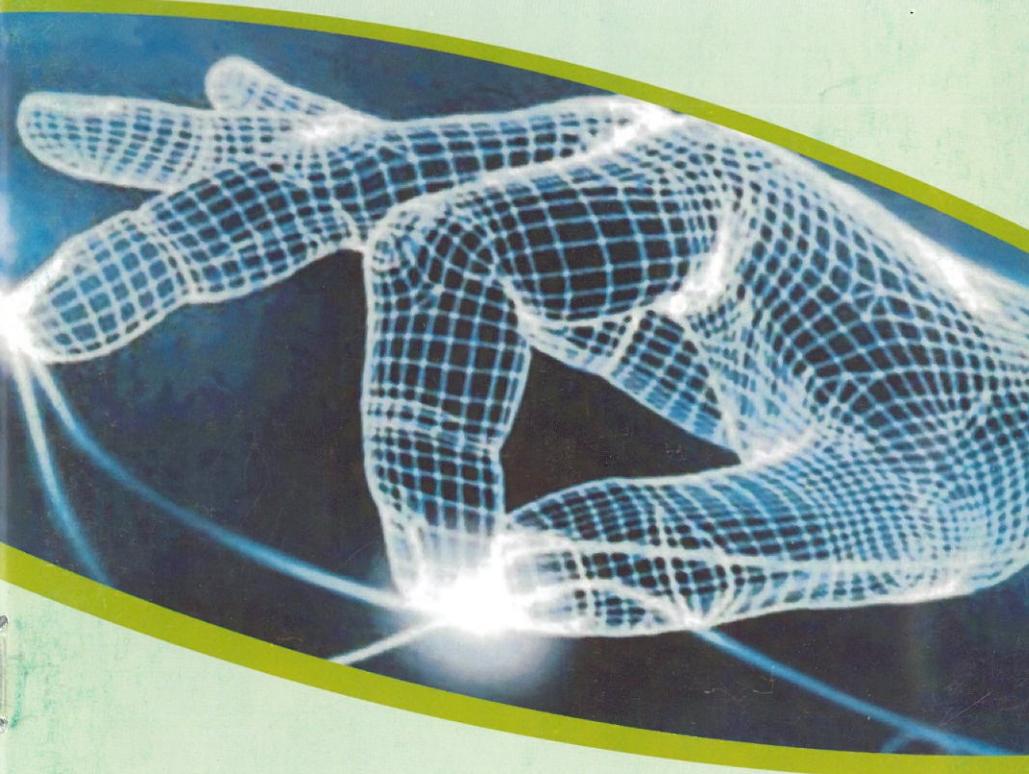


AEL

ALTERN ENERGY LIMITED



**INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)**
**FOR THE NINE MONTHS ENDED
MARCH 31, 2012**

AEL

**INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)**
**FOR THE NINE MONTHS ENDED
MARCH 31, 2012**

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 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 nine months ended March 31, 2012.

During the period under review, the total turnover of the Company reached at Rs. 725.68 million, earning gross profit of Rs. 85.26 million. The Company suffered net loss after tax of Rs. 57.61 million (loss per share of Rs. 0.17) which is higher than the net loss after tax of Rs. 44.49 million (loss per share of Rs. 0.13) suffered during the same period of the previous financial year.

During the period under review, the Company dispatched 121.6 GWhrs to WAPDA as compared to 121.7 GWhrs delivered during the nine months ended March 31, 2011.

WAPDA, the sole customer of the Company continues to default on release of payments. The growing indebtedness of WAPDA has dealt severe blow to liquidity health of the Company as well as IPP sector as a whole. AEL and other IPPs are regularly pursuing WAPDA and GoP for early resolution of matter.

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, AEL's subsidiary has been operating smoothly. The total turnover of the Company for the nine months period was Rs.13,936.99 million, resultantly the Company earned gross profit of Rs.3,604.74 million. The net profit for nine months is Rs. 2,061.29 million (giving an earning per share of Rs. 2.39) is higher than the profit of Rs. 1,257.18 million (earning per share of Rs. 1.46) of the corresponding period.

The Company continues to discharge its liabilities as they become due. During the period the Company has repaid Rs.2.38 billion being the debt servicing due in September 2011 & March 2012 to the lenders. Due to huge increase in receivables the Company has not been able to pay off debt servicing due to LTCF of USD 13.6 million. The Company is in discussion with Government of Pakistan and Ministry of Water and Power to ensure that sufficient amount is received by the Company so that its obligations are discharged in full.

The Plant performance remained satisfactory during the period under review which has dispatched at base load to the national grid. The power station delivered 2,496.64 GWhr of electricity to WAPDA during the nine months of the financial year 2011-2012 as compared to 2,279.43 GWhr delivered during the corresponding period of the previous financial year. During the first nine months of the financial year, the Company has passed on Rs.194.52 million to WAPDA as its share of gas efficiency which was accrued as a result of the efficient operation of plant.

The Company is working with Siemens for carrying out Life Time Extension measures which is currently in progress to improve the output, efficiency and reliability. 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, contractors and staff for their continued support and hard work.

For and behalf of the Board of Directors

Lahore
April 26, 2012

Syed Zamanat Abbas
Chief Executive

CONDENSED INTERIM UNCONSOLIDATED BALANCE SHEET (UN-AUDITED)

EQUITY AND LIABILITIES	NOTE	Unaudited	Audited
		31 March	30 June
		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>(685,281)</u>	<u>(627,673)</u>
		2,740,219	2,797,827
 Non-current Liabilities			
Sponsors' loan -unsecured	4	559,875	511,646
Long term loans	5	708,998	773,356
Deferred liabilities		805	940
		1,269,678	1,285,942
 Current Liabilities			
Trade and other payables		316,568	275,809
Mark up accrued		47,755	23,922
Current portion of long term loans	5	136,596	138,912
Provision for taxation		2,126	1,660
		503,045	440,303
 Contingencies and Commitments			
	6		
		<u>4,512,942</u>	<u>4,524,072</u>

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



Chief Executive

ASSETS	NOTE	Unaudited 31 March 2012	Audited 30 June 2011
		Rupees in thousand	
Non-current Assets			
Property, plant and equipment			
-Operating fixed assets	7	1,039,280	1,051,137
-Capital work-in-progress		5,446	1,538
Long term investments	8	3,204,510	3,204,510
Long term deposits		38	38
		4,249,274	4,257,223
Current Assets			
Stores and spares			
Trade debts - secured, considered good		44,127	46,489
Advances, prepayments and other receivables		188,649	208,982
Cash and bank balances		16,222	5,444
		14,670	5,934
		263,668	266,849
		4,512,942	4,524,072

Franklin
Director

**CONDENSED INTERIM UNCONSOLIDATED PROFIT & LOSS ACCOUNT (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2012**

Note	For the Nine Months Ended		For the Quarter Ended	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
	Rupees in thousand			
Revenue - net	9	725,687	675,865	154,873
Direct costs	10	(640,425)	(569,115)	(169,438)
Gross profit / (loss)		85,262	106,750	(14,565)
Administrative expenses		(7,011)	(10,607)	(2,130)
Other operating income		3,636	2,434	84
Profit / (loss) from operations		81,887	98,577	(16,611)
Finance cost	11	(138,671)	(141,021)	(42,206)
Profit / (loss) before taxation		(56,784)	(42,444)	(58,817)
Taxation		(824)	(2,051)	(31)
Profit / (loss) after taxation		(57,608)	(44,495)	(58,848)
Loss per share - basic and diluted - Rupees		(0.17)	(0.13)	(0.17)
				(0.22)

The annexed notes 1 to 13 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 MARCH 2012

	For the Nine Months Ended		For the Quarter Ended	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
-----Rupees in thousand-----				
Profit for the period	(57,608)	(44,495)	(58,848)	(76,381)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	(57,608)	(44,495)	(58,848)	(76,381)

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



Chief Executive

Director

**CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2012**

	31 March 2012	31 March 2011
	Rupees in thousand	
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax	(56,784)	(42,444)
Adjustment for non-cash items:		
Depreciation	57,080	43,702
Provision for staff retirement benefits	191	334
Finance cost	138,671	141,021
Operating profit before working capital changes	195,942	185,057
	139,158	142,613
(Increase) / decrease in current assets:		
Stores and spares	2,362	(11,366)
Advances, prepayments, and other receivables	(9,937)	6,067
Trade debts	20,333	81,926
Increase/(decrease) in current liabilities	12,758	76,627
Trade and other payables	23,920	(8,527)
Cash generated from operations	175,836	210,713
Finance cost paid	(75,445)	(116,220)
Income tax paid	(357)	(734)
Retirement benefits paid	(325)	(801)
	(76,127)	(117,755)
Net cash generated from operating activities (A)	99,709	92,958
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(26,235)	(775)
Capital work in progress	(6,058)	(3,912)
Net cash used in investing activities (B)	(32,293)	(4,687)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of long term loans	(74,680)	(85,466)
Sponsors' Loan, net	16,000	-
Net cash used in financing activities (C)	(58,680)	(85,466)
Net increase in cash and cash equivalents (A+B+C)	8,736	2,805
Cash and cash equivalents at beginning of the period	5,934	55,752
Cash and cash equivalents at the end of the period	14,670	58,557

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


Chief Executive


Director

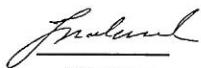
**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2012**

	Share capital	Accumulated loss	Total
-----Rupees in thousand-----			
Balance as at 01 July 2010	3,425,500	(619,619)	2,805,881
Total comprehensive loss for the period	-	(44,495)	(44,495)
Balance as at 31 March 2011	3,425,500	(664,114)	2,761,386
Total comprehensive income for the period	-	36,441	36,441
Balance as at 01 July 2011	3,425,500	(627,673)	2,797,827
Total comprehensive income for the period	-	(57,608)	(57,608)
Balance as at 31 March 2012	3,425,500	(685,281)	2,740,219

The annexed notes 1 to 13 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 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.

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 year ended 30 June 2011.

4 SPONSORS' LOAN - UNSECURED	Note	Rupees in thousand	
		31 March 2012	30 June 2011
Descon Engineering Limited	4.1	331,218	315,218
Crescent Standard Business Management (Private) Limited	4.2	23,152	23,152
		354,370	338,370
Interest on long term finance	4.3	205,505	173,276
		<u>559,875</u>	<u>511,646</u>

4.1 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.

4.2 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.

4.3 It represents mark-up payable to Descon Engineering Limited of Rs. 205.505 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.

	Note	31 March 2012	30 June 2011
		Rupees in thousand	
5 LONG TERM LOANS			
Long term loans - secured			
Syndicate finance - local currency	5.1	693,877	747,253
Syndicate finance - foreign currency	5.2	87,045	106,358
Power Management Company (Private) Ltd (PMCL)	5.3	50,000	50,000
		830,922	903,611
Interest on loan from PMCL	5.4	14,672	8,657
		845,594	912,268
Less: Current maturity		(136,596)	(138,912)
		708,998	773,356

5.1 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.

5.2 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.

5.3 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.

5.4 It represent mark-up payable to Power Management Company (Private) Limited of Rs.18.382 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.

6 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 March 2012	30 June 2011
	Rupees in thousand	
7 PROPERTY, PLANT AND EQUIPMENT		
Opening written down value	1,051,137	1,100,585
Additions / transfers-in during the period - net	45,223	8,974
Depreciation charge for the period	(57,080)	(58,422)
Closing written down value	1,039,280	1,051,137

8 LONG TERM INVESTMENTS

8.1 This represents 100% (2011: 100%) shares in Power Management Company (Private) Limited, which holds 59.98% (2011: 59.98%) shares of Rousch (Pakistan) Power Limited.

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

	31 March 2012	31 March 2011
	Rupees in thousand	
9 REVENUE		
Energy revenue - gross	585,545	510,706
Sales tax	<u>(80,765)</u>	<u>(74,205)</u>
Energy revenue - net	504,780	436,501
Capacity revenue	210,240	235,938
Other supplemental charges	<u>10,667</u>	<u>3,426</u>
	<u>725,687</u>	<u>675,865</u>
10 DIRECT COSTS		
Gas Cost	476,010	411,808
Stores & Spares consumed	63,249	74,114
Energy import	1,504	2,707
Lube oil consumed	12,372	7,841
Depreciation / amortization	57,066	43,680
Operation and maintenance contractor's fee	19,800	18,000
Insurance Cost	2,800	3,848
Repairs and maintenance	7,038	6,352
Generation license fee	96	85
Others	<u>490</u>	<u>680</u>
	<u>640,425</u>	<u>569,115</u>
11 FINANCE COST		
Mark up on loans	126,803	135,664
Mark-up on late payments to SNGPL	8,757	2,962
Amortization of bank guarantee cost	842	842
Miscellaneous	<u>2,269</u>	<u>1,553</u>
	<u>138,671</u>	<u>141,021</u>

12 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 March 2012	31 March 2011
	Rupees in thousand	
Holding company		
Descon Engineering Limited		
Mark up accrued on long term loan	<u>32,229</u>	<u>28,034</u>
Subsidiary company		
Power Management Company (Private) Limited		
Repayment of short term loan	<u>1,717</u>	<u>1,929</u>
Mark up accrued on loan	<u>14,671</u>	<u>8,270</u>
Associated companies		
Descon Power Solutions (Private) Limited		
Operation and maintenance contractor's fee	<u>19,800</u>	<u>18,000</u>
Payment against supplies	<u>39,786</u>	<u>61,900</u>

13 GENERAL

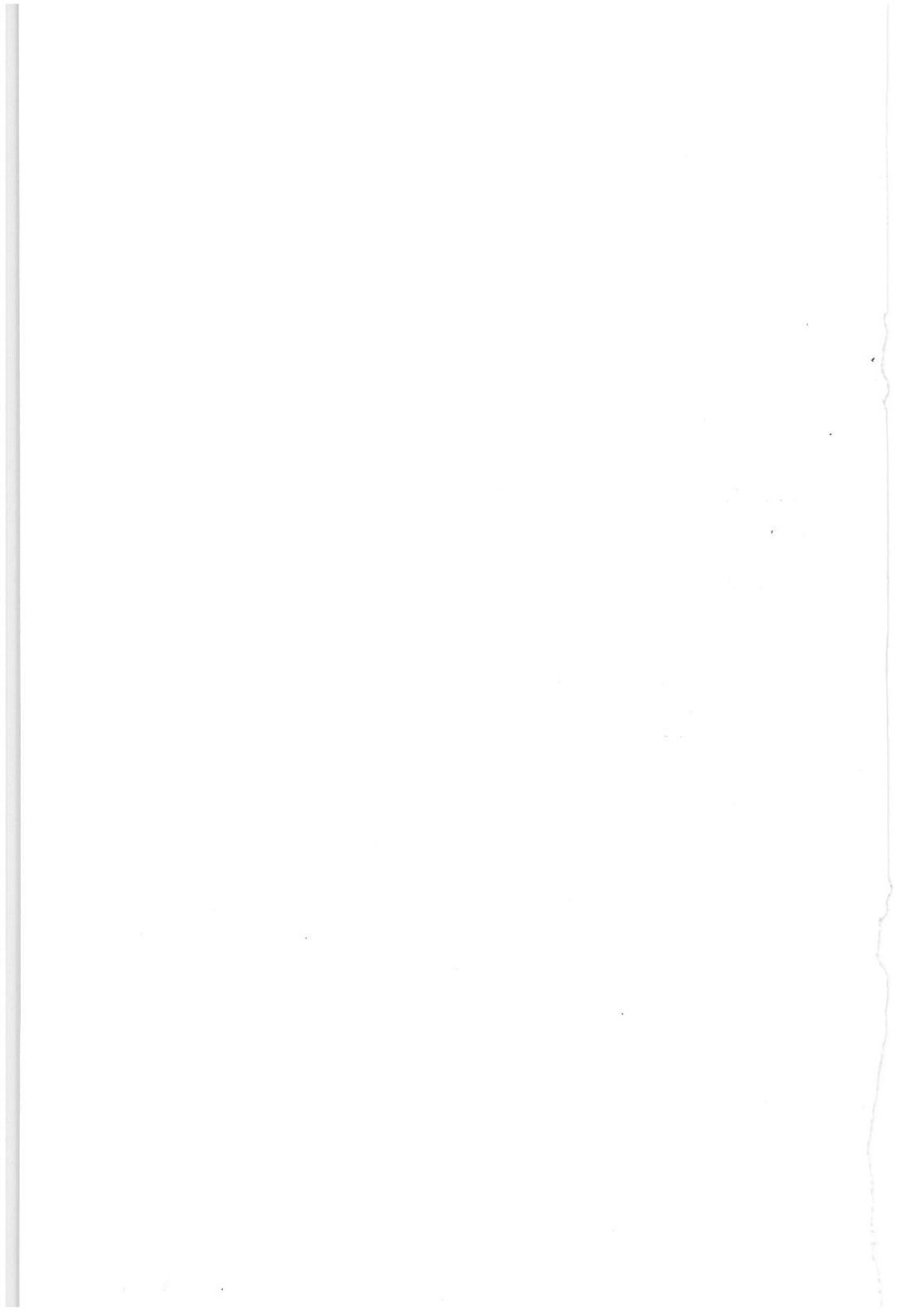
- 13.1 These financial statements were authorized for issue on April 26, 2012 by the Board of Directors of the Company.
- 13.2 Previous period's figures have been rearranged, wherever necessary for the purpose of comparison.
- 13.3 Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.



Chief Executive



Director



CONSOLIDATED
FINANCIAL
STATEMENTS

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

EQUITY AND LIABILITIES	<i>Note</i>	Unaudited	Audited
		31 March	30 June
		Rupees in thousands	
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 profit		<u>5,900,462</u>	<u>4,716,532</u>
Non-controlling interest		<u>9,325,962</u>	<u>8,142,032</u>
		<u>6,477,124</u>	<u>5,652,276</u>
		<u>15,803,086</u>	<u>13,794,308</u>
Non-current liabilities			
Sponsors' loan -unsecured	5	559,875	511,646
Long term loans	6	13,503,221	14,416,014
Interest rate swap liabilities		991,876	1,293,890
Deferred liabilities		805	940
		<u>15,055,777</u>	<u>16,222,490</u>
Current liabilities			
Trade and other payables		5,368,685	1,925,464
Short term loan		796,000	5,000
Mark up accrued		42,448	315,933
Current portion of long term loan	6	2,823,061	2,150,993
Provision for taxation		7,660	5,254
		<u>9,037,854</u>	<u>4,402,644</u>
Contingencies and Commitments			
	7	<u>39,896,717</u>	<u>34,419,442</u>

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



Chief Executive

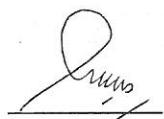
	Note	Unaudited	Audited
		31 March 2012	30 June 2011
ASSETS			Rupees in thousands
Non-current assets			
Property, plant and equipment			
-Operating fixed assets	8	26,289,836	25,672,937
-Capital work-in-progress		5,446	1,538
Long term deposits		814	938
Long term loan to employee		13,944	1,694
		26,310,040	25,677,107
Current assets			
Store, spares and loose tools		439,448	396,850
Inventory of fuel oil		494,668	497,117
Trade debts - secured, considered good		10,434,988	6,161,625
Advances, prepayments and other receivables		459,560	195,258
Cash and bank balances		1,758,013	1,491,485
		13,586,677	8,742,335
		39,896,717	34,419,442

Franklin
Director

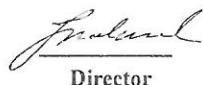
ALTERN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES
 CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
 FOR THE PERIOD ENDED 31 MARCH 2012

Note	For the Nine Months Ended		For the Quarter Ended	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
	Rupees in thousands			
Revenue - net	9	14,662,681	12,010,629	5,654,662
Direct costs	10	(10,972,677)	(8,900,685)	(4,389,199)
Gross profit		3,690,004	3,109,944	1,265,463
Administrative expenses		(69,601)	(65,435)	(18,938)
Other operating income		53,782	22,706	14,889
Profit from operations		3,674,185	3,067,215	1,261,414
Finance cost		(1,662,642)	(1,847,289)	(437,341)
Profit before taxation		2,011,543	1,219,926	824,073
Taxation		(2,765)	(4,288)	(32)
Profit after taxation		2,008,778	1,215,638	824,041
Attributable to:				
Equity holders of the parent		1,183,930	712,564	273,172
Non-controlling interest		824,848	503,074	550,869
		2,008,778	1,215,638	824,041
Earnings per share - basic and diluted - 'Rupees'		3.46	2.08	0.80
				0.53

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



Chief Executive



Director

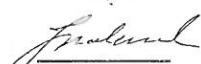
ALTERN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES
 CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
 FOR THE PERIOD ENDED 31 MARCH 2012

	For the Nine Months Ended		For the Quarter Ended	
	31 March	31 March	31 March	31 March
	2012	2011	2012	2011
-----Rupees in Thousands-----				
Profit for the period	2,008,778	1,215,638	824,041	354,735
Other Comprehensive Income:				
Effective portion of changes in fair value of cashflow hedges		496,172		317,858
Total comprehensive income for the period	2,008,778	1,711,810	824,041	672,593

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 MARCH 2012

	31 March 2012	31 March 2011
	Rupee in Thousands	
CASHFLOW FROM OPERATING ACTIVITIES		
Profit before tax	2,011,543	1,219,926
Adjustment for non-cash items:		
Depreciation	1,124,913	1,022,632
Gain on sale of property, plant & equipment	(321)	(3,140)
Provision of staff retirement benefits	191	334
Capital spares consumed	15,430	3,895
Finance cost	1,670,648	1,847,289
	<u>2,810,861</u>	<u>2,871,010</u>
Operating profit before working capital changes	4,822,404	4,090,936
(Increase)/decrease in current assets:		
Stores, spares and loose tools	(42,598)	(9,018)
Inventory of fuel oil	2,449	(207,610)
Trade debts	(4,273,363)	(1,089,866)
Advances, prepayments, and other receivables	(259,780)	27,154
	<u>(4,573,292)</u>	<u>(1,279,340)</u>
Increase / (decrease) in current liabilities	3,008,336	61,777
Trade and other payables	3,257,448	2,873,373
Cash generated from operations		
Long term advances	(12,250)	(84)
Finance cost paid	(1,522,914)	(2,082,786)
Tax adjusted	(18,328)	9,241
Retirement and other benefits paid	(325)	(801)
	<u>(1,545,817)</u>	<u>(2,074,430)</u>
Net cash generated from operating activities (A)	1,711,631	798,943
CASHFLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(1,007,071)	(12,712)
Capital work-in-progress	(6,058)	(3,912)
Proceeds from sale of property, plant & equipment	1,036	5,421
Long term deposits	124	-
	<u>(1,011,969)</u>	<u>(11,203)</u>
Net cash used in investing activities (B)		
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term loans	(1,240,134)	(1,787,747)
Sponsors' loan, net	16,000	-
Proceeds from short term finance	791,000	874,916
	<u>(433,134)</u>	<u>(912,831)</u>
Net cash used in financing activities (C)	266,528	(125,091)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	<u>1,491,485</u>	<u>322,101</u>
Cash and cash equivalents at beginning of the period	<u>1,758,013</u>	<u>197,010</u>

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


 Chief Executive

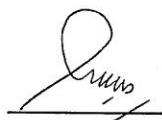

 Director

ALTERN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES
 CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
 FOR THE PERIOD ENDED 31 MARCH 2012

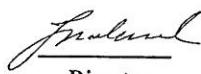
Attributable to equity holders of Parent Company

	Share capital	Interest rate swap revaluation reserve	Accumulated profit	Non-Controlling Interest	Total
Rupees in thousands					
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	-	-	712,564	503,074	1,215,638
Changes in fair value of interest rate swap	-	297,624	-	198,548	496,172
	-	297,624	712,564	701,622	1,711,810
Balance as at 31 March 2011	3,425,500	(356,070)	4,636,132	5,387,014	13,092,576
Profit after tax for the period					
Net adjustment on account of effective portion of hedging and changes in fair value of interest rate swap liabilities	-		80,400	27,723	108,123
Net amount reclassified / transferred to profit and loss account	-	(149,360)	-	(99,639)	(248,999)
Total comprehensive income for the year	-	505,430	-	337,178	842,608
	-	356,070	80,400	265,262	701,732
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	-	-	1,183,930	824,848	2,008,778
	-	-	1,183,930	824,848	2,008,778
Balance as at 31 March, 2012	3,425,500	-	5,900,462	6,477,124	15,803,086

The annexed notes 1 to 12 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 PERIOD ENDED 31 MARCH 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 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 March 2012	30 June 2011
Power Management Company (Private) Limited	100.000%	100.000%
Rousch (Pakistan) Power Limited	59.984%	59.984%

	31 March 2011	30 June 2011
	Rupees in thousand	
5 SPONSORS' LOANS -UNSECURED		
These are composed of loans from associated undertakings:		
Descon Engineering Limited - the ultimate parent	5.1	331,218
Crescent Standard Business Management (Private) Ltd.	5.2	23,152
		354,370
Interest on long term finance	5.3	205,505
		559,875
		173,276
		511,646

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. 205.505 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.

	31 March 2012	30 June 2011
	Rupees in thousands	
6 LONG TERM LOANS		
Loans from financial institutions	14,664,412	15,035,953
Loans from related parties	1,661,870	1,531,054
	16,326,282	16,567,007
Current portion of long term loans	(2,823,061)	(2,150,993)
	13,503,221	14,416,014

	31 March 2012	30 June 2011
	Rupees in thousands	
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	1,732,910	514,756
Depreciation charge for the period	(1,116,011)	(1,352,543)
Closing written down value	26,289,836	25,672,937

	31 March 2012	31 March 2011
	Rupees in thousands	
9 REVENUE		
Energy revenue - gross	11,325,919	8,610,629
Sales tax	(1,562,196)	(1,251,117)
Energy revenue- net	<u>9,763,723</u>	<u>7,359,512</u>
Capacity revenue	4,366,822	4,271,293
Other supplemental charges	726,660	513,011
Gas efficiency passed to WAPDA	(194,524)	(133,187)
	<u>14,662,681</u>	<u>12,010,629</u>
10 DIRECT COST		
Energy import	7,218	10,617
Salaries, wages and other benefits	23,166	25,135
Fuel consumed	8,810,567	6,519,373
Chemicals, stores and spares consumed	161,875	141,447
Depreciation	1,120,551	1,017,701
Operating and maintenance costs	701,635	1,002,796
Insurance costs	105,126	144,720
Generation licence fee	3,181	2,812
Electricity duty	2,876	2,741
Repairs and maintenance	24,883	21,727
Others	<u>11,599</u>	<u>11,616</u>
	<u>10,972,677</u>	<u>8,900,685</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 March 2012	31 March 2011
	Rupees in thousands	
Descon Engineering Limited - the ultimate parent		
- Mark up accrued on long term loan	<u>32,229</u>	<u>28,034</u>

Associated companies

Power Management Company (Private) Limited

-Repayment of short term loan	1,717	1,929
-Mark up accrued on loan	<u>14,671</u>	<u>8,270</u>

Associated companies

Descon Power Solutions (Private) Limited

-Operations and maintenance contractor's fee	19,800	18,000
-Payment against supplies	<u>39,786</u>	<u>61,900</u>

Subsidiary companies

Rousch (Pakistan) Power Limited

-Operator's fee paid to ESB International Contracting Ltd.	479,154	369,771
-Descon Power Solutions (Pvt) Limited	<u>54,150</u>	-
-Payments to Siemens AG as maintenance contractor	-	176,871
-Payments to Siemens AG as LTMSA contractor	603,135	228,260
-Payments to Siemens Pakistan as LTMSA contractor	<u>320,306</u>	-
-Payment to Siemens AG on GTG 11/STG Rotor Replacement Agreement	-	18,538
-Payment to Descon Engineering Ltd against services	3,014	15,045
-Payment to Presson Descon (Pvt) Ltd against services	<u>-</u>	3,131
-Payment to Siemens Pakistan Ltd for supply of spares and services	<u>29,871</u>	<u>1,257</u>

12 GENERAL

- 12.1 These financial statements were authorized for issue on April 26, 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

