



INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED
DECEMBER 31, 2015

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	
Syed Rizwan Ali Shah	

**HUMAN RESOURCE & REMUNERATION
COMMITTEE**

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

CFO & COMPANY SECRETARY

Mr. Umer Shehzad

AUDITORS

A.F. Ferguson & Co.
Chartered Accountants

BANKERS

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

REGISTERED OFFICE

DESCON HEADQUARTERS
18-km Ferozpur Road, Lahore.

REGISTRAR SHARES

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

ALTERN ENERGY LIMITED

DIRECTORS' REVIEW

The Board of Directors of the Company feels pleasure in presenting the operational performance and (un-audited) financial statements of the Company for the six months' period ended December 31, 2015.

General:

The Company owns and operates a 32 MW gas-fired 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.

Financial Results:

During the period under review, the total turnover of the Company was Rs. 811 million resulting in a gross profit of Rs. 137 million. The Company posted net profit after tax of Rs. 102 million (Rs 77 million in the corresponding period of last year) delivering an earnings per share (EPS) of Rs. 0.28 (EPS of Rs. 0.21 during the corresponding period of last year).

Payment defaults by the off-taker, WAPDA continues albeit with some improvement in payments as compared to last year. The Company is exposed to liquidity risk as the total receivables as of December 31, 2015 still stand at Rs. 562 million as compared to Rs. 797 million as at June 30, 2015. The Company's 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. 7.3 million due against foreign currency loans.

Operations and Maintenance:

During the period under review, your Company's results suffered adversely due to gas disconnection by SNGPL since November 12, 2015 on account of shortage of gas during winter season. During the period, the Company lost 50 days due to gas suspensions by SNGPL as compared to 74 days lost in the corresponding period of the last year. Despite the short supply of gas, the plant performance has been satisfactory during the period where it despatched electricity at base load to the national grid. During the period, the Company dispatched 90.9 GWh to WAPDA as compared to 75.27 GWh delivered during the same period last year. We confidently report that all the gensets and allied equipment 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. The turnover for the review period was Rs. 13,716 million; and the cost of sales was Rs. 11,116 million. Net profit for the period was Rs. 1,824 million (compared to Rs. 1,776 million in the corresponding period in 2014) delivering an earnings per share (EPS) of Rs. 2.12 per share of Rs.10 each (EPS Rs. 2.06 in the corresponding period in 2014).

Payment default from the company's sole customer, the Pakistan Water and Power Development Authority (WAPDA) continues. On December 31, 2015, the overdue receivables from WAPDA were Rs. 7,967 million. The company continues to pursue WAPDA for timely payment of its receivables.

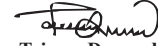
The company during the period, has repaid Rs. 762 million (2014: Rs. 2,140 million) being the debt repayment till December 31, 2015.

The plant performance remained satisfactory during the period under review which has been dispatched at base load to the national grid except on few occasions where the plant had to run on part load. The power station delivered 1,596 GWh of electricity to WAPDA during period under review as compared to 1,383 GWh delivered during the corresponding period of the previous financial year. During the period under review, the company has passed on Rs. 203 million to WAPDA as its share of gas efficiency resulting from efficient operations of the plant.

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

For and behalf of the Board of Directors

Lahore
February 15, 2016


Taimur Dawood
Chief Executive



A. F. FERGUSON & CO.

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of Altern Energy Limited (the "Company") as at December 31, 2015 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, 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 of the condensed interim profit and loss account for the quarters ended December 31, 2014 and 2015 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2015.

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, 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

 
Chartered Accountants,

Lahore, February 15, 2016

Engagement Partner: Muhammad Masood

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Kabul: House No. 1916, Street No. 1, Behind Cinema Buriqot, Nohar-e-Darsan, Karte-4, Kabul, Afghanistan; Tel: +93 (779) 315 320*

ALTERN ENERGY LIMITED
CONDENSED INTERIM UNCONSOLIDATED BALANCE SHEET

		Un-audited December 31, 2015 (Rupees in thousand)	Audited June 30, 2015
	Note		
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
400,000,000 (June 30, 2015: 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, 2015: 363,380,000)			
ordinary shares of Rs 10 each		3,633,800	3,633,800
Share premium		41,660	41,660
Revenue reserve : Accumulated profit		<u>752,013</u>	<u>649,677</u>
		4,427,473	4,325,137
NON-CURRENT LIABILITIES			
Sponsors' loan - unsecured	6	-	261,763
Long term financing	7	88,587	86,078
Deferred liabilities		<u>2,299</u>	<u>1,898</u>
		90,886	349,739
CURRENT LIABILITIES			
Trade and other payables		113,437	559,978
Unclaimed dividend		1,381	1,381
Markup accrued		9,997	9,710
Current portion of long term financing	6 & 7	<u>263,959</u>	<u>32,754</u>
		388,774	603,823
CONTINGENCIES AND COMMITMENTS			
	8	-	-
		<u>4,907,133</u>	<u>5,278,699</u>

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


Chief Executive

AS AT DECEMBER 31, 2015 (UN-AUDITED)

		Un-audited December 31, 2015 (Rupees in thousand)	Audited June 30, 2015
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	812,183	839,812
Intangible assets	10	4,894	5,816
Long term investment	11	3,204,510	3,204,510
Long term deposit		38	38
		4,021,625	4,050,176
CURRENT ASSETS			
Stores, spares and loose tools		98,874	51,406
Trade debts secured, considered good		562,284	796,723
Advances, deposits, prepayments and other receivables		80,394	80,060
Income tax recoverable		33,703	31,231
Cash and bank balances		110,253	269,103
		885,508	1,228,523
		<u>4,907,133</u>	<u>5,278,699</u>


Director

ALTERN ENERGY LIMITED
CONDENSED INTERIM UNCONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2015

	Note	Quarter ended		Half year ended	
		December 31,	December 31,	December 31,	December 31,
		2015	2014	2015	2014
		(Rupees in thousand)		(Rupees in thousand)	
Revenue-net	12	275,209	135,828	810,773	574,407
Direct costs	13	<u>(241,295)</u>	<u>(115,693)</u>	<u>(673,925)</u>	<u>(468,953)</u>
Gross profit		33,914	20,135	136,848	105,454
Administrative expenses		(5,432)	(3,771)	(11,286)	(7,997)
Other income		<u>2,210</u>	<u>6,996</u>	<u>10,080</u>	<u>6,996</u>
Profit from operations		30,692	23,360	135,642	104,453
Finance cost		<u>(8,286)</u>	<u>(13,589)</u>	<u>(35,462)</u>	<u>(25,509)</u>
Profit before taxation		22,406	9,771	100,180	78,944
Taxation	14	2,346	(1,957)	2,156	(1,957)
Profit after taxation		<u>24,752</u>	<u>7,814</u>	<u>102,336</u>	<u>76,987</u>
Earnings per share - basic and diluted	(Rupee)	<u>0.07</u>	<u>0.02</u>	<u>0.28</u>	<u>0.21</u>

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 QUARTER AND HALF YEAR ENDED DECEMBER 31, 2015

	Quarter ended		Half year ended	
	December 31,	December 31,	December 31,	December 31,
	2015	2014	2015	2014
	(Rupees in thousand)		(Rupees in thousand)	
Profit for the period	24,752	7,814	102,336	76,987
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	24,752	7,814	102,336	76,987

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 DECEMBER 31, 2015

		Half year ended	
		December 31, 2015	December 31, 2014
	Note	(Rupees in thousand)	
Cash flows from operating activities			
Cash (used)/ generated from operations	15	(111,764)	356,666
Finance cost paid		(1,304)	(672)
Taxes paid		(316)	(103)
Net cash (outflow)/ inflow from operating activities		(113,384)	355,890
Cash flows from investing activities			
Purchases of property, plant and equipment		(3,988)	(6,311)
Purchases of intangible asset		(150)	(250)
Dividend received		-	617,880
Profit on bank deposits received		2,909	-
Net cash (outflow)/ inflow from investing activities		(1,229)	611,319
Cash flows from financing activities			
Repayment of sponsor's loan		(36,903)	(384,148)
Repayment of long term finances		(7,334)	(11,648)
Dividend paid		-	(362,618)
Net cash outflow from financing activities		(44,237)	(758,414)
Net (decrease)/ increase in cash and cash equivalents		(158,850)	208,795
Cash and cash equivalents at the beginning of the period		269,103	227,329
Cash and cash equivalents at the end of the period	16	110,253	436,124

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 DECEMBER 31, 2015

	Share Capital	Share Premium	Equity Portion of Sponsor Loan	Revenue reserve : Accumulated Profit	Total
(Rupees in thousand)					
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
Total contributions by and distributions to owners of the company recognised directly in equity	-	-	-	-	-
Balance as on December 31, 2014 (un-audited)	3,633,800	41,660	-	611,587	4,287,047
Profit for the period	-	-	-	38,090	38,090
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	38,090	38,090
Balance as on July 1, 2015 (audited)	3,633,800	41,660	-	649,677	4,325,137
Profit for the period	-	-	-	102,336	102,336
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the half year ended December 31, 2015	-	-	-	102,336	102,336
Total contributions by and distributions to owners of the company recognised directly in equity	-	-	-	-	-
Balance as on December 31, 2015 (un-audited)	3,633,800	41,660	-	752,013	4,427,473

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


Chief Executive


Director

ALTERN ENERGY LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR
THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2015 (UN-AUDITED)

1 LEGAL STATUS AND 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 Pakistan Stock Exchange Limited (formerly 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, 2015 : 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, WAPDA 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, 2015 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, 2015.

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, 2015.

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

3.2.1 Standards, amendments and interpretations to approved accounting standards effective in the current year

Certain standards, amendments and interpretations to approved accounting standards are effective in the current year but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in this condensed interim financial information.

3.2.2 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 the Company's accounting periods beginning on or after January 01, 2016 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim 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, 2015.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial Risk Factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, 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, 2015.

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, 2015	Audited June 30, 2015
6. Sponsors' loans - unsecured		(Rupees in thousand)	
Long term finances	- note 6.1	261,763	261,763
Interest on long term finances	- note 6.2	2,196	25,508
Less: Current portion shown under current liabilities		(263,959)	(25,508)
		<u>-</u>	<u>261,763</u>

- 6.1** This includes funds amounting to Rs 261.763 million (June 30, 2015: Rs 261.763 million) received from Descon Engineering Limited (Holding Company) for investment in Rousch (Pakistan) Power Limited through its subsidiary Company, Power Management Company (Private) Limited.

The loan amount is payable within a period of five (5) years from the Execution Date (the "term") in one or more installments. The term is extendable with mutual consent of the parties. As per agreement between the Company, MCB Bank Limited and Descon Engineering Limited, all amounts (including mark-up) due under the Sponsors' Loans were subordinated to the loan facility from MCB Bank Limited. These loans are unsecured and carry mark up at six months Karachi Interbank Offered Rate (KIBOR) plus 300 basis points (June 30, 2015 : six months KIBOR plus 300 basis points). The mark-up rate charged during the period on the outstanding balance ranged from 9.47% to 11.62% (June 30, 2015: 11.62% to 13.15%) per annum.

- 6.2** It represents mark-up payable to Descon Engineering Limited of Rs 2.196 million (June 30, 2015: Rs 25.508 million). As per terms of agreement the mark-up payment was subordinated to loan facility from MCB Bank Limited and additional mark up is not due on this amount till repayment of loan from MCB Bank Limited.

		Un-audited December 31, 2015	Audited June 30, 2015
		(Rupees in thousand)	
7. Long term finances			
Syndicate finance - foreign currency - secured	- note 7.1	-	7,246
Power Management Company (Private)			
Limited (PMCL) - unsecured	- note 7.2	50,000	50,000
		50,000	57,246
Interest on loan from PMCL	- note 7.3	38,587	36,078
		88,587	93,324
Less: Current portion shown under current liabilities		-	(7,246)
		88,587	86,078

7.1 The Company had obtained a long term syndicate facility of Rs 1,100 million (June 30, 2015: Rs 1,100 million), which included foreign currency loan limit of US Dollars 3.6 million (June 30, 2015: US Dollars 3.6 million), from consortium of banks under the lead of MCB Bank Limited. The loan amount was fully repaid on December 31, 2015. It was secured by way of first ranking pari passu charge on existing property, plant and equipment of Company at the Fateh Jang site. It carried mark-up at the rate of three month London Inter-Bank Offered Rate (LIBOR) plus 295 basis points payable quarterly in arrears. The mark-up rate charged on the outstanding balance was 3.24% to 3.29% (June 30, 2015 3.18% to 3.22%) per annum.

7.2 This represents long term loan obtained by the Company from its wholly owned subsidiary, Power Management Company (Private) Limited. As per agreement between the Company, MCB Bank Limited and Power Management Company (Private) Limited all amounts (including mark-up) due under the loan were subordinated to the loan facility from MCB Bank Limited. These are unsecured and carries mark-up at the rate of six months Karachi Inter-Bank Offered Rate (KIBOR) plus 300 basis points (June 30, 2015: six months KIBOR plus 300 basis points). The mark-up rate charged during the period on the outstanding balance ranged from 9.51% to 10.04% (June 30, 2015: 9.76% to 13.18%) per annum.

7.3 This represents mark-up payable was PMCL of Rs 38.587 million (June 30, 2015: Rs 36.078 million). As per terms of agreement the mark up payment is subordinated to loan facility from MCB Bank Limited.

8. Contingencies and commitments

8.1 Contingencies

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 splitted 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 Authorities and a demand for this amount was created by the Tax Authorities. The Company filed an appeal with ATIR against the demand which was rejected. The Company lodged appeal with 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 case is now pending adjudication.

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.

8.2 Commitments in respect of

Habib Metropolitan Bank Limited has issued bank guarantee for Rs 326.32 million (June 30, 2015 : Rs 326.32 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 will expire on September 14, 2016, which is renewable.

		Un-audited December 31, 2015 (Rupees in thousand)	Audited June 30, 2015
9. Property, plant and equipment			
Operating fixed assets	- note 9.1	811,567	833,768
Major stores and stand-by equipment		616	6,044
		<u>812,183</u>	<u>839,812</u>
9.1 Property, plant and equipment			
Opening book value		833,768	895,241
Add: Additions during the period/year	- note 9.1.1	9,505	8,097
Less: Depreciation charged during the period/year		(31,706)	(69,570)
Closing book value		<u>811,567</u>	<u>833,768</u>
9.1.1 Additions during the period/year			
Plant and machinery	- note 9.1.1.1	9,252	7,472
Office equipment		253	625
		<u>9,505</u>	<u>8,097</u>

9.1.1.1 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. Therefore, the net exchange losses of Rs 0.089 million (June 30, 2015: Rs 1.063 million) arising on revaluation and repayments of foreign currency loans at period end and during the period have been capitalized. This has resulted in accumulated capitalization of Rs 88.078 million (June 30, 2015: Rs 87.989 million) in the cost of plant and equipment up to December 31, 2015, with net book value of Rs 61.952 million (June 30, 2015: Rs 65.452 million).

10. Intangible assets			
Opening book value		5,816	-
Add: Additions during the period/year		150	6,414
Less: Amortization charged during the period/year		(1,072)	(598)
Closing book value		<u>4,894</u>	<u>5,816</u>

11. Long term investments			
Investment in subsidiary company - at cost	- note 11.1& 11.2	<u>3,204,510</u>	<u>3,204,510</u>

11.1 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).

11.2 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, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	(Rupees in thousand)			
12. Revenue				
Energy revenue - gross	243,181	103,013	711,584	479,634
Sales tax	(35,334)	(14,967)	(103,393)	(69,690)
Energy revenue - net	<u>207,847</u>	<u>88,046</u>	<u>608,191</u>	<u>409,944</u>
Capacity revenue - gross	56,116	45,155	177,659	152,573
Other supplemental charges	11,246	2,627	24,923	11,890
	<u>275,209</u>	<u>135,828</u>	<u>810,773</u>	<u>574,407</u>

	Un-audited Quarter ended		Un-audited Half year ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	(Rupees in thousand)			
13. DIRECT COSTS				
Gas cost	200,714	78,681	585,378	388,424
Salaries wages and other benefits	155	170	274	274
Operation and maintenance (O&M)	12,002	8,573	24,004	17,146
Stores, spares and loose tools consumed	8,337	6,132	21,262	16,100
Electricity consumed in-house	2,041	1,366	2,659	1,769
Insurance costs	519	518	1,037	1,036
Lube oil consumed	2,090	2,051	4,205	4,185
Repairs and maintenance	563	731	3,009	3,041
Travelling and conveyance	178	186	178	186
Depreciation	14,643	17,224	31,611	36,456
Fees and subscription	-	-	139	135
Miscellaneous	53	61	167	203
	<u>241,295</u>	<u>115,693</u>	<u>673,925</u>	<u>468,953</u>
14. TAXATION				
Current tax expense/(income)				
-For the year	741	1,957	931	1,957
-Prior years	(3,087)	-	(3,087)	-
	<u>(2,346)</u>	<u>1,957</u>	<u>(2,156)</u>	<u>1,957</u>
			Un-audited Half year ended	
			December 31, 2015	December 31, 2014
			(Rupees in thousand)	
15. CASH (USED)/ GENERATED FROM OPERATIONS				
Profit before taxation			100,180	78,944
Adjustment for non cash charges and other items:				
- Depreciation on operating fixed assets			31,706	36,521
- Amortization of intangible assets			1,072	43
- Amortization of bank guarantee cost			1,171	-
- Liabilities written back			(7,295)	(434)
- Profit on bank deposits			(2,786)	(5,932)
- Finance cost			35,462	21,750
- Provision for employee retirement benefits			401	118
Profit before working capital changes			<u>159,911</u>	<u>131,010</u>
Effect on cash flow due to working capital changes:				
- Increase in stores, spares and loose tools			(47,468)	(22,204)
- Decrease in trade debts			234,439	352,254
- Increase in advances, deposits, prepayments and other receivables			(1,628)	(5,950)
- Decrease increase in trade and other payables			(457,018)	(98,444)
			<u>(271,675)</u>	<u>225,656</u>
			<u>(111,764)</u>	<u>356,666</u>
16. Cash and cash equivalents				
Cash and bank balances			<u>110,253</u>	<u>436,124</u>
16				

17. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise holding company, subsidiary companies, associated companies, other related companies, key management personnel and post employment benefit plans. Significant transactions with related parties are as follows:

		Un-audited	
		December 31, 2015	December 31, 2014
Relationship with the Company	Nature of transactions	(Rupees in thousand)	
i. Holding company			
Descon Engineering Limited :			
	Mark-up accrued on long term loan	13,591	17,359
	Dividend paid	-	211,397
	Sponsors' loan repaid	-	69,455
	Mark up paid on sponsor's loan	36,903	291,626
	Reimbursable expense	302	-
ii. Subsidiary companies			
Power Management Company (Private) Limited :			
	Dividend received	-	617,880
	Repayment of short term loan	-	500
	Mark up accrued on loan	2,795	3,802
Rousch (Pakistan) Power Limited:			
	Reimbursable expenses	200	-
	Funds paid during the period	218	-
iii. Associated undertakings			
Descon Power Solutions (Private) Limited :			
	O&M contractor's fee	21,822	15,587
	Service agreement of generators	2,182	1,559
	Spare parts purchased	68,544	42,213
	Major maintenance fee	2,673	-
	Reimbursable expense	24	-
	Funds paid during the period	106,063	81,607
Descon Corporation Limited :			
	ERP Implementation fees and running cost	1,082	712
	Building rent	65	-
	Funds paid during the period	1,076	-
iv. Key management personnel			
	Salaries and other employment benefits	1,986	1,398
v. Post employment benefit plans			
	Expense charged in respect of retirement benefit plans	311	381

	Un-audited December 31, 2015 (Rupees in thousand)	Audited June 30, 2015
Period end balances are as follows:		
Payable to related parties		
Descon Engineering Limited (Holding company)	3,634	3,306
Power Management Company (Private) Limited (Subsidiary company)	15,719	15,432
Descon Corporation Limited (Associated company)	178	107
Descon Power Solutions (Private) Limited (Associated company)	8,998	9,097
Rousch (Pakistan) Power Limited (Associated company)	-	18
	<u>28,529</u>	<u>27,960</u>

18. Date of authorisation for issue

This condensed interim financial information was authorised for issue on February 15, 2016 by the Board of Directors of the Company.

19. Event 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, 2015 (Rupees in thousand)	Audited June 30, 2015
EQUITY AND LIABILITIES	Note		
SHARE CAPITAL AND RESERVES			
Authorized share capital			
400,000,000 (June 30, 2015: 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, 2015: 363,380,000) ordinary shares of Rs 10 each		3,633,800	3,633,800
Share premium		41,660	41,660
Revenue reserve: Accumulated profit		<u>11,713,362</u>	<u>10,597,749</u>
		15,388,822	14,273,209
Non-controlling interest		<u>9,969,488</u>	<u>9,239,589</u>
		25,358,310	23,512,798
NON-CURRENT LIABILITIES			
Sponsors' loan - unsecured	5	-	261,763
Long term financing - secured and unsecured	6	5,734,204	6,774,098
Deferred liabilities		20,506	19,094
Deferred taxation		886,212	804,159
		6,640,922	7,859,114
CURRENT LIABILITIES			
Trade and other payables		5,476,537	6,721,433
Mark up accrued		288,468	201,288
Current portion of long term financing	5 & 6	3,991,180	3,159,772
Unclaimed dividend		12,090	12,090
		9,768,275	10,094,583
CONTINGENCIES AND COMMITMENTS	7		
		<u>41,767,507</u>	<u>41,466,495</u>

The annexed notes 1 to 16 form an integral part of these financial statements


Chief Executive

AS AT DECEMBER 31, 2015

		Un-audited December 31, 2015 (Rupees in thousand)	Audited June 30, 2015
ASSETS	Note		
NON-CURRENT ASSETS			
Property, plant and equipment	8	22,708,113	23,294,582
Capital work in progress		3,758	650
Intangible assets		9,362	5,817
Long term deposits		539	539
Long term loan to employees		14,649	7,019
		<u>22,736,421</u>	<u>23,308,607</u>
CURRENT ASSETS			
Store, spares and loose tools		577,687	540,364
Inventory of fuel oil		479,614	480,301
Trade debts - secured, considered good		11,337,109	10,989,272
Advances, deposits, prepayments and other receivables		895,799	1,018,341
Income tax recoverable		28,096	140,526
Cash and bank balances		5,712,781	4,989,084
		<u>19,031,086</u>	<u>18,157,888</u>
		<u>41,767,507</u>	<u>41,466,495</u>


Director

ALTERN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES
CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2015

	Note	Quarter ended		Half year ended	
		December 31,	December 31,	December 31,	December 31,
		2015	2014	2015	2014
		(Rupees in thousand)		(Rupees in thousand)	
Revenue - net	9	7,159,870	3,634,072	14,526,302	10,035,504
Direct costs	10	<u>(5,823,956)</u>	<u>(2,474,629)</u>	<u>(11,789,851)</u>	<u>(7,519,388)</u>
Gross profit		1,335,914	1,159,443	2,736,451	2,516,116
Administrative expenses		(40,688)	(28,733)	(84,894)	(61,714)
Other income		<u>50,848</u>	<u>75,961</u>	<u>124,312</u>	<u>140,489</u>
Profit from operations		1,346,074	1,206,671	2,775,869	2,594,891
Finance cost		(379,995)	(268,013)	(849,510)	(737,145)
Profit before taxation		<u>966,079</u>	<u>938,658</u>	<u>1,926,359</u>	<u>1,857,746</u>
Taxation		(40,527)	(2,576)	(80,847)	(3,225)
Profit after taxation		<u>925,552</u>	<u>936,082</u>	<u>1,845,512</u>	<u>1,854,521</u>
Attributable to:					
Equity holders of the parent		548,354	565,003	1,115,613	1,143,979
Non-controlling interest		<u>377,198</u>	<u>371,079</u>	<u>729,899</u>	<u>710,542</u>
		<u>925,552</u>	<u>936,082</u>	<u>1,845,512</u>	<u>1,854,521</u>
Earnings per share - basic and diluted	Rupees	<u>1.51</u>	<u>1.55</u>	<u>3.07</u>	<u>3.15</u>

The annexed notes 1 to 16 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 QUARTER AND HALF YEAR ENDED DECEMBER 31, 2015

	Quarter ended		Half year ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	(Rupees in thousand)		(Rupees in thousand)	
Profit for the period	925,552	936,082	1,845,512	1,854,521
Other comprehensive income:				
<i>Items that will not be subsequently reclassified to profit or loss</i>	-	-	-	-
<i>Items that may be reclassified subsequently to profit or loss</i>	-	-	-	-
Total comprehensive income for the period	925,552	936,082	1,845,512	1,854,521
Attributable to:				
Equity holders of the parent	548,354	565,003	1,115,613	1,143,979
Non-controlling interest	377,198	371,079	729,899	710,542
	925,552	936,082	1,845,512	1,854,521

The annexed notes 1 to 16 form an integral part of these financial statements


Chief Executive


Director

ALTEN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES
CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2015

		December 31, 2015	December 31, 2014
	Note	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	11	2,208,945	3,590,627
Finance cost paid		(610,994)	(741,403)
Tax paid		(17,740)	(20,638)
Retirement and other benefits paid		(2,020)	(1,047)
		(630,754)	(763,088)
Net cash inflow from operating activities		1,578,191	2,827,539
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant & equipment		(44,878)	(15,846)
Capital work in progress		-	-
Dividend received		-	1,290,183
Profit on bank deposits received		2,909	-
Proceeds from sale of property, plant & equipment		1,761	248
Long term deposits		(7,630)	(8,000)
Net cash (outflow) /inflow from investing activities		(47,838)	1,266,585
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term loans		(799,332)	(2,152,030)
Repayment of sponsors' loan		(7,334)	(384,148)
Dividend paid		-	(2,101,302)
Net cash outflow from financing activities		(806,666)	(4,637,480)
Net increase / (decrease) in cash and cash equivalents		723,687	(543,356)
Cash and cash equivalents at the beginning of the period		4,989,084	3,997,758
Cash and cash equivalents at the end of the period	12	5,712,771	3,454,402

The annexed notes 1 to 16 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 DECEMBER 31, 2015

	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, 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)
Profit for the period	-	-	-	1,064,102	710,542	1,774,644
Other comprehensive income for the period	-	-	-	-	-	-
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
Imputed interest on sponsors' loan	-	-	-	-	-	-
Profit for the period	-	-	-	1,027,199	707,790	1,734,989
Other comprehensive loss for the period	-	-	-	(789)	(527)	(1,316)
Total comprehensive income for the period	-	-	-	1,026,410	707,263	1,733,673
Balance as on July 1, 2015 (audited)	3,633,800	41,660	-	10,597,749	9,239,589	23,512,798
Profit for the period	-	-	-	1,115,613	729,899	1,845,512
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the half year ended December 31, 2015	-	-	-	1,115,613	729,899	1,845,512
Balance as on December 31, 2015 (Un-audited)	3,633,800	41,660	-	11,713,362	9,969,488	25,358,310

The annexed notes 1 to 16 form an integral part of these financial statements


Chief Executive


Director

ALTERN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL
INFORMATION (UN-AUDITED) FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2015

1 LEGAL 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 December 31, 2015	Audited Holding June 30, 2015
Power Management Company (Private) Limited (PMCL)	100.000%	100.000%
Rousch (Pakistan) Power Limited (RPPL)	59.984%	59.984%

- 1.2 Altern Energy Limited ("the Parent Company") was incorporated in Pakistan on January 17, 1995 and is listed on the Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited). 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, 2015 : 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.

AEL's Gas Supply Agreement (GSA) with Sui Northern Gas Pipelines Limited (SNGPL) expired on June 30, 2013. Thereafter, AEL has signed a supplemental deed dated March 17, 2014 with SNGPL, whereby SNGPL has agreed to supply gas to AEL on as-and-when available basis till the expiry of the Power Purchase Agreement on June 06, 2031.

- 1.3 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.
- 1.4 Rousch (Pakistan) Power Limited (RPPL) is an unlisted public company, incorporated in Pakistan on 4 August 1994 under the Companies Ordinance, 1984. The principal activities of RPPL are to generate and supply electricity to Pakistan WAPDA from its combined cycle thermal power plant having a gross (ISO) capacity of 450 Mega Watts (June 30, 2015: 450 Mega Watts) , located near Sidhnai Barrage, Abdul Hakim town, District Khanewal, Punjab province, Pakistan. RPPL started commercial operations from 11 December 1999. The registered office of RPPL is situated at 68-Studio Apartments, Park Towers, F-10 Markaz, Jinnah Avenue, Islamabad.

RPPL has a Power Purchase Agreement (PPA) with WAPDA for sale of power to WAPDA upto 2029. The plant was initially designed to operate with residual furnace oil and was converted the Complex to gas fired facility in 2003 after allocation of 85 MMSCFD by the Government for the period of twelve years under Gas Supply Agreement (GSA) with SNGPL till August 18, 2015. At that time, under the amendments to the Implementation Agreement (IA), the Government of Pakistan provided an assurance that RPPL will be provided gas post August 2015, in preference to the new projects commissioned after the company.

In September 2015, Ministry of Petroleum and Natural Resources (MOPNR) allocated 85 MMSCFD of RLNG on firm and take or pay basis in the light of Economic Co-ordination Committee (ECC) decision to empower MOPNR for RLNG allocation. RPPL is receiving RLNG from September 11, 2015. MOPNR has issued instructions to SNGPL to start negotiating GSA for supply of 85 MMSCFD of RLNG on 'firm basis'. GSA negotiations with SNGPL are in progress .

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, 2015.

3 SIGNIFICANT ACCOUNTING POLICIES

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, 2015.

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, 2015.

		Un-audited December 31, 2015 (Rupees in thousand)	Audited June 30, 2015 (Rupees in thousand)
5 SPONSORS' LOANS -UNSECURED			
Long term finances	- note 5.1	261,763	261,763
Interest on long term finance	- note 5.2	2,196	25,508
		263,959	287,271
Less: Current portion shown under current liabilities		(263,959)	(25,508)
		-	261,763

5.1 This includes funds amounting to Rs 261.763 million (June 30, 2015: Rs 261.763 million) received by the Parent Company from Descon Engineering Limited (Holding Company) for investment in Rousch (Pakistan) Power Limited through its subsidiary Company, Power Management Company (Private) Limited.

The loan amount is payable within a period of five (5) years from the Execution Date (the "term") in one or more installments. The term is extendable with mutual consent of the parties. As per agreement between the Parent Company, MCB Bank Limited and Descon Engineering Limited, all amounts (including mark-up) due under the Sponsors' Loans were subordinated to the loan facility from MCB Bank Limited. These loans are unsecured and carry mark up at six months Karachi Interbank Offered Rate (KIBOR) plus 300 basis points (June 30, 2015 : six months KIBOR plus 300 basis points). The mark-up rate charged during the period on the outstanding balance ranged from 9.47% to 11.62% (June 30, 2015: 11.62% to 13.15%) per annum.

5.2 It represents mark-up payable to Descon Engineering Limited of Rs 2.196 million (June 30, 2015: Rs 25.508 million). As per terms of agreement the mark up payment was subordinated to loan facility from MCB Bank Limited and additional mark up was not due on this amount till repayment of loan from MCB Bank Limited.

		Un-audited December 31, 2015 (Rupees in thousand)	Audited June 30, 2015 (Rupees in thousand)
6 LONG TERM FINANCES - SECURED AND UN-SECURED			
Loans from financial institutions		6,934,117	7,446,415
Loans from related parties		2,527,308	2,461,947
		9,461,425	9,908,362
Current portion of long term loans		(3,727,221)	(3,134,264)
		5,734,204	6,774,098

7 CONTINGENCIES AND COMMITMENTS

There is no material change in the status of contingencies and commitments set out in note 14 to the consolidated financial statements of the Group for the year ended June 30, 2015 except for the following:

7.1 CONTINGENCIES

Altern Energy Limited - the Parent Company

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 splitted 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 Authorities and a demand for this amount was created by the Tax Authorities. The company filed an appeal with ATIR against the demand which was rejected. The company lodged appeal with 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 case is now pending adjudication and 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 made in these condensed interim consolidated financial information.

Rousch (Pakistan) Power Limited - the Subsidiary Company

The taxation authorities had raised tax demand of Rs 2,026 million along with additional tax and penalty; 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.

Tax department also issued show cause notice amounting to Rs 675 million along with default surcharge and penalty on the similar matter for the period July 2011 to June 2012, 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.

The tax authorities raised tax demand of Rs 681 million along with default surcharge and penalty on the same matter for the period July 2012 to June 2013. The High Court granted stay against recovery of the said demand and directing CIR(A) to decide the Company's appeal against the order of the taxation officer within 60 days. Susequently, CIR(A) remanded back the case to assessing officer for a fresh decision in line with the expected judgment of the High Court on this issue in similar cases.

As the matter of apportionment of input sales tax is common to the power generation industry, it is likely to be decided by the High Court by taking up all related appeals jointly. Based on the opinion of the Company's legal counsel, a favourable outcome is expected and a provision in this regard has not been made in this condensed interim consolidated financial information.

7.2 COMMITMENTS IN RESPECT OF

Altern Energy Limited - the Parent Company

Habib Metropolitan Bank Limited has issued bank guarantee for Rs 326.32 million (June 30, 2015 : Rs 326.32 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 will expire on September 14, 2016, which is renewable.

Rousch (Pakistan) Power Limited - the Subsidiary Company

Standby letter of credit (SBLC) of Rs 2,800 million (June 2015: Rs 1,925 million) has been issued by National Bank of Pakistan in favour of Sui Northern Gas Pipelines Limited (SNGPL) as a security to cover RLNG supplies against cash collateral of equivalent amount.

8 PROPERTY, PLANT AND EQUIPMENT

Additions to plant and equipment include net exchange loss of Rs 223.673 million on related foreign currency loans during the period from July 1, 2015 to December 31, 2015. This has resulted in accumulated capitalization of exchange losses of Rs 12,280.94 million (June 30, 2015: Rs 12,048.290 million) in the cost of plant and equipment upto December 31, 2015, with net book value of Rs 7,806.952 million (June 30, 2015: Rs 7,889.452 million).

	Un-audited Quarter ended		Un-audited Half year ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	(Rupees in thousand)		(Rupees in thousand)	
9 REVENUE				
Energy revenue - gross	6,423,033	2,307,130	13,014,490	7,806,087
Sales tax	(933,261)	(335,224)	(1,890,994)	(1,134,218)
Energy revenue- net	5,489,772	1,971,906	11,123,496	6,671,869
Capacity revenue	1,634,117	1,641,342	3,323,144	3,338,278
Other supplemental charges	134,900	72,503	282,687	178,600
Gas efficiency passed to WAPDA	(98,919)	(51,679)	(203,025)	(153,243)
	<u>7,159,870</u>	<u>3,634,072</u>	<u>14,526,302</u>	<u>10,035,504</u>
10 DIRECT COSTS				
Fuel consumed	5,082,421	1,718,022	10,268,655	5,979,761
Operation and maintenance (O&M)	247,258	228,287	515,099	507,488
Depreciation	420,053	409,563	841,388	826,639
Stores, spares and loose tools consumed	20,916	55,138	61,478	87,184
Repairs & maintenance	5,510	1,375	11,746	7,530
Insurance	31,511	34,356	59,869	68,659
Energy import	4,366	12,658	6,823	13,061
Salaries, wages and other benefits	5,938	2,935	13,423	10,655
Generation licence fee	1,491	1,445	3,120	3,025
Electricity duty	2,135	1,500	4,470	3,759
Liquidated damages	-	-	3	-
Miscellaneous expenses	2,357	9,350	3,777	11,627
	<u>5,823,956</u>	<u>2,474,629</u>	<u>11,789,851</u>	<u>7,519,388</u>
11 CASH GENERATED FROM OPERATIONS				
Profit before taxation			1,926,359	1,857,746
Adjustment for non cash charges and other items:				
- Depreciation on operating fixed assets			845,533	829,627
- Profit on bank deposits			(5,581)	(9,709)
- Liabilities written back			(7,295)	(434)
- Amortization of bank guarantee cost			1,171	-
- Amortization of intangible assets			1,073	-
- Gain on sale of property, plant & equipment			-	(248)
- Capital spares consumed			-	1,249
- Finance cost			852,304	737,159
- Provision for employee retirement benefits			3,432	2,211
Profit before working capital changes			<u>3,616,996</u>	<u>3,417,601</u>

	Un-audited Half year ended	
	December 31, 2015	December 31, 2014
	(Rupees in thousand)	
Effect on cash flow due to working capital changes:		
-Increase in stores, spares and loose tools	(36,636)	(30,922)
- (Increase) / decrease in trade debts	(347,836)	1,874,718
-Decrease in advances, deposits, prepayments and other receivables	263,472	1,017,839
- Decrease in trade and other payables	(1,287,051)	(2,688,609)
	(1,408,051)	173,026
	2,208,945	3,590,627

12 CASH AND CASH EQUIVALENTS

Cash and bank balances	5,712,781	3,454,402
Short term borrowings	-	-
	5,712,781	3,454,402

13 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, 2015	December 31, 2014
		(Rupees in thousand)	
Relationship with the Company	Nature of transactions		
i. Ultimate Parent			
Descon Engineering Limited:			
	Mark up accrued on long term loan	13,591	17,359
	Dividend paid	-	211,397
	Sponsors' loan repaid	-	69,455
	Mark up paid on sponsors' loan	36,903	291,626
	Reimbursable expenses	302	-
ii. Associated Undertakings			
Descon Power Solutions (Private) Limited:			
	O & M contractor's fee	21,822	15,587
	Service agreement of generators	2,182	1,559
	Spare parts purchased	68,544	42,213
	Major maintenance fee	2,673	-
	Reimbursable expenses	24	-
	Funds paid during the year	106,063	81,607
Descon Corporations Limited:			
	ERP implementation fee & running cost	1,082	712
	Building rent	65	-
	Funds paid during the year	1,076	-

		Un-audited Half year ended	
		December 31, 2015	December 31, 2014
		(Rupees in thousand)	
iii. Subsidiary Undertakings			
Rousch (Pakistan) Power Limited:			
	Operator's fee paid to ESB Engineering Ltd	141,991	153,615
	Payments to Descon Power Solutions (Pvt.) Ltd	160,716	156,455
	Payments to Siemens AG as LTMSA contractor	130,851	128,261
	Payments to Siemens Pakistan as LTMSA contractor	46,152	41,850
	Payments to Descon Engineering Ltd against services	702	3,009
	Payments to Descon Chemicals Ltd against services	1,868	2,651
	Payments to Siemens Pakistan for supply of spares and services	720	-
	Payments to Descon Corporation Ltd	6,638	-
iv. Key Management Personnel			
	Salaries and other employment benefits	26,363	22,678
v. Post Employment benefit plans			
	Expense charged in respect of retirement benefit plans	5,983	4,570

14 DATE OF AUTHORISATION FOR ISSUE

This condensed interim consolidated financial information was authorised for issue on February 15, 2016 by the Board of Directors of the Company.

15 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim 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.

16 GENERAL

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


Chief Executive


Director