AEL

ALTERN ENERGY LIMITED

Annual Report 2016

AEL

Altern Energy Limited

Annual Report
2016

Contents

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 AND 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

VISION STATEMENT

To become a partner in the growth of economy by providing affordable electricity.

MISSION STATEMENT

The Mission of Altern Energy Limited is to assume leading role in the power industry by;

- *Ensuring long term growth of the company through competitive and creative strategy,*
- *Achieving the highest level of indigenization,*
- *Preserving environmentally friendly outlook,*
- *Creating an efficient and effective workforce,*
- *Conducting Business as a good corporate citizen,*
- *Developing strong long term relations with industry partners.*

DIRECTOR'S REPORT

We are pleased to present the annual report together with the audited financial statements of Altern Energy Limited (the Company) for the financial year ended June 30, 2016.

GENERAL

The principal activities of the Company continue to be ownership, operation and maintenance of a 32 MWs gas based thermal power plant located near Fateh Jang, district Attock, Punjab, and sale of electricity produced to Water and Power Development Authority (WAPDA) under long term Power Purchase Agreement (PPA) till 2031. The Company's shares are listed on Pakistan Stock Exchange Limited.

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.

The Company owns 100% shares of Power Management Company (Pvt.) Limited which in turn holds 59.98% shares of Rousch (Pakistan) Power Limited (RPPL). RPPL is an unlisted public company and an independent power producer having a gross ISO capacity of 450 MWs from its gas-fired combined cycle thermal power plant, located near Sidhnai Barrage, Abdul Hakeem, District Khanewal, Punjab.

FINANCE

During the year under review, the Company's turnover was Rs. 1,605.94 million (2014-15: Rs. 1,435.40 million) and operating costs were Rs. 1,396.05 million (2014-15: Rs. 1,263.38 million), resulting in gross profit of Rs. 209.89 million as against a gross profit of Rs. 172.03 million of last year. The current year's net profit include dividend from the subsidiary company amounting to Rs. 951.74 million. Without this dividend, the current year's net profit would have been Rs. 145.57 million. The Company reported net profit of Rs. 1,097.31 million showing earnings per share (EPS) of Rs. 3.02 as compared to corresponding year's net profit of Rs. 115.08 million and earnings per share (EPS) of Rs. 0.32.

WAPDA, the sole power purchaser of the Company, continues to delay payments due to circular debt which has been affecting the liquidity position of your Company. Despite the delayed inflows from WAPDA, the Company has been able to manage the cashflows to meet all its obligations including debt-servicing and operational payments.

The Company duly discharged its obligation to lenders against the outstanding foreign currency loan. During the period, the Company paid Rs. 7.24 million as the repayment against the foreign currency loan.

We expect that both Altern Energy Limited and its subsidiary Rousch (Pakistan) Power Limited will continue to achieve highest levels of operational efficiency and performance in future. Your Company's consolidated earnings for the year under review was Rs. 2,300.51 million resulting in earnings per share (EPS) of Rs. 6.33 per share, as compared to consolidated earnings of Rs. 2,091.30 million and earnings per share (EPS) of Rs. 5.76 in the year ended June 30, 2015.

DIVIDEND DISTRIBUTION

On June 30, 2016, the Board of Directors declared and subsequently distributed interim dividend @ 23.30% (Rs. 2.33 per ordinary share) to the shareholders of the Company.

OPERATIONS

The Company's operations were adversely affected due to partial / complete disconnections of gas by the gas supplier, Sui Northern Gas Pipelines Limited (SNGPL), caused by gas shortage in winter months. Despite reduced gas availability, the Company continues to provide support to both WAPDA and the Government of Pakistan through supply of energy to minimize the effects of nation-wide power crisis. During the year under view, the Company successfully dispatched 175,069 MWh (2014-15: 173,306 MWh) to WAPDA.

During the year, engines reaching 46,000 operating hours were overhauled including part replacement of cylinder heads parts, replacement of one of main bearings and replacement of vibration dampers on 6 engines and related maintenance of power assemblies. All other scheduled and preventive maintenance activities were carried out in accordance with the Original Equipment Manufacturer (OEM) recommendations. We are confident that all the engines and their auxilliary equipment are in sound condition for smooth and reliable operations.

SUBSIDIARY'S REVIEW

RPPL has a PPA with WAPDA for sale of electricity to WAPDA upto 2029. The plant was initially designed to operate with residual furnace oil and was converted 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 RPPL.

The Ministry of Petroleum and Natural Resources ('MOPNR'), 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 RPPL and SNGPL to negotiate a long term GSA on firm basis. While negotiations for the long term GSA are in process, in June 2016, ECC of the Cabinet approved interim GSA for supply of RLNG to RPPL upto June 2018 or signing of a long-term GSA, whichever is earlier.

During the year under review, RPPL operated smoothly posting profit of Rs. 3,881.28 million showing earnings per share (EPS) of Rs. 4.50 as compared to Rs. 3,544.41 million and earnings per share (EPS) of Rs. 4.11 during the corresponding period last year. RPPL continues to discharge its liabilities as and when they become due. During the year, RPPL repaid its debt obligations amounting to Rs. 1,527.78 million due in September 2015 and March 2016 to the lenders.

The Rousch power station generated 2,971 GWh of electricity during the year under review as compared to 2,465 GWh during the previous financial year. During the financial year, RPPL has paid Rs. 388 million to WAPDA as its share of gas efficiency due to efficient plant operations.

FUTURE OUTLOOK

Ever increasing demand for power in our country has created a huge challenge for the Government as well as private power sector companies. Ever depleting gas resources in Pakistan have put 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. Improved influx of RLNG is expected in view of the long term agreement between the Government of Pakistan and the Government of Qatar.

HEALTH, SAFETY & ENVIRONMENT

During the year under review, your company continued to maintain satisfactory level of performance in Environment, Health & Safety at the power plant. Company has adopted corporate guidelines to ensure safety of people and equipment deployed at plant site. Company has a proactive approach to achieve zero tolerance and make endeavors to align itself with internationally recognized OSHA Management Systems. As of 30th June 2016, the EHS statistics are as follows:

Hours Since Last LTI	44,907
LTI Frequency Rate	2.448
Restricted Work Incidents	0
Medical Treatment	2
First Aid Cases	14
Near Miss incidents	11
Incidents / Property Loss Cases	1

CORPORATE GOVERNANCE

The Company's Directors and management are fully cognizant of their responsibility as required by the Companies Ordinance 1984 provisions and Code of Corporate Governance incorporated in listing regulations of stock exchange. The Company has adopted best practices of Corporate Governance by ensuring a strong sense of business principles and high ethical standards for conduct of business.

Composition of the Board of Directors

The Board consists of eight (8) Directors including the Chief Executive Officer, effectively representing the interest of the Shareholders. There are one (1) independent Director, seven (7) non-executive Directors and only one (1) Executive Director being the CEO, serving on the Board.

Meetings of the Board

The Board is legally required to meet at least once every quarter to monitor the Company's performance aimed at effective and timely accountability of its management. The Board held five (05) such meetings during the year, agendas of which were circulated in a timely manner. The decisions made by the Board during the meetings were minuted, and were duly circulated to all the Directors for endorsement and were approved in the following Board meetings. All meetings of the Board were held in compliance with required quorum attendance prescribed by the Code of Corporate Governance. The Chief Financial Officer & Secretary of the Company also attended all Board meetings.

During the year, five (05) Meetings of the Board of Directors were held. Attendance of these Meetings is as follows:

Name of Director	Meetings Attended	Remarks
Mr. Abdul Razak Dawood	5/5	
Mr. Taimur Dawood	5/5	
Mr. Fazal Hussain Asim	5/5	
Mr. Farooq Nazir	4/5	Leave for absence was granted in 1 meeting
Mr. Shah Muhammad Chaudhry	5/5	
Syed Ali Nazir Kazmi	3/5	Leave for absence was granted in 2 meetings
Syed Rizwan Ali Shah	3/5	Leave for absence was granted in 2 meetings
Mr. Mohammad Saleh AlShaikh	0/5	Leave for absence was granted in 5 meetings

Changes to the Board

During the year, there was no change in the Board of Directors of the Company.

Directors Statement

As required by the Code of Corporate Governance, the Directors are pleased to report the following:

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cashflows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no doubts on the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance as detailed in the listing regulations.
- The key operating and financial data of last six years is attached to the report.

Directors' Training

During the year, the Company's Director, Mr. Fazal Hussain Asim participated and qualified the assessments carried out by the Institute of Chartered Accountants of Pakistan under its Corporate Governance Leadership Skills – Directors Education Program.

Social Investment

We continue to focus on Corporate Social Responsibilities. During the year under review, the Company donated Rs. 10 million to Punjab Institute of Cardiology for construction of the new emergency block building, infrastructure and medical equipment.

Pattern of Shareholding

The pattern of shareholding and related additional information is attached herewith. No trading in Company's share was carried out by the Directors, CEO, CFO, Company Secretary and their spouses including minor children, except of those that have been duly reported as per law.

Auditors

The present auditors M/S A. F. Ferguson & Co. Chartered Accountants have retired, and being eligible have offered themselves for re-appointment. The Audit Committee has recommended the appointment of M/S A. F. Ferguson & Co. Chartered Accountants as auditors of the Company for the year ending June 30, 2017.

Acknowledgement

The Board of Directors would like to place on record its gratitude to its valuable shareholders, Government functionaries, SNGPL, WAPDA and banks for their cooperation, continued support and patronage.

The Board also appreciates the contribution made by the executives, staff and workers for efficient operations of the Company.

For and on behalf the Board

Taimur Dawood
Chief Executive

Lahore
September 06, 2016

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Altern Energy Limited
For year ended June 30, 2016

This statement is being presented to comply with the Code of Corporate Governance (the "Code") contained in Regulation No. 5.19 of Listing regulations of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages the representation of independent non-executive directors and directors representing minority interests on its Board of directors. At present the Board includes:

Category	Names
Independent Director	Syed Rizwan Ali Shah
Executive Director	Mr. Taimur Dawood
Non-Executive Directors	Mr. Abdul Razak Dawood Mr. Farooq Nazir Mr. Fazal Hussain Asim Syed Ali Nazir Kazmi Mr. Shah Muhammad Chaudhary Mr. Mohammad Saleh AlShaikh

The independent director meets the criteria of independence under clause 5.19.1 (b) of the Code.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding company where applicable).

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI, or being a member of a stock exchange, has been declared as defaulter by that stock exchange.

4. No casual vacancies occurred on the Board of Directors during the year.

5. The Company has prepared a "Statement of Ethics and Business Practices" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors have been taken by the Board/shareholders.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Board has arranged certification under the director's training program for its director during the year.

10. During the period, there was no replacement of CFO, Company Secretary, and Head of Internal Audit of the Company.

11. The director's report for the year ended June 30, 2016 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the Code.

15. The Board has formed an audit committee. It comprises of four members which includes an independent director. All members of audit committee are non-executive directors, including the Chairman.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has formed a Human Resource & Remuneration Committee. It comprises of three members. All members of Human Resource & Remuneration Committee are non-executive directors, including the Chairman.

18. The Board has set up an effective internal audit function through staff of its holding company, which is suitably qualified and experienced and is conversant with the policies and procedures of the Company.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period' prior to the announcement of interim/final results and business decisions which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange(s).

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

23. We confirm that all other material principles enshrined in the Code have been complied with.

For and behalf of the Board of Directors

Lahore:
September 06, 2016

Taimur Dawood
Chief Executive

REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the `Code') prepared by the Board of Directors of Altern Energy Limited (the `company') for the year ended June 30, 2016 to comply with the requirements of Listing Regulation No. 5.19 of Pakistan Stock Exchange, where the company is listed.

The responsibility for compliance with the Code is that of the Board of directors of the company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the company's personnel and review of various documents prepared by the company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit; and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the
company's corporate governance procedures and risks.

The Code requires the company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried, on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing Mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the company's compliance, in all material respects, with the best practices contained in the Code as applicable to the company for the year ended June 30, 2016.

A.F. Ferguson & Co.

Chartered Accountants
Lahore,
Engagement Partner: Muhammad Masood **Date: September 06, 2016**

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Altern Energy Limited (the 'company') as at June 30, 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity and together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;

(b) in our opinion:

(i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for changes resulted on initial application of standards, amendments or interpretations to existing standards, as stated in note 2.2.1 to the annexed financial statements with which we concur;

(ii) the expenditure incurred during the year was for the purpose of the company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2016 and of the profit, total comprehensive income, its cash flows and changes in equity and for the year then ended;

(d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited subsequent to the year end in the Central Zakat Fund established under Section 7 of that Ordinance.

A.F. Ferguson & Co.

Chartered Accountants
Lahore,
Engagement Partner: Muhammad Masood **Date: September 06, 2016**

BALANCE SHEET

	Note	2016	2015
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
400,000,000 (2015: 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 (2015: 363,380,000)			
ordinary shares of Rs 10 each	5	3,633,800	3,633,800
Share premium		41,660	41,660
Revenue reserve: Un-appropriated profit		900,314	649,677
		4,575,774	4,325,137
NON-CURRENT LIABILITIES			
Sponsors' loan - unsecured	6	-	261,763
Long term financing	7	-	86,078
Deferred liabilities	8	2,637	1,898
		2,637	349,739
CURRENT LIABILITIES			
Trade and other payables	9	220,843	561,360
Short term borrowings-secured	10	-	-
Dividend payable	11	846,675	-
Markup accrued	12	10,778	9,710
Current portion of loans	6 & 7	194,193	32,754
		1,272,489	603,824
CONTINGENCIES AND COMMITMENTS	13		
		5,850,900	5,278,700

The annexed notes 1 to 39 form an integral part of these financial statements.

Chief Executive

AS AT JUNE 30, 2016

	Note	2016	2015
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	14	790,622	839,811
Intangible asset	15	3,800	5,817
Long term investment	16	3,204,510	3,204,510
Long term deposit	17	38	38
		3,998,970	4,050,176
CURRENT ASSETS			
Stores, spares and loose tools	18	75,635	51,406
Trade debts- secured, considered good	19	651,358	796,723
Advances, deposits, prepayments and other receivables	20	87,713	80,061
Dividend receivable	21	951,739	-
Income tax recoverable		33,729	31,231
Cash and bank balances	22	51,756	269,103
		1,851,930	1,228,524
		5,850,900	5,278,700

Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2016

		Note	2016	2015
			(Rupees in thousand)	
Revenue-net		23	1,605,936	1,435,404
Direct costs		24	(1,396,051)	(1,263,377)
Gross profit			209,885	172,027
Administrative expenses		25	(32,911)	(18,420)
Other income		26	965,215	10,578
			1,142,189	164,185
Finance cost		27	(46,919)	(47,110)
Profit before taxation			1,095,270	117,075
Taxation		28	2,042	(1,998)
Profit after taxation			1,097,312	115,077
Earnings per share - basic and diluted	**(Rupee)**	36	3.02	0.32

The annexed notes 1 to 39 form an integral part of these financial statements.

Chief Executive **Director**

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
	(Rupees in thousand)	
Profit for the year	1,097,312	115,077
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss	-	-
Items that will not be reclassified subsequently to profit or loss	-	-
	-	-
Total comprehensive income for the year	1,097,312	115,077

The annexed notes 1 to 39 form an integral part of these financial statements.

Chief Executive **Director**

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2016

	Share capital	Share premium	Equity portion of sponsor loan	Revenue reserve: Un-appropriated profit	Total
	(Rupees in thousand)				
Balance as on July 1, 2014	3,633,800	41,660	15,899	534,600	4,225,959
Imputed interest on sponsors' loan	-	-	(15,899)	-	(15,899)
Profit for the year	-	-	-	115,077	115,077
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year ended June 30, 2015	-	-	-	115,077	115,077
Total contributions by and distributions to owners of the Company recognised directly in equity	-	-	-	-	-
Balance as on June 30, 2015	3,633,800	41,660	-	649,677	4,325,137
Profit for the year	-	-	-	1,097,312	1,097,312
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year ended ended June 30, 2016	-	-	-	1,097,312	1,097,312
Dividend to equity holders of the Company:					
Total contributions by and distributions to owners of the Company recognised directly in equity					
Interim dividend @ Rs. 2.33 per ordinary share for the year ending June 30, 2016	-	-	-	(846,675)	(846,675)
Balance as on June 30, 2016	3,633,800	41,660	-	900,314	4,575,774

The annexed notes 1 to 39 form an integral part of these financial statements.

Chief Executive **Director**

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016	2015
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	29	25,056	252,137
Finance costs paid		(40,972)	(7,170)
Taxes paid		(456)	(36,710)
Net cash (outflow)/ inflow from operating activities		(16,372)	208,257
Cash flows from investing activities			
Purchase of property, plant and equipment		(12,688)	(13,078)
Purchase of intangible asset		(150)	(6,413)
Dividend received		-	617,880
Profit on bank deposits received		3,144	5,931
Net cash (outflow)/ inflow from investing activities		(9,694)	604,320
Cash flows from financing activities			
Repayment of sponsor's loan-unsecured		(184,036)	(384,028)
Repayment of long term financing		(7,245)	(23,990)
Dividend paid		-	(362,785)
Net cash outflow from financing activities		(191,281)	(770,803)
Net (decrease)/ increase in cash and cash equivalents		(217,347)	41,774
Cash and cash equivalents at the beginning of the year		269,103	227,329
Cash and cash equivalents at the end of the year	30	51,756	269,103

The annexed notes 1 to 39 form an integral part of these financial statements.

Chief Executive **Director**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

1 Legal status and nature of business

1.1 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 (2015 : 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

2.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of IFRS or IFAS, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives prevail.

2.2 Initial application of standards, amendments or an interpretation to existing standards

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

2.2.1 Standards, amendments to published standards and interpretations that are effective in the current year

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on or after July 1, 2015 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements except for the amendments as explained below:

IFRS 13, 'Fair value measurement'. This is applicable on accounting periods beginning on or after January 01, 2015. This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The requirements, which are largely aligned between IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS or US GAAP. The application of this standard does not have a material impact on the Company's financial statements.

IFRS 12 - 'Disclosures of interests in other entities'. This is applicable on accounting periods beginning on or after January 01, 2013, however, SECP has adopted this standard for periods beginning on or after January 1, 2015. This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The application of this standard does not have a material impact on the Company's financial statements.

Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' are applicable on accounting periods beginning on or after January 01, 2016. These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The application of these amendments do not have a material impact on the Company's financial Statements.

Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' are applicable on accounting periods beginning on or after January 01, 2016. T hese amendments clarify the application of the consolidation exception for investment entities and their subsidiaries. The application of these amendments do not have a material impact on the Company's financial Statements.

2.2.2 Exemption from applicability of certain interpretations to standards

SECP through SRO 24(I)/2012 dated January 16, 2012, has exempted the application of International Financial Reporting Interpretations Committee (IFRIC) 4 'Determining whether an Arrangement contains a Lease' to all companies. However, the SECP made it mandatory to disclose the impact of the application of IFRIC 4 on the results of the companies. This interpretation provides guidance on determining whether arrangements that do not take the legal form of a lease should, nonetheless, be accounted for as a lease in accordance with IAS 17, 'Leases'.

Consequently, the Company is not required to account for a portion of its PPA with WAPDA as a lease under IAS - 17. If the Company were to follow IFRIC - 4 and IAS - 17, the effect on the financial statements would be as follows:

	2016	2015
	(Rupees in thousand)	
De-recognition of property, plant and equipment	1,058,014	1,053,307
Recognition of lease debtor	1,129,618	1,120,204
Increase in un-appropriated profit at the beginning of the year	66,897	54,613
Increase in profit for the year	4,707	12,284
Increase in un-appropriated profit at the end of the year	71,604	66,897

The present value of cash flows (receivables) has been estimated considering applicable degradation over the project life, indexation mechanism available under Power Purchase Agreement (PPA), cost incidental to make the plant available for dispatch to off-taker (WAPDA) and sponsor's return in the Financial Model.

2.2.3. Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

The following amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after July 01, 2016 or later periods, and the Company has not early adopted them:

Amendment to IAS 16 'Property, plant and equipment' and IAS 38,'Intangible assets', on depreciation and amortisation is applicable on accounting periods beginning on or after January 01, 2016. IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The application of these amendments do not have a material impact on the Company's financial statement.

Other standards or interpretations	Effective date (accounting periods beginning on or after)
Amendments to IAS 7, 'Statement of cash flows' on disclosure initiative	January 01, 2017
Amendments to IAS 12, 'Income taxes' on Recognition of deferred tax assets for unrealised losses	January 01, 2017
Amendments to IFRS 2, 'Share based payments ', on clarifying how to account for certain types of share-based payment transactions	January 01, 2018
IFRS 9, 'Financial instruments'	January 01, 2018
IFRS 14, 'Regulatory deferral accounts'	January 01, 2017
IFRS 15, 'Revenue from contracts with customers'	January 01, 2018
Amendments to IFRS 15, 'Revenue from contracts with customers' on gross versus net revenue presentation	January 01, 2018
IFRS 16 'Leases'	January 01, 2019

3. Basis of measurement

3.1. These financial statements have been prepared on the basis of historical cost convention except exchange differences capitalized as part of the cost of relevant assets referred to in note 14.1.3.

3.2. The Company's significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of the complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

(a) Provision for taxation

The Company takes into account the current income tax law and the decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its views on items of material nature is in accordance with the law, the amounts are shown as contingent liabilities.

(b) Useful lives and residual values of property, plant and equipment

The Company reviews the useful lives of property, plant and equipment on regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

4. Significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1. Retirement benefits

Staff gratuity scheme

The Company operates an un-funded gratuity scheme covering all its permanent employees. Provision is made annually to cover the liability under the scheme.

Compensated absences

The Company has the policy to provide for compensated absences of its employees in accordance with respective entitlement on cessation of service; related expected cost thereof has been included in the financial statements.

4.2. Taxation

Current

The profits and gains of the Company derived from electric power generation are exempt from tax in terms of clause 132 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the conditions and limitations provided therein.

Under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001, the Company is also exempt from levy of minimum tax on 'turnover' under section 113 of the Income Tax Ordinance, 2001. However, full provision is made in the profit and loss account on income from sources not covered under the above clauses at current rates of taxation after taking into account, tax credits and rebates available, if any.

4.3. Property, plant and equipment

4.3.1. Operating fixed assets

Operating fixed assets except freehold land are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost less any identified impairment loss. The cost of assets constructed by the Company includes, project development and implementation costs.

Exchange differences arising on outstanding amount of foreign currency loans contracted under Implementation Agreement with Government of Pakistan are capitalized in the cost of plant and machinery in accordance with letter issued by SECP (Refer note 14.1.3).

Depreciation on all property, plant and equipment is charged to income by using the straight line method so as to write off the depreciable amounts of an asset over its estimated useful life at annual rates mentioned in note 14 after taking into account their residual values.

'The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant. The Company's estimate of the residual value of its operating fixed assets as at June 30, 2016 has not required any adjustment as its impact is considered insignificant.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 4.4).

Depreciation on additions to property, plant and equipment is charged from the month in which the asset is acquired or capitalized, while no depreciation is charged for the month in which the asset is disposed off.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the period in which they are incurred.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense over the period.

4.3.2. Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use.

4.3.3. Major spare parts and standby equipment

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

4.4. Impairment of non-financial assets

Assets that have an indefinite useful life - for example, goodwill or intangible assets not ready to use - are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

4.5. Intangible assets

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

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

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

4.6. Long term investments

In separate financial statements, investment in subsidiary company is initially measured at cost. However, at subsequent reporting dates, the Company reviews the carrying amounts of the investment and its recoverability to determine whether there is an indication that such investments have suffered an impairment loss. If any such indication exists, the carrying amount of the investment is adjusted to the extent of impairment loss. Impairment losses are recognized as an expense in the period in which these are incurred.

4.7. Stores, spares and loose tools

Stores and spares are valued principally at lower of moving average cost and net realizable value. Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessary to be incurred in order to make a sale. Items in transit are valued at cost comprising invoice value plus other charges paid thereon. The Company reviews the carrying amount of stores and spares on regular basis and provision is made for obsolescence if there is any change in usage pattern and physical form of related stores and spares.

4.8. Financial assets

4.8.1. Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within twelve months, otherwise, they are classified as non-current.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise advances, deposits and other receivables and cash and cash equivalents in the balance sheet.

c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the balance sheet date.

d) Held to maturity

Financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity are classified as held to maturity and are stated at amortised cost.

4.8.2. Recognition and measurement

All financial assets are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognised on trade-date – the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit and loss account. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest rate method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the profit and loss account in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit and loss account as part of other income when the Company's right to receive payments is established.

Changes in the fair value of securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the profit and loss account as gains and losses from investment securities. Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit and loss account. Dividends on available-for-sale equity instruments are recognised in the profit and loss account when the Company’s right to receive payments is established.

The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (and for unlisted securities), the Company measures the investments at cost less impairment in value, if any.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from equity and recognised in the profit and loss account. Impairment losses recognised in the profit and loss account on equity instruments are not reversed through the profit and loss account. Impairment testing of trade debts and other receivables is described in note 4.11.

4.9. Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit and loss account.

4.10. Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.11. Trade debts and other receivables

Trade debts and other receivables are recognised initially at invoice value, which approximates fair value, and subsequently measured at amortised cost using the effective interest method, less provision for impairment, if any. A provision for impairment of other receivables is established when there is objective evidence that the Company will not be able to collect all the amount due according to the original terms of the receivable. The provision is recognised in the profit and loss account. When a trade debt is uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the profit and loss account.

4.12. Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, balance with banks on current and deposit accounts and other short term highly liquid investments that are readily convertible to known amounts of cash.

4.13. Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest method. Finance costs are accounted for on an accrual basis and are reported under accrued finance cost to the extent of the amount remaining unpaid.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

4.14. Trade and other payables

Financial liabilities are initially recognized at fair value plus directly attributable cost, if any, and subsequently at amortized cost using effective interest rate method.

Other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

4.15. Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

4.16 Foreign currency transactions and translation

a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company’s functional and presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. As explained in note 14.1.3, exchange differences arising on translation of foreign currency loans utilized for the acquisition of operating assets are capitalized and incorporated in the cost of such assets. All other exchange differences are charged to profit and loss account.

4.17. Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which case such costs are capitalised as part of the cost of the asset up to the date of commissioning of the related asset.

4.18. Revenue recognition

Revenue from sale of electricity to the Water and Power Development Authority (WAPDA), the sole customer of the Company, is recorded based upon the output delivered and capacity available at rates as specified under the PPA as amended from time to time.

Interest income is recognized on a time-apportioned basis using the effective rate of return.

Dividend on equity instruments is recognized when right to receive the dividend is established.

4.19. Dividend

Dividend distribution to the Company's shareholders is recognized as a liability in the period in which the dividends are approved.

4.20. Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, if any.

5. Issued, subscribed and paid up share capital

2016	2015		2016	2015
(Number of shares)			(Rupees in thousand)	
359,480,000	359,480,000	Ordinary shares of Rs 10 each fully paid in cash	3,594,800	3,594,800
3,900,000	3,900,000	Ordinary shares of Rs 10 each issued for consideration other than cash	39,000	39,000
363,380,000	363,380,000		3,633,800	3,633,800

5.1. The holding company, Descon Engineering Limited (DEL), holds 211,397,063 (2015: 211,397,063) ordinary shares of Rs 10 each at the year end.

6. Sponsors' loans - unsecured

		2016	2015
		(Rupees in thousand)	
Long term finances	- note 6.1	100,000	261,763
Interest on long term finances	- note 6.2	3,235	25,508
		103,235	287,271
Less: Current portion shown under current liabilities		(103,235)	(25,508)
		-	261,763

6.1. This represents funds received from DEL for investment in Rousch (Pakistan) Power Limited through its subsidiary company, Power Management Company (Private) Limited.

The loan amount shall be payable within a period of five (5) years from the Execution Date (the "term") in one or more installments. The term is extendable with mutual consent of the parties. As per agreement between the Company, MCB Bank Limited and DEL, all amounts (including mark-up) due under the Sponsors' Loans were subordinated to the loan facility from MCB Bank Limited. These loans are unsecured and carry mark up at six months Karachi Inter Bank Offer Rate (KIBOR) plus 300 basis points (2015 : six months KIBOR plus 300 basis points). The mark-up rate charged during the year on the outstanding balance ranged from 9.36% to 12.56% (2015: 11.62% to 13.15%) per annum.

6.2. It represents mark-up payable to DEL of Rs 3.235 million (2015: Rs 25.508 million). As per terms of agreement the mark up payment was subordinated to loan facility from MCB Bank Limited. Repayment of loan from MCB Bank Limited was made during the year.

7. Long term financing

		2016	2015
		(Rupees in thousand)	
Long term loan from banking company - secured			
Syndicate finance - foreign currency	- note 7.1	-	7,246
Long term loan from subsidiary - unsecured			
Power Management Company (Private) Limited (PMCL)	- note 7.2	50,000	50,000
		50,000	57,246
Interest on loan from PMCL	- note 7.3	40,958	36,078
		90,958	93,324
Less: Current portion of long term loan		(90,958)	(7,246)
		-	86,078

7.1. The Company had obtained a long term syndicate facility of Rs 1,100 million (2015: Rs 1,100 million), which included foreign currency loan limit of US Dollars 3.6 million (2015: US Dollars 3.6 million), from consortium of banks under the lead of MCB Bank Limited. The outstanding loan amount has been paid in full during the year.

7.2. This represents long term loan obtained by the Company from its wholly owned subsidiary, PMCL. As per agreement between the Company, MCB Bank Limited and PMCL all amounts (including mark-up) due under the loan were subordinated to the loan facility from MCB Bank Limited. These are unsecured and carries mark-up at the rate of six months KIBOR plus 300 basis points (2015: six months KIBOR plus 300 basis points). The mark-up rate charged during the year on the outstanding balance ranged from 9.06% to 13.04% (2015: 9.76% to 13.18%) per annum.

7.3. It represent mark-up payable to PMCL of Rs 40.958 million (2015: Rs 36.078 million). As per terms of agreement, the mark up payment was subordinated to loan facility from MCB Bank Limited. Repayment of loan from MCB Bank Limited was made during the year.

8. Deferred liabilities

		2016	2015
		(Rupees in thousands)	
Provision for:			
Staff gratuity	- note 8.1	2,305	1,656
Compensated absences	- note 8.2	332	242
		2,637	1,898

8.1. Staff Gratuity

	2016	2015
Opening liability	1,656	1,260
Provision for the year	649	396
	2,305	1,656
Less: amount paid	-	-
Closing liability	2,305	1,656

8.2. Compensated absences

	2016	2015
	(Rupees in thousands)	
Opening Liability	242	190
Provision for the year	90	52
	332	242
Less: amount paid	-	-
Closing liability	332	242

9. Trade and other payables

Creditors	- note 9.1	23,621	27,432
Natural gas to SNGPL		180,627	517,403
Due to Power Management Company (Private) Limited	- note 9.2	5,722	5,722
Unclaimed dividend		1,381	1,381
Workers' Profit Participation Fund	- note 9.3	7,177	5,854
Workers' Welfare Fund	- note 9.4	-	2,342
Accrued liabilities		2,315	1,226
		220,843	561,360

9.1. Includes the following amounts due to related parties:

Due to holding company		
Descon Engineering Limited	4,053	3,306
Due to associated companies		
Descon Power Solution (Private) Limited	12,169	9,097
Descon Corporation (Private) Limited	732	107
Rousch (Pakistan) Power Limited	95	18
	17,049	12,528

9.2. This represents amount payable to wholly owned subsidiary, Power Management Company (Private) Limited. This is unsecured and carries mark up at six months KIBOR plus 300 basis points (2015: six months KIBOR plus 300 basis points).The mark-up rate charged during the year on the outstanding balance ranged from 9.06% to 10.04% (2015: 9.76% to 13.18%) per annum.

9.3. Workers' Profit Participation Fund

		2016	2015
		(Rupees in thousands)	
Opening balance		5,854	93,588
Provision for the year	- note 20.3	7,177	5,854
		13,031	99,442
Less: Payments made during the year		(5,854)	(10,277)
Less: Reversal of provision		-	(83,311)
Closing balance		7,177	5,854

		2016	2015
		(Rupees in thousands)	
9.4. Workers' Welfare Fund			
Opening balance		2,342	37,435
Provision for the year	- note 20.4	-	2,342
		2,342	39,777
Less: Payments made during the year		-	(4,111)
Less: Reversal of provision		(2,342)	(33,324)
Closing balance	- note 9.4.1	-	2,342

9.4.1. For contingency related to Workers' Welfare Fund ('WWF'), please refer note 13.1.

10. Short term borrowings-secured

		2016	2015
Running finances	- note 10.1	-	-

10.1 The Company entered into an agreement with Habib Metropolitan Bank Limited to avail running finance facility of Rs 200 million which expired in the current year and no short term running finance facility exists as at June 30, 2016. The facility carried 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.

11. Dividend payable

		2016	2015
Dividend payable	- note 11.1	846,675	-

11.1. This represents interim dividend of Rs 2.33 per share declared and approved by Company's Board of Directors on June 30, 2016 amounting to Rs 846.675 million.

12. Markup accrued

	2016	2015
Mark up on short term loan from subsidiary-unsecured		
Power Management Company (Private) Limited	10,268	9,710
Short term borrowings - secured	510	-
	10,778	9,710

13. Contingencies and commitments

13.1 Contingencies

(i) In August 2014, the tax 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 a legal advice, 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 with Honorable Lahore High Court resulting in grant of stay to the Company after payment of Rs 10.12 million against the total demand of Rs 157 million. The case is now 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 above-mentioned input sales tax claimed by the Company. Consequently, no provision has been recognized in these financial statements.

(ii) The tax 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.

(iii) The tax 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 the case is pending for adjudication.

(iv) The tax 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 has filed appeals with CIR(A) which are pending for 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 above-mentioned orders of the tax authorities. Consequently, no provision has been recognized in these financial statements.

(v) For the tax years 2015 and 2016 no provision amounting to Rs 5.21 million for Workers' Welfare Fund (WWF) has been made . The final decision is pending on this matter by the honourable Supreme Court of Pakistan since the High Courts of Lahore and Peshawar, and Sindh High Court have differed in their judgements on this matter. In case the liability materialises, it would have no effect on the profit and loss account as it would be recognised as recoverable from WAPDA as a 'Pass-Through-Item' under the terms of the Power Purchase Agreement. Based on advice of the Company's legal counsel, the management believes that there are meritous grounds to support the Company's stance in respect of the above mentioned matter relating to WWF. Consequently, no provision has been made in these financial statements.

13.2 Commitments in respect of

(i) Standard Chartered Bank (Pakistan) Limited had issued bank guarantee for Nil (2015: Rs 126.32 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 expired on January 31, 2015 and was replaced by bank guarantee issued by Habib Metropolitan Bank Limited.

(ii) Habib Metropolitan Bank Limited has issued bank guarantee for Rs 326.32 million (2015 : 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, 2016, which is renewable.

14. Property, plant and equipment

		2016	2015
		(Rupees in thousand)	
Operating fixed assets	- note 14.1	785,621	833,767
Major spare parts and standby equipment	- note 14.2	5,001	6,044
		790,622	839,811

14.1. Property, plant and equipment

	Annual rate of depreciation	Cost as at July 1, 2015	Additions	Transfers	Cost as at June 30, 2016	Accumulated Depreciation as at July 1, 2015	Depreciation Charge for the year	Accumulated Depreciation as at June 30, 2016	Written down Value as at June 30, 2016
	%	(Rupees in thousand)							
Freehold land	-	4,647	-	-	4,647	-	-	-	4,647
Building on freehold land	5	121,447	-	-	121,447	56,662	6,072	62,734	58,713
Plant and machinery	3-24	1,228,155	7,650	5,686	1,241,580	465,162	55,382	520,544	721,036
(note 14.1.3)			89						
Electric equipment	10	2,109	-	-	2,109	1,341	203	1,544	565
Office equipment	10-33	1,867	306	-	2,173	1,293	220	1,513	660
Vehicles	20	372	-	-	372	372	-	372	-
		1,358,597	**8,045**	**5,686**	**1,372,328**	**524,830**	**61,877**	**586,707**	**785,621**

	Annual rate of depreciation	Cost as at July 1, 2014	Additions	Transfers	Cost as at June 30, 2015	Accumulated Depreciation as at July 1, 2014	Depreciation Charge for the year	Accumulated Depreciation as at June 30, 2015	Written down Value as at June 30, 2015
		(Rupees in thousand)							
Freehold land	-	4,647	-	-	4,647	-	-	-	4,647
Building on freehold land	5	121,447	-	-	121,447	51,195	5,467	56,662	64,785
Plant and machinery	4-17	1,220,684	-	6,408	1,228,155	401,491	63,671	465,162	762,993
(note 14.1.3)			1,063						
Electric equipment	10	2,109	-	-	2,109	1,142	199	1,341	768
Office equipment	10-33	1,242	625	-	1,867	1,061	232	1,293	574
Vehicles	20	372	-	-	372	371	1	372	-
		1,350,501	**1,688**	**6,408**	**1,358,597**	**455,260**	**69,570**	**524,830**	**833,767**

14.1.1. The depreciation charge for the year has been allocated as follows:

		2016	2015
		(Rupees in thousand)	
Direct cost	- note 24	61,650	69,504
Administrative expenses	- note 25	227	66
		61,877	**69,570**

14.1.2. The cost of fully depreciated assets still in use is Rs 124.025 million (2015: Rs 124.025 million).

14.1.3. 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 89,109 (2015: Rs 1.063 million) arising on revaluation and repayments of foreign currency loans at year end and during the year have been capitalized. This has resulted in accumulated capitalization of Rs 88.165 million (2015: Rs 88.076 million) in the cost of plant and equipment up to 30 June 2016, with net book value of Rs 61.494 million (2015: Rs 65.506 million). The exchange gains/ losses capitalised are amortised over the remaining useful life of plant.

		2016	2015
		(Rupees in thousand)	
14.2. Major spare parts and standby equipment			
Opening balance		6,044	-
Additions during the year		4,643	12,075
		10,687	12,075
Transfers during the year		(5,686)	(6,031)
Closing balance		5,001	6,044

15. Intangible asset

		2016	2015
Cost			
Opening balance		6,414	-
Additions during the year		150	6,414
Closing balance		6,564	6,414
Amortisation			
Accumulated amortisation as at July 01		597	-
Amortisation charge for the year	- note 25	2,167	597
Accumulated amortisation as at June 30		2,764	597
Net book value as at June 30		3,800	5,817

15.1. The amortisation charge for the year has been allocated to administrative expenses.

15.2. Enterprise Resource Planning (ERP) system has been implemented by Descon Corporation (Private) Limited (DCL), an associated undertaking under service level agreement between the Company and DCL.

16. Long term investments

		2016	2015
Investment in subsidiary Company - at cost	- note 16.1 & 16.2	3,204,510	3,204,510

16.1 This represents 100% shares held in Power Management Company (Private) Limited (PMCL), which in turn holds 59.98%(2015 : 59.98%) shares of Rousch (Pakistan) Power Limited (RPPL).

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

17. Long term deposit

This represents the securities that have been deposited into CDC at the inception of the Company and since then have been carried forward.

18. Stores, spares and loose tools

		2016	2015
		(Rupees in thousand)	
Stores		15,374	9,668
Spares		60,261	41,738
		75,635	51,406
Provision for slow moving and obsolete stores	- note 18.2	-	-
		75,635	51,406

18.1 Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

18.2 Provision for slow moving and obsolete stores

	2016	2015
Opening balance	-	3,636
Provision for the year	-	-
	-	3,636
Stores written off against provision	-	(3,636)
Closing balance	-	-

19. Trade debts secured, considered good

		2016	2015
Considered good	- note 19.2	651,358	796,723
Considered doubtful		10,368	-
		661,726	796,723
Provision for doubtful debts	- note 19.1	(10,368)	-
		651,358	796,723

19.1 Provision for doubtful debts

		2016	2015
Opening balance		-	-
Provision for the year	- note 19.3	10,368	-
		10,368	-
Amount written off against provision		-	-
Closing balance		10,368	-

19.2 These represent trade receivables from WAPDA and are considered good. These are secured by a guarantee from the Government of Pakistan under the Implementation Agreement and are in the normal course of business and interest free, however, a delayed payment mark-up at reverse repo plus 2% per annum is charged in case the amounts are not paid within due dates. The rate of delayed payment mark-up charged during the year on outstanding amounts ranges from 8.25% to 9% (2015: 9% to 12%) per annum.

19.3 During the year, provision of Rs 10.368 million has been made on account of disputed amounts relating to energy charges, capacity charges and pass-through-item.

		2016	2015
		(Rupees in thousand)	
20. Advances, deposits, prepayments and other receivables			
Advances - considered good:			
- To employees	- note 20.1	-	30
- To suppliers		1,544	22
Advance against expense		74	110
Balances with statutory authorities:			
- Sales tax		65,167	43,242
Claims recoverable from WAPDA for pass through items:			
- Workers' Profit Participation Fund	- note 20.3	7,177	16,131
- Workers' Welfare Fund	- note 20.4	-	6,453
Interest receivable		-	123
Prepayments		1,403	2,091
Bank guarantee cost - Habib Metropolitan Bank Limited		489	-
Insurance claim receivable		1,742	1,742
Other receivables	- note 20.2	10,117	10,117
		87,713	80,061

20.1. Included in advances to employees is amount due from executive aggregating to Nil (2015: Nil).

20.2. This includes an amount of Rs 10.117 million (2015: Rs 10.117 million) deposited with the Appellate Tribunal Inland Revenue (ATIR) to obtain stay against the sales tax apportionment case as mentioned in note 13.1.

20.3. Workers' Profit Participation Fund

		2016	2015
Opening balance		16,131	93,588
Provision for the year	- note 9.3	7,177	5,854
		23,308	99,442
Less: Amounts received during the year		-	(2,096)
Less: Reversal of receivable		-	(81,215)
Less: Transferred to trade debts		(16,131)	-
Closing balance		7,177	16,131

20.4. Workers' Welfare Fund

		2016	2015
Opening balance		6,453	37,435
Provision for the year	- note 9.4	-	2,342
		6,453	39,777
Less: Amounts received during the year		(4,111)	-
Less: Reversal of receivable		(2,342)	(33,324)
Closing balance		-	6,453

Under section 14.2(a) of the PPA with WAPDA, payments to Workers' Profit Participation Fund and Workers' Welfare Fund are recoverable from WAPDA as a pass-through-item.

		2016	2015
		(Rupees in thousand)	

21. Dividend receivable

Dividend receivable from PMCL-subsidiary		951,739	-

22. Cash and bank balances

Cash at bank			
- On saving accounts	- note 22.1	43	26,350
- On current accounts		51,663	242,751
		51,706	269,101
Cash in hand		50	2
		51,756	269,103

22.1. Profit on balances in saving accounts ranges from 4% to 6 %(2015: 7% to 10 %) per annum.

23. Revenue - net

Energy revenue - gross		1,428,842	1,246,225
Less: Sales tax		(207,610)	(181,075)
Energy revenue - net		1,221,232	1,065,150
Capacity revenue - gross		345,906	346,472
Other supplemental charges		38,798	23,782
		1,605,936	1,435,404

24. Direct costs

Gas cost		1,171,832	1,026,192
Salaries, wages and other benefits		959	427
Operation and maintenance contractor's fee		48,008	34,291
Stores, spares and loose tools consumed		86,279	102,708
Energy import		4,611	3,598
Insurance costs		2,073	2,072
Lube oil consumed		10,940	11,903
Repairs and maintenance		8,681	11,579
Travelling and conveyance		548	502
Depreciation	-note 14.1.1	61,650	69,504
Generation license fee		139	160
Miscellaneous		331	441
		1,396,051	1,263,377

25. Administrative Expense

Salaries, wages and other benefits	-note 25.1	6,266	4,998
Directors' remuneration	-note 32.3	375	512
ERP running cost	-note 25.2	2,547	1,044
Traveling, conveyance and hoteling		1,770	1,369
Utilities		92	268
Postage and telephone		601	624
Publicity, printing and stationery		773	783

		2016	2015
		(Rupees in thousand)	
Auditors' remuneration	-note 25.3	1,170	950
Legal and professional expenses		2,558	3,560
Fees and subscription		812	707
Entertainment		298	183
Security expenses		2,090	2,035
Amortization of intangible assets	-note 15.1	2,167	597
Depreciation on operating fixed assets	-note 14.1.1	227	66
Repair and maintenance		517	-
Provision for doubtful debt		10,368	
Miscellaneous		280	724
		32,911	18,420

25.1 Salaries, wages and other benefits include Rs 0.649 million (2015: Rs 0.396 million) and Rs 0.090 million (2015: Rs 0.052 million on account of staff gratuity and staff compensated absences respectively.

25.2 This represents Enterprise Resource Planning (ERP) running cost paid to Descon Corporation (Private) Limited, an associated undertaking for implementation of new ERP system.

25.3. Auditors' remuneration

Annual audit fee	715	650
Half yearly review fee	220	200
Other assurance services	55	50
Out of pocket expenses	180	50
	1,170	950

26. Other income

Income from financial assets		
Profit on bank deposits	3,144	6,054
Dividend income	951,739	-
	954,883	6,054
Income from non-financial assets		
Scrap sales	731	3,103
Liabilities no longer required written back	9,601	1,421
	10,332	4,524
	965,215	10,578

27. Finance cost

Mark-up on:			
Long term loans	-note 27.1	25,607	40,247
Short term loans- PMCL		558	821
Bank charges		79	1,739
Amortization of bank guarantee Cost		2,150	4,303
Mark up on late payments to SNGPL		18,525	-
		46,919	47,110

27.1 It includes mark up accrued on loans from Descon Engineering Limited, the holding company, and Power Management Company (Private) Limited, the wholly owned subsidiary company, amounting to Rs 20.137 million (2015: Rs 32.997 million) and Rs 4.879 million (2015: Rs 6.438 million) respectively.

		2016	2015
		(Rupees in thousand)	
28. Taxation			
Current		(2,042)	1,998
28.1. Relationship between tax income and accounting profit			
Profit before taxation		1,095,270	117,075
Tax at the applicable rate of 32% (2015: 33%)		350,486	38,635
Tax effect of amounts that are:			
Exempt as referred to in note 4.2		(349,441)	(36,637)
Prior year taxes		(3,087)	-
		(2,042)	1,998
29. Cash generated from operations			
Profit before taxation		1,095,270	117,075
Adjustment for non cash charges and other items:			
- Depreciation on operating fixed assets		61,877	69,570
- Amortization of intangible assets		2,167	597
- Amortization of bank guarantee cost		2,150	4,303
- Liabilities written back		(9,601)	(1,421)
- Profit on bank deposits		(3,144)	(6,054)
- Dividend income		(951,739)	-
- Finance cost		44,769	42,807
- Provision for doubtful debts		10,368	-
- Provision for employee retirement benefits		739	449
Profit before working capital changes		252,856	227,326
Effect on cash flow due to working capital changes:			
Increase / (decrease) in current assets			
-Stores, spares and loose tools		(24,229)	1,329
- Trade debts-secured		134,997	(64,798)
-Advances, deposits, prepayments and other receivables		(7,652)	80,547
		103,116	17,078
(Decrease) / increase in current liabilities			
- Trade and other payables		(330,916)	7,733
		(227,800)	24,811
		25,056	252,137
30. Cash and cash equivalents			
Cash and bank balances	- note 22	51,756	269,103

31. Transactions with related parties

The related parties comprise the holding company, subsidiaries and associates of holding company, associated undertakings, directors and key management personnel of the Company and its holding company and post employment benefit plan. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables and remuneration of directors and key management personnel is disclosed in note 32. Significant related party transactions have been disclosed in respective notes in these financial statements other than the following:

Relationship with the Company	Nature of transactions	2016	2015
		(Rupees in thousand)	
i. Holding Company			
Descon Engineering Limited :			
	Mark up accrued on sponsors' loan	20,137	32,803
	Dividend paid	-	211,397
	Sponsors' loan repaid	161,764	69,455
	Markup paid on sponsors' loan	42,411	291,421
	Funds paid during the year	-	6,339
	Reimbursable expense	778	939
ii. Subsidiary Companies			
Power Management Company (Private) Limited :			
	Dividend received	-	617,880
	Dividend receivable	951,739	-
	Funds paid during the year	-	1,848
	Mark up accrued on long term loan	4,879	6,316
	Mark up accrued on short term loan	558	821
Rousch (Pakistan) Power Limited:			
	Reimbursable expenses	95	18
iii. Associated undertakings			
Descon Power Solutions (Private) Limited :			
	O&M contractor's fee	43,643	31,174
	Service agreement of generators	4,364	3,117
	Spare parts purchased	118,605	124,189
	Major maintenance fee	1,060	3,500
	Funds paid during the year	190,148	179,375
Descon Corporation (Private) Limited:			
	ERP Implementation fees	150	500
	ERP running cost	2,547	1,044
	Funds paid during the year	1,404	1,633
iv. Post employment benefit plans			
	Expense charged in respect of retirement benefit plans	739	448

32. Remuneration of Chief Executive, Directors and Executives

32.1 The aggregate amounts charged in these financial statements for remuneration and certain benefits to Directors, Chief Executive and Executive of the Company are as follows:

	Chief Executive		Executive Director	
	2016	2015	2016	2015
	(Rupees in thousand)		(Rupees in thousand)	
Remuneration	-	-	-	-
Retirement benefits	-	-	-	-
House rent, utilities and allowances	-	-	-	-
	-	-	-	-
Number of persons	**1**	1	**1**	1

	Non Executive Directors		Executive	
	2016	2015	2016	2015
	(Rupees in thousand)		(Rupees in thousand)	
Remuneration	-	-	2,700	1,925
Retirement benefits	-	-	225	190
House rent, utilities and allowances	-	-	511	360
	-	-	3,436	2,475
Number of persons	**7**	7	**1**	1

32.2. No remuneration or any other benefits are being paid to the CEO of the Company.

32.3. During the year the Company paid meeting fee amounting to Rs 0.375 million (2015: Rs 0.512 million) to one of its non-executive directors. No fee, remuneration or any other benefits were provided to the seven (7) remaining directors of the Company.

33. Number of employees

	2016	2015
Total number of employees as at June 30	9	7
Average number of employees during the year	8	7

34. Financial risk management

34.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings and financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Market risk is further divided into the following three components:

(I) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD). Currently, the Company's foreign exchange risk exposure is restricted to long term loan.

Exposure to currency risk

'The Company's exposure to foreign currency risk at the reporting date was as follows:

	2016	
	Rupees	US Dollars
	(Amounts in thousand)	
Long term loans	-	-

	2015	
	Rupees	US Dollars
	(Amounts in thousand)	
Long term loans	(7,246)	(71)

The foreign exchange risk on debt repayments in US Dollars is mitigated by the indexation mechanism for tariff available under Power Purchase Agreement (PPA).

The following significant exchange rates were applied during the year:

	Balance sheet date rate		Average rate	
	2016	2015	2016	2015
US Dollars	104.70	101.70	103.20	101.51

At June 30, 2016, if the Rupee had weakened / strengthened by 10% against the US dollar with all other variables held constant, post-tax profit for the year would have been remained same (2015: Rs 0.72 million), as a their are no US dollar-denominated financial assets and liabilities as at June 30, 2016.

(ii) Cash flow and fair value interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

As the Company has no significant floating interest rate assets, the Company's income is substantially independent of changes in market interest rates.

The Company's interest rate risk arises from bank deposit accounts, short term and long-term borrowings. These borrowings issued at variable rates expose the Company to cash flow interest rate risk.

The Company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Company calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

The Company does not have any fixed rate financial instrument. The interest rate profile of the Company's interest-bearing financial instruments at the balance sheet date was as under:

	Carrying amounts	
	2016	2015
	(Rupees in thousand)	
Financial assets	43	26,350
Financial liabilities	(155,722)	(324,731)
	(155,679)	(298,381)

Cash flow sensitivity analysis for variable rate instruments

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises on bank deposit accounts and long term loans. The Company does not have any fixed rate financial instrument. A 100 basis points increase in interest rate at the reporting date would have had the following effect in profit and loss account.

Variable rate financial instruments	(2,591)	(3,598)

A 100 basis points decrease in interest rates at the reporting date would have had an equal but opposite effect on the profit and loss to the amounts shown above, on the basis that all other variables remain constant.

(iii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to equity price risk since there are no investments in equity instruments traded in the market at the reporting date. The Company is also not exposed to commodity price risk since it does not hold any financial instrument based on commodity prices.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

(i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The maximum exposure to credit risk at the reporting date was as follows:

		2016	2015
		(Rupees in thousand)	
Long term deposit	- note 17	38	38
Trade debts - secured	- note 19	651,358	796,723
Advances, deposits, prepayments and other receivables	- note 20	3,360	1,904
Bank balances	- note 22	51,706	269,101
		706,462	1,067,766

The Company's exposure to credit risk is limited to the carrying amount of unsecured trade receivables and bank balances. The age analysis of trade receivable balances is as follows:

The ageing analysis of trade receivables - secured is as follows:

Neither past due nor impaired	206,663	295,388
Past due 0-30 days	204,463	73,108
Past due 31-120 days	61,614	122,982
Past due more than 120 days	188,986	305,245
	661,726	796,723

The Company's only customer is WAPDA. The credit risk on trade debts from WAPDA is managed by a guarantee from the Government of Pakistan under the Implementation Agreement (IA) and by continuous follow-ups for release of payments from WAPDA. Cash is held only with reputable banks with high quality external credit enhancements.

No impairment was charged against receivables aged more than 120 days past due at the balance sheet date because the Company is of the view that it will recover the amount by the end of current financial year.

(ii) Credit quality of major financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating		Rating	2016	2015
	Short term	Long term	Agency	(Rupees in thousands)	
MCB Bank Limited	A1+	AAA	PACRA	2,866	29,234
The Bank of Punjab	A1+	AA-	PACRA	3,151	1,985
Habib Bank Limited	A1+	AAA	JCR-VIS	-	-
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	45,689	237,882
				51,706	269,101

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The following are the remaining contractual maturities of financial liabilities, including interest payments:

	2016					
			Maturities			
	Carrying amount	Contractual cash flows	Less than six months	Up to one year	Two years to five years	After five years
	---------------------------------(Rupees in thousand)---------------------------------					
Sponsors' loan- unsecured	103,235	103,235	-	103,235	-	-
Long term financing	90,958	90,958	-	90,958	-	-
Trade and other payables	220,843	220,843	220,843	-	-	-
Dividend payable	846,675	846,675	846,675	-	-	-
Markup accrued	10,778	10,778	10,778	-	-	-
	1,272,489	1,272,489	1,078,296	194,193	-	-

	2015					
			Maturities			
	Carrying amount	Contractual cash flows	Less than six months	Up to one year	Two years to five years	After five years
	---------------------------------(Rupees in thousand)---------------------------------					
Sponsors' loan- unsecured	287,271	287,271	12,754	12,754	261,763	-
Long term financing	118,832	118,832	7,246	-	111,586	-
Trade and other payables	561,360	561,360	561,360	-	-	-
Markup accrued	9,710	9,710	9,710	-	-	-
	977,173	977,173	591,070	12,754	373,349	-

34.2 Capital risk management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

(i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

(ii) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares.

Neither there were any changes in the Company's approach to capital management during the year nor the Company is subject to externally imposed capital requirements.

The Company monitors capital on the basis of the debt-to-equity ratio - calculated as a ratio of total debt to equity.

The gearing ratios as at June 30, 2016 and 2015 were as follows:

	2016	2015
	(Rupees in thousand)	
Total interest bearing borrowings	155,722	324,731
Total equity	4,575,774	4,325,137
Total capital employed	4,731,496	4,649,868
Gearing ratio	3.29%	6.98%

34.3 Fair value estimation

The different levels for fair value estimation used by the Company have been explained as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Assets

The Company did not hold any instruments which could be included in Level 1, Level 2 and Level 3 as on June 30, 2016.

Liabilities

The Company did not hold any instruments which could be included in Level 1, Level 2 and Level 3 as on June 30, 2016.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value a financial instrument are observable, those financial instruments are classified under level 2. If one or more of the significant inputs is not based on observable market data, the financial instrument is classified under level 3. The Company has no such type of financial instruments as on June 30, 2016.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

34.4. Financial instruments by categories

	Loans and receivables	
	2016	2015
Assets as per balance sheet	(Rupees in thousand)	
Trade debts- secured	651,358	796,723
Advances, deposits, prepayments and other receivables	3,360	1,904
Dividend receivable	951,739	-
Bank balances	51,706	269,101
	1,658,163	1,067,728

Liabilities as per balance sheet	Financial liabilities at amortised cost 2016	2015
	(Rupees in thousand)	
Sponsors' loan- unsecured	103,235	287,271
Long term financing	90,958	118,832
Trade and other payables	220,843	561,360
Dividend payable	846,675	-
Markup accrued	10,778	9,710
	1,272,489	977,173

35. Plant capacity and actual generation

	Theoretical Capacity		Actual Generation	
	2016	2015	2016	2015
- MWh	198,636	198,636	175,069	173,306
- percentage	100%	100%	88%	87%

The actual generation for power plant takes into account all scheduled outages approved by WAPDA. Actual output is dependent on the load demanded by WAPDA, gas supply by SNGPL under as-and-when available basis, the plant availability and mean-site conditions.

36. Earning per share - basic and diluted

36.1. Basic earnings per share

		2016	2015
Earning for the year	(Rupees in thousand)	1,097,312	115,077
Weighted average number of ordinary shares	number	363,380,000	363,380,000
Basic earning per share	Rupee	3.02	0.32

36.2. Diluted earnings per share

A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2016 and June 30, 2015 which would have any effect on the earnings per share if the option to convert is exercised.

37. Date of authorisation for issue

These financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on September 06, 2016.

38. Event after the balance sheet date

There are no significant events occurred after the balance sheet date that require adjustment or disclosure in the financial statements.

39. Corresponding figures

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. No significant re-arrangements have been made.

Chief Executive

Director

Consolidated Financial Statement

June 30, 2016

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Altern Energy Limited (the Holding Company) and its subsidiary companies (hereinafter referred to as 'the Group') as at June 30, 2016 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of Altern Energy Limited arid its subsidiary companies. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

As stated in note 2.2.1 to the consolidated financial statements, the Group has changed its accounting policies on initial application of standards, amendments or an interpretation to existing standards.

In our opinion, the consolidated financial statements present fairly the financial position of Altern Energy Limited and its subsidiary companies (the Group) as at June 30, 2016 and the results of their operations for the year then ended.

We draw attention to note 12.1.7 to the consolidated financial statements which describes the uncertainty regarding the outcome of certain claims by WAPDA which have been disputed by Rousch (Pakistan) Power Limited (RPPL), subsidiary company, of the Holding Company. Our opinion is not qualified in respect of this matter.

A.F. Ferguson & Co.

Chartered Accountants
Lahore,
Engagement Partner: Muhammad Masood **Date: September 06, 2016**

ALTERN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEET

	Note	2016	2015
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
400,000,000 (2015: 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 (2015: 363,380,000)			
ordinary shares of Rs 10 each	5	3,633,800	3,633,800
Share premium		41,660	41,660
Revenue reserve : Un - appropriated profit		12,051,716	10,597,749
		15,727,176	14,273,209
Non-controlling interests		10,102,809	9,239,589
		25,829,985	23,512,798
NON-CURRENT LIABILITIES			
Sponsors' loan - unsecured	6	-	261,763
Long term financing	7	4,440,613	6,774,098
Deferred liabilities	8	19,698	19,094
Deferred taxation	9	901,200	804,159
		5,361,511	7,859,114
CURRENT LIABILITIES			
Trade and other payables	10	2,919,361	6,733,523
Dividend payable		1,536,678	-
Short term loans	11	-	-
Markup accrued-short term and long term loans		375,654	201,288
Provision for taxation		79,437	-
Current portion of long term financing	6 & 7	4,362,362	3,159,772
		9,273,492	10,094,583
CONTINGENCIES AND COMMITMENTS	12		
		40,464,988	41,466,495

The annexed notes 1 to 37 form an integral part of these consolidated financial statements.

Chief Executive

AS AT JUNE 30, 2016

	Note	2016	2015
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	21,878,189	23,295,232
Intangible assets	14	7,374	5,817
Long term deposits		539	539
Long term loans to employees	15	13,232	7,019
		21,899,334	23,308,607
CURRENT ASSETS			
Stores, spares and loose tools	16	583,144	540,364
Inventory of fuel oil		476,632	480,301
Trade debts	17	7,649,133	10,989,272
Advances, deposits, prepayments and other receivables	18	442,528	1,018,341
Income tax recoverable		194,090	140,526
Cash and bank balances	19	9,220,127	4,989,084
		18,565,654	18,157,888
		40,464,988	41,466,495

Director

ALTERN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016	2015
		(Rupees in thousand)	
Revenue-net	20	27,287,258	20,585,491
Direct costs	21	(21,924,076)	(15,703,434)
Gross profit		5,363,182	4,882,057
Administrative expenses	22	(228,837)	(145,634)
Other income	23	301,311	276,467
Profit from operations		5,435,656	5,012,890
Finance cost	24	(1,407,558)	(1,345,717)
Profit before taxation		4,028,098	3,667,173
Taxation	25	(174,448)	(157,540)
Profit after taxation		3,853,650	3,509,633
Attributable to:			
Equity holders of the Parent		2,300,513	2,091,301
Non-controlling interests		1,553,137	1,418,332
		3,853,650	3,509,633
Earnings per share - basic and diluted **(Rupee)**	33	6.33	5.76

The annexed notes 1 to 37 form an integral part of these consolidated financial statements.

Chief Executive **Director**

ALTERN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
	(Rupees in thousand)	
Profit for the year	3,853,650	3,509,633
Other comprehensive income/(loss):		
Items that may be reclassified subsequently to profit and loss	-	-
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement of post retirement benefit obligation	215	(1,316)
Total comprehensive income for the year	3,853,865	3,508,317
Attributable to:		
Equity holders of the Parent	2,300,642	2,090,512
Non-controlling interests	1,553,223	1,417,805
	3,853,865	3,508,317

The annexed notes 1 to 37 form an integral part of these consolidated financial statements.

Chief Executive **Director**

ALTERN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016	2015
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	26	6,940,417	6,268,635
Finance cost paid		(1,235,342)	(1,217,836)
Income tax paid		(36,052)	(151,196)
Retirement benefits paid		(6,067)	(1,046)
Long term loans to employees-net		(8,431)	(8,931)
Net cash inflow from operating activities		5,654,525	4,889,626
Cash flows from investing activities			
Purchase of property, plant and equipment		(56,178)	(29,358)
Purchase of intangible assets		(5,511)	(7,063)
Proceeds from sale of property, plant & equipment		1,761	299
Profit on bank deposits received		246,888	265,904
Net cash inflow from investing activities		186,960	229,782
Cash flows from financing activities			
Repayment of Sponsors' loan		(184,036)	(384,028)
Repayment of long term financing		(1,426,406)	(2,907,083)
Dividend paid		-	(836,971)
Net cash outflow from financing activities		(1,610,442)	(4,128,082)
Net increase in cash and cash equivalents		4,231,043	991,326
Cash and cash equivalents at the beginning of the year		4,989,084	3,997,758
Cash and cash equivalents at the end of the year	27	9,220,127	4,989,084

The annexed notes 1 to 37 form an integral part of these consolidated financial statements.

Chief Executive | **Director**

ALTERN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2016

	Attributable to equity holders of the Parent Company					Non-controlling Interests	Total equity
	Share capital	Share Premium	Equity Portion of sponsors' loan	Un-appropriated profit	Total		
	------Rupees in thousand------						
Balance as on July 1, 2014	3,633,800	41,660	15,899	8,507,237	12,198,596	7,821,784	20,020,380
Imputed interest on sponsors' loan	-	-	(15,899)	-	(15,899)	-	(15,899)
Profit for the year	-	-	-	2,091,301	2,091,301	1,418,332	3,509,633
Other comprehensive loss for the year	-	-	-	(789)	(789)	(527)	(1,316)
Total comprehensive income for the year ended June 30, 2015	-	-	-	2,090,512	2,090,512	1,417,805	3,508,317
Transactions with owners in their capacity as owners:	-	-	-	-	-	-	-
Balance as on June 30, 2015	3,633,800	41,660	-	10,597,749	14,273,209	9,239,589	23,512,798
Profit for the year	-	-	-	2,300,513	2,300,513	1,553,137	3,853,650
Other comprehensive income for the year	-	-	-	129	129	86	215
Total comprehensive income for the year ended ended June 30, 2016	-	-	-	2,300,642	2,300,642	1,553,223	3,853,865
Transactions with owners in their capacity as owners:							
Interim dividend @ 2.33 per ordinary share by AEL	-	-	-	(846,675)	(846,675)	-	(846,675)
Interim dividend @ 2 per ordinary share by RPPL	-	-	-	-	-	(690,003)	(690,003)
Balance as on June 30, 2016	3,633,800	41,660	-	12,051,716	15,727,176	10,102,809	25,829,985

The annexed notes 1 to 37 form an integral part of these consolidated financial statements.

Chief Executive **Director**

ALTERN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

1 Legal status and nature of business

1.1 The Group comprises of:

	2016	2015
Parent Company		
-Altern Energy Limited (AEL); and	(Holding Percentage)	
Subsidiary Companies		
- Power Management Company (Private) Limited (PMCL)	**100.00%**	100.00%
- Rousch (Pakistan) Power Limited (RPPL)	**59.98%**	59.98%

1.2 AEL was incorporated in Pakistan on January 17, 1995 and is listed on 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 (2015 : 32 Mega Watts). The AEL commenced commercial operations with effect from June 06, 2001. AEL has a Power Purchase Agreement (PPA) with its sole customer, WAPDA for thirty years which commenced from June 06, 2001. The registered office of the AEL is situated at Descon Headquarters, 18 km, Ferozepur Road, Lahore.

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 AEL on as-and-when available basis till the expiry of PPA on June 06, 2031.

Power Management Company (Private) Limited (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 18 km Ferozepur Road, Lahore.

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 RPPL are to generate and supply electric power to Water and Power Development Authority of Pakistan (WAPDA) from its combined cycle thermal power plant having a gross (ISO) capacity of 450 Mega Watts (2015: 450 Mega Watts), located near Sidhnai Barrage, Abdul Hakim town, District Khanewal, Punjab province, Pakistan. RPPL started commercial operations from December 11, 1999. The registered office of RPPL is situated at 68 - Studio Apartments, Park Towers, F10 Markaz, Jinnah Avenue, Islamabad.

1.3 RPPL has a Power Purchase Agreement (PPA) with Water & Power Development Authority (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 Gas Supply Agreement (GSA) with Sui Northern Gas Pipelines Limited (SNGPL) till August 18, 2015. At that time, under the amendments to the Implementation Agreement (IA), the Government of Pakistan provided an assurance that the RPPL will be provided gas post August 2015, in preference to the new projects commissioned after RPPL.

1.4 The Ministry of Petroleum and Natural Resources ('MOPNR'), 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 RPPL and SNGPL to negotiate a long term GSA on firm basis. While negotiations for the long term GSA are in process, in June 2016, ECC of the Cabinet approved Interim GSA for supply of RLNG to RPPL 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 RPPL's PPA to Central Power Purchasing Agency - Guarantee Limited (CPPA-G). Once the Novation Agreement is signed, RPPL will execute the Interim GSA with CPPA-G and SNGPL.

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

2. Basis of preparation

2.1 These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by Securities and Exchange Commission of Pakistan differ with the requirements of IFRS or IFAS, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives prevail.

2.2 Initial application of standards, amendments or an interpretation to existing standards

The following amendments to existing standards have been published that are applicable to the Group's consolidated financial statements covering annual periods, beginning on or after the following dates:

2.2.1 Standards, amendments to published standards and interpretations that are effective in the current year and are relevant to the Group

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on or after July 1, 2015 but are considered not to be relevant or to have any significant effect on the Group's operations and are, therefore, not detailed in these consolidated financial statements except for the amendments as explained below:

IFRS 13 - ‘Fair value measurement’. This is applicable on accounting periods beginning on or after January 01, 2013, however, SECP has adopted this standard for periods beginning on or after January 1, 2015. This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The application of this standard does not have a material impact on the Group's consolidated financial statements.

IFRS 12 - ‘Disclosures of interests in other entities’. This is applicable on accounting periods beginning on or after January 01, 2013, however, SECP has adopted this standard for periods beginning on or after January 1, 2015. This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group has applied this standard from July 1, 2015 and has disclosed interests in other entities in note 34.

IFRS 11, 'Joint Arrangements', is applicable on annual periods beginning on or after January 01, 2013, however, SECP has adopted this IFRS for periods beginning on or after January 1, 2015. IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The application of this standard does not have a material impact on the Group's consolidated financial statements.

2.2.2 Exemption from applicability of certain interpretations to standards

SECP through SRO 24(I)/2012 dated January 16, 2012, has exempted the application of International Financial Reporting Interpretations Committee (IFRIC) 4 'Determining whether an Arrangement contains a Lease' to all companies. However, the SECP made it mandatory to disclose the impact of the application of IFRIC 4 on the results of the companies. This interpretation provides guidance on determining whether arrangements that do not take the legal form of a lease should, nonetheless, be accounted for as a lease in accordance with IAS 17, 'Leases'.

Consequently, the Group is not required to account for a portion of its PPA with WAPDA as a lease under IAS - 17. If the Group were to follow IFRIC - 4 and IAS - 17, the effect on the consolidated financial statements would be as follows:

	2016	2015
	(Rupees in thousand)	
De-recognition of property, plant and equipment	17,906,958	19,409,395
Recognition of lease debtor	6,711,622	9,686,320
Decrease in un-appropriated profit at the beginning of the year	9,722,622	8,341,387
Decrease in profit for the year	1,472,262	1,381,235
Decrease in un-appropriated profit at the end of the year	11,194,884	9,722,622

The present value of cash flows (receivables) has been estimated considering applicable degradation over the project life, indexation mechanism available under PPA, cost incidental to make the plant available for dispatch to off-taker (WAPDA) and sponsor's return in the Financial Model.

2.2.3 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after July 01, 2016 or later periods, and the Group has not early adopted them:

Amendment to IAS 16 ‘Property, plant and equipment’ and IAS 38,'Intangible assets', on depreciation and amortisation is applicable on accounting periods beginning on or after January 01, 2016. IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The Group is yet to assess the impact of this amendment on its consolidated financial statements.

Other standards or interpretations	Effective date (accounting periods beginning on or after)
Amendments to IAS 7, ‘Statement of cash flows’ on disclosure initiative	January 01, 2017
Amendments to IAS 12, ‘Income taxes’ on Recognition of deferred tax assets for unrealised losses	January 01, 2017
Amendments to IFRS 2, ‘Share based payments ’, on clarifying how to account for certain types of share-based payment transactions	January 01, 2018

IFRS 9, 'Financial instruments'	January 01, 2018
IFRS 14, 'Regulatory deferral accounts'	January 01, 2017
IFRS 15, 'Revenue from contracts with customers'	January 01, 2018
Amendments to IFRS 15, 'Revenue from contracts with customers' on gross versus net revenue presentation	January 01, 2018
IFRS 16 'Leases'	January 01, 2019

3. Basis of measurement

3.1 These consolidated financial statements have been prepared on the basis of historical cost convention except that exchange differences (note 13.1.3) capitalized as part of the cost of relevant assets and certain retirement benefits have been measured at present value.

3.2 Principles of consolidation

a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies, etc.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated.

b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

c) Disposal of subsidiaries

When the group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

3.3 The Group's significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of the complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

– Operating fixed assets and related depreciation (note 4.3 and 13)
– Net realisable value of inventories (note 4.7 and note 4.8)
– Trade debts (note 4.12 and note 17)
– Deferred liabilities (note 4.1 and note 8)
– Provision for taxation (note 4.2)
– Provisions, contingencies and commitments (note 4.16 and note 12)

4. Significant accounting policies

The significant accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Deferred liabilities

Altern Energy Limited (AEL)

Defined benefit plan

AEL operates an un-funded gratuity scheme covering all its permanent employees. Provision is made annually to cover the liability under the scheme.

Accumulated compensated abscenses

AEL has the policy to provide for compensated absences of its employees in accordance with respective entitlement on cessation of service; related expected cost thereof has been included in the consolidated financial statements.

Rousch (Pakistan) Power Limited (RPPL)

Defined contribution plan

RPPL operates a recognized provident fund for all eligible employees of the company. Equal monthly contributions are made, both by the company and the employees, to the fund at the rate of 10% of salary and the same is charged to the profit and loss account.

Defined benefit plan

RPPL maintains an approved gratuity fund for all permanent employees. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for RPPL, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements. The most recent valuation was carried out as at June 30, 2016.

4.2 Taxation

Income tax expense comprises current and deferred tax. Income tax is recognised in consolidated profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates or tax rates expected to apply to profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

The profits and gains of AEL and RPPL derived from electric power generation are exempt from tax in terms of clause 132 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, subject to the conditions and limitations provided therein.

Under clause 11A of Part IV of the Second Schedule to the Income Tax Ordinance, 2001, AEL and RPPL are also exempt from levy of minimum tax on 'turnover' under section 113 of the Income Tax Ordinance, 2001. However, full provision is made in the consolidated profit and loss account on income from sources not covered under the above clauses at current rates of taxation after taking into account, tax credits and rebates available, if any.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax assets and liabilities are calculated at the rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

4.3 Property, plant and equipment

4.3.1 Operating fixed assets

Operating fixed assets except freehold land are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost less any identified impairment loss. The cost of assets constructed by the Group includes, project development and implementation costs.

Exchange differences arising on outstanding amount of foreign currency loans contracted under Implementation Agreement with Government of Pakistan are capitalized in the cost of plant and machinery in accordance with directives issued by SECP (Refer note 13.1.3).

Depreciation on all operating fixed assets is charged to income by using the straight line method so as to write off the depreciable amounts of an asset over its estimated useful life at annual rates mentioned in note 13.1 after taking into account their residual values.

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant. The Group's estimate of the residual value of its operating fixed assets as at June 30, 2016 has not required any adjustment as its impact is considered insignificant.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 4.4).

Depreciation on additions to property, plant and equipment is charged from the month in which the asset is acquired or capitalized, while no depreciation is charged for the month in which the asset is disposed off.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the period in which they are incurred.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense over the period.

4.3.2 Capital work-in-progress

Capital work-in-progress is stated at cost less impairment losses, if any. Cost consists of expenditure incurred and advances made in the course of their acquisition, construction and installation. Transfers are made to relevant asset category as and when the assets are available for intended use.

4.3.3 Major spare parts and standby equipment

Major spare parts and standby equipment qualify as property, plant and equipment when a group expects to use them for more than one year. Transfers are made to relevant operating fixed assets category as and when such items are available for use.

4.4 Impairment

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that assets.

Impairment of non-financial assets

Assets that have an indefinite useful life - for example, goodwill or intangible assets not ready to use - are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.5 Intangible assets

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

Amortization on additions to intangible assets is charged from the month in which an asset is acquired or capitalized while no amortization is charged for the month in which the asset is disposed off.

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

4.6 Long term investments

In separate financial statements, investment in subsidiary company is initially measured at cost. However, at subsequent reporting dates, the Group reviews the carrying amounts of the investment and its recoverability to determine whether there is an indication that such investments have suffered an impairment loss. If any such indication exists, the carrying amount of the investment is adjusted to the extent of impairment loss. Impairment losses are recognized as an expense in the period in which these are incurred.

4.7 Stores, spares and loose tools

Stores, spares and loose tools are valued at lower of cost less impairment losses (if any) and net realizable value.

Stores and spares are stated at cost less impairment losses, if any. In RPPL, cost of stores and spares other than chemicals and lubricants is determined under weighted average basis whereas the cost of chemicals and lubricants is determined on first-in-first-out basis. The maintenance sub-contractor, is responsible to replenish mandatory stores and spares as used by them. Items in transit are valued at cost comprising invoice values plus other charges incurred thereon.

Net realizable value is the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make a sale.

4.8 Inventory of fuel oil

This is stated at lower of cost and net realizable value. Cost is determined on first-in-first-out basis. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

4.9 Financial Assets

4.9.1 Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available-for-sale and held-to-maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within twelve months, otherwise, they are classified as non-current.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise advances, deposits and other receivables in the balance sheet.

c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the balance sheet date.

d) Held-to-maturity

Financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity are classified as held-to-maturity and are stated at amortized cost.

4.9.2 Recognition and measurement

All financial assets are recognized at the time when the Group becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized on trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit and loss account. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest rate method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the profit and loss account in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit and loss account as part of other income when the Group's right to receive payments is established.

Changes in the fair value of securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the profit and loss account as gains and losses from investment securities. Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit and loss account. Dividends on available-for-sale equity instruments are recognised in the profit and loss account when the Group’s right to receive payments is established.

The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (and for unlisted securities), the Group measures the investments at cost less impairment in value, if any.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from equity and recognised in the profit and loss account. Impairment losses recognised in the profit and loss account on equity instruments are not reversed through the profit and loss account. Impairment testing of trade debts and other receivables is described in note 4.12.

4.10 Financial liabilities

All financial liabilities are recognised at the time when the Group becomes a party to the contractual provisions of the instrument.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the profit and loss account.

4.11 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Group intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.12 Trade debts and other receivables

Trade debts and other receivables are recognized initially at invoice value, which approximates fair value, and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade debts and other receivables is established when there is objective evidence that the Group will not be able to collect all the amount due according to the original terms of the receivable. The provision is recognized in the profit and loss account. When a trade debt is uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the profit and loss account.

4.13 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, balance with banks on current and deposit accounts and other short term highly liquid investments that are readily convertible to known amounts of cash.

4.14 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest method. Finance costs are accounted for on an accrual basis and are reported under accrued finance cost to the extent of the amount remaining unpaid.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

4.15 Trade and other payables

Financial liabilities are initially recognized at fair value plus directly attributable cost, if any, and subsequently at amortized cost using effective interest rate method.

Other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

4.16 Provisions

Provisions are recognized when the Group has a present legal or constructive obligat ion as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

4.17 Foreign currency transactions and translation

a) Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency.

b) Transactions and balances

Transactions in foreign currencies are translated into Pak Rupees at rates of exchange on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange ruling on the balance sheet date. Non monetary assets and liabilities are stated using exchange rates that existed when the values were determined. As explained in note 13.1.3, exchange differences arising on translation of foreign currency loans utilized for the acquisition of operating assets are capitalized and incorporated in the cost of such assets . All other exchange differences are charged to profit and loss account.

4.18 Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which case such costs are capitalized as part of the cost of the asset up to the date of commissioning of the related asset.

4.19 Revenue recognition

Revenue from sale of electricity to the Water and Power Development Authority (WAPDA), the sole customer of the Group, is recorded based upon the output delivered and capacity available at rates as specified under the PPA as amended from time to time.

Interest income is recognized on a time-apportioned basis using the effective rate of return.

4.20 Dividend

Dividend distribution to the Group's shareholders is recognized as a liability in the period in which the dividends are approved.

4.21 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, if any.

5. Issued, subscribed and paid up share capital

2016	2015		2016	2015
(Number of shares)			(Rupees in thousand)	
359,480,000	359,480,000	Ordinary shares of Rs 10 each fully paid in cash	3,594,800	3,594,800
3,900,000	3,900,000	Ordinary shares of Rs 10 each issued for consideration other than cash	39,000	39,000
363,380,000	363,380,000		3,633,800	3,633,800

5.1. The Ultimate Parent Company, Descon Engineering Limited (DEL), holds 211,397,063 (2015: 211,397,063) ordinary shares of Rs 10 each at the year end.

6. Sponsors' loans - unsecured

Long term finances	- note 6.1	100,000	261,763
Interest on long term finances	- note 6.2	3,235	25,508
		103,235	287,271
Less: Current portion shown under current liabilities		(103,235)	(25,508)
		-	261,763

6.1. This represents long term finances to AEL from DEL for investment in RPPL through PMCL. 'The loan amount shall be payable within a period of five (5) years from the Execution Date (the "term") in one or more installments. The term is extendable with mutual consent of the parties. As per agreement between AEL, MCB Bank Limited and DEL, all amounts (including mark-up) due under the Sponsors' Loans were subordinated to the loan facility from MCB Bank Limited. These loans are unsecured and carry mark up at six months Karachi Inter Bank Offer Rate (KIBOR) plus 300 basis points (2015: six months KIBOR plus 300 basis points). The mark-up rate charged during the year on the outstanding balance ranged from 9.36% to 12.56% (2015: 11.62% to 13.15%) per annum.

6.2. It represents mark-up payable to DEL amounting to Rs 3.235 million (2015: Rs 25.508 million) on long term finances. As per terms of agreement the mark up payment was subordinated to loan facility from MCB Bank Limited. Repayment of loan from MCB Bank Limited was made during the year.

7. Long term finances

		2016	2015
		(Rupees in thousand)	
Loans from financial institutions	-note 7.1	6,165,169	7,446,415
Loans from associated company	-note 7.1	2,534,571	2,461,947
		8,699,740	9,908,362
Current portion shown under current liabilities		(4,259,127)	(3,134,264)
		4,440,613	6,774,098

	Facility		2016	2015
			(Rupees in thousand)	
7.1. Loans from financial institutions:				
Secured	**Facility**			
National Bank of Pakistan ('NBP')	LTCF loan	- note 7.3	5,352,338	6,684,397
MCB Bank Limited ('MCB')	Syndicate finance - FCY	- note 7.6	-	7,246
			5,352,338	**6,691,643**
Unsecured				
Australia and New Zealand Banking Group Limited ('ANZ')	Supplier's loan	- note 7.4	812,831	754,772
			6,165,169	7,446,415
Loan from an associated company:				
Unsecured				
Long term liability - unsecured	EPC Deferral (AMSA)	- note 7.5	2,534,571	2,461,947
Total long term loan			8,699,740	9,908,362
Less: current portion of long term loans				
National Bank of Pakistan ('NBP')	LTCF loan		(1,529,239)	(1,485,422)
Australia and New Zealand Banking Group Limited ('ANZ')	Supplier's loan		(812,831)	(754,772)
Long term liability - unsecured	EPC Deferral (AMSA)		(1,917,057)	(886,824)
MCB Bank Limited ('MCB')	Syndicate finance - FCY		-	(7,246)
Current portion of long term loans			(4,259,127)	(3,134,264)
			4,440,613	6,774,098

Major terms of the above loans from financial institutions/associated company are as under:

	LTCF loan	Supplier's loan	EPC Deferral (AMSA)
Arranger / underwriter	NBP	ANZ	Siemens AG
Facility amount	US$ 219.08 million	US$ 17 million	US$ 24.2 million
Facility utilized	US$ 219.08 million	US$ 17 million	US$ 24.2 million

	LTCF loan	Supplier's loan	EPC Deferral (AMSA)
Term in years (post commercial operation date)	20	Completed in July, 2016	Extended till March 31, 2018 as per revised MOU
Interest per annum and repayment terms	note 7.3	6% compounded semi-annually	8% Payable semi-annually
Amounts outstanding under the facilities as at June 30, 2016	US$ 51.121 million	US$ 7.763 million	US$ 24.208 million

7.2 The entire financing except for supplier loan and EPC Deferral (AMSA) is secured by a legal mortgage on all immovable properties of RPPL, pledge of 75% of sponsors' shares and hypothecation of moveable property. However, charge on current assets (energy purchase price receivable, fuel stock and stores, spares and loose tools) has been carved out of the security and is now available for working capital lenders.

7.3 Long Term Credit Facility (LTCF) loan of RPPL has been co-financed by the World Bank (US$ 119.7 million) and The Export and Import Bank of Japan (US$ 49.6 million). National Bank of Pakistan (NBP) is acting as an administrator of the loan. Further, this facility includes capitalized mark-up / interest amounting to US$ 49.7 million. This facility carries mark-up at the rate of 1 year US Treasury Bill rate plus 3% per annum; or World Bank Lending rate plus 2.5% per annum payable semi-annually, whichever is higher, up to the date of termination of senior loan and 1 year US Treasury Bill rate plus 4% per annum; or World Bank Lending rate plus 3.5% per annum, whichever is higher, after the date of termination of senior loan.

7.4 Initially, the supplier's loan repayment was agreed by RPPL to be made out of funds available on repayment date after fulfilling the funding requirements as per the provisions of Master Agreement before distribution of dividend with the repayment date of March 2015. As per revised Memorandum of Understanding (MoU) the long term liability was agreed to be repaid in six unequal semi-annual instalments starting from September 2015. It had also been agreed that the long term liability would be subject to 8% per annum interest compounded semi-annually from the period starting July 1, 2015. The payments during the year were deferred owing to the non-compliance of requirements of the revised MoU and repayment of instalments was extended to September 30, 2016. Subsequent to the year end, the entire loan along with accumulated interest was paid off on July 22, 2016.

7.5 The principal repayments by RPPL of AMSA (EPC Deferred) Loan due during the year were deferred owing to the restriction on repayment consequent upon non-compliance of certain requirements of the MoU with the lender. Consequently, instalments due in the next 12 months along with the instalments deferred during the year were classified into current portion of long term loans.

7.6 AEL had obtained a long term syndicate facility of Rs 1,100 million (2015: Rs 1,100 million), which included foreign currency loan limit of US Dollars 3.6 million (2015: US Dollars 3.6 million), from consortium of banks under the lead of MCB Bank Limited. The outstanding loan amount has been paid in full during the year.

8. Deferred liabilities

		2016	2015
		(Rupees in thousands)	
Provision for:			
Staff gratuity - AEL	- note 8.1	2,305	1,656
Compensated absences - AEL	- note 8.2	332	242
Staff gratuity - RPPL	- note 8.3	17,061	17,196
		19,698	19,094

8.1. Staff Gratuity - AEL

Opening liability	1,656	1,260
Provision for the year	649	396
	2,305	1,656
Amount paid	-	-
Closing liability	2,305	1,656

8.2. Compensated absences - AEL

Opening Liability	242	190
Provision for the year	90	52
	332	242
Amount paid	-	-
Closing liability	332	242

8.3 The latest actuarial valuation of gratuity scheme of RPPL was carried out as at 30 June 2016 under the Projected Unit Credit Method as per the requirements of approved accounting standard - International Accounting Standard 19, the details of which are as follows:

	2016	2015
	(Percentage)	
Actuarial assumptions		
Valuation discount rate	7.25%	9.75%
Expected rate of increase in salaries	7.25%	9.75%
Expected rate of return on plan assets	9.75%	9.75%

Funding status	(Rupees in thousands)	
The amounts recognized in consolidated balance sheet are as follows:		
Present value of defined benefit obligation	23,291	18,156
Fair value of plan assets	(6,230)	(960)
Liability in balance sheet	17,061	17,196

Changes in present value of defined benefit obligation	2016	2015
	(Rupees in thousands)	
Present value of defined benefit obligation - beginning of the year	18,155	10,068
Current service cost	4,584	7,186
Interest cost	1,929	1,252
Remeasurement (gains)/ losses on obligation	(492)	1,227
Benefits paid	(885)	(1,577)
Present value of defined benefit obligation end of the year	23,291	18,156
Changes in fair value of plan assets		
Fair value of plan assets - beginning of the year	960	1,423
Expected return on plan assets	366	156
Remeasurement losses on plan assets	(277)	(88)
Benefits paid	(885)	(1,577)
Contribution to fund	6,066	1,046
Fair value of plan assets - end of the year	6,230	960
Amounts recognized in the consolidated profit and loss account		
Current service cost	4,584	7,186
Interest cost	1,929	1,252
Expected return on plan assets	(366)	(156)
	6,147	8,282

Composition / fair value of plan assets	2016	2015
	Percentage	
Certificates of investment / term deposit receipts	5%	0%
Mutual funds	0%	32%
Others	95%	68%
	100%	100%

Available historical information

	2016	2015	2014	2013	2012
	(Rupees in thousands)				
Present value of defined benefit obligation	23,291	18,156	10,068	21,984	22,247
Fair value of plan assets	(6,230)	(960)	(1,423)	(17,859)	(17,738)
Deficit in plan	17,061	17,196	8,645	4,125	4,509
Experience adjustment arising on plan liabilities (gain)/loss	(492)	1,227	3,594	2,171	1,512
Experience adjustment arising on plan assets (loss) / gain	(277)	(88)	191	(592)	(109)

8.4. The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Changes in assumptions	Impact on defined benefit obligation - Increase in assumption	Impact on defined benefit obligation - Decrease assumption
Discount rate	1%	(2,063)	2,387
Salary growth rate	1%	2,483	(2,181)

8.5 The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit obligation recognized within the statement of financial position.

8.6 Provident fund related disclosures

RPPL has set up provident fund for its permanent employees and the investments out of Provident Fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose. The following information is based on the un - audited financial statements of the provident fund as at June 30, 2016:

	2016	2015
	(Rupees in thousands)	
(i) Size of the fund	31,576	24,202
(ii) Cost of investments made	14,500	14,500
(iii) Percentage of investments made	46%	60%
(iv) Fair value of investments	17,354	16,522

8.6.1. The breakup of fair value of investments is:

	2016		2015	
	(Rupees in thousand)	%	(Rupees in thousand)	%
Investment in mutual funds	17,354	54.96%	16,522	68.27%

9. Deferred taxation

		2016	2015
		(Rupees in thousands)	
Deferred taxation	- note 9.1	901,200	804,159

9.1 As disclosed in note 7, RPPL has availed financing from a consortium of lenders. Under the financing agreements there are certain conditions for dividend distribution. RPPL could not pay dividend in the past due to these conditions. However, during the year RPPL paid interim dividend after obtaining one-off waivers of conditions from lenders for dividend distribution. The Parent Company expects to receive dividend from RPPL in the foreseeable future, subject to waiver being granted by the lenders. Accordingly a deferred tax liability on undistributed profits of RPPL has been recognized in these consolidated financial statements.

10. Trade and other payables

		2016	2015
		(Rupees in thousands)	
Trade creditors	- note 10.1	90,629	462,487
Payable to WAPDA for gas efficiency and import of energy		103,438	148,665
Natural gas charges to SNGPL		2,008,385	5,537,023
Accrued liabilities			
Lenders' related costs		26,627	24,426
Workers' Profit Participation Fund	- note 10.2	201,241	183,075
Workers' Welfare Fund	- note 10.3 & 10.4	-	202,567
Operation and maintenance charges payable to related parties	- note 10.5	225,788	135,798
Others	- note 10.6 & 10.7	241,907	5,068
		695,563	550,934
Withholding income tax payable		2,414	15,482
Unclaimed dividend		12,090	12,090
Provision of guarantee issued	- note 10.8	6,842	6,842
		2,919,361	6,733,523

10.1. This includes the following amounts due to related parties:

	2016	2015
Due to ultimate parent company		
Descon Engineering Limited	7,940	7,281
Due to associated companies/related party		
Descon Power Solutions (Private) Limited	45,201	41,342
Descon Corporation Limited	1,043	106
Siemens Pakistan Limited	-	125,735
Siemens AG	-	242,537
	54,184	417,001

10.2. Workers' Profit Participation Fund

		2016	2015
Opening balance		183,075	277,202
Provision for the year	- note 18.4	201,241	183,075
		384,316	460,277
Payments made during the year		(183,075)	(193,891)
Reversal of provision		-	(83,311)
Closing balance		201,241	183,075

		2016	2015
		(Rupees in thousands)	

10.3. Workers' Welfare Fund

		2016	2015
Opening balance		202,567	166,772
Provision for the year	- note 18.5	-	202,567
		202,567	369,339
Payments made during the year		-	(133,448)
Reversal of provision		(202,567)	(33,324)
Closing balance		-	202,567

10.4 For contingencies related to Workers' Welfare Fund (WWF), please refer note 12.1.5, 12.1.10 and 12.1.11.

10.5 This represents the following amounts due to related parties:

	2016	2015
Siemens Pakistan Limited	120,029	69,828
Siemens AG	97,814	65,970
ESB International Luxembourg	7,945	-
	225,788	135,798

10.6 This includes accrual for compensated absences, amounting to Rs 5.472 million (2015: Rs 4.886 million).

10.7 This includes accrued rent amounting to Rs 3.530 million (2015: Nil), payable to Descon Engineering Limited, the Ultimate Parent Company.

10.8 RPPL has filed an appeal against the judgment of a single judge to challenge the levy and collection of infrastructure fee / cess imposed through the Sindh Finance (Amendment) Ordinance, 2001 on the movement of goods entering or leaving the province from or for outside the country.

The Court by its orders dated 20 February 1997, and 26 March 2001, 11 November 2003 granted the stay on levy of this fee / cess on the condition that RPPL will furnish bank guarantee of equivalent amount till the final decision is made by the Court. Accordingly, the Group had arranged bank guarantees of Rs 64.95 million in favour of Director Excise and Taxation, Karachi and made full provision in the financial statements up to June 30, 2010. During the year 2008, the Honorable High Court of Sindh in its decision dated September 17, 2008 declared the imposition of levy of infrastructure fee / cess on import of material before December 28, 2006 as void and invalid, and ordered the guarantees to be returned and encashed. However, the levy imposed w.e.f. December 28, 2006 was declared to be legal and valid. The Government of Sindh has filed the appeal before Supreme Court of Pakistan against the order of High Court of Sindh. RPPL has also filed an appeal before Supreme Court of Pakistan against the High Court's decision of imposition of levy after

December 28, 2006. During the year June 30, 2011, the Supreme Court of Pakistan ordered to agitate this matter before High Court of Sindh. The High Court by consent of the Excise and Taxation department has passed an order whereby it has mainly ordered to discharge any bank guarantee furnished for consignments cleared up to December 27, 2006 and any guarantee for consignment cleared after December 27, 2006 shall be encashed to the extent of 50% and a bank guarantee for remaining amount will be kept alive till the future disposal of litigations. For future consignments goods will be cleared after 50% of payment of the disputed amount would be paid by the respondents and furnishment of bank guarantee of balance of 50%. Accordingly RPPL has made provision of Rs 6.842 million (2015 : Rs 6.842 million) being 50% of disputed amount i.e. Rs 13.684 million.

11. Short term loans

RPPL entered into an agreement with a consortium of local banks, [Faysal Bank Limited, Bank Alfalah Limited, Soneri Bank Limited and Silk Bank Limited] led by Faysal Bank Limited, to avail working capital facility of Rs 900 million (2015: Rs 900 million) which expired in the current year and no short term financing facility exists as at June 30, 2016. The facility carried mark-up at 3 months KIBOR plus 3% per annum (2015: 3 months KIBOR plus 3% per annum). The facility was obtained against pari passu charge of Rs 3,766 million (2015: Rs 3,766 million) over all present and future fixed assets and current assets of RPPL in favour of the security trustee.

AEL has entered into an agreement with Habib Metropolitan Bank Limited to avail running finance facility of Rs 200 million (2015: Nil) which expired in the current year and no short term running finance facility exists as at June 30, 2016. The facility carried 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.

12. Contingencies and commitments

12.1. Contingencies in respect of:

Altern Energy Limited- the Parent Company

12.1.1 In August 2014, the tax 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 2 013. 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 a legal advice, 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 the Appellate Tribunal Inland Revenue (ATIR) against the demand which was rejected. The company preferred an appeal with Honorable Lahore High Court resulting in grant of stay to the company after payment of Rs 10.12 million against the total demand of Rs 157 million. The case is now 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 above-mentioned input sales tax claimed by the company. Consequently, no provision has been recognized in these financial statements.

12.1.2 The tax 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 the Commissioner Inland Revenue (Appeals) [CIR (A)], the department has filed appeal with ATIR, which is pending adjudication.

12.1.3 The tax 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 the case is pending for adjudication.

12.1.4 The tax 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 has filed appeals with CIR(A) which are pending for 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 above-mentioned orders of the tax authorities. Consequently, no provision has been recognized in these financial statements.

12.1.5 For the tax years 2015 and 2016 no provision amounting to Rs 5.21 million for Workers' Welfare Fund (WWF) has been made . The final decision is pending on this matter by the honourable Supreme Court of Pakistan since the High Courts of Lahore and Peshawar, and Sindh High Court have differed in their judgements on this matter. In case the liability materialises, it would have no effect on the profit and loss account as it would be recognised as recoverable from WAPDA as a 'Pass-Through-Item' under the terms of the Power Purchase Agreement. Based on advice of the company's legal counsel, the management believes that there are meritorious grounds to support the company's stance in respect of the above mentioned matter relating to WWF. Consequently, no provision has been made in these financial statements.

Rousch (Pakistan) Power Limited- the Subsidiary Company

12.1.6 In November 2012, the tax authorities raised demand of Rs 2,026 million on account of input sales tax along with default surcharge and penalty alleging non-apportionment of input tax to revenue representing Capacity Purchase Price for the period July 2007 to June 2011. The demand was upheld up to the level of ATIR and the matter is now pending before the Islamabad High Court on reference application filed by the company. The Islamabad High Court also suspended order of the ATIR while deciding the petition for stay against tax recovery filed by the company.

In October 2013, the tax authorities issued show-cause notice for sales tax demand of Rs 675 million along with default surcharge and penalty on the same matter for the period July 2011 to June 2012. On petition filed by the company, the High Court directed the assessing officer to decide the case of the company in line with the expected judgment of the High Court on the same matter. Similar demands of Rs 1,384 million along with default surcharge and penalty for the period July 2012 to June 2014 were remanded back to the Taxation Officer by CIR (A) with the same directions.

As the matter of apportionment of input sales tax is common to the power generation industry, it is likely to be decided by the honourable Islamabad High Court by taking up all related appeals jointly. Based on the opinion of the company's legal counsel and in the view of the latest favourable decision on a similar issue in a parallel case at ATIR forum, a favourable outcome is expected and no provision in this regard has been made in these financial statements.

12.1.7 WAPDA had raised invoices for liquidated damages to the company for the operating year starting from December 11, 2012 to December 10, 2013 (after taking into account forced outage allowance stipulated under the terms of Power Purchase Agreement) on account of short supply of electricity by the company, which was due to cash flow constraints of the company as a result of default by WAPDA in making timely payments. Estimated amount of liquidated damages is not expected to exceed Rs 1,587.733 million as at June 30, 2016 based on the best estimate of the management of the company and invoice raised by National Transmission and Despatch company Limited.

The company disputes and rejects the claim on account of liquidated damages on the premise that its failure to dispatch electricity was due to WAPDA's non-payment of dues on timely basis to the company and consequential inability of the company to make timely payments to its gas supplier that resulted in inadequate level of electricity production owing to curtailment / suspension of gas supply. In this regard, the company initiated the expert adjudication under the dispute resolution procedures specified in the Power Purchase Agreement. The case was decided by the expert in the company's favour in August 2014. Decision of the expert is however not legally binding on any party. The Off-taker, through its letter dated August 2, 2016, has communicated to the company that it will challenge the decision of the expert in arbitration proceedings. However, no provision for liquidated damages has been recognised in these financial statements based on the management's expectation that the ultimate outcome of the case will be in favour of the company.

12.1.8 For tax years 2011, 2012 and 2014, the tax authorities raised an aggregate demand of Rs 191.412 million subjecting capacity price payments to minimum taxation under section 113 of the Income Tax Ordinance, 2001. The CIR(A) deleted the demand for tax year 2012 while the matter was remanded back to the taxation officer for tax years 2011 and 2014. The tax department has also filed an appeal to ATIR against the order of CIR(A) on this matter for tax year 2012.

Based on advice of the company's tax advisor and the decision of the CIR(A) for tax year 2012 on a similar issue, the management believes that there are meritorious grounds to defend the company's stance in respect of this matter. Consequently, no provision has been made in these financial statements.

12.1.9 For tax year 2014, in addition to minimum tax mentioned in note 12.1.8, income tax of Rs 226.313 million was also levied on interest income and supplemental charges by disallowing set-off of such income against depreciation losses. The company's position on this matter was principally accepted by the CIR(A) though the matter was remanded back to the taxation officer.

Based on advice of the company's tax advisor and favourable decision on a similar issue in a parallel power sector case, the management believes that there are meritorious grounds to support the company's stance in respect of this matter. Consequently, no provision for this amount has been made in these financial statements.

12.1.10 Tax returns for Tax Years 2006 to 2010 were amended by the tax authorities in July 2011 by charging Workers' Welfare Fund (WWF) aggregating Rs 178.022 million on higher of accounting income and taxable income for the relevant years. On appeal, the Commissioner Inland Revenue (Appeals) ['CIR(A)'] has set aside the demand and remanded the case back to the assessing authority. The reassessment has not been finalised to date. In case the matter is decided against the company and the liability materialises, it would have no effect on the profit and loss account as it would be recognised as a receivable from WAPDA on the basis that such amount is recoverable from WAPDA as a 'Pass-Through-Item' under the terms of the Power Purchase Agreement.

12.1.11 For tax years 2013 and 2014, an aggregate demand of Rs 157.637 million comprising WWF of Rs 131.856 million and additional tax has been raised by the tax authorities on similar basis as mentioned above. The appeal for tax year 2014 has been decided by the CIR(A) in the same manner as per ATIR's decision on the matter for tax year 2011 and a similar outcome is expected for tax year 2013, which is pending adjudication.

Based on advice of the company's legal counsel, the management believes that there are meritorious grounds to support the company's stance in respect of the above mentioned matters relating to WWF. Consequently, no provision for the aggregate amount of Rs 335.659 million has been made in these financial statements.

12.1.12 RPPL has issued the following guarantees in favour of:

Bank guarantees have been issued to the excise and taxation department aggregating Rs 29.602 million (2015: Rs 26.842 million).

Standby letter of credit facility of Rs 4,120 million (2015: Rs 1,925 million) is available from National Bank of Pakistan, in favour of Sui Northern Gas Pipelines Limited ('SNGPL') as a security to cover gas supply for which payments are made in arrears and a guarantee amounting to Rs 0.688 million (2015: Rs 0.688 million) is available from National Bank of Pakistan favouring PSO against fuel supply.

12.2 Commitments in respect of

Altern Energy Limited - the Parent Company

12.2.1 Standard Chartered Bank (Pakistan) Limited had issued bank guarantee for Nil (2015: Rs 126.32 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 expired on January 31, 2015 and was replaced by bank guarantee issued by Habib Metropolitan Bank Limited.

12.2.2 Habib Metropolitan Bank Limited has issued bank guarantee for Rs 326.32 million (2015: 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, 2016, which is renewable.

Rousch (Pakistan) Power Limited - the Subsidiary Company

12.2.3 Letters of credits for capital expenditure Rs 4.041 million (2015: Nil)

12.2.4 Letters of credit other than capital expenditure Rs 1.870 million (2015: Rs 7.230 million)

13. Property, plant and equipment

		2016	2015
		(Rupees in thousand)	
Operating fixed assets	- note 13.1	21,863,758	23,288,538
Major spare parts and standby equipment	- note 13.2	5,001	6,044
Capital work- in- progress	- note 13.4	9,430	650
		21,878,189	23,295,232

13.1. Property, plant and equipment

	Annual rate of depreciation	Cost as at July 1, 2015	Additions/ (disposals)/ adjustments	Transfers	Cost as at June 30, 2016	Accumulated Depreciation as at July 1, 2015	Depreciation Charge for the year	Accumulated Depreciation as at June 30, 2016	Written down Value as at June 30, 2016
	%	(Rupees in thousand)							
Freehold land	-	59,413	-	-	59,413	28,529	1,820	30,349	29,064
Building on freehold land	5	1,918,047	-	-	1,918,047	999,407	64,682	1,064,089	853,958
Plant and machinery (note 13.1.3)	3-24	40,349,441	7,652 217,784	5,686	40,580,563	18,403,637	1,588,430	19,992,068	20,588,495
Leasehold improvements	10	2,141	- -	-	2,141	299	234	533	1,608
Electric equipment	10	2,109	-	-	2,109	1,341	203	1,544	565
Furniture and fixtures	20	3,863	-	-	3,863	2,793	285	3,078	785
Office equipment	10-33	28,824	2,587	-	31,411	22,115	2,339	24,454	6,957
Vehicles	20	48,445	11,379 (8,806)	-	51,018	29,422	4,146 (7,045)	26,523	24,495
Capital Spares	3-5	555,777	21,138 (1,089)	-	575,826	191,979	26,506 (490)	217,995	357,831
		42,968,060	**260,540** **(9,895)**	**5,686**	**43,224,391**	**19,679,522**	**1,688,645** **(7,535)**	**21,360,633**	**21,863,758**

	Annual rate of depreciation	Cost as at July 1, 2014	Additions/ (disposals)/ adjustments	Transfers	Cost as at June 30, 2015	Accumulated Depreciation as at July 1, 2014	Depreciation Charge for the year/ (disposal)	Accumulated Depreciation as at June 30, 2015	Written down Value as at June 30, 2015
	%	(Rupees in thousand)							
Freehold land	-	59,413	-	-	59,413	26,709	1,820	28,529	30,884
Building on freehold land	5	1,918,047	-	-	1,918,047	935,330	64,077	999,407	918,640
Plant and machinery	4-17	40,031,206	-	6,408	40,349,441	16,838,482	1,565,155	18,403,637	21,945,804
(note 13.1.3)			311,827						
Leasehold improvements	10	1,452	1,664	-	2,141	455	282	299	1,842
			(975)				(438)		
Electric equipment	10	2,109	-	-	2,109	1,142	199	1,341	768
Furniture and fixtures	20	2,943	920	-	3,863	2,615	178	2,793	1,070
Office equipment	10-33	25,107	4,048	-	28,824	20,229	2,193	22,115	6,709
			(331)				(307)		
Vehicles	20	44,844	4,840	-	48,445	26,770	3,891	29,422	19,023
			(1,239)				(1,239)		
Capital Spares	3-5	550,344	5,433	-	555,777	167,097	24,909	191,979	363,798
							(27)		
		42,635,465	**328,732**	**6,408**	**42,968,060**	**18,018,829**	**1,662,704**	**19,679,522**	**23,288,538**
			(1,239)				**(2,011)**		

13.1.1 The depreciation charge for the year has been allocated as follows:

		2015	2015
		(Rupees in thousand)	
Direct cost	- note 21	1,681,634	1,656,327
Administrative expenses	- note 22	7,011	6,377
		1,688,645	**1,662,704**

13.1.2 The cost of fully depreciated assets still in use is Rs 170.07 million (2015: Rs 167.50 million).

13.1.3 According to Circular 11 of 2008 dated 13 June 2008 issued by the Securities and Exchange Commission of Pakistan (SECP), power sector companies are allowed to capitalise 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 217.695 million (2015: Rs 311.823 million) arising on revaluation and repayments of foreign currency loans at year end and during the year have been capitalized. This has resulted in accumulated capitalization of Rs 12,275.138 million (2015: Rs 12,048.290 million) in the cost of plant and equipment up to June 30, 2016, with net book value of Rs 7,516.494 million (2015: Rs 7,889.452 million) at the year end. The exchange gains / losses capitalised are amortised over the remaining useful life of plant.

	2016	2015
	(Rupees in thousand)	
13.2 Major spare parts and standby equipment		
Opening balance	6,044	-
Additions during the year	4,643	12,075
	10,687	12,075
Transfers during the year	(5,686)	(6,031)
Closing balance	5,001	6,044

13.3 Details of property, plant & equipment disposed off during the current year are:

	Cost	Accumulated depreciation	Written down value	Sale proceeds	Mode of disposal	Purchaser
	(Rupees in thousand)					
Suzuki Cultus	827	662	165	165	Company policy	Employee
Toyota Parado	7,979	6,383	1,596	1,596	Company policy	Employee
	8,806	7,045	1,761	1,761		

Details of property, plant & equipment disposed off during last year were:

	Cost	Accumulated depreciation	Written down value	Sale proceeds	Mode of disposal	Purchaser
	(Rupees in thousand)					
Kyocera Photo Copier KM-3040	267	267	-	50	Company policy	Universal business
Apple I Phone 4S 16GB	65	40	25	-	Company policy	Written off
Toyota Corolla	1,239	1,239	-	249	Company policy	Employee
Karachi office fittings	974	438	536	-	Company policy	Written off
	2,545	1,984	561	299		

	2016	2015
	(Rupees in thousand)	
13.4 Capital work- in- progress		
Civil works	6,285	-
Intangible assets - ERP	631	650
Advances against CWIP	2,514	-
	9,430	650

The reconciliation of the carrying amount is as follows:

	2016	2015
Opening balance	650	-
Additions during the year	9,430	650
Transfers to intangible asset	(650)	-
Closing balance	9,430	650

14. Intangible assets

		2016	2015
		(Rupees in thousand)	
Cost			
Cost as at July 01		6,414	-
Additions during the year		5,511	6,414
Cost as at June 30		11,925	6,414
Amortization			
Accumulated amortization as at July 01		597	-
Amortization charge for the year	- note 22	3,954	597
Accumulated amortization as at June 30		4,551	597
Net book value as at June 30		7,374	5,817

14.1 The amortization charge for the year has been allocated to administrative expenses.

14.2 ERP system has been implemented by Descon Corporation (Private) Limited (DCL), a related party.

15. Long term loans to employees - secured

This represents transport loan facility to employees of RPPL. RPPL contributes 80% of the cost of the vehicle which is recoverable in 60 equal monthly instalments from the employee. These vehicles are in the name of RPPL as a security.

This balance also includes interest free loans to Chief Executive Officer and Chief Financial Officer of RPPL for house building as per terms of their employment. As at June 30, 2016, the loans amount to Rs 7 million (2015: Rs 9 million) and Rs 9 million (2015: Nil) respectively. As per the terms of their loan agreements, these loans are repayable in five years in sixty (60) equal installments. The loans are secured against mortgage of property.

		2016	2015
		(Rupees in thousand)	
Loans to employees as on June 30		17,589	9,158
Current portion of long term loan to employees - secured	- note 18	(4,357)	(2,139)
Long term portion of loan to employees		13,232	7,019

16. Stores, spares and loose tools

		2016	2015
Stores		522,883	498,626
Spares		60,261	41,738
		583,144	540,364
Provision for slow moving and obsolete stores	- note 16.3	-	-
		583,144	540,364

16.1. Stores, spares and loose tools include items which may result in fixed capital expenditure but are not distinguishable.

16.2. All the stores, spares and loose tools of RPPL are held and managed by ESB Engineering and Facility Management Limited and Descon Power Solutions (Private) Limited, the Operation and Maintenance contractors of RPPL.

16.3. Provision for slow moving and obsolete stores

	2016	2015
Opening balance	-	3,636
Provision for the year	-	-
	-	3,636
Stores written off against provision	-	(3,636)
Closing balance	-	-

17. Trade debts

		2016	2015
		(Rupees in thousand)	
Considered good	- note 17.2	7,649,133	10,989,272
Considered doubtful	- note 17.1	97,627	40,347
		7,746,760	11,029,619
Provision for doubtful debts	- note 17.1	(97,627)	(40,347)
		7,649,133	10,989,272

17.1 Provision for doubtful debts

Opening balance	- note 17.1.1	40,347	40,347
Provision for the year	- note 17.1.2	57,280	-
		97,627	40,347
Amount written off against provision		-	-
Closing balance		97,627	40,347

17.1.1 This represents receivable from WPPO (a division of WAPDA) against energy, capacity and supplemental charges. The Group is entitled to claim supplemental charges from WPPO in case of delayed payment at the discount rate of State Bank of Pakistan (SBP) plus 2 percent per annum. During the year 2012, the Group raised invoices of default interest amounting to Rs 40.347 million on account of delayed payment of default interest invoices. WPPO is not accepting such invoices therefore provision against them has been made.

The Group considered the amounts receivable from WPPO as good as performance of WPPO is guaranteed by Government of Pakistan under Implementation Agreement signed between RPPL and Government of Pakistan.

17.1.2 During the year, provision of Rs 57.280 million (2015: Nil) has been made on account of disputed amounts relating to energy and capacity charges, pass-through-item and corresponding delayed interest over the disputed amounts.

17.2 These represent trade receivables from WAPDA and are considered good. These are secured by a guarantee from the Government of Pakistan under the Implementation Agreement and are in the normal course of business and interest free, however, a delayed payment mark-up at reverse repo plus 2% per annum is charged in case the amounts are not paid within due dates. The rate of delayed payment mark-up charged during the year on outstanding amounts ranges from 8.25% to 9% (2015: 9% to 12%) per annum.

18. Advances, deposits, prepayments and other receivables

		2016	2015
Advances - considered good:			
- To employees		-	130
- To suppliers		17,073	35,317
Advance against expense		74	110
Balances with statutory authorities:			
- Sales Tax	- note 12.1.1 & 12.1.6	129,871	78,756
Insurance claim receivable	- note 18.1	1,742	420,281
Other receivables	- note 18.2 & 18.3	15,959	15,293
Claims recoverable from WAPDA for pass through items:			
- Workers' Profit Participation Fund	- note 18.4	201,241	193,352
- Workers' Welfare Fund	- note 18.5	-	206,677
Interest receivable		12,248	5,555
Prepayments		59,963	60,731
Current portion of long term loan to employees - secured	- note 15	4,357	2,139
		442,528	1,018,341

18.1 In the prior year, one of the turbines of RPPL was damaged due to internal break down of machinery parts. RPPL lodged insurance claim to its insurers under its 'all insurance cover'. Total cost to repair the machinery amounted to Rs 517 million. The insurance policy allowed full payment of the claim with USD 1 million (equivalent to Rs 102 million) deductible clause. Accordingly, RPPL lodged Rs 419 million claim with the insurer as at the prior year end and expensed out the remaining Rs 102 million. Further claims have been lodged in the current year and all amounts due from the insurer have been received in the current year.

18.2 This includes an amount of Rs 10.117 million deposited by AEL with the ATIR to obtain stay against the sales tax apportionment case as mentioned in note 12.1.1.

18.3 This includes the following amounts due from related parties:

	2016	2015
	(Rupees in thousand)	
Descon Power Solutions (Private) Limited	314	14
ESB International Contracting Limited	1,877	2,613
	2,191	2,627

18.4 Workers' Profit Participation Fund

		2016	2015
Opening balance		193,352	277,202
Provision for the year	- note 10.2	201,241	183,075
		394,593	460,277
Amounts received during the year		(177,221)	(185,710)
Reversal of provision		-	(81,215)
Transferred to trade debts		(16,131)	-
Closing balance		201,241	193,352

18.5 Workers' Welfare Fund

		2016	2015
Opening balance		206,677	166,772
Provision for the year	- note 10.3	-	202,566
		206,677	369,338
Amounts received during the year		(204,335)	(129,337)
Reversal of receivable		(2,342)	(33,324)
Closing balance		-	206,677

19. Cash and bank balances

		2016	2015
Cash at bank:			
Saving accounts			
- Foreign currency		-	432
- Local currency	- note 19.1	4,133,856	4,737,793
		4,133,856	4,738,225
Current accounts		5,086,212	250,848
		9,220,068	4,989,073
Cash in hand		59	11
	- note 19.2	9,220,127	4,989,084

19.1 Profit on balances in saving accounts ranged from 3.7% to 6.5% (2015: 0.5% to 10%) per annum.

19.2 These include term deposit receipts of Rs 9,003.466 million which were encashable on demand.

20. Revenue-net

		2016	2015
		(Rupees in thousand)	
Energy revenue - gross		23,917,114	16,672,592
Sales tax		(3,475,137)	(2,702,258)
Energy revenue - net		20,441,977	13,970,334
Capacity revenue - gross		6,736,458	6,675,628
Other supplemental charges		496,500	288,769
Gas efficiency passed to WAPDA		(387,677)	(349,240)
		27,287,258	20,585,491

21. Direct costs

Fuel consumed		18,813,409	12,579,347
Salaries, wages and other benefits	-note 21.1	24,353	20,920
Operation and maintenance contractor's fee		1,030,222	943,993
Stores, spares and loose tools consumed		157,793	185,624
Energy import		18,819	19,051
Insurance costs		120,512	125,919
Lube oil consumed		10,940	11,903
Repairs and maintenance	-note 18.1	25,026	122,266
Travelling and conveyance		548	502
Depreciation	-note 13.1.1	1,681,634	1,656,327
Generation license fee		6,101	5,939
Electricity duty		7,925	6,603
Colony maintenance		15,572	14,093
Communication		3,866	5,032
Vehicle maintenance		1,175	1,372
Miscellaneous		6,181	4,543
		21,924,076	15,703,434

21.1. This includes contributions to provident fund trust amounting to Rs 1.251 million (2015: Rs 0.948 million).

22. Administrative Expenses

Salaries, wages and other benefits	-note 22.1	76,117	68,674
Directors' meeting fee	-note 29.4	375	512
ERP running cost	-note 22.2	2,547	1,044
Traveling, conveyance and hoteling		7,782	5,300
Utilities		92	268
Postage and telephone		1,350	1,148
Publicity, printing and stationery		1,425	1,248
Auditors' remuneration	-note 22.3	3,192	2,770
Rent, rates and taxes		3,530	784
Repair and maintenance		760	132
Legal and professional expenses		36,912	42,478
Fees and subscription		812	707
Entertainment		2,182	774
Security expenses		2,090	2,036
Amortization of intangible assets	-note 14.1	3,954	597

		2016	2015
		(Rupees in thousand)	
Depreciation on operating fixed assets	-note 13.1.1	7,011	6,377
Vehicle maintenance		2,481	1,837
Donations	-note 22.4	10,074	1,246
Insurance		3,184	-
Professional tax		100	100
Provision for doubtful debts	-note 17.1	57,280	-
Miscellaneous		5,587	7,602
		228,837	145,634

22.1 Salaries, wages and other benefits includes Rs 0.090 million (2015: Rs 0.052) Rs 4.006 million (2015: Rs 3.575 million and Rs 6.796 million (2015: Rs 8.677 million) on account of staff compensated abscences, provident fund trust and staff gratuity respectively

22.2 This represents ERP running cost paid to DCL an associated undertaking.

22.3. Auditors' remuneration

Annual audit fees	2,667	2,400
Half yearly review fees	220	200
Other assurance services	55	50
Out of pocket expenses	250	120
	3,192	2,770

22.4. None of the directors or their spouses had any interest in the donee.

23. Other income

Income from financial assets		
Markup on local currency bank accounts/deposits	253,581	271,459
Income from non-financial assets		
Loss on disposal of operating fixed assets	-	(262)
Exchange gain	-	13
Scrap sales	1,403	3,709
Liabilities no longer required written back	9,601	1,430
Refund of premium on Hermes facility	33,665	-
Others	3,061	118
	47,730	5,008
	301,311	276,467

24. Finance cost

Interest/mark-up on:			
-Long term loans	-note 24.1	1,049,127	1,000,506
-Short term running finances		3,895	41,106
Amortization of bank guarantee cost		2,150	4,303
Accretion of discount and fair value adjustment on long term liability		-	182,006
Lender fees and charges		57,774	51,067
Lender related costs-others		66,180	63,726
Mark up on late payments to SNGPL		228,352	1,256
Bank charges		80	1,747
		1,407,558	1,345,717

24.1 It includes mark up accrued on loan from DEL (Ultimate Parent Company) amounting to Rs 20.137 million (2015: Rs 32.997 million).

25. Taxation

		2016	2015
		(Rupees in thousand)	
Current taxation expense/ (income)			
- For the year		78,618	1,998
- Prior years'		(1,211)	(3,844)
		77,407	(1,846)
Deferred taxation- for the year	-note 9.1	97,041	159,386
		174,448	157,540

25.1. Relationship between tax income and accounting profit

	2016	2015
Profit before taxation	4,028,098	3,667,173
Tax at the applicable rate of 32% (2015: 33%)	1,288,991	1,210,167
Tax effect of amounts that are:		
- Exempt for tax purpose as referred to in note 4.2	(1,287,946)	(1,208,169)
- Due to change in prior years' tax	(1,211)	(3,844)
- Chargeable to tax at different rates	174,614	159,386
	(1,114,543)	(1,052,627)
	174,448	157,540

26. Cash generated from operations

	2016	2015
	(Rupees in thousand)	
Profit before taxation	4,028,098	3,667,173
Adjustments for non cash charges and other items:		
- Depreciation on operating fixed assets	1,688,645	1,662,704
- Loss on sale of operating fixed assets	-	262
- Amortization of intangible assets	3,954	597
- Amortization of bank guarantee cost	2,150	4,303
- Liabilities no longer required written back	(9,601)	(1,430)
- Exchange gain	-	(13)
- Profit on bank deposits	(253,581)	(271,459)
- Provision for doubtful debts	57,280	-
- Finance cost	1,407,558	1,345,717
- Capital spares consumed	598	(27)
- Provision for employee retirement benefits	6,886	8,729
Profit before working capital changes	6,931,987	6,416,556

Effect on cash flow due to working capital changes:		2016 (Rupees in thousand)	2015
(Increase) / decrease in current assets			
-Stores, spares and loose tools		(42,780)	(27,444)
-Inventory fuel oil		3,669	5,036
- Trade debts-secured		3,282,859	(1,641,208)
- Advances, deposits, prepayments and other receivables		584,724	(348,886)
		3,828,472	(2,012,502)
Increase/(decrease) in current liabilities			
- Trade and other payables		(3,820,042)	1,864,581
		8,430	(147,921)
		6,940,417	6,268,635

27. Cash and cash equivalents

Cash and bank balances	-note 19	9,220,127	4,989,084
Short term loan	-note 11	-	-
		9,220,127	4,989,084

28. Transactions with related parties

The related parties comprise the ultimate parent company, associated companies and related group companies, directors and key management personnel of the Group and post employment benefit plan. The Group in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables and remuneration of directors and key management personnel is disclosed in note 29. Significant related party transactions have been disclosed in respective notes in these consolidated financial statements other than the following:

Relationship with the Group	Nature of transactions	2016	2015
i. Ultimate parent			
Descon Engineering Limited :			
	Mark up accrued on sponsors' loan	20,137	32,803
	Dividend paid	-	211,397
	Sponsors' loan repaid	161,764	69,455
	Markup paid on sponsors' loan	42,411	291,421
	Reimbursable expenses	778	939
	Funds paid during the year	5,962	11,062
ii. Associated companies			
Descon Power Solutions (Private) Limited :			
	O&M contractor's fee	43,643	31,174
	Service agreement of generators	4,364	3,117
	Spare parts purchased	118,605	124,189
	Major maintenance fee	1,060	3,500
	Funds paid during the year	516,062	498,991

	Nature of transactions	2016	2015
		(Rupees in thousand)	
Descon Corporation (Private) Limited:			
	ERP Implementation fees	150	500
	ERP running cost	2,547	1,044
	Funds paid during the year	14,158	6,926
ESB International Contracting Limited:			
	Operator's fee paid	291,901	289,082
Siemens AG:			
	O&M contractor's fee	42,803	41,483
	Against supply of spares and services	-	307,884
	On account of LTMSA Contract	210,552	167,299
Siemens Pakistan Limited:			
	Against supply of spares and services	1,371	204,381
	On account of LTMSA Contract	86,256	72,447
	O&M contractor's fee	1,916	-
iii. Post employment benefit plans			
	Expense charged in respect of retirement benefit plans	6,886	8,730
	Payment to staff gratuity fund	6,066	1,046
	Payment to provident fund	5,257	4,148

29. Remuneration of Chief Executive, Directors and Executives

29.1 The aggregate amounts charged in these consolidated financial statements for remuneration and certain benefits to Directors, Chief Executive and Executives of the Group are as follows:

	Chief Executive		Executive Directors	
	2016	2015	2016	2015
	(Rupees in thousand)		(Rupees in thousand)	
Remuneration	20,352	18,400	-	-
Retirement benefits	2,851	2,880	-	-
House rent, utilities and allowances	1,495	2,368	-	-
	24,698	23,648	-	-
Number of persons	**3**	3	**1**	1

	Non Executive Directors		Executives	
	2016	2015	2016	2015
	(Rupees in thousand)		(Rupees in thousand)	
Remuneration	-	-	46,550	36,285
Retirement benefits	-	-	6,665	5,969
House rent, utilities and allowances	-	-	6,111	5,657
	-	-	59,326	47,911
Number of persons	**18**	18	**15**	12

29.2 During the year AEL paid meeting fee amounting to Rs 0.375 million (2015: Rs 0.512 million) to one of its non-executive directors. No fee, remuneration or any other benefits were provided to the seven (7) remaining directors of the Company.

29.3 No fee, remuneration, house rent and utilities and other benefits were provided to CEO /directors of AEL.

29.4 No fee, remuneration, house rent and utilities and other benefits were provided to CEO / directors of PMCL.

29.5 In addition to the above, the Chief Executive and certain Executives of RPPL are provided with free use of company maintained cars.

30. Number of employees	**2016**	**2015**
Total number of employees as at June 30	42	35
Average number of employees during the year	39	34

31. Financial risk management

31.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board) of the Group. The Board provides principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the company's income or the value of its holdings and financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Market risk is further divided into the following three components:

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exists due to transactions in foreign currencies. The Group is exposed to currency risk arising from various currency exposures, primarily with respect to the US Dollar (USD). Currently, the Group's foreign exchange risk exposure is restricted to long term loan.

Exposure to currency risk

The Group's exposure to foreign currency risk at the reporting date was as follows:

	2016		
	Rupees	US Dollars	Euro
	(Amounts in thousand)		
Cash and cash equivalents	-	-	-
Long term loans	(8,699,740)	(83,092)	-
Trade and other payables	(217,849)	-	(1,873)
Net balance sheet exposure	(8,917,589)	(83,092)	(1,873)

	2015		
	Rupees	US Dollars	Euro
	(Amounts in thousand)		
Cash and cash equivalents	432	4	-
Long term loans	(9,908,362)	(97,662)	-
Trade and other payables	(437,347)	(71)	(3,780)
Net balance sheet exposure	(10,345,277)	(97,729)	(3,780)

The foreign exchange risk on debt repayments is managed by depositing suitable amounts in foreign currencies on a monthly basis. Further, the foreign exchange risk on debt repayments in US Dollars is mitigated by the indexation mechanism for tariff available under PPA.

The following significant exchange rates were applied during the year:

	Balance sheet date rate		Average rate	
	2016	2015	2016	2015
US Dollars	104.70	101.70	103.20	101.51
Euro	116.31	113.79	115.05	120.87

Sensitivity analysis

A ten percent strengthening of the Pak Rupee against the following currencies at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as for the previous year.

	Equity		Profit and loss	
	2016	2015	2016	2015
	---------------- (Rupees in thousand) ----------------			
US Dollars	-	-	869,973	993,222
Euro	-	-	21,783	-

A ten percent weaking of the Pak Rupee against the above currencies at the reporting date would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(ii) Cash flow and fair value interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

As the Group has no significant floating interest rate assets, the Group's income is substantially independent of changes in market interest rates.

The Group's interest rate risk arises from bank deposit accounts, short term and long-term borrowings. These borrowings issued at variable rates expose the Group to cash flow interest rate risk.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

The interest rate profile of the Group's interest-bearing financial instruments at the balance sheet date was as under:

	Carrying amounts	
	2016	2015
	(Rupees in thousand)	
Fixed rate instruments		
Financial liabilities	(3,347,402)	(3,216,719)
Variable rate instruments		
Financial assets	4,133,856	4,738,225
Financial liabilities	(5,508,060)	(7,009,128)
	(1,374,204)	(2,270,903)

The Group does not account for any fixed rate financial liabilities at fair value. Therefore, a change in interest rates at the reporting date would not affect profit and loss account or equity.

Cash flow sensitivity analysis for variable rate instruments

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises on bank deposit accounts and long term loans. The Group does not have any fixed rate financial instrument. A 100 basis points increase in interest rates at the reporting date would have had the following effect in profit and loss account:

	2016	2015
	(Rupees in thousand)	
Variable rate financial instruments	(14,776)	(23,323)

A 100 basis points decrease in interest rates at the reporting date would have had an equal but opposite effect on the consolidated profit and loss to the amounts shown above, on the basis that all other variables remain constant.

(iii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Group is not exposed to equity price risk since there are no investments in equity instruments traded in the market at the reporting date. The Group is also not exposed to commodity price risk since it does not hold any financial instrument based on commodity prices.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

(i) Exposure to credit risk and concentration of credit risk

The carrying amount of financial assets represents the maximum credit exposure. The Group monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The maximum exposure to credit risk at the reporting date was as follows:

	2016			2015		
	Domestic	USD	Total	Domestic	USD	Total
	---------- (Rupees in thousand) ----------					
Long term deposits	539	-	539	539	-	539
Trade debts - secured	7,649,133	-	7,649,133	10,989,273	-	10,989,273
Advances, deposits, prepayments and their receivables	215,608	-	215,608	806,610	-	806,610
Bank balances	9,220,068	-	9,220,068	4,988,641	432	4,989,073
	17,085,348	-	17,085,348	16,785,063	432	16,785,495

The Group's exposure to credit risk is limited to the carrying amount of unsecured trade receivables and bank balances. The age analysis of trade receivable balances is as follows:

The ageing analysis of trade receivables - secured at the balance sheet date is as follows:

	2016		2015	
	Gross	Impairment	Gross	Impairment
	---------- (Rupees in thousand) ----------			
Not past due	2,291,963	-	2,875,222	-
Past due 0-30 days	2,511,151	-	3,449,427	-
Past due 31-120 days	349,942	-	703,832	-
More than 120 days	2,496,077	(97,627)	3,960,791	(40,347)
	7,649,133	(97,627)	10,989,272	(40,347)

The Group's sole customer is WAPDA. The credit risk on trade debts from WAPDA is managed by a guarantee from the Government of Pakistan under the Implementation Agreement (IA) and by continuous follow-ups for release of payments from WAPDA. Cash is held only with reputable banks with high quality external credit enhancements. The credit risk on foreign currency deposits is limited because the same is secured and used for debt repayment. The Group establishes a provision for doubtful debts that represents its estimate of incurred losses in respect of trade debts, if required.

(ii) Credit quality of major financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating		Rating	2016	2015
	Short term	Long term	Agency	(Rupees in thousands)	
National Bank of Pakistan	A-1+	AAA	JCR-VIS	4,129,631	4,266,839
Bank Alfalah Limited	A1+	AA	PACRA	5,002,246	267,733
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	49,838	244,738
Silk Bank Limited	A-	A-2	JCR-VIS	11,789	111,697
Burj Bank Limited	A-2	BBB+	JCR-VIS	75	50,021
MCB Bank Limited	A-2	A-	JCR-VIS	2,866	29,234
Faysal Bank Limited	A1+	AA	PACRA	15,445	15,039
The Bank of Punjab	A1+	AA	PACRA	3,151	1,985
Standard Chartered (Pakistan) Bank Limited	A1+	AAA	PACRA	843	1,785
Habib Bank Limited	A1+	AA+	PACRA	4,182	-
Soneri Bank Limited	A1+	AA-	PACRA	2	2
				9,220,068	4,989,073

Due to the Group's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Group. Accordingly, the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Group could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The following are the remaining contractual maturities of financial liabilities, including interest payments:

	2016					
			Maturities			
	Carrying amount	Contractual cash flows	Less than six months	Up to one year	Two years to five years	After five years
	(Rupees in thousand)					
Non-derivative financial liabilities :						
Sponsors' loan- unsecured	103,235	103,235	-	103,235	-	-
Long term financing	8,699,740	8,699,740	2,971,009	1,288,118	4,440,613	-
Trade and other payables	2,912,519	2,912,519	2,912,519	-	-	-
Markup accrued	375,654	375,654	375,654	-	-	-
	12,091,148	12,091,148	6,259,182	1,391,353	4,440,613	-

	2015					
			Maturities			
	Carrying amount	Contractual cash flows	Less than six months	Up to one year	Two years to five years	After five years
	(Rupees in thousand)					
Non-derivative financial liabilities :						
Sponsors' loan- unsecured	261,763	261,763	12,754	12,754	236,255	-
Long term financing	9,908,362	9,908,362	-	3,159,772	6,748,590	-
Trade and other payables	6,733,523	6,733,523	6,733,523	-	-	-
Markup accrued	201,288	201,288	201,288	-	-	-
	17,104,936	17,104,936	6,947,565	3,172,526	6,984,845	-

The Group closely monitors its liquidity and cash flow position. The liquidity risk is managed by using financial model and a continuous follow-up for collecting receivables from WAPDA and managing debt repayments on due dates, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. In addition, the Group maintains committed line of credit from a consortium of local banks as disclosed in note 20 to these financial statements, However, under current circular debt issue faced by the power sector the Group is significantly exposed to liquidity risk.

31.2 Capital management

The Group's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Group defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Group's objectives when managing capital are:

(i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

(ii) to provide an adequate return to shareholders.

(iii) The Group manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares.

Neither there were any changes in the Group's approach to capital management during the year nor the Group is subject to externally imposed capital requirements. However, the Group is subject to terms of certain financing agreements whereby dividend will be paid only after repayment of such loans .

The Group monitors capital on the basis of the debt-to-equity ratio - calculated as a ratio of total debt to equity.

The gearing ratios as at June 30, 2016 and 2015 were as follows:

	2016	2015
	(Rupees in thousand)	
Total interest bearing borrowings- note 6 & 7	8,802,975	10,195,633
Total equity	15,727,176	14,273,209
Total capital employed	24,530,151	24,468,842
Gearing ratio	35.89%	41.67%

31.3. Fair value estimation

The different levels for fair value estimation used by the Group have been explained as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Assets

The Group did not hold any instruments which could be included in Level 1, Level 2 and Level 3 as on June 30, 2016.

Liabilities

The Group did not hold any instruments which could be included in Level 1, Level 2 and Level 3 as on June 30, 2016.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value a financial instrument are observable, those financial instruments are classified under level 2. If one or more of the significant inputs is not based on observable market data, the financial instrument is classified under level 3. The Group has no such type of financial instruments as on June 30, 2016.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

31.4. Financial instruments by categories

Assets as per balance sheet	Loans and receivables 2016	2015
	(Rupees in thousand)	
Trade debts - secured	7,649,133	10,989,272
Advances, deposits, prepayments and other receivables	215,608	806,610
Bank balances	9,220,068	4,989,073
Long term deposits	539	539
Long term loans to employees - secured	13,232	7,019
	17,084,809	16,784,955

Liabilities as per balance sheet	Financial liabilities at amortized cost 2016	2015
	(Rupees in thousand)	
Sponsors' loan - unsecured	103,235	261,763
Long term financing	8,802,975	9,933,870
Trade and other payables	2,919,361	6,733,523
Markup accrued	375,654	201,288
Dividend payable	1,536,678	-
	12,201,225	17,130,444

32. Plant capacity and actual generation

Theoretical maximum output at dependable capacity of 395 GWh (2015: 395 GWh)	***GWh***	3,668	3,659
Actual output	***GWh***	3,146	2,638
Load factor	***Percentage***	85.77	72.10

The actual generation for power plant takes into account all scheduled outages approved by WAPDA. Actual output is dependent on the load demanded by WAPDA, gas supply by SNGPL under as-and-when available basis, the plant availability and mean-site conditions.

33. Earning per share - basic and diluted

33.1 Basic earnings per share

		2016	2015
Earning for the year	Rupees in thousand	2,300,513	2,091,301
Weighted average number of ordinary shares	Number	363,380,000	363,380,000
Basic earning per share	Rupee	6.33	5.76

33.2 Diluted earnings per share

A diluted earnings per share has not been presented as the Group does not have any convertible instruments in issue as at June 30, 2016 and June 30, 2015 which would have any effect on the earnings per share if the option to convert is exercised.

34. Interests in other entities

34.1 Material subsidiaries

The Group's principal subsidiaries as at June 30, 2016 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business/ country of incorporation	Ownership interest held by the Group		Ownership interest held by non-controlling interests		Principal activities
		2016	2015	2016	2015	
Power Management Company (Private) Limited	Lahore, Pakistan	100%	100%	0%	0%	Invest, manage, operate, run, own and build power projects
Rousch (Pakistan) Power Limited	Islamabad, Pakistan	59.98% approx.	59.98% approx.	40.02% approx.	40.02% approx.	Generate and supply electricity to Pakistan Water and Power Development Authority

34.1.1 Significant restrictions

The distributions of dividends from RPPL are subject to restrictions from the lenders of RPPL.

34.2 Non-controlling interests ('NCI')

Set out below is summarised financial information for a subsidiary that has non-controlling interests that are material to the group. The amounts disclosed for the

	Rousch (Pakistan) Power Limited	
	2016	2015
	(Rupees in thousand)	
Summarised balance sheet		
Current assets	17,660,557	16,936,768
Current liabilities	9,060,843	9,518,681
Current net assets	**8,599,714**	**7,418,087**
Non-current assets	21,104,876	22,462,940
Non-current liabilities	4,457,674	6,791,293
Non-current net assets	**16,647,202**	**15,671,647**
Net assets	**25,246,916**	**23,089,734**
Accumulated non-controlling interest	**10,102,809**	**9,239,589**

	Rousch (Pakistan) Power Limited	
	2016	2015
	(Rupees in thousand)	
Summarised statement of comprehensive income		
Revenue	25,681,322	19,150,087
Profit for the year	3,881,282	3,544,411
Other comprehensive income/(loss)	215	(1,316)
Total comprehensive income	3,881,497	3,543,095
Profit allocated to NCI	1,553,137	1,418,332
Other comprehensive income/(loss) allocated to NCI	86	(527)
Dividends payable to NCI	690,003	-
Summarised cash flows		
Cash flow from operating activities	6,026,457	4,985,824
Cash flow from investing activities	(47,182)	(11,198)
Cash flow from financing activities	(1,527,779)	(4,029,582)
Net increase in cash and cash equivalents	4,451,496	945,044

34.3 Transactions with non-controlling interests

There were no transactions with non-controlling interest during the year ended June 30, 2016 and 2015.

35. Date of authorization for issue

These consolidated financial statements were authorized for issue by the Board of Directors in their meeting held on September 06, 2016.

36. Event after the balance sheet date

There are no significant events occurred after the balance sheet date that require adjustment or disclosure in the consolidated financial statements.

37. Corresponding figures

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. No significant re-arrangements have been made.

Chief Executive **Director**

SIX YEAR PERFORMANCE

Financial Year ending June 30	2016	2015	2014	2013	2012	2011
	(Rupees in thousand)					
Despatch (MWH)	175,069	173,306	205,398	193,794	182,067	179,323
Revenue	1,605,936	1,435,404	1,756,949	1,471,563	1,154,020	990,832
Direct Costs	1,396,051	1,263,377	1,459,092	1,228,881	1,001,251	796,787
GrossProfit	209,885	172,027	297,857	242,682	152,769	194,045
Net Profit/ (Loss)	1,097,312	115,077	1,868,193	57,825	(36,985)	(8,054)
Total Assets	5,850,900	5,278,699	5,890,142	4,623,110	4,760,130	4,524,072

PATTERN OF SHAREHOLDING

Pattern of holding of the shares held by the shareholders as at 30-06-2016

----------Shareholding--------

No. of Shareholders	From	To	Total Shares Held
60	1	100	846
51	101	500	24,605
43	501	1,000	43,000
76	1,001	5,000	247,500
25	5,001	10,000	219,507
11	10,001	15,000	143,599
10	15,001	20,000	179,000
13	20,001	25,000	312,500
5	25,001	30,000	148,500
3	30,001	35,000	97,500
3	35,001	40,000	117,500
3	40,001	45,000	131,500
6	45,001	50,000	297,000
2	55,001	60,000	119,941
2	60,001	65,000	128,000
2	70,001	75,000	150,000
2	75,001	80,000	156,500
1	80,001	85,000	83,000
5	95,001	100,000	500,000
1	115,001	120,000	117,000
1	125,001	130,000	130,000
1	140,001	145,000	144,500
2	145,001	150,000	300,000
1	185,001	190,000	188,359
1	195,001	200,000	200,000
1	225,001	230,000	230,000
1	240,001	245,000	243,000
2	245,001	250,000	496,500
1	260,001	265,000	263,500
1	265,001	270,000	269,000
1	295,001	300,000	300,000
1	300,001	305,000	300,500
1	310,001	315,000	314,000
1	325,001	330,000	327,000
2	375,001	380,000	754,900
1	465,001	470,000	468,000
1	475,001	480,000	479,000
1	485,001	490,000	490,000
1	495,001	500,000	500,000
1	510,001	515,000	511,100
1	590,001	595,000	592,000
1	805,001	810,000	810,000
1	1,065,001	1,070,000	1,065,500
1	1,070,001	1,075,000	1,074,500
1	1,195,001	1,200,000	1,200,000
1	1,290,001	1,295,000	1,293,500
1	1,995,001	2,000,000	2,000,000
1	2,070,001	2,075,000	2,073,000
1	3,300,001	3,305,000	3,303,725
1	5,995,001	6,000,000	6,000,000
1	60,475,001	60,480,000	60,475,416
1	61,965,001	61,970,000	61,968,939
1	211,395,001	211,400,000	211,397,063
360			363,380,000

CATEGORIES OF SHAREHOLDING REQUIRED UNDER CODE OF COPRORATE GOVERNANCE (CCG)

As on June 30, 2016

Sr. No.	Name	No. of Shares Held	%
1	DIRECTORS, CHIEF EXECUTIVE OFFICERS,AND THEIR SPOUSE AND MINOR CHILDERN	3,500	0.000010
2	ASSOCIATED COMPANIES,UNDERTAKINGS AND RELATED PARTIES. (PARENT COMPANY)	211,397,063	0.581752
3	NIT AND ICP	-	0
4	BANKS DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS.	2,376,000	0.006539
5	INSURANCE COMPANIES	2,073,000	0.005705
6	MODARABAS AND MUTUAL FUNDS	327,000	0.000900
7	SHARE HOLDERS HOLDING 10% OR MORE	333,841,418	0.918712
8	GENERAL PUBLIC		
	A. LOCAL	17,524,997	0.048228
	B. FOREIGN	-	0.000000
9	PENSION FUNDS	10,500	0.000029
10	FOREIGN COMPANIES	67,149,001	0.184790
11	JOINT STOCK COMPANIES	61,968,939	0.170535
11	OTHERS	550,000	0.001514

SHAREHOLDING INFORMATION REQUIRED UNDER CODE OF COPRORATE GOVERNANCE (CCG)

As on June 30, 2016

Sr. No.	Name	No. of Shares Held	%
	ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES (NAME WISE DETAIL):		
1	DESCON ENGINEERING LIMITED (CDC)	211,397,063	58.1752
	MUTUAL FUNDS (NAME WISE DETAIL)	-	-
1	TRUSTEE MCB PAKISTAN STOCK MARKET FUND (CDC)	327,000	0.0900
	DIRECTORS AND THEIR SPOUSE AND MINOR CHILDREN (NAME WISE DETAIL):		
1	MR. A. RAZZAK DAWOOD (CDC)	500	0.0001
2	MR. TAIMUR DAWOOD (CDC)	1,000	0.0003
3	MR. FAROOQ NAZIR (CDC)	500	0.0001
4	MR. MUHAMMAD SALEH AL SHAIKH	-	0.0000
5	SYED ALI NAZIR KAZMI	-	0.0000
6	MR. SHAH MUHAMMAD CH. (CDC)	500	0.0001
7	SYED RIZWAN ALI SHAH (CDC)	500	0.0001
8	MR. FAZAL HUSSAIN ASIM (CDC)	500	0.0001

EXECUTIVES:	-	-
PUBLIC SECTOR COMPANIES & CORPORATIONS:	-	-
BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON BANKING FINANCE, INSURANCE COMPANIES, TAKAFUL, MODARABAS AND PENSION FUNDS:	4,459,500	1.2272

SHAREHOLDERS HOLDING FIVE PERCENT OR MORE VOTING INTREST IN THE LISTED COMPANY (NAME WISE DETAIL)

1	DESCON ENGINEERING LIMITED (CDC)	211,397,063	58.1752
2	SAUDI ARABIAN CONSTRUCTION & REPAIR CO. LTD.	61,968,939	17.0535
3	CRESCENT STEEL AND ALLIED PRODUCTS LTD. (CDC)	60,475,416	16.6425

ALL TRADES IN THE SHARES OF THE LISTED COMPANY, CARRIED OUT BY ITS DIRECTORS,

EXECUTIVES AND THEIR SPOUSES AND MINOR CHILDREN SHALL ALSO BE DISCLOSED:

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 22nd Annual General Meeting of Altern Energy Limited, will be held on Thursday, October 27, 2016, at 10.00 am, at Descon Headquarters, 18 – KM, Ferozepur Road, Lahore, to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the last Annual General Meeting of the Company held on Wednesday, October 21, 2015.

2. To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2016 together with the Directors' and Auditor's Report's thereon.

3. To appoint Auditors for the year ending June 30, 2017 and fix their remuneration.
(The present auditors M/s A. F. Ferguson & Co. Chartered Accountants have retired and being eligible have offered themselves for re-appointment).

4. To transact any other business with the permission of the Chair.

By Order of the Board

Lahore
October 05, 2016

(Umer Shehzad)
Company Secretary

Notes:-

1. The share transfer books of the Company shall remain closed from 20-10-2016 to 27-10-2016 (both days inclusive).

2. Members are requested to attend in person along with Computerized National Identity Card ("CNIC") or appoint some other member as proxy and send their proxy duly witnessed so as to reach the registered office of the Company not later than 48 hours before the time of holding the meeting.

3. Any individual Beneficial Owner of CDC, entitled to attend and vote at this meeting, must bring his / her original CNIC or passport, Account and participants, I.D. Numbers to prove his / her identity, and in case of proxy must enclose an attested copy of his / her CNIC or passport. Representatives of corporate members should bring the usual documents required for such purpose.

4. Shareholders are requested to immediately notify change in address, if any, to the Company's Share Registrar, M/s. Corplink (Pvt.) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore and also furnish attested photocopy of their CNIC as per Listing Regulations, if not provided earlier.

PROXY FORM

I/We ____ of ________________________________, a member/members of ALTERN ENERGY LIMITED and holder of _____________ shares as per registered Folio # /CDC Participant ID # /Sub A/C # / Investor A/C # ______________________________ do hereby appoint ________________________________, a member of the Company vide Registered Folio #/CDC Participant ID#/Sub A/C # /Investor A/C # _____________ as my/our Proxy to attend, speak and vote for me/us and on my/our behalf at the Annual General Meeting of the shareholders of ALTERN ENERGY LIMITED will be held on Thursday, October 27, 2016 at 10.00 am at DESCON HEADQUARTERS, 18-km Ferozepur Road, Lahore and at any adjournment thereof.

As witness may hand this __________________________day of _________2016.

Member's Signature

Please affix here Revenue Stamp

Witness's Signature

Place:_______________

Date:__________________

Note: A member eligible to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must be received by the Company at the Registered Office of the Company not later than 48 hours before the time for holding the meeting.

Proxies of the member(s) through CDC shall be accompanied with attested copies of the CNIC(s). The shareholders through CDC are requested to bring original CNIC, Account Number and participant Account Number to be produced at the time of attending the meeting.