



**NISHAT
CHUNIAN**
POWER LTD.

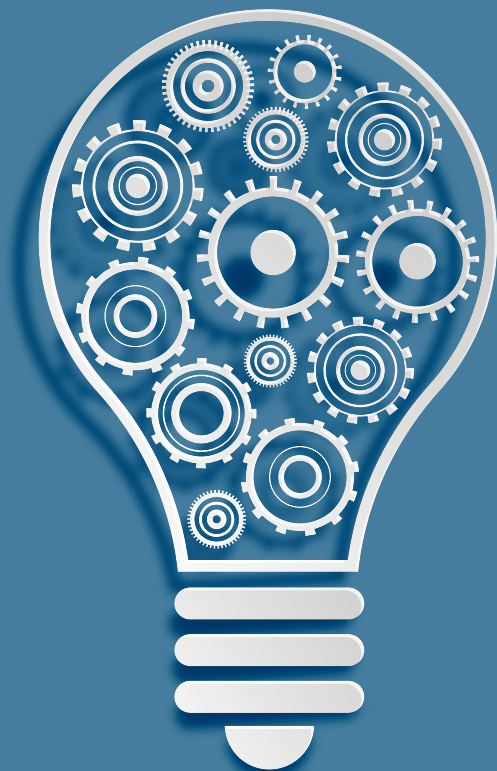
**Condensed Interim Financial Information
for the Half Year Ended December 31,**

2023

(Un-audited)

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Company Information

BOARD OF DIRECTORS:

Mr. Muhammad Ashraf

Chairman

Mr. Farrukh Ifzal

Chief Executive Officer

Ms. Nadia Bilal

Director

Sheikh Muhammad Iqbal

Director

Mr. Babar Ali Khan

Director

Mr. Rehmat Naveed Elahi

Director

Mr. Mustaqeem Talish

Director

AUDIT COMMITTEE AND HR & R COMMITTEE:

Sheikh Muhammad Iqbal

Chairman

Mr. Rehmat Naveed Elahi

Member

Mr. Mustaqeem Talish

Member

CHIEF EXECUTIVE OFFICER:

Mr. Farrukh Ifzal

ACTING CHIEF FINANCIAL OFFICER:

Mr. Salman Asim

COMPANY SECRETARY:

Mr. Syed Tasawar Hussain

BANKERS TO THE COMPANY:

Al Baraka Bank (Pakistan) Limited

Allied Bank Limited

Askari Bank Limited

Bank Alfalah Limited

BankIslami Pakistan Limited

Dubai Islamic Bank Pakistan Limited

Habib Bank Limited

Habib Metropolitan Bank Limited

MCB Bank Limited

MCB Islamic Bank Limited

Meezan Bank Limited

National Bank of Pakistan

Pak Oman Investment Company Limited

Pak Libya Holding Company Limited

The Bank of Punjab

United Bank Limited

AUDITORS:

Riaz Ahmad & Co.

Chartered Accountants

LEGAL ADVISERS:

RMA & Co.

Advocates & Legal Consultants

REGISTERED & HEAD OFFICE:

59, Shadman Colony-II, Shadman
Lahore, Pakistan.

Ph: 042-35761730

Fax: 042-35878696-97

www.ncpower.com.pk

SHARE REGISTRAR:

Hameed Majeed Associates (Pvt) Limited

1st Floor, H.M. House

7 - Bank Square, Lahore

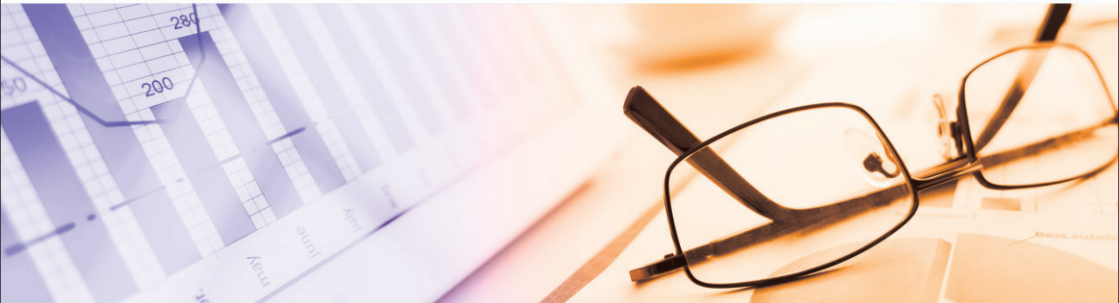
Ph: 042-37235081-2

Fax: 042-37358817

PLANT:

66-Km, Multan Raod, Pattoki Kasur.

DIRECTORS' REVIEW REPORT



Dear Shareholders

The Board is pleased to present the company's condensed interim un-audited financial statements for the half year ended December 31, 2023. During the period under review, turnover was PKR 8.72 billion (2022: PKR 10.57 billion) with a profit after tax of PKR 2.42 billion (2022: PKR 1.84 billion) and an Earning Per Share (EPS) of PKR 6.60 (2022: PKR 5.00).

Plant Performance

During the half year ended December 31, 2023, the plant's capacity factor was 17.63% (2022: 25.50%) with an availability factor of 89.28% (2022: 86.87%). The Company dispatched 152,397 MWH (2022: 220,430 MWH) to Power Purchaser during this period.

Significant Development

On June 30, 2022, the company along with the other IPPs received the 2nd and the last instalment under the Master Agreement within six months of the first instalment as agreed. The concessions given by IPPs, including the company, under the Master Agreement and PPA Amendment Agreement have become effective.

In accordance with the Arbitration Submission Agreement ('ASA'), the IPPs under the 2002 Power Policy and GOP have nominated their Arbitrators, and these two nominated Arbitrators have appointed the third Arbitrator who is the former President of the UK Supreme Court. Formally adapted terms of reference have been signed by the Claimant, Respondents and the member of Arbitration Tribunal.

Circular Debt

Despite receiving the payment pursuant to the Master Agreement, the Circular Debt is still a major issue for companies operating in the power sector. The Power Purchaser continues to default on its obligations of making timely payments. The Company continuously takes up the matter with the Power Purchaser and Private Power & Infrastructure Board ('PPIB') pursuant to provisions of the Power Purchase Agreement and Implementation Agreement. As of December 31, 2023, our total billed receivables from Power Purchaser are PKR 13.42 billion (2022: PKR 15.05 billion), out of which PKR 11.97 billion (2022: PKR 13.73 billion) are overdue.

Acknowledgment

The Directors would take this opportunity to thank our valued shareholders who have trust in our Company and like to express their deep appreciation for the services, loyalty, and efforts rendered by the employees of the Company and hope that they will continue to do so in the future.

Dated: February 26, 2024

Chief Executive

Director



محترم حصص داران

بورڈ 31 دسمبر، 2023 کو ختم ہونے والی ششماہی کے لئے غیر محاسب شدہ عبوری مالیاتی بیانات پیش کرنے پر خوش ہے۔ ششماہی کے دوران، فروخت 8.72 ارب (2022: 10.57 ارب)، بعد از ٹیکس منافع 2.42 ارب (2022: 1.84 ارب) اور فی حصص آمدنی 6.60 (2022: 5.00) روپے ہے۔

کارکردگی

مختصر ششماہی 31 دسمبر، 2023 کے دوران، پلانٹ کا صلاحیتی عنصر 17.63 فیصد (2022: 25.50 فیصد) رہا جبکہ ششماہی کے دوران پلانٹ کا بجلی کی پیداوار کے لئے موجود رہنے کا عنصر 89.28 فیصد (2022: 86.87 فیصد) رہا۔ ششماہی کے دوران کمپنی نے 152,397 میگا واٹ (2022: 220,430 میگا واٹ) بجلی پاور خریدار کو پیش کیا۔

اہم پیشرفت

ماسٹر معاہدے کے تحت کیے گئے اتفاق کے مطابق 30 جون، 2022 کو، کمپنی اور دوسرے آئی پی پی نے معاہدے کی دوسری اور آخری قسط پہلی قسط کی وصولی کے چھ ماہ کے اندر موصول کر لی ہے جس کے بعد ماسٹر معاہدے اور پی پی اے ترمیمی معاہدے کے تحت کمپنی سمیت دیگر آئی پی پی کی جانب سے دی گئی رعایتیں موثر ہو گئی ہیں۔

ثالثی معاہدے کے مطابق، 2002 کی پاور پالیسی والے آئی پی پی اور GOP نے اپنے ثالثوں کو نامزد کر لیا ہے۔ ان دونوں ثالثوں نے تیسرے ثالث کا تقرر کر لیا ہے جو برطانیہ کی سپریم کورٹ کے سابق صدر ہیں۔ باضابطہ طور پر منظور شدہ شرائط پر دعویٰ بیدار، مدعا علیہان اور تشکیل شدہ ٹریبونل کے ممبر نے دستخط کیے ہیں۔

گردشی قرض

ماسٹر معاہدے کے تحت کی جانے والی وصولی کے باوجود گردش قرضے بجلی کے شعبے میں کام کرنے والی کمپنیوں کے لئے ہمیشہ ایک اہم مسئلہ رہے ہیں۔ بجلی خریدار بروقت ادائیگی کرنے کی اپنی ذمہ داری میں مسلسل ناکام ہے۔ کمپنی اس معاملے کو بجلی خریدار اور پرائیویٹ پاور انفراسٹرکچر بورڈ کے ساتھ بجلی خریدار معاہدے اور نفاذ معاہدے کے تحت کے ذریعے اٹھائے ہوئے ہے۔ 31 دسمبر، 2023 تک، پاور خریدار سے ہمارے وصولیات 13.42 ارب (2022: 15.05 ارب) ہو چکے ہیں، جس میں سے 11.97 ارب (2022: 13.73 ارب) زائد اعمیاد ہیں۔

اظہار تشکر

مجلس نغماء اس موقع پر ہمارے قابل قدر حصص داران کا شکریہ ادا کرتی ہے جو کمپنی پر بھروسہ رکھتے ہیں اور اس کے ساتھ ساتھ کمپنی کے ملازمین کی خدمات، وفاداری، اور کوششوں کے لیے ان سے اظہار تشکر کرتی ہے اور امید کرتی ہے کہ وہ مستقبل میں اسی طرح کام کو جاری رکھیں گے۔

بتاریخ: 26 فروری، 2024

ڈائریکٹر

چیف ایگزیکٹو



INDEPENDENT AUDITOR’S REVIEW REPORT

To the members of Nishat Chunian Power Limited

Report on review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of NISHAT CHUNIAN POWER LIMITED as at 31 December 2023 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as the “condensed interim financial statements”). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended 31 December 2023 and 31 December 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 31 December 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.

Emphasis of matter

We draw attention to note 4.1(i) to the accompanying condensed interim financial statements which describes that the matter will be resolved through arbitration under the ‘Arbitration Submission Agreement’ between the Company and Government of Pakistan (GoP). Our conclusion is not qualified in respect of this matter.

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

RIAZ AHMAD & COMPANY

Chartered Accountants

Lahore

Date: February 26, 2024

UDIN: RR2023101585UmCJEY7



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2023 (UN-AUDITED)

Note	Un-audited December 31, 2023 (Rupees in thousand)	Audited June 30, 2023
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital 385,000,000 (June 30, 2023: 385,000,000) ordinary shares of Rupees 10 each	3,850,000	3,850,000
Issued, subscribed and paid-up share capital 367,346,939 (June 30, 2023: 367,346,939) ordinary shares of Rupees 10 each	3,673,469	3,673,469
Revenue reserve - un-appropriated profit	23,013,694	20,588,588
Total equity	26,687,163	24,262,057
LIABILITIES		
NON-CURRENT LIABILITIES		
	-	-
CURRENT LIABILITIES		
Trade and other payables	1,742,985	2,341,437
Accrued mark-up / profit	77,562	174,095
Short term borrowings	523,256	975,099
Unclaimed dividend	33,900	34,531
	2,377,703	3,525,162
TOTAL LIABILITIES	2,377,703	3,525,162
CONTINGENCIES AND COMMITMENTS 4		
TOTAL EQUITY AND LIABILITIES	29,064,866	27,787,219

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

CHIEF EXECUTIVE

DIRECTOR



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2023 (UN-AUDITED)

	Note	Un-audited December 31, 2023 (Rupees in thousand)	Audited June 30, 2023
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	9,739,674	9,478,782
Intangible assets		-	-
Long term loan to an employee		-	288
Long term security deposit		100	100
		9,739,774	9,479,170
CURRENT ASSETS			
Stores and spares		597,047	628,913
Inventories		1,682,857	808,922
Trade debts	6	13,815,731	13,747,743
Loans, advances, deposits, prepayments and other receivables		2,444,933	1,308,745
Advance income tax - net of provision for taxation		55,082	45,597
Short term investments		325,392	361,770
Bank balances		404,050	1,406,359
		19,325,092	18,308,049
TOTAL ASSETS		29,064,866	27,787,219

CHIEF FINANCIAL OFFICER



CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

FOR THE HALF YEAR ENDED DECEMBER 31, 2023 (UN-AUDITED)

Note	Half Year Ended		Quarter Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	(Rupees in thousand)			
Revenue From Contract				
with Customer	8,722,669	10,566,635	1,917,015	1,979,534
Cost of sales	7 (6,074,428)	(8,113,500)	(808,039)	(795,372)
Gross profit	2,648,241	2,453,135	1,108,976	1,184,162
Administrative expenses	(78,826)	(72,660)	(38,685)	(35,133)
Other expenses	-	(130,586)	-	(9,515)
	(78,826)	(203,246)	(38,685)	(44,648)
	2,569,415	2,249,889	1,070,291	1,139,514
Other income	74,797	51,734	47,559	12,476
Profit from operations	2,644,212	2,301,623	1,117,850	1,151,990
Finance cost	(219,003)	(463,236)	(78,284)	(273,620)
Profit before taxation	2,425,209	1,838,387	1,039,566	878,370
Taxation	(103)	(360)	(33)	(360)
Profit after taxation	2,425,106	1,838,027	1,039,533	878,010
Earnings per share - basic and diluted (Rupees)	6.60	5.00	2.83	2.39

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER



CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED DECEMBER 31, 2023 (UN-AUDITED)

	Half Year Ended		Quarter Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	(Rupees in thousand)			
Profit after taxation	2,425,106	1,838,027	1,039,533	878,010
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 for the period	-	-	-	-
Total comprehensive income for the period	2,425,106	1,838,027	1,039,533	878,010

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED DECEMBER 31, 2023 (UN-AUDITED)

	Share Capital	Revenue Reserve - Un-appropriated Profit	Total Equity
	(Rupees in thousand)		
Balance as at June 30, 2022 - audited	3,673,469	20,305,494	23,978,963
Transaction with owners - Final dividend for the year ended June 30, 2022 @ Rupees 10 per share	-	(3,673,469)	(3,673,469)
Profit for the half year	-	1,838,027	1,838,027
Other comprehensive income for the half year	-	-	-
Total comprehensive income for the half year	-	1,838,027	1,838,027
Balance as at December 31, 2022 - un-audited	3,673,469	18,470,052	22,143,521
Profit for the half year	-	2,118,536	2,118,536
Other comprehensive income for the half year	-	-	-
Total comprehensive income for the half year	-	2,118,536	2,118,536
Balance as at June 30, 2023 - audited	3,673,469	20,588,588	24,262,057
Profit for the half year	-	2,425,106	2,425,106
Other comprehensive income for the half year	-	-	-
Total comprehensive income for the half year	-	2,425,106	2,425,106
Balance as at December 31, 2023 - un-audited	3,673,469	23,013,694	26,687,163

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER



CONDENSED INTERIM STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED DECEMBER 31, 2023 (UN-AUDITED)

		Half Year Ended	
		December 31, 2023	December 31, 2022
	Note	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	8	447,029	1,177,260
Finance cost paid		(315,536)	(465,361)
Net decrease in long term loan to an employee		346	346
Income tax paid		(9,588)	(12,013)
Profit on bank deposits received		10,919	1,043
Net cash generated from operating activities		133,170	701,275
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(775,468)	(210,532)
Short term investments made		(602,335)	(307,263)
Proceeds from disposal of short term investments		680,305	8,553,134
Proceeds from disposal of property, plant and equipment		14,493	683
Net cash (used in) / from investing activities		(683,005)	8,036,022
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		-	(17,110)
Dividend paid		(631)	(3,652,680)
Net cash used in financing activities		(631)	(3,669,790)
Net (decrease) / increase in cash and cash equivalents		(550,466)	5,067,507
Cash and cash equivalents at the beginning of the period		431,260	(10,830,692)
Cash and cash equivalents at the end of the period		(119,206)	(5,763,185)
CASH AND CASH EQUIVALENTS			
Bank balances		404,050	102,047
Short term borrowings		(523,256)	(5,865,232)
		(119,206)	(5,763,185)

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER



SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2023 (UN-AUDITED)

1. THE COMPANY AND ITS OPERATIONS

- 1.1** Nishat Chunian Power Limited ('the Company') is a public Company limited by shares incorporated in Pakistan on 23 February 2007 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Company's ordinary shares are listed on the Pakistan Stock Exchange Limited.
- 1.2** The principal activity of the Company is to build, own, operate and maintain a fuel fired power station having gross capacity of 200 MW and net capacity of 195.722 MW at Jamber Kalan, Tehsil Pattoki, District Kasur, Punjab, Pakistan. The address of the registered office of the Company is 59 Shadman Colony-II, Shadman, Lahore. On 13 November 2007, the Company entered into a Power Purchase Agreement ('PPA') with its sole customer, National Transmission and Dispatch Company Limited ('NTDC') for twenty-five years which commenced from 21 July 2010. On 11 February 2021, the Company entered into a Novation Agreement to the PPA with NTDC and Central Power Purchasing Agency (Guarantee) Limited ('CPPA-G' and also referred to as the 'Power Purchaser'), whereby, NTDC irrevocably transferred all of its rights, obligations and liabilities under the PPA to CPPA-G and thereafter, NTDC ceased to be a party to the PPA, and CPPA-G became a party to the PPA in place of NTDC. Further, on the same day, the Company entered into the PPA Amendment Agreement, whereby the Agreement Year that was ending on 20 July 2021 was extended by seventy five (75) days to 04 October 2021. Therefore, the existing term of the PPA Agreement has been extended by seventy five days to twenty five years and seventy five days ending on 04 October 2035.

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



SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2023 (UN-AUDITED)

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 30 June 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 preceding audited annual published financial statements of the Company for the year ended 30 June 2023.

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 30 June 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 30 June 2023 except for the following:



SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2023 (UN-AUDITED)

- i) In March 2020, Committee for the Power Sector Audit, Circular Debt Resolution and Future Roadmap constituted by Ministry of Energy alleged that savings were made by the 'IPPs', including the Company, in the tariff components. On 11 February 2021, the Company and CPPA-G have signed "Master Agreement" and "PPA Amendment Agreement" wherein it has been agreed that the abovementioned dispute will be resolved through arbitration under the 'Arbitration Submission Agreement' between the Company and GoP. On 15 November 2021, the Company has authorized GoP / CPPA-G to retain Rupees 8,360 million of its trade debts until the Arbitration Tribunal renders the Award which shall be final and binding. During the year ended 30 June 2023, Arbitration Tribunal has been constituted under the terms of 'Arbitration Submission Agreement', however formal adaptation of mutually agreed Terms of Reference is in process. Management believes that there are strong grounds that the matter will ultimately be decided in Company's favour. Furthermore, its financial impact cannot be reasonably estimated at this stage, hence, no provision in this respect has been made in these condensed interim financial statements.
- ii) On 28 April 2022, National Electric Power Regulatory Authority (NEPRA) issued a notice of hearing to all the RFO based IPPs under the 2002 Power Policy regarding application of highest lab tested Calorific Value (CV) for calculation of CV adjustment instead of average CV as per existing mechanism. The Company vide its letter dated 16 May 2022 replied to NEPRA to refrain from re-initiating the subject proceedings which has already been finalized and implemented by NEPRA vide its letter dated 01 September 2021. Contrary to the reply of the Company, NEPRA held its hearing on 17 May 2022 and verbally directed to the Company to provide its comments in 15 days failing which the proceedings would be concluded on ex-parte basis. Against the directions of NEPRA, the Company filed a petition in Honourable Lahore High Court, Lahore (LHC) on 06 June 2022, for restraining NEPRA to take any adverse action in this regard, which is pending adjudication. LHC vide its interim order dated 06 June 2022, suspended the impugned notice of hearing. On 18 November 2022, NEPRA determined that although CV adjustment is computed on the basis of average of two CV results, the said CV adjustment shall be subject to the final outcome of the suit pending before LHC. NEPRA has set out further amendment (change of one of the labs) in methodology for CV adjustment, however the Company, during the reporting period, has replied to NEPRA that aforementioned matter, being similar in nature, is sub judice before LHC. The management based on the advice of its legal counsel, has strong grounds to believe that the case will be decided in favour of the Company. Further, its financial impact cannot be reasonably estimated at this stage, therefore, no provision has been made in these condensed interim financial statements.



SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2023 (UN-AUDITED)

- iii) Letter of guarantees of Rupees 332.260 million (30 June 2023: Rupees 345.179 million) are given by the banks of the Company to Director, Excise and Taxation, Karachi under direction of Honourable Supreme Court of Pakistan in respect of suit filed for levy of infrastructure cess, Collector of Customs under the direction of Honourable Lahore High Court, Lahore in respect of suit filed for custom duty, Federal Board of Revenue and Punjab Revenue Authority in respect of stay granted by various Courts of Pakistan pertaining to pending tax cases and infrastructure development cess respectively.

	Un-audited December 31, 2023	Audited June 30, 2023
	(Rupees in thousand)	
4.2. Commitments		
Commitments in respect of other than capital expenditure	59,038	418,877

	Un-audited December 31, 2023	Audited June 30, 2023
Note	(Rupees in thousand)	
5. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets	5.1 8,953,473	8,792,326
Capital work-in-progress	5.2 281,361	44,308
Major spare parts and standby equipment	504,840	642,148
	9,739,674	9,478,782
5.1. Operating fixed assets		
Opening book value	8,792,326	9,189,900
Add: Cost of additions during the period / year	5.1.1 538,415	369,180
Less: Book value of disposals / derecognitions during the period / year	5.1.2 (6,783)	(254)
Less: Depreciation charged during the period / year	(370,485)	(766,500)
	8,953,473	8,792,326

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2023 (UN-AUDITED)

	Un-audited December 31, 2023	Audited June 30, 2023
	(Rupees in thousand)	
5.1.1 Cost of additions during the period / year		
Plant and machinery	512,624	358,691
Electric installations	792	295
Computer equipment	132	2,478
Office equipment	-	1,060
Vehicles	24,867	6,656
	538,415	369,180
5.1.2 Book value of disposals / derecognitions during the period / year		
Vehicles	6,783	252
Computer equipment	-	2
	6,783	254
5.2. Capital work-in-progress		
Buildings on freehold land	14,677	-
Plant and machinery	266,684	-
Advance for purchase of vehicle	-	44,308
	281,361	44,308
	Un-audited December 31, 2023	Audited June 30, 2023
	(Rupees in thousand)	
6. TRADE DEBTS		
Other than related parties - considered good	13,815,731	13,747,743



SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2023 (UN-AUDITED)

6.1. These represent trade receivables from CPPA-G and are considered good. These are secured by a guarantee from the Government of Pakistan (GOP) under the Implementation Agreement and are in the normal course of business and interest free, however, delayed payment mark-up at the rate of three months KIBOR plus 2.00% per annum for first sixty days and three months KIBOR plus 4.50% per annum after first sixty days, each compounded semi-annually, is charged in case the amounts are not paid within due dates. The rate of delayed payment mark-up charged during the period on outstanding amounts ranged from 22.52% to 24.32% (30 June 2023: 16.80% to 26.58%) per annum. Trade debts include unbilled receivables of Rupees 1,728.998 million (30 June 2023: Rupees 4,958.202 million).

	Unaudited			
	Half Year Ended		Quarter Ended	
	December 31,	December 31,	December 31,	December 31,
	2023	2022	2023	2022
(Rupees in thousand)				
7. COST OF SALES				
Raw material consumed	5,030,183	7,257,868	248,575	386,616
Salaries and other benefits	79,772	70,471	38,009	33,264
Stores and spares consumed	197,275	143,185	107,314	74,659
Electricity consumed in-house	24,361	18,168	16,398	14,317
Insurance	228,233	176,881	123,505	100,631
Travelling and conveyance	21,441	17,805	10,796	8,979
Postage and telephone	2,422	2,579	822	1,310
Repair and maintenance	102,013	12,499	90,540	6,904
Entertainment	387	66	387	25
Depreciation	365,550	393,368	163,230	161,570
Fee and subscription	6,337	5,311	-	414
Miscellaneous	16,454	15,299	8,463	6,683
	6,074,428	8,113,500	808,039	795,372

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2023 (UN-AUDITED)

Un-audited
Half Year Ended
December 31, December 31,
2023 2022
(Rupees in thousand)

8. CASH GENERATED FROM OPERATIONS		
Profit before taxation	2,425,209	1,838,387
Adjustments for non-cash charges and other items:		
Depreciation on operating fixed assets	370,485	397,597
Amortization of deferred income - Government grant	-	(181)
Profit on bank deposits and investments	(41,932)	(26,669)
Loss on disposal of short term investments	101	43,113
Unrealized (gain) / loss on remeasurement of investment at fair value through profit or loss	(10,680)	3,174
Finance cost	219,003	463,236
Gain on disposal of property, plant and equipment	(7,710)	(435)
Cash flows from operating activities before working capital changes	2,954,476	2,718,222
Working capital changes		
(Increase) / decrease in current assets:		
Stores and spares	169,174	(131,739)
Inventories	(873,935)	(107,996)
Trade debts	(67,988)	(1,322,021)
Loans, advances, deposits, prepayments and other receivables	(1,136,246)	(65,093)
	(1,908,995)	(1,626,849)
(Decrease) / increase in trade and other payables	(598,452)	85,887
	447,029	1,177,260



SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2023 (UN-AUDITED)

9. TRANSACTIONS WITH RELATED PARTIES

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

	Un-audited Half Year Ended		Un-audited Quarter Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	(Rupees in thousand)			
i) Transactions:				
Former Holding company*				
Common facilities cost	-	2,129	-	-
Associated company*				
Common facilities cost	9,900	7,771	4,950	4,950
Associated Company of former holding company*				
Donations made	-	72,500	-	-
Key management personnel				
Remuneration to chief executive officer, directors and executives	35,534	28,115	17,613	16,537
Repayment of long term loan	346	346	173	173
Mark-up on long term loan	44	54	20	28
Dividend paid	-	609	-	-
Consultancy charges	24,133	23,817	12,066	11,909
Post employment benefit plan				
Company's contribution to provident fund trust	4,564	4,205	2,291	2,089

* Nishat (Chunian) Limited ceased to be the holding company and become an associated company on the basis of common directorship with effect from 10 August 2022.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2023 (UN-AUDITED)

	Un-audited December 31, 2023	Audited June 30, 2023
	(Rupees in thousand)	
ii) Period end balances:		
Other related parties		
Loan to key management personnel	635	981

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 has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table.

Recurring fair value measurements at December 31, 2023

	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Financial asset				
Financial asset at fair value through profit or loss	23,866	-	-	23,866

Recurring fair value measurements at June 30, 2023

	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Financial assets				
Financial assets at fair value through profit or loss	13,185	-	-	13,185

The above table does not include fair value information for financial assets and financial liabilities 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.

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2023 (UN-AUDITED)

There were no transfers between levels 1 and 2 for recurring fair value measurements during the period. Further there was no transfer in and out of level 3 measurements.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives 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 techniques used to determine fair values

Specific valuation techniques used to value financial instruments include the use of quoted market prices.

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 30 June 2023.

12. 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, condensed interim statement of comprehensive income and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.



SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2023 (UN-AUDITED)

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.

13. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were approved by the Board of Directors and authorized for issue on February 26, 2024.

14. GENERAL

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER





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