DIRECTORS' REVIEW

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 nine months' period ended March 31, 2020.

GENERAL

The principal activities of the Company continue to be ownership, operation and maintenance of a 32 Mega Watts (June 30, 2019: 32 Mega Watts) gas-fired thermal power plant located near Fateh Jang, district Attock, Punjab, and sale of electricity. The electricity produced by its Complex is sold to its sole customer Central Power Purchasing Agency (Guarantee) Limited ('CPPA-G') through the transmission network of National Transmission and Dispatch Company ('NTDC').

The Company's shares are listed on Pakistan Stock Exchange. The Company owns 100% shares of Power Management Company (Private) Limited (a special purpose vehicle) which in turn holds 59.98% shares of Rousch (Pakistan) Power Limited ('RPPL'). RPPL is an unlisted public company and an independent power producer having a gross capacity of 450 Mega Watts (June 30, 2019: 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. 95 million (Rs. 414 million in corresponding period of 2019), resulting in a gross loss of Rs. 29 million as compared to gross profit of Rs. 18 million in corresponding period of 2019. The Company posted net profit of Rs. 1,725 million resulting in earnings per share of Rs. 4.74, as compared to net profit of Rs. 1,199 million and earnings per share of Rs. 3.30 in corresponding period of 2019. The net profit for the period includes dividend from the subsidiary company amounting to Rs. 1,780 million (Rs. 1,228 million in the corresponding period of 2019). Operations from the Company's power plant suffered due to low demand from NPCC resulting from lower ranking in merit order of economic dispatch.

Like other power sector companies, the Company continues to face liquidity challenges due to the issue of circular debt being faced by the off-taker, CPPA-G for the last few years. Due to delayed payments from CPPA-G, the Company has been managing its cashflows by utilizing working capital facilities where required. However, the overdue balance of the Company has decreased to Rs. 489 million as compared to Rs. 682 million as on June 30, 2019. This is mainly on account of clearance of overdue invoices by CPPA-G and reduced billing due to reduced dispatch. The Company's management continues to persistently follow up payments with the power purchaser and Ministry of Energy (Power division).

OPERATIONS

We report that during the period under review, the plant on demand, dispatched 3 GWh as compared to 19 GWh dispatched during the corresponding period of the preceding financial year. The decrease in export of energy is on account of lesser dispatch demand by the power purchaser. The decrease in dispatch demand from the power purchaser is due to addition of significant generation capacity into the national grid system. The new power generation plants being new and more efficient rank above your plant in CPPA-G's economic dispatch merit order. This situation has created serious challenges for your Company since less capacity revenue is earned due to less dispatch as the Company is on a take-and-pay contract with CPPA-G. Your Board is fully aware of these challenges and is currently considering many options, including both contractual and commercial, to bring the Company out of this complex situation. As to the condition of the plant complex, we are confident that all the engines and their auxiliary equipment are in sound mechanical state.

DIVIDEND DECLARATION

During the period under review, the Company distributed annual cash dividend @ 30% (Rs. 3 per ordinary share) for the year ended June 30, 2019, to its shareholders which was approved in the Annual General Meeting held on October 25, 2019.

On February 21, 2020, the Board of directors declared and subsequently distributed interim cash dividend @ 26.5% (Rs. 2.65 per ordinary share) to the shareholders of the Company.

SUBSIDIARY'S REVIEW

During the period under review, your company's subsidiary RPPL posted turnover of Rs. 7,954 million (Rs. 11,273 million in corresponding period of 2019) earning gross profit of Rs. 3,139 million (Rs. 2,592 million in corresponding period of 2019). Net profit for the period was Rs. 2,855 million (compared to Rs. 1,875 Million in the corresponding period of 2019) delivering earnings per share (EPS) of Rs. 3.31 per share of Rs.10 each (EPS Rs.

2.17 in corresponding period of 2019).

Payment default from the company's sole customer, CPPA-G continues. However, due to improved receipts from CPPA-G during the first six months of the period under review, the overdue receivables have declined to Rs. 10,917 million as on March 31, 2020 from Rs. 12,782 million as on June 30, 2019. The receipts have seen a considerable decline after December 2019. The management continues to pursue CPPA-G and the concerned Ministry for timely payment of its receivables.

The company continues to discharge its liabilities to lenders. During the period, the company has paid Rs. 2,011 million to its lenders. All long-term loans have now been paid.

During the period, the company observed 55 days of Other Force Majeure Event (OFME). Due to low dispatch demand from the off-taker, the plant dispatch factor during the period dropped to 8.01% as compared to 22.49% during the corresponding period last year.

During the period, 209 GWh of electricity was delivered to CPPA-G as compared to 547 GWh delivered during the corresponding period of last year.

FUTURE OUTLOOK

During the last couple of years, there has been significant addition of additional generation capacity into the national grid system both in public as well as private sectors. Resultantly, your plant has witnessed significant shortfall in dispatch demand from NPCC since the new plants are economical due to better efficiency and rank above Altern's plant in NPCC/CPPA's economic dispatch merit order. Less dispatch results in less revenue since your Company has a take-and-pay contract with CPPA-G leading to serious liquidity crunch wherein the Company is finding very difficult to meets its fixed operational costs. This situation is likely to deteriorate further in future as the Company may not get sustainable dispatch from NPCC in the medium and long term as more power capacity is expected to be added in the national system.

In view of these challenging circumstances, your Board has advised management to explore various options, including both contractual and commercial, to bring the Company out of this perilous situation that has myriad of consequences. The management has engaged both the off-taker and PPIB to work out possible solutions to get the Company out of this perilous situation where it is striving hard to meet its contractual obligations.

Furthermore, the ongoing issue of COVID-19 pandemic has adversely affected the global economies. This will also have an adverse impact on the overall economic situation and businesses in Pakistan including power sector. Due to deferred payments of electricity bills announced by the Government and dwindling power demand resulting from countrywide lockdowns, the already precarious revenue and liquidity position of the off-taker may deteriorate further. The management continues to pursue the off-taker for earliest release of its due receivables.

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 remains thankful to its shareholders, Government functionaries, SNGPL, CPPA-G and financial institutions for their cooperation, continued support and benefaction.

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

Umer Shehzad Sheikh
Chief Executive

April 27, 2020 - Lahore.

ALTERN ENERGY LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF FIANANCIAL POSITION (UN-AUDITED)
AS AT MARCH 31, 2020

EQUITY AND LIABILITIES	Note	Un-audited March 31, 2020	Audited June 30, 2019
		---Rupees in thousand---	
SHARE CAPITAL AND RESERVES			
Authorized share capital			
400,000,000 (June 30, 2019: 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, 2019: 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		12,843,368	13,306,785
		16,518,828	16,982,245
Non-controlling interests		10,927,318	11,026,973
		27,446,146	28,009,218
NON-CURRENT LIABILITIES			
Long term financing - secured	6	-	-
Deferred liabilities		24,176	23,292
Deferred taxation		993,859	1,005,062
		1,018,035	1,028,354
CURRENT LIABILITIES			
Trade and other payables		763,181	3,035,852
Short term borrowings - secured		2,880,075	2,927,075
Mark - up accrued		31,342	97,591
Current portion of long term financing - secured		-	2,112,666
Derivative financial instrument	7	-	7,842
Unclaimed dividend		5,942	190,673
Provision for taxation		18,167	-
		3,698,707	8,371,699
CONTINGENCIES AND COMMITMENTS	8		
		32,162,888	37,409,271

ASSETS	Note	Un-audited March 31, 2020	Audited June 30, 2019
		---Rupees in thousand---	
NON-CURRENT ASSETS			
Property, plant and equipment	9	16,504,870	17,843,296
Intangible assets		35	134
Long term deposits		739	739
Long term loan to employees - secured		-	1,417
		16,505,644	17,845,586
CURRENT ASSETS			
Store, spares & loose tools		691,209	661,678
Inventory of fuel oil		461,461	464,510
Trade debts - secured, considered good		13,138,991	15,321,768
Advances, prepayments and other receivables		1,006,828	688,305
Income tax recoverable		231,370	224,813
Bank balances		127,385	2,202,611
		15,657,244	19,563,685
		32,162,888	37,409,271

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

Chief Executive | Annie Mazhar Malik — Chief Financial Officer | Director

ALTERN ENERGY LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THREE- MONTH AND NINE-MONTH PERIOD ENDED MARCH 31, 2020

		Three-month period ended		Nine-month period ended	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	Note	---Rupees in thousand---			
Revenue - net	10	1,108,385	1,554,352	8,048,908	11,687,708
Direct costs	11	(681,110)	(1,310,236)	(4,939,292)	(9,077,517)
Gross profit		427,275	244,116	3,109,616	2,610,191
Administrative expenses		(45,143)	(51,359)	(140,221)	(155,346)
Other income	11	(539)	41,791	130,295	115,775
		381,593	234,548	3,099,690	2,570,620
Finance cost		(71,642)	(140,066)	(275,533)	(701,845)
Profit before taxation		309,951	94,482	2,824,157	1,868,775
Taxation		39,775	(14,468)	(92,128)	(106,562)
Profit for the period		349,726	80,014	2,732,029	1,762,213
Attributable to:					
Equity holders of the Parent Company		217,438	37,306	1,589,680	1,011,928
Non-controlling interest		132,288	42,708	1,142,349	750,285
		349,726	80,014	2,732,029	1,762,213
Earnings per share attributable to equity holders of the Parent Company during the period - basic and diluted	**Rupees**	0.60	0.10	4.37	2.78

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 SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THREE- MONTH AND NINE-MONTH PERIOD ENDED MARCH 31, 2020

	Three-month period ended		Nine-month period ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	------------------Rupees in thousand------------------			
Profit for the period	349,726	80,014	2,732,029	1,762,213
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	349,726	80,014	2,732,029	1,762,213
Attributable to:				
Equity holders of the Parent Company	217,438	37,306	1,589,680	1,011,928
Non-controlling interest	132,288	42,708	1,142,349	750,285
	349,726	80,014	2,732,029	1,762,213

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

Chief Executive | Annie Mazhar Malik. Chief Financial Officer | Director

ALTERN ENERGY LIMITED AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE NINE-MONTH PERIOD ENDED MARCH 31, 2020

	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, 2018 (Audited)	3,633,800	41,660	12,920,994	10,613,034	27,209,488
Profit for the period	-	-	1,011,928	750,285	1,762,213
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	1,011,928	750,285	1,762,213
Transactions with owners in their capacity as owners:					
Interim dividend @3.15 per ordinary share by Parent Company	-	-	(1,144,647)	-	(1,144,647)
Interim dividend @2.4 per ordinary share by Rousch	-	-	-	(828,002)	(828,002)
Balance as on March 31, 2019 (Un-audited)	3,633,800	41,660	12,788,275	10,535,317	26,999,052
Balance as on July 01, 2019 (Audited)	3,633,800	41,660	13,306,785	11,026,973	28,009,218
Profit for the period	-	-	1,589,680	1,142,349	2,732,029
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	1,589,680	1,142,349	2,732,029
Transactions with owners in their capacity as owners:					
Final cash dividend for the year ended June 30, 2019 @ Rs 3 per ordinary share by Parent Company			(1,090,140)		(1,090,140)
Final cash dividend relating to 2019 paid to non-controlling interest by Rousch				(724,502)	(724,502)
Interim cash dividend for the year ending June 30, 2020 @ Rs 2.65 per ordinary share by Parent Company			(962,957)		(962,957)
Interim cash dividend relating to 2020 paid to non-controlling interest by Rousch				(517,502)	(517,502)
Balance as on March 31, 2020 (Un-audited)	3,633,800	41,660	12,843,368	10,927,318	27,446,146

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

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE NINE-MONTH PERIOD ENDED MARCH 31, 2020

	Notes	March 31, 2020	March 31, 2019
		-------Rupees in thousand-------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	14	244,708	180,130
Finance costs paid		(18,186)	(26,813)
Income tax paid		(761)	(4)
Retirement and other benefits paid		(196)	-
		(19,143)	(26,817)
Net cash inflow from operating activities		225,565	153,313
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(144)	-
Dividends received		1,780,310	1,228,087
Profit on bank deposits received		6,064	12
Net cash inflow from investing activities		1,786,230	1,228,099
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of current portion of long term finances - unsecured		-	(80,981)
Dividends paid		(2,237,828)	-
Net cash outflow from financing activities		(2,237,828)	(80,981)
Net (decrease) / increase in cash and cash equivalents		(226,033)	1,300,431
Cash and cash equivalents at beginning of the period		169,627	(157,883)
Cash and cash equivalents at the end of the period	15	(56,406)	1,142,548

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

Annie Mazhar Malik

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

ALTERN ENERGY LIMITED AND ITS SUBSIDIARIES

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE-MONTH PERIOD ENDED MARCH 31, 2020

1 LEGAL STATUS AND 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, the Parent Company

Subsidiary companies:

	(Effective holding percentage)	
	Un-audited March 31, 2020	**Audited June 30, 2019**
- PMCL	100.000%	100.000%
- RPPL	59.98%	59.98%

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 the Parent Company's thermal power plant has been set up near Fateh Jang, District Attock, Punjab.

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, 2019: 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 signed a Supplemental Deed dated March 17, 2014 with SNGPL, whereby SNGPL 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, 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 Parent Company and SNGPL to negotiate a new GSA. On July 31, 2019, the ECC of the Federal Cabinet has approved the summary of interim tri-partite GSA. Currently, the Parent 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.

1.3 Power Management Company (Private) Limited (PMCL)

PMCL was incorporated in Pakistan as a private company limited by shares under the Companies Ordinance, 1984 (now the Act) on February 24, 2006. PMCL is a wholly owned subsidiary of the Parent Company. The principal objective of PMCL is to invest, manage, operate, run, own and build power projects. PMCL directly holds 59.98% shares in RPPL, a company engaged in power generation as detailed in note 1.4 to these condensed interim consolidated financial statements. The registered office of PMCL is situated at Descon Headquarters, 18 km Ferozepur Road, Lahore.

1.4 Rousch (Pakistan) Power Limited (RPPL)

RPPL is an unlisted public company, incorporated in Pakistan on August 4, 1994 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017 and hereinafter referred to as the 'Act'). RPPL is a subsidiary of Power Management Company (Private) Limited, Pakistan ('PMCL'), which is a wholly owned subsidiary of Altern Energy Limited, Pakistan ('AEL'), a listed company. Further, the ultimate parent of the Company is Descon Processing (Private) Limited, Pakistan. The principal activities of RPPL are to generate and supply electricity to CPPA-G from its combined cycle thermal power plant (the 'Complex') having a gross (ISO) capacity of 450 Mega Watts (June 30, 2019: 450 Mega Watts), located near Sidhnai Barrage, Abdul Hakim town, District Khanewal, Punjab province, Pakistan. RPPL achieved Commercial Operations Date ('COD') on December 11, 1999.

The registered office of RPPL is situated at 2nd Floor Emirates Tower, F-7 Markaz, Islamabad.

RPPL has a PPA with its sole customer, CPPA-G for thirty years which commenced from the COD. The plant was initially designed to operate with residual furnace oil and was converted 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 ('GoP') provided an assurance that RPPL will be provided gas post August 2015, in preference to the new projects commissioned after the company.

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, the ECC of the Federal Cabinate approved interim GSA for supply of RLNG to RPPL upto 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 expired in June 2018.

On July 31, 2019, the ECC of the Federal Cabinet approved the extension of the interim GSA of RPPL with SNGPL and CPPA-G. The interim GSA is yet to be signed by the parties. The terms of this agreement will be effective upto the date of signing of a long term Gas Supply and Purchase Agreement ('GSPA').

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. The PPA has been extended by a period of 177 days as of March 31, 2020, owing to non-supply of RLNG under interim GSA. The term of PPA will end in June 2030 and the remaining life of the project is 10.20 years.

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 Act; and

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

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

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

These condensed interim consolidated financial statements do not include all of the information required for annual consolidated financial statements and should be read in conjunction with the annual consolidated financial statements as at and for the year ended June 30, 2019. Selected explanatory notes are included to explain events and transactions that are significant to and understanding of the changes in the Group's financial position and performance since the last financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

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, 2019, except for the adoption of new and amended standards as at set out below.

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

Certain standards, amendments and interpretations to International Financial Reporting Standards ('IFRS') are effective for accounting periods beginning on July 1, 2019, but are considered not to be relevant or to have any significant effect on the Group operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these consolidated condensed interim financial statements.

3.2 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 accounting standards and interpretations that are mandatory for the Group accounting periods beginning on or after July 1, 2020 but are considered not to be relevant or to have any significant effect on the Group operations and are, therefore, not detailed in these condensed interim consolidated financial statements.

4 ACCOUNTING ESTIMATES

The preparation of these consolidated 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 unconsolidated condensed interim financial statements, the significant judgements made by management in applying the Group accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended June 30, 2019.

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, 2019.

There have been no significant changes in the risk management policies since the year ended June 30, 2019.

5.2 Fair value estimation

The carrying values of all financial assets and liabilities reflected in these condensed interim 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 and USD 27.70.

Facility of USD 36.515 million was repayable in 5 equal semi-annual installments and it carried markup at three months London Inter-Bank Offered Rate (LIBOR) plus 400 basis points per annum to be served quarterly and 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. This facility has been fully repaid during the period.

Facility of USD 27.70 million was repayable in 10 equal quarterly installments and it carried markup at three months LIBOR plus 140 basis points per annum and secured by assignment of receivables relating to capacity payments and lien on collection account amounting to USD 36 million maintained with the Trustee. This facility has been fully repaid during the period.

7 **DERIVATIVE FINANCIAL INSTRUMENT**

This represents derivative interest rate swap arrangement with a commercial bank. Under the terms of the arrangement, the Group pays a fixed interest rate of 4.80% p.a. 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 had been marked to market and the resulting gain/loss had been included in the condensed interim consolidated statement of profit or loss.

8 **CONTIGENCIES & COMMITMENTS**

There is no significant change in the status of contingencies and commitments from the preceding annual financial statements of the Group for the year ended June 30, 2019, 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, 2019 : 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 June 14, 2020 and is renewable.

Rousch (Pakistan) Power Limited - the Subsidiary company

In respect of tax years 2015, 2016 and 2017, the taxation authorities passed Orders in terms of section 161/205 of the Income Tax Ordinance, 2001, whereby an aggregate tax demand of Rs. 86 million was raised against the company for alleged failure to withhold tax on certain payments. Being aggrieved, the company filed appeals before CIR(A). The hearing on the appeal for the Tax Year 2016 has concluded and the appellate order is expected shortly. The company has not made any provision against the said tax demand as the management is confident that the ultimate outcome will be in favour of the company, inter alia on the advice of the tax consultant and the relevant law and the facts.

In respect of tax year 2012, the taxation authorities passed an Order in terms of section 122(5A) of the Income Tax Ordinance, 2001, whereby a demand of Rs. 365 million was raised on Supplemental charges received from CPPA-G and bank interest income. Being aggrieved, the company filed an appeal before CIR(A) which has been decided recently. Pursuant to the appellate order, the tax demand stands reduced to Rs. 26 million on interest income only. The company is already in appeal before the Tribunal for the said year in the matter of set-off of business losses against interest income. Pending outcome of the said appeal, the company has not made any provision against the said demand as the management is confident that the ultimate outcome will be in favour of the company, inter alia on the advice of the tax consultant and the relevant law and facts.

National Bank of Pakistan has issued standby letter of credit (SBLC) for Rs. 4,981 million (June 30, 2019 : Rs 4,981 million) in favor of SNGPL as a security to cover RLNG supply for which payments are made in arrears. The SBLC will expire on July 13, 2020, which is renewable.

8.2 **Commitments - (RPPL)**

Letter of Credits Rs. 20 million (June 30, 2019: Nil)

9 **PROPERTY, PLANT AND EQUIPMENT**

Additions to plant and equipment represent net exchange gain of Rs 55 million (June 30, 2019: Rs. 478 million of exchange loss) on related foreign currency loan during the period from July 01, 2019 to March 31, 2020. This has resulted in accumulated capitalization of exchange losses of Rs. 13,077 million (June 30, 2019: Rs.13,132 million) in the cost of plant and equipment upto March 31, 2020, with book value of Rs. 6,252 million (June 30, 2019: Rs. 6,651 million).

	Un-audited Three-month period ended		Un-audited Nine-month period ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	---Rupees in thousand---		---Rupees in thousand---	
10 **REVENUE - NET**				
Energy purchase price - gross	-	702,208	3,312,643	8,318,565
Sales tax	-	(102,030)	(481,324)	(1,208,680)
Energy purchase price - net	-	600,178	2,831,319	7,109,885
Capacity purchase price	769,516	673,606	4,358,428	3,761,755
True-up	-	66,870	-	105,139
Other supplemental charges	338,869	213,698	859,161	721,671
Gas efficiency passed to CPPA-G	-	-	-	(10,742)
	1,108,385	1,554,352	8,048,908	11,687,708

	Un-audited Three-month period ended March 31, 2020	Un-audited Three-month period ended March 31, 2019	Un-audited Nine-month period ended March 31, 2020	Un-audited Nine-month period ended March 31, 2019
	---Rupees in thousand---		---Rupees in thousand---	
11 DIRECT COSTS				
RLNG consumed	883	584,958	2,849,880	6,931,038
Operation and maintenance	152,751	155,737	515,909	522,342
Depreciation on operating fixed assets	436,740	441,815	1,284,130	1,320,935
Stores and spares consumed	10,142	55,034	43,931	91,122
Repairs & maintenance	6,481	4,899	7,809	8,911
Insurance cost	39,345	28,199	94,151	80,520
Purchase of energy from CPPA-G	14,601	20,766	85,626	64,563
Salaries, benefits and other allowances	9,633	9,561	28,750	30,238
Traveling & conveyance	347	370	958	1,233
Generation license fee	1,987	1,721	5,735	5,163
Electricity duty	-	128	522	1,118
Colony maintenance	2,440	2,564	9,308	8,311
Communication	1,930	1,233	4,265	3,346
Vehicle maintenance	517	168	1,171	683
Security expenses	1,592	2,086	4,637	4,907
Liquidated damages	-	-	-	8
Miscellaneous expenses	1,721	997	2,510	3,079
	681,110	1,310,236	4,939,292	9,077,517

12 CASH GENERATED FROM OPERATIONS

	Nine-month period ended March 31, 2020	Nine-month period ended March 31, 2019
Profit before taxation	2,824,157	1,868,775
Adjustment for non cash charges and other items:		
-Depreciation on operating fixed assets	1,290,121	1,327,777
-Profit on bank deposits	(67,419)	(75,167)
-Amortization of intangible assets	93	257
-Gain on disposal of operating fixed assets	-	(5)
-Capital spares consumed	-	411
-Un-realsed gain on derivative financial instrument	(7,842)	(33,516)
-Finance cost	283,113	704,026
-Exchange gain - net	(1)	-
-Provision for doubtful debts	823	-
-Provision for stores & spares	-	(412)
-Provision for employee retirement benefits	6,697	5,909
Profit before working capital changes	4,329,742	3,798,055

	Un-audited Nine-month period ended March 31, 2020	Un-audited Nine-month period ended March 31, 2019
	---Rupees in thousand---	
Effect on cash flow due to working capital changes:		
Decrease/(increase) in current assets		
-Stores, spares and loose tools	(26,482)	(38,528)
-Trade debts- secured, considered good	2,181,953	1,676,874
-Advances, deposits, prepayments and other receivables	(318,814)	(170,065)
	1,836,657	1,468,281
Decrease in current liabilities		
-Decrease in trade and other payables	(2,270,906)	(381,906)
	(434,249)	1,086,375
	3,895,493	4,884,430

		Un-audited Nine-month period ended	
		March 31, 2020	March 31, 2019
		---Rupees in thousand---	
13	**CASH AND CASH EQUIVALENTS**		
	Cash and bank balances	127,385	3,163,632
	Short term borrowings - secured	(2,880,075)	(2,923,930)
		(2,752,690)	239,702

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 condensed interim consolidated financial statements are as follows:

		Un-audited Nine-month period ended	
		March 31, 2020	March 31, 2019
Relationship with the Group	**Nature of transactions**	---Rupees in thousand---	
i. Other related parties			
On the basis of common directorship			
Descon Engineering Limited:			
	Common costs charged to the Group	8,175	6,792
	Purchase of spare parts	8,710	-
Descon Power Solutions (Private) Limited:			
	Operations & maintenance contractor's fee	419,005	387,112
	Purchase of spare parts	-	8,762
	Common costs charged charged to the Group	2,650	2,047
	Services rendered	5,308	-
Descon Corporation (Private) Limited:			
	ERP implementation fee & running costs	2,091	1,808
	Common costs charged to the Group	14,202	10,744
ii. Group companies			
Siemens AG			
	Purchase of long term maintenance services	98,021	150,374
	Purchase of spare parts	34,801	-
Siemens Pakistan Engineering Company Limited			
	Purchase of long term maintenance service	21,032	41,064
	Purchase of spare parts	34,616	-
Siemens Project Ventures GmbH			
	Dividend paid	807,106	538,070
iv. Key Management Personnel			
	Short-term employment benefits	46,724	49,608
	Post employment benefits	11,193	10,717
	Director's meeting fee	500	375

Period end balances are as follows:	Un-audited March 31, 2020	Audited June 30, 2019
	---Rupees in thousand---	
Payable to related parties		
Descon Engineering Limited (Holding company)	19,603	17,593
Descon Corporation (Private) Limited (Associated company)	1,989	2,749
Descon Power Solutions (Private) Limited (Associated company)	38,158	76,980
Siemens Pakistan Engineering Company Limited	21,556	68,490
Siemens AG	67,111	210,581
Inspectest (Private) Limited	79	-
	148,496	376,393
Receivable from related parties		
Descon Power Solutions (Private) Limited (Associated company)	395	52

15 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim consolidated financial statements were authorized for issue on April 27, 2020 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 consolidated 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.

Annie Mazhar Malik

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

ALTERN ENERGY LIMITED

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

AS AT MARCH 31, 2020

EQUITY AND LIABILITIES	Note	Un-audited March 31, 2020	Audited June 30, 2019
		---Rupees in thousand---	
SHARE CAPITAL AND RESERVES			
Authorized share capital			
400,000,000 (June 30, 2019: 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, 2019: 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		558,371	888,811
		4,233,831	4,564,271
NON-CURRENT LIABILITIES			
Deferred liabilities		5,288	5,107
		5,288	5,107
CURRENT LIABILITIES			
Trade and other payables		12,343	107,511
Short term borrowings - secured		68,669	-
Unclaimed dividend		5,942	190,673
Mark - up accrued		316	6,501
Provision for taxation		374	-
Current portion of long term financing - unsecured	6	-	-
		87,644	304,685
CONTINGENCIES AND COMMITMENTS	7		
		4,326,763	4,874,063

ASSETS	Note	Un-audited March 31, 2020	Audited June 30, 2019
		---Rupees in thousand---	
NON-CURRENT ASSETS			
Property, plant and equipment	8	520,358	565,736
Intangible assets		35	134
Long term investment	9	3,204,510	3,204,510
Long term deposit		38	38
		3,724,941	3,770,418
CURRENT ASSETS			
Stores and spares		40,105	39,800
Trade debts - secured, considered good		488,561	681,819
Advances, prepayments and other receivables		60,893	131,572
Income tax recoverable		-	827
Cash and bank balances		12,263	249,627
		601,822	1,103,645
		4,326,763	4,874,063

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

Annie Mazhar Malik

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

ALTERN ENERGY LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED MARCH 31, 2020

		Three-month period ended		Nine-month period ended	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	Note	------Rupees in thousand-------		------Rupees in thousand-------	
Revenue - net	*10*	7,964	21,119	94,534	414,490
Direct costs	*11*	(24,632)	(27,328)	(123,971)	(396,562)
Gross (loss) / profit		(16,668)	(6,209)	(29,437)	17,928
Administrative expenses		(6,922)	(11,956)	(21,676)	(32,082)
Other income	*12*	778,359	1,227,690	1,787,733	1,229,119
		754,769	1,209,525	1,736,620	1,214,965
Finance cost		(3,980)	(3,948)	(12,001)	(16,103)
Profit before taxation		750,789	1,205,577	1,724,619	1,198,862
Taxation	*13*	(571)	-	(1,962)	(667)
Profit for the period		750,218	1,205,577	1,722,657	1,198,195
Earnings per share - basic and diluted - Rupees		2.06	3.32	4.74	3.30

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

Annie Mazhar Malik

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

ALTERN ENERGY LIMITED

CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE THREE-MONTH AND NINE-MONTH PERIOD ENDED MARCH 31, 2020

	Three-month period ended		Nine-month period ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	---------Rupees in thousand --------		-------------Rupees in thousand -------------	
Profit for the period	750,218	1,205,577	1,722,657	1,198,195
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 income for the period	750,218	1,205,577	1,722,657	1,198,195

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 UNCONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE NINE-MONTH PERIOD ENDED MARCH 31, 2020

	Notes	March 31, 2020	March 31, 2019
		-------Rupees in thousand-------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	14	244,708	180,130
Finance costs paid		(18,186)	(26,813)
Income tax paid		(761)	(4)
Retirement and other benefits paid		(196)	-
		(19,143)	(26,817)
Net cash inflow from operating activities		225,565	153,313
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(144)	-
Dividends received		1,780,310	1,228,087
Profit on bank deposits received		6,064	12
Net cash inflow from investing activities		1,786,230	1,228,099
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of current portion of long term finances - unsecured		-	(80,981)
Dividends paid		(2,237,828)	-
Net cash outflow from financing activities		(2,237,828)	(80,981)
Net (decrease) / increase in cash and cash equivalents		(226,033)	1,300,431
Cash and cash equivalents at beginning of the period		169,627	(157,883)
Cash and cash equivalents at the end of the period	15	(56,406)	1,142,548

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 UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE NINE-MONTH PERIOD ENDED MARCH 31, 2020

	Capital reserve		Revenu reserve	
	Share capital	Share premium	Un-appropriated profit	Total
	---Rupees in thousand---			
Balance as on July 01, 2018 (audited)	**3,633,800**	**41,660**	**1,078,636**	**4,754,096**
Profit for the period	-	-	1,198,193	1,198,193
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for nine months period ended March 31, 2019	-	-	1,198,193	1,198,193
Total contributions by and distributions to owners of the Company recognized directly in equity:				
Interim Dividend @ Rs. 3.15 / ordinary share for the year ended June 30, 2019	-	-	(1,144,647)	(1,144,647)
Balance as on March 31, 2019 (un-audited)	3,633,800	41,660	1,132,182	4,807,642
Balance as on July 01, 2019 (audited)	3,633,800	41,660	888,811	4,564,271
Profit for the period	-	-	1,722,657	1,722,657
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the nine months period ended March 31, 2020	-	-	1,722,657	1,722,657
Total contributions by and distributions to owners of the Company recognized directly in equity:				
Final cash dividend @ Rs. 3/ ordinary share for the year ended June 30, 2019	-	-	(1,090,140)	(1,090,140)
Interim cash dividend @ Rs. 2.65/ ordinary share for the year ended June 30, 2020			(962,957)	(962,957)
Balance as on March 31, 2020 (un-audited)	3,633,800	41,660	558,371	4,233,831

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

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

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE NINE-MONTH PERIOD ENDED MARCH 31, 2020

1 LEGAL STATUS & 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 is located near Fateh Jang, District Attock, Punjab.

1.2 The principal activity of the Company is to build, own, operate and maintain a gas fired power plant having gross capacity of 32 Mega Watts (June 30, 2019: 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 9 to these condensed interim unconsolidated financial statements.

1.3 The Company's Gas Supply Agreement ('GSA') with Sui Northern Gas Pipelines Limited ('SNGPL') expired on June 30, 2013. Thereafter, the Company signed a Supplemental Deed dated March 17, 2014 with SNGPL, whereby SNGPL agreed to supply gas to the Company on as-and-when available basis till the expiry of PPA on June 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. On July 31, 2019, the ECC of the Federal Cabinet has approved the summary of interim tri-partite GSA. Currently, the Company, SNGPL and CPPA-G are in the process of execution of an interim GSA for supply of RLNG. Under the interim GSA, RLNG will be supplied on as-and-when available basis till the execution of a long term GSA between the parties.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

These condensed interim unconsolidated 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 Act; and

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

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

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

These condensed interim unconsolidated 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, 2019. 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.

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

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies adopted for the preparation of this condensed interim unconsolidated 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, 2019, except for the adoption of new and amended standards as set out below.

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

Certain standards, amendments and interpretations to International Financial Reporting Standards (IFRS) are effective for accounting periods beginning on July 1, 2019, 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 unconsolidated financial statements.

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

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after July 1, 2020 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 unconsolidated financial statements.

4 ACCOUNTING ESTIMATES

The preparation of these unconsolidated 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 unconsolidated condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended June 30, 2019.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Company's activities expose it 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.

These condensed interim unconsolidated 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, 2019.

There have been no significant changes in the risk management policies since the year ended June 30, 2019.

5.2 Fair value estimation

The carrying values of all financial assets and liabilities reflected in the condensed interim unconsolidated 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.

	Un-audited March 31, 2020	Audited June 30, 2019
6 LONG TERM FINANCING - UNSECURED	----Rupees in thousand----	
The reconciliation of the carrying amount of loan is as follows:		
Opening balance	-	79,120
Mark-up accrued during the period / year	-	1,861
Repayments during the period / year	-	(80,981)
Closing balance	-	-
Current portion shown under current liabilities	-	-
	-	-

6.1 This represented long term loan obtained by the Company from its wholly owned subsidiary, Power Management Company (Private) Limited ('PMCL'). This was an unsecured loan and carried 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 Nil (June 30, 2019: 8.04% to 11.08%) per annum.

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, 2019, except for the following:

(i) Habib Metropolitan Bank Limited has issued bank guarantee amounting to Rs 532.68 million (June 30, 2019 : 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 June 14, 2020 and is renewable.

	Note	Un-audited March 31, 2020	Audited June 30, 2019
		----Rupees in thousand----	
8 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	8.1	517,666	563,044
Major spare parts and stand-by equipment		2,692	2,692
		520,358	565,736
8.1 Operating fixed assets			
Opening net book value		563,044	696,398
Additions during the period / year	8.1.1	144	309
Depreciation charged during the period / year		(45,522)	(62,605)
Impairment charged during the period / year		-	(71,058)
Closing net book value		517,666	563,044
8.1.1 Additions during the period / year			
Plant and machinery		-	309
Office equipment		144	-
		144	309
8.2 Major spare parts and stand-by equipment			
Opening net book value		2,692	4,806
Impairment charged for the period/year		-	(2,114)
Closing net book value		2,692	2,692
9 LONG TERM INVESTMENT			
Subsidiary - Unquoted:			
Power Management Company (Private) Limited (PMCL): 320,451,000 (June 30, 2019: 320,451,000) fully paid ordinary shares of Rs 10 each [Equity held 100% (June 30, 2019: 100%)] - Cost	9.1	3,204,510	3,204,510

9.1 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 these unconsolidated condensed interim 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, 2019: 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.

10 REVENUE - NET	Un-audited Three-month period ended March 31, 2020	March 31, 2019	Un-audited Nine-month period ended March 31, 2020	March 31, 2019
	----Rupees in thousand------		----Rupees in thousand-----	
Energy purchase price - gross	0	-	61,658	371,880
Sales tax	(0)	-	(8,959)	(54,034)
Energy purchase price - net	0	-	52,699	317,846
Capacity purchase price	0	-	6,764	38,392
Other supplemental charges	7,964	21,119	35,071	58,252
	7,964	21,119	94,534	414,490

	Un-audited Three-month period ended March 31, 2020	Un-audited Three-month period ended March 31, 2019	Un-audited Nine-month period ended March 31, 2020	Un-audited Nine-month period ended March 31, 2019
	----Rupees in thousand------		----Rupees in thousand------	
11 DIRECT COSTS				
RLNG consumed	99	66	47,270	302,208
Depreciation on operating fixed assets	14,895	14,990	44,684	46,358
Stores and spares consumed	65	689	352	6,624
Purchase of energy from CPPA-G	560	514	4,458	3,547
Lube oil consumed	(0)	651	179	1,398
Operation and maintenance contractor's fee	6,600	7,600	19,800	29,201
Security expenses	1,591	2,086	4,636	4,907
Salaries, benefits and other allowances	218	187	574	560
Insurance cost	486	429	1,651	1,357
Travelling & conveyance	61	54	160	209
Generation License fee	42	40	128	118
Miscellaneous expenses	15	22	79	75
	24,632	27,328	123,971	396,562
12 OTHER INCOME				
Profit on bank deposits	2,625	7	7,423	12
Other income --Sale of Scrap	-	(0)	-	1,424
Dividend income from PMCL (wholly owned subsidiary)	775,734	1,227,683	1,780,310	1,227,683
	778,359	1,227,690	1,787,733	1,229,119
13 TAXATION				
Current tax expense				
-For the period	571	-	1,962	667
-Prior years'	-	-	-	-
	571	-	1,962	667

	Un-audited March 31, 2020	Un-audited March 31, 2019
	----Rupees in thousand------	
14 CASH GENERATED FROM OPERATIONS		
Profit before taxation	1,724,619	1,198,862
Adjustment for non cash charges and other items:		
-Depreciation on operating fixed assets	45,522	47,404
-Dividend income from PMCL (wholly owned subsidiary)	(1,780,310)	(1,228,087)
-Amortization of intangible assets	93	258
-Provision for employee retirement benefits	377	236
-Provision for doubtful debts	823	-
-Profit on bank deposits	(6,064)	(12)
-Finance cost	12,001	16,103
	(1,727,558)	(1,164,098)
(Loss) / Profit before working capital changes	(2,939)	34,764
Effect on cashflow due to working capital changes:		
(Increase) / decrease in current assets		
Stores and spares	(305)	2,326
Advances, prepayments, and other receivables	70,679	25,597
Trade debts -secured, considered good	192,434	161,917
	262,808	189,840
Decrease in current liabilities		
Trade & other payables	(15,161)	(44,474)
Cash generated from operations	244,708	180,130

	Un-audited	
	March 31, 2020	March 31, 2019
	----Rupees in thousand------	

15 CASH AND CASH EQUIVALENTS

Cash and bank balances	12,263	1,152,028
Short term borrowings - secured	(68,669)	(9,480)
	(56,406)	1,142,548

16 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim unconsolidated statement of financial position has been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of changes in equity and condensed interim unconsolidated 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 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. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of that company. The Company in the normal course of business carries out transactions with various related parties. Significant transactions and balances with related parties are as follows:

		Un-audited Nine-month period ended	
		March 31, 2020	March 31, 2019
Relationship with the Company	**Nature of transaction**	----Rupees in thousand------	
i) Holding company			
DEL Power (Private) Limited			
	Dividends paid	1,146,829	-
ii) Subsidiary companies			
Power Management Company (Private) Limited (wholly owned)			
	Dividends received	1,780,310	1,228,087
	Repayment of short term loan	80,000	5,708
	Repayment of current portion of long term financing	-	31,500
	Mark up accrued on short term loan	7,580	399
Rousch (Pakistan) Power Limited			
	Common cost charged to the Company	225	225
iii) Other related parties			
On the basis of common directorship			
Descon Engineering Limited			
	Common cost charged to the Company	2,348	1,825
Descon Power Solutions (Private) Limited			
	Operation & maintenance contractor's fee	19,800	29,201
	Purchase of spare parts	-	8,762
	Common cost charged to the Company	312	124
Descon Corporation (Private) Limited			
	ERP implementation fee and running cost	2,091	2,723
	Building rent charged to the Company	494	272
Group company			
Descon Holdings (Private) Limited	Dividend paid	157	-

	Un-audited Nine-month period ended March 31, 2020	March 31, 2019
	----Rupees in thousand------	
iv) Key management personnel		
Short term employee benefits	3,803	4,587
Post employment benefits	318	235
Director's meeting fee	500	375

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.

	Un-audited March 31, 2020	Audited June 30, 2019
	----Rupees in thousand----	
Period end balances are as follows:		
Payable to related parties		
Subsidiaries:		
PMCL	-	86,501
RPPL	75	250
Other related parties:		
Descon Engineering Limited	4,132	3,653
Descon Corporation (Private) Limited	442	382
Inspectest (Private) Limited	84	-
Descon Power Solutions (Private) Limited	3,129	4,788
	7,862	95,574

18 GENERAL

18.1 These condensed interim unconsolidated financial statements were authorized for issue on April 27, 2020 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