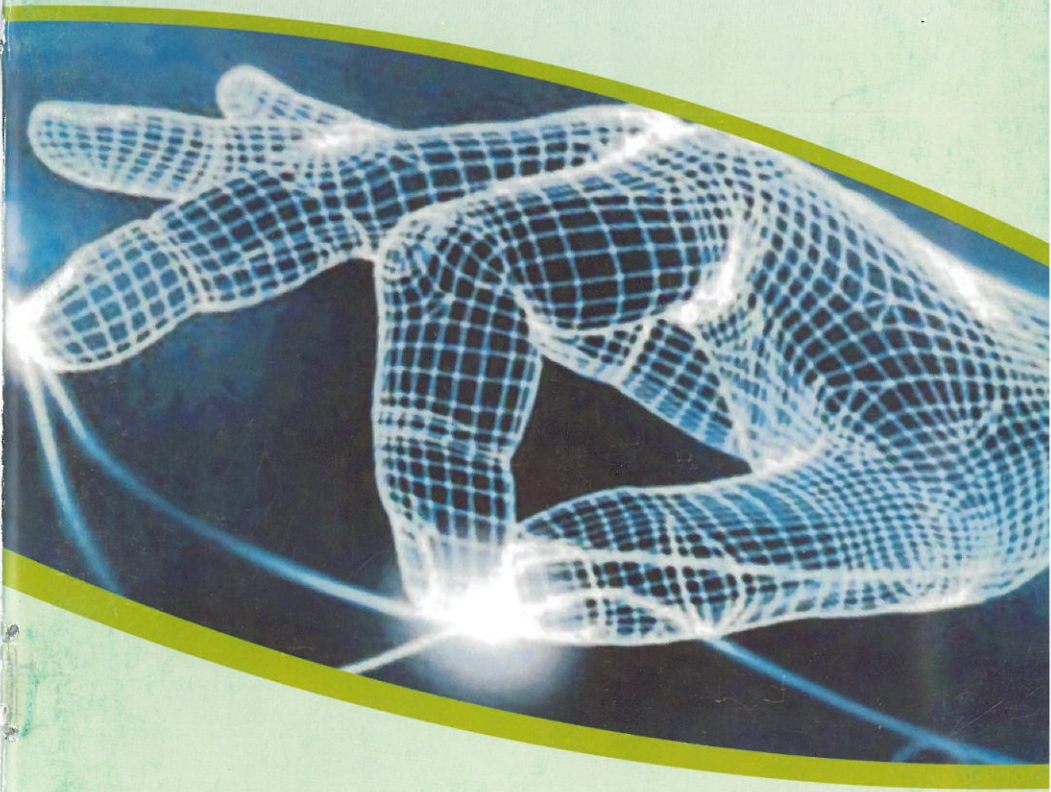




ALTERN ENERGY LIMITED



INTERIM FINANCIAL STATEMENTS

(UN-AUDITED)

**FOR THE NINE MONTHS ENDED
MARCH 31, 2012**



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

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 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, Rousch (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)

| | | Unaudited 31 March 2012 | Audited 30 June 2011 |
|---|------|-------------------------------|----------------------------|
| EQUITY AND LIABILITIES | NOTE | 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

| | | Unaudited 31 March 2012 | Audited 30 June 2011 |
|---|------|-------------------------------|----------------------------|
| ASSETS | | | |
| | NOTE | 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 | | 44,127 | 46,489 |
| Trade debts - secured, considered good | | 188,649 | 208,982 |
| Advances, prepayments and other receivables | | 16,222 | 5,444 |
| Cash and bank balances | | 14,670 | 5,934 |
| | | 263,668 | 266,849 |
| | | 4,512,942 | 4,524,072 |


Director

**CONDENSED INTERIM UNCONSOLIDATED PROFIT & LOSS ACCOUNT (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 |
| | <i>Note</i> | -----Rupees in thousand----- | | | |
| Revenue - net | 9 | 725,687 | 675,865 | 154,873 | 106,012 |
| Direct costs | 10 | (640,425) | (569,115) | (169,438) | (134,187) |
| Gross profit / (loss) | | 85,262 | 106,750 | (14,565) | (28,175) |
| Administrative expenses | | (7,011) | (10,607) | (2,130) | (3,153) |
| Other operating income | | 3,636 | 2,434 | 84 | 450 |
| Profit / (loss) from operations | | 81,887 | 98,577 | (16,611) | (30,878) |
| Finance cost | 11 | (138,671) | (141,021) | (42,206) | (45,232) |
| Profit / (loss) before taxation | | (56,784) | (42,444) | (58,817) | (76,110) |
| Taxation | | (824) | (2,051) | (31) | (271) |
| Profit / (loss) after taxation | | (57,608) | (44,495) | (58,848) | (76,381) |
| 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 |
| | 195,942 | 185,057 |
| Operating profit before working capital changes | 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 |
| | 12,758 | 76,627 |
| Increase/(decrease) in current liabilities | | |
| 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 | <u>3,425,500</u> | <u>(685,281)</u> | <u>2,740,219</u> |

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.

| | | 31 March 2012 | 30 June 2011 | |
|---|--|------------------|--------------------|---------|
| 4 | SPONSORS' LOAN - UNSECURED | Note | Rupees in thousand | |
| These are composed of loans from associated undertakings: | | | | |
| | 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 |
| | | | 559,875 | 511,646 |

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 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.

| | 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) |
| | | <u>708,998</u> | <u>773,356</u> |

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 | <u>1,039,280</u> | <u>1,051,137</u> |

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 |
|--|---------------------------|------------------|
| 9 REVENUE | Rupees in thousand | |
| Energy revenue - gross | 585,545 | 510,706 |
| Sales tax | (80,765) | (74,205) |
| Energy revenue - net | 504,780 | 436,501 |
| Capacity revenue | 210,240 | 235,938 |
| Other supplemental charges | 10,667 | 3,426 |
| | <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 | 490 | 680 |
| | <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 | 2,269 | 1,553 |
| | <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:

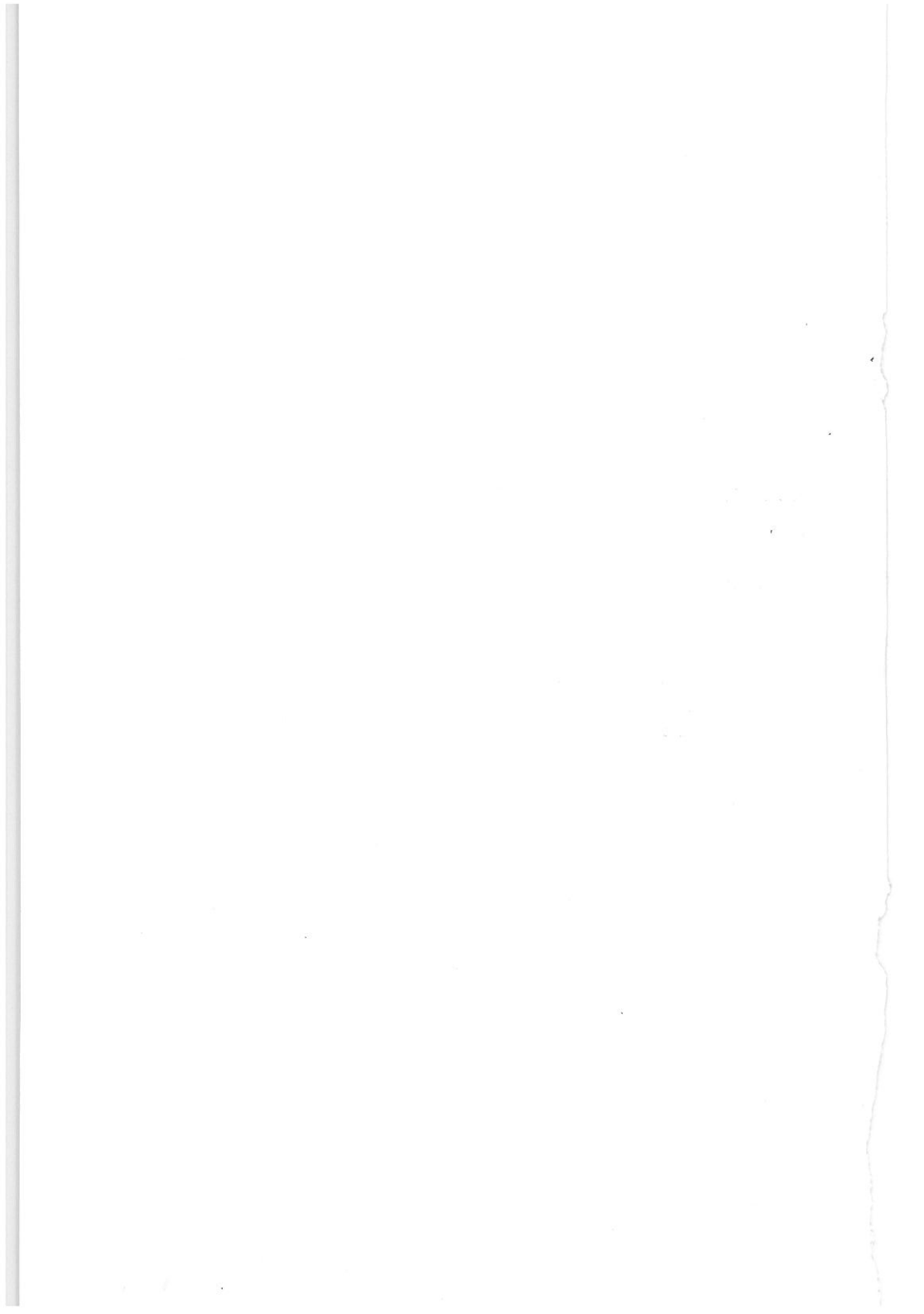
| | 31 March 2012 | 31 March 2011 |
|--|--------------------|------------------|
| | Rupees in thousand | |
| Holding company | | |
| Descon Engineering Limited | | |
| Mark up accrued on long term loan | <u>32,229</u> | <u>28,034</u> |
| Subsidiary company | | |
| Power Management Company (Private) 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)

| | | Unaudited 31 March 2012 | Audited 30 June 2011 |
|---|-------------|-------------------------------|----------------------------|
| | | Rupees in thousands | |
| EQUITY AND LIABILITIES | <i>Note</i> | | |
| 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> |
| | | 9,325,962 | 8,142,032 |
| Non-controlling interest | | <u>6,477,124</u> | <u>5,652,276</u> |
| | | 15,803,086 | 13,794,308 |
| 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 |
| | | 15,055,777 | 16,222,490 |
| 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 |
| | | 9,037,854 | 4,402,644 |
| 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

| | | Unaudited 31 March 2012 | Audited 30 June 2011 |
|-------------------------------|------|-------------------------------|----------------------------|
| ASSETS | Note | 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 |
| | <u>13,586,677</u> | <u>8,742,335</u> |

| | |
|-------------------|-------------------|
| <u>39,896,717</u> | <u>34,419,442</u> |
|-------------------|-------------------|



Director

ALTERN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES
CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (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 |
| | Note | -----Rupees in thousands----- | | | |
| Revenue - net | 9 | 14,662,681 | 12,010,629 | 5,654,662 | 3,706,744 |
| Direct costs | 10 | (10,972,677) | (8,900,685) | (4,389,199) | (2,790,055) |
| Gross profit | | 3,690,004 | 3,109,944 | 1,265,463 | 916,689 |
| Administrative expenses | | (69,601) | (65,435) | (18,938) | (18,183) |
| Other operating income | | 53,782 | 22,706 | 14,889 | 6,361 |
| Profit from operations | | 3,674,185 | 3,067,215 | 1,261,414 | 904,867 |
| Finance cost | | (1,662,642) | (1,847,289) | (437,341) | (549,539) |
| Profit before taxation | | 2,011,543 | 1,219,926 | 824,073 | 355,328 |
| Taxation | | (2,765) | (4,288) | (32) | (593) |
| Profit after taxation | | 2,008,778 | 1,215,638 | 824,041 | 354,735 |
| Attributable to: | | | | | |
| Equity holders of the parent | | 1,183,930 | 712,564 | 273,172 | 182,368 |
| Non-controlling interest | | 824,848 | 503,074 | 550,869 | 172,367 |
| | | 2,008,778 | 1,215,638 | 824,041 | 354,735 |
| 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

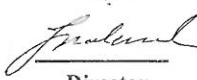

Director

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 2012 | 31 March 2011 | 31 March 2012 | 31 March 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 | <u>2,008,778</u> | <u>1,711,810</u> | <u>824,041</u> | <u>672,593</u> |

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


 Chief Executive


 Director

ALTEN 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 |
| | 2,810,861 | 2,871,010 |
| 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 |
| Increase / (decrease) in current liabilities | (4,573,292) | (1,279,340) |
| Trade and other payables | 3,008,336 | 61,777 |
| Cash generated from operations | 3,257,448 | 2,873,373 |
| Long term advances | (12,250) | (84) |
| Finance cost paid | (1,522,914) | (2,082,786) |
| Tax adjusted | (10,328) | 9,241 |
| Retirement and other benefits paid | (325) | (801) |
| | (1,545,817) | (2,074,430) |
| 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 | - |
| Net cash used in investing activities (B) | (1,011,969) | (11,203) |
| 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 |
| Net cash used in financing activities (C) | (433,134) | (912,831) |
| Net increase / (decrease) in cash and cash equivalents (A+B+C) | 266,528 | (125,091) |
| Cash and cash equivalents at beginning of the period | 1,491,485 | 322,101 |
| Cash and cash equivalents at the end of the period | 1,758,013 | 197,010 |

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 | | | 80,400 | 27,723 | 108,123 |
| Net adjustment on account of effective portion of hedging and changes in fair value of interest rate swap liabilities | - | (149,360) | - | (99,639) | (248,999) |
| Net amount reclassified / transferred to profit and loss account | - | 505,430 | - | 337,178 | 842,608 |
| Total comprehensive income for the year | - | 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

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 | 30 June |
| | 2012 | 2011 |
| Power Management Company (Private) Limited | 100.000% | 100.000% |
| Rousch (Pakistan) Power Limited | 59.984% | 59.984% |

| | | 31 March 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 |
| | | | 354,370 | 338,370 |
| | Interest on long term finance | 5.3 | 205,505 | 173,276 |
| | | | 559,875 | 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 |
|------------------------------------|---------------------|-----------------|
| 6 | Rupees in thousands | |
| 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 |

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 | 9,763,723 | 7,359,512 |
| 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 | 11,599 | 11,616 |
| | <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

| | |
|--------|--------|
| 32,229 | 28,034 |
|--------|--------|

Associated companies

Power Management Company (Private) Limited

-Repayment of short term loan

| | |
|-------|-------|
| 1,717 | 1,929 |
|-------|-------|

-Mark up accrued on loan

| | |
|--------|-------|
| 14,671 | 8,270 |
|--------|-------|

Associated companies

Descon Power Solutions (Private) Limited

-Operations and maintenance contractor's fee

| | |
|--------|--------|
| 19,800 | 18,000 |
|--------|--------|

-Payment against supplies

| | |
|--------|--------|
| 39,786 | 61,900 |
|--------|--------|

Subsidiary companies

Rousch (Pakistan) Power Limited

-Operator's fee paid to ESB International Contracting Ltd.

| | |
|---------|---------|
| 479,154 | 369,771 |
|---------|---------|

-Descon Power Solutions (Pvt) Limited

| | |
|--------|---|
| 54,150 | - |
|--------|---|

-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

| | |
|---------|---|
| 320,306 | - |
|---------|---|

-Payment to Siemens AG on GTG 11/STG Rotor

| | |
|---|--------|
| - | 18,538 |
|---|--------|

Replacement Agreement

| | |
|---|--------|
| - | 18,538 |
|---|--------|

-Payment to Descon Engineering Ltd against services

| | |
|-------|--------|
| 3,014 | 15,045 |
|-------|--------|

-Payment to Presson Descon (Pvt) Ltd against services

| | |
|---|-------|
| - | 3,131 |
|---|-------|

-Payment to Siemens Pakistan Ltd for supply of spares and services

| | |
|--------|-------|
| 29,871 | 1,257 |
|--------|-------|

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

