AEL

CONDENSED INTERIM FINANCIAL STATEMENTS

(UN-AUDITED)
FOR THE THREE-MONTH AND SIX-MONTH PERIOD ENDED DECEMBER 31, 2020

ALTERN ENERGY LIMITED

BOARD OF DIRECTORS

Mr. Taimur Dawood	Chairman
Mr. Faisal Dawood	Director
Mr. Farooq Nazir	Director
Ms. Mehreen Dawood	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	
Ms. Mehreen Dawood	
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

The Board of Directors of the Company presents the review report on financial and operational performance and (un-audited) interim financial statements of the Company for the six months' period ended December 31, 2020.

GENERAL

The principal activities of the Company continue to be ownership, operation, and maintenance of a 32 Mega Watts gas-fired thermal power plant located near Fateh Jang, district Attock, Punjab, and sale of electricity. The electricity produced is sold to its sole customer Central Power Purchasing Agency (Guarantee) Limited ('CPPA-G') through the transmission network of National Transmission and Dispatch Company Limited ('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 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. 181 million (Rs. 87 million in corresponding period of 2019), resulting in a gross loss of Rs. 1 million as compared to gross loss of Rs. 13 million in corresponding period of 2019. The Company incurred net loss of Rs. 21 million resulting in loss per share of Rs. 0.06, as compared to net profit of Rs. 972 million and earnings per share of Rs. 2.68 in corresponding period of 2019. Net profit of the Corresponding period of 2019 includes dividend income amounting to Rs. 1,005 million from subsidiary, PMCL.

The Company, like other independent power producers, continues to face liquidity challenges due to the issue of circular debt being faced by the off-taker, CPPA-G. Due to delayed payments from CPPAG, the Company has been managing its cashflows by utilizing working capital facilities where required. As a result, the total receivables as of December 31, 2020 stand at Rs. 429 million as compared to Rs. 468 million as on June 30, 2020. The Company's management continues to persistently follow up payments with the power purchaser and Ministry of Energy (Power division).

Your Company's consolidated earnings attributable to the equity holders of Altern Energy Limited for the year under review were Rs. 771 million resulting in EPS of Rs. 2.12 per share, as compared to consolidated earnings of Rs. 1,372 million and EPS of Rs. 3.78 in the corresponding period last year.

OPERATIONS

We report that during the period under review, the plant on demand, dispatched 11.6 GWh (9% plant factor) as compared to 2.7 GWh (3% plant factor) dispatched during the corresponding period of the preceding financial year. The demand from the off-taker, National Power Control Centre ('NPCC') was marginally better than the corresponding year. However, the demand from NPCC continues to remain low due to influx 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.

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.

QUALITY, ENVIRONMENT, HEALTH & SAFETY

The Company maintained high levels of Environment, Health and Safety Standards. There was no Lost Time Incident (LTI) and any environmental excursion reported during the period under review.

FUTURE OUTLOOK

Pakistan's power generation scenario has witnessed a remarkable shift in the last couple of years due to influx of significant generation capacity in the national grid system. However, your Company has witnessed a serious decline in dispatch demand from the off-taker during the same period. The fundamental reason for low dispatch demand from the Company's Plant is that most of the added capacity ranks above its position in Economic Dispatch Merit Order of CPPA-G due to better efficiency. As our Company is under a take-and-pay arrangement under the PPA with CPPA-G, less dispatch to the off-taker means less capacity revenue. This has led your Company to serious liquidity crunch wherein the plant is finding very difficult to meets its fixed operational costs. This situation is likely to deteriorate further in future as the plant may not get sustainable dispatch from NPCC in the medium and long term as more power generation capacity is expected to be added in the national system. However, the Company will continue to remain a viable entity due to income from its investment in subsidiary, RPPL.

In view of these challenging circumstances, your Board has been exploring various options, including both contractual and commercial, to bring the Company out of this situation. The management is engaged with both the off-taker and Private Power & Infrastructure Board ('PPIB') to work out possible solutions to get AEL plant out of this precarious situation where it is striving hard to meet its contractual obligations.

On August 25, 2020, the Company requested the Committee for Negotiations with Independent Power Producers formed by the Government of Pakistan (the "Committee"), as set up by the Government of Pakistan, to terminate the PPA on the terms, to be mutually agreed between the Company and the Committee. As a result of no official response from the Committee, the Company on December 23, 2020 has requested the off-taker CPPA-G and PPIB to terminate the PPA and Implementation Agreement ('IA') on the terms, to be mutually agreed between the parties. However, we continue to engage with these entities to pursue them for a favourable response on Till the date of authorization of these financial statements, no response has been received from CPPA-G and/or PPIB. Hence no financial impact of this event has been recorded in these condensed interim financial statements.

SUBSIDIARY'S REVIEW

During the period under review, the turnover of subsidiary, RPPL, was Rs. 4,734 million (corresponding period in 2019: Rs. 6,854 million) and the cost of sales was Rs. 1,532 million (2019: Rs. 4,160 million). Net profit for the period was Rs. 1,318 million (2019: Rs. 2,524 million) delivering earnings per share ('EPS') of Rs. 1.53 per share of Rs. 10 each (2019: Rs. 2.93). Profit for the period includes financial impact of settlement with off-taker as explained in ensuing paragraphs. Had the settlement with the off-taker not been incurred, the profit for the period under review would have been Rs. 2,978 million, with EPS of Rs. 3.45 per share.

Payment default from RPPL's sole customer, CPPA-G continues. At the end of the reporting period, out of the total receivable of Rs. 16,029 million, Rs. 14,003 million were overdue as compared to overdue receivables of Rs 11,631 million at the end of June 2020. RPPL has executed a Master Agreement and Power Purchase Agreement with the CPPA-G as given in more detail in ensuing paragraphs. It is expected that the outstanding receivables will come down significantly after these payments.

During the period under review, RPPL did not face any other Force Majeure Event ('OFME'), however due to low dispatch demand from the off-taker, only 18.50 GWh of electricity was delivered to CPPA-G as compared to 209.35 GWh delivered during the corresponding period of last year. Resultantly, the plant dispatch factor during the period dropped to 1% as compared to 12% during the corresponding period last year.

During the period under review, RPPL successfully conducted Annual Dependable Capacity Test of the plant. The company achieved 398.79 MW as compared to contractual requirement of 395 MW.

On July 21, 2020, RPPL, CPPA-G and Sui Northern Gas Pipelines Limited ('SNGPL') have signed the interim Gas Supply Agreement (GSA). The terms of this agreement will be effective upto the date of signing of a long-term Gas Supply and Purchase Agreement ('GSPA').

On August 18, 2020, RPPL and the Committee for Negotiation with Independent Power Producers formed by the Government of Pakistan (the "Committee"), as set up by the Government of Pakistan, executed a Memorandum of Understanding ("MOU"). Subsequently on February 11, 2021, RPPL and CPPA-G have signed a Master Agreement and a Power Purchase Agreement ("PPA") Amendment Agreement (collectively referred to as the "Agreements"). Pursuant to the terms of these Agreements, RPPL and CPPA-G have agreed to the following matters, inter alia; (1) Mechanism of settlement of outstanding receivables, (2) Discount in Tarif Components (3) Resolution of dispute of Liquidated Damages as per Settlement Agreement agreed in 2017, (4) Option for the company to participate in GoP's scheme to create competitive trading market.

ACKNOWLEDGEMENT

The Board remains grateful to its shareholders, Government functionaries, SNGPL, CPPA-G and financial institutions for their continued support. 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

Shah Muhammad Chaudhry
Director

February 26, 2021 - Lahore.

ڈائریکٹرز کی جائزہ رپورٹ

کمپنی کے بورڈ آف ڈائریکٹرز 31 دسمبر 2021 کو ختم ہونے والی ششماہی کی مالی اور آپریشنل کارکردگی اور (غیر نظر ثانی شدہ) عبوری مالی حسابات پر اپنی جائزہ رپورٹ بخوشی پیش کرتے ہیں۔

عمومی

کمپنی کی اہم ترین سرگرمیوں میں 32 میگاواٹ کے گیس تھرمل پاور پلانٹ واقع نزد فتح جنگ ضلع اٹک پنجاب کی ملکیت، آپریشن، دیکھ بھال اور اپنے واحد صارف سنٹرل پاور پرچیزنگ ایجنسی (گارنٹی) لمیٹڈ ('CPPA-G') کو نیشنل ٹرانسمیشن اینڈ ڈسپیچ کمپنی ('NTDC') کے ٹرانسمیشن نیٹ ورک کے ذریعے بجلی کی فروخت شامل ہے۔

کمپنی کے حصص پاکستان سٹاک ایکسچینج میں درج ہیں۔ کمپنی پاور مینجمنٹ کمپنی (پرائیویٹ) لمیٹڈ (خصوصی مقصد کی گاڑی) کے 100 فیصد حصص کی مالک ہے، جو بدلے میں Rousch (پاکستان) پاور لمیٹڈ (آر پی پی ایل) کے 59.98 فیصد حصص رکھتی ہے۔ آر پی پی ایل ایک غیر مندرج پبلک کمپنی اور گیس فائرڈ کمبائنڈ سائیکل تھرمل پاور پلانٹ کے ذریعے 450 میگاواٹ کی مجموعی صلاحیت رکھنے والی خودمختار پاور پروڈیوسر ہے جو کہ سدھنائی بیراج، عبدالحکیم، ضلع خانیوال، پنجاب کے قریب واقع ہے۔

فنانس

زیرِ جائزہ مدت کے دوران کمپنی کا ٹرن اوور 181 ملین روپے (2019 کی اسی مدت میں 87 ملین روپے) جس کے نتیجے میں 2019 کی اسی مدت میں مجموعی نقصان 13 ملین روپے کے برعکس 1 ملین روپے کا مجموعی خسارہ ہوا۔ کمپنی کو 2019 کی اسی مدت میں خالص منافع 972 ملین روپے اور فی شیئر آمدنی (EPS) 2.68 روپے کے مقابلے موجودہ مدت میں خالص خسارہ 21 ملین روپے اور فی شیئر خسارہ (EPS) 0.06 روپے ہوا ہے۔ 2019 کی اسی مدت کے خالص منافع میں ذیلی کمپنی PMCL سے 1,005 ملین روپے ڈیویڈینڈ آمدنی کی رقم شامل ہے۔

کمپنی کو، دیگر آزاد پاور پروڈیوسرز کی طرح، واحد خریدار CPPA-G کو درپیش گردشی قرضہ کے سامنا کی وجہ سے لیکویڈیٹی مشکلات درپیش ہیں۔ CPPA-G کی طرف سے ادائیگیوں میں تاخیر کے باعث، کمپنی جہاں ضرورت پڑی ورکنگ کیپٹل سہولیات کو استعمال کرتے ہوئے نقدی بہاؤ کو منظم کرنے کے قابل رہی ہے۔ اس کے نتیجے میں، 30 جون 2020 کو کل قابل وصولیاں 468 ملین روپے کے مقابلے 31 دسمبر 2020 کو 429 ملین روپے رہی ہیں۔ کمپنی کی انتظامیہ مستقل طور پر بجلی کے خریدار اور وزارت توانائی (پاور ڈویژن) کے ساتھ واجب الادا ادائیگیوں کی بروقت ریلیز کے لئے بات چیت کر رہی ہے۔

آپ کی کمپنی کی کنسولیڈیٹڈ آمدنی الٹرن انرجی لمیٹڈ کے ایکوئٹی ہولڈرز سے منسوب ہے جو کہ زیر جائزہ سال کے لئے 771 ملین روپے جس کے نتیجے میں فی شیئر آمدنی (EPS) 2.12 روپے فی شیئر جبکہ گزشتہ سال کی اسی مدت میں 1,372 ملین روپے اور فی شیئر آمدنی (EPS) 3.78 روپے فی شیئر تھی۔

آپریشنز

ہم بیان کرتے ہیں کہ زیرِ جائزہ مدت کے دوران، پلانٹ نے گزشتہ مالی سال کی اسی مدت کے دوران 2.7 GWh (3% پلانٹ فیکٹر) ترسیل کے مقابلے 11.6 GWh (9% پلانٹ فیکٹر) ترسیل کی۔ واحد خریدار نیشنل پاور کنٹرول سنٹر (NPCC) سے طلب نسبتاً گزشتہ سال سے بہتر تھی۔ تاہم، بجلی کے خریدار NPCC سے طلب میں کمی کا سبب قومی گرڈ سسٹم میں پیداواری صلاحیت کا نمایاں اضافہ ہے۔ نئے پاور جنریشن پلانٹس نئے اور زیادہ سستے ہونے کی حیثیت سے 'CPPA-G' کے اقتصادی ڈسپیچ میرٹ آرڈر کے لحاظ سے آپ کے پلانٹ سے اوپر درجہ کے ہیں۔

زیر جائزہ مدت کے دوران، تمام دیگر مقررہ اور حفاظتی مینٹی نینس سرگرمیاں اصل ایکوپمنٹ مینوفیکچرز ('OEM's') سفارشات کے مطابق سرانجام دی گئیں۔ ہم بخوشی بیان کرتے ہیں کہ تمام انجن اور ان کے معاون آلات ہموار اور قابل بھروسہ آپریشنز کے لئے مستحکم میکینیکل حالت میں ہیں۔

معیار، ماحول، صحت اور حفاظت

کمپنی نے صحت، ماحولیات اور حفاظتی معیارات کی تمام سطحیں برقرار رکھی ہیں۔ زیرِ جائزہ مدت کے دوران وقت کے ضیاع کا کوئی واقعہ (ایل ٹی آئی) رونما نہیں ہوا اور کسی ماحولیاتی تبدیلی کی کوئی اطلاع نہیں کی گئی ہے۔

مستقبل کا نقطہ نظر

پچھلے کچھ سالوں سے قومی گرڈ سسٹم میں نمایاں پیداواری صلاحیت میں اضافے کے باعث، پاکستان کے پاور جنریشن منظر نامہ میں نمایاں تبدیلی دیکھی گئی ہے۔ تاہم، آپ کی کمپنی کو اسی مدت کے دوران خریدار سے ترسیل کی طلب میں شدید کمی کا سامنا کرنا پڑا ہے کمپنی کے پلانٹ سے کم ترسیل طلب کی بنیادی وجہ یہ ہے کہ نئے پلانٹ بہتر کارکردگی کی بدولت CCPA-G کی اکنامک ترسیل میرٹ آرڈر میں آلٹرن کے پلانٹ سے اوپر کا درجہ رکھتے ہیں۔ کم ترسیل کے نتیجے میں آمدنی کم ہوئی کیونکہ آپ کی کمپنی نے CCPA-G کے ساتھ ٹیک اینڈ پے کا معاہدہ کیا ہوا ہے۔ نتیجتاً، کمپنی کو اپنے فکسڈ کاروباری اخراجات کو پورا کرنے کے لئے بہت مشکلات پیش آرہی ہیں۔ اس صورتحال نے اس حقیقت کو مزید واضح کر دیا ہے کہ ممکن ہے کہ کمپنی کو درمیانی اور طویل مدت میں NPPC سے موزوں ترسیل کا آرڈر نہ مل سکے کیونکہ قومی نظام میں مزید بجلی کے اضافے کی توقع ہے۔ تاہم، کمپنی اپنی ذیلی کمپنی RPPL میں اپنی سرمایہ کاری سے آمدنی کی بدولت قابل عمل وجود کو برقرار رکھے گی۔

ان مشکل حالات کے پیش نظر، آپ کے بورڈ نے انتظامیہ کو مشورہ دیا ہے کہ کمپنی کو اس صورت حال سے نکالنے کے لئے وہ دونوں کنٹریکچوئل اور تجارتی سمیت مختلف اختیارات تلاش کریں۔ انتظامیہ نے آف ٹیکر اور PPIB دونوں سے کمپنی کو اس مشکل صورتحال سے نکالنے کے لئے مشترکہ طور پر اقدامات کرنے کی درخواست کی ہے جبکہ وہ اپنی معاہدے کی ذمہ داریوں کو پورا کرنے کے لئے بھرپور کوشش کر رہی ہے۔

25اگست 2020 کو، کمپنی نے حکومت پاکستان کی تشکیل کردہ آزاد بجلی پروڈیوسرز (" کمیٹی") کے ساتھ مذاکرات کے لئے کمیٹی سے PPA کو، کمپنی اور کمیٹی کے مابین باہمی اتفاق رائے سے شرائط پر ختم کرنے کی درخواست کی ہے۔ کمیٹی کی طرف سے کوئی جواب موصول نہ ہونے کے نتیجے میں، کمپنی نے 23دسمبر 2020 کو خریدار CPPA-G اور پرائیویٹ پاور اینڈ انفراسٹرکچر بورڈ (PPIB) سے پارٹیوں کے مابین باہمی اتفاق رائے سے طے شرائط پر PPA اور امپلی مینٹیشن ایگریمنٹ (IA) ختم کرنے کی درخواست کی ہے۔ تاہم، ہم ان مالی حسابات کی اجازت کی تاریخ تک مناسب جواب حاصل کرنے کے لئے ان اداروں کے ساتھ انگیج رہے CPPA-G اور /یا PPIB سے کوئی جواب موصول نہیں ہوا ہے۔ لہذا ان اشتمال شدہ عبوری مالی حسابات میں اس واقعہ کا کوئی مالی اثر درج نہیں کیا گیا ہے۔

ماتحت ادارے کا جائزہ

زیرِ جائزہ مدت کے دوران، کمپنی کے ذیلی ادارہ RPPL نے ٹرن اوور 4,734 ملین روپے (2019 کی اسی مدت میں 6,854 ملین روپے) اور فروخت کی لاگت 1,532 ملین روپے (2019 کی اسی مدت میں 4,160 ملین روپے) درج کی۔ موجودہ مدت کا خالص منافع 1,318 ملین روپے (2019 کی اسی مدت میں 2,524 ملین روپے) ہر ایک -/10 روپے کی فی حصص آمدنی (EPS) 1.53 روپے (2019 کی اسی مدت میں 2.93 روپے) تھی۔ مدت کے منافع میں خریدار کے ساتھ سیٹلمنٹ کے مالی اثرات شامل ہیں جن کی درج ذیل پیراگراف میں وضاحت کی گئی ہے۔ خریدار کے ساتھ تصفیہ نہ ہوتا تو، زیرِ جائزہ مدت کا منافع 2978 ملین روپے، 3.45 روپے فی شیئر EPS ہونا تھا۔

RPPL کے واحد صارف CPPA-G سے عدم ادائیگی جاری رہی ہے۔ رپورٹنگ مدت کے اختتام پر CPPA-G سے کل قابل وصولی رقوم 16,029 ملین روپے، جس میں سے 14,003 ملین روپے زائد المیعاد، جبکہ جون 2020 کے اختتام پر قابل وصولی 11,631 ملین روپے زائد المیعاد تھے۔ RPPL نے CPPA-G کے ساتھ ماسٹر ایگریمنٹ اور پاور پرچیز ایگریمنٹ جس کی مزید تفصیل بالا پیراگراف میں دی گئی ہے۔ اُمید ہے کہ بقایا قابل وصولیاں ان ادائیگیوں کے بعد نمایاں طور پر کم ہو جائیں گی۔

زیرِ جائزہ مدت کے دوران، کمپنی نے کسی دیگر فورس میجور ایونٹ (OFME) کا مشاہدہ نہیں کیا گیا، تاہم خریدار سے ترسیل طلب کم ہونے کی وجہ سے، زیرِ جائزہ مدت کے دوران CPPA-G کو صرف 18.50 GWh بجلی ترسیل کی گئی جبکہ گزشتہ سال کی اسی مدت کے دوران 209.35 GWh بجلی ترسیل کی گئی تھی۔ نتیجتاً، پلانٹ کی ترسیل کا عنصر 1 فیصد (گزشتہ سال کی اسی مدت میں 12 فیصد) تھا۔

زیرِ جائزہ مدت کے دوران، RPPL نے کامیابی سے پلانٹ کے سالانہ ڈیپینڈ ایبل کپیسٹی کا انعقاد کیا۔ کمپنی نے MW 395 کی کنٹریکچوئل ریکوائرمنٹ کے مقابلے MW 398.79 حاصل کی۔ 21 جولائی 2020 کو، RPPL، CPPA-G اور (SNGPL) نے عبوری گیس فراہمی کے معاہدے (GSA) پر دستخط کیے۔ اس معاہدے کی شرائط طویل مدتی گیس کی فراہمی اور خریداری کے معاہدے (GSA') پر دستخط کرنے کی تاریخ تک مؤثر ہوں گی۔

18 اگست 2020 کو، RPPL اور حکومت پاکستان کی طرف سے تشکیل دی گئی آزاد پاور پروڈیوسر کے ساتھ مذاکراتی کمیٹی نے مفاہمت کی یادداشت ('MOU') پر دستخط کیے۔ اس کے بعد 11 فروری 2021 کو RPPL اور CPPA-G نے ماسٹر ایگریمنٹ اور پاور پرچیز ایگریمنٹ (PPA) ترمیمی معاہدہ (مجموعی طور پر ایک "معاہدہ") پر دستخط کئے۔ ان معاہدوں کی شرائط کے مطابق، RPPL اور CPPA-G نے درج ذیل معاملات، انٹر عالیہ پر اتفاق کیا: (1) بقایا قابل وصولیوں کے تصفیہ کا میکانزم، (2) ٹیرف کمپونٹس میں رعایت (3) 2017 میں متفقہ تصفیہ معاہدہ کے مطابق لیویڈیٹڈ نقصانات کے جھگڑا کا حل، (4) کمپنی کا مسابقتی تجارتی مارکیٹ تخلیق کرنے کے لئے حکومت پاکستان کی اسکیم میں شرکت اختیار کرنا۔

اظہار تشکر

بورڈ آف ڈائریکٹرز اپنے قابل قدر حصص یافتگان، حکومتی اداروں، SNGPL، CPPA-G اور بینکوں کا انکے تعاون مسلسل حمایت اور سرپرستی کیلئے شکر گزار ہیں۔
بورڈ کمپنی کی اعلیٰ کارکردگی کا ایک اہم حصہ ہونے پر اپنے ایگزیکٹوز، سٹاف اور ورکرز کی تعریف کرتا ہے۔

بحکم بورڈ

عمر شہزاد شیخ
چیف ایگزیکٹو

شاہ محمد چوہدری
ڈائریکٹر

لاہور
26فروری2021ء

pwc

A·F·FERGUSON&Co.

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF ALTERN ENERGY LIMITED

REPORT ON REVIEW OF UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Altern Energy Limited as at December 31, 2020 and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim statement of cash flows, and notes to the unconsolidated financial statements for the six-month period then ended (here-in-after referred to as the "unconsolidated interim financial statements"). Management is responsible for the preparation and presentation of this unconsolidated interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these unconsolidated financial statements based on our review. The figures of the unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement of comprehensive income for the three-month period ended December 31, 2019 and 2020 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended December 31, 2020.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of unconsolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

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

A. F. Ferguson & Co.
Chartered Accountants

Lahore
Date: February 26, 2021

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

	Note	December 31, 2020 Un-audited	June 30, 2020 Audited
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
400,000,000 (June 30, 2020: 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, 2020: 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		503,841	525,335
		4,179,301	4,200,795
NON-CURRENT LIABILITIES			
Deferred liabilities		5,881	5,353
CURRENT LIABILITIES			
Trade and other payables		41,795	50,214
Provision for taxation		-	409
Short term borrowing - secured		19,125	55,053
Unclaimed dividend		2,656	3,988
Accrued markup on short term borrowing- secured		826	2,021
		64,402	111,685
CONTINGENCIES AND COMMITMENTS	6		
		4,249,584	4,317,833

The annexed notes 1 to 15 form an integral part of these unconsolidated condensed interim financial statements.

Chief Executive	Chief Financial Officer	Director

AS AT DECEMBER 31, 2020

	Note	December 31, 2020 Un-audited	June 30, 2020 Audited
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	474,353	505,198
Intangible assets		-	3
Long term investment	8	3,204,510	3,204,510
Long term deposit		38	38
Long term loans to employees - unsecured		833	1,174
		3,679,734	3,710,923
CURRENT ASSETS			
Stores and spares		37,223	38,797
Trade debts - secured		428,731	467,637
Loans, advances, prepayments and other receivables		94,068	90,151
Income tax recoverable		830	-
Bank balances		8,998	10,325
		569,850	606,910
		4,249,584	4,317,833

Chief Executive　　Chief Financial Officer　　Director

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

		Three-month period ended		Six-month period ended	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	Note	(Rupees in thousand)			
Revenue	9	3,004	16,052	181,190	86,570
Direct costs	10	(27,535)	(25,272)	(182,619)	(99,338)
Gross loss		(24,531)	(9,220)	(1,429)	(12,768)
Administrative expenses		(9,550)	(8,001)	(17,040)	(14,754)
Other income		352	1,007,729	352	1,009,374
Finance cost		(2,030)	(4,157)	(4,617)	(8,021)
(Loss)/profit before taxation		(35,759)	986,351	(22,734)	973,831
Taxation		1,240	(911)	1,240	(1,391)
(Loss)/profit for the period		(34,519)	985,440	(21,494)	972,440
(Loss)/earnings per share - basic and diluted	**(Rupees)**	(0.09)	2.71	(0.06)	2.68

The annexed notes 1 to 15 form an integral part of these unconsolidated condensed interim financial statements.

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

ALTERN ENERGY LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THREE-MONTH AND SIX-MONTH PERIOD ENDED DECEMBER 31, 2020

	Three-month period ended		Six-month period ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	(Rupees in thousand)			
(Loss) / profit for the period	(34,519)	985,440	(21,494)	972,440
Other comprehensive income:				
Items that will not be reclassified subsequently to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-
	-	-	-	-
Total comprehensive (loss)/income for the period	(34,519)	985,440	(21,494)	972,440

The annexed notes 1 to 15 form an integral part of these unconsolidated condensed interim financial statements.

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

ALTERN ENERGY LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THREE-MONTH AND SIX-MONTH PERIOD ENDED DECEMBER 31, 2020

	Share capital	Capital reserve: Share premium	Revenue reserve: Un-appropriated profit	Total
	(Rupees in thousand)			
Balance as on July 1, 2019 (audited)	3,633,800	41,660	888,811	4,564,271
Profit for the period	-	-	972,439	972,439
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	972,439	972,439
Transactions with owners in their capacity as owners recognised directly in equity				
Final cash dividend for the year ended June 30, 2019 @ Rs 3 per ordinary share	-	-	(1,090,140)	(1,090,140)
Balance as on December 31, 2019 (un-audited)	3,633,800	41,660	771,110	4,446,570
Balance as on July 1, 2020 (audited)	3,633,800	41,660	525,335	4,200,795
Loss for the period	-	-	(21,494)	(21,494)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	-	-	(21,494)	(21,494)
Transactions with owners in their capacity as owners recognised directly in equity	-	-	-	-
Balance as on December 31, 2020 (un-audited)	**3,633,800**	**41,660**	**503,841**	**4,179,301**

The annexed notes 1 to 15 form an integral part of these unconsolidated condensed interim financial statements.

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

ALTERN ENERGY LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2020

	Note	December 31, 2020	December 31, 2019
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	11	40,759	181,510
Finance cost paid		(5,814)	(2,473)
Income tax paid		-	(589)
Retirement and other benefits paid		-	(196)
Net cash inflow from operating activities		34,945	178,252
Cash flows from investing activities			
Fixed capital expenditure - net		(449)	-
Proceeds from disposal of operating fixed assets		99	-
Dividend received		-	1,004,576
Profit on bank deposits received		6	4,798
Net cash (outflow)/inflow from investing activities		(344)	1,009,374
Cash flows from financing activities			
Dividends paid		-	(1,275,763)
Net cash outflow from financing activities		-	(1,275,763)
Net increase/(decrease) in cash and cash equivalents		34,601	(88,137)
Cash and cash equivalents at the beginning of the period		(44,728)	169,627
Cash and cash equivalents at the end of the period	12	(10,127)	81,490

The annexed notes 1 to 15 form an integral part of these unconsolidated condensed interim financial statements.

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

1. LEGAL STATUS AND NATURE OF BUSINESS

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

1.2 The principal activity of the Company is to build, own, operate and maintain a gas fired power plant having gross capacity of 32 Mega Watts. The Company achieved Commercial Operations Date ('COD') on June 6, 2001. The Company has a Power Purchase Agreement ('PPA') with its sole customer, Central Power Purchasing Agency (Guarantee) Limited ('CPPA-G') for thirty years which commenced from the COD. The Company also holds direct and indirect investments in other companies engaged in power sector as detailed in note 8 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, 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 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 current period on August 25, 2020, the Company has 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 the Company and the Committee. Furthermore, on December 23, 2020, the Company has 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, no response has yet been received from the Committee or PPIB/CPPA-G. The management is of the view that the impact of the above on the prospective unconsolidated financial statements of the Company cannot be estimated reliably as no response has been received from any of the above parties.

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 for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

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

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

These unconsolidated condensed interim financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended June 30, 2020. Selected explanatory notes are included to explain events and transactions that are significant to and understanding of the changes in the Company's financial position and performance since the last annual financial statements.

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and the methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of preceding annual published financial statements of the Company for the year ended June 30, 2020, except for the adoption of new and amended standards as set out below.

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

Certain standards, amendments and interpretations to International Financial Reporting Standards (IFRS) are effective for accounting period beginning on July 1, 2020, but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these unconsolidated condensed interim financial statements.

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

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after July 01, 2021 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 financial statements for the year ended June 30, 2020.

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, interest rate risk, and other price risk), credit risk and liquidity risk.

These unconsolidated condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at June 30, 2020.

There have been no changes in the risk management department or in any risk management policies since the year ended June 30, 2020.

5.2 Fair value estimation

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

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

6. 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, 2020, except for the following:

i) Refer to notes 13.1(v) and (vi) to the unconsolidated financial statements for the year ended June 30, 2020, on October 26, 2020, the tax authorities have filed a reference before the Honourable Lahore High Court against the decision of the Appellate Tribunal Inland Revenue for tax years 2015 and 2016 and it is pending adjudication.

ii) Refer to note 13.1(vii) to the unconsolidated financial statements for the year ended June 30, 2020, such bank guarantee has been extended till March 14, 2021 and is renewable.

			December 31, 2020 Un-audited	June 30, 2020 Audited
			(Rupees in thousand)	
7.	**PROPERTY, PLANT AND EQUIPMENT**			
	Operating fixed assets	-note 7.1	471,660	502,506
	Major spare parts and stand-by equipment		2,692	2,692
			474,352	505,198
7.1	**Operating fixed assets**			
	Opening net book value		502,506	563,044
	Additions during the period/year	- note 7.1.1	449	146
	Disposals during the period/year - at book value		(134)	-
	Adjustments during the period/ year		(901)	-
	Depreciation charged for the period/year		(30,260)	(60,684)
			(31,295)	(60,684)
	Closing net book value		471,660	502,506
7.1.1	**Additions during the period/year**			
	Office equipment		244	146
	Electric equipment		205	-
			449	146

8. The Company directly holds 100% shares in its wholly owned subsidiary, Power Management Company (Private) Limited (PMCL) which in turn, directly holds 58.18% shares in Rousch (Pakistan) Power Limited ('RPPL'). For the sustainability of the power sector in Pakistan, subsequent to the reporting period, the RPPL's Board of Directors on February 11, 2021 has approved a "Master Agreement" and a "PPA Amendment Agreement" with CPPA-G to alter certain contractual arrangements for sale and purchase of electricity wherein amongst others, certain reductions in tariff components have been agreed which shall result in decrease in the future profits of RPPL. Consequently, management has carried out an impairment testing of the Company's investment in PMCL under International Accounting Standard (IAS) 36 "Impairment of Assets" and determined that it is unimpaired.

	Three-month period ended		Six-month period ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	Un-audited		Un-audited	
	(Rupees in thousand)		(Rupees in thousand)	
9. REVENUE				
Energy purchase price	319	3,101	164,842	61,658
Sales tax	(46)	(451)	(23,951)	(8,959)
	273	2,650	140,891	52,699
Capacity purchase price	-	-	32,894	6,764
Delayed payment mark-up	2,731	13,402	7,405	27,107
	3,004	16,052	181,190	86,570
10. DIRECT COSTS				
RLNG consumed	(823)	76	127,190	47,171
Salaries, wages and other benefits	191	164	393	356
Operation and maintenance expenses	6,600	6,600	13,200	13,200
Stores and spares consumed	3,991	-	5,916	287
Purchase of energy from CPPA-G	437	1,199	1,183	3,898
Insurance	485	582	971	1,165
Lube oil consumed	32	-	466	179
Travelling and conveyance	58	37	126	99
Depreciation on operating fixed assets	14,895	14,894	29,789	29,789
Security	1,566	1,621	3,170	3,045
Generation license fee	50	46	99	86
Miscellaneous	52	53	116	63
	27,534	25,272	182,619	99,338

	Six-month period ended	
	December 31, 2020	December 31, 2019
	Un-audited	
	(Rupees in thousand)	

11. CASH GENERATED FROM OPERATIONS

(Loss)/profit before taxation	(22,734)	973,831
Adjustment for non cash charges and other items:		
- Depreciation on operating fixed assets	30,260	30,353
- Amortization on intangible assets	-	62
- Profit on bank deposits	(6)	(4,798)
- Liabilities no longer payable written back	(346)	-
- Dividend income from PMCL	-	(1,004,576)
- Finance cost	4,617	8,021
- Provision for doubtful debts	-	823
- Provision for staff gratuity and compensated absences	528	59
	35,053	(970,056)
Profit before working capital changes	12,319	3,775
Effect on cash flow due to working capital changes :		
Decrease/(increase) in stores and spares	1,574	(304)
(Increase)/decrease in advances, prepayments and other receivables	(3,576)	72,241
Decrease in trade debts	38,906	120,398
Decrease in trade and other payables	(8,464)	(14,600)
	28,440	177,735
Cash generated from operations	40,759	181,510

	December 31, 2020	December 31, 2020
	Un-audited	
	(Rupees in thousand)	

12. CASH AND CASH EQUIVALENTS

Cash and bank balances	8,998	161,490
Short term borrowings - secured	(19,125)	-
Due to PMCL (wholly owned subsidiary) - unsecured	-	(80,000)
	(10,127)	81,490

13. 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:

Relationship with the Company	Nature of transaction	Six-month period ended December 31, 2020 Un-audited	Six-month period ended December 31, 2019 Un-audited
		(Rupees in thousand)	
i) Holding company			
DEL Power (Private) Limited	Dividend paid	-	586,627
ii) Subsidiaries			
PMCL	Dividend received	-	1,004,576
	Markup accrued on short term loan	-	5,603
RPPL	Common costs charged to the Company	273	150
iii) Entities on the basis of common directorship			
Descon Engineering Limited	Common costs charged to the Company	1,361	1,566
Descon Power Solutions (Private) Limited	Operation and maintenance contractor's fee	13,200	13,200
	Common cost charged to the Company	120	150
Descon Corporation (Private) Limited	ERP implementation fee and running costs	126	1,384
	Building rent	396	341
Group company			
Descon Holdings (Private) Limited	Dividend paid	-	83
iv) Key management personnel	Short term employee benefits	2,773	2,570
	Director's meeting fee	375	250

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

	December 31, 2020 Un-audited	June 30, 2020 Audited
	(Rupees in thousand)	
Period / year end balances		
Payable to related parties		
RPPL (Subsidiary)	312	-
Entities on the basis of common directorship		
Descon Engineering Limited	680	2,587
Descon Corporation (Private) Limited	192	55
Inspectest (Private) Limited	88	88
Descon Power Solutions (Private) Limited	2,791	4,842
	4,063	7,572
Receivable from related parties		
Key management personnel	1,500	1,833

14. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue on February February 26, 2021 by the Board of Directors of the Company.

15. CORRESPONDING FIGURES

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

Chief Executive	Chief Financial Officer	Director

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

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

EQUITY AND LIABILITIES	Note	December 31, 2020 Un-audited (Rupees in thousand)	June 30, 2020 Audited (Rupees in thousand)
SHARE CAPITAL AND RESERVES			
Authorized share capital			
400,000,000 (June 30, 2020: 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, 2020: 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		15,408,563	14,637,976
		19,084,023	18,313,436
Non-controlling interests		12,011,929	11,484,480
		31,095,952	29,797,916
NON-CURRENT LIABILITIES			
Long term financing - secured	6	-	-
Deferred liabilities		22,317	21,912
		22,317	21,912
CURRENT LIABILITIES			
Current portion of long term financing - secured	6	-	-
Trade and other payables		937,428	936,356
Short term borrowings - secured		2,594,905	2,344,701
Accrued markup on short term borrowing - secured		50,325	81,874
Unclaimed dividend		2,656	3,988
		3,585,314	3,366,919
CONTINGENCIES AND COMMITMENTS	7		
		34,703,583	33,186,747

The annexed notes 1 to 19 form an integral part of these condensed interim consolidated financial statements.

Chief Executive	Chief Financial Officer	Director

As at December 31, 2020

ASSETS	Note	December 31, 2020 Un-audited	June 30, 2020 Audited
		(Rupees in thousand)	
NON-CURRENT ASSETS			
Property, plant and equipment	8	15,272,646	16,074,703
Intangible assets		1,058	292
Long term deposits		754	739
Long term loan to employees - unsecured		833	1,174
		15,275,291	16,076,908
CURRENT ASSETS			
Store, spares & loose tools		702,722	696,207
Inventory of fuel oil		459,391	460,772
Trade debts - secured, considered good	9	16,457,564	14,027,093
Loans, advances, prepayments and other receivables		1,565,693	1,360,430
Income tax recoverable		153,028	148,751
Bank balances		89,894	416,586
		19,428,292	17,109,839
		34,703,583	33,186,747

Chief Executive | Chief Financial Officer | Director

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

		Three-month period ended		Six-month period ended	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	Note	(Rupees in thousand)			
Revenue	10	2,317,583	2,701,537	4,915,366	6,940,523
Direct costs	11	(720,857)	(1,241,383)	(1,714,525)	(4,258,182)
Gross profit		1,596,726	1,460,154	3,200,841	2,682,341
Administrative expenses		(77,624)	(51,180)	(131,253)	(95,078)
Other income		14,442	20,495	17,423	130,834
Finance cost		(65,147)	(62,184)	(129,865)	(203,891)
Settlement of dispute with Off-taker	15	(1,659,822)	-	(1,659,822)	-
(Loss)/ Profit before taxation		(191,425)	1,367,285	1,297,324	2,514,206
Taxation		1,347	30,473	712	(131,903)
(Loss)/ Profit for the period		(190,078)	1,397,758	1,298,036	2,382,303
Attributable to:					
Equity holders of the Parent Company		(127,641)	846,195	770,587	1,372,242
Non-controlling interest		(62,437)	551,563	527,449	1,010,061
		(190,078)	1,397,758	1,298,036	2,382,303
(Loss)/Earnings per share attributable to equity holders of the Parent Company during the period basic and diluted	**Rupees**	(0.35)	2.33	2.12	3.78

The annexed notes 1 to 19 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 THE THREE-MONTH AND SIX-MONTH PERIOD ENDED DECEMBER 31, 2020

	Three-month period ended		Six-month period ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	(Rupees in thousand)			
(Loss)/Profit for the period	(190,078)	1,397,758	1,298,036	2,382,303
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 (Loss)/income for the period	(190,078)	1,397,758	1,298,036	2,382,303
Attributable to:				
Equity holders of the Parent Company	(127,641)	846,195	770,587	1,372,242
Non-controlling interest	(62,437)	551,563	527,449	1,010,061
	(190,078)	1,397,758	1,298,036	2,382,303

The annexed notes 1 to 19 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 CHANGES IN EQUITY (UN-AUDITED)
FOR THE THREE-MONTH AND SIX-MONTH PERIOD ENDED DECEMBER 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, 2019 (Audited)	3,633,800	41,660	13,306,785	11,026,973	28,009,218
Profit for the period	-	-	1,372,242	1,010,061	2,382,303
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	1,372,242	1,010,061	2,382,303
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)
Interim dividend @2.4 per ordinary share by Rousch	-	-	-	(724,503)	(724,503)
				-	
Balance as on December 31, 2019 (Un-audited)	3,633,800	41,660	13,588,887	11,312,531	28,576,878
Balance as on July 01, 2020 (Audited)	3,633,800	41,660	14,637,976	11,484,480	29,797,916
Profit for the period	-	-	770,587	527,449	1,298,036
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	770,587	527,449	1,298,036
Transactions with owners in their capacity as owners:	-	-	-	-	-
Balance as on December 31, 2020 (Un-audited)	3,633,800	41,660	15,408,563	12,011,929	31,095,952

The annexed notes 1 to 19 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 CASH FLOWS (UN-AUDITED)
FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2020

	Note	December 31, 2020	December 31, 2019
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in)/generated from operations	12	(399,076)	3,702,544
Long term deposits - net		(15)	550
Finance cost paid		(161,416)	(303,479)
Income tax paid		(7,026)	(94,135)
Interest income received		1,820	53,724
Retirement benefits paid		(3,601)	(3,754)
		(170,238)	(347,094)
Net cash (outflow) / inflow from operating activities		(569,314)	3,355,450
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure - net		(12,074)	(3,778)
Profit on bank deposits received		4,393	4,797
Proceeds from disposal of operating fixed assets		99	-
Net cash (outflow) / inflow from investing activities		(7,582)	1,019
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing - secured		-	(2,011,220)
Dividends paid		-	(2,000,265)
Net cash outflow from financing activities		-	(4,011,485)
Net decrease in cash and cash equivalents		(576,896)	(655,016)
Cash and cash equivalents at the beginning of the period		(1,928,115)	(724,464)
Cash and cash equivalents at the end of the period	13	(2,505,011)	(1,379,480)

The annexed notes 1 to 19 form an integral part of these condensed interim consolidated financial statements.

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

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.

The Group is structured as follows:	Note	(Effective holding percentage)	
		Un-audited December 31, 2020	Audited June 30, 2020
Parent company:			
Altern Energy Limited, the Parent Company	1.2		
Subsidiary companies:			
- PMCL	1.3	100.00%	100.00%
- RPPL	1.4	59.98%	59.98%

The 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 Holding Company of the Parent Company is DEL Power (Private) Limited and the Ultimate Parent of the Parent Company is DEL Processing (Private) 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, 2020: 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 (MoPNR), 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 Parent Company on April 28, 2017 and advised the Parent Company and SNGPL to negotiate a new GSA. On July 31, 2019, the ECC of Cabinet approved the summary of interim tri-partite GSA. Currently, the Parent 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.

During the current period on August 25, 2020, the Parent Company has 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 the Parent Company and the Committee. Furthermore, on December 23, 2020, the Parent Company has 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, no response has yet been received from the Committee or PPIB/CPPA-G. The management is of the view that the impact of the above on the prospective consolidated financial statements of the Group cannot be estimated reliably as no response has been received from any of the above 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 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 (June 30, 2020: 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 to gas fired facility in 2003 after allocation of 85 MMSCFD by the Government of Pakistan ('GoP') for the period of twelve years under a GSA with SNGPL till August 18, 2015. At that time, under the amended and restated Implementation Agreement ('lA'), 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 MoPNR 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 have 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').

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 to CPPA-G at a token value of US$ 1 at the expiry of 30 years term of 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. The PPA has been extended by a period of 177 days as of December 31, 2020, owing to non-supply of RLNG under interim GSA. Moreover, the PPA term has been extended by 112 days as per terms of Settlement Agreement referred to in note 7.1(vi). Resultantly, the term of PPA will now end in September 2030 and the remaining life of the project is approximately 10 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 International Accounting Standards Board ('IASB') as notified under 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 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, 2020. 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

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, 2020, except for the adoption of new and amended standards as at 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, 2020, but are considered not to be relevant or to have any significant effect on the Group's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these 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 Company

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, 2021 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 consolidated financial statements for the year ended June 30, 2020.

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, 2020.

There have been no changes in the risk management department or in any risk management policies since the year ended June 30, 2020.

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. LONG TERM FINANCING - SECURED

This represents two loans taken from Standard Chartered Bank (SCB) UAE amounting to USD 36.515 million and USD 27.70 million.

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 Group amounting to USD 49 million, assignment of receivables relating to capacity payments and lien on debt service reserve account maintained with SCB Pakistan. The loan was fully repaid during the last year on September 30, 2019.

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. The loan was fully repaid during the last year on December 31, 2019.

7. 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, 2020, except for the following:

7.1 Contingencies

Altern Energy Limited - the Parent Company

i) Refer to notes 15.1(v) and (vi) to the consolidated financial statements for the year ended June 30, 2020, on October 26, 2020, the tax authorities have filed a reference before the Honourable Lahore High Court against the decision of the Appellate Tribunal Inland Revenue for tax years 2015 and 2016 and it is pending adjudication.

ii) Refer to note 15.1(xv)(d) to the consolidated financial statements for the year ended June 30, 2020, such bank gurantee has been extended till March 14, 2021 and is renewable.

Rousch (Pakistan) Power Limited - the Subsidiary Company

iii) For tax years 2011 and 2014, the tax authorities raised an aggregate demand of Rs 191 million subjecting capacity purchase price to minimum taxation under section 113 of the Income Tax Ordinance, 2001. The matter was remanded by CIR(A) to the taxation officer for tax years 2011 and 2014 through orders dated April 05, 2016 and July 14, 2016, respectively. However, a re-assessment has not been carried out by the Department as it challenged the decision of the CIR(A) before the Appellate Tribunal.

Based on the advice of the RPPL's tax advisor and the favourable decision of ATIR on a parallel issue, the management believes that there are meritorious grounds to defend the RPPL's stance in respect of this matter. Consequently, no provision has been made in these consolidated condensed financial statements.

iv) The tax authorities under section 161/205 of the Income Tax Ordinance, 2001 raised aggregate tax demand of Rs 85.78 million for tax years 2015, 2016 and 2017 respectively, alleging the RPPL, a taxpayer in default for non-withholding of income tax on payments made specifically to Siemens AG in 2016 under the long term maintenance contract. On appeals filed by the RPPL, the CIR(A) directed re-assessments through appellate orders dated March 6, 2020 and December 22, 2020. The matter is expected to be eventually concluded in favour of the RPPL.

Based on the advice of the RPPL's tax advisor and the favourable decision of ATIR on a parallel issue, the management believes that there are meritorious grounds to defend the RPPL's stance in respect of this matter. Consequently, no provision has been made in these consolidated condensed financial statements.

v) As disclosed in Note 15.1(xiv) of the consolidated condensed financial statements for the year ended June 30, 2020, the RPPL uses canal water for its plant for which it has an agreement with the Irrigation Department, Sahiwal, Government of the Punjab. Irrigation Department has levied canal water charges on maximum intake basis (7 Cusec) whereas the RPPL is of the view that canal water should be charged on actual consumption basis (3.62 Cusec).

Subsequent to the Reporting Period, on January 15, 2021, Additional District Judge, Khanewal returned RPPL's Appeal for injunction order on account of matter being beyond jurisdiction of the Additional District Judge. On January 27, 2021, the Irrigation Department served a Notice to RPPL to deposit Rs. 116.7 million against water and effluent charges. On February 02, 2021, the RPPL filed an Appeal at the Honorable Lahore High Court, Multan Bench for Stay Order to restrain the Irrigation Department against suspension of water supply.

On February 03, 2021, the High Court granted Stay in favour of the RPPL and advised Irrigation Department not to disconnect water supply. During the hearing, the Court dismissed RPPL's request for grant of interim injunction. Based on the advice of the RPPL's legal counsel, the management is of the view that there are meritorious grounds available to defend the RPPL's position in the above matters, hence, no provision has been made in these consolidated condensed financial statements.

vi) As disclosed in Note 15.1(viii) of the consolidated condensed financial statements for the year ended June 30, 2020, CPPA-G raised invoices for Liquidated Damages ('LDs') to the RPPL for the operating year starting from December 11, 2012 to December 10, 2013 (after taking into account forced outage allowance stipulated under the terms of PPA) on account of short supply of electricity by the RPPL, which was due to cash flow constraints of the RPPL as a result of default by CPPA-G in making timely payments. Similarly, in January 2017, SNGPL suspended the gas supply for a period of 26 days and as a result CPPA-G levied LDs for this period.

Subsequent to the reporting period, on February 11, 2021, the RPPL and CPPA-G have signed an Amendment to the PPA, whereby both parties have agreed to amicably settle the dispute of LDs as per the terms of the Settlement Agreement. The financial impact of the settlement of dispute has been charged to the Condensed Interim Statement of Profit or Loss (Note 15).

vii) National Bank of Pakistan has issued standby letter of credit (SBLC) for Rs. 4,981 million (June 30, 2020 : Rs 4,981 million) in favor of Sui Northern Gas Pipelines Limited as a security to cover gas supply for which payments are made in arrears. The SBLC will expire on July 13, 2021, which is renewable.

7.2 Commitments - Nil

8. PROPERTY, PLANT AND EQUIPMENT

Additions to plant and equipment includes Rs. nil exchange gain (June 30, 2020: Rs. 55 million of exchange gain). This has resulted in accumulated capitalization of exchange losses of Rs. 13,077 million (June 30, 2020: Rs.13,077 million) in the cost of plant and equipment up to December 31, 2020, with book value of Rs. 5,718 million (June 30, 2020: Rs. 5,990 million).

9. TRADE DEBTS - SECURED, CONSIDERED GOOD

This represents the financial impact of approval of Settlement Agreement recognised as described in note 7.1(vi) to these consolidated condensed interim financial statements. The Settlement Agreement has been executed on the same basis as approved in 2017 by the Boards of RPPL and CPPA-G as part of PPA Amendment Agreement as disclosed in note 16.

			Three-month period ended		Six-month period ended	
			December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
			Un-audited		Un-audited	
			(Rupees in thousand)		(Rupees in thousand)	
10	**REVENUE**					
	Energy purchase price		22,476	657,852	361,111	3,312,643
	Sales tax		(3,266)	(95,585)	(52,469)	(481,324)
			19,210	562,267	308,642	2,831,319
	Capacity purchase price		2,024,329	1,791,074	4,081,551	3,588,912
	Delayed payment mark-up		274,044	348,196	525,173	520,292
			2,317,583	2,701,537	4,915,366	6,940,523
11	**DIRECT COSTS**	**Note**				
	RLNG consumed		(823)	548,534	127,190	2,848,997
	Operation and maintenance expenses		161,882	160,555	328,953	363,158
	Depreciation on operating fixed assets	11.1	369,384	436,734	807,741	847,390
	Stores and spares consumed		72,623	14,003	230,949	33,789
	Repairs & maintenance		30,597	880	31,193	1,328
	Insurance cost		33,825	28,013	67,802	54,806
	Purchase of energy from CPPA-G		33,248	32,216	80,120	71,025
	Salaries, benefits and other allowances		8,534	10,410	19,520	19,117
	Traveling & conveyance		356	350	424	611
	Generation license fee		2,056	1,962	4,274	4,270
	Colony maintenance		5,124	4,579	8,487	6,868
	Communication		1,398	1,182	2,755	2,335
	Vehicle maintenance		156	329	444	654
	Security expenses		1,566	1,621	3,170	3,045
	Liquidated damages		71	-	71	-
	Miscellaneous expenses		860	15	1,432	789
			720,857	1,241,383	1,714,525	4,258,182

11.1 This includes a reduction of Rs 67.125 million (2019: Nil) due to extension of RPPL's PPA term by 112 days on account of Other Force Majeure Events (OFME) under the Settlement Agreement as referred to in note 7.1(vi).

	Six-month period ended	
	December 31, 2020	December 31, 2019
	Un-audited	
	(Rupees in thousand)	

12 CASH (USED IN)/GENERATED FROM OPERATIONS

Profit before taxation	1,297,324	2,514,206
Adjustment for non cash charges and other items:		
-Depreciation on operating fixed assets	810,811	851,463
-Profit on bank deposits	(4,661)	(63,448)
- Liabilities written back	(12,575)	-
-Amortization of intangible assets	-	62
-Gain on disposal of operating fixed assets	(37)	-
-Un-realsed gain on derivative financial instrument	-	(7,842)
-Finance cost	129,864	209,494
-Exchange gain - net	-	(1)
-Provision for stores & spares	-	823
-Provision for employee retirement benefits	4,006	4,263
Profit before working capital changes	2,224,732	3,509,020
Effect on cash flow due to working capital changes:		
(Increase) / Decrease in current assets		
-Stores, spares and loose tools	(5,134)	(16,247)
-Trade debts- secured, considered good	(2,430,731)	2,840,339
-Advances, deposits, prepayments and other receivables	(201,461)	(157,587)
	(2,637,326)	2,666,505
Decrease in current liabilities		
-Decrease in trade and other payables	13,518	(2,472,981)
	(2,623,808)	193,524
	(399,076)	3,702,544

13 CASH AND CASH EQUIVALENTS

Cash and bank balances	89,894	269,273
Short term borrowings - secured	(2,594,905)	(1,648,753)
	(2,505,011)	(1,379,480)

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:

Relationship with the Group	Nature of transactions	Six-month period ended December 31, 2020	Six-month period ended December 31, 2019
		Un-audited (Rupees in thousand)	
i. Holding company			
DEL Power (Private) Limited			
	Dividends paid	-	586,627
i. Other related parties			
On the basis of common directorship			
Descon Engineering Limited:			
	Common costs charged charged to the Group	8,497	5,723
Descon Power Solutions (Private) Limited:			
	Operations & maintenance contractor's fee	301,074	270,995
	Common costs charged charged to the Group	537	1,620
	Services rendered	-	5,308
Descon Corporation (Private) Limited:			
	ERP implementation fee & running costs	126	1,384
	Common costs charged charged to the Group	12,799	8,526
ii. Group companies			
Descon Holdings (Private) Limited:			
	Dividends paid	-	83
Siemens Energy Global GmbH KG & Co.			
	Purchase of long term maintenance services	45,622	-
Siemens Pakistan Engineering Company Limited			
	Purchase of long term maintenance services	4,703	20,340
	Purchase of spare parts	7,985	32,111
Siemens Project Ventures GmbH			
	Dividend paid	-	470,812
Siemens AG			
	Purchase of long term maintenance services	-	81,858
	Purchase of spare parts	728	33,531
iv. Key Management Personnel			
	Short-term employment benefits	35,634	32,315
	Director's meeting fee	375	250

	December 31, 2020 Un-audited	June 30, 2020 Audited
	(Rupees in thousand)	
Period end balances are as follows:		
Payable to related parties		
Descon Engineering Limited (Holding company)	11,539	19,710
Descon Corporation (Private) Limited (Associated company)	1,936	215
Descon Power Solutions (Private) Limited (Associated company)	50,770	51,184
Siemens Pakistan Engineering Company Limited	909	1,768
Siemens Energy Global GmbH KG & Co.	63,521	68,246
Inspectest (Private) Limited	88	88
	128,763	141,211
Receivable from related parties		
Descon Power Solutions (Private) Limited (Associated company)	-	566

15. SETTLEMENT OF DISPUTE WITH OFF-TAKER

This represents the financial impact of approval of Settlement Agreement recognised as described in note 7.1(vi)to these consolidated condensed interim financial statements. The Settlement Agreement has been executed on the same basis as approved in 2017 by the Boards of RPPL and CPPA-G as a part of PPA Amendment Agreement as disclosed in note 16.

16. EVENTS AFTER THE REPORTING PERIOD

On January 23, 2021, the RPPL and CPPA-G initialed a Master Agreement and a Power Purchase Agreement ("PPA") Amendment Agreement (collectively referred to as the "Agreements"). Subsequently, after the approval of the Federal Cabinet, the Shareholders of the RPPL approved signing and execution of the Agreements. Accordingly, on February 11, 2021, the RPPL and CPPA-G have signed and executed the Agreements. Pursuant to the terms of these Agreements, the RPPL and CPPA-G have agreed to the following matters, inter alia: (1) Mechanism of settlement of outstanding receivables; (2) Discount in Tariff components; (3) Resolution of dispute of Liquidated Damages as mentioned in Note 7.1(vi); (4) Option to the RPPL to participate in GoP's scheme to create competitive power market.

The finalization of these matters is subject to terms and conditions mentioned in the abovementioned Agreements. Consequently, the Group has assessed the accounting implications of these developments on these unconsolidated condensed interim financial statements, including the impairment of tangible and intangible assets under IAS 36, 'Impairment of assets'. However, according to Group's assessment, there is no significant impact of the abovementioned agreements on these consolidated condensed interim financial statements.

17. DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorized for issue on February 26, 2021 by the Board of Directors of the Parent company.

18. 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.

19. GENERAL

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

Chief Executive	Chief Financial Officer	Director

NOTE

NOTE