

PAKGEN POWER LIMITED



SECY/STOCKEXC/

August 30, 2024

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

SUB:- **TRANSMISSION OF HALF YEARY ACCOUNTS
FOR THE PERIOD ENDED JUNE 30, 2024**

Dear Sir,

We have to inform you that the half yearly report of Pakgen Power Limited for the period ended June 30, 2024 have been transmitted through PUCARS and is also available on the Company's Website.

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Thanking you,

Yours truly,


KHALID MAHMOOD CHOCHAN
COMPANY SECRETARY



N I S H A T

PAKGEN POWER LIMITED



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



Growth - Expansion - Progress

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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, 2024.

We report that during the period under review power plant dispatched 58,182 MWh of electricity as compared with 141,230 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, 2024 are as follows:

Financial Highlights	PERIOD ENDED	
	30 June 2024	30 June 2023
Revenue (Rs '000')	7,974,023	9,884,044
Gross profit (Rs '000')	3,750,332	3,453,538
After tax profit (Rs '000')	4,000,314	3,484,699
Earnings per share (Rs)	10.75	9.37

The Company has posted after tax profit of Rs 4,000.314 million as against Rs 3,484.699 million earned in the comparative period. The net profits of the Company demonstrated the earning per share of Rs 10.75 as against Rs 9.37 per share earned in the comparable previous period.

Our sole customer Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) remains unable to meet its obligations in accordance with the Power Purchase Agreement (PPA) which are secured under a sovereign guarantee of Government of Pakistan. As on June 30, 2024, an amount of Rs. 11.592 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)	Other 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.	Dr. Arif Bashir (Member)
3.	Mr. Muhammad Ali Zeb (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)

DIRECTOR'S REMUNERATION:

The company does not pay remuneration to its non-executive directors including independent directors except for meeting fee. Aggregate amount of remuneration paid to executive and non-executive directors have been disclosed in Note 8 of the annexed financial statements.

APPROPRIATIONS:

The Board of Directors has announced 2nd Interim Cash Dividend at the rate of PKR 3 /- per share (i.e. 30%) for the half year ended June 30, 2024.

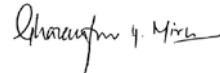
ACKNOWLEDGEMENT:

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

For and on behalf of the Board of Directors



Mian Hassan Mansha
Chief Executive Officer



Mr. Ghazanfar Hussain Mirza
Director

Lahore.
Dated: 28 August 2024

ڈائریکٹرز رپورٹ پاک جن پاور لمیٹڈ

پاک جن پاور لمیٹڈ "دی کمپنی" کے ڈائریکٹرز 30 جون 2024 چھتر ششماہی کے لئے محمد عبوری مالیاتی معلومات پر مشتمل اپنی رپورٹ پیش کرتے ہوئے خوش 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 141,230 MWh تریبل کے مقابلہ میں 58,182 MWh بجلی تریبل کی۔

آپریشن مالیاتی نتائج:

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

مالی ہتھکنیاں	30 جون 2024 چھتر ششماہی	30 جون 2023 چھتر ششماہی
محصولات (000 روپے)	7,974,023	9,884,044
مجموعی منافع (000 روپے)	3,750,332	3,453,538
بعد از ٹیکس منافع (000 روپے)	4,000,314	3,484,699
منافع فی حصص (روپے)	10.75	9.37

کمپنی نے ٹیکس کے بعد منافع 4,000,314 ملین روپے درج کیا جبکہ قابل مدت میں 3,484,699 ملین روپے ٹیکس کے بعد منافع حاصل ہوا تھا۔ کمپنی کے خالص منافع نے گزشتہ مدت میں 9.37 روپے منافع فی حصص کے مقابلے میں 10.75 روپے منافع فی حصص ظاہر کیا ہے۔

ہمارا واحد صارف سنٹرل پاور پراجیکٹ انجنی (گجراتی) لمیٹڈ (CPPA-G) بجلی کی خریداری کے معاہدے (PPA) حکومت پاکستان کی ایک خود مختار ضمانت کے تحت حاصل کیا گیا ہے۔ مطابق اپنی ذمہ داریوں کو پورا کرنے میں ناکام رہا ہے۔ 30 جون 2024 کے مطابق CPPA-G کے ذمہ داریوں میں 11.592 ملین روپے چھٹی۔

بورڈ کی تشکیل

ڈائریکٹرز کی کل تعداد	
7	مرد
1	خاتون
	تشکیل
2	(i) آزاد ڈائریکٹرز
5	(ii) دیگر تان انگریز ڈائریکٹرز
1	(iii) انگریز ڈائریکٹرز (چیف انگریز ڈائریکٹر)

بورڈ کی کیمیاں:

بورڈ کی آڈٹ کمیٹی:

نمبر شمار	نام رکن
1	جناب فرخ انصاف (رکن / چیئر مین)
2	ڈاکٹر عارف ٹیٹر (رکن)
3	جناب محمد علی زبیب (رکن)

ہیڈن ریسورس اینڈ ریموٹ این (HR&R) کمیٹی:

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

ڈائریکٹرز کا مشاہرہ:

کبھی اپنے آزاد ڈائریکٹرز سمیت نان ایگزیکٹو ڈائریکٹرز کا اجلاس نہیں کے علاوہ کوئی مشاہرہ اور نہیں کرتی ہے۔ ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کو ادا کئے جانے والے مشاہرہ کی مجموعی رقم منسلک مالی حسابات کے نوٹ 8 میں منکشف ہے۔

تصرفات

بورڈ آف ڈائریکٹرز نے 30 جون 2024 کو ختم ہونے والی ششماہی کے لئے 30 روپے فی شیئر (یعنی %30) کی شرح پر دوسرے عبوری نقد منافع منقسمہ کا اعلان کیا ہے۔

اظہار تشکر

ہم ایک جدید اور حوصلہ افزا 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 کبھی کے تمام مہلکی سلسلہ جماعت، بخت محنت اور عزم کو بھی سراہتے ہیں اور ہم کبھی کے ساتھ ان کے طویل تعلقات چاہتے ہیں۔

مخائبہ مجلس منشاء

Shauqatun N. Mirza

حفیظہ حسین مرزا
ڈائریکٹر

Hasan Mirza

میاں حسن منشاء
چیف ایگزیکٹو آفیسر

لاہور: 28 اگست 2024ء

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 2024 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarters ended 30 June 2024 and 30 June 2023 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended 30 June 2024.

Scope of Review

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

Conclusion

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

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



RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore

Date: August 29, 2024

UDIN: RR202410132x3oBrNOSs

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

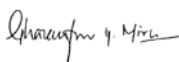
AS AT 30 JUNE 2024

	Note	Un-audited 30 June 2024 (Rupees in thousand)	Audited 31 December 2023
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
400,000,000 (31 December 2023: 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 2023: 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		24,106,055	20,849,904
Total equity		27,943,830	24,687,679
LIABILITIES			
NON-CURRENT LIABILITY			
Employee benefit - gratuity		9,741	2,770
CURRENT LIABILITIES			
Trade and other payables		998,388	914,539
Accrued mark-up / profit		8,958	11,327
Short term borrowings		2,699,991	3,749,911
Unclaimed dividend		113,330	106,942
		3,820,667	4,782,719
Total liabilities		3,830,408	4,785,489
CONTINGENCIES AND COMMITMENTS	4		
TOTAL EQUITY AND LIABILITIES		31,774,238	29,473,168

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



CHIEF EXECUTIVE




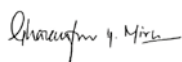
DIRECTOR



CHIEF FINANCIAL OFFICER

	Note	Un-audited 30 June 2024 (Rupees in thousand)	Audited 31 December 2023
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	5	3,419,735	3,869,927
Long term investment		-	-
Long term loans to employees		44,559	26,120
Long term security deposits		1,774	1,774
		<u>3,466,068</u>	<u>3,897,821</u>
CURRENT ASSETS			
Stores, spare parts and other consumables		782,661	680,844
Fuel stock		3,041,287	1,798,418
Trade debts		11,592,323	10,868,052
Short term investments		5,681,406	6,723,553
Loans, advances and short term prepayments		86,698	47,572
Other receivables		945,810	810,138
Advance income tax and final tax - net	6	26,915	144,098
Accrued interest		2	45
Sales tax recoverable		2,665,631	2,367,938
Cash and bank balances		3,485,437	2,134,689
		<u>28,308,170</u>	<u>25,575,347</u>
TOTAL ASSETS		<u><u>31,774,238</u></u>	<u><u>29,473,168</u></u>


CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR ENDED 30 JUNE 2024

	Note	Half Year Ended		Quarter Ended	
		30 June	30 June	30 June	30 June
		2024	2023	2024	2023
		(Rupees in thousand)		(Rupees in thousand)	
REVENUE FROM CONTRACT WITH CUSTOMER		7,974,023	9,884,044	2,821,290	6,122,977
COST OF SALES	7	(4,223,691)	(6,430,506)	(771,075)	(4,420,092)
GROSS PROFIT		3,750,332	3,453,538	2,050,215	1,702,885
ADMINISTRATIVE EXPENSES		(165,682)	(147,379)	(83,435)	(63,152)
OTHER EXPENSES		(2,551)	(8,045)	(997)	(5,463)
OTHER INCOME		619,144	232,556	304,875	196,021
PROFIT FROM OPERATIONS		4,201,243	3,530,670	2,270,658	1,830,291
FINANCE COST		(22,895)	(9,913)	(8,573)	(6,979)
PROFIT BEFORE INCOME TAX AND FINAL TAX		4,178,348	3,520,757	2,262,085	1,823,312
FINAL TAX		(83,350)	(15,579)	(69,505)	(15,579)
PROFIT BEFORE INCOME TAX		4,094,998	3,505,178	2,192,580	1,807,733
TAXATION		(94,684)	(20,479)	(45,765)	(20,479)
PROFIT AFTER TAXATION		4,000,314	3,484,699	2,146,815	1,787,254
OTHER COMPREHENSIVE INCOME:					
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS		-	-	-	-
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS		-	-	-	-
		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		4,000,314	3,484,699	2,146,815	1,787,254
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)		10.75	9.37	5.77	4.80

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 30 JUNE 2024

	RESERVES			TOTAL EQUITY
	Capital	Revenue		
	Retained payments reserve	Un- appropriated profit		
	(----- Rupees in thousand -----)			
Balance as at 31 December 2022 (audited)	3,720,816	116,959	21,311,654	25,149,429
Transaction with owners - Final dividend for the year ended 31 December 2022 @ Rupees 2 per share	-	-	(744,163)	(744,163)
Profit for the half year ended 30 June 2023	-	-	3,484,699	3,484,699
Other comprehensive income for the half year ended 30 June 2023	-	-	-	-
Total comprehensive income for the half year ended 30 June 2023	-	-	3,484,699	3,484,699
Balance as at 30 June 2023- un-audited	3,720,816	116,959	24,052,190	27,889,965
Transaction with owners - Interim dividend for the year ended 31 December 2023 @ Rupees 15 per share	-	-	(5,581,224)	(5,581,224)
Profit for the half year ended 31 December 2023	-	-	2,378,600	2,378,600
Other comprehensive income for the half year ended 31 December 2023	-	-	338	338
Total comprehensive income for the half year ended 31 December 2023	-	-	2,378,938	2,378,938
Balance as at 31 December 2023 - audited	3,720,816	116,959	20,849,904	24,687,679
Transaction with owners - Interim dividend for the quarter ended 31 March 2024 @ Rupees 2 per share	-	-	(744,163)	(744,163)
Profit for the half year ended 30 June 2024	-	-	4,000,314	4,000,314
Other comprehensive income for the half year ended 30 June 2024	-	-	-	-
Total comprehensive income for the half year ended 30 June 2024	-	-	4,000,314	4,000,314
Balance as at 30 June 2024 - Un-audited	3,720,816	116,959	24,106,055	27,943,830

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


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE HALF YEAR ENDED 30 JUNE 2024

		Half Year Ended	
		30 June 2024 (Rupees in thousand)	30 June 2023
Note			
CASH FLOWS FROM OPERATING ACTIVITIES			
	Cash generated from Operations	1,611,927	8,954,166
	Finance cost paid	(25,264)	(43,801)
	Net (increase) / decrease in long term loans to employees	(18,439)	4,094
	Income tax and final tax paid	(60,851)	(20,558)
	Gratuity paid	-	(6,858)
	Net cash generated from operating activities	1,507,373	8,887,043
CASH FLOWS FROM INVESTING ACTIVITIES			
	Capital expenditure on operating fixed assets	(8,008)	(77,359)
	Short term investments made	(169,318,619)	(22,484,611)
	Interest received	596,931	210,848
	Proceeds from disposal of short term investments	170,360,766	18,633,994
	Net cash from / (used in) investing activities	1,631,070	(3,717,128)
CASH FLOWS FROM FINANCING ACTIVITIES			
	Dividend paid	(737,775)	(733,139)
	Net cash used in financing activities	(737,775)	(733,139)
	Net increase in cash and cash equivalents	2,400,668	4,436,776
	Cash and cash equivalents at beginning of the period	(1,615,222)	(686,205)
	Cash and cash equivalents at end of the period	785,446	3,750,571
CASH AND CASH EQUIVALENTS			
	Cash in hand	338	330
	Cash at banks	3,485,099	3,750,241
	Short term borrowings	(2,699,991)	-
		785,446	3,750,571

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



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE HALF YEAR ENDED 30 JUNE 2024

1. THE COMPANY AND ITS OPERATIONS

Pakgen Power Limited (“the Company”) was incorporated in Pakistan on 22 June 1995 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of the Company is situated at 53-A, Lawrence Road, Lahore. The 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.

2. BASIS OF PREPARATION

2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 31 December 2023. These condensed interim financial statements are un-audited, however, have been subjected to limited scope review by the auditors and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Section 237 of the Companies Act, 2017.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information and methods of computations adopted for the preparation of these condensed interim financial statements are same as applied in the preparation of the audited annual published financial statements of the Company for the year ended 31 December 2023 except for the change in accounting policy of taxation and levy made in accordance with “Application Guidance on Accounting for Minimum Taxes and Final Taxes” issued by the Institute of Chartered Accountants of Pakistan through circular No. 7/2024 dated 15 May 2024. This change has been explained in note 3.1 to these condensed interim financial statements.

3.1 Taxation and levy

Current

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

Final taxes levied under the Income Tax Ordinance, 2001 and any excess over the amount designated as provision for current tax are charged as levy in statement of profit or loss and other comprehensive income. The charge for current tax and levy also includes adjustments, where considered necessary, to provision for tax and levy made in previous years arising from assessments framed during the year for such years. Previously, component representing levy was included in provision for current tax and was not separately charged in statement of profit or loss and other comprehensive income. This change in accounting policy has been applied retrospectively in accordance with the provisions of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and resulted in following reclassification of corresponding figures:

Reclassified from	Reclassified to	Un-audited	
		Half Year ended 30 June 2023	Quarter ended 30 June 2023

(Rupees in thousand)

Condensed interim statement of profit or loss and other comprehensive income:

Taxation	Final tax	15,579	15,579
----------	-----------	--------	--------

Reclassified from	Reclassified to	Un-audited	
		31 December 2023	

(Rupees in thousand)

Condensed interim statement of financial position:

Advance income tax	Prepaid final tax	25,761
Provision for taxation	Final tax payable	17,174

Had there been no change in the above referred accounting policy, amounts of final tax Rupees 83.350 million, prepaid final tax Rupees 50.010 million and final tax payable Rupees 33.340 million would have been presented as taxation expense, advance income tax and provision for taxation respectively in these condensed interim financial statements for the half year ended 30 June 2024. Further, this change in accounting policy has no impact on earnings per share of the Company.

Deferred

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

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

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

3.2 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these condensed interim financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 31 December 2023.

4 CONTINGENCIES AND COMMITMENTS

4.1 Contingencies

There is no significant change in the status of contingencies as disclosed in the preceding audited annual published financial statements of the Company for the year ended 31 December 2023 except for the following:

- 4.1.1** On 17 April 2024, Deputy Commissioner Inland Revenue (DCIR) passed an order for tax periods from January 2018 to December 2018 whereby sales tax demand of Rupees 16.999 million alongwith default surcharge and penalty were raised on various issues under relevant provisions of the Sales Tax Act, 1990. The Company paid the impugned sales tax demand of Rupees 16.999 million. However, being aggrieved, the Company filed an appeal before the learned Commissioner Inland Revenue - Appeals [CIR(A)] against the order passed by DCIR on 14 May 2024 which has not yet been taken up for the adjudication. Based on tax advisor's opinion, there exists reasonable grounds to defend the Company's stance. Hence, no provision has been made in these condensed interim financial statements.
- 4.1.2** On 22 January 2024, DCIR passed various orders for tax periods July 2016 to June 2018, July 2018 to June 2019 and July 2019 to June 2020 on various issues under relevant provisions of the Sales Tax Act, 1990 aggregating to Rupees 12.811 million including default surcharge and penalty. Being aggrieved by the orders passed by DCIR, Company preferred appeals before CIR(A) on 19 February 2024 which have not yet been taken up for adjudication. Based on tax advisor's opinion, there exists reasonable grounds to defend the Company's stance. Hence, no provision has been made in these condensed interim financial statements.

4.1.3 The Company identified certain sales tax Invoices relating to tax periods from September 2010 to September 2017 where the Company duly discharged the liabilities by making payments to suppliers whereas input sales tax aggregating to Rupees 187.056 million was not adjusted against the output sales tax for the respective tax periods. The Company filed application to Federal Board of Revenue ("the Board") to condone the time limits regarding the above explained matter. In response to the Company's application, the Board called for a report on factual merits of the Company's application. The Deputy Commissioner Inland Revenue (DC1R), in accordance with the directions of the Board, issued letters to the Company to submit relevant documentary evidence in order to prepare the report for the Board. On 22 April 2019, the Company duly complied with those letters by submitting all the necessary / relevant data. On 30 June 2024, Commissioner Inland Revenue (CIR) submitted report on factual merits of the Company's application and recommended that condonation in respect of input sales tax amounting to Rupees 145.890 million be allowed to the Company. On 22 July 2024, subsequent to the reporting period, the Board has condoned the time limit to adjust the aforementioned input sales tax amounting to Rupees 145.890 million. The Company is continuously following up with the Board and is in the process of submitting evidences relating to remaining amount of Rupees 41.166 million to authorities for expeditious disposal of the case. Based on the advise of the tax advisor, the management expects favorable outcome of the matter. Hence, no provision has been made in these condensed interim financial statements.

4.1.4 The banks of the Company have issued letters of guarantee in favour of Pakistan State Oil Company Limited (PSO) - fuel supplier for an amount of Rupees Nil (31 December 2023: Rupees 500 million) against purchase of fuel.

	Un-audited 30 June 2024 (Rupees in thousand)	Audited 31 December 2023
4.2 Commitments		
For other than capital expenditure	98,822	132,994
5. FIXED ASSETS		
Operating fixed assets (Note 5.1)	3,409,149	3,863,831
Capital work-in-progress (Note 5.2)	10,586	6,096
	<u>3,419,735</u>	<u>3,869,927</u>
5.1 Operating fixed assets		
Opening book value	3,863,831	4,362,263
Add: Cost of additions during the period / year (Note 5.1.1)	3,518	456,372
Less: Book value of disposals / derecognitions during the period / year (Note 5.1.2)	-	15
Less: Depreciation charged during the period / year	458,200	954,789
Closing book value	<u>3,409,149</u>	<u>3,863,831</u>
5.1.1 Cost of additions		
Plant and machinery	-	444,379
Vehicles	-	3,457
Office equipment	3,415	5,837
Furniture and fittings	92	2,001
Electric equipment and appliances	11	698
	<u>3,518</u>	<u>456,372</u>

	Un-audited 30 June 2024 (Rupees in thousand)	Audited 31 December 2023
5.1.2 Book value of disposals / derecognitions		
Cost:		
- Plant and machinery	-	118,200
- Vehicles	-	166
- Office equipment	250	316
	250	118,682
Less: Accumulated depreciation	250	118,667
	-	15
5.2 Capital work in process		
Plant and machinery	192	177
Buildings on freehold land	10,394	5,919
	10,586	6,096
6. ADVANCE INCOME TAX AND FINAL TAX - NET		
Advance income tax - net		
Advance income tax	154,939	300,265
Less: Provision for taxation	(94,684)	(138,993)
	60,255	161,272
Final tax - net		
Prepaid final tax	50,010	25,761
Less: Final tax payable	(83,350)	(42,935)
	(33,340)	(17,174)
	26,915	144,098

	Un-audited Half Year Ended		Un-audited Quarter Ended	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	(Rupees in thousand)		(Rupees in thousand)	
7. COST OF SALES				
Fuel cost	2,627,977	5,091,362	-	3,744,120
Operation and maintenance costs	379,704	310,922	162,586	149,863
Insurance	761,585	564,697	380,792	282,348
Depreciation	453,390	463,525	226,662	243,761
Liquidated damages to CPPA-G	1,035	-	1,035	-
	<u>4,223,691</u>	<u>6,430,506</u>	<u>771,075</u>	<u>4,420,092</u>

	Un-audited Half Year Ended	
	30 June 2024	30 June 2023
	(Rupees in thousand)	
8. CASH GENERATED FROM OPERATIONS		
Profit before taxation	4,178,348	3,520,757
Adjustments for non-cash charges and other items:		
Depreciation	458,200	467,814
Provision for gratuity	6,971	5,667
Interest income	(596,888)	(231,469)
Finance cost	22,895	9,913
Unrealized loss on remeasurement of investment at fair value through profit or loss	-	5,796
Cash flows from operating activities before working capital changes	<u>4,069,526</u>	<u>3,778,478</u>
Working capital changes:		
(Increase) / decrease in current assets:		
Stores, spare parts and other consumables	(101,817)	(112,649)
Fuel stock	(1,242,869)	573,664
Trade debts	(724,271)	2,509,206
Loan, advances and short term prepayments	(39,126)	483,754
Other receivables	(135,672)	(193,984)
Sales tax recoverable	(297,693)	36,736
	<u>(2,541,448)</u>	<u>3,296,727</u>
Increase in trade and other payables	83,849	1,878,961
	<u>1,611,927</u>	<u>8,954,166</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:

i) Transactions:

Relationship with the Company	Nature of transaction	Un-audited Half Year Ended		Un-audited Quarter Ended	
		30 June 2024 (Rupees in thousand)	30 June 2023	30 June 2024 (Rupees in thousand)	30 June 2023
Associated companies	Insurance premium paid	760,115	564,389	375,600	279,790
	Insurance claims received	368	200	107	99
	Flying services	69,998	68,161	34,811	35,615
	Dividend paid	291,649	280,715	291,649	280,715
	Boarding and lodging services	815	393	815	393
	Profit on bank deposits	70,478	24,531	20,499	17,769
Other related parties	Insurance premium paid	1,723	1,374	-	-
	Dividend paid	29,272	29,272	29,272	29,272
Key management personnel	Remuneration	15,339	13,627	7,617	6,851
Staff retirement benefits plans	Contribution to provident fund	10,296	9,039	5,096	4,475
	Benefit paid on behalf of Gratuity fund	6,971	5,667	3,485	2,834

ii) Period end balances:

Payable to related companies

- Entities on the basis of common directorship	453	27
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Balances with bank

- Entities on the basis of common directorship	3,485,070	2,131,335
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Staff retirement benefit plans

Un-audited 30 June 2024 (Rupees in thousand)	Audited 31 December 2023
453	27
3,485,070	2,131,335
15,801	2,770

10. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

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. An explanation of each level follows underneath the table:

Recurring fair value measurements at 30 June 2024	Level 1	Level 2	Level 3	Total
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.....(Rupees in thousand).....

Financial assets

Financial assets at fair value through profit or loss	5,681,406	-	-	5,681,406
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Recurring fair value measurements at 31 December 2023	Level 1	Level 2	Level 3	Total
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.....(Rupees in thousand).....

Financial assets

Financial assets at fair value through profit or loss	-	6,723,553	-	6,723,553
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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.

ii). Valuation technique used to determine fair value

Specific valuation technique used to value financial instruments is the use of Net Assets Value (NAV) of respective Asset Management Company.

11. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Company at their meeting held on 28 August 2024 has declared interim cash dividend of Rupees 3 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 2023.

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 the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim statement of profit or loss and other comprehensive income and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, except for reclassification as disclosed in note 3.1 to these condensed interim financial statements, there are no significant rearrangements / reclassification have been made.

14. DATE OF AUTHORISATION FOR ISSUE

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

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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PAKGEN POWER LIMITED



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Contact Us

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