

ALTERN ENERGY LIMITED



INTERIM FINANCIAL STATEMENTS

(UN-AUDITED)

**FOR THE NINE MONTHS ENDED
MARCH 31, 2011**



INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)

**For The Nine Months Ended
March 31, 2011**

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. Sabah T. Barakat | (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 HEADQUARTER

18-km Ferozpur Road, Lahore.

REGISTRAR SHARES

Corplink (Pvt.) Limited

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

Tel: (92-42) 5839182 Fax: (92-42) 5869037

Directors' 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, 2011.

During the period under review, the total turnover of the Company for the nine months reached at Rs. 672.43 million. The Company earned a gross profit of Rs. 103.3 million and reported a net loss after tax of Rs. 44.49 million (loss per share of Rs 0.13), which is higher than net loss after tax of Rs. 26.27 million (loss per share of Rs. 0.08), suffered during the same period of previous financial year mainly due to spares consumption.

During the period under review, the Company dispatched 121.7 GWhrs to WAPDA as compared to 88.36 GWhrs delivered during the nine months ended March 31, 2010. This dispatch would have been higher had the Company not been forced to shut its operations due to non-availability of gas from SNGPL, on accounts of Force Majeure Event due to sabotage activity on gas pipelines.

Considering the present liquidity crunch caused by circular debts, WAPDA is releasing due payments partially but with applicable late payment surcharge. AEL as well as other IPPs are regularly pursuing WAPDA and GoP for early resolution of late payments. It is expected that WAPDA's liquidity situation would improve with up-coming increase in electricity tariff.

During the period, the overall health, safety and environment performance of the plant remained good 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 satisfactorily and has resulted net profit after tax of Rs. 1,257.18 million (earning of Rs. 1.46 per share). We are confident that Rousch will continue to operate at optimum level in future.

The Company continues to discharge its liabilities as and when they become due. During the period, the Company has repaid Rs. 3.61 billion, being the debt servicing due in September' 10 and March' 11, to the senior and subordinated lenders.

The plant performance remained satisfactory during the period under review and the plant dispatched at base load to the national grid except for the months of February and March 11. The power station delivered 2,279.43 GWhrs of electricity to WAPDA during nine months of the financial year 2010-11 as compared to 2,440.09 GWhrs delivered during the same period of the previous financial year. During the first nine months of the financial year, the Company has passed on Rs. 133.19 million to WAPDA as its share of gas efficiency, which accrued as a result of the efficient operation of plant.

The Company is working with Siemens for executing Long Term Maintenance measures in an efficient and cost effective manner. These measures will not only extend the life of the machinery

but would also help in optimizing the plant capacity. The Company is also working with SNGPL, WAPDA and GoP for restoring full quota of gas supply to mitigate any impact to the business within and beyond the contractual provisions.

We take this opportunity to thank our shareholders, our bankers, our staff and our contractors for their continued support and hard work.

For and behalf of the Board of Directors

Lahore
April 21, 2011

Syed Zamanat Abbas
Chief Executive

Condensed Interim Unconsolidated Balance Sheet (un-audited)

| EQUITY AND LIABILITIES | NOTE | Unaudited 31 March 2011 | Audited 30 June 2010 |
|---|------|-------------------------------|----------------------------|
| Share Capital | | Rupees '000 | |
| Authorized capital | | | |
| 400,000,000 (30 June 2010: 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 2010: 342,550,000) ordinary shares of Rs. 10/- each | | 3,425,500 | 3,425,500 |
| Accumulated loss | | <u>(664,114)</u> | <u>(619,619)</u> |
| | | <u>2,761,386</u> | <u>2,805,881</u> |
| Non-current liabilities | | | |
| Sponsors' loan -unsecured | 4 | 491,633 | 463,599 |
| Long term loans | | 825,692 | 903,055 |
| Deferred liabilities | | 668 | 1,135 |
| | | <u>1,317,993</u> | <u>1,367,789</u> |
| Current liabilities | | | |
| Trade and other payables | | 212,869 | 221,396 |
| Mark up accrued | | 53,602 | 55,993 |
| Current portion of long term loan | | 141,410 | 149,512 |
| Provision for taxation | | 3,119 | 1,802 |
| | | <u>411,000</u> | <u>428,703</u> |
| | | <u>4,490,379</u> | <u>4,602,373</u> |

Contingencies and commitments

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


 Chief Executive

As at 31 March 2011

| | | Unaudited 31 March 2011 | Audited 30 June 2010 |
|--|------|-------------------------------|----------------------------|
| ASSETS | NOTE | | |
| | | Rupees '000 | |
| Non-current assets | | | |
| Property, plant and equipment | 6 | 1,057,659 | 1,100,585 |
| Capital work-in-progress | | 3,912 | - |
| Long term investments | 7 | 3,204,510 | 3,204,510 |
| Long term deposits | | 38 | 38 |
| | | <u>4,266,119</u> | <u>4,305,133</u> |
| Current assets | | | |
| Stores and spares | | 40,797 | 29,431 |
| Trade debts - unsecured, considered good | | 118,509 | 200,435 |
| Advances, deposits, prepayments and other receivables | | 6,397 | 11,622 |
| Cash and bank balances | | 58,557 | 55,752 |
| | | <u>224,260</u> | <u>297,240</u> |
| | | <u><u>4,490,379</u></u> | <u><u>4,602,373</u></u> |


Director

Condensed Interim Unconsolidated Profit and Loss Account (un-audited)
For The Period Ended 31 March 2011

| | | For Nine Months Ended | | For Quarter Ended | |
|---------------------------------------|------|-----------------------|------------------|-------------------|------------------|
| | NOTE | 31 March 2011 | 31 March 2010 | 31 March 2011 | 31 March 2010 |
| | | (Rupees '000) | | | |
| Revenue - net | 8 | 672,439 | 460,948 | 105,687 | 101,440 |
| Direct costs | 9 | (569,115) | (352,574) | (134,187) | (101,228) |
| Gross profit | | 103,324 | 108,374 | (28,500) | 212 |
| Administrative expenses | | (10,607) | (9,041) | (3,153) | (2,981) |
| Other operating income | | 5,860 | 7,722 | 775 | 6,062 |
| Profit / (loss) from operations | | 98,577 | 107,055 | (30,878) | 3,293 |
| Finance cost | 10 | (141,021) | (132,350) | (45,232) | (42,408) |
| Profit/(loss) before taxation | | (42,444) | (25,295) | (76,110) | (39,115) |
| Taxation | | (2,051) | (983) | (271) | (402) |
| Profit/(loss) after taxation | | (44,495) | (26,278) | (76,381) | (39,517) |
| Earnings/(loss) per share - basic and | | | | | |
| diluted - (Rupees) | | (0.13) | (0.08) | (0.22) | (0.12) |

The annexed notes 1 to 12 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 2011

| | 31 March 2011 | 31 March 2010 |
|---|------------------|------------------|
| | Rupees '000 | |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Loss before tax | (42,444) | (25,295) |
| Adjustment for non-cash items: | | |
| Depreciation | 43,702 | 41,188 |
| Profit on sale of fixed asset | - | (4,913) |
| Gratuity | 334 | 368 |
| Finance cost | 141,021 | 132,350 |
| | 185,057 | 168,993 |
| Cash flows from operating activities | 142,613 | 143,698 |
| Changes in Working Capital | | |
| (Increase) / decrease in current assets: | | |
| Stores & Spares | (11,366) | (875) |
| Advances, deposits, prepayments, and other receivables | 6,067 | (8,136) |
| Trade debts | 81,926 | (5,763) |
| | 76,627 | (14,774) |
| Increase/(decrease) in current liabilities | | |
| Trade and other payables | (8,527) | 16,068 |
| Cash generated from operations | 210,713 | 144,992 |
| Finance cost paid | (116,220) | (147,756) |
| Income tax paid | (734) | - |
| Retirement benefits paid | (801) | (56) |
| Net cash (used in)/generated from operating activities | 92,958 | (2,820) |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Property, plant & equipment | (775) | (51) |
| Proceeds from disposal of property, plant equipment | - | 11,913 |
| Capital Work in Progress | (3,912) | (15,746) |
| Net cash used in investing activities | (4,687) | (3,884) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Long term loans - net | (85,466) | (55,910) |
| Net cash used in financing activities | (85,466) | (55,910) |
| Net increase / (decrease) in cash and cash equivalents | 2,805 | (62,614) |
| Cash and cash equivalents at beginning of the period | 55,752 | 84,916 |
| Cash and cash equivalents at the end of the period | 58,557 | 22,302 |

The annexed notes 1 to 12 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 2011

| | For Nine Months Ended | | For Quarter Ended | |
|---|--------------------------------|--------------------------|--------------------------|--------------------------|
| | 31 March 2011 | 31 March 2010 | 31 March 2011 | 31 March 2010 |
| | (-----Rupees '000-----) | | | |
| Profit / (loss) for the period | (44,495) | (26,278) | (76,381) | (39,517) |
| Other Comprehensive Income | - | - | - | - |
| Total comprehensive income / (loss) for the period | <u>(44,495)</u> | <u>(26,278)</u> | <u>(76,381)</u> | <u>(39,517)</u> |

The annexed notes 1 to 12 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 2011

| | <u>SHARE CAPITAL</u> | <u>ACCUMULATED LOSS</u> | <u>TOTAL</u> |
|---|--------------------------|-----------------------------|-------------------------|
| | <u>(Rupees '000)</u> | | |
| Balance as at 01 July 2009 | 3,425,500 | (626,662) | 2,798,838 |
| Total comprehensive loss for the period | - | (26,278) | (26,278) |
| Balance as at 31 March 2010 | 3,425,500 | (652,940) | 2,772,560 |
| Total comprehensive profit for the period | - | 33,321 | 33,321 |
| Balance as at 01 July 2010 | <u>3,425,500</u> | <u>(619,619)</u> | <u>2,805,881</u> |
| Total comprehensive loss for the period | - | (44,495) | (44,495) |
| Balance as at 31 March 2011 | <u><u>3,425,500</u></u> | <u><u>(664,114)</u></u> | <u><u>2,761,386</u></u> |

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


Chief Executive


Director

Notes To Condensed Interim Unconsolidated Financial Information (un-audited)
For The Period Ended 31 March 2011

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 gas based thermal power plant having a gross capacity of 32 Mega Watts (2010:32 Mega Watts), located at Kohat Road, Fateh Jang, District Attock. The Company commenced commercial operations with effect from 06 June 2001. The registered office of the Company is situated at Descon Headquarter, 18 km, Ferozepur Road, Lahore.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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 2010.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of this condensed interim unconsolidated financial information are the same as those applied in the preparation of the financial statements for the preceding year ended 30 June 2010.

| 4 LONG TERM LOANS | Note | 31 March 2011 | 30 June 2010 |
|---|------|------------------|-----------------|
| | | Rupees '000 | |
| Long term loans - secured | | | |
| Syndicate finance - local currency | 4.1 | 800,628 | 854,003 |
| Syndicate finance - foreign currency | 4.2 | 116,473 | 148,564 |
| | | 917,101 | 1,002,567 |
| Less: Current maturity | | (141,409) | (149,512) |
| | | 775,692 | 853,055 |
| Power Management Company (Private) Limited - unsecured | 4.3 | 50,000 | 50,000 |
| | | 825,692 | 903,055 |

- 4.1 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 terms of loan were rescheduled during the year ended 30 June 2010. The first installment of Rs. 53.375 million was paid on 29 October 2010 and the balance is to be paid in 17 equal installments(due every six months) ending on 28 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.
- 4.2 The limit of foreign currency portion of loan is US dollars 3.6 million. It is repayable in thirty equal quarterly installments ending on 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. It carries mark-up at three month LIBOR plus 295 basis points 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.

5 CONTINGENCIES AND COMMITMENTS

Contingencies

There are no material contingencies as at March 31, 2011.

Commitments

- 5.1 MCB Bank has issued bank guarantee for Rs. 156.213 million in favour of Sui Northern Gas Pipelines Limited as a security to cover gas supply for which payments are made in arrears. The guarantee will expire on 10 June 2012, which is renewable.
- 5.2 MCB Bank has also issued bank guarantee for Rs. 2.5 million each in favour of Shell Pakistan Limited and MAL Pakistan Limited as a security to purchase lube oil on contract basis. The guarantees will expire on 31 January 2012, which are renewable.

6 OPERATING FIXED ASSETS

| | 31 March 2011 | 30 June 2010 |
|--|------------------|-----------------|
| | Rupees '000 | |
| Opening net book value | 1,100,585 | 1,128,669 |
| Additions / transfers-in during the period - net | 776 | 29,211 |
| Depreciation for the period | (43,702) | (57,295) |
| Closing net book value | 1,057,659 | 1,100,585 |

7 LONG TERM INVESTMENTS

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

8 REVENUE

| | 31 March 2011 | 31 March 2010 |
|-------------------------|------------------|------------------|
| | Rupees '000 | |
| Energy revenue | 510,706 | 323,823 |
| Less: General sales tax | (74,205) | (44,666) |
| | 436,501 | 279,157 |
| Capacity revenue | 235,938 | 181,791 |
| | 672,439 | 460,948 |

9 DIRECT COSTS

| | | |
|--|---------|---------|
| Gas cost | 411,808 | 259,321 |
| Stores & spares consumed | 74,114 | 12,888 |
| Energy import | 2,707 | 2,840 |
| Lube oil consumed | 7,841 | 11,120 |
| Operation and maintenance contractor's fee | 18,000 | 18,000 |
| Insurance cost | 3,848 | 4,303 |
| Generation license fee | 85 | 75 |
| Repairs and maintenance | 6,352 | 1,967 |
| Depreciation / amortization | 43,680 | 41,112 |
| Others | 680 | 948 |
| | 569,115 | 352,574 |

| | 31 March 2011 | 31 March 2010 |
|--------------------------------------|------------------|------------------|
| | Rupees '000 | |
| 10 FINANCE COSTS | | |
| Bank charges | 1,553 | 1,568 |
| Mark-up on long term loans | 135,664 | 129,930 |
| Mark-up on late payments to SNGPL | 2,962 | - |
| Amortization of bank guarantees cost | 842 | 852 |
| | <u>141,021</u> | <u>132,350</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:

Holding company

Descon Engineering Limited

| | | |
|------------------------------------|---------------|---------------|
| -Mark up accrued on long term loan | <u>28,034</u> | <u>27,134</u> |
|------------------------------------|---------------|---------------|

Subsidiary company

Power Management Company (Pvt.) Limited

| | | |
|------------------------------------|--------------|--------------|
| -Repayment of short term loan | <u>1,929</u> | <u>1,500</u> |
| -Mark up accrued on long term loan | <u>8,270</u> | <u>-</u> |

Associated companies

Descon Power Solutions (Pvt.) Limited

| | | |
|---|---------------|---------------|
| -Operation and maintenance contractor's fee | <u>18,000</u> | <u>18,000</u> |
| -Payment against supplies | <u>61,900</u> | <u>-</u> |

Others

| | | |
|--|--------------|--------------|
| Remuneration to key management employees | <u>3,454</u> | <u>3,375</u> |
|--|--------------|--------------|

12 GENERAL

- 12.1 These financial statements were authorized for issue on April 21, 2011 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**

Condensed Interim Consolidated Balance Sheet (un-audited)

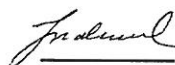
| | | Unaudited 31 March 2011 | Audited 30 June 2010 |
|--|------|-------------------------------|----------------------------|
| EQUITY AND LIABILITIES | Note | Rupees '000 | |
| Share capital | | | |
| Authorized capital | | | |
| 400,000,000 (30 June 2010: 400,000,000) ordinary shares of Rs.10/- each | | 4,000,000 | 4,000,000 |
| Issued, subscribed and paid up capital | | | |
| 342,550,000 (30 June 2010: 342,550,000) ordinary shares of Rs. 10/- each | | 3,425,500 | 3,425,500 |
| Interest rate swap revaluation reserve | | (356,070) | (653,694) |
| Accumulated profit | | 4,636,132 | 3,923,568 |
| Total equity | | 7,705,562 | 6,695,374 |
| Non-controlling interest | | 5,387,014 | 4,685,392 |
| | | 13,092,576 | 11,380,766 |
| Non-current liabilities | | | |
| Sponsors' loan -unsecured | | 491,633 | 463,599 |
| Long term loans | 6 | 14,354,617 | 16,210,791 |
| Interest rate swap liability | | 1,057,829 | 1,541,061 |
| Deferred liabilities | | 668 | 1,135 |
| | | 15,904,747 | 18,216,586 |
| Current liabilities | | | |
| Trade and other payables | | 1,796,900 | 1,941,786 |
| Short term borrowings | | 874,916 | - |
| Mark up accrued | | 65,519 | 373,140 |
| Current portion of long term loan | 6 | 2,103,205 | 1,849,721 |
| Provision for taxation | | 5,356 | 2,109 |
| | | 4,845,896 | 4,166,756 |
| Contingencies and commitments | 7 | | |
| | | 33,843,219 | 33,764,108 |

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


Chief Executive

As at 31 March 2011

| | | Unaudited 31 March 2011 | Audited 30 June 2010 |
|--|---|-------------------------------|----------------------------|
| ASSETS | | Rupees '000 | |
| Non-current assets | | | |
| Property, plant and equipment | 8 | 25,442,834 | 26,510,724 |
| Long term deposits | | 2,467 | 1,074 |
| Long term loan to employees | | - | 1,309 |
| | | <u>25,445,301</u> | <u>26,513,107</u> |
| Current assets | | | |
| Store and spares | | 367,838 | 358,820 |
| Stock in trade | | 525,667 | 318,057 |
| Trade debts - unsecured, considered good | | 7,073,288 | 5,983,422 |
| Advances, deposits, prepayments and other receivables | | 234,115 | 268,601 |
| Cash and bank balances | | 197,010 | 322,101 |
| | | <u>8,397,918</u> | <u>7,251,001</u> |
| | | <u><u>33,843,219</u></u> | <u><u>33,764,108</u></u> |



Director

Condensed Interim Consolidated Profit and Loss Account (un-audited)
For The Period Ended 31 March 2011

| | Note | For the nine months ended | | For the quarter ended | |
|---|------|---------------------------|------------------|-----------------------|------------------|
| | | 31 March 2011 | 31 March 2010 | 31 March 2011 | 31 March 2010 |
| | | (-----Rupees '000-----) | | | |
| Revenue - net | 9 | 12,007,204 | 11,842,086 | 3,706,419 | 3,983,666 |
| Direct costs | 10 | (8,900,685) | (8,357,174) | (2,790,055) | (2,982,947) |
| Gross profit | | 3,106,519 | 3,484,912 | 916,364 | 1,000,719 |
| Administrative expenses | | (65,435) | (66,189) | (18,183) | (16,753) |
| Other operating income | | 26,131 | 19,591 | 6,686 | 13,470 |
| Profit from operations | | 3,067,215 | 3,438,314 | 904,867 | 997,436 |
| Finance cost | | (1,847,289) | (1,857,699) | (549,539) | (597,741) |
| Profit before taxation | | 1,219,926 | 1,580,615 | 355,328 | 399,695 |
| Taxation | | (4,288) | (983) | (593) | (402) |
| Profit after taxation | | 1,215,638 | 1,579,632 | 354,735 | 399,293 |
| Non-controlling interest | | (503,074) | (643,066) | (172,367) | (175,739) |
| Attributable to holding company | | 712,564 | 936,566 | 182,368 | 223,554 |
| Earnings per share - basic and diluted - (Rupees) | | 2.08 | 2.73 | 0.53 | 0.65 |

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


Chief Executive


Director

Condensed Interim Consolidated Cash Flow Statement (un-audited)

For The Period Ended 31 March 2011

| | 31 March 2011 | 31 March 2010 |
|---|------------------|--------------------|
| | Rupees '000 | |
| Cashflow from Operating activities | | |
| Profit before tax | 1,219,926 | 1,580,615 |
| Adjustment for non-cash items: | | |
| Depreciation | 1,022,632 | 1,012,994 |
| Profit on sale of property, plant & equipment | (3,140) | (5,787) |
| Provision for staff retirement benefits | 334 | 368 |
| Capital spares consumed | 3,895 | 4,817 |
| Finance cost | 1,847,289 | 1,857,681 |
| | 2,871,010 | 2,870,073 |
| Operating profit before working capital changes | 4,090,936 | 4,450,688 |
| (Increase) / decrease in current assets: | | |
| Stores & spares | (9,018) | (2,593) |
| Stock in trade | (207,610) | 4,052 |
| Trade debts | (1,089,866) | (1,150,398) |
| Advances, deposits, prepayments and other receivables | 27,154 | (226,906) |
| | (1,279,340) | (1,375,845) |
| Increase / (decrease) in current liabilities | | |
| Trade and other payables | 61,777 | (91,102) |
| Cash generated from operations | 2,873,373 | 2,983,741 |
| Long term deposits paid | (84) | (615) |
| Finance cost paid | (2,082,786) | (2,148,644) |
| Income tax paid | 9,241 | 18,965 |
| Retirement benefits paid | (801) | (10,658) |
| | (2,074,430) | (2,140,952) |
| Net cash generated from operating activities | 798,943 | 842,789 |
| Cashflow from Investing activities | | |
| Property plant & equipment | (12,712) | (5,858) |
| Capital work-in-progress | (3,912) | (15,746) |
| Proceeds from disposal of property, plant & equipment | 5,421 | 13,898 |
| Net cash used in investing activities | (11,203) | (7,706) |
| Cashflow from Financing activities | | |
| Long term loans - net | (1,787,747) | (2,772,321) |
| Short term borrowings - net | 874,916 | 230,000 |
| Net cash used in from financing activities | (912,831) | (2,542,321) |
| Net decrease in cash and cash equivalents | (125,091) | (1,707,238) |
| Cash and cash equivalents at beginning of the period | 322,101 | 1,819,418 |
| Cash and cash equivalents at the end of the period | 197,010 | 112,180 |

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


Chief Executive


Director

Condensed Interim Consolidated Statement of Comprehensive Income (un-audited)
For The Period Ended 31 March 2011

| | For the nine months ended | | For the quarter ended | |
|---|----------------------------------|--------------------------|------------------------------|--------------------------|
| | 31 March 2011 | 31 March 2010 | 31 March 2011 | 31 March 2010 |
| | (-----Rupees '000-----) | | | |
| Profit for the period | 1,215,638 | 1,579,632 | 354,735 | 399,293 |
| Other Comprehensive Income: | | | | |
| Effective portion of changes in fair value of cashflow hedge | 496,172 | 164,594 | 317,858 | 199,661 |
| Total comprehensive income for the period | <u>1,711,810</u> | <u>1,744,226</u> | <u>672,593</u> | <u>598,954</u> |

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


Chief Executive


Director

Condensed Interim Consolidated Statement of Changes In Equity (un-audited) For The Period Ended 31 March 2011

| | Attributable to equity holders of Parent Company | | | | |
|---|--|---------------------|--------------------|--------------------------|------------|
| | Interest rate swap | | | Non-Controlling Interest | Total |
| | Share capital | revaluation reserve | Accumulated profit | | |
| | (Rupees '000) | | | | |
| Balance as at 01 July 2009 | 3,425,500 | (753,862) | 2,682,458 | 3,794,821 | 9,148,917 |
| Effective portion of changes in fair value of cashflow hedges | - | 98,730 | - | 65,864 | 164,594 |
| Net profit for the period | - | - | 928,993 | 643,066 | 1,572,059 |
| Balance as at 31 March 2010 | 3,425,500 | (655,132) | 3,611,451 | 4,503,751 | 10,885,570 |
| Effective portion of changes in fair value of cashflow hedges | - | 1,438 | - | 960 | 2,398 |
| Net profit for the period | - | - | 312,117 | 180,681 | 492,798 |
| Balance as at 30 June 2010 | 3,425,500 | (653,694) | 3,923,568 | 4,685,392 | 11,380,766 |
| Changes in fair value of interest rate swap | - | 297,624 | - | 198,548 | 496,172 |
| Net profit for the period | - | - | 712,564 | 503,074 | 1,215,638 |
| Balance as at 31 March 2011 | 3,425,500 | (356,070) | 4,636,132 | 5,387,014 | 13,092,576 |

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


Chief Executive


Director

Notes To Condensed Interim Consolidated Financial Information (un-audited) For The Period Ended 31 March 2011

1 Status and nature of business

1.1 The group comprises of:

Altern Energy Limited (AEL); and

Subsidiary Companies:

Power Management Company (Pvt) Limited

Rousch (Pakistan) Power Limited

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 gas based thermal power plant having a gross capacity of 32 Megawatts (2010: 32 Mega Watts), located at Kohat Road, Fateh Jang, District Attock. The Company commenced commercial operations with effect from 06 June 2001. The registered office of the Company is situated at Descon Headquarter, 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 (2010: 450 Mega Watts), located near Sidhnai Barrage, Abdul Hakim, District Khanewal, 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 Markaz, Jinnah Avenue, Islamabad.

- 1.2 In terms of Amendment No. 3 to the Power Purchase Agreement (PPA) executed between 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 un-audited 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 Standards 34 "Interim Financial Reporting" as applicable in Pakistan.

3 Significant accounting policies

The accounting policies and methods of computation adopted for preparation of this condensed interim consolidated financial information are the same as those applied in preparing the financial statements for the preceding year ended 30 June 2010

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 2011 | 30 June 2010 |
| Power Management Company (Private) Limited | 100.000% | 100.000% |
| Rousch (Pakistan) Power Limited | 59.984% | 59.984% |

5 Sponsors' loan -unsecured

| | | Rupees '000 | |
|---|-----|-------------|---------|
| Descon Engineering Ltd. | 5.1 | 306,155 | 306,155 |
| Crescent Standard Business Management (Pvt.) Ltd. | 5.2 | 23,152 | 23,152 |
| | | 329,307 | 329,307 |
| Interest on long term financing | 5.3 | 162,326 | 134,292 |
| | | 491,633 | 463,599 |

- 5.1 This represent funds received by the parent company from Descon Engineering Limited for investment in RPPL (the subsidiary company) through PMPL (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 (2010 : Rs. 69.455 million) as interest free loan.
- 5.2 This includes an amount of Rs. 23.152 million (2010 : 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.162.3 million (2010: 134.29 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 2011 | 30 June 2010 |
|---|-------------------|-------------------|
| | Rupees '000' | |
| 6 Long term loans | | |
| Loans from financial institutions | 14,941,002 | 16,706,523 |
| Loans from related parties | 1,516,820 | 1,353,989 |
| | 16,457,822 | 18,060,512 |
| Less: Current portion of long term loan | (2,103,205) | (1,849,721) |
| | <u>14,354,617</u> | <u>16,210,791</u> |

7 Contingencies and commitments

There is no change in the status of contingencies and commitments set out in note 10 to the financial statements of the Company for the year ended 30 June 2010.

| | 31 March 2011 | 31 March 2010 |
|---|-------------------|-------------------|
| | Rupees '000' | |
| 8 Operating fixed assets | | |
| Opening book value | 26,510,724 | 26,955,013 |
| Additions / transfers during the period - net | (45,259) | 478,430 |
| Depreciation for the period/year | (1,022,631) | (922,719) |
| Closing book value | <u>25,442,834</u> | <u>26,510,724</u> |

9 Revenue

| | | |
|--------------------------------|-------------------|-------------------|
| | 7,359,512 | 6,982,298 |
| Energy | 4,271,293 | 4,729,294 |
| Capacity | 509,586 | 289,014 |
| Other supplemental charges | (133,187) | (158,520) |
| Gas efficiency passed to WAPDA | <u>12,007,204</u> | <u>11,842,086</u> |

| | 31 March 2011 | 31 March 2010 |
|---------------------------------------|------------------|------------------|
| | Rupees '000 | |
| 10 Direct costs | | |
| Energy import | 10,617 | 9,464 |
| Fuel consumed | 6,519,373 | 6,134,378 |
| Chemicals, stores and spares consumed | 133,606 | 90,169 |
| Lube oil consumed | 7,841 | - |
| O & M Contractors' fee | 1,002,796 | 785,214 |
| Insurance | 144,720 | 281,409 |
| Generation licence fee | 2,812 | 2,495 |
| Electricity duty | 2,741 | 2,316 |
| Miscellaneous expenses | 58,478 | 43,853 |
| Depreciation | 1,017,701 | 1,007,876 |
| | <u>8,900,685</u> | <u>8,357,174</u> |

11 Related party transactions / associated undertakings

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:

Ultimate Parent

Descon Engineering Limited

| | | |
|------------------------------------|---------------|---------------|
| -Mark up accrued on long term loan | <u>28,034</u> | <u>27,134</u> |
|------------------------------------|---------------|---------------|

Subsidiary Company

Power Management Company (Private) Limited

| | | |
|------------------------------------|--------------|--------------|
| -Repayment of short term loan | <u>1,929</u> | <u>1,500</u> |
| -Mark up accrued on long term loan | <u>8,270</u> | <u>-</u> |

Associated Companies

Descon Power Solutions (Private) Limited

| | | |
|--|---------------|---------------|
| -Operations and maintenance contractor's fee | <u>18,000</u> | <u>18,000</u> |
| -Purchases of spare parts | <u>61,900</u> | <u>-</u> |

Rousch (Pakistan) Power Limited

| | | |
|--|----------------|----------------|
| -Operator's fee paid to ESB International Contracting Limited | <u>369,770</u> | <u>391,275</u> |
| -Payment to Siemens AG as maintenance contractor | <u>176,871</u> | <u>252,061</u> |
| -Payment to Siemens AG as LTMSA contractor | <u>228,260</u> | <u>-</u> |
| -Payment to Siemens AG on GTG 11/STG Rotor replacement Agreement | <u>18,538</u> | <u>299,285</u> |
| -Payment to Descon Engineering Limited against services | <u>15,045</u> | <u>10,601</u> |
| -Payment to Presson Descon (Private) Limited against services | <u>3,131</u> | <u>-</u> |
| -Payment to Siemens Pakistan Limited for supply of spares & services | <u>1,257</u> | <u>772</u> |

| | | |
|--|--------------|--------------|
| Remuneration to key management employees | <u>3,454</u> | <u>3,375</u> |
|--|--------------|--------------|

12 General

12.1 These financial statements were authorized for issue on 21 April 2011 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

