



INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE HALF YEAR ENDED
DECEMBER 31, 2011

ALTERRA ENERGY LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Abdul Razak Dawood

(Chairman)

Syed Zamanat Abbas

(Chief Executive)

Mr. Salman Zakaria

Mr. Fazal Hussain Asim

Mr. Khalid Salman Khan

Syed Ali Nazir Kazmi

Mr. Shah Muhammad Chaudhry

Mr. Zahid Mohammad Khawaja

(Alternate Director to Mr. Khalid Salman Khan)

AUDIT COMMITTEE

Mr. Abdul Razak Dawood

(Chairman)

Mr. Shah Muhammad Chaudhry

Mr. Fazal Hussain Asim

CFO AND COMPANY SECRETARY

Mr. Umer Shehzad

AUDITORS

KPMG Taseer Hadi & Co.

Chartered Accountants

BANKERS

MCB Bank Ltd.

The Bank of Punjab

REGISTERED OFFICE

DESCON HEADQUARTERS

18-km Ferozpur Road, Lahore.

REGISTRAR SHARES

Corplink (Pvt.) Limited

Wings Arcade, 1-k Commercial Model Town, Lahore.

Tel: (92-42) 35839182 Fax: (92-42) 35869037

DIRECTORS' REVIEW

Altern Energy Limited Review

The Board of Directors of the Company feels pleasure in presenting you the operational performance and (un-audited) financial statements of the Company for the six months ended December 31, 2011.

During the period under review, the total turnover of the Company reached at Rs. 570.81 million with gross profit of Rs. 99.8 million. The net profit of the Company is Rs. 1.24 million (giving an earning per share of Rs. 0.004) as compared to net profit of Rs. 31.88 million (giving an earning per share of Rs. 0.09), during the same period of the previous financial year.

During the period under review, the Company dispatched 99.9 GWhrs to WAPDA as compared to 102.3 GWhrs delivered during the six months ended December 31, 2010.

Under the current circumstances, involving huge circular debt of WAPDA the liquidity condition of Altern Energy Limited (AEL) as well as other IPPs has been severely damaged. WAPDA is partially releasing overdue payments as a result huge receivables have been built up in the last few months. AEL and other IPPs are regularly pursuing WAPDA and GoP for early resolution of matter.

During the period the overall health, safety and environment condition of the plant remained satisfactory and the Company has successfully been dispatching electricity to the national grid for minimizing the countrywide power crises.

Subsidiary Review

We are pleased to inform you that during the period under review the Rousch (Pakistan) Power Limited which is AEL's subsidiary has been operating smoothly with a total turnover of Rs. 8,437.21 million with gross profit of Rs. 2,324.71 million. The net profit for the six months is Rs. 1,180.55 million (giving an earning per share of Rs. 1.37) is higher than the profit of Rs. 826.44 million (earning per share of Rs. 0.96) of the corresponding period of the last year.

The Company continues to discharge its liabilities as they become due. During the period the Company has repaid Rs.1.83 billion under the debt servicing in September 2011 to the senior and subordinated Lenders.

The Plant performance remained satisfactory during the period under review which has been dispatched at base load to the national grid. The power station delivered 1,625.36 GWhrs of electricity to WAPDA during the six months of the financial year 2011-2012 as compared to 1,580.54 GWhrs delivered during the corresponding period of the previous financial year. During the first six months of the financial year the Company has passed on Rs. 105.63 million to WAPDA as its share of gas efficiency, which accrued as a result of the efficient operation of the plant.

The Company is working out an arrangement with Siemens to carry out Life Time Extension measures scheduled in April, 2012 in efficient and cost effective manner. These measures will not only extend the life of the machinery but would also help in optimizing the plant capacity.

We take this opportunity to thank our shareholders, bankers, staff and our contractors for their continued support and hard work in managing organization's activities in efficient and effective manner.

For and behalf of the Board of Directors

Lahore
February 16, 2012

Syed Zamanat Abbas
Chief Executive

REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim unconsolidated balance sheet of Altern Energy Limited ("the Company") as at 31 December 2011 and the related condensed interim unconsolidated profit and loss account, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated cash flow statement, condensed interim unconsolidated statement of changes in equity and notes to the condensed interim unconsolidated financial information for the six-months period then ended (here-in-after referred to as "condense 'interim unconsolidated financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim unconsolidated financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

The figures for the quarters ended 31 December 2011 and 31 December 2010 in the condensed interim unconsolidated profit and loss account and condensed interim unconsolidated statement of comprehensive income have not been reviewed and we do not express a conclusion thereon.

KPMG Taseer Hadi & Co.

Lahore:

**Chartered Accountants
(Bilal Ali)**

CONDENSED INTERIM UNCONSOLIDATED BALANCE SHEET (UN-AUDITED)

		Unaudited 31 December 2011	Audited 30 June 2011
EQUITY AND LIABILITIES	<i>Note</i>	(Rupees in thousand)	
Share capital			
Authorized capital 400,000,000 (30 June 2011: 400,000,000) ordinary shares of Rs. 10/- each		<u>4,000,000</u>	<u>4,000,000</u>
Issued, subscribed and paid up capital 342,550,000 (30 June 2011: 342,550,000) ordinary shares of Rs. 10/- each		3,425,500	3,425,500
Accumulated loss		<u>(626,433)</u>	<u>(627,673)</u>
		<u>2,799,067</u>	<u>2,797,827</u>
Non-current liabilities			
Sponsors' loan - unsecured	5	549,650	511,646
Long term loans	6	713,699	773,356
Deferred liabilities		698	940
		<u>1,264,047</u>	<u>1,285,942</u>
Current liabilities			
Trade and other payables		270,708	275,809
Mark up accrued		21,741	23,922
Current portion of long term loan	6	137,676	138,912
Provision for taxation		2,127	1,660
		<u>432,252</u>	<u>440,303</u>
Contingencies and commitments	7	<u>4,495,366</u>	<u>4,524,072</u>

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



Chief Executive

ASSETS	Note	Unaudited 31 December 2011	Audited 30 June 2011
(Rupees in thousand)			
Non-current assets			
Property, plant and equipment			
-Operating fixed assets	8	1,033,661	1,051,137
-Capital work-in-progress		163	1,538
Long term investments	9	3,204,510	3,204,510
Long term deposits		38	38
		4,238,372	4,257,223
Current assets			
Stores and spares		55,214	46,489
Trade debts - secured, considered good		174,301	208,982
Advances, prepayments and other receivables		10,806	5,444
Cash and bank balances		16,673	5,934
		256,994	266,849
		4,495,366	4,524,072


Director

CONDENSED INTERIM UNCONSOLIDATED PROFIT & LOSS ACCOUNT (UN-AUDITED)
FOR THE PERIOD ENDED 31 DECEMBER 2011

	Note	For the half year ended		For the quarter ended	
		31 December 2011	31 December 2010	31 December 2011	31 December 2010
(Rupees in thousand)					
Revenue - net	10	570,814	569,853	245,189	231,637
Direct costs	11	(470,987)	(434,928)	(206,681)	(183,626)
Gross profit		99,827	134,925	38,508	48,011
Administrative expenses		(4,881)	(7,454)	(1,995)	(2,493)
Other operating income		3,552	1,984	1,724	735
Profit from operations		98,498	129,455	38,237	46,253
Finance cost	12	(96,465)	(95,789)	(47,228)	(51,753)
Profit/(loss) before taxation		2,033	33,666	(8,991)	(5,500)
Taxation		(793)	(1,780)	(153)	(905)
Profit/(loss) after taxation		1,240	31,886	(9,144)	(6,405)
Earnings/(loss) per share - basic and diluted - (Rupees)		0.004	0.093	(0.027)	(0.019)

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



Chief Executive



Director

**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED 31 DECEMBER 2011**

	For the half year ended		For the quarter ended	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
	----- (Rupees in thousand) -----			
Profit/(loss) for the period	1,240	31,886	(9,144)	(6,405)
Other comprehensive Income	-	-	-	-
Total comprehensive income/(loss) for the period	1,240	31,886	(9,144)	(6,405)

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



Chief Executive



Director

**CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED 31 DECEMBER 2011**

	31 December 2011	31 December 2010
(Rupees in thousand)		
Cash flow from operating activities		
Profit before tax	2,033	33,666
Adjustment for non-cash items:		
Depreciation	38,164	29,125
Provision for staff retirement benefits	84	52
Finance cost	96,465	95,789
	<u>134,713</u>	<u>124,966</u>
Operating profit before working capital changes	136,746	158,632
(Increase) / decrease in current assets:		
Stores and spares	(8,725)	(22,874)
Advances, prepayments, and other receivables	(4,801)	(10,038)
Trade debts	34,681	146,991
	<u>21,155</u>	<u>114,079</u>
Increase/(decrease) in current liabilities		
Trade and other payables	(5,101)	(119,266)
	<u>152,800</u>	<u>153,445</u>
Cash generated from operations	152,800	153,445
Finance cost paid	(71,659)	(104,303)
Income tax paid	(327)	(233)
Retirement benefits paid	(325)	-
Net cash generated from operating activities	80,489	48,909
Cash flow from investing activities		
Fixed capital expenditure	(18,638)	(707)
Capital work in progress	(675)	-
Net cash used in investing activities	(19,313)	(707)
Cash flow from financing activities		
Repayments of long term loans	(66,437)	(74,250)
Sponsors' Loan	16,000	-
Net cash used in financing activities	(50,437)	(74,250)
Net increase / (decrease) in cash and cash equivalents	10,739	(26,048)
Cash and cash equivalents at beginning of the period	5,934	55,752
Cash and cash equivalents at the end of the period	16,673	29,704

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


Chief Executive


Director

**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED 31 DECEMBER 2011**

	Share capital	Accumulated loss	Total
	----- (Rupees in thousand) -----		
Balance as at 01 July 2010	3,425,500	(619,619)	2,805,881
Total comprehensive income for the period	-	31,886	31,886
Balance as at 31 December 2010	<u>3,425,500</u>	<u>(587,733)</u>	<u>2,837,767</u>
Total comprehensive loss for the period	-	(39,940)	(39,940)
Balance as at 01 July 2011	<u>3,425,500</u>	<u>(627,673)</u>	<u>2,797,827</u>
Total comprehensive income for the period	-	1,240	1,240
Balance as at 31 December 2011	<u><u>3,425,500</u></u>	<u><u>(626,433)</u></u>	<u><u>2,799,067</u></u>

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



Chief Executive



Director

1 STATUS & NATURE OF BUSINESS

Altern Energy Limited ("the Company") was incorporated in Pakistan on 17 January 1995 and is listed on Karachi Stock Exchange. The principal objective of the Company is to generate and supply electric power to Water and Power Development Authority (WAPDA) from its thermal power plant having a gross capacity of 32 Mega Watts. The Company commenced commercial operations w.e.f. 06 June 2001. The registered office of the Company is at Descon Headquarter 18 km, Ferozpur Road, Lahore.

2 BASIS OF PREPARATION

The condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. The disclosures in the condensed interim financial information do not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements for the year ended 30 June 2011.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of this condensed interim unconsolidated financial information are the same as those applied in the preparation of the financial statements for the preceding year ended 30 June 2011.

4 ESTIMATES

The preparation of the condensed interim unconsolidated financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to Company's financial statements or where judgments were exercised in applications of accounting policies are:

- accrued liabilities
- provisions and Contingencies
- residual values and useful lives of property, plant and equipment

		31 December 2011	30 June 2011
	<i>Note</i>	<u>(Rupees in thousand)</u>	

5 SPONSORS' LOANS - UNSECURED

These are composed of loans from associated undertakings:

Descon Engineering Limited	5.1	331,218	315,218
Crescent Standard Business Management (Private) Limited	5.2	23,152	23,152
		354,370	338,370
Interest on long term finance	5.3	195,280	173,276
		549,650	511,646

- 5.1 It represents funds amounting to Rs. 315.218 million (2011: Rs. 315.218 million) received from Descon Engineering Limited for investment in Rousch (Pakistan) Power Limited through its subsidiary company, Power Management Company (Private) Limited. It includes interest free loan amounting to Rs. 69.455 million. Further Descon has disbursed an amount of Rs. 16 million to the company. The loan Amount shall be for a period of five (5) years from the Execution Date (the "term"). The Term is extendable with mutual consent of the Parties. The loan amount shall be paid-back within five (5) years from the Execution Date in one or more installments. As per agreement between the Company, MCB Bank Limited and Descon Engineering Limited, all amounts (including mark-up) due under the sponsors' loan shall be subordinated to the loan facility from MCB Bank Limited. These are unsecured and carry mark up at six months KIBOR plus 300 basis points.
- 5.2 It represents funds amounting to Rs. 23.152 million (2011: Rs. 23.152 million) paid by ex-sponsors previously. This loan is payable to Crescent Standard Business Management (Private) Limited and is unsecured and interest free and will be repaid on available liquidity basis.
- 5.3 It represent mark-up payable to Descon Engineering Limited of Rs. 195.280 million (2011: Rs. 173.276 million). As per terms of agreement the mark up payment is subordinated to loan facility from MCB Bank Limited and additional mark up is not due on this amount.

6 LONG TERM LOANS

		31 December 2011	30 June 2011
	Note	(Rupees in thousand)	
Long term loans - secured			
Syndicate finance - local currency	6.1	693,877	747,253
Syndicate finance - foreign currency	6.2	94,688	106,358
Power Management Company (Private) Limited (PMCL)	6.3	50,000	50,000
		838,565	903,611
Interest on loan from PMCL	6.4	12,810	8,657
		851,375	912,268
Less: Current maturity		(137,676)	(138,912)
		<u>713,699</u>	<u>773,356</u>

- 6.1 The Company had obtained a long term syndicate facility of Rs. 1,100 million, which includes foreign currency loan limit of US Dollars 3.6 million, from consortium of banks under the lead of MCB Bank Limited. The outstanding loan amount is repayable in 14 equal six monthly installments ending on 25 January 2018. The loan carries mark-up at six month KIBOR plus 275 basis points, payable half yearly in arrears. The loan is secured by way of first ranking pari-passu charge on existing property, plant and equipment of the Company at Fateh Jang site.
- 6.2 The limit of foreign currency portion of loan is US dollars 3.6 million. The outstanding loan amount is repayable in thirty un-equal quarterly installments payable upto 31 December 2015. It is secured by way of first ranking pari passu charge on existing property, plant and equipment of Company at the Fateh Jang site. It carries mark-up at three month LIBOR plus 295 basis points payable quarterly in arrears.
- 6.3 This represents long term loan obtained by the Company from its wholly owned subsidiary - Power Management Company (Private) Limited. As per agreement between the company, MCB Bank Limited and Power Management Company (Private) Limited, all amounts (including mark-up) due under the loan shall be subordinated to the loan facility from MCB Bank Limited. These are unsecured and carry mark-up at six months KIBOR plus 300 basis points.

6.4 It represent mark-up payable to Power Management Company (Private) Limited of Rs. 12.810 million (2011: Rs. 8.657 million). As per terms of agreement the mark up payment is subordinated to loan facility from MCB Bank Limited and additional mark up is not due on this amount.

7 CONTINGENCIES AND COMMITMENTS

There is no change in the status of contingencies and commitments set out in note 10 to the financial statements of the Company for the year ended 30 June 2011.

31 December 2011	30 June 2011
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(Rupees in thousand)

8 PROPERTY, PLANT AND EQUIPMENT

Opening written down value	1,051,137	1,100,585
Additions/transfers-in during the period	20,688	8,974
Depreciation charge for the period	(38,164)	(58,422)
Closing written down value	<u>1,033,651</u>	<u>1,051,137</u>

9 LONG TERM INVESTMENTS

9.1 This represents 100% shares in Power Management Company (Private) Limited, which holds 59.98% shares of Rousch (Pakistan) Power Limited.

9.2 As per terms of agreement for acquisition of shares of Rousch (Pakistan) Power Limited (RPPL), the Company has deposited these shares with the trustees of RPPL lenders.

31 December 2011	31 December 2010
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(Rupees in thousand)

10 REVENUE

Energy revenue - gross	453,907	429,464
Sales tax	(62,608)	(62,401)
Energy revenue - net	<u>391,299</u>	<u>367,063</u>
Capacity revenue	172,348	199,689
Other supplemental charges	7,167	3,101
	<u>570,814</u>	<u>569,853</u>

11 DIRECT COST

Gas cost	366,322	346,625
Stores & spares consumed	41,765	33,508
Energy import	593	744
Lube oil consumed	5,690	6,210
Operation and maintenance contractor's fee	13,200	12,000
Salaries, wages and other benefits	75	77
Insurance costs	1,922	2,711
Generation license fee	96	83
Repairs and maintenance	2,976	3,499
Depreciation	38,154	29,111
Others	284	360
	<u>470,987</u>	<u>434,928</u>

	31 December 2011	31 December 2010
12 FINANCE COST		
Mark-up on loans	87,860	90,797
Mark-up on late payments to SNGPL	7,299	2,880
Amortization of bank guarantee cost	561	561
Bank charges	745	1,551
	<u>96,465</u>	<u>95,789</u>

13 RELATED PARTY TRANSACTIONS

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

Holding company

Descon Engineering Limited

-Mark up accrued on long term loan	<u>22,004</u>	<u>18,543</u>
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Subsidiary company

Power Management Company (Private) Limited

-Repayment of short term loan	<u>1,212</u>	<u>1,450</u>
-Mark up accrued on long term loan	<u>5,544</u>	<u>5,461</u>

Associated companies

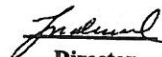
Descon Power Solutions (Private) Limited

- Operation and maintenance contractor's fee	<u>13,200</u>	<u>12,000</u>
- Purchases of spare parts	<u>51,100</u>	<u>60,316</u>

14 GENERAL

- 14.1 These financial statements were authorized for issue on February 16, 2012 by the Board of Directors of the Company.
- 14.2 Previous period's figures have been rearranged, wherever necessary for the purpose of comparison.
- 14.3 Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.


Chief Executive


Director

**CONSOLIDATED
FINANCIAL
STATEMENTS**

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

	Unaudited 31 December 2011	Audited 30 June 2011
EQUITY AND LIABILITIES	(Rupees in thousand)	
Share capital		
Authorized capital 400,000,000 (30 June 2011: 400,000,000) ordinary shares of Rs.10/- each	<u>4,000,000</u>	<u>4,000,000</u>
Issued, subscribed and paid up capital 342,550,000 (30 June 2011: 342,550,000) ordinary shares of Rs. 10/- each	<u>3,425,500</u>	<u>3,425,500</u>
Accumulated profit	<u>5,428,861</u>	<u>4,716,532</u>
Non-controlling interest	<u>8,854,361</u>	<u>8,142,032</u>
	<u>6,124,684</u>	<u>5,652,276</u>
	<u>14,979,045</u>	<u>13,794,308</u>
Non-current liabilities		
Sponsors' loan -unsecured	5 549,650	511,646
Long term loans	6 14,227,413	14,416,014
Interest rate swap liabilities	1,248,534	1,293,890
Deferred liabilities	698	940
	<u>16,026,295</u>	<u>16,222,490</u>
Current liabilities		
Trade and other payables	4,088,251	1,925,464
Short term loan	899,753	5,000
Mark up accrued	17,034	315,933
Current portion of long term loan	6 2,127,663	2,150,993
Provision for taxation	7,661	5,254
	<u>7,140,362</u>	<u>4,402,644</u>
Contingencies and Commitments	7 <u>38,145,702</u>	<u>34,419,442</u>

The annexed notes 1 to 12 form an integral part of these financial statements


 Chief Executive

AS AT 31 DECEMBER 2011

ASSETS	Note	Unaudited 31 December 2011	Audited 30 June 2011
(Rupees in thousand)			
Non-current assets			
Property, plant and equipment			
-Operating fixed assets	8	26,120,310	25,672,937
-Capital work-in-progress		163	1,538
Long term deposits		516	938
Long term loan to employees		13,944	1,694
		26,134,933	25,677,107
 Current assets			
Store, spares and loose tools		413,290	396,850
Inventory of fuel oil		496,327	497,117
Trade debts - secured, considered good		10,962,329	6,161,625
Advances, prepayments and other receivables		60,974	195,258
Cash and bank balances		77,849	1,491,485
		12,010,769	8,742,335
		38,145,702	34,419,442


Director

ALTERN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES
CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE PERIOD ENDED 31 DECEMBER 2011

	Note	For the half year ended		For the quarter ended	
		31 December 2011	31 December 2010	31 December 2011	31 December 2010
(Rupees in thousand)					
Revenue - net	9	9,008,019	8,303,886	4,503,895	3,994,701
Direct costs	10	(6,583,478)	(6,110,630)	(3,290,284)	(2,985,658)
Gross profit		2,424,541	2,193,256	1,213,611	1,009,043
Administrative expenses		(50,663)	(47,252)	(19,276)	(19,052)
Other operating income		38,893	16,344	2,158	11,240
Profit from operations		2,412,771	2,162,348	1,196,493	1,001,231
Finance cost		(1,225,301)	(1,297,750)	(707,228)	(597,130)
Profit before taxation		1,187,470	864,598	489,265	404,101
Taxation		(2,733)	(3,695)	(2,094)	(2,820)
Profit after taxation		1,184,737	860,903	487,171	401,281
Attributable to:					
Equity holders of the parent		712,329	530,196	288,742	239,609
Non-controlling interest		472,408	330,707	198,429	161,672
		1,184,737	860,903	487,171	401,281
Earnings per share-basic and diluted - 'Rupees'		2.08	1.55	0.84	0.70

The annexed notes 1 to 12 form an integral part of these financial statements


Chief Executive

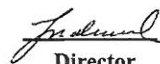

Director

ALTERN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES
 CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
 FOR THE PERIOD ENDED 31 DECEMBER 2011

	For the half year ended		For the quarter ended	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
	----- (Rupees in thousand) -----			
Profit for the period	1,184,737	860,903	487,171	401,281
Other Comprehensive Income:				
Effective portion of changes in fair value of cash flow hedges	-	178,314	-	163,081
Total comprehensive income for the period	<u>1,184,737</u>	<u>1,039,217</u>	<u>487,171</u>	<u>564,362</u>

The annexed notes 1 to 12 form an integral part of these financial statements


 Chief Executive


 Director

ALTERN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES
 CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)
 FOR THE PERIOD ENDED 31 DECEMBER 2011

	31 December 2011	31 December 2010
CASHFLOW FROM OPERATING ACTIVITIES		
(Rupees in thousand)		
Profit before tax	1,187,470	864,598
Adjustment for non-cash items:		
Depreciation	736,460	684,599
Gain on sale of property, plant & equipment	(107)	(2,167)
Provision of staff retirement benefits	84	52
Capital spares consumed	6,997	3,231
Finance cost	1,230,845	1,297,750
	<u>1,974,279</u>	<u>1,983,465</u>
Operating profit before working capital changes	3,161,749	2,848,063
(Increase)/decrease in current assets:		
Stores, spares and loose tools	(16,440)	(22,422)
Inventory of fuel oil	790	(173,425)
Trade debts	(4,800,704)	(368,370)
Advances, prepayments, and other receivables	138,668	167,184
	<u>(4,677,686)</u>	<u>(397,033)</u>
Increase / (decrease) in current liabilities		
Trade and other payables	1,836,154	(22,105)
Cash generated from operations	<u>320,217</u>	<u>2,428,925</u>
Long term advances	(12,250)	(694)
Finance cost paid	(1,033,858)	(1,130,745)
Tax adjusted	(8,482)	10,162
Retirement and other benefits paid	(325)	-
	<u>(1,054,915)</u>	<u>(1,121,277)</u>
Net cash (used in) / generated from operating activities	<u>(734,698)</u>	<u>1,307,648</u>
CASHFLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(596,241)	(12,573)
Capital work-in-progress	51	-
Proceeds from sale of property, plant & equipment	-	3,901
Long term deposits	422	-
Net cash used in investing activities	<u>(595,768)</u>	<u>(8,672)</u>
CASHFLOW FROM FINANCING ACTIVITIES		
Repayment of long term loans	(993,923)	(930,364)
Sponsors' loan, net	16,000	-
Proceeds from short term finance	894,753	-
Net cash used in from financing activities	<u>(83,170)</u>	<u>(930,364)</u>
Net increase / (decrease) in cash and cash equivalents	<u>(1,413,636)</u>	<u>368,612</u>
Cash and cash equivalents at beginning of the period	<u>1,491,485</u>	<u>322,101</u>
Cash and cash equivalents at the end of the period	<u>77,849</u>	<u>690,713</u>

The annexed notes 1 to 12 form an integral part of these financial statements


 Chief Executive


 Director

ALTERN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED 31 DECEMBER 2011

	Attributable to equity holders of Parent Company				
	Interest rate swap				
	Share capital	revaluation reserve	Accumulated profit	Non-Controlling Interest	Total
(Rupees in thousand)					
Balance as at 01 July 2010	3,425,500	(653,694)	3,923,568	4,685,392	11,380,766
Net profit for the period	-	-	530,196	330,707	860,903
Changes in fair value of interest rate swap	-	106,960	-	71,354	178,314
	-	106,960	530,196	402,061	1,039,217
Balance as at 31 December 2010	3,425,500	(546,734)	4,453,764	5,087,453	12,419,983
Profit after tax for the period	-	-	262,768	200,090	462,858
Net adjustment on account of effective portion of hedging and changes in fair value of interest rate swap liabilities	-	41,304	-	27,555	68,859
Net amount reclassified / transferred to profit and loss account	-	505,430	-	337,178	842,608
Total comprehensive income for the year	-	546,734	262,768	564,823	1,374,325
Balance as at 01 July 2011	3,425,500	-	4,716,532	5,652,276	13,794,308
Net adjustment on account of effective portion of hedging and changes in fair value of interest rate swap liabilities	-	-	-	-	-
Net amount reclassified / transferred to profit and loss account	-	-	-	-	-
Net profit for the period	-	-	712,329	472,408	1,184,737
	-	-	712,329	472,408	1,184,737
Balance as at 31 December 2011	3,425,500	-	5,428,861	6,124,684	14,979,045

The annexed notes 1 to 12 form an integral part of these financial statements


Chief Executive


Director

1 STATUS AND NATURE OF BUSINESS

1.1 The group comprises of:

Altern Energy Limited (AEL); and

Subsidiary Companies:

-Power Management Company (Private) Limited (PMCL)

-Rousch (Pakistan) Power Limited (RPPL)

Altern Energy Limited ("the Company") was incorporated in Pakistan on 17 January 1995 and is listed on Karachi Stock Exchange. The principal objective of the Company is to generate and supply electric power to Water and Power Development Authority of Pakistan (WAPDA) from its thermal power plant having a gross capacity of 32 Mega watts (2011: 32 Mega Watts). The Company commenced commercial operations with effect from 06 June 2001. The registered office of the Company is situated at Descon Headquarters, 18 km, Ferozepur Road, Lahore.

Power Management Company (Private) Limited (PMCL) was incorporated in Pakistan on 24 February 2006. The principal objective of the PMCL is to invest, manage, operate, run, own and build power projects. The registered office of the PMCL is situated at 18 km Ferozepur Road, Lahore.

Rousch (Pakistan) Power Limited (RPPL) is a public unlisted company, incorporated in Pakistan on 04 August 1994. The principal activity of the RPPL is to generate and supply electricity to Water and Power Development Authority (WAPDA) from its combined cycle thermal power plant having a gross ISO capacity of 450 Mega Watts(2011: 450 Mega Watts), located near Sidhnai Barrage, Abdul Hakim, District Khanewal, in Punjab. RPPL started commercial operations from 11 December 1999. The registered office of the RPPL is situated at 68 - Studio Apartments, Park Towers, F - 10 Markez, Jinnah Avenue, Islamabad.

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

2 BASIS OF PREPARATION

These financial statements are unaudited and are being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984. These financial statements have been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" as applicable in Pakistan.

3 SIGNIFICANT ACCOUNTING POLICIES

Accounting policies and methods of computation adopted for preparation of these condensed interim consolidated financial information are the same as those applied in preparing the financial statements for the year ended 30 June, 2011.

4 SUBSIDIARY COMPANIES

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

	Percentage of Holding	
	31 December 2011	30 June 2011
Power Management Company (Private) Limited	100.000%	100.000%
Rousch (Pakistan) Power Limited	59.984%	59.984%

		31 December 2011	30 June 2011
5 SPONSORS' LOANS -UNSECURED		(Rupees in thousand)	
These are composed of loans from associated undertakings:			
Descon Engineering Limited - the ultimate parent	5.1	331,218	315,218
Crescent Standard Business Management (Private) Ltd.	5.2	23,152	23,152
		<u>354,370</u>	<u>338,370</u>
Interest on long term finance	5.3	195,280	173,276
		<u>549,650</u>	<u>511,646</u>

5.1 This represent funds amounting to Rs. 331.218 million (2011: Rs. 315.218 million) received by the parent company from Descon Engineering Limited for investment in Rousch (Pakistan) Power Limited (the subsidiary company) through Power Management Company (Private) Limited (the subsidiary company). As per agreement between the parent company, MCB Bank Limited and Descon Engineering Limited all amounts (including mark-up) due under the sponsors' loan shall be subordinated to the loan facility from MCB Bank Limited. These are unsecured and carry mark up at KIBOR + 300bps. It includes Rs. 69.455 million (2011 : Rs. 69.455 million) as interest free loan.

5.2 This includes an amount of Rs. 23.152 million (2011 : Rs. 23.152 million) paid by ex-sponsors of the parent company previously . This loan is payable to Crescent Standard Business Management (Private) Limited and is unsecured and interest free and will be repaid on available liquidity basis.

5.3 It represent mark-up payable to Descon Engineering Limited of Rs. 195.28 million (2011: Rs. 173.276 million). As per terms of agreement the mark up payment is subordinated to loan facility from MCB Bank Limited and additional mark up is not due on this amount.

6 LONG TERM LOANS

Loans from financial institutions	14,693,206	15,035,953
Loans from related parties	1,661,870	1,531,054
	<u>16,355,076</u>	<u>16,567,007</u>
Current portion of long term loans	(2,127,663)	(2,150,993)
	<u>14,227,413</u>	<u>14,416,014</u>

7 CONTINGENCIES AND COMMITMENTS

There is no change in the status of contingencies and commitments set out in note 11 to the financial statements of the Company for the year ended 30 June 2011.

8 PROPERTY, PLANT AND EQUIPMENT

Opening written down value	25,672,937	26,510,724
Additions / transfers-in during the period - net	1,183,833	514,756
Depreciation charge for the period	(736,460)	(1,352,543)
Closing written down value	<u>26,120,310</u>	<u>25,672,937</u>

	31 December 2011	31 December 2010
	(Rupees in thousand)	
9 REVENUE		
Energy revenue - gross	6,670,695	6,081,763
Sales tax	(920,096)	(883,675)
Energy revenue- net	<u>5,750,599</u>	<u>5,198,088</u>
Capacity revenue	2,908,777	2,886,520
Other supplemental charges	454,272	314,510
Gas efficiency passed to WAPDA	(105,629)	(95,232)
	<u><u>9,008,019</u></u>	<u><u>8,303,886</u></u>

10 DIRECT COST

Energy import	4,738	6,348
Salaries, wages and other benefits	17,740	18,925
Fuel consumed	5,169,994	4,583,448
Chemicals, stores and spares consumed	110,651	83,544
Depreciation	733,438	681,370
Operating and maintenance costs	448,008	601,840
Insurance costs	72,386	108,002
Generation licence fee	2,152	1,901
Electricity duty	1,984	1,892
Repairs and maintenance	12,080	15,439
Others	10,307	7,921
	<u><u>6,583,478</u></u>	<u><u>6,110,630</u></u>

11 RELATED PARTY TRANSACTIONS

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

31 December 31 December
2011 2010
(Rupees in thousand)

Descon Engineering Limited - the ultimate parent

	22,004	18,543
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Associated companies

Power Management Company (Private) Limited

-Repayment of short term loan	1,212	1,450
-Mark up accrued on long term loan	5,544	5,461

Associated companies

Descon Power Solutions (Private) Limited

-Operations and maintenance contractor's fee	13,200	12,000
-Purchases of spare parts	51,100	60,316

Subsidiary companies

Rousch (Pakistan) Power Limited

-Operator's fee paid to ESB International Contracting Ltd.	131,677	369,770
-Descon Power Solutions (Pvt) Limited	10,000	-
-Payments to Siemens AG as maintenance contractor	69,659	176,871
-Payments to Siemens AG as LTMSA contractor	84,135	-
-Payments to Siemens Pakistan as LTMSA contractor	88,248	-
-Payment to Siemens AG on GTG 11/STG Rotor Replacement	8,840	18,538
-Payment to Presson Descon (Pvt) Ltd against services	-	3,131
-Payment to Siemens Pakistan Ltd for supply of spares and services	837	4

12 GENERAL

- 12.1 These financial statements were authorized for issue on February 16, 2012 by the Board of Directors of the Company.
- 12.2 Previous period's figures have been rearranged, wherever necessary for the purpose of comparison.
- 12.3 Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.


Chief Executive


Director

