



**INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE HALF YEAR ENDED
DECEMBER 31, 2014**

ALTERN ENERGY LIMITED

ALTERN ENERGY LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Abdul Razak Dawood	(Chairman)
Mr. Taimur Dawood	(Chief Executive)
Mr. Farooq Nazir	
Mr. Fazal Hussain Asim	
Syed Ali Nazir Kazmi	
Mr. Shah Muhammad Chaudhry	
Syed Rizwan Ali Shah	
Mr. Mohammad Saleh Al Shaikh	

AUDIT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

CFO AND COMPANY SECRETARY

Mr. Umer Shehzad

AUDITORS

A. F. Ferguson & Co.
Chartered Accountants

BANKERS

MCB Bank Limited
The Bank of Punjab

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

ALTERN ENERGY LIMITED

DIRECTORS' REVIEW

Altern Energy Limited Review

The Board of Directors of the Company feel pleasure in presenting you the operational performance and (un-audited) financial statements of the Company for the six months ended December 31, 2014.

General:

The Company owns and operates a 32 MW gas based thermal power plant located near Fateh Jang, District Attock, Punjab. The principal activity of the Company is to produce and sell electricity to Water and Power Development Authority (WAPDA) under a long term Power Purchase Agreement.

Finance:

During the period under review, the total turnover of the Company was Rs. 574 million resulting in a gross profit of Rs. 105 million. The Company posted net profit of Rs. 77 million (Rs. 1,158 million in corresponding period last year) delivering an earnings per share (EPS) of Rs. 0.21 (EPS of Rs. 3.19 during the corresponding period last year).

Payment defaults by the off-taker, WAPDA continue albeit improved disbursements during the period. The total receivables as of 31 December 2014 stand at Rs. 380 million as compared to Rs. 732 million as at 30 June 2014. The Company management continues to pursue the relevant Ministries and officials of WAPDA for timely release of due payments.

The Company during the period paid debt servicing of Rs. 5.5 million due against foreign currency loans.

Operations and Maintenance:

During the period under review, your Company's operational results suffered badly as a result of repeated suspensions of gas supply by SNGPL. In total, the Company lost approximately 74 days of operations due to suspension of gas supply by SNGPL on account of various factors such as maintenance of gas field and shortage of gas in winter months. Despite short supply of gas, the plant performance has been satisfactory during the period where it despatched at base load to the national grid whenever gas was available. During the period, the Company dispatched 96.7 GWhr to WAPDA as compared to 123.8 GWhr delivered during the same period last year. All the routine maintenance activities were executed as per schedule. We confidently report that all the gensets and allied equipments are in sound health for smooth and reliable operations.

Health, Safety, Environment & Security:

During the period, the overall Health, Safety, Environment and Security performance of the plant remained satisfactory. There was no Lost Time Incident (LTI) reported during the period under review.

Subsidiary Review

We are pleased to inform you that during the period under review, Rousch (Pakistan) Power Limited (RPPL), which is a subsidiary of the Company, continued to operate smoothly. During the period under review, the turnover of RPPL was Rs. 9,461 million; and the cost of sales was Rs. 7,051 million. Net profit for the period was Rs. 1,776 million (compared to Rs. 1,637 million in the corresponding period in 2013) delivering an earnings per share (EPS) of Rs. 2.06 per share (EPS Rs. 1.90 in corresponding period in 2013).

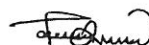
Payment default from the Company's sole customer, the Pakistan Water and Power Development Authority (WAPDA) continues. On December 31, 2014, the overdue receivables from WAPDA were Rs. 6,568 million against overdue receivables of Rs. 4,796 million as on December 31, 2013. The Company continues to pursue WAPDA for timely payment of its receivables.

The Company continues to discharge its liabilities to its lenders. During the period, the Company repaid Rs. 2,140 million being the debt servicing till December 31, 2014 to the senior and subordinated debt lenders.

The plant performance remained satisfactory during the period under review except shut down of plant due to gas suspension and minor outage. The plant was shut down from December 11, 2014 due to gas suspension to Roush as a result of Government decision to divert gas to industrial sector. This arrangement has been approved by Economic Coordination Committee of the Federal Cabinet and the company will continue to receive capacity payments during gas suspension period. The Power station delivered 1,383 GWh of electricity to WAPDA during the six months of the financial year 2014-15 as compared to 1,494 GWh delivered during the corresponding period of the previous financial year. During the period under review, the Company has passed on Rs. 153 million to WAPDA as its share of gas efficiency, which accrued as a result of the efficient operation of plant.

We are thankful and acknowledge the continuous support of our bankers, WAPDA, SNGPL, our staff and our contractors as well as valued Shareholders of the Company.

For and behalf of the Board of Directors


Taimur Dawood
Chief Executive

Lahore
February 24, 2015

ALTERN ENERGY LIMITED
INDEPENDENT AUDITORS' REPORT ON REVIEW
OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS

Introduction

We have reviewed the accompanying condensed interim balance sheet of Altern Energy Limited (the "Company") as at December 31, 2014 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, and condensed interim statement of changes in equity and notes to the accounts for the half year then ended (here in after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures for the condensed interim profit and loss account for the quarter ended December 31, 2013 and 2014 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2014.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended December 31, 2014 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The financial statements of the Company for the year ended June 30, 2014 were audited by another firm of accountants, M/s KPMG Taseer Hadi & Company Chartered Accountants, whose report dated September 29, 2014 expressed an unmodified opinion thereon.


Lahore

A. F. FERGUSON & CO.
Chartered Accountants
Muhammad Masood

ALTERN ENERGY LIMITED
CONDENSED INTERIM UNCONSOLIDATED BALANCE SHEET (UN-AUDITED)

		Un-audited December 31, 2014	Audited June 30, 2014
	Note	(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 400,000,000 (June 30, 2014: 400,000,000) ordinary shares of Rs 10 each		<u>4,000,000</u>	<u>4,000,000</u>
Issued, subscribed and paid up share capital 363,380,000 (June 30, 2014: 363,380,000) ordinary shares of Rs 10 each		3,633,800	3,633,800
Share premium		41,660	41,660
Equity portion of sponsors' loan	6	-	15,899
Accumulated profit		<u>611,587</u>	<u>534,600</u>
		<u>4,287,047</u>	<u>4,225,959</u>
NON-CURRENT LIABILITIES			
Sponsors' loan - unsecured	7	<u>271,707</u>	<u>622,597</u>
Long term financing-secured	8	<u>82,973</u>	<u>86,664</u>
Deferred liabilities		<u>1,568</u>	<u>1,450</u>
		<u>356,248</u>	<u>710,711</u>
CURRENT LIABILITIES			
Trade and other payables	9	<u>323,765</u>	<u>422,643</u>
Unclaimed dividend		<u>1,548</u>	<u>786</u>
Dividend payable		-	363,380
Markup accrued		9,454	8,888
Current portion of long term financing - secured	8	<u>19,255</u>	<u>23,271</u>
Provision for taxation		<u>4,742</u>	<u>3,481</u>
		<u>358,763</u>	<u>822,449</u>
CONTINGENCIES AND COMMITMENTS			
	10	-	-
		<u>5,002,058</u>	<u>5,759,119</u>

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.


Chief Executive

Un-audited
December 31,
2014
Audited
June 30,
2014
Note (Rupees in thousand)

ASSETS

NON-CURRENT ASSETS

Property, plant and equipment	11	865,820	895,241
Intangible assets	12	208	-
Long term investment	13	3,204,510	3,204,510
Long term deposits		38	38
		4,070,575	4,099,789

CURRENT ASSETS

Stores, spares and loose tools	74,939	52,735
Trade debts secured, considered good	379,671	731,925
Advances, deposits, prepayments and other receivables	40,749	29,461
Dividend receivable	-	617,880
Cash and bank balances	436,124	227,329
	931,483	1,659,330

5,002,058	5,759,119
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Director

ALTERN ENERGY LIMITED
CONDENSED INTERIM UNCONSOLIDATED PROFIT & LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER, 2014

		Quarter ended		Half year ended	
		December 31, 2014 (Rupees in thousand)	December 31, 2013	December 31, 2014 (Rupees in thousand)	December 31, 2013
	<i>Note</i>				
Revenue-net		135,828	641,377	574,407	1,078,473
Direct costs	14	(115,693)	(557,800)	(468,953)	(901,412)
Gross profit		20,135	83,577	105,454	177,061
Administrative expenses		(3,771)	(2,638)	(7,997)	(5,859)
Other income		6,996	1,050,922	6,996	1,050,931
Profit from operations		23,360	1,131,861	104,454	1,222,133
Finance cost		(13,589)	(32,088)	(25,509)	(63,133)
Profit before taxation		9,772	1,099,773	78,945	1,159,000
Taxation		(1,957)	(877)	(1,957)	(877)
Profit after taxation		7,814	1,098,896	76,987	1,158,123
Earnings per share - basic and diluted - Rupees		0.02	3.02	0.21	3.19

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.


Chief Executive


Director

ALTERN ENERGY LIMITED**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER, 2014**

	Quarter ended		Half year ended	
	December 31,	December 31,	December 31,	December 31,
	2014	2013	2014	2013
	(Rupees in thousand)		(Rupees in thousand)	
Profit for the period	7,814	1,098,896	76,987	1,158,123
Other comprehensive income:				
Items that will not be reclassified to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Total comprehensive income for the period	7,814	1,098,896	76,987	1,158,123

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.


Chief Executive


Director

ALTERN ENERGY LIMITED
CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER, 2014

		Half year ended	
		December 31, 2014	December 31, 2013
	Note	(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	15	356,666	1,101,217
Finance cost paid		(672)	(52,677)
Taxes paid		(103)	(318)
Retirement benefits paid		-	(30)
Net cash inflow from operating activities		355,890	1,048,192
Cash flows from investing activities			
Fixed capital expenditure		(6,561)	(7,295)
Dividend received		617,880	-
Net cash inflow/(outflow) from investing activities		611,319	(7,295)
Cash flows from financing activities			
Repayment of sponsor's loan		(384,148)	-
Repayment of long term finances		(11,648)	(542,655)
Dividend paid		(362,618)	-
Net cash outflow from financing activities		(758,414)	(542,655)
Net increase in cash and cash equivalents		208,795	498,242
Cash and cash equivalents at the beginning of the period		227,329	115,257
Cash and cash equivalents at the end of the period	16	436,124	613,499

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.


 Chief Executive


 Director

ALTERN ENERGY LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER, 2014

	Share capital	Share Premium	Equity Portion of sponsor loan	Accumulated profit/(loss)	Total
	Rupees in thousand				
Balance as on July 1, 2013 (audited)	3,633,800	41,660	43,179	(606,833)	3,111,806
Imputed interest on sponsors' loan	-	-	(3,307)	-	(3,307)
Profit for the period	-	-	-	1,158,123	1,158,123
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the half year ended December 31, 2013	-	-	-	1,158,123	1,158,123
Dividend to equity holders of the company:					
1st Interim dividend @ Rupee 1 per ordinary share for six months ended December 31, 2013	-	-	-	(363,380)	(363,380)
Total contributions by and distributions to owners of the company recognised directly in equity	-	-	-	(363,380)	(363,380)
Balance as on December 31, 2013 (un-audited)	3,633,800	41,660	39,872	187,910	3,903,242
Imputed interest on sponsors' loan	-	-	(23,973)	-	(23,973)
Profit for the period	-	-	-	710,070	710,070
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	710,070	710,070
Dividend to equity holders of the company:					
2nd Interim dividend @ Rupee 1 per ordinary share	-	-	-	(363,380)	(363,380)
Balance as on July 1, 2014 (audited)	3,633,800	41,660	15,899	534,600	4,225,959
Imputed interest on sponsors' loan	-	-	(15,899)	-	(15,899)
Profit for the period	-	-	-	76,987	76,987
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the half year ended December 31, 2014	-	-	-	76,987	76,987
Balance as on December 31, 2014 (un-audited)	3,633,800	41,660	-	611,587	4,287,047

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.


Chief Executive


Director

1. STATUS & NATURE OF BUSINESS

Altern Energy Limited (the 'Company') is a public limited Company incorporated in Pakistan on January 17, 1995. The Company is a subsidiary of Descon Engineering Limited. The Company's ordinary shares are listed on the Karachi Stock Exchange Limited.

The principal objective of the Company is to generate and supply electric power to Water and Power Development Authority of Pakistan (WAPDA) from its thermal power plant having a gross capacity of 32 Mega Watts (June 30, 2014 : 32 Mega Watts). 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, National Transmission and Despatch Company Limited ('NTDC') for thirty years which commenced from June 06, 2001.

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.

2. BASIS OF PREPARATION

This condensed interim financial information is un-audited and is being submitted to the members in accordance with section 245 of the Companies Ordinance, 1984. It has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. The figures for the half year ended December 31, 2014 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance. This condensed interim financial information does not include all the information required for annual financial statements and therefore, should be read in conjunction with the annual financial statements for the year ended June 30, 2014.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the Company for the year ended June 30, 2014, except for the following :

3.2 Intangible assets

Expenditure incurred to acquire computer software 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 condensed interim 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 condensed interim 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.

3.3 Major spare parts and stand-by 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 asset category as and when such items are available for use.

3.4 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 condensed interim financial information covering annual periods, beginning on or after the following dates:

3.4.1 Standards, amendments and interpretations to approved accounting standards that are effective in the current year

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on or after July 1, 2014 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 amendments as explained below:

- IAS 32 (Amendments), 'Financial instruments: Presentation', on offsetting financial assets and financial liabilities is applicable on accounting periods beginning on or after January 01, 2014.
- These amendments update the application guidance in IAS 32, 'Financial instruments: Presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The application of this standard has no material impact on the Company's condensed interim financial information.
- IAS 36 (Amendment), 'Impairment of assets' on recoverable amount disclosures is applicable on accounting period beginning on or after January 01, 2014. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The application of this standard has no material impact on the Company's condensed interim financial information.
- IFRIC 21, 'Levies' sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognised. The Company is not currently subjected to significant levies so the impact on the Company's condensed interim financial information is not material.

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

- * The following amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after January 01, 2015 or later periods, and the Company has not early adopted them:
- Annual improvements 2012 applicable for annual periods beginning on or after July 01, 2014. These amendments include changes from the 2010-12 cycle of the annual improvements project, that affect 7 standards: IFRS 2, 'Share-based payment', IFRS 3, 'Business Combinations', IFRS 8, 'Operating segments', IFRS 13, 'Fair value measurement', IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', Consequential amendments to IFRS 9, 'Financial instruments', IAS 37, 'Provisions, contingent liabilities and contingent assets', and IAS 39, 'Financial instruments - Recognition and measurement'. The Company shall apply these amendments from January 01, 2015 and does not expect to have any material impact on its condensed interim financial information.
- Annual improvements 2013 applicable for annual periods beginning on or after July 01, 2014. The amendments include changes from the 2011-12-13 cycle of the annual improvements project that affect 4 standards: IFRS 1, 'First time adoption', IFRS 3, 'Business combinations', IFRS 13, 'Fair value measurement' and IAS 40, 'Investment property'. The Company shall apply these amendments from January 01, 2015 and does not expect to have any material impact on its condensed interim financial information.

- Amendment to IAS 16 'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation is amortisation is applicable on accounting periods beginning on or after January 01, 2016. IASB has clarified 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 IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The Company shall apply these amendments from January 01, 2016 and does not expect to have any material impact on its condensed interim financial information.
- IFRS 9 - 'Financial instruments' - classification and measurement. This is applicable on accounting periods beginning on or after January 01, 2015. This standard on classification and measurement of financial assets and financial liabilities will replace IAS 39, 'Financial instruments: Recognition and measurement'. IFRS 9 has two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the IAS 39 requirements. These include amortised-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. This change will mainly affect financial institutions. The Company shall apply this standard from January 01, 2015 and does not expect to have any material impact on its condensed interim financial information.
- IFRS 9 - 'Financial instruments'. This is applicable on accounting periods beginning on or after January 01, 2018. IASB has published the complete version of IFRS 9, 'Financial Instruments', which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today. The Company shall apply this standard from January 01, 2018 and does not expect to have any material impact on its condensed interim financial information.
- IFRS 13 - 'Fair value measurement'. This is applicable on accounting periods beginning on or after January 01, 2015. This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Company shall apply this standard from January 01, 2015 and does not expect to have any material impact on its condensed interim financial information.

4. ACCOUNTING ESTIMATES

The preparation of the condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim financial information, the significant judgments made by management in applying accounting policies and key sources of estimation were the same as those that were applied to the financial statements for the year ended June 30, 2014.

5. FINANCIAL RISK MANAGEMENT

5.1 Financial risk factor

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 price risk), credit risk and liquidity risk.

The condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at June 30, 2014.

There have been no changes in the risk management department since year end or in any risk management policies.

5.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash outflows for financial liabilities.

5.3 Fair value estimation

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

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

		Un-audited December 31, 2014	Audited June 30, 2014
		(Rupees in thousand)	
6. EQUITY PORTION OF SPONSORS' LOAN	Note		
Descon Engineering Limited	6.1	-	11,924
Crescent Standard Business Management (Private) Limited	6.2	-	3,975
		-	15,899

6.1 This represents equity portion relating to interest free loan from Descon Engineering Limited amounting to Rs 69.455 million (June 30, 2014: Rs 69.455 million), which has been repaid by the Company during the period.

6.2 This represents equity portion of funds amounting to Rs 23.152 million (June 30, 2014: Rs 23.152 million) from Crescent Standard Business Management (Private) Limited, which has been repaid by the Company during the period.

6.3 In the previous year, interest free loans received from Descon Engineering Limited and Crescent Standard Business Management Limited (Private) Limited was discounted using effective rate of interest and classified separately in equity portion and long term loan.

		Un-audited December 31, 2014	Audited June 30, 2014
		(Rupees in thousand)	
7. SPONSORS' LOANS - UNSECURED	Note		
These are composed of loans from associated undertakings:			
Descon Engineering Limited	7.1	-	69,455
Interest free loan		-	(11,924)
Present value adjustment		-	57,531
Crescent Standard Business Management (Private) Limited	7.2	-	23,152
Interest free loan		-	(3,975)
Present value adjustment		-	19,177
Present value of interest free loan from sponsors	7.3	-	76,708
Other long term finances	7.4	261,763	261,763
Interest on long term finances	7.5	9,945	284,126
		271,707	622,597

- 7.1 This represents long term loan portion relating to interest free loan from Descon Engineering Limited amounting to Rs 69.455 million (June 30, 2014: Rs 69.455 million). The loan has been fully repaid during the period.
- 7.2 This represents long term loan portion of funds amounting to Rs 23.152 million (June 30, 2014: Rs 23.152 million) from Crescent Standard Business Management (Private) Limited. The loan has been fully repaid during the period.
- 7.3 These had been recognized at amortized cost using a discount rate of 13.38%. The resulting change has been charged to equity portion of sponsors' loan as referred to in note 6.
- 7.4 This includes funds amounting to Rs 261.763 million (June 30, 2014: Rs 261.763 million) received from Descon Engineering Limited for investment in Rousch (Pakistan) Power Limited through its subsidiary Company, Power Management Company (Private) Limited.

As per agreement between the Company, MCB Bank Limited and Descon Engineering Limited, all amounts (including mark-up) due under the sponsors' loans shall be subordinated to the loan facility from MCB Bank Limited. These loans are unsecured and carry mark up at 6-month Karachi Inter Bank Offer Rate (KIBOR) plus 300 basis points (June 30, 2014 : 6-month KIBOR plus 300 basis points)

- 7.5 This represents mark-up payable to Descon Engineering Limited of Rs 9.9 million (June 30, 2014: Rs 284.126 million). As per terms of agreement the mark up payment is subordinated to loan facility from MCB Bank Limited and additional mark up is not due on this amount.

		Un-audited December 31, 2014	Audited June 30, 2014
8. LONG TERM FINANCES-SECURED	Note	(Rupees in thousand)	
Syndicate finance - foreign currency	8.1	19,255	30,173
Power Management Company (Private) Limited (PMCL)	8.2	50,000	50,000
		69,255	80,173
Interest on loan from PMCL	8.3	32,973	29,762
		102,228	109,935
Less: Current portion shown under current liabilities		(19,255)	(23,271)
		82,973	86,664

- 8.1 The limit of foreign currency portion of loan is US dollars 3.6 million. The outstanding loan amount is repayable in four un-equal quarterly installments payable upto December 31, 2015. It is secured by way of first ranking pari passu charge on existing property, plant and equipment of Company at the Fateh Jang site. It carries mark-up at 3-month London Inter Bank Offer Rate (LIBOR) plus 295 basis points (June 30, 2014: 3-month LIBOR plus 295 basis points) payable quarterly in arrears.
- 8.2 This represents long term loan obtained by the Company from its wholly owned subsidiary - PMCL. As per agreement between the Company, MCB Bank Limited and PMCL, all amounts (including mark-up) due under the loan shall be subordinated to the loan facility from MCB Bank Limited. These are unsecured and carry mark-up at 6-month KIBOR plus 300 basis points (June 30, 2014: 6-month KIBOR plus 300 basis points)
- 8.3 This represents mark-up payable to PMCL of Rs 32.973 million (June 30, 2014: Rs 29.762 million). As per terms of agreement the mark up payment is subordinated to loan facility from MCB Bank Limited and additional mark up is not due on this amount.

9. TRADE AND OTHER PAYABLES

The Honourable Supreme Court of Pakistan in its order dated December 27, 2013 suspended the decision of the Honourable Peshawar High Court and reinstated the Gas Infrastructure Development Cess (GIDC) Act, 2011 (XXI of 2011) imposing cess on gas consumers. Accordingly, Ministry of Petroleum & Natural Resources, through its notification dated December 31, 2013, imposed GIDC under the GIDC Act, 2011 (XXI of 2011) on specified consumers including the Company.

As a result, Sui Northern Gas Pipelines Limited (SNGPL) in its gas bill for the month of December, 2013, charged the Company Rs 234.61 million as 'GIDC arrears' for the period ranging from January 01, 2013 to December 31, 2013 which has been recorded by the Company as payable to SNGPL. The Company treated GIDC as part of its Energy Purchase Price (EPP) invoice and accordingly recorded a receivable from WAPDA of Rs 221.35 million for the period January 01, 2013 to December 31, 2013. Furthermore, SNGPL has also billed to the Company, late payment surcharge of Rs 3.3 million for non payment of arrears of GIDC. However no provision for this amount has been made in this condensed interim financial information as the Company believes that non-payment of GIDC was due to the stay granted by the Honourable Peshawar High Court.

The Company filed a writ petition in the Lahore High Court in February 2014 against the levy of GIDC on retrospective basis and the Honourable Court granted stay against the payment to the Company. During the period, Supreme Court struck down the GIDC Act, 2011 (XXI of 2011) declaring it unconstitutional on reference filed by other industrial undertakings. However, on September 25, 2014, the GIDC Ordinance, 2014 was promulgated. The Ordinance also gave legal coverage to the earlier billed arrears and current chargeability of GIDC came into force with immediate effect. Thereafter, the Company filed a writ petition in the Honourable Lahore High Court and obtained stay against the recovery of GIDC. The case is now pending for adjudication in the Lahore High Court.

During the period January 2014 to July 2014, GIDC was charged to the Company by SNGPL which was accordingly paid by the Company and was also received from WAPDA as part of the EPP invoice. For the GIDC invoiced to WAPDA from August 2014, WAPDA disputed the invoices on the premise that the matter is subjudice before the Court. Under these circumstances, no provision of the GIDC cost payable to SNGPL and the corresponding revenue receivable from WAPDA pertaining to the period from August 2014 till December 2014 amounting to Rs 56.23 Million has been made in this condensed interim financial information. Based on the advice of the Company's legal counsel, the management believes there are meritorious grounds to support the Company's case and the levy of GIDC will be revoked.

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

- (i) In August, 2014, the taxation authorities issued 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 splitted among taxable and non-taxable supplies and the Company should only claim the input tax attributable to the taxable supplies. The Company based on the legal advice 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 Independent Power Plants (IPPs) for the reason that the ultimate product is electrical energy, which is taxable. The Company submitted reply to the show cause notice which was rejected by the taxation authorities and a demand of Rs 157 million was raised by the taxation authorities. The Company filed an appeal with the CIR'A who also rejected the Company's stance. Subsequently the Company filed an appeal with ATIR which is pending adjudication. The Company also filed a writ petition in the Lahore High Court against the recovery proceedings by the DCIR. The court granted stay on the Company's request.

Based on the advice of the Company's legal counsel, management believes that there are meritorious grounds to defend the Company's stance in respect of the abovementioned input sales tax claimed by the Company. Consequently, no provision has been recognised in the condensed interim financial information.

10.2 Commitments in respect of

- (i) MCB Bank Limited had issued bank guarantee for Rs 200 million (June 30, 2014 : Rs 156.213 million) in favour of Sui Northern Gas Pipelines Limited as a security to cover gas supply for which payments are made in arrears. The guarantee was due to expire on January 31, 2015, which has been replaced by bank guarantee issued by Habib Metropolitan Bank Limited.
- (ii) Standard Chartered Bank (Pakistan) Limited had issued bank guarantee for Rs 126.32 million (June 30, 2014 : Nil) in favour of Sui Northern Gas Pipelines Limited as a security to cover gas supply for which payments are made in arrears. The guarantee was due to expire on January 31, 2015, which has been replaced by bank guarantee issued by Habib Metropolitan Bank Limited.
- (iii) Habib Metropolitan Bank Limited has issued bank guarantee for Rs 326.32 million (June 30, 2014 : Nil) in favour of Sui Northern Gas Pipelines Limited as a security to cover gas supply for which payments are made in arrears. The guarantee will expire on September 14, 2015, which is renewable

		Un-audited December 31, 2014 (Rupees in thousand)	Audited June 30, 2014
11. PROPERTY, PLANT AND EQUIPMENT	<i>Note</i>		
Operating fixed assets	11.1	862,804	895,241
Major stores and stand-by equipment		3,016	-
		<u>865,820</u>	<u>895,241</u>
11.1 Property, plant and equipment			
Opening book value		895,241	968,219
Add: Additions during the period/year	11.1.1	4,084	7,783
Less: Depreciation charged during the period/year		(36,521)	(80,761)
Closing book value		<u>862,804</u>	<u>895,241</u>
11.1.1 Additions during the period/year			
Plant and machinery	11.2	3,805	7,668
Office equipment		280	115
		<u>4,084</u>	<u>7,783</u>

- 11.2 Additions to plant and equipment include net exchange loss of Rs 0.809 million (December 31, 2013: Rs 3.614 million) on related foreign currency loans during the period from July 01, 2014 to December 31, 2014. This has resulted in accumulated capitalization of exchange losses of Rs 87.735 million (June 30, 2014: Rs 86.926 million) in the cost of plant and equipment upto December 31, 2014, with net book value of Rs 82.833 million (June 30, 2014: Rs 82.300 million).

		Un-audited December 31, 2014 (Rupees in thousand)	Audited June 30, 2014
12. INTANGIBLE ASSETS	<i>Note</i>		
Opening book value		-	-
Add: Additions during the period/year		250	-
Less: Amortization charged during the period/year		(42)	-
Closing book value		<u>208</u>	<u>-</u>

13. LONG TERM INVESTMENTS

Investment in subsidiary Company - at cost 13.1 & 13.2 3,204,510 3,204,510

- 13.1 This represents 100% shares held in Power Management Company (Private) Limited (PMCL), which in turn holds 59.98% shares of Rousch (Pakistan) Power Limited (RPPL).
- 13.2 As per terms of agreement for acquisition of shares of RPPL, the Company has deposited these shares with the trustees of RPPL lenders.

Un-audited Quarter ended		Un-audited Half year ended	
December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
(Rupees in thousand)			

14. DIRECT COSTS

Gas cost	78,681	505,409	388,424	798,067
Salaries and other benefits	170	57	274	114
Operation and maintenance (O&M)	8,573	7,865	17,146	15,730
Stores, spares and loose tools consumed	6,132	13,745	16,100	32,649
Electricity consumed in-house	1,366	407	1,769	826
Insurance	518	563	1,036	1,125
Lube oil consumed	2,051	7,878	4,185	10,050
Repairs and maintenance	731	585	3,041	1,119
Travelling and conveyance	186	122	186	151
Depreciation	17,224	21,157	36,456	41,363
Fee and subscription	-	12	135	119
Miscellaneous	63	-	203	99
	<u>115,693</u>	<u>557,800</u>	<u>468,953</u>	<u>901,412</u>

15. CASH GENERATED FROM OPERATIONS

		Un-audited Half year ended	
		December 31, 2014	December 31, 2013
		(Rupees in thousand)	
Profit before taxation		78,945	1,159,000
Adjustment for non cash charges and other items:			
- Depreciation on operating fixed assets		36,521	41,403
- Amortization of intangible assets		42	-
- Liabilities written back		(434)	-
- Profit on bank deposits		(5,932)	-
- Finance cost		21,750	63,133
- Provision for employee retirement benefits		118	94
Profit before working capital changes		<u>131,010</u>	<u>1,263,630</u>
Effect on cash flow due to working capital changes:			
- (Increase)/decrease in stores, spares and loose tools		(22,204)	3,506
- Decrease/(increase) in trade debts		352,254	(462,557)
- Increase in advances, deposits, prepayments and other receivables		(5,950)	(4,779)
- (Decrease)/increase in trade and other payables		(98,444)	301,417
		<u>225,656</u>	<u>(162,413)</u>
		<u>356,666</u>	<u>1,101,217</u>

16. CASH AND CASH EQUIVALENTS

Cash and bank balances	<u>436,124</u>	<u>613,499</u>
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		Un-audited	
17. TRANSACTIONS AND BALANCES WITH RELATED PARTIES		December 31, 2014	December 31, 2013
Relationship with the Company	Nature of transactions		
i. Holding Company			
(Rupees in thousand)			
Descon Engineering Limited :			
	Mark up accrued on long term loan	17,359	16,219
	Dividend paid	211,397	-
	Sponsors' loan repaid	361,081	-
ii. Subsidiary Company			
Power Management Company (Private) Limited :			
	Dividend received	617,880	1,048,343
	Repayment of short term loan	500	5
	Mark up accrued on loan	3,802	3,868
iii. Associated undertakings			
Descon Power Solutions (Private) Limited :			
	O&M contractor's fee	17,146	15,730
	Spare parts purchased	42,213	32,644
Descon Chemicals Limited :			
	ERP Implementation fees	712	-
iv. Key management personnel			
	Salaries and other employment benefits	1,398	1,080
v. Post employment benefit plans			
	Expense charged in respect of retirement benefit plans	118	64
		Unaudited	Audited
		December 31, 2014	June 30, 2014
		(Rupees in thousand)	
Period end balances are as follows:			
Payable to related parties			
	Descon Engineering Limited	8,833	8,707
	Descon Chemicals Limited	712	-
	Descon Power Solutions (Private) Limited	3,182	25,931
		12,727	34,638

18. DATE OF AUTHORIZATION FOR ISSUE

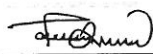
This condensed interim financial information was authorised for issue on February 24, 2015 by the Board of Directors of the Company.

19. EVENTS AFTER THE BALANCE SHEET DATE


There are no significant events after the balance sheet date.

20. CORRESPONDING FIGURES

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



Chief Executive



Director

**CONSOLIDATED
FINANCIAL
STATEMENTS**

ALTERN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES
CONDENSED INTERIM CONSOLIDATED BALANCE SHEET (UN-AUDITED)

		Un-audited December 31, 2014	Audited June 30, 2014
EQUITY AND LIABILITIES	Note	(Rupees in thousand)	
SHARE CAPITAL AND RESERVES			
Authorized capital 400,000,000 (June 30, 2014: 400,000,000) ordinary shares of Rs10 each		4,000,000	4,000,000
Issued, subscribed and paid up capital 363,380,000 (June 30, 2014: 363,380,000) ordinary shares of Rs 10 each		3,633,800	3,633,800
Share premium		41,660	41,660
Equity portion of sponsors' loan	5	-	15,899
Accumulated profit		9,571,339	8,507,237
		13,246,799	12,198,596
Non-controlling interest		8,532,326	7,821,784
		21,779,125	20,020,380
NON CURRENT LIABILITIES			
Sponsors' loan -unsecured	6	271,707	622,597
Long term financing - secured and unsecured	7	7,797,274	8,711,213
Deferred liabilities		11,259	10,095
Deferred taxation		724,650	644,773
		8,804,890	9,988,678
CURRENT LIABILITIES			
Trade and other payables	8	2,828,938	4,414,321
Mark up accrued		233,389	213,866
Current portion of long term loans	7	2,638,981	3,484,458
Interest rate swap liabilities		-	211,760
Dividend payable		-	811,881
Unclaimed dividend		15,317	37,180
Provision for taxation		60,617	59,406
		5,777,242	9,232,872
		36,361,257	39,241,930

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


Chief Executive

		Un-audited December 31, 2014	Audited June 30, 2014
ASSETS	Note	(Rupees in thousand)	
NON-CURRENT ASSETS			
Property, plant and equipment			
-Operating fixed assets	10	24,017,829	24,616,636
-Capital work-in-progress		7,083	-
Intangible assets		208	-
Long term deposits		539	539
Long term loan to employees		8,035	35
		<u>24,033,694</u>	<u>24,617,210</u>

CURRENT ASSETS

Store, spares and loose tools	545,006	512,920
Inventory of fuel oil	484,173	485,337
Trade debts - secured, considered good	7,473,346	9,348,064
Advances, prepayments and other receivables	370,636	280,641
Cash and bank balances	3,454,402	3,997,758
	<u>12,327,563</u>	<u>14,624,720</u>

<u>36,361,257</u>	<u>39,241,930</u>
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Director

ALTERN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES
CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER, 2014

	<i>Note</i>	Quarter ended		Half year ended	
		December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
		(Rupees in thousand)		(Rupees in Thousand)	
Revenue - net		3,634,072	7,153,739	10,035,504	12,892,117
Direct costs	II	(2,474,629)	(5,818,316)	(7,519,388)	(10,169,591)
Gross profit		1,159,443	1,335,423	2,516,116	2,722,526
Administrative expenses		(28,733)	(27,437)	(61,714)	(59,549)
Other income		75,961	85,656	140,489	144,857
Profit from operations		1,206,671	1,393,642	2,594,891	2,807,834
Finance cost		(268,013)	(446,425)	(737,145)	(1,056,986)
Profit before taxation		938,658	947,217	1,857,746	1,750,848
Taxation		(2,576)	(1,539)	(3,225)	(2,192)
Profit after taxation		936,082	945,678	1,854,521	1,748,656
Attributable to:		565,003	587,878	1,143,979	1,093,624
Equity holders of the parent		371,079	357,800	710,542	655,032
Non-controlling interest		936,082	945,678	1,854,521	1,748,656
Earnings per share - basic and diluted - Rupees		1.55	1.62	3.15	3.01

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


Chief Executive


Director

ALTERN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES
 CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
 FOR THE HALF YEAR ENDED 31 DECEMBER, 2014

	Quarter ended		Half year ended	
	December 31, 2014 (Rupees in thousand)	December 31, 2013	December 31, 2014 (Rupees in thousand)	December 31, 2013
Profit for the period	936,082	945,678	1,854,521	1,748,656
Other Comprehensive Income:				
<i>Items that will not be reclassified to profit or loss</i>	-	-	-	-
<i>Items that may be reclassified subsequently to profit or loss</i>	-	-	-	-
Total comprehensive income for the period	<u>936,082</u>	<u>945,678</u>	<u>1,854,521</u>	<u>1,748,656</u>
Attributable to:				
Equity holders of the parent	565,003	587,878	1,143,979	1,093,624
Non-controlling interest	<u>371,079</u>	<u>357,800</u>	<u>710,542</u>	<u>655,032</u>
	<u>936,082</u>	<u>945,678</u>	<u>1,854,521</u>	<u>1,748,656</u>

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


 Chief Executive


 Director

ALTERN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES
CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER, 2014

		Half year ended	
		December 31, 2014	December 31, 2013
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	12	3,590,627	1,569,879
Finance cost paid		(741,403)	(975,947)
Tax paid		(20,638)	(22,229)
Retirement and other benefits paid		(1,047)	(30)
		(763,088)	(998,206)
Net cash generated from operating activities	(A)	2,827,539	571,673
Cash flows from investing activities			
Fixed capital expenditure		(15,846)	(12,470)
Dividend received		1,290,183	-
Proceeds from sale of property, plant & equipment		248	466
Long term deposits		(8,000)	55
Net cash generated from / (used in) investing activities	(B)	1,266,585	(11,949)
Cashflow from financing activities			
Long term loans - net		(2,152,030)	(2,255,777)
Sponsors' loan - net		(384,148)	-
Dividend paid		(2,101,302)	(759,003)
Net cash used in financing activities	(C)	(4,637,480)	(3,014,780)
Net decrease in cash and cash equivalents	(A+B+C)	(543,356)	(2,455,056)
Cash and cash equivalents at beginning of the period		3,997,758	4,960,053
Cash and cash equivalents at the end of the period	13	3,454,402	2,504,997

The annexed notes I to 17 form an integral part of these financial statements


Chief Executive


Director

ALTERN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER, 2014

	Attributable to equity holders of Parent Company					
	Share capital	Share premium	Equity portion of sponsors' loan	Accumulated profit	Non-controlling Interest	Total
	(Rupees in thousand)					
Balance as on July 1, 2013 (audited)	3,633,800	41,660	43,179	7,608,150	7,561,153	18,887,942
Imputed interest on sponsors' loan	-	-	(3,307)	-	-	(3,307)
Profit for the period	-	-	-	1,093,624	655,032	1,748,656
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the half year ended December 31, 2013	-	-	-	1,093,624	655,032	1,748,656
Dividend to equity holders of the company:						
1st interim dividend @ Rupee 1 per ordinary share for six months ended December 31, 2013 by AEL	-	-	-	(363,380)	-	(363,380)
Dividend relating to the period ended December 31, 2013 to non-controlling interest	-	-	-	-	(759,003)	(759,003)
Balance as on December 31, 2013 (un-audited)	3,633,800	41,660	39,872	8,338,394	7,457,182	19,510,908
Imputed interest on sponsors' loan	-	-	(23,973)	-	-	(23,973)
Profit for the period	-	-	-	532,223	813,102	1,345,325
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	532,223	813,102	1,345,325
Dividend to equity holders of the company:						
2nd interim dividend @ Rupee 1 per ordinary share for the period ended June 30, 2014 by AEL	-	-	-	(363,380)	-	(363,380)
Dividend relating to the period ended June 30, 2014 to non-controlling interest	-	-	-	-	(448,500)	(448,500)
Balance as on June 30, 2014 (audited)	3,633,800	41,660	15,899	8,507,237	7,821,784	20,020,380
Imputed interest on sponsors' loan	-	-	(15,899)	-	-	(15,899)
Total comprehensive income for the half year ended December 31, 2014	-	-	-	1,064,102	710,542	1,774,644
Balance as on December 31, 2014 (un-audited)	3,633,800	41,660	-	9,571,339	8,532,326	21,779,125

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


Chief Executive


Director

ALTERN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER, 2014

1. STATUS AND NATURE OF BUSINESS

1.1 The group comprises of:

Altern Energy Limited (AEL); and

Subsidiary Companies:

Following subsidiary companies have been consolidated in the financial statements of the Parent Company and acquisition date is November 7, 2006.

	Un-audited Percentage of Holding December 31, 2014	Audited June 30, 2014
Power Management Company (Private) Limited (PMCL)	100.000%	100.000%
Rousch (Pakistan) Power Limited (RPPL)	59.984%	59.984%

Altern Energy Limited ("the Parent Company") was incorporated in Pakistan on January 17, 1995 and is listed on Karachi Stock Exchange. The principal objective of the Parent Company is to generate and supply electric power to Water and Power Development Authority of Pakistan (WAPDA) from its thermal power plant having a gross capacity of 32 Mega Watts (June 30, 2014 : 32 Mega Watts). The Parent Company commenced commercial operations with effect from June 06, 2001. The registered office of the Parent Company is situated at Descon Headquarters, 18 km, Ferozepur Road, Lahore.

Power Management Company (Private) Limited (PMCL) was incorporated in Pakistan on February 24, 2006. The principal objective of the PMCL is to invest, manage, operate, run, own and build power projects. The registered office of the PMCL is situated at 18 km Ferozepur Road, Lahore.

Rousch (Pakistan) Power Limited (RPPL) is a public unlisted company, incorporated in Pakistan on August 04, 1994. The principal activity of RPPL is to generate and supply electricity to Water and Power Development Authority (WAPDA) from its combined cycle thermal power plant having a gross ISO capacity of 450 Mega Watts (June 30, 2014 : 450 Mega Watts), located near Sidhnai Barrage, Abdul Hakim, District Khanewal, in Punjab. RPPL started commercial operations from December 11, 1999. The registered office of RPPL is situated at 68 - Studio Apartments, Park Towers, F10 Markaz, Jinnah Avenue, Islamabad.

- 1.2** In terms of Amendment No. 3 to the Power Purchase Agreement (PPA) executed between the RPPL and WAPDA on August 21, 2003, RPPL has agreed to transfer ownership of the Complex to WAPDA at a token value of US\$ 1 at the expiry of 30 years term of PPA (starting from 11 December 1999), if WAPDA does not opt for a renewal of the PPA for the additional term pursuant to section 4.1 (c) of the PPA.

2. BASIS OF PREPARATION

This condensed interim consolidated financial information is un-audited and is being submitted to the members in accordance with section 245 of the Companies Ordinance, 1984. It has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim consolidated financial information does not include all the information required for annual consolidated financial statements and therefore, should be read in conjunction with the annual consolidated financial statements for the year ended June 30, 2014.

3. SIGNIFICANT ACCOUNTING POLICIES

- 3.1** Accounting policies and methods of computation adopted for the preparation of these condensed interim consolidated financial information are the same as those applied in preparing the consolidated financial statements for the year ended June 30, 2014, except for the following:

3.2 Intangible assets

Expenditure incurred to acquire computer software 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 Group assesses at each condensed interim 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 condensed interim 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.

3.3 Major spare parts and stand-by 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 asset category as and when such items are available for use.

4. ACCOUNTING ESTIMATES

The preparation of the condensed interim consolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim consolidated financial information, the significant judgments made by management in applying accounting policies and key sources of estimation were the same as those that were applied to the consolidated financial statements for the year ended June 30, 2014.

	Note	Un-audited December 31, 2014	Audited June 30, 2014
		(Rupees in thousand)	
5 EQUITY PORTION OF SPONSORS' LOAN			
These are composed of loans from associated undertakings:			
Descon Engineering Limited	5.1	-	11,924
Crescent Standard Business Management (Private) Limited	5.2	-	3,975
		<u>-</u>	<u>15,899</u>

- 5.1 This represents equity portion relating to interest free loan from Descon Engineering Limited amounting to Rs 69.455 million (June 30, 2014: Rs 69.455 million), which has been repaid by the Company during the period.
- 5.2 This represents equity portion of funds amounting to Rs 23.152 million (June 30, 2014: Rs 23.152 million) from Crescent Standard Business Management (Private) Limited, which has been repaid by the Company during the period.
- 5.3 In the previous year, interest free loans received from Descon Engineering Limited and Crescent Standard Business Management (Private) Limited was discounted using effective rate of interest and classified separately in equity portion and long term loan.

6. SPONSORS' LOANS -UNSECURED

These are composed of loans from associated undertakings:

Descon Engineering Limited

Interest free loan

Present value adjustment

Crescent Standard Business Management (Pvt) Limited

Interest free loan

Present value adjustment

Present value of interest free loan from sponsors

Other long term finances

Interest on long term finance

	Un-audited December 31, 2014	Audited June 30, 2014
	(Rupees in thousand)	
<i>Note</i>		
6.1		
	-	69,455
	-	(11,924)
	-	57,531
6.2		
	-	23,152
	-	(3,975)
	-	19,177
6.3	-	76,708
6.4	261,763	261,763
6.5	9,947	284,126
	<u>271,710</u>	<u>622,597</u>

6.1 This represents long term loan portion relating to interest free loan from Descon Engineering Limited amounting to Rs 69.455 million (June 30, 2014: Rs 69.455 million). The loan has been fully repaid during the period.

6.2 This represents long term loan portion of funds amounting to Rs 23.152 million (June 30, 2014: Rs 23.152 million) from Crescent Standard Business Management (Private) Limited. The loan has been fully repaid during the period.

6.3 These had been recognized at amortized cost using a discount rate of 13.38%. The resulting change has been charged to equity portion of sponsors' loan as referred to in note 5.

6.4 This includes funds amounting to Rs 261.763 million (June 30, 2014: Rs 261.763 million) received from Descon Engineering Limited for investment in Rousch (Pakistan) Power Limited through its subsidiary Company, Power Management Company (Private) Limited.

As per agreement between the Parent Company, MCB Bank Limited and Descon Engineering Limited, all amounts (including mark-up) due under the sponsors' loans shall be subordinated to the loan facility from MCB Bank Limited. These loans are unsecured and carry mark up at 6-month Karachi Inter Bank Offer Rate (KIBOR) plus 300 basis points (June 30, 2014 : 6-month KIBOR plus 300 basis points).

6.5 This represents mark-up payable to Descon Engineering Limited of Rs 9.9 million (June 30, 2014: Rs 284.126 million). As per terms of agreement the mark up payment is subordinated to loan facility from MCB Bank Limited and additional mark up is not due on this amount.

Un-audited December 31, 2014	Audited June 30, 2014
(Rupees in thousand)	

7. LONG TERM LOANS - SECURED AND UN-SECURED

Loans from financial institutions

Loans from related parties

Current portion of long term loans

8,090,863	9,981,864
2,345,392	2,213,807
10,436,255	12,195,671
(2,638,981)	(3,484,458)
<u>7,797,274</u>	<u>8,711,213</u>

8. TRADE AND OTHER PAYABLES

Supreme Court of Pakistan in its order dated 27th December 2013 suspended the decision of Peshawar High Court and reinstated the Gas Infrastructure Development Cess (GIDC) Act, 2011 imposing cess on gas consumers accordingly, Ministry of Petroleum & Natural Resources through a notification dated 31st December, 2013 imposed GIDC under the Gas Infrastructure Development Cess Act 2011 on specified consumers including the Group.

As a result, Sui Northern Gas Pipelines Limited (SNGPL) in its sui gas bill for the month of December, 2013 charged the Group Rs 2,199.63 million (excluding sales tax) as GIDC for the period ranging from 1st January, 2013 to 31 December, 2013. The Group treated GIDC as part of its EPP invoice and accordingly recorded a receivable from WAPDA of Rs 2,186.37 million for the period from January 2013 to December 2013. Furthermore, SNGPL has billed to the Group late payment surcharge amounting approximately to Rs 400 million due to non-payment of arrears of GIDC.

The Group filed a writ petition in the Lahore High Court in February, 2014 against the levy of GIDC on retrospective basis and the honourable Court granted stay to the Group. During the period, Supreme Court struck down the GIDC Act declaring it unconstitutional on reference filed by other industrial undertakings. However, on 24th September 2014, the Government promulgated a GIDC Ordinance. The Ordinance also gave legal coverage to the earlier billed arrears and current chargeability of GIDC has come into force with immediate effect. Thereafter, the Group filed a writ petition in Lahore High Court and obtained stay against the recovery of GIDC. The case is now pending in Lahore High Court for adjudication. Based on prudence principle, the Group has booked arrears of GIDC pertaining to the year 2013 as a receivable from the off-taker and a liability to SNGPL as at 31 December 2014.

9. CONTINGENCIES AND COMMITMENTS

There is no material change in the status of contingencies and commitments set out in note 15 to the consolidated financial statements of the Company for the year ended June 30, 2014 except for the following:

9.1 Contingencies

Altern Energy Limited - the Parent Company

In August, 2014, the taxation authorities issued 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 splitted among taxable and non-taxable supplies and the Company should only claim the input tax attributable to the taxable supplies. The Company based on the legal advice 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 Independent Power Plants (IPPs) for the reason that the ultimate product is electrical energy, which is taxable. The Company submitted reply to the show cause notice which was rejected by the taxation authorities and a demand of Rs 157 million was raised by the taxation authorities. The Company filed an appeal with the CIR'A who also rejected the Company's stance. Subsequently the Company filed an appeal with ATIR which is pending adjudication. The Company also filed a writ petition in the Lahore High Court against the recovery proceedings by the DCIR. The court granted stay on the Company's request.

Based on the advice of the Company's legal counsel, management believes that there are meritorious grounds to defend the Company's stance in respect of the abovementioned input sales tax claimed by the Company. Consequently, no provision has been recognised in the condensed interim financial information.

Rousch (Pakistan) Power Limited - the Subsidiary Company

WAPDA had raised invoices for liquidated damages to the company for operating year started from December 11, 2012 (after taking into account force outage allowance stipulated under the terms of Power Purchase Agreement) on account of short supply of electricity by the company, which was due to cash flow constraints of the company as a result of default by WAPDA in making timely payments. Estimated amount of liquidated damages are not expected to exceed Rs 1.568 billion as at December 31, 2014 based on the best estimate of the management of the company.

The company disputes and rejects the claim on account of liquidated damages on the premise that its failure to dispatch electricity was due to WAPDA's non-payment of dues on timely basis to the company and consequential inability of the company 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 the company initiated the expert adjudication under the dispute resolution procedures specified in the Power Purchase Agreement. The case was decided by the expert in the company's favour. Decision of the expert is not legally binding on any party. In view of the foregoing, no provision has been recognized in this condensed interim financial information.

The taxation authorities had raised tax demand of Rs 2,026.48 million along with additional tax of Rs 1 485.38 million and penalty of Rs 101.32 million; on account of input sales tax for the period July 2007 to June 2011. The department was of the view that the company had claimed input tax in excess of what was allowed under the Law. The company had filed an appeal which was decided against the company by Appellate Tribunal Inland Revenue (ATIR) and the matter is now pending adjudication before the Islamabad High Court on reference application filed by the company. During the period the company also filed application for rectification of order before ATIR. The case was heard by the ATIR and the decision has been reserved.

For the tax year 2012, the tax department also issued show cause notice amounting to Rs 675.98 million on the similar grounds, the company filed writ petition against the show cause notice with Islamabad High Court. The court granted the stay and the case is pending for adjudication.

Regardless of the outcome of the decisions, the management is confident that it has reasonable grounds to defend the company's position and the matter will ultimately be resolved in the company's favour. Accordingly, no provision has been recognized in this condensed interim financial information.

9.2 Commitments

Altern Energy Limited - the Parent Company

- (i) MCB Bank Limited had issued bank guarantee for Rs 200 million (June 30, 2014 : Rs 156.213 million) in favour of Sui Northern Gas Pipelines Limited as a security to cover gas supply for which payments are made in arrears The guarantee was due to expire on January 31, 2015, which has been replaced by bank guarantee issued by Habib Metropolitan Bank Limited.
- (ii) Standard Chartered Bank (Pakistan) Limited had issued bank guarantee for Rs 126.32 million (June 30, 2014 : Nil) in favour of Sui Northern Gas Pipelines Limited as a security to cover gas supply for which payments are made in arrears The guarantee was due to expire on January 31, 2015, which has been replaced by bank guarantee issued by Habib Metropolitan Bank Limited.
- (iii) Habib Metropolitan Bank Limited has issued bank guarantee for Rs 326.32 million (June 30, 2014 : Nil) in favour of Sui Northern Gas Pipelines Limited as a security to cover gas supply for which payments are made in arrears The guarantee will expire on September 14, 2015, which is renewable.

10. PROPERTY, PLANT AND EQUIPMENT

Additions to plant and equipment include net exchange loss of Rs 223.539 million on related foreign currency loans during the period from July 1, 2014 to December 31, 2014. This has resulted in accumulated capitalization of exchange losses of Rs 11,968.975 million (June 30, 2014: 11,745.440 million) in the cost of plant and equipment upto December 31, 2014, with net book value of Rs 8123.033 million (June 30, 2014: Rs 8,103.300 million).

	Un-audited Quarter ended		Un-audited Half year ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
	(Rupees in thousand)		(Rupees in thousand)	
11. DIRECT COSTS				
Fuel consumed	1,718,022	4,999,497	5,979,761	8,560,003
Operation and maintenance (O&M)	228,287	265,289	507,488	549,929
Depreciation	409,563	421,104	826,639	842,194
Stores, spares and loose tools consumed	56,513	74,757	94,714	116,038
Insurance	34,356	34,508	68,659	68,079
Energy import	12,658	11,270	13,061	12,253
Salaries, wages and other benefits	2,935	4,600	10,655	10,604
Generation licence fee	1,445	(73)	3,025	2,650
Electricity duty	1,500	2,911	3,759	2,911
Liquidated damages	-	6	-	6
Miscellaneous expenses	9,317	4,447	11,594	4,924
	<u>2,474,596</u>	<u>5,818,316</u>	<u>7,519,355</u>	<u>10,169,591</u>

12. CASH GENERATED FROM OPERATIONS

Un-audited Half year ended		
	December 31, 2014	December 31, 2013
(Rupees in thousand)		
Profit before taxation	1,857,746	1,750,848
Adjustment for non cash charges and other items:		
- Depreciation on operating fixed assets	829,627	844,306
- Amortization of intangible assets	-	1,358
- Liabilities written back	(434)	-
- Profit on bank deposits	(9,709)	(3,869)
- Gain on sale of fixed assets	(248)	(466)
- Capital spares consumed	1,249	1,419
- Finance cost	737,159	1,059,497
- Provision for employee retirement benefits	2,211	94
Profit before working capital changes	3,417,601	3,653,187
Effect on cash flow due to working capital changes:		
- Increase in stores, spares and loose tools	(30,922)	(52,433)
- (Increase) / decrease in trade debts	1,874,718	(4,028,331)
-(Increase) / decrease in advances, deposits, prepayments and other receivables	1,017,839	(13,386)
- Increase / Decrease in trade and other payables	(2,688,609)	2,010,842
	173,026	(2,083,308)
	3,590,627	1,569,879

13. CASH AND CASH EQUIVALENTS

Un-audited Half year ended		
	December 31, 2014	December 31, 2013
(Rupees in thousand)		
Cash and bank balances	3,454,402	3,004,997
Short term borrowings	-	(500,000)
	3,454,402	2,504,997

14. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise of ultimate parent company, associated companies, related group companies, directors and their close family members, staff retirement contribution fund, key management personnel and major shareholders of the group. Amounts due from and to related parties are shown under receivable and payable. Other significant transactions with related parties not disclosed elsewhere in these financial statements are as follows:

		Un-audited	
		Half year ended	
		December 31,	December 31,
		2014	2013
		(Rupees in thousand)	
Relationship with the Company	Nature of transactions		
i. Ultimate Parent			
Descon Engineering Limited:			
	Mark up accrued on long term loan	17,359	16,219
	Dividend paid	211,397	-
	Sponsors' loan repaid	361,081	-
ii. Associated Undertakings			
Descon Power Solutions (Private) Limited:			
	O & M contractor's fee	17,146	15,730
	Spare parts purchased	42,213	32,644
Descon Chemicals Limited:			
	ERP implementation fee	712	-
iii. Subsidiary Undertakings			
Rousch (Pakistan) Power Limited:			
	Operator's fee paid to ESB Engineering Ltd	153,615	132,190
	Payments to Descon Power Solutions (Pvt.) Ltd	156,455	137,936
	Payments to Siemens AG as LTMSA contractor	128,261	322,397
	Payments to Siemens Pakistan as LTMSA contractor	41,850	147,591
	Payments to Descon Engineering Ltd against services	3,009	1,388
	Payments to Descon Chemicals Ltd against services	2,651	-
	Payments to Siemens Pakistan Ltd for supply of spares and services	-	8,118
iv. Key Management Personnel			
	Salaries and other employment benefits	22,678	21,238
v. Post Employment benefit plans			
	Expense charged in respect of retirement benefit plans	4,307	4,871

15. DATE OF AUTHORISATION FOR ISSUE

This condensed interim consolidated financial information was authorised for issue on February 24, 2015 by the Board of Directors of the Company.

16. EVENTS AFTER BALANCE SHEET DATE

There are no significant events after the balance sheet date.

17. CORRESPONDING FIGURES

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



Chief Executive



Director

