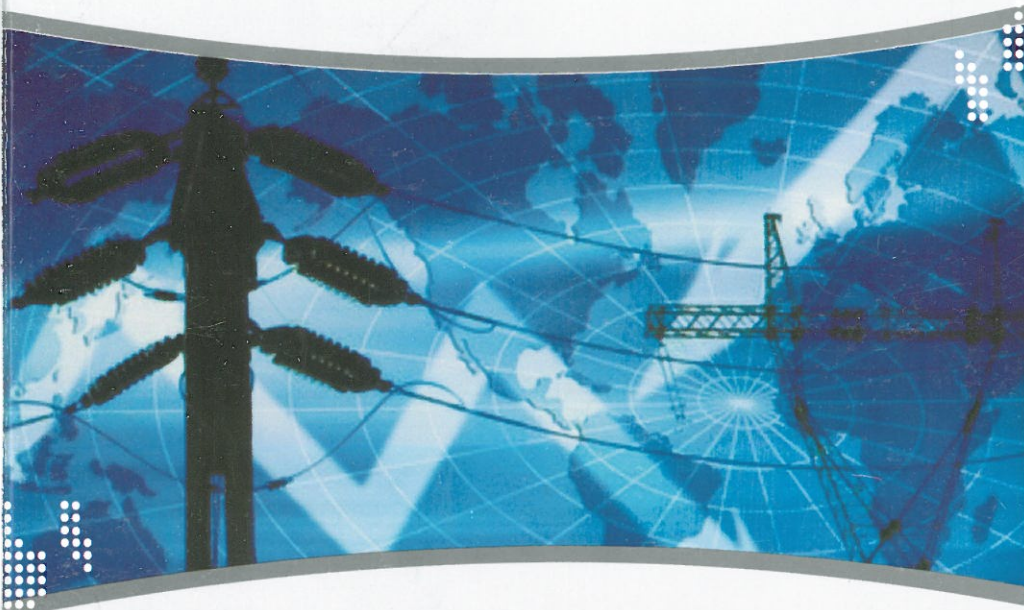




ALTERN ENERGY LIMITED



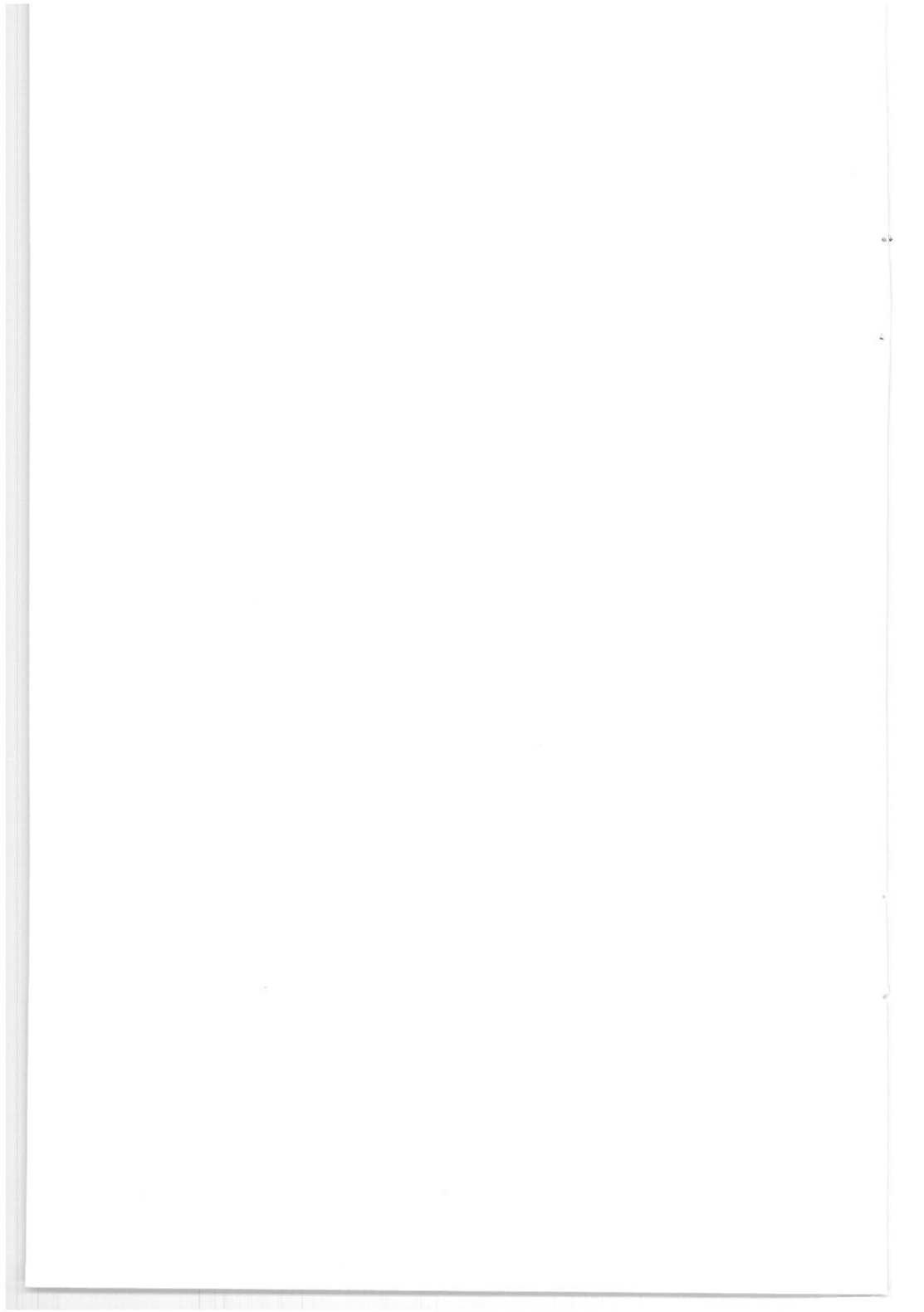
**INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)**

**FOR THE HALF YEAR ENDED
DECEMBER 31, 2012**



INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE HALF YEAR ENDED
DECEMBER 31, 2012

ALTERN ENERGY LIMITED



ALTERN 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

ALTERN ENERGY LIMITED 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, 2012.

During the period under review, the total turnover of the Company reached at Rs. 881.24 million, earning gross profit of Rs. 124.7 million. The Company posted net profit after tax of Rs. 23.79 million (earning per share of Rs. 0.07) which is higher than the net profit after tax of Rs. 1.24 million (earning per share of Rs. 0.004), earned during the same period of the previous financial year.

During the period under review, the Company dispatched 113 GWhr to WAPDA as compared to 99.9 GWhr delivered during the six months ended December 31, 2011.

The issue of circular debt of WAPDA has exposed not only your Company but the entire Power Sector to severe liquidity crunch. The overdue receivables from WAPDA have reached to exorbitant levels causing delays in payments to Sui Northern Gas Pipelines Limited (SNGPL) and other routine operational expenditures. The Company along with other IPPs is regularly pursuing the relevant Ministries and officials of WAPDA for early resolution of the matter.

As approved by the Shareholders in Extra Ordinary General Meeting and subsequently by SECP, the Company increased its paid up capital by Rs. 249.96 million, by issuing 20,830,000 ordinary shares of Rs. 10/- each at a premium of Rs. 2/- per share to M/S Descon Engineering Limited.

The Company during the period paid off debt servicing of Rs. 223.1 million due against local and foreign currency loans.

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

Subsidiary Review

We are pleased to inform you that during the period under review, Roush (Pakistan) Power Limited which is a subsidiary of the Company has operated smoothly. The total turnover of the Company for the six months was Rs. 71,062.51 million, resultantly the Company earned gross profit of Rs. 2,728.16 million. The net profit for six months is Rs. 1,432.79 million (earning per share of Rs. 1.66) is higher than the profit of Rs. 1,180.55 million (earning per share of Rs. 1.37) of the corresponding period.

The increase in overdue balance as a result of circular debt has now reached to an alarming level exposing Roush to survive liquidity risk and requires immediate intervention. It is unfortunate that despite issuance of demand notices under provision of Government Guarantee, situation could not be improved. Due to exorbitant increase in over dues from Wapda, the Company has not been able to fully settle Sui Northern Gas Pipelines Limited (SNGPL) bills and thus facing gas suspension/ curtailment issue since December, 2012. The management believes that since unavailability of the full plant is due to direct result of Wapda's default in making payments, the Company is not subject to any liquidated damages; however, would suffer due to lower operational earnings.

The Company continues to discharge its liabilities to its lenders. During the period, the Company has repaid Rs. 1,848.52 million being the debt servicing due in September 2012 to the senior and subordinated debt lenders. However, due to circular debt issue, the capability of the Company to pay gas supplier has been adversely impacted.

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 1,563.09 GWhr of electricity to WAPDA during the six months of the financial year 2012-2013 as compared to 1,625.36 GWhr 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. 198.69 million to WAPDA as its share of gas efficiency, which accrued as a result of the efficient operation of plant.

We are thankful and acknowledge the continuous support of our bankers, WAPDA, SNGPL, our staff, our contractors as well as valued Shareholders of the Company.

For and behalf of the Board of Directors

Lahore:
February 13, 2013.

Syed Zamanat Abbas
Chief Executive

ALTERN ENERGY LIMITED

INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS

Introduction

We have reviewed the accompanying condensed interim unconsolidated balance sheet of Altern Energy Limited ("the Company") as at 31 December 2012 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 "condensed 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 2012 and 31 December 2011 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.

Lahore:

KPMG Taseer Hadi & Co.

Chartered Accountants
(Bilal Ali)

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

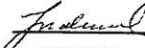
		Unaudited 31 December 2012	Audited 30 June 2012
		(Rupees in Thousand)	
EQUITY AND LIABILITIES	Note		
Share capital			
Authorized capital			
400,000,000 (30 June 2012: 400,000,000) ordinary shares of Rs. 10/- each		<u>4,000,000</u>	<u>4,000,000</u>
Issued, subscribed and paid up capital			
363,380,000 (30 June 2012: 342,550,000) ordinary shares of Rs. 10/- each	5	3,633,800	3,425,500
Share premium		41,660	-
Accumulated loss		<u>(640,863)</u>	<u>(664,658)</u>
		<u>3,034,597</u>	<u>2,760,842</u>
Non-current liabilities			
Sponsors' loan -unsecured	6	588,893	569,583
Long term loans	7	592,433	652,001
Deferred liabilities		1,151	1,072
		<u>1,182,477</u>	<u>1,222,656</u>
Current liabilities			
Trade and other payables		751,542	511,570
Mark up accrued		19,390	73,823
Current portion of long term loans	7	133,853	189,638
Provision for taxation		1,601	1,601
		<u>906,386</u>	<u>776,632</u>
Contingencies and commitments	8	<u>5,123,460</u>	<u>4,760,130</u>

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


 Chief Executive

ALTERN ENERGY LIMITED
AS AT 31 DECEMBER 2012

		Unaudited 31 December 2012	Audited 30 June 2012
ASSETS	Note	(Rupees in Thousand)	
Non-current assets			
Property, plant and equipment			
Operating fixed assets	9	1,003,247	1,027,714
Long term investment	10	3,204,510	3,204,510
Long term deposits		38	38
		4,207,795	4,232,262
Current assets			
Stores and spares		33,266	53,695
Trade debts - secured, considered good		832,770	448,777
Advances, prepayments and other receivables		19,224	13,461
Cash and bank balances		30,405	11,935
		915,665	527,868
		5,123,460	4,760,130


Director

ALTERN ENERGY LIMITED

CONDENSED INTERIM UNCONSOLIDATED PROFIT & LOSS ACCOUNT (UN-AUDITED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2012

	Note	For the half year ended		For the quarter ended	
		31 December 2012	31 December 2011	31 December 2012	31 December 2011
		(Rupees in Thousand)			
Revenue - net	11	881,244	570,814	439,058	245,189
Direct costs	12	(756,583)	(470,987)	(366,520)	(206,681)
Gross profit		124,661	99,827	72,538	38,508
Administrative expenses		(6,222)	(4,881)	(2,725)	(1,995)
Other operating income		1,492	3,552	1,128	1,724
Profit from operations		119,931	98,498	70,941	38,237
Finance cost	13	(96,008)	(96,465)	(49,331)	(47,228)
Profit / (loss) before taxation		23,923	2,033	21,610	(8,991)
Taxation		(128)	(793)	(1)	(153)
Profit / (loss) after taxation		23,795	1,240	21,609	(9,144)
Earnings / (loss) per share - basic and diluted - Rupees		0.07	0.004	0.06	(0.027)

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


Chief Executive


Director

ALTERN ENERGY LIMITED**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2012**

	For the half year ended		For the quarter ended	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
	<hr/> (Rupees in Thousand) <hr/>			
Profit/(loss) for the period	23,795	1,240	21,609	(9,144)
Other comprehensive income				
Total comprehensive income/(loss) for the period	<u>23,795</u>	<u>1,240</u>	<u>21,609</u>	<u>(9,144)</u>

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


Chief Executive


Director

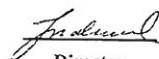
ALTERN ENERGY LIMITED**CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)**

FOR THE HALF YEAR ENDED 31 DECEMBER 2012

	31 December 2012	31 December 2011
	(Rupees in Thousand)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	23,923	2,033
Adjustments for non-cash items:		
Depreciation	40,146	38,164
Provision for staff retirement benefits	111	84
Amortization of bank guarantee cost	266	561
Exchange loss	606	-
Finance cost	95,136	96,465
	136,265	135,274
Operating profit before working capital changes	160,188	137,307
(Increase) / decrease in current assets:		
Stores and spares	7,140	(8,725)
Advances, prepayments, and other receivables	(5,763)	(5,362)
Trade debts	(383,993)	34,681
	(382,616)	20,594
Increase/(decrease) in current liabilities		
Trade and other payables	216,094	(5,101)
Cash generated from operations	(6,334)	152,800
Finance cost paid	(103,577)	(71,659)
Tax paid	(128)	(327)
Retirement benefits paid	(32)	(325)
	(103,737)	(72,311)
Net cash (used) / generated from operating activities	(A) (110,071)	80,489
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(2,390)	(18,638)
Capital work in progress	-	(675)
Net cash used in investing activities	(B) (2,390)	(19,313)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of long term loans	(119,029)	(66,437)
Sponsors' Loan, net	-	16,000
Share capital	208,300	-
Share premium	41,660	-
Net cash generated / (used) from financing activities	(C) 130,931	(50,437)
Net increase in cash and cash equivalents	(A+B+C) 18,470	10,739
Cash and cash equivalents at beginning of the period	11,935	5,934
Cash and cash equivalents at the end of the period	30,405	16,673

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


 Chief Executive

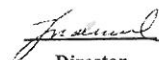

 Director

ALTERN ENERGY LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

	Share capital	Share premium	Accumulated loss	Total
	(Rupees in Thousand)			
Balance as at 01 July 2011 - Audited	3,425,500	-	(627,673)	2,797,827
Total comprehensive income for the period	-	-	1,240	1,240
Balance as at 31 December 2011 - Unaudited	3,425,500	-	(626,433)	2,799,067
Total comprehensive loss for the period	-	-	(38,225)	(38,225)
Balance as at 01 July 2012 - Audited	3,425,500	-	(664,658)	2,760,842
Total comprehensive income for the period	-	-	23,795	23,795
Transaction with owners recorded in equity				
Share capital	208,300	-	-	208,300
Share premium	-	41,660	-	41,660
Balance as at 31 December 2012 - Unaudited	<u>3,633,800</u>	<u>41,660</u>	<u>(640,863)</u>	<u>3,034,597</u>

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


 Chief Executive


 Director

ALTERN ENERGY LIMITED**NOTES TO CONDENSED INTERIM UNCONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2012****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 of Pakistan (WAPDA) from its thermal power plant having a gross capacity of 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.

The principal agreement of gas supply between the Company and Sui Northern Gas Pipelines Limited (SNGPL) is expiring on 30th June 2013. The management plans to start negotiations for renewal of the gas supply agreement with SNGPL by the end of February 2013 and is confident that the extension/renewal will be executed before the expiry date of 30th June 2013.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The condensed interim financial information have been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. The disclosure 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 2012.

This condensed interim unconsolidated financial information is being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984.

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 year ended 30 June 2012.

4 ESTIMATES

The preparation of the condensed interim unconsolidated financial information 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 information 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

5 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

31 December 2012	30 June 2012		31 December 2012	30 June 2012
(Number of shares)			(Rupees in Thousand)	
359,480,000	338,650,000	Ordinary shares of Rs. 10 each fully paid in cash	3,594,800	3,386,500
3,900,000	3,900,000	Ordinary shares of Rs. 10 each issued for consideration other than cash	39,000	39,000
<u>363,380,000</u>	<u>342,550,000</u>		<u>3,633,800</u>	<u>3,425,500</u>

- 5.1 During the period Descon Engineering Limited (DEL), the holding company, invested further in the Company under section 86 of the Companies Ordinance, 1984 by acquiring additional 20,830,000 fully paid ordinary shares of Rs. 10 each at a premium of Rs. 2 per share. As at 31 December 2012, 211,397,063 (30 June 2012:190,567,063) ordinary shares of the Company are held by DEL.

		31 December 2012	30 June 2012
	<i>Note</i>	(Rupees in Thousand)	
6 SPONSORS' LOAN - UNSECURED			
These are composed of loans from associated undertakings:			
Descon Engineering Limited	6.1	331,218	331,218
Crescent Standard Business Management (Private) Limited	6.2	23,152	23,152
		354,370	354,370
Interest on long term finance	6.3	234,523	215,213
		588,893	569,583

- 6.1 It represents funds amounting to Rs. 315.218 million (30 June 2012: 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.

During the year 2011, Descon further 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 month KIBOR plus 300 basis points.

- 6.2 It represents funds amounting to Rs. 23.152 million (30 June 2012: 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.
- 6.3 It represent mark-up payable to Descon Engineering Limited of Rs. 234.523 million (30 June 2012: Rs. 215.213 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.

		31 December 2012	30 June 2012
		(Rupees in Thousand)	
7 LONG TERM LOANS			
Long term loans - secured			
Syndicate finance - local currency	7.1	587,127	693,877
Syndicate finance - foreign currency	7.2	68,946	81,225
Power Management Company (Private) Ltd (PMCL)	7.3	50,000	50,000
		706,073	825,102
Interest on loan from PMCL	7.4	20,213	16,537
		726,286	841,639
Less: Current maturity		(133,853)	(189,638)
		592,433	652,001

- 7.1 The Company had obtained a long term syndicate facility of Rs.1,100 million (30 June 2012: Rs. 1,100 million), which includes foreign currency loan limit of US Dollars 3.6 million (30 June 2012: US Dollars 3.6 million), from consortium of banks under the lead of MCB Bank Limited. The outstanding loan amount is repayable in thirteen (13) equal six monthly installments ending on 25 January 2018. The loan carries mark-up at six month KIBOR plus 275 basis points (30 June 2012: six month KIBOR plus 275 basis points), payable in half yearly installments in arrears. The loan is secured by way of first ranking pari-passu charge on existing property, plant and equipment of the Company at Fatch Jang site.

- 7.2 The limit of foreign currency portion of loan is of US Dollars 3.6 million (30 June 2012: US Dollars 3.6 million). The outstanding loan amount is repayable in fourteen (14) un-equal quarterly installments payable up to 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 (30 June 2012 : three month LIBOR plus 295 basis) payable quarterly in arrears.
- 7.3 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 month KIBOR plus 300 basis points (30 June 2012: six months KIBOR plus 300 basis points).
- 7.4 It represent mark-up payable to Power Management Company (Private) Limited of Rs. 20.213 million (30 June 2012: Rs. 16.537 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.

8 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 2012.

	31 December 2012	30 June 2012
	(Rupees in Thousand)	
Opening written down value	1,027,714	1,051,137
Additions / transfers-in during the period - net	15,679	53,930
Depreciation charge for the period	(40,146)	(77,353)
Closing written down value	<u>1,003,247</u>	<u>1,027,714</u>

9 PROPERTY, PLANT AND EQUIPMENT

10 LONG TERM INVESTMENTS

- 10.1 This represents investment in Power Management Company (Private) Limited, a wholly owned subsidiary, which in turns holds 59.98% (2012: 59.98%) shares of Roush (Pakistan) Power Limited.
- 10.2 As per terms of agreement for acquisition of shares of Roush (Pakistan) Power Limited, Power Management Company (Private) Limited has deposited these shares with the trustees of RPPL's lenders.

	31 December 2012	31 December 2011
	(Rupees in Thousand)	
11 REVENUE - NET		
Energy revenue - gross	756,895	453,907
Sales tax	(104,399)	(62,608)
Energy revenue - net	<u>652,496</u>	<u>391,299</u>
Capacity revenue	204,805	172,348
Other supplemental charges	23,943	7,167
	<u>881,244</u>	<u>570,814</u>
12 DIRECT COSTS		
Gas cost	650,105	366,322
Stores and spares consumed	38,291	41,765
Energy import	552	593
Lube oil consumed	8,242	5,600
Operation and maintenance contractor's fee	14,520	13,200
Depreciation	40,117	38,154
Salaries, wages and other benefits	104	75
Insurance costs	1,818	1,922
Generation license fee	107	96
Repairs and maintenance	2,486	2,976
Others	241	284
	<u>756,583</u>	<u>470,987</u>

	31 December 2012	31 December 2011
13 FINANCE COST	(Rupees in Thousand)	
Mark up on loans	70,266	87,860
Mark-up on late payments to SNGPL	23,272	7,299
Amortization of bank guarantee cost	266	561
Bank charges	1,598	745
Exchange loss	606	-
	<u>96,008</u>	<u>96,465</u>

14 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 information are as follows:

Holding company

Descon Engineering Limited

Mark up accrued on long term loan	<u>19,310</u>	<u>22,004</u>
-----------------------------------	---------------	---------------

Subsidiary company

Power Management Company (Private) Limited

Repayment of short term loan	<u>4,717</u>	<u>1,212</u>
Mark up accrued on loan	<u>4,761</u>	<u>5,544</u>


Associated companies

Descon Power Solutions (Private) Limited

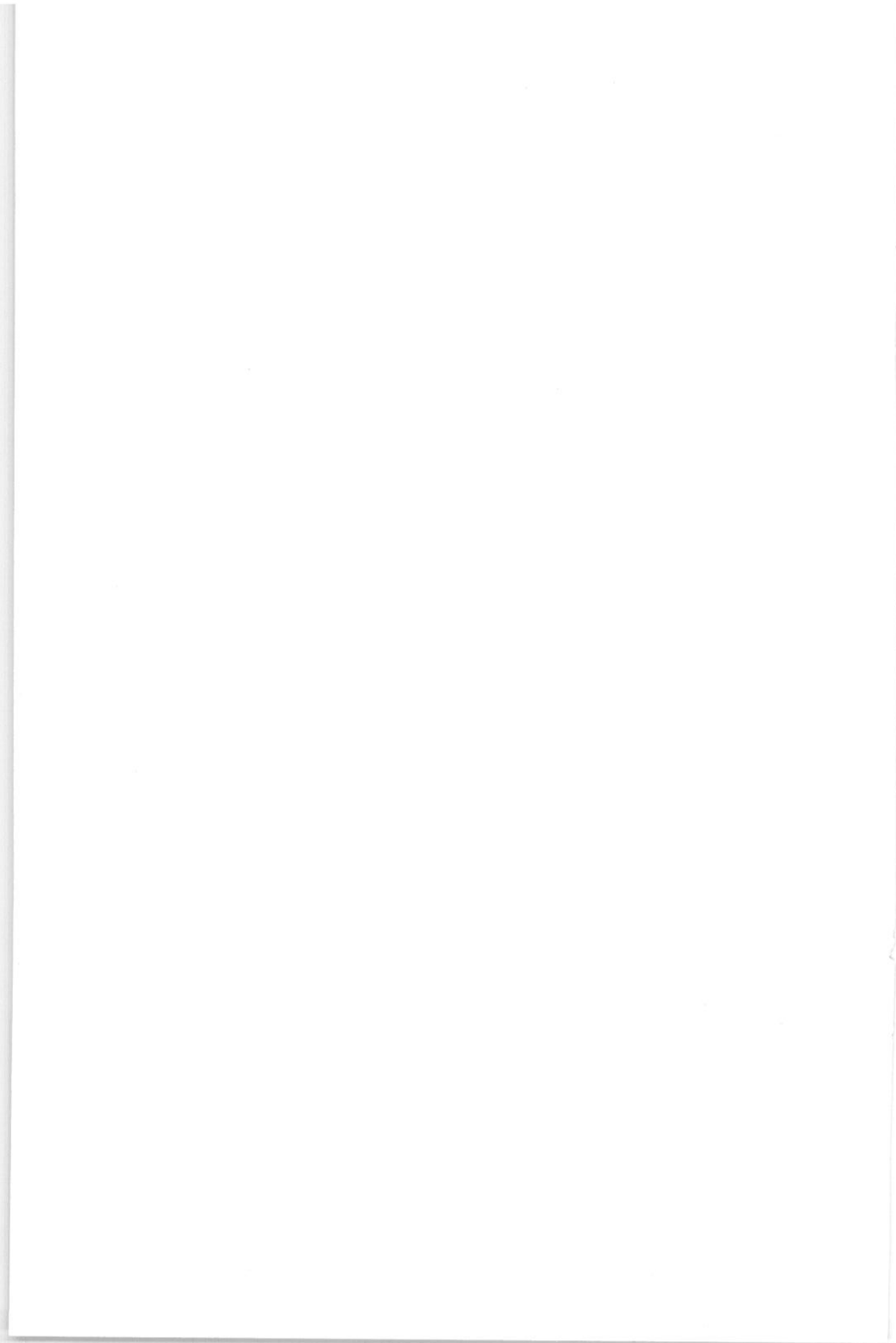
Operation and maintenance contractor's fee	<u>14,520</u>	<u>13,200</u>
Purchase of spares	<u>33,530</u>	<u>51,100</u>

15 GENERAL

- 15.1 These financial information were authorized for issue on February 13, 2013 by the Board of Directors of the Company.
- 15.2 Previous period's figures have been rearranged, wherever necessary for the purpose of comparison.
- 15.3 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 2012	Audited 30 June 2012
	Note	(Rupees in Thousand)	
EQUITY AND LIABILITIES			
Share capital			
Authorized capital			
400,000,000 (30 June 2012: 400,000,000) ordinary shares of Rs.10/- each		4,000,000	4,000,000
Issued, subscribed and paid up capital			
363,380,000 (30 June 2012: 342,550,000) ordinary shares of Rs. 10/- each	4	3,633,800	3,425,500
Share premium		41,660	-
Accumulated profit		6,681,625	5,795,938
		10,357,085	9,221,438
Non-controlling interest		6,966,852	6,393,505
		17,323,937	15,614,943
Non-current liabilities			
Sponsors' loan -unsecured	5	588,893	569,583
Long term loans - secured and unsecured	6	13,640,376	14,153,605
Interest rate swap liabilities		933,631	1,169,105
Deferred liabilities		1,151	1,072
		15,164,051	15,893,365
Current liabilities			
Trade and other payables		7,948,232	5,326,440
Short term loan		300,000	636,000
Mark up accrued		12,412	67,929
Current portion of long term loans	6	2,147,543	2,143,187
Provision for taxation		4,000	5,465
		10,412,187	8,179,021
Contingencies and Commitments			
	7	42,900,175	39,687,329

The annexed notes 1 to 13 form an integral part of these financial statements


Chief Executive

ALTERN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES
AS AT 31 DECEMBER 2012

		Unaudited 31 December 2012	Audited 30 June 2012
	Note	(Rupees in Thousand)	
ASSETS			
Non-current assets			
Property, plant and equipment			
-Operating fixed assets	8	26,709,038	27,097,944
Long term deposits		1,187	1,069
Long term loan to employees		9,971	9,971
		<u>26,720,196</u>	<u>27,108,984</u>
Current assets			
Store, spares and loose tools		359,478	423,744
Inventory of fuel oil		489,084	491,285
Trade debts - secured, considered good		14,617,749	10,756,568
Advances, prepayments and other receivables		216,833	339,494
Cash and bank balances		496,835	567,254
		<u>16,179,979</u>	<u>12,578,345</u>
		<u>42,900,175</u>	<u>39,687,329</u>



Director

ALTERN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES
CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

		For the half year ended		For the quarter ended	
		31 December 2012	31 December 2011	31 December 2012	31 December 2011
Note		(Rupees in Thousand)			
Revenue - net	9	11,943,757	9,008,019	5,786,090	4,503,895
Direct costs	10	(9,090,581)	(6,583,478)	(4,356,179)	(3,290,284)
Gross profit		2,853,176	2,424,541	1,429,911	1,213,611
Administrative expenses		(44,679)	(50,663)	(18,314)	(19,276)
Other operating expenses		-	-		
Other operating income		21,579	38,893	6,795	2,158
Profit from operations		2,830,076	2,412,771	1,418,392	1,196,493
Finance cost		(1,369,247)	(1,225,301)	(725,651)	(707,228)
Profit before taxation		1,460,829	1,187,470	692,741	489,265
Taxation		(1,795)	(2,733)	(801)	(2,094)
Profit after taxation		1,459,034	1,184,737	691,940	487,171
Attributable to:					
Equity holders of the parent		885,687	712,329	424,160	288,742
Non-controlling interest		573,347	472,408	267,780	198,429
		1,459,034	1,184,737	691,940	487,171
Earnings per share - basic and diluted - Rupees		2.44	2.08	1.17	0.84

The annexed notes 1 to 13 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 HALF YEAR ENDED 31 DECEMBER 2012

	For the half year ended		For the quarter ended	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
	(Rupees in Thousand)			
Profit for the period	1,459,034	1,184,737	691,940	487,171
Other Comprehensive Income	-	-	-	-
Total comprehensive income for the period	<u>1,459,034</u>	<u>1,184,737</u>	<u>691,940</u>	<u>487,171</u>
Attributable to:				
Equity holders of the parent	885,687	712,329	424,160	288,742
Non-controlling interest	573,347	472,408	267,780	198,429
	<u>1,459,034</u>	<u>1,184,737</u>	<u>691,940</u>	<u>487,171</u>

The annexed notes 1 to 13 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 HALF YEAR ENDED 31 DECEMBER 2012

		31 December 2012	31 December 2011
CASHFLOW FROM OPERATING ACTIVITIES			
Profit before tax		1,460,829	1,187,470
Adjustment for non-cash items:			
Depreciation		807,178	736,460
Gain on sale of property, plant & equipment		(187)	(107)
Provision for staff retirement benefits		111	84
Capital spares consumed		3,095	6,997
Amortization of bank guarantee cost		266	561
Exchange loss		606	-
Finance cost		1,368,373	1,230,284
		2,179,442	1,974,279
Operating profit before working capital changes		3,640,271	3,161,749
(Increase)/decrease in current assets:			
Stores, spares and loose tools		50,977	(16,440)
Inventory of fuel oil		2,201	790
Trade debts		(3,901,528)	(4,800,704)
Advances, prepayments, and other receivables		131,056	138,668
		(3,717,294)	(4,677,686)
Increase / (decrease) in current liabilities			
Trade and other payables		2,628,804	1,836,154
Cash generated from operations		2,551,781	320,217
Long term advances		-	(12,250)
Finance cost paid		(1,418,165)	(1,033,858)
Taxes adjusted		(6,937)	(8,482)
Retirement and other benefits paid		(32)	(325)
		(1,425,134)	(1,054,915)
Net cash generated / (used) in operating activities	(A)	1,126,647	(734,698)
CASHFLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(9,215)	(596,241)
Capital work-in-progress		-	51
Proceeds from sale of property, plant & equipment		249	-
Long term deposits		(118)	422
Net cash used in investing activities	(B)	(9,084)	(595,768)
CASHFLOW FROM FINANCING ACTIVITIES			
Long term loans - net		(1,101,942)	(993,923)
Sponsors' loan - net		-	16,000
Share capital		208,300	-
Share premium		41,660	-
Proceeds from short term finance		-	894,753
Net cash used in financing activities	(C)	(851,982)	(83,170)
Net increase / (decrease) in cash and cash equivalents	(A+B+C)	265,581	(1,413,636)
Cash and cash equivalents at beginning of the period		(68,746)	1,491,485
Cash and cash equivalents at the end of the period	12	196,835	77,849

The annexed notes 1 to 13 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 HALF YEAR ENDED 31 DECEMBER 2012

	Attributable to equity holders of Parent Company				
	Share capital	Share premium	Accumulated profit	Non-controlling Interest	Total
	<u>(Rupees in Thousand)</u>				
Balance as at 01 July 2011 - Audited	3,425,500	-	4,716,532	5,652,276	13,794,308
Total comprehensive income for the period	-	-	712,329	472,408	1,184,737
Balance as at 31 December 2011 - Unaudited	3,425,500	-	5,428,861	6,124,684	14,979,045
Total comprehensive income for the period			367,077	268,821	635,898
Balance as at 01 July 2012 - Audited	3,425,500	-	5,795,938	6,393,505	15,614,943
Total comprehensive income for the period	-	-	885,687	573,347	1,459,034
Transactions with owners recorded in equity					
Share capital	208,300	-	-	-	208,300
Share premium	-	41,660	-	-	41,660
Balance as at 31 December 2012 - Unaudited	<u>3,633,800</u>	<u>41,660</u>	<u>6,681,625</u>	<u>6,966,852</u>	<u>17,323,937</u>

The annexed notes 1 to 13 form an integral part of these financial statements


 Chief Executive


 Director

ALTERN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

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 Parent Company") was incorporated in Pakistan on 17 January 1995 and is listed on Karachi Stock Exchange. The principal objective of the Parent 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 (2012 : 32 Mega Watts). The Parent Company commenced commercial operations with effect from 06 June 2001. The registered office of the Parent 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 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 MW (2012 : 450 MW), located near Sidhnai Barrage, Abdul Hakim, District Khanewal, in Punjab. RPPL started commercial operations from 11 December 1999. The registered office of RPPL is situated at 68 - Studio Apartments, Park Towers, F10 Markaz, Jinnah Avenuc, 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 OF FINANCIAL STATEMENTS

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 the 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, 2012.

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 2012	30 June 2012
Power Management Company (Private) Limited	100.000%	100.000%
Rousch (Pakistan) Power Limited	59.984%	59.984%

5 SPONSORS' LOAN - UNSECURED

These are composed of loans from associated undertakings:

		31 December 2012	30 June 2012
	Note	(Rupees in Thousand)	
Descon Engineering Limited - the ultimate parent	5.1	331,218	331,218
Crescent Standard Business Management (Private) Ltd.	5.2	23,152	23,152
		354,370	354,370
Interest on long term finance	5.3	234,523	215,213
		588,893	569,583

5.1 This includes funds amounting to Rs. 315,218 million (30 June 2012: 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. The loan amount includes Rs. 69,455 million as interest free loan as per terms of acquisition arrangement.

It also includes funds amounting to Rs. 16 million (30 June 2012: Rs. 16 million) received from Descon Engineering Limited in 2011. 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 Parent Company, MCB Bank Limited and Descon Engineering Limited, all amounts (including mark-up) due under the Sponsors' Loans shall be subordinated to the loan facility from MCB Bank Limited. These loans are unsecured and carry mark up at six months KIBOR plus 300 basis points.

5.2 It represents funds amounting to Rs. 23,152 million (30 June 2012: 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. 234,523 million (30 June 2012: Rs. 215,213 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 till repayment of loan from MCB Bank Limited.

6 LONG TERM LOANS - SECURED AND UN-SECURED

	31 December 2012	30 June 2012
	(Rupees in Thousand)	
	13,931,375	14,486,261
Loans from financial institutions	1,856,544	1,810,531
Loans from related parties	15,787,919	16,296,792
	(2,147,543)	(2,143,187)
Current portion of long term loans	13,640,376	14,153,605

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 2012.

8 PROPERTY, PLANT AND EQUIPMENT

Opening written down value	27,097,944	25,672,937
Additions / transfers-in during the period - net	418,272	2,622,508
Depreciation charge for the period	(807,178)	(1,197,501)
Closing written down value	26,709,038	27,097,944

9 REVENUE

	31 December 2012	31 December 2011
	(Rupees in Thousand)	
Energy revenue - gross	9,691,430	6,670,695
Sales tax	(1,336,749)	(920,096)
Energy revenue- net	8,354,681	5,750,599
Capacity revenue	3,193,218	2,908,777
Other supplemental charges	594,673	454,272
Gas efficiency passed to WAPDA	(198,815)	(105,629)
	11,943,757	9,008,019

10 DIRECT COST

Energy import	7,939	4,738
Salaries, wages and other benefits	18,410	17,740
Fuel consumed	7,592,847	5,169,994
Chemicals, stores and spares consumed	83,996	110,651
Depreciation	804,635	733,438
Operating and maintenance costs	486,312	448,008
Insurance costs	65,968	72,386
Generation licence fee	2,407	2,152
Electricity duty	2,458	1,984
Repairs and maintenance	15,848	12,080
Others	9,761	10,307
	9,090,581	6,583,478

11 RELATED PARTY TRANSACTIONS

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

	31 December 2012	31 December 2011
	(Rupees in Thousand)	
Descon Engineering Limited - the ultimate parent		
- Mark up accrued on long term loan	19,310	22,004
Associated companies		
Descon Power Solutions (Private) Limited		
- Operation and maintenance contractor's fee	14,520	13,200
- Purchase of spares	33,530	51,100
Subsidiary companies		
Rousch (Pakistan) Power Limited		
- Operator's fee paid to ESB International Contracting Ltd.	167,322	131,677
- Payment to Descon Power Solutions (Pvt) Limited	131,391	10,000
- Payments to Siemens AG as maintenance contractor	73,376	69,659
- Payments to Siemens AG as LTMSA contractor	578,359	84,135
- Payments to Siemens Pakistan as LTMSA contractor	93,587	88,248
- Payment to Siemens AG on GTG 11/STG Rotor Replacement Agreement	-	8,840
- Payment to Descon Engineering Ltd against services	267	-
- Payment to Siemens Pakistan Ltd for supply of spares and services	57,503	837

	31 December 2012	31 December 2011
	(Rupees in Thousand)	
12 CASH AND CASH EQUIVALENTS		
Cash and bank balances	496,835	972,602
Short term loans	(300,000)	(894,753)
	<u>196,835</u>	<u>77,849</u>

13 GENERAL

- 13.1 These financial statements were authorized for issue on February 13, 2013 by the Board of Directors of the Company.
- 13.2 Previous period's figures have been rearranged, wherever necessary for the purpose of comparison.
- 13.3 Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.


 Chief Executive


 Director

