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Altern Energy Limited

Annual Report
2017

Contents

COMPANY INFORMATION

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

CFO AND COMPANY SECRETARY

Mr. Umer Shehzad

HEAD INTERNAL AUDIT

Mr. Shafique Ur Rahman Bhatti

EXTERNAL AUDITORS

A.F. Ferguson & Co. Chartered Accountants

INTERNAL AUDITORS

Horwath Hussain Chaudhury & Co. Chartered Accountants

BANKERS

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

REGISTERED OFFICE

DESCON HEADQUARTERS
18-km Ferozpur Road, Lahore.

REGISTRAR SHARES

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

VISION STATEMENT

To become a partner in the growth of economy by providing affordable electricity.

MISSION STATEMENT

The Mission of Altern Energy Limited is to assume leading role in the power industry by;

- *Ensuring long term growth of the company through competitive and creative strategy,*
- *Achieving the highest level of indigenization,*
- *Preserving environmentally friendly outlook,*
- *Creating an efficient and effective workforce,*
- *Conducting Business as a good corporate citizen,*
- *Developing strong long term relations with industry partners.*

DIRECTOR'S REPORT

We are pleased to present the annual report together with the audited financial statements of Altern Energy Limited ('the Company') for the financial year ended June 30, 2017.

GENERAL

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

The Company owns 100% shares of Power Management Company (Pvt.) Limited which in turn holds 59.98% shares of Rousch (Pakistan) Power Limited ('RPPL'). RPPL is an unlisted public company and an independent power producer having a gross ISO capacity of 450 Mega Watts from its gas-fired combined cycle thermal power plant, located near Sidhnai Barrage, Abdul Hakeem, District Khanewal, Punjab.

FINANCE

The Company has a Power Purchase Agreement ('PPA') with its sole customer, WAPDA for thirty years which commenced from June 06, 2001. On May 9, 2017, the Company executed a Novation Agreement with CPPA-G resulting in transfer of all the rights and obligations under PPA from WAPDA to CPPA-G. Resultantly, WAPDA ceased to be a party to PPA and CPPA-G became a party in place of WAPDA assuming all of WAPDA's rights and obligations thereunder. Furthermore, the Company signed amendments to Government Guarantee and Implementation Agreement to reflect this change in PPA.

The Company's Gas Supply Agreement ('GSA') with Sui Northern Gas Pipelines Limited ('SNGPL') expired on June 30, 2013. Thereafter, the Company has signed a supplemental deed dated March 17, 2014 with SNGPL, whereby SNGPL has agreed to supply gas to the Company on as-and-when available basis till the expiry of PPA on June 06, 2031. The Ministry of Petroleum and Natural Resources, empowered for Re-liquefied natural gas ('RLNG') allocation by the Economic Co-ordination Committee ('ECC') of Cabinet , issued an allocation of 06 MMCFD of RLNG to the Company on April 28, 2017 and advised the Company and SNGPL to negotiate a GSA. Currently, the Company, SNGPL and CPPA-G are in the process of execution of an interim GSA for supply of RLNG. Under the interim GSA, RLNG will be supplied on 'as available' basis till the execution of a long term GSA between the parties.

During the year under review, the Company's turnover was Rs. 1,625 million (2015-16: Rs. 1,606 million) and operating costs were Rs. 1,387 million (2015-16: Rs. 1,398 million), resulting in gross profit of Rs. 238 million as against a gross profit of Rs. 208 million of last year. The current year's net profit includes dividend from the subsidiary company amounting to Rs. 1,435 million. Without this dividend, the current year's net profit would have been Rs. 198 million. The Company reported net profit of Rs. 1,633 million showing earnings per share (EPS) of Rs. 4.49 as compared to corresponding year's net profit of Rs. 1,097 million and earnings per share (EPS) of Rs. 3.02.

CPPA-G, the sole power purchaser of the Company, continues to delay payments due to circular debt which has been affecting the liquidity position of your Company. Despite the delayed inflows from CPPA-G, the Company has been able to manage the cashflows to meet all its obligations including debt-servicing and operational payments.

The Company duly discharges its obligation to lenders as and when they become due. During the period, the Company paid Rs. 103 million as the full and final repayment against outstanding sponsors' loan.

We expect that both Altern Energy Limited and its subsidiary Rousch (Pakistan) Power Limited will continue to achieve highest levels of operational efficiency and performance in future. Your Company's consolidated earnings for the year under review was Rs. 1,783 million resulting in EPS of Rs. 4.91 per share, as compared to consolidated earnings of Rs. 2,301 million and EPS of Rs. 6.33 in the year ended June 30, 2016.

DIVIDEND DISTRIBUTION

On June 29, 2017, the Board of Directors declared and subsequently distributed interim dividend @ 40% (Rs. 4 per ordinary share) to the shareholders of the Company.

OPERATIONS

The Company's operations were adversely affected due to partial / complete disconnections of gas by SNGPL, caused by gas shortage in winter months. Despite reduced gas availability, the Company continues to provide support to both CPPA-G and the Government of Pakistan through supply of power to meet the high demand. During the year under view, the Company successfully dispatched 188 GWh (2015-16: 175 GWh) to CPPA-G.

During the year, engines reaching 52,000 operating hours were overhauled including part replacement of cylinder heads parts, replacement of one of main bearings and replacement of vibration dampers on 1 engine and related maintenance of power assemblies. All other scheduled and preventive maintenance activities were carried out in accordance with the Original Equipment Manufacturer (OEM) recommendations. We are confident that all the engines and their auxilliary equipment are in sound condition for smooth and reliable operations.

SUBSIDIARY'S REVIEW

During the year, your Company's subsidiary Rousch (Pakistan) Power Limited (‘RPPL’) has operated smoothly and has posted profit of Rs.2,854 million (giving an earnings per share of Rs.3.31) as compared to Rs. 3,881 million (earning per share of Rs.4.50) earned during the corresponding period of the last year. Profit for the year was impacted due to Other Force Majeure Event (‘OFME’) of 26 days during the year due to gas curtailment during January 2017.

The issue of overdue receivables from CPPA-G which is pending since long, continued to affect the liquidity position of the company during the year. At the end of the year, out of the total receivable of Rs. 12,065 million, Rs.8,793 million were overdue.

During the year RPPL has refinanced its long term loans (NBP and Siemens Loan) with new facilities from Standard Chartered Bank, UAE. Total long term debt outstanding at the end of year now amounts to Rs 6,743 million.

The Rousch power station generated 2,460 GWh of electricity during the year under review as compared to 2,971 GWh during the previous financial year. During the financial year, RPPL has paid Rs 395 million to CPPA-G as its share of gas efficiency due to efficient plant operations.

RPPL has a PPA with CPPA-G for sale of electricity upto 2029. 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 for the period of twelve years under GSA with SNGPL till August 18, 2015.

CPPA-G had raised invoices for liquidated damages to 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 RPPL, which was due to cash flow constraints of RPPL as a result of default by CPPA-G in making timely payments. Estimated amount of liquidated damages is not expected to exceed Rs 1,587.733 million as at June 30, 2017 based on the best estimate of the management of RPPL and invoice raised by CPPA-G.

RPPL disputes and rejects the claim on account of liquidated damages on the premise that its failure to dispatch electricity was due to CPPA-G's non-payment of dues on timely basis to RPPL and consequential inability of RPPL to make timely payments to its gas supplier that resulted in inadequate level of electricity production owing to curtailment / suspension of gas supply. In this regard, RPPL initiated the expert adjudication under the dispute resolution procedures specified in the Power Purchase Agreement. The case was decided by the expert in RPPL's favour in August 2014. Decision of the expert is however not legally binding on any party. The Off-taker, through its letter dated August 2, 2016, communicated to RPPL that it will challenge the decision of the expert in arbitration proceedings. During the year CPPA-G gave the proposal for Settlement of LDs dispute. Terms of settlement are to be signed in a proposed Settlement Agreement.

Under the Settlement Agreement, the period of non-performance due to unavailability of gas shall be treated as OFME by the CPPA-G. As a result, RPPL will not be entitled to any CPP for this period from CPPA-G and CPPA-G will not levy any LDs on RPPL. By declaration of OFME, the PPA of RPPL will be extended by the OFME period.

Settlement Agreement has been agreed by the respective Boards of CPPA-G and RPPL and is pending approval of the ECC. Once it is approved, RPPL will refund the capacity payments already received which pertain to 2013 LDs period. The event will be treated as OFME and PPA will be extended for 86 days.

Similarly, in January 2017, the SNGPL suspended the gas supplies for a period of 26 days, as a result CPPA-G levied LDs amounting to Rs. 731 million. RPPL disputed this amount on the premise that it has already issued an OFME notice to CPPA-G in January for a period of 26 days. The same period is also contemplated as OFME in the proposed settlement agreement. Due to declaration of OFME, RPPL did not claim Capacity Purchase Price from CPPA-G for the period of gas curtailment.

The Ministry of Petroleum and Natural Resources, empowered for RLNG allocation by ECC , 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 still in process, ECC of the Cabinet approved interim GSA for supply of RLNG to RPPL upto June 2018 or signing of a long-term GSA, whichever is earlier. The interim GSA was executed with CPPA-G and SNGPL in June 2017 which is effective from June 1, 2017. Under the interim GSA, RLNG will be supplied on 'as available' basis, however, the non-supply of RLNG will be treated as 'Other Force Majeure' under the PPA.

On May 9, 2017, RPPL executed a Novation Agreement with WAPDA resulting in transfer of rights and obligations from WAPDA to CPPA-G. Resultantly, WAPDA ceased be to a party to PPA and CPPA-G became a party in place of WAPDA assuming all of WAPDA's rights and obligations thereunder. Furthermore, subsequent to the year end, RPPL signed an amendment to Government Guarantee and Implementation Agreement to reflect this change in the PPA.

During the year under review, Long Term Maintenance Services Agreement (LTMSA) and Operations and Maintenance (O&M) contracts expired on December 31, 2016. These were further extended on same terms and conditions for a period of six months i.e. upto June 30, 2017 in order to complete the HGPI which was carried out in March - April 2017. RPPL renewed LTMSA with Siemens on June 29, 2017 and subsequent to Balance Sheet date O&M contract with Descon Power Solutions (Pvt) Limited was signed. The term of both contracts is till 2025. ESBI has agreed to sign a technical advisory agreement for six months upto December 31, 2017.

FUTURE OUTLOOK

Ever increasing demand for power in our country has created a huge challenge for the Government as well as private power sector companies. Ever depleting gas resources in Pakistan have put gas fired IPPs in particular in a difficult situation. A step taken by Government by introducing RLNG in energy mix has provided a much needed relief to the power sector specifically and industrial sector as a whole. During the year, 1st RLNG terminal started delivering gas into the national system and it is hoped that gas supply situation will improve further after the construction of new RLNG terminals. Improved influx of RLNG is expected in view of the long term agreement between the Government of Pakistan and the Government of Qatar.

QUALITY, HEALTH, SAFETY & ENVIRONMENT

QHSE is the Company's first and utmost priority. During the year under review, your company continued to maintain satisfactory level of performance in Quality, Environment, and Health & Safety at the power plant. Company has adopted corporate guidelines to ensure safety of people and equipment deployed at plant site. Company has a proactive approach to achieve zero LTI (Lost Time Incident) and make endeavors to align itself with Integrated Management System (ISO 9001, ISO 14001 & OHSAS 18001). Furthermore, as far as environment protection is concerned, the Company is monitoring and complying with National Environmental Quality Standard (NEQs) pertaining to air emissions and water effluents.

As of 30th June 2017, the EHS statistics are as follows:

Hours Since Last LTI	210,817
LTI Frequency Rate	0
Restricted Work Incidents	0
Medical Treatment	1
First Aid Cases	5
Near Miss incidents	19
Incidents / Property Loss Cases	0
Good Catches	9
Emergency Response Plan Drills	2
Housekeeping Day	12
QEHS Trainings (Internal)	41
QEHS Trainings(External)	4
Health Surveillance of all Staff	1

CORPORATE GOVERNANCE

The Company's Directors and management are fully cognizant of their responsibility as required by provisions of the Companies Act, 2017 and Code of Corporate Governance as incorporated in listing regulations of Pakistan Stock Exchange as updated from time to time. The Company has adopted best practices of Corporate Governance by ensuring a strong sense of business principles and high standards for compliance in conduct of business.

Composition of the Board of Directors

The Board consists of seven (7) Directors including the Chief Executive Officer, effectively representing the interest of the Shareholders. There is (1) one independent Director, five (5) non-executive Directors and one Executive Director (being the CEO), serving on the Board.

Meetings of the Board

The Board is legally required to meet at least once every quarter to monitor the Company's performance aimed at effective and timely accountability of its management. The decisions made by the Board during the meetings were minuted, and were duly circulated to all the Directors with in the timeline as determined by the Code of Corporate Governance for endorsement and were approved in the following Board meetings. All meetings of the Board were held in compliance with required quorum attendance prescribed by the Code of Corporate Governance. The Chief Financial Officer & Secretary of the Company also attended all Board meetings.

During the year, seven (07) Meetings of the Board of Directors were held. Attendance of these Meetings is as follows:

Name of Director	Meetings Attended	Remarks
Mr. Abdul Razak Dawood	6/7	Leave for absence was granted in 1 meeting
Mr. Taimur Dawood	6/7	Leave for absence was granted in 1 meeting
Mr. Fazal Hussain Asim	7/7	
Mr. Farooq Nazir	7/7	
Mr. Shah Muhammad Chaudhry	7/7	
Syed Ali Nazir Kazmi	3/3	
Syed Rizwan Ali Shah	5/7	Leave for absence was granted in 2 meetings
Mr. Khalid Salman Khan	1/4	Leave for absence was granted in 3 meetings
Mohammad Saleh AlShaikh	0/3	Leave for absence was granted in 3 meetings

Changes to the Board

During the year, the number of Directors were reduced from eight (8) to seven (7) by the Board of Directors of the Company. Syed Ali Nazir Kazmi and Mr. Mohammad Saleh AlShaikh resigned from the position of Director of the Company and Mr. Khalid Salman Khan was appointed as Director of the Company.

Directors Statement

As required by the Code of Corporate Governance, the Directors are pleased to report the following:

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cashflows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- The Board acknowledges and exercises its responsibility for implementation of adequate internal financial controls.
- There are no doubts on the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance as detailed in the listing regulations.
- The key operating and financial data of last six years is attached to the report.

Directors' Training

The Company has already met the criteria of training programs for its directors under the Code of Corporate Governance. Therefore, no such training program was conducted during the year.

Social Investment

The Company continues to focus on Corporate Social Responsibilities. The Company recognizes the importance of being a good corporate citizen in conducting its business as well as delivering its obligations in social wellbeing of its staff and community.

Pattern of Shareholding

The pattern of shareholding as at June 30, 2017 and related additional information is attached herewith. No trading in Company's share was carried out by the Directors, CEO, CFO, Company Secretary and their spouses including minor children, except of those that have been duly reported as per law.

Auditors

The present auditors M/S A. F. Ferguson & Co. Chartered Accountants have retired, and being eligible have offered themselves for re-appointment. The Audit Committee has recommended the appointment of M/S A. F. Ferguson & Co. Chartered Accountants as auditors of the Company for the year ending June 30, 2018.

Acknowledgement

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

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

For and on behalf the Board

Taimur Dawood
Chief Executive

Lahore
September 29, 2017

ڈائریکٹرز رپورٹ

ہم 30 جون 2017 مختتمہ مالی سال کے تنقیح شدہ حسابات کیساتھ ساتھ آلٹرن انرجی لمیٹڈ (کمپنی) کی سالانہ رپورٹ پیش کرتے ہیں۔

عمومی

کمپنی کی اہم ترین سرگرمیوں میں 132 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 کو بجلی کی فروخت شامل ہے۔ کمپنی کے حصص پاکستان سٹاک ایکسچینج لمیٹڈ میں درج ہیں۔

کمپنی پاور مینجمنٹ کمپنی (پرائیویٹ) لمیٹڈ کے 100 فیصد حصص کی مالک ہے، جو کہ 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 ISO صلاحیت رکھنے والی خودمختار پاور پروڈیوسر ہے جو کہ سدھنائی بیراج، عبدالحکیم، ضلع خانیوال، پنجاب کے قریب واقع ہے۔

فنانس

کمپنی نے اپنے واحد صارف واپڈا کے ساتھ تین سالوں کے لئے بجلی کی خریداری کا معاہدہ کیا ہے جو 06 جون 2016 سے شروع ہوا۔

9 مئی 2017 کو، کمپنی نے پی پی اے کے تحت واپڈا سے CPPA-G کو تمام حقوق اور ذمہ داریوں کی منتقلی کے نتیجے میں CPPA-G کے ساتھ ایک نئے معاہدہ کی توثیق کی۔ اس کے نتیجے میں واپڈا نے پی پی اے کی پارٹی بننے سے انکار کر دیا اور واپڈا کے تمام حقوق اور ذمہ داریاں قبول کرتے ہوئے CPPA-G واپڈا کی جگہ پارٹی بن گیا۔ اس کے علاوہ، کمپنی نے پی پی اے میں اس تبدیلی کی عکاسی کے لئے حکومت کی گارنٹی اور عمل درآمد کے معاہدے کے لئے ترمیم پر دستخط کئے۔

سوئی ناردرن گیس پائپ لائنز لمیٹڈ (ایس این جی پی ایل) کیساتھ کمپنی کا گیس کی فراہمی کا معاہدہ (جی ایس اے) 30 جون 2013 کو ختم ہو گیا تھا۔ اس کے بعد مورخہ 17 مارچ 2014 کو کمپنی نے سوئی گیس کیساتھ ایک اضافی دستاویز پر دستخط کئے، جس کے تحت سوئی ناردرن گیس نے پاور پرچیز ایگریمنٹ کی منسوخی بتاریخ 6 جون 2031 تک کمپنی کو گیس کی فراہمی کیلئے رضامندی ظاہر کی ہے۔

وزارت پٹرولیم اور قدرتی وسائل نے کابینہ کی اقتصادی تعاون کمیٹی کی طرف سے ری لیکویفائیڈ نیچرل گیس (RLNG) کی تخصیص کا اختیار دیا گیا، 28 اپریل 2017 کو کمپنی کو آر ایل این جی کی MMCFD 06 کی تخصیص جاری کی اور اس نے کمپنی اور ایس این جی پی کو جی ایس اے پر مذاکرات کی ہدایت کی۔ فی الحال، کمپنی، ایس این جی پی ایل اور سی پی پی اے۔ جی آر ایل این جی کی فراہمی کے لئے عبوری جی ایس اے پر عملدرآمد کے عمل میں ہیں۔ عبوری جی ایس اے کے تحت، پارٹیوں کے درمیان طویل مدتی جی ایس اے کے اختتام تک 'دستیاب ہونے' کی بنیاد پر آر ایل این جی فراہم کی جائے گی۔

متذکرہ سال کے دوران کمپنی کا ٹرن اوور 1,625 ملین روپے (16-2015 میں 1,606 ملین روپے) اور آپریٹنگ کے اخراجات 1,387 ملین روپے (16-2015 میں 1,398 ملین روپے) رہے جس کے نتیجے میں گزشتہ سال کے مجموعی منافع 208 ملین روپے کے برعکس 238 ملین روپے کا مجموعی منافع حاصل ہوا۔ موجودہ سال کے خالص منافع میں ذیلی کمپنی کے 1,435 ملین کے محاصل شامل ہیں۔ اس محاصل کے بغیر موجودہ سال کا خالص منافع 198 ملین روپے ہے۔ کمپنی نے 1,633 ملین روپے کا خالص منافع ظاہر کیا ہے جو کہ 4.49 روپے فی حصص آمدنی بتاتا ہے برعکس پچھلے سال کے جس میں 3.02 روپے فی حصص آمدنی کیساتھ خالص منافع 1,097 ملین روپے تھا۔

کمپنی کی بجلی کی واحد خریدار CPPA-G نے سرکلر ڈیبٹ کی وجہ سے ادائیگیوں میں مسلسل تاخیر برتی جس کی وجہ سے آپ کی کمپنی کی لیکویڈیٹی پوزیشن متاثر ہو رہی ہے۔ CPPA-G کی جانب سے ادائیگیوں میں تاخیر کے باوجود کمپنی اپنی تمام ذمہ داریوں بشمول ڈیبٹ سروسنگ اور آپریشنل ادائیگیوں کو پورا کرنے کیلئے نقد رقم کو منظم کرنے کے قابل رہی ہے۔

کمپنی نے قرض کے حوالے سے قرض دہندگان کی طرف اپنی ذمہ داری کو حسب معمول پورا کیا۔ اس مدت کے دوران کمپنی نے 103 ملین روپے آؤٹ سٹینڈنگ سپانسر کے قرض کے طور پر کل اور حتمی ادائیگی کی۔

ہمیں امید ہے کہ آلٹرن انرجی لمیٹڈ اور اس کا ماتحت ادارہ Rousch (پاکستان) پاور لمیٹڈ دونوں مستقبل میں آپریشنل استعداد کار اور کارکردگی کی اعلی ترین سطح کے حصول کیلئے کام جاری رکھیں گی۔ متذکرہ سال میں آپکی کمپنی کی مجموعی کمائی 1,783 ملین روپے رہی جس کے نتیجے میں فی حصص آمدنی 4.91 روپے رہی جبکہ اس کے برعکس 30 جون 2016 مختتمہ سال میں مجموعی کمائی 2,301 ملین روپے رہی جس کے نتیجے میں فی حصص آمدنی 6.33 روپے تھی۔

حصہ داری کی تقسیم

29 جون 2017 کو بورڈ آف ڈائریکٹرز نے حصہ داری کا اعلان کر دیا اور اس کے بعد کمپنی کے حصص یافتگان میں 40 فیصد (4 روپے فی عام حصص) کے حساب سے عبوری حصہ تقسیم کر دیا۔

آپریشنز

موسم سرما کے مہینوں میں گیس کے شارٹ فال کی وجہ سے سوئی ناردرن گیس پائپ لائنز لمیٹڈ کی طرف گیس کی فراہمی میں جزوی یا مکمل معطّلی کی وجہ سے کمپنی کی کارکردگی بری طرح متاثر ہوئی۔ گیس کی کم یابی کے باوجود کمپنی نے ملک گیر بجلی بحران کے اثرات کو کم سے کم کرنے کیلئے سی پی پی اے۔ جی اور حکومت پاکستان دونوں کی توانائی کی فراہمی کے ذریعے مدد جاری رکھی۔ جائزہ سال کے دوران کمپنی نے 188 GWh (2015-16 میں 175 GWh) کامیابی سے سی پی پی اے۔ جی کو فراہم کئے۔

سال کے دوران 52,000 آپریٹنگ گھنٹوں تک پہنچنے والے انجنوں کی اوور ہالنگ بشمول سلنڈر ہیڈ پارٹس کی تبدیلی، اہم بیرنگ میں سے ایک کی تبدیلی اور 1 انجن کے وائبریشن ڈیمپرز کی تبدیلی اور پاور اسمبلیوں کے متعلقہ حصوں کی مینٹیننس کی گئی۔ اوریجنل ایکوپمنٹ مینوفیکچررز (او ای ایم) کی سفارشات کے مطابق تمام دیگر طریقہ کار اور بچاؤ کی بحالی کی سرگرمیاں کی گئیں۔ ہمیں یقین ہے تمام انجن اور ان کے امدادی آلات موزوں اور قابل اعتماد آپریشن کیلئے بہترین حالت میں ہیں۔

ماتحت ادارے کا جائزہ

متذکرہ سال کے دوران کمپنی کے ذیلی ادارہ آر پی پی ایل نے بہترین طریقے سے کام کیا اور 2,854 ملین روپے منافع (فی حصص آمدنی 3.31 روپے دینے) کا اعلان کیا برعکس گزشتہ سال کی اسی مدت کے دوران جس میں 3,881 ملین روپے منافع (فی حصص آمدن 4.50 روپے) تھا۔ اس سال کا منافع جنوری 2017 کے دوران گیس کی معطلی کے باعث سال کے دوران 26 دنوں کے دیگر فورس Majeure واقعات کی وجہ سے متاثر ہوا۔

سی پی پی اے۔ جی سے زائد المعیاد ادائیگیوں کا مسئلہ جو طویل عرصے تک زیر التواء ہے، نے اس سال کے دوران RPPL کی لیکویڈیٹی حیثیت کو متاثر کیا، سال کے اختتام پر، کل کی وصولی 12,065 ملین روپے، جس میں 8,793 ملین روپے زائد المیعاد تھے۔

سال کے دوران RPPL نے سٹینڈرڈ چارٹرڈ بینک، متحدہ عرب امارات سے نئی سہولیات کے ساتھ اپنے طویل مدتی قرضوں (این بی پی اور سیمنز قرض) کو دوبارہ مستحکم کیا ہے۔ سال کے اختتام پر اب تک کل طویل مدتی قرضہ 6,743 ملین روپے ہے۔

Rousch پاور سٹیشن نے گزشتہ مالی سال کے دوران 2,971 GWh کے مقابلے متذکرہ سال کے دوران 2,460 GWh بجلی پیدا کی۔ مالی سال کے دوران RPPL

نے سی پی پی اے۔ جی کو 395 ملین روپے موثر پلانٹ آپریشنز کی مد میں گیس کی کارکردگی کے حصص کے طور پر ادا کئے۔

آر پی پی ایل کا سی پی پی اے۔ جی کیساتھ 2029 تک بجلی کی فروخت کا ایک معاہدہ ہے۔ پلانٹ ابتدائی طور پر بقیہ فرنس آئل کیساتھ کام کرنے کے لئے ڈیزائن کیا گیا تھا اور 2003 میں گورنمنٹ کی طرف سے بارہ سال کی مدت کیلیئے سوئی گیس کیساتھ 18 اگست 2015 تک گیس سپلائی کے معاہدے کے تحت 85MMSCFD کی تفویض کے بعد اسے گیس فائر کی سہولت میں تبدیل کیا گیا۔

سی پی پی اے۔جی نے 11 دسمبر 2012 تا 10 دسمبر 2013 (پی پی اے کی شرائط کے تحت مقرر کردہ جبری الاؤنسز شامل کرنے کے بعد) آپریٹنگ سال کے لئے RPPL کی طرف سے بجلی کی شارٹ سپلائی کی مد میں لیکویڈیٹڈ نقصان کا دعویٰ کیا ہے، جو بروقت ادائیگی کرنے میں سی پی پی-جی کی طرف سے ناکامی کے نتیجے میں نقد رقم کی رکاوٹوں کی وجہ سے تھا۔ 30 جون 2017 کو RPPL کی انتظامیہ کے بہترین تخمینہ اور سی پی پی اے۔جی کی طرف سے اٹھائی گئی انوائس کی بنیاد پر لیویڈیٹڈ نقصانات کی متوقع رقم کا تخمینہ 1,587.733 ملین روپے سے زیادہ نہیں ہے۔

RPPL لیکویڈیٹڈ نقصانات کے دعوی پر متنازعہ اور انکاری ہے کہ بجلی کی ترسیل میں ناکام ہونے کی وجہ RPPL کو بروقت بنیاد پر سی پی پی اے۔جی کے ذمہ عدم ادائیگی اور اس کے نتیجے میں RPPL اپنے گیس سپلائر کو پر بروقت ادائیگی کرنے میں غیر فعال رہی، نتیجتاً گیس کی فراہمی میں رکاوٹ/معطّلی کی کی وجہ سے بجلی پیدا نہیں کر سکی تھی۔اس سلسلے میں RPPL نے بجلی کی خریداری کے معاہدے میں متعین تنازعہ کے حل کے طریقہ کار کے تحت ماہرین سے مشورہ کیا۔2014 اگست میں ماہرین کی طرف سے RPPL کے حق میں فیصلہ کیا گیا تھا۔ماہرین کا فیصلہ تاہم قانونی طور پر کسی بھی پارٹی پر لازمی نہیں ہے۔ 2 اگست 2016 کے اس خط کے ذریعے، آف ٹیکر نے RPPL کو بتایا ہے کہ ماہر کے فیصلے کو عدالت میں چیلنج کرے گا۔سال کے دوران سی پی پی اے۔جی نے ایل ڈی کے تنازعے کے حل کی تجویز دی۔مجوزہ تصفیہ معاہدہ میں تصفیہ کی شرائط پر دستخط کئے گئے۔

تصفیہ معاہدے کے تحت، گیس کی غیر دستیابی کی وجہ سے غیر کارکردگی کی مدت سی پی پی اے۔جی کی طرف سے OFME تصور کی جائے گی۔ اس کے نتیجے میں، RPPL،CPPA-G سے اس مدت کے لئے کسی بھی CPP کی حقدار نہیں ہوگی اور CPPA-G، RPPL پر کوئی ایل ڈی عائد نہیں کرے گی۔OFME کے اعلان سے، RPPL کا پی پی اے OFME مدت تک توسیع ہو جائے گا۔

تصفیہ معاہدے پر سی پی پی اے-جی اور RPPL کے متعلقہ بورڈوں نے اتفاق کیا ہے اور وہ ای سی سی کی منظوری کے منتظر ہیں۔منظوری کے بعد، RPPL پہلے موصول ہونے والی صلاحیتی ادائیگیاں واپس کرے گی جو 2013 ایل ڈیز مدت سے متعلق ہیں۔ایونٹ OFME تصور کیا جائے گا اور پی پی اے میں 86 دن کی توسیع ہو جائے گی۔

اسی طرح، جنوری 2017 میں ایس این جی پی ایل نے 26 دن تک گیس کی فراہمی کو معطل کر دیا، اس کے نتیجے میں سی پی پی اے-جی نے 731 ملین روپے کی رقم ایل ڈیز عائد کی۔ آر پی پی ایل نے اس رقم کو اس بنیاد پر متنازعہ کیا ہے کہ اس نے جنوری میں CPPA-G کو 26 دن کی مدت کے لئے پہلے سے ہی ایک OFME نوٹس جاری کیا تھا۔مجوزہ تصفیہ معاہدہ میں یہ عرصہ بھی OFME کے طور پر خیال کیا جاتا ہے۔OFME کے اعلان باعث، RPPL سی پی پی اے-جی سے گیس کی رکاوٹ کے عرصہ کے لئے کپیسٹی پرچیز پرائس کی مد میں دعویٰ نہیں کرے گی۔

اقتصادی رابطہ کمیٹی کی طرف سے آر ایل این جی کی تفویض کیلئے بااختیار وزارت پٹرولیم وقدرتی وسائل نے 23 ستمبر 2015 کو مضبوط بنیادوں پر آر پی پی ایل کو MMSCFD 85 آر ایل این جی تفویض کی اور آر پی پی ایل اور سوئی گیس کو تجویز دی کہ مضبوط بنیادوں پر طویل مدتی گیس سپلائی معاہدے کیلئے مذاکرات کریں اور جبکہ طویل مدتی گیس سپلائی معاہدے کیلئے مذاکرات جاری تھے کہ جون 2016 میں کابینہ کی اقتصادی رابطہ کمیٹی نے جون 2018 تک آر پی پی ایل کو آر ایل این جی سپلائی کیلئے عبوری گیس سپلائی معاہدے کی منظوری دیدی یا طویل مدتی گیس سپلائی معاہدے پر دستخط کئے، ان دونوں میں سے جو بھی پہلے ہو جائے۔جون 2017 میں عبوری GSA سی پی پی اے-جی اور ایس این جی پی ایل کے ساتھ طے کیا گیا جو یکم جون 2017 سے موثر ہے۔عبوری GSA کے تحت، آر ایل این جی "جب دستیاب ہو" کی بنیاد پر فراہم کی جائے گی، تاہم، آر ایل این جی کی غیر فراہمی پی پی اے کے تحت 'Other Force Majeure' تصور ہوگی۔

9 مئی 2017 کو، RPPL نے پی پی اے کے تحت واپڈا سے CPPA-G کو تمام حقوق اور ذمہ داریوں کی منتقلی کے نتیجے میں CPPA-G کے ساتھ ایک نئے معاہدہ کی توثیق کی۔اس کے نتیجے میں واپڈا نے پی پی اے کی پارٹی بننے سے انکار کر دیا اور واپڈا کے تمام حقوق اور ذمہ داریاں قبول کرتے ہوئے CPPA-G واپڈا کی جگہ پارٹی بن گیا۔ اس کے علاوہ، RPPL نے پی پی اے میں اس تبدیلی کی عکاسی کے لئے حکومت کی گارنٹی اور عمل درآمد کے معاہدے کے لئے ترمیم پر دستخط کئے۔

زیر جائزہ سال کے دوران، طویل مدتی بحالی کی خدمات کے معاہدے (ایل ٹی ایم ایس اے) اور آپریشن اور بحالی (M&O) معاہدے 31 دسمبر 2016 کو ختم ہو گئے۔ یہ مزید چھ ماہ کے عرصے تک انہی قواعد وشرائط پر 30 جون، 2017 تک ایچ جی پی آئی کو مکمل کرنے کے لئے توسیع کی گئی جو مارچ - اپریل 2017 میں کیا گیا تھا۔ RPPL نے 29 جون 2017 کو سیمنز کے ساتھ ایل ٹی ایم ایس اے کی تجدید کی اور بعد میں ڈیسکون پاور سلیوشن (پرائیویٹ) لمیٹڈ کے ساتھ بیلنس شیٹ کی تاریخ M&O معاہدے پر دستخط کئے گئے۔ دونوں معاہدوں کی مدت 2025 تک ہے۔ ESBI نے 31 دسمبر 2017 تک چھ ماہ کے لئے ایک تکنیکی مشاورتی معاہدے پر دستخط کرنے پر اتفاق کیا ہے۔

مستقبل کا نقطہ نظر

ہمارے ملک میں بجلی کی بڑھتی ہوئی ضرورت نے حکومت کیساتھ ساتھ نجی پاور سیکٹر کمپنیوں کیلئے بھی ایک بڑا چیلنج پیدا کر دیا ہے۔ پاکستان میں گیس کے کم پڑتے وسائل نے گیس پہ چلنے والے آئی پی پیز کو ایک مشکل صورت حال میں ڈال دیا ہے۔ تاہم درآمد شدہ آر ایل این جی کی شمولیت نے مجموعی طور پر صنعتی شعبے اور خاص طور پر بجلی کے شعبہ کو بہت ضروری ریلیف فراہم کیا ہے۔ یہ امید کی جاتی ہے کہ نئے آر ایل این جی ٹرمینلز کی تعمیر کے بعد گیس کی فراہمی کی صورتحال میں مزید بہتری آئے گی۔ حکومت پاکستان اور قطر حکومت کے درمیان طویل مدتی معاہدے کے پیش نظر آر ایل این جی کی بہتر آمد متوقع ہے۔

صحت، حفاظت اور ماحول

QHSE کمپنی کی پہلی اور اہم ترجیح ہے۔ متذکرہ سال کے دوران آپ کی کمپنی نے پاور پلانٹ میں ماحولیات، صحت اور حفاظتی اقدامات میں کارکردگی کی تسلی بخش سطح کو برقرار رکھا ہے۔ کمپنی نے لوگوں اور پلانٹ سائٹ پر تعینات سامان کی حفاظت کو یقینی بنانے کیلئے کارپوریٹ رہنما اصولوں کو اپنایا ہے۔

کمپنی زیرو ایل ٹی آئی (Lost Time Incident) کے حصول اور بین الاقوامی سطح پر تسلیم شدہ (آئی ایس او 9001، آئی ایس او 14001 اینڈ اوایچ ایس اے ایس 18001) مینجمنٹ سسٹم کے مطابق خود کو چلانے کی کوششوں کیلئے ایک فعال نقطہ نظر رکھتی ہے۔ اس کے علاوہ، جہاں تک ماحولیاتی تحفظ کا تعلق ہے، کمپنی ایئر اخراج اور پانی کے اثرات سے متعلق نیشنل ماحولیاتی کوالٹی سٹینڈرڈ (NEQs) کی نگرانی اور تعمیل کر رہی ہے۔ 30. جون 2016 تک ای ایچ ایس (صحت، حفاظت اور ماحول) کے اعداد و شمار درج ذیل ہیں۔

گھنٹے آخری ایل ٹی آئی سے اب تک	210,817
ایل ٹی آئی فریکوئنسی ریٹ	0
ممنوعہ کام کے واقعات	0
میڈیکل علاج	1
ابتدائی طبی امداد کے کیس	5
نیئر مس انسیڈنٹ	19
واقعات/جائیداد کے نقصان کے کیس	0
گوڈ کیچز	9
ایمرجنسی ریسپانس پلان ڈرلز	2
ہاؤس کیپنگ ڈے	12
QEHS ٹریننگ (داخلی)	41
QEHS ٹریننگ (خارجی)	4
تمام عملہ کی صحت کی نگرانی	1

کارپوریٹ گورننس

کمپنی کے ڈائریکٹرز اورانتظامیہ کمپنیز ایکٹ 2017 کی دفعات اورسٹاک ایکسچینج کے قواعدوضوابط کی لسٹنگ میں شامل کارپوریٹ گورننس کے کوڈ کے مطابق اپنی ذمہ داریوں سے پوری طرح آگاہ ہیں۔ کمپنی نے کاروبار کے اصولوں کے عمیق احساس اورکاروبار کے انعقاد کیلئے اعلیٰ اخلاقی معیار کو یقینی بناتے ہوئے کارپوریٹ گورننس کے بہترین طریقوں کو اپنایا ہے۔

بورڈ آف ڈائریکٹرز کی تشکیل

بورڈ سات (7) ڈائریکٹروں سمیت مؤثر طریقے سے حصص یافتگان کے مفاد کی نمائندگی کرنیوالے چیف ایگزیکٹو آفیسر پر مشتمل ہے۔

بورڈ میں ایک خودمختار ڈائریکٹر، پانچ نان ایگزیکٹو ڈائریکٹر اورصرف ایک ایگزیکٹو ڈائریکٹر بطورسی ای او خدمات انجام دے رہا ہے۔

بورڈ کے اجلاس

بورڈ کمپنی کی کارکردگی اسکی انتظامیہ کے مؤثر اور بروقت احتساب کی نگرانی کیلئے قانونی طور پر ہر سہ ماہی میں کم ازکم ایک بار اجلاس بلانے کا پابند ہے۔ اجلاس کے دوران بورڈ کی جانب سے کیے جانے والے فیصلوں کو تحریری صورت دی گئی اور باضابطہ طور پر توثیق کیلئے تمام ڈائریکٹرز میں تقسیم کیا گیا جن کی آئندہ اجلاس میں منظوری دی گئی۔ بورڈ کے تمام اجلاس کوڈ آف کارپوریٹ گورننس کے بتائے گئے مطلوبہ حاضری کورم کے تحت منعقد کئے گئے، چیف فنانشل آفیسر اور کمپنی سیکریٹری نے بھی تمام اجلاس میں شرکت کی۔

سال کے دوران بورڈ آف ڈائریکٹرز کے سات اجلاس منعقد کیے گئے تھے. جن میں حاضری کچھ اس طرح رہی۔

ڈائریکٹر کا نام	اجلاس میں شرکت	ریمارکس
عبدالرزاق داؤد	6/7	ایک اجلاس میں عدم شرکت کی چھٹی دی گئی
تیمور داؤد	6/7	ایک اجلاس میں عدم شرکت کی چھٹی دی گئی
فضل حسین عاصم	7/7	-
فاروق نذیر	7/7	-
شاہ محمد چودھری	7/7	-
سید علی نذیر کاظمی	3/3	-
سید رضوان علی شاہ	5/7	دو اجلاس میں عدم شرکت کی چھٹی دی گئی
خالد سلمان خان	1/4	تین اجلاس میں عدم شرکت کی چھٹی دی گئی
محمد صالح الشیخ	0/3	تینوں اجلاس میں عدم شرکت کی چھٹی دی گئی

بورڈ میں تبدیلیاں

سال کے دوران کمپنی کے بورڈ آف ڈائریکٹرز کی طرف سے ڈائریکٹرز کی تعداد آٹھ (8) سے کم کر کے سات (7) کر دی گئی۔ سید علی نذیر کاظمی اور محمد صالح الشیخ نے کمپنی کے ڈائریکٹر کے عہدہ سے استعفیٰ دے دیا اور خالد سلمان خان کو کمپنی کا ڈائریکٹر مقرر کیا گیا۔

ڈائریکٹروں کی عرض داشت

کارپوریٹ گورننس کے ضابطہ کی ضروریات کے مطابق، ڈائریکٹرز بخوشی بیان کرتے ہیں:

☆ کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالی گوشوارہ اس کے موجودہ معاملات، آپریشنز کے نتائج اور خالص آمدنی اور ایکوئٹی میں تبدیلیوں کا واضح طور پر بتاتے ہیں۔

☆ کمپنی کے کھاتوں کا حساب کتاب مکمل طور پر برقرار رکھا گیا ہے

☆ مالی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل سے لاگو کیا گیا ہے، کھاتوں کے اندازے مناسب اور دانشمندانہ فیصلے پر مبنی ہیں۔

☆ مالی گوشواروں کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ سٹینڈرز کو ملحوظ خاطر رکھا گیا ہے اور ان سے ہٹ کر کی گئی کوئی بھی تبدیلی مناسب طور پر بیان کی گئی ہے

☆ اندرونی کنٹرول کا نظام ڈیزائن میں مضبوط ہے اور اس پر مؤثر طریقے سے عملدرآمد اور نگرانی کی گئی ہے۔

☆ کمپنی کی موجودہ جاری صورتحال میں اسکی صلاحیت پر کوئی قابل ذکر شک نہیں ہے

☆ لسٹنگ کے ضابطہ کار میں تفصیلی طور پر بیان کئے گئے کارپوریٹ گورننس کے بہترین طریقوں میں سے کسی سے انحراف نہیں کیا گیا۔

☆ کلیدی آپریٹنگ اور گزشتہ 6 سال کا مالیاتی گوشوارہ ساتھ منسلک ہے۔

ڈائریکٹرز ٹریننگ

کمپنی کارپوریٹ گورننس کے ضابطہ اخلاق کے تحت پہلے ہی اپنے ڈائریکٹرز کے لئے ٹریننگ پروگرام کے معیار پر پورا اترتی ہے۔ لہذا سال کے دوران ایسا کوئی پرگرام منعقد نہیں کیا گیا۔

سماجی سرمایہ کاری

ہم کارپوریٹ سماجی ذمہ داریوں پر توجہ مرکوز کئے ہوئے ہیں۔ کمپنی اپنی کاروباری سرگرمیوں میں ایک اچھا شہری ہونے اور اپنے عملہ اور معاشرہ کی سماجی بہبود میں اپنی ذمہ داریوں کو پورا کرنے کی اہمیت کو تسلیم کرتی ہے۔

شیئر ہولڈنگ کا پیٹرن

30 جون 2017 کو شیئر ہولڈنگ کا طریقہ کار اور اس سے متعلقہ اضافی معلومات ساتھ منسلک ہیں۔ ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکریٹری انکی بیویوں اور چھوٹے بچوں کی جانب سے کمپنی کے شیئرز میں کوئی ٹریڈنگ نہیں کی گئی ماسوائے ان کے جنہیں

قانونی طور پر باضابطہ اجازت دی گئی۔

آڈیٹرز

موجود آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس سبکدوش ہوگئی ہے اہلیت کی بنا پر انہوں نے دوبارہ تعیناتی کیلئے پیش کش کی ہے۔ آڈٹ کمیٹی نے 30 جون 2018 کو ختم ہونے والے سال کے لیے میسرز اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کی بطور آڈیٹرز تقرری کی منظوری دی ہے۔

اعتراف

بورڈ آف ڈائریکٹرز اپنے قابل قدر حصص یافتگان، حکومتی مشینری، سوئی ناردرن گیس پائپ لائن کمپنی لمیٹڈ، سنٹرل پاور پرچیز اتھارٹی (گروپ) اور بینکوں کا انکے تعاون مسلسل حمایت اور سرپرستی کیلئے شکر گزار ہے۔

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

بحکم بورڈ

تیمور داؤد
چیف ایگزیکٹو

لاہور
29 ستمبر 2017

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Altern Energy Limited
For year ended June 30, 2017

This statement is being presented to comply with the Code of Corporate Governance (the "Code") contained in the Listing Regulation No. 35 of listing regulations of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages the representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent Director	Syed Rizwan Ali Shah
Executive Director	Mr. Taimur Dawood
Non-Executive Directors	Mr. Abdul Razak Dawood Mr. Farooq Nazir Mr. Fazal Hussain Asim Mr. Shah Muhammad Chaudhary Mr. Khalid Salman Khan

   The independent director meets the criteria of independence under clause 5.19.1(b) of the Code.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding company, where applicable).

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI, or being a member of a stock exchange, has been declared as defaulter by that stock exchange.

4. No casual vacancies occurred on the Board of Directors during the year.

5. The Company has prepared a "Statement of Ethics and Business Practices" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors have been taken by the board/shareholders.

8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Company has already met the criteria of training programs for its directors under the Code. Therefore, no such training program was conducted during the year.

10. During the period, there is no replacement of CFO, Company Secretary, and Head of Internal Audit of the Company.

11. The director's report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the Code.

15. The board has formed an audit committee. It comprises of four members which includes an independent director. All members of audit committee are non-executive directors, including the Chairman.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has formed a Human Resource & Remuneration Committee. It comprises of three members. All members of Human Resource & Remuneration Committee are non-executive directors, including the Chairman.

18. The Board has out sourced the internal audit function to M/s Horwath Hussain Chaudhry & Company, Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period' prior to the announcement of interim/final results and business decisions which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange.

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.

23. We confirm that all other material principles enshrined in the Code have been complied with.

For and behalf of the Board of Directors

Taimur Dawood
Chief Executive Officer

Lahore:
September 29, 2017

REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the 'Code') prepared by the Board of Directors of Altern Energy Limited (the 'Company') for the year ended June 30, 2017 to comply with the requirements of Listing Regulation No. 5.19 of Pakistan Stock Exchange Limited, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee, We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2017.

A.F. Ferguson & Co.

Chartered Accountants
Lahore,
Engagement Partner: Muhammad Masood

Date: September 29, 2017

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Altern Energy Limited (the 'Company') as at June 30, 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity and together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion:

(i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

(ii) the expenditure incurred during the year was for the purpose of the Company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30,2017 and of the profit, total comprehensive income, its cash flows and changes in equity and for the year then ended; and

(d) In our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

A.F. Ferguson & Co.

Chartered Accountants
Lahore,
Engagement Partner: Muhammad Masood

Date: September 29, 2017

BALANCE SHEET

	Note	2017	2016
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
400,000,000 (2016: 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 (2016: 363,380,000)			
ordinary shares of Rs 10 each	5	3,633,800	3,633,800
Capital reserve : Share premium		41,660	41,660
Revenue reserve: Un-appropriated profit		1,079,514	900,314
		4,754,974	4,575,774
NON-CURRENT LIABILITIES			
Sponsors' loan - unsecured	6	-	-
Long term financing- unsecured	7	-	-
Deferred liabilities	8	3,402	2,637
		3,402	2,637
CURRENT LIABILITIES			
Current portion of loans-unsecured	6 & 7	94,851	194,193
Trade and other payables	9	173,943	220,843
Short term borrowings-secured	10	-	-
Dividend payable	11	1,453,520	846,675
Markup accrued	12	10,732	10,778
		1,733,046	1,272,489
CONTINGENCIES AND COMMITMENTS	13		
		6,491,422	5,850,900

The annexed notes 1 to 41 form an integral part of these financial statements.

Chief Executive	Chief Financial Officer	Director

AS AT JUNE 30, 2017

	Note	2017	2016
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	14	741,536	790,622
Intangible assets	15	1,955	3,800
Long term investment	16	3,204,510	3,204,510
Long term deposit	17	38	38
		3,948,039	3,998,970
CURRENT ASSETS			
Stores and spares	18	112,468	75,635
Trade debts - secured	19	800,155	651,358
Advances, deposits, prepayments and other receivables	20	112,849	87,713
Dividend receivable	21	1,435,108	951,739
Income tax recoverable	22	34,232	33,729
Cash and bank balances	23	48,571	51,756
		2,543,383	1,851,930
		6,491,422	5,850,900

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

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017	2016
		(Rupees in thousand)	
Revenue-net	24	1,624,556	1,605,936
Direct costs	25	(1,386,609)	(1,398,141)
Gross profit		237,947	207,795
Administrative expenses	26	(33,169)	(30,821)
Other income	27	1,438,342	965,215
		1,643,120	1,142,189
Finance cost	28	(10,801)	(46,919)
Profit before taxation		1,632,319	1,095,270
Taxation	29	401	2,042
Profit after taxation		1,632,720	1,097,312
Earnings per share - basic and diluted **(Rupees)**	36	4.49	3.02

The annexed notes 1 to 41 form an integral part of these financial statements.

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016
	(Rupees in thousand)	
Profit for the year	1,632,720	1,097,312
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss	-	-
Items that will not be reclassified subsequently to profit or loss	-	-
	-	-
Total comprehensive income for the year	1,632,720	1,097,312

The annexed notes 1 to 41 form an integral part of these financial statements.

Chief Executive	Chief Financial Officer	Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017	2016
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	30	16,227	25,056
Finance costs paid		(7,454)	(40,972)
Income taxes paid		(102)	(456)
Net cash inflow/(outflow) from operating activities		8,671	(16,372)
Cash flows from investing activities			
Fixed capital expenditure		(14,106)	(12,838)
Dividend received		951,739	-
Proceeds from disposal of operating fixed assets		54	-
Profit on bank deposits received		1,022	3,144
Net cash inflow / (outflow) from investing activities		938,709	(9,694)
Cash flows from financing activities			
Repayment of sponsor's loan-unsecured		(103,235)	(184,036)
Repayment of long term financing-unsecured		-	(7,245)
Dividend paid		(847,330)	-
Net cash outflow from financing activities		(950,565)	(191,281)
Net decrease in cash and cash equivalents		(3,185)	(217,347)
Cash and cash equivalents at the beginning of the year		51,756	269,103
Cash and cash equivalents at the end of the year	31	48,571	51,756

The annexed notes 1 to 41 form an integral part of these financial statements.

Chief Executive	Chief Financial Officer	Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2017

	Share capital	Capital reserve: Share premium	Revenue reserve: Un-appropriated profit	Total
	(Rupees in thousand)			
Balance as on July 1, 2015	3,633,800	41,660	649,677	4,325,137
Profit for the year	-	-	1,097,312	1,097,312
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	1,097,312	1,097,312
Total contributions by and distributions to owners of the Company recognised directly in equity				
Dividend to equity holders of the Company:				
Interim dividend for the year ended June 30, 2016 Rs 2.33 per ordinary share	-	-	(846,675)	(846,675)
Balance as on June 30, 2016	3,633,800	41,660	900,314	4,575,774
Profit for the year	-	-	1,632,720	1,632,720
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	1,632,720	1,632,720
Total contributions by and distributions to owners of the Company recognised directly in equity				
Dividend to equity holders of the Company:				
Interim dividend for the year ended June 30, 2017 Rs 4.00 per ordinary share	-	-	(1,453,520)	(1,453,520)
Balance as on June 30, 2017	3,633,800	41,660	1,079,514	4,754,974

The annexed notes 1 to 41 form an integral part of these financial statements.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

1 Legal status and nature of business

Altern Energy Limited (the 'Company') is a public limited company incorporated in Pakistan on January 17, 1995 under the Companies Ordinance, 1984 (now the Companies Act, 2017 and hereinafter referred to as the 'Act'). The Company is a subsidiary of Descon Engineering Limited. The Company's ordinary shares are listed on the Pakistan Stock Exchange Limited. The principal objective of the Company is to generate and supply electric power to Water and Power development Authority (WAPDA) from its thermal power plant having a gross capacity of 32 Mega Watts (2016: 32 Mega Watts). The Company commenced its commercial operations on June 6, 2001. The registered office of the Company is situated at Descon Headquarters, 18 km, Ferozepur Road, Lahore.

The Company has a Power Purchase Agreement ('PPA') with its sole customer, WAPDA for thirty years which commenced from June 06, 2001. On May 9, 2017 the Company executed Novation Agreement with Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) resulting in transfer of all the rights and obligations under PPA from WAPDA to CPPA-G. Resultantly, WAPDA ceased to be a party to PPA and CPPA-G became a party in place of WAPDA assuming all of WAPDA's rights and obligations thereunder. Furthermore, the Company signed amendments to Government Guarantee and Implementation Agreement to reflect this change in PPA.

Company's Gas Supply Agreement (GSA) with Sui Northern Gas Pipelines Limited (SNGPL) expired on June 30, 2013. Thereafter, the Company has signed a supplemental deed dated March 17, 2014 with SNGPL, whereby SNGPL has agreed to supply gas to the Company on as-and-when available basis till the expiry of PPA on June 06, 2031. The Ministry of Petroleum and Natural Resources, empowered for Re-liquified natural gas ('RLNG') allocation by the Economic Co-ordination Committee ('ECC') of Cabinet , issued an allocation of 06 MMCFD of RLNG to the Company on April 28, 2017 and advised the Company and SNGPL to negotiate a GSA. Currently, the Company, SNGPL and CPPA-G are in the process of execution of an interim GSA for supply of RLNG. Under the interim GSA, RLNG will be supplied on 'as available' basis till the execution of a long term GSA between the parties.

2 Basis of Preparation

2.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. During the year, the Companies Ordinance, 1984 (hereinafter referred to as the 'Ordinance') has been repealed after the enactment of the Act. However, as allowed by the Securities and Exchange Commission of Pakistan ('SECP') vide Circular No. CLD/CCD/PR(11)/2017 dated July 20, 2017 and further clarified through its press release dated July 20, 2017, companies whose financial year closes on or before June 30, 2017, shall prepare financial statements in accordance with the provisions of the repealed Ordinance. Accordingly, these financial statements have been prepared in accordance with the requirements of the International Financial Reporting Standards ('IFRSs') issued by the International Accounting Standards Board ('IASB') as are notified under the repealed Ordinance, provisions of and directives issued under the repealed Ordinance. Wherever the requirements of the repealed Ordinance or directives issued by SECP differ with the requirements of IFRSs, the requirements of the repealed Ordinance or the requirements of the said directives prevail.

2.2 Initial application of standards, amendments or an interpretation to existing standards

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

2.2.1 Standards, amendments to published standards and interpretations that are effective in the current year

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on July 01, 2016 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 financial statements, except for the following:

-International Accounting Standard ('IAS') 1, 'Presentation of financial statements' (Amendment). The amendments provide clarifications on a number of issues, including:

- Materiality – an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.

- Disaggregation and subtotals – line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.

- Notes – confirmation that the notes do not need to be presented in a particular order.

- Other comprehensive income arising from investments accounted for under the equity method – the share of other comprehensive income arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

- IAS 16 (Amendment), 'Property, plant and equipment'. The amendment to IAS 16 clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The company's current accounting treatment is already in line with the requirement of this standard.

2.2.2 Exemption from applicability of certain interpretations to standards

SECP through SRO 24(I)/2012 dated January 16, 2012, has exempted the application of International Financial Reporting Interpretations Committee (IFRIC) 4 'Determining whether an Arrangement contains a Lease' to all companies. However, the SECP made it mandatory to disclose the impact of the application of IFRIC 4 on the results of the companies. This interpretation provides guidance on determining whether arrangements that do not take the legal form of a lease should, nonetheless, be accounted for as a lease in accordance with IAS 17, 'Leases'.

Consequently, the Company is not required to account for a portion of its PPA with CPPA-G as a lease under IAS - 17. If the Company were to follow IFRIC - 4 and IAS - 17, the effect on the financial statements would be as follows:

	2017	2016
	(Rupees in thousand)	
De-recognition of property, plant and equipment	737,670	785,621
Recognition of lease debtor	430,985	457,501
Decrease in un-appropriated profit at the beginning of the year	(326,932)	(346,845)
Increase in profit for the year	20,246	19,913
Decrease in un-appropriated profit at the end of the year	(306,686)	(326,932)

The present value of cash flows (receivables) has been estimated considering applicable degradation over the project life, indexation mechanism available under Power Purchase Agreement (PPA), cost incidental to make the plant available for dispatch to off-taker (CPPA-G) and sponsor's return in the Financial model.

2.2.3. 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 approved accounting standards and interpretations that are mandatory for companies having accounting periods beginning on or after July 1, 2017 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 financial statements, except for the following:

- IFRS 9, 'Financial instruments' (effective for periods beginning on or after January 1, 2018). This standard is yet to be notified by the SECP. This standard replaces the guidance in IAS 39, 'Financial instruments: Recognition and measurement'. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. The company is yet to assess the full impact of the standard.

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

- IFRIC 22, 'Foreign currency transactions and advance consideration' (effective for periods beginning on or after January 1, 2018). This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. It is unlikely that the interpretation will have any significant impact on the company's financial statements.

3. Basis of measurement

3.1. These financial statements have been prepared on the basis of historical cost convention except exchange differences capitalized as part of the cost of relevant assets referred to in note 14.1.3.

3.2. The Company's significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of the complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

(a) Provision for taxation

The Company takes into account the current income tax law and the decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its views on items of material nature is in accordance with the law, the amounts are shown as contingent liabilities.

(b) Useful lives and residual values of property, plant and equipment

The Company reviews the useful lives of property, plant and equipment on regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

4. Significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1. Retirement benefits

Staff gratuity scheme

The Company operates an un-funded gratuity scheme covering all its permanent employees. Provision is made annually to cover the liability under the scheme.

Compensated absences

The Company has the policy to provide for compensated absences of its employees in accordance with respective entitlement on cessation of service; related expected cost thereof has been included in the financial statements.

4.2. Taxation

Current

The profits and gains of the Company derived from electric power generation are exempt from tax in terms of clause 132 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the conditions and limitations provided therein.

Under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001, the Company is also exempt from levy of minimum tax on 'turnover' under section 113 of the Income Tax Ordinance, 2001. However, full provision is made in the profit and loss account on income from sources not covered under the above clauses at current rates of taxation after taking into account, tax credits and rebates available, if any.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction neither affects accounting nor taxable profit or loss. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

Deferred tax has not been provided in these financial statements as the Company's management believes that the temporary differences will not reverse in the foreseeable future due to the fact that the profits and gains of the company derived from electric power generation are exempt from tax subject to the conditions and limitations provided for in terms of clause 132 of Part I of the Second Schedule to the Income Tax Ordinance, 2001.

4.3. Property, plant and equipment

4.3.1. Operating fixed assets

Operating fixed assets except freehold land are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost less any identified impairment loss. The cost of assets constructed by the Company includes, project development and implementation costs.

Exchange differences arising on outstanding amount of foreign currency loans contracted under Implementation Agreement with Government of Pakistan are capitalized in the cost of plant and machinery in accordance with letter issued by SECP (Refer note 14.1.3).

Depreciation on all operating fixed assets is charged to income by using the straight line method so as to write off the depreciable amounts of an asset over its estimated useful life at annual rates mentioned in note 14.1 after taking into account their residual values. Depreciation on addition is charged from the month the asset is available for use, while in case of disposal it is charged up to the month of disposal.

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant. The Company's estimate of the residual value of its operating fixed assets as at June 30, 2017 has not required any adjustment as its impact is considered insignificant.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 4.4).

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the period in which they are incurred.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

4.3.2. Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use.

4.3.3. Major spare parts and standby equipment

Major spare parts and stand-by equipment qualify as property, plant and equipment when an entity expects to use them for more than one year. Transfers are made to relevant operating fixed assets category as and when such items are available for use.

4.4. Impairment of non-financial assets

Assets that have an indefinite useful life - for example, goodwill or intangible assets not ready to use - are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.5 Intangible assets

Expenditure incurred to acquire enterprise resource planning system (ERP) is capitalised as intangible asset and stated at cost less accumulated amortisation and any identified impairment loss. Intangible assets are amortised using the straight line method over a period of three years.

Amortisation on additions to intangible assets is charged from the month in which an asset is acquired or capitalised while no amortisation is charged for the month in which the asset is disposed off.

The Company assesses at each reporting date whether there is any indication that intangible may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the amortisation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

4.6 Long term investments

Investment in subsidiary company is measured at cost as per the requirements of IAS-27 “Separate Financial Statements”. However, at subsequent reporting dates, the Company reviews the carrying amount of the investment and its recoverability to determine whether there is an indication that such investment has suffered an impairment loss. If any such indication exists, the carrying amount of the investment is adjusted to the extent of impairment loss. Impairment losses are recognised as an expense in the profit and loss account.

The Company is required to issue consolidated financial statements along with its separate financial statements in accordance with the requirements of approved accounting standards.

4.7 Stores and spares

Stores and spares are valued principally at lower of moving average cost or net realizable value. Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessary to be incurred in order to make a sale. Items in transit are valued at cost comprising invoice value plus other charges paid thereon. The Company reviews the carrying amount of stores and spares on regular basis and provision is made for obsolescence if there is any change in usage pattern and physical form of related stores and spares.

4.8 Financial assets

4.8.1 Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within twelve months, otherwise, they are classified as non-current.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise advances, deposits and other receivables and cash and cash equivalents in the balance sheet.

c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the balance sheet date.

d) Held to maturity

Financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity are classified as held to maturity and are stated at amortised cost.

4.8.2 Recognition and measurement

All financial assets are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognised on trade-date – the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit and loss account. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest rate method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the profit and loss account in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit and loss account as part of other income when the Company's right to receive payments is established.

Changes in the fair value of securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the profit and loss account as gains and losses from investment securities. Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit and loss account. Dividends on available-for-sale equity instruments are recognised in the profit and loss account when the Company’s right to receive payments is established.

The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (and for unlisted securities), the Company measures the investments at cost less impairment in value, if any.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from equity and recognised in the profit and loss account. Impairment losses recognised in the profit and loss account on equity instruments are not reversed through the profit and loss account. Impairment testing of trade debts and other receivables is described in note 4.11.

4.9 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit and loss account.

4.10 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.11 Trade debts and other receivables

Trade debts and other receivables are recognised initially at invoice value, which approximates fair value, and subsequently measured at amortised cost using the effective interest method, less provision for impairment, if any. A provision for impairment of other receivables is established when there is objective evidence that the Company will not be able to collect all the amount due according to the original terms of the receivable. The provision is recognised in the profit and loss account. When a trade debt is uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the profit and loss account.

4.12 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, balance with banks on current and deposit accounts and other short term highly liquid investments that are readily convertible to known amounts of cash. Short term loans that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of cash flow statement.

4.13 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest method. Finance costs are accounted for on an accrual basis and are reported under accrued finance cost to the extent of the amount remaining unpaid.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

4.14 Trade payables and other liabilities

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are subtracted/added to the carrying amount of the respective liabilities.

Other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

4.15 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

4.16 Foreign currency transactions and translation

a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. All other exchange differences are charged to profit and loss account. All figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.

b) Transactions and balances

Transactions in foreign currencies are translated into Rupees at rates of exchange on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees at the rates of exchange ruling on the balance sheet date. Non monetary assets and liabilities are stated using exchange rates that existed when the values were determined. As explained in note 14.1.3, exchange differences arising on translation of foreign currency loans utilized for the acquisition of operating fixed assets are capitalized and incorporated in the cost of such assets. All other exchange differences are charged to profit and loss account.

4.17 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which case such costs are capitalised as part of the cost of the asset up to the date of commissioning of the related asset.

4.18 Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable on the following basis:

Revenue from sale of electricity to CPPA-G, the sole customer of the Company, is recorded based upon the output delivered and capacity available at rates as specified under the PPA as amended from time to time.

Interest income on delayed payments from CPPA-G is recognized on a time-apportioned basis using the effective rate of return.

Income on bank deposits is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

Dividend on equity instruments is recognized when right to receive the dividend is established.

4.19 Dividend

Dividend distribution to the Company's shareholders is recognized as a liability in the period in which the dividends are approved.

4.20 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, if any.

4.21 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company; or

- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

5. Issued, subscribed and paid up share capital

2017	2016		2017	2016
(Number of shares)			(Rupees in thousand)	
359,480,000	359,480,000	Ordinary shares of Rs 10 each fully paid in cash	3,594,800	3,594,800
3,900,000	3,900,000	Ordinary shares of Rs 10 each issued for consideration other than cash	39,000	39,000
363,380,000	363,380,000		3,633,800	3,633,800

5.1 The holding company, Descon Engineering Limited (DEL) and associated company Descon Holdings (Private) Limited, holds 211,397,063 (2016: 211,397,063) and 30,000 (2016 : 30,000) ordinary shares of Rs 10 each at the year end respectively.

6. Sponsors' loans - unsecured

		2017	2016
		(Rupees in thousand)	
Long term finances	- note 6.1	-	100,000
Interest on long term finances		-	3,235
		-	103,235
Less: Current portion shown under current liabilities		-	(103,235)
		-	-

6.1 This represented funds received from DEL for investment in Rousch (Pakistan) Power Limited through its subsidiary company, Power Management Company (Private) Limited.

The loan amount was payable within a period of five (5) years from the Execution Date (the "term") in one or more installments. The term was extendable with mutual consent of the parties. As per agreement between the Company, MCB Bank Limited and DEL, all amounts (including mark-up) due under the Sponsors' Loans were subordinated to the loan facility from MCB Bank Limited. These loans were unsecured and carried mark up at six months Karachi Inter Bank Offer Rate (KIBOR) plus 300 basis points (2016: six months KIBOR plus 300 basis points). The mark-up rate charged during the year on the outstanding balance was 9.36% (2016: 9.36% to 12.56%) per annum.

The loan amount was repaid in the current financial year.

7. Long term financing- unsecured

		2017	2016
		(Rupees in thousand)	
Long term loan from subsidiary			
Power Management Company (Pvt. Limited (PMCL)	- note 7.1	50,000	50,000
Interest on loan from PMCL		44,851	40,958
		94,851	90,958
Less: Current portion of long term loan		(94,851)	(90,958)
		-	-

7.1 This represents long term loan obtained by the Company from its wholly owned subsidiary, PMCL. This is an unsecured loan and carries mark-up at the rate of six months KIBOR plus 100 basis points (2016: six months KIBOR plus 300 basis points). Markup rate was revised from November 2016. The mark-up rate charged during the year on the outstanding balance ranged from 7.06% to 9.06% (2016: 9.06% to 10.04%) per annum.

8. Deferred liabilities

		2017	2016
Provision for:			
Staff gratuity	- note 8.1	3,015	2,305
Compensated absences	- note 8.2	387	332
		3,402	2,637

8.1. Staff gratuity

	2017	2016
Opening liability	2,305	1,656
Provision for the year	710	649
	3,015	2,305
Less: amount paid	-	-
Closing liability	3,015	2,305

8.2. Compensated absences

	2017	2016
Opening liability	332	242
Provision for the year	55	90
	387	332
Less: amount paid	-	-
Closing liability	387	332

9. Trade and other payables

		2017	2016
Natural gas charges to SNGPL		115,590	180,627
Other creditors	- note 9.1	37,968	22,475
Due to PMCL	- note 9.2	5,715	5,722
Withholding tax payable		403	138
Unclaimed dividend		726	1,381
Workers' Profit Participation Fund	- note 9.3	9,861	7,177
Workers' Welfare Fund	- note 9.4	-	-
Other accrued liabilities		3,680	3,323
		173,943	220,843

		2017	2016
		(Rupees in thousands)	
9.1. Includes the following amounts due to related parties:			
Due to holding company			
Descon Engineering Limited		6,546	4,053
Due to associated companies			
Descon Power Solution (Private) Limited		28,289	12,169
Descon Corporation (Private) Limited		420	732
Due to subsidiary company			
Rousch (Pakistan) Power Limited		25	95
		35,280	17,049

9.2. This represents amount payable to wholly owned subsidiary, PMCL. This is unsecured and carries mark up at six months KIBOR plus 100 basis points (2016: six months KIBOR plus 300 basis points). The interest rate was revised from November 2016. The mark-up rate charged during the year on the outstanding balance ranged from 7.06% to 9.06% (2016: 9.06% to 10.04%) per annum.

9.3. Workers' Profit Participation Fund

		2017	2016
Opening balance		7,177	5,854
Provision for the year	- note 20.2	9,861	7,177
		17,038	13,031
Less: Payments made during the year		(7,177)	(5,854)
Closing balance		9,861	7,177

9.4. Workers' Welfare Fund ('WWF') has not been provided for in these financial statements based on the advice of the company's legal consultant. However, in case the company pays WWF, the same is recoverable from CPPA-G as a pass through item under section 14.2(a) of the PPA with CPPA-G.

10. Short term borrowings-secured

		2017	2016
Short term running finances	- note 10.1	-	-

10.1. The Company extended its agreement with Habib Metropolitan Bank Limited to avail running finance facility of Rs 200 million (2016: Rs 100 million). The facility carries mark-up at three months KIBOR plus 1% per annum (2016: three months KIBOR plus 1.5% per annum). The facility was obtained against first charge of Rs 800 million over current assets at 25% margin registered with SECP. The mark-up rate charged during the year on the outstanding balance ranged from 7.12% to 7.62% (2016: 7.85%) per annum.

11. Dividend payable

		2017	2016
Dividend payable	- note 11.1	1,453,520	846,675

	2017	2016
	(Rupees in thousands)	
11.1. Includes the following amounts due to related parties:		
Due to holding company		
Descon Engineering Limited	845,588	492,555
Due to associated company		
Descon Holdings (Private) Limited	120	70
	845,708	492,625

12. Markup accrued

	2017	2016
Markup on short term loan from subsidiary-unsecured PMCL	10,713	10,268
Short term borrowings - secured	19	510
	10,732	10,778

13 Contingencies and commitments

13.1 Contingencies

(i) In August 2014, the taxation authorities issued a Show Cause Notice amounting to Rs 157 million on account of input sales tax alleged to be wrongly claimed for the period July 2009 to June 2013. The department is of the view that input tax paid by the Company should be split among taxable and non-taxable supplies. The Company based on the legal advice received, is of the view that component of capacity revenue is not considered value of supply and rule of apportionment is not applicable in case of IPPs for the reason that the ultimate product is electrical energy, which is taxable. The Company submitted reply for the Show Cause Notice which was rejected by the tax authorities and a demand for this amount was created by the tax authorities. The Company filed an appeal with Appellate Tribunal Inland Revenue (ATIR) against the demand which was rejected. The Company prefer an appeal before Honorable Lahore High Court who granted stay to the Company after payments of Rs 10.12 million against the total demand of Rs 157 million. The Honourable Lahore High Court vide its judgment in case no. STR 120/2015 dated October 31, 2016 has decided the issue in favour of the Company. However the tax department, being aggrieved, filed an appeal in the Honourable Supreme Court of Pakistan. The case is yet to be heard by the Honourable Supreme Court of Pakistan. Based on the advice of the Company's legal counsel, management believes that there are sufficient grounds to defend the Company's stance in respect of the above-mentioned input sales tax claimed by the Company. Consequently, no provision has been recognized in these financial statements.

(ii) The taxation authorities raised tax demand of Rs 0.240 million under section 122 (5A) of the Income Tax Ordinance, 2001 for the tax year 2006, which was rectified to Rs 0.084 million upon Company's request. The Company filed appeal before Commissioner Inland Revenue Appeals [CIR(A)] which was decided in Company's favour. Aggrieved with the decision of CIR (A), the department has filed appeal with ATIR, the hearing on the case is completed and now the order of the court on subject case is pending.

(iii) The tax authorities raised tax demand of Rs 0.743 million under section 122 (5A) of the Income Tax Ordinance, 2001 for the tax year 2009. The Company preferred an appeal before CIR(A) against the impugned tax demand, the learned CIR(A) decided the appeal in favour of Company thereby deleting the alleged tax demand. The department has filed an appeal before the ATIR against the order of CIR(A) and the case is pending for adjudication.

(iv) The taxation authorities raised tax demand under section 122 (5A) of the Income Tax Ordinance, 2001 for the tax years 2010, 2011, 2012 and 2013. The total demand raised amounts to Rs 9.3 million. The Company preferred appeals against the foregoing demands with CIR(A), on which learned CIR(A) has deleted the demands raised by the tax authorities and decided the case in favour of the Company. The DCIR did not take complete appeal effect in order under section 124 in accordance with CIR (A)'s order. The Company has applied for rectification of said department order and also filed appeal before CIR (A) against the order passed under section 124/129 of the Income Tax Ordinance, 2001. On Company's application, department has now taken complete effect of the order of CIR(A) and rectified its earlier aforesaid order. Further the department has filed an appeal before the ATIR against the order of CIR(A) and now the case is pending adjudication.

(v) The taxation authorities in pursuance of its show cause notice under section 182/114 of the Income Tax Ordinance, 2001 for imposition of penalty for late filing of return for tax year 2014, issued order thereby creating a demand amounting to Rs 16.84 million. Aggrieved with the said department order, the Company has preferred an appeal before CIR(A) and now the appeal is pending adjudication.

Based on the advice of the Company's legal counsel, management believes that there are sufficient grounds to defend the Company's stance in respect of the above-mentioned orders of the tax authorities. Consequently, no provision has been recognized in these financial statements.

13.2 Commitments in respect of

(i) Habib Metropolitan Bank Limited has issued bank guarantee for Rs 326.32 million (2016 : Rs 326.32 million) in favour of SNGPL as a security to cover gas supply for which payments are made in arrears. The guarantee will expire on September 14, 2017, which is renewable.

14. Property, plant and equipment

		2017	2016
		(Rupees in thousand)	
Operating fixed assets	- note 14.1	737,666	785,621
Major spare parts and standby equipment	- note 14.2	3,870	5,001
		741,536	790,622

14.1. Property, plant and equipment

	Annual rate of depreciation	Cost as at July 1, 2016	Additions	Transfers in	Disposals	Cost as at June 30, 2017	Accumulated depreciation as at July 1, 2016	Depreciation charge for the year	Disposals	Accumulated depreciation as at June 30, 2017	Written down value as at June 30, 2017
	%	(Rupees in thousand)									
Freehold land	-	4,647	-	-	-	4,647	-	-	-	-	4,647
Building on freehold land	5	121,447	-	-	-	121,447	62,734	6,072	-	68,806	52,641
Plant and machinery (note 14.1.3)	3-25	1,241,580	-	12,184	(4,282)	1,249,482	520,544	55,795	(4,282)	572,057	677,425
Electric equipment	10	2,109	1,164	-	-	3,273	1,544	314	-	1,858	1,415
Office equipment	10-33	2,173	1,262	-	-	3,435	1,513	380	-	1,893	1,542
Vehicles	20	372	-	-	-	372	372	-	-	372	-
		1,372,328	2,426	12,184	(4,282)	1,382,656	586,707	62,561	(4,282)	644,986	737,666

	Annual rate of depreciation	Cost as at July 1, 2015	Additions	Transfers in	Disposals	Cost as at June 30, 2016	Accumulated depreciation as at July 1, 2015	Depreciation charge for the year	Disposals	Accumulated depreciation as at June 30, 2016	Written down value as at June 30, 2016
	%	(Rupees in thousand)									
Freehold land	-	4,647	-	-	-	4,647	-	-	-	-	4,647
Building on freehold land	5	121,447	-	-	-	121,447	56,662	6,072	-	62,734	58,713
Plant and machinery (note 14.1.3)	4-17	1,228,155	7,650 89	5,686	-	1,241,580	465,162	55,382	-	520,544	721,036
Electric equipment	10	2,109	-	-	-	2,109	1,341	203	-	1,544	565
Office equipment	10-33	1,867	306	-	-	2,173	1,293	220	-	1,513	660
Vehicles	20	372	-	-	-	372	372	-	-	372	-
		1,358,597	8,045	5,686	-	1,372,328	524,830	61,877	-	586,707	785,621

14.1.1. The depreciation charge for the year has been allocated as follows:

		2017	2016
		(Rupees in thousand)	
Direct costs	- note 25	61,867	61,650
Administrative expenses	- note 26	694	227
		62,561	61,877

14.1.2. The cost of fully depreciated assets still in use is Rs 133 million (2016: Rs 131 million).

14.1.3. According to the letter No. EMD/233/390/2002-914 dated May 06, 2010 issued by the Securities and Exchange Commission of Pakistan (SECP), the Company is allowed to capitalize exchange gains / losses arising on outstanding amounts of foreign currency loans contracted under the Implementation Agreement with Government of Pakistan until the date of expiry of such Implementation Agreement. There were no exchange losses capitalised during the year (2016: Rs 89.109 million). This has resulted in accumulated capitalization of Rs 88.165 million (2016: Rs 88.165 million) in the cost of plant and equipment up to 30 June 2017, with net book value of Rs 57.394 million (2016: Rs 61.494 million). The exchange gains/ losses capitalised are amortised over the remaining useful life of plant.

14.1.4. Disposal of operating fixed assets

	2017				
	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
	(Rupees in thousand)				
Assets disposed					
Plant and Machinery					
- Outside party: Ihtramul haq	4,282	4,282	-	54	Bid
	4,282	4,282	-	54	

There were no disposals in the previous financial year.

14.2. Major spare parts and standby equipment

	2017	2016
	(Rupees in thousand)	
Opening balance	5,001	6,044
Additions during the year	11,053	4,643
	16,054	10,687
Transfers during the year	(12,184)	(5,686)
Closing balance	3,870	5,001

15. Intangible assets

		2017	2016
Cost			
Opening balance		6,564	6,414
Additions during the year		631	150
Closing balance		7,195	6,564
Amortisation			
Accumulated amortisation as at July 01		2,764	597
Amortisation charge for the year	- note 26	2,476	2,167
Accumulated amortisation as at June 30		5,240	2,764
Net book value as at June 30		1,955	3,800

15.1. The amortisation charge for the year has been allocated to administrative expenses.

15.2. Enterprise Resource Planning (ERP) system has been implemented by Descon Corporation (Private) Limited (DCL), an associated undertaking under service level agreement between the Company and DCL.

15.3. The cost of fully amortised assets still in use is Rs 0.250 million (2016: Nil).

		2017	2016
		(Rupees in thousand)	

16. Long term investments

Investment in subsidiary company - at cost	- note 16.1 & 16.2	3,204,510	3,204,510

16.1. This represents 100% shares held in PMCL, which in turn holds 59.98%(2016: 59.98%) shares of Rousch (Pakistan) Power Limited (RPPL).

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

17. Long term deposit

This represents the securities that have been deposited into CDC at the inception of the Company and since then have been carried forward.

18. Stores and spares

Stores	17,408	15,374
Spares	95,060	60,261
	112,468	75,635

18.1. Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

19. Trade debts

Considered good	- note 19.2	800,155	651,358
Considered doubtful		12,143	10,368
		812,298	661,726
Provision for doubtful debts	- note 19.1	(12,143)	(10,368)
		800,155	651,358

19.1 Provision for doubtful debts

Opening balance		10,368	-
Provision for the year	- note 19.3	1,775	10,368
		12,143	10,368
Amount written off against provision		-	-
Closing balance		12,143	10,368

19.2 These represent trade receivables from CPPA-G and are considered good. These are secured by a guarantee from the Government of Pakistan under the Implementation Agreement and are in the normal course of business and interest free, however, a delayed payment mark-up at reverse repo plus 2% per annum is charged in case the amounts are not paid within due dates. The rate of delayed payment mark-up charged during the year on outstanding amounts was 8.25% (2016: 8.25% to 9%) per annum.

19.3 During the year, a further provision of Rs 1.775 million has been made on account of disputed amounts relating to energy charges and capacity charges.

		2017	2016
		(Rupees in thousand)	
20. Advances, deposits, prepayments and other receivables			
Advances - considered good:			
- To suppliers		255	1,544
- Advance against expenses		150	74
Balances with statutory authorities:			
- Sales tax		87,287	65,167
- Receivable against Workers Welfare Fund		1,140	-
- Other receivables	- note 20.1	10,117	10,117
Claims recoverable from CPPA-G for pass through items:			
- Workers' Profit Participation Fund	- note 20.2	9,861	7,177
Prepayments	- note 20.3	1,808	1,403
Bank guarantee cost		489	489
Insurance claim receivable		1,742	1,742
		112,849	87,713

20.1. This represents an amount of Rs 10.117 million (2016: Rs 10.117 million) deposited with the ATIR to obtain stay against the sales tax apportionment case as mentioned in note 13.1.

20.2. Workers' Profit Participation Fund

		2017	2016
Opening balance		7,177	16,131
Provision for the year	- note 9.3	9,861	7,177
		17,038	23,308
Transferred to trade debts		(7,177)	(16,131)
Closing balance		9,861	7,177

Under section 14.2(a) of the PPA with CPPA-G, payments to Workers' Profit Participation Fund are recoverable from CPPA-G as a pass-through-item.

20.3. Included in prepayments is an amount paid to Descon Corporation Limited, a related party (associated company) aggregating to Rs 0.068 million (2016: Nil).

21. Dividend receivable

	2017	2016
Dividend receivable from PMCL-subsidiary	1,435,108	951,739

22. This includes WWF paid amounting to Rs 33.324 million based on accounting profit for tax year 2014 under protest. The honourable Supreme Court of Pakistan concluded in its decision that any amendments to the provisions of Workers Welfare Fund Ordinance could not have been lawfully made through Money Bill, as the amendments did not fall within the purview of the provisions of Article 73(2) of the Constitution. Since the provisions of WWF were not applicable to the company, CPPA-G has not acknowledged this amount as a valid pass through item, therefore the Company has filed for a refund from the tax authorities. Based on the confirmation from its tax advisor, the management is of the view that the amount will be received in future, hence no provision for this amount is required.

23. Cash and bank balances

		2017	2016
		(Rupees in thousand)	
Cash at bank			
- On saving accounts	- note 23.1	245	43
- On current accounts		48,317	51,663
		48,562	51,706
Cash in hand		9	50
		48,571	51,756

23.1. Profit on balances in saving accounts ranges from 5% to 5.25%(2016: 4% to 6 %) per annum.

24. Revenue - net

		2017	2016
Energy purchase price - gross		1,433,447	1,428,842
Sales tax		(208,279)	(207,610)
Energy purchase price - net		1,225,168	1,221,232
Capacity purchase price - gross		364,677	345,906
Other supplemental charges		34,711	38,798
		1,624,556	1,605,936

25. Direct costs

		2017	2016
Gas cost		1,172,236	1,171,832
Salaries, wages and other benefits		1,219	959
Operation and maintenance contractor's fee		54,318	48,008
Stores and spares consumed		62,352	86,279
Purchase of energy from CPPA-G		3,035	4,611
Insurance cost		2,061	2,073
Lube oil consumed		10,537	10,940
Repairs and maintenance		13,956	8,681
Travelling and conveyance		544	548
Depreciation on operating fixed assets	-note 14.1.1	61,867	61,650
Security expenses		4,094	2,090
Generation license fee		144	139
Miscellaneous expenses		246	331
		1,386,609	1,398,141

26. Administrative expenses

		2017	2016
Salaries, wages and other benefits	-note 26.1	10,525	6,266
Directors' remuneration	-note 33.2	625	375
ERP running cost		2,808	2,547
Traveling and conveyance		2,052	1,770
Utilities		642	92
Postage and telephone		838	601
Publicity, printing and stationery		1,105	773
Auditors' remuneration	-note 26.2	1,426	1,170
Legal and professional expenses		5,393	2,558
Fees and subscription		1,177	812

		2017	2016
		(Rupees in thousand)	
Entertainment		293	298
Amortization of intangible assets	-note 15	2,476	2,167
Depreciation on operating fixed assets	-note 14.1.1	694	227
Repair and maintenance		224	517
Provision for doubtful debts	-note 19.1	1,775	10,368
Rent, rates & taxes		183	-
Miscellaneous expenses		933	280
		33,169	30,821

26.1 Salaries, wages and other benefits include Rs 0.710 million (2016: Rs 0.649 million) and Rs 0.055 million (2016: Rs 0.090 million on account of staff gratuity and staff compensated absences respectively.

26.2. Auditors' remuneration

Annual audit fee	787	715
Half yearly review fee	254	220
Other assurance services	299	55
Out of pocket expenses	86	180
	1,426	1,170

27. Other income

Income from financial assets		
Profit on bank deposits	1,022	3,144
Dividend income from subsidiary company	1,435,108	951,739
	1,436,130	954,883
Income from non-financial assets		
Scrap sales	839	731
Gain on disposal of operating fixed assets	54	-
Liabilities no longer required written back	1,319	9,601
	2,212	10,332
	1,438,342	965,215

28. Finance cost

Markup on:			
Long term loans	-note 28.1	4,534	25,097
Short term loans- PMCL		444	558
Short term running finances		755	510
Bank charges		3,009	79
Amortization of bank guarantee cost		1,958	2,150
Markup on late payments to SNGPL		101	18,525
		10,801	46,919

28.1 It includes mark up accrued on loans from DEL, the holding company, and PMCL, the wholly owned subsidiary company, amounting to Rs 0.641 million (2016: Rs 20.137 million) and Rs 3.893 million (2016: Rs 4.879 million) respectively.

29. Taxation

	2017	2016
	(Rupees in thousand)	
Current		
For the year	317	1,045
Prior years	(718)	(3,087)
	(401)	(2,042)

29.1. Relationship between tax income and accounting profit

	2017	2016
Profit before taxation	1,632,319	1,095,270
Tax at the applicable rate of 31% (2016: 32%)	506,019	350,486
Tax effect of amounts that are:		
Exempt as referred to in note 4.2	(505,702)	(349,441)
Prior year taxes	(718)	(3,087)
	(401)	(2,042)

29.2. The Company had obtained certificate of registration of a group from SECP on June 05, 2015. Also during the year, on September 09, 2016 SECP issued designation letter for group relief and the group is now registered as a group with SECP under Group Companies Registration Regulations 2008.Subsequent to the registration of the group a group return will now be filed on due date. At the time of registration of group, interoperate dividend (PMCL to Altern) was exempt from tax for companies entitled for group relief under section 59 B of the Income Tax Ordinance, 2001 under Clause (103A) of Part I of the Second Schedule to the Income Tax Ordinance, 2001. However, through Finance Act, 2016 this law was amended subsequent to the registration of the group and the exemption available to the Group was withdrawn. The Company is of the view that since the Company had been registered as a group before the amendment in law, the Company is entitled for relief. Based on the advice of the Company's legal advisor, management believes that there are meritorious grounds to defend its case in the court of Law with the taxation authorities . Consequently, no provision of Rs 298.356 million on dividend income from the subsidiary company has been recognized in these financial statements.

30. Cash generated from operations

	2017	2016
	(Rupees in thousand)	
Profit before taxation	1,632,319	1,095,270
Adjustment for non cash charges and other items:		
- Depreciation on operating fixed assets	62,561	61,877
- Amortization of intangible assets	2,476	2,167
- Amortization of bank guarantee cost	1,958	2,150
- Liabilities written back	(1,319)	(9,601)
- Profit on bank deposits	(1,022)	(3,144)
- Gain on disposal of operating fixed assets	(54)	-
- Dividend income	(1,435,108)	(951,739)
- Finance cost	8,843	44,769
- Provision for doubtful debts	1,775	10,368
- Provision for employee retirement benefits	765	739
Profit before working capital changes	273,194	252,856

		2017	2016
Effect on cash flow due to working capital changes:		(Rupees in thousand)	
(Increase) / decrease in current assets			
- Stores and spares		(36,833)	(24,229)
- Trade debts		(151,712)	134,997
- Advances, deposits, prepayments and other receivables		(23,996)	(7,652)
		(212,541)	103,116
Decrease in current liabilities			
- Trade and other payables		(44,426)	(330,916)
		(256,967)	(227,800)
		16,227	25,056

31. Cash and cash equivalents

		2017	2016
Cash and bank balances	- note 23	48,571	51,756
Short term borrowings- secured	- note 10	-	-
		48,571	51,756

32. Transactions with related parties

The related parties comprise the holding company, subsidiaries and associates of holding company, associated undertakings, directors and key management personnel of the Company and its holding company and retirement benefit obligations. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables and remuneration of directors and key management personnel is disclosed in note 33. Significant related party transactions have been disclosed in respective notes in these financial statements other than the following:

Relationship with the Company	Nature of transactions	2017	2016
i. Holding Company			
Descon Engineering Limited :			
	Dividend paid	492,625	-
	Repayment of sponsors' loan	100,000	161,764
	Markup paid on sponsors' loan	3,876	42,411
	Common cost charged	2,494	778
ii. Subsidiary Companies			
Power Management Company (Private) Limited :			
	Dividend received	951,739	-
	Mark up accrued on long term loan	3,893	4,879
	Repayment of short term loan	7	-
	Mark up accrued on short term loan	444	558
Rousch (Pakistan) Power Limited:			
	Common cost charged	417	95

iii. Associated undertakings

		2017	2016
		(Rupees in thousand)	
Descon Power Solutions (Private) Limited :			
	O&M contractor's fee	49,517	43,643
	Service agreement of generators	4,801	4,364
	Spare parts purchased	118,677	118,605
	Major maintenance fee	1,774	1,060
	Common cost charged	305	-
Descon Corporation (Private) Limited:			
	ERP implementation/updating fees	631	150
	ERP running cost	2,808	2,547
	Building rent	183	156

iv. Retirement benefit obligations

	2017	2016
Expense charged in respect of retirement benefit obligations	765	739

33. Remuneration of Chief Executive, Directors and Executives

33.1 The aggregate amounts charged in these financial statements for remuneration and certain benefits to Directors, Chief Executive and Executives of the Company are as follows:

	Chief Executive		Executive Director	
	2017	2016	2017	2016
	(Rupees in thousand)		(Rupees in thousand)	
Remuneration	3,000	-	-	-
Retirement benefits	-	-	-	-
House rent, utilities and allowances	-	-	-	-
	3,000	-	-	-
Number of persons	1	1	0	0

	Non Executive Directors		Executives	
	2017	2016	2017	2016
	(Rupees in thousand)		(Rupees in thousand)	
Remuneration	695	-	3,872	2,700
Retirement benefits	-	-	355	225
House rent, utilities and allowances	-	-	387	511
Bonus	-	-	620	380
Car allowance	-	-	511	-
	695	-	5,745	3,816
Number of persons	6	7	3	1

33.2 During the year the Company paid meeting fee amounting to Rs 0.625 million (2016: Rs 0.375 million) to one of its non-executive (independent) director.

34. Number of employees

	2017	2016
Total number of employees as at June 30	8	9
Average number of employees during the year	8	8

35. Financial risk management

35.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board provides 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. All treasury related transactions are carried out within the parameters of these policies.

The Company's overall risk management procedures to minimise the potential adverse effects of financial market on the Company's performance are as follows:

a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings and financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Market risk is further divided into the following three components:

i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. The Company is exposed to currency risk arising from United States Dollar (USD).

Exposure to currency risk

The Company's exposure to foreign currency risk at the reporting date was as follows:

	2017	
	Rupees	US Dollars
	(Amounts in thousand)	
Trade Payables	630	6

	2016	
	Rupees	US Dollars
	(Amounts in thousand)	
Trade Payables	-	-

The following significant exchange rates were applied during the year:

	Balance sheet date rate		Average rate	
	2017	2016	2017	2016
US Dollars	105.00	104.70	104.85	103.20

At June 30, 2017, if the Rupee had weakened / strengthened by 10% against the US dollar with all other variables held constant, post-tax profit for the year would have reduced by Rs 0.063 million (2016: Rs Nil).

ii) Cash flow and fair value interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

As the Company has no significant floating interest rate assets, the Company's income is substantially independent of changes in market interest rates.

The Company's interest rate risk arises from bank deposit accounts, short term and long-term borrowings. These borrowings issued at variable rates expose the Company to cash flow interest rate risk.

The Company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Company calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

The Company does not have any fixed rate financial instrument. The interest rate profile of the Company's interest-bearing financial instruments at the balance sheet date was as under:

	Carrying amounts	
	2017	2016
	(Rupees in thousand)	
Financial assets	245	43
Financial liabilities	(55,715)	(155,722)
	(55,470)	(155,679)

Cash flow sensitivity analysis for variable rate instruments

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises on bank deposit accounts and long term loans. The Company does not have any fixed rate financial instrument. A 100 basis points increase in interest rate at the reporting date would have had the following effect in profit and loss account.

	2017	2016
	(Rupees in thousand)	
Variable rate financial instruments	(557)	(2,591)

A 100 basis points decrease in interest rates at the reporting date would have had an equal but opposite effect on the profit and loss to the amounts shown above, on the basis that all other variables remain constant.

iii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to equity price risk since there are no investments in equity instruments traded in the market at the reporting date. The Company is also not exposed to commodity price risk since it does not hold any financial instrument based on commodity prices.

b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

i) Exposure to credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The maximum exposure to credit risk at the reporting date was as follows:

		2017	2016
		(Rupees in thousand)	
Long term deposit	- note 17	38	38
Trade debts	- note 19	800,155	651,358
Advances, deposits and other receivables	- note 20	2,147	3,360
Dividend receivable	- note 21	1,435,108	951,739
Bank balances	- note 23	48,562	51,706
		2,286,010	1,658,201

The Company's exposure to credit risk is limited to the carrying amount of unsecured trade receivables and bank balances. The age analysis of trade receivable balances is as follows:

	2017	2016
	(Rupees in thousand)	
The ageing analysis of trade debts - secured is as follows:		
Neither past due nor impaired	195,560	206,663
Past due 0-30 days	169,836	204,463
Past due 31-120 days	292,413	61,614
Past due more than 120 days	154,489	188,986
Provision for doubtful debts	(12,143)	(10,368)
	800,155	651,358

The Company's only customer is CPPA-G. The credit risk on trade debts from CPPA-G is managed by a guarantee from the Government of Pakistan under the Implementation Agreement (IA) and by continuous follow-ups for release of payments from CPPA-G. Cash is held only with reputable banks with high quality external credit enhancements. The Company establishes a provision for doubtful debts that represents its estimate of incurred losses in respect of trade debts, if required.

ii) Credit quality of major financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating		Rating	2017	2016
	Short term	Long term	Agency	(Rupees in thousands)	
MCB Bank Limited	A1+	AAA	PACRA	2,405	2,866
The Bank of Punjab	A1+	AA	PACRA	4,366	3,151
Habib Bank Limited	A1+	AAA	JCR-VIS	111	-
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	41,680	45,689
				48,562	51,706

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the remaining contractual maturities of financial liabilities, including interest payments:

	2017				
		Maturities			
	Carrying amount	Less than six months	Up to one year	Two years to five years	After five years
	-------------------------------(Rupees in thousand)------------------------------				
Financial liabilities					
Sponsors' loan- unsecured	-	-	-	-	-
Long term financing	94,851	-	94,851	-	-
Trade and other payables	173,943	173,943	-	-	-
Dividend payable	1,453,520	1,453,520	-	-	-
Markup accrued	10,732	10,732	-	-	-
	1,733,046	1,638,195	94,851	-	-

	2016				
			Maturities		
	Carrying amount	Less than six months	Up to one year	Two years to five years	After five years
	-----------------------------(Rupees in thousand)---------------------------				
Financial liabilities					
Sponsors' loan- unsecured	103,235	-	103,235	-	-
Long term financing	90,958	-	90,958	-	-
Trade and other payables	220,843	220,843	-	-	-
Dividend payable	846,675	846,675	-	-	-
Markup accrued	10,778	10,778	-	-	-
	1,272,489	1,078,296	194,193	-	-

The Company closely monitors its liquidity and cash flow position. The liquidity risk is managed by using financial model and a continuous follow-up for collecting receivables from CPPA-G and managing debt repayments on due dates, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. However, under current circular debt issue faced by the power sector the Company is significantly exposed to liquidity risk.

35.2 Capital risk management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

ii) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares.

Neither there were any changes in the Company's approach to capital management during the year nor the Company is subject to externally imposed capital requirements.

The Company monitors capital on the basis of the debt-to-equity ratio - calculated as a ratio of total debt to equity.

The gearing ratios as at June 30, 2017 and 2016 were as follows:

	2017	2016
	(Rupees in thousand)	
Total interest bearing borrowings	94,851	194,193
Total equity	4,754,974	4,575,774
Total capital employed	4,849,825	4,769,967
Gearing ratio	1.96%	4.07%

35.3 Fair value estimation

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

Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Assets

The Company did not hold any instruments which could be included in Level 1, Level 2 and Level 3 as on June 30, 2017.

Liabilities

The Company did not hold any instruments which could be included in Level 1, Level 2 and Level 3 as on June 30, 2017.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value a financial instrument are observable, those financial instruments are classified under level 2. If one or more of the significant inputs is not based on observable market data, the financial instrument is classified under level 3. The Company has no such type of financial instruments as on June 30, 2017.

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.

35.4. Financial instruments by categories

	Loans and receivables	
	2017	2016
Assets as per balance sheet	(Rupees in thousand)	
Trade debts	800,155	651,358
Long term security deposit	38	38
Advances, deposits and other receivables	21,720	19,036
Dividend receivable	1,435,108	951,739
Bank balances	48,562	51,706
	2,305,583	1,673,877

Liabilities as per balance sheet	Financial liabilities at amortised cost 2017	2016
	(Rupees in thousand)	
Sponsors' loan- unsecured	-	103,235
Long term financing	94,851	90,958
Trade and other payables	173,943	220,843
Dividend payable	1,453,520	846,675
Markup accrued	10,732	10,778
	1,733,046	1,272,489

36. Plant capacity and actual generation

		2017	2016
Theoretical maximum output at dependable capacity of 32 MW (2016: 32 MW)	*MWh*	241,075	241,776
Actual output	*MWh*	187,844	175,069
Load factor	*Percentage*	77.92%	72.41%

The actual generation for power plant takes into account all scheduled outages approved by CPPA-G. Actual output is dependent on the load demanded by CPPA-G, gas supply by SNGPL under as-and-when available basis, the plant availability and mean-site conditions.

37. Earnings per share - basic and diluted

37.1 Basic earnings per share

		2017	2016
Profit for the year	Rupees in thousand	1,632,720	1,097,312
Weighted average number of ordinary shares	Number	363,380,000	363,380,000
Basic earnings per share	Rupees	4.49	3.02

37.2 Diluted earnings per share

There is no dillution effect on the basic earnings per share, as the Company has no such commitments.

38. Significant Contracts

38.1 The Company has entered into an Implementation Agreement (IA) dated July 19, 1995 with the President of the Islamic Republic of Pakistan, for and on behalf of the Islamic Republic of Pakistan under which the Government of Pakistan has allowed certain concessions to the Company for installation of a 14 Mega Watts Power Plant. As a result of amendment to the IA dated September 09, 2005, the capacity of the plant was enhanced to 32 Mega Watts.

38.2 The Company has entered into Power Purchase Agreement (PPA) dated September 18, 1995 with WAPDA which was later amended on April 22, 2006 to incorporate various revised provisions, mutually agreed between the parties. The PPA has now been novated by WAPDA in favour of CPPA-G, whereby CPPA-G will purchase the electricity produced by the Company for a term of 30 years till June 2031.

38.3 The PPA provides the tariff structure which comprises invoicing as follows:

- Energy Purchase Price (EPP) which is the price of energy sold to CPPA-G, EPP consists of fuel and variable operational and maintenance costs.

- Capacity Purchase Price (CPP) which is the price for making available the required level of capacity to generate energy available during the period. CPP consists of two components namely Escalable Component (EC) and non-Escalable component (NEC). EC includes fixed operations and maintenance cost, insurance cost, administrative costs and return on equity etc. NEC comprises of payment of loans (i.e. principal, interest and foreign exchange differences). The foreign exchange differences are recovered in the form of indexations in-built in the EC & NEC components.

38.4 The Company entered into a Gas Supply Agreement (GSA) dated August 03, 2007 with SNGPL whereby SNGPL committed to supply natural gas to the Company on 9 months take-or-pay basis till June 30, 2013. Upon expiry of the term of GSA on June 30, 2013, the Company has signed a supplemental deed dated March 17, 2014 with SNGPL, whereby SNGPL has agreed to supply gas to the Company on as-and-when available basis till the expiry of PPA on June 06, 2031. The Ministry of Petroleum and Natural Resources, empowered for RLNG allocation by the Economic Co-ordination Committee ('ECC') of Cabinet , issued an allocation of 06 MMSCFD of RLNG to the Company on April 28, 2017 and advised the Company and SNGPL to negotiate a GSA. Currently, the Company, SNGPL and CPPA-G are in the process of execution of the interim GSA. Under the interim GSA, RLNG will be supplied on 'as available' basis till the execution of a long term GSA between the parties.

38.5 The Company entered into an Operation & Maintenance and Service Agreement dated July 01, 2008 with Descon Power Solutions (Private) Limited (DPS) which have been amended from time to time till June 30, 2018. The agreement engages DPS to perform all the activities related to operations, maintenance, and other services of the plant till the expiry of the term.

39. Date of Authorisation for issue

These financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on September 29, 2017

40. Events after the balance sheet date

There are no significant events occurred after the balance sheet date that require adjustment or disclosure in the financial statements.

41. Corresponding figures

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

	(Rupees in thousand)
Security expenses classified from 'Administrative expenses' to 'Direct costs'	2,090

Chief Executive	Chief Financial Officer	Director

Consolidated Financial Statements

June 30, 2017

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Altern Energy Limited (the Holding Company) and its subsidiary companies (hereinafter referred to as 'the Group') as at June 30, 2017 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of Altern Energy Limited and its subsidiary companies. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of Altern Energy Limited and its subsidiary companies (the Group) as at June 30, 2017 and the results of their operations for the year then ended.

A.F. Ferguson & Co.

Chartered Accountants
Lahore,
Engagement Partner: Muhammad Masood **Date: September 29, 2017**

ALTERN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEET

	Note	2017	2016
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
400,000,000 (2016: 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 (2016: 363,380,000)			
ordinary shares of Rs 10 each	5	3,633,800	3,633,800
Capital Reserve : Share Premium		41,660	41,660
Revenue reserve : Un - appropriated profit		12,379,592	12,051,716
		16,055,052	15,727,176
Non-controlling interest		10,209,062	10,102,809
		26,264,114	25,829,985
NON-CURRENT LIABILITIES			
Sponsors' loan - unsecured	6	-	-
Long term finances	7	4,045,532	4,440,613
Deferred liabilities	8	23,399	19,698
Deferred taxation	9	913,145	901,200
		4,982,076	5,361,511
CURRENT LIABILITIES			
Current portion of long term financing	6 & 7	2,697,021	4,362,362
Trade and other payables	10	3,231,407	2,919,361
Dividend payable		2,488,523	1,536,678
Short term borrowings - secured	11	-	-
Markup accrued-short term and long term loans		3,409	375,654
Provision for taxation		113,676	79,437
Derivative financial instrument	12	157,389	-
		8,691,425	9,273,492
CONTINGENCIES AND COMMITMENTS	13		
		39,937,615	40,464,988

The annexed notes 1 to 39 form an integral part of these consolidated financial statements.

Chief Executive	Chief Financial Officer	Director

AS AT JUNE 30, 2017

	Note	2017	2016
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	14	20,376,788	21,878,189
Intangible assets	15	3,742	7,374
Long term deposits		539	539
Long term loans to employees - secured	16	8,886	13,232
		20,389,955	21,899,334
CURRENT ASSETS			
Stores, spares and loose tools	17	653,568	583,144
Inventory of fuel oil		471,793	476,632
Trade debts	18	12,864,950	7,649,133
Advances, deposits, prepayments and other receivables	19	541,817	442,528
Income tax recoverable	20	271,645	194,090
Cash and bank balances	21	4,743,887	9,220,127
		19,547,660	18,565,654
		39,937,615	40,464,988

Chief Executive | Chief Financial Officer | Director

ALTERN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2017

		Note	2017	2016
			(Rupees in thousand)	
Revenue-net		22	27,757,933	27,287,258
Direct costs		23	(23,472,480)	(21,926,166)
Gross profit			4,285,453	5,361,092
Administrative expenses		24	(248,432)	(226,747)
Other income		25	234,455	301,311
Profit from operations			4,271,476	5,435,656
Finance cost		26	(1,158,500)	(1,407,558)
Profit before taxation			3,112,976	4,028,098
Taxation		27	(187,871)	(174,448)
Profit after taxation			2,925,105	3,853,650
Attributable to:				
Equity holders of the Parent Company			1,782,867	2,300,513
Non-controlling interest			1,142,238	1,553,137
			2,925,105	3,853,650
Earnings per share - basic and diluted	**(Rupees)**	35	4.91	6.33

The annexed notes 1 to 39 form an integral part of these consolidated financial statements.

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

ALTERN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016
	(Rupees in thousand)	
Profit for the year	2,925,105	3,853,650
Other comprehensive (loss)/income:		
Items that may be reclassified subsequently to profit and loss	-	-
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of post retirement benefit obligation	(2,453)	215
Total comprehensive income for the year	2,922,652	3,853,865
Attributable to:		
Equity holders of the Parent Company	1,781,396	2,300,642
Non-controlling interest	1,141,256	1,553,223
	2,922,652	3,853,865

The annexed notes 1 to 39 form an integral part of these consolidated financial statements.

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

ALTERN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017	2016
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	28	701,249	6,940,417
Finance cost paid		(1,312,939)	(1,235,342)
Income taxes paid		(155,666)	(36,052)
Retirement benefits paid		(5,314)	(6,067)
Long term loans to employees-net		4,281	(8,431)
Net cash (outflow)/inflow from operating activities		(768,389)	5,654,525
Cash flows from investing activities			
Fixed capital expenditure		(227,736)	(61,689)
Proceeds from disposal of operating fixed assets		1,523	1,761
Profit on bank deposits received		206,082	246,888
Net cash (outflow)/inflow from investing activities		(20,131)	186,960
Cash flows from financing activities			
Repayment of Sponsors' loan		(103,235)	(184,036)
Repayment of long term financing		(8,731,317)	(1,426,406)
Proceeds from long term financing		6,730,264	-
Dividends paid to:			
- Non-controlling interest		(701,367)	-
- Owners of the Parent Company		(846,675)	-
Settlement of derivative financial instrument		(35,390)	-
Net cash outflow from financing activities		(3,687,720)	(1,610,442)
Net (decrease)/increase in cash and cash equivalents		(4,476,240)	4,231,043
Cash and cash equivalents at the beginning of the year		9,220,127	4,989,084
Cash and cash equivalents at the end of the year	29	4,743,887	9,220,127

The annexed notes 1 to 39 form an integral part of these consolidated financial statements.

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

ALTERN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2017

		Capital Reserve	Revenue Reserve			
	Share capital	Share Premium	Un-appropriated profit	Total equity attributable to shareholders of Parent Company	Non-controlling interest	Total equity
	-----------------------Rupees in thousand-----------------------					
Balance as on July 1, 2015	3,633,800	41,660	10,597,749	14,273,209	9,239,589	23,512,798
Profit for the year	-	-	2,300,513	2,300,513	1,553,137	3,853,650
Other comprehensive income for the year	-	-	129	129	86	215
Total comprehensive income for the year ended June 30, 2016	-	-	2,300,642	2,300,642	1,553,223	3,853,865
Transactions with owners in their capacity as owners :						
Interim dividend for the year ended June 30, 2016 @ Rs 2.33 per ordinary share	-	-	(846,675)	(846,675)	-	(846,675)
Dividends relating to 2016 paid to Non-controlling interest	-	-	-	-	(690,003)	(690,003)
Balance as on June 30, 2016	3,633,800	41,660	12,051,716	15,727,176	10,102,809	25,829,985
Profit for the year	-	-	1,782,867	1,782,867	1,142,238	2,925,105
Other comprehensive loss for the year	-	-	(1,471)	(1,471)	(982)	(2,453)
Total comprehensive income for the year ended ended June 30, 2017	-	-	1,781,396	1,781,396	1,141,256	2,922,652
Transactions with owners in their capacity as owners :						
Interim dividend for the year ended June 30, 2017 @ Rs 4 per ordinary share	-	-	(1,453,520)	(1,453,520)	-	(1,453,520)
Dividends relating to 2017 paid to Non-controlling interest	-	-	-	-	(1,035,003)	(1,035,003)
Balance as on June 30, 2017	3,633,800	41,660	12,379,592	16,055,052	10,209,062	26,264,114

The annexed notes 1 to 39 form an integral part of these consolidated financial statements.

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

ALTERN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

1. Legal status and nature of business

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

The Group is structured as follows:

- Altern Energy Limited (AEL); and

	(Effective Holding Percentage)	
Subsidiary Companies	**2017**	**2016**
- Power Management Company (Private) Limited (PMCL)	100.00%	100.00%
- Rousch (Pakistan) Power Limited (RPPL)	59.98%	59.98%

Altern Energy Limited (the 'Parent Company') is a public limited company incorporated in Pakistan on January 17, 1995 under the Companies Ordinance, 1984 (now the Companies Act, 2017 and hereinafter referred to as the 'Act'). The Company is a subsidiary of Descon Engineering Limited (the 'Ultimate Parent Company'). The Company's ordinary shares are listed on the Pakistan Stock Exchange Limited.

Power Management Company (Private) Limited was incorporated in Pakistan on February 24, 2006. The principal objective of PMCL is to invest, manage, operate, run, own and build power projects.

Rousch (Pakistan) Power Limited is an unlisted public company, incorporated in Pakistan on August 4,1994 under the Companies Ordinance, 1984 (now the Companies Act, 2017 and hereinafter referred to as the 'Act'). The principal activities of the Company are to generate and supply electricity to Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) from its combined cycle thermal power plant.

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

2. Basis of preparation

2.1 These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. During the year, the Companies Ordinance, 1984 (hereinafter referred to as the 'Ordinance') has been repealed after the enactment of the Act. However, as allowed by the Securities and Exchange Commission of Pakistan ('SECP') vide Circular No. CLD/CCD/PR(11)/2017 dated July 20, 2017 and further clarified through its press release dated July 20, 2017, companies whose financial year closes on or before June 30, 2017, shall prepare financial statements in accordance with the provisions of the repealed Ordinance. Accordingly, these consolidated financial statements have been prepared in accordance with the requirements of the International Financial Reporting Standards ('IFRSs') issued by the International Accounting Standards Board ('IASB') as are notified under the repealed Ordinance, provisions of and directives issued under the repealed Ordinance. Wherever the requirements of the repealed Ordinance or directives issued by SECP differ with the requirements of IFRSs, the requirements of the repealed Ordinance or the requirements of the said directives prevail.

2.2 Initial application of standards, amendments or an interpretation to existing standards

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

2.2.1 Standards, amendments to published standards and interpretations that are effective in the current year and are relevant to the Group

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on July 01, 2016 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 financial statements, except for the following:

- International Accounting Standard ('IAS') 1, 'Presentation of financial statements’ (Amendment). The amendments provide clarifications on a number of issues, including:

- Materiality – an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.

- Disaggregation and subtotals – line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity’s financial position or performance. There is also new guidance on the use of subtotals.

- Notes – confirmation that the notes do not need to be presented in a particular order.

- Other comprehensive income arising from investments accounted for under the equity method – the share of other comprehensive income arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the consolidated statement of other comprehensive income.

- IAS 16 (Amendment), 'Property, plant and equipment'. The amendment to IAS 16 clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The Group's current accounting treatment is already in line with the requirement of this standard.

2.2.2 Exemption from applicability of certain interpretations to standards

SECP through SRO 24(I)/2012 dated January 16, 2012, has exempted the application of International Financial Reporting Interpretations Committee (IFRIC) 4 'Determining whether an Arrangement contains a Lease' to all companies. However, the SECP made it mandatory to disclose the impact of the application of IFRIC 4 on the results of the companies. This interpretation provides guidance on determining whether arrangements that do not take the legal form of a lease should, nonetheless, be accounted for as a lease in accordance with IAS 17, 'Leases'.

Consequently, the Group is not required to account for a portion of its PPA with CPPA-G as a lease under IAS - 17. If the Group were to follow IFRIC - 4 and IAS - 17, the effect on the consolidated financial statements would be as follows:

	2017	2016
	(Rupees in thousand)	
De-recognition of property, plant and equipment	20,372,277	21,863,760
Recognition of lease debtor	10,404,777	11,319,516
Decrease in un-appropriated profit at the beginning of the year	10,544,244	11,082,999
Increase in profit for the year	(576,744)	(538,755)
Decrease in un-appropriated profit at the end of the year	9,967,500	10,544,244

The present value of cash flows (receivables) has been estimated considering applicable degradation over the project life, indexation mechanism available under Power Purchase Agreement (PPA), cost incidental to make the plants available for dispatch to off-taker (CPPA-G) and sponsor's return in the Financial model.

2.2.3 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 approved accounting standards and interpretations that are mandatory for Groups having accounting periods beginning on or after July 1, 2017 but are considered not to be relevant or to have any significant effect on the Group's operations and are, therefore, not detailed in these consolidated financial statements, except for the following:

- IAS 7, 'Cashflow statements: Disclosure initiative' (effective for periods beginning on or after January 1, 2017). This amendment requires disclosure to explain changes in liabilities for which cash flows have been, or will be classified as financing activities in the consolidated statement of cash flows. The amendment only covers balance sheet items for which cash flows are classified as financing activities. In case other items are included within the reconciliation, the changes in liabilities arising from financing activities will be identified separately. A reconciliation of the opening to closing balance is not specifically required but instead the information can be provided in other ways. In the first year of adoption, comparative information need not be provided. It is unlikely that the amendment will have any significant impact on the Group's consolidated financial statements.

- IFRS 9, 'Financial instruments' (effective for periods beginning on or after January 1, 2018). This standard is yet to be notified by the SECP. This standard replaces the guidance in IAS 39, 'Financial instruments: Recognition and measurement'. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. The Group is yet to assess the full impact of the standard.

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

- IFRIC 22, 'Foreign currency transactions and advance consideration' (effective for periods beginning on or after January 1, 2018). This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. It is unlikely that the interpretation will have any significant impact on the Group's financial statements.

3. Basis of measurement

3.1. These consolidated financial statements have been prepared on the basis of historical cost convention except for certain revaluation financial instruments and plan assets of employee retirement benefits at fair value, recognition of certain plan obligations of employee retirement benefits at present value and exchange differences capitalized as part of the cost of relevant assets referred to in note 14.1.3.

3.2. The Group's significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of the complexity, judgment of estimation involved in their application and their impact on these consolidated financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are as follows:

- Operating fixed assets and related depreciation (note 4.3 and 14)
- Net realisable value of inventories (note 4.7 and note 4.8)
- Trade debts (note 4.12 and note 18)
- Deferred liabilities (note 4.22 and note 8)
- Provision for taxation (note 4.2)
- Provisions, contingencies and commitments (note 4.16 and note 13)

4. Significant accounting policies

The significant accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1. Principles of consolidation

a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the consolidated profit and loss account, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated balance sheet respectively.

b) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interest and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Group.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in the consolidated profit and loss account. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the consolidated profit and loss account.

c) Disposal of subsidiaries

When the group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

4.2. Taxation

Income tax expense comprises current and deferred tax. Income tax is recognised in consolidated profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates or tax rates expected to apply to profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

The profits and gains derived from electric power generation are exempt from tax in terms of clause 132 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the conditions and limitations provided therein.

Under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001, Power Generation Sector is also exempt from levy of minimum tax on 'turnover' under section 113 of the Income Tax Ordinance, 2001. However, full provision is made in the consolidated profit and loss account on income from sources not covered under the above clauses at current rates of taxation after taking into account, tax credits and rebates available, if any.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax assets and liabilities are calculated at the rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

4.3 Property, plant and equipment

4.3.1 Operating fixed assets

Operating fixed assets are stated at cost less accumulated depreciation and any identified impairment loss. The cost of assets constructed by the Group includes, project development and implementation costs.

Exchange differences arising on outstanding amount of foreign currency loans contracted under Implementation Agreements with Government of Pakistan are capitalized in the cost of plant and machinery in accordance with directives issued by SECP (Refer note 14.1.3).

Depreciation on all operating fixed assets is charged to income by using the straight line method so as to write off the depreciable amounts of an asset over its estimated useful life at annual rates mentioned in note 14.1 after taking into account their residual values. Depreciation on addition is charged from the month the asset is available for use, while in case of disposal it is charged up to the month of disposal.

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant. The Group's estimate of the residual value of its operating fixed assets as at June 30, 2017 has not required any adjustment as its impact is considered insignificant.

The Group assesses at each balance sheet date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in consolidated profit and loss account. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. Where an impairment loss is recognised, the depreciation charge is adjusted in the future periods to allocate the asset’s revised carrying amount over its estimated useful life. (note 4.4).

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to consolidated profit & loss during the period in which they are incurred.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

4.3.2 Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use.

4.3.3 Major spare parts and standby equipment

Major spare parts and standby equipment qualify as property, plant and equipment when a group expects to use them for more than one year. Transfers are made to relevant operating fixed assets category as and when such items are available for use.

4.4. Impairment

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that assets.

Impairment of non-financial assets

Assets that have an indefinite useful life - for example, goodwill or intangible assets not ready to use - are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.5. Intangible assets

Expenditure incurred to acquire enterprise resource planning system (ERP) is capitalised as an intangible asset and stated at cost less accumulated amortisation and any identified impairment loss. Intangible assets are amortised using the straight line method over a period of three years.

Amortization on additions to intangible assets is charged from the month in which an asset is acquired or capitalized while no amortization is charged for the month in which the asset is disposed off.

The Group assesses at each balance sheet date whether there is any indication that intangible may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in consolidated profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the amortization charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

4.6. Derivative financial instruments

Derivatives are initially recognized at cost on the date a derivative contract is entered into and are subsequently re-measured at their fair values. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group has not designated any derivatives as hedging instruments and accordingly, the changes in fair value re-measurement are recognized in the profit and loss account. Trading derivatives are classified as a current asset or liability.

4.7. Stores, spares and loose tools

Stores and spares are valued principally at lower of moving average cost or net realizable value. Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessary to be incurred in order to make a sale. Items in transit are valued at cost comprising invoice value plus other charges paid thereon. The Group reviews the carrying amount of stores and spares on regular basis and provision is made for obsolescence if there is any change in usage pattern and physical form of related stores and spares.

4.8. Inventory of fuel oil

This is stated at lower of cost or net realizable value. Cost is determined on first-in-first-out (FIFO) basis. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

If the expected net realisable value is lower than the carrying amount, a write-down is recognised for the amount by which the carrying amount exceeds its net realisable value.

4.9. Financial Assets

4.9.1 Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available-for-sale and held-to-maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within twelve months, otherwise, they are classified as non-current.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise advances, deposits and other receivables in the consolidated balance sheet.

c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the consolidated balance sheet date.

d) Held-to-maturity

Financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity are classified as held-to-maturity and are stated at amortized cost.

4.9.2. Recognition and measurement

All financial assets are recognized at the time when the Group becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized on trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the consolidated profit and loss account. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest rate method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the consolidated profit and loss account in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated profit and loss account as part of other income when the Group's right to receive payments is established.

Changes in the fair value of securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated profit and loss account as gains and losses from investment securities. Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit and loss account. Dividends on available-for-sale equity instruments are recognised in the profit and loss account when the Group's right to receive payments is established.

The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (and for unlisted securities), the Group measures the investments at cost less impairment in value, if any.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from equity and recognised in the consolidated profit and loss account. Impairment losses recognised in the consolidated profit and loss account on equity instruments are not reversed through the consolidated profit and loss account. Impairment testing of trade debts and other receivables is described in note 4.12.

4.10. Financial liabilities

All financial liabilities are recognised at the time when the Group becomes a party to the contractual provisions of the instrument.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the consolidated profit and loss account.

4.11. Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated financial statements only when there is a legally enforceable right to set off the recognized amount and the Group intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.12. Trade debts and other receivables

Trade debts and other receivables are recognized initially at invoice value, which approximates fair value, and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade debts and other receivables is established when there is objective evidence that the Group will not be able to collect all the amount due according to the original terms of the receivable. The provision is recognized in the consolidated profit and loss account. When a trade debt is uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the profit and loss account.

4.13. Cash and cash equivalents

Cash and cash equivalents are carried in the consolidated balance sheet at cost. For the purpose of consolidated cash flow statement, cash and cash equivalents comprise cash in hand, balance with banks on current and deposit accounts and other short term highly liquid investments that are readily convertible to known amounts of cash. Short term loans that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of consolidated cash flow statement.

4.14. Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated profit and loss account over the period of the borrowings using the effective interest method. Finance costs are accounted for on an accrual basis and are reported under accrued finance cost to the extent of the amount remaining unpaid.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the consolidated balance sheet date.

4.15. Trade and other payables

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are subtracted/added to the carrying amount of the respective liabilities.

Other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

4.16. Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow shall be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

4.17. Foreign currency transactions and translation

a) Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (the functional currency). The consolidated financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency. All other exchange differences are charged to consolidated profit and loss account. All figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.

b) Transactions and balances

Transactions in foreign currencies are translated into Pak Rupees at rates of exchange on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange ruling on the consolidated balance sheet date. Non monetary assets and liabilities are stated using exchange rates that existed when the values were determined. As explained in note 14.1.3, exchange differences arising on translation of foreign currency loans utilized for the acquisition of operating assets are capitalized and incorporated in the cost of such assets . All other exchange differences are charged to consolidated profit and loss account.

4.18. Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in consolidated profit or loss in the period in which they are incurred.

4.19. Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable on the following basis:

Revenue from sale of electricity to CPPA-G, the sole customer of the Group, is recorded based upon the output delivered and capacity available at rates as specified under the PPAs as amended from time to time.

Interest income on delayed payments from CPPA-G is recognized on a time-apportioned basis using the effective rate of return.

Income on bank deposits is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

Dividend on equity instruments is recognized when right to receive the dividend is established.

4.20. Dividend

Dividend distribution to the Group's shareholders is recognized as a liability in the period in which the dividends are approved.

4.21. Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, if any.

4.22. Deferred liabilities

Deferred liabilities are payable to staff on completion of prescribed qualifying period of service. The main features of the schemes operated by the Group for its employees are as follows:

4.22.1 Defined benefit plan

a) Gratuity plan

Group maintains an approved gratuity fund for all permanent employees of the subsidiary company. Provisions are made in the financial statements to cover obligations on the basis of actuarial valuations carried out annually. The most recent actuarial valuation was carried out as at June 30, 2017 using the "Projected Unit Credit Method".

The actual return on plan assets represents the difference between the fair value of plan assets at the beginning of the year and as at the end of the year after adjustments for contributions made by the Group as reduced by benefits paid during the year.

The amount recognised in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of the plan assets.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in consolidated other comprehensive income in the year in which they arise. Past service costs are recognised immediately in the consolidated profit and loss account.

b) Un-funded gratuity plan

Group operates an un-funded gratuity plan covering all permanent employees of the Parent Company. Provision is made annually to cover the liability under the scheme.

c) Accumulated compensated absences

Group has a policy to provide for compensated absences of its employees in accordance with respective entitlement on cessation of service; related expected cost thereof has been included in the consolidated financial statements.

4.22.2 Defined contribution plan

Group operates a recognized provident fund for all eligible employees of the subsidiary company. Equal monthly contributions are made, both by the Group and the employees, to the fund at the rate of 10% of salary. The Group has no further payment obligations once the contributions have been paid. Obligations for contributions to the defined contribution plan are recognised as an expense in the consolidated profit and loss account as and when incurred.

4.23 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Group; or

- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

4.24 Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit on a straight-line basis over the lease term.

5. Issued, subscribed and paid up share capital

2017	2016		2017	2016
(Number of shares)			(Rupees in thousand)	
359,480,000	359,480,000	Ordinary shares of Rs 10 each fully paid in cash	3,594,800	3,594,800
3,900,000	3,900,000	Ordinary shares of Rs 10 each issued for consideration other than cash	39,000	39,000
363,380,000	363,380,000		3,633,800	3,633,800

5.1. The Ultimate Parent Company, Descon Engineering Limited (DEL), holds 211,397,063 (2016: 211,397,063) ordinary shares of Rs 10 each at the year end.

6. Sponsors' loans - unsecured

		2017	2016
		(Rupees in thousand)	
Long term finances	- note 6.1	-	100,000
Interest on long term finances	- note 6.2	-	3,235
		-	103,235
Current portion shown under current liabilities		-	(103,235)
		-	-

6.1. This represented funds received from DEL (Ultimate Parent Company).

6.2. The loan amount was payable within a period of five (5) years from the Execution Date (the "term") in one or more installments. The term was extendable with mutual consent of the parties. As per agreement between the Group, MCB Bank Limited and DEL, all amounts (including mark-up) due under the Sponsors' loans were subordinated to the loan facility from MCB Bank Limited. These loans were unsecured and carried mark up at six months Karachi Inter Bank Offer Rate (KIBOR) plus 300 basis points (2016: six months KIBOR plus 300 basis points). The mark-up rate charged during the year on the outstanding balance was 9.36% (2016: 9.36% to 12.56%) per annum.

7. Long term finances

	2017	2016
	(Rupees in thousand)	
Loans from financial institutions	6,742,553	6,165,169
Loan from associated company	-	2,534,571
	6,742,553	8,699,740
Current portion shown under current liabilities	(2,697,021)	(4,259,127)
	4,045,532	4,440,613

	Facility	Note	2017	2016
Loans from financial institutions: Secured				
National Bank of Pakistan ('NBP')	LTCF loan	7.1	-	5,352,338
Standard Chartered Bank	Facility A	7.2	3,834,053	-
Standard Chartered Bank	Facility B	7.3	2,908,500	-
Unsecured				
Australia and New Zealand Banking Group Limited ('ANZ')	Supplier's loan	7.4	-	812,831
			6,742,553	6,165,169
Loan from an associated company:				
Long term liability - unsecured	EPC Deferral (AMSA)	7.5	-	2,534,571
Total long term loans			6,742,553	8,699,740

Less: current portion of long term loans		2017	2016
		(Rupees in thousand)	
National Bank of Pakistan ('NBP')	LTCF loan	-	(1,529,239)
Australia and New Zealand Banking Group Limited ('ANZ')	Supplier's loan	-	(812,831)
Standard Chartered Bank	Facility A	(1,533,621)	-
Standard Chartered Bank	Facility B	(1,163,400)	-
Long term liability - unsecured	EPC Deferral (AMSA)	-	(1,917,057)
		(2,697,021)	(4,259,127)
		4,045,532	4,440,613

7.1 Long Term Credit Facility (LTCF) loan was co-financed by the World Bank (US$ 119.7 million) and The Export and Import Bank of Japan (US$ 49.6 million). National Bank of Pakistan (NBP) acted as an administrator of the loan. Further, this facility included capitalized mark-up / interest amounting to US$ 49.7 million. This facility carried mark-up at the rate of 1 year US Treasury Bill rate plus 3% per annum; or World Bank Lending rate plus 2.5% per annum payable semi-annually, whichever is higher, up to the date of termination of senior loan and 1 year US Treasury Bill rate plus 4% per annum; or World Bank Lending rate plus 3.5% per annum, whichever is higher, after the date of termination of senior loan. During the year, total amount of the LTCF loan has been repaid before maturity.

7.2 During the current year, the Group has repaid LTCF loan by refinancing it with loan Facility-A from Standard Chartered Bank ('SCB') . This facility carries mark-up at the rate of 3 months LIBOR + 4%, payable quarterly. The said loan is secured by first charge on fixed assets of the Group amounting to USD 49 million, assignment of receivable relating to capacity payments and lien on debt service account maintained with SCB Pakistan. The loan will be repaid in five equal semi-annual instalments ending on September 30, 2019.

7.3 During the current year, the Group has repaid AMSA loan by refinancing it with Facility B from Standard Chartered Bank. The said loan is secured by assignment of receivable relating to capacity payments and lien on collection account maintained with the Trustee. This facility carries mark-up at the rate of three months US Dollar LIBOR + 1.4% payable quarterly. The loan will be repaid in 10 equal quarterly instalments ending on December 31, 2019.

7.4 Initially, the supplier's loan repayment was agreed to be made out of funds available on Repayment Date after fulfilling the funding requirements as per the provisions of Master Agreement before distribution of dividend with the Repayment Date of March 2015. As per revised Memorandum of understanding ('MoU') between the Group, sponsors and lenders, the long term liability was agreed to be repaid in six unequal semi-annual instalments starting from September 2015. It had also been agreed that the long term liability would be subject to 6% per annum interest compounded semi-annually from the period starting July 1, 2015. The payments during the year were deferred owing to the non-compliance of requirements of the revised MoU and repayment of instalments was extended to September 30, 2016. During to the year, the entire loan along with accumulated interest was paid off on July 22, 2016.

7.5 The entire amount of the AMSA (EPC Deferred) loan, along with interest was repaid by the Group on June 22, 2017.

7.6 Major terms of the above loans are as under:

2017 2016
(Rupees in thousands)

	SCB Facility A	SCB Facility B	LTCF loan	Supplier's loan	EPC Deferral (AMSA)
Arranger / underwriter	SCB	SCB	NBP	ANZ	Siemens AG
Facility amount	US$ 36.515 million	US$ 27.700 million	US$ 219.08 million	US$ 17 million	US$ 24.2 million
Facility utilized	US$ 36.515 million	US$ 27.700 million	US$ 219.08 million	US$ 17 million	US$ 24.2 million
Term in years	2.5	2.5	Repaid during the year	Repaid during the year	Repaid during the year
Repayment terms	5 equal semi-annual instalments	10 equal quarterly instalments	Not applicable	Not applicable	Not applicable
Interest per annum and payment terms	3-Month LIBOR + 4% Quarterly	3-Month LIBOR + 1.4% Quarterly	note 7.1	6% compounded semi-annually	5% Payable semi-annually
Amounts outstanding under the facilities as at June 30, 2017	US$ 36.515 million	US$ 27.700 million	None	None	None

8. Deferred liabilities

		2017	2016
		(Rupees in thousands)	
Classified under non-current liabilities			
Unfunded			
Staff gratuity	- note 8.1	3,015	2,305
Compensated absences	- note 8.2	387	332
		3,402	2,637
Funded			
Defined benefit obligations	- note 8.3	19,997	17,061
		19,997	17,061
		23,399	19,698

8.1. Staff gratuity

	2017	2016
Opening liability	2,305	1,656
Provision for the year	710	649
	3,015	2,305
Amount paid	-	-
Closing liability	3,015	2,305

8.2. Compensated absences

	2017	2016
Opening liability	332	242
Provision for the year	55	90
	387	332
Amount paid	-	-
Closing liability	387	332

8.3. The latest actuarial valuation of the defined benefit obligation scheme of Group's subsidiary was carried out as June 30, 2017 under the Projected Unit Credit Method as per the requirements of approved accounting standard - International Accounting Standard 19, the details of which are as follows:

	2017	2016
	(Percentage)	
Actuarial assumptions		
Valuation discount rate	7.75%	7.25%
Expected rate of increase in salaries	7.75%	7.25%
Mortality rates	SLIC (2001-05)-1	SLIC (2001-05)-1

	(Rupees in thousands)	
Net defined benefit obligation		
The amounts recognized in consolidated balance sheet are as follows:		
Present value of defined benefit obligation	30,204	23,291
Fair value of plan assets	(10,207)	(6,230)
Liability in balance sheet	19,997	17,061
Movement in net defined benefit obligation		
Net liability as at July 1	17,061	17,196
Current service cost	4,560	4,584
Net interest on defined benefit obligation	1,812	1,929
Return on plan asset during the year	(575)	(366)
Charged to the consolidated profit and loss account	5,797	6,147
Total remeasurements for the year charged to other comprehensive income	2,453	(216)
Contributions made by the Group during the year	(5,314)	(6,066)
Net liability as at June 30	**19,997**	**17,061**
Changes in present value of defined benefit obligation		
Present value of defined benefit obligation - beginning of the year	23,291	18,155
Current service cost	4,560	4,584
Interest cost	1,812	1,929
Remeasurement losses / (gains) on obligation	2,062	(492)
Benefits paid	(1,521)	(885)
Present value of defined benefit obligation end of the year	30,204	23,291

Changes in fair value of plan assets	2017	2016
	(Rupees in thousands)	
Fair value of plan assets - beginning of the year	6,230	960
Expected return on plan assets	575	366
Remeasurement losses on plan assets	(391)	(277)
Benefits paid	(1,521)	(885)
Contribution to fund	5,314	6,066
Fair value of plan assets - end of the year	10,207	6,230

Amounts recognized in the consolidated profit and loss account		
Current service cost	4,560	4,584
Interest cost	1,812	1,929
Expected return on plan assets	(575)	(366)
	5,797	6,147

Total remeasurements charged to consolidated other comprehensive income		
Actuarial gains from changes in financial assumptions	(71)	(270)
Experience adjustments	2,133	(223)
	2,062	(493)
Remeasurements in plan assets	391	277
	2,453	(216)

Composition / fair value of plan assets	2017		2016	
	(Rupees in thousand)	Percentage	(Rupees in thousand)	Percentage
Term deposit receipts	341	3%	326	5%
Cash and cash equivalent (after adjusting current liabilities)	9,865	97%	5,904	95%
	10,206	100%	6,230	100%

Available historical information

Amounts for current period and previous four annual periods of the present value of defined benefit obligation and fair value of plan assets are as follows :

	2017	2016	2015	2014	2013
	(Rupees in thousands)				
Present value of defined benefit obligation	30,204	23,291	18,156	10,068	21,984
Fair value of plan assets	(10,207)	(6,230)	(960)	(1,423)	(17,859)
Deficit in plan	19,997	17,061	17,196	8,645	4,125
Experience adjustment arising on plan liabilities loss/(gain)	2,062	(492)	1,227	3,594	2,171
Experience adjustment arising on plan assets (loss) / gain	(391)	(277)	(88)	191	(592)

8.4. The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation				
		2017		2016	
	Changes in assumptions	Increase in assumption	Decrease assumption	Increase in assumption	Decrease assumption
		(Rupees in thousand)		(Rupees in thousand)	
Discount rate	1%	(2,517)	2,887	(2,063)	2,387
Salary growth rate	1%	2,707	(2,410)	2,483	(2,181)

8.5 The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit obligation recognized within the statement of financial position.

8.6 Provident fund related disclosures

The Group has set up provident fund for its permanent employees of its subsidiary and the investments out of Provident Fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose. The following information is based on the un-audited financial statements of the provident fund as at June 30, 2017:

	2017	2016
	(Rupees in thousands)	
	(un-audited)	
(i) Size of the Fund	38,963	31,576
(ii) Cost of investments made	14,500	14,500
(iii) Percentage of investments made	37%	46%
(iv) Fair value of investments	18,467	17,354

8.6.1. The breakup of fair value of investments is:

	2017		2016	
	(Rupees in thousand)	%	(Rupees in thousand)	%
Investment in mutual funds	18,467	47.40%	17,354	54.96%

9. Deferred taxation

Deferred taxation	- note 9.1	913,145	901,200

The gross movement in net deferred tax liability during the year is as follows:

Opening balance	901,200	804,159
Deferred tax expense charged to consolidated profit and loss account	11,945	97,041
Closing balance	913,145	901,200

9.1 The Parent Company expects to receive dividend from its subsidiaries in the foreseeable future. Accordingly a deferred tax liability on undistributed profits of the subsidiary company has been recognized in these consolidated financial statements.

10. Trade and other payables

		2017	2016
		(Rupees in thousands)	
Trade creditors	- note 10.1	316,155	90,629
Payable to CPPA-G for gas efficiency and import of energy		125,030	103,438
Natural gas charges to Sui Northern Gas Pipelines Limited ('SNGPL')		1,981,217	2,008,385
Accrued liabilities			
Lenders' related costs		15,634	26,627
Workers' Profit Participation Fund	- note 10.2	155,466	201,241
Workers' Welfare Fund	- note 10.3 & 10.4	-	-
Operation and maintenance charges payable to related parties	- note 10.5	259,304	225,788
Others	- note 10.6	353,557	241,907
		783,961	695,563
Withholding income tax payable		17,476	2,414
Unclaimed dividend		726	12,090
Provision of guarantee issued	- note 10.7	6,842	6,842
		3,231,407	2,919,361

10.1. This includes the following amounts due to related parties:

	2017	2016
Due to Ultimate Parent Company		
Descon Engineering Limited	19,234	7,940
Due to associated companies/related parties		
Descon Power Solutions (Private) Limited	62,031	45,201
Descon Corporation (Private) Limited	753	1,043
Siemens Pakistan Limited	93,213	-
Siemens AG	87,991	-
	263,222	54,184

10.2. Workers' Profit Participation Fund

		2017	2016
Opening balance		201,241	183,075
Provision for the year	- note 19.4	155,466	201,241
		356,707	384,316
Payments made during the year		(201,241)	(183,075)
Closing balance		155,466	201,241

10.3. Workers' Welfare Fund

		2017	2016
Opening balance		-	202,567
Provision for the year	- note 19.5	-	-
		-	202,567
Payments made during the year		-	-
Reversal of provision		-	(202,567)
Closing balance		-	-

10.4 Workers' Welfare Fund ('WWF') has not been provided for in these consolidated financial statements based on the advice of the Group's legal consultant. However, in case the Group pays WWF, the same is recoverable from CPPA-G as a pass through item as per the PPAs with CPPA-G.

10.5 This represents the following amounts due to related parties:

	2017	2016
	(Rupees in thousand)	
Siemens Pakistan Limited	19,598	120,029
Siemens AG	115,394	97,814
ESB International Luxembourg	124,312	7,945
	259,304	225,788

10.6. This includes the following amounts due to related parties:

Siemens Pakistan Engineering Company Limited	23,420	-
Siemens AG	229,712	-
Descon Engineering Limited	11,394	3,530
	264,526	3,530

10.7 The Group has filed an appeal against the judgment of a single judge to challenge the levy and collection of infrastructure fee / cess imposed through the Sindh Finance (Amendment) Ordinance, 2001 on the movement of goods entering or leaving the province from or for outside the country.

The Court by its orders dated 20 February 1997, and 26 March 2001, 11 November 2003 granted the stay on levy of this fee / cess on the condition that Group will furnish bank guarantee of equivalent amount till the final decision is made by the Court. Accordingly, the Group had arranged bank guarantees of Rs 64.95 million in favour of Director Excise and Taxation, Karachi and made full provision in the financial statements up to June 30, 2010. During the year 2008, the Honorable High Court of Sindh in its decision dated September 17, 2008 declared the imposition of levy of infrastructure fee / cess on import of material before December 28, 2006 as void and invalid, and ordered the guarantees to be returned and encashed. However, the levy imposed w.e.f. December 28, 2006 was declared to be legal and valid. The Government of Sindh has filed the appeal before Honourable Supreme Court of Pakistan against the order of High Court of Sindh. Group has also filed an appeal before Supreme Court of Pakistan against the Honourable High Court's decision of imposition of levy after December 28, 2006. During the year June 30, 2011, the Supreme Court of Pakistan ordered to agitate this matter before High Court of Sindh. The High Court by consent of the Excise and Taxation department has passed an order whereby it has mainly ordered to discharge any bank guarantee furnished for consignments cleared up to December 27, 2006 and any guarantee for consignment cleared after December 27, 2006 shall be encashed to the extent of 50% and a bank guarantee for remaining amount will be kept alive till the future disposal of litigations. For future consignments goods will be cleared after 50% of payment of the disputed amount would be paid by the respondents and furnishment of bank guarantee of balance of 50%. Accordingly the Group has made provision of Rs 6.842 million (2016 : Rs 6.842 million) being 50% of disputed amount i.e. Rs 13.684 million.

11. Short term borrowings - secured

During the previous year, the Group had entered into an agreement with a consortium of local banks, [Faysal Bank Limited, Bank Alfalah Limited, Soneri Bank Limited and Silk Bank Limited] led by Faysal Bank Limited, to avail working capital facility of Rs 900 million. The facility carried mark-up at three months KIBOR plus 3% per annum . The facility was obtained against pari passu charge of Rs 3,766 million over all present and future fixed assets and current assets of the Group in favour of the security trustee. The facility expired during the previous year.

Moreover, the Group extended its agreement with Habib Metropolitan Bank Limited to avail running finance facility of Rs 200 million (2016: Rs 100 million). The facility carries mark-up at three months KIBOR plus 1% per annum (2016: three months KIBOR plus 1.5% per annum). The facility was obtained against first charge of Rs 800 million over current assets at 25% margin registered with SECP. The mark-up rate charged during the year on the outstanding balance ranged from 7.12% to 7.62% (2016: 7.85%) per annum.

		2017	2016
12. Derivative financial instrument		**(Rupees in thousand)**	
Interest rate swap	- note 12.1	157,389	-

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

13. Contingencies and commitments

13.1. Contingencies in respect of:

(i) In August 2014, the taxation authorities issued a Show Cause Notice amounting to Rs 157 million on account of input sales tax alleged to be wrongly claimed for the period July 2009 to June 2013. The department is of the view that input tax paid by Group should be split among taxable and non-taxable supplies. Group, based on the legal advice received, is of the view that component of capacity revenue is not considered value of supply and rule of apportionment is not applicable in case of IPPs for the reason that the ultimate product is electrical energy, which is taxable. Group submitted reply to the Show Cause Notice which was rejected by the tax authorities and a demand for this amount was created by the tax authorities. Group filed an appeal with Appellate Tribunal Inland Revenue ('ATIR') against the demand which was rejected. Thereafter, the Group preferred an appeal before Honorable Lahore High Court who granted stay to the Group after payments of Rs 10.12 million were made against the total demand of Rs 157 million. The Honourable Lahore High Court vide its judgment in case no. STR 120/2015 dated October 31, 2016 has decided the issue in favour of the Group. However the tax department, being aggrieved, filed an appeal in the Honourable Supreme Court of Pakistan. The case is yet to be heard by the Honourable Supreme Court of Pakistan. Based on the advice of Group's legal counsel, management believes that there are sufficient grounds to defend Group's stance in respect of the above-mentioned input sales tax claimed by Group. Consequently, no provision has been recognized in these consolidated financial statements.

(ii) The taxation authorities raised tax demand of Rs 0.240 million under section 122 (5A) of the Income Tax Ordinance, 2001 for the tax year 2006, which was rectified to Rs 0.084 million upon Group's request. Group filed appeal before Commissioner Inland Revenue Appeals [CIR(A)] which was decided in Group's favour. Aggrieved with the decision of CIR (A), the department has filed appeal with ATIR, the hearing on the case is completed and now the order of the court on subject case is pending.

(iii) The tax authorities raised tax demand of Rs 0.743 million under section 122 (5A) of the Income Tax Ordinance, 2001 for the tax year 2009. Group preferred an appeal before CIR(A) against the impugned tax demand, the learned CIR(A) decided the appeal in favour of Group thereby deleting the alleged tax demand. The department has filed an appeal before the ATIR against the order of CIR(A) and the case is pending for adjudication.

(iv) The taxation authorities raised tax demand under section 122 (5A) of the Income Tax Ordinance, 2001 for the tax years 2010, 2011, 2012 and 2013. The total demand raised amounts to Rs 9.3 million. Group preferred appeals against the foregoing demands with CIR(A), on which learned CIR(A) has deleted the demands raised by the tax authorities and decided the case in favour of Group. The DCIR did not take complete appeal effect in order under section 124 in accordance with CIR (A)'s order. Group has applied for rectification of said department order and also filed appeal before CIR (A) against the order passed under section 124/129 of the Income Tax Ordinance, 2001. On Group's application, department has now taken complete effect of the order of CIR(A) and rectified its earlier aforesaid order. Further the department has filed an appeal before the ATIR against the order of CIR(A) and now the case is pending adjudication.

(v) For tax years 2011, 2012 and 2014, the tax authorities raised an aggregate demand of Rs 191.412 million subjecting capacity price payments to minimum taxation under section 113 of the Income Tax Ordinance, 2001. The CIR(A) deleted the demand for tax year 2012 while the matter was remanded back to the taxation officer for tax years 2011 and 2014. Group and the tax department have filed appeals to ATIR against the order of CIR(A) on this matter.

Based on advice of the Group's tax advisor and the decision of the CIR(A) for tax year 2012 on a similar issue, the management believes that there are meritorious grounds to defend the Group's stance in respect of this matter. Consequently, no provision has been made in these consolidated financial statements.

(vi) The taxation authorities in pursuance of its show cause notice under section 182/114 of the Income Tax Ordinance, 2001 for imposition of penalty for late filing of return for tax year 2014, issued order thereby creating a demand amounting to Rs 16.84 million. Aggrieved with the said department order, Group has preferred an appeal before CIR(A) and now the appeal is pending adjudication.

Based on the advice of Group's legal counsel, the management believes that there are sufficient grounds to defend Group's stance in respect of the above-mentioned orders of the tax authorities. Consequently, no provision has been recognized in these consolidated financial statements.

(vii) In November 2012, the tax authorities raised demand of Rs 2,026 million on account of input sales tax along with default surcharge and penalty alleging non-apportionment of input tax to revenue representing Capacity Purchase Price for the period July 2007 to June 2011. The demand was upheld up to the level of the ATIR and the matter is now pending before the Islamabad High Court on reference application filed by Group. The Islamabad High Court also suspended order of the ATIR while deciding the petition for stay against tax recovery filed by Group.

In October 2013, the tax authorities issued show-cause notice for sales tax demand of Rs 675 million along with default surcharge and penalty on the same matter for the period July 2011 to June 2012. On petition filed by Group, the High Court directed the assessing officer to decide the case of the company in line with the expected judgment of the High Court on the same matter. Similar demands of Rs 1,384 million along with default surcharge and penalty for the period July 2012 to June 2014 were remanded back to the Taxation Officer by CIR (A) with the same directions.

As the matter of apportionment of input sales tax is common to the power generation industry, it is likely to be decided by the Honourable Islamabad High Court by taking up all related appeals jointly. Based on the opinion of Group's legal counsel and in the view of the latest favourable decision on a similar issue in a parallel case by the Lahore High Court, a favourable outcome is expected and no provision in this regard has been made in these consolidated financial statements.

(viii) CPPA-G had raised invoices for liquidated damages ('LDs') to Group 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 Power Purchase Agreement) on account of short supply of electricity by Group, which was due to cash flow constraints of Group as a result of default by CPPA-G in making timely payments. Estimated amount of liquidated damages is not expected to exceed Rs 1,587.733 million as at June 30, 2017 based on the best estimate of the management of Group and invoice raised by National Transmission and Dispatch Company Limited.

Group disputes and rejects the claim on account of liquidated damages on the premise that its failure to dispatch electricity was due to CPPA-G's non-payment of dues on timely basis to Group and consequential inability of Group to make timely payments to its gas supplier that resulted in inadequate level of electricity production owing to curtailment / suspension of gas supply. In this regard, Group initiated the expert adjudication under the dispute resolution procedures specified in the Power Purchase Agreement. The case was decided by the expert in Group's favour in August 2014. Decision of the expert is however not legally binding on any party. The Off-taker, through its letter dated August 2, 2016, communicated to Group that it will challenge the decision of the expert in arbitration proceedings. During the year CPPA-G gave the proposal for settlement of LDs dispute. Terms of settlement are to be signed in a proposed Settlement Agreement.

Under the Settlement Agreement, the period of non-performance due to unavailability of gas shall be treated as Other Force Majeure Event ('OFME') by the CPPA-G. As a result, Group will not be entitled to any Capacity payment ('CPP') for this period from CPPA-G and CPPA-G will not levy any LDs on the Group. By declaration of OFME , the PPA of Group will be extended by the OFME period.

Settlement Agreement has been agreed by the respective Boards of CPPA-G and Group and is pending approval of the ECC. Once it is approved , Group will refund the capacity payments already received which pertain to 2013 LDs period. The event will be treated as OFME and PPA will be extended for 86 days.

Similarly, in January 2017, the SNGPL suspended the gas supply for a period of 26 days, as a result CPPA-G levied LDs amounting to Rs 731 million. Group disputes this amount on the premise that it has already issued an OFME notice to CPPA-G in January for a period of 26 days. The same period is also contemplated as OFME in the proposed settlement agreement. Due to declaration of OFME, Group did not raise capacity invoice for the period of gas curtailment.

Based on the above grounds, no provision for liquidated damages has been recognised in these consolidated financial statements the management expects that the ultimate outcome of the case will be in favour of Group.

(ix) For tax year 2014, in addition to minimum tax mentioned in subsection (v) of note 13.1, income tax of Rs 226.313 million was also levied on interest income and supplemental charges by disallowing set-off of such income against depreciation losses. While the CIR(A) upheld the taxation of supplemental charges, the issue of set-off of unabsorbed tax depreciation was remanded back to the assessing authority. Both Group and the tax authorities have filed appeals to the ATIR on this matter.

Based on advice of Group's tax advisor and favourable decision on a similar issue in a parallel power sector case, the management believes that there are meritorious grounds to support the Group's stance in respect of this matter. Consequently, no provision for this amount has been made in these consolidated financial statements.

(x) For the tax years 2011, 2012 and 2013, an aggregate demand of Rs 147.570 million on account of WWF was raised by the tax authorities, of which Rs. 84.348 million has been paid by Group. For the Tax Years 2011 and 2013, the ATIR has already ruled in favour of Group following the decision of the Honourable Supreme Court of Pakistan, whereas appeal for the Tax Year 2012 is also likely to be decided in a similar way. Group has applied to the tax authorities for refund of WWF paid for the Tax

Years 2011 and 2013. Similar demands aggregating to Rs 251.390 million were raised for the Tax Years 2009, 2010 and 2014 which were set-aside by the CIR(A). The management is confident of a favourable resolution of this matter in view of decision of the Honourable Supreme Court of Pakistan, holding the amendments brought through in the WWF Ordinance 1971 by the Finance Act 2008 as void and illegal.

Based on advice of the Group's legal counsel, the management believes that there are meritorious grounds to support the Group's stance in respect of the above mentioned matters relating to WWF. Consequently, no provision for the aggregate amount of Rs 398.96 million has been made in these consolidated financial statements.

13.2. Commitments in respect of

(i) Habib Metropolitan Bank Limited has issued bank guarantee for Rs 326.32 million (2016 : Rs 326.32 million) in favour of SNGPL as a security to cover gas supply for which payments are made in arrears. The guarantee will expire on September 14, 2017, which is renewable.

(ii) Group has issued the following guarantees in favour of:

- Bank guarantees have been issued to the excise and taxation department aggregating Rs 31.842 million (2016: Rs 26.842 million).

- Bank guarantee has been issued to Collector of Customs amounting to Rs 2.75 million (2016: Rs 2.75 million).

- Standby letter of credit facility of Rs 4,120 million (2016: Rs 4,120 million) has been availed from NBP against cash collateral of equivalent amount, in favour of SNGPL as a security to cover gas supply for which payments are made in arrears and a guarantee amounting to Rs 0.688 million (2016: Rs 0.688 million) is available from Bank Alfalah Limited favouring PSO against fuel supply.

(iii) Letters of credits for capital expenditure Nil (2016: Rs 4.041 million)

(iv) Letters of credit other than capital expenditure Rs 4.036 million (2016: Rs 1.870 million)

14. Property, plant and equipment

		2017	2016
		(Rupees in thousand)	
Operating fixed assets	- note 14.1	20,372,273	21,863,758
Major spare parts and standby equipment	- note 14.2	3,870	5,001
Capital work- in- progress	- note 14.4	645	9,430
		20,376,788	21,878,189

14.1. Operating fixed assets

	Annual rate of depreciation	Cost as at July 1, 2016	Additions/ (disposals)/ adjustments	Transfers in	Cost as at June 30, 2017	Accumulated depreciation as at July 1, 2016	Depreciation charge for the year	Accumulated depreciation as at June 30, 2017	Written down value as at June 30, 2017
	%	(Rupees in thousand)							
Freehold land	0-3.33	59,413	-	-	59,413	30,349	1,749	32,098	27,315
Buildings on freehold land	3.33-5	1,918,047	13,344	-	1,931,391	1,064,089	65,938	1,130,027	801,364
Plant and machinery (note 14.1.3)	3-25	40,580,562	199,818 (4,282)	12,184	40,788,282	19,992,067	1,599,928 (4,282)	21,587,713	19,200,569
Leasehold improvements	10	2,141	-	-	2,141	533	159	692	1,449
Electric equipments	10	2,109	1,164	-	3,273	1,544	314	1,858	1,415
Furniture and fixtures	20	3,863	-	-	3,863	3,078	249	3,327	536
Office equipments	10-33	31,411	3,975	-	35,386	24,454	2,741	27,195	8,191
Vehicles	20	51,018	- (1,774)	-	49,244	26,523	8,946 (1,167)	34,302	14,942
Capital spares	3-5	575,826	24,244 (73,204)	-	526,866	217,995	25,320 (32,941)	210,374	316,492
		43,224,390	**242,545** **(79,260)**	**12,184**	**43,399,859**	**21,360,632**	**1,705,344** **(38,390)**	**23,027,586**	**20,372,273**

	Annual rate of depreciation	Cost as at July 1, 2015	Additions/ (disposals)/ adjustments	Transfers in	Cost as at June 30, 2016	Accumulated depreciation as at July 1, 2015	Depreciation charge for the year/ (disposal)	Accumulated depreciation as at June 30, 2016	Written down value as at June 30, 2016
	%	(Rupees in thousand)							
Freehold land	0-3.33	59,413	-	-	59,413	28,529	1,820	30,349	29,064
Buildings on freehold land	3.33-5	1,918,047	-	-	1,918,047	999,407	64,682	1,064,089	853,958
Plant and machinery (note 14.1.3)	3-24	40,349,441	7,651 217,784	5,686	40,580,562	18,403,637	1,588,430	19,992,067	20,588,495
Leasehold improvements	10	2,141	- -	-	2,141	299	234	533	1,608
Electric equipments	10	2,109	-	-	2,109	1,341	203	1,544	565
Furniture and fixtures	20	3,863	-	-	3,863	2,793	285	3,078	785
Office equipments	10-33	28,824	2,587	-	31,411	22,115	2,339	24,454	6,957
Vehicles	20	48,445	11,379 (8,806)	-	51,018	29,422	4,146 (7,045)	26,523	24,495
Capital spares	3-5	555,777	21,138 (1,089)	-	575,826	191,979	26,506 (490)	217,995	357,831
		42,968,060	**260,539** **(9,895)**	**5,686**	**43,224,390**	**19,679,522**	**1,688,645** **(7,535)**	**21,360,632**	**21,863,758**

14.1.1 The depreciation charge for the year has been allocated as follows:

		2017	2016
		(Rupees in thousand)	
Direct costs	- note 23	1,692,935	1,681,634
Administrative expenses	- note 24	12,409	7,011
		1,705,344	**1,688,645**

14.1.2. The cost of fully depreciated assets still in use as at June 30, 2017 is Rs 178.91 million (2016: Rs 170.07 million).

14.1.3. According to Circular 11 of 2008 dated 13 June 2008 issued by SECP, power sector companies are allowed to capitalise exchange gains / losses arising on outstanding amounts of foreign currency loans contracted under the implementation agreement with Government of Pakistan until the date of expiry of such implementation agreement. Therefore, the net exchange losses of Rs 18.339 million (2016: Rs 217.695 million) arising on revaluation and repayments of foreign currency loans at year end and during the year have been capitalized. This has resulted in accumulated capitalization of Rs 12,293.477 million (2016: Rs 12,275.138 million) in the cost of plant and equipment up to June 30, 2017, with net book value of Rs 6,946.903 million (2016: Rs 7,516.494 million) at the year end. The exchange gains / losses capitalised are amortised over the remaining useful life of the plants.

	2017	2016
14.2. Major spare parts and standby equipment	(Rupees in thousand)	
Opening balance	5,001	6,044
Additions during the year	11,053	4,643
	16,054	10,687
Transfers during the year	(12,184)	(5,686)
Closing balance	3,870	5,001

14.3. Details of property, plant & equipment disposed off during the current year are:

	Cost	Accumulated depreciation	Written down value	Sale proceeds	Mode of disposal	Purchaser
	(Rupees in thousand)					
Capital spares	73,204	32,941	40,263	-	Charged to store consumption	Not applicable
Plant and machinery	4,282	4,282	-	54	Bid	Auction External Party- Ihtramul haq
Vehicles						
Suzuki Cultus	1,034	427	607	607	Group policy	Employee- Umer Arshad
Hiace Van	740	740	-	862	Group policy	Auction External Party- Mohammad Sarwar
	79,260	38,390	40,870	1,523		

Details of property, plant & equipment disposed off during the previous year were:

	Cost	Accumulated depreciation	Written down value	Sale proceeds	Mode of disposal	Purchaser
	(Rupees in thousand)					
Capital spares	1,089	490	599	-	Charged to store consumption	Not applicable
Vehicles						
Suzuki Cultus	827	662	165	165	Group policy	Employee- Zeeshan Ul Haq
Toyota Prado	7,979	6,383	1,596	1,596	Group policy	Employee- Mubashar Ahmed
	9,895	7,535	2,360	1,761		

	2017	2016
14.4. Capital work- in- progress	(Rupees in thousand)	
Civil works	645	6,285
Intangible assets - ERP	-	631
Advances to suppliers	-	2,514
	645	9,430

The reconciliation of the carrying amount is as follows:

	2017	2016
Opening balance	9,430	650
Additions during the year	4,915	9,430
Charged to the consolidated profit and loss account - note 24	(631)	-
Transfers to operating fixed assets	(13,069)	(650)
Closing balance	645	9,430

15. Intangible assets

		2017	2016
		(Rupees in thousand)	
Cost			
Cost as at July 01		11,925	6,414
Additions during the year		631	5,511
Cost as at June 30		12,556	11,925
Amortization			
Accumulated amortization as at July 01		4,551	597
Amortization charge for the year	- note 15.1	4,263	3,954
Accumulated amortization as at June 30		8,814	4,551
Net book value as at June 30		3,742	7,374

15.1. The amortization charge for the year has been allocated to administrative expenses (note 24).

15.2. ERP system has been implemented by Descon Corporation (Private) Limited (DCL), an associated undertaking under service level agreements

15.3. The cost of fully amortised assets still in use as at June 30, 2017 is Rs 0.250 million (2016: Nil).

16. Long term loans to employees - secured

This represents transport loan facility to employees. The Group contributes 80% of the cost of the vehicle which is recoverable in 60 equal monthly instalments from the employee. These vehicles are in the name of the Group as a security.

This balance also includes interest free loans to key management personnel of the Group for house building as per terms of their employment. As at June 30, 2017, the loans amount to Rs 12 million (2016 : Rs 16 million) . As per the terms of the loan agreements, these loans are repayable in five years in sixty (60) equal instalments. The loans are secured against mortgage of property.

		2017	2016
		(Rupees in thousand)	
Loans to employees as on June 30		13,308	17,589
Current portion of long term loan to employees - secured	- note 19	(4,422)	(4,357)
Long term portion of loan to employees		8,886	13,232

17. Stores, spares and loose tools

		2017	2016
		(Rupees in thousand)	
Spares		634,019	522,883
Stores		25,245	60,261
		659,264	583,144
Provision for slow moving and obsolete stores	- note 17.3	(5,696)	-
		653,568	583,144

17.1 Stores, spares and loose tools include items which may result in fixed capital expenditure but are not distinguishable.

17.2 All the stores, spares and loose tools of RPPL are held and managed by ESB Engineering and Facility Management Limited and Descon Power Solutions (Private) Limited, the Operation and Maintenance contractors of RPPL. As at June 30 2017, these stores and spares amounted to Rs 541 million (2016: 507 million).

17.3 Provision for slow moving and obsolete stores

		2017	2016
		(Rupees in thousand)	
Opening balance		-	-
Provision for the year	- note 24	5,696	-
		5,696	-
Stores written off against provision		-	-
Closing balance		5,696	-

18. Trade debts

		2017	2016
Considered good	- note 18.2	12,864,950	7,649,133
Considered doubtful	- note 18.1	153,197	97,627
		13,018,147	7,746,760
Provision for doubtful debts	- note 18.1	(153,197)	(97,627)
		12,864,950	7,649,133

18.1 Provision for doubtful debts

		2017	2016
Opening balance		97,627	40,347
Provision for the year	- note 18.1.2	55,570	57,280
		153,197	97,627
Amount written off against provision		-	-
Closing balance		153,197	97,627

18.1.1 This represents receivable from CPPA(G) against energy, capacity and supplemental charges. The Group is entitled to claim supplemental charges from CPPA(G) in case of delayed payment at the discount rate applicable as per PPAs with CPPA-G. Provision is recognised of the differential between the amount of invoices raised by the Group and the amount acknowledged by CPPA-G.

The Group considered the amounts receivable from CPPA-G as good as performance of CPPA-G is guaranteed by Government of Pakistan under Implementation Agreements signed between the Group and Government of Pakistan.

18.1.2 During the year, provision of Rs 55.570 million (2016: Rs 57.280 million) has been made on account of disputed amounts relating to energy and capacity charges, pass-through-item and corresponding delayed interest over the disputed amounts. The provision has been charged to administrative expenses as referred to in note 24.

18.2 These represent trade receivables from CPPA-G and are considered good. These are secured by a guarantee from the Government of Pakistan under the Implementation Agreements and are in the normal course of business and interest free, however, a delayed payment mark-up at the rates applicable as per PPAs are charged in case the amounts are not paid within due dates. In the current year markup on delayed payments was charged at 8.25 % (2016: 8.25%-9%).

19. Advances, deposits, prepayments and other receivables

		2017	2016
		(Rupees in thousand)	
Advances - considered good:			
- To suppliers	- note 19.1	51,964	17,073
Advance against expense		150	74
Balances with statutory authorities:			
- Sales Tax	- note 13.1	235,635	129,871
- Receivable against Workers Welfare Fund		1,140	-
- Other receivables	- note 19.2	10,118	10,118
Insurance claim receivable		1,742	1,742
Other receivables	- note 19.3	6,884	5,841
Claims recoverable from CPPA-G for pass through items:			
- Workers' Profit Participation Fund	- note 19.4	155,466	201,241
- Workers' Welfare Fund	- note 19.5	-	-
Interest receivable		21,529	12,248
Prepayments		52,767	59,963
Current portion of long term loan to employees - secured	- note 16	4,422	4,357
		541,817	442,528

19.1 These include an advance to a related party, Siemens Pakistan Engineering Company Limited, of Rs 2.047 million (2016 : Nil).

19.2 This includes an amount of Rs 10.118 million deposited by the Group with the ATIR to obtain stay against the sales tax apportionment case as mentioned in note 13.1.1 (i).

19.3 This includes the following amounts due from related parties:

	2017	2016
ESBI Engineering and Facility Management Limited	3,468	1,877
Siemens Pakistan Engineering Company Limited	-	193
Descon Power Solutions (Private) Limited	-	250
	3,468	2,320

19.4 Workers' Profit Participation Fund

		2017	2016
Opening balance		201,241	193,352
Provision for the year	- note 10.2	155,466	201,241
		356,707	394,593
Amounts received during the year		(201,241)	(177,221)
Transferred to trade debts		-	(16,131)
Closing balance		155,466	201,241

		2017	2016
		(Rupees in thousand)	

19.5. Workers' Welfare Fund

Opening balance		-	206,677
Provision for the year	- note 10.3	-	-
		-	206,677
Amounts received during the year		-	(204,335)
Reversal of receivable		-	(2,342)
Closing balance		-	-

20. Pursuant to the decision of the Honourable Supreme Court of Pakistan, the Group has re-classified WWF paid amounting to Rs 117.672 million as refundable from Government. For disclosure of contingency related to WWF, refer note 13.1 (x).

21. Cash and bank balances

At banks in:

- Current accounts		1,013,405	207,069
- Term deposit receipts	- note 21.1	3,651,500	9,003,466
- Saving accounts	- note 21.1	78,973	9,533
		4,743,878	9,220,068
Cash in hand		9	59
		4,743,887	9,220,127

21.1. These carry mark-up at the rates ranging from 3.7% to 5.9% per annum (2016: 3.7% to 6.5% per annum).

22. Revenue-net

Energy revenue - gross	25,061,646	23,917,114
Sales tax	(3,641,436)	(3,475,137)
Energy revenue - net	21,420,210	20,441,977
Capacity revenue - gross	6,316,401	6,736,458
Other supplemental charges	415,889	496,500
Gas efficiency passed to CPPA-G	(394,567)	(387,677)
	27,757,933	27,287,258

23. Direct costs

		2017	2016
		(Rupees in thousand)	
Fuel consumed		19,899,257	18,813,409
Salaries, wages and other benefits	-note 23.1	28,012	24,353
Operation and maintenance contractor's fee		1,340,600	1,030,222
Stores, spares and loose tools consumed		276,620	157,793
Purchase of energy from CPPA-G		35,908	18,819
Insurance costs		112,321	120,512
Lube oil consumed		10,537	10,940
Repairs and maintenance		27,950	25,026
Travelling and conveyance		544	548
Depreciation on operating fixed assets	-note 14.1.1	1,692,935	1,681,634
Generation license fee		6,296	6,101
Electricity duty		6,789	7,925
Colony maintenance		18,469	15,572
Communication		3,758	3,866
Security expenses		4,094	2,090
Vehicle maintenance		1,341	1,175
Miscellaneous expenses		7,049	6,181
		23,472,480	21,926,166

23.1. This includes contributions to provident fund trust amounting to Rs 1.214 million (2016: Rs 1.251 million).

24. Administrative expenses

		2017	2016
Salaries, wages and other benefits	-note 24.1	91,042	76,117
Directors' remuneration	-note 31.2	625	375
ERP running cost	-note 24.2	2,808	2,547
Traveling & conveyance		7,450	7,782
Utilities		642	92
Postage and telephone		1,486	1,350
Publicity, printing and stationery		1,731	1,425
Auditors' remuneration	-note 24.3	3,616	3,192
Rent, rates and taxes		5,394	3,530
Repair and maintenance		448	760
Legal and professional expenses		39,705	36,912
Fees and subscription		1,177	812
Entertainment		1,244	2,182
Amortization of intangible assets	-note 15.1	4,263	3,954
Depreciation on operating fixed assets	-note 14.1.1	12,409	7,011
Vehicle maintenance		1,315	2,481
Donations	-note 24.4	-	10,074
Insurance		3,318	3,184
Professional tax		100	100
Provision for doubtful debts	-note 18.1	55,570	57,280
Provision for obsolescence of stores and spares	-note 17.3	5,696	-
Arbitration cost		996	-
Miscellaneous expenses		7,397	5,587
		248,432	226,747

24.1 Salaries, wages and other benefits include Rs 0.055 million (2016: Rs 0.090 million), Rs 4.363 million (2016: Rs 4.006 million) and Rs 5.797 million (2016: Rs 6.147 million) on account of staff compensated absences, provident fund trust and staff gratuity respectively.

24.2 This represents ERP running cost paid to DCL, an associated undertaking.

24.3. Auditors' remuneration	**2017**	**2016**
	(Rupees in thousand)	
Annual audit fees	2,977	2,667
Half yearly review fees	254	220
Other assurance services	299	55
Out of pocket expenses	86	250
	3,616	3,192

24.4. None of the directors or their spouses had any interest in the donee.

25. Other income

Income from financial asset		
Markup on local currency bank accounts/deposits	215,363	253,581
Income from non-financial assets		
Gain on disposal of operating fixed assets	916	-
Exchange gain	57	-
Scrap sales	3,038	1,403
Liabilities no longer required written back	1,319	9,601
Refund of premium on Hermes facility	13,717	33,665
Others	45	3,061
	19,092	47,730
	234,455	301,311

26. Finance cost

Interest/markup on:			
-Long term loans	-note 26.1	717,215	1,049,127
-Short term running finances		755	3,895
Amortization of bank guarantee cost		1,958	2,150
Lender fees and charges		189,585	57,774
Lender related costs-others		40,318	66,180
Mark up on late payments to SNGPL		12,880	228,352
Realised loss on derivative financial instrument	-note 12	35,390	-
Unrealised loss on derivative financial instrument	-note 12	157,389	-
Bank charges		3,010	80
		1,158,500	1,407,558

26.1 It includes mark up accrued on loan from DEL (Ultimate Parent Company) amounting to Rs 0.641 million (2016: Rs 20.137 million).

27. Taxation

		2017	2016
		(Rupees in thousand)	
Current taxation			
- For the year		134,162	78,618
- Prior years'		41,764	(1,211)
		175,926	77,407
Deferred taxation	-note 9.1	11,945	97,041
		187,871	174,448

27.1. Relationship between tax income and accounting profit

	2017	2016
Profit before taxation	3,112,976	4,028,098
Tax at the applicable rate of 31% (2016: 32%)	965,023	1,288,991
Tax effect of amounts that are:		
- Exempt for tax purpose as referred to in note 4.2	(963,886)	(1,287,946)
- Due to change in prior years' tax	41,764	(1,211)
- Adjustable against tax credit for Alternate Corporate Tax	(50,097)	(80,141)
- Chargeable to tax at different rates	195,067	254,755
	(777,152)	(1,114,543)
	187,871	174,448

27.2. The Group had obtained certificate of registration of a group from SECP on June 05, 2015. Also during the year, on September 09, 2016 SECP issued designation letter for group relief and the group is now registered as a group with SECP under Group Companies Registration Regulations 2008.Subsequent to the registration of the group a group return will now be filed on due date. At the time of registration of group, inter-corporate dividend (PMCL to AEL) was exempt from tax for companies entitled for group relief under section 59 B of the Income Tax Ordinance, 2001 under Clause (103A) of Part I of the Second Schedule to the Income Tax Ordinance, 2001. However, through Finance Act, 2016 this law was amended subsequent to the registration of the group and the exemption available to the Group was withdrawn. The Group is of the view that since the Group had been registered as a group before the amendment in law, the Group is entitled for relief. Based on the advice of the Group's legal advisor, management believes that there are meritorious grounds to defend its case in the court of Law with the taxation authorities. Consequently, no provision of Rs 298.356 million on dividend income from the subsidiary company has been recognized in these consolidated financial statements.

27.3. For the purposes of current taxation, the tax credit available for carry forward is estimated at Nil (2016: Rs 8.887 million).

	2017	2016
	(Rupees in thousand)	

28. Cash generated from operations

	2017	2016
Profit before taxation	3,112,976	4,028,098
Adjustments for non cash charges and other items:		
- Depreciation on operating fixed assets	1,705,344	1,688,645
- Gain on disposal of operating fixed assets	(916)	-
- Amortization of intangible assets	4,263	3,954
- Amortization of bank guarantee cost	1,958	2,150
- Liabilities no longer required written back	(1,319)	(9,601)
- Exchange gain	(57)	-
- Profit on bank deposits	(215,363)	(253,581)
- Provision for doubtful debts	55,570	57,280
- Provision for obsolete items	5,696	-
- Capital work- in- progress written off	631	-
- Capital spares consumed	40,263	598
- Finance cost	1,156,542	1,407,558
- Provision for employee retirement benefits	6,562	6,886
Profit before working capital changes	5,872,150	6,931,987
Effect on cash flow due to working capital changes:		
(Increase) / decrease in current assets		
- Stores, spares and loose tools	(76,120)	(42,780)
- Inventory fuel oil	4,839	3,669
- Trade debts	(5,336,103)	3,282,859
- Advances, deposits, prepayments and other receivables	(88,803)	584,724
	(5,496,187)	3,828,472
Increase/(decrease) in current liabilities		
- Trade and other payables	325,286	(3,820,042)
	(5,170,901)	8,430
	701,249	6,940,417

29. Cash and cash equivalents

		2017	2016
Cash and bank balances	-note 21	4,743,887	9,220,127
Short term borrowings - secured	-note 11	-	-
		4,743,887	9,220,127

30. Transactions with related parties

The related parties comprise the Ultimate Parent Company, associated companies and related group companies, directors and key management personnel of the Group and retirement benefit obligations (these include post employment benefit plan). The Group in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables and remuneration of directors and key management personnel is disclosed in note 31. Significant related party transactions have been disclosed in respective notes in these consolidated financial statements other than the following:

Relationship with the Group	Nature of transactions	2017	2016
i. Ultimate Parent Company		**(Rupees in thousand)**	
Descon Engineering Limited :			
	Dividend paid	492,625	-
	Repayment of Sponsors' loan	100,000	161,764
	Markup paid on Sponsors' loan	3,876	42,411
	Common cost charged	2,494	778
ii. Associated companies			
Descon Power Solutions (Private) Limited :			
	O&M contractor's fee	439,808	368,023
	Service agreement of generators	4,801	4,364
	Spare parts purchased	121,351	45,186
	Major maintenance fee	1,774	1,060
	Common cost charged	305	-
Descon Corporation (Private) Limited:			
	ERP implementation/updating fees	631	150
	ERP running cost	2,808	2,547
	Building rent	183	156
	Common cost charged	7,601	9,945
ESBI Engineering and Facility Management Limited:			
	O&M contractor's fee	294,805	291,901
Siemens AG:			
	O&M contractor's fee	43,125	42,803
	Against supply of spares and services	316,450	-
	On account of LTMSA Contract	186,233	210,552
Siemens Pakistan Engineering Company Limited:			
	O&M contractor's fee	2,100	1,916
	Against supply of spares and services	193,121	1,371
	On account of LTMSA Contract	85,631	86,256
iii. Retirement benefit obligations			
	Expense charged in respect of retirement benefit plans	765	739
	Expense charged in respect of defined benefit plan	5,797	6,147
	Expense charged in respect of contributory provident fund	5,577	5,257

31. Remuneration of Chief Executive, Directors and Executives

31.1 The aggregate amounts charged in these consolidated financial statements for remuneration and certain benefits to Directors, Chief Executive and Executives of the Group are as follows:

	Chief Executive		Executive Directors	
	2017	2016	2017	2016
	(Rupees in thousand)		(Rupees in thousand)	
Remuneration	3,000	-	-	-
Retirement benefits	-	-	-	-
House rent, utilities and allowances	-	-	-	-
	3,000	-	-	-
Number of persons	1	1	0	0

	Non Executive Directors		Executives	
	2017	2016	2017	2016
	(Rupees in thousand)		(Rupees in thousand)	
Remuneration	695	-	84,365	67,282
Retirement benefits	-	-	10,728	9,516
House rent, utilities and allowances	-	-	7,625	7,606
	695	-	102,718	84,404
Number of persons	6	7	25	16

31.2. During the year the Group paid meeting fee amounting to Rs 0.625 million (2016: Rs 0.375 million) to one of its non-executive (independent) director.

31.3. In addition to the above, the Chief Executive and certain Executives of the Group are provided with free use of Group maintained cars.

32. Number of employees

	2017	2016
Total number of employees as at June 30	41	42
Average number of employees during the year	41	39

33. Financial risk management

33.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price 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 Board of Directors (the Board) of the Group. The Board provides 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. All treasury related transactions are carried out within the parameters of these policies.

The Group's overall risk management procedures to minimise the potential adverse effects of financial market on the Group's performance are as follows:

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings and financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Market risk is further divided into the following three components:

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exists due to transactions in foreign currencies. The Group is exposed to currency risk arising from various currency exposures, primarily with respect to the US Dollar (USD) and Euro.

Exposure to currency risk

The Group’s exposure to foreign currency risk at the reporting date was as follows:

	2017		
	Rupees	**USD**	**Euro**
	(Amounts in thousand)		
Long term loans	6,742,553	64,215	-
Interest on long term loans - secured	3,390	32	-
Trade and other payables	694,559	6	5,776
Net balance sheet exposure	7,440,502	64,253	5,776

	2016		
	Rupees	**USD**	**Euro**
	(Amounts in thousand)		
Long term loans	8,699,740	83,092	-
Interest on long term loans - secured	375,144	3,583	-
Trade and other payables	217,849	-	1,873
Net balance sheet exposure	9,292,733	86,675	1,873

Foreign exchange risk in USD is mitigated by the indexation mechanism for tariff available under Power Purchase Agreements (PPA's).

The following significant exchange rates were applied during the year:

	Balance sheet date rate		Average rate	
	2017	2016	2017	2016
USD	105.00	104.70	104.85	103.20
Euro	120.14	116.31	118.23	115.05

Sensitivity analysis

A ten percent strengthening of the Pak Rupee against the following currencies at the reporting date would have increased / (decreased) consolidated equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as for the previous year.

	Consolidated Profit and loss	
	2017	2016
	(Rupees in thousand)	
USD	674,592	907,476
Euro	69,369	21,783

A ten percent weakening of the Pak Rupee against the above currencies at the reporting date would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(ii) Cash flow and fair value interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk arises from bank deposit accounts, short term and long-term borrowings. These borrowings issued at variable rates expose the Group to cash flow interest rate risk.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

The interest rate profile of the Group's interest-bearing financial instruments at the balance sheet date was as under:

	Carrying amounts	
	2017	2016
	(Rupees in thousand)	
Fixed rate instruments		
Financial assets	3,651,500	9,003,466
Financial liabilities	-	(3,347,402)
	3,651,500	5,656,064
Variable rate instruments		
Financial assets	190,252	116,481
Financial liabilities	(6,798,268)	(5,508,060)
	(6,608,016)	(5,391,579)

Cash flow sensitivity analysis for fixed and variable rate instruments

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises on bank deposit accounts, term deposit receipts and long term loans. A 100 basis points increase in interest rates at the reporting date would have had the following effect in consolidated profit and loss account:

	2017	2016
	(Rupees in thousand)	
Fixed rate financial instruments	36,515	56,561
Variable rate financial instruments	(66,080)	(53,916)
	(29,565)	2,645

A 100 basis points decrease in interest rates at the reporting date would have had an equal but opposite effect on the consolidated profit and loss to the amounts shown above, on the basis that all other variables remain constant.

(iii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Group is not exposed to equity price risk since there are no investments in equity instruments traded in the market at the reporting date. The Group is also not exposed to commodity price risk since it does not hold any financial instrument based on commodity prices.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

(i) Exposure to credit risk and concentration of credit risk

The carrying amount of financial assets represents the maximum credit exposure. The Group monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The maximum exposure to credit risk at the reporting date was as follows:

	2017	2016
	(Rupees in thousand)	
Long term security deposits	539	539
Trade debts	12,864,950	7,649,133
Advances, deposits and other receivables	489,050	382,565
Bank balances	4,743,878	9,220,068
	18,098,417	17,252,305

The Group's exposure to credit risk is limited to the carrying amount of unsecured trade receivables and bank balances. The age analysis of trade receivable balances is as follows:

The ageing analysis of trade debts at the balance sheet date is as follows:

	2017	2016
	(Rupees in thousand)	
Not past due	4,569,614	2,291,963
Past due 0-30 days	3,145,474	2,511,151
Past due 31-120 days	2,487,530	349,942
More than 120 days	2,815,529	2,593,704
Provision for doubtful debts	(153,197)	(97,627)
	12,864,950	7,649,133

The Group's sole customer is CPPA-G. The credit risk on trade debts from CPPA-G is managed by a guarantee from the Government of Pakistan under the Implementation Agreement and by continuous follow-ups for release of payments from CPPA-G. Cash is held only with reputable banks with high quality external credit enhancements. The credit risk on foreign currency deposits is limited because the same is secured and used for debt repayment. The Group establishes a provision for doubtful debts that represents its estimate of incurred losses in respect of trade debts, if required.

(ii) Credit quality of major financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating		Rating	2017	2016
	Short term	Long term	Agency	(Rupees in thousands)	
Silk Bank Limited	A-	A-2	JCR-VIS	-	11,789
Faysal Bank Limited	A1+	AA	JCR-VIS	15,001	15,445
Bank Alfalah Limited	A1+	AA+	PACRA	3,329,866	5,002,246
Habib Metropolitan Bank	A1+	AA+	PACRA	142,695	49,838
Soneri Bank Limited	A1+	AA-	PACRA	-	2
National Bank of Pakistan	A1+	AAA	PACRA	61,273	4,129,631
Standard Chartered Bank	A1+	AAA	PACRA	1,188,161	843
MCB Bank Limited	A1+	AAA	PACRA	2,405	2,866
The Bank of Punjab	A1+	AA	PACRA	4,366	3,151
Habib Bank Limited	A1+	AAA	JCR-VIS	111	4,182
Burj Bank Limited	A2	BBB+	N/A	-	75
				4,743,878	9,220,068

Due to the Group's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Group. Accordingly, the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Group could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The following are the remaining contractual maturities of financial liabilities, including interest payments:

	2017				
	Maturities				
	Carrying amount	Less than six months	Up to one year	Two years to five years	After five years
	(Rupees in thousand)				
Financial liabilities					
Long term finances	6,742,553	1,348,511	1,348,511	4,045,531	-
Trade and other payables	3,224,565	3,224,565	-	-	-
Markup accrued	3,409	3,409	-	-	-
Dividend payable	2,488,523	2,488,523	-	-	-
	12,459,050	7,065,008	1,348,511	4,045,531	-

	2016				
	Maturities				
	Carrying amount	Less than six months	Up to one year	Two years to five years	After five years
	(Rupees in thousand)				
Financial liabilities					
Sponsors' loan- unsecured	103,235	-	103,235	-	-
Long term finances	8,699,740	2,971,009	1,905,633	3,823,098	-
Trade and other payables	2,912,519	2,912,519	-	-	-
Markup accrued	375,654	375,654	-	-	-
Dividend payable	1,536,678	1,536,678	-	-	-
	13,627,826	7,795,860	2,008,868	3,823,098	-

The Group closely monitors its liquidity and cash flow position. The liquidity risk is managed by using financial model and a continuous follow-up for collecting receivables from CPPA-G and managing debt repayments on due dates, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. However, under current circular debt issue faced by the power sector the Group is significantly exposed to liquidity risk.

33.2. Capital risk management

The Group's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board monitors the return on capital employed, which the Group defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Group's objectives when managing capital are:

(i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

(ii) to provide an adequate return to shareholders.

(iii) The Group manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares.

Neither there were any changes in the Group's approach to capital management during the year nor the Group is subject to externally imposed capital requirements.

The Group monitors capital on the basis of the debt-to-equity ratio - calculated as a ratio of total debt to equity.

The gearing ratios as at June 30, 2017 and 2016 were as follows:

	2017	2016
	(Rupees in thousand)	
Total interest bearing borrowings	6,742,553	8,802,975
Total equity	16,055,052	15,727,176
Total capital employed	22,797,605	24,530,151
Gearing ratio	29.58%	35.89%

33.3. Fair value estimation

The different levels for fair value estimation used by the Group have been explained as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value:

As at June 30, 2017

	Level 1	Level 2	Level 3	Total
		(Rupees in thousand)		
Assets	-	-	-	-
Total assets	-	-	-	-
Liabilities				
Derivative financial instrument	-	157,389	-	157,389
Total Liabilities	-	157,389	-	157,389

As at June 30, 2016

	Level 1	Level 2	Level 3	Total
		(Rupees in thousand)		
Assets	-	-	-	-
Total assets	-	-	-	-
Liabilities	-	-	-	-
Total Liabilities	-	-	-	-

There were no transfers between Levels 1 and 2 & Levels 2 and 3 during the year and there were no changes in valuation techniques during the presented years.

Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value and 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.

Specific valuation techniques used to value financial instruments include:

- Fair value of derivative financial instrument representing interest rate swap contract is determined by applying the different interest rates as at the balance sheet date.

33.4. Financial instruments by categories

	Loans and receivables	
	2017	2016
	(Rupees in thousand)	
Assets as per balance sheet		
Trade debts	12,864,950	7,649,133
Advances, deposits and other receivables	489,050	382,565
Bank balances	4,743,878	9,220,068
Long term deposits	539	539
Long term loans to employees - secured	8,886	13,232
	18,107,303	17,265,537

	Financial liabilities at amortized cost	
	2017	2016
	(Rupees in thousand)	
Liabilities as per balance sheet		
Long term finances	6,742,553	8,802,975
Trade and other payables	3,231,407	2,919,361
Markup accrued	3,409	375,654
Dividend payable	2,488,523	1,536,678
	12,465,892	13,634,668

34. Plant capacity and actual generation

		2017	2016
Theoretical maximum output at dependable capacity of 427 MW (2016: 427 MW)	*GWh*	3,701	3,711
Actual output	*GWh*	2,648	3,146
Load factor	*Percentage*	71.55	84.77

The actual generation for power plant takes into account all scheduled outages approved by CPPA-G. Actual output is dependent on the load demanded by CPPA-G, the plant availability and mean-site conditions.

35. Earnings per share - basic and diluted

35.1. Basic earnings per share

		2017	2016
Profit for the year	**Rupees in thousand**	1,782,867	2,300,513
Weighted average number of ordinary shares	**Number**	363,380,000	363,380,000
Basic earnings per share	**Rupees**	4.91	6.33

35.2. Diluted earnings per share

There is no dilution effect on the basic earnings per share, as the Group has no such commitments.

36. Interests in other entities

36.1 Material subsidiaries

The Group's principal subsidiaries as at June 30, 2017 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business/ country of	Ownership interest held by the Group		Ownership interest held by non-controlling interests		Principal activities
		2017	2016	2017	2016	
Power Management Company (Private) Limited	Lahore, Pakistan	100%	100%	0%	0%	Invest, manage, operate, run, own and build power projects
Rousch (Pakistan) Power Limited	Islamabad, Pakistan	59.98% approx.	59.98% approx.	40.02% approx.	40.02% approx.	Generate and supply electricity to CPPA-G

36.2 Non-controlling interest ('NCI')

Set out below is summarised financial information for a subsidiary that has non-controlling interest that is material to the Group. The amounts disclosed for the subsidiary is before inter-company eliminations:

	Rousch (Pakistan) Power Limited	
	2017	2016
	(Rupees in thousand)	
Summarised balance sheet		
Current assets	18,437,734	17,660,557
Current liabilities	8,506,188	9,060,843
Current net assets	9,931,546	8,599,714
Non-current assets	19,646,426	21,104,876
Non-current liabilities	4,065,529	4,457,674
Non-current net assets	15,580,897	16,647,202
Net assets	25,512,443	25,246,916
Accumulated non-controlling interest	10,209,062	10,102,809

	Rousch (Pakistan) Power Limited	
	2017	2016
Summarised statement of comprehensive income	(Rupees in thousand)	
Revenue-net	26,133,377	25,681,322
Profit for the year	2,912,093	3,881,282
Other comprehensive (loss) / income	(2,453)	215
Total comprehensive income	2,909,640	3,881,497
Profit allocated to NCI	1,142,238	1,553,137
Other comprehensive (loss) / income allocated to NCI	(982)	86
Dividends payable to NCI	1,035,003	690,003
Summarised cash flows		
Net cash (outflow) / inflow from operating activities	(486,106)	6,026,457
Net cash used in investing activities	(212,159)	(47,182)
Net cash used in financing activities	(3,771,467)	(1,527,779)
Net (decrease) /increase in cash and cash equivalents during the year	(4,469,732)	4,451,496

36.3 Transactions with non-controlling interests

There were no transactions with non-controlling interest during the year ended June 30, 2017 and 2016.

37. Corresponding figures

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. No significant re-arrangements have been made except for the following :

	(Rupees in thousand)
Term deposit receipts classified from 'current accounts' and 'saving accounts' to term deposit receipts' within 'Cash and bank balances'	9,003,466
Bank guarantee commission re-classified from 'lender fees and charges' to 'bank guarantee commission'	26,440
Security expenses classified from 'Administrative expenses' to 'Direct costs'	2,090

38. Date of authorization for issue

These consolidated financial statements were authorized for issue by the Board of Directors in their meeting held on September 29, 2017.

39. Events after the balance sheet date

There are no significant events occurred after the balance sheet date that require adjustment or disclosure in the consolidated financial statements.

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

SIX YEAR PERFORMANCE

Financial Year ending June 30	2017	2016	2015	2014	2013	2012
	(Rupees in thousand)					
Despatch (MWH)	187,844	175,069	173,306	216,638	204,380	191,918
Revenue	1,624,556	1,605,936	1,435,404	1,756,949	1,471,563	1,154,020
Direct Costs	1,386,609	1,396,051	1,263,377	1,459,092	1,228,881	1,001,251
GrossProfit	237,947	209,885	172,027	297,857	242,682	152,769
Net Profit/ (Loss)	1,632,720	1,097,312	115,077	1,868,193	57,825	(36,985)
Total Assets	6,491,422	5,850,900	5,278,699	5,890,142	4,623,110	4,760,130

PATTERN OF SHAREHOLDING

Pattern of holding of the shares held by the shareholders as at 30-06-2017

No. of Shareholders	----------Shareholding-------- From	To	Total Shares Held
59	1	100	789
61	101	500	29,437
42	501	1,000	42,000
77	1,001	5,000	235,173
31	5,001	10,000	238,099
10	10,001	15,000	124,000
2	15,001	20,000	35,500
13	20,001	25,000	309,000
4	25,001	30,000	118,500
2	30,001	35,000	69,000
5	35,001	40,000	198,000
1	40,001	45,000	45,000
7	45,001	50,000	342,500
1	50,001	55,000	51,000
4	55,001	60,000	235,000
2	60,001	65,000	128,500
1	70,001	75,000	75,000
1	80,001	85,000	83,500
1	85,001	90,000	89,000
4	95,001	100,000	400,000
2	100,001	105,000	204,000
1	115,001	120,000	117,000
1	125,001	130,000	130,000
1	145,001	150,000	150,000
1	165,001	170,000	169,500
1	180,001	185,000	183,000
2	185,001	190,000	378,359
4	195,001	200,000	800,000
1	220,001	225,000	220,500
1	225,001	230,000	230,000
2	245,001	250,000	496,500
1	260,001	265,000	263,500
1	265,001	270,000	269,000
1	285,001	290,000	287,500
1	300,001	305,000	300,500
1	325,001	330,000	327,000
1	485,001	490,000	486,500
1	665,001	670,000	668,000
1	965,001	970,000	968,000
1	1,015,001	1,020,000	1,016,500
1	1,065,001	1,070,000	1,065,500
1	1,140,001	1,145,000	1,145,000
1	1,195,001	1,200,000	1,200,000
1	1,290,001	1,295,000	1,293,500
1	2,245,001	2,250,000	2,250,000
1	2,765,001	2,770,000	2,766,500
1	3,300,001	3,305,000	3,303,725
1	5,995,001	6,000,000	6,000,000
1	60,475,001	60,480,000	60,475,416
1	61,965,001	61,970,000	61,968,939
1	211,395,001	211,400,000	211,397,063
365			**363,380,000**

CATAGORIES OF SHAREHOLDING REQUIRED UNDER CODE OF COPRORATE GOVERNANCE (CCG)
AS ON 30th June, 2017

S. No.	NAME	No. of Shares Held	% AGE
	DIRECTORS, CEO THEIR SPOUSE AND MINOR CHILDREN		
1	MR. A. RAZZAK DAWOOD (CDC)	500	0.0001
2	MR. TAIMUR DAWOOD (CDC)	1,000	0.0003
3	MR. FAROOQ NAZIR (CDC)	500	0.0001
4	MR. KHALID SALMAN KHAN	0	0.0000
5	MR. SHAH MUHAMMAD CH. (CDC)	500	0.0001
6	SYED RIZWAN ALI SHAH (CDC)	500	0.0001
7	MR. FAZAL HUSSAIN ASIM (CDC)	500	0.0001
		3,500	0.0010
	ASSOCIATED COMPANIES, UNDERTAKING & RELATED PARTIES		
1	DESCON ENGINEERING LIMITED (CDC)	211,397,063	58.1752
	NIT & ICP	0	0.0000
	FINANCIAL INSTITUTION		
1	BANK ALFALAH LIMITED (CDC)	2,250,000	0.6192
2	SONERI BANK LIMITED - ORDINARY SHARES (CDC)	2,766,500	0.7613
		5,016,500	1.3805
	MODARABAS & MUTUAL FUNDS		
1	CDC - TRUSTEE JS ISLAMIC FUND (CDC)	486,500	0.1339
2	CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT (CDC)	39,000	0.0107
3	CDC - TRUSTEE JS LARGE CAP. FUND (CDC)	220,500	0.0607
4	CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY FUND (CDC)	58,500	0.0161
5	CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND (CDC)	327,000	0.0900
6	CDC - TRUSTEE UNIT TRUST OF PAKISTAN (CDC)	200,000	0.0550
		1,331,500	0.3664
	PENSION FUNDS		
	CDC - TRUSTEE PAKISTAN PENSION FUND - EQUITY SUB FUND (CDC)	10,500	0.0029
		10,500	0.0029
	INSURANCE COMPANIES	0	0.0000
	JOINT STOCK COMPANIES		
1	OCTAGON INTERNATIONAL (PVT) LTD	1,000	0.0003
2	SHAKARGANJ ENERY (PVT) LTD. (CDC)	188,359	0.0518
3	ARIF HABIB LIMITED - MF (CDC)	5,000	0.0014
4	CRESCENT STEEL AND ALLIED PRODUCTS LTD. (CDC)	60,475,416	16.6425
5	CS CAPITAL (PVT) LTD. (CDC)	3,303,725	0.9092
6	DESCON HOLDINGS (PVT) LIMITED.(CDC)	30,000	0.0083
7	DOSSA COTTON & GENERAL TRADING (PVT) LIMITED (CDC)	246,500	0.0678
8	ELLAHI CAPITAL (PRIVATE) LIMITED (CDC)	50,000	0.0138
9	ELLAHI CAPITAL (PRIVATE) LIMITED (CDC)	668,000	0.1838
10	FAZAL HOLDINGS (PVT.) LIMITED (CDC)	1,145,000	0.3151
11	MAPLE LEAF CAPITAL LIMITED (CDC)	1	0.0000
12	NCC - PRE SETTLEMENT DELIVERY ACCOUNT (CDC)	7,000	0.0019
13	PEARL SECURITIES LIMITED - MF (CDC)	1,000	0.0003
14	SAPPHIRE HOLDING LIMITED (CDC)	100,500	0.0277
15	SARFRAZ MAHMOOD (PVT) LTD. (CDC)	500	0.0001
16	SEVEN STAR SECURITIES (PVT.) LTD. (CDC)	6,000	0.0017
17	SOFCOM (PRIVATE) LIMITED (CDC)	8,000	0.0022
18	Y.H. SECURITIES (PVT.) LTD. (CDC)	287,500	0.0791
19	ALLIANCE INVESTMENT MANAGEMENT LIMITED (CDC)	130,000	0.0358
		66,653,501	18.3426

FOREIGN COMPANY

1	SAUDI ARABIAN CONSTRUCTION & REPAIR CO. LTD.	61,968,939	17.0535
2	HABIB BANK AG ZURICH, DEIRA DUBAI (CDC)	169,500	0.0466
		62,138,439	17.1001

OTHERS

1	TRUSTEE CITY SCHOLLS PROVIDENT FUND TRUST (CDC)	21,000	0.0058
2	TRUSTEE - SBL GRATUITY FUND SCHEME (CDC)	150,000	0.0413
3	TRUSTEE - SBL EMPLOYEES' PROVIDENT FUND (CDC)	200,000	0.0550
		371,000	0.1021

SHARES HELD BY THE GENERAL PUBLIC (LOCAL):	16,457,997	4.5291
SHARES HELD BY THE GENERAL PUBLIC (FOREIGN):	0.0000	0.0000
	16,457,997	4.5291
TOTAL:	**363,380,000**	**100.0000**

SHAREHOLDERS HOLDING 10% OR MORE OF TOTAL CAPITAL

S. No.	Name	Holding	% AGE
1	DESCON ENGINEERING LIMITED (CDC)	211,397,063	58.1752
2	SAUDI ARABIAN CONSTRUCTION & REPAIR CO. LTD.	61,968,939	17.0535
3	CRESCENT STEEL AND ALLIED PRODUCTS LTD. (CDC)	60,475,416	16.6425
		333,841,418	**91.8712**

SHAREHOLDERS HOLDING 5% OR MORE OF TOTAL CAPITAL

S. No.	Name	Holding	% AGE
1	DESCON ENGINEERING LIMITED (CDC)	211,397,063	58.1752
2	SAUDI ARABIAN CONSTRUCTION & REPAIR CO. LTD.	61,968,939	17.0535
3	CRESCENT STEEL AND ALLIED PRODUCTS LTD. (CDC)	60,475,416	16.6425
		333,841,418	**91.8712**

During the financial year the trading in shares of the company by the Directors, CEO, CFO, Company Secretary and their spouses and minor children is as follows

S. No.	Name	Sale	Purchase
	NIL		

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 23rd Annual General Meeting of Altern Energy Limited, will be held on Thursday , October 26, 2017, at 10.00 am, at Descon Headquarters, 18 – KM, Ferozepur Road, Lahore, to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the Extra Ordinary General Meeting of the Company held on Tuesday, December 13, 2016.

2. To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2017 together with the Directors' and Auditor's Report's thereon.

3. To appoint Auditors for the year ending June 30, 2018 and fix their remuneration.
(The present auditors M/s A. F. Ferguson & Co. Chartered Accountants have retired and being eligible have offered themselves for re-appointment).

4. To transact any other business with the permission of the Chair.

By Order of the Board

Lahore
October 04, 2017

(Umer Shehzad)
Company Secretary

Notes:-

1. The share transfer books of the Company shall remain closed from 19-10-2017 to 26-10-2017 (both days inclusive).

2. Members are requested to attend in person along with Computerized National Identity Card ("CNIC") or appoint some other member as proxy and send their proxy duly witnessed so as to reach the registered office of the Company not later than 48 hours before the time of holding the meeting.

3. Any individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his / her original CNIC or passport, Account and participants, I.D. Numbers to prove his / her identity, and in case of proxy must enclose an attested copy of his / her CNIC or passport. Representatives of corporate members should bring the usual documents required for such purpose.

4. Shareholders are requested to immediately notify change in address, if any, to the Company's Share Registrar, M/s. Corplink (Pvt.) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore and also furnish attested photocopy of their CNIC as per Listing Regulations, if not provided earlier.

PROXY FORM

I/We of ____

____,a member/members of ALTERNENERGY LIMITED and holder of ________________shares as per registered Folio # /CDC Participant ID # /Sub A/C # / Investor A/C # ___________________________________do hereby appoint ____, a member of the Company vide Registered Folio #/CDC Participant ID#/Sub A/C # /Investor A/C # ________________as my/our Proxy to attend, speak and vote for me/us and on my/our behalf at the Annual General Meeting of the shareholders of ALTERN ENERGYLIMITED will be held on Thursday, October 26, 2017 at 10.00 am at DESCON HEADQUARTERS, 18-km Ferozepur Road, Lahore and at any adjournment there of.

As witness may hand this _______________________________day of __________2017.

Member's Signature

Witness's Signature

Please affix here Revenue Stamp

Place:_________________

Date:____________________

Note: A member eligible to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must be received by the Company at the Registered Office of the Company not later than 48 hours before the time for holding the meeting.

Proxies of the member(s) through CDC shall be accompanied with attested copies of the CNIC(s). The shareholders through CDC are requested to bring original CNIC, Account Number and participant Account Number to be produced at the time of attending the meeting.