



**(UN-AUDITED)
FOR THREE-MONTH
AND SIX-MONTH
PERIOD ENDED
DECEMBER 31, 2022**

ALTERN ENERGY LIMITED



**CONDENSED INTERIM FINANCIAL
STATEMENTS**

**(UN-AUDITED)
FOR THE THREE-MONTH AND SIX-MONTH
PERIOD ENDED DECEMBER 31, 2022**

ALTERN ENERGY LIMITED

ALTERN ENERGY LIMITED
COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Faisal Dawood	Chairman
Mrs. Mehreen Dawood	Director
Mr. Farooq Nazir	Director
Mrs. Aliya Saeeda Khan	Independent Director
Mr. Shah Muhammad Chaudhry	Director
Mr. Salih Merghani	Director
Syed Rizwan Ali Shah	Independent Director
Mr. Umer Shehzad Sheikh	Chief Executive (Deemed Director)

AUDIT COMMITTEE

Syed Rizwan Ali Shah	Chairman
Mr. Farooq Nazir	
Mr. Shah Muhammad Chaudhry	

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Farooq Nazir	Chairman
Mr. Shah Muhammad Chaudhry	
Syed Rizwan Ali Shah	

CHIEF FINANCIAL OFFICER

Mr. Muhammad Farooq

COMPANY SECRETARY

Mr. Salman Ali

HEAD INTERNAL AUDIT

Ms. Noor Shuja

EXTERNAL AUDITORS

M/s. A.F. Ferguson & Co. Chartered Accountants

BANKERS

MCB Bank Limited
The Bank of Punjab
Habib Bank Limited
Habib Metropolitan Bank Limited

REGISTERED OFFICE

DESCON HEADQUARTERS, 18-km Ferozpur Road, Lahore.

REGISTRAR SHARES

M/s. Corplink (Pvt.) Limited
Wings Arcade, 1-k Commercial Model Town, Lahore.
Tel: (92-42) 35839182 Fax: (92-42) 35869037

ALTERN ENERGY LIMITED

DIRECTORS' REVIEW

The Board of Directors of Altern Energy Limited ('the Company') presents theun-audited financial statements of the Company for the six-month period ended December 31, 2022.

GENERAL

The principal activities of the Company continue to be ownership, operation, and maintenance of a 32 Mega Watts gas-fired thermal power plant located near Fateh Jang, District Attock, Punjab, and sale of electricity. The electricity produced is sold to its sole customer Central Power Purchasing Agency (Guarantee) Limited ('CPPA-G') through the transmission network of National Transmission and Dispatch Company ('NTDC').

The Company's shares are listed on Pakistan Stock Exchange. The Company owns 100% shares of Power Management Company (Private) Limited ('PMCL') (a special purpose vehicle) which in turn holds 59.98% shares of Rousch (Pakistan) Power Limited ('RPPL'). RPPL is an unlisted public company and an independent power producer having a gross capacity of 450 Mega Watts. The principle activity of RPPL is sale of electricity, ownership, and the operation, and maintenance of a 450 Mega Watts gas based combined cycle thermal power plant located near Sidhnai Barrage, Abdul Hakeem, District Khanewal, Punjab.

The Company has a Power Purchase Agreement ('PPA') with its sole customer, CPPA-G for thirty years which commenced from June 6, 2001, ending on June 6, 2031.

The Company had a Gas Supply Agreement ('GSA') with Sui Northern Gas Pipelines Limited ('SNGPL') which expired on June 30, 2013. Thereafter, the Company signed a supplemental deed dated March 17, 2014, with SNGPL, whereby SNGPL agreed to supply gas to the Company on as-and-when available basis till the expiry of PPA on June 06, 2031. The Ministry of Petroleum and Natural Resources ('MoPNR') empowered by the Economic Coordination Committee ('ECC') of the Federal Cabinet, issued an allocation of 6 MMSCFD of RLNG to the Company on April 28, 2017, and advised the Company and SNGPL to negotiate a new GSA. On July 31, 2019, the ECC of the Federal Cabinet approved the summary of an interim tri-partite GSA. Currently, the Company, SNGPL and CPPA-G are in the process of execution of an interim GSA for supply of RLNG. Under the interim GSA, RLNG will be supplied on as-and-when available basis till the execution of a long-term GSA between the parties.

The Company's generation license with National Electric Power Regulatory Authority ('NEPRA') expired on September 24, 2021. The Company has applied for renewal / extension of the Generation License with NEPRA, in line with term of its PPA and IA. As of the reporting date, the renewal of the License is in progress and the management is confident that the renewal of the generation license will be granted.

In view of the foregoing and based on the Company's income from its subsidiary Rousch, your Board believes that the Company will continue as a Going Concern in the foreseeable future.

FINANCE

During the period under review, the total turnover of the Company was Rs. 17.46 million (Rs. 1.1 million in corresponding period of 2021), resulting in a gross loss of Rs. 42 million as compared to gross loss of Rs. 49 million in corresponding period of 2021. The turnover for the current year represents delayed payment mark-up accrued on prior year's invoices. The Company incurred net loss of Rs. 51 million resulting in loss per share of Rs. 0.14, as compared to net profit of Rs. 6,659 million and earnings per share (EPS) of Rs. 18.32 in corresponding period of 2021. Net profit for the corresponding period include dividend income amounting to Rs. 6,697 million from the subsidiary, PMCL.

Your Company's consolidated earnings attributable to the equity holders of Altern Energy Limited for the period under review were Rs. 1,872 million resulting in EPS of Rs. 5.15 per share, as compared to consolidated earnings of Rs. 1,325 million and EPS of Rs. 3.65 in the corresponding period of the last year.

DIVIDEND DISTRIBUTION

In view of the uncertainty associated with the power sector, the Board of Directors of the Company did not declare any dividend to the shareholders during the period under review.

OPERATIONS

We report that during the period under review, the plant did not dispatch electric power to the off-taker similar to no dispatch during the corresponding period of the previous financial year. The decline in dispatch is on account of plant being low on economic dispatch merit order of CPPA-G. The new power generation plants added into the national grid during the last couple of years being more efficient rank above your plant in CPPA-G's economic dispatch merit order. Even during the periods when the complex received dispatch demand from the off-taker, availability of RLNG was a challenge due to issues related to lesser spot cargoes purchased by the Government as a result of higher prices of RLNG in international market.

During the period under review, all other scheduled and preventive maintenance activities were carried out in accordance with the Original Equipment Manufacturer ('OEM')'s recommendations. We are pleased to report that all the engines and their auxiliary equipment are in sound mechanical condition for smooth and reliable operations.

SUBSIDIARY'S REVIEW

During the period under review, your Company's subsidiary Rousch (Pakistan) Power Limited ('RPPL') has posted turnover of Rs. 6,362 million (corresponding period in 2021: Rs. 8,726 million) and the cost of sales of Rs. 2,570 million (2021: Rs. 6,170 million). The Net profit of RPPL for the period was Rs. 3,452 million (2021: Rs. 2,451 million) delivering EPS of Rs. 4.00 per share of Rs 10 each (2021: Rs. 2.84).

Payment default from RPPL's sole customer, CPPA-G continues. At the end of the reporting period, out of the total receivable of Rs. 14,428 million (June 30, 2022: Rs. 13,002 million), Rs. 12,863 million were overdue as compared to overdue receivables of Rs. 10,474 million at the end of June 2022. RPPL's management continues to follow-up CPPA-G for payment of overdue receivables.

During the period under review, net generation delivered to the off-taker was 40 GWh against 265 GWh delivered to the off-taker during the same period last year. The plant dispatch factor (excluding gas curtailment) during the period remained 3.95 % as compared to 20.5% during the corresponding period of the last year. Reduced generation is mainly due to curtailment of RLNG as well as reduced demand.

RPPL's issue of Other Force Majeure Event('OFME') with CPPA-G continues. During the period under review, RPPL has raised capacity purchase price invoices to the off-taker since the complex was available 100% for dispatch, however, CPPA-G is treating the period of gas unavailability as OFME on the premise that sufficient gas was not available for the power sector. As on the reporting period, total OFME days as per CPPA-G are 126 whereas as per RPPL, there are zero OFME days during the period. This is in addition to 34 OFME days for the year 2021-22. There is a dispute with CPPA-G on interpretation of OFME days as the management believes that CPPA-G has unfairly treated this period as OFME and there are meritorious legal and contractual grounds available to defend RPPL's viewpoint.

RISK MANAGEMENT

The Company's activities expose it to a variety of risks which are subject to different levels of uncertainty against which the Company has mitigating strategies in place. The Board of Directors and the Audit Committee of the Board regularly evaluate risk matrix including all short term and long term risks in terms of impact and probability of occurrence. The management lead by Chief Executive is responsible for taking measures to mitigate the risks.

MATERIAL INFORMATION

There have been no material changes since 1st July 2022 and the Company has not entered into any commitment which would affect its financial position at the reporting date, except for those mentioned in annual audited financial statements of the Company for the year ended June 30, 2022.

FUTURE OUTLOOK

Your Company and the power sector are expected to face challenges in near future. Some of these continue to be macro-economic challenges such as shortage and extremely high prices of imported fuel triggered by Pak Rupee devaluation and Russia-Ukraine war. Other challenges are Company specific such as low despatch demand from the off-taker, and its loss of capacity revenue due to the Company being on take and-pay arrangement under the power Purchase Agreement with CPPA-G. However, it is managing its operational costs from receipt of overdue receivables from CPPA-G. We apprehend that your plant may not get sustainable dispatch from NPCC in near future as more power plants are being added into national grid. However, the Company will continue to remain a viable entity due to income from its investment in its subsidiary.

QUALITY, ENVIRONMENT, HEALTH & SAFETY (QEHS)

The Company adheres to a set of QEHS Principles implemented to achieve optimal standards of health and safety for its employees. Overall, the health, safety and environment performance of the plant remained satisfactory during the period under review. SOPs related to Covid-19 pandemic are being followed as per Government guidelines.

CORPORATE GOVERNANCE

Composition of the Board of Directors

The election of Directors was held on 30th December 2022, after which the total numbers of directors are 8 including Chief Executive (Deemed Director) as per the following:

Male 6
Female 2

The composition of the board is as follows:

Sr. No.	Category	Names
1	Non-Executive Directors	Mr. Faisal Dawood (Chairman)
2		Mr. Farooq Nazir
3		Mrs. Mehreen Dawood
4		Mr. Salih Merghani
5		Mr. Shah Muhammad Chaudhary
6	Independent Directors	Mrs. Aliya Saeeda Khan
7		Syed Rizwan Ali Shah
8	Chief Executive	Mr. Umer Shehzad Sheikh

Committees of the Board

To assist the smooth operations of the Board and support in sound decision making, the Board has established two committees which are chaired by Independent or non-executive directors. These committees are as follows:

Audit Committee

The Audit Committee comprises of three (3) members as follows:

Syed Rizwan Ali Shah	(Independent Director) – Chairman
Mr. Farooq Nazir	(Non-executive Director)
Mr. Shah Muhammad Chaudhary	(Non-executive Director)

Human Resource & Remuneration Committee

The Committee comprises of three (3) members as follows:

Mr. Farooq Nazir	(Non-executive Director) – Chairman
Mr. Shah Muhammad Chaudhary	(Non-executive Director)
Syed Rizwan Ali Shah	(Independent Director)

Internal Audit and Control

The Board of Directors has set up an independent audit function headed by a qualified person reporting to the Audit Committee. The scope of the internal audit function within the Company is clearly defined by the Audit Committee which involves regular review of internal financial controls.

Directors' Remuneration

The remuneration of Board members is fixed by the Board itself. A formal directors' remuneration policy approved by the Board is in place. The policy states procedure for remuneration to Directors in accordance with requirements of the Act and the Regulations. As per the Policy, the nominee directors are not entitled to receive board / committee meetings fee or any other remuneration. Only meeting participation fee is being paid to independent directors.

RELATED PARTY TRANSACTIONS

All transactions with related parties are conducted in ordinary course of business on an arm's length basis. Further, in accordance with the requirements of the Act and the Regulations, the Board of Directors have approved the policy for related party transactions. In accordance with the requirements of the Code, the details of transactions conducted with all related parties are periodically placed before the Boards' Audit Committee and presented to the Board for review and approval. The Company has made appropriate disclosure of the related party transactions in the financial statements annexed with this report.

CORPORATE SOCIAL RESPONSIBILITY

The Company is committed to act responsibly towards the community and environment for mutual benefit. The Company recognizes the importance of being a good corporate citizen in conducting its business as well as delivering its obligations in social welfare of its staff and community in general. Particular attention is given to protect environment of the local community by planting trees. While local community benefits from our strategy of employing more staff at our plant site from surrounding communities.

ACKNOWLEDGEMENT

The Company remains grateful to its shareholders, employees, Government functionaries and all other stakeholders for placing their confidence and trust to steer the Company in these challenging times.

For and on behalf of the Board



Umer Shehzad Sheikh
Chief Executive

Date: February 16, 2023
Place: Lahore.



Shah Muhammad Chaudhry
Director

ڈائریکٹرز کی جائزہ رپورٹ

آئرن انرجی لمیٹڈ کے بورڈ آف ڈائریکٹرز 31 دسمبر 2022 کو ختم ہونے والی ششماہی کے لئے کمپنی کے غیر نظر ثانی شدہ مالی گوشوارے پیش کرتے ہیں۔

عمومی

کمپنی کی اہم ترین سرگرمیوں میں 32 میگا واٹ کے گیس ٹرل پاور پلانٹ واقع نزد قجنگ ضلع انک بہناب کی ملکیت، آپریشن، دیکھ بھال اور بجلی کی فروخت ہے۔ پیدا شدہ بجلی اپنے واحد صارف سنٹرل پاور پراجیکٹ انجینی (گارجی) لمیٹڈ (CPPA-G) کو بیٹھل فرائمنیشن اینڈ ڈیپنچ کمپنی (NTDC) کے ٹرانسمیشن نیٹ ورک کے ذریعے فروخت کی جاتی ہے۔

کمپنی کے حصص پاکستان سٹاک ایکسچینج میں درج ہیں۔ کمپنی پاور مینجمنٹ کمپنی (پرائیویٹ) لمیٹڈ (PMCL) (خصوصی مقصد کی کمپنی) کے 100 فیصد حصص کی مالک ہے، جو بدلے میں Rousch (پاکستان) پاور لمیٹڈ (RPPL) کے 59.98 فیصد حصص رکھتی ہے۔ RPPL ایک غیر مندرج پبلک کمپنی اور گیس فائرڈ گھاسنڈ سائیکل ٹرل پاور پلانٹ کے ذریعے 450 میگا واٹ کی مجموعی صلاحیت رکھنے والی خود مختار پاور پروڈیوسر ہے جو کہ سدھنا پی ایراج، عید گھم، ضلع خانیوال، بہناب کے قریب واقع ہے۔

کمپنی نے اپنے واحد صارف CPAA-G کے ساتھ تیس سالوں کے لئے بجلی کی خریداری کا معاہدہ (PPA) کیا ہے جو 06 جون 2001 سے شروع ہوا، 6 جولائی 2031 کو ختم ہوگا۔ سوئی ناردرن گیس پائپ لائنز لمیٹڈ (SNGPL) کیساتھ کمپنی کا گیس کی فراہمی کا معاہدہ (GSA) 30 جون 2013 کو ختم ہو گیا تھا۔ اس کے بعد مورخہ 17 مارچ 2014 کو کمپنی نے SNGPL کیساتھ ایک اضافی دستاویز پر دستخط کئے، جس کے تحت SNGPL نے پاور پراجیکٹ انجینئرنگ کی منسوخی بتا دی 6 جون 2031 تک دستیابی کی بنیاد پر کمپنی کو گیس کی فراہمی کیلئے رضامندی ظاہر کی ہے۔ وزارت پٹرولیم اور قدرتی وسائل (MoPNR) نے وفاقی کابینہ کی اقتصادی تعاون کمیٹی (ECC) کی طرف سے ری لیکویٹائیڈ نیچرل گیس (RLNG) کی تخصیص کا اختیار دیا گیا، 28 اپریل 2017 کو کمپنی کو RLNG کی 06 MCFD کی تخصیص جاری کی اور اس نے کمپنی اور SNGPL کو ایک سٹے JSA پر مذاکرات کی عہدیت کی۔ 31 جولائی 2019 کو، وفاقی کابینہ کی ECC نے ایک عبوری ٹرائل پارٹی GSA کی سرکاری منظوری دی ہے۔ فی الحال، کمپنی، SNGPL اور RLNG-CPPA-G کے لئے ایک عبوری GSA پر عملدرآمد کے عمل میں ہیں۔ عبوری GSA کے تحت، پارٹیوں کے درمیان طویل مدتی GSA کے اختتام تک 'دستیاب ہونے' کی بنیاد پر RLNG فراہم کی جائے گی۔

بیٹھل انڈسٹریل پارک پاور ریگولیٹری اتھارٹی (NEPRA) کے ساتھ کمپنی کے جزیئریشن لائسنس کی مباد 24 ستمبر 2021 کو ختم ہو گئی۔ کمپنی نے اپنے PPA اور IA کی شرائط کے مطابق NEPRA کے ہاں جزیئریشن لائسنس کی تجدید/توسیع کے لیے درخواست دی ہے۔ رپورٹنگ کی تاریخ تک، لائسنس کی تجدید کا مکمل جاری ہے اور انتظامیہ کو یقین ہے کہ جزیئریشن لائسنس کی تجدید ہو جائے گی۔ مذکورہ بالا کے پیش نظر اور اس کی ذیلی کمپنی Rousch سے کمپنی کی آمدنی کی بنیاد پر، بورڈ کو یقین ہے کہ کمپنی مستقبل میں گولڈنگ سنسرن کے طور پر جاری رہے گی۔

فنانس

زیر جائزہ مدت کے دوران کمپنی کا کل ٹرن اوور 17.46 ملین روپے (2021 کی اسی مدت میں 1.1 ملین روپے) جس کے نتیجے میں 2021 کی اسی مدت میں مجموعی نقصان 49 ملین روپے کے مقابلے 42 ملین روپے کا مجموعی نقصان ہوا۔ کمپنی کو 2021 کی اسی مدت میں خالص منافع 6,659 ملین روپے اور فی شیئر آمدنی 18.32 روپے کے مقابلے موجودہ مدت میں خالص نقصان 51 ملین روپے اور فی شیئر نقصان 0.14 روپے ہوا ہے۔ گزشتہ اسی مدت کے خالص منافع میں ذیلی کمپنی PMCL سے 6,697 ملین روپے ڈیویڈنڈ آمدنی کی رقم شامل تھی۔ آپ کی کمپنی کی کنسولیڈیٹڈ آمدنی آئرن انرجی لمیٹڈ کے ایلیوٹی ہولڈرز سے منسوب ہے جو کہ زیر جائزہ مدت کے لئے 1872 ملین روپے جس کے نتیجے میں فی شیئر آمدنی (EPS) 5.15 روپے فی شیئر جبکہ گزشتہ سال کی اسی مدت میں 1325 ملین روپے اور فی شیئر آمدنی (EPS) 3.65 روپے فی شیئر تھی۔

ڈیویڈنڈ کی تقسیم

پاور سیکٹر کے ساتھ اشتراکیت کی غیر یقینی صورتحال کے پیش نظر، کمپنی کے بورڈ آف ڈائریکٹرز نے زیر جائزہ مدت کے دوران شیئر ہولڈرز کے لئے کسی منافع مقدمہ کا اعلان نہیں کیا۔

آپریشنز

ہم بیان کرتے ہیں کہ زیر جائزہ مدت کے دوران، پلانٹ نے گزشتہ مالی سال کی اسی مدت کی طرح خریداری کو بجلی کی کوئی ترسیل نہیں کی۔ ترسیل میں کمی پلانٹ کی CPAA-G کے اقتصادی ڈیپنچ میرٹ آرڈر پر کم ہونے کی وجہ سے ہے۔ گزشتہ سالوں کے دوران بیٹھل گرو میں اضافہ کردہ نئے پاور جنریشن پلانٹس نئے اور زیادہ سستے ہونے کی حیثیت سے CPAA-G کے اقتصادی ڈیپنچ میرٹ آرڈر کے لحاظ سے آپ کے پلانٹ سے اوپر درجے کے ہیں۔ جس مدت کے دوران کمپلیکس کو خریدار سے ترسیل کی طلب موصول ہوئی، اس دوران بین الاقوامی مارکیٹ میں RLNG کی زیادہ قیمتوں کے نتیجے حکومت کی طرف سے کم سپلائی کارگو کی خریداری سے متعلق مسائل کی وجہ سے RLNG کی دستیابی ایک چیلنج تھی۔

زیر جائزہ مدت کے دوران، تمام دیگر مقررہ اور حفاظتی معیشتی نینس سرگرمیاں اصل ایکٹو کھٹ میٹو فیکچرر (OEM) کی سفارشات کے مطابق سرانجام دی گئیں۔ ہم بتوشی بیان کرتے ہیں کہ تمام انجن اور ان کے معاون آلات ہمارا اور قابل بحروسر آپریشنز کے لئے مستحکم مکمل شکل حالت میں ہیں۔

ماحت ادارے کا جائزہ

زیر جائزہ مدت کے دوران، کمپنی کے ذیلی ادارہ Rousch (پاکستان) پاور لمیٹڈ ('RPPL') نے ٹران اوور 6,362 ملین روپے (2021 کی اسی مدت میں 8,726 ملین روپے) اور فروخت کی لاگت 2,570 ملین روپے (2021 کی اسی مدت میں 6,170 ملین روپے) درج کی۔ موجودہ مدت کا خالص منافع 3,452 ملین روپے (2021 کی اسی مدت میں 2,451 ملین روپے) ہر ایک 10/- روپے کی فی حصص آمدنی (EPS) 4.00 روپے (2021 کی اسی مدت میں 2.84 روپے) تھی۔

RPPL کے واحد صارف CPPA-G سے تاخیر سے ادائیگی جاری رہی ہے۔ رپورنگ مدت کے اختتام پر CPPA-G سے کل قابل وصولی رقم 14,428 ملین روپے (30 جون 2022: 13,002 ملین روپے)، جس میں سے 12,863 ملین روپے زائد المیاد، جبکہ جون 2022 کے اختتام پر قابل وصولی 10,474 ملین روپے زائد المیاد تھے۔ RPPL کی انتظامیہ زائد المیاد قابل وصولیوں کی ادائیگی کے لئے CPPA-G کے ساتھ مسلسل گفت و شنید کر رہی ہے۔

زیر جائزہ مدت کے دوران خریدار کو 40 GWh بجلی ترسیل کی گئی جبکہ گزشتہ سال کی اسی مدت کے دوران 265 GWh بجلی کی ترسیل کی گئی۔ اس مدت کے دوران پلانٹ کی ترسیل کا عنصر (گیس کی قلت کے علاوہ) 3.95 فیصد زائد گزشتہ سال کی اسی مدت میں 20.5 فیصد تھا۔ کم جزیشن بنیادی طور پر بنیادی طور پر کم طلب کے ساتھ RLNG کی قلت کی وجہ سے ہوئی۔

RPPL CPPA-G کے ساتھ دیگر فوس میچور اینٹ ('OFME') کا مسئلہ جاری ہے۔ زیر جائزہ مدت کے دوران، RPPL نے آف ٹیکر سے کچھ ٹی پر پرائس انوائسز کو دعویٰ کیا ہے کیونکہ کمپلیکس ترسیل کے لیے 100% دستیاب تھا، تاہم، CPPA-G گیس کی عدم دستیابی کی مدت کو OFME کے طور پر اس بنیاد پر دیکھ رہا ہے کہ پاور سیکٹر کے لیے کافی گیس دستیاب نہیں تھی۔ رپورنگ کی مدت کے دوران، CPPA-G کے مطابق کل OFME دن 126 ہیں جبکہ RPPL کے مطابق، اس مدت کے دوران صفر OFME دن ہیں۔ یہ سال 2021-22 کے OFME کے 34 دنوں کے علاوہ ہے۔ CPPA-G کے ساتھ OFME دنوں کی تشریح پر تنازعہ ہے کیونکہ انتظامیہ کا خیال ہے کہ CPPA-G نے اس مدت کو OFME کے طور پر غیر منصفانہ طور پر شمار کیا ہے اور RPPL کے نقطہ نظر کے دفاع کے لیے معقول قانونی اور معاہدہ کی گرواؤنڈ دستیاب ہیں۔

رسک مینجمنٹ

کمپنی کی سرگرمیاں اسے متعدد خطرات سے دوچار کرتی ہیں جو مختلف سطحوں کی غیر یقینی صورتحال سے مشروط ہیں جن کے مقابل کمپنی کے پاس مناسب تخفیف کی حکمت عملی موجود ہے۔ بورڈ آف ڈائریکٹرز اور بورڈ کی آڈٹ کمیٹی یا قاعدگی سے رسک میٹریکس کا جائزہ لیتی ہے جس میں اثرات اور وقوع پذیری ہونے کے امکانات کے لحاظ سے تمام قابل مدتی اور طویل مدتی خطرات شامل ہیں۔ چیف ایگزیکٹو کی قیادت میں انتظامیہ خطرات کو کم کرنے کے لیے مناسب اقدامات کرنے کی ذمہ دار ہے۔

اہم معلومات

یکم جولائی 2022 کے بعد سے کوئی اہم تبدیلیاں نہیں ہوئی ہیں اور کمپنی نے کوئی ایسا وعدہ نہیں کیا ہے جس سے رپورنگ کی تاریخ کو اس کی مالی پوزیشن متاثر ہوتی ہو، سوائے ان کے جو 30 جون 2022 کو ختم ہونے والے سال کے لیے کمپنی کے سالانہ آڈٹ شدہ مالیاتی حسابات میں مذکور ہوں۔

مستقبل کا نقطہ نظر

آپ کی کمپنی اور پاور سیکٹر کو مستقبل قریب میں چیلنجوں کے سامنا کی توقع ہے۔ ان میں سے کچھ نیکرو اکنامک چیلنجز ہیں جیسے کہ پاکستانی روپے کی قدر میں کمی اور روپے یوکرین جنگ کی وجہ سے درآمدی ایندھن کی قلت اور انتہائی زیادہ قیمتیں ہیں۔ دیگر چیلنجز کمپنی کے مخصوص ہیں جیسے کہ آف ٹیکر سے کم ڈسپنچ طلب، اور کمپنی کے CPPA-G کے ساتھ پاور پر چیزا مگر بیمنٹ کے تحت ٹیک اینڈ پے کے انتظامات پر ہونے کی وجہ سے اس کی استعدادی آمدنی کا نقصان۔ تاہم، CPPA-G سے واجب الادا وصولیوں کی وصولی سے اپنے آپریشنل اخراجات کا انتظام کر رہی ہے۔ ہمیں خدشہ ہے کہ آپ کے پلانٹ کو مستقبل قریب میں NPCC سے پائیدار ترسیل نہیں ملے گی کیونکہ مزید پاور پلانٹس قومی گرڈ میں شامل کیے جا رہے ہیں۔ تاہم، کمپنی اپنی ذیلی کمپنی میں سرمایہ کاری سے حاصل ہونے والی آمدنی کی وجہ سے ایک قابل عمل ادارہ بنی رہے گی۔

معیار، ماحول، صحت اور حفاظت (QEHS)

کمپنی اپنے ملازمین کے لیے صحت اور حفاظت کے بہترین معیارات حاصل کرنے کے لیے لاگو کیے گئے QEHS اصولوں پر عمل پیرا ہے۔ مجموعی طور پر، زیر جائزہ مدت کے دوران پلانٹ کی صحت، حفاظت اور ماحولیات کی کارکردگی تسلی بخش رہی۔ حکومتی گائیڈ لائنیز کے مطابق کوویڈ 19 وبائی بیماری سے متعلق ایس او بییز پر عمل کیا جا رہا ہے۔

کارپورٹ گورننس

بورڈ آف ڈائریکٹرز کی ترتیب

ڈائریکٹرز کا انتخاب 30 دسمبر 2022 کو منعقد ہوا جس کے بعد ڈائریکٹرز کی تعداد آٹھ (8) ارکان اور چیف ایگزیکٹو (ڈیپٹی ڈائریکٹر) پر مشتمل جس کی ترتیب درج ذیل کے مطابق ہیں:

مرد 6

خاتون 2

بورڈ کی ترتیب حسب ذیل کے مطابق ہے:

نمبر شمار	کمپنی	نام
1	نان ایگزیکٹو ڈائریکٹر	فیصل داؤد (چیئر مین)
2	نان ایگزیکٹو ڈائریکٹر	فاروق ندیر
3	نان ایگزیکٹو ڈائریکٹر	محترمہ مہرین داؤد
4	نان ایگزیکٹو ڈائریکٹر	صالح عرفانی
5	نان ایگزیکٹو ڈائریکٹر	شاہد محمد چوہدری
6	آزاد ڈائریکٹر	محترمہ عالیہ سعیدہ خان
7	آزاد ڈائریکٹر	سید رضوان علی شاہ
8	چیف ایگزیکٹو	عمر شہزاد شیخ

بورڈ کی کمیٹیاں

بورڈ کی ہموار کارروائیوں میں مدد اور درست فیصلہ سازی میں مدد کے لیے، بورڈ نے دو کمیٹیاں قائم کی ہیں جن کی صدارت آزاد اور نان ایگزیکٹو ڈائریکٹر کرتے ہیں۔ یہ کمیٹیاں درج ذیل ہیں۔

بورڈ کی آڈٹ کمیٹی

آڈٹ کمیٹی مندرجہ ذیل تین (3) ارکان پر مشتمل ہے:

سید رضوان علی شاہ (آزاد ڈائریکٹر) چیئر مین

فاروق ندیر (نان ایگزیکٹو ڈائریکٹر)

شاہد محمد چوہدری (نان ایگزیکٹو ڈائریکٹر)

ہیومن ریسورس اینڈ ریمنٹیشن کمیٹی

ہیومن ریسورس اینڈ ریمنٹیشن کمیٹی درج ذیل تین (3) ارکان پر مشتمل ہے:

فاروق ندیر (نان ایگزیکٹو ڈائریکٹر) چیئر مین

شاہد محمد چوہدری (نان ایگزیکٹو ڈائریکٹر)

سید رضوان علی شاہ (آزاد ڈائریکٹر)

اندرونی آڈٹ اور کنٹرول

بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کو رپورٹ کرنے والے ایک اہل شخص کی سربراہی میں ایک آزاد آڈٹ فنکشن قائم کیا ہے۔ کمیٹی کے اندر اندرونی آڈٹ فنکشن کے دائرہ کار کو آڈٹ کمیٹی واضح طور پر بیان کرتی ہے جس میں اندرونی مالیاتی کنٹرولز کا باقاعدہ جائزہ شامل ہوتا ہے۔

ڈائریکٹرز کا مشاہرہ

بورڈ ارکان کا مشاہرہ خود بورڈ کے دائرہ اختیار میں ہے۔ ڈائریکٹرز کے مشاہرہ کی رسمی پالیسی بورڈ نے منظور کی ہے۔ پالیسی ایکٹ اور ریگولیشنز کے تقاضوں کے مطابق ڈائریکٹرز کے مشاہرہ کا طریقہ کار کی وضاحت کرتی ہے۔ پالیسی کے مطابق، نامزد ڈائریکٹرز بورڈ / کمیٹی کے اجلاسوں کی فیس یا کوئی دیگر مشاہرہ وصول کرنے کے اہل نہیں ہیں۔ صرف اجلاس میں شرکت کی فیس آزاد ڈائریکٹرز کو ادا کی جاتی ہے۔

متعلقہ پارٹی لین دین

متعلقہ فریقوں کے ساتھ تمام لین دین قابل رسائی بنیاد پر کاروبار کے عام معمول میں کیے جاتے ہیں۔ مزید، ایکٹ اور ضوابط کے تقاضوں کے مطابق، بورڈ آف ڈائریکٹرز نے متعلقہ فریق کے لین دین کے لیے پالیسی منظور کی ہے۔ ضابطہ کے تقاضوں کے مطابق، تمام متعلقہ فریقوں کے ساتھ کیے گئے لین دین کی تفصیلات وقتاً فوقتاً بورڈ کی آڈٹ کمیٹی کے سامنے رکھی اور جائزہ اور منظوری کے لیے بورڈ کو پیش کی جاتی ہیں۔ کمیٹی نے سالانہ رپورٹ کے ساتھ منسلک مالی حسابات میں متعلقہ فریق کے لین دین کا تفصیلی انکشاف کیا ہے۔

کارپوریٹ سماجی ذمہ داری

کمیٹی باہمی مفاد کے لئے کمیٹی اور ماحولیات کی طرف ذمہ داری کا مظاہرہ کرنے کے لئے پُر عزم ہے۔ کمیٹی اپنی کاروباری سرگرمیوں میں ایک اچھا شہری ہونے اور اپنے عمل اور معاشرہ کی سماجی بہبود میں اپنی ذمہ داریوں کو پورا کرنے کی اہمیت کو تسلیم کرتی ہے۔ شہر کاری کے ذریعے مقامی کمیٹی کے ماحول کو محفوظ بنانے کو خاص اہمیت دی گئی ہے۔ جبکہ مقامی کمیٹی ہمارے پلانٹ پر ارد گرد کی کمیونٹیز سے زیادہ سے زیادہ عمل کو رد و گاردینے کی ہماری حکمت عملی سے مستفید ہوتی ہے۔

اتھارٹنشر

بورڈ آف ڈائریکٹرز اپنے قابل قدر حصص یافتگان، اور تمام دیگر اسٹیک ہولڈرز کا اسکے تعاون مسلسل حمایت اور سرپرستی کیلئے شکر گزار ہیں۔ بورڈ کمیٹی کی اعلیٰ کارکردگی کا ایک اہم حصہ ہونے پر اپنے ایگزیکٹوز، سٹاف اور ورکرز کی تحریف کرتا ہے۔

بحکم بورڈ

محمد شہزاد
چیف ایگزیکٹو

شاہ محمد چوہدری
ڈائریکٹر

تاریخ: 16 فروری 2023ء

مقام: لاہور



A.F. FERGUSON & Co.

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF ALTERN ENERGY LIMITED

REPORT ON REVIEW OF UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Altern Energy Limited as at December 31, 2022 and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim statement of cash flows, and notes to the unconsolidated financial statements for the six-month period then ended (here-in-after referred to as the "unconsolidated interim financial statements"). Management is responsible for the preparation and presentation of these unconsolidated 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 unconsolidated financial statements based on our review. The figures of the unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement of comprehensive income for the three-month period ended December 31, 2021 and 2022 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended December 31, 2022.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of 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 interim financial statements is 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

Without qualifying our conclusion, we draw attention to note 1.4 to the accompanying unconsolidated interim financial statements, which describes the pending matter relating to the renewal of power generation license and income from investment in the subsidiary.

The engagement partner on the audit resulting in this independent auditor's report is Khurram Akbar Khan.

A. F. Ferguson & Co.
Chartered Accountants

Lahore

Date: February 16, 2023

UDIN: RR202210070f4Pn5aEvc

ALTERN ENERGY LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

		December 31, 2022 Un-audited (Rupees in thousand)	June 30, 2022 Audited
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES	Note		
Authorized share capital 400,000,000 (June 30, 2022: 400,000,000) ordinary shares of Rs 10 each		4,000,000	4,000,000
Issued, subscribed and paid up share capital 363,380,000 (June 30, 2022: 363,380,000) ordinary shares of Rs 10 each		3,633,800	3,633,800
Capital reserve: Share premium		41,660	41,660
Revenue reserve: Un-appropriated profits		283,693	334,455
Total equity		3,959,153	4,009,915
NON-CURRENT LIABILITIES			
Employee benefit obligations		7,449	7,434
CURRENT LIABILITIES			
Trade and other payables		184,552	184,060
Short term borrowing from banking company - secured		-	-
Provision for taxation		9,318	9,312
Unclaimed dividend		5,414	5,414
		199,284	198,786
CONTINGENCIES AND COMMITMENTS	9		
		4,165,886	4,216,135

The annexed notes 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.


Chief Executive


Chief Financial Officer


Director

AS AT DECEMBER 31, 2022

		December 31, 2022 Un-audited (Rupees in thousand)	June 30, 2022 Audited
ASSETS	Note		
NON-CURRENT ASSETS			
Property, plant and equipment	6	362,669	390,039
Intangible assets		859	571
Long term investment	7	3,204,510	3,204,510
Long term security deposits		175	175
		<u>3,568,213</u>	<u>3,595,295</u>
CURRENT ASSETS			
Stores and spares		38,374	37,929
Trade debts - secured		87,003	180,189
Loans, advances, prepayments and other receivables		230,359	226,907
Short term investments	8	230,332	153,951
Bank balances		11,605	21,864
		<u>597,673</u>	<u>620,840</u>
TOTAL ASSETS		<u><u>4,165,886</u></u>	<u><u>4,216,135</u></u>


Chief Executive


Chief Financial Officer


Director

ALTERN ENERGY LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE THREE-MONTH AND SIX-MONTH PERIOD ENDED DECEMBER 31, 2022

		Three-month period ended		Six-month period ended	
		December 31,	December 31,	December 31,	December 31,
		2022	2021	2022	2021
Note		(Rupees in thousand)			
Revenue	10	17,457	(55)	17,457	1,058
Direct costs	11	(31,527)	(25,045)	(59,458)	(50,455)
Gross loss		(14,070)	(25,100)	(42,001)	(49,397)
Administrative expenses		(7,721)	(6,010)	(18,281)	(13,385)
Other income		7,518	6,732,873	13,357	6,733,492
Finance cost		(964)	(929)	(1,901)	(1,877)
(Loss)/profit before taxation		(15,237)	6,700,834	(48,826)	6,668,833
Taxation		(1,053)	(10,119)	(1,936)	(10,119)
(Loss)/profit for the period		(16,290)	6,690,715	(50,762)	6,658,714
(Loss)/earnings per share - basic and diluted	(Rupees)	(0.04)	18.41	(0.14)	18.32

The annexed notes 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.


Chief Executive


Chief Financial Officer


Director

ALTERN ENERGY LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THREE-MONTH AND SIX-MONTH PERIOD ENDED DECEMBER 31, 2022

	Three-month period ended		Six-month period ended	
	December 31,	December 31,	December 31,	December 31,
	2022	2021	2022	2021
	(Rupees in thousand)			
(Loss)/profit for the period	(16,290)	6,690,715	(50,762)	6,658,714
Other comprehensive income:				
<i>Items that will not be reclassified subsequently to profit or loss</i>	-	-	-	-
<i>Items that may be reclassified subsequently to profit or loss</i>	-	-	-	-
	-	-	-	-
Total comprehensive (loss)/income for the period	(16,290)	6,690,715	(50,762)	6,658,714

The annexed notes 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.


Chief Executive


Chief Financial Officer


Director

ALTERN ENERGY LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THREE-MONTH AND SIX-MONTH PERIOD ENDED DECEMBER 31, 2022

	Share capital	Capital reserve Share premium	Revenue reserve Un-appropriated profits	Total
	(Rupees in thousand)			
Balance as on July 1, 2021 (audited)	3,633,800	41,660	441,020	4,116,480
Profit for the period	-	-	6,658,714	6,658,714
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	6,658,714	6,658,714
Transactions with owners in their capacity as owners recognised directly in equity	-	-	-	-
Interim dividend @ Rs 18.5 per ordinary share	-	-	(6,722,530)	(6,722,530)
Balance as on December 31, 2021 (un-audited)	<u>3,633,800</u>	<u>41,660</u>	<u>377,204</u>	<u>4,052,664</u>
Balance as on July 1, 2022 (audited)	3,633,800	41,660	334,455	4,009,915
Loss for the period	-	-	(50,762)	(50,762)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	-	-	(50,762)	(50,762)
Balance as on December 31, 2022 (un-audited)	<u>3,633,800</u>	<u>41,660</u>	<u>283,693</u>	<u>3,959,153</u>

The annexed notes 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.


Chief Executive


Chief Financial Officer


Director

ALTERN ENERGY LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2022

		December 31, 2022	December 31, 2021
	Note	(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	12	57,088	69,831
Finance cost paid		(1,901)	(1,877)
Income tax paid		(1,928)	(2,168)
Net cash inflow from operating activities		53,259	65,786
Cash flows from investing activities			
Payments for property, plant and equipment and intangible assets		(494)	(50)
Proceeds from disposal of operating fixed assets		8	-
Purchase of short term investments		(75,898)	(132,141)
Profit on short term investments received		12,821	2,507
Dividend received from PMCL (wholly owned subsidiary)		-	6,697,173
Profit on bank deposits received		45	11,959
Net cash (outflow)/inflow from investing activities		(63,518)	6,579,448
Cash flows from financing activities			
		-	-
Net (decrease)/increase in cash and cash equivalents		(10,259)	6,645,234
Cash and cash equivalents at the beginning of the period		21,864	70,249
Cash and cash equivalents at the end of the period	13	11,605	6,715,483

The annexed notes 1 to 17 form an integral part of these unconsolidated condensed interim financial statements.


Chief Executive


Chief Financial Officer


Director

ALTERN ENERGY LIMITED
NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE-MONTH AND SIX-MONTH PERIOD ENDED DECEMBER 31, 2022

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Altern Energy Limited (the 'Company') was incorporated in Pakistan as a public company limited by shares under the Companies Ordinance, 1984 (now, the Companies Act, 2017) on January 17, 1995. It is a subsidiary of DEL Power (Private) Limited ('the Holding Company'). The Ultimate Parent of the Company is DEL Processing (Private) Limited. The Company's ordinary shares are listed on the Pakistan Stock Exchange Limited. The registered office of the Company is situated at Descon Headquarters, 18 km, Ferozepur Road, Lahore and the Company's thermal power plant is located near Fateh Jang, District Attock, Punjab.
- 1.2** The principal activity of the Company is to build, own, operate and maintain a gas fired power plant having gross capacity of 32 Mega Watts. The Company achieved Commercial Operations Date ('COD') on June 6, 2001. The Company has a Power Purchase Agreement ('PPA') with its sole customer, Central Power Purchasing Agency (Guarantee) Limited ('CPPA-G') for thirty years which commenced from the COD. The Company also holds direct and indirect investments in other companies engaged in power sector as detailed in note 7 to these unconsolidated condensed interim financial statements.
- 1.3** The Company's Gas Supply Agreement ('GSA') with Sui Northern Gas Pipelines Limited ('SNGPL') expired on June 30, 2013. Thereafter, the Company signed a Supplemental Deed dated March 17, 2014 with SNGPL, whereby SNGPL agreed to supply gas to the Company on as-and-when available basis till the expiry of PPA on June 5, 2031. The Ministry of Petroleum and Natural Resources (now Ministry of Energy, Petroleum Division), empowered for Re-liquefied Natural Gas ('RLNG') allocation by the Economic Coordination Committee ('ECC') of the Federal Cabinet, issued an allocation of 6 MMSCFD of RLNG to the Company on April 28, 2017 and advised the Company and SNGPL to negotiate a new GSA. While the long term GSA is yet to be negotiated, in July 2019, the ECC of the Cabinet approved the summary of interim tri-partite GSA. Currently, the Company, SNGPL and CPPA-G are in the process of executing an interim GSA for supply of RLNG. Under the interim GSA, RLNG is being supplied on as-and-when available basis till the execution of a long term GSA between the parties.
- 1.4** The Company's power generation license expired on September 21, 2021 and it applied for its renewal/extension from the National Electric Power Regulatory Authority ('NEPRA'), in line with the term of its Power Purchase Agreement (PPA) and Implementation Agreement (IA). As of the reporting date, the renewal of the license is in progress and the management is in the process of exchanging legal and technical information with NEPRA in connection with the renewal application. Recent correspondence with NEPRA shows a strong likelihood that the renewal of the generation license will be granted. Other factors which support the management's stance that the renewal of the generation license will be granted by NEPRA include:
- CPPA-G and Private Power and Infrastructure Board (PPIB), with whom the Company has valid PPA and IA respectively, have endorsed the renewal of the generation license till the term of the PPA.
 - Altern Energy Limited is the only Independent Power Producer in Pakistan which has a 'take-and-pay' arrangement under the PPA, meaning that there is no obligation for the Government to pay fixed capacity revenue to the Company.
 - Its PPA and IA are scheduled to expire in June 2031, therefore, it is prudent to align its generation license with the terms of PPA and IA to ensure mutual benefits to all the stakeholders.
 - The Government of Pakistan plans to create a competitive power market. The Company is fully committed and will actively support and participate when the new arrangement is implemented by the Government.

Furthermore, although the power generation operations are in losses for many years, the Company's viability is unaffected as the main source of income is the dividend income that it earns on its long term investment in subsidiary stated in note 7.

- 1.5** The Company received a recommendation from Islamabad Electric Supply Company (IESCO) with respect to the upgradation of 66 KV switchyard of the Company in order to synchronize the existing network with the IESCO system. This will allow the Company to fully excavate the generated power once it gets the license as stated in note 1.4. National Transmission and Despatch Company Limited (NTDC) has upgraded one transmission line of Jand-Bassaal network from 66 KV to 132 KV. Resultantly, the Company can only evacuate electricity generated by its complex through transmission network of Fateh Jang 66 KV grid station of IESCO. Whenever NTDC upgrades the Fateh Jang grid station in future, the Company will be required to upgrade its own 66 KV switchyard to 132 KV.

2.1 Statement of compliance

These unconsolidated 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 unconsolidated condensed interim financial statements are un-audited and are being submitted to the members as required by section 237 of the Companies Act, 2017 (the 'Act').

These unconsolidated condensed interim financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended June 30, 2022. Selected explanatory notes are included to explain events and transactions that are significant to and understanding of the changes in the Company's financial position and performance since the last annual financial statements.

The Company is required to issue condensed interim consolidated financial statements along with its condensed interim separate financial statements in accordance with the requirements of accounting and reporting standards as applicable in Pakistan. Condensed interim consolidated financial statements are prepared separately.

3. SIGNIFICANT ACCOUNTING POLICIES

- 3.1** The accounting policies and the methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of preceding annual published financial statements of the Company for the year ended June 30, 2022, except for the adoption of new and amended standards as set out below.

3.2 Standards, amendments to published standards and interpretations that are effective in the current period

Certain standards, amendments and interpretations to International Financial Reporting Standards (IFRS) are effective for accounting period beginning on July 1, 2022, but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these unconsolidated condensed interim financial statements.

3.3 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after July 01, 2023 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these unconsolidated condensed interim financial statements.

3.3.1 Exemption from applicability of certain standards

In respect of companies holding financial assets due or ultimately due from the Government of Pakistan ('GoP') in respect of circular debt, Securities and Exchange Commission of Pakistan (SECP) through S.R.O.67(I)/2023 dated January 20, 2023 has partially modified its previous S.R.O 1177(I)/2021 dated September 13, 2021 and notified that the requirements contained in IFRS 9 with respect to application of Expected Credit Losses (ECL) method shall not be applicable for the financial years ending on or before December 31, 2024 and that such companies shall follow relevant requirements of International Accounting Standard ('IAS') 39 in respect of above referred financial assets during the exemption period. Accordingly, the Company has not followed the requirements of IFRS 9 with respect to application of Expected Credit Losses in respect of trade debts and other receivables due from CPPA-G.

4. ACCOUNTING ESTIMATES

The preparation of these unconsolidated condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these unconsolidated condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements of the Company for the year ended June 30, 2022, with the exception of change in estimate that is required in determining the provision for income taxes as referred to in note 5.

5. TAXATION

Income tax expense is recognized in each interim period based on best estimate of the weighted average annual income tax rate expected for the full financial year. Amounts accrued for income tax expense in one interim period may have to be adjusted in a subsequent interim period of that financial year if the estimate of the annual income tax rate changes.

		December 31, 2022	June 30, 2022
		Un-audited	Audited
		(Rupees in thousand)	
6. PROPERTY, PLANT AND EQUIPMENT	Note		
Operating fixed assets	6.1	359,979	387,347
Major spare parts and stand-by equipment		2,690	2,692
		<u>362,669</u>	<u>390,039</u>
6.1 Operating fixed assets			
Opening net book value		387,347	442,847
Additions during the period/year		-	185
Depreciation charged for the period/year		(27,368)	(55,685)
Closing net book value		<u>359,979</u>	<u>387,347</u>

7. The Company directly holds 100% shares in its wholly owned subsidiary, Power Management Company (Private) Limited (PMCL). PMCL is a private company limited by shares incorporated in Pakistan to invest, manage, operate, run, own and build power projects. The investment in PMCL is accounted for using cost method in the unconsolidated financial statements of the Company. PMCL, in turn, directly holds 59.98% (30 June 2022: 59.98%) shares in Rousch (Pakistan) Power Limited ('RPPL'). RPPL is an unlisted public company limited by shares incorporated in Pakistan to generate and supply electricity to CPPA-G from its combined cycle thermal power plant having a gross (ISO) capacity of 450 Mega Watts, located near Sidhnai Barrage, Abdul Hakim town, District Khanewal, Punjab.

8. This represents investment in units of mutual funds and are classified as fair value through profit or loss.

9. CONTINGENCIES AND COMMITMENTS

There is no significant change in the status of contingencies and commitments from the preceding annual financial statements of the Company for the year ended June 30, 2022.

10. This represents revenue in respect of delayed payment mark-up.

	Three-month period ended		Six-month period ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	Un-audited		Un-audited	
	(Rupees in thousand)		(Rupees in thousand)	
11. DIRECT COSTS				
RLNG cost	115	64	221	169
Salaries, benefits and other allowances	243	269	550	522
Operation and maintenance costs	7,101	7,260	15,911	14,520
Stores and spares consumed	1,163	254	1,424	982
Purchase of energy	958	728	2,358	1,791
Insurance	680	722	1,360	1,445
Lube oil consumed	135	83	329	83
Travelling and conveyance	53	73	146	136
Depreciation on operating fixed assets	13,412	13,806	27,112	27,526
Security expense	1,922	1,681	4,077	3,071
Generation license fee	5,718	66	5,920	131
Miscellaneous expenses	27	39	50	79
	<u>31,527</u>	<u>25,045</u>	<u>59,458</u>	<u>50,455</u>

		Six-month period ended December 31,	
		2022	2021
		Un-audited	
		(Rupees in thousand)	
12. CASH GENERATED FROM OPERATIONS			
(Loss)/profit before taxation		(48,826)	6,668,833
Adjustment for non-cash charges and other items:			
- Depreciation on operating fixed assets		27,368	27,859
- Amortization on intangible assets		206	120
- Gain on disposal of fixed assets		(8)	-
- Profit on bank deposits		(45)	(33,602)
- Impairment reversal		-	(205)
- Dividend income from PMCL (wholly owned subsidiary)		-	(6,697,173)
- Profit on short term investments		(12,821)	(2,507)
- Fair value gain on short term investments		(483)	(5)
- Finance cost		1,901	1,877
- Provision for employee benefit obligations		966	543
		17,084	(6,703,093)
Loss before working capital changes		(31,742)	(34,260)
Effect on cash flow due to working capital changes:			
Increase in stores and spares		(445)	(141)
Increase in advances, prepayments and other receivables		(3,452)	(138,692)
Decrease in trade debts		93,186	108,942
(Decrease)/increase in trade and other payables		(459)	133,982
		88,830	104,091
Cash generated from operations		57,088	69,831
13. CASH AND CASH EQUIVALENTS			
Bank balances		11,605	18,310
Term deposit receipt		-	6,697,173
		11,605	6,715,483

14. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties include the Holding Company and subsidiaries of the Holding Company, group companies, related parties on the basis of common directorship and key management personnel of the Company and its Holding Company. 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 the Company. The Company in the normal course of business carries out transactions with various related parties. Significant transactions and balances with related parties are as follows:

		<u>Six-month period ended</u>	
		<u>December 31,</u>	<u>December 31,</u>
		<u>2022</u>	<u>2021</u>
		<u>Un-audited</u>	
		<u>(Rupees in thousand)</u>	
Relationship with the Company	Nature of transaction		
i) Subsidiaries			
PMCL	Dividend received	-	6,697,173
RPPL	Common costs charged to the Company	347	177
ii) Entities on the basis of common directorship			
Descon Engineering Limited	Common costs charged to the Company	1,962	1,698
Descon Power Solutions (Private) Limited	Operation and maintenance contractor's fee	16,262	14,520
	Common costs charged to the Company	379	179
Descon Corporation (Private) Limited	ERP implementation fee and running costs	586	83
	Building rent	430	480
Inspectest (Private) Limited	Inspection Testing services	798	119
iii) Key management personnel			
	Short term employee benefits	3,713	3,178
	Director's meeting fee	500	375

There are no transactions with key management personnel other than under the terms of employment.

	December 31, 2022 Un-audited	June 30, 2022 Audited
	(Rupees in thousand)	
Period / year end balances		
Payable to related parties		
Subsidiary		
Rousch (Pakistan) Power Limited	252	567
Entities on the basis of common directorship		
Descon Engineering Limited	1,683	897
Descon Corporation (Private) Limited	323	108
Inspectest (Private) Limited	260	886
Descon Power Solutions (Private) Limited	3,641	3,323
	6,159	5,781
Receivable from related parties		
Key management personnel	167	500

15. FINANCIAL RISK MANAGEMENT

15.1 FINANCIAL RISK FACTORS

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk, and other price risk), credit risk and liquidity risk.

These unconsolidated condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at June 30, 2022.

There have been no changes in the risk management department or in any risk management policies since the year ended June 30, 2022.

15.2 Fair value estimation

a) Fair value hierarchy

The different levels for fair value estimation used by the Company have been defined as follows:

- The fair value of financial instruments traded in active markets (such as publicly traded equity securities) is based on quoted (unadjusted) 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.

- 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 maximize the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to determine fair value of an instrument are observable, the instrument is included in Level 2.

- 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 instruments.

To provide an indication about the reliability of the inputs used in determining fair value, the Company classifies its financial instruments into the three levels prescribed above. The following table presents the Company's financial assets measured and recognised at fair value at December 31, 2022 and June 30, 2022 on a recurring basis:

	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
As at December 31, 2022				
<i>Recurring fair value measurements</i>				
Assets				
Short term investments	230,332	-	-	230,332
As at June 30, 2022				
<i>Recurring fair value measurements</i>				
Assets				
Short term investments	153,951	-	-	153,951

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.

There were no transfers between Levels 1, 2 and 3 during the period. There were no changes in valuation techniques during the period.

The Company did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at December 31, 2022.

16. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue on February 16, 2023 by the Board of Directors of the Company.

17. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim financial position has been compared with the balances of annual audited financial statements of preceding financial year, whereas, the 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 have been compared with the balances of comparable period of immediately preceding financial year.


Chief Executive


Chief Financial Officer


Director

**CONSOLIDATED
CONDENSED INTERIM
FINANCIAL STATEMENTS**

ALTERN ENERGY LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

		December 31, 2022 Un-audited (Rupees in thousand)	June 30, 2022 Audited
EQUITY AND LIABILITIES	Note		
SHARE CAPITAL AND RESERVES			
Authorized share capital 400,000,000 (June 30, 2022: 400,000,000) ordinary shares of Rs 10 each		4,000,000	4,000,000
Issued, subscribed and paid up share capital 363,380,000 (June 30, 2022: 363,380,000) ordinary shares of Rs 10 each		3,633,800	3,633,800
Capital reserve: Share premium		41,660	41,660
Revenue reserve: Un-appropriated profits		11,946,488	10,074,768
Attributable to owners of the Parent Company		15,621,948	13,750,228
Non-controlling interests		10,844,971	9,463,773
Total equity		26,466,919	23,214,001
NON-CURRENT LIABILITIES			
Employees benefit obligations		17,597	17,411
Deferred taxation		1,219,086	1,063,813
		1,236,683	1,081,224
CURRENT LIABILITIES			
Trade and other payables		1,500,643	2,399,203
Short term borrowings from banking companies- secured		220,449	2,819,700
Islamic commercial papers issued by banking companies - unsecured	7	981,649	-
Accrued markup on short term borrowings from banking companies- secured		62,295	111,618
Unclaimed dividends		5,414	5,414
Provision for taxation		296,053	151,527
		3,066,503	5,487,462
CONTINGENCIES AND COMMITMENTS			
	8		
		30,770,105	29,782,687

The annexed notes 1 to 20 form an integral part of these consolidated condensed interim financial statements.


Chief Executive


Chief Financial Officer


Director

As at December 31, 2022

		December 31, 2022 Un-audited (Rupees in thousand)	June 30, 2022 Audited
ASSETS	Note		
NON-CURRENT ASSETS			
Property, plant and equipment	9	12,789,105	12,979,201
Intangible assets		13,386	9,504
Long term deposits		506	506
Long term loan to employees		1,477	1,816
		<u>12,804,474</u>	<u>12,991,027</u>
CURRENT ASSETS			
Store, spares & loose tools		695,870	676,680
Inventory of fuel oil		445,763	454,284
Trade debts - secured	10	14,515,849	13,182,525
Loans, advances, prepayments and other receivables		1,930,170	1,582,976
Short term investments	11	349,345	265,586
Bank balances		28,634	629,609
		<u>17,965,631</u>	<u>16,791,660</u>
		<u><u>30,770,105</u></u>	<u><u>29,782,687</u></u>


Chief Executive


Chief Financial Officer


Director

ALTERN ENERGY LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE THREE-MONTH AND SIX-MONTH PERIOD ENDED DECEMBER 31, 2022

	Note	Three-month period ended		Six-month period ended	
		December 31,	December 31,	December 31,	December 31,
		2022	2021	2022	2021
		(Rupees in thousand)			
Revenue	12	2,674,019	2,800,555	6,379,712	8,727,208
Direct costs	13	(806,583)	(1,781,097)	(2,629,499)	(6,220,717)
Gross profit		1,867,436	1,019,458	3,750,213	2,506,491
Administrative expenses		(60,890)	(41,821)	(112,496)	(75,554)
Other expenses	14	(52,543)	-	(55,359)	(17,226)
Other income		12,345	88,674	31,327	99,219
Finance cost		(76,135)	(42,648)	(201,205)	(69,598)
Profit before taxation		1,690,213	1,023,663	3,412,480	2,443,332
Taxation		(77,787)	(69,366)	(159,562)	(137,545)
Profit for the period		1,612,426	954,297	3,252,918	2,305,787
Attributable to:					
Equity holders of the Parent Company		931,750	559,542	1,871,720	1,324,894
Non-controlling interest		680,676	394,755	1,381,198	980,893
		1,612,426	954,297	3,252,918	2,305,787
Earnings per share attributable to equity holders of the Parent Company during the period - basic and diluted					
Rupees		2.56	1.54	5.15	3.65

The annexed notes 1 to 20 form an integral part of these consolidated condensed interim financial statements.


Chief Executive


Chief Financial Officer


Director

ALTEN ENERGY LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(UN-AUDITED)
FOR THE THREE-MONTH AND SIX-MONTH PERIOD ENDED DECEMBER 31, 2022

	Three-month period ended		Six-month period ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	(Rupees in thousand)			
Profit for the period	1,612,426	954,297	3,252,918	2,305,787
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss</i>	-	-	-	-
<i>Items that will not be reclassified subsequently to profit or loss</i>	-	-	-	-
	-	-	-	-
Total comprehensive income for the period	1,612,426	954,297	3,252,918	2,305,787
Attributable to:				
Equity holders of the Parent Company	931,750	559,542	1,871,720	1,324,894
Non-controlling interest	680,676	394,755	1,381,198	980,893
	1,612,426	954,297	3,252,918	2,305,787

The annexed notes 1 to 20 form an integral part of these consolidated condensed interim financial statements.


Chief Executive


Chief Financial Officer


Director

ALTERN ENERGY LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2022

	Share capital	Share premium	Un-appropriated profit	Non-controlling Interests	Total
	(Rupees in thousand)				
Balance as on July 1, 2021 (Audited)	3,633,800	41,660	15,446,166	13,057,299	32,178,925
Profit for the period	-	-	1,324,894	980,893	2,305,787
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	1,324,894	980,893	2,305,787
Transactions with owners in their capacity as owners:					
Interim cash dividend @Rs. 18.50 per ordinary share by Parent Company	-	-	(6,722,530)	-	(6,722,530)
Interim cash dividend relating to 2021 paid to non-controlling interest by Roush	-	-	-	(4,830,015)	(4,830,015)
Balance as on December 31, 2021 (Un-audited)	<u>3,633,800</u>	<u>41,660</u>	<u>10,048,530</u>	<u>9,208,177</u>	<u>22,932,167</u>
Balance as on July 01, 2022 (Audited)	3,633,800	41,660	10,074,768	9,463,773	23,214,001
Profit for the period	-	-	1,871,720	1,381,198	3,252,918
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	1,871,720	1,381,198	3,252,918
Balance as on December 31, 2022 (Un-audited)	<u>3,633,800</u>	<u>41,660</u>	<u>11,946,488</u>	<u>10,844,971</u>	<u>26,466,919</u>

The annexed notes 1 to 20 form an integral part of these consolidated condensed interim financial statements.


Chief Executive


Chief Financial Officer


Director

ALTERN ENERGY LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2022

	Note	December 31, 2022 (Rupees in thousand)	December 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	15	1,960,659	8,392,071
Long term advances		339	-
Finance cost paid		(303,329)	(100,090)
Income tax paid		(8,565)	(555,931)
Long term loans to employees - net		-	340
Retirement benefits paid		(2,866)	(2,255)
		(314,421)	(657,936)
Net cash inflow from operating activities		1,646,238	7,734,135
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment and intangible assets		(571,368)	(3,759)
Purchase of short term investments		(83,275)	(179,109)
Profit on short term investment received		21,182	56,978
Profit on bank deposits received		3,842	11,959
Proceeds from disposal of operating fixed assets		8	38
Net cash outflow from investing activities		(629,611)	(113,893)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		-	(1,101,846)
Net cash outflow from financing activities		-	(1,101,846)
Net increase in cash and cash equivalents		1,016,627	6,518,396
Cash and cash equivalents at the beginning of the period		(2,190,091)	1,369,158
Cash and cash equivalents at the end of the period	16	(1,173,464)	7,887,554

The annexed notes 1 to 20 form an integral part of these consolidated condensed interim financial statements.


Chief Executive


Chief Financial Officer


Director

ALTERN ENERGY LIMITED AND ITS SUBSIDIARIES
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS (UN-AUDITED)
FOR THE THREE-MONTH AND SIX-MONTH PERIOD ENDED DECEMBER 31, 2022

1. THE GROUP AND ITS OPERATIONS

1.1 The Group is structured as follows:

	Note	(Effective holding percentage)	
		Un-audited December 31, 2022	Audited June 30, 2022
Parent company:			
Altern Energy Limited, the Parent Company	1.2		
Subsidiary companies:			
- PMCL	1.3	100.00%	100.00%
- RPPL	1.4	59.98%	59.98%

The Group is mainly engaged in power generation activities. The registered office of AEL and PMCL is situated at Descon Headquarters, 18 km Ferozepur Road, Lahore. The registered office of RPPL is situated at 403-C, 4th Floor, Evacuee Trust Complex, Sector F-5/1, Islamabad.

The geographical locations of the production facilities of the Group are mentioned below:

Production facility of	Location
- AEL	Fateh Jang, District Attock, Punjab, Pakistan
- RPPL	Sidhnai Barrage, Abdul Hakim town, District Khanewal, Punjab, Pakistan

1.2 AEL - the Parent Company

1.2.1 AEL was incorporated in Pakistan as a public company limited by shares under the Companies Ordinance, 1984 (now, the Companies Act, 2017) on January 17, 1995. It is a subsidiary of DEL Power (Private) Limited ('the Holding Company'). The Ultimate Parent of AEL is DEL Processing (Private) Limited. AEL's ordinary shares are listed on the Pakistan Stock Exchange Limited.

The principal activity of AEL is to build, own, operate and maintain a gas fired power plant having gross capacity of 32 Mega Watts. AEL achieved Commercial Operations Date ('COD') on June 6, 2001. AEL has a Power Purchase Agreement ('PPA') with its sole customer, Central Power Purchasing Agency (Guarantee) Limited ('CPPA-G') for thirty years which commenced from the COD.

1.2.2 AEL's Gas Supply Agreement ('GSA') with Sui Northern Gas Pipelines Limited ('SNGPL') expired on June 30, 2013. Thereafter, AEL signed a Supplemental Deed dated March 17, 2014 with SNGPL, whereby SNGPL agreed to supply gas to AEL on as-and-when available basis till the expiry of PPA on June 5, 2031. The Ministry of Petroleum and Natural Resources (now Ministry of Energy, Petroleum Division), empowered for Re-liquefied Natural Gas ('RLNG') allocation by the Economic Coordination Committee ('ECC') of the Federal Cabinet, issued an allocation of 6 MMSCFD of RLNG to AEL on April 28, 2017 and advised AEL and SNGPL to negotiate a new GSA. While the long term GSA is yet to be negotiated, in July 2019, the ECC of the Cabinet approved the summary of interim tri-partite GSA. Currently, AEL, SNGPL and CPPA-G are in the process of executing an interim GSA for supply of RLNG. Under the interim GSA, RLNG is being supplied on as-and-when available basis till the execution of a long term GSA between the parties.

1.2.3 AEL's power generation license expired on September 21, 2021 and it applied for its renewal/extension from the National Electric Power Regulatory Authority ('NEPRA'), in line with the term of its PPA and Implementation Agreement (IA). As of the reporting date, the renewal of the license is in progress and the management is in the process of exchanging legal and technical information with NEPRA in connection with the renewal application. Recent correspondence with NEPRA shows a strong likelihood that the renewal of the generation license will be granted. Other factors which support the management's stance that the renewal of the generation license will be granted by NEPRA include:

- CPPA-G and Private Power and Infrastructure Board ('PPIB'), with whom AEL has valid PPA and IA respectively, have endorsed the renewal of the generation license till the term of the PPA.

- AEL is the only Independent Power Producer in Pakistan which has a 'take-and-pay' arrangement under the PPA, meaning that there is no obligation for the Government to pay fixed capacity revenue to AEL.

- Its PPA and IA are scheduled to expire in June 2031, therefore, it is prudent to align its generation license with the terms of PPA and IA to ensure mutual benefits to all the stakeholders.

- The Government of Pakistan plans to create a competitive power market. AEL is fully committed and will actively support and participate when the new arrangement is implemented by the Government.

Furthermore, although the power generation operations are in losses for many years, AEL's viability is unaffected as the main source of income is the dividend income that it earns on its long term investment in subsidiary.

- 1.2.4** AEL received a recommendation from Islamabad Electric Supply Company ('IESCO') with respect to the upgradation of 66 KV switchyard of AEL in order to synchronize the existing network with the IESCO system. This will allow AEL to fully excavate the generated power once it gets the generation license as stated in note 1.2.3. National Transmission and Despatch Company Limited ('NTDC') has upgraded one transmission line of Jand-Bassaal network from 66 KV to 132 KV. Resultantly, AEL can only evacuate electricity generated by its complex through transmission network of Fateh Jang 66 KV grid station of IESCO. Whenever NTDC upgrades the Fateh Jang grid station in future, AEL will be required to upgrade its own 66 KV switchyard to 132 KV.

1.3 PMCL

PMCL was incorporated in Pakistan as a private company limited by shares under the Companies Ordinance, 1984 (now the Act) on February 24, 2006. PMCL is a wholly owned subsidiary of the Parent Company. The principal objective of PMCL is to invest, manage, operate, run, own and build power projects. PMCL directly holds 59.98% shares in RPPL, a company engaged in power generation as detailed in note 1.1 to these consolidated condensed interim financial statements.

1.4 RPPL

- 1.4.1** RPPL is an unlisted public company, incorporated in Pakistan on August 4, 1994 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017 and hereinafter referred to as the 'Act'). The principal activities of RPPL are to generate and supply electricity to CPPA-G from its combined cycle thermal power plant (the 'Complex') having a gross (ISO) capacity of 450 Mega Watts. RPPL achieved COD on December 11, 1999.

RPPL has a PPA with its sole customer, CPPA-G for thirty years which commenced from the COD. The plant was initially designed to operate with residual furnace oil and was converted to gas fired facility in 2003 after allocation of gas of 85 MMSCFD by the Government of Pakistan ('GoP') for the period of twelve years under a GSA with SNGPL till August 18, 2015. At that time, under the amended and restated Implementation Agreement ('IA'), the GoP provided an assurance that RPPL will be provided gas post August 2015, in preference to the new power projects commissioned after RPPL.

The Ministry of Petroleum and Natural Resources (now Ministry of Energy, Petroleum Division), empowered to allocate RLNG by the ECC of the Federal Cabinet, issued an allocation of 85 MMSCFD of RLNG to RPPL on firm basis on September 23, 2015 and advised RPPL and SNGPL to negotiate a long term GSA on firm basis. While negotiations for the long-term GSA are in process, the ECC of Federal Cabinet approved interim GSA for supply of RLNG to RPPL up to June 30, 2018 or signing of a long-term GSA, whichever is earlier. The interim GSA was executed with CPPA-G and SNGPL which was effective from June 1, 2017. Under the interim GSA, RLNG was supplied on 'as-available' basis, however, the non-supply of RLNG was treated as Other Force Majeure Event ('OFME') under the PPA. The interim GSA expired in June 2018. On July 31, 2019, the ECC of the Federal Cabinet approved the extension of the interim GSA of the Company with SNGPL and CPPA-G.

On July 21, 2020, RPPL, CPPA-G and SNGPL signed first Addendum to the Interim RLNG Supply Agreement and Payment Procedure. The terms of this agreement will be effective up to the date of signing of a long-term Gas Supply and Purchase Agreement ('GSPA').

1.4.2 In accordance with the terms of Amendment No. 3 to the PPA executed between RPPL and CPPA-G on August 21, 2003, RPPL agreed to transfer ownership of the Complex (including land) to CPPA at a token value of US\$ 1 at the expiry of the PPA, if CPPA does not opt for a renewal of the PPA for the additional term pursuant to section 4.1© of the PPA.

1.4.3 During the previous year, RPPL and CPPA-G signed the Settlement Agreement as part of the PPA Amendment Agreement on February 11, 2021. Pursuant to the terms of these Agreements, RPPL and CPPA-G agreed to the following matters:

- (1) Mechanism of settlement of outstanding receivables;
- (2) Discount in Tariff components;
- (3) Resolution of dispute of Liquidated Damages pertaining to 2013 and 2017; and
- (4) Option to RPPL to participate in GoP's scheme to create competitive power market.

Pursuant to the LNG Supply Agreement and Payment Procedure as mentioned in point 1.4.1 and the PPA Settlement Agreement as mentioned above, the term of PPA will now end in February 2031 and the remaining life of the Complex is approximately 8.14 years.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

These consolidated 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:

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

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

2.2 These consolidated condensed interim financial statements are un-audited and are being submitted to the members as required by section 237 of the Act.

These consolidated condensed interim financial statements do not include all of the information required for the annual consolidated financial statements and should be read in conjunction with the annual consolidated financial statements as at and for the year ended June 30, 2022. Selected explanatory notes are included to explain events and transactions that are significant to and understanding of the changes in the Group's financial position and performance since the last audited financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and the methods of computation adopted in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of preceding annual published financial statements of the Group for the year ended June 30, 2022, except for the adoption of new and amended standards as set out below.

3.2 Standards, amendments to published standards and interpretations that are effective in the current period

Certain standards, amendments and interpretations to International Financial Reporting Standards ('IFRS') are effective for accounting period beginning on July 1, 2022, but are considered not to be relevant or to have any significant effect on Group's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these consolidated condensed interim financial statements.

3.3 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Group's accounting periods beginning on or after July 01, 2023 but are considered not to be relevant or to have any significant effect on the Group's operations and are, therefore, not detailed in these consolidated condensed interim financial statements.

3.3.1 Exemption from applicability of certain standards

In respect of companies holding financial assets due or ultimately due from the Government of Pakistan ('GoP') in respect of circular debt, Securities and Exchange Commission of Pakistan ('SECP') through S.R.O.67(I)/2023 dated January 20, 2023 has partially modified its previous S.R.O 1177(I)/2021 dated September 13, 2021 and notified that the requirements contained in IFRS 9 with respect to application of Expected Credit Losses (ECL) method shall not be applicable for the financial years ending on or before December 31, 2024 and that such companies shall follow relevant requirements of International Accounting Standard ('IAS') 39 in respect of above referred financial assets during the exemption period. Accordingly, the Group has not followed the requirements of IFRS 9 with respect to application of Expected Credit Losses in respect of trade debts and other receivables due from CPPA-G.

4. ACCOUNTING ESTIMATES

The preparation of these consolidated condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these consolidated condensed interim financial statements, the significant judgements made by management in applying group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements of Group for the year ended June 30, 2022.

5. TAXATION

Income tax expense is recognized in each interim period based on best estimate of the weighted average annual income tax rate expected for the full financial year. Amounts accrued for income tax expense in one interim period may have to be adjusted in a subsequent interim period of that financial year if the estimate of the annual income tax rate changes.

6. FINANCIAL RISK MANAGEMENT

6.1 Financial risk factors

The Group is exposed to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Group's finance department under policies approved by the Board of Directors ('BOD'). The Group's finance department evaluates and hedges financial risks based on principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity, provided by the BOD. All treasury related transactions are carried out within the parameters of these policies.

These consolidated condensed interim financial statements do not include all financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at June 30, 2022.

There have been no changes in the risk management department or in any risk management policies since the year ended June 30, 2022.

6.2 Fair value estimation

The carrying values of all financial assets and liabilities reflected in these consolidated condensed interim financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

During the period, there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities. Furthermore, there were no reclassifications of financial assets.

6.3 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares.

7. ISLAMIC COMMERCIAL PAPERS - UNSECURED

This represents rated, unsecured, privately placed and shariah compliant Islamic Commercial Papers ('ICP'). Bankislami Pakistan Limited, as mandated lead advisor and arranger, has facilitated the Group in raising up to Rs. 1,070 million from Islamic Capital Market. This instrument carries mark up at 6 month KIBOR plus margin of 1.10% per annum.

8. CONTINGENCIES & COMMITMENTS

There is no significant change in the status of contingencies and commitments from the preceding annual financial statements of the Group for the year ended June 30, 2022, except for the following:

8.1 Contingencies

- a) National Bank of Pakistan has issued standby letter of credit ('SBLC') for Rs. 4,981 million (June 30, 2022 : Rs 4,981 million) in favor of SNGPL as a security to cover gas supply for which payments are made in arrears. The SBLC will expire on July 13, 2023, which is renewable.

8.2 Commitments - Nil

9 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets

Major spare parts and stand-by equipment

Un-audited December 31, 2022 (Rupees in thousand)	Audited June 30, 2022
12,223,203	12,976,509
2,690	2,692
<u>12,789,105</u>	<u>12,979,201</u>

		Un-audited December 31, 2022 (Rupees in thousand)	Audited June 30, 2022 (Rupees in thousand)
10	TRADE DEBTS - SECURED		
	Considered good	14,515,849	13,182,525
	Considered doubtful	193,255	193,255
		<u>14,709,104</u>	<u>13,375,780</u>
	Provision of doubtful debts	<u>(193,255)</u>	<u>(193,255)</u>
		<u>14,515,849</u>	<u>13,182,525</u>

- 10.1** Included in trade debts is an aggregate amount of Rs. 3,625 million (June 30, 2022: Rs 1,156 million) relating to capacity revenue not acknowledged by CPPA-G.

Of this, the amount of Rs 248 million (June 30, 2022: Rs 248 million) has not been acknowledged by CPPA-G on the pretext that no gas was available during the period from December 19, 2019 to January 01, 2020 and hence, this period should be treated as an OFME by the Group. The management is of the view that CPPA-G's contention is not justified as the plant could not be operated during this period due to technical start-up limits under the PPA being exceeded and as such this has no relevance with gas availability.

While the remaining amount of Rs. 3,377 million (June 30, 2022: Rs. 908 million) that is included in the revenue recognized during the current year is disputed by CPPA-G for 102 days (June 30, 2022: 34 days) in the months from July 2022 to October 2022 on a similar pretext that gas was not available and hence, this period should also be treated as an OFME by the Group. However, the management is of the view that CPPA-G's claim is not justified since there are meritorious grounds to contest this dispute as the plant was technically available during these times but gas was not provided by SNGPL due to intervention by the National Power Control Centre ('NPCC') which is not even a party to the interim GSA that is contrary to the terms of the Agreement. Furthermore, gas was provided to other power plants in violation of the preferred right of RPPL on gas as given in its IA with the GoP.

Based on the above grounds and on the advice of the Group's legal counsel on these matters, no provision for the disputed amounts has been recognised in these consolidated condensed interim financial statements as the management expects that these matters will eventually be resolved in the Group's favour and these amounts will be recovered by the Group.

11. SHORT TERM INVESTMENT

This represents investment in units of mutual funds and are measured and classified as fair value through profit or loss.

	Un-audited Three-month period ended		Un-audited Six-month period ended	
	December 31, 2022 (Rupees in thousand)	December 31, 2021 (Rupees in thousand)	December 31, 2022 (Rupees in thousand)	December 31, 2021 (Rupees in thousand)
12	REVENUE			
	Energy purchase price - gross	30,126	1,180,827	1,355,253
	Sales tax	(4,377)	(171,573)	(196,917)
	Energy purchase price - net	<u>25,749</u>	<u>1,009,254</u>	<u>1,158,336</u>
	Capacity purchase price	2,123,331	1,447,416	4,246,661
	Delayed payment markup	524,939	343,885	974,715
		<u>2,674,019</u>	<u>2,800,555</u>	<u>6,379,712</u>
				<u>8,727,208</u>

	Un-audited Three-month period ended		Un-audited Six-month period ended	
	December 31, 2022 (Rupees in thousand)	December 31, 2021	December 31, 2022 (Rupees in thousand)	December 31, 2021
13 DIRECT COSTS				
RLNG cost	50,393	994,346	1,141,722	4,708,326
Operation and maintenance costs	197,713	176,575	392,458	401,435
Depreciation on operating fixed assets	375,914	391,515	752,135	779,721
Stores and spares consumed	54,934	125,366	72,841	140,221
Repairs & maintenance	1,490	2,775	2,323	2,847
Insurance cost	33,380	27,578	66,395	57,806
Purchase of energy	59,809	39,483	142,547	82,853
Salaries, benefits and other allowances	8,181	6,092	14,130	14,623
Traveling & conveyance	345	748	597	811
Generation license fee and electricity duty	13,817	7,724	25,456	15,866
Colony maintenance	4,745	4,011	7,737	7,396
Communication	1,762	1,455	3,483	2,804
Vehicle maintenance	646	275	1,077	526
Security expenses	1,922	1,681	4,077	3,071
Miscellaneous expenses	1,532	1,473	2,521	2,411
	<u>806,583</u>	<u>1,781,097</u>	<u>2,629,499</u>	<u>6,220,717</u>

14 OTHER EXPENSES

14.1 This includes the following donations exceeding Rs. 500,000:

- National Outreach program of Lahore University of Management Sciences for one scholarship for an undergraduate course amounting to Rs. 1.5 million.

- Donation to BARD Foundation amounting to Rs. 0.75 million, Descon Headquarters, 18-Km, Ferozepur Road, Lahore, where Mr. Faisal Dawood, Chairman, and Mr. Farooq Nazir, Director, are members of the Board of Directors.

		Un-audited Six-month period ended	
		December 31, 2022 (Rupees in thousand)	December 31, 2021 (Rupees in thousand)
15	CASH GENERATED FROM OPERATIONS		
	Profit before taxation	3,412,480	2,443,332
	Adjustment for non cash charges and other items:		
	-Depreciation on operating fixed assets	757,373	783,148
	-Impairment loss on property, plant & equipment	-	(205)
	-Profit on short term investments	(21,182)	(3,984)
	-Gain on disposal of fixed assets	(8)	-
	-Provision for employee benefit obligations	4,003	2,553
	-Other receivables written off	-	41
	-Amortization on intangible assets	206	120
	-Exchange loss	52,801	9
	-Fair value gain on short term investments	(483)	(5)
	-Loss on sale of investment	-	41,043
	-Finance cost	201,205	42,882
	-Profit on bank deposits	(3,842)	(90,580)
	Profit before working capital changes	4,402,553	3,218,354
	Effect on cash flow due to working capital changes:		
	(Increase) / decrease in current assets		
	-Stores, spares and loose tools	(10,669)	6,918
	-Trade debts	(1,333,324)	5,775,373
	-Advances, prepayments and other receivables	(197,825)	(140,674)
		(1,541,818)	5,641,617
	Decrease in current liabilities		
	-Trade and other payables	(900,076)	(467,900)
		(2,441,894)	5,173,717
	Cash generated from operations	1,960,659	8,392,071
16	CASH AND CASH EQUIVALENTS		
	Bank balances	28,634	1,196,006
	Term deposit receipts	-	6,697,173
	Short term borrowings from banking companies - secured	(220,449)	(5,625)
	Islamic commercial papers - unsecured	(981,649)	-
		(1,173,464)	7,887,554

17. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise the holding company, ultimate parent, subsidiaries and associates of holding company and ultimate parent, group companies, related parties on the basis of common directorship, key management personnel of the Group and its holding company and post-employment benefit plans (Gratuity Fund and Provident Fund). Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of AEL, directly or indirectly, including any director (whether executive or otherwise) of AEL. The Group in the normal course of business carries out transactions with various related parties. Significant related party transactions not disclosed elsewhere in these consolidated condensed interim financial statements are as follows:

statements are as follows:		Un-audited	
Relationship with the Group	Nature of transactions	December 31, 2022	December 31, 2021
		(Rupees in thousand)	
i) Group companies			
Siemens Pakistan Engineering Company Limited	Purchase of long term maintenance services	9,816	21,019
ii) Other related parties			
<i>On the basis of common directorship</i>			
Descon Engineering Limited:	Common costs charged to the Group	8,961	9,295
Descon Power Solutions (Private) Limited:	Operations & maintenance contractor's fee	331,049	295,580
	Common costs charged to the Group	2,303	2,044
Descon Corporation (Private) Limited:	ERP implementation fee & running costs	24,190	18,238
	Common costs charged to the Group	430	480
Inspectest (Private) Limited	Inspection Testing services	798	119
iii. Key Management Personnel			
	Short-term employment benefits	32,627	24,307
	Director's meeting fee	500	375

All transactions with related parties have been carried out on mutually agreed terms and conditions. There are no transactions with key management personnel other than under the terms of employment.

Period end balances are as follows:	Un-audited December 31, June 30, 2022 2021 (Rupees in thousand)	
Payable to related parties		
Descon Engineering Limited (Associated company)	13,350	6,971
Descon Corporation (Private) Limited (Associated company)	3,286	3,584
Descon Power Solutions (Private) Limited (Associated company)	57,586	52,093
Siemens Pakistan Engineering Company Limited (Group company)	5,050	32,399
Inspectest (Private) Limited (Associated company)	260	886
	<u>79,532</u>	<u>95,933</u>

18. DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorized for issue on February 16, 2023 by the Board of Directors of the Parent company.

19. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the consolidated condensed interim statement of financial position has been compared with the balances of annual audited consolidated financial statements of preceding financial year, whereas, the consolidated condensed interim statement of profit or loss, consolidated condensed interim statement of comprehensive income, consolidated condensed interim statement of changes in equity and consolidated 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 and reclassified, wherever necessary, for the purposes of comparison. However, no significant reclassifications have been.

20. GENERAL

20.1 Figures have been rounded off to the nearest thousand of Rupees.


Chief Executive


Chief Financial Officer


Director

[illegible]

[illegible]