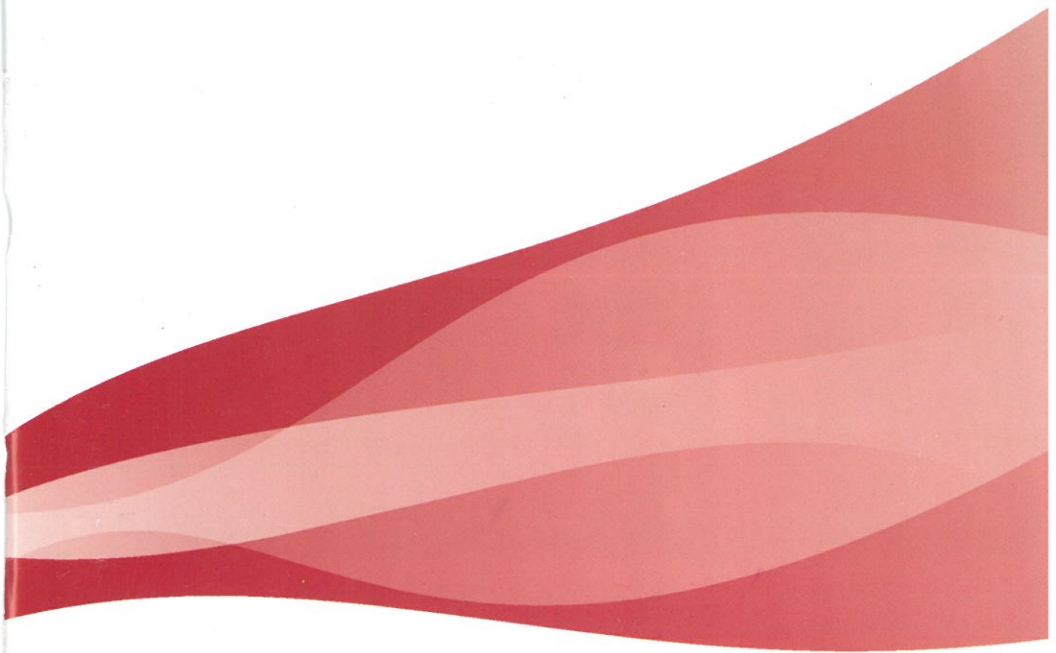




ALTERN ENERGY LIMITED



INTERIM FINANCIAL STATEMENTS

(UN-AUDITED)

**FOR THE QUARTER ENDED
SEPTEMBER 30, 2013**



INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE QUARTER ENDED
SEPTEMBER 30, 2013

ALTERN ENERGY LIMITED

ALTERN ENERGY LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Abdul Razak Dawood	(Chairman)
Syed Zamanat Abbas	(Chief Executive)
Mr. Farooq Nazir	
Mr. Fazal Hussain Asim	
Mr. Khalid Salman Khan	
Syed Ali Nazir Kazmi	
Mr. Shah Muhammad Chaudhry	
Mr. Zahid Mohammad Khawaja	(Alternate Director to Mr. Khalid Salman Khan)

AUDIT COMMITTEE

Mr. Abdul Razak Dawood	(Chairman)
Mr. Shah Muhammad Chaudhry	
Mr. Fazal Hussain Asim	

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Abdul Razak Dawood	(Chairman)
Syed Zamanat Abbas	
Mr. Fazal Hussain Asim	

CFO AND COMPANY SECRETARY

Mr. Umer Shehzad

AUDITORS

KPMG Tascor 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 feels pleasure in presenting you the operational performance and (un-audited) financial statements of the Company for the 1st Quarter ended September 30, 2013.

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.

Operations and Maintenance:

The plant performance has been satisfactory during the period which was dispatched at base load to the national grid. During the quarter, the Company dispatched 60.36 GWhr to WAPDA as compared to 57.5 GWhr delivered during the 1st Quarter ended September 30, 2012. All the routine maintenance activities were executed as per schedule. The plant is scheduled to surpass 32,000 operating hours during the next quarter; consequently major overhaul of gensets as recommended by OEM shall be performed. We confidently report that all the gensets and allied equipments are in sound health for smooth and reliable operations.

Finance:

During the period under review, the total turnover of the Company reached at Rs. 437.09 million, earning gross profit of Rs. 93.48 million. The Company posted net profit of Rs. 59.23 million (earning per share of Rs. 0.16) which is higher than the net profit after tax of Rs. 2.19 million (earning per share of Rs. 0.01) earned during the same period of the previous financial year.

The overall receipts from WAPDA have been unsatisfactory during the period under review. The Company received 69% of the billing to WAPDA whereas its total receivables have accumulated to Rs. 453 million as compared to Rs. 291 million receivable as at 30 June 2013. The Company along with other IPPs is regularly pursuing the relevant Ministries and officials of WAPDA for early resolution of the matter.

The Company during the period paid off debt servicing of Rs. 6.56 million due against foreign currency loans.

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 for minimizing the countrywide power crises.

Subsidiary Review

We are pleased to inform you that during the period under review, Roush (Pakistan) Power Limited (RPPL), which is a subsidiary of the Company, has operated smoothly. In this period, the total turnover of RPPL was Rs.5,301.28 million, resultant RPPL earned gross profit of Rs.1,293.62 million. The net profit for three months is Rs.742.79 million (giving an earning per share of Rs.0.86) is slightly lower than the profit of Rs.763.61 million (earning per share of Rs.0.89) of the corresponding period primarily due to exchange loss of Rs.146 million sustained by the Company.

The overall receipt position from WAPDA has deteriorated in the current quarter as RPPL received 77% of its billing whereas its overall receivables balance increased to Rs. 5.99 billion as against 30th June, 2013 amount of Rs. 5.11 billion.

RPPL has initiated the dispute resolution process as stated in the Power Purchase Agreement (PPA) against Liquidated Damages (LDs) invoices of Rs. 1.50 billion received from WAPDA. 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 April, 2013 as a result of curtailment/suspension in gas supply by Sui Northern Gas Pipelines Limited (SNGPL). SNGPL restored to curtailment/suspension in gas supply due to accumulation of outstanding gas bills. The Company disputed these invoices on the premise that failure to dispatch electricity was due to WAPDA's non-payment of dues on timely basis to the Company impacting the Company's ability to make payment to gas supply and WAPDA cannot enrich itself with its own default by imposing LDs. This view is backed by the legal advice obtained

by the Company under English Law which is applicable under the PPA.

The Company continues to discharge its liabilities to its lenders. During the period, the Company has repaid Rs. 1,904.67 million being the debt servicing due in September 2013 to the senior and subordinated debt lenders.

The Plant performance remained satisfactory during the period under review which has been dispatched at almost base load to the national grid albeit full/half shut down due to non/short supply of gas. The power station delivered 836.96 GWhr of electricity to WAPDA during three months of the financial year 2013-2014 as compared to 819.072 GWhr delivered during the corresponding period of the previous financial year. During the three months of the financial year, the Company has passed on Rs.77.80 million to WAPDA as its share of gas efficiency, which was accrued as a result of the efficient operation of the 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
October 29, 2013

Syed Zamanat Abbas
Chief Executive

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

		30 September 2013	30 June 2013
		(Rupees in Thousand)	
EQUITY AND LIABILITIES	<i>Note</i>		
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	4	41,526	43,179
Accumulated loss		<u>(547,606)</u>	<u>(606,833)</u>
		3,169,380	3,111,806
Non-current Liabilities			
Sponsors' loan -unsecured	5	572,122	562,331
Long term loans	6	528,226	530,553
Deferred liabilities		1,486	1,372
		1,101,834	1,094,256
Current Liabilities			
Trade and other payables		305,135	265,992
Mark up accrued		35,551	18,641
Current portion of long term loans	6	132,206	130,754
Provision for taxation		1,660	1,661
		474,552	417,048
		<u>4,745,766</u>	<u>4,623,110</u>
Contingencies and Commitments	7		

The annexed notes 1 to 15 form an integral part of these financial statements.


 Chief Executive

		30 September	30 June
		2013	2013
		(Rupees in Thousand)	
ASSETS			
Non-current Assets			
Property, plant and equipment			
-Operating fixed assets	8	951,773	968,219
Long term investment	9	3,204,510	3,204,510
Long term deposits		38	38
		4,156,321	4,172,767
Current Assets			
Stores, spares and loose tools		26,090	24,677
Trade debts - secured, considered good		453,226	291,303
Advances, prepayments and other receivables		20,178	19,106
Cash and bank balances		89,951	115,257
		589,445	450,343
		4,745,766	4,623,110



Director

ALTERN ENERGY LIMITED
CONDENSED INTERIM UNCONSOLIDATED PROFIT & LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER, 2013

		30 September 2013	30 September 2012
		(Rupees in Thousand)	
Revenue - net	10	437,096	442,186
Direct costs	11	(343,612)	(390,063)
Gross profit		93,484	52,123
Administrative expenses		(3,221)	(3,497)
Other income		9	364
Profit from operations		90,272	48,990
Finance cost	12	(31,045)	(46,677)
Profit before taxation		59,227	2,313
Taxation		-	(127)
Profit after taxation		59,227	2,186
Earnings per share - basic and diluted - Rupees		0.16	0.01

The annexed notes 1 to 15 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 ENDED 30 SEPTEMBER, 2013**

	30 September 2013	30 September 2012
	<u>(Rupees in Thousand)</u>	
Profit after taxation	59,227	2,186
Other comprehensive income	-	-
Total comprehensive income for the period	<u><u>59,227</u></u>	<u><u>2,186</u></u>

The annexed notes I to 15 form an integral part of these financial statements.



Chief Executive

Director

ALTERN ENERGY LIMITED
CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER, 2013

	30 September 2013	30 September 2012
	(Rupees in Thousand)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	59,227	2,313
<i>Adjustments for:</i>		
Depreciation	20,222	19,223
Provision for staff retirement benefits	144	-
Amortization of bank guarantee cost	814	266
Finance cost	30,231	46,411
	51,411	65,900
Operating profit before working capital changes	110,638	68,213
Increase in current assets:		
Stores, spares and loose tools	(1,413)	10,873
Advances, prepayments, and other receivables	(1,072)	(4,117)
Trade debts	(161,923)	(138,080)
	(164,408)	(131,324)
Increase/(decrease) in current liabilities		
Trade and other payables	35,213	(105)
Cash generated from operations	(18,557)	(63,216)
Finance cost paid	(480)	(60,406)
Income tax paid	(1)	(128)
Staff retirement benefits paid	(30)	(32)
	(511)	(60,566)
Net cash used in operating activities	(A) (19,068)	(123,782)
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(3,778)	(1,781)
Net cash used in investing activities	(B) (3,778)	(1,781)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of long term loans	(2,460)	(60,634)
Receipt of share deposit money	-	249,960
Net cash generated from / (used) in financing activities	(C) (2,460)	189,326
Net increase / (decrease) in cash and cash equivalents	(A+B+C) (25,306)	63,763
Cash and cash equivalents at beginning of the period	115,257	11,935
Cash and cash equivalents at the end of the period	89,951	75,698

The annexed notes 1 to 15 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 QUARTER ENDED 30 SEPTEMBER, 2013**

	SHARE CAPITAL	SHARE PREMIUM	EQUITY PORTION OF SPONSORS' LOAN	ACCUMULATED LOSS	TOTAL
	(Rupees in Thousand)				
Balance as at 01 July 2012 - Audited	3,425,500	-	49,012	(664,658)	2,809,854
Imputed interest on sponsors' loan	-	-	(5,833)	-	(5,833)
Total comprehensive income for the period	-	-	-	57,825	57,825
Transaction with owners recorded in equity:					
Share capital	208,300	-	-	-	208,300
Share premium	-	41,660	-	-	41,660
Balance as at 30 June 2013 - Audited	3,633,800	41,660	43,179	(606,833)	3,111,806
Imputed interest on sponsors' loan	-	-	(1,653)	-	(1,653)
Total comprehensive profit for the period	-	-	-	59,227	59,227
Balance as at 30 September 2013 - Unaudited	<u>3,633,800</u>	<u>41,660</u>	<u>41,526</u>	<u>(547,606)</u>	<u>3,169,380</u>

The annexed notes 1 to 15 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 ENDED 30 SEPTEMBER, 2013****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.

Company's Gas Supply Agreement (GSA) with Sui Northern Gas Pipelines Limited (SNGPL) has expired on 30 June 2013. The Company is in the process of negotiation with SNGPL for extension of the agreement. As per section 2.2 of the GSA dated 3rd August 2007, the term of the GSA may be extended by SNGPL subject to Government of Pakistan's approval and availability of gas.

The Company has received a draft Supplemental Deed from SNGPL vide letter no. GMS: 905(258) dated 12 September, 2013 whereby SNGPL has required the Company to submit the Supplemental Deed after endorsing it.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The condensed interim financial statements have been prepared in accordance with requirements of the International Accounting Standard 34 "Interim Financial Reporting" as applicable in Pakistan. 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.

	Note	30 September 2013	30 June 2013
(Rupees in Thousand)			
4 EQUITY PORTION OF SOPNSORS' LOAN			
Descon Engineering Limited	4.1	31,144	32,384
Crescent Standard Business Management (Private) Limited	4.2	10,382	10,795
		<u>41,526</u>	<u>43,179</u>

4.1 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).

4.2 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.

5 SPONSORS' LOAN - UNSECURED

These are composed of loans from associated undertakings:

Descon Engineering Limited	5.1		
Interest free loan		69,455	69,455
Present value adjustment		(31,144)	(32,384)
		<u>38,311</u>	<u>37,071</u>
Crescent Standard Business Management (Private) Limited	5.2		
Interest free loan		23,152	23,152
Present value adjustment		(10,382)	(10,795)
		<u>12,770</u>	<u>12,357</u>
Present value of interest free loan from sponsors	5.3	51,081	49,428
Other long term finances	5.4	261,763	261,763
Interest on long term finances	5.5	259,278	251,140
		<u>572,122</u>	<u>562,331</u>

- 5.1 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).
- 5.2 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.
- 5.3 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 4.
- 5.4 This includes funds amounting to Rs. 261.763 million (30 June 2013: Rs. 261.763 million) received from Descon Engineering Limited for investment in Roush (Pakistan) Power Limited through its subsidiary company, Power Management Company (Private) Limited.
- The loan amount shall be payable within a period of five (5) years from the Execution Date (the "term") in one or more installments. The term is extendable with mutual consent of the parties. As per agreement between the Company, MCB Bank Limited and Descon Engineering Limited, all amounts (including mark-up) due under the Sponsors' Loans 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) .
- 5.5 It represents mark-up payable to Descon Engineering Limited of Rs. 259.278 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 till repayment of loan from MCB Bank Limited.

	Note	30 September 2013	30 June 2013
6 LONG TERM LOANS		(Rupees in Thousand)	
Long term loans - secured			
Syndicate finance - local currency	6.1	533,752	533,752
Syndicate finance - foreign currency	6.2	51,777	54,237
Power Management Company (Private) Ltd (PMCL)	6.3	50,000	50,000
		635,529	637,989
Interest on loan from PMCL	6.4	24,904	23,318
		660,433	661,307
Current maturity		(132,206)	(130,754)
		<u>528,226</u>	<u>530,553</u>

- 6.1 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 outstanding loan amount is repayable in 10 equal six monthly installments ending on 25 January 2018.

The 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.

- 6.2 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 ten 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.
- 6.3 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).
- 6.4 It represent mark-up payable to Power Management Company (Private) Limited of Rs. 24.904 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.

7 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.

8 PROPERTY, PLANT AND EQUIPMENT

Additions to plant and equipment include net exchange loss of Rs. 3.7 million on related foreign currency loans during the period from 1 July 2013 to 30 September 2013. This has resulted in accumulated capitalization of exchange losses of Rs. 89.892 million (30 June 2013: 86.157 million) in the cost of plant and equipment upto 30 September 2013, with net book value of Rs. 85.955 million (30 June 2013: Rs. 82.369 million).

9 LONG TERM INVESTMENTS

9.1 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.

9.2 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.

10 REVENUE - NET	30 September 2013	30 September 2012
	(Rupees in Thousand)	
Energy revenue - gross	360,469	380,952
Sales tax	(49,720)	(52,545)
Energy revenue - net	310,749	328,407
Capacity revenue	117,363	104,449
Other supplemental charges	8,984	9,330
	<u>437,096</u>	<u>442,186</u>
11 DIRECT COSTS		
Gas cost	292,658	332,296
Depreciation	20,206	19,208
Stores and spares consumed	18,904	22,388
Repairs and maintenance	423	1,415
Energy import	419	291
Lube oil consumed	2,172	6,107
Operation and maintenance contractor's fee	7,865	7,260
Insurance cost	562	818
Generation license fee	107	107
Others	296	173
	<u>343,612</u>	<u>390,063</u>
12 FINANCE COST		
Mark up on loans		
Long term loans	26,767	36,906
Short term loan - Power Management Company (Pvt) Limited	335	585
Mark-up on late payments	3,116	8,841
Amortization of bank guarantee cost	814	266
Miscellaneous	13	79
	<u>31,045</u>	<u>46,677</u>

13 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.

14 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:

	30 September 2013	30 September 2012
	(Rupees in Thousand)	
Holding company		
Descon Engineering Limited		
Mark up accrued on long term loan	8,137	9,906
Subsidiary company		
Power Management Company (Private) Limited		
Repayment of short term loan	-	309
Mark up accrued on loan	1,921	2,476
Associated companies		
Descon Power Solutions (Private) Limited		
Operation and maintenance contractor's fee	7,865	7,260
Spare parts purchased	22,862	14,150
Mark up on late payments	3,116	-

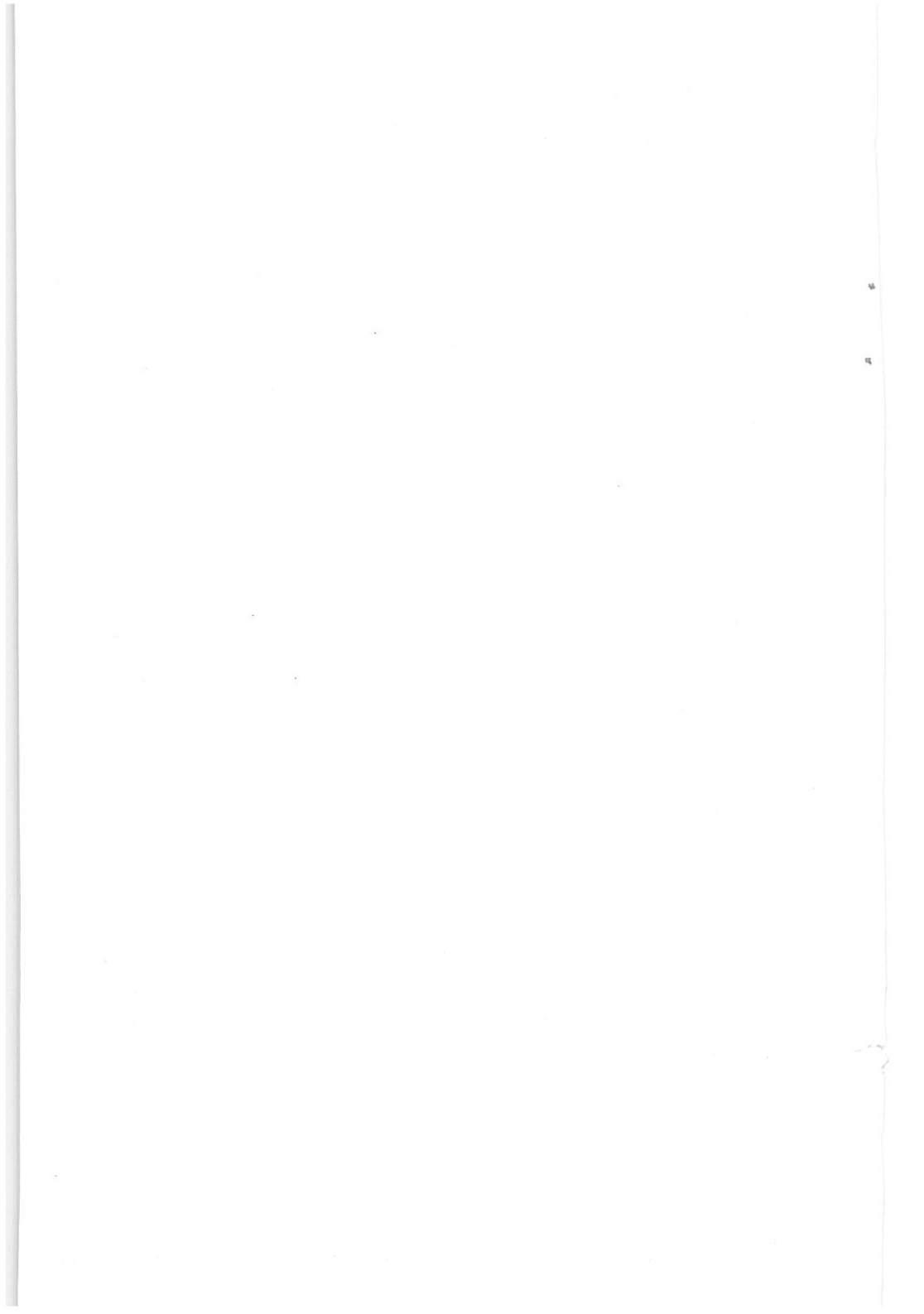
15 GENERAL

15.1 These financial statements were authorized for issue on October 29, 2013 by the Board of Directors of the Company.

15.2 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)

		30 September 2013	30 June 2013
EQUITY AND LIABILITIES	<i>Note</i>	(Rupees in Thousand)	
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 sponsor's loan	5	41,526	43,179
Accumulated profit		<u>8,117,472</u>	<u>7,611,726</u>
		11,834,458	11,330,365
Non-controlling interest		<u>7,860,773</u>	<u>7,563,541</u>
		19,695,231	18,893,906
Non-current liabilities			
Sponsors' loan -unsecured	6	572,122	562,331
Long term loans - secured and unsecured	7	12,784,147	12,922,551
Interest rate swap liabilities		464,758	683,452
Deferred liabilities		<u>1,486</u>	<u>1,372</u>
		13,822,513	14,169,706
Current liabilities			
Trade and other payables		2,129,813	2,096,414
Short term loan		-	-
Mark up accrued		31,705	288,599
Current portion of long term loans	6	2,286,042	2,179,699
Provision for taxation		<u>6,336</u>	<u>5,383</u>
		4,453,896	4,570,095
		<u>37,971,640</u>	<u>37,633,707</u>

Contingencies and Commitments

7

The annexed notes 1 to 14 form an integral part of these financial statements


 Chief Executive

AS AT 30 SEPTEMBER, 2013

		30 September 2013	30 June 2013
ASSETS	Note	(Rupees in Thousand)	
Non-current assets			
Property, plant and equipment			
-Operating fixed assets	9	26,551,599	26,124,494
Long term deposits		800	730
Long term loan to employees		355	355
		<u>26,552,754</u>	<u>26,125,579</u>
 Current assets			
Store, spares and loose tools		495,439	439,484
Inventory of fuel oil		487,693	487,684
Trade debts - secured, considered good		6,450,398	5,402,850
Advances, prepayments and other receivables		217,186	218,057
Cash and bank balances		3,768,170	4,960,053
		<u>11,418,886</u>	<u>11,508,128</u>
		 <u><u>37,971,640</u></u>	 <u><u>37,633,707</u></u>



Director

ALTERN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES
CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER, 2013

		30 September 2013	30 September 2012
		(Rupees in Thousand)	
	<i>Note</i>		
Revenue - net	10	5,738,378	6,157,667
Direct costs	11	(4,351,275)	(4,734,402)
Gross profit		1,387,103	1,423,265
Administrative expenses		(32,112)	(26,365)
Other income		59,201	14,784
Profit from operations		1,414,192	1,411,684
Finance cost		(610,561)	(643,596)
Profit before taxation		803,631	768,088
Taxation		(653)	(994)
Profit after taxation		802,978	767,094
Attributable to:			
Equity holders of the parent		505,746	461,527
Non-controlling interest		297,232	305,567
		802,978	767,094
Earnings per share - basic and diluted - Rupees		1.39	1.35

The annexed notes 1 to 14 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 ENDED 30 SEPTEMBER, 2013

	30 September 2013	30 September 2012
	(Rupees in Thousand)	
Profit for the period	802,978	767,094
Other Comprehensive Income	-	-
Total comprehensive income for the period	<u>802,978</u>	<u>767,094</u>
Attributable to:		
Equity holders of the parent	505,746	461,527
Non-controlling interest	<u>297,232</u>	<u>305,567</u>
	<u>802,978</u>	<u>767,094</u>

The annexed notes 1 to 14 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 QUARTER ENDED 30 SEPTEMBER, 2013

		30 September 2013	30 September 2012
		(Rupees in Thousand)	
CASHFLOW FROM OPERATING ACTIVITIES	<i>Note</i>		
Profit before tax		803,631	768,088
Adjustment for non-cash items:			
Depreciation		422,100	397,409
Gain on sale of property, plant & equipment		(132)	-
Provision for staff retirement benefits		144	-
Capital spares consumed		535	1,968
Amortization of bank guarantee cost		814	-
Finance cost		611,668	646,073
Interest income		(1,921)	(2,477)
		1,033,208	1,042,973
Operating profit before working capital changes		1,836,839	1,811,061
(Increase)/decrease in current assets:			
Stores, spares and loose tools		(55,955)	24,198
Inventory of fuel oil		(9)	185
Trade debts		(1,047,548)	(2,068,393)
Advances, prepayments, and other receivables		12,306	30,980
		(1,091,206)	(2,013,030)
Increase in current liabilities			
Trade and other payables		29,638	1,802,936
Cash generated from operations		775,271	1,600,967
Finance cost paid		(852,671)	(1,100,062)
Tax paid		(11,436)	(2,365)
Retirement and other benefits paid		(30)	(32)
		(864,137)	(1,102,459)
Net cash generated in operating activities	(A)	(88,866)	498,508
CASHFLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(6,719)	(2,962)
Proceeds from sale of property, plant & equipment		132	-
Long term deposits		(70)	(2)
Net cash used in investing activities	(B)	(6,657)	(2,964)
CASHFLOW FROM FINANCING ACTIVITIES			
Long term loans - net		(1,096,360)	(1,043,547)
Share deposit money		-	249,960
Net cash used in financing activities	(C)	(1,096,360)	(793,587)
Net decrease in cash and cash equivalents	(A+B+C)	(1,191,883)	(298,043)
Cash and cash equivalents at beginning of the period		4,960,053	(68,746)
Cash and cash equivalents at the end of the period		3,768,170	(366,789)

The annexed notes 1 to 14 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 QUARTER ENDED 30 SEPTEMBER, 2013

	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 at 01 July 2012 - Audited	3,425,500	-	49,012	5,795,938	6,393,505	15,663,955
Imputed interest on sponsors' loan	-	-	(5,833)	-	-	(5,833)
Total comprehensive income for the period	-	-	-	1,815,788	1,170,036	2,985,824
Transaction with owners recorded in equity						
Share capital	208,300	-	-	-	-	208,300
Share premium	-	41,660	-	-	-	41,660
Balance as at 30 June 2013 - Audited	3,633,800	41,660	43,179	7,611,726	7,563,541	18,893,906
Imputed interest on sponsors' loan	-	-	(1,653)	-	-	(1,653)
Total comprehensive income for the period	-	-	-	505,746	297,232	802,978
Balance as at 30 September 2013 - UnAudited	<u>3,633,800</u>	<u>41,660</u>	<u>41,526</u>	<u>8,117,472</u>	<u>7,860,773</u>	<u>19,695,231</u>

The annexed notes 1 to 14 form an integral part of these financial statements


 Chief Executive


 Director

ALTERN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER, 2013

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 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 Sidhnai 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) has expired on 30 June 2013. The Company is in the process of negotiation with Sui Northern Gas Pipelines Limited for extension of the agreement. As per section 2.2 of the GSA dated 3rd August 2007, the term of the GSA may be extended by SNGPL subject to Government of Pakistan's approval and availability of gas.

The Company has received a draft Supplemental Deed from SNGPL vide letter no. GMS: 905(258) dated 12 September, 2013 whereby SNGPL has required the Company to submit the Supplemental Deed after endorsing it.

2 BASIS OF PREPARATION

These 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 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.

	Percentage of Holding	
	30 September 2013	30 June 2013
Power Management Company (Private) Limited	100.000%	100.000%
Rousch (Pakistan) Power Limited	59.984%	59.984%

		30 September 2013	30 June 2013
		(Rupees in Thousand)	
5 EQUITY PORTION OF SPONSORS' LOAN	Note		
These are composed of loans from associated undertakings:			
Descon Engineering Limited	5.1	31,144	32,384
Crescent Standard Business Management (Private) Limited	5.2	10,382	10,795
		<u>41,526</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) as per terms of acquisition arrangement.			
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 as per terms of acquisition arrangement.			
6 SPONSORS' LOANS -UNSECURED			
These are composed of loans from associated undertakings:			
Descon Engineering Limited	6.1		
Interest free loan - gross		69,455	69,455
Effect of discounting		(31,144)	(32,384)
		<u>38,310</u>	<u>37,071</u>
Crescent Standard Business Management (Pvt) Limited	6.2		
Interest free loan - gross		23,152	23,152
Effect of discounting		(10,382)	(10,795)
		<u>12,770</u>	<u>12,357</u>
Present value of interest free loan	6.3	51,081	49,428
Other long term finance - DEL	6.4	261,764	261,763
Interest on long term finance	6.5	259,278	251,140
		<u>572,122</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.			
The loan amount shall be payable within a period of five (5) years from the Execution Date (the "term") in one or more installments. The term is extendable with mutual consent of the parties. As per agreement between the Company, MCB Bank Limited and Descon Engineering Limited, all amounts (including mark-up) due under the Sponsors' Loans 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. 259.278 million (30 June 2013: Rs. 251.14 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 till repayment of loan from MCB Bank Limited.			
7 LONG TERM LOANS - SECURED AND UN-SECURED			
Loans from financial institutions		13,067,496	13,051,391
Loans from related parties		2,002,693	2,050,859
		<u>15,070,189</u>	<u>15,102,250</u>
Current portion of long term loans		(2,286,042)	(2,179,699)
		<u>12,784,147</u>	<u>12,922,551</u>

8 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:

- 8.1 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. 1.55 billion as at 30th September, 2013 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.

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. In the petition filed with the Supreme Court, RPPL has also sought relief from imposition of liquidated damages by WAPDA. 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 PROPERTY, PLANT AND EQUIPMENT

Additions to plant and equipment include net exchange loss of Rs. 846.72 million on related foreign currency loans during the period from 1 July 2013 to 30 September 2013. This has resulted in accumulated capitalization of exchange losses of Rs. 12,498.23 million (30 June 2013: 11,651.48 million) in the cost of plant and equipment upto 30 September 2013, with net book value of Rs. 9,233.74 million (30 June 2013: Rs. 8,527.86 million).

	30 September 2013	30 September 2012
10 REVENUE		
	(Rupees in Thousand)	
Energy revenue - gross	4,578,382	5,060,062
Sales tax	(631,501)	(697,940)
Energy revenue- net	3,946,881	4,362,122
Capacity revenue	1,725,711	1,593,587
Other supplemental charges	143,583	297,107
Gas efficiency passed to WAPDA	(77,797)	(95,149)
	<u>5,738,378</u>	<u>6,157,667</u>
11 DIRECT COST		
Fuel consumed	3,560,506	3,985,263
Operating maintenance costs	284,640	245,829
Depreciation	421,090	396,095
Chemical, stores and spares consumed	-	48,068
Repairs and maintenance	41,281	4,270
Insurance	33,571	32,892
Energy import	983	2,460
Salaries, wages and other benefits	6,004	11,505
Generation licence fee	2,723	1,257
Electricity duty	-	1,345
Miscellaneous expenses	477	5,418
	<u>4,351,275</u>	<u>4,734,402</u>

12 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.

13 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:

	30 September 2013	30 September 2012
	(Rupees in Thousand)	
Descon Engineering Limited - the ultimate parent		
- Mark up accrued on long term loan	8,137	9,906
Associated companies		
Descon Power Solutions (Private) Limited		
- Operation and maintenance contractor's fee	7,865	7,260
- Purchase of spare parts	22,862	14,150
- Mark up on late payments	3,116	-
Subsidiary companies		
Rousch (Pakistan) Power Limited		
- Operator's fee paid to ESB International Contracting Ltd.	71,360	115,964
- Payment to Descon Power Solutions (Pvt) Limited	66,473	65,030
- Payment to Siemens AG as maintenance contractor	-	73,376
- Payment to Siemens AG as LTMSA contractor	110,907	316,275
- Payment to Siemens Pakistan as LTMSA contractor	44,476	49,276
- Payment to Descon Engineering Ltd against services	1,388	-
- Payment to Siemens Pakistan Ltd for supply of spares and services	1,325	8,636

14 GENERAL

14.1 These financial statements were authorized for issue on October 29, 2013 by the Board of Directors of the Company.

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


Chief Executive


Director

