



NISHAT

PAKGEN POWER LIMITED

HALF YEARLY REPORT  
FOR THE HALF YEAR ENDED  
JUNE 30, 2023



A NEW VISION FOR CONTINUED  
GROWTH

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# COMPANY PROFILE

<b>THE COMPANY</b>	<b>Pakgen Power Limited</b> (“the Company”) was incorporated in Pakistan on 22 June 1995 under the repealed Companies Ordinance, 1984 now the Companies Act, 2017.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.
<b>BOARD OF DIRECTORS</b>	Mrs. Sadia Younas Mansha Dr. Arif Bashir Chairman Mr. Samir Mustapha Chinoy Mr. Shahid Malik Mr. Ghazanfar Hussain Mirza Mr. Farrukh Ifzal Mr. Amir Mahmood
<b>CHIEF EXECUTIVE OFFICER</b>	Mian Hassan Mansha
<b>AUDIT COMMITTEE</b>	Mr. Farrukh Ifzal Chairman Dr. Arif Bashir Mr. Shahid Malik
<b>HUMAN RESOURCE &amp; REMUNERATION(HR &amp;R) COMMITTEE</b>	Mr. Samir Mustapha Chinoy Chairman Mr. Hassan Mansha Mr. Ghazanfar Hussain Mirza
<b>CHIEF FINANCIAL OFFICER</b>	Mr. Tanvir Khalid
<b>COMPANY SECRETARY</b>	Mr. Khalid Mahmood Chohan
<b>BANKERS OF THE COMPANY</b>	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
<b>AUDITOR OF THE COMPANY</b>	Riaz Ahmad & Co. Chartered Accountants
<b>LEGAL ADVISOR OF THE COMPANY</b>	Mr. M. Aurangzeb Khan Advocate High Court
<b>REGISTERED OFFICE</b>	53-A, Lawrence Road, Lahore-Pakistan UAN: +92 42-111-11-33-33 Fax: +92 42 36367414
<b>HEAD OFFICE</b>	1-B, Aziz Avenue, Gulberg-V, Lahore- Pakistan Tel: + 92 42-35717090-96 Fax: +92 42-35717239
<b>SHARE REGISTRAR</b>	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
<b>PLANT</b>	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, 2023.

We report that during the period under review power plant dispatched 141,230 MWh of electricity as compared with 821,210 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, 2023 are as follows:

Financial Highlights	HALF YEAR ENDED	
	30 June 2023	30 June 2022
Revenue (Rs '000')	9,884,044	29,471,738
Gross profit (Rs '000')	3,453,538	1,365,911
After tax profit (Rs '000')	3,484,699	1,395,758
Earnings per share (Rs)	9.37	3.75

The Company has posted after tax profit of Rs.3,484.699 million as against Rs.1,395.758 million earned in the comparative period. The net profits of the Company demonstrated the Earning per Share of Rs.9.37 as against Rs.3.75 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, 2023, an amount of Rs.12.208 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. Arif Bashir (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 8 of the annexed financial statements.

#### APPROPRIATIONS:

The Board of Directors has announced 1st Interim Cash Dividend at the rate of PKR 15/- per share (i.e. 150%) for the half year ended June 30, 2023.

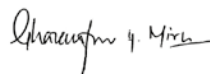
#### ACKNOWLEDGEMENT:

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: 18 August 2023



**Mr. Ghazanfar Hussain Mirza**  
Director

## ڈائریکٹرز رپورٹ پاک جن پاور لمیٹڈ

پاک جن پاور لمیٹڈ "دی کمپنی" کے ڈائریکٹرز 30 جون 2023ء مختتمہ ششماہی کے لئے منجمد 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 821,210 MWh ترسیل کے مقابلہ میں 141,230 MWh بجلی ترسیل کی۔

آپریٹیشنل مالیاتی نتائج:

30 جون 2023ء کو ختم ہونے والی مدت کے لئے کمپنی کے مالیاتی نتائج مندرجہ ذیل ہیں:

مالی جھلکیاں	30 جون 2023ء	30 جون 2022ء
محصولات (000 روپے)	9,884,044	29,471,738
مجموعی منافع (000 روپے)	3,453,538	1,365,911
بعد از ٹیکس منافع (000 روپے)	3,484,699	1,395,758
منافع فی حصص (روپے)	9.37	3.75

کمپنی نے ٹیکس کے بعد منافع 3,484.699 ملین روپے درج کیا جبکہ تقابلی مدت میں 1,395.758 ملین روپے ٹیکس کے بعد منافع حاصل ہوا تھا۔ کمپنی کے خالص منافع نے گزشتہ مدت میں 3.75 روپے منافع فی حصص کے مقابلے 9.37 روپے منافع فی حصص ظاہر کیا ہے۔

ہمارا واحد صارف سنٹرل پاور پراجیکٹس (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 میں ناکام رہا ہے۔ 30 جون 2023ء کے مطابق CPPA-G کے ذمہ بقایا رقم 12.208 ملین روپے تھی۔

بورڈ کی تشکیل:

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

بورڈ کی کمیٹیاں:  
بورڈ کی آڈٹ کمیٹی:

نمبر شمار	نام رکن
1	جناب فرخ افضال (رکن / چیئر مین)
2	ڈاکٹر عارف بشیر (رکن)
3	جناب شاہد ملک (رکن)

ہیومن ریسورس اینڈ ریمرٹیشن (HR&R) کمیٹی:

نمبر شمار	نام رکن
1	جناب سید مصطفیٰ چنائے (رکن / چیئر مین)
2	میلا حسن منشاء (رکن)
3	جناب غضنفر 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 منسلکہ مالی حسابات کے نوٹ 8 میں منکشف ہے۔

تصرفات

بورڈ آف ڈائریکٹرز نے 30 جون 2023 کو ختم ہونے والی ششماہی کے لئے 15/- روپے فی شیئر (یعنی % 150) کی شرح پر پہلے 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 نظام

*Shauqatun N. Mirza*

غضنفر حسین مرزا  
ڈائریکٹر

*Miyan Hassan*

میلا حسن منشاء  
چیف ایگزیکٹو آفیسر

لاہور: 18 اگست 2023ء

# INDEPENDENT AUDITORS' REVIEW REPORT

## TO THE MEMBERS OF PAKGEN POWER LIMITED

### REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

#### **Introduction**

We have reviewed the accompanying condensed interim statement of financial position of PAKGEN POWER LIMITED as at 30 June 2023 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 2023 and 30 June 2022 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 2023.

#### **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: 18 August 2023

UDIN: RR202310132ZtPwdeANv



# CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

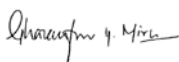
As at 30 June 2023

	Note	Un-audited 30 June 2023 (Rupees in thousand)	Audited 31 December 2022
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital 400,000,000 (31 December 2022: 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 2022: 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		24,052,190	21,311,654
<b>Total equity</b>		<b>27,889,965</b>	<b>25,149,429</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Employee benefit - gratuity		3,383	4,574
<b>CURRENT LIABILITIES</b>			
Trade and other payables		2,492,082	613,121
Accrued mark-up / profit		190	34,078
Short term borrowings		-	697,303
Unclaimed dividend		18,876	7,852
		<b>2,511,148</b>	<b>1,352,354</b>
<b>Total liabilities</b>		<b>2,514,531</b>	<b>1,356,928</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	4		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>30,404,496</b>	<b>26,506,357</b>

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



CHIEF EXECUTIVE



DIRECTOR




CHIEF FINANCIAL OFFICER

	Note	Un-audited 30 June 2023 (Rupees in thousand)	Audited 31 December 2022
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets	5	4,108,294	4,498,749
Long term loans to employees		16,228	20,322
Long term security deposits		1,774	1,774
		<u>4,126,296</u>	<u>4,520,845</u>
<b>CURRENT ASSETS</b>			
Stores, spare parts and other consumables		874,438	761,789
Fuel stock		2,281,975	2,855,639
Trade debts		12,208,271	14,717,477
Short term investments		3,861,133	5,116
Loans, advances and short term prepayments		300,732	784,486
Other receivables		633,423	439,439
Advance income tax - net of provision for taxation		267,364	282,864
Accrued interest		4,309	-
Sales tax recoverable		2,095,984	2,132,720
Cash and bank balances		3,750,571	5,982
		<u>26,278,200</u>	<u>21,985,512</u>
<b>TOTAL ASSETS</b>		<u><u>30,404,496</u></u>	<u><u>26,506,357</u></u>



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER


**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS  
ACCOUNT AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE HALF YEAR ENDED 30 JUNE 2023**

	Note	Half Year Ended		Quarter Ended	
		30 June	30 June	30 June	30 June
		2023	2022	2023	2022
		(Rupees in thousand)		(Rupees in thousand)	
REVENUE FROM CONTRACT WITH CUSTOMER		9,884,044	29,471,738	6,122,977	19,118,045
COST OF SALES	6	(6,430,506)	(28,105,827)	(4,420,092)	(18,632,478)
GROSS PROFIT		3,453,538	1,365,911	1,702,885	485,567
ADMINISTRATIVE EXPENSES		(147,379)	(109,162)	(63,152)	(39,164)
OTHER EXPENSES		(8,045)	(1,929)	(5,463)	(987)
OTHER INCOME		232,556	187,273	196,021	55,113
PROFIT FROM OPERATIONS		3,530,670	1,442,093	1,830,291	500,529
FINANCE COST		(9,913)	(46,335)	(6,979)	(41,010)
PROFIT BEFORE TAXATION		3,520,757	1,395,758	1,823,312	459,519
TAXATION		(36,058)	-	(36,058)	-
PROFIT AFTER TAXATION		3,484,699	1,395,758	1,787,254	459,519
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		3,484,699	1,395,758	1,787,254	459,519
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)		9.37	3.75	4.80	1.23

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 2023

SHARE CAPITAL	RESERVES		TOTAL EQUITY	
	Capital	Revenue		
	Retained payments reserve	Un- appropriated profit		
(----- Rupees in thousand -----)				
<b>Balance as at 31 December 2021 - audited</b>	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
<b>Balance as at 30 June 2022 - un-audited</b>	3,720,816	116,959	20,122,370	23,960,145
Transaction with owners - Interim dividend for the year ended 31 December 2022 @ Rupees 1.50 per share	-	-	(558,123)	(558,123)
Profit for the half year ended 31 December 2022	-	-	1,740,476	1,740,476
Other comprehensive income for the half year ended 31 December 2022	-	-	6,931	6,931
Total comprehensive income for the half year ended 31 December 2022	-	-	1,747,407	1,747,407
<b>Balance as at 31 December 2022 - audited</b>	3,720,816	116,959	21,311,654	25,149,429
Transaction with owners : Final dividend for the year ended 31 December 2022 @ Rupee 2.00 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
<b>Balance as at 30 June 2023 - un-audited</b>	3,720,816	116,959	24,052,190	27,889,965

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 2023**

	Note	Half Year Ended	
		30 June 2023 (Rupees in thousand)	30 June 2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash generated from / (used in) operations</b>	7	8,954,166	(11,793,484)
Finance cost paid		(43,801)	(32,455)
Net increase in long term security deposits		-	(1,474)
Net decrease in long term loans to employees		4,094	1,939
Income tax paid		(20,558)	(30,399)
Gratuity paid		(6,858)	(2,023)
<b>Net cash generated from / (used in) operating activities</b>		8,887,043	(11,857,896)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on fixed assets		(77,359)	(13,052)
Short term investments made		(22,484,611)	-
Loan to associated company recovered		-	350,000
Interest received		210,848	192,948
Short term investments disposed of		18,633,994	-
<b>Net cash (used in) / from investing activities</b>		(3,717,128)	529,896
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long term financing		-	(24,973)
Dividend paid		(733,139)	(595)
<b>Net cash used in financing activities</b>		(733,139)	(25,568)
<b>Net increase / (decrease) in cash and cash equivalents</b>		4,436,776	(11,353,568)
<b>Cash and cash equivalents at beginning of the period</b>		(686,205)	6,963,626
<b>Cash and cash equivalents at end of the period</b>		3,750,571	(4,389,942)
<b>CASH AND CASH EQUIVALENTS</b>			
Cash in hand		330	211
Cash at banks		3,750,241	1,755,844
Short term borrowings		-	(6,145,997)
		3,750,571	(4,389,942)

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 2023

## 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. 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.

## 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 2022. 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 audited annual published financial statements of the Company for the year ended 31 December 2022.

### 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 2022.

## 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 2022 except for the following:

- 4.1.1** 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 re-computed to 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 appeal before Commissioner Inland Revenue (Appeals) (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 Appellate Tribunal Inland Revenue (ATIR) / Honorable Superior Courts. Being aggrieved with the order of CIR(A), the Company preferred an appeal before 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 filed appeal before CIR(A). On 13 April 2023, CIR(A) decided the case on taxation of gain on sale of fixed assets against the Company and deleted the demand raised on account of workers' welfare fund. Being aggrieved with the order of CIR(A), the Company and tax department have filed appeals before ATIR which are pending adjudication. 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.
- 4.1.2** On 28 April 2022, Deputy Commissioner Inland Revenue (DCIR) passed an order under section 11 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 CIR(A). On 24 November 2022, CIR(A) passed an order whereby partial relief was granted to the Company. The Company has preferred appeal before ATIR which is pending adjudication. On 02 February 2023, the tax department also preferred appeal before ATIR 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.
- 4.1.3** On 20 May 2022, National Electric Power Regulatory Authority ("NEPRA") issued a show cause notice to the Company, claiming Company's failure to start the plant during the nation-wide power system break down on 09 January 2021, under various provisions of the Grid Code issued by National Transmission and Despatch Company Limited ("NTDC") and National Electric Power Regulatory Authority Licensing (Generation) Rules, 2000. The Company submitted its reply to show cause notice on 06 June 2022 based on the grounds that the plant was not available due to technical reasons and the Company has a right to declare forced outage and that there is credible information available to establish the cause of non-availability of plant as per Power Purchase Agreement (PPA). On 13 February 2023,

NEPRA rejected the Company's reply to the show cause notice and imposed a penalty amounting to Rupees 25 million. Being aggrieved with the order of NEPRA, the Company filed an appeal before the Appellate Tribunal (NEPRA) to set aside the aforementioned order. On 27 March 2023, Appellate Tribunal (NEPRA) passed an interim order to deposit post dated cheque of Rupees 25 million to the Registrar of NEPRA and directed the NEPRA to refrain from taking any coercive measure against the Company. Based on the advice of legal counsel, the management is confident of favourable outcome of the matter, hence, no provision against this penalty amount has been made in these condensed interim financial statements

- 4.1.3** 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 2,800 million (31 December 2022: Rupees 550 million) against purchase of fuel.

	<b>Un-audited 30 June 2023 (Rupees in thousand)</b>	Audited 31 December 2022
<b>4.2 Commitments</b>		
For other than capital expenditure	461,829	239,606
<b>5. FIXED ASSETS</b>		
Operating fixed assets (Note 5.1)	3,987,813	4,362,263
Capital work-in-progress (Note 5.2)	120,481	136,486
	<u>4,108,294</u>	<u>4,498,749</u>
<b>5.1 Operating fixed assets</b>		
Opening book value	4,362,263	5,266,482
Add: Cost of additions during the period / year (Note 5.1.1)	93,364	25,993
Less: Book value of disposal / derecognitions during the period / year (Note 5.1.2)	-	166
Less: Depreciation charged during the period / year	467,814	930,046
	<u>3,987,813</u>	<u>4,362,263</u>
<b>5.1.1 Cost of additions</b>		
Plant and machinery	87,019	-
Vehicles	2,945	21,335
Office equipment	3,133	3,127
Furniture and fittings	-	175
Electric equipment and appliances	267	1,356
	<u>93,364</u>	<u>25,993</u>
<b>5.1.2 Book value of disposals / derecognitions</b>		
Cost:		
- Plant and machinery	24,367	-
- Vehicles	-	91
- Office equipment	130	232
	<u>24,497</u>	<u>323</u>
Less: Accumulated depreciation	24,497	157
	<u>-</u>	<u>166</u>



	<b>Un-audited 30 June 2023 (Rupees in thousand)</b>	Audited 31 December 2022
<b>5.2 Capital work-in-progress</b>		
Plant and machinery	120,481	136,486

	<b>Un-audited Half Year Ended</b>		<b>Un-audited Quarter Ended</b>	
	<b>30 June 2023 (Rupees in thousand)</b>	30 June 2022	<b>30 June 2023 (Rupees in thousand)</b>	30 June 2022
<b>6. COST OF SALES</b>				
Fuel cost	5,091,362	26,932,300	3,744,120	18,038,903
Operation and maintenance costs	310,922	320,759	149,863	154,412
Insurance	564,697	389,712	282,348	194,856
Depreciation	463,525	463,056	243,761	244,307
	<u>6,430,506</u>	<u>28,105,827</u>	<u>4,420,092</u>	<u>18,632,478</u>

	<b>Un-audited Half Year Ended</b>	
	<b>30 June 2023 (Rupees in thousand)</b>	30 June 2022
<b>7. CASH GENERATED FROM / (USED IN) OPERATIONS</b>		
Profit before taxation	3,520,757	1,395,758
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation	467,814	464,894
Provision for gratuity	5,667	5,510
Interest income	(231,469)	(185,773)
Finance cost	9,913	46,335
Amortization of deferred income - Government grant	-	(791)
Unrealized loss on remeasurement of investment at fair value through profit or loss	5,796	-
Cash flows from operating activities before working capital changes	3,778,478	1,725,933
<b>Working capital changes</b>		
Decrease / (increase) in current assets:		
Stores, spare parts and other consumables	(112,649)	(37,885)
Fuel stock	573,664	835,816
Trade debts	2,509,206	(10,586,432)
Loan, advances and short term prepayments	483,754	(1,315,795)
Other receivables	(193,984)	123,318
Sales tax recoverable	36,736	(34,616)
	3,296,727	(11,015,594)
Increase / (decrease) in trade and other payables	1,878,961	(2,503,823)
	<u>8,954,166</u>	<u>(11,793,484)</u>

## 8. 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 2023	30 June 2022	30 June 2023	30 June 2022
		(Rupees in thousand)		(Rupees in thousand)	
Associated companies	Insurance premium paid	564,389	390,280	279,790	195,042
	Insurance claims received	200	482	99	408
	Flying services	68,161	53,642	35,615	21,213
	Dividend paid	280,623	-	280,623	-
	Boarding and lodging services	393	-	393	-
	Reimbursement of expenses	-	2,017	-	455
	Loan recovered	-	350,000	-	350,000
	Interest charged	-	12,193	-	2,380
	Loans repaid	-	24,817	-	12,408
	Mark-up on borrowings paid	-	384	-	152
	Profit on bank deposits received	24,531	170,057	17,769	48,531
Other related parties	Insurance premium paid	1,374	1,555	-	-
	Purchase of stores	-	107	-	1
	Dividend paid	92	-	92	-
Key management personnel	Remuneration	13,627	15,072	6,851	9,124
Staff retirement benefits plans	Contribution to provident fund	9,039	8,071	4,475	4,027

## 9. 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 2023	Level 1	Level 2	Level 3	Total
	.....(Rupees in thousand).....			

#### Financial assests

Financial assets at fair value through profit or loss	3,463,899	-	-	3,463,899
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Recurring fair value measurements at 31 Dec 2022	Level 1	Level 2	Level 3	Total
	.....(Rupees in thousand).....			

#### Financial assests

Financial assets at fair value through profit or loss	-	-	-	-
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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 mutual funds is Net Assets Value (NAV) of respective Asset Management Company.

**10. EVENTS AFTER THE REPORTING PERIOD**

The Board of Directors of the Company at their meeting held on 18 August 2023 has declared interim cash dividend of Rupees 15 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.

**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 2022.

**12. DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX**

Description	<b>Un-audited 30 June 2023</b>	Audited 31 December 2022
	<b>(Rupees in thousand)</b>	
<b>Loan / advances obtained as per Islamic mode:</b>		
Loans	-	127,932
Advances	-	-
<b>Shariah compliant bank deposits / bank balances:</b>		
Bank balances	<u>73</u>	<u>73</u>

	Un-audited Half Year Ended	
	30 June 2023 (Rupees in thousand)	30 June 2022
<b>Profit earned from shariah compliant bank deposits / bank balances:</b>		
Profit on deposits with banks	421	-
<b>Revenue earned from shariah compliant business</b>	8,568,535	29,084,446
<b>Dividend earned from shariah compliant investments</b>	20,902	-
<b>Exchange gain earned</b>	-	-
<b>Mark-up paid on Islamic mode of financing</b>	22,185	17,077
<b>Profits earned or interest paid on any conventional loan or advance:</b>		
Profits earned	210,145	185,773
Interest paid on loans	14,587	5,650

#### Relationship with shariah compliant banks

Name	Relationship
Meezan Bank Limited	Bank balance and short term borrowings
Faysal Bank Limited	Bank balance

### 13. CORRESPONDING FIGURES

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

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

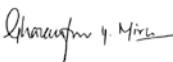
### 14. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue on 18 August 2023 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



NISHAT

## PAKGEN POWER LIMITED

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