



INTERIM FINANCIAL INFORMATION

**(UN-AUDITED)
FOR THE QUARTER ENDED
SEPTEMBER 30, 2016**

ALTERN ENERGY LIMITED

ALTERN ENERGY LIMITED
COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Abdul Razak Dawood	(Chairman)
Mr. Taimur Dawood	(Chief Executive)
Mr. Farooq Nazir	
Mr. Fazal Hussain Asim	
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	
Syed Rizwan Ali Shah	(Independent Director)

**HUMAN RESOURCE & REMUNERATION
COMMITTEE**

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

CFO & COMPANY SECRETARY

Mr. Umer Shehzad

HEAD INTERNAL AUDIT

Mr. Shafique ur Rehman Bhatti

AUDITORS

A.F. Ferguson & Co.
Chartered Accountants

BANKERS

MCB Bank Limited
The Bank of Punjab
Habib Bank Limited
Habib Metropolitan Bank Limited

REGISTERED OFFICE

DESCON HEADQUARTERS
18-km Ferozpur Road, Lahore.

REGISTRAR SHARES

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

ALTERN ENERGY LIMITED

DIRECTORS' REVIEW

The Board of Directors of the Company feels pleasure in presenting the operational performance and (un-audited) financial statements of the Company for the quarter ended September 30, 2016.

General:

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

Finance:

During the period under review, the total turnover of the Company was Rs. 570 million resulting in a gross profit of Rs. 101 million. The Company posted net profit after tax of Rs. 90 million (Rs 78 million in the corresponding period of last year) delivering an earnings per share (EPS) of Rs. 0.25 (EPS of Rs. 0.21 during the corresponding period of last year).

Payment defaults by the off-taker WAPDA continues exposing the Company to liquidity risk as the total receivables as of September 30, 2016 stand at Rs. 780 million as compared to Rs. 651 million as on June 30, 2016. The Company's management continues to pursue the off-taker for timely release of due payments. The Company during the period paid outstanding sponsors' loan amounting to Rs. 104 million including accrued mark-up.

Operations and Maintenance:

During the period under review, the Company received un-interrupted supply of gas, albeit with a drop in gas pressure on a few occasions. Despite the short supply of gas, the plant performance has been satisfactory during the period where it despatched 60.2 GWh electricity to WAPDA as compared to 61.9 GWh delivered during the same period of last year. We confidently report that all the gensets and allied equipment are in sound health for smooth and reliable operations.

Health, Safety, Environment & Security:

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

Future Outlook:

Ever increasing gap between demand and supply of power in the country is a challenge for the Government as well as private power sector companies. The challenge is exacerbated by the depleting gas resources in Pakistan as this puts gas fired IPPs in a difficult situation. However, the inclusion of imported RLNG has provided much needed relief to the power sector specifically and industrial sector as a whole. It is hoped that gas supply situation will improve further after the construction of new RLNG terminals.

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. 7,021 million; and the cost of sales were Rs. 5,726 million. Net profit for the period was Rs. 1,062 million (compared to Rs. 881 million in the corresponding period in 2015) delivering an earnings per share (EPS) of Rs. 1.23 per share of Rs.10 each (EPS Rs. 1.02 in corresponding period in 2015).

Payment default from the company's sole customer, WAPDA, continues. On September 30, 2016, the overdue receivables from WAPDA were Rs. 6,965 Million. The company continues to pursue WAPDA for timely payment of its receivables.


The company continues to discharge its liabilities to its lenders. During the period, the company has repaid Rs. 1,597 million being the debt repayment till September 30, 2016. EPC deferred (AMSA) loan instalments due since March 31, 2015 could not be paid due to impending approvals from State Bank of Pakistan.

The plant performance remained satisfactory during the period under review as it operated at base load except for few occasions of low dispatch demand and half complex operations due to minor issues. This has resulted in almost total consumption of available forced outage allowance under the Power Purchase Agreement. During the period, the company has successfully conducted Annual Dependable Capacity Test (ADC) as per planned schedule and achieved 398.45 MW which is above Dependable Capacity of 395 MW. During the period, 790 GWh of electricity was delivered to WAPDA as compared to 837 GWh delivered during the corresponding period of the previous financial year. During the period under review, the company has passed on Rs. 101 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, our contractors as well as valued Shareholders of the Company.

For and behalf of the Board of Directors

Lahore
October 27, 2016


Taimur Dawood
Chief Executive

ڈائریکٹرز کی جائزہ رپورٹ

کمپنی کا بورڈ آف ڈائریکٹرز 30 ستمبر 2016 مختتمہ سہ ماہی پر کمپنی کی آپریشنل کارکردگی اور (غیر متفرغ شدہ) مالی گوشوارے پیش کرتا ہے۔

عمومی

کمپنی 32 میگاواٹ کے گیس فائر تھرمل پاور پلانٹ واقع نزد فتح جنگ ضلع انک پنجاب کی مالک اور اسے چلاتی ہے۔ کمپنی کی اہم ترین سرگرمیوں میں بجلی کی پیداوار ایک طویل مدتی بجلی کی خریداری کے معاہدے (پی پی اے) کے تحت وائرائیڈ پاور ڈیولپمنٹ اتھارٹی (واپڈا) کو اسکی فروخت شامل ہے۔

فنانس

زیر جائزہ مدت کے دوران کمپنی نے کل 570 ملین روپے کاروبار کیا جس کے نتیجے میں 101 ملین روپے کا مجموعی منافع کمایا۔ کمپنی نے 90 ملین روپے کے بعد از ٹیکس خالص منافع شائع کیا (جو کہ گزشتہ سال کے اسی عرصے میں 78 ملین روپے تھا) نی شیئر آمدنی 0.25 روپے ہو گئی (جو کہ گزشتہ سال کی اسی مدت کے دوران 0.21 روپے تھی)۔

”آف ٹیک“ واپڈا کی وجہ سے ڈیفالٹ شدہ ادائیگیوں کے باعث کمپنی کو مسلسل رقم کی کمی کے خطرے کا سامنا ہے، 30 ستمبر 2016 تک کل قابل وصول رقم 780 ملین روپے ہے برعکس 30 جون 2016 کے جو کہ 651 ملین روپے تھی۔ کمپنی کی انتظامیہ ”آف ٹیک“ سے بقایا رقم کی بروقت ادائیگی کیلئے فالو اپ رکھے ہوئے ہے۔

اس دوران کمپنی نے مارک اپ میں اضافے سمیت بقایا سپائسرز قرض کی مد میں 104 ملین روپے ادا کیے۔

آپریٹنز اور دیکھ بھال۔

زیر جائزہ مدت کے دوران کمپنی کو گیس کی بلار کا وٹ فراہمی جاری رہی اگرچہ چند مواقع پر گیس پریشر میں کمی بھی رہی۔ گیس کی عدم سپلائی کے باوجود اس عرصہ میں پلانٹ کی کارکردگی تسلی بخش رہی اور واپڈا کو 60.2 گیگا واٹ آور بجلی ڈسپنچ کی گئی گزشتہ سال کے اسی عرصہ کے برعکس جس میں 61.9 گیگا واٹ آور فراہم کی گئی۔

ہم یقین سے کہتے ہیں تمام جزئیات اور متعلقہ ساز و سامان بالکل ٹھیک، ہموار اور آپریشن کیلئے قابل اعتماد ہیں۔

صحیح، حفاظت، ماحولیات اور سیوریٹی

اس مدت کے دوران، پلانٹ کی مجموعی حالت، حفاظتی اقدامات، ماحولیات اور سیوریٹی کی کارکردگی تسلی بخش رہی۔ زیر جائزہ مدت کے دوران کوئی ”لاست ٹائم حادثہ“ (ایل ٹی آئی) پیش آیا اور نہ کسی بھی ماحولیاتی اصول سے انحراف سامنے آیا۔

مستقبل کے نقطہ نظر

ملک میں بجلی کی طلب ورسد کی بڑھتی ہوئی خلیج حکومت کیساتھ ساتھ نجی پاور سیکٹر کمپنیوں کیلئے بھی ایک چیلنج ہے۔ پاکستان میں گیس کے کم ہوتے وسائل نے چیلنج کی شدت میں اضافہ کر دیا ہے جس سے گیس سے چلنے والی آئی پی پیز کو مشکلات میں ڈال دیا ہے۔ تاہم در آمد شدہ آرائیل این جی کی شمولیت نے خاص طور پر بجلی کے شعبہ اور مجموعی طور پر صنعتی شعبے کو بہت ضروری امداد فراہم کی ہے۔ یہ امید کی جاتی ہے کہ نئے آرائیل این جی ٹرمینلز کی تعمیر کے بعد گیس کی فراہمی کی صورتحال میں مزید بہتری آئے گی۔

ماتحت ادارے کا جائزہ؛۔

ہمیں آپکو یہ بتاتے ہوئے خوشی ہو رہی ہے کہ زیر جائزہ مدت کے دوران Rousch (پاکستان) پاور کمپنی لمیٹڈ (آر پی پی ایل) (جو کہ کمپنی کا ایک ذیلی ادارہ ہے) نے بالکل ٹھیک کام کیا۔ زیر جائزہ مدت کے دوران 7,021 ملین روپے کا کاروبار کیا اور فروخت کی قیمت 5,726 ملین روپے رہی، اس دوران خالص منافع 1,062 ملین روپے رہا (2015 کی اسی مدت کے مقابلے میں جو کہ 881 ملین روپے تھا) اور ہر ایک دس حصص پر فی حصص آمدنی 1.23 روپے رہی (جو کہ 2015 میں اسی مدت میں 1.02 روپے تھی)۔

کمپنی کی واحد کسٹمر واپڈا کی طرف سے عدم ادائیگیاں جاری ہیں۔ 30 ستمبر 2016 تک واپڈا قابل وصول واجبات کی رقم 6,965 ملین روپے تھی۔ کمپنی واجبات کی بروقت ادائیگی کیلئے واپڈا کا پیچھا جاری رکھے ہے۔ کمپنی اپنے قرض دہندگان کو واجبات جاری کر رہی ہے۔

اس مدت کے دوران کمپنی نے 30 ستمبر 2016 تک 1,597 ملین روپے کا قرض چکا یا ہے۔ سٹیٹ بینک آف پاکستان کی جانب سے منظوری نہ ہونے کے باعث 31 مارچ 2015 میں واجب الادا (اے ایم ایس اے) کے قرض کی قسطوں کو ای پی سی نے موخر کر دیا۔

زیر جائزہ مدت کے دوران پلانٹ کی کارکردگی تسلی بخش رہی، یہ معمولی مسائل کی باعث نصف پیچیدہ آپریشنز اور کم ڈسپینچ ڈیمانڈ کے چند مواقع کے علاوہ پائپ لائن کی بنیاد پر آپریٹ کیا گیا۔ یہ تقریباً کل کھپت خرید و فروخت کے معاہدہ کے تحت دستیاب جبری بندش الاؤنس کا نتیجہ ہے۔ اس مدت کے دوران کمپنی نے سالانہ قابل اعتماد اہلیت کے ٹیسٹ (اے ڈی سی) کو کامیابی سے منعقد کیا اور منصوبہ کے شیڈول کے مطابق 398.45 میگا واٹ حاصل کئے جو کہ اعتماد کی اہلیت 395 میگا واٹ سے اوپر ہے۔ اس مدت کے دوران واپڈا کو 790 گیگا واٹ آؤٹ پٹ فراہم کئے برعکس گزشتہ مالی سال کی اسی مدت کے جو کہ 837 گیگا واٹ آؤٹ تھے۔ زیر جائزہ مدت کے دوران کمپنی نے واپڈا کو 101 ملین روپے بطور گیس کی کارکردگی کے حصص کے منتقل کئے جو کہ پلانٹ کی شاندار کارکردگی کے نتیجے میں حاصل ہوئے۔

ہم اپنے بینکاروں، واپڈا، سوئی ناردرن، ہمارے سٹاف، ٹھیکیداروں کیساتھ ساتھ کمپنی کے قابل قدر حصص یافتگان کی مسلسل حمایت کو تسلیم کرتے اور انکے شکر گزار ہیں۔

بحکم بورڈ
سید
تیور داؤد
چیف ایگزیکٹو

27 اکتوبر 2016

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

		Un-audited September 30, 2016	Audited June 30, 2016
EQUITY AND LIABILITIES	Note	---Rupees in thousand---	
SHARE CAPITAL AND RESERVES			
Authorized share capital 400,000,000 (June 30, 2016: 400,000,000) ordinary shares of Rs. 10 each		4,000,000	4,000,000
Issued, subscribed and paid up share capital 363,380,000 (June 30, 2016: 363,380,000) ordinary shares of Rs. 10 each		3,633,800	3,633,800
Share premium		41,660	41,660
Revenue reserve: Un-appropriated profit		989,869	900,314
		4,665,329	4,575,774
NON-CURRENT LIABILITIES			
Sponsors' loan - unsecured	5	-	-
Long term financing	6	-	-
Deferred liabilities		2,952	2,637
		2,952	2,637
CURRENT LIABILITIES			
Trade and other payables		202,366	219,462
Short term borrowings - secured	7	-	-
Unclaimed dividend		1,835	1,381
Dividend payable		-	846,675
Mark up accrued		10,399	10,778
Current portion of loans	5 & 6	92,099	194,193
		306,699	1,272,489
CONTINGENCIES AND COMMITMENTS			
	8	-	-
		4,974,980	5,850,900



Chief Executive

AS AT SEPTEMBER 30, 2016

		Un-audited September 30, 2016	Audited June 30, 2016
ASSETS	Note	---Rupees in thousand---	
NON-CURRENT ASSETS			
Property, plant and equipment	9	776,382	790,622
Intangible assets	10	3,253	3,800
Long term investment	11	3,204,510	3,204,510
Long term deposit		38	38
		3,984,183	3,998,970
CURRENT ASSETS			
Stores, spares and loose tools		75,241	75,635
Trade debts - secured, considered good		780,813	651,358
Advances, deposits, prepayments and other receivables		92,124	87,713
Dividend receivable		-	951,739
Income tax recoverable		33,713	33,729
Cash and bank balances		8,906	51,756
		990,797	1,851,930
		4,974,980	5,850,900


Director

ALTERN ENERGY LIMITED
CONDENSED INTERIM UNCONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016

		September 30, 2016	September 30, 2015
	<i>Note</i>	-----Rupee in thousand-----	
Revenue - net	12	570,285	535,564
Direct costs	13	(469,046)	(432,628)
Gross profit		101,239	102,936
Administrative expenses		(8,533)	(5,854)
Other income		71	7,870
Profit from operations		92,777	104,952
Finance cost		(3,199)	(27,176)
Profit before taxation		89,578	77,776
Taxation		(23)	(190)
Profit after taxation		89,555	77,586
Earnings per share - basic and diluted - Rupees		0.25	0.21

The annexed notes 1 to 19 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 SEPTEMBER 30, 2016

	September 30, 2016	September 30, 2015
	-----Rupees in thousand -----	
Profit for the period	89,555	77,586
Other comprehensive income		
<i>Items that will not be reclassified subsequently to profit or loss</i>	-	-
<i>Items that may be reclassified subsequently to profit or loss</i>	-	-
	-	-
Total comprehensive income for the period	89,555	77,586

The annexed notes 1 to 19 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 SEPTEMBER 30, 2016

		September 30, 2016	September 30, 2015
		-----Rupees in thousand-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	14	(41,388)	68,293
Finance costs paid		(1,665)	(69)
Taxes paid		(7)	(408)
		(1,672)	(477)
Net cash (outflow) / inflow from operating activities		(43,060)	67,816
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant & equipments		(1,503)	-
Dividend received		951,739	-
Profit on bank deposits received		71	-
Net cash inflow from investing activities		950,307	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of long term financing		-	(5,103)
Dividend paid		(846,221)	-
Repayment of sponsors' loan - unsecured		(103,876)	(30,594)
Net cash outflow from financing activities		(950,097)	(35,697)
Net (decrease) / increase in cash and cash equivalents		(42,850)	32,119
Cash and cash equivalents at beginning of the period		51,756	269,103
Cash and cash equivalents at the end of the period	15	8,906	301,222

The annexed notes 1 to 19 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 SEPTEMBER 30, 2016

	Share capital	Share premium	Un-appropriated profit	Total
	-----Rupees in thousand-----			
Balance as at July 01, 2015 (audited)	3,633,800	41,660	649,677	4,325,137
Profit for the period			77,586	77,586
Other comprehensive income for the period			-	-
Total comprehensive income for the quarter ended September 30, 2015	-	-	77,586	77,586
Balance as at September 30, 2015 (un-audited)	3,633,800	41,660	727,263	4,402,723
Profit for the period	-	-	1,019,726	1,019,726
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	1,019,726	1,019,726
Total contributions by and distributions to owners of the Company recognized directly in equity:				
1st Interim Dividend @ Rs. 2.33 / ordinary share for the year ending June 30, 2016	-	-	(846,675)	(846,675)
Balance as at July 01, 2016 (audited)	3,633,800	41,660	900,314	4,575,774
Profit for the period	-	-	89,555	89,555
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the quarter ended September 30, 2016	-	-	89,555	89,555
Balance as at September 30, 2016 (un-audited)	3,633,800	41,660	989,869	4,665,329

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


Chief Executive


Director

ALTERN ENERGY LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL
INFORMATION FOR THE QUARTER ENDED SEPTEMBER 30, 2016 (UN-AUDITED)

1 LEGAL STATUS & NATURE OF BUSINESS

Altern Energy Limited (the 'Company') is a public limited Company incorporated in Pakistan on January 17, 1995 under the Companies Ordinance, 1984. The Company is a subsidiary of Descon Engineering Limited. The Company's ordinary shares are listed on the Pakistan Stock Exchange Limited.

The principal objective of the Company is to generate and supply electric power to Water and Power Development Authority of Pakistan (WAPDA) from its thermal power plant having a gross capacity of 32 Mega Watts (June 30, 2016 : 32 Mega Watts) in Fateh Jang, Attock. The Company commenced commercial operations with effect from June 06, 2001. The registered office of the Company is situated at Descon Headquarters, 18 km, Ferozepur Road, Lahore. The Company has a Power Purchase Agreement ('PPA') with its sole customer, WAPDA for thirty years which commenced from June 06, 2001.

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

2 BASIS OF PREPARATION

The condensed interim unconsolidated 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 unconsolidated 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, 2016.

This condensed interim unconsolidated financial information is un-audited and 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, 2016.

4 ACCOUNTING ESTIMATES

The preparation of the condensed interim unconsolidated 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 unconsolidated financial information, the significant judgments made by management in applying accounting policies and key sources of estimation were the same as those that were applied to the financial statements for the year ended June 30, 2016.

		Un-audited September 30, 2016	Audited June 30, 2016
	<i>Note</i>	-----Rupees in thousand-----	
5 SPONSORS' LOANS - UNSECURED			
Long term finances	5.1	-	100,000
Interest on long term finances	5.2	-	3,235
		-	103,235
Less: Current portion shown under current liabilities		-	(103,235)
		-	-

- 5.1 This represents funds amounting to Rs Nil (June 30, 2016: Rs 100 million) received from DEL for investment in Rousch (Pakistan) Power Limited through its subsidiary Company, Power Management Company (Private) Limited. The outstanding loan amount has been paid in full during the period.

These loans were unsecured and carried mark up at six months Karachi Interbank Offered Rate (KIBOR) plus 300 basis points (June 30, 2016 : six months KIBOR plus 300 basis points). The mark-up rate charged during the period on the outstanding balance was 9.36% (June 30, 2016: 9.36% to 12.56%) per annum.

- 5.2 It represents mark-up payable to DEL amounting to Rs Nil (June 30, 2016: Rs 3.235 million). During the period, the accrued mark-up has been paid in full along with principle to DEL.

	Note	Un-audited September 30, 2016	Audited June 30, 2016
6 LONG TERM FINANCING			
-----Rupees in thousand-----			
Long term finances	6.1	50,000	50,000
Interest on long term finances	6.2	42,099	40,958
		92,099	90,958
Less: Current portion shown under current liabilities		(92,099)	(90,958)
		-	-

- 6.1 This represents long term loan obtained by the Company from its wholly owned subsidiary, PMCL. These are unsecured and carry mark-up at the rate of six months KIBOR plus 300 basis points (June 30, 2016: six months KIBOR plus 300 basis points). The mark-up rate charged during the period on the outstanding balance was 9.06% (June 30, 2016: 9.06% to 13.04%) per annum.

- 6.2 This represent mark-up payable to PMCL of Rs 42.09 million (June 30, 2016: Rs 40.958 million).

7 SHORT TERM BORROWINGS - SECURED

Running finances	7.1	-	-
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- 7.1 The Company entered into an agreement with Habib Metropolitan Bank Limited to avail running finance facility of Rs 200 million. The facility carries mark-up at 3 months KIBOR plus 1.5% per annum. The facility was obtained against first charge of Rs 800 million over current assets at 25% margin registered with SECP.

8 CONTINGENCIES AND COMMITMENTS

There is no change in the status of contingencies and commitments set out in note 13 to the financial statements of the Company for the year ended June 30, 2016 except for the following:

8.1 Contingencies

The taxation authorities raised tax demand of Rs. 0.743 million under section 122 (5A) of the Income Tax Ordinance, 2001 for the tax year 2009. The Company preferred an appeal before CIR(A) against the impugned tax demand. The learned CIR(A) decided the appeal in favour of Company thereby deleting the alleged tax demand. The department has filed an appeal before the ATIR against the order of CIR(A) and now the case is pending adjudication

The taxation authorities raised tax demand under section 122 (5A) of the Income Tax Ordinance, 2001 for the tax years 2010, 2011, 2012 and 2013. The total demand raised amounts to Rs 9.3 million. The Company preferred appeals against the foregoing demand with CIR(A), on which learned CIR(A) has deleted the demand raised by the tax authorities and decided the case in favour of the Company.

The taxation authorities raised tax demand of Rs. 0.24 million under section 122 (5A) of the Income Tax Ordinance, 2001 for the tax year 2006, which was rectified to Rs. 0.084 million upon Company's request. The Company filed appeal before CIR(A) which was decided in Company's favour. Aggrieved with the decision of CIR (A), the department has filed appeal with ATIR, which is pending adjudication.

Based on the advice of the Company's legal counsel, management believes that there are sufficient grounds to defend the Company's stance in respect of the abovementioned cases. Consequently, no provision has been recognized in the condensed interim financial information.

8.2 Commitments in respect of

Habib Metropolitan Bank Limited has issued bank guarantee for Rs 326.32 million (June 30, 2016 : Rs 326.32 million) in favour of Sui Northern Gas Pipelines Limited as a security to cover gas supply for which payments are made in arrears. The guarantee will expire on September 14, 2017, which is renewable.

		Un-audited September 30, 2016	Audited June 30, 2016
	Note	-----Rupees in thousand-----	
9 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	9.1	771,546	785,621
Major stores and stand-by equipment		4,836	5,001
		<u>776,382</u>	<u>790,622</u>
9.1 Property, plant and equipment			
Opening book value		785,621	833,767
Additions/transfers during the period/year	9.1.1	1,504	13,731
Depreciation charged during the period/year		(15,579)	(61,877)
Closing book value		<u>771,546</u>	<u>785,621</u>
9.1.1 Additions during the period / year			
Plant and machinery		1,372	13,425
Office equipment		132	306
		<u>1,504</u>	<u>13,731</u>

9.1.1.1 According to the letter No. EMD/233/390/2002-914 dated May 06, 2010 issued by the Securities and Exchange Commission of Pakistan (SECP), the Company is allowed to capitalize exchange gains / losses arising on outstanding amounts of foreign currency loans contracted under the Implementation Agreement with Government of Pakistan until the date of expiry of such Implementation Agreement. Therefore, the net exchange losses of Rs Nil (June 30, 2016: Rs. 0.089 million) arising on revaluation and repayments of foreign currency loans at period end and during the period have been capitalized. This has resulted in accumulated capitalization of Rs 88.165 million (June 30, 2016: Rs 88.165 million) in the cost of plant and equipment up to September 30, 2016, with net book value of Rs 60.455 million (June 30, 2016: Rs 61.480 million).

	Un-audited September 30, 2016	Audited June 30, 2016
	----Rupees in thousand----	
10 INTANGIBLE ASSETS		
Cost		
Opening balance	6,564	6,414
Additions during the period	-	150
Closing balance	<u>6,564</u>	<u>6,564</u>
Amortization		
Opening balance	2,764	597
Amortization charged during the period	547	2,167
Closing balance	<u>3,311</u>	<u>2,764</u>
Net book value	<u>3,253</u>	<u>3,800</u>

11 LONG TERM INVESTMENT

Investment in subsidiary company - at cost 11.1 & 11.2	<u>3,204,510</u>	<u>3,204,510</u>
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11.1 This represents 100% (June 30, 2016: 100%) shares in Power Management Company (Private) Limited (PMCL), which holds 59.98% (June 30, 2016: 59.98%) shares of Rousch (Pakistan) Power Limited (RPPL).

11.2 As per terms of agreement for acquisition of shares of RPPL, the Company has deposited these shares with the trustees of RPPL's lenders.

	Un-audited September 30, 2016	September 30, 2015
	----Rupees in thousand----	
12 REVENUE - NET		
Energy revenue - gross	516,665	468,403
Sales tax	(75,071)	(68,059)
Energy revenue - net	<u>441,594</u>	<u>400,344</u>
Capacity revenue - gross	119,910	121,543
Other supplemental charges	8,781	13,677
	<u>570,285</u>	<u>535,564</u>

	Un-audited	
	September 30,	September 30,
	2016	2015
	---Rupees in thousand---	
13 DIRECT COSTS		
Gas cost	431,775	384,664
Depreciation	15,352	16,968
Stores, spares & loose tools consumed	5,072	12,925
Repairs and maintenance	425	2,446
Energy import	335	618
Lube oil consumed	1,372	2,115
Operation and maintenance contractor's fee	13,580	12,002
Salaries, wages and other benefits	394	119
Insurance costs	519	518
Generation license fee	144	139
Miscellaneous	78	114
	<u>469,046</u>	<u>432,628</u>
14 CASH GENERATED FROM OPERATIONS		
Profit before taxation	89,578	77,776
Adjustment for non cash charges and other items:		
Depreciation on operating fixed assets	15,579	16,968
Amortization of intangible assets	547	493
Provision for employee retirement benefits	316	-
Amortization of bank guarantee cost	489	908
Liabilities written back	-	(7,295)
Profit on bank deposits	(71)	-
Finance cost	2,710	26,267
	<u>19,570</u>	<u>37,341</u>
Profit before working capital changes	109,148	115,117
Effect on cashflow due to working capital changes:		
Stores, spares and loose tools	394	(5,537)
Advances, deposits, prepayments, and other receivables	(4,411)	4,958
Trade debts - secured	(129,455)	(12,986)
Trade & other payables	(17,064)	(33,259)
	<u>(150,536)</u>	<u>(46,824)</u>
Cash generated from operations	<u>(41,388)</u>	<u>68,293</u>
15 CASH AND CASH EQUIVALENTS		
Cash and bank balances	<u>8,906</u>	<u>301,222</u>

16 CORRESPONDING FIGURES

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

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

17 RELATED PARTY TRANSACTIONS

The related parties comprise holding company, associated companies, related group companies, directors and their close family members, staff retirement contribution fund, key management personnel and major shareholders of the Company. Amounts due from and to related parties are shown under receivable and payable. Other significant transactions with related parties not disclosed elsewhere in these financial statements are as follows:

		Un-audited	
		September 30, 2016	September 30, 2015
		----Rupees in thousand----	
Relationship with the Company	Nature of transaction		
i) Holding company			
Descon Engineering Limited:			
	Mark up accrued on long term loan	641	7,072
	Dividend paid	492,625	-
	Sponsors' loan repaid	100,000	-
	Mark up paid on sponsors' loan	3,876	30,594
ii) Subsidiary companies			
Power Management Company (Private) Limited:			
	Dividend received	846,675	-
	Repayment of short term loan	3	-
	Mark up accrued on long term loan	1,142	1,265
	Mark up accrued on short term loan	131	145
Rousch (Pakistan) Power Limited:			
	Reimbursable expenses	264	-
iii) Associated companies			
Descon Power Solutions (Private) Limited			
	O & M contractor's fee	12,002	10,911
	Service agreement for generators	1,200	1,091
	Spare parts purchased	5,484	25,024
	Reimbursable expenses	378	-
	Funds paid during the period	18,813	32,060
Descon Corporation (Private) Limited			
	ERP implementation fee and running costs	754	348

		Un-audited	
		September 30, 2016	September 30, 2015
		----Rupees in thousand----	
iv) Key management personnel	Salaries and other employment benefits	1,341	950
v) Post employment benefit plans	Expenses charged in respect of retirement benefit plans	<u>316</u>	<u>-</u>

18. EVENTS AFTER THE BALANCE SHEET DATE

There are no significant events after the balance sheet date.

19. GENERAL

19.1 These financial statements were authorized for issue on October 27, 2016 by the Board of Directors of the Company.

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


Chief Executive


Director

**CONSOLIDATED
FINANCIAL
INFORMATION**

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

		September 30, 2016	June 30, 2016
EQUITY AND LIABILITIES	Note	---Rupees in thousand---	
SHARE CAPITAL AND RESERVES			
Authorized share capital			
400,000,000 (June 30, 2016: 400,000,000)			
ordinary shares of Rs 10 each		4,000,000	4,000,000
Issued, subscribed and paid up share capital			
363,380,000 (June 30, 2016: 363,380,000)			
ordinary shares of Rs 10 each		3,633,800	3,633,800
Share premium		41,660	41,660
Revenue reserve: Un-appropriated profit		12,731,377	12,051,716
		16,406,837	15,727,176
Non-controlling interests		10,527,852	10,102,809
		26,934,689	25,829,985
NON-CURRENT LIABILITIES			
Sponsors' loan - unsecured	5	-	-
Long term financing	6	3,128,858	4,440,613
Deferred liabilities		21,462	19,698
Deferred taxation		948,982	901,200
		4,099,302	5,361,511
CURRENT LIABILITIES			
Trade and other payables		3,580,855	2,919,361
Short term loans		-	-
Mark up accrued		-	375,654
Current portion of long term financing	5 & 6	3,996,833	4,362,362
Dividend payable		-	1,536,678
Unclaimed dividend		12,544	-
Provision for taxation		-	79,437
		7,590,232	9,273,492
CONTINGENCIES AND COMMITMENTS			
	7		
		38,624,223	40,464,988

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


Chief Executive

AS AT SEPTEMBER 30, 2016

		September 30, 2016	June 30, 2016
ASSETS	Note	----Rupees in thousand----	
NON-CURRENT ASSETS			
Property, plant and equipment	8	21,464,459	21,878,189
Intangible assets		6,380	7,374
Long term deposits		539	539
Long term loan to employees		12,143	13,232
		<u>21,483,521</u>	<u>21,899,334</u>
CURRENT ASSETS			
Store, spares and loose tools		566,430	583,144
Inventory of fuel oil		476,457	476,632
Trade debts - secured, considered good		10,365,753	7,649,133
Advances, deposits, prepayments and other receivables		500,985	442,528
Income tax recoverable		194,425	194,090
Cash and bank balances		5,036,652	9,220,127
		17,140,702	18,565,654
		<u>38,624,223</u>	<u>40,464,988</u>


Director

ALTEN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES
CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016

		September 30, 2016	September 30, 2015
	Note	----Rupees in thousand----	
Revenue - net	9	7,591,501	7,366,432
Direct costs	10	(6,193,754)	(5,965,895)
Gross profit		1,397,747	1,400,537
Administrative expenses		(58,559)	(44,206)
Other income		61,963	73,464
Profit from operations		1,401,151	1,429,795
Finance cost		(248,222)	(469,515)
Profit before taxation		1,152,929	960,280
Taxation		(48,225)	(40,320)
Profit after taxation		1,104,704	919,960
Attributable to:			
Equity holders of the parent		679,661	567,259
Non-controlling interest		425,043	352,701
		1,104,704	919,960
Earnings per share - basic and diluted	Rupees	1.87	1.56

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


Chief Executive


Director

ALTERN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016

	September 30, 2016	September 30, 2015
	----Rupees in thousand----	
Profit for the year	1,104,704	919,960
Other comprehensive income:		
<i>Items that may be subsequently reclassified to profit or loss</i>	-	-
<i>Items that may not be reclassified subsequently to profit or loss</i>		
<i>Remeasurement of post retirement benefit plan</i>	-	-
	-	-
Total comprehensive income for the year	1,104,704	919,960
Attributable to:		
Equity holders of the parent	679,661	567,259
Non-controlling interest	425,043	352,701
	1,104,704	919,960

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


Chief Executive


Director

ALTERN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES
CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016

		September 30, 2016	September 30, 2015
	Note	----Rupees in thousand----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	11	(518,053)	829,699
Finance cost paid		(341,775)	(513,141)
Tax paid		(85,387)	(11,531)
Retirement and other benefits paid		-	(1,010)
		(427,162)	(525,682)
Net cash (outflow) / inflow from operating activities		(945,215)	304,017
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(2,690)	(26,888)
Dividend received		1,986,051	-
Profit on bank deposits received		71	-
Proceeds from sale of property, plant and equipment		607	165
Long term deposits		1,089	-
Net cash inflow / (outflow) from investing activities		1,985,128	(26,723)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term loans		(1,597,237)	(767,532)
Repayment of sponsors' loan		(103,876)	(30,594)
Dividend paid		(3,522,275)	-
Net cash outflow from financing activities		(5,223,388)	(798,126)
Net increase in cash and cash equivalents		(4,183,475)	(520,832)
Cash and cash equivalents at the beginning of the period		9,220,127	4,989,084
Cash and cash equivalents at the end of the period	12	5,036,652	4,468,252

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


Chief Executive


Director

ALTERN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016

	<u>Attributable to equity holders of Parent Company</u>				
	Share capital	Share premium	Un-appropriated profit	Non-controlling Interests	Total
	Rupees in thousand				
Balance as on July 1, 2015 (audited)	3,633,800	41,660	10,597,749	9,239,589	23,512,798
Profit for the period	-	-	567,259	352,701	919,960
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the quarter ended September 30, 2015	-	-	567,259	352,701	919,960
Transactions with owners in their capacity as owners	-	-	-	-	-
Balance as on September 30, 2015 (un-audited)	3,633,800	41,660	11,165,008	9,592,290	24,432,758
Profit for the period	-	-	1,733,254	1,200,436	2,933,690
Other comprehensive income for the period	-	-	129	86	215
Total comprehensive income for the period	-	-	1,733,383	1,200,522	2,933,905
Transactions with owners in their capacity as owners:					
Interim dividend @2.33 per ordinary share by AEL	-	-	(846,675)	-	(846,675)
Interim dividend @2 per ordinary share by RPPL	-	-	-	(690,003)	(690,003)
Balance as on June 30, 2016 (audited)	3,633,800	41,660	12,051,716	10,102,809	25,829,985
Profit for the period	-	-	679,661	425,043	1,104,704
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	679,661	425,043	1,104,704
Transactions with owners in their capacity as owners	-	-	-	-	-
Balance as on September 30, 2016 (un-audited)	3,633,800	41,660	12,731,377	10,527,852	26,934,689

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


Chief Executive


Director

ALTERN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL
INFORMATION (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2016

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 The group comprises of:

Parent Company:

Altern Energy Limited (AEL); and

Subsidiary companies:

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

	Percentage of Holding	
	Un-audited	Audited
	September 30,	June 30,
	2016	2016
Power Management Company (Private) Limited (PMCL)	100.000%	100.000%
Rousch (Pakistan) Power Limited (RPPL)	59.984%	59.984%

- 1.2 Altern Energy Limited (AEL) is a public limited Company incorporated in Pakistan on January 17, 1995 under the Companies Ordinance, 1984. The Company is a subsidiary of Descon Engineering Limited. The Company's ordinary shares are listed on the Pakistan Stock Exchange Limited.

The principal objective of the AEL is to generate and supply electric power to Water and Power Development Authority of Pakistan (WAPDA) from its thermal power plant having a gross capacity of 32 Mega Watts (June 30, 2016 : 32 Mega Watts) in Fateh Jang, Attock. AEL commenced commercial operations with effect from June 06, 2001. The registered office of the company is situated at Descon Headquarters, 18 km, Ferozepur Road, Lahore. AEL has a Power Purchase Agreement ('PPA') with its sole customer, WAPDA for thirty years which commenced from June 06, 2001.

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

- 1.3 PMCL was incorporated in Pakistan on February 24, 2006. The principal objective of PMCL is to invest, manage, operate, run, own and build power projects. The registered office of PMCL is situated at Descon Headquarters, 18 km Ferozepur Road, Lahore.

- 1.4 Rousch (Pakistan) Power Limited (RPPL) is an unlisted public company, incorporated in Pakistan on 4 August 1994 under the Companies Ordinance, 1984. The principal activities of RPPL are to generate and supply electricity to WAPDA from its combined cycle thermal power plant ("the Complex") having a gross (ISO) capacity of 450 Mega Watts (June 30, 2016: 450 Mega Watts), located near Sidhnai Barrage, Abdul Hakim town, District Khanewal, Punjab province, Pakistan. The company started commercial operations from 11 December 1999. The registered office of the company is situated at 68-Studio Apartments, Park Towers, F-10 Markaz, Jinnah Avenue, Islamabad.

RPPL has a PPA with WAPDA for sale of power to WAPDA upto 2029. The plant was initially designed to operate with residual furnace oil and was converted the Complex to gas fired facility in 2003 after allocation of 85 MMSCFD by the Government for the period of twelve years under GSA with SNGPL till 18 August 2015. At that time, under the amendments to the Implementation Agreement (IA), the Government of Pakistan provided an assurance that the company will be provided gas post August 2015, in preference to the new projects commissioned after the company.

The Ministry of Petroleum and Natural Resources, empowered for RLNG allocation by the Economic Co-ordination Committee ('ECC'), issued an allocation of 85 MMSCFD of RLNG to the company on firm basis on September 23, 2015 and advised the company and SNGPL to negotiate a long term GSA on firm basis. While negotiation for the long term GSA are in process, in June 2016, ECC of the Cabinet approved interim GSA for supply of RLNG to the company upto June 2018 or signing of a long-term GSA, whichever is earlier. Under the proposed interim GSA, RLNG will be supplied on 'as available' basis, however, the non-supply of RLNG will be treated as 'Other Force Majeure' under the PPA. Currently RPPL is in the process of Novation of the company's PPA to Central Power Purchasing Agency - Guarantee Limited (CPPA-G). Once the Novation Agreement is signed, the company is likely to execute the Interim GSA with CPPA-G and SNGPL.

2 BASIS OF PREPARATION

This condensed interim consolidated financial information is un-audited and is being submitted to the members in accordance with section 245 of the Companies Ordinance, 1984. It has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim consolidated financial information does not include all the information required for annual consolidated financial statements and therefore, should be read in conjunction with the annual consolidated financial statements for the year ended June 30, 2016.

3 SIGNIFICANT ACCOUNTING POLICIES

Accounting policies and methods of computation adopted for the preparation of these condensed interim consolidated financial information are the same as those applied in preparing the consolidated financial statements for the year ended June 30, 2016.

4 ACCOUNTING ESTIMATES

The preparation of the condensed interim consolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed interim consolidated financial information, the significant judgments made by management in applying accounting policies and key sources of estimation were the same as those that were applied to the consolidated financial statements for the year ended June 30, 2016.

5 SPOSNORS' LOAN - UNSECURED

		Un-audited September 30, 2016	Audited June 30, 2016
		---Rupees in thousand---	
Long term finances	- note 5.1	-	100,000
Interest on long term finances	- note 5.2	-	3,235
		-	103,235
Less: Current portion shown under current liabilities		-	(103,235)
		-	-

5.1 This represents funds amounting to Rs Nil (June 30, 2016: Rs 100 million) received from DEL for investment in Rousch (Pakistan) Power Limited through its subsidiary Company, Power Management Company (Private) Limited. The outstanding loan amount has been paid in full during the period.

These loans were unsecured and carried mark up at six months Karachi Interbank Offered Rate (KIBOR) plus 300 basis points (June 30, 2016 : six months KIBOR plus 300 basis points). The mark-up rate charged during the period on the outstanding balance was 9.36% (June 30, 2016: 9.36% to 12.56%) per annum.

5.2 It represents mark-up payable to DEL amounting to Rs Nil (June 30, 2016: Rs 3.235 million). During the period, the accrued mark-up has been paid in full along with principle to DEL.

6 LONG TERM FINANCES - SECURED & UNSECURED

Loans from financial institutions		4,588,699	6,165,169
Loans from related parties	6.1	2,536,992	2,534,571
		7,125,691	8,699,740
Current portion of long term loans		(3,996,833)	(4,259,127)
		3,128,858	4,440,613

- 6.1 Long term finances include unsecured loan payable by RPPL to associated undertaking amounting to Rs 2,535.781 million (June 30, 2016: Rs 2,534.571 million) out of which Rs. 2,466.863 million (June 30, 2016: Rs 1,917.057 million) is included in current portion of long term loans.

7 CONTINGENCIES & COMMITMENTS

There is no material change in the status of contingencies and commitments set out in note 12 to the consolidated financial statements of the Group for the year ended June 30, 2016 except for the following:

7.1 Contingencies

Altern Energy Limited - the Parent Company

The taxation authorities raised tax demand of Rs. 0.743 million under section 122 (5A) of the Income Tax Ordinance, 2001 for the tax year 2009. The Company prefer an appeal before CIR(A) against the impugned tax demand. The learned CIR(A) decided the appeal in favour of Company thereby deleting the alleged tax demand. The department has filed an appeal before the ATIR against the order of CIR(A) and now the case is pending adjudication.

The taxation authorities raised tax demand under section 122 (5A) of the Income Tax Ordinance, 2001 for the tax years 2010, 2011, 2012 and 2013. The total demand raised amounts to Rs 9.3 million. The Company preferred appeals against the foregoing demand with CIR(A), on which learned CIR(A) has deleted the demand raised by the tax authorities and decided the case in favour of the Company.

The taxation authorities raised tax demand of Rs. 0.24 million under section 122 (5A) of the Income Tax Ordinance, 2001 for the tax year 2006, which was rectified to Rs. 0.084 million upon Company's request. The Company filed appeal before CIR(A) which was decided in Company's favour. Aggrieved with the decision of CIR (A), the department has filed appeal with ATIR, which is pending adjudication.

Based on the advice of the company's legal counsel, management believes that there are sufficient grounds to defend the company's stance in respect of the abovementioned cases. Consequently, no provision has been recognized in the condensed interim financial information.

Rousch (Pakistan) Power Limited - the Subsidiary Company

For tax year 2013, WWF liability amounting to Rs. 84 million along with additional tax and penalty was raised by tax authorities against which CIR(A) granted the stay and the case was pending adjudication. In the period under review, the company filed writ petition in Islamabad High Court for directing the tax authorities to restrain from any coercive measures against the company as the time limit for stay granted by CIR(A) expired. The High Court has granted the stay.

In the period under review, For the tax year 2014, CIR(A) remanded back the issues relating to sett-off interest income against depreciation loss, chargeability of minimum tax on capacity income and chargeability of WWF to the concerned taxation officer for fresh decision and withheld that supplemental charges are taxable. The Company has filed appeal to ATIR against the decision of the CIR(A) challenging his action to set-aside the contentious issues instead of deciding them in accordance with the favourable decisions of the higher judiciary in parallel cases. The case is pending for adjudication. The aggregate demand raised by tax authorities was Rs. 364 million,

As the above matters have already been decided by judicial fora upto the level of Appellate Tribunal Inland Revenue in favour of taxpayers, therefore, provision in this regard has not been made in this condensed financial information.

7.2 Commitments in respect of

Altern Energy Limited - the Parent Company

Habib Metropolitan Bank Limited has issued bank guarantee for Rs 326.32 million (June 30, 2016 : Rs 326.32 million) in favour of Sui Northern Gas Pipelines Limited as a security to cover gas supply for which payments are made in arrears. The guarantee will expire on September 14, 2017, which is renewable.

Rousch (Pakistan) Power Limited - the Subsidiary Company

Standby letter of credit (SBLC) of Rs. 4,120 million (June 2016: 4,120 million) has been issued by National Bank of Pakistan in favour of Sui Northern Gas Pipelines Limited (SNGPL) as a security to cover RLNG supplies.

8 PROPERTY, PLANT AND EQUIPMENT

Additions to plant and equipment include net exchange loss of Rs 6.654 million on related foreign currency loans during the period from July 1, 2016 to September 30, 2016. This has resulted in accumulated capitalization of exchange losses of Rs. 12,281.79 million (June 30, 2016: Rs 12,275.138 million) in the cost of plant and equipment upto September 30, 2016, with net book value of Rs 7,381.387 million (June 30, 2016: Rs 7,516.494 million).

Un-audited
Nine months ended
September 30, September 30,
2016 2015
---Rupees in thousand---

9 REVENUE

Energy revenue - gross	6,855,042	6,591,457
Sales tax	(996,032)	(957,733)
Energy revenue- net	5,859,010	5,633,724
Capacity revenue	1,746,994	1,689,027
Other supplemental charges	86,356	147,787
Gas efficiency passed to WAPDA	(100,859)	(104,106)
	7,591,501	7,366,432

10 DIRECT COSTS

Fuel consumed	5,419,602	5,186,234
Operation and maintenance (O&M)	270,055	267,841
Depreciation	420,285	421,335
Stores, spares and loose tools consumed	39,356	40,562
Repairs & maintenance	-	6,236
Insurance	29,972	28,358
Energy import from WAPDA	336	2,457
Salaries, wages and other benefits	9,525	7,485
Fee & subscriptions	1,682	1,629
Electricity duty	2,313	2,335
Liquidated damages	-	3
Miscellaneous	628	1,420
	6,193,754	5,965,895

Un-audited
Nine months ended
September 30, 2016 September 30,
2015
---Rupees in thousand---

11 CASH GENERATED FROM OPERATIONS

Profit before taxation	1,152,929	960,280
Adjustment for non cash charges and other items:		
- Depreciation	422,752	423,410
- Profit on bank deposits	(71)	(1,410)
- Liabilities written back	-	(7,295)
- Amortization of bank guarantee cost	489	908
- Amortization of intangible assets	547	493
- Finance cost	247,732	470,016
- Provision for staff retirement benefits	1,765	1,516
Profit before working capital changes	1,826,143	1,847,918

Effect on cash flow due to working capital changes:

-Increase in stores, spares and loose tools	16,889	10,201
- Decrease in trade debts	(2,716,620)	(1,687,102)
-(Increase) / decrease in advances, deposits, prepayments and other receivables	(58,358)	115,680
- Decrease in trade and other payables	413,893	543,002
	(2,344,196)	(1,018,219)
Cash generated from operations	(518,053)	829,699

12 CASH AND CASH EQUIVALENTS

Cash and bank balances	5,036,652	4,468,252
	5,036,652	4,468,252

13 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise of ultimate parent company, associated companies, related group companies, directors and their close family members, staff retirement contribution fund, key management personnel and major shareholders of the group. Amounts due from and to related parties are shown under receivable and payable. Other significant transactions with related parties not disclosed elsewhere in these financial statements are as follows:

Relationship with the Company	Nature of transactions	Un-audited	
		September 30, 2016	September 30, 2015
		----Rupees in thousand----	
i. Ultimate Parent			
Descon Engineering Limited:			
	Mark up accrued on long term loan	641	7,072
	Dividend paid	492,625	-
	Sponsors' loan repaid	100,000	-
	Mark up paid on sponsors' loan	3,876	30,594
ii. Associated Undertakings			
Descon Power Solutions (Private) Limited:			
	O & M contractor's fee	12,002	10,911
	Service agreement of generators	1,200	1,091
	Spare parts purchased	5,484	25,024
	Reimbursable expenses	378	-
	Funds paid during the year	18,813	32,060
Descon Corporation (Private) Limited:			
	ERP implementation fee & running cost	754	348
iii. Subsidiary Undertakings			
Rousch (Pakistan) Power Limited:			
	Operator's fee paid to ESB Engineering Ltd	74,227	75,240
	Payments to Descon Power Solutions (Pvt.) Ltd	83,835	80,383
	Payments to Siemens AG as LTMSA contractor	69,185	70,618
	Payments to Siemens Pakistan as LTMSA contractor	24,029	24,280
	Payments to Descon Engineering Ltd against services	959	402
	Payments to Descon Chemicals Ltd against services	-	507
	Payments to Descon Corporation (Pvt.) Ltd for rent and services	1,394	-
iv. Key Management Personnel			
	Salaries and other employment benefits	21,591	17,113
v. Post Employment benefit plans			
	Expense charged in respect of retirement benefit plans	3,086	2,735

14 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim consolidated financial information was authorised for issue on October 27, 2016 by the Board of Directors of the Company.

15 CORRESPONDING FIGURES

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

16 GENERAL

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


Chief Executive


Director