AEL

CONDENSED INTERIM FINANCIAL STATEMENTS

(UN-AUDITED)
FOR THE THREE-MONTH AND
SIX-MONTH PERIOD ENDED DECEMBER 31, 2018

ALTERN ENERGY LIMITED

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

Mr. Farooq Nazir	(Chairman)
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

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

I am pleased to present to you financial results of the Company for the six months period ended December 31, 2018.

The Energy Sector is passing through major developments since last few years with notable investments by local as well as foreign investors. Pakistan's power generation capacity has witnessed sizeable increase due to construction of new LNG terminals and addition of more than 10,000 MW capacity in thermal, hydel and renewable power generating plant. With addition of new and more efficient plants in the Energy Mix, your Company and other power plants with older technology face an uphill task in keeping up with the declining demand from the off-taker and managing their fixed costs with reduced revenues. In spite of these developments, lack of investment to improve Transmission and Distribution networks has unfortunately hindered the distribution of new generation to the end users. The situation is further exacerbated with the ever increasing circular debt in the backdrop of uncontrolled transmission and distribution losses coupled with theft and low recovery ratios of Distribution Companies.

Your Board is fully aware of its role and responsibility to contribute towards rehabilitation of the power sector which will ultimately benefit the country in the longer run. Our active role in the power sector is evident from investment in another Independent Power Producer namely Rousch (Pakistan) Power Limited (Rousch); a 450 Mega Watts gas- fired combined cycle thermal power plant.

Although, both companies, Altern and Rousch have faced challenges in recent past in terms of gas availability, dispatch demand from National Power Control Centre (NPCC) and impact of circular debt issue facing the off-taker i.e. Central Power Purchasing Agency (Guarantee) Limited (CPPA-G), yet we have been able to manage the operations with dedication and perseverance in these challenging times. As a result of persistent shortfall in gas resources, the Board of Directors authorized management to avail Re-gasified Liquid Natural Gas (RLNG) to produce electricity in place of indigenous gas. But this has led to higher cost of production leading to further decline in demand from the off-taker and serious shortfall in profitability. During the period under review, the Parent Company, Altern, is engaged in negotiations for signing interim tri-partite Gas Supply Agreement (GSA) with SNGPL and CPPA-G to avail RLNG for producing electricity, whereas Rousch has approached CPPA-G for extension in interim GSA with SNGPL and CPPA-G which expired on June 30, 2018. CPPA-G has recommended to the Ministry of Energy for seeking approval for the extension of interim GSA from the Economic Coordination Committee of Cabinet, which is in process.

I would conclude review by placing my gratitude to our Board of Directors who have contributed immensely by leading management to keep the Company operational in these challenging times. I would further extend my appreciation to Company's management for their devotion and commitment. I also acknowledge the support of our valued Shareholders for their trust in the abilities of the Board and management to deliver results.

Lahore,
February 15, 2019

Taimur Dawood
Chairman

چیئرمین کا جائزہ

میں 31 دسمبر 2018ء کو ختم ہونے والی ششماہی کے لئے کمپنی کے مالی نتائج پیش کرتے ہوئے خوشی محسوس کر رہا ہوں۔

بجلی کا شعبہ گزشتہ چند سالوں سے مقامی اور غیر ملکی سرمایہ کاروں کی طرف سے قابل ذکر سرمایہ کاری کے ساتھ اہم ترقیوں سے گزر رہا ہے۔ پاکستان کی بجلی کی پیداواری صلاحیت نئے LNG ٹرمینلز کی تعمیر اور تھرمل، ہائیڈل اور قابل تجدید پاور جنریشن پلانٹ میں 10,000 میگاواٹ سے زیادہ صلاحیت کے اضافہ کی وجہ سے نمایاں طور بڑھ گئی ہے۔ انرجی مکس کے لئے نئے اور مؤثر پلانٹس کے اضافہ کے ساتھ، خریدار سے کم طلب کے ساتھ پرانی ٹیکنالوجی کے موجودہ پلانٹس کو آپریشنل رکھنے اور کم وصولیاں، کمپنی اور دیگر پاور پلانٹس کو اپنی مقررہ قیمتوں کو برقرار رکھنے میں بہت ہی دشواریوں کا سامنا ہے۔ ان پیشرفتوں کے باوجود، ترسیل اور ڈسٹری بیوشن نیٹ ورکس کو بہتر بنانے کے لئے سرمایہ کاری کی کمی نے بدقسمتی سے آخری صارفین تک نئی پیداوار کی تقسیم کو کم کر دیا۔ چوری کے ساتھ ترسیل اور ڈسٹری بیوشن نقصانات اور ڈسٹری بیوشن کمپنیوں کے وصولی کہ کم تناسب کی بناء پر ہمیشہ بڑھتے ہوئے گردشی قرضہ کے ساتھ صورت حال مزید کشیدہ ہے۔

آپ کا بورڈ توانائی کے شعبے کی بحالی میں حصہ لینے کے لئے اپنے کردار اور ذمہ داری سے مکمل طور پر واقف ہے جو بالآخر طویل عرصہ تک ملک کو فائدہ پہنچائے گا۔ بجلی کے شعبے میں ہمارا فعال کردار ایک اور پاور پروڈیوسر 450 میگاواٹ گیس فائرڈ کمبائنڈ سائیکل تھرمل پاور پلانٹ ROUSCH (پاکستان) پاور لمیٹڈ؛ میں سرمایہ کاری سے ظاہر ہوتا ہے۔

اگرچہ، آلٹرن اور ROUSCH دونوں کمپنیوں نے ماضی قریب میں گیس کی دستیابی نیشنل پاور کنٹرول سنٹر (NPCC) سے ترسیل طلب اور آف ٹیکر یعنی سنٹرل پاور پرچیزنگ ایجنسی گارنٹی لمیٹڈ (CPPA-G) کے گردشی قرضہ کے مسئلہ کے اثرات کے لحاظ سے مشکلات کا سامنا کیا ہے، پھر بھی ہم لگن اور ہمت کے ساتھ آپریشنز کا انتظام کرنے میں کامیاب رہے ہیں۔ گیس کے وسائل میں مستقل کمی کے نتیجہ میں، بورڈ آف ڈائریکٹرز نے انتظامیہ کو مقامی گیس کی جگہ بجلی پیدا کرنے کے لئے ری گیسیفائیڈ لیکوئیڈ نیچرل گیس (RLNG) سے مستفید ہونے کا اختیار دیا ہے۔ لیکن اس نے آف ٹیکر سے طلب میں مزید کمی کی وجہ سے پیداواری اخراجات میں زیادہ لاگت اور منافع میں شدید کمی کی ہے۔ زیرِ جائزہ مدت کے دوران، پیرنٹ کمپنی، آلٹرن، بجلی پیدا کرنے کے لئے RLNG سے مستفید ہونے کے لئے SNGPL اور CPPA-G کے ساتھ عبوری تھرڈ پارٹی گیس سپلائی معاہدہ (جی ایس اے) پر دستخط کرنے کے لئے مذاکرات کر رہی ہے، جبکہ ROUSCH SNGPL اور CPPA-G کے ساتھ عبوری GSA میں توسیع کے لئے CPPA-G تک رسائی حاصل کی جو 30 جون 2018 کو ختم ہو گیا ہے۔ CPPA-G نے کابینہ کی اقتصادی تعاون کمیٹی سے عبوری GSA کی توسیع کے لئے منظوری حاصل کرنے کے لئے وزارت توانائی کو سفارش کی ہے، جو زیرِ تکمیل ہے۔

میں کمپنی کے بورڈ آف ڈائریکٹرز کا شکر گزار ہوں جنہوں نے ان مشکل اوقات میں کمپنی کو آپریشنل رکھنے میں انتظامیہ کی مدد کی ہے۔ میں کمپنی کی انتظامیہ کی لگن اور ہمت کو بھی سراہوں گا۔ میں نتائج کے حصول کے لئے بورڈ اور انتظامیہ کی صلاحیتوں پر ان کے اعتماد کے لئے اپنے قابلِ قدر حصص یافتگان کے تعاون کا بھی شکر گزار ہوں۔

تیمور داؤد

چیئرمین

15 فروری 2019ء

لاہور

The Board of Directors of the Company takes pleasure to present the review report on financial and operational performance and (un-audited) interim financial statements of the Company for the half year ended December 31, 2018.

GENERAL

The principal activities of the Company continue to be ownership, operation and maintenance of a 32 Mega Watts (June 30, 2018: 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 (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 ISO capacity of 450 Mega Watts (June 30, 2018: 450 Mega Watts) from its gas-fired combined cycle thermal power plant, located near Sidhnai Barrage, near Abdul Hakeem, District Khanewal, Punjab.

FINANCE

During the period under review, the total turnover of the Company was Rs. 393 million (Rs. 1,011 million in corresponding period of 2017) resulting in a gross profit of Rs. 24 million (Rs. 86 million in corresponding period of 2017). The Company suffered net loss of Rs. 7 million resulting in loss per share of Rs. 0.02, as compared to net profit of Rs. 1,507 million and earnings per share of Rs. 4.15 in corresponding period of 2017.

The Company continues to suffer due to delays in payments by its sole power purchaser, CPPA-G, due to circular debt issue which has been affecting the liquidity position of your Company as well as other power sector companies. Primary factors behind increasing circular debt are transmission and distribution losses, expensive fuel mix, low recovery by DISCOs and delay in tariff determination of DISCOs by NEPRA. We suspect that this issue of circular debt will remain a big challenge for the Government in near future unless drastic measures are taken to mitigate the core issues mentioned above. 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. In the meanwhile, the Company's management is persistently interacting with the power purchaser, and Ministry of Energy (Power division) for timely release of due payments.

OPERATIONS

Your Company shifted its operations from indigenous gas to RLNG in October 2017 and thereafter it has been receiving constant supply of RLNG. Due to an influx of significant generation capacity into the national grid system during the last couple of years, our plant has witnessed serious shortfall in dispatch demand from NPCC as the new plants are economical due to better efficiency, rank above Altern's plant in NPCC/CPPA's economic despatch merit order. The Company is therefore, facing serious challenges to remain operational since less dispatch results in less capacity revenue, having a take-and-pay contract with CPPA-G. Despite these challenges, the management is working tirelessly to keep the Company operational. We are confident 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') posted turnover of Rs. 9,740 million (Rs. 12,516 million in corresponding period of 2017) earning gross profit of Rs. 2,342 million (Rs. 1,891 million in corresponding period of 2017). Net profit for the period was Rs. 1,768 million (compared to Rs. 1,473 Million in the corresponding period of 2017) delivering earnings per share (EPS) of Rs. 2.05 per share of Rs.10 each (EPS Rs. 1.71 in corresponding period of 2017).

Payment default from the company's sole customer, CPPA-G continues. As on December 31, 2018, the overdue receivables from CPPA-G were Rs. 12,785 million. The company is pursuing CPPA-G for timely payment of its receivables on regular basis.

During the period, the company has paid Rs. 1,643 million to its lenders.

During the period under review, complex was shut down for one (1) day 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, 493 GWh of electricity was delivered to CPPA-G as compared to 1,253 GWh delivered during the corresponding period of last year. Plant dispatch factor d was 28.48% (71.94% in corresponding period of last year).

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

FUTURE OUTLOOK

After enduring almost a decade of power shortfall, our country has finally reached a position where availability of power is not an issue any more. The power sector in Pakistan has undergone a transition phase whereby significant investment has been made by the GoP as well as private sector in the last few years to overcome the energy crisis which has adversely affected the socio-economic progress of the country. The GoP has been particularly active on completion of RLNG-based projects in the Punjab, many hydel projects in KPK / AJK and Coal-based projects in Punjab and Sindh. Three RLNG-based, two coal-based and a few hydel power projects of about 10,000 MW have become operational whereas most of other power projects are expected to come online in next 2-3 years which will positively affect demand-supply gap. Now, other crucial challenge for the GoP is to augment/upgrade the existing transmission and distribution systems which are currently not upto the required capacity to evacuate the additional power generation and distribution to end consumers. Addition of more efficient generation capacity will continue to impact AEL's financial results negatively in times to come. The management continues to make efforts to operate the plant under these challenging circumstances with the reduced dispatch demand for the Company from NPCC.

QUALITY, ENVIRONMENT, HEALTH & SAFETY

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.

ACKNOWLEDGEMENT

The Board of Directors would like to place on record its gratitude to its valuable shareholders, Government functionaries, SNGPL, CPPA-G and banks for their cooperation, continued support and patronage.

The Board also appreciates the contribution made by the executives, staff and workers for operations of the Company.

For and on behalf of the Board

Fazal Hussain Asim
Chief Executive

Shah Muhammad Chaudhry
Director

Dated: February 15, 2019
Lahore.

ڈائریکٹرز کی جائزہ رپورٹ

کمپنی کے بورڈ آف ڈائریکٹرز 31 دسمبر 2018ء کوختم ہونے والی ششماہی کی کمپنی کیلیئے مالی اورآپریشنل کارکردگی اور(غیرنظرثانی شدہ)عبوری مالی حسابات پر جائزہ رپورٹ بخوشی پیش کرتے ہیں۔

عمومی

کمپنی کی اہم ترین سرگرمیوں میں 32 میگاواٹ (30 جون 32:2018 میگاواٹ) کے گیس پرمبنی تھرمل پاور پلانٹ واقع نزد فتح جنگ ضلع اٹک پنجاب کی ملکیت، آپریشن، دیکھ بھال اوراپنے واحد صارف سنٹرل پاور پرچیزنگ ایجنسی (گارنٹی) لمیٹڈ('CPPA-G') کوبجلی کی فروخت شامل ہے۔کمپنی کے حصص پاکستان اسٹاک ایکسچینج لمیٹڈ میں درج ہیں۔
کمپنی پاور مینجمنٹ کمپنی (پرائیویٹ) لمیٹڈ (خصوصی مقصد کی کمپنی) کے100 فیصد حصص کی مالک ہے، جوبدلے میںROUSCH(پاکستان) پاورلمیٹڈ (آرپی پی ایل) کے59.98 فیصد حصص رکھتی ہے۔آرپی پی ایل ایک غیرمندرج پبلک کمپنی اورگیس فائرڈ کمبائنڈ سائیکل تھرمل پاور پلانٹ کے ذریعے450 میگاواٹ(30 جون450:2018 میگاواٹ) کی مجموعیISOصلاحیت رکھنے والی خودمختار پاور پروڈیوسر ہے جوکہ سدھنائی بیراج، عبدالحکیم، ضلع خانیوال، پنجاب کے قریب واقع ہے۔

فنانس

زیرِ جائزہ مدت کے دوران کمپنی کا کل ٹرن اوور393 ملین روپے(2017 کی اسی مدت میں 1,011 ملین روپے)جس کے نتیجے میں مجموعی منافع 24 ملین روپے(2017 کی اسی مدت میں 86 ملین روپے) حاصل ہوا۔کمپنی نے 7 ملین روپے خالص نقصان برداشت کیا جس کے نتیجہ میں 0.02 روپے فی شیئرنقصان ہوا، جبکہ گزشتہ سال 2017 کی اسی مدت میں 1,507 ملین روپے خالص منافع اور 4.15 روپے فی شیئرآمدنی ہوئی۔
کمپنی کے بجلی کے واحدخریدار CPPA-G کی طرف سے گردشی قرضہ کی وجہ سے ادائیگیوں میں تاخیرایک مسلسل مسئلہ رہا ہے جوآپ کی کمپنی اوردیگر پاورکمپنیوں کی لیکویڈیٹی حالت کومتاثرکررہا ہے۔گردشی قرضہ بڑھنے کی اہم وجوہات ٹرانسمشن اورڈسٹری بیوشن، مہنگے فیول مکس، ڈسکوز سے کم ریکوری اورنیپرا کی طرف سے ڈسکوز کے ٹیرف کے تعین میں تاخیرہیں۔ہم دیکھتے ہیں کہ گردشی قرضہ مستقبل قریب میں حکومت کے لئے ایک بڑا چیلنج رہے گا جب تک کہ مذکورہ بالا بنیادی مسائل کوختم کرنے کے لئے اہم اقدامات نہ اُٹھائے گئے۔CPPA-G کی جانب سے ادائیگیوں میں تاخیر کے باوجود کمپنی اپنی تمام آپریشنل ذمہ داریوں بشمول ڈیبٹ سروسنگ اورآپریشنل ادائیگیوں کوپورا کرنے کیلیئے نقدرقم کا انتظام کرنے کے قابل رہی ہے۔کمپنی کی انتظامیہ اپنے خریداراوروزارت توانائی (پاورڈویژن) سے واجب ادائیگیوں کی بروقت واگزاری کے لئے مسلسل مطالبہ کررہی ہے۔

آپریشنز

کمپنی، نے اکتوبر2017 سے اپنے آپریشنز کومقامی گیس سے آرایل این جی پرمنتقل کیا، اوراس کے بعد سےRLNG کی فراہمی مسلسل حاصل کررہی ہے۔اس کے علاوہ، گزشتہ دوبرسوں کے دوران قومی گرڈسسٹم میں بجلی کی پیداوارکی صلاحیت میں نمایاں اضافہ کے نتیجہ میں، پلانٹ نےNPCC سے ترسیل طلب میں شدید کمی ظاہرکی ہے، چونکہ نئے پلانٹس بہترکارکردگی کی بدولت کم خرچ ہےاس لیے این پی سی سی/سی پی پی کے اقتصادی ڈسپیچ میرٹ آرڈر میں آلٹرن کے پلانٹ کے مقابل میں اوپر ہے۔کمپنی چونکہ،CPPA-G کے ساتھ ٹیک اینڈ پے معاہدہ کے تحت کم کپیسٹی ریونیو میں کم ترسیل کے نتیجے آپریشنل رہنے شدید مشکلات کا سامنا کررہی ہے۔ان مشکلات کے باوجود، انتظامیہ کمپنی کوآپریشنل رکھنے کے لئے انتھک کوششیں کررہی ہے۔ہم پُراعتماد ہیں کہ تمام انجن اوران کے معاون آلات ہموار اورقابل اعتماد آپریشنز کے لئے مستحکم میکانیکل حالت میں ہیں۔

ماتحت ادارے کا جائزہ

زیرِ جائزہ مدت کے دوران، کمپنی کے ذیلی ادارہROUSCH(پاکستان) پاورلمیٹڈ (آرپی پی ایل) نے ٹرن اوور9,740 ملین روپے(2017 کی اسی مدت میں12,516 ملین روپے) مجموعی منافع کی آمدنی2,342 ملین روپے(2017 کی اسی مدت میں1,819 ملین روپے) درج کی۔موجودہ مدت کا خالص منافع1,768 ملین روپے(2017 کی اسی مدت میں1,473 ملین روپے) ہرایک -/10 روپے کی فی حصص آمدنی(EPS) 2.05 روپے(2017 کی اسی مدت میں 1.71 روپے) تھی۔
کمپنی کے واحدصارف،CPPA-G سے عدم ادائیگی جاری رہی ہے۔31 دسمبر 2018 کو،CPPA-G سے زائدالمعیاد قابل وصولی رقوم12,785 ملین روپے تھیں۔کمپنی باقاعدہ بنیاد پر اپنی قابل وصولی رقوم کے لئےCPPA-G سے مطالبہ کررہی ہے۔مدت کے دوران، کمپنی نے اپنے قرض دہندگان کو1,643 ملین روپے ادا کئے ہیں۔
زیرِ جائزہ مدت کے دوران، کمپلیکس گیس سپلائی کی معطّلی کی وجہ سے(1) ایک دن بند رہا تھا اور کمپنی نے اسے عبوری گیس سپلائی معاہدہ کے تحت دیگرفورس میجورقراردیا۔زیرِ جائزہ مدت کے دوران،CPPA-G کو

GWh 493 بجلی ترسیل کی گئی جبکہ گزشتہ سال کی اسی مدت کے دورانGWh 1,253 بجلی ترسیل کی گئی۔ پلانٹ کا ترسیلی عنصرڈی28.48%(گزشتہ سال کی اسی مدت میں71.48%) تھا۔ مدت کے دوران کمپنی نے کامیابی سے سالانہ ڈپینڈ ایبل کپیسٹی ٹیسٹ کا انعقاد کیا۔

مستقبل کا نقطہ نظر

بجلی کی قلت کی تقریباً ایک دہائی کے ختم ہونے کے بعد، ہمارے ملک نے بالآخر ایسی پوزیشن حاصل کرلی ہے جہاں بجلی کی دستیابی ایک مسئلہ نہیں ہے۔ پاکستان میں پاورسیکٹر تبدیلی کے مرحلے سے گزر رہا ہے جہاں حکومت پاکستان اور نجی شعبہ نے بجلی کے بحران جس نے ملک کی اقتصادی ترقی کو بُری طرح متاثر کیا، پر قابو پانے کے لئے گزشتہ چند سالوں میں نمایاں سرمایہ کاری کی ہے۔ حکومت پاکستان پنجاب میںRLNG بیسڈ پراجیکٹس، KPK/AJK میں ملٹی ہائیڈل پراجیکٹس اور سندھ میں کوئلہ بیسڈ پراجیکٹس کو مکمل کرنے میں خاص طور فعال رہی ہے۔ تینRLNG بیسڈ اور دو(2) پاور پراجیکٹس آپریشنل ہوگئے ہیں جبکہ دیگر پراجیکٹس میں سے اکثر اگلے 2-3 سالوں میں آن لائن ہوجانے کی توقعات ہیں جوطلب۔ سپلائی کی کمی پر مثبت اثر انداز ہوں گے۔ تاہم، حکومت پاکستان کے لئے دوسرا اہم چیلنج موجودہ ترسیل اور تقسیم کے نظام کو اپ گریڈ کرنا ہے جو فی الحال آخری صارفین تک اضافی پاور جنریشن اور ڈسٹری بیوشن کو ہینڈل کرنے کے لئے درکار معیار کے مطابق نہیں ہے۔ زیادہ مؤثر پیداواری صلاحیت کا اضافہ آنے والے وقتوں میں AEL کے مالی نتائج پر منفی اثرات جاری رکھے گا۔ انتظامیہNPCC سے محدود ترسیل کی ضروریات کے ساتھ ان مشکل حالات کے تحت کاروبار کو جاری رکھنے کی مسلسل کوشش کر رہی ہے۔

کوالٹی، ماحول، صحت اور حفاظت

متذکرہ مدت کے دوران، پلانٹ کی مجموعی صحت، حفاظت، ماحول اور سیکورٹی اقدامات میں کارکردگی کی تسلی بخش رہی ہے۔ زیرِ جائزہ مدت کے دوران کوئی وقت کے ضیاع کا واقعہ(LTI) اور کوئی ماحول کی تبدیلی کا واقع رونما نہیں ہوا ہے۔

اظہار تشکر

بورڈ آف ڈائریکٹرز اپنے قابل قدر حصص یافتگان، حکومتی اداروں، CPPA-G, SNGPL اور بینکوں کا انکے تعاون مسلسل حمایت اور سرپرستی کیلئے شکر گزار ہیں۔

بورڈ کمپنی کی اعلیٰ کارکردگی کا ایک اہم حصہ ہونے پر اپنے ایگزیکٹوز، سٹاف اور ورکرز کی تعریف کرتا ہے۔

بحکم بورڈ

فضل حسین عاصم
چیف ایگزیکٹو

شاہ محمد چوہدری
ڈائریکٹر

15فروری2019ء
لاہور

TO THE MEMBERS OF ALTERN ENERGY LIMITED
REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Altern Energy Limited as at December 31, 2018 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this 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 financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three-month periods ended December 31, 2017 and 2018 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended December 31, 2018.

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.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Masood.

A.F. Ferguson & Co.
Chartered Accountants,

Lahore,
February 18, 2019

ALTERN ENERGY LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	2018 Un-audited	2018 Audited
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
400,000,000 (June 30, 2018: 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, 2018: 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 profit		1,071,254	1,078,636
		4,746,714	4,754,096
NON-CURRENT LIABILITIES			
Long term financing - unsecured	6	-	-
Deferred liabilities		4,613	4,378
		4,613	4,378
CURRENT LIABILITIES			
Current portion of long term financing - unsecured	6	80,396	79,120
Trade and other payables		33,207	75,140
Short term borrowings - secured		107,590	159,569
Unclaimed dividend		1,338	1,345
Mark-up accrued		15,514	15,248
		238,045	330,422
CONTINGENCIES AND COMMITMENTS	7		
		4,989,372	5,088,896

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

Chief Executive | Chief Financial Officer | Director

AS AT DECEMBER 31, 2018 (UN-AUDITED)

	Note	2018 Un-audited	2018 Audited
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	669,434	701,204
Intangible assets	9	230	418
Long term investment	10	3,204,510	3,204,510
Long term deposit		38	38
		3,874,212	3,906,170
CURRENT ASSETS			
Stores and spares		74,821	76,735
Trade debts - secured, considered good		905,321	934,919
Advances, prepayments and other receivables		126,758	162,155
Income tax recoverable		863	1,527
Cash and bank balances		7,397	7,390
		1,115,160	1,182,726
		4,989,372	5,088,896

Chief Executive   Chief Financial Officer   Director

ALTERN ENERGY LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE THREE-MONTH AND SIX-MONTH PERIOD ENDED DECEMBER 31, 2018

		Three-month period ended		Six-month period ended	
		December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	Note	(Rupees in thousand)			
Revenue - net	11	23,257	610,146	393,371	1,010,987
Direct costs	12	(32,272)	(583,309)	(369,234)	(925,375)
Gross (loss)/profit		(9,015)	26,837	24,137	85,612
Administrative expenses		(7,609)	(10,959)	(20,126)	(21,193)
Other income		1,424	1,455,266	1,429	1,455,681
		(15,200)	1,471,144	5,440	1,520,100
Finance cost		(5,802)	(8,458)	(12,155)	(13,356)
(Loss)/profit before taxation		(21,002)	1,462,686	(6,715)	1,506,744
Taxation	13	(667)	(454)	(667)	325
(Loss)/profit for the period		(21,669)	1,462,232	(7,382)	1,507,069
(Loss)/earnings per share - basic and diluted	**(Rupees)**	(0.06)	4.02	(0.02)	4.15

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

Chief Executive | **Chief Financial Officer** | **Director**

ALTERN ENERGY LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THREE-MONTH AND SIX-MONTH PERIOD ENDED DECEMBER 31, 2018

	Three-month period ended		Six-month period ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	(Rupees in thousand)			
(Loss)/profit for the period	(21,669)	1,462,232	(7,382)	1,507,069
Other comprehensive income:				
Items that will not be reclassified subsequently to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-
	-	-	-	-
Total comprehensive (loss)/income for the period	(21,669)	1,462,232	(7,382)	1,507,069

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

Chief Executive **Chief Financial Officer** **Director**

ALTERN ENERGY LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2018

	Share capital	Capital reserve: Share premium	Revenue reserve: Un-appropriated profit	Total
	(Rupees in thousand)			
Balance as on July 1, 2017 (audited)	**3,633,800**	**41,660**	**1,079,514**	**4,754,974**
Profit for the period	-	-	1,507,069	1,507,069
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	1,507,069	1,507,069
Interim dividend for the six-month period ended December 31, 2017 @ Rs 4.00 per ordinary share	-	-	(1,453,520)	(1,453,520)
Total contributions by and distributions to owners of the Company recognised directly in equity	-	-	(1,453,520)	(1,453,520)
Balance as on December 31, 2017 (un-audited)	**3,633,800**	**41,660**	**1,133,063**	**4,808,523**
Balance as on July 1, 2018 (audited)	**3,633,800**	**41,660**	**1,078,636**	**4,754,096**
Profit for the period	-	-	(7,382)	(7,382)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	(7,382)	(7,382)
Total contributions by and distributions to owners of the Company recognised directly in equity	-	-	-	-
Balance as on December 31, 2018 (un-audited)	**3,633,800**	**41,660**	**1,071,254**	**4,746,714**

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

Chief Executive **Chief Financial Officer** **Director**

ALTERN ENERGY LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2018

	Note	Six-month period ended December 31, 2018	December 31, 2017
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from/(used in) operations	14	63,878	(266,336)
Finance cost paid		(10,613)	(10,559)
Income tax paid		(3)	(291)
Net cash inflow/(outflow) from operating activities		53,262	(277,186)
Cash flows from investing activities			
Fixed capital expenditure		-	(17,451)
Dividend received		-	2,888,628
Profit on bank deposits received		5	2,201
Net cash inflow from investing activities		5	2,873,378
Cash flows from financing activities			
Repayment of current portion of long term finances - unsecured		-	(16,861)
Dividends paid		(7)	(2,905,745)
Net cash outflow from financing activities		(7)	(2,922,606)
Net increase in cash and cash equivalents		53,260	(326,414)
Cash and cash equivalents at the beginning of the period		(157,883)	48,571
Cash and cash equivalents at the end of the period	15	(104,623)	(277,843)

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

Chief Executive	Chief Financial Officer	Director

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 Altern Energy Limited (the 'Company') was incorporated in Pakistan as a listed public company limited by shares under the Companies Ordinance, 1984 (now the Companies Act, 2017 and hereinafter referred to as the 'Act') on January 17, 1995. 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 has been set up near Fateh Jang, District Attock, Punjab.

1.2 During the previous period, the Scheme of Arrangement of Descon Engineering Limited (the holding company of the Company till the effective date of the Scheme of Arrangement) under section 284 to 288 of the repealed Companies Ordinance, 1984, (hereinafter referred to as the 'Scheme'), was sanctioned by the Lahore High Court ('LHC') through its order dated November 21, 2017. The Scheme became effective from December 15, 2017 and resulted in the transfer and vesting of shareholding of Descon Engineering Limited in the Company into DEL Power (Private) Limited (the 'Holding Company'). Moreover, consequent to the Scheme becoming effective, the ultimate parent of the Company is Descon Processing (Private) Limited.

1.3 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 (June 30, 2018: 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 10 to these condensed interim financial statements.

1.4 The 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 6, 2031. The Ministry of Petroleum and Natural Resources, empowered for Re-liquefied Natural Gas ('RLNG') allocation by the Economic Coordination Committee ('ECC') of the Federal Cabinet , issued an allocation of 6 MMCFD of RLNG to the Company on April 28, 2017 and advised the Company and SNGPL to negotiate a new 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.

1.5 These condensed interim financial statements are the separate condensed interim financial statements of the Company. Condensed consolidated interim financial statements are prepared seperately.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

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

(i) International Accounting Standard ('IAS') 34, 'Interim Financial Reporting', issued by International Accounting Standards Board ('IASB') as notified under the Companies Act, 2017 ; and

(ii) Provisions of and directives issued under the Companies Act, 2017.

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

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

These 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, 2018. 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 financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies adopted for the preparation of this 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, 2018, except for the adoption of new and amended standards as set out below.

3.2 Initial application of standards, amendments or interpretations to existing standards

The following amendments to existing standards have been published that are applicable to the Company's condensed interim financial statements covering annual periods, beginning on or after the following dates:

3.2.1 Standards, amendments and interpretations to approved accounting standards that are effective in the current period

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on July 1, 2018, 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 condensed interim financial statements, except for the following:

- IFRS 15, 'Revenue from contracts with customers': (effective for periods beginning on or after January 1, 2018). This standard has been notified by the SECP to be effective for annual periods beginning on or after July 1, 2018. This standard deals with revenue recognition and establishes principles for reporting useful information to users of the financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18, 'Revenue', and IAS 11, 'Construction contracts', and related interpretations.

The Company has applied IFRS 15 using the modified retrospective approach for transition. This approach requires entities to recognise the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of un-appropriated profit in the period of initial application. Comparative prior year periods would not be adjusted. The application of IFRS 15 does not have any impact on the revenue recognition policy of the Company and therefore, the cumulative effect of initially applying this standard as an adjustment to the opening balance of un-appropriated profit in the period of initial application is nil.

- IFRIC 22, 'Foreign currency transactions and advance consideration' (effective for periods beginning on or after January 1, 2018). This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. The Company's current accounting treatment is already in line with the requirements of this interpretation.

3.2.2 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 approved accounting standards and interpretations that are mandatory for the companies having accounting periods beginning on or after July 1, 2019 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 condensed interim financial statements, except for the following:

- The Securities and Exchange Commission of Pakistan ('SECP') through SRO 1007(I)/2017 dated October 4, 2017 had notified that IFRS 9, 'Financial Instruments' would be applicable for annual periods beginning on or after July 1, 2018, however, subsequent to reporting date, SECP through SRO 229(I)/2019 dated February 14, 2019 has notified the deferment of this standard to reporting period/year ending on or after June 30, 2019 (earlier application is permitted). Consequently, the Company has not adopted this standard in the preparation of these condensed interim financial statements for the six-month period ended December 31, 2018.

This standard replaces the guidance in IAS 39, 'Financial Instruments: Recognition and measurement'. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. As allowed above, the Company will apply this standard in the preparation of its financial statements for the year ending June 30, 2019 and it is yet to assess the full impact of this standard.

- IFRS 16, 'Leases': (effective for periods beginning on or after January 1, 2019). This standard has been notified by the SECP to be effective for annual periods beginning on or after January 1, 2019. This standard replaces the current guidance in IAS 17, 'Leases' and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. The Company is yet to assess the full impact of this standard.

- IFRIC 23, 'Uncertainty over income tax treatments': (effective for periods beginning on or after January 1, 2019). This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRIC explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. The IFRIC applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The Company is yet to assess the full impact of this interpretation.

4. The preparation of these condensed interim financial statements requires management to make judgements, 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 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 financial statements for the year ended June 30, 2018.

5. FINANCIAL RISK MANAGEMENT

5.1 Financial Risk Factors

The Company 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 Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

The 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, 2018.

There have been no significant changes in the risk management policies since the year end.

5.2 Fair value estimation

The carrying values of all financial assets and liabilities reflected in the 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 Company’s financial assets and financial liabilities. Furthermore, there were no reclassifications of financial assets.

	December 31, 2018 Un-audited	June 30, 2018 Audited
	(Rupees in thousand)	
6. LONG TERM FINANCING - UNSECURED		
The reconciliation of the carrying amount of loan is as follows:		
Opening balance	79,120	94,851
Mark-up accrued during the period/year	1,276	2,769
Payments during the period/year	-	(18,500)
Closing balance	80,396	79,120
Current portion shown under current liabilities	(80,396)	(79,120)
	-	-

6.1 This represents long term loan obtained by the Company from its wholly owned subsidiary, Power Management Company (Private) Limited ('PMCL'). This is an unsecured loan and carries mark-up at the rate of six months Karachi Inter-Bank Offered Rate ('KIBOR') plus 100 basis points per annum. The mark-up rate charged during the period on the outstanding balance was 8.04% (June 30, 2018: 7.15% to 7.21%) per annum. Based on mutually agreed terms with PMCL (wholly owned subsidiary), the remaining loan is repayable within twelve months from the statement of financial position date and has, therefore, been classified as a current liability. This includes accrued mark-up amounting to Rs 48.90 million (June 30, 2018: Rs 47.62 million).

7. 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, 2018, except for the following:

(i) Habib Metropolitan Bank Limited has issued bank guarantee amounting to Rs 532.68 million (June 30, 2018 : Rs 532.68 million) in favour of SNGPL as a security to cover RLNG supply for which payments are made in arrears. The guarantee is due to expire on March 14, 2019 and is renewable.

		December 31, 2018 Un-audited	June 30, 2018 Audited
		(Rupees in thousand)	
8. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	-note 8.1	664,628	696,398
Major spare parts and stand-by equipment	-note 8.2	4,806	4,806
		669,434	701,204
8.1 Operating fixed assets			
Opening net book value		696,398	737,666
Additions during the period/year	- note 8.1.1	309	23,267
Depreciation charged during the period/year		(32,079)	(64,535)
Closing net book value		664,628	696,398
8.1.1 Additions during the period/year			
Plant and machinery		-	20,210
Office equipment		309	384
Vehicle		-	2,673
		309	23,267
8.2 Major spare parts and stand-by equipment			
Opening net book value		4,806	3,870
Additions during the period/year		-	21,146
Transfers during the period/year		-	(20,210)
Closing net book value		4,806	4,806
9. INTANGIBLE ASSETS			
Opening net book value		418	1,955
Additions during the period/year		-	370
Amortization charged during the period/year		(188)	(1,907)
Closing net book value		230	418
10. LONG TERM INVESTMENT			
Subsidiary - unquoted:			
Power Management Company (Private) Limited			
320,451,000 (June 30, 2018: 320,451,000) fully paid ordinary shares of Rs 10 each [Equity held 100% (June 30, 2018: 100%)] - Cost	- note 10.1	3,204,510	3,204,510

10.1 The Company directly holds 100% shares in its wholly owned subsidiary, PMCL. PMCL is a private company limited by shares incorporated in Pakistan to invest, manage, operate, run, own and build power projects. PMCL's registered office is situated at Descon Headquarters, 18 km Ferozepur Road, Lahore. The investment in PMCL is accounted for using cost method in the separate financial statements of the Company. PMCL, in turn, directly holds 58.18% 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 (June 30, 2018: 450 Mega Watts), located near Sidhnai Barrage, Abdul Hakim town, District Khanewal, Punjab. RPPL's registered office is situated at 2nd Floor emirates tower, F-7 Markaz, Islamabad.

	Three-month period ended		Six-month period ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	Un-audited (Rupees in thousand)		Un-audited (Rupees in thousand)	
11. REVENUE - NET				
Energy purchase price - gross	1,579	586,494	371,880	926,064
Sales tax	(230)	(85,217)	(54,034)	(134,556)
Energy purchase price - net	1,349	501,277	317,846	791,508
Capacity purchase price	161	89,929	38,392	194,206
Other supplemental charges	21,747	18,940	37,133	25,273
	23,257	610,146	393,371	1,010,987
12. DIRECT COSTS				
Natural gas / RLNG consumed	1,322	502,739	302,142	774,041
Salaries, wages and other benefits	186	195	373	481
Operation and maintenance	9,600	14,523	21,601	29,045
Stores and spares consumed	213	41,480	3,102	73,020
Purchase of energy from CPPA-G	2,378	337	3,033	898
Insurance cost	417	300	928	1,000
Lube oil consumed	13	5,235	747	7,286
Repairs and maintenance	914	902	2,833	4,807
Travelling & conveyance	90	157	155	260
Depreciation on operating fixed assets	15,694	15,904	31,368	31,414
Security expenses	1,399	1,370	2,821	2,724
Generation license fee	39	-	78	149
Miscellaneous	7	167	53	250
	32,272	583,309	369,234	925,375
13. TAXATION				
Current tax expense/(income)				
- For the period	667	(454)	667	(325)
- Prior years'	-	-	-	-
	667	(454)	667	(325)

	Six-month period ended	
	December 31, 2018	December 31, 2017
	Un-audited (Rupees in thousand)	

14. CASH GENERATED FROM/(USED IN) OPERATIONS

	December 31, 2018	December 31, 2017
(Loss)/profit before taxation	(6,715)	1,506,744
Adjustment for non cash charges and other items:		
- Depreciation on operating fixed assets	32,079	31,877
- Amortization on intangible assets	188	1,209
- Profit on bank deposits	(5)	(2,161)
- Dividend income from PMCL (wholly owned subsidiary)	-	(1,453,520)
- Finance cost	12,155	13,356
- Provision for doubtful debts	-	1,744
- Provision for staff gratuity	235	535
	44,652	(1,406,960)
(Loss)/profit before working capital changes	37,937	99,784
Effect on cashflow due to working capital changes:		
Decrease in stores and spares	1,605	10,900
Decrease/(increase) in advances, prepayments, and other receivables	35,397	(15,823)
Decrease/(increase) in trade debts	29,598	(345,744)
Decrease in trade and other payables	(40,659)	(15,453)
	25,941	(366,120)
Cash generated from/(used in) operations	63,878	(266,336)

15. CASH AND CASH EQUIVALENTS

	December 31, 2018	December 31, 2017
Cash and bank balances	7,397	7,639
Short term borrowings - secured	(107,590)	(279,778)
Due to PMCL (wholly owned subsidiary) - unsecured	(4,430)	(5,704)
	(104,623)	(277,843)

16. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise the Holding Company, subsidiaries and associates of Holding Company, group companies, related parties on the basis of common directorship and key management personnel of the Company and its Holding 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:

Relationship with the Company	Nature of transactions	Six-month period ended December 31, 2018 Un-audited	Six-month period ended December 31, 2017
		(Rupees in thousand)	
i) Holding company			
Descon Engineering Limited - till December 15, 2017	Dividends paid	-	1,691,177
	Common costs charged to the Company	-	1,104
ii) Subsidiaries			
PMCL (wholly owned)	Dividends received	-	2,888,628
	Short term loan repaid	1,275	-
	Markup accrued on short term loan	227	206
iii) Other related parties			
On the basis of common directorship			
Descon Engineering Limited - from December 15, 2017	Common costs charged to the Company	1,217	-
Descon Power Solutions (Private) Limited	Operation & maintenance contractor's fee	21,601	29,045
	Purchase of spare parts	-	58,516
	Major maintenance fee	-	870
	Common cost charged to the Company	112	10
Descon Corporation (Private) Limited	ERP implementation fee and running costs	1,808	1,669
	Building rent	181	264
Group company			
Descon Holdings (Private) Limited	Dividends paid	-	240
iv) Key management personnel	Short term employee benefits	4,235	4,566
	Post employment benefits	198	450
	Director's meeting fee	375	250
	Dividends paid	-	208

All transactions with related parties have been carried out on mutually agreed terms and conditions and in compliance with applicable laws and regulations.

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

Period / year end balances (payable)	December 31, 2018 Un-audited	June 30, 2018 Audited
	(Rupees in thousand)	
Subsidiaries		
PMCL	15,782	16,830
RPPL	115	175
Other related parties		
Descon Engineering Limited	7,778	8,756
Descon Corporation (Private) Limited	534	1,607
Descon Power Solutions (Private) Limited	12,433	13,868
	36,642	41,236

These are in the normal course of business and are interest free.

17 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim statement of 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.

Corresponding figures have been re-arranged and reclassified, wherever necessary, for the purposes of comparison. However, no significant reclassifications have been made.

18 Date of authorization for issue

These condensed interim financial statements were authorised for issue on February 15, 2019 by the Board of Directors of the Company.

Chief Executive **Chief Financial Officer** **Director**

CONDENSED INTERIM
CONSOLIDATED
FINANCIAL STATEMENTS

ALTERN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	December 31, 2018 Un-audited	June 30, 2018 Audited
EQUITY AND LIABILITIES		(Rupees in thousand)	
SHARE CAPITAL AND RESERVES			
Authorized share capital			
400,000,000 (June 30, 2018: 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, 2018: 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 profit		13,895,616	12,920,994
		17,571,076	16,596,454
Non-controlling interests		11,320,611	10,613,034
		28,891,687	27,209,488
NON-CURRENT LIABILITIES			
Long term financing - secured	6	-	1,561,704
Deferred liabilities		20,462	24,606
Deferred taxation		1,038,085	958,542
		1,058,547	2,544,852
CURRENT LIABILITIES			
Trade and other payables		1,004,311	1,680,570
Short term borrowings - secured		1,496,991	1,816,641
Mark up accrued		37,965	47,491
Current portion of long term financing - secured		3,572,911	3,123,407
Derivative financial instrument	7	20,588	45,232
Unclaimed dividend		1,338	1,345
		6,134,104	6,714,686
CONTINGENCIES AND COMMITMENTS	8		
		36,084,338	36,469,026

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

Chief Executive | **Chief Financial Officer** | **Director**

AS AT DECEMBER 31, 2018 (UN-AUDITED)

	Note	December 31, 2018 Un-audited	June 30, 2018 Audited
ASSETS		(Rupees in thousand)	
NON-CURRENT ASSETS			
Property, plant and equipment	9	18,528,043	19,131,670
Intangible assets		230	418
Long term deposits		739	369
Long term loan to employees - secured		2,890	5,161
		18,531,902	19,137,618
CURRENT ASSETS			
Store, spares & loose tools		639,855	621,053
Inventory of fuel oil		466,918	468,560
Trade debts - secured, considered good		14,248,655	13,751,910
Advances, deposits, prepayments and other receivables		728,565	710,438
Income tax recoverable		216,249	221,361
Cash and bank balances		1,252,194	1,558,086
		17,552,436	17,331,408
		36,084,338	36,469,026

Chief Executive **Chief Financial Officer** **Director**

ALTERN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE THREE-MONTH AND SIX-MONTH PERIOD ENDED DECEMBER 31, 2018

		Three-month period ended		Six-month period ended	
		December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	Note	(Rupees in thousand)		(Rupees in thousand)	
Revenue - net	10	2,885,884	6,055,096	10,133,356	13,526,565
Direct costs	11	(1,973,296)	(5,315,478)	(7,767,281)	(11,549,113)
Gross profit		912,588	739,618	2,366,075	1,977,452
Administrative expenses		(56,469)	(72,072)	(103,987)	(133,499)
Other income		43,032	67,276	73,984	137,768
		899,151	734,822	2,336,072	1,981,721
Finance cost		(364,556)	(255,043)	(561,779)	(433,498)
Profit before taxation		534,595	479,779	1,774,293	1,548,223
Taxation		(32,874)	(30,773)	(92,094)	(87,226)
Profit for the period		501,721	449,006	1,682,199	1,460,997
Attributable to:					
Equity holders of the Parent Company		282,532	265,076	974,622	871,701
Non-controlling interest		219,189	183,930	707,577	589,296
		501,721	449,006	1,682,199	1,460,997
Earnings per share attributable to equity holders of the Parent Company during the period - basic and diluted	Rupees	0.78	0.73	2.68	2.40

The annexed notes 1 to 17 form an integral part of these condensed interim consolidated 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 THREE-MONTH AND SIX-MONTH PERIOD ENDED DECEMBER 31, 2018

	Three-month period ended		Six-month period ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	(Rupees in thousand)		(Rupees in thousand)	
Profit for the period	501,721	449,006	1,682,199	1,460,997
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Items that will not be reclassified subsequently to profit or loss	-	-	-	-
	-	-	-	-
Total comprehensive income for the period	501,721	449,006	1,682,199	1,460,997
Attributable to:				
Equity holders of the Parent Company	282,532	265,076	974,622	871,701
Non-controlling interest	219,189	183,930	707,577	589,296
	501,721	449,006	1,682,199	1,460,997

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

Chief Executive **Chief Financial Officer** **Director**

ALTERN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2018

	Note	December 31, 2018	December 31, 2017
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	12	1,947,703	3,484,014
Long term deposits		(370)	-
Finance cost paid		(318,605)	(303,711)
Income tax paid		(7,056)	(238,154)
Long term loans to employees - net		2,271	1,454
Retirement benefits paid		(8,161)	-
		(331,921)	(540,411)
Net cash inflow from operating activities		1,615,782	2,943,603
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(2,056)	(26,854)
Purchase of intangible assets		-	(370)
Profit on bank deposits received		42,254	2,201
Proceeds from disposal of operating fixed assets		525	1,161
Net cash outflow from investing activities		40,723	(23,862)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing - secured		(1,642,740)	(1,370,625)
Dividends paid		(7)	(4,975,752)
Net cash outflow from financing activities		(1,642,747)	(6,346,377)
Net decrease in cash and cash equivalents		13,758	(3,426,636)
Cash and cash equivalents at the beginning of the period		(258,555)	4,743,887
Cash and cash equivalents at the end of the period	13	(244,797)	1,317,251

The annexed notes 1 to 17 form an integral part of these condensed interim consolidated 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 SIX-MONTH PERIOD ENDED DECEMBER 31, 2018

	Attributable to equity holders of Parent Company				
	Share capital	Share premium	Un-appropriated profit	Non-controlling Interests	Total
	(Rupees in thousand)				
Balance as on July 1, 2017 (Audited)	3,633,800	41,660	12,379,592	10,209,062	26,264,114
Profit for the period	-	-	871,701	589,296	1,460,997
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	871,701	589,296	1,460,997
Transactions with owners in their capacity as owners					
Interim dividend @4 per ordinary share	-	-	(1,453,520)	-	(1,453,520)
Dividend relating to 2018 paid to non-controlling interest	-	-	-	(1,035,003)	(1,035,003)
Balance as on Deceber 31, 2017 (Un-audited)	3,633,800	41,660	11,797,773	9,763,355	25,236,588
Balance as on July 01, 2018 (Audited)	3,633,800	41,660	12,920,994	10,613,034	27,209,488
Profit for the period	-	-	974,622	707,577	1,682,200
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	974,622	707,577	1,682,200
Transactions with owners in their capacity as owners	-	-	-	-	-
Balance as on Deceber 31, 2018 (Un-audited)	3,633,800	41,660	13,895,616	11,320,611	28,891,687

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

Chief Executive | **Chief Financial Officer** | **Director**

1 LEGAL STATUS & NATURE OF BUSINESS

Altern Energy Limited ('the Parent Company') and its subsidiaries, Power Management Company (Private) Limited (PMCL) and Rousch (Pakistan) Power Limited (RPPL), (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:	**Un-audited**	**Audited**
	Percentage of Holding	
	December 31, 2018	**June 30, 2018**
Power Management Company (Private) Limited (PMCL)	100.000%	100.000%
Rousch (Pakistan) Power Limited (RPPL)	59.984%	59.984%

The registered office of the Group is situated at Descon Headquarters, 18 km, Ferozepur Road, Lahore.

1.2 Altern Energy Limited, the Parent Company (AEL)

'The Parent Company was incorporated in Pakistan as a listed public company limited by shares under the Companies Ordinance, 1984 (now the Companies Act, 2017 and hereinafter referred to as the 'Act') on January 17, 1995. The Parent Company's ordinary shares are listed on the Pakistan Stock Exchange Limited. The registered office of the Parent Company is situated at Descon Headquarters, 18 km, Ferozepur Road, Lahore and its thermal power plant has been set up near Fateh Jang, District Attock, Punjab.

During the previous period, the Scheme of Arrangement of Descon Engineering Limited (the holding company of the Parent Company till the effective date of the Scheme of Arrangement) under section 284 to 288 of the repealed Companies Ordinance, 1984, (hereinafter referred to as the 'Scheme'), was sanctioned by the Lahore High Court ('LHC') through its order dated November 21, 2017. The Scheme became effective from December 15, 2017 and resulted in the transfer and vesting of shareholding of Descon Engineering Limited in the Parent Company into DEL Power (Private) Limited (the 'Holding Company'). Moreover, consequent to the Scheme becoming effective, the ultimate parent of the Parent Company is Descon Processing (Private) Limited.

The principal activity of the Parent Company is to build, own, operate and maintain a gas fired power plant having gross capacity of 32 Mega Watts (June 30, 2018: 32 Mega Watts). The Parent Company achieved Commercial Operations Date ('COD') on June 6, 2001. The Parent 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 Parent Company's Gas Supply Agreement ('GSA') with Sui Northern Gas Pipelines Limited ('SNGPL') expired on June 30, 2013. Thereafter, the Parent Company has signed a Supplemental Deed dated March 17, 2014 with SNGPL, whereby SNGPL has agreed to supply gas to the Parent Company on as-and-when available basis till the expiry of PPA on June 6, 2031. The Ministry of Petroleum and Natural Resources (MOPNR), empowered for Re-liquefied Natural Gas ('RLNG') allocation by the Economic Coordination Committee ('ECC') of the Federal Cabinet , issued an allocation of 6 MMCFD of RLNG to the Company on April 28, 2017 and advised AEL SNGPL to negotiate a new GSA. Currently, AEL, 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.

1.3 PMCL

PMCL was incorporated in Pakistan as a private company limited by shares under the Companies Ordinance, 1984 (now Companies Act, 2017) 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 1.4 to these consolidated financial statements. The registered office of PMCL is situated at Descon Headquarters, 18 km Ferozepur Road, Lahore.

1.4 RPPL

RPPL is an unlisted public company, incorporated in Pakistan on August 4, 1994 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). 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 Megawatts (June 30, 2018: 450 Megawatts), 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 PPA with CPPA-G for sale of power to CPPA-G upto January, 2030. 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 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 the company will be provided gas post August 2015, in preference to the new projects commissioned after the company.

The MOPNR, empowered for RLNG allocation by the Economic Co-ordination Committee ('ECC') of the cabinet, 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 up-to June 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' under the PPA. The interim GSA has expired in June 2018. CPPA-G has intimated the approval of its Board of directors relating to signing of a new interim GSA to the company and has also communicated the same to Ministry of Energy. The Board of CPPA-G has referred the matter to ECC for its approval for extension of interim GSA until the signing of a long-term GSA. SNGPL through its letter dated May 8, 2018 has also expressed its consent to supply RLNG to the company on the same payment terms. Furthermore, Ministry of Energy (Power Division) with the consultation of Ministry of Petroleum agreed that interim RLNG Agreement signed between RPPL, SNGPL and CPPA-G may be extended till the time formal approval of ECC is obtained.

In terms of Amendment No. 3 to the PPA executed between RPPL and CPPA-G on August 21, 2003, the company agreed to transfer ownership of the Complex to CPPA-G at a token value of US$ 1 at the expiry of 30 years term of PPA (starting from December 11, 1999), if CPPA-G does not opt for a renewal of the PPA for the additional term pursuant to section 4.1 (c) of the PPA. During the year, the PPA was extended by a period of 26 days owing to non-supply of RLNG under the term of interim GSA.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

These condensed interim consolidated 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 International Accounting Standards Board ('IASB') as notified under the Companies Act, 2017 ; and

ii) Provisions of and directives issued under the Companies Act, 2017.

Where 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.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies adopted for the preparation of this condensed interim consolidated financial statements are the same as those applied in the preparation of preceding annual published consolidated financial statements of the Group for the year ended June 30, 2018, except for the adoption of new and amended standards as set out below.

3.2 Initial application of standards, amendments or interpretations to existing standards

The following amendments to existing standards have been published that are applicable to the Group's condensed interim consolidated financial statements covering annual periods, beginning on or after the following dates:

3.2.1 Standards, amendments and interpretations to approved accounting standards that are effective in the current period

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on July 1, 2018, but are considered not to be relevant or to have any significant effect on the Group's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim financial statements, except for the following:

- IFRS 15, 'Revenue from contracts with customers': (effective for periods beginning on or after January 1, 2018). This standard has been notified by the SECP to be effective for annual periods beginning on or after July 1, 2018. This standard deals with revenue recognition and establishes principles for reporting useful information to users of the financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18, 'Revenue', and IAS 11, 'Construction contracts', and related interpretations.

The Group has applied IFRS 15 using the modified retrospective approach for transition. This approach requires entities to recognise the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of un-appropriated profit in the period of initial application. Comparative prior year periods would not be adjusted. The application of IFRS 15 does not have any impact on the revenue recognition policy of the Group and therefore, the cumulative effect of initially applying this standard as an adjustment to the opening balance of un-appropriated profit in the period of initial application is nil.

- IFRIC 22, 'Foreign currency transactions and advance consideration' (effective for periods beginning on or after January 1, 2018). This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. The Group's current accounting treatment is already in line with the requirements of this interpretation.

3.2.2 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 approved accounting standards and interpretations that are mandatory for the companies having accounting periods beginning on or after July 1, 2019 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 condensed interim consolidated financial statements, except for the following:

- The Securities and Exchange Commission of Pakistan ('SECP') through SRO 1007(I)/2017 dated October 4, 2017 had notified that IFRS 9, 'Financial Instruments' would be applicable for annual periods beginning on or after July 1, 2018, however, subsequent to reporting date, SECP through SRO 229(I)/2019 dated February 14, 2019 has notified the deferment of this standard to reporting period/year ending on or after June 30, 2019 (earlier application is permitted). Consequently, the Group has not adopted this standard in the preparation of these condensed interim financial statements for the six-month period ended December 31, 2018.

This standard replaces the guidance in IAS 39, 'Financial Instruments: Recognition and measurement'. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. As allowed above, the Group will apply this standard in the preparation of its financial statements for the year ending June 30, 2019 and it is yet to assess the full impact of this standard.

- IFRS 16, 'Leases': (effective for periods beginning on or after January 1, 2019). This standard has been notified by the SECP to be effective for annual periods beginning on or after January 1, 2019. This standard replaces the current guidance in IAS 17, 'Leases' and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. The Group is yet to assess the full impact of this standard.

- IFRIC 23, 'Uncertainty over income tax treatments': (effective for periods beginning on or after January 1, 2019). This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRIC explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. The IFRIC applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The Group is yet to assess the full impact of this interpretation.

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, 2018.

5 FINANCIAL RISK MANAGEMENT

5.1 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.

The condensed interim consolidated 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, 2018.

There have been no significant changes in the risk management policies since the year end.

5.2 Fair value estimation

The carrying values of all financial assets and liabilities reflected in the consolidated 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 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. Facility-A is repayable in 5 equal semi-annual installments and it carries markup at three months London Inter-Bank Offered Rate (LIBOR) plus 400 basis points per annum to be served quarterly. Facility-B is repayable in 10 equal quarterly installments and it carries markup at three months LIBOR plus 140 basis points per annum.

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 receivables relating to capacity payments and lien on collection account amounting to USD 36 million maintained with the Trustee.

7 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 three months 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 December 31, 2018 has been marked to market and the resulting gain has been included in the consolidated statement of profit or loss.

8 CONTIGENCIES & COMMITMENTS

There is no material change in the status of contingencies and commitments set out in note 14 to the consolidated financial statements of the Group for the year ended June 30, 2018 except for the following:

8.1 Contingencies

Altern Energy Limited - the Parent company

Habib Metropolitan Bank Limited has issued bank guarantee amounting to Rs 532.68 million (June 30, 2018 : Rs 532.68 million) in favour of SNGPL as a security to cover RLNG supply for which payments are made in arrears. The guarantee is due to expire on March 14, 2019 and is renewable.

Rousch (Pakistan) Power Limited - the Subsidiary company

During the period, the irrigation department has issued a recovery notice for Rs. 85 million. On the company's application, the court has restrained the irrigation department from taking any coercive action till the case is decided by the Arbitrator. The case is yet to be heard. The management is of the view that there is meritorious ground available to defend the company's position in this matter, hence no provision has been made in the consolidated financial statements in this connection.

National Bank of Pakistan has issued bank guarantee for Rs. 4,981 million (June 30, 2018 : Rs 4,981 million) in favor of SNGPL as a security to cover gas supply for which payments are made in arrears. The guarantee will expire on July 13, 2019.

8.2 Commitments - Nil

9 PROPERTY, PLANT AND EQUIPMENT

Additions to plant and equipment include net exchange loss of Rs 279 million (Juna 30, 2018: 448 million) on related foreign currency loans during the period from July 1, 2018 to Dcember 31, 2018. This has resulted in accumulated capitalization of exchange losses of Rs. 13,020 million (June 30, 2018: Rs 12,741 million) in the cost of plant and equipment upto December 31, 2018, with net book value of Rs 6,233 million (June 30, 2018: Rs 6,508 million). The exchange gains / losses capitalized are amortized over the remaining useful life of the plant.

	Three-month period ended		Six-month period ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	Un-audited (Rupees in thousand)		Un-audited (Rupees in thousand)	
10 REVENUE - NET				
Energy purchase price - gross	1,557,605	5,559,604	7,616,357	12,429,686
Sales tax	(226,319)	(807,806)	(1,106,650)	(1,806,023)
Energy purchase price - net	1,331,286	4,751,798	6,509,707	10,623,663
Capacity purchase price	1,300,400	1,202,299	3,088,149	2,739,210
True-up	-	-	38,269	-
Other supplemental charges	264,940	165,350	507,973	340,493
Gas efficiency passed to CPPA-G	(10,742)	(64,351)	(10,742)	(176,801)
	2,885,884	6,055,096	10,133,356	13,526,565

	Three-month period ended		Six-month period ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	Un-audited (Rupees in thousand)		Un-audited (Rupees in thousand)	
11 DIRECT COSTS				
Natural gas / RLNG consumed	1,279,459	4,478,237	6,346,080	9,900,761
Operation and maintenance	160,534	266,266	366,605	531,893
Depreciation on operating fixed assets	443,010	431,833	879,120	857,373
Stores and spares consumed	15,560	68,906	35,341	131,196
Lube oil consumed	13	5,235	747	7,286
Repairs & maintenance	1,455	2,555	4,012	6,414
Insurance cost	26,113	25,158	52,321	50,315
Purchase of energy from CPPA-G	25,810	16,648	43,797	21,747
Salaries, wages and other benefits	11,702	9,160	20,677	20,560
Traveling & conveyance	399	956	863	1,323
Generation license fee	1,721	1,599	3,442	3,346
Electricity duty	180	580	990	2,717
Colony maintenance	3,344	4,316	5,747	6,483
Communication	941	1,209	2,113	2,231
Vehicle maintenance	245	362	515	753
Security expenses	1,399	1,370	2,821	2,724
Liquidated damages	1	3	8	4
Miscellaneous	1,410	1,085	2,082	1,987
	1,973,296	5,315,478	7,767,281	11,549,113

12 CASH GENERATED FROM OPERATIONS

Profit before taxation	1,774,293	1,548,223
Adjustment for non cash charges and other items:		
-Depreciation on operating fixed assets	883,670	862,660
-Profit on bank deposits	(41,169)	(4,008)
-Amortization of bank guarantee cost	-	1,469
-Amortization of intangible assets	188	1,209
-Gain on sale of property, plant & equipment	(5)	(435)
-Capital spares consumed	411	2,632
-Gain on adjustment in fair value of DFI	(24,643)	(64,632)
-Finance cost	563,282	435,346
-Provision for doubtful debts	-	28,339
-Provision for stores & spares	(412)	-
-Provision for employee retirement benefits	4,017	4,193
Profit before working capital changes	3,159,632	2,814,996

Effect on cash flow due to working capital changes:	Six-month period ended December 31, 2018	December 31, 2017
	Un-audited (Rupees in thousand)	
-(Increase) / decrease in stores, spares and loose tools	(17,055)	36,742
- (Increase) / decrease in trade debts	(496,745)	2,203,973
-Increase in advances, deposits, prepayments and other receivables	(19,651)	(85,934)
-Decrease in trade and other payables	(678,478)	(1,485,763)
	(1,211,929)	669,018
Cash generated from operations	1,947,703	3,484,014

13 CASH AND CASH EQUIVALENTS

Cash and bank balances	1,252,194	1,729,374
Short term borrowings - secured	(1,496,991)	(412,123)
	(244,797)	1,317,251

14 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 Group	**Nature of transactions**		
i. Holding company			
Descon Engineering Limited:			
	Dividends paid	-	1,691,177
	Common costs charged	4,025	3,849
ii. Other related parties			
On the basis of common directorship			
Descon Power Solutions (Private) Limited:			
	Operations & maintenance contractor's fee	258,351	253,416
	Purchase of spare parts	-	58,516
	Major maintenance fee	-	870
	Common costs charged	1,353	1,212
Descon Corporation (Private) Limited:			
	ERP implementation fee & running costs	1,808	1,669
	Common costs charged	6,511	4,350

iii. Group companies

Descon Holdings (Private) Limited:			
	Dividends paid		
Siemens AG			
	Long term maintenance services	99,817	167,875
Siemens Pakistan Engineering Company Limited			
	Long term maintenance services	30,298	61,892
	Purchase of spare parts	-	562
Siemens Project Ventures GmbH			
	Dividend paid	-	1,345,176

iv. Key Management Personnel

	Short term employee benefits	34,011	37,905
	Post employment benefits	7,301	7,803
	Director's meeting fee	375	250
	Dividends paid	-	208

	December 31, 2018 Un-audited	June 30, 2018 Audited
Period end balances are as follows:	(Rupees in thousand)	
Payable to related parties		
Descon Engineering Limited (Holding company)	22,201	30,342
Descon Corporation (Private) Limited (Associated company)	2,126	2,225
Descon Power Solutions (Private) Limited (Associated company)	48,670	51,248
Siemens Pakistan Engineering Company Limited	573	32,952
Siemens AG	298,557	417,696
Receivable from related parties		
Descon Power Solutions (Private) Limited (Associated company)	1,158	947

All transactions with related parties have been carried out on mutually agreed terms and conditions and in compliance with applicable laws and regulations.

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

15 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim consolidated financial statements were authorized for issue on February 15, 2019 by the Board of Directors of the Parent company.

16 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim consolidated statement of financial position has been compared with the balances of annual audited consolidated financial statements of preceding financial year, whereas, the condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consoliated 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 made.

17 GENERAL

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

Chief Executive | **Chief Financial Officer** | **Director**