INTERIM FINANCIAL INFORMATION

(UN-AUDITED)
FOR THE NINE MONTHS ENDED
MARCH 31, 2017

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 Rizwan Ali Shah	(Independent Director)

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 Rahman Bhatti

AUDITORS

M/S 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 nine months period ended March 31, 2017.

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. 1,172 million resulting in a gross profit of Rs. 133 million. The Company posted net profit after tax of Rs. 100 million (Rs. 70 million in the corresponding period of last year) delivering an earnings per share (EPS) of Rs. 0.28 (EPS of Rs. 0.19 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 March 31, 2017 stand at Rs. 549 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 improved supply of gas as compared to the last financial year. The plant was operational till 15th December whereas plant operated till 12th November during the corresponding period of the last financial year before gas suspension by SNGPL. The gas was restored by SNGPL on 10th March and the plant has been operating at full load ever since.

During the no-gas period, the plant underwent major annual maintenance activities including partial E – 60 maintenance on two engines. The management is hopeful that other routine maintenance activities shall be performed according to budgeted timelines and cost. The plant performance has been satisfactory during the period under review where it despatched 126.8 GWh electricity to WAPDA as compared to 117.02 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.

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. 19,160 million; and the cost of sales were Rs. 15,927 million. Net profit for the period was Rs. 2,249 million (compared to Rs. 2,861 million in the corresponding period in 2016) delivering an earnings per share (EPS) of Rs. 2.61 per share of Rs.10 each (EPS Rs. 3.32 in corresponding period in 2016).

Payment default from the company's sole customer, the Water and Power Development Authority (WAPDA) continues. On March 31, 2017, the overdue receivables from WAPDA were Rs. 8,254 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 swapped its LTCF loan with Facility from Standard Chartered Bank. Total debt repayments till March 31, 2017 are Rs. 6,192 million including prepayment of LTCF from NBP amounting to Rs. 3,829 million. EPC deferred (AMSA) loan instalments due since March 31, 2015 could not be paid due to impending approvals from State Bank of Pakistan.

In January 2017, complex was shut down for a period of twenty six days due to suspension of gas supplies as the Government diverted RLNG to domestic sector and the company declared this as Other Force Majeure Event. The plant operated at base load in the month of February and from March 2017, the plant was again shut down for schedule maintenance for a period of sixty days from March 1, 2017.

During the period, 1,897 GWh of electricity was delivered to WAPDA as compared to 2,151 GWh delivered during the corresponding period of the previous financial year. During the period under review, the company has passed on Rs. 288 million to WAPDA as its share of gas efficiency, which accrued as a result of the efficient operation of plant.

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. However, the inclusion of imported RLNG in the system has improved the availability of gas to industrial sector. It is hoped that gas supply situation will improve further after the construction of new RLNG terminals.

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

Taimur Dawood
Chief Executive

Lahore
April 24, 2017

ڈائریکٹرز کی جائزہ رپورٹ

کمپنی مجلس نظماء 31 مارچ 2017ء کو ختم ہونے والی نو ماہی کے لئے کمپنی کی آپریشنل کارکردگی اور (غیر تنقیح شدہ) مالیاتی حسابات پیش کرتے ہوئے خوشی محسوس کرتی ہے۔

جنرل:

کمپنی فتح جنگ، ضلع اٹک، پنجاب کے قریب واقع ایک اپنا ذاتی 32 میگاواٹ گیس فائرڈ تھرمل پاور پلانٹ چلاتی ہے۔ کمپنی کے کی اصل سرگرمی بجلی پیدا کرنا اور طویل مدتی بجلی کی خریداری کے معاہدے (PPA) کے تحت واٹر اینڈ پاور ڈیولپمنٹ اتھارٹی (واپڈا) کو بجلی فروخت کرنا ہے۔

فنانس:

زیر جائزہ مدت کے دوران، کمپنی کی کل آمدنی 1,172 ملین روپے تھی جس کے نتیجہ میں مجموعی منافع 133 ملین روپے ہوا۔ کمپنی نے بعد از ٹیکس خالص منافع 100 ملین روپے درج (گزشتہ سال کی اسی مدت میں 70 ملین روپے)، (EPS) فی شیئر آمدنی 0.28 روپے (گزشتہ سال کی اسی مدت کے دوران EPS 0.19 روپے) ظاہر کیا ہے۔ آف ٹیکر واپڈا بروقت ادائیگی نہیں کر رہا ہے، کمپنی نے 31 مارچ 2017ء کو لیکویڈیٹی رسک کے طور پر 30 جون 2016ء کو 651 ملین روپے کے مقابلے کل وصولی 549 ملین روپے ظاہر کی ہے۔ کمپنی کی انتظامیہ آف ٹیکر سے واجب ادائیگیوں کی بروقت واگزاری کے لئے اصرار کر رہی ہے۔
کمپنی نے زیرِ جائزہ مدت کے دوران سپانسرز کے قرض کی بقایا رقم معہ مارک اپ 104 ملین روپے ادا کی ہے۔

آپریشنز اور دیکھ بھال:

کمپنی کو گزشتہ مالی سال کے مقابلے زیر جائزہ مدت کے دوران گیس کی بہتر فراہمی موصول ہوئی۔ پلانٹ 15th دسمبر تک آپریشنل رہا، جبکہ سوئی ناردرن گیس کی معطلی سے قبل گزشتہ مالی سال کی اسی مدت کے دوران 12th نومبر تک چلایا گیا تھا۔ SNGPL کی طرف سے دوباہ گیس 10 مارچ کو بحال کی گئی اور پلانٹ پہلے سے زیادہ مکمل لوڈ پر چلایا گیا۔

گیس کی سپلائی نہ ہونے کی مدت میں، پلانٹ دو انجنوں پر E-60 کی بحالی کے مرحلے سمیت اہم سالانہ دیکھ بھال کی سرگرمیوں سے گزرا ہے۔ انتظامیہ کو امید ہے کہ بحالی کی سرگرمیاں بجٹ ٹائم لائنز اور لاگت کے مطابق کارکردگی کا مظاہرہ کریں گی۔ پلانٹ کی کارکردگی تسلی بخش رہی، جہاں گزشتہ سال کے اسی عرصے کے دوران 117.02 GWh کے مقابلے میں واپڈا کو زیر جائزہ مدت کے دوران 126.8 GWh بجلی ترسیل کی ہے۔ ہم یقین سے بیان کرتے ہیں کہ تمام جنریٹرز اور متعلقہ ساز و سامان ہموار اور قابل اعتماد آپریشن کے لئے درست ہیں۔

صحت، سیفٹی، ماحولیات اور سیکورٹی:

اس مدت کے دوران، پلانٹ کی مجموعی صحت، سیفٹی، ماحولیات اور سیکورٹی کی کارکردگی تسلی بخش رہی ہے۔ زیر جائزہ مدت کے دوران وقت کے ضیاع کا کوئی حادثہ (LTI) اور کوئی ماحولیاتی حملہ نہیں ہوا تھا۔

ذیلی جائزہ :

ہم آپ کو بخوشی مطلع کرتے ہیں کہ زیر جائزہ مدت کے دوران، Rousch (پاکستان) پاور لمیٹڈ (RPPL)، جو کمپنی کا ایک ذیلی ادارہ ہے، ہموار چلتا رہا ہے۔ زیرِ جائزہ مدت کے دوران آمدنی 19,160 ملین روپے اور قیمت فروخت 15,927 ملین روپے تھی۔ مدت کے لئے خالص منافع 2,249 ملین روپے (بمقابلہ 2016 کی اسی مدت میں 2,861 ملین روپے) فی شیئر آمدنی (EPS) 2.61 روپے فی شیئر ہر ایک -/10 روپے (2016 کی اسی مدت میں EPS 3.32 روپے) تھا۔

کمپنی کا واحد کسٹمر، واپڈا ادائیگی میں مسلسل تاخیر کر رہا ہے۔ 31 مارچ 2017ء کو واپڈا سے واجب الادا وصولی 8,254 ملین روپے تھے۔ کمپنی واپڈا سے اپنی واجب الادا وصولیوں کی بروقت واگزاری کے لئے اصرار کر رہی ہے۔

کمپنی اپنے قرض دہندہ کو اس کے واجبات ٹائم پر ادا کر پا رہی ہے۔ اس مدت کے دوران، کمپنی نے سٹینڈرڈ چارٹرڈ بینک سے سہولت کے ساتھ اپنا LTCF قرض تبدیل کیا ہے۔ 31 مارچ 2017 تک کل قرض کی واپسی ادائیگی 6,192 ملین روپے ہے جس میں NBP سے 3,829 ملین روپے کی رقم کی پیشگی ادائیگی شامل ہے۔ EPC فرق واجب (AMSA) قرض کی قسطیں 31 مارچ 2015 سے اسٹیٹ بینک آف پاکستان (SBP) کی منظوری کی تاخیر کے باعث ادا نہیں کی جا سکی ہیں۔

جنوری 2017 میں کمپلیکس 26 دن کیلئے گیس نہ میسر ہونے سے مکمل طور پر بند ہو گیا کیونکہ حکومت کی طرف سے RLNG ڈومیسٹک سیکٹر کو منتقل کر دی گئی تھی اور کمپنی نے اسے دیگر Force Majeure Event قرار دیا۔ پلانٹ فروری کے مہینہ میں بنیادی لوڈ پر چلایا گیا اور یکم مارچ سے 2017 سے 60 یوم کی مدت کے لئے معمول کی مینٹی نینس کے لئے دوبارہ بند ہو گیا۔ اس مدت کے دوران، گزشتہ مالی سال کی اسی مدت میں ترسیل 2,151 GWh کے مقابلے واپڈا کو 1,897 GWh بجلی ترسیل کی گئی۔ زیر جائزہ مدت کے دوران، کمپنی نے واپڈا کی خاطر 288 ملین روپے گیس صلاحیت کے حصہ کے طور پر خرچ کئے جو موثر پلانٹ کی کارروائیوں کے نتیجے میں برداشت کرنا پڑے۔

مستقبل کا نقطہ نظر:

ملک میں بجلی کی طلب اور فراہمی کے درمیان مسلسل بڑھتا ہوا خلاء حکومت اور نجی پاور سیکٹر کمپنیوں کے لئے ایک چیلنج ہے۔ تاہم، درآمد شدہ RLNG کی نظام میں شمولیت نے صنعتی شعبے کو گیس کی دستیابی بہتر بنائی ہے۔ یہ امید کی جاتی ہے کہ گیس کی فراہمی کی صورت حال نئے RLNG ٹرمینلز کی تعمیر کے بعد مزید بہتر ہو جائے گی۔

ہم اپنے بینکاروں، واپڈا، سوئی ناردرن، اپنے عملے، اپنے ٹھیکیداروں اور کمپنی کے قابل قدر حصص یافتگان کی مسلسل حمایت کے شکر گزار ہیں۔

منجانب بورڈ آف ڈائریکٹرز

بحکم بورڈ

نیمور داؤد

چیف ایگزیکٹو

لاہور: 24 اپریل 2017ء

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

	Note	Un-audited March 31 2017	Audited June 30, 2016
EQUITY AND LIABILITIES		**(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		**1,000,369**	900,314
		4,675,829	4,575,774
NON-CURRENT LIABILITIES			
Sponsors' loan - unsecured	*5*	**-**	-
Long term financing	*6*	**-**	-
Deferred liabilities		**3,275**	2,637
		3,275	2,637
CURRENT LIABILITIES			
Trade and other payables		**132,612**	219,462
Dividend payable		**-**	846,675
Unclaimed dividend		**726**	1,381
Mark up accrued		**10,711**	10,778
Current portion of loans	*5 & 6*	**93,959**	194,193
		238,008	1,272,489
CONTINGENCIES AND COMMITMENTS	*7*		
		4,917,112	5,850,900

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

Chief Executive

AS AT MARCH 31, 2017

ASSETS	Note	Un-audited March 31 2017 (Rupees in thousand)	Audited June 30, 2016
NON-CURRENT ASSETS			
Property, plant and equipment	*8*	**756,390**	790,622
Intangible assets	*9*	**2,243**	3,800
Long term investment	*10*	**3,204,510**	3,204,510
Long term deposit		**38**	38
		3,963,181	3,998,970
CURRENT ASSETS			
Stores, spares and loose tools		**104,711**	75,635
Trade debts - secured, considered good		**548,632**	651,358
Advances, deposits, prepayments and other receivables		**115,417**	87,713
Dividend receivable		**-**	951,739
Income tax recoverable		**33,603**	33,729
Cash and bank balances		**151,568**	51,756
		953,931	1,851,930
		4,917,112	5,850,900

Director

ALTERN ENERGY LIMITED
CONDENSED INTERIM UNCONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2017

	Note	Quarter ended		Nine months ended	
		March 31 2017	March 31 2016	**March 31 2017**	March 31 2016
		(Rupees in thousand)		**(Rupees in thousand)**	
Revenue - net	*11*	**112,867**	244,463	**1,172,254**	1,055,236
Direct costs	*12*	**(143,188)**	(265,249)	**(1,039,603)**	(939,174)
Gross profit / (loss)		**(30,321)**	(20,786)	**132,651**	116,062
Administrative expenses		**(8,167)**	(5,160)	**(26,246)**	(16,446)
Other income		**459**	359	**571**	10,439
Profit / (loss) from operations		**(38,029)**	(25,587)	**106,976**	110,055
Finance cost		**(1,605)**	(6,601)	**(6,738)**	(42,063)
Profit / (loss) before taxation		**(39,634)**	(32,188)	**100,238**	67,992
Taxation		**(160)**	(106)	**(183)**	2,050
Profit / (loss) after taxation		**(39,794)**	(32,294)	**100,055**	70,042
Earnings per share - basic and diluted - Rupees		**(0.11)**	(0.09)	**0.28**	0.19

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

Chief Executive **Director**

ALTERN ENERGY LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2017

	Quarter ended		Nine months ended	
	March 31 2017	March 31 2016	**March 31 2017**	March 31 2016
	(Rupees in thousand)		**(Rupees in thousand)**	
Profit / (loss) for the period	**(39,794)**	(32,294)	**100,055**	70,042
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss	-	-	-	-
Items that may be be reclassified subsequently to profit or loss	-	-	-	-
	-	-	-	-
Total comprehensive income / (loss) for the period	**(39,794)**	(32,294)	**100,055**	70,042

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

Chief Executive **Director**

ALTERN ENERGY LIMITED
CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2017

	Notes	March 31 2017	March 31 2016
		----(Rupees in thousand)---	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	*13*	**114,459**	37,926
Finance costs paid		**(3,162)**	(1,390)
Taxes paid		**(57)**	(351)
		(3,219)	(1,741)
Net cash inflow from operating activities		**111,240**	36,185
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant & equipments		**(12,440)**	(5,366)
Purchase of intangible assets		**(92)**	(150)
Dividend received		**951,739**	-
Profit on bank deposits received		**571**	3,267
Net cash inflow / (outflow) from investing activities		**939,778**	(2,249)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of long term financing		**-**	(7,758)
Dividend paid		**(847,330)**	-
Repayment of sponsors' loan - unsecured		**(103,876)**	(204,174)
Net cash outflow from financing activities		**(951,206)**	(211,932)
Net increase / (decrease) in cash and cash equivalents		**99,812**	(177,996)
Cash and cash equivalents at beginning of the period		**51,756**	269,103
Cash and cash equivalents at the end of the period	*14*	**151,568**	91,107

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

Chief Executive **Director**

ALTERN ENERGY LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2017

	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			70,042	**70,042**
Other complrehensive income for the period			-	**-**
Total comprehensive income for the nine months ended March 31, 2016	-	-	70,042	**70,042**
Balance as at March 31, 2016 (un-audited)	3,633,800	41,660	719,719	**4,395,179**
Profit for the period	-	-	1,027,270	**1,027,270**
Other comprehensive income for the period	-	-	-	**-**
Total comprehensive income for the period	-	-	1,027,270	**1,027,270**
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	-	-	100,055	**100,055**
Other comprehensive income for the period	-	-	-	**-**
Total comprehensive income for the nine months ended March 31, 2017	-	-	100,055	**100,055**
Balance as at March 31, 2017 (un-audited)	**3,633,800**	**41,660**	**1,000,369**	**4,675,829**

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

Chief Executive **Director**

1 LEGAL STATUS & NATURE OF BUSINESS

Altern Energy Limited (the 'Company') is a public limited Company incorporated in Pakistan on January 17, 1995. The Company is a subsidiary of Descon Engineering Limited ('DEL'). 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 the 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). 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. Subsequent to the formation of Central Power Purchasing Agency (Guarantee) Limited (CPPA-G), WAPDA has transfered all its functions under the PPA to CPPA-G. Currently, the Company is in the process of novation of PPA in favour of CPPA-G.

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

This condensed interim financial information is un-audited and is being submitted to the members in accordance with section 245 of the Companies Ordinance, 1984 ('Ordinance'). The condensed interim financial information 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 Ordinance. In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed. This condensed interim financial information does not include all the information required for annual financial statements and therefore, should be read in conjunction with the annual financial statements for the year ended June 30, 2016, which had been prepared in accordance with approved accounting standards as applicable in Pakistan.

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

		Un-audited March 31, 2017	Audited June 30, 2016
		(Rupees in thousand)	
5 SPONSORS' LOANS - UNSECURED			
Long term finances	*5.1*	-	100,000
Interest on long term finances		-	3,235
		-	103,235
Less: Current portion shown under current liabilities		-	(103,235)
		-	-

5.1 This represented funds received from Descon Engineering Limited (DEL) for investment in Rousch (Pakistan) Power Limited through its subsidiary company, Power Management Company (Private) Limited. These loans have been fully repaid 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.

	Note	**Un-audited March 31 2017**	**Audited June 30, 2016**
6 LONG TERM FINANCING		**(Rupees in thousand)**	
Power Management Company (Private) Limited (PMCL) - unsecured	*6.1*	**50,000**	50,000
Interest on loan from PMCL	*6.2*	**43,959**	40,958
		93,959	90,958
Less: Current portion shown under current liabilities		**(93,959)**	(90,958)
		-	-

6.1 This represents long term loan obtained by the Company from its wholly owned subsidiary, PMCL. Theis is unsecured and carries mark-up at the rate of six months KIBOR plus 100 basis points (June 30, 2016: six months KIBOR plus 300 basis points). The mark-up rate charged during the period on the outstanding balance ranged from 7.06% to 9.06% (June 30, 2016: 9.06% to 13.04%) per annum.

6.2 This represents mark-up payable to PMCL of Rs 43.959 million (June 30, 2016: Rs 40.958 million) on the long term loan obtained from it.

7 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:

7.1 Contingencies

(i) In August 2014, the taxation authorities issued a 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 split among taxable and non-taxable supplies. The Company based on the legal advice received, is of the view that component of capacity revenue is not considered value of supply and rule of apportionment is not applicable in case of IPPs for the reason that the ultimate product is electrical energy, which is taxable. The Company submitted reply for the Show Cause Notice which was rejected by the Authorities and a demand for this amount was created by the Tax Authorities. The Company filed an appeal with ATIR against the demand which was rejected. The Company preferred an appeal before Honorable Lahore High Court who granted stay to the Company after payments of Rs 10.12 million against the total demand of Rs 157 million. The Honourable Lahore High Court vide its judgement in case no. STR 120/2015 dated October 31, 2016 has decided the issue in favour of the Company. However the tax department, being aggrieved, filed an appeal in the Honorable Supreme Court of Pakistan. The management is of the view that there are sufficient grounds available to defend the foregoing demands in the Honorable Supreme Court. Consequently no provision for such demands has been made in this condensed interim financial information.

(ii) 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 deparment has filed an appeal before the ATIR against the order of CIR(A) and now the case is pending adjudication.

(iii) 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. But the learned DCIR has not taken complete appeal effect in order under section 124 in accordance with CIR (A)'s order. The Company has applied for rectification of said department order and also filed appeal before CIR (A) against the order passed under section 124/129 of Income Tax Ordinance, 2001. On Company application, department has now taken complete effect of the Order of CIR Appeals and rectified its earlier aforesaid order. Further the deparment has filed an appeal before the ATIR against the order of CIR(A) and now the case is pending adjudication

(iv) 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. Aggreived with the decision of CIR (A), the department has filed appeal with ATIR, which is pending adjudication.

(v) The taxation authorities in pursuance of its show cause notice under section 182/114 for imposition of penalty for late filing of return for tax year 2014, issued order thereby creating demand amounting to Rs. 16,835,913/-. Aggreived with the said department order, the Company is now in the process of filing of appeal before Commissioner Appeals.

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.

(vi) Based on the legal opinion no provision for Workers' Welfare Fund (WWF) has been made in these condensed interim financial information .

7.2 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.

	Note	Un-audited March 31, 2017	Audited June 30, 2016
		(Rupees in thousand)	
8 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	*8.1*	**752,520**	785,621
Major stores and stand-by equipment		**3,870**	5,001
		756,390	790,622
8.1 Operating fixed assets			
Opening book value		**785,621**	833,767
Additions/transfers during the period / year	*8.1.1*	**13,571**	13,731
Depreciation charged during the period / year		**(46,672)**	(61,877)
Closing book value		**752,520**	785,621
8.1.1 Additions during the period / year			
Plant and machinery		**13,106**	13,425
Office equipment		**465**	306
		13,571	13,731

		Un-audited March 31, 2017	Audited June 30, 2016
9	**INTANGIBLE ASSETS**	(Rupees in thousand)	
	Cost		
	Opening balance	**6,564**	6,414
	Additions during the period / year	**92**	150
	Closing balance	**6,656**	6,564
	Amortization		
	Opening balance	**2,764**	597
	Amortization charged during the period / year	**1,649**	2,167
	Closing balance	**4,413**	2,764
	Net book value	**2,243**	3,800
10	**LONG TERM INVESTMENT**		
	Investment in subsidiary company - at cost *10.1 & 10.2*	**3,204,510**	3,204,510

10.1 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).

10.2 As per terms of agreement for acquisition of shares of RPPL, PMCL has deposited these shares with the trustees of RPPL lenders.

		Un-audited		Un-audited	
11	**REVENUE - NET**	**March 31, 2017**	**March 31, 2016**	**March 31, 2017**	**March 31, 2016**
		(Rupees in thousand)		(Rupees in thousand)	
	Energy revenue - gross	**89,436**	220,055	**1,052,252**	931,639
	Sales tax	**(12,995)**	(31,973)	**(152,891)**	(135,366)
	Energy revenue - net	**76,441**	188,082	**899,361**	796,273
	Capacity revenue - gross	**27,644**	52,177	**247,030**	229,836
	Other supplemental charges	**8,782**	4,204	**25,863**	29,127
		112,867	244,463	**1,172,254**	1,055,236

	Un-audited		Un-audited	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	(Rupees in thousand)		(Rupees in thousand)	
12 DIRECT COSTS				
Gas cost	**69,904**	176,959	**869,064**	762,337
Depreciation	**15,374**	15,426	**46,198**	47,037
Stores, spares & loose tools consumed	**31,307**	50,415	**57,021**	71,677
Repairs and maintenance	**5,531**	2,699	**12,245**	5,740
Energy import	**2,192**	1,982	**3,111**	4,641
Lube oil consumed	**4,263**	4,775	**8,058**	8,980
Operation and maintenance contractor's fee	**13,580**	12,002	**40,739**	36,006
Salaries, wages and other benefits	**273**	316	**950**	590
Insurance costs	**512**	518	**1,558**	1,555
Travelling, conveyance & hoteling	**215**	125	**450**	304
Fee and subscription	**-**	-	**144**	139
Miscellenouse	**37**	32	**65**	168
	143,188	265,249	**1,039,603**	939,174

13 CASH GENERATED FROM OPERATIONS		
Profit before taxation	**100,238**	67,992
Adjustment for non cash charges and other items:		
Depreciation on oprating fixed assets	**46,672**	47,132
Amortization of intangible assets	**1,649**	1,620
Provision for employee retirement benefits	**638**	626
Provision for doubtful debts	**772**	-
Amortization of bank guarantee cost	**1,468**	1,660
Liabilities written back	**-**	(7,295)
Profit on bank deposits	**(571)**	(3,144)
Finance cost	**6,738**	42,063
	57,366	82,662
Profit before working capital changes	**157,604**	150,654
Effect on cashflow due to working capital changes:		
Stores, spares and loose tools	**(29,076)**	(28,345)
Advances, deposits, prepayments, and other receivables	**(29,173)**	(5,431)
Trade debts - secured	**101,955**	270,140
Trade & other payables	**(86,851)**	(349,092)
	(43,145)	(112,728)
Cash generated from operations	**114,459**	37,926
14 CASH AND CASH EQUIVALENTS		
Cash and bank balances	**151,568**	91,107

15 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim balance sheet 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, condensed interim cash flow statement and condensed interim statement of changes in equity 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.

16 RELATED PARTY TRANSACTIONS

The related parties comprise holding company, subsidiary companies, associated companies, other related companies, key management personnel and post employment benefit plans. Significant transactions with related parties are as follows:

		Un-audited	
		March 31, 2017	March 31, 2016
		(Rupees in thousand)	
Relationship with the Company	**Nature of transaction**		
i) Holding company			
Descon Engineering Limited:			
	Mark up accrued on long term loan	**641**	17,804
	Dividend paid	**492,625**	-
	Sponsors' loan repaid	**100,000**	161,764
	Mark up paid on sponsors' loan	**3,876**	42,411
	Reimbursable expenses	**1,857**	360
ii) Subsidiary companies			
Power Management Company (Private) Limited:			
	Dividend received	**951,739**	-
	Repayment of short term loan	**3**	-
	Mark up accrued on loan	**3,344**	4,116
Rousch (Pakistan) Power Limited:			
	Reimbursable expenses	**462**	334
	Funds paid during the period	**437**	351
iii) Associated companies			
Descon Power Solutions (Private) Limited			
	O & M contractor's fee	**36,006**	32,733
	Service agreement for generators	**4,733**	3,273
	Spare parts purchased	**102,196**	104,394
	Major maintenance fee	**3,530**	2,673
	Reimbursable expenses	**192**	24
	Funds paid during the period	**146,901**	141,241
Descon Corporation (Private) Limited			
	ERP implementation fee and running costs	**2,162**	1,267
	Building rent	**135**	104
	Funds paid during the period	**5,636**	929

		Un-audited	
		March 31, 2017	March 31, 2016
		(Rupees in thousand)	
iv) Key management personnel			
	Salaries and other employment benefits	**3,129**	2,789
v) Director's remuneration			
	Salaries and other employment benefits	**2,250**	-
vi) Director's fee			
	Technical fee and meeting fee	**640**	**375**
vii) Post employment benefit plans			
	Expenses charged in respect of retirement benefit plans	**638**	539

17. EVENTS AFTER THE BALANCE SHEET DATE

There are no significant events after the balance sheet date.

18. GENERAL

18.1 These financial statements were authorized for issue on April 24, 2017 by the Board of Directors of the Company.

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

Chief Executive **Director**

CONSOLIDATED FINANCIAL INFORMATION

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

EQUITY AND LIABILITIES	Note	Un-audited March 31, 2017	Audited June 30, 2016
		(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: Accumulated profit		**13,401,507**	12,051,716
		17,076,967	15,727,176
Non-controlling interests		**11,002,627**	10,102,809
		28,079,594	25,829,985
NON-CURRENT LIABILITIES			
Sponsors' loan - unsecured	5	**-**	-
Long term financing	6	**2,297,145**	4,440,613
Derivative Financial Instrument		**186,416**	-
Deferred liabilities		**20,819**	19,698
Deferred taxation		**1,002,355**	901,200
		3,506,735	5,361,511
CURRENT LIABILITIES			
Trade and other payables		**1,067,992**	2,907,271
Mark up accrued		**100**	375,654
Current portion of long term financing	5 & 6	**4,069,632**	4,362,362
Dividend payable		**-**	1,536,678
Unclaimed dividend		**11,435**	12,090
Provision for taxation		**-**	79,437
		5,149,159	9,273,492
CONTINGENCIES AND COMMITMENTS	8		
		36,735,488	40,464,988

The annexed notes 1 to 17 form an integral part of these financial statements

Chief Executive

AS AT MARCH 31, 2017

ASSETS	Note	Un-audited March 31, 2017	Audited June 30, 2016
		(Rupees in thousand)	
NON-CURRENT ASSETS			
Property, plant and equipment	9	**20,617,079**	21,878,189
Intangible assets		**4,477**	7,374
Long term deposits		**539**	539
Long term loan to employees		**9,972**	13,232
		20,632,067	21,899,334
CURRENT ASSETS			
Store, spares and loose tools		**535,744**	583,144
Inventory of fuel oil		**475,050**	476,632
Trade debts - secured, considered good		**9,566,510**	7,649,133
Advances, deposits, prepayments and other receivables		**846,505**	442,528
Income tax recoverable		**226,411**	194,090
Cash and bank balances		**4,453,201**	9,220,127
		16,103,421	18,565,654
		36,735,488	40,464,988

Director

ALTERN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES
CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2017

	Note	Quarter ended		Nine months ended	
		March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
		(Rupees in thousand)		(Rupees in thousand)	
Revenue - net	10	**3,688,876**	5,847,753	**20,332,865**	20,374,055
Direct costs	11	**(3,144,322)**	(4,591,465)	**(16,966,078)**	(16,381,316)
Gross profit		**544,554**	1,256,288	**3,366,787**	3,992,739
Administrative expenses		**(40,908)**	(36,759)	**(137,852)**	(121,653)
Other income		**44,020**	98,910	**137,665**	223,222
Profit from operations		**547,666**	1,318,439	**3,366,600**	4,094,308
Finance cost		**(559,029)**	(312,462)	**(1,014,565)**	(1,161,972)
Profit / (loss) before taxation		**(11,363)**	1,005,977	**2,352,035**	2,932,336
Taxation		**(1,697)**	(47,091)	**(102,426)**	(127,938)
Profit / (loss) after taxation		**(13,060)**	958,886	**2,249,609**	2,804,398
Attributable to:					
Equity holders of the parent		**(23,986)**	543,822	**1,349,791**	1,659,435
Non-controlling interest		**10,926**	415,064	**899,818**	1,144,963
		(13,060)	958,886	**2,249,609**	2,804,398
Earnings per share - basic and diluted	Rupees	**(0.07)**	1.50	**3.71**	4.57

The annexed notes 1 to 17 form an integral part of these financial statements

Chief Executive **Director**

ALTERN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2017

	Quarter ended		Nine months ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	(Rupees in thousand)		(Rupees in thousand)	
Profit / (loss) for the period	**(13,060)**	958,886	**2,249,609**	2,804,398
Other comprehensive income:				
Items that will be subsequently reclassified to profit or loss	-	-	-	-
Items that will not be reclassified subsequently to profit or loss	-	-	-	-
	-	-	-	-
Total comprehensive income / (loss) for the period	**(13,060)**	958,886	**2,249,609**	2,804,398
Attributable to:				
Equity holders of the parent	**(23,986)**	543,822	**1,349,791**	1,659,435
Non-controlling interest	**10,926**	415,064	**899,818**	1,144,963
	(13,060)	958,886	**2,249,609**	2,804,398

The annexed notes 1 to 17 form an integral part of these financial statements

Chief Executive **Director**

ALTERN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES
CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2017

	Note	March 31, 2017	March 31, 2016
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	12	**225,821**	3,786,423
Finance cost paid		**(839,350)**	(1,062,033)
Tax paid		**(118,135)**	(25,697)
Retirement and other benefits paid		**(3,865)**	(4,043)
		(961,350)	(1,091,773)
Net cash (outflow) / inflow from operating activities		**(735,529)**	2,694,650
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(29,757)**	(50,110)
Purchase of intangible assets		**(92)**	(150)
Profit on bank deposits received		**571**	-
Proceeds from sale of property, plant and equipment		**607**	1,761
Long term advances		**3,260**	(7,630)
Net cash outflow from investing activities		**(25,411)**	(56,129)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term loans		**(6,191,527)**	(1,535,537)
Proceeds from long term financing		**3,826,750**	-
Repayment of sponsors' loan		**(103,876)**	(204,174)
Dividend paid		**(1,537,333)**	-
Net cash outflow from financing activities		**(4,005,986)**	(1,739,711)
Net (decrease) / increase in cash and cash equivalents		**(4,766,926)**	898,810
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	13	**4,453,201**	5,887,894

The annexed notes 1 to 17 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 AND NINE MONTHS ENDED MARCH 31, 2017

	Attributable to equity holders of Parent Company				
	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	-	-	1,659,435	1,144,963	2,804,398
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the nine months ended March 31, 2016	-	-	1,659,435	1,144,963	2,804,398
Transactions with owners in their capacity as owners	-	-	-	-	-
Balance as on March 31, 2016 (un-audited)	3,633,800	41,660	12,257,184	10,384,552	26,317,196
Profit for the period	-	-	641,078	408,174	1,049,252
Other comprehensive income for the period	-	-	129	86	215
Total comprehensive income for the period	-	-	641,207	408,260	1,049,467
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 July 01, 2016 (audited)	3,633,800	41,660	12,051,716	10,102,809	25,829,985
Profit for the period	-	-	1,349,791	899,818	2,249,609
Other comprehensive income for the period	-	-		-	-
Total comprehensive income for the nine months ended March 31, 2017	-	-	1,349,791	899,818	2,249,609
Transactions with owners in their capacity as owners	-	-	-	-	-
Balance as on March 31, 2017 (un-audited)	3,633,800	41,660	13,401,507	11,002,627	28,079,594

The annexed notes 1 to 17 form an integral part of these financial statements

Chief Executive **Director**

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 March 31 2017	Audited June 30, 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. The company is a subsidiary of Descon Engineering Limited ('DEL'). AEL's ordinary shares are listed on the Pakistan Stock Exchange Limited.

The principal objective of AEL is to generate and supply electric power to its sole customer the 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). 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 WAPDA for thirty years which commenced from June 06, 2001. Subsequent to the formation of Central Power Purchasing Agency (Guarantee) limited (CPPA-G), WAPDA has transferred all its functions under the PPA to CPPA-G. Currently, the company is in the process of novation of PPA in favour of CPPA-G.

AEL'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.

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 August 04, 1994 under the Companies Ordinance, 1984. The principal activities of the company 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 December 11, 1999. The registered office of the company is situated at 68-Studio Apartments, Park Towers, F-10 Markaz, Jinnah Avenue, Islamabad.

The Company 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 August 18, 2015. At that time, under the amendments to the Implementation Agreement (IA), the Government of Pakistan provided an assurance that RPPL 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 RPPL 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 the process of Novation of RPPL's PPA to Central Power Purchasing Agency - Guarantee Limited (CPPA-G) and the signing of interim GSA is pending at the end of CPPA-G.

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.

		Un-audited March 31, 2017	Audited June 30, 2016
5 SPOSNORS' LOAN - UNSECURED		(Rupees in thousand)	
Long term finances	- note 5.1	-	100,000
Interest on long term finances		-	3,235
		-	103,235
Less: Current portion shown under current liabilities		-	(103,235)
		-	-

5.1 This represented funds received from Descon Engineering Limited (DEL) for investment in Rousch (Pakistan) Power Limited through its subsidiary company, Power Management Company (Private) Limited. This loan has been fully repaid 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.

6 LONG TERM FINANCING - SECURED & UNSECURED

Loans from financial institutions	- note 6.1	**3,828,575**	6,165,169
Loans from related parties	- note 6.2	**2,538,202**	2,534,571
		6,366,777	8,699,740
Current portion of long term loans		**(4,069,632)**	(4,259,127)
		2,297,145	4,440,613

6.1 During the period, RPPL has obtained long term loan from Standard Chartered Bank-UAE (SCB Facility) amounting to USD 36.515 million in order to fully repay LTCF Loan. SCB-Facility is repayable in 5 equal semi-annual installments and it carries markup at LIBOR+4% to be served quarterly. The said loan is secured by first charge on fixed assets of RPPL amounting to USD 49 million, assignment of receivable relating to capacity payments and lien on debt service account maintained with SCB Pakistan.

6.2 Long term finances include unsecured loan payable by RPPL to associated undertaking amounting to Rs 2,538.202 million (June 30, 2016: Rs 2,534.571 million) out of which Rs. 2,538.202 million (June 30, 2016: Rs 1,917.057 million) is included in current portion of long term loans.

7 DERIVATIVE FINANCIAL INSTRUMENT

During the period RPPL has entered into interest rate swap with Standard Chartered Bank (Pakistan) Limited in order to fix its floating interest rate exposure on long term loan amounting to USD 36.515 million obtained from Standard Chartered Bank UAE. Under the SWAP agreement, RPPL would receive USD-LIBOR from SCB on the notional amount of loan and pay fixed 4.8% p.a. which will be settled on quarterly basis. Under IAS 39 it does not meet the criteria for cash flow hedging and hence classified as "Financial instrument at fair value through Profit and loss account- Held for trading". All changes in fair value of derivative are accounted for through Profit and loss account. The fair value of interest rate swap as at March 31, 2017 is Rs 186.416 million (June 30, 2016: Nil)

8 CONTIGENCIES & 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:

8.1 Contingencies

Altern Energy Limited - the Parent Company

(i) In August 2014, the taxation authorities issued a 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 split among taxable and non-taxable supplies. The company based on the legal advice received, is of the view that component of capacity revenue is not considered value of supply and rule of apportionment is not applicable in case of IPPs for the reason that the ultimate product is electrical energy, which is taxable. The company submitted reply for the Show Cause Notice which was rejected by the Authorities and a demand for this amount was created by the Tax Authorities. The company filed an appeal with ATIR against the demand which was rejected. The company prefer an appeal before Honorable Lahore High Court who granted stay to the company after payments of Rs 10.12 million against the total demand of Rs 157 million. The Honourable Lahore High Court vide its judgment in case no. STR 120/2015 dated October 31, 2016 has decided the issue in favour of the company. However the tax department, being aggrieved, filed an appeal in the Honorable Supreme Court of Pakistan. The management is of the view that there are sufficient grounds available to defend the foregoing demands in the Honorable Supreme Court. Consequently no provision for such demands has been made in this condensed interim financial information.

(ii) 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.

(iii) 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. But the learned DCIR has not taken complete appeal effect in order under section 124 in accordance with CIR (A)'s order. The company has applied for rectification of said department order and also filed appeal before CIR (A) against the order passed under section 124/129 of Income Tax Ordinance, 2001. On company application, department has now taken complete effect of the Order of CIR Appeals and rectified its earlier aforesaid order. Further the department has filed an appeal before the ATIR against the order of CIR(A) and now the case is pending adjudication

(iv) 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.

(v) The taxation authorities in pursuance of its show cause notice under section 182/114 for imposition of penalty for late filing of return for tax year 2014, issued order thereby creating demand amounting to Rs. 16,835,913/-. Aggrieved with the said department order, the company is now in the process of filing of appeal before Commissioner Appeals.

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.

(vi) Based on the legal opinion no provision for Workers' Welfare Fund (WWF) has been made in these condensed interim financial information .

Rousch (Pakistan) Power Limited - the Subsidiary Company

(i) 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. However, tax authorities sent notices for recovery of the said amount . The company filed writ petition in Islamabad High Court against unjustified demands and the High Court granted the stay. CIR(A) dismissed the appeal without giving the opportunity of being heard. Against the decision of the CIR(A), the Company has filed appeal in Appellate Tribunal Inland Revenue (ATIR) and obtained stay order and now the case is pending adjudication.

(ii) In the period under review, for the tax year 2014, CIR(A) remanded back the issues relating to set-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 favorable 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.

8.2 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.

9 PROPERTY, PLANT AND EQUIPMENT

Additions to plant and equipment include net exchange loss of Rs 12.862 million on related foreign currency loans during the period from July 1, 2016 to March 31, 2017. This has resulted in accumulated capitalization of exchange losses of Rs. 12,287.983 million (June 30, 2016: Rs 12,275.138 million) in the cost of plant and equipment upto March 31, 2017, with net book value of Rs 7,087.076 million (June 30, 2016: Rs 7,229.178 million).

		Un-audited Quarter ended		Un-audited Nine months ended	
		March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
		(Rupees in thousand)		(Rupees in thousand)	
10	**REVENUE**				
	Energy revenue - gross	**2,912,960**	4,813,736	**18,366,094**	17,828,226
	Sales tax	**(423,251)**	(699,432)	**(2,668,578)**	(2,590,426)
	Energy revenue- net	**2,489,709**	4,114,304	**15,697,516**	15,237,800
	Capacity revenue	**1,128,948**	1,674,694	**4,588,027**	4,997,838
	Other supplemental charges	**125,079**	141,670	**335,694**	424,357
	Gas efficiency passed to WAPDA	**(54,860)**	(82,915)	**(288,372)**	(285,940)
		3,688,876	5,847,753	**20,332,865**	20,374,055
11	**DIRECT COSTS**				
	Gas cost	**2,286,487**	3,785,295	**14,563,210**	14,053,950
	Operation and maintenance (O&M)	**224,070**	251,061	**749,134**	766,160
	Depreciation	**420,494**	421,111	**1,261,371**	1,262,499
	Repairs & maintenance	**150,426**	70,398	**236,158**	143,622
	Insurance costs	**26,419**	30,140	**86,371**	90,009
	Energy import	**15,170**	11,909	**20,435**	18,732
	Salaries, wages and other benefits	**5,411**	5,514	**20,943**	18,937
	Fee & subscriptions	**1,538**	7,346	**4,758**	10,466
	Electricity duty	**839**	1,386	**5,191**	5,856
	Liquidated damages	**1**	6	**1**	9
	Miscellaneous	**13,467**	7,299	**18,506**	11,076
		3,144,322	4,591,465	**16,966,078**	16,381,316
12	**CASH GENERATED FROM OPERATIONS**				
	Profit before taxation			**2,352,035**	2,932,336
	Adjustment for non cash charges and other items:				
	- Depreciation on operating fixed assets			**1,268,553**	1,268,881
	- Profit on bank deposits			**(3,915)**	-
	- Liabilities written back			**-**	(7,295)
	- Amortization of bank guarantee cost			**1,468**	1,661
	- Amortization of intangible assets			**1,649**	1,620
	- Capital spares consumed			**35,911**	597
	- Finance cost			**1,017,909**	1,158,827
	- Exchange gain			**(56)**	-
	- Provision for doubtful debts			**772**	-
	- Provision for employee retirement benefits			**4,986**	5,176
	Profit before working capital changes			**4,679,312**	5,361,803
	Effect on cash flow due to working capital changes:				
	-Decrease / (increase) in stores, spares and loose tools			**48,982**	(23,991)
	- (Increase) / decrease in trade debts			**(1,918,148)**	1,595,177
	-(Increase) / decrease in advances, deposits, prepayments and other receivables			**(405,350)**	347,727
	- Decrease in trade and other payables			**(2,178,975)**	(3,494,293)
				(4,453,491)	(1,575,380)
	Cash generated from operations			**225,821**	3,786,423

	Un-audited Nine months ended March 31, 2017	March 31, 2016
	(Rupees in thousand)	
13 CASH AND CASH EQUIVALENTS		
Cash and bank balances	**4,453,201**	5,887,894
Short term borrowings	**-**	-
Cash and cash equivalents	**4,453,201**	5,887,894

14 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		
i. Ultimate Parent			
Descon Engineering Limited:			
	Mark up accrued on long term loan	**641**	17,804
	Dividend paid	**492,625**	-
	Sponsors' loan repaid	**100,000**	161,764
	Mark up paid on sponsors' loan	**3,876**	42,411
	Reimbursable expenses	**1,857**	360
ii. Associated Undertakings			
Descon Power Solutions (Private) Limited:			
	O & M contractor's fee	**36,006**	32,733
	Service agreement of generators	**4,733**	3,273
	Spare parts purchased	**102,196**	104,394
	Major maintenance fee	**3,530**	2,673
	Reimbursable expenses	**192**	24
	Funds paid during the period	**146,901**	141,241
Descon Corporation (Private) Limited:			
	ERP implementation fee & running cost	**2,162**	1,267
	Building rent	**135**	104
	Funds paid during the period	**5,636**	929

iii. Subsidiary Undertakings

Rousch (Pakistan) Power Limited:

Operator's fee paid to ESB Engineering Ltd	**209,029**	219,931
Payments to Descon Power Solutions (Pvt.) Ltd	**293,379**	243,435
Payments to Siemens AG as LTMSA contractor	**168,023**	185,992
Payments to Siemens Pakistan as LTMSA contractor	**66,825**	63,740
Payments to Descon Engineering Ltd against services	**3,692**	2,752
Payments to Descon Chemicals Ltd against services	**-**	2,809
Payments to Siemens Pakistan for supply of spares and services	**69,455**	565
Payments to Descon Corporation (Pvt.) Ltd for rent and services	**5,271**	7,485

iv. Key Management Personnel

Salaries and other employment benefits	**40,391**	34,680

v. Post Employment benefit plans

Expense charged in respect of retirement benefit plans	**9,186**	9,038

15 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim consolidated financial information was authorized for issue on April 24, 2017 by the Board of Directors of the Company.

16 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.

17 GENERAL

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

Chief Executive **Director**