



**(UN-AUDITED)
FOR THREE-MONTH
PERIOD ENDED
SEPTEMBER 30, 2022**

ALTERN ENERGY LIMITED



**CONDENSED INTERIM FINANCIAL
STATEMENTS**

**(UN-AUDITED)
FOR THREE-MONTH PERIOD ENDED
SEPTEMBER 30, 2022**

ALTERN ENERGY LIMITED

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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Taimur Dawood	Chairman
Mr. Faisal Dawood	Director
Mr. Farooq Nazir	Director
Mrs. Nausheen Ahmad	Independent Director
Mr. Shah Muhammad Chaudhry	Director
Mr. Salih Merghani	Director
Syed Rizwan Ali Shah	Independent Director
Mr. Umer Shehzad Sheikh	Chief Executive (Deemed Director)

AUDIT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

CHIEF FINANCIAL OFFICER

Mr. Muhammad Farooq

COMPANY SECRETARY

Mr. Salman Ali

HEAD INTERNAL AUDIT

Ms. Noor Shuja

EXTERNAL AUDITORS

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

BANKERS

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

REGISTERED OFFICE

DESCON HEADQUARTERS, 18-km Ferozpur Road, Lahore.

REGISTRAR SHARES

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

ALTERN ENERGY LIMITED

DIRECTORS' REVIEW

The Board of Directors of Altern Energy Limited ('the Company') presents theun-audited financial statements of the Company for the three-month period ended September 30, 2022.

GENERAL

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

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

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

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

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

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

FINANCE

During the period under review, the total turnover of the Company was Nil (Rs. 1.1 million in corresponding period of 2021), resulting in a gross loss of Rs. 28 million as compared to gross loss of Rs. 24 million in corresponding period of 2021. The Company incurred net loss of Rs. 34 million resulting in loss per share of Rs. 0.09, as compared to net loss of Rs. 32 million and loss per share of Rs. 0.09 in corresponding period of 2021.

The issue of circular debt continues to pose serious liquidity challenge to the power sector in the past few years, and your Company is no exception. Despite the delayed inflows from CPPA-G, the Company has been able to manage the cashflows to meet its operational obligations. The Company's management has been engaged with CPPA-G and concerned ministries to ensure follow-up and payment of overdue receivables.

Your Company's consolidated earnings attributable to the equity holders of Altern Energy Limited for the period under review were Rs. 940million resulting in EPS of Rs. 2.59 per share, as compared to consolidated earnings of Rs. 783 million and EPS of Rs. 2.15 in the corresponding period of the last year.

DIVIDEND DISTRIBUTION

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

OPERATIONS

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

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

SUBSIDIARY'S REVIEW

During the period under review, your Company's subsidiary Rousch (Pakistan) Power Limited ('RPPL') has posted turnover of Rs. 3,706 million (corresponding period in 2021: Rs. 5,926 million) and the cost of sales of Rs. 1,795 million (2021: Rs. 4,414 million). Net profit for the period for RPPL was Rs. 1,751 million (2021: Rs. 1,465 million) delivering earnings per share ('EPS') of Rs. 2.03 per share of Rs 10 each (2021: Rs. 1.70). Payment default from RPPL's sole customer, CPPA-G continues. At the end of the reporting period, out of the total receivable of Rs. 12,701 million (June 2022: Rs. 13,002 million), Rs. 11,634 million were overdue as compared to overdue receivables of Rs. 10,474 million at the end of June 2022. The management continues to follow-up CPPA-G for payment of overdue receivables.

During the period under review, net generation delivered to the off-taker was 39 GWh against 219 GWh delivered during the same period last year. The plant dispatch factor during the period remained 19.0 % as compared to 25.27% during the corresponding period last year. Reduced generation is mainly due to less quantity of RLNG purchased and allocated by Government to the IPPs due to higher spot prices of RLNG in the International market.

RISK MANAGEMENT

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

MATERIAL INFORMATION

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

FUTURE OUTLOOK

Your Company has witnessed a sustained decline in dispatch demand from the off-taker ever since it shifted its plant operations on RLNG in 2017 due to non-availability of indigenous gas from SNGPL due to depletion of indigenous gas resources. The new power plants due to their better efficiency have pushed the Company down in the economic dispatch merit order of the off-taker. As your Company is under a take-and-pay arrangement under the PPA with CPPA-G, less dispatch to the off-taker results in lesser capacity revenue. Resultantly, the Company has been facing challenges to generate cash from operations of the plant. However, it is managing its operational costs from receipt of overdue receivables from CPPA-G. We apprehend that your plant may not get sustainable dispatch from NPCC in near future as more power plants are being added into national grid. However, the Company will continue to remain a viable entity due to income from its investment in its subsidiary.

QUALITY, ENVIRONMENT, HEALTH & SAFETY (QEHS)

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

CORPORATE GOVERNANCE

Composition of the Board of Directors

The Board comprises of eight (8) members, including a Chief Executive, who is a deemed director, as per the following composition:

Male 7

Female 1

The Board is categorised as follows:

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

Committees of the Board

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

Audit Committee

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

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

Human Resource & Remuneration Committee

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

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

Internal Audit and Control

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

Directors' Remuneration

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

RELATED PARTY TRANSACTIONS

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

CORPORATE SOCIAL RESPONSIBILITY

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

ACKNOWLEDGEMENT

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



Umer Shehzad Sheikh
Chief Executive
October 21, 2022 - Lahore.

For and on behalf of the Board



Shah Muhammad Chaudhry
Director

ڈائریکٹرز کی جائزہ رپورٹ

آئرن انرجی لمیٹڈ (دی 'کمپنی') کے بورڈ آف ڈائریکٹرز 30 ستمبر 2022 کو ختم ہونے والی سہ ماہی کے لئے کمپنی کے غیر نظر ثانی شدہ مالی حسابات پیش کرتے ہیں۔

عمومی

کمپنی کی اہم ترین سرگرمیوں میں 32 میگا واٹ کے گیس ٹرمل پاور پلانٹ واقع نزد قح جنگ ضلع، پنجاب کی ملکیت، آپریشن، دیکھ بھال اور اپنے واحد صارف سنٹرل پاور پراجیکٹ اینجی (کارٹھی) لمیٹڈ (CPA-G) کو کھینچل ٹرانسمیشن اینڈ ڈسٹریбуٹن کمپنی (NTDC) کے ٹرانسمیشن نیٹ ورک کے ذریعے بجلی کی فروخت شامل ہے۔

کمپنی کے حصص پاکستان سٹاک ایکسچینج میں درج ہیں۔ کمپنی پاور جنٹس کمپنی (پرائیویٹ) لمیٹڈ (خصوصی مقصد کی گاڑی) کے 100 فیصد حصص کی مالک ہے، جو بدلے میں Rousch (پاکستان) پاور لمیٹڈ (آر پی ایل) کے 59.98 فیصد حصص رکھتی ہے۔ آر پی ایل ایل ایک غیر مندرجہ پبلک کمپنی اور گیس فائرڈ کمپائمنڈ سائیکل ٹرمل پاور پلانٹ کے ذریعے 450 میگا واٹ کی مجموعی صلاحیت رکھنے والی خود مختار پاور پروڈیوسر ہے جو کہ سدھائی بیراج، جہلم، ضلع خانیوال، پنجاب کے قریب واقع ہے۔

کمپنی نے اپنے واحد صارف CPPAG کے ساتھ تیس سالوں کے لئے بجلی کی خریداری کا معاہدہ (PPA) کیا ہے جو 06 جون 2001 سے شروع ہوا، 6 جون 2031 کو ختم ہوگا۔ سوئی ناردرن گیس پائپ لائنز لمیٹڈ (ایس این جی پائل) کیساتھ کمپنی کا گیس کی فراہمی کا معاہدہ (بی ایس اے) 30 جون 2013 کو ختم ہو گیا تھا۔ اس کے بعد مورخہ 17 مارچ 2014 کو کمپنی نے SGNPL کیساتھ ایک اضافی دستاویز پر دستخط کیے، جس کے تحت SGNPL نے پاور پراجیکٹ ایگریمنٹ کی منسوخی تاریخ 6 جون 2031 تک دستیابی کی بنیاد پر کمپنی کو گیس کی فراہمی کیلئے رضامندی ظاہر کی ہے۔

وزارت پٹرولیم اور قدرتی وسائل (MoPNR) نے کابینہ کی اقتصادی تعاون کمپنی (ECC) کی طرف سے ری لیکویٹائزیشن لیس (RLNG) کی تخصیص کا اختیار دیا گیا، 28 اپریل 2017 کو کمپنی کو آر ایل این جی ممبرڈی 06 کی تخصیص جاری کی اور اس نے کمپنی اور ایس این جی بی ایل کو ایک نئے جی ایس اے سے مزید کمزوری کی بدایت کی۔ 31 جولائی 2019 کو، کمپنی کی ECC نے ایک عبوری ٹرائل پارٹی GSA کی سرمری کی منظوری دی ہے۔ فی الحال، کمپنی، ایس این جی بی ایل اور سی بی پی اے، جی، آر ایل این جی کی فراہمی کے لئے ایک عبوری جی ایس اے پر عمل درآمد کے عمل میں ہیں۔ عبوری جی ایس اے سے کثرت، پارٹیوں کے درمیان طویل مدتی جی ایس اے کے اختتام تک 'دستیاب ہونے' کی بنیاد پر آر ایل این جی فراہمی کی جائے گی۔

نیشنل الیکٹرک پاور ریکولیٹری اتھارٹی (NEPRA) کے ساتھ کمپنی کے جزییشن لائسنس کی میعاد 24 ستمبر 2021 کو ختم ہوگئی۔ کمپنی نے اپنے PPA کی شرائط کے مطابق NEPRA کے ہاں جزییشن لائسنس کی تجدید/توسیع کے لیے درخواست دی ہے۔ رپورٹنگ کی تاریخ تک، لائسنس کی تجدید مکمل جاری ہے اور انتظامیہ کو یقین ہے کہ جزییشن لائسنس کی تجدید کردی جائے گی۔ مذکورہ بالا کے پیش نظر اور کمپنی کی جی بی کمپنی Rousch سے آمدنی کی بنیاد پر آپ کے بورڈ کو یقین ہے کہ کمپنی مستقل قریب میں ایک کھنگلن سرن کے طور پر جاری رہے گی۔

فنانس

زیر جائزہ مدت کے دوران کمپنی کا کل خران اور Nil (2021 کی اسی مدت میں 1.1 ملین روپے)، جس کے نتیجے میں 2021 کی اسی مدت میں مجموعی نقصان 24 ملین روپے کے مقابلے میں 28 ملین روپے کا مجموعی نقصان ہوا۔ کمپنی کو 2021 کی اسی مدت میں خالص نقصان 32 ملین روپے اور فی شیئر نقصان 0.09 روپے کے مقابلے میں موجودہ مدت میں خالص نقصان 34 ملین روپے اور فی شیئر نقصان 0.09 روپے ہوا ہے۔

گردشی خرما مسئلہ گزشتہ چند سالوں میں پاور سیکٹر کے لیے ٹیکنیکل لیکویڈیٹی چیلنج بنا ہوا ہے، اور آپ کی کمپنی بھی اس سے مستثنیٰ نہیں ہے۔ CPA-G سے تاخیر سے آمد کے باوجود، کمپنی اپنی آپریشنل ذمہ داریوں کو پورا کرنے کے لیے نقد بہاؤ کا انتظام کرنے میں کامیاب رہی ہے۔ کمپنی کی انتظامیہ CPA-G اور متعلقہ ذرائع کے ساتھ رابطہ میں ہے تاکہ فالو اپ اور واجب الادا وصولیوں کی ادائیگی کو یقینی بنایا جاسکے۔

آپ کی کمپنی کی کنسولیڈیٹڈ آمدنی الزان انرجی لمیٹڈ کے ایکویٹی ہولڈرز سے منسوب ہے جو کہ زیر جائزہ مدت کے لئے 940 ملین روپے جس کے نتیجے میں فی شیئر آمدنی (EPS) 2.59 روپے فی شیئر جبکہ گزشتہ سال کی اسی مدت میں 783 ملین روپے اور فی شیئر آمدنی (EPS) 2.15 روپے فی شیئر تھی۔

منافع مقسمہ کی تسمیم

پاور سیکٹر کے ساتھ منسلک غیر یقینی کے پیش نظر، کمپنی کے بورڈ آف ڈائریکٹرز نے زیر جائزہ مدت کے دوران فی شیئر ہولڈرز کو کوئی ڈیویڈنڈ دینے کا اعلان نہیں کیا ہے۔

آپریشنز

ہم بیان کرتے ہیں کہ زیر جائزہ مدت کے دوران، پلانٹ نے آف ٹیکر گزشتہ مالی سال کی طرح اس مدت کے دوران بھی بجلی کی کوئی ترسیل نہیں کی ہے۔ ترسیل میں کمی پلانٹ CPA-G کے اٹناک ڈسٹریبیوٹن ممبرٹ آرڈر پر کم ہونے کی وجہ سے ہے۔ NPCC سے طلب قومی گزشتہ مسلم میں پیداواری صلاحیت کے نمایاں اضافے کے باعث ہے۔ نئے پاور جزییشن پلانٹس نئے اور زیادہ سستے ہونے کی حیثیت سے CPA-G کے اقتصادی ڈسٹریبیوٹن ممبرٹ آرڈر کے لحاظ سے آپ کے پلانٹ سے اوپر درج کے ہیں۔ یہاں تک کہ اس عرصہ کے دوران جب کمپلیکس کو آف ٹیکر سے ڈسٹریبیوٹن طلب موصول ہوئی تھی، بین

الاقوام مارکیٹ میں ایل این جی کی زیادہ قیمتوں کے نتیجے میں حکومت کی طرف سے خریدے گئے کم اسپاٹ کارگوز سے متعلق مسائل کی وجہ سے آریل این جی کی دستیابی ایک چیلنج تھی۔
زیر جائزہ مدت کے دوران، تمام دیگر مقررہ اور حفاظتی بنی بنس سرگرمیاں اصل ایکٹو کمفٹ میٹوفیکر (‘OEM’) سفارشات کے مطابق سرانجام دی گئیں۔ ہم بخوشی بیان کرتے ہیں کہ RLNG ٹرمینل کی گنجائش اور دیگر صنعتوں اور گھریلو صارفین کو RLNG کی تقسیم سے متعلق مسائل کی وجہ سے تمام انجن اور ان کے معاون آلات ہموار اور قابل بحور سرکام کے لیے مکینیکل حالت میں ہیں۔

تحت ادارے کا جائزہ

زیر جائزہ مدت کے دوران، کمپنی کے ذیلی ادارہ روش (پاکستان) پاور لیمنڈ (‘RPPL’) نے ٹرن اور 3,706 ملین روپے (2021 کی اسی مدت میں 5,926 ملین روپے) اور فروخت کی لاگت 1,795 ملین روپے (2021 کی اسی مدت میں 4,14 ملین روپے) درج کی۔ موجودہ مدت میں RPPL کا خالص منافع 1,751 ملین روپے (2021 کی اسی مدت میں 1,465 ملین روپے) ہر ایک-10 روپے کی فی حصص آمدنی (EPS) 2.03 روپے (2021 کی اسی مدت میں 1.70 روپے) تھی۔

RPPL کے واحد صارف، CPPA-G سے عدم ادائیگی جاری رہی ہے۔ روپونگ مدت کے اختتام پر CPPA-G سے کل قابل وصولی رقم 12,701 ملین روپے (جون 2022: 13,002 ملین روپے) جس میں سے 11,634 ملین روپے زائد المیاد، جبکہ جون 2022 کے اختتام پر قابل وصولی 10,474 ملین روپے زائد المیاد تھے۔ RPPL کی انتظامیہ زائد المیاد قابل وصولیوں کی ادائیگی کے لئے CPPA-G کے ساتھ مسلسل گفت و شنید کر رہی ہے۔

زیر جائزہ مدت کے دوران خریدار کرکری 39 GWh بجلی ترسیل کی گئی جبکہ گزشتہ سال کی اسی مدت کے دوران 219 GWh بجلی کی ترسیل کی گئی تھی۔ اس مدت کے دوران پلانٹ کی ترسیل کا عنصر 19.0 فیصد رہا جبکہ گزشتہ سال کی اسی مدت میں 25.27 فیصد تھا۔ کم جنریشن بنیادی طور پر RLNG کی کم مقدار کی خریداری اور بین الاقوامی مارکیٹ میں RLNG کی زیادہ قیمتوں کے باعث IPPs کو حکومت کی طرف سے کم تقسیم کی وجہ سے ہوئی۔

رسک مینجمنٹ

کمپنی کی سرگرمیاں اسے مختلف قسم کے خطرات سے دوچار کرتی ہیں جو مختلف سطحوں کی غیر یقینی صورتحال سے مشروط ہیں جن کے خلاف کمپنی کے پاس مناسب تخفیف کی حکمت عملیاں موجود ہیں۔ بورڈ آف ڈائریکٹرز اور بورڈ کی آڈٹ کمیٹی اثرات اور وقوع کے امکانات کے لحاظ سے مختصر مدتی اور طویل مدتی خطرات سمیت رسک میٹرکس کی باقاعدگی سے تھقیص کرتی ہے۔ چیف ایگزیکٹو کی سربراہی میں انتظامیہ خطرات کو کم کرنے کے مناسب اقدامات اٹھانے کی ذمہ دار ہے۔

مواد کی معلومات

یکم جولائی 2022 سے کوئی مادی تبدیلیاں نہیں ہوئی ہیں اور کمپنی نے کوئی ایسا عہد نہیں کیا ہے جس سے روپونگ تاریخ پر اس کی مالی پوزیشن متاثر ہوتی ہو، ماسوائے جن کا 30 جون 2022 کو ختم ہونے والے سال کے لیے کمپنی کے سالانہ نظر ثانی شدہ مالیاتی حسابات میں ذکر کیا گیا ہے۔

مستقبل کا نقطہ نظر

آپ کی کمپنی نے جب سے 2017 میں قدرتی گیس کے وسائل کی کمی کے باعث SNGPL سے قدرتی گیس کی عدم دستیابی کی وجہ سے اپنے پلانٹ کا آپریشن RLNG پر منتقل کیا تب سے آف ٹیکر کی طرف سے ڈپنچ طلب میں مسلسل کمی دیکھی گئی ہے۔ نئے پاور پلانٹ نے اپنی بہتر کارکردگی کی وجہ سے کمپنی کو آف ٹیکر کے معاشی و بیچ میرٹ آرڈر میں نیچے دھکیل دیا ہے۔ چونکہ آپ کی کمپنی CPPA-G کے ساتھ PPA کے تحت ٹیک ایئرڈ ہے، اس لیے آپ ٹیکر کو کم ترسیل کے نتیجے میں کم صلاحیت کی آمدنی ہوتی ہے۔ نتیجتاً، کمپنی کو پلانٹ کے آپریشنز سے نقد رقم حاصل کرنے کے لیے چیلنج کا سامنا ہے۔ تاہم، CPPA-G سے واجب الادا وصولیوں کی وصولی سے اپنے آپریشنل اخراجات کا انتظام کر رہی ہے۔ ہمیں خدشہ ہے کہ آپ کے پلانٹ کو مستقبل قریب میں NPCC سے پائیدار ترسیل نہیں ملے گی کیونکہ قومی گریڈ سسٹم میں مزید پاور پلانٹ شامل کیے جا رہے ہیں۔ تاہم، کمپنی ذیلی کمپنی، RPPL میں اپنی سرمایہ کاری سے حاصل ہونے والی آمدنی کی وجہ سے ایک قابل عمل ادارہ بنی رہے گی۔

معیار، ماحول، صحت اور حفاظت (QEHs)

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

کارپوریٹ گورننس

بورڈ آف ڈائریکٹرز کی ترتیب

چیف ایگزیکٹو کوڈز ایکٹ کے تصور کے تحت جیسے ہی سمیت بورڈ آف گھ (8) ارکان پر مشتمل جس کی ترجیب درج ذیل کے مطابق ہیں:

مرد 7

خاتون 1

بورڈ کی ترتیب حسب ذیل کے مطابق ہے:

نمبر شمار	کلیگری	نام
1	نان ایگزیکٹو ائریکٹر	تیورداؤد
2	نان ایگزیکٹو ائریکٹر	فاروق نذیر
3	نان ایگزیکٹو ائریکٹر	فیصل داؤد
4	نان ایگزیکٹو ائریکٹر	شاہد محمد چوہدری
5	نان ایگزیکٹو ائریکٹر	صالح عرفانی
6	غیر جانبدار ائریکٹر	محترمہ نوشین احمد
7	غیر جانبدار ائریکٹر	سید رضوان علی شاہ
8	چیف ایگزیکٹو	عمر شہزاد شیخ

بورڈ کی کمیشیاں

بورڈ کی ہموار کارروائیوں میں مدد اور درست فیصلہ سازی میں مدد کے لیے، بورڈ نے دو کمیشیاں قائم کی ہیں جن کی صدارت غیر جانبدار پانان ایگزیکٹو ائریکٹر کرتے ہیں۔ یہ کمیشیاں درج ذیل ہیں۔

بورڈ کی آؤٹ کمیٹی

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

سید رضوان علی شاہ	(غیر جانبدار ائریکٹر) چیئر مین
فاروق نذیر	(نان ایگزیکٹو ائریکٹر)
شاہد محمد چوہدری	(نان ایگزیکٹو ائریکٹر)

ہیومن ریسورس اینڈ ریمزیشن کمیٹی

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

فاروق نذیر	(نان ایگزیکٹو ائریکٹر) چیئر مین
شاہد محمد چوہدری	(نان ایگزیکٹو ائریکٹر) رکن
سید رضوان علی شاہ	(غیر جانبدار ائریکٹر) رکن

اندرونی آؤٹ اور کنٹرول

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

ڈائریکٹرز کا مشاہرہ

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

متعلقہ پارٹی لین دین

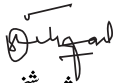
متعلقہ فریقوں کے ساتھ تمام لین دین قابل رسائی بنیاد پر کاروبار کے عام معمول میں کیے جاتے ہیں۔ مزید، ایکٹ اور ضوابط کے تقاضوں کے مطابق، بورڈ آف ڈائریکٹرز نے متعلقہ فریق کے لین دین کے لیے پالیسی منظور کی ہے۔ ضابطہ کے تقاضوں کے مطابق، تمام متعلقہ فریقوں کے ساتھ کیے گئے لین دین کی تفصیلات وقت فوقتاً بورڈ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

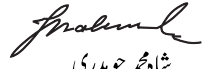
کارپوریٹ سماجی ذمہ داری

کمپنیا ہی مفاد کے لئے کمیونٹی اور ماحولیات کی طرف ذمہ داری کا مظاہرہ کرنے کے لئے پُر عزم ہے۔ کمپنی اپنی کاروباری سرگرمیوں میں ایک اچھا شہری ہونے اور اپنے عملد اور معاشرہ کی سماجی بہبود میں اپنی ذمہ داریوں کو پورا کرنے کی اہمیت کو تسلیم کرتی ہے۔ شہرکاری کے ذریعے مقامی کمیونٹی کے ماحول کو محفوظ بنانے کو خاص اہمیت دی گئی ہے۔ جبکہ مقامی کمیونٹی ہمارے پلانٹ پر ارد گرد کی کمیونٹیز سے زیادہ سے زیادہ عملد کو روزگار دینے کی ہماری حکمت عملی سے مستفید ہوتی ہے۔

اتھارٹشکر

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

بحکم یورڈ

 عمر شہزاد شیخ
 چیف ایگزیکٹو


 شاہ محمد چوہدری
 ڈائریکٹر

21 اکتوبر 2022ء

مقام: لاہور

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

		Un-audited September 30, 2022 (Rupees in thousand)	Audited June 30, 2022 (Rupees in thousand)
EQUITY AND LIABILITIES	<i>Note</i>		
SHARE CAPITAL AND RESERVES			
Authorized share capital 400,000,000 (June 30, 2022: 400,000,000) ordinary shares of Rs. 10 each		4,000,000	4,000,000
Issued, subscribed and paid up share capital of Rs. 10 each		3,633,800	3,633,800
Capital reserve: Share premium		41,660	41,660
Revenue reserve: Un-appropriated profits		299,983	334,455
		3,975,443	4,009,915
NON-CURRENT LIABILITIES			
Employee benefit obligations		8,193	7,434
CURRENT LIABILITIES			
Trade and other payables		190,920	184,060
Short term borrowing from banking company - secured	6	-	-
Unclaimed dividend		5,414	5,414
Provision for taxation		9,321	9,312
		205,655	198,786
CONTINGENCIES AND COMMITMENTS	7		
		4,189,291	4,216,135

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


Chief Executive


Chief Financial Officer


Director

		Un-audited September 30, 2022 (Rupees in thousand)	Audited June 30, 2022
ASSETS	Note		
NON-CURRENT ASSETS			
Property, plant and equipment	8	376,145	390,039
Intangible assets	9	817	571
Long term investment	10	3,204,510	3,204,510
Long term security deposits		175	175
		3,581,647	3,595,295
CURRENT ASSETS			
Stores and spares		38,454	37,929
Trade debts - secured		145,189	180,189
Loans, advances, prepayments and other receivables		227,299	226,907
Short term investment	11	170,870	153,951
Bank balances		25,832	21,864
		607,644	620,840
		4,189,291	4,216,135


Chief Executive


Chief Financial Officer


Director

ALTERN ENERGY LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

		September 30, 2022	September 30, 2021
	<i>Note</i>	(Rupees in thousand)	
Revenue	12	-	1,113
Direct costs	13	(27,931)	(25,410)
Gross Loss		(27,931)	(24,297)
Administrative expenses	14	(10,560)	(7,375)
Other income		5,839	619
Finance cost		(937)	(948)
Loss before taxation		(33,589)	(32,001)
Taxation		(883)	-
Loss after taxation		(34,472)	(32,001)
Loss per share - basic and diluted - Rupees		(0.09)	(0.09)

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


Chief Executive


Chief Financial Officer


Director

ALTERN ENERGY LIMITED
 CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
 FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

	September 30, 2022	September 30, 2021
	(Rupees in thousand)	
Loss for the period	(34,472)	(32,001)
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 for the period	(34,472)	(32,001)

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



Chief Executive



Chief Financial Officer



Director

ALTERN ENERGY LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

	Capital reserve		Revenue reserve	
	Share capital	Share premium	Un-appropriated profit	Total
	(Rupees in thousand)			
Balance as on July 01, 2021 (Audited)	3,633,800	41,660	441,020	4,116,480
Loss for the period	-	-	(32,002)	(32,002)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	-	-	(32,002)	(32,002)
Total contributions by and distributions to owners of the Company recognized directly in equity:	-	-	-	-
Balance as on September 30, 2021 (Un-audited)	3,633,800	41,660	409,018	4,084,478
Balance as on July 01, 2022	3,633,800	41,660	334,455	4,009,915
Loss for the period	-	-	(34,472)	(34,472)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	-	-	(34,472)	(34,472)
Total contributions by and distributions to owners of the Company recognized directly in equity:	-	-	-	-
Balance as on September 30, 2022 (Un-audited)	3,633,800	41,660	299,983	3,975,443

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


Chief Executive


Chief Financial Officer


Director

ALTERN ENERGY LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

		September 30, 2022 (Rupees in thousand)	September 30, 2021
	<i>Notes</i>		
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	15	17,179	40,177
Finance costs paid		(936)	(948)
Income tax paid		(875)	(90)
		(1,811)	(1,038)
Net cash inflow from operating activities		15,368	39,139
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment acquired		(16,918)	(50,526)
Payment for intangible asset		(321)	(50)
Proceeds from disposal of fixed assets		8	-
Profit on bank deposits received		5,831	619
Net cash outflow from investing activities		(11,400)	(49,957)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash flow from financing activities		-	-
Net increase / (decrease) in cash and cash equivalents		3,968	(10,818)
Cash and cash equivalents at beginning of the period		21,864	70,249
Cash and cash equivalents at the end of the period	16	25,832	59,431

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


Chief Executive


Chief Financial Officer


Director

ALTERN ENERGY LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

1. LEGAL STATUS & NATURE OF BUSINESS

- 1.1** Altern Energy Limited (the 'Company') was incorporated in Pakistan as a public company limited by shares under the Companies Ordinance, 1984 (now the Companies Act, 2017 and hereinafter referred to as the 'Act') on January 17, 1995. It is a subsidiary of DEL Power (Private) Limited (the Holding Company'). The Ultimate Parent of the Company is DEL Processing (Private) Limited. The Company's ordinary shares are listed on the Pakistan Stock Exchange Limited. The registered office of the Company is situated at Descon Headquarters, 18 km, Ferozepur Road, Lahore and the Company's thermal power plant is located near Fateh Jang, District Attock, Punjab.
- 1.2** The principal activity of the Company is to build, own, operate and maintain a gas fired power plant having gross capacity of 32 Mega Watts (June 30, 2022: 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 generation as detailed in note 9 to these unconsolidated condensed interim financial statements.
- 1.3** The Company's Gas Supply Agreement ('GSA') with Sui Northern Gas Pipelines Limited ('SNGPL') expired on June 30, 2013. Thereafter, the Company signed a Supplemental Deed dated March 17, 2014 with SNGPL, whereby SNGPL agreed to supply gas to the Company on as-and-when available basis till the expiry of PPA on June 5, 2031. The Ministry of Petroleum and Natural Resources (now Ministry of Energy, Petroleum Division), empowered for Re-liquefied Natural Gas ('RLNG') allocation by the Economic Coordination Committee ('ECC') of the Federal Cabinet, issued an allocation of 6 MMSCFD of RLNG to the Company on April 28, 2017 and advised the Company and SNGPL to negotiate a new GSA. While the long term GSA is yet to be negotiated, in July 2019, the ECC of the Cabinet approved the summary of interim tri-partite GSA. Currently, the Company, SNGPL and CPPA-G are in the process of executing an interim GSA for supply of RLNG. Under the interim GSA, RLNG is being supplied on as-and-when available basis till the execution of a long term GSA between the parties.
- 1.4** During the prior year, on August 25, 2020, the Company had requested the Government of Pakistan's Committee for negotiation with Independent Private Power Producers (the 'Committee') to recommend the termination of its PPA and Implementation Agreement ('IA') on the terms to be mutually agreed between the Company and the Committee. On December 23, 2020, the Company requested the Private Power and Infrastructure Board ('PPIB') and CPPA-G to grant their consents for retirement of the PPA and IA by mutual agreement. However, the Company has now requested the relevant authorities not to proceed with the above requests, and the management is no longer pursuing the retirement of the PPA and IA.

The Company will continue to make its power plant available as per the requirements of the PPA until the expiry of PPA as stated above, however, the Company's generation license has expired on September 21, 2021 and it has applied for its renewal/extension from the National Electric Power Regulatory Authority ('NEPRA'), in line with the term of its PPA and IA. As of the reporting date, the renewal of the license is in progress and the management is in the process of exchanging legal and technical information with NEPRA in connection with the renewal application. Recent correspondence with NEPRA shows a strong likelihood that the renewal of the generation license will be granted. Other factors which support the management's stance that the renewal of the generation license will be granted by NEPRA include:

- CPPA-G and PPIB, with whom the Company has valid PPA and IA respectively, have endorsed the renewal of the generation license till the term of the PPA.

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

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

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

Furthermore, although the power generation operations are in losses for many years, the Company's viability is unaffected as the main source of income is the dividend income that it earns on its long term investment in subsidiary stated in note 10.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

- i) International Accounting Standard ('IAS') 34, Interim Financial Reporting, issued by the International Accounting Standards Board
- ii) Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Act differ from the IFRS, the provisions of and directives issued under the Act have been followed.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

Certain standards, amendments and interpretations to International Financial Reporting Standards ('IFRS') are effective for accounting periods beginning on July 01, 2022 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim financial statements.

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

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after July 01, 2022 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these unconsolidated condensed interim financial statements.

4. ACCOUNTING ESTIMATES

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

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

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 programmed focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

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

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

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

5.2 Fair value estimation

a) Fair value hierarchy

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

- The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. These instruments are included in level 1.

- The fair value of financial instruments that are not traded in an active market (e.g. over-the counter derivatives) is determined using valuation techniques that maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

- If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

The following table presents the Company's financial assets measured and recognised at fair value at September 30, 2022 :

	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Assets				
<i>Recurring fair value measurements</i>				
At fair value through profit or loss				
Short term investments	170,870	-	-	170,870
Liabilities	-	-	-	-

There were no transfers between Levels 1 and 2 & Levels 2 and 3 during the period and there were no changes in valuation techniques during the period. The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. Changes in level 2 and 3 fair values are analysed at the end of each reporting period during the annual valuation discussion between the Chief Financial Officer and the investment advisor.

The fair values of investments in units of mutual funds are determined based on their net asset values as published at the close of each business day.

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.

6. SHORT TERM BORROWING FROM BANKING COMPANY - SECURED

The running finance facility under mark-up arrangement amounts to Rs 100 million (June 30, 2022: Rs 100 million). The amount utilised at September 30, 2022, of the said facility was Nil (June 30, 2022: Nil). The facility carried mark-up at three months Karachi Inter Bank Offered Rate ('KIBOR') plus 100 basis points per annum, payable quarterly, on the balance outstanding. The facility is secured against first hypothecation charge of Rs 1,340 million over present and future current assets of the Company and cross corporate guarantee issued by Descon Engineering Limited, a related party.

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, 2022.

		September 30, 2022 Un-Audited	June 30, 2022 Audited
	Note	(Rupees in thousand)	
8	PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets	8.1	373,453	387,347
Major spare parts and stand-by equipment		2,692	2,692
		<u>376,145</u>	<u>390,039</u>
8.1 Operating fixed assets			
Opening net book value		387,347	442,847
Additions during the period / year		-	185
Disposals during the period/year - at book value		-	-
Depreciation charged during the period / year		(13,894)	(55,685)
		<u>(13,894)</u>	<u>(55,685)</u>
Closing net book value		<u>373,453</u>	<u>387,347</u>
9	This include upgradation of ERP system that has been implemented by Descon Corporation (Private) Limited, a related party, under a Service Level Agreement with the Company.		
10	LONG TERM INVESTMENT		
	Subsidiary - Unquoted:		
	Power Management Company (Private) Limited ('PMCL'):		
	320,451,000 (June 30, 2022: 320,451,000)		
	fully paid ordinary shares of Rs 10 each [Equity held 100%		
	(June 30, 2022: 100%)] - Cost	10.1	
		<u>3,204,510</u>	<u>3,204,510</u>
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. The investment in PMCL is accounted for using cost method in the unconsolidated condensed interim financial statements of the Company. PMCL, in turn, directly holds 59.98% (June 30, 2022: 59.98%) shares in Rousch (Pakistan) Power Limited ('RPPL'). RPPL is an unlisted public company limited by shares incorporated in Pakistan to generate and supply electricity to CPPA-G from its combined cycle thermal power plant having a gross (ISO) capacity of 450 Mega Watts, located near Sidhnai Barrage, Abdul Hakim town, District Khanewal, Punjab.		
11	SHORT TERM INVESTMENT		
	This represents investment in units of NBP mutual funds and are measured and classified as fair value through profit or loss.		

12 REVENUE

	September 30, 2022	September 30, 2021
	Un-Audited	
	(Rupees in thousand)	
Energy purchase price - gross	-	-
Sales tax	-	-
Energy purchase price - net	-	-
Capacity purchase price	-	-
Delayed payment mark-up	-	1,113
	-	1,113

13 DIRECT COSTS

RLNG cost	106	105
Depreciation on operating fixed assets	13,700	13,720
Stores and spares consumed	261	452
Repairs and maintenance	679	276
Purchase of energy from CPPA-G	1,400	1,063
Lube oil consumed	194	-
Operation and maintenance cost	8,131	7,260
Security expenses	2,155	1,390
Salaries, benefits and other allowances	307	253
Insurance cost	680	723
Travelling & conveyance	93	63
Generation License fee	202	65
Miscellaneous expenses	23	40
	27,931	25,410

14 ADMINISTRATIVE EXPENSES

Salaries, benefits and other allowances	3,934	3,030
Directors' meeting fee	250	125
ERP related cost	252	178
Traveling and conveyance	609	199
Utilities	305	155
Postage and telephone	231	163
Printing, stationery and advertisement	946	460
Auditors' remuneration	55	50
Legal and professional expenses	2,087	1,744
Fee and subscription	1,245	725
Entertainment	32	11
Amortization on intangible assets	73	58
Depreciation on operating fixed assets	192	232
Repairs and maintenance	124	-
Rent, rates and taxes	215	240
Miscellaneous expenses	10	5
	10,560	7,375

Note

September 30, 2022 September 30, 2021
Un-Audited
(Rupees in thousand)

15 CASH GENERATED FROM OPERATIONS

Loss before taxation	(33,589)	(32,001)
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Adjustment for non cash charges and other items:

-Depreciation on operating fixed assets	13,893	13,952
-Amortization of intangible assets	73	58
-Provision for employee retirement benefits	759	543
-Profit on short term investment	(5,786)	(619)
-Profit on bank deposits	(45)	-
-Gain on disposal of operating fixed assets	(8)	-
-Finance cost	937	948

	9,823	14,882
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Loss before working capital changes	(23,766)	(17,119)
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Effect on cashflow due to working capital changes:

Decrease / (Increase) in current assets

Stores and spares	(525)	(2)
Loans, advances, prepayments, and other receivables	(393)	(2,726)
Trade debts - secured	35,000	58,887

	34,082	56,159
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Increase/(Decrease) in current liabilities

Trade & other payables	6,863	1,137
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Cash generated from operations

	17,179	40,177
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16 CASH AND CASH EQUIVALENTS

Cash and bank balances	25,832	59,431
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Short term borrowing from banking company - secured ⁶	-	-
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	25,832	59,431
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17 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties include 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:

		September 30, 2022	September 30, 2021
		Un-Audited	
		(Rupees in thousand)	
Relationship with the Company	Nature of transaction		
i) Subsidiary companies			
Rousch (Pakistan) Power Limited	Common cost charged to the Company	202	91
ii) Entities on the basis of common directorship			
Descon Engineering Limited	Common cost charged to the Company	981	752
Descon Power Solutions (Private) Limited	Operation & maintenance contractor's fee	8,131	7,260
	Common cost charged to the Company	153	94
Descon Corporation (Private) Limited			
	ERP running cost	252	178
	Common cost charged to the Company	215	282
iii) Key management personnel			
	Short term employee benefits	1,543	1,407
	Post employment benefits	604	420
	Director's meeting fee	250	125

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 end balances are as follows:	September 30, 2022	September 30, 2021
	Un-Audited	Audited
(Rupees in thousand)		
Payable to related parties		
<i>Subsidiaries:</i>		
Rousch (Pakistan) Power Limited	156	567
<i>Other related parties:</i>		
Descon Engineering Limited	702	897
Descon Corporation (Private) Limited	92	108
Inspectest (Private) Limited	88	886
Descon Power Solutions (Private) Limited	6,616	3,323
	<u>7,654</u>	<u>5,781</u>

Receivable from related parties

Key management personnel	333	500
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18 CORRESPONDING FIGURES

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

Corresponding figures have been re-arranged wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison. However, no significant re-arrangements have been made.

18 Date of authorisation for issue

These unconsolidated condensed interim financial statements were authorized for issue on October 21, 2022 by the Board of Directors of the Company.

20 Rounding of amounts

All amounts disclosed in the unconsolidated condensed interim financial statements and notes have been rounded off to the nearest thousand Rupees unless otherwise stated.



Chief Executive

Chief Financial Officer

Director


**CONDENSED INTERIM
CONSOLIDATED
FINANCIAL STATEMENTS**

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

		September 30, 2022 Un-audited (Rupees in thousand)	June 30, 2022 Audited
EQUITY AND LIABILITIES	Note		
SHARE CAPITAL AND RESERVES			
Authorized share capital 400,000,000 (June 30, 2022: 400,000,000) ordinary shares of Rs 10 each		4,000,000	4,000,000
Issued, subscribed and paid up share capital 363,380,000 (June 30, 2022: 363,380,000) ordinary shares of Rs 10 each		3,633,800	3,633,800
Capital reserve: Share premium		41,660	41,660
Revenue reserve: Un-appropriated profits		11,014,738	10,074,768
Attributable to owners of the Parent Company		14,690,198	13,750,228
Non-controlling interests		10,164,295	9,463,773
Total equity		24,854,493	23,214,001
NON-CURRENT LIABILITIES			
Employees benefit obligations		18,341	17,411
Deferred taxation		1,143,023	1,063,813
		1,161,364	1,081,224
CURRENT LIABILITIES			
Trade and other payables		901,100	2,399,203
Short term borrowings from banking companies- secured		1,697,230	2,819,700
Accrued markup on short term borrowings from banking companies- secured		112,598	111,618
Unclaimed dividends		5,414	5,414
Provision for taxation		296,077	151,527
		3,012,419	5,487,462
CONTINGENCIES AND COMMITMENTS	6		
		29,028,276	29,782,687

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


Chief Executive


Chief Financial Officer


Director

AS AT SEPTEMBER 30, 2022

		September 30, 2022 Un-audited (Rupees in thousand)	June 30, 2022 Audited
ASSETS	Note		
NON-CURRENT ASSETS			
Property, plant and equipment	7	12,602,401	12,979,201
Intangible assets		12,294	9,504
Long term deposits		506	506
Long term loan to employees		1,647	1,816
		<u>12,616,848</u>	<u>12,991,027</u>
CURRENT ASSETS			
Store, spares & loose tools		686,816	676,680
Inventory of fuel oil		453,091	454,284
Trade debts - secured	8	12,845,757	13,182,525
Loans, advances, prepayments and other receivables		2,077,301	1,582,976
Short term investments	9	286,125	265,586
Bank balances		62,338	629,609
		<u>16,411,428</u>	<u>16,791,660</u>
		<u>29,028,276</u>	<u>29,782,687</u>


Chief Executive


Chief Financial Officer


Director

ALTERN ENERGY LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

		September 30, 2022	September 30, 2021
	Note	(Rupees in thousand)	
Revenue	10	3,705,693	5,926,653
Direct costs	11	(1,822,916)	(4,439,620)
Gross profit		<u>1,882,777</u>	<u>1,487,033</u>
Administrative expenses		(51,606)	(33,733)
Other expenses		(2,816)	(13,389)
Other income		18,982	10,545
Finance cost		(125,070)	(13,561)
Profit before taxation		<u>1,722,267</u>	<u>1,436,895</u>
Taxation		(81,775)	(68,179)
Profit for the period		<u>1,640,492</u>	<u>1,368,716</u>
Attributable to:			
Equity holders of the Parent Company		939,970	782,578
Non-controlling interest		700,522	586,138
		<u>1,640,492</u>	<u>1,368,716</u>
Earnings per share attributable to equity holders of the Parent Company during the period - basic and diluted	Rupees	<u>2.59</u>	<u>2.15</u>

The annexed notes 1 to 17 form an integral part of these 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 THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

	September 30, 2022	September 30, 2021
	(Rupees in thousand)	
Profit for the period	1,640,492	1,368,716
Other comprehensive income:		
<i>Items that may be reclassified subsequently to profit or loss</i>	-	-
<i>Items that will not be reclassified subsequently to profit or loss</i>	-	-
	-	-
Total comprehensive income for the period	1,640,492	1,368,716
Attributable to:		
Equity holders of the Parent Company	939,970	782,578
Non-controlling interest	700,522	586,138
	1,640,492	1,368,716

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


Chief Executive


Chief Financial Officer


Director

ALTERN ENERGY LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

	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, 2021 (Audited)	3,633,800	41,660	15,446,166	13,057,299	32,178,925
Profit for the period	-	-	782,578	586,138	1,368,716
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	782,578	586,138	1,368,716
Balance as on September 30, 2021 (Unaudited)	<u>3,633,800</u>	<u>41,660</u>	<u>16,228,744</u>	<u>13,643,437</u>	<u>33,547,641</u>
Balance as on July 01, 2022 (Audited)	3,633,800	41,660	10,074,768	9,463,773	23,214,001
Profit for the period	-	-	939,970	700,522	1,640,492
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	939,970	700,522	1,640,492
Transactions with owners in their capacity as owners:	-	-	-	-	-
Balance as on September 30, 2022 (Unaudited)	<u>3,633,800</u>	<u>41,660</u>	<u>11,014,738</u>	<u>10,164,295</u>	<u>24,854,493</u>

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


Chief Executive


Chief Financial Officer


Director

ALTERN ENERGY LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

		September 30, 2022	September 30, 2021
	Note	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated / (used) in operations	12	698,039	(105,581)
Long term deposits - net		169	-
Finance cost paid		(126,906)	(82,460)
Income tax paid		(2,960)	(2,240)
Interest income received		3,618	7,888
Long term loans to employees - net		-	(228)
Retirement benefits paid		(1,347)	(1,739)
		(127,426)	(78,779)
Net cash inflow/ (outflow) from operating activities		570,613	(184,360)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment and intangible assets		(4,950)	(1,985)
Investments acquired during the period		(20,537)	(52,177)
Profit on bank deposits received		10,065	2,525
Proceeds from disposal of operating fixed assets		8	-
Net cash outflow from investing activities		(15,414)	(51,637)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash flow from financing activities		-	-
Net decrease in cash and cash equivalents		555,199	(235,997)
Cash and cash equivalents at the beginning of the period		(2,190,091)	1,369,158
Cash and cash equivalents at the end of the period	13	(1,634,892)	1,133,161

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


Chief Executive


Chief Financial Officer


Director

ALTERN ENERGY LIMITED AND ITS SUBSIDIARIES
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS (UN-AUDITED)
FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2022

1. THE GROUP AND ITS OPERATIONS

The Group is structured as follows:

	<i>Note</i>	(Effective holding percentage)
		Un-audited Audited
		September 30, June 30,
		2022 2022
Parent company:		
- Altern Energy Limited, the Parent Company (hereinafter referred to as AEL)		
Subsidiary companies:		
- PMCL	100.00%	100.00%
- RPPL	59.98%	59.98%

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

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

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

1.2 AEL - the Parent Company

AEL was incorporated in Pakistan as a 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. It is a subsidiary of DEL Power (Private) Limited ('the Holding Company'). The Ultimate Parent of AEL is DEL Processing (Private) Limited. AEL's ordinary shares are listed on the Pakistan Stock Exchange Limited.

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

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

1.2.3 On August 25, 2020, AEL had requested the Government of Pakistan's Committee for negotiation with Independent Private Power Producers (the 'Committee') to terminate its PPA and Implementation Agreement ('IA') on the terms to be mutually agreed between AEL and the Committee. Furthermore, on December 23, 2020, AEL had also requested the Private Power and Infrastructure Board (PPIB)

and CPPA-G to grant their consents for retirement of the PPA and IA by mutual agreement. However, AEL has now requested the relevant authorities not to proceed with the above requests, and the management is no longer pursuing the retirement of the PPA and IA.

1.2.4 AEL will continue to make its power plant available as per the requirements of the PPA until the expiry of PPA as stated above, however, AEL's generation license expired on September 21, 2021 and it has applied for its renewal/extension from the National Electric Power Regulatory Authority ('NEPRA'), in line with the term of its PPA and IA. As of the reporting date, the renewal of the license is in progress and the management is in the process of exchanging legal and technical information with NEPRA in connection with the renewal application. Recent correspondence with NEPRA shows a strong likelihood that the renewal of the generation license will be granted. Other factors which support the management's stance that the renewal of the generation license will be granted by NEPRA include:

- CPPA-G and PPIB, with whom AEL has valid PPA and IA respectively, have endorsed the renewal of the generation license till the term of the PPA.

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

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

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

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

1.3 PMCL

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

1.4 RPPL

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

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

The Ministry of Petroleum and Natural Resources (now Ministry of Energy, Petroleum Division), empowered to allocate RLNG by the ECC of the Federal Cabinet, issued an allocation of 85 MMSCFD of RLNG to RPPL on firm basis on September 23, 2015 and advised RPPL and SNGPL to negotiate a long term GSA on firm basis. While negotiations for the long-term GSA are in process, the ECC of Federal Cabinet approved interim GSA for supply of RLNG to RPPL up to June 30, 2018 or

signing of a long-term GSA, whichever is earlier. The interim GSA was executed with CPPA-G and SNGPL which was effective from June 1, 2017. Under the interim GSA, RLNG was supplied on 'as-available' basis, however, the non-supply of RLNG was treated as Other Force Majeure Event ('OFME') under the PPA. The interim GSA expired in June 2018. On July 31, 2019, the ECC of the Federal Cabinet approved the extension of the interim GSA of RPPL with SNGPL and CPPA-G.

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

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

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

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

Pursuant to the LNG Supply Agreement and Payment Procedure and the PPA Settlement Agreement, the term of PPA will now end in February 2031 and the remaining life of the Complex is approximately 8.39 years.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies adopted for the preparation of this consolidated condensed interim 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, 2022, except for the adoption of new and amended standards as set out below.

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

Certain standards, amendments and interpretations to International Financial Reporting Standards ('IFRS') are effective for accounting periods beginning on July 01, 2022 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.

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

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Group accounting periods beginning on or after July 01, 2022 but are considered not to be relevant or to have any significant effect on the Group operations and are, therefore, not detailed in these consolidated condensed interim 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 consolidated 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 annual financial statements of the Group for the year ended June 30, 2022.

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.

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

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

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

5.2 Fair value estimation

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

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

6. CONTINGENCIES & COMMITMENTS

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

6.1 Contingencies

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

6.2 Commitments - Nil

		Un-audited September 30, 2022 (Rupees in thousand)	Audited June 30, 2022
	<i>Note</i>		
7 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets		12,599,709	12,976,509
Major spare parts and stand-by equipment		2,692	2,692
		<u>12,602,401</u>	<u>12,979,201</u>
8 TRADE DEBTS - SECURED			
Considered good	8.1	12,845,757	13,182,525
Considered doubtful		193,255	193,255
		<u>13,039,012</u>	<u>13,375,780</u>
Provision of doubtful debts		<u>(193,255)</u>	<u>(193,255)</u>
		<u>12,845,757</u>	<u>13,182,525</u>

8.1 Included in trade debts is an aggregate amount of Rs. 2,248.97 million (June 30, 2022: Rs 1019.471 million) relating to capacity revenue not acknowledged by CPPA-G.

Of this, the amount of Rs 247.695 million (June 30, 2022: Rs 247.695 million) has not been acknowledged by CPPA-G on the pretext that no gas was available during the period from December 19, 2019 to January 01, 2020 and hence, this period should be treated as an OFME by the Group. The management is of the view that CPPA-G's contention is not justified as the plant could not be operated during this period due to technical start-up limits under the PPA being exceeded and as such this has no relevance with gas availability.

While the remaining amount of Rs. 2,001.28 million (June 30, 2022: Rs 771.776 million) that is included in the revenue recognized during the current year is disputed by CPPA-G for 87 days (June 30, 2022: 34 days) in the months from July 2022 to September 2022 on a similar pretext that gas was not available and hence, this period should also be treated as an OFME by the Group. However, the management is of the view that CPPA-G's claim is not justified since there are meritorious grounds to contest this dispute as the plant was technically available during these times but gas was not provided by SNGPL due to intervention by the National Power Control Centre ('NPCC') which is not even a party to the interim GSA that is contrary to the terms of Agreement.

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

9. SHORT TERM INVESTMENT

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

	Un-audited	
	September 30, 2022	September 30, 2021
	(Rupees in thousand)	
10 REVENUE		
Energy purchase price - gross	1,325,127	4,367,778
Sales tax	(192,540)	(634,634)
Energy purchase price - net	1,132,587	3,733,144
Capacity purchase price	2,123,330	1,802,670
Delayed payment markup	449,776	390,839
	3,705,693	5,926,653
11 DIRECT COSTS		
RLNG consumed	1,091,329	3,713,980
Operation and maintenance costs	194,745	224,860
Depreciation on operating fixed assets	376,221	388,206
Stores spares and loose tools consumed	17,907	14,855
Repairs & maintenance	833	72
Insurance cost	33,015	30,228
Purchase of energy from CPPA-G	82,738	43,370
Salaries, benefits and other allowances	5,949	8,531
Traveling & conveyance	252	63
Generation license fee and electricity duty	11,639	8,142
Colony maintenance	2,992	3,385
Communication	1,721	1,349
Vehicle maintenance	431	251
Security expenses	2,155	1,390
Liquidated damages	102	-
Miscellaneous expenses	887	938
	1,822,916	4,439,620

		Un-audited	
		September 30, 2022	September 30, 2021
		(Rupees in thousand)	
12	CASH GENERATED FROM / (USED IN) OPERATIONS		
	Profit before taxation	1,722,267	1,436,895
	Adjustment for non cash charges and other items:		
	-Depreciation on operating fixed assets	378,880	389,837
	-Profit on short term investments	(10,020)	-
	-Gain on disposal of operating fixed assets	(8)	-
	-Provision for retirement benefit	2,277	2,038
	-Amortization on intangible assets	73	58
	-Finance cost	127,886	26,950
	-Profit on bank deposits	(3,662)	(10,417)
	Profit before working capital changes	2,217,693	1,845,361
	Effect on cash flow due to working capital changes:		
	Increase in current assets		
	-Stores, spares and loose tools	(8,943)	(7,123)
	-Trade debts	336,768	(1,385,566)
	-Advances, prepayments and other receivables	(348,814)	(111,562)
		(20,989)	(1,504,251)
	Decrease in current liabilities		
	-Trade and other payables	(1,498,665)	(446,691)
		(1,519,654)	(1,950,942)
		698,039	(105,581)
13	CASH AND CASH EQUIVALENTS		
	Bank balances	62,338	1,133,161
	Short term borrowings from banking companies - secured	(1,697,230)	-
		(1,634,892)	1,133,161

13 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

		Un-audited September 30, September 30, 2022 2021 (Rupees in thousand)	
Relationship with the Group	Nature of transactions		
i) Group companies			
Siemens Pakistan Engineering Company Limited	Purchase of long term maintenance services	4,429	14,969
	Purchase of spare parts	-	209
ii) Other related parties			
On the basis of common directorship			
Descon Engineering Limited:	Common costs charged to the Group	4,444	5,072
Descon Power Solutions (Private) Limited:	Operations & maintenance contractor's fee	165,524	128,406
	Common costs charged to the Group	806	1,414
Descon Corporation (Private) Limited:	ERP implementation fee & running costs	13,174	7,757
	Common costs charged to the Group	215	282
iii. Key Management Personnel			
	Short-term employment benefits	19,823	11,627
	Post employment benefits	3,385	2,700
	Director's meeting fee	250	125

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

	September 30, 2022	June 30, 2021
	Un-audited	Audited
Period end balances are as follows:	(Rupees in thousand)	
Payable to related parties		
Descon Engineering Limited (Associated company)	10,180	6,971
Descon Corporation (Private) Limited (Associated company)	3,830	3,584
Descon Power Solutions (Private) Limited (Associated company)	61,861	52,093
Siemens Pakistan Engineering Company Limited (Group company)	40,866	32,399
Inspectest (Private) Limited (Associated company)	88	886
	116,825	95,933

15. DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorized for issue on October 21, 2022 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 consolidated condensed interim statement of financial position has been compared with the balances of annual audited consolidated financial statements of preceding financial year, whereas, the consolidated condensed interim statement of profit or loss, consolidated condensed interim statement of comprehensive income, consolidated condensed interim statement of changes in equity and consolidated condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

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

	Un-audited	
	September 30, 2022	September 30, 2021
	(Rupees in thousand)	
Exchange loss/ (gain) classified from 'Finance cost' to 'Other expenses'	2,816	13,389
	<u>2,816</u>	<u>13,389</u>

17. GENERAL

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


Chief Executive


Chief Financial Officer


Director

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