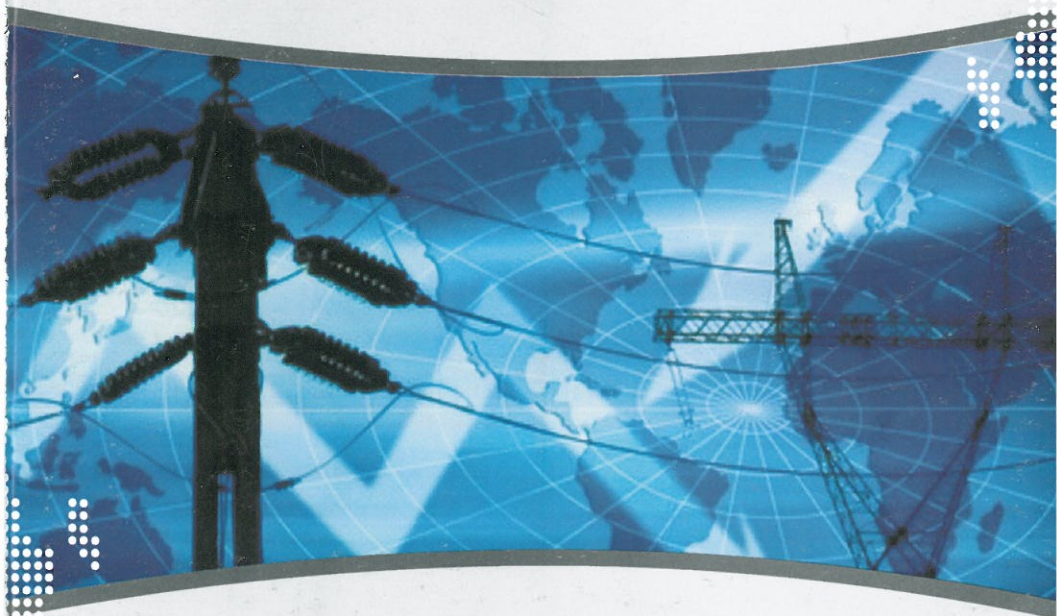




ALTERN ENERGY LIMITED



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

**FOR THE QUARTER ENDED
SEPTEMBER 30, 2012**



**INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE QUARTER ENDED
SEPTEMBER 30, 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 1st Quarter ended September 30, 2012.

During the period under review, the total turnover of the Company reached at Rs. 442.18 million, earning gross profit of Rs. 52.12 million. The Company posted net profit after tax of Rs. 2.18 million (earning per share of Rs. 0.01) which is lower than the net profit after tax of Rs. 10.38 million (earning per share of Rs. 0.03), incurred during the same period of the previous financial year.

During the period under review, the Company dispatched 57 GWhr to WAPDA as compared to 57.5 GWhr delivered during the 1st Quarter ended September 30, 2011.

Circular debt of WAPDA continues to be matter of extreme concern since the overdues has reached to an alarming level. The growing indebtedness of WAPDA has dealt severe blow to the liquidity of the Company as well as IPP sector as a whole. 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 approved by SECP, the Company received share subscription money of Rs.249.96 million from Descon Engineering Limited as subscription for 20,830,000 shares at premium of Rs.2/- per share.

The Company during the period paid off debt servicing of Rs. 112.3 million due against local and foreign currency loan.

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 which is a subsidiary of the Company has operated smoothly. The total turnover of the Company for the three months was Rs. 5,715.48 million, resultantly the Company earned gross profit of Rs. 1,370.93 million. The net profit for the 1st Quarter is Rs. 763.61 million (earning per share of Rs. 0.89) is higher than the profit of Rs. 684.67 million (earning per share of Rs. 0.79) of the corresponding period.

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 819.072 GWhr of electricity to WAPDA during the three months of the financial year 2012-2013 as compared to 825.669 GWhr delivered during the corresponding period of the previous financial year. During the first three months of the financial year, the Company has passed on Rs. 95.15 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
October 24, 2012

Syed Zamanat Abbas
Chief Executive

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

| | | Unaudited 30 September 2012 | Audited 30 June 2012 |
|--|-------------|-----------------------------------|----------------------------|
| EQUITY AND LIABILITIES | <i>Note</i> | (Rupees in Thousand) | |
| 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 | | | |
| 342,550,000 (30 June 2012: 342,550,000) ordinary shares of Rs. 10/- each | | 3,425,500 | 3,425,500 |
| Share deposit money | | 249,960 | - |
| Accumulated loss | | <u>(662,472)</u> | <u>(664,658)</u> |
| | | 3,012,988 | 2,760,842 |
| Non-current Liabilities | | | |
| Sponsors' loan -unsecured | | 579,490 | 569,583 |
| Long term loans | 4 | 648,657 | 652,001 |
| Deferred liabilities | | 1,040 | 1,072 |
| | | <u>1,229,187</u> | <u>1,222,656</u> |
| Current Liabilities | | | |
| Trade and other payables | | 511,464 | 511,570 |
| Mark up accrued | | 47,978 | 73,823 |
| Current portion of long term loans | 4 | 134,824 | 189,638 |
| Provision for taxation | | 1,601 | 1,601 |
| | | <u>695,867</u> | <u>776,632</u> |
| | | <u>4,938,042</u> | <u>4,760,130</u> |

Contingencies and Commitments

5

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


 Chief Executive

ALTERN ENERGY LIMITED
AS AT SEPTEMBER 30, 2012

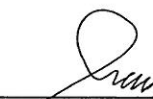
| | | Unaudited 30 September 2012 | Audited 30 June 2012 |
|---|------|-----------------------------------|----------------------------|
| ASSETS | Note | (Rupees in Thousand) | |
| Non-current Assets | | | |
| Property, plant and equipment | | | |
| -Operating fixed assets | 6 | 1,020,936 | 1,027,714 |
| Long term investment | 7 | 3,204,510 | 3,204,510 |
| Long term deposits | | 38 | 38 |
| | | 4,225,484 | 4,232,262 |
| Current Assets | | | |
| Stores and spares | | 32,158 | 53,695 |
| Trade debts - secured, considered good | | 586,858 | 448,777 |
| Advances, prepayments and other receivables | | 17,844 | 13,461 |
| Cash and bank balances | | 75,698 | 11,935 |
| | | 712,558 | 527,868 |
| | | 4,938,042 | 4,760,130 |


Director

ALTERN ENERGY LIMITED
CONDENSED INTERIM UNCONSOLIDATED PROFIT & LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2012

| | | 30 September 2012 | 30 September 2011 |
|--|------|----------------------|----------------------|
| | Note | (Rupees in Thousand) | |
| Revenue - net | 8 | 442,186 | 325,625 |
| Direct costs | 9 | (390,063) | (264,305) |
| Gross profit | | 52,123 | 61,320 |
| Administrative expenses | | (3,497) | (2,886) |
| Other operating income | | 364 | 1,826 |
| Profit from operations | | 48,990 | 60,261 |
| Finance cost | 10 | (46,677) | (49,237) |
| Profit before taxation | | 2,313 | 11,024 |
| Taxation | | (127) | (639) |
| Profit after taxation | | 2,186 | 10,385 |
| Earnings per share - basic and diluted - Rupee | | 0.01 | 0.03 |

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



Chief Executive

ALTERN ENERGY LIMITED**CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2012**

| | 30 September 2012 | 30 September 2011 |
|--|----------------------------------|----------------------|
| | <hr/> (Rupees in Thousand) <hr/> | |
| Profit for the period | 2,186 | 10,385 |
| Other comprehensive income | - | - |
| Total comprehensive income for the period | <u>2,186</u> | <u>10,385</u> |

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



Chief Executive



Director

ALTERN ENERGY LIMITED
CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2012

| | 30 September 2012 | 30 September 2011 |
|--|----------------------|----------------------|
| | (Rupees in Thousand) | |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before tax | 2,313 | 11,024 |
| <i>Adjustments for:</i> | | |
| Depreciation | 19,223 | 17,821 |
| Provision for staff retirement benefits | - | 67 |
| Finance cost | 46,677 | 49,237 |
| | 65,900 | 67,125 |
| Operating profit before working capital changes | 68,213 | 78,149 |
| (Increase) / decrease in current assets: | | |
| Stores and spares | 10,873 | 5,117 |
| Advances, prepayments, and other receivables | (4,117) | 89 |
| Trade debts | (138,080) | (6,943) |
| | (131,324) | (1,737) |
| Increase/(decrease) in current liabilities | | |
| Trade and other payables | (105) | 10,923 |
| Cash generated from operations | (63,216) | 87,335 |
| Finance cost paid | (60,406) | (3,850) |
| Tax adjusted | (128) | (268) |
| Staff retirement benefits paid | (32) | |
| | (60,566) | (4,118) |
| Net cash generated / (used) from operating activities (A) | (123,782) | 83,217 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Fixed capital expenditure | (1,781) | (15,585) |
| Capital work in progress | - | (513) |
| Net cash used in investing activities (B) | (1,781) | (16,098) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayments of long term loans | (60,634) | (6,875) |
| Sponsors' Loan, net | - | 16,000 |
| Receipt of share deposit money | 249,960 | - |
| Net cash generated from financing activities (C) | 189,326 | 9,125 |
| Net increase in cash and cash equivalents (A+B+C) | 63,763 | 76,244 |
| Cash and cash equivalents at beginning of the period | 11,935 | 5,934 |
| Cash and cash equivalents at the end of the period | 75,698 | 82,178 |

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


Chief Executive

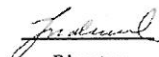

Director

ALTERN ENERGY LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2012

| | SHARE CAPITAL | SHARE DEPOSIT MONEY | ACCUMULATED LOSS | TOTAL |
|---|-----------------------------|------------------------|---------------------|------------------|
| | <u>(Rupees in Thousand)</u> | | | |
| Balance as at 01 July 2011 | 3,425,500 | - | (627,673) | 2,797,827 |
| Total comprehensive income for the period | - | - | (36,985) | (36,985) |
| Share deposit money received | - | - | - | - |
| Balance as at 30 June 2012 | 3,425,500 | - | (664,658) | 2,760,842 |
| Total comprehensive income for the period | - | - | 2,186 | 2,186 |
| Share deposit money received | - | 249,960 | - | 249,960 |
| Balance as at 30 September 2012 | <u>3,425,500</u> | <u>249,960</u> | <u>(662,472)</u> | <u>3,012,988</u> |

The annexed notes 1 to 12 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 QUARTER ENDED SEPTEMBER 30, 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 (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 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

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 LONG TERM LOANS

| | Note | 30 September 2012 | 30 June 2012 |
|---|------|----------------------|-----------------|
| (Rupees in Thousand) | | | |
| Long term loans - secured | | | |
| Syndicate finance - local currency | 4.1 | 640,502 | 693,877 |
| Syndicate finance - foreign currency | 4.2 | 74,551 | 81,225 |
| Power Management Company (Private) Ltd (PMCL) | 4.3 | 50,000 | 50,000 |
| | | 765,053 | 825,102 |
| Interest on loan from PMCL | 4.4 | 18,428 | 16,537 |
| | | 783,481 | 841,639 |
| Less: Current maturity | | (134,824) | (189,638) |
| | | 648,657 | 652,001 |

- 4.1 The Company had obtained a long term syndicate facility of Rs.1,100 million (2012: Rs. 1,100 million), which includes foreign currency loan limit of US Dollars 3.6 million (2012: US Dollars 3.6 million), from consortium of banks under the lead of MCB Bank Limited. The outstanding loan amount is repayable in 13 equal six monthly installments ending on 25 January 2018.

The loan carries mark-up at six month KIBOR plus 275 basis points (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 Fateh Jang site.

- 4.2 The limit of foreign currency portion of loan is of US Dollars 3.6 million (2012: US Dollars 3.6 million). The outstanding loan amount is repayable in fourteen 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 (2012 : three month LIBOR plus 295 basis) payable quarterly in arrears.
- 4.3 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 (2012: six months KIBOR plus 300 basis points).
- 4.4 It represent mark-up payable to Power Management Company (Private) Limited of Rs. 18,428 million (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.

5 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.

| | Note | 30 September 2012 | 30 June 2012 |
|--|------|-----------------------------|-----------------|
| 6 OPERATING FIXED ASSETS | | (Rupees in Thousand) | |
| Opening written down value | | 1,027,714 | 1,051,137 |
| Additions / transfers-in during the period - net | 6.1 | 12,445 | 53,930 |
| Depreciation charge for the period | | (19,223) | (77,353) |
| Closing written down value | | 1,020,936 | 1,027,714 |

6.1 Additions to plant and equipment include net exchange loss of Rs. 0.47 million on related foreign currency loans during the period from 1 July 2012 to 30 September 2012. This has resulted in accumulated capitalization of exchange losses of Rs. 82.97 million (30 June 2012: 82.50 million) in the cost of plant and equipment upto 30 September 2012, with book value of Rs. 80.11 million (2012: Rs. 79.65 million).

7 LONG TERM INVESTMENTS

7.1 This represents 100% (2012: 100%) shares in Power Management Company (Private) Limited, which holds 59.98% (2012: 59.98%) shares of Rousch (Pakistan) Power Limited.

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

| | 30 September 2012 | 30 September 2011 |
|----------------------------|-----------------------------|----------------------|
| 8 REVENUE - NET | (Rupees in Thousand) | |
| Energy revenue - gross | 380,952 | 255,702 |
| Sales tax | (52,545) | (35,269) |
| Energy revenue - net | 328,407 | 220,433 |
| Capacity revenue | 104,449 | 101,300 |
| Other supplemental charges | 9,330 | 3,892 |
| | 442,186 | 325,625 |

9 DIRECT COSTS

| | | |
|--|---------|---------|
| Gas cost | 332,296 | 208,388 |
| Repairs and maintenance | 23,803 | 26,208 |
| Energy import | 291 | 464 |
| Lube oil consumed | 6,107 | 3,530 |
| Depreciation / amortization | 19,208 | 17,818 |
| Operation and maintenance contractor's fee | 7,260 | 6,600 |
| Insurance cost | 818 | 968 |
| Generation license fee | 107 | 96 |
| Others | 173 | 233 |
| | 390,063 | 264,305 |

| 30 September 2012 | 30 September 2011 |
|----------------------|----------------------|
|----------------------|----------------------|

(Rupees in Thousand)

10 FINANCE COST

Mark up on loans

Long term loans

36,906

45,105

Short term loan - Power Management Company (Private) Limited (PMCL)

585

721

Mark-up on late payments to SNGPL

8,841

2,392

Amortization of bank guarantee cost

266

281

Miscellaneous

79

738

46,677

49,237

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:

Holding company

Descon Engineering Limited

Mark up accrued on long term loan

9,906

11,033

Subsidiary company

Power Management Company (Private) Limited

Repayment of short term loan

309

1,006

Mark up accrued on loan

2,476

2,837

Associated companies

Descon Power Solutions (Private) Limited

Operation and maintenance contractor's fee

7,260

6,600

Payment against supplies of spares

60,622

20,076

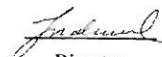
12 GENERAL

12.1 These financial statements were authorized for issue on October 24, 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

**CONSOLIDATED
FINANCIAL
STATEMENTS**

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

| | | Unaudited 30 September 2012 | Audited 30 June 2012 |
|---|------|-----------------------------------|----------------------------|
| EQUITY AND LIABILITIES | | | |
| | Note | (Rupees in Thousand) | |
| 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 | | | |
| 342,550,000 (30 June 2012: 342,550,000) | | | |
| ordinary shares of Rs. 10/- each | | | |
| Share deposit money | 4 | 3,425,500 | 3,425,500 |
| Accumulated profit | | 249,960 | - |
| | | 6,257,465 | 5,795,938 |
| | | 9,932,925 | 9,221,438 |
| Non-controlling interest | | 6,699,072 | 6,393,505 |
| | | 16,631,997 | 15,614,943 |
| Non-current liabilities | | | |
| Sponsors' loan -unsecured | 5 | 579,490 | 569,583 |
| Long term loans - secured and unsecured | 6 | 13,305,897 | 14,153,605 |
| Interest rate swap liabilities | | 908,459 | 1,169,105 |
| Deferred liabilities | | 1,040 | 1,072 |
| | | 14,794,886 | 15,893,365 |
| Current liabilities | | | |
| Trade and other payables | | 6,828,930 | 5,326,440 |
| Short term loan | | 616,000 | 636,000 |
| Mark up accrued | | 41,499 | 67,929 |
| Current portion of long term loans | 6 | 2,098,742 | 2,143,187 |
| Provision for taxation | | 9,910 | 5,465 |
| | | 9,595,081 | 8,179,021 |
| Contingencies and Commitments | | | |
| | 7 | 41,021,964 | 39,687,329 |

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


Chief Executive

| | | Unaudited 30 September 2012 | Audited 30 June 2012 |
|---|------|-----------------------------------|----------------------------|
| ASSETS | Note | (Rupees in Thousand) | |
| Non-current assets | | | |
| Property, plant and equipment | | | |
| -Operating fixed assets | 8 | 26,785,791 | 27,097,944 |
| -Capital work-in-progress | | - | - |
| Long term deposits | | 1,071 | 1,069 |
| Long term loan to employees | | 9,971 | 9,971 |
| | | <u>26,796,833</u> | <u>27,108,984</u> |
| Current assets | | | |
| Store, spares and loose tools | | 388,883 | 423,744 |
| Inventory of fuel oil | | 491,100 | 491,285 |
| Trade debts - secured, considered good | | 12,784,614 | 10,756,568 |
| Advances, prepayments and other receivables | | 311,327 | 339,494 |
| Cash and bank balances | | 249,207 | 567,254 |
| | | <u>14,225,131</u> | <u>12,578,345</u> |
| | | <u>41,021,964</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 QUARTER ENDED SEPTEMBER 30, 2012

| | | 30 September 2012 | 30 September 2011 |
|---|------|----------------------|----------------------|
| | Note | (Rupees in Thousand) | |
| Revenue - net | 9 | 6,157,667 | 4,504,124 |
| Direct cost | 10 | (4,734,402) | (3,293,194) |
| Gross profit | | 1,423,265 | 1,210,930 |
| Administrative expenses | | (26,365) | (31,387) |
| Other operating expenses | | - | - |
| Other operating income | | 14,784 | 36,735 |
| Profit from operations | | 1,411,684 | 1,216,278 |
| Finance cost | | (643,596) | (518,073) |
| Profit before taxation | | 768,088 | 698,205 |
| Taxation | | (994) | (639) |
| Profit after taxation | | 767,094 | 697,566 |
| Attributable to: | | | |
| Equity holders of the parent | | 461,527 | 423,587 |
| Non-controlling interest | | 305,567 | 273,979 |
| | | 767,094 | 697,566 |
| Earnings per share - basic and diluted - Rupees | | 1.35 | 1.24 |

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


Chief Executive

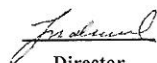

Director

ALTERN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2012

| | 30 September 2012 | 30 September 2011 |
|--|----------------------|----------------------|
| | (Rupees in Thousand) | |
| Profit after tax | 767,094 | 697,566 |
| Other Comprehensive Income: | | |
| Effective portion of changes in fair value of cash flow hedges | - | - |
| Total comprehensive income | <u>767,094</u> | <u>697,566</u> |
| Attributable to: | | |
| Equity holders of the parent | 461,527 | 423,587 |
| Non-controlling interest | <u>305,567</u> | <u>273,979</u> |
| | <u>767,094</u> | <u>697,566</u> |

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


Chief Executive



Director

ALTERN ENERGY LIMITED AND ITS SUBSIDIARY COMPANIES
CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2012

| | 30 September 2012 | 30 September 2011 |
|---|----------------------|----------------------|
| | (Rupees in Thousand) | |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before tax | 768,088 | 698,205 |
| Adjustment for non-cash items: | | |
| Depreciation | 397,409 | 358,000 |
| Provision for staff retirement benefits | - | 67 |
| Capital spares consumed | 1,968 | 370 |
| Finance cost | 646,073 | 520,910 |
| Interest income | (2,477) | - |
| | 1,042,973 | 879,347 |
| Operating profit before working capital changes | 1,811,061 | 1,577,552 |
| (Increase)/decrease in current assets: | | |
| Stores, spares and loose tools | 24,198 | 288 |
| Inventory of fuel oil | 185 | 190 |
| Trade debts | (2,068,393) | (2,130,481) |
| Advances, prepayments, and other receivables | 30,980 | 97,325 |
| | (2,013,030) | (2,032,678) |
| Increase / (decrease) in current liabilities | | |
| Trade and other payables | 1,802,936 | 407,644 |
| Cash generated from operations | 1,600,968 | (47,482) |
| Long term advances | - | (12,250) |
| Finance cost paid | (1,100,062) | (903,750) |
| Taxes adjusted | (2,365) | (6,441) |
| Retirement and other benefits paid | (32) | - |
| | (1,102,459) | (922,441) |
| Net cash generated / (used) from operating activities | 498,508 | (969,923) |
| | (A) | |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Fixed capital expenditure | (2,962) | (257,231) |
| Capital work-in-progress | - | (513) |
| Long term deposits | (2) | - |
| Net cash used in investing activities | (2,964) | (257,744) |
| | (B) | |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Repayment of long term finances | (1,043,547) | (934,361) |
| Sponsors' loan, net | - | 16,000 |
| Share deposit money | 249,960 | - |
| Net cash used in financing activities | (793,587) | (918,361) |
| | (C) | |
| Net increase / (decrease) in cash and cash equivalents | (298,043) | (2,146,028) |
| Cash and cash equivalents at beginning of the period | (68,746) | 1,486,485 |
| Cash and cash equivalents at the end of the period | (366,789) | (659,543) |
| | (A+B+C) | |

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 QUARTER ENDED SEPTEMBER 30, 2012

Attributable to equity holders of Parent Company

| | Share capital | Share deposit money | Accumulated profit | Non-controlling interest | Total |
|---|--|---------------------|--------------------|--------------------------|-------------------|
| | <u>------(Rupees in Thousand)-----</u> | | | | |
| Balance as at 01 July 2011 | 3,425,500 | - | 4,716,532 | 5,652,276 | 13,794,308 |
| Profit after tax for the period | - | - | 1,079,406 | 741,229 | 1,820,635 |
| Share deposit money received | - | - | - | - | - |
| Total comprehensive income for the year | - | - | 1,079,406 | 741,229 | 1,820,635 |
| Balance as at 30 June 2012 | 3,425,500 | - | 5,795,938 | 6,393,505 | 15,614,943 |
| Share deposit money received | - | 249,960 | - | - | 249,960 |
| Net profit for the period | - | - | 461,527 | 305,567 | 767,094 |
| | - | 249,960 | 461,527 | 305,567 | 1,017,054 |
| Balance as at 30 September 2012 | <u>3,425,500</u> | <u>249,960</u> | <u>6,257,465</u> | <u>6,699,072</u> | <u>16,631,997</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
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 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 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 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 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 | |
|--|-----|------------------------------|----------------|
| | | 30 September | 30 June |
| | | 2012 | 2012 |
| Power Management Company (Private) Limited | | 100.000% | 100.000% |
| Rousch (Pakistan) Power Limited | | 59.984% | 59.984% |
| | | 30 September | 30 June |
| | | 2012 | 2012 |
| | | (Rupees in Thousand) | |
| 5 SPONSORS' LOAN -UNSECURED | | | |
| 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 financing | 5.3 | 225,120 | 215,213 |
| | | 579,490 | 569,583 |

5.1 This includes funds amounting to Rs. 315.218 million (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 (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 (2012 : six months KIBOR plus 300 basis points) .

5.2 It represents funds amounting to Rs. 23.152 million (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.

5.3 It represent mark-up payable to Descon Engineering Limited of Rs. 225.12 million (2012: Rs. 215.21 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 | Note | 30 September 2012 | 30 June 2012 |
|---|--|------|----------------------|-----------------|
| | | | (Rupees in Thousand) | |
| | Loans from financial institutions | | 13,548,095 | 14,486,261 |
| | Loans from related parties | | 1,856,544 | 1,810,531 |
| | | | 15,404,639 | 16,296,792 |
| | Current portion of long term loans | | (2,098,742) | (2,143,187) |
| | | | 13,305,897 | 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 | 8.1 | 86,129 | 2,622,508 |
| Depreciation charge for the period | | (398,282) | (1,197,501) |
| Closing written down value | | 26,785,791 | 27,097,944 |

8.1 Additions to plant and equipment include net exchange loss of Rs. 74.07 million on related foreign currency loans during the period from 1 July 2012 to 30 September 2012. This has resulted in accumulated capitalization of exchange losses of Rs. 11,096.02 million (30 June 2012: 11,021.95 million) in the cost of plant and equipment upto 30 September 2012, with book value of Rs. 8,358.37 million (2012: Rs. 8,397.71 million).

9 REVENUE

| | | |
|--------------------------------|-----------|-----------|
| Energy revenue - gross | 5,060,062 | 3,342,691 |
| Sales tax | (697,940) | (461,061) |
| Energy revenue- net | 4,362,122 | 2,881,630 |
| Capacity revenue | 1,593,587 | 1,466,306 |
| Other supplemental charges | 297,107 | 198,773 |
| Gas efficiency passed to WAPDA | (95,149) | (42,585) |
| | 6,157,667 | 4,504,124 |

| | 30 September 2012 | 30 September 2011 |
|---------------------------------------|----------------------|----------------------|
| | (Rupees in Thousand) | |
| 10 DIRECT COST | | |
| Energy import | 2,460 | 463 |
| Salaries, wages and other benefits | 11,505 | 11,969 |
| Fuel consumed | 3,985,263 | 2,609,293 |
| Chemicals, stores and spares consumed | 48,068 | 40,454 |
| Depreciation | 396,095 | 356,402 |
| Operating and maintenance costs | 245,829 | 225,963 |
| Insurance costs | 32,892 | 36,201 |
| Generation licence fee | 1,257 | 1,124 |
| Electricity duty | 1,345 | 1,069 |
| Repairs and maintenance | 4,270 | 5,599 |
| Others | 5,418 | 4,657 |
| | <u>4,734,402</u> | <u>3,293,194</u> |

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:

Descon Engineering Limited - the ultimate parent

- Mark up accrued on long term loan

| | |
|-------|--------|
| 9,906 | 11,033 |
|-------|--------|

Associated companies

Descon Power Solutions (Private) Limited

-Operation and maintenance contractor's fee

| | |
|-------|-------|
| 7,260 | 6,600 |
|-------|-------|

-Payment against supply of spares

| | |
|--------|--------|
| 60,622 | 20,076 |
|--------|--------|

Subsidiary companies

Rousch (Pakistan) Power Limited

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

| | |
|---------|--------|
| 115,964 | 86,543 |
|---------|--------|

-Payment to Descon Power Solutions (Pvt) Limited

| | |
|--------|---|
| 65,030 | - |
|--------|---|

-Payments to Siemens AG as maintenance contractor

| | |
|--------|---|
| 73,376 | - |
|--------|---|

-Payments to Siemens AG as LTMSA contractor

| | |
|---------|--------|
| 316,275 | 84,135 |
|---------|--------|

-Payments to Siemens Pakistan as LTMSA contractor

| | |
|--------|--------|
| 49,276 | 20,407 |
|--------|--------|

-Payment to Siemens AG on GTG 11/STG Rotor Replacement Agreement

| | |
|---|-------|
| - | 8,840 |
|---|-------|

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

| | |
|-------|----|
| 8,636 | 18 |
|-------|----|

12 GENERAL

12.1 These financial statements were authorized for issue on October 24, 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

