

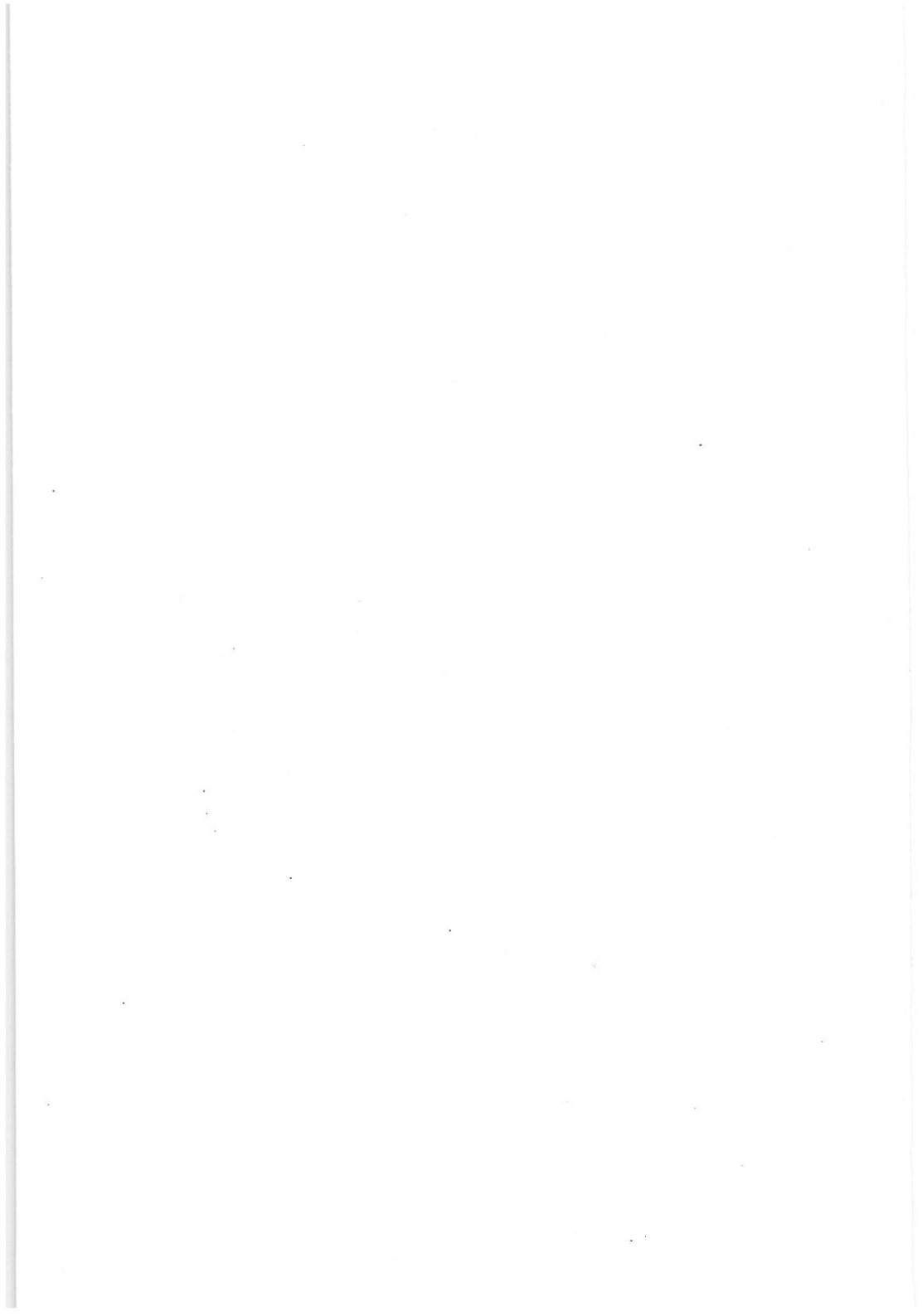
An abstract graphic consisting of several overlapping, wavy, semi-transparent shapes in various shades of red and orange. The shapes flow from the top right towards the bottom left, creating a sense of movement and depth. The colors range from a deep, dark red to a lighter, more vibrant orange.

INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE NINE MONTHS ENDED
31 MARCH 2014



INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE NINE MONTHS ENDED
31 MARCH 2014

ALTERN ENERGY LIMITED



**ALTERN ENERGY LIMITED
COMPANY INFORMATION**

BOARD OF DIRECTORS

Mr. Abdul Razak Dawood (Chairman)
Mr. Taimur Dawood (Chief Executive)
Mr. Farooq Nazir
Mr. Fazal Hussain Asim
Mr. Khalid Salman Khan
Syed Ali Nazir Kazmi
Mr. Shah Muhammad Chaudhry
Mr. Mohammed AlSaleh AlShaikh (Alternate Director to Mr. Khalid Salman Khan)

AUDIT COMMITTEE

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

**HUMAN RESOURCE &
REMUNERATION COMMITTEE**

Mr. Farooq Nazir (Chairman)
Mr. Shah Muhammad Chaudhry
Mr. Taimur Dawood

CFO AND COMPANY SECRETARY

Mr. Umer Shehzad

AUDITORS

KPMG Taseer Hadi & Co.
Chartered Accountants

BANKERS

MCB Bank Ltd.
The Bank of Punjab

REGISTERED OFFICE

DESCON HEADQUARTERS
18-km Ferozpur Road, Lahore.

REGISTRAR SHARES

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

ALTERN ENERGY LIMITED DIRECTORS' REVIEW

ALTERN ENERGY LIMITED REVIEW

The Board of Directors of the Company is pleased to present you the operational performance and un-audited financial results of the Company for the nine months ended March 31, 2014.

General:

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

Financial And Operational Highlights

Operational Highlights:

The plant performance has been satisfactory during the period, which was despatched at base load to the national grid. During the period under review, the Company dispatched 143.9 GWhr to WAPDA as compared to 135.2 GWhr delivered during the nine months ended March 31, 2013. As recommended by OEM, your plant underwent major overhaul during January and February 2014 after completing 32,000 operating hours. All the maintenance activities were carried out as per standard manual and subsequent operations show sound health of the plant and equipment.

Financial Highlights:

Turnover for the period was Rs. 1,248.76 million (2013: Rs. 1,053.58 million) and operating costs were Rs. 1,064.15 million (2013: Rs. 909.22 million). Both turnover and operating costs registered an increase in the period under review as compared to corresponding period last year mainly due to higher generation and higher spares cost due to major maintenance. Net profit earned by the Company during the period was Rs. 1,147.26 million while a loss of Rs. 6.04 million was suffered during the same period of the last fiscal year. Earning per share for the period was Rs. 3.16 compared to loss per share of Rs. 0.02 suffered during the same period of the last year. Besides operating revenue, EPS includes component of Rs. 2.88 per share on account of dividend income from the Company's subsidiary PMCL (Rs. 1,048 million).

During the nine months' period, the Company paid off Rs. 18.1 million of outstanding foreign currency loan. On December 31, 2013, the Company also paid off its entire outstanding portion of syndicated local currency loan amounting to Rs. 490 million to lenders on receipt of dividend from PMCL.

Health, Safety & Environment:

During the period, the overall health, safety and environment performance of the plant remained satisfactory and the Company has been successfully dispatching electricity to national grid as its contribution for minimizing the countrywide power crises.

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, has operated smoothly. During this period, the total turnover of the Company was Rs. 13,712.73 million, resultantly the Company earned gross profit of Rs. 3,746.75 million. The net profit for nine months of Rs. 2,740.52 million (giving an earnings per share of Rs. 3.18) is higher than the profit of Rs. 2,081.49 million (earning per share of Rs. 2.41) for the corresponding period last year.

The Company has received liquidated damages invoices of Rs. 1,587 million which have been disputed by the Company. These LDs have been imposed on the Company on account of failure to dispatch electricity in part or in full for certain period of time during December 2012 to November, 2013 as a result of curtailment / suspension in gas supply by Sui Northern Gas Pipelines Limited (SNGPL). SNGPL resorted to curtailment / suspension in gas supply due to accumulation of outstanding gas bills. The Company has initiated resolution of this dispute by appointment of an Expert under the Power Purchase Agreement.

The Company continues to discharge its liabilities to its lenders. During the period, the Company has repaid Rs. 2,729

million as principal and Rs. 1,480 million as interest to the senior and subordinated debt lenders.

The plant performance remained satisfactory during the period under review. The power station delivered 1,923 GWhr of electricity to WAPDA during the nine months ended 31 March 2014 as compared to 1,857 GWhr delivered during the corresponding period of the previous year. During the nine months, the Company has passed on Rs. 218 million to WAPDA as its share of gas efficiency, which accrued as a result of the efficient operations of plant.

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

For and behalf of the Board of Directors

Lahore
April 22, 2014.




Taimur Dawood
Chief Executive

ALTERN ENERGY LIMITED
CONDENSED INTERIM UNCONSOLIDATED BALANCE SHEET (UNAUDITED)

EQUITY AND LIABILITIES	<i>Note</i>	31 March 2014 (Rupees in Thousand)	30 June 2013
Share Capital			
Authorized capital 400,000,000 (30 June 2013: 400,000,000) ordinary shares of Rs. 10/- each		<u>4,000,000</u>	<u>4,000,000</u>
Issued, subscribed and paid up capital 363,380,000 (30 June 2013: 363,380,000) ordinary shares of Rs. 10/- each		3,633,800	3,633,800
Share premium		41,660	41,660
Equity portion of sponsors loan	5	38,220	43,179
Accumulated profit / (loss)		<u>177,048</u>	<u>(606,833)</u>
		<u>3,890,728</u>	<u>3,111,806</u>
Non-current Liabilities			
Sponsors' loan -unsecured	6	591,737	562,331
Long term loans	7	89,154	530,553
Deferred liabilities		1,476	1,372
		682,367	1,094,256
Current Liabilities			
Trade and other payables	8	425,022	265,992
Mark up accrued		8,631	18,641
Current portion of long term loans	7	25,132	130,754
Provision for taxation		2,220	1,661
		461,005	417,048
		<u>5,034,100</u>	<u>4,623,110</u>
Contingencies and Commitments	9		

The annexed notes 1 to 18 form an integral part of these financial statements.



Chief Executive

ASSETS	Note	31 March 2014 (Rupees in Thousand)	30 June 2013
Non-current Assets			
Property, plant and equipment			
-Operating fixed assets	10	914,189	968,219
Long term investment	11	3,204,510	3,204,510
Long term deposits		38	38
		4,118,737	4,172,767
 Current Assets:			
Stores, spares and loose tools		40,818	24,677
Trade debts - secured, considered good		514,971	291,303
Advances, prepayments and other receivables		35,344	19,106
Cash and bank balances		324,230	115,257
		915,363	450,343
		5,034,100	4,623,110


 Director

ALTERN ENERGY LIMITED
CONDENSED INTERIM UNCONSOLIDATED PROFIT & LOSS ACCOUNT (UNAUDITED)
FOR THE NINE MONTHS ENDED 31 MARCH 2014

	Note	For the nine months ended		For the quarter ended	
		31 March 2014	31 March 2013	31 March 2014	31 March 2013
		(Rupees in Thousand)			
Revenue - net	12	1,248,760	1,053,586	170,287	172,342
Direct costs	13	(1,064,152)	(909,220)	(162,740)	(152,637)
Gross profit		184,608	144,366	7,547	19,705
Administrative expenses		(8,209)	(8,160)	(2,350)	(1,938)
Other income	14	1,050,931	1,436	-	(56)
Profit from operations		1,227,330	137,642	5,197	17,711
Finance cost	15	(79,191)	(143,511)	(16,058)	(47,503)
Profit / (loss) before taxation		1,148,139	(5,869)	(10,861)	(29,792)
Taxation		(877)	(169)	-	(41)
Profit / (loss) after taxation		1,147,262	(6,038)	(10,861)	(29,833)
Earnings per share - basic and diluted - Rupees		3.16	(0.02)	(0.03)	(0.08)

The annexed notes 1 to 18 form an integral part of these financial statements.

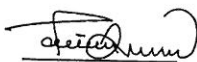

 Chief Executive


 Director

ALTERN ENERGY LIMITED
CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)
FOR THE NINE MONTHS ENDED 31 MARCH 2014

	31 March 2014	31 March 2013
	(Rupees in Thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	1,148,139	(5,869)
<i>Adjustments for:</i>		
Depreciation	61,497	59,675
Provision for staff retirement benefits	219	143
Amortization of bank guarantee cost	2,138	537
Finance cost	77,053	142,973
	<u>140,907</u>	<u>203,328</u>
Operating profit before working capital changes	1,289,046	197,459
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(16,141)	13,493
Advances, prepayments, and other receivables	(16,238)	(9,219)
Trade debts	(223,668)	1,541
	(256,047)	5,815
Increase / (decrease) in current liabilities		
Trade and other payables	155,718	(203,193)
Cash generated from operations	<u>1,188,717</u>	<u>81</u>
Finance cost paid	(56,830)	(125,437)
Income tax paid	(318)	(203)
Staff retirement benefits paid	(115)	(32)
	(57,263)	(125,672)
Net cash generated from / (used) in operating activities	<u>1,131,454</u>	<u>(125,591)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(7,468)	(3,289)
Net cash used in investing activities	(7,468)	(3,289)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of long term loans	(552,807)	(125,983)
Dividend paid	(362,206)	-
Share capital	-	208,300
Share premium	-	41,660
Net cash generated from / (used) in financing activities	<u>(915,013)</u>	<u>123,977</u>
Net increase / (decrease) in cash and cash equivalents	<u>208,973</u>	<u>(4,903)</u>
Cash and cash equivalents at beginning of the period	115,257	11,935
Cash and cash equivalents at the end of the period	<u>324,230</u>	<u>7,032</u>

The annexed notes 1 to 18 form an integral part of these financial statements.



 Chief Executive


 Director

ALTERN ENERGY LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE NINE MONTHS ENDED 31 MARCH 2014

	For the nine months ended		For the quarter ended	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	------(Rupees in Thousand)-----			
Profit / (loss) after taxation	1,147,262	(6,038)	(10,861)	(29,833)
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss) for the period	<u><u>1,147,262</u></u>	<u><u>(6,038)</u></u>	<u><u>(10,861)</u></u>	<u><u>(29,833)</u></u>

The annexed notes 1 to 18 form an integral part of these financial statements.


 Chief Executive


 Director

ALTERN ENERGY LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED 31 MARCH 2014

	SHARE CAPITAL	SHARE PREMIUM	EQUITY PORTION OF SPONSORS' LOAN	ACCUMULATED PROFIT / LOSS	TOTAL
----- (Rupees in Thousand) -----					
Balance as at 01 July 2012 - Audited	3,425,500	-	49,012	(664,658)	2,809,854
Transaction with owners recorded in equity					
Share capital	208,300				208,300
Share premium		41,660			41,660
Imputed interest on sponsors' loan			(4,375)		(4,375)
Total comprehensive loss for the period				(6,037)	(6,037)
Balance as at 31 March 2013 - Unaudited	<u>3,633,800</u>	<u>41,660</u>	<u>44,637</u>	<u>(670,695)</u>	<u>3,049,402</u>
Imputed interest on sponsors' loan			(1,458)		(1,458)
Total comprehensive income for the period				63,862	63,862
Balance as at 30 June 2013 - Audited	<u>3,633,800</u>	<u>41,660</u>	<u>43,179</u>	<u>(606,833)</u>	<u>3,111,806</u>
Imputed interest on sponsors' loan			(4,959)		(4,959)
Interim dividend @ Rs. 1/- per share for six months ended 31 December 2013				(363,380)	(363,380)
Total comprehensive income for the period	-	-	-	1,147,262	1,147,262
Balance as at 31 March 2014 - Unaudited	<u>3,633,800</u>	<u>41,660</u>	<u>38,220</u>	<u>177,049</u>	<u>3,890,729</u>

The annexed notes 1 to 18 form an integral part of these financial statements.


 Chief Executive


 Director

ALTERN ENERGY LIMITED

**NOTES TO CONDENSED INTERIM UN-CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
FOR THE NINE MONTHS ENDED 31 MARCH 2014**

1 STATUS & NATURE OF BUSINESS

Altern Energy Limited ("the Company") was incorporated in Pakistan on 17 January 1995 and is listed on Karachi Stock Exchange. 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 (30 June 2013 : 32 Mega Watts). The Company commenced commercial operations with effect from 06 June 2001. The registered office of the Company is situated at Descon Headquarters, 18 km, Ferozepur Road, Lahore.

1.1 Company's Gas Supply Agreement (GSA) with Sui Northern Gas Pipelines Limited (SNGPL) expired on 30 June 2013. Thereafter, the Company has signed a Supplemental Deed with SNGPL whereby SNGPL has agreed to supply gas to the Company on as-and-when-available basis till the expiry of the Power Purchase Agreement.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The condensed interim financial statements have been prepared in accordance with approved Accounting Standards as applicable in Pakistan for interim financial reporting. The disclosures in the condensed interim financial information do not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements for the year ended 30 June 2013.

This condensed interim unconsolidated financial information is being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of this condensed interim unconsolidated financial information are the same as those applied in the preparation of the financial statements for the year ended 30 June 2013.

4 ESTIMATES

The preparation of the condensed interim unconsolidated financial information in conformity with approved accounting standards 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. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to Company's financial information or where judgments were exercised in applications of accounting policies are:

- accrued liabilities
- provisions and contingencies
- residual values and useful lives of property, plant and equipment

	<i>Note</i>	31 March 2014	30 June 2013
(Rupees in Thousand)			
5 EQUITY PORTION OF SPONSORS' LOAN			
Descon Engineering Limited	5.1	28,665	32,384
Crescent Standard Business Management (Private) Limited	5.2	9,555	10,795
		<u>38,220</u>	<u>43,179</u>

5.1 It represents equity portion relating to interest free loan from Descon Engineering Limited amounting to Rs. 69.455 million (30 June 2013: Rs. 69.455 million).

5.2 It represents equity portion of funds amounting to Rs. 23.152 million (30 June 2013: Rs. 23.152 million) from Crescent Standard Business Management (Private) Limited.

	Note	31 March 2014	30 June 2013
6 SPONSORS' LOAN - UNSECURED		(Rupees in Thousand)	
These are composed of loans from associated undertakings:			
Descon Engineering Limited	6.1		
Interest free loan		69,455	69,455
Present value adjustment		(28,665)	(32,384)
		40,790	37,071
Crescent Standard Business Management (Private) Limited	6.2		
Interest free loan		23,152	23,152
Present value adjustment		(9,555)	(10,795)
		13,597	12,357
Present value of interest free loan from sponsors	6.3	54,387	49,428
Other long term finances	6.4	261,763	261,763
Interest on long term finances	6.5	275,587	251,140
		591,737	562,331

6.1 It represents long term loan portion relating to unsecured and interest free loan from Descon Engineering Limited amounting to Rs. 69.455 million (30 June 2013: Rs. 69.455 million).

6.2 It represents long term loan portion of funds amounting to Rs. 23.152 million (30 June 2013: Rs. 23.152 million) payable to Crescent Standard Business Management (Private) Limited. This is unsecured and interest free loan.

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

6.4 This includes funds amounting to Rs. 261.763 million (30 June 2013: Rs. 261.763 million) received from Descon Engineering Limited for investment in Rousch (Pakistan) Power Limited through its subsidiary company, Power Management Company (Private) Limited.

As per agreement between the Company, MCB Bank Limited and Descon Engineering Limited, all amounts (including mark-up) due under the sponsors' loans shall be subordinated to the loan facility from MCB Bank Limited. These loans are unsecured and carry mark up at six months KIBOR plus 300 basis points (30 June 2013 : six months KIBOR plus 300 basis points) .

6.5 It represents mark-up payable to Descon Engineering Limited of Rs. 275.587 million (30 June 2013: Rs. 251.140 million). As per terms of agreement the mark up payment is subordinated to loan facility from MCB Bank Limited and additional mark up is not due on this amount.

	Note	31 March 2014	30 June 2013
7 LONG TERM LOANS		(Rupees in Thousand)	
Long term loans - secured			
Syndicate finance - local currency	7.1	-	533,752
Syndicate finance - foreign currency	7.2	36,160	54,237
Power Management Company (Private) Limited (PMCL)	7.3	50,000	50,000
		86,160	637,989
Interest on loan from PMCL	7.4	28,126	23,318
		114,286	661,307
Current maturity		(25,132)	(130,754)
		89,154	530,553

7.1 The Company had obtained a long term syndicate facility of Rs.1,100 million (30 June 2013: Rs. 1,100 million), which includes foreign currency loan limit of US Dollars 3.6 million (30 June 2013: US Dollars 3.6 million), from consortium of banks under the lead of MCB Bank Limited.

The local currency portion of the long term loan carries mark-up at six month KIBOR plus 275 basis points (30 June 2013: six month KIBOR plus 275 basis points), payable in half yearly installments in arrears. The loan is secured by way of first ranking pari-passu charge on existing property, plant and equipment of the Company at Fateh Jang site. On 31st December 2013, the Company prepaid the outstanding local currency portion of the syndicated long term loan amounting to Rs. 480 million including mark up thereon.

7.2 The limit of foreign currency portion of loan is of US Dollars 3.6 million (30 June 2013: US Dollars 3.6 million). The outstanding loan amount is repayable in seven un-equal quarterly installments payable up to 31 December 2015. It is secured by way of first ranking pari-passu charge on existing property, plant and equipment of Company at the Fateh Jang site. It carries mark-up at three month LIBOR plus 295 basis points (30 June 2013 : three month LIBOR plus 295 basis) payable quarterly in arrears.

7.3 This represents long term loan obtained by the Company from its wholly owned subsidiary, Power Management Company (Private) Limited. As per agreement between the Company, MCB Bank Limited and Power Management Company (Private) Limited all amounts (including mark-up) due under the loan shall be subordinated to the loan facility from MCB Bank Limited. These are unsecured and carry mark up at six months KIBOR plus 300 basis points (30 June 2013: six months KIBOR plus 300 basis points).

7.4 It represent mark-up payable to Power Management Company (Private) Limited of Rs. 28.126 million (30 June 2013: Rs. 23.318 million). As per terms of agreement, the mark up payment is subordinated to loan facility from MCB Bank Limited and additional mark up is not due on this amount.

8 TRADE & OTHER PAYABLES

Supreme Court of Pakistan in its order dated 27th December 2013 has suspended the decision of Peshawar High Court and reinstated the Gas Infrastructure Development Cess (GIDC) Act, 2011 imposing cess on gas consumers. Accordingly, Ministry of Petroleum & Natural Resources through its notification DGO(AC)-8(49)/12 dated 31st December, 2013 has imposed GIDC under the Gas Infrastructure Development Cess Act 2011 on specified consumers including the Company.

Sui Northern Gas Pipelines Limited (SNGPL) in its sui gas bill for the month of December, 2013 has charged the Company Rs. 234.61 million as GIDC for the period ranging from 1st January, 2013 to 31 December, 2013. The Company treated GIDC as part of its EPP invoice and accordingly recorded a receivable from WAPDA of Rs. 221.345 million for the period.

In February 2014, the Company filed a writ petition in the Lahore High Court against the levy of GIDC on retrospective basis. The honorable Court granted the stay to the Company which has been extended till the decision of the Supreme Court of Pakistan.

9 CONTINGENCIES AND COMMITMENTS

There is no change in the status of contingencies and commitments set out in note 11 to the financial statements of the Company for the year ended 30 June 2013 except for the following:

MCB Bank Limited has issued bank guarantee for Rs. 200 million (30 June 2013: Rs. 156.213 million) in favor of SNGPL as a security to cover gas supply for which payments are made in arrears. The Guarantee will expire on 31 January 2015, which is renewable.

10 PROPERTY, PLANT AND EQUIPMENT

Additions to plant and equipment include net exchange loss of Rs.0.463 million on related foreign currency loans during the period from 1 July 2013 to 31 March 2014. This has resulted in accumulated capitalization of exchange losses of Rs. 86.652 million (30 June 2013: 86.157 million) in the cost of plant and equipment upto 31 March 2014, with net book value of Rs. 82.137 million (30 June 2013: Rs. 82.369 million).

11 LONG TERM INVESTMENTS

11.1 This represents 100% (30 June 2013: 100%) shares in Power Management Company (Private) Limited, which holds 59.98% (30 June 2013: 59.98%) shares of Rousch (Pakistan) Power Limited .

11.2 As per terms of agreement for acquisition of shares of Rousch (Pakistan) Power Limited, Power Management Company (Private) Limited has deposited these shares with the trustees of Rousch (Pakistan) Power Limited's lenders.

31 March
201431 March
2013

12 REVENUE - NET

(Rupees in Thousand)

Energy revenue - gross	111,424	888,285
Sales tax	(161,489)	(122,522)
Energy revenue - net	949,935	765,763
Capacity revenue	279,758	246,522
Other supplemental charges	19,067	41,301
	<u>1,248,760</u>	<u>1,053,586</u>

13 DIRECT COSTS

Gas Cost	910,300	756,097
Depreciation	51,438	59,636
Stores and spares consumed	49,552	50,106
Repairs and maintenance	3,178	6,208
Energy impact	2,036	1,870
Lube oil consumed	11,729	10,008
Operation and maintenance contractor's fee	23,595	21,780
Salaries, wages and other benefits	172	155
Insurance cost	1,672	2,672
Generation license fee	119	107
Others	361	581
	<u>1,054,152</u>	<u>909,220</u>

14 OTHER INCOME

This includes dividend amounting to Rs. 1,048 million received by the Company from its subsidiary Power Management Company (Private) Limited on 31 December 2013.

15 FINANCE COST

Mark up on loans		
Long term loans	63,408	98,100
Short term loan - Power Management Company (Pvt) Limited	979	1,419
Mark-up on late payments	10,079	41,242
Amortization of bank guarantee cost	2,138	537
Exchange loss	-	606
Miscellaneous	2,587	1,607
	<u>79,191</u>	<u>143,511</u>

16 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 – 'Interim Financial Reporting', the condensed interim balance sheet and condensed interim statement of changes in equity 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 and condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. However, no significant re-arrangements have been made.

17 RELATED PARTY TRANSACTIONS

The related parties comprise holding company, associated companies, related group companies, directors and their close family members, staff retirement contribution fund, key management personnel and major shareholders of the Company. 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:

	31 March 2014	31 March 2013
	<u>(Rupees in Thousand)</u>	
Holding company		
Descon Engineering Limited		
Mark up accrued on long term loan	<u>24,424</u>	<u>27,804</u>
Subsidiary company		
Power Management Company (Private) Limited		
Repayment of short term loan	<u>2,505</u>	<u>4,720</u>
Mark up accrued on loan	<u>5,787</u>	<u>6,639</u>
Associated companies		
Descon Power Solutions (Private) Limited		
Operation and maintenance contractor's fee	<u>23,595</u>	<u>21,780</u>
Spare parts purchased	<u>71,908</u>	<u>60,953</u>
Mark up on late payments	<u>7,468</u>	<u>-</u>

18 GENERAL

18.1 These financial statements were authorized for issue on April 22, 2014 by the Board of Directors of the Company.

18.2 Figures have been rounded off to the nearest thousand of rupees.



Chief Executive



Director

**CONSOLIDATED
FINANCIAL
STATEMENTS**

ALTERN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES
CONDENSED INTERIM CONSOLIDATED BALANCE SHEET (UNAUDITED)

		31 March 2014	30 June 2013
		(Rupees in Thousand)	
EQUITY AND LIABILITIES			
Share capital			
Authorized capital		4,000,000	4,000,000
400,000,000 (30 June 2013: 400,000,000) ordinary shares of Rs.10/- each			
Issued, subscribed and paid up capital		3,633,800	3,633,800
363,380,000 (30 June 2013: 363,380,000) ordinary shares of Rs. 10/- each			
Share premium		41,660	41,660
Equity portion of sponsor's loan	5	38,220	43,179
Accumulated profit		8,994,705	7,611,726
		12,708,385	11,330,365
Non-controlling interest		7,901,183	7,563,541
		20,609,568	18,893,906
Non-current liabilities			
Sponsors' loan -unsecured	6	591,737	562,331
Long term loans - secured and unsecured	7	8,599,772	12,922,551
Interest rate swap liabilities		210,513	683,452
Deferred liabilities		1,476	1,372
		9,403,498	14,169,706
Current liabilities			
Trade and other payables	8	4,692,397	2,096,414
Short term loan		309,213	-
Mark up accrued		5,307	288,599
Current portion of long term loans	7	3,430,369	2,179,699
Provision for taxation		4,894	5,383
		8,442,180	4,570,095
		38,455,246	37,633,707

Contingencies and Commitments

9

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



Chief Executive

AS AT 31 MARCH 2014

ASSETS	Note	31 March 2014	30 June 2013
(Rupees in Thousand)			
Non-current assets			
Property, plant and equipment			
-Operating fixed assets	10	24,919,750	26,124,494
-Capital work-in-progress		2,233	-
Long term deposits		675	730
Long term loan to employees		355	355
		24,923,013	26,125,579
Current assets			
Store, spares and loose tools		526,619	439,484
Inventory of fuel oil		437,911	487,684
Trade debts - secured, considered good		8,560,841	5,402,850
Advances, prepayments and other receivables		431,537	218,057
Cash and bank balances		3,575,325	4,960,053
		13,532,233	11,508,128
		38,455,246	37,633,707


 Director

ALTERN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED 31 MARCH 2014

1 STATUS AND NATURE OF BUSINESS

1.1 The group comprises of:

Altern Energy Limited (AEL); and

Subsidiary Companies:

-Power Management Company (Private) Limited (PMCL)

-Rousch (Pakistan) Power Limited (RPPL)

Altern Energy Limited ("the Parent Company") was incorporated in Pakistan on 17 January 1995 and is listed on Karachi Stock Exchange. The principal objective of the Parent Company is to generate and supply electric power to Water and Power Development Authority of Pakistan (WAPDA) from its thermal power plant having a gross capacity of 32 Mega Watts (30 June 2013 : 32 Mega Watts). The Parent Company commenced commercial operations with effect from 06 June 2001. The registered office of the Parent Company is situated at Descon Headquarters, 18 km, Ferozepur.Road, Lahore.

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

Rousch (Pakistan) Power Limited (RPPL) is a public unlisted company, incorporated in Pakistan on 04 August 1994. The principal activity of RPPL is to generate and supply electricity to Water and Power Development Authority (WAPDA) from its combined cycle thermal power plant having a gross ISO capacity of 450 Mega Watts (30 June 2013 : 450 Mega Watts), located near Sidhnaï Barrage, Abdul Hakim, District Khanewal, in Punjab. RPPL started commercial operations from 11 December 1999. The registered office of RPPL is situated at 68 - Studio Apartments, Park Towers, F10 Markaz, Jinnah Avenue, Islamabad.

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

1.3 AEL's Gas Supply Agreement (GSA) with Sui Northern Gas Pipelines Limited (SNGPL) expired on 30 June 2013. Thereafter, the Company has signed a Supplemental Deed with SNGPL whereby SNGPL has agreed to supply gas to the Company on as-and-when-available basis till the expiry of the Power Purchase Agreement.

2 BASIS OF PREPARATION

These consolidated financial statements are unaudited and are being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984. These financial statements have been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" as applicable in Pakistan.

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 30 June 2013.

4 SUBSIDIARY COMPANIES

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

	<u>Percentage of Holding</u>	
	31 March 2014	30 June 2013
Power Management Company (Private) Limited	100.000%	100.000%
Rousch (Pakistan) Power Limited	59.984%	59.984%

5 EQUITY PORTION OF SPONSORS' LOAN	Note	31 March	30 June
		2014	2013
		(Rupees in Thousand)	
Descon Engineering Limited	5.1	28,665	32,384
Crescent Standard Business Management (Private) Limited	5.2	9,555	10,795
		<u>38,220</u>	<u>43,179</u>

5.1 It represents equity portion relating to interest free loan from Descon Engineering Limited amounting to Rs. 69.455 million (30 June 2013: Rs. 69.455 million).

5.2 It represents equity portion of funds amounting to Rs. 23.152 million (30 June 2013: Rs. 23.152 million) from Crescent Standard Business Management (Private) Limited.

6 SPONSORS' LOANS -UNSECURED

These are composed of loans from associated undertakings:

Descon Engineering Limited	6.1		
Interest free loan		69,455	69,455
Present value adjustment		(28,665)	(32,384)
		<u>40,790</u>	<u>37,071</u>
Crescent Standard Business Management (Pvt) Limited	6.2		
Interest free loan		23,152	23,152
Present value adjustment		(9,555)	(10,795)
		<u>13,597</u>	<u>12,357</u>
Present value of interest free loan from sponsors	6.3	54,387	49,428
Other long term finance	6.4	261,763	261,763
Interest on long term finance	6.5	275,587	251,140
		<u>591,737</u>	<u>562,331</u>

6.1 It represents long term loan portion relating to unsecured and interest free loan from Descon Engineering Limited amounting to Rs. 69.455 million (30 June 2013: Rs. 69.455 million).

6.2 It represents long term loan portion of funds amounting to Rs. 23.152 million (30 June 2013: Rs. 23.152 million) payable to Crescent Standard Business Management (Private) Limited. This is unsecured and interest free loan.

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

6.4 This includes funds amounting to Rs. 261.763 million (30 June 2013: Rs. 261.763 million) received from Descon Engineering Limited for investment in Rousch (Pakistan) Power Limited through its subsidiary company, Power Management Company (Private) Limited.

As per agreement between the Company, MCB Bank Limited and Descon Engineering Limited, all amounts (including mark-up) due under the sponsors' loans shall be subordinated to the loan facility from MCB Bank Limited. These loans are unsecured and carry mark up at six months KIBOR plus 300 basis points (30 June 2013 : six months KIBOR plus 300 basis points) .

6.5 It represents mark-up payable to Descon Engineering Limited of Rs. 275.587 million (30 June 2013: Rs. 251.140 million). As per terms of agreement the mark up payment is subordinated to loan facility from MCB Bank Limited and additional mark up is not due on this amount.

7 LONG TERM LOANS - SECURED AND UNSECURED

Loans from financial institutions	9,876,033	13,051,391
Loans from related parties	2,154,108	2,050,859
	<u>12,030,141</u>	<u>15,102,250</u>
Current portion of long term loans	(3,430,369)	(2,179,699)
	<u>8,599,772</u>	<u>12,922,551</u>

8 TRADE & OTHER PAYABLES

Supreme Court of Pakistan in its order dated 27th December 2013 has suspended the decision of Peshawar High Court and reinstated the Gas Infrastructure Development Cess (GIDC) Act, 2011 imposing cess on gas consumers. Accordingly, Ministry of Petroleum & Natural Resources through its notification DGO(AC)-8(49)/12 dated 31st December, 2013 has imposed GIDC under the Gas Infrastructure Development Cess Act 2011 on specified consumers including the Group.

Sui Northern Gas Pipelines Limited (SNGPL) in its sui gas bill for the month of December, 2013 has charged the Group Rs. 2,528 million as GIDC for the period ranging from 1st January, 2013 to 31 December, 2013. The Group treated GIDC as part of its EPP invoice and accordingly recorded a receivable from WAPDA of Rs. 2,631 million for the period.

In February 2014, the Group has filed a writ petition in the Lahore High Court against the levy of GIDC on retrospective basis. The honorable Court granted the stay to the Group which has been extended till the decision of the Supreme Court of Pakistan.

9 CONTINGENCIES AND COMMITMENTS

There is no change in the status of contingencies and commitments set out in note 12 to the financial statements of the Company for the year ended 30 June 2013 except for the following:

- 9.1 MCB Bank Limited has issued bank guarantee for Rs. 200 million (30 June 2013: Rs. 156.213 million) in favor of SNGPL as a security to cover gas supply for which payments are made in arrears. The Guarantee will expire on 31 January 2015, which is renewable.
- 9.2 WAPDA has raised invoices for liquidated damages to RPPL for current operating year started from 11th December, 2012 (after taking into account force outage allowance stipulated under the terms of Power Purchase Agreement) on account of short supply of electricity by RPPL, which was due to cash flow constraints of RPPL as a result of default by WAPDA in making timely payments. Estimated amount of liquidated damages are not expected to exceed Rs. 1.568 billion as at 31st March, 2014 based on the best estimate of the management of RPPL.

RPPL disputes and rejects the claim on account of liquidated damages on the premise that its failure to dispatch electricity was due to WAPDA's non-payment of dues on timely basis to RPPL and consequential inability of RPPL to make timely payments to its gas supplier that resulted in inadequate level of electricity production owing to curtailment / suspension of gas supply. In this regard RPPL has initiated the dispute resolution procedures specified in the Power Purchase Agreement and the company is presently at mediation stage.

According to legal advice available with RPPL, there are adequate grounds to defend any claim by WAPDA for such liquidated damages since these conditions were imposed on RPPL due to circumstances beyond its control. The ultimate outcome of the matter cannot presently be determined and consequently, no provision for such liquidated damages has been made in this condensed interim financial information.

- 9.3 During the year the taxation authorities raised tax demand to RPPL amounting to Rs.2,702 million along with additional tax of Rs. 1,485 million and penalty of Rs.101 million; on account of input sales tax alleged to be wrongly claimed for the period July 2007 to June 2012. The department is of the view that input tax paid by RPPL should be splitted among taxable and non-taxable supplies. RPPL 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 demand was upheld by the CIR(A) and the matter was referred to the Appellate Tribunal on appeal filed by RPPL. The Tribunal referred the matter to a seven bench larger Tribunal. After several hearings, the larger bench Tribunal also upheld the decision of CIR(A). RPPL has subsequently filed as appeal against the decision of the Tribunal in Islamabad High Court and also obtained stay against recovery proceedings from the Court. The management is confident that it has reasonable grounds to defend RPPL's position and the matter will ultimately be resolved in RPPL's favour. Accordingly, no provision has been recognized in the condensed interim financial information.

10 PROPERTY, PLANT AND EQUIPMENT

Additions to plant and equipment include net exchange loss of Rs. 8.133 million on related foreign currency loans during the period from 1 July 2013 to 31 March 2014. This has resulted in accumulated capitalization of exchange losses of Rs. 11,659.642 million (30 June 2013: 11,651.477 million) in the cost of plant and equipment upto 31 March 2014, with net book value of Rs. 8,151.067 million (30 June 2013: Rs. 8,527.80 million).

	31 March 2014	31 March 2013
	(Rupees in Thousand)	
11 Revenue		
Energy revenue - gross	11,316,369	11,302,950
Sales tax	(1,644,259)	(1,559,028)
Energy revenue- net	<u>9,672,110</u>	<u>9,743,922</u>
Capacity revenue	5,136,447	4,796,915
Other supplemental charges	371,189	922,496
Gas efficiency passed to WAPDA	(218,251)	(229,086)
	<u>14,961,495</u>	<u>15,234,247</u>
12 Direct cost		
Fuel consumed	8,700,420	8,842,859
Operating maintenance costs	773,679	687,066
Depreciation	1,226,130	1,213,421
Chemical, stores and spares consumed	145,021	112,010
Repairs and maintenance	4,195	22,815
Insurance	103,574	101,349
Energy import	28,652	21,956
Salaries, wages and other benefits	15,158	24,467
Generation licence fee	7,441	3,557
Electricity duty	-	2,750
Miscellaneous expenses	25,819	12,643
	<u>11,030,089</u>	<u>11,044,893</u>
	31 March 2014	30 June 2013
	(Rupees in Thousand)	
13 Cash and Cash Equivalents:		
Cash and bank balances	3,575,325	4,960,053
Short term borrowings	(309,213)	-
	<u>3,266,112</u>	<u>4,960,053</u>

14 CORRESPONDING FIGURES

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

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. However, no significant re-arrangements have been made.

15 RELATED PARTY TRANSACTIONS

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:

31 March 2014	31 March 2013
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(Rupees in Thousand)

Descon Engineering Limited - the ultimate parent

- Mark up accrued on long term loan	<u>24,424</u>	<u>27,804</u>
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Associated companies

Descon Power Solutions (Private) Limited

-Operation and maintenance contractor's fee	<u>23,595</u>	<u>21,780</u>
-Purchase of spare parts	<u>71,908</u>	<u>60,953</u>
-Mark up on late payments	<u>7,468</u>	<u>-</u>

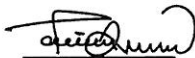
Subsidiary companies

Rousch (Pakistan) Power Limited

-Operator's fee paid to ESB International Contracting Limited	<u>273,015</u>	<u>193,633</u>
-Payment to Descon Power Solutions (Pvt) Limited	<u>212,046</u>	<u>201,039</u>
-Payment to Siemens AG against LTMSA / maintenance contract	<u>396,885</u>	<u>761,257</u>
-Payment to Siemens Pakistan against LTMSA / supply of spares and services	<u>223,586</u>	<u>174,689</u>
-Payment to Descon Engineering Limited against services	<u>2,043</u>	<u>6,167</u>

16 General

- 16.1 These financial statements were authorized for issue on April 22, 2014 by the Board of Directors of the Company.
- 16.2 Figures have been rounded off to the nearest thousand of rupees.



Chief Executive



Director

