



**CONDENSED
INTERIM FINANCIAL INFORMATION**

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

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	
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

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, 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 15th whereas plant operated till November 12th 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 06th to 28th, 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 mmcf/d to 600 mmcf/d. 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

ڈائریکٹرز کی جائزہ رپورٹ

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

جزل:

کمپنی، گیس سے چلنے والے 32 میگا واٹ تھرمل پاور پلانٹ کی مالک ہے اور چلاتی ہے یہ پاور پلانٹ فتح جنگ ضلع انک، پنجاب کے قریب واقع ہے۔ کمپنی کا اہم کام بجلی پیدا کرنا اور اسے ایک طویل دورانیے کے بجلی خریداری معاہدے (پی پی اے) کے تحت پانی اور بجلی کے ترقیاتی اتھارٹی (واپڈا) کو فروخت کرنا ہے۔

فنانس:

جائزے کی مدت کے دوران، کمپنی کا ٹرن اوور 1,059 ملین روپے رہا جس کے نتیجے میں 163 ملین روپے کا مجموعی منافع ہوا۔ کمپنی نے ٹیکس 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 آمدن فی حصہ (ای پی ایس) تقسیم 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 رسک سامنا ہے جس کہ ۳۱ دسمبر، ۲۰۱۶ء تک کے مجموعی قابل وصولی بقایا جات 735 ملین روپے ہیں جبکہ ۳۱ جون، ۲۰۱۶ء کے اس عرصے میں 651 ملین روپے تھے۔ کمپنی کی انتظامیہ واپڈا سے قابل وصولی ادائیگیوں کے بروقت حصول کیلئے مسلسل کوشاں ہے۔ کمپنی کے، دوران مدت ادائیگی، سپانسرز کی بقیہ قرض کی رقم بشمول 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 مواقع پر پریشر میں کمی کا سامنا ہوا۔ پلانٹ ۱۵ دسمبر تک چلتا رہا جبکہ سوئی نادرین گیس کمپنی کی جانب سے گیس کی فراہمی معطل ہونے سے قبل گزشتہ مالی سال کے اس عرصے میں پلانٹ نے ۱۲ نومبر تک کام کیا تھا۔

زیر جائزہ مدت میں گیس کی معطلی کے دوران، دو انجنوں کی دیکھ بھال کے فیز ای-۶۰ کے تیسرے مرحلے سمیت پلانٹ کی بڑی سطح 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 بھیجی۔ ہم با اعتماد طور پر رپورٹ کر رہے ہیں کہ تمام جزیٹرز اور ملحقہ 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 (ایل ٹی آئی) کا موجب بننے والا اور ماحولیاتی ہنگامی کا واقعہ درپیش نہیں آیا۔

ما تحت ادارے کا جائزہ :

ہم یہ بتاتے ہوئے مسرت محسوس کرتے ہیں کہ زیر جائزہ مدت کے دوران، روسش (پاکستان) پاور لمیٹڈ (آر پی پی ایل) جو کہ کمپنی کا ماتحت ادارہ ہے، روانی سے کام کرتا رہا۔ جائزے کی مدت کے دوران کاروبار 15,585 ملین روپے رہا اور فروخت کی لاگت 12,925 ملین روپے رہی۔ دوران مدت 2,221 ملین روپے کا مجموعی منافع ہوا (۲۰۱۵ء کے اس عرصے کے 1,824 ملین روپے کے مقابلے میں) اور 2.58 روپے کی آمدن فی حصہ برائے 10 روپے (ای پی ایس) کی تقسیم کی (جبکہ ۲۰۱۵ء کے اس عرصے میں فی حصہ (ای پی ایس) 21.2 روپے تھا) کمپنی کے واحد خریدار، واپڈا کی جانب سے ادائیگی کی عدم فراہمی جاری رہی، واپڈا سے ۳۱ دسمبر، ۲۰۱۶ء تک کے مجموعی قابل وصولی بقایا جات 9,118 ملین روپے ہیں۔ کمپنی کی انتظامیہ واپڈا سے قابل وصولی ادائیگیوں کے بروقت حصول کے مسلسل کوشاں ہے۔

کمپنی اپنے قرض دہندہ کو بقایا جات کی ادائیگی جاری رکھے ہوئے ہے، دوران مدت ۳۱ دسمبر، ۲۰۱۶ء تک کمپنی نے قرض کی واپسی کے سلسلے میں 1,597 ملین روپے چکائے ہیں۔ ای پی سی نے (ای ایم ایس اے) قرض کی اقساط ۳۱ مارچ، ۲۰۱۵ء تک ادائیگی نہ ہونے پر سیٹ بینک آف پاکستان سے منظوری تک رسائی کی وجہ سے مؤخر کر دیں۔ اب کمپنی سیمنس قرض کی شرائط میں ترامیم کر رہی ہے تاکہ سیٹ بینک آف پاکستان سے منظوری لی جاسکے۔

زیر جائزہ مدت میں پلانٹ کی کارکردگی تسلی بخش رہی جیسا کہ یہ بنیادی لوڈ پر کاروبار سوائے کم فراہمی کے چند مواقع اور چھوٹی قسم کے مسائل کے۔ دسمبر، ۲۰۱۶ء میں آریل این جی کی کمپلیکس کو فراہمی کچھ مواقع پر قطل کا شکار رہی۔ تاہم ۲۶ جنوری سے ۲۸ جنوری ۲۰۱۷ء تک، کمپلیکس گیس کی فراہمی میں قطل کی وجہ سے مکمل طور بند رہا جیسا کہ سوئی نادرن گیس لمیٹڈ نے آریل این جی کو گھر بلو شے کی طرف منتقل کر دیا۔ دوران مدت، گزشتہ مالی سال کے اس عرصے میں GWh 1,596 کے مقابلے میں اس نے واپڈا کو GWh 1,587 بجلی بھیجی۔ زیر جائزہ مدت کے دوران، کمپنی نے واپڈا کو اس کے گیس فراہمی کی مد میں 234 ملین روپے فراہم کئے، جس کی وجہ سے پلانٹ کے امور چلتے رہے۔

ہم اپنے بکٹرز، واپڈا، سوئی نادرن گیس لمیٹڈ، ہمارے شاف، ہمارے کنٹریکٹرز اور معزز شیئر ہولڈرز کے مسلسل تعاون کا اعتراف کرتے اور شکریہ ادا کرتے ہیں۔

مستقبل کا منظر نامہ

ملک میں بجلی کی طلب اور رسد میں مسلسل بڑھتا ہوا فاصلہ حکومت اور بجلی 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 آریل این جی کی شمولیت نے بجلی کے شعبے کو خاص طور پر اور انڈسٹریل سیکٹر کو مجموعی طور پر بہت اہم امداد فراہم کی ہے۔ سوئی نادرن گیس لمیٹڈ کو آریل این جی کی فراہمی 200 mmcfcd سے بڑھا کر 400 mmcfcd کر دی گئی تھی۔ امید کی جاتی ہے کہ آریل این جی کے نئے ٹرمینلز کی تعمیر سے گیس کی فراہمی کی صورتحال مزید بہتر ہو جائے گی۔

بحکم بورڈ
تیور داؤد
چیف ایگزیکٹو

لاہور - ۱۳ فروری، ۲۰۱۷ء

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

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

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


Chief Executive

AS AT DECEMBER 31, 2016

	Note	Un-audited December 31, 2016 (Rupees in thousand)	Audited June 30, 2016
ASSETS			
NON-CURRENT ASSETS			
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
		3,983,590	3,998,970
CURRENT ASSETS			
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
		998,572	1,851,930
		4,982,162	5,850,900


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

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 (Rupees in thousand)	December 31, 2016 (Rupees in thousand)	December 31, 2015 (Rupees in thousand)
Profit for the period	50,294	24,752	139,849	102,336
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	50,294	24,752	139,849	102,336

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
Cash flows from operating activities			
Cash used in operations	15	(37,347)	(111,764)
Finance cost paid		(2,319)	(1,304)
Income taxes paid		(7)	(316)
Net cash outflow from operating activities		(39,673)	(113,384)
Cash flows from investing activities			
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
Net cash inflow / (outflow) from investing activities		937,955	(1,229)
Cash flows from financing activities			
Repayment of sponsor's loan		(103,876)	(36,903)
Repayment of long term finances		-	(7,334)
Dividend paid		(847,326)	-
Net cash outflow from financing activities		(951,202)	(44,237)
Net decrease in cash and cash equivalents		(52,920)	(158,850)
Cash and cash equivalents at the beginning of the period		51,756	269,103
Cash and cash equivalents at the end of the period	16	(1,164)	110,253

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	Total
	(Rupees in thousand)			
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
Profit for the period	-	-	994,976	994,976
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the year ended June 30, 2016	-	-	994,976	994,976
Dividend to equity holders of the Company :				
-Interim dividend for the year ended June 30, 2016 (Rs 2.33 per ordinary share)	-	-	(846,675)	(846,675)
Total contributions by and distributions to owners of the Company recognised directly in equity	-	-	(846,675)	(846,675)
Balance as on July 1, 2016 (audited)	3,633,800	41,660	900,314	4,575,774
Profit for the period	-	-	139,849	139,849
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the half year ended December 31, 2016	-	-	139,849	139,849
Total contributions by and distributions to owners of the company recognised directly in equity	-	-	-	-
Balance as on December 31, 2016 (un-audited)	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:

Other standards or interpretations	Effective date (accounting periods beginning on or after)
'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

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

- 6.1 This represented funds received from Descon Engineering Limited (DEL) for investment in Rousch (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

- note 7.1

Un-audited December 31, 2016 (Rupees in thousand)	Audited June 30, 2016
50,000	50,000
43,078	40,958
93,078	90,958
(93,078)	(90,958)
-	-

Interest on loan from PMCL

- note 7.2

Less: Current portion shown under current liabilities

- 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

- 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.
- 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.
- 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 (Rupees in thousand)	Audited June 30, 2016
9. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	- note 9.1	756,359	785,621
Major stores and stand-by equipment		19,977	5,001
		<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	13,731
Less: Depreciation charged during the period/year		(31,089)	(61,877)
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>

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 (Rupees in thousand)	December 31, 2015 (Rupees in thousand)	December 31, 2016 (Rupees in thousand)	December 31, 2015 (Rupees in thousand)
12. REVENUE				
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
	<u>489,102</u>	<u>275,209</u>	<u>1,059,387</u>	<u>810,773</u>
	Un-audited Quarter ended		Un-audited Half year ended	
	December 31, 2016 (Rupees in thousand)	December 31, 2015 (Rupees in thousand)	December 31, 2016 (Rupees in thousand)	December 31, 2015 (Rupees in thousand)
13. DIRECT COSTS				
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
	<u>427,369</u>	<u>241,295</u>	<u>896,415</u>	<u>673,925</u>
14. TAXATION				
Current tax expense/(income)				
-For the year	-	741	23	931
-Prior years	-	(3,087)	-	(3,087)
	<u>-</u>	<u>(2,346)</u>	<u>23</u>	<u>(2,156)</u>

		Un-audited Half year ended	
		December 31, 2016 (Rupees in thousand)	December 31, 2015 (Rupees in thousand)
15. CASH USED IN OPERATIONS			
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		179,202	159,911
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)
		(216,549)	(271,675)
		(37,347)	(111,764)
16. CASH AND CASH EQUIVALENTS			
Cash and bank balances		8,321	110,253
Short term borrowings-secured		(9,485)	-
Cash and cash equivalents		(1,164)	110,253

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, 2016 (Rupees in thousand)	December 31, 2015 (Rupees in thousand)
Relationship with the Company	Nature of transactions		
i. Holding company			
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
ii. Subsidiary companies			
Power Management Company (Private) Limited :			
	Dividend received	951,739	-
	Repayment of short term loan	3	-
	Mark up accrued on loan	2,362	2,795

Relationship with the Company	Nature of transactions	Un-audited	
		December 31, 2016 (Rupees in thousand)	December 31, 2015
Rousch (Pakistan) Power Limited:	Reimbursable expenses	351	200
	Funds paid during the period	301	218
iii. Associated undertakings			
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
iv. Key management personnel	Salaries and other employment benefits	2,236	1,986
v. Director's Remuneration	Salaries and other employment benefits	1,500	-
vi. Director's fee	Technical fee and meeting fee	461	250
vii. Post employment benefit plans	Expense charged in respect of retirement benefit plans	375	311
		Un-audited	Audited
		December 31, 2016 (Rupees in thousand)	June 30, 2016
Period end balances are as follows:			
Payable to related parties			
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
		<u>52,014</u>	<u>33,039</u>

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)

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

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


Chief Executive

As at December 31, 2016

		Un-audited December 31, 2016 (Rupees in thousand)	Audited June 30, 2016
ASSETS	Note		
NON-CURRENT ASSETS			
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
		21,086,294	21,899,334
CURRENT ASSETS			
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
		18,747,796	18,565,654
		39,834,090	40,464,988


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	9,052,488	7,159,870	16,643,989	14,526,302
Direct costs	10	(7,628,002)	(5,823,956)	(13,821,756)	(11,789,851)
Gross profit		1,424,486	1,335,914	2,822,233	2,736,451
Administrative expenses		(38,385)	(40,688)	(96,944)	(84,894)
Other income		31,682	50,848	93,645	124,312
Profit from operations		1,417,783	1,346,074	2,818,934	2,775,869
Finance cost		(207,314)	(379,995)	(455,536)	(849,510)
Profit before taxation		1,210,469	966,079	2,363,398	1,926,359
Taxation		(52,504)	(40,527)	(100,729)	(80,847)
Profit after taxation		1,157,965	925,552	2,262,669	1,845,512
Attributable to:					
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
		1,157,965	925,552	2,262,669	1,845,512
Earnings per share - basic and diluted	Rupees	1.91	1.51	3.78	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	December 31, 2015	December 31, 2016	December 31, 2015
	(Rupees in thousand)		(Rupees in thousand)	
Profit for the period	1,157,965	925,552	2,262,669	1,845,512
Other comprehensive income:				
<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>	-	-	-	-
Total comprehensive income for the period	1,157,965	925,552	2,262,669	1,845,512
Attributable to:				
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
	1,157,965	925,552	2,262,669	1,845,512

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
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	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)
		(493,899)	(630,754)
Net cash (outflow) / inflow from operating activities		(2,060,954)	1,578,191
CASH FLOWS FROM INVESTING ACTIVITIES			
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)
Net cash inflow / (outflow) from investing activities		(23,573)	(47,838)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term loans		(1,597,237)	(799,332)
Repayment of sponsors' loan		(103,876)	(7,334)
Dividend paid		(1,537,329)	-
Net cash (outflow) / inflow from financing activities		(3,238,442)	(806,666)
Net (decrease) / increase in cash and cash equivalents		(5,322,969)	723,687
Cash and cash equivalents at the beginning of the period		9,220,127	4,989,084
Cash and cash equivalents at the end of the period	12	3,897,158	5,712,771

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 STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2016

	Attributable to equity holders of Parent Company				
	Share capital	Share premium	Un-appropriated profit	Non-controlling Interests	Total
	(Rupees in thousand)				
Balance as on July 1, 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
Transactions with owners in their capacity as owners	-	-	-	-	-
Balance as on December 31, 2015 (un-audited)	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)
Balance as on June 30, 2016 (audited)	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	-	-	-	-	-
Balance as on December 31, 2016 (un-audited)	3,633,800	41,660	13,425,493	10,991,701	28,092,654

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.

	Percentage of Holding	
	Un-audited December 31, 2016	Audited June 30, 2016
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 SPOSNORS' LOAN - UNSECURED

		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 Rousch (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	- note 6.1	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 CONTINGENCIES & 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

Altern 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.

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

	Un-audited Half year ended	
	December 31, 2016	December 31, 2015
	(Rupees in thousand)	
11 CASH GENERATED FROM OPERATIONS		
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)
	(5,239,379)	(1,408,051)
Cash (used in) / generated from operations	(1,567,055)	2,208,945
12 CASH AND CASH EQUIVALENTS		
Cash and bank balances	3,906,643	5,712,771
Short term borrowings	(9,485)	-
Cash and cash equivalents	3,897,158	5,712,771

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:

Relationship with the Company	Nature of transactions	Un-audited	
		December 31, 2016	December 31, 2015
		(Rupees in thousand)	
i. Ultimate Parent			
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
ii. Associated Undertakings			
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
iii. Subsidiary Undertakings			
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
iv. Key Management Personnel			
	Salaries and other employment benefits	31,232	26,363
v. Post Employment benefit plans			
	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

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


Chief Executive


Director