



ALTERN ENERGY LIMITED

INTERIM FINANCIAL STATEMENTS

(UN-AUDITED)

**FOR THE NINE MONTHS ENDED
MARCH 31, 2015**



INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE NINE MONTHS ENDED
MARCH 31, 2015

ALTERN ENERGY LIMITED

ALTERN ENERGY LIMITED
COMPANY INFORMATION

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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

**HUMAN RESOURCE & REMUNERATION
COMMITTEE**

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

CFO AND COMPANY SECRETARY

Mr. Umer Shehzad

AUDITORS

A. F. Ferguson & Co.
Chartered Accountants

BANKERS

MCB Bank Limited
The Bank of Punjab
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

Altern Energy Limited Review

The Board of Directors of the Company feel pleasure in presenting you the operational performance and (un-audited) financial statements of the Company for the nine months ended March 31, 2015.

General:

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

Finance:

During the period under review, the total turnover of the Company was Rs. 946 million resulting in a gross profit of Rs. 137 million. The Company posted net profit after tax of Rs. 95 million (Rs 1,147 million in corresponding period last year) delivering an earnings per share (EPS) of Rs. 0.26 (EPS of Rs. 3.16 during the corresponding period last year).

Payment defaults by the off-taker, WAPDA continue which have exposed the Company to liquidity risk. The total receivables as of March 31, 2015 stand at Rs. 640 million as compared to Rs. 732 million as at June 30, 2014. The Company's management continues to pursue the relevant Ministries and officials of WAPDA for timely release of due payments.

The Company during the period paid debt servicing of Rs. 18.7 million due against foreign currency loans.

Operations and Maintenance:

During the period under review, your Company's operational results were affected as a result of repeated suspensions of gas supply by SNGPL. In total, the Company lost approximately 79 days of operations due to suspension of gas supply by SNGPL on account of various factors such as maintenance of gas field and shortage of gas in winter months. Despite short supply of gas, the plant performance has been satisfactory during the period where it dispatched at base load to the national grid whenever gas was available. During the period, the Company dispatched 126.4 GWhr to WAPDA as compared to 143.9 GWhr delivered during the same period last year. All the routine maintenance activities were executed as per schedule. We confidently report that all the gensets and allied equipments are in sound health for smooth and reliable operations.

Health, Safety, Environment & Security:

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

Subsidiary Review

We are pleased to inform you that during the period under review, Rousch (Pakistan) Power Limited (RPPL), which is a subsidiary of the Company, continued to operate smoothly. The turnover for the review period was Rs. 12,388 Million; and the cost of sales was Rs. 8,975 Million. Net profit for the period was Rs. 2,533 Million (compared to Rs. 2,741 Million in the corresponding period in 2014) delivering an earnings per share (EPS) of Rs. 2.94 per share of Rs. 10 each (EPS Rs. 3.18 in corresponding period in 2014).

Payment default from the company's sole customer, the Pakistan Water and Power Development Authority (WAPDA) continues. On March 31, 2015, the overdue receivables from WAPDA were Rs. 3,221 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. 2,883 million being the debt servicing till March 31, 2015 to the senior and subordinated debt lenders. Supplier loan repayment due on March 31, 2015 has been extended till September 2015 by lenders as it could not be paid in accordance with conditions of MOU signed with lenders by company.

On 22nd February, during normal inspection, damage to GT12 compressor was discovered. Further investigations revealed that there has been some damage to compressor and turbine blades. The O&M experts immediately started the restoration work which has been completed on April 15, 2015 which is within the forced outage allowance under the Power Purchase Agreement with WAPDA. Therefore, there is no risk of liquidated damages. The restoration cost will be substantially covered by insurance.

The Power station delivered 1,690 GWh of electricity to WAPDA during nine months of the financial year 2014-15 as compared to 1,923 GWh delivered during the corresponding period of the previous financial year. During the period under review, the company has passed on Rs. 182 million to WAPDA as its share of gas efficiency, which accrued as a result of the efficient operation of plant.

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

For and behalf of the Board of Directors


Taimur Dawood
Chief Executive

Lahore
April 22, 2015

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

		Un-audited March 31, 2015 (Rupees in thousand)	Audited June 30, 2014
EQUITY AND LIABILITIES	<i>Note</i>		
SHARE CAPITAL AND RESERVES			
Authorized share capital 400,000,000 (June 30, 2014: 400,000,000) ordinary shares of Rs. 10 each		<u>4,000,000</u>	<u>4,000,000</u>
Issued, subscribed and paid up share capital 363,380,000 (June 30, 2014: 363,380,000) ordinary shares of Rs. 10 each		3,633,800	3,633,800
Share premium		41,660	41,660
Equity portion of sponsors' loan	5	-	15,899
Accumulated profit		<u>629,651</u>	<u>534,600</u>
		<u>4,305,111</u>	<u>4,225,959</u>
NON-CURRENT LIABILITIES			
Sponsors' loan - unsecured	6	<u>279,771</u>	622,597
Long term financing - secured	7	<u>84,454</u>	86,664
Deferred liabilities		<u>1,568</u>	1,450
		<u>365,793</u>	710,711
CURRENT LIABILITIES			
Trade and other payables	8	<u>402,915</u>	422,643
Unclaimed dividend		1,380	786
Dividend payable		-	363,380
Mark up accrued		9,743	8,888
Current portion of long term financing - secured	7	<u>13,382</u>	23,271
Provision for taxation		<u>4,402</u>	3,481
		<u>431,822</u>	822,449
		<u>5,102,726</u>	<u>5,759,119</u>
CONTINGENCIES AND COMMITMENTS			
	9		

The annexed notes 1 to 21 form an integral part of these financial statements.


 Chief Executive

AS AT MARCH 31, 2015

		Un-audited March 31, 2015 (Rupees in thousand)	Audited June 30, 2014
ASSETS	<i>Note</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	10	<u>849,458</u>	895,241
Capital work in progress	11	<u>8,283</u>	-
Intangible assets	12	<u>6,989</u>	-
Long term investment	13	<u>3,204,510</u>	3,204,510
Long term deposits		<u>38</u>	38
		<u>4,069,278</u>	4,099,789
CURRENT ASSETS			
Stores, spares and loose tools		<u>68,468</u>	52,735
Trade debts - secured, considered good		<u>639,722</u>	731,925
Advances, prepayments and other receivables		<u>50,486</u>	29,461
Dividend receivable		-	617,880
Cash and bank balances		<u>274,772</u>	227,329
		<u>1,033,448</u>	1,659,330
		<u>5,102,726</u>	<u>5,759,119</u>


 Director

ALTERN ENERGY LIMITED
CONDENSED INTERIM UNCONSOLIDATED PROFIT & LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2015

	Note	Quarter ended		Nine months ended	
		March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
(Rupees in thousand)					
Revenue - net	14	371,639	170,287	946,046	1,248,760
Direct costs	15	(340,426)	(162,740)	(809,379)	(1,064,152)
Gross profit		31,213	7,547	136,667	184,608
Administrative expenses		(3,663)	(2,350)	(11,660)	(8,209)
Other income		1,165	-	8,161	1,050,931
Profit from operations		28,715	5,197	133,168	1,227,330
Finance cost		(10,651)	(16,058)	(36,160)	(79,191)
Profit / (loss) before taxation		18,064	(10,861)	97,008	1,148,139
Taxation		-	-	(1,957)	(877)
Profit / (loss) after taxation		18,064	(10,861)	95,051	1,147,262
Earnings per share - basic and diluted - Rupees		0.05	(0.03)	0.26	3.16

The annexed notes 1 to 21 form an integral part of these financial statements.


Chief Executive


Director

ALTERN ENERGY LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2015

	Quarter ended		Nine months ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
(Rupees in thousand)				
Profit / (loss) after taxation	18,064	(10,861)	95,051	1,147,262
Other comprehensive income				
Items that will not be reclassified to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Total comprehensive income for the period	18,064	(10,861)	95,051	1,147,262

The annexed notes 1 to 21 form an integral part of these financial statements.


Chief Executive


Director

ALTERN ENERGY LIMITED
CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2015

		March 31, 2015	March 31, 2014
	Note	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	16	208,329	1,188,717
Finance cost paid		(1,622)	(56,830)
Income tax paid		(1,036)	(318)
Staff retirement benefits paid		-	(115)
		(2,658)	(57,263)
Net cash generated from operating activities		205,671	1,131,454
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(7,033)	(7,468)
Capital work in progress		(5,267)	-
Dividend received		617,880	-
Net cash generated from / (used in) investing activities		605,580	(7,468)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of long term loans		(16,791)	(552,807)
Dividend paid		(362,786)	(362,206)
Sponsors' Loan - net		(384,233)	-
Net cash used in financing activities		(763,810)	(915,013)
Net increase in cash and cash equivalents		47,441	208,973
Cash and cash equivalents at beginning of the period		227,330	115,257
Cash and cash equivalents at the end of the period	17	274,771	324,230

The annexed notes 1 to 21 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 MARCH 31, 2015

	Share capital	Share premium	Equity portion of sponsors' loan	Accumulated profit / (loss)	Total
	(Rupees in thousand)				
Balance as at July 01, 2013 - Audited	3,633,800	41,660	43,179	(606,833)	3,111,806
Imputed interest on sponsors' loan	-	-	(4,959)	-	(4,959)
Profit for the period	-	-	-	1,147,262	1,147,262
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the nine months ended March 31, 2014	-	-	-	1,147,262	1,147,262
1st Interim dividend @ Rs. 1/- per share for six months ended December 31, 2014	-	-	-	(363,380)	(363,380)
Balance as at March 31, 2014 - Un-audited	3,633,800	41,660	38,220	177,049	3,890,729
Imputed interest on sponsors' loan	-	-	(22,321)	-	(22,321)
Total comprehensive income for the period	-	-	-	720,931	720,931
2nd Interim dividend @ Rs. 1/- per share for twelve months ended June 30, 2014	-	-	-	(363,380)	(363,380)
Balance as at June 30, 2014 - Audited	3,633,800	41,660	15,899	534,600	4,225,959
Imputed interest on sponsors' loan	-	-	(15,899)	-	(15,899)
Total comprehensive income for the period	-	-	-	95,051	95,051
Balance as at March 31, 2015 - Un-audited	3,633,800	41,660	-	629,651	4,305,111

The annexed notes 1 to 21 form an integral part of these financial statements.


 Chief Executive


 Director

ALTERN ENERGY LIMITED
NOTES TO CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2015

1 STATUS & NATURE OF BUSINESS

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

The principal objective of the Company is to generate and supply electric power to Water and Power Development Authority of Pakistan (WAPDA) from its thermal power plant having a gross capacity of 32 Mega Watts (June 30, 2014 : 32 Mega Watts). The registered office of the Company is situated at Descon Headquarters, 18 km, Ferozpur Road, Lahore. The Company has a Power Purchase Agreement ('PPA') with its sole customer, National Transmission and Despatch Company Limited ('NTDC') for thirty years which commenced from June 06, 2001.

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

2 BASIS OF PREPARATION 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 June 30, 2014.

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

3.1 Intangible assets

Expenditure incurred to acquire computer software is capitalised as intangible asset and stated at cost less accumulated amortisation and any identified impairment loss. Intangible assets are amortised using the straight line method over a period of three years.

Amortisation on additions to intangible assets is charged from the month in which an asset is acquired or capitalised while no amortisation is charged for the month in which the asset is disposed off.

The Company assesses at each condensed interim balance sheet date whether there is any indication that intangible may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in condensed interim profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the amortisation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

3.2 Major spares and stand-by equipment

Major spare parts and stand-by equipment qualify as property, plant and equipment when an entity expects to use them for more than one year. Transfers are made to relevant operating fixed asset category as and when such items are available for use.

4 ACCOUNTING ESTIMATES

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

<i>Note</i>	Un-audited March 31, 2015	Audited June 30, 2014
	(Rupees in thousand)	

5 EQUITY PORTION OF SOPSORS' LOAN

Descon Engineering Limited	5.1	-	11,924
Crescent Standard Business Management (Private) Limited	5.2	-	3,975
		-	15,899

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

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

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

<i>Note</i>	Un-audited March 31, 2015	Audited June 30, 2014
	(Rupees in thousand)	

6 SPONSORS' LOAN - UNSECURED

These are composed of loans from associated undertakings:

Descon Engineering Limited	6.1	-	69,455
Interest free loan		-	(11,924)
Present value adjustment		-	57,531
Crescent Standard Business Management (Private) Limited	6.2	-	23,152
Interest free loan		-	(3,975)
Present value adjustment		-	19,177
Present value of interest free loan from sponsors	6.3	-	76,708
Other long term finances	6.4	261,763	261,763
Interest on long term finances	6.5	18,008	284,126
		279,771	622,597

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

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

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

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

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

6.5 This represents mark-up payable to Descon Engineering Limited of Rs. 18,008 million (June 30, 2014: Rs. 284,126 million). As per terms of agreement the mark up payment is subordinated to loan facility from MCB Bank Limited and additional mark up is not due on this amount.

7 LONG TERM LOANS

	Note	Un-audited March 31, 2015	Audited June 30, 2014
(Rupees in thousand)			
Long term loans - secured			
Syndicate finance - foreign currency	7.1	13,382	30,173
Power Management Company (Private) Ltd (PMCL)	7.2	50,000	50,000
		63,382	80,173
Interest on loan from PMCL	7.3	34,454	29,762
		97,836	109,935
Current maturity		(13,382)	(23,271)
		84,454	86,664

7.1 The Company had obtained a long term syndicate facility of Rs.1,100 million (June 30, 2014: Rs. 1,100 million), which included local currency loan as well as foreign currency loan. The loan is secured by way of first ranking pari passu charge on existing property, plant and equipment of Company at the Fateh Jang site. On December 31, 2013, the company prepaid the outstanding local currency portion of the syndicated long term loan including mark up thereon.

The limit of foreign currency portion of loan is of US Dollars 3.6 million (June 30, 2014 : US Dollars 3.6 million). The outstanding loan amount is repayable in three un-equal quarterly installments payable up to December 31, 2015. It carries mark-up at three month London Inter Bank Offer Rate (LIBOR) plus 295 basis points (June 30, 2014 : three month LIBOR plus 295 basis) payable quarterly in arrears.

7.2 This represents long term loan obtained by the Company from its wholly owned subsidiary, Power Management Company (Private) Limited. As per agreement between the Company, MCB Bank Limited and Power Management Company (Private) Limited all amounts (including mark-up) due under the loan 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 (June 30, 2014 : six months KIBOR plus 300 basis points).

7.3 It represent mark-up payable to Power Management Company (Private) Limited of Rs. 34,454 million (June 30, 2014: Rs. 29,762 million). As per terms of agreement, the mark up payment is subordinated to loan facility from MCB Bank Limited and additional mark up is not due on this amount.

8 TRADE & OTHER PAYABLES

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

As a result, Sui Northern Gas Pipelines Limited (SNGPL) in its sui gas bill for the month of December, 2013 charged the Company Rs. 234.61 million (excluding sales tax) as GIDC for the period ranging from January 01, 2013 to December 31, 2013. The Company treated GIDC as part of its EPP invoice and accordingly recorded a receivable from WAPDA of Rs. 221.35 million for the period from January 2013 to December 2013.

The Company filed a writ petition in the Lahore High Court in February, 2014 against the levy of GIDC on retrospective basis and the honourable Court granted stay to the Company. During the period, Supreme Court struck down the GIDC Act declaring it unconstitutional on reference filed by other industrial undertakings. However, on September 24, 2014, the Government promulgated a GIDC Ordinance. The Ordinance also gave legal coverage to the earlier billed arrears and current chargeability of GIDC has come into force with immediate effect. Thereafter, the company filed a writ petition in Lahore High Court and obtained stay against the recovery of GIDC. The case is now pending adjudication in Lahore High Court. Based on prudence principle, the company has booked arrears of GIDC pertaining to the year 2013 as a receivable from the off-taker and a liability to SNGPL as at March 31, 2015.

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 June 30, 2014 except for the following:

9.1 Contingencies

In August 2014, the taxation authorities issued Show Cause Notice amounting to Rs. 157 million; on account of input sales tax alleged to be wrongly claimed for the period July 2009 to June 2013. The department is of the view that input tax paid by the Company should be splitted among taxable and non-taxable supplies. 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 against the demand. The case is now pending adjudication in the Appellate Tribunal Inland Revenue (ITAR). The management is confident that it has reasonable grounds to defend the Company's position and the case will ultimately be decided in the Company's favour. Accordingly, no provision has been recognized in the financial statements.

9.2 Commitments

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

10 PROPERTY, PLANT AND EQUIPMENT

Additions to plant and equipment include net exchange loss of Rs. 1.05 million on related foreign currency loans during the period from July 01, 2014 to March 31, 2015. This has resulted in accumulated capitalization of exchange losses of Rs. 87.973 million (June 30, 2014: Rs. 86.926 million) in the cost of plant and equipment upto March 31, 2015, with net book value of Rs. 83.968 million (June 30, 2014: Rs. 82.300 million).

11 CAPITAL WORK IN PROGRESS

	Un-audited March 31, 2015	Audited June 30, 2014
(Rupees in thousand)		
Opening book value	-	-
Add: Additions during the period / year	8,283	-
Less: transfer to property, plant & equipment	-	-
Closing book value	8,283	-

12 INTANGIBLE ASSETS

	Un-audited March 31, 2015	Audited June 30, 2014
Opening book value	-	-
Add: Additions during the period / year	7,245	-
Less: Amortization charged during the period / year	(257)	-
Closing book value	6,989	-

13 LONG TERM INVESTMENTS

13.1 This represents 100% (June 30, 2014: 100%) shares in Power Management Company (Private) Limited, which holds 59.98% (June 30, 2014: 59.98%) shares of Rousch (Pakistan) Power Limited.

13.2 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.

	Un-audited Quarter ended		Un-audited Nine months ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	(Rupees in thousand)		(Rupees in thousand)	
14 REVENUE - NET				
Energy revenue - gross	313,118	142,870	792,751	1,111,424
Sales tax	(45,496)	(20,759)	(115,186)	(161,489)
Energy revenue - net	267,622	122,111	677,565	949,935
Capacity revenue	100,973	41,455	253,546	279,758
Other supplemental charges	3,044	6,721	14,935	19,067
	<u>371,639</u>	<u>170,287</u>	<u>946,046</u>	<u>1,248,760</u>

15 DIRECT COSTS

Gas cost	250,602	112,233	639,026	910,300
Depreciation	17,342	20,075	53,798	61,438
Stores and spares consumed	55,395	16,903	71,495	49,552
Repairs and maintenance	1,137	2,059	4,178	3,178
Energy import	767	1,210	2,536	2,036
Lube oil consumed	5,964	1,679	10,147	11,729
Operation and maintenance contractor's fee	8,573	7,865	25,719	23,595
Salaries, wages and other benefits	74	58	348	172
Insurance cost	518	547	1,554	1,672
Generation license fee	22	-	157	119
Others	32	111	421	361
	<u>340,426</u>	<u>162,740</u>	<u>809,379</u>	<u>1,064,152</u>

16 CASH GENERATED FROM OPERATIONS

	Un-audited	
	March 31, 2015	March 31, 2014
	(Rupees in thousand)	
Profit before taxation	97,008	1,148,139
Depreciation	53,864	61,497
Amortization of intangible assets	257	-
Provision for staff retirement benefits	118	219
Amortization of bank guarantee cost	2,706	2,138
Finance cost	33,452	77,053
	<u>90,397</u>	<u>140,907</u>
Operating profit before working capital changes	187,405	1,289,046
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(18,748)	(16,141)
Advances, prepayments, and other receivables	(24,764)	(16,238)
Trade debts	92,202	(223,668)
	<u>48,690</u>	<u>(256,047)</u>
Increase/(decrease) in current liabilities	(27,766)	155,718
Cash generated from operations	<u>208,329</u>	<u>1,188,717</u>

Un-audited	
March 31, 2015	March 31, 2014
(Rupees in thousand)	

17 CASH AND CASH EQUIVALENTS

Cash and bank balances	<u>274,772</u>	<u>324,230</u>
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18 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.

19 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:

Relationship with the Company	Nature of transaction	Un-audited	
		March 31, 2015	March 31, 2014
(Rupees in thousand)			
i) Holding company			
Descon Engineering Limited	Mark up accrued on long term loan	25,422	24,424
	Dividend paid	211,397	211,397
	Sponsors' loan repaid	361,081	-
ii) Subsidiary company			
Power Management Company (Private) Limited	Dividend received	617,880	-
	Repayment of short term loan	1,808	2,505
	Mark up accrued on loan	5,553	5,787
iii) Associated companies			
Descon Power Solutions (Private) Limited	Operation and maintenance contractor's fee	25,718	23,595
	Spare parts purchased	85,192	71,908
Descon Chemicals Limited	ERP implementation fee	7,822	-
iv) Key management personnel			
	Salaries and other employment benefits	1,714	1,620
v) Post employment benefit plans			
	Expenses charged in respect of retirement benefit plans	<u>118</u>	<u>219</u>

Period end balances are as follows:

Payable to related parties

Descon Engineering Limited
Descon Power Solutions (Private) Limited
Descon Chemicals Limited

Un-audited March 31, 2015	Audited June 30, 2014
8,834	8,707
7,282	25,931
7,821	-
<u>23,937</u>	<u>34,638</u>

20 EVENTS AFTER THE BALANCE SHEET DATE

There are no significant events after the balance sheet date.

21 GENERAL

21.1 These financial statements were authorized for issue on April 22, 2015 by the Board of Directors of the Company.

21.2 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 (UN-AUDITED)

		Un-audited March 31, 2015	Audited June 30, 2014
	Note	(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital 400,000,000 (June 30, 2014: 400,000,000) ordinary shares of Rs10 each		<u>4,000,000</u>	<u>4,000,000</u>
Issued, subscribed and paid up capital 363,380,000 (June 30, 2014: 363,380,000) ordinary shares of Rs 10 each		3,633,800	3,633,800
Share premium		41,660	41,660
Equity portion of sponsors' loan	5	-	15,899
Accumulated profit		<u>10,010,635</u>	<u>8,507,237</u>
		13,686,095	12,198,596
Non-controlling interest		<u>8,835,492</u>	<u>7,821,784</u>
		<u>22,521,587</u>	<u>20,020,380</u>
NON-CURRENT LIABILITIES			
Sponsors' loan -unsecured	6	279,771	622,597
Long term financing - secured and unsecured	7	6,728,496	8,711,213
Deferred liabilities		12,306	10,095
Deferred taxation		758,731	644,773
		7,779,304	9,988,678
CURRENT LIABILITIES			
Trade and other payables	8	3,657,227	4,414,321
Mark up accrued		5,998	213,866
Current portion of long term loans	7	3,129,187	3,484,458
Interest rate swap liabilities		-	211,760
Dividend payable		-	811,881
Unclaimed dividend		15,149	37,180
Provision for taxation		62,946	59,406
		6,870,507	9,232,872
		<u>37,171,398</u>	<u>39,241,930</u>
CONTINGENCIES AND COMMITMENTS			
	9		

The annexed notes 1 to 19 form an integral part of these financial statements


Chief Executive

AS AT MARCH 31, 2015

		Un-audited March 31, 2015	Audited June 30, 2014
	Note	(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	10	23,691,280	24,616,636
Capital work in progress	11	8,933	-
Intangible assets		6,989	-
Long term deposits		539	539
Long term loan to employees		8,035	35
		<u>23,715,776</u>	<u>24,617,210</u>
CURRENT ASSETS			
Store, spares and loose tools		532,638	512,920
Inventory of fuel oil		482,779	485,337
Trade debts - secured, considered good		7,033,519	9,348,064
Advances, prepayments and other receivables		590,919	280,641
Cash and bank balances		4,815,767	3,997,758
		13,455,622	14,624,720
		<u>37,171,398</u>	<u>39,241,930</u>


Director

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

	Note	Quarter ended		Nine months ended	
		March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
(Rupees in thousand)					
Revenue - net	12	3,298,299	2,069,378	13,333,803	14,961,495
Direct costs	13	(2,263,799)	(860,498)	(9,783,154)	(11,030,089)
Gross profit		1,034,500	1,208,880	3,550,649	3,931,406
Administrative expenses		(38,116)	(25,796)	(99,830)	(85,345)
Other income		104,760	59,801	245,249	204,658
Profit from operations		1,101,144	1,242,885	3,696,068	4,050,719
Finance cost		(324,016)	(148,537)	(1,061,161)	(1,205,523)
Profit before taxation		777,128	1,094,348	2,634,907	2,845,196
Taxation		(34,699)	-	(117,801)	(2,192)
Profit after taxation		742,429	1,094,348	2,517,106	2,843,004
Attributable to:					
Equity holders of the parent		439,263	652,735	1,503,398	1,746,359
Non-controlling interest		303,166	441,613	1,013,708	1,096,645
		742,429	1,094,348	2,517,106	2,843,004
Earnings per share - basic and diluted - Rupees		1.21	1.80	4.14	4.81

The annexed notes 1 to 19 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 NINE MONTHS ENDED MARCH 31, 2015

	Quarter ended		Nine months ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
(Rupees in thousand)				
Profit for the period	742,429	1,094,348	2,517,106	2,843,004
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	742,429	1,094,348	2,517,106	2,843,004
Attributable to:				
Equity holders of the parent	439,263	652,735	1,503,398	1,746,359
Non-controlling interest	303,166	441,613	1,013,708	1,096,645
	742,429	1,094,348	2,517,106	2,843,004

The annexed notes 1 to 19 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 NINE MONTHS ENDED MARCH 31, 2015

Note	Nine months ended		
	March 31, 2015	March 31, 2014	
	(Rupees in thousand)		
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	14	6,185,463	4,523,546
Finance cost paid		(1,198,300)	(1,736,776)
Tax paid		(43,036)	(58,031)
Retirement and other benefits paid		(1,047)	(115)
		<u>(1,242,383)</u>	<u>(1,794,922)</u>
Net cash generated from operating activities	(A)	4,943,080	2,728,624
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(16,650)	(20,059)
Capital work in progress		(5,267)	-
Dividend received		1,290,184	-
Proceeds from sale of property, plant & equipment		248	466
Long term deposits		(8,000)	55
Net cash generated from / (used in) investing activities	(B)	1,260,515	(19,538)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term loans - net		(2,899,883)	(3,281,817)
Sponsors' loan - net		(384,233)	-
Dividend paid		(2,101,470)	(1,121,210)
Net cash used in financing activities	(C)	(5,385,586)	(4,403,027)
Net increase / (decrease) in cash and cash equivalents	(A+B+C)	818,009	(1,693,941)
Cash and cash equivalents at the beginning of the period		3,997,758	4,960,053
Cash and cash equivalents at the end of the period	15	4,815,767	3,266,112

The annexed notes 1 to 19 form an integral part of these financial statements


Chief Executive


Director

ALTERN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2015

	Attributable to equity holders of Parent Company					
	Share capital	Share premium	Equity portion of sponsors' loan	Accumulated profit	Non-controlling Interest	Total
	(Rupees in thousand)					
Balance as on July 1, 2013 (audited)	3,633,800	41,660	43,179	7,608,150	7,561,153	18,887,942
Imputed interest on sponsors' loan	-	-	(4,959)	-	-	(4,959)
Profit for the period	-	-	-	1,746,359	1,096,645	2,843,004
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the nine months ended March 31, 2014	-	-	-	1,746,359	1,096,645	2,843,004
Dividend to equity holders of the company:						
1st interim dividend @ Rupee 1 per ordinary share for six months ended December 31, 2013 by AEL	-	-	-	(363,380)	-	(363,380)
Dividend relating to the period ended December 31, 2013 to non-controlling interest	-	-	-	-	(759,003)	(759,003)
Balance as on March 31, 2014 (un-audited)	3,633,800	41,660	38,220	8,991,129	7,898,795	20,603,604
Imputed interest on sponsors' loan	-	-	(22,321)	-	-	(22,321)
Profit for the period	-	-	-	(120,512)	371,489	250,977
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(120,512)	371,489	250,977
Dividend to equity holders of the company:						
2nd interim dividend @ Rupee 1 per ordinary share for the period ended June 30, 2014 by AEL	-	-	-	(363,380)	-	(363,380)
Dividend relating to the period ended June 30, 2014 to non-controlling interest	-	-	-	-	(448,500)	(448,500)
Balance as on June 30, 2014 (audited)	3,633,800	41,660	15,899	8,507,237	7,821,784	20,020,380
Imputed interest on sponsors' loan	-	-	(15,899)	-	-	(15,899)
Total comprehensive income for the nine months ended March 31, 2015	-	-	-	1,503,398	1,013,708	2,517,106
Balance as on March 31, 2015 (un-audited)	3,633,800	41,660	-	10,010,635	8,835,492	22,521,587

The annexed notes 1 to 19 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 NINE MONTHS ENDED MARCH 31, 2015

1 LEGAL STATUS AND NATURE OF BUSINESS

The group comprises of:

Altern Energy Limited (AEL); and

1.1 Subsidiary Companies:

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

	Un-audited	Audited
	Percentage of Holding	Percentage of Holding
	March 31, 2015	June 30, 2014
Power Management Company (Private) Limited	100.000%	100.000%
Rousch (Pakistan) Power Limited	59.984%	59.984%

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

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

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

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

2 BASIS OF PREPARATION

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

3 SIGNIFICANT ACCOUNTING POLICIES

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

3.2 Intangible assets

Expenditure incurred to acquire computer software is capitalised as intangible asset and stated at cost less accumulated amortisation and any identified impairment loss. Intangible assets are amortised using the straight line method over a period of three years

Amortisation on additions to intangible assets is charged from the month in which an asset is acquired or capitalised while no amortisation is charged for the month in which the asset is disposed off.

The Group assesses at each condensed interim balance sheet date whether there is any indication that intangible may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in condensed interim profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the amortisation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

3.3 Major spare parts and stand-by equipment

Major spare parts and stand-by equipment qualify as property, plant and equipment when an entity expects to use them for more than one year. Transfers are made to relevant operating fixed asset category as and when such items are available for use.

4 ACCOUNTING ESTIMATES

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

5 EQUITY PORTION OF SPONSORS' LOAN

These are composed of loans from associated undertakings:

	Un-audited March 31, 2015	Audited June 30, 2014
Descon Engineering Limited	-	11,924
Crescent Standard Business Management (Private) Limited	-	3,975
	-	15,899

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

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

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

6 SPONSORS' LOANS -UNSECURED

These are composed of loans from associated undertakings:

	Un-audited March 31, 2015	Audited June 30, 2014
Descon Engineering Limited	-	69,455
Interest free loan	-	(11,924)
Present value adjustment	-	57,531
Crescent Standard Business Management (Pvt) Limited	-	23,152
Interest free loan	-	(3,975)
Present value adjustment	-	19,177
Present value of interest free loan from sponsors	-	76,708
Other long term finances	261,763	261,763
Interest on long term finance	18,008	284,126
	279,771	622,597

- 6.1 This represents long term loan portion relating to interest free loan from Descon Engineering Limited amounting to Rs. 69.455 million (June 30, 2014: Rs. 69.455 million). The loan has been fully repaid during the period.
- 6.2 This represents long term loan portion of funds amounting to Rs. 23.152 million (June 30, 2014: Rs. 23.152 million) from Crescent Standard Business Management (Private) Limited. The loan has been fully repaid during the period.
- 6.3 These had been recognized at amortized cost using a discount rate of 13.38%. The resulting change had been charged to equity portion of sponsors' loan as referred to in note 5.
- 6.4 This includes funds amounting to Rs. 261.763 million (June 30, 2014: Rs. 261.763 million) received by the Parent Company from Descon Engineering Limited for investment in Rousch (Pakistan) Power Limited through its subsidiary Company, Power Management Company (Private) Limited.

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

- 6.5 This represents mark-up payable to Descon Engineering Limited of Rs. 18.008 million (June 30, 2014: Rs. 284.126 million). As per terms of agreement the mark up payment is subordinated to loan facility from MCB Bank Limited and additional mark up is not due on this amount.

Un-audited	Audited
March 31,	June 30,
2015	2014
(Rupees in thousand)	

7 LONG TERM LOANS - SECURED AND UN-SECURED

Loans from financial institutions	7,441,338	9,981,864
Loans from related parties	<u>2,416,345</u>	<u>2,213,807</u>
	9,857,683	12,195,671
Current portion of long term loans	<u>(3,129,187)</u>	<u>(3,484,458)</u>
	6,728,496	8,711,213

8 TRADE AND OTHER PAYABLES

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

As a result , Sui Northern Gas Pipelines Limited (SNGPL) in its sui gas bill for the month of December, 2013 charged the Group Rs. 2,199.63 million (excluding sales tax) as GIDC for the period ranging from 1st January, 2013 to 31 December, 2013. The Group treated GIDC as part of its EPP invoice and accordingly recorded a receivable from WAPDA of Rs. 2,186.37 million for the period from January 2013 to December 2013. Furthermore, SNGPL has billed to the Group late payment surcharge amounting approximately to Rs. 505.73 million due to non-payment of arrears of GIDC.

The Group filed a writ petition in the Lahore High Court in February, 2014 against the levy of GIDC on retrospective basis and the honourable Court granted stay to the Group. During the period, Supreme Court struck down the GIDC Act declaring it unconstitutional on reference filed by other industrial undertakings. However, on 24th September 2014, the Government promulgated a GIDC Ordinance. The Ordinance also gave legal coverage to the earlier billed arrears and current chargeability of GIDC has come into force with immediate effect. Thereafter, the Group filed a writ petition in Lahore High Court and obtained stay against the recovery of GIDC. The case is now pending in Lahore High Court for adjudication. Based on prudence principle, the Group has booked arrears of GIDC pertaining to the year 2013 as a receivable from the off-taker and a liability to SNGPL as at March 31, 2015.

9 CONTINGENCIES AND COMMITMENTS

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

9.1 Contingencies

Altern Energy Limited - the Parent Company

In August 2014, the taxation authorities issued Show Cause Notice amounting to Rs. 157 million; on account of input sales tax alleged to be wrongly claimed for the period July 2009 to June 2013. The department is of the view that input tax paid by the Company should be splitted among taxable and non-taxable supplies. 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 against the demand. The case is now pending adjudication in the Appellate Tribunal Inland Revenue (ITAR). The management is confident that it has reasonable grounds to defend the Company's position and the case will ultimately be decided in the Company's favour. Accordingly, no provision has been recognized in the financial statements.

Rousch (Pakistan) Power Limited - the Subsidiary Company

WAPDA had raised invoices for liquidated damages to the Company for 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 the Company, which was due to cash flow constraints of the Company as a result of default by WAPDA in making timely payments. Estimated amount of liquidated damages are not expected to exceed Rs. 1.568 billion as at 31st March, 2015 based on the best estimate of the management of the Company.

The Company disputes and rejects the claim on account of liquidated damages on the premise that its failure to dispatch electricity was due to WAPDA's non-payment of dues on timely basis to the Company and consequential inability of the Company to make timely payments to its gas supplier that resulted in inadequate level of electricity production owing to curtailment / suspension of gas supply. In this regard the Company initiated the expert adjudication under the dispute resolution procedures specified in the Power Purchase Agreement. The case was decided by the expert in the Company's favour. Decision of the expert is not legally binding on any party. In view of the foregoing, no provision has been recognized in these financial statements.

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

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

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

9.2 Commitments

Altern Energy Limited - the Parent Company

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

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

(iii) Habib Metropolitan Bank Limited has issued bank guarantee for Rs 326.32 million (June 30, 2014: Nil) in favour of Sui Northern Gas Pipelines Limited as a security to cover gas supply for which payments are made in arrears. The guarantee will expire on September 14, 2015, which is renewable.

10 PROPERTY, PLANT AND EQUIPMENT

Additions to plant and equipment include net exchange loss of Rs. 311.877 million on related foreign currency loans during the period from July 1, 2014 to March 31, 2015. This has resulted in accumulated capitalization of exchange losses of Rs. 12,057.315 million (June 30, 2014: 11,745.440 million) in the cost of plant and equipment upto March 31, 2015, with net book value of Rs. 8,044.625 million (June 30, 2014: Rs. 8,103.300 million).

	Un-audited March 31, 2015	Audited June 30, 2014
	-	-
	8,933	-
	-	-
	8,933	-

(Rupees in thousand)

11 CAPITAL WORK IN PROGRESS

Opening book value
Additions during the period
Transfer to fixed assets
Closing book value

	Un-audited Quarter ended		Un-audited Nine months ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	(Rupees in thousand)			
Energy revenue - gross	1,882,536	338,140	9,688,623	11,316,369
Sales tax	(273,531)	(49,132)	(1,407,749)	(1,644,259)
Energy revenue- net	1,609,005	289,008	8,280,874	9,672,110
Capacity revenue	1,670,329	1,662,577	5,008,607	5,136,447
Other supplemental charges	47,663	128,713	226,263	371,189
Gas efficiency passed to WAPDA	(28,698)	(10,920)	(181,941)	(218,251)
	3,298,299	2,069,378	13,333,803	14,961,495

13 DIRECT COSTS

Fuel consumed	1,453,279	140,417	7,433,040	8,700,420
Operation and maintenance (O&M)	174,316	223,750	681,804	773,679
Depreciation	416,889	383,936	1,243,528	1,226,130
Stores, spares and loose tools consumed	74,557	33,178	169,271	149,216
Insurance	28,431	35,495	97,090	103,574
Energy import	3,279	16,399	16,340	28,652
Salaries, wages and other benefits	4,444	4,554	15,099	15,158
Generation licence fee	2,439	1,880	9,223	7,441
Liquidated damages	33	12	33	12
Insurance deductible	101,700	-	101,700	-
Miscellaneous expenses	4,432	20,877	16,026	25,807
	2,263,799	860,498	9,783,154	11,030,089

Un-audited Nine months ended	
March 31, 2015	March 31, 2014
(Rupees in thousand)	

14 CASH GENERATED FROM OPERATIONS

Profit before taxation	2,634,907	2,845,196
Adjustment for non cash charges and other items:		
- Depreciation on operating fixed assets	1,248,175	1,229,462
- interest income	(5,547)	(5,786)
- Amortization of bank guarantee cost	2,706	2,138
- Amortization of intangible assets	257	-
- Gain on sale of property, plant & equipment	(248)	(466)
- Capital spares consumed	5,056	773
- Finance cost	1,063,997	1,209,172
- Provision for staff retirement benefits	3,258	219
Profit before working capital changes	4,952,561	5,280,708
Effect on cash flow due to working capital changes:		

-Increase in stores, spares and loose tools	(20,175)	(37,362)
-(Increase) / decrease in trade debts	2,314,544	(865,364)
-(Increase) / decrease in advances, deposits, prepayments and other receivables	(270,201)	(155,740)
- Increase / Decrease in trade and other payables	(791,266)	301,304
	1,232,902	(757,162)
	6,185,463	4,523,546

15 CASH AND CASH EQUIVALENTS

Cash and bank balances	4,815,767	3,575,325
Short term borrowings	-	(309,213)
	4,815,767	3,266,112

16 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 Nine months ended	
		March 31, 2015	March 31, 2014
(Rupees in thousand)			
i. Ultimate Parent			
Descon Engineering Limited:			
	Mark up accrued on long term loan	25,422	24,424
	Dividend paid	211,397	211,397
	Sponsors' loan repaid	361,081	-
ii. Associated Undertakings			
Descon Power Solutions (Private) Limited:			
	O & M contractor's fee	25,718	23,595
	Spare parts purchased	85,192	71,908
	Mark up on late payments	-	7,468
Descon Chemicals Limited:			
	ERP implementation fee	7,822	-
iii. Subsidiary Undertakings			
Rousch (Pakistan) Power Limited:			
	Operator's fee paid to ESB Engineering Ltd	213,560	273,015
	Payments to Descon Power Solutions (Pvt.) Ltd	237,735	212,046
	Payments to Siemens AG as LTMSA contractor	144,734	396,885
	Payments to Siemens Pakistan as LTMSA contractor & supply of spares	44,607	206,227
	Payments to Descon Engineering Ltd against services	3,204	2,043
	Payments to Descon Chemicals Ltd against services	3,683	-
	Payments to Siemens Pakistan for supply of spares and services	-	17,359
iv. Key Management Personnel			
	Salaries and other employment benefits	29,924	30,254
v. Post Employment benefit plans			
	Expense charged in respect of retirement benefit plans	6,579	7,647

17 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim consolidated financial information was authorised for issue on April 22, 2015 by the Board of Directors of the Company.

18 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.

19 GENERAL

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


Chief Executive


Director