



**INTERIM FINANCIAL INFORMATION**

**(UN-AUDITED)  
FOR THE QUARTER ENDED  
SEPTEMBER 30, 2017**

**ALTERN ENERGY LIMITED**



**ALTERN ENERGY LIMITED  
COMPANY INFORMATION**

---

**BOARD OF DIRECTORS**

Mr. Abdul Razak Dawood	(Chairman)
Mr. Taimur Dawood	(Chief Executive)
Mr. Farooq Nazir	
Mr. Fazal Hussain Asim	
Mr. Khalid Salman Khan	
Mr. Shah Muhammad Chaudhry	
Syed Rizwan Ali Shah	(Independent Director)

**AUDIT COMMITTEE**

Mr. Farooq Nazir	(Chairman)
Mr. Fazal Hussain Asim	
Mr. Shah Muhammad Chaudhry	
Syed Rizwan Ali Shah	(Independent Director)

**HUMAN RESOURCE & REMUNERATION  
COMMITTEE**

Mr. Farooq Nazir	(Chairman)
Mr. Fazal Hussain Asim	
Mr. Shah Muhammad Chaudhry	

**CFO AND COMPANY SECRETARY**

Mr. Umer Shehzad

**HEAD INTERNAL AUDIT**

Mr. Shafique Ur Rahman Bhatti

**EXTERNAL AUDITORS**

A.F. Ferguson & Co. Chartered Accountants

**INTERNAL AUDITORS**

Horwath Hussain Chaudhury & 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**

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 the Company takes pleasure to present the operational performance and (un-audited) financial statements of the Company for the quarter ended September 30, 2017.

#### **General:**

The principal activities of the Company continue to be ownership, operation and maintenance of a 32 Mega Watts gas based thermal power plant located near Fateh Jang, district Attock, Punjab, and sale of electricity produced to its sole customer Central Power Purchasing Agency (Guarantee) Limited (CPPA-G). The Company's shares are listed on Pakistan Stock Exchange.

The Company owns 100% shares of Power Management Company (Private) Limited 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 ISO capacity of 450 Mega Watts from its gas-fired combined cycle thermal power plant, located near Sidhnai Barrage, Abdul Hakeem, District Khanewal, Punjab.

#### **Finance:**

During the period under review, the total turnover of the Company was Rs. 401 million resulting in a gross profit of Rs. 59 million. The Company posted net profit after tax of Rs. 44 million (Rs 90 million in the corresponding period of last year) delivering an earnings per share (EPS) of Rs. 0.12 (EPS of Rs. 0.25 during the corresponding period of last year).

CPPA-G, the sole power purchaser of the Company, continues to delay payments due to circular debt which has been affecting the liquidity position of your Company. As a result, the total receivables as of September 30, 2017 stand at Rs. 812 million as compared to Rs. 800 million as on June 30, 2017. Despite the delayed inflows from CPPA-G, the Company has been able to manage the cashflows to meet all its obligations including debt-servicing and operational payments. The Company's management continues to pursue the off-taker for timely release of due payments.

#### **Operations and Maintenance:**

During the period under review, the gas supply to the Company was suspended by Sui Northern Gas Pipelines Limited (SNGPL) on two occasions. Resultantly, the Company lost 11 days of operations. Despite the short supply of gas, the plant performance has been satisfactory during the period where it despatched 54.3 GWh electricity to CPPA-G as compared to 60.2 GWh delivered during the same period of last year. We confidently report that all the gensets and allied equipment are in sound mechanical fettle for smooth and reliable operations.

#### **Health, Safety, Environment & Security:**

During the period, the overall Health, Safety, Environment and Security performance of the plant remained satisfactory. There was no Lost Time Incident (LTI) and any environmental excursion reported during the period under review.

#### **Future Outlook:**

Ever increasing demand for power in our country has created a huge challenge for the Government as well as private power sector companies. Ever depleting gas resources in Pakistan have put gas fired IPPs in particular, in a difficult situation. A great step taken by Government by introducing RLNG in energy mix has provided a much needed relief to the power sector specifically and industrial sector as a whole. As you are aware, 1st RLNG terminal started delivering gas into the national system since November 2016 and it is hoped that gas supply situation will improve further after the construction of new RLNG terminals by the end of this year.

**Subsidiary Review:**

We are pleased to inform you that during the period under review, RPPL continued to operate smoothly. The turnover for the review period was Rs. 7,071 million; and the cost of sales was Rs. 5,892 million. Net profit for the period was Rs. 1,013 million (compared to Rs. 1,062 million in the corresponding period in 2016-17) delivering an earnings per share (EPS) of Rs. 1.17 per share of Rs.10 each (EPS Rs. 1.23 in corresponding period in 2016-17).

Payment default from the company's sole customer, CPPA-G continues. On September 30, 2017, the overdue receivables from CPPA-G were Rs. 7,771 Million. The payment situation in this quarter has improved as compared to previous trend.

The company continues to discharge its liabilities to its lenders. During the period, the company has paid Rs 1,064 million to its lenders.


During the period, complex was shut down for a period of 9 days due to suspension of gas supplies and the company declared this as Other Force Majeure Event under the interim Gas Supply Agreement. During the period, 723 GWh of electricity was delivered to CPPA-G as compared to 790 GWh delivered during the corresponding period of last year. During the period under review, the company has passed on Rs. 112 million to CPPA-G as its share of gas efficiency, which accrued as a result of the efficient operation of plant.

During the period the company has successfully conducted Annual Dependable Capacity Test.

We are thankful and acknowledge the continuous support of our bankers, CPPA-G, SNGPL, our staff, our contractors as well as valued Shareholders of the Company.

**For and behalf of the Board of Directors**

Lahore  
October 24, 2017

  
**Taimur Dawood**  
Chief Executive

## ڈائریکٹرز کی جائزہ رپورٹ

### ڈائریکٹرز کا جائزہ

کمپنی کا بورڈ آف ڈائریکٹرز ۳۰ ستمبر، ۲۰۱۷ کو ختم ہونیوالی سہ ماہی کی آپریشنل کارکردگی اور مالیاتی سٹیٹمنٹ (غیر آڈٹ شدہ) پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

### جنرل:

کمپنی کی بڑی سرگرمیوں میں، فتح جنگ ضلع انک، پنجاب کے قریب واقع گیس سے چلنے والے ۳۲ میگا واٹس تھرمل پاور پلانٹ کی ملکیت، اس کو چلانا اور اس کی دیکھ بھال، اور اس سے پیدا ہونے والی بجلی کو اس کے واحد کسٹمر سنٹرل پاور پراجیکٹس ایجنسی (گارنٹی) لمیٹڈ (سی پی پی اے۔ جی) کو فروخت کرنا ہے کمپنی کے شیئر پاکستان سٹاک ایکسچینج کی لسٹ میں درج ہیں۔

کمپنی، پاور انجینئرنگ کمپنی (پرائیویٹ) لمیٹڈ کے ۱۰۰٪ شیئر زکی مالک ہے جو متبادل میں روش (پاکستان) پاور لمیٹڈ (آر پی پی ایل) کے ۵۹.۹۸٪ شیئر زکی حامل ہے۔ آر پی پی ایل ایک غیر فہرست شدہ پبلک کمپنی اور آزاد پاور پروڈیوسر ہے جس کی مجموعی آئی ایس او صلاحیت ۳۵۰ میگا واٹس ہے جو اسے اس کے سدھانی پیراج کے قریب، عبدالگنیم، ضلع خانیوال، پنجاب میں واقع گیس سے چلنے والے پاور پلانٹ سے حاصل ہوتی ہے۔

### فنانس:

جائزے کی مدت کے دوران، کمپنی کا مجموعی کاروبار ۴۰۱ ملین روپے رہا جس کے نتیجے میں ۵۹ ملین روپے کا مجموعی منافع ہوا۔ کمپنی نے ٹیکس کے بعد ۴۴ ملین روپے کے منافع کو متعین کیا (جبکہ گزشتہ سال کے اس عرصے میں ۹۰ ملین روپے تھا) اور ۱۲.۱ روپے کی آمدن فی حصہ (ای پی ایس) تقسیم کی (جبکہ گزشتہ سال کے اس عرصے میں فی حصہ (ای پی ایس) ۰.۲۵ روپے تھا) کمپنی کی واحد پاور خریدار سی پی پی اے۔ جی کی جانب سے سرکھ قرض کی وجہ سے ادائیگیوں میں تاخیر جاری رہی، جو کمپنی کی لیکوڈٹی پوزیشن پر اثر انداز ہو رہی ہے جس کے نتیجے میں، ۳۰ ستمبر، ۲۰۱۷ تک کے مجموعی قابل وصول بقایا جات ۸۱۲ ملین روپے ہیں جبکہ ۳۰ جون، ۲۰۱۷ کے اس عرصے میں ۸۰۰ ملین روپے تھے۔ سی پی پی اے۔ جی کی جانب سے ادائیگی میں تاخیر کے باوجود، کمپنی اپنی تمام ذمہ داریوں بشمول ڈیبٹ سروسنگ اور آپریشنل ادائیگیوں کو پورا کرنے کے لئے، بکیش فلو کا انتظام کرنے میں کامیاب رہی ہے۔ کمپنی کی انتظامیہ، ادائیگیوں کو بروقت جاری کرنے کے لئے، ذمہ دار ادارے سے مسلسل رابطے میں ہے۔

### کام اور دیکھ بھال:

زیر جائزہ مدت کے دوران، سوئی نادرل گیس پائپ لائن لمیٹڈ (ایس این جی پی ایل) کی جانب سے دو دفعہ کمپنی کو گیس کی فراہمی معطل رہی، جس کی وجہ سے کمپنی کو اداون کے کام کا نقصان ہوا۔ گیس کی کم سپلائی کے باوجود، پلانٹ کی کارکردگی تسلی بخش رہی، جبکہ گزشتہ سال کے اس عرصے میں ۶۰.۲ GWh کے مقابلے میں اس نے سی پی پی اے۔ جی کو ۵۴.۳ GWh بجلی بھیجی۔ ہم با اعتماد طور پر رپورٹ کر رہے ہیں کہ تمام چیلنجز اور ملاحظہ آلات قابل اعتماد اور رواں کام کرنے کے لئے اچھی حالت میں ہیں۔

### صحت، حفاظت، ماحول اور تحفظ:

اس مدت کے دوران، مجموعی طور پر، پلانٹ کی صحت، حفاظت، ماحول اور تحفظ کی کارکردگی اطمینان بخش رہی زیر جائزہ مدت میں کسی بھی قسم کا کوئی وقت کے ضیاع (ایل ٹی آئی) کا موجب بننے والا اور ماحولیاتی تنگی کا واقعہ درپیش نہیں آیا۔

## مستقبل کا منظر نامہ

ہمارے ملک میں بجلی کی مسلسل طلب میں اضافہ حکومت اور بجلی کے پرائیویٹ سیکٹر کی کمپنیوں کے لئے ایک چیلنج ہے۔ پاکستان میں گیس کے وسائل کی مسلسل کمی نے گیس استعمال کرنے والے آئی پی اداورں کو مشکل صورت حال سے دوچار کر دیا ہے، حکومت کی جانب سے توانائی کے شعبے میں آرائیں این جی کو شامل کرنے بڑا قدم اٹھایا ہے، جس نے بجلی کے شعبے کو خاص طور پر اور انڈسٹریل سیکٹر کو مجموعی طور پر بہت اہم امداد فراہم کی ہے۔ جیسا کہ آپ جانتے ہیں کہ پہلے آرائیں این جی ڈیمینٹیشنل سسٹم میں نومبر ۲۰۱۶ء سے گیس کی فراہمی شروع کر دی ہے۔ اور یہ امید کی جاتی ہے کہ اس سال کے اختتام تک آرائیں این جی کے نئے ڈیمینٹرز کی تعمیر سے گیس کی فراہمی کی صورت حال مزید بہتر ہو جائے گی۔

## ماتحت ادارے کا جائزہ :

ہم یہ بتاتے ہوئے مسرت محسوس کرتے ہیں کہ زیر جائزہ مدت کے دوران، روش (پاکستان) پاور لمیٹڈ (آر پی پائی ایل) جو کہ کمپنی کا ماتحت ادارہ ہے، روانی سے کام کرتا رہا۔ جائزے کی مدت کے دوران کاروبار ۷۰۷ ملین روپے رہا اور فروخت کی لاگت ۵،۸۹۲ ملین روپے رہی۔ دوران مدت ۱،۰۱۳ ملین روپے کا مجموعی منافع ہوا (۱۶-۲۰۱۷ء کے اس عرصے کے ۱،۰۶۲ ملین روپے کے مقابلے میں) اور ۱،۱۷۷ روپے کی آمدن فی حصہ برائے ۱۰ روپے (ای پی ایل) کی تقسیم کی (جبکہ ۱۶-۲۰۱۷ء کے اس عرصے میں فی حصہ (ای پی ایل) ۱،۲۳۳ روپے تھا)

کمپنی کے واحد خریدار، سی پی پی اے۔ جی کی جانب سے ادائیگی کی عدم فراہمی جاری رہی، سی پی پی اے۔ جی سے ۳۰ ستمبر، ۲۰۱۷ء تک کے مجموعی قابل وصولی بقایا جات ۷۷۷ ملین روپے ہیں۔ گزشتہ رجحان کے مقابلے میں اس سہ ماہی کے دوران ادائیگیوں کی صورت حال بہتر ہوئی ہے۔

کمپنی اپنے قرض دہندہ کو بقایا جات کی ادائیگی جاری رکھے ہوئے ہے، دوران مدت تک کمپنی نے قرض کی واپسی کے سلسلے میں ۰،۶۲۳ ملین روپے چکائے ہیں۔ زیر جائزہ مدت میں، کمپلیکس پلانٹ گیس سپلائی کی معطلی کی وجہ سے ۹ دن بند رہا اور کمپنی نے اس کو عبوری گیس سپلائی معاہدے کے دوران ایک اور فورس مجبوری ایونٹ قرار دیا۔ دوران مدت، گزشتہ مالی سال کے اس عرصے میں ۷۹۰ GWh کے مقابلے میں سی پی پی اے۔ جی کو ۲۳ GWh بجلی بھیجی گئی۔ زیر جائزہ مدت کے دوران، کمپنی نے سی پی پی اے۔ جی کو اس کے گیس فراہمی کی مدت ۱۱۲ ملین روپے فراہم کئے، جس کی وجہ سے پلانٹ کے امور چلتے رہے۔

اس عرصے کے دوران کمپنی نے سالانہ قابل اعتماد صلاحیت ٹیسٹ کا کامیابی سے انعقاد کیا۔

ہم اپنے بکٹرز، سی پی پی اے۔ جی، سوئی نادرن گیس لمیٹڈ، ہمارے سٹاف، ہمارے کنٹریکٹرز اور معزز شیئر ہولڈرز کے مسلسل تعاون کا اعتراف کرتے اور شکریہ ادا کرتے ہیں۔

بجلم بورڈ  
سیکرٹری  
نیور داؤد  
چیف ایگزیکٹو

لاہور - ۲۴ اکتوبر، ۲۰۱۷ء

**ALTERN ENERGY LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED BALANCE SHEET (UN-AUDITED)**

		Un-audited September 30, 2017	Audited June 30, 2017
	Note	---Rupees in thousand---	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 400,000,000 (June 30, 2017: 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, 2017: 363,380,000) ordinary shares of Rs. 10 each		3,633,800	3,633,800
Share premium		41,660	41,660
Revenue reserve: Un-appropriated profit		1,123,443	1,079,514
		4,798,903	4,754,974
NON-CURRENT LIABILITIES			
Long term financing - unsecured	5	-	-
Deferred liabilities		3,883	3,402
		3,883	3,402
CURRENT LIABILITIES			
Trade and other payables		170,738	173,943
Short term borrowings - secured	6	-	-
Dividend payable		1,156	1,453,520
Mark up accrued		10,816	10,732
Current portion of loans - unsecured	5	95,752	94,851
		278,462	1,733,046
CONTINGENCIES AND COMMITMENTS			
	7		
		5,081,248	6,491,422

The annexed notes 1 to 18 form an integral part of these financial statements.

  
**Chief Executive**

  
**Chief Financial Officer**

  
**Director**

**AS AT SEPTEMBER 30, 2017**

		Un-audited September 30, 2017	Audited June 30, 2017
ASSETS	Note	---Rupees in thousand---	
NON-CURRENT ASSETS			
Property, plant and equipment	8	725,790	741,536
Intangible assets	9	1,353	1,955
Long term investment	10	3,204,510	3,204,510
Long term deposit		38	38
		3,931,691	3,948,039
CURRENT ASSETS			
Stores, spares and loose tools		89,608	112,468
Trade debts - secured, considered good		812,036	800,155
Advances, deposits, prepayments and other receivables		117,167	112,849
Dividend receivable		-	1,435,108
Income tax recoverable		34,302	34,232
Cash and bank balances		96,444	48,571
		1,149,557	2,543,383
		5,081,248	6,491,422

  
Chief Executive

  
Chief Financial Officer

  
Director

**ALTERN ENERGY LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2017**

		September 30, September 30,	
		2017	2016
	Note	-----Rupee in thousand-----	
Revenue - net	11	400,841	570,285
Direct costs	12	(342,066)	(469,555)
<b>Gross profit</b>		<b>58,775</b>	100,730
Administrative expenses		(10,234)	(8,024)
Other income		415	71
<b>Profit from operations</b>		<b>48,956</b>	92,777
Finance cost		(4,898)	(3,199)
<b>Profit before taxation</b>		<b>44,058</b>	89,578
Taxation		(129)	(23)
<b>Profit after taxation</b>		<b>43,929</b>	89,555
Earnings per share - basic and diluted - Rupee		<b>0.12</b>	0.25

The annexed notes 1 to 18 form an integral part of these financial statements.

  
**Chief Executive**

  
**Chief Financial Officer**

  
**Director**

**ALTERN ENERGY LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2017**

	September 30, 2017	September 30, 2016
	-----Rupees in thousand -----	
Profit for the period	43,929	89,555
<b>Other comprehensive income</b>		
<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>	-	-
	-	-
<b>Total comprehensive income for the period</b>	<b>43,929</b>	<b>89,555</b>

The annexed notes 1 to 18 form an integral part of these financial statements.

  
**Chief Executive**

  
**Chief Financial Officer**

  
**Director**

**ALTERN ENERGY LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2017**

		September 30, 2017	September 30, 2016
	Notes	-----Rupees in thousand -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash generated from / (used in) operations</b>	13	<b>69,059</b>	(41,388)
Finance costs paid		<b>(3,422)</b>	(1,665)
Income taxes paid		<b>(198)</b>	(7)
		<b>(3,620)</b>	(1,672)
<b>Net cash inflow from operating activities</b>		<b>65,439</b>	(43,060)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant & equipments		-	(1,503)
Dividend received		<b>1,435,108</b>	951,739
Profit on bank deposits received		<b>415</b>	71
<b>Net cash inflow from investing activities</b>		<b>1,435,523</b>	950,307
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		<b>(1,453,090)</b>	(846,221)
Repayment of sponsors' loan - unsecured		-	(103,876)
<b>Net cash outflow from financing activities</b>		<b>(1,453,090)</b>	(950,097)
Net increase / (decrease) in cash and cash equivalents		<b>47,872</b>	(42,850)
Cash and cash equivalents at beginning of the period		<b>48,572</b>	51,756
<b>Cash and cash equivalents at the end of the period</b>	14	<b>96,444</b>	8,906

The annexed notes 1 to 18 form an integral part of these financial statements.

  
**Chief Executive**

  
**Chief Financial Officer**

  
**Director**

**ALTERN ENERGY LIMITED**  
**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2017**

	Share capital	Share premium	Un-appropriated profit	Total
	-----Rupees in thousand-----			
<b>Balance as on July 01, 2016 (audited)</b>	3,633,800	41,660	900,314	<b>4,575,774</b>
Profit for the period	-	-	89,555	<b>89,555</b>
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the quarter ended September 30, 2016	-	-	89,555	<b>89,555</b>
<b>Balance as on September 30, 2016 (un-audited)</b>	3,633,800	41,660	989,869	<b>4,665,329</b>
Profit for the period	-	-	1,543,165	<b>1,543,165</b>
Other comprehensive income for the period	-	-	-	-
	-	-	1,543,165	<b>1,543,165</b>
<b>Total contributions by and distributions to owners of the Company recognized directly in equity:</b>				
Interim Dividend @ Rs. 4 / ordinary share for the year ending June 30, 2017	-	-	(1,453,520)	<b>(1,453,520)</b>
<b>Balance as on July 01, 2017 (audited)</b>	3,633,800	41,660	1,079,514	<b>4,754,974</b>
Profit for the period	-	-	43,929	<b>43,929</b>
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the quarter ended September 30, 2017	-	-	43,929	<b>43,929</b>
<b>Balance as on September 30, 2017 (un-audited)</b>	<b>3,633,800</b>	<b>41,660</b>	<b>1,123,443</b>	<b>4,798,903</b>

The annexed notes 1 to 18 form an integral part of these financial statements.

  
**Chief Executive**

  
**Chief Financial Officer**

  
**Director**

**ALTERN ENERGY LIMITED**  
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL**  
**INFORMATION FOR THE QUARTER ENDED SEPTEMBER 30, 2017**

---

**1 LEGAL STATUS & NATURE OF BUSINESS**

Altern Energy Limited (the 'Company') is a public limited company incorporated in Pakistan on January 17, 1995 under the Companies Ordinance, 1984 (now the Companies Act, 2017 and hereinafter referred to as the 'Act'). The Company is a subsidiary of Descon Engineering Limited. The Company's ordinary shares are listed on the Pakistan Stock Exchange Limited. The principal objective of the Company is to generate and supply electric power to Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) from its thermal power plant having a gross capacity of 32 Mega Watts (June 30, 2017: 32 Mega Watts). The Company commenced its commercial operations on June 6, 2001. The registered office of the Company is situated at Descon Headquarters, 18 km, Ferozepur Road, Lahore.

Company's Gas Supply Agreement (GSA) with Sui Northern Gas Pipelines Limited (SNGPL) expired on June 30, 2013. Thereafter, the Company has signed a supplemental deed dated March 17, 2014 with SNGPL, whereby SNGPL has 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, empowered for Re-liquefied natural gas ('RLNG') allocation by the Economic Co-ordination Committee ('ECC') of Cabinet, issued an allocation of 06 MMCFD of RLNG to the Company on April 28, 2017 and advised the Company and SNGPL to negotiate a 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 available' basis till the execution of a long term GSA between the parties.

**2 BASIS OF PREPARATION**

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. During the year 2016-17, the Companies Ordinance, 1984 (hereinafter referred to as the 'Ordinance') had been repealed after the enactment of the Companies Act, 2017. However, as allowed by the Securities and Exchange Commission of Pakistan ('SECP') vide Circular No. CLD/CCD/PR(11)/2017 dated July 20, 2017 and further vide Circular No. 23 of 2017 dated October 04, 2017, companies whose financial year closes on or before December 31, 2017, shall prepare financial statements in accordance with the provisions of the repealed Ordinance. Accordingly, these condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Ordinance. In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed. This condensed interim financial information does not include all the information required for annual financial statements and therefore, should be read in conjunction with the annual financial statements for the year ended June 30, 2017, which had been prepared in accordance with approved accounting standards as applicable in Pakistan.

**3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the Company for the year ended June 30, 2017.

**4 ACCOUNTING ESTIMATES**

The preparation of the condensed interim financial information 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 this condensed interim financial information, the significant judgments made by management in applying accounting policies and key sources of estimation were the same as those that were applied to the financial statements for the year ended June 30, 2017.

	Note	Un-audited September 30, 2017	Audited June 30, 2017
<b>5 LONG TERM FINANCING - UNSECURED</b>			
<b>-----Rupees in thousand-----</b>			
Long term loan from subsidiary			
Power Management Company (Private) Limited (PMCL)	5.1	50,000	50,000
Interest on loan from PMCL		45,752	44,851
		95,752	94,851
Current portion shown under current liabilities		(95,752)	(94,851)
		-	-
<b>5.1</b> This represents long term loan obtained by the Company from its wholly owned subsidiary, PMCL. This is an unsecured loan and carries mark-up at the rate of six months KIBOR plus 100 basis points (June 30, 2017: six months KIBOR plus 100 basis points). The mark-up rate charged during the period on the outstanding balance ranged from 7.15% (June 30, 2017: 7.06% to 9.06%) per annum.			
<b>6 SHORT TERM BORROWINGS - SECURED</b>			
Short term running finances	6.1	-	-
<b>6.1</b> The Company entered into agreement with Habib Metropolitan Bank Limited to avail running finance facility of Rs 200 million (June 30, 2017: Rs 200 million). The facility carries mark-up at three months KIBOR plus 1% per annum (June 30, 2017: three months KIBOR plus 1% per annum). The facility was obtained against first charge of Rs 800 million over current assets at 25% margin registered with SECP. The mark-up rate charged during the year on the outstanding balance ranged from 7.15% (June 30, 2017: 7.12% to 7.62%) per annum.			
<b>7 CONTINGENCIES AND COMMITMENTS</b>			
There is no change in the status of contingencies and commitments set out in note 13 to the financial statements of the Company for the year ended June 30, 2017 except for the following:			
<b>7.1 Contingencies</b>			
The taxation authorities raised tax demand of Rs. 0.24 million under section 122 (5A) of the Income Tax Ordinance, 2001 for the tax year 2006, which was rectified to Rs. 0.084 million upon Company's request. The Company filed appeal before CIR (A) which was decided in Company's favour. Aggrieved with the decision of CIR (A), the department filed appeal with ATIR which has rejected the Appeal of the department and decided the case in Company's favour.			
<b>7.2 Commitments in respect of</b>			
Habib Metropolitan Bank Limited has issued bank guarantee for Rs 326.32 million (June 30, 2017 : Rs 326.32 million) in favour of SNGPL as a security to cover gas supply for which payments are made in arrears. The guarantee will expire on December 14, 2017, which is renewable.			
<b>8 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	8.1	721,920	737,666
Major stores and stand-by equipment		3,870	3,870
		725,790	741,536
<b>8.1 Operating fixed assets</b>			
Opening book value		737,666	785,621
Additions/transfers during the period / year	8.1.1	0	14,606
Depreciation charged during the period / year		(15,746)	(62,561)
Closing book value		721,920	737,666

	Un-audited September 30, 2017	Audited June 30, 2017
	-----Rupees in thousand-----	
8.1.1 Additions during the period / year		
Plant and machinery	-	13,344
Office equipment	-	1,262
	-	14,606

**8.1.1.1** According to the letter No. EMD/233/390/2002-914 dated May 06, 2010 issued by the Securities and Exchange Commission of Pakistan (SECP), the Company is allowed to capitalize exchange gains / losses arising on outstanding amounts of foreign currency loans contracted under the Implementation Agreement with Government of Pakistan until the date of expiry of such Implementation Agreement. There were no exchange losses capitalized during the period (June 30, 2017: Nil). This has resulted in accumulated capitalization of Rs 88.165 million (June 30, 2017: Rs 88.165 million) in the cost of plant and equipment up to September 30, 2017, with net book value of Rs 56.357 million (June 30, 2017: Rs 57.394 million). The exchange gains/ losses capitalized are amortized over the remaining useful life of plant.

## 9 INTANGIBLE ASSETS

### Cost

Opening balance	7,195	6,564
Additions during the period / year	-	631
Closing balance	7,195	7,195

### Amortization

Opening balance	5,240	2,764
Amortization charged during the period / year	602	2,476
Closing balance	5,842	5,240

Net book value as at September 30,	1,353	1,955
------------------------------------	-------	-------

## 10 LONG TERM INVESTMENT

Investment in subsidiary company - at cost	10.1 & 10.2	3,204,510	3,204,510
--	-------------	-----------	-----------

**10.1** This represents 100% shares held in PMCL, which in turn holds 59.98%(June 30, 2017: 59.98% ) shares of Rousch (Pakistan) Power Limited (RPPL).

**10.2** As per terms of agreement for acquisition of shares of RPPL, the Company has deposited these shares with the trustees of RPPL lenders.

	Un-audited September 30, 2017	September 30, 2016
	-----Rupees in thousand-----	
11 REVENUE - NET		
Energy purchase price - gross	339,570	516,665
Sales tax	(49,339)	(75,071)
Energy purchase price - net	290,231	441,594
Capacity purchase price	104,277	119,910
Other supplemental charges	6,334	8,781
	400,841	570,285

		Un-audited	
		September 30, 2017	September 30, 2016
		-----Rupees in thousand-----	
12	DIRECT COSTS		
	Gas cost	271,302	431,775
	Depreciation on operating fixed assets	15,510	15,352
	Stores and spares consumed	31,540	5,072
	Repairs and maintenance	3,755	425
	Purchase of energy from CPPA-G	911	335
	Lube oil consumed	2,051	1,372
	Operation and maintenance contractor's fee	14,522	13,580
	Security expenses	1,354	509
	Salaries, wages and other benefits	286	394
	Insurance cost	500	519
	Generation license fee	149	144
	Miscellaneous expenses	184	78
		342,066	469,555
13	CASH GENERATED FROM OPERATIONS		
	Profit before taxation	44,058	89,578
	Adjustment for non cash charges and other items:		
	Depreciation on operating fixed assets	15,746	15,579
	Amortization of intangible assets	602	547
	Provision for employee retirement benefits	481	316
	Amortization of bank guarantee cost	489	489
	Profit on bank deposits	(415)	(71)
	Finance cost	4,409	2,710
		21,312	19,570
	Profit before working capital changes	65,370	109,148
	Effect on cashflow due to working capital changes:		
	Stores and spares	22,860	394
	Advances, deposits, prepayments, and other receivables	(4,808)	(4,411)
	Trade debts - secured	(11,880)	(129,455)
	Trade & other payables	(2,483)	(17,064)
		3,689	(150,536)
	Cash generated from / (used in) operations	69,059	(41,388)
14	CASH AND CASH EQUIVALENTS		
	Cash and bank balances	96,444	8,906
	Short term borrowings - secured	-	-
		96,444	8,906

## 15 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim balance sheet have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. Following re-arrangement has been made:

	Rupees in thousand
Security expenses classified from 'Administrative expenses' to 'Direct costs	509

## 16 RELATED PARTY TRANSACTIONS

The related parties comprise holding company, subsidiary companies, associated companies, other related companies, key management personnel and post employment benefit plans. Significant transactions with related parties are as follows:

Relationship with the Company	Nature of transaction	Un-audited	
		September 30, 2017	September 30, 2016
		-----Rupees in thousand-----	
<b>i) Holding company</b>			
Descon Engineering Limited:			
	Mark up accrued on long term loan	-	641
	Dividend paid	845,728	492,625
	Repayment of sponsors' loan	-	100,000
	Mark up paid on sponsors' loan	-	3,876
	Common cost charged	556	88
<b>ii) Subsidiary companies</b>			
Power Management Company (Private) Limited:			
	Dividend received	1,435,108	846,675
	Repayment of short term loan	-	3
	Mark up accrued on loan	1,004	1,273
Rousch (Pakistan) Power Limited:			
	Common cost charged	137	264
<b>iii) Associated companies</b>			
Descon Power Solutions (Private) Limited			
	O & M contractor's fee	13,202	12,002
	Service agreement for generators	1,320	1,200
	Spare parts purchased	11,710	5,484
	Major maintenance fee	870	-
	Common cost charged	29	378
Descon Corporation (Private) Limited			
	ERP implementation fee and running costs	724	754
	Building rent	46	41

		Un-audited	
		September 30, 2017	September 30, 2016
		-----Rupees in thousand-----	
iv) Key management personnel	Salaries and other employment benefits	1,104	951
iv) Director's remuneration	Salaries and other employment benefits	791	750
iv) Director's fee	Technical fee and meeting fee	125	250
v) Post employment benefit plans	Expenses charged in respect of retirement benefit plans	481	315

**Period end balances are as follows:**

**Payable to related parties**

Descon Engineering Limited (Holding company)	7,103	852,134
Descon Holdings (Private) Limited (Holding company)	-	120
Power Management Company (Private) Limited (Subsidiary company)	11,638	10,713
Descon Corporation (Private) Limited (Associated company)	381	420
Descon Power Solutions (Private) Limited (Associated company)	21,290	28,289
Rousch (Pakistan) Power Limited (Subsidiary company)	25	25
	<u>40,437</u>	<u>891,701</u>

**Receivable from related parties**

Power Management Company (Private) Limited (Subsidiary company)	-	1,435,108
---	---	-----------

**17 EVENTS AFTER THE BALANCE SHEET DATE**

The Board has declared Interim cash dividend at Rs. 4 per share amounting to Rs. 1,453,520,000.

**18 GENERAL**

**18.1** These financial statements were authorized for issue on October 24, 2017 by the Board of Directors of the Company.

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

  
Chief Executive

  
Chief Financial Officer

  
Director

**CONSOLIDATED  
FINANCIAL  
INFORMATION**

**ALTERN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES**  
**CONDENSED INTERIM CONSOLIDATED BALANCE SHEET (UN-AUDITED)**

		Un-audited September 30, 2017 ---Rupees in thousand---	Audited June 30, 2017
<b>EQUITY AND LIABILITIES</b>	<b>Note</b>		
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital			
400,000,000 (June 30, 2017: 400,000,000) ordinary shares of Rs 10 each		<b>4,000,000</b>	4,000,000
Issued, subscribed and paid up share capital			
363,380,000 (June 30, 2017: 363,380,000) ordinary shares of Rs 10 each		<b>3,633,800</b>	3,633,800
Share premium		<b>41,660</b>	41,660
Revenue reserve: Accumulated profit		<b>12,986,217</b>	12,379,592
		<b>16,661,677</b>	16,055,052
Non-controlling interests		<b>10,614,428</b>	10,209,062
		<b>27,276,105</b>	26,264,114
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	5	<b>3,000,677</b>	4,045,532
Deferred liabilities		<b>25,709</b>	23,399
Deferred taxation		<b>958,715</b>	913,145
		<b>3,985,101</b>	4,982,076
<b>CURRENT LIABILITIES</b>			
Trade and other payables		<b>1,773,875</b>	3,231,407
Mark up accrued		<b>2,520</b>	3,409
Current portion of long term financing		<b>2,708,580</b>	2,697,021
Derivative financial instrument	6	<b>122,633</b>	157,389
Dividend payable		<b>1,156</b>	2,488,523
Provision for taxation		<b>7,563</b>	113,676
		<b>4,616,327</b>	8,691,425
<b>CONTINGENCIES AND COMMITMENTS</b>	7		
		<b>35,877,533</b>	39,937,615

The annexed notes 1 to 16 form an integral part of these financial statements.

  
**Chief Executive**

  
**Chief Financial Officer**

  
**Director**

**AS AT SEPTEMBER 30, 2017**

		Un-audited September 30, 2017	Audited June 30, 2017
		---Rupees in thousand ---	
<b>ASSETS</b>	<b>Note</b>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	19,972,550	20,376,788
Capital work in progress		-	-
Intangible assets		2,693	3,742
Long term deposits		539	539
Long term loan to employees		8,567	8,886
		<b>19,984,349</b>	<b>20,389,955</b>
<b>CURRENT ASSETS</b>			
Store, spares and loose tools		593,441	653,568
Inventory of fuel oil		471,431	471,793
Trade debts - secured, considered good		9,989,259	12,864,950
Advances, deposits, prepayments and other receivables		565,899	541,817
Income tax recoverable		266,649	271,645
Cash and bank balances		4,006,505	4,743,887
		<b>15,893,184</b>	<b>19,547,660</b>
		<b>35,877,533</b>	<b>39,937,615</b>

  
Chief Executive

  
Chief Financial Officer

  
Director

**ALTEN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES**  
**CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2017**

		September 30, 2017 ---Rupees in thousand ---	September 30, 2016
	<b>Note</b>		
Revenue - net	9	7,471,469	7,591,501
Direct costs	10	(6,233,635)	(6,194,263)
<b>Gross profit</b>		<b>1,237,834</b>	<b>1,397,238</b>
Administrative expenses		(61,427)	(58,050)
Other income		70,492	61,963
Profit from operations		<b>1,246,899</b>	<b>1,401,151</b>
Finance cost		(178,455)	(248,222)
<b>Profit before taxation</b>		<b>1,068,444</b>	<b>1,152,929</b>
Taxation		(56,453)	(48,225)
<b>Profit after taxation</b>		<b>1,011,991</b>	<b>1,104,704</b>
<b>Attributable to:</b>			
Equity holders of the parent		606,625	679,661
Non-controlling interest		405,366	425,043
		<b>1,011,991</b>	<b>1,104,704</b>
Earnings per share - basic and diluted	<b>Rupees</b>	<b>1.67</b>	<b>1.87</b>

The annexed notes 1 to 16 form an integral part of these financial statements.

  
**Chief Executive**

  
**Chief Financial Officer**

  
**Director**

**ALTERN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2017**

	September 30, 2017	September 30, 2016
	---Rupees in thousand---	
Profit for the period	1,011,991	1,104,704
<b>Other comprehensive income:</b>		
<i>Items that will be subsequently reclassified to profit or loss</i>	-	-
<i>Items that will not be reclassified subsequently to profit or loss</i>	-	-
<b>Total comprehensive income for the period</b>	<b>1,011,991</b>	<b>1,104,704</b>
<b>Attributable to:</b>		
Equity holders of the parent	606,625	679,661
Non-controlling interest	405,366	425,043
	<b>1,011,991</b>	<b>1,104,704</b>

The annexed notes 1 to 16 form an integral part of these financial statements.

  
**Chief Executive**

  
**Chief Financial Officer**

  
**Director**

**ALTERN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES**  
**CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2017**

	Note	September 30, 2017 ---Rupees in thousand ---	September 30, 2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash generated from operations</b>	11	<b>3,113,892</b>	(518,053)
Long term advances		319	-
Finance cost paid		(174,102)	(341,775)
Tax paid		(118,422)	(85,387)
		<b>(292,205)</b>	(427,162)
<b>Net cash inflow / (outflow)from operating activities</b>		<b>2,821,687</b>	(945,215)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(7,565)	(2,690)
Dividend received		-	1,986,051
Profit on bank deposits received		415	71
Proceeds from sale of property, plant and equipment		384	607
Long term advances		-	1,089
<b>Net cash (outflow) / inflow from investing activities</b>		<b>(6,766)</b>	1,985,128
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long term loans		(1,064,208)	(1,597,237)
Repayment of sponsors' loan		-	(103,876)
Dividend paid		(2,488,095)	(3,522,275)
<b>Net cash outflow from financing activities</b>		<b>(3,552,303)</b>	(5,223,388)
<b>Net decrease in cash and cash equivalents</b>		<b>(737,382)</b>	(4,183,475)
<b>Cash and cash equivalents at the beginning of the period</b>		<b>4,743,887</b>	9,220,127
<b>Cash and cash equivalents at the end of the period</b>	12	<b>4,006,505</b>	5,036,652

The annexed notes 1 to 16 form an integral part of these financial statements.

  
**Chief Executive**

  
**Chief Financial Officer**

  
**Director**

**ALTERN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2017**

	Attributable to equity holders of Parent Company				
	Share capital	Share premium	Un-appropriated profit	Non-controlling Interests	Total
	(Rupees in thousand)				
<b>Balance as on July 1, 2016 (audited)</b>	3,633,800	41,660	12,051,716	10,102,809	25,829,985
Profit for the period	-	-	679,661	425,043	1,104,704
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the quarter ended September 30, 2016	-	-	679,661	425,043	1,104,704
Transactions with owners in their capacity as owners	-	-	-	-	-
<b>Balance as on September 30, 2016 (Un-audited)</b>	3,633,800	41,660	12,731,377	10,527,852	26,934,689
Profit for the period	-	-	1,103,206	717,195	1,820,401
Other comprehensive income for the period	-	-	(1,471)	(982)	(2,453)
Total comprehensive income for the period	-	-	1,101,735	716,213	1,817,948
Transactions with owners in their capacity as owners:					
Interim dividend @4 per ordinary share by AEL	-	-	(1,453,520)	-	(1,453,520)
Dividend relating to 2017 paid to non-controlling interest	-	-	-	(1,035,003)	(1,035,003)
<b>Balance as on June 30, 2017 (Audited)</b>	3,633,800	41,660	12,379,592	10,209,062	26,264,114
Profit for the period	-	-	606,625	405,366	1,011,991
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the quarter ended September 30, 2017	-	-	606,625	405,366	1,011,991
Transactions with owners in their capacity as owners	-	-	-	-	-
<b>Balance as on September 30, 2017 (Un-audited)</b>	3,633,800	41,660	12,986,217	10,614,428	27,276,105

The annexed notes 1 to 16 form an integral part of these financial statements.

  
**Chief Executive**

  
**Chief Financial Officer**

  
**Director**

**ALTERN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES**  
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL**  
**INFORMATION (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2017**

**1 LEGAL STATUS AND NATURE OF BUSINESS**

Altern Energy Limited ('the Parent Company') and its subsidiaries, Power Management Company (Private) Limited and Rousch (Pakistan) Power Limited (together, 'the Group') are engaged in power generation activities.

**1.1** The Group is structured as follows:

**Parent Company:**

Altern Energy Limited (AEL); and

**Subsidiary companies:**

	<b>Un-audited Percentage of Holding September 30, 2017</b>	<b>Audited June 30, 2017</b>
Power Management Company (Private) Limited (PMCL)	<b>100.000%</b>	100.000%
Rousch (Pakistan) Power Limited (RPPL)	<b>59.984%</b>	59.984%

**1.2** Altern Energy Limited (AEL) is a public limited company incorporated in Pakistan on January 17, 1995 under the Companies Ordinance, 1984 (now the Companies Act, 2017 and hereinafter referred to as the 'Act'). The company is a subsidiary of Descon Engineering Limited. The company's ordinary shares are listed on the Pakistan Stock Exchange Limited. The principal objective of AEL is to generate and supply electric power to Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) from its thermal power plant having a gross capacity of 32 Mega Watts (June 30, 2017: 32 Mega Watts). The company commenced its commercial operations on June 6, 2001. The registered office of the company is situated at Descon Headquarters, 18 km, Ferozepur Road, Lahore.

AEL's Gas Supply Agreement (GSA) with Sui Northern Gas Pipelines Limited (SNGPL) expired on June 30, 2013. Thereafter, the company has signed a supplemental deed dated March 17, 2014 with SNGPL, whereby SNGPL has 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, empowered for Re-liquefied natural gas ('RLNG') allocation by the Economic Co-ordination Committee ('ECC') of Cabinet, issued an allocation of 06 MMCFD of RLNG to the company on April 28, 2017 and advised the company and SNGPL to negotiate a 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 available' basis till the execution of a long term GSA between the parties.

**1.3** Power Management Company (Private) Limited (PMCL) was incorporated in Pakistan on February 24, 2006 under the Companies Ordinance, 1984 (now the Companies Act, 2017 and hereinafter referred to as the 'Act'). The company is fully owned subsidiary of AEL. The principal objective of PMCL is to invest, manage, operate, run, own and build power projects. The registered office of the company is situated at Descon Headquarters, 18 km Ferozepur Road, Lahore.

**1.4** RPPL is an unlisted public company, incorporated in Pakistan on August 4, 1994 under the Companies Ordinance, 1984. The principal activities of the 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 (June 30, 2017: 450 Mega Watts), located near Sidhnai Barrage, Abdul Hakim town, District Khanewal, Punjab province, Pakistan. The company started commercial operations from December 11, 1999.

The registered office of the company is situated at 2nd Floor emirates tower, F-7 Markaz, Islamabad.

RPPL has a Power Purchase Agreement ('PPA') with CPPA-G for sale of power to CPPA-G upto 2029. The plant was initially designed to operate with residual furnace oil and was converted the Complex to gas fired facility in 2003 after allocation of 85 MMSCFD by the Government for the period of twelve years under GSA with SNGPL till August 18, 2015. At that time, under the amended and restated Implementation Agreement (IA), the Government of Pakistan provided an assurance that the company will be provided gas post August 2015, in preference to the new projects commissioned after the company.

The Ministry of Petroleum and Natural Resources ('MOPNR'), empowered for RLNG allocation by the Economic Co-ordination Committee ('ECC') , issued an allocation of 85 MMSCFD of RLNG to RPPL on firm basis on September 23, 2015 and advised the company and SNGPL to negotiate a long term GSA on firm basis. While negotiations for the long term GSA are in process, ECC of the Cabinet approved interim GSA for supply of RLNG to the company upto June 2018 or signing of a long-term GSA, whichever is earlier. The interim GSA was executed with CPPA-G and SNGPL. Under the interim GSA, RLNG will be supplied on 'as-available' basis, however, the non-supply of RLNG will be treated as 'Other Force Majeure' under the PPA.

## **2 BASIS OF PREPARATION**

This condensed interim consolidated financial information is un-audited and is being submitted to the members in accordance with section 245 of the Companies Ordinance, 1984. It has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim consolidated financial information does not include all the information required for annual consolidated financial statements and therefore, should be read in conjunction with the annual consolidated financial statements for the year ended June 30, 2017.

## **3 SIGNIFICANT ACCOUNTING POLICIES**

Accounting policies and methods of computation adopted for the preparation of these condensed interim consolidated financial information are the same as those applied in preparing the consolidated financial statements for the year ended June 30, 2017.

## **4 ACCOUNTING ESTIMATES**

The preparation of the condensed interim consolidated financial information 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 this condensed interim consolidated financial information, the significant judgments made by management in applying accounting policies and key sources of estimation were the same as those that were applied to the consolidated financial statements for the year ended June 30, 2017.

## **5 LONG TERM FINANCING - SECURED**

This represents two loans taken by RPPL from Standard Chartered Bank (SCB) UAE amounting to USD 36.515 million under facility-A and USD 27.7 million under facility-B respectively. Facility-A is repayable in 5 equal semi-annual installments and it carries markup at LIBOR+4% to be served quarterly. Facility-B is repayable in 10 equal quarterly and it carries a markup at LIBOR+1.4%.

Facility-A is secured by first charge on fixed assets of the company amounting to USD 49 million, assignment of receivables relating to capacity payments and lien on debt service reserve account maintained with SCB Pakistan and Facility-B is secured by assignment of receivable relating to capacity payments and lien on collection account maintained with SCB Pakistan.

## **6 DERIVATIVE FINANCIAL INSTRUMENT**

This represents derivative interest rate swap arrangement with a commercial bank. Under the terms of the arrangement, the company pays a fixed interest rate of 4.80% to the arranging bank on the notional US Dollar (USD) amount for the purposes of the interest rate swap, and receives 3-Month US Dollar London Inter-Bank Offered Rate ('LIBOR') on the notional US Dollar (USD) amount from the arranging bank. There have been no transfer of liabilities under the arrangement, only the nature of interest payment has changed. The derivative interest rate swap outstanding as at September 30, 2017 has been marked to market and the resulting gain has been included in the profit and loss account.

## 7 CONTINGENCIES & COMMITMENTS

There is no material change in the status of contingencies and commitments set out in note 13 to the consolidated financial statements of the Group for the year ended June 30, 2017 except for the following:

### 7.1 Contingencies

#### Altern Energy Limited - the Parent Company

The taxation authorities raised tax demand of Rs. 0.24 million under section 122 (5A) of the Income Tax Ordinance, 2001 for the tax year 2006, which was rectified to Rs. 0.084 million upon company's request. The company filed appeal before CIR (A) which was decided in company's favour. Aggrieved with the decision of CIR (A), the department filed appeal with ATIR which has rejected the Appeal of the department and decided the case in company's favour.

### 7.2 Commitments in respect of

#### Altern Energy Limited - the Parent Company

Habib Metropolitan Bank Limited has issued bank guarantee for Rs 326.32 million (June 30, 2017 : Rs 326.32 million) in favour of SNGPL as a security to cover gas supply for which payments are made in arrears. The guarantee will expire on December 14, 2017, which is renewable.

#### Rousch (Pakistan) Power Limited - the Subsidiary Company

Standby letter of credit (SBLC) of Rs. 4,120 million (June 30, 2017: Rs. 4,120 million) has been issued by National Bank of Pakistan in favour of SNGPL as a security to cover RLNG supplies.

## 8 PROPERTY, PLANT AND EQUIPMENT

Additions to plant and equipment include net exchange loss of Rs 17.982 million on related foreign currency loans during the period from July 1, 2017 to September 30, 2017. This has resulted in accumulated capitalization of exchange losses of Rs. 12,311.369 million (June 30, 2017: Rs 1,293.477 million) in the cost of plant and equipment upto September 30, 2017, with net book value of Rs 6,820.77 million (June 30, 2017: Rs 6,946.903 million). The exchange gains / losses capitalized are amortized over the remaining useful life of the plant.

## 9 REVENUE

	Un-audited	
	September 30, 2017	September 30, 2016
	----Rupees in thousand----	
Energy purchase price - gross	6,870,082	6,855,042
Sales tax	(998,217)	(996,032)
Energy purchase price - net	5,871,865	5,859,010
Capacity purchase price	1,536,911	1,746,994
Other supplemental charges	175,143	86,356
Gas efficiency passed to CPPA-G	(112,450)	(100,859)
	<b>7,471,469</b>	<b>7,591,501</b>

	Un-audited	
	September 30, 2017	September 30, 2016
	---Rupees in thousand---	
<b>10 DIRECT COSTS</b>		
Gas cost	5,422,524	5,419,602
Operation and maintenance contractor's fee	265,627	270,055
Depreciation on operating fixed assets	425,540	420,285
Stores, spares and loose tools consumed	62,290	33,083
Lube oil consumed	2,051	1,372
Repairs & maintenance	4,250	4,901
Insurance costs	25,157	29,972
Purchase of energy from CPPA-G	5,099	336
Salaries, wages and other benefits	11,400	9,525
Generation license fee	1,747	1,682
Electricity duty	2,137	2,313
Security expenses	1,354	509
Liquidated damages	1	-
Miscellaneous	4,458	628
	<b>6,233,635</b>	<b>6,194,263</b>
<b>11 CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	1,068,444	1,152,929
Adjustment for non cash charges and other items:		
- Depreciation on operating fixed assets	428,162	422,752
- Profit on bank deposits	(1,418)	(71)
- Amortization of bank guarantee cost	489	489
- Amortization of intangible assets	602	547
- Gain on sale of property, plant & equipment	(384)	-
- Capital spares consumed	1,980	-
- Gain on adjustment in fair value of DFI	(34,756)	-
- Finance cost	178,970	247,732
- Provision for employee retirement benefits	2,310	1,765
Profit before working capital changes	<b>1,644,399</b>	<b>1,826,143</b>
Effect on cash flow due to working capital changes:		
-Decrease in stores, spares and loose tools	60,489	16,889
- Decrease / (increase) in trade debts	2,875,692	(2,716,620)
-Increase in advances, deposits, prepayments and other receivables	(25,685)	(58,358)
-(Decrease) / increase in trade and other payables	(1,441,003)	413,893
	<b>1,469,493</b>	<b>(2,344,196)</b>
<b>Cash generated from / (used in) operations</b>	<b>3,113,892</b>	<b>(518,053)</b>

**Un-audited**  
**September 30, 2017      September 30, 2016**  
**---Rupees in thousand---**

**12 CASH AND CASH EQUIVALENTS**

Cash and bank balances	<b>4,006,505</b>	5,036,652
Short term borrowings - secured	-	-
	<b>4,006,505</b>	<b>5,036,652</b>

**13 TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

The related parties comprise of ultimate parent company, associated companies, related group companies, directors and their close family members, staff retirement contribution fund, key management personnel and major shareholders of the group. Amounts due from and to related parties are shown under receivable and payable. Other significant transactions with related parties not disclosed elsewhere in these financial statements are as follows:

Relationship with the Company	Nature of transactions		
<b>i. Ultimate Parent</b>			
Descon Engineering Limited:			
	Mark up accrued on long term loan	-	641
	Dividend paid	<b>845,728</b>	492,625
	Repayment of Sponsors' loan	-	100,000
	Mark up paid on sponsors' loan	-	3,876
	Common costs charged	<b>556</b>	360
<b>ii. Associated Undertakings</b>			
Descon Power Solutions (Private) Limited:			
	O & M contractor's fee	<b>13,202</b>	12,002
	Service agreement of generators	<b>1,320</b>	1,200
	Spare parts purchased	<b>11,710</b>	5,484
	Major maintenance fee	<b>870</b>	-
	Common costs charged	<b>29</b>	378
Descon Corporation (Private) Limited:			
	ERP implementation fee & running cost	<b>724</b>	754
	Building rent	<b>46</b>	41
<b>iii. Subsidiary Undertakings</b>			
Rousch (Pakistan) Power Limited:			
	Operator's fee paid to ESB Engineering Ltd	<b>34,305</b>	74,227
	Payments to Descon Power Solutions (Pvt.) Ltd	<b>112,735</b>	83,835
	Payments to Siemens AG as LTMSA contractor	<b>12,918</b>	69,185
	Payments to Siemens Pakistan as LTMSA contractor	<b>32,272</b>	24,029
	Payments to Descon Engineering Ltd against services	<b>1,490</b>	959
	Payments to Descon Chemicals Ltd against services	-	-
	Payments to Siemens Pakistan for supply of spares and services	<b>597</b>	-
	Payments to Descon Corporation (Pvt.) Ltd for rent and services	<b>1,673</b>	1,394
<b>iv. Key Management Personnel</b>			
	Salaries and other employment benefits	<b>21,402</b>	21,591
<b>v. Post Employment benefit plans</b>			
	Expense charged in respect of retirement benefit plans	<b>3,809</b>	3,086

Period end balances are as follows:

	Un-audited September 30, 2017	Audited June 30, 2017
--	-------------------------------------	-----------------------------

---Rupees in thousand---

**Payable to related parties**

Descon Engineering Limited (Holding company)	20,902	864,822
Descon Corporation (Private) Limited (Associated company)	381	753
Descon Power Solutions (Private) Limited (Associated company)	58,895	28,289
Siemens Pakistan Engineering Company Limited	27,589	112,811
Siemens AG	375,745	203,385
ESB International Ltd	133,456	124,312

**Receivable from related parties**

ESB International Ltd	3,468	3,468
-----------------------	-------	-------

**14 DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim consolidated financial information was authorized for issue on October 24, 2017 by the Board of Directors of the Company.

**15 CORRESPONDING FIGURES**

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim consolidated balance sheet have been compared with the balances of annual audited consolidated financial statements of preceding financial year, whereas, the condensed interim consolidated profit and loss account, condensed interim consolidated statement of comprehensive income, condensed interim consolidated cash flow statement and condensed interim consolidated statement of changes in equity have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. The following re-arrangements have been made:

	Rupees in thousand
Security expenses classified from 'Administrative expenses' to 'Direct costs'	509

**16 GENERAL**

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

  
Chief Executive

  
Chief Financial Officer

  
Director