



**CONDENSED  
INTERIM FINANCIAL INFORMATION**

**(UN-AUDITED)  
FOR THE QUARTER AND HALF YEAR ENDED  
DECEMBER 31, 2016**

**ALTERN ENERGY LIMITED**



**ALTERN ENERGY LIMITED  
COMPANY INFORMATION**

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**BOARD OF DIRECTORS**

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

**AUDIT COMMITTEE**

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

**HUMAN RESOURCE & REMUNERATION  
COMMITTEE**

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

**CFO & COMPANY SECRETARY**

Mr. Umer Shehzad

**HEAD INTERNAL AUDIT**

Mr. Shafique ur Rahman Bhatti

**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

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## **ALTERN ENERGY LIMITED DIRECTORS' REVIEW**

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The Board of Directors of the Company feels pleasure in presenting the operational performance and (unaudited) financial statements of the Company for the six months period ended December 31, 2016.

### **General:**

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

### **Finance:**

During the period under review, the total turnover of the Company was Rs. 1,059 million resulting in a gross profit of Rs. 163 million. The Company posted net profit after tax of Rs. 140 million (Rs. 102 million in the corresponding period of last year) delivering an earnings per share (EPS) of Rs. 0.38 (EPS of Rs. 0.28 during the corresponding period of last year).

Payment defaults by the off-taker WAPDA continues, exposing the Company to liquidity risk as the total receivables as of December 31, 2016 stand at Rs. 735 million as compared to Rs. 651 million as on June 30, 2016. The Company's management continues to pursue the off-taker for timely release of due payments.

The Company, during the period, paid outstanding sponsors' loan amounting to Rs. 104 million including accrued mark-up.

### **Operations and Maintenance:**

During the period under review, the Company received improved supply of gas as compared to the last financial year, albeit with a drop in gas pressure on a few occasions. The plant was operational till December 15<sup>th</sup> whereas plant operated till November 12<sup>th</sup> during the corresponding period of the last financial year before gas suspension by SNGPL.

Since the gas suspension during the period under review, the plant has been undergoing major annual maintenance activities including third phase of E-60 maintenance on two engines. The management is hopeful that the maintenance activities shall be performed according to budgeted timelines and cost. The plant performance has been satisfactory during the period under review where it despatched 112.5 GWh electricity to WAPDA as compared to 90.9 GWh delivered during the same period of 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) and any environmental excursion 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. 15,585 million; and the cost of sales were Rs. 12,925 million. Net profit for the period was Rs. 2,221 million (compared to Rs. 1,824 million in the corresponding period in 2015) delivering an earnings per share (EPS) of Rs. 2.58 per share of Rs. 10 each (EPS Rs. 2.12 in corresponding period in 2015).

Payment default from the company's sole customer, WAPDA, continues. On December 31, 2016, the overdue receivables from WAPDA were Rs. 9,118 million. 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 has repaid Rs. 1,597 million being the debt repayment till December 31, 2016. EPC deferred (AMSA) loan instalments due since March 31, 2015 could not be paid due to impending approvals from State Bank of Pakistan(SBP). The company is now arranging amendment in terms of loan from Siemens to facilitate approval from SBP.

The plant performance remained satisfactory during the period under review as it operated at base load except for few occasions of low dispatch and minor issues. In December 2016, RLNG supplies to the complex were disrupted on few occasions. However from January 06<sup>th</sup> to 28<sup>th</sup>, 2017, complex was completely shut down due to suspension of gas supplies as SNGPL diverted RLNG to domestic sector. During the period, 1,587 GWh of electricity was delivered to WAPDA as compared to 1,596 GWh delivered during the corresponding period of the previous financial year. During the period under review, the company has passed on Rs. 234 million to WAPDA as its share of gas efficiency, which accrued as a result of efficient plant operations.

**Future Outlook:**

Ever increasing gap between demand and supply of power in the country is a challenge for the Government as well as private power sector companies. The challenge is exacerbated by the depleting gas resources in Pakistan as this puts gas fired IPPs in a difficult situation. However, the inclusion of imported RLNG has provided much needed relief to the power sector specifically and industrial sector as a whole. The RLNG supply to SNGPL was augmented from 400 mmcfd to 600 mmcfd. It is hoped that gas supply situation will improve further after the construction of new RLNG terminals.

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 13, 2017

  
Taimur Dawood  
Chief Executive

## ڈائریکٹر زکی جائزہ روپرٹ

کمپنی کا بورڈ آف ڈائریکٹریز ، ۳۱ دسمبر ۲۰۱۶ء کو ختم ہونے والے چھ ماہ کی آپریشنل کارکردگی اور مالیاتی شیئنٹ (غیر آڈٹ شدہ) پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

### جزل:

کمپنی، گیس سے چلنے والے 32 میگاوات تھریل پاور پلانٹ کی مالک ہے اور چلاتی ہے یہ پاور پلانٹ فتح جگ خلیع اٹک، پنجاب کے قریب واقع ہے۔ کمپنی کا اہم کام بجلی پیدا کرنا اور اسے ایک طویل دورانے کے بجلی خریداری معاہدے (پی پی اے) کے تحت پانی اور بجلی کے ترقیاتی اخترائی (واپڈا) کو فروخت کرنا ہے۔

### فائل:

جائزہ کی مدت کے دوران، کمپنی کا ٹرنساور 1,059 ملین روپے کا رہا جس کے نتیجے میں 163 ملین روپے کا مجموعی منافع ہوا۔ کمپنی نے گیس کی ادائیگی کے بعد 140 ملین روپے کے منافع کو متعین کیا (جبکہ گزشتہ سال کے اس عرصے میں 102 ملین روپے تھا) اور 0.38 روپے کی آمدنی فی حصہ (ای پی ایس) تعمیم کی (جبکہ گزشتہ سال کے اس عرصے میں فی حصہ (ای پی ایس) 0.28 روپے تھا)۔ واپڈا کی جانب سے ادائیگی کی عدم فراہمی جاری رہی، جس کی وجہ سے کمپنی کو لیکوڈٹی ریک سامنا ہے جس کا ۳۱ دسمبر ۲۰۱۶ء تک کے مجموعی قابل وصولی بقایا جات 735 ملین روپے میں جگہ ۳ جون ۲۰۱۶ء کے اس عرصے میں 651 ملین روپے تھے۔ کمپنی کی انتظامیہ واپڈا سے قابل وصولی ادائیگیوں کے بروقت حصوں کیلئے مسلسل کوشش ہے۔

کمپنی کے، دوران مدت ادائیگی، سپانسرز کی بقیہ قرض کی رقم بتشویں جمع شدہ مارک اپ 104 ملین روپے ہے۔

### کام اور دیکھ بھال:

زیر جائزہ مدت کے دوران، کمپنی کو گزشتہ مالی سال کے مقابلے میں گیس کی بہتر فراہمی ہوئی، ماسوائے کچھ موقوع پر پریش میں کی کا سامنا ہوا۔ پلانٹ ۱۵ دسمبر تک چلتا رہا جبکہ سوئی نادرن گیس کمپنی کی جانب سے گیس کی فراہمی مغلظہ ہونے سے قبل گزشتہ مالی سال کے اس عرصے میں پلانٹ نے ۱۲ انومبر تک کام کیا تھا۔

زیر جائزہ مدت میں گیس کی میٹریکے دوران، دو انبوذ کی دیکھ بھال کے نیز ای ۶۰ کے تیرے مولے سیست پلانٹ کی بڑی سٹھنی پر دیکھ بھال کا کام کی گیا۔ انتظامیہ کو امید ہے کہ دیکھ بھال کا کام بجٹ کے متعین شدہ وقت اور اخراجات کے مطابق کر لیا جائے گا۔ زیر جائزہ مدت میں پلانٹ کی کارکردگی تسلی بخش رہی جبکہ گزشتہ سال کے اس عرصے میں 9.90 GWh کے مقابلے میں اس نے واپڈا کو 112.5 GWh بجلی پہنچی۔ ہم با اعتماد طور پر روپرٹ کر رہے ہیں کہ تمام جزیئر ز اور متحقہ آلات قابل اعتماد اور رواں کام کرنے کے لئے اچھی حالت میں ہیں۔

### صحت، حفاظت، ماحول اور تحفظ:

اس مدت کے دوران، مجموعی طور پر، پلانٹ کی صحت، حفاظت، ماحول اور تحفظ کی کارکردگی اطمینان بخش رہی زیر جائزہ مدت میں کسی بھی قسم کا کوئی وقت کے ضیاع (ایلٹی آئی) کا موجب بننے والا اور ماحولیاتی تنگی کا واقعہ در پیش نہیں آیا۔

### ماتحت ادارے کا جائزہ :

ہم یہ بتاتے ہوئے مسربت محسوس کرتے ہیں کی زیر جائزہ مدت کے دوران، روشن (پاکستان) پاول میڈن (آر پی پی ایل) جو کہ کمپنی کا ماتحت ادارہ ہے، روشنی سے کام کرتا رہا۔ جائزے کی مدت کے دوران کاروبار 15,585 میلین روپے رہا اور فروخت کی لاگت 12,925 میلین روپے رہی۔ دوران مدت 2,221 میلین روپے کا مجموعی منافع ہوا (ای پی ایس) کے اس عرصے کے 1,824 میلین روپے کے مقابلے میں) اور 58.2 روپے کی آمدنی فی حصہ برائے 10 روپے (ای پی ایس) کی تقیم کی (جذبہ ۲۰۱۵ء کے اس عرصے میں فی حصہ (ای پی ایس) 21.2 روپے تھا) کمپنی کے واحد خریدار، واپڈا کی جانب سے ادا یگی کی عدم فراہمی جاری رہی، واپڈا سے ۳۱ دسمبر، ۲۰۱۶ء تک کے مجموعی قابل وصولی بقايا جات 118،9 میلین روپے ہیں۔ کمپنی کی انتظامیہ واپڈا سے قابل وصولی ادا یگیوں کے بروقت حصول کے مسلسل کوشش ہے۔

کمپنی اپنے قرض دہنندہ کو بقايا جات کی ادا یگی جاری رکھے ہوئے ہے، دوران مدت، ۳۱ دسمبر، ۲۰۱۶ء تک کمپنی نے قرض کی واپسی کے سلسلے میں 1,597 میلین روپے چکائے ہیں۔ ای پی ایس نے (ای پی ایس) اے) قرض کی اقساط ۳۱ مارچ، ۲۰۱۵ء تک ادا یگی نہ ہونے پر ٹیکٹ بک آف پاکستان سے منظوری تک رسائی کی وجہ سے موخر کر دیں۔ اب کمپنی سیمنس قرض کی شرائط میں تراجمم کراہی ہے تاکہ ٹیکٹ بک آف پاکستان سے منظوری جا سکے۔

زیر جائزہ مدت میں پلانٹ کی کارکردگی تسلی بخش رہی جیسا کہ یہ بنیادی لوڈ پر کارکتر اسواۓ کم فراہمی کے چند موقع اور چھوٹی قسم کے مسائل کے۔ دسمبر، ۲۰۱۶ء میں آر ایل این جی کی کمپلیکس کو فراہمی کچھ موقع پر تعطل کا شکار رہی۔ تاہم ۲۲ جنوری سے ۲۰۱۷ء تک، کمپلیکس گیس کی فراہمی میں تعطل کی وجہ سے مکمل طور بند رہا جیسا کہ سوئی نادرن گیس لمیڈن نے آر ایل این جی کو گھر بلوشبے کی طرف منتقل کر دیا۔ دوران مدت، گزشتہ ماہی سال کے اس عرصے میں GWh1,587 کے مقابلے میں اس نے واپڈا کو GWh1,596 بھی بیٹھی۔ زیر جائزہ مدت کے دوران، کمپنی نے واپڈا کو اس کے گیس فراہمی کی مد میں 234 میلین روپے فراہم کئے، جس کی وجہ سے پلانٹ کے امور چلتے رہے۔

ہم اپنے بکری، واپڈا، سوئی نادرن گیس لمیڈن، ہمارے شاف، ہمارے کنٹریکٹر اور معزز شنیر ہولڈرز کے مسلسل تعاون کا اعتراف کرتے اور شکریہ ادا کرتے ہیں ۔

### مستقبل کا منظر نامہ

ملک میں بھلی کی طلب اور رسد میں مسلسل بڑھتا ہوا فاصلہ حکومت اور بھلی کے پرائیویٹ سیکٹر کی کمپنیوں کے لئے ایک چیلنج ہے۔ یہ چیلنج پاکستان گیس کے وسائل کو کمی کی طرف لے جا رہے ہیں اور اس نے گیس سے چلنے والے آئی پی پیز کو مشکل صورتحال میں ڈال دیا ہے تاہم، درآمد شدہ آر ایل این جی کی شمولیت نے بھلی کے شعبے کو خاص طور پر اور انڈسٹریل سیکٹر کو مجموعی طور پر بہت اہم امداد فراہم کی ہے۔ سوئی نادرن گیس لمیڈن کو آر ایل این جی کی فراہمی 200 mmcf/d سے بڑھا کر 400 mmcf/d کر دی گئی تھی۔ امید کی جاتی ہے کہ آر ایل این جی کے نئے ٹریمنٹو کی تغیری سے گیس کی فراہمی کی صورتحال مزید بہتر ہو جائے گی۔

بجمب بورڈ  
سیسی ایگزیکیوٹو  
سیسی ایگزیکیوٹو  
چیف ایگزیکیوٹو

لاہور - ۱۳ فروری، ۲۰۱۷ء

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

	Note	Un-audited December 31, 2016	Audited June 30, 2016		
		(Rupees in thousand)			
<b>EQUITY AND LIABILITIES</b>					
<b>SHARE CAPITAL AND RESERVES</b>					
Authorised share capital					
400,000,000 (June 30, 2016: 400,000,000)		<u>4,000,000</u>	<u>4,000,000</u>		
ordinary shares of Rs 10 each					
Issued, subscribed and paid up share capital					
363,380,000 (June 30, 2016: 363,380,000)		<u>3,633,800</u>	<u>3,633,800</u>		
ordinary shares of Rs 10 each					
Share premium		<u>41,660</u>	<u>41,660</u>		
Revenue reserve : Accumulated profit		<u>1,040,163</u>	<u>900,314</u>		
		<u>4,715,623</u>	<u>4,575,774</u>		
<b>NON-CURRENT LIABILITIES</b>					
Sponsors' loan - unsecured	6	-	-		
Long term financing	7	-	-		
Deferred liabilities		<u>3,012</u>	<u>2,637</u>		
		<u>3,012</u>	<u>2,637</u>		
<b>CURRENT LIABILITIES</b>					
Trade and other payables		<u>149,488</u>	<u>220,843</u>		
Short term borrowings-secured		<u>9,485</u>	<u>-</u>		
Dividend payable		<u>645</u>	<u>846,675</u>		
Markup accrued		<u>10,831</u>	<u>10,778</u>		
Current portion of long term financing	7	<u>93,078</u>	<u>194,193</u>		
		<u>263,527</u>	<u>1,272,489</u>		
<b>CONTINGENCIES AND COMMITMENTS</b>					
	8				
		<u>4,982,162</u>	<u>5,850,900</u>		

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.



Chief Executive

**AS AT DECEMBER 31, 2016**

	<b>Note</b>	<b>Un-audited December 31, 2016</b>	<b>Audited June 30, 2016</b>		
		<b>(Rupees in thousand)</b>			
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	9	776,336	790,622		
Intangible assets	10	2,706	3,800		
Long term investment	11	3,204,510	3,204,510		
Long term deposit		38	38		
		<b>3,983,590</b>	<b>3,998,970</b>		
<b>CURRENT ASSETS</b>					
Stores, spares and loose tools		112,510	75,635		
Trade debts		734,970	651,358		
Advances, deposits, prepayments and other receivables		109,058	87,713		
Dividend receivable		-	951,739		
Income tax recoverable		33,713	33,729		
Cash and bank balances		8,321	51,756		
		<b>998,572</b>	<b>1,851,930</b>		
		<b>4,982,162</b>	<b>5,850,900</b>		

  
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Director

**ALTERN ENERGY LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2016**

Note	Quarter ended		Half year ended		
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015	
	(Rupees in thousand)	(Rupees in thousand)	(Rupees in thousand)	(Rupees in thousand)	
Revenue-net	12	<b>489,102</b>	275,209	<b>1,059,387</b>	810,773
Direct costs	13	<b>(427,369)</b>	<b>(241,295)</b>	<b>(896,415)</b>	(673,925)
<b>Gross profit</b>		<b>61,733</b>	33,914	<b>162,972</b>	136,848
Administrative expenses		<b>(9,546)</b>	(5,432)	<b>(18,079)</b>	(11,286)
Other income		<b>41</b>	2,210	<b>112</b>	10,080
Profit from operations		<b>52,228</b>	30,692	<b>145,005</b>	135,642
Finance cost		<b>(1,934)</b>	(8,286)	<b>(5,133)</b>	(35,462)
<b>Profit before taxation</b>		<b>50,294</b>	22,406	<b>139,872</b>	100,180
Taxation	14	-	2,346	(23)	2,156
<b>Profit after taxation</b>		<b>50,294</b>	<b>24,752</b>	<b>139,849</b>	<b>102,336</b>
Earnings per share - basic and diluted		(Rupees)	<b>0.14</b>	0.07	<b>0.38</b>
			<b>0.28</b>		

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

  
 Chief Executive

  
 Director

**ALTERN ENERGY LIMITED  
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

	Quarter ended		Half year ended	
	December 31, 2016 (Rupees in thousand)	December 31, 2015	December 31, 2016 (Rupees in thousand)	December 31, 2015
Profit for the period	50,294	24,752	139,849	102,336
<b>Other comprehensive income:</b>				
<i>Items that will not be reclassified to profit or loss</i>	-	-	-	-
<i>Items that may be reclassified subsequently to profit or loss</i>	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>50,294</b>	<b>24,752</b>	<b>139,849</b>	<b>102,336</b>

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.



Chief Executive



Director

**ALTERN ENERGY LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

	Note	December 31, 2016 (Rupees in thousand)	December 31, 2015
<b>Cash flows from operating activities</b>			
Cash used in operations	15	(37,347)	(111,764)
Finance cost paid		(2,319)	(1,304)
Income taxes paid		(7)	(316)
<b>Net cash outflow from operating activities</b>		<u>(39,673)</u>	<u>(113,384)</u>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		(13,856)	(3,988)
Purchases of intangible asset		-	(150)
Dividend received		951,739	-
Profit on bank deposits received		72	2,909
<b>Net cash inflow / (outflow) from investing activities</b>		<u>937,955</u>	<u>(1,229)</u>
<b>Cash flows from financing activities</b>			
Repayment of sponsor's loan		(103,876)	(36,903)
Repayment of long term finances		-	(7,334)
Dividend paid		(847,326)	-
<b>Net cash outflow from financing activities</b>		<u>(951,202)</u>	<u>(44,237)</u>
<b>Net decrease in cash and cash equivalents</b>		<u>(52,920)</u>	<u>(158,850)</u>
<b>Cash and cash equivalents at the beginning of the period</b>		51,756	269,103
<b>Cash and cash equivalents at the end of the period</b>	16	<u><u>(1,164)</u></u>	<u><u>110,253</u></u>

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

  
 Chief Executive

  
 Director

**ALTERN ENERGY LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2016**

	Share Capital	Share Premium	Revenue reserve : Accumulated Profit (Rupees in thousand )	Total
<b>Balance as on July 1, 2015 (audited)</b>	3,633,800	41,660	649,677	4,325,137
Profit for the period	-	-	102,336	102,336
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the half year ended December 31, 2015</b>	-	-	102,336	102,336
<b>Total contributions by and distributions to owners of the company recognised directly in equity</b>	-	-	-	-
<b>Balance as on December 31, 2015 (un-audited)</b>	3,633,800	41,660	752,013	4,427,473
Profit for the period	-	-	994,976	994,976
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the year ended June 30, 2016</b>	-	-	994,976	994,976
<b>Dividend to equity holders of the Company :</b>				
-Interim dividend for the year ended June 30, 2016 (Rs 2.33 per ordinary share)	-	-	(846,675)	(846,675)
<b>Total contributions by and distributions to owners of the Company recognised directly in equity</b>	-	-	(846,675)	(846,675)
<b>Balance as on July 1, 2016 (audited)</b>	3,633,800	41,660	900,314	4,575,774
Profit for the period	-	-	139,849	139,849
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the half year ended December 31, 2016</b>	-	-	139,849	139,849
<b>Total contributions by and distributions to owners of the company recognised directly in equity</b>	-	-	-	-
<b>Balance as on December 31, 2016 (un-audited)</b>	3,633,800	41,660	1,040,163	4,715,623

The annexed notes 1 to 19 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, 2016 (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 ('DEL'). The Company's ordinary shares are listed on the Pakistan Stock Exchange Limited.

The principal objective of the Company is to generate and supply electric power to Water and Power Development Authority of Pakistan (WAPDA) from its thermal power plant having a gross capacity of 32 Mega Watts (June 30, 2016 : 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 ('Ordinance'). The condensed interim financial information 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 Ordinance. In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed. The figures for the half year ended December 31, 2016 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, 2016, which had been prepared in accordance with approved accounting standards as applicable in Pakistan.

**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, 2016.

**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**

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, 2017 or later periods, and the Company has not early adopted them:

<b>Other standards or interpretations</b>	<b>Effective date (accounting periods beginning on or after)</b>
'Amendments to IAS 7, 'Statement of cash flows' on disclosure initiative	January 1, 2017
Amendments to IAS 12, 'Income taxes' on Recognition of deferred tax assets for unrealised losses	January 1, 2017
Amendments to IFRS 2, 'Share based payments', on clarifying how to account for certain types of share-based payment transactions	January 1, 2018
IFRS 9, 'Financial instruments'	January 1, 2018
IFRS 14, 'Regulatory deferral accounts'	January 1, 2017
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Amendments to IFRS 15, 'Revenue from contracts with customers' on gross versus net revenue presentation	January 1, 2018
IFRS 16 'Leases'	January 1, 2019

#### **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, 2016.

#### **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, 2016.

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.

#### **6. SPONSORS' LOANS - UNSECURED**

	- note 6.1	Un-audited December 31, 2016	Audited June 30, 2016
Long term finances	-	100,000	
Interest on long term finances	-	3,235	
Less: Current portion shown under current liabilities	-	(103,235)	
	<hr/>	<hr/>	<hr/>
	-	-	15

**6.1** This represented funds received from Descon Engineering Limited (DEL) for investment in Roush (Pakistan) Power Limited through its subsidiary company, Power Management Company (Private) Limited. This loan has been fully repaid during the period.

These loans were unsecured and carried mark up at six months Karachi Interbank Offered Rate (KIBOR) plus 300 basis points (June 30, 2016 : six months KIBOR plus 300 basis points). The mark-up rate charged during the period on the outstanding balance was 9.36% (June 30, 2016: 9.36% to 12.56%) per annum.

## 7. LONG TERM FINANCING

Power Management Company (Private)

Limited (PMCL) - unsecured  
Interest on loan from PMCL

Less: Current portion shown under current liabilities

	<b>Un-audited December 31, 2016</b>	<b>Audited June 30, 2016</b>
	(Rupees in thousand)	
- note 7.1	50,000	50,000
- note 7.2	<u>43,078</u>	<u>40,958</u>
	93,078	90,958
	<u>(93,078)</u>	<u>(90,958)</u>
	-	-

**7.1** 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 were subordinated to the loan facility from MCB Bank Limited. These are unsecured and carries mark-up at the rate of six months KIBOR plus 100 basis points (June 30, 2016: six months KIBOR plus 300 basis points). The mark-up rate charged during the period on the outstanding balance ranged from 7.06% to 9.06% (June 30, 2016: 9.06% to 13.04%) per annum.

**7.2** This represents mark-up payable to PMCL of Rs 43.078 million ( June 30, 2016: Rs 40.958 million) on the long term loan obtained from it.

## 8 CONTINGENCIES AND COMMITMENTS

There is no significant change in the contingencies and commitments from the proceeding annual published financial statements of the Company for the year ended June 30, 2016 except for the following:

### 8.1 Contingencies

- (i) In August 2014, the taxation authorities issued a Show Cause Notice amounting to Rs 157 million on account of input sales tax alleged to be wrongly claimed for the period July 2009 to June 2013. The department is of the view that input tax paid by the Company should be split among taxable and non-taxable supplies. The Company based on the legal advice received, is of the view that component of capacity revenue is not considered value of supply and rule of apportionment is not applicable in case of IPPs for the reason that the ultimate product is electrical energy, which is taxable. The Company submitted reply for the Show Cause Notice which was rejected by the 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 prefer an appeal before Honorable Lahore High Court who granted stay to the Company after payments of Rs 10.12 million against the total demand of Rs 157 million. The Honourable Lahore High Court vide its judgement dated October 31, 2016 has decided the issue in favour of the Company. However, subsequent to half year ended December 31, 2016, the tax department, being aggrieved, filed an appeal in the Honorable Supreme Court of Pakistan. The management is of the view that there are meritorious grounds available to defend the foregoing demands in the Honorable Supreme Court. Consequently no provision for such demands has been made in this condensed interim financial information.
- (ii) The taxation authorities raised tax demand of Rs 0.24 million under section 122 (5A) of the Income Tax Ordinance, 2001 for the tax year 2006, which was rectified to Rs 0.084 million upon Company's request. The Company filed appeal before CIR(A) which was decided in Company's favour. Aggrieved with the decision of CIR (A), the department has filed appeal with ATIR, which is pending adjudication.
- (iii) The taxation authorities raised tax demand of Rs 0.743 million under section 122 (5A) of the Income Tax Ordinance, 2001 for the tax year 2009. The Company prefer an appeal before CIR(A) against the impugned tax demand, the learned CIR(A) decided the appeal in favour of Company thereby deleting the alleged tax demand. The department has filed an appeal before the ATIR against the order of CIR(A) and now the case is pending adjudication.

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

Based on the advice of the Company's legal counsel, management believes that there are sufficient grounds to defend the Company's stance in respect of the abovementioned cases. Consequently, no provision has been recognized in the condensed interim financial information.

(v) Based on the legal opinion no provision is made for Workers' Welfare Fund ( WWF) in these 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, 2016 : 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, 2017, which is renewable.

	Un-audited December 31, 2016	Audited June 30, 2016
(Rupees in thousand)		

## 9. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	- note 9.1	756,359	785,621
Major stores and stand-by equipment		<u>19,977</u>	<u>5,001</u>
		<u>776,336</u>	<u>790,622</u>

### 9.1 Operating fixed assets

Opening book value	785,621	833,767
Add: Additions during the period/year	- note 9.1.1	1,827
Less: Depreciation charged during the period/year		(31,089)
Closing book value	<u>756,359</u>	<u>785,621</u>

#### 9.1.1 Additions during the period/year

Plant and machinery	1,371	13,425
Office equipment	456	306
	<u>1,827</u>	<u>13,731</u>

## 10. INTANGIBLE ASSETS

Opening book value	3,800	5,817
Add: Additions during the period/year	-	150
Less: Amortization charged during the period/year	(1,094)	(2,167)
Closing book value	<u>2,706</u>	<u>3,800</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>
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**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, PMCL has deposited these shares with the trustees of RPPL lenders.

	Un-audited Quarter ended		Un-audited Half year ended	
	December 31, 2016	December 31, 2015 (Rupees in thousand)	December 31, 2016	December 31, 2015 (Rupees in thousand)
<b>12. REVENUE</b>				
Energy revenue - gross	446,151	243,181	962,816	711,584
Sales tax	(64,825)	(35,334)	(139,896)	(103,393)
Energy revenue - net	381,326	207,847	822,920	608,191
Capacity revenue - gross	99,476	56,116	219,386	177,659
Other supplemental charges	8,300	11,246	17,081	24,923
	<b>489,102</b>	<b>275,209</b>	<b>1,059,387</b>	<b>810,773</b>
<b>13. DIRECT COSTS</b>				
Gas cost	367,385	200,714	799,160	585,378
Salaries wages and other benefits	283	155	677	274
Operation and maintenance (O&M)	13,579	12,002	27,159	24,004
Stores, spares and loose tools consumed	20,642	8,337	25,714	21,262
Energy import	584	2,041	919	2,659
Insurance costs	527	519	1,046	1,037
Lube oil consumed	2,423	2,090	3,795	4,205
Repairs and maintenance	6,229	563	6,654	3,009
Travelling and conveyance	235	178	235	178
Depreciation	15,472	14,643	30,824	31,611
Fees and subscription	-	-	144	139
Miscellaneous	10	53	88	169
	<b>427,369</b>	<b>241,295</b>	<b>896,415</b>	<b>673,925</b>
<b>14. TAXATION</b>				
Current tax expense/(income)				
-For the year	-	741	23	931
-Prior years	-	(3,087)	-	(3,087)
	<b>-</b>	<b>(2,346)</b>	<b>23</b>	<b>(2,156)</b>

	Un-audited Half year ended	
	December 31, 2016 (Rupees in thousand)	December 31, 2015
<b>15. CASH USED IN OPERATIONS</b>		
Profit before taxation	139,872	100,180
Adjustment for non cash charges and other items:		
- Depreciation on operating fixed assets	31,089	31,706
- Amortization of intangible assets	1,094	1,072
- Amortization of bank guarantee cost	979	1,171
- Liabilities written back	-	(7,295)
- Profit on bank deposits	(112)	(2,786)
- Finance cost	5,133	35,462
- Provision for doubtful debts	772	-
- Provision for employee retirement benefits	375	401
Profit before working capital changes	<u>179,202</u>	<u>159,911</u>

Effect on cash flow due to working capital changes:

- Increase in stores, spares and loose tools	(39,822)	(47,468)
- (Increase)/decrease in trade debts-secured	(84,384)	234,439
-Increase in advances, deposits, prepayments and other receivables	(22,284)	(1,628)
- Decrease increase in trade and other payables	(70,059)	(457,018)
	<u>(216,549)</u>	<u>(271,675)</u>
	<u>(37,347)</u>	<u>(111,764)</u>

#### 16. CASH AND CASH EQUIVALENTS

Cash and bank balances	8,321	110,253
Short term borrowings-secured	(9,485)	-
	<u>(1,164)</u>	<u>110,253</u>

#### 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:

Relationship with the Company	Nature of transactions	Un-audited	
		December 31, 2016 (Rupees in thousand)	December 31, 2015
<b>i. Holding company</b>			
Descon Engineering Limited :	Mark-up accrued on long term loan	641	13,591
	Dividend paid	492,625	-
	Sponsors' loan repaid	100,000	-
	Mark up paid on sponsor's loan	3,876	36,903
	Reimbursable expense	1,239	302
<b>ii. Subsidiary companies</b>			
Power Management Company ( Private) Limited :	Dividend received	951,739	-
	Repayment of short term loan	3	-
	Mark up accrued on loan	2,362	2,795

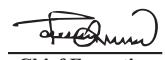
<b>Relationship with the Company</b>	<b>Nature of transactions</b>	<b>Un-audited</b>	
		<b>December 31, 2016</b>	<b>December 31, 2015</b>
<b>(Rupees in thousand)</b>			
Rousch (Pakistan) Power Limited:			
	Reimbursable expenses	351	200
	Funds paid during the period	301	218
<b>iii. Associated undertakings</b>			
Descon Power Solutions (Private) Limited :			
	O&M contractor's fee	24,004	21,822
	Service agreement of generators	3,155	2,182
	Spare parts purchased	86,070	68,544
	Major maintenance fee	-	2,673
	Reimbursable expense	156	24
	Funds paid during the period	99,532	106,063
Descon Corporation (Private) Limited :			
	ERP Implementation fees and running cost	1,379	1,082
	Building rent	76	65
	Funds paid during the period	3,880	1,076
<b>iv. Key management personnel</b>	Salaries and other employment benefits	2,236	1,986
<b>v. Director's Remuneration</b>	Salaries and other employment benefits	1,500	-
<b>vi. Director's fee</b>	Technical fee and meeting fee	461	250
<b>vii. Post employment benefit plans</b>	Expense charged in respect of retirement benefit plans	375	311
<b>Un-audited</b>			
<b>December 31, 2016</b>	<b>June 30, 2016</b>	<b>Audited</b>	
		<b>(Rupees in thousand)</b>	
<b>Period end balances are as follows:</b>			
<b>Payable to related parties</b>			
Descon Engineering Limited ( Holding company)		5,292	4,053
Power Management Company (Private) Limited ( Subsidiary company)		16,229	15,990
Descon Corporation (Private) Limited ( Associated company)		151	732
Descon Power Solutions (Private) Limited ( Associated company)		30,247	12,169
Rousch (Pakistan) Power Limited ( Subsidiary company)		95	95
		<b>52,014</b>	<b>33,039</b>

**18. DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorised for issue on February 13, 2017 by the Board of Directors of the Company.

**19. 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  
INFORMATION**



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

<b>EQUITY AND LIABILITIES</b>	<b>Note</b>	<b>Un-audited December 31, 2016</b>	<b>Audited June 30, 2016</b>	
		(Rupees in thousand)		
<b>SHARE CAPITAL AND RESERVES</b>				
Authorized share capital				
400,000,000 (June 30, 2016: 400,000,000) ordinary shares of Rs 10 each		<b>4,000,000</b>	<b>4,000,000</b>	
Issued, subscribed and paid up share capital				
363,380,000 (June 30, 2016: 363,380,000) ordinary shares of Rs 10 each		<b>3,633,800</b>	<b>3,633,800</b>	
Share premium		<b>41,660</b>	<b>41,660</b>	
Revenue reserve: Accumulated profit		<b>13,425,493</b>	<b>12,051,716</b>	
Non-controlling interests		<b>17,100,953</b>	<b>15,727,176</b>	
		<b>10,991,701</b>	<b>10,102,809</b>	
		<b>28,092,654</b>	<b>25,829,985</b>	
<b>NON-CURRENT LIABILITIES</b>				
Sponsors' loan - unsecured	5	<b>-</b>	<b>-</b>	
Long term financing	6	<b>3,130,352</b>	<b>4,440,613</b>	
Deferred liabilities		<b>20,556</b>	<b>19,698</b>	
Deferred taxation		<b>1,001,127</b>	<b>901,200</b>	
		<b>4,152,035</b>	<b>5,361,511</b>	
<b>CURRENT LIABILITIES</b>				
Trade and other payables		<b>3,569,501</b>	<b>2,907,271</b>	
Short term borrowings - secured		<b>9,485</b>	<b>-</b>	
Mark up accrued		<b>321</b>	<b>375,654</b>	
Current portion of long term financing	5 & 6	<b>3,998,740</b>	<b>4,362,362</b>	
Dividend payable		<b>-</b>	<b>1,536,678</b>	
Unclaimed dividend		<b>11,354</b>	<b>12,090</b>	
Provision for taxation		<b>-</b>	<b>79,437</b>	
		<b>7,589,401</b>	<b>9,273,492</b>	
<b>CONTINGENCIES AND COMMITMENTS</b>				
	7			
		<b>39,834,090</b>	<b>40,464,988</b>	

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

  
Chief Executive

**As at December 31, 2016**

ASSETS	Note	Un-audited	Audited	
		December 31, 2016	June 30, 2016	
(Rupees in thousand)				
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	8	21,069,311	21,878,189	
Intangible assets		5,387	7,374	
Long term deposits		539	539	
Long term loan to employees		11,057	13,232	
		<b>21,086,294</b>	<b>21,899,334</b>	
<b>CURRENT ASSETS</b>				
Store, spares and loose tools		607,777	583,144	
Inventory of fuel oil		475,682	476,632	
Trade debts - secured, considered good		12,860,409	7,649,133	
Advances, deposits, prepayments and other receivables		677,549	442,528	
Income tax recoverable		219,736	194,090	
Cash and bank balances		3,906,643	9,220,127	
		<b>18,747,796</b>	<b>18,565,654</b>	
		<b>39,834,090</b>	<b>40,464,988</b>	

  
\_\_\_\_\_  
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, 2016**

	Note	Quarter ended		Half year ended	
		December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
		(Rupees in thousand)		(Rupees in thousand)	
Revenue - net	9	<b>9,052,488</b>	7,159,870	<b>16,643,989</b>	14,526,302
Direct costs	10	<b>(7,628,002)</b>	(5,823,956)	<b>(13,821,756)</b>	(11,789,851)
<b>Gross profit</b>		<b>1,424,486</b>	1,335,914	<b>2,822,233</b>	2,736,451
Administrative expenses		<b>(38,385)</b>	(40,688)	<b>(96,944)</b>	(84,894)
Other income		<b>31,682</b>	50,848	<b>93,645</b>	124,312
Profit from operations		<b>1,417,783</b>	1,346,074	<b>2,818,934</b>	2,775,869
Finance cost		<b>(207,314)</b>	(379,995)	<b>(455,536)</b>	(849,510)
<b>Profit before taxation</b>		<b>1,210,469</b>	966,079	<b>2,363,398</b>	1,926,359
Taxation		<b>(52,504)</b>	(40,527)	<b>(100,729)</b>	(80,847)
<b>Profit after taxation</b>		<b>1,157,965</b>	925,552	<b>2,262,669</b>	1,845,512
<b>Attributable to:</b>					
Equity holders of the parent		<b>694,116</b>	548,354	<b>1,373,777</b>	1,115,613
Non-controlling interest		<b>463,849</b>	377,198	<b>888,892</b>	729,899
		<b>1,157,965</b>	925,552	<b>2,262,669</b>	1,845,512
Earnings per share - basic and diluted	Rupees	<b>1.91</b>	1.51	<b>3.78</b>	3.07

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, 2016

	Quarter ended		Half year ended	
	December 31, 2016 (Rupees in thousand)	December 31, 2015	December 31, 2016 (Rupees in thousand)	December 31, 2015
Profit for the period	1,157,965	925,552	2,262,669	1,845,512
<b>Other comprehensive income:</b>				
<i>Items that will be subsequently reclassified to profit or loss</i>	-	-	-	-
<i>Items that will not be reclassified subsequently to profit or loss</i>	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>1,157,965</b>	<b>925,552</b>	<b>2,262,669</b>	<b>1,845,512</b>
<b>Attributable to:</b>				
Equity holders of the parent	694,116	548,354	1,373,777	1,115,613
Non-controlling interest	463,849	377,198	888,892	729,899
	<b>1,157,965</b>	<b>925,552</b>	<b>2,262,669</b>	<b>1,845,512</b>

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 CASH FLOW STATEMENT (UN-AUDITED)  
 FOR THE HALF YEAR ENDED DECEMBER 31, 2016

	Note	December 31, 2016 (Rupees in thousand)	December 31, 2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash (used in) / generated from operations</b>	11	(1,567,055)	2,208,945
Finance cost paid		(381,069)	(610,994)
Tax paid		(110,415)	(17,740)
Retirement and other benefits paid		(2,415)	(2,020)
		<b>(493,899)</b>	<b>(630,754)</b>
<b>Net cash (outflow) / inflow from operating activities</b>		<b>(2,060,954)</b>	<b>1,578,191</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(26,427)	(44,878)
Profit on bank deposits received		72	2,909
Proceeds from sale of property, plant and equipment		607	1,761
Long term advances		2,175	(7,630)
<b>Net cash inflow / (outflow) from investing activities</b>		<b>(23,573)</b>	<b>(47,838)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long term loans		(1,597,237)	(799,332)
Repayment of sponsors' loan		(103,876)	(7,334)
Dividend paid		(1,537,329)	-
<b>Net cash (outflow) / inflow from financing activities</b>		<b>(3,238,442)</b>	<b>(806,666)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(5,322,969)</b>	<b>723,687</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>9,220,127</b>	<b>4,989,084</b>
<b>Cash and cash equivalents at the end of the period</b>	12	<b>3,897,158</b>	<b>5,712,771</b>

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, 2016**

<u>Attributable to equity holders of Parent Company</u>					
	Share capital	Share premium	Un- appropriated profit	Non- controlling Interests	Total
----- (Rupees in thousand)-----					
<b>Balance as on July 1, 2015 (audited)</b>	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
Transactions with owners in their capacity as owners	-	-	-	-	-
<b>Balance as on December 31, 2015 (un-audited)</b>	3,633,800	41,660	11,713,362	9,969,488	25,358,310
Profit for the period	-	-	1,184,900	823,238	2,008,138
Other comprehensive income for the period	-	-	129	86	215
Total comprehensive income for the period	-	-	1,185,029	823,324	2,008,353
Transactions with owners in their capacity as owners:	-	-	-	-	-
Interim dividend @2.33 per ordinary share by AEL	-	-	(846,675)	-	(846,675)
Interim dividend @2 per ordinary share by RPPL	-	-	-	(690,003)	(690,003)
<b>Balance as on June 30, 2016 (audited)</b>	3,633,800	41,660	12,051,716	10,102,809	25,829,985
Profit for the period	-	-	1,373,777	888,892	2,262,669
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	1,373,777	888,892	2,262,669
Transactions with owners in their capacity as owners	-	-	-	-	-
<b>Balance as on December 31, 2016 (un-audited)</b>	<u>3,633,800</u>	<u>41,660</u>	<u>13,425,493</u>	<u>10,991,701</u>	<u>28,092,654</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  
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL  
INFORMATION (UN-AUDITED)  
FOR THE QUARTER AND HALF YEAR ENDED DECEMBER 31, 2016**

**1 LEGAL STATUS AND NATURE OF BUSINESS**

**1.1** The group comprises of:

**Parent Company:**

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.

	<b>Percentage of Holding</b>	
	<b>Un-audited</b>	<b>Audited</b>
	<b>December 31, 2016</b>	<b>June 30, 2016</b>
Power Management Company (Private) Limited (PMCL)	100.000%	100.000%
Rousch (Pakistan) Power Limited (RPPL)	59.984%	59.984%

**1.2** Altern Energy Limited (AEL) is a public limited company incorporated in Pakistan on January 17, 1995 under the Companies Ordinance, 1984. The company is a subsidiary of Descon Engineering Limited. The company's ordinary shares are listed on the Pakistan Stock Exchange Limited.

The principal objective of AEL is to generate and supply electric power to Water and Power Development Authority (WAPDA) of Pakistan from its thermal power plant having a gross capacity of 32 Mega Watts (June 30, 2016 : 32 Mega Watts). The registered office of AEL 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.

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 the company on as-and-when available basis till the expiry of PPA on June 06, 2031.

**1.3** PMCL was incorporated in Pakistan on February 24, 2006. The principal objective of PMCL is to invest, manage, operate, run, own and build power projects. The registered office of PMCL is situated at Descon Headquarters, 18 km Ferozepur Road, Lahore.

**1.4** Rousch (Pakistan) Power Limited (RPPL) is an unlisted public Company, incorporated in Pakistan on August 04, 1994 under the Companies Ordinance, 1984. The principal activities of RPPL are to generate and supply electricity to WAPDA from its combined cycle thermal power plant ("the Complex") having a gross (ISO) capacity of 450 Mega Watts (June 30, 2016: 450 Mega Watts), located near Sidhnai Barrage, Abdul Hakim town, District Khanewal, Punjab province, Pakistan. The company started commercial operations from December 11, 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 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.

The Ministry of Petroleum and Natural Resources, empowered for RLNG allocation by the Economic Co-ordination Committee (ECC), issued an allocation of 85 MMSCFD of RLNG to RPPL on firm basis on September 23, 2015 and advised the company and SNGPL to negotiate a long term GSA on firm basis. While negotiation for the long term GSA are in process, in June 2016, ECC of the Cabinet approved interim GSA for supply of RLNG to RPPL upto June 2018 or signing of a long-term GSA, whichever is earlier. Under the proposed interim GSA, RLNG will be supplied on 'as available' basis, however, the non-supply of RLNG will be treated as 'Other Force Majeure' under the PPA. Currently the process of Novation of RPPL's PPA to Central Power Purchasing Agency - Guarantee Limited (CPPA-G) and the signing of interim GSA is pending at the end of CPPA-G.

## 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, 2016.

## 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, 2016.

## 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, 2016.

## 5 SPONSORS' LOAN - UNSECURED

Long term finances - note 5.1  
 Interest on long term finances - note 5.2  
 Less: Current portion shown under current liabilities

	Un-audited December 31, 2016	Audited June 30, 2016
	(Rupees in thousand)	
Long term finances	- note 5.1	100,000
Interest on long term finances	- note 5.2	3,235
	-	103,235
Less: Current portion shown under current liabilities	-	(103,235)
	-	-

**5.1** This represented funds received from Descon Engineering Limited (DEL) for investment in Roush (Pakistan) Power Limited through its subsidiary company, Power Management Company (Private) Limited. This loan has been fully repaid during the period.

These loans were unsecured and carried mark up at six months Karachi Interbank Offered Rate (KIBOR) plus 300 basis points (June 30, 2016 : six months KIBOR plus 300 basis points). The mark-up rate charged during the period on the outstanding balance was 9.36% (June 30, 2016: 9.36% to 12.56%) per annum.

## 6 LONG TERM FINANCING - SECURED & UNSECURED

Loans from financial institutions	4,592,100	6,165,169
Loans from related parties	2,536,992	2,534,571
	7,129,092	8,699,740
Current portion of long term loans	(3,998,740)	(4,259,127)
	3,130,352	4,440,613

**6.1** Long term finances include unsecured loan payable to associated undertaking by RPPL amounting to Rs 2,536,992 million (June 30, 2016: Rs 2,534,571 million) out of which Rs. 2,468,040 million (June 30, 2016: Rs 1,917,057 million) is included in current portion of long term loans.

## 7 CONTIGENCIES & COMMITMENTS

There is no material change in the status of contingencies and commitments set out in note 12 to the consolidated financial statements of the Group for the year ended June 30, 2016 except for the following:

### 7.1 Contingencies

#### Alterm Energy Limited - the Parent Company

- (i) In August 2014, the taxation authorities issued a Show Cause Notice amounting to Rs 157 million on account of input sales tax alleged to be wrongly claimed for the period July 2009 to June 2013. The department is of the view that input tax paid by the company should be split among taxable and non-taxable supplies. The company based on the legal advice received, is of the view that component of capacity revenue is not considered value of supply and rule of apportionment is not applicable in case of IPPs for the reason that the ultimate product is electrical energy, which is taxable. The company submitted reply for the Show Cause Notice which was rejected by the 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 prefer an appeal before Honorable Lahore High Court who granted stay to the company after payments of Rs 10.12 million against the total demand of Rs 157 million. The Honourable Lahore High Court vide its judgement dated October 31, 2016 has decided the issue in favour of the company. However, subsequent to half year ended December 31, 2016, the tax department, being aggrieved, filed an appeal in the Honorable Supreme Court of Pakistan. The management is of the view that there are sufficient grounds available to defend the foregoing demands in the Honorable Supreme Court. Consequently no provision for such demands has been made in this condensed interim financial information.
- (ii) The taxation authorities raised tax demand of Rs 0.24 million under section 122 (5A) of the Income Tax Ordinance, 2001 for the tax year 2006, which was rectified to Rs 0.084 million upon company's request. The company filed appeal before CIR(A) which was decided in company's favour. Aggrieved with the decision of CIR (A), the department has filed appeal with ATIR, which is pending adjudication.
- (iii) The taxation authorities raised tax demand of Rs 0.743 million under section 122 (5A) of the Income Tax Ordinance, 2001 for the tax year 2009. The company prefer an appeal before CIR(A) against the impugned tax demand, the learned CIR(A) decided the appeal in favour of company thereby deleting the alleged tax demand. The department has filed an appeal before the ATIR against the order of CIR(A) and now the case is pending adjudication.
- (iv) The taxation authorities raised tax demand under section 122 (5A) of the Income Tax Ordinance, 2001 for the tax years 2010, 2011, 2012 and 2013. The total demand raised amounts to Rs 9.3 million. The company preferred appeals against the foregoing demand with CIR(A), on which learned CIR(A) has deleted the demand raised by the tax authorities and decided the case in favour of the company. But the learned DCIR has not taken complete appeal effect in accordance with CIR (A)'s order. The company have applied for rectification of order and also filed appeal before CIR (A) against the order passed under section 124/129 of Income Tax Ordinance, 2001. Further the department has filed an appeal before the ATIR against the order of CIR(A) and now the case is pending adjudication.
- (v) Based on the advice of the company's legal counsel, management believes that there are sufficient grounds to defend the company's stance in respect of the abovementioned cases. Consequently, no provision has been recognized in the condensed interim financial information.

#### Rousch (Pakistan) Power Limited - the Subsidiary Company

- (i) For tax year 2013, WWF liability amounting to Rs. 84 million along with additional tax and penalty was raised by tax authorities against which CIR(A) granted the stay and the case was pending adjudication. However, tax authorities sent notices for recovery of the said amount. RPPL filed writ petition in Islamabad High Court against unjustified demands and the High Court granted the stay. Subsequent to the balance sheet date, CIR(A) dismissed the appeal without giving the opportunity of being heard. Against the decision of the CIR(A), the company has filed appeal in Appellate Tribunal Inland Revenue (ATIR) and obtained stay order and now the case is pending adjudication.
- (ii) For the tax year 2014, CIR(A) remanded back the issues relating to sett-off interest income against depreciation loss, chargeability of minimum tax on capacity income and chargeability of WWF to the concerned taxation officer for fresh decision and withheld that supplemental charges are taxable. The company has filed appeal to ATIR against the decision of the CIR(A) challenging his action to set-aside the contentious issues instead of deciding them in accordance with the favourable decisions of the higher judiciary in parallel cases. The case is pending for adjudication. The aggregate demand raised by tax authorities was Rs. 364 million,

As the above matters have already been decided by judicial fora upto the level of Appellate Tribunal Inland Revenue in favour of taxpayers, therefore, 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, 2016 : 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, 2017, which is renewable.

### Rousch (Pakistan) Power Limited - the Subsidiary Company

Standby letter of credit (SBLC) of Rs. 4,120 million (June 2016: 4,120 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.

## 8 PROPERTY, PLANT AND EQUIPMENT

Additions to plant and equipment include net exchange loss of Rs 8,845 million on related foreign currency loans during the period from July 1, 2016 to December 31, 2016. This has resulted in accumulated capitalization of exchange losses of Rs. 12,283.967 million (June 30, 2016: Rs 12,275.138 million) in the cost of plant and equipment upto December 31, 2016, with net book value of Rs 7,381.387 million (June 30, 2016: Rs 7,229.178 million).

	Un-audited Quarter ended		Un-audited Half year ended	
	December 31, 2016		December 31, 2016	
	(Rupees in thousand)		December 31, 2015	
<b>9 REVENUE</b>				
Energy revenue - gross	<b>8,598,092</b>	6,423,033	<b>15,453,134</b>	13,014,490
Sales tax	<b>(1,249,295)</b>	(933,261)	<b>(2,245,327)</b>	(1,890,994)
Energy revenue- net	<b>7,348,797</b>	5,489,772	<b>13,207,807</b>	11,123,496
Capacity revenue	<b>1,712,085</b>	1,634,117	<b>3,459,079</b>	3,323,144
Other supplemental charges	<b>124,259</b>	134,900	<b>210,615</b>	282,687
Gas efficiency passed to WAPDA	<b>(132,653)</b>	(98,919)	<b>(233,512)</b>	(203,025)
	<b>9,052,488</b>	7,159,870	<b>16,643,989</b>	14,526,302
<b>10 DIRECT COSTS</b>				
Gas cost	<b>6,857,121</b>	5,082,421	<b>12,276,723</b>	10,268,655
Operation and maintenance (O&M)	<b>255,009</b>	247,258	<b>525,064</b>	515,099
Depreciation	<b>420,592</b>	420,053	<b>840,877</b>	841,388
Stores, spares and loose tools consumed	<b>36,856</b>	20,916	<b>71,311</b>	61,478
Repairs & maintenance	<b>9,520</b>	5,510	<b>14,421</b>	11,746
Insurance costs	<b>29,980</b>	31,511	<b>59,952</b>	59,869
Energy import	<b>4,929</b>	4,366	<b>5,265</b>	6,823
Salaries, wages and other benefits	<b>6,007</b>	5,938	<b>15,532</b>	13,423
Fee & subscriptions	<b>1,538</b>	1,491	<b>3,220</b>	3,120
Electricity duty	<b>2,039</b>	2,135	<b>4,352</b>	4,470
Liquidated damages	<b>-</b>	-	<b>-</b>	3
Miscellaneous	<b>4,411</b>	2,357	<b>5,039</b>	3,777
	<b>7,628,002</b>	5,823,956	<b>13,821,756</b>	11,789,851

	Un-audited Half year ended	
	December 31, 2016	December 31, 2015
	(Rupees in thousand)	
<b>11 CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	2,363,398	1,926,359
Adjustment for non cash charges and other items:		
- Depreciation on operating fixed assets	845,625	845,533
- Profit on bank deposits	(112)	(5,581)
- Liabilities written back	-	(7,295)
- Amortization of bank guarantee cost	979	1,171
- Amortization of intangible assets	1,094	1,073
- Capital spares consumed	1,761	-
- Finance cost	455,535	852,304
- Provision for doubtful debts	771	-
- Provision for employee retirement benefits	3,273	3,432
Profit before working capital changes	3,672,324	3,616,996
Effect on cash flow due to working capital changes:		
-Increase in stores, spares and loose tools	(26,630)	(36,636)
- Decrease in trade debts	(5,212,048)	(347,836)
-(Increase) / decrease in advances, deposits, prepayments and other receivables	(235,864)	263,472
- Decrease in trade and other payables	235,163	(1,287,051)
<b>Cash (used in) / generated from operations</b>	<b>(5,239,379)</b>	<b>(1,408,051)</b>
	<b>(1,567,055)</b>	<b>2,208,945</b>
<b>12 CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	3,906,643	5,712,771
Short term borrowings	(9,485)	-
Cash and cash equivalents	<b>3,897,158</b>	<b>5,712,771</b>
<b>13 TRANSACTIONS AND BALANCES WITH RELATED PARTIES</b>		

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:

Relationship with the Company	Nature of transactions	Un-audited	
		December 31, 2016	December 31, 2015
		(Rupees in thousand)	
<b>i. Ultimate Parent</b>			
Descon Engineering Limited:			
	Mark up accrued on long term loan	641	13,591
	Dividend paid	492,625	-
	Sponsors' loan repaid	100,000	-
	Mark up paid on sponsors' loan	3,876	36,903
	Reimbursable expenses	1,239	302
<b>ii. Associated Undertakings</b>			
Descon Power Solutions (Private) Limited:			
	O & M contractor's fee	24,004	21,822
	Service agreement of generators	3,155	2,182
	Spare parts purchased	86,070	68,544
	Major maintenance fee	-	2,673
	Reimbursable expenses	156	24
	Funds paid during the period	99,532	106,063
Descon Corporation (Private) Limited:			
	ERP implementation fee & running cost	1,379	1,082
	Building rent	76	65
	Funds paid during the period	3,880	1,076
<b>iii. Subsidiary Undertakings</b>			
Rousch (Pakistan) Power Limited:			
	Operator's fee paid to ESB Engineering Ltd	136,502	141,991
	Payments to Descon Power Solutions (Pvt.) Ltd	193,943	160,716
	Payments to Siemens AG as LTMSA contractor	134,124	130,851
	Payments to Siemens Pakistan as LTMSA contractor	55,100	46,152
	Payments to Descon Engineering Ltd against services	2,022	702
	Payments to Descon Chemicals Ltd against services	-	1,868
	Payments to Siemens Pakistan for supply of spares and services	59,127	720
	Payments to Descon Corporation (Pvt.) Ltd for rent and services	3,164	6,638
<b>iv. Key Management Personnel</b>			
	Salaries and other employment benefits	31,232	26,363
<b>v. Post Employment benefit plans</b>			
	Expense charged in respect of retirement benefit plans	6,076	5,983

#### 14 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim consolidated financial information was authorised for issue on February 13, 2017 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

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



Chief Executive



Director