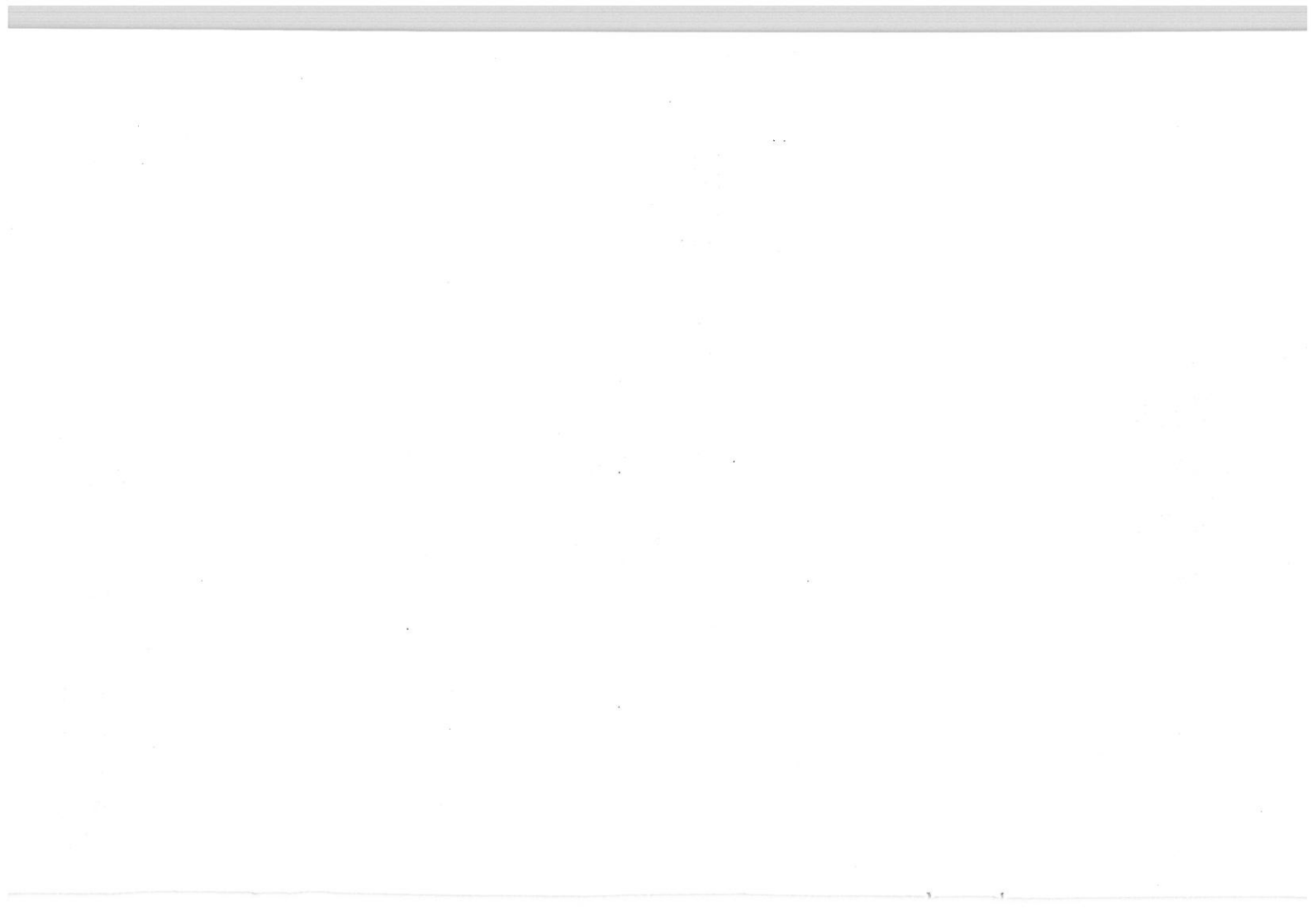




INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE QUARTER ENDED
SEPTEMBER 30, 2014

ALTERN ENERGY LIMITED



ALTERN ENERGY LIMITED
COMPANY INFORMATION

BOARD OF DIRECTORS

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

(Alternate Director to Mr. Khalid Salman Khan)

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

REGISTERED OFFICE

DESCON HEADQUARTERS
18-km Ferozpur Road, Lahore.

REGISTRAR SHARES

Cotplink (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 1st Quarter ended September 30, 2014.

General:

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

Finance:

During the period under review, the total turnover of the Company was Rs. 439 million resulting in a gross profit of Rs. 85 million. The Company posted net profit of Rs. 69 million and an earning per share (EPS) of Rs. 0.19 which is higher than the net profit after tax of Rs. 59 million and earning per share (EPS) of Rs. 0.16 earned during the same period of the previous financial year.

The overall receipts from WAPDA have improved during the period under review. The total receivables stand at Rs. 627 million as compared to Rs. 732 million as at 30 June 2014. The Company along with other IPPs is regularly pursuing the relevant Ministries and officials of WAPDA for timely release of due payments.

The Company during the period paid debt servicing of Rs. 5.5 million due against foreign currency loans.

Operations and Maintenance:

The plant performance has been satisfactory during the period where we despatched at base load to the national grid. During the quarter, the Company dispatched 52.46 GWhr to WAPDA as compared to 60.3 GWhr delivered during the 1st Quarter ended September 30, 2013. 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:

We operate with a vision to improve HSES performance year on year by following Recognized Standards for Health, Safety, Environment & Security. Continuous improvement is our Motto and in this pursuit the interest of our Stakeholders is catered. 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, Roush (Pakistan) Power Limited (RPPL), which is a subsidiary of the Company, has operated smoothly. During the period under review, the turnover of RPPL was Rs. 5,963 million; and the cost of sales was Rs. 4,692 million. Net profit for the period was Rs. 848 million (compared to Rs. 743 million in the corresponding period in 2013) delivering an earnings per share (EPS) of Rs. 0.98 per share (EPS Rs. 0.86 in corresponding period in 2013).

Payment default from the Company's sole customer, WAPDA continues. On September 30, 2014, the overdue receivables from WAPDA were Rs. 3,622 million. RPPL continues to pursue WAPDA for timely payment of its receivables.

The Company continues to discharge its liabilities to its lenders. During the period, the Company has repaid Rs. 1,408 million debt-servicing which became due on September 2014 to the senior and subordinated debt lenders.

The Plant performance remained satisfactory during the period under review. The Power station delivered 843 GWh of electricity to WAPDA during the three months of the financial year 2014-15 as compared to 837 GWh delivered during the corresponding period of the previous financial year. During the three months of the financial year, the Company has passed on Rs. 102 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
October 29, 2014

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

	Unaudited 30 September 2014	Audited 30 June 2014
EQUITY AND LIABILITIES		
	<i>Note</i>	
	(Rupees in Thousand)	
Share Capital		
Authorized capital	4,000,000	4,000,000
of Rs. 10/- each		
Issued, subscribed and paid up capital		
363,380,000 (30 June 2014: 363,380,000) ordinary shares	3,633,800	3,633,800
of Rs. 10/- each	41,660	41,660
Share premium	13,414	15,899
Equity portion of sponsors loan	603,773	534,600
Accumulated profit	4,292,647	4,225,959
Non-current Liabilities		
Sponsors' loan -unsecured	402,384	622,597
Long term loans	82,950	86,664
Deferred liabilities	1,568	1,450
	486,902	710,711
Current Liabilities		
Trade and other payables	375,444	422,643
Dividend payable	-	363,380
Unclaimed dividend	1,828	786
Mark up accrued	9,135	8,888
Current portion of long term loans	23,168	23,271
Provision for taxation	3,481	3,481
	413,056	822,449
	5,192,605	5,759,119

Contingencies and Commitments 8

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


 Chief Executive

AS AT 30 SEPTEMBER, 2014

	Unaudited	Audited
ASSETS	30 September	30 June
	2014	2014
	(Rupees in Thousand)	
	<i>Note</i>	

Non-current Assets

Property, plant and equipment	9	880,585	895,241
Long term investment	10	3,204,510	3,204,510
Long term deposits		38	38
		4,085,133	4,099,789

Current Assets

Stores, spares and loose tools	59,945	52,735
Trade debts - secured, considered good	626,633	731,925
Advances, prepayments and other receivables	29,594	29,461
Dividend receivable	-	617,880
Cash and bank balances	391,300	227,329
	1,107,472	1,659,330

<u>5,192,605</u>	<u>5,759,119</u>
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 Director

ALTREN ENERGY LIMITED
CONDENSED INTERIM UNCONSOLIDATED PROFIT & LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER, 2014

	30 September 2014	30 September 2013	
	(Rupees in Thousand)		Note
Revenue - net	438,579	437,096	1/
Direct costs	<u>(353,260)</u>	<u>(343,612)</u>	1/2
Gross profit	85,319	93,484	
Administrative expenses			
Other income	(4,226)	(3,221)	
Profit from operations	<u>81,093</u>	<u>90,272</u>	
Finance cost	<u>(11,920)</u>	<u>(31,045)</u>	1/3
Profit before taxation	69,173	59,227	
Taxation	-	-	
Profit after taxation	<u>69,173</u>	<u>59,227</u>	
Earnings per share - basic and diluted - Rupees	<u>0.19</u>	<u>0.16</u>	

The annexed notes 1 to 16 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, 2014

	30 September 2014	30 September 2013
Profit after taxation	69,173	59,227
Other comprehensive income	-	-
Total comprehensive income for the period	<u>69,173</u>	<u>59,227</u>

The annexed notes 1 to 16 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 2014

30 September 2014	30 September 2013
(Rupees in Thousand)	

CASH FLOWS FROM OPERATING ACTIVITIES

69,173

59,227

Adjustments for:

Depreciation
 Provision for staff retirement benefits
 Amortization of bank guarantee cost
 Finance cost

	19,252	20,222
	118	144
	899	814
	11,021	30,231

Operating profit before working capital changes

100,463

110,638

(Increase) / decrease in current assets:

Stores, spares and loose tools
 Advances, prepayments, and other receivables
 Trade debts

	(10,226)	(1,413)
	(1,033)	(1,072)
	105,291	(161,923)
	94,032	(164,408)

Increase/(decrease) in current liabilities

Trade and other payables

(45,371)

35,213

Cash generated from operations

149,124

(18,557)

Finance cost paid
 Income tax paid
 Staff retirement benefits paid

	(462)	(480)
	-	(1)
	(462)	(30)
	-	(511)

Net cash generated from / (used in) operating activities

148,662

(19,068)

CASH FLOWS FROM INVESTING ACTIVITIES

Fixed capital expenditure
 Dividend received
Net cash generated from / (used in) investing activities

	(3,407)	(3,778)
	617,880	-
	614,473	(3,778)

CASH FLOWS FROM FINANCING ACTIVITIES

Repayments of long term loans
 Dividend paid
 Sponsors' Loan - net
Net cash generated from / (used in) financing activities

	(5,478)	(2,460)
	(362,338)	-
	(231,348)	-
	(599,164)	(2,460)

Net increase / (decrease) in cash and cash equivalents
 Cash and cash equivalents at beginning of the period

163,971
 227,329

(25,306)
 115,257

Cash and cash equivalents at the end of the period

391,300

89,951

The annexed notes 1 to 16 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, 2014

	Share Capital		Share Premium		Equity Portion of Sponsors' Loan		Accumulated Loss		Total
	Share Capital	Premium	Share Premium	Sponsors' Loan	Equity Portion of Sponsors' Loan	Accumulated Loss	Total		
	(Rupees in Thousand)								
Balance as at 01 July 2013	3,633,800	41,660	43,179	(606,833)	3,111,806				
Imputed interest on sponsors' loan	-	-	(27,280)	-	(27,280)				
Total comprehensive income for the period	-	-	-	1,868,193	1,868,193				
1st Interim dividend @ Rs. 1/- per share for six months ended 31 December 2013	-	-	-	(363,380)	(363,380)				
2nd Interim dividend @ Rs. 1/- per share for twelve months ended 30 June 2014	-	-	-	(363,380)	(363,380)				
Balance as at 30 June 2014 - Audited	3,633,800	41,660	15,899	534,600	4,225,959				
Imputed interest on sponsors' loan	-	-	(2,485)	-	(2,485)				
Total comprehensive income for the period	-	-	-	69,173	69,173				
Balance as at 30 September 2014	3,633,800	41,660	13,414	603,773	4,292,647				

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


 Chief Executive


 Director

- 5.2 It represents long term loan portion of funds amounting to Rs. 23,152 million (30 June 2014: 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 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 six months KIBOR plus 300 basis points (30 June 2014 : six months KIBOR plus 300 basis points).
- 5.5 It represents mark-up payable to Descon Engineering Limited of Rs. 61,427 million (30 June 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.

	Audited	
	30 September 2013	30 June 2013
6 LONG TERM LOANS		
Long term loans - secured		
Syndicate finance - foreign currency	6/1	
Power Management Company (Private) Ltd (PMCL)	6/2	
		(Rupees in Thousand)
	74,695	30,173
	50,000	50,000
Interest on loan from PMCL	6/3	
	106,118	29,762
	(23,168)	(23,271)
Current maturity	82,950	86,664

- 6.1 The Company had obtained a long term syndicate facility of Rs.1,100 million (30 June 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 Fatch Jang site. On 31st December 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 (30 June 2014: US Dollars 3.6 million). The outstanding loan amount is repayable in seven un-equal quarterly instalments payable up to 31 December 2015. It carries mark-up at three month LIBOR plus 295 basis points (30 June 2014 : three month LIBOR plus 295 basis) payable quarterly in arrears.

- 6.2 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 (30 June 2014: six months KIBOR plus 300 basis points).
- 6.3 It represent mark-up payable to Power Management Company (Private) Limited of Rs. 31,423 million (30 June 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.

7 TRADE & OTHER PAYABLES

Supreme Court of Pakistan in its order dated 27th December 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 31st December, 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 1st January, 2013 to 31 December, 2013. The Company treated GIDC as part of its EPP invoice and accordingly recorded a receivable from WAPDA of Rs. 221.35 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 honorable 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 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. Subsequent to balance sheet date the company 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 and obtained stay on prudence principle; the company has booked arrears of GIDC as a receivable from the off-taker and a liability to SNGPL as at 30 September 2014.

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 2014 except for the following:

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 splitied 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 has submitted reply for the Show Cause Notice, and the decision of the authorities is awaited. 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 the financial statements.

9 PROPERTY, PLANT AND EQUIPMENT

Additions to plant and equipment include net exchange loss of Rs. 1.3 million on related foreign currency loans during the period from 1 July 2014 to 30 September 2014. This has resulted in accumulated capitalization of exchange losses of Rs. 88 225 million (30 June 2014: 86 926 million) in the cost of plant and equipment upto 30 September 2014, with net book value of Rs. 83 518 million (30 June 2014: Rs. 82 300 million).

10 LONG TERM INVESTMENTS

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

10.2 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.

11 REVENUE - NET

	30 September 2014	30 September 2013
Energy revenue - gross	376,621	360,469
Sales tax	(54,723)	(49,720)
Energy revenue - net	321,898	310,749
Capacity revenue	107,418	117,363
Other supplemental charges	9,263	8,984
	<u>438,579</u>	<u>437,096</u>

12 DIRECT COSTS

Gas cost	309,743	292,658
Depreciation	19,232	20,206
Stores and spares consumed	9,968	18,904
Repairs and maintenance	2,310	534
Energy import	403	419
Lube oil consumed	2,134	2,172
Operation and maintenance contractor's fee	8,573	7,865
Salaries, wages and other benefits	104	57
Insurance cost	518	562
Generation license fee	135	107
Others	140	128
	<u>353,260</u>	<u>343,612</u>

	30 September 2014	30 September 2013
13 FINANCE COST		
Mark up on loans		
Long term loans	14,562	26,767
Short term loan - Power Management Company (Pvt) Limited	247	335
Mark-up on late payments	-	3,116
Amortization of bank guarantee cost	899	814
Bank charges	212	13
	<u>11,920</u>	<u>31,045</u>

14 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.

15 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 2014	30 September 2013
Holding company		
Descon Engineering Limited	<u>8,650</u>	<u>8,137</u>
Mark up accrued on long term loan		
Subsidiary company		
Power Management Company (Private) Limited	<u>300</u>	<u>-</u>
Repayment of short term loan		
Mark up accrued on loan	<u>1,908</u>	<u>1,921</u>
Associated companies		
Descon Power Solutions (Private) Limited	<u>8,573</u>	<u>7,865</u>
Operation and maintenance contractor's fee		
Spare parts purchased	<u>20,361</u>	<u>22,862</u>
Mark up on late payments	<u>-</u>	<u>3,116</u>

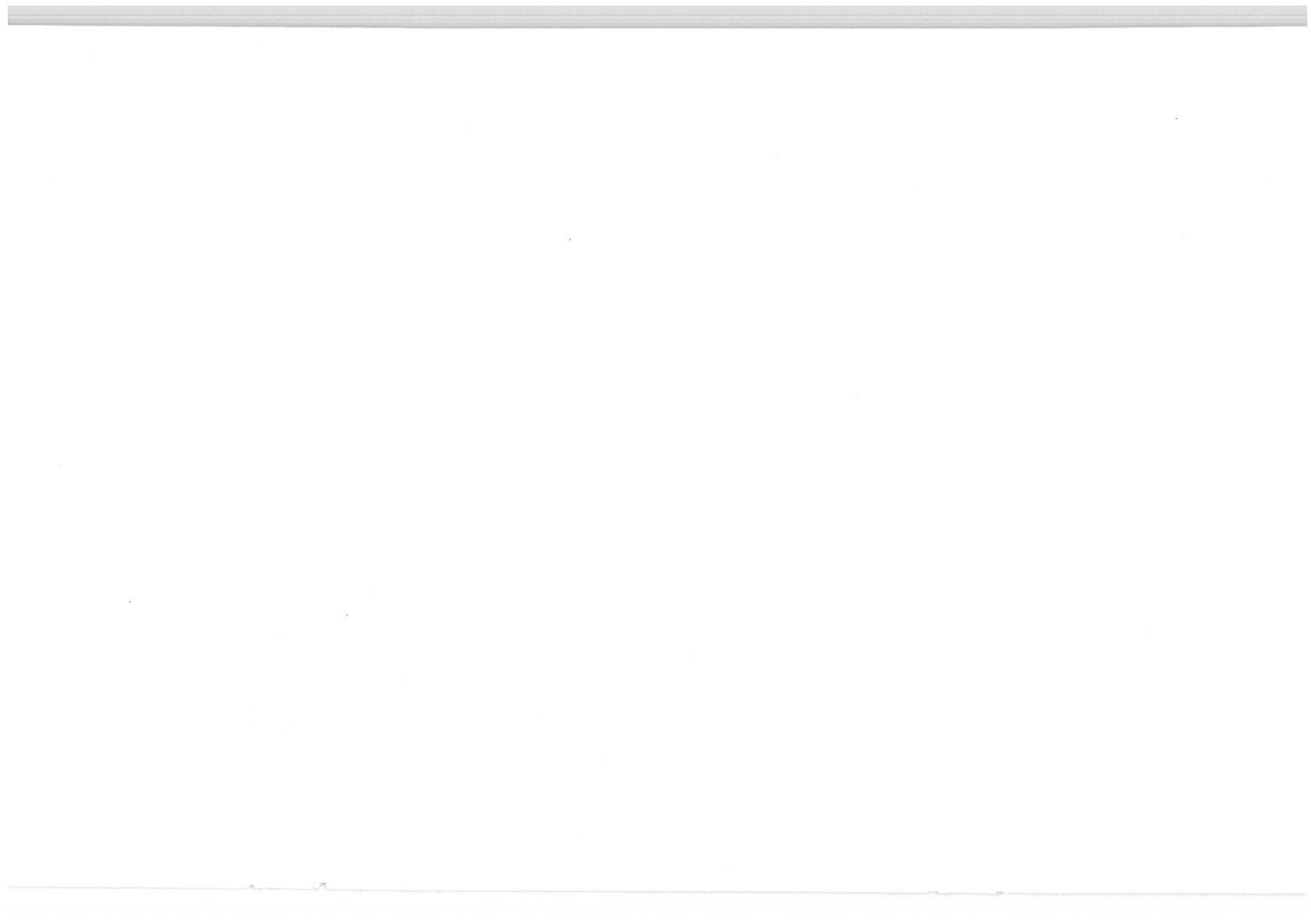
16 GENERAL

16.1 These financial statements were authorized for issue on October 29, 2014 by the Board of Directors of the Company.

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


Chief Executive


Director



**CONSOLIDATED
FINANCIAL
STATEMENTS**

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

	Unaudited 30 September 2014	Audited 30 June 2014
Note		
	(Rupees in Thousand)	

EQUITY AND LIABILITIES

Share capital

Authorized capital
 400,000,000 (30 June 2014- 400,000,000)
 ordinary shares of Rs. 10/- each

4,000,000	4,000,000
-----------	-----------

Issued, subscribed and paid up capital
 363,380,000 (30 June 2014- 363,380,000)
 ordinary shares of Rs. 10/- each

Share premium

Equity portion of sponsor's loan

Accumulated profit

3,633,800	3,633,800
41,660	41,660
13,414	15,899
9,086,213	8,507,237
12,775,087	12,198,596
8,161,247	7,821,784
20,936,334	20,020,380

Non-controlling interest

Non-current liabilities

Sponsor's loan -unsecured

Long term loans - secured and unsecured

Interest rate swap liabilities

Deferred liabilities

Deferred taxation

402,384	622,597
8,350,044	8,711,213
-	211,760
10,213	10,095
644,773	644,773
9,407,414	10,200,438

Current liabilities

Trade and other payables

Mark up accrued

Current portion of long term loans

Dividend payable

Unclaimed dividend

Provision for taxation

4,745,179	4,414,321
26,468	213,866
2,974,028	3,484,458
-	811,881
55,256	37,180
58,842	59,406
7,859,773	9,021,112

38,203,521	39,241,930
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Contingencies and Commitments

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


 Chief Executive

AS AT 30 SEPTEMBER, 2014

	Unaudited 30 September 2014	Audited 30 June 2014
ASSETS	<i>Note</i>	
	(Rupees in Thousand)	

Non-current assets

Property, plant and equipment	10	24,587,884	24,616,636
-Operating fixed assets		1,646	-
-Capital work-in-progress		539	539
Long term deposits		35	35
Long term loan to employees		24,590,104	24,617,210

Current assets

Store, spares and loose tools	559,843	512,920
Inventory of fuel oil	485,265	485,337
Trade debts - secured, considered good	8,927,179	9,348,064
Advances, prepayments and other receivables	298,581	280,641
Cash and bank balances	3,342,549	3,997,758
	13,613,417	14,624,720

38,203,521	39,241,930
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Director

ALTERN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES
CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER, 2014

	30 September 2014	30 September 2013
	<i>Note</i> (Rupees in Thousand)	
Revenue - net	11 6,401,432	5,738,378
Direct costs		
Gross profit	12 <u>(5,044,759)</u>	<u>(4,351,275)</u>
Administrative expenses	(32,981)	(32,112)
Other income	64,528	59,201
Profit from operations	<u>1,388,220</u>	<u>1,414,192</u>
Finance cost	(469,132)	(610,561)
Profit before taxation	<u>919,088</u>	<u>803,631</u>
Taxation	(649)	(653)
Profit after taxation	<u><u>918,439</u></u>	<u><u>802,978</u></u>
Attributable to:		
Equity holders of the parent	578,976	505,746
Non-controlling interest	339,463	297,232
	<u>918,439</u>	<u>802,978</u>
Earnings per share - basic and diluted - Rupees	<u>1.59</u>	<u>1.39</u>

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


 Chief Executive


 Director

ALTEN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED 30 SEPTEMBER, 2014

	30 September 2014	30 September 2013
	(Rupees in Thousand)	
Profit for the period	918,439	802,978
Other Comprehensive Income	-	-
Total comprehensive income for the period	<u>918,439</u>	<u>802,978</u>
Attributable to:		
Equity holders of the parent	578,976	505,746
Non-controlling interest	339,463	297,232
	<u>918,439</u>	<u>802,978</u>

The annexed notes 1 to 15 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, 2014**

	30 September 2014	30 September 2013
	(Rupees in Thousand)	
CASHFLOW FROM OPERATING ACTIVITIES		
Profit before tax	803,631	803,631
Adjustment for non-cash items:		
Depreciation	418,486	422,100
Gain on sale of property, plant & equipment	(248)	(132)
Provision for staff retirement benefits	1,165	144
Capital spares consumed	189	535
Amortization of bank guarantee cost	899	814
Finance cost	470,137	611,668
Interest income	(1,908)	(1,921)
Operating profit before working capital changes	888,720	1,033,208
(Increase)/decrease in current assets:		
Stores, spares and loose tools	1,807,808	1,836,839
Inventory of fuel oil	(49,939)	(55,955)
Trade debts	72	(9)
Advances, prepayments, and other receivables	420,884	(1,047,548)
	(9,293)	12,306
Increase in current liabilities	361,724	(1,091,206)
Trade and other payables	340,684	29,638
Cash generated from operations	2,510,216	775,271
Finance cost paid	(693,934)	(852,671)
Tax paid	(9,235)	(11,436)
Retirement and other benefits paid	(1,047)	(30)
	(704,216)	(864,137)
Net cash generated from / (used in) operating activities	(1806,000)	(88,866)
CASHFLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(5,490)	(6,719)
Dividend received	1,290,183	-
Proceeds from sale of property, plant & equipment	248	132
Long term deposits	-	(70)
Net cash generated from / (used in) investing activities	1,284,941	(6,657)
CASHFLOW FROM FINANCING ACTIVITIES		
Long term loans - net	(1,413,780)	(1,096,360)
Sponsors' loan - net	(231,348)	-
Dividend paid	(2,101,022)	-
Net cash used in financing activities	(3,746,150)	(1,096,360)
	(A)	(B)
Net decrease in cash and cash equivalents	(A+B+C)	
Cash and cash equivalents at beginning of the period	(655,209)	(1,191,883)
Cash and cash equivalents at the end of the period	3,997,758	4,960,053
	(A+B+C)	
Net decrease in cash and cash equivalents	(3,342,549)	3,768,170

The annexed notes 1 to 15 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, 2014

	Attributable to equity holders of Parent Company			Non-		
	Share	Equity portion	accumulated	controlling	Total	
	Share capital	premium of sponsors' loan	profit	Interest		
	(Rupees in Thousand)					
Balance as at 01 July 2013 - Audited	3,633,800	41,660	43,179	7,608,150	7,561,153	18,887,942
Imputed interest on sponsors' loan	-	-	(27,280)	-	-	(27,280)
Total comprehensive income for the period	-	-	-	1,625,847	1,468,134	3,093,981
Transaction with owners recorded in equity	3,633,800	41,660	15,899	9,233,997	9,029,287	21,954,643
1st Interim dividend @ Rs. 1/- share by AEL	-	-	-	(363,380)	-	(363,380)
2nd Interim dividend @ Rs. 1/- share by AEL	-	-	-	(363,380)	(1,207,503)	(1,207,503)
Dividend relating to 2014 paid to non-controlling interest	-	-	-	(726,760)	(1,207,503)	(1,934,263)
Balance as at 30 June 2014 - Audited	3,633,800	41,660	15,899	8,507,237	7,821,784	20,020,380
Imputed interest on sponsors' loan	-	-	(2,485)	-	-	(2,485)
Total comprehensive income for the period	-	-	-	578,976	339,463	918,439
Balance as at 30 September 2014 - UnAudited	<u>3,633,800</u>	<u>41,660</u>	<u>13,414</u>	<u>9,086,213</u>	<u>8,161,247</u>	<u>20,936,334</u>

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


 Chief Executive


 Director

- 5.1 It represents equity portion relating to interest free loan from Descon Engineering Limited amounting to Rs. 69,455 million (30 June 2014: 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 2014: Rs. 23,152 million) from Crescent Standard Business Management (Private) Limited as per terms of acquisition arrangement.
- 5.3 Interest free loans received from Descon Engineering Limited and Crescent Standard Business Management Limited (Private) Limited have been discounted at 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:

	Audited	
	30 September 2014	30 June 2014
6.1	<i>Note</i>	
	(Rupees in Thousand)	
Descon Engineering Limited	69,455	69,455
Interest free loan - gross	(10,060)	(11,924)
Effect of discounting	59,394	57,531
Crescent Standard Business Management (Pvt) Limited	6.2	
Interest free loan - gross	23,152	23,152
Effect of discounting	(3,354)	(3,975)
Present value of interest free loan	19,798	19,177
Other long term finance - DEL	6.4	
Interest on long term finance	6.5	
	79,193	76,708
	261,763	261,763
	61,429	284,126
	<u>402,384</u>	<u>622,597</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 2014: Rs. 69,455 million).
- 6.2 It represents long term loan portion of funds amounting to Rs. 23,152 million (30 June 2014: 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 changed 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 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 six months KIBOR plus 300 basis points (30 June 2014 : six months KIBOR plus 300 basis points).
- 6.5 It represents mark-up payable to Descon Engineering Limited of Rs. 61,429 million (30 June 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 - SECURED AND UN-SECURED

- Loans from financial institutions
- Loans from related parties
- Current portion of long term loans

9,321,379	9,981,864
<u>2,002,693</u>	<u>2,213,807</u>
11,324,072	12,195,671
(2,974,028)	(3,484,458)
<u>8,350,044</u>	<u>8,711,213</u>

8 TRADE AND OTHER PAYABLES

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

Consequently, 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 as 'GIDC arrears' for the period ranging from 1st January, 2013 to 31 December 2013. In February 2014, the Group filed a writ petition in the Lahore High Court against the levy of GIDC on retrospective basis. The honorable court granted stay against recovery to the Group till the time similar petitions filed in the Supreme Court were decided.

On 22 August 2014, Supreme Court upheld the decision of Peshawar High Court and declared GIDC ultra vires and directed SNGPL to refund the amount. However the Government passed Gas Infrastructure Development Cess Ordinance, 2014 on 25 September 2014 and declared the cess levied and collected under GIDC Act, 2011 as valid. In October 2014, the Group filed writ petition in the Lahore High Court against the recovery of GIDC, against which the honorable court has granted stay to the Group. Based on prudence principle, the Group has booked arrears of GIDC as a receivable from the off-taker and a liability to SNGPL as at 30 September 2014.

9 CONTINGENCIES AND COMMITMENTS

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

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 has submitted reply for the Show Cause Notice, and the decision of the authorities is awaited. 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 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, 2014 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. 2,806.67 million along with additional tax of Rs. 1,485.38 million and penalty of Rs. 101.52 million, on account of input sales tax for the period July 2007 to June 2013. 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 (ITAT) and the matter is now pending adjudication before the Islamabad High Court on reference application filed by the Company. During the period the company had also filed rectification application against the order of ITAT before Appellate Tribunal. The case was heard by the ITAT and the decision has been reserved. Regardless of the outcome of ITAT decision, 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 these financial statements.

10 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 2014 to 30 September 2014. This has resulted in accumulated capitalization of exchange losses of Rs. 12,131.035 million (30 June 2014: 11,745.440 million) in the cost of plant and equipment upto 30 September 2014, with net book value of Rs. 8,291.055 million (30 June 2014: Rs. 8,103.300 million).

11 REVENUE

	30 September 2014	30 September 2013
	(Rupees in Thousand)	
Energy revenue - gross	5,498,957	4,578,382
Sales tax	(798,994)	(631,501)
Energy revenue- net	4,699,963	3,946,881
Capacity revenue	1,696,936	1,725,711
Other supplemental charges	106,097	143,583
Gas efficiency passed to WAPDA	(101,564)	(77,797)
	<u>6,401,432</u>	<u>5,738,378</u>

12 DIRECT COST

Fuel consumed	4,261,739	3,560,506
Operating maintenance costs	279,201	284,640
Depreciation	417,076	421,090
Repairs and maintenance	38,204	41,281
Insurance	34,303	33,571
Energy import	403	983
Salaries, wages and other benefits	7,720	6,004
Generation licence fee	1,580	2,773
Electricity duty	2,259	-
Miscellaneous expenses	2,277	477
	<u>5,044,759</u>	<u>4,351,275</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 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 30 September
2014 2013

(Rupees in Thousand)

Descon Engineering Limited - the ultimate parent

- Mark up accrued on long term loan

8,650	8,137
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Associated companies

Descon Power Solutions (Private) Limited

-Operation and maintenance contractor's fee
-Purchase of spare parts
-Mark up on late payments

8,573	7,865
20,361	22,862
-	3,116

Subsidiary companies

Rousch (Pakistan) Power Limited

-Operator's fee paid to ESB International Contracting Ltd.
-Payment to Descon Power Solutions (Pvt) Limited
-Payment to Siemens AG as LTMSA contractor
-Payment to Siemens Pakistan as LTMSA contractor
-Payment to Descon Engineering Ltd against services
-Payment to Siemens Pakistan Ltd for supply of spares and services

77,628	71,360
78,340	66,473
91,428	110,907
35,979	44,476
184	1,388
-	1,325

15 General

151 These financial statements were authorized for issue on October 29, 2014 by the Board of Directors of the Company.

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



Chief Executive



Director