPA has been extended by 156 days to thirty years and one hundred fifty-six days ending on 07 October 2028.

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

Under the terms and conditions mentioned in PPA Amendment Agreement dated 20 April 2021, the Company and CPPA-G (the "Parties") have agreed to resolve the disputes relating to International Chamber of Commerce (ICC) award / Expert's determination as fully explained in note 1.2(b) to the preceding audited annual published financial statements of the Company for the year ended 31 December 2021. On 29 June 2022, the Parties filed a joint application in Honourable Lahore High Court, Lahore to withdraw all pending litigations under the terms of above-mentioned PPA Amendment Agreement. On 04 July 2022, subsequent to the reporting period, the Honourable Lahore High Court, Lahore sanctioned the joint application to withdraw all pending litigations.

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 2021. 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 2021.

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 2021.

4. LONG TERM FINANCING

From banking company - secured

Loan under State Bank of Pakistan (SBP) Refinance Scheme (Note 4.1)

Less: Current portion shown under current liabilities

Un-audited 30 June 2022 (Rupees in thousand)	Audited 31 December 2021
24,803	48,986
(24,803)	(48,986)
-	-

- 4.1 These finance facilities, aggregating to Rupees 99.269 million are obtained by the Company from MCB Bank limited - related party under SBP Refinance Scheme for Payment of Wages and Salaries to the 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 pari passu charge over all present and future current assets of the Company for Rupees 3,125 million. 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 of 7.69% to 8.68% 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 2021 except for the following:

- 5.1.1 Deputy Commissioner Inland Revenue (DCIR) issued orders to the Company in which sales tax refund claims amounting to Rupees 1,486.302 million for the tax periods November 2008 to July 2009, January 2010 to October 2010 and January 2011 to July 2012 were rejected by apportioning input sales tax between capacity invoices and energy invoices and allowed input sales tax allocated to energy invoices only. Against aforesaid orders, the Company filed appeals before Commissioner Inland Revenue (Appeals) [CIR(A)], which were decided in favour of the Company. Against the orders of CIR(A), tax department filed appeals before Appellate Tribunal Inland Revenue (ATIR). ATIR decided the case in favour of tax department and vacated the order passed by CIR(A). Against the decision of ATIR, the Company filed reference application in the Honourable Lahore High Court (the Court) which has been decided in favour of the Company by the Court. However, department has filed petition for leave to appeal before Supreme Court of Pakistan. Further, DCIR issued show cause notice to the Company for the tax periods from July 2009 to December 2012 declaring refund claims being inadmissible amounting to Rupees 2,374.766 million on aforesaid grounds. The Company challenged the notice before the Court along with reply of the show cause notice to DCIR. The Court has decided the case in favour of the Company. However, tax department has filed petition for leave to appeal before Supreme Court of Pakistan, as well as review application before the Court.

'Further, on 18 May 2021, DCIR issued a show cause notice under section 11(2) of the Sales Tax Act, 1990 for the tax periods from July 2016 to January 2021 regarding the disallowance of input sales tax amounting to Rupees 478.291 million on similar grounds as explained above. The Company challenged the jurisdiction of DCIR by filing the writ petition before the Honorable Lahore High Court (the Court). The Court vide order dated 02 August 2021 directed the Company to comply with the notice. On 03 August 2021, DCIR passed an assessment order against the Company by disallowing the input tax amounting to Rupees 478.291 million alongwith the default surcharge and penalty without providing any opportunity of being heard. Being aggrieved with the order of DCIR, the Company preferred an appeal before CIR(A). On 09 November 2021, CIR(A) annulled the order passed by DCIR and directed to allow reasonable time to the Company of being heard. Against the order of CIR(A), the Company has filed an appeal before ATIR which is pending for hearing.

'On 08 April 2021, Assistant Commissioner Inland Revenue (ACIR) issued a show cause notice under section 11(2) of the Sales Tax Act, 1990 for the tax periods from January 2016 to December 2016 regarding the disallowance of input sales tax amounting to Rupees 1,080.919 million along with default surcharge and penalty on similar grounds as explained above. On 19 June 2021, ACIR passed a detailed order whereby the recoverability of sales tax claimed against capacity purchase price amounting to Rupees 1,080.919 million along with default surcharge and penalty was connected with the outcome of decision of Honorable Supreme Court in the same matter as disclosed above. Moreover, ACIR also raised a demand of Rupees 10.145 million on account of inadmissible claim of input sales tax and sales tax on sale of residue of extracts from furnace oil. Against the order of ACIR, the Company preferred an appeal before CIR(A). On 10 March 2022, CIR(A) passed an order whereby partial relief was provided to the Company. Being aggrieved with the order of CIR(A), the Company has filed an appeal before ATIR which is pending for hearing. The tax department has also filed an appeal before ATIR against the order of CIR(A).

Based on the advice of tax advisor, the management is of the view that there are meritorious grounds available to defend the cases. Consequently, no provision for these cases has been made in these condensed interim financial statements.

- 5.1.2** The tax authorities have carried out assessment proceedings under section 122(5A) of the Income Tax Ordinance, 2001 for the tax years 2012 to 2014 by creating (among others) a demand of Rupees 708.184 million on account of interest on delayed payments by CPPA-G not been offered for tax. As per tax authorities, interest on delayed payments falls under the head income from other sources and is not exempt from tax as the same is not covered under Clause 132, Part I of the Second Schedule to the Income Tax Ordinance, 2001. The Company filed appeals against foregoing assessment proceedings before Commissioner Inland Revenue (Appeals) [CIR(A)], which were decided in favour of the Company. Against the decisions of CIR(A), tax authorities filed appeals before ATIR. The ATIR through its order dated 01 October 2019 has dismissed tax authorities' appeal and has upheld the order passed by CIR(A) in case of tax year 2012. The tax authorities have preferred appeal before Honorable Lahore High Court, Lahore against the order of ATIR. In case of tax years 2013 and 2014, ATIR through its orders dated 23 April 2022 and 05 July 2022 has dismissed tax authorities' appeals. Further, no proceedings against the order passed by ATIR has been initiated by tax authorities. 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.
- 5.1.3** During the year ended 31 December 2019, 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 159.815 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 51.707 million. Further, CIR(A) connected the decision regarding the adjustment of input sales tax in respect of building materials amounting to Rupees 2.801 million with the outcome of appeal filed with Honourable Lahore High Court, Lahore as disclosed in note 12.1(vi) of the preceding audited annual published financial statements of the Company for the year ended 31 December 2021. Being aggrieved by the order, the Company has filed an appeal before the ATIR challenging the disallowance of input sales tax. On 22 April 2021, ATIR remanded back the case to assessing officer for fresh consideration and to decide the case related to adjustment of input sales tax in respect of building materials in light of judgment passed by Honourable Lahore High Court ["LHC"] after providing reasonable opportunity of being heard to the Company. The tax department has filed two sales tax references in Lahore High Court against the order of ATIR which are in process of hearing. 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.
- 5.1.4** Amended assessment orders dated 30 April 2018 were issued by the Additional Commissioner Inland Revenue (ACIR) under section 122(5A) of the Income Tax Ordinance, 2001 for tax years 2015, 2016 and 2017 whereby taxable income for the tax years under reference was recomputed to increase by Rupees 444.491 million on account of interest income, income from property, minimum tax on capacity sales, scrap sales, gain on sale of fixed assets, confrontation of tax credit under repealed section 65B of the Income Tax Ordinance, 2001 and workers' welfare fund. Against the aforesaid orders, the Company preferred appeals before CIR(A). On 01 June 2021, CIR(A) passed the orders whereby the orders of ACIR were upheld in respect of all the matters except for the taxation of gain on sale of fixed assets and workers welfare fund which were remanded back to ACIR, for consideration in view of the judgments of ATIR / Honorable Superior Courts. Being aggrieved with the order of CIR(A), the Company preferred appeal before the ATIR which is pending adjudication. On 08 September 2021, ACIR initiated remand back proceedings which were duly replied by the Company. However, on 30 May 2022, ACIR passed an order on remand back proceedings against the Company. Being aggrieved by the order of ACIR, the Company has filed an appeal before CIR(A) which is pending for hearing. Based on the advice of tax advisor, the management has strong grounds to believe that these cases will be decided in favor of the Company. Therefore, no provision has been made in these condensed interim financial statements.
- 5.1.5** On 29 April 2022, Deputy Commissioner Inland Revenue (DCIR) passed an order under section 8 of Sales Tax Act, 1990 for tax periods from July 2021 to November 2021 raising a demand of Rupees 129.110 million on account of inadmissible input sales tax on various goods and services along with default surcharge and penalty against the Company. Being aggrieved with the order of DCIR, the Company has filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] which is pending adjudication. 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.
- 5.1.6** On 27 January 2022, Assistant Commissioner Inland Revenue (ACIR) issued a show cause notice under section 11(2) of the Sales Tax Act, 1990 for the tax period September 2013 raising a demand on account of inadmissible input sales tax on various goods and services claimed aggregating to Rupees 17.243 million alongwith default surcharge and penalty against the Company. The Company duly replied to the said show cause notice. The ACIR, after considering the Company's reply, passed an order on 29 April 2022, whereby input sales tax amounting to Rupees 6.606 million already deferred was rejected and demand of Rupees 10.637 alongwith default surcharge and penalty was confirmed. Against the order of ACIR, the Company has filed an appeal before Commissioner Inland Revenue (Appeals) [CIR(A)] which is pending adjudication. 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.

- 5.1.7 The banks of the Company have issued letters of guarantee in favour of Pakistan State Oil Company Limited (PSO) - fuel supplier for an amount of Rupees 1,450 million (31 December 2021: Rupees 2,550 million) against purchase of fuel.
- 5.1.8 The Company has issued post dated cheques amounting to Rupees 0.820 million (31 December 2021: Rupees Nil) to Collector of Custom, Lahore under the direction of Honourable Lahore High Court, Lahore in respect of suit filed for custom duty.

	Un-audited 30 June 2022 (Rupees in thousand)	Audited 31 December 2021
5.2 Commitments		
For capital expenditures	227,715	-
For other than capital expenditure	37,503	29,257
	<u>265,218</u>	<u>29,257</u>
6. FIXED ASSETS		
Operating fixed assets (Note 6.1)	4,811,137	5,266,482
Capital work-in-progress (Note 6.2)	5,503	2,000
	<u>4,816,640</u>	<u>5,268,482</u>
6.1 Operating fixed assets		
Opening book value	5,266,482	5,942,491
Add: Cost of additions during the period / year (Note 6.1.1)	9,693	248,673
Less: Book value of disposals / derecognitions during the period / year (Note 6.1.2)	144	-
Less: Depreciation charged during the period / year	464,894	924,682
Closing book value	<u>4,811,137</u>	<u>5,266,482</u>
6.1.1 Cost of additions		
Plant and machinery	-	243,390
Vehicles	7,491	-
Office equipment	1,210	2,133
Furniture and fittings	175	1,583
Electric equipment and appliances	817	1,567
	<u>9,693</u>	<u>248,673</u>
6.1.2 Book value of disposals / derecognitions		
Cost:		
- Office equipment	199	-
- Plant and machinery	-	22,659
	<u>199</u>	<u>22,659</u>
Less: Accumulated depreciation	55	22,659
	<u>144</u>	<u>-</u>
6.2 Capital work-in-progress		
Plant and machinery	5,007	-
Electric equipment and appliances	496	-
Advance for purchase of vehicle	-	2,000
	<u>5,503</u>	<u>2,000</u>

	Un-audited Half Year Ended		Un-audited Quarter Ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	----- (Rupees in thousand) -----			
7. COST OF SALES				
Fuel cost	26,932,300	5,258,148	18,038,903	3,345,592
Operation and maintenance costs	320,759	315,854	154,412	249,213
Insurance	389,712	391,005	194,856	195,499
Depreciation	463,056	400,871	244,307	200,360
Liquidated damages to CPPA-G	-	110	-	110
Others	-	-	-	(1,702)
	<u>28,105,827</u>	<u>6,365,988</u>	<u>18,632,478</u>	<u>3,989,072</u>
			Un-audited Half Year Ended	
			30 June 2022	30 June 2021
			(Rupees in thousand)	
8. CASH (USED IN) / GENERATED FROM OPERATIONS				
Profit before taxation			1,395,758	1,126,830
Adjustments for non-cash charges and other items:				
Depreciation			464,894	427,972
Provision for gratuity			5,510	5,007
Interest income			(185,773)	(17,175)
Gain on sale of Pakistan Investment Bonds			-	(1,365)
Gain on sale of Government Ijara Sukuks			-	(23,970)
Finance cost			46,335	217,781
Amortization of deferred grant			(791)	(1,976)
Cash flows from operating activities before working capital changes			<u>1,725,933</u>	<u>1,733,104</u>
Working capital changes				
(Increase) / decrease in current assets:				
Stores, spare parts and other consumables			(37,885)	(21,388)
Fuel stock			835,816	(73,972)
Trade debts			(10,586,432)	3,304,755
Loan, advances and short term prepayments			(1,315,795)	221,933
Other receivables			123,318	61,079
Sales tax recoverable			(34,616)	(77,183)
			<u>(11,015,594)</u>	<u>3,415,224</u>
Decrease / (increase) in trade and other payables			<u>(2,503,823)</u>	<u>1,000,471</u>
			<u>(11,793,484)</u>	<u>6,148,799</u>

9. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of associated companies, key management personnel, staff retirement benefit plans and other related parties. The Company in the normal course of business carries out transactions with these related parties. Details of transactions with related parties are as follows:

Relationship with the Company	Nature of transaction	Un-audited Half Year Ended		Un-audited Quarter Ended	
		30 June 2022	30 June 2021	30 June 2022	30 June 2021
		----- (Rupees in thousand) -----			
Associated companies	Insurance premium paid	390,280	390,431	195,042	196,214
	Insurance claims received	482	682	408	553
	Rent expense	-	3,139	-	1,569
	Flying services	53,642	47,938	21,213	27,025
	Dividend paid	-	199,565	-	199,565
	Reimbursement of rent	2,017	-	455	-
	Loan recovered	350,000	-	350,000	-
	Interest charged	12,193	14,726	2,380	7,420
	Loans obtained	-	6,076,272	-	3,107,309
	Loans repaid	24,817	6,176,509	12,408	4,752,504
	Mark-up on borrowings paid	384	47,853	152	24,158
	Profit on bank deposits received	170,057	557	48,531	511
Other related parties	Insurance premium paid	1,555	1,266	-	-
	Purchase of stores	107	44	1	44
	Dividend paid	-	1,053	-	1,053
Key management personnel	Remuneration	15,072	14,872	9,124	9,008
Staff retirement benefits plans	Contribution to provident fund	8,071	7,701	4,027	3,805
	Contribution to gratuity fund	-	5,007	-	2,504
		Un-audited 30 June 2022		Audited 31 December 2021	
		(Rupees in thousand)			

Period end balances:

Short term loan receivable from associated company	-	350,000
Accrued interest on loan to associated company	-	3,123
Accrued interest on savings account - MCB Bank Limited	-	4,052

10. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

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

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

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

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

11. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Company at their meeting held on 19 August 2022 has declared interim cash dividend of Rupees 1.5 per share. However, this event has been considered as a non-adjusting event under International Accounting Standard (IAS) 10 'Events after the Reporting Period' and has not been recognized in these condensed interim financial statements.

12. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 31 December 2021.

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

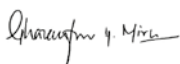
These condensed interim financial statements were authorized for issue on 19 August 2022 by the Board of Directors of the Company.

15. GENERAL

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

BOOK POST

PRINTED MATTER

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PAKGEN POWER LIMITED

53 - A, Lawrence Road, Lahore. Tel: 042 - 36367812 - 16
Fax: 042 - 36367414 | UAN: 042 - 111-11-33-33